



# Crédit Agricole Italia Banking Group Covered Bond Programme and Credit Update



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### Crédit Agricole Italia Banking Group Highlights

- ❑ Crédit Agricole Italia Banking Group (CAIBG) is 76.9% controlled by Crédit Agricole S.A., alongside Regional Banks, which own 9.5% (via Sacam International);
- ❑ The Group operates in prosperous northern Italy; 2.1mn customers in December 2018;
- ❑ Group's net income: €274mn in December 2018 (+10% YoY);
- ❑ Customer loans: €46bn in December 2018 (+6% YoY\*);
- ❑ Over €350mn worth of investments since 2016 supporting innovation, digital and customer centrality;
- ❑ Crédit Agricole Cariparma (CA Cariparma) is rated Baa1/Negative/P-2 by Moody's.

### 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 on March and a new Market Issue of €0.75bn on December
- ❑ 2018: Market issue of €0.5bn. Deliberated a programme's extension

*The covered bonds issued by Crédit Agricole Cariparma are rated Aa3 by Moody's.*

## Crédit Agricole Italia Banking Group Funding Strategy

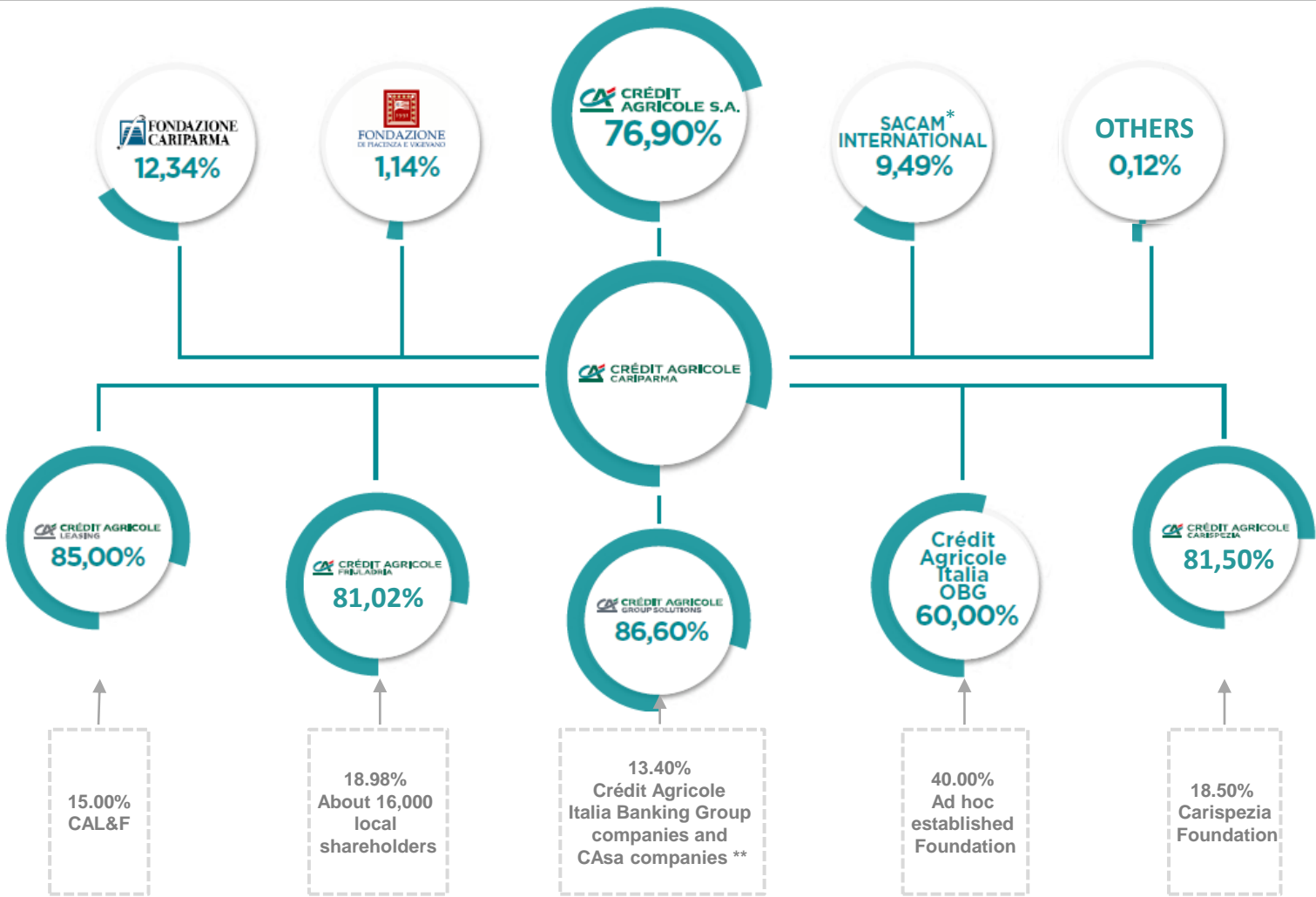
- Crédit Agricole Cariparma is historically funded mostly by customers, through deposits and senior unsecured bond issues\* placed via retail branches; the weighted average maturity of these issues is 1.8 years (January 2019)
  
- The covered bond market has offered Crédit Agricole Cariparma
  - Access to longer term maturities
  - Diversification, in terms of funding tool and broad market investor base
  
- The issuance of covered bonds
  - Adds value to 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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# Crédit Agricole Italia Banking Group

Organisation & History

- 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 Crédit Agricole Leasing Italy; 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 ■ On 21 December CA Cariparma acquired Cesena, Rimini and San Miniato Savings Banks
- 2018 ■ In 2018 merger in CA Cariparma of San Miniato, Cesena and Rimini
- 2019 ■ At the beginning of January CA Cariparma acquired 1.5% of CA Carispezia's capital



\* Crédit Agricole regional banks (Caisse regional)

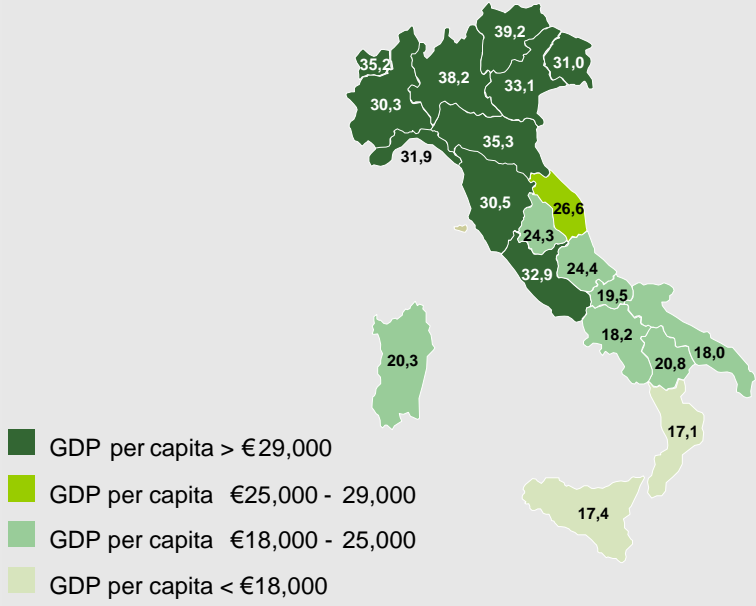
\*\* Crédit Agricole Group Solutions shareholders: Crédit Agricole Cariparma (86.60%), Friuladria (8.75%), Carispezia (2.50%), Crédit Agricole Leasing Italia (1.19%), Agos (0.75%), Eurofactor (0.06%), Amundi SGR (0.06%), Amundi RE Italia SGR (0.01%), CA Vita (0.04%), CA Assicurazioni (0.04%)



- The Group has once again proved to be able to **generate profitability as in the previous years**: net profit of Euro 274 million in 2018 vs. Euro 250 million in 2017 (up by +10% YoY);
- **Strong business momentum**: 140,000 new Customers were acquired;
  - **Market share (branches): 3.7%\*\* at national level**
- **€46bn (+6% YoY) in customer loans outstanding in December 2018\***
  - **Market share: 2.80%\*\* at national level**
- **€48bn in on-balance sheet deposits and debt securities issued in December 2018\***
  - **Market share: 2.83%\*\* at national level**
- **€34bn (+3% YoY) in assets under management in December 2018\***
- **Employees: 9,878 in December 2018\***

- **Retail bank in Italy with 984 branches** (over 1.100 point of sales including Private, Enterprise and Corporate Centers)\*
- Operating in the **prosperous regions of Northern Italy** which have the highest GDP per capita in Italy

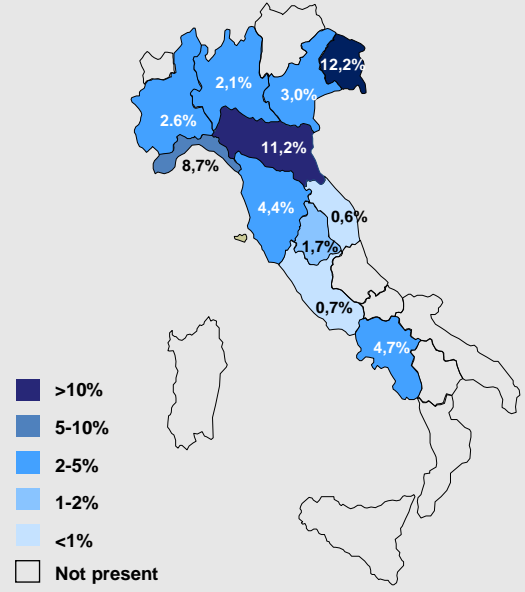
**GDP per capita by region, in € K in 2017**



Source: Istat

France: average GDP per capita: 35,300

**On-B/S deposit market share, 30/06/2018**  
(including the 3 italian banks acquired at the end of 2017)



Source: Bank of Italy, data at 30.06.2018

\* Source: December 2018 CAIBG results disclosures  
 \*\* Source: Bank of Italy data at 30.06.2018



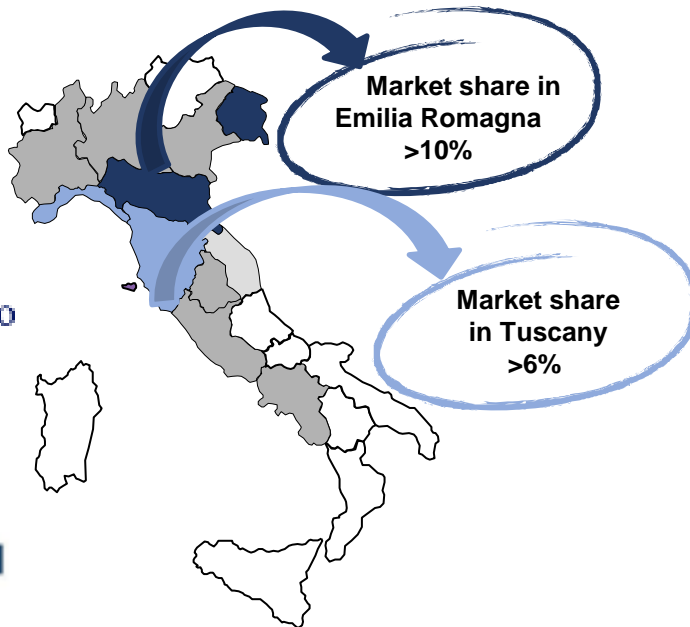


## MARKET SHARES IN ITALY AND KEY NUMBERS POST INTEGRATION

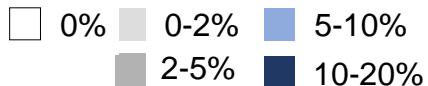
**CARISMI**  
CASSA DI RISPARMIO DI SAN MINIATO

**CASSA DI RISPARMIO DI CESENA** s.p.a.  
Gruppo Finanziario

**BANCA CARIM**  
Cassa di Risparmio di Rimini



### Market shares



Thanks to the acquisition of Cesena, Rimini e San Miniato savings banks at the end of 2017 the Group:

- reached the target of over **2.1 million customers**
- **increased market share at national level (branches): +1% from 2,8% to 3,7%;**
- enhanced its operations in **key economic areas**, with strong manufacturing and agri-food vocation.

