



Crédit Agricole Italia Banking Group Covered Bond Programme and Credit Update



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Crédit Agricole Italia Banking Group Highlights

- ❑ Crédit Agricole Italia (CAI) Banking Group is 75.6% controlled by Crédit Agricole S.A., alongside Regional Banks, which own 9.3% (via Sacam International);
- ❑ The Group operates in prosperous northern Italy; 2.1mn customers in December 2019;
- ❑ Group's net income: €314mn in December 2019 (+15% YoY);
- ❑ Progressive increase in loans to support households (+5% YoY) and businesses (+4% YoY), continuous focus on wealth management (+11% YoY AUM) and strong growth in bancassurance: +25% YoY in non-life policies;
- ❑ Customers, people and sustainability at the core of the business model: 134,000 new customers and 400 new resources;
- ❑ Crédit Agricole Italia (CAI) is rated Baa1/Stable/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 in March and a new Market Issue of €0.75bn in December
- ❑ 2018: Market issue of €0.5bn; Programme extended to €16bn
- ❑ 2019: Market issue and retained issue of € 0.75bn each in March
- ❑ 2020: Double Tranche market issue in January of € 0.75bn and €0.50bn and retained issue in April of €0.50bn

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

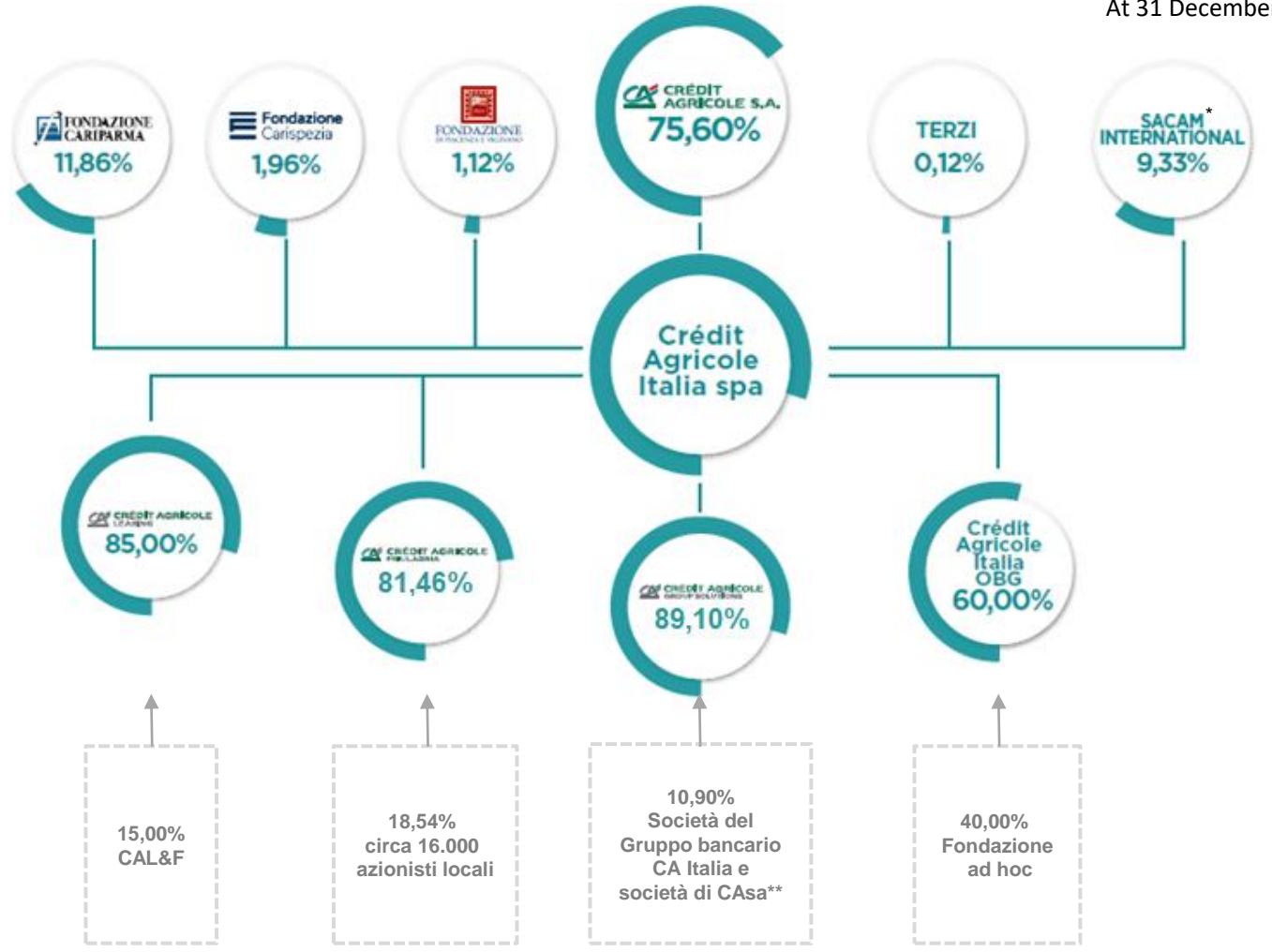
Crédit Agricole Italia Banking Group Funding Strategy

- Crédit Agricole Italia is historically funded mostly by customers, through deposits and senior unsecured bond issues* placed via retail branches;
- The covered bond market has offered Crédit Agricole Italia
 - 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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At 31 December 2019

- 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)
- 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**
 - In February rebranding of CA Cariparma in Crédit Agricole Italia S.p.A.
 - At the end of July CA Italia acquired 100% of CA Carispezia's capital with its merger into the parent company



* Crédit Agricole regional banks (Caisses regionales)

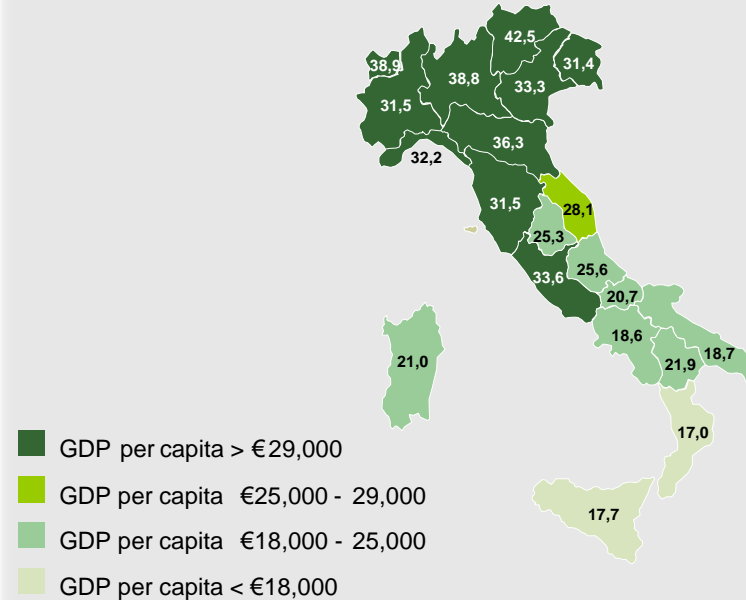
** Crédit Agricole Group Solutions shareholders: Crédit Agricole Italia (89.10%), Crédit Agricole FriulAdria (8.75%), Crédit Agricole Leasing Italia (1.19%), Agos (0.75%), Eurofactor (0.06%), Amundi SGR (0.06%), Amundi RE Italia SGR (0.01%), CA Vita (0.04%), CA Assicurazioni (0.04%)



- The results give once again evidence of the **ability to generate sustainable profitability**, as in the previous years: **net income came to Euro 314 million**, the highest posted by the Group so far (net of the 2017 “badwill” effect for the purchase of the 3 Savings Banks), increasing by **+15% YoY**;
- **Good momentum in commercial performances**: 134,000 new customers were acquired in 2019;
- **€47bn (+1% YoY) in customer loans outstanding in December 2019***
 - **Market share: 3.30%** at national level**
- **€50bn in on-balance sheet deposits and debt securities issued in December 2019***
 - **Market share: 2.65%** at national level**
- **€38bn (+11% YoY) in assets under management in December 2019***
- **Employees: 9,751 in December 2019***

- **Retail bank in Italy with 895 branches** (~ 1.043 point of sales including *Private, Enterprise and Corporate Centers*)*
- Operating in the **high-potential regions of Northern Italy**, which have the highest GDP per capita

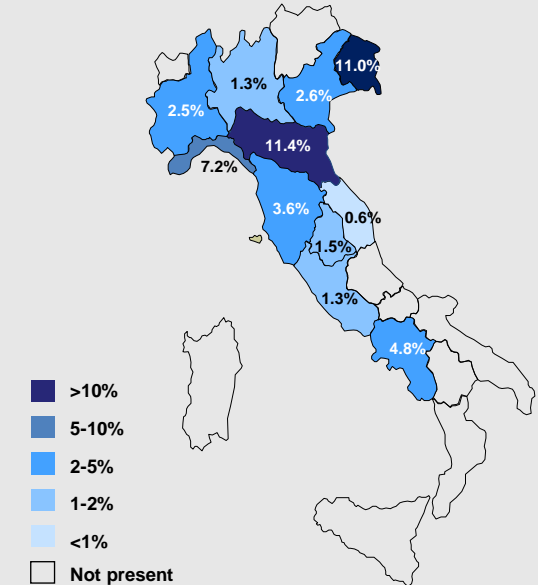
GDP per capita by region, in € K in 2018



Source: Istat

France, average GDP per capita 2019: 44,519 (OCDE)

On-B/S deposit market share, 30/06/2019



Source: Bank of Italy, data at 06.30.2019

* Source: 2019 Annual Report of Crédit Agricole Italia Banking Group

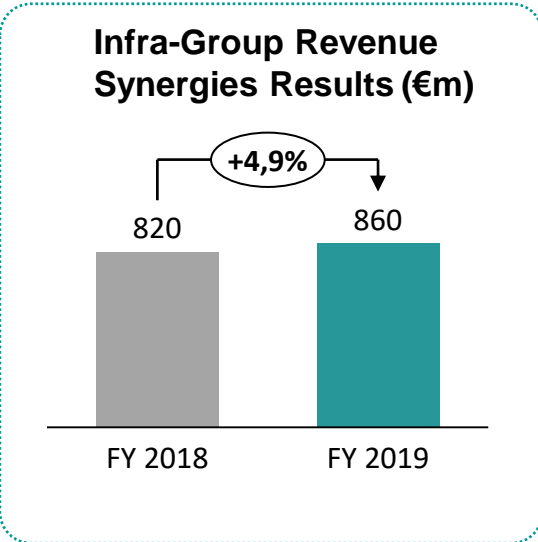
** Source: Bank of Italy data at 30.06.2019

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The Group CA performances in Italy are driven by an always greater synergic coordination between different business lines

~ 4.5 million customers	€261 bn ¹ of deposits and AUM	€846 m ² Net Income
14,000 employees	€76 bn of loans outstanding	€645 m Group share ~14% of Crédit Agricole S.A. results

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



Group's business lines are expanding the business in Italy



The development of **medium-long term strategy** is underway to consolidate the Group's positioning in the **Sustainable & Innovation areas**

PMT 2022
based on 3 pillars

Presented on 6th June 2019



A Green ...

