

Lisbon, 19 August 2021

*Unaudited Earnings Release as at 30 June 2021*

## ■ Crédito Agrícola with a profit of 96.5 million euros in the 1<sup>st</sup> half of 2021

- *Net income of the Group up by 92.5%.*
- *Banking business contributed with 84.5 million euros.*

- Grupo Crédito Agrícola **consolidated results in the first half of 2021 stands at 96.5 million euros** (+92.5% compared to the same period of 2020), with **banking business contributing 84.5 million euros** (+110.6% compared to the same period of 2020), in a period marked by uncertainty and some adversity for the financial sector still suffering from the impact of the COVID-19 pandemic crisis. **Very positive indicators that refer to pre-pandemic figures**, when Grupo Crédito Agrícola recorded a consolidated profit of 74.4 million euros (**1<sup>st</sup> half of 2019**).

- In the first half of 2021, **gross loans and advances to customers reached 11.5 billion euros, a growth of 6.2% in the last 12 months**, reflecting continued support to families, companies and institutions, Crédito Agrícola customers, in the current context.

- The **portfolio subject to moratorium amounted to 2,789 million euros**, with Crédito Agrícola **supporting 4,489 national companies** through the **granting of 335.8 million euros** under credit lines COVID-19 with State guarantees.

- By the CRD IV/CRR rules, Grupo Crédito Agrícola shows a comfortable level of solvency embodied by Common Equity Tier 1 (CET1) and Total Own Funds, as both stood at 17.9% (excluding net income for the period), **a leverage ratio of 8.5%** and a **Liquidity coverage ratio (LCR) of 380.4%**, all well above the recommended minimum levels.



- Caixa Central de Crédito Agrícola received, for the first time in July 2021, a **Ba1 level rating (baseline credit assessment or BCA) from Moody's, the 3<sup>rd</sup> highest rating, alongside another Institution, among the 7 largest banks operating in Portugal.** The BCA rating is complemented with a Baa3 Outlook Stable/ Prime-3 deposit rating and a Counterparty Risk Rating (CRR) rating of Baa2/Prime-2, both investment grade.
- This **first rating** assessment marks an important milestone to access institutional markets in the future, allowing to consider alternative sources of financing to deposits, namely debt eligible for MREL requirements, which is the main goal for obtaining the rating. This is a process that culminates in the recognition of the Group's quality.

**According to Licinio Pina, Chairman of the Group “Grupo Crédito Agrícola witnessed, in the first 6 months of the year, a strong recovery in activity back to pre-pandemic times, with the market showing clear signs of confidence. The growth in the financial margin and insurance technical margin contributed to the increase in the banking net income which, together with the control of operating costs and the stabilisation of cost of risk, despite prudence, allowed Crédito Agrícola to grow 92.5% when compared with same period in 2020. These very positive results reflect the work and dedication of a vast team working in the Group to all stakeholders, and show the resilience and how customers rely on Caixas Agrícolas of SICAM and on the Group in general, providing the fundamentals to enhanced sustainability.”**

### **PERFORMANCE OF THE GRUPO CRÉDITO AGRÍCOLA IN THE 1ST HALF OF 2021**

The evolution of the operating income (+14.0 million euros compared to the same period of 2020) resulted from the growth of the **financial margin in the amount of 4.4 million euros (+2.8%)**, the **technical margin of the insurance business**, which registered a **change of +10.2 million euros (+48.4%)**, and **other operating income** (+11.2 million euros).

**Net fees and commissions increased by 0.4 million euros** to 54.1 million euros **and gains from financial operations decreased by 12.3 million euros (-18.5%)** to a total of 54.4 million euros.



**The reduction in operating costs** of 2.1 million euros compared to the same period in 2020 **and the increase in the operating income determined an improvement of 3.6 b.p. in the efficiency ratio that**, with reference to June 2021, **stood at 58.8%**.

Net **impairments and provisions in the first half of 2021 amounted to 7.3 million euros**, showing a **reduction of 29.1 million euros when compared with the same period of 2020**, essentially justified by: (i) a decrease of 20.8 million euros in generic provisions recorded in 2020 to cover risks related to loans portfolio in recovery processes at Caixa Central and real estate assets held; (ii) a decrease of 13.9 million euros in impairments in the securities portfolio resulting from the update of macroeconomic scenarios and consequent reduction of risk parameters compared to June 2020; and (iii) in the opposite direction, by increasing credit related impairments (by 3.9 million euros) and by the increase in impairments of other assets (by 1.6 million euros) related essentially with foreclosed assets.