**Full integration with the merger of the 3 Savings Banks into the parent company Crédit Agricole Cariparma**

**Completed Business Revival with the adoption of Crédit Agricole Cariparma organisational model and products**

**Good contribution of the three savings banks to the 2018 Group's performance with constant progress in the year: twice as many mortgage loans between the first and the fourth quarter**

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

CRÉDIT  
AGRICOLE  
GROUP  
ITALIA

CRÉDIT AGRICOLE  
CARI-PARMA | FRIULADRIA | CARISPEZIA

AGOS

FCA BANK

CRÉDIT AGRICOLE  
LEASING

CRÉDIT AGRICOLE  
EUROFACTOR

CRÉDIT AGRICOLE  
CORPORATE & INVESTMENT BANK

Amundi  
ASSET MANAGEMENT

CRÉDIT AGRICOLE  
CREDITOR INSURANCE

CRÉDIT AGRICOLE  
VITA

CRÉDIT AGRICOLE  
ASSICURAZIONI

CACEIS  
INVESTOR SERVICES

INDOSUEZ  
WEALTH MANAGEMENT

INDOSUEZ  
FIDUCIARIA

CRÉDIT AGRICOLE  
GROUP SOLUTIONS

## Acquisitions and new partnerships

Over **4 billion** investments  
in the last 2 years

### Main operations/acquisitions in 2018:

- **Commercial Banking:** merger of the 3 legal entities with CA Italia and migration of IT systems (Fellini Project)
- **Asset Management:** first year of Pioneer full integration
- **Financial Services (Consumer Credit):** Agos has renewed and extended its partnership with Banco BPM including the acquisition of Profamily for commercial development
- **Private banking:** CA Indosuez WM completed the acquisition of **94,1% Banca Leonardo**
- **Insurance:** partnership of Crédit Agricole Assurances with **Creval** – 1mln customers (15 year distribution agreement for savings and death & disability products through the Creval network; 100% acquisition of Creval's insurance broker; partnership secured through the acquisition of a 5% stake in Creval)

## Impressive performances in Italy at the end of Dec 2018

> 4 million  
customers

€250bn\*  
of deposits and assets  
under management

€573\*\* million  
Net income Group share  
13% of Crédit Agricole S.A.  
results

> 15 000  
employees

€67bn  
of loans outstanding

## Improving of synergies

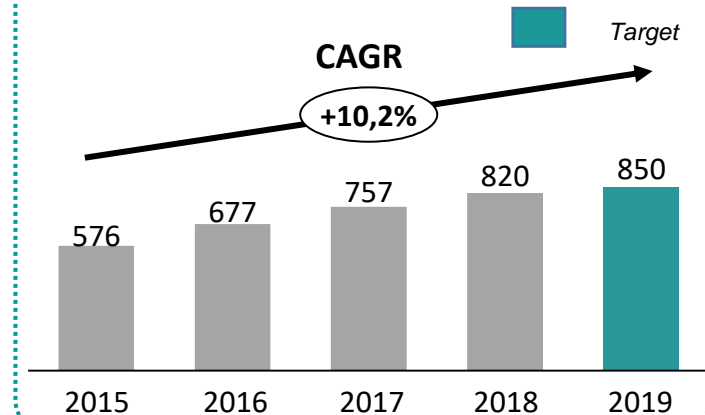
Maximizing synergies between the specialized business lines and retail networks, ensuring a high level of operating efficiency

### Le Village by CA Milano



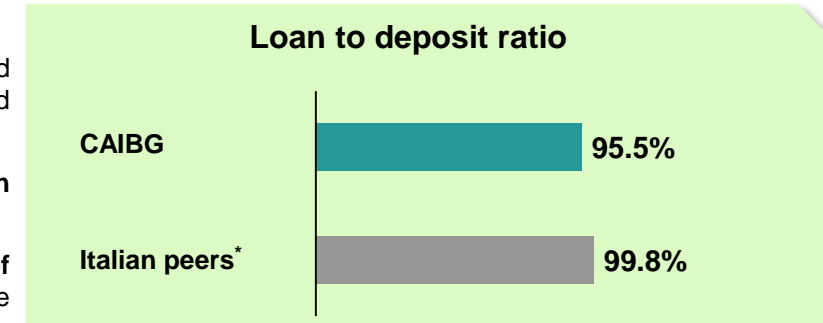
Opening of the first  
Innovation Hub of  
CA Group in Italy

### Italy: Revenue synergy targets by 2019 (€m)



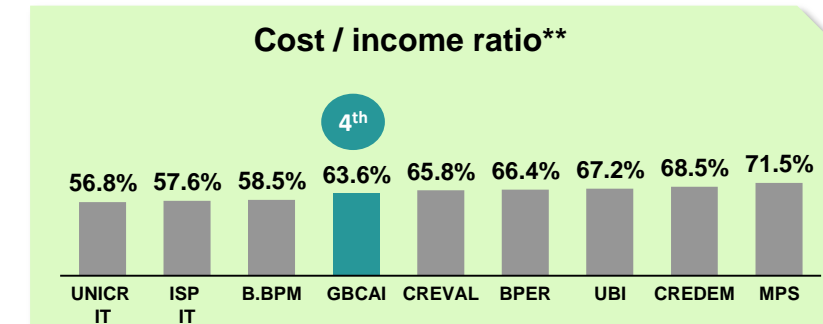
## Progressive increase in profitability and dynamic business activity

- The Group generated a **net profit of Euro 274 million** (+10% YoY) in 2018;
- **Operating income increasing by +13% YoY** thanks also to the contribution of the 3 Banks acquired at the end of 2017. Increased weight of **fees, driven by asset management** (up by +15% YoY) and **insurance products**;
- **Support to households and businesses with progressive increase in loans (+6% YoY), in home loans (+10% vs. Dec. 2017) and in asset management (+3% YoY)**;
- **Strong commercial momentum: 140,000 new customers** thanks to the increasing **contribution of the digital channel**, with online opening of approximately 20% of the new accounts, along with the development of the internal network of financial advisors.



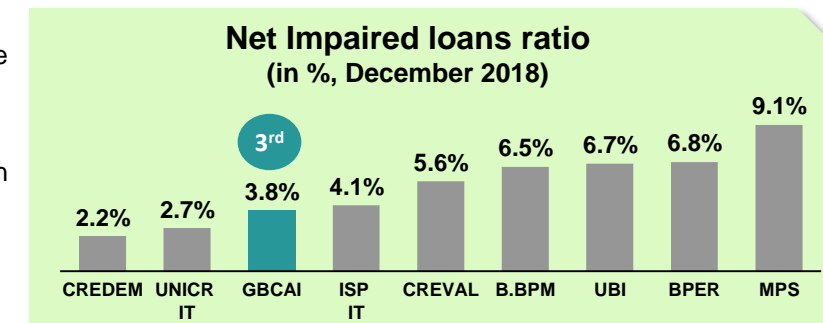
## Operating expenses under control and confirmed investment plan

- **Investments for over Euro 350 million in the last three years**, in accordance with the business plan, while continuing the actions to **increase operational efficiency**, to rationalize and transform physical structures, along with the integration costs of the 3 Savings Banks;
- Continuing **open innovation, digital and customer centrality**, in the perspective of a bank that is "100% human and 100% digital";
- **Staff development** through new recruitments, with over 200 new resources (and 400 exits), and training. The implementation of initiatives aimed at improving worklife balance and the enhancement of women's role in the company are all evidence of **constant attention to people**.



## Constant focus on credit quality and reduction in the cost of credit

- The disposal of 1.4bn of gross NPL (26% of total NPLs) and implemented management actions have achieved a **37% decrease in net non-performing loans (vs. Dec. 2017)**;
- **Among the best in the Italian market in terms of net impaired loans ratio** and improvement in the coverage ratio of the NPL portfolio: from 44,9% dec-17 to 52,5% dec-18;
- **Cost of credit** continued to fall to 57 bps in December 2018 vs 75bps in December 2017.



# Crédit Agricole Italia Banking Group Financial Highlights

Crédit Agricole Italia Banking Group: 31/12/2018 key indicators



## LOANS (€bn)

Loans to customers	46,016
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## RATIOS

Cost/Income (excl. expenses to support the banking system)	63,6%
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Cost of credit (% net loans)	57 bps
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Net Bad Debts ratio (% net loans)	1.4%*
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Bad Debts coverage ratio	68.4%*
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Net NPL ratio (% net loans)	3.8%*
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NPL coverage ratio	52.5%*
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## FUNDING (€mn)

Funding from customers & debt securities issued	48,160
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Asset management	34,366
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## RATINGS

Moody's Long Term Bank Deposits Rating	Baa1 Negative**
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Moody's Short Term Bank Deposits Rating	P-2
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Covered bonds rating assigned by Moody's	Aa3**
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## CAPITAL AND LIQUIDITY RATIOS (€mn)

Shareholders' Equity	6,193
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CET1 ratio (fully loaded)	11.2%
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Total capital ratio	16.8%
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Liquidity Coverage Ratio (LCR)	148%
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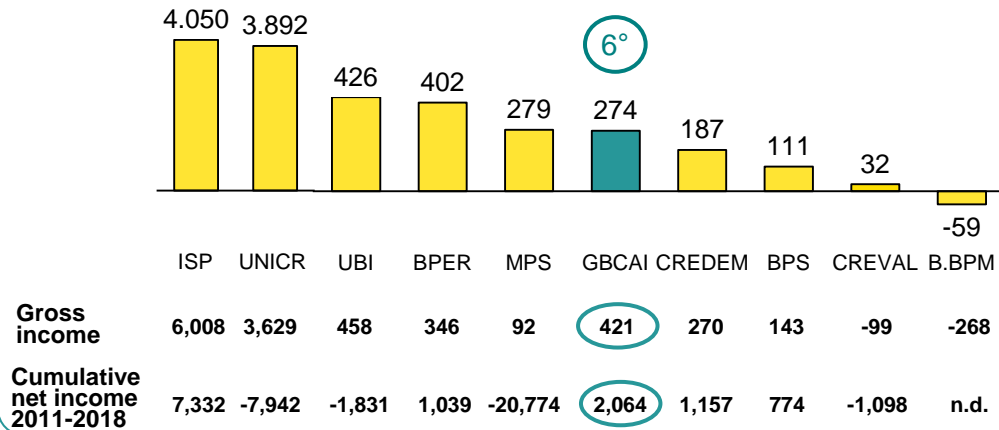
\* Bad Debts should be understood as «Sofferenze», whilst Non-Performing Loans should be understood as «Crediti deteriorati» as defined by the Bank of Italy (Circ. 272/2008 Bank of Italy 8<sup>th</sup> update)

\*\* Following the downgrade of Italy's sovereign debt to Baa3 by Moody's.

