



# Carrefour Banque

## Credit Investor Presentation

New EUR Senior Bond Offering

26<sup>th</sup> April 2023

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1	<b>Carrefour Banque: a top player in retail consumer finance</b>	<ul style="list-style-type: none"><li>• Strong commercial footprint in France</li><li>• Diversified income</li><li>• Solid capital structure</li><li>• Low risk profile</li><li>• Stable shareholding through Carrefour and BNP</li></ul>
2	<b>Strategy UP: 2022 return to growth and 2023 ambitions</b>	<ul style="list-style-type: none"><li>• Performing Asset Growth since June-22</li><li>• Digitalization and integration with Carrefour</li><li>• Customer satisfaction (NPS +10pts vs. 2021)</li><li>• Operating cost control</li></ul>
3	<b>Strong ratios and credit profile</b>	<ul style="list-style-type: none"><li>• Strong Equity and Liquidity ratios</li><li>• Conservative and diversified funding policy</li><li>• A solid credit risk management</li><li>• S&amp;P credit update – outlook revised to in February 2023</li><li>• 2023 funding plan</li></ul>
4	<b>Contemplated transaction</b>	<ul style="list-style-type: none"><li>• Contemplated bond issuance and indicative terms</li><li>• Key credit strengths</li></ul>
5	<b>Appendix</b>	2022 Financial figures: profitability maintained in a challenging environment

# 1

## Carrefour Banque: a top player in retail consumer finance

# Carrefour Banque at a glance (1/2)

## Carrefour Banque (CB) is the consumer finance arm of the largest European retailer

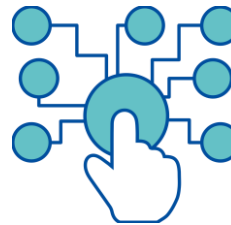
- Carrefour Banque is fully licensed as a credit institution by the French Banking Authority (ACPR)
- Carrefour Banque **offers a comprehensive range of accessible and highly effective products** – from bank cards to personal loans, and from passbook accounts to insurance. CB also **offers a diverse range of insurance products**, from car and home policies to family protection insurance, managed through third parties

### Solid and stable shareholding structure since 1985

- 60% Carrefour SA, international food retailer
- 40% BNP Paribas Personal Finance, consumer finance specialist

### Strong commercial footprint in France

- 37 branches and 167 financial services stands in each Carrefour hypermarket in France
- 685 employees in France



### Solid capital structure and low risk profile\*

- Very well capitalized: 17,8% Basel III T1 ratio
- Strong liquidity: 118.6% LCR

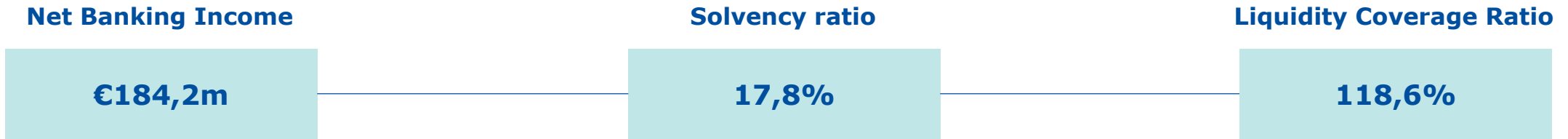
### Diversified income

- A well-balanced income distribution
  - 57% interest on loans
  - 43% other income: savings, insurances, card commissions

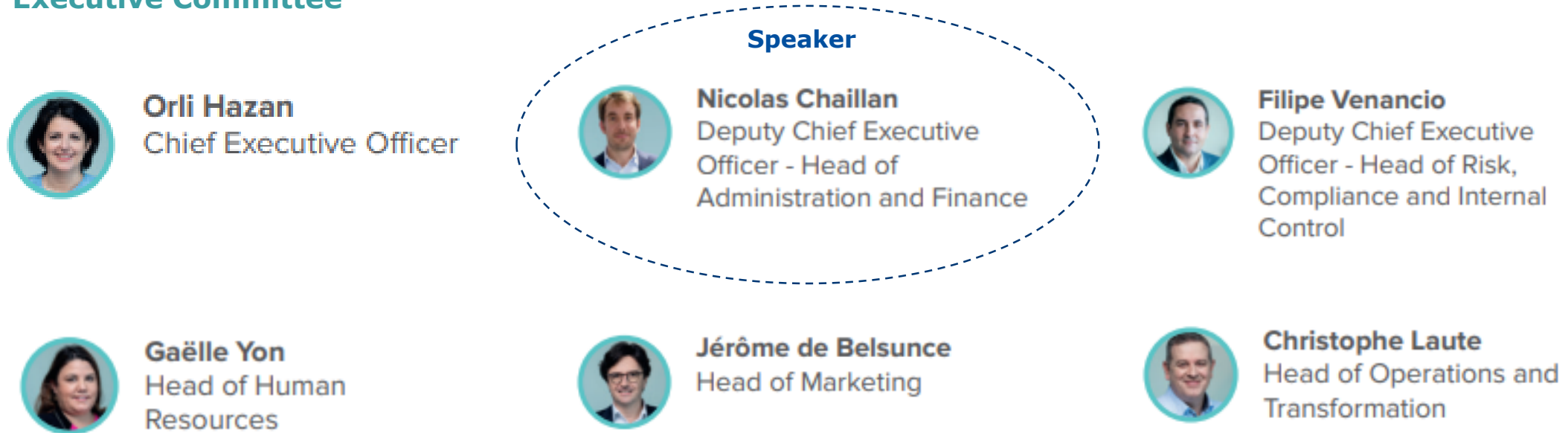
\* Consolidated figures as of 31 December 2022

# Carrefour Banque at a glance (2/2)

## Key Figures\*



## Executive Committee



# A complete range of credit solutions

## LOANS OUTSTANDING

**€1,248m**  
(as of 12/31/2022)

**Carte PASS  
revolving credit**



**+18.7% vs 2021**

**Personal loans**

**+38.4% vs 2021**

**Asset finance**

**+11.6% vs 2021**



## Savings & insurance products

### SAVINGS UNDER MANAGEMENT

**€1,670m**  
(as of 12/31/2022)

### SAVINGS ACCOUNTS DEPOSITS

**€277m**  
(as of 12/31/2022)

- Carrefour Banque offers **saving accounts** through its "Compte sur Livret"
- It also offers customers a range of **insurance products**, from property and critical illness insurance to payment and credit protection policies
- Carrefour Banque also offers **life insurance products** which is managed by AXA



# Two complementary reference shareholders

**Two powerful and complementary shareholders committed to Carrefour Banque: a stable and lasting shareholding structure since 1985**



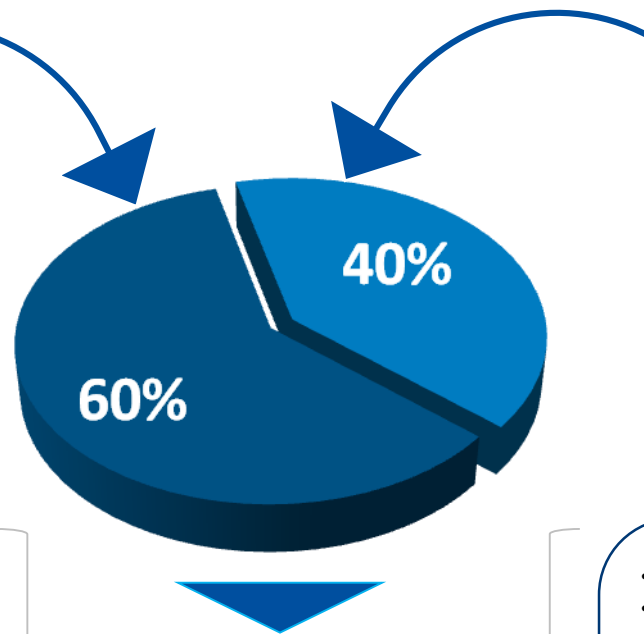
**BBB, stable outlook (S&P)**

- Founded in 1959, headquartered in France
- Leader in the Food Transition for All
- More than **14,000** multi-format stores in over **40 countries**
- **335,000 employees**
- Gross sales of **€90.8bn** in 2022

## « Highly strategic » subsidiary



- « Business Unit » fully integrated into the Group
- CB has unique **potential access to a material customer base and marketing** under a single brand
- **Ongoing liquidity support**
- S&P report: "we consider CB to be a highly strategic subsidiary of Carrefour and we would therefore be unlikely to rate the bank more than one notch below Carrefour."