In the first six months of 2021, the **cost of risk of credit reached 0.07%**. The increase of 0.03 b.p. resulted from the reinforcement of the credit related impairments recorded during the year.

The **return on equity (ROE) of 9.8%**, achieved by Grupo Crédito Agrícola, reflects the **results achieved by the different components of the Group** (Caixas Agrícolas, Caixa Central, life and non-life insurance companies, management of assets and investment funds), including the positive contributions of the insurance business (**3.9 million euros from CA Vida and 2.6 million euros from CA Seguros**).

The results recorded in **segment of real estate divestment** (namely via investment units devaluation) **penalized the consolidated income by -4.6 million euros**, with a favourable reduction of 0.1 million euros when compared with the same period of 2020 (-4.7 million euros).

## **BALANCE SHEET OF THE GRUPO CRÉDITO AGRÍCOLA**

On June 30, 2021, **the loans and advances portfolio (gross) to customers** of Grupo Crédito Agrícola **amounted to 11.5 billion euros, a growth of 6.2%** in the last 12 months, reflecting the continuation of support for families, companies and institutions, Crédito Agrícola customers, in the current context.

**Customer resources in the form of bank deposits totalled around 18.0 billion euros, showing a growth of 13.6% comparing with the same period of 2020 corresponding to 2,151 million euros, demonstrating the customers trust in Grupo CA in a period of uncertainty as the current one. This increase in resources, higher than the increase in loans (net) granted to customers, contributed to the reduction in loan-to-deposit ratio, which at the end of the period, amounted to 61.9%.**

## QUALITY OF THE GROUP'S CREDIT PORTFOLIO

In terms of the quality of the credit portfolio of Grupo Crédito Agrícola, the **gross ratio of Non-Performing Loans (NPL)**, according to Instruction 20/2019, in June 2021 stood at 7.8%, representing a **favourable evolution** compared to the 8.1% registered at the end of 2020.

The **accumulated Non-Performing Loans impairments** with reference to the end of June 2021 amounted to **299 million euros**, a value that gives a level of **NPL coverage by impairments of 33.6%** and a **NPL coverage by impairments and collateral (FINREP)<sup>1</sup> of 86.3%** (or a ratio of 129.3% not considering *haircuts*, costs, and the exposure limit per contract). **Texas ratio**, determined by the ratio between the NPL stock and the sum of the tangible common equity with the stock of impairments (loss reserves), **reached 40.3%**.

## GROUP SOLVENCY, LEVERAGE AND LIQUIDITY

According to CRD IV/CRR rules, **Grupo Crédito Agrícola has a comfortable level of solvency, embodied by the common equity tier 1 (CET1) and total capital ratios of 17.9%** (excluding net income for the period), **a ratio of leverage of 8.5%** and a **Liquidity coverage level (LCR) of 380.4%**, all well above the recommended minimum thresholds.

## SUPPORT AND PROTECTION FOR FAMILIES, COMPANIES AND EMPLOYEES OF CRÉDITO AGRÍCOLA IN THE CONTEXT OF A PANDEMIC CAUSED BY COVID-19

**Crédito Agrícola supported 4,489 national companies by granting 335.8 million euros under the protocolled credit lines for COVID-19, with State guarantees.**

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<sup>1</sup> Applying *haircuts* and recovery costs, limited by the exposure of each contract.



As a result of the intense activity of supporting the economy, **at the end of June 2021, Crédito Agrícola had approved the introduction of moratoriums worth 2,789 million euros.** Of these, **79.8% of the amount corresponds to loans to companies, 12.8% corresponds to mortgage loans and 7.3% to consumer loans and other loans to individuals.** Overall, 95.5% of total credit and 88.3% of the moratoriums was in a regular position (stages 1 and 2).