# Crédit Agricole Italia Banking Group Financial Highlights

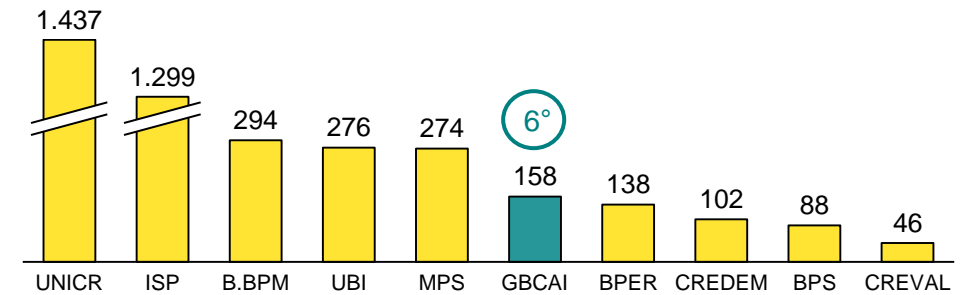
Crédit Agricole Italia Banking Group: 31/12/2018 ranking

## NET INCOME (million €)

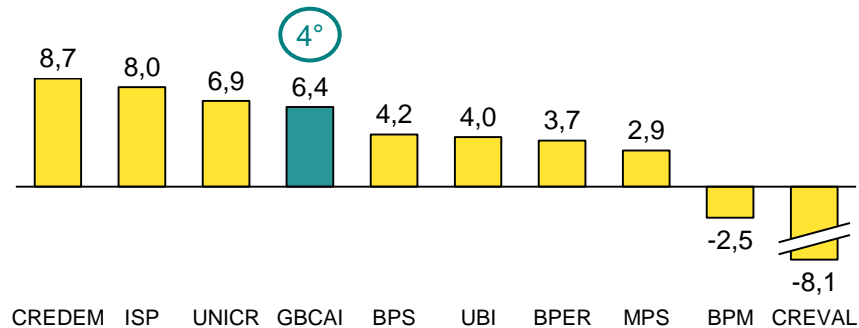


## TOTAL VOLUMES

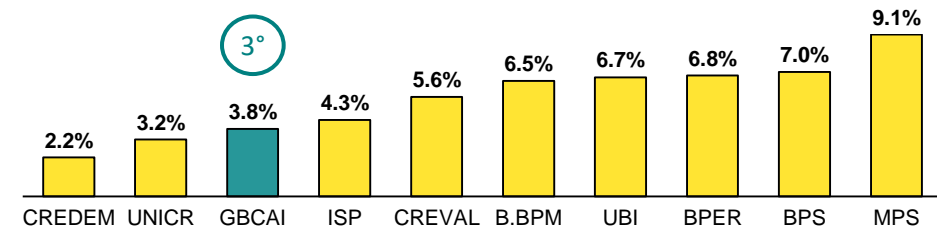
(loans, on and off-balance sheet customer assets €bn)



## ROTE\* (%)






## NET NPL RATIO (% net loans)



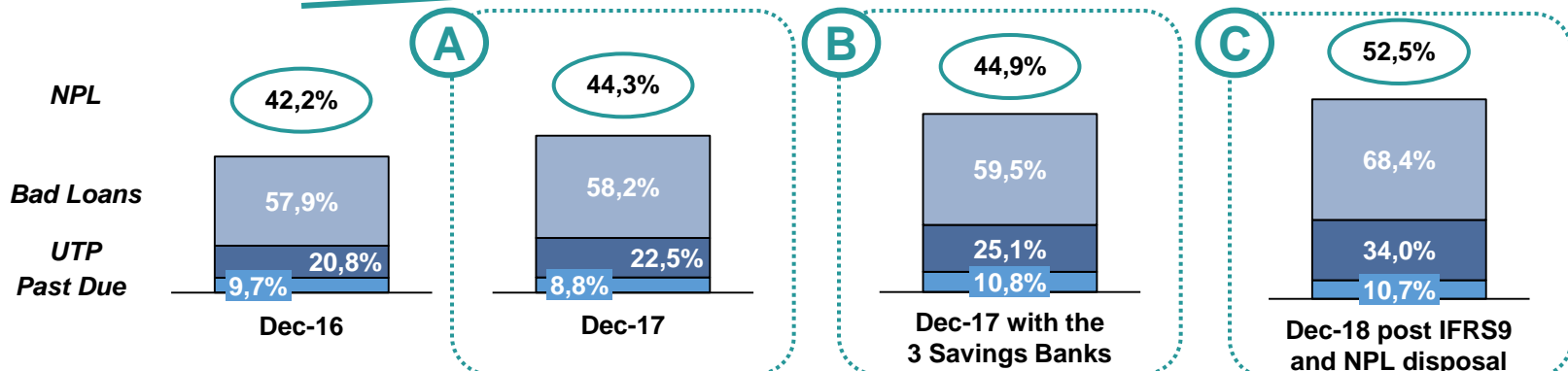
# Crédit Agricole Italia Banking Group Financial Highlights

## Organizational Structure

	Banking	Bancassurance	Asset Management	Consumer Credit	Factoring Leasing	Investment Banking	Payment System
 <b>CRÉDIT AGRICOLE</b> CARIPARMA   FRIULADRIA   CARISPEZIA	✓	✗	✗	✗	✓	✗	✗
 <b>INTESA SANPAOLO</b>	✓	✓	✓	✓	✓	✓	✓
 <b>UniCredit Group</b>	✓	✗	✓	✓	✓	✓	✓
 <b>BANCO BPM</b>	✓	✗	✓	✓	✓	✓	✗
 <b>UBI Banca</b> UNIONE DI BANCHE ITALIANE	✓	✓	✓	✓	✓	✗	✗
 <b>BPER:</b> Gruppo	✓	✗	✓	✓	✓	✗	✗
 <b>CREDEM</b>	✓	✓	✓	✓	✓	✗	✗
 <b>Banca Popolare di Sondrio</b>	✓	✗	✗	✓	✓	✓	✗
 <b>Credito Valtellinese</b> GRUPPO BANCARIO	✓	✓	✗	✗	✓	✗	✗
 <b>MONTE DEI PASCHI DI SIENA</b> BANCA DAL 1472	✓	✗	✗	✓	✓	✗	✗
 <b>BNL</b> GRUPPO BNP PARIBAS	✓	✗	✗	✓	✗	✗	✗
 <b>GRUPPO BANCA CARIGE</b>	✓	✗	✗	✓	✓	✗	✗

salary-and-pension-deducted loans

## NPL COVERAGE RATIO (%)

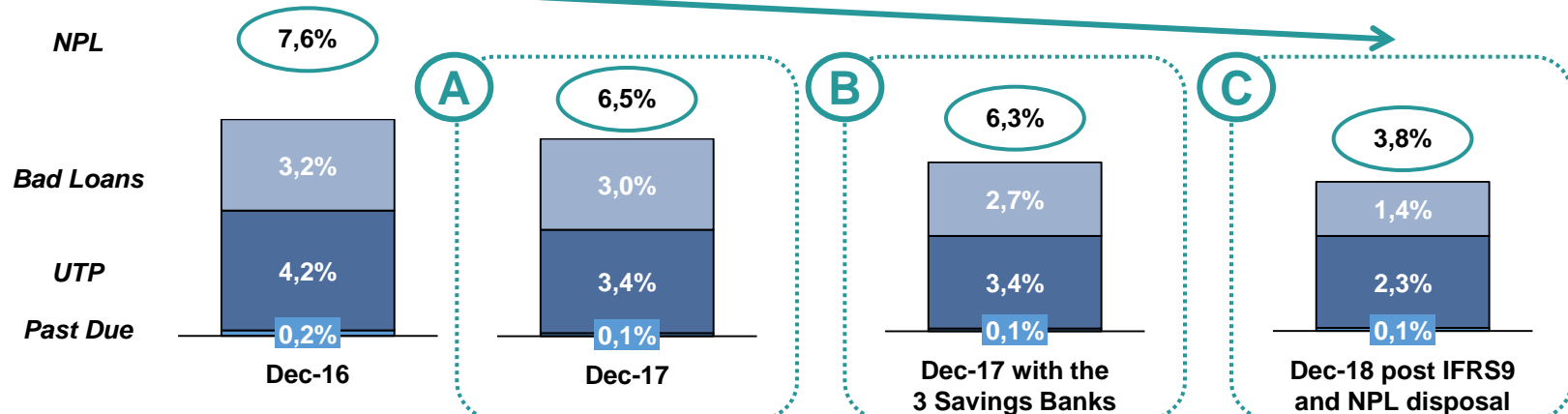


**A** Over the past few years the progressive improvement in asset quality has continued thanks to implemented management actions, along with new processes and procedure, and with small disposals of non performing loans;

**B** The acquisition of the three Savings Banks have positively influenced the asset quality of the Group: it has been acquired the “sound” part of the savings banks in order to exclude the majority of impaired loans;

**C** In 2018 the Group further improved the asset quality, also thanks to the adoption of the new financial reporting standard on financial instruments (IFRS9). Over the year, the Group has made a disposal of 1.4bn of gross NPL (26% of total NPLs), achieving a 37% decrease in net non-performing loans vs. December 2017.

