

Crédit Agricole Group European Works Council

2022 Medium-Term Plan: analysis



Pascal Fesquet
Secretary of the European Works Council
Crédit Agricole Group

Dear Colleagues,

The new “2022” Medium-Term Plan (MTP) is being presented by our Group’s management in an uncertain global economic context:

- Geopolitical tensions are at their height and there are signs that global growth is running out of steam
- Central banks continue to lower interest rates to boost the economy
- In Europe, this has resulted in negative long-term interest rates, which has pushed up asset prices and could penalise the banking sector
- The new regulations (CRD V) will tighten constraints to the development of credit.

In this context, Crédit Agricole appears as a solid Group with sufficient shareholder equity to conduct its business. However, we are worried by the ambitious net banking income and profit targets of this new MTP, in a foreseeable sequence of risk and a drop in interest margin.

Making more profit in an increasingly unfavourable environment is therefore a commitment that will be more difficult to meet.

The European Works Council is of the opinion that the Group should give priority to business and the preservation of our customer, human and societal ambitions.

Net profit targets, or even the dividend distribution policy, should be adjusted if necessary to ensure the Group’s sustainable future.

The Global Agreement that we have signed has given a positive social impetus in all the countries where our Group operates because it places people at the heart of our project.

We will pay close attention to ensure that the Crédit Agricole Group is a humane and sustainable group that delivers achievable and sustainable results.

2022 Medium-term Plan

This MTP promotes, through three pillars (this is new), “human and organisational” objectives that are in line with current technological developments and the reinforcement of the Group’s commitment to socially responsible Investment (SRI).

The first pillar, called Customer Project, is based on the ambitious improvement of customer recommendation indices (CRI) and recommendation and engagement indices (REI) in all Group businesses, against a backdrop of digitalisation of the customer relation.

The second pillar, called Human Project, provides a framework of trust based on social dialogue, diversity

and inclusion, as well as an attractive employer brand “people first” based on the concept of employee empowerment.

The third pillar is defined as the Societal Project, asserting the Group’s commitment to all, without differentiating between its customers, through SRI, “green obligations” and the “social and solidarity economy”.

The European Works Council fully approves this approach, which emphasises the company’s responsibility to the individual and society.

CA S.A. FINANCIAL OBJECTIVES 2022

€5 billion of net profit (+14%), €22 billion of NBI (+11%)

A 4-point drop in cost/income ratio (less than 60%)

These targets have been announced despite the perspective of an increase in the cost of risk and the limitation of business as a result of the new regulatory framework.

These financial objectives are established around three levers:

- Growth on all markets, primarily in Europe; Asia becomes a development stake
- Greater revenue synergies among the Group's various entities
- Technological investments in new information and data management systems.

For the European Works Council, the ongoing robotisation must be done for the benefit of employees and their quality of life at work.

Retail bank

WORKFORCE

Regional banks: 69,627 employees (FTE) at the end of 2018	Switzerland: 197 employees (FTE) at the end of 2018
LCL: 16,816 employees (FTE) at the end of 2018	Ukraine: 2,300 employees
Italy: 9,442 employees (FTE) at the end of 2018	Serbia: 875 employees
Poland: 4,155 employees (FTE) at the end of 2018	Egypt: 2,400 employees
Romania: 263 employees at the end of 2018	Morocco: 2500 employees
Spain: 265 employees at the end of 2018	

FTE: Full-time equivalent

One million more retail customers.

Stepping up of customer relations to develop sales activity and revenue. In particular:

- General insurance (+30%)
- Death & disability, borrower's insurance and collective insurance (+ 35%)

Questions by the European Works Council:

- **What is the commercial pressure?**
- **What are the new resources (human, training, digital)?**

Large Customers Division

CACIB

Increase in NBI of approximately €600 million (12%) in a context of risk that is inevitably higher given the low point in 2018. A regulatory context that limits credit activities or obliges the accelerated balance sheet rotation.

The cost/income ratio needs to be further improved while it is already among the lowest in the sector.

This additional constraint leads us to fear that there will be pressure on the company's costs and employment.

For European Works Council, the equation to be solved in order to achieve these objectives is a very complex one.

CACEIS

The two major CACEIS projects for this MTP:

- 1 - Complete the integration of Santander Securities Services in Spain and Latin America

In terms of geographical complementarity, this merger makes sense. It is presented to us as being able to increase CACEIS' overall appeal to international investors.

In this connection, the European Works Council takes note of this strategic operation, which should drive the development of the CACEIS group.

However, we express reservations about:

- **The financial ambition of the development plan which seem high to us**
- **The consequences on medium-term employment of the project to create a "centre for the mass processing of transactions" in Spain.**

- 2 - Acquisition of KAS Bank in the Netherlands

Complete CACEIS's offering with a specific competence in pension funds

The European Works Council will pay close attention to the integration of this entity into the Group.