The 2021 financial year still has high levels of uncertainty that may be reflected in terms of the increase in impairments in the credit portfolio. In this context, the next quarter may undergo material changes resulting from regular monitoring activities of the loans portfolio, in particular, the economic sectors most affected by the crisis and with greater weight on loan agreements under a moratorium.

### **CORPORATE SOCIAL RESPONSIBILITY**

Crédito Agrícola, the **sole bank** operating in Portugal affiliated in the European **cooperative** banking sector (which includes some of the largest banks in the world), is a reference group in the Portuguese banking system, with **capital exclusively held by national members**, which includes a set of financial companies, namely both **insurance companies CA Vida and CA Seguros**, presenting a universal offer of financial and protection products and services.

Grupo Crédito Agrícola, through the implementation of a coordinated strategy among the **75 Caixas de Crédito Agrícola Mútuo**, continues to be committed to boosting the economy of regions, cities and villages and to contribute to the **social and territorial cohesion** of Portugal.

In 2020, Crédito **Agrícola committed to promoting the sustainable development of the communities in which it operates**, embodied in the Sustainability Policy, which reflects social, environmental and governance concerns and presents a set of commitments in terms of financial sustainability that, for the sake of the well-being of populations, add an increased importance to the management of the ecosystem, the efficient use of resources, the urgency to combat climate change and inequality.

Contributing to the economic and social development of communities and reinforcing its commitment to a more sustainable future, the Group, through the competition “**DIA CA Sempre Sustentável**”, financially supported entities of the social economy in mainland Portugal and in the Autonomous Regions of the Azores and of Madeira, implementing projects in the area of the environment, more specifically in decarbonization, in the circularity of economy or in ecosystem services.

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Based on its commitment to sustainability, CA believes that transmitting knowledge to the youngest is fundamental, especially when it comes to essential topics for their lives such as savings, investment and responsible money management. Thus, within the scope of Children's Day 2021, it launched a set of **Financial Literacy Presentations**, which were accompanied by Quizzes with questions on this topic.

## EXTERNAL RECOGNITION

Caixa Central de Crédito Agrícola received for the first time, in July 2021, **a level rating (baseline credit assessment or BCA) from Moody's of Ba1, the 3rd highest rating, alongside another Institution, among the 7 largest banks.** The BCA rating is complemented with a Baa3 Outlook Stable/ Prime-3 deposit rating and a Counterparty Risk Rating (CRR) rating of Baa2/Prime-2, both investment grade.

In the 1st quarter of 2021, the **ECSI 2020 - European Consumer Satisfaction Index 2020** results were released, in which CA Seguros led for the third consecutive year, the highest level of customer satisfaction with an assessment of 8.04 (on a scale from 0 to 10), in the area of "Customer Satisfaction".

In the 1st Half of 2021, CA Seguros, won, for the third consecutive time, in the Banking, Insurance and Financial Services category of the **5th edition of the Excellence Index.**

At the end of the 1st half of 2021, the Non-Life Insurance Company was also considered the **Insurance Company with the least Car Insurance Claims in 2020**, a distinction based on the Relatório de Regulação e Supervisão da Conduta de Mercado (Report of Regulation and Supervision of Market Conduct) published by ASF - Autoridade de Supervisão de Seguros e Fundos de Pensões (Insurance and Pension Funds Supervision Authority).

During the first half of 2021, Crédito Agrícola also stood out in the **ranking of the institutions with fewest complaints** in the Behavioural Supervision Report for the year 2020, carried out by Banco de Portugal, as the national bank that presents **fewer complaints in the demand deposits** (9 complaints per 100,000 demand deposit accounts, which compares with the banking system average: 34 complaints per 100 thousand accounts) **and consumer loans** (18 complaints per 100 thousand contracts versus the system average with 40 complaints per 100 thousand contracts). Crédito Agrícola also positioned **second in the number of fewest complaints in mortgage and mortgage loans**, with 52 complaints per 100 thousand contracts (below the average of the banking system: 119 complaints per 100,000 contracts).

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**About Crédito Agrícola:**

Grupo Crédito Agrícola is a financial group with cooperative roots grounded on the local banks (Caixas de Crédito Agrícola or Caixas Agrícolas). With a national-wide coverage and fully owned by national capital, Grupo Crédito Agrícola has more than 400 thousand Members, more than 1,5 million Customers and more than 600 Branches, distributed throughout the national territory. It was founded in 1911, with the initial focus on supporting the financing of farmers in Portugal and, over the years, expanded the scope to support other economic sectors and extended its area of activities. Crédito Agrícola currently integrates 75 Caixas Agrícolas and Caixa Central, and companies dedicated to insurance and specialized banking activities.

