



# CRÉDIT AGRICOLE S.A.

Paris, 17 March 2011



## Commitment 2014: Strong and clear ambition, profitable organic growth

### Crédit Agricole S.A.: the first French banking group to publish a post-Basel 3 strategic plan

- An ambition: becoming the European benchmark in Universal Customer Focused Banking
- A strategy based on organic growth, Group synergies, commitment and responsibility

#### Target: a restored profitability on healthy foundations

##### Crédit Agricole Group in 2014

Net banking income > €40bn  
Cost/income ratio - 4 points  
Net income, Group share: €9-10bn  
Solvency ratio: Common Equity Tier 1 > 12%

##### Crédit Agricole S.A. in 2014

Net banking income > €25bn  
Cost/income ratio < 60%  
Net income, Group share: €6-7bn  
RoE: 10-12%  
RoTE: 15-18%  
Common Equity Tier 1 ratio > 8.75%

Dividend: assumption of a payout ratio of around 35% in 2011 with payment in cash

#### 2014 financial targets for business lines

##### Retail banking\*:

- Growth in NBI: France: average of +2-3% a year. International operations: average of +10-12% a year
- Cost/income ratio: -7 points compared to 2010
- 2014 target Net income, Group share: > €3 bn

##### Savings management:

- Growth in NBI: average of + 5-7% a year
- 2014 target Net income, Group share: > €2 bn

##### Specialised financial services:

- NBI and risk-weighted assets: ≈ stable
- 2014 target Net income, Group share: > €700 mn

##### Corporate and investment banking:

- 2014 target NBI: ≈ €7 bn
- 2014 target cost/income ratio: < 60%, a decrease of more than 6 points compared to 2010
- 2014 target Net income, Group share: ≈ €1.8 bn

\* Crédit Agricole S.A. scope for cost/income ratio and net income, Group share

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Jean-Paul Chifflet, Chief Executive Officer of Crédit Agricole S.A., and Crédit Agricole S.A. Group's executive management team today present Commitment 2014, Crédit Agricole S.A. Group's medium-term strategic plan.

For Jean-Paul Chifflet, Chief Executive Officer of Crédit Agricole S.A., Commitment 2014 reflects a strong and clear ambition of achieving profitable organic growth. For Jean-Marie Sander, Chairman of Crédit Agricole S.A., Commitment 2014 has been developed against the backdrop of major and lasting changes that have been fully factored in. Crédit Agricole S.A. is therefore the first French banking group to publish a post-Basel 3 strategic plan.

In this changing environment, Crédit Agricole Group benefits from major strengths and solid fundamentals serving 54 million customers worldwide, with strong cooperative and mutualist foundations forming the basis for its position as France's leading bank with 28% market share among households, and as the leading financial partner of the economy with outstanding loans of €457.4 billion at 31 December 2010. Crédit Agricole is also No. 1 in Europe in terms of retail banking revenues and number of bank branches. The Crédit Agricole Group's expertise and ability to anticipate its customers' expectations have enabled it to establish market-leading positions in insurance, asset management, consumer finance, leasing and factoring.

Crédit Agricole is also a resilient Group, presenting a Core Tier One ratio of 8.8% at the end of 2010 and a cost/income ratio of 61%, back at its pre-crisis level.

## 1. Commitment 2014

- **An ambition: becoming the European benchmark in Universal Customer Focused Banking**

Commitment 2014 is the first stage of the Group's long-term Project, presented on 15 December and based on the following structuring principles: asserting our identity and our customer-focused values, acting as a Group, being ambitious and winning new customers, securing growth, and developing healthy and lasting profits. These guiding principles underpin Crédit Agricole's long-term collective ambition, reiterated in Commitment 2014, of becoming the European benchmark in Universal Customer Focused Banking. This model has formed the basis of Crédit Agricole's success in France and it is now looking to apply it in Europe, where it is aiming to establish itself as market leader.

The Universal Customer Focused Banking model allows for the roll-out of an integrated banking offering serving all players of the economy, including individual customers, small businesses, farmers, businesses, local authorities and institutional customers. It represents a close collaboration between retail banking and the associated business lines of insurance, payments, individual customer financing, business financing, savings management and access to the markets. Universal Customer Focused Banking allows the Group to meet its customers' needs as best possible, covering the entire value chain - from production to distribution - and with processes centred on the customer. It ensures cost savings thanks to both the scale effects relating to the distribution power of retail banking and synergies with the Group's business lines. It is also a source of innovation.

