CRÉDIT AGRICOLE S.A.

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REGISTRATION DOCUMENT

ANNUAL FINANCIAL REPORT

2018

This Registration Document was filed with the French Financial Markets Authority (Autorité des Marchés Financiers, AMF) on 26 March 2019, in accordance with Article 212-13 of the AMF's General Regulations. It may be used in support of a financial transaction if accompanied by a transaction note approved by the AMF. This document was prepared by the issuer and its signatories are liable for its content.

INTERVIEW WITH DOMINIQUE LEFEBVRE, CHAIRMAN OF THE BOARD OF DIRECTORS, AND PHILIPPE BRASSAC, CHIEF EXECUTIVE OFFICER OF CRÉDIT AGRICOLE S.A.

2018 has been a turbulent year, both politically and economically, but particularly in the financial field. How has Crédit Agricole dealt with this year?

Dominique Lefebvre

In the current environment where we have to deal with all these different kinds of uncertainties, it is more important than ever that we get back to basics. As far as we are concerned, we have confidence in the strength of the Eurozone and the strengthening of the economy in the main countries where we have a presence.

Furthermore, Crédit Agricole has a number of strengths that allow us to keep pace with this changing environment. At a local level, we support our customers, propose innovative offers, forge partnerships that allow us to become stronger, develop new expertise and enter new geographical regions.

Philippe Brassac

It is true that this year has seen a slowdown of growth and extensive geopolitical turmoil, both in the US and in Europe, resulting in high levels of volatility on the financial markets.

Dominique LEFEBVRE
Chairman
of the Board of Directors

In this context, the excellent results we have achieved this year illustrate the effectiveness of our organic growth model based on structural prudence. All business lines of Crédit Agricole S.A. have contributed to delivering a net income Group share of €4.4 billion. These results further underline our strong financial position, based on the Regional Banks, which have for years formed the backbone of the Group.

At 31 December, the solvency ratios of Crédit Agricole Group were at 15%, allowing us to meet the regulatory challenges (ECB stress tests and Basel 4) and be able to invest in the future for the benefit of our customers, our employees and our shareholders.

In this ever-changing environment, what are your priorities?

Philippe Brassac

We need to set ourselves some benchmarks. We have clearly identified them for Crédit Agricole Group and they will act as a basis for harnessing our efforts. First of all, we want to expand our Customer Project further, aiming at **relationship excellence.** We need to be beyond reproach, both at a human level and in our digital solutions. We want to support the environmental concerns of our customers by providing concrete and appropriate solutions in the field of energy transition. We are looking to continue promotional activities and investment in the regions where we have a presence so that we can help them achieve their full potential. And because our responsibility to men and women must be the same, no matter whether they are customers or employees of the Group, we want to develop and maximise the technical and relationship skills of our employees.

What makes Crédit Agricole unique both as a company and in terms of its economic model?

Dominique Lefebvre

First of all, it is a universal bank, a bank for all.

It is a bank that offers all products and services connected to banking and insurance, covering the needs of all our customers throughout their lifetime, including the bad times.

We should not forget the economic footprint of our Group, which has nearly 100,000 employees in France, generates three quarters of its revenues in our country, and where it also pays almost all of its mandatory contributions – a total of €6.1 billion in 2018. We are proud of this commitment and the fact that we provide a useful service to society and our customers.

What is also unique about Crédit Agricole is its ability to transform itself in a responsive and agile manner. For some years we have been at the very heart of the digital revolution, and we are permanently evolving in order to best meet the expectations of all our customers.

The definitions of the underlined words can be found in the Glossary on page 600.

To what extent has 2018 allowed you to deploy your strategic plan?

Philippe Brassac

Firstly, this year has been devoted to integrating Pioneer in Asset management and the three Italian banks in order to deliver the drivers of growth and the anticipated synergies.

Secondly, we have maintained our organic growth and development in all business lines, in particular by signing new partnership agreements for consumer finance with Bankia in Spain, for insurance with Creval (Credito Valtellinese) in Italy and Novo Banco in Portugal, and also by extending existing partnerships with Banco BPM in Italy.

Lastly, in retail banking, we remain very close to the needs of all our customers by investing in the digital field, so as to be more **agile** while still maintaining **close customer focus** in our branches.

All these developments have taken place while still maintaining the **operational efficiency** of the Group, as the improved cost/income ratio for 2018 shows. This is crucial for us if we are to be able to continue to support our customers with a service at the best price, while still ensuring transactions and personal data remain secure. It is for this reason that we are going to continue our strategy based on teamwork and achieving synergies between our various business lines.

The result is that today, a year ahead of schedule, we have achieved our 2020 medium-term plan targets, and our new plan will be launched on this **coming 6 June**.

What role do your shareholders play and what are your commitments towards them?

Dominique Lefebvre

In our strategic plan, we clearly indicated our intention to shareholders by setting a distribution policy at 50% of our net income Group share. We have stuck to our commitments, and, what's more, have ensured the dividend has risen year-on-year.

2018 has been a year of turbulence for the equity markets and therefore for our own share value. However, our results allow us to maintain generous dividends for those who put their trust in us – the dividend proposed to the General Meeting was 0.69 cents per share, up 9.5%.

What challenges does the Group face in the coming years?

Dominique Lefebvre

In the current climate marked by social tensions, our DNA as a mutual bank at the service of all our customers – from the most vulnerable to the wealthiest, in the towns and in the villages – demands our full commitment to addressing the major issues facing society by means of climate finance, inclusive finance and by protecting the heritage and assets of our regions. Our new Medium term plan will provide concrete responses to all these challenges. We also have a responsibility to the generations that represent the future of our country, and we are set on ensuring the Group as a whole promotes youth employment and contributes to equal opportunities.

Philippe BRASSAC
Chief Executive Officer

CRÉDIT AGRICOLE IN FRANCE

Crédit Agricole has resolved to commit itself wholeheartedly to providing concrete solutions to support French citizens in their daily lives, in particular to further their purchasing power.

Our commitment is aimed specifically at breaking down isolation and promoting access to banking services for all. It also aims to offer customers who are in a difficult life situation high-end entry products and solutions tailored to their needs, provide them with fair and unbiased advice and help them prepare for setbacks. For example, the *Points Passerelle* scheme, set up 20 years ago, allows us to provide over 13,000 customers a year with a range of educational and practical measures designed to improve their ability to budget. Lastly, we are committed to facilitating access to credit and to promoting inclusive finance.

Philippe BRASSAC

The definitions of the underlined words can be found in the Glossary on page 600.

A WHOLE BANK JUST FOR YOU

As a trusted partner to its customers, Crédit Agricole has remained true to its enduring values of **customer focus, accountability and solidarity** for 125 years.

Crédit Agricole is committed to establishing long-term relationships with all its customers to support their projects, prepare for life's uncertainties and protect their interests.

It serves all customers, from low-income families to high net worth individuals, from local merchants to farmers and multinationals, committing to transparency, loyalty and straightforward information.

Its **customer-focused universal banking** model underpins an ambitious **Customer Project** focused on building comprehensive and lasting relationships. The synergy between Crédit Agricole's different businesses provides each customer with a diverse pool of expertise and a distribution model that delivers a 100% human, 100% digital banking experience.

The Group aims for **excellence in customer relations to the benefit of all, with:**

day-to-day banking, lending and savings products, insurance, asset management, wealth management, leasing, factoring, corporate and investment banking, asset servicing, payment services and real estate.

Crédit Agricole's Corporate Social Responsibility policy lies at the heart of its cooperative and mutual identity, and its ambition.

It actively addresses environmental and social issues by supporting progress and change.

Systematic integration of climate risk into its financing and investment strategies (for asset management and insurance), as well as the bank's increasing involvement in renewable energy projects and its support for customers transitioning to a low-carbon economy illustrate its commitment.

This policy is **embodied** by the engagement of its 141,000 employees.

#1 bancassurer in Europe
provider of financing to the French economy
european asset manager

51m customers

47 countries

141,000 employees

The definitions of the underlined words can be found in the Glossary on page 600.

CRÉDIT AGRICOLE GROUP – A STABLE SHAREHOLDING STRUCTURE

(AT 31 DECEMBER 2018)

The Crédit Agricole Group includes Crédit Agricole S.A., all the Regional Banks and Local Banks and their subsidiaries.

10.1 M
mutual shareholders
who hold mutual shares in

2,432
Local Banks

39
Crédit Agricole Regional Banks
jointly holding the majority of Credit Agricole S.A.'s share capital(1)

CCA/CCI

Sacam Mutualisation

100%

≈25%

Fédération nationale du Crédit Agricole (FNCA)

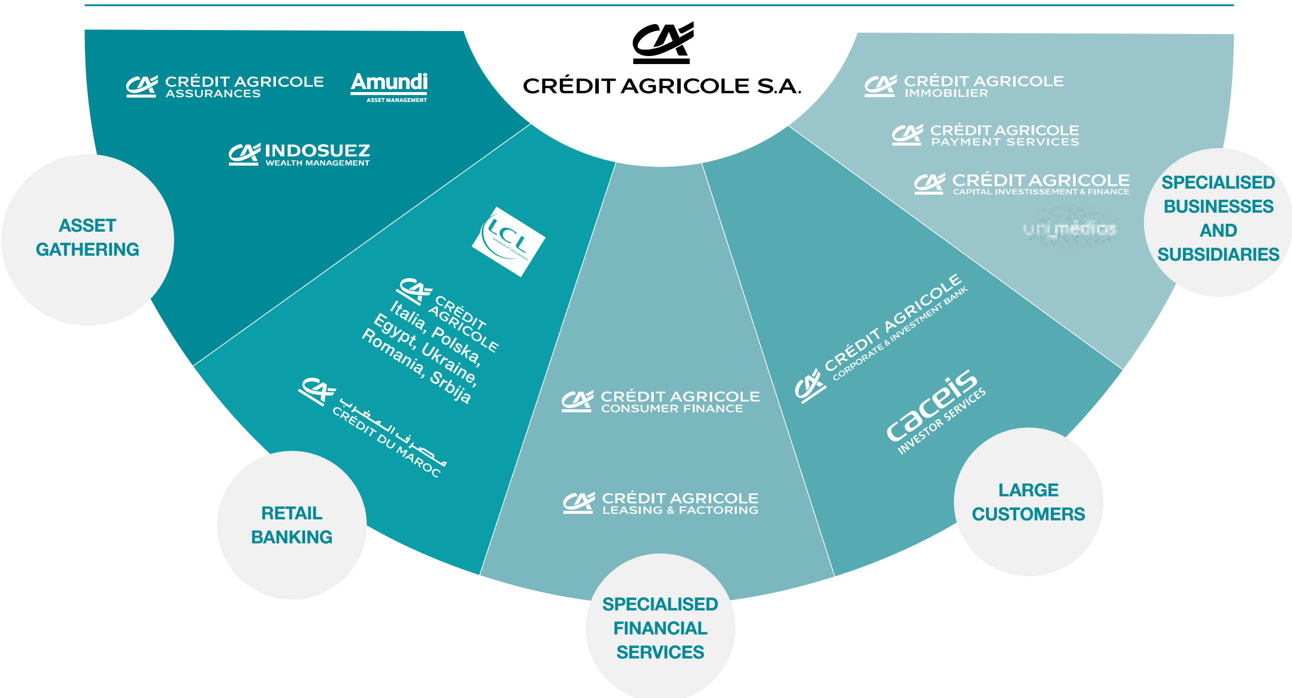
political link

Float

Institutional investors	31.9%
Individual shareholders	7.3%
Employee share ownership plans (ESOP)	4.4%
Treasury shares	0.1%

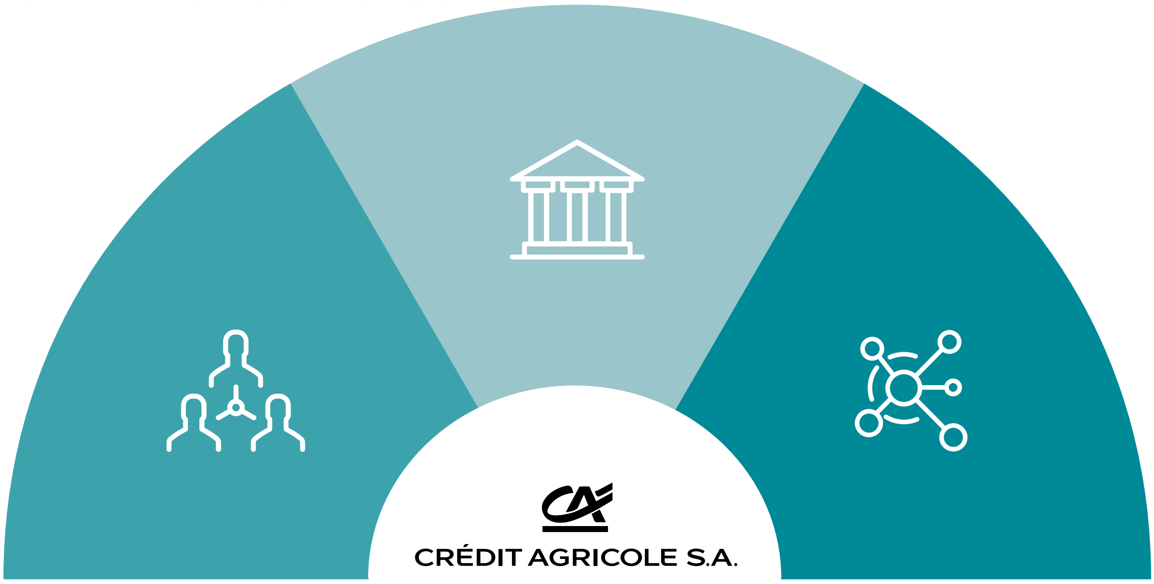
56.3%

43.7%



(1) *Via* SAS Rue La Boétie. The Regional Bank of Corsica, 99.9% owned by Crédit Agricole S.A., is a shareholder of Sacam Mutualisation.

THE OBJECTIVES OF CRÉDIT AGRICOLE S.A. WITHIN THE CRÉDIT AGRICOLE GROUP



CENTRAL BODY: REPRESENTS THE CREDIT AGRICOLE GROUP BEFORE THE MONETARY AND BANKING AUTHORITIES

Application of laws or regulations pertaining to the Group

Approval of the executives of the Regional Banks and of merger plans

Bank supervision in collaboration with the regulatory authorities (Banque de France, AMF, ACPR, etc.)

Audit of the accounts (accounting approval)

Parent company of the business line subsidiaries

CENTRAL BANK OF THE CRÉDIT AGRICOLE GROUP

Guarantor for the financial unity of the Group

Financial reconciling of resources and uses by the Regional Banks

Group cash management

HEAD OF THE NETWORK: MANAGES THE DOMESTIC AND INTERNATIONAL SUBSIDIARIES OF THE GROUP

Creation of new products, promotion and coordination of commercial policy

Managing the Crédit Agricole brand

IT planning

Monitoring of subsidiaries and of international developments

The definitions of the underlined words can be found in the Glossary on page 600.

OUR UNIVERSAL CUSTOMER-FOCUSED BANKING MODEL

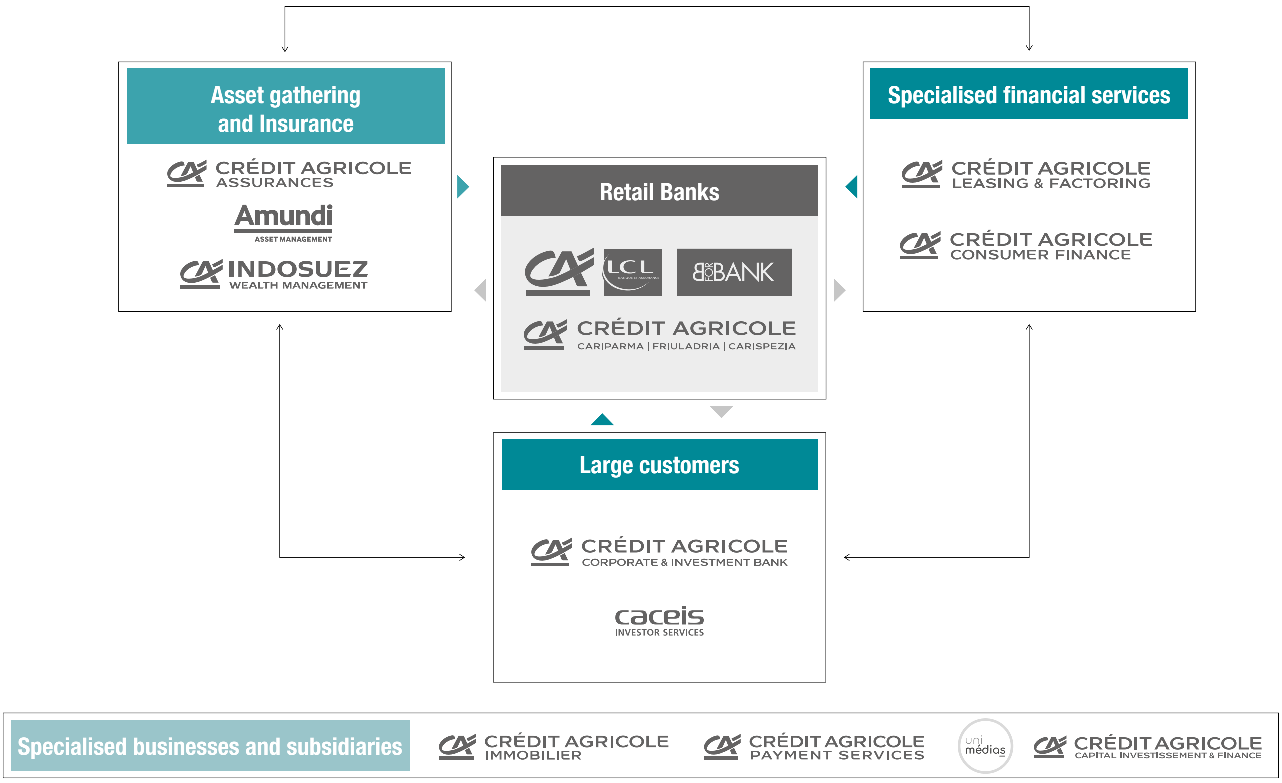
Crédit Agricole Group's universal customer-focused banking model is based on the close association of its retail banks with its specialised business lines. The Regional Banks are at the heart of this model, based on recognised know-how in the distribution of all the financial products and services developed by the Group to all types of customers in France and internationally.

This model underscores Crédit Agricole Group's commitment to be the trusted partner of all of its customers and to cover the full breadth of their financial and wealth management needs, namely: payment instruments, insurance, savings management, financing, real estate and international support.

All of these services and skills are offered in a close relationship based on the Group's retail banks in France (Regional Banks, LCL, BforBank) and internationally (Crédit Agricole Italia, CA Bank Polska, Crédit du Maroc, CA Egypt, CA Ukraine, etc.). The contacts maintained by employees and elected representatives of Local and Regional Banks in the field ensure good knowledge of customers and their problems throughout their lives. This understanding of the expectations and needs of customers, together with the size of the Group's networks, enable Crédit Agricole S.A.'s specialised business lines to constantly improve their offerings and their competitiveness.

With its specialised subsidiaries (insurance, asset management, real estate, wealth management, corporate and investment banking, financial services for institutional investors and issuers, specialised financial services, payment instruments), the Group is able to offer comprehensive and customised solutions to all its customers, in good times and bad times, within the framework of an enduring relationship.

The increase in customer equipment is both a means of encouraging loyalty and a vector for revenue growth, through the synergies developed between retail banking and the specialised business lines. Crédit Agricole Group's medium-term strategic plan, "Strategic Ambition 2020", drawn up jointly by the Regional Banks and Crédit Agricole S.A. and unveiled in March 2016, has reinforced the implementation of this model.



ACTIVITIES AND ORGANISATION OF THE REGIONAL BANKS

The Crédit Agricole Regional Banks are co-operative entities and fully-fledged banks that have a leading position in all their retail banking markets in France. With 21 million individual customers, the Regional Banks account for 23.2% of the household bank deposit market (source: Banque de France, september 2018) and 22.9% of the household credit market (internal source: département des études économiques du Crédit Agricole). They are leaders in the agricultural (81% share; source: Adéquation 2018), SME and small business (34%; source: Pépites CSA 2018) and corporate (37%; source: Kantar TNS 2017) markets.

The marketing of products and services covering the financial and wealth management needs of their customers is based on a network of nearly 6,800 branches, about 6,000 in-store Servicing points installed at small retailers and a full range of remote banking services.

1 ABOUT CRÉDIT AGRICOLE S.A.

The definitions of the underlined words can be found in the Glossary on page 600.

A SOLID **FINANCIAL STRUCTURE**, A DIVERSIFIED **SHAREHOLDER BASE**, A BALANCED **DISTRIBUTION POLICY**

STOCK MARKET AND SHAREHOLDING

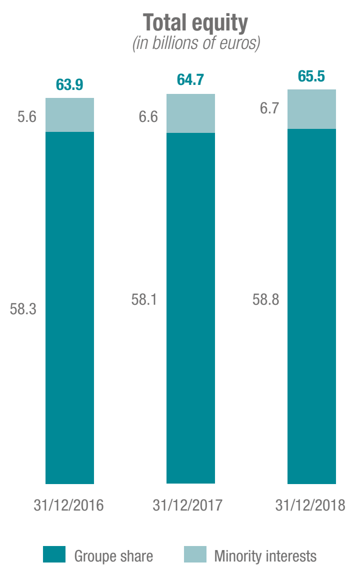
€0.69
Net dividend per share in 2018

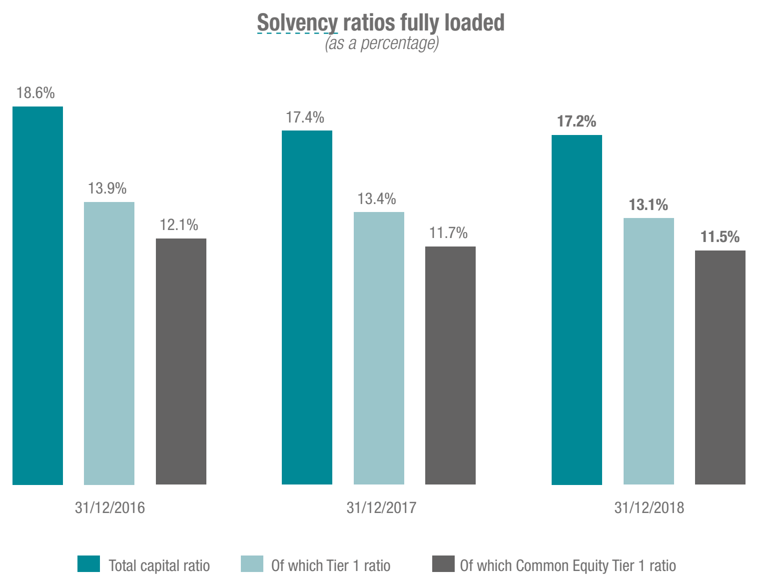
50%
Pay-out ratio in 2018

€27.0 bn
Market capitalisation at end-2018

€12.0
Tangible net assets per share at end-2018(1)

FINANCIAL STRUCTURE





(1) See definition and calculation method on page 196 of this document.

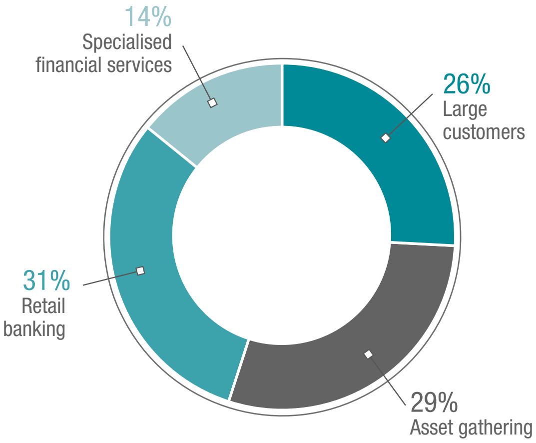
KEY FIGURES

BUSINESS AT 31 DECEMBER 2018

(in billions of euros)	31/12/18
Total assets	1,624.4
Gross customer loans[1]	479.3
Customer deposits[2]	787.0

(1) Gross value of loans and receivables due from credit institutions and due from customers.
(2) Including debt instruments issued to customers.

BREAKDOWN OF REVENUES BY BUSINESS LINE IN 2018[1]



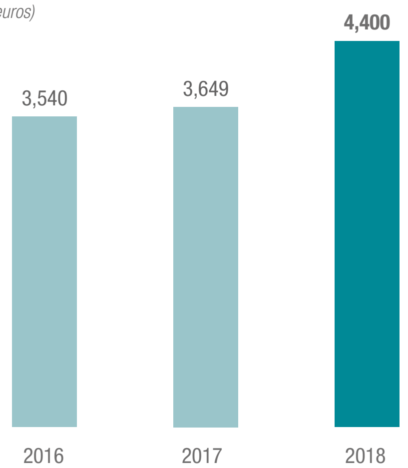
TRENDS IN EARNINGS

Condensed income statement

(in millions of euros)	2016	2017	2018
Revenues (NBI)	16,853	18,634	19,736
Gross Operating Income	5,159	6,431	7,147
Net income	3,955	4,216	5,027
Net income Group share	3,540	3,649	4,400

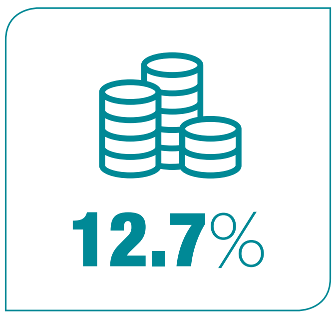
Net income Group share

(in millions of euros)



Return on tangible equity (RoTE)

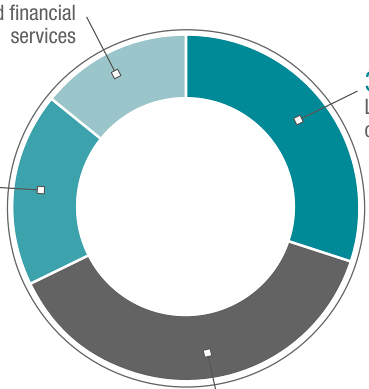
(as a percentage)



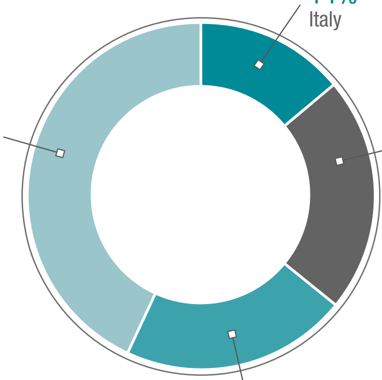
(1) Excluding Corporate Centre (CC).

The definitions of the underlined words can be found in the Glossary on page 600.

Breakdown of net income Group share[(1)] by business line



Breakdown of net income Group share by geographic region



RATINGS AT 15 MARCH 2019

Rating	LT / ST Counterparty	Issuer / LT senior preferred debt	Outlook / Review	ST senior preferred debt	Last rating action	Rating action
S&P Global Ratings	AA-/A-1+ (RCR)	A+	Stable outlook	A-1	19/10/18	■ Increase of LT ratings (1 notch) ■ Outlook revised from stable to positive ■ ST ratings confirmed
Moody's	Aa3/P 1 (CRR)	A1	Positive outlook	P-1	05/07/18	■ Outlook revised from positive to stable ■ LT and ST ratings confirmed
Fitch Ratings	A+ (DCR)	A+	Stable outlook	F1	04/12/18	■ LT / ST ratings affirmed; ■ Outlook unchanged
DBRS	AA (high) / R-1 (high) (COR)	AA (low)	Stable outlook	R-1 (middle)	01/10/18	■ LT / ST ratings affirmed; ■ Outlook unchanged

LT: long term; ST: short term.

INDEX PRESENCE AND CSR RATINGS[(2)]

FTSE4Good EURONEXT vigeo CDP MSCI

(1) Excluding Corporate Centre.
(2) See other CSR ratings in chapter 2 of this document.

OUR BUSINESS MODEL: PARTNERING A SUSTAINABLE ECONOMY

OUR RESOURCES

OUR TALENT

- 141,000 employees of the Crédit Agricole Group:
  - France: 74%
  - International: 26%

OUR GOVERNANCE

- A solid majority shareholder ensuring a long-term commitment

OUR CAPITAL

- Shareholders' Equity, Group Share:
  - Group: €106.7bn
  - Crédit Agricole S.A.: €58.8bn

OUR GEOGRAPHIC FOOTPRINT

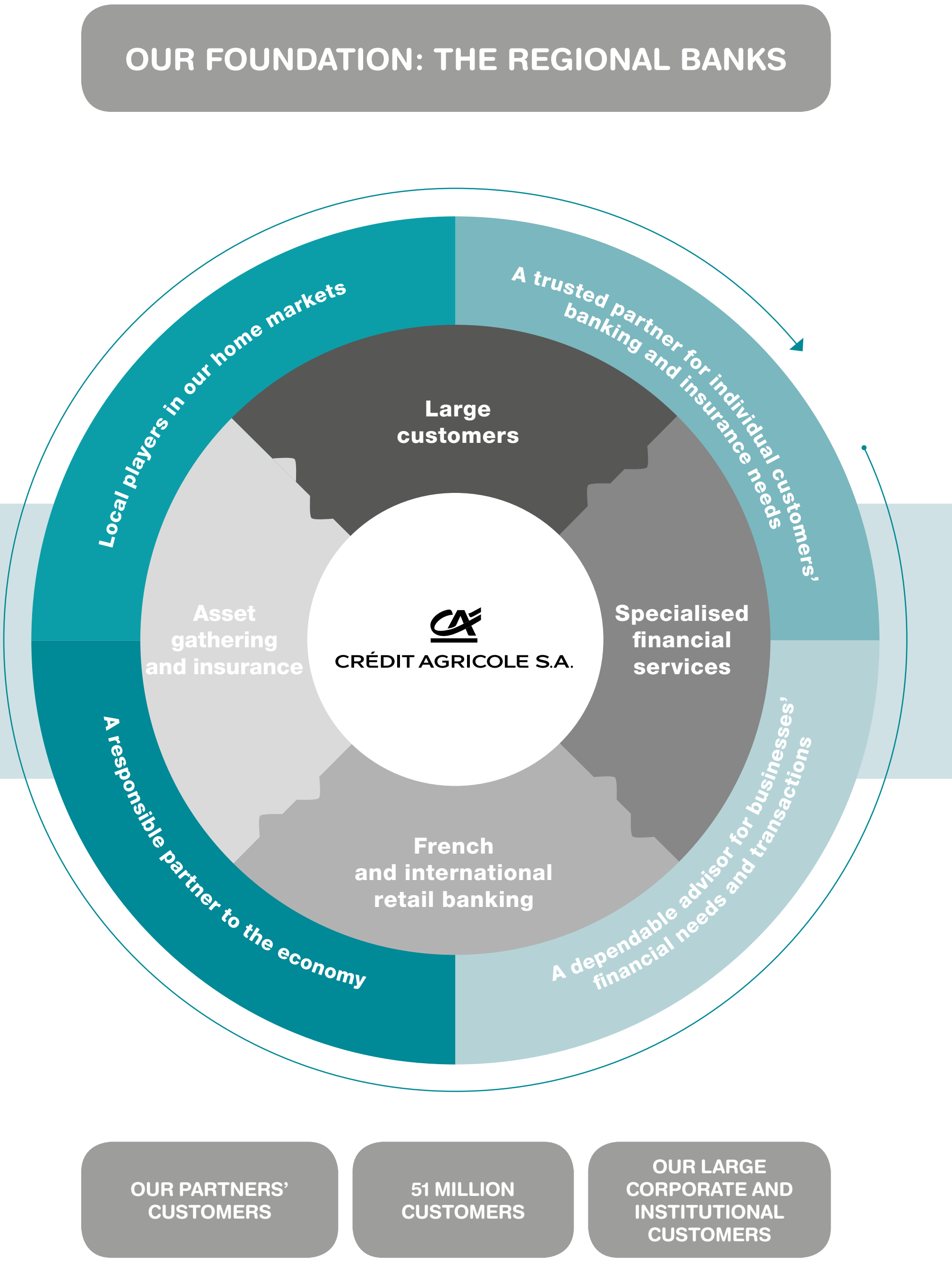
- 47 countries
- Retail banks in France (39 Regional Banks, LCL and BforBank) and abroad
- 10,700 branches

OUR MULTI-PARTNERSHIP MODEL

- A growth model for our business lines that leverages both our synergies with the Group's bankers and external expertise and retail partnerships

OUR TECHNOLOGICAL CAPITAL

- A single centre of IT expertise (CAGIP) serving all of the Group's business lines



The definitions of the underlined words can be found in the Glossary on page 600.

OUR VALUE CREATION

OUR ACHIEVEMENTS

FOR CUSTOMERS

- #1 Provider of financing to the French economy: €607bn loans outstanding in retail banking
- #1 European asset manager: €1,425bn
- #1 Bancassurer in Europe
  - Property and casualty insurance contracts: €13.4bn
  - Customer satisfaction rate for property and casualty insurance: 94%

FOR THE GROUP AND SHAREHOLDERS

- Crédit Agricole Group revenues: €32.8bn
- Crédit Agricole S.A. Net income: €4.4bn
- Crédit Agricole S.A. market capitalisation: €27.0bn

Payout to shareholders: €2.0bn

FOR EMPLOYEES

- ERI survey: 70% participation rate (Regional Banks + Crédit Agricole S.A.)
- Regular share issues reserved for employees

FOR CIVIL SOCIETY

- Group purchases: €6.9bn
- Taxes: €6.9bn
- Major player in private equity: €3.5bn in assets under management
- Hiring: 5,834 permanent contract employees (Crédit Agricole S.A. scope)

FOR THE ENVIRONMENT

- World's leading bookrunner for Green Bond issues
- Green Bonds: €120bn arranged to finance the energy transition
- Responsible investments: €275.8bn
- Financing for renewable energies: €571m for renewable energy and energy efficiency projects provided by Unifergie and LCL (and €3bn in outstandings at the Regional Banks)

OUR COMMITMENTS

- To be a loyal bank that puts a priority on ethics, transparency and straightforward information for customers
- To provide products and services that meet all our customers' needs with a 100% human, 100% digital experience
- To provide an excellent multi-channel experience to support a close relationship with our customers
- To promote energy and society's transition
- To support and champion all the potential of our home markets

The definitions of the underlined words can be found in the Glossary on page 600.

THE BUSINESS LINES OF CRÉDIT AGRICOLE S.A. AT 31 DECEMBER 2018

ASSET GATHERING AND INSURANCE

INSURANCE

MISSION: as France's[1] leading insurer, Crédit Agricole Assurances is highly focused on the needs of its customers, whether they are individuals, SMEs and small businesses, corporates or farmers.

Its goal is to be effective and useful, from designing solutions and services to handling claims.

OUR OFFERING: a full and competitive range, tailored to customers' needs in terms of savings/retirement, death & disability/creditor/group and property & casualty insurance, and backed by the efficiency of the largest banking network in Europe.

KEY FIGURES:

- €33.5 bn Gross revenues
- €285 bn Assets under management in savings/retirement
- 13.4 million Number of property & casualty insurance contracts

ASSET MANAGEMENT

MISSION: Amundi is the leading European asset manager in terms of assets under management and ranks in the top 10 worldwide[2]. The Group manages €1,425 billion and has six main management platforms (Boston, Dublin, London, Milan, Paris and Tokyo).

OUR OFFERING: Amundi offers its customers in Europe, Asia Pacific, the Middle East and the Americas a wide range of expertise and investment solutions for active, passive, real estate and alternative asset management. Amundi's customers can also access a full range of high added value services.

KEY FIGURES:

- €1,425 bn Assets under management
- N° 1 European asset management company[2]
- Present in 37 countries

WEALTH MANAGEMENT

MISSION: Indosuez Wealth Management comprises Crédit Agricole Group's wealth management activities in Europe[3], the Middle East, Asia-Pacific and the Americas. Renowned for both its human and resolutely international dimension, it has a presence in 14 countries worldwide.

OUR OFFERING: we offer a tailored approach allowing individual customers to manage, protect and transfer their assets in a manner which best fits their aspirations. Embracing a global vision, our teams offer expert advice and first-class services.

KEY FIGURES:

- €122.8 bn Assets under management[3]
- 3,150 employees
- Present in 14 countries

RETAIL BANKING

LCL

MISSION: LCL is the only domestic network bank in France to focus exclusively on retail banking and insurance. It covers all markets: individual customers, SMEs and small businesses, and private and corporate banking.

OUR OFFERING: a complete range of banking products and services covering finance, insurance, savings and wealth management, payments and flow management. With branches nationwide and an online banking service, the aim is to develop a close customer relationship (mobile app and website).

KEY FIGURES:

- €120 bn Loans outstanding (of which €75.4 bn in home loans)
- €191.9 bn Total customer assets
- ~ 6 million individual customers

INTERNATIONAL RETAIL BANKING

MISSION: Crédit Agricole's international retail banks are primarily located in Europe (Italy, Poland, Serbia, Romania, Ukraine), and in selected countries of the Mediterranean basin (Morocco, Egypt), where they serve all types of customers (individuals, small businesses, corporates (from SMEs to multinationals), in collaboration with the Group's specialised business lines and activities.

OUR OFFERING: in branch and online, international retail banks offer a range of banking services, specialised financial services and savings and insurance products tailored to our customers' needs, in synergy with the Group's other business lines (CACIB, CAA, Amundi, CAL&F, etc.).

KEY FIGURES:

- €52.9 bn Loans outstanding
- €52.2 bn On-balance sheet deposits
- > 5.3 million customers

(1) Source: *L'Argus de l'assurance*, 21 December 2018 (figures to end-2017).
(2) Source : *palmarès IPE "Top 400 asset managers"* released in June 2018 on the basis of assets under management in December 2017.
(3) Excluding LCL Private Banking, Regional Banks and private banking activities within international retail banking.

The definitions of the underlined words can be found in the Glossary on page 600.

SPECIALISED FINANCIAL SERVICES

CONSUMER FINANCE

MISSION: a major player in consumer finance in Europe, Crédit Agricole Consumer Finance offers its customers and partners a range of flexible, responsible solutions, tailored to their needs. Customer satisfaction is a strategic priority, particularly through investments in digital, to create a credit experience with them that meets their expectations and new methods of consumption.

OUR OFFERING: a complete multi-channel range of financing and insurance solutions and services available online, in branches of CA Consumer Finance subsidiaries and from its banking, institutional, distribution and automotive partners.

KEY FIGURES:

- **€88.5** bn Gross managed loans
- of which €**18.7** bn for Crédit Agricole Group
- Present in **19** countries

LEASING, FACTORING AND FINANCE FOR ENERGIES AND REGIONS

MISSION: Crédit Agricole Leasing & Factoring (CAL&F) provides solutions for businesses of all sizes for their investment plans and the management of their trade receivables, through its offering of lease financing and factoring services in France and Europe. CAL&F is also one of France's leading providers of finance for energies and regions.

OUR OFFERING: in lease financing, CAL&F offers financing solutions to meet property and equipment investment and renewal requirements. In factoring, CAL&F provides trade receivable financing and management solutions for corporates, both for their day-to-day operations and for their expansion plans. Lastly, CAL&F, via its subsidiary Unifergie, helps corporates, local authorities and farmers to finance renewable energy and public infrastructure projects.

KEY FIGURES:

- **1** out of **3** mid-caps funded by CAL&F in France
- **Over 50** years' experience in leasing and factoring
- **No. 2** in the financing of renewable energy[1]

LARGE CUSTOMERS

CORPORATE AND INVESTMENT BANKING

MISSION: Crédit Agricole Corporate and Investment Bank serve corporates and financial institutions, in France and internationally, thanks to its network in the main countries of Europe, the Americas, Asia-Pacific and the Middle East.

OUR OFFERING: products and services in investment banking, structured finance, international trade finance and commercial banking, capital market activities and syndication, and known worldwide "green" finance expertise.

KEY FIGURES:

- **No. 1** bookrunner worldwide for green, social and sustainability bonds (all currencies) *(source: Bloomberg)*
- **2nd** largest bookrunner in syndicated loans for the EMEA region *(source: Refinitiv)*
- **8,300** employees

ASSET SERVICING

MISSION: CACEIS, a specialist back-office banking group, supports management companies, institutional investors, banks, private equity and real estate funds, brokers and companies in the execution of their orders, including custody and management of their financial assets.

OUR OFFERING: CACEIS offers asset servicing solutions throughout the full life cycle of investment products and for all asset classes: execution, clearing, custody, fund administration, middle-office solutions, forex, security lending and borrowing, fund distribution support and services to issuers.

KEY FIGURES:

- €**2,633** bn Assets under custody
- €**1,692** bn Assets under administration
- €**1,058** bn Assets deposited

SPECIALISED BUSINESSES AND SUBSIDIARIES

Crédit Agricole Immobilier

- €959.1 million annual fees
- 1,725 homes sold
- 3 million sq. m. under management at end-2018

Crédit Agricole Capital Investissement & Finance (IDIA CI, SODICA CF)

- €1.5 billion assets under management
- Leader on the mergers/acquisitions market for small and midcaps with a record year in terms of transactions (33)
- IDIA Capital Investissement activity up sharply with 16 investments made over the year

Crédit Agricole Payment Services

- France's leading payment solutions provider with a market share of almost 30%
- More than 11 billion transactions processed in 2018
- More than 40 years' expertise in serving customers in the development of offers combining ease-of-use and security

Uni-médias

- 13 market-leading publications with nearly 2 million subscribers
- 10 million readers, 12 websites
- 7.8 million unique monthly visitors, up 51%[2]

(1) CAL&F is the No. 2 in the energy-financing companies' market (source ASF to november 2018).
(2) Source: Office de justification de la diffusion, ACPM, Médiamétrie 11/2018

The definitions of the underlined words can be found in the Glossary on page 600.

ASSET GATHERING AND INSURANCE

INSURANCE

Business and organisation

Crédit Agricole Assurances (CAA) is the leading bancassurer in Europe[1] by premium income and the leading insurer in France[2].

Crédit Agricole Assurances (CAA)'s positions are supported by a full and competitive range of products, tailored to the specific requirements of each domestic market and each local partner, as well as by the power of the Crédit Agricole Group distribution network.

Savings and retirement

Crédit Agricole Assurances is the second-largest provider of personal insurance in France[2].

It offers its customers a wide range of policies for saving, transmitting capital, financing projects or preparing for retirement.

In France, CAA primarily distributes its products to customers of the Regional Banks and LCL: individual customers, high net worth customers, farmers, small businesses and corporates.

Internationally, Crédit Agricole Assurances is present through the Crédit Agricole Group entities in Italy, Luxembourg and Poland, where it continues to export and adapt its bancassurance know-how and is continuing its development *via* distribution agreements with external partners in Italy, Portugal, Japan and Luxembourg.

In addition, it is expanding through alternative networks: independent wealth management advisers, BforBank online bank, network dedicated to health professionals.

Death & disability/creditor/group insurance

Crédit Agricole Assurances is the leading provider of individual death & disability insurance in France[3] and second-largest bancassurer for creditor insurance[4]. A service launched in 2015, group insurance covered around 600,000 people at 31 December 2018.

Individual or group insurance solutions cater for customers wishing to:

- protect themselves and their families from the financial implications of a serious personal accident;
- repay a loan in the event of incapacity, disability, unemployment thanks to guarantees linked to consumer or home loans;
- provide employees with a supplementary group health and death & disability insurance contract.

The death & disability/health offering works through the banking networks of Crédit Agricole Group, in France and abroad, supplemented in metropolitan France by a network of general agents dedicated to health professionals. In group insurance, CAA and Amundi have joined forces to become a leading provider of social protection for companies. With expertise in creditor insurance, CAA offers its services through some 40 partners, retail banks and specialised finance companies in six countries.

Property & casualty insurance

Crédit Agricole Assurances is the leading car, home and healthcare bancassurer[4] and the fifth-largest insurer of property and liability in France[2].

It offers a full range of property & casualty insurance policies to individual customers and small businesses: protection of personal property (car, home, etc.), protection of farming and business assets, protection of mobile electronic devices in the home, legal protection, supplementary health insurance, personal accident cover, specialist policies for the agricultural market, professional liability insurance, card theft protection (in case of fraudulent use of lost or stolen payment instruments).

It markets its products to customers of the Regional Banks, LCL and via a network of general agents for the health professionals sector.

Internationally, CAA is capitalising on the success of its bancassurance model by also deploying its expertise in property & casualty insurance.

2018 highlights

- Crédit Agricole Assurances confirmed its position as France's leading insurer[2].
- Launch of the Secured Gross Revenues guarantee for farmers.
- Crédit Agricole Assurances strengthened its international presence by means of a strategic bancassurance partnership in Italy with Italian bank Credito Valtellinese and increased its holding in the capital of Portuguese non-life insurer GNB Seguros.
- Crédit Agricole Assurances launched the all-in-one "*Ma Santé*" application, offering employees a wide range of health services.
- Crédit Agricole Assurances was awarded the Global Invest Sustainable Insurance Compagny of the Year of the Agefi prize, which rewards participation in energy transition financing.

(1) Internal source: data to end 2017.

(2) Source: *L'Argus de l'assurance,* 21 December 2018 (figures to end-2017).

(3) Source: *L'Argus de l'assurance,* 13 April 2018 (figures to end-2017).

(4) Source: *L'Argus de l'assurance,* 11 May 2018 (figures to end-2017).

The definitions of the underlined words can be found in the Glossary on page 600.

ASSET MANAGEMENT

Business and organisation

A model of customer-focused services and solutions

Amundi's customer-focused organisation offers a rich, diversified offering to individuals, institutional and corporate investors. This consists of a multitude of services, savings and investment solutions and management on a worldwide scale. Amundi disseminates its know-how through all investment universes, covering both active and passive management strategies, as well as alpha, (bonds, equity or multi-asset) management, factoring and Smart Beta management, property and alternative assets (real estate, private equity, private debt, infrastructure), as well as services and consulting.

Amundi's know-how is strengthened by its unique expertise in Research and Analysis, and by the Group's presence in the main financial centres, enabling it to best support its customers in their investment decisions.

Amundi uses its experience and close partnerships with distribution platforms and retail networks in Europe, Asia-Pacific and North America to offer tailored solutions, innovative services and added-value investment advice; these offers help meet the needs and risk profiles of its individual customers, taking the market environment into account.

For its institutional and corporate customer base, Amundi draws on its extensive expertise and research-based investment culture to provide a comprehensive, objective approach.

Listed since November 2015, Amundi remains the leading market capitalisation (€9.3 billion as at 31 December 2018) among traditional listed asset managers in Europe. In bearish equity markets, Amundi's share price closed 2018 at €46.16, down -34.7% since end-2017. This trend was comparable with that of its stock market peers.

Strategic ambitions

In 2018, Amundi almost reached the goals it had set, both in terms of activity and results.

The consolidation of Pioneer Investments (acquired on 3 July 2017) is practically complete, allowing expected cost synergies to be generated, in line with the announced schedule.

With its unique business model, its industrial approach and its customer-led organisation, boasting operational efficiency and combining a local presence with a global reach, the Group is well placed to continue its profitable growth based on organic development.

Amundi's ambition is to become a leader in the worldwide asset management industry, based on the quality of expertise and services offered to customers, its momentum in terms of development and profitability, and its positioning as a committed financial player.

2018 highlights

- Established in partnership with the International Finance Corporation (IFC), the Amundi Planet Emerging Green One fund was closed in February 2018 with €1.42 billion raised. It is fully invested in a diversified portfolio of emerging bonds.
- Amundi was selected by the Irish Ministry of Finance and Apple to provide investment management services.
- Amundi was a big winner at the Funds Europe Awards 2018: Amundi "European ETF Provider Award" – Yves Perrier "Outstanding achievement" – Pascal Blanqué "European Chief Investment Officer Award".
- Amundi was rewarded for its Employee Savings Robo-Advisor with the Profideo Innovation Trophy and the AM Tech Leader Award awarded by AGEFI at the AM TECH DAY
- Amundi launched a three-year ESG action plan to breathe new life into its responsible investment commitments. One of its goals is to become 100% ESG in terms of rating, management and votes.

WEALTH MANAGEMENT

Business and organisation

Shaped by 140 years of experience in supporting families and entrepreneurs worldwide, the Indosuez Wealth Management Group offers a tailored approach, across 14 countries, allowing individual customers to manage, protect and transfer their assets in a manner which best fits their aspirations.

Embracing a global vision, its 3,150 employees provide expert advice and first-class services in both private and professional wealth management.

2018 highlights

- Completion of the acquisition of Banca Leonardo in Italy.
- Subsidiarisation of Azqore and 20% stake in its capital taken by Capgemini aiming to create a new global benchmark in outsourcing services for IT and banking transactions in the Wealth Management sector and for medium-sized universal banks.
- Launch of an action plan to promote Socially Responsible Investment (SRI) in Wealth Management: SRI rating of customer portfolios, raising awareness among Bankers / Customer about this rating, launch of a "Carbon Impact" rating, green bonds proposed to private investors in synergy with Crédit Agricole CIB.

The definitions of the underlined words can be found in the Glossary on page 600.

RETAIL BANKING

LCL

LCL is a national network, a leader in towns and cities, supplying banking services and insurance, that prides itself on excellent customer service within a collective growth dynamic.

It is the only domestic banking network in France to focus exclusively on retail banking and insurance. It covers all markets: individual customers, SMEs and small businesses, and private and corporate banking.

Business and organisation

As a universal bank and insurer, LCL offers its customers solutions that are tailored to their needs, drawing on its expertise and the wealth of know-how of the Crédit Agricole Group. LCL caters for all kinds of customers, from individuals and small businesses to private banking and wealth management, corporate and institutional customers.

The back-office, electronic payments and flow management and support functions serve all customers and make an active contribution to operational excellence.

LCL's ambition is to offer a personal relationship experience that combines both human and digital interaction, giving its six million individual customers the choice of banking how, where and when they want through their preferred channel.

Capitalising on its strategic urban presence, LCL has adapted its approach and services to cover the whole of mainland France, as well as the West Indies-French Guiana.

LCL now has a network of nearly 1,700 branches, plus customer service centres and digital solutions such as the "LCL Mes Comptes" app and websites, giving its customers complete freedom in using its banking services.

Whether in-branch or online, LCL is committed to fully understanding the needs of its customers. By rethinking and digitising certain processes such as opening an account or taking out a mortgage loan, it seeks to facilitate subscription to its main products.

The 342,000 SMEs and small businesses – skilled craft workers, retailers, professionals and other small businesses – also benefit from the support of 1,300 specialist advisers and the creation of 88 *"Espace Pros"* business areas. These advisers serve as a single contact point to help their customers manage their daily affairs and achieve their business and personal projects. LCL is a major player in the financing of professionals, granting loans of €2.2 billion through its subsidiary Interfimo.

LCL Banque Privée has 187,000 private banking clients. Dedicated advisers work with regional centres of expertise to offer comprehensive, tailored advice on finance, day-to-day banking and the management of real estate and financial assets. The 73 private banking centres offer peace and quiet and complete privacy for analysis, advice and decision-making.

LCL Banque des Entreprises relies on its national network of 69 geographic locations to provide its 29,000 customers with its full range of expertise in Paris and throughout the rest of France: corporate finance for SME takeovers and acquisitions, market activities, international trade and payments, employee savings.

As a player of choice in the Mid-Caps sector, LCL is today the bank to nearly half of all Mid-Caps.

LCL Banque des Entreprises also reaffirms its comprehensive approach and its desire to assist executives with their wealth management plans by expanding its Wealth Management teams in Paris and across France.

2018 highlights

- LCL launched a major communication campaign. It positioned LCL as "THE" bank for city dwellers, a benchmark for those living in town, helping to make life easier for everyone. It was embodied by a new signature *"LCL. Ma vie. Ma ville. Ma banque"*.
- LCL modernised its network: at end-2018, 219 branches were renovated, using a new layout concept, as well as 88 *"Espace Pros"* business areas. The solutions implemented enhance environmental protection: they reduce light pollution, give priority to paperless transactions and so on.
- "LCL Mes comptes" was chosen as the best banking app for the second year running, with 90% satisfaction, at the *Trophées de la Banque* 2019 awards organised by Meilleurebanque.com.
- LCL gives employees the chance to round up their pay and match it before sending it to the LCL Foundation. Employees can support colleagues in difficulty by donating their days off (solidar'box).

The definitions of the underlined words can be found in the Glossary on page 600.

INTERNATIONAL RETAIL BANKING

Business and organisation

Within Crédit Agricole S.A., the "International Retail Banking" (IRB) division is responsible for overseeing and developing Crédit Agricole's IRB entities according to the Group's standards and guidelines. It has three main tasks:

- to act on behalf of Crédit Agricole S.A. as shareholder and integrator with the Group's operations;
- to draw up strategic guidelines in consultation with the international retail banks to optimise their market performance;
- to create added value for the international retail banks and deliver results through synergies with the Group's business lines, LCL and the Regional Banks, as well as among the different international retail banks themselves.

The IRB division thus has operational responsibility for the functioning and performance of these banks. It oversees and supports their development and ensures that they comply with Group standards, particularly as regards transaction processing, regulatory aspects, etc. Lastly, the IRB division plays a key role in implementing new customer service and relationship development models.

The main activities and characteristics of the seven international retail banks – located in Poland, Romania, Serbia and Ukraine in Eastern Europe, in Morocco and Egypt, as well as in Italy – are as follows:

Crédit Agricole Italia

One of the highest ratings from Moody's of any Italian bank – is the bridgehead of the Group's presence in Italy, Crédit Agricole's second-largest national market after France, where all the Group's business lines are present. With the consolidation/absorption of the Savings Banks of Cesena, Rimini and San Miniato, CA Italia strengthened its presence in the Emilia Romagna and Tuscany regions, among the richest in Italy. It is currently the sixth-largest network in Italy in terms of the number of branches, with 1,049, or 3.69% (at 30 June 2018) of branch share (9,442 employees, balance sheet total: €40 billion and over 2 million customers).

Through its commercial banks, the Crédit Agricole Italia Banking Group operates in 11 Italian regions (representing 73% of the population and generating 80% of GDP). Through its distinctive customer-led positioning, Crédit Agricole Italia is a retail bank covering all market segments: Individuals – Professionals, SMEs, Large Corporates, Agricultural and Food Processing, Private Banking.

2018 highlights

- Opening of Village by CA in Milan: this first Village outside France benefits from strong strategic positioning. The project reflects the new presence in Italy of Crédit Agricole's innovation hub.
- Rating: Baa1 by Moody's, highest level for Italian banks (October 2018).
- Leading Italian banking group in terms of cumulative results over the past five years.
- One of the first Italian banks to launch the SEPA instant transfer.

Prizes and awards:

- CRS Sustainability Award 2018;
- Four awards at the "Milano Finanza Global Awards 2018":
  - the "Leon d'Or" prize for the best institutional campaign, *"Una grande banca, tutta per te"*, was awarded to the Crédit Agricole Italia Group;
  - and three "Creators of Value" awards were given to Crédit Agricole FriulAdria, as the best bank in the Friuli-Venezia Giulia region, to Crédit Agricole Carispezia, as the best bank in the Liguria region, and also to Agos, the Italian subsidiary of Crédit Agricole Consumer Finance, as the best credit company for households.
- Crédit Agricole Vita, the Italian life insurance subsidiary of Crédit Agricole Assurances, received an award at the Future Bancassurance Awards 2018.

Crédit Agricole's six other international retail banks:

Entity	Number	Total *(in billions of euros)*	Balance sheet Highlights of 2018	Positioning/Rating
CA Bank Polska	419 branches 1,485,000 customers 4,155 employees	5.1	▪ Publication of the first CSR report *"Raport Odpowiedzialnego Biznesu 2017"* ▪ New institutional communication and bank positioning ▪ Launch of online loan subscription via the FinAI Polish FinTech ▪ Development of the CA24Mobile mobile app which now includes anti-fraud security and biometric recognition	▪ Poland's most recommended bank *(source: Millward Brown study 2017)* ▪ "Banking Star" award *(source: PwC and Dziennik Gazeta Prawna contest)* and "Pearl of the Polish economy 2018" *(source: Polish market economic magazine)* ▪ Leader position on the leasing market (via subsidiary EFL)
CA Egypt	78 branches 385,000 customers 2,385 employees	2.6	▪ Awards for "Best mobile bank" and "Most innovative digital bank" (*source: Global Finance Magazine Awards)* ▪ Launch of the "CA Egypt for development" foundation: supports communities by contributing to financial inclusion	▪ Fitch rating: AA+ (egy) stable ▪ One of only two banks in the flagship index of the Cairo Stock Exchange (EGX 30)
CA Ukraine	150 branches 426,000 customers 2,308 employees	1.0	▪ New national campaign to celebrate the bank's 25th anniversary ▪ Continued strategic investments in digitization of processes (back offices, digitization) and distribution channels incorporating the deployment of a new digital branch concept	▪ Fitch rating: B- (highest level for local banks) ▪ No. 1 on the Agricultural and Food Processing sector and the country's leading "agricultural bank" Financial Oscar *(source: Business magazine)*
Crédit du Maroc	330 branches 665,000 customers 2,506 employees	4.9	▪ Establishment of a multi-bank platform for international transactions ▪ Launch of the "Branch of the future" project, created jointly with customers and employees ▪ Development of consumer credit products in synergy with Wafasalaf (CA-CF joint subsidiary) ▪ Launch of the ARREDA participative bank	▪ Moody's rating: Ba1/NP and Ba2/NP for deposits in local currency and foreign currency respectively ▪ First bank certified for international corporate operations (digitisation)
CA Serbia	74 branches 281,000 customers 881 employees	0.838	▪ One of the country's top banks in terms of innovation and use of digital technology *(source: PwC)* ▪ Improved profitability due to the consolidation of its strengths (in the agricultural and food processing and vehicle finance segments) and the development of synergies with the Group, particularly Crédit Agricole CIB	▪ Elected "Best Agricultural Bank in Serbia" at the International Agricultural Fair held in Novi Sad in May 2018 ▪ No. 1 in car financing for individuals with 50.38% of market share *(source: NBS)*
CA Romania	17 branches 15,500 customers 263 employees	0.343	▪ Completion of numerous synergy operations transactions with the Group to support business customers in Romania ▪ Reorientation of corporate activity, agricultural and food processing activities	▪ Bank focused on companies and the agricultural and food processing markets

Crédit Agricole S.A. also has holdings in other European countries alongside the Regional Banks. It owns 5% of Bankoa in the Spanish Basque region, and 5% of Crédit Agricole Next Bank in Switzerland.

SPECIALISED FINANCIAL SERVICES

CONSUMER FINANCE

Business and organisation

A key player in consumer finance, Crédit Agricole Consumer Finance (CA Consumer Finance) offers its customers and partners a range of flexible, responsible financing solutions, tailored to their needs.

CA Consumer Finance is composed of the following entities: Agos (Italy, 61% owned), CreditPlus Bank (Germany), CACF Nederland (Netherlands), CACF SA (activities in France and group consolidation, head office services), Credibom (Portugal), Wafasalaf (Morocco, 49% owned), FCA Bank (50/50 joint venture with Fiat Chrysler Automobiles, present in 17 European countries and Morocco), GAC Sofinco AFC (50/50 joint venture with Guangzhou Automobile Group CO, in China) and Bankia CA CF (Spain, 51% owned).

Present in 17 countries in Europe, as well as in China and Morocco, CA Consumer Finance draws on its know-how and expertise to improve its own customer satisfaction, its commercial success and the customer retention policies of its banking, institutional, distribution, and automotive partners. Committed to helping its customers balance their budgets, the Group supports its most vulnerable customers by teaching them how to manage their finances and avoid taking on too much debt.

The definitions of the underlined words can be found in the Glossary on page 600.

In addition to sustained commercial and financial momentum, 2018 saw the delivery of several major projects as part of the CA CF 2020 strategic plan, including:

- growth in activity of CA Consumer Finance on behalf of local banks of the Crédit Agricole Group, in France, Italy and Morocco (assets managed on behalf of the Group up 11% at end-2018);
- agreement with Bankia, the fourth-largest Spanish bank, to create a joint venture enabling CA Consumer Finance to accelerate its establishment in Spain, the fourth-largest Eurozone market for consumer credit, and to support its partners there;
- extension of the agreement with Banco BPM en Italia;
- deployment of a 3xCB offer and rental offers in France, responding to new customer practices.

In parallel, CA Consumer Finance continues to innovate and invest in digital technology to provide its partners with the best solutions, and to make the customer experience even smoother. The Group cooperates with start-ups, for instance as part of Start & Pulse, its international open innovation programme.

CA Consumer Finance also concluded or renewed significant partnerships, particularly with Unieuro in Italy, with Mazda and Decathlon in France and with Jaguar and Land Rover Aston Martin in Europe. Furthermore, the Group continued to strengthen its self-financing capacity at 83.6%[1], with the objective set out in CA CF 2020 of at least 70%.

2018 highlights

- Growth of +6.1% in production and +7.2% in assets managed by CA Consumer Finance in 2018 compared to 2017.
- Creation of a joint venture with Bankia, the fourth-largest Spanish bank.
- Extension of the agreement with Banco BPM, the third-largest Italian bank, for 15 years.
- Deployment of a Data Management Platform (DMP) in the Group's European entities.
- 14,000 files belonging to financially fragile customers processed.

LEASING & FACTORING

Business and organisation

Crédit Agricole Leasing & Factoring (CAL&F) is one of the Group's subsidiaries with expertise in specialised financing. With €22.3 billion in managed assets of which 26% internationally[1], it is a major player in leasing, factoring and the financing of renewable energy in France and in Europe.

CAL&F supports companies of all sizes, both in their investment projects in equipment and real estate, and in the financing and management of their trade receivables.

CAL&F works closely with the Group's retail banks in France and internationally, as well as with non-banking partners. With its regional presence, it is close to economic actors and supports its customers outside France via nine entities in Europe and Morocco.

Lease financing

CAL&F offers lease financing solutions designed to meet the needs of businesses looking to invest in and replace equipment. These include equipment lease financing, finance leasing, IT operational leasing and property lease financing.

Factoring

CAL&F provides trade receivable financing and management solutions for corporates and small businesses, both for their day-to-day operations and for their expansion plans, in France and internationally: financing, dunning and collection of trade receivables, guarantee against insolvency risk and managed services.

Through its international network, CAL&F supports its customers and partners in the main European countries and overseas.

Financing for energies and regions

Through its subsidiary Unifergie, CAL&F assists corporates, local authorities and farmers, actors in the energy transition, with financing renewable energy projects (wind or solar farms, biomass projects, etc.) or energy efficiency schemes (cogeneration plants, etc.), as well as public infrastructure projects (funding for local authorities or their private-sector partners in the context of public/private partnerships or public service outsourcing).

2018 highlights

- To help meet customer needs more precisely, CAL&F proposed in 2018, leasing offers in support of energy transition (LEDs and electric vehicles) and the overhaul and simplification of its range of factoring offers.
- To achieve excellence in its customer relationship business in the long term, CAL&F launched renovation and simplification of the customer experience called "Client 5/5".
- CAL&F continued to improve and digitalise customer experience by partnering with the EOL interface for its factoring customers and MyLixxnet for its leasing partners.
- In a global context in support of the energy transition, the Group's energy business line was launched. Through its subsidiary Unifergie, CAL&F is a key link in this chain.

(1) To end-December 2018.

The definitions of the underlined words can be found in the Glossary on page 600.

LARGE CUSTOMERS

CORPORATE AND INVESTMENT BANKING

Business and organisation

Crédit Agricole Corporate and Investment Bank (Crédit Agricole CIB) offers its corporate and financial institution customers a wide range of products and services in the areas of investment banking, structured finance, international transaction and commercial banking, capital markets and syndication.

Customer relations are placed under the responsibility of business line banking advisers, with overall coordination by the Global Coverage Organisation department, which reports to Executive Management. Outside France, the teams of banking advisers are under the responsibility of Senior Regional Officers and Senior Country Officers.

The main tasks of the **Structured Finance** division include originating and structuring complex finance deals, mostly backed by collateral, advising on strategy and financing, and providing worldwide coverage of aviation and rail, infrastructure, oil & gas, maritime, Telecom, Media, Technology, utilities and power and private equity funds. In 2018, structured finance retained its leadership position, especially in the key sectors of Crédit Agricole CIB, aviation and rail, by maintaining prudent risk management.

The **debt optimisation & distribution** business line is responsible for originating, structuring and arranging medium and long-term bilateral and syndicated loans for customers, as well as the underwriting and primary and secondary distribution of syndicated loans with banks and non-banking institutional investors. This business line had record results in both origination and distribution in 2018, thanks in particular to gains in market share (league table).

Transaction banking and international trade mainly assists customers with managing their international trade and guarantee needs, in addition to providing cash management and supply chain finance solutions under its transaction banking activity. In 2018, activities in this sector continued to make progress, once again with double-digit growth thanks to the sound performance of the markets.

The main mission of the **Investment Bank** is to offer a full range of high value-added solutions to deal with the strategic issues of our major customers. 2018 was rich in large-scale mergers and acquisitions transactions with a significant international dimension.

The **market bank** covers all sales, structuring and trading activities on the markets of interest-rate, currency, credit, equity derivatives and securitisation and cash activities. Market activities held up well in 2018, despite a challenging market environment.

2018 highlights

- In July 2018, Jacques Ripoll was appointed Chief Executive Officer of Crédit Agricole CIB, taking office on 1 November 2018, and Deputy Chief Executive Officer of Crédit Agricole SA in charge of the Large Customers business line, made up of corporate and investment Banking, wealth management (CA Indosuez Wealth Group) and Asset servicing to institutional investors and corporates (CACEIS).
- Crédit Agricole CIB enhanced its position in Latin America with the opening of two representative offices: one in Bogota, Colombia, and the other in Santiago, Chile. These representative offices strengthen Crédit Agricole CIB's regional network in the Americas region, coordinated from New York.

In 2018, Crédit Agricole CIB launched PanOptes, an innovative project put forward by one of the Bank's employees, and developed thanks to a start-up from Village by CA. This web portal, based on artificial intelligence algorithms, aims to automate the analysis and processing of public information flows. In particular, it allows users to obtain the most recent and most appropriate information about a customer in just one click. A project at the heart of the digital transformation of Crédit Agricole CIB.

For the fifth consecutive year, Crédit Agricole CIB was named best bank in green capital and socially responsible investment by *GlobalCapital* magazine.

The definitions of the underlined words can be found in the Glossary on page 600.

ASSET SERVICING

Business and organisation

A wholly-owned subsidiary of Crédit Agricole S.A, CACEIS is an international banking group and a European market leader in custodian bank and fund administration services. CACEIS is a major partner in several Crédit Agricole Group S.A. entities, in most of its establishments.

With almost 3,418 employees (FTE) in eleven countries, CACEIS offers a full range of asset-servicing services: execution, clearing, custody, fund administration, middle-office solutions, forex, security lending and borrowing, fund distribution support and services to issuers. The Group's competence centres in Europe provide uniform, reliable services to all customers, regardless of their geographical location. In addition, a local commercial team and local experts are present in each establishment to enhance local relations with customers

CACEIS is taking part in a process of innovation and digital transformation, resolutely committed in this respect to its customers and its employees. On a daily basis, its teams benefit from new technologies such as robotics and Mailbot.

2018 highlights

- Extension of ISO 9001 certification to cover service activities to issuers.
- Launch of "CACEIS innovation Lab", a collaborative joint-innovation approach to gather new ideas from employees and customers of the CACEIS group.
- Support for management companies in ensuring that money market funds comply with the European Money Market Funds regulations.
- Innovation Award for the TEEPI platform allowing the transfer of Solvency 2, PRIIPs and MIFID II data.
- Development of a digital offer for ESG & Climate Reporting allowing management companies and institutional investors to comply with Article 173 of the Energy Transition Law for Green Growth in France.

CORPORATE CENTRE

CACIF – CRÉDIT AGRICOLE CAPITAL INVESTISSEMENT & FINANCE

CACIF holds the investments of Crédit Agricole S.A. and the Regional Banks in unlisted companies through dedicated funds, most of which are managed by its subsidiary IDIA Capital Investissement (capital development supporting French mid-caps and SMEs in all business sectors, with recognised expertise in agriculture, food processing and wine-making, energy transition, health and tourism).

CACIF also provides services through SODICA Corporate Finance, specialising in M&A, financial engineering and mid-cap stock market advisory services in all sizes (agriculture, food processing, real estate, wine-making, aeronautics, health, tourism, etc.). SODICA is the Group's listing sponsor on Euronext Growth.

2018 highlights

- Implementation of the EU label on the sale of oak trees from the forestry groups of IDIA Capital Investissement.
- In response to regulatory challenges (Grenelle II Law and Energy Transition Law), IDIA CI implemented a policy which monitors the social and environmental performance of its investment portfolio.
- Launch of a business project that aims to improve ways of working to be aligned with the Group Client project, and with MTP objectives on the corporate market.
- Strengthening of sectoral expertise at IDIA CI and SODICA CF with recruitment in the healthcare, tourism and renewable energy sectors.

The definitions of the underlined words can be found in the Glossary on page 600.

CRÉDIT AGRICOLE IMMOBILIER

As the Group's real estate specialist, Crédit Agricole Immobilier builds, sells and manages housing and offices for its territories and customers, incorporating new urban and environmental constraints.

As a trusted partner, it supports real estate projects of private individuals through its residential property development and property administration services (Crédit Agricole Immobilier and Square Habitat), while businesses, local authorities and institutions benefit from its office development, property management and commercial property services.

A major player in providing access to housing and regional economic development, Crédit Agricole Immobilier coordinates a range of local and national expertise, in synergy with the Group entities.

2018 highlights

- Winner of the consultation to develop the site of the former Aeronautical Testing Centre in Toulouse (CEAT). This future district of La Soufflerie will extend over 101,000 sq.m.
- Delivery of the first student residence to be awarded the BBCA (low-carbon building) label in Noisiel (77).
- Launch of the new website www.ca-immobilier.fr bringing together all CAI's expertise. Improved digital performance: +15% of pages viewed/ +6% contacts made.
- In connection with the "Nature in the City" concept, launch of an urban agriculture demonstration at the CAI Toulouse site.

UNI-MÉDIAS

Crédit Agricole S.A.'s publishing subsidiary, Uni-médias one of the top eight magazine publishers in France (Source Plimsoll) and continues to be one of the most profitable in the industry, with revenues of almost €97 million.

Fully integrated with the Group's Customer Project, in 2018 Uni-médias accelerated its digital transformation to become a media group focused on services and data at important moments in customers' lives.

2018 highlights

- *Dossier Familial* is confirmed as the leading French monthly magazine. It has a circulation of close to 1 million paid copies[(1)].
- No. 1: *Parents, Maison Créative, Détente Jardin, Régal, Détours en France* and *Secrets d'Histoire* (ahead of *Historia*).
- Launch of a new social magazine based around pets: Yummypets.
- The Group strengthens its digital offering by launching an insight data business line.
- Launch of a waste reduction programme which enabled a 53% reduction in waste in 2018 (FReD monitoring index).

PAYMENT SYSTEMS & SERVICES

Crédit Agricole Payment Services (CAPS) is the payment services provider of the Crédit Agricole Group. As part of its business plan "CAPS 2020", it aspires to make payments a sustainable source of value creation for the Group and its customers. Leveraging all of its payment expertise, from marketing to transaction processing, security and interbank representation, CAPS is a major player in the business.

2018 highlights

- Start of the pilot phase of the Centralised Dynamic Authentication Service (SCAD), an innovative secure authentication service designed to enhance transaction security.
- Exclusive partnership with WIRECARD for a cross-channel acceptance and pan-European acquisition solution for French merchants and marketplaces in France and abroad.
- Partnership with RIPPLE to test Blockchain on money transfers including a foreign exchange transaction, in particular for Crédit Agricole's border customers.
- Launch of *"Paylib entre amis"*, to transfer money between friends by mobile phone, from person to person and successful launch of Instant Payment in three pilot Regional Banks.
- Dedicated CSR policy: actions in favour of an approach alternating with the Appreciative method (special coaching).

See the detail of operating segment information on page 433.

(1) Source: *Office de justification de la diffusion,* ACPM, Mediamétrie, November 2018.

The definitions of the underlined words can be found in the Glossary on page 600.

HISTORY

1885

Creation of the first Local Bank in Poligny (Jura).

1894

Law authorising the creation of the first “Sociétés de Crédit Agricole”, later named Caisses Locales de Crédit Agricole Mutuel (Local Banks of Crédit Agricole Mutuel).

1899

Law grouping the Local Banks into Crédit Agricole Regional Banks.

1920

Creation of Office National du Crédit Agricole, which became Caisse Nationale de Crédit Agricole (CNCA) in 1926.

1945

Creation of Fédération Nationale du Crédit Agricole (FNCA).

1986

Creation of Predica, life insurance company of the Group.

1988

Law reorganising the CNCA as a mutual company, which became a public limited company owned by the Regional Banks and the Group’s employees.

1990

Creation of Pacifica, property & casualty insurance company of the Group.

1996

Acquisition of Banque Indosuez.

1999

Acquisition of Sofinco and an initial stake in Crédit Lyonnais.

2001

Reincorporation of the CNCA as Crédit Agricole S.A. and listing on the stock market on 14 December 2001.

2003

Acquisition of Finaref and Crédit Lyonnais (now LCL).

2006

Acquisition of Cariparma, FriulAdria, 202 branches of Banca Intesa in Italy, and Emporiki Bank in Greece.

2008

Strategic refocusing of Corporate and Investment Banking activities.

2009

Crédit Agricole Asset Management and Société Générale Asset Management combine to form Amundi.

2010

Creation of Crédit Agricole Consumer Finance (merger between Sofinco and Finaref) and Crédit Agricole Leasing & Factoring (merger between Crédit Agricole Leasing and Eurofactor).

2011

Acquisition in Italy of 172 branches from Intesa Sanpaolo S.p.A.

Presentation of the “Commitment 2014” strategic plan.

Presentation of Crédit Agricole Group’s adaptation plan.

2013

Sale of Emporiki Group to Alpha Bank.

Disposal of the stockbrokers CLSA and Cheuvreux.

Disposal of the equity investment in Bankinter.

2014

Presentation of Crédit Agricole Group’s 2016 Medium-Term Plan.

Sale of the 50% stake in Newedge to Société Générale and simultaneous acquisition of an additional 5% stake in Amundi’s capital (from then on 80% owned).

Refocus completed with the disposal of Nordic subsidiaries of Crédit Agricole Consumer Finance, Crédit Agricole Bulgaria and BNI Madagascar.

2015

IPO of Amundi, with a reduction of the participation of Crédit Agricole Group to 75%.

Disposal of Crédit Agricole Albania.

2016

Announcement and completion of the transaction to simplify the Group’s ownership structure (Eurêka).

Presentation of the Medium-Term Plan “Strategic Ambition 2020”.

Announcement of the acquisition of Pioneer Investments by Amundi.

2017

Sale of the entire stake in Eurazeo (15.42% of the capital).

Finalisation of Amundi’s acquisition of Pioneer Investments, with a reduction of the Crédit Agricole Group stake to 70%.

Sale of a part of the stake (16.2% of 31.1%) in Banque Saudi Fransi.

Announcement of the acquisition of Banca Leonardo in Italy by Indosuez Wealth Management.

Acquisition of a stake of more than 95% in the Cesena, Rimini and San Miniato Savings Banks.

Acquisition of the remaining 15% stake held by Natixis in CACEIS.

2018

Creation of a joint venture in Spain in consumer credit between Bankia and Crédit Agricole Consumer Finance.

Creation of Azqore, a joint technological platform between Capgemini and Indosuez Wealth Management.

Conclusion of an agreement on electronic payments between Wirecard and Crédit Agricole Payment Services.

Finalisation of the acquisition of Banca Leonardo in Italy by Indosuez Wealth Management.

Conclusion of a joint-venture agreement with Credito Valtellinese and acquisition of a 5% interest.

Announcement of the acquisition of a further 25% in GNB Seguros by Crédit Agricole Assurances.

Signing of a 15-year extension of partnership with Banco BPM in Italy by Credit Agricole Consumer Finance.

The definitions of the underlined words can be found in the Glossary on page 600.

HIGHLIGHTS OF 2018

JANUARY

Crédit Agricole Group and BEI Group, consisting of the European Investment Bank and its subsidiary the European Investment Fund, are taking action to support French SMEs and mid-cap companies with over €1.1 billion in new financing, injected into the economy through two operations.

FEBRUARY

Crédit Agricole Consumer Finance, major player in consumer credit in Europe, and Mazda Automobiles France have renewed their partnership until 2022. This new agreement covers the financing of new and demonstration vehicle inventories within the Mazda network, as well as financing solutions for end clients (repayment loans as well as leasing solutions such as lease financing with purchase options and long-term leasing arrangements) under the Mazda Finance brand.

MARCH

Crédit Agricole CIB assisted the Kingdom of Belgium with the issuance of its first green bond, for €4.5 billion and maturity of 15 years.

The Crédit Agricole Group raises an additional €300 million in private equity for mid-cap companies and SMEs. As the leader in economic financing, with a 25% market share, the Group is strengthening its private equity program to support its mid-cap and SME clients in the regions.

Crédit Agricole Consumer Finance, major player in consumer finance in Europe, and Bankia, the fourth-largest bank in Spain, announce that they are entering into exclusive negotiations to create a joint company in the area of consumer finance.

Indosuez Wealth Management, the global wealth management brand of the Crédit Agricole Group, and Capgemini announce the joint creation of a technology platform dedicated to the banking operations of asset managers and private banks, which will become Azqore – Partners for tomorrow's wealth managers, upon the finalisation of the agreement in July and in which Capgemini will acquire a 20% stake in October.

IFC, member of the World Bank Group, and Crédit Agricole CIB announce the conclusion of an innovative activity enabling the Corporate Bank to increase its international commercial financing activities and allocate $510 million in new financing in the health, education, infrastructure or other key sectors in emerging countries.

IFC, member of the World Bank Group, and Amundi, European leader in asset management, announce the launch of the largest emerging market green bond fund, Amundi Planet Emerging Green One (EGO). With $1.42 billion in assets at launch, the fund plans to invest nearly $2 billion in green bonds in emerging countries over its lifetime. With a commitment of $256 million, IFC is the largest investor in the fund, which aims to finance projects focused on climate change in emerging countries.

APRIL

Crédit Agricole Payment Services partners with Wirecard to complement the payment solution offer of the Crédit Agricole Group to the businesses. They jointly launch innovative digital payment services in France and other European countries. These two market leaders will work together to shape the future of digital commerce.

MAY

Indosuez Wealth Management finalises the acquisition of 94.1% of Banca Leonardo, Italian leader of wealth management.

The General Meeting of Shareholders of Crédit Agricole S.A. of 16 May approves a dividend of €0.63 per share and a bonus dividend of €0.693 per share. This is the last bonus dividend paid by Crédit Agricole S.A in view of the deletion of the statutory article on bonus dividend as decided by the General Meeting. This dividend will be paid out in cash only.

The removal of the bonus dividend has been approved by the Special General Meeting convening the beneficiaries on 4 April, followed by the holders who were not entitled to attend the Extraordinary General Meeting. As compensation, the beneficiaries will receive one new ordinary share for every 26 eligible shares.

This transaction resulted in the issue of 6,530,044 new ordinary shares (*i.e.* an increase of approximately 0.23% in the share capital).

The Administrative Court of Appeal of Versailles sided with Crédit Agricole in the litigation against the tax authorities, which, in 2012, had contested the deductibility of a €2.3 billion charge incurred by Crédit Agricole S.A. on the occasion of the disposal of the Greek bank Emporiki. The Administrative Court of Appeal of Versailles acknowledged the deductibility of this charge and enjoined the refund of excess corporate tax paid by Crédit Agricole S.A. for financial year 2012. Crédit Agricole S.A. will consider the financial impacts of this verdict once all remedies have been exhausted.

The definitions of the underlined words can be found in the Glossary on page 600.

JULY

Crédit Agricole Assurances and Credito Valtellinese join forces in the Italian bank and insurance market by entering into an agreement to implement an exclusive long-term life insurance partnership. Crédit Agricole Assurances acquires a 5% minority stake in the Italian bank.

SEPTEMBER

Crédit Agricole, the leading provider of finance to the French economy and France's top digital bank, now offers an online real estate loan application process to existing and future customers , ranging from simulation of repayments to the electronic signing of loan offers, in line with its 100% human and 100% digital banking commitment

OCTOBER

A pioneer in responsible investment and European leader in asset management with more than €1,400 billion in assets under management, Amundi launches an ambitious three-year action plan to give a new dimension to its commitments.

Crédit Agricole Assurances announces the signing of an agreement with Seguradoras Unidas for the acquisition of a share of 25% in GNB Seguros. After the closing of the transaction, the participation of Crédit Agricole Assurances in GNB Seguros will increase from 50% to 75%, with the remaining 25% being held by Portuguese banking group Novo Banco. The transaction, subject to the approval of the Portuguese authorities, confirms the willingness of Crédit Agricole Assurances to continue developing its non-life insurance activities in Portugal and to consolidate its partnership with Novo Banco.

The S&P Global Ratings rating agency announces the increase of one notch to A+ (compared to A before) of the long-term bonds of the Crédit Agricole Group, Crédit Agricole S.A., the Crédit Agricole Regional Banks, LCL, Crédit Agricole Consumer Finance, Crédit Agricole CIB and CACEIS. These rating upgrades are associated with a stable outlook.

Crédit Agricole CIB (CACIB) announces that the Deferred Prosecution Agreements) relating to compliance with US economic sanctions, entered into with the United States Attorney's Office for the District of Columbia (USAO) and the District Attorney of the County of New York (DANY), have ended.

DECEMBER

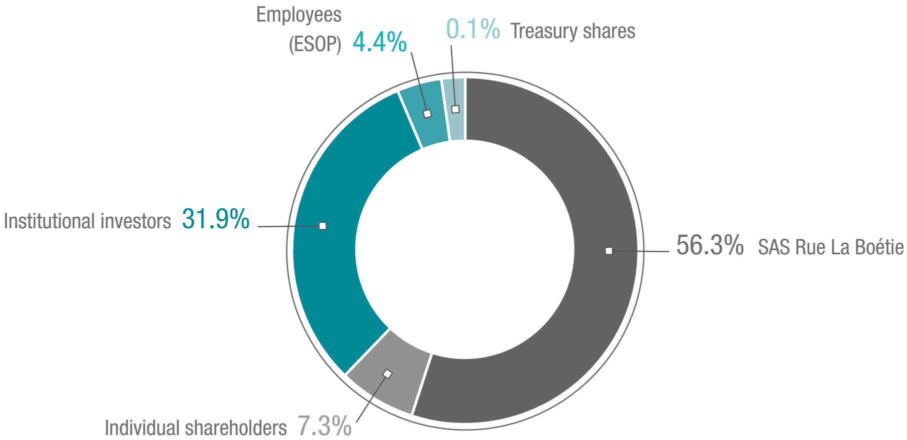
Crédit Agricole S.A. successfully completed its first €1 billion green bond issue. The transaction is a 5-year Senior Preferred Issue.

Crédit Agricole Consumer Finance, major player in consumer finance in Europe, and Banco BPM, the third-largest bank in Italy, sign an irrevocable memorandum of understanding to strengthen their global partnership on the Italian consumer credit market for the next fifteen years.

The definitions of the underlined words can be found in the Glossary on page 600.

INFORMATION ON THE SHARE CAPITAL AND SHAREHOLDERS

OWNERSHIP STRUCTURE AT 31 DECEMBER 2018



CHANGE IN SHARE OWNERSHIP OVER THE PAST THREE YEARS

The table below shows changes in the ownership of Crédit Agricole S.A. over the past three years:

	Position at 31/12/2018			Position at 31/12/2017	Position at 31/12/2016
Shareholders	**Number of shares**	**% of voting rights**	**% of share capital**	**% of share capital**	**% of share capital**
SAS Rue La Boétie[(1)]	1,612,517,290	56.34	56.26	56.64	56.64
Treasury shares[(2)]	4,378,305	-	0.15	0.08	0.10
Employees (ESOP)	126,627,820	4.42	4.42	4.01	4.57
Institutional investors	914,491,384	31.95	31.90	31.93	30.02
Individual shareholders	208,422,357	7.28	7.27	7.34	8.67
Total	**2,866,437,156**	**100**	**100**	**100**	**100**

(1) SAS Rue La Boétie is wholly-owned by the Crédit Agricole Regional Banks.
(2) Treasury shares are directly held as part of share buyback programmes, recognised on Crédit Agricole S.A.'s balance sheet, designed to cover stock options and as part of a market-making agreement.

The ownership structure changed slightly in 2018

The Regional Banks maintain their investment in Crédit Agricole S.A. through SAS Rue La Boétie. Jointly and on a permanent basis, they own the majority of the share capital: 56.26% at end-2018 and 56.64% at end-2016 and 2017.

The share of institutional investors is stable year on year, with 31.90% at end-2018. The share of individual shareholders fell slightly; it represents 7.27% of the share capital, compared with 7.34% at end-2017. Overall, the free float was stable over the period, at 39.17% versus 39.27% at end-2017.

Employee ownership through employee share ownership plans (ESOP) increased in 2018, from 4.01% of the share capital at end-2017 to 4.42% at end-2018, following the August 2018 capital increase reserved for employees (13.8 million new shares).

The definitions of the underlined words can be found in the Glossary on page 600.

RECENT CHANGES IN SHARE CAPITAL

The table below shows changes in Crédit Agricole S.A.'s share capital over the last five years:

Date and type of transaction	Amount of share capital *(in euros)*	Number of shares
Share capital at 31/12/2013	**7,504,769,991**	**2,501,589,997**
24/06/2014 Share-based payment of dividend and loyalty dividend bonus *(General Meeting of 21/05/2014)*	+224,327,331	+74,775,777
Share capital at 31/12/2014	**7,729,097,322**	**2,576,365,774**
23/06/2015 Share-based payment of dividend and loyalty dividend bonus *(General Meeting of 20/05/2015)*	+187,134,309	+62,378,103
12/11/2015 Employee bonus shares *(CEO decision of 12/11/2015)*	+1,749,240	+583,080
Share capital at 31/12/2015	**7,917,980,871**	**2,639,326,957**
21/06/2016 Share-based payment of dividend and loyalty dividend bonus *(General Meeting of 19/05/2016)*	+509,891,574	+169,963,858
16/12/2016 Capital increase reserved for employees	+110,441,133	+36,813,711
Share capital at 31/12/2016	**8,538,313,578**	**2,846,104,526**
Share capital at 31/12/2017	**8,538,313,578**	**2,846,104,526**
22/05/2018 Capital increase by awarding free shares to eligible shareholders *(removal of bonus dividend)*	+19,590,132	+6,530,044
01/08/2018 Capital increase reserved for employees	+41,407,758	+13,802,586
Share capital at 31/12/2018	**8,599,311,468**	**2,866,437,156**

Since 31 December 2018, the share capital of Crédit Agricole S.A. has amounted to €8,599,311,468, divided into 2,866,437,156 shares with a par value of €3 each.

INFORMATION CONCERNING MAJOR SHAREHOLDERS

There are currently no shareholders' agreements.

Crédit Agricole S.A. has not issued any securities giving rights to share capital other than those indicated in the "Recent changes in share capital" table above. The Company has not issued any securities giving rights to the potential share capital or shares carrying double voting rights. Nor has it pledged any of its shares as collateral.

To Crédit Agricole S.A.'s knowledge, no shareholder other than SAS Rue La Boétie owns 5% or more of the share capital or voting rights.

Control over the issuer

The shareholder relationships between Crédit Agricole S.A. and the Regional Banks are described in the notes to the financial statements under "General framework" of this document.

Control over Crédit Agricole S.A. is described in chapter 3, "Corporate governance", of this Registration Document.

The rules governing the composition of the Board of Directors are set out in Article 11 of the Articles of Association.

Under the terms of the agreement entered into by the Regional Banks and Crédit Agricole S.A. at the time of the initial public offering, the Regional Banks, through SAS Rue La Boétie, own the majority of the share capital on a permanent basis (56.26% at the end of 2018) and of the voting rights (56.34% at the end of 2018) in Crédit Agricole S.A., making it immune to takeover bids. The composition of the Board of Directors results from the intention expressed in the listing agreement to ensure a majority representation of the Regional Banks.

In addition to the Director appointed by joint decree by the Minister of Finance and the Minister of Agriculture, six seats are allocated to outside Directors. On the proposal of the Appointments and Governance Committee, these six outside Directors are considered by the Board of Directors as independent in accordance with corporate governance guidelines (AFEP/MEDEF – Corporate Governance Code for listed companies). The outside Directors play an extremely important role on the Board. Four of them chair the Board's Special Committees (Audit, Risk, Risk in the United States, Compensation, Appointments and Governance).

There are no agreements of which the implementation could, at a subsequent date, result in a change in the Group's control.

The definitions of the underlined words can be found in the Glossary on page 600.

DIVIDEND POLICY

The dividend distribution policy is defined by the Board of Directors of Crédit Agricole S.A. It may take into account, in particular, the Company's earnings and financial position, as well as the dividend policy practices of leading French and international companies in the sector. Crédit Agricole S.A. gives no guarantee as to the amount of the dividend which will be paid in any given year.

From 2013 to 2017, certain securities that met the conditions of eligibility on the payment date were also entitled to a loyalty dividend of 10%. To comply with a request of the European Central Bank, the General Meeting of 16 May 2018 voted to remove the statutory loyalty dividend clause as well as the terms and conditions of the compensation to be paid to beneficiaries.

For financial year 2018, the Board of Directors proposed a dividend of €0.69 per share to the General Meeting, *i.e.* a payout ratio on the stated attributable net income Group share of 50%, which is in keeping with the 50% target ratio set in the Medium-Term Plan and above the commitment made by the Board of Directors to maintain the level of dividend at a level above that of 2016.

For the last five financial years, Crédit Agricole S.A. distributed the following dividends (in cash), as indicated in the table below:

	2018	2017	2016	2015	2014
Net dividend per share *(in euros)*	0.69	0.63	0.60	0.60	0.35
Payout ratio[1]	50%	56%	55%	50%	43%

(1) Total dividends payable (ex. treasury shares) divided by net income Group share (net of AT1 coupons).

TABLE SUMMARISING AUTHORISATIONS IN FORCE AND THE USE MADE THEREOF DURING 2018

Type of authorisation	Purpose of authorisation	Validity of authorisation	Ceiling	Use during 2018
Share buyback	**Buying** Crédit Agricole S.A. ordinary shares.	General Meeting of 16/05/2018 27th resolution Valid for a term of: 18 months Came into force on: 16/05/2018 Expiry: 16/11/2019	10% of the ordinary shares in the share capital	See detailed information
Capital increase by means of the issue of ordinary shares	**Increase** share capital by issuing ordinary shares and/or securities conferring access to ordinary shares, with pre-emptive subscription rights.	General Meeting of 16/05/2018 30th resolution Valid for a term of: 26 months Expiry: 16/07/2020	€3.41 billion €6.82 billion in respect of debt securities Those of the 31st, 32nd, 34th and 36th resolutions are offset against these ceilings	None
	Increase share capital by issuing ordinary shares and/or securities conferring access to ordinary shares, without pre-emptive subscription rights, other than through public offerings.	General Meeting of 16/05/2018 31st resolution Valid for a term of: 26 months Expiry: 16/07/2020	€853 million €5 billion in respect of debt securities That stipulated by the 30th and 32nd resolutions is offset against these ceilings	None
	Increase share capital by issuing ordinary shares and/or securities conferring access to ordinary shares, without pre-emptive subscription rights, in the case of a public offering.	General Meeting of 16/05/2018 32nd resolution Valid for a term of: 26 months Expiry: 16/07/2020	€853 million €5 billion in respect of debt securities That stipulated by the 30th resolution is offset against these ceilings	None

The definitions of the underlined words can be found in the Glossary on page 600.

1

Type of authorisation	Purpose of authorisation	Validity of authorisation	Ceiling	Use during 2018
	Increase the amount of the initial issue in the case of issuing ordinary shares and/or securities conferring access to ordinary shares, with or without pre-emptive subscription rights, decided pursuant to the 30th, 31st, 32nd, 34th, 35th, 38th and 39th resolutions.	General Meeting of 16/05/2018 33rd resolution Valid for a term of: 26 months Expiry: 16/07/2020	Up to the ceilings stipulated by the 30th, 31st, 32nd, 34th, 35th, 38th and 39th resolutions.	None
	Issue ordinary shares and/or other securities conferring access to capital, without pre-emptive subscription rights, in consideration for asset transfers to the Company, consisting of equity securities or other securities conferring access to capital, other than through a public exchange offer.	General Meeting of 16/05/2018 34th resolution Valid for a term of: 26 months Expiry: 16/07/2020	Up to 10% of the share capital; this ceiling will be offset against that stipulated by the 30th and 32nd resolutions	None
	Set the price of issue of ordinary shares in the scope of repayment of contingent capital instruments ("CoCos") pursuant to the 31st and/or the 32nd resolution, up to the annual limit of 10% of capital.	General Meeting of 16/05/2018 35th resolution Valid for a term of: 26 months Expiry: 16/07/2020	€3 billion The total nominal amount cannot exceed 10% of the share capital in any 12-month period. This ceiling is offset against that stipulated by the 30th resolution.	None
	Limit authorisations of issue, with or without pre-emptive subscription rights, as a consequence of the adoption of the 30th to 34th resolutions and of the 38th and 39th resolutions.	General Meeting of 16/05/2018 36th resolution	Nominal amount of capital increase under the 30th to 34th resolutions and the 38th and 39th resolutions.	None
	Increase the share capital by capitalisation of reserves, earnings, share premiums or other items.	General Meeting of 16/05/2018 37th resolution Valid for a term of: 26 months Expiry: 16/07/2020	€1 billion, autonomous and distinct ceiling	None
Transaction reserved for employees	**Increase** the share capital by issuing ordinary shares, without pre-emptive subscription rights, reserved for Crédit Agricole Group employees who subscribe to an employee savings scheme.	General Meeting of 16/05/2018 37th resolution Valid for a term of: 26 months Expiry: 16/07/2020	€300 million Autonomous and distinct from other ceilings on capital increases.	Issuance of 13,802,586 new shares with a par value of €3 each – Completed on 01/08/2018
	Increase the share capital by issuing ordinary shares, without pre-emptive subscription rights, reserved for a category of beneficiaries in the context of an employee shareholding transaction.	General Meeting of 16/05/2018 38th resolution Valid for a term of: 26 months Expiry: 16/07/2020	€50 million Autonomous and distinct from other ceilings on capital increases	None
	Award performance shares, whether already issued or to be issued, to eligible employees or Corporate Officers.	General Meeting of 16/05/2018 39th resolution Valid for a term of: 18 months Expiry: 16/11/2019	0.20% of the share capital at the date of the Board's decision to award the shares	None
Cancellation of shares	**Cancel** shares acquired under the share buyback programme.	General Meeting of 16/05/2018 40th resolution Valid for a term of 24 months Expiry: 16/05/2020	10% of the total number of shares in each 24-month period	None

PURCHASE BY THE COMPANY OF ITS OWN SHARES IN 2018

The twenty-seventh resolution of the Ordinary General Meeting of Crédit Agricole S.A. of 16 May 2018 authorised the Board of Directors to trade in Crédit Agricole S.A. ordinary shares, in accordance with the General Regulation of the French Financial Market Authority (AMF) and with Articles L. 225-209 *et seq.* of the French Commercial Code.

The key provisions of this resolution, which is still valid, are as follows:

- the authorisation was granted for a period of 18 months;
- the Company may not, under any circumstances, hold more than 10% of the share capital;
- the number of shares purchased may not exceed 10% of the total number of ordinary shares at the date on which the said purchases are carried out;
- the maximum purchase price is €27;
- in any event, the maximum amount the Company may allocate to the buyback of its ordinary shares is €5.6 billion.

Information on the use of the share buyback programme, given to the General Meeting, in accordance with Article L. 225-211 of the French Commercial Code

The Board of Directors informs the General Meeting of the following activities undertaken in accordance with the share buyback programme for the period from 1 January to 31 December 2018.

Transactions were carried out as part of the programme in order to:

- cover commitments made to employees and Corporate Officers under stock option and deferred compensation plans;
- create an active market for the shares through market-making by an investment services provider under a market-making agreement that complies with the Amafi (the French Association of Financial Markets Professionals) Code of Conduct.