- Leader in green finance:** CACIB is a pioneer on the green bonds & loans market in Italy → in nov.19, signature of the **first Sustainability Linked Loan** of the luxury goods industry → Prada
- Responsible investment approach,** Amundi ESG strategy
- Green Mobility projects** in order to incentive hybrid & electrical mobility with FCA Bank/Leasys
- Crowdfunding Platform** to support local & national social inclusion initiatives or sustainable development projects

... and innovative Bank

The Group is developing an **innovation ecosystem** which aims to support startups with a **high innovative spirit and growth potential:**

- Le **Village by CA Milano** with 36 hosted startups;
- Le **Village by CA Parma** - work in progress for the opening of the second Village in Italy in 2020

Main facts of 2019:

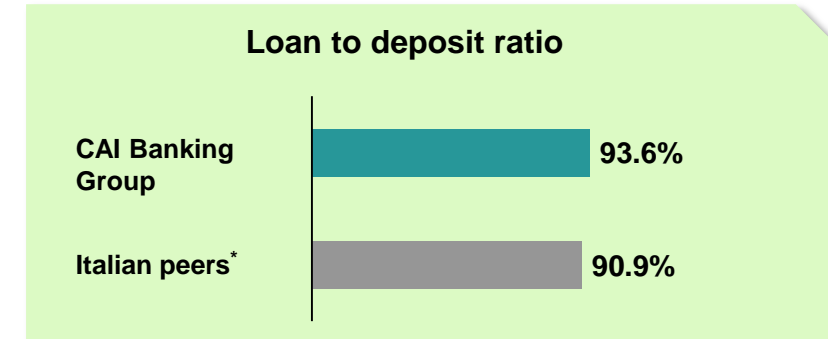
The year has seen the consolidation of the numerous acquisitions, new partnerships and projects, which contributed to increasing the business

- Commercial Banking:** change of the company name from CA Cariparma to **Crédit Agricole Italia** and integration of CA Carispezia in CA Italia banking group;
- Financial Services (Consumer Credit):** Agos has extended its partnership with Banco BPM including the acquisition of Profamily for commercial development; **FCA and CA Consumer Finance** have renovated their joint venture until 2024;
- Insurance:** Mistral Project is pursuing successfully, in particular with the launch of new insurance products by **Crédit Agricole Assicurazioni**; ongoing partnership in life insurance with **Creval**.
- Large Customers:** Banca Leonardo and CAIWM became **Crédit Agricole Indosuez Wealth (Italy)**



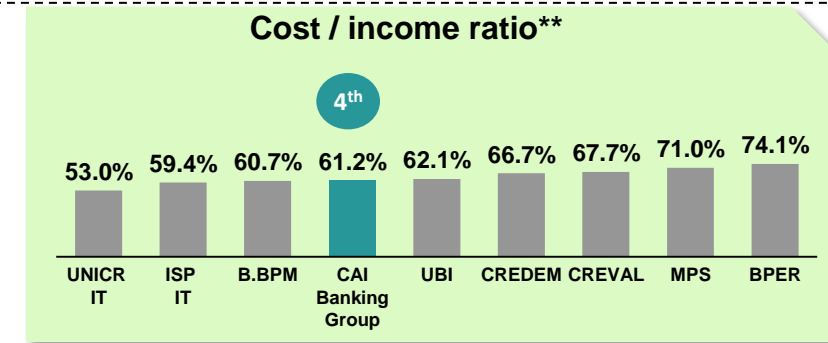
Significant growth in profitability and dynamic business activity

- The Group in 2019 generated a **net income of Euro 314 million**, the highest posted so far (net of the 2017 "badwill" effect for the purchase of the 3 Savings Banks), increasing by +15% YOY;
- Growth of net interest income** (up by +2% YOY), once again evidence of the ability to continue to make profits despite negative interest rates. **Fee and commission income also increased** by +2% YOY, driven by the asset management component (up by +5% YOY);
- Constant financial support to households and businesses:** increase of +5% YOY in loans to individuals and +3% YOY in consumer credit; loans to businesses and SME are up by +4% YOY;
- Good momentum in commercial performance:** over **134,000 new customers** were acquired in 2019, thanks to the **contribution from the digital channel**, with 1 account out of 5 opened online, and to the development of the internal network of financial advisors.



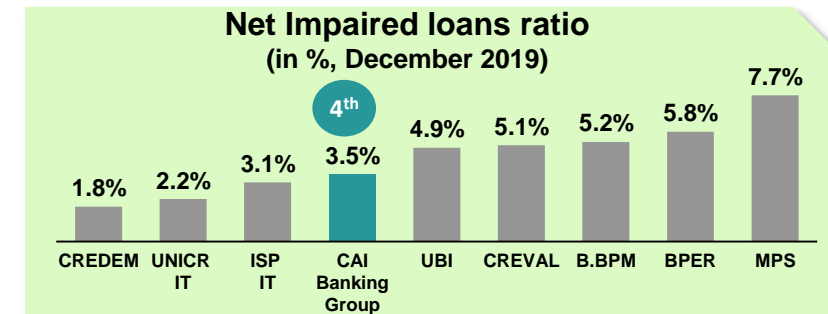
Lower operating expenses and new business plan 2019-2022

- Expenses decreased** by -3% YOY, thanks to actions increasing operational efficiency, rationalization and transformation of physical structures, as well as to increasing synergies in the areas of the 3 Savings Banks absorbed in 2018, despite the higher investments to support the business;
- Customers, people and social responsibility** are the drivers of the new medium term plan 2019-2022, with important investments to support the business and full-range attention to customers' needs with strong **digital and innovation** performance;
- Staff development** through new recruitments, with about 400 new resources (85% young people), 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 asset quality and reduction in the cost of credit

- New loan defaults went down** by -27% in the last 12 months;
- Among the best in the Italian market in terms of net impaired loans ratio** (3.5%) with adequate coverage ratios of the NPL portfolio: 52.6% for non performing and 67.6% for bad loans;
- Cost of credit** continued to fall to 52 bps in December 2019 vs 57 bps in December 2018.





LOANS (€bn)

Loans to customers	46,686
<i>o/w Current accounts</i>	2,510
<i>o/w Mortgage Loans</i>	28,908
<i>o/w Advances and credit facilities</i>	13,622
<i>o/w Non-performing loans</i>	1,647
Loans to banks	4,744
<i>o/w Crédit Agricole S.A.</i>	526
<i>o/w Bank of Italy</i>	3,548

RATIOS

Cost/Income (excl. contribution to support the banking system)	61.2%
Cost of credit (net adjustments / net loans)	52 bps
Net Bad Debts ratio (% net loans)	1.3%*
Bad Debts coverage ratio	67.6%*
Net NPL ratio (% net loans)	3.5%*
NPL coverage ratio	52.6%*

FUNDING (€mn)

Funding from customers & debt securities issued	49,898
<i>o/w Deposits</i>	1,687
<i>o/w Current and other accounts</i>	38,635
<i>o/w Debt Securities issued</i>	9,103
<i>o/w CB</i>	7,000
<i>o/w others</i>	473
Due to banks	6,105
<i>o/w Crédit Agricole S.A.</i>	914
<i>o/w TLTRO</i>	4,200
Indirect funding from customers	71,295
<i>o/w asset management</i>	37,999
<i>o/w assets under administration</i>	33,295

RATINGS

Moody's Long Term Bank Deposits Rating	Baa1**	Stable
Moody's Short Term Bank Deposits Rating		P-2
Covered bonds rating assigned by Moody's		Aa3**

CAPITAL AND LIQUIDITY RATIOS (€mn)

CET1 (fully loaded)	3,398
Own funds	5,001
Shareholders' Equity	6,444
RWA	28,550
CET1 ratio (fully loaded)	11.9%
Total capital ratio	17.5%
Liquidity Coverage Ratio (LCR)	204%

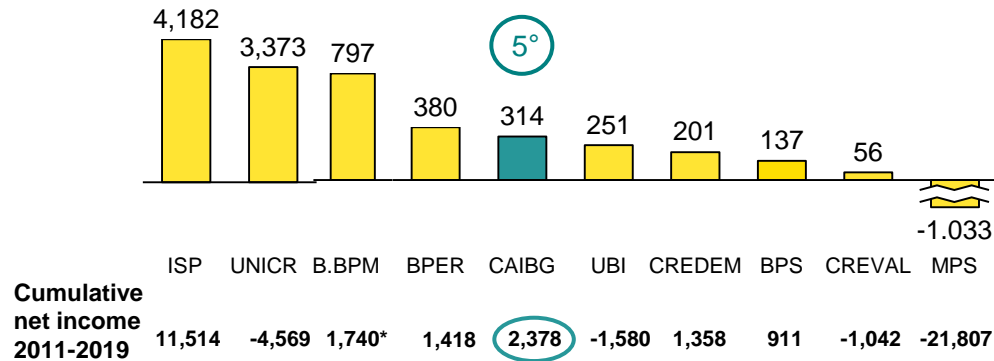
*Bad Debts should be understood as «Sofferenze», whilst Non-Performing Loans should be understood as «Crediti deteriorati» as defined by the Bank of Italy (Circ. 272/2008 Bank of Italy 8th update)

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

Crédit Agricole Italia Banking Group Financial Highlights

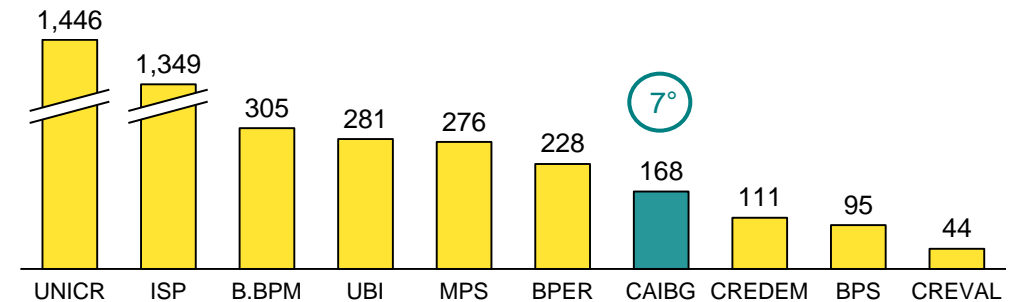
Crédit Agricole Italia Banking Group: 31/12/2019 ranking

NET INCOME (million €)

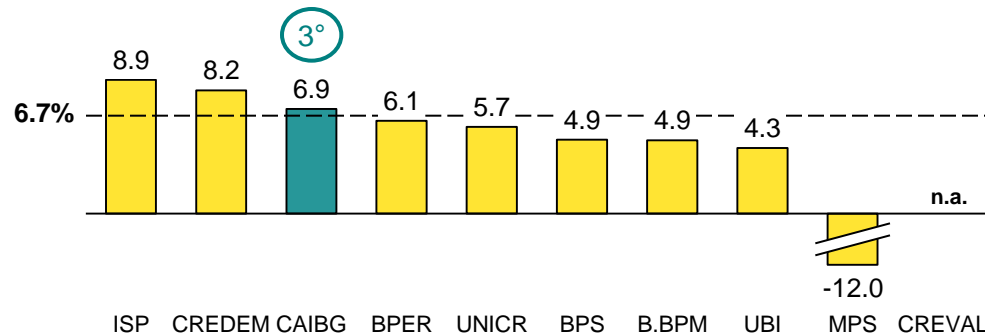


TOTAL VOLUMES

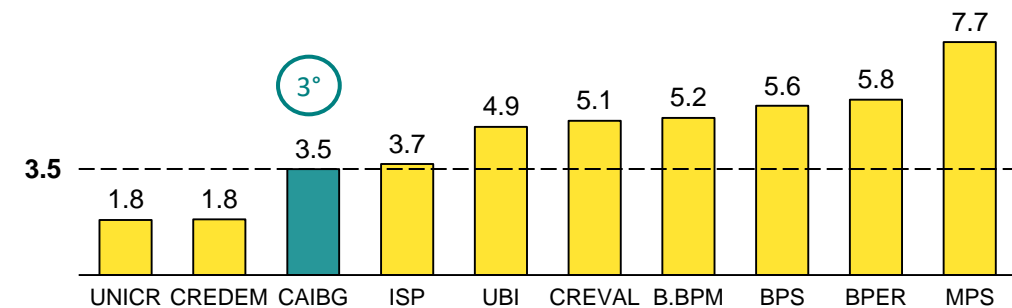
(loans, on and off-balance sheet customer assets €bn)



ROTE** (%)






NET NPL RATIO (% net loans)



Competitors' performance are influenced by their different organizational structure as the inclusion, for some, of asset management, consumer credit, insurance or investment banking divisions.