## NET NPL RATIO (% net loans)



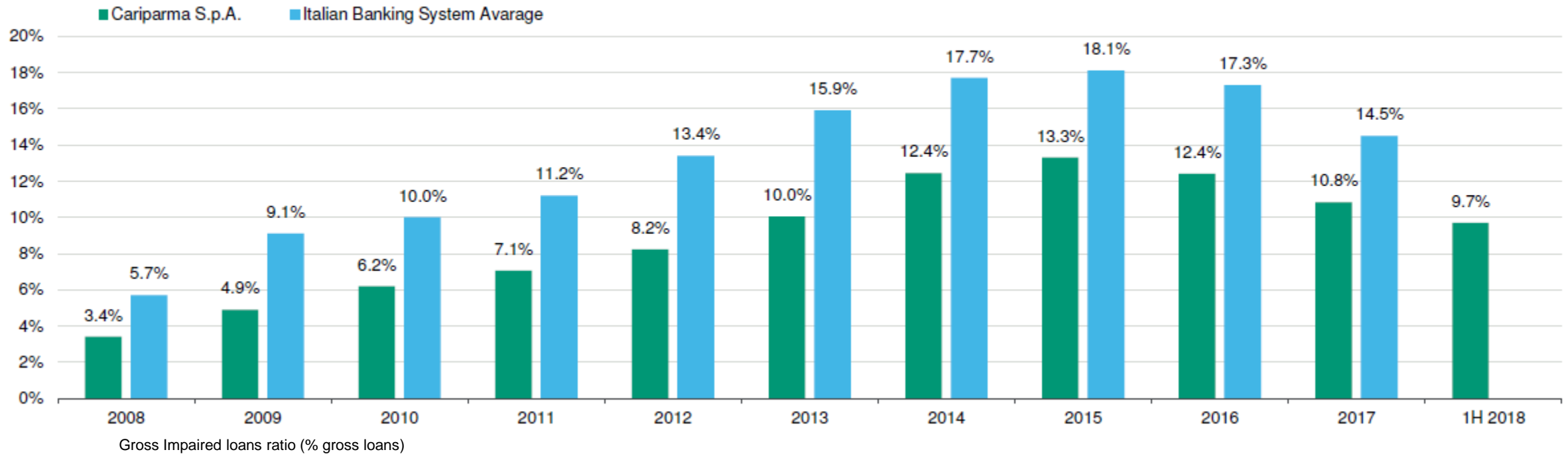


# Crédit Agricole Italia Banking Group Financial Highlights

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

Moody's Credit Opinion published on 05/11/2018

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



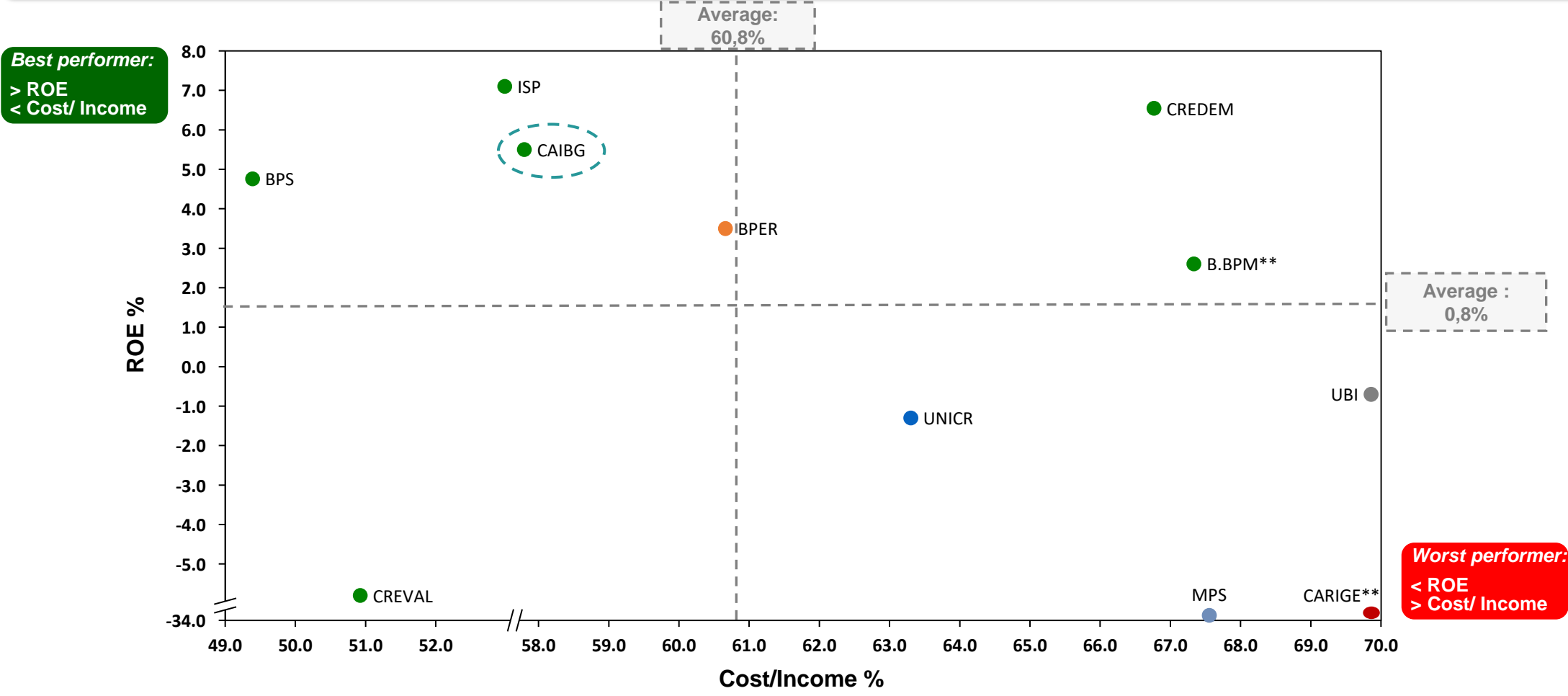
\* Problem loans is the sum of three categories (from worst to best): (1) Bad loans (in Italian, "sofferenze": loans to insolvent borrowers); (2) Unlikely to pay (in Italian, "inadempienze probabili"); (3) Past Due (in Italian, "esposizioni scadute e/o sconfinanti deteriorate: past due by more than 90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

CA Cariparma Stock of Problem Loans Dec-2018: 7.6%

# Crédit Agricole Italia Banking Group Financial Highlights

Crédit Agricole Italia Banking Group: stably among best performers

## ROE and Cost/Income ratios\*: December 2014 – December 2018

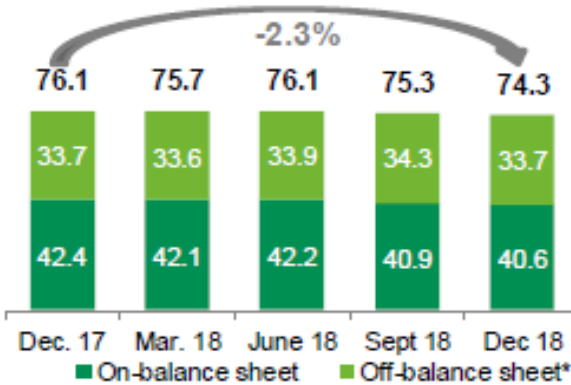


Source: 2018 Italian banking groups' results disclosures;  
\* ROE ratio: equity including net income; Cost/Income excluding expenses to support the banking system; \*\* B.BPM ratios available since 2016, CARIGE ratios available up to 2017.

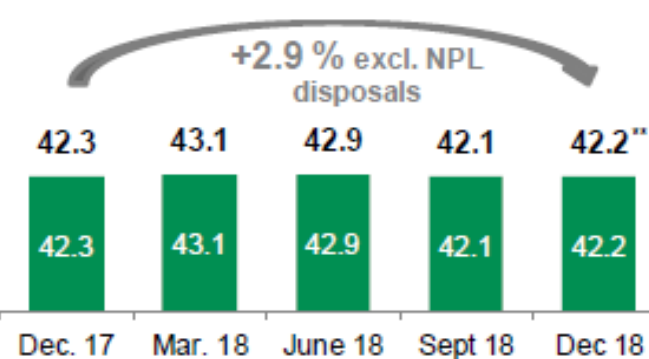


## Activity indicators (€bn)

## Customer savings



## Loans outstanding



\* Excluding assets under custody

\*\* After disposals of non-performing outstanding loans for €1.4bn in 2018

## Contribution to Crédit Agricole S.A. P&amp;L

€m	Q4-18 underlying	Δ Q4/Q4 underlying	2018 underlying	Δ 2018/2017 underlying
Revenues	485	+17.5%	1,885	+13.4%
Operating expenses excl.SRF	(320)	+16.6%	(1,190)	+19.2%
SRF	-	n.m.	(22)	x 2.1
Gross operating income	164	+19.2%	673	+3.1%
Cost of risk	(64)	(14.0%)	(275)	(12.3%)
Income before tax	100	+58.9%	398	+18.4%
Tax	(28)	+34.0%	(127)	+12.1%
Net income	72	+71.4%	271	+21.5%
Non controlling interests	(19)	+58.7%	(75)	+20.2%
Net income Group Share	52	+76.6%	196	+22.0%
Cost/Income ratio excl.SRF (%)	66.1%	-0.5 pp	63.1%	+3.0 pp

### Sharp increase in net income, positive jaws effect and improved asset quality after the integration of the 3 banks

- **Revenues:** good growth in interest income and fees despite market and economic conditions
- **Expenses:** continuation of cost basis streamlining programme and improved cost/income ratio Q4/Q4
- **Cost of risk** down sharply across the scope, thanks to an overall improvement in the quality of the credit portfolio
- **Strong improvement in coverage ratio in 2018:** 60% vs. 50.1% at end-2017, impaired loan ratio down to 8.4% vs. 11.5% at end-2017

Underlying: specific items include the costs of integration of the 3 banks (expenses): -€11m in Q4-18 and -€2m in 2018 vs. €41m in Q4-17 and 2017 – see slide 40

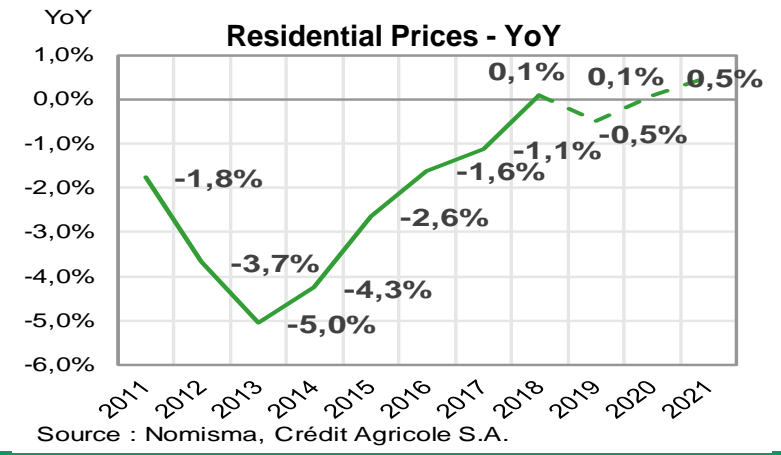
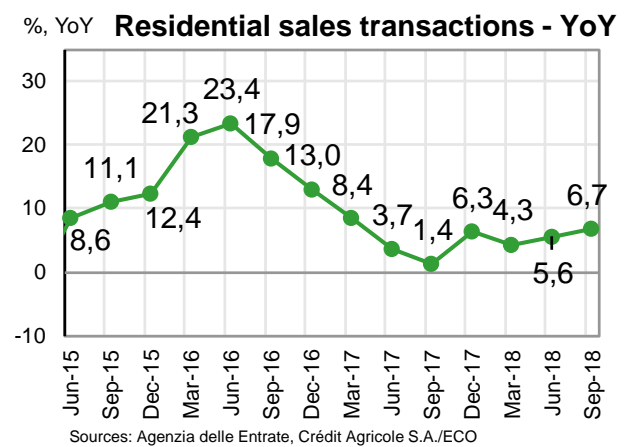
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General trends are positive, residential market is expected to grow although at a lower rate

- **Acceleration of real estate transactions in Q3 2018, after the slowdown in 2017. The evolution is supported by the strengthening in households disposable income growth with a recovery in demand for housing and lower dependence on bank lending for house purchases**
  - In Q3-18 the year-over-year (YoY) growth rate in residential sales transactions accelerated to 6.7% (after 5.6% in Q3) with a 44% increase from the 2013 trough.
  - In 2018 the residential sales market should total a 5.6% growth rate after 4.9% in 2017 (i.e. 572.752 residential sales transactions expected in 2018).
  - In Q3-18 non-residential investments was at 5bn rapidly slowing down after a record of € 11 billions in 2017.
  
- **The fall in prices is almost over**
  - Nominal home prices declined by 0.4% on a yearly basis in H22018 (after -0.5% in H12018), leaving prices 25% below their 2008 peak. The fall has been slowing since mid-2013.
  - Prices in yearly averages are expected to slightly increase in 2018 (+0.1%) but to post a very slight fall in 2019 (-0.5%) before resuming a recovery in 2020 and 2021, driven by improving housing demand, increased credit availability and low interest rates.

