



# Crédit Agricole

## *Covered Bonds*

Investor Presentation – August 2021

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# EXECUTIVE SUMMARY (1/2)

## 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)
- ❑ Relaunch of commercial activity, back to pre-crisis levels, with record-high production achieved in the fourth quarter
- ❑ Group's net income: €206\*mn in December 2020 (-34.4% YoY), a figure that includes additional provisions on loans related to both future Covid-19 impacts and the ongoing derisking process
- ❑ Increase in loans (+7,6% vs. Dec. 2019) driven by the good performance of both home loans and loans to businesses
- ❑ Direct funding increased by +10.6% YoY driven by the trend of strong growth in savings held for protection from the crisis
- ❑ Assets under management increased by +5.0% YoY thanks to virtuous dynamic of net inflows
- ❑ Crédit Agricole Italia (CAI) is rated Baa1/Stable/P-2 by Moody's
- ❑ Successfully completed in April 2021 the acquisition of 100% of Credito Valtellinese through a Cash Voluntary Public Tender Offer, consolidating the Group's position as #6 retail bank in Italy by total volumes (AuM+AuC).

## Covered Bond Milestones

- ❑ 2013: Crédit Agricole Italia OBG Programme of €8bn created
- ❑ 2014: Inaugural market issue of €1bn
- ❑ 2018: Programme extended to €16bn
- ❑ Currently outstanding: €1.75 bn retained OBG; €8.25 bn market OBG
- ❑ 2021: Inaugural Green Covered Bond

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

\*Before impairment of goodwill

## EXECUTIVE SUMMARY (2/2)

### Crédit Agricole Italia Banking Group Funding Strategy

### Crédit Agricole Italia Green OBG

- 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 optimization and stabilization of long-term funding costs
  - Is in line with Crédit Agricole S.A.'s strategy of limiting cross-border funding flows
- Crédit Agricole Italia issued the first green OBG on the Italian market:
  - within the existing Covered Bond Programme of Crédit Agricole Italia
  - under the existing Green Framework of Crédit Agricole Group, with the addition of a specific Appendix prepared by Crédit Agricole Italia (with a focus on eligibility criteria for Green Residential Real Estate )
  - with a Second Party Opinion provided by VIGEO



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# CRÉDIT AGRICOLE ITALIA BANKING GROUP

## Organization & 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)

2017

- On 21 December CA Cariparma acquired Cesena, Rimini and San Miniato Savings Banks

2018

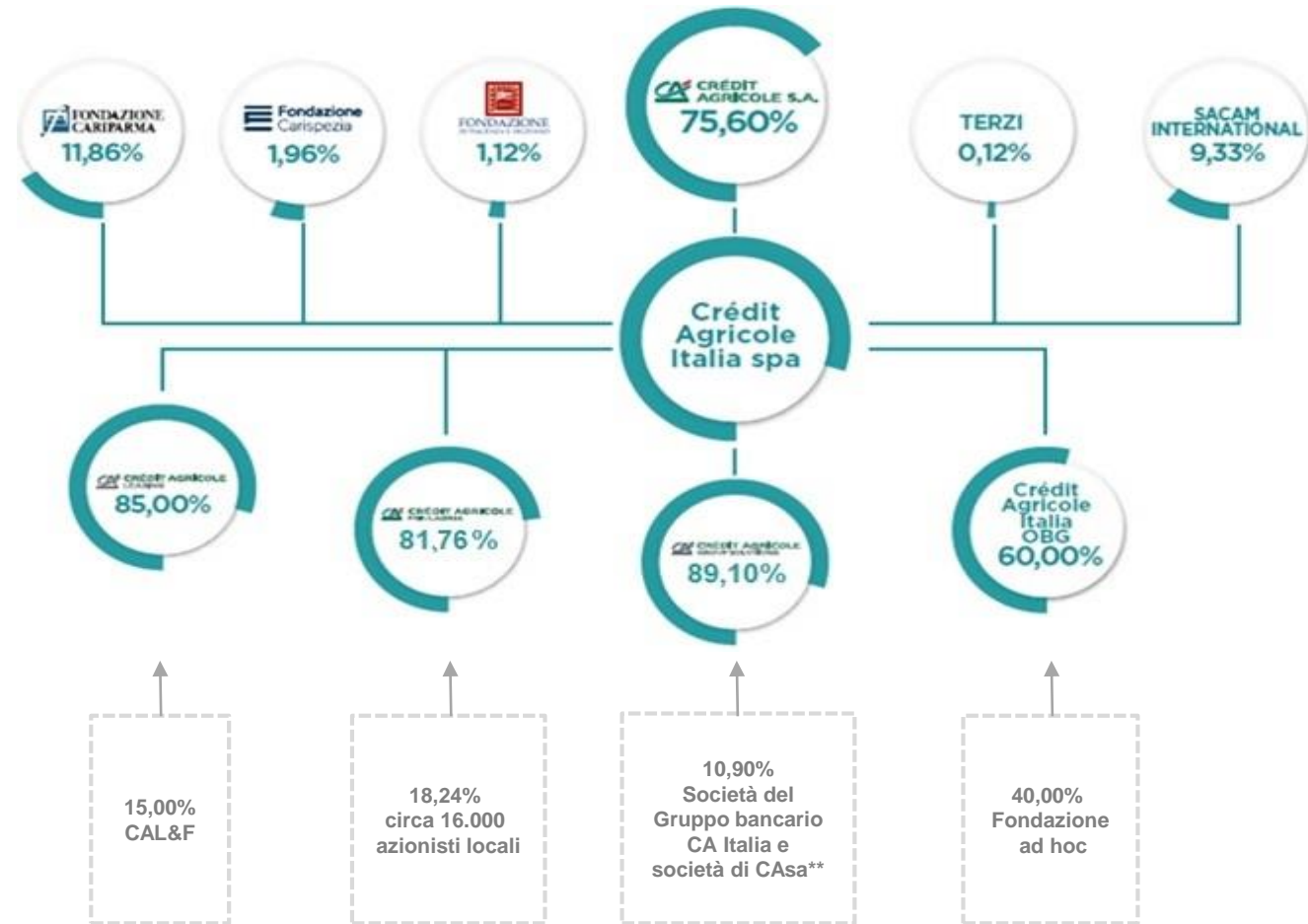
- In 2018 merger in CA Cariparma of San Miniato, Cesena and Rimini

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

2021

- Successfully completed in April the acquisition of 100% of Credito Valtellinese through a Cash Voluntary Public Tender Offer.



\* 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%)

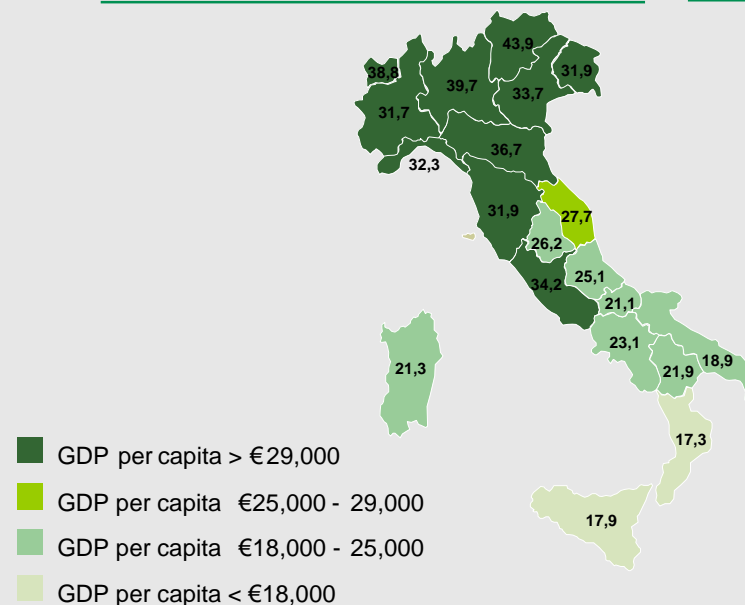
# CRÉDIT AGRICOLE ITALIA BANKING GROUP

## Operations in Italy's most prosperous regions

- The results give once again evidence of the Group's **ability to generate sustainable profitability**, effectively addressing and managing the health emergency. **Net income came to Euro 206\* million**, down by -34,4% YOY, after additional non-recurring provisions for the Covid-19 crisis (Stated net income at Euro - 53,4 million);
- **Relaunch of commercial activity**, back to pre-crisis levels, with record-high production achieved in the fourth quarter: new home loans grew by +9.0% Q4/Q4 and volumes of wealth management products increased by +9.0% Q4/Q4;
- **€50.2bn (+7.6% vs. Dec. 2019) in customer loans outstanding in December 2020**
  - **Market share: 3.50%\*\* at national level**
- **€55.0bn (+4.4% vs. Dec. 2019) in direct funding in December 2020\*\***
  - **Market share: 2.65%\*\* at national level**
- **€39.9bn (+5.0% vs. Dec. 2019) in assets under management in December 2020**
- **Employees: 9,740 in December 2020**

- **Retail bank in Italy with 871 branches** (~ 1.024 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

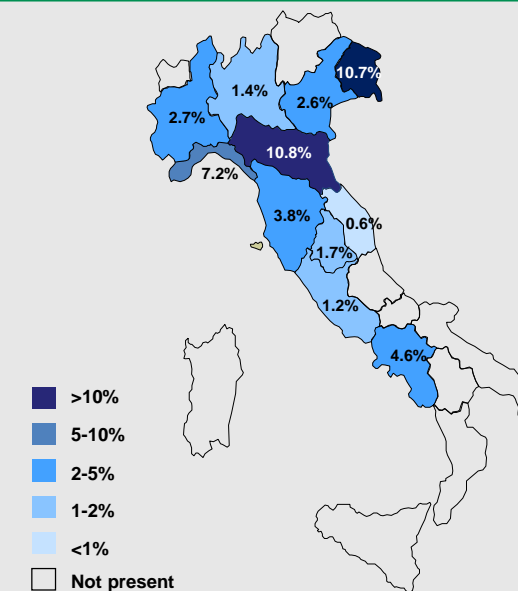
GDP per capita by region, in € K in 2019



Source: Istat

France, average GDP per capita 2020: 30,619 (OCDE)