Crédit Agricole Italia Banking Group Financial Highlights

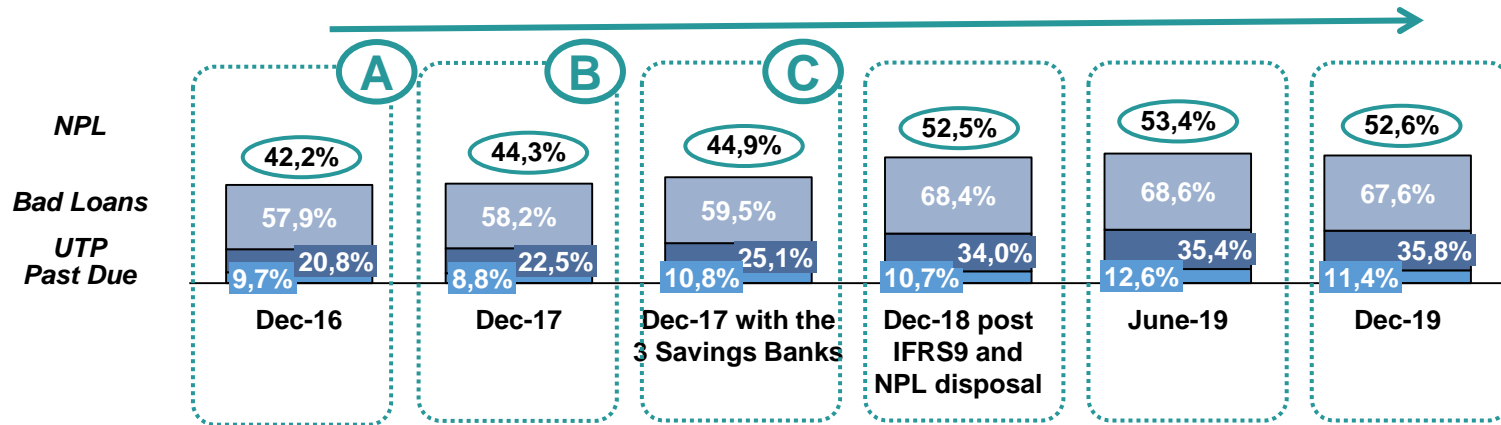
Organizational Structure

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

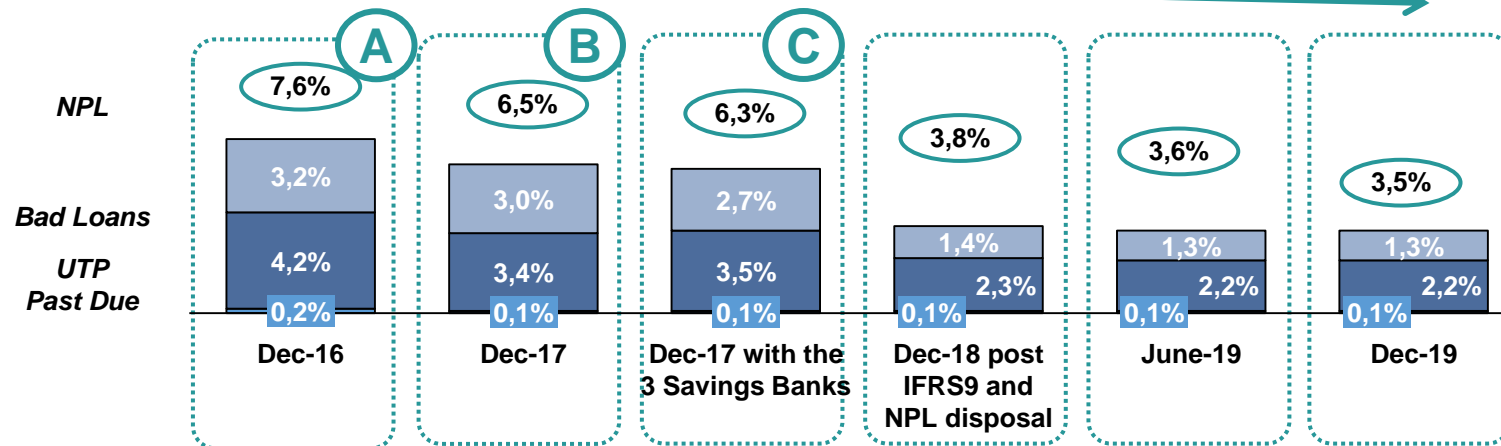
Crédit Agricole Italia Banking Group Financial Highlights

Asset Quality

NPL COVERAGE RATIO (%)



NET NPL RATIO (% net loans)



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;

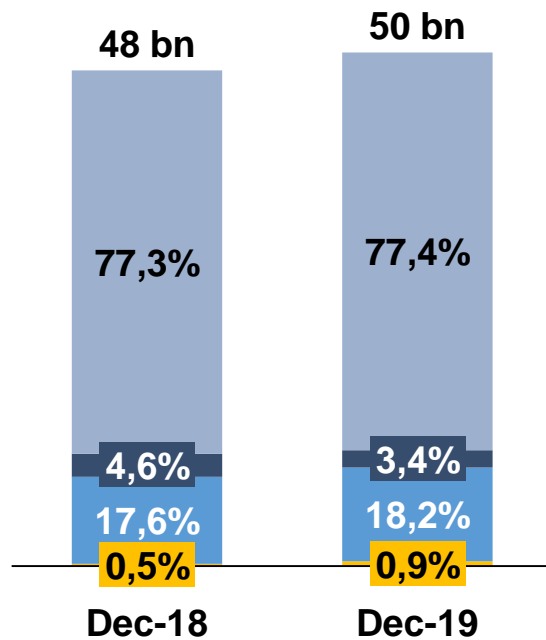
C In 2018 the Group further improved the asset quality, also thanks to the adoption of the new financial reporting standard on financial instruments (IFRS9). Over the year, the Group has made a disposal of 1.4bn of gross NPL (26% of total NPLs), achieving a 37% decrease in net non-performing loans vs.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

Crédit Agricole Italia Banking Group Financial Highlights

Crédit Agricole Italia Banking Group: 31/12/2019 funding

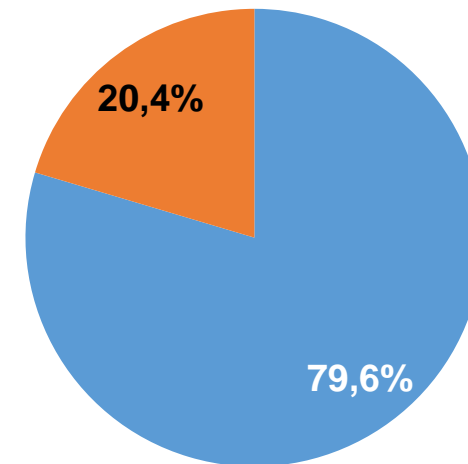
DIRECT FUNDING - breakdown by product (%)

■ Current accounts ■ Debt securities issues
■ Saving deposits ■ Others



TOTAL ASSETS BREAKDOWN (%)

■ Unencumbered eligible assets ■ Encumbered eligible assets



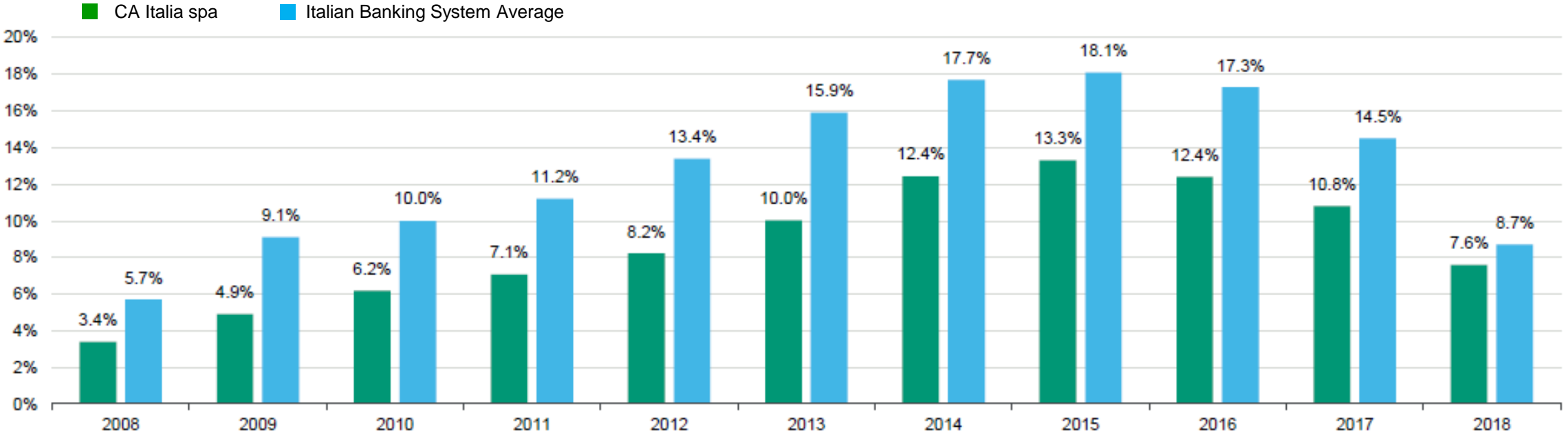
Crédit Agricole Italia Banking Group Financial Highlights

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



Moody's Credit Opinion published on 10/22/2019

CA Italia's stock of problem loans is large but will remain below the Italian average



Gross Impaired loans ratio (% gross loans)