Residential market forecast YoY (Source: Nomisma)				
	2017	2018	2019	2020
Transactions	4.9%	5.6%	2.6%	-0.9%

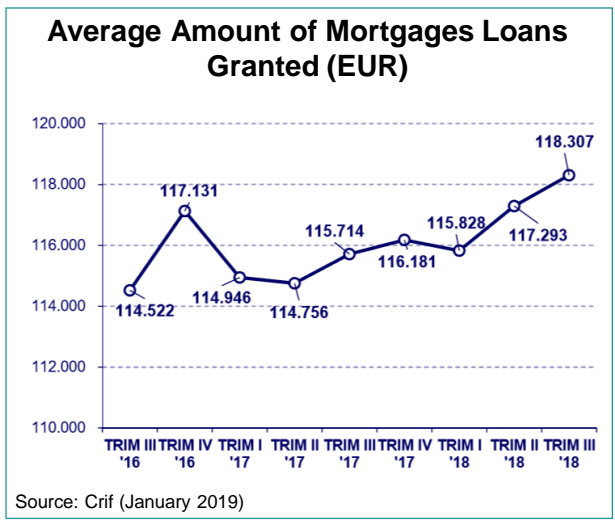
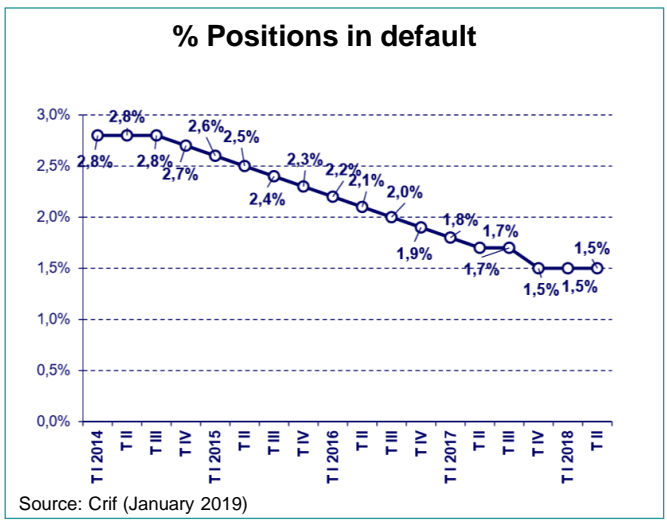
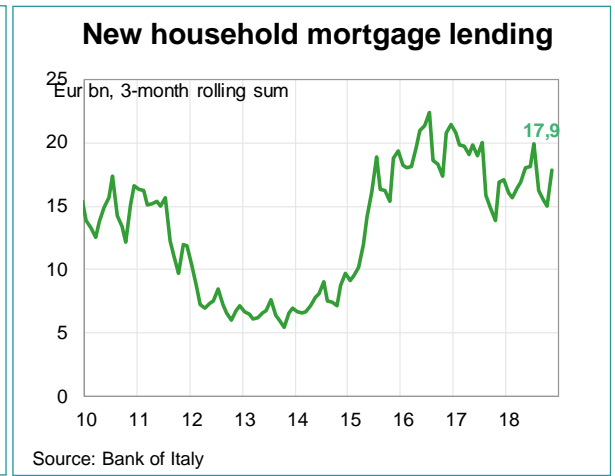
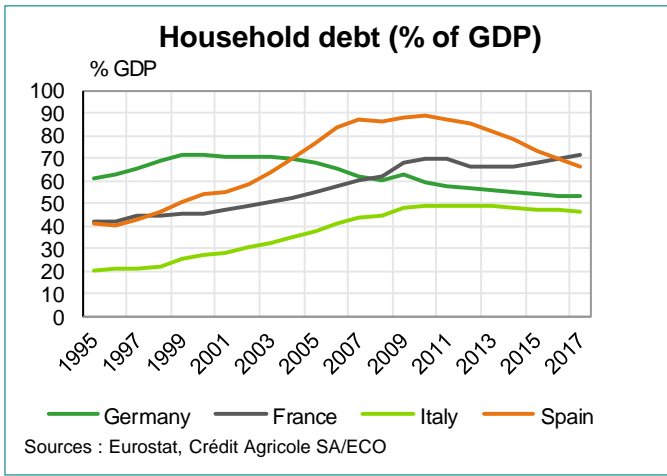
Sources: Nomisma (July 2018), Crédit Agricole S.A.



# Italian Housing Market

A sound mortgage loan market driven by low interest rates and low sustainable indebtedness

- **The Italian mortgage loan market is small compared to other European countries: Italy is the third economy in the Euro area but only the fifth mortgage loan market.**
- **The ownership rate, above 80%, is among the highest in the EU and limits both sales volumes and mortgage loan market growth.**
- **Supporting factors:**
  - Home prices trend
  - Low interest rates
- **The small decline compared to the 2 previous years can mostly be explained by the decrease in renegotiations in the total amount of new credits.**
  - In 2018, new lending stood at €18bn on a 3-months rolling basis at end-November 2018.
  - The renegotiation trend is gradually declining while the production of “pure new loans” is almost stable between 2017 and 2018 and shows a decline between 2016 and 2018. Thus, the level of renegotiated mortgage loans fell to 23% (average from January to November), compared to a level of 32% in 2016.
  - The average amount of mortgages loans granted in Q3-18 has also been up for the second quarter to 118 K€; and about 80% of mortgage loans amount to less than 150 K€.
- **Risks in the mortgage loan market have receded to a low level.**
  - For the third consecutive quarter, the default rate remains at low level of 1.5% in Q2-18.



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# Crédit Agricole Italia Banking Group Residential Mortgage Loan Business Highlights

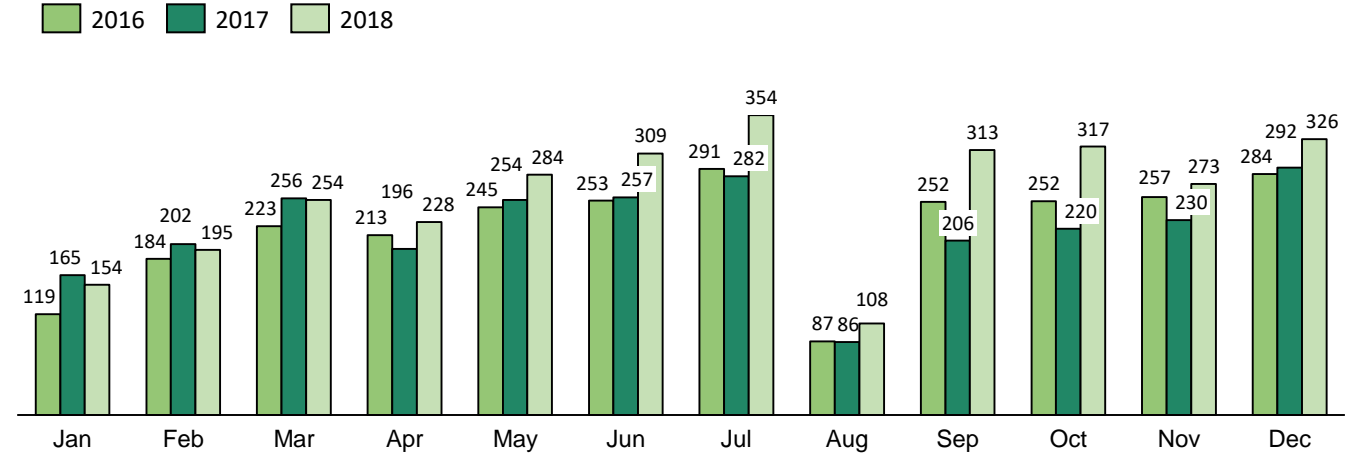
## CA Italia Banking Group, a significant player in Italian residential financing:

- €3.1bn residential mortgage loans' production\* on 31/12/2018 (+18% YoY)
- Market share of ca. 4.85%\*\* of stock and ca. 5.09%\*\* of flow at June 2018 (including San Miniato and excluding Rimini and Cesena).

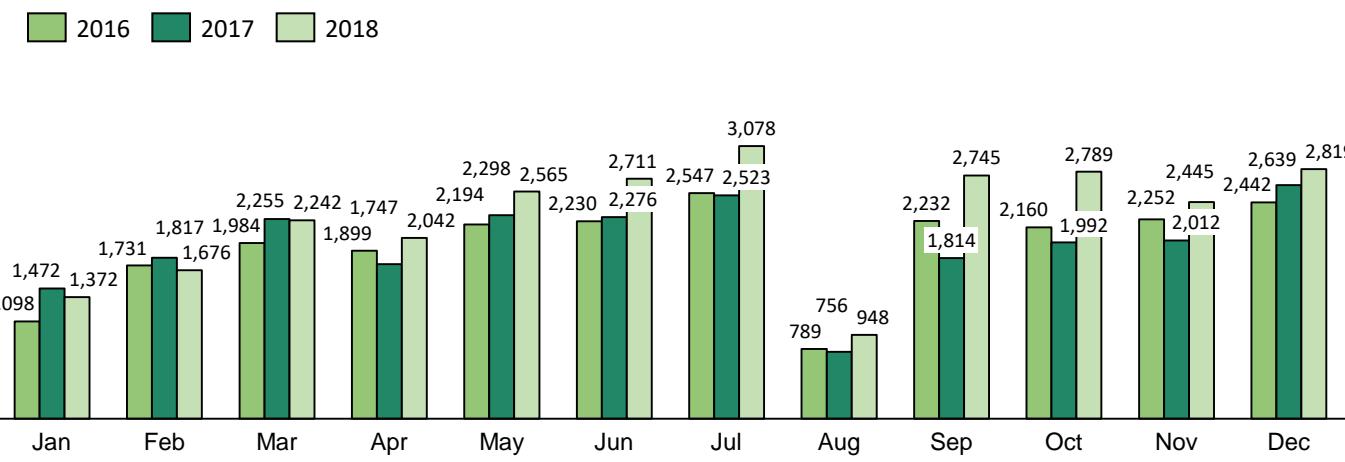
## CA Italia Banking Group mortgage loans risk level:

- Mortgage deed registration: 1st level mortgage deed registered is 150% of the loan amount
- On 31/12/2018, 1.0% of net non-performing loans (bad loans + UTP + past due); 0.4% of net bad loans ("sofferenze")
- Mortgage NPL coverage ratio at 43.1% on 31/12/2018
- From 2016, introduction of Euribor floor at 0.00% on new mortgage loan contracts

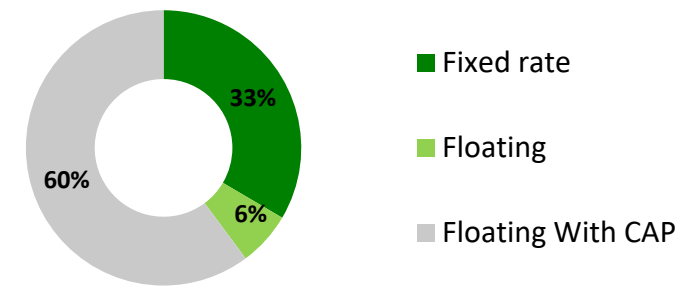
### New mortgage loans (volumes in million)



### New mortgage loans (number of transactions)



### 2018 new residential mortgage loans interest rate type





# Crédit Agricole Italia Banking Group Residential Mortgage Loan Business

Well-established selection and risk management processes (1/2)



## STEPS OF THE PROCESS

## ACTIVITIES

## DESCRIPTION OF THE PROCESS

## FOCUS

Sale

*Full transparency and tailor-made commercial offer to Customers*

**Supported sale** and automated production of documentation

*Sales\* 2018:*  
47% Branches; 43% Intermediary; 10% On Line

Origination

*Customer Registration and preliminary checks*

- Supported workflow with **mandatory steps and completeness and adequacy checks** of the entered data
- **Integrated Workflow with Crédit Agricole Cariparma's procedures** and related checks

*Lending Criteria:*

- Maximum borrower's age at maturity > 80 years
- Maximum tenor of 30 years
- Installment\*\* \ Net income ratio <32% (higher levels will be evaluated by superior deliberative levels)
- LTV standard <80% (Higher levels only with integrated collateral as Consap and regional funds), <50% in case of restructuring, holiday homes

*Automated mortgage loan application*

- Through PEF the Bank:
  - 1) performs analysis on databases (CRIF, CERVED; DATABANK);
  - 2) checks compliance with credit policy;
  - 3) carries out the calculation of an acceptance rating, defining automatically the approval risk level (synthetic assessment)

PEF assigns to customers a synthetic assessment summarized by three categories :

1. **Positive:** possible forwarding to the decision-making organ
2. **To evaluate:** it's necessary an higher level of analysis
3. **To deepen:** it required further documentation in order to improve the credit worthiness

*In 2018 at:*

7% branch level  
64% Regional level  
29% Central level

Approval

*Display PEF outputs and automated updating*

Identification of the decision making organ (according to the level of risk, amount, etc.).