Number of shares registered in the Company's name at 31/12/2017	2,146,133
To cover commitments to employees and Corporate Officers	*896,133*
To provide volume to the market in the context of the market-making agreement	*1,250,000*
Number of shares bought in 2018	**10,206,109**
To cover commitments to employees and Corporate Officers	*0*
To provide volume to the market in the context of the market-making agreement	*10,206,109*
Volume of shares used to achieve the purpose set(1)	
Coverage of commitments to employees and Corporate Officers	*592,828*
Market-making agreement (purchases + sales)	*17,587,218*
Number of shares reallocated for other purposes	0
Average purchase price of shares bought in 2018	€12.11
Value of shares bought in 2018 at purchase price	€123,558,917
Trading costs	€260,400
Number of shares sold in financial year 2018	**7,973,937**
To cover commitments to employees and Corporate Officers	*592,828*
To provide volume to the market in the context of the market-making agreement	*7,381,109*
Average price of shares sold in 2018	€12.67
Number of shares registered in the Company's name at 31/12/2018	**4,378,305**
To cover commitments to employees and Corporate Officers	*303,305*
To provide volume to the market in the context of the market-making agreement	*4,075,000*
Gross carrying amount per share(2)	
Shares bought to cover commitments to employees and Corporate Officers (historical cost)	*€9.26*
Shares bought as part of the market-making agreement (market price at 31/12/2018)	*€9.43*
Total gross carrying amount of shares	€41,236,625.70
Par value	€3
Percentage of the share capital held by the Company at 31/12/2018	0.15%

(1) To cover commitments to employees and Corporate Officers, these are shares sold or transferred to beneficiaries after they exercise options on Crédit Agricole S.A. shares, or sold on the stock market for the surplus coverage recorded at the closing date of the plans, and shares purchased and delivered or sold under deferred compensation plans as performance shares; shares relating to the market-making agreement are shares bought and sold under the agreement during the period in question.

(2) Shares bought to cover commitments to employees and Corporate Officers are recognised as investment securities and valued at their purchase price, less any impairment; shares purchased under the market-making agreement are recognised as trading securities and valued at market value at each reporting date.

DESCRIPTION OF CRÉDIT AGRICOLE S.A. SHARE BUYBACK PROGRAMME FOR 2019 AND SUBSEQUENT YEARS

Pursuant to Article 241-2 of the AMF General Regulation, this document constitutes the description of the share buyback programme to be approved by the Ordinary General Meeting of 21 May 2019.

It is hereby specified that the expression "Ordinary Shares" as used in this document refers to the shares that make up the Company's share capital at this time, as opposed to Preferred Shares which could be issued in accordance with the authorisation given by the General Meeting of 19 May 2009 to the Board of Directors.

I. Number of shares and percentage of share capital directly owned by Crédit Agricole S.A.

At 31 January 2019, Crédit Agricole S.A. directly owned 3,953,305 shares, representing 0.14% of the share capital.

The definitions of the underlined words can be found in the Glossary on page 600.

II. Breakdown of targets by equity securities held

At 31 January 2019, the shares held by Crédit Agricole S.A. broke down as follows:

- 303,305 shares to cover commitments to employees and Corporate Officers;
- 3,650,000 shares held under a market-making agreement to create an active market for the shares.

III. Purposes of share buyback programme

The authority to be granted by the shareholders at the Combined General Meeting of Shareholders of 21 May 2019 is designed to allow Crédit Agricole S.A. to trade in its own shares either on the market or over the counter for any purpose permitted or to be permitted by applicable laws or regulations.

In particular, Crédit Agricole S.A. may use this authorisation:

1. to implement stock option plans for some or all of the Company's employees and/or some or all of the eligible Corporate Officers of the Company or of the companies or groupings affiliated with it, now or in the future, under the conditions defined by Article L. 225-180 of the French Commercial Code;
2. to allot or transfer ordinary shares to eligible Corporate Officers, employees and former employees of the Company or of the Group, or to certain categories thereof, as part of an employee profit-sharing or employee savings scheme, as provided for by law;
3. to award bonus shares under a bonus share plan as provided for by Articles L. 225-197-1 *et seq.* of the French Commercial Code to some or all categories of eligible Corporate Officers and employees of the Company, and/or of companies and economic interest groupings affiliated to it pursuant to Article L. 225-197-2 of the French Commercial Code; and, more generally,

   to honour obligations related to the allocation of ordinary shares in the Company to such employees and Corporate Officers, notably under variable compensation plans for employees who are financial market professionals and whose activities have a material impact on the Company's risk exposure, in which case such allocations are contingent upon such employees meeting performance conditions;
4. to ensure coverage of securities granting rights to the Company's ordinary shares;
5. to ensure an active secondary market or liquidity of ordinary shares is created by an investment services provider under a market-making agreement, in compliance with market practice permitted by the French Financial Market Authority;
6. to proceed with the full or partial cancellation of the purchased ordinary shares.

IV. Maximum percentage of share capital, maximum number and characteristics of shares that may be bought back and maximum purchase price

1. Maximum percentage of share capital to be bought back by Crédit Agricole S.A.

Crédit Agricole S.A. is authorised to acquire up to 10% of the total number of shares forming its share capital at the date of settlement of the purchases. However, the number of shares purchased by the Company and held with a view subsequently to exchanging them or using them to pay for a potential merger, spin-off or asset transfer shall not exceed 5% of the Company's share capital.

In addition, the maximum total amount that Crédit Agricole S.A. may allocate to the buyback of its ordinary shares during the term of the share buyback programme is €4.2 billion.

The Board of Directors shall ensure that these buybacks are carried out in accordance with regulatory requirements as set by law and the European Central Bank.

2. Characteristics of the shares covered

Class of shares purchased: shares listed on Euronext Paris (Compartment A)

Name: Crédit Agricole S.A.

ISIN Code: FR0000045072

3. Maximum purchase price

The purchase price for Crédit Agricole S.A. shares under the share buyback programme may not exceed €20 per share.

V. Duration of programme

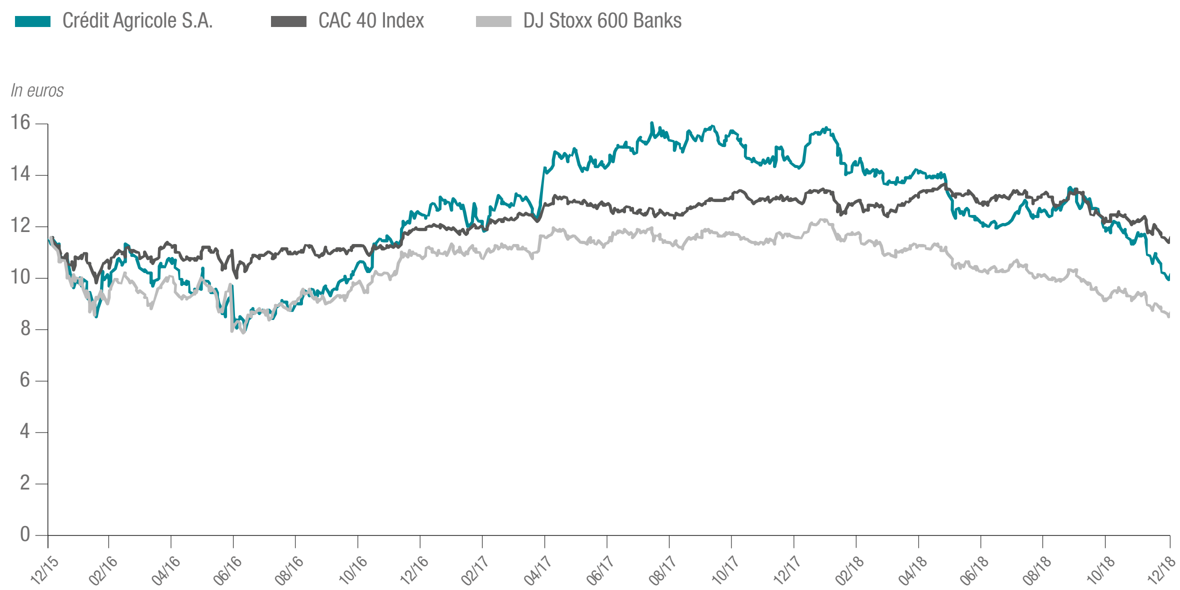
In accordance with Article L. 225-209 of the French Commercial Code and with the 21st resolution to be submitted to the Ordinary General Meeting of 21 May 2019, this share buyback programme replaces the unused portion of the programme approved by the Ordinary General Meeting of 16 May 2018, and may be implemented until it is renewed by a future General Meeting and, in any event, for a maximum term of 18 months as from the date of the Ordinary General Meeting, *i.e.* until 21 November 2020 at the latest.

STOCK MARKET DATA

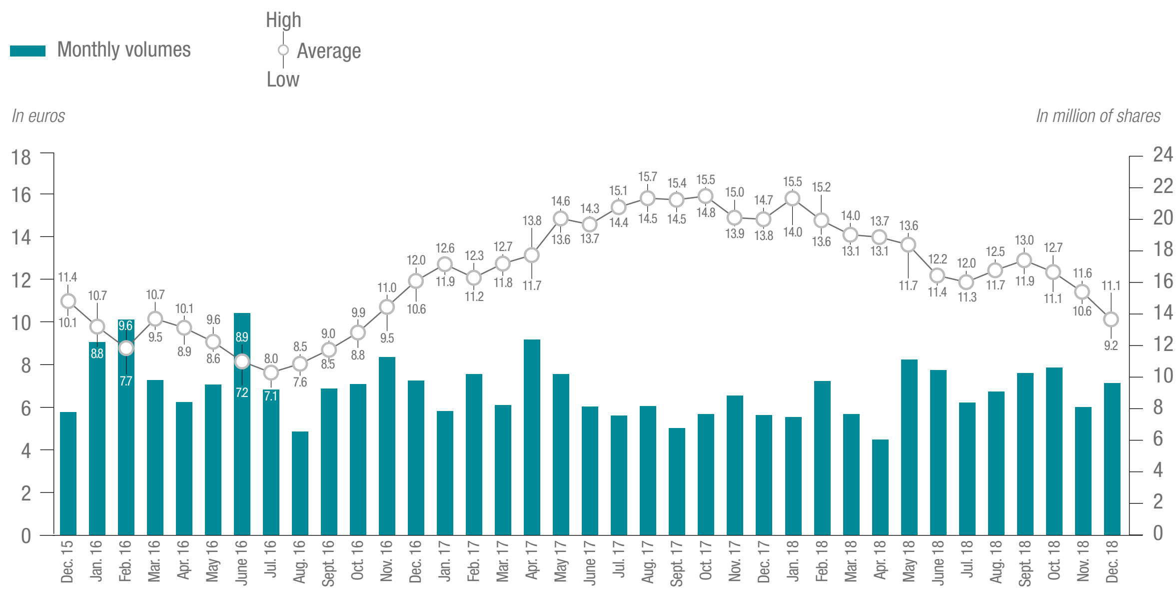
CRÉDIT AGRICOLE S.A. SHARE

Stock market performance

Three-year share performance



Monthly change in the share price and in the volume of shares traded



Between 31 December 2015 and 31 December 2018, the last trading day of the year, the Crédit Agricole S.A. share price went from €10.88 to €9.43, *i.e.* a decrease of -13.33% in three years, underperforming the CAC 40 index -13.33%) but outperforming the DJ Stoxx 600 Banks index (down -27.5% over the period).

In 2018 alone (between 29 December 2017 and 31 December 2018), the share price declined by -31.67%, compared with a decrease of -10.95% for the CAC 40 and -28.04% for the DJ Stoxx 600 Banks Index.

The total number of Crédit Agricole S.A. shares traded between 1 January and 31 December 2018 on Euronext Paris was 1.709 billion (1.619 billion in 2017), with a daily average of 6.7 million (6.3 million in 2017). The highest share price achieved over this period was €15.54 and the lowest €9.10.

Stock market indexes

Crédit Agricole S.A. shares are listed on Euronext Paris, Compartment A, ISIN Code: FR0000045072.

They are included in several indexes: the CAC 40 (featuring the 40 most representative listed companies on the Paris Stock Exchange), the Stoxx Europe 600 Banks Index (made up of 48 banking institutions in Europe), and the FTSEurofirst 80 Index (representative of the largest companies in the eurozone by market capitalisation).

Crédit Agricole S.A. strengthens its global CSR performance and maintains itself in the main international socially responsible indexes, which bring together the best performing companies according to strict ESG criteria. Since 2004, it has also been in the FTSE4Good, and in the NYSE Euronext Vigeo Eiris, Eurozone 120 and Europe 120 indexes since 2013. Since 2014, it has included the STOXX Global ESG Leaders index, and it rated Prime since 2015 by ISS-Oekom. Crédit Agricole S.A. was also one of the best-rated French banks in 2018 by the CDP (Carbon Disclosure Project) for its climate policy, with a rating of A-, and by MSCI (Morgan Stanley Capital International) with the rating of A for its overall CSR performance.

Stock market data

	31/12/2018	31/12/2017	31/12/2016	31/12/2015	31/12/2014
Number of shares in issue	2,866,437,156	2,846,104,526	2,846,104,526	2,639,326,957	2,576,365,774
Stock market capitalisation *(in billions of euros)*	27.0	39.3	33.5	28.7	27.7
Net earnings per share (NEPS) *(in euros)*	1.39	1.12	1.12	1.21	0.83
Net book value per share (NBVPS)(1) *(in euros)*	18.2	17.5	16.8	18.7	18.0
Price/NBVPS	0.52	0.79	0.70	0.58	0.60
PER (price/NEPS)	6.80	12.28	10.51	8.99	12.90
Highest and lowest share prices during the year *(in euros)*					
High (during trading day)	15.54	15.68	12.07	14.49	12.22
Low (during trading day)	9.10	11.06	6.79	9.82	9.14
Close (closing price at 31 December)	9.43	13.80	11.78	10.88	10.76

(1) Net assets after deduction of deeply subordinated Additional Tier 1 bond issues, issuance costs net of tax and gross interest paid on these issuances and recognised in other comprehensive income.

Shareholder return

The table below shows the total shareholder return for retail investors in Crédit Agricole S.A. shares.

The calculation, which is based on the share price at the time of the investment (initial public offering on 14 December 2001, or the beginning of the year in other cases), takes into account the reinvestment of dividends received (until 2005, this included a tax credit for 2004, which accounted for 50% of the amount distributed), but does not include the loyalty dividend of €0.035 per share paid for 2014 and 2015. The valuations are based on the closing share price on the day of the investment.

The calculation also assumes that investors sold their pre-emptive subscription rights and used the proceeds to take up the rights issued at the end of October 2003, January 2007 and July 2008. All results are presented before tax impact.

Holding period	Cumulative gross return	Average annualised return
1 financial year (2018)	(28.3%)	(28.3%)
2 financial years (2017 and 2018)	(12.4%)	(6.4%)
3 financial years (2016 to 2018)	+1.5%	+0.5%
4 financial years (2015 to 2018)	+5.2%	+1.3%
5 financial years (2014 to 2018)	+25.6%	+4.7%
10 financial years (2009 to 2018)	+67.1%	+5.3%
Since the stock market listing (14/12/2001)	+19.1%	+1.0%

The definitions of the underlined words can be found in the Glossary on page 600.

DIVIDEND CALENDAR

24 May 2019	Ex-dividend date, the amount of the dividend is offset against the opening share price on this date
27 May 2019	Record date for receipt of dividend
28 May 2019	Dividend paid

2019 FINANCIAL COMMUNICATIONS CALENDAR

14 February	Publication of 2018 full-year results
15 May	Publication of 2019 first-quarter results
21 May	General Meeting of Shareholders in Metz
2 August	Publication of 2019 first-half results
8 November	Publication of 2019 nine-month results

CONTACTS

www.credit-agricole.com/en/Investor-and-shareholder

Financial Communication department

Cyril Meilland, CFA

Tel.: +33 (0)1 43 23 53 82

Institutional investor relations

Tel.: +33 (0)1 43 23 04 31

investor.relations@credit-agricole-sa.fr

Retail investor relations

Toll-free number: 0 800 000 777 (from France only)

credit-agricole-sa@relations-actionnaires.com

The definitions of the underlined words can be found in the Glossary on page 600.

SOCIAL, ENVIRONMENTAL AND SOCIETAL CONTRIBUTION

2

The definitions of the underlined words can be found in the Glossary on page 600.

CSR IS THE CORNERSTONE OF ALL BUSINESS LINES

The Executive Management makes social and environmental responsibility (CSR) a strategic priority for Crédit Agricole S.A. The aim is to carry out its banking and insurance activities responsibly and effectively as regards its stakeholders, and to assume its role as the leading financial partner of the French economy and its regions. CSR has been one of the Group's strategic challenges since the "2010 Group Project". This importance was reaffirmed with the "Strategic Ambition 2020" Medium-Term Plan launched in March 2016. It takes a prominent place in the strategic reflections for the coming years.

The Group's decision-making bodies jointly defined and shared the CSR policy, which was formalised in 2014. It is revised each year on the basis of employee and external stakeholder consultation so that its key challenges can be updated. The Group thereby ensures that its strategic decisions are in line with the expectations of stakeholders. In 2017, the Group also mapped several ongoing actions that contribute towards the United Nations Sustainable Development Goals (SDGs). From now, CSR is divided into three areas: Ethics, Environment and inclusive Finance.

IDENTIFYING PRIORITIES AND LINKS WITH SDGs

The Group's CSR policy and priority challenges are validated each year by a survey, which canvasses stakeholder opinion on the perceptions of the banking sector in general and Crédit Agricole's positioning in particular. This dialogue is supplemented by the assessment of experts and opinion leaders and set against the expectations of non-financial rating agencies. This approach allows us to measure the relevance and importance of each challenge.

Launched in late 2014, the annual CSR survey is designed to identify changes in stakeholder expectations and the possible emergence of new challenges. The fourth survey in 2018 again confirmed the priorities identified since 2015, namely: protecting personal data of customers, promoting an ethical culture within the Group and delivering customer benefits. These issues are also central to the Group's "Strategic Ambition 2020" plan. Financing of the green economy is increasingly showing up in the concerns of stakeholders. For the fourth survey, more than 5,200 persons among Group employees and members of the public were invited to take part. Almost 4,000 employees have thus given their opinion, and, for the first time,the participation of employees of the Regional Banks. The concerns expressed by our stakeholders have guided our achievements and have led us to progress on our 11 priority issues. They now translate into three main strategic axes: Ethics, Inclusive Finance and Environment. Particular attention is paid to our employees in a chapter dedicated to the development of all talents.

The Group's support for the SDGs is in line with its priority challenges. Launched by the United Nations in 2015, there are 17 SDGs, declined in 169 targets, aimed at creating a fairer and more prosperous world by 2030. To maximise its impact, the Group has mapped the links between the SDGs, its CSR commitments and its activities. The Group contributes directly to the SDGs through the concrete actions presented in each of the sections and listed in the cross-reference table at the end of this chapter.

NON-FINANCIAL REPORTING (DPEF) AND DUE DILIGENCE OF CORPORATIONS AND MAIN CONTRACTORS

2018, the year of transposition of the European Directive no. 2014/95/EU on non-financial reporting, confirms our commitment to responsibility. The defined policies, the actions taken and the indicators measured are at the origin of the creation of value for the stakeholders and support the Group's financial results with market opportunities, such as the Climate Finance. Theme, to which Crédit Agricole CIB and Amundi have been demonstrating leadership for several years.

Our prioritized commitments and actions are an integral part of the NFP, and are marked with a pictogram to make them easier to read. Our responsibility covers other issues that remain important and structuring for the Group, throughout this issue.

The scope covers the all entities of Crédit Agricole S.A. Each of them, with their specific business lines, contributes to the prioritized CSR objectives of Crédit Agricole S.A. Group. Consequently, reporting by entity may exist along this NFP, but it remains a voluntary action.

2018 is also the year in which the compliance requirement of the Crédit Agricole S.A. Group, which prompts us to strengthen our prudent and diligent behaviour, was implemented. Our approach to preventing serious violations of human rights and fundamental freedoms, the health and safety of persons and the environment related to our activities is detailed in the Chapter 3. The scope also includes Crédit Agricole S.A. and its subsidiaries.

The definitions of the underlined words can be found in the Glossary on page 600.

MATERIAL CSR COMMITMENTS AND LINKS WITH SDGs

IMPORTANCE OF CSR CHALLENGES FOR STAKEHOLDERS

ETHICS axis · ENVIRONMENT axis · INCLUSIVE FINANCE axis · EMPLOYEES

Significant		Very significant
Reducing our direct environmental footprint (ENVIRONMENT)	Improving well-being at work (EMPLOYEES)	Respecting ethics in business (ETHICS)
Developing responsible purchasing (INCLUSIVE FINANCE)	Guaranteeing fairness and promoting diversity (EMPLOYEES)	Protecting customer personal data (ETHICS)
Guaranteeing social dialogue (EMPLOYEES)	Reinforcing the inclusion of ESG criteria in our products and services (ENVIRONMENT)	Aiming to build lasting relationships with customers (informing, advising, managing relationships) (ETHICS)
	Financing a low-carbon economy (ENVIRONMENT)	Managing ESG and climate risks (ENVIRONMENT)
	Contributing to the economic development of the territories (INCLUSIVE FINANCE)	Including ESG in internal control (ENVIRONMENT)
	Supporting the transformations of the agricultural sector and the development of responsible agriculture (INCLUSIVE FINANCE)	Preventing over-indebtedness (INCLUSIVE FINANCE)
	Encouraging employee development and employability (EMPLOYEES)	Making basic banking and insurance services accessible (INCLUSIVE FINANCE)
	Improving governance (ETHICS)	
	Managing reorganisation (EMPLOYEES)	

Significant — Importance for stakeholders — Very significant

LINK BETWEEN GROUP CHALLENGES AND THE SDGs

ETHICS axis	SDGs	ENVIRONMENT axis	SDGs	INCLUSIVE FINANCE axis	SDGs	EMPLOYEES	SDGs
Respecting ethics in business	16	Managing ESG and climate risks	ALL SUSTAINABLE DEVELOPMENT GOALS	Preventing over-indebtedness	1, 4, 8, 10	Improving the quality of work life	3
Protecting customer personal data		Including ESG in internal audits	ALL SUSTAINABLE DEVELOPMENT GOALS	Making banking services/ basic insurance accessible	1, 4, 8, 10	Guarenteeing fairness and promoting diversity	5, 10
Aim for a lasting relationship with clients (information, advice, relationship management)		Reinforcing the inclusion of the ESG criteria in our products and services	6, 7, 9, 11, 13	Contributing to the economic development of the territories	1, 3, 8, 9, 10, 11	Encouraging employee development and employability	4
Improving governance		Financing a low-carbon economy	6, 7, 9, 11, 13	Supporting the transformations of the agricultural sector and the development of responsible agriculture	2	Managing reorganisation	
		Reducing our direct environmental footprint	7, 12, 13	Development of responsible purchasing	8	Guaranteeing the social dialogue	

The definitions of the underlined words can be found in the Glossary on page 600.

The priority challenges have been grouped together into 11 key themes, listed in the table below. Specific 2016-2020 objectives support them, each corresponding to the group's different business lines: funder, investor and insurer. A series of concrete actions and results responding to these objectives reflect progress over three years. The table is a summary of the core of the statement of non-financial performance, which focuses on significant challenges. They will be further elaborated on below on the following pages, indicated with a pictogram. Human rights, which are not reflected in our materiality assessment but are considered to be a significant risk in the activities of funders and investors, are presented in paragraph 4.2.4 in accordance with the regulations.

Challenges	Non-financial risks	Objectives		Achievements
1. Respecting ethics in business	Confidence risk of the stakeholders and financial risks due to sanctions and controversies	Promote a compliant and ethical culture starting with management	2016	Creation of a Group Code of Ethics Training programme for members of the Executive Committee and of the Management Committee of Crédit Agricole S.A.
			2017	Training for the 16 members of the Executive Committee
			2018	Training for 90% of Crédit Agricole S.A. (parent company) board members Codes of Conduct implementation
2. Responding to the needs of our loyal clients	Data security failure (cybersecurity) and low protection of personal data	Ensure the protection of personal data and transparency in their use	2016	Drafting a Charter for using personal data
			2017	Distribution of the Charter to financial advisers and customers at the Regional Banks
			2018	In 2018, 92% of Crédit Agricole S.A. employees had received training with respect to the Personal Data Charter.
	Market losses following improper sales practices, consulting deficit or inadequacy of products	Ensure real attentiveness and transparency of advice	2016-2017	Training programme on a new advisory and wealth management approach for retail banking financial advisers
			2018	"Wealth Trajectories" approach deployed in all Regional Banks at the end of 2018
3. Managing all risks, including ESG	Low understanding of the materiality of ESG risks	Manage all risks, including ESG	2016	Incorporation of climate risks into the Group's risk mapping
			2017	Formalisation of a climate change strategy (pending approval)
			2018	■ Climate risk strategy validated by the governing bodies (Board of Directors and COMEX) ■ Launch of a plan to integrate ESG factors into asset management (Amundi)
4. Supporting all customers through good times and bad	Failure in the detection of vulnerable customers and financial losses	Prevent over-indebtedness: education and awareness-raising actions	2016	Budgetary and banking education programmes undertaken by 19 Regional Banks: 3,100 people (60% of them young people) attended more than 310 workshops jointly organised with schools and voluntary groups
			2017	Budgetary and banking education programmes undertaken by: ■ 23 Regional Banks: 3,620 people attended more than 320 workshops ■ Crédit Agricole Consumer Finance (Agos et CreditPlus): nearly 1,500 people advised
			2018	Budgetary and banking education programmes undertaken by: ■ 23 Regional Banks: 6,000 persons participated (of which 3,620 young people) in over 600 Crédit Agricole Consumer Finance (Agos, CreditPlus, CreditBom) workshops ■ 1,214 young people attended
		Support vulnerable customers	2016	■ Regional Banks' Points passerelle: 12,350 beneficiaries, 86% of whom got back on their feet ■ CA Consumer Finance: contacted 7,273 vulnerable customers, conducted 2,784 assessments and budget reviews, proposed 2,047 solutions ■ LCL: national unit to support the networks on cases of complex situations
			2017	■ Regional Banks' Points passerelle: 12,336 beneficiaries, 85% of whom got back on their feet ■ CA Consumer Finance: 19,328 customers identified as being in financial difficulty, 7,704 contacted, 3,131 customers given support ■ CA Polska: 1,367 cases of over-indebtedness addressed
			2018	■ Regional Banks' Points passerelle: 13,315 beneficiaries, 80% of whom got back on their feet ■ CA Consumer Finance: 15,010 customers identified as being financially vulnerable, 6,580 contacted, 2,709 customers given support

The definitions of the underlined words can be found in the Glossary on page 600.

Challenges	Non-financial risks	Objectives	Achievements	
4. Supporting all customers through good times and bad	Loss of market due to the lack of attractiveness due to new needs and customer demands	Develop new services that are beneficial for all customers	2016	Partner of major business-creation support networks in France (ADIE, France Initiative, etc.)
			2017	Development of products and services for older customers ("Ageing well at home") and for young people ("1st internship, 1st job")
			2018	Implementation of new offers, including "1st internship, 1st job" that brought more than 8,000 young people from nearly 1,000 client companies in contact for 2,070 positions to be filled
5. Improving the quality of work life	Lack of attractiveness and talent retention as an employer	Adapt management culture to transformations	2016	Launch of the first Engagement and Recommendation Index (ERI): ▪ Number of employees interviewed this includes the Regional Banks: 84,691 employees ▪ Participation rate: 63%
			2017	Second ERI: ▪ Number of employees interviewed this includes the Regional Banks: 97,400 employees (+15% compared to 2016) ▪ Participation rate: 66% (+3 points) ▪ ERI at Group level was up 2 points 2016
			2018	Third ERI: ▪ Number of employees interviewed this includes the Regional Banks: 122 230 employees (+25% compared to 2017) ▪ Participation rate: 70% (+4 points)
	Overexposure to conditions of failing work (stress, etc.)	Safeguard workplace health	2016	Number of calendar days of absence per employee due to illness and accident (in France): 9.7
			2017	Number of calendar days of absence per employee due to illness and accident (in France): 10.1
			2018	Number of calendar days of absence per employee due to illness and accident (in France) : 9.9
6. Guarenteeing fairness and promoting diversity	Lack of attractiveness and retention of diverse talents	Develop gender equality among top-level managers	2016	Women make up 19.7% of decision-making bodies
			2017	Women make up 20.7% of decision-making bodies
			2018	Women make up 21.4% of decision-making bodies
		Ensure fairness in terms of social protection for our retail banks abroad	2016-2017	Action in 2018: programme Take Care at 5 subsidiaries abroad (Ukraine, Egypt, Morocco, Poland and Serbia) covering 13,000 employees and their families
			2018	Reinforcement of the system in Egypt, Morocco, Serbia and Ukraine
7. Reinforcing the inclusion of the ESG criteria in our products and services	Market loss due to products that are poorly adapted to ecological challenges	Encourage the transition to a low-carbon economy	2016	▪ Close to €1.1 billion in cash invested in green bonds by Crédit Agricole S.A. and Crédit Agricole CIB ▪ €28 billion in arrangements in support of the energy transition ▪ €150 million in financing raised by Amundi with its joint management company with EDF
			2017	Since 2016: ▪ €2 billion in cash invested in green bonds by Crédit Agricole S.A. and Crédit Agricole CIB ▪ €71 billion in arrangements in support of the energy transition ▪ €203 million in financing raised by Amundi with its specialised management companies
			2018	Since 2016: ▪ €2 billion in cash invested in green bonds by Crédit Agricole S.A. and Crédit Agricole CIB ▪ €114.3 billion in arrangements in support of the energy transition ▪ €410 million in financing raised by Amundi with its specialised management companies
		Directly finance the development of renewable energy (EnR) in France	2016	+21% in financing renewable energy in France in 2016 (€514 million, compared with €425 million in 2015) by CAL&F, the Regional Banks and LCL by CAL&F, the Regional Banks and LCL
			2017	24% in financing renewable energy in 2017 €635 million in financing
			2018	▪ €571 million in financing of renewable energy and energy efficiency projects by Unifergie and LCL in 2018 ▪ €3 billion in outstanding loans from the Regional Banks related to renewable energy and energy efficiency projects

The definitions of the underlined words can be found in the Glossary on page 600.

Challenges	Non-financial risks	Objectives		Achievements
8. Supporting the economic development of regions and their response to sustainable development challenges	Lack of attractiveness on the societal demands of stakeholders	Allocate savings to activities with positive impacts (environmental and/or social) in the regions	2016	€1.793 billion in assets under management in social impact funds managed by Amundi
			2017	€2.341 billion in assets under management (30.5%) in managed social impact funds
			2018	€2.778 billion in outstanding amounts (+18.7%) in social impact funds
		Support the development of entrepreneurial activities	2016	17 Villages by CA 231 start-ups supported
			2017	20 Villages by CA 400 start-ups supported
			2018	29 Villages by CA 547 start-ups supported
	Decline in competitiveness due to a poor assessment of expectations and evolutions of the agricultural sector	Support the agricultural sector in identifying solutions to economic, environmental and social challenges	2016	547 start-up accompagnées
			2017	25,000 weather-related insurance policies (Crop insurance, Hail Insurance and Prairie Insurance)
			2018	24,595 weather-related insurance policies (Crop Insurance, Hail Insurance and Prairie Insurance) ▪ financial partner of 9 out of 10 farmers ▪ structuring a support process for organic agriculture ▪ studying about an investment fund dedicated to energy, agriculture and food transition
9. Improving governance	Deficiency with understanding and assessing new risks	Factoring in the challenges of CSR by the Board of Directors	2016	CSR training programme for the Board of Directors of Crédit Agricole S.A.
			2017	Training of the Board of Directors of Crédit Agricole S.A. in September
			2018	Raising awareness among presidents of Regional Banks (12 on 39)
10. Fostering personal development and employability	Lack of attractiveness and retention of talent	Helping employees adapt to changing jobs	2016	788 transfers between entities 8,322 transfers within entities
			2017	702 transfers between entities 9,005 transfers within entities
			2018	1,151 transfers between entities 10,331 transfers within entities
11. Reducing our environmental footprint	Costs increase	Reducing our greenhouse gas (GHG) emissions	2016	50% reduction of CO_2 emissions at the sites in the Île-de-France region (base 2014)
			2017	5% reduction in GHG emissions in 2017 vs. 2016 (scope: Crédit Agricole S.A. Group)
			2018	Crédit Agricole S.A. terminated the FReD scheme to reduce its GHG emissions with 10% between 2015 and 2018

MANAGING OUR CSR PERFORMANCE WITH FReD

The Group's CSR policy plots the course to be followed on CSR challenges. FReD is the secret weapon of Crédit Agricole S.A. and its subsidiaries. FReD is an internal system for managing and measuring Group progress on CSR matters. Launched in 2012, its three pillars are trust and the customer relationship (FIDES), respect of employees and of the corporate ecosystem (RESPECT) and protecting the environment (DEMETER). The FReD methodology underwent several changes since its creation. Today, it is reflected in 12 short, medium and long-term projects that make up the portfolio of each entity and a four-step progress measurement. Each completed action therefore scores three points in the procedure. The minimum target index to be achieved is 1.5.

In 2018, 15 group entities contributed to the FReD index. Crédit Agricole S.A. publishes its group index for the 6th year, which is 1.6 in 2018. This index is audited annually by one of the Statutory Auditors of Crédit Agricole S.A. : PwC. Lastly, the FReD index determines the payment of one-third of the deferred variable compensation of Senior Executives of Crédit Agricole S.A. Group. Thanks to profit-sharing agreements negotiated in several entities, FReD is now impacting the variable compensation of more than 10,000 people.

Leveraging the FReD equity portfolios and all of the other initiatives established as part of its CSR policy, Crédit Agricole S.A. is moving forward in overall ISR performance. In 2018, it reaffirmed its place on the leading socially responsible investment indexes:

- rated A in ESG performance by **MSCI** (Morgan Stanley Capital International) in September 2017 (previously BBB) or the European bank with the highest rating alongside Santander;
- in May 2013, includes the following **NYSE-Euronext** indices constructed on the basis of ratings of **Vigeo Eiris**: Europe 120, Eurozone 120. In October 2018, the Vigeo-Eiris rating was raised from 60 to 62, following significant progress in governance and community engagement;
- rated A- by the **CDP** (Carbon Disclosure Project) in October 2017 (against B earlier);
- rated *Prime* by **ISS-Oekom** since December 2015;
- for several years represented in the British index **FTSE4Good**, confirmed in September 2018.

A LONG-TERM COMMITMENT

Signatory of the:

- United Nations Global Compact since 2003;
- Equator Principles since 2003;
- Principles for Responsible Investment since 2006;
- Diversity Charter since 2008;
- Sustainable Purchasing Charter since 2010;
- Charter for the energy efficiency of commercial buildings since 2013;
- Science Based Targets since 2016;
- RE100 since 2016.

Co-founding member of the:

- Green Bonds Principles since 2014;
- Portfolio Decarbonization Coalition since 2014;
- Mainstreaming Climate Action Within Financial Institutions since 2015;
- Catalytic Finance Initiative since 2015;
- French Business Climate Pledge since 2015;
- BBCA association (low-carbon building design) since 2015;
- Finance for Tomorrow since 2017.

Participant in the:

- Call for carbon pricing at the initiative of the World Bank Group in 2014;
- Montreal Carbon Pledge since 2015;
- Paris Appeal on Climate Change since 2015;
- IIRC (International Integrated Reporting Council) since 2016;
- Task Force on Climate Disclosure since 2017;
- Climate Action 100 + since 2017.

Other positions:

- Statement on modern slavery since 2017;
- Contribution to the *RH Sans Frontières* endowment fund since 2018.

CSR GOVERNANCE

To better coordinate and disseminate the Group's CSR policy and consolidate the Group's performance, Crédit Agricole S.A. has set up a CSR department that reports directly to the Corporate Secretary and counts six employees. This department is supported by a network of 150 CSR contributors across the various entities and business lines. Since January 2017, the Head of CSR is a member of the Group Management Committee.

Firm in the belief that all stakeholders must play a role in the governance of the CSR policy, the Group has established an organisation involving several bodies with complementary tasks. This governance starts with the Board of Directors (see Chapter 3.1.1).

Bodies	Main tasks
Strategic and CSR Committee of the Board of Directors of Crédit Agricole S.A.	Ensures that CSR challenges are factored into the strategy and operations
Crédit Agricole S.A. Executive Committee	Approves the CSR policy
Crédit Agricole S.A. Management Committee	Discusses and explores the Group's CSR challenges
CSR Committee (comprising the CEOs of key subsidiaries and business lines)	Discusses, drives, coordinates roll-out
CSR Department	Makes proposals, coordinates, supports and leads
RSE 20 (network of CSR managers)	Manages actions on the basis of their specific challenges
CSR 130 (reference persons)	Involves all Group employees in the field

For the purposes of this Registration Document, the Group has decided to classify the initiatives taken in 2018 in accordance with the following topics:

- promoting a compliant and ethical culture;
- developing financing for all talents;
- support the energy transition;
- encouraging responsible behaviour by taking into account environmental, social and ethical factors;
- women and men to drive transformation.

CSR information corresponding to the NFP is thus provided in each of the above-mentioned actions, marked with a pictogram. A cross-reference table with the list of regulatory information and the cross-reference to other guidelines (including the SDGs) can be found at the end of the chapter. The reporting scopes of the various consolidated indicators are specified throughout the text, in the corresponding paragraphs.

The definitions of the underlined words can be found in the Glossary on page 600.

1. PROMOTING A CULTURE OF ETHICS

Crédit Agricole Group has made ethics a priority, in line with stakeholder expectations. The Group's standards, values and the interaction between its various systems are all levers that influence behaviour and foster an ethical culture. To achieve the goals of fairness towards customers, employees, partners and society, the Group recognises that it must look beyond the regulatory requirements to ensure that ethical conduct becomes second nature.

1.1. DEVELOPING A GROUP-WIDE ETHICAL DIMENSION

The role of the Compliance function is to ensure compliance with the regulations and code of conduct applicable to banking and financial activities among the Group's entities, managers and all employees. In addition to these obligations, Compliance:

- is an opportunity to convey a positive image of responsible entities acting in the interests of their customers;
- helps to maintain trust in the bank among all stakeholders (customers, employees, investors, regulators, suppliers and companies).

1.1.1. Code of Ethics

The Code of Ethics covering the entire Crédit Agricole Group was released in May 2017 after being approved by the Board of Directors of Crédit Agricole S.A., by the Boards of Directors of all entities of the Crédit Agricole Group, as well as by Fédération nationale du Crédit Agricole.

The Code of Ethics is notably designed to make the rules more visible and to foster a culture of compliance. The Code of Ethics has the following components:

- reaffirmation of the Group's values and identity;
- indication of the Group's commitments: emphasis on a fair multi-channel bank open to everyone, providing each person with support over time;
- implementation of principles: towards customers, society and employees; by acting in an ethical behaviour.

Insofar as it serves as the basis for acceptable ethical and professional behaviour, every Group entity adopted the Code of Ethics since 2017, adapting it to its own specific requirements.

1.1.2. The Codes of Conduct

As an extension of the Code of Ethics, each entity of the Crédit Agricole S.A. Group must formalise a code of conduct that operationally implements the principles of the Code of Ethics by June 2019. The implementation of codes of conduct in all Group entities is part of the Group's approach of controlling non-compliance risks and reinforces its commitment to being "ethical" in its dealings with all its stakeholders.

After having received a favourable opinion from the Board of Directors on 14 May 2018 and a positive opinion from the employee representative bodies in June 2018, the Company's Code of conduct was published in September 2018. This code of conduct also includes a specific "anti-corruption" section in application of the requirements under the Sapin II Law.

1.1.3. Training of Directors and executives

In accordance with the guidelines of the European Banking Authority and the provisions of the French Monetary and Financial Code, the Compliance officers train directors and members of the Board of Directors in current regulatory issues.

In 2018, for the first time at Group level, the members of the Board of Directors were made aware of the "regulatory changes of the year", with a focus on specific topics, in particular international sanctions.

For new members of the boards of directors of the entities, material on "Compliance Issues" was made available to the Group entities (in French and English) to train them in face to face. The objectives are to provide summary information on current regulatory issues relating to compliance, financial security and international sanctions, as well as to discuss the practical consequences of this environment on the role of the Director. The training also includes an optional quiz, which can be taken by Directors either prior to the training as a placement test, or at the end of the training.

Executives are trained annually through the Mandatory Compliance training program.

1.1.4. Deploying a responsible compliance approach

A. Combatting corruption

Driven by the highest level of corporate responsibility, the Crédit Agricole Group affirms its policy of zero tolerance for unethical behaviour in general, and any risk of corruption in particular. This policy illustrates the long-standing commitment of Crédit Agricole to ethical business conduct, a key element of its corporate social responsibility (CSR) policy. It is part of the compliance and financial security programmes set up in 2004 to ensure transparency and loyalty towards clients, contribute to the integrity of financial markets and combat money laundering and fraud.

The group's commitment to the fight against corruption is reflected in the BS 10500 certification since July 2016 and the award of the ISO 37001 international standard for its anti-corruption management system to Crédit Agricole since July 2017. Crédit Agricole is the first French bank to receive this certification. It recognizes the Group's determination and the quality of its corruption prevention programme. It attests that the corruption risks have been correctly identified and analysed and that the programme applied by Crédit Agricole has been designed to limit these different risks, by applying international best practices. It concerns all Crédit Agricole Group's business lines: retail banking, financing, asset management, wealth management, etc.

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In 2018, in view of the tightening of the legal requirements relating to the fight against corruption, Crédit Agricole took the necessary actions to implement the anti-corruption compliance programme laid down in Article 17 of the Sapin II Law, to deepen its systems for the protection of whistle-blowers and to implement the recommendations of the French Anti-Corruption Agency, drawing on existing measures within the Group to complete its procedures and operational systems in this field. Thus, the Group updated its procedures and operating procedures by defining appropriate governance, establishing a dedicated anti-corruption code of conduct and renewing its training and awareness programme for all employees in order to highlight the behaviours to be adopted to avoid any breach of probity.

The implementation of operational measures to strengthen the fight against corruption will continue throughout 2019 with regard to the mapping of corruption risks, the evaluation of third-party suppliers and intermediaries in terms of integrity and the adaptation of controls by targeting operations at risk of corruption.

93% of Crédit Agricole S.A. employees had received anti-corruption training by the end of 2018.

B. Preventing fraud/cybercrime

Fraud prevention is designed to protect the Bank's interests and to safeguard customers: a key factor in customer trust. The fraud prevention system was deployed in all entities of Crédit Agricole Group at the end of 2018. A Compliance/Anti-fraud and Corruption department is now in place. Actions continued to be taken to control fraud risks in terms of system management, prevention and detection. Systems were rolled out to combat payment fraud and fraudulent transfers. Governance was also strengthened at entity level with greater involvement of management.

Awareness raising is also key to increasing vigilance measures. Action has been taken to update the training tools, which have been made available to entities in 2018. With the increasing number of cases of attempted fraud from external sources and their increasing complexity (notably through cyber crime), the main challenges now lie in ensuring a proactive response among banks. At the end of 2018, 92% of Crédit Agricole S.A. employees had been trained.

C. Anti-money laundering and combating the financing of terrorism

The Crédit Agricole Group greatly values prevention of money laundering, combating the financing of terrorism and compliance with international sanctions (freezing of assets and embargoes). The Group's Compliance department, and more particularly its Financial Security business line, is responsible for the entire Group's:

- implementation of measures to prevent money laundering and terrorism financing;
- and its compliance with international sanctions.

The system in effect integrates requirements arising from international rules and recommendations on the one hand, and requirements under national law on the other.

Through an update of procedures and tools, the Crédit Agricole Group also took into account the new requirements related to the transposition into national law of the European Directive of 20 May 2015 on the prevention of the use of the financial system for the purpose of money laundering and terrorism financing, known as the "4th Directive".

Our system has thus been strengthened in order to improve the quality of the customer knowledge data or KYC *("Know Your Client")* collected and to ensure the application of appropriate due care measures. Throughout the business relationship, the vigilance exercised is adapted and proportionate to the risks identified. To this end, IT tools for customer profiling and the detection of unusual operations assist the Group's employees.

The fight against terrorism financing and the international sanctions compliance mechanism also require constant screening of client files with sanctions lists and monitoring of international operations.

On 19 October 2018, the strengthening of the overall financial security framework led to the termination of the Deferred Prosecution Agreements (DPAs) relating to compliance with US sanctions with the United States Attorney's Office for the District of Columbia (USAO) and the District Attorney of the country of New York (DANY). In October 2015, Crédit Agricole Group signed an agreement with these US authorities on a framework of sanctions pronounced against it in respect of infractions dating back to the period between 2003 and 2008.

The overall system, both with regard to the fight against money laundering and terrorist financing, as well as compliance with international sanctions, is constantly being strengthened, in the context of regulatory developments and risk assessment.

D. Reporting compliance irregularities

The compliance framework (organisation, procedures, training programmes) creates an environment favourable to the enhancement of the control framework within the Group. Nonetheless, when preventive measures do not play their expected role and a dysfunction occurs, it is important that it is:

- detected and then analysed as quickly as possible;
- notified to the operational managers and to the managers of the Compliance function at the most appropriate level within each business line;
- monitored and corrected, and its causes eliminated;
- reported to the supervisory authority, in the event of major irregularities.

The centralisation of dysfunction events via the reporting process is described in a specific procedure that measures Crédit Agricole S.A.'s exposure to non-compliance risk at the highest level. Employees who have reasonable grounds to suspect or have observed the existence of a compliance-related irregularity, must immediately report it to their superior, who will report it to the Compliance team.

The framework is completed by a right of alert allowing employees, if they observe an irregularity in the usual process of reporting irregularities or if they feel pressured to allow an irregularity to occur, to notify the entity's Compliance Officer of the situation without going through line management. In this case, the right of alert mechanism is an alternative solution. By deploying a new IT platform, the Crédit Agricole Group wants to support any employee wishing to exercise his or her right to alert in complete security. This tool guarantees the strict confidentiality of the author of the alert, the facts reported, the persons involved and the exchanges between the whistle-blower and the person in charge of processing the alert. The tool will gradually be deployed during the first half of 2019 throughout the scope of consolidation of the Crédit Agricole Group.

The Compliance Officers of each entity report the status of observed irregularities to the Group Compliance department, which is responsible for informing the Group Compliance Management Committee. The Committee reviews the information received and approves proposals aimed at remedying the irregularity.

The definitions of the underlined words can be found in the Glossary on page 600.

E. Maintain a lasting relationship with our customers and protecting our Group from non-compliance risks by spreading a "culture" of Compliance among employees

DPEF Priority 1

The purpose of the Compliance department of Crédit Agricole S.A. is to raise awareness of the main Compliance issues, which form the basic foundation, essential for spreading the compliance culture throughout the Group. In 2018, all Group employees, regardless of their level of exposure, were therefore required to follow a training and awareness programme, consisting of five e-learning courses on:

- everyday compliance – introduction to ethical culture and compliance;
- anti-money laundering and combating the financing of terrorism (AML-CFT);
- international sanctions;
- prevention of external fraud;
- the fight against corruption.

As part of the professionalisation of the Compliance Business Line, among the 11 face-to-face training courses offered the two two-day "New entrants to the Compliance department" courses and the 3.5-day "Fides Académie integration seminar" have professionalised more than 80 (French and international) employees in 2018.

The intranet Compliance site, accessible to all employees, provides an educational description of the main compliance topics and presents the compliance jobs and tasks. The abstract of the *Corpus Fides*, which can be viewed on the intranet, sets out the 14 main issues of compliance to enable employees to become more adapted.

Optimising the training trajectory

2018 was marked by several achievements. The Compliance department wanted to facilitate access to training by adapting training courses in a timely manner according to targets and their needs, and by meeting regulatory requirements:

The AML-CFT training system

To meet the challenges of clarifying and simplifying the "Anti-money laundering and combating the financing of terrorism (AML-CFT)" training pathways, the training system underwent changes, leading to the creation of seven retail bank training pathways, depending on the jobs performed and the level of exposure of employees. An AML-CFT awareness campaign has also been made available to entities abroad.

Scan'up Compliance

The Compliance department, together with IFCAM (the university of Crédit Agricole), has taken the initiative to streamline, via Scan'up, the renewal of knowledge systems of the three mandatory training courses: "Everyday compliance – introduction to the ethical culture and compliance, external fraud – awareness-raising and anti-corruption measures". The idea behind Scan'up is to photograph the skills of employees at moment T *("Scan")* , and then offer them training adapted to their needs to increase their skills ("Up"). Trainees assess their skills by means of a questionnaire, used to either validate their knowledge or to determine the need for training. The objective of this pedagogical tool is to move towards an ever more effective training that is close to the needs of students.

This evolution of the training system will be effective in January 2019.

Two modules address the General Data Protection Regulations (GDPR) and the Foreign Account Tax Compliance Act/Échanges automatiques d'informations (FATCA/EAI) tax regulations

The Compliance department has made the new module "Understanding, respecting and applying the European General Data Protection Regulation (GDPR)" and a new FATCA/EAI e-learning method available to employees most at risk or working in specific professions, in four episodes, aided by educational computer graphics.

For 2019, the Compliance department is committed to overhauling the training courses on Market Abuse and Customer Protection.

F. Complying with customers' interests: marketing products transparently

Within Crédit Agricole, new activities, new products and new services are analysed by internal committees (known as NAP Committees). These committees are specific to each Group entity in France and internationally that create or distribute products, services or new activities for customers. The Committees are made up of representatives from the Compliance, Legal Affairs, Information Systems Security, Risk Management and Permanent Control departments and the Data Protection Officer. Other expertise may be involved depending on the nature of the reviewed projects. Holding these committees ensures that all products and activities offered in the distribution networks meet the regulations, regulators' recommendations and the Group's strategic commitments relating to its Customer Project and thus reduces any potential complaints: clarity of the information provided to customers, suitability of the product for the identified target customer, information given to the customer on the compensation and fees received by the distributor, prevention of money laundering and the financing of terrorism, fraud prevention, Foreign Account Tax Compliance Act (FATCA), international sanctions, etc.

1.2. ESTABLISHING TRUST-BASED RELATIONSHIPS WITH CUSTOMERS

DPEF Priority 2

As part of its Medium-Term Plan, "Strategic Ambition 2020", one of the Group's priorities is to roll out a new Customer Project to better meet the expectations of its customers, setting itself apart by virtue of the relationship and built on three pillars:

- a model based on proficiency across all the business lines, with the expertise and know-how to meet the financial and wealth management needs of customers;
- full multi-channel distribution by enabling customers to choose how they interact with the Bank and to change this at any time;
- strategic investment in the customer relationship via an advisory approach that makes it possible to offer customers comprehensive and tailor-made solutions.

For several years, the Group has been putting in place measures to protect customers' data and remain attentive to all customers and provide them with the best advice.

The definitions of the underlined words can be found in the Glossary on page 600.

1.2.1. Protecting customers' data

DPEF Priority 2

To support the implementation of its Customer Project, Crédit Agricole Group decided to establish a Personal Data Code, which came into effect in early 2017. It responds to changes in society as reflected in the responses to the CSR barometer. The Code consists of five core principles (data security, integrity and reliability, ethics, transparency and education, customer control) designed to reassure customers and to disseminate best practice to employees in Group entities. This reference text thus sets out the Group's data protection principles.

Moreover, on 25 May 2018, the date of entry into force of the General Data Protection Regulation (GDPR), the Crédit Agricole Group took part in: establishing a register of processing personal data in each entity, publishing Policies for the Protection of Personal Data of customers and employees, implementing its system for exercising rights of individuals (access, deletion, etc.), creating a network of Data Protection Officers (DPOs) for each entity.

The code respects the foundations of the GDPR. It reflects the operational implementation.

THE PRINCIPLES OF THE GDPR PROGRAM:

- Giving back individuals control over their personal data back.
- Creating a "European Data Protection" that protects citizens with unified rules that can be used against non-European actors.
- Making the custodians of personal data (data controllers, sub-contractors) accountable and responsible for providing proof that data is well protected.
- Tightening sanctions in the event of improper protection or use of collected personal data.

The Group is now in a phase of consolidation of the GDPR program, which should enable it to strengthen its ambition to be a "trusted third party".

The following are among the priorities of the Group:

- using durable and efficient tools for the management of personal data processing, events and reporting, at the service of data controllers and DPOs, which facilitate dialogue between entities (producers, IT integrators, distributors) and are integrated into existing systems such as risk analysis;
- updating contractual relationships with internal or external partners with whom Crédit Agricole shares personal data to clearly define everyone's requirements and responsibilities;
- adapting information systems in terms of security and data retention time;
- disseminating legal expertise in support of Group entities and monitoring of practices resulting from the application of European regulations;
- the "natural" integration of personal data protection into everyday behaviour, into the planning of new offerings and new IT developments;
- developing expertise and contribution of everybody to risk management when using personal data, in accordance with commitments to transparency and loyalty of the Crédit Agricole Group in terms of customer protection. In 2018, 32% or Crédit Agricole S.A. Group employees received this training.

1.2.2. Attentiveness and quality of advice

DPEF Priority 2

A. Developing a balanced relationship

In the Regional Banks

Continuing the transformation of its distribution model through the Multi-channel Retail Banking project, Crédit Agricole has launched various digital innovation projects. Using new development methods based on short cycles, the Bank aims to offer its customers new uses and new services through a redesigned digital architecture. The projects launched in 2017 took shape in 2018, including "Trajectories Patrimoine", which allows all customers to make the best choices to build, develop or protect their assets according to their plans in life. This innovative and free advising process, which covers all assets from the first euro, aims to support customers in a global and personalised way through the Group's expertise and the co-development of a value proposition with the advisor. This wealth management approach was rolled out throughout the Regional Banks in 2018 and will be available to two-thirds of our customers in the next three years, that is, to 14 million people. Other offers and services have taken shape, including the optimisation of tools enabling advisers to sign up new customers, in particular, electronically, rolled out to the 39 Regional Banks; and so was the improvement in the customer and adviser experience with the digitalisation of procedures for small businesses and farmers.

At LCL

Since 2015, the entity has been modernising its distribution model and adapting business practices to changes in customer behaviour, particularly when it comes to digital uses. The goal is to place the customer at the centre of digital relationship banking.

LCL is also mindful of its advisory obligations. It endeavours to get as much commercial knowledge about its customers as possible, establishing a framework to ensure that it offers them appropriate advice. The actions taken mainly focus on employee training, customer classification, tools development (particularly advisory), product governance, customer information and the traceability of communications. In 2018, LCL continued to integrate regulatory constraints, which resulted in the deployment of the savings tool "Solution Épargne". The latter aims to enhance the customers' skills and experience, to better account for the customers' wealth, and to make more explicit recommendations on changes in it. The LCL advisory approach will continue to evolve in 2019 and will offer more specific advice based on the customers' needs. LCL is moving towards the Group's "Trajectoires Patrimoine" approach and is offering the same experience to branch customers. Moreover, with a focus on customer information, Information and Advice Documents (IADs) have been made available to them since early 2018, for all offered life insurance products incorporating funds in euros or structured funds. A further version will be rolled out in 2019 to systematise the publishing of IADs and the assessment of the advice provided.

B. Monitoring customers' expectations

Measuring satisfaction

In recent years, the majority of Group business lines have developed their own surveys and/or studies to assess customer satisfaction. Analyses are validated at each key stage of the relationship or of the product's lifecycle. They help define the priority actions associated with improving this satisfaction.

For each point of contact (branch, e-mail, website, telephone, mobile applications), LCL offers its customers a performance review to gage their inclination to recommend LCL and to canvass suggestions

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for improvement. In 2018, LCL received comments from nearly 2.6 million customers across all markets and collected almost 252,000 questionnaires, including 1,000 from corporates.

Customer recommendation index (IRC)

To go beyond a mere sense of satisfaction, the customer recommendation index (*indice de recommandation client*, IRC) represents an indicator of the quality of the benchmark service. This synthetic indicator measures customers' attachment to their bank based on whether or not they would recommend it to family or friends. It was chosen by the Group to evaluate the customer experience, through an annual barometer conducted in all markets. The seventh national-level IRC survey was carried out across all markets in 2018.

Regional IRCs have also been realised: 39 Regional banks have a specific IRC mechanism, 22 Regional banks a Patrimonial IRC, 23 Regional banks a Professional IRC, 21 Regional banks an Agricultural IRC, and 16 Regional banks a Corporate IRC.

Since the end of 2018 the IRC method is also deployed in almost all Group entities in France and abroad.

Complaints

The Customer Relations unit of Crédit Agricole S.A. – which handles complaints from customers of the Regional Banks, subsidiaries in France or abroad, or from people who are not customers of the Group – received 902 complaints of all kinds in 2018 (1,047 in 2017), reflecting current consumer expectations. The average time taken to handle these complaints was 17 calendar days. All customers also have the option of mediation. The Group is continuing the procedure introduced in 2018 for the accreditation of ombudsmen of Regional Banks and LCL by the French National Commission on the Assessment and Supervision of Consumer Mediation (Commission d'évaluation et de contrôle de la médiation de la consommation, CECMC). By the end of 2018, four-fifths of ombudsmen had been certified. A quality forum ("Carrefour Qualité et Performance") is held twice a year where customer service managers can share their experiences with the Customer project. This illustrates the commitment of the Group's entities to improving both the handling of complaints and the quality of customer service.

At LCL, complaints from individual customers, small businesses and corporates are handled at two successive levels: a first level with the branch, the Customer Relations Centres (CRC) and the Business Centres, a second level consisting of the Customer Relations Department (CRD). Customers are informed of this mechanism via their account statements, the website, guides to rates and charges and the bank's general terms and conditions. In 2018, the sales network managers alert system was enhanced in order to improve complaint processing time. Referral to the Mediator, set up in 1996, can be exercised if a dispute persists. In addition, the complaints from individual and business customers in the various distribution channels are collated and counted using an IT tool. This makes it possible to monitor each complaint, analyse the reasons for it and respond to it.

1.3. ESTABLISHING A COMMITTED TAX POLICY

DPEF

The tax policy of Crédit Agricole S.A. Group is based on transparency and accountability rules that require compliance with the tax laws and regulations in force in the countries and territories in which it operates.

1.3.1. Tax payments

The Group pays all taxes and levies required by law in the Countries and territories in which it operates; the amounts paid correspond to the underlying economic value created in such Countries or territories in the course of its activities. Crédit Agricole Group generates three quarters of its revenues in France and likewise pays three quarters of its taxes in France. Thus, its tax charges are in line with its business activities.

Crédit Agricole S.A. also applies a transfer pricing policy in line with OECD principles: it declares its revenue and pays the corresponding taxes in the jurisdictions where it conducts its banking and financial activities. Crédit Agricole S.A.'s effective tax rate in 2018 was 23.8%. It only relates to part of the overall tax charge borne by Crédit Agricole Group. This means that Crédit Agricole S.A.'s effective tax rate does not include all the corporate income tax that is paid by the various Group entities. The effective tax rate of Crédit Agricole Group in 2018 was thus 28.02%.

1.3.2. Prevention of tax evasion

Crédit Agricole S.A. has developed, under the oversight of its Executive Management, a set of rules that have led it to withdraw from States classed as non-cooperating by the OECD. This policy is implemented under the control of the Group Compliance, Public Affairs and Tax departments. In France and abroad, the Group complies with the mechanism in force to fight tax evasion.

Crédit Agricole S.A. has no entity in countries on the list of non-cooperative tax countries and territories established by France and the European Union (Law no. 2018-898 of 23 October 2018 on the fight against fraud).

Crédit Agricole S.A. is also transparent about its organisation, the location of its entities, its structure and its operations. In its Registration Document, Crédit Agricole S.A. each year publishes a country by country breakdown of its full-time equivalent employees, revenues generated locally, its pre-tax income, taxes and taxable profit in each country (broken down by current tax and deferred tax) plus all public subsidies it received. These figures show aggregate data for each country.

Crédit Agricole S.A. maintains a professional and cooperative relationship with tax authorities in all countries in which it operates, and fully, frankly and transparently discloses all relevant information in compliance with its legal disclosure requirements whenever disputes arise. Crédit Agricole S.A. annually publishes a list of all its subsidiaries and entities, with their name, business type and geographic location. When the Group operates in countries where income tax is considerably lower than French income tax, it can prove that it operates a bona fide banking and finance activity in these countries and has real economic substance in these locations (technical expertise, employees and material resources specific to its business). It also communicates transparently on tax audits performed within the Group, any adjustments notified by the tax authorities and the resulting provisions.

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The Crédit Agricole S.A. Tax department ensures that the Group's tax practices pursue broad goals of responsibility and compliance, not just the narrower purpose of managing the cost of tax and tax risk. Accordingly, Crédit Agricole S.A. provides no help or encouragement for customers in violating tax laws and regulations, nor does it facilitate or support transactions where tax efficiency for the customer is derived from the non-disclosure of facts to the tax authorities. Furthermore, in accordance with the standard on the automatic exchange of information developed by the OECD to combat tax evasion, adopted by a hundred countries and transposed by the European Union, the entities of Crédit Agricole Group (like all financial institutions based in signatory countries of the scheme) identify account holders (both existing customers and new customers) who are tax residents of the countries with which an exchange agreement has been signed. From 2017, it will send information about these customers each year to their local tax authority, which will then forward it to the tax authority in the country of residence concerned.

The Crédit Agricole Group has publicly undertaken to only conduct international wealth management activities in countries and territories that are committed to the automatic exchange of information; to only deal with customers who provide it with a mandate to automatically exchange information about such customers with the relevant authorities; not to create, manage or advise off-shore entities. Its subsidiary Crédit Agricole Indosuez Wealth Management assists its clients in complying with tax requirements and after the automatic exchange of information with the European Union, the entity has extended the scope to partner countries.

1.3.3. Corporate income tax

Crédit Agricole S.A. is transparent in its advocacy with legislators and fiscal policy-makers, and its tax is determined by the legal tax regime applicable to all other similar taxpayers. As Crédit Agricole S.A. wishes its lobbying activity to take place transparently with all stakeholders and to comply with best practice, it has issued a Charter on lobbying in order to define corporate lobbying practices applicable to Crédit Agricole S.A. and all of its entities.

Lastly, Crédit Agricole S.A. regularly checks its use of tax incentives and deductions to ensure that they contribute to investment, employment or any other factor.

1.4. CONDUCTING A TRANSPARENT LOBBYING POLICY

1.4.1. Aligning with best practices

To ensure that its lobbying activities comply with best practices, Crédit Agricole S.A. adopted a Lobbying Charter in 2013. The charter applies to Crédit Agricole S.A. and all of its entities. Subsequently, in May 2017, the Group adopted a Code of Ethics defining its main principles, which are transposed into a code of conduct for each entity. The Code for Crédit Agricole S.A. has been adopted in May 2018 and includes the Lobbying Charter of 2013. In 2014, it signed the joint statement of Transparency International France, thereby pledging to take into account the principles of transparency, fairness and integrity recommended by this association. Registered since 2009 on the European Union Transparency Register, Crédit Agricole S.A. has undertaken to adopt the Code of Conduct for interest representatives. In France, Crédit Agricole S.A. is registered with the digital register for interest representatives pursuant to the Sapin II Law of 9 December 2016.

1.4.2. Organising transparently

The Public Affairs department is responsible for lobbying within the Crédit Agricole Group. It consists of eight persons, three of whom are full-time in Brussels. It works alongside correspondents within the Management of the Group and its subsidiaries. Also subject to the internal code of business conduct and control of its budget by the Finance department, the Public Affairs department regularly communicates key messages and positions advocated by internal bodies, including the Executive Committee, the Management Committee and the Specialised Committees of the Board of Directors. Since 1 January 2016, the functions of the Director of the Public Affairs department have been extended to cover the entire Crédit Agricole Group, including the Regional Banks, Fédération nationale du Crédit Agricole and Crédit Agricole S.A.

1.4.3. Addressing key issues

The Group's Public Affairs department operates primarily at two levels, namely France and Europe. Many of the issues it deals with involve working closely with the French Banking Federation, as well as the European Banking Federation, the Association for financial markets in Europe (AFME) and/or, at the request of Fédération nationale du Crédit Agricole, of which it is a member, with the European Association of Cooperative Banks (EACB).

In 2018, the actions of the Public Affairs department concerned both the French government (National Assembly, Senate, departments and regulators), as well as European institutions (European Commission, European Parliament and Council of the European Union). The department also had dealings with the European Central Bank, as the Single Supervisory Mechanism (SSM) and Single Resolution Board (SRB) responsible for ensuring the orderly resolution of Europe's leading banks.

In many areas, awareness-raising actions were needed to reiterate the importance of banks in financing the economy, as well as their central role in the digital transition. At the same time, the Group's unique status was underlined as a cooperative, mutual, customer-focused universal bank committed to customer service.

This led to significant efforts being made, both directly and through our industry bodies, to preserve particular mutual aspects as the revision of the rules on credit institutions in Europe (Capital Requirements Directive and Regulations or CRD 4 and RRC) drew to a close. The Group was also involved in consultations with European authorities on the digital transformation of the banking sector and defended the Group's model in the context of the examination of the draft law for the growth and transformation of companies in the French Parliament.

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2. DEVELOPING ACCESSIBLE FINANCE

The societal role and utility provided to all of the Group's customers are emerging as a critical requirement in terms of longevity. Crédit Agricole's businesses make our customers' projects a reality through lending for new types of businesses (microcredit, social businesses, technological and social start-ups), measures in the field of prevention (financial education, awareness on health issues, over-indebtedness) and even through an offer of savings products targeting projects with a societal impact.

While the Group's regional footprint is marked by financing activities, its own activities, through purchasing and relations with business partners as well as the involvement of employees in community actions, also contribute to this commitment to inclusive finance.

2.1. SUPPORTING ALL CUSTOMERS THROUGH GOOD AND BAD TIMES

In order to better meet the needs of its customers and assist them throughout the relationship, Crédit Agricole forges ahead with its efforts to provide a service to all of its customers, including the most vulnerable.

2.1.1. Showing commitment at difficult times

DPEF Priority 4

The Group's retail banks and consumer credit and insurance entities are committed to customers who are financially vulnerable or in need of special protection.

A. Over-indebtedness

Since 1994, Crédit Agricole Consumer Finance France has been active in the Banque de France over-indebtedness commissions, with 14 representatives in 2018.

In 2013, CA Consumer Finance France created a customer support agency, which aims to:

- assist customers showing signs of or meeting criteria of vulnerability and identified as "at risk of over-indebtedness";
- analyse and assess their personal and financial situation and prospective developments with regard to risk indicators and the information provided by the various departments;
- look for and offer customers solutions adapted to their situation;
- monitor the effectiveness of the support solution implemented;
- monitor external partners: Crésus, Point Passerelle de Crédit Agricole and Crédit Municipal de Paris, as well as debt consolidation companies.

In 2018, CA Consumer Finance France identified 15,010 customers in situations of vulnerability (19,328 in 2017) and managed to contact 6,580 of them. A total of 2,709 customers received personalised support from the customer support agency. CA Consumer Finance France also processed 4,477 eligible Banque de France over-indebtedness dossiers per month.

At LCL, the detection of delicate situations liable to reflect proven or potential financial vulnerability following a personalised assessment may give rise to the "LCL Initial" offer, which opens up access to a range of banking services at a lower cost. The national unit called "LCL Parenthèse - counselling and customer support" also provides support in certain situations that are either complex or require dialogue with organisations involved in the fight against over-indebtedness, such as the "Points Conseils Budget", with which LCL has signed an agreement.

The Points Passerelle mechanism is supported by 33 of the Regional Banks to help and support people affected by a life crisis (unemployment, death of a loved one, divorce, etc.) regain stability. The mechanism covers all available solutions, from how to apply for legal or social services to personal budget monitoring and loans, all aimed at opening up new horizons for socio-economically disadvantaged people. Since the creation of the first Point Passerelle in 1997, more than 100,000 people have received support. With the assistance of a network of 130 advisers spread across in more than 80 hospitality centres dedicated locations and 930 volunteers (elected representatives and retired Crédit Agricole employees), 13,315 people were assisted this year, 80% of whom managed to regain a steady economic footing.

In cooperation with the Regional Banks and the Fédération nationale du Crédit Agricole, **Crédit Agricole Assurances** has created leaflets for Points Passerelle advisers, giving practical advice on insurance problems to facilitate assistance: procedures in the event of death, systems for the reimbursement of health costs, etc. Moreover, Pacifica offers its support with a "break" in the payment of car insurance contributions, which is essential in the context of a job search.

B Health problems of the most vulnerable persons

Since 2015, Pacifica has been authorised to offer supplementary healthcare policies specifically for recipients of the ACS (Aide au paiement de la Complémentaire Santé) payment. This scheme, reviewed by the Health Ministry, is a payment by the government that covers some or all of supplementary healthcare contributions. It is granted on the basis of household composition and income, the amount of the payment depending on the age of the beneficiary. Pacifica's Santé Solidaire offering has three basic plans and on top of the standards defined by the decree offers various additional benefits.

Crédit Agricole Assurances also complies with the AREAS agreement, which is aimed at facilitating access to insurance and loans for people who have or have had a serious health problem. CACI, the credit insurance subsidiary, has established a specialist unit that offers contracts that are tailored to the needs of its customers covered by that agreement.

2.1.2. Preventing situations of risk

For a number of years, several Group entities have been running budget and banking education programmes geared essentially towards preventing over-indebtedness. The insurance business supports clients in the event of a claim to mitigate their consequences, but still must go further by raising awareness of risks.

A. Financial and budget education

DPEF Priority 4

In the context of the Points Passerelle scheme, early 2018 23 Regional Banks promoted awareness about budget management for over 6,000 persons, of which 3,620 young people, through more than 600 workshops (of which 320 for young people) co-organised with schools or organisations including local missions, second-chance schools and institutions that promote the integration into the job market.

Within the **CA Consumer Finance group**, several initiatives have been undertaken to help teach young people how to manage their budget. In Germany, CreditPlus has been involved in financial education for young people since 2012, providing financial and training support to EVA, an organisation based in Stuttgart. Objective: help them become wiser consumers and manage their budget in a responsible manner. Useful advice for this population at a key stage of their life. In 2018, 50 young people received help of this type. In Italy, Agos holds meetings in schools. In 2018, 1,084 students attended 30 workshops. In Portugal, Credibom started a financial education program in schools in December 2018. 80 students participated in less than a month.

B. Prevention tips to keep Crédit Agricole Assurances customers safe

Crédit Agricole Assurances conducts preventive actions with customers, rounded out by an offer of protective equipment or specific training solutions. Prevention advice is provided through several channels (contracts, workshops, local networks, among members at General Meetings of Regional banks, etc.). Increased support for customers is provided on certain issues or for certain targets: free post-driving licence instruction courses for young drivers, special prices for protective equipment, verification of electrical installations, remote monitoring systems against theft or helplines for elderly people, support for customers who have experienced repeated incidents of the same nature, insurance offers including the provision of useful assistance services to protect them and their families in the event of death, dependence, disability, or for funerals.

24 Regional Banks have launched prevention initiatives with Crédit Agricole Assurances. They have held 120 events on a range of various themes: personal accidents, alcohol and road hazards, fire, theft, health, etc. In 2018, more than 50,000 people attended events devoted to issues of this nature.

For several years, young people who take out car insurance with Crédit Agricole have been offered free post-driving licence instruction courses under the name “Box Reflex’Conduite”. The courses are reserved for under-31s who have had their licence for less than a year and are geared towards teaching them how to react to unexpected circumstances when driving. In 2017, 4,337 young people took this internship.

2.1.3. Giving credit to all customers, including the financially vulnerable

DPEF Priority 4

A. Contributing to business creations

Working with major business-creation support networks since 2003, the Regional banks kept working to promote business start-ups:

- leading financial backer of Initiative France, an organisation that has made 5,786 loans in a total amount of €386.5 million;
- 1,403 companies financed with its partner France Active for an amount of €70 million;
- nearly 1,821 entrepreneurs funded by means of €7.4 million in credit lines granted by 13 Regional Banks.
- €300 million for Crédit Agricole Régions Développement to assist mid-cap companies and SMEs.

LCL is a partner in France Active Garantie as well and holds 5% of its shares.

The African entities, Crédit du Maroc and Crédit Agricole Égypte, develop initiatives to support entrepreneurship in their countries. Thus, Crédit du Maroc, through its Foundation created in 2018, promotes entrepreneurship through several initiatives and partnerships with local associations. It provides financial support for women's entrepreneurship, youth entrepreneurship, the conversion of the informal sector and the rehabilitation of street vendors through its partnership with the association ESPOD, “Espace Point de départ.” The Foundation is also committed to the social and societal economy of Morocco by creating a prize for social entrepreneurs.

Crédit Agricole Égypte participates in the programmes developed by the Egyptian Central Bank to finance VSBs, start-ups and young people through a minimal credit costs. The bank also promotes entrepreneurship through its Foundation.

B. Distributing microcredit

Since 2008, the Regional Banks have distributed personal microcredit, enabling people not eligible for credit to benefit from a banking service while at the same time controlling their budget. 1,740 personal loans have been made by the Regional Banks. These small loans, 50% guaranteed by Caisse de Dépôts et Consignations, are intended for people who do not have access to conventional credit. 75% of microcredits finance mobility projects (repair of a vehicle, driving licence, etc.) to help people return to work or stay in employment.

C. Facilitating socio-economic autonomy

Launched in 2015, Fondation Crédit Agricole Solidarité et Développement, recognised as a charitable institution, is focused on personal socioeconomic autonomy. It supports the programmes of national partners, as well as complementary projects developed with the Regional Banks. Its four fields of action are social integration (educational success, budget education, digital inclusion, mobility, nutrition, etc.), economic and vocational integration (vocational training, job search and business creation assistance), the housing sector (access to housing, fight against poor housing and energy poverty, intergenerational housing), health and ageing well (acting against isolation and in favour of access to care and the prevention of risks). 66 charitable projects have been financed in a total amount of more than 1.6 million euros.

2.1.4. Providing support

A. Of customers who have experienced a loss/an injury

Claims management (fire, theft, water damage, hail, road accidents, etc.) is also a major challenge that is part of an insurer’s liabilities. Pacifica accordingly offers fast customer support, with qualitative assistance. The claims management centres and partner networks involved in this service are in close proximity to the distressed customer and are therefore able to offer a solution tailored to each situation. In the event of a weather event, Pacifica is able to deal with an increasing number of urgent situations. This system meets the needs of customers confronted with a loss. In 2018, Pacifica’s Customer Recommendation Index was 43 points (an increase of one point with respect to 2017).

Psychological support for victims of disasters

Pacifica handles more than one million claims each year, ranging from simple glass breakage to major events (house fires, business, serious personal injury accidents, etc.). A loss can be a significant and traumatic event, requiring a response beyond the compensation aspect. In this context, Pacifica has set up a psychological support service during the period following a loss such as attacks, accidents, weather events, etc. This service consists of putting customers and their families in contact with psychologists from our partner Rehalto, in order to enable them to regain emotional balance. In 2018 Pacifica commissioned Réhalto to handle 875 cases. For the first satisfaction survey, the service's recommendation rate was 95.4%.

The definitions of the underlined words can be found in the Glossary on page 600.

B. Of farmers

DPEF Priority 8

Crédit Agricole, the financial partner of nine out of every ten farmers, actively supports sectors in crisis and offers adjustment measures of various types, including the deferral of all or part of their annual payments. The network of 2,011 agricultural advisers in the 39 Regional Banks advises individual farmers on the best solution for their specific case, allowing them to get through their difficulties and preserve their capacity to invest for the future.

The Crédit Agricole Agricultural market Department, together with the Pacifica Agricultural Department, designs a risk policy for farmers. Pacifica also supports farmers by offering insurance for the majority of crops (large-scale farming, vines, arboriculture) against a number of weather events (drought, hail, excess rainfall, floods, storms, frost, etc.). At 31 November 2018 Pacifica was managing 24,595 contracts weather-related insurance policies (harvest insurance, hail insurance and prairie insurance).

In recent years, and in particular since March 2013 with the launch of the Methanation Energy, Autonomy and Nitrogen plan, the number of methanation facility projects has increased. Insuring these facilities is essential for securing the methanation activity and the farming business. Pacifica has developed an insurance product range to cover property damage (fire, storm-hail-snow, water damage, flooding, theft, vandalism, broken machinery, electrical damage), operating losses and energy supplier civil liability (in the case of the resale of electricity, heat or gas) and employer gross negligence civil liability (if there are employees).

2.1.5. Meeting the challenges of tomorrow

DPEF Priority 4

Crédit Agricole Assurances has built an offering centred on products that address major societal issues.

A. Responding to an ageing population

Loss of independence / growing old well

Viavita, a subsidiary specialising in personal services, and the Crédit Agricole group have initiated a new approach called "Bien Vieillir à domicile", recently renamed "Bien Vivre À Domicile" (BVAD). This customer approach aims to be present among older people and their carers in order to support them in their desire to grow old at home. Customers who have experienced this new approach are very satisfied, as it has enabled them to become truly aware of the situation and to discover useful solutions to support them in their life.

Moreover, Predica offers a new product to assist people unable to care for themselves. Certified by the French Federation of Insurance Companies, this product provides minimum benefit of at least €500 in cases of serious long-term care. This can be used to pay for personal services at home or cover some of the costs of living in a care home. It also pays €1,000 a year towards the costs of home-care services to provide respite for the carers of the dependent person. The healthcare partners of Crédit Agricole Assurances are committed to providing a response within 72 hours and find a solution within 30 days for insured persons looking for a place in a care home. Caregivers of insured persons can also benefit from home training by a nurse on the essential actions required by the caregiver. At the end of 2018, Predica covered more than 170,000 insureds covered for the risk of needing care.

In 2018, Crédit Agricole Assurances participates in the discussions initiated by the FFA as part of the public consultation on the financing of the loss of independence, led by the Ministry of Health. The purpose of these discussions is to make concrete proposals to the government for a future law on the loss of independence in 2019. At the same time, the Group continues to invest in the development and management of residences for seniors.

B. Meeting public health challenges

Pacifica has a range of solidarity-based and responsible health products for individuals. There are no medical screening requirements, the coordinated care pathway is followed, minimum reimbursement amounts (consultation patient charges, pharmacy, hospital flat fees) are applied and preventive procedures are covered. In order to support the increase in life expectancy, Pacifica has long since raised the age limit for subscribing to its products to 75 years and has adapted its coverage to best meet the needs of such persons (e. g. housekeeping time while on restricted activity or bed rest, preventive actions such as free flu vaccination).

C. Adapting to new uses and behaviours

Several offers and services are a response to the new behaviour and economy of sharing, including new types of mobility (carpooling, car rental between private individuals, electric personal travel equipment), co-tenancy and rental of accommodation among consumers in their main or secondary homes, or cyber-protection on the market for small businesses and farmers.

The definitions of the underlined words can be found in the Glossary on page 600.

2.2. CONTRIBUTING TO ECONOMIC AND SOCIAL DYNAMISM IN LOCAL REGIONS

DPEF Priority 8

Crédit Agricole is a decentralised banking group with strong local roots. It is founded on the mutual values of its regional cooperative banks. The values of customer focus, responsibility and solidarity drive the Group to promote actions with its stakeholders to improve the development conditions of the regions in which it operates both in France and abroad.

2.2.1. Purchasing, all accountable

The Crédit Agricole Group has adopted a responsible purchasing policy to address the major challenges of tomorrow in its regions and contribute to the Company's overall performance. It is part of the Group's Code of Ethics. This policy was co-constructed with the subsidiaries and the Regional Banks. The Chief Executive Officers of Group entities are each committed for their entities and have signed this policy.

The responsible purchasing policy is intended for all employees, actors in the purchasing process and our suppliers. It contains an action plan built on five pillars:

- ensuring responsible behaviour in the supplier relationship;
- contributing to the economic competitiveness of the ecosystem;
- integrating environmental and societal aspects into purchasing;
- sustainably improving the quality of relationships with suppliers;
- integrating the responsible purchasing policy into existing governance arrangements.

The approach was expanded this year to all Crédit Agricole S.A. Group entities by means of joint action within the FReD framework.

Crédit Agricole S.A. signed the Responsible Supplier Relations Charter in 2011. Furthermore, the issuance of the "Supplier Relations and Responsible Purchasing (RF & AR)" label, awarded by the French ombudsman and the French National Purchasing Board (CNA), was renewed in April 2018 across a broadened scope to include Crédit Agricole S.A. and its subsidiaries. The organisation and actions of Crédit Agricole S.A. and its subsidiaries were certified to be at a "convincing" level compared to the ISO 20400 normative framework.

In 2018, three subsidiaries of the Crédit Agricole S.A. group, as well as parent company Crédit Agricole S.A., were audited as suppliers by EcoVadis : CACEIS, Crédit Agricole Assurances and Crédit Agricole Immobilier.

KEY FIGURES:

- The EcoVadis results of the 4 rated entities range from "confirmed" to "advanced".

A. Ensure responsible behaviour in the supplier relationship

PRINCIPLES:

- Ensuring balanced business relationships by adopting respectful practices and behaviours.
- Fostering reciprocal commitments in respect of the rights of all.
- Providing visibility on projected purchases.

The Responsible Purchasing Charter, which consolidates the Crédit Agricole S.A. Group's main commitments in respect of responsible purchasing, was revised in 2017 and is included in all supplier contracts. It is built on reciprocal commitments derived from the fundamental principles of the United Nations Global Compact. A clause on the respect of human right, environmental protection and the fight against corruption was added to enhance the contracts in 2018.

Crédit Agricole S.A. Group is attentive to the monitoring of payment terms in respect of its suppliers. The ongoing deployment of a common purchasing information system for all entities contributes to better monitoring of payment terms throughout the Group. In 2019, the system will be supplemented by a new FReD action dedicated to processing late payments. This action provides for a common methodology and enhanced indicators shared by all Crédit Agricole S.A. group entities This action will be carried out over the next two years.

KEY FIGURES:

- Average payment term for Crédit Agricole S.A. : 41.55 days (41.32 days in 2017)
- 2019 Target: reduce the number of late payments by 25% in each entity.

B. Contribute to the economic competitiveness of the ecosystem

PRINCIPLES:

- Encouraging the diversity of businesses in the regions.
- Promoting exchanges with local actors and thereby contribute to regional development.
- Stimulating innovation with our suppliers to create value.
- Assessing the life cycle cost.

During the purchasing process, the Crédit Agricole S.A. Group Purchasing department assesses actions implemented in favour of the sheltered sector and disability-friendly companies and VSEs/SMEs. In 2018 the IT category was more particularly developed by raising awareness of the Group's business lines and by integrating protected and adapted labour companies into our IT service panel.

The Purchasing department also includes criteria of up to 10% of the evaluation grid. linked to social principles in its tender specifications, reflecting, among other things, use of the sheltered disability-friendly sector, either directly or through joint contracting.

With regard to the promotion of innovation, the Group renewed its contract with the Early Metrics rating agency for 2019-2020. Early Metrics evaluates start-ups in various areas in order to promote their activities. Moreover, an innovation-monitoring platform has been built with CA advisory for subsidiaries and the Villages by CA (the Group's incubators) (cf. 2.2.3 B).

KEY FIGURES:

In France, Crédit Agricole S.A., its subsidiaries and Crédit Agricole Technologies et Services:

- Volume of purchases entrusted to the sheltered and disability-friendly sector: €5.2 million in 2018, versus €5 million in 2017.
- Volume of purchases entrusted to VSEs/SMEs: €1,250 in million in 2018 versus €1,153 million in 2017.

The definitions of the underlined words can be found in the Glossary on page 600.

C. Integrating environmental and societal aspects into our purchases

PRINCIPLES:

- Identifying and mapping risks and opportunities.
- Integrating CSR criteria into the choice of a good or a service and the selection of our suppliers.

To complement the CSR commitments requested from our suppliers (CSR charter and specific clauses), an analysis of CSR risks in purchasing is carried out using three approaches:

- intrinsic risk of the purchase category;
- supplier risk analysis;
- country risk that exceeds the rating according to the geographical area where the service or good is purchased.

In 2018, to implement this analysis of CSR risk in purchasing and also to comply with Law no. 2017-399 of 27 March 2017 on the duty of vigilance of parent companies and contracting companies, the Crédit Agricole S.A. Group implemented its CSR risk mapping for the identification, analysis and prioritisation of risk-based purchasing categories on environmental, social, ethical and supply-chain criteria. This new mapping specific to the banking sector (around 100 categories of purchases) is the result of a joint effort with the three main banking players in the market.

In this new mapping, the risk description for each purchasing category is structured according to the following three elements:

- the sources of risk analysed under 13 criteria, divided into three families (ethical, environmental, social);
- the probability that events occur and the seriousness of their consequences;
- the consequences analysed following four dimensions (financial, legal, organisational and reputational).

Based on one analysis of gross risk, three categories of purchases identified as high or very high risk in our mapping have been worked on in 2019 through an action plan to reduce the net CSR risk of suppliers: namely the construction, IT equipment and advertising objects categories.

For these categories of purchases, which are referenced by the Crédit Agricole S.A. Group, a CSR evaluation of suppliers is systematically integrated into each call for tenders. It covers both the supplier's CSR management system and the CSR criteria for evaluating the offer. Since 2012, the CSR assessment of suppliers has been carried out by an independent and specialised third party, EcoVadis (contract renewed in 2018). The overall CSR score obtained accounts for at least 10% in the award of the contract to the supplier.

The CSR quality of the supplier's offer (product or service) is assessed by including technical sustainable development criteria specific to each family of purchases in the tender specifications, in accordance with the risks and opportunities identified in the CSR risk mapping. The supplier must show that its procedures comply with the stated principles during the project's entire lifecycle.

KEY FIGURES:

- At 31 December, 2018, 1,578 Crédit Agricole S.A. Group suppliers (51% of interviewed suppliers) had an EcoVadis score

D. Sustainably improve the quality of relationships with suppliers

PRINCIPLES:

- Involving buyers as early as possible in the purchasing process.
- Reinforcing the ramp-up of the purchasing skills of internal players (buyers/decision-makers).
- Developing mutual understanding between the company and its suppliers.
- Establishing a mechanism for mediation.

Knowledge of our suppliers is traditionally understood through financial risk, with particular attention paid to the economic dependence of suppliers on the Crédit Agricole Group. In 2018, a shared platform between Group entities and our fellow companies BNPP, BPCE and Société Générale was set up for the filing of legal documents (K-bis, Urssaf certificate, etc.) as part of the compliance obligation. This simplifies the life of the supplier, who submits documents only once for the entire community.

Satisfaction surveys are part of a regular process for the collection of opinions from stakeholders, suppliers and internal decision-makers, with three objectives: measure supplier satisfaction with the relationship with the Group, measure the satisfaction with services of decision-makers on supplier panels by family of purchases, and provide support for purchasing. In addition to the annual survey, a questionnaire will be sent to bidders at the end of each call for tenders in order to verify that they have been treated fairly.

Since 2017, Crédit Agricole S.A. organised annual meetings with the main suppliers to present the results of the survey and discuss its purchasing strategy.

The action plan to enhance the skills of buyers continues. In 2018, it was enhanced in four areas:

- targeted training (training in internal mediation, collaborative negotiation);
- diploma courses: in 2018-2019, two employees from Crédit Agricole S.A. Group's purchasing business line will receive training at the Master Purchasing Department of the IAE in Grenoble, with whom a partnership has been established;
- the proposal to support the validation of prior learning (VPL) following the annual interviews;
- thematic training (legal training on contracts).

Finally, the new Group CSR Director has been appointed as internal Mediators for the Crédit Agricole S.A. Group. They can be contacted by the suppliers and/or the relevant internal service (purchasing, legal, accounting, etc.) in order to facilitate the amicable settlement of any conflicts.

KEY FIGURES:

- June 2018 supplier meetings: over 200 suppliers were present, with a very high satisfaction rate.
- Prescriber survey: 163 respondents to the internal survey.
- Four matters under mediation.

The definitions of the underlined words can be found in the Glossary on page 600.

E. Integrating the responsible purchasing policy into existing governance arrangements

The “Strategic Ambition 2020” Medium-Term Plan rolled out by the Group required a new organisation and a new governance of Crédit Agricole S.A. Group’s Purchasing department. Its management is now structured around five purchasing hubs, with a general secretariat for support functions.

The CSR manager of the Group Purchasing Department of Crédit Agricole S.A. leads the responsible purchasing and RF & AR Label of the division managers and CSR correspondents within each of these divisions. A seminar was held with representatives from all entities to build the CSR 2020 action plan.

The Purchasing Management Committee, which oversees the CSR performance of suppliers, will review CSR issues related to the Label and the duty of compliance on a quarterly basis.

2.2.2. Developing a product offering with social impact

DPEF Priority 8

Within the Crédit Agricole S.A. Group, initiatives are emerging on products with a societal impact, particularly in the subsidiaries and the Regional Banks.

In 2018, Amundi a wanted to strengthen its social and solidarity investment activity in France with the establishment of a business line dedicated to social impact investment, the announcement of a doubling of the outstanding amounts of the solidarity fund of Amundi Finance et Solidarité within three years, a significant investment on equity capital, and the launch in 2019 of a similar investment fund with a European focus. The fund will aim to invest in social enterprises in European countries where the Crédit Agricole Group and Amundi are particularly present.

With an increase of more than 55% of the outstanding amounts, the social impact management of Amundi has seen a significant development over the past two years. This growth is explained by the growing interest of private clients through solidarity-based employee savings schemes and institutional investors in meaningful investments, the effects of which benefit men and women, often the most vulnerable, and have a positive impact on the environment. Customers remain strongly rooted in solidarity-based employee savings schemes, which remain the main contributor to the fund and account for around 60% of the assets.

SOCIAL IMPACT IN 2018:

- €2.778 billion in assets, representing growth of 55% compared with 2016.
- 32 social actors financed, including three new ones.
- 18 Finansol-certified products.
- Five investment themes: meeting the basic needs of men and women: access to decent housing, access to recognised work, access to the necessary care, education and training, protection of the environment, support for solidarity-based entrepreneurship.
- A dedicated website provides information about the social impact, generated in real time, including the number of jobs created and the number of healthcare, housing and training beneficiaries.
- Partners' Club: a meeting place for companies that create business links and synergies.

To address issues surrounding unemployment, poor housing, difficulties accessing healthcare for dependants, as well as environmental issues, many savers want to make their investments meaningful, while keeping an eye on the returns on offer. CA Assurances, through its subsidiary Predica, is accordingly offering the “Contrat solidaire”, the first Finansol-certified social multi-vehicle life insurance policy. It marries savings and social good. Each year Predica reports to the policyholders about the social impact generated by the savings invested in the policy funds (number of jobs created or secured, number of people re-housed, number of healthcare beneficiaries, tonnes of waste recycled, number of microcredit beneficiaries abroad, etc.). In 2018, 11 Regional Banks participated in the marketing of this contract.

The socially responsible savings range of “L’Autre épargne” provides an option for customers looking for alternative investments. This is used to finance community projects and projects that contribute to the local economy by supporting non-profit associations through the donations generated by these products. L’Autre épargne is built around two Finansol-certified mutual funds financing the food banks (“Banques alimentaires”) and Habitat et Humanisme, the Predica Contrat solidaire life insurance product and a variant of the mutual shareholders’ passbook account with the option for customers to earn Tookets, Crédit Agricole’s charity reward currency.

2.2.3. Supporting local entrepreneurship

DPEF Priority 8

Using its strong local presence to benefit the regions, the Group funds projects aimed at fostering and maintaining local economic activity.

A. The Fondation Grameen Crédit Agricole has strengthened its impact alongside Group entities

2018 marked the 10th anniversary of Fondation Grameen Crédit Agricole, which has as objective to fight poverty through the promotion of social entrepreneurship and financial inclusion. Since 2008, the year that it was established by Crédit Agricole and the Nobel Peace Prize winner, Professor Yunus, more than €200 million in funding has been granted to more than 100 partners (microfinance institutions that then grant microcredits to populations excluded from the traditional banking system and social enterprises that work on behalf of low-income people) operating in 38 countries.

At 31 December 2018, the Foundation had recorded €77 million in commitments, including €72.3 million in financing to microfinance institutions and €4.7 million in investments in companies with a social impact. Countries in sub-Saharan Africa represent 37% of these commitments. At the centre of its objectives, the Foundation promotes female entrepreneurship, which is the reason that women represent 75% of the beneficiaries of microcredits. 79% of the clients of microfinance institutions are situated in rural areas.

In 2018, the Foundation broadened its range of activities by becoming an investment fund adviser. In 2018 the Foundation introduced, in partnership with CA Indosuez Wealth (Asset Management) and CACEIS Bank (Luxembourg Branch), the Inclusive Finance Funds in Rural Areas (FIR), a social impact investment vehicle enabling Crédit Agricole Group entities to invest in the fight against poverty in rural areas. The fund, advised by the Foundation, provides financing to microfinance institutions. Fifteen Regional Banks of Crédit Agricole, Amundi and Crédit Agricole Assurances have invested an additional amount of nearly €8 million.

2018 was also the year of preparation of the Foundation's strategic plan for 2019-2022. Climate change resilience, digital finance and the development of synergies with the Crédit Agricole Group will be the challenges of the coming years.

The definitions of the underlined words can be found in the Glossary on page 600.

B. Support for local entities and ecosystems

The Group includes multiple regional entities that enable the Regional Banks to use some of their capital to help SMEs and mid-cap companies (ETIs). The Group also has national entities, such as CACIF-IDIA and Amundi Private Equity Funds. With more than €3.5 billion in assets under management, Crédit Agricole Group is one of the major players in investment capital in France. It supports 1,008 companies throughout France, 226 of them being new investments in 2018, for a total amount of more than €233 million.

As part of the "Strategic Ambition 2020" Medium-Term Plan, the Group aims to become the benchmark in terms of supporting young innovative companies. In line with the Villages by CA concept (see below), two investment funds enabling the Group to invest in innovation capital have been set up since 2017 and endowed with €150 million. For example, the CA Innovation et Territoire fund aims to invest in young technology and/or innovative companies operating primarily in the Group's six strategic areas (energy and environment, housing, agriculture and food processing, health-ageing well, tourism and the sea). The CA Venture fund is dedicated to innovation that impacts the Group's business lines: Insurtech and Regtech. The Group also supports the activities of mid-cap companies through €300 million in the CARD fund, managed by IDIA.

Village by CA is a value-creating ecosystem and start-up incubator supporting projects with high potential. The first Village was created in Paris in 2014, and a further 29 Villages were operating by the end of 2018. Boasting an environment at the forefront of technology and operating in the heart of the French regions, the start-ups of each Village by CA operate in an open innovation ecosystem alongside a multitude of private and public partners. To date, 547 start-ups have received support (400 in 2017).

Some Crédit Agricole S.A. subsidiaries are a partner of Village by CA and play on the synergies in terms of innovation linked to their businesses. This is reflected in the acquisition of stakes in the capital of hosted start-ups in the Villages by CA.

The Regional Banks offer their customers the mutual shareholders passbook account. Savings collected from mutual shareholder customers go directly to finance companies less than five years old located in the Group's regions. Its assets currently amount to €9.3 billion at end-2018.

Finally, Crédit Agricole Assurances, a force in regional development, has invested nearly €3.5 billion in financing French companies (excluding OATs and financial companies), in particular infrastructure, real estate and property companies.

2.2.4. Participating in local community life and social development

Crédit Agricole is France's leading bank for associations, as well as their partner, sponsor and patron. In 2018, it allocated €47 million to thousands of local projects, mainly focused on solidarity, culture and the environment. In addition to financial support in the form of grants, gifts, scholarships, bursaries, etc., the entities of the Crédit Agricole Group contribute donations in kind, skills patronage and the provision of premises and human resources to regions throughout the country as well as abroad, in particular in Italy.

In France, two Foundations enable the Regional Banks to increase their commitment by a matching contribution from projects supported by the Regional Banks in the regions.

A. About the Foundations

CA Pays de France

For 40 years Fondation Crédit Agricole – Pays de France has been committed to cultural heritage alongside the Crédit Agricole Regional Banks. Since 1979 it has been strongly convinced that heritage is a source of attractiveness for the territories. Recognised as a public utility, the Foundation supports local authorities, structures of general interest and all those who believe that preserving, restoring and enhancing a monument, a natural site or a place of memory contributes to the vitality of the local economic and social fabric. In 2018 it supported 46 projects for a total amount of €1.645 million (Regional banks and Foundation share).

CASD

Recognised as a public utility since 2014, the Fondation Crédit Agricole Solidarité et Développement promotes the socio-economic autonomy of people in France, so that everyone has the means to act, think and decide for themselves throughout their lives. In 2018, it supported 84 projects for an amount of €2.234 million (CRCA and Foundation share).

B. Support through patronage

Crédit Agricole S.A. lends its support to players operating at the heart of the regions. It has provided support for Dons Solidaires, an organisation involved in recycling unused non-food items (toiletries, clothing, school supplies, etc.) destined for 550 charities working with the most disadvantaged people, for the last 10 years. In 2018, Dons Solidaires distributed products worth €34 million to 650,000 people in hardship; Crédit Agricole S.A. provided support of €85,000 and the Fondation de la Caisse Centre-Est provided €15,000.

As a founding member of Inpact (a cultural fund aimed at developing artistic creation among populations located distant from culture), Crédit Agricole S.A. is committed to a dynamic of creation and solidarity alongside public actors and associations. Since its inception in 2012, approximately 150 artistic projects for audiences in culturally marginal areas have become a reality. This corresponds to €700,000 that have been committed since the creation of this fund by Crédit Agricole S.A. with the most disadvantaged groups.