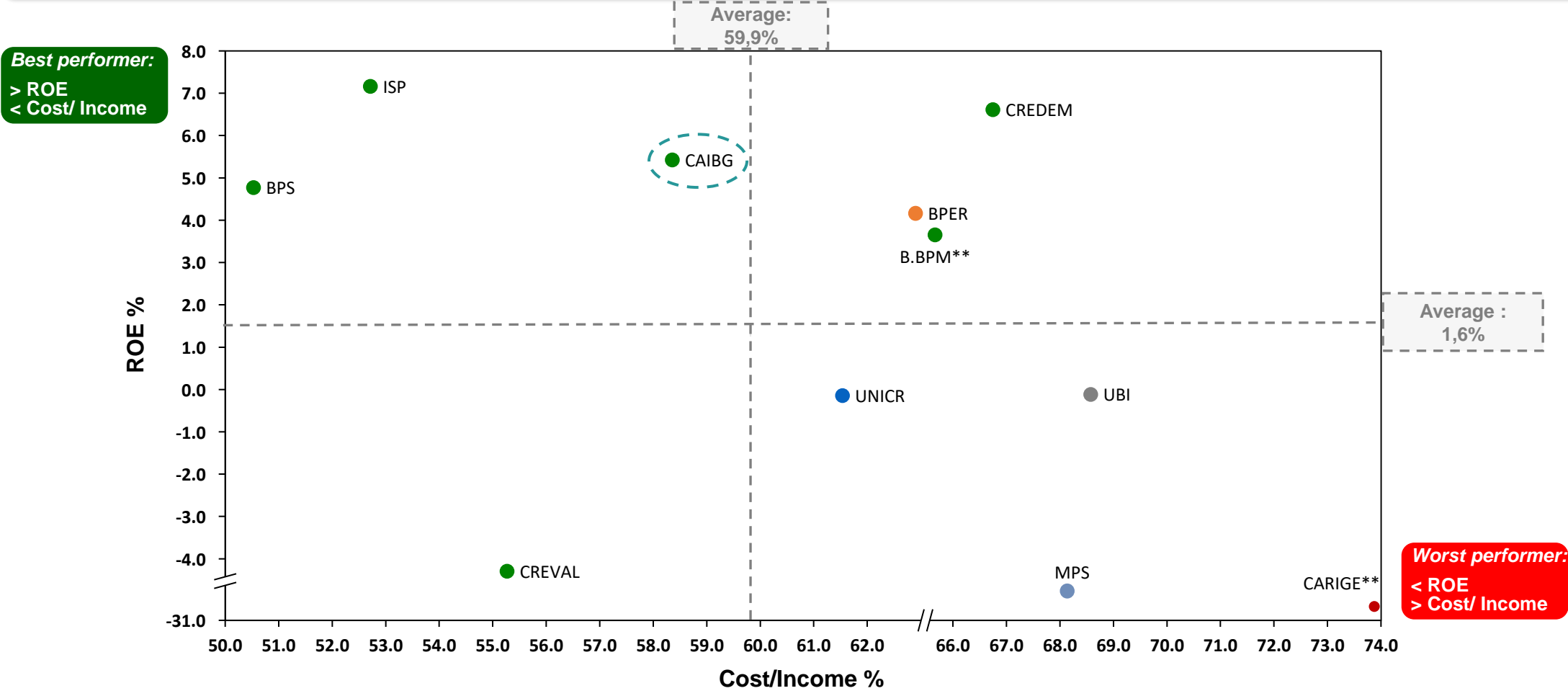
CA Italia Stock of Problem Loans December 2019: 7.1%

* 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;

Crédit Agricole Italia Banking Group Financial Highlights

Crédit Agricole Italia Banking Group: stably among best performers

ROE and Cost/Income ratios*: December 2014 – December 2019



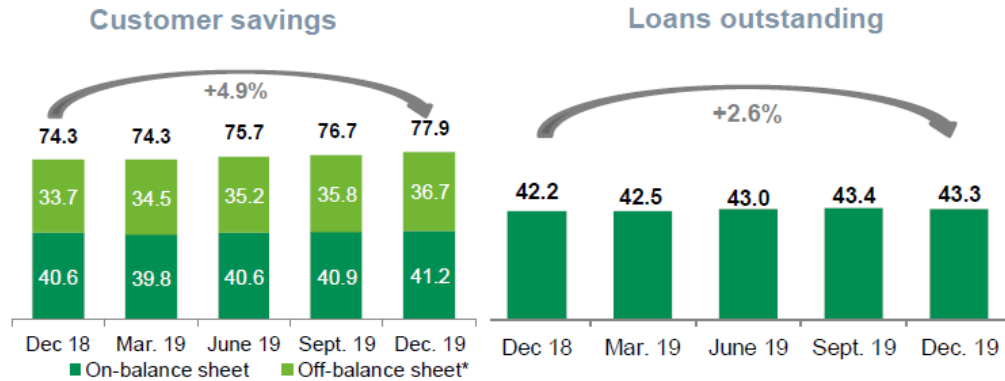
Source: 2019 Italian banking groups' results disclosures;
* ROE ratio: equity including net income; Cost/Income excluding contribution to support the banking system; ** B.BPM ratios available since 2016, CARIGE ratios available up to 2017.



Crédit Agricole Italia Banking Group Financial Highlights

31/12/2019 results as disclosed by Crédit Agricole S.A.

Activity indicators (€bn)



* Excluding assets under custody

■ Growth in commercial activity still above the market

- **Customer savings:** strong growth in off-balance sheet savings (+8.8% Dec./Dec. customer assets vs. +6.8% for the market ⁽¹⁾) as well as in on-balance sheet savings (+1.6% Dec/Dec)
- **Loans:** still steady growth in loans to individuals (+4.9% Dec./Dec.) and to corporates and SMEs (+4.3% Dec./Dec.), outperforming the market (+0.3%⁽²⁾)
- **Commercial momentum:** gross customer capture of +116,000 individual customers in 2019, net customer base up +33,000 individual customers⁽³⁾
- **Equipment:** strong growth in property and casualty insurance (+25% over the year in number of policies), customer equipment rate up by +1.7pp over one year⁽⁴⁾

Contribution to Crédit Agricole S.A. P&L

€m	Q4-19 underlying	Δ Q4/Q4 underlying	2019 underlying	Δ 2019/2018 underlying
Revenues	485	+0.2%	1,883	(0.1%)
Operating expenses excl.SRF	(317)	(0.9%)	(1,180)	(0.8%)
SRF	(0)	n.m.	(22)	+1.5%
Gross operating income	168	+2.4%	681	+1.1%
Cost of risk	(62)	(4.0%)	(251)	(8.7%)
Income before tax	106	+6.4%	429	+7.9%
Tax	(33)	+16.9%	(134)	+5.3%
Net income	73	+2.3%	296	+9.1%
Non controlling interests	(20)	+2.0%	(80)	+6.1%
Net income Group Share	54	+2.4%	216	+10.3%
Cost/Income ratio excl.SRF (%)	65.4%	-0.7 pp	62.7%	-0.5 pp

Underlying: No specific item

■ Good results over the quarter and the year in a context of modest economic growth

- **Stable revenues Q4/Q4:** the increase in commissions (+3.1% Q4/Q4), in particular in savings (+10.2% Q4/Q4) offsetting the decline in interest revenues (-4.0% Q4/Q4)
- **Decline in expenses Q4/Q4 and 12M/12M,** leading to jaws of +1.1ppt over the quarter – C/I ratio of 65.4% over Q4-19
- **Continued decrease in the cost of risk to 57bp** (vs. 67bp Q4-18; NPL ratio at 7.8%, down (-65bp Dec/Dec) and coverage ratio at 59.4%)

⁽¹⁾Source: Prometeia estimate Dec 19; ⁽²⁾Source: Abi, Dec 19; ⁽³⁾ active customers; ⁽⁴⁾number of customers holding at least one property and casualty insurance policy

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General trends are positive, residential market is expected to grow

Strong growth in transactions in 2019, in spite of economic slowdown, driven by a strengthening demand and accommodating credit conditions.

In 2019 the year-on-year (YoY) growth rate in residential sales transactions was 4,3% (7% in 2018) with a 55% increase from the 2013 trough. Economic slowdown was reflected in residential transactions in Q4, which slowed down from 9.5% YoY in Q4 2018 to 0.7% in Q4 2019. November forecasts from Nomisma expect a reduction of 0.4% in 2020 but consequences of COVID-19 will impact the residential market in 2020. Meanwhile, non-residential investments were up in the first three quarters of 2019, benefiting from increased demand from foreign investors (in the corporate market, between 60% and 70% of investors are from abroad).

The fall in prices is slowing down

Residential prices declined by 0.1% on a yearly basis in 2019, leaving prices 24% below their 2008 peak. The fall has been slowing since mid-2013. Residential prices in yearly averages are expected to stabilize at the end 2020, followed by a slight recovery of 0.7% in 2021 (November forecasts).

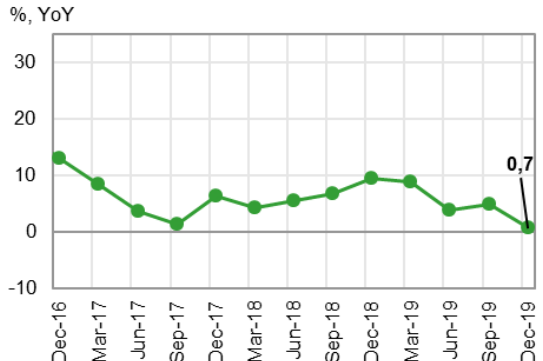
The risks are clearly on the down-side : COVID-19 consequences in economic activity will be significant and will not benefit from a fast recovery after the control of the pandemia. The biggest concern is in fact represented by a worsening of the economic situation that will inevitably have repercussions on purchase intentions for direct use and investment. The increased economic fragility on the one hand and the increased perceived riskiness on the other will be the factors that will first penalize the sector in terms of transactions, then in terms of value.

Residential market forecast (Nomisma)

	2019	2020	2021	2022
Transactions	4,3%	-0,4%	4,7%	2,7%

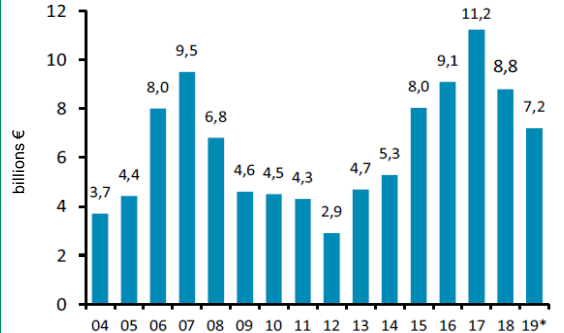
Sources: Nomisma (november 2020), Crédit Agricole S.A.

Residential sales transactions - YoY



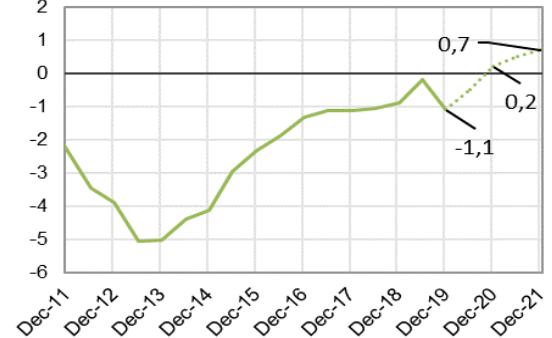
Source : Agenzia delle entrate, Crédit Agricole S.A.