On-B/S deposit market share, 31/12/2020



Source: Bank of Italy, data at 12.31.2020



# CRÉDIT AGRICOLE ITALIA BANKING GROUP

## Dynamic commercial activity, profitability in constant progression

### Key numbers

#### TOTALS

**130,4 Bn €**

**Total Funding**

*AuM +5% vs dec-19*

*Direct f. +10,6% vs dec-19*

**50,2 Bn €**

**Loans to Customers\*\***

*+7,6% vs dec-19*

**1.894 Mm €**

**Revenues**

*-3% y/y*

**206 Mm €**

**Net income\***

*-34% y/y*

**19,7%**

**Total Capital Ratio**

**14,0%**

**CET 1 (fully loaded)**

**84 bps**

**Cost of Credit\*\*\***

**Baa1**

**Rating\*\*\*\***

highest level of  
the Italian  
banking system

### Constant attention to credit quality and high levels of liquidity

**51,2**

**NPL Coverage Ratio (%)**

**242%**

**Liquidity Coverage Ratio**

### Presence on the territory

**More than  
2 million  
of customers**



**Around 9 800  
employees**

**11 Regions  
of presence**

**3,71%  
Market share\*\*\*\*\***

### The Group positions itself as a proximity bank, covering all market segments



**RETAIL**, with 871 branches and  
61 business centers



**PRIVATE**, con 23 mercati  
e 18 distaccamenti



**BANCA D'IMPRESA**, with 28 markets  
and 9 detachments, 1 area large  
corporate



**FINANCIAL ADVISORS**,  
WITH 13 markets

\*Before goodwill impairment

\*\*Excluding securities at amortized cost; \*\*\* Ratio of income statement adjustments to the amount of net loans to customers

\*\*\*\*Moody's medium and long term rating – Outlook «stable», June-2021; \*\*\*\*\*Market share on branches GBCAI at 31/12/2020



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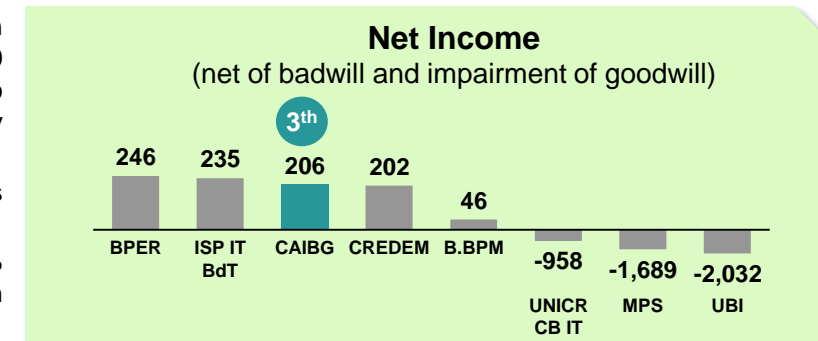
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# CRÉDIT AGRICOLE ITALIA BANKING GROUP FINANCIAL HIGHLIGHTS

## Resilience of profitability despite of the Covid-19 emergency

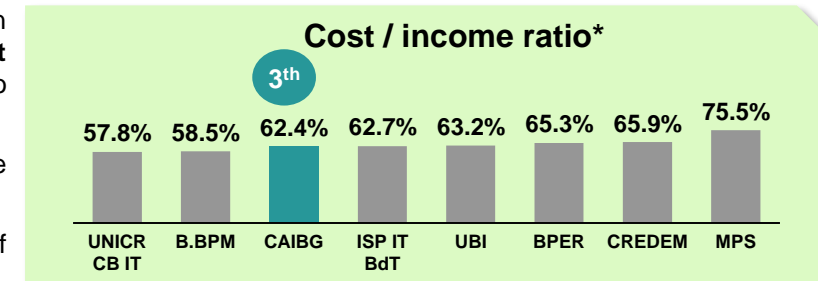
Resilient profitability and Business momentum sustaining the real economy

- The Group in 2020 generated a **net income of Euro 206 million** (before impairment of goodwill), **down by -34.4% YOY**, a figure that includes additional provisions on loans related to both **future Covid-19 impacts** and the **ongoing derisking process**, totaling Euro **192 million** (stated net income of Euro -53.4 million); these results give once again evidence of the Crédit Agricole Italia Banking Group's ability to generate sustainable profitability, despite the health emergency;
- In order to provide support to households and businesses, Euro 2.4 billion of State Guaranteed Loans were made available and already disbursed, together with 10.8 billion worth of loans under moratoria;
- the trend in **home loans** fully reflects the return back to pre-crisis levels: the stock increased by +5.5% YoY, with the number of new loans increasing by +9.0% vs. Q4 2019 and with record-high production in December.



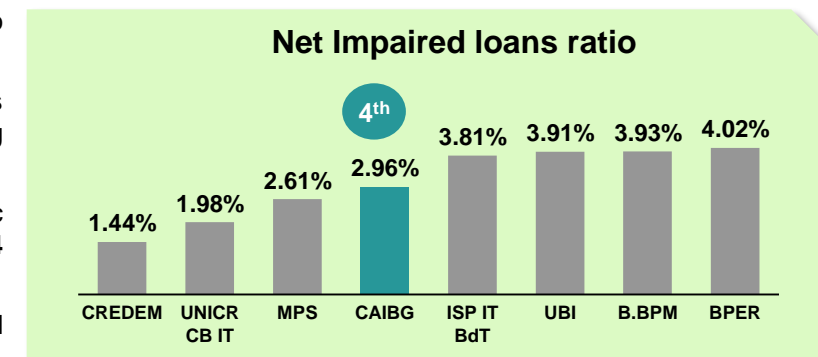
Expenses under control while keeping attention to customer centrality and innovation

- Operating expenses decreased by -1,1% YoY\*** despite the increase in depreciation and amortization subsequent to higher investments supporting the business (+5.1% YoY); **the ordinary component** (which excludes also the non-recurring costs to manage the Coronavirus emergency) continued to **decrease by -3.0% YoY** thanks to the **continuous focus on operational efficiency**.
- The **Customer Recommendation Index** sets at **+8 points in 2020** (increasing vs. 2019), with the Group ranking second among universal banks in Italy.
- In 2020, Digital Academy, the internal online training platform, provided over 500 thousand hours of training (equal to approximately 74,000 training days), on average about 60 hours of training per person.



Constant focus on asset quality

- The ratio of **net non-performing loans** and the ratio of **net bad loans** further decreased YoY coming to **2.96%** (vs. 3.5% in Dec. 2019) and **0.9%** (vs. 1.3% in Dec. 2019), respectively;
- The **stock of gross NPLs decreased by -12.3% YoY**, following the **disposals of NPLs for a gross amount of over Euro 500Mln**, concentrated in the fourth quarter. Coverage ratio of non-performing loans at 51.2% with a 68.4% coverage ratio for bad loans;
- Recognized additional provisions for Euro 192 million, mainly due to the revision of the macroeconomic scenario affected by Covid-19 and to the disposal of a stock of NPL, leading the **cost of credit to 84 bps**. Net of these provisions, the **ordinary cost of credit** would be equal to **46 bps**;
- The **default rate is 1.0%**, in line with the figure of December 2019 before the Covid-19 crisis, and includes the effect of the application of the new definition of default



# CRÉDIT AGRICOLE ITALIA BANKING GROUP FINANCIAL HIGHLIGHTS

## Key indicators at 31/12/2020

### LOANS (€bn)

<b>Loans to customers</b>	<b>50,236</b>
<i>o/w Current accounts</i>	1,683
<i>o/w Mortgage Loans</i>	32,159
<i>o/w Advances and credit facilities</i>	14,908
<i>o/w Non-performing loans</i>	1,486
<b>Loans to banks</b>	<b>8,791</b>
<i>o/w Crédit Agricole S.A.</i>	199
<i>o/w Bank of Italy</i>	8,143

### RATIOS

<b>Cost/Income</b> (excl. contribution to support the banking system)	<b>62,4%</b>
<b>Cost of credit</b> (net adjustments / net loans)	<b>82 bps</b>
<b>Net Bad Debts ratio</b> (% net loans)	<b>0,94%*</b>
<b>Bad Debts coverage ratio</b>	<b>68,4%*</b>
<b>Net NPL ratio</b> (% net loans)	<b>2,96%*</b>
<b>NPL coverage ratio</b>	<b>51,2%*</b>

### FUNDING (€mn)

<b>Funding from customers &amp; debt securities issued</b>	<b>54,959</b>
<i>o/w Deposits</i>	1,336
<i>o/w Current and other accounts</i>	42,590
<i>o/w Debt Securities issued</i>	10,714
<i>o/w CB</i>	8,788
<i>o/w others</i>	318
<b>Due to banks</b>	<b>11,391</b>
<i>o/w TLTRO</i>	9,500
<b>Indirect funding from customers</b>	<b>75,425</b>
<i>o/w asset management</i>	39,893
<i>o/w assets under administration</i>	35,532

### RATINGS

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

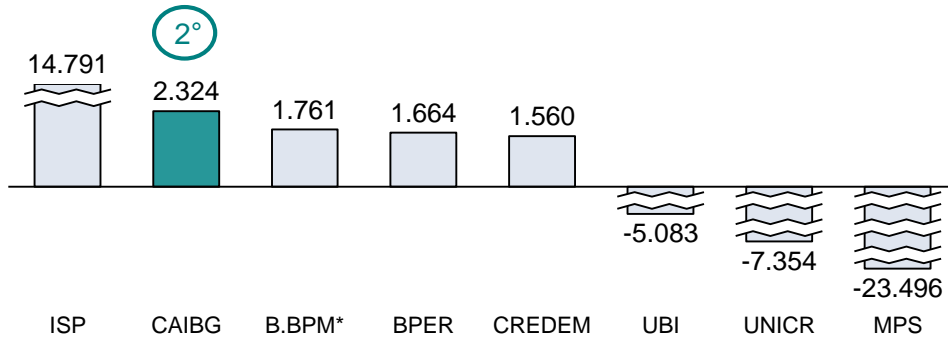
### CAPITAL AND LIQUIDITY RATIOS (€mn)

<b>CET1 (fully loaded)</b>	<b>3,814</b>
<b>Own funds</b>	<b>5,389</b>
<b>Shareholders' Equity</b>	<b>6,351</b>
<b>RWA</b>	<b>27,337</b>
<b>CET1 ratio (fully loaded)</b>	<b>14.0%</b>
<b>Total capital ratio</b>	<b>19,7%</b>
<b>Liquidity Coverage Ratio (LCR)</b>	<b>242%</b>