Crédit Agricole S.A. has supported the contemporary art fair in Montrouge since moving its headquarters to that city in 2010. As a partner of the biennale of contemporary art devoted to young contemporary creation (Jeune Création Contemporaine), it supports artists' residencies in the city and organises workshops for its employees.

In 2018, Crédit Agricole S.A. renewed its partnership on the European Heritage Days with the French Ministry of Culture. Crédit Agricole S.A. realises that heritage is a regional challenge and uses this sponsorship to echo the role played by the Regional Banks and the Crédit Agricole Pays de France Foundation in the regions.

Among the actions carried out by the Group, Crédit Agricole Assurances each year supports non-profit organisations that support family caregivers. Since 2010, 150 caregivers have received financial support from Crédit Agricole Assurances. In 2018, financial support totalled €160,000.

The definitions of the underlined words can be found in the Glossary on page 600.

2.2.5. Getting employees involved to support economic, social and cultural initiatives

A. An “à la carte” commitment offer for employees

“Solidaires”, created in 2012, supports employee involvement in good causes in France and abroad (local and international solidarity, support for people with disabilities, promotion of culture and education, environmental protection). Crédit Agricole S.A. offers Group employees different types of commitment: volunteer missions undertaken in charities, collective one-day missions at a charity together with other Crédit Agricole S.A. Group employees or a consulting day in partnership with Pro Bono Lab. Established at the end of 2013, the Solidaires Committee is a forum for cross-functional co-construction bringing together nine entities running programmes encouraging employee commitment to charities.

Solidarity Days are held each year to showcase the achievements of the Solidaires programme and for the employees of Crédit Agricole S.A. Group to learn new information, take action, meet and get involved.

In 2018, Crédit Agricole S.A. continued its partnership with Stop Illettrisme, which made it possible to continue the sponsorship by 150 Group employees of 50 employees of cleaning service providers SAMSIC and GSF, who are following a diploma course to learn French at the Evergreen, Saint-Quentin-en-Yvelines and Montparnasse sites.

B. Providing financial and pro bono support to the charities in which employees are involved

A programme called “Coup de pouce” (Helping Hand) exists to support Crédit Agricole S.A. Group employees involved in charities through project grants. Within nine entities (Amundi, CACEIS, CA Immobilier, Crédit Agricole Assurances, CA Consumer Finance, CA CIB, the Crédit Agricole S.A. Corporate entity and LCL), any employee may submit a charitable project to a jury to obtain a grant.

In 2018, it was proposed for the first time to all winning associations to participate in a day of workshops to share their best practices and improve their know-how.

2018 KEY FIGURES:

Coups de pouce solidaires

In 2018, the *Coups de pouce solidaires* operation consisted of:

- 9 participating entities (Crédit Agricole S.A., Crédit Agricole CIB, Crédit Agricole Assurances, CA Consumer Finance, LCL, CACEIS, Amundi, CA Immobilier;
- 125 supported associations;
- €321,115 in financial support.

Employee involvement in “à la carte” forms of commitment by employees

- Stop Illettrisme: 150 employees committed to sponsoring 50 employees of a cleaning services provider (GSF and SAMSIC) at three locations of the Group in the Paris region: Montrouge, Paris- Montparnasse and Saint-Quentin-en-Yvelines.

Engaging the employees of the Crédit Agricole S.A. Group in France and abroad for the 11-14 June 2018 Solidarity Days to:

- support 28 associations;
- €115,000 in gifts;
- 75,000kg of collected goods;
- 1,629 employees mobilised across 10 countries.

C. Expertise volunteering

In collaboration with the entities of the Crédit Agricole Group, the Fondation Grameen - Crédit Agricole implemented an expert volunteering programme, called “Solidarity Bankers”, to offer technical assistance missions to Group employees on behalf of the Foundation's partners. Three missions have been carried out, in Burkina Faso, Senegal and Cambodia. Three new missions are currently under preparation for a launch in the first half of 2019, in Morocco, Kazakhstan and Haiti.

The definitions of the underlined words can be found in the Glossary on page 600.

3. SUPPORTING THE ENERGY TRANSITION

DPEF Priority 7

As the number one provider of financing to the French economy, Crédit Agricole understands the importance of its role in the country's energy transition. Its leading positions, business expertise, financial power (revenues of €32.8 billion) and scale (141,000 employees) all play a role in helping to finance this new economy in a sustainable and dynamic manner. Crédit Agricole is one of the major players in financing the energy transition. Its strategy has a simple goal: to accelerate the transition to a low-carbon economy and safeguard the environment by building environmental criteria into products and services.

2

3.1. LARGER AMBITIONS

DPEF Priority 7

After increasing in 2017 the commitments made in 2015 in light of the Paris Agreement, the Crédit Agricole S.A. Group took a step further in 2018 with the issuance of €1 billion in green bonds and the announcements of three ambitious commitments by its Chief Executive Officer during *Climate Finance Day* at end-2018:

- support all its customers in the transition to a so-called "low-carbon" economy;
- massively integrate environmental, social and governance (ESG) criteria to a large extent into financing and investment it proposes to ensure the coherence of its economic, social and environmental impacts;
- invest and promote financing of large-scale renewable energy projects.

FIVE GROUP OBJECTIVES

- €100 billion in new green financing by 2020:
  → €114,3 billion arranged at the end of 2018: target achieved (scope: Crédit Agricole CIB).
- One third of renewable energy and energy efficiency projects in France financed by 2020:
  → €571 million in financing of renewable energy and energy efficiency projects by Unifergie and LCL (as well as €3 billion in outstanding amounts at the Regional Banks) for these projects in 2018 (scope: Regional Banks, LCL and Unifergie).
- €2 billion in Group cash invested in green bonds by end-2017:
  → €2 billion invested at end-2017: target achieved (scope: Crédit Agricole S.A. and subsidiaries).
- €5 billion in new projects financed by specialised management companies by 2020:
  → €410 million in financing committed in 2018 (scope: Amundi).
- Reduce direct greenhouse gas emissions by 15% over the period 2016-2020 and fully offset the direct footprint of Crédit Agricole S.A. and of its subsidiaries with respect to energy and business travel to 2040:
  → Carbon offsetting conducted each year (scope: Crédit Agricole S.A. and subsidiaries).

3.2. A FOUR-PRONGED CLIMATE STRATEGY

In order to achieve its goals, Crédit Agricole decided to support customers undertaking the energy transition through its financing, investment, advisory and insurance activities following a four-pronged strategy.

3.2.1. Control the Group's carbon and environmental footprints

A. Of customers

Systematic evaluation for financing of large corporations

At the end of 2013, Crédit Agricole CIB introduced a CSR scoring system for all its corporate customers designed to supplement the environmental and social risk assessment system for transactions. Customers are scored each year on a three-level scale (advanced, compliant or sensitive), based on whether the customer complies with existing sector policies, whether there is an image risk for the Bank (sensitive) and whether the customer is listed in the main global CSR indices (advanced). Following the signing of a contract with a non-financial rating agency to undertake tests in 2016 and 2017, the CSR scoring system has been achieved in 2018, using three levels of due diligence: basic, standard and enhanced.

Inclusion of ESG risk in the financing of mid-cap and SME

Crédit Agricole reaffirms its intention to incorporate ESG risks into its corporate credit decision-making. In 2016, a questionnaire was drawn up together with the Regional Banks and tools to raise the awareness of relationship managers were made available. In 2018, Regional Banks tests provided trainings for the Board members in the Credit Committee. The CSR rating is reviewed by the Credit Committee. In addition, a CSR section is integrated in the Economic Analysis section of the commitment analysis file undertaken".

The definitions of the underlined words can be found in the Glossary on page 600.

B. Control and reduce the direct carbon footprint

DPEF Priority 11

Following the adoption of several measures including 100% use of electricity derived from renewable sources across its French sites, the Group is committed to reducing its greenhouse gas emissions by 15%, encompassing energy, transportation and procurement, in the period 2016-2020. To help achieve this objective, a FReD plan has been put in place for all entities participating in FReD. This plan aimed at a reduction of GHG emissions by 10% in the period 2015-2018. This objective, expressed in terms of GHG emissions as a percentage of revenue, has been achieved.

- Reduce greenhouse gas emissions by 15% over the 2016-2020 period:
  - 10% reduction already achieved between 2015 and 2017 (scope: Crédit Agricole S.A., Crédit Agricole Assurances, CA Immobilier, CA Consumer Finance France, Crédit Agricole Indosuez Wealth Management).

Energy and water

Since 2007, energy and water consumption have been monitored at Crédit Agricole S.A. Group's main entities in France and abroad. Within the Group, action plans are implemented (new, more responsible offers, eco-friendly actions, etc.) to reduce energy consumption.

	Consumption		Estimated coverage rate		Tons eq. CO_2/yr	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**
Electricity	328,238 MWh	309,094 MWh	69,046	64,928	93%	99%
Gas	79,037 MWh	69,034 MWh	16,244	14,188	94%	96%
District heating	20,581 MWh	16,570 MWh	4,602	3,705	100%	96%
Cooling network	5,062 MWh	3,573 MWh	221	156	100%	100%
Fuel oil	4,511 MWh	3,585 MWh	1,430	1,137	100%	100%
Water	813,147 m^3	752,521 m^3			85%	85%

Electric power consumption by data centres in 2018[(1)]

	Tons eq. CO_2/yr		Consumption	
	2018	**2017**	**2018**	**2017**
Electricity	79,876 MWh	73,242 MWh	2,917	2,675

(1) Only the consumption of data centres that could be isolated from their corresponding office buildings is taken into account. It is therefore confined to the following entities: Greenfield, the Group data centre managed by Crédit Agricole Immobilier, Crédit Agricole CIB France, Amundi France, Agos, Credibom, CA Indosuez Switzerland S.A., CA Indosuez Wealth (Europe), CFM Indosuez Wealth and Crédit du Maroc.

Transport

In 2018, a mobility plan was implemented jointly with the entities present at the Montrouge and Saint-Quentin-en-Yvelines sites. A survey was conducted among the 12,000 employees, as well as two exchange workshops, to better understand travel expectations. Various actions have been proposed and validated by the CSR Committee: development of teleworking, development of bicycle use, implementation of a carpooling application. These actions are in progress. The fleet of electric bicycles made available to employees is being expanded and bicycle paths are being built in collaboration with the City of Montrouge. A call for tenders for the six entities will be launched in 2019 to select a service provider offering a carpooling application. In addition, a new framework agreement has been established between HR and trade union organisations to increase the number of teleworking days.

The Group measures emissions from business travel annually to monitor trends on this front. The indicators cover business travel by rail and air.

	Train		Air		Total	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**
Distances travelled *(in thousands of kilometres)*	52,262	49,548	184,576	154,438	**236,838**	**203,986**
CO_2 emissions *(in CO_2 tonnes eq.)*	2,355	2,232	54,360	44,863	**56,714**	**47,095**

Scope covered: 72% FTEs – 52,811 employees.

Offsetting the carbon footprint

Crédit Agricole Group has been a shareholder since its launch in 2011 of the Livelihoods fund, which seeks to improve the living conditions of rural populations in developing countries through carbon finance. The Livelihoods fund, which brings together, in addition to Crédit Agricole, Danone, Michelin, CDC, Firmenich, Hermès, La Poste, SAP, Schneider Electric and Voyageurs du Monde, is an investment fund that finances agroforestry, rural energy and ecosystem restoration projects. At the end of 2017, its assets amounted to nearly €40 million and it had nine active projects in its portfolio. Each project has a double local impact, environmental and social, for the communities affected, as well as generating carbon credits designed to reduce the carbon footprint of the financing companies.

In this way, Crédit Agricole S.A. and its subsidiaries have offset almost 59,426 tonnes of CO_2 (energy and transport emissions) in 2018. The certificates received for 2018 come from four projects: news in India (reforestation of 4,500 of mangroves in the Sunderbans delta), Tiipaalga in Burkina Faso (teaching women to build their own stoves in a way that uses up to 60% less wood in a region threatened by desertification – 30,000 families benefited) and Hifadhi in Kenya (manufacture and distribution of stoves reducing wood consumption – 60,000 stoves distributed, 300,000 expected beneficiaries and one million tonnes of CO_2 avoided over ten years) and ITYF in Peru (rollout of the Sembrando programme to increase the distribution of improved cookers to 30,000 families in the Huancavelica and Ayacucho regions, in order to achieve results in terms of combating poverty, desertification and climate change, including through the reduction of greenhouse gas emissions).

The definitions of the underlined words can be found in the Glossary on page 600.

Following an initial investment in 2011 when the first Livelihoods fund was launched, Crédit Agricole is continuing its commitment alongside this partner and is participating in the second fund launched in December 2017. Crédit Agricole S.A. thus committed to fully offset its direct carbon footprint from energy and transport, for the Crédit Agricole S.A. corporate entity and its subsidiaries, to 2040.

DPEF Priority 7

3.2.2. Growing the Group's presence in renewable energy

A. Financing renewable energy

Crédit Agricole Leasing & Factoring (CAL&F) has, through its subsidiary Unifergie, project finance expertise in the fields of energy and environment. Unifergie finances projects for farmers, corporates and local authorities, stakeholders in the energy transition, in several areas: renewable energy (biogas, biomass, wind, photovoltaic, etc.), energy efficiency (cogeneration, public lighting, building rehabilitation, district heating, energy equipment), environment (waste, water), land use (public real estate, infrastructure, telecommunication networks). CAL&F regularly partners with other Group entities (mainly Regional Banks, LCL and Crédit Agricole CIB) to finance a range of projects in these sectors.

At 31 December 2018, Unifergie had financed 46 renewable energy projects for €571 million, these investments being equivalent to 711 megawatts (MW). The total capacity financed by CAL&F was 5,500MW at the end of 2018; this electricity production helped power 2,100,000 French homes. Unifergie, along with the Regional Banks and LCL, has committed to financing one renewable energy and energy efficiency project in three in France by 2020.

As one of the leading players in renewable energy financing, **Crédit Agricole CIB** has been involved in this sector since 1997. The bank has financed a total of 435 wind farms for more than 24,000MW (since 1997) and 1,006 solar farms for a total installed capacity of nearly 9,000MW (including 993 photovoltaic plants for 8,300MW and 13 thermosolar plants for 650MW) since 2008. In addition, renewable energy accounted for 64% of the financing of power generation projects in 2018, in terms of the number of projects.

Crédit Agricole Assurances also invests in renewable energy, in particular in energy infrastructure projects - in France for the most part. Thus, thanks to its partnerships with energy specialists, Crédit Agricole Assurances is the leading institutional investor in the energy transition in France in 2018. Indeed, Crédit Agricole Assurances has established, since 2013, a first partnership with ENGIE in the field of onshore wind power. In 2017, a second partnership was established with Quadran, which has since been acquired by Direct Energie. At the end of 2018, this partnership consisted of 200MW of wind power assets.

At the end of 2018, the partnerships with ENGIE and Direct Energie represented an amount of capital commitments of €1.4 billion for Crédit Agricole Assurances. The continuation of these partnerships should make it possible to increase production capacity to more than 2GW by 2020.

At the end of 2018, the joint portfolio of assets (wind and solar) reached a volume of 1.7GW, compared with 1.3GW at the end of 2017, the largest portfolio in France, representing 7% of the installed capacity.

Crédit Agricole Assurances also has an asset dedicated to cogeneration: in 2016, CAA acquired a majority share of a vehicle dedicated to gas cogeneration assets located in France (nearly 17% of the installations), operated by Dalkia, the European leader in energy services and decentralised energy production. In 2017, CAA invested in assets mainly comprising heating and cooling networks. This operation allows CAA to position itself in the urban heating system market (CAA's penetration rate on the heating market is 7% in France). At the end of 2018, assets dedicated to cogeneration represented commitments of €250 million.

At the end of 2018, €721 million was invested in energy transition programmes (including wind and solar power, cogeneration, heating and cooling networks, etc.).

B. Socially responsible bonds

In addition to its project financing, **Crédit Agricole CIB** contributes to financing the fight against climate change and the ecological transition through its Green Bond arrangement activity, directing capital from bond markets (Green Bonds) towards environmental projects. Crédit Agricole CIB also advises the bank's clients on Social and Sustainability Bonds, which finance social and sustainable development projects. Committed to this market since 2010, Crédit Agricole CIB has arranged in 2018 $48.1 billion of Green, Social and Sustainable bonds for its major clients. Global Capital rewarded the bank for the fifth consecutive year (2014 to 2018) for its Green, Social and Sustainability bonds origination activities.

In addition, Crédit Agricole CIB is an issuer since 2013 of Green Notes dedicated to financing environmental projects. At 31 December 2018, Crédit Agricole CIB had financed €2.864 billion in green notes and similar debt products.

Green bonds outstanding

At 31 December 2018:

Issuer	Asset *(in millions of euros)*	Number of emissions
Crédit Agricole S.A.	1,000	1
Crédit Agricole CIB	1,864	149
Total	**2,864**	**150**

Composition of the green portfolio

As at 30 September 2018, the green portfolio of Credit Agricole focused on Crédit Agricole CIB (71%), followed by Regional banks (24%), CACF (3%) and LCL (2%). Almost half the green portfolio is located in France (47%), and the other half is divided over the rest of Europe (26%), the American continent (20%), and Asia (6%). Renewable energy is the qualifying category that is most represented in the green portfolio (56%), followed by green real estate (24%), environmental friendly transportation (13%), water and waste management (5%) and by energy performance (2%).

In 2018, Crédit Agricole implemented a Green Bond Framework group, as a common framework for all Group issuing entities for their respective green bond issues. This Framework enabled Crédit Agricole S.A. to successfully issue its initial €1 billion green bonds on 28 November 2018. In the case of Crédit Agricole CIB, issuer of Green Notes since 2013, the Green Bond Framework of the Crédit Agricole replaces the existing Crédit Agricole CIB Green Notes Framework.

The Crédit Agricole Green Bonds in principle follow the principles imposed by the Green Bond Principles, voluntary principles that structure the issue of the green bonds and that guide the market development. The Green Bond Principles have been proposed by the lead issuing green bonds banks, of which Crédit Agricole CIB is one.

The Crédit Agricole Green Bonds are proposed according to four structuring pillars, as defined by the Green Bond Principles:

- use of the funds;
- review procedure and project selection;
- monitoring the use of funds;
- reporting.

The Green Bond Framework of Crédit Agricole consists of six different categories of eligible green loans that contributing:

1) renewable energy;
2) green real estate;
3) energy performance;
4) envrironmental friendly transportation;
5) water and waste management;
6) sustainable agriculture and forest management;

The Green Bond Framework of Crédit Agricole is available on the Crédit Agricole S.A. website, https://www.credit-agricole.com/ finance/finance/dette. It has received a second opinion from the non-financial rating agency Vigeo Eiris. The experts of Vigeo Eiris approved the methodology for identifying and selecting green assets included in the green portfolio, as well as the relevance of the eligible categories selected in the fight against climate change.

ZOOM

At 31 December 2018, Crédit Agricole CIB arranged €114.3 billion in transactions dedicated to the energy transition, and exceeded the target the objective of structuring €100 billion in climate-related financing.

3.2.3. Helping customers improve energy and carbon performance

A. Private customers and corporates

The Regional bank network markets various loans that help finance work intended to improve housing energy performance, such as:

- the interest-free eco-loan (Eco-PTZ); between its launch by the public authorities in April 2009 and the end of 2018, Crédit Agricole made nearly 136,000 offers, for a total amount of more than €2.36 billion;
- energy-saving loans offered by the Group since 2007; between their introduction and the end of 2018, the total amount of loans marketed by all Regional Banks reached €3 billion. In 2017, 3,147 eco-energy loans (PEE) were granted to customers of the 39 Regional Banks for an average amount of €8,087.

A home simulator, Calculéo, is also available on the Regional banks' websites. It allows individual customers to determine the amount of any assistance to which they are entitled to finance energy saving work.

In addition, Crédit Agricole offers its SME and mid-cap customers an Energy Advisory Plan (Démarche Conseil Energie) to help them finance energy efficiency investments.

In addition to this, **Crédit Agricole Assurances** implemented insurance cover for renewable energy facilities (solar panels, wind turbines) as part of its comprehensive home insurance policies and comprehensive professional and farming insurance. These offers include, as a part of it, a civil liability for the producer of energy in the event of damage committed against a third party.

Initially planned to follow the subscription of an eco-zero-percent loan (interest-free loan granted to finance work to improve the energy consumption of housing), the 25% reduction in the multi-risk housing contribution in the first year was extended to the ESL loan (energy saving loan) (see 3.3.2).

B. Real estate

The Crédit Agricole Group's multi-business property specialist, **Crédit Agricole Immobilier (CAI)** advises its clients on how to create value throughout their property development projects. It mobilises the full range of its expertise to serve individuals (residential development, property management, management of the head of Square Habitat networks), companies (operating real estate, commercial property development, property management) and local authorities (promotion, urban development).

The new CAI2020 Medium-Term Plan places customers at the centre of the attention of all employees. In order to be able to meet the plan and support them throughout their real estate career. CAI is designing the city of the future and imagining homes, offices and services that anticipate new ways of living and working.

A few achievements in 2018 prove the expertise in the field of operational real estate developed over many years. Distinguished by the National Environmental Management Competition, organized by the IFPEB, and under the patronage of the Ministry of Environment, the operating teams were awarded the Silver Cube for the Evergreen campus in Montrouge (92) in the category Certified office space, and the Bronze Cube for the Forum building, ranked 3rd among the 236 competing buildings, thanks to its 34% savings of CO_2 emissions over the year 2017. These awards were an opportunity to affirm CAI's commitment to reducing its environmental impact and to continue to raise awareness of these challenges among all campus employees.

The definitions of the underlined words can be found in the Glossary on page 600.

The NF "HQE"[1] certification for Tertiary operational buildings attests to the fact that environmental issues are taken into account in the operating processes of buildings, whether in terms of technical services or in terms of associated services. The comfort and health of users, the use of energy and the preservation of the environment are assessed. To meet these high requirements, an environmental management system that is unique on the Property Management market is developed by the teams. Le Europe Avenue campus, located a stone's throw from the La Défense business district (92), is a site with significant ecological potential. A true pioneer in CSR, it has been selected to be the pilot campus of the BiodiverCity Life! project.

CAI is also expanding its efforts to reduce its carbon footprint in construction. LUZARD II, a student residence, is one of the emblematic experiences. It is one of the first low-carbon certified ("BBCA") buildings in France and is also certified for its "Habitat et Environnement" profile "A". With these two certifications, this social residence for students, entirely made of wooden panels, benefits from a very high level of certification in the environmental field and offers a true user comfort to students.

Another flagship project: VIEW, a tertiary building, very ambitious in terms of energy, that is part of the Paris Climate Plan with four environmental certifications: HQE® with passport level "exceptional", BREEAM international, Effinergie+, RT 2012 -40%. Its design guarantees excellent thermal, acoustic, visual and sanitary performance. The well-being of users was also studied with 85% of offices lit by daylight.

A responsible and innovative player in the development, construction and sale of new housing for over 25 years, CAI is committed to an approach of excellence. The intelligence of uses and architectural quality are sought in all operations. By developing the concept of Nature in the City, CAI reflects its voluntary approach and enriches its range of services. Re-establishing the link between people and nature, creating social links through agricultural activities, strengthening synergies with the regions, and protecting the environment, are the four priorities that Crédit Agricole Immobilier sets for itself.

After signing the Biodiversity Charter at MIPIM in March 2018, calling for action to promote biodiversity, Crédit Agricole Immobilier has already illustrated its commitment by deploying an urban agriculture demonstrator in Abellio, its Toulouse site. Reconnecting with nature, living a new conviviality and acting for the place of urban agriculture in the city of tomorrow, this is the bold challenge that the teams in Toulouse propose to take up through Clubs: permaculture vegetable gardens, aquaponics cultivation, henhouse, insect hotel, hives, hop gardens... and thus set an example.

This year also saw the launch of the Actions Laboratory, developed in Melun within the Woodi eco-neighbourhood. As a developer, Crédit Agricole Immobilier is innovating by creating this think tank dedicated to innovation to develop new uses for the city. In partnership with the regions, this initiative brings together in a new way private, public, economic and local actors to federate energies and create actions in favour of the ecological and solidarity transition in the territory.

Within the Group, Crédit Agricole Immobilier ensures a special place as a leader in the real estate sector. Thus, it embodies global support for the various entities: management, operation and environmental certification of the Group's campuses and institutions, support for the Regional Banks in their head office projects, launch of the new Sales platform with already 8,000 properties listed within one year, deployment of the new Square Box Rental Management product.

The Crédit Agricole Assurances group continues to increase the proportion of real estate assets with environmental certification (such as HQE, BREEAM, LEED) in its office property portfolio. All new projects will henceforth strive for environmental certification. At the end of 2018, the "green" office portfolio (i.e. those with environmental certification) accounted for 46% of total square metres invested in office property (i.e. 619,503m²) out of a total of over one million m² in office space.

Since 2010, **Amundi Immobilier** has been committed to a responsible approach to its activity, participating in numerous discussions and initiatives on Responsible Investment within the OID (Observatoire de l'Immobilier Durable) or ASPIM for the creation of an SRI label applied to real estate. As early as 2012, Amundi Immobilier drew up a Responsible Investment Charter to structure and facilitate the application of its ESG approaches to all its businesses. This Charter, updated in 2018, now incorporates new challenges for the sector, such as the carbon footprint of the building, exposure to climate risks, resilience to climate change and the -2°C energy target and trajectory in relation to international climate concerns. This Charter is based on an audit tool that allows an assessment of the environmental and social performance of buildings under direct management.

3.2.4. Attracting productive and responsible savings towards a low-carbon economy

DPEF Priority 7

In 2018, Amundi continued its commitment to the energy transition. Outstanding amounts supporting the energy transition and green growth reached €8.2 billion at 31 December 2018. Amundi offers turnkey investment solutions accessible in open and tailor-made funds through dedicated mandates and funds. These solutions are part of a range of financial innovations: low-carbon index solutions, green bonds funds, thematic funds, joint management companies with partners, etc. aimed at mobilising investors in the transition to a low-carbon economy.

A. Decarbonation of portfolios

The goal of these solutions is to reduce the carbon impact of portfolios, namely reduce within portfolios the proportion of issuers emitting large amounts of CO_2 or that have fossil fuel reserves that potentially cannot be exploited. The decarbonation can apply to traditional portfolios or to index solutions. The result is a reallocation of capital away from companies that are most exposed to carbon risk to more ethical companies, with business models that are better adapted to a low carbon economy.

Amundi was a pioneer with its September 2014 launch of an index-linked investment management offering based on the MSCI Low Carbon Leaders indices, with the support of large institutions such as AP4 (Fourth Swedish National Pension Fund), FRR (French Pension Reserve Fund) and ERAFP (French Public Service Supplementary Retirement Pension Body). Combining all solutions with an in-built carbon filter (open funds, dedicated funds or management mandates), in 2018 Amundi had close to €7.8 billion under management.

(1) High Environmental Quality.

B. Investing in the energy transition

DPEF Priority 7

These investments most often concern the fields of energy efficiency and green infrastructure, and aim to meet the environmental, societal and economic challenges posed by the increasing scarcity of natural resources, as well as the management of environmental damage related to water, air, soil, waste and ecosystems.

Amundi has been a partner of the International Finance Corporation (IFC), a member of the World Bank Group, since 2017. Together they have created the largest green bond fund dedicated to emerging markets. IFC will contribute up to US$325 million to this bond fund, which aims to invest in green bonds issued by banks in developing countries. For its part, Amundi will raise the remainder of the US$2 billion from institutional investors worldwide and provide its expertise in emerging debt management. The fund aims to be fully invested in green bonds within seven years and be open to banks in Africa, Asia, the Middle East, Latin America, Eastern Europe and Central Asia.

For institutional investors looking for bond solutions, Amundi offers Amundi Green Bonds and Amundi Impact Green Bonds to help finance the energy and ecological transition, Amundi offers funds investing in Green Bonds at 31 December 2018, these two funds, which are dedicated to financing the energy transition, had a total of assets of €2 billion.

Created in 2013, the Amundi "Valeurs Durables" fund invests in European companies generating at least 20% of their turnover from the development of so-called "green" technologies: renewable energy, improving energy efficiency, water management and waste management. It takes Amundi's ESG criteria into account and excludes companies producing fossil and nuclear energy. As at 31 December 2018, the fund's outstanding amount was €2 billion.

In 2016, Amundi and EDF entered into a partnership. ATE aims to offer institutional investors funds managed around the main themes of energy infrastructure and B2B energy efficiency. Fundraising continued in 2018 with a large number of French and European institutional investors. The final total commitment of nearly €500 million will allow the financing of infrastructure projects for nearly €2 billion, including debt.

3.3. ASSESSING AND MANAGING CLIMATE RISKS

DPEF Priority 3

On 19 October 2017, Crédit Agricole's Group Risk Management Committee, approved and defined a climate policy entailing, in particular:

- ambitious goals regarding the financing of the energy transition (see 3.1 and 3.2);
- realistic but demanding support for its customers in what is inevitably a gradual transformation (see Part 3);
- a major effort to measure and manage its indirect carbon footprint (see 3.3.1) and a strong commitment to controlling its direct footprint (see 3.2.1).

At its annual meeting in late 2018, Group Risk Management Committee continued its reflections, focusing on physical risk in retail and customer-led banking.

3.3.1. Managing climate risks within financings

Crédit Agricole CIB has been working for several years to better understand and manage climate risks: by estimating the carbon footprint related to its financing and investment portfolio and drawing up sector policies representing the bulk of the footprint (over 80% of this footprint overall), by seeking to assess the materiality of climate risks and by gradually introducing additional analyses for clients who appear to present the highest risks.

Measurement and mapping of climate issues

Since 2011, Crédit Agricole CIB used the P9XCA methodology, developed in partnership with the Chair in Quantitative Finance and Sustainable Development at Paris Dauphine University and École Polytechnique to estimate the carbon footprint of its portfolio and to undertake sector-based and geographical mapping of the carbon emissions it generates. Crédit Agricole S.A. has shared this methodology with its peers and P9XCA is now recommended for corporate and investment banks by Agence de l'environnement et de la maîtrise de l'énergie (ADEME), Observatoire sur la responsabilité sociétale des entreprises (ORSE) and by Association Bilan Carbone. Some methodological adjustments were made in 2018, in parallel with the revision of emission factors.

Scenario and reality of climate risks

In accordance with the recommendations of the *Task force on Climate-related Financial Disclosures* (TCFD), sensitivity to climate risks was assessed in 2017 according to scenarios. The four tested scenarios differ in the extent of mitigation measures and the progressiveness of their implementation. These scenarios distinguish three time horizons: short term (before 2020); medium term (from 2020 to 2030) and long term (after 2030). Each scenario has led to a climate trajectory and carbon price level that appears consistent with the magnitude of mitigation measures. The potential impact on the profitability of CIB's corporate clients was then investigated for both physical and transition climate risk. These calculations thus provide a first macroeconomic framework for climate risks by highlighting the main risk areas (sectors and countries) according to the scenarios and time horizons considered. For the medium-term transition risk, identified as the main potential risk, a complementary micro-economic approach has been developed to seek to differentiate it at the level of individual counterparties.

Sector policies

Furthermore, the Group has drawn up sector policies for the sectors with the greatest potential impact (see 4.2.2). New developments came up in April 2018 in the area of shale oil and gas This review aims to exclude the financing of hydrocarbons with excessive emanating methane emissions.

This change supplements the general policy of pulling out of coal financing introduced in 2015 and finalised in 2016 with the exclusion of the financing of new coal power stations or their expansion worldwide, as well as the financing of the least energy-efficient and hydrocarbons that contribute most to global warming (oil sands, extra-heavy oil, oil projects in the Arctic, etc.) published in 2017.

The definitions of the underlined words can be found in the Glossary on page 600.

3.3.2. Insuring climate change

Since June 2016, Pacifica has been encouraging insurance for hybrid and electric vehicles by taking charge of the deductible for claims relating to these vehicles, upon policy subscription. Batteries and cable are also covered in the event of theft or damage, including during rental. Pacifica is also adapting to new practices and offers car-sharing insurance (coverage of the driver for bodily injury, coverage of the passengers, including if they take the wheel, assistance). For policyholders driving less than 5,000 kilometres per annum, Pacifica offers a premium reduction. In 2018, Pacifica extended its two-wheeler insurance product range to include new individual electric vehicles, thus meeting insurance needs and supporting new urban mobility.

Crédit Agricole Assurances introduced insurance coverage for renewable energy facilities (solar panels, wind turbines) as part of its comprehensive home insurance policies and comprehensive professional and farming insurance (cf. 3.2.3 A).

In property & casualty insurance, products in the individual, small business and farmers' ranges take into account climate constraints through insurance cover protecting policyholders and their property from storms, natural disasters, or weather events (hail and frost) (see 2.1.4 B).

Finally, Crédit Agricole Assurances and Airbus Defence & Space have developed an insurance solution to manage climate risk for farmers, called Prairie Insurance. It is based on the measurement of a forage production index that measures by satellite the annual level of forage production from land locally for each municipality in France. This index is now adopted by all insurers offering prairie insurance in France.

4. ENCOURAGE TAKING INTO ACCOUNT ESG FACTORS

For several years, Crédit Agricole has been committed to reducing both its negative impacts on its ecosystem and increasing its contribution in terms of protecting the environment and social and societal promotion, in line with its various activities related to:

- its investment and financing business lines;
- support for the agricultural sector;
- safeguarding of resources.

4.1. INVESTING RESPONSIBLY

For several years, the Group integrates ESG criteria into investment decisions and promotes responsible financing with its clients.

4.1.1. Acting as a responsible financial actor

A pioneer in responsible investment and European leader in asset management with more than €1,425 billion in assets under management, Amundi has launched the analysis of ESG (Environment, Social, Governance) at the heart of its development strategy. In its strategic plan for 2021, launched in 2018, Amundi gives its commitments a new scope:

- all actively managed funds will have an ESG score that is higher than their benchmark or investment;
- Amundi's voting policy will systematically include its ESG rating;
- passive management assets incorporating ESG criteria will be doubled;
- specific initiatives promoting investment in projects with an environmental or social impact will be doubled;
- Amundi's specific advisory activities for institutional clients will be developed to support them in their ESG development.

A. ESG analysis at the heart of the responsible investment process

Amundi selected the Best-in-Class approach as the basis for its ESG rating methodology. This approach consists of comparing players within the same sector to identify best practices and encourage all issuers to embark upon a progress initiative.

(In billions of euros)

Assets under management	**1,425.1**
Assets under management after excluding G-rated issuers	1,358.4
Responsible Investment Assets at 31 December 2018	275.8
ESG Funds and position (ESG over-/underweighting, specific exclusions according to Amundi standards or according to customer standards or needs)	267.3
Specific initiatives	
▪ Environment	8.2
▪ Solidarity	0.22

The principles of Amundi 's ESG policy:

- **an ESG analysis** of firms based on documents such as the United Nations Global Compact, the OECD Guidelines on Corporate Governance, and the International Labour Organisation (ILO) policies, etc.; a proprietary ESG rating;
- **a strict targeted screening policy** that resulted in the exclusion of 214 issuers (corporates and governments) in 2018; which includes the exclusion of G-rated issuers (not conforming to the ESG beliefs of Amundi or to international conventions), and the exclusion of certain activities. Since 2016, Amundi has been disengaging from issuers that generate 50% of their revenues from coal mining, in line with the commitments of the Crédit Agricole Group. This threshold was gradually decreased to 25% in 2018. Similarly, since the end of 2018, companies with more than 10% of their income from tobacco will also not be included in SRI funds;
- **the distribution** of ESG notes to all managers, in the same way as financial notes;
- **a commitment policy** aimed at developing companies towards best practices;
- **a voting policy** that integrates ESG issues.

Four Amundi funds have received SRI certification from the Ministry of Finance and Public Accounts since 2016. In addition, Amundi's SRI activities are certified by AFNOR, which renews certifications yearly.

To meet the expectations of its stakeholders for quality and transparency, Amundi introduced a dedicated governance model: the ESG Committee, to approve and disseminate ESG ratings, the Consultative Committee, primarily comprising non-Group experts and a think tank dedicated to responsible finance.

Finally, to implement the ESG policy, Amundi has acquired significant resources: a department dedicated to responsible investment, a team of 18 analysts focused on voting policy at General Meetings, shareholder dialogue with companies, etc., and 9 external non-financial data providers. 6,000 issuers are rated on ESG criteria.

The definitions of the underlined words can be found in the Glossary on page 600.

B. A policy of active commitment

Amundi's engagement policy takes three forms: engagement for influence, information gathering for rating purposes and shareholder dialogue. It is an essential part of fiduciary responsibility and Amundi's role of responsible investor:

- **commitment to influence:** Amundi conducts a policy of engagement for influence on specific themes to encourage companies to adopt better practices. This work is the subject of an annual commitment report made public and available on the website of Amundi. In 2018, the ESG team of analysts has been particularly active on the issue of "subsistence wages" and "aggressive tax optimisation practices";
- **the shareholder dialogue:** Amundi has set its own voting policy, updated annually, which incorporates the ESG criteria. The goal of the shareholder dialogue is, through regular constructive interaction, to clarify Amundi's expectations as a responsible investor with regard to the resolutions presented at the General Meeting to issuers representing the most significant positions in the portfolio. It is structured by sending pre-alerts ahead of General Meetings and aims to obtain additional commitments, amendments or even the withdrawal of certain resolutions submitted by issuers Shareholder engagement is also a growing lever of influence for a low-carbon economy, which has intensified since 2017.

In 2018, this commitment involved 202 issuers through alerts and dialogue.

Voting campaign at General Meetings (GMs)	2018	2017	2016
Number of GMs concerned	2,960	2,540	2,623
Number of resolutions considered	35,285	32,443	32,771

4.1.2. Reinforcing the inclusion of the ESG criteria in investment decisions

As a leading institutional investor and a signatory to the PRI (Principles for Responsible Investment), the Crédit Agricole Assurances group is mindful of its responsibilities towards the sectors and issuers in which it invests. It integrates the ESG criteria on all its asset classes by relying on Amundi's expertise and its ESG analysis and filter system. Crédit Agricole Assurances also developed shareholder engagement in our strategic holdings, with the active participation of our Investment Department on the Boards of Directors of companies in which the insurer is a shareholder.

Since 2018 Crédit Agricole Assurances has a policy of not to invest in the tobacco industry. From 2019 on, the entity will draft a plan on to sell the exposures it is holding.

In the wake of the Crédit Agricole group, Crédit Agricole Assurances gradually disengages from coal and accelerates investment in renewable energy (see 3.2.2 and 3.3.2).

4.1.3. Suggesting Socially Responsible Investing (SRI) to clients

Predica also offers SRI unit-linked products in some of the multi-vehicle life insurance contracts distributed by the networks of the Group. The international subsidiaries are gradually adopting this approach. Since the launch of the SRI unit-linked products, several initiatives have been carried out to promote this type of investment to distribution networks and to customers: creation of an information pack, network activities during industry events (e.g. Sustainable Development Week, SRI Week, Social Finance Week), internal awareness-raising, customer communication on SRI, customer chats, etc.

Crédit Agricole Indosuez Wealth Group put together an action plan primarily designed to promote SRI within wealth management. It is based on the following principles:

- roll-out of SRI ratings of all customer portfolios to all entities;
- raising the awareness of salespeople/customers regarding this portfolio SRI rating;
- the creation of a "Carbon Impact" rating;
- thematic fund selection (low carbon, energy transition, etc.);
- the development of a green bonds securities offering.

In 2018, **CACEIS** launched products to its investor clients that measures the ESG footprint of their securities portfolios.

4.2. ASSESSING AND MANAGING ESG RISKS IN FINANCING

DPEF Priority 3

Negative environmental and/or social impacts related to financing and investments are taken into account using three pillars: application of the Equator Principles, CSR sector policies, and an assessment of the environmental and social aspects of operations. Crédit Agricole CIB has, moreover, developed a system for assessing and managing environmental and social risks related to transactions and customers, taking into account the main sustainable development challenges of fighting climate change (see 3.2.2), preserving biodiversity, etc. (cf. 4.4.2) and respect for human rights (4.2.4).

4.2.1. The Equator Principles

The Equator Principles were developed in response to limitations and triggers related to project financing, as defined by the Basel Committee on Banking Supervision. Even if they cannot always be applied as is to other forms of financing, they nevertheless constitute a methodological framework for assessing and preventing the social and environmental impacts of financing once it is linked to building a specific industrial asset, such as a plant or transport infrastructure.

In 2018, 18 project finance contracts were signed and classified in categories A, B and C[1]. There were 406 projects in the portfolio at 31 December 2018. The classification of projects breaks down as follows:

- 37 projects were classified as A, of which 6 in 2018;
- 313 were classified as B, of which 12 in 2018;
- 56 were classified as C, of which none in 2018.

(1) The categories of the International Finance Corporation (IFC) consist of three levels:
- Category A: Projects with potential significant adverse environmental and social risks and/or impacts that are diverse, irreversible or unprecedented;
- Category B: Projects with potential limited adverse environmental and social risks and/or impacts that are few in number, generally site-specific, largely reversible and readily addressed through mitigation measures;
- Category C: Projects with minimal or no adverse environmental and social risks and/or impacts.

The definitions of the underlined words can be found in the Glossary on page 600.

4.2.2. CSR sector policies

The CSR sector policies published by the Group set out the social and environmental criteria included in its financing and investment policies. These criteria mainly reflect the civic issues that seem most relevant for a bank, and more particularly for Corporate and investment banking, and notably regarding respecting human rights, combating climate change and conserving biodiversity. The goal of CSR sector policies is thus to set out the non-financing principles and rules governing financing and investments in the sectors in question.

The sectors in question are: arms, coal power plants, oil and gas, hydro-power, nuclear, shale gas, mining and metals, aerospace/maritime/automotive transport, transport infrastructure, property, forests and palm oil.

4.2.3. Sensitivity analysis

Crédit Agricole CIB has assessed the environmental and social aspects of transactions since 2009. It reflects either the existence of doubts regarding the management of environmental or social impact that are considered critical, or the existence of controversy regarding the transaction or the customer.

4.2.4. Criteria of favouring human rights in the financing and investment activities

DPEF

The consideration of human rights in financing and investment activities dates back to early 2000, following commitments entered into with the Global Compact. It has since been structurally implemented within Crédit Agricole CIB and Amundi. CSR sector policies refer in particular to the fundamental conventions of the ILO (International Labour Organisation) and the performance standards of the IFC (International Finance Corporation).

In 2016, **Crédit Agricole CIB** mapped the sectors and regions that are most exposed to exposed to the risks of human rights violations in their own activities and supply chain. Crédit Agricole CIB has integrated this new analysis criterion into its CSR *scoring* system (see 3.2.1 A).

In 2018, continuing the work the initiated in 2017, Crédit Agricole CIB actively participated in the Equator Principles review process, and recommendations were presented to the General Meeting of the Equator Principles Association in October 2018.

The commitment of **Amundi** to respect for human rights is a global one, as a promoter of responsible management. Respect for human rights is part of the rating criteria for issuers and, together with the environment, forms the basis of Amundi's exclusion policy (see 4.1.1). Indeed, respecting human rights is taken into account in the ESG rating through the "Local communities and human rights" criterion. When a company violates human rights in a serious and repeated manner, without taking effective remedial measures, and after dialogue with the company, Amundi can excluded it from its investment universe, as it would conflict with the 10 principles of the Global Compact.

4.3. PROMOTING MULTI-EFFICIENT AGRICULTURE

DPEF Priority 8

As the banker of 9 out of 10 farmers, Crédit Agricole of course supports agricultural changes with a global offering that includes both financing offers and insurance products.

The Group is constantly expanding its offerings to best meet the needs of farmers. In that light, Crédit Agricole S.A. launched, at the end of 2018, the Transitions Offer, in order to support the energy transition. This offering includes a package on bio agriculture that was already developed by the Regional Banks of the Southern Rhône Alpes and Normandie and by Crédit Agricole Italia. This package includes the financing of the installation, insurance to cover weather hazards, loan offers to support communication needs and, finally, the provision for a very small business.

An advocate of a multi-efficient agriculture sector, both economically, socially and in terms of the environment, the Group assists farmers diversify their income by investing in renewable energy generation: wood biomass and solar, or even methanation. Crédit Agricole is the bank for all forms of agriculture and also finances the sustainable agriculture projects of its customers on a daily basis. Several Group entities in France and abroad have created organic offerings.

Moreover, in the fall of 2018 Crédit Agricole, in collaboration with Agence Bio, extended a new edition of the "Les trophées Bios" competition. The purpose of this competition is to highlight that organic farming is a source of innovation and promise. The 2018/2019 jury, chaired by the Director of the Nicolas Hulot Foundation, rewards farmers and processors with technical, marketing or social innovations. This competition, launched 10 years ago, reviewed more than 400 projects during this period, demonstrates a passion and a desire to innovate. The awards were presented at the *Salon de l'agriculture* in February 2019.

10 years of competitions resulted in a book titled "Innovation at the heart of organic farming". This book allows us to discover the diversity of innovations and the will of a large number of farmers, beyond technical innovations, to draw a renewed link to nature and living things.

In 2018, Crédit Agricole Assurances marks its commitment to support the transition from agriculture to increasingly sustainable practices. A three-year agreement with AgroParisTech has been signed to become a partner in the Grignon Energie Positive (GE+) scheme. Grignon Energie Positive is a technical and research programme that aims to improve the triple performance of agriculture: economics, energy and environment. Crédit Agricole Assurances brings its expertise in risk management to this programme and will focus on assessing and quantifying new risks to farmers from changes in agricultural practices. This approach, which had never been used before, will allow Crédit Agricole Assurances to accurately identify needs and propose risk management tools adapted to these new agricultural practices. Crédit Agricole Assurances also allows farmers to take measures to adapt to climate change (see 2.1.4 B).

The definitions of the underlined words can be found in the Glossary on page 600.

4.4. PROTECTING RESOURCES

4.4.1. Limiting the impact of resource consumption

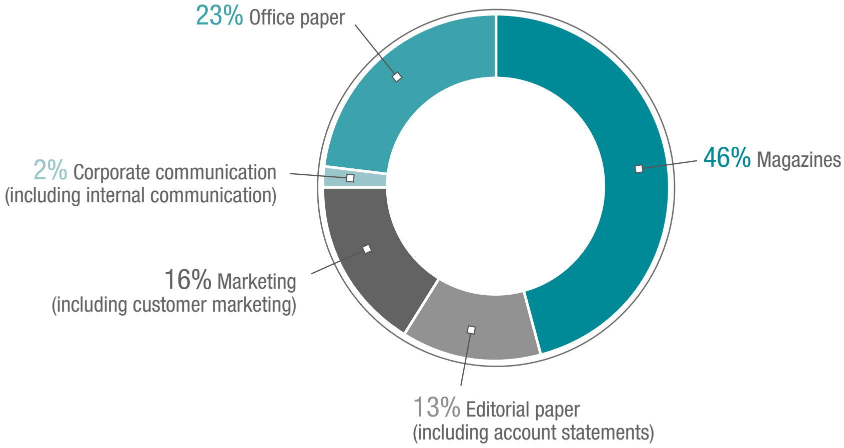
A. Paper

Since 2013, Crédit Agricole S.A. and its subsidiaries have published a series of indicators to measure and monitor paper consumption.

	2018	2017
Total consumption *(in tonnes)*	15,581	16,917
Responsible paper use *(as a %)*	85	91

Scope covered: 89% Full-time equivalent employees (FTEs).

Breakdown of paper consumption *(as a %)*



B. Waste

The waste categories covered in the *reporting* include paper and cardboard, electrical and electronic equipment (WEEE and non-IT waste), ordinary industrial waste (OIW - excluding paper and cardboard). Alongside this, a number of recycling initiatives for various types of waste and certain products are implemented within the Group's entities 55% of the Group's waste collected in 2018 was recovered.

	2018	2017
WEEE - Waste electric and electronic equipment	87 tonnes	69 tonnes
Paper/cardboard	2,142 tonnes	2,389 tonnes
OIW - Ordinary industrial waste	2,286 tonnes	2,277 tonnes

Scope covered: 79% FTEs.

For computer equipment, a partner from the sheltered and disability-friendly sector, ATF Gaia, has been collecting electric and electronic waste for some Group entities since 2014. It erases hard drive content using a software application approved by the Group's Security division and assesses the operating status of equipment that is subsequently sent for sorting. Equipment in working order is reused by the partner for charity purposes, while equipment that is no longer serviceable is destroyed in an environmentally-friendly manner.

C. Eco products: payment instruments

Along with cheques, bank cards remain one of the few banking services provided by a physical instrument. Its ecological footprint linked to its plastic and metal components is therefore very real throughout its life cycle. In order to reduce this impact and in a circular economy, the Crédit Agricole Group, in collaboration with Crédit Agricole Payment Services, started in 2013 with gradually using the "Environmental Card" service at 35 metropolitan Regional Banks (except Corsica). The "Collection and recycling of used bank cards at the branches" component enjoyed uninterrupted successes every year. In 2018, over 3 million cards, equivalent to 16.5 tonnes, have been collected. Since 2014, 14 million bank cards, weighing approximately 74.5 tonnes, have been recovered. On the other hand, the "green production" component, experimenting with producing bank cards made of vegetable material (PLA), did not reach the expected results. Viewing from a three-year perspective, the difficulties that we faced, mainly card ageing issues, resulted in the decision to stop production in October 2017. However, research is still ongoing. Prospecting is currently being carried out, in order to get an idea of payment instruments of the future that integrate the sustainability dimensions of CSR. A pilot should be launched in 2019.

Moreover, since January 2016, all new chequebooks proposed by the Regional Banks have been printed on PEFC certified paper. This certification guarantees sustainable management of forests for paper production, i.e. ensuring that forests are managed according to the highest environmental and social standards.

4.4.2. Protecting biodiversity

A. Integrating biodiversity within the business units

Financed activities could have an impact on biodiversity. For that reason, **Crédit Agricole CIB** has introduced analysis and exclusion criteria based on biodiversity protection into its CSR sector policies. Special attention is given to areas deemed important on the basis of this criterion. According to these policies, the exclusion criteria include significant negative impacts on the most vulnerable protected areas, such as protected sites or wetlands of international importance covered by the Ramsar Convention. In 2016, Crédit Agricole CIB mapped the sectors and regions that are most exposed to water access and water pollution issues. Since 2018, customers operating in these sectors and areas have been subject to a specific analysis of their usage policy. The CERES Committee may arbitrate in case insufficient commitments on the part of the analysed clients are shown.

Crédit Agricole Immobilier signed the Biodiversity Charter at MIPIM in March 2018, calling for action to promote biodiversity. It has already demonstrated its commitment by deploying an urban agriculture demonstrator (see 3.2.3 B).

In addition, by joining act4nature, launched on 10 July 2018 by the Goodplanet Foundation, **Amundi** and other companies made collective and individual commitments to integrate biodiversity into their global development strategies and contribute to the objectives set by the international community on this subject.

B. Combating deforestation

For several years the Group has also been involved in reforestation activities. It supports a programme in France for the reforestation of forest plots in anticipation of the future impacts of climate change. In 2018, CACEIS, a service subsidiary that among other events manages the Crédit Agricole S.A. General Meeting of Shareholders, renewed its commitment to electronic registration processes. Each shareholder who opts to receive an e-notice helps promote reforestation in France (one new electronic registration = one tree planted). 2,500 trees were planted in 2018.

In 2018, Crédit Agricole Assurances entered into a partnership with the Plantons pour l'Avenir endowment fund, which aims to accelerate reforestation in France by providing the necessary funding for planting projects (in the form of an advance repayable at 0 over 30 years), supported by owners committed to the sustainable management of their forests. This partnership for that reason aims at planting a number of trees on French territory each year that is equivalent to the total amount of CO_2 emissions of Crédit Agricole Assurances (according to a metric established by the FCBA, i.e. 10,000 trees for 1,400 tonnes equivalent in emitted CO_2).

In 2018 a framework agreement was signed between Crédit Agricole S.A. and the Museum National d'Histoire Naturelle (MNHN) to finance a 3-year research program on biodiversity in agricultural environments and the preservation of natural sites in the MNHN. This agreement provides for helping to preserve the MNHN's natural sites throughout the country. This agreement provides for the contribution by Crédit Agricole S.A. to sites maintained by the Regional Banks and Fondation CA Pays de France.

4.5. OTHER DISCLOSURES

DPEF

Given the nature of its activity, the Group has not identified any material direct impact and has not put in place specific action in respect of the following themes:

- prevention of food waste: this information relates to the Group's catering provider, for which it is a priority. A commitment to the fight against food waste is one of several criteria we apply in selecting our suppliers. This data is monitored with our suppliers, in the same way as other CSR criteria. The catering supplier is encouraged to publish such information in its own CSR report;
- food insecurity and responsible, fairly traded and sustainable food: these themes are separate from the Group's direct activities and therefore do not form part of our material challenges. However, one-off actions regarding employees' food may be organised by the company restaurant and the HR Department;
- circular economy: this issue is not relevant with regard to the Group's direct activities. Nevertheless, as it is part of certain customers' business models, this challenge may be taken into account in the relationship with the latter.

On the other hand, the Group, through its Amundi investment activities, takes into account animal welfare through the ESG analysis of its portfolios, in particular in the pharmaceutical, luxury and agri-food sectors.

The definitions of the underlined words can be found in the Glossary on page 600.

5. WOMEN AND MEN TO DRIVE TRANSFORMATION

Introduction

DPEF

Our Human Resources strategy aims to promote and recognise teamwork within our Group, characterised by a decentralised, entrepreneurial and people-oriented culture.

Our ambition is to increase the accountability of all and the power of teamwork to deliver an excellent customer service. We want to be united and together, whatever our businesses within the Group, with a coherent and clear human footprint running both internally and externally, while affirming our differentiating culture in order to attract, engage and retain talent.

We have a strong commitment to our employees as a responsible employer in:

- guarenteeing fairness and promoting diversity in pursuit of inclusion;
- improving the quality of life at work and ensuring employee health and safety;
- maintaining active dialogue with employee representatives.

In order to achieve our ambitions, the human resources teams share common values and principles:

- a variety of career paths with opportunities for advancement fostering employee accountability, with a view to sustainable employability;
- an innovative and fulfilling working environment and practices, which drive performance;
- a culture of innovation within a large group;
- a responsible, high-performance company which fosters customer, regional and economic development in France and abroad.

Since 2016, the Group Human Resources department (GHR) supports the deployment of the Group's Medium-Term Plan (MTP) "Strategic Ambition 2020" and its two fundamental axes: the Customer Project and the Group's transformation. The support of the managerial transformation in a constantly changing environment is a component of all our actions and projects. In 2018, several actions were carried out to amplify the achievements of 2017, based on our 100% human and 100% digital strategy, on the following key themes: employee engagement, the development of employability in a context of profound change, the diversity of our teams, the quality of life at work and social dialogue.

We steer three key performance indicators, which at end-2018 showed the following trends:

	Engagement Index (participation rate in ERI Survey)	Digital index (number of employees having obtained their "Digitall" visa)	Gender equality index (number of women in the Management bodies)
2018	70%	20,000	21.4%
2017	64%	13,346	20.7%

1. Organisation

This strategy is implemented by all Group Human Resources teams:

- the Group Human Resources department (GHR) promotes the topics related to the Group's MTP and handles governance issues such as the management of executives, compensation policies and social policies which include promoting diversity and equal opportunities;
- the Human Resources departments in each entity participate in achieving the objectives laid down as part of the MTP and define their own HR policies to meet the specific challenges of their business.

2. The Crédit Agricole S.A. group teams at end-2018

At end-2018, Crédit Agricole S.A. Group employed 73,346 full-time equivalents employees (FTE) and was present in 46 countries (see 5.6. "Social indicators").

Breakdown of headcount by business line

	2018		2017	
	Headcount (FTE)	%	Headcount (FTE)	%
Retail banking in France	17,147	23.4	17,585	23.9
International retail banking	21,940	29.9	22,306	30.3
Asset gathering	10,601	14.5	10,622	14.4
Specialised financial services	8,598	11.7	8,587	11.6
Large Customer division	11,605	15.8	10,917	14.8
Corporate Centre	3,455	4.7	3,690	5.0
Crédit Agricole S.A.	**73,346**	**100.0**	**73,707**	**100.0**
o/w France	36,000	49.1	36,210	49.1
o/w International	37,346	50.9	37,497	50.9
Scope covered		*100%*		*100%*

5.1. LISTENING TO OUR EMPLOYEES AND ENCOURAGING THEIR ENGAGEMENT

DPEF Priority 5

5.1.1. Engagement and Recommendation Index

In a context of considerable change, employee commitment is more than ever an essential driver for Crédit Agricole S.A. group's performance. Launched for the first time in 2016, an annual anonymous internal survey was rolled-out simultaneously in the Group's various entities in France and abroad.

The launch of this survey of the engagement of all employees for the third consecutive year is a key measure of our Medium-Term Plan. By listening attentively to employees, we aim to strengthen our ability to transform ourselves and adopt an approach of continuous improvement and progress at both Group and entity levels.

This year, the scope included 21 Crédit Agricole S.A. entities in France and abroad, (34 entities of the Regional Banks also participated in the survey). This includes 73,400 employees of the Crédit Agricole S.A. group worldwide and 122,230 employees counting the Regional Banks, that were invited to participate in the survey and give their opinion.

The survey was conducted 100% online by an external firm from 18 September to 9 October 2018 and was available in 14 languages.

A strong mobilization of the Crédit Agricole S.A. entities made it possible to achieve a participation rate of 70%, up 11 points from 2016 and 6 points from 2017.

The Engagement and Recommendation Index is measured on the basis of 21 closed questions, which are identical for the entire Crédit Agricole Group. In addition to the closed questions, for the most part on topics such as pride in belonging, understanding of the strategy, work-life balance, etc. there was one open question: "If you could improve anything within your company, what would it be? How would you go about it?" which is used to collect some qualitative elements. In 2018, over 23,000 free-text comments were submitted by employees. In summary, the results highlight strengths, which have been improving over the past three years, on which to build:

- the pride of belonging to the Crédit Agricole group;
- increased understanding and support for the strategic challenges of the Group;
- optimism about the future of the Crédit Agricole group.

Synergies between the various activities of the Group, the organisation of work, and career development are identified as areas of progress.

With the aim of transparency for all employees, the analysis of the results was presented to the management bodies of the Group and entities, as well as to the staff representative bodies. This process also gave the Group the opportunity to discuss and involve the different stakeholders in drawing up action plans. These projects can be either transversal to the Group, or specific to the entities, in line with their specific challenges or competitive environments.

5.1.2. Employees: active players in the Group's transformations

Employee engagement is also reflected in their willingness to move the company forward positively by sharing their ideas and implementing them. The Group has therefore developed approaches allowing the involvement and participation of its employees, helping them to grow their ideas and promoting internal and external innovation.

Crédit Agricole CIB

Crédit Agricole CIB has set up a system dedicated to promoting innovation among employees in order to strengthen innovation in the internal culture. This system includes a transversal structure and governance, with a central team and innovation relays, as well as a process allowing each employee to submit an idea and to carry it out and deploy it using new working methods.

Those employees whose ideas are selected are supported by the Crédit Agricole CIB Idea Factory, which offers "start-up" approach at each stage of the innovation life cycle. In 2018, the conceptualisation campaign spawned 553 posted by 422 contributors.

CA Consumer Finance

CA Consumer Finance has set up an organisation that promotes internal and external innovation, with different types of mechanisms:

- internal contests where all employees can propose new ideas;
- partnerships;
- contests with the start-ups;
- innovative ecosystems.

The definitions of the underlined words can be found in the Glossary on page 600.

The objectives of this organisation are to anticipate new digital trends, accelerate new digital experiences for customers, identify disruptive ideas in collaboration with market start-ups, and promote new ways of working to develop employee skills.

To communicate, explain and anchor the digital culture within CA Consumer Finance, Digital Cafés are being established on a cross-mentoring principle: 90 internal volunteer digital coaches share the digital innovations and their impacts with other employees through actual examples.

5.1.3. Employees committed to social initiatives

Many Crédit Agricole S.A. Group employees volunteer their time to support solidarity projects. The Group and its subsidiaries create initiatives to support and enhance their actions and respond to their willingness to get involved (see 2.2.5. “Getting employees involved to support economic, social and cultural initiatives”).

5.2. STEPPING UP OUR EMPLOYEES’ SKILL DEVELOPMENT IN A CONTEXT OF PROFOUND CHANGE

DPEF Priority 5

5.2.1. Developing employee skills and adapting HR programmes to the challenges of transformation

With a permanent aim of accelerate the development of the skills of employees and building on the IFCAM, the Group’s University, training has always been a key issue for developing skills, either by regularly broadening the training offer, or through the will to make this offer ever more accessible.

Training in 2018

In 2018, 72,196 Crédit Agricole S.A. Group employees benefited from at least one training session, and 2,021,710 training hours were provided (see 5.6 Social Indicators). The Group maintained its training efforts on core business skills, regulatory requirements as well as the development of cross-functional skills such as languages, management or personal development.

The 2018 strategic guidelines specifically covered support for the Customer Project and the increased regulatory requirements and support for the transformation of the Group and its business lines. The challenge is also to encourage the acquisition of skills and professional development for everybody, in particular through the digitisation of training in order to democratise learning and the support of employees in their career development and mobility.

Supporting transformations

The challenges of transformation (customer relations, digitisation, new work structures, change management, internationalisation, etc.) are everywhere and accelerating. Crédit Agricole S.A. Group pays particular attention to supporting employees and managers in these transition phases.

Two of the Group's business lines, IT and Purchasing, offer employees the tools and systems to support them in the transformation of their businesses and give them better visibility of their career development prospects.

Career development paths within the Group Purchasing business line

For the purpose of enhancing the Purchasing function careers within the Group and making it more attractive, a common approach based on the construction of career development paths has been implemented. In that context, a dedicated training programme to strengthen Purchasing skills and a system of training leading to diplomas are offered to employees.

The Connect Programme

The Connect program aims to facilitate and develop the driving forces of the IT business line, which has 8,000 employees throughout the Group including the Regional Banks. It consists of three large areas:

- Responding to the challenges of the IT transformation and digital technology by leveraging the skills of women and men in the business line;
- offering employees stimulating career paths through innovative training and cross-functional systems that promote mobility and recognition;
- making the IT business line of the Group a recognised and attractive area of excellence.

As a result of this work, the PTI jobs and skills framework has been finalised and will serve as the basis for many other projects aimed at developing mobility, employability and fostering career development.

Raising awareness about digital technologies

Technological developments are transforming our business lines and customer relations. The development of our employees’ digital skills is, therefore, a priority. The Group is continuing its efforts to meet this challenge. A digital acculturation platform, called Digitall, was made available to Crédit Agricole S.A. Group employees in France and abroad.

Launched in June 2017, Digitall is a unique space with scalable and self-service accessible content, allowing employees to be trained in the new uses and tools driven by the digital revolution (start-ups, digital practices, cyber-security, digital environment, etc.). At end-December 2018, almost 40,000 employees had connected to the Digitall platform and 20,000 had validated their digital knowledge by obtaining the Digitall Visa.

CA Ukraine

The Digital Community of CA Ukraine organised a "Digital Bootcamp" for all its employees.

The development of certification training courses

The implementation of certification training in order to meet the challenges of acquiring critical skills to support the transformation of the Group and its businesses, and to ensure the development of the skills of our employees throughout their careers is a key lever in ensuring that the skills required for its development are developed.

Crédit Agricole S.A.

To develop internal mobility and meet the challenges of recruiting Quantitative Banking Analysts, Crédit Agricole S.A. and ENSAE co-established a tailor-made certification programme attended by 11 employees.

The development of cross-functional and/or managerial skills

Employee aptitudes (cognitive, social, situational skills, etc.) grow more essential as technical skills become obsolete faster and faster; they are also one of the key success factors in developing employee employability. The increase in the number of training courses relating to these cross-functional and managerial skills continued in 2018.

CA Payments & Services

Transform'action is a "Lean Management" programme at CAPS, and is currently being implemented throughout the Company. The objective is to achieve a change in culture in three dimensions: customer focus, managerial transformation and operational efficiency. Nearly 50 managers have already been trained.

CA Bank Polska

Le MOVE & Co Program of Crédit Agricole Bank Polska, a project launched in June 2018, is designed for local managers and combines the elements of sharing best practices, training, coaching and mentoring through an online platform. 300 managers participated in the launch event in June 2018.

Trends in training (digitisation, new learning methods, etc.)

The Group is committed to an ambitious strategy to rethink its training actions in the digital age: Shorter training periods are offered to encourage experimentation and practical application, and various training methods: workshops, conferences, virtual classes, video courses, MOOC, etc. Employees are also able to train at times that suit them and according to their needs via freely accessible content.

LCL

A new innovative educational method for Retail Network employees taking up their functions was launched by LCL in March 2018: the training log. It is a personalised online space that allows employees to be supported in their training needs through increasing skill levels and milestone events. At end-2018, there were 1,100 training logs.

Crédit Agricole CIB

In May 2018, employees of Crédit Agricole CIB in France were offered the opportunity to rediscover its digital training offer, given through partnerships with major online – Fit For Banking, Crossknowledge and Vodeclic, during a Learning Week. Nearly 1,000 employees came to meet the Training teams and took part in fun activities around the portal: quizzes, a seven-minute digital stopover and personalized advice. Following its success, this event was deployed in other locations, notably in Hong Kong in July and London in October.

CA Italia

Project *Alisei 2020*, launched in 2017, in which 95% of employees have participated, has as its objective to transform the career management philosophy by putting employees at the heart of their own professional development. In this context, using the key skills framework and a digital self-assessment tool, areas for improvement have been identified and development plans based on the Digital Academy platform have been proposed to employees.

CACEIS

CACEIS has developed Mobile Learning in 2018, in order to allow employees to be trained using all types of digital media (smartphone, tablet, PC). The first Mobile Learning project focused on Think Client training, which will be extended to other topics in 2019. In addition, a soft skills development platform called "My Training Lab" was developed in 2018.

DPEF Priority 10

5.2.2. Promoting employee mobility

Mobility in 2018

In 2018, internal mobility within the Group resulted in 11,482 transfers worldwide and 3,187 promotions in France alone (see 5.6 Social Indicators). In addition, over 60% of permanent contract positions were filled internally.

For many years, Crédit Agricole S.A. Group has developed a proactive internal mobility policy by favouring internal development prospects and by implementing the right tools.

The Group mobility policy is based on structured support and communication tools, steering bodies bringing together HR actors, as well as support systems offered to all employees. In 2018, the existing programmes have been strengthened and experiments have been launched and based on the opportunities offered by digital technologies. In addition, emphasis was put on cross-functionality and the development of intra-entity mobility in support of the Group's performance, with a focus on business lines (IT, Purchasing, HR, etc.).

Mobility devices

MyJobs

MyJobs is the tool shared by the subsidiaries of the Crédit Agricole S.A. group. It is used by over 500 HR specialists for internal and external recruitment and by Group employees in their search for job mobility opportunities. At 31 December 2018, close to 55,000 MyJobs accounts had been created by employees in France and abroad. Since MyJobs was launched at the end of 2014, more than 20,270 permanent positions have been posted and over 63,000 internal applications have been received. In 2018, 5,156 new permanent positions were published on the internal job board, i.e. 19% more than in the year before.

Mobili'jobs

Mobili'Jobs have been held twice a year on the Group's campuses since 2015. These events, which combine business or professional development conferences, LinkedIn workshops, individual and group HR workshops, enable employees to interact with managers and HR actors from Group entities in order to discover opportunities and professions. They are met in"speed interviews" to apply directly for offers published on the Group's internal job board or to find out about possible career paths, and receive advice on how to refine their career plans.

12 entities of the Crédit Agricole S.A. group and 14 Regional banks and affiliated entities participated in the two events in March and October 2018. 350 HR contributors and managers were mobilised to receive more than 800 employees, 183 of whom had already participated in preparatory workshops a week earlier.

Mobili'Meetings

Mobili'Meetings are monthly interactive and collective conferences, in face-to-face or virtual format, aimed at raising awareness of the Group, its entities and businesses, as well as the Group's mobility rules and preparatory measures. In 2018, 170 Group employees (including Regional bank employees) took part in these meetings to boost their career plans and to test and improve their knowledge of the Group;

The definitions of the underlined words can be found in the Glossary on page 600.

Crédit Agricole S.A.

Crédit Agricole S.A. has set up a mobility unit, due to the sharp increase in the number of employees supported and mobility in 2018. 90 employees have been supported by the Mobility Unit since its launch in September 2017, of which 72 in 2018. Mobility workshops were also held on the themes of "building your career plan", "writing a CV" and "preparing for a recruitment interview" (237 participants in 2018).

Crédit Agricole CIB

In October, in order to develop the culture of mobility, Crédit Agricole CIB offered a Mobility Week to its employees in France. The event was structured around a conference and workshops on self-awareness and exchanges on stands with HR actors and business operational staff. Crédit Agricole CIB used the Mobility Week to present its mobility support systems to more than 500 employees, who received personalised advice on their career plans and the formalisation of their CVs.

In order to help employees build their career plans, Crédit Agricole CIB also started a digital career path in November 2018, created in partnership with the start-up Jobmaker. This seven-step process includes work to be produced, video tips and self-corrections. Its flexible format allows employees to advance at their own pace in thinking about and building of their professional projects. Upon completion of this path, employees have the option to share a summary of their thoughts with their HR managers in a dedicated interview.

Crédit Agricole Leasing & Factoring

CAL&F provides support for its employees in an ecosystem that combines humans and digital devices. Throughout 2018, CAL&F proposed actions to promote mobility:

- Organisation of an HR "RH Days" that offered CAL&F employees to attend the HR department meeting and to participate in "Mobili'jobs by CAL&F";
- a mobility specialist, who increased its support activities in 2018, in particular through organising workshops to prepare for interviews, write CVs and suggest specific dedicated;
- regular announcements of positions to be filled via:
  - **jobs à la Une**: a push mail sent to all employees regarding positions to be filled internally within CAL&F, to share information about the positions and to build momentum,
  - **face-to-face Front page jobs**: specific action proposed to present and promote positions within a Department;
- an interactive career path map, updated daily with about twenty new mobility areas made available on the intranet. This tool can be used by anyone already working with CAL&F, to discover, with one single click, the possibilities for career growth or transitions within CAL&F and the Group.

CACEIS

CACEIS launched the "Job Suite" Project in France in 2018, which will be expanded internationally in 2019. It aims to overhaul job reference systems in order to highlight know-how and bridges within the business lines.

The MOOV "Create the Movement" activities, which encourage employees to explore their opportunities (missions, projects, diploma courses, collective EAV or mobility), continued in 2018. On 27 March 2018, during the annual CACEIS business forum (Moov days) held in France and Luxembourg, a video chat on digital counted 232 participants. Seminars on digital marketing and artificial intelligence completed the system.

5.3. ATTRACTING TALENT, DEVELOPING OUR EMPLOYEES AND PREPARING FOR THE FUTURE

5.3.1. Attracting and integrating young talent

Ranked fourth largest employer in France in 2018 according to a Figaro Économie survey conducted in partnership with Cadremploi, the Crédit Agricole Group, including the Regional Banks, is a major player in France.

Crédit Agricole S.A. and its subsidiaries have recruited 2,624 permanent employees in France and 5,834 worldwide in 2018. See 5.6 Social Indicators.

The Crédit Agricole S.A. Group conducts numerous actions to attract talent, including recruiting young graduates.

In 2018, on average in France, 1,734 people on work-study contracts and 484 interns are included in the Group's monthly headcount (see 5.6 Social Indicators).

Recruitment methods that evolve to meet candidates' expectations

The Group has spoken to as many people as possible by intensively pre-empting social media on a network of entities, Group, regional, national and international level.

In particular, in March 2018 the Group won an award from Potential Park, awarded fifth place (out of the 100 largest companies in France) for its presence on social networks.

The Group's entities continued to be present alongside students from schools and universities through numerous events: mainly at school forums and events in their respective offices. Many employees were able to share their experience of banking and support functions in France and abroad.

In 2018 **LCL** launched a Messenger chatbot, which is a great hit with potential candidates: 58% of responses were related to the HR themes "Your career" and "View our vacancies".

The entity also held a recruitment event in November at the 19 LCL: "Come without CV". Candidates had 10 minutes to convince recruiters. Nearly 250 candidates came to the recruitment day. The objective was to recruit profiles from a variety of backgrounds, whose skills and backgrounds differ from the ones that are naturally attracted to the bank. 40% have been selected to continue with the recruitment process.

CACEIS organised an integration morning event in November for more than fifty trainees and people on work-study contracts, to get to know each other and start building a network internally and to familiarise themselves with CACEIS's business lines as well as to identify HR contacts.

A day devoted to people on work-study contracts at the end of their contracts was also organised: "Campus Day" (44 participants). The objective was to support people on work-study contracts in their career development and to make them aware of opportunities within the Group.

During the 2018 work-study campaign, **Crédit Agricole Assurances** broadcast a monthly video on a theme related to work-study. The videos were performed by the people on work-study contracts and trainers of the entity. The series consisted of five episodes.

The digitisation of the employer brand

Through the LinkedIn, Facebook, Twitter and Instagram social networks the Group organised its communication around four themes, identified as levers of attractiveness for our targets. Referring to our employer signature "everything starts here", the selected themes are named as follows:

- "We're hiring here", to promote career opportunities within the Group in France and abroad;
- "Discover us here", to share the values, commitments and news of the entities and the Group;
- "Our employees take the floor", to discuss career paths and expertise of our employees;
- "Let's meet", to allow our candidates to meet entities through events such as forums and job dating and so on.

Live chats were held in 2018, thanks to the ambassador platform hosted on the Group's career site. Potential candidates were able to interact for one hour with Group employees and HR during the work-study recruitment campaign and the General Inspection.

Inter and intra-entity integration systems

Specific attention is paid to integration to best support new employees. In this context, each entity has implemented its own integration plan.

Crédit Agricole Consumer Finance held "Escape Games" for the integration of employees on work-study and permanent employees.

Amundi, CACEIS and the Crédit Agricole Group (including the Regional Banks) received the Happy index Trainees 2018-2019 label (ranking of the best companies for internships).

5.3.2. Supporting talent development and careers

Historically, Crédit Agricole S.A. Group has developed an approach to identify and develop its talents and managers based on managerial guidelines and a unique selection procedure shared throughout the Group that gives each person the same chances of achieving their ambitions and progressing.

Following discussions initiated in 2017 and 2018 to adapt our system to the challenges of tomorrow while taking into account our values, culture and specificities, new models for the detection, development and selection of talent and executives are being put in place.

There are many objectives:

- adapt to the profound changes in the environment;
- provide the means to achieve the Group's Strategic Ambition;
- respond to demographic changes;
- contribute to strengthening synergies within the Crédit Agricole Group.

In addition to these objectives, two priority challenges have also been established: continue to constitute pools with the aim of providing appropriate people for the Group's succession plans and occupations, and develop gender equality in managerial functions.

The constitution of pools

Several mechanisms currently contribute to the identification and development of talent.

The "MyWay" programme

The MyWay programme is designed to assess and develop the Group's young talents. It is based on an online self-assessment system, an interview that brings together managers and HR and the setting up of a personal development plan. More than 450 employees have already benefited from this scheme;

Deployment of the "Talent Mobility" tool

Deployment of the "Talent Mobility" tool across all regions, in cooperation with Fédération nationale du Crédit Agricole. It brings together the HR departments of the Regional Banks and subsidiaries of Crédit Agricole S.A. Group in the given labour market segment to encourage inter-entity mobility. This year, 12 Committees took place in all regions, allowing talents to gain regional visibility.

Review of key resource collaborators

Key resource reviews are conducted with the Group's transversal functions to promote mobility within the Group and to share specific skill needs in order to devise appropriate career trajectories.

CA Consumer Finance

CA Consumer Finance structures the support of its potential. As part of the "Young people with potential" trajectory, CA Consumer Finance offers two programmes: "Stimulate your future" for start-ups (29 participants in 2018) and "Talent Boosting" for young managers (16 participants in 2018).

The systematisation of Career Committees

The systematisation of Career Committees, with feedback at Group level, has made it possible to identify the next generation, with a particular focus on young persons, foreigners and women.

Targeted development policies

To meet its talent and career development challenges, the Crédit Agricole S.A. Group has also set up specific programs for its key resources (talent and executives).

Move Forward

The Move Forward programme for changing "key resources" has been in place since 2014 and has been taken by 108 employees (of which 69% women). Its main objective is to reinforce "self leadership", an acceleration tool for an ambitious professional career path. This programme is geared towards women and men within the Crédit Agricole Group who are willing to place gender diversity at the heart of this system.

Leading Performance

Since 2013, the Leading Performance programme has been attended by 309 employees from 22 countries (of which 32% women). Its objective is to develop the key skills needed to improve the Group's performance on the short, medium and long term and to facilitate the organisational implementation of transformations.

Crédit Agricole CIB

In 2018, a new leadership development programme, the Global Development Programme, was rolled out "Future Leaders" of Crédit Agricole CIB. Around 100 employees from 15 countries gathered in Paris for two days of leadership training with internationally renowned speakers.

The definitions of the underlined words can be found in the Glossary on page 600.

CACEIS

The "YoungTalents@CACEIS" was redesigned in 2018. For a period of two years, it welcomes promotions of about twenty young employees from different countries.

Development of gender equality in the management teams

DPEF Priority 6

To encourage the ambition of talented women and accelerate their progress towards the decision-making bodies, where they are still insufficiently represented, an action plan was structured in 2017 and rolled out in 2018 at all levels of the Crédit Agricole S.A. Group. In particular, a specific review of management teams and succession plans was initiated in September 2018 with a focus on identifying female talents.

Two priority objectives are pursued:

- identify women with potential at all levels of the company and in all occupations;
- support them in their career development.

Various complementary initiatives are being orchestrated to support this ambition:

- **Training in the role of director** to provide the Group with a pool of men and women ready to integrate one of the Boards of Directors of Group entities or external Boards of Directors. The Group has chosen the Corporate Director Certificate delivered by IFA/Sciences Po to develop these skills. In 2018, 13 persons (10 women / 3 men) took part.
- **Mentoring programme by Executives of the Executive Committee** to prepare talented and motivated women for positions with wider responsibilities and enrich the Group's talent pools. The first cohort of the programme completed it in September 2018. The second cohort of the programme started it in October 2018.
- **The "Young Female Talent" training.** Launched in 2017 and deployed in 2018, is a programme reserved for 80 very young female talented employees to enable them to acquire the corporate codes and prepare themselves to find the keys to their career development.

5.4. BUILDING ON OUR DIVERSITY FOR A STRONGER WORKPLACE COMMUNITY

DPEF Priority 6

5.4.1. Promoting diversity

The principles of non-discrimination, diversity of career paths or age diversity are subjects to which the Group is committed and intends to apply in order to guarantee equal treatment of employees and future recruits and promote diversity.

Combating discrimination

The Group does not intend to leave any room for any discriminatory treatment gaps that may exist between employees. It considers the plurality of genders, origins, ages, sexual orientations and religious affiliations as the condition and guarantee of a dynamic, modern and inclusive enterprise.

LCL

LCL implemented a Charter on the prevention and intervention in terms of discrimination, sexism, harassment (moral and sexual) and violence at work, providing an action framework and reporting procedure for such behaviour. To put this commitment into practice, an e-learning session entitled"Sexual or moral harassment, sexist behaviour and violence at work" was made available to employees. In 2018, 5,629 employees attended e-learning courses.

LCL organised a conference in November 2018 on the theme"Taming stereotypes to recruit on skills", which is mandatory for HR professionals with recruitment missions.

Diversity of career paths

Entity initiatives illustrate the ambitions of the Group, which has always demonstrated that diversity and openness are part of its values and culture.

LCL

The "Point de rencontre" (Meeting Point) programme, initiated in 2015 by LCL and the association Apels (Agency for education through sport) offers young adults with few qualifications, involved in a sport and motivated by the idea of working in the banking sector, to join a training programme to become an Individual Customer Advisor, namely a four-week period supervised and directed by Apels on skills that are essential in the professional world, followed by an 18-month internship that allows young people to attend training created by LCL alternating the theory and practice of a banking profession (customer adviser, after-sales service representative). More than 100 young persons have been supported by LCL since 2015. At the end of their professional development contract, 68% of the participants in the first two groups were hired on permanent or fixed-term contracts.

Age diversity

As part of the generation contract agreements, Group entities have committed towards young and older persons by:

- contributing to integrating young people and developing their skills;
- taking part in the retention in employment of older employees through mechanisms that anticipate professional changes;
- promoting inter-generational cooperation through the transfer of knowledge.

CA Consumer Finance

CA Consumer Finance has set up reverse or cross-mentoring systems to promote the transfer of knowledge. For example, young employees support the Management Committee in the use of reference professional social networks such as LinkedIn and Twitter.

5.4.2. Gender equality at work

For the last several years, Crédit Agricole S.A. Group has been committed to an approach to promote gender equality at work, notably thanks to the signature of agreements on subjects such as equality in recruitment, training, promotion, compensation and work-life balance.

In 2018, the Group had 53% women in its worldwide workforce (see 5.6 Social Indicators).

In addition to the actions described in section 5.3.2. aiming to encourage the promotion of women to managerial and executive functions, the Group carries out an equality policy including numerous actions and awareness-raising levers.

LCL

At LCL, internal fairness and gender equality at work are measured annually by three promotion and salary indicators.

LCL offers financial aid mechanisms to access training, which due to geographical distances, could lead to family constraints.

CACEIS

In 2018, CACEIS was awarded the 2018 Positive Actions Award by the Luxembourg Minister for Equal opportunities, Lydia Mutsch. This prize rewards companies that make gender equality the cornerstone of their social policy.

Implementation of indicators

As part of the FreD approach, which applies to all Group entities, a Diversity Plan of Action has been implemented. The objective of the plan, which was initiated in 2016 for a period of three years, is to increase the representation of women in decision-making bodies in a sustainable manner.

To this end, a common methodology has been collectively determined to monitor and manage this action, in particular through:

- the collection of quantitative data and the monitoring of indicators;
- presentation of the follow-up of the action plan to the Executive Committees twice a year;
- monitoring the evolution of the change of women/men in the talent pools.

Developing diversity networks

In France and abroad, six Diversity networks exist within the Crédit Agricole S.A. group (Potenti'Elles Crédit Agricole CIB, Potenti'Elles CAA, Potenti'Elles Crédit Agricole S.A. Social, AMUNDI Women Network, Potenti'el(les)CALF and LC'Elles, introduced in March 2018) with over 1500 members (of which 15% men). These 6 networks, which represent an opportunity for all employees, both women and men, motivated by a greater diversity to contribute to the Group's development, were federated in 2018 within"Cercle Potentielles". A charter has been signed jointly by Cercle Potentielles and Executive Management of the Crédit Agricole S.A. Group in order to multiply the impact of gender initiatives.

At the international level, several women's networks have been established as well (Spring in London, CWEEN in India, Potenti'Elles New-York in the US, RISE in Hong-Kong, WING in Tokyo, MORE à Taiwan).

Externally, the Crédit Agricole S.A. Group is a member of Fédération des réseaux de femmes Financi'Elles.

Awareness-raising actions

The Gender Equality Week, created in 2012, and deployed each year at the same time in all Group entities, represents an important opportunity for communication, discussion and awareness raising for all employees. In 2018, the distribution of a dedicated magazine (Journal 50/50) with interviews with executives on the subject of diversity and the organisation of a series of meetings on"Financial Pedagogy" organised by Cercle Potentielles Circle represented the key moments of this edition.

Crédit Agricole Italia

Crédit Agricole Italia participated in the #diversitywins campaign: the campaign of the Diversity association illustrates the value of diversity and integration within companies, through testimonials from employees. This campaign was presented at the 1st Diversity Brand Summit held in Milan in March 2018.

Balance between work and personal life

Reducing the impact of maternity leave on women's careers, maintain their commitment and develop their talents, meet the new expectations of parent employees (in particular fathers), adapt the work organisation to allow more flexibility, promote better balance for better management of Parenthood: the Crédit Agricole S.A. group has put many measures in place to support the balance of professional and personal life.

Crédit Agricole Bank Polska

Since April 2018, CABP has been conducting PowerON, a programme for all bank employees, dedicated to the good use of energy to improve the balance between professional and private life. The programme includes competitions, training courses, seminars and workshops on the themes of work-life balance, active regeneration and work organisation. In addition, employees have access to the educational platform and an energy audit. 43% of employees have already taken part in it. The program was recognised in the large company category in the national WellPower 2018 competition organised by Infor Group.

Pay equality

Crédit Agricole S.A. group reaffirms its commitment to pay equality between men and women. To achieve this, the Group and all its entities carry out regular analysis to monitor the appearance of any pay differences, and if appropriate, plan remedial measures. In 2018, a consistent approach at Group level was put in place in order to:

- intelligently measure and analyse the wage gaps between men and women, taking into account the diversity of the Group's professions;
- resolve unexplained gaps;
- monitor managerial/HR actions that could result in increased inequalities.

LCL

LCL renewed its commitment to eliminate pay differences that are not justified by objective elements, by allocating €1 million over the 2017/2019 period to remedying unjustified pay differences.

Programmes to support the professional development of women

Specific programmes dedicated to women and notably to their leadership development have been offered for several years by most Group entities in France and abroad.

CA Egypt

CA Egypt participated, for the third year, in the"Egyptian Women: Pioneers for the Future" programme, in collaboration with the NGO Arborus. This programme, supported by the French Institute in Egypt and the UN Women Regional Office, provides young women with training and professional integration opportunities.

Crédit Agricole CIB

Crédit Agricole CIB carries out actions that enable our employees to develop their leadership skills. Accordingly, in 2018, 60 women participated in the "Leadership au féminin" training in France. Internationally, the second edition of the Women Leadership Programme, held over two days, brought together 12 women from the EMEA region in London in June and Paris in November. A pilot session for 15 women from the Asia-Pacific region was also held in July in Hong Kong.

The definitions of the underlined words can be found in the Glossary on page 600.

5.4.3. Uniting through our policy on people with disabilities

DPEF

Since the Law of 11 February 2005, the Crédit Agricole S.A. Group has committed itself, through successive Group agreements on disability, to advancing the direct employment of persons with disabilities within the Group entities and to developing indirect employment, in particular through a purchasing policy from companies in the protected and adapted labour sector.

These three-year commitments, which are monitored annually by the social partners and government representative, have enabled the group to record a very significant increase in the legal indicator (employment rate).

A fifth Group agreement on disability was signed for the period 2017-2019. The agreement still covers most of the above themes, but the objective has changed with a commitment to recruit 150 employees with disabilities, including 50 on permanent employment. The agreement also highlights the interest in monitoring the transformation of temporary contracts into permanent contracts, with a 20% transformation commitment at the end of the agreement. 2018 was a particularly busy year, with Crédit Agricole S.A. actively participating in the discussions prior to the Law of 5 September 2018, which will be implemented on 1 January 2020 (Article 67 of the French Law on the freedom to choose one's professional future), which reshapes the requirement to employ workers with disabilities.

For the second year of the fifth agreement on Disability, the Group recorded 54 new hires of people with disabilities 21 of whom were on permanent contracts. This brings the total number of new hires to 93, including 36 permanent contracts. The volume of purchases from the sheltered and disability-friendly sector should be the same as in 2017.

As every year, the Group was involved in communication and awareness-raising activities, particularly during the week for the employment of persons with disabilities, which took place this year from 19 to 23 November.

The Group also made significant efforts that year to participate in a number of initiatives to promote employee awareness and the inclusion of people with disabilities, such as:

- **Participation in the gala of the *Autistes sans frontières* association**

  That year for the first time, Crédit Agricole S.A. and Amundi participated in the gala of the *Autistes sans frontières* association, held on 14 June 2018.

  The goal of the event was to raise funds to finance specialised and individualised support for hundreds of children with disabilities in mainstream school.
- **Participation in Duoday**

  In the context of the changes in the Law of 2005 the government wanted to implement this regional initiative - consisting of a one-day event to welcome a person with a disability into companies, local authorities or associations paired with an employee volunteer, at the national level this year. The day of awareness-raising and the fight against stereotypes has been set for 26 April. The Crédit Agricole S.A. Group committed to this initiative with several pairs of employees. The initiative was received very favourably by group employees.

5.5. HEALTH & SAFETY, LIFE QUALITY AT WORK, SOCIAL DIALOGUE

DPEF Priority 5

5.5.1. Ensuring the health and safety of employees

During 2018, the Crédit Agricole S.A. group entities continued their actions to ensure that employees enjoy a working environment that ensures their health, safety and security.

Social protection

The Group is also actively involved in the social protection of all its employees in France and abroad, particularly in matters related to health, retirement, death, short and long-term disability.

In 2018, two additional health covers for hospitalisation (*e.g.* with Crédit Agricole S.A., CAL&F or CACEIS) and specialists (with Crédit Agricole S.A. and CAL&F) were implemented in certain Group entities.

DPEF Priority 6

The Take Care programme made it possible to enhance the health and provident schemes (death, disability and temporary incapacity to work cover) for nearly 9,000 employees and their families in four countries of retail banking abroad (Egypt, Morocco, Serbia and Ukraine).

Prevention of psychosocial risks and musculoskeletal disorders

DPEF Priority 5

In February 2018, as part of the prevention of Psychosocial Risks (PSR), LCL organised a chat for the management community and published a brochure detailing existing systems and a table of warning signals, which were then distributed to all employees *via* the intranet. This approach to preventing PSR is the result of team work. Thus, in March 2018 LCL held a third joint round table with occupational health, representatives of trade unions, a social worker, the occupational risk prevention worker, representatives of the quality of life at work segment and representatives of social relations.

In 2018, Crédit Agricole Assurances rolled out an awareness program on the subject of Psychosocial Risks for employees, managers and employee representatives at its three locations in Lille, Vaison-la-Romaine and Paris: eighteen awareness sessions for employees and six one-day training sessions for managers. Employee representatives attended two-day training sessions.

In addition to psychosocial Risks, in 2018 Crédit Agricole Assurances developed a program to prevent musculoskeletal disorders at each of its sites. This approach, which included a presentation by a physiotherapist-ergonomist, involved raising employee awareness followed by an ergonomic analysis of the workstations, accompanied by a proposal for equipment adapted to the needs and risks.

Raising awareness about terrorist risk

In 2018, the Crédit Agricole S.A. Group raised awareness of terrorist risk among all its employees. This action was in the form of online training for all employees on what to do in the event of a terrorist attack. The reasons and practical details of this approach were presented to the Consultation Committee, which includes all the representative trade unions within the Group, at its September 2018 meeting.

The definitions of the underlined words can be found in the Glossary on page 600.

Data protection

As part of the GDPR (General Data Protection Regulation), which came into effect on 25 May 2018, the Group has taken the initiative to create two Personal Data Protection Charters, one for recruitment purposes and the other for Group employees.

These charters, prepared in conjunction with the processing registers set up by the Group entities, explain the rights enjoyed by the Group's current and potential employees, as well as how and where they can exercise these rights.

DPEF Priority 5

5.5.2. Improving the quality of work life

The themes of work-life balance and quality of life at work (QLW) were the subject of activities by the social partners in 2018.

In 2011, the Crédit Agricole S.A. Group adopted a telecommute charter. In order to take into account the trends in working methods, which it considers as opportunities to improve the quality of life, working conditions and efficiency of organisations, the Group wanted to give an impetus to their implementation within the entities. To do so, in November 2018 a charter on new working methods introduced several new provisions compared to previous provisions, such as occasional telecommuting or the possibility of telecommuting not only from home but also from other locations that the employer does not own. It also encourages Group entities to implement measures to avoid digital oversolicitation.

As a follow-up to this charter, Crédit Agricole S.A. signed a revision agreement to its telecommuting agreement of March 2013. The supplemental revision agreement introduces a so-called flexible formula allowing for 18 days of telecommuting to be freely distributed over the year. This formula can be combined with the classic formula of one fixed day per week. Contemporaneously with this agreement, the social partners signed an agreement on the right to disconnect, which not only introduces a right for employees to disconnect, but also reminds them that it is their duty to respect the right of each of their colleagues to disconnect. It then sets out a number of practices aimed at guaranteeing the effectiveness of this right, such as the reminder that digital communication is only a subsidiary means of communication to the other more appropriate modes of communication.

The right to disconnect has also been the subject of a charter within LCL signed in February 2018.

Two entities of the Group, Crédit Agricole Indosuez Wealth Management and Pacifica, the Group's property and casualty insurance company, signed specific quality of life at work agreements in 2018. The Pacifica agreement defines four levers of action that can influence QLW: the organisation and content of work, labour relations, the achievement and development of employees and the development of a healthy and conducive work environment. It is planned that an action plan with at least one action per theme will be negotiated and implemented each year. To ensure that employees adhere to the system, the parties to the agreement agreed to set up a QLW suggestion box. The proposals made therein will be used to draw up the said action plans.

Among the measures it provides for, the Crédit Agricole Indosuez Wealth Management agreement provides for the donation of days of rest to employees caring for a family member with a disability or with a severe inability to care for oneself.

DPEF

5.5.3. Guaranteeing a constructive social dialogue within the Group

5.5.3.1. Conventional employee representation bodies

The Group attaches great importance to the development and maintenance of a rich social dialogue.

Social dialogue is embodied by two institutions across the Crédit Agricole S.A. group and the Regional Banks: the European Works Council and the Group Works Council. In addition, there is a specific body within the Crédit Agricole S.A. group: *le Comité de concertation*.

European Works Council

Established by a collective agreement of 30 January 2008, the European Works Council celebrated its 10th anniversary in 2018.

The European Works Council's select committee met twice in 2018. The meetings mainly focused on monitoring the integration of Pioneer into Amundi and the integration of the three Italian savings banks acquired by Cariparma. They also presented the European strategies of CA Indosuez Wealth Management (including the acquisition of Banco Leonardo), CAA and CA Consumer Finance as well as the international CSR policy.

In addition, in June 2018, the members of the select Committee travelled to Ireland with an expert on a study tour during which they met all management teams of the entities present on site (Amundi/Pioneer, KBI, CACI, CACEIS), presenting the strategic, economic, social and CSR visions for each.

The annual plenary meeting of the European Works Council was held in November 2018. It was an opportunity to discuss the general progress of the Group, the presentation of the reports of the Committee's expert on the progress of the Medium-Term Plan and on the study mission carried out in Ireland, the European strategy of CA Consumer Finance and the presentation of the 2017 social overview.

Lastly, the work of the European Works Council for 2018 was concluded with a training session for all its members on the theme of international and European social dialogue.

Group Works Council

In the course of 2018, the Group Works Council held three plenary meetings, and two meetings of the Economic and CSR Commission.

In addition to the 2017 results and the results of the 2017 IER, a large number of IT-related topics were discussed: two IT projects (Tokyo and Brussels) in March and, in September, the presentation of the Group's IT strategy. Finally, in November 2018, the expert's report on the deployment of Artificial Intelligence and Robotic Process Automation within the Group was presented. These meetings were also an opportunity for the members of the Works Council to be presented with an overview of the Group's general progress and to renew the choice of Ipso Facto as the expert responsible for assisting the Works Council on its work for 2019.

The definitions of the underlined words can be found in the Glossary on page 600.

Consultative Committee

- Crédit Agricole S.A. group's Consultative Committee was formed by an agreement signed on 25 February 2005. Consisting of six representatives per representative trade union organisation at Group level, it met twice in 2018. On these occasions it was presented with the results of IER 2017 and the social synthesis 2017 in May 2018 and, during a meeting held in September 2018, with the IT strategy, the policy for raising the level of security and the charter on new working methods.
- Emanating from the agreement that instituted the Consultative Committee, the trade union representatives of the Group are tasked with improving social dialogue by passing on labour-related information in an informal and constructive way. They met 11 times during the year.

5.5.3.2. Career monitoring unit and the GPEC Committee

Stemming from the job and skills forecast management ("GPEC") agreement of 6 July 2012, two complementary bodies are specifically dedicated to the issue of employment and skills:

- the GPEC Committee is in charge of monitoring the strategy and its foreseeable consequences on employment;
- the mission of the career monitoring unit is to carry out prospective analyses on the careers and job trends.

The GPEC Committee met three times in 2018. A summary of training plans within the Group, a status of current mobility schemes, annual indicators for monitoring the GPEC, a summary of the strategic orientations of the various entities of the Group and the GPEC approach implemented at CALF were presented at these meetings.

The career monitoring unit met twice. The meetings were mainly devoted to the presentation of the GPEC approach implemented within the IT business line and the use of artificial intelligence and Robotic Process Automation in the banking sector and within the Group.

5.5.3.3. Key events of 2018

The implementation of work orders

On 22 September 2017 Work Orders were promulgated, which radically changed the system of employee representation in companies. To better understand these changes, two social conferences bringing together representatives of representative trade union organisations in at least one entity of the Group and representatives of the human resources of these same entities were organised in February and April 2018; they provided an impetus for reflection, created a climate of trust and increased the skills and knowledge of all the parties involved in the upcoming negotiations. At the end of these meetings the Group presented its doctrine on the SSC: to make the plenary SSC the forum for strategic debate, to entrust the CSSCT with a role in accompanying change and to ensure a close dialogue.

