




Crédit Agricole Italia Banking Group

A sound banking Group
in the Italian landscape 

Covered Bond Programme Update

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Crédit Agricole Italia Banking Group Highlights

- Crédit Agricole Italia Banking Group (CAIBG) is 76.5% controlled by Crédit Agricole S.A., alongside Regional Banks, which own 10% (via Sacam International)
- The Group operates in prosperous northern Italy; 1.7mn customers in Italy at June 2017
- 6th player in the Italian banking sector by on and off-balance sheet assets at June 2017
- 7th largest retail bank in Italy by number of retail branches, with 791 branches at June 2017
- Customer loans: €39.5bn at June 2017 (+5% YoY)
- Net Income Group share: €131mn at June 2017 (+7% YoY)
- Crédit Agricole Cariparma (CA Cariparma) is rated A3/Negative/P-2 by Moody's, the highest rating assigned among Italian banks

Covered Bond Activity

- 2013: Crédit Agricole Italia OBG Programme of €8bn created
- 2013: Retained issue of €2.7bn
- 2014: Inaugural market issue of €1bn and partial cancellation of the previous retained issue (new outstanding: €1.2 bn)
- 2015: Market issue of €1bn
- 2016: Double Tranche market issue of €0.75bn each
- 2017: Double Tranche market issue of €0.75bn each
- The covered bonds issued by Crédit Agricole Cariparma are rated Aa2 by Moody's

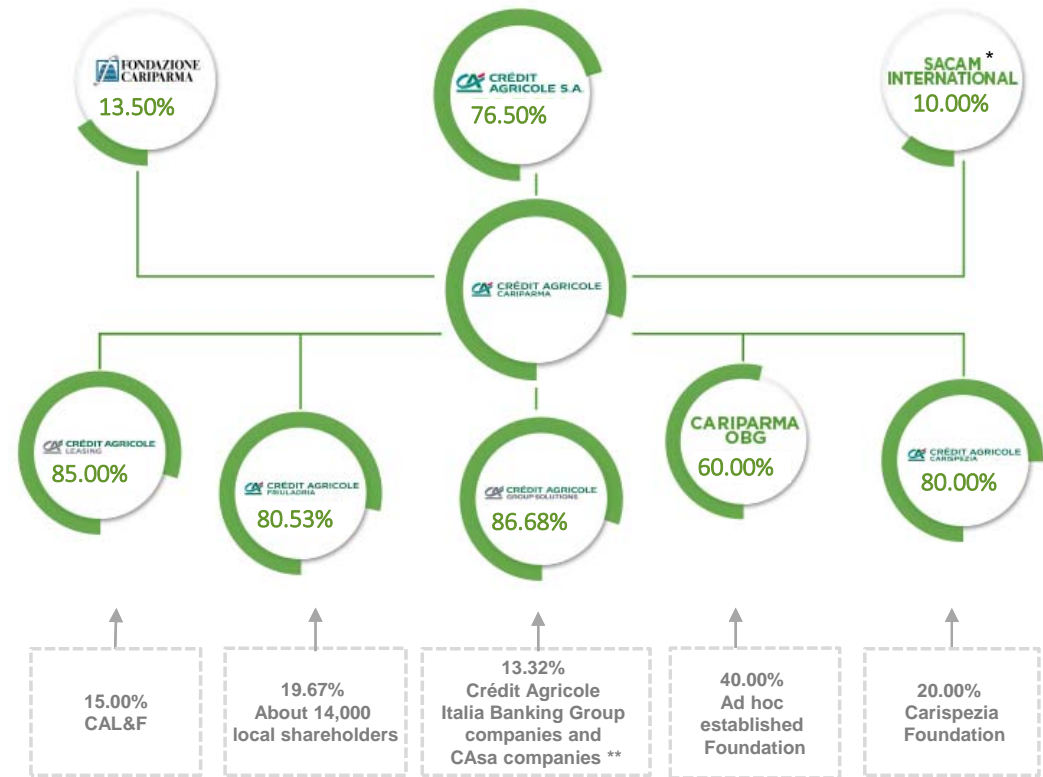
- Crédit Agricole Cariparma is funded mostly by customers, through deposits and senior unsecured bond issues placed via retail branches; the average maturity of these issues is 1.3 years

- The covered bond market has offered Crédit Agricole Cariparma
 - Access to longer term maturities
 - Diversification, in terms of funding tool and broad market investor base

- The issuance of covered bonds
 - Enables to be valued the main asset of the Group represented by mortgage loans
 - Provides for a countercyclical, long-term refinancing option as part of the Group's funding mix
 - Allows for the optimisation and stabilisation of long-term funding costs
 - Is in line with Crédit Agricole S.A.'s strategy of limiting cross-border funding flows

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- 2006**
 - Significant development of Crédit Agricole Group's International retail banking business line with the announced acquisitions of Cariparma, FriulAdria and 202 Banca Intesa branches in Italy
- 2008**
 - Creation of Calit; acquisition from Intesa of a leasing portfolio originated by Cariparma
- 2009**
 - Cariparma takes control of Crédit Agricole Leasing Italy from CAL&F
- 2011**
 - Acquisition of 96 branches and Carispezia from Intesa Sanpaolo S.p.A.
- 2013**
 - Creation of Cariparma OBG
- 2015**
 - Creation of Crédit Agricole Group Solutions: Group Services Company (IT, real estate, back-office)
- 2016**
 - Rebranding of the Group: renaming in Crédit Agricole Italia Banking Group (CAIBG)
- 2017**
 - Preliminary discussions with Bank of Italy and Interbank Deposit Protection Fund by Crédit Agricole S.A., through CA Cariparma, with a view to acquire the Cesena, Rimini and San Miniato Savings Banks



* Caisse Regional du Crédit Agricole

** Crédit Agricole Group Solutions' shareholders: Crédit Agricole Cariparma (86.68%), Friuladria (8.75%), Carispezia (2.50%), Crédit Agricole Leasing Italia (1.19%), Agos (0.75%), Eurofactor (0.06%), Amundi SGR (0.06%), Amundi RE Italia SGR (0.01%)

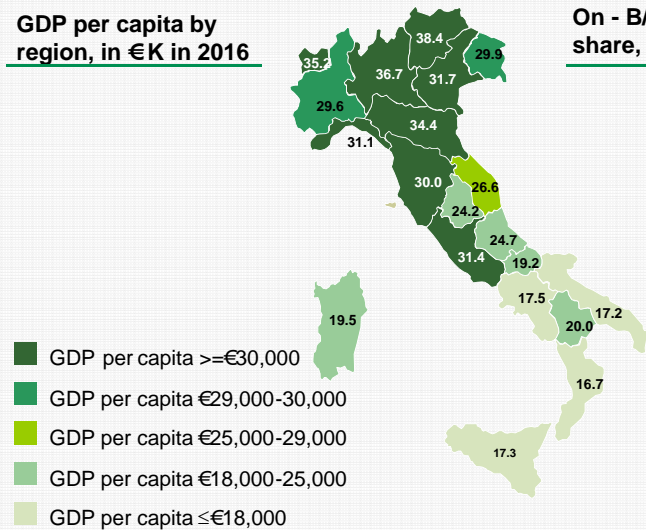
- 1.7 million customers at June 2017

Acquisition with specific focus on high potential customers

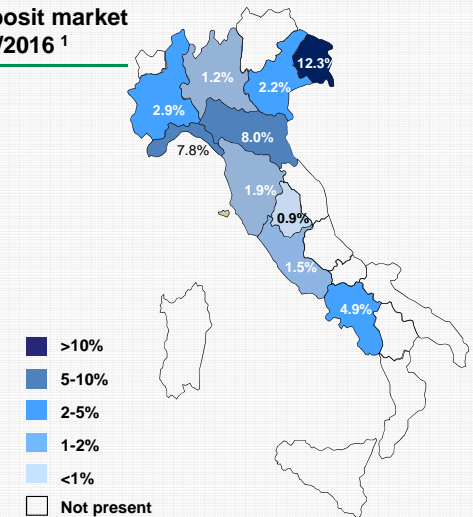
- Total assets: €55.7bn at end-June 2017 (+5% YoY)
- €41bn (+8%YoY) in on-balance sheet deposits and debt securities issued at June 2017*
 - Market share: 2.31%** at national level
- €29.4bn (+10.5%YoY) in assets under management at June 2017*
- €39.5bn (+5%YoY) in customer loans outstanding at 1H2017*
 - Market share: 2.53%** at national level
- Employees: 8,200 at June 2017**

- 6th largest retail banking group in Italy by on and off-balance sheet assets*
- 7th largest retail bank in Italy with 791 branches (912 point of sales including Private, Enterprise and Corporate Centers)*
- Operating in the prosperous regions of Northern Italy which have a higher GDP per capita

GDP per capita by region, in €K in 2016



On - B/S deposit market share, 31/12/2016 ¹



Source: Prometeia, April 2017

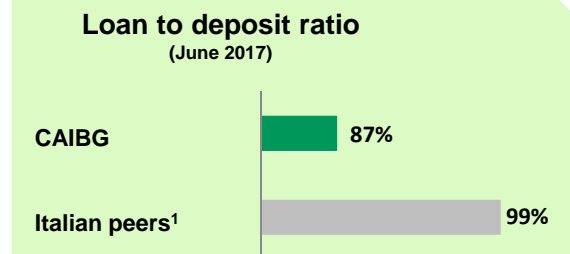
¹ Includes deposits and bank bonds (based on Bank of Italy data)

* Source: June 2017 Italian banking groups' results disclosures

** Source: Bank of Italy

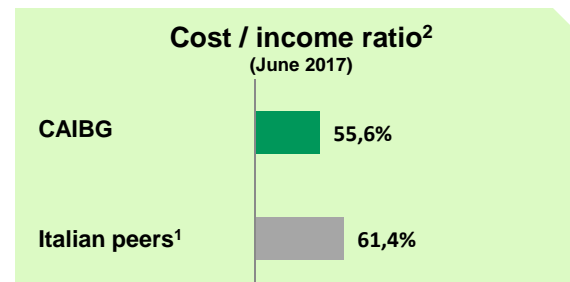
Balanced growth with an acceleration in asset under management