- **A strategy based on organic growth, Group synergies, commitment and responsibility**

Crédit Agricole S.A. Group's 2011/2014 strategy is based on two main principles:

- Stimulate organic growth by strengthening growth of retail banking activities, by accelerating the development of savings management and focusing growth in Corporate and investment banking and Specialised financial services.
- Maximise Group synergies by further strengthening ties between business lines, by streamlining, sharing and managing resources and reasserting the ambition to be a committed and responsible Group.

- Our target for 2014: a restored profitability on healthy foundations

Crédit Agricole S.A. 2014 financial targets :

- NBI over €25 bn
- Cost/income ratio below 60%
- Net income, Group share of €6-7bn
- RoE of 10-12%
- RoTE of 15-18%
- A Common Equity Tier 1 ratio of over 8.75%
- Dividend: assumption of a payout ratio of around 35% in 2011 with payment in cash

These targets take account of the new “Basel 2.5” (CRD3) and Basel 3 regulations. In this context and taking account of business development, risk-weighted assets should increase by approximately 13% over the period (≈ €420 billion in 2014).

As stressed by Jean-Paul Chifflet at the 2010 full-year results presentation on 24 February 2011, Crédit Agricole S.A. is preparing to meet the requirements of Basel 3 with no capital increase.

To achieve this target of restored profitability on healthy foundations in 2014, Commitment 2014 defines its priority actions: tighter management of capital and liquidity allocated to business lines according to their specific needs; 2011 constitutes a first year of investment and streamlining to support organic growth and a review of the portfolio will result in asset arbitrage.

Crédit Agricole Group's financial targets for 2014 are as follows:

- NBI > €40bn
- Cost/income ratio: -4 points
- Net income, Group share: €9-10bn
- Solvency ratio: Common Equity Tier 1 > 12% (under the assumption of an expected growth – business development and regulatory impacts – of risk-weighted assets of around 10% over the period)

## 2. Initial strategic priorities for 2011-14: stimulate organic growth

### Retail banking: reinforcing growth

Crédit Agricole is the undisputed market leader in French retail banking. This success has been achieved thanks to the Regional Banks, fully-fledged banks, which enjoy leading positions in their markets, as well as LCL, which has seen its profitability restored and has successfully established its position as the pioneering bank serving urban customers.

Sharing this expertise, it intends to build on these successes and roll them out outside France on the basis of five factors setting it apart from the rest of the market: assigning responsibility to management, excellence in customer relationship, winning new customers, effective management and Group synergies.

- **Regional Banks: major growth ambitions**
  - Stepping up the winning of new customers: 400,000 new customers a year between now and 2014
  - NBI growth of 2-3% a year between 2010 and 2014\*
  - Maintaining the cost/income ratio against the backdrop of investment and expansion
  - 2014 Net income of over €4 billion\*\*, representing a contribution to Crédit Agricole S.A.'s Net income, Group share of over €1 billion
  
- **LCL: building on the successes of the pioneering bank serving urban customers**
  - Average NBI growth of + 2-3% a year
  - Reduction of 4 points in the cost/income ratio compared to 2010
  - An increase of around 15% in the customer base compared to 2010, across all markets
  
- **International retail banking: stronger and balanced organic growth in the main countries of operations**
  - Average NBI growth of +10-12% a year
  - Cost/income ratio: a decrease of 8 to 10 points compared to 2010
  - Net income, Group share > €900 million
  - +€30 billion of outstanding loans (+50%)
  - +€30 billion of on-balance sheet customer deposits (+60%)
  - ≈ 350 net branch openings
  - +1 million customers - excluding consumer finance customers - in 2014 (+20%)

### Savings management: accelerate growth

- **Crédit Agricole Assurances:**

Crédit Agricole Assurances is a group in working order, presenting robust growth in all of its business lines. In 2014, Crédit Agricole Assurances aims to:

- Consolidate its position as the leading bancassurer serving customers of the Group's banking networks;
- Play a key role in the development of these networks in France and Europe, anticipating promising markets and future needs (death & disability risk, retirement, etc.);
- Focus its international expansion on new regions presenting strong potential for savings management, supported by the Group's retail banking distribution partnerships;
- Capitalise on the strength of the bancassurance model and adapt distribution to its local markets, with the rise of online activities, brokerage flexibility etc.

