

Crédit Agricole (ACA FP)

FUNDAMENTAL VIEW ¹

As of 29 Feb 2024

- Crédit Agricole's business model enjoys benefits of scale, with a strategy of organic growth and bolt-on acquisitions.
- Italy is an important part of its operations, accounting for around 7% of the loan book, and while asset quality there is weaker than at the group level, its performance has been improving.
- Group asset quality and capital ratios are robust, reflecting a largely low-risk balance sheet - retail and related banking accounts for around 80% of group net profits.

RISKS & CATALYSTS

As of 29 Feb 2024

- Crédit Agricole regards Italy as its second domestic market. Asset quality is still weaker than in the rest of the group but has been improving for some time now.
- The group aims to strengthen its already strong positions in specialist finance and asset management via organic growth, partnerships, and bolt-on acquisitions. The group regularly looks for opportunities and it builds stakes in various businesses, which remain areas to monitor. The group tends to only pursue opportunities which generate specific return on investments, return on normalised equity, and the capacity to integrate without any difficulty.
- Retail Banking in France remains under pressure due to higher (deposit) funding costs.
- Group capital ratios remain of comfort for bondholders, with CASA run more tightly, although capital ratios improved there on the first time adoption of IFRS 17.

CREDIT QUALITY SCORE (CQS)²

As of 19 Dec 2024

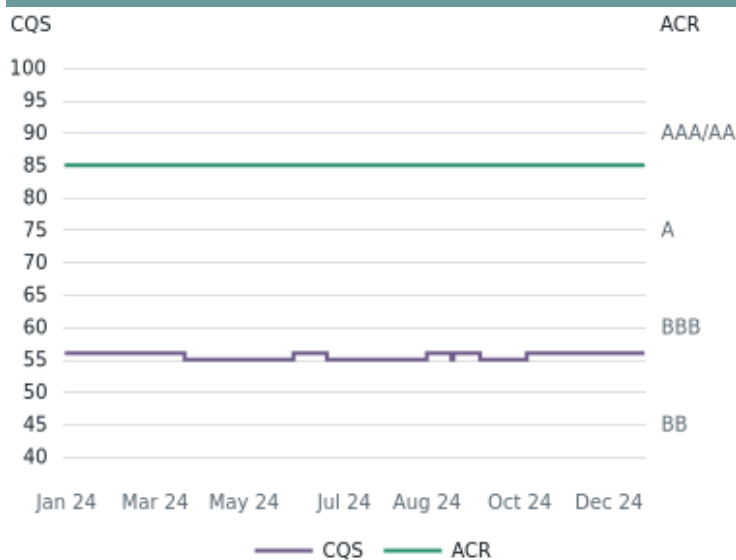
CURRENT CQS

56

CQS OUTLOOK ³

NEGATIVE STABLE POSITIVE

HISTORICAL RATINGS: AVERAGE AGENCY RATING (ACR)⁴ VS CQS



KEY METRICS

As of 29 Feb 2024

€ MN	4Q23	Y23	Y22	Y21	Y20
Return On Equity	n/m	6.3%	6.3%	7.4%	4.0%
Total Revenues Margin	1.4%	1.5%	1.5%	1.6%	1.6%
Cost/Income	64.8%	60.5%	60.6%	62.7%	65.0%
CET1 Ratio (Transitional)	17.5%	17.5%	17.6%	17.5%	17.2%
CET1 Ratio (Fully-Loaded)	0.0%	0.0%	17.2%	17.2%	16.9%
Leverage Ratio (Fully-Loaded)	n/m	n/m	5.3%	6.0%	6.0%
Liquidity Coverage Ratio	144%	144%	167%	171%	149%
Impaired Loans (Gross)/Total Loans	2.1%	2.1%	2.1%	2.0%	2.4%

BUSINESS DESCRIPTION

As of 07 Jun 2023

- Crédit Agricole (CA Group) includes 38 regional banks (Caisses Régionales or CRs) owned by 2,401 local credit co-operatives themselves, owned by 11.5 million mutual shareholders.
- The scope of consolidation used by regulators (e.g. for stress tests) is the CA Group level. The listed entity is Crédit Agricole SA (CASA), owned 57.1% by the CRs (via a holding company); the remaining 42.9% is free float.
- CASA has four business lines in its own operations and through subsidiaries: Retail Banking (LCL, Italy operations), Asset Gathering (Amundi, Indosuez Wealth Management, and insurance business via Crédit Agricole Assurances), Large Customers (Corporate & Investment Bank and Caceis Investor Services), and Specialised Financial Services (Leasing & Factoring and Consumer Finance).
- It mainly operates in banking and insurance in France. Its second largest market is Italy, where CA Italia offers consumer, private and corporate banking, asset management and insurance. It acquired Cariparma in 2007, and since then has added a number of other small banks, most recently Credito Valtellinese in 2021.

GLOSSARY

¹ The **Fundamental View** is our current assessment of credit quality and our expectation of how credit quality will trend over the next year or longer.

² The **Credit Quality Score (CQS)** is a number between 5 and 100. It is a medium-term credit score for corporates and financial institutions that utilizes a combination of sector fundamental scores and equity market signals. Values of CQS above 50 generally indicate investment grade credit quality.

³ The **Credit Quality Score (CQS) Outlook** is the near-term (3 month) outlook for the CQS, based on its trend, volatility and distance from the adjacent CQS risk bucket.

⁴ The **Agency Composite Rating (ACR)** is the average senior unsecured rating from one or more major rating agencies.

Quantitative scores provided by CreditSights Analytics, LLC. Scores are shown are for the lesser of (1) 2 years and (2) date of CreditSights inception of quantitative coverage.

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