



**Press release**

**Milan, 5 October 2007**

*The Group controlled by Crédit Agricole and Fondazione Cariparma*

***The Cariparma Friuladria Group presents  
its 2007-2010 business plan***

- **Synergies stemming integration exceed the initial estimate by 60 per cent**
  - 253 million euros: total synergies for the Group by 2010 (estimated at 155 million euros in November 2006)
  - 198 million euros: synergies for banks total 32 per cent of 2006 gross operating income
  - 55 million euros in additional synergies generated within the scope of Crédit Agricole's product factories thanks to the distribution of these products by the Cariparma Friuladria Group
  
- **Significant growth in revenues and profitability**
  - Revenues will grow at a compound average growth rate (CAGR) of 7.7 per cent to 2.0 billion euros by 2010
  - Gross operating income will grow 12.9 per cent per year (CAGR), to 1.0 billion euros in 2010
  - The cost/income ratio will decline 6.5 percentage points to 43 per cent in 2010

The Cariparma Friuladria Group today presented its 2007-2010 business plan to the financial community at a meeting in Milan attended by Senior Executives of the banks as well as Crédit Agricole and Fondazione Cariparma shareholders.

With respect to the forecasts announced by Crédit Agricole in November 2006, synergies for the banks will total 198 million euros in 2010, up 43 million euros from the 155 million euros initially estimated in November 2006 (with 65 million euros resulting from cost and revenue synergies and 25 million euros from network growth). The additional synergies stem from supplementary initiatives: expanding the corporate client base by setting up a dedicated channel to extract greater value from relationships between the network of the Italian division and Crédit Agricole's "product factories".



The total of 198 million euros in synergies for the banks by 2010 is equal to 32 per cent of 2006 gross operating income.

The Cariparma Friuladria Group will also manage to generate 55 million euros in additional synergies relating to Crédit Agricole's "product factories", thanks to its own distribution channels, thereby lifting total synergies to 253 million euros in 2010.

The Cariparma Friuladria Group's results are expected to include 7.7 per cent revenue growth at a compound average growth rate (CAGR), to 2.0 billion euros in 2010 and 12.9 per cent CAGR in gross operating income to 1.0 billion euros in 2010. The cost/income ratio will drop 6.5 percentage points to 43 per cent by 2010, thereby confirming that the Cariparma Friuladria Group tops the rankings of Italian banks in terms of profitability, productivity and asset quality.

The Cariparma Friuladria Group's three-year growth strategy for 2007-2010 is based on three main growth paths: building up its positions in high-potential client segments, optimising the network's geographical coverage of the regions it operates in, and developing synergies with Crédit Agricole's "product factories".

The first growth path, building up positions in high-potential client segments (i.e. premium retail clients and private clients) calls for enhancing the Cariparma Friuladria Group's capacity in terms of services and relations with this kind of client base, which currently generates 73 per cent of assets under management, despite accounting for just 18 per cent of total clients. Net banking income is expected to grow around 11 per cent per year between 2006 and 2010, by opening Private Centres in regions boasting significant growth potential, implementing the synergies and enlarging the product range. In the Corporate segment, net banking income is expected to increase 16 per cent, thanks to the opening of Company and Corporate Centres and the development of high value added products, in cooperation with the "product factories" of the Crédit Agricole Group, including Calyon.

The second growth path, optimising the network's regional coverage, will entail a specific effort in 2008, with around half of openings scheduled for 2009 taking place during 2008: 100 new branches, 7 Corporate Centres, 7 Company Centres and 12 Private Centres, in the regions historically covered by the Cariparma Friuladria Group as well as in neighbouring regions. Note that the Group currently operates in 9 Italian regions that together account for nearly 69 per cent of the country's population and 70 per cent of GDP.

The third and crucial growth path, developing synergies with Crédit Agricole's "product factories", will result in major competitive advantages. In all the relevant market sectors, above-par growth rates are forecast due to the increase in the Group's market shares generated by the excellent quality of Crédit Agricole's "product factories". In particular, in the insurance field, an acceleration is projected in the life insurance sector, with 9 per cent average annual growth (and premiums totalling 1.8 billion euros

in 2010) thanks to the wider product offering and setting up a new platform. Moreover, during the year, there are plans to exercise the call option on a 50 per cent stake in Po Vita (currently 50 per cent held by Cariparma and 50 per cent by Sai Holding). With respect to the non-life sector, an Italian “product factories” is to be set up and will come on stream in 2010, while in credit protection, a gradual increase is projected in the penetration rate of the client base of the two banks thanks to the extension of Finaref Assurance operations and the fact that the targeted additional 70 million euros in premiums will be met by 2010. In Specialised Financial Services, the Group’s strategic plans include creating Italian “product factories” in leasing and factoring. And in Consumer Credit, cooperation with Agos, the Italian market leader, will be developed with the launch of new products (*cessione del quinto*, a guaranteed loan originally exclusively available to government sector employees but now, as a result of recent legislative developments, accessible to all employees) and new marketing initiatives (revolving credit). In Asset Management, the relationship with CAAM will be developed further.