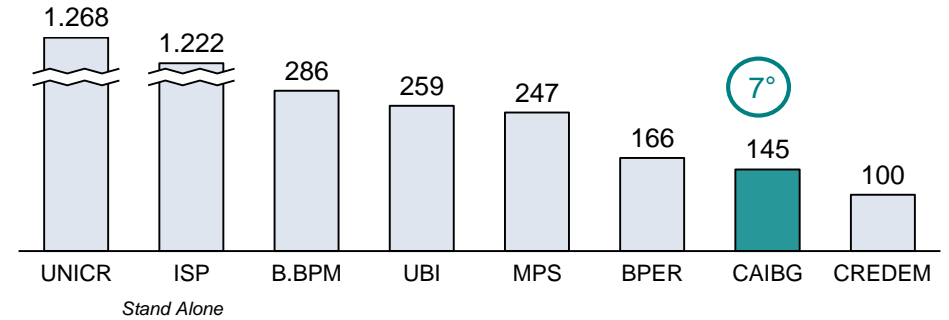
# CRÉDIT AGRICOLE ITALIA BANKING GROUP FINANCIAL HIGHLIGHTS

## Ranking at 31/12/2020

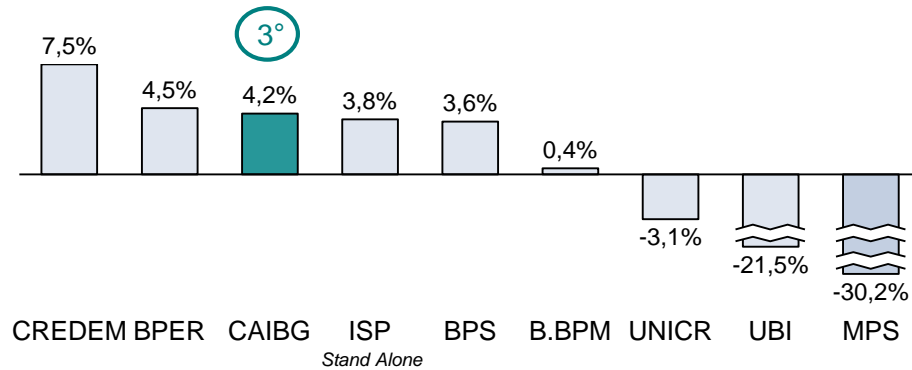
### CUMULATIVE NET INCOME 2011-2020 (million €)



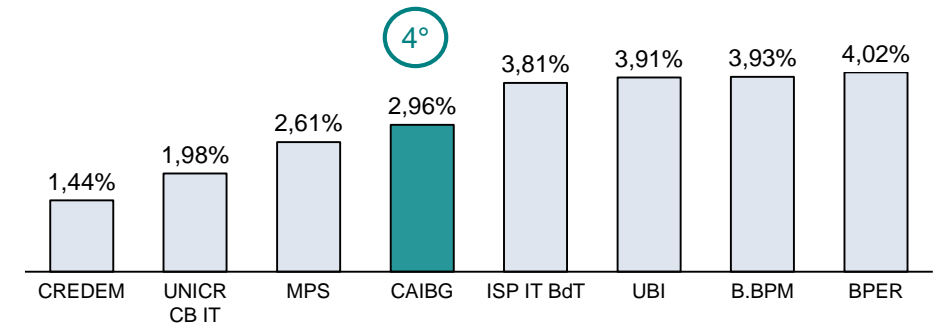
### TOTAL VOLUMES (billion €) (Customer loans + Direct Funding + AuM)



### ROTE (%) (net of goodwill and impairment of goodwill)













### 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

## Business Scope

	Banking	Bancassurance	Asset Management	Credito al consumo	Factoring Leasing	Investment Banking	Monetica e Sistemi di pagamento
 CRÉDIT AGRICOLE	✓	✗	✗	✗	✓	✗	✗
INTESA  SANPAOLO	✓	✓	✓	✓	✓	✓	✓
 UniCredit Group	✓	✗	✗	✓	✓	✓	✓
 BANCO BPM	✓	✗	✓	✓	✓	✓	✗
 UBI Banca <small>UNIONE DI BANCHE ITALIANE</small>	✓	✓	✓	✓	✓	✗	✗
 BPER: Gruppo	✓	✗	✓	✓	✓	✗	✓
 CREDEM	✓	✓	✓	✓	✓	✗	✗
 Banca Popolare di Sondrio	✓	✗	✗	✓	✓	✓	✗
 MONTE DEI PASCHI DI SIENA <small>BANCA DAL 1472</small>	✓	✗	✗	✓	✓	✗	✗
 BNL <small>GRUPPO BNP PARIBAS</small>	✓	✗	✗	✓	✓	✗	✗

Strategic partnership with Nexi in respect of payment systems

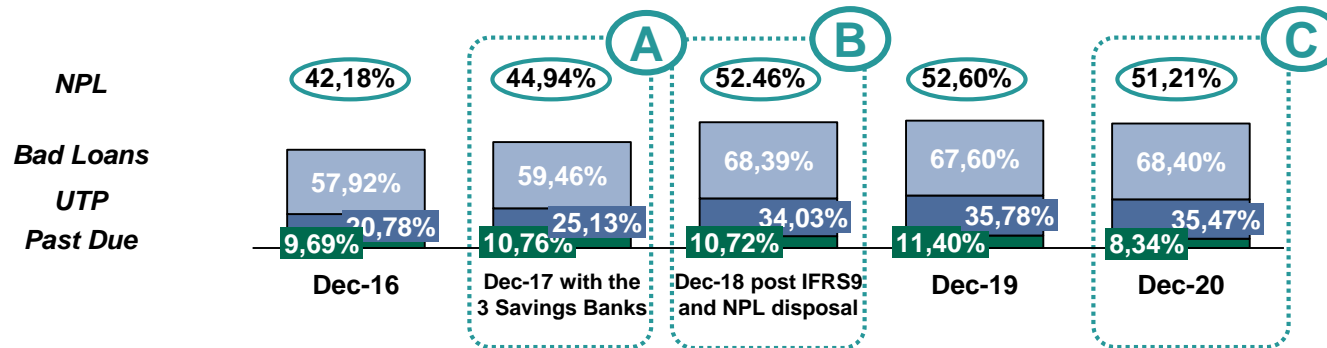
Ex Banca Italease under disposa

salary-and-pension backed loans

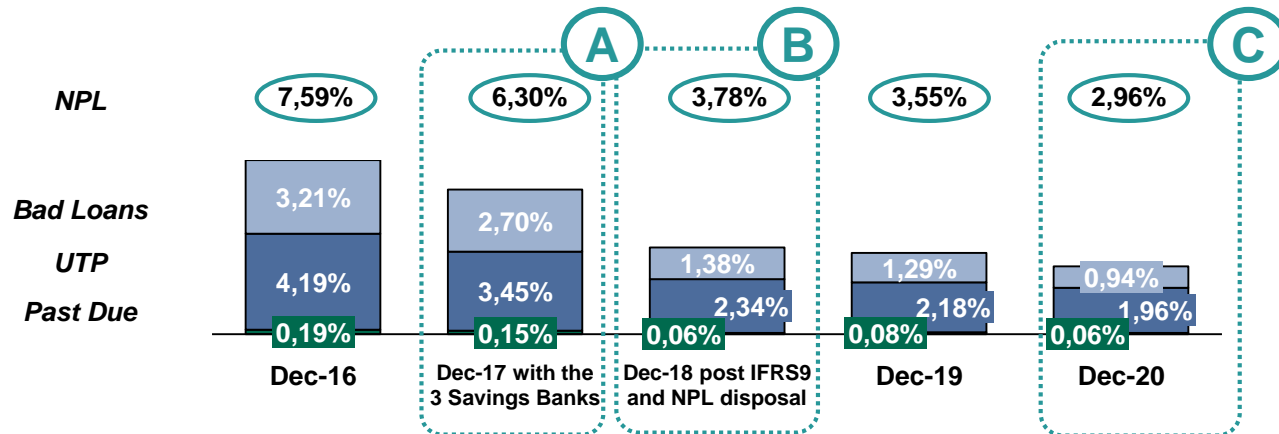
# CRÉDIT AGRICOLE ITALIA BANKING GROUP FINANCIAL HIGHLIGHTS

## Asset Quality

### NPL COVERAGE RATIO (%)



### NET NPL RATIO (% net loans)



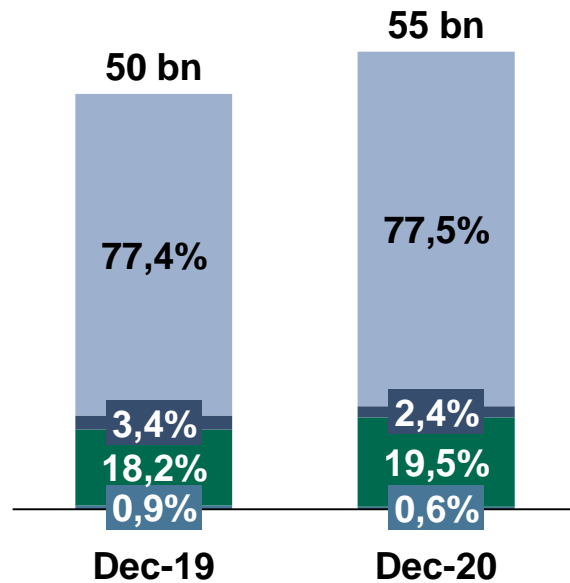
- A** The acquisition in 2017 of the three Savings Banks have positively influenced the asset quality of the Group: it has been acquired the “sound” part of the savings banks in order to exclude the majority of impaired loans;
- B** Adoption of the new financial reporting standard on financial instruments (IFRS9), and - over the year - making a disposal of 1.4bn of gross NPL (26% of total NPLs), achieving a 37% decrease in net non-performing loans vs. December 2017.
- C** Despite market conditions, net NPL ratio further decreased YoY and came to 2,96%, following the disposals of NPLs for a gross amount of over Euro 500Mln (-12.3% YoY), concentrated in the fourth quarter.

# CRÉDIT AGRICOLE ITALIA BANKING GROUP FINANCIAL HIGHLIGHTS

## Funding mix at 31/12/2020

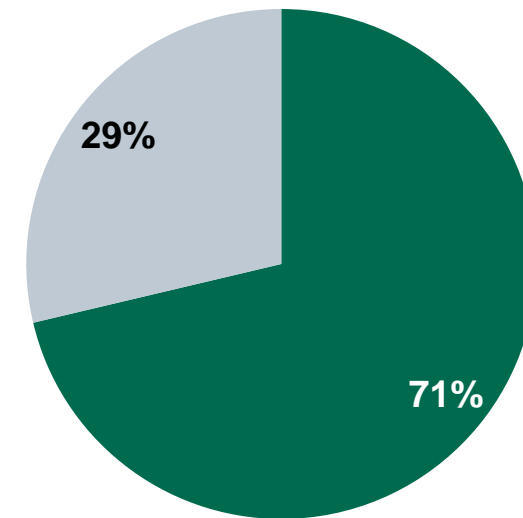
### DIRECT FUNDING - breakdown by product (%)