- **Sustained growth in assets under management** in June 2017 (+10,5% YoY), **direct funding** (up by +8% YOY, driven also by Covered Bond issues)
- **Significant increase in lending** (+5% YoY) driven especially by home loans (+10,5% a/a)
- **Revenues increased** (up by +1% YOY), thanks to the **good performance of fee and commission income** (up by +9% YOY), driven especially by the asset management component (up by +25% YOY). Interest income increased vs. the previous quarter (up by +2% Q2/Q1).
- **Excellent liquidity level**



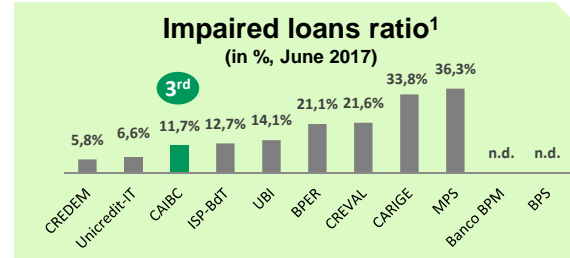
Operating expenses under control with an excellent efficiency level and confirmed investment plan

- **Operating expenses proved well under control and best-in-class operational efficiency**
- **More than 35% cashless branches of total branches**, generating a significant efficiency
- **Staff development through training, new recruitments and the implementation of initiatives aimed at improving worklife balance, such as smart working**



Progressive decline in the cost of risk and improving asset quality

- **Cost of risk** continued to fall significantly to 81 bps in June 2017, down by almost 11% YoY.
- Among the best in the Italian market in terms of impaired loans ratio
- **First results emerging from the implementation of new tools and processes** and from the strengthening of the loan-recovery process



1. Panel of 10 retail banks: Unicredit Commercial Italy, ISP Banca dei Territori, Credem, UBI, BPER, Carige, Banco BPM, MPS; Banco Popolare di Sondrio, Creval
2. Costs excluding Single Resolution Fund : Banks' financial communications

Crédit Agricole Italia Banking Group

Crédit Agricole Group has strong growth ambitions for Crédit Agricole Cariparma and Italian operations

Impressive Performances in Italy at end-June 2017

3.5 million customers	€132bn¹ of deposits and assets under management
12 000 employees	€64bn¹ of loans outstanding

€3.2bn¹ of revenues, 19% of Crédit Agricole S.A.'s revenues	>€370 m of synergies in revenues
Cost of risk -22% YoY	

All of the Group's business lines are in marching order to expand the business in Italy



Strong growth ambitions in Italy articulated the 2016-2019 Medium-Term Plan

Develop all the specialised businesses in synergy with the Crédit Agricole Italia Banking Group

- Growth in off-balance sheet customer assets with Amundi and CA Assurance
- Strong increase in consumer finance production with Agos
- Step-up cooperation with CACIB in the mid-corp segment

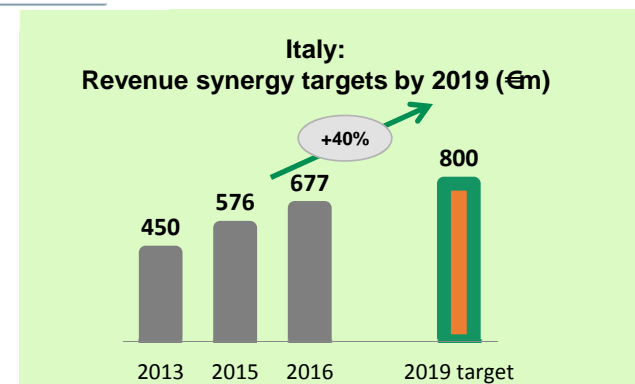
Expand distribution capacities in Italy through

- On-line platform providing all Group products
- Network of financial advisers specialised in savings management

Continue to pool resources to reduce costs

- Crédit Agricole Group Solutions set up
- Cross-border funding and cost reduced throughout domestic cash management

Performance at end-June 17 confirm growth ambitions and 2016-2019 Medium-Term Plan targets



1. Aggregate data for the Group's business in Italy, FCA Bank's Italian business 50% integrated

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Crédit Agricole Italia Banking Group Financial Highlights

Results at 30/06/2017 as disclosed by Crédit Agricole S.A.

Continued growth in priority markets

- Customer savings: +5,3% June/June driven by off-balance sheet assets⁽¹⁾
- Loans: +3,6%⁽²⁾ June/June, still above market average (+3,1%); continued buoyant activity in home loans (+10,5%)
- Other stable resources: €5bn of covered bonds, including €3bn issued on the market over past year

Return to growth in interest income

- NIGS +12,7⁽²⁾ Q2/Q2
- Revenues: +3,6%⁽²⁾ Q2/Q2, driven by fee and commission income (+8%) due to inflows of off-balance sheet assets and new loans, but also by renewed growth in interest income
- Operating expenses excluding SRF and Italian bank bailout plan up +1,4%⁽²⁾ Q2/Q2 due to investment plan expenditure
- Continued fall in the **cost of risk on a life-for-like basis**: -2,8%⁽²⁾ Q2/Q2
- Fall in new defaults -52% Q2/Q2; impaired loans ratio of 12,5%⁽²⁾ (vs 13,6% at end-June 16), coverage ratio improved to 48,2%⁽²⁾ (vs 46,3% at end-June 16)

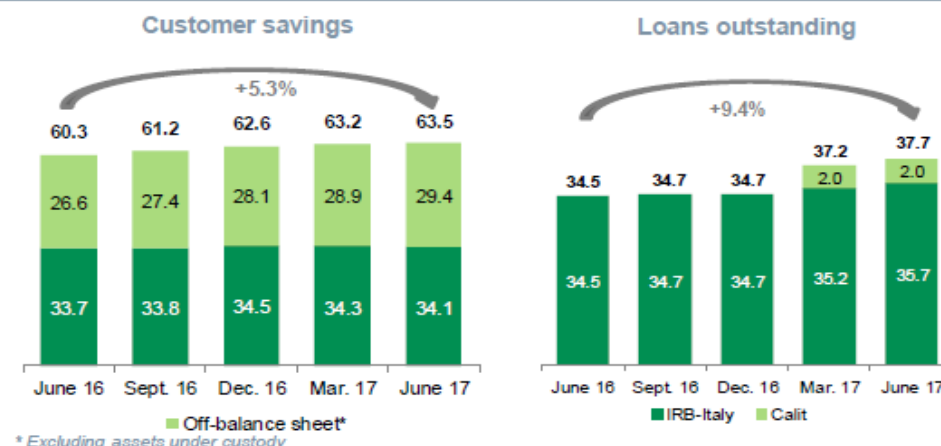
Crédit Agricole SA Italy NIGS(1): €138m in Q2-17 and €93m in H1-17

⁽¹⁾ Excluding asset under custody

⁽²⁾ Excluding Calit contribution (included in IRB since 1 January 2017)

⁽³⁾ IRB, Large customers, Insurance, Specialised financial services (including FCA Bank at 25%)

Activity indicators (€bn)



Contribution to Crédit Agricole S.A. P&L

€m	Q2-17 underlying	Δ Q2/Q2 underlying	H1-17 underlying	Δ H1/H1 underlying
Revenues	436	+5.6%	837	+3.1%
Operating expenses (excl. SRF)	(243)	+2.1%	(491)	+4.3%
SRF & Italian rescue plan	(8)	x 4.1	(18)	+83.1%
Gross operating income	185	+5.5%	345	+1.6%
Cost of risk	(83)	+1.5%	(159)	(5.0%)
Tax	(33)	(2.3%)	(62)	+0.0%
Net income Group share	50	+15.1%	90	+11.5%
Cost/income ratio excl. SRF* (%)	55.7%	-1.9 pp	58.7%	+0.6 pp

Crédit Agricole Italia Banking Group Financial Highlights

Crédit Agricole Italia Banking Group: key indicators at 30/06/2017

LOANS (€bn)

Loans to customers	39,453
<i>o/w Current accounts</i>	2,384
<i>o/w Mortgage Loans</i>	23,367
<i>o/w Advances and credit facilities</i>	10,808
<i>o/w Non-performing loans</i>	2,733

Loans to banks	3,728
<i>o/w Crédit Agricole S.A.</i>	532

RATIOS

Cost/Income (excl. fondo solidarietà, contrib DGS e Single Resolution Fund)	56.0%
Cost of credit (net)% loans (net)	78 bps
Bad Debts (gross)% loans (gross)	7.1%**
Bad Debts (gross) coverage ratio	58.7%**
NPL (gross) % loans (gross)	11.7%**
NPL (gross) coverage ratio	44.2%**

* Phased-in

** Bad Debts should be understood as «Sofferenze», whilst Non-Performing Loans should be understood as «Crediti deteriorati» as defined by the Bank of Italy (Circ. 272/2008 Bank of Italy 8th update)

FUNDING (€m)

Funding from customers & debt securities issued	41,185
<i>o/w Deposits</i>	1,705
<i>o/w Current and other accounts</i>	30,421
<i>o/w Debt Securities issued</i>	8,811

Due to banks	5,692
<i>o/w Crédit Agricole S.A.</i>	994

Indirect funding from customers	55,007
<i>o/w asset management</i>	29,393
<i>o/w assets under administration</i>	25,615

RATINGS

Moody's Long Term Bank Deposits Rating **A3 Negative**

Moody's Short Term Bank Deposits Rating **P-2**

Covered bonds rating assigned by Moody's **Aa2**

CAPITAL AND LIQUIDITY RATIOS (€m)

