



Groupe Crédit Agricole European Employee Council

Plan 2016-2020 : Progress Report

Editorial

Dear Colleagues,

Crédit Agricole Group's 4 Year Plan will soon be approaching the mid - way mark and has already yielded solvency and financial results that are well in line with or indeed ahead of the plan/schedule.

The acquisitions, namely of Pioneer, 3 regional banks and one private bank in Italy have reinforced this prospective outlook.

With regard to the income generated through synergies (€ 1 billion expected) and investment (€ 7.7 billion projected), the Management team has not provided consolidated figures. Could the pace have been slower than expected?

However with respect to savings (€ 1 billion estimated), the Management continues to express optimism.

We take this opportunity to share with you our concerns and fears in the light of the job cuts announced across a number of subsidiaries and countries. The same also holds true for CASA in respect of the "Transformons Ensemble [Transforming Together]" projects and plans, Jakarta and Sydney, and probably with IT in France as well.

Alongside your trade unions , the European Employee Council has mobilised resources across all transnational plans and projects.



Pascal FESQUET
Secretary General of the European Employee
Council Groupe Crédit Agricole

> **Caisses Régionales (CR)**

Regional Banks

A contextual backdrop reflects the low interest rates that are generally unfavourable to the global intermediation margin of the Caisses Régionales but supports particularly strong and sustained activity in the area of credit (renegotiations over housing loans, etc).

Sustained development in terms of the operational implementation of the BMDP model (Banque Multicanal De Proximité [Multi - Channel Retail Banking]) in the branches. Recurrent reorganisations that cause disruption in daily operations.

The rapid operational deployment of digitalisation that is transforming the business lines and requires a significant degree of adaptability on the part of employees and clients.

Highly ambitious targets for development and growth of the client base and business assets which derive directly from the "Customer Project" of the Group.

These objectives and targets are severely hampered by the presence of traditional competitors as well as by online banking, new entrants (GAFA, Fintech, etc), the difficulty of effectively putting in place the client advisory service instead of quantitative objectives and targets.

Employees being subjected to conditions of ever increasing and intense pressure in order to maintain a high Net Banking Income level from activities

> **LCL (Le Crédit Lyonnais)**

In almost identical manner as with the CRs a certain number of contextual factors are to be noted, such as the decline in the intermediation margin accompanied by a very strong and sustained activity level, strong competition from all of the traditional players and new entrants as well as an ongoing digitalisation process.

The contribution of LCL to the Group's results over the first 9 months of 2017 represents a significant improvement thanks to dynamic momentum in the activity and to the end of specific charges that were a significant drag in 2016 (Plan for Transformation of the Network, etc).

It should be noted that the LCL employees have had to contend with a policy of workforce reduction in recent years in the



Retail Banking in France and in International Markets

France, Italy, Poland

Specialised Financial Services

context of a major restructuring of the branch network and reorganisation of the entity :

- Closures of so - called secondary branches (240 to 280) ;
- Centralisation of the back - offices (elimination of around 850 positions) ;
- Reduction of the workforce on the basis of the age pyramid.

The significant reduction of the workforce in the context of the most recent corporate restructuring plans, as well as the constant ongoing reorganisation of the network and the back offices have given rise to a lack of clarity for the employees, who in fact have serious concerns about the future of LCL.

> BPI

Banque de Proximité à l'International [International Full Service Retail Bank] (Full Time Equivalents FTEs 2016)

Europe		Outside Europe	
Country	FTE	Country	FTE
Roumania	275	Ukraine	2270
Spain	242	Serbia	875
Italy	7904	Egypt	2331
Poland	4340	Morocco	2483
Switzerland	184		

> Credit Agricole Italy

The rebounding Italian economy was recognised to be on an upswing in 2017, with the European Central Bank (ECB) having reaffirmed its favourable monetary policy. Whereas the MTP provided for growth achieved organically (internal to the Group) for CA Italy, the proposed acquisition of three small savings banks CARICESENA, CARIM and CARISMI should make it possible to achieve the target of 2 million clients as of 2018 as against 1.7 million at the present time.

The growth in customer base and credit activities is to be achieved based on risk management : reduction of the risk by half.

