



STRATEGIC AMBITION 2020

CRÉDIT
AGRICOLE
GROUP



PRESS RELEASE

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STRATEGIC AMBITION 2020:

An ambitious Medium Term Plan combining prudence and performance

- A reaffirmed universal customer-focused banking model
- A customer-focused development plan in response to the digital revolution
- Priority on organic growth and strong synergy development
- An important cost reduction plan
- An investment programme commensurate with our ambitions

A strategic ambition embedded in four priorities

- Plan to simplify the Group's capital structure
- Roll out an ambitious Customer Project enhanced by the digital transformation to serve customers
- Strengthen the Group's growth dynamics in its core business lines (Retail banking, Savings management and Insurance, Specialised financial services, Major clients)
- Transform the Group to sustainably improve its operational efficiency

A coherent strategic project

- Crédit Agricole SA's solvency strengthened sustainably and a resilient business mix
- Prudent risk profile and a more stringent compliance system
- An ambitious programme of investments to prepare for the future
- A strong and profitable Group

A project based on the teams of the Group, who are our primary assets

2019 Financial targets

	Crédit Agricole Group	Of which Crédit Agricole S.A.
Revenue growth ¹	>+1.5%	>+2.5%
2019 Cost / income ratio	<60%	<60%
Cost of risk / outstandings on MTP duration	<35 bps	<50 bps
2019 Net income Group share	>€7.2bn	>€4.2bn
2019 RoTE ²		>10%
Fully-loaded CET1	16%	≥11%
TLAC excl. eligible senior debt	22%	
Pay-out ratio		50%, in cash

1. 2019 CAGR vs 2015 underlying pro forma for Crédit Agricole Group simplification transaction

2. Return on Tangible Equity

2019 Business line indicators

		Revenues 2015-2019 CAGR ¹	2019 Cost/income	2019 RoNE ²
Retail Banking	LCL	~ +0.5%	~65%	>16%
	Cariparma	~+3%	~55%	>16%
Asset gathering	Insurance Asset management Wealth Management	> +3%	<45%	>25%
Specialised financial services	Consumer credit Leasing & Factoring	>+2.5%	<46%	>13%
Large customers	Corporate & investment banking Asset servicing	~+2%	<60%	>11%

1. 2019 CAGR vs 2015 underlying pro forma for Crédit Agricole Group simplification transaction and analytical transfer of the cost of the Switch 2 guarantee to Insurance business line

2. RoNE (Return on Normalised Equity) calculated on the basis of a capital allocation tailored to the needs and risks of each business line

Today the Crédit Agricole Group is presenting Strategic Ambition 2020, its medium term strategic plan for 2016-2019.

This new plan, drawn up jointly by the Regional Banks and Crédit Agricole S.A., is a development project that will unlock greater value for customers and performance for the Group. It dovetails perfectly with the 10-year 2010 Group Project and draws on the results delivered by the 2014-2016 Medium Term Plan.

In an uncertain environment, the Crédit Agricole Group has chosen to pursue a cautious general policy in its strategic. This imperative is especially critical given the backdrop of moderate growth, with persistently very low interest rates and a tightening-up of the regulatory standards in banking. It also rises to the challenges of the digital revolution, with the changes that this has brought to how customers use their bank and how banks compete. This policy has four core pillars:

- structural prudence
- an ambitious Customer Project enhanced by the digital revolution
- significant cost cutting to lower breakeven points
- drive to harness the Group's full collective energy

Strategic Ambition 2020 also leverages the strengths of the Crédit Agricole Group so that it can continue to innovate, better serve customers and consolidate its leadership: strong cooperative and mutual root, a Universal customer-focused banking model; leadership strengthened year after year; and the Group's ability to deliver on its promises.

Strategic Ambition 2020 is embedded in four priorities:

- the plan to simplify the Group's capital structure that the Group decided to launch on 17 February. The aim of this is to put all the requisite arrangements in place to achieve the objectives of its plan
- the deployment of a new Customer Project, reinforcing the model of Universal customer-focused banking, makes customer relation both 100% human and 100% digital, and deepens the connection with customers, so that the bank can act as "a genuine partner", able to guide and support them over the longer term and deliver relevant personalised advice
- the stronger growth dynamics of the Group's core business lines and the development of intra-group synergies
- the Group's transformation to sustainably improve its operational efficiency

These priorities will be backed by an ambitious €7.7 billion investment plan over the period, including €4.9 billion, to develop the business lines and continue the digital transformation.

In addition, Strategic Ambition 2020 is clearly oriented towards cost control and restates the commitment to unlock even greater synergies between the Group's business lines and their ability to work together to create value for customers.

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The medium-term plan projects balanced growth for the four core business lines, which will not significantly alter Crédit Agricole SA's business mix once the internal CCI-CCA transfer has taken place. It also projects growth that is not RWA-intensive.

1) In the Retail banking division: to develop to serve customers

The **Regional Banks** have two principal objectives:

- Step up the cooperative model (increase the number of mutual shareholder-customers, support customers especially young people in good and bad times)
- Accelerate development (speed up new customer wins, stimulate business in the specialised markets and develop revenue drivers)

To implement these objectives, two pre-requisites have been identified: leverage a differentiating distribution model and accelerate the digital transformation in order to offer the best of human and the best of digital.

In view of the earnings prospects after the Regional Bank transaction, the Regional Banks holding listed CCIs intend to pay out a dividend in respect of 2016 at least on a par with the 2015 payout.