CET1* **2,675**

Own funds **3,242**

RWA **24,134**

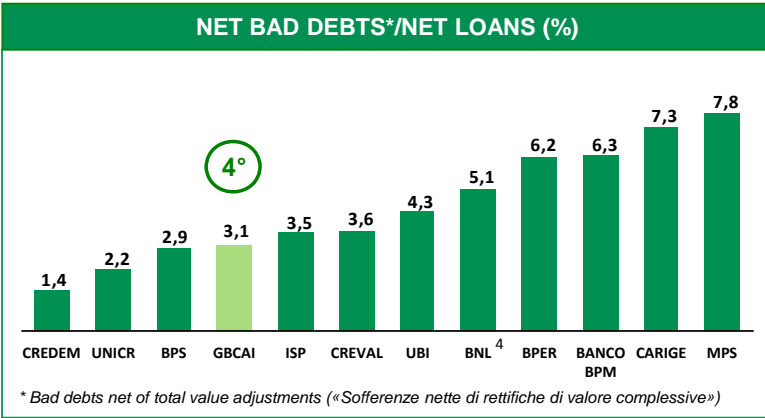
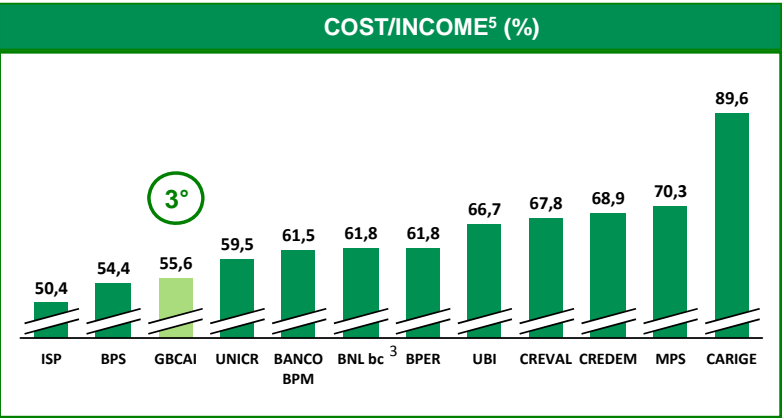
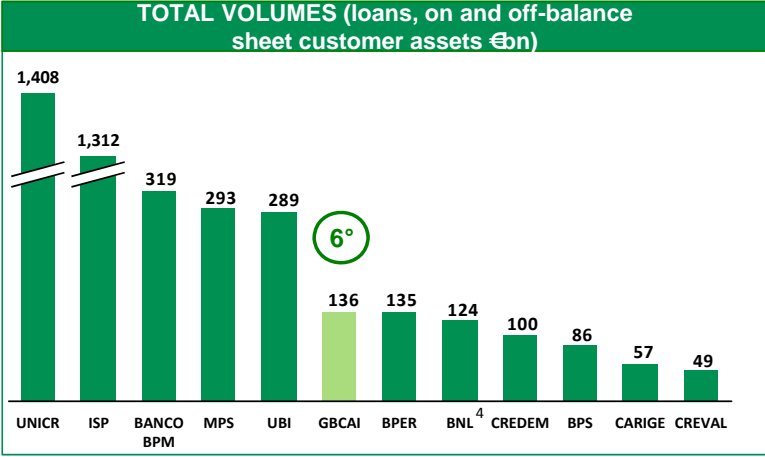
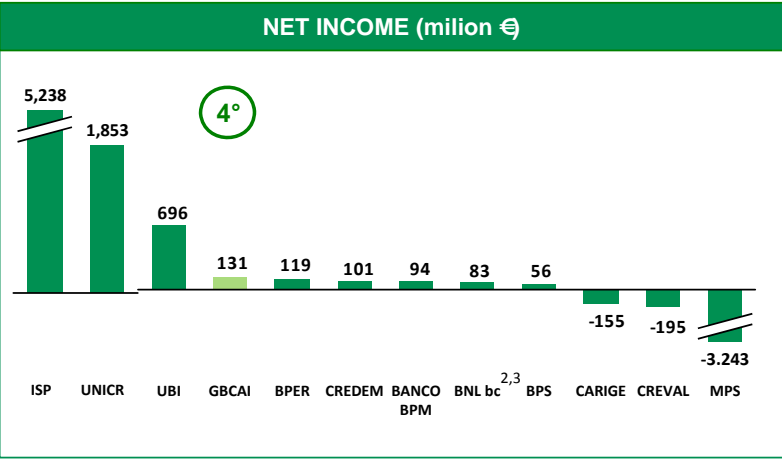
CET1 ratio* **11.1%**

Total capital ratio **13.4%**

Liquidity Coverage Ratio (LCR) **144%**

Crédit Agricole Italia Banking Group Financial Highlights

Crédit Agricole Italia Banking Group: ranking¹ at 30/06/2017

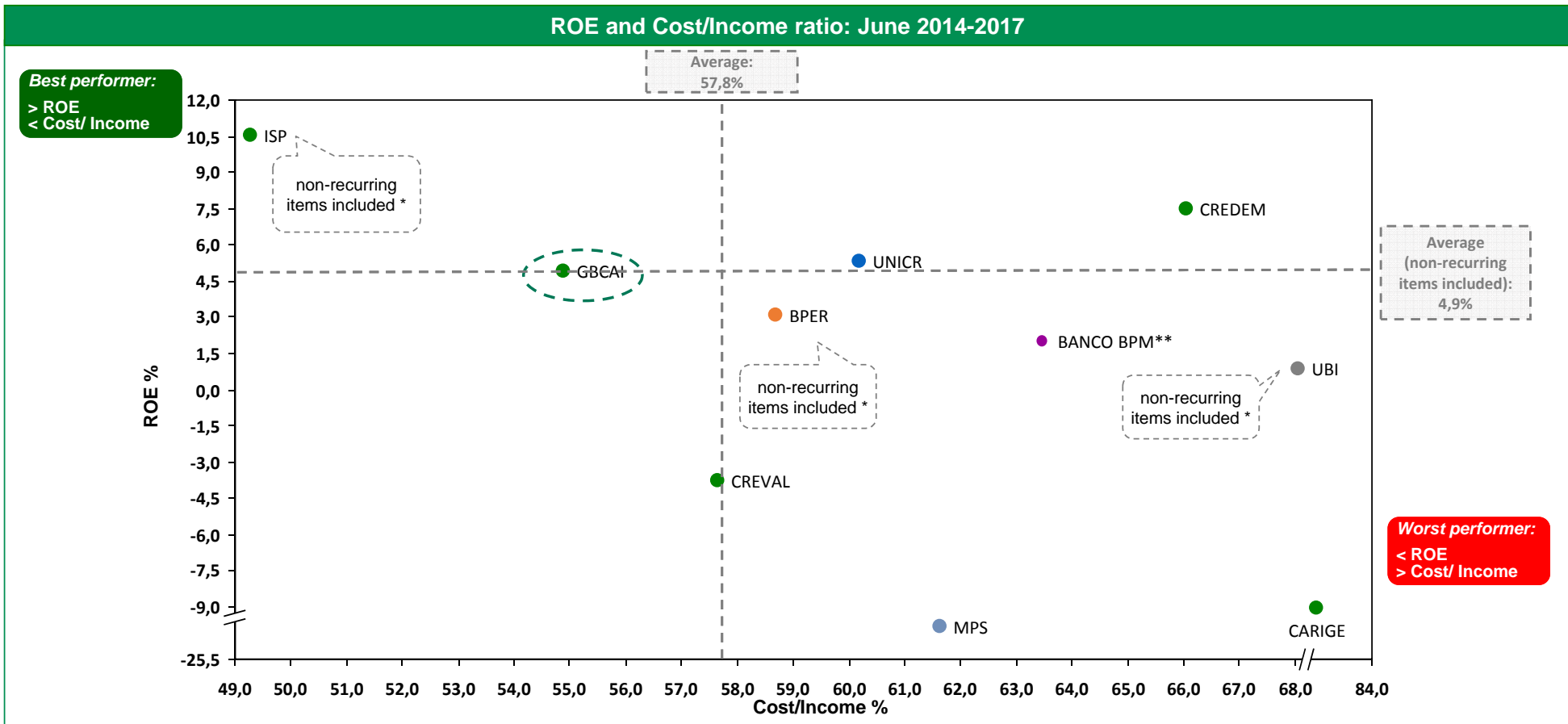


1 Source: 1H-17 Italian banking groups' results disclosures
 2 BNL: Income before tax;
 3 BNL commercial bank data;
 4 BNL Group data at 31/12/2016;
 5 Excluding SRF



Crédit Agricole Italia Banking Group Financial Highlights

Crédit Agricole Italia Banking Group: C/I Ratios better than Italian peer average



Source: 1H-17 Italian banking groups' results disclosures; ROE ratio: equity excluding net income; Cost/Income excluding Single Resolution Fund (SRF)
 *Non-recurring items: ISP includes public cash contribution (3,5 bn), Bper includes positive effect of badwill of Nuova Carife (131 mln), UBI includes positive effect of badwill of Nuova Banche Marche, Nuova Banca Etruria, Nuova Carichiati (613 mln).
 **ROE ratio refers to June 2017, the information is not available for 2015 and 2016.