The investment programme in the PMT is ambitious and effectively weighs down on the expenses of the bank in Italy

The main objectives are :

- The continuing pursuit of the transformation of 50% of the traditional branches into "cashless" operations by the end of 2019 ;
- The increase in multi - channel clients from 18% to 40% by the end of 2019 ;
- The remodelling and extension of the registered office in Parma (CAVAGNARI).

The development model adopted has social consequences in terms of employment including voluntary departures (300) as well as new hires (400 to 600) across the different business lines.

The departures relating to early retirement, supported by a union agreement, mainly concern the cash / teller - counter operations.

The new hires concern the call centre platform, financial advisory services, marketing - sales personnel, and traditional banking.

The trade unions have signed an agreement that provides for telecommuting, maximum 2 days a week, with a goal of a thousand individuals using this possibility, on a voluntary "smart working" basis.

Work has been initiated between the trade unions and the Management with a view to reaching an agreement on improving working conditions.

> Poland / CA Bank Polska

In spite of the difficult political environment for the financial sector, the Polish economy remains dynamic with a growth rate of 3.5%.

For CA Bank Polska as at 06/30/2017, the following were note :

- A 4% increase in credit/loans with a cost of risk in decline ;
- An increase of 11% in terms of deposit and asset inflows ;
- 40,000 additional clients with an active current account.

With regard to the organisation of the network of branches and social elements arising therefrom, the EEC has been informed of a reduction in the number of employees which went from 4,618 full - time equivalents (FTEs) on average to 4,300 between 2015 and 2017.

The number of branch managers was reduced by half, that is to say 210 positions (1 branch manager for 2 units). The new structural organisation has been deployed with a reduction in the number of regions from 34 to 20.

With regard to the Crédit Agricole operational establishments in Poland, a new head office is planned for the end of 2019, with a view to developing intra - group synergies.

The trade unions are requesting an improvement in terms of social dialogue : to be appropriately informed and consulted in respect of the issues affecting employees, by going beyond the minimum requirements established by the relevant law.

> SFS / CA - CF (Consumer Credit) **Crédit Agricole Consumer Finance**

Continuing further development and growth of activities in an expanding market in the current context of the ECB's policy.



The increase in outstanding loans is being realised mainly with entities of Group Crédit Agricole and automotive partnerships.

The MTP 2020 target with respect to outstandings was close to being achieved as of June 2017.

The MTP 2020 target with respect to reduction in the cost of risk has already largely been achieved, for the most part due thanks to AGOS.

Going beyond the good results from this activity, the EEC has made a point of highlighting the concerns of our colleagues with respect to the difficult working conditions as well as the evolving employment situation particularly in France and in Italy. With regard to the Netherlands, the restructuring of activities is currently underway, with a reduction in jobs.

> **SFS / CAL & F**

Crédit Agricole Leasing & Factoring

A development associated with the Banque Universelle de Proximité en Europe (BUPE) [Full Service Retail Banking in Europe], subject to constraints related to the risk content and therefore to selectivity of clients.

The objectives are to ensure that the market share of CAL & F clients match those of the BUPEs in France, Italy and Poland.

The Management has announced Servicing as being profitable. Both in respect of leasing as well as factoring, this is therefore an area of focus for development.

> **Crédit Agricole Assurances (CA Insurance Services)**

As provided for in the MTP 2020, the objective of legal structural simplification, in France, has led to the merger of the life insurance and non - life insurance companies.

Despite a contextual backdrop of unfavourable rates in the retirement savings market, the other insurance activities increased in line with the objectives and targets of the MTP.

These activities contribute to the revenues generated through synergies among the retail banking entities of the Group.

Their dynamism is related to the development and growth of activities of consumer credit as well as housing loans businesses in France and Italy.

> **Amundi Asset Management**

The PMT 2020 provides authorisation for growth achieved externally via acquisitions for the savings business lines, which was realised in July 2017 with the acquisition of Pioneer from Unicredit. This strengthens the position of Amundi in Europe and in the United States.

The process of integration of Pioneer will be completed by the end of the first half of 2019.

For the EEC, whereas the acquisition transaction was perceived positively, from an economic stand point, the cost synergies estimated at € 150 million have opened up challenging perspectives with respect to the level of employment after the merger. The projected reductions in workforce numbers are between 450 and 500 FTEs amounting to a total overall workforce of 5,100 employees at the end 2016. The proposed plan also includes revenue synergies notably through a greater diversification of products and clients.