Specialised Financial Services Division

CACF, CHANGES IN THE MODEL FOR DEVELOPING NBI

- Financial partnerships
- Agos has renewed and extended its consumer credit agreement with Banca Popolare di Milano (Banco BPM)
- CACF has signed a consumer credit partnership with Bankia (fourth largest bank in Spain)
- CACF has renewed its joint venture with FIAT (FCA Bank)
- But also in the insurance sector, two new partnerships have been signed with Creval in Italy and Abanka in Spain
- Partnerships with home appliance companies
- Acceleration of the distribution of services such as insurance
- Develop leasing and rental, in particular for cars, but also for small equipment such as smartphones and household appliances.

For the European Works Council, the financial partnerships' development seems to protect the employment and the investments for the support business lines. We will pay attention to the impacts in the working conditions.

CAL&F

- Develop activities in Spain and establish operations in Germany
- Develop corporate leasing and rentals
- Become a leader for the financing of the energy transition.

Means of payment

The Group is committed to maintaining control over client flows and data in the context of the opening up of the online payment market to non-bank players.

It has therefore planned investments to transform the processes to acquire equity interests in fintechs.

For the European Works Council, this strategy to control flows and data appears indispensable.

Savings Management and Insurance Division

This division, which comprises CA Assurances, Amundi and Indosuez WM, is the Group's main driver for revenue and profit growth.

CRÉDIT AGRICOLE ASSURANCES

The new 2022 MTP is again relying on the efficiency of the insurance banking model to increase the Crédit Agricole Group's revenue (products distributed by Retail Banks in France and abroad as well as by Crédit Agricole Consumer Finance).

AMUNDI

With the finalisation of the integration of Pioneer, Amundi has become the leading European asset management group. In keeping with the excellent results of previous years, the MTP is projecting an annual growth in net profit of 5%.

These new objectives have been announced in an environment of pressure on margins and a market slowdown.

For the European Works Council, these objectives seem difficult to achieve without considering external growth, and this raises the question of the stability of the workforce which has recently undergone a massive reorganisation.

INDOSUEZ WM

Private banking is at the heart of the relationship with retail bank, CACIB and Amundi high net worth customers. The MTP confirms the central role of Indosuez in the development of the loyalty of these customers and as a net contributor of liquidity to the Group.

FOLLOW OUR LATEST UPDATES

<https://ewcga.com/>

CONTACT US

comiteeuropeen.ca@gmail.com



Members' list of Crédit Agricole's European Employee Council (as of Sept 2019)



Austria

Bernhard GREIFENEDER	Regular Member
Karine PASSEKA	Substitute Member

Belgium

Aurore VERSELE	Regular Member
Nicolas VERRIEST	Substitute Member

Czech Republic

Zuzana MULLEROVA	Regular Member
Marie STASTNOVA	Substitute Member

France

Pascal FESQUET	Secretary General, Select Committee Member
Cédric MOUTIER	Deputy Secretary General, Select Committee Member
Michaël GAUJOUR	Select Committee Member
Philippe POIREL	Select Committee Member
Odile BAUDET-COLLINET	Regular Member, Treasurer
Philippe RELIN	Regular Member
Laurence BIELKIN	Regular Member
Eric GRAU	Substitute Member
Peggy THEISS	Substitute Member
Benjamin COQBLIN	Substitute Member
Benoit POMAS	Substitute Member
Sylvain COUFFRANT	Substitute Member
Fabien REINERT	Substitute Member
Current designation	Substitute Member

Germany

Marianne MUNDORFF	Regular Member
Rainer STOLL	Substitute Member

Ireland

Tony PEACHAM	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

Ashley KEMBEL	Regular Member
Aleksandra PETRANOVIC	Substitute Member

Poland

Katarzyna LUCZYNSKA	Select Committee Member
Aneta BILSKA	Regular Member
Szymon KAZIMIERSKI	Substitute Member
Adam SZYGENDA	Substitute Member

Portugal

Eduardo REGO	Regular Member
Maria Manuela SOARES	Substitute Member

Romania

Catalin GEORGESCU	Regular Member
Current designation	Substitute Member

Spain

César GARCIA	Select Committee Member
Mariano CORREA	Substitute Member

UK

Julian TAMS	Regular Member
Current designation	Substitute Member



Cédric MOUTIER
Deputy Secretary General

Delegation members



Locations

Austria, Germany, Belgium, Czech Republic, Spain, France, Ireland, Italy, Luxembourg, Netherlands, Poland, Portugal, Romania, United Kingdom.