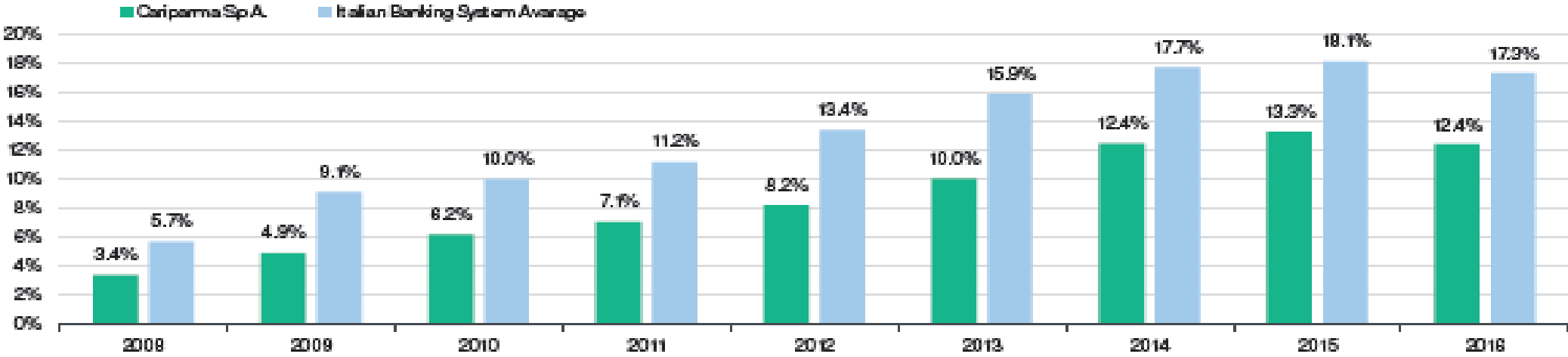


Crédit Agricole Italia Banking Group Financial Highlights

Crédit Agricole Italia Banking Group's stock of problem loans lower than Italian average



CA Cariparma's stock of problem loans* is large, but significantly below the Italian average



Source: Moody's Financial Metrics and Bank of Italy

Source: Moody's Credit Opinion published on 27/07/2017

* Problem loans is the sum of three categories (from worst to best): (1) Bad loans (in Italian, "sofferenze": loans to insolvent borrowers; (2) Unlikely to pay (in Italian, "inadempienze probabili"); (3) Past Due (in Italian, "esposizioni scadute e/o sconfinanti deteriorate: past due by more than 90 days. For further details please refer to our Sector In-Depth entitled "Italian Banks Implement New Problem Loan Definition;

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Italian Housing Market

General tendencies are positive, residential market is expected to grow

Increase of real estate transactions in first quarter 2017, although at lower rates than previous quarters, driven by a widening demand derived from improved expectations and macroeconomic framework

- ❑ Residential sales transactions, in first quarter of 2017, rose by +8.6% YoY (non-residential sales rose by +13.4% YoY)
- ❑ In 2017 the residential sales market is expected to grow by more than +6% vs. 2016 (548,000 residential sales transactions expected in 2017)
- ❑ In Q1-17 non-residential investments totaled €1,9 billion, 12% more than in 2016. The overall volume for 1H-17 is expected up 4 billion invested

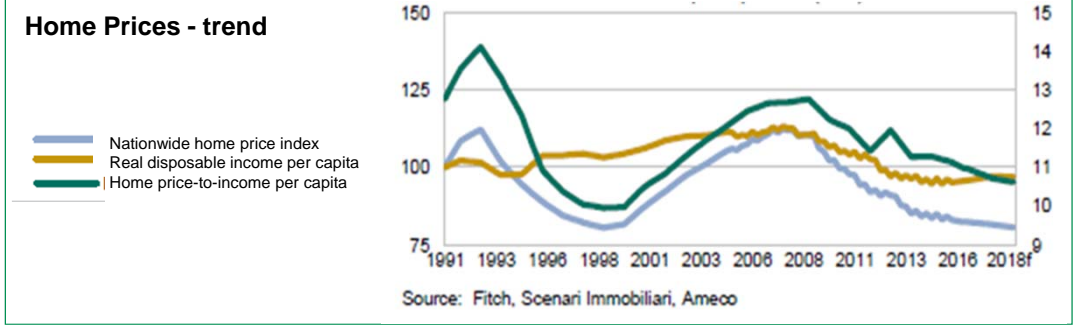
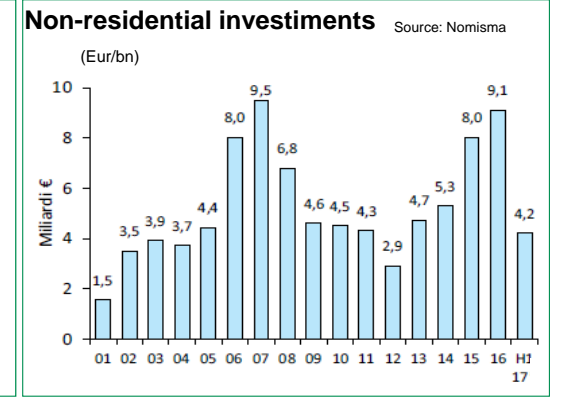
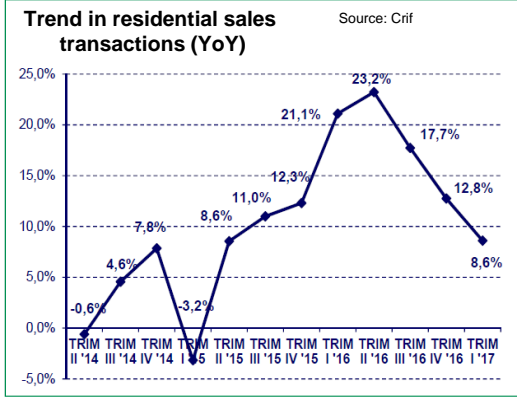
The fall in prices is slowing down

- ❑ Nominal home prices continued to fall in 2016 with a 0.5% decline in the year to Q4-16, leaving prices 17.1% below their 2008 peak*
- ❑ Expected home price soft growth in 2017*, driven by improving housing demand, increased credit availability and low interest rates

* Source: Fitch

	2016	Forecast residential market		
		2017	2018	2019
Transactions	516.294	548.343	560.957	596.859

Source: Nomisma, Crédit Agricole S.A.



Italian Housing Market

A sound mortgage loan market: not oversized and low sustainable indebtedness

■ **The Italian mortgage loan market is small compared to that of other European countries**

- Italy is the third economy in the Euro area but only the fifth mortgage loan market
- The average volume* of mortgages loans granted in Q2-17 was slightly up (2,4%) vs. Q2-16

■ **Risks in the mortgage loan market continue a slow but progressive decline**

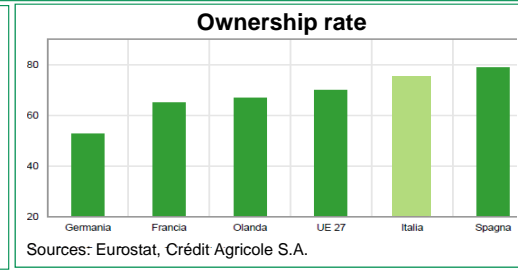
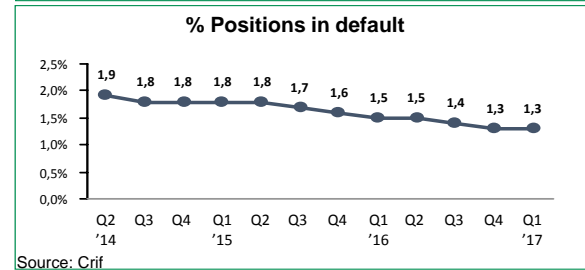
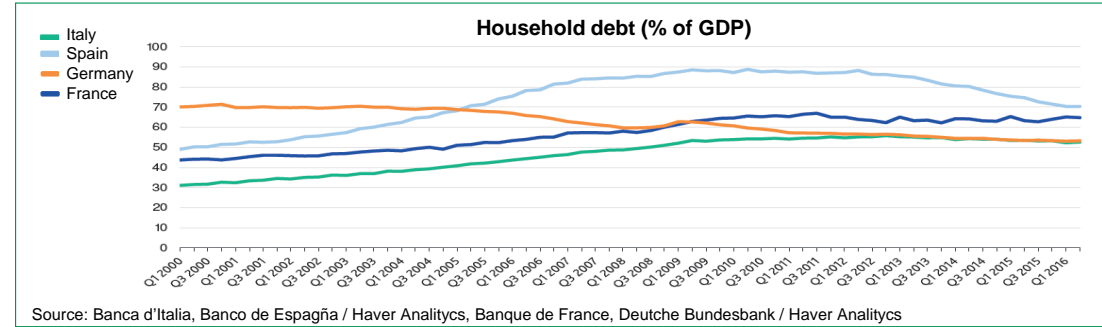
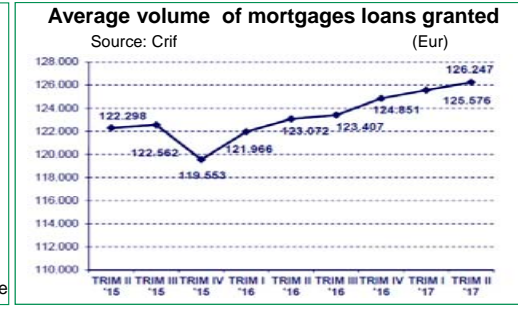
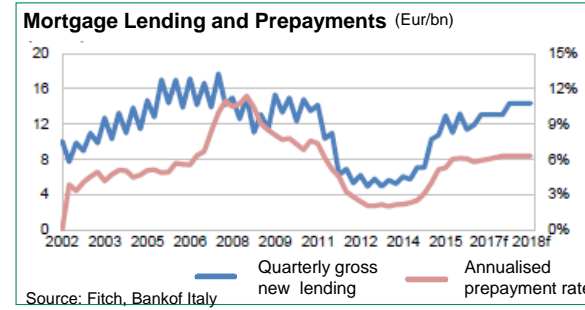
- The default rate in Q1-17 amounts to 1.3%, very closed to those pre-crisis levels

■ **The high ownership rate (above 70%) is among the highest in the EU and limits both sales volumes and mortgage loans' market growth**

■ **Supporting factors:**

- tax incentives,
- Residential Real Estate Lease (introduced by the “Legge di Stabilità” 2016)
- ECB monetary easing measures