The EEC has made known to the Amundi Management its concerns with respect to issues related to geographic mobility, and functional mobility, as well as on the planned departures, whether voluntary or not.

The EEC extends support to the Employee Councils and trade unions in the concerned countries impacted by this restructuring, which affects positions in France, Ireland, the United Kingdom, Germany, Austria, Italy and the Czech Republic.

> **Indosuez Wealth Management**

A business line, which in logical alignment with the MTP 2020, operates in support of the synergies between the divisions of major/corporate clients and retail banks of the Group.

The acquisition of "Banca Leonardo", a major private bank, is the expression of this ambition and serves to strengthen the CA offering in Italy.

The EEC was called upon and has supported the approach of our Luxembourg colleagues with a view to ensuring their situation be appropriately taken into account within the context of the merger of the trading desks.

> **Major / Corporate Clients Division (CACIB & CACEIS)**

The performance of Crédit Agricole Corporate & Investment Bank (CACIB) is in line with the MTP targets primarily due to a year without major depreciation and with expenses being controlled.

The major constraint in terms of consumption of equity capital limits the further development of CACIB in the financing area.

The workforce is finally experiencing growth.

It is to be noted that the proposed plans to transfer CASA activity to CACIB (Sydney and Jakarta) make absolutely no sense for the employees of these two entities.

The performance of CACEIS (Crédit Agricole's asset servicing banking group) is also in line with the MTP targets with a strong sales momentum in 2017 which compensates for the pressure of low interest rates. The further development of CACEIS may be achieved both through internal growth as well as external growth.



Cédric MOUTIER
Deputy Secretary General



Members' list of Crédit Agricole's European Employee Council - Sept 2017

Country	Name and Surname	Position
Austria	Christian STARITZBICHLER	Regular Member
	Bernhard GREIFENEDER.....	Substitute Member
Belgium	Aurore VERSELE	Regular Member
	Current designation.....	Substitute Member
Czech Republic	Erik RIHOSEK	Regular Member
	Zuzana MULLEROVA	Substitute Member
France	Pascal FESQUET, <i>Secretary General</i>	Select Committee Member
	Cédric MOUTIER, <i>Deputy Secretary General</i> ..	Select Committee Member
	Michaël GAUJOUR.....	Select Committee Member
	Philippe POIREL.....	Select Committee Member
	Odile BAUDET-COLLINET	Regular Member, Treasurer
	Eric ALEXIS	Regular Member
	Christine FOURNIER	Regular Member
	Laurence BIELKIN.....	Substitute Member
	Peggy THEISS.....	Substitute Member
	Benjamin COQBLIN	Substitute Member
	Benoit POMAS	Substitute Member
	Philippe RELIN	Substitute Member
	Fabien REINERT	Substitute Member
	Sylvain COUFFRANT.....	Substitute Member
	Germany	Ralf LUCANTONI
Marianne MUNDORFF		Substitute Member
Ireland	Françoise GIL.....	Regular Member
	Current designation.....	Substitute Member
Italy	Franco CAPPELLINI.....	Select Committee Member
	Leonello BOSCHIROLI	Select Committee Member
	Lucia CASTAGNETTI.....	Substitute Member
	Matteo SALSI	Substitute Member
Luxembourg	Dominique MENDES.....	Select Committee Member
	Olivier BOLLE	Substitute Member
Netherlands	Rob RUITENBEEK	Regular Member
	Richard GROENENDAAL.....	Substitute Member
	Poland	Katarzyna LUCZYNSKA.....
Aneta BILSKA.....		Regular Member
Szymon KAZIMIERSKI.....		Substitute Member
Adam SZYGENDA		Substitute Member
Portugal	Eduardo REGO	Regular Member
	Maria Manuela SOARES.....	Substitute Member
Romania	Silviu PETRESCU	Regular Member
	Catalin GEORGESCU.....	Substitute Member
Spain	Maria OSTOLAZA.....	Select Committee Member
	César GARCIA	Substitute Member
UK	Julian TAMS.....	Regular Member
	Benjamin BOUCHET	Substitute Member

- Locations**
- Austria
 - Germany
 - Belgium
 - Czech Republic
 - Spain
 - France
 - Ireland
 - Italy
 - Luxembourg
 - Netherlands
 - Poland
 - Portugal
 - Romania
 - United Kingdom

Delegation members