Non-residential investments in Italy
Eur bn



Source: Nomisma

Italy : housing prices

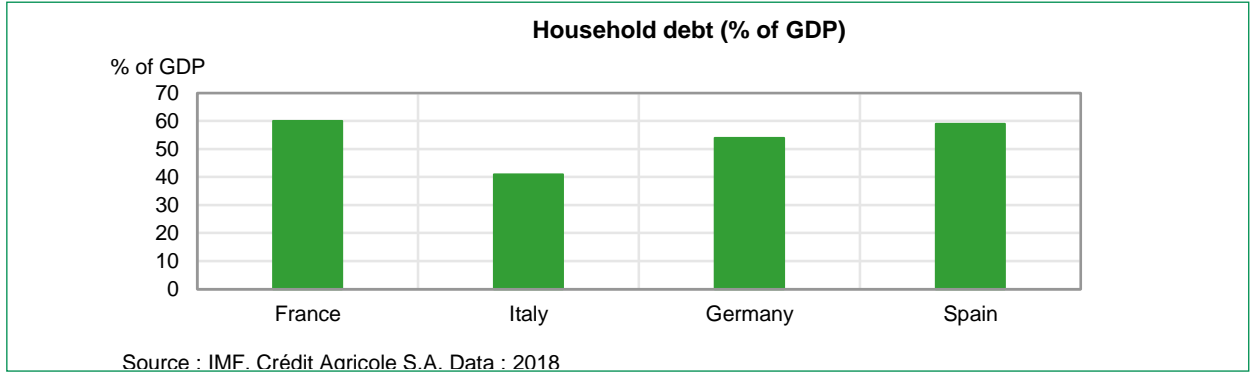
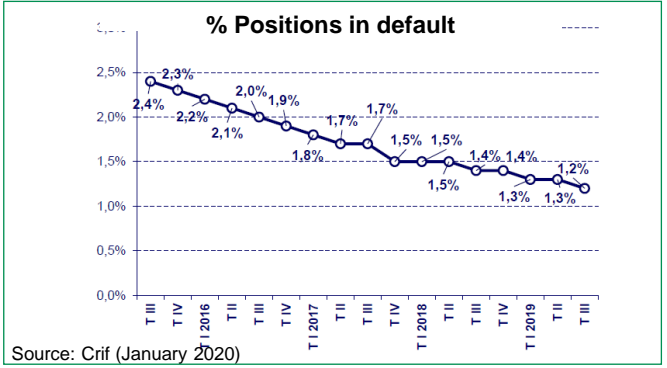
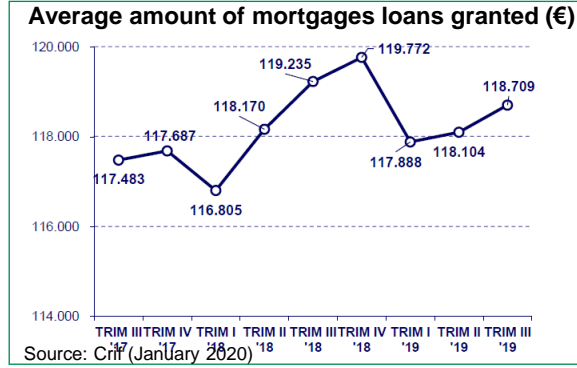
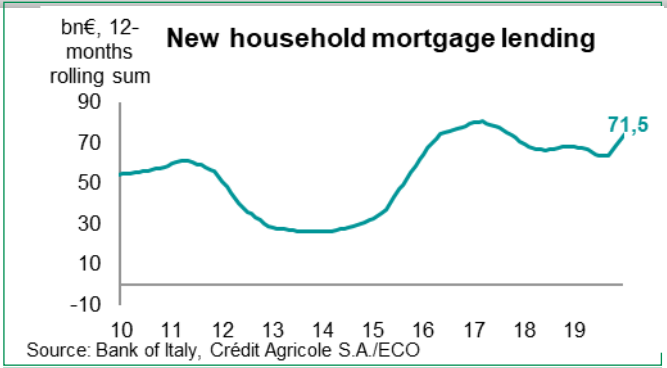
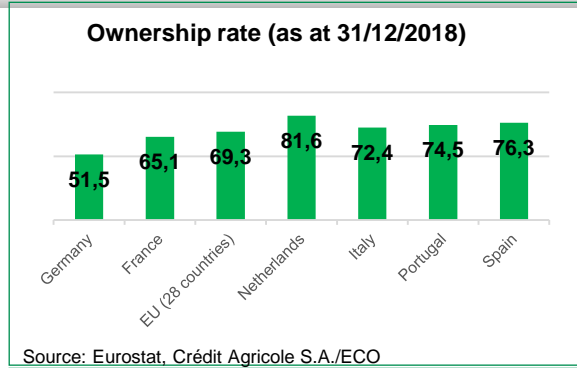


Sources : Nomisma, Crédit Agricole SA



A mortgage loan market boosted by the level of interest rates at end-2019

- 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 high ownership rate (72.4%) is among the highest in the EU and limits both sales volumes and mortgage loan market growth
- Supporting factors:
 - Still home prices decline
 - Interest rates at low level
- The last quarter of 2019 saw a strong growth (YoY +43,9%) in the production of home loans mainly due to the decrease of interest loans, which stood at a very low level.
 - New lending stood at €25,7bn on a 3-months rolling basis at end-December 2019, compared to €17,9bn a year ago (€23,8bn at end-January 2020)
 - This record in the production was driven by a renegotiations phase as the interest rates have reached the floor of 1,40% in October and ranged from 1,40% to 1,44% during the last fourth months of the year
 - In this context, the fixed-rate mortgage contracts remain clearly predominant: 86.2% at end-October vs. 74.8% at end-2018 (source: Nomisma).
 - The average amount of mortgages loans granted in Q3-19 was 119 K€, showing a slight increase since the beginning of the year (source: Crif).
- Risks in the mortgage loan market have receded to a low level
 - The default rate in Q3-19 reach a low level of 1.2% (source: Crif).



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Crédit Agricole Italia Banking Group Residential Mortgage Loan Business Highlights

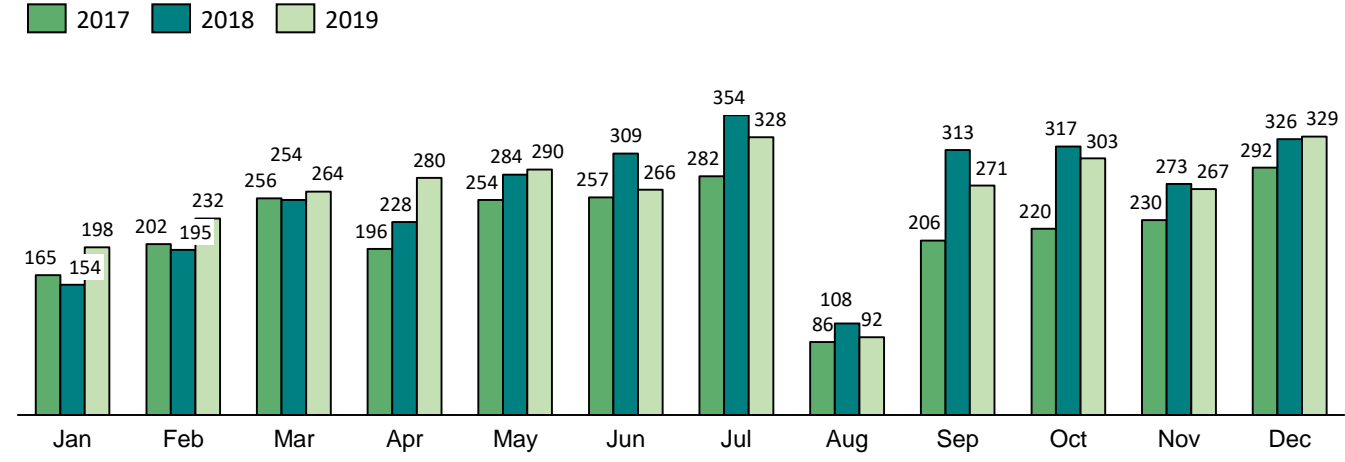
CA Italia Banking Group, a significant player in Italian residential financing:

- €28.9bn stock of residential mortgage loans on 31/12/2019 (+2.8% vs December 2018)
- €3.1bn residential mortgage loans' production on 31/12/2019 +0.2% YoY (+1.5% YoY in transactions)
- Market share of ca. 5.25%* of stock and ca. 5.96%* of flow in June 2019

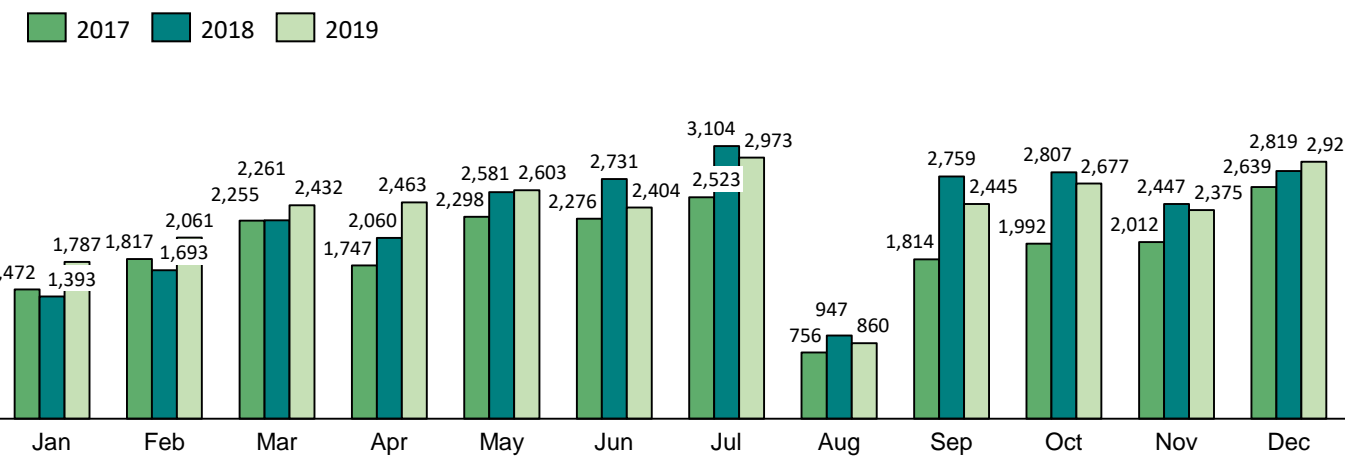
CA Italia Banking Group mortgage loans risk level:

- Mortgage deed registration: 1st level mortgage deed registered is 150% of the loan amount
- On 31/12/2019, 0.9% of net non-performing loans (bad loans + UTP + past due); 0.4% of net bad loans ("sofferenze")
- Mortgage NPL coverage ratio at 28.1% on 31/12/2019

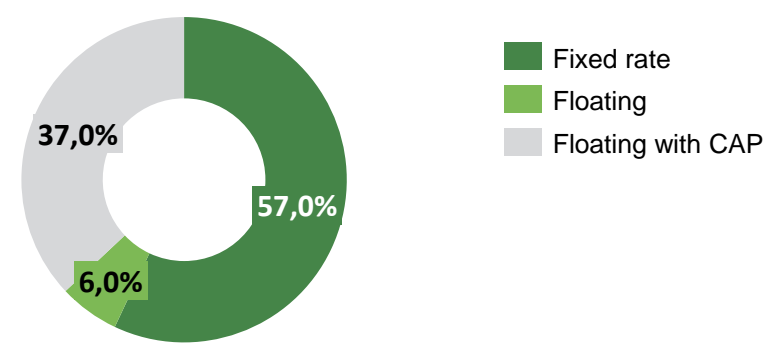
New gross mortgage loans (volumes in million)