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



### TOTAL ASSETS BREAKDOWN (%)

- Unencumbered eligible assets
- Encumbered eligible assets



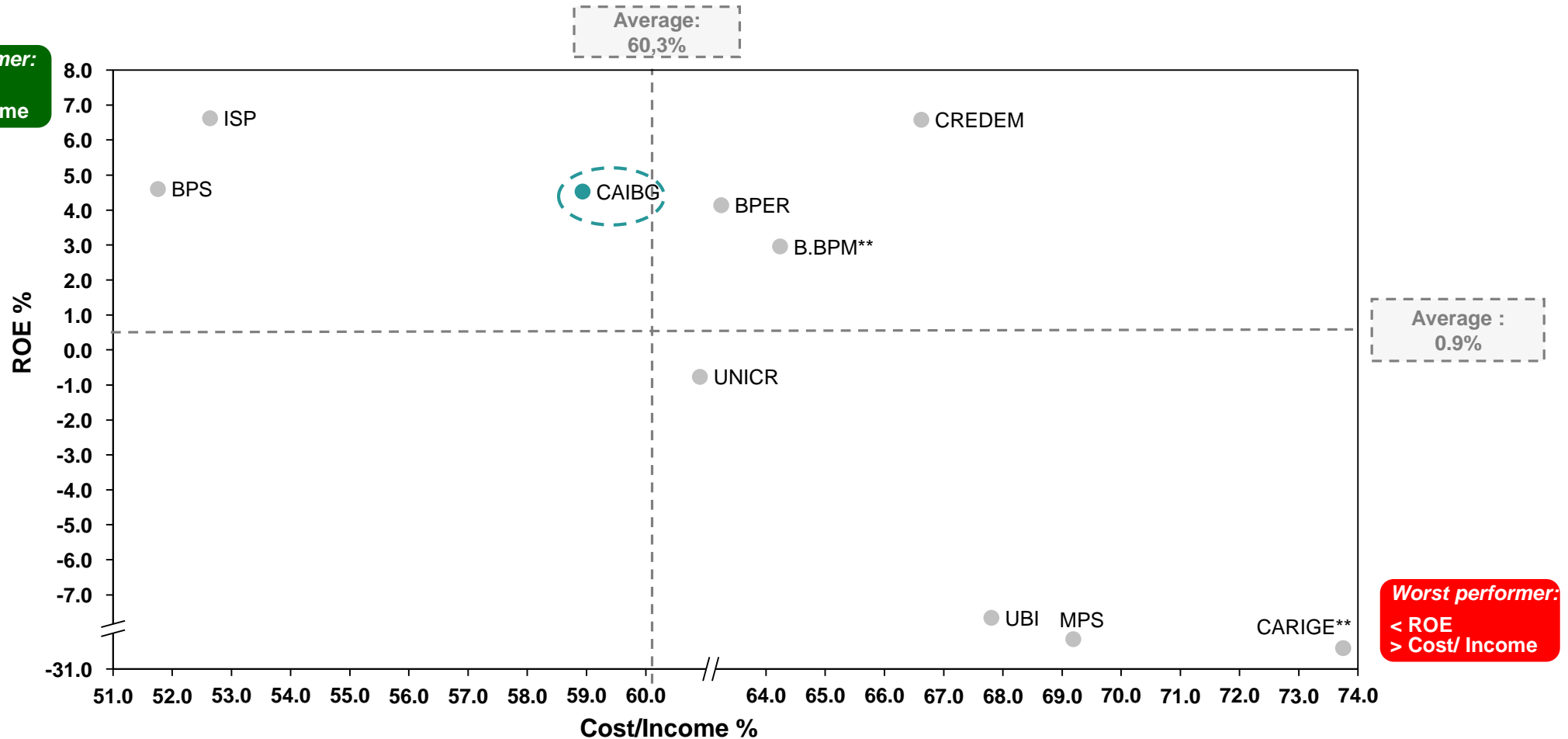


# CRÉDIT AGRICOLE ITALIA BANKING GROUP FINANCIAL HIGHLIGHTS

## Stably among the best performers

ROE and Cost/Income ratios\*: December 2014 – December 2020

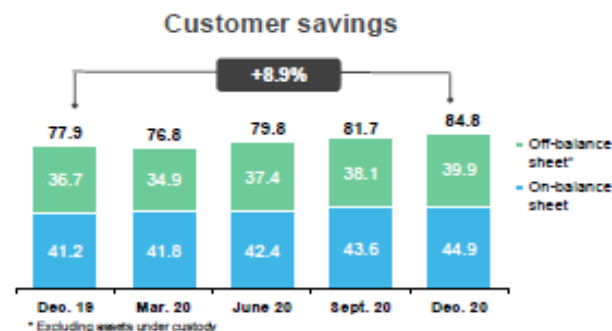
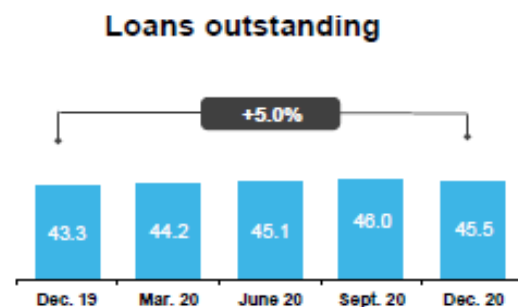
**Best performer:**  
> ROE  
< Cost/ Income



# CRÉDIT AGRICOLE ITALIA BANKING GROUP FINANCIAL HIGHLIGHTS

## 31/12/2020 results as disclosed by Crédit Agricole S.A.

### Activity indicators (€bn)



### Continued support of the economy

- **Loans outstanding:** growth driven primarily by corporate loans (€2.4 bn in state-guaranteed loans in 2020, loans excl. state guaranteed loans<sup>(1)</sup> stable +0.5% Dec/Dec); continued recovery in home loans +5.5% year-on-year; disposal of €0.5 bn in NPL
- **On-balance sheet deposits (+8.9% Dec/Dec)**, mainly on-demand deposits of individuals and corporates; managed deposits (+8.8% Dec/Dec) driven by market valuations and by the return of business momentum to pre-lockdown levels

### Gross operating income +0.6% Q4/Q4

- **Revenues up +0.9% Q4/Q4:** net interest margin down, fee and commission income back to the Q4-19 level thanks to credit insurance and UCITS.
- **Operating expenses under control**, with investments in multi-channel business offset by equipment streamlining savings
- **Cost of risk under control** at 93 bp for the full year including additional provisions on loan disposals; NPL ratio down (6.5% versus 7.3% in Q3), coverage ratio at 60.8% (up 120 bp excluding loan disposal), increase in NPL provisions in Q4

Contribution to earnings (In €m)	Q4-20 underlying	Δ Q4/Q4 underlying	2020 underlying	Δ 2020/2019 underlying
Revenues	490	+0.9%	1,827	(3.0%)
Operating expenses excl.SRF	(321)	+1.1%	(1,170)	(0.9%)
SRF	-	n.m.	(25)	+14.2%
<b>Gross operating income</b>	<b>169</b>	<b>+0.6%</b>	<b>632</b>	<b>(7.2%)</b>
Cost of risk	(113)	+81.8%	(428)	+70.4%
Net income on other assets	(0)	x 5.4	66	n.m.
Income before tax	56	(46.9%)	269	(37.3%)
Tax	(11)	(66.9%)	(71)	(46.8%)
<b>Net income</b>	<b>46</b>	<b>(37.8%)</b>	<b>198</b>	<b>(33.0%)</b>
Non controlling interests	(12)	(36.1%)	(54)	(32.2%)
<b>Net income Group Share</b>	<b>33</b>	<b>(38.5%)</b>	<b>144</b>	<b>(33.3%)</b>
<b>Cost/Income ratio excl.SRF (%)</b>	<b>65.5%</b>	<b>+0.1 pp</b>	<b>64.0%</b>	<b>+1.4 pp</b>

(1): CA Italia outstanding state-guaranteed loans at 31 December 2020: €2.4 bn; excluding disposal of €450 m in non-performing loans



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# ITALIAN HOUSING MARKET

## General trends are positive, residential market is expected to grow

### Deep contraction in sales on 2020 due to the Covid Crisis

The real estate market at the beginning of 2020 was rather robust. Housing sales had increased by +4.3% in 2019, ending five years of growth in transactions. The health crisis and the containment measures implemented from March 2020 put a stop to this dynamic. During the first half of the year, sales fell by 21%, bringing the level at the end of June to that of 2017. The fall in sales was generalized and symmetrically affected major cities and peri-urban areas. The halt of containment, the support measures that limited the decline in purchasing power combined with the banking sector's still accommodating credit policy helped the property market to recover in Q3. The real estate transactions was back to normal, up +3.1% year-on-year in Q3, from 116,000 in Q2 2020 to 141,000 in Q3, bringing the decline over the first three quarters of the year to +13.9% on a cumulative basis. November forecasts from Nomisma expect a reduction of -17.1% in 2020 in soft scenario that remain the more expected and -18.7% in a hard one. The prospects for 2021 are also marred by the health crisis with a decrease -1.1%. The recovery in sales is expected only in 2022. Investment demand bounce back in 2019, but this phenomenon has been overtaken by the health crisis, with investors' attention once again becoming lukewarm as they wait to measure the effects of the post-pandemic scenario on values.

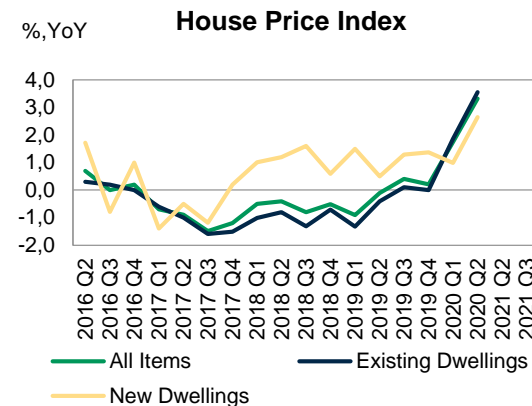
### Prices rises in 2020 but will fall in 2021

At the same time, the pressure on property prices that had been maintained in Q2 moderated in Q3. The house price index fell -2.5% quarter-on-quarter but rose +1% year-on-year (after +3.3% in Q2 2020). In the first three quarters of 2020, house prices will have increased by +2.0% compared with the same period in 2019. The growth of acquisitions for 2020 is +1.9% (+2.2% for new housing and +1.8% for old housing). This upward momentum should end in 2021, giving way to an inflection in property prices. A tightening of household credit motivated by prudent bank management, fairly contained economic growth in 2021 and still penalized by the health crisis, should fuel deflationary pressure on prices estimated at -1.6%.