The Tokyo project

Tokyo Project aims to create a single IT infrastructure and production segment of the Group, bringing together the IT production activities of CATS, SILCA, Crédit Agricole CIB and CAAS upon its establishing on 1 January 2019, within a new entity named CA-GIP. This project, which involves the transfer of employees within this new entity, was the subject, within each of them, of a two-phase process of information and consultation with the institutions representing the employees involved. The first, which focused on the strategic aspect of the merger, took place in the first half of 2018. The second phase of consultation, which focused on the operational aspects of the project, took place from June to September.

Parallel to these information and consultation processes, the social partners signed a methodological agreement in April 2018, organising intra-company negotiations for the purpose of defining the future collective status of employees that are transferred to the new entity. These negotiations resulted in the unanimous signing on 5 December 2018 of five collective agreements outlining this new status.

Adoption of the Global Deal initiative

As an extension of its CSR policy, the Crédit Agricole S.A. group has joined the Global Deal. This initiative is a multi-stakeholder partnership (government, business, trade unions, other organisations) aimed at encouraging its members to make commitments to promote social dialogue in a broad sense. Each partner is invited to make commitments for the future or to strengthen existing commitments.

The definitions of the underlined words can be found in the Glossary on page 600.

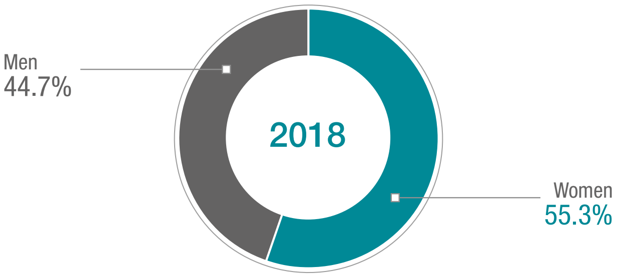
5.6. SOCIAL INDICATORS

Number of employees

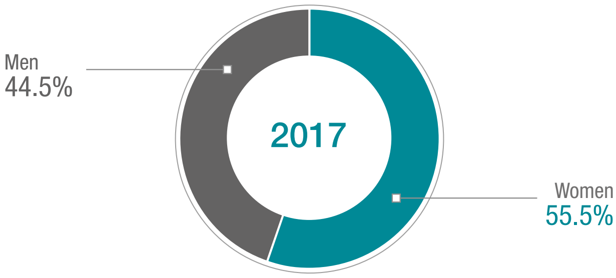
Headcount by type of contract (full-time equivalent)

	2018			2017		
	France	International	Total	France	International	Total
Active permanent contracts	35,416	34,447	**69,863**	35,602	34,581	**70,183**
Fixed-term contracts	584	2,899	**3,483**	608	2,916	**3,524**
Total employees	**36,000**	**37,346**	**73,346**	**36,210**	**37,497**	**73,707**
Non active permanent contract (CDI) employees	1,149	1,316	**2,465**	1,214	1,384	**2,598**
Total	**37,149**	**38,662**	**75,811**	**37,424**	**38,881**	**76,305**

Employees by gender in France



Scope covered - France: 99%

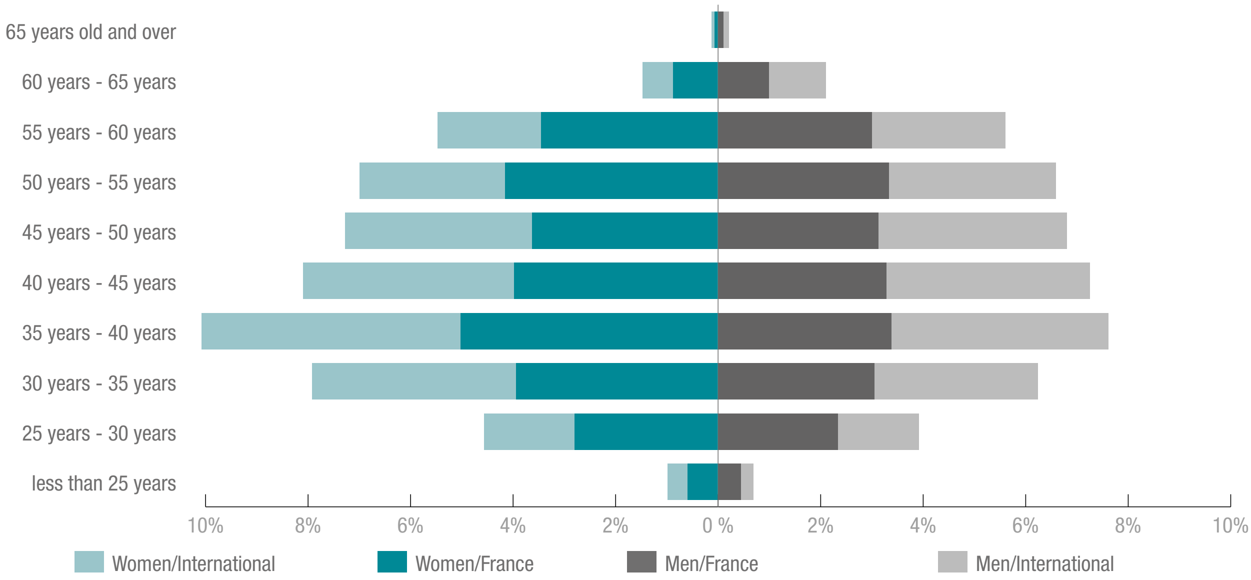


Scope covered - France: 99%

Employees by status in France

	2018		2017	
	Managers	Non-managers	Managers	Non-managers
Headcount in France *(in %)*	**68.1**	**31.9**	**65.8**	**34.2**
Women (in %)	58.5	41.5	55.9	44.1
Men (in %)	79.9	20.1	78.1	21.9
Scope covered - France		*99 %*		*99 %*

Age structure



Scope covered: 99%

The definitions of the underlined words can be found in the Glossary on page 600.

Average age and length of service

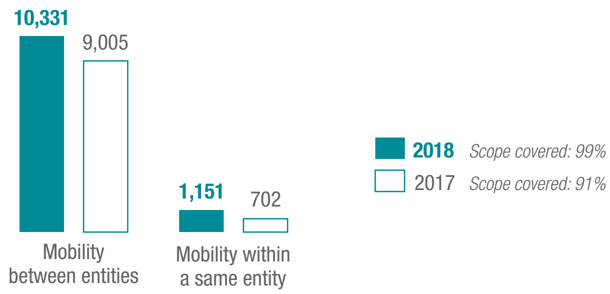
	2018			2017		
	France	International	Total	France	International	Total
Average age	43 years and 2 months old	42 years and 11 months old	**43 years and 1 month old**	43 years	42 years and 4 months old	**42 years and 8 months old**
Average seniority	15 years and 10 months	13 years	**14 years and 6 months**	16 years	12 years and 10 months	**14 years and 6 months**
Scope covered			*99%*			*94%*

Departures of permanent contract employees by reason

	2018				2017			
	France	International	Total	%	France	International	Total	%
Resignation	1,108	1,805	**2,913**	49.1	1,025	1,456	**2,481**	44.6
Retirement and early retirement	706	408	**1,114**	18.7	907	536	**1 443**	26.0
Lay-off	227	421	**648**	10.9	211	336	**547**	9.8
Death	19	21	**40**	0.7	19	21	**40**	0.7
Other	517	703	**1,220**	20.6	435	616	**1 051**	18.9
Total permanent contract departures	**2,577**	**3,358**	**5,935**	**100.0**	**2,597**	**2,965**	**5,562**	**100.0**
Scope covered				*99%*				*94%*

Mobility/career management

Internal mobility



Promotions in France

	2018			2017		
	Women	Men	Total	Women	Men	Total
Promotion in the non-manager category	777	378	**1,155**	1,134	434	**1,568**
Promotion from non-manager to manager	490	316	**806**	458	309	**767**
Promotion in the manager category	527	699	**1,226**	482	632	**1,114**
Total	**1,794**	**1,393**	**3,187**	**2,074**	**1,375**	**3,449**
%	56.3	43.7	**100.0**	60.1	39.9	**100,0**
Scope covered France			*99%*			*99%*

Equal treatment

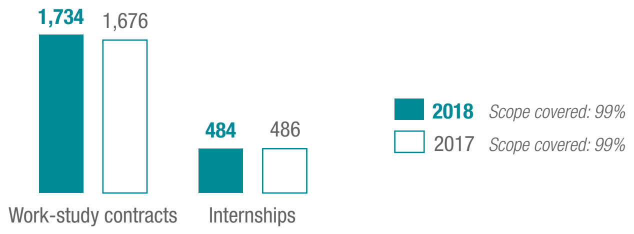
Proportion of women *(%)*

	2018		2017	
	%	Scope covered	%	Scope covered
Among all employees	53.3	99%	53.7	94%
Among permanent contract employees	53.0	99%	51.5	94%
Among management levels 1 and 2	21.4	100%	20.7	100%
Among the Group Executive Committee	1 out of 15	100%	1 out of 16	100%
Among the top 10% of highest-earning employees in each subsidiary (fixed compensation)	29.6	99%	29.9	96%

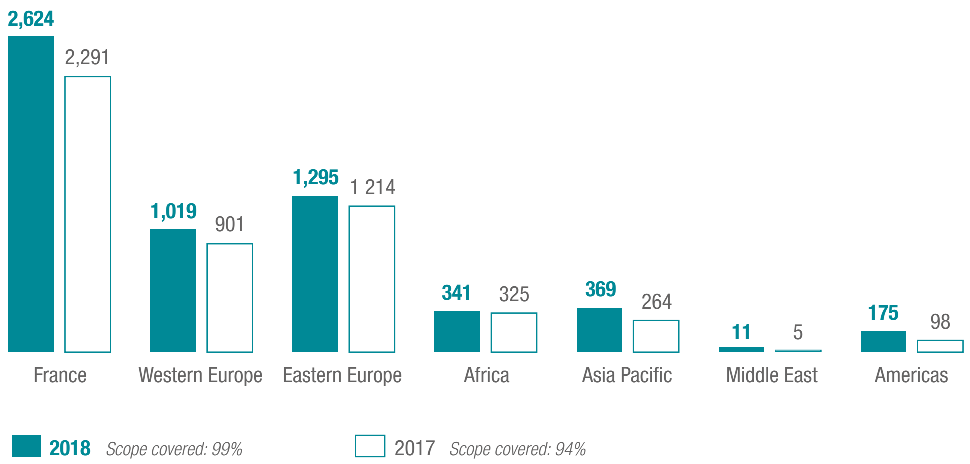
The definitions of the underlined words can be found in the Glossary on page 600.

Recruitment

Internships and work-study contracts in France (monthly average FTE)

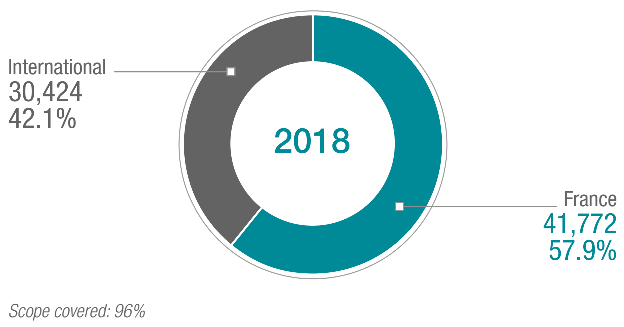


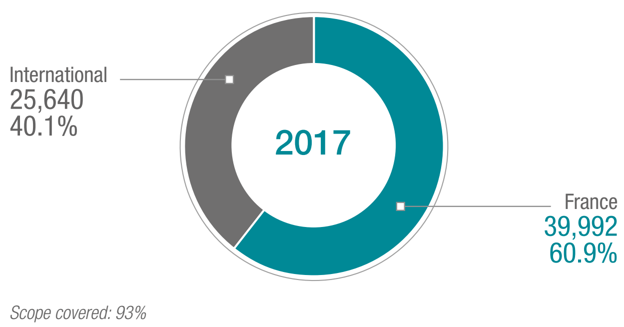
Recruitment by region



Training

Number of employees trained





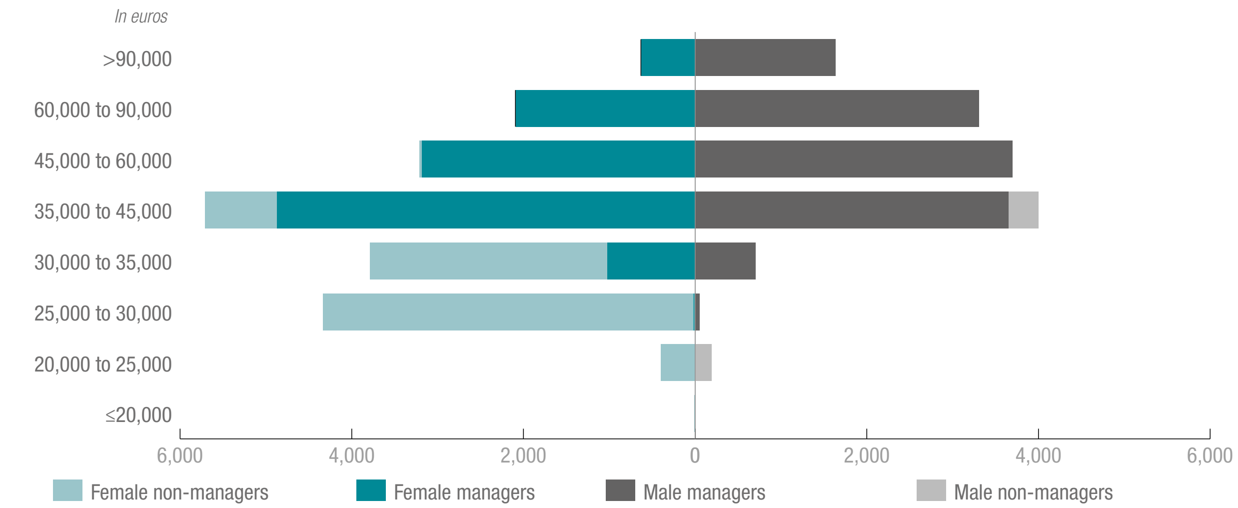
The definitions of the underlined words can be found in the Glossary on page 600.

Training topics

	2018 (12 months)				2017 (11 months)	
	Total	%	o/w France	o/w International	Total	%
Knowledge of Crédit Agricole S.A.	**22,425**	1.1	7,274	15,151	**23,606**	1.4
Personnel and business management	**117,668**	5.8	50,032	67,636	**86,848**	5.1
Banking, law and economics	**397,699**	19.7	278,982	118,717	**308,130**	18.2
Insurance	**259,270**	12.8	101,945	157,325	**260,932**	15.4
Financial management (accountancy, tax, etc.)	**47,005**	2.3	20,267	26,738	**52,606**	3.1
Risk	**81,650**	4.0	50,154	31,496	**87,527**	5.2
Compliance	**368,489**	18.2	101,254	267,235	**227,552**	13.4
Methods, organisation, quality	**125,040**	6.2	29,654	95,386	**60,641**	3.6
Purchasing, marketing, distribution	**105,145**	5.3	28,433	76,712	**136,786**	8.1
IT systems, networks, telecommunications	**40,755**	2.0	24,927	15,828	**37,682**	2.2
Languages	**129,315**	6.4	32,759	96,556	**136,631**	8.1
Office systems, software, new ICT	**44,668**	2.2	23,854	20,814	**38,763**	2.3
Personal development, communication	**192,128**	9.5	82,506	109,622	**153,138**	9.0
Health and safety	**62,264**	3.1	16,950	45,314	**53,852**	3.2
Human rights and the environment	**5,581**	0.3	533	5,048	**2,933**	0.2
Human Resources	**22,608**	1.1	11,935	10,673	**25,517**	1.5
Total	**2,021,710**	**100.0**	**861,459**	**1,160,251**	**1,693,144**	**100.0**
Scope covered			*96%*			*93%*

Compensation

Annual fixed salary scale



Scope covered France: 99%

Average monthly salary of active permanent contract employees in France (gross basic salary)

	2018			2017		
	Women	Men	Total	Women	Men	Total
Manager category	4,369	5,235	**4,823**	4,278	5,178	**4,753**
Non-manager category	2,495	2,490	**2,493**	2,475	2,465	**2,472**
Total	**3,592**	**4,683**	**4,079**	**3,483**	**4,583**	**3,973**
Scope covered France			***99%***			***99%***

The definitions of the underlined words can be found in the Glossary on page 600.

Collective variable compensation paid during the year on the basis of the previous year's results in France

	2018			2017		
	Total amount (in thousands of euros)	Number of beneficiaries	Average amount (in euros)	Total amount (in thousands of euros)	Number of beneficiaries	Average amount (in euros)
Profit-sharing	38,670	32,513	1,189	26,786	12,247	2,187
Incentive plans	192,527	44,127	4,363	181,685	45,458	3,997
Employer's additional contribution	48,037	34,671	1,386	45,087	39,216	1,150
Total	**279,234**			**253,558**		
Scope covered France			*99%*			*99%*

Health & safety

Absenteeism in France in calendar days

	2018							2017		
	Managers		Non-managers		Total		Average number of days' absence per employee	Total		Average number of days' absence per employee
	Women	Men	Women	Men	Number of days	%		Number of days	%	
Sickness	105,051	60,803	146,826	36,576	**349,256**	**51.4**	9.4	**364,382**	**52.9**	9.7
Accident	4,647	2,708	8,435	2,602	**18,392**	**2.7**	0.5	**15,784**	**2.3**	0.4
Maternity, paternity, breast feeding	104,968	8,371	111,059	2,767	**227,165**	**33.5**	6.1	**226,598**	**32.9**	6.0
Authorised leave	26,978	22,289	17,647	5,534	**72,448**	**10.7**	2.0	**71,126**	**10.3**	1.9
Other	4,048	3,073	2,923	1,535	**11,579**	**1.7**	0.3	**11,160**	**1.6**	0.3
Total	**245,692**	**97,244**	**286,890**	**49,014**	**678,840**	**100.0**	**18.3**	**689,050**	**100.0**	**18.3**
Scope covered France							*99%*			*99%*

All French entities collect and report occupational illness and accident data every year in their social review. By way of example, in their respective 2017 social reviews, UES Crédit Agricole S.A. and LCL recorded 59 and 545 accidents (none for serious risks) associated with falls/drops, traffic/handling accidents and everyday occurrences.

Work organisation

Proportion of part-time employees

	2018			2017		
	Managers	Non-managers	Total	Managers	Non-managers	Total
Part-time employees	2,108	2,587	**4,695**	2,062	2,802	**4,864**
Part-time employees as % of total	8.5	22.2	**12.9**	8.6	22.4	**13.3**
Women as % of part-time employees	89.3	91.3	**90.4**	88.9	91.6	**90.5**
Scope covered France			***99%***			***99%***

Labour relations

Number of agreements signed during the year in France by subject

	2018	2017
Compensation and benefits	28	43
Training	0	1
Employee representative bodies	26	9
Jobs	4	6
Working hours	9	12
Diversity and equality at work	3	4
Health & Safety	3	5
Others	18	30
Total	**91**	**110**
Scope covered France	*99%*	*99%*

The definitions of the underlined words can be found in the Glossary on page 600.

NOTE ON METHODOLOGY

The scope encompasses all fully consolidated entities with employees. Each item presented in this document is accompanied by an indication of the scope of employees covered (as a percentage of full-time equivalent (FTE) employees at year-end). The employee data relating to the Regional Banks are not included in this report. The consolidated data cover one calendar year, from 1 January to 31 December.

The examples of CSR practices illustrating the document data and commentary were compiled from surveys of CSR managers, Human Resource Directors and various departments of Crédit Agricole S.A., across a broad representative sample of Crédit Agricole Group entities.

As part of our ongoing policy to improve the reliability of social indicators, once again this year we asked our Statutory Auditors to conduct an in-depth examination of our voluntarily published social indicators. This work is the subject of an independent reasonable assurance report.

Employment reporting:

- Unless otherwise stated, the population under review is that of "working" employees. The notion of working implies:
  - a legal tie in the form of a standard fixed-term or permanent employment contract (or similar abroad);
  - a presence on the payroll and in the position on the last day of the period;
  - working time percentage of 50% or more.
- Unless otherwise stated, the data are presented from the employer's viewpoint and not the beneficiary's viewpoint. The difference relates to employees seconded by one entity to another (with no change in the employment contract) who report to their host entity from the beneficiary's viewpoint and to their contracting entity from the employer's viewpoint.
- In 2017, for the Pioneer entities and the Italian savings banks entities, consolidated by acquisition in 2017, only the full-time equivalent workforce at 31 December 2017 were counted in the scope of employees, to be consistent with the financial scope of consolidation.
- From 2018 onwards, training data are calculated over 12 months. However, in order to take difficulties faced by some of the entities into account, it is possible, in select cases and on an exceptional basis, to substitute the value of the 12th month by extrapolating it according to the first 11 months. The extrapolation must be an interim version toward full 12-month reporting in accordance with regulatory requirements.

Environmental reporting:

- A cut-off was used to remedy the difficulties of collecting information on the <100 FTE entities (though excluding these entities still made it possible to cover over 80% of the workforce in the financial consolidation) with the exception of Crédit Agricole CIB.
- The scope covered by the 2018 environmental data includes France and the subsidiaries with over 100 employees (excluding KBI Global Investors, an asset management company acquired by Amundi in 2016), i.e.: France, the United Kingdom, Italy, Ireland, Austria, Germany, Japan, and the United States. The scope of the environmental data corresponds to a coverage ratio of 89.2% of the Amundi Group's workforce. The reporting scope includes subsidiaries formerly owned by Pioneer, which now have become part of Amundi.
- The coverage ratio for each indicator (energy/water, transport, paper, waste) is expressed in FTE. The coverage ratio for the energy-related indicators were calculated based on the 2017 FTEs and square meters.
- CO_2 emissions are calculated using the benchmark emission factors of the International Energy Agency for electricity (excluding France). For entities in France, the emission factor used is 0.006kg CO_2eq/KWh, the Group having signed a national contract with EDF in 2015 for the supply of 100% renewable energy of French origin (mainly from hydropower). For other types of energy, emission factors used are those of DEFRA (British Department for Environment, Food and Rural Affairs) and the Ademe (French agency for environment and energy management) Carbon Base. For journeys by air, the emission factor takes into account emissions related to radiative forcing.
- For information reported on energy and water consumption:
  - energy and water consumption are based on the bills issued by the suppliers;
  - only consumption billed directly to Group entities is taken into account. Consumption included in rental charges is not taken into account;
  - to measure the coverage rate for environmental indicators, a ratio is calculated on the basis of the FTEs of the entities that responded to the questionnaires;
  - floor space used for buildings corresponds to the gross leasable area (GLA) indicated in the leases as of 31 December.

The definitions of the underlined words can be found in the Glossary on page 600.

CROSS-REFERENCE TABLE

2018 Registration Document	Pages	Energy transition Law	SDG[1]	GRI - G4
Material CSR commitments and links with SDGs				
Identifying priorities and links with SDGs	39-43			G4-2; G4-24; G4-27; G4-26
Managing our CSR performance with FReD	43			G4-2; G4-24; G4-27; G4-44
A long-term commitment	44			G4-2; G4-15; G4-16
CSR governance	44			G4-2; G4-34; G4-35; G4-36; G4-37; G4-38; G4-39; G4-40; G4-48;
Promoting a culture of ethics				
Developing a Group-wide ethical dimension	45-47			G4-14; G4-49; G4-56; G4-58; G4-SO4
Establishing trust-based relationships with customers	47-49		16	G4-PR5
Establishing a committed tax policy	49-50			
Conducting a transparent lobbying policy	50			
Developing accessible finance				
Supporting all customers through good times and bad	51-53		1.4	G4-PR5
Contributing to economic and social dynamism in local regions	54-58		1, 2, 3, 4, 8, 9, 10, 11, 12	G4-EN27; G4-EC8; G4-LA15
Supporting the energy transition				
Larger ambitions	59	Title I Art. 1; Title I Art. 2; Title II Art. 3 and Art. 4; Title V	6, 7, 9, 11, 13	G4-EC2; G4-EN3; G4-EN5; G4-EN6; G4-EN7; G4-EN8; G4-EN15; G4-EN16; G4-EN17; G4-EN19; G4-EN27
A four-pronged climate strategy	59-64	Title I Art. 1; Title I Art. 2; Title II Art. 3 and Art. 4; Title V	6, 7, 9, 11, 13	G4-EC2; G4-EN3; G4-EN5; G4-EN6; G4-EN7; G4-EN8; G4-EN15; G4-EN16; G4-EN17; G4-EN19; G4-EN27
Assessing and managing climate risks	64-65		6, 7, 9, 13	G4-EN27; G4-2
Encourage taking into account ESG factors				
Investing responsibly	66-67		7, 8, 9	G4-EN27
Assessing and managing ESG risks in financing	67-68		6, 7, 8, 9, 13, 14, 15	G4-EN27
Promoting multi-efficient agriculture	68		2	
Protecting resources	69-70	Title IV	12, 15	G4-EN1; G4-EN2; G4-EN4; G4-EN23
Other disclosures	70			G4-33
Women and men to drive transformation and encouraging their engagement				**G4-10**
Listening to our employees and encouraging their engagement	72			G4-LA9; G4-LA10
Stepping up our employees' skill development in a context of big changes	73-75		4	G4-LA9; G4-LA10
Attracting talent, developing our employees and preparing for the future	75-77		4, 5	G4-EC3; G4-LA1; G4-LA2; G4-LA9; G4-LA10; G4-LA13
Building on our diversity for a stronger workplace community	77-79		5, 10	G4-EC3; G4-LA1; G4-LA2; G4-LA13; LA-12
Health & Safety, life quality at work, social dialogue	79-81		3	G4-LA3; G4-LA6; G4-LA8; G4-LA12
Guaranteeing a constructive social dialogue within the Group	80			G4-11; G4-LA5
Social indicators	82-86		3, 4, 5, 10	G4-10; G4-11; G4-EC3; G4-LA1; G4-LA2; G4-LA3; G4-LA5; G4-LA6; G4-LA8; G4-LA9; G4-LA10; G4-LA13

(1) See introduction to chapter 2 detailing the SDGs to which the Group contributes.

The definitions of the underlined words can be found in the Glossary on page 600.

REPORT BY ONE OF THE STATUTORY AUDITORS, APPOINTED AS AN INDEPENDENT THIRD PARTY, ON THE CONSOLIDATED NON-FINANCIAL INFORMATION STATEMENT INCLUDED IN THE MANAGEMENT REPORT

This is a free translation into English of the Statutory Auditor's report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

For the year ended December 31st, 2018

To the shareholders,

In our capacity as Statutory Auditor of Crédit Agricole S.A. (hereinafter the "entity"), appointed as an independent third party and accredited by COFRAC under number 3-1060 rév.2 (whose scope is available at www.cofrac.fr), we hereby report to you on the consolidated non-financial information statement for the year ended December 31st, 2018 (hereinafter the "Statement"), included in the Group management report pursuant to the legal and regulatory provisions of articles L. 225 102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (*Code de commerce*).

THE ENTITY'S RESPONSIBILITY

Pursuant to legal and regulatory requirements, the Board of Directors is responsible for preparing the Statement, including a presentation of the business model, a description of the principal non financial risks, a presentation of the policies implemented considering those risks and the outcomes of said policies, including key performance indicators.

The Statement has been prepared in accordance with the entity's procedures (hereinafter the "Guidelines"), the main elements of which are presented in the Statement (or which are available on request from the company's Corporate Social Responsibility department).

INDEPENDENCE AND QUALITY CONTROL

Our independence is defined by the provisions of article L. 822-11-3 of the French Commercial Code and the French Code of Ethics (*Code de déontologie*) of our profession. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements, French professional guidance and applicable legal and regulatory requirements.

RESPONSIBILITY OF THE STATUTORY AUDITOR, APPOINTED AS AN INDEPENDENT THIRD PARTY

On the basis of our work, our responsibility is to provide a report expressing a limited assurance conclusion on:

- the compliance of the Statement with the provisions of article R. 225-105 of the French Commercial Code;
- the fairness of the information provided in accordance with article R. 225 105 I, 3 and II of the French Commercial Code, i.e., the outcomes, including key performance indicators, and the measures implemented considering the principal risks (hereinafter the "Information").

However, it is not our responsibility to comment on:

- the entity's compliance with other applicable legal and regulatory provisions, in particular the French duty of care law and anti-corruption and tax evasion legislation;
- the compliance of products and services with the applicable regulations.

Nature and scope of our work

The work described below was performed in accordance with the provisions of articles A. 225-1 et seq. of the French Commercial Code determining the conditions in which the independent third party performs its engagement and with the professional guidance of the French Institute of Statutory Auditors ("CNCC") applicable to such engagements, as well as with ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information.

Our procedures allowed us to assess the compliance of the Statement with regulatory provisions and the fairness of the Information:

- we obtained an understanding of all the consolidated entities' activities, the description of the social and environmental risks associated with their activities and, where applicable, the impact of these activities on compliance with human rights and anti corruption and tax evasion legislation, as well as the resulting policies and their outcomes;
- we assessed the suitability of the Guidelines with respect to their relevance, completeness, reliability, objectivity and understandability, with due consideration of industry best practices, where appropriate;
- we verified that the Statement includes each category of social and environmental information set out in article L. 225 102-1 III, as well as information regarding compliance with human rights and anti corruption and tax evasion legislation;
- we verified that the Statement includes an explanation for the absence of the information required under article L. 225-102-1 III, 2;
- we verified that the Statement presents the business model and the principal risks associated with all the consolidated entities' activities, including where relevant and proportionate, the risks associated with their business relationships and products or services, as well as their policies, measures and the outcomes thereof, including key performance indicators;

- we verified, where relevant with respect to the principal risks or the policies presented, that the Statement provides the information required under article R. 225-105 II;
- we assessed the process used to identify and confirm the principal risks;
- we asked what internal control and risk management procedures the entity has put in place;
- we assessed the consistency of the outcomes and the key performance indicators used with respect to the principal risks and the policies presented;
- we verified that the Statement covers the scope of consolidation, i.e., all the companies included in the scope of consolidation in accordance with article L. 233-16 within the limitations set out in the Statement;
- we assessed the data collection process implemented by the entity to ensure the completeness and fairness of the Information;
- for the key performance indicators and other quantitative outcomes that we considered to be the most important, we implemented:
  - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data,
  - substantive tests, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out on a selection of contributing entities, namely Crédit Agricole Bank Polska, Cariparma, Crédit du Maroc, Crédit Agricole Corporate Investment Bank, LCL and Crédit Agricole Consumer Finance France, as well as in the head office of Crédit Agricole S.A. for information consolidated at Group level or specific information related to entities not listed above, and covers between 46% and 100% of the consolidated data relating to the key performance indicators and outcomes selected for these tests;
- we referred to documentary sources and conducted interviews to corroborate the qualitative information (measures and outcomes) that we considered to be the most important;
- we assessed the overall consistency of the Statement based on our knowledge of all the consolidated entities.

We believe that the work carried out, based on our professional judgement, is sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures.

Means and ressources

Our work was carried out by a team of 12 people between October 2018 and March 2019 and took a total of 8 weeks.

We were assisted in our work by our specialists in sustainable development and corporate social responsibility. We conducted some forty interviews with some sixty people responsible for preparing the Statement.

Conclusion

Based on our work, nothing has come to our attention that causes us to believe that the non-financial statement is not in accordance with the applicable regulatory provisions and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines.

Neuilly-sur-Seine, the 25 of March 2019
One of the Statutory Auditors
PricewaterhouseCoopers Audit

Anik Chaumartin	Sylvain Lambert
Partner	*Sustainable Development Partner*

The definitions of the underlined words can be found in the Glossary on page 600.

APPENDIX: LIST OF THE INFORMATION WE CONSIDERED MOST IMPORTANT

Selection of qualitative and quantitative information, associated with the policies, measures and outcomes related to the eleven principal issues identified for the activity of Crédit Agricole S.A., disclosed in the following sections of the management report:

Main issues identified	Sections of the management report disclosing the related policies, measures and outcomes reviewed within the framework of our work
Respecting ethics in business	1.1.3. Training of directors and executives *And the KPI: share of Directors of Crédit Agricole S.A. (corporate entity) trained*
Responding to the needs of our loyal clients	1.2.1. Protecting customer's data *And the KPI: % of Crédit Agricole S.A. employees receiving training with respect to the Personal Data Charter*
Managing all risks, including ESG	3.3.1. Managing climate risks within financings *And the KPI: validation of climate risk strategy by the governing bodies*
Supporting all customers through good times and bad	2.1.2.A. Financial and budget education 2.1.1.A. Over-indebtedness, including the quantitative result number of customers in situations of vulnerability identified and contacted *And the KPIs: evolution of the number of young people attending to budgetary and banking education programs, evolution of the number of financially vulnerable customers supported*
Improving the quality of work life	5.1.1. Engagement and Recommendation Index, including the quantitative result number of employees invited to participate in the survey and number of free-text comments submitted 5.5.1. Prevention of psychosocial risks and musculoskeletal disorders, including the quantitative result number of awareness sessions for employees and number of training sessions for managers *And the KPIs: participation rate to the third ERI, number of calendar days of absence per employee due to illness and accident*
Ensuring fairness and promoting diversity	5.4.2. Gender equality at work, including the quantitative result % of women in the worldwide workforce *And the KPI: % of women in decision-making bodies*
Reinforcing the inclusion of the ESG criteria in our products and services	3.2.2. Growing the Group's presence in renewable energy, including the quantitative result number of projects financed by Unifergie 3.1. Larger ambitions 3.2.4.B. Investing in the energy transition *And the KPIs: evolution of the arrangements in support of the energy transition, evolution of the financing raised by Amundi with its specialised management companies, evolution of the financing of renewable energy and energy efficiency project by Unifergie and LCL*
Supporting the economic development of regions and their response to sustainable development challenges	2.2.2. Developing a product offering with social impact, including the quantitative result number of financed social actors 2.1.4.B. Of farmers *And the KPIs: evolution of the outstanding amounts in social impact funds, evolution of the number of weather-related insurance policies*
Improving governance	CSR Governance *And the KPI: number of presidents of Regional Banks who participated to awareness raising sessions*
Fostering personal development and employability	5.2.2. Promoting employee mobility, including the quantitative result number of worldwide transfers, number of promotions in France, number of new permanent positions published on the internal job board *And the KPIs: evolution of the number of transfers between entities, evolution of the number of transfers within entities*
Reducing our environmental footprint	3.2.1.B. Control and reduce the direct carbon footprint, including the quantitative result emissions related to energy consumption and business travels, quantity of carbon's emissions offset *And the KPI: % of reduction of greenhouse gas emissions between 2015 and 2018*

The definitions of the underlined words can be found in the Glossary on page 600.

COMMITTED
AND RESPONSIBLE GOVERNANCE

THE BOARD OF DIRECTORS

11 Plenary meetings
of the Board in 2018
including 2 seminars

6 Specialised Committees

- Risk Committee
- US Risks Committee
- Audit Committee
- Compensation Committee
- Appointments and Governance Committee
- Strategy and CSR Committee

35 Committee meetings

47% women on the Board

53% men on the Board

98% attendance rate for the meetings in 2018

COMPENSATION POLICY

Integration of CSR criteria in the variable compensation of executives

1 **Increase of capital** reserved for employees all years

4.42% of capital held by Group employees or former employees

Over 90% General Meeting approval rate of compensation

1. BOARD OF DIRECTORS' REPORT

ON THE GOVERNANCE OF THE COMPANY TO THE GENERAL MEETING OF SHAREHOLDERS OF 21 MAY 2019 PURSUANT TO ARTICLES L. 225-37 AND L. 225-37-4 OF THE FRENCH COMMERCIAL CODE

Corporate Governance Report for financial year 2018

In addition to the management report, the Board of Directors' Corporate Governance Report presented pursuant to Article L. 225-37 of the French Commercial Code – provides shareholders with the required information on the Board's activities in 2018, its composition, and the conditions under which the Board prepared and organised its work. It also presents the situation of Crédit Agricole S.A. in respect of the regulated information required under Article L. 225-37-4 and falling within the Board's remit, including:

- the list of offices held by each Corporate Officer in any company during the financial year;
- any agreements which took place either directly or via an intermediary between, on the one hand, one of the Corporate Officers or a shareholder holding more than 10% of a company's voting rights and, on the other hand, another company of which the first directly or indirectly holds more than half of the share capital, excluding any agreements concerning ordinary operations signed under normal conditions;
- a description of the diversity policy applicable to the members of the Board of Directors with regard to criteria such as age, gender, qualifications and professional experience, as well as a description of this policy's objectives, its implementation procedures, and the results obtained during the financial year ended; this description is complemented by information on how the Company pursues a balanced representation of women and men in the Committee, where applicable, by general management in order to regularly assist them in the performance of their general tasks and on the results in terms of gender balance in the 10% of positions with higher responsibility;
- any restrictions imposed by the Board of Directors on the Chief Executive Officer's powers;
- any areas of non-compliance with the AFEP/MEDEF Code applicable within Crédit Agricole S.A.

Pursuant to Article L. 225-37-2 of the French Commercial Code, this Corporate Governance Report also includes the draft resolutions on the principles and criteria for determining and allocating the fixed, variable and exceptional elements of total compensation and benefits in kind awarded to the Chairman, Chief Executive Officer and Deputy Chief Executive Officer. The report details the above-mentioned elements of compensation and specifies that the payment of the variable and exceptional compensation is subject to approval of these compensation components by the Ordinary General Meeting.

Lastly, excluding the Board's powers, in particular concerning the issuing or buyback of shares presented in this section, certain information required under Article L. 225-37-4 and L. 225-37-5 is presented in other sections of this document:

- the table summarising the authorisations in force granted by the General Meeting of Shareholders concerning capital increases, pursuant to Articles L. 225-129-1 and L. 225-129-2, mentioning the use made of such authorisations during the financial year (Information on capital and shareholders page 30);
- the terms governing shareholder participation in the General Meeting as provided for in Articles 21 to 29 of the Articles of Association (General information pages 571 to 573) are also available for consultation at the registered office of Crédit Agricole S.A. and on its website www.credit-agricole.com.

A cross-reference table listing all the legal publication requirements before and after the reform introduced by the Order of 12 July 2017 is included on page 607 of this Registration Document.

1.1. INFORMATION CONCERNING THE BOARD'S COMPOSITION AND OPERATION

1.1.1. General presentation of the Board of Directors

The Chairman

In accordance with the governance model of Crédit Agricole, which separates steering and control functions on the one side from executive functions on the other side, the office of Chairman and that of Chief Executive Officer of Crédit Agricole S.A. are historically separate. The Company thus complies with Article L. 511-58 of the French Monetary and Financial Code, which provides that: "the Chairmanship of the Board of Directors, or of any other body performing equivalent oversight functions in respect of a credit institution or a finance company, cannot be held by the Chief Executive Officer or by anyone performing equivalent management duties".

Under Article L. 512-49 of the French Monetary and Financial Code, the Chairman is elected by the Board of Directors from among its members who are Directors of a Crédit Agricole Regional Bank. The term of office, which is renewable, coincides with the term of office as a Director, which is three years.

As part of his statutory duties, the Chairman of the Board of Directors:

- approves the agendas for the Board Meetings and ensures that the information provided to the Directors is adequate to make reasoned decisions; to this effect, he contributes to the smooth flow of information between the Board and the Executive Management, and between the Board and its Committees;
- encourages and promotes open, critical discussions and ensures that all viewpoints can be expressed within the Board;
- ensures that the responsibilities held within the Board are clear for all Directors.

The Chairman of the Board chairs the Board's Strategy and CSR Committee and is a member of the Appointments and Governance Committee.

As a part of his relations with employee representative bodies, he chairs the European Works Council of the Crédit Agricole S.A. Group. Each year in January he convenes the Directors representing employees and the representative of the Works Council on the Board of Directors, to discuss the operation of the Board of Directors and, more broadly, any current topic.

Since November 2015, for the purpose of simplifying the organisation of the Crédit Agricole Group, the Chairman of Crédit Agricole S.A. is also the Chairman of the Fédération nationale du Crédit Agricole. In this respect, he plays an essential coordination role between Crédit Agricole S.A. and Crédit Agricole's Regional Banks, its majority shareholder via SAS Rue La Boétie, of which he is the Chairman. To that extent he is at the centre of the coordination between the federal authorities governing the regional banks and Crédit Agricole S.A. to explain the new 2022 Strategic Plan.

In 2018, in addition to constant dialogue with the Chief Executive Officer of Crédit Agricole S.A., and meetings with Senior Executives on strategic issues or issues falling within the Board's remit, in particular with the Group Chief Risk Officer and the Deputy General Manager, Chief Financial Officer of the Group, the Chairman took part in:

- the main meetings with the ECB's joint supervision team in charge of Crédit Agricole, as well as meetings with Banking Supervision Officers;
- the main press conferences, as well as the press encounters and interviews organised by the Communications department of Crédit Agricole S.A.;
- in internal events and meetings with teams of Crédit Agricole S.A., including in 2018 teams of Crédit Agricole Assurances, LCL and, in Germany, teams of the main entities that are present there.

The Chairman also represents the Group at major public events such as the Paris International Agricultural Show, events organised for the 10th anniversary of the Grameen Crédit Agricole microfinance foundation and in projects supported by the Crédit Agricole S.A. Group, such as the *Fondation Un Avenir Ensemble* (a non-profit foundation that helps disadvantaged young people), the *Fondation Crédit Agricole Pays de France,* the *Fondation Crédit Agricole Solidarité et Développement,* and CICA, an organisation bringing together banks from 24 countries for the financing of agriculture.

The Board of Directors

The Board of Directors of Crédit Agricole S.A. comprises 21 Board members, including its Chairman, as follows:

- eighteen Directors elected by the General Meeting of Shareholders including:
  - ten Directors who are Chairmen or Chief Executive Officers of Crédit Agricole's Regional Banks,
  - one Director that is a legal entity, SAS Rue La Boétie, represented by a Chief Executive Officer of a Regional Bank who is also Deputy Chairman of SAS Rue La Boétie,
  - six Directors from outside the Crédit Agricole Group,
  - one Director who is an employee of a Regional Bank;
- one Director representing professional farming associations, appointed by joint decree of the Ministry of Finance and the Ministry of Agriculture, pursuant to the Act of 18 January 1988 on the mutualisation of Caisse nationale de Crédit Agricole, which became Crédit Agricole S.A. on 29 November 2001;
- two Directors elected by the employees of Crédit Agricole S.A. Group.

The Board also includes a non-voting Director who is Chief Executive Officer of a Crédit Agricole Regional Bank and a non-voting Director who is Chairman of a Crédit Agricole Regional Bank.

Non-voting Directors are appointed by the Board of Directors on the recommendation of the Chairman, following a review of the application by the Appointments and Governance Committee. They attend Board Meetings in an advisory capacity. Their presence not only reflects the Group's desire to enrich a geographical representation of the Regional Banks on the Board, but it also constitutes a pool of potential appointees to the Board to replace outgoing members. This was the case for François Thibault in 2015, when he was elected to the office of Director by the General Meeting of 20 May 2015, with Jean-Paul Kerrien, who was co-opted by the Board as a Director on 4 November 2015, with Catherine Pourre, who was appointed by the General Meeting of 24 May 2017, and with Philippe Boujut, who was appointed by the General Meeting of 16 May 2018.

Lastly, a Works Council representative attends the meetings of the Board of Directors in an advisory capacity.

This composition of the Board serves several objectives:

- to ensure the long-term majority representation of the Regional Banks on the Board of Directors of Crédit Agricole S.A. in which they hold a majority of shares (56.26% at end-2018) and voting rights (56.34% at end-2018) through SAS Rue La Boétie, which makes it immune to takeover bids;

- to continue the representation of employees of Crédit Agricole S.A. and the Regional Banks in the Board of Directors after the initial public offering, under the conditions set out in 1984 by the Governance rules for the Caisse nationale de Crédit Agricole in effect at the time;
- to preserve the historical relationship with the agricultural sector, of which Crédit Agricole is the leading financier in France, via a representative of its professional organisations;
- to benefit from the external expertise of independent Directors, both to meet the criteria of good governance and above all to enrich the collective competence of the Board and its discussions.

With regard to Directors representing employees, their participation in the Board is ensured by:

- two Directors (one manager and one non-manager) elected by the employees of the Economic and Social Unit of Crédit Agricole S.A. in accordance with the provisions of Articles L. 225-27 *et seq.* of the French Commercial Code;
- one representative of employees of the Regional Banks, selected under the collective agreement, under the auspices of the Fédération nationale du Crédit Agricole, from within the labour union best representing the Regional Banks and whose appointment has been submitted to vote in the General Meeting under the conditions of ordinary law.

Without taking into account the three Directors representing employees, 33% of the Directors on the Board are independent, in line with the recommendation of the aforementioned AFEP/MEDEF Code for companies controlled by a majority shareholder.

The addition of these objectives results in a Board of Directors consisting of 21 Directors. Any increase or decrease in the number of Directors representing any of the above-mentioned categories would automatically result in a proportional increase or decrease of the number of Directors in the other categories in order to maintain this balance as required by law and by the Articles of Association.

To date, each of the annual assessments conducted with stakeholders has confirmed that the size of the Board of Crédit Agricole S.A. is totally appropriate for its members.

In addition to the above-mentioned provisions of the Articles of Association, it is specified, pursuant to Article L. 225-37-5 of the French Commercial Code, that the rules applicable to the appointment and replacement of members of the Board of Directors of Crédit Agricole S.A. are the ordinary-law rules laid down in the French Commercial Code and the French Monetary and Financial Code (in particular Article L. 511-51). As Crédit Agricole S.A. is an entity under the direct supervision of the European Central Bank, its Board of Directors is also covered by the ECB's Single Supervisory Mechanism (SSM Framework Regulation of 16 April 2014). To this effect, after the appointment (or re-appointment) of Directors by the General Meeting, the European Central Bank issues a non-opposition notice after a review of each appointee's repute, expertise and availability.

To date, no opposition notice has ever been issued by the European Central Bank in respect of a Director of Crédit Agricole S.A.

Changes within the Board and Committees in 2018

There have not been any significant changes in the composition of the Board of Directors in 2018.

At the General Meeting of 16 May 2018, Philippe Boujut, Chairman of the Regional Bank of Charente-Périgord as a non-voting Director, was elected member of the Board to succeed Jean-Pierre Paviet, who had reached the age limit.

Following the elections of Directors to represent the employees of the Economic and Social Unit (U.E.S.) in the Board of Directors of Crédit Agricole S.A., held from 24 until 31 May 2018, the following were elected for a term of three years, effective 25 June 2018:

- Executive College: François Heyman (re-elected; third term);
- Technical college: Simone Védie (first term).

Simone Védie was elected to the position previously held by Christian Moueza, who wished to exercise his pension rights and was not standing for re-election. The terms of three years for Simone Védie and François Heyman took effect on 25 June 2018.

In addition, after the appointment of Philippe Boujut as a Director, followed by the decision of François Macé to exercise his pension rights as of 1 October 2018, the Board, upon recommendation of the Chairman and after consulting the Appointments and Governance Committee, appointed as non-voting Directors respectively with effect of 16 May 2018 and 2 October 2018:

- Philippe de Waal, Chairman of the Regional Bank of Brie Picardie, Vice-Chairman of the Transformation and Performance Commission of the FNCA and member of the Mutual Life and Identity Commission of Crédit Agricole;
- Pierre Cambefort, Chief Executive Officer of the Regional Bank of Nord Midi-Pyrénées, Chairman of Crédit Agricole Payment Services, former Deputy Chief Executive Officer of Crédit Agricole CIB .

Following the General Meeting of 16 May 2018, the Board of Directors renewed the composition of these six Specialised Committees without any change.

1.1.2. Rules of operation of the Board of Directors and Specialised Committees

Operation

The operation of the Board of Directors is governed by legal provisions and by the Board's Rules of Procedure. The same applies to the six Specialised Committees:

- Risk Committee;
- United States Risk Committee;
- Audit Committee;
- Compensation Committee;
- Appointments and Governance Committee;
- Strategy and CSR Committee.

The Board's Rules of Procedure, to which are appended the Directors' Code of Conduct and, since December 2016, the code of ethics, are appended to this report in the latest version of these documents updated in December 2018. Along with the Committees' Rules of Procedure, these documents are available on the Crédit Agricole S.A. website at https://www.credit-agricole.com.

Furthermore, the Board of Directors of Crédit Agricole S.A. is entirely composed of non-executive Directors, and no severance benefit is payable to Board members upon termination of their office, irrespective of the reason.

Directors' compensation

Board members receive Directors' fees. The conditions for allocating Directors' fees, as described below, are determined by the Board on the recommendation of the Compensation Committee.

Compensation of Board members is based entirely on their attendance at Board Meetings. Directors receive the same compensation for attending strategy seminars and special meetings, *i.e.* those not on the annual calendar, and scheduled meetings, up to a maximum of the total amount approved.

The definitions of the underlined words can be found in the Glossary on page 600.

Board members receive additional Directors' fees for attending meetings of the Specialised Committees: the Chairmen of the Board's Specialised Committees receive an annual flat rate fee, which differs according to the Committee. Committee members receive a set fee for each Committee Meeting they attend.

Non-voting Directors receive the same compensation for attending Board Meetings and, when they are members, Specialised Committee Meetings.

Director's fees approved total €1.4 million. This amount is unchanged from the General Meeting of 19 May 2016.

The Board, on the recommendation of the Compensation Committee, decided on its distribution as follows:

- a set fee of €4,000 per Board Meeting;
- a set fee of €2,700 per Committee Meeting;
- an annual fixed amount of €20,000, allocated to the Chairs of the Compensation Committee, Appointments and Governance Committee, and United States Risk Committee, respectively;
- €35,000 flat fee for the Chairmanship of the Risk Committee;
- €35,000 flat fee for the Chairmanship of the Audit Committee.

The Chairman of the Board of Directors, Dominique Lefebvre, waived all compensation other than compensation for his role as Chairman, despite sitting on the Strategy and CSR Committee and the Appointments and Governance Committee.

Renée Talamona waived her Directors' fees both for attending meetings of the Board and of the Strategy and CSR Committee on which she sits.

The three Directors representing employees on the Board do not receive any Directors' fees. Instead, they are paid over to their unions.

The Board has also set up a system for reimbursing Board members for travel expenses, based on costs incurred by each member for attending Board and Committee Meetings. This system is renewed by the Board each year.

	2017	Net amount received in 2018[1]					
Directors	**Net amount received from Crédit Agricole S.A. in 2017[1]**	**Crédit Agricole S.A.**	**CACIB**	**LCL**	**Amundi**	**Total other Group subsidiaries**	**Grand total 2018**
Directors elected by the General Meeting of Shareholders							
Dominique Lefebvre[2]	0	0	-	-		0	0
Raphaël Appert	25,527	45,011				0	45,011
Pascale Berger[3][4]	30,420	33,120	-	-		0	33,120
Philippe Boujut[5]	12,700	28,000	-	-		0	28,000
Caroline Catoire	45,149	50,681	-	-		0	50,681
Laurence Dors	57,849	64,681	-	-		0	64,681
Daniel Épron	40,005	46,900	-	-		20,045	66,945
Véronique Flachaire	45,149	45,081	-	-		0	45,081
Jean-Pierre Gaillard	45,149	50,681	-	14,700		14,700	65,381
Françoise Gri	72,025	94,850	28,770	-		28,770	123,620
Jean-Paul Kerrien	26,289	37,450	-			15,400	52,850
Monica Mondardini[6]	39,200	52,320	-	-		0	52,320
Gérard Ouvrier-Buffet	38,291	43,121	-	-		28,607	71,728
Jean-Pierre Paviet[7]	12,700	11,200	15,750			15,750	26,950
Catherine Pourre[6]	59,897	79,526	44,472			44,472	123,998
Christian Streiff	46,863	60,131	-	-		0	60,131
Renée Talamona[2]	0	0			0	0	0
Louis Tercinier	17,844	33,671				0	33,671
François Thibault	40,005	54,461	23,940	-		23,940	78,401
Directors elected by the staff							
François Heyman[3][4]	41,828	44,298	-	-	-	0	44,298
Christian Moueza[3][4][7]	30,420	19,804	-	-	-	0	19,804
Simone Védie[3][4][5]	-	13,248				0	13,248
Director representing the professional agricultural organisations							
Christiane Lambert	5,080	19,600				0	19,600
Non-voting Director							
Pierre Cambefort[8]	-	8,400				0	8,400
Philippe de Waal[8]	-	16,800	-	-		0	16,800
François Macé[9]	22,860	19,600	-	-		0	19,600
	755,250	**972,635**	**112,932**	**14,700**	**0**	**191,684**	**1,164,319**

(1) After the following deductions from the sums payable to individual beneficiaries resident in France: income tax prepayment (12.8%) and social contributions (17.2%).
(2) Do not receive Directors' fees.
(3) The three Directors representing employees on the Board do not receive their Directors' fees, instead, they are paid over to their unions.
(4) After deductions of social contributions (17.2%).
(5) Appointment as a Director (May and June 2018).
(6) 12.8% withholding tax (non-resident in France).
(7) Outgoing Directors (May and August 2018).
(8) Appointment as non-voting Director (October 2018).
(9) Outgoing non-voting Director (August 2018).

The definitions of the underlined words can be found in the Glossary on page 600.

1.1.3. Governance and diversity policy

Given the size of Crédit Agricole S.A., the Board of Directors is required to comply with the provisions of the French Commercial Code governing the diversity policy it pursues within the Company, as well as ensure that a similar policy exists within the Management bodies.

Board's diversity policy

Gender balance

Crédit Agricole S.A. is subject to the provisions of Article L. 225-18-1 of the French Commercial Code, under which "the proportion of Directors of each gender may not be less than 40% in companies whose shares are admitted to trading on a regulated market".

The only exclusion from the denominator laid down by the law concerns "Directors elected by employees", *i.e.* two Directors out of twenty-one. Pascale Berger – representing the employees of the Regional Banks under the collective agreement but having been elected directly by the shareholders at a General Meeting – is taken into account in the calculation of the 40% threshold. The same applies to Christiane Lambert – representing professional farming associations – who was appointed by the French Ministers of Agriculture and the Economy and Finance, and is thus not covered by the legal exclusions.

As at 31 December 2018, nine of the 19 members in the Board of Directors of Crédit Agricole S.A. were women, which under the legal requirements represented a ratio of 47%. These nine members were P. Berger, C. Catoire, L. Dors, V. Flachaire, F. Gri, C. Lambert, M. Mondardini, C. Pourre, R. Talamona.

Regardless of the legal provisions, with the election of Simone Védie to replace Christian Moueza in June 2018 the ratio remains the same, taking into account the Directors elected by employees, *i.e.* 10 women out of 21 Directors.

With the exception of the Strategy and CSR Committee – chaired by Dominique Lefebvre who is also Chairman of the Board of Directors – the five other Specialised Committees are chaired by women:

Specialised Board Committees	Chair
Risks Committee	Françoise Gri
United States Risk Committee	Françoise Gri
Audit Committee	Catherine Pourre
Compensation Committee	Laurence Dors
Appointments and Governance Committee	Monica Mondardini
Strategy and CSR Committee	Dominique Lefebvre

Age and term renewal

As at 31 December 2018 the average age of Directors was 59.5 years. The age limit to carry out the duties of a Director is set by law at 65 years, the age being measured at the date of the nearest General Meeting after a Director's 65th birthday. The age limit for the Chairman is 67 years.

The Board of Directors does not have a policy in terms of minimum age or age balance, although regulatory requirements in terms of the profiles and expertise of Directors in the banking sector do lead to the choice of candidates with proven professional experience. In its May 2017 Guide on the assessment of the good repute and competence of managers and Directors of banking institutions, the European Central Bank considers, for example, that the presumption of competence is acquired for persons with "three years of recent practical experience in high-level management positions and theoretical experience in the banking sector". By adopting senior management experience as a criterion for approving appointments of Directors, the supervisor guides the choice for Department with a mature profile.

For its part the Board of Directors, under the guidance of the Appointments and Governance Committee, ensures that the renewal of Directors elected by the General Meeting is carried out such as to promote, in as far as possible, a balanced scheduling of the expiry dates of their terms of office. Given the average age of the members of the Board of Directors, the main reason for leaving is reaching the age limit.

The term of office of Crédit Agricole S.A. Directors as private individuals is fixed at three years by the Articles of Association. Directors may not serve for more than four consecutive terms. The table below shows the expiry dates of the terms of office of Directors elected by the General Meeting of Shareholders for the next three years.

The expiry of the terms of office of the two Directors elected by the employees of Crédit Agricole S.A. is governed by an electoral protocol.

The representative of the Professional Agricultural Organisations in the Board of Directors, Christiane Lambert, has been appointed by order of the Minister of Economy and Finance and the Minister of Agriculture and Food on 28 August 2017 for a renewable term of three years.

Expiry of the terms of office of Company Directors elected by the General Meeting

(General Meeting of Shareholders to approve the annual financial statements)

Name	2019 General Meeting	2020 General Meeting	2021 General Meeting
Dominique Lefebvre	✓		
SAS Rue La Boétie represented by Raphaël Appert			✓
Pascale Berger			✓
Philippe Boujut			✓
Caroline Catoire		✓✓✓	
Laurence Dors		✓✓✓	
Daniel Épron		✓✓✓	
Véronique Flachaire	✓		
Jean-Pierre Gaillard	✓		
Françoise Gri		✓	
Jean-Paul Kerrien	✓		
Monica Mondardini			✓✓✓
Gérard Ouvrier-Buffet		✓	
Catherine Pourre		✓	
Christian Streiff		✓✓	
Renée Talamona			✓
Louis Tercinier			✓
François Thibault		✓✓	

✓ : Renewable term of office.
✓✓ : Non-renewable term of office.
✓✓✓ :Renewable for one year.

Knowledge and expertise

To better meet its legal obligations to assess the expertise required for its proper operation, the Board of Directors of Crédit Agricole S.A. has defined its desired diversity policy with regard to the experience and profiles of its members in a procedural memorandum, adopted on 7 November 2017. The Board considers that the addition of individual professional experience of the Directors forms the basis of the collective competence of the Board of Directors, which French law recognises as a collegial body. This diversity contributes to the richness of exchanges within the Group in key areas of the Group's banking and insurance activities, as well as in their environment, and is a guarantee of its proper operation.

The definitions of the underlined words can be found in the Glossary on page 600.

The definition of the required profiles and experiences was adopted by the Board of Directors on the proposal of the Appointments and Governance Committee, to which the French Monetary and Financial Code (Article L. 511-98) has entrusted the task of "assessing the balance and diversity of knowledge, expertise and experience available to the members of the Board of Directors individually and collectively".

The Committee is committed to identifying the knowledge that must be permanently present within the Board of Directors in order to enable it to carry out its duties under the best conditions. Above all, it has adopted the knowledge and experience recommended by the European banking authorities and has supplemented these with a requirement for permanent expertise within the Group in the areas of social and environmental responsibility.

In terms of knowledge, the following were adopted:

- an overall vision of the Company's activities and the risks associated with them;
- a precise vision of each of the Company's key activities and their environment;
- a sectoral vision of certain activities (financial markets, insurance, solvency, and models);
- financial accounting and auditing;
- risk management, compliance and internal audit;
- IT and security;
- local, regional or global economic dimensions;
- applicable laws and regulations;
- corporate social responsibility.

The experience aspect encompasses:

- company management, including experience in human resource management, marketing and distribution;
- the management of international groups;
- strategic planning.

By combining this approach with knowledge and experience, the Appointments and Governance Committee was able to rank each of the items in order of importance for the proper operation of the Board, by defining the percentage of Directors, for each of them, who must permanently have the expertise that is required to ensure the proper operation of the Board by adding individual skills in the service of collective expertise. The indicative grid resulting from this work is shown below.

Indicative grid concerning the desired balance of individual expertise required for the Board of Directors' collective expertise

	>50%(1)	Between 30% and 50%(1)	10% to 30%(1)
1) Knowledge of the Company's activities and associated risks	✓		
2) Knowledge of each of the Company's key activities		✓	
3) Sectoral knowledge of certain activities	✓		
■ Retail banking	✓		
■ Asset management and insurances		✓	
■ Corporate and investment bank		✓	
■ Specialised financial services		✓	
4) Knowledge of financial accounting		✓	
5) Knowledge in the fields of risk management, compliance and internal audit	✓		
6) Knowledge in the field of IT and security			✓
7) Knowledge of local, regional or global economic environments	✓		
8) Knowledge of laws and regulations		✓	
9) Experience in company management	✓		
10) Experience in the management of international groups		✓	
11) Experience in strategic planning	✓		
12) Knowledge in the field of corporate social responsibility		✓	

(1) Permanent percentage of Directors required having good or very good knowledge in the fields mentioned.

The criteria for knowledge and experience used in this grid are included in the individual evaluation questionnaire for members of the Board of Directors each year.

This annual procedure allows the Appointments and Governance Committee to ensure that the required expertise is always represented in the Board of Directors in the proportions defined in its procedural memorandum. It is also an opportunity for the Committee to assess, based on the responses of the Directors, whether or not it is useful to change the indicative grid in terms of skills and/or the proportion of this expertise within the Board.

Given the year-on-year continuity in the composition of the Board of Directors, the results of the self-assessment of expertise carried out in 2018 are in line with those of 2017. They show that the Directors are satisfied with the individual expertise represented in the Board of Directors, with several Directors considering that, with respect to the changes in the profile and environment of the Group, the pending renewals in the coming years should be an opportunity to strengthen the Board's expertise in the fields of digital technology and management experience of international groups.

Based on the review of results of the individual and collective expertise of the Board of Directors by the Appointments and Governance Committee held in 2018, the collective expertise of the Board of Directors of Crédit Agricole S.A. remain similar to the profile identified in the previous financial year and are characterised by:

- the predominance of banking, finance and insurance expertise, with a high level of expertise in audit and risk;
- expert knowledge of local economies, the bedrock of the Group's business, more often combined with strong commitments to local, or even, national communities;
- experience as Directors of large corporates, mainly multi-nationals, in the service, technology and industry sectors;
- recognised players in the fields of governance and CSR.

The definitions of the underlined words can be found in the Glossary on page 600.

Based on the results of the assessment campaign conducted in 2018, the Board of Directors of Crédit Agricole S.A. concluded that, in each of the areas examined, the Board permanently has several members with adequate knowledge of the subjects, and that all essential aspects of its collective expertise, as defined in its procedural memorandum, were covered.

Diversity policy within the Management bodies

The issue of gender balance in Executive bodies is discussed every year by the Appointments and Governance Committee, and subsequently by the Board of Directors, during the review of the report on gender equality at work. This report is the subject of an annual deliberation, as provided for in Article L. 225-37-1 of the French Commercial Code. It covers both the general gender policy of the Crédit Agricole S.A. Group as well as any information on how the Company seeks a balanced representation of women and men in its management bodies, including its feminisation rate.

The key elements of the 2018 report show a stable overall population of 54% women within the Crédit Agricole S.A. Group. Their representation in the Circle of key executives, known as *"Cercle 1"*, which represents approximately 150 persons in charge of the key divisions of Crédit Agricole S.A. or its main subsidiaries, has increased year on year from 16% to 17%. On the Management Committee, which includes 54 managers of Crédit Agricole S.A. Group and is considered representative of the 10% of positions with a higher responsibility, the feminisation rate increased from 16% to 19%. The feminisation rate of the Executive Committee remains stable at 6%, *i.e.* one woman and 14 men. With regard to the Executive Committees or the Management Committees of the main entities, seven out of eleven have strengthened their female presence, two of which, Uni-Médias and CA Payment Services, are at exact parity. Specific action plans have been put in place to strengthen the pool of female talent in order to accelerate the promotion of women in the management bodies of entities with the lowest rates of feminisation.

For the entire Crédit Agricole S.A. Group, a Diversity Action Plan has been in place since 2016. It integrates four levels of action.

The first level includes awareness-raising actions for all employees, with both the distribution of a "Diversity Guide" to all employees of the Crédit Agricole Group as well as activities to promote and support women's networks (more than 1,500 members), currently consisting of thirteen networks in France and abroad, including six established in 2017 and 2018.

The second level of action concerns the identification of talent and the implementation of the "Female Talent" programme, the objectives of which are to prepare young female talent to find the keys to their career development and support them in their development. In this context, 80 women were trained in 2018, assisted by an external firm.

The third level, launched in September 2017, is the deployment of mentoring by members of the Executive Committee and the Chief Executive Officers of the Regional Banks for women with potential to reach the levels of either *Cercle 1* or Deputy General Manager of the Regional Banks. The program is carried out in a formalised framework with the objective, in particular, of assisting beneficiaries in their career choices, and also to assist them to assert their leadership and build a network. 27 pairs were established in the first class of 2017, and 29 pairs in the second class, launched in October 2018. The satisfaction rates of the mentored persons on the quality of the exchanges with their mentor and the usefulness of this support is very high (96%).

Finally, among the executives and members of *Cercle 1,* in 2018 12 women and three men attended the corporate Director IFA/ Sciences-Po certification training set up in 2017. As a general rule, it was decided to have 70% women and 30% men per class. The goal is to create a pool of Directors capable of serving on the Group's boards, as well as to represent it on external boards.

The general process for identifying female talent, assisting in women's development and promotion whenever executive positions must be filled, also includes the rule of systematic inclusion of a female candidate for management and *Cercle 1* positions.

The roadmap for 2018 should give an accelerating boost to the movement with, in addition to the deployment of mentoring and women's networks, the acceleration of the feminisation of *Cercle 1.* Lastly, in accordance with the provisions of the French law of 5 September 2018 on professional prospects, concrete measures are being put in place to gradually balance the wage gaps between men and women, including the decision to allocate an overall budget of 0.2% of the wage bill to this objective. A series of general measures are also implemented, such as HR briefings before and after parental leave.

Directors' independence

Crédit Agricole S.A. refers to the AFEP/MEDEF Corporate Governance Code for listed companies, in its latest revised version as published in June 2018 (the "AFEP/MEDEF Code"). Crédit Agricole S.A. does not comply – or does not comply in full – with certain recommendations of the AFEP/MEDEF Code as set out in a table appended to this section (see hereunder).

The process for assessing the independence of Crédit Agricole S.A. Directors is implemented under the auspices of the Appointments and Governance Committee. This principle is assessed both in terms of the criteria of the AFEP/MEDEF Code and in terms of the specific texts as applicable to the banking sector, such as the European Banking Authority's Guidelines for the assessment of members of the Board of Directors, which came into effect in June of 2018. These two standards overlap to a very large extent.

At its meeting of February 6, 2019, the Appointments Committee, individually reviewed the situation of each Director, and more particularly the independent Directors, whom it had previously requested to present any significant change in their situation that could affect their independence and to confirm compliance with confirm the compliance of their situation with each criterion of the AFEP/MEDEF Code.

The six criteria that it sets out are:

1. not being, or not having been, in the last five years:
   - an employee or Executive Corporate Officer of the Company,
   - an employee, Executive Corporate Officer or Director of a company consolidated by the Company,
   - an employee, Executive Corporate Officer or Director of the parent company or of a company consolidated by this parent company;
2. an Executive Corporate Officer of a company in which the Company, directly or indirectly, acts as a Director or in which an employee designated as such or an Executive Corporate Officer of the Company (currently or in the last five years) is a Director;
3. not being a client, supplier, corporate banker, investment banker, consultant (or be related to persons in this capacity):
   - who plays a significant role in the Company or its Group,
   - for whom the Company or its Group represents a significant proportion of business;
4. not having any close family ties with a Corporate Officer;
5. not having been an auditor of the Company in the last five years;
6. not having been a Director of the Company for more than twelve years; the status of independent Director is lost when the twelve years are up.

The definitions of the underlined words can be found in the Glossary on page 600.

On the recommendation of the Appointments and Governance Committee, the Board noted that the representatives of the Regional Banks sitting on the Board of Directors of Crédit Agricole S.A. (Chairmen or Chief Executive Officers) could not be deemed to be independent Directors on the basis of the principle outlined and the above criteria, as Directors of the Regional Banks hold offices in the Company's parent company or in companies consolidated by said parent company. The same applies to the Director representing employees of the Regional Banks, who is an employee of an entity with a controlling interest in Crédit Agricole S.A. Irrespective of the fact that, due to their employment contract, they would not meet criterion 1, the two Directors representing Crédit Agricole S.A. employees on the Board come under a specific regulatory framework, and cannot, under the AFEP/MEDEF Code, be included in the calculation of the percentage of independent Directors.

Lastly, with regard to the professional farming associations' representative, Crédit Agricole's position as the leading financier of agriculture in France excludes said Director *de facto* from compliance with criterion 3, even if said Director's appointment by the Minister of the Economy and Finance and the Minister of Agriculture is part of a regulatory process in which Crédit Agricole S.A. is not involved.

With respect to the Regional Banks Chairmen who sit on the Crédit Agricole S.A. Board, the Board has reiterated, as it does every year, that they are not employees of the Regional Banks and that they legitimately hold this office by election, in accordance with the Regional Banks' cooperative status.

Upon the advice of the Appointments and Governance Committee, at its meeting of 13 February 2019 the Board of Directors found that six Directors meet the AFEP/MEDEF Code's independence criteria:

- Caroline Catoire;
- Laurence Dors;
- Françoise Gri;
- Monica Mondardini;
- Catherine Pourre;
- Christian Streiff.

The Board's composition, with one-third independent Directors, not including employee Directors, fulfils the recommendations of the AFEP/MEDEF Code on controlled companies.

In addition to a formal review of their individual situation, updated by each interested party for each criterion, the assessment was also based, after the recommendation of the Appointments and Governance Committee, on the findings of an analysis concerning existing business relations between the Crédit Agricole Group and the companies in which the independent Directors hold positions (in accordance with Chapter 2.2. "Offices held by Corporate Officers"). The analysis of these business relationships is carried out with the support of experts from the Group Risk Department, which is based on the consolidated data available to it on the Group's relationship with its counterparties. It excludes the assets structures of the persons concerned as well as those through which they may carry out advisory activities, none of them carrying out assignments for the Group in this capacity pursuant to the rules relating to conflicts of interest.

As banking is, by definition, at the heart of the financing of the economy and in view of the characteristics of the French banking market, whenever the companies concerned are based in France, the probability that these companies are customers of a Crédit Agricole Group entity is obviously high, often increasing with the size of the company.

Consequently, in order to assess the "significant" nature of the business relationship, the following are taken into account:

1. the amount and nature of the commitments, their maturity, their significance within the company's debt, and the refinancing capacity of company in question;
2. the quality of the relationship with the company in question, in particular its financial position as demonstrated by its results and ratings (Banque de France and internal rating), in order to check whether it depends on Crédit Agricole for financing or whether it would be able to obtain financing from other banks or through other means – including via the market – in the event of Crédit Agricole's withdrawal.

By making sure that the business relationship is balanced, *i.e.* that neither of the parties is in a position of power over the other, this last phase adds a determining qualitative dimension to the overall assessment.

In anticipation of the General Meeting of May 2019, analyses were performed for each of the independent Directors of Crédit Agricole S.A. concerning business relationships with companies in which they hold positions or have ties. These analyses concerned:

Caroline Catoire	■ Roquette Group
Laurence Dors	■ Capgemini ■ EGIS Group
Françoise Gri	■ Edenred S.A.
Monica Mondardini	■ CIR Group ■ Atlantia S.p.A.
Catherine Pourre	■ SEB ■ Bénéteau
Christian Sreiff	■ Zeplug ■ Expliseat ■ Optireno

Based on the results of this analysis, on the recommendation of the Appointments and Governance Committee, the Board has deemed that the Group's commitments vis-à-vis these companies:

- were either not significant enough to qualify as situations of dependence on Crédit Agricole;
- or, after further analysis of these companies' financial positions, revealed a balanced business relationship with these counterparties, with neither of the parties having the ability to exert influence over the other.

The Appointments and Governance Committee reiterated that, under all circumstances, should the Directors concerned be called upon to give an opinion on a matter in which there is a potential conflict of interests, said Directors must abstain from attending the debate and taking part in the vote, as required by the rules of good governance of Crédit Agricole S.A. and the Directors' Code of Conduct.

Assessment of the Board of Directors

Each year, the Board of Directors assesses its operation and composition on the basis of responses to two questionnaires:

- one on its composition, organisation and operation, recommended by the AFEP/MEDEF Code and for the banking sector meeting a legal obligation as defined in Article L. 511-100 of the French Monetary and Financial Code;
- the other on the knowledge, expertise and experience of the members of the Board of Directors, both individually and collectively, still in accordance with the aforementioned article of the French Monetary and Financial Code (see "Diversity policy" above).

Under the AFEP/MEDEF Code, the Board of Directors delegates these tasks to an external firm once every three years. In 2018 they were carried out in the form of self-assessment, the questionnaires used being very similar to those of 2017, which had been delegated to an external consultant.

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The generally positive assessment of the operation of the Board already made by its members in 2017 was confirmed in financial year 2018. None of the items received an "unsatisfactory" rating. Ten questions received a 100% "satisfactory" or "very satisfactory" score, including work atmosphere, ease of access to information and management, facilitation and conduct of discussions by the Chairman, the debate on topical issues presented in a systematic manner in the introduction to each Board by the Chief Executive Officer, and the services of the Secretariat of the Board.

In order to propose further improvements in the operation of the Board, the Appointments and Governance Committee analysed the questionnaire responses by classifying them into four categories:

- suggestions made in the context of questions that received more than 20% "moderately satisfactory" responses;
- suggestions made in the context of questions that received between 10% and 20% "moderately satisfactory" responses;
- other specific suggestions relating to the Board, and those relating to the operation of the Committees.

The question with the highest number of "moderately satisfactory" responses was, as in 2017 but to a lesser extent, the time spent by the Board on strategy compared to the time spent on regulatory obligations. However, with respect to the 2018 financial year the Committee noted nonetheless:

- efforts recognised by the Directors in favour of rebalancing the annual programming with the two institutionalised strategic seminars and topics selected for the training sessions to stimulate debate;
- the fact that 82% of respondents consider that the agendas are in line with the duties and responsibilities of the Board;
- concrete suggestions to ensure that the link is more clearly made in presentations that meet legal or regulatory requirements and their impact on business and strategic issues.

On the advice of the Appointments and Governance Committee the Board proposed that this last request of respondents be formalised, so that the impacts on business activity are, as far as possible, highlighted in a balanced manner in the presentation of files meeting legal or regulatory requirements, in particular in prudential or compliance areas.

2019 will also respond to the demand for more "strategy", with a timetable for close involvement of the Board in the preparation of the New Medium Term Strategic Plan, both upstream during the second half of 2018 and followed, in 2019, first by a strategic seminar with a dedicated Board of Directors In anticipation of the MTP results, the most significant "country" strategies for the activities of the Group have been integrated in the Board's 2019 programming.

In response to requests for a better balance of meeting agendas (between 10% and 20% of "moderately satisfactory" responses), the number of Board meetings will be increased from 9 to 10 in 2019, excluding strategic seminars. Another issue were the transfers/acquisitions files and the appropriate time to present these to the Board of Directors. Irrespective of their adoption by the Strategy and CSR Committee, whose operating mode allows it to be informed as early as possible in the discussions, a Procedural Memorandum of the Board will be proposed in 2019 in order to specify the conditions under which these matters should be communicated to the Board in advance, in cases other than those provided for in its Rules of Procedure.

Training of the Board of Directors

Article L. 511-53 of the French Monetary and Financial Code provides that credit institutions and finance companies must set aside the necessary human and financial resources for Director training. For collective training sessions, the programme is set after consultation of Directors on their wishes. Individual training sessions answer to requests or needs of Directors at the moment of annual self-assessment campaign.

In 2018, 20 out of 21 Directors, as well as a non-voting Director representing the Works Council of the Company, have attended at least one of the training events:

- **Group training:** 20 Directors and one non-voting Director representing the Works Council have participated in the following subjects:
  - regulatory developments and the monetary policies of central banks: 20 Directors, one non-voting Director and the representative of the Works Council;
  - potential catalysts for a future crisis: 16 Directors and the representative of the Works Council.
- **Specialised training:** all members of the Risks and Audit Committees have attended training regarding:
  - insurance accounting;
  - climate risk assessment.
- **Individual training:** Four Directors in Strategic Planning, three Directors in financial statements and analyst expectations, three Directors and one non-voting Director in Compliance.

In its meeting on 2 October 2018 the Board approved its training programme for 2019, which includes, in addition to individualised training and Committee training, three Group sessions over the year:

- one session focusing on macroeconomic environment and geopolitical trends;
- one session focusing on updating legislative and regulatory developments, in particular in the prudential field but also in the area of governance;
- one session on developments of information systems and data processing.

1.1.4. Other information required under Article L. 225-37-4 of the French Commercial Code

Restrictions imposed by the Board of Directors on the Chief Executive Officer's powers

The Chief Executive Officer is vested with the broadest powers to act in all circumstances on behalf of Crédit Agricole S.A. and to represent the Bank toward third parties. He exercises his authority within the limits of the Company's objects and subject to that authority expressly assigned by law to Meetings of Shareholders and to the Board of Directors.

The only limitation that the Board of Directors places on the powers of the Chief Executive Officer, as set out in its Rules of Procedure of the Board, is that the Chief Executive Officer must obtain its prior approval for the following transactions:

- the creation, acquisition or disposal of any subsidiaries and equity investments in France or abroad for amounts exceeding €150 million;
- any other investment of any kind for amounts exceeding €150 million.

Agreements between Corporate Officers and subsidiaries

No agreements other than those entered into under normal conditions or relating to ordinary transactions and regulated agreements covered by Articles L. 225-38 *et seq.* of the French Commercial Code (see below), have been entered into, directly or through an intermediary, between, on the one hand, one of the Corporate Officers or one of the shareholders holding more than 10% of the voting rights of a company and, on the other hand, another company in which the Crédit Agricole S.A. owns, directly or indirectly, more than half of the capital.

The definitions of the underlined words can be found in the Glossary on page 600.

Principles and rules laid down by the Board of Directors to determine the compensation and benefits in kind awarded to Corporate Officers

This information can be found in the section on "the reward policy" of this Registration Document.

Areas of non-compliance with the AFEP/MEDEF Code

The areas of non-compliance with the AFEP/MEDEF Code appear in the summary table below. Such areas of non-compliance are not mentioned when they stem from the implementation of banking laws or regulations.

Recommendation of the Code	Comment by the Company
Assessment of the Board of Directors 10.3 It is recommended that a meeting be held each year without the presence of Executive Corporate Officers.	The Board of Directors of Crédit Agricole S.A. does not hold any plenary meetings without the presence of Executive Corporate Officers. As a reminder, the Board of Crédit Agricole S.A. is exclusively composed of non-executive Directors. However, the Risk Committee and the Audit Committee each hold an annual meeting without the presence of Executive Corporate Officers and Statutory Auditors. It should be recalled that the individual and collective performance of Executive Corporate Officers is evaluated in detail on an annual basis by the Compensation Committee as part of the system governing Corporate Officer compensation approved by the Board. The presentation to the Board by the Committee Chairwoman of the findings of this assessment, along with the Board's discussion on the elements of the Executive Corporate Officers' compensation packages, take place in the absence of the Executive Corporate Officers, in accordance with Article 17.3. of the AFEP/MEDEF Code.
The Committee in charge of selection or appointments 16.1 Composition: "(It) should have a majority of independent Directors."	The Appointments and Governance Committee is chaired by an independent Director. It comprises six members, including the non-executive Chairman of the Board of Directors, and two independent Directors *i.e.* a proportion of one-third. The shareholding structure (existence of a majority shareholder) is reflected in the composition of this Committee.
Share ownership by Directors and Executive Corporate Officers: **19. Ethical standards applicable to Directors:** "… the Director should personally be a Company shareholder and, in accordance with the provisions of the Articles of Association or Rules of Procedure, hold a minimum number of shares that is significant in relation to the Directors' fees allocated to him/her." 22. Obligation to hold shares "The Board of Directors sets the minimum number of shares that Executive Corporate Officers are required to hold as registered shares until the end of their term of office. This decision is reviewed at least every time they are reappointed. (…) So long as the shareholding target has not been reached, Executive Corporate Officers allocate that portion of their option exercises or performance share awards as determined by the Board for this purpose. This information is included in the Company's annual report."	The Company's Articles of Association set the minimum holding of Crédit Agricole S.A. shares by a Director at one share. No provision is made in this regard for Executive Corporate Officers. Any change would need to be approved by an Extraordinary General Meeting called to amend the Articles of Association, something that no Director or shareholder has requested to date. The number of shares held by each Director is disclosed in this report, in the section "Offices held by Directors and Corporate Officers". The average number of shares held is around 2,202. At an annual average share price of €11, this amounts to a value close to the net amount paid for 11 annual Board meetings. As regards Executive Corporate Officers more specifically, it should be borne in mind that: ▪ unlike the practice observed in most large companies in the CAC 40, the Corporate Officers of Crédit Agricole S.A. do not receive stock options or performance shares; ▪ under current regulations, a significant portion of their variable compensation is deferred and paid in the form of instruments linked to the Crédit Agricole S.A. share price.
21. Termination of employment contract in the case of a corporate office "It is recommended, when an employee becomes a Company Executive Corporate Officer, to terminate their employment contract with the Company or a Group company, either by means of contractual termination or resignation.(1) This recommendation applies to the Chairman, Chairman and Chief Executive Officer, and Chief Executive Officer in companies with Boards of Directors […]."	Upon the appointment of Philippe Brassac as Chief Executive Officer of Crédit Agricole S.A. from 20 May 2015, the Board of Directors authorised, at its meeting of 19 May 2015, the maintenance of his employment contract and its subsequent suspension during his term of office. The termination of his employment contract would have deprived him of the rights arising from the performance of his employment contract that were progressively built up over the course of his 33-year career with the Group and, in particular, benefits obtained by virtue of seniority and length of service, notably in terms of long-term benefits – such as membership of Group schemes – and the right to termination payments. The overall amount of such payments would not, in any event, exceed two years of gross compensation in accordance with the recommendations of the AFEP/MEDEF Code. The Board considered that this is an appropriate approach to give Group employees who have made a major contribution to its development the opportunity to access high-standing offices, thereby fostering the sustainable management of the Group's human resources.

(1) When the employment contract is maintained, it is suspended according to existing jurisdiction.

The definitions of the underlined words can be found in the Glossary on page 600.

Recommendation of the Code	Comment by the Company
24. Compensation of Executive Corporate Officers 24.5.1. Departure of Executive Corporate Officers – General Provisions Termination payments: "The law gives a major role to shareholders since the predefined termination payments granted to Executive Corporate Officers are subject to the procedure applicable to related-party agreements. The law imposes total transparency and makes termination payments conditional upon performance conditions." The performance conditions set by Boards for these payments must be assessed over at least two financial years. They must be stringent and solely allow the award of termination payments in the event of the forced departure of an executive, irrespective of its form."	■ **For the Deputy Chief Executive Officer:** his mandate contract, also approved by the General Meeting in respect of related-party agreements, does not provide for performance conditions, insofar as the termination payments for which he would be eligible in the event of his contract being terminated would not be due under his mandate contract, but under his employment contract, which is suspended during the exercise of his mandate and would be reactivated in the event of termination of his directorship. The introduction of performance conditions would, in this case, be contrary to labour law.

1.2. BOARD ACTIVITIES IN 2018

1.2.1. Board activities

The Board maintained a sustained activity in 2018, with nine plenary meetings and two strategic seminars, one dedicated to the insurance business line and major IT projects and their challenges on 23 January 2018, and the other on 19 June 2018 regarding the Human Resources Strategy and the CACF Strategy.

Directors' attendance rate remained very high, averaging 98% (see attendance table below) reflecting the strong commitment of all Directors, which has not waned from one year to the next.

Bodies	Attendance rate	Number of meetings in 2018
Board of Directors	98%	11 (including 2 seminars)
Risk Committee	93%	6
United States Risk Committee	100%	4
Audit Committee	100%	5
Joint Risk/Audit Committees	98%	6
Compensation Committee	100%	5
Strategy and CSR Committee	97%	5
Appointments and Governance Committee	96%	4

Succession plans and relations with Management bodies

The relationship between the Board of Directors and the Executive Board is expressed foremost in the regular and numerous contacts between the Chairman and the Chief Executive Officer. In addition, the latter, as well as the Deputy Chief Executive Officer, the Chief Financial Officer and the Corporate Secretary, attend all Board meetings.

In 2018, the Executive Management and Executive Committee were organised in the same way as in 2017, with an Executive Committee composed of sixteen members, including the Chief Executive Officer, the Deputy Chief Executive Officer, the three Deputy General Managers of the three key segments, the four Deputy General Managers of the business lines, and the Managers of Insurance, Italy and Human resources, the three heads of regulatory functions and the Corporate Secretary.

Three of the incumbents retired in the course of 2018:

- Jean-Yves Hocher, Deputy General Manager of Crédit Agricole S.A., responsible for the segment Large Customers, Chief Executive Officer of Crédit Agricole CIB, replaced by Jacques Ripoll;
- Pascal Célérier, Deputy General Manager Crédit Agricole S.A., responsible for the segment Operation and transformation, replaced by Michel Ganzin;
- Jean-Pierre Tremenbert, Group Chief Compliance Officer, replaced by Stéphane Priami.

The appointment of the new Group Chief Compliance Officer was an opportunity for the Board of Directors to apply the new provisions of its Rules of Procedure, amended in 2017 at the request of the European Central Bank, with regard to the appointments of the three Heads of control functions. The appointments of the Group Risk Director, the Group Chief Compliance Officer and the Head of Group Control and Audit are now made on the recommendation of the Chief Executive Officer after consulting the Board of Directors. Their revocation may not take place without the approval of the Board of Directors. At its meeting of 2 August 2018, the Board approved the recommendation to appoint Mr Priami, previously Chief Executive Officer of CACF France, after obtaining the advice of the Appointments and Governance Committee, which ensured the transparency of the procedure followed and the assessment of the candidates, and upon obtaining the advice of the Risk Committee on the adequacy of his profile to the expertise required to perform this function.

As in previous years, the Heads of control functions reported very regularly on their activities and the results related to their responsibilities to the Board and its specialised committees.

In accordance with the legal provisions specific to the banking sector, the Board's Rules of Procedure provide that these three Directors have, if necessary, direct access to the supervisory body. Within this framework, and in addition to systematic attendance at Risk Committee Meetings, the Group Chief Risk Officer attended eight out of nine Board meeting in 2018, while the Chief Compliance Officer and the Head of Group Control and Audit each attended two Board meetings. The work of the Group Control and Audit function was presented in April 2018 by the Head of Group Control and Audit, while the Audit Plan for 2019, previously reviewed by the Risk Committee and, for financial projects, by the Audit Committee, was presented in November 2018.

In addition to its direct involvement in the process of appointing the Heads of the three control functions, the Board of Directors remains attentive to the existence of succession plans for all functions identified as "key functions" of the Crédit Agricole S.A. Group, namely the functions

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present within the Executive Committee but also within the Management Committee. The identification process is carried out by the Human Resources department with the support of Career Committees. The report was presented to the Appointments and Governance Committee, which accounted for it to the Board of Directors on 18 December 2018. In 2017, the presentation focused on the Management Committee, *i.e.* 51 persons. In 2018, at the Committee's request, the presentation of succession processes and plans was focused on the members of the Executive Committee. The Board of Directors estimates that, through the dual internal pool of Chief Executive Officers of the Regional Banks and the Managers of subsidiaries or business lines, as well as through possible external recruitment facilitated by the Group's good external image, there exist serious and credible succession assumptions for each of the key functions. It has found that not only the process, but also the Group's mindset with regard to a potentially sensitive subject had become more mature and robust from one year to the next.

Structural operations

As part of its responsibilities related to the strategic orientation of the Company's activities, three major structural operations contributed to the work of the Board in 2018, one of which internal.

The first of these concerned the founding of CA-GIP (Crédit Agricole – Group Infrastructure Platform), referred to as "Joint Group IT Production", initially combining the IT production activities of CATS, SILCA, Crédit Agricole CIB and CAAS, together 80% of the cost basis. This major project, which was the subject of a consultation with employee representative bodies in the various relevant entities, will enable the Group to acquire the human and technological capacities for its IT Production segment, needed to build a first-rate technical centre capable of supporting its changes, particularly with regard to the acceleration of its digital transformation. This segment will have critical sizes for key topics such as cybersecurity or the implementation of technological partnerships that promote disruption. The project was approved by the Board, which reviewed in particular the social, financial, technological and governance aspects of the project.

In terms of external transactions, the Board of Directors closely monitored the strengthening of the global partnership on the Italian consumer credit market for the next fifteen years between CACF and Banco BPM. The Board considered that the financial conditions and prospects offered by this agreement, especially for the development of their joint venture, Agos, which will acquire ProFamily S.p.A. with, in a later stage, the option of a floating for Agos, if this would be favourable in the interests of all stakeholders. Also, in the area of consumer credit, the Board was informed, in the course of the proceedings, of discussions with Bankia, Spain's fourth largest bank. They resulted in an agreement to create a joint venture in the field of consumer credit in Spain, in which CACF will be the majority shareholder.

Finally, the Board has closely followed the partnership between Crédit Agricole Assurances and Credito Valtellinese S.p.A. ("CreVal"), which has resulted in an exclusive long-term life insurance distribution agreement with this institution. On this occasion, CAA has taken an interest of 5% in its share capital and has a begun to repurchase its brokerage subsidiary Global Assicurazioni S.p.A.. The amounts involved did not require the formal agreed formula (negative impact of less than 2 bp on the CET1 ratio), but the Board's interest in this operation lay more particularly in the fact that it was CAA's first agreement with an external partner in a European country other than France.

Current affairs

In addition, the Board remained highly attentive to the Company's economic, political, regulatory and international climate, which has been the subject of discussions and exchanges with the Executive Management at each of its meetings. For this reason, the Board focused particular attention on the following:

- the global and European economic situation and its prospects, in particular for France and Italy, the Group's two main domestic markets;
- the Brexit deadlines and the Group's state of preparedness for the various scenarios;
- the implementation at European level of the so-called "Basel IV" prudential agreement, with particular attention to certain aspects of the transposition of the text into European law and their potential impact on the competitiveness of French banks;
- any possible triggers for a consolidation movement of banks in Europe, its impact on Crédit Agricole if it were to be triggered and the options available to it at that time;
- the level of interest rates, their possible direction, in particular in view of the exit from the ECB's Quantitative Easing policy, and the possible adaptation for the Group of its approach to liquidity risk;
- the developments in terms of credit in France and the decision of the High Council for Financial Stability to impose a countercyclical cushion for equity capital of 0.25% of risk weighted assets to moderate the risk of overheating;
- new market entrants and their competitive positioning, as well as the consequences that the Group has drawn both in terms of offers, with the success of EKO, and the further digitalisation of its services, which will result in gains in Crédit Agricole's market share in 2018;
- the potential growth of the data economy and the advantages of banks, particularly in the face of the GAFAs, to assert themselves as a trusted third party in this area for consumers.

Results and risk monitoring

The quarterly review of the consolidated financial statements of the Crédit Agricole Group and the Crédit Agricole S.A. Group provided the Board of Directors with an opportunity to assess the orientations and dynamics of the Group's commercial activities and its prudent management. Each quarter, the results confirmed the qualities of the Universal Retail Bank model, with a positive "scissors effect" in all business lines, *i.e.* revenues rising faster than charges and faster than the declining cost of risk. This performance reflects both the intrinsic qualities of the business lines and their ability to interact with each other to generate synergies.

In accordance with Article L. 228-40 of the French Commercial Code, the Board gave its consent for the 2018 bond issue programme, approving the related authorisations and receiving regular progress reports.

During each quarterly review, but also at each meeting of the Risk and Audit Committees, the Board closely monitored the Group's prudential ratios, both in terms of solvency and liquidity. The Crédit Agricole Group remains one of the best capitalized systemic institutions in Europe, with a prudent risk profile. This strength has been taken into account by S&P, which in 2018 raised Crédit Agricole's rating from "A" to "A+", the highest rating for banking institutions in France. The rating agency justified this increase by the Group's financial strength, its low risk profile associated with a high diversification of exposures, as well as a higher level of coverage of doubtful loans than its peers. The ratings by Moody's and Fitch remained unchanged, at "A1" and "A+", respectively.

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More generally, as part of its risk oversight role, the Board reviewed the risk situation at least quarterly, either at the time of a special item on the agenda or at the time of the systematic report drafted by the Chair of the Risk Committee at each of its meetings.

Upon the recommendation of the Risk Committee, it regularly reviewed and approved the strategies and policies governing risk-taking, as well the management, monitoring and reduction of the risks to which the Group is, or could be, exposed.

On this basis, it reviewed and/or approved risk management and control tools and systems as well as their consistency, in particular consistency between instruments such as the Annual Internal Control Report (RACI), the Declaration of risk appetite, the Internal Capital Adequacy Assessment Process (ICAAP) and Internal Liquidity Adequacy Assessment Process (ILAAP) declarations. The Board also examined the Resolution Plan and the Recovery Plan, of which it approved the update. The Board approved in particular the building and monitoring of ICAAP, the process for assessing internal capital adequacy, to which its Risk Committee is closely associated. The Board approved this on the basis of a reasoned opinion from the Risk Committee, which is now included in the body of the annual statement.

As every two years, Crédit Agricole, as well as all the other major European institutions, has been subject to stress tests by the European Banking Authority and the European Central Bank. The Board noted with satisfaction that, despite the potentially significant impact of adverse stress on the Group's CET1 ratio, which is correlated to its weight in financing the French and European economy, it is one of only two French institutions whose dividend distribution capacity and the payment of AT1 instrument coupons, the "MDA" (Maximum Distributable Amount), are preserved in an adverse situation.

Based on all of the information submitted to the Board in 2018, enabling it, in particular, to understand the way in which the institution's risk profile interacts with the tolerance level, the Board judged that the risk management measures set up by the Group were appropriate to its profile and strategy.

The Board was kept informed – either directly or through the Chairwomen of the Risk and Audit Committees of the results of the various oversight tasks conducted by the ECB within the Group and/or the requests sent by the supervisory authority to the Executive Management of Crédit Agricole S.A., in particular:

- the implementation of the action plan following its ECB task on forbearance;
- the implementation of the recommendations resulting from the ECB task on IFRS 9;
- the follow-up letter from the ECB task on Conduct risk;
- the follow-up to the two ECB tasks on SME risk carried out, on the one hand, with two Regional Banks and, on the other hand, with CA Italia and LCL;
- the follow-up letter and action plan of the ECB task on outsourcing at CA Italia;
- the results of the task led by the ACPR on the management of the anti-money Laundering and Combating the financing of terrorism (AML-CFT) system.

In the context of relations with the supervisor, the Chairman, the Vice-Chairman, the Chairmen of the Risk Committee and of the Audit Committee participated with the Executive Board in coordination meetings with the ECB, in particular in the context of the annual "SREP" (Supervisory Review and Evaluation Process) exercise. Representatives of the joint ECB-ACPR supervisory team also heard separately from the Risk and Audit Committees on their modus operandi and the files monitored. These representatives also attended, as observers, the Board meeting of 2 October 2018.

Finally, the Board paid particular attention to ensuring that the cancellation of the statutory bonus dividend clause is carried out under conditions that respect the interests of all stakeholders. The cancellation was in response to a request from the European Central Bank, which considered that this clause was equivalent to preferential distribution which no longer allowed the shares to account for the bonus dividend to be recorded in core equity capital. It was adopted successively on 4 April 2018 by the Special Meeting of holders of shares with loyalty dividend and subsequently on 16 May 2018 by an Extraordinary General Meeting, with acceptance rates of 94.5% in the Special Meeting and 80.9% in the Extraordinary General Meeting, respectively.

In the field of corporate social and environmental responsibility, the Board was informed by the Chairman of the Strategy and CSR Committee of the 2018 highlights in this area, as well as the main changes envisaged in the commitment of Crédit Agricole S.A. to Climate Financing, and the assessment of the performance of the Crédit Agricole S.A. Group by non-financial rating agencies. The Board of Directors also monitored the development of the new Code of Conduct of Crédit Agricole S.A. and its implementation in the Group's entities. It was also informed of the work carried out on the Compliance Plan implemented under the law of 27 March 2017 on the duty of vigilance of parent companies and contracting companies (see hereunder).

Lastly, concerning CSR, the Board was also informed by the Chairman of the results of the FReD programme. This decentralised approach to the CSR commitment of the Group and its subsidiaries was deployed in 2012, based on a three-pillar framework: Fides (compliance), Respect (company employees and ecosystem), and Demeter (on the environment). The results are taken into account in the non-financial part of the variable compensation of Executive Corporate Officers.