* Source: Crif, 07.2017



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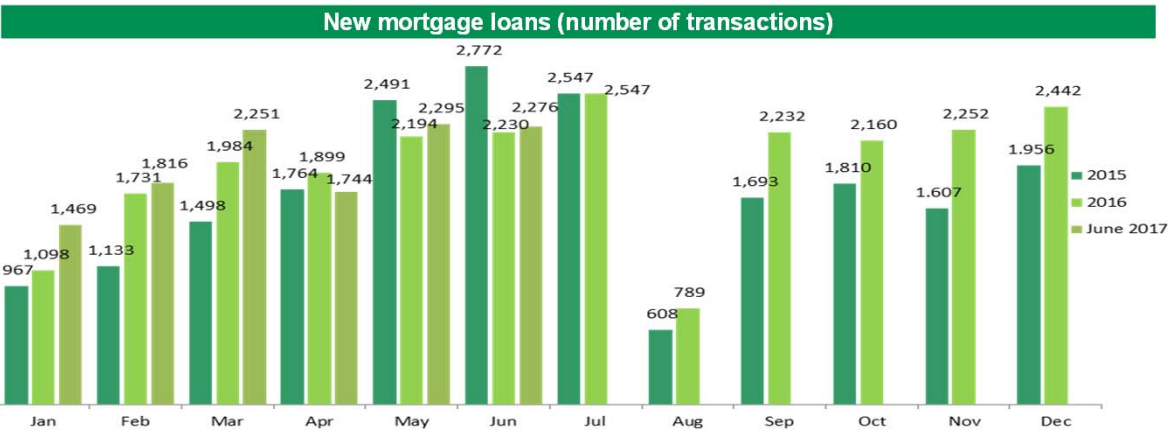
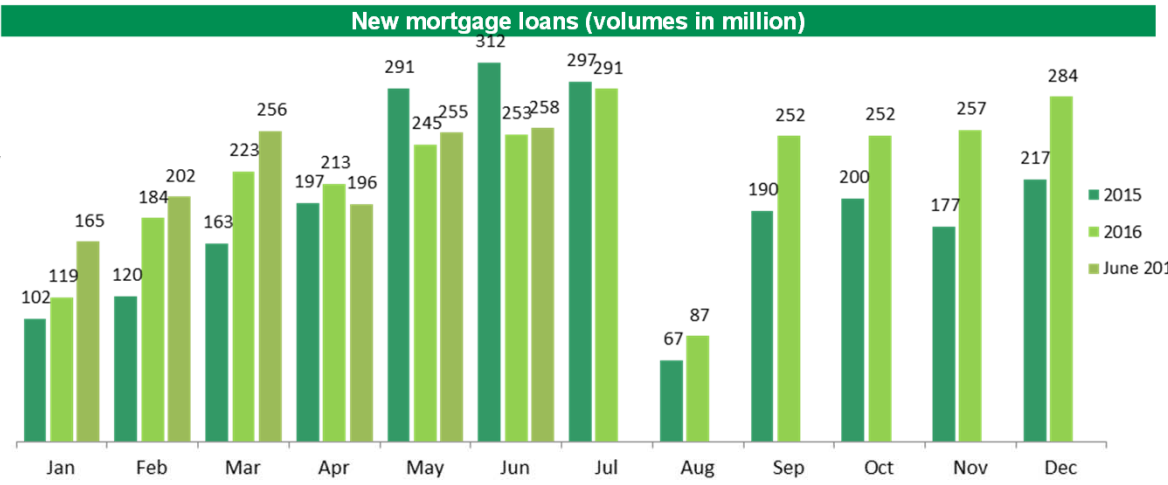
Crédit Agricole Italia Banking Group Residential Mortgage Loan Business Highlights

CA Italia Banking Group a significant player in Italian residential financing:

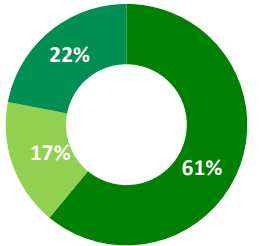
- €23.4bn of residential mortgage loans at 31/12/2016
- 2017 residential mortgage loans production (six months): €1.3bn (+8% vs June 2016)
- Market share of ca. 4.48% of stock and ca. 4.82% of flow at December 2016 in Italy (source: ABI)

CA Italia Banking Group mortgage loans risk level:

- Mortgage deed registration: 1st level mortgage deed registered is 150% of the loan amount
- At 30/06/2017, 3.0% of non-performing loans (doubtful + substandard loans); 2.2% of "Sofferenze" (doubtful loans)
- Loan loss reserves represent 23.9% of non-performing loans at 30/06/2017
- From 2016, introduction of Euribor floor at 0.00% on new mortgage loan contracts



1H-2017 new residential mortgage loans interest rate type



- Fixed rate
- Floating
- Floating With CAP



Crédit Agricole Italia Banking Group Residential Mortgage Loan Business

Well-established selection and risk management processes

Underwriting

Origination process relies on the borrower's repayment capacity, which is assessed through a comprehensive risk analysis

- Direct / indirect financial promoters: 55% of the mortgage loans are originated directly by Crédit Agricole Cariparma's branches, while in 45% of cases, customers come from Indirect promoters. Mortgage loans originated by direct and indirect promoters are both analyzed and monitored under the same policies / limits
- At branch level:** the manager of the branch prepares the mortgage application and enters it into PEF (Pratica elettronica di Fido). Through PEF Crédit Agricole Cariparma (i) performs analysis on databases (CRIF, CERVED, DATABANK), (ii) checks compliance with credit policy, (iii) carries out the calculation of an acceptance rating, and (iv) defines the level of decision-making autonomy for the approval

The loan application goes through a fully standardized process

- At the end of the process, PEF assigns to customers a synthetic assessment summarized by three categories (i) "positive", (ii) "to be reviewed" and (iii) "refused", which determines the different procedures and the decision makers
- Approval process:** crossing the outputs of PEF system with the amount to be approved. On average*, 18% of the requests are approved at branch level, 71% at territorial direction level and the remaining 11% at central direction level.
- Property valuation:** the asset to be financed is always subject to a technical physical report
- Real estate appraisals:** Crédit Agricole Italia Banking Group uses only independent appraisers for its underwriting appraisals

Lending Criteria

- Borrower's age and type:** maximum borrower's age at maturity < 80 years
- Loan Term:** maximum tenor of 30 years
- Debt to net income ratio (DTI):** installment / net income ratio can not exceed 30%, in a stress scenario this limit can be waived only in exceptional cases on the basis of documented verification
- Mortgage deed registration:** 1st level mortgage deed registered is 150% of the loan amount (110% for employees)
- LTV:** maximum 80% of the value of the mortgaged property for the "first home" / 70% in the case of home loans brokered by brokerage company / up to 60% in case of restructuring, holiday homes and properties located abroad (with mortgage collateral in Italy)

Property risk

- Property must be insured against the risks of fire, lightning, explosion
- Crédit Agricole Italia Banking Group offers customers Crédit Agricole Home Protection Insurance, characterised by an annual premium with automatic renewal
- The holders of the mortgage have the option to subscribe to further creditor protection

Surveillance

- The value of the property is verified at least once a year, with possibility to use statistical methods to monitor the value and identify properties requiring a check
- If statistical method shows a significant depreciation, a new appraisal is carried out

* New Production 2016

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Crédit Agricole Italia OBG Programme

Structural features and structure overview

The Programme

- ❑ €8bn Covered Bond Programme: first issue in July 2013, with a €2.7bn retained issue (liquidity reserves)
- ❑ November 2014: €2.7bn retained issue partially cancelled (€1.5bn)
- ❑ December 2014: €1.0bn market issue 7 year maturity
- ❑ September 2015: €1.0bn market issue 7 year maturity
- ❑ October 2016: Double tranche market issue of €0.75 bn maturity of 8 and 15 years
- ❑ March 2017: Double tranche market issue of €0.75 bn maturity of 8 and 12 years
- ❑ Currently outstanding: €1.2 bn retained OBG; €5.0 bn market OBG
- ❑ Current rating: Aa2 from Moody's

Cover pool

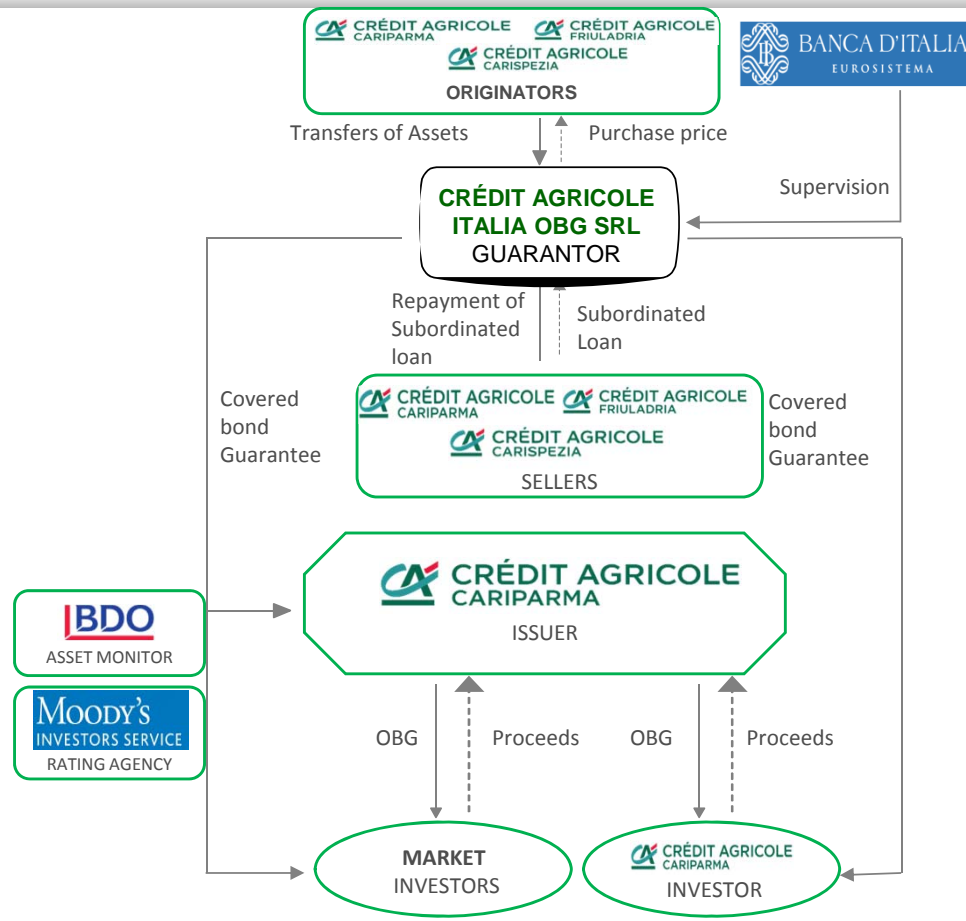
- ❑ Mortgage loans transferred to Crédit Agricole Italia OBG srl
- ❑ Self-originated mortgage loans by Crédit Agricole Italia Banking Group; there are also loans originated by branches purchased from Intesa
- ❑ Property located in Italy
- ❑ No arrears on the transfer date
- ❑ Current cover pool: 100% residential mortgage loans
- ❑ No ABS and commercial mortgage loans