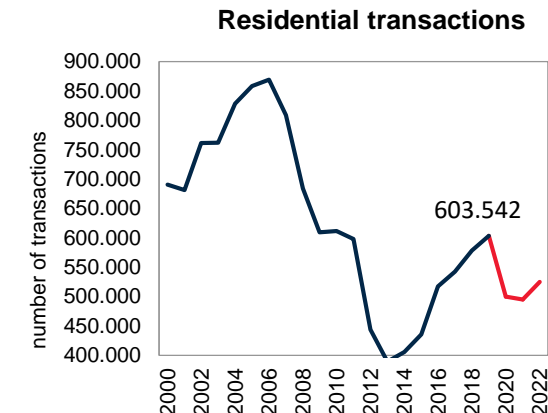
### Residential market forecast (Nomisma)

	2019	2020 E	2021 E	2022 E
Transactions	4,3%	-17,1%	-1,1%	6,0%

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

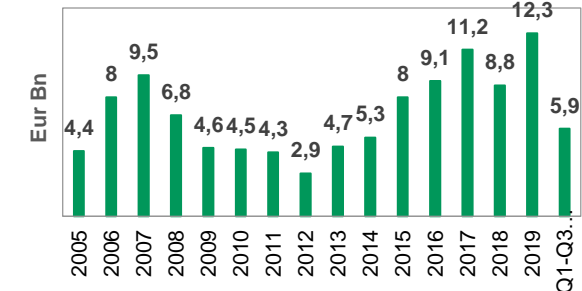


Source: Istat, Agenzia delle Entrate, Crédit Agricole



Source: Nomisma, Crédit Agricole S.A.

### Non-residential investments in Italy



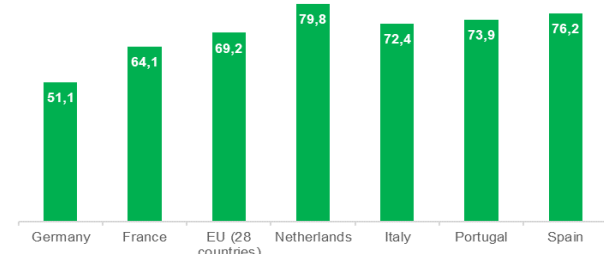
Source: Nomisma, Crédit Agricole S.A.

# ITALIAN HOUSING MARKET

## The mortgage loan market stood dynamic despite the crisis

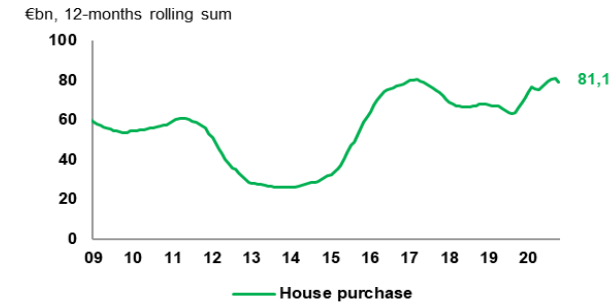
- The Italian mortgage loan market is small compared to that of other European countries : Italy is the third economy in the Euro area but only the fifth mortgage loan market
- The high ownership rate (72.4% at-end 2019) is among the highest in the EU and limits both sales volumes and mortgage loan market growth
- The third quarter of 2020 saw a strong growth in the production of home loans driven by the economic-growth after the lockdown period. It was also allowed by the decrease of interest loans, which stood at a very low level.
  - Despite the Covid crisis, new lending stood at €17,6bn for the Q3-2020, compared to €14,8bn a year ago. The new lending came to €55,4bn for the first nine months of 2020 compared to €45,8bn a year ago.
  - This record in the production was allowed by the interest rates ; they have reached the floor of 1,26% in July.
  - In this context, the fixed-rate mortgage contracts remain clearly predominant: 88.9% at end-May 2020 vs. 74.8% at end-2018 (source: Nomisma).
  - The average amount of mortgages loans granted in Q2-20 was 126 K€, showing a sharp increase since Q4-2019 (source: Crif).
- The level risks in the mortgage loan market have receded to a low level
  - The default rate in Q1-20 reach a low level of 1% (source: Crif).

Ownership rate (as at 31/12/2019)



Source : Eurostat, Crédit Agricole S.A./ECO

Production of loans to HH

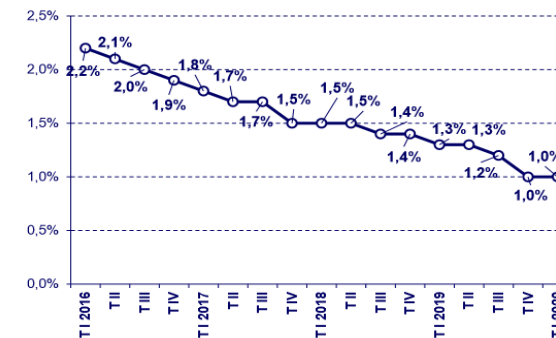


Source : Bank of Italy, Crédit Agricole S.A./ECO

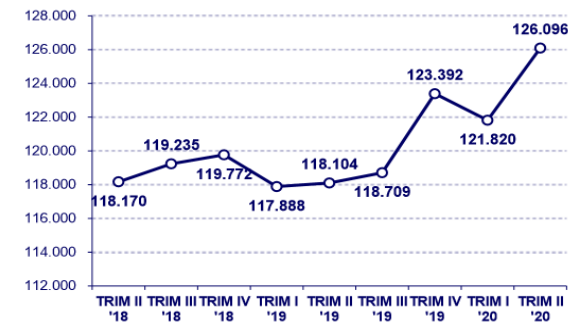
Consumer HH, npis serving HH and unclas.

NPL by categories												
€Bn	NPL for resident sectors (ex. MFI)			Bad loans			Unlikely-to-pay			Past Due		
	Jun-20	QoQ	YoY	Jun-20	QoQ	YoY	Jun-20	QoQ	YoY	Jun-20	QoQ	YoY
Loans for house purchase	11,7	0,9%	-28,4%	6,1	0,9%	-28,4%	4,9	1,8%	-5,2%	0,7	16,0%	44,3%

% Positions in default



Average amount of mortgages loans granted (€)





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# CRÉDIT AGRICOLE ITALIA BANKING GROUP RESIDENTIAL MORTGAGE LOAN BUSINESS

## Highlights

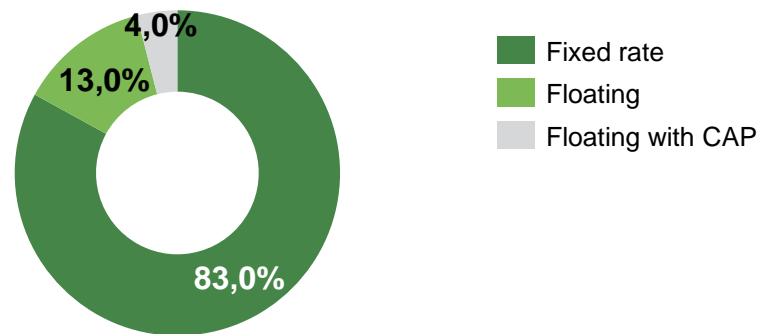
### ■ CA Italia Banking Group, a significant player in Italian residential financing:

- €21.0bn stock of residential mortgage loans on 31/12/2020 (+5.5% vs December 2019)
- €3.2bn residential mortgage loans' production on 31/12/2020 2,2% YoY (-2.5% YoY in transactions)
- Market share of ca. 5.54%\* of stock and ca. 5.80%\* of flow as of December 2020

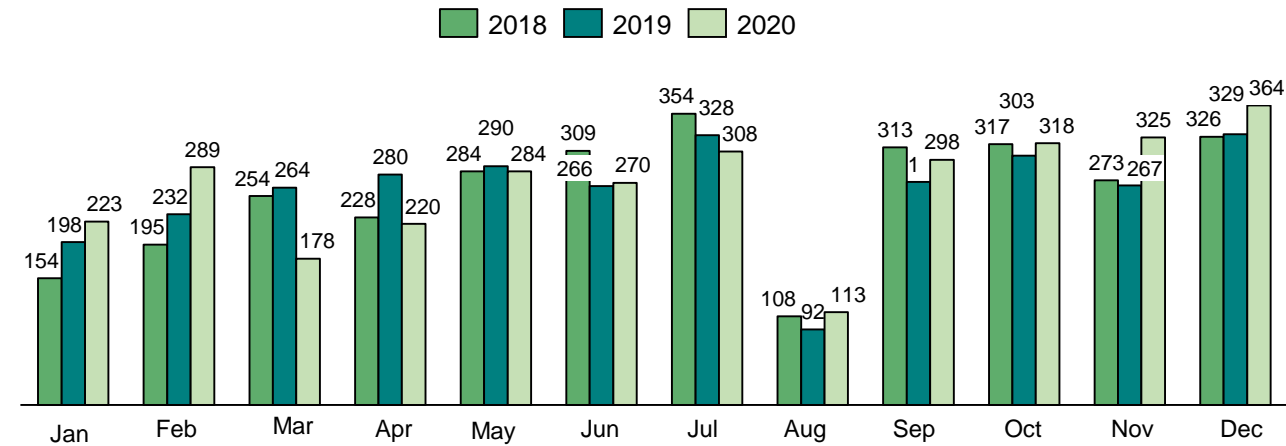
### ■ CA Italia Banking Group mortgage loans risk level:

- Mortgage deed registration: 1st level mortgage deed registered is 150% of the loan amount
- On 31/12/2020, 1.0% of net non-performing loans (bad loans + UTP + past due); 0.3% of net bad loans
- Mortgage NPL coverage ratio at 24.6% on 31/12/2020

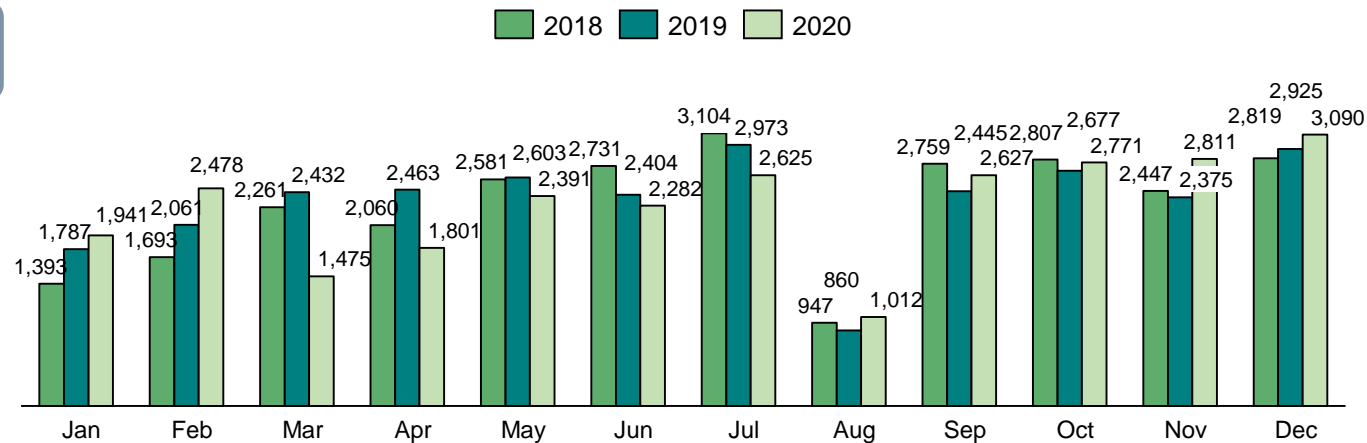
### 2020 new residential mortgage loans interest rate type