Lastly, as every year in February (see "Compensation" above), following the report from the Chairwoman of the Compensation Committee, the Board reviewed, without their presence, the Executive Corporate Officers' individual variable compensation and its components, as well as the 2018 compensation and total variable compensation available to identified staff.

Regulated agreements

In respect of its legal missions defined by the French Commercial Code, the Board notably authorised four regulated agreements governed by Articles L. 225-38 *et seq.* of the French Commercial Code.

Three of these are linked to the establishing of the CA-GIP IT production joint venture, due to the presence of joint Directors and Officers with the Group companies that signed the agreement. These include:

- the Memorandum of Understanding between the relevant Group companies;
- the Shareholders' agreement between these organising companies, in particular the principles of Governance of the new entity;
- the liabilities guarantee provided by the former shareholders of SILCA to CA-GIP, into which it was merged.

The fourth agreement consists of an amendment to the tax consolidation agreement between Crédit Agricole S.A. and the Regional Banks, for financial year 2018, organising the allocation between the signatories of the net additional tax cost paid by Credit Agricole S.A. in respect of the exceptional corporate income tax surcharge created by the First Amended Finance Act for 2017. This agreement was indeed conceived in order to benefit from the tax consolidation regime, providing for the distribution of the tax savings linked to this regime and was therefore not adapted to a situation of distribution of a "tax penalty" decided by the legislator on an exceptional basis to offset the refund of the dividend surcharge created in 2012 to which it had been subjected.

The definitions of the underlined words can be found in the Glossary on page 600.

Moreover, in accordance with the provisions of Article L. 225-40-1 of the French Commercial Code, in its meeting of 18 December 2018, the Board conducted an annual review of all the agreements signed and authorised in previous financial years and which remained in effect in 2018.

These were:

1. the supplemental agreement signed on 10 October 2017 authorised by the Board of Directors on 2 August 2017 to the senior loan agreements underwritten by the Regional Banks with Crédit Agricole S.A. in the context of Operation Eurêka;
2. the original Switch agreement, signed on 16 December 2011 by Crédit Agricole S.A. and the Regional Banks (Switch guarantee, guaranteeing equity-accounted values, including CCA/CCI and Insurance), which was the object of a first supplemental agreement authorised by the Board on 10 December 2013,revisited by the Board when authorising its second supplemental agreement on 17 February 2016 and its third supplemental agreement on 19 May 2016;
3. the tax consolidation agreement signed on 17 December 2015 by Crédit Agricole S.A. and the Regional Banks, which was the object of a supplemental agreement authorised by the Board on 19 May 2016 (which was also the object of a new supplemental agreement in 2018, see below);
4. the tax consolidation agreement signed by Crédit Agricole S.A. and SACAM Mutualisation, authorised by the Board on 19 May 2016, stipulating that the tax savings generated within the Group by intragroup dividends received by this entity are to be fully allocated to that entity;
5. the tax consolidation agreements authorised by the Board on 21 January 2010 and renewed by the Board on 17 December 2015 between Crédit Agricole S.A. and SAS Rue La Boétie, SAS Ségur, SAS Miromesnil and, lastly, several SACAMs, which were also the object of supplemental agreements authorised by the Board of Directors at its meeting on 16 December 2016;
6. the tax consolidation agreement signed in 1996 between the CNCA and Indosuez, now Crédit Agricole S.A. and Crédit Agricole CIB respectively, renewed on 22 December 2015, which was the object of a supplemental agreement authorised by the Board of Directors at its meeting on 7 November 2016;
7. the agreement on the increase in Crédit Agricole CIB's capital, authorised by the Board on 9 March 2004, under which Crédit Agricole S.A. subscribed to an issue of deeply subordinated notes (TSS) that were partially redeemed in 2014;
8. the temporary distribution agreement between Crédit Agricole S.A. and Crédit Agricole CIB for payment of the Euribor fine of €114,654,000, authorised by the Board of Directors in its Meeting of 20 January 2017 and signed on 27 February 2017 between Crédit Agricole S.A. and Crédit Agricole CIB, pursuant to which Crédit Agricole S.A., pending the appeal decision, pays the full amount of the fine for which the two companies were jointly and severally ordered to pay;
9. the invoicing and collection agreement (the "invoicing agreement") between Crédit Agricole S.A. and Crédit Agricole CIB in the context of the transfer of the IT activities of Crédit Agricole S.A. (MSI) towards the Global IT (GIT) activities of Crédit Agricole CIB under which Crédit Agricole S.A., for a transitional period of 6 to 12 months invoices and collects the Services performed by GIT on behalf of certain entities.

At its meeting of May 14, 2018, the Board of Directors, after having obtained the opinion of the Statutory Auditors, downgraded the Listing Agreement signed in 2001 by Crédit Agricole S.A. and the Regional Banks of Crédit Agricole in light of the floating of CNCA. The Board noted that this Agreement, published in Crédit Agricole S.A.'s 2001 Registration Document and defining the relationship between the Regional Banks and Crédit Agricole's corporate centre once it is listed on the stock exchange, did not meet the characteristics of the regulated agreements defined in Articles L. 225-38 *et seq.* of the French Commercial Code. Its inclusion in the scope of regulated agreements was entirely linked to the fact that the Memorandum of Understanding of Operation Eurêka, authorised as a regulated agreement by the Board of Directors on 19 May 2016, mentioned the removal from the Listing Agreement of the articles relating to the 25% interest held by Crédit Agricole S.A. in the Regional Banks of Crédit Agricole through cooperative certificates (CCI and CCA) issued by the Regional Banks for their own benefit at the floating of CNCA in November 2001.

1.2.2. Summary of issues examined by the Board in 2018 further to review by, advice from and/or on the recommendation of the Specialised Committees

1) After analysis by the Audit Committee:
   - the preparation of the annual financial statements and the review of the half-yearly and quarterly financial statements of Crédit Agricole S.A., Crédit Agricole S.A. Group, and Crédit Agricole Group; at each reporting date, the Board heard from the Company's Statutory Auditors who, having presented the conclusions of their work to the Audit Committee, then presented them to the Board, together with their reports for each interim reporting date; the Board also looks at and, where necessary, approves the draft press releases published by the Company;
   - Special attention has been paid to the effects of IFRS 9;
   - the Group's goodwill position;
   - the cancellation of the loyalty dividend clause with, on the one hand, the preparation of the Special Meeting of holders of shares with loyalty dividend on 4 April 2018 and subsequently the General Meeting of 16 May 2018;
   - the budget of the Crédit Agricole S.A. Group.
2) After analysis by the Risk Committee:
   - the developments in the Crédit Agricole S.A.'s and Crédit Agricole Group's position in terms of shareholders' equity and solvency, with particular attention to the Internal Capital Adequacy Assessment Process (ICAAP); the Board also has the Internal Liquidity Adequacy Process (ILAAP) Statement and, upon reasoned opinion of the Risk Committee, the relative Internal Capital Adequacy Assessment Process (ICAAP);
   - the results of the biennial EBA/ECB stress tests;
   - the results and effects of the annual SREP (Supervisory Review and Evaluation Process);
   - the Declaration of the Crédit Agricole Group's risk appetite;
   - the developments in the Group's liquidity situation, the Liquidity Emergency Plan, the short-term half-yearly limits, as well as the monitoring of the implementation of the financing programme of the Crédit Agricole Group;
   - Group limits in respect of GIRR, foreign exchange, VaR (Value at Risk) limits and limits for capital market activities;
   - the mechanism implemented by Crédit Agricole Group to comply with the regulation transposing section 619 of the Dodd-Frank Act (the "Volcker Rule"), effective since July 2015;
   - the management of the securities portfolio of the Crédit Agricole S.A. Group;
   - the Annual Internal Control Report and half-year interim information on internal control, coordinated by the Group Risk Management department;
   - letters sent to the Company by regulators mentioning the obligation to inform the Board and measures taken to respond to their observations;

The definitions of the underlined words can be found in the Glossary on page 600.

- annual, half-yearly and quarterly developments, respectively, in terms of credit risk, market risk, and operational and security risks, as well as the risk dashboard;
- update of the Group's recovery plan;
- the OFAC remediation plan and its timetable following its approval by the US Federal Reserve;
- approval of risk strategies;
- the additional Cariparma capital increase following the acquisition of the three Italian savings banks and the capital increase of LCL;
- in compliance/legal matters, semi-annual and annual compliance reports; the status of litigation and ongoing administrative investigations, and the status of the OFAC remediation plan.

3) After analysis by the US Risk Committee:
- the Emergency Liquidity Plan for Group businesses in the United States, as well as the framework for liquidity and credit risk appetite;
- update of the organisation and of the management framework guidance note on consolidated risk management of the entities in the United States.

4) After analysis by the Strategy and CSR Committee:
- sale and acquisition projects, including the renewal of the partnership of CACF with Banco BPM in Italy and the agreement with Bankia in Spain;
- the planned creation of CA-GIP;
- monitoring the work started under the new Strategic medium term plan;
- the integrated report, Company's 2019 CSR performance and the challenges for 2019, as well as the structure of the Vigilence Plan.

5) After analysis by the Compensation Committee:
- the fixed compensation, annual personal variable compensation, and the terms and conditions and criteria used to determine the annual variable compensation of the Executive Corporate Officers (Chairman, Chief Executive Officer and Deputy Chief Executive Officer), taking into account regulatory provisions;
- update of the compensation policy of Crédit Agricole S.A. Group and its application note;
- under regulatory provisions, the report on the compensation of members of the executive body as well as identified staff whose professional activities have a significant impact on the Company's risk profile;
- capital increase reserved for employees;
- the distribution of the total amount of Directors' fees.

6) After review by the Appointments and Governance Committee:
- the results of the self-assessment of the operation of the Board and its individual and collective expertise, and possible ways of improving governance;
- the proposed appointment of the new Chief Compliance Officer, with the advice of the Risk Committee;
- updates of the Rules of Procedure of the Board and the Specialised Committees;
- independence of Directors under the AFEP/MEDEF Code and areas of non-compliance with this Code;
- the progress made on succession plans for key functions within Crédit Agricole S.A.;
- the work on the Code of Conduct and its implementation in the various entities, the overall system;
- the Board training programme for 2019;
- the report on professional equality and equal pay within Crédit Agricole S.A. and initiatives undertaken at Crédit Agricole S.A. Group level to promote professional equality, diversity, and equal representation in the management bodies.

7) Other: issues examined by the Board include:
- in the context of the legal work of the Crédit Agricole Group central body, the approval of the Chief Executive Officers of Regional Banks and Deputy General Managers;
- the authorisation of regulated party agreements (see below).

1.3. ACTIVITIES OF THE SPECIALISED BOARD COMMITTEES

1.3.1. Committees' operating principles

Six Committees are in place within the Board of Directors: the Risk Committee, the United States Risk Committee established in 2016, the Audit Committee, the Compensation Committee, the Appointments and Governance Committee and the Strategy and CSR Committee. The United States Risk Committee was set up in response to a US regulatory requirement applicable, as of 1 July 2016, to foreign banks operating in the United States and meeting certain asset threshold criteria.

Committee members are appointed by the Board, on the Chairman's recommendation. The Board may terminate the appointment of a Committee member at any time. A Committee member may resign from office at any time. All Committee members, and all other persons who attend Committee Meetings, are bound by confidentiality and professional secrecy.

The operation of each Committee is governed by Rules of Procedure. In the course of their work, Board Committees may interview any executive or employee of Crédit Agricole S.A. Group or experts from outside the Company in areas that fall within the Committees' remit.

In accordance with the provisions of the French Monetary and Financial Code and the recommendations of the European banking authorities, the Committee members have the knowledge, skills and expertise necessary for their role. These competences are assessed annually after review by the Appointments and Governance Committee:

- in light of the results of the annual evaluation provided for in Article L. 511-100 of the French Monetary and Financial Code;
- the qualities necessary to chair and serve on Committees, as described in the Board's procedural memorandum adopted on 7 November 2017;
- guidelines of 27 September 2017 on the assessment of the skills of members of management bodies established by the European Banking Authority.

Members of the Specialised Committees receive a brief on the different items on the agenda, generally three to five days prior to each meeting, depending on the Committee.

Just as Board members are paid for attending Board Meetings, members of Committees are paid Directors' fees calculated using a scale set by the Board on the recommendation of the Compensation Committee, unless said Directors waive their fees.

The definitions of the underlined words can be found in the Glossary on page 600.

The four Committee Chairs and the Chairman of the Strategy Committee play a key role in the organization and functioning of the Committees and in the coordination of their work. The Chairs hold regular meetings with the Directors in charge of activities within the scope of their competence, in particular the heads of the three control functions, the Chief Financial Officer and the heads of the departments in charge of accounting and consolidation, subsidiaries and investments, Group human resources and the Corporate Secretary. The Chairs of the Risk Committee and the Audit Committee also hold regular bilateral meetings with the Statutory Auditors. They also attended several meetings with the ECB Joint Supervisory Team (JST), within the framework of the SREP and in relation to the interviews of members of these two Committees conducted by the JST.

1.3.2. Risk Committee

At 31 December 2018, the Risk Committee had five members, including three independent Directors. One of the members chairs the Committee.

Members	Attendance rate
Françoise Gri, Chairwoman, independent Director	100%
Véronique Flachaire, Chief Executive Officer of a Crédit Agricole Regional Bank	83%
Catherine Pourre, independent Director	100%
Christian Streiff, independent Director	83%
François Thibault, Chairman of a Crédit Agricole Regional Bank	100%

The Head of Group Risk Management, the Head of Group Control and Audit, the Group Chief Compliance Officer, the Chief Financial Officer and the Head of Accounting and Consolidation attend meetings of the Risk Committee.

The operation and duties of the Committee are set out in Rules of Procedure as approved by the Board of Directors. The Committee performs its duties under the responsibility of the Board of Directors, in the areas defined by provisions of the French Monetary and Financial Code, in particular, as arising from the CRD 4 directive of 20 February 2014 and the Decree of 3 November 2014 on the internal control of banks.

Minutes are prepared for each Committee Meeting. Once approved by the Chairwoman, they are distributed first to all members. In response to a request made in the context of the evaluation of the Board of Directors in 2018, whenever the minutes are written prior to the Board meeting during which they are reported, these are also sent to all Board members.

The Committee's work is set out in an annual schedule. In the autumn of each year, the Risk Committee organises a working lunch without management being present to decide on its programme of work for the following year and the individual and collective training requested by its members. It also examines any areas where it might improve.

The Risk Committee met six times in 2018, in addition to the six training events held together with the Audit Committee (see above).

The programming of the Risk Committee is mainly organised around the regulatory issues provided for in the French Decree of 3 November 2014 on internal review, review stemming from the requirements for supervisors, review of risk strategies and issues with risk implications, whether they are structural such as IT projects and cybersecurity, which are the subject of a half-yearly review, or cyclical such as Brexit.

In this respect, the Committee reviewed notably the following in 2018:

- the statement of risk appetite, which constitutes a decisive framework for the Committee's control and monitoring of risks, and more in general governance;
- the Group's liquidity position, emergency liquidity plan, semi-annual short-term limits and ILAAP, solvency position and monitoring of the solvency trend;
- the annual update of the Recovery Plan and updates to the Resolution Plan;
- the organisation, operation and resources allocated to each of the three control functions (risks, compliance, internal audit);
- the situation regarding key outsourced services and the status of the Business Continuity Plan (BCP);
- compliance of compensation policies with risk strategies;
- quarterly risk reports;
- limits on the securities and sovereign portfolio, VaR limits, GIRR limits, foreign exchange limits;
- monitoring the Group's preparation for Brexit;
- internal models and internal model risks;
- the Supervisory Review and Evaluation Process (SREP), the recommendations of the supervisor and the measures implemented by the Group to identify capital requirements under Pillar 2 as part of the Internal Capital Adequacy Assessment Process (ICAAP);
- follow-up letters to the ECB and ACPR tasks (Conduct risk, AML-CFT, small businesses, key outsourced services…);
- monitoring the discussions with supervisors on the approach, methodology and impacts of EBA stress tests;
- monitoring of the mechanism implemented by Crédit Agricole Group to comply with the regulation transposing section 619 of the Dodd-Frank Act (the "Volcker Rule");
- regular periodic monitoring of the implementation of the OFAC remediation plan;
- Control and Audit function audits, including audits conducted in Regional Banks, and the Control and Audit function audit plan, ECB audits and follow-up of recommendations;
- periodic information on administrative procedures and ongoing proceedings;
- as part of the review of the risk strategies that define the limits and thresholds for the Group's various activities/business lines, the Committee has reviewed:
  - commercial real estate,
  - LBOs,
  - Oil & Gas and commodities,
  - Aerospace,
  - market activities,
  - cross-industry automotive risk,
  - home loans,
  - consumer finance,
  - operational risks,
  - sovereign risk and securities portfolio,
  - payment instruments,
  - forbearance and non-performing loans,
  - Counterparty risk on market transactions and settlement and delivery,
  - LCL,
  - Crédit Agricole Italia,
  - climate risk,
  - shadow banking.

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The definitions of the underlined words can be found in the Glossary on page 600.

All information given to the Committee is accompanied by a quarterly risk register, which enables the Committee to perform a comprehensive periodical risk review (including risk mapping) based on the various regions and sectors (country risk, sovereign debt), highlighting areas of concern for the Group, including counterparties with the highest exposure.

1.3.3. Audit Committee

At 31 December 2018, the Audit Committee had six members, including four independent Directors.

Members	Attendance rate
Catherine Pourre, Committee Chairwoman and independent Director	100%
Caroline Catoire, independent Director	100%
Laurence Dors, independent Director	100%
Françoise Gri, independent Director	100%
Gérard Ouvrier-Buffet, Chief Executive Officer of a Crédit Agricole Regional Bank	100%
Jean-Pierre Gaillard, Chairman of a Crédit Agricole Regional Bank	100%

The Deputy General Manager, Head of the Group Finance division, the Head of Accounting and Consolidation, the Group Chief Risk Officer and the Head of Group Control and Audit attend meetings of the Audit Committee, as do, on an as-needed basis, the Head of Financial Communications and the Head of Subsidiaries and Affiliates.

The operation and duties of the Committee are set out in Rules of Procedure approved by the Board of Directors (see above). Once a year, the Audit Committee organises a working lunch without management presence in order to decide on its programme of work for the following year and to examine any areas where it might improve.

It also reserves a part of one of its meetings during the year for a discussion with the Statutory Auditors without senior management being present.

During the last financial year, the Audit Committee held five meetings. The attendance rate was 100%.

A substantial part of the Committee's work involved an in-depth review, in view of their presentation to the Board, of the parent company annual, half-year and quarterly financial statements and an examination of the consolidated results and the results of each Group business line, their regulatory position and the line and integrity of financial communication.

At each reporting date, the Committee pays particular attention to the accounting options (provisioning for liabilities, treatment of CVA/DVA/FVA, issuer spread on securities issued, employment-related commitments, ALM, etc.). On this occasion, it hears from the Statutory Auditors on the conditions under which the financial statements were prepared and the points to which the latter would like to draw the Committee's attention. At each half-yearly reporting date, in addition to their reports including the specific annual report to the Audit Committee, the Statutory Auditors submit their programme of work for the next six months to the Committee.

Regulatory and normative changes are systematically reviewed every quarter, including the preparation for the entry into force of IFRS 16 (lease contracts), as well as the Pillar III templates and the new "Prudent Valuation" reporting and the impact of financial legislation.

The Committee also reviews goodwill each year, with three meetings during the last financial year (August, December and February), including one on methodology.

In accordance with the Rules of Procedure of the Audit Committee, the Head of Group Control and Audit presented the elements of the Audit Plan within its scope of competence, *i.e.* essentially the missions of the Internal Audit Business Line relating to financial risks for 2019 to the Committee.

Following the European audit reform transposed into French law by the Order of 17 March 2016, the Committee also continued to monitor Services other than the certification of financial statements performed by the Statutory Auditors of Crédit Agricole S.A. and subject to its authorisation under the conditions as renewed each year.

Lastly, the Committee scrutinised the effects of the ECB's decision likening the statutory bonus dividend clause of Crédit Agricole S.A. to a preferential distribution. The cancellation of this clause was successively approved by the Special Meeting of Bond Holders on 4 April 2018 and the Extraordinary General Meeting of 16 May 2018.

1.3.4. The Joint Risk and Audit Committee

The internal regulations of the Risk Committee and the Audit Committee provide for the possibility of uniting these two Committees. When the Audit Committee was split into two Committees in 2015, in order to meet the new requirements of banking regulations, it seemed useful for members of the Audit and Risk Committees to have, in certain fields, and a fortiori in areas where financial and regulatory information are interrelated, the same level of information and the opportunity to discuss said information with one another. When regulations expressly require the Risk Committee to issue an opinion to the Board of Directors on the information reviewed, this opinion is given by the Committee Chair. This practice of a Joint Committee is fully satisfactory to the members of both Committees and can now be regarded as a permanent arrangement.

Members	Attendance rate
Françoise Gri, co-chair of the Committee, independent Director	100%
Catherine Pourre, co-chair of the Committee, independent Director	100%
Caroline Catoire, independent Director	100%
Laurence Dors, independent Director	100%
Véronique Flachaire, Chief Executive Officer of a Crédit Agricole Regional Bank	100%
Jean-Pierre Gaillard, Chairman of a Crédit Agricole Regional Bank	100%
Gérard Ouvrier-Buffet, Chief Executive Officer of a Crédit Agricole Regional Bank	100%
Christian Streiff, independent Director	83%
François Thibault, Chairman of a Crédit Agricole Regional Bank	100%

The Risk Committee and the Audit Committee met six times in a joint meeting 2018. This large number of meetings is mainly due to the entry into force on 1 January 2018 of IFRS 9, which, by substituting the notion of "expected loss" for that of "demonstrated loss", combines an accounting and prudential approach to the assessment of risk and its provisioning method.

As every year, the review of the budget for the Crédit Agricole Group, the results of the stressed budget and the risk appetite statement, which are essential guidance for members of the two Committees, were covered at a joint meeting.

While the Risk Committee monitored the EBA/ECB stress tests, the final results of this biennial exercise were presented to the Joint Committee in order to incorporate the Committee's opinion on the elements of financial communication. Otherwise, the conditions for compensating the beneficiaries of the bonus dividend were in principle monitored by the Audit Committee, but the prudential consequences were addressed by the Joint Committee.

The definitions of the underlined words can be found in the Glossary on page 600.

The following were also discussed in the Joint Committee meetings:

- the financial and prudential trajectory of the "Strategic Ambition 2020" Plan;
- the Annual Internal Control Report and half-year interim information on internal control;
- the PALMA project (an ALM Group Architecture project);
- the findings of roadshows which, through the feedback of questions and points of attention from investors, provide useful information to both Committees to guide their work;
- depending on the date of the meetings, shared information on the Group's solvency and liquidity positions, with a review of various related ratios.

1.3.5. United States Risk Committee

As of 31 December 2018, the US Risk Committee had three members, including two independent Directors.

Members	Attendance rate
Françoise Gri, Chairwoman, independent Director	100%
Véronique Flachaire, Chief Executive Officer of a Crédit Agricole Regional Bank	100%
Caroline Catoire, independent Director	100%

With a presence in the United States through Crédit Agricole CIB, Amundi (the scope of which has increased with the acquisition of Pioneer) and the activities of Wealth management, the Crédit Agricole Group is subject to Section 165 of the Dodd-Frank Act. This regulation requires foreign banks operating in the US, and whose total consolidated assets do not justify the creation of a holding company to head up its businesses, to have a Board of Directors' Committee dedicated to monitoring US risks. It was against this backdrop that the United States Risk Committee was established at the end of the first half of 2016. It should be noted that following its sale, the North American business of CACEIS, which was carried on from Canada, was removed from the scope of consolidation in 2018.

US regulations recommend that this Committee should have at least three Directors, one of whom is independent. Crédit Agricole S.A. has opted for mostly independent members, including its Chair, who also chairs the Risk Committee.

It holds four meetings a year, one of which is in the United States, in accordance with a US Federal Reserve recommendation. Accordingly, in 2018, the Committee met on 26 October 2018 at the headquarters of Crédit Agricole CIB New York, along with the persons in charge of the three control functions and representatives of the Group's business lines in North America. The meeting was an opportunity for a discussion with representatives of the team of the American Federal Reserve responsible for overseeing the Group's operations in the United States.

The Committee organises its work on the basis of an operational note, which became a Group procedural note in 2017. This defines the organisation and framework for consolidated risk management of Group entities in the United States. It was updated in 2018 to take into account the requests of the American supervisory authority. This document, on which the Rules of Procedure of the United States Risk Committee are based, must be formally approved by the Board of Directors.

Each United States Risk Committee Meeting is an opportunity for a detailed review of credit risks, market risks and operational risks from the Group's activities in the United States. In addition, there are systematic reviews of ongoing audits by the US supervisor(s) and the Control and Audit department, and an update on legal and compliance risks.

The liquidity position, which is a major focus area for the US authorities, is discussed at each meeting. Once a year, following a review by the Committee, this leads to the approval by the Board of Directors of the Liquidity Emergency Plan for the Group's activities in the United States and the Liquidity Risk Appetite Framework, in this year extended to include credit risks. Similarly, the Committee paid particular attention to the implementation of the recommendations made by the American supervisor as part of its annual "ROCA" (Risk, Operations, Compliance and Asset Quality) review.

Along with recurring topics, at the Committee's request an in-depth report is presented on the Group's entities in the United States and on the activities and/or business lines in that country. In this respect, the Committee reviewed the following in 2018:

- Crédit Agricole CIB New York;
- CAIWM Miami;
- Amundi Pioneer;
- Activities in Central and Latin America;
- leverage finance;
- cyber security risks;
- the US component of the OFAC remediation plan, anti-money laundering and the application of the Volcker Rule;
- the review of new products and activities.

1.3.6. Compensation Committee

At 31 December 2018, the Compensation Committee had six members, including three independent Directors and one Director representing employees.

Members	Attendance rate
Laurence Dors, Committee Chairwoman, independent Director	100%
Daniel Épron, Chairman of a Crédit Agricole Regional Bank	100%
Françoise Gri, independent Director	100%
François Heyman, Director representing employees	100%
Jean-Paul Kerrien, Chairman of a Crédit Agricole Regional Bank	100%
Christian Streiff, independent Director	100%

The composition of the Committee complies with the regulatory provisions and the recommendations of the AFEP/MEDEF Code, both with respect to its membership (majority of independent Directors, presence of an employee representative) and its chairmanship (by an independent Director).

The Crédit Agricole Group Head of Human Resources attends Compensation Committee Meetings accompanied by the Head of Compensation and Employee Benefits.

The operation and duties of the Committee are set out in Rules of Procedure as approved by the Board of Directors. The Committee performs the duties conferred upon it by the AFEP/MEDEF Code and the French Monetary and Financial Code (particularly Article L. 511-102), as well as preparing compensation-related tasks for which the Board of Directors is responsible under the French Commercial Code (particularly Article L. 225-37-2).

In addition, in accordance with the provisions of Article L. 511-91 of the French Monetary and Financial Code and the decision of the Board of Directors of 17 December 2013, the functions assigned to the Compensation Committee under the aforementioned article are performed by the Group's Compensation Committee for the following subsidiaries: LCL, Crédit Agricole Assurances, Crédit Agricole Consumer Finance, Crédit Agricole Leasing & Factoring and CACEIS.

The definitions of the underlined words can be found in the Glossary on page 600.

The Compensation Committee met five times in 2018. Its Chairwoman reported to the Board on the work accomplished by the Committee at each of its meetings and submitted the Committee's recommendations on matters subject to approval by the Board.

In 2018, the Committee set out to prepare for the transposition of the Directive on worker mobility by improving the acquisition and preservation of supplementary pension rights. This transposition is planned within the framework of the Action Plan for the Growth and Transformation of Corporates bill (*loi PACTE*) currently under discussion in Parliament. The introduction of portability of pension rights is an important issue for the Crédit Agricole Group. The supplementary pension scheme provided for in Article 39 of the General Tax Code, which is conditional on the presence of the beneficiary in the Company at the time of his retirement, is an important element of the total compensation of executives, in return for a fixed and variable remuneration that is below the average in the sector. The work of the Committee is therefore part of a process of reflection on the total compensation of executives.

As already initiated in 2017 with the implementation of the "say on pay" reform, in 2018 the Committee was aware to ensure that the transparency of information pertaining to the compensation of executive Directors and identified employees was aligned with the highest standards. At the General Meeting of 16 May 2018 this work resulted in an approval rate of resolutions relating to the compensation of Executive Corporate Officers between 92.6% and 99.8%. It should be noted that in 2018, the overall rating of Crédit Agricole S.A. assigned by non-financial rating agency Vigéo increased from 60 to 62 points, thanks to a significant progress in governance, which rose from 50 to 62 points. The improvement in transparency regarding executive compensation and the internal control mechanisms implemented for the supervision of risk takers substantially contribute to this increase.

The Committee also ensured that Crédit Agricole S.A. was able to communicate on the application of the provisions of the revised AFEP/MEDEF Code, recommending that no non-compete compensation shall be paid when the person concerned claims his pension rights, and in any event beyond the age of 65.

In preparation of the General Meeting on 21 May 2019, the Committee reviewed, in its meetings of 15 January and 11 February 2019, all resolutions on the compensation of the Executive Corporate Officers approved by the Board at its meeting on 13 February 2019.

As part of the Board's regulatory obligations, the Committee also examined the compensation of individuals with supervisory responsibilities (Risk, Control & Audit, Compliance), the budget for the variable compensation of identified employees and individual variable compensation over €1 million.

It also considered the "compensation" section of this Board report on Corporate Governance prior to the Board's approval of the entire current Corporate Governance Report on 13 February 2019.

In addition to the work described, other matters examined by the Committee in 2018 included:

- the update of the Crédit Agricole S.A. Group Compensation policy and its application note, submitted for the Board's approval, and the results of the annual audit on the Compensation policy;
- the overall budget for variable compensation within the Group, by entity and according to the appropriate schemes (bonus pool or individual variable compensation);
- the report in respect of 2018 on the compensation policy and practices of members of the executive body, as well as individuals whose professional activities have a significant impact on the Company's risk profile;
- the distribution of the total amount of Directors' attendance fees.

1.3.7. Appointments and Governance Committee

At 31 December 2018, the Appointments and Governance Committee comprised six members. Pursuant to the provisions of the AFEP/MEDEF Code, the Committee is chaired by an independent Director. However, the proportion of independent members on the Appointments and Governance Committee is below AFEP/MEDEF recommendations but reflects the ownership structure of Crédit Agricole S.A., which is controlled by a majority shareholder and where the Chief Executive Officer is from one of the 39 Crédit Agricole Regional Banks that control it. This situation is reported in the table of non-compliance with the AFEP/MEDEF Code.

Members	Attendance rate
Monica Mondardini, Committee Chairwoman, independent Director	100%
Raphaël Appert, Deputy Chairman of the Board of Directors, Chief Executive Officer of a Crédit Agricole Regional Bank	100%
Laurence Dors, independent Director	100%
Jean-Pierre Gaillard, Chairman of a Crédit Agricole Regional Bank	100%
Dominique Lefebvre, Chairman of the Board of Directors, Chairman of a Crédit Agricole Regional Bank	100%
Louis Tercinier, Chairman of a Crédit Agricole Regional Bank	75%

The operation and duties of the Committee are set out in Rules of Procedure as approved by the Board of Directors.

The Corporate Secretary of Crédit Agricole S.A. and Secretary of the Board of Directors take part in meetings of the Appointments and Governance Committee. The Chairwoman of the Appointments and Governance Committee reports to the Board on its work and on the Committee's opinion on matters referred to it for approval.

The Committee met four times in 2018.

The appointment of the new Chief Compliance Officer was an opportunity for the Committee to apply for the first time the new provisions with regard to the involvement of the supervisory body in the appointments and possible dismissals of each of the Heads of control functions.

On the occasion of this appointment, the Committee first ensured that the incumbent's decision to exercise his pension rights was a personal decision. It then ensured that the recruitment process had been carried out in accordance with the requirements for this post, with a transparent procedure, a precise definition of the tasks and qualifications required, an assessment of the candidates and, finally, a motivated choice. After obtaining the opinion of the Chair of the Risk Committee and hearing the Chief Executive Officer, the Appointments Committee issued a favourable opinion to the Board on the recommendation submitted by the Chief Executive Officer to appoint the Chief Compliance Officer.

Prior to the General Meeting, the Appointments Committee reviewed the recommendation to appoint a new Director and the situation of Directors whose terms of office were subject to renewal in the light of the criteria of availability, competence and integrity, as well as the compliance of the situation of independent Directors with the criteria of the AFEP/MEDEF Code.

It organised the self-assessment campaign on the functioning and competences of the Board of Directors and, in the light of the results and suggestions, proposed concrete measures to address them (see below).

In 2018, the Committee heard the Chief Executive Officer regarding the succession process for key functions, and to the Group Human Resources Director addressed it on the measures to promote gender equality in the workplace, including in senior management bodies. It monitored the development of the Code of Conduct of Crédit Agricole S.A and ensured its deployment in the subsidiaries.

The definitions of the underlined words can be found in the Glossary on page 600.

It kept informed of the regulatory changes in the field of Governance and proposed the Board of Directors with the necessary adaptations to the Rules of Procedure for the Board and the specialised committees to comply with, in particular with regard to the new recommendations of the revised AFEP/MEDEF Code in its version of June 2018. It also monitored the updating activities of the Articles of Association of Crédit Agricole S.A, to be proposed to the General Meeting of 21 May 2019, drawing, on the one hand, the consequences of the regulation specific to banks and preference shares and, on the other hand, various legislative and regulatory changes.

Finally, it adopted this report on Corporate Governance submitted to the Board on 13 February 2019 and the resolutions on Corporate Governance for the General Meeting of 21 May 2019.

1.3.8. Strategy and Corporate Social Responsibility (CSR) Committee

At 31 December 2018, the Committee comprised seven members.

Members	Attendance rate
Dominique Lefebvre, Chairman of the Board of Directors, Chairman of a Crédit Agricole Regional Bank	100%
Raphaël Appert, Deputy Chairman of the Board of Directors, Chief Executive Officer of a Crédit Agricole Regional Bank	100%
Daniel Épron, Chairman of a Crédit Agricole Regional Bank	100%
Françoise Gri, independent Director	100%
Renée Talamona, Chief Executive Officer of a Crédit Agricole Regional Bank	100%
François Thibault, Chairman of a Crédit Agricole Regional Bank	100%
Christian Streiff, independent Director	80%

The establishing of this Committee was decided by the Board of Directors in 2003, first as the Strategy Committee and then, from 2015 on, as the Strategy and CSR Committee, with an extension of its field of competence.

While the AFEP/MEDEF Code for a long time provided in the idea that strategic guidelines could be examined by an *ad hoc* Committee, without issuing a recommendation on how this Committee should operate, the inclusion of corporate social and environmental responsibilities to the Board's scope of competence was incorporated in the revised version of the Code in 2018. In respect of the information provided in this field, Crédit Agricole S.A. meets the recommendations of the French Financial Market Authority (AMF), which, in its November 2016 report on corporate social responsibility, recommends that detailed guidelines be given regarding the frequency at which corporate social and societal responsibility matters should be included on the Committee's agenda, while also specifying its duties and results and its interaction with other Board Committees.

The operation and duties of the Strategy and CSR Committee is described in its Rules of Procedure, amended in 2016 to allow it to meet whenever the need arises, rather than according to an annual schedule. This method of operation was in response to a request from its members, made as part of the annual evaluation of the Board and to the wishes of the Chairman and the Chief Executive Officer. This flexibility renders it possible to involve the Board as early as possible in the process of considering disinvestments and acquisition transactions.

The Committee held five meetings in 2018, only two of which were scheduled meetings on a year-on-year basis (March and December).

In this context, the Strategy and CSR Committee devotes its December meeting to CSR policy and actions each year.

As to CSR, the Board has adopted a transversal approach with the involvement of four out of six Board Committees. The first of these is the Strategy and CSR Committee, which, in particular, each year analyses the results of the actions carried out in these areas and which draws up guidelines for the following year. It also is involved in:

- the Appointments and Governance Committee, which followed the development of the Code of Conduct and its deployment in the entities in 2018;
- the Risk Committee, to which is reported at least annually on the measurement of the effects of climate risk by the entities and the policies followed in this area;
- the Compensation Committee, which ensures the robustness of the "FReD" indicator, an indicator that measures the Group's progress in the social and environmental areas and which is one of the elements taken into account in determining the variable compensation of executives.

In its revised version revised in June 2018, the AFEP/MEDEF Code introduces the monitoring of the preparation of non-financial information to the scope of competence of the Audit Committee. As this task is already carried out within the Board of Directors of Crédit Agricole S.A. by the Strategy and CSR Committee, in coordination with the Appointments and Governance Committee, it was decided that non-financial information and non-financial ratings would remain within the scope of competence of this Committee. Similarly, the non-financial risks that the AFEP/MEDEF Code assigns to the Audit Committee, remain within the scope of competence of the Risk Committee, a mandatory committee in the banking sector and not listed in the committees recommended by the AFEP/MEDEF Code.

In 2018, in the field of CSR, the Committee monitored the progress made, which is reflected in the increasing integration of CSR topics, in particular the ethical and environmental issues, into the very activity of the business lines. The strengthening of the ethical culture reflects, after the deployment of the Ethics Charter and the Personal Data Charter, in the implementation and appropriation by all business lines of Codes of Conduct.

Under the terms of Climate Finance, the Committee has been informed of the commitment of the business lines to the fight against climate change, with the most significant examples being:

- the position of world leader of Crédit Agricole CIB in November 2018 in arranging green and social bonds;
- Crédit Agricole Assurances being the leading French institutional investor in renewable energies;
- the decision by Amundi to impose ESG performance measurement on all funds under its management;
- the success of Crédit Agricole's issuance of its first green bond for the amount of €1 billion for the refinancing of climate projects carried out by all Crédit Agricole Group entities, with a granularity that has been highly appreciated by investors.

The participation of Crédit Agricole in Climate Finance Day was an opportunity for the Group to affirm its three commitments:

1. support all its customers in the transition to a so-called "low-carbon" economy aligned with the 2°C target of the Paris Agreement;
2. incorporate environmental, social and governance (ESG) criteria to a large extent into proposed financing and investment to ensure the coherence of economic, social and environmental impacts;
3. invest and promote investment in and financing of large-scale renewable energy projects.

Other actions included in the assessment reviewed by the Committee are, *e.g.* the partnership with the National Museum of Natural History to support actions to protect and conserve sites and support scientific research on biodiversity.

Finally, under social commitments, Crédit Agricole has, *e.g.,* taken measures to promote the integration of young people and access to employment. In 2019, 750 first-year high-school interns from disadvantaged areas will be welcomed throughout the Crédit Agricole Group, of which 300 at Crédit Agricole S.A., and the number of work-study students will be doubled with a target of 6,000 young people per year by 2020.

For 2019, the objectives set by the Executive Board and the Strategy and CSR Committee are to expand the various initiatives and commitments, in particular the need to:

- continue to strengthen the CSR dimension of sectoral policies and ensure consistency across all business lines;
- strengthen the CSR reporting tools;
- define a Group strategy for inclusion (financial, digital, etc.) and support for the Social and Solidarity Economy sector;
- improve communication on the actions on societal and environmental issues of the Group.

For the record, the Strategy and CSR Committee is also monitoring the preparation of the Integrated Report, which will be the third such report in 2019, providing a strategic and forward-looking vision of the Company, integrating financial and CSR data.

(For the strategic files and sale and acquisition files that were the subject of a public communication and were presented to the Board in 2018, see 1.2.2.: "Summary of issues examined by the Board in 2018 further to review by, advice from and/or on the recommendation of the Specialised Committees".)

1.4. DUTY OF VIGILANCE

Legal framework

Law No. 2017-399 of 27 March 2017 on the duty of vigilance of parent companies and contracting companies applies to Crédit Agricole S.A.

As a parent company, Crédit Agricole S.A. has opted for preparing a vigilance plan and reporting on its effective implementation for all Crédit Agricole S.A. Group companies, namely Crédit Agricole S.A. and the companies it directly or indirectly controls.

The vigilance plan includes, in accordance with the law, reasonable measures to identify risks and prevent serious violations of human rights and fundamental freedoms, the health and safety of persons and the environment, which could potentially result from the activities of Crédit Agricole S.A. and of the consolidated companies over which Crédit Agricole S.A. exercises control, as well as from the activities of sub-contractors or suppliers with whom an established commercial relationship is maintained, when such activities are related to that relationship.

Our commitments

Our vigilance measures are in line with the fundamental principles to which we adhere and the applicable international rules and regulations, in particular with regard to respect for human rights, the fight against modern slavery, the prevention of attacks on human health and safety, the protection of the environment and, in particular, the development of "climate finance" (see Chapter 2 "Social, environmental and societal contribution").

Beyond the applicable regulatory framework, our Group has chosen to promote a strong culture of compliance and ethics. Particular attention is paid to the impact of our activities on persons and the environment in order to achieve the objectives expressed in our commitment policies towards customers, employees, partners and society. (See the chapter 2, part 1 "Promoting a culture of ethics").

Our ethical principles

Our commitments are reflected in policies that formalise the principles of compliance and ethics as applicable within our Group and in our relationships with our customers, suppliers, service providers and employees (see Chapter 2, part 1 "Promoting a culture of ethics").

- **The code of ethics** of the Crédit Agricole Group, which sets out the framework for the principles of action and professional conduct within our Group, has been approved by the Board of Directors of Crédit Agricole S.A. Group and the Boards of Directors of all Group entities of the Crédit Agricole S.A. Group. It was presented to the General Meeting of Shareholders in May 2017 and distributed when it was issued.
- **Codes of Conduct** implemented by the entities of the Crédit Agricole S.A. Group operationally describe the principles of the code of ethics. These principles must also be integrated into the internal control procedures of the entities. The Codes of Conduct have been presented to the Boards of Directors of each entity for consideration.

The Board of Directors of Crédit Agricole S.A. is strongly involved in promoting an ethical culture within the Group, in 2017 specifically through the monitoring of the deployment of the code of ethics, in 2018 followed by its implementation in the form of Codes of Conduct. The Board integrates the review of CSR issues and policies within the competences of its Strategic Committee and CSR. This Committee monitors ethical issues within the Group in conjunction with the Appointments and Governance Committee.

Managing and monitoring of the vigilance plan

The vigilance plan is managed and monitored at the highest level of the Group. The Board of Directors of Crédit Agricole S.A. has been informed of the procedures for developing and implementing the vigilance plan in its meetings of 16 May and 18 December 2018.

The CSR Committee of the Crédit Agricole S.A. Group, chaired by the Corporate Secretary, approves the orientations and monitors the implementation of the vigilance plan and the associated action plans. Twice per year it is responsible in the capacity of "Committee on the duty of vigilance" and keeps the Executive Committee updated.

The management of the vigilance plan is entrusted to the CSR department, under the responsibility of the Corporate Secretariat, in collaboration with the Group departments overseeing Purchasing, Legal, Risk, Compliance, Human Resources, Safety and Security, as well as with the Crédit Agricole S.A. Group subsidiaries.

Our approach

For financial year 2018, Crédit Agricole S.A. Group's vigilance plan consisted of:

- the process of identifying and mapping the risks of serious violations that its activities could potentially cause to fundamental human rights and freedoms, the health and safety of persons, and the environment. This approach is reported by describing the methodology used and summarising the risks identified and the associated areas of vigilance;
- prevention or mitigation measures and assessment procedures implemented within the Crédit Agricole S.A. group to prevent these risks;

The definitions of the underlined words can be found in the Glossary on page 600.

- an alert system;
- a system for monitoring the actions implemented and evaluating their performance. Details of policies and action plans and the associated key performance indicators are presented in the statement of non-financial performance (see p. 39 and "Material CSR commitments and links with SDGs" p. 40 to 43).

Pursuant to the regulations, the report on the effective implementation of the vigilance plan is published each year for the financial year ending 31 December.

The approach of the Vigilance plan is based on the principle of continuous improvement. As a result, the tools used to identify and manage risks and the measures implemented to prevent these may change in the light of the results of risk mapping approaches, changes in the activities financed and those induced by the operations of Crédit Agricole S.A. Group, as well as priority CSR issues. From that perspective, the indicators for monitoring the implementation of the vigilance plan are currently being evaluated and may be enhanced with new indicators for subsequent years, including the use of quantitative and qualitative data provided by the alert reporting system.

Methodology for identifying and managing the risks referred to in the current vigilance system

In line with the law, the scope of the vigilance plan of Crédit Agricole S.A. Group includes employees, suppliers and sub-contractors with whom it has an established relationship, and covers the main activities of the Crédit Agricole S.A. Group in the exercise of its business as banker and insurer, *i.e.* its financing and investment activities as well as the distribution of financial and insurance products and services to its customers.

The risk identification process is based on two steps:

- a first step to identify generic risks with regard to the areas of vigilance covered by the law and the commitments of the Group;
- a second step to identify the risks of major impacts specific to our activities that require a particular vigilance.

With regard to the areas governed by the law and the Group's CSR commitments, the generic risks of serious violations of human rights, fundamental freedoms and the health and safety of individuals that we have identified are:

- the use of forced labour, slavery and child labour;
- the violation of the rights of indigenous peoples, including their right to property;
- discrimination and harassment in the workplace;
- failure to respect freedom of association and the principle of collective bargaining;
- violations of the health and safety of persons;
- the lack of decent working conditions, compensation and social protection;
- violating the right to privacy.

In terms of environmental protection, the identified serious risks of damage are:

- the worsening of climate change and associated climate risks;
- excessive consumption of natural resources;
- pollution and degradation of soil, air and water quality;
- the loss of biodiversity;
- the proliferation and non-treatment of waste.

For significant risks directly related to our activities, in the areas governed by the law on the duty of vigilance, the identification and assessment process refers to priority CSR issues for the Group (see Chapter 2, "Material CSR commitments and links with SDGs" p. 40 to 43), which are updated annually in the form of a barometer based on consultation with employees (about 4,000 individuals consulted in 2018) and external stakeholders (1,200 individuals represented clients and general audience).

In this context, the Crédit Agricole S.A. Group has identified the main areas in which its activities have a major socio-economic impact and could therefore carry significant direct risks to respect for human rights and fundamental freedoms, human health and safety and environmental impact.

This approach made it possible to identify the following areas of vigilance:

- Relationships with the customers of the Crédit Agricole S.A. Group:
  - ensuring the security of customer's personal data and the transparency of their use;
  - preventing discrimination in access to financial services offered by entities of the Crédit Agricole S.A. Group.
- Relationships with the employees of the Crédit Agricole S.A. Group:
  - maintaining occupational health and ensure equity in social protection;
  - ensuring the safety and security of employees;
  - combating discrimination;
  - maintaining social dialogue within the Group.
- Relationships with suppliers and sub-contractors of the Crédit Agricole S.A. Group:
  - ensuring that suppliers and sub-contractors with whom we have an established relationship accept commitments related to the Group's vigilance system;
  - assessing and managing significant environmental, societal and governance (ESG) risks in our purchasing.
- Financing and investment activities of the Crédit Agricole S.A. Group:
  - assessing and managing major direct environmental and societal risks in financing and investment;
  - paying particular attention to climate risk management in financing.

The Group exercises vigilance within the framework of existing risk management systems (see Chapter 5, "Risk and Pillar 3").

Moreover, the operational risk management system, which includes the risk of non-compliance, legal risk, the risk of internal and external fraud and the risks generated by the use of key outsourced services (PSEE), is formalised in a set of common standards and procedures.

In accordance with the Decree of 3 November 2014, a dedicated procedure is in place to control the risks related to the Group's activities, describing in particular the respective responsibilities of its three lines of defence within the internal control system (business lines in the first place, permanent control exercised by the Risk and Compliance business lines in the second place, Audit-Inspection in the third).

The identification and qualitative assessment of risks is carried out through risk mapping, carried out annually by the business lines and entities in accordance with the specific characteristics of their business sector. Risk indicators are set up for processes with major impact risks and, if necessary, improvement action plans are defined.

The definitions of the underlined words can be found in the Glossary on page 600.

Compliance standards and the system for monitoring non-compliance risks are described in an *ad hoc* body of rules *(Corpus Fides).* Finally, a dedicated control system, incorporating a procedure for managing irregularities and reporting alerts, ensures that non-compliance risks are managed, particularly with regard to non-compliance with rules relating to financial and banking activities, professional and ethical standards, instructions, ethics in professional conduct, as well as in the fight against money laundering, corruption or terrorist financing, and respect for the integrity and transparency of the markets. Within the Compliance business line, each Compliance Manager updates a mapping of non-compliance risks, consolidated by the Group Compliance department.

Report of the implementation of measures to prevent or mitigate these risks

Relationships with the customers of the Crédit Agricole S.A. Group

In its business of distributing financial and insurance products and services to its customers, the Crédit Agricole S.A. Group has identified two areas requiring particular attention.

Ensuring the protection of personal data and transparency as to their use

The Crédit Agricole S.A. Group has adopted a normative framework for the protection of personal data by implementing, in 2017, a personal data charter, co-created with customers. It is based on five key principles (data security, utility and loyalty, ethics, transparency and pedagogy, customer control) aiming to reassure customers and disseminating best practices to employees of the Group entities.

The commitments made in that charter ensure that customers have control over their data and their use and are fully consistent with the implementation of the European regulation on the protection of personal data that came into force in May 2018.

In 2018, a set of standards and procedures relating to the management and protection of personal data, including employees' personal data, was distributed throughout the Crédit Agricole S.A. Group (see Chapter 2, part 1.2 "Establishing trust-based relationships with customers").

Avoiding discrimination in the access to financial products, services and insurance by supporting the most financially vulnerable customers

In order to be useful to all its customers and to prevent the risk of discrimination in access to financial services, Crédit Agricole has been committed for several years to a process of financial inclusion and support for the most vulnerable customers. The Crédit Agricole S.A. Group shows its commitment to this approach by committing to preventing over-indebtedness and improving access to credit and insurance for those customers.

To prevent and manage situations of over-indebtedness, specific support measures (support agency, national unit and adapted offer) have been set up by Crédit Agricole Consumer Finance and LCL, that can be offered to customers when a situation of financial fragility is found. In addition, Crédit Agricole Consumer Finance is represented in the Banque de France's over-indebtedness commissions, with 14 representatives in 2018.

Within Crédit Agricole Assurances, Pacifica has developed a Solidarity Health offer proposed to beneficiaries of the Assistance for payment of the Health Supplement ("ACS"). CA Assurances abides by the AERAS agreement, which facilitates access to insurance and loans for persons who currently have or have had serious health problems, and offers adapted policies through its subsidiary, CACI, a loan insurer.

Several entities of the Group (notably CA Consumer Finance, LCL, CreditPlus in Germany, Agos in Italy and CA Poland) are involved in financial and budgetary education programmes that have as one of their objectives the prevention of over-indebtedness (see Chapter 2, part 2.1 "Supporting all customers through good and bad times").

Relationships with the employees of the Crédit Agricole S.A. Group

Maintaining occupational health and ensuring equity in social protection

The Crédit Agricole S.A. Group ensures that its facilities provide a working environment that protects the health of its employees and provides prevention, information and support services for employees (free screening campaigns and vaccination, ergonomic advice, nutrition and stress management, personalised support for employee carers, etc.).

Measures to prevent psycho-social risks (toll-free numbers, listening units) are deployed throughout the Group. In addition, specific attention is paid to organisational transformations and, if necessary, accompanying measures are put in place (training, awareness-raising, collective agreements).

The Group is also actively involved in the social protection of all its employees, particularly in matters related to health, retirement, death, short and long-term disability. Accordingly, in 2017, a supplementary hospitalisation scheme was implemented at Group level in France. In 2018, the Take Care programme continued and made it possible to strengthen health and provident schemes (death, short and long-term disability coverage) for nearly 9,000 employees and their families in four countries of the International retail banking business line (Egypt, Morocco, Serbia and Ukraine).

Ensuring the safety and security of employees

The Crédit Agricole S.A. Group ensures the safety and security of its employees and persons on its premises. Specific measures are deployed to ensure the safety of employees during business trips as well as for expatriate employees. Risk prevention actions specific to employees in contact with customers or who travel frequently by road are also implemented.

In 2017 and 2018, the governance and organisation of the Physical Security function within the Group were reviewed in order to strengthen existing systems and the resources allocated. A procedure describing the general framework, organisation and operation of the Security and Safety Business Line and recalling the tasks entrusted to the Physical Security and Safety Department ("DSS") was distributed within the Crédit Agricole Group in 2018.

Additional information on preventive measures and safety and security measures is presented in the non-financial performance statement (see Chapter 2, part 5.5.1 "Ensuring the health and safety of employees").

Combating discrimination

The Crédit Agricole S.A. Group is a signatory of the Diversity Charter and it has already been committed to an approach aimed at promoting diversity and gender balance for several years. This diversity policy, which is based on the principles of non-discrimination and the integration of career and age diversity, takes the form of agreements on topics such as non-discrimination in recruitment, training, promotion, compensation and the balance between private and professional life. Training and awareness-raising activities are regularly implemented within the Group and annual indicators make it possible to monitor the results of the measures implemented.

The definitions of the underlined words can be found in the Glossary on page 600.

The employment and integration of persons with disabilities has been the subject of a proactive policy since 2005 under three-year Disability agreements. The number of newly-hired persons with disabilities and the volume of purchase contracts signed with the Protected and Adapted Work Sector are among the indicators measured annually (see Chapter 2, part 5.4 "Building on our diversity for a stronger work place community").

Maintaining a social dialogue within the Group

The Crédit Agricole S.A. Group, through its Group Human Resources Department and representatives of the Human Resources function within each entity, maintains a dynamic dialogue with all stakeholders in the social dialogue.

This dialogue is organised at several levels to take into account the multiplicity of Crédit Agricole Group's locations in Europe. Fourteen countries (representing more than 90% of Crédit Agricole's employees) are represented on the European Works Council, which meets annually; similarly, in France twice a year, employee representatives and management discuss the Group's strategy and social and economic situation.

Moreover, two other bodies within the Crédit Agricole S.A. Group also facilitate maintaining the social dialogue: a Consultation Committee in which executives can present their projects and engage in discussions with employee representatives; meetings of union representatives are also organised on a monthly basis to foster exchanges, maintain a local dialogue and explain strategic developments in the Group's business lines (see Chapter 2, part 5.5.3 "Guaranteeing a constructive social dialogue within the Group").

Relationships with suppliers and sub-contractors

Ensuring that suppliers and sub-contractors with whom we have an established relationship accept commitments related to the Group's vigilance system

The Crédit Agricole S.A. Group has a "Responsible Purchasing" policy, which was revised in 2017 and in 2018 expanded to be applicable for the entire Crédit Agricole Group. Shared by all employees and suppliers, it aims to promote, in case of a purchase, the consideration of the right need and of economic, societal and environmental aspects. This policy is accompanied by a Responsible Purchasing Charter that formalises the reciprocal commitments between the Group and its suppliers, based on the fundamental principles of the United Nations Global Compact. In particular, it specifies the level of vigilance expected in terms of respect for human rights and labour law, environmental impact, business ethics and transparency. The Charter is systematically attached to all supplier contracts.

Moreover, in 2017 a specific clause entitled "Respect for human rights, protection of the environment and fight against corruption" was included in all the standard supplier contract models of the Crédit Agricole S.A. Group, under which suppliers declare and guarantee that they will respect and enforce in their supply chains all their obligations to identify risks and prevent serious violations of human rights and fundamental freedoms, the health and safety of individuals and the environment resulting from their activities, in accordance with laws and/or regulations relating to respect for human, social and environmental rights. In 2018, all amendments to supplier contracts entered into under this system are being revised to include this new clause.

The requirements of the law on the duty of vigilance are included in the Purchasing procedural memorandum that applies to all employees. In addition, an e-learning module "Responsible Purchasing" is offered to employees in the Purchasing business line of the Crédit Agricole S.A. Group, which raises their awareness of the Company's challenges, policies and procedures. The e-learning module, made available in the training catalogue, is also accessible to all Crédit Agricole S.A. Group employees, so that all potentially affected employees understand and can be able to identify risks in our supply chain. Finally, a "responsible purchasing" training module is offered in person in the training course on the fundamentals of purchasing.

The CSR evaluation of suppliers is systematically requested at each request for proposals, it concerns their CSR management system and their offer and is based on a documentary audit. This type of assessment has been entrusted to EcoVadis, an independent third party expert, since 2012.

In 2018, the "Supplier Relations and Responsible Purchasing" label awarded by the French Mediator of the Republic has been renewed and extended to the entire Crédit Agricole S.A. group, including the requirements of ISO 20400 Standard.

Assessing and managing significant environmental, societal and governance (ESG) risks in our Purchasing

In 2017 and 2018, the Group Purchasing Department undertook to update its risk mapping by identifying, analysing and prioritising the categories of purchases presenting risks based on ethical, social and environmental criteria. This process was carried out in two stages. First, by identifying theoretical CSR risks in Purchasing, as part of a joint project with three other banks and supported by AFNOR. Second, a mapping of the CSR risks specific to the Purchasing activities of Crédit Agricole S.A. Group was established.

This approach has made it possible to prioritise purchasing categories according to four levels of CSR risk based on the intrinsic gravity of a risk and its probability of occurrence. For categories with the highest levels of risk, the Group Purchasing department has decided to strengthen its CSR assessment system and apply specific risk prevention measures (diagnosis, recommendations and CSR issues specific to the offer) in addition to the general measures taken as part of the "Responsible Purchasing" policy.

In calls for tenders, the score obtained on the CSR criteria is an integral part of the choice of a good or service in the award of the contract to the supplier. The more the purchasing category is identified as being at risk, the more important the CSR rating becomes in the multi-criteria grid.

Additional elements relating to the approach taken by the Group Purchasing department are presented in the non-financial performance statement (see Chapter 2, part 2.2.1 "Purchasing, all accountable").

The definitions of the underlined words can be found in the Glossary on page 600.

Financing and investment activities of the Crédit Agricole S.A. Group

Assessing and managing climate, environmental, societal and governance issues (ESG) risks in our financing and investments

For several years, the Crédit Agricole S.A. Group has been committed to an approach that integrates environmental, societal and governance (ESG) risks into its decision-making criteria.

Investments

As a signatory to the Principles for Responsible Investment (PRI) since their launch in 2006, Amundi includes environmental, social and governance (ESG) criteria in its analysis process and investment decisions, in addition to financial criteria. Accordingly, Amundi's ESG policy is as follows:

- a strict exclusion policy for issuers (companies and governments) that do not meet the ESG criteria adopted by the Group;
- a systematic ESG analysis of companies, summarised by a proprietary ESG rating, which takes into account major environmental, social and governance issues such as climate change, child labour and transparency in business conduct;
- distribution of ESG ratings to all managers;
- a commitment policy aimed at developing companies towards best practices;
- a voting policy that integrates ESG issues.

Amundi has developed a proprietary non-financial analysis methodology to assess the quality of the environmental, social and governance (ESG) policies of issuers. This methodology is based on a pragmatic approach called "Best-in-Class" which consists in analysing how, in a given sector, companies manage their ESG opportunities and risks.

The Crédit Agricole Assurances Group has also been a signatory to the Principles for Responsible Investment (PRI) since 2010. In 2017, it developed and published a CSR policy, based on a mapping of the CSR risks associated with its activities, which defines its framework for action and is divided into its three business lines: insurer, investor and employer. This policy describes its approach to integrating non-financial criteria into its investment processes.

Crédit Agricole Assurances applies the same exclusion policy for issuers that do not meet the Group's ESG criteria, based on the list of excluded issuers maintained by Amundi. Government debt securities issued by the countries on that list are therefore excluded from investments. Except in justified cases, private issuers domiciled in those countries are also excluded.

Financing

In the area of project financing, Crédit Agricole CIB has developed a system for assessing and managing risks resulting from the environmental and social impacts of transactions and customers, which is described in its CSR Policy published in 2017 and codified in a governance rule.

Since 2003, Crédit Agricole CIB has been guided by the Equator Principles, to which it adhered from the onset. These principles are a voluntary commitment to carry out a detailed analysis of the environmental and social aspects of each new project financing and to require that projects be developed and operated in accordance with the environmental and social standards of the International Finance Corporation (IFC).

This ESG risk management system is based on three pillars:

- the application of the Equator Principles provides an appropriate methodological framework for assessing ESG risks for operations directly related to a project;
- the CSR sectoral policies published by the Group, which specify the criteria for analysis and exclusion in all transactions for sectors where social and environmental issues have been identified as the most important: arms, energy, mining, transportation, transport infrastructure, construction, agriculture and forestry (see Chapter 2, part 4.2.2 "CSR sector policies");
- an analysis of the environmental or social sensitivity of transactions or customers regarding the management of the environmental and social impacts related to the projects financed or the customers' CSR approach, which is assessed in accordance with the principles of the sectoral policies of the Bank.

Paying particular attention to climate risk management in financing

In October 2017, at the Group Risk Committee (CRG), the Group adopted an ambitious policy on climate and acceleration of energy transition. This is reflected in particular in the evolution of climate risk management within financing.

For a number of years, Crédit Agricole CIB has undertaken work designed to better understand and manage climate risks and aims to continue to do so:

- by estimating the carbon footprint of its financing and investment portfolio;
- by drawing up sector policies for the sectors covering over 80% of this footprint;
- by gradually introducing an analysis linked to the consideration of global warming issues and a carbon price in the analysis of credit files. The goal is to determine the most relevant climate risk or risks for the Bank and to develop a methodology to assess them.

Particular attention paid to climate risk management in financing has also resulted in the revision of the Group's sectoral policy on energy in the oil and gas sector, excluding the financing of the least efficient hydrocarbons. This development is in addition to the general policy of withdrawing funding from coal-related activities, which has been in place since 2015.

Additional elements describing the approaches to integrating ESG risks into financing and investment activities are presented in the non-financial performance statement and in the CSR reports of the entities of the Group (see Chapter 2, part 3 "Supporting the energy transition" and part 4 "Encourage taking into account ESG factors").

The definitions of the underlined words can be found in the Glossary on page 600.

Alert and notification system

The Group's body of procedures in the area of Compliance includes a procedure on the right to alert. In order to strengthen risk prevention, the centralized system for reporting alerts and collecting notifications made available to all Group employees as part of the fight against fraud and corruption was extended in 2018 to allow facts falling within the scope of the Group's duty of vigilance and ethical commitments, as defined in its code of ethics and in the Codes of Good Conduct adopted by each Group entity.

The system, the development of which has been shared with union organisations, is now open to third parties by any written means and will soon be accessible via an IT system collecting alert data. This tool will progressively be accessible in several languages (first French and English, then German, Spanish, Italian, Dutch and Portuguese) to anyone wishing to make a report on human rights, health and safety, environment and other issues. Confidentiality about the identity of persons making a report is the rule for alerts in accordance with European regulations.

A common alert reception tool is being deployed within the Crédit Agricole Group to facilitate alert processing and quantitative and qualitative analysis (see Chapter 2, section I.4.4. "Deploy a responsible and compliance process"). The annual analysis of alerts (number and type of alerts) will contribute to the assessment of non-compliance risks and the development of the preventive measures implemented.

System for monitoring implemented actions and evaluating their performance

CSR issues, particularly those corresponding to areas of vigilance, are the subject of specific targets and key indicators, some of which are included in the objectives of the "Strategic Ambition 2020" Medium-Term Plan and in the FReD approach. This approach provides entities with a common framework for formalising CSR policies adapted to their activities and for assessing their societal performance. The average of each entity's progress evaluation provides an index: "the Group FReD index". This index, like other criteria such as operating income, has an impact on the variable compensation of executives throughout the Group (see Chapter 2 "Managing CSR performance with FReD", p. 43).

As part of our continuous improvement process, the indicators for monitoring the measures implemented as part of the Vigilance plan will be completed and enhanced for financial year 2019, notably with regard to the use of alert reporting.

Information on the results of CSR policies and the associated key performance indicators are presented in the statement of non-financial performance (see Chapter 2, Summary table p. 41 to 43 and elements of non-financial reporting indentified by *DPEF* pictograms), in accordance with the Group's approach, which aims to integrate the exercise of its duty of vigilance into its overall strategy, which aims to achieve sustainable performance based on principles of action and behaviour in line with the values it defends.

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2. ADDITIONAL INFORMATION ON CORPORATE OFFICERS

2.1. COMPOSITION OF THE BOARD OF DIRECTORS

At 31 December 2018:

Dominique Lefebvre	Chairman of the Board of Directors Chairman of the Caisse régionale Val de France Chairman of Fédération nationale du Crédit Agricole Chairman of SAS Rue La Boétie
Raphaël Appert representative of SAS Rue La Boétie	Deputy Chairman of the Board of Directors Chief Executive Officer of the Caisse régionale Centre-est First Deputy Chairman of Fédération nationale du Crédit Agricole Deputy Chairman of SAS Rue La Boétie
Pascale Berger	Crédit Agricole Regional Banks Employee Representative
Philippe Boujut	Chairman of the Caisse régionale de Charente-Périgord
Caroline Catoire	Corporate Director
Laurence Dors	Corporate Director
Daniel Épron	Chairman of the Caisse régionale de Normandie
Véronique Flachaire	Chief Executive Officer of the Caisse régionale du Languedoc
Jean-Pierre Gaillard	Chairman of the Caisse régionale Sud Rhône-Alpes
Françoise Gri	Corporate Director
Jean-Paul Kerrien	Chairman of the Caisse régionale du Finistère
Christiane Lambert	Chairwoman of the FNSEA, representing professional farming associations
Monica Mondardini	Chief Executive Officer of CIR S.p.A.
Gérard Ouvrier-Buffet	Chief Executive Officer of the Caisse régionale Loire Haute-Loire
Catherine Pourre	Corporate Director Manager of CPO Services (Luxembourg)
Christian Streiff	Corporate Director
Renée Talamona	Chief Executive Officer of the Caisse régionale de Lorraine
Louis Tercinier	Chairman of the Caisse régionale Charente-Maritime Deux-Sèvres
François Thibault	Chairman of the Caisse régionale Centre Loire
François Heyman	Representing the employees (UES Crédit Agricole S.A.)
Simone Védie	Representing the employees (UES Crédit Agricole S.A.)
Pierre Cambefort	Non-voting Director Chief Executive Officer of the Caisse régionale Nord Midi-Pyrénées
Philippe de Waal	Non-voting Director Chairman of the Caisse régionale Brie Picardie
Bernard de Drée	Representative of the Works Council

The definitions of the underlined words can be found in the Glossary on page 600.

Risk Committee:	Risk 5 members	Compensation Committee	COREM 6 members
United States Risk Committee	US 3 members	Appointments and Governance Committee	CNG 6 members
Audit Committee	Audit 6 members	Strategy and CSR Committee	Strat/CSR 7 members

Presentation of the Board of Directors at 31 December 2018	Origin	Age	First appointed	Renewal of term	Attendance	Committees Chairman: Green Member: Black
Dominique Lefebvre *Chairman of the Board of Directors* *Chairman of the Caisse régionale Val-de-France, FNCA, and SAS Rue La Boétie*		57	2015[1]	2019	100%	CNG; Strat/CSR
Raphaël Appert *Representative of SAS Rue La Boétie* *Deputy Chairman of the Board of Directors* *Chief Executive Officer of the Caisse régionale Centre-est* *First Deputy Chairman of FNCA* *Deputy Chairman of SAS Rue La Boétie*		57	2017	2021	100%	CNG; Strat/CSR
Pascale Berger *Representative of Crédit Agricole Regional Bank employees*		57	2013	2021	100%	
Philippe Boujut[2] *Chairman of the Caisse régionale de Charente-Périgord*		64	2018	2021	100%	
Caroline Catoire *Corporate Director*		63	2011	2020	100%	US; audit
Laurence Dors *Corporate Director*		62	2009	2020	100%	Audit; COREM; CNG
Daniel Épron *Chairman of the Caisse régionale de Normandie*		62	2014	2020	100%	COREM; Strat/CSR
Véronique Flachaire *Chief Executive Officer of the Caisse régionale du Languedoc*		61	2010	2019	80%	Risks; US
Jean-Pierre Gaillard *Chairman of the Caisse régionale Sud Rhône-Alpes*		58	2014	2019	100%	Audit ; CNG
Françoise Gri *Corporate Director*		61	2012	2020	100%	Risks; US; audit; COREM; Strat/CSR
Jean-Paul Kerrien *Chairman of the Caisse régionale du Finistère*		57	2015	2019	100%	COREM
Monica Mondardini *Chief Executive Officer of CIR S.p.A.*		58	2010	2021	100%	CNG
Gérard Ouvrier-Buffet *Chief Executive Officer of the Caisse régionale Loire Haute-Loire*		61	2013	2020	100%	audit
Catherine Pourre *Corporate Director* *Manager of CPO Services (Luxembourg)*		61	2017	2020	100%	Risks; audit
Christian Streiff *Corporate Director*		64	2011	2020	100%	Risks; COREM; Strat/CSR
Renée Talamona *Chief Executive Officer of the Caisse régionale de Lorraine*		61	2016	2021	100%	Strat/CSR
Louis Tercinier *Chairman of the Caisse régionale de Charente-Maritime Deux-Sèvres*		58	2017	2021	100%	CNG
François Thibault *Chairman of the Caisse régionale Centre Loire*		63	2015	2020	100%	Risks; Strat/CSR
Christiane Lambert *Chairman of the FNSEA (Fédération nationale des syndicats d'exploitants agricoles)*		57	2017	2020	70%	
François Heyman *Representing employees*		59	2012	2021	100%	COREM
Simone Védie *Representing employees*		58	2018	2021	100%	
KEY INDICATORS *AVERAGE*		**59.5**			**98%**	

(1) 2007-2009: Director natural person; 2009-2015: representing the SAS Rue La Boétie.
(2) Elected Director by the General Meeting in 2018, Philippe Boujut was previously a non-voting Director.

Presentation of the Board of Directors at 31 December 2018	Origin	Age	First appointed	Renewal of term	Attendance	Committees
Pierre Cambefort *Non-voting Director* *Chief Executive Officer of the Caisse régionale Nord Midi-Pyrénées*		54	2018	2021	100%	
Philippe de Waal *Non-voting Director* *Chairman of the Caisse régionale Brie Picardie*		63	2018	2021	100%	
Bernard de Drée *Representative of the Works Council*	CE	64	2012	2019	100%	

Directors who are the Chairmen or Chief Executive Officers of a Caisse régionale de Crédit Agricole.
Director who is an employee of a Regional Bank.
Director, Chief Executive Officer of Crédit Agricole Regional Bank, representing SAS Rue La Boétie.

Independent Directors.

Non-voting Director.

Representing farming organisations, appointed by joint order of the Ministers of Agriculture and Finance.

Directors elected by the staff of *Unité Économique et Sociale* (UES) of Crédit Agricole S.A.

CE Representative of the Works Council.

The definitions of the underlined words can be found in the Glossary on page 600.

2.2. OFFICES HELD BY CORPORATE OFFICERS

The information appearing below on offices held by members of the Board of Directors and Executive Management is required by Article L. 225-37-4, paragraph 1, of the French Commercial Code and amended by the Order No. 2017-1180 of 19 July 2017, Article 3.

Crédit Agricole S.A. Board of Directors at 31 December 2018

DOMINIQUE LEFEBVRE

Main office within the Company: Chairman of the Board of Directors
Chairman of the Strategy and Corporate Social Responsibility Committee
Member of the Appointments and Governance Committee

Business address: Caisse régionale Val-de-France – 1, rue Daniel-Boutet – 28002 Chartres

Born in 1961,
French nationality

Date first appointed: November 2015[(1)]

Term of office ends: 2019

Number of Crédit Agricole S.A. shares held at 31/12/2018: 4,273

BRIEF BIOGRAPHY

Dominique Lefebvre is a cereal farmer and has held numerous positions within professional agricultural organisations. He got involved in Crédit Agricole's working bodies very early on and, in 1995, was elected Chairman of Crédit Agricole de la Beauce et du Perche, now Crédit Agricole Val-de-France (1997). He also holds several national offices. Initially elected a member of the *Bureau* of the Fédération nationale du Crédit Agricole – FNCA (in 2004), he became Deputy Chairman thereof in 2008, then Chairman in 2010. On this basis, he was also Chairman of SAS Rue La Boétie, Crédit Agricole S.A.'s majority shareholder, before being elected Chairman of Crédit Agricole S.A. in November 2015.

OFFICES HELD AT 31/12/2018

In Crédit Agricole Group companies

- Chairman: Caisse régionale Val-de-France, Fédération nationale du Crédit Agricole – FNCA, SAS Rue La Boétie, Sacam Participations, Sacam International, Fondation Crédit Agricole Solidarité et Développement (CASD)
- Chairman of the Management Committee: GIE Gecam
- Deputy Chairman: Sacam Développement
- Manager: Sacam Mutualisation
- Director: Crédit Agricole Foundation – Pays de France, SCI CAM

In other listed companies

–

In other non-listed companies

–

Other offices

- Chairman: Finance Commission: *Chambre d'agriculture d'Eure-et-Loir*
- Member of *Conseil de l'agriculture française*

OTHER OFFICES HELD WITHIN PAST YEARS (2014 TO 2018)

In Crédit Agricole Group companies

- Deputy Chairman: Crédit Agricole S.A. (2015)
- Chairman: Adicam (2015)

In other listed companies

–

In other non-listed companies

–

Other offices

- Director: INRA (2014)
- Chairman: *Confédération nationale de la mutualité, de la coopération et du crédit agricole* – CNMCCA (2015)
- Member: *Conseil économique, social et environnemental* (2015)
- Manager: EARL de Villiers-le-Bois (2018)

(1) 2007-2009: Director natural person; 2009-2015: representing the SAS Rue La Boétie.

Representative of SAS Rue La Boétie:

RAPHAËL APPERT

Main office within the Company: Deputy Chairman of the Board of Directors
Member of the Strategy and Corporate Social Responsibility Committee – Member of the Appointments and Governance Committee

Business address: Caisse régionale de Centre-est – 1, rue Pierre-de-Truchis-de-Lays – 69410 Champagne-au-Mont-d'Or

Born in 1961,
French nationality

Date first appointed:
May 2017
(SAS Rue La Boétie)

Term of office ends:
2021

Number of Crédit Agricole S.A. shares held at 31/12/2018:
5,012 (personally owned)

FCPE (employee share ownership plan) units held invested in Crédit Agricole S.A. shares at 31/12/2018:
7,712 (personally owned)

BRIEF BIOGRAPHY

Aged 57 and a graduate of EDHEC (Lille 1983), Raphaël Appert has spent his entire career at Crédit Agricole. Having joined the network of branches of Crédit Agricole du Nord-Est in 1983, he subsequently became Manager of the Commercial Network of Crédit Agricole de la Sarthe in 1995, then Finance and Marketing Manager of Crédit Agricole de l'Anjou et du Maine in 1998. He has been Deputy Chief Executive Officer of Crédit Agricole Centre-est since 2002. In 2005, the Board of Directors of Crédit Agricole Val de France chose him as Chief Executive Officer. He has been Chief Executive Officer of Crédit Agricole Centre-est since 2010. Elected to the *Bureau* of the Fédération nationale du Crédit Agricole in 2012, he became Deputy Corporate Secretary in 2015, then First Deputy Chairman in May 2017. Within the Crédit Agricole Group, Raphaël Appert's offices notably include those of Chairman of Sacam Développement and Director of Fondation Grameen Crédit Agricole.

OFFICES HELD AT 31/12/2018

In Crédit Agricole Group companies

- Chief Executive Officer: Caisse régionale Centre-est; Sacam International
- Deputy Chairman: SAS Rue La Boétie
- First Deputy Chairman: Fédération nationale du Crédit Agricole – FNCA
- Chairman: Sacam Développement, SAS Carvest
- Director: Crédit Agricole Financements, Fondation du Crédit Agricole – Pays de France, Sacam Participations
- Management Committee member: GIE Gecam
- Manager: Sacam Mutualisation
- Director: Fondation Grameen Crédit Agricole

In other listed companies

–

In other non-listed companies

- Director: Siparex Associés

Other offices

- *Association des fondateurs et protecteurs de l'Institut catholique de Lyon* (AFPCIL)

OTHER OFFICES HELD WITHIN PAST YEARS (2014 TO 2018)

In Crédit Agricole Group companies

- Chairman: Pacifica (2017), Crédit Agricole Assurances (2017)
- Director: Amundi (2015), Predica (2017)
- Supervisory Board member: Crédit Agricole Bank Polska (2017)
- Deputy Corporate Secretary: Fédération nationale du Crédit Agricole – FNCA (2017)

In other listed companies

–

In other non-listed companies

–

Other offices

–

The definitions of the underlined words can be found in the Glossary on page 600.

PASCALE BERGER

Main office within the Company: Director representing Crédit Agricole Regional Banks employees

Business address: Caisse régionale de Franche-Comté – 11, avenue Élisée-Cusenier – 25000 Besançon

Born in 1961,
French nationality

Date first appointed:
May 2013

Term of office ends:
2021

Number of Crédit Agricole S.A. shares held at 31/12/2018:
10

FCPE (employee share ownership plan) units held invested in Crédit Agricole S.A. shares at 31/12/2018:
940

BRIEF BIOGRAPHY

Pascale Berger holds a DEA *(diplôme d'études approfondies)* in business law and a DESS *(diplôme d'études spécialisées)* in rural law. She spent most of her career at the Caisse régionale de Franche-Comté, first as Portfolio Manager in the Litigation department (1988-1992), then Business Manager in the Training department (1992-2005). She subsequently joined the Permanent Control department, then became an Internal Auditor. In 2014, she joined the Innovation and Transformation division, with responsibility for the documentary database. In April 2017, she became Communications Officer. She was elected Assistant Secretary and became Chairwoman of the Mutuelle (Health insurance) Commission of the Caisse régionale de Franche-Comté works council.

OFFICES HELD AT 31/12/2018

In Crédit Agricole Group companies
- Communications Officer: Caisse régionale de Franche-Comté
- Deputy Secretary: Franche-Comté works council
- Chairwoman of the Mutuelle Commission: Franche-Comté works council

In other listed companies
–

In other non-listed companies
–

Other offices
–

OTHER OFFICES HELD WITHIN PAST YEARS (2014 TO 2018)

In Crédit Agricole Group companies
- Auditor: Caisse régionale de Franche-Comté within the Audit and Periodic Controls department (2014)
- Advisor: Chorale Doc (Caisse régionale de Franche-Comté documentary database, 2017)

In other listed companies
–

In other non-listed companies
–

Other offices
–

PHILIPPE BOUJUT

Main office within the Company: Director

Business address: Caisse régionale Charente-Périgord – 28-30, rue d'Epagnac – 16800 Soyaux

Born in 1954
French nationality

Date first appointed:
May 2018 (Director)

Term of office ends:
2021

Number of Crédit Agricole S.A. shares held at 31/12/2018:
204

BRIEF BIOGRAPHY

A winegrower, Philippe Boujut has owned vineyards in the Cognac region since 1976. He founded and developed a company selling and exporting viticulture products (1995-2005). He was elected Deputy Mayor of Saint-Preuil (1983-1995), and then Mayor of that municipality (1995-2008). He was elected Director of the Caisse locale de Crédit Agricole de Segonzac (1983) and then became its Chairman (1986). After having been a member of the Board of Caisse régionale de Charente-Périgord (1998), he was elected as its Deputy Chairman (2009), then its Chairman (2012).

OFFICES HELD AT 31/12/2018

In Crédit Agricole Group companies
- Chairman: Caisse régionale Charente-Périgord
- Director: Fireca, Camca. Grand Sud-Ouest Capital
- Member of the Executive Committee: Sacam Fireca
- Member of the Supervisory Board: Camca Courtage
- Member of the R&D Committee and Strategy Committee: CA INNOVE

In other listed companies
–

In other non-listed companies
–

Other offices
- Director: Fondation Poitiers Université
- Member: Association *Agriculteurs français et développement international* (AFDI), *Confédération régionale de la mutualité, de la coopération et du crédit agricole* (CRMCCA)

OTHER OFFICES HELD WITHIN PAST YEARS (2014 TO 2018)

In Crédit Agricole Group companies
- Non-voting Director: Crédit Agricole S.A. (2018)

In other listed companies
–

In other non-listed companies
–

Other offices
–

CAROLINE CATOIRE

Main office within the Company: Director
Member of the Audit Committee – Member of the Risks Committee in the United States

Business address: Crédit Agricole S.A. – 12, place des États-Unis – 92120 Montrouge Cedex – France

Born in 1955, French nationality

Date first appointed: May 2011

Term of office ends: 2020

Number of Crédit Agricole S.A. shares held at 31/12/2018: 1,139

BRIEF BIOGRAPHY

A former student of *École polytechnique,* Caroline Catoire held various positions in the Total Group from 1980 to 1998: within the Economic Research department, the Oil Trading department, and then the Finance department as Head of Management Control, followed by Director of Corporate Finance. She then joined Société Générale and served as the Director of Management Control of the investment bank (1999-2002). She broadened her experience in the financial sector, serving as CFO in various companies: Sita France, then Saur Group and Metalor Group. Since December 2015, she has been a consultant in the financial sector.

OFFICES HELD AT 31/12/2018

In Crédit Agricole Group companies

–

In other listed companies

–

In other non-listed companies

- Independent Director, Chairwoman of the Ethics and Sustainable Development Committee, Member of the Audit Committee: Roquette Group

Other offices

- Chairwoman: C2A Conseil

OTHER OFFICES HELD WITHIN PAST YEARS (2014 TO 2018)

In Crédit Agricole Group companies

–

In other listed companies

- Director and Audit Committee member: Maurel & Prom International (2015)

In other non-listed companies

- Chief Financial Officer and Executive Committee member: Saur Group (2014), Metalor Group (2015)
- Director: Company Coved, Company CER, Company Sedud (2014)
- Non-voting Director: Roquette Group (2018)

Other offices

–

LAURENCE DORS

Main office within the Company: Director
Chairwoman of the Compensation Committee
Member of the Audit Committee – Member of the Appointments and Governance Committee

Business address: Crédit Agricole S.A. – 12, place des États-Unis – 92120 Montrouge – France

Born in 1956, French nationality

Date first appointed: May 2009

Term of office ends: 2020

Number of Crédit Agricole S.A. shares held at 31/12/2018: 1,126

BRIEF BIOGRAPHY

A former senior civil servant in the French Finance Ministry and the Ministry of the Economy's staff (1994-1995), and later the Prime Minister's staff (1995-1997), Laurence Dors has spent much of her professional career in general management positions of international groups (Lagardère, EADS, Dassault Systèmes, Renault), then as Cofounder and Senior Partner of the consulting firm, Theano Advisors (2012-2018), she is a specialist in governance issues and an independent Director. She sits on the Board of Directors of the *Institut français des administrateurs* and Capgemini.

OFFICES HELD AT 31/12/2018

In Crédit Agricole Group companies

–

In other listed companies

- Independent Director: Capgemini

In other non-listed companies

- Independent Director: EGIS SA

Other offices

- Director: *Institut français des administrateurs* (IFA)
- Member: Advisory Committee of *Institut des hautes études de l'Amérique latine* (IHEAL); *Club économique franco-allemand* (CEFA)

OTHER OFFICES HELD WITHIN PAST YEARS (2014 TO 2018)

In Crédit Agricole Group companies

–

In other listed companies

–

In other non-listed companies

- Senior Partner: Theano Advisors (2018)

Other offices

- Director: *Institut national des hautes études de la sécurité et de la justice* – INHESJ (2016)

DANIEL ÉPRON

Main office within the Company: Director
Member of the Strategy and Corporate Social Responsibility Committee – Member of the Compensation Committee

Business address: Caisse régionale de Normandie – 15, esplanade Brillaud-de-Laujardière – 14050 Caen

Born in 1956
French nationality

Date first appointed: May 2014

Term of office ends: 2020

Number of Crédit Agricole S.A. shares held at 31/12/2018: 874

BRIEF BIOGRAPHY

Daniel Épron is a farmer in the Orne region. He has held a number of elected mandates, especially in the agricultural sector: He was Deputy Corporate Secretary of the Young farmers' centre *(Centre national des jeunes agriculteurs)* (1989-1992), a member of the *Conseil économique, social et environnemental régional de Basse-Normandie* (1989-2013), Chairman of the *Chambre régionale d'agriculture de Normandie* (1995-2007), and a Regional Councillor for Basse-Normandie (2001-2004). Chairman of the Caisse locale de Crédit Agricole de l'Aigle (1990-2005), he chaired the Caisse régionale de l'Orne from 1995 to 1997, and has chaired the Caisse régionale de Normandie (post merger) since 2006. He is Deputy Chairman of Fédération nationale du Crédit Agricole – FNCA and has been a member of the *Conseil économique, social et environnemental* since the end of 2015.

OFFICES HELD AT 31/12/2018

In Crédit Agricole Group companies
- Chairman: Caisse régionale de Normandie, Sofinormandie
- Deputy Chairman: Fédération nationale du Crédit Agricole – FNCA
- Director: SAS Rue La Boétie, Cariparma, Crédit Agricole Technologies et Services, SCI CAM
- Management Committee member: GIE Gecam; SACAM Participations

In other listed companies
–

In other non-listed companies
–

Other offices
- Manager: GFA de Belzaise
- Partner: SCI Samaro
- Director: *Agence de développement pour la Normandie* (ADN)
- Member: *Conseil économique, social et environnemental* (CESE)

OTHER OFFICES HELD WITHIN PAST YEARS (2014 TO 2018)

In Crédit Agricole Group companies
- Director: CA Consumer Finance (2014), LCL (2014)

In other listed companies
–

In other non-listed companies
–

Other offices
–

3

VÉRONIQUE FLACHAIRE

Main office within the Company: Director
Member of the Risks Committee – Member of the Risks Committee in the United States

Business address: Caisse régionale du Languedoc – Avenue du Montpelliéret-Maurin – 34970 Lattes

Born in 1957
French nationality

Date first appointed:
February 2010

Term of office ends:
2019

Number of Crédit Agricole S.A. shares held at 31/12/2018:
650

FCPE (employee share ownership plan) units held invested in Crédit Agricole S.A. shares at 31/12/2018:
643

BRIEF BIOGRAPHY

Véronique Flachaire is a chemical engineer and graduate of *Sciences-Po* Paris, and has spent her entire career at the Crédit Agricole Group. With an executive position in the Caisse régionale du Midi, she was then appointed Deputy Chief Executive Officer of the Caisse régionale du Sud-Ouest. She ran the Inforsud Group and then the Group's subsidiary dedicated to means of payment – Cédicam – (2004-2007), before joining Crédit Agricole S.A. as Director of Relations with Regional Banks. Backed by her diverse range of experience in all areas of banking, she was appointed CEO of the Caisse régionale Charente-Maritime Deux-Sèvres in 2009 and currently serves the same position in the Caisse régionale du Languedoc since 2012.

OFFICES HELD AT 31/12/2018

In Crédit Agricole Group companies
- Chief Executive Officer: Caisse régionale du Languedoc
- Chairwoman: Crédit Agricole Technologies et Services, Crédit Agricole Group Infrastructure Platform
- Director: CCPMA, Adicam, Sofilaro, Crédit Agricole Payment Services

In other listed companies
–

In other non-listed companies
–

Other offices
–

OTHER OFFICES HELD WITHIN PAST YEARS (2014 TO 2018)

In Crédit Agricole Group companies
- Chairwoman: Santeffi (2016) – Deltager (2016) – CA Paiement (2016) – Progica (2018)
- Director: HECA (2016), Deltager (2018)

In other listed companies
–

In other non-listed companies
–

Other offices
- Chairwoman: *Fédération bancaire française Languedoc-Roussillon* (2016)

JEAN-PIERRE GAILLARD

Main office within the Company: Director
Member of the Audit Committee – Member of the Appointments and Governance Committee

Business address: Caisse régionale Sud Rhône-Alpes – 15-17, rue Paul-Claudel – 38100 Grenoble

Born in 1960,
French nationality

Date first appointed:
May 2014

Term of office ends:
2019

Number of Crédit Agricole S.A. shares held at 31/12/2018:
1,246

BRIEF BIOGRAPHY

Jean-Pierre Gaillard is a wine grower, tourist activity manager and Municipal Councillor in Saint-Jean le Centenier. He has been Chairman of the Caisse locale de Crédit Agricole de Villeneuve de Berg since 1993. After having sat on the Board of the Caisse régionale de l'Ardèche, then of the Caisse régionale Sud Rhône-Alpes, he was elected Chairman of the latter in 2006. Being particularly committed to local development and environmental economics, he chairs Crédit Agricole Group's Energy and Environment Committee. He holds a number of offices within national bodies, including in the *Bureau fédéral* of the Fédération nationale du Crédit Agricole – FNCA.

OFFICES HELD AT 31/12/2018

In Crédit Agricole Group companies
- Chairman: Caisse régionale Sud Rhône-Alpes, Adicam
- Deputy Chairman: Fomugei Management Committee
- Member of the Board of Directors: SAS Rue La Boétie
- Director and Audit Committee member: LCL
- Supervisory Board member: CA Titres

In other listed companies
–

In other non-listed companies
–

Other offices
- Municipal Councillor: Saint-Jean-le-Centenier (Ardèche)
- Director: Banque de France de l'Ardèche

OTHER OFFICES HELD WITHIN PAST YEARS (2014 TO 2018)

In Crédit Agricole Group companies
- Director: Banca Popolare FriulAdria (2014)
- Deputy Chairman: Crédit Agricole Solidarité Développement – CASD (2015); Fédération nationale du Crédit Agricole – FNCA (2018)
- Treasurer: Fédération nationale du Crédit Agricole – FNCA (2015)
- Chairman: Amicale Sud (2017)

In other listed companies
–

In other non-listed companies
–

Other offices
–

FRANÇOISE GRI

Main office within the Company: Director
Chairwoman of the Risks Committee and of the US Risks Committee
Member of the Audit Committee – Member of the Compensation Committee – Member of the Strategy and CSR Committee

Business address: Crédit Agricole S.A. – 12, place des États-Unis – 92120 Montrouge – France

Born in 1957,
French nationality

Date first appointed: May 2012

Term of office ends: 2020

Number of Crédit Agricole S.A. shares held at 31/12/2018: 2,076

BRIEF BIOGRAPHY

Françoise Gri is a graduate of *École nationale supérieure d'informatique et de mathématiques appliqués* in Grenoble. She began her career in the IBM Group and was appointed Chairwoman and CEO of IBM France in 2001. 2007 saw her move to Manpower as Chairwoman and CEO of its French subsidiary, before going on to become ManpowerGroup Executive Vice-President for Southern Europe (2011). An accomplished senior manager with extensive international experience, she then took up the position of Chief Executive Officer of the Pierre & Vacances-Center Parcs Group (2012-2014). An independent Director, she is a specialist in IT Technology and Corporate Social Responsibility.

OFFICES HELD AT 31/12/2018

In Crédit Agricole Group companies
- Independent Director: Crédit Agricole CIB

In other listed companies
- Independent Director: Edenred S.A.
- Director and Audit Committee member: WNS Services

In other non-listed companies
- Manager: F. Gri Conseil
- Independent Director: 21 Centrale Partners

Other offices
- Director: École Audencia

OTHER OFFICES HELD WITHIN PAST YEARS (2014 TO 2018)

In Crédit Agricole Group companies

–

In other listed companies
- Chairwoman: Viadeo (2016)
- Chief Executive Officer: Pierre & Vacances-Center Parcs Group (2014)

In other non-listed companies

–

Other offices
- Deputy Chairwoman: *Institut de l'entreprise* (2015)
- Member: Corporate Governance High Committee; MEDEF Ethics Committee (2016); *Institut français du tourisme* (2015)

JEAN-PAUL KERRIEN

Main office within the Company: Director
Member of the Compensation Committee

Business address: Caisse régionale du Finistère – 7, route du Loch – 29555 Quimper

Born in 1961,
French nationality

Date first appointed: November 2015 (Director)

Term of office ends: 2019

Number of Crédit Agricole S.A. shares held at 31/12/2018: 601

BRIEF BIOGRAPHY

A farmer specialising in organic vegetable production, Jean-Paul Kerrien has been Chairman of the Caisse locale de Taulé since 1996. He has been Director of the Caisse régionale du Finistère since 2006, where he became Deputy Chairman in 2009 then Chairman in 2012. Reflecting his strong investment in the Group's agriculture, he has developed several cooperative production and distribution structures. He was a member of the Finistère Chamber of Agriculture (2006-2012), for which he chaired the Agronomy Commission. Jean-Paul Kerrien also has responsibilities in the area of innovation. Chairman of *Investir en Finistère* from 2014 to 2017, he is committed to developing the economic attractiveness of the Finistère region.

OFFICES HELD AT 31/12/2018

In Crédit Agricole Group companies
- Chairman: Caisse régionale du Finistère, Fireca
- Director: Cofilmo, BforBank, Crédit Agricole en Bretagne, Crédit Agricole Egypt

In other listed companies

–

In other non-listed companies
- Partner: Earl de Kererec, Sarl photovoltaïque de Kererec
- Chairman: SCIC Finistère mer vent

Other offices
- Director: *Investir en Finistère;* YNCREA Ouest

OTHER OFFICES HELD WITHIN PAST YEARS (2014 TO 2018)

In Crédit Agricole Group companies
- Director: HECA (2015)
- Non-voting Director: Crédit Agricole S.A. (2015)

In other listed companies

–

In other non-listed companies

–

Other offices
- Chairman: *Investir en Finistère* (2017)

The definitions of the underlined words can be found in the Glossary on page 600.

CHRISTIANE LAMBERT

Main office within the Company: Director

Business address: FNSEA – 11, rue de la Baume – 75008 Paris

Born in 1961,
French nationality

Date first appointed: September 2017

Term of office ends: 2020

Number of Crédit Agricole S.A. shares held at 31/12/2018: 295

BRIEF BIOGRAPHY

Born to a family of farmers, Christiane Lambert has been managing her own farm since 1980. She started in Massiac, in her native Cantal region, with a herd of dairy cows and some 40 sows. At the same time, she joined the union of young farmers (*Jeunes Agriculteurs* – JA), making her way up the various regional ranks: Chairwoman of the *Centre cantonal des Jeunes Agriculteurs* (CCJA) de Massiac (1981-1984), then Deputy Chairwoman of the CDJA of Cantal (1982-1988), she was also the first woman to chair the CRJA Auvergne in 1986. In 1989, she moved to Maine-et-Loire to take over her parents-in-laws' pig farm with her husband. She continued her trade union activities and became the first chairwoman of the CNJA (1994-1998). She has been a Director of FNSEA since March 2002, and then a Board member since 2005, becoming the First Deputy Chairwoman in 2010. She is also Deputy Chairwoman of several organizations such as the Environment Commission and *Institut de formation des cadres paysans* (IFOCAP) and also chaired the Forum for Integrated Agriculture that Respects the Environment (FARRE) from 1999 to 2004 and VIVEA, the *Fonds de formation continue des entrepreneurs du vivant* from 2005 to 2017. In April 2017, she became the first woman to chair the FNSEA.

OFFICES HELD AT 31/12/2018

In Crédit Agricole Group companies

–

In other listed companies

–

In other non-listed companies

–

Other offices

- Chairwoman: *Fédération nationale des syndicats d'exploitants agricoles* (FNSEA)

OTHER OFFICES HELD WITHIN PAST YEARS (2014 TO 2018)

In Crédit Agricole Group companies

–

In other listed companies

–

In other non-listed companies

–

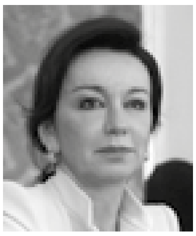
Other offices

- Deputy Chairwoman: *Fédération régionale des syndicats d'exploitants agricoles* (FRSEA) *des Pays de la Loire* and member of the Chamber of Agriculture's office (2014)

MONICA MONDARDINI

Main office within the Company: Director
Member of the Appointments and Governance Committee

Business address: CIR S.p.A. – Via Ciovassino, 1 – 20121 Milano



Born in 1960
Italian nationality

Date first appointed: May 2010

Term of office ends: 2021

Number of Crédit Agricole S.A. shares held at 31/12/2018: 519

BRIEF BIOGRAPHY

Graduate in economics and statistics from the University of Bologna (Italy), Monica Mondardini has held several executive positions within the publishing (Hachette) and then the insurance sector (Generali) in Italy, Spain and France. In 2009 she joined one of the largest Italian publishing groups, the Gruppo Editoriale L'Espresso, which is now called GEDI Gruppo Editoriale (2018) as Deputy Director (2009-2018). While in her current role, in 2013 she became Deputy Director of CIR S.p.A., a major industrial holding company listed on the Milan stock exchange, that controls Gruppo Editoriale L'Espresso, as well as other companies active in the automotive and health sectors.

OFFICES HELD AT 31/12/2018

In Crédit Agricole Group companies

–

In other listed companies

- Chief Executive Officer: CIR S.p.A.
- Chairwoman: Sogefi S.p.A. (CIR Group)
- Deputy Chairwoman: GEDI Spa (CIR group)
- Independent Director: Atlantia S.p.A.