2014 financial targets:

- Average NBI growth of +7-9% a year
- Net income, Group share: > €1.2 billion

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\* Excluding intragroup operations

\*\* IFRS, excluding intragroup operations, 100% scope

## ▪ Amundi

Amundi is a top-ranking player in asset management - No. 3 in Europe and No. 8 worldwide - with assets under management of €710 billion at 31 December 2010. It has 50 million individual customers via partner networks, including 15 million outside France. It enjoys a strong position in institutional investment management, with assets under management of €509 billion.

Amundi is also one of the most profitable asset managers, with a cost/income ratio of 54.4% (excluding restructuring costs) and generating 2010 net banking income of €1.5 billion and gross operating income (excluding restructuring costs) of €0.7 billion. Created in January 2010, Amundi completed its integration process at the end of the same year. Its strategic aims for 2014 are as follows:

- To strengthen its leading position in providing savings solutions for retail banking customers
  - Consolidate its positions in France;
  - Continue to export its business model outside France, capitalising on a broad range of areas of expertise and very competitive costs;
  - Anticipate future needs (in particular retirement).
- Escalate its expansion in institutional investment management
  - Targeted strengthening of its areas of expertise: equities, global fixed income
  - Further international business expansion, mainly in Europe, Asia and the Middle East
- Maintain a solid operating performance thanks to the continuing industrialisation of processes
- Assert the company's social commitments, with a target of SRI assets under management of €50 billion

2014 financial targets:

- Average NBI growth of +5-7% a year
- Cost/income ratio < 50%
- Net income, Group share > €450 million

## ▪ Crédit Agricole Private Banking\*

Crédit Agricole Private Banking, which holds market-leading positions in France and Europe, has four main strategic aims for 2014:

- Step up its pace of growth in fast-growing regions;
- Support the Group's with its growth momentum among high net worth customers;
- Make international-standard products and services more accessible to the Group's customers in Europe's key markets;
- Improve the unity and visibility of CA Private Banking by creating a dedicated holding company (currently under review).

2014 financial targets:

- Average NBI growth of +6-8% a year
- 2011-14 recruitment plan mainly in growth regions and sectors, representing an increase of around 20% in the sales force, or one-third of total customer deposits in 2010-14.

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\* Scope of CA Private Banking: BGPI, CA Suisse, CA Luxembourg, CFM Monaco, CA in Spain, CA Miami

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## Corporate and investment banking and Specialised financial services: focusing growth

### ▪ Crédit Agricole Corporate and Investment Bank:

Crédit Agricole Corporate and Investment Bank is fully integrated into the Group, serving its large customers. Its refocusing has progressed in line with target, with the adoption of a less volatile risk profile. Crédit Agricole Group's CIB business is today renowned for its strengths in terms of sector expertise (world market leader in structured finance), and its portfolio of large customers (around 1,000 with net banking income of over €1 million) and financing capacity with the backing of the Group's solidity.

Crédit Agricole Corporate and Investment Bank has set three strategic targets for 2014:

- Selective expansion:
  - Consolidate its model as a local corporate bank, with confirmed sector expertise on a global scale
  - Align its capital market and investment banking activities with the priorities of its corporate banking activities
    - fixed income activities serving target customers and opening up access to a global investor base
    - equity activities capitalising on the bank's sector expertise
  - Adapt its geographical presence according to priority customers, key sectors and access to liquidity
- An optimised structure: rigorous management of resources and redeploying them to serve its expansion
  - Operating efficiency plan
  - Optimising of the international operations
- Controlled resources: active management of risk-weighted assets
  - Ongoing CIB risk-weighted assets excluding regulatory impact of CRD 3 & 4 more or less stable in 2011-14

2014 financial targets:

- NBI: ≈ €7 billion
- Cost/income ratio < 60%, down more than 6 points compared to 2010
- Net income, Group share (marginal impact on earnings of discontinuing operations in 2014): ≈ €1.8 billion
- RoE (CRD 3 & 4, calculated at 7% of risk-weighted assets at the end of the period)\*: 13-15%

### ▪ Crédit Agricole Consumer Finance:

Market leader in consumer finance in Europe with operations in 22 countries, with partnerships in the automotive industry (Fiat Auto, Ford etc.), and retailers (Fnac, Darty, Apple, La Redoute etc.), Crédit Agricole Consumer Finance provides a platform for excellence supporting the Group's retail banks (Regional Banks, LCL, Cariparma). On this perimeter, its assets under management rose by 31% between 2007 and 2010.

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\* With a cost of risk of 50bp on the risk-weighted assets of the financing activities

Crédit Agricole Consumer Finance's aims for 2014 are as follows:

- Grow selectively and organically in Europe in keeping with its resources;
- Become the benchmark in terms of trust and customer satisfaction through innovation, transparency and quality;
- Step up cooperation with other Group entities;
- Improve its operating efficiency in order to become more competitive and create value;
- Develop sharing of expertise and resources while maintaining an entrepreneurial organisational model, with a close relationship with customers and markets.

2014 financial targets:

- Intermediation ratio:  $\approx 70\%$
- Keeping cost of risk among the lowest in the market
- Net income, Group share:  $> \text{€}600$  million
- Moderate increase in risk-weighted assets over the period

▪ **Crédit Agricole Leasing & Factoring:**

The creation of Crédit Agricole Leasing & Factoring (CAL&F) in 2010 marked the end of the merging of Crédit Agricole's leasing and factoring businesses. For 2014, CAL&F is aiming to focus its expansion on serving the Group's retail banks.

2014 financial targets:

- NBI growth of +10-12% compared to 2010
- Increase of 70bp in the ratio of net banking income to risk-weighted assets
- Increase in business volumes with the Group's retail banks

### 3. Additional strategic priority for 2011-14: maximise Group synergies

The challenge is to structure a still young company, Crédit Agricole S.A., so that it capitalises fully on the strengths of its business model. One of the ways of doing this is to maximise Group synergies, by:

- Strengthening ties between all of the Group's business lines.

This is achieved primarily by capitalising on its excellence in four promising fields: health, death & disability risk and retirement; environmental economy; housing; farming and food-processing. The Group therefore aims to:

- Become the key player in health insurance, death & disability risk insurance and retirement insurance among individual customers;
- Become the benchmark for the environmental economy in France;
- Become the No. 1 bank for the housing market in France across the entire value chain;
- Become the benchmark bank for farming and food-processing within the next 10 years, and a key player in food safety worldwide.

This is also achieved through the development of cross-fertilisation between all of the Group's business lines.

- Streamlining, sharing and managing resources.

On one hand, this constitutes the continuing streamlining of our business portfolio:

- Refocusing on the Group's core business lines;
- Optimising the allocation of its resources (asset valuation, redeployment of resources).

It also corresponds to sharing the Group's resources (IT systems, procurement) and improving our risk management.

- Reasserting the ambition to be a committed and responsible Group

Crédit Agricole intends to step up its actions as a committed and responsible Group among its customers, employees, shareholders and fellow citizens. The Group is committed to:

- its customers, assessing their satisfaction and implementing corrective measures. A homogenous customer satisfaction indicator is to be rolled-out across all business lines.
- its employees, ensuring that its compensation policies encourage them to respect customers and the company's ethics when conducting their business activities. Social concerns are to be taken into account in management's compensation policy.
- its shareholders, rewarding them for their loyalty. Crédit Agricole S.A. intends to change its articles of association in order to be able to pay an increased dividend equal to a maximum of 10% of the normal dividend to holders of registered shares for at least two years (up to 0.5% of share capital for a single shareholder at the closing date of the last financial year).
- its fellow citizens, reinforcing its social and environmental responsibility approach. The Group has launched a global approach to the promotion and ongoing improvement of its actions:
  - guidelines involving all employees and combining three areas of action: compliance, respecting employees and the environment;
  - each Group entity will choose the areas it wants to work on and implement projects;
  - progress made in projects will be assessed yearly;
  - a single index has been created to assess progress made.

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