**BNP PARIBAS**  
**PERSONAL FINANCE**



**Aa3, stable outlook (Moody's)**

- 100% subsidiary of the BNP Paribas group
- European leader in consumer finance
- **25 millions customers**
- **20,000 employees** operating over four continents
- **€96bn** outstanding under management
- **€5.4bn** net banking income

## Strategically important subsidiary



- Significant **capital commitment**
- **Ongoing liquidity support**
- **IT support** (outsourcing, sharing of development costs, etc.)
- **Business support with expertise sharing** (credit risk, asset / liability management, best practices ...)
- S&P report: "BNP Paribas is also CB's shareholder of reference for French regulators, and, in our view, is therefore likely to provide extraordinary support to its subsidiary in most foreseeable circumstances, if needed."



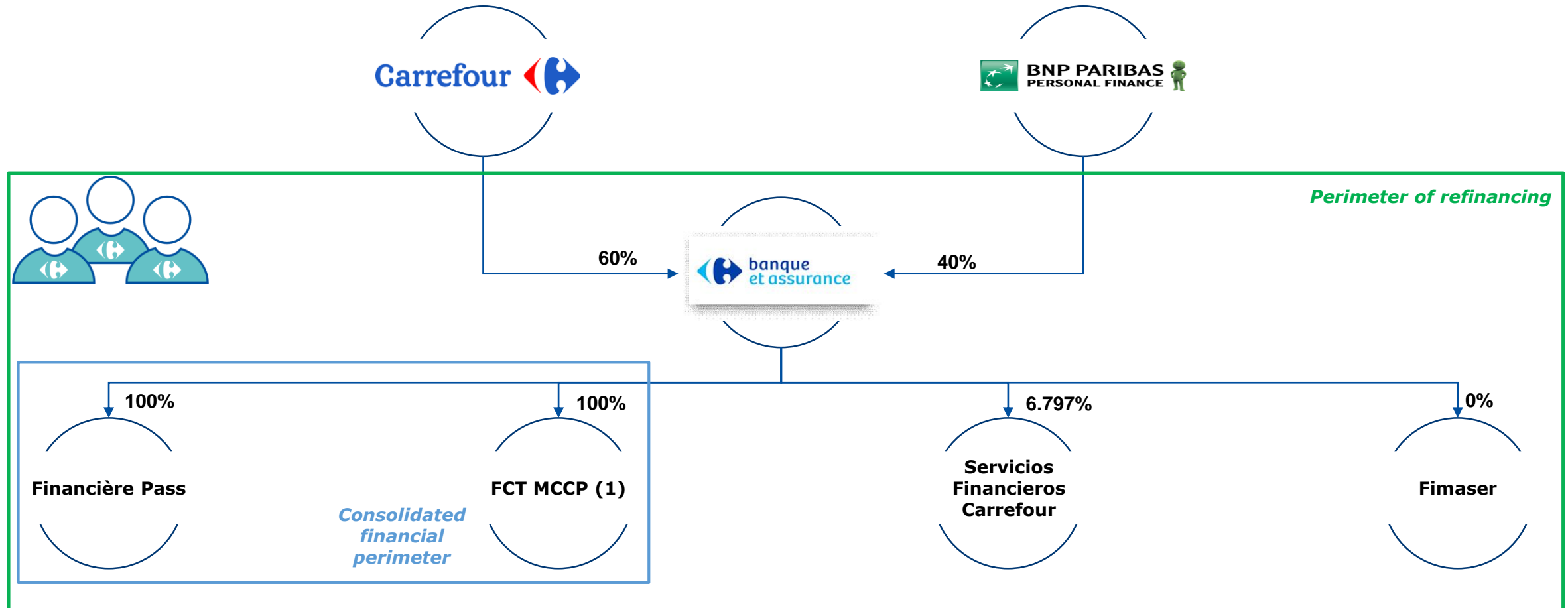
**BBB, stable outlook (S&P)**





# Group structure and perimeter of refinancing

**Carrefour Banque acts as a central treasury management unit for itself, Fimaser (in Belgium) and Servicios Financieros (in Spain) in the interests of mutualisation, organizational efficiency and access to markets.**

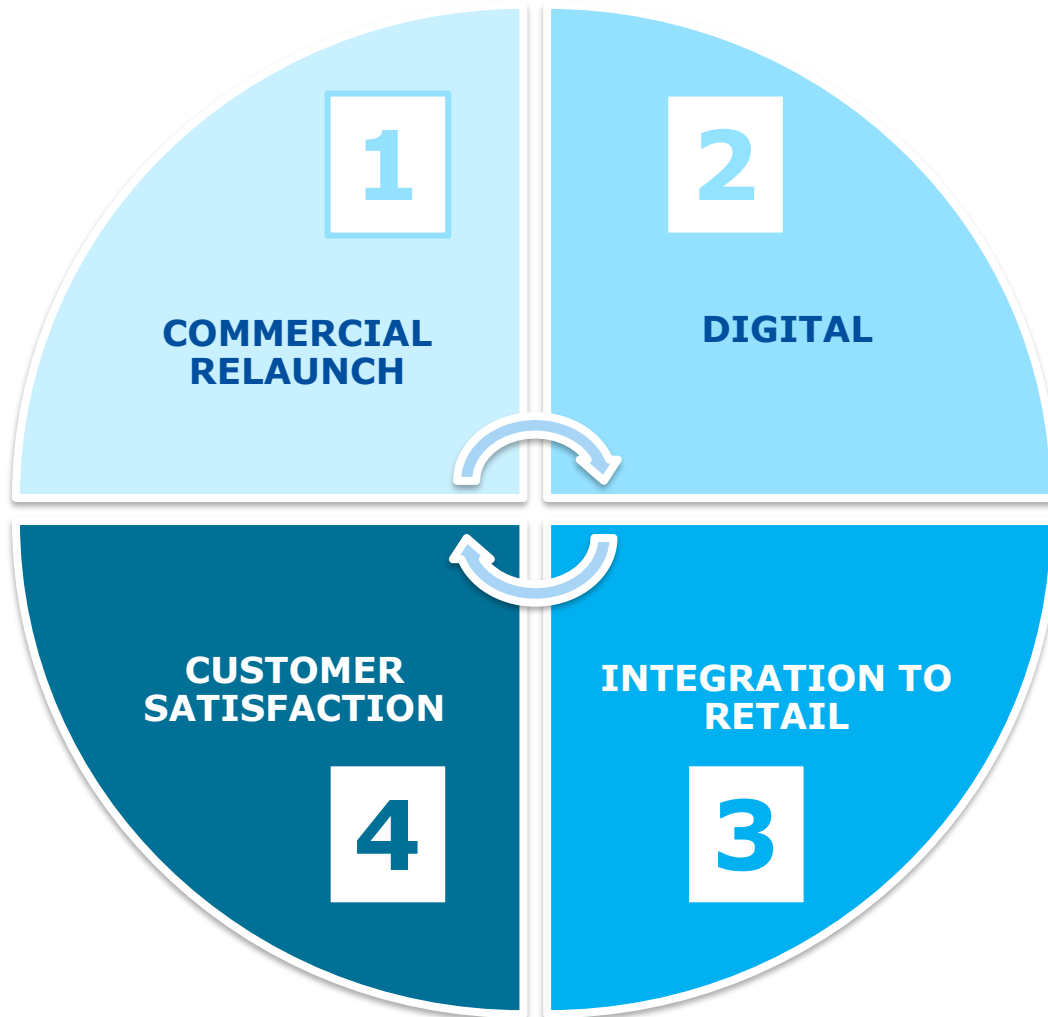


(1) FCT MCCP is not a legal subsidiary but a securitisation vehicle consolidated by Carrefour Banque