The Regional Banks' operational prospects over the course of the plan raise the prospect of net earnings growth of around 10% over the period according to French GAAP. The development of the Regional Banks will also underpin the performance and profitability of Crédit Agricole SA's business lines.

LCL has three main objectives for strengthening its growth dynamics:

- be the premium service bank in urban areas, reinforcing its premium positioning vis-à-vis a rapidly evolving urban target clientele and strengthening its franchises (private banking, corporates and institutionals, and self-employed professionals)
- step up relations with its customers by using digital
- become the bank of choice in urban areas, redefining the in-branch service promise in a refurbished resized network

BforBank is set to gradually accelerate the acquisition of new customers, continue expanding its range of products and services (launch of the home loan range in 2016, range of creditor insurance, etc.) and raise the proportion of customers to whom it is the main banker and to whom it sells multiple products.

In Italy, the Group's second-largest market, the objectives are as follows:

- Harness the universal customer-focused banking concept to achieve clear development goals by working with all the Group's specialised business lines and Cariparma
- Accelerate to win new customers (online Group platform, savings management advisers, etc.)
- Continue to pool resources to reduce costs.

2) In Savings management and Insurance division: accelerated development

The objective is to accelerate development by leveraging three drivers:

- Develop an integrated, revamped wealth advisory approach for individuals and institutionals, encompassing savings management, insurance and real estate
- Unlock greater synergies between the savings management, insurance, real estate business lines, and the rest of the Group (adapt the range of savings solutions and lift the proportion of unit-linked funds in insurance plan, be the partner of choice for corporates and institutionals in the group retirement plan, employee savings, death & disability and health cover markets, and harness the value of its real estate expertise to enhance wealth management services for customers)
- Step up the dynamics specific to each business line in insurance:
 - become the number one life insurer in France and establish itself as a major player in group retirement plans; scale up the creditor insurance business with insourcing of the Regional Banks group insurance contracts; step up growth momentum in all customer segments in property & casualty insurance
 - in asset management: strengthen its leadership by continuing to expand in the retail segment and by accelerating growth in the institutionals segment, continue to make value-creating acquisitions
 - in wealth management: bolster Indosuez Wealth Management's position among the European leaders

3) In Specialised financial services division: selective and efficient growth

The objectives are to **selectively relaunch growth** by leveraging the Group's networks to win new customers and grow outstanding selectively; improve profitability with sustained cost-cutting efforts (IT, digitisation, etc.) and, lastly, to optimise RWAs and self-financing.

4) In the Major Clients division, profitability improvement amid a testing environment

The objectives are to have a Corporate and Investment Bank (CIB) serving the Group by supporting the development of the Regional Banks, LCL and Cariparma. Major Clients division intends to :

- rebalance expert services that already exists and strengthen industrial service offer and client mix rebalanced towards institutional
- drive efficient growth in financing activities and continued growth momentum in capital markets and investment activities
- create product, client and industrial synergies between CACIB and CACEIS
- maintain a low risk profile, with proactive optimisation of RWAs and costs basis to offset the impact of new regulatory requirements.

Lastly, in order to sustainably improve the Group's **operational efficiency**, Crédit Agricole SA aims at €900 million in annual cost savings by 2019. In particular, this involves:

- Optimizing IT costs by combining production operations and by making governance changes via the appointment of a Group CIO
- Cutting external costs by pooling purchasing volumes
- Streamlining the Group's corporate structure

Detailed slides on the Credit Agricole Group's Medium Term Plan will be PUBLISHED online on Wednesday March 9 at 10.30 am Paris time (www.credit-agricole.com/investorandshareholder)

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Disclaimer

This presentation may include prospective information on the Group, supplied as information on trends. This data does not represent forecasts within the meaning of European Regulation 809/2004 of 29 April 2004 (chapter 1, article 2, § 10).

This information was developed from scenarios based on a number of economic assumptions for a given competitive and regulatory environment. Therefore, these assumptions are by nature subject to random factors that could cause actual results to differ from projections.

Likewise, the financial statements are based on estimates, particularly in calculating market value and asset depreciation.

Readers must take all these risk factors and uncertainties into consideration before making their own judgement.

The figures presented are not audited. The figures presented for the twelve-month period ending 31 December 2015, approved by Crédit Agricole S.A.'s Board of Directors on 16 February 2016, as well as financial targets, have been prepared in accordance with IFRS as adopted in the European Union and applicable at end-2015, and with prudential regulations currently in force.

In the whole document, 2013 data have been restated for equity-accounted entities consolidated under proportionate method in 2013 and 2014 data (excluding solvency elements) have been restated for methodological changes in tax accounting following the application of IFRIC 21.

Note:

The Crédit Agricole Group scope of consolidation comprises: the Regional Banks, the Local Banks and Crédit Agricole S.A. and their subsidiaries. This is the scope of consolidation that has been privileged by the competent authorities to assess the Group's situation, notably in the 2015 Balance sheet assessment exercise

Crédit Agricole S.A. is the listed entity. It notably owns the subsidiaries of its business lines (French retail banking, International retail banking, Savings management and Insurance, Specialised financial services, and Corporate and investment banking). Crédit Agricole S.A. also owns circa 25% of the Regional Banks up to the completion of the intragroup reclassification of CCI/CCAs held by Crédit Agricole S.A. in the Regional Banks, expected in the third quarter of 2016.