# Crédit Agricole Italia Banking Group Residential Mortgage Loan Business

Well-established selection and risk management processes (2/2)



STEPS OF THE PROCESS	ACTIVITIES	DESCRIPTION OF THE PROCESS	FOCUS
<p>Implementation</p> <p>Conclusion</p> <p>Lending</p>	<p><i>Property appraisal</i></p> <p><i>Insurance contract</i></p>	<ul style="list-style-type: none"> <li>▪ <b>Automated contract's documentation</b> with integrated checks</li> <li>▪ <b>Property valuation:</b> the asset is always subject to a technical physical appraisal</li> <li>▪ Property must be <b>insured</b> against the risks of fire, lightning and explosion (Home Protection Insurance). In addition, 77% of mortgages bear a creditor protection, even if the subscription is not mandatory</li> </ul>	<p>Property valuation companies:</p> <ul style="list-style-type: none"> <li>▪ Crif</li> <li>▪ Cerved</li> <li>▪ Prelios</li> <li>▪ Revaluta</li> </ul>
<p>Filing System</p>	<p><i>Digital Filing System</i></p>	<ul style="list-style-type: none"> <li>▪ Actually 100% digital dossier, digital contract and digital storage</li> </ul>	
<p>Property Value's Surveillance</p>	<p><i>Fair Value Assesment</i></p>	<ul style="list-style-type: none"> <li>▪ The value of the property is checked through statistical methods (<b>Nomisma Indexes</b>) once a year</li> <li>▪ If statistical method shows a significant variation with the previous period, a new appraisal is carried out</li> </ul>	

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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 each, maturity of 8 and 15 years
- March 2017: Double tranche market issue of € 0.75 bn each, maturity of 8 and 12 years
- December 2017: € 0.75bn market issue 8 year maturity
- January 2018: € 0.5bn market issue 20 year maturity
- Currently outstanding: €1.2 bn retained OBG; €6.25 bn market OBG
- Current rating: Aa3 from Moody's
- Programme extended to 16bn.

### Cover pool

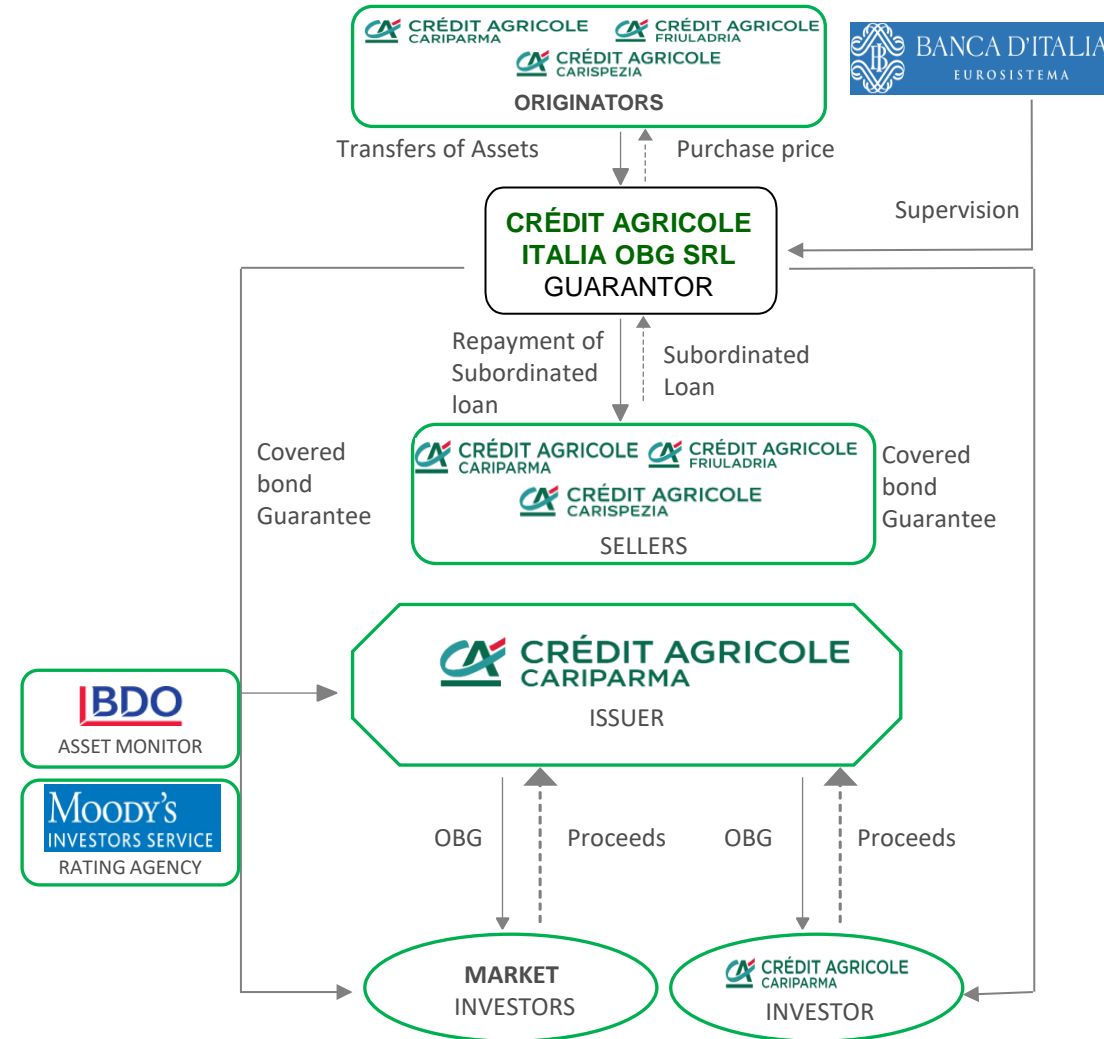
- Mortgage loans transferred to Crédit Agricole Italia OBG srl
- Self-originated mortgage loans by Crédit Agricole Italia Banking Group and originated by branches purchased from Intesa San Paolo
- Property located in Italy
- No arrears on the transfer date
- Current cover pool: 100% residential mortgage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

### Over-collateralisation

- 7.5% committed over-collateralisation (OC)
- 30,0% at February 2019

### Monitoring

- BDO Italia: 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)
- ❑ Fixed rate for €6.25bn market OBG (soft bullet)

## ■ Asset and liabilities matching controls

### Semi annual regulatory stress tests

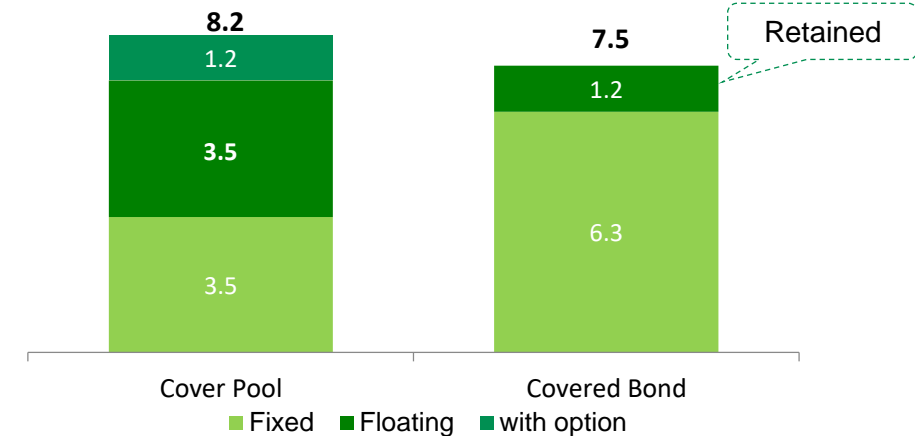
- ❑ Nominal Value Test
- ❑ Net Present Value Test
- ❑ Interest Coverage Test
- ❑ Amortisation Test\*

### Additional internal controls

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

\*To be performed only post OBG Guarantor event of default

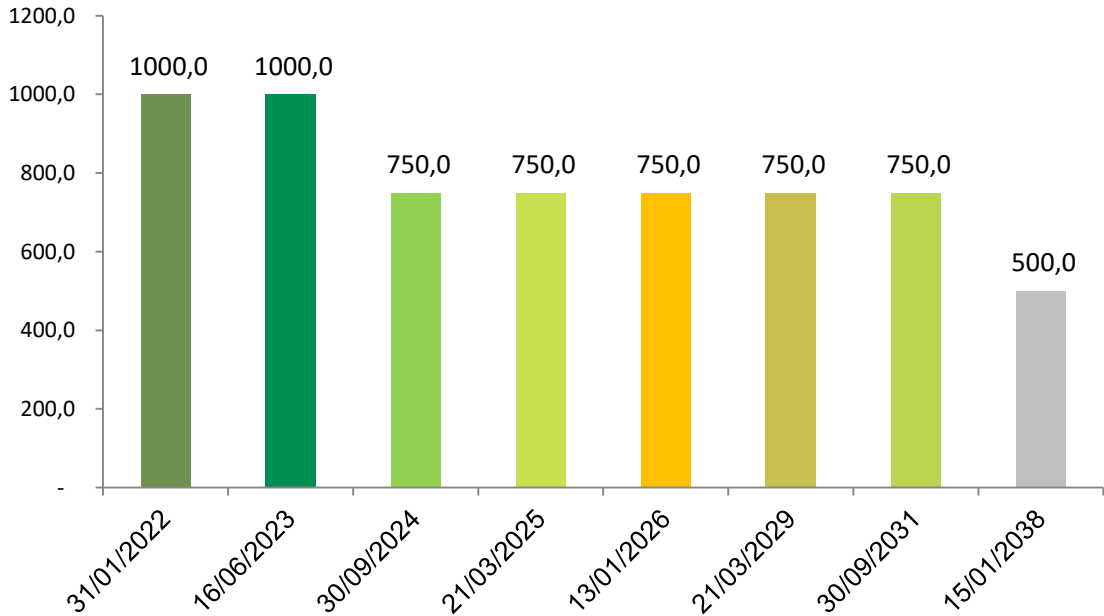
### Interest rate breakdown (bn€)\*\*



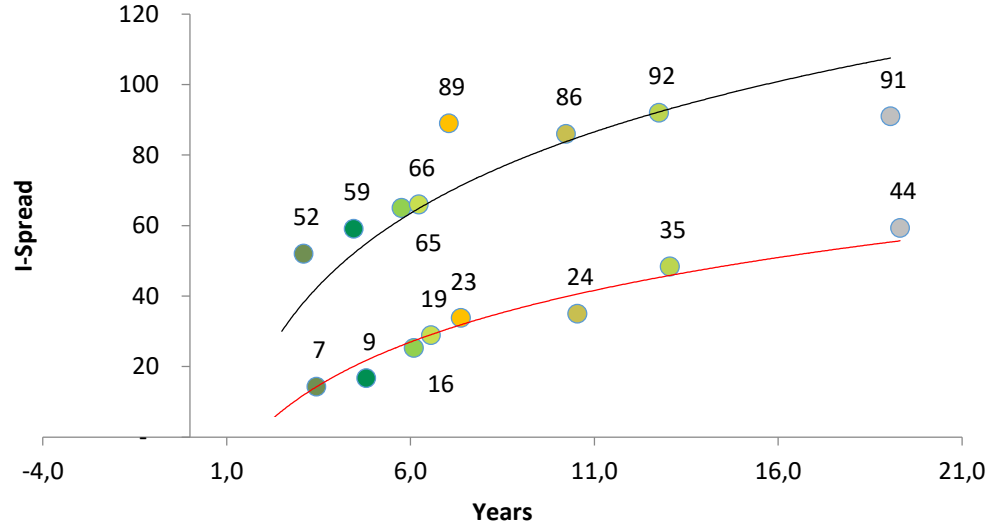
*Ancient loans with option: Customers have the right to switch at any time from fixed to floating rate (and vice-versa) at the market rate of the moment*