In other non-listed companies

- Director: Kos (CIR Group)

Other offices

–

OTHER OFFICES HELD WITHIN PAST YEARS (2014 TO 2018)

In Crédit Agricole Group companies

–

In other listed companies

- Chief Executive Officer: GEDI Gruppo Editoriale (CIR group) (2018)
- Independent Director: Trevi Financiaria Industriale S.p.A. (2018)

In other non-listed companies

- Chairwoman: Aeroporti di Roma S.p.A (Atlantia Group) (2017)

Other offices

- Director: Save the Children Italia (2014)

GÉRARD OUVRIER-BUFFET

Main office within the Company: Director
Member of the Audit Committee

Business address: Caisse régionale Loire Haute-Loire – 94, rue Bergson – BP 524 – 42007 Saint-Étienne Cedex 1

Born in 1957
French nationality

Date first appointed: August 2013

Term of office ends: 2020

Number of Crédit Agricole S.A. shares held at 31/12/2018: 2,694

FCPE (employee share ownership plan) units held invested in Crédit Agricole S.A. shares at 31/12/2018: 6,614

BRIEF BIOGRAPHY

Gérard Ouvrier-Buffet has spent almost his whole career in Crédit Agricole Group. He acquired comprehensive expertise in all aspects of retail banking working in the Caisse régionale de Haute-Savoie (1982-1992), and Caisse régionale du Midi (1992-1998). Appointed Deputy Chief Executive Officer of Crédit Agricole Sud Rhône-Alpes in 1998, he has served as Chief Executive Officer of the Caisse régionale Loire Haute-Loire since 2002. At the same time, he was Chairman of Predica and Crédit Agricole Assurances until 2013. He then spearheaded the launch and development of the real estate business line. Today, he is Chairman of Crédit Agricole Immobilier. He is Deputy Chairman of the Fédération nationale du Crédit Agricole – FNCA.

OFFICES HELD AT 31/12/2018

In Crédit Agricole Group companies
- Chief Executive Officer: Caisse régionale Loire Haute-Loire
- Chairman of the Board of Directors: Crédit Agricole Immobilier, Cofam, Sircam, Locam
- Chairman of the Audit and Risks Committee and Supervisory Board member: Crédit du Maroc
- Deputy Chairman: Fédération nationale du Crédit Agricole – FNCA
- Director: SAS Rue La Boétie, Square Habitat Crédit Agricole Loire Haute-Loire, Edokial, Défitech, Chêne Vert, SCI CAM
- Management Board member: Uni-Médias (formerly Uni-Éditions)
- Management Committee member: GIE Gecam

In other listed companies

–

In other non-listed companies
- Director: Sacicap Forez-Velay
- Board Chairman: Le Village by CA Loire Haute-Loire
- Founding Director: Fondation d'Entreprise Crédit Agricole Loire Haute-Loire for innovation

Other offices
- Treasurer: Foundation of the University Jean-Monnet in Saint-Étienne

OTHER OFFICES HELD WITHIN PAST YEARS (2014 TO 2018)

In Crédit Agricole Group companies
- Director: Crédit Agricole Immobilier (2015)
- Chairman of the Executive Committee: Square Habitat (2014)
- Chairman of the Board of Directors: Logiciel Immobilier (2014)

In other listed companies

–

In other non-listed companies

–

Other offices

–

CATHERINE POURRE

Main office within the Company: Director
Chairwoman of the Audit Committee
Member of the Risk Committee

Business address: CPO Services – 13, rue d'Amsterdam – 1126 Luxembourg

Born in 1957,
French nationality

Date first appointed:
May 2017
Director

Term of office ends:
2020

Number of Crédit Agricole S.A. shares held at 31/12/2018:
50

BRIEF BIOGRAPHY

A graduate of ESSEC, Certified Accountant, with a degree in business law from the Catholic University of Paris, Catherine Pourre has extensive experience in audit and organisation consulting, particularly as a partner at PricewaterhouseCoopers (1989-1999) then at Capgemini Ernst & Young France, where she became Executive Director in 2000. She joined Unibail-Rodamco in 2002 as Deputy Chief Executive Officer. She carried out various executive management functions as member of the Executive Committee, then member of the Management Committee. Since August 2015, she has been Manager and Director of CPO Services (Luxembourg). Catherine Pourre is also an experienced navigator. She is a *chevalier de la Légion d'honneur* and a *chevalier de l'Ordre national du mérite.*

OFFICES HELD AT 31/12/2018

In Crédit Agricole Group companies

- Director: Crédit Agricole CIB

In other listed companies

- Chairwoman of the Control Committee, representing the Strategic Investment Fund: Seb
- Member of the Supervisory Board and member of the Audit Committee and Compensation Committee: Bénéteau

In other non-listed companies

- Manager: CPO Services

Other offices

- Member of Board Women Partners
- Director and Treasurer: Association Class 40
- Member: Royal Ocean Racing Club (RORC)

OTHER OFFICES HELD WITHIN PAST YEARS (2014 TO 2018)

In Crédit Agricole Group companies

- Non-voting Director: Crédit Agricole S.A., Crédit Agricole CIB (2017)

In other listed companies

- Director, member of the Audit Committee and Chairwoman of the Compensation Committee: Neopost (2018)

In other non-listed companies

- Director: Unibail-Rodamco Management BV (2015)
- Deputy Chief Executive Officer: Unibail Management (2014)

Other offices

- Chairwoman: *Union nationale pour la course au large* – UNCL (2015)

The definitions of the underlined words can be found in the Glossary on page 600.

CHRISTIAN STREIFF

Main office within the Company: Director
Member of the Risk Committee – Member of the Compensation Committee – Member of the Strategy and CSR Committee

Business address: Crédit Agricole S.A. – 12, place des États-Unis – 92120 Montrouge

Born in 1954,
French nationality

Date first appointed:
May 2011

Term of office ends:
2020

Number of Crédit Agricole S.A. shares held at 31/12/2018:
103

BRIEF BIOGRAPHY

Born in Sarrebourg, Christian Streiff graduated at the top of his class from *École des mines de Paris* in 1977. He has spent his entire career in the world of industry and technology. With an international profile, he has headed senior management teams in France, Germany, the United States and Italy. He speaks German, English and Italian. From 1979 to 2005, he worked for the Saint-Gobain Group, first in production (automotive foundry at Halbergerhütte in Germany, 1979-1982), then in Management and Executive Management positions: in the fibre branch at Chambéry, France (1985); in the production of fibreglass for Gevetex in Germany (1988); in the packaging sector for Vetri Spa in Italy (1991). In 1994, he returned to France where he was successively appointed Chief Executive Officer of Saint-Gobain Emballage (1996), Chairman of Pont-à-Mousson SA in Nancy (2000), Chairman of the High Performance Materials division (2003), and Chief Executive Officer of the Saint-Gobain Group (2005). He was then appointed Chairman of Airbus in 2005. In 2006, he joined the PSA Peugeot Citroën SA Group, where he served as Chairman of the Management Board. In 2009, due to a serious health problem, he was forced to leave his offices and undertake a long and ambitious process to rebuild his life. From 2012, he gradually returned to professional life, successively holding Director's positions in Germany (Continental, Thyssenkrupp) and France (Crédit Agricole) and co-heading innovative technology start-ups. In 2014, he was appointed Deputy Chairman of the Safran Group until May 2018. Christian Streiff is the author of two books: *Kriegspiel* in 2000 and *J'étais un homme pressé* in 2014.

OFFICES HELD AT 31/12/2018

In Crédit Agricole Group companies

–

In other listed companies

–

In other non-listed companies

- Chairman: C.S. Conseils, *Club économique franco-allemand* (CEFA)
- Director: Expliseat, Optiréno, Zeplug

Other offices

- Director: *Fondation pour la recherche sur les AVC* (Stroke Research Foundation)

OTHER OFFICES HELD WITHIN PAST YEARS (2014 TO 2018)

In Crédit Agricole Group companies

–

In other listed companies

- Deputy Chairman of the Board of Directors: Safran Group (2018)
- Chairman: Astra (2017)
- Director: Finmeccanica S.p.A. – Italy (2013), Thyssenkrupp – Germany (2015)

In other non-listed companies

- Director: Bridgepoint – United Kingdom (2015)

Other offices

–

RENÉE TALAMONA

Main office within the Company: Director
Chairman of the Strategy and Corporate Social Responsibility Committee

Business address: Caisse régionale de Lorraine – 56-58, avenue André-Malraux – 57000 Metz

Born in 1957,
French nationality

Date first appointed: March 2016

Term of office ends: 2021

Number of Crédit Agricole S.A. shares held at 31/12/2018: 20,758

FCPE (employee share ownership plan) units held invested in Crédit Agricole S.A. shares at 31/12/2018: 8,780

BRIEF BIOGRAPHY

Graduate in economics and econometrics, Renée Talamona has held several different positions in the banking sector. She has spent her entire career in the Crédit Agricole Group, firstly at the Caisse nationale de Crédit Agricole (CNCA) within the Economic Studies department (1980-1983), then the Finance department (1983-1986). She subsequently joined the Group Internal Audit as Inspector, then Chief Project Manager (1986-1992). In 1992, she entered the Regional Banks, first as Finance and Risk Director at the Caisse régionale Sud Méditerranée, then Deputy Director successively at the Caisse régionale de Champagne-Bourgogne and the Caisse régionale Pyrénées Gascogne. She joined Crédit Agricole S.A. in 2009 to become Deputy Group Risks Director, and in 2011 was appointed Director for the Regions of France department of Crédit Agricole CIB. Since 2013, she has been the Chief Executive Officer of the Caisse régionale de Lorraine.

OFFICES HELD AT 31/12/2018

In Crédit Agricole Group companies
- Chief Executive Officer: Caisse régionale de Lorraine
- Director and member of the Risks Committee: Amundi
- Director, member of the Audit Committee, Risks Committee, and Appointments Committee: Crédit Agricole Leasing & Factoring
- Director: BFT IM

In other listed companies
–

In other non-listed companies
–

Other offices
–

OTHER OFFICES HELD WITHIN PAST YEARS (2014 TO 2018)

In Crédit Agricole Group companies
–

In other listed companies
- Director: LCL (2016)

In other non-listed companies
–

Other offices
–

LOUIS TERCINIER

Main office within the Company: Director
Member of the Appointments and Governance Committee

Business address: Caisse régionale de Charente-Maritime Deux-Sèvres – 14, rue Louis-Tardy – 17140 Lagord

Born in 1960,
French nationality

Date first appointed: May 2017

Term of office ends: 2021

Number of Crédit Agricole S.A. shares held at 31/12/2018: 2,205

BRIEF BIOGRAPHY

After technical studies in agronomy and management, Louis Tercinier pursued a number of professional training courses, primarily in the fields of economics and auditing. A farmer specialising in both grains and vineyards, he is part of a family of producers and traders *(Cognac* and *Pineau des Charentes)* going back five generations. Louis Tercinier is Chairman of SICA Atlantique, France’s second-largest grain and oilseed export site with six units built around the original grain terminal activity. Chairman of Caisse locale de Saintes since 2005, he was elected Director of the Caisse régionale de Charente-Maritime Deux-Sèvres in 2006, of which he became Deputy Chairman in 2010, and then Chairman in 2015.

OFFICES HELD AT 31/12/2018

In Crédit Agricole Group companies
- Chairman: Caisse régionale Charente-Maritime Deux-Sèvres
- Director: Caisse locale de Crédit Agricole Mutuel de Saintes, Cofisa, CA Home Loan SFH
- Member: Commission Cadres dirigeants – FNCA

In other listed companies
–

In other non-listed companies
- Member of the Executive Committee: John Deere Financial SAS

Other offices
- Chairman: SICA Atlantique
- Director: Océalia
- Director: Société Développement Atlantique (Sodevat)
- Manager: GFA des Forges

OTHER OFFICES HELD WITHIN PAST YEARS (2014 TO 2018)

In Crédit Agricole Group companies
- Chairman: Caisse locale de Crédit Agricole Mutuel de Saintes (2018)

In other listed companies
–

In other non-listed companies
–

Other offices
- EARL Tercinier (2017)
- Deputy Chairman: Océalia (2018)
- Director: Unicognac S.A. (2018)

The definitions of the underlined words can be found in the Glossary on page 600.

FRANÇOIS THIBAULT

Main office within the Company: Director
Member of the Strategy and Corporate Social Responsibility Committee – Member of the Compensation Committee

Business address: Caisse régionale Centre Loire – 8, allée des Collèges – 18000 Bourges

Born in 1955,
French nationality

Date first appointed:
May 2015
Director

Term of office ends:
2020

Number of Crédit Agricole S.A. shares held at 31/12/2018:
1,861

BRIEF BIOGRAPHY

An agricultural engineer, farmer and viticulturist by profession, François Thibault is a long-standing elected member of Crédit Agricole's working bodies. Chairman of Caisse locale de Cosne-sur-Loire (Nièvre) since 1991. He became a Director (1995) of Caisse régionale Centre Loire, and then its Chairman (1996). He also holds a number of responsibilities in the Group's national working bodies, in particular as Commission Chairman of Fédération nationale du Crédit Agricole – FNCA, as well as in specialised subsidiaries, in particular in insurance (CAMCA) and corporate and investment banking (Crédit Agricole CIB).

OFFICES HELD AT 31/12/2018

In Crédit Agricole Group companies
- Chairman: Caisse régionale Centre Loire, Foncaris, Camca and Camca Courtage, SAS Centre Loire Expansion
- Director: Crédit Agricole CIB, Car Centre, Sacam Centre

In other listed companies
–

In other non-listed companies
- Partner: Gaec Thibault, GFA Villargeau d'en Haut, GFA de Montour, SCI Loire et Fontbout

Other offices
–

OTHER OFFICES HELD WITHIN PAST YEARS (2014 TO 2018)

In Crédit Agricole Group companies
- Chairman: Car Centre (2014), SAS Pleinchamp (2016), Foncaris (2016)
- Director: Crédit Agricole Bank Polska (2016)
- Non-voting Director: Crédit Agricole S.A. (2015)

In other listed companies
–

In other non-listed companies
–

Other offices
–

3

FRANÇOIS HEYMAN

Main office within the Company: Director representing the employees of UES Crédit Agricole S.A.
Member of the Compensation Committee

Business address: Crédit Agricole S.A. – SGL/DCG/DI – 12, place des États-Unis – 92120 Montrouge

Born in 1959,
French nationality

Date first appointed: June 2012

Term of office ends: 2021

Number of Crédit Agricole S.A. shares held at 31/12/2018: 66

FCPE (employee share ownership plan) units held invested in Crédit Agricole S.A. shares at 31/12/2018: 2,705

BRIEF BIOGRAPHY

François Heyman has been a research and communication campaigns officer in the Group Communication division of Crédit Agricole S.A. since 2009. Alongside his banking career, he has served in a number of national trade union roles as representative of the *Fédération générale agroalimentaire* of the CFDT, a member of the *Conseil économique, social et environnemental,* Co-Chairman of Agrica (a supplementary retirement and Social Security body), Director of Arrco, and a member of the *Conseil supérieur de la Protection sociale agricole.*

OFFICES HELD AT 31/12/2018

In Crédit Agricole Group companies

- Research and Communication Campaigns Officer in the Group Communication division: Crédit Agricole S.A.

In other listed companies

–

In other non-listed companies

–

Other offices

–

OTHER OFFICES HELD WITHIN PAST YEARS (2014 TO 2018)

In Crédit Agricole Group companies

–

In other listed companies

–

In other non-listed companies

–

Other offices

–

SIMONE VÉDIE

Main office within the Company: Director representing the employees of UES Crédit Agricole S.A.

Business address: Crédit Agricole S.A. – DCI/RCI – 12, place des États-Unis – 92120 Montrouge

Born in 1960
French nationality

Date first appointed: June 2018

Term of office ends: 2021

Number of Crédit Agricole S.A. shares held at 31/12/2018: 65

BRIEF BIOGRAPHY

Simone Védie began her career as a secretary in small companies specialising in import-export, then in advertising, publishing and design. In 1984, she joined Crédit Agricole S.A. (formerly Caisse nationale de Crédit Agricole), where she held various positions within the Marketing and Communications department (formerly the Private individuals and Corporate Market department). In May 2018 she became Secretary to the Head of Innovation within the Customer Relations and Innovation Division.
In June 2018 she was elected Director representing the employees of UES Crédit Agricole S.A. (technical employees).

OFFICES HELD AT 31/12/2018

In Crédit Agricole Group companies

- Executive Secretary: Crédit Agricole S.A.

In other listed companies

–

In other non-listed companies

–

Other offices

–

OTHER OFFICES HELD WITHIN PAST YEARS (2014 TO 2018)

In Crédit Agricole Group companies

–

In other listed companies

–

In other non-listed companies

–

Other offices

–

The definitions of the underlined words can be found in the Glossary on page 600.

PIERRE CAMBEFORT

Main office within the Company: Non-voting Director

Business address: Caisse régionale Nord Midi-Pyrénées – 219, avenue François-Verdier -81000 Albi – France

Born in 1964
French nationality

Date first appointed: October 2018

Term of office ends: 2021

Number of Crédit Agricole S.A. shares held at 31/12/2018: 62

BRIEF BIOGRAPHY

Pierre Cambefort graduated from Stanford and is an Engineer of the *École supérieure de physique et de chimie* of Paris. He began his career as a research and development engineer in the chemicals industry (1989). He was a volunteer under the National Service for Companies programme in Frankfurt (1990-1991). In 1991 he joined Caisse nationale de Crédit Agricole as Inspector. In 1995 he started a career path within Caisse régionale de Crédit Agricole d'Île-de-France, where he held various positions, first as Head of the Risk Management Unit and later in the Credit Development business of which he became Director in 2000. From 2002 he headed the Marketing and Communications department. In 2004 he joined Crédit Agricole S.A. as Director of the Private Individual Markets department. He became Deputy Chief Executive Officer of the Caisse régionale Centre-est in 2006. Pierre Cambefort was appointed Deputy General Manager of Crédit Agricole CIB (2010-2013). Since September 2013, he has been the Chief Executive Officer of the Caisse régionale Nord Midi-Pyrénées. Pierre Cambefort is Chairman of Crédit Agricole Payment Services.

OFFICES HELD AT 31/12/2018

In Crédit Agricole Group companies

- Chief Executive Officer: Caisse régionale Nord Midi-Pyrénées
- Chairman of the Board of Directors: Crédit Agricole Payment Services, INFORSUD Gestion
- Director: EDOKIAL; Grand Sud-Ouest; CAPITAL; GIE Coopernic; FIA-NET Europe
- Supervisory Board member: CA Technologies et Services (CATS)

In other listed companies

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In other non-listed companies

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Other offices

–

OTHER OFFICES HELD WITHIN PAST YEARS (2014 TO 2018)

In Crédit Agricole Group companies

- Director: CA Chèques (2018); GIE CA Technologies et Services (2018); COPARTIS (2017); CA Paiement (2016); IFCAM (2016)
- Supervisory Board member: CA TITRES (2018)

In other listed companies

–

In other non-listed companies

–

Other offices

–

3

PHILIPPE DE WAAL

Main office within the Company: Non-voting Director

Business address: Caisse régionale de Brie Picardie – 500, rue Saint-Fuscien – 80095 Amiens – France

Born in 1955
French nationality

Date first appointed: May 2018

Term of office ends: 2021

Number of Crédit Agricole S.A. shares held at 31/12/2018: 100

BRIEF BIOGRAPHY

Philippe de Waal holds a degree from the *Université de technologie* of Compiègne and is a farmer specialising in cereals (with the exception of rice). He is Manager of *Société civile du château de Poix* in Bouillancy (1981-2016) and held several municipal offices such as Municipal councillor (1983-2008) and Mayor of Bouillancy (2008-2014). In 1995 he was appointed Director within the Caisse locale de Nanteuil-le-Haudouin (1995-2000) of which he became Chairman (2000-2017). He sat on the Board of the Caisse régionale de l'Oise (2005-2007), which became the Caisse régionale de Brie Picardie a result of a merger, where he remained Director (2007-2014). He was then appointed Deputy Chairman (2014) and Chairman (since 2015).

OFFICES HELD AT 31/12/2018

In Crédit Agricole Group companies

- Chairman: Caisse régionale Brie Picardie
- Director: SAS Rue La Boétie
- Treasurer: VIVEA CNMCCA
- Director: Representative of the Confédération nationale de la mutualité, de la coopération et du Crédit Agricole – CNMCCA; CENECA

In other listed companies

–

In other non-listed companies

- Manager of EARL des Buttes

Other offices

- Director: Beauvais Technova
- Member of the *Chambre d'agriculture de l'Oise*

OTHER OFFICES HELD WITHIN PAST YEARS (2014 TO 2018)

In Crédit Agricole Group companies

- Deputy Chairman of the Caisse régionale Brie Picardie (2014)

In other listed companies

–

In other non-listed companies

–

Other offices

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3. INFORMATION ON EXECUTIVES AND MANAGEMENT BODIES

3.1. INFORMATION ON EXECUTIVES

PHILIPPE BRASSAC

Main office within the Company: Chief Executive Officer
Member of the Executive Committee

Business address: Crédit Agricole S.A. – 12, place des États-Unis – 92120 Montrouge Cedex – France

Born in 1959

French nationality

Date first appointed:
May 2015

BRIEF BIOGRAPHY

A graduate of the Paris Graduate School of Economics, Statistics and Finance (ENSAE), Philippe Brassac joined Crédit Agricole du Gard in 1982. He held several executive offices there before being appointed, in 1994, Deputy Chief Executive Officer of Crédit Agricole des Alpes-Maritimes, now Crédit Agricole Provence Côte d'Azur. In 1999, he joined Caisse nationale de Crédit Agricole as Director of Relations with Regional Banks. In 2001, he was appointed Chief Executive Officer of Crédit Agricole Provence Côte d'Azur. In 2010, he also became Corporate Secretary of the Fédération nationale du Crédit Agricole – FNCA and Deputy Chairman of the Board of Directors of Crédit Agricole S.A. In May 2015, he was appointed Chief Executive Officer of Crédit Agricole S.A.

OFFICES HELD AT 31/12/2018

In Crédit Agricole Group companies

- Chief Executive Officer: Crédit Agricole S.A.
- Chairman and Member of the Compensation Committee: Crédit Agricole CIB
- Chairman: LCL
- Director: Fondation du Crédit Agricole – Pays de France

In other listed companies

–

In other non-listed companies

–

Other offices

- Member of the Executive Committee: *Fédération bancaire française*

OTHER OFFICES HELD WITHIN PAST YEARS (2014 TO 2018)

In Crédit Agricole Group companies

- Corporate Secretary: Fédération nationale du Crédit Agricole – FNCA (2015)
- Board member: Fédération nationale du Crédit Agricole – FNCA (2015)
- Chief Executive Officer: Caisse régionale Provence Côte d'Azur (2015)
- Director and Deputy Chairman: Crédit Agricole S.A. (2015), SAS Rue La Boétie (2015)
- Director and Chairman of the Compensation Committee: Crédit Agricole CIB (2015)
- Director: LCL (2015), Fédération régionale du CAM (2015), SCI CAM (2015), Adicam (2015)
- Chairman: Sofipaca Gestion and Sofipaca (2015), Sacam Développement (2015)
- Chief Executive Officer: Sacam International (2015)
- Chief Executive Officer and Director: Sacam Participations (2015)

In other listed companies

–

In other non-listed companies

–

Other offices

- Member of the Executive Committee: European Association of Co-operative Banks – EACB (2015)
- Member of the Board of Directors: COOP FR (2015)
- Corporate Secretary of the Management Committee: Gecam (2015)
- Member: *Confédération nationale de la mutualité, de la coopération et du crédit agricole* – CNMCCA (2015)
- Chairman of the Executive Committee: *Fédération bancaire française* (2017)

The definitions of the underlined words can be found in the Glossary on page 600.

XAVIER MUSCA

Main office within the Company: Deputy Chief Executive Officer
Member of the Executive Committee

Business address: Crédit Agricole S.A. – 12, place des États-Unis – 92120 Montrouge Cedex – France

Born in 1960,
French nationality

Date first appointed:
July 2012

Number of Crédit Agricole S.A. shares held at 31/12/2018:
18,192

BRIEF BIOGRAPHY

Graduate from the *Institut d'études politiques* in Paris and the *École nationale d'administration,* Xavier Musca began his career at the General Finance Inspectorate in 1985. In 1989, he joined the Treasury Directorate, where he became Head of the European Affairs Bureau in 1990. In 1993, he was called to the Prime Minister's staff, then returned to the Treasury Directorate in 1995. Between 2002 and 2004, he was Principal Private Secretary to Francis Mer, Minister for the Economy, Finance and Industry, then appointed Treasury Director in 2004. He became Deputy Secretary General to the French President in 2009, in charge of economic affairs, then Secretary General to the French President in 2011. In 2012, Xavier Musca was appointed Deputy Chief Executive Officer of Crédit Agricole S.A., responsible for International retail banking, Asset management and Insurance. Since May 2015, he has been Deputy Chief Executive Officer of Crédit Agricole S.A., as second Executive Director of Crédit Agricole S.A.

OFFICES HELD AT 31/12/2018

In Crédit Agricole Group companies

- Chairman: CA Consumer Finance, Amundi
- Deputy Chairman: Predica
- Director: Crédit Agricole Assurances, Cariparma
- Director, Permanent Representative of Crédit Agricole S.A.: Pacifica

In other listed companies

- Director and Audit Committee member: Capgemini

In other non-listed companies

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Other offices

–

OTHER OFFICES HELD WITHIN PAST YEARS (2014 TO 2018)

In Crédit Agricole Group companies

- Chairman of the Appointments and Compensation Committee: Amundi (2015)
- Director: Amundi (2016); Crédit Agricole Creditor Insurance (2017)
- Member of the Compensation Committee: Cariparma (2017)
- Deputy Chairman of the Supervisory Board: Crédit du Maroc (2015)
- Deputy Chairman: CA Egypt (2015); UBAF (2015)
- Director: CACEIS (2015),

In other listed companies

- Director: Banco Espirito Santo (2014)

In other non-listed companies

- Director: Bespar (2014)

Other offices

–

3.2. MANAGEMENT BODIES AT 15 MARCH 2019

Composition of the Executive Committee

The Chief Executive Officer	**Philippe Brassac**
The Deputy Chief Executive Officer	**Xavier Musca**
The Deputy General Manager, Head of the Development, Client and Innovation division	**Bertrand Corbeau**
The Deputy General Manager, Head of the Specialised Financial Services division	**Philippe Dumont**
The Deputy General Manager, Head of the Operations and Transformation division	**Michel Ganzin**
The Deputy General Manager, Head of the Group Finance division	**Jérôme Grivet**
The Deputy General Manager, Head of Retail Banking Subsidiaries	**Michel Mathieu**
The Deputy General Manager, Head of the Savings, Insurance and Property division	**Yves Perrier**
The Deputy General Manager, Head of the Large Clients division	**Jacques Ripoll**
The Corporate Secretary	**Jérôme Brunel**
The Group Head of Human Resources	**Bénédicte Chrétien**
The Group Head of Internal Audit	**Michel Le Masson**
The Head of Crédit Agricole S.A. Group for Italy	**Giampiero Maioli**
The Group Head of Compliance	**Stéphane Priami**
The Group Chief Risk Officer	**Hubert Reynier**
The Chief Executive Officer of Crédit Agricole Assurances	**Frédéric Thomas**

The definitions of the underlined words can be found in the Glossary on page 600.

Composition of the Management Committee

The Management Committee consists of the Executive Committee and:

The Chief Executive Officer of CACEIS	**Jean-François Abadie**
The Head of Group Public Affairs	**Alban Aucoin**
The Deputy General Manager of Crédit Agricole CIB	**Jean-François Balaÿ**
The Head of Group Information Systems	**Éric Baudson**
The Chief Operating Officer of LCL	**Laure Belluzzo**
The Global Head of Institutional division & Chief Investment Officer of Amundi	**Pascal Blanqué**
The Head of CSR and CEO of Fondation Grameen Crédit Agricole	**Eric Campos**
The Chief Executive Officer of Crédit Agricole Leasing & Factoring	**Philippe Carayol**
The Head of the Institutional and Corporate Clients division of Amundi	**Dominique Carrel-Billiard**
The Chief Executive Officer France of CA Consumer Finance	**Laurent Cazelles**
The Head of Payment Systems	**Bertrand Chevallier**
The Group Senior Country Officer, Poland	**Olivier Constantin**
The Head of International Retail Banking	**François-Edouard Drion**
The Head of Marketing and Communication	**Véronique Faujour**
The Group Senior Country Officer, Egypt	**Pierre Finas**
The Head of Group Financial Monitoring	**Paul Foubert**
The Chief Operating Officer of LCL - Retail Bank	**Laurent Fromageau**
The Head of Coverage of Crédit Agricole CIB Investment Bank	**Didier Gaffinel**
The Deputy Chief Executive Officer of Crédit Agricole CIB	**Isabelle Girolami**
The Head of Customer Relationship Multichannel Retail Banking, Relational Commitments and Innovation	**Michèle Guibert**
The Head of Regional Banks Relations	**Michèle Jardin**
The Global Head of Retail Division of Amundi	**Fathi Jerfel**
The Chief Economist	**Isabelle Job-Bazille**
The Head of Strategy	**Clotilde L'Angevin**
The Chief Executive Officer of Pacifica	**Thierry Langreney**
The Chief Executive Officer of Caci	**Henri Le Bihan**
The Chief Operating Officer of Amundi	**Guillaume Lesage**
The Group Head of Digital Journey	**Serge Magdeleine**
The Deputy Chief Executive Officer of Crédit Agricole CIB	**François Marion**
The Head of Group Communications	**Denis Marquet**
The Head of Legal Affairs	**Pierre Minor**
The Senior Coverage and Investment Banker of Crédit Agricole CIB	**Régis Monfront**
Head of Corporates, Institutionals and Wealth Management and Private Banking of LCL	**Olivier Nicolas**
The Chief Executive Officer of Crédit Agricole Immobilier	**Marc Oppenheim**
The Chief Executive Officer of Agos Ducato (Italy)	**Dominique Pasquier**
The Senior Regional Officer Americas of Crédit Agricole CIB	**Marc-André Poirier**
The Head of Private Banking	**Jacques Prost**
The Head of Agriculture, Agrifood and Specialised Markets	**Didier Reboul**
The Head of Group Purchasing	**Sylvie Robin-Romet**
The Senior Regional Officer Asia-Pacific of Crédit Agricole CIB	**Michel Roy**
The Senior Country Officer Group, Morocco	**Baldoméro Valverde**
The Head of Monitoring and Control of Amundi	**Bernard De Wit**

The definitions of the underlined words can be found in the Glossary on page 600.

3.3. TRANSACTIONS IN THE COMPANY'S SHARES

Summary of trading in the Company's shares by members of the Board of Directors, the Chief Executive Officer, the Deputy Chief Executive Officer and any person having the authority to make decisions concerning the development and strategy of Crédit Agricole S.A. and any person mentioned in Article L. 621-18-2 of the French Monetary and Financial Code, during financial year 2018, for transactions exceeding an aggregate ceiling of €20,000 (pursuant to Article L. 621-18-2 of the French Monetary and Financial Code and Article 223-23 of the General Regulations of the French Financial Market Authority (AMF)

No person mentionned in Article L. 621-18-2 of the French Monetary and Financial Code has reported trades on financial instruments issued by Crédit Agricole S.A. for an amount exceeding the aggregate ceiling of €20,000.

Specific measures concerning restrictions on or operations by Directors with regard to trading in the Company's shares

Because each Director, by definition, is a "permanent insider", the rules on "windows" for subscription/prohibition on trading in Crédit Agricole S.A. shares apply to each Director. The dates corresponding to these windows are communicated to the Directors at the year-end for the next financial year.

The Company's Board of Directors comprises 21 Directors, including one Corporate Officer of SAS Rue La Boétie, which is owned by the Regional Banks and owns 56.3% of the capital of Crédit Agricole S.A. at end-December 2018, and ten Corporate Officers of the Regional Banks. The Regional Bank representatives therefore hold a majority of the seats on the Board. This illustrates the will to give the Regional Banks a broad representation and reflects Crédit Agricole Group's capital structure and the financial solidarity that ties the affiliated entities.

For information, it is noted that Crédit Agricole S.A. acts as the central body for the Regional Banks, in accordance with the provision of Articles L. 511-30 to L. 511-32 and L. 512-47 to L. 512-54 of the French Monetary and Financial Code.

The Board of Directors currently has six independent Directors, *i.e.* one-third, in line with the recommendation of the AFEP/MEDEF Corporate Governance Code for companies controlled by a majority shareholder. Five of the six Specialised Committees (Risk, US Risk, Audit, Compensation, Appointments and Governance) are chaired by an independent Director. Consequently, after reviewing the situation with respect to the Directors in the light of the AFEP/MEDEF independence criteria, the Board concluded that the existing operation enabled the Board and its committees to fulfil their duties with the required effectiveness, objectivity and independence, particularly with respect to preventing potential conflicts of interests, and to the equitable consideration of all shareholders' interests.

There are no **service contracts** between the members of the administrative or management bodies and Crédit Agricole S.A. or any of its subsidiaries that grant benefits to such members.

To the Company's knowledge, there are no family ties among the Corporate Officers, Directors, Chief Executive Officer and Deputy Chief Executive Officers of Crédit Agricole S.A.

Crédit Agricole S.A. complies with the **corporate governance regulations** applicable in France, as described in the Board of Directors' report on corporate governance submitted to the General Shareholders' Meeting of 21 May 2019, and reproduced in this Registration Document. The AFEP/MEDEF Code revised in June 2018 is the Company's reference code for the purposes of preparing the report stipulated in Article L. 225-37 of the French Commercial Code.

To the Company's knowledge, as at the date hereof, no member of an administrative or management body of Crédit Agricole S.A. has been convicted in relation to fraudulent offences during the last five years.

To the Company's knowledge, as at the date hereof, no member of an administrative or management body of Crédit Agricole S.A. has been associated with any bankruptcy, receivership or liquidation during the last five years.

The definitions of the underlined words can be found in the Glossary on page 600.

4. REWARD POLICY

This section has been prepared with the assistance of the Compensation Committee.

4.1. REWARD POLICY APPLICABLE TO ALL EMPLOYEES

IMPORTANT TO KNOW

- Reward combines elements of compensation in the strict sense of the word, that have been submitted to the vote of shareholders, as well as social benefits and peripheral compensation. It is backed up by an ambitious HR policy, in order to attract, recognise individual and collective performance, motivate and retain employees.
- **A responsible** compensation policy that **embodies** Group **values**, based on **fairness** and **common rules** for all employees.
- Rules that fall under compliance with the **regulatory corpus specific** to the financial sector.

4.1.1. Approach and objectives of the reward policy

True to its shared values and its founding cooperative principles, Crédit Agricole S.A. has defined a responsible reward policy, respecting all its stakeholders – customers, employees, service providers, associations, public authorities and shareholders. Our policy endeavours to reconcile their expectations with the requirements of a competitive market to position ourselves as the leader in retail banking.

The Group bases the compensation of employees and executive managers on objective foundations, which reflect the performance and long-term responsibility of the organisation.

Its policy is based on four objectives:

Objectives	Implementation procedures
Attracting, motivating and retaining the talent that the Group needs	■ Respecting the values of fairness and merit ■ Consistency and competitiveness with reference markets and country laws in terms of compensation
Recognising individual and collective performance over time	■ Taking account of skill sets, specific business factors and the performance of the entity and of the Group
Aligning the interests of employees with those of Crédit Agricole S.A. and its shareholders	■ Payment of deferred variable compensation over three years using instruments based on the share price ■ Promoting employee savings and shareholding, a collective variable compensation system to enable the sharing of value created
Promoting sound and efficient risk management	■ Respecting the declaration and risk appetite framework approved by Group governance ■ Setting variable compensation consistent with the ability of Group entities to strengthen their equity capital ■ Taking account of all risks, including the liquidity risk and the cost of capital ■ Guaranteed bonuses authorised only on recruitment and for a period that may not exceed one year, subject to the deferred compensation plan applicable over the financial year

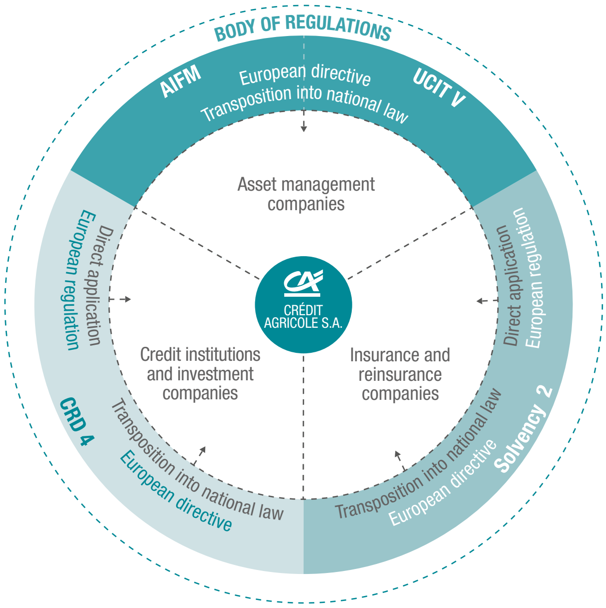
4.1.2. Regulatory corpus shaping compensation policies

Crédit Agricole S.A.'s compensation policy must be seen within a closely regulated environment specific to its sector.

Through its local universal customer-focused banking model, the Group is responsible for three different regulatory corpora corresponding to its three activities. It ensures that its compensation policy complies with the applicable national, European and international legal and regulatory frameworks. It also includes the provisions of the Volcker Rule, France's law on the separation of banking and finance activities, the MIF Directive and the Insurance Distribution Directive.

The definitions of the underlined words can be found in the Glossary on page 600.

Regulations governing the compensation policies of Crédit Agricole S.A. entities



CRD 4: Capital Requirement Directive 4
AIFM: Alternative Investment Fund Managers
UCITS: Undertakings for collective Investment in Transferable Securities

The compensation policies of Crédit Agricole S.A. entities are governed by three distinct sets of regulations:

- those applicable to credit institutions and investment companies (the "CRD 4" package);
- those applicable to asset management companies and alternative investment funds (hedge funds and private equity funds) under the European Alternative Investment Fund Managers directive (Directive 2011/6 of 8 June 2011, or "AIFMD") and to UCITS management companies under the European UCITS V directive (Directive 2014/91/EU of 23 July 2014);
- those applicable to insurance and reinsurance companies that come under the Solvency framework.

This regulatory framework clarifies the definition of "identified staff" who are subject to more stringent compensation rules.

Identified staff

These regulations involve in particular the identification of employees who have an impact on the risk profile of the Group or of their entity through their function, their level of delegation or their level of compensation, hereinafter "identified staff". The scope is defined by a joint decision-making process between Group and entity Human Resources functions and Risk and compliance functions. The criteria applied are summarised on page 169.

The following paragraphs specify its general principles. The annual report relating to the policy and to the compensation practices for identified staff sets out a more detailed presentation for employees coming under CRD 4. It is available on the Crédit Agricole S.A. website: www.credit-agricole.com.

Identified staff compensation

Identified staff compensation stems from a highly controlled regulatory environment that imposes rules on their structure.

In accordance with regulatory obligations, Crédit Agricole S.A. has defined strict rules surrounding the compensation policy for identified staff:

A compensation policy that promotes sound and efficient risk management: the amounts and distribution of variable compensation must not impair the institutions' ability to strengthen their equity as required.

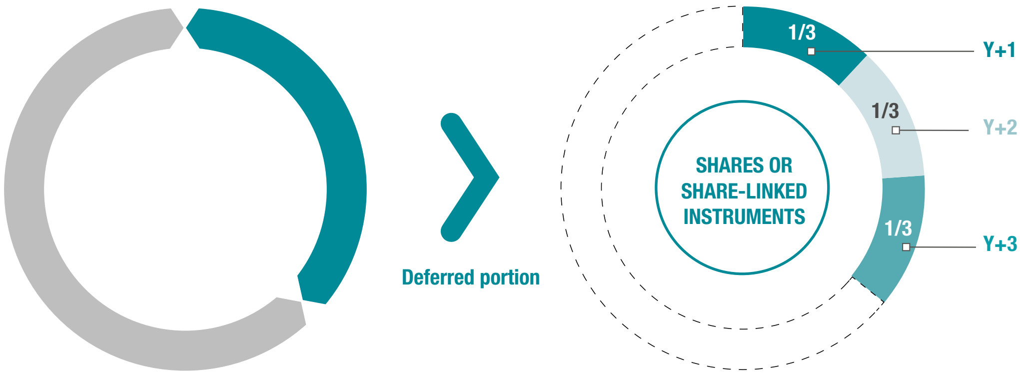
A balance between fixed and variable compensation: for any employee of a credit institution or investment firm, the variable component of their compensation cannot be greater than 100% of the fixed component; nevertheless, each year, the General Meeting of Shareholders can vote to apply a higher maximum ratio provided that the total variable component never exceeds 200% of the fixed component for any employee.

A variable compensation partly deferred and paid in the form of instruments:

- 40% to 60% of variable compensation is deferred over three years. The deferred portion vests in three equal instalments in Y+1, Y+2 and Y+3, subject to presence and performance conditions being met;
- each instalment is granted in Crédit Agricole S.A. shares or share-linked instruments (credit institution, investment companies, insurance and reinsurance company) or by a portfolio of funds representative of the activity (asset management);
- for credit institution employees, there is a six-month retention period after each deferred variable compensation instalment has vested. A portion of the non-deferred variable compensation is also paid in Crédit Agricole S.A. share-linked instruments, at 10% of the total variable compensation, at the end of a six-month retention period.

The definitions of the underlined words can be found in the Glossary on page 600.

Deferred compensation structure overview



Risk-adjusted variable compensation: a monitoring system for at-risk behaviour by identified staff is deployed at Crédit Agricole S.A. subsidiaries in cooperation with the Group Risk Management and Permanent Controls and Compliance business lines. This system specifically includes annual monitoring and assessment of the system by the governance body as well as an arbitration procedure at Executive Management level for observed cases of at-risk behaviour.

Crédit Agricole S.A. has also put in place two systems that enable adjustment or even restitution to the Group of variable compensation, in the event of at-risk behaviour:

- **a malus clause:** in the event of observing non-compliant behaviour, the variable compensation initially awarded may be reduced in full or in part in accordance with Article L. 511-84 of the French Monetary and Financial Code;
- **a clawback clause:** if it is discovered within a period of five years after payment that an employee is responsible for or has contributed to significant losses to the detriment of the Group or has demonstrated particularly serious at-risk behaviour, the Group reserves the right, subject to local laws in force, to demand the restitution in full or in part of amounts already paid.

Communication: compensation paid during the financial year to all identified staff of credit institutions or investment companies is subject to a resolution submitted each year to the Crédit Agricole S.A. General Meeting.

Find out more:

- Definition of identified staff: detailed on page 169.
- Identification and compensation policy of identified staff: annual report relating to the compensation policy and practices of identified staff (in accordance with Articles 266 et seq. of the Decree of 3 November 2014 relating to internal controls of credit institutions and investment companies and with Article 450 of (EU) Regulation No. 575/2013 of 26 June 2013).

4.1.3. Governance of the compensation policy

The Group exercises oversight of all Group entities to ensure consistent compliance with Group-wide guidelines and rigorous application of compensation policies and procedures for all entities and employees.

Process of defining the compensation policy

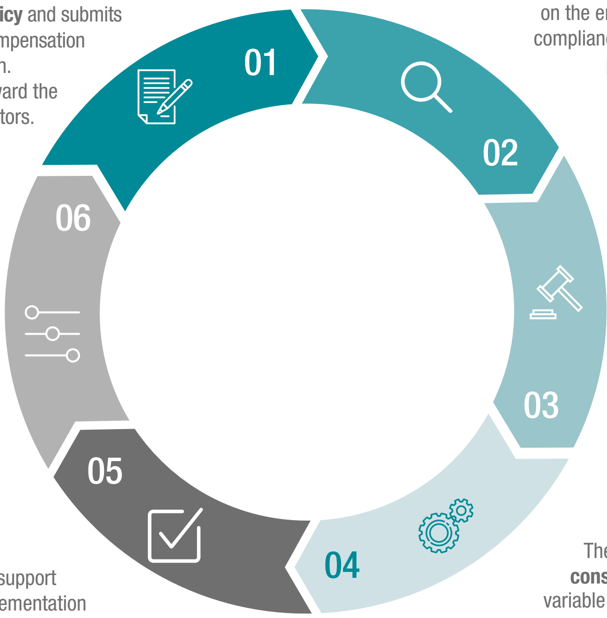
Governance of employee compensation policy of Crédit Agricole S.A.

1. Policy creation

The **Group Human Resources department drafts and adjusts the employee compensation policy** and submits it to the operational departments of the Compensation Policy Control Committee (CCPR) for opinion.
The **Compensation Committee** puts forward the compensation policy to the Board of Directors.

2. Review

The **Compensation Committee gives an opinion** on the employee compensation policy. It checks its compliance and monitors the implementation of the policy, overall and by major business lines.



3. Approval

The **Board of Directors approves the policy.** The **shareholders** gathered in a General Meeting vote on certain elements(1) of the compensation policy.

6. Adjustments

The Human Resources department and the Compensation Committee take into account the conclusions of the CCPR, internal audit and the voting of shareholders to **adjust, if necessary, the compensation policy.** The changes decided upon apply from the following year.

4. Implementation

The **Group Finance department checks the consistency** of the procedures for determining variable compensation packages in the light of the Group's risks and financial capacity.
The **Human Resources department oversees the implementation** of the compensation policy.

5. Monitoring

The **Compensation Committee** with the support of internal departments monitors the implementation of policies and checks their compliance. The Risks Committee examines the compliance of compensation policies with risk strategies. The Group Internal Audit department conducts an **annual audit** subsequent to the definition and application of the policy.

(1) The voting of shareholders relates in particular to the compensation policy and elements of compensation of Executive Corporate Officers, as well as to the planned capital increases reserved for Group employees.

Find out more:

- Governance of the compensation policy for Executive Corporate Officers: 4 "Compensation policy", Chapter 4.3.

Functions involved in the process of defining the compensation policy

Group Human Resources department

The Group Human Resources department drafts the compensation policy. Its main duties and responsibilities are as follows:

- preparing the work of the Compensation Committee;
- drawing up the compensation policy to be submitted to the Committee for opinion;
- collecting from various entities the information necessary to fulfil the Committee's tasks;
- managing the compensation policy defined by the Board of Directors;
- bringing together the various players in the implementation of this policy.

Compensation Policy Control Committee

The Compensation Policy Control Committee is composed of representatives from the Risk Management and Permanent Controls, Compliance and Human Resources departments. It issues an opinion on the compensation policy formulated by the Group Human Resources department before it is presented to the Compensation Committee and then submitted to the Board of Directors for consideration.

Its main duties and responsibilities are as follows:

- assessing the information on general policies for presentation to the Compensation Committee, a pre-requisite to fulfilling the duty to alert;
- ensuring the validity of the principles applied to implement the compensation policy within the Group, in light of the new regulatory requirements;
- reviewing the compliance of the rules applied within each entity: definition of identified staff; principles used to calculate total variable compensation; management of non-compliant behaviour, which will be taken into consideration when calculating variable compensation for the current year or previous years;
- coordinating the actions to be introduced in the entities by the Risk Management and Compliance functions.

The definitions of the underlined words can be found in the Glossary on page 600.

Compensation Committee

The Compensation Committee of Crédit Agricole S.A. prepares the proposals and notices to be submitted to the Board of Directors.

These notices concern in particular:

- general principles of the Group compensation policy;
- compensation of Corporate Officers;
- decisions to be submitted to the General Meeting of Shareholders relating to the compensation of Executive Corporate Officers and identified staff;
- potential share capital increases reserved for Group employees.

Its work takes into account changes in the regulations and the Group's strategic guidelines and its human resources policy. They concern all employees of Crédit Agricole S.A.

As at 31 December 2018, the Committee had six members, including three independent Directors and one Director representing employees, selected because of their skill sets in the areas addressed.

It met five times in 2018, with an attendance rate of 100%. It examined the following items in particular:

- review of the variable compensation packages of all employees;
- individual review of annual variable compensation over a threshold set by the Board;
- adjustment of the compensation policy according to Group performance and results;
- summary review of the implementation of compensation policies by entities;
- review of decisions to be submitted to the General Meeting of Shareholders;
- analysis of French and international regulatory changes.

Find out more:

- Composition, role, operation and work of the Compensation Committee: Registration Document, Chapter 3.1 “Board of Directors' Report”.

Risk Committee

The Risk Committee ensures that the Group's compensation policies and practices are in line with proper and effective risk management practices.

Board of Directors

After analysis by the Compensation Committee, the Board of Directors deliberates on the compensation policy. It examines and decides in particular on:

- updating of the compensation policy of all employees and its application note;
- fixed compensation, annual personal variable compensation, as well as the terms and conditions and criteria used to determine the annual variable compensation of the Executive Corporate Officers (Chairman, Chief Executive Officer and Deputy Chief Executive Officer), taking into account regulatory provisions;
- the report on the compensation practices of members of the executive body and identified staff;
- the share capital increases reserved for Group employees;
- the distribution of the total amount of Directors' fees.

Find out more:

- Composition, role, operation and work of the Board of Directors: Registration Document, Chapter 3.1 “Board of Directors' Report”.

Group shareholders

Shareholders are invited to adjudicate each year on all or part of the compensation policy of Crédit Agricole S.A. at the Group's General Meeting. The resolutions put forward may involve:

- potential share capital increases reserved for Group employees and, where applicable, the share subscription or purchase plans and bonus share plans;
- compensation of identified staff;
- the compensation policy of Executive Corporate Officers and elements of compensation allocated for the past financial year.

Find out more:

- Participation of shareholders in the compensation policy of Executive Corporate Officers: Registration Document, Chapter 3.3 “Information on executives and management bodies”.
- Participation of shareholders in the compensation policy of identified staff: annual report relating to the policy and to the compensation practices for identified staff.

Group Finance department

The Group Finance department validates the terms and conditions for determining the total amount available for variable compensation, taking the full range of risks into account. It also checks that variable compensation does not hinder the ability of Group entities to strengthen their solvency.

Group Internal Audit department

The Group Internal Audit function carries out an *“a posteriori”* audit on an annual basis examining the definition and implementation of compensation policy.

The definitions of the underlined words can be found in the Glossary on page 600.

4.1.4. Elements of reward

The reward of Crédit Agricole S.A. employees is composed of fixed, variable and peripheral elements, corresponding to the various objectives – notably in terms of compensation for short, medium and long-term performance. All or part of these elements may be offered to each employee, according to their level of responsibility, skills and performance.

Compensation and short, medium and long-term performance criteria

	Year Y-1	Year Y	Year Y+1	Year Y+2	Year Y+3
Fixed compensation		Employee skill sets and level of responsibility			
Annual variable compensation	Individual and/or collective objectives				
Collective variable compensation	Annual performance of the entity				
Long-term variable compensation			Financial, stock market and societal performance of the Group		

Rules for determining elements of reward

The Group has set common rules for all employees to guide the determination of compensation elements:

- within each of its various business lines, Crédit Agricole S.A. regularly compares its practices to those of other financial groups at the national, European and international level;
- performance is assessed by precise measurement of the results obtained relative to specific annual objectives (how much), taking into account the conditions in which the objectives were achieved (how);
- it takes into account intrinsic financial performance, the Group's non-financial performance and its performance compared to that of other European banks;
- the compensation systems are differentiated according to level of responsibility within the organisation;
- peripheral compensation is governed by Group or entity agreements.

Procedures for determining elements of compensation

Elements of compensation

<table>
<tr><th></th><th>System</th><th>People eligible</th></tr>
<tr><td rowspan="2">Fixed compensation
Objectives
Offering competitive and attractive compensation</td><td>Base salary</td><td>All employees</td></tr>
<tr><td colspan="2">Skills and responsibility level are rewarded by a basic salary in line with the specific characteristics of each business line in its local market.</td></tr>
<tr><td rowspan="7">Annual variable compensation
Objectives
Linking the interests of employees with those of the Group and shareholders</td><td colspan="2">Crédit Agricole S.A. has put in place two annual variable compensation systems – depending on the business lines and consistent with market practices:
■ an individual variable compensation (RVP) system based on the calculation of benefits that is the sum of target individual variable compensation adjusted by a performance rate;
■ a “Bonus Pool” system based on the calculation of benefits directly linked to the entity’s financial results and defined according to a percentage of the “Contribution” to Group results. The contribution represents an entity’s capacity to fund bonuses, taking into account the cost of risk, the cost of capital and the cost of liquidity.
It is defined as:

Revenues (NBI)(1)
– direct and indirect expenses before bonuses
– cost of risk
– cost of capital before tax
= Contribution

The payout ratio represents the portion of the Contribution that the entity wants to pay out in bonuses. It is dependent on the entity’s financial performance and the practices of competing companies operating in comparable businesses.
The individual award of variable compensation is defined in compliance with regulatory principles. The amounts must not hamper the ability of Group entities to strengthen their equity as necessary. As well as economic and financial criteria, the performance assessment takes all risks into account, including liquidity risk, as well as the cost of capital. Variable compensation is related directly to annual performance. Unsatisfactory performance, failure to comply with rules and procedures or at-risk behaviour have a direct impact on variable compensation.</td></tr>
<tr><td>Individual variable compensation (RVP)</td><td>Employees and executive managers:
■ central Support functions;
■ retail banking;
■ specialised financial services;
■ insurance;
■ real estate;
■ other.</td></tr>
<tr><td colspan="2">Individual variable compensation (RVP) reflects the employee’s individual performance, assessed by line management on the basis of the attainment of individual and/or collective objectives.
The objectives are described precisely and measurable over the year. They systematically take into account the customer, employee and societal aspects of activities.
The degree of attainment or exceeding of objectives is the principal criterion for the award of RVP. It is supplemented by a qualitative assessment of the procedures for achieving these objectives (autonomy, involvement, context, impact on other company players and activities, etc.).</td></tr>
<tr><td>Bonus</td><td>Employees and executive managers:
■ corporate and investment banking;
■ wealth management;
■ asset management;
■ capital investment.</td></tr>
<tr><td colspan="2">The award of a bonus is decided upon by line management based on a formal annual individual performance appraisal, which looks at the achievement of both quantitative and qualitative objectives. There is therefore no direct and automatic link between the level of financial results of an employee and their variable compensation level. Employees are evaluated on their results, those of their activity and the conditions under which such results have been achieved.
Similarly to individual variable compensation, targets are clearly defined and measurable over the year. Qualitative objectives are individualised, related to the professional activity and to the level of responsibility. They include the quality of risk management, resources allocated and behaviour implemented to achieve the results (cooperation, teamwork and management).</td></tr>
<tr><td>Guaranteed variable compensation restrictions</td><td>Employees
Executive managers</td></tr>
<tr><td colspan="2">Guaranteed variable compensation is strictly limited to new hires, for a period that may not exceed one year. Guaranteed variable compensation is awarded subject to the deferred compensation plan applicable to the financial year. Accordingly, all rules on variable compensation for identified staff (deferred payment schedule, performance conditions and reporting) also apply to guaranteed bonuses.</td></tr>
</table>

(1) It being understood that, by definition, revenues are calculated net of the cost of liquidity.

The definitions of the underlined words can be found in the Glossary on page 600.

	System	People eligible
Long-term variable compensation **Objectives** Rewarding the long-term collective performance of the Group and its entities	**Long-term incentive plan**	Executive managers Key Group executives
	This aspect of variable compensation, which is unifying, motivating and encourages loyalty, completes the annual variable compensation mechanism. It is characterised by compensation in shares and/or cash, indexed to the share prices, with long-term performance conditions based on economic, financial and societal criteria consistent with the long-term strategy of the Group and its entities.	
Collective variable compensation **Objectives** Linking all employees to the Group's results to enable the collective sharing of value created	**Profit sharing**	All employees in France and employee of certain international entities
	Collective variable compensation plans are defined separately for each entity in order to reflect value creation as closely as possible. In France, Group companies therefore negotiate their own profit-sharing and incentive plan agreements, complemented by contribution matching systems through their Company Savings Plan (PEE) and Collective Retirement Savings Plan (PERCO).	
	Employee shareholding	All employees with the exception of a few countries
	Employee shareholding, rooted in the corporate culture of Crédit Agricole S.A., has grown over the years. Since its initial public offering in 2001, the Group has carried out six capital increases reserved for employees in France and in some 20 countries abroad. From 2018, the Group is committed to making this an annual arrangement.	

Peripheral compensation

	System	People eligible
Peripheral compensation **Objectives** Providing/Supplementing healthcare reimbursement in the event of employee sickness Protecting employees against all life's uncertainties	**Private healthcare insurance scheme**	All employees
	Supplementary pension	Executive managers
	In addition to direct compensation, peripheral compensation in terms of retirement, healthcare and pensions are put in place within collective schemes specific to each entity.	

Find out more:

- HR "Developing people" policy: Registration Document, Chapter 2.5.
- Rules and specific procedures for determining the compensation of executive managers: Registration Document, Chapter 3, section 4.2.
- Rules and specific procedures for determining the compensation of Executive Corporate Officers: Registration Document, Chapter 3, section 4.3.

4.1.5. Amount of compensation

In 2018, total employee expenses amounted to €7.1 billion for Crédit Agricole S.A. Group. The overall total distributed, including profit-sharing and the employer contribution matching of employee savings plans, was €279.2 million.

The capital increase reserved for employees in 2018 enabled more than 18,500 subscribers worldwide to invest close to €136 million in shares of Crédit Agricole S.A. At end-2018, employees and former employees of the Group held 4.42% of the capital.

Find out more:

- Social indicators: Registration Document, Chapter 2.5.6.
- Amount of compensation of executive managers: Registration Document, Chapter 3, section 4.2.3.
- Amount of compensation of Executive Corporate Officers: Registration Document, Chapter 3, section 4.3.5.

4.2. REWARD POLICY APPLICABLE TO EXECUTIVE MANAGERS

IMPORTANT TO KNOW

- Variable compensation based on **mutual objectives and aligned to the strategy** of the Group in order to unify executive managers around shared challenges.
- People eligible for the **long-term incentive plan** to align the interests of executive managers to those of shareholders and the performance of the Group over the long term.

The Group's 660 executive managers are members of the management teams and break down into two management circles:

- executives in the first circle prepare the definition of strategy for their business line or a Group cross-cutting function and steer implementation, in line with Group strategy;
- in the second circle, executives are responsible for defining functional or operational policies that have a strategic impact on their businesses.

4.2.1. Objectives specific to executive managers

Crédit Agricole S.A. has implemented a variable compensation policy for executive managers, aimed in particular at:

- correlating their compensation levels with actual long-term performance;
- aligning the interests of management with those of the Group by including financial and non-financial performance (customer satisfaction, management effectiveness and societal impact).

4.2.2. Elements of reward of executive managers

Executive managers receive elements of fixed, variable and peripheral compensation, adapted to their specific objectives, in line with the Group's compensation structure adapted to their specific objectives.

Elements of compensation

Fixed compensation

The fixed compensation of executive managers is determined using the same rules as those of all employees.

Annual variable compensation

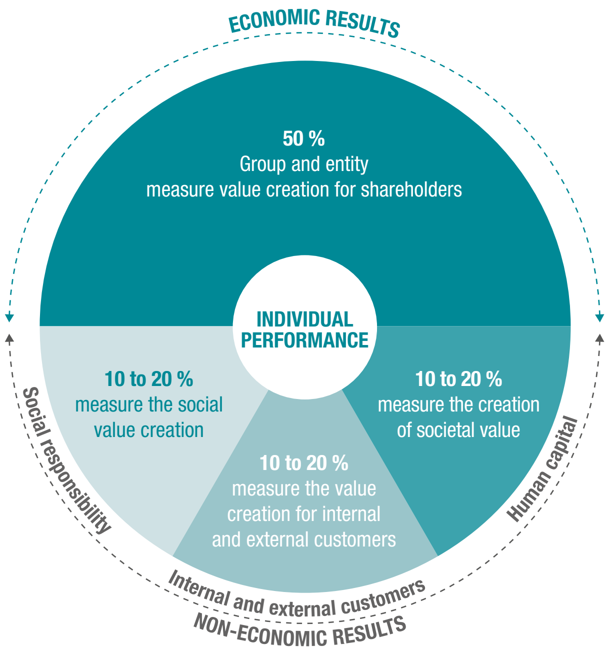
All executive managers of Crédit Agricole S.A. are eligible for the Group's variable compensation schemes, for which the structure of objectives is common regardless of the entity.

This means that their individual variable compensation comes either from the individual variable compensation plan (RVP) or from the bonus system. As for all employees, the system on which they are dependent is defined according to their home entities.

Annual variable compensation is calculated based on two sets of criteria:

- financial criteria (50%), within the scope of Crédit Agricole S.A. and the scope of the executive manager's responsibility;
- non-financial criteria (50%), measuring the creation of managerial, social and customer value.

Annual variable compensation criteria of executive managers



- Measure the social responsibility, respect for values exceeding legal obligations, environmental impact, partnerships, ethics, etc.
- Measure the satisfaction of services and advices provided
- Measure the ability to attract, develop and retain employees
- Measure the achievement of financial objectives within the scope of the Group and of the scope of responsibility

The financial objectives set for each executive manager, whatever his/her business line or function, are partly based on Group-wide financial objectives, commensurate with the executive manager's level of responsibility. The other part is based on the financial objectives of the executive manager's entity.

Long-term variable compensation

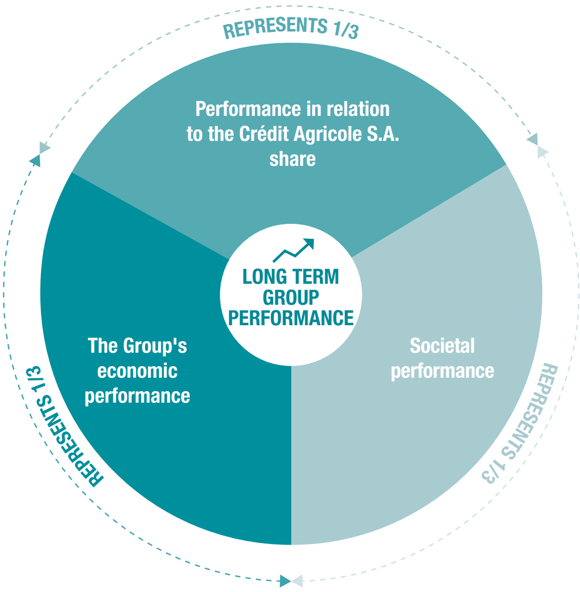
The Group established a long-term incentive plan in 2011 to reward long-term performance. Accordingly, taking an entity's societal impact into consideration strengthens the link between compensation and long-term performance.

The long-term variable compensation plan for executive managers consists of compensation in instruments linked to the Crédit Agricole S.A. share.

Amounts are deferred over three years. One-third vests each year, subject to performance conditions and according to the following criteria:

- the intrinsic financial performance of Crédit Agricole S.A. defined as growth of its operating income increased by the Group share of equity-accounted net income;
- the relative performance of Crédit Agricole S.A. shares compared to a composite index of European banks (Euro Stoxx Banks);
- the societal performance of Crédit Agricole S.A., measured by the FReD index; the index is assessed by means of measurement on the basis of progress achieved by CSR projects (the assessment is certified by PricewaterhouseCoopers, see description in Chapter 2).

The definitions of the underlined words can be found in the Glossary on page 600.



The members of the Crédit Agricole S.A. Executive Committee and the Group's senior executives are eligible for this long-term plan, whose grant is determined on an annual basis by the Group Chief Executive Officer.

Peripheral compensation

Private healthcare insurance

Executive managers benefit from the same private healthcare insurance schemes as other employees.

Supplementary pension

Since 2010, a common supplementary pension scheme has been put in place for Crédit Agricole Group Senior Executives. Most Crédit Agricole S.A. entities have signed up to the retirement regulation by a collective company agreement in accordance with Article L. 911-1 of the French Social Security Code.

This scheme comprises a combination of defined-contribution pension schemes and a supplementary defined-benefit scheme:

- the aggregate contributions to the two defined-contribution supplementary pension schemes (the industry scheme and the Company scheme) are equal to 8% of gross salary capped at eight times the French social security ceiling (of which 5% is paid by the employer and 3% by the beneficiary);
- the rights to the defined-benefit top-up scheme are determined after the rights paid under the defined-contribution schemes. The rights currently outstanding in Crédit Agricole S.A. are equal, subject to continued employment conditions at retirement and five years or more seniority, to between 0.125% and 0.30% of reference compensation for each quarter of length of service up to a limit of 120 quarters.

The reference compensation is defined as the average of the three highest gross annual compensations out of the last 10 years of service in Crédit Agricole entities, including both fixed and variable compensation, with the latter capped at between 30% and 60% of fixed compensation.

In any event, at retirement, the total retirement annuity of all schemes is capped at 70% of the reference compensation in accordance with the supplementary retirement regulations for executive managers of Crédit Agricole S.A.

The rights established by the Group prior to the effective date of the applicable rules are maintained in accordance with the rules and, if applicable, are added to the rights resulting from the application of those rules, particularly when calculating the maximum annuity that can be paid.

4.2.3. Amount of reward of executive managers

At 31 December 2018, the compensation of members of the Board of Directors and the Executive Committee paid by Crédit Agricole S.A. amounted to €28.2 million, of which €3.9 million in post-employment benefits.

4.3. REWARD POLICY APPLICABLE TO EXECUTIVE CORPORATE OFFICERS

IMPORTANT TO KNOW

- Policy **reviewed annually** by the Board of Directors and approved by the shareholders.
- Compensation **consistent** with those of employees, executive managers of the Group and with the social interests of the Company.
- Consideration of **expectations of stakeholders, and balance** between all elements of compensation and benefits granted.

Crédit Agricole S.A. has historically opted for the separation of the duties of direction and control in executive functions in accordance with Article L. 511-58 of the French Monetary and Financial Code.

The Group therefore has three Executive Corporate Officers:

- Dominique Lefebvre, as Chairman of the Board of Directors since 4 November 2015;
- Philippe Brassac, as Chief Executive Officer since 20 May 2015;
- Xavier Musca, as Deputy Chief Executive Officer and second in command since 20 May 2015.

The Chief Executive Officer and Deputy Chief Executive Officer have decided upon a shared responsibility across the Board, which is reflected in their solidarity regarding the performance criteria used.

4.3.1. Specific objectives of Executive Corporate Officers

The main goal of the compensation policy of Executive Corporate Officers is the recognition of performance over the long term and smooth implementation of the Group's strategic plan. Aligned with the social interests of the Company, it takes into account aspects of sustainable performance over and above short-term financial results.

It is consistent with the policy of compensation of all executive managers of Crédit Agricole S.A., as described above, in order to unify the Group's key players around common and shared challenges.

4.3.2. Specific regulatory corpus of Executive Corporate Officers

In addition to the regulatory corpus specific to the banking sector, the compensation of Executive Corporate Officers of Crédit Agricole S.A. complies with:

- the recommendations and principles of the Corporate Governance Code for listed companies, as revised in June 2018 (the "AFEP/MEDEF Code") with the exception of certain recommendations listed in the areas of non-compliance with the code on page 103;
- the provisions of law No. 2015-990 of 6 August 2015 on growth, activity and equal economic opportunities, modifying in particular Article L. 225-42-1 of the French Commercial Code on the vesting of conditional annual supplementary defined-benefit rights.

The definitions of the underlined words can be found in the Glossary on page 600.

4.3.3. Specific governance of Executive Corporate Officers

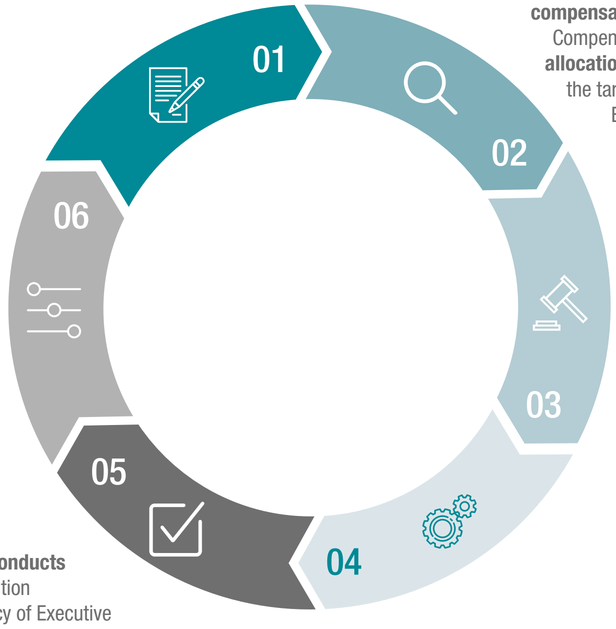
To ensure that the compensation of executives is in line with the interests of shareholders and the performance of the Group, the Board of Directors and its Compensation Committee play a key role in the governance of the corresponding policy. The same applies to shareholders who vote each year at the General Meeting on the policy and on the elements paid through a binding vote.

Process of defining the compensation policy

Governance of the compensation policy for Executive Corporate Officers of Crédit Agricole S.A.

1. Policy creation
At the start of the year, the Compensation Committee supported by the Human Resources department **drafts proposals** on the compensation of Executive Corporate Officers.

2. Review
The **Board of Directors determines the compensation policy** based on the proposals of the Compensation Committee. **It sets the criteria for allocation of annual variable compensation** and the targets to be achieved for the year *(ex ante)*. Each year, the **Compensation Committee assesses the performance** of Executive Corporate Officers over the financial year ended in the light of results obtained and targets set *(ex- post)*. It may consult the Chief Executive Officer about the performance of the Deputy Chief Executive Officer.



6. Adjustments
The **Board of Directors reviews the compensation policy** according to changes in the context of corporate strategy as well as feedback from investors and shareholders. The changes decided upon apply from the following year.

3. Approval
The **shareholders gathered in a General Meeting** vote on the elements of compensation allocated for the financial year ended and on the compensation policy for the coming year.

5. Monitoring
The **Group Internal Audit department conducts an annual audit** subsequent to the definition and application of the compensation policy of Executive Corporate Officers.

4. Implementation
The **Human Resources department oversees the implementation** of the compensation policy.

Functions involved in the process

Compensation Committee

The Compensation Committee drafts proposals on the compensation of Executive Corporate Officers. These proposals cover fixed and variable compensation, other benefits offered (retirement, allowances, benefits in kind, etc.), as well as the decisions to be submitted to the General Meeting of Shareholders on these subjects. With the consent of the Compensation Committee, the Human Resources department may participate in its meetings.

Board of Directors

On the proposal of the Compensation Committee, the Board of Directors defines the compensation policy of the Executive Corporate Officers of Crédit Agricole S.A. In particular, it determines their annual fixed and variable compensation (ceiling, thresholds, procedures and allocation criteria).

The Board of Directors reviews this policy annually in light of developments in the industry and the competitive environment. It also determines the amounts of fixed and variable compensation due for the financial year ended 31 December of the previous year for each Executive Corporate Officer. It sets the financial and non-financial criteria on which the variable compensation for the coming year will be based.

General Meeting of Shareholders

Each year, shareholders give their opinion on the compensation policy of Executive Corporate Officers, and on their elements of compensation for the previous year.

In the event of a negative vote:

- on the compensation policy: the compensation policy for the previous year is applied;
- on elements of compensation: the variable compensation of the Executive Corporate Officer concerned by the resolution is not be paid;
- the Board of Directors meets within a reasonable time period following the General Meeting to look into the reasons for such vote, and the expectations expressed by shareholders.

At the General Meeting of Shareholders held on 16 May 2018:

- 96.2% of the shareholders voted in favour of the compensation allocated to the Chief Executive Officer for 2017;
- 96.2% supported the compensation decision for the Deputy Chief Executive Officer;
- 92.6% approved the compensation principles and criteria for the Chief Executive Officer in 2018;
- 94.4% approved the compensation principles and criteria for the Deputy Chief Executive Officer in 2018.

The definitions of the underlined words can be found in the Glossary on page 600.

4.3.4. Elements of reward for Executive Corporate Officers

Executive Corporate Officers receive fixed, variable and peripheral elements of compensation, adapted to their specific objectives, in line with the Group's reward policy.

The Board endeavours to strike a balance between the various components of compensation and to take market practices into account. To ensure that the principles and levels of compensation are consistent, annual surveys are carried out with the firm Willis Towers Watson to assess how the Group's compensation of Executive Corporate Officers compares with other CAC 40 and financial sector companies, based on the annual reports and press releases of those companies.

Calculation procedures and rules

Elements of compensation

Fixed compensation

The amount of annual fixed compensation is decided by the Board of Directors acting on the recommendation of the Compensation Committee, taking into account:

- the experience and scope of responsibilities of Executive Corporate Officers;
- market practices and compensation packages observed for the same or similar functions in other major listed companies.

Fixed compensation accounts for a significant proportion of total compensation.

Annual variable compensation

Chairman of the Board of Directors

In order to guarantee complete independence in the performance of his duties, the **Chairman of the Board of Directors** is not eligible for any variable compensation, including long-term incentive plans, stock-options or performance share award plans, or any other long-term compensation schemes existing within Crédit Agricole S.A.

Chief Executive Officer and Deputy Chief Executive Officer

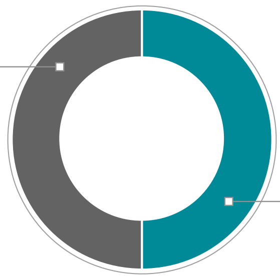
In 2010, the Board of Directors drafted a demanding variable compensation policy for the Chief Executive Officer and the Deputy Chief Executive Officer that aims to align their compensation with the Group's performance and innovates by taking sustainable long-term performance into account in addition to short-term financial results. This policy is part of the framework established for the variable compensation of the Group's executive managers.

Variable compensation is expressed as a percentage of annual fixed compensation. In accordance with the AFEP/MEDEF Code (paragraph 24.3.2), variable compensation is capped and may not exceed the maximum levels set out in the compensation policy:

- it can vary from **0% to 100%** (target level) of fixed compensation for the **Chief Executive Officer,** if all objectives are attained, and up to a maximum of **120% (maximum level)** of fixed compensation for exceptional performance;
- for the **Deputy Chief Executive Officer,** variable compensation can vary from **0% to 80%** (target level) of fixed compensation if all objectives are attained and up to a maximum of **120% (maximum level)** of fixed compensation for exceptional performance.

The overall performance of each Executive Corporate Officer combines an equal weighting of their financial results and managerial performance.

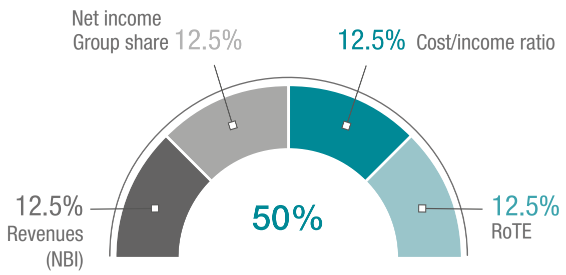
Their annual variable compensation is **50% based on financial criteria** and **50% based on non-financial criteria,** defined each year by the Board of Directors, on the recommendation of the Compensation Committee.



Financial criteria

Financial criteria take account of financial results, levels of investment and risks generated, cost of capital and liquidity in accordance with regulatory requirements in the French Monetary and Financial Code and Decree of 3 November 2014 on internal control. They are defined in accordance with the development strategy of the Group and its business lines.

The financial criteria relate to the scope of Crédit Agricole S.A.group. For each of these, the target is set on the basis of the budget approved by the Board of Directors.



FINANCIAL CRITERIA

Non-financial criteria

Non-financial criteria are determined each year on the basis of the Group's strategic priorities. They are based on four sets of objectives:

- the progress and implementation of Crédit Agricole Group's Medium-Term Plan;
- the Group's transformation in order to improve industrial efficiency;
- the organisational restructuring and oversight of control functions in view of tighter regulation;
- employee engagement with the Crédit Agricole Group reflected in the ability to promote and deliver shared projects, to underpin the image of a unified Group and to involve all Group employees whose commitment level will be measured using the Engagement and Recommendation Index (see description in Chapter 2).

The performance of the Chief Executive Officer and Deputy Chief Executive Officer is evaluated for each indicator, by comparing results achieved with the annual targets defined by the Board. The Deputy Chief Executive Officer's performance assessment is presented to the Compensation Committee by the Chief Executive Officer, before being presented to the Board for decision.

The definitions of the underlined words can be found in the Glossary on page 600.

Terms and conditions for payment of annual variable compensation

Following the assessment of the annual performance, a portion of the variable compensation awarded by the Board of Directors for a year is deferred, subject to approval by the General Meeting of Shareholders, in the interests of aligning the compensation of Executive Corporate Officers with the Group's long-term performance and to comply with regulations.

Deferred portion of annual variable compensation, accounting for 60% of the total

60% of annual variable compensation is awarded in instruments linked to the Crédit Agricole S.A. share price. Vesting is contingent on achieving three complementary performance objectives, whose overall achievement rate cannot exceed 100%. These performance conditions take into account both the Group's intrinsic performance, its relative performance and its societal performance. They are identical to those applied to the executive managers' long-term incentive plan (see details on page 151).

If an Executive Corporate Officer leaves the Group before the vesting of a given instalment of deferred compensation, the payment of this instalment of deferred compensation is excluded, except in the event of retirement or exceptional circumstances, the grounds for which must be substantiated by the Board of Directors. In such cases, unaccrued instalment of deferred variable compensation are delivered at their normal vesting date depending on the level of achievement of performance conditions.

If it is found within a period of five years after payment that an Executive Corporate Officer: (i) is responsible for or has contributed to significant losses to the detriment of the Group or (ii) has demonstrated particularly serious risky behaviour, the Group reserves the right to demand the restitution in full or in part of amounts already paid subject to French law in force (clawback clause).

Non-deferred portion of total variable compensation, accounting for 40% of the total

The non-deferred variable compensation approved by the General Meeting and accounting for 40% of the total, is paid in part (30 points) on the approval by the shareholders in May, and with an amount equal to 10 points paid in September. The latter payment is indexed against the change in the Crédit Agricole S.A. share price between March and September.

Overview of the compensation structure over time

			Y-1	Y	Y+1	Y+2	Y+3
Fixed Compensation			Y-1				
Annual variable compensation	Undeferred portion	30%		May Y			
		10%		Sept. Y			
	Deferred portion	20%			Sept. Y+1		
		20%				Sept. Y+2	
		20%					Sept. Y+3

Subject to clawback and for the deferred portion to performance and presence conditions

Paid in cash.

Paid in instruments linked to the Crédit Agricole S.A. share price after a holding period of six months.

Long-term variable compensation

No Crédit Agricole S.A. stock options have been allocated to Executive Corporate Officers since 2006. No performance shares were awarded to Executive Corporate Officers in 2018.

Specific peripheral compensation

The Chairman of the Board of Directors does not benefit from any severance payment or non-competition compensation, nor any additional pension scheme or private healthcare insurance in force within the Group.

Private healthcare insurance

The Chief Executive Officer and Deputy Chief Executive Officer are covered by the same private healthcare insurance schemes as employees.

Post-employment benefits

Retirement

The Chief Executive Officer and Deputy Chief Executive Officer do not benefit from retirement plans specific to Corporate Officers. Philippe Brassac, as Chief Executive Officer, and Xavier Musca, as Deputy Chief Executive Officer and Second Executive Director, are covered by the Group supplementary pension scheme for Senior Executives of the Crédit Agricole Group. Crédit Agricole S.A. joined the scheme in January 2010 when it introduced its pension regulations, approved by collective bargaining agreement under Article L. 911-1 of the French Social Security Code.

The benefit represented by this supplementary pension scheme was taken into account by the Board of Directors in determining the total compensation of Executive Corporate Officers. This benefit was approved by the General Meeting of Shareholders on 19 May 2016, under the procedure governing related-party agreements.

The plans currently in force are a combination of a defined-contribution scheme and a supplementary defined-benefit plan. The rights to the defined-benefit scheme are determined after the rights paid under the defined-contribution scheme:

- contributions to the defined-contribution retirement plan equal 8% of gross salary capped at eight times the social security ceiling (of which 3% paid by the Executive Corporate Officer);
- defined benefit plan top-up rights are equal to 1.20% of the reference compensation for every year of service, capped at 36% of the reference compensation, on the condition that the beneficiary is a Corporate Officer or an employee when exercising his or her pension entitlements.

In any event, at retirement, the total retirement annuity is capped, for all Company retirement plans and mandatory basic and complementary plans, by contractual provisions, at sixteen times the annual social security cap for the Chief Executive Officer and the Deputy Chief Executive Officer, and at 70% of the reference compensation in application of the supplementary retirement regulations for Crédit Agricole S.A. Senior Executives.

The rights established by the Group prior to the effective date of the rules in effect are maintained and, if applicable, added to the rights resulting from application of the rules in effect, notably for the calculation of the ceiling for the annuity paid.

The reference compensation is determined as the average of the three highest gross annual compensations received over the last ten years of activity within the Crédit Agricole Group, including fixed and variable compensation, the latter being taken into account with a maximum of 60% of fixed compensation.

The Board of Directors Meeting on 19 May 2015 approved the membership of Philippe Brassac and Xavier Musca in the Crédit Agricole S.A. Group's supplementary pension schemes prior to the date of publication of law No. 2015-990 dated 6 August 2015 for growth, activity and equal economic opportunities; therefore the provisions of Article L. 225-42-1 of the French Commercial Code *(Code de commerce),* which makes the acquisition of annual supplementary pension entitlements subject to performance conditions, do not apply.

The supplementary defined-benefit pension scheme in effect for Executive Corporate Officers complies with the recommendations set out in the AFEP/MEDEF Code, the provisions of law No. 2015-990 of 6 August 2015 on growth, activity and equal economic opportunities, and notably Article L. 225-42-1 of the French Commercial Code on the vesting of annual contingent rights for supplementary defined-benefit pensions:

- the group of potential beneficiaries is substantially broader than Executive Corporate Officers alone;
- minimum length of service: five years (the AFEP/MEDEF Code requires only two years' service);
- progression: proportional to the length of service capped at 120 quarters (30 years), with a vesting rate of between 0.125% and 0.30% *per quarter* validated, *i.e.* between 0.5% and 1.2% *per annum* (vs. 3% maximum required);
- estimated supplementary pension below the mentioned ceiling of 45% of fixed and variable compensation due for the reference period;
- obligation for the beneficiary to be a Corporate Officer or an employee when exercising their pension entitlements.

Management of the defined-benefit plan is outsourced to an organisation governed by the French Insurance Code.

Funding of the outsourced assets is accomplished via annual premiums entirely paid for by the employer and subject to the 24% contribution required by Article L. 137-11 of the French Social Security Code.

Retirement allowances for the Deputy Chief Executive Officer of Crédit Agricole S.A.

Philippe Brassac and Xavier Musca qualify for the retirement benefits scheme that applies to all employees under the terms of the Crédit Agricole S.A. collective agreement. This can amount to six months' fixed salary plus variable compensation capped at 4.5% of fixed salary.

Severance payment

Chief Executive Officer

In the event of termination of the Chief Executive Officer's office, his employment contract will be reinstated under compensation conditions equivalent to the average annual compensation paid to the members of the Management Committee of Crédit Agricole S.A., excluding Executive Corporate Officers, during the 12 months preceding the date of termination of his office.

The Chief Executive Officer will receive severance payment if his office is terminated by Crédit Agricole S.A., under the following conditions and in accordance with the current recommendations of the AFEP/MEDEF Code.

If, on termination of the Chief Executive Officer's office, Crédit Agricole S.A. is unable, within three months, to offer an equivalent or comparable position to that currently held by the members of the Executive Committee of Crédit Agricole S.A. in the form of an offer for at least two positions, he will be eligible, if termination of the office was initiated by Crédit Agricole S.A. and a result of a change in control or strategy, to severance payment as follows.

The severance payment will be calculated based on twice the total gross annual compensation received for the calendar year preceding the year of termination of Mr Brassac's office. Note that such severance payment includes all other compensation including, notably, the redundancy pay due for Mr Brassac's employment contract with Crédit Agricole S.A. under the collective agreement, the severance pay described in Article 10 of his suspended employment contract, any other severance pay of any type whatsoever due for any reason and, potentially, compensation in application of the non-competition clause.

The payment of this compensation, excluding the compensation granted to him by his employment contract, will depend on performance criteria set for each business line of the Crédit Agricole S.A. Group over the two financial years preceding the termination date. The goals are based on the following indicators that take into account the internal growth of these activities as well as the cost of risk:

- revenues (NBI) of operational business lines (excluding Corporate Centre);
- operating income from operational business lines (excluding Corporate Centre).

In any event, it is agreed by Mr Brassac and the Company that, in the event that a severance payment is made and he is able to retire on his full pension, he may not claim his retirement rights before a period of twelve months as of the date the severance payment is made. Otherwise, Mr Brassac will be required to waive the severance payment.

Deputy Chief Executive Officer

In the event of termination of the Deputy Chief Executive Officer's office, his employment contract will be reinstated under compensation conditions equivalent to the average annual compensation paid to the members of the Management Committee of Crédit Agricole S.A., excluding Executive Corporate Officers, during the 12 months preceding the date of termination of his office. The Company undertakes to offer him at least two positions corresponding to the duties of members of Crédit Agricole S.A.'s Management Committee.

If his employment contract is subsequently terminated, the Deputy Chief Executive Officer will receive severance payment, calculated on a base corresponding to twice the annual gross compensation (excluding benefits in kind) received during the 12 months preceding the termination of his office, including any other compensation and, in particular, traditional redundancy pay and any applicable non-competition payment. If he becomes eligible for post-employment benefits, no compensation will be paid.

In accordance with the AFEP/MEDEF Code (paragraph 24.5.1), the Chief Executive Officer and the Deputy Chief Executive Officer are not entitled to a specific increase in their compensation during the period preceding their departure.

The definitions of the underlined words can be found in the Glossary on page 600.

Non-competition clause

The Chief Executive Officer and the Deputy Chief Executive Officer are subject to a non-competition clause forbidding them from accepting employment in France in a company with an activity which competes with that of Crédit Agricole S.A. This commitment applies for a term of one year from termination of the employment contract. In exchange, they will be paid monthly compensation equal to 50% of their last fixed salary for the duration of the obligation.

Finally, and in accordance with the French AFEP/MEDEF Code (paragraph 24.5.1), the aggregate compensation paid in respect of a severance payment and non-competition compensation may not exceed two years of annual compensation.

The Board of Directors reserves the right to partially or fully lift the non-competition obligation on the departure of the Chief Executive Officer or Deputy Chief Executive Officer. In any event, in accordance with the AFEP/MEDEF Code, no non-competition compensation will be granted should the Chief Executive Officer or Deputy Chief Executive Officer claim retirement benefits, or should they leave after their 65th birthday.

In the event that a new Executive Corporate Officer is appointed, their compensation will be determined by the Board of Directors:

- either in accordance with the principles and criteria approved by the General Meeting;
- or in accordance with existing practices for the same role, adapted as appropriate when this person exercises new functions or holds new office without equivalent in the previous financial year.

4.3.5. Individual compensation of Executive Corporate Officers

In accordance with the provisions of Article L. 225-100 of the French Commercial Code amended by law No. 2016-1691 of 9 December 2016 on transparency, the fight against corruption and the modernisation of the economy, it is proposed to the General Meeting of 21 May 2019 to approve the compensation of Dominique Lefebvre, Chairman of the Board of Directors, Philippe Brassac, Chief Executive Officer and Xavier Musca, Deputy Chief Executive Officer:

- paid or awarded for the financial year ended 31 December 2018;
- to be awarded for 2019.

Elements of compensation paid or awarded for financial year 2018 to each Executive Corporate Officer of the Company, to be approved by shareholders

Elements of compensation paid or awarded for financial year 2018 to Dominique Lefebvre, Chairman of the Board of Directors, subject to approval by shareholders

Elements of compensation paid or awarded for the financial year ended to be approved by shareholders

	Amount	Presentation
Fixed compensation	€520,000	Dominique Lefebvre receives annual fixed compensation of €520,000. This compensation was set by the Board of Directors at its meeting on 4 November 2015; it has not changed since.
Annual variable compensation	No payment for 2018	Dominique Lefebvre is not entitled to any variable compensation.
Long-term variable compensation		
Collective variable compensation		
Exceptional compensation	No payment for 2018	Dominique Lefebvre is not entitled to any exceptional compensation.
Directors' fees	No payment for 2018	Dominique Lefebvre waived receipt of Directors' fees paid in respect of offices held in Crédit Agricole Group companies for the duration of his term of office or at the end of his term.
Benefits in kind	€40,000	Dominique Lefebvre receives compensation for company housing.

Elements of compensation paid or awarded for the financial year ended, submitted for the approval of shareholders and that were voted on by the General Meeting as part of the procedure governing related party agreements and commitments

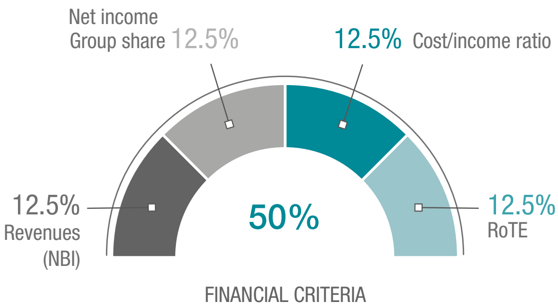
	Amount	Presentation
Severance payment	No payment made for 2018	Dominique Lefebvre is not entitled to any severance payment.
Non-competition compensation	No payment made for 2018	Dominique Lefebvre is not entitled to any non-competition compensation.
Supplementary pension	No payment for 2018	Dominique Lefebvre is not a beneficiary of the supplementary pension scheme in place within the Group.

Rate of achievement of variable compensation criteria awarded for 2018 for Executive Corporate Officers

At its meeting of 13 February 2019, the Board of Directors, on the recommendation of the Compensation Committee, set the amount of the variable compensation of Philippe Brassac and Xavier Musca for financial year 2018, subject to its approval by the General Meeting of 21 May 2019.

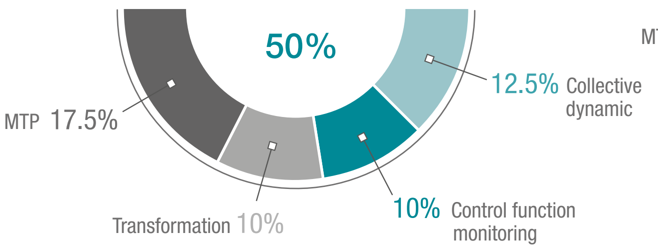
The definitions of the underlined words can be found in the Glossary on page 600.

Criteria governing the annual variable compensation of Executives Corporate Officers



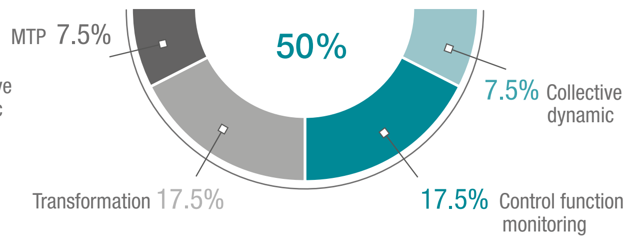
Chief Executive Officer

NON-FINANCIAL CRITERIA



Deputy Chief Executive Officer

NON-FINANCIAL CRITERIA



Financial criteria, accounting for 50% of variable compensation awarded

Financial criteria	Weighting	Actual performance 2018
Revenues (NBI)	12.5%	12.2%
Net income Group share	12.5%	14.2%
Cost/income ratio	12.5%	13.4%
Return on Tangible Equity (RoTE)	12.5%	14.3%
TOTAL	**50.0%**	**54.1%**

The achievement level of financial objectives, of 108.2%, is explained mainly by the good performance of the Net Income Group Share that achieved the target of the Medium-Term Plan Ambition 2020 one year ahead, driven by an increase in all the business lines' contributions. The NIGS benefits in particular from the continuous improvement of operational efficiency and the cost of risk that remains very low leading to an achievement rate of 113.6% for the NIGS and of 114.6% for the RoTE.

The efficient cost control enables a performance of 107% on the cost/income ratio criterion, despite an unfavourable market environment for revenues (NBI) whose achievement rate is of 97.7%.

Non-financial criteria, accounting for 50% of variable compensation awarded

The Board of Directors set the Chief Executive Officer's performance at 117.3% and the Deputy Chief Executive Officer's performance at 110% in relation to the non-financial criteria defined at the start of the financial year, which include a specific weighting applied to each of their duties. It thus notes specific successes for the Medium-Term Plan:

- **implementation of the Medium-Term Plan** translates into several successes: the increasing power of the Customer project, particularly in terms of digitalization (3rd on the D-Rating classification[1] for the quality of digital services offered by the Group to its customers), reinvention and strengthening of the day-to-day customer relationship (successful launch of EKO, continued deployment of digitalized services, launch of the "*Trajectoires Patrimoine*" and "*Mon Logement*" initiative, etc.), progression of revenue synergies and strengthening of external growth dynamics and major commercial partnerships;
- **the Group's ongoing transformation projects** continued in 2018, enabling improvements in operating efficiency in each of the Group's business lines;
- **the steering of control functions in view of regulatory intensification:** the governance of Risks and Compliance functions continues to strengthen and enable increased monitoring of the Group's major regulatory projects, whether in terms of protecting the customer base, protecting personal data or combating money laundering. 2018 also saw the end of settlements of deferred proceedings with the US authorities related to breaches of embargoes;
- **collective employee engagement** with the Group continues to strengthen, as seen by the ongoing progress over the past three years made on the Engagement and Recommendation Index introduced in 2016, which shows that pride in belonging to the Group has improved, and that understanding and support for the strategy has deepened.

(1) Rating agency specialising in the digital sector.

The definitions of the underlined words can be found in the Glossary on page 600.

Elements of compensation paid or awarded for 2018 to Philippe Brassac, Chief Executive Officer, subject to approval by shareholders

Elements of compensation paid or awarded for the financial year ended to be approved by shareholders

	Amount	Presentation
Fixed compensation	€1,025,269	Philippe Brassac received an annual fixed compensation of €1,025,269 in 2018. Since 16 May 2018, he receives an annual fixed remuneration of €1,100,000. Indeed, this compensation was set by the Board of Directors on 13 February 2018, and approved by the General Meeting of 16 May 2018[1].
Annual variable compensation **Non-deferred variable compensation**	€346,740	At its meeting of 13 February 2019, the Board of Directors, on the recommendation of the Compensation Committee, set the amount of the variable compensation for Philippe Brassac for financial year 2018. In view of the achievement of financial and non-financial objectives decided by the Board at its meeting of 13 February 2018 and approved by the General Meeting of 16 May 2018, the amount of variable compensation has been determined on the following basis: ■ achievement level of financial objectives: 108.2%; ■ achievement level of non-financial objectives: 117.3%. Details of the achievement of these objectives can be found on page 158 of the Registration Document. Based on the weighting of the criteria, Philippe Brassac earned €1,115,800 in variable compensation for financial year 2018, reflecting a target achievement ratio of 112.7%. This was equivalent to 112.7% of his fixed reference compensation. 30% of the variable compensation, namely €346,740 will be paid in May 2019 subject to approval by the General Meeting of 21 May 2019.
Variable compensation indexed to the Crédit Agricole S.A. share price	€115,580	10% of the variable compensation, namely €115,580, is indexed to the Crédit Agricole S.A. share price and will be paid in September 2019 subject to approval by the General Meeting on 21 May 2019.
Deferred and conditional variable compensation	€693,480	60% of the variable compensation, or €693,480 at the grant date, subject to the approval of the General Meeting of 21 May 2019, are awarded in instruments linked to the Crédit Agricole S.A. share price, which vest progressively over a deferred period of three years, conditional upon the attainment of three performance targets. Details of the principle used to measure these objectives can be found on pages 155 and 165 of the Registration Document.
Long-term variable compensation	No payment for 2018	Philippe Brassac was not awarded any stock options or performance shares or any other long-term compensation for 2018.
Exceptional compensation	No payment for 2018	Philippe Brassac has received no exceptional compensation for 2018.
Directors' fees	No payment for 2018	Philippe Brassac waived receipt of Directors' fees for the duration of his term of office as Director of Group companies.
Benefits in kind	€33,698	Since May 2018, Philippe Brassac has no longer received any benefits in kind, with this figure being included in his fixed salary.

(1) The raise of fixed compensation of Philippe Brassac as of May 2018 is detailed in 2017 Registration Document p. 156.