New mortgage loans (number of transactions)



2019 new residential mortgage loans interest rate type



Crédit Agricole Italia Banking Group Credit Policy – Framework and guidelines



Cluster	Main Driver		Strategy
Private/ Customers	Counterparty risk	Rating	Diversified approach by product ✓ Mortgage loans ✓ Loans ✓ Others
	Borrower's characteristics	<ul style="list-style-type: none"> ✓ Income (and guarantees) ✓ Installment / Income ✓ LTV (Loan to value) and LTC (Loan to building cost) ✓ Age 	
Companies / Public Entities	Counterparty risk	Rating	Cluster Identification
	Economic sector	Attractiveness and riskiness	Customized strategies by cluster
	Size	Commercial segmentation	Specialized lending by segment

- **Credit Policy by PEF** (Pratica elettronica di fido) approval system
- **Origination process changes according to the complexity of the position**
- **Constraints inversely related to borrower's risk profile** based on his rating

Forthcoming Guidelines

- **New PEF (Pratica Elettronica Fido):** more efficient and effective;
- **Greater segmentation and specialized lending.**

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 2019:*
53% Branches; 31% Intermediary; 16% 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 Italia's procedures** and related checks

Lending Criteria:

- Maximum borrower's age 80 years
- Maximum tenor of 30 years (average maturity stock mortgage loans 22.1 years, average maturity new mortgage loans 21.6 years)
- Installment** \ Net income ratio <30% (higher levels will be evaluated by superior deliberative levels)
- LTV standard <80%***, <50% in case of restructuring, holiday homes

Automated mortgage loan application

▪ 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) through the same tool (PEF)

Origination through PEF (Pratica Elettronica Fido) with integrated credit strategies

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

Approvals in 2019:

10% branch level
62% Regional level
28% Central level

Approval

Display PEF outputs and automated updating

Identification of the decision making organ according to the level of risk through PEF's score.

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"> ▪ Automated contract's documentation with integrated checks ▪ Property valuation: the asset is always subject to a technical physical appraisal ▪ Property must be insured 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 	<p>Property valuation companies:</p> <ul style="list-style-type: none"> ▪ Crif ▪ Cerved ▪ Prelios ▪ Revaluta
<p>Filing System</p>	<p><i>Digital Filing System</i></p>	<ul style="list-style-type: none"> ▪ Actually 100% digital dossier, digital contract and digital storage 	
<p>Property Value's Surveillance</p>	<p><i>Fair Value Assesment</i></p>	<ul style="list-style-type: none"> ▪ The value of the property is checked through statistical methods (Nomisma Indexes) once a year ▪ If statistical method shows a significant variation with the previous period, a new appraisal is carried out 	

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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
- Programme extended to 16bn
- March 2019: Market issue maturity of 8 years and retained issue of € 0.75bn each
- January 2020: Double tranche market issue of €0.50 bn with 8 year maturity and €0.75 bn with 25 year maturity
- April 2020: retained issue of €0.50 bn with 4 year maturity
- Currently outstanding: €2.45 bn retained OBG; €8.25 bn market OBG
- Current rating: Aa3 from Moody's

Cover pool

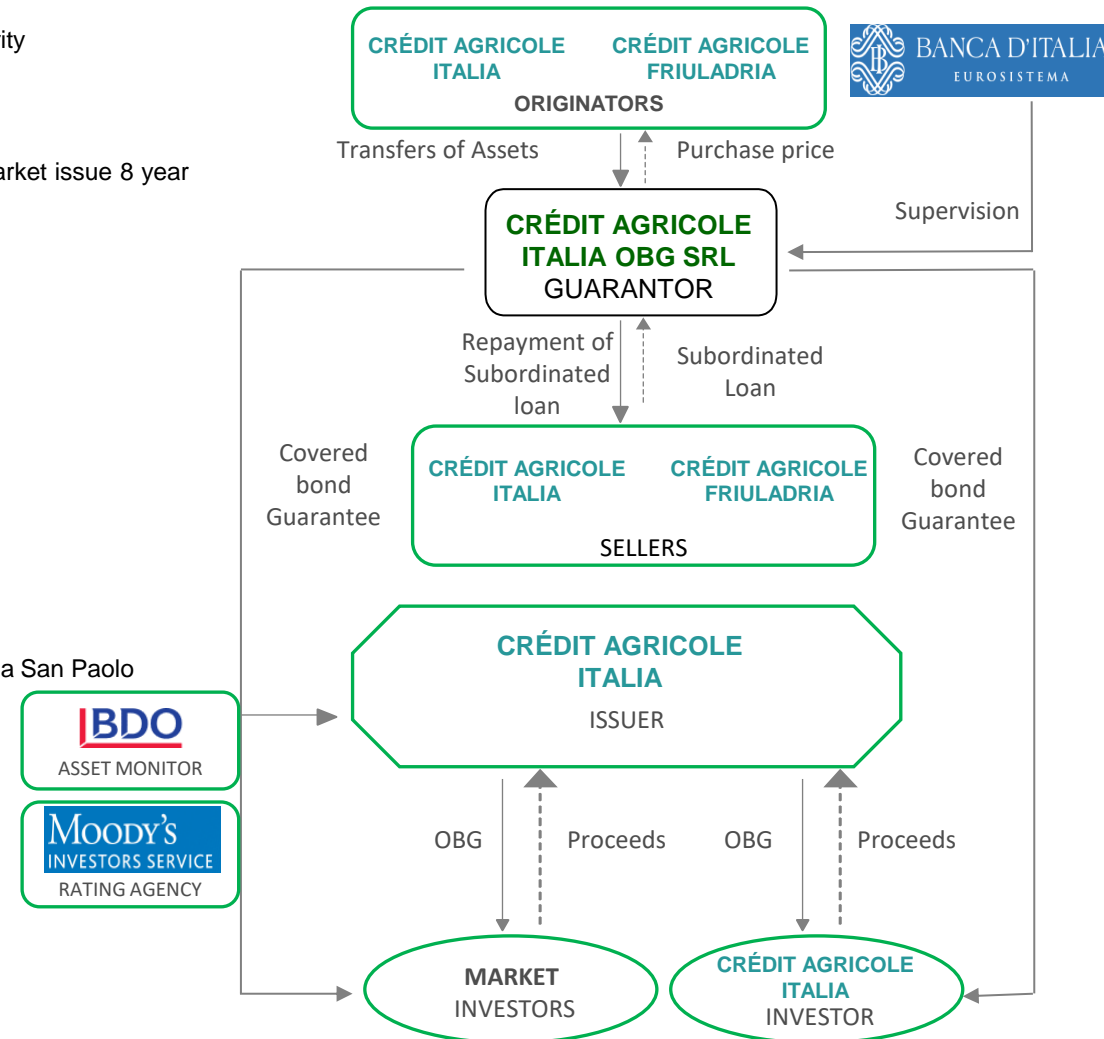
- Mortgage loans transferred to Crédit Agricole Italia OBG srl
- Self-originated mortgage loans by Crédit Agricole Italia Banking Group and originated by branches purchased from Intesa San Paolo
- Property located in Italy
- No arrears on the transfer date
- Current cover pool: 85% residential mortgage loans and 15% substitute assets* (cash)
- No ABS and commercial mortgage loans (by prospectus)

Over-collateralisation

- 7.5% committed over-collateralisation (OC)
- 28.43% at December 2019

Monitoring

- BDO Italia: Asset Monitor reporting to Bank of Italy



■ Interest rate exposure

- Cover pool is composed by 5.6bn of floating rate and 4.1bn fixed rate
- Floating rate for €2.0bn retained OBG (soft bullet)
- Fixed rate for €7.0bn market OBG (soft bullet)

■ Asset and liabilities matching controls

Semi annual regulatory stress tests

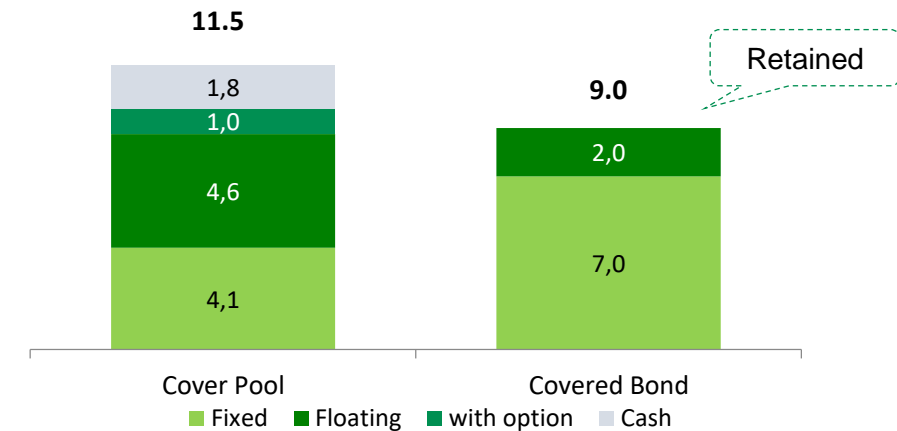
- Nominal Value Test
- Net Present Value Test
- Interest Coverage Test
- Amortisation Test*

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

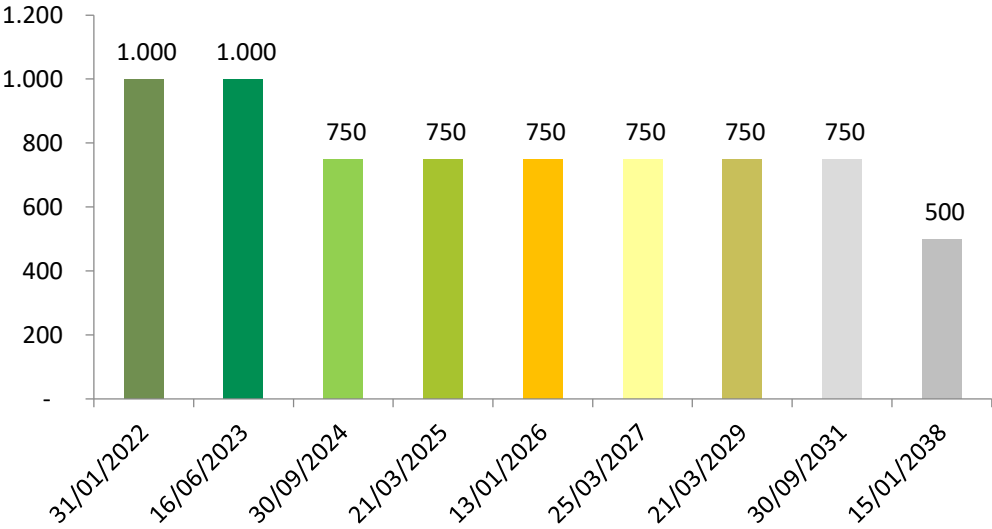
Interest rate breakdown (bn€)**



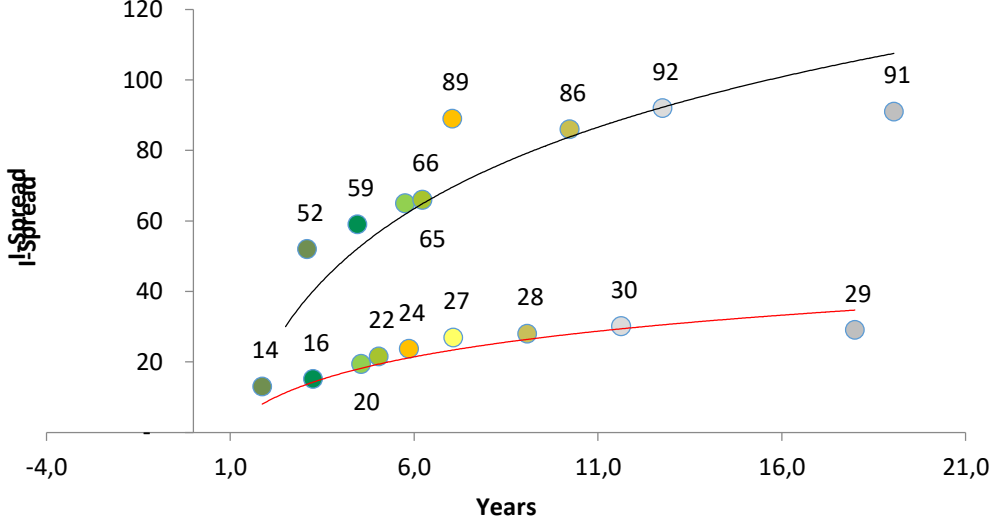
Ancient loans with option: Customers have the right to switch at any time from fixed to floating rate (and vice-versa) at the market rate of the moment