\*\* Updated at 31th December 2018

## OBG Outstanding Maturities



## I-Spread (bps) December 2018 vs December 2017



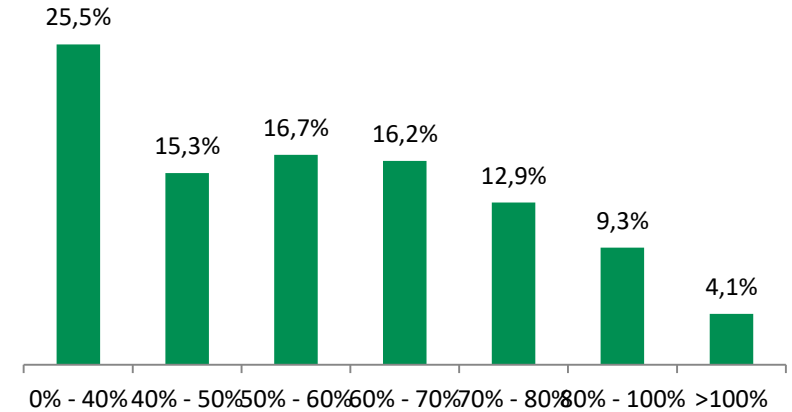
— Dec. 2018 104 bps: Spread between BTPS 2038 and CAIBG covered bond 20y  
 — Dec. 2017 104 bps: Spread between BTPS 2038 and CAIBG covered bond 20y

# Crédit Agricole Italia OBG Programme

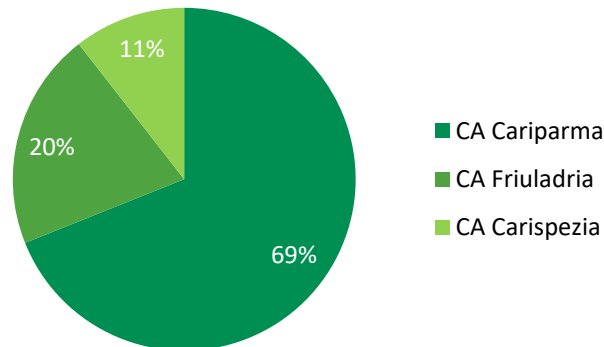
Cover Pool at 31/12/2018 (1/3)

<b>Total mortgage outstanding cover pool</b>	8,226,881,362
<b>Substitute Assets* (Cash)</b>	1,480,223,904
<b>Number of loans</b>	93,436
<b>Average loan balance</b>	88,048
<b>WA Seasoning (month)</b>	52
<b>Remaining term (month)</b>	225
<b>WA CLTV (Current Loan to Value)</b>	56.61%
<b>Interest rates of credit pool</b>	42.8% fixed 14.1% with option 43.2% floating
<b>Origination</b>	100% Crédit Agricole Italia Banking Group (details below)

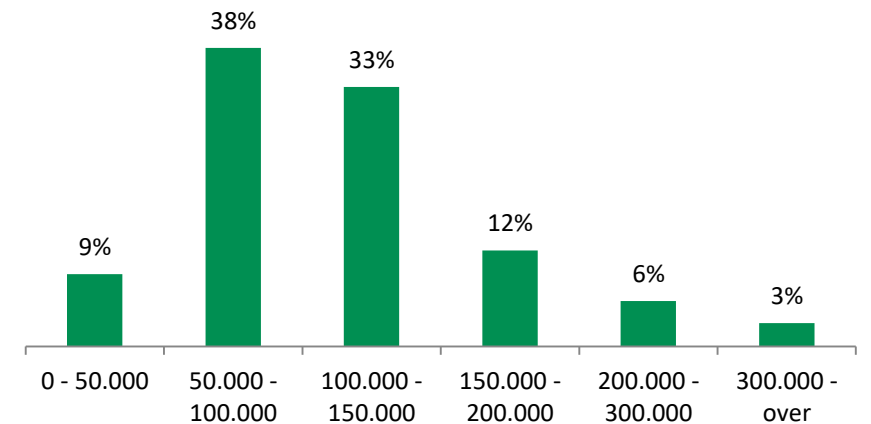
## Breakdown by CLTV as % of outstanding amount



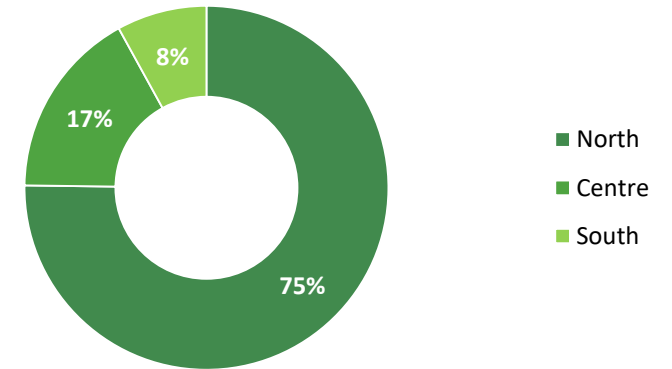
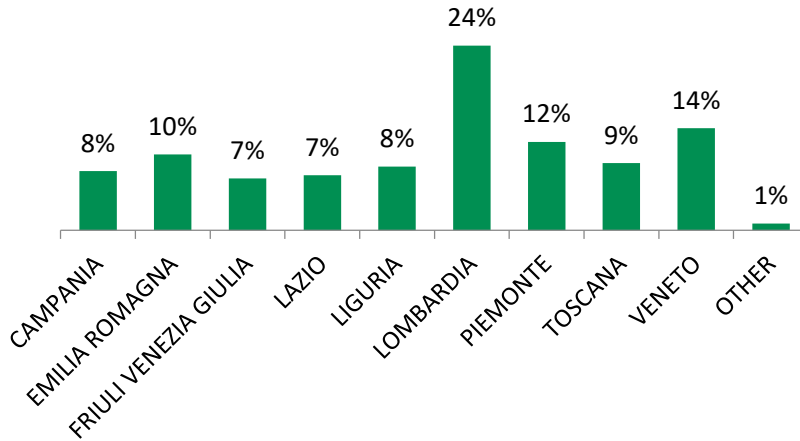
## Origination by banks (% of outstanding amount)



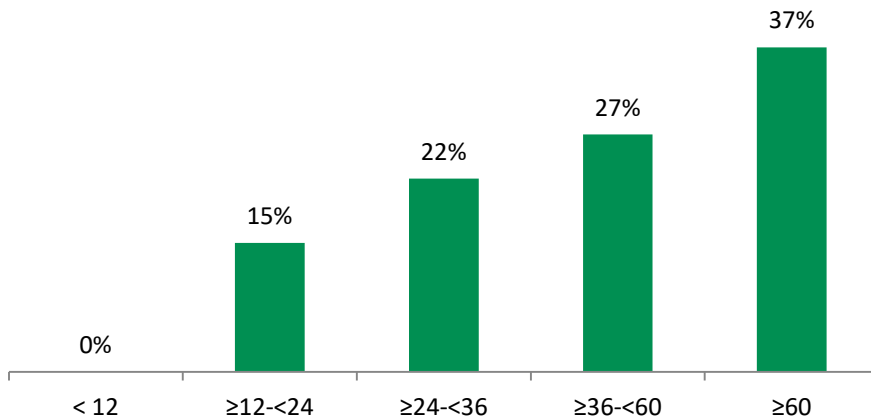
## Breakdown by outstanding amount as % of outstanding amount



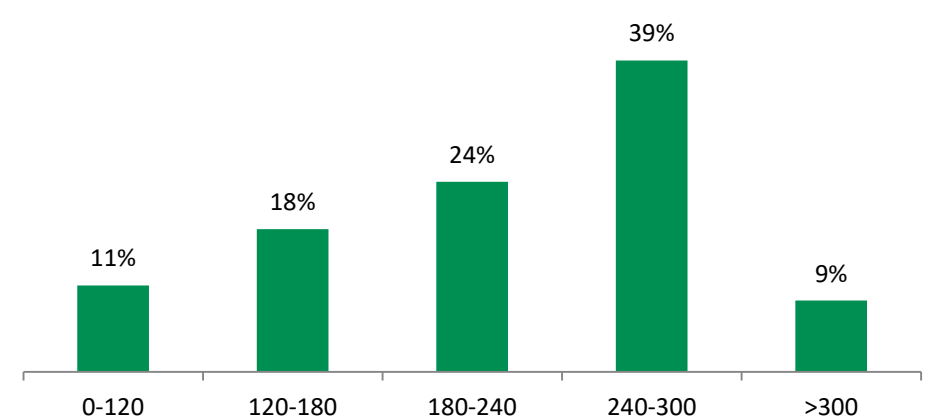
## Breakdown by region as % of outstanding amount



## Breakdown by seasoning (months) as % of outstanding amount

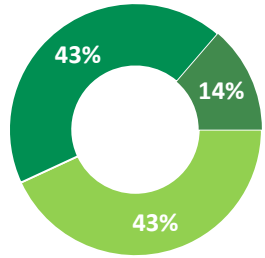


## Breakdown by remaining (months) as % of outstanding amount



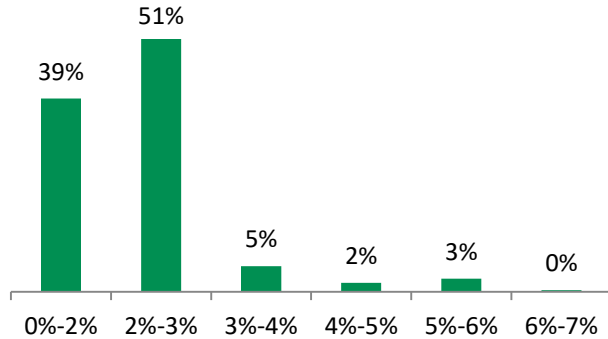


Interest type as % of outstanding amount

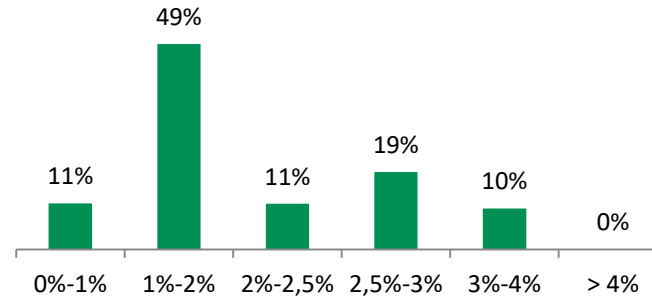


■ Fixed ■ Floating ■ With option

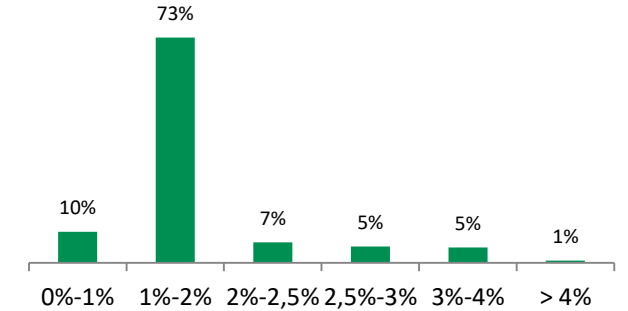
Breakdown fixed interest as % of relevant fixed rate outstanding amount