Elements of compensation paid or awarded for the financial year ended, submitted for the approval of shareholders and that were voted on by the General Meeting as part of the procedure governing related party agreements and commitments

	Amount	Presentation
Severance payment	No payment made for 2018	Philippe Brassac will receive a severance payment if Crédit Agricole S.A. terminates his contract under the conditions approved by the Board of Directors at its meeting on 19 May 2015 and ratified by the General Meeting of 19 May 2016.
Non-competition compensation	No payment made for 2018	In the event of termination of his position as Chief Executive Officer, on any grounds whatsoever, Philippe Brassac may be bound by a non-competition clause for a period of one year from the date of termination, as approved by the Board at its meeting on 19 May 2015 and ratified by the General Meeting of 19 May 2016.
Supplementary pension	No payment for 2018	No supplementary pension amount is payable to Philippe Brassac for financial year 2018. In accordance with the provisions of Article L. 225-37-3-3 of the French Commercial Code, Philippe Brassac's annual and conditional individual supplementary pension entitlements as at 31 December 2018 include: ▪ a life annuity under a defined-contribution supplementary pension scheme, for an estimated gross amount of €5,000; ▪ a life annuity under a defined-benefit supplementary pension scheme, for an estimated gross amount of €519,000. The estimated total of these supplementary pension entitlements, taken together with estimated pensions from mandatory retirement schemes, corresponds to the application of the contractual cap of sixteen times the annual social security cap as of the closing date, for all schemes. The uncertain entitlements under the defined-benefit supplementary pension scheme are subject to continued employment at retirement and are estimated on the basis of 36 years' service recorded on the closing date, corresponding to 34% of the reference compensation at 31/12/2018, or a zero increase in contingent rights compared with financial year 2017. On that basis, the provisions of Article L. 225-42-1 of the French Commercial Code, as amended under law No. 2015-990 of 6 August 2015 for growth, activity and equal economic opportunities, limiting the annual increase in contingent rights to 3% have been met. The published estimated amounts are the gross amounts before taxes and social security charges applicable at the closing date, particularly income tax payable by individuals and supplementary contributions of 7% and 14%, payable by the beneficiary, which are deducted from the life annuities payable under the defined-benefit supplementary pension scheme. Details of these schemes can be found on pages 155 and 156 of the Registration Document.

The definitions of the underlined words can be found in the Glossary on page 600.

Elements of compensation paid or awarded for financial year 2018 to Xavier Musca, Deputy Chief Executive Officer, subject to approval by shareholders

Elements of compensation paid or awarded for the financial year ended to be approved by shareholders

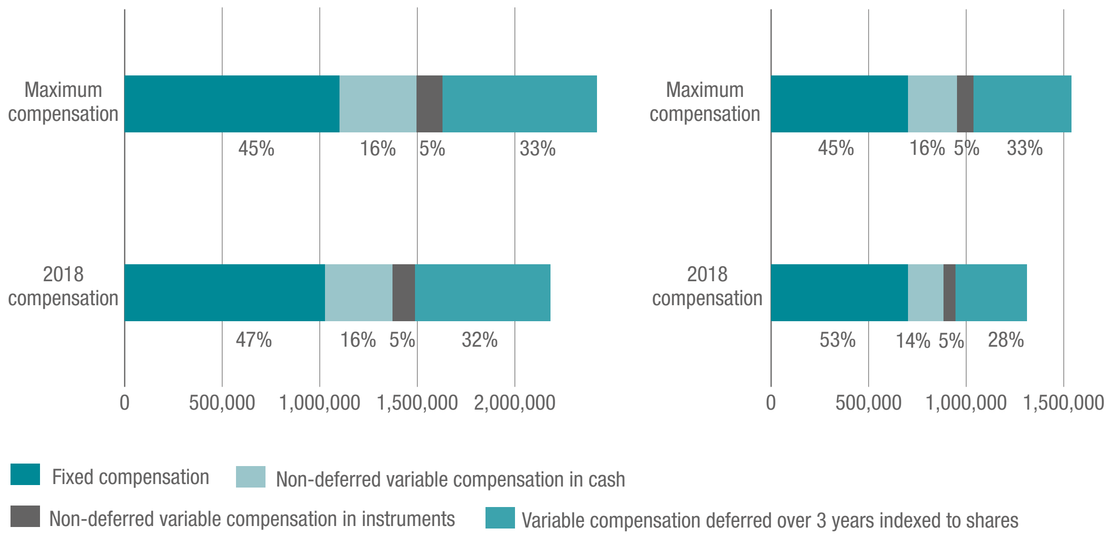
	Amount	Presentation
Fixed compensation	€700,000	Xavier Musca received annual fixed compensation of €700,000 in 2018. This compensation remains unchanged since May 2015.
Annual variable compensation **Non-deferred variable compensation**	€183,300	At its meeting of 13 February 2019, the Board of Directors, on the recommendation of the Compensation Committee, set the amount of the variable compensation of Xavier Musca for 2018, subject to its approval by the General Meeting of 21 May 2019. In view of the achievement of financial and non-financial objectives decided by the Board at its meeting of 13 February 2018 and approved by the General Meeting of 16 May 2018, the amount of variable compensation has been determined on the following basis: ▪ achievement level of financial objectives: 108.2%; ▪ achievement level of non-financial objectives: 110%. Details of the achievement of these objectives can be found on page 158 of the Registration Document. Variable compensation earned by Xavier Musca for financial year 2018 was set at €611,000, reflecting a target achievement rate of 109.1%. This is equivalent to 87.3% of his fixed reference compensation. 30% of the variable compensation, namely €183,300 will be paid in May 2019 subject to approval by the General Meeting of 21 May 2019.
Variable compensation indexed to the Crédit Agricole S.A. share price	€61,100	10% of the variable compensation, namely €61,100, is indexed to the Crédit Agricole S.A. share price and will be paid in September 2018 subject to approval by the General Meeting of 16 May 2018.
Deferred and conditional variable compensation	€366,600	60% of the variable compensation, or €366,600 at the grant date, subject to the approval of the General Meeting of 21 May 2019, are awarded in instruments linked to the Crédit Agricole S.A. share price, which vest progressively over a deferred period of three years, conditional upon the attainment of three performance targets. Details of the principle used to measure these objectives can be found on pages 155 and 165 of the Registration Document.
Long-term variable compensation	No payment for 2018	Xavier Musca was not awarded any stock options or performance shares or any other long-term compensation for 2018.
Exceptional compensation	No payment for 2018	Xavier Musca received no exceptional compensation for 2018.
Directors' fees	No payment for 2018	Xavier Musca waived receipt of Directors' fees for the duration of his term of office as Director of Group companies.
Benefits in kind	No benefits in kind	Xavier Musca did not receive any benefits in kind.

Elements of compensation paid or awarded for the financial year ended, submitted for the approval of shareholders and that were voted on by the General Meeting as part of the procedure governing related party agreements and commitments

	Amount	Presentation
Severance payment	No payment for 2018	Xavier Musca will receive severance payment if Crédit Agricole S.A. terminates his employment contract under the conditions approved by the Board of Directors at its meeting on 19 May 2015 and ratified by the General Meeting of 19 May 2016.
Non-competition compensation	No payment for 2018	In the event of termination of his office as Deputy Chief Executive Officer, on any grounds whatsoever, Xavier Musca may be bound by a non-competition clause for a period of one year from the date of termination, as approved by the Board at its meeting on 19 May 2015 and ratified by the General Meeting 19 May 2016.
Supplementary pension	No payment for 2018	No supplementary pension benefit is payable to Xavier Musca for financial year 2018, in accordance with the provisions of Article L. 225-37-3-3 of the French Commercial Code, Xavier Musca's annual and conditional individual supplementary pension entitlements as at 31 December 2018 include: ▪ a life annuity under a defined-contribution supplementary pension scheme, for an estimated gross amount of €4,000; ▪ a life annuity under a defined-benefit supplementary pension scheme, for an estimated gross amount of €83,000. The uncertain entitlements under the defined-benefit supplementary pension scheme are subject to continued employment at retirement and are estimated on the basis of 6.5 years' service recorded on the closing date, corresponding to 7.4% of the reference compensation at 31/12/2018, *i.e.* a 1.1% increase in contingent rights compared with 2017. On that basis, the provisions of Article L. 225-42-1 of the French Commercial Code, as amended under law No. 2015-990 of 6 August 2015 for growth, activity and equal economic opportunities, limiting the annual increase in contingent rights to 3% have been met.The published estimated amounts are the gross amounts before taxes and social security charges applicable at the reporting period end date, particularly income tax payable by individuals and supplementary contributions of 7% and 14%, payable by the beneficiary, which are deducted from the life annuities payable under the defined-benefit supplementary pension scheme. Details of these schemes can be found on pages 155 and 156 of the Registration Document.

Compensation in 2018 of Executive Corporate Officers in relation to maximum compensation

Chief Executive Officer | Deputy Chief Executive Officer



Principles and criteria for the calculation, distribution and award of elements of compensation for 2019 to each Executive Corporate Officer of the Company subject to shareholder approval

The elements of compensation for the Chairman are decided by the Board of Directors, on the advice and/or recommendations of the Compensation Committee, in accordance with the principles defined by the Crédit Agricole S.A. Group compensation policy reviewed and adopted by the Board of Directors on 13 February 2019 and the statutory and regulatory provisions in force.

If a new Executive Corporate Officer is appointed, his or her compensation will be decided by the Board of Directors either in accordance with the principles and criteria approved by the General Meeting, or in accordance with existing practices for the same role, adapted as appropriate when this person exercises new functions or holds a new office without equivalent in the previous financial year.

Principles and criteria used to determine, distribute and award the elements of compensation of the Chairman of the Board of Directors of Crédit Agricole S.A.

The principles used to determine the elements of compensation of the Chairman of Crédit Agricole S.A. are described in the "Calculation procedures and rules" paragraph of section 4.3.4. Elements of reward for Executive Corporate Officers.

Elements of compensation	Comments
Fixed compensation	The annual fixed compensation of the Chairman of the Board of Directors has been €520,000 since 4 November 2015. There are no plans to change this in 2019.
Annual variable compensation **Long-term variable compensation** **Collective variable compensation**	To ensure that the Chairman remains independent, the Chairman of the Board of Directors is excluded from any variable compensation scheme, including stock option plans or performance share award plans, or any other long-term compensation existing within Crédit Agricole S.A.
Exceptional compensation	There are no plans at present to grant the Chairman of the Board of Directors exceptional compensation for financial year 2019.
Directors' fees	The Chairman of the Board of Directors also waived any Directors' fees due in respect of offices held in Group companies during and at the end of his term of office as Chairman of the Board of Directors.
Benefits in kind	The Chairman of the Board of Directors has the use of company housing by virtue of his appointment which was reclassified as a benefit in kind under current rules. For information, this was valued at €40,000 in 2018

As a reminder, under the commitments authorised by the Board of Directors and approved by the General Meeting, the Chairman of the Board of Directors receives neither a severance payment nor non-competition compensation in the event of termination of his office, nor is he a member of the supplementary pension scheme in effect within the Group.

Principles and criteria used to determine, distribute and award the elements of compensation of Executive Corporate Officers of Crédit Agricole S.A.

The principles used to determine the elements compensation of the Executive Corporate Officers are described in the "Calculation procedures and rules" section of Chapter 4.3.4. Elements of reward for Executive Corporate Officers.

The payment of elements of variable and exceptional compensation awarded to each Executive Corporate Officer concerned for the current financial year (2019) is in any event conditional on approval of those elements by the Ordinary General Meeting to be held in 2020.

The definitions of the underlined words can be found in the Glossary on page 600.

Apportionment and award criteria for elements of compensation for the Chief Executive Officer

	Presentation
Fixed compensation	The fixed annual compensation of the Chief Executive Officer has been €1,100,000 since May 2018. There are no plans to change this in 2019.
Annual variable compensation	The Chief Executive Officer has a target annual variable compensation of 100% of his fixed compensation, capped at 120% if performance exceeds the target. The performance assessment linked to the annual variable compensation is 50% based on financial criteria and 50% on non-financial criteria. At its meeting on 13 February 2019, the Board of Directors set four financial criteria:

	Weighting		Threshold	Target	Ceiling
Revenues (NBI)	12.5%	50%	80%	100%	150%
Net Income Group share	12.5%		80%	100%	150%
Cost/income ratio	12.5%		80%	100%	150%
Return on tangible equity	12.5%		80%	100%	150%

	The financial criteria relate to the scope of Crédit Agricole S.A. Group. For each of these, the target is set on the basis of the budget approved by the Board of Directors at its meeting on 13 February 2019. These criteria each account for one-quarter of the financial portion, *i.e.* one-eighth of annual variable compensation and for each criterion: ■ the maximum achievement rate cannot exceed 150%; ■ a trigger threshold is applied, below which the achievement rate will be considered zero. Performance between the trigger threshold and target as well as between the target and ceiling is calculated on a straight-line basis. The non-financial criteria are determined each year on the basis of the Group's strategic priorities. In keeping with the previous year and in terms of the ambitions of the Medium-Term Plan, "Ambition 2020", the Board of Directors meeting on 13 February 2019 selected four sets of objectives for 2019: ■ the finalisation of the Crédit Agricole Group's Medium-Term Plan "Strategic Ambition 2020" (17.5%); ■ the Group's transformation in order to improve operational efficiency (10%); ■ the steering of control functions in view of tighter regulation (10%); ■ employee engagement with the Crédit Agricole Group (12.5%). The achievement rate of non-financial criteria cannot exceed 150%. Performance is assessed for each indicator, by comparing results achieved with the annual targets defined by the Board of Directors.
Long-term variable compensation	The Chief Executive Officer is not eligible for stock option plans or performance share awards or any other long-term compensation or multi-annual variable compensation scheme for 2019.
Exceptional compensation	There are no plans at present to award the Chief Executive Officer exceptional compensation for 2019.
Directors' fees	The Chief Executive Officer waived receipt of Directors' fees for the duration of his term of office as Director of Group companies.
Benefits in kind	The Chief Executive Officer does not receive any benefits in kind.

Under the commitments authorised by the Board of Directors on 19 May 2015 and approved by the General Meeting of 19 May 2016 and as described on pages 155 to 157 of this document, the Chief Executive Officer receives:

- severance payment in the event that his office is terminated by Crédit Agricole S.A.;
- non-competition compensation if a non-competition clause is triggered, for a period of one year from the termination of his office, regardless of the cause;
- the supplementary pension scheme for executive managers of Crédit Agricole Group, which supplements the collective and mandatory pension and death & disability schemes.

Criteria for apportioning and awarding elements of compensation for the Deputy Chief Executive Officer

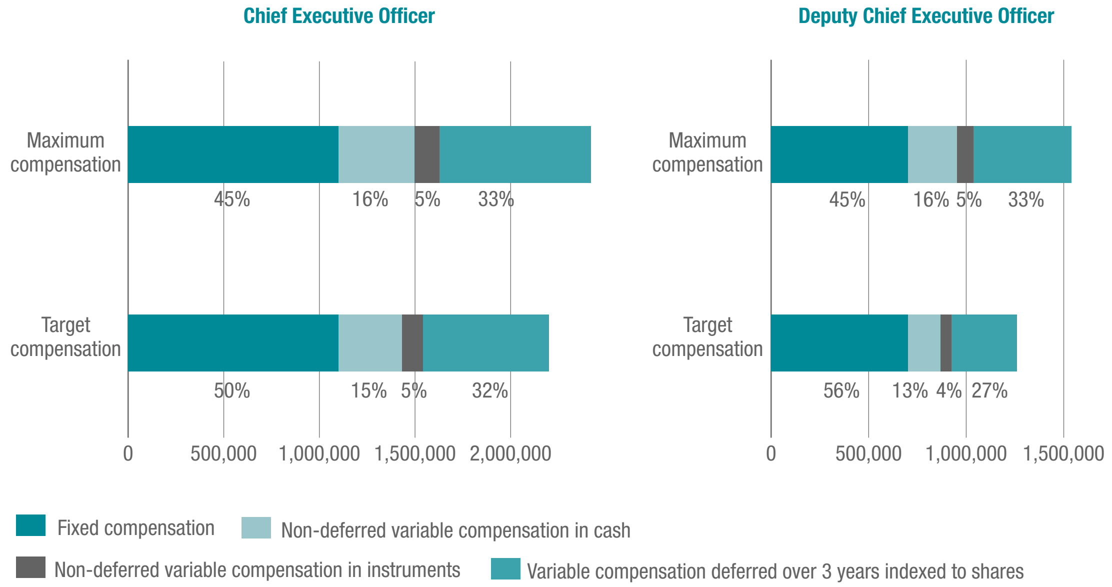
<table>
<tr><th></th><th>Presentation</th></tr>
<tr><td>Fixed compensation</td><td>The annual fixed compensation of the Deputy Chief Executive Officer has been €700,000 since 19 May 2015. There are no plans to change this in 2019.</td></tr>
<tr><td>Annual variable compensation</td><td>The Deputy Chief Executive Officer has a target annual variable compensation of 80% of his fixed compensation, capped at 120% if performance exceeds the target.
The performance assessment linked to the annual variable compensation is 50% based on financial criteria and 50% on non-financial criteria.
At its meeting on 13 February 2019, the Board of Directors set four financial criteria:
<table>
<tr><th></th><th colspan="2">Weighting</th><th>Threshold</th><th>Target</th><th>Ceiling</th></tr>
<tr><td>Revenues (NBI)</td><td>12.5%</td><td rowspan="4">50%</td><td>80%</td><td>100%</td><td>150%</td></tr>
<tr><td>Net Income Group share</td><td>12.5%</td><td>80%</td><td>100%</td><td>150%</td></tr>
<tr><td>Cost/income ratio</td><td>12.5%</td><td>80%</td><td>100%</td><td>150%</td></tr>
<tr><td>Return on tangible equity</td><td>12.5%</td><td>80%</td><td>100%</td><td>150%</td></tr>
</table>
The financial criteria relate to the scope of Crédit Agricole S.A. Group. For each of these, the target is set on the basis of the budget approved by the Board of Directors at its meeting on 13 February 2019.
These criteria each account for one-quarter of the financial portion, i.e. one-eighth of annual variable compensation and for each criterion:
■ the maximum achievement rate cannot exceed 150%;
■ a trigger threshold is applied, below which the achievement rate will be considered zero.
Performance between the trigger threshold and target as well as between the target and ceiling is calculated on a straight-line basis.
The non-financial criteria are determined each year on the basis of the Group’s strategic priorities. In keeping with the previous year and in terms of the ambitions of the Medium-Term Plan, “Ambition 2020”, the Board of Directors meeting on 13 February 2019 selected four sets of objectives for 2019:
■ the finalisation of the Crédit Agricole Group’s Medium-Term Plan “Strategic Ambition 2020” (7.5%);
■ the Group’s transformation in order to improve operational efficiency (17.5%);
■ the steering of control functions in view of tighter regulation (17.5%);
■ employee engagement with the Crédit Agricole Group (7.5%).
The achievement rate of non-financial criteria cannot exceed 150%. Performance is assessed for each indicator, by comparing results achieved with the annual targets defined by the Board of Directors. The Deputy Chief Executive Officer’s performance assessment is presented to the Compensation Committee by the Chief Executive Officer, before being presented to the Board of Directors for decision.</td></tr>
<tr><td>Long-term variable compensation</td><td>The Deputy Chief Executive Officer is not eligible for stock option plans or performance share awards or any other long-term compensation or multi-annual variable compensation scheme for 2019.</td></tr>
<tr><td>Exceptional compensation</td><td>There are no plans at present to award the Deputy Chief Executive Officer exceptional compensation for 2019.</td></tr>
<tr><td>Directors’ fees</td><td>The Deputy Chief Executive Officer waived receipt of Directors’ fees for the duration of his term of office as Director of Group companies.</td></tr>
<tr><td>Benefits in kind</td><td>The Deputy Chief Executive Officer does not receive any benefits in kind.</td></tr>
</table>

Under the commitments authorised by the Board of Directors on 19 May 2015 and approved by the General Meeting of 19 May 2016 and as described on pages 155 to 157 of this document, the Deputy Chief Executive Officer receives:

- severance payment in the event that his office is terminated by Crédit Agricole S.A.;
- non-competition compensation if a non-competition clause is triggered, for a period of one year from the termination of his office, regardless of the cause;
- the supplementary pension scheme for executive managers of Crédit Agricole Group, which supplements the collective and mandatory pension and death & disability schemes.

The definitions of the underlined words can be found in the Glossary on page 600.

Projected compensation of the Executive Corporate Officers in 2019



Performance conditions applicable to the deferred portion of annual variable compensation of Executive Corporate Officers, accounting for 60% of the total

The performance conditions applied to the deferred portion of annual variable compensation for 2019 remain unchanged compared to 2018.

	Weighting	Trigger threshold Achievement rate: 80%	Target Achievement rate: 100%	Ceiling Achievement rate: 120%
Intrinsic financial performance of Crédit Agricole S.A.: annual growth in the operating income of Crédit Agricole S.A. increased by the share of net income of equity-accounted entities	33.3%	80% of budget	100% of budget	120% of budget
The relative performance of the Crédit Agricole S.A. share price compared with a composite index of European banks (Euro Stoxx Banks), on a cumulative basis over each reference period	33.3%	3rd quartile	Median positioning	1st quartile
Annual societal performance of Crédit Agricole S.A. as measured by the FReD index	33.3%	+0.75 FReD point	+1.5 FReD point	+2.25 FReD point

Each of these conditions accounts for one-third of the overall performance assessment. For each condition:

- the maximum achievement rate cannot exceed 120%;
- a trigger threshold is applied, below which the achievement rate will be considered zero.

For each year, the overall performance is equal to the average achievement rate for each performance criterion, which is capped at 100%. Performance between the trigger threshold and target as well as between the target and ceiling is calculated on a straight-line basis.

4.3.6. Summary tables in line with AFEP/MEDEF recommendations

Dominique Lefebvre, Chairman of the Board of Directors

Table 1 – Compensation, shares and stock options awarded to Executive Corporate Officers of Crédit Agricole S.A.

Gross amount *(in euros)*	2017	2018
Compensation awarded for the financial year(1)	560,000	560,000
Value of options awarded during the financial year(2)	-	-
Value of performance shares awarded during the financial year(2)	-	-

(1) The compensation shown in this table represents amounts awarded for the year indicated. The itemised tables below show compensation awarded for a given year and compensation received during that year.
(2) No Crédit Agricole S.A. stock options were awarded to Corporate Officers in 2018. No performance share plan was put in place at Crédit Agricole S.A.

Table 2 – Summary of gross compensation

(in euros)	2017 Amount awarded for 2017	2017 Amount paid in 2017	2018 Amount awarded for 2018	2018 Amount paid in 2018
Fixed compensation	520,000	520,000	520,000	520,000
Non-deferred variable compensation paid in cash	-	-	-	-
Non-deferred variable compensation indexed to the Crédit Agricole S.A. share price	-	-	-	-
Deferred and conditional variable compensation	-	-	-	-
Exceptional compensation	-	-	-	-
Directors' fees[1]	-	-	-	-
Benefits in kind	40,000	40,000	40,000	40,000
TOTAL	**560,000**	**560,000**	**560,000**	**560,000**

(1) Net amounts, after the following deductions from the sums payable to individual beneficiaries resident in France: income tax prepayment (12.8%) and social contributions (17.2%).

Performance conditions achievement rate determining variable compensation payable in 2018 for Executive Corporate Officers

	Weighting	Trigger threshold Achievement rate: 80%	Target Achievement rate: 100%	Ceiling Achievement rate: 120%	Actual performance of the 2015 plan	Actual performance of the 2016 plan	Actual performance of the 2017 plan
Intrinsic financial performance	33.3%	80% of budget	100% of budget	120% of budget	117%	117%	117%
Relative share performance Crédit Agricole S.A.	33.3%	3rd quartile	Median positioning	1st quartile	120%	120%	117%
Societal performance	33.3%	+0.75 FReD point	+1.5 FReD point	+2.25 FReD point	105%	105%	105%
TOTAL	**100%**				**100%**	**100%**	**100%**

In view of the performance recorded in respect of the three criteria, the final percentage vested is 100% for the variable compensation instalments awarded in 2015, 2016 and 2017.

Philippe Brassac, Chief Executive Officer

Table 1 – Compensation, shares and stock options awarded to Executive Corporate Officers of Crédit Agricole S.A.

Gross amount *(in euros)*	2017	2018
Compensation awarded for the financial year[1]	2,020,744	2,214,767
Value of options awarded during the financial year[2]	-	-
Value of performance shares awarded during the financial year[2]	-	-

(1) The compensation shown in this table represents amounts awarded for the year indicated. The itemised tables below show compensation awarded for a given year and compensation received during that year.
(2) No Crédit Agricole S.A. stock options were awarded to Corporate Officers in 2018. No performance share plan was put in place at Crédit Agricole S.A.

The definitions of the underlined words can be found in the Glossary on page 600.

Table 2 – Summary of gross compensation

(in euros)	2017 Amount awarded for 2017	2017 Amount paid in 2017	2018 Amount awarded for 2018	2018 Amount paid in 2018
Fixed compensation	900,000	900,000	1,025,269	1,025,269
Non-deferred variable compensation paid in cash	312,540	295,620	346,740(3)	312,540
Non-deferred variable compensation indexed to the Crédit Agricole S.A. share price	104,180	124,161	115,580(3)	88,553
Deferred and conditional variable compensation(1)	625,080	179,800	693,480(3)	340,920
Exceptional compensation	-	-	-	-
Directors' fees(2)	-	-	-	-
Benefits in kind	78,944	78,944	33,698	33,698
TOTAL	**2,020,744**	**1,578,525**	**2,214,767**	**1,800,980**

(1) The amounts paid correspond to the amounts vested, detailed in Table 2A and indexed to changes in the share price as stated in Notes 1, 2, 3 and 4 of the same table.
(2) Net amounts, after the following deductions from the sums payable to individual beneficiaries resident in France: income tax prepayment (12.8%) and social contributions (17.2%).
(3) Amounts set by the Board of Directors of Crédit Agricole S.A. subject to the approval of the General Meeting of 21 May 2019.

Table 2A – Details of deferred variable compensation

	Total amount awarded(1)	2016 Amount awarded(1)	2016 Amount vested(2)	2017 Amount awarded(1)	2017 Amount vested(3)	2018 Amount awarded(1)	2018 Amount vested(4)
Plan awarded in 2015	-	-	-	-	-	-	-
Plan awarded in 2016	348,000	-	-	116,000	116,000	116,000	116,000
Plan awarded in 2017	591,240	-	-	-	-	197,080	197,080

(1) The share value at the grant date was €12.86 for the 2015 plan, €9.67 for the 2016 plan and €11.94 for the 2017 plan.
(2) The share value at the payment date was €8.28 for the 2015 plan.
(3) The share value at the payment date was €15.01 for the 2015 and 2016 plans.
(4) The share value at the payment date was €11.97 for the 2015, 2016 and 2017 plans.

Deferred variable compensation vested in 2018 (Table 2A above)

Philippe Brassac received €313,080 in deferred variable compensation for previous years. At the payment date this was equivalent to €340,920 after indexation to the Crédit Agricole S.A. share price. This amount represents:

- the first year of payment of deferred variable compensation awarded in 2017 for 2016, instalment for which €197,080 were awarded, with a share price on the grant date of €11.94;
- the second year of payment of deferred variable compensation awarded in 2016 for 2015, instalment for which €116,000 were awarded, at a share price on the grant date of €9.67.

In view of the performance recorded in respect of the three criteria, the final percentage vested is 100% for the variable compensation instalment awarded in 2015, 2016 and 2017.

Xavier Musca, Deputy Chief Executive Officer

Table 1 – Compensation, shares and stock options awarded to Executive Corporate Officers of Crédit Agricole S.A.

Gross amount *(in euros)*	2017	2018
Compensation awarded for the financial year(1)	1,321,700	1,311,000
Value of options awarded during the financial year(2)	-	-
Value of performance shares awarded during the financial year (2)	-	-

(1) The compensation shown in this table represents amounts awarded for the year indicated. The itemised tables below show compensation awarded for a given year and compensation received during that year.
(2) No Crédit Agricole S.A. stock options were awarded to Corporate Officers in 2017. No performance share plan was put in place at Crédit Agricole S.A.

Table 2 – Summary of gross compensation

(in euros)	2017 Amount awarded for 2017	2017 Amount paid in 2017	2018 Amount awarded for 2018	2018 Amount paid in 2018
Fixed compensation	700,000	700,000	700,000	700,000
Non-deferred variable compensation paid in cash	186,510	177,630	183,300[3]	186,510
Non-deferred variable compensation indexed to the Crédit Agricole S.A. share price	62,170	74,605	61,100[3]	52,845
Deferred and conditional variable compensation[1]	373,020	375,772	366,600[3]	323,525
Exceptional compensation	-	-	-	-
Directors' fees[2]	-	-	-	-
Benefits in kind	-	-	-	-
TOTAL	**1,321,700**	**1,328,007**	**1,311,000**	**1,262,880**

(1) The amounts paid correspond to the amounts vested, detailed in Table 2A and indexed to changes in the share price as stated in Notes 1, 2, 3 and 4 of the same table.
(2) Net amounts, after the following deductions from the sums payable to individual beneficiaries resident in France: income tax prepayment (12.8%) and social contributions (17.2%).
(3) Amounts set by the Board of Directors of Crédit Agricole S.A. subject to the approval of the General Meeting of 21 May 2019.

Table 2A – Details of deferred variable compensation

	Total amount awarded[1]	2016 Amount awarded [1]	2016 Amount vested[2]	2017 Amount awarded [1]	2017 Amount vested[3]	2018 Amount awarded [1]	2018 Amount vested[4]
Plan awarded in 2015	244,804	81,597	81,597	81,597	81,597	81,610	81,610
Plan awarded in 2016	312,600	-	-	104,200	104,200	104,200	104,200
Plan awarded in 2017	355,260	-	-	-	-	118,420	118,420

(1) The share value at the grant date was €12.86 for the 2015 plan, €9.67 for the 2016 plan and €11.94 for the 2017 plan.
(2) The share value at the payment date was €8.28 for the 2015 plan.
(3) The share value at the payment date was €15.01 for the 2015 and 2016 plans.
(4) The share value at the payment date was €11.97 for the 2015, 2016 and 2017 plans.

Deferred variable compensation vested in 2018 (Table 2A above)

Xavier Musca received €304,230 in deferred variable compensation for previous years. At the payment date this was equivalent to €323,525 after indexation to the Crédit Agricole S.A. share price. This amount represents:

- the first year of payment of deferred variable compensation awarded in 2017 for 2016, instalment for which €118,420 were awarded, with a share price on the grant date of €11.94;
- the second year of payment of deferred variable compensation awarded in 2016 for 2015, instalment for which €104,200 were awarded, at a share price on the grant date of €9.67;
- the third year of payment of deferred variable compensation awarded in 2015 for 2014, instalment for which €81,610 were awarded, at a share price on the grant date of €12.86.

In view of the performance recorded in respect of the three criteria, the final percentage vested is 100% for the variable compensation instalment awarded in 2015, 2016 and 2017.

Table 3 – Directors' fees received by Crédit Agricole S.A. Directors

See p. 97.

Table 4 – Stock options granted to Executive Corporate Officers in 2018 by Crédit Agricole S.A. and other Group companies

No stock options were awarded to Executive Corporate Officers in 2018.

Table 5 – Stock options exercised by Executive Corporate Officers in 2018

No Crédit Agricole S.A. stock options were exercised by Executive Corporate Officers in 2018.

Table 6 – Performance shares awarded to Executive Corporate Officers in 2018

Crédit Agricole S.A. did not offer a performance share plan.

Table 7 – Performance shares made available over 2018 to Executive Corporate Officers

Not applicable. Crédit Agricole S.A. did not offer a performance share plan.

Table 8 – History of stock option awards

Not applicable.

Table 9 – History of performance share awards

Not applicable.

Table 10 – Summary of multi-annual variable compensation of each Executive Corporate Officer

Not applicable.

Table 11 – Employment contract/Supplementary pension scheme/Severance payment/Non-competition clause

Executive Corporate Officers	Employment contract[(1)]	Supplementary pension	Indemnities and benefits due or likely to be due upon termination or change in office	Indemnity under a non-competition clause
Dominique Lefebvre Chairman Term of office commenced: 04/11/2015	No	No	No	No
Philippe Brassac Chief Executive Officer Term of office commenced: 20/05/2015	Yes	Yes	Yes	Yes
Xavier Musca Deputy Chief Executive Officer Term of office commenced: 19/07/2012	Yes	Yes	Yes	Yes

(1) The AFEP/MEDEF recommendation against holding a corporate office while being covered by an employment contract applies to the Chairman of the Board of Directors, the Chairman and Chief Executive Officer and the Chief Executive Officer. The employment contract of Xavier Musca, Deputy Chief Executive Officer, was, however, suspended by supplemental agreement. It will take effect again at the end of his corporate office, at the updated compensation and role conditions applicable prior to his term of office.

4.4. APPENDIX

Definition and characteristics of the compensation of identified staff

	Credit institutions and investment companies[(1)]		Asset management companies	Insurance companies
Reference regulatory corpus	Decree of 3 November 2014 on internal control of credit institutions and investment companies. Delegated Act of the European Commission No. 604/2014.		AMF position 2013-11 under AIFM European Directive 2011/6 of 8 June 2011 and AMF Decree of 6 April 2016 under UCITS V Directive 2014/91/EU.	Delegated Act 2015/35 of 10 October 2014. Insurance and reinsurance companies are excluded from the scope of European Commission Delegated Regulation (EU) No. 604/2014.
Identified staff by virtue of their role	**Within Crédit Agricole S.A.**	**Within other entities**		
	■ Corporate Officers; ■ members of the Board of Directors; ■ members of the Executive Committee; ■ Heads of Central Support functions responsible for finance, legal affairs, taxation, human resources, compensation policy, information technology, financial control and economic analysis; ■ Heads of the three control functions: Risk Management and Permanent Controls, Compliance and Audit; ■ employees reporting directly to the Head of Risk and Permanent Controls, Compliance and Audit; ■ employees heading a Committee responsible for managing operational risk for the Group.	■ Corporate Officers or Chief Executive Officers; ■ members of the Executive Committee or employees reporting directly to Chief Executive Officers; ■ Heads of the three control functions: Risk Management and Permanent Controls, Compliance and Audit; ■ employees who chair the “new activities/new products” committees of these entities.	■ executive managers; ■ investment managers; ■ decision-making managers; ■ Heads of the three control functions: Risk Management and Permanent Controls, Compliance and Audit; ■ Heads of the support functions: Legal, Finance, Administration and Human Resources.	■ Corporate Officers or executive managers; ■ members of the Executive Committee of CA Assurances; ■ employees performing the key functions referred to in Articles 269 to 272 of Delegated Act 2015/35: Risk management, Compliance audit, Internal audit, Actuarial function; ■ employees responsible for underwriting and business development; ■ investment managers.

The definitions of the underlined words can be found in the Glossary on page 600.

<table>
<tr><th></th><th>Credit institutions and investment companies[1]</th><th>Asset management companies</th><th>Insurance companies</th></tr>
<tr><td>Identified staff by virtue of their level of authorisation or compensation</td><td>
employees with authorisation or powers to take credit risk of more than 0.5% of Common Equity Tier 1 (CET1) capital in the subsidiary to which they belong and of at least €5 million, or with authorisation or powers to structure this type of product with a significant impact on the risk profile of the subsidiary to which they belong;
employees who can take market risks of more than 0.5% of the CET1 capital or 5% of the Value at Risk (VaR) of the subsidiary to which they belong;
the hierarchical managers of employees who are not individually identified but who are collectively authorised to take credit risks of more than 0.5% of CET1 capital in the subsidiary to which they belong and at least €5 million, or to take market risks of more than 0.5% of the CET1 capital or 5% of the Value at Risk (VaR) of the subsidiary to which they belong;
employees who have earned total gross compensation of more than €500,000 in the previous financial year;
employees who are not identified under any of the previous criteria but whose total compensation puts them in the 0.3% top earners in the entity in the previous year (for entities with a balance sheet of more than €10 billion or with equity of more than 2% of their parent company's equity).
</td><td>Additional condition:
Those who earn variable compensation of more than €100,000.</td><td></td></tr>
<tr><td>Characteristics of deferred compensation</td><td>In view of the proportionality principle, employees whose bonus or variable compensation is less than €120,000 are excluded from the scope of application of rules on deferred compensation in all Group entities, unless otherwise stipulated by the regulatory authorities in the countries in which the Group's subsidiaries are located.
The deferred portion is determined based on the overall variable compensation awarded for the financial year.
<table>
<tr><th>Total variable compensation for year Y</th><th>Deferred portion</th></tr>
<tr><td>< €120,000</td><td>Not applicable</td></tr>
<tr><td>€120,000-€400,000</td><td>40% from the first euro</td></tr>
<tr><td>€400,000-€600,000</td><td>50% from the first euro with minimum non-deferred amount of €240,000</td></tr>
<tr><td>> €600,000</td><td>60% from the first euro with minimum non-deferred amount of €300,000</td></tr>
</table>
Payment in securities or equivalent instruments
The deferred variable compensation and a percentage of the non-deferred portion carried for six months are granted in the form of Crédit Agricole S.A. shares or share-linked instruments. As a result, at least 50% of variable compensation for identified staff is awarded in shares or equivalent instruments.
Any hedging or insurance strategies limiting the scope of alignment provisions on risks contained in the compensation scheme are prohibited.

Performance conditions
The deferred portion is vested in thirds: for an award in year Y, one third in year Y+1, one third in year Y+2 and one third in year Y+3, provided the vesting criteria are met. Each vesting date is followed by a six-month retention period.
The performance conditions for executive managers and identified employees are aligned with those for long-term variable compensation as indicated in the "Long-Term Variable Compensation" paragraph of Chapter 4.2.2 "Elements of reward of executive managers".
For other identified staff, the performance conditions are determined relative to the target net income Group share for the entity, which is determined during the year in which the variable compensation under consideration is awarded.</td><td>
<table>
<tr><th>Total variable compensation for year Y</th><th>Deferred portion</th></tr>
<tr><td>< €100,000</td><td>Not applicable</td></tr>
<tr><td>€100,000-€600,000</td><td>50% from the first euro</td></tr>
<tr><td>> €600,000</td><td>60% from the first euro with minimum non-deferred amount of €300,000</td></tr>
</table></td><td>The deferred compensation framework is the same as that of credit institutions and investment companies, unless the portion of the non-deferred variable compensation granted in shares or share-linked instruments as well as the application of a retention period, that is not required.</td></tr>
</table>

(1) The credit institutions and investment companies concerned are those covered by the scope of application of the Decree of 3 November 2014 on the internal control of credit institutions and investment companies. For the Group, this concerns Crédit Agricole S.A. along with all entities whose balance sheet total is greater than €10 billion, or whose shareholders' equity exceeds 2% of the equity of their parent company.

The definitions of the underlined words can be found in the Glossary on page 600.

5. RULES OF PROCEDURE OF THE BOARD OF DIRECTORS

RULES OF PROCEDURE OF THE BOARD OF DIRECTORS (UPDATED AS OF DECEMBER 2018)

At its meeting of 18 December 2018, the Board of Directors of Crédit Agricole S.A. approved, on the recommendation of its Chairman and of the Appointments and Governance Committee, the update to its Rules of Procedure setting out the operation of the Board of Directors and Executive Management of the Company, taking account of the AFEP/MEDEF Corporate Governance Code for listed companies published in June 2018.

Article 1: Organisation of the Board of Directors.

Article 2: Powers of the Board of Directors and of the Chief Executive Officer.

Article 3: Operation of the Board of Directors.

Article 4: Board Committees.

Article 5: Crédit Agricole S.A. Directors' Code of Conduct.

Crédit Agricole S.A. is a company with a Board of Directors that splits the roles of Chairman and Chief Executive Officer, in accordance with Group practice and current regulations, namely separating the guidance, decision-making and control functions from the executive functions.

Pursuant to the provisions of the French Commercial Code, the Chairman of the Board of Directors and Chief Executive Officer of Crédit Agricole S.A. are Corporate Officers.

Pursuant to the provisions of the French Monetary and Financial Code, the Board of Directors must ensure that Crédit Agricole S.A. has a sound governance system comprising in particular a clear organisation resulting in responsibilities being shared in a well-defined, transparent and coherent manner, effective procedures for identifying, managing, monitoring and reporting risks to which the Company is or may be exposed, an adequate internal control system, sound administrative and accounting procedures, compensation policies and practices enabling and facilitating sound and effective risk management.

It should also be recalled that the Chief Executive Officer and the Deputy Chief Executive Officer of Crédit Agricole S.A. are the Company's Executive Management.

Article 1: Organisation of the Board of Directors

1.1. Chairman of the Board of Directors

The Chairman of the Board of Directors guides and organises the Board's work. He is responsible for its proper operation as well as that of its Committees.

To this end he ensures that the information provided to the Directors is adequate to make reasoned decisions; to this effect, he contributes to the smooth flow of information between the Board and the Executive Management, and between the Board and its Committees;

He encourages and promotes open, critical discussions and ensures that all viewpoints can be expressed within the Board;

He calls Board Meetings and sets the agenda.

1.2. Officers of the Board of Directors

The Board of Directors appoints the Chairman and Deputy Chairmen as Officers of the Board. The Chief Executive Officer of Crédit Agricole S.A. takes part in the work of the Officers of the Board.

The Officers of the Board are responsible for preparing the Board's work. They meet when called by the Chairman, as needed.

The Chairman may invite any person whose opinion he would like to canvass to assist the Officers of the Board in their work.

The Secretary to the Board of Directors acts as secretary to the Officers of the Board.

1.3. Board Committees

The Board of Directors has established six Specialised Committees tasked with preparing Board Meetings and/or providing it with their opinions and recommendations. These include:

- the Risks Committee;
- the Audit Committee;
- the US Risks Committee;
- the Compensation Committee;
- the Strategy and Corporate Social Responsibility (CSR) Committee; and
- the Appointments and Governance Committee.

The Board of Directors draws up the Rules of Procedure for these Specialised Committees and determines their duties and composition in line with applicable laws and regulations.

The remit of these Committees is defined in Article 4 below.

The Chairman or the Board of Directors may canvass the opinion of a Committee on any matter within its remit.

The Board of Directors, on the recommendation of the Chairman, may appoint one or more non-voting Directors, who may attend Specialised Committee meetings in the same manner as Directors.

The Rules of Procedure of each Committee are appended to these Board's Rules of Procedures.

Article 2: Powers of the Board of Directors and of the Chief Executive Officer

2.1. Powers of the Board of Directors

The Board of Directors exercises the powers granted to it by law and under the Company's Articles of Association. To this effect, in particular:

- the Board approves the annual parent company financial statements (balance sheet, income statement, notes), the management report detailing the Company's position for the year just ended or the current year, and its outlook, along with forecasts; it approves the consolidated financial statements of Crédit Agricole S.A. Group and receives the interim financial statements;
- the Board approves the consolidated financial statements of the Crédit Agricole Group;
- the Board decides to call the Company's General Meetings; it sets the agenda and prepares the draft resolutions;
- the Board:
  - elects and dismisses the Chairman of the Board of Directors,
  - on the recommendation of the Chairman, appoints and dismisses the Chief Executive Officer,
  - temporarily fills one or more Director positions in the event of a vacancy due to death or resignation,
  - on the recommendation of the Chief Executive Officer, appoints and dismisses the Deputy Chief Executive Officer(s);

The definitions of the underlined words can be found in the Glossary on page 600.

- the Board decides on the compensation of Corporate Officers and the allocation of Directors' fees;
- the Board must first authorise any agreement that falls under Articles L. 225-38 *et seq.* of the French Commercial Code and, in particular, any agreement between the Company and any Corporate Officer;
- the Board submits the corporate governance report, annexed to the management report to the General Meeting; in this report, in addition to the information on Corporate Officer compensation and on the agreements signed between Corporate Officers and the Company, the Board provides information on its composition, organisation, operations, work performed during the period ended and a description of the diversity policy applicable to the members of the Board of Directors and to Company Executives.

The Board also:

- determines the Group's strategic orientations, on the recommendation of the Chairman and Chief Executive Officer;
- gives prior approval to strategic investment projects and any transaction, specifically any acquisition or disposal transaction, that is likely to have a significant effect on the Group's earnings, the structure of its balance sheet or its risk profile;
- defines the general principles applicable to the Crédit Agricole Group's internal financial organisation;
- decides or authorises the issuance of Crédit Agricole S.A. bonds;
- grants the Chief Executive Officer the necessary powers to implement the decisions set out above;
- approves and regularly reviews the risk appetite framework, strategies and policies governing the taking on, management, monitoring and reduction of the risks to which Crédit Agricole S.A. and the Group are or may be exposed, including social and environmental risks;
- notably approves the various commitment and risk limits for the Crédit Agricole S.A. Group and, where applicable, for the Crédit Agricole Group;
- issues an opinion, after having obtained the opinions of the Risks Committee and Appointments and Governance Committee, on the CEO's appointment proposals for each Head of the Group's internal control functions, *i.e.* the Head of Risk Management, the Head of Periodic Control, and the Compliance Officer, where necessary, the Board issues an opinion, under the same conditions, on the dismissal of the above-mentioned Heads of functions, who cannot be removed from their positions without the prior approval of the Board;
- determines and regularly reviews the general principles of the compensation policy of Crédit Agricole S.A. Group, in particular regarding employee categories whose activities have a significant impact on the Group's risk profile;
- reviews the governance system, periodically evaluates its effectiveness and ensures that corrective steps have been taken to remedy any identified deficiencies;
- determines the strategy and checks implementation by Executive Management (the Chief Executive Officer and the Deputy Chief Executive Officer(s)) of the monitoring systems to ensure effective and prudent management of the activities of Crédit Agricole S.A. and in particular the segregation of functions within the organisation and the prevention of conflicts of interests;
- ensures that a Code of Conduct or similar and efficient policies have been set up and implemented to identify, manage and mitigate conflicts of interest and prevent corruption and influence peddling;
- ensures that executive Directors have implemented an anti-discrimination and diversity policy, particularly in terms of balanced representation of men and women within governance bodies;
- defines the criteria used to assess the independence of Directors;
- is notified in advance by Executive Management of changes in the Group's organisation and management structures;
- conducts any inspections or audits that it deems necessary.

With respect to the role of central body assigned to Crédit Agricole S.A. by the French Monetary and Financial Code:

- the Board authorises:
  - any foreign expansion of the Regional Banks,
  - any creation, by a Regional Bank, of a financial institution or insurance company, as well as the acquisition of any interest in any such company,
  - any financial support for any Regional Bank in difficulty,
  - the establishment of a Committee responsible for the interim management of a Regional Bank;
- the Board decides to:
  - give Crédit Agricole S.A.'s approval for the appointment of Chief Executive Officers of the Crédit Agricole Mutuel Regional Banks.

The Chief Executive Officer also asks the Board for its prior opinion regarding any decision by the former to dismiss a Chief Executive Officer of a Regional Bank.

2.2. Powers of the Chief Executive Officer

The Chief Executive Officer has the fullest powers to act in the name of the Company in all circumstances and to represent it with respect to third parties.

He must, however, secure the Board of Directors' approval prior to the following transactions:

- the creation, acquisition or disposal of any subsidiaries and equity investments in France or abroad for total amounts exceeding €150 million;
- any other investment of any kind for amounts exceeding €150 million.

If, due to the urgency of the situation, the Board cannot be called to deliberate on a transaction that exceeds this ceiling, the Chief Executive Officer will do all in his power to canvass all Directors or, at the very least, the Officers of the Board and the members of the relevant Specialised Committee prior to making any decision. Where this is not possible, the Chief Executive Officer may, with the Chairman's approval, make any decisions that are in the Company's interest in the areas set forth above. He reports such decisions to the Board at its subsequent meeting.

Article 3: Operation of the Board of Directors

3.1. Meetings of the Board of Directors

The Board is convened by its Chairman, or any person authorised for that purpose by the Board of Directors and meets as often as required by the Company's interests and at least six times each year. Should the Chairman be unable to attend, the Board is chaired by the oldest Deputy Chairman who is thus authorised to convene it.

The Board of Directors may hold its meetings by means of video conferencing or other means of telecommunication, in accordance with the provisions of Article 3.3. below.

Directors with an interest in matters deliberated by the Board shall abstain from voting on such matters.

The definitions of the underlined words can be found in the Glossary on page 600.

The Chief Executive Officer, Deputy Chief Executive Officer(s), the Corporate Secretary participate in Board Meetings but do not have the right to vote.

The Chief Executive Officer appoints representatives of Executive Management to participate in Board Meetings.

The Board of Directors may appoint one or several non-voting Directors who participate in Board Meetings.

3.2. Provision of information to Board members

The Chairman and the Chief Executive Officer are required to supply to each Director all documents and information needed for the Director to fulfil his duties.

Pursuant to the provisions of the French Monetary and Financial Code, the Board of Directors is informed, by Executive Management, of all material risks, risk management policies and any changes made thereto.

The Heads of the Group's Risk Management, Periodic Control, and Group Compliance functions may report directly to the Board of Directors and, where applicable, to the Risk Committee.

Prior to Board Meetings, Directors will receive a file including the agenda items that require an in-depth review ahead of the meeting, provided that confidentiality guidelines allow the communication of such information.

All Board members receive all relevant information on the Company, in particular the press releases issued by the Company.

Board members can also seek information directly from the Chief Executive Officer, the Deputy Chief Executive Officer(s) and the Corporate Secretary of Crédit Agricole S.A., after having informed the Chairman that they plan to do so.

In the course of their work, Board Committees may interview Group employees or experts in areas that fall within the remit of said Committees.

3.3. Participating in Board Meetings by means of video conferencing or other means of telecommunication

Unless the purpose of the Board meeting is to perform the duties set out in Articles L. 232-1 and L. 233-16 of the French Commercial Code (approval of the financial statements and the management report for the year ended), the Board meeting may, upon decision of the Chairman, be held using videoconferencing or other telecommunication means.

In such case, the video conferencing or other means of telecommunication allow for the identification of the Directors and ensure their full participation. As a minimum, the methods used shall transmit participants' voices as a minimum and meet the technical requirements to allow continuous and simultaneous transmission of the Board's deliberations.

Directors attending a meeting by means of video conferencing or other means of telecommunication are deemed present for the purpose of calculating the quorum and majority.

The attendance records and the minutes must indicate the names of Directors participating in the meeting by means of video conferencing or other means of telecommunication. The minutes must also record any technical incident that may have affected the proceedings.

3.4. Board of Directors' Procedure Memos

The operation of the Board of Directors is governed by its Rules of Procedure and by applicable laws and regulations.

The Board of Directors may also issue Procedure Memos describing the way in which it implements and organises its Governance, in accordance with the above-mentioned legal requirements, in particular to comply with the process formalisation requests made by supervisory authorities.

Once approved by the Board of Directors, these Procedure Memos – drawn up on the proposal of the Appointments and Governance Committee – are binding on all members. They may be amended or repealed at any time by the Board of Directors, after consultation of the above-mentioned Committee, in particular if they loose their significance due to changes in regulations.

Article 4: Board Committees

4.1. Strategy and CSR Committee

The Strategy and CSR Committee's key duty is to conduct in-depth reviews of the Group's strategic planning for its various business lines in France and internationally, under the responsibility of the Board of Directors. As such, the Committee reviews plans for strategic investments or acquisitions and formulates an opinion on such plans.

It does a review, at least every 12 months, of the corporate, social and environmental responsibility actions of Crédit Agricole S.A. Group and Crédit Agricole Group. In this respect, it monitors the preparation of the Integrated Report with a general focus on the non-financial information reported by the Group and a specific focus on that reported by Crédit Agricole S.A.

The Board receives reports on the work and opinions of the Strategy Committee from the Committee Chairman or a Committee member designated by the Chairman.

4.2. Risks Committee

The Risks Committee's duties, under the responsibility of the Board of Directors, in accordance with the provisions of the French Monetary and Financial Code and the Decree of 3 November 2014 are to:

- review the overall strategy and risk appetite of Crédit Agricole S.A. and of Crédit Agricole Group, along with the risk strategies, including social and environmental risks, and to advise the Board of Directors on such matters;
- help the Board of Directors assess the implementation of this strategy by Executive Management and by the Head of the Risk Management function;
- examine, without prejudice to the tasks of the Compensation Committee, whether the incentives built into the compensation policy and practices of Crédit Agricole S.A. Group are consistent with the Group's position with respect to the risks it is exposed to, its capital position, its liquidity position and the probability and the spreading over time of the expected profits.

The Board receives reports on the work and proposals of the Risks Committee from the Committee Chairman or a Committee member designated by the Chairman.

4.3. US Risks Committee

The US Risks Committee's duties, under the responsibility of the Board of Directors and in line with US regulations, are to:

- review the risk management policies pertaining to the operations of Group entities in the United States;
- ensure the implementation of appropriate oversight of management of these risks; and
- submit all decisions on such matters to the Board for approval.

The definitions of the underlined words can be found in the Glossary on page 600.

3

4.4. Audit Committee

The Audit Committee, under the responsibility of the Board of Directors and in line with the provisions of Article L. 823-19 of the French Commercial Code, is responsible for:

- reviewing the parent company and consolidated financial statements of Crédit Agricole S.A. prior to submission to the Board of Directors;
- reviewing documents or reports within its area of expertise that are intended for the Directors;
- monitoring the process for preparing financial information and, where necessary, making recommendations to ensure its integrity;
- monitoring the effectiveness of the internal control, risk management and, where applicable, internal audit systems, with respect to the procedures for preparing and processing accounting and financial information, without impinging on its independence;
- making a recommendation regarding the Statutory Auditors submitted for the approval of the General Meeting of Shareholders. This recommendation, which is made to the Board of Directors, is prepared in accordance with the provisions of Article 16 of Regulation (EU) No. 537/2014; it also makes a recommendation to the Board when one or more Statutory Auditors are being considered for reappointment in the manner provided for in Article L. 823-3-1;
- monitoring the performance of the duties of the Statutory Auditors; it considers the findings and conclusions of the *Haut Conseil du Commissariat aux comptes* (H3C) following audits carried out pursuant to Articles L. 821-9 *et seq.;*
- ensuring the Statutory Auditors satisfy the independence criteria established by the French Commercial Code; where necessary, it agrees, together with the Statutory Auditors, the steps to be taken to safeguard their independence, in accordance with the provisions of the aforementioned EU Regulation;
- approving the provision of the services covered by Article L. 822-11-2 of the French Commercial Code.

The Board receives reports on the work and proposals of the Audit Committee from the Committee Chairman or a Committee member designated by the Chairman.

4.5. Compensation Committee

The Compensation Committee's duties, under the responsibility of the Board of Directors and in compliance with the provisions of the French Monetary and Financial Code, are to draw up proposals and recommendations to be submitted to the Board relating to:

- the general principles of the compensation policy applicable to all Crédit Agricole S.A. Group entities, and, in particular:
  - the definition of compensation structures, in particular by distinguishing between fixed compensation and variable compensation,
  - the principles for determining total amounts of variable compensation, taking into account the impact of the risks and capital requirements inherent to the business activities concerned,
  - the application of regulatory provisions concerning identified individuals within the meaning of the European regulations.

  In this respect, the Committee in particular:
  - gives an opinion on the compensation policy of Crédit Agricole S.A. Group, prior to any Board decision,
  - monitors the implementation of this policy, overall and by major business line, by means of an annual review, to ensure regulatory compliance;
- the compensation of Corporate Officers by ensuring compliance with the legal and regulatory provisions applicable to them;
- the total amount of Directors' fees and their allocation amongst the Directors;
- proposed capital increases reserved for the Group's employees and, where applicable, stock option plans and bonus share distribution plans to be submitted to the General Meeting of Shareholders, as well as the terms and conditions for implementing these capital increases and plans.

The Board receives reports on the work and proposals of the Compensation Committee from the Committee Chairman or a Committee member designated by the Chairman.

4.6. Appointments and Governance Committee

The Committee's duties, under the responsibility of the Board of Directors and in compliance with the provisions of the French Monetary and Financial Code, are to:

- identify and recommend to the Board suitable candidates for Director, with a view to their submission to the General Meeting of Shareholders;
- periodically assess, at least every 12 months, the balance and range of knowledge, skills and experience of Board members. This assessment is done individually and collectively;
- specify the roles and credentials required for Board duties and assess the time to be spent on such duties;
- review the policy applicable to the members of the Board of Directors with regard to criteria such as age, gender, qualifications and professional experience, as well as a description of this policy's objectives, its implementation procedures, and the results obtained during the past financial year;
- periodically assess, and at least every 12 months, the Board's structure, size, composition and effectiveness having regard to its duties and to make all necessary recommendations to the Board;
- periodically review the Board's policies regarding the selection and appointment of Executive Management, Deputy Chief Executive Officer(s) and the Head of the Risk Management function, and make recommendations in this regard.

The Board receives reports on the work and proposals of the Committee from the Committee Chairman or a Committee member designated by the Chairman.

Article 5: Crédit Agricole S.A. Directors' Code of Conduct

Every member of the Board of Directors of Crédit Agricole S.A. fully subscribes to the Code appended to these Rules of Procedure, of which it forms an integral part, and every Board member has received a copy thereof.

Article 6: Group code of ethics

Every member of the Board of Directors of Crédit Agricole S.A. fully subscribes to the provisions of the code of ethics of Crédit Agricole Group and undertakes to respect them.

The definitions of the underlined words can be found in the Glossary on page 600.

CRÉDIT AGRICOLE S.A. DIRECTORS' CODE OF CONDUCT

The purpose of this Code of Conduct is to contribute to the quality of the Directors' work by encouraging them to apply the principles and best practices of corporate governance.

Crédit Agricole S.A. Directors undertake to abide by the guidelines contained in this Code and to implement them.

Article 1 – Corporate administration and interests

Directors, regardless of how they are appointed, must consider themselves as representing all shareholders and other stakeholders and must act in their interests and in the Company's interests under all circumstances.

Article 2 – Compliance with the law and Articles of Association

When Directors first assume their office and throughout their term of office, they must be fully conversant with their general and/or special rights and obligations. They must know and comply with the legal and regulatory provisions applicable to the Company and to their office, the applicable Codes of Governance and Best Practice, as well as the Company's own rules as set out in the Articles of Association and Rules of Procedure.

Article 3 – Attention and Diligence

Directors shall dedicate the necessary time, care and attention to their duties.

Directors must comply with the legal and regulatory provisions applicable to Directors of credit institutions.

To this end, upon taking up office, Directors must inform the Chairman of the Board of all offices held in other companies, along with the name and legal form of the entities in which these offices are held.

Directors must inform the Chairman of the Board, in a timely manner, of any change (termination, resignation, non-renewal, redundancy, new office) to the declared list of offices.

Directors undertake to resign their offices if they feel they are no longer in a position to carry out their duties on the Board and on the Specialised Committees on which they sit.

Unless genuinely unable to do so, they must diligently attend and actively participate in all meetings of the Board and of any Committees on which they may sit.

Article 4 – Information and training

The Chairman ensures that all relevant information and documents are made available to the Directors in sufficient time to properly carry out their duties. Likewise, the Chairman of each Specialised Committee ensures that all relevant information and documents are made available to the Directors in sufficient time to properly carry out their duties.

Directors, regardless of their experience, have a responsibility to remain informed and acquire knowledge on an ongoing basis. They must keep themselves informed so as to be able to give full consideration to the matters covered in the meeting agenda.

To this end, Crédit Agricole S.A. allocates the necessary human and financial resources to train Directors and the latter are required to dedicate the necessary time to the training offered by Crédit Agricole S.A.

Directors are made aware of any legislative and regulatory changes, including those relating to inside information.

Article 5 – Performance of duties: Guidelines

Directors must act independently, fairly, professionally and with integrity in the performance of their duties.

Article 6 – Independence and duty to speak out

Directors must ensure that they retain their independence and freedom of judgement, decision and action in all circumstances. They must be impartial and undertake not to be influenced by any factor that may be detrimental to the corporate interests that they are bound to defend.

They should disclose to the Board any matter that may come to their attention and that they deem to be a potential threat to the Company's interests.

They are duty bound to clearly express their questions and opinions. In the event that they disagree, they should request that their objections be expressly recorded in the minutes of the meeting.

Article 7 – Independence and conflict of interests

Directors shall inform the Board of any conflict of interest, including any potential conflict of interest, that they could be directly or indirectly involved in. They shall refrain from participating in related discussions and the vote on the corresponding resolution.

Article 8 – Integrity, fairness and propriety

Directors shall act in good faith in all circumstances and shall not do anything that could be detrimental to the interests of the Company or other Crédit Agricole Group companies.

The Directors personally undertake to keep confidential all information received, all discussions in which they participate, and all decisions made.

Directors must demonstrate sufficient honesty, integrity and independence of mind to enable them to assess and, where necessary, question the decisions of Executive Management and ensure the supervision and effective monitoring of management decision-making.

Article 9 – Inside information – insider trading

Directors shall not use inside information to which they have access for their personal gain or for the gain of any other person.

Crédit Agricole S.A. shares and related financial instruments:

Directors aware of non-public information regarding the Company in which they exercise their term of office shall refrain from using such information to engage in trading in Crédit Agricole S.A. shares, whether directly or through a third party. They are thus added to the list of "Permanent Insiders" with respect to Crédit Agricole S.A. shares made available to the French financial markets authority (*Autorité des marchés financiers,* AMF).

They undertake to comply with the rules that stipulate that "Permanent Insiders" may trade in Crédit Agricole S.A. shares within a period of six weeks following the release of quarterly, half-yearly and annual results, provided that, during such periods, they are not aware of any non-public information on the Company.

They receive a letter notifying them of these obligations from the Compliance department of Crédit Agricole S.A., which they must acknowledge.

The definitions of the underlined words can be found in the Glossary on page 600.

Crédit Agricole S.A. may from time to time prohibit trading in any Crédit Agricole S.A. financial instrument, including during those periods.

Directors are required to disclose any trading in the Company's shares and related financial instruments, whether on their own account or for closely related parties, in accordance with the applicable laws and regulations.

Persons who are required to file disclosures must send their disclosures to the French financial markets authority (AMF) by electronic means within three (3) trading days after completion of the trades. Each disclosure is published on the AMF website.

At the General Meeting of Shareholders, the shareholders are informed of significant transactions by Directors during the past financial year. This is presented in a summary statement in the Company's management report.

In addition, by virtue of their work within Crédit Agricole S.A., Directors may also be added to the list of so-called "Occasional Insiders". They will be required to comply with the related restrictions of which they will be informed, and in particular those relating to the duty not to trade in Crédit Agricole S.A. shares during a project.

Financial instruments other than those issued by or related to Crédit Agricole S.A.

In addition, Directors are required to disclose to Crédit Agricole S.A. any trading in financial instruments other than those issued by or related to Crédit Agricole S.A., whether on their own account or for closely related parties, if they believe this will result in a potential conflict of interest or if they hold confidential information that can be deemed to be inside information acquired in the performance of their duties as Director of Crédit Agricole S.A. Crédit Agricole S.A. may from time to time prohibit trading in any financial instrument (so-called "Occasional Insiders" list) on which specific information that has not been publicly disclosed is revealed at a Crédit Agricole S.A. Board Meeting (such as a strategic transaction, an acquisition or the formation of a joint venture).

CRÉDIT AGRICOLE GROUP CODE OF ETHICS

This new code of ethics expresses Crédit Agricole Group's commitment to behaviour that reflects all its values and principles of action *vis-à-vis* its customers, mutual shareholders, shareholders, as well as its suppliers and all stakeholders with whom it engages. It acts as a responsible employer.

It is the responsibility of Directors and executives to respect the values set out in this Code and to set an example. Executives must ensure that these values are applied and shared by all Crédit Agricole Group employees, regardless of their level of responsibility, business line or place of work.

Our code of ethics, beyond merely applying all the legal, regulatory and industry rules governing our various businesses, reflects our desire to do even more to better serve our customers, who have been our *raison d'être* since day one.

All Directors and employees are made aware of our code of ethics.

It is applied by each entity in a form that reflects its specific characteristics and incorporated into its internal control procedures.

The Compliance principles are compiled into a set of rules *(Fides).*

Our principles of action and behaviour comply with the fundamental principles found in the various international documents[(1)].

Our identity and values

Crédit Agricole Group is built around regional cooperative and mutual banks, with a European calling and open to the world.

Thanks to its universal customer-focused retail banking model – based on the close cooperation between its retail banks and their related business lines –, Crédit Agricole Group aims to build a multi-channel relationship with its customers, streamlining and facilitating their plans in France and worldwide, helping them make optimal decisions, and supporting them over time, with determination, flexibility and innovation.

To help its customers and meet their needs, the Crédit Agricole Group provides them with a wide range of expertise and know-how on: day-to-day banking, loans, savings products, insurance, asset management, real estate, lease financing, factoring, corporate and investment banking, etc.

Our long-standing values, close customer relationships, responsibility and solidarity mean that people drive our actions and are central to our purpose.

Crédit Agricole promotes the cooperative values of democratic governance, relationships of trust and respect for and between its members. It relies on each person's sense of responsibility and entrepreneurial spirit. Customer satisfaction, regional development and the search for long-term performance inform its actions.

Our identity and values require each person to act in an irreproachable manner. Each Group entity shares the belief that these values drive strength and growth.

Built on its sense of ethics and fairness and true to its cooperative culture, compliance helps enhance customer trust and the Group's image. It is central to our business lines and to the governance of Crédit Agricole Group.

Crédit Agricole Group undertakes that its principles of action help further its goal of being the fair bank, open to everyone, multi-channel, providing each person with support over time and with the ability to make fully informed decisions.

Our principles of action apply

Vis-à-vis our customers

Respect and support for customers, and fairness towards them

Each employee brings his or her experience and expertise to bear in listening to and serving customers and mutual shareholders, and in supporting them over time, all in a multi-channel environment. They listen and provide customers with fair advice, help customers make decisions by offering solutions that are tailored to their profile and interests while informing them of the related risks.

Solidarity

Built on the Group's mutual base, the relationships we establish with our customers, mutual shareholders and all our stakeholders embody solidarity, the fulfilment of all commitments made.

(1) These include the principles in the Universal Declaration of Human Rights published by the UN in 1948, the ten principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, the OECD anti-corruption guidelines and recommendations, International Labour Organization conventions.

The definitions of the underlined words can be found in the Glossary on page 600.

Usefulness and convenience

Our Group is committed to its universal customer-focused bank model, a fount of values and beneficial for our customers, who get access to the expertise and know-how of all the Group's business lines. It remains true to its local commitment by spurring regional development.

Protection of personal data and transparency in their use

The Group has established a standard framework by means of a personal data code to ensure our customers' data is protected.

Vis-à-vis society

Fundamental rights

The Group operates worldwide in compliance with human rights and basic social rights.

Corporate social responsibility (CSR)

The Group reaffirms its corporate social and environmental responsibility approach across all its business lines and within corporate operations. This approach is built on a value-creating CSR strategy and is designed to support our regional areas, strive for excellence in our dealings with our customers, partners, mutual shareholders and employees.

Vis-à-vis our employees

Responsible human resources policy

For the Group, being a responsible employer means ensuring non-discrimination, equal treatment, encouraging personal development, particularly through training actions, promoting gender equality, diversity of backgrounds and profiles and helping people with disabilities, encouraging social dialogue and quality of working life, and creating a safe work environment in which all employees are treated with dignity and respect.

Through ethical behaviour

Professionalism and skills

Directors, executives and employees, regardless of their entity or geographic area, must be aware of and apply the laws, regulations, rules and professional standards as well as the procedures applicable to their entity, in order to ensure compliance and to implement them in a responsible manner.

Responsible behaviour

Every Director, executive, and employee reflects the Group's image. Responsible and ethical behaviour is required at all times and in all circumstances: no action is permitted that may harm the reputation and integrity of the Group's image.

Confidentiality and integrity of information

Group Directors, executives and employees are subject to the same duty of secrecy and are forbidden from improperly disseminating or using, for their own account or on behalf of third parties, any confidential information they may have. Employees must endeavour to provide reliable and accurate information to our customers, shareholders, supervisory authorities, the financial community and stakeholders in general.

Prevention of conflicts of interests

Group Directors, executives and employees must be free of all conflicts of interests in order to, at all times, ensure that the interests of our customers take precedence.

Vigilance

Everyone, Directors, executives and employees, must work to safeguard the interests of customers, combat money laundering and terrorist financing, comply with international sanctions, combat corruption, prevent fraud and safeguard market integrity. Each person must ensure an appropriate level of vigilance given the Group's business lines and, if necessary, use the alert mechanism, in line with current regulations and procedures.

The definitions of the underlined words can be found in the Glossary on page 600.

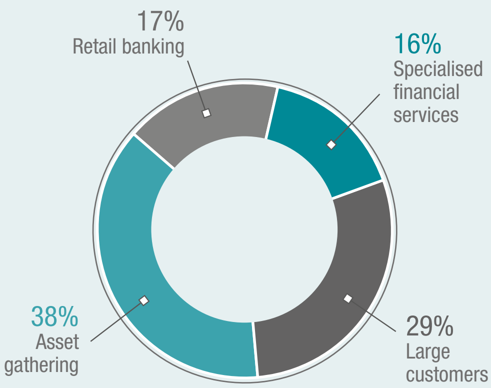
2018 OPERATING AND FINANCIAL REVIEW

4

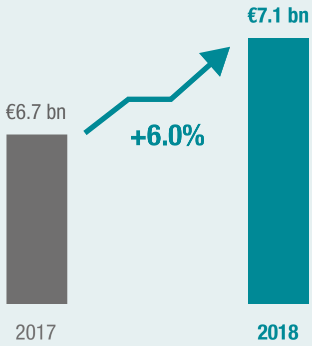
The definitions of the underlined words can be found in the Glossary on page 600.

A BALANCED BUSINESS MIX

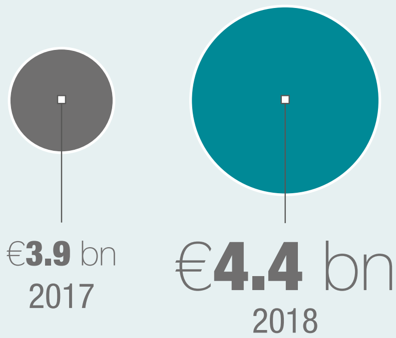
Underlying net income Group share breakdown



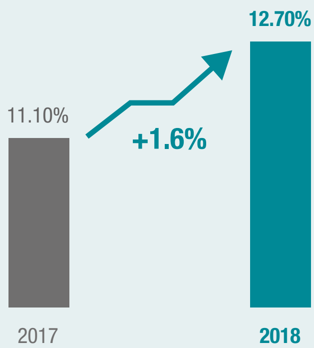
Increase in gross operating income



Rise underlying net income Group share



RoTE improvement



The definitions of the underlined words can be found in the Glossary on page 600.

OPERATING AND FINANCIAL INFORMATION

PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS OF CRÉDIT AGRICOLE S.A.

Changes to accounting policies and principles

Changes to accounting policies and principles are described in Note 1 to the consolidated financial statements for the year ended 31 December 2018.

Changes in the scope of consolidation

Changes in the scope of consolidation are described in Notes 2 and 11 to the consolidated financial statements for the year ended 31 December 2018.

ECONOMIC AND FINANCIAL ENVIRONMENT

Overview of 2018

Despite tighter monetary and financial conditions in the US, the latter's protectionist approach to trade, a highly volatile oil price (which registered an increase on average over the year[1]) and political and geopolitical tensions, the global economy continued to grow at a steady pace. This dynamic trend did not give rise to imbalances (inflation and external deficits) usually fuelled by strong growth and which traditionally signal an imminent downturn. Price formation (previously the close link between falling unemployment and rising wages) was transformed by structural factors (expansion of the tertiary sector, "uberisation" of the economy, increased competition), hence inflation remained low. The depth of the 2008 financial crisis was also a factor hindering the development of patent imbalances, notably in the form of inflation. However, the synchronous acceleration of growth in the major zones disappeared. Growth in the US remained strong, but there were signs of a gradual weakening in the Eurozone, and further still in emerging countries.

The United States continued to register a steady pace of high economic growth (2.8% after 2.2% in 2017). driven by household consumption, the recovery, albeit disappointing, in investment, and "over-stimulation" by a substantial but equally untimely budget plan. Fiscal stimulus measures added +0.8 percentage points of growth in 2018 (with estimated additional growth in 2019 of +0.6 percentage points). Bolstered by tax savings at a time when the economy operated at full capacity, the cycle, although mature, had yet to peak. The current cycle, which started in June 2009, has already seen 114 consecutive months of growth, versus records of 106 months and 119 months in the early 1960s and 1990s respectively. Although growth surpassed its potential rate (2%) and unemployment (3.7% versus a peak of 10% in October 2009) fell below the equilibrium level (according to the Federal Reserve, at a rate of 4.5% the economy is at full employment), headline inflation did not rise significantly (annual average of 2.4% after 2.1% in 2017). The Federal Reserve continued its cycle of monetary tightening. It introduced four 25 basis points rate hikes in its policy rate, bringing it to 2.50% at the end of 2018. Since the start of monetary tightening in December 2015, the Fed Funds rate has increased by +225 basis points. The Federal Reserve also continued "quantitative tightening" (a gradual reduction in its balance sheet). This more restrictive approach led to a significant rise in short term rates, incorporating continued monetary tightening (two-year sovereign yields rose by +75 basis points over the year, reaching 2.65% at year-end). Despite a period slightly above 3%, long rates did not "overreact". Without any clear inflation risk or strong inflationary anticipations, and profiting from bouts of strong aversion to risk, they increased by only around +30 basis points over the year to just 2.8% at the end of December, leading to a marked flattening of the yield curve.

In the Eurozone, growth dipped in the first quarter of 2018 (2.5% year-on-year after 2.7% at the end of 2017) on foot of destocking (the restocking process had proved excessive) and temporary disruptions such as strikes, weather effects, and the timing effect of tax measures in France. This decline raised several questions to which exaggeratedly pessimistic if not alarming responses were frequently given, even though the fundamentals remained solid, suggesting it was a temporary phenomenon. Households and businesses alike continued to consolidate their financial positions while also maintaining strong expenditure. Growth in wages and disposable income underpinned household consumption (at the cost of a slight fall in the savings rate) while good profit trends enabled an acceleration of investment expenditure and an increase in the investment rate. Anticipations were that economic growth would evolve gradually closer to its potential rate (estimated at 1.5%), therefore still a normal trajectory, *i.e.* slowing from an annual rate of 2.8% at its 2017 peak to 2.2% in spring 2018. After the summer, the slowdown amplified and despite the publication of positive data, surveys revealed a deterioration in sentiment. Threats of protectionism by Donald Trump created a climate of uncertainty and a wait-and-see approach that was not conducive to investment. In the meantime, the appointment of a populist government in Italy created fresh shock waves in Europe. The ramp-up of trade tension and the Italian political crisis weighed heavily on Europe's financial markets. GDP fell to 1.6% year-on-year in the third quarter after 2.2% in the second quarter. Temporary factors linked to new European standards caused disruption in the automotive sector, but a catch-up is expected. Despite such jolts, exaggerated fears of a possible drastic and imminent downturn in the cycle and weaker foreign demand, growth had the potential to reach 1.9% in 2018 versus 2.6% in 2017: a commendable rate that would not fuel inflation (1.6% after 1.5% in 2017). The European Central Bank (ECB) thus prolonged its quantitative easing programme until December 2018 (after which it said it would discontinue its net purchases) while reducing the

(1) At the start of 2018, the Brent price stood at US$67 a barrel, and peaked at US$86 in early October before plummeting to US$53 at the end of December. Over the first nine months, the increase was fuelled by production cuts by OPEC, a collapse in production in Venezuela and the return of US sanctions on Iranian oil exports. A temporary halt in production cuts by OPEC and Russia combined with a sharp increase in production in the US sparked a tumble in the price during the last quarter of 2018. On average Brent reached US$71 a barrel over the year (versus US$54 a barrel in 2017).

The definitions of the underlined words can be found in the Glossary on page 600.

monthly amount of its sovereign security purchases (from €30 billion to €15 billion starting in September 2018). Despite monetary tightening in the US and the implementation of a gradually less accommodative monetary policy, core European rates did not suffer. After increasing to nearly 0.8% at the end of February (rising by +35 basis points in two months), German 10-year yields began to fall again, reaching a low of 0.25% at the height of the Italian political crisis. After small spikes while remaining weak, they moved back to 0.2% at the end of December, taking advantage of a surge in aversion to risk caused by US protectionist policies as well as uncertainties around the extent of the economic slowdown (actual data and announcements). French and Italian yields evolved in line with internal political developments: at the end of December the spread between French yields and the Bund was close to 45 basis points, *i.e.* 10-15 basis points more than before the start of the "yellow vest" crisis, while the spread in relation to Italian yields tightened to less than 260 basis points versus a peak of 320 basis points at end-November during the height of the contentious budget negotiations with the European Commission. After strong losses in December, both the European and US equity markets registered a decline over the year (Eurostoxx 50 and S&P 500 down by nearly -15% and -8.5% respectively). Finally, although it is generally deemed undervalued but exposed to bouts of risk aversion, the euro depreciated by nearly 5% against the US dollar in 2018.

CRÉDIT AGRICOLE S.A. OPERATIONS AND CONSOLIDATED RESULTS

In full-year 2018, reported net income reached €4,400 million, compared with €3,649 million in full-year 2017, representing an increase of +20.6%.

Specific items in full-year 2018 had a negative impact of just **-€5 million** on reported net income. The most notable effects are the adjustment of the amount of negative goodwill recorded upon acquisition of the three Italian banks for +€66 million (+€86 million before non-controlling interests), the costs of integration of Pioneer for -€29 million (-€56 million before taxes and non-controlling interests) and recurring accounting volatility items for +€30 million (+€41 million before tax).

Specific items for full-year 2017 had an impact of -€276 million on net income. These comprised the share of the liability management operations for +€26 million (+€39 million before tax), the impact of the disposal of BSF for +€99 million and of Eurazeo for +€103 million, changes in goodwill for +€91 million (+€186 million before tax and non-controlling interests), integration costs of Pioneer and the three Italian banks for -€60 million respectively (-€135 million before tax and non-controlling interests) and -€22 million (-€41 million before tax and non-controlling interests) and recurring volatile accounting items, namely issuer spread for -€131 million (-€216 million before tax), DVA for -€42 million (-€66 million before tax), loan portfolio hedges in the Large customers division for -€36 million(-€57 million before tax) and provisions for home purchase savings plans for +€143 millions (+€221 million before tax).

Since 1 January 2018 and the transition to IFRS 9, the impact of issuer spread on the fair value of liabilities has been recognised directly in equity, without any impact on prudential capital. This effect in terms of net income Group share amounts to +€397 million for full-year 2018.

Excluding these specific items, **underlying net income Group share** rose by **+12.2%** versus full-year 2017 to **€4,405 million, beating the target set out in the Strategic Ambition 2020 Medium-Term Plan (€4.2 billion), which it has thus reached one year ahead of schedule.**

Underlying earnings per share came to €1.39, an increase of **+13.8%** compared with 2017.

Crédit Agricole S.A.'s Board of Directors will propose to the General Shareholder's Meeting of 21 May 2019 an all-cash **dividend per share of €0.69,** which is higher than the minimum level of €0.60 per share set in the third quarter of 2016 and **+9.5% higher** that the dividend paid for 2017. **The dividend pay-out ratio stands at 50% of both reported and underlying earnings per share.**

Underlying **RoTE**[1] (return on tangible equity) reached **12.7% in full-year 2018**, a significant increase of +1.6 percentage points compared to 2017, thanks to improvements in most business lines.

(1) See details on the calculation of the RoTE (return on tangible equity) and business lines' RoNE (return on normalised equity) on p. 195.

(in millions of euros)	2018 stated	2017 stated	Δ 2018/2017 stated	2018 underlying	2017 underlying	Δ 2018/2017 underlying
Revenues	**19,736**	**18,634**	**+5.9%**	**19,694**	**18,772**	**+4.9%**
Operating expenses excl.SRF	(12,287)	(11,961)	+2.7%	(12,228)	(11,785)	+3.8%
SRF	(301)	(242)	+24.5%	(301)	(242)	+24.5%
Gross operating income	**7,147**	**6,431**	**+11.1%**	**7,165**	**6,745**	**+6.2%**
Cost of risk	(1,002)	(1,307)	(23.4%)	(1,002)	(1,307)	(23.4%)
Cost of legal risk	(80)	(115)	(30.8%)	(75)	(115)	(34.8%)
Equity-accounted entities	256	728	(64.9%)	323	523	(38.3%)
Net income on other assets	89	6	x15.5	89	14	x6.5
Change in value of goodwill	86	186	(54.1%)	-	0	(100.0%)
Income before tax	**6,496**	**5,929**	**+9.6%**	**6,500**	**5,859**	**+10.9%**
Tax	(1,466)	(1,733)	(15.4%)	(1,471)	(1,433)	+2.7%
Net income from discont'd or held-for-sale ope.	(3)	20	n.m.	(3)	20	n.m.
Net income	**5,027**	**4,216**	**+19.2%**	**5,026**	**4,447**	**+13.0%**
Non controlling interests	(627)	(568)	+10.5%	(620)	(521)	+18.9%
NET INCOME GROUP SHARE	**4,400**	**3,649**	**+20.6%**	**4,405**	**3,925**	**+12.2%**
Earnings per share *(€)*	**1.39**	**1.12**	**+23.4%**	**1.39**	**1.22**	**+13.8%**
COST/INCOME RATIO EXCL.SRF *(%)*	**62.3%**	**64.2%**	**-1.9PP**	**62.1%**	**62.8%**	**-0.7PP**

Underlying net banking income rose by **nearly €1 billion** to €19,694 million, **+4.9%** compared to 2017. Growth was boosted by the impact of acquisitions carried out in 2017, namely Amundi's acquisition of Pioneer (positive impact equal to +€394 million corresponding to Pioneer's revenues in the first-half 2017 before integration) and the acquisition of the three Italian banks by Crédit Agricole Italia (equivalent to +€111 million in first-half 2018, impact not calculated in the second half of the year because the legal entities were merged with CA Italia). Even if we exclude these scope effects, underlying revenues would still have increased, albeit to a lesser degree.

Underlying operating expenses remained well controlled, rising by +3.8%, or +€443 million to €12,228 million excluding SRF. This increase can mainly be attributed to the scope effect, *i.e.* +€255 million related to Pioneer (figure for first-half 2017 before integration) and +€97 million related to the three Italian banks in the first half of 2018 only (impact not calculated for the second half). The contribution to the Single Resolution Fund increased substantially to €301 million, *i.e.* +24.5% compared to 2017, concentrated in the first two quarters of 2017 and 2018.

The **underlying cost of credit risk fell by -23.4%** to €1,002 million, compared with €1,307 million in full-year 2017, excluding **non-specific provisions for legal risk** of €75 million for 2018 and recorded in the fourth quarter, and €115 million for 2017 and recorded in the first quarter of 2017 (€40 million) and the third quarter of 2017 (€75 million).

The **underlying contribution from equity-accounted entities** decreased by **-38.3%** between 2017 and 2018 due to the sale of the full stake owned in Eurazeo and the partial sale of BSF, which contributed a total of €203 million in 2017. **On a like-for-like basis,** the contribution of equity-accounted entities increased by **+18.0%,** attributable mainly to the excellent performance of Amundi's joint ventures in Asia and to the automotive partnerships in Consumer finance.

Underlying pre-tax income before discontinued operations and non-controlling interests increased by **+10.9%** to €6,500 million. The underlying tax charge amounted to €1,471 million in 2018, an increase of +2.7% compared to 2017. The **underlying effective tax rate** (excluding the contribution of equity-accounted entities, already subject to tax, and non-specific legal provisions which are not deductible) decreased to 23.8% in 2018 compared with 26.8% in 2017.

These developments combined led to an increase in underlying net income before non-controlling interests of +13.0% compared to 2017. **Non-controlling interests** rose by +18.9%, essentially due to the decrease in the Group's stake in Amundi from 74.1% to 68.5% in the second quarter of 2017 and the strong growth in this subsidiary's profit, largely attributable to the scope effect related to Pioneer. This effect accounts for half of the increase in non-controlling interests, with the remainder attributable to growth in profitability of the Italian retail banking (CA Italia) and Consumer finance (Agos) subsidiaries, despite the disappearance of non-controlling interests in CACEIS since their buyback at the end of 2017.

Underlying net profit increased by **+12.2%** to **€4,405 million.**

The definitions of the underlined words can be found in the Glossary on page 600.

The specific elements that have had an impact on Crédit Agricole S.A's accounts in 2018 and 2017 are as follows:

(in millions of euros)	2018 Gross impact[1]	2018 Impact on NIGS	2017 Gross impact[1]	2017 Impact on NIGS
Issuer spreads (CC)	-	-	(216)	(131)
DVA (LC)	22	16	(66)	(42)
Loan portfolio hedges (LC)	23	17	(57)	(36)
Home Purchase Savings Plans (FRB)	(1)	(1)	65	40
Home Purchase Savings Plans (CC)	(3)	(2)	156	103
Liability management upfront payment (CC)	-	-	39	26
Check Image Exchange penalty	-	-	(59)	(58)
Total impact on revenues	**41**	**30**	**(138)**	**(100)**
Pioneer integration costs (AG)	(56)	(29)	(135)	(60)
Three Italian banks integration costs (IRB)	(2)	(1)	(41)	(22)
Total impact on operating expenses	**(59)**	**(30)**	**(176)**	**(82)**
ECB fine (CC)	(5)	(5)	-	-
Total impact Non-allocated legal risk provisions	(5)	(5)	-	-
Eurazeo sale (CC)	-	-	103	103
Disposal of BSF (LC)	-	-	102	99
FCA Bank fine (SFS)	(67)	(67)	-	-
Total impact on equity affiliates	**(67)**	**(67)**	**205**	**203**
Change of value of goodwill (CC)	86	66	186	91
Total impact on change of value of goodwill	**86**	**66**	**186**	**91**
Tax surcharge	-	-	-	(326)
3% dividend tax refund	-	-	-	69
Deferred tax revaluation	-	-	-	(128)
Total impact on tax	**-**	**-**	**-**	**(384)**
CA Italy acquisition costs (IRB)	-	-	(8)	(4)
Total impact on Net income on other assets	**-**	**-**	**(8)**	**(4)**
TOTAL IMPACT OF SPECIFIC ITEMS	**(4)**	**(5)**	**70**	**(276)**
Asset gathering	(56)	(29)	(135)	(176)
French Retail banking	(1)	(1)	44	(79)
International Retail banking	(2)	(1)	(49)	(26)
Specialised financial services	(67)	(67)	-	43
Large customers	45	33	(21)	(67)
Corporate centre	78	59	231	28

(1) Impact before tax and before minority interests.

Solvency

At end-December 2018, Crédit Agricole S.A.'s financial strength remained at a high level, reflected by its unchanged CET1 ratio of 11.5%, unchanged compared to 1 January 2018, taking into account the implementation of IFRS 9 at that date for -24 basis points. This apparent stability is the result of mixed changes.

Crédit Agricole S.A. generated strong earnings over the year, allowing it to pay out a dividend of €0.69 per share, up +9.5% on the previous financial year. Retained earnings had a +63 basis point positive impact on the CET1 ratio over the year. However, equity was impacted by -21 basis points following the fall in OCI reserves following the decline in the markets during the year, especially in the fourth quarter. The stock of OCI reserves in the CET1 ratio at end-December 2018, net of the effect of the risk-weighted assets of insurance reserves thus stands at 29 basis points.

Solvency ratios were also impacted over the year by regulatory requirements including the deduction in respect of irrevocable payment commitments to the Single Resolution Fund, the impacts of the TRIM and an anticipation of the effects of Basel 4 on non-financial operating risks for a total of -23 basis points.

At the same time, risk-weighted assets remained at a level of €307 billion at end-December 2018, compared to €296 billion at end-December 2017, with the increase in risk-weighted assets focused on the Large customers business, whose profitable activity grew during the year, and which was also affected by the regulations.

At 11.5%, the fully-loaded ratio is higher than the target of 11% set for end-2019, and offers a substantial buffer of +300 basis points above the 2019 SREP/P2R proforma threshold applicable to Crédit Agricole S.A. as from 1 January 2019, set by the ECB at 8.5% (not factoring in the counter-cyclical buffer).

The impact on the fully-loaded CET1 ratio of the first-time application of IFRS 16, which is applicable from 1 January 2019, in 2019 has been estimated based on the financial statements at 31 December 2018 at -6 basis points.

The **phased-in total capital ratio** stood at **17.8%** at 31 December 2018.

Lastly, Crédit Agricole S.A.'s **phased-in leverage ratio** stood at **4.0%** at end-December 2018. The leverage ratio stood at 4.2% at that date subject to the issue by the ECB of an authorisation to exempt exposures linked to the centralisation of deposits with the Caisse des Dépôts et Consignations to take account of Judgement T-758/16 of the General Court of the European Union of 13 July 2018.

The intra-quarter average measure of phased-in leverage ratio, which refers to the average of end of month measures for the first two month of this fourth quarter was 3.7%.

Liquidity

Liquidity is measured at Crédit Agricole Group level.

The liquidity position of Crédit Agricole Group is solid. The Group's banking cash balance sheet of €1,238 billion at 31 December 2018, **shows a surplus of stable sources over stable uses of €115 billion,** up by €4 billion compared to September 2018, but down by €7 billion compared to December 2017.

The Group's liquidity reserves, at market value and after haircuts, amounted to €272 billion at 31 December 2018, up by +€10 billion compared with end-September 2018 and by +€24 billion compared with 31 December 2017. They covered short term debt more than two times and HQLA securities covered more than three times over short-term debt net of central bank deposits.

At end-December 2018, the numerator of the LCR ratio (including the HQLA securities portfolio, cash and central bank deposits, excluding mandatory reserves), calculated as an average over 12 months, stood respectively at €208.8 billion for Crédit Agricole Group and at €174.1 billion for Crédit Agricole S.A. The denominator of the ratio (representing net cash outflows), calculated as an average over 12 months, stood respectively at €156.6 billion for Crédit Agricole Group and at €130.6 billion for Crédit Agricole S.A.

The average LCR ratios over 12 months of Crédit Agricole Group and of Crédit Agricole S.A. stood at respectively 133.4% and 133.3% at end-December 2018. They exceeded the Medium-Term Plan target of around 110%. Credit Institutions are subject to a threshold for this ratio, set at 100% from 1 January 2018.

The Group continues to follow a prudent policy as regards medium-to long term funding, with a very diversified access to markets in terms of investor base and products.

The Group's main issuers raised €34.1 billion equivalent of medium-to long term debt on the markets up to the end of September 2018, of which 41% issued by Crédit Agricole S.A. (€14.1 billion equivalent), against €36.1 billion equivalent for the whole of 2017. Besides, €4.4 billion were also placed in Crédit Agricole Group's retail networks (Regional Banks, LCL and CA Italia) or borrowed from supranational institutions in 2018.

As the main issuer of the Group, Crédit Agricole S.A. raised the equivalent of €14.1 billion of medium-to-long-term debt on the markets through 2018, *i.e.* €2.1 billion more than its 2018 medium-to-long-term market funding programme which was thus 118% completed. This figure is broken down as follows: €7.3 billion equivalent of senior preferred and of secured senior debt, as well as €6.8 billion equivalent of senior non-preferred and Tier 2 debt.

OPERATIONS AND RESULTS BY BUSINESS SEGMENT

Crédit Agricole S.A. Group's businesses are housed in five business lines:

- Savings management and Insurance;
- Retail banking in France – LCL;
- International retail banking;
- Specialised financial services;
- Large customers.

plus the Corporate Centre.

The Group's business lines are described in Note 5 to the consolidated financial statements for the year ended 31 December 2017 – "Operating segment information". The organisation and activities are described in section 1 of this document.

Contribution of business lines to net income Group share of Crédit Agricole S.A.

(in millions of euros)	2018	2017
French retail banking – LCL	557	488
International retail banking	341	234
Asset gathering	1,908	1,720
Specialised financial services	738	766
Large customers	1,528	1,307
Corporate Centre	(672)	(865)
TOTAL	**4,400**	**3,649**

The definitions of the underlined words can be found in the Glossary on page 600.

Asset gathering (AG)

This core business encompasses Insurance (Crédit Agricole Assurances), Asset management (Amundi) and Wealth management (Indosuez Wealth Management).

Asset gathering (AG) – Contribution to results, stated and underlying 2018

(in millions of euros)	2018 stated	2017 stated	Δ 2018/2017 stated	2018 underlying	2017 underlying	Δ 2018/2017 underlying
Revenues	**5,778**	**5,263**	**+9.8%**	**5,778**	**5,263**	**+9.8%**
Operating expenses excl.SRF	(2,833)	(2,706)	+4.7%	(2,777)	(2,571)	+8.0%
SRF	(3)	(3)	+22.9%	(3)	(3)	+22.9%
Gross operating income	**2,941**	**2,555**	**+15.1%**	**2,998**	**2,690**	**+11.4%**
Cost of risk	(17)	(25)	(31.0%)	(17)	(25)	(31.0%)
Equity-accounted entities	47	33	+43.8%	47	33	+43.8%
Net income on other assets	(3)	4	n.m.	(3)	4	n.m.
Income before tax	**2,969**	**2,567**	**+15.6%**	**3,025**	**2,703**	**+11.9%**
Tax	(774)	(647)	+19.7%	(789)	(581)	+35.9%
NET INCOME GROUP SHARE	**1,908**	**1,720**	**+10.9%**	**1,937**	**1,895**	**+2.2%**
COST/INCOME RATIO EXCL.SRF *(%)*	**49.0%**	**51.4%**	**-2.4PP**	**48.1%**	**48.8%**	**-0.8PP**

At 31 December 2018, assets under management of this business division stood at €1,879.2 billion. Two very different event sequences underpinned the modest growth generated by it in 2018 (+0.6%/+€11.6 billion). Over the first nine months of 2018, assets under management increased by +€66.8 billion thanks to strong net inflows (+€58.5 billion), a scope effect of +€5.1 billion linked to the acquisition by Indosuez Wealth Management of Banca Leonardo, and limited positive market and currency effects (+€3.3 billion). Conversely, in the last quarter of 2018, there was a much less favourable market environment, which had a strong impact leading to an overall negative market and currency effect of -€51.4 billion. Net inflow was negative at -€3.9 billion (of which -€6.5 billion for Amundi).

Assets under management after elimination of double counting amounted to **€1,587.4 billion** at 31 December 2018, a slight decrease of -0.3% compared to 31 December 2017.

The financial statements for full-year 2018 include the integration costs of Pioneer. They amounted to -€56 million before tax (-€29 million in net income), classified as specific items. Specific items for full-year 2017 also include integration costs for the period in the amount of -€135 million before tax (-€60 million in net income) and non-recurring tax impacts in the amount of -€114 million.

In 2018, the business division's reported net income Group share came to €1,908 million, an increase of +10.9% compared with 2017. **Underlying net income** amounted to **€1,937 million, an increase of +2.2%/+€41 million.** The scope effect came to +€70 million, equivalent to what Pioneer's contribution would have been in the first half of 2017 had it been integrated on 1 January of that year rather than 3 July 2017. By contrast, net income Group share in 2017 included a capital gain on the sale of the reinsurance subsidiary CARE for €30 million, which was not restated in specific items, and had a negative impact on growth in the activity's net income.

At 31 December 2018, **capital allocated** to the business division was **€8.5 billion,** of which €2.0 billion for Asset gathering (Asset management and Wealth management) and €6.6 billion for Insurance. The business division's **risk-weighted assets** totalled **€23.9 billion,** of which €13.3 billion for Asset and Wealth management and €10.6 billion for Insurance.

These risk-weighted assets are calculated taking into account the "Switch" guarantee, which allowed Crédit Agricole S.A. Group to save €34 billion in risk-weighted assets in the prudential treatment of the Insurance business line, but which cuts about -€50 million per quarter from its net income.

Underlying return on normalised equity **(RoNE)** was **25.2%** in 2018, compared to 22.8% in 2017.

Asset gathering contributed **38%** of Crédit Agricole S.A.'s underlying **net income Group share of the business divisions** (excluding the Corporate centre) **in 2018** and **29% of underlying** revenues **also excluding the Corporate centre**.

Insurance (CA Assurances)

The Insurance business line reflects the results of Crédit Agricole Assurances, a wholly-owned subsidiary of Crédit Agricole S.A., which covers all insurance businesses: savings/retirement, property & casualty, death & disability, creditor and group insurance.

Insurance – Contribution to results, stated and underlying 2018

(in millions of euros)	2018 stated	2017 stated	Δ 2018/2017 stated	2018 underlying	2017 underlying	Δ 2018/2017 underlying
Revenues	2,451	2,243	+9.3%	2,451	2,243	+9.3%
Operating expenses	(694)	(743)	(6.6%)	(694)	(743)	(6.6%)
Income before tax	1,753	1,500	+16.9%	1,753	1,500	+16.9%
Tax	(454)	(357)	+27.2%	(454)	(238)	+90.8%
Net income from discont'd or held-for-sale ope.	(1)	21	n.m.	(1)	21	n.m.
NET INCOME GROUP SHARE	**1,288**	**1,161**	**+10.9%**	**1,288**	**1,280**	**+0.6%**
COST/INCOME RATIO EXCL.SRF *(%)*	**28.3%**	**33.1%**	**-4.8PP**	**28.3%**	**33.1%**	**-4.8PP**

Over full-year 2018, the business line's total revenues reached €33.5 billion, a +10.1% increase from 2017.