** Updated at 31th December 2019

OBG Outstanding Maturities



I-Spread (bps) December 2019 vs December 2018



— Dec. 2018 104 bps: Spread between BTPS 2038 and CAI Banking Group covered bond 20y

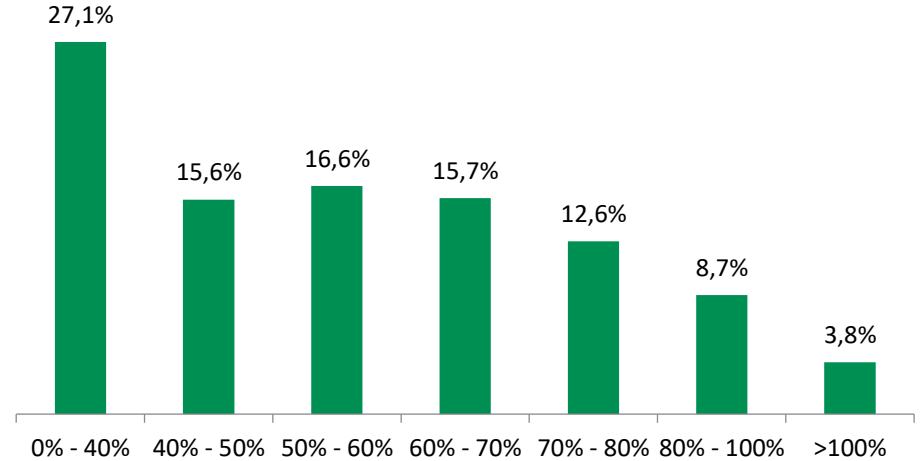
— Dec. 2019 130 bps: Spread between BTPS 2038 and CAI Banking Group covered bond 20y

Crédit Agricole Italia OBG Programme

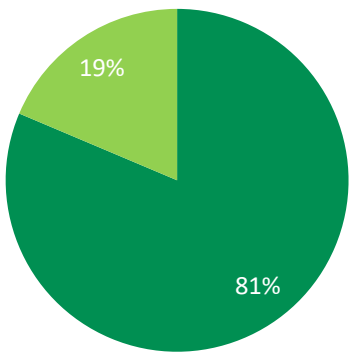
Cover Pool at 31/12/2019 (1/3)

Total mortgage outstanding cover pool	9,737,729,229
Substitute Assets* (Cash)	1,756,823,707
Number of loans	116,041
Average loan balance	83,916
WA Seasoning (month)	61
Remaining term (month)	215
WA CLTV (Current Loan to Value)	55.27%
Interest rates of credit pool	42.2% fixed 10.6% with option 47.2% floating
Origination	100% Crédit Agricole Italia Banking Group (details below)

Breakdown by CLTV as % of outstanding amount

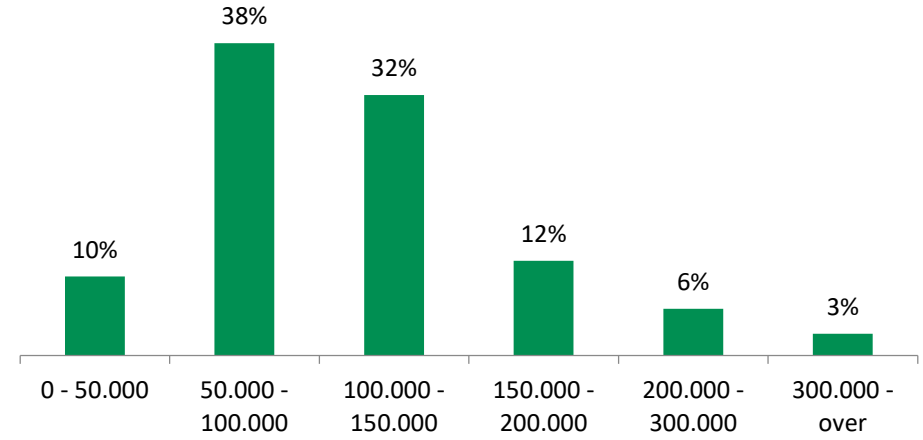


Origination by banks (% of outstanding amount)

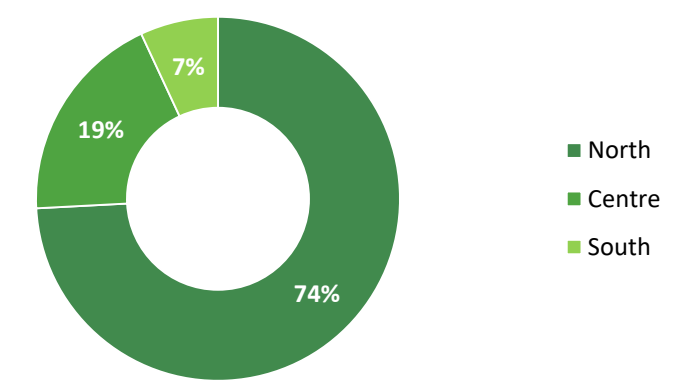
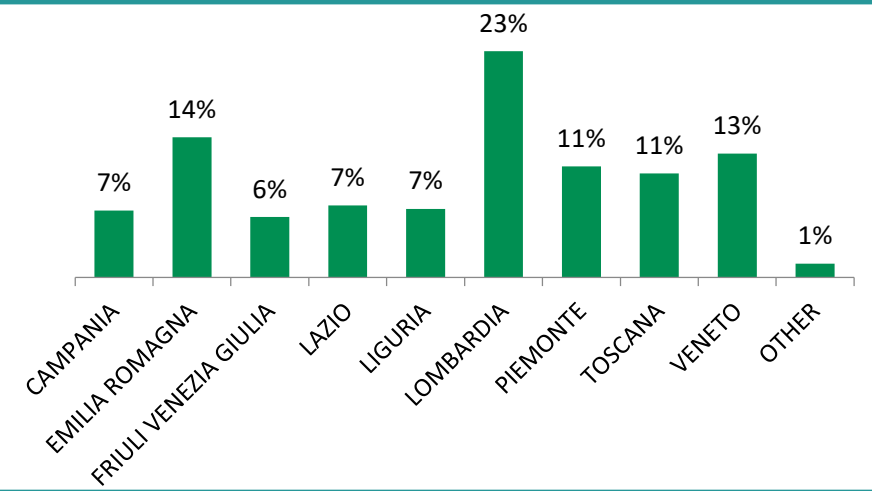


■ CA Italia (CA Carispezia merged in CA Italia at the end of July 2019)
■ CA Friuladria

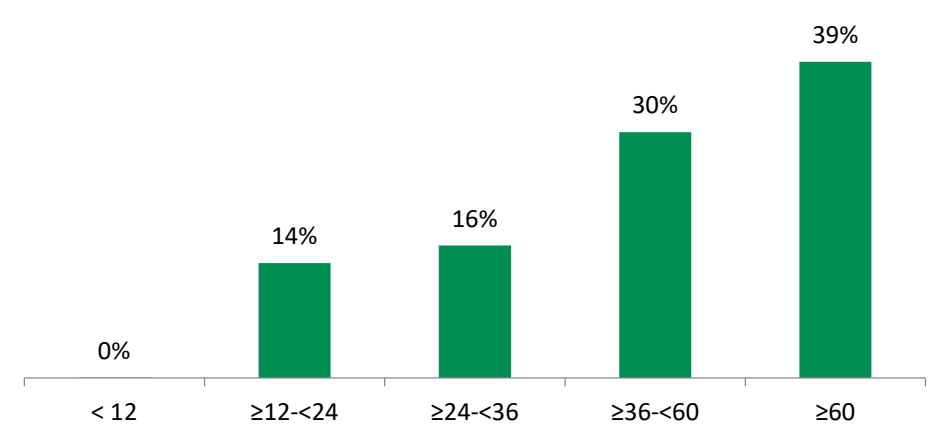
Breakdown by outstanding amount as % of outstanding amount



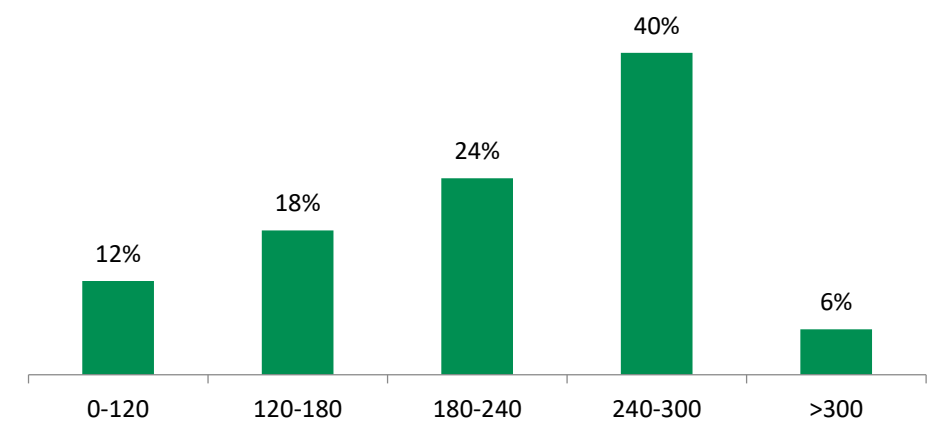
Breakdown by region as % of outstanding amount



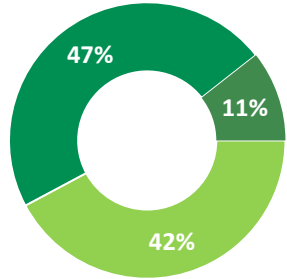
Breakdown by seasoning (months) as % of outstanding amount