# 2

Strategy UP:  
2022 return to growth and  
2023 ambitions

# The 6 strategic targets of Carrefour Banque



5  
OPERATING COSTS DECREASE

6  
RISK MANAGEMENT

# A strong commercial performance reached at end 2022



<i>Cards (thousand)</i>	Real 2020	Real 2021	Real 2022	% Evol. vs. N-1
New PASS cards	65.0	76.4	91.2	19%
PASS cards portfolio	1 813	1 746	1 695	-3%

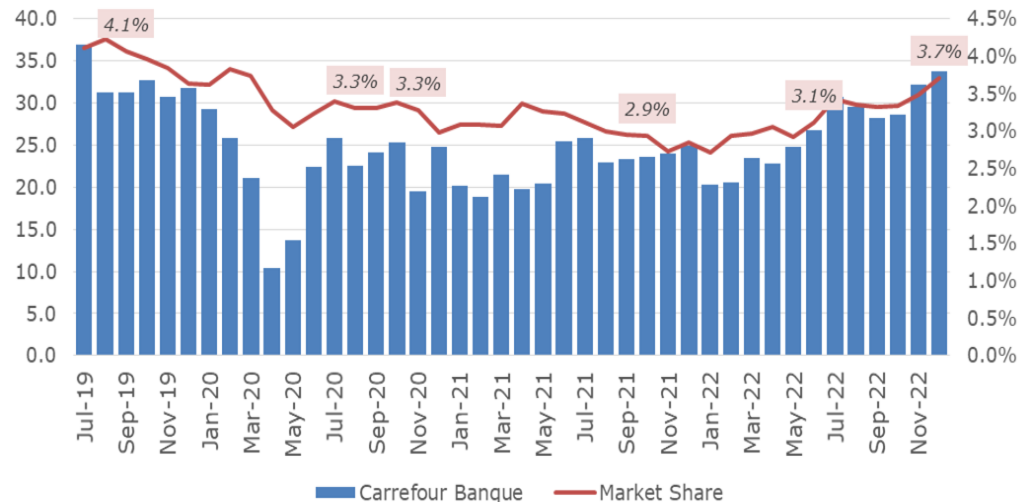
<i>Credit (production in M€)</i>	Real 2020	Real 2021	Real 2022	% Evol. vs. N-1
Revolving	265	271	321.3	19%
Personal loans	192	194	268.6	38%
Specific purchase credit	126	128	143.4	12%
<b>TOTAL</b>	<b>583</b>	<b>593</b>	<b>733.3</b>	<b>24%</b>

<i>Insurance (thousand units)</i>	Real 2020	Real 2021	Real 2022	% Evol. vs. N-1
Guarantee means of payments	32.0	44.0	54.4	24%
Personal loans borrowers insurance	9.0	8.1	16.2	100%
Automobile	6.7	3.5	4.8	38%
Multi-risk Housing	6.1	4.1	5.0	21%
Family protection	0.7	1.9	2.7	43%

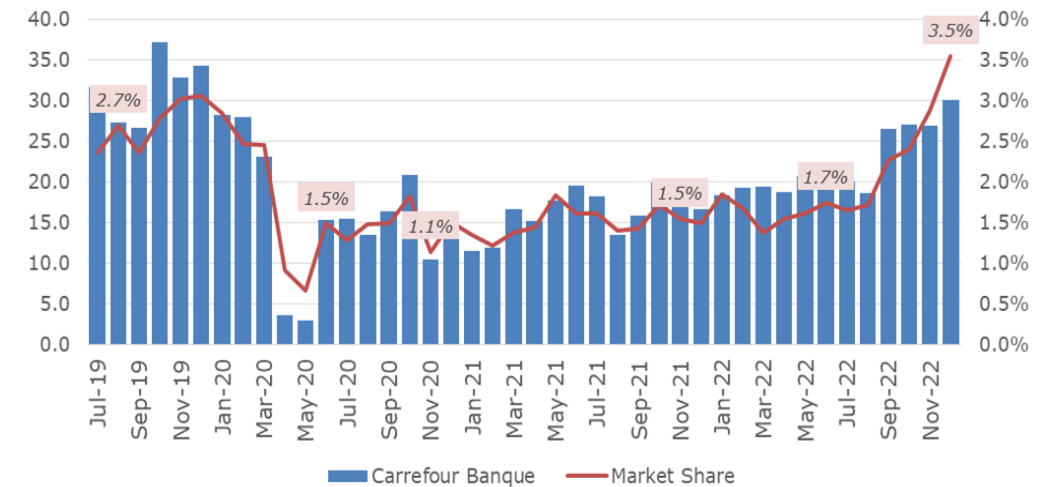
# Strong increase in Carrefour Banque market share (*end Dec-2022*)

	Revolving Credit		Personal Loans		Specific purchase credit	
	Carrefour Banque	ASF* members	Carrefour Banque	ASF* members	Carrefour Banque	ASF * Members
<b>FY 2022 vs. 2021</b>	<b>18,7%</b>	12,4%	<b>38,4%</b>	6,5%	<b>11,6%</b>	7,0%
FY 2021 vs. 2020	2%	13,4%	1%	15,4%	2%	13,3%
FY 2020 vs. 2019	-30%	-15,3%	-45%	-18,5%	-42%	-1,8%

**Revolving credit**



**Personal loans**



\* ASF : Association des Sociétés Financières

ASF members : >50% of the asset related to the consumer finance institutions and the majority of revolving credit transactions