### New gross mortgage loans (volumes in million)







### New mortgage loans (number of transactions)



# CRÉDIT AGRICOLE ITALIA BANKING GROUP RESIDENTIAL MORTGAGE LOAN BUSINESS

## 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	✓ 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	<p>Full transparency and tailor-made commercial offer to Customers</p>	<p><b>Supported sale</b> and automated production of documentation</p>	<p>Sales* 31/12/2020: 50% Branches; 33% Intermediary; 17% On Line</p>
Origination	<p>Customer Registration and preliminary checks</p> <p>Automated mortgage loan application</p> <p>Origination through PEF (Pratica Elettronica Fido) with integrated credit strategies</p>	<ul style="list-style-type: none"> <li>▪ Supported workflow with <b>mandatory steps and completeness and adequacy checks</b> of the entered data</li> <li>▪ <b>Integrated</b> Workflow with <b>Crédit Agricole Italia's procedures</b> and related checks</li> <li>▪ The bank                             <ol style="list-style-type: none"> <li>1) performs analysis on databases (CRIF, CERVED; DATABANK);</li> <li>2) checks compliance with credit policy;</li> <li>3) carries out the calculation of an acceptance rating, defining automatically the approval risk level (synthetic assessment) through the same tool (PEF);</li> </ol> </li> </ul> <p>PEF assigns to customers a synthetic assessment summarized by three categories</p> <ol style="list-style-type: none"> <li>1. <b>Positive:</b> possible forwarding to the decision-making organ</li> <li>2. <b>To evaluate:</b> it's necessary an higher level of analysis</li> <li>3. <b>To deepen:</b> it required further documentation in order to improve the credit worthiness</li> </ol> <p>Identification of the decision making organ according to the level of risk through PEF's score.</p>	<p><u>Lending Criteria:</u></p> <ul style="list-style-type: none"> <li>▪ Maximum borrower's age 75 years</li> <li>▪ Maximum tenor of 30 years (average maturity stock mortgage loans 21.9 years, average maturity new mortgage loans 21.3 years)</li> <li>▪ Installment** \ Net income ratio &lt;30% (higher levels will be evaluated by superior deliberative levels)</li> <li>▪ LTV standard &lt;80%***, &lt;50% in case of restructuring, Not residential buildings</li> </ul>
Approval	<p>Display PEF outputs and automated updating</p>		<p><u>Approvals 31/12/2020:</u></p> <p>12% branch level 60% Regional level 28% Central level</p>

# 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, 90% (at 31/12/2020) 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>		
<p>Property Value's Surveillance</p>	<p><i>Fair Value Assessment</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 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; July 2020: expiry of the first retained issue (€ 1.2 bn) and retained issue of € 0. 5bn with 3 year maturity
- ❑ Currently outstanding: €1.75 bn retained OBG; €8.25 bn market OBG
- ❑ Current rating: Aa3 from Moody's

### ■ Cover pool

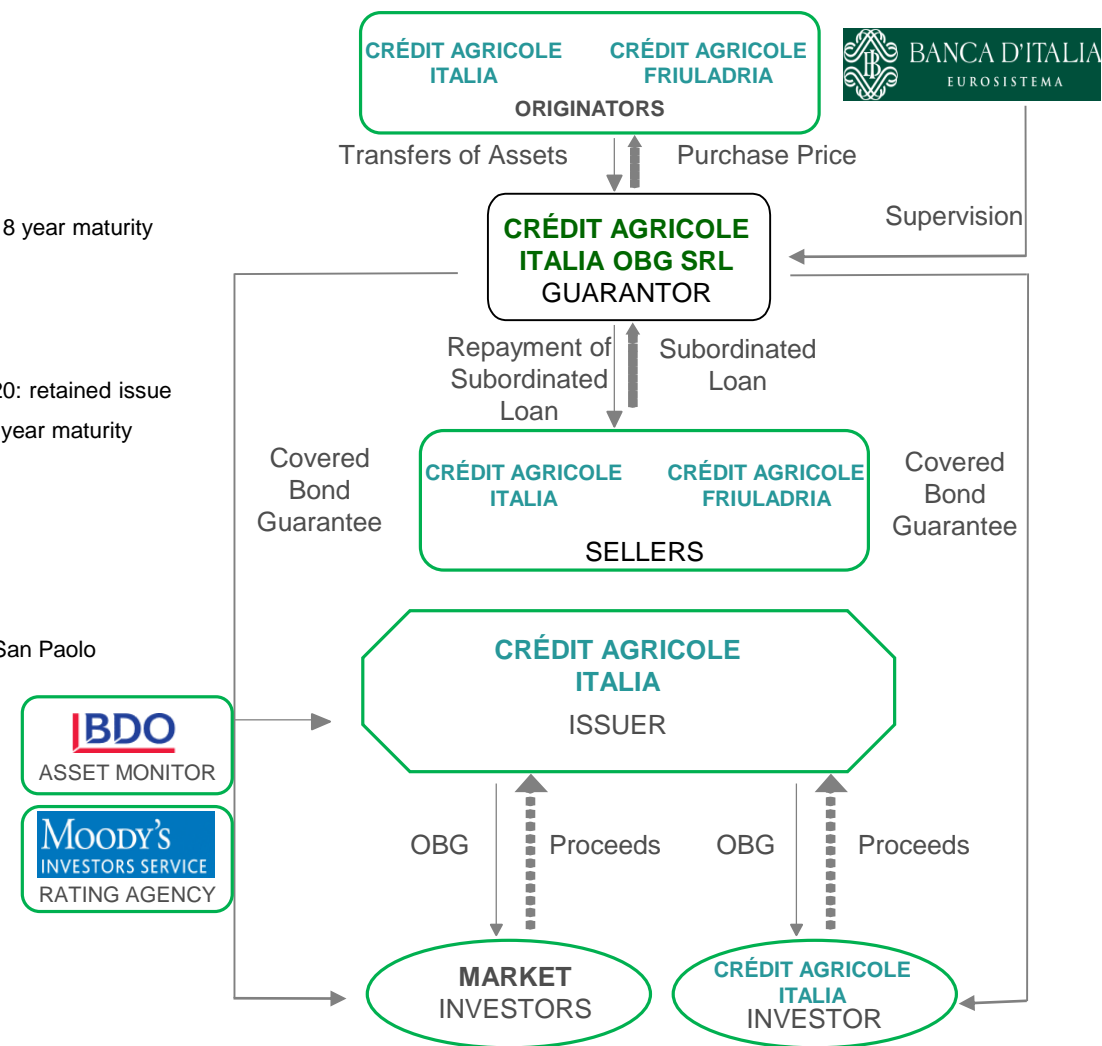
- ❑ Mortgage loans transferred to Crédit Agricole Italia OBG srl
- ❑ Self-originated mortgage loans by Crédit Agricole Italia Banking Group and originated by branches purchased from Intesa San Paolo
- ❑ Property located in Italy
- ❑ No arrears on the transfer date
- ❑ Current cover pool: 85% residential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

### ■ Over-collateralisation

- ❑ 7.5% committed over-collateralisation (OC)
- ❑ 25.01% at December 2020

### ■ Monitoring

- ❑ BDO Italia: Asset Monitor reporting to Bank of Italy



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

# CRÉDIT AGRICOLE ITALIA OBG PROGRAMME

## Market risk monitoring

### ■ Interest rate exposure

- ❑ Cover pool is composed by 4.6bn of floating rate and 5.1bn fixed rate
- ❑ Floating rate for €1.75bn retained OBG (soft bullet)
- ❑ Fixed rate for €8.25bn market OBG (soft bullet)

### ■ Asset and liabilities matching controls

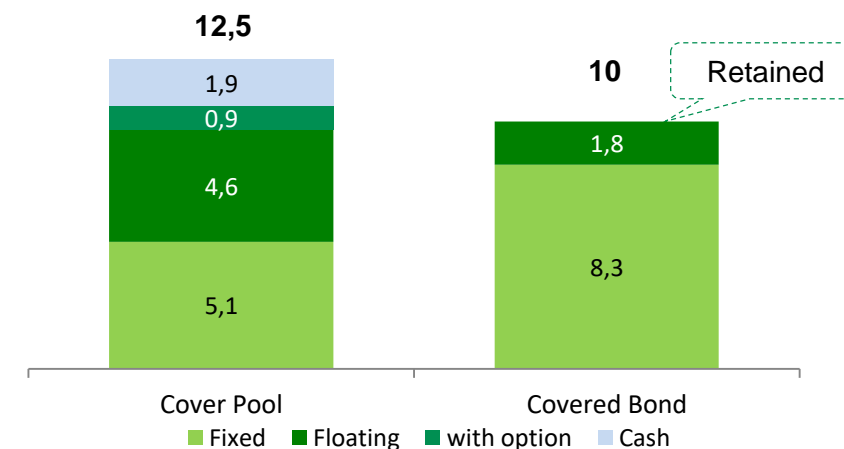
#### Semi annual regulatory stress tests

- ❑ 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

### Interest rate breakdown (bn€)\*\*



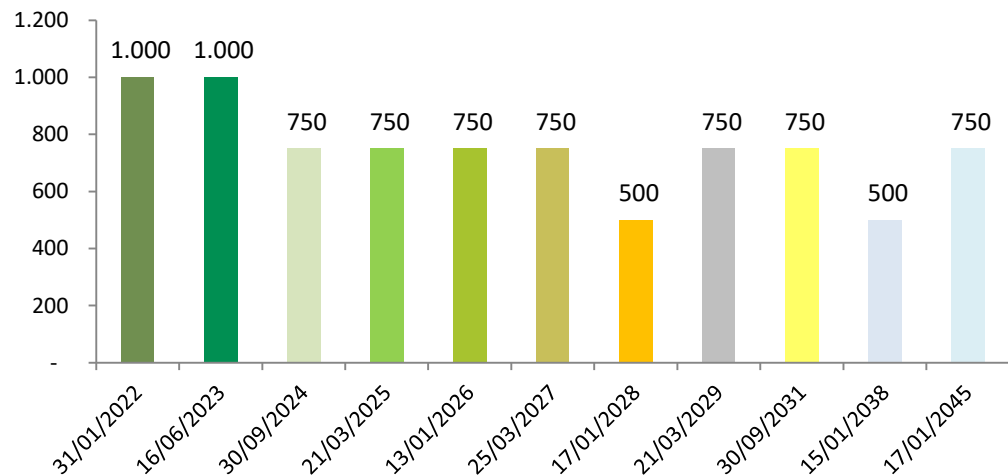
*Ancient loans with option: Customers have the right to switch at any time from fixed to floating rate (and vice-versa) at the market rate of the moment*