**Georges Pauget, chief executive officer of Crédit Agricole, said:** *“The growth potential of the Italian banking market, along with the strengths of Cariparma Friuladria and its management team, which have enabled the Group to penetrate regions with high growth potential, are among the main factors that have led the Crédit Agricole Group to invest in the Cariparma Friuladria Group”.* **Mr Pauget**, in Milan for today’s event, dubbed “Italy Day” **added:** *“This was very well set out in the business plan presented today, with respect to all the market segments it covered. According to estimates, the Cariparma Friuladria Group’s growth will actually outpace the market’s”.*

**Ariberto Fassati, chairman of Cariparma, said:** *“The great potential of this growth project and the development opportunities set out in the business plan have been made possible first and foremost by the governance model introduced by Crédit Agricole. This model has left the two banks with significant commercial autonomy in their respective regions, while merging in Parma the central functions of the holding company (Control and Audit, Information Systems and back-office systems and Group coordination), some of which, such as Audit and Risk Management, report to Crédit Agricole Group Central Functions. Furthermore, the skill of the management team and the possible synergies with Crédit Agricole’s “product factories” certainly played a key role in ensuring this outstanding business plan was approved”.*

**Guido Corradi, director of Cariparma, commented:** *“Just 7 months after joining the Crédit Agricole Group and the creation of the Cariparma Friuladria Group, we have completed – well ahead of the initial schedule – the main tasks of ensuring the integration of the two banks and the 202 former Intesa Sanpaolo branches. At the same time, in the first half of 2007, the continuity of regional network activity has been guaranteed and both Cariparma and Friuladria turned in a very positive performance, with volume growth in deposits and loans up 8 per cent and 7.1 per cent respectively*



on the first half of 2006. This is an outstanding success for a project that is unprecedented in Italy in terms of complexity". **He added:** "The integration plan launched in March 2007 involved the participation of 200 people within the Group from various entities — Crédit Agricole, Italian banks, 'product factories in France and Italy — sub-divided into 12 working groups, nine of which have already completed their task. But it was also achieved thanks to the constant involvement of Crédit Agricole's Executive Management".

Out of the 5.96 billion euros total cost of the transaction (acquisition of Cariparma Friuladria on 1 March 2007 as well as the additional 202 Intesa Sanpaolo branches, including 29 on 1 April 2007 and 173 on 1 July 2007), 5.1 billion euros has been invested by the Crédit Agricole Group and 0.9 billion euros by Fondazione Cariparma.

### **The Cariparma Friuladria Group: a brief description**

*The Cariparma Friuladria Group is the leading bank in Italy in terms of profitability, with a cost/income ratio at 49.6 per cent, and the productivity ratio, with net banking income per employee at 219,000 euros, and ranks second in Italy with regard to "asset quality" (due loans relative to total loans). Furthermore, the Group, already ranked 10th in Italy in terms of the number of branches (2 per cent of total bank branches in Italy), operates in the most attractive regions of the Italian market, accounting for 60 per cent of Italy's population and 70 per cent of GDP, with a far larger market share in volume terms than proportional to the number of branches, reflecting its deep roots in its domestic region and the quality of customer service developed by Cariparma and Friuladria. In the 45 Italian provinces in which Group subsidiaries operate, its market share exceeds 10 per cent in 5 cases and ranges between 5 per cent and 10 per cent in 8 cases (7 per cent in Campania). The Cariparma Friuladria Group operates 668 branches in nine Italian regions and 45 provinces, its headcount stands at 6,750 employees and it counts 1,400,000 clients.*

### **The retail market in Italy**

*The retail market in Italy, as a whole, boasts significant upside potential: the market consensus points to annual compound growth rates of around 7 per cent with respect to loans and indirect funding and close to 5 per cent in direct deposits in the period 2006-2010; operating income growth is estimated at 6.4 per cent. Moreover, in comparison with the European market and, in particular, the French one, the Italian market has a relatively low penetration rate for banking products in the following segments: mortgages (15 per cent versus 32 per cent in France and a European average of 38 per cent), consumer loans (6 per cent versus 7 per cent in France and a European average of 16 per cent) and life insurance (25 per cent versus 58 per cent in France and a European average of 43 per cent)<sup>1</sup>*

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<sup>1</sup> Source: Bank of Italy 31 December 2006, official consolidated data of the main Italian banks, Bain analysis