Source : ASF figures

# Carrefour Banque production of credit solutions grew rapidly in 2022

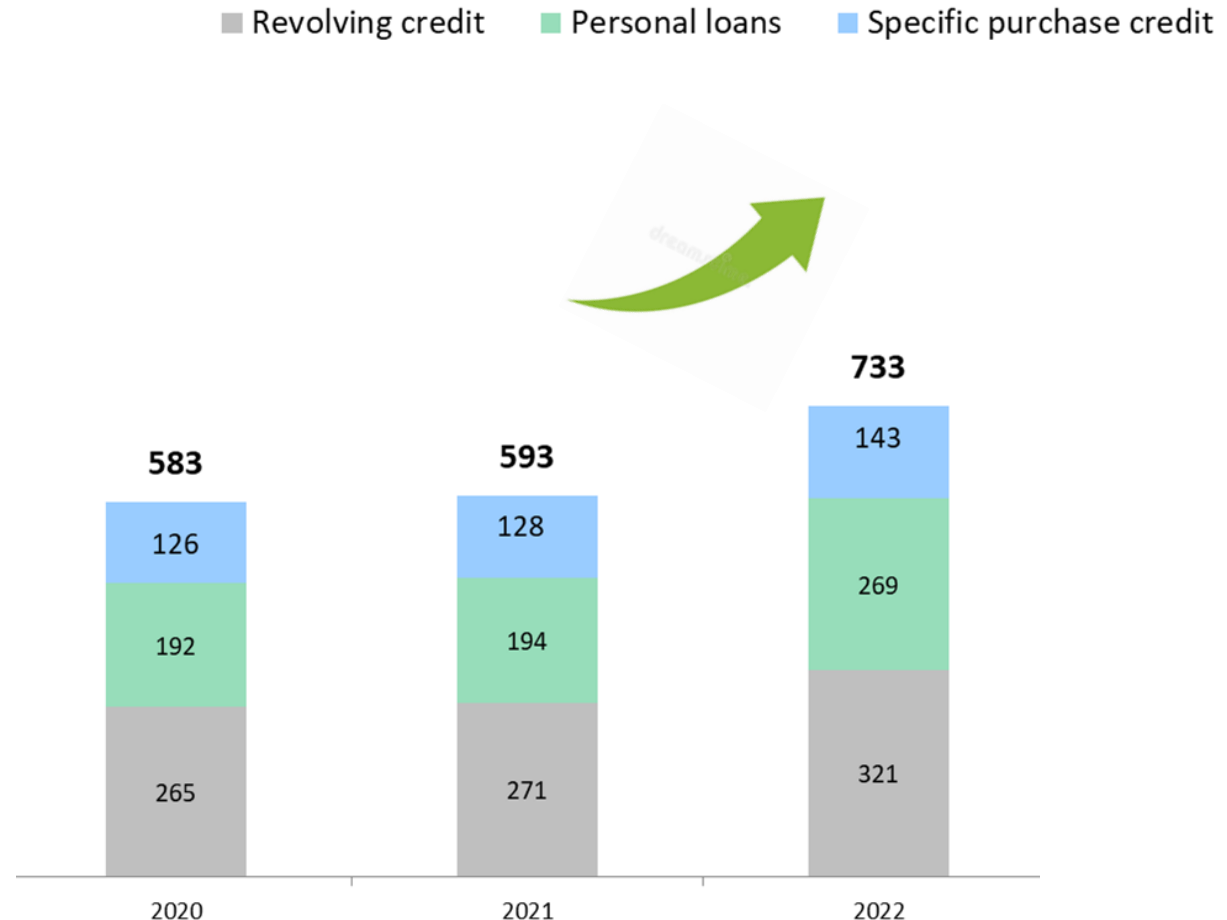
- **Substantial increase in loan production in 2022**
- **Significant leap planned for 2023, based on Q1 2023 rapid increase**

Carrefour Banque's customer loans are issued at fixed interest rates

Initial duration:

- ranging from 12 to 84 months for personal loans
- ranging from 36 to 60 months for revolving credits

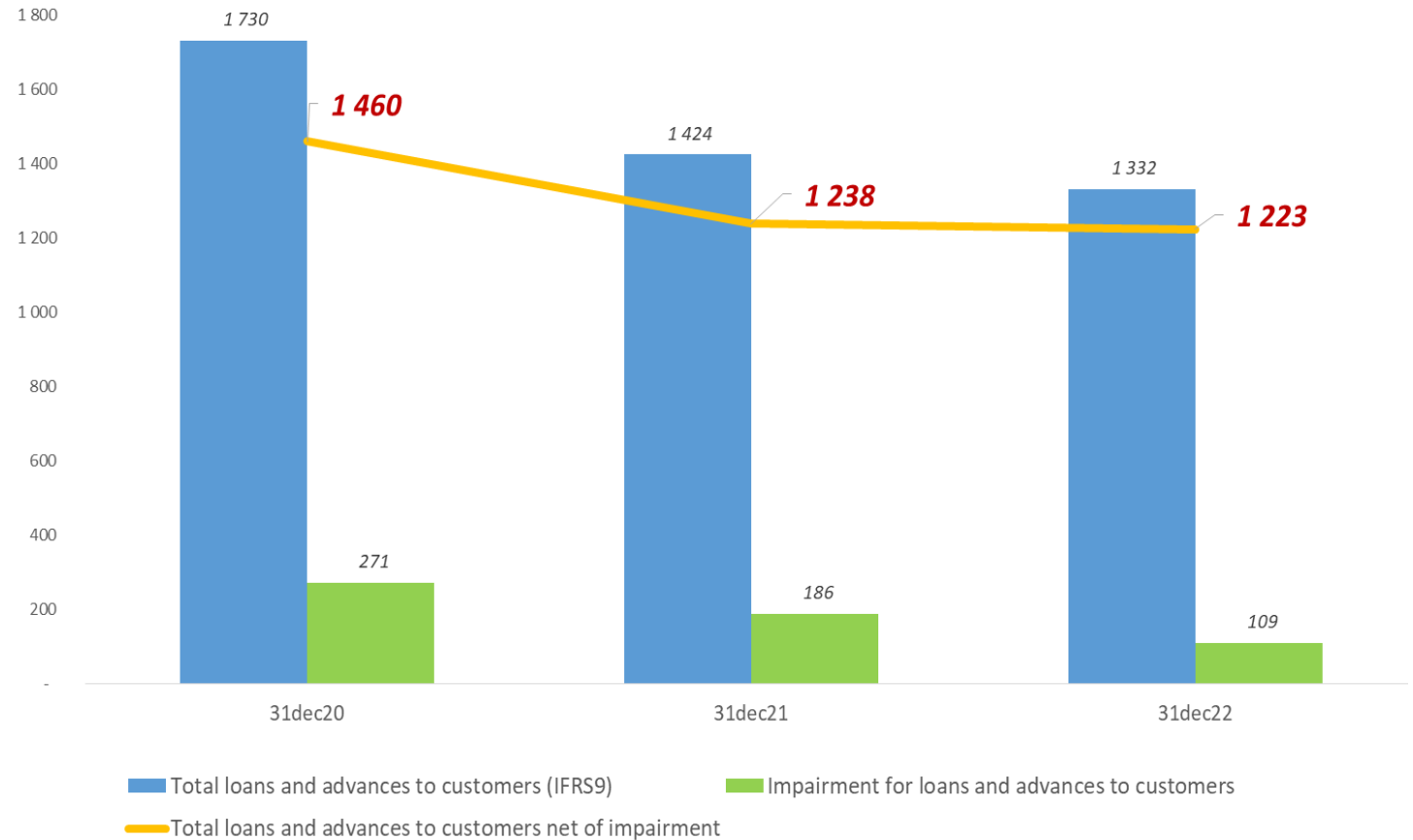
CB annual credit production – Breakdown by type (in € millions)