Breakdown by remaining (months) as % of outstanding amount

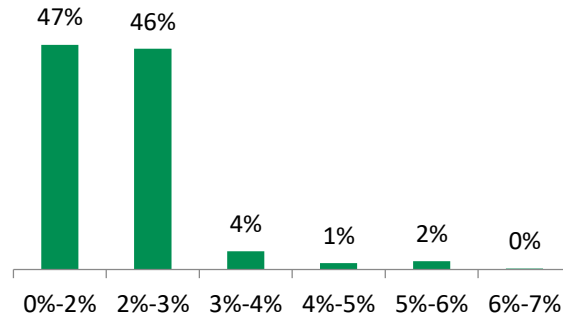


Interest type as % of outstanding amount

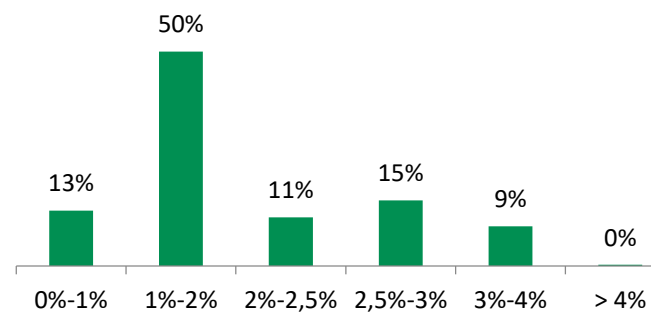


■ Fixed ■ Floating ■ With option

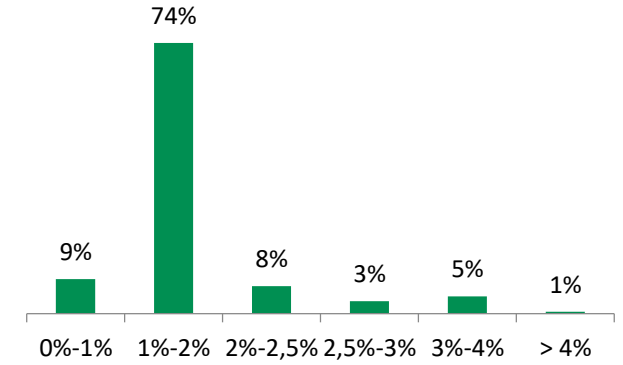
Breakdown fixed interest as % of relevant fixed rate outstanding amount



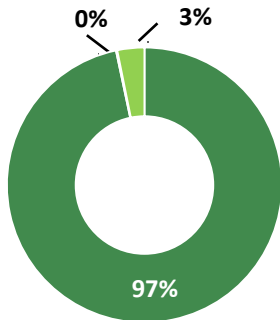
Breakdown "with option", margin on Euribor 3M as % of relevant with option outstanding amount



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: 0.15% of total Cover Pool (vs. 0.18% at 31.12.18)
- Total Loans in Arrears: 3.4% of total Cover Pool (vs. 2.7% at 31.12.18)
- No Bad Debts* in the Cover Pool: they are bought back on a monthly basis

Issuer	Crédit Agricole Italia
Originator	Crédit Agricole Italia, Crédit Agricole FriulAdria and Crédit Agricole Carispezia (merged in CA Italia at the end of July 2019)
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	€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; Series 10 €0.75bn retained; Series 11 €0.75bn; Series 12 €0.5bn; Series 13 €0.75bn ; Series 14: €0.5bn retained

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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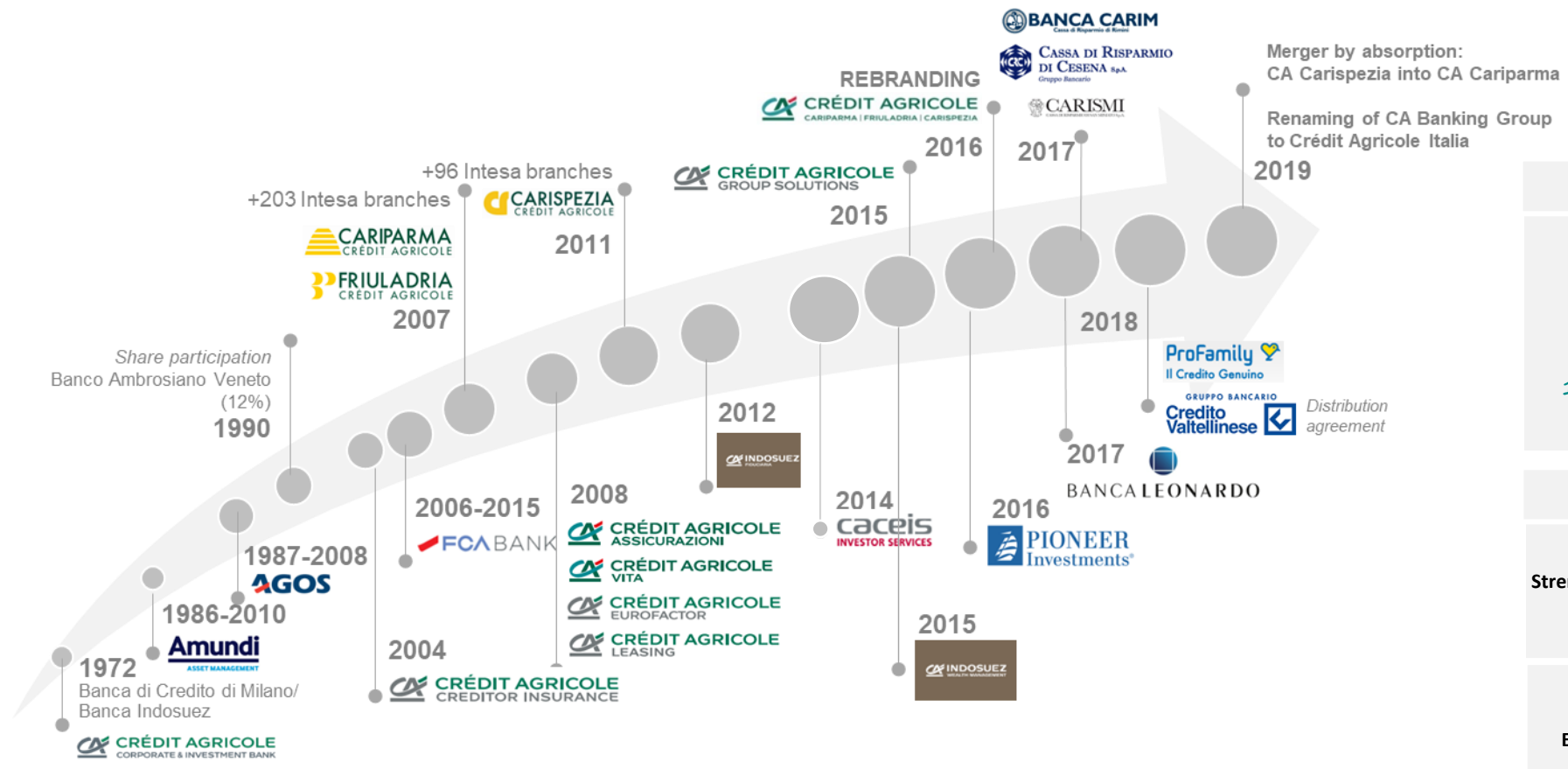
The Crédit Agricole Group, operating in Italy for over 45 years

Crédit Agricole's second domestic market with growing activities

A long-term strategy

Proximity banking

Specialised entities



2018



Crédit Agricole's
1st INNOVATION HUB
in Milan in December

2019



Strengthening of the *partnership*
AGOS / Banco BPM
for the next 15 years

FCA/CA Consumer Finance

Extension of the Joint Venture
until 2024

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 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
- **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
- **GACS (May 2019)** – authorized an extension until May 2021 of public guarantee for the securitization of non-performing loans

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

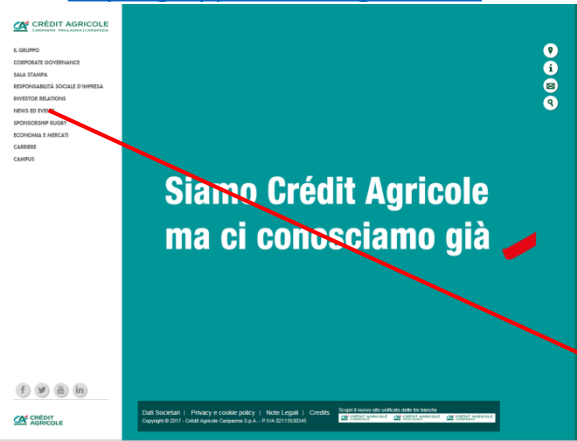
- collateralised (pursuant to paragraph 7 off Article 129 of CRR) by:
 - residential property up to the lesser of the principal amount of the liens that are combined with any prior liens and 80 % of the value of the pledged properties and
 - exposures to institutions that qualify for the credit quality 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"



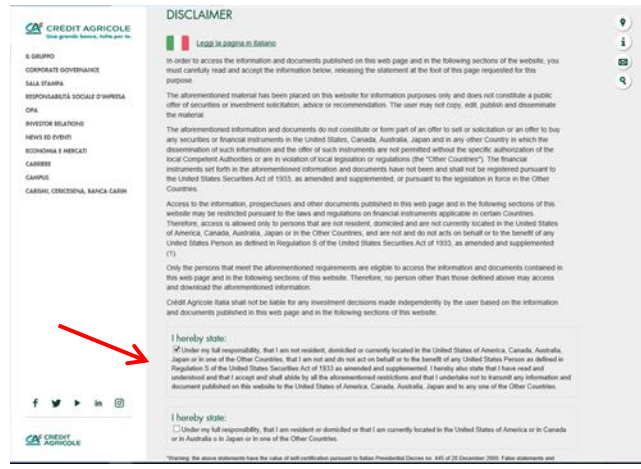
3 Click on "Covered Bond"



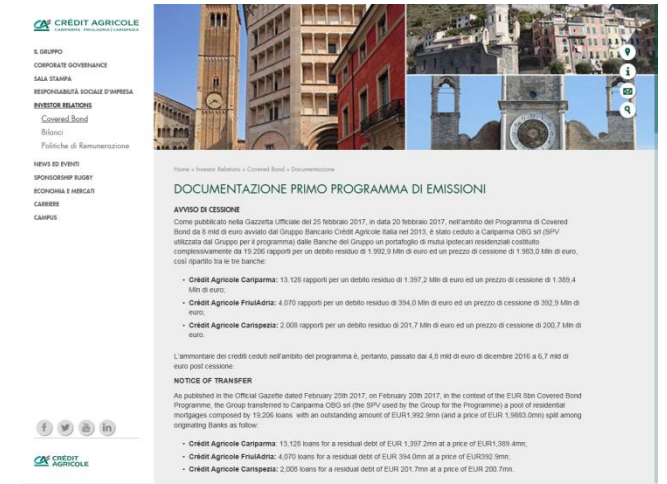
4 Click on "To access the documents, please click here" at the end of the site



5 Click here to insert the flag in the first bottom



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- 3 Crédit Agricole Italia Banking Group Financial Highlights
- 4 Italian Housing Market
- 5 Crédit Agricole Italia Banking Group Residential Mortgage Loan Business
- 6 Crédit Agricole Italia OBG Programme
- 7 Appendices
- 8 Contact list**

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