Over-collateralisation

- ❑ 7.5% committed over-collateralisation (OC)
- ❑ 23.08% at 30.06.17

Monitoring

- ❑ BDO Italia (ex Mazars): Asset Monitor reporting to Bank of Italy



■ Interest rate exposure

- Cover pool is equally distributed between floating rate and fixed rate
- Floating rate for €1.2bn retained OBG (soft bullet floating rate Eur 1 y + 1.1%)
- Fixed rate for €5.0bn market OBG (€2.0bn soft bullet fixed rate coupon of 0.875%; €0.75bn soft bullet fixed rate coupon of 0.967%; €0.75bn soft bullet fixed rate coupon of 0.242%; €0.75bn soft bullet fixed rate coupon of 1.125%; €0.75bn soft bullet fixed rate coupon of 1.625%)

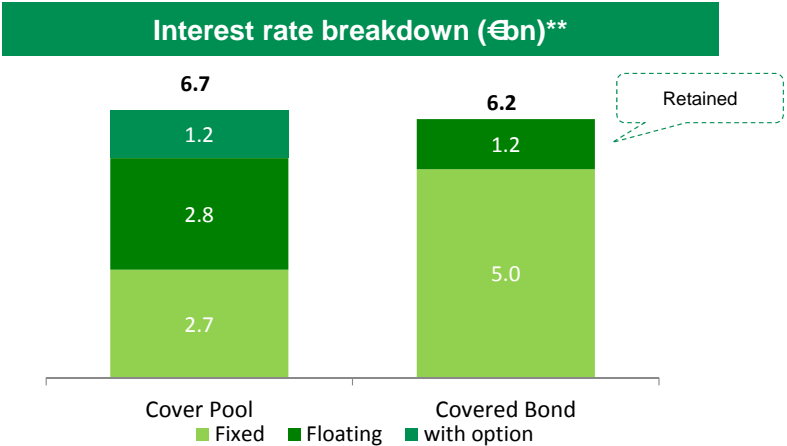
■ Asset and liabilities matching controls

Semi annual regulatory stress tests

- Nominal Value Test
- Net Present Value Test
- Interest Coverage Test
- Amortisation Test*

Additional internal controls

- Quarterly monitoring based on cash flow model to check timely payment of OBG with cash from cover pool including over-collateralisation



With option: Customers have the right to switch at any time from fixed to floating rate (and vice-versa) at the market rate of the moment

** Updated at 30st June 2017

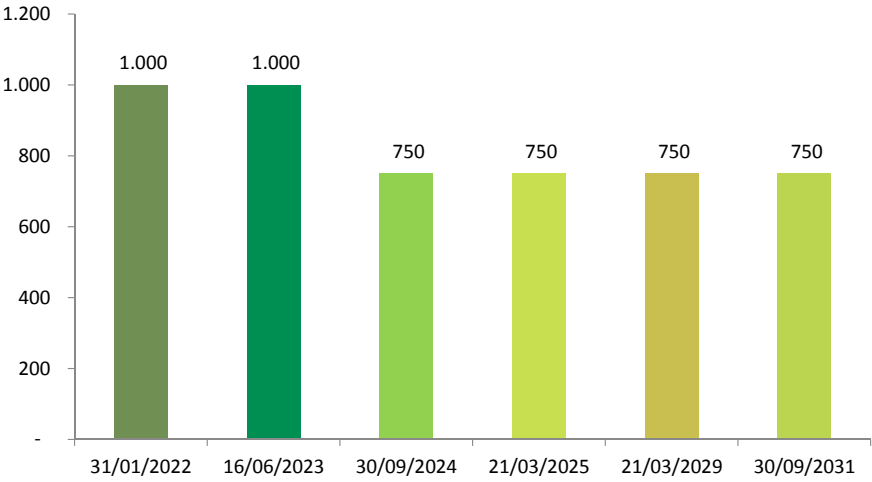
*To be performed only post OBG Guarantor event of default

Crédit Agricole Italia OBG Programme

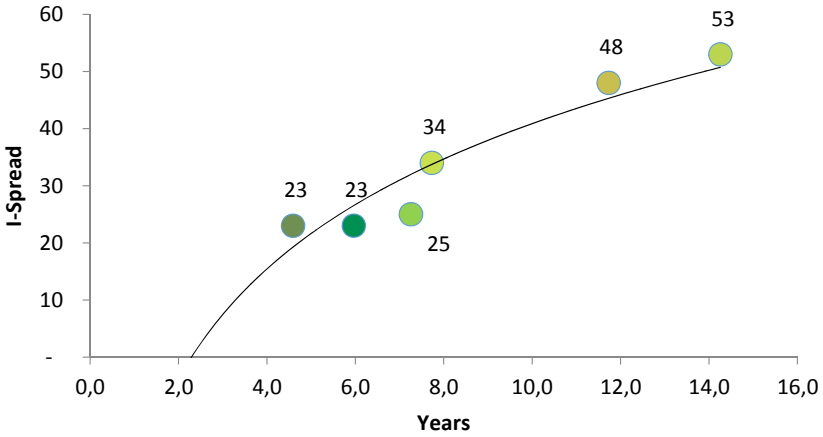
OBG Outstanding Maturities & I-Spread



OBG Outstanding Maturities



I-Spread (bp) August 2017

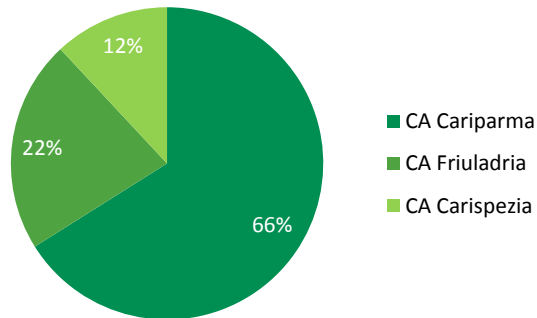


Crédit Agricole Italia OBG Programme

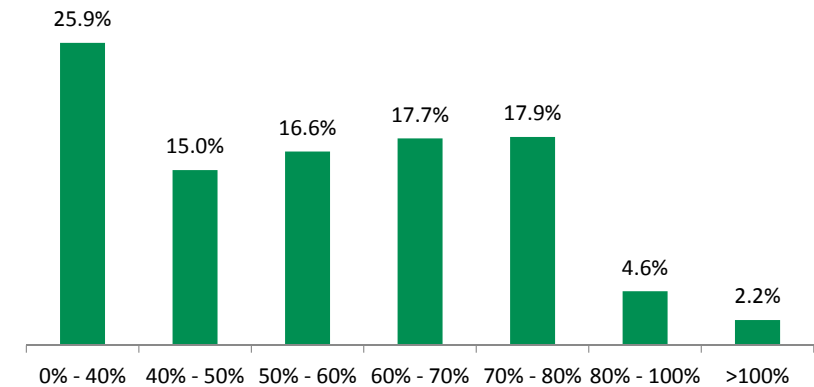
Cover Pool at 30/06/2017 (1/3)

Total mortgages outstanding in the cover pool	6,402,501,135
Substitute Assets* (Cash)	1,134,895,479
Number of loans	73,499
Average loan balance	87,110
WA Seasoning (month)	54
Remaining term (month)	226
WA CLTV (Current Loan to Value)	55.49%
Interest rates of credit pool	40.4% fixed 17.8% with option 41.8% floating
Origination	100% Crédit Agricole Italia Banking Group (details below)

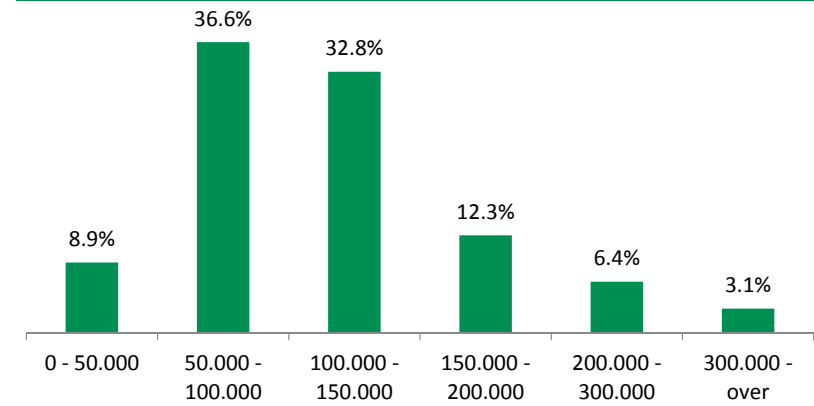
ORIGINATION BY BANKS
(% of outstanding amount)



Breakdown by CLTV as % of outstanding amount



Breakdown by outstanding amount as % of outstanding amount



* Substitute Assets: liquidity generated by repayment of mortgages and deposited on the accounts of the SPV