# Stabilization of net assets year-on-year, but significant growth since June 2022

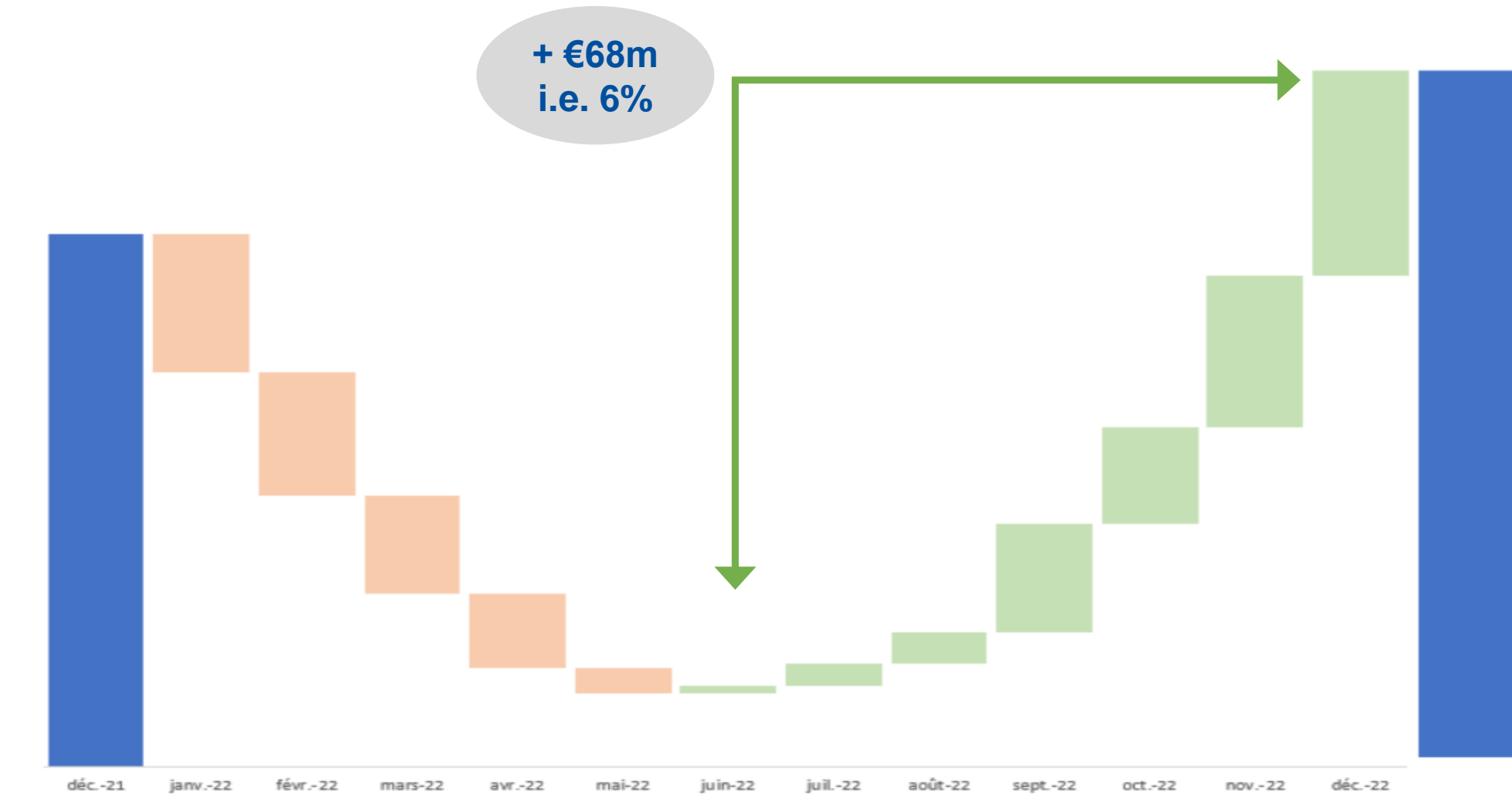
**Return to growth in Carrefour Banque's performing assets since June 2022 (+6%)... observed for the first time since 2014**

Evolution of net assets  
(loans and advances to customers less impairments)





# Rapid and continuous growth of performing assets (eom) since June 2022



# A stronger digitalization together with a deeper integration to retail

## The Carrefour 2026 strategic plan reaffirms the central place of services and their digitalisation.

- Carrefour confirms that the digital strategy of financial services should generate additional Current Operating Income of **€200 million in 2026 compared to 2021**



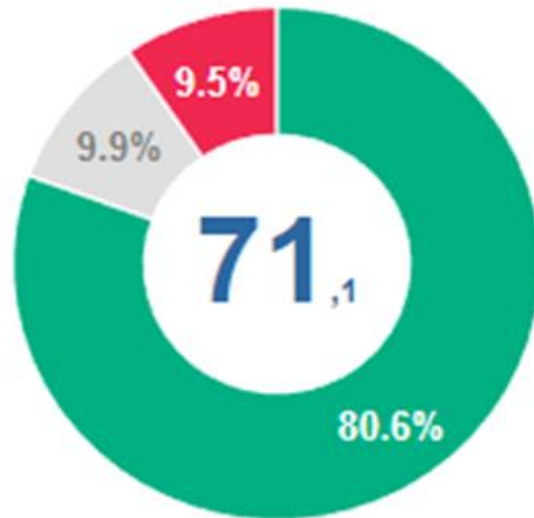
**Carrefour is extending its range of services, which feeds its omnichannel model and builds customer loyalty. The offer is digitalized and better integrated into the purchasing process.**

- Daily services are accelerating their growth to exceed **€1.5 billion in GMV in 2026**
- Financial services are **diversifying their offerings, in both B2C and B2B**, to meet the needs of all customers.
- Solutions introduced from 2023 will include **in-store "Buy now pay later" offers and products specifically for seniors.**
- Carrefour Banque is creating a **digital factory in 2023 to better integrate the financial services** at the heart of the Carrefour retail Company with three main critical issues:



# Customer satisfaction: Net promoter score (NPS) reaching high level

## NPS – December 2022



**National  
2038 answers**



Score 9-10 : promoters (very satisfied and loyal customers)

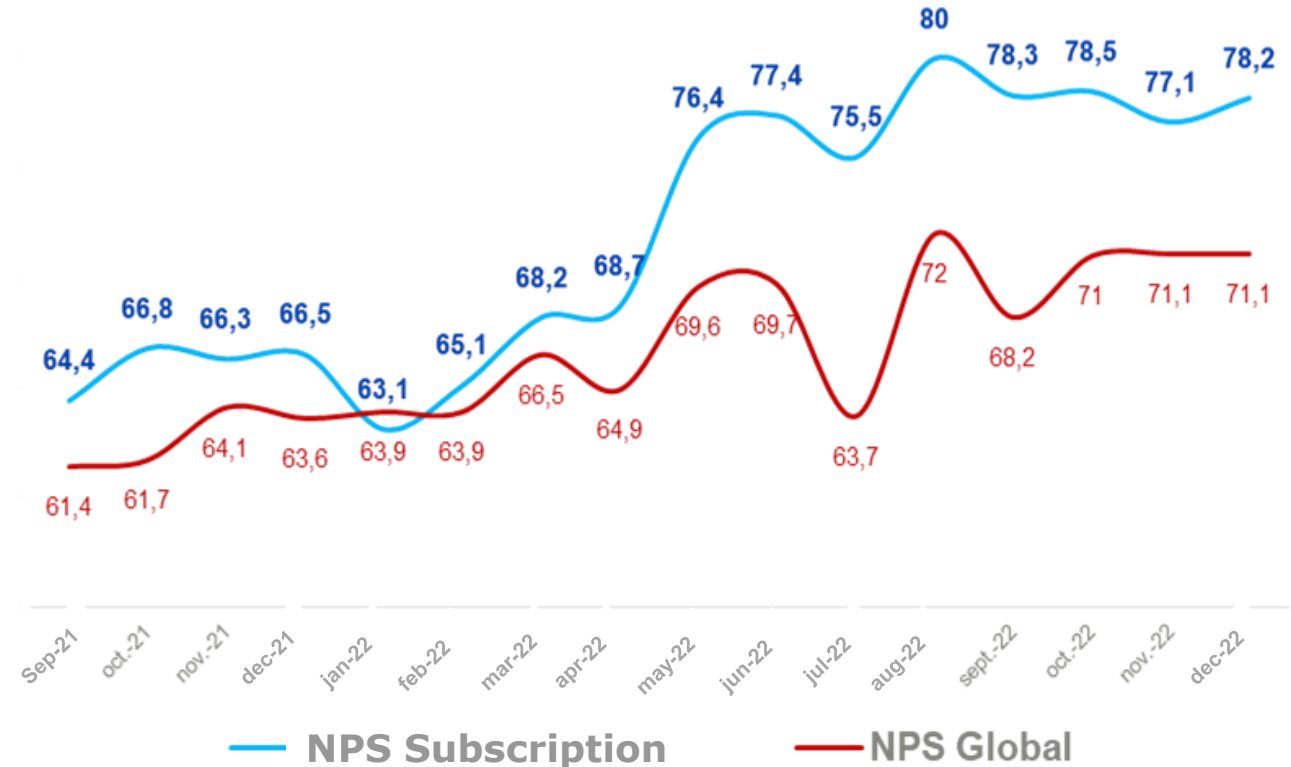


Score 7-8 : neutral (satisfied but unenthusiastic customers)