Crédito Agrícola, the only cooperative bank operating in the Portuguese market with national capital, was recognized by the market as the best Bank in its category through the “Consumer Choice 2019” and has been a pioneer in providing innovative payment services to customers. It was the first bank to offer contactless in Portugal, the first to provide payment cards with chip and the first vertical card, having pioneered the provision of payments with Apple Pay to its customers.

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## MAIN CONSOLIDATED INDICATORS OF THE GRUPO CRÉDITO AGRÍCOLA

Amounts in million euros, except for percentages

Consolidated indicators of Grupo CA	Dec/20	Jun/20	Jun/21	Δ Abs. Jun-21/Jun-20	Δ% Jun-21/Jun-20
<b>Balance sheet</b>					
Total net assets	23 451	22 175	24 457	2 282	10,3%
Total loans and advances to customers (gross)	11 189	10 850	11 525	675	6,2%
of which: Loans to companies and public administration (gross)	6 947	6 685	7 207	522	7,8%
Total loans and advances to customers (net)	10 804	10 458	11 140	681	6,5%
Total customer' funds	18 767	17 512	19 692	2 180	12,4%
Customer funds on the balance sheet	17 046	15 845	17 996	2 151	13,6%
Off-balance sheet funds	1 720	1 667	1 696	29	1,7%
Loss reserves (impairments and provisions)	579	602	575	-27	-4,5%
of which: Accumulated impairment of credit	386	391	386	-6	-1,5%
Insurance contracts technical provisions	726	753	666	-87	-11,6%
Equity	1 889	1 849	1 973	124	6,7%
<b>Profit or loss</b>					
Net interest income	318,5	156,3	160,8	4,4	2,8%
Technical margin of insurance activity	37,3	21,1	31,3	10,2	48,4%
Net fees and commissions	125,9	53,7	54,1	0,4	0,8%
Net financial gains	91,7	66,7	54,4	-12,3	-18,5%
Operating income	569,2	289,9	303,8	14,0	4,8%
Operating expenses	364,8	180,9	178,8	-2,1	-1,2%
Impairment and provisions (net)	72,9	36,4	7,3	-29,1	-80,0%
Consolidated net income	86,8	50,1	96,5	46,3	92,5%
<b>Cost-to-income and return-on ratios</b>					
Cost-to-income ratio	64,1%	62,4%	58,8%	-3,6 p.p.	
Return on assets (ROA)	0,4%	0,5%	0,8%	0,3 p.p.	
Return on equity (ROE)	4,9%	5,4%	9,8%	4,4 p.p.	
<b>Capital and liquidity ratios</b>					
Common equity tier I ratio <sup>1</sup>	17,7%	16,8%	17,9%	1,1 p.p.	
Total own funds <sup>1</sup>	17,7%	16,8%	17,9%	1,1 p.p.	
Leverage ratio	7,7%	7,7%	8,5%	0,7 p.p.	
Loan to deposit ratio <sup>2</sup>	63,4%	66,0%	61,9%	-4,1 p.p.	
Liquidity coverage ratio (LCR)	434,5%	408,9%	380,4%	-28,5 p.p.	
<b>Quality of assets ratios</b>					
NPL ratio <sup>3</sup>	8,1%	8,9%	7,8%	-1,0 p.p.	
NPL coverage by NPL impairments	35,3%	35,6%	33,6%	-2,0 p.p.	
NPL coverage by NPL impairments and collaterals	128,1%	128,4%	129,3%	0,9 p.p.	
NPL coverage by NPL impairments and collateral <sup>4</sup>	86,8%	85,6%	86,3%	0,7 p.p.	
Texas ratio <sup>5</sup>	40,8%	45,0%	40,3%	-4,7 p.p.	
Cost of risk	0,48%	0,04%	0,07%	0,03 p.p.	
<b>Other Indicators</b>					
# of employees	4 092	4 141	4 097	-44	-1,1%
# of branches	637	639	630	-9	-1,4%

(1) The ratio does not incorporate the net income for the period.