\*\* Updated at 31st December 2020

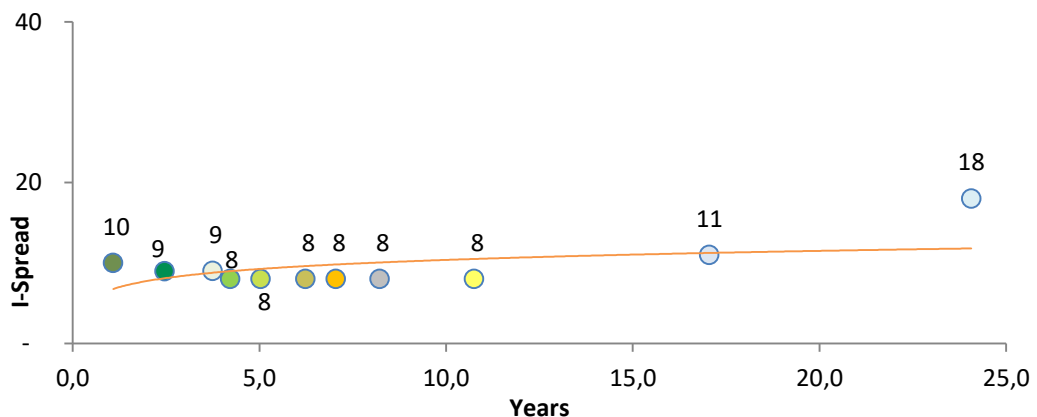
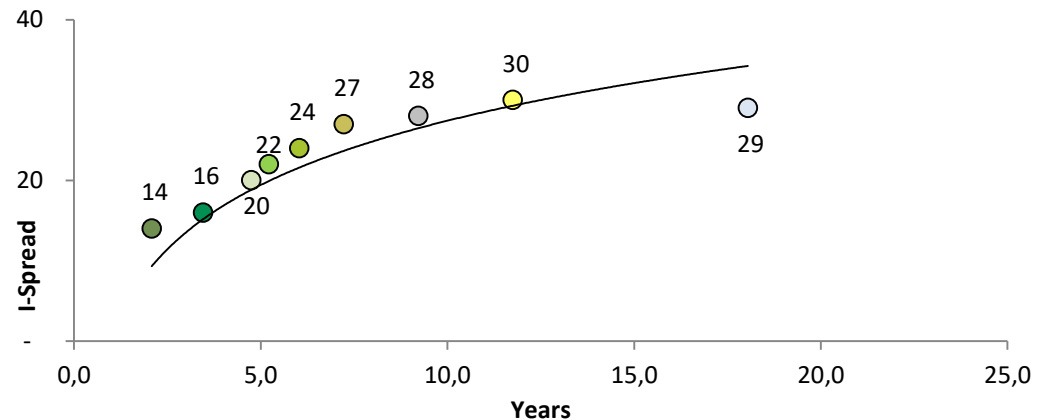
# CRÉDIT AGRICOLE ITALIA OBG

## OBG Outstanding Maturities & I-Spread

### OBG Outstanding Maturities



### I-Spread (bps) December 2019 vs December 2020



— Dec 2019 130 bps: Spread between BTPS 2045 and CAI Banking Group covered bond 25y (as at 17 January 2020)

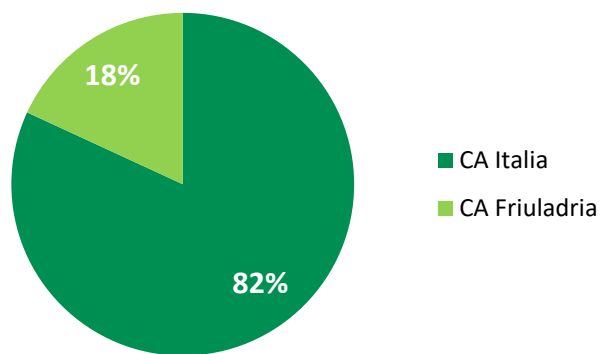
— Dec 2020 110 bps: Spread between BTPS 2045 and CAI Banking Group covered bond 25y

# CRÉDIT AGRICOLE ITALIA OBG PROGRAMME

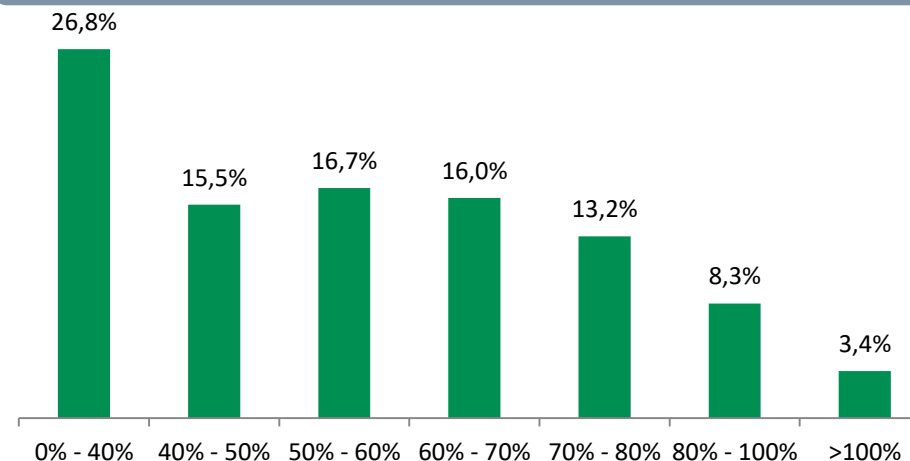
## Cover Pool at 31/12/2020 (1/3)

<b>Total mortgage outstanding cover pool</b>	10.610.252.232
<b>Substitute Assets (Cash)</b>	1.891.120.884
<b>Number of loans</b>	127.577
<b>Average loan balance</b>	83.167
<b>WA Seasoning (month)</b>	65
<b>WA Remaining term (month)</b>	213
<b>WA CLTV (Current Loan to Value)</b>	55,17%
<b>Interest rates of credit pool</b>	48.4% fixed
	8.7% with option
	42.9% floating
<b>Origination</b>	100% Crédit Agricole Italia Banking Group (details below)

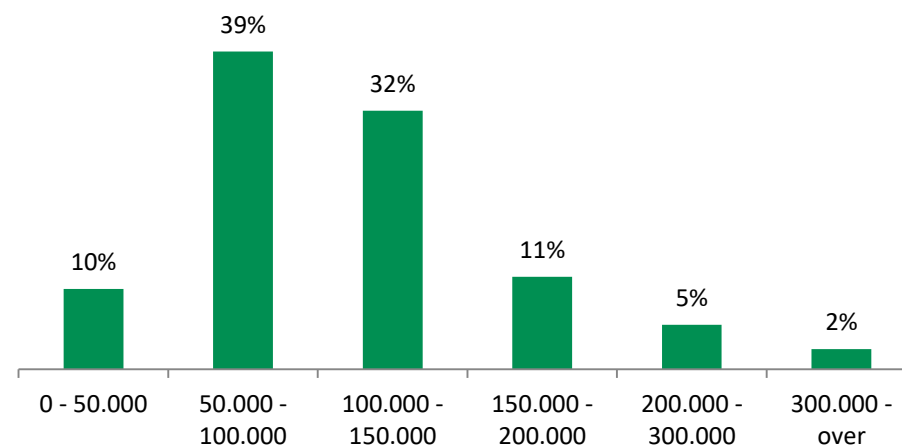
### Origination by banks (% of outstanding amount)



### Breakdown by CLTV as % of outstanding amount



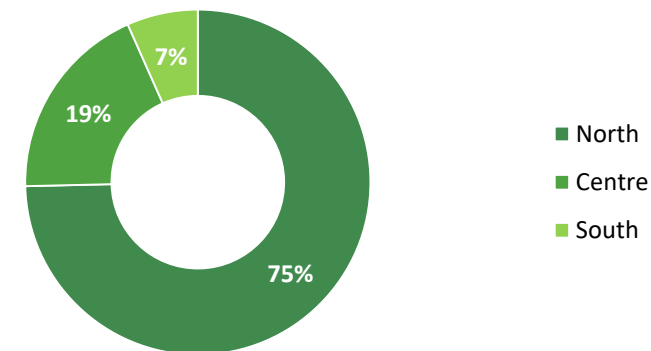
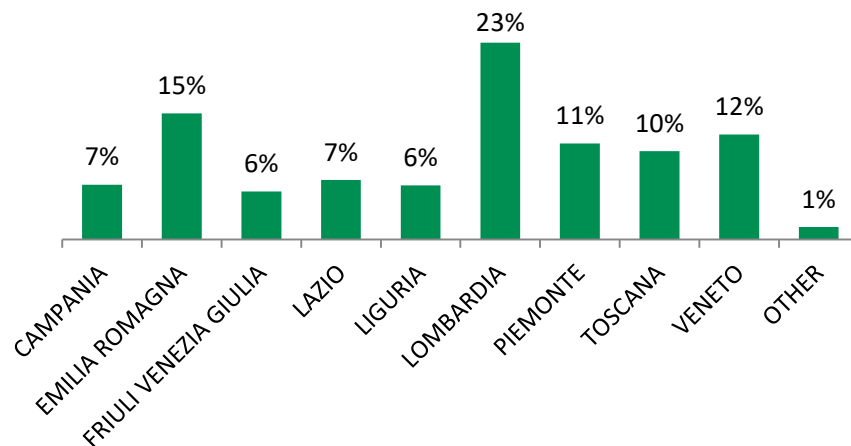
### Breakdown by outstanding amount as % of outstanding amount



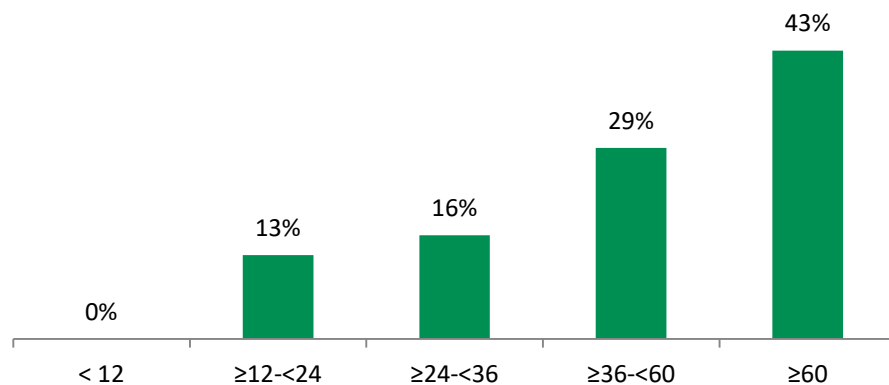
# CRÉDIT AGRICOLE ITALIA OBG PROGRAMME

## Cover Pool at 31/12/2020 (2/3)

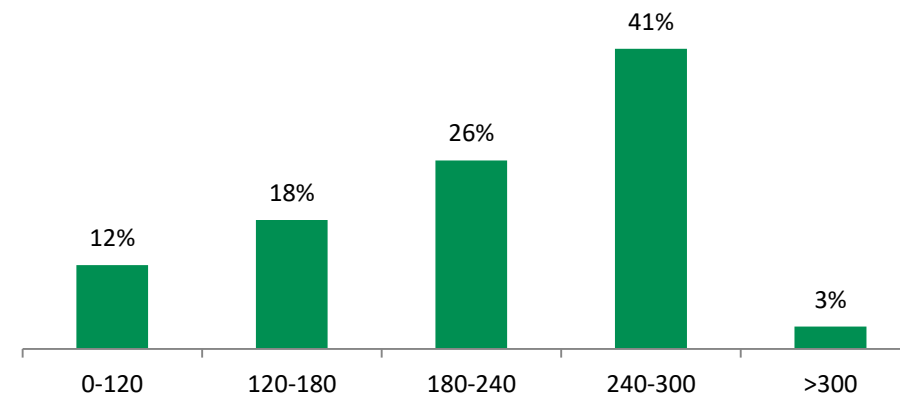
### Breakdown by region as % of outstanding amount