Score 0-6 : unsatisfied (unhappy customers able to damage the brand)

## NPS Chronic



# 2023 trajectory to be in continuity with the strong commercial dynamic and the solid results achieved in 2022

## Enhance commercial dynamism to continue to be profitable

1. Strengthen the spirit of **service and customer satisfaction**
2. Pursue the conquest of **PASS credit cards** and the reactivation of the corresponding portfolio
3. Continue the acceleration of **Revolving credit** by activating credit as soon as it is granted and maintaining proactivity in the portfolio
4. Continue the momentum of production for **personal loans** (especially in the WEB) in order to increase our outstanding loans together with attached insurances
5. Maintain acceleration on multi-equipment to **increase commissions**
6. Continue to **control our operating costs and our risks**

# 3

## Strong ratios and credit profile

# Strong solvency and liquidity ratio

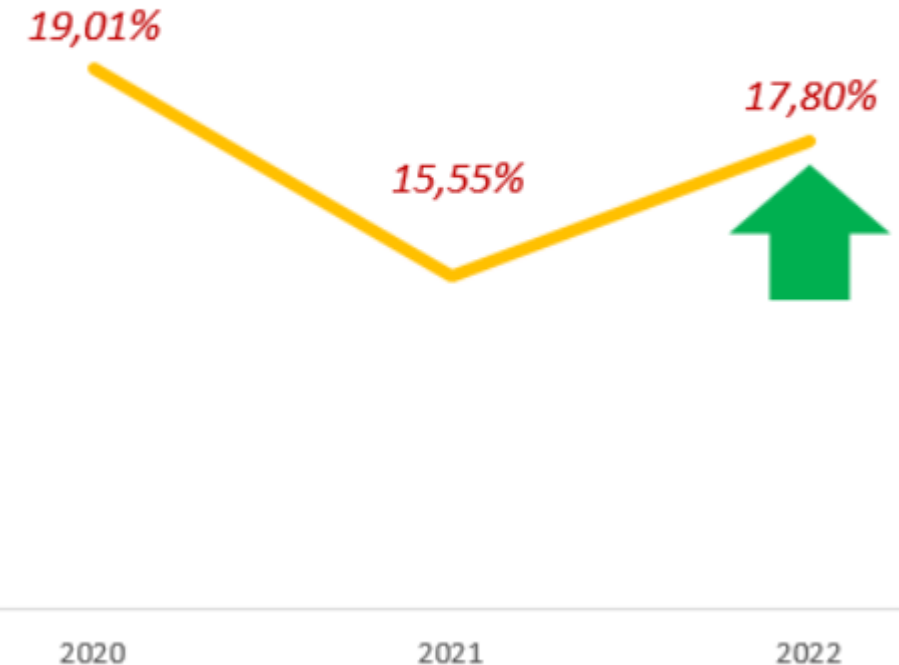
## Improved Tier 1 ratio in 2022

- ✓ Solid capital position with a **Basel III Tier 1 ratio at 17.8% as of 31 Dec. 2022** versus 15.55 % as of 31 Dec. 2021
- ✓ ~ 280 bps of leeway vs 2022 ACPR capital requirement (15% at end December 2022)
- ✓ Dividend distribution  
2020, 2021 = €0m  
**2022: €15M**

## Liquidity ratios: well beyond regulatory requirements

- ✓ **Liquidity Coverage Ratio (LCR) at 118.6% (31 Dec. 2022)**
  - Well above the minimum liquidity ratio of 100%, and above internal alert level (115%)

Solvency Ratio (2020-2022)



# A conservative and diversified funding policy

## A strong liquidity position

- **A positive headroom of €1.77bn of liquidity versus €3.04bn of drawings**
- **Liquidity reserve equivalent to 14-month of activity as of 31 Dec. 2022**, beyond the 12-month management target

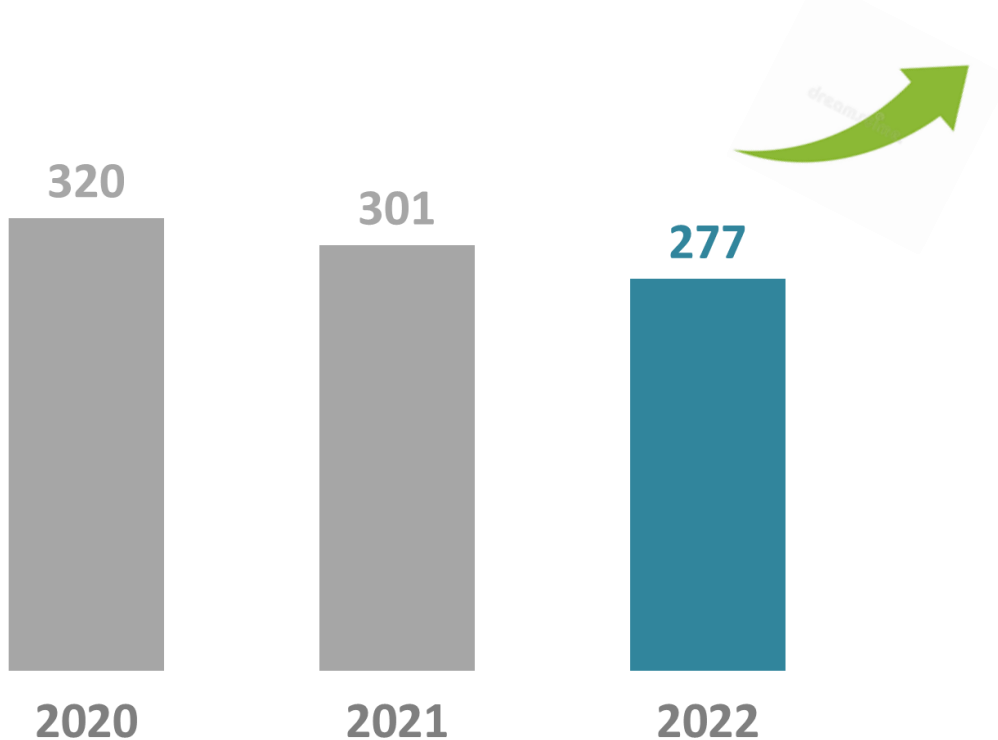
## Well-diversified funding sources

- EMTN, NeuMTN and NeuCP programmes
- €300m securitization programme (MCCP)
- Bilateral and syndicated bank lines
  - **€825m undrawn banking credit lines**
  - In 2020, exercise of the first one-year extension option for its €550m (undrawn) syndicated loan with a maturity extended to July 2025
- **€400m undrawn credit line granted by each shareholder** (i.e. €800m total) as a back-up source of liquidity
- ECB / TLTRO for €320m