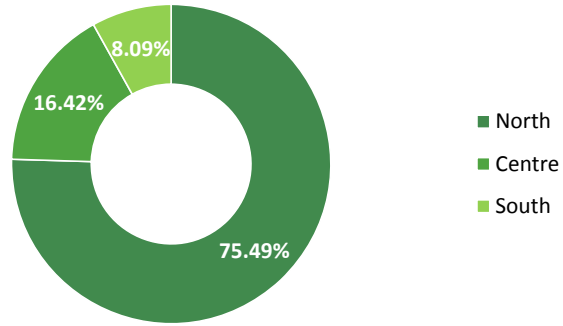
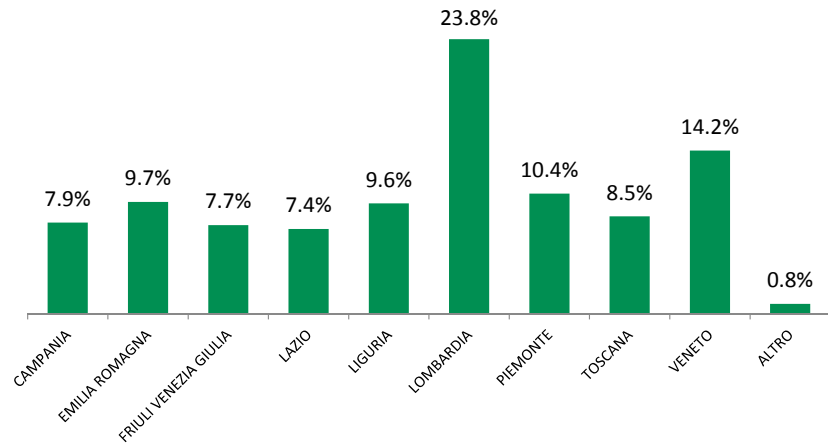


Crédit Agricole Italia OBG Programme

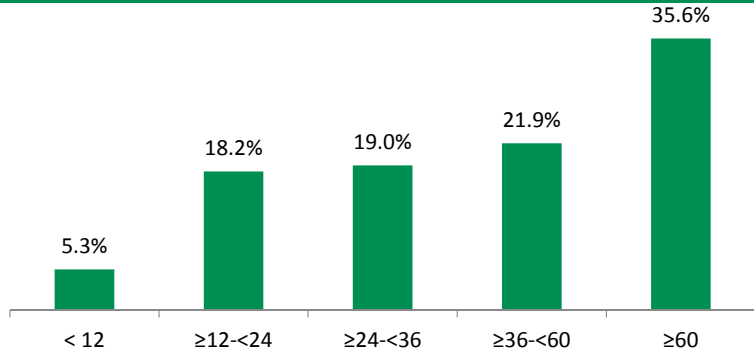
Cover Pool at 30/06/2017 (2/3)



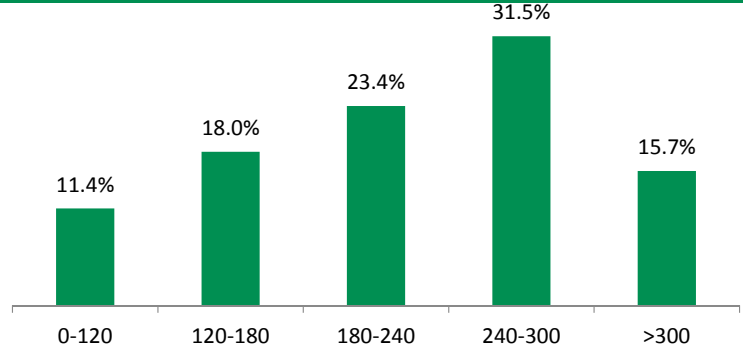
Breakdown by region as % of outstanding amount



Breakdown by seasoning (months) as % of outstanding amount



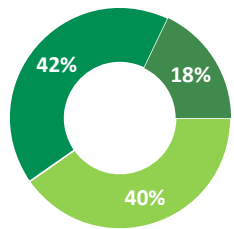
Breakdown by remaining (months) as % of outstanding amount



Crédit Agricole Italia OBG Programme

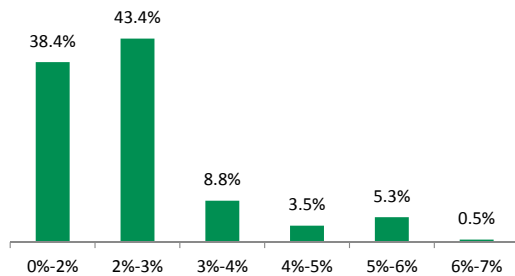
Cover Pool at 30/06/2017 (3/3)

Interest type as % of outstanding amount

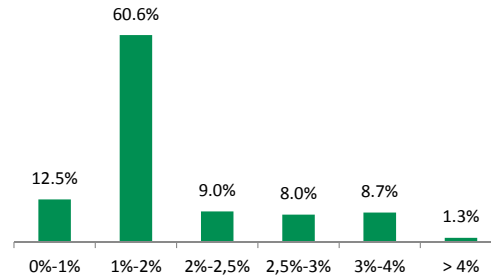


■ Fixed ■ Floating ■ With option

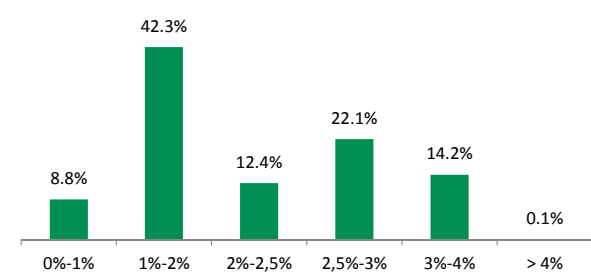
Breakdown fixed Interest as % of fixed rate outstanding amount



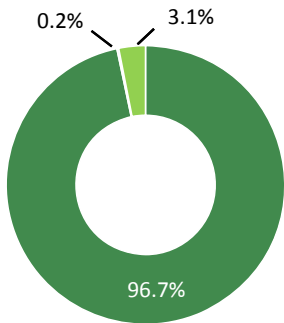
Breakdown "with option", margin on Euribor 3M as % of with option outstanding amount



Breakdown floating rate margin on Euribor 3M as % of floating rate outstanding amount



Payment type as % of outstanding amount



■ Direct Debit ■ Cash ■ Standing Order (RID)

Cover pool mortgage loan performance

At 30/06/2017:

- Loans in Arrears > 90 days: 0.21% of total Cover Pool (vs. 0.16% at 31.03.17)
- Total Loans in Arrears: 3.1% of total Cover Pool (vs. 3.0% at 31.03.17)
- No Bad Debts* in the Cover Pool: they are bought back on a monthly basis

* No Bad Debts should be understood as no "Sofferenze", as defined by the Bank of Italy (Circ. 272/2008 Bank of Italy 8th update)

Crédit Agricole Italia OBG Programme

Summary

Issuer	Crédit Agricole Cariparma
Originator	Crédit Agricole Cariparma, Crédit Agricole FriulAdria and Crédit Agricole Carispezia
Guarantor	Crédit Agricole Italia OBG S.r.l.
Arranger	CA-CIB
Representative of CB holders	Zenith
Asset Monitor	BDO Italia (ex Mazars)
Rating	Aa2 from Moody's
TPI LEEWAY (Moody's)	2 Notches
Listing	Luxembourg Stock Exchange
Programme Amount	€8bn
Cover Pool	Italian residential mortgages only
Governing Law	Italian Law
Maturity	Soft bullet with 12 month extension period
LCR	LCR compliant, Level 1 asset
Covered Bond Label	Yes
Risk Weighting (Standard Approach)	10%
Outstanding OBG*	Series 1: €1.2bn retained Series 2: €1.0bn Series 3: €1.0bn Series 4: €0.75bn Series 5: €0.75bn; Series 6: €0.75bn Series 7: €0.75bn

* As at June, 2017

Crédit Agricole Italia OBG Programme

Italian Covered Bond legal framework 

Name of the instrument	Obbligazioni Bancarie Garantite (OBG)
Legislation	Law 80 14/5/2005 amending art 7-bis of Law 130/1999; Ministry Finance & Economy regulation 310 dated 14/12/2006 and Bank of Italy instructions issued 17/5/2006
Asset Ring-fencing	Cover assets are segregated by law after the transfer to a separate entity
Integration Assets	Substitute Assets (deposits < 1yr) up to 15% of cover assets
Main eligibility criteria for assignment	EEA and Switzerland, LTV 80% for residential mortgage loans (60% for commercial mortgage loans)
Inclusion of hedge positions	Hedge positions are part of structural enhancements intended to protect bondholders
Mandatory Tests	The Nominal Value (NV) of the Cover Pool must be at least equal to the NV of the outstanding OBG The NPV of the cover pool must be at least equal to the NPV of the outstanding OBG Interest deriving from the Cover Pool must be sufficient to cover interest due under the OBG Loans in arrears for more than 90 days must be excluded from mandatory tests
1st claim on the Cover Pool in the event of insolvency of the Issuer	In case of issuer's default, OBG holders benefit from a priority claim on the assets included in the Cover Pool for all payments due under the covered bond
Bankruptcy remoteness	In case of issuer's insolvency, the OBG are not accelerated
Dual Recourse	Dual recourse both on the issuer and on the Cover Pool In case of issuer's default and if the cover pool is insufficient for all payments due under OBG, OBG bondholders have a claim against the issuer ranking pari passu with the issuer's unsecured creditors
Over-collateralisation	Minimum over-collateralisation required to comply with the mandatory coverage tests
Controls	Supervision by Bank of Italy; Ongoing controls by the asset monitor (including controls of mandatory tests)
Compliant with UCITS 52 (4) and CRR	Yes

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Crédit Agricole Group's expanding presence in Italy

its second home market



Construction of Crédit Agricole Italia Banking Group P&L

at 30.06.2017 

June 2017 - €M	Contribution to Crédit Agricole S.A. results	Crédit Agricole Leasing Italia and interco. results	Crédit Agricole Italia Banking Group Local Scope
Net interest income	461	0	462
Net Commission Income	370	0	370
Other Income	5	28	34
Revenues	837	29	865
Staff Expenses	(304)	0	(304)
Administrative Expenses	(154)	1	(153)
Depreciation and Amortisation	(33)	(12)	(45)
Operating expenses	(491)	(11)	(503)
Gross operating income	345	18	363
Cost of risk	(159)	0	(159)
Income before tax	186	18	203
Tax	(62)	(3)	(65)
Net income	124	15	138
Net income Crédit Agricole Italia Banking Group share	117	15	131
Net income Crédit Agricole Group share	90		

Mortgage Loan Eligibility Criteria (at the transfer date)

Receivables deriving from Mortgage loan contracts :

- 1) which are Residential Mortgage Loans having a weighted-risk below 35% (standard approach) and LTV at transfer time below 80%;
- 2) governed by Italian law;
- 3) no installments due and unpaid for more than 30 days;
- 4) seasoning: borrower has paid at least the 1st installment in respect of the Loan;
- 5) pre-amortisation period fully elapsed ;
- 6) denominated in Euro;
- 7) which do not allow limitations on transfer;
- 8) debtor is a person resident in Italy and belongs to the economic category of consumer families;
- 9) secured by first level mortgage deed registration;
- 10) current principal balance exceeds €2,000;
- 11) underlying property is located in Italy;
- 12) excluding mortgage loans in relation to which the payment of the installments (including the principal component and the interest component) (i) shall be subject to a suspension still in progress, or (ii) has been subject to suspension and, despite the suspension being over, accrued interest during the period of suspension has not yet been fully paid;
- 13) excluding mortgage loans to debtors classified as doubtful;
- 14) excluding ABS and commercial mortgage loans.