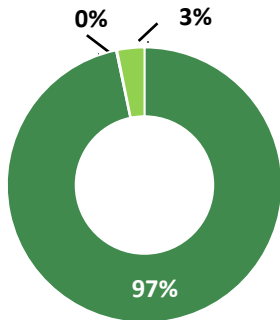
Breakdown "with option", margin on Euribor 3M as % of relevant with option outstanding amount



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



Payment type as % of outstanding amount



■ Direct Debit ■ Cash ■ Standing Order (RID)

## Cover pool mortgage loan performance

- Loans in Arrears > 90 days: 0.18% of total Cover Pool (vs. 0.21% at 31.12.17)
- Total Loans in Arrears: 2.7% of total Cover Pool (vs. 2.9% at 31.12.17)
- No Bad Debts\* in the Cover Pool: they are bought back on a monthly basis

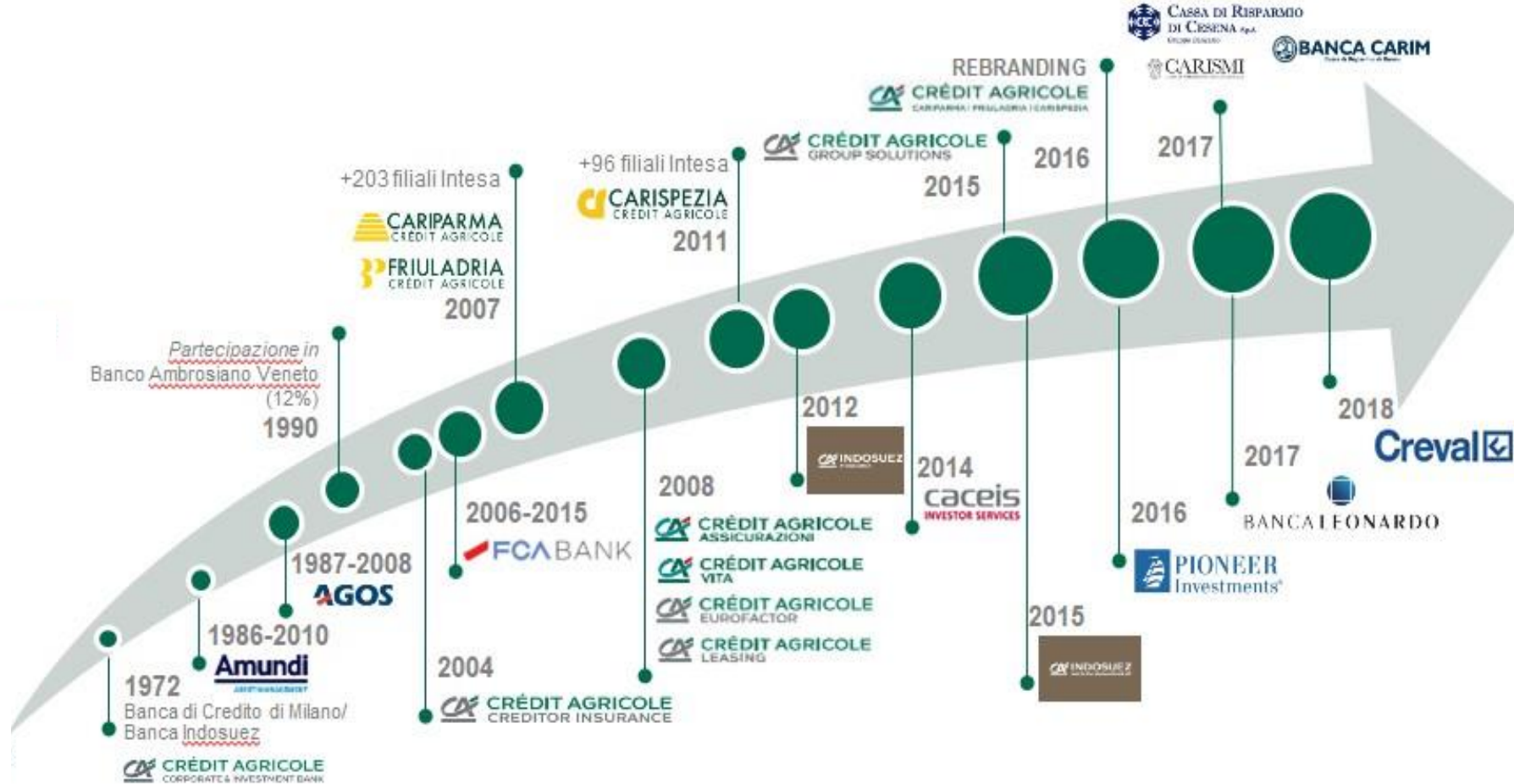
Issuer	Crédit Agricole Cariparma
Originator	Crédit Agricole Cariparma, Crédit Agricole FriulAdria and Crédit Agricole Carispezia
Guarantor	Crédit Agricole Italia OBG S.r.l.
Arranger	CA-CIB
Representative of CB holders	Zenith
Asset Monitor	BDO Italia (ex Mazars)
Rating	Aa3 from Moody's
TPI LEEWAY (Moody's)	2 Notches
Listing	Luxembourg Stock Exchange
Programme Amount	€8bn (extended to 16bn)
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 Series 8: €0.75bn Series 9: €0.5bn



<b>Name of the instrument</b>	Obbligazioni Bancarie Garantite (OBG)
<b>Legislation</b>	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
<b>Asset Ring-fencing</b>	Cover assets are segregated by law after the transfer to a separate entity
<b>Integration Assets</b>	Substitute Assets (deposits < 1yr) up to 15% of cover assets
<b>Main eligibility criteria for assignment</b>	EEA and Switzerland, LTV 80% for residential mortgage loans (60% for commercial mortgage loans)
<b>Inclusion of hedge positions</b>	Hedge positions are part of structural enhancements intended to protect bondholders
<b>Mandatory Tests</b>	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
<b>1st claim on the Cover Pool in the event of insolvency of the Issuer</b>	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
<b>Bankruptcy remoteness</b>	In case of issuer's insolvency, the OBG are not accelerated
<b>Dual Recourse</b>	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
<b>Over-collateralisation</b>	Minimum over-collateralisation required to comply with the mandatory coverage tests
<b>Controls</b>	Supervision by Bank of Italy; Ongoing controls by the asset monitor (including controls of mandatory tests)
<b>Compliant with UCITS 52 (4) and CRR</b>	Yes

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# Crédit Agricole Group's expanding presence in Italy its second home market



Started in 2017 three extraordinary transactions: Acquisition of Pioneer Group, 3 Savings Banks, Banca Leonardo  
CA Group in Italy reaches 4 millions customers

### **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 1<sup>st</sup> 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 moratorium still in progress, or (ii) has been subject to moratorium and, despite the moratorium being over, accrued interest during the period of moratorium has not yet been fully paid;
- 13) excluding mortgage loans to debtors classified as doubtful;
- 14) excluding ABS and commercial mortgage loans.

**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
- **GACS (September 2018)** – authorized an extension of 6 months (until March 2019) of public guarantee for the securitization of non-performing loans
- **Fondo Interbancario di Tutela dei Depositi (November 2018)** - voluntary intervention scheme of the Italian Interbank Deposit Protection Fund (FITD) in support of Banca Carige which was placed under special administration in January 2019

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: Aa3 (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"



- IL GRUPPO
- CORPORATE GOVERNANCE
- SALA STAMPA
- RESPONSABILITÀ SOCIALE D'IMPRESA
- INVESTOR RELATIONS**
- NEWS ED EVENTI
- SPONSORSHIP RUGBY

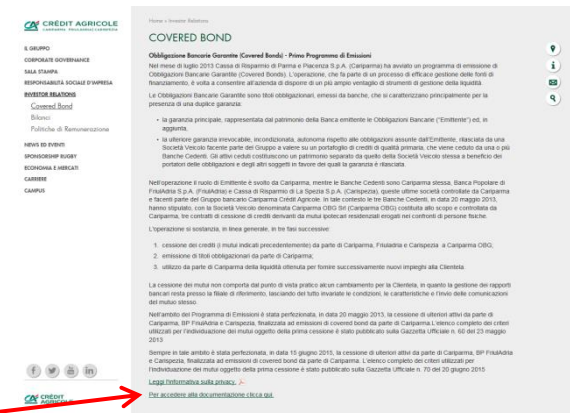
3 Click on "Covered Bond"



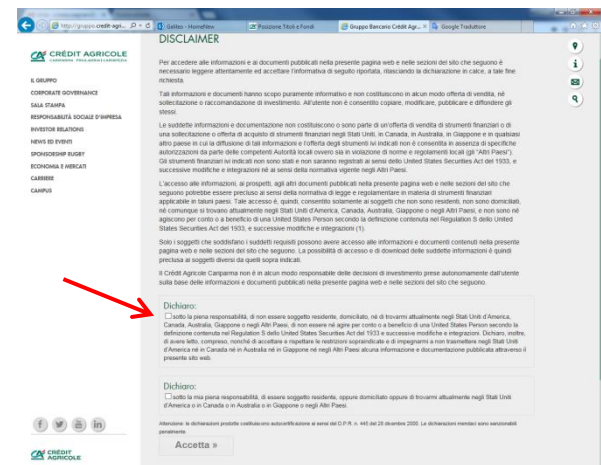
- IL GRUPPO
- CORPORATE GOVERNANCE
- SALA STAMPA
- RESPONSABILITÀ SOCIALE D'IMPRESA
- INVESTOR RELATIONS**

Covered Bond

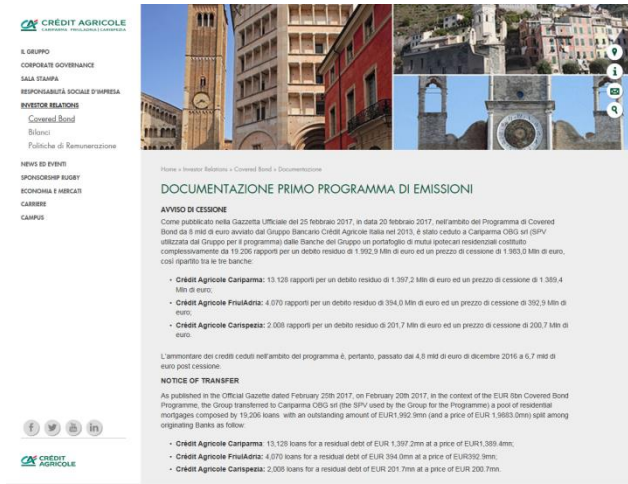
4 Click on "Per accedere alla documentazione clicca qui" at the end of the site



5 Click here to insert the flag in the first bottom



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