# Savings: a strategic funding for 2023

- Carrefour Banque's savings account has been **awarded at beginning 2023** and received the **label of excellence from "les dossiers de l'épargne"...**
- Carrefour Banque considers its **savings accounts as a strategic funding tool** for 2023 and is preparing a plan to increase the collection of savings
- This plan aims to **conquer new customers by digitalizing the product and offer competitive rates of return** through promotional marketing operations



- Passbook account deposit are part of the **funding diversification strategy**
- These saving products are managed by **Carrefour Banque**

# A prudent credit risk management



Significant investment in 2022 to **optimize the credit decision system and industrialize the underwriting process** (return of the risk at granting to its 2019 levels in connection with the commercial relaunch)



A trend that remained **stable in 2022 for loans with one unpaid installment despite the adverse environment**. The performance of the recovery process is maintained at a good level despite a contained but regular increase in the first unpaid debts since sept 2022

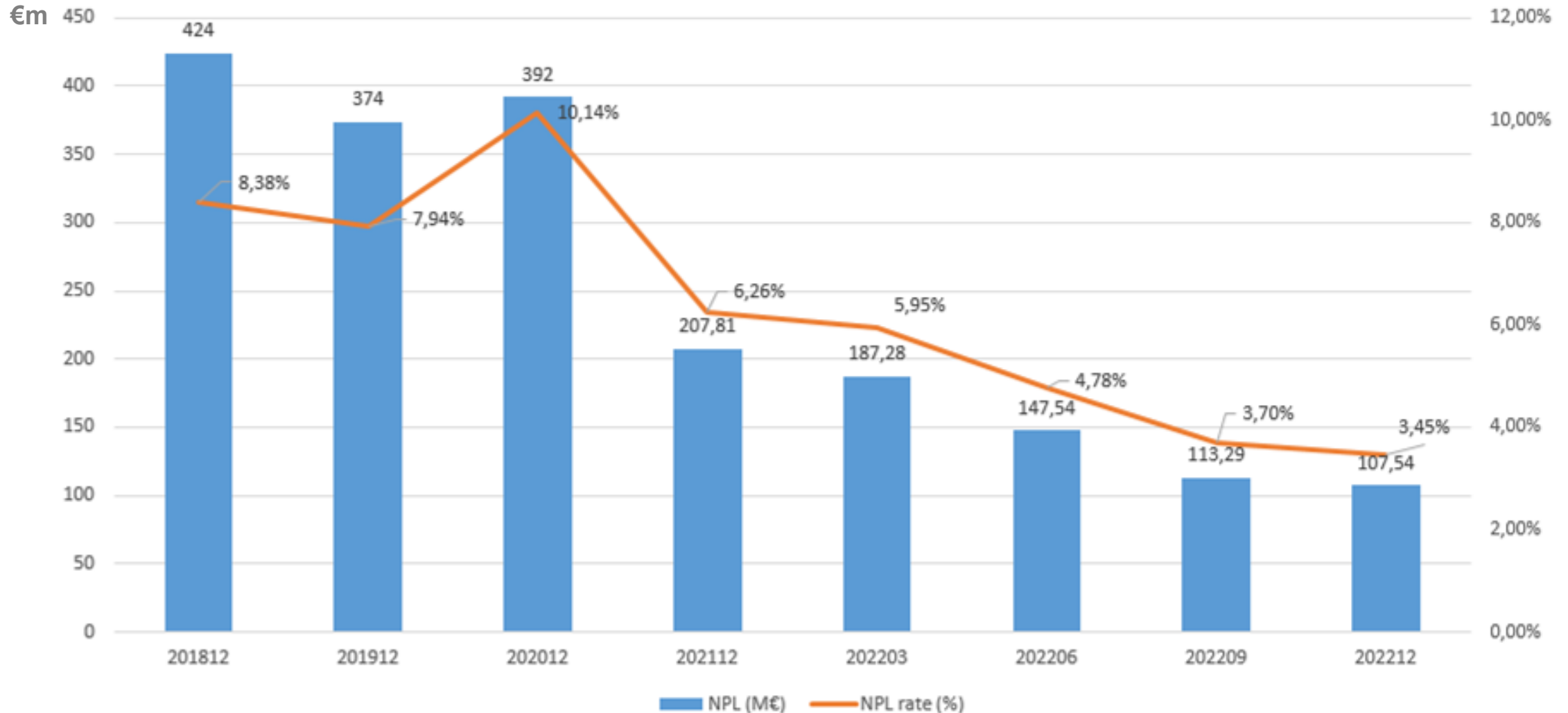


A NPL strategy defined and shared with the ACPR in March 2022, which aimed to reach a level below 5% by the end of 2022. **Target achieved at end 2022 and on Q1 2023 (<4%)**



**Strict and continuous cost of risk control in 2022 (-33%)**. Combination with a forward-looking provision approach

# Non-performing loans: a target rate below <5% has been achieved through sales of NPL portfolio in 2019 - 2022



# February 28, 2023: “Carrefour Banque Outlook Revised To Stable From Negative On End To Loan Book Attrition; Ratings Affirmed”

## S&P Global Ratings

The stable outlook on Carrefour Bank reflects our expectation that the bank will continue to deliver on its strategy despite a difficult economic environment.



Carrefour Banque **stopped its loan book's attrition in 2022**



We expect the **bank's creditworthiness to be broadly stable** over our outlook horizon.



Carrefour Banque should be **more resilient than consumer finance specialist peers** in the current challenging environment.



While Carrefour Banque is exposed to economic issues given its business model, **prudent and proactive hedging strategy helped it contain its funding cost increase** in 2022

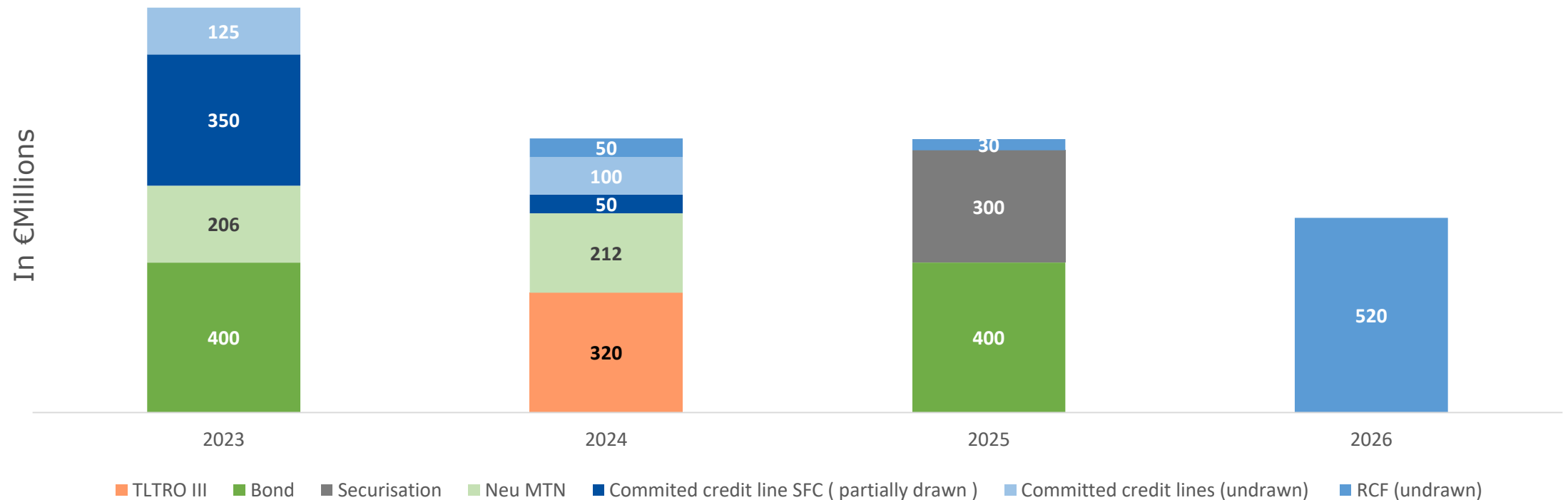
# Funding plan for 2023

**Funding needs** for outstanding growth and debt redemption will drive Carrefour Banque's **funding plan** for 2023

Redemption schedule

(excluding Neu cp, Neu MTN)