Crédit Agricole Italia Banking Group Financial Highlights

Crédit Agricole Italia Banking Group's stock of problem loans lower than Italian average



Italian Banks Have a High Proportion of Problem Loans *

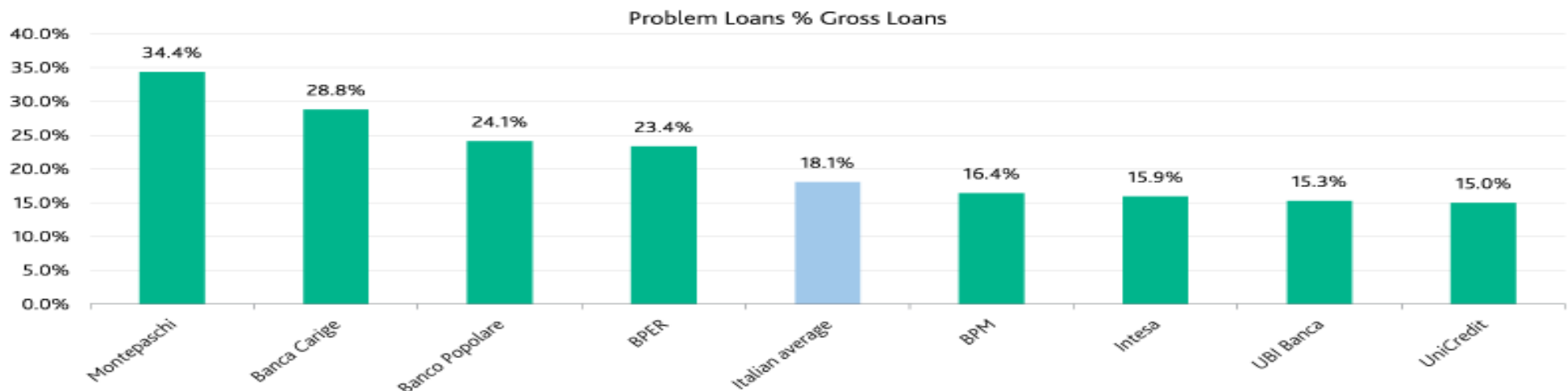


Chart above captures Italian banks that (i) are subject to ECB supervision and (ii) issue covered bonds that we rate.
 Source: Bank's reports and Bank of Italy's Financial Stability Report, data as of March 2016 except for Italian average, as of December 2015.
 Source: Moody's - Sector Comment - Covered Bonds Italy published on 10/08/2016

* Problem loans is the sum of three categories (from worst to best): (1) Bad loans (in Italian, "sofferenze": loans to insolvent borrowers); (2) Unlikely to pay (in Italian, "inadempienze probabili"); (3) Past Due (in Italian, "esposizioni scadute e/o sconfinanti deteriorate: past due by more than 90 days. For further details please refer to our Sector In-Depth entitled "Italian Banks Implement New Problem Loan Definition;

The Italian banking system is challenged by a high level of non-performing loans concentrated within certain banks

Specific regulatory measures:

- **DTAs (August 2015)** - Tax deductibility of loan losses has gone from 5 years* to 1 year, in order to allow for the complete write-off of current stock of deferred tax assets



- **Fondo Interbancario di Tutela dei Depositi (November 2015)** – on voluntary basis, can initiate interventions in support of participating banks in special administration or failing or likely to fail, in accordance with the specific conditions provided for in the regulations (Tercas)
- **Single Resolution Fund (November 2015)** - part of the Single Resolution Mechanism (SRM - CR Ferrara, Banca Etruria, Banca Marche, CariChieti)
- **Garanzia Cartolarizzazione Sofferenze (GaCS – January 2016)** - **guarantee for senior tranches of securitised NPLs**, guarantee will be issued upon request of banks, which in turn have to pay a regular commission to the Treasury. Price of the guarantee will reflect the market price in order to ensure the state aid-free nature of the scheme.
The State will guarantee only senior tranches of the asset-backed security which have received a rating equal to or higher than Investment Grade by a rating agency qualified by the ECB
- **Atlante Fund (April 2016)** – supporting the recapitalisation of Italian banks and transactions for the sale of NPLs through the purchase of *junior* tranches
- **Bureaucracy simplification and streamlining procedures for accelerating the timing for credit recovery (June 2016)**
 - New on-line civil court proceedings to decrease the average time for a civil court decisions to 367 days
 - Creation of special tribunals for business disputes, with 80% managed within 1 year
 - «Marciano Pact»: the non-payment by a business owner extended beyond 9 months from the due date of at least three monthly installments provides for the out-of-court assignment of real property used to collateralise financing to the creditor
- **Atlante Fund 2 (August 2016)** – provides support for the sale of NPLs by Italian banks through the purchase of *mezzanine* and *junior* tranches

* 18 years before 2013

The Covered Bond Programme of Crédit Agricole Cariparma is eligible to obtain the preferential treatment pursuant to Article 129 of CRR:

- collateralised (pursuant to paragraph 7 off Article 129 of CRR) by:
 - residential property up to the lesser of the principal amount of the liens that are combined with any prior liens and 80 % of the value of the pledged properties and
 - exposures to institutions that qualify for the credit quality step 1 as set out in this Chapter*. The total exposure of this kind shall not exceed 15 %** of the nominal amount of outstanding covered bonds of the issuing institution. Exposures to institutions in the Union with a maturity not exceeding 100 days shall not be comprised by the step 1 requirement but those institutions shall as a minimum qualify for credit quality step 2 as set out in this Chapter* (Short Term at least equal to P-2)
- Rating: Aa2 (credit quality step 1 pursuant to paragraph 4 off Article 129 of CRR)
- Transparency (pursuant to paragraph 7 off Article 129 of CRR): provided that the institution investing in the covered bonds can demonstrate to the competent authorities that:
 - a) it receives portfolio information at least on:
 - i. the value of the cover pool and outstanding covered bonds
 - ii. the geographical distribution and type of cover assets, loan size, interest rate and currency risks
 - iii. the maturity structure of cover assets and covered bonds, and
 - iv. the percentage of loans more than 90 days past due
 - b) the issuer makes the information referred to in point (a) available to the institution at least semi-annually

* CRR – Part Three – Title II – Chapter 2

** exposures caused by transmission and management of payments of the obligors not be comprised in calculating the limits referred to in this points

Access to the reserved section of the web site

1 <http://gruppo.credit-agricole.it/>



2 For the Covered Bond Section Click on the link: "Investor Relations"

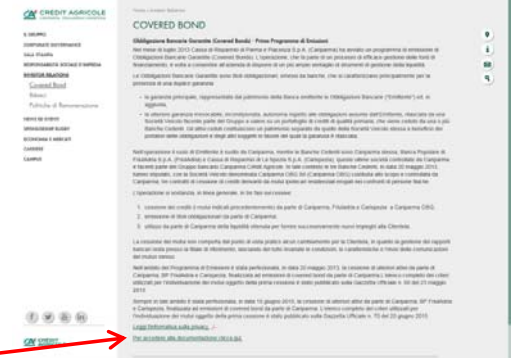


3 Click on "Covered Bond"

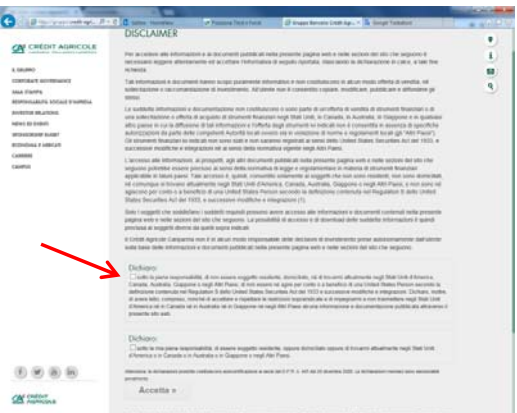


- Covered Bond
- Bilanci
- Politiche di Remunerazione

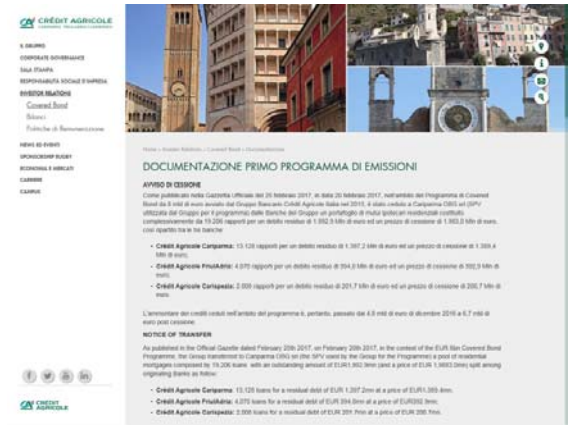
4 Click on "Per accedere alla documentazione clicca qui" at the end of the site



5 Click here to insert the flag in the first botton



NOW YOU ARE IN THE RESERVED SECTION



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**CRÉDIT
AGRICOLE
GROUP**
ITALIA

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AGOS

 **FCA BANK**

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 **CRÉDIT AGRICOLE**
EUROFACTOR

 **CRÉDIT AGRICOLE**
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