(2) Ratio calculated pursuant BdP Instruction 23/2012, determined by the ratio between net credit to costumers and customers deposits.

(3) Ratio calculated pursuant BdP Instruction 20/2019.

(4) Applying haircuts and recovery costs, limited by the exposure of the contract.

(5) Determined by the ratio: NPL/(Tangible common equity + Stock of impairments).

Note: Information based on reported values.

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## CONSOLIDATED FINANCIAL STATEMENTS

In thousand euros

Balance sheet	Dec.2020	Jun.2021	Δ Abs.	Δ %
Cash, cash balances at central banks and other demand deposits	3,798,213	3,480,506	-317,708	-8.4%
Financial assets held for trading	19,278	171,864	152,585	791.5%
Non-trading financial assets mandatorily at fair value through profit or loss	44,913	44,769	-145	-0.3%
Financial assets designated at fair value through profit or loss	31,194	9,657	-21,537	-69.0%
Financial assets at fair value through other comprehensive income	1,294,477	1,918,164	623,687	48.2%
Financial assets at amortised cost	16,724,720	17,408,074	683,353	4.1%
Derivatives – Hedge accounting	211,768	195,238	-16,530	-7.8%
Investments in subsidiaries, joint ventures and associates	1,830	2,228	398	21.8%
Tangible assets	302,893	296,780	-6,113	-2.0%
Intangible assets	92,978	97,734	4,756	5.1%
Tax assets	84,663	83,092	-1,571	-1.9%
Non-current assets and disposal groups classified as held for sale	360,394	346,406	-13,988	-3.9%
Other assets	484,039	402,349	-81,690	-16.9%
<b>Total Assets</b>	<b>23,451,362</b>	<b>24,456,860</b>	<b>1,005,499</b>	<b>4.3%</b>
Financial liabilities held for trading	416	308	-109	-26.1%
Financial liabilities measured at amortised cost	20,287,941	21,233,525	945,583	4.7%
Derivatives – Hedge accounting	214,991	200,241	-14,749	-6.9%
Provisions	765,972	704,006	-61,966	-8.1%
Tax liabilities	19,726	17,934	-1,792	-9.1%
Share capital repayable on demand	796	737	-59	-7.4%
Other liabilities	272,195	327,406	55,211	20.3%
<b>Total Liabilities</b>	<b>21,562,038</b>	<b>22,484,158</b>	<b>922,120</b>	<b>4.3%</b>
Equity	1,889,324	1,972,703	83,379	4.4%
<b>Total Equity and Total Liabilities</b>	<b>23,451,362</b>	<b>24,456,860</b>	<b>1,005,499</b>	<b>4.3%</b>

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In thousand euros

INCOME STATEMENT	Jun.2020	Jun.2021	Δ Abs.	Δ %
Interest income	209 929	222 634	12 705	6,1%
Interest expenses	-53 588	-61 879	8 291	15,5%
<b>Net Interest Income</b>	156 341	160 755	4 414	2,8%
Technical margin of insurance activity	21 086	31 289	10 203	48,4%
Net fees and commissions	53 665	54 113	448	0,8%
Net financial gains	66 717	54 387	-12 330	-18,5%
Other net operating income	-7 936	3 305	11 241	n.a.
<b>Operating Income</b>	289 873	303 849	13 976	4,8%
Operating Expenses	-180 868	-178 758	-2 110	-1,2%
Staff expenses	-107 852	-109 751	1 900	1,8%
Other operating expenses	-56 740	-52 597	-4 143	-7,3%
Depreciation/Amortisation	-16 276	-16 410	133	0,8%
Gains/losses in modifications	0	0	0	n.a.
Provisions and impairments charges (net)	-36 391	-7 265	-29 126	-80,0%
Earnings of investments in subsidiaries, JV and associates (equity method)	325	380	55	17,0%
<b>Earnings before taxes</b>	72 939	118 206	45 267	62,1%
Taxes	-22 736	-21 678	-1 059	-4,7%
Non-controlling interests	-84	-72	-12	-14,3%
<b>Net Income</b>	50 119	96 456	46 337	92,5%

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