- March 2024: TLRO III (320 M€)
- April 2025: Securitization MCCP (300M€)
- June 2025: Eurobond (400 M€)



# 4

## Contemplated transaction

# Contemplated bond issuance and indicative terms

<b>Issuer</b>	<b>Carrefour Banque</b>
<b>Ticker</b>	CAFP
<b>Issuer's rating</b>	BBB (stable outlook) by S&P
<b>Expected Issue rating</b>	BBB by S&P
<b>Notional amount</b>	€500m Expected
<b>Type</b>	Fixed Rate Notes
<b>Status of the Notes</b>	Senior Unsecured, RegS, Bearer dematerialized
<b>Maturity</b>	4-year
<b>Active Joint Bookrunners</b>	BNPP, BBVA, CACIB, CIC, Société Générale
<b>Documentation</b>	EMTN Programme dated 15 December 2022 and supplemented as of 21 April 2023
<b>Specific clauses</b>	Change of Control, Make Whole call option vs OAT, Clean up call (75%), 3m par call
<b>Law</b>	French
<b>Listing</b>	Euronext Paris
<b>Denominations</b>	EUR 100,000 + 100,000
<b>Use of Proceeds</b>	General Corporate Purposes



# Key credit strengths



- 1 Strong shareholders and equity structure
- 2 Strategic Plan on the right track thanks to important achievements
- 3 Rapid and continued growth in performing assets since 2022
- 4 Increasing Market Share in revolving credit, personal loans and specific purchase credit

- 5 Strong solvency and liquidity ratios
- 6 Conservative and diversified funding policy
- 7 Positive rating trajectory as illustrated by S&P upgrade to Stable outlook in February 2023
- 8 Solid Credit Risk Management

# 5

## Appendix

# Consolidated P&L\*

INCOME STATEMENT (In thousands of euros)	2022	2021	
Interest and equivalent income	142,703	155,983	
Interest and equivalent charges	-36,443	-18,824	
Income from variable-income securities	7,395	6,443	→ SFC** dividends
Fee and commission income	54,520	60,418	
Fee and commissions expenses	-21,549	-21,689	
Net gains or losses on financial instruments at fair value through profit or loss	53	-1,029	
Other income from banking operations	54,552	62,763	
Other expenses on banking operations	-16,984	-15,734	
<b>NET BANKING INCOME</b>	<b>184,248</b>	<b>228,331</b>	→ Scope effect : €22.8M of NBI on Belgium/Italy in 2021 (0 in 2022)
General operating expenses	-110,946	-163,734	
Depreciation, amortisation and impairment of intangible and tangible assets and property, plan and equipment	-8,909	-9,193	→ 2021 Exceptional: Variation of €7.5M on staff costs (reorganization cost and €5M exit cost in Belgium), €11.4M on General Expenses (including €9M on Belgium), €15M on restructuring costs, €18.7M on non-recurring items (exit Carrefour Banca)
<b>GROSS OPERATING PROFIT(LOSS)</b>	<b>64,393</b>	<b>55,404</b>	
Cost of risk	-35,833	-53,742	
<b>OPERATING PROFIT(LOSS)</b>	<b>28,560</b>	<b>1,662</b>	
Gains or losses on fixed assets	-29	31,127	→ 2021: capital gain on sale of Fimaser shares
Gain from bargainpurchase (goodwill impairment)	-	-	
<b>CURRENT PRE-TAX PROFIT(LOSS)</b>	<b>28,530</b>	<b>32,788</b>	
Income tax	4,077	16,199	→ Deferred tax assets / tax deficits
Non-controlling interests	-	-	
<b>NET PROFIT/(LOSS) FROM CONTINUING OPERATIONS</b>	<b>32,608</b>	<b>48,988</b>	
<b>NET PROFIT/(LOSS) ATTRIBUTABLE TO THE GROUP</b>	<b>32,608</b>	<b>48,988</b>	

\*Difference in scope between 2021 and 2022: sale of Fimaser in Belgium and termination of Carrefour Banca activity in Italy

\*SFC (Service Financieros Carrefour)

Investors Presentation

# Consolidated balance sheet

BALANCE SHEET ASSETS in thousands of euros	IFRS 31/12/2022	IFRS 31/12/2021	
Cash, central banks, postal cheque accounts	84,011	2,849	
Financial assets at fair value through profit or loss	43,359	3,406	
Hedging derivatives	15,078	910	Hedging derivatives valuation
Financial assets at fair value through other comprehensive income	29,924	82,107	
Loans and advances to credit institutions at amortised cost	1,370,723	1,480,610	
Loans and advances to customers at amortised cost	1,225,122	1,236,446	
Securities at amortised cost	414,014	414,014	
Current and deferred tax assets	72,639	61,997	
Accrual accounting adjustments and other assets	131,032	88,296	
Property, plant and equipment and intangible assets	116,272	111,402	
<b>TOTAL ASSETS</b>	<b>3,502,174</b>	<b>3,482,037</b>	
LIABILITIES AND EQUITY in thousands of euros	IFRS 31/12/2022	IFRS 31/12/2021	
Cash, central banks, CCP	-	-	
Financial liabilities at fair value through profit or loss	43,477	3,477	
Derivative hedging instruments	34,533	7,541	Hedging derivatives valuation
Amounts owed to credit institutions and similar entities	351,732	380,848	
Amounts owed to customers	292,794	317,401	
Debts evidenced by certificates	2,074,211	2,135,075	
Current and deferred tax liabilities	16,241	2,104	
Accruals and other liabilities	110,415	71,099	
Provisions	28,945	41,552	
Equity, group share :	549,825	522,940	
Capital and related reserves	308,457	308,457	
Consolidated reserves	208,760	165,495	
Profit or loss for the year	32,608	48,988	
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>3,502,174</b>	<b>3,482,037</b>	Including -€15m dividends / Positive Fair value reserve on derivatives

# A proactive management of Interest Rate Risk (IRRBB)

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**Carrefour Banque has two main customer portfolios denominated in euros, personal loans and revolving credit, for which specific rate hedging is carried out:**

- **For personal loans**, Carrefour Banque targets an interest rate hedge that has the same amortisation profile as the customer assets observed in a static situation
- **For revolving credit**, the customer hedging rate observed in a dynamic situation over 4 years is framed by an upper and lower limit range. The objective is to immunise the financial margin by using interest rate swap derivatives known as "Vanilla"

**Carrefour Banque applies a prudent policy in terms of interest rate risks:**

**In application of our financial charter, the sensitivity to interest rate risk for a 200 bps shock is framed by a minimum and maximum %**

- The result must not exceed +/-0.5% of the current year's equity
- The result must not exceed +/-5% of the current year's operating income

**The limits are evaluated over a five-year horizon according to the vision of an outstanding amount in run-off**