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



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

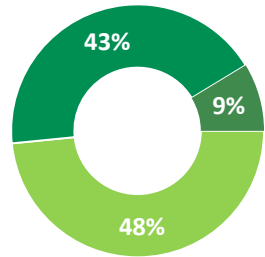




# CRÉDIT AGRICOLE ITALIA OBG PROGRAMME

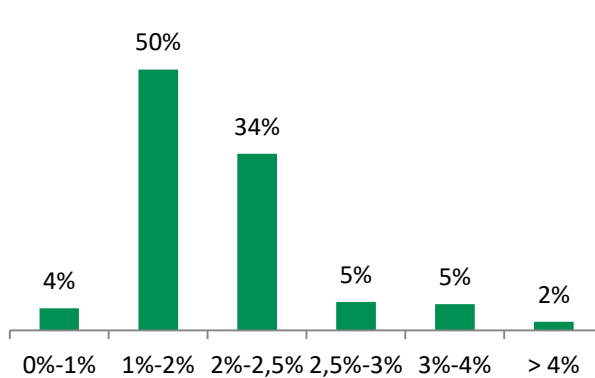
## Cover Pool at 31/12/2020 (3/3)

Interest type as % of outstanding amount

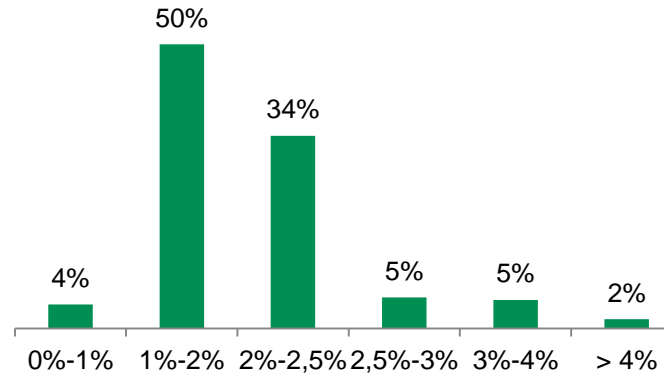


■ Fixed ■ Floating ■ With option

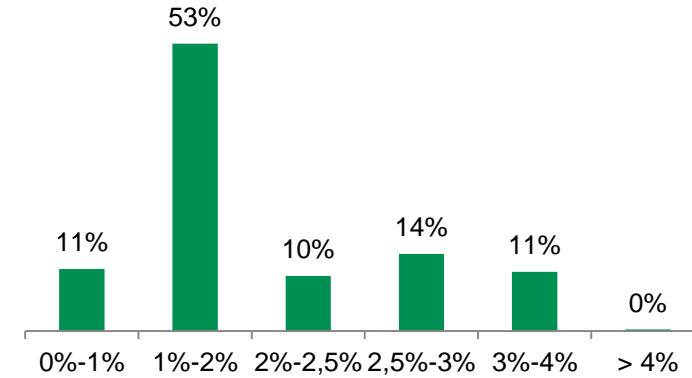
Breakdown fixed interest as % of relevant fixed rate outstanding amount



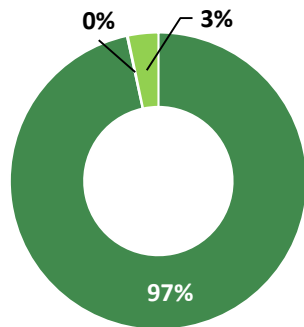
Breakdown "with option", margin on Euribor 3M as % of relevant with option outstanding amount



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: 0.13% of total Cover Pool (vs. 0.15% at 31.12.19)
- Total Loans in Arrears: 2.6% of total Cover Pool (vs. 3.4% at 31.12.19)
- No Bad Debts\* in the Cover Pool: they are bought back on a monthly basis

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

# CRÉDIT AGRICOLE ITALIA OBG PROGRAMME

## Summary

<b>Issuer</b>	Crédit Agricole Italia
<b>Originator</b>	Crédit Agricole Italia (CA Carispezia merged at the end of July 2019), Crédit Agricole FriulAdria
<b>Guarantor</b>	Crédit Agricole Italia OBG S.r.l.
<b>Arranger</b>	CA-CIB
<b>Representative of CB holders</b>	Zenith Service S.p.A.
<b>Asset Monitor</b>	BDO Italia
<b>Rating</b>	Aa3 from Moody's
<b>TPI LEEWAY (Moody's)</b>	2 Notches
<b>Listing</b>	Luxembourg Stock Exchange
<b>Programme Amount</b>	€16bn
<b>Cover Pool</b>	Italian residential mortgages only
<b>Governing Law</b>	Italian Law
<b>Maturity</b>	Soft bullet with 12 month extension period
<b>LCR</b>	LCR compliant, Level 1 asset
<b>Covered Bond Label</b>	Yes
<b>Risk Weighting (Standard Approach)</b>	10%
<b>Outstanding OBG</b>	Series 1: €1.2bn retained (Expired in July 2020) 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; Serie 15: €0.5bn retained

# CRÉDIT AGRICOLE ITALIA OBG PROGRAMME

## Italian Covered Bond legal framework

<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 assignement</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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# MORTGAGE LOAN ELIGIBILITY CRITERIA

## 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



## Green Mortgage Loan Eligibility Criteria

Receivables deriving from Mortgage loan contracts:

- 1) Home loans financing the acquisition of Italian residential properties with A, B, and C EPC in force
- 2) Home loans financing the acquisition of Italian newly residential buildings built after the 1st January 2016 after the application of a prudent 2.5% haircut over the pool identified under this criterion

# BANKING SECTOR REFORM IN ITALY

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

# CRR (129)

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

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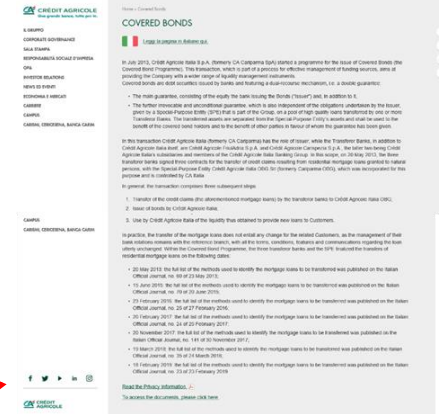
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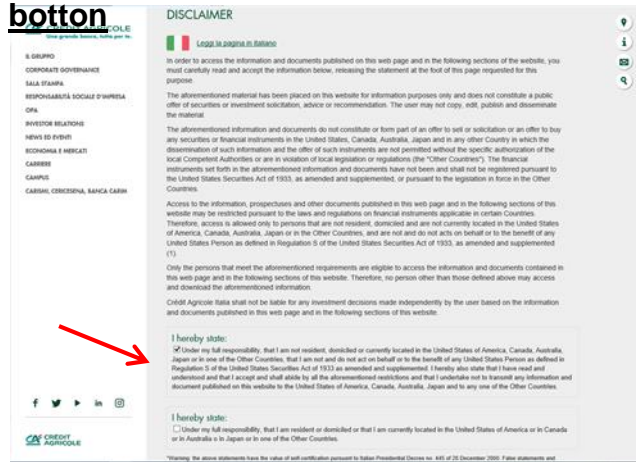
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### DOCUMENTAZIONE PRIMO PROGRAMMA DI EMISSIONI

**AVVISO DI CESSIONE**  
Come pubblicato nella Gazzetta Ufficiale del 25 febbraio 2017, in data 20 febbraio 2017, nell'ambito del Programma di Covered Bond di 8 miliardi di euro approvato dal Gruppo Bancario Crédit Agricole Italia nel 2015, il titolo ceduto a Cariparma CSO Srl (SPV utilizzata dal Gruppo per il programma) dalle Banche del Gruppo un portafoglio di mutui ipotecari residenziali costituito complessivamente da 19.200 rapporti per un debito residuo di 1.992,5 Mln di euro ed un prezzo di cessione di 1.983,5 Mln di euro, così ripartito tra le Banche:

- **Credit Agricole Cariparma:** 13.126 rapporti per un debito residuo di 1.397,2 Mln di euro ed un prezzo di cessione di 1.389,4 Mln di euro;
- **Credit Agricole Friuladria:** 4.070 rapporti per un debito residuo di 394,0 Mln di euro ed un prezzo di cessione di 392,9 Mln di euro;
- **Credit Agricole Carispezia:** 2.003 rapporti per un debito residuo di 201,7 Mln di euro ed un prezzo di cessione di 200,7 Mln di euro.

L'ammontare dei crediti ceduti nell'ambito del programma è pertanto, passato dai 4,8 mrd di euro di dicembre 2016 a 6,7 mrd di euro post cessione.

#### NOTICE OF TRANSFER

As published in the Official Gazette dated February 25th 2017, on February 20th 2017, in the context of the EUR 8bn Covered Bond Programme, the Group transferred to Cariparma CSO Srl (the SPV used by the Group for the Programme) a pool of residential mortgages composed by 19,200 loans with an outstanding amount of EUR1,992.5m (and a price of EUR1,983.5m) split among originating Banks as follow:

- **Credit Agricole Cariparma:** 13,126 loans for a residual debt of EUR1,397.2m at a price of EUR1,389.4m;
- **Credit Agricole Friuladria:** 4,070 loans for a residual debt of EUR394.0m at a price of EUR392.9m;
- **Credit Agricole Carispezia:** 2,003 loans for a residual debt of EUR201.7m at a price of EUR200.7m.





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ITALIA

 **CRÉDIT AGRICOLE**  
CARIPARMA | FRIULADRIA | CARISPEZIA

**AGOS**

 **FCA BANK**

 **CRÉDIT AGRICOLE**  
LEASING

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