In the **Savings/Retirement** activity, revenues reached 25.6 billion, an **increase of +10.9%** versus 2017, with strong trends in the international activities (notably +24.6% in Italy). This strong growth was evident in **net inflows of both UL contracts,** which reached +€5.05 billion that year (**up +15.7%** versus 2017) and euro-denominated contracts, which reached +€2.25 billion (versus a net outflow in 2017 of -€0.09 billion). The proportion of UL contracts therefore reached 69% for total net inflows over the year of €7.3 billion, representing 2.6% of outstandings at the start of the period, the highest level in at least three years.

Assets under management continued to rise, to stand at **€285.2 billion**[1] at end-December 2018, up **+2.4%** year-on-year, mainly driven by a 2.9% increase in euro assets managed, despite markets being much less favourable in the third and fourth quarters of 2018. At end-December 2018, **UL contracts** accounted for **21.0%** of assets under management, a decrease of -0.4 percentage point in relation to end-December 2017, with the challenging market environment in the fourth quarter of 2018 generating a negative market effect of a little bit more than -€3 billion. The average rate of return on assets was 2.71% for 2018, reflecting the good quality of Crédit Agricole Assurances' investment portfolio.

At end-December 2018, the **Policyholder Participation Reserve** stood at **€9.8 billion** (versus €1 billion in 2012 and €8.9 billion at end-2017), resulting in strong coverage, 4.7% of outstanding euro-denominated contracts, equivalent to several years of rates paid to policyholders based on the rates paid in 2016 and 2017. This coverage is higher than the average on the French market.

In personal and property protection (property & casualty, death & disability, creditor and group insurance) revenues for full year 2018 stood at €7.9 billion, a +7.3% increase from 2017. In **property & casualty insurance,** Crédit Agricole Assurances continued to enjoy steady growth, both in France and abroad. **Over 2018,** revenues posted strong growth of **+8.2%,** particularly in France thanks to Pacifica which outperformed the market. It stood at €4.2 billion, with a net contribution of **some 700,000 new contracts over 2018,** while still exerting good control over the termination rate. The strong **growth in equipment rates** among individual customers[2] in LCL networks (23.7% at end-December 2018, up over 5 percentage points in five years, of which +1.3 points for 2018) and Regional Banks networks (36.2% at end-December 2018, up over +6 percentage points in five years, of which +1.6 points for 2018) demonstrated both exceptional business momentum, as well as the potential for considerably higher growth. In the **Death & Disability/Creditor/Group** segment, in full-year **2018,** total premium income for these three segments reached €3.7 billion, an increase of **+7.1%,** driven by creditor insurance (+8.4% versus full-year 2017) and group insurance (+35%).

Partnerships

In 2018, Crédit Agricole Assurances reaffirmed its strategy of developing partnerships with external banking groups, which enable to strengthen its presence abroad.

In July 2018, Crédit Agricole Assurances announced a partnership with the Italian bank Credito Valtellinese in the life-insurance sector. The partnership is effective since 20 December 2018 and was marked by the launch of a first multi-support life-insurance policy from 28 January 2019. In October 2018, Crédit Agricole Assurance and Seguradores Unidas announced an agreement, effective since 21 December 2018, for the purchase of a 25% stake in GNB Seguros, which increases Crédit Agricole Assurances' share within GNB Seguros from 50% to 75%. The remaining 25% stake is still held by Portuguese banking group Novo Banco.

(1) Savings/retirement/death & disability assets under management.
(2) Equipment rate: percentage of individual banking clients holding at least one insurance product (Pacifica estimates). Scope: auto, home, health, life accidents and legal protection insurance.

The definitions of the underlined words can be found in the Glossary on page 600.

In 2018, the Insurance business line's **reported net income Group share** came to **€1,288 million,** an increase of +10.9% compared with 2017. After excluding specific tax items recorded in the fourth quarter of 2017, **underlying net income** increased by **+0.6%.** After restatement for net income from discontinued operations or held for sale operations (capital gain of €30 million on the sale of CARE in the second quarter of 2017), the change was +3.0%.

Revenues came out at €2,451 million in 2018, a year-on-year **increase of +9.3%.** The increase in life assurance can notably be attributed to an increase in the recognition level of investment margin (this rate was particularly low in 2017) and a relatively favourable comparison base (negative impact of the exceptional tax in France in the fourth quarter of 2017). In non-life insurance, the **combined ratio** remained under control at **95.5%** throughout 2018, showing an improvement of 1.3 percentage point in relation to end-December 2017 despite adverse weather events in 2018 (hail, flooding).

Operating expenses reached €694 million, a decrease of **-6.6%** compared with 2017. They decreased by -2.4% after excluding non-recurring IT depreciation expenses of -€32 million in the fourth quarter of 2017. The **cost/income ratio** came to **28.3%,** an improvement of 4.8 percentage points compared to 2017.

Insurance contributed **25% of Crédit Agricole S.A.'s underlying net income Group share of the business lines** (excluding the Corporate centre) in full-year 2018 and **12% of their underlying revenue.**

At 31 December 2018, **capital allocated** to Insurance was **€6.6 billion** and **risk-weighted assets** totalled **€10.6 billion.**

These risk-weighted assets are calculated taking into account the "Switch" guarantee, which allowed Crédit Agricole S.A. Group to save €34 billion in risk-weighted assets in the prudential treatment of the Insurance business line, but which cuts about -€50 million per quarter from its net income.

The solvency ratio of Crédit Agricole Assurances was 188% at 31 December 2018.

Asset management (Amundi)

Asset management comprises the results of Amundi, a subsidiary 70.0% owned by Crédit Agricole Group, including 68.4% held by Crédit Agricole S.A.

At the time of Amundi's €1.4 billion rights issue at end-March 2017, Crédit Agricole Group sold some of its preferential rights to reduce its percentage interest, which was 75.7% before that date, including 74.1% held by Crédit Agricole S.A. The new holding rates are applicable from the second quarter 2017. A slight dilution (-0.1 percentage point) occurred in the third quarter of 2018 owing to the capital increase reserved for Amundi employees.

The 2018 financial statements include the contribution of Pioneer, Unicredit's asset management company, which was acquired on 3 July 2017. However, the 2017 financial statements include Pioneer only in the second half of the year.

The integration costs related to this acquisition are categorised as specific items. These costs amounted to -€56 million before tax, i.e. -€29 million in net income Group share (-€135 million and -€60 million in full-year 2017 respectively).

Asset management – Contribution to results, stated and underlying 2018

(in millions of euros)	2018 stated	2017 stated	Δ 2018/2017 stated	2018 underlying	2017 underlying	Δ 2018/2017 underlying
Revenues	**2,504**	**2,255**	**+11.1%**	**2,504**	**2,255**	**+11.1%**
Operating expenses excl.SRF	(1,416)	(1,328)	+6.6%	(1,359)	(1,192)	+14.0%
SRF	(1)	(1)	+12.5%	(1)	(1)	+12.5%
Gross operating income	**1,087**	**926**	**+17.5%**	**1,144**	**1,061**	**+7.8%**
Cost of risk	(11)	(13)	(15.3%)	(11)	(13)	(15.3%)
Equity-accounted entities	47	33	+43.8%	47	33	+43.8%
Tax	(297)	(279)	+6.4%	(311)	(332)	(6.1%)
Net income	**827**	**666**	**+24.3%**	**869**	**748**	**+16.1%**
Non controlling interests	(266)	(205)	+29.3%	(279)	(231)	+20.6%
NET INCOME GROUP SHARE	**561**	**460**	**+22.0%**	**590**	**517**	**+14.1%**
COST/INCOME RATIO EXCL.SRF *(%)*	**56.5%**	**58.9%**	**-2.4pp**	**54.3%**	**52.9%**	**+1.4pp**

Amundi posted **assets under management**[1] of **€1,425 billion** to end-December 2018, nearly unchanged compared to end-December 2017 (-0.1%). Yet behind the near stability year-on-year were contrasting trends between the first nine months and the fourth quarter of 2018. During the former, net inflows continued to show strong growth to +€48.5 billion, with a limited market effect of +€0.6 billion.

In contrast, the **fourth quarter of 2018** was significantly impacted by a much more difficult market environment. Amundi registered a very negative market effect over the quarter of -€43.7 billion and net outflows of -€6.5 billion, which breaks down as slightly positive net inflows of +€0.5 billion in its **Retail** segment (versus +€14.2 billion in the fourth quarter of 2017) and net outflows of -€7.0 billion in the **Institutional** segment (versus -€1.1 billion in the fourth quarter of 2017).

In **full-year 2018,** Amundi posted resilient levels of business with a positive net inflow of **+€42.0 billion,** of which +€30.7 billion in the **Retail** segment and +€11.4 billion in the **Institutional** segment; **medium and long-term assets** posted a net inflow of +€36.3 billion and remained unchanged compared to end-2017 despite a strong negative market effect.

(1) Assets managed, advised and distributed including 100% of AuM and inflows of Asian JVs, except Wafa in Morocco, for which AuM and inflows are reported on a proportional consolidation basis.

In full-year 2018, underlying net income Group share was **€590 million,** an increase of **+14.1%** compared with full-year 2017. **Revenues** came to €2,504 million, an increase of **+11.1%** and a decrease of -5.5% on a like-for-like basis[1]. **Underlying operating expenses** came to €1,359 million, an increase of **+14.0%** but a decrease of -6.1% on a like-for-like basis6. Full-year 2018 includes a contribution to the Single Resolution Fund (SRF) of €1 million, which was the same in 2017.

Equity-accounted entities recorded a sharp increase in their contribution to €47 million **(+43.8%** versus 2017), driven notably by the joint ventures in India and China.

On a like-for-like basis, underlying net income Group share was unchanged (-0.4%) from 2017.

The **underlying cost/income ratio excluding SRF** amounted to **54.4%,** a 1.5 point deterioration in relation to 2017, reflecting the impact of the integration of Pioneer, which had a higher cost/income ratio than Amundi prior to the acquisition (underlying cost/income ratio of 51.2% in the first half of 2017).

Asset management contributed **12%** of Crédit Agricole S.A.'s **underlying net income Group share of the business lines** (excluding the Corporate centre) in 2018 and **13%** of their **underlying revenue.**

Wealth management (CA Indosuez Wealth Management)

The assets under management referred to in the business activities figures only include those of the Indosuez Wealth Management group. As a reminder, LCL's private banking customer assets amounted to €46.1 billion at end-December 2018, up +3.6% compared with end-December 2017.

The results generated by LCL's private banking business are recognised under LCL.

Wealth management – Contribution to results, stated and underlying 2018

(in millions of euros)	2018 stated	2017 stated	Δ 2018/2017 stated	2018 underlying	2017 underlying	Δ 2018/2017 underlying
Revenues	**822**	**765**	**+7.5%**	**822**	**765**	**+7.5%**
Operating expenses excl.SRF	(723)	(635)	+13.9%	(723)	(635)	+13.9%
SRF	(2)	(1)	+32.4%	(2)	(1)	+32.4%
Gross operating income	**97**	**129**	**(24.5%)**	**97**	**129**	**(24.5%)**
Cost of risk	(5)	(11)	(51.6%)	(5)	(11)	(51.6%)
Income before tax	**92**	**123**	**(25.4%)**	**92**	**123**	**(25.4%)**
Tax	(24)	(11)	x2.1	(24)	(11)	x2.1
Net income	**68**	**112**	**(39.1%)**	**68**	**112**	**(39.1%)**
NET INCOME GROUP SHARE	**59**	**98**	**(40.3%)**	**59**	**98**	**(40.3%)**
COST/INCOME RATIO EXCL.SRF *(%)*	**87.9%**	**83.0%**	**+5.0pp**	**87.9%**	**83.0%**	**+5.0pp**

Wealth management's **assets under management** increased by **+3.8%** year-on-year to **€122.8 billion** at end-December 2018, an increase of +€4.5 billion. This substantial increase was notably due to the acquisition of Banca Leonardo in Italy in the second quarter of 2018, which brought in +€5.1 billion, and to organic growth, with net inflows of +€3.0 billion in 2018. However, there was a negative market effect of -€3.6 billion.

Over the year 2018, net banking income of the CA Indosuez Wealth Management group stood at €822 million, up 7.5% on 2017, benefiting from the rise in assets managed relating to the acquisition of Banca Leonardo and from organic growth.

Operating expenses excluding contribution to SRF was €723 million, up 13.9% compared to 2017. This increase was due to specific costs related to the integration of activities acquired in 2017 and 2018 and expenses related to additional regulatory projects.

In 2018, the Wealth Management business line's **net income Group share** was **€59 million,** down **-40.3%** compared to 2017.

Asset management contributed **1%** of Crédit Agricole S.A.'s **underlying net income Group share of the business lines** (excluding the Corporate Centre) over 2018 and **4% of their underlying income.**

(1) Combined contributions to underlying income of Amundi and Pioneer taking account of the amortisation of distribution agreements in 2017.

The definitions of the underlined words can be found in the Glossary on page 600.

Retail banking in France (LCL)

For Crédit Agricole S.A., Retail banking in France includes only the results of its subsidiary LCL, in which it owns 95.6%. The results of Crédit Agricole's Regional Banks have been excluded from the Crédit Agricole S.A. scope since the beginning of 2016.

Retail banking in France (LCL) – Contribution to results, stated and underlying 2018

(in millions of euros)	2018 stated	2017 stated	Δ 2018/2017 stated	2018 underlying	2017 underlying	Δ 2018/2017 underlying
Revenues	**3,433**	**3,492**	**(1.7%)**	**3,434**	**3,447**	**(0.4%)**
Operating expenses excl.SRF	(2,363)	(2,427)	(2.6%)	(2,363)	(2,427)	(2.6%)
SRF	(28)	(15)	+87.7%	(28)	(15)	+87.7%
Gross operating income	**1,043**	**1,050**	**(0.7%)**	**1,044**	**1,005**	**+3.8%**
Cost of risk	(220)	(204)	+7.5%	(220)	(204)	+7.5%
Income before tax	**873**	**851**	**+2.5%**	**874**	**807**	**+8.3%**
Tax	(288)	(338)	(14.8%)	(288)	(211)	+36.8%
Net income	**584**	**513**	**+13.7%**	**584**	**596**	**(2.0%)**
NET INCOME GROUP SHARE	**558**	**488**	**+14.3%**	**558**	**567**	**(1.5%)**
COST/INCOME RATIO EXCL.SRF *(%)*	**68.8%**	**69.5%**	**-0.7PP**	**68.8%**	**70.4%**	**-1.6PP**

LCL's commercial activity continued its dynamic trend in 2018, with **outstanding loans** up **+8%** over the year to stand at €120.0 billion at end-December 2018 compared to €111 billion at end-December 2017. Home loans outstanding surpassed €75 billion (63% of total loans), showing strong growth of +7% year-on-year at end-December 2018. Origination volumes returned to a high level while early repayments were stabilised at around €1 billion per quarter. Consumer credit outstanding grew by +6% to stand at €7.6 billion, while loans to small businesses and SMEs consolidated their growth in the second half of the year, reaching +10% and +11% year-on-year respectively at end-December 2018, underpinned mainly by long-term production.

Overall customer assets grew by **+2.5%** to €191.9 billion at end-December 2018. Balance sheet deposits grew by +7.3% to €114.1 billion at end-December 2018 and was underpinned by the SMEs market (+€6.9 billion, of which +€3.7 billion in the fourth quarter of 2018). Off-balance sheet deposits stood at €77.8 billion, down 3.8% compared to end-2017, with a significant fall over the last quarter of 2018 due to the stock market decline.

LCL continued to acquire new customers and sustain the momentum built up over the course of the year in terms of customer take-up. It registered +364,000 new customer relationships in 2018. The stock of premium cards saw a year-on-year increase of +5.9%, while the stock of Home-Car-Health insurance policies was up +77,000 contracts, i.e. +8.9%. The take-up rate for the different insurance products continued to rise steadily.

In the French market, the average interest rate on new fixed-rate home loans was 1.43%[1] in the fourth quarter of 2018, down -5 basis points compared to the first quarter of 2018 and down -7 basis points compared to the fourth quarter of 2017. As a result, new loans had an adverse effect on the interest margin, since they replaced maturing loans that had been granted at higher interest rates. Nevertheless, the strong origination momentum reported for home loans in the second half of the year (+40% compared to the first half of 2018) helped to offset this ongoing negative rate effect. Renegotiation volumes in the fourth quarter of 2018 represented €0.4 billion. After a continuous decline between January and October 2017, loan renegotiations started to stabilise from the third quarter of 2017 at a very low level. Lastly, early repayment volumes have remained at around €1 billion since the fourth quarter of 2017.

Over the year 2018, changes in the home purchase savings provision were the only recurring specific item in LCL's financial statements, which help to explain the difference between the reported result and the underlying result. The impact was -€1 millions in net banking income (-€1 million in net income Group share). Over the year 2017, to the home purchase savings provision (+€65 million in net banking income, thus +€40 million in net income Group share), must be added the Exchange Image Cheque fine for -€21 million in net banking income (-€20 million in net income Group share) and tax adjustments for -€105 million in tax (-€100 million in net income Group share). Details of these items can be found on page 183 of this document.

LCL's underlying revenues totalled €3,434 million, unchanged on the previous financial year (-0.4%). Note the decline in renegotiation commissions and early repayment fees, which fell to €17.5 million in 2018 from €95 million last year. Excluding these fees, the underlying net banking income increased in comparison to last year. The low interest rate environment continued to be restrictive, but interest income continued to stabilise, as has been the case since the third quarter 2018, and the volume effect offset the negative margin effect, which confirmed a turning point after several years of declining interest income. Net interest income was also impacted over the fourth quarter 2018 by negative security revaluations. The level of commissions was high in 2018, up 4% compared to 2017, thanks to favourable trends across all sub-funds. This was driven in particular by payment instruments (strong trends in electronic banking activities) and non-life insurance which offset the impact of the market environment on securities over the final quarter 2018.

Underlying operating expenses excluding SRF continued to fall in all sub-funds to stand at €2,363 million at end-December 2018, down -2.6% compared to end-December 2017. Note that operating expenses in the fourth quarter include a provision for variable employee remuneration in the context of tax-free compensation exempt of social security contributions ("Macron grants" measures) in the amount of €8.8 million. The underlying cost/income ratio excluding the SRF was 68.8%, an improvement of 1.6 percentage points versus the same period in 2017, thanks to a positive jaws effect over the full year: underlying revenues were practically unchanged at -0.4%/-€13 million while underlying operating expenses decreased by -2.6% over the full year.

(1) Source: Crédit Logement monthly observatory.

As a result, gross operating income increased by +3.8% and the cost of risk over the full-year increased (+7.5%) in proportion to loan outstandings, while remaining low overall. The cost of risk on outstandings remained stable at a very low level of 17 basis points at end-December 2018.

Underlying net income Group share stood at €558 million at end-December 2018, a decrease of just -1.5% versus 2017 despite a sharp increase in the contribution to the Single Resolution Fund – SRF (+87.7%/+€13 million in 2018 compared to 2017), the decrease over that period of loan renegotiation and early repayment fees (-€78 million), and the return to a more standard effective tax rate (from 26.1% to 33.0%).

LCL contributed **11% of Crédit Agricole S.A.'s underlying net income Group share of the business lines** (excluding the Corporate centre) in 2018 and **17% of their underlying revenue**.

At 31 December 2018, **capital** allocated to LCL stood at **€4.7 billion** (14% of the total) and **risk-weighted assets** were **€49.6 billion** (16% of the total).

LCL's underlying return on normalised equity **(RoNE)** was **11%** in 2018, compared to 12.3% in 2017.

International retail banking (IRB)

International retail banking encompasses the local banking networks in Italy, grouped under the name "Gruppo Bancario Crédit Agricole Italia" (hereafter referred to as "CA Italia"), notably Cariparma, Friuladria and Carispezia, and now the three banks acquired in late December 2017, namely Cassa di Risparmio (CR) di Cesena, CR di San Miniato and CR di Rimini, as well as all of the Group's retail banks abroad, mainly Crédit Agricole Poland (wholly owned[1]), Crédit Agricole Ukraine (wholly owned[1]), Crédit Agricole Egypt (60.2% [1]), and Crédit du Maroc (78.7% [1]).

Note that the legal merger of the three banks with CA Italia has been completed since September 2018.

International retail banking (IRB) – Contribution to results, stated and underlying 2018

(in millions of euros)	2018 stated	2017 stated	Δ 2018/2017 stated	2018 underlying	2017 underlying	Δ 2018/2017 underlying
Revenues	2,732	2,482	+10.1%	2,732	2,482	+10.1%
Operating expenses excl.SRF	(1,716)	(1,547)	+11.0%	(1,714)	(1,506)	+13.8%
SRF	(22)	(10)	x2.1	(22)	(10)	x2.1
Gross operating income	**994**	**924**	**+7.5%**	**996**	**965**	**+3.2%**
Cost of risk	(358)	(429)	(16.7%)	(358)	(429)	(16.7%)
Net income on other assets	14	(12)	n.m.	14	(4)	n.m.
Income before tax	**650**	**483**	**+34.5%**	**652**	**532**	**+22.7%**
Tax	(185)	(152)	+21.7%	(186)	(166)	+12.0%
Net income from discont'd or held-for-sale ope.	-	0	n.m.	-	0	n.m.
Net income	**465**	**331**	**+40.3%**	**467**	**366**	**+27.5%**
Non controlling interests	(124)	(97)	+28.1%	(125)	(106)	+17.5%
NET INCOME GROUP SHARE	**341**	**234**	**+45.4%**	**342**	**260**	**+31.6%**
COST/INCOME RATIO EXCL.SRF *(%)*	**62.8%**	**62.3%**	**+0.5PP**	**62.7%**	**60.7%**	**+2.0PP**

Over 2018 as a whole, the underlying net income of **international retail banking** stood at €342 million, an increase of +31.6% compared to 2017, mainly driven by growth in gross operating income (+3.2% *versus* 2017) thanks to a now-positive jaws effect at CA Italia, and to an improvement in credit quality (a -16.7% fall in the cost of risk compared to the same period in 2017). Also of note is the realisation of a capital gain over the fourth quarter on the disposal of real estate assets at Crédit du Maroc in the amount of +€14 million. The cost/income ratio for the year stood at 62.7%. Excluding CA Italia's contribution to the Italian deposit guarantee fund (-€18 million in the fourth quarter of 2018 *versus* -€16 million in the fourth quarter of 2017), the underlying cost/income ratio for the quarter was 62.2%.

As a reminder, the legal entities of the three banks were all merged with CA Italia at end-September 2018 and it is no longer possible to isolate their scope effect when making comparisons with 2017.

International retail banking **contributed 7% of Crédit Agricole S.A.'s underlying net income Group share of the business lines** (excluding the Corporate Centre) in 2018 and **14% of their underlying revenue.**

At 31 December 2018, capital allocated to the International Retail banking division was €3.8 billion (11% of the total allocation); and risk-weighted assets stood at €39.7 billion (13% of the total).

In Italy, business momentum was strong against an uncertain backdrop, with instability on the financial markets at the end of 2018. The integration of the three banks acquired at the end of 2017 was finalised at end-September 2018, after which a gradual improvement of business activity was recorded for the three banks on all market segments.

Total customer savings decreased by -2.3% from 31 December 2017, reaching €74.3 billion at end-December 2018, excluding assets under custody. As a reminder, inflow data for the three acquired banks were integrated from end-2017 at their consolidation date, the change therefore is no longer distorted by a scope effect.

(1) Percentage owned at 31 December 2018.

The definitions of the underlined words can be found in the Glossary on page 600.

Off-balance sheet customer savings held up well against a backdrop of market instability over the year. They reached €33.7 billion at end-December 2018, excluding assets under custody, unchanged compared to 31 December 2017. Excluding market effect, off-balance sheet customer savings were up. Balance sheet deposits amounted to €40.6 billion at end-December 2018, down -4.2% versus 31 December 2017 due to the continuation of measures implemented since the third quarter to reduce volatile resources that generate high costs, notably among SMEs.

Loans outstanding stood at €42.2 billion at end-December 2018, unchanged (-0.1%) from end-December 2017. Note that in 2018, CA Italia sold €1.4 billion of non-performing loans (around 26% of its gross non-performing loans portfolio). Excluding these disposals, loans outstanding are up +2.9% reflecting a very positive momentum. The Italian home loan market shows a moderate growth, and CA Italia has continued to outperform the market for several quarters. Accordingly, at the end-December 2018, home loan outstandings showed a year-on-year increase of +10% versus growth of +1%[1] for the Italian market. The three banks acquired also reported good business growth, with an increase of +29% in the number of new home loans in the fourth quarter of 2018 compared to third quarter 2018 after +26% in the third quarter versus the second quarter (seasonal effect) and +61% in the second quarter versus the first quarter. This growth doubled in the fourth quarter versus the first quarter of 2018, which was also the first quarter in which the three banks were integrated. Note that demand for SMEs loans was weaker at the end of 2018, which reflects a decline in economic confidence indicators and uncertainties around the international economic environment.

There was an acceleration of customer acquisition with almost 140,000 new customer relationships in 2018.

The financial statements for 2018 include, as a specific item, the integration costs of the three Italian banks for -€2 million in operating expenses (-€1 million in net income Group share). In 2017, these items represented -€41 million in operating expenses and -€8 million in net gains/losses on other assets (an impact of -€26 million in net income Group share). Details of these items can be found on page 183 of this document.

The underlying net banking income of IRB Italy stood at €1,885 million, up 13.4% on 2017. It should be noted that net banking income for the fourth quarter is the highest level of revenues generated during the year, reflecting the successful integration of the three banks. The strength of the interest margin and fees and commissions during the year is of note, given the market context.

Underlying expenses excluding SRF stood at €1,190 million, an increase of 19.2% compared to end-December 2017. The programme to streamline the cost base will continue after finalisation of the merger of the three banks at end-September 2018. We note a positive jaws effect over the fourth quarter 2018, for the first time since the three banks were integrated at end-December 2017. The underlying cost/income ratio for the year stood at 63.1%.

The cost of risk stood at €275 million at end-December 2018, a significant drop of -12.3% compared to end-December 2017, despite the increase in scope. The **cost of risk on outstandings** came to 67 basis points, down -25 basis points year-on-year (92 basis points in Q4 2017). Since the integration of the three banks at end-December 2017, the sharp drop reflects an improvement in the quality of the portfolio for the scope in full, and the favourable risk profile of the three banks, following their clean-up prior to acquisition. The impaired loans ratio was 8.4% versus 11.5% at end-December 2017, attributable to disposals of €1.4 billion of non-performing loans in 2018 (€445 million in the second quarter, €700 million in the third quarter and €230 million in the fourth quarter), representing 26% of IRB Italy's gross non-performing loans portfolio. The coverage ratio increased for the same reason (sale of non-performing loans with a low probability of recovery and therefore high coverage) to 60% versus 50.1% at end-December 2017.

The business division's underlying net income Group share came to €196 million, an increase of +22% compared with 2017.

Italy, the Group's second largest domestic market after France, accounted for between two-thirds (revenues) and four-fifths (loans and on-balance sheet deposits) of this business, followed by Poland and Morocco. Although CA Italia is 76.9% owned by the Group, it accounted for 51% of the division's underlying net income.

International retail banking excluding Italy (Other IRB) continued to deliver strong business momentum and a strong financial performance this year.

Total on- and off-balance sheet assets increased by +9.9%[2] between end-December 2017 and end-December 2018 to €13.3 billion. On-balance sheet deposits totalled €11.6 billion at end-December 2018, a year-on-year increase of +10%. The increase was primarily driven by sharp increases in Egypt (+23%[2]), Ukraine (+17%[2]) and Serbia (+16%[2]). Loans outstanding stood at €10.7 billion at end-December, a year-on-year increase of +6.5%[2].

The surplus of deposits over loans remained at €1.5 billion at end-December 2018.

In full-year 2018, net banking income was up 3.3% compared to 2017 at €847 million. Note that the performance in the fourth quarter 2018 was the best in 2018.

Operating expenses saw a slight rise of 3.2% over the same period, thus allowing a slightly positive jaws effect to be generated over the year. The underlying cost/income ratio was 61.9%, which was stable over the period.

Thus, operating income posted solid growth of 3.5% to end-December 2018 compared to the same period in 2017.

The cost of risk fell by a sharp -28.4% over the same period to -€83 million.

A capital gain of +€14 million related to the disposal of real estate at Crédit du Maroc over the fourth quarter is recognised under gains or losses on other assets.

In 2018, the business division's underlying net income Group share came to €146 million, an increase of +47% compared with 2017.

All subsidiaries saw their income rise in 2018 compared to 2017 (Poland +15%[2], Egypt +10%[2], Morocco +28%[2], Ukraine +43%[2])

This business now accounts for **3% of Crédit Agricole S.A.'s underlying net income Group share of the business lines (excluding Corporate centre).**

(1) Source: ABI (Italian Banking Association).
(2) Excluding currency effect.

The definitions of the underlined words can be found in the Glossary on page 600.

Specialised financial services (SFS)

Specialised financial services includes the Consumer finance (CA Consumer Finance – CACF) and leasing and factoring (CA Leasing & Factoring – CAL&F) activities. It should be noted that Crédit Agricole Leasing Italie (Calit) was transferred from CAL&F to IRB Italy as of 1 January 2017. This transfer has no effect on comparisons of 2018 and 2017.

Specialised financial services (SFS) – Contribution to results, stated and underlying 2018

(in millions of euros)	2018 stated	2017 stated	Δ 2018/2017 stated	2018 underlying	2017 underlying	Δ 2018/2017 underlying
Revenues	**2,769**	**2,721**	**+1.7%**	**2,769**	**2,721**	**+1.7%**
Operating expenses excl.SRF	(1,363)	(1,393)	(2.2%)	(1,363)	(1,393)	(2.2%)
SRF	(17)	(14)	+19.9%	(17)	(14)	+19.9%
Gross operating income	**1,389**	**1,314**	**+5.7%**	**1,389**	**1,314**	**+5.7%**
Cost of risk	(467)	(440)	+6.1%	(467)	(440)	+6.1%
Cost of legal risk	-	-	n.m.	-	-	n.m.
Equity-accounted entities	187	241	(22.4%)	254	241	+5.4%
Net income on other assets	1	(1)	n.m.	1	(1)	n.m.
Change in value of goodwill	-	-	n.m.	-	-	n.m.
Income before tax	**1,110**	**1,114**	**(0.3%)**	**1,177**	**1,114**	**+5.7%**
Tax	(244)	(230)	+6.2%	(244)	(272)	(10.4%)
Net income	**866**	**883**	**(1.9%)**	**933**	**841**	**+11.0%**
Non controlling interests	(128)	(118)	+8.7%	(128)	(118)	+8.7%
NET INCOME GROUP SHARE	**738**	**766**	**(3.6%)**	**805**	**723**	**+11.4%**

CACF saw a dynamic year with assets under management on the up by +7.2% year-on-year, to stand at €88.5 billion, exceeding the strategic objective. Managed outstandings with the entities of the Crédit Agricole Group networks (+10.0%) and the automotive partnerships (+11.2%) showed a sharp increase, in line with the increase in new loans. The 2019 MTP objective was largely reached in 2018 (70% by end 2019), and CACF posted a self-financing flow of 83.6% at end-December 2018.

Many partnerships were agreed upon in 2018, including the renewal of the partnership with Banco BPM (third-largest Italian bank), *via* a 15-year extension distribution agreement. Additionally, there was the launch of a joint venture in Spain with Bankia (the fourth-largest Spanish bank), expected to begin commercial activity at the end of the second quarter 2019.

In full-year 2018, the net income Group share of CACF came to €639 million, an increase of +9.3% in relation to 2017. The slight increase in the cost of risk (+5.7%) somewhat offset the increase in underlying gross operating income (+5.1%) linked to a very positive jaws effect of over +4 points: revenues increased by +0.8% while operating expenses excluding SRF decreased by -3.4%. The contribution to the Single Resolution Fund (SRF) in 2018 was €10 million, an increase of +12.3% in relation to 2017. The cost/income ratio excluding SRF came to 48.9%, an improvement of 2.1 percentage points compared to 2017. The decrease in the underlying tax charge of -7.7% helped to boost the operating performance and bring growth in net income Group share to +9.3%.

FCA Bank (a 50% subsidiary of CACF and FCA) was fined by the Italian competition authority for a total amount of €178.9 million. CACF set aside the amount of the fine representing its share of FCA Bank (50%).

CAL&F also had a great 2018, with a net income Group share of €167 million, an increase of +20.2% versus 2017 thanks to revenue growth (+5.7%) surpassing growth in expenses excluding SRF (+3.0%), which gave a jaws effect of nearly +3 points, and an improvement in the cost/income ratio excluding SRF of 1.3 percentage points. The contribution to the Single Resolution Fund (SRF) for 2018 was -€7 million, an increase of +31.3% versus 2017. Factored revenues grew by +5.4% over the year, with excellent business momentum at international level (49.8%), particularly in Germany and Belgium, where business grew by +6.3%.

The factoring app for smartphones (Cash in time) launched by CAL&F in 2017, had attracted 11,515 customers at end-December 2018, with total factored revenues of €332.8 million and revenues of €6.9 million in 2018.

The underlying net income Group share 2018 of the division reached €805 million, an increase of +11.4% versus 2017, linked notably to a decrease in operating expenses excluding SRF of -2.2% and an increase in the contribution from equity-accounted entities of +5.4%. There was also a substantial jaws effect of nearly +4 points (revenue growth of +1.7%). This gave rise to a cost/income ratio excluding SRF of 49.2% in 2018, an improvement of 2 percentage points in relation to 2017. Note there was a sharp increase of nearly +19.9% in the SRF charge in 2018 to €17 million.

Specialised financial services contributed **16% of Crédit Agricole S.A.'s underlying net income Group share of the business lines** (excluding the Corporate centre) in 2018 and **14% of underlying revenues** on the same basis. The Group's RoNE was 16.3% in 2018, compared with 14.1% in 2017, a level well above the medium-term plan targets of 13%.

At 31 December 2018, capital allocated to the Specialised financial services division was €5.1 billion (15% of the total allocation), and risk-weighted assets stood at €53.6 billion.

The definitions of the underlined words can be found in the Glossary on page 600.

Large customers (CIB and Asset Servicing)

The Large customers division includes the Capital Markets, Investment Banking, Structured Finance and Commercial Banking business lines housed within Crédit Agricole Corporate & Investment Bank (CACIB), as well as Asset Servicing, hosted within CACEIS.

Large customers (LC) – Contribution to results, stated and underlying 2018

(in millions of euros)	2018 stated	2017 stated	Δ 2018/2017 stated	2018 underlying	2017 underlying	Δ 2018/2017 underlying
Revenues	**5,368**	**5,332**	**+0.7%**	**5,323**	**5,455**	**(2.4%)**
Operating expenses excl.SRF	(3,169)	(3,099)	+2.3%	(3,169)	(3,099)	+2.3%
SRF	(170)	(139)	+21.8%	(170)	(139)	+21.8%
Gross operating income	**2,030**	**2,094**	**(3.1%)**	**1,984**	**2,217**	**(10.5%)**
Cost of risk	64	(203)	n.m.	64	(203)	n.m.
Cost of legal risk	-	(115)	(100.0%)	-	(115)	(100.0%)
Equity-accounted entities	0	277	(99.9%)	0	175	(99.8%)
Net income on other assets	14	13	+8.5%	14	13	+8.5%
Change in value of goodwill	-	-	n.m.	-	-	n.m.
Income before tax	**2,108**	**2,065**	**+2.1%**	**2,062**	**2,086**	**(1.1%)**
Tax	(550)	(710)	(22.5%)	(539)	(663)	(18.8%)
Net income from discont'd or held-for-sale ope.	-	-	n.m.	-	-	n.m.
Net income	**1,557**	**1,355**	**+15.0%**	**1,524**	**1,423**	**+7.1%**
Non controlling interests	(30)	(48)	(38.2%)	(29)	(49)	(41.5%)
NET INCOME GROUP SHARE	**1,528**	**1,307**	**+16.9%**	**1,495**	**1,374**	**+8.8%**
o/w Corporate & Investment Banking	*1,354*	*1,184*	*+14.4%*	*1,321*	*1,254*	*+5.3%*
o/w Asset servicing	*174*	*123*	*+41.2%*	*174*	*120*	*+45.5%*
COST/INCOME RATIO EXCL. SRF *(%)*	**59.0%**	**58.1%**	**+0.9PP**	**59.5%**	**56.8%**	**+2.7PP**

In an adverse environment for market activities, particularly in the fourth quarter 2018, and in a challenging and competitive market in terms of customer business, the division's underlying revenues were down -2.4% over the year, to stand at €5,323 million in 2018. This trend was contrasted over the division's various businesses.

The income from **financing activities** was up 7.6% to €2,481 million, with good performance across all business lines.

The growth in income from structured financing is mainly driven by the Telecoms and Energy sectors, thanks to major deals. Crédit Agricole CIB remains the world leader in aeronautics financing[(1)] and is now the world number four in project financing, up three places[(2)]. Furthermore, as part of its Distribute to Originate model, financing activities recorded an average primary syndication rate of 39% in 2018, unchanged compared to 2017 and up 13 percentage points compared to 2013, the year this policy was ramped up.

Commercial bank income was on the up, led by export financing activities, international trade finance and cash management activities (International Trade & Transaction Banking – ITB) as well as corporate loans and distribution activities (Debt Optimisation and Distribution).In fact, on ITB this performance was confirmed with:

- a growth driver contributed by the Private Equity Financing Solutions activity in partnership with CACEIS;
- the upturn in oil prices with a favourable effect on Global Commodities Finance business;
- Trade Finance with very high levels of activity, along with the income from the integration of Crédit Agricole S.A.'s Correspondent Banking business.

In addition, the Debt Optimisation and Distribution activities are well-starred, thanks to acquisition financing that enjoyed major transactions and the implementation of substantial bilateral loans. Crédit Agricole CIB improved its position on syndicated loans by moving from fourth to second place[(3)] on the syndication activities of Corporates in the EMEA zone.

Underlying revenues from **Capital Markets and Investment Banking** were down -16.1% to €1,963 million in the adverse market environment for fixed income activities, despite trade volumes on the up in the first quarter, except for credit. Interest rate activities continued to suffer from the drop in margins. Credit was penalised by both an adverse environment for issues, and a high basis of comparison in 2017, which benefited from a very high level of primary and secondary income. Securitisation and foreign exchange activities both performed well. In 2018, Crédit Agricole CIB was ranked global number one in supranational bond issuance[(4)] and gained market share of 2.4 points versus 2017.In green financing, Crédit Agricole CIB remained global leader in Green bonds[(5)].Income from investment banking was down, especially on M&A activities. Crédit Agricole CIB made third place[(6)] in France on the equity issues classification, and gained 3.6 points in market share.

Asset servicing (CACEIS) posted solid organic growth and thanks to strong commercial momentum it captured new customers across all of its core activities. However, that was not enough to offset a very negative market over the year. Assets under custody thus stood at €2,633 billion at end-December 2018, down -0.9% year-on-year. At €1,692 billion, assets under administration are also down -4.0% compared to end-2017.The year-on-year decrease also reflects the outflow of -€13 billion in assets linked to the sale by CACEIS of its North American activities.

(1) Source: Air Finance Journal.
(2) As a mandated arranger based on volume – Source Refinitiv X02.
(3) As a bookrunner – Source: Refinitiv T78.
(4) As a bookrunner – Source: Refinitiv N5.
(5) As a bookrunner – Source: Bloomberg.
(6) As a bookrunner – Source: Refinitiv.

The definitions of the underlined words can be found in the Glossary on page 600.

In terms of results, changes in the DVA as well as loan book hedges, represent recurring specific items in the financial statements of Crédit Agricole CIB. In 2017, certain specific non-recurring items were recognised to reconcile posted amounts and variations against underlying amounts and changes: the disposal of a portion of the equity investment (16.2% of the capital) in BSF – Banque Saudi Fransi – as well as the adjustment of the net gain on this disposal, and tax adjustments (surcharge and revaluation of deferred taxes in France and the United States).

Operating expenses excluding SRF contribution stood at €3,169 million over the year, an increase of 2.3% due in essence to organic growth and investments, particularly in information technology. The underlying cost/income ratio excluding SRF fell 3 points to stand at 59.5%.

The cost of risk saw a net upturn over the year at €64 million in 2018, due to a low specific cost of risk, the removal from the balance sheet of some items, and net recoveries on Buckets 1 and 2.

The share of results from equity-accounted entities was zero, while in 2017 this included the share of Banque Saudi Fransi for €175 million.

In 2018, net income Group share came to €1,495 million, an increase of +8.8% compared to 2017. Full-year 2018 includes a contribution to the Single Resolution Fund (SRF) of €170 million, compared to €139 million in 2017, an increase of +21.8%. During the period no non-specific provision for legal risk was recognised for the division although a provision of €115 million was booked in 2017.

At 31 December 2018, capital allocated to the Large customers division was €11.3 billion and risk-weighted assets for the division totalled €118.4 billion.

Risk-weighted assets for Corporate & investment banking alone reached €109.8 billion, an increase of +10.3% compared to end-December 2017. The growth over the year was mainly linked to the anticipation of Basel 4 on non-financial operational risks, measured following the standard method. Organic RWA remained stable and business momentum was profitable. In Financing activities, the revenue to average risk-weighted assets ratio for the period rose by +14 basis points compared to 2017.

RoNE (Return on Normalised Equity calculated on the basis of capital allocation) continued to increase, reaching 12.5% versus 11.2% over full-year 2017, well above the minimum target in the Medium Term Plan of 11%, despite the deconsolidation of the stake in BSF which had a negative effect on RoNE and had not been anticipated in the Medium Term Plan.

The Large customers division contributed **29% of Crédit Agricole S.A.'s underlying net income Group share of the business lines** (excluding the Corporate centre) in 2018 and **27% of their underlying income** (excluding Corporate centre) on the same basis.

Corporate centre (CC)

The Corporate centre acts as Crédit Agricole S.A.'s central body and is responsible for asset and liability management, and management of debt related to acquisitions of subsidiaries and equity interests. It also includes:

- *the results of the private equity business and results of various other Crédit Agricole S.A. Group companies (Unimédias, Foncaris, CA Immobilier, etc.);*
- *results of resource pooling companies and property operating companies and reorganisation activities involving business premises allocated to several divisions;*
- *net effects of Crédit Agricole S.A.'s group tax relief arrangements and the revaluation of structured debt issued by Crédit Agricole CIB.*

The 2018 financial statements include the provision for home-purchase savings provision established by Crédit Agricole S.A. (-€3 million in net banking income, -€2 million in net income Group share) along with the ECB fine (-€5 million in cost of legal risk). In 2017, specific items impacted income for -€70 million and net income Group share for -€276 million. These items specifically included the impact of the issuer spread for -€131 million, effects related to taxation for -€124 million, the Exchange Images Cheques fine for -€38 million, and positively, the change in goodwill for +€91 million, the sale of investments in Eurazeo for +€103 million, and change in the home-purchase provision for +€103 million.

Corporate centre (CC) – Contribution to results, stated and underlying 2018

(in millions of euros)	2018 stated	2017 stated	Δ 2018/2017 stated	2018 underlying	2017 underlying	Δ 2018/2017 underlying
Revenues	**(344)**	**(656)**	**(47.5%)**	**(341)**	**(597)**	**(42.8%)**
Operating expenses excl.SRF	(842)	(789)	+6.8%	(842)	(789)	+6.8%
SRF	(62)	(61)	+1.9%	(62)	(61)	+1.9%
Gross operating income	**(1,249)**	**(1,505)**	**(17.1%)**	**(1,245)**	**(1,446)**	**(13.9%)**
Cost of risk	(5)	(6)	(26.0%)	(5)	(6)	(26.0%)
Cost of legal risk	(80)	-	n.m.	(75)	-	n.m.
Equity-accounted entities	21	177	(88.4%)	21	74	(72.1%)
Net income on other assets	13	(4)	n.m.	13	(4)	n.m.
Change in value of goodwill	86	186	(54.1%)	-	-	n.m.
Income before tax	**(1,213)**	**(1,152)**	**+5.3%**	**(1,291)**	**(1,383)**	**(6.6%)**
Tax	576	344	+67.3%	575	460	+24.8%
Net income	**(638)**	**(808)**	**(21.1%)**	**(717)**	**(922)**	**(22.3%)**
Non controlling interests	(35)	(58)	(40.0%)	(15)	29	n.m.
NET INCOME GROUP SHARE	**(672)**	**(865)**	**(22.3%)**	**(731)**	**(894)**	**(18.2%)**

In full-year 2018, the underlying net loss came to **-€731 million,** an improvement of -18.2%/+€162 million compared to 2017. This included a contribution to the SRF of €62 million, up slightly (+1.9%) compared to 2017.

At 31 December 2018, **risk-weighted assets** stood at **€21.6 billion and allocated capital at €2.1 billion.**

The definitions of the underlined words can be found in the Glossary on page 600.

RoTE

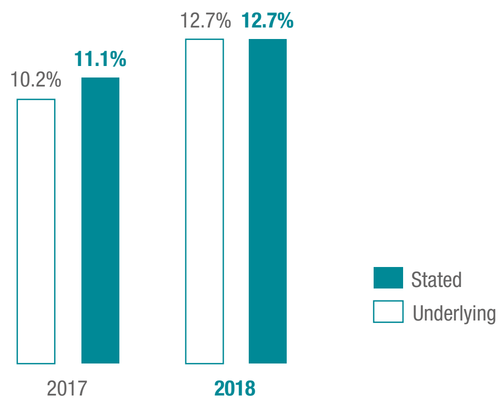
Measures the return on tangible equity (the bank's net assets restated for intangibles and goodwill).

Posted and underlying rates of RoTE rose respectively by 2.5% and 1.6% in 2018 to stand at 12.7%, highlighting the improvement in the profitability of Crédit Agricole S.A.'s business lines.

RoTE *(%)*

(in millions of euros)		2018	2017
Net income Group share attributable to ordinary shares	[H]	3,957	3,194
Tangible NBV (TNBV), not revaluated attrib. to ord. sh. – avg[1]	[J]	31,120	31,182
Stated RoTE *(%)*	**[H]/[J]**	**12.7%**	**10.2%**
Underlying Net income attrib. to ord. shares (annualised)	[I]	3,962	3,471
UNDERLYING ROTE *(%)*	**[I]/[J]**	**12.7%**	**11.1%**

(1) Including assumption of dividend for the current exercise.



Earnings per share

Earnings per share represent a company's net profit divided by the average number of shares outstanding excluding treasury shares. It indicates the portion of profit attributable to each share (not the portion of earnings paid out to each shareholder, which is the dividend). It may decrease, with total profit unchanged, if the number of shares increases.

Crédit Agricole S.A. – data per share

(in millions of euros)		2018	2017	Δ 2018/2017
Net income Group share – reported		4,400	3,649	+20.6%
▪ Interests on AT1, including issuance costs, before tax		(443)	(454)	-2.5%
NIGS attributable to ordinary shares – reported	**[A]**	**3,957**	**3,194**	**+23.9%**
Average number shares in issue, excluding treasury shares (m)	[B]	2,853.7	2,843.6	+0.4%
Net earnings per share – reported	**[A]/[B]**	**€1.39**	**€1.12**	**+23.4%**
Underlying net income Group share (NIGS)		4,405	3,925	+12.2%
Underlying NIGS attributable to ordinary shares	**[C]**	**3,962**	**3,471**	**+14.2%**
NET EARNINGS PER SHARE – UNDERLYING	**[C]/[B]**	**€1.39**	**€1.22**	**+13.8%**

Posted earnings per share were up +23.4% in 2018 to €1.39 and the underlying profit per share was up +13.8% also to €1.39.

The definitions of the underlined words can be found in the Glossary on page 600.

Tangible asset profitability

(in millions of euros)		31/12/2018	31/12/2017
Shareholder's equity Group share		58,811	58,056
■ AT1 issuances		(5,011)	(5,011)
■ Unrealised gains and losses on OCI - Group share		**(1,696)**	**(3,500)**
■ Payout assumption on annual results[1]		(1,975)	(1,802)
Net book value (NBV), not revaluated, attributable to ordin. sh.	**[D]**	**50,129**	**47,743**
■ Goodwill & intangibles[2] - Group share		(17,843)	(17,672)
Tangible NBV (TNBV), not revaluated attrib. to ordinary sh.	[E]	32,286	30,072
Total shares in issue, excluding treasury shares (period end, m)	[F]	2,862.1	2,844.0
NBV per share, after deduction of dividend to pay *(€)*	**[D]/[F]**	**17.5**	**16.8**
+ Dividend to pay *(€)*	**[H]**	**0.69**	**0.63**
NBV per share, before deduction of dividend to pay *(€)*		**18.2**	**17.4**
TNBV per share, after deduction of dividend to pay *(€)*	**[G]=[E]/[F]**	**11.3**	**10.6**
TNBV per share, before deduction of dividend to pay *(€)*	**[G]+[H]**	**12.0**	**11.2**

(1) Dividend proposed to the Board meeting to be paid.
(2) Including goodwill in the equity-accounted entities.

CRÉDIT AGRICOLE S.A. CONSOLIDATED BALANCE SHEET

Crédit Agricole S.A. – Consolidated balance sheet

(in millions of euros)	Notes[1]	31/12/2018	01/01/2018	31/12/2017	Change
Cash, central banks	6.1	66,976	50,755	50,761	31.9%
Financial assets at fair value through profit and loss	6.2-6.9	365,475	363,737	321,404	13.7%
Hedging derivative instruments	3.2-3.4	14,322	16,429	16,435	(12.9%)
Available-for-sale financial assets	6.4-6.7-6.8-6.9			307,058	(100%)
Loan and receivables due from credit institutions	3.1-3.3-6.5-6.8-6.9	412,981	388,716	394,051	4.8%
Loan and receivables due from customers	3.1-3.3-6.5-6.8-6.9	369,456	341,114	360,079	2.6%
Revaluation adjustment on interest rate hedged portfolios		6,375	5,978	5,978	6.6%
Held-to-maturity securities	6.6-6.7-6.9			20,179	(100%)
Current and deferred tax assets	6.13	4,480	4,741	4,462	0.4%
Accruals account and sundry assets	6.14	38,013	36,197	36,197	5.0%
Non-current assets held for sale and discontinued operations		257	495	495	(48.1%)
Investment in equity-accounted entities	6.15	6,368	5,108	5,177	23.0%
Fixed assets	6.16-6.17	12,764	12,586	12,586	1.4%
Goodwill	6.16	15,491	15,421	15,421	0.5%
TOTAL ASSETS		**1,624,394**	**1,551,572**	**1,550,283**	**4.8%**

(1) Details Chapter 6 Consolidated Financial Statements.

The definitions of the underlined words can be found in the Glossary on page 600.

(in millions of euros)	Notes[1]	31/12/2018	01/01/2018	31/12/2017	Change
Central Banks	6.1	949	3,185	3,185	(70.2%)
Financial liabilities at fair value through profit and loss	6.2	228,111	227,848	227,887	0.1%
Hedging derivative instruments	3.2-3.4	12,085	13,271	13,271	(8.9%)
Due to credit institutions	3.3-6.10	131,960	125,590	125,590	5.1%
Due to customers	3.1-3.3-6.10	597,170	550,746	550,746	8.4%
Debt instruments	3.2-3.3-6.11	184,470	163,759	163,708	12.7%
Reavaluation adjustment on interest rate hedged portfolios		6,612	6,565	6,565	0.7%
Current and deferred tax liabilities	6.13	2,376	3,287	3,482	(31.8%)
Adjustment account and sundry liabilities	6.14	42,309	40,530	40,530	4.4%
Liabilities associated with non-current assets held for sale		229	354	354	(35.3%)
Insurance company technical reserves	6.19	324,033	322,516	320,417	1.1%
Provisions	6.20	5,809	4,935	4,421	31.4%
Subordinated debt	3.2-3.3-6.11	22,765	25,421	25,421	(10.4%)
Total Liabilities		**1,558,878**	**1,488,007**	**1,485,577**	**4.9%**
Equity		**65,516**	**63,565**	**64,706**	**1.3%**
Equity - Group Share		**58,811**	**57,135**	**58,056**	**1.3%**
Non-controlling interests		**6,705**	**6,430**	**6,650**	**0.8%**
TOTAL LIABILITIES		**1,624,394**	**1,551,572**	**1,550,283**	**4.8%**

(1) Details Chapter 6 Consolidated Financial Statements.

4

Main changes in the consolidated balance sheet

At 31 December 2018, the consolidated balance sheet of Crédit Agricole S.A. amounted to €1,624.4 billion, up +€74.1 billion (+4.8%) compared with the 2017 balance sheet. At 31 December 2018, the consolidated balance sheet of Crédit Agricole S.A. amounted to €1,624.4 billion, up +€74.1 billion (+4.8%) compared with the 2017 balance sheet. 2018 was the first time IFRS 9 was applied, which resulted in a total increase of €1.3 billion on the balance sheet. Excluding this impact, the rise is attributable to €72.8 billion in organic growth for the following aggregates:

- the rise in financial assets at amortised cost totalling €58.7 billion;
- the rise in central banks and Regional Banks for €16.2 billion.

To recall, the application of IFRS 9 eliminated the categories of available-for-sale financial assets and financial assets held to maturity, and simultaneously created the category of financial assets at fair value through equity.

Analysis of the main items

Loans and receivables from customers and credit institutions totalled €782.5 billion at end-December 2018, an increase of +3.8% or +€28.4 billion compared with 2017.

Loans and receivables due from customers (including lease financing operations) totalled €369.5 billion at 31 December 2018, compared with €360.1 billion a year earlier, an increase of +2.6%. The increase was attributable chiefly to growth in customer transactions at LCL in the amount of +€9.5 billion, particularly on home loans (+€5.6 billion).

Loans and receivables due from credit institutions also increased to €413.0 billion (+4.8%), at 31 December 2018 compared with €394.1 billion at end-2017. The +€18.9 billion increase was mainly due to a rise in internal transactions with the Regional Banks (+€20.7 billion – advances to the Regional Banks in a low rate environment, mirror advances in connection with the higher savings deposits and new repurchase agreements involving the Regional Banks) and the increase in CACEIS outstandings (+€8.5 billion). At the same time, Crédit Agricole CIB saw its assets under management fall by -€1.2 billion, of which -€1.5 billion on accounts and loans.

Amounts due to credit institutions and customers totalled €729.2 billion at end-2018, up +7.8% or +€52.9 billion compared with end-2017.

Amounts due to credit institutions rose +€6.4 billion to €132.0 billion (+5.1%). This increase was due mainly to CACIB (+€8.6 billion).

Amounts due to customers rose +€46.5 billion (+8.4%) to €597.2 billion. This rise was due to Crédit Agricole S.A., which saw a high level of deposits on regulated savings (+€10.7 billion on passbook accounts, *Livret A* accounts and home-purchase savings plans). CACIB for +€16.5 billion including +€7 billion for CACIB Japan, +€4 billion for CACIB Paris, and +€3 billion for CACIB New York, LCL for +€8.9 billion and CACEIS for +€10.2 billion related to ongoing business.

Financial assets at fair value through profit or loss amounted to €365.5 billion at 31 December 2018, a rise of +13.7% year-on-year. Of this increase of +€44.1 billion, +€42.3 billion is attributable to the initial application of IFRS 9.The FTA impact mainly concerns Prédica for +€32.8 billion.

Financial liabilities at fair value through profit or loss stand at €228.1 billion at 31 December 2018, a very slight rise of +€0.2 billion year-on-year (+0.1%) thus practically unchanged.

Financial assets at fair value through equity stood at €253.6 billion at end-December 2018.

Debt securities stood at €57.8 billion at end-December 2018. This class was launched with the implementation of IFRS 9 and the disappearance of the "available-for-sale financial assets" and "held-to-maturity financial assets" classes.

The amount of **investments in equity-accounted entities** stood at €6.4 billion at end-2017, an increase of +23.1%, due mainly to the good performance of the Group's auto JVs.

Hedging derivatives recorded declines of -12.8% in assets and -9.0% in liabilities, attributable chiefly to the change in the fair value of micro and macro-hedging swaps at Crédit Agricole S.A.

The definitions of the underlined words can be found in the Glossary on page 600.

Insurance companies' technical reserves increased by +1.1% in 2018 from 2017, reaching €324.0 billion. This increase comes in essence from other Group insurers contributing +€5.6 billion to this increase, in connection with the growth in business and the transfer of a portfolio.

The **Debt securities** increase year-on-year +12.7% to amount to €184.5 billion at end-2018.

Equity amounted to €65.5 billion at 31 December 2018, a year-on-year increase of +1.1%. Equity – Group share increased slightly (+1.2%) to €58.8 billion at end-2018, mainly reflecting the inclusion of income for the year (+€4.4 billion) and dividends (-€2.2 billion).

Capital management and regulatory ratios

The amendment to IAS 1 adopted by the European Union on 11 January 2006 requires quantitative and qualitative disclosures on the issuer's capital and management of its capital i.e. objectives, policies and processes for managing capital. This information is provided in Note 3.6 to the financial statements and in "Pillar 3 disclosures", provided below. For full-year 2018, return on assets(1) was 0.27%, unchanged from 2017.

RECENT TRENDS AND OUTLOOK

The risks on the horizon are numerous, with various origins and varying consequences and probabilities of occurrence: a trade war and more generally protectionism and doubts around multilateralism, a slowdown in China, the winding down of fiscal stimulus in the US, Brexit, and social and political tension in Europe, France in particular. Although we don't underestimate the uncertainties, we believe economic growth in 2019 will slow down rather than collapse, but we are nevertheless maintaining prudent assumptions. First-of-all we expect the Chinese-US trade war to continue despite recent rumours of a possible hiatus. The US and China's announced agreement at the G20 summit to allow further negotiations for ninety days before threatened tariff increases by the US from 10% to 25% on US$200 billion of products imported from China and efforts by China to increase imports from the US is but a temporary truce. It cannot be seen as a prelude to a resolution of the trade conflict between the two sides given their entrenched positions. That said, the US is likely to keep this war confined to China without targeting other victims, such as the European Union. Our scenario also factors in an adjustment of Saudi Arabia's oil supply in line with the market, which will partly offset continued strong production in the US: this would allow the oil price to remain at around US$70 a barrel, but there is a risk of high volatility. The varying degrees of economic slowdown already evident in 2019 come therefore against the backdrop of this trade war and "well behaving" oil prices. While the Eurozone is struggling to catch its breath, Japan is having trouble bolstering domestic demand, Chinese growth is expected to disappoint (in the early part of the year at any rate) despite the government stimulus plan, and the US is likely to see another year of strong growth.

The current cycle, which started in June 2009, is the longest in **US** history. After peaking at close to 3% in 2018, US growth is starting to slow. But it is likely to remain above potential (2%) at close to 2.6% in 2019. Spontaneous forces (from the production investment cycle notably) are nevertheless fading and monetary and fiscal stimulus are being wound down. As a result, corporate investment should be weaker in 2019. And the outlook for an improvement in housing investment is gloomy. At the end of 2019, when the fiscal stimulus that propelled the cycle well beyond its natural high over two years almost comes to an end, a new more restrictive monetary policy and ongoing US-Chinese trade tensions are likely to herald the end of a period of exceptionally strong and lasting growth. The risk of a recession hangs in 2020.

In the Eurozone, while growth is being underpinned by an accommodative monetary policy and the budgetary policy, still strong fundamentals signal the maturing of the cycle, although no change is imminent yet. Fears around the strength of growth have changed in nature. The concerns about supply constraints that appeared at the cycle peak at end-2017 have faded. The latter are no longer capable of causing an erosion in margins that would spark a sudden downturn. However, new worries, as revealed in less positive surveys, have emerged which contrast with the good results borne out in the actual data. These are mainly exogenous (and have been raised before), weighing on the outlook for growth in external demand and investment, and suggest a more marked slowdown in growth than would naturally be expected. Our scenario factors in a weakening of growth (1.9% in 2018 followed by 1.6% in 2019, close to its potential level of 1.5%) mainly attributable to growing uncertainties, leading in turn to more cautious investment trends. **In France,** growth is expected to remain close to its 2018 level (1.6% after 1.5% in 2018). The implementation in early 2019 of measures to stimulate purchasing power should underpin household consumption and push growth up by +0.2 percentage point in 2019. However, given the deterioration in economic indicators and growing uncertainty, we have revised down slightly our anticipations for investment and exports. Although we cannot rule out further social unrest, our projection assumes a relative easing of demonstrations by the "yellow vest" movement in 2019. In the United Kingdom, after Parliament's rejection on 15 January of the withdrawal agreement signed by Theresa May and the European Union, the country's economic outlook is highly uncertain. An extension of negotiations beyond 29 March seems increasingly likely if the European Union is in favour. Optimists believe an orderly Brexit is still possible with support from the UK Parliament. However, a no-deal scenario if nothing is done to avoid it by 29 March also looks more likely the nearer the withdrawal date comes. This environment is weighing on the confidence of UK investors and consumers but is not impacting the overall scenario for the Eurozone.

In Japan, the outlook remains gloomy. In December 2018, the "Abenomics" programme of policies reached its seventh year in operation. Exports continue to stimulate growth, while private consumption lags behind. The latter will be further aggravated by a VAT increase scheduled for 2019. After reaching nearly 0.7% in 2018, growth is expected at just 0.6% in 2019.

(1) Referring to Article R. 511-16-1 of the Monetary and Financial Code, profitability of assets is obtained by dividing the net accounting income with the total balance-sheet, on a consolidated basis.

The definitions of the underlined words can be found in the Glossary on page 600.

Finally, after a difficult year in 2018 that saw the **emerging** financial markets (foreign exchange markets in particular) in turmoil, economic growth in those countries is likely to continue slowing to roughly 4.1% after reaching around 4.4% in 2018. 2019 looks very uncertain both in terms of growth and the markets, particularly given that China could be a specific source of volatility in the early part of 2019. Like other emerging countries, **China** suffered a slowdown, which its specific efforts to reduce its debt are amplifying. In 2019, against the backdrop of a trade war, the negative impact on external trade from the imposition of higher trade tariffs by the US will materialise. Since China had ramped up its exports in anticipation of the threatened tariff increases in January 2019, exports could slow in early 2019. Policy makers have thus far responded to the decline with a series of budgetary and monetary measures and moves to stimulate credit. But they have been careful not to overreact and aggravate the internal debt problem. Before those stimulus measures fully take effect, activity could dip during the initial months and raise concerns of an aggravation of the economic slowdown. Over full year 2019, however, growth could edge close to 6.4%, registering just a small and painless decline in relation to 2018 (around 6.6%).

Monetary policy in 2019 is likely to be prudent in light of the slowdown while inflation, which would normally be reaching the end of its cycle, is not likely to show any obvious signs of change, such is the distended nature of the link between wages and prices. In the US, while headline inflation has fallen on average (from 2.4% to 1.8%), inflation as measured by the central bank (expected at 2.1%) is likely to largely surpass the target level. Given the downward revision to the Fed Funds target rate (2.75%) in particular the Federal Reserve can pursue monetary tightening at its ease. As it is more dependent on economic data, and thus more uncertain, US monetary policy is only likely to be tightened around the end of 2019. We are projecting two 25 basis points increases in the Fed Funds rate, bringing it to 3% at the end of 2019. Where the ECB is concerned, the end of its quantitative easing programme (end of its net purchases under the Expanded Asset Purchase Programme since January 2019) signals just the beginning of normalisation. This preliminary stage does not in any way signify that monetary policy will become much less accommodative. Although the ECB says it is confident that inflation will recover, convergence with the 2% target seems highly uncertain. The prospects for a recovery are tenuous: headline inflation (1.6% at end-2018 and core inflation of 1%) could decrease in 2019 (1.2% at end-2019 and core inflation of 1%) and fall as low as 0.6%/0.7% at the end of the summer. With inflation low and under control, and few traditional tools to hand, the ECB is left somewhat helpless. In addition to its commitment to keep interest rates low for a long period, the ECB could announce a new series of LTRO in March. The Eurozone economy is still in need of an accommodative monetary policy.

The end of the cycle looks like it will not bring with it unmanageable inflationary pressures; the central banks remain prudent; monetary tightening, whether actual measures or just announcements, will be gradual; and finally, several economic and political uncertainties that could cause a drastic surge in risk aversion are obscuring the horizon. Risky assets (equities, corporate bonds, emerging markets) are thus more vulnerable. This context is nevertheless conducive to a very modest rise in long-term risk-free rates but accompanied by high volatility. Our scenario factors in US and German 10-year rates close to 3.3% and 0.6% respectively at the end of 2019. As regards the risk premiums offered by French and Italian sovereign bonds in relation to the Bund, we put these at close to 30 basis points and 240 basis points respectively at the end of 2019.

Recent events

Main objectives of the "Strategic Ambition 2020" Medium-Term Plan

On 9 March 2016, Crédit Agricole Group unveiled its **Medium-Term Plan,** "Strategic Ambition 2020", which is based on its **leadership in retail banking and its specialised business lines as well as its ability to deliver results in line with its commitments in an environment of lasting economic, regulatory and banking change.**

The strategic ambition of the plan

The plan is designed around four priorities: simplifying the Group's capital structure, rolling out its customer project, strengthening the Group's growth momentum in its core business lines and improving its industrial efficiency:

- **the simplification of the Group's structure,** called Eurêka, was completed in the third quarter 2016: it consisted of transferring the 25% interest without voting rights in the Regional Banks held by Crédit Agricole S.A. since its IPO through CCIs/CCAs, to Sacam Mutualisation, an entity wholly owned by the Regional Banks, for a final sale price of €18.5 billion;
- the Plan is supported by Crédit Agricole Group's robust Universal Customer-focused Banking model, a source of value for its customers: the aim is to **roll out the Customer Project and enhance the digital transformation** to serve customers by strengthening the distribution model. The latter combines multi-channel with local service thanks to the digital transformation of all business lines, while also combining the ease and flexibility sought by customers with the added value of tailored advice;
- **the strengthening of the Group's growth momentum on its core business** is based on several priorities: improving its positions in Retail banking, Asset gathering, Specialised financial services and Large customers, stepping up the digital transformation, while controlling the cost base, and developing intragroup synergies: by strengthening internal partnerships and accelerating cross-selling between the business lines and Group's retail banks, the plan anticipates revenue synergies of +€1 billion for the Group, +€700 million of which for Crédit Agricole S.A. and +€300 million for the Regional Banks, between 2015 and 2019;
- **improving operational efficiency** will improve Crédit Agricole S.A.'s cost/income ratio by six percentage points and bring it to below 60% by 2019, which represents €900 million of savings over a three-year period.

Financial and prudential trajectory

The Plan is based on prudent assumptions. The assumption was for moderate growth in the Eurozone and in the Group's two main domestic markets, France and Italy, as well as persistently low interest rates (3-month Euribor and 10-year OAT).

Main assumptions and objectives of "Strategic Ambition 2020"

		Crédit Agricole Group		o/w Crédit Agricole S.A.	
		At 31/12/2015	2019 targets	At 31/12/2015	2019 targets
Business	CAGR[1] Revenues 2015-2019	€31,836 m	>+1.5%	€17,194 m	>+2.5%
	Cost/income ratio	63%	<60%	66%	<60%
	Cost of risk/outstandings	30bp[2]	<35bp	41bp	<50bp
Profitability	Net income Group share	€6.0bn	>€7.2bn	€3.5bn	>€4.2bn
	Return on Tangible Equity (RoTE)	-	-	10.0%	>10%
Solvency	Fully-loaded Common Equity Tier 1 ratio	13.7%	16%	10.7%	≥11%
	TLAC[3] ratio excl. eligible senior debt	19.7%	22%	-	-
	Risk-weighted assets	€509bn	€534bn	€296bn[4]	€303bn[4]

(1) Annual growth rate versus 2015 restated for the Group's capital simplification operation.
(2) Basis points.
(3) Total Loss-Absorbing Capacity.
(4) *Pro forma* calculation of the Group's capital simplification operation.

The financial targets were to be achieved through balanced revenue growth and cost control in each business line, the cost-cutting efforts releasing €4.4 billion in funding for the investments planned for Crédit Agricole S.A.'s business lines. At the same time, the contribution from the Corporate Centre was to be reduced to around -€700 million per annum in 2019.

The Crédit Agricole Group aims to remain one of the strongest banks in Europe in terms of solvency. The forecasts assume an earnings payout ratio by Crédit Agricole S.A. of 50% in cash, the risk weighting of the capital and reserves of Crédit Agricole Assurances at 370% and the Switch 2 guarantee between the Regional Banks and Crédit Agricole S.A., eliminated at Crédit Agricole Group level.

Liquidity management

	Regulatory requirement		Situation at end-2015	2016-2019 target
LCR	70% at 01/01/2016 ↓	Crédit Agricole S.A.	>100%	~110%
	100% from 01/01/2018	Crédit Agricole Group	>100%	~110%
NSFR[1]	100% from 01/01/2018	Crédit Agricole Group	>100%	>100%
PRS[2]		Crédit Agricole Group	€108bn	>€100bn

(1) Estimate made on the basis of our understanding of the EBA guideline dated 18 December 2015.
(2) Stable resources: surplus stable balance sheet resources.

Review of the strategic plan

Customer project and acquisition

With solid customer acquisition anchored around the universal customer-focused, multi-channel and relationship-based banking model (1.3 million new customer relationships with the Regional Banks in 2018), the Group has deployed an ambitious **Customer Project,** which has been strengthened by the digital revolution.

The individual customer demand deposit market grew for the second consecutive year by 26.1% (+0.4 points) and the financing of the French economy and regions posted a record increase for the Corporates market, +16.6% (i.e. 12.8 billion in financing from the Regional Banks in 2018).

New approaches in the consulting business line and new offers have been established in an effort to transform customer experience and optimise cross-selling:

- this cooperative dynamic has been strengthened, notably resulting in the Group insurance contracts of Group entities being brought in-house: CAA became the health insurer of 27 Regional Banks, 12 Crédit Agricole S.A. Entities, and manages the IFCs for 38 Regional Banks;
- IDIA launched the "Energy, Agricultural and Agrifood Transitions" fund for €200 million, along with the energy sector (servicing platform by Unifergie);
- digitalisation indicators increased in all business lines: for example, 70% of loan offers are now eligible for Habitat electronic signature for Regional Banks, i.e. the most extensive digitalisation offer on the market;
- the new *"Trajectoires Patrimoine"* offer was launched in October 2018, allowing each CA customer to choose the best options for increasing their wealth, from the first euro;
- a digital solution for connecting corporate customers internationally began with the launch of the "Trade Club".

Synergies

Thanks to the various initiatives between the various business lines and the genuine collective strategy followed, major progress was made in terms of synergies. These stood at €8.7 billion for the Crédit Agricole Group during financial year 2018, up 12% on 2015, and very much in line with the target of €8.8 billion by 2019. Three main sources of synergies are of note: the insurance business contributed €5.3 billion, asset management came to €1 billion, and consumer credit accounted for €0.7 billion.

The definitions of the underlined words can be found in the Glossary on page 600.

Structural initiatives regarding the organisation of our business within the Group have been undertaken, in particular via the establishment of new **structural partnerships,** both with banking players and non-banking technological players, and startups:

- an exclusive long-term insurance (fifteen years) partnership agreement was signed by CAA with **Credito Valtellinese** (Creval), with a 5% stake acquired in Creval by CAA;
- in consumer finance, a joint venture was created in Spain with Bankia, and the partnership between Agos and **Banco BPM** in Italy was strengthened with an agreement allowing an expansion of this global partnership over the next fifteen years;
- a technological and capital structure partnership was agreed between Azqore (formerly CAPBS) and **Cap Gemini,** aimed at creating a new global reference for the outsourcing of IT and banking services, in particular for Wealth management;
- an agreement was signed with **Wirecard** in the sphere of payment services for merchant customers of the Group's banks, with the main aim of marketing the multi-channel acceptance solution for French merchants.

Operational efficiency

The Group implemented several cross-functional operational efficiency programmes with the aim of generating, for Crédit Agricole S.A., €900 million in savings over the course of the plan. They amounted to €563 million in late 2018, i.e. approximately two thirds of the target, and notably include:

- the *"Transformons ensemble"* project, centred around the support functions of Crédit Agricole S.A. (€157 million);
- the "Save" Purchasing optimisation programme (€140 million);
- the IT system efficiency programme (€56 million with a potential €185 million in future annual savings);
- the Business Line operational efficiency plans (€211 million).

The savings plans will continue to produce gains in 2019 and the IT projects undertaken will have results beyond the plan (a potential €185 million in annual savings, through a €260 million investment plan over approximately five years as part of the creation of CAGIP).

All of these measures have favourably impacted the course of the cost/income ratio of Crédit Agricole S.A., which totalled 62.1% in late 2018, up 6.4 points from end-2015.

Summary on the achievement of Crédit Agricole S.A.'s targets

At end-2018, Crédit Agricole S.A. had already exceeded the targets it had set itself in the plan, in particular in terms of growth rate in net income Group share (underlying), control of cost of risk (cost of risk/outstandings), profitability (underlying RoTE) and solvency (fully-loaded Core equity Tier 1 ratio). Crédit Agricole S.A. posted underlying net income Group share of €4.4 billion in 2018 (compared to €2.6 billion in 2015) thus surpassing one year early the 2019 target for the Medium-Term Plan of €4.2 billion. The cost/income ratio excluding SRF stood at 62.1% in 2018 (versus 68.6% in 2015) for a 2019 target of below 60%.

The adapted fully-loaded Common Equity Tier 1 ratio target has already been achieved: for Crédit Agricole S.A. the ratio was 11.5% at end-2018 against a 2019 target of over 11%.

Moreover, the dividend policy set out in the plan (payout ratio of 50%, in cash) and supplemented in November 2016 (minimum dividend of €0.60 per share) also applies for 2018.

Lastly, the Group's capital structure has already been adapted to the future requirements of the TLAC ratio, without taking into account eligible senior debt, which is an additional buffer of 2.5% to 3.5%. As at 31 December 2018, the Crédit Agricole Group's TLAC ratio rose to 21.4%, excluding eligible preferred senior debt. The objective of a 22% TLAC ratio by the end of 2019, excluding eligible preferred senior debt, has been confirmed. To reach this objective, a volume of TLAC debt of between €5 to €6 billion is expected to be issued in 2019.

	Crédit Agricole S.A.		
	2015	2018	2019 targets
CAGR underlying revenues	17,379[2]	+4.3%[1]	>+2.5%
Cost/income ratio excl. SRF	68.6%	62.1%	<60%
Cost of risk/outstandings *(in basis points)*	41	23	<50
Underlying net income Group share *(in billions of euros)*	2.6	4.4	4.2
Fully loaded CET1[2]	11%	11.5%	≥11%
Underlying RoTE *(%)*	7.8%	12.7%	>10%
Dividend[3]	€0.60 (scrip option)	€0.69 in cash	50% in cash (min. €0.60)

(1) CAGR 2015-2017.
(2) *Pro forma* calculation of the Group's capital simplification operation.
(3) Dividend proposed to the General Meeting.

4

INFORMATION ON CRÉDIT AGRICOLE S.A.'S FINANCIAL STATEMENTS (PARENT COMPANY)

ANALYSIS OF CRÉDIT AGRICOLE S.A.'S RESULTS (PARENT COMPANY)

At 31 December 2018, Crédit Agricole S.A. revenues stood at €2,908 million, up by +€1,451 million on 2017.

This change was attributable to:

- a -€344 million reduction in the interest margin, mainly due to early repayments on loans and receivables to the Regional Banks, resulting in a -€363 million reduction in income;
- a +€2,267 million increase in income from variable-income securities (primarily dividends from subsidiaries and equity investments) due to an increase in dividends from Crédit Agricole Assurances, Crédit Agricole CIB and CACEIS of +€1,520, +€968 and +€96 million, respectively, offset by a -€319 fall in dividends from CA Consumer Finance;
- a -€7 million reduction in net fees and commissions, mainly attributable to a -€65 million reduction in commissions received under the mechanism to pool funds held in special savings accounts collected by the Regional Banks (home purchase savings schemes, *Livret A* passbook accounts and popular savings passbook accounts *(Livrets d'épargne populaire)*) and then reinvested by Crédit Agricole S.A. with the CDC. There was also a +€47 million change in liquidity commissions during the financial year following a reduction in the Regional Banks' requirements;
- a -€548 million reduction in net income from the trading book mainly due to a -€507 million change in gains on foreign exchange positions of AT1 securities issued in foreign currency;
- a +€36 million change in short-term investment portfolio and equivalent mainly related to the +€174 million gain generated in 2018 on the early redemption by Crédit Agricole Assurances of the super subordinated T2 securities, whereas in 2017 the disposals of French Government securities had generated gains of +€114 million;
- a +€47 million increase in other banking income.

At 31 December 2018, Crédit Agricole S.A. recognised €737 million in operating expenses, -€16 million down on 2017.

As a result of these changes, gross operating income recorded a gain of €2,161 million at 31 December 2018, up +€1,466 million compared with 2017.

The cost of risk amounted to -€9 million for 2018, i.e. a charge of -€23 million compared with 2017. The convergence of French GAAP with IFRS 9 aimed at transposing the new credit risk provisioning model in line with the IFRS 9 approach of estimating expected losses, resulted in Crédit Agricole S.A. recognising a -€4.5 million impairment loss in 2018. Moreover, on 16 August 2018, Crédit Agricole S.A. paid a €4.3 million fine for including capital increases in capital without the prior approval of the ECB.

"Net gains (losses) on fixed assets" totalled -€10 million in 2018, down -€644 million year-on-year. This decrease was attributable to the +€393 million gain on the disposal of the equity investments in Eurazeo and Finasic in the first half of 2017 (generating a gain of +€427 million and a capital loss of -€34 million, respectively).

Moreover, following an impairment test of the equity investments, a net charge of -€36 million was recognised in 2018 compared with a net reversal of +€211 million in 2017, representing a negative change of €248 million mainly attributable to:

- a positive effect of €356 million on LCL in 2018 on the back of an improvement in the value in use calculated as part of the impairment tests;
- a positive effect of €76 million on EFL (charge of -€23 million in 2018 versus -€99 million in 2017);
- a negative effect of €744 million on Cariparma (impairment of -€344 million in 2018 compared with a reversal of +€400 million in 2017).

The income tax charge stood at €638 million, +€383 million up on 2017. Tax gains, resulting from the tax consolidation mechanism headed by Crédit Agricole S.A., totalled €718 million in 2018, up +€337 million year-on-year including +€192 million attributable to the 2017 extraordinary contribution. At 31 December 2018, 1,270 entities had signed tax consolidation agreements with Crédit Agricole S.A. compared with 1,254 at 31 December 2017.

In addition, on 27 April 2018, following the withdrawal of the tax authorities from proceedings before the Council of State, Crédit Agricole S.A. received €85 million in connection with the case brought against it regarding the tax rates used in 2008 and 2009 on foreign tax credits.

In parallel, in the dispute with the tax authorities regarding Emporiki, on 17 May 2018, Crédit Agricole S.A. obtained a favourable decision from the Versailles Administrative Court of Appeal recognising that the securities resulting from the July 2012 capital increase were indeed short-term investment securities confirming the deductibility of the associated provision. As this decision is enforceable, in the second half Crédit Agricole S.A. received the sum of €954 million in respect of the tax deduction of the provision plus default interest. As the Appeal Court's decision is not final, a provision for the full amount was booked in the financial statements at 31 December 2018.

Lastly, there was a -€69 million change in the provision for tax disputes between 2017 and 2018 to cover risks arising from the tax audit of the 2014-2015 financial years.

The FGBR and regulated provisions item changed by -6€ million in 2018.

Overall, the net income of Crédit Agricole S.A. amounted to +€2,740 million at 31 December 2018.

The definitions of the underlined words can be found in the Glossary on page 600.

FIVE-YEAR FINANCIAL SUMMARY

	2014	2015	2016	2017	2018
Equity at year end *(in euros)*	7,729,097,322	7,917,980,871	8,538,313,578	8,538,313,578	8,599,311,468
Number of shares outstanding	2,576,365,774	2,639,326,957	2,846,104,526	2,846,104,526	2,866,437,156
Operations and net income for the period *(in millions of euros)*					
Gross Revenues	17,684	15,792	15,112	14,296	15,138
Earnings before tax, employee profit-sharing, depreciation, amortisation and provision expense	967	1,501	12,916	815	2,172
Employee profit-sharing	1	1	2	2	1
Income tax charge	(1,509)	(1,357)	(213)	(255)	(638)
Earnings after tax, employee profit-sharing, depreciation, amortisation and provision expense	3,112	1,446	13,819	1,564	2,740
Earnings proposed for distribution at the date of the General Meeting of Shareholders	907	1,593	1,718	1,804	1,978
Earnings per share *(in euros)*					
Earnings after tax and employee profit-sharing but before depreciation, amortisation and provision expense	0.961	1.082	4.462	0.375(1)	0.980
Earnings after tax, employee profit-sharing, depreciation, amortisation and provision expense	1.208	0.548	4.855	0.550	0.956
Ordinary dividend	0.35	0.60	0.60	0.63	0.69
Loyalty dividend	0.385	0.66	0.66	0.693	-
Employees					
Average headcount(2)	2,307	2,251	2,238	2,148	1,776
Total payroll for the period *(in millions of euros)*	191	191	186	190	171
Cost of benefits paid during the period (costs and social welfare) *(in millions of euros)*	121	156	145	133	92

(1) Calculated based on the number of shares issued as of the General Meeting of Shareholders on 16 May 2018, or 2,846,104,526 shares.
(2) Refers to headquarters employees.

5 RISKS AND PILLAR 3

The definitions of the underlined words can be found in the Glossary on page 600.

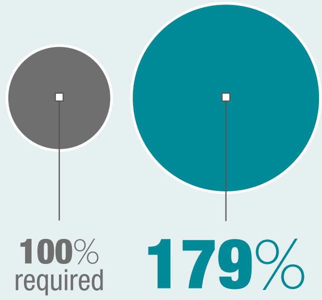
A CONSTRAINED REGULATORY CONTEXT
AN EFFECTIVE CONTROL OF RISKS

SOLVENCY RATIOS

Phased CET1 ratio
11.5%

Non-phased CET1 ratio
11.5%

Financial conglomerate ratio

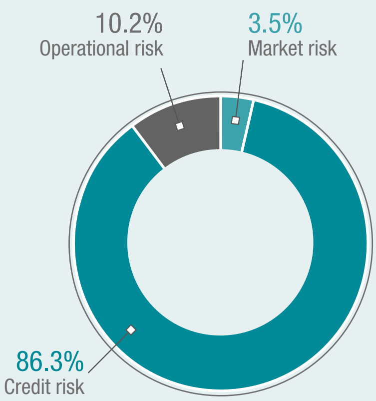


Leverage ratio
4.0%

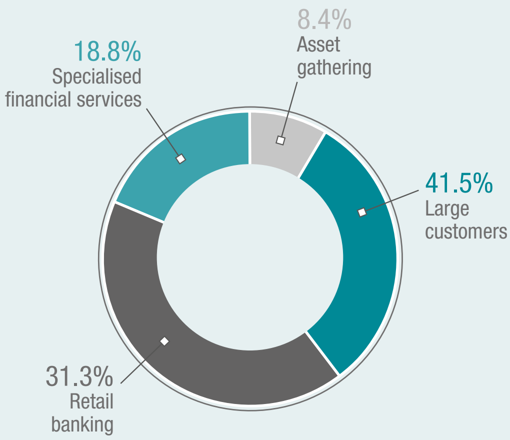
TLAC
21.4%
excluding senior debt

RISK-WEIGHTED ASSETS

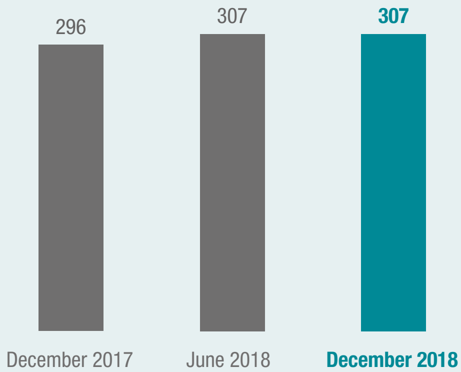
Breakdown by risk type



Breakdown by business line



Changes over one year
(in billion euros)



1. RISK FACTORS

This part of the management report sets out the main types of risks to which the Crédit Agricole S.A. group is exposed, as well as certain risks related to holding securities of Crédit Agricole S.A. Other parts of this chapter discuss the Crédit Agricole S.A. group's risk appetite and the policies employed to manage these risks. The information on the management of the Crédit Agricole S.A. group's risks is presented in accordance with IFRS 7, relating to disclosures on financial instruments.

A. Overview of risks to which the Crédit Agricole S.A. group is subject

The Crédit Agricole S.A. group is primarily exposed to the following categories of risks in connection with the conduct of its activities:

- **Credit and counterparty risks:** risks of losses arising from a default by a counterparty leading to that counterparty's inability to meet its commitments to the Crédit Agricole S.A. group. The counterparty may be a bank, a financial institution, an industrial or commercial enterprise, a government and its various entities, an investment fund, or a natural person. Credit risk arises in lending activities and also in various other activities where the Crédit Agricole S.A. group is exposed to the risk of counterparty default, such as its trading, capital markets, derivatives and settlement activities. Credit risk also arises in connection with the Crédit Agricole S.A. group's factoring businesses, although the risk relates to the credit of the counterparty's customers, rather than the counterparty itself.
- **Financial risks:** risks of losses arising from changes in market parameters (interest rates, exchange rates, share and commodity prices, credit spreads, etc.), as well as the risk of not having the necessary resources to meet commitments (liquidity risk).
- **Operational risks and related risks:** risks of losses resulting primarily from the unsuitability or failure of processes, systems or people in charge of transaction processing, as well as risks relating to external events such as floods, fires, windstorms, earthquakes or terrorist attacks. Related risks include legal and compliance risks arising from the Crédit Agricole S.A. group's exposure to civil or criminal proceedings, non-compliance risks relating to failure to comply with regulations and legislation governing the Crédit Agricole S.A. group's banking and financial activities, and reputational risks that may arise in cases of non-compliance with legal or regulatory obligations, or with ethical standards.
- **Risks relating to the environment in which the Crédit Agricole S.A. group operates:** risks related to the macroeconomic environment, market conditions and the legislative and regulatory framework applicable to the Crédit Agricole S.A. group and its activities.
- **Other risks relating to the Crédit Agricole S.A. group's activities:** includes risks relating to the Crédit Agricole S.A. group's strategy, insurance sector risks and competition.

The remainder of this part of the management report discusses each of the categories of risks discussed above as applied to the Crédit Agricole S.A. group's activities, indicating (to the extent applicable) where quantitative information relating to such risks can be found in this document. Certain risks related to the particular role of Crédit Agricole S.A. within the Crédit Agricole group are also discussed in this section.

Within each category, the risks that the Crédit Agricole S.A. group currently considers to be most significant, based on an assessment of likelihood of occurrence and potential impact, are presented first. However, even a risk that is currently considered to be less important could have a significant impact on the Crédit Agricole S.A. group if it were to materialise in the future.

B. Credit and counterparty risks

The Crédit Agricole S.A. group is exposed to the credit risk of other parties

As a credit institution, the Crédit Agricole S.A. group is exposed to the creditworthiness of its customers and counterparties. Credit risk impacts the Crédit Agricole S.A. group's consolidated financial statements when a counterparty is unable to honour its obligations and when the book value of these obligations in the bank's records is positive. The counterparty may be a bank, a financial institution, an industrial or commercial enterprise, a government and its various entities, an investment fund, or a natural person. If the level of counterparty defaults increases compared to recent historically low levels, the Crédit Agricole S.A. group may have to record significant charges for possible bad and doubtful debts, affecting its profitability.

While the Crédit Agricole S.A. group seeks to reduce its exposure to credit risk by using risk mitigation techniques such as collateralization, obtaining guarantees, entering into credit derivatives and entering into netting agreements, it cannot be certain that these techniques will be effective to offset losses resulting from counterparty defaults that are covered by these techniques. Moreover, the Crédit Agricole S.A. group is exposed to the risk of default by the party providing the credit risk coverage (such as a counterparty on derivatives) or to the risk of loss of value of any collateral. In addition, only a portion of the Crédit Agricole S.A. group's overall credit risk is covered by these techniques. Accordingly, the Crédit Agricole S.A. group has significant exposure to the risk of counterparty default.

A deterioration in the quality of corporate debt obligations could adversely impact the Crédit Agricole S.A. group's results of operations

The credit quality of corporate obligors could experience a deterioration, primarily from increased economic uncertainty and, in certain sectors, the risks associated with trade policies of major economic powers. The risks could be exacerbated by the recent practice by which lending institutions have reduced the level of covenant protection in their loan documentation, making it more difficult for lenders to intervene at an early stage to protect assets and limit the risk of non-payment. If a trend towards deterioration in credit quality were to appear, the Crédit Agricole S.A. group may be required to record asset impairment charges or to mark down the value of its corporate debt portfolio, which would in turn impact the Crédit Agricole S.A. group's profitability and financial condition.

Please see paragraph 3.4 for quantitative information on the credit quality of the Crédit Agricole S.A. group's portfolios.

The definitions of the underlined words can be found in the Glossary on page 600.

The soundness and conduct of other financial institutions and market participants could adversely affect the Crédit Agricole S.A. group

The Crédit Agricole S.A. group's ability to engage in funding, investment and derivative transactions could be adversely affected by the soundness of other financial institutions or market participants. Financial services institutions are interrelated as a result of trading, clearing, counterparty, funding or other relationships. As a result, defaults by, or even rumours or questions about, one or more financial services institutions, or the loss of confidence in the financial services industry generally, may lead to market-wide liquidity contractions and could lead to further losses or defaults. The Crédit Agricole S.A. group has exposure to many counterparties in the financial industry, including brokers and dealers, commercial banks, investment banks, mutual and hedge funds, and other institutional clients with which it regularly executes transactions. Many of these transactions expose the Crédit Agricole S.A. group to credit risk in the event of default or financial distress. In addition, the Crédit Agricole S.A. group's credit risk may be exacerbated when the collateral held by it cannot be realized upon or is liquidated at prices not sufficient to recover the full amount of the loan or derivative exposure due to it.

Please see note 3.1.3 to the consolidated financial statements for quantitative information on the Crédit Agricole S.A. group's exposure to credit institutions.

The Crédit Agricole S.A. group may be adversely affected by events impacting sectors to which it has significant exposure

The Crédit Agricole S.A. group is subject to the risk that certain events may have a disproportionately large impact on a particular industrial sector to which the Crédit Agricole S.A. group is significantly exposed. As of 31 December 2018, 19.7% of the Crédit Agricole S.A. group's commercial lending portfolio involved borrowers in the public sector, including local authorities, while 7.4% of the portfolio involved borrowers in the energy sector. Public sector borrowers can be affected by national and local budgetary policies and spending priorities. Energy sector borrowers are subject to risks relating to volatility in energy prices. If these or other sectors that represent a significant share of the Crédit Agricole S.A. group's portfolio were to experience adverse conditions, the Crédit Agricole S.A. group's profitability and financial condition could be adversely affected.

Please see paragraph 3.4.II.2.2 for quantitative information on the sectors represented in the Crédit Agricole S.A. group's commercial lending portfolio.

The Crédit Agricole S.A. group is exposed to country risk and may be vulnerable to concentrated counterparty risk in certain countries where it operates

The Crédit Agricole S.A. group is subject to country risk, meaning the risk that economic, financial, political or social conditions in a given country in which it operates will affect its financial interests. The Crédit Agricole S.A. group monitors country risk and takes it into account in the fair value adjustments and cost of risk recorded in its financial statements. However, a significant change in political or macroeconomic environments may require it to record additional charges or to incur losses beyond the amounts previously written down in its financial statements. As of 31 December 2018, 49% of the Crédit Agricole S.A. group's commercial lending portfolio was represented by borrowers in France, and 12% by borrowers in Italy. Adverse conditions that particularly affect these countries would have a particularly significant impact on the Crédit Agricole S.A. group. In addition, the Crédit Agricole S.A. group has significant exposures in countries outside the OECD, which are subject to risks that include political instability, unpredictable regulation and taxation, expropriation and other risks that are less present in more developed economies.

Please see paragraphs 3.4.III.2.1 and 3.4.III.2.4 for quantitative information relating to the Crédit Agricole S.A. group's geographical exposures.

Any significant increase in charges for loan losses or changes in the Crédit Agricole S.A. group's estimate of the risk of loss in its loan and receivables portfolio could adversely affect its results of operations and financial condition

In connection with its lending activities, the Crédit Agricole S.A. group periodically establishes asset impairment charges, whenever necessary, to reflect actual or potential losses in respect of its loan and receivables portfolio, which are recorded in its profit and loss account under "cost of risk." The Crédit Agricole S.A. group's overall level of such asset-impairment charges is based upon its assessment of prior loss experience, the volume and type of lending being conducted, industry standards, past due loans, economic conditions and other factors related to the recoverability of various loans, or scenario-based statistical methods applicable collectively to all relevant assets. Although the Crédit Agricole S.A. group seeks to establish an appropriate level of asset-impairment charges, its lending businesses may cause it to have to increase their charges for loan losses in the future as a result of increases in non-performing assets or for other reasons, such as deteriorating market conditions or factors affecting particular countries or industry sectors. Any significant increase in charges for loan losses or a significant change in the Crédit Agricole S.A. group's estimate of the risk of loss inherent in its portfolio of non-impaired loans, as well as the occurrence of loan losses in excess of the charges recorded with respect thereto, could have an adverse effect on the Crédit Agricole S.A. group's results of operations and financial condition.

The Crédit Agricole S.A. group is subject to counterparty risk in connection with its market activities

The Crédit Agricole S.A. group could incur losses from counterparty defaults in connection with its securities, foreign exchange, commodities and other market activities. When the Crédit Agricole S.A. group holds portfolios of debt securities, including in connection with its market-making activities, it is subject to the risk of a deterioration in the credit quality of the issuer, or of a default in payment. In connection with its trading activities, the Crédit Agricole S.A. group is at risk in case a counterparty fails to perform its obligations to settle trades. The Crédit Agricole S.A. group's derivatives activities are also subject to the risk of counterparty default, as well as significant uncertainties relating to the amounts due in connection with a default. While the Crédit Agricole S.A. group often obtains collateral or uses setoff rights to address these risks, these may not be sufficient to protect it fully, and the Crédit Agricole S.A. group may suffer significant losses as a result of defaults by major counterparties.

The definitions of the underlined words can be found in the Glossary on page 600.

C. Financial risks

The Crédit Agricole S.A. group is exposed to risks associated with changes in market prices and volatility with respect to a wide number of market parameters

The Crédit Agricole S.A. group's businesses are materially affected by conditions in the financial markets, which in turn are impacted by current and anticipated future economic conditions in France, Europe and in the other locations around the world where the Crédit Agricole S.A. group operates. Adverse changes in market, economic or geopolitical conditions could create a challenging operating environment for financial institutions. In particular, the risks to which the Crédit Agricole S.A. group is exposed include fluctuations in interest rates, security prices, exchange rates, the specific yield premium on a bond issue and the prices of oil, precious metals and other commodities.

The Crédit Agricole S.A. group uses a "value at risk" (VaR) model to quantify its exposure to potential losses from market risks, and also performs stress testing with a view to quantifying its potential exposure in extreme scenarios, as described and quantified in paragraphs 3.5.III.1 and 3.5.IV of this chapter. However, these techniques rely on statistical methodologies based on historical observations, which may turn out to be unreliable indicators of future market conditions. Accordingly, the Crédit Agricole S.A. group's exposure to market risk in extreme scenarios could be greater than the exposures predicted by its quantification techniques.

Significant interest rate changes could adversely affect the Crédit Agricole S.A. group's consolidated revenues or profitability

The amount of net interest income earned by the Crédit Agricole S.A. group during any given period significantly affects its overall consolidated revenues and profitability for that period. Interest rates are highly sensitive to many factors beyond the Crédit Agricole S.A. group's control. Changes in market interest rates could affect the interest rates charged on interest-earning assets differently than the interest rates paid on interest-bearing liabilities. Any adverse change in the yield curve could cause a decline in the Crédit Agricole S.A. group's net interest income from its lending activities. In addition, increases in the interest rates at which short-term funding is available and maturity mismatches may adversely affect the Crédit Agricole S.A. group's profitability.

The Crédit Agricole S.A. group's hedging strategies may not prevent losses

If any of the variety of instruments and strategies that the Crédit Agricole S.A. group uses to hedge its exposure to various types of risk in its businesses is not effective, the Crédit Agricole S.A. group may incur losses. Many of its strategies are based on historical trading patterns and correlations. For example, if the Crédit Agricole S.A. group holds a long position in an asset, it may hedge that position by taking a short position in an asset where the short position has historically moved in a direction that would offset a change in the value of the long position. The Crédit Agricole S.A. group may only be partially hedged, however, or these strategies may not be fully effective in mitigating its risk exposure in all market environments or against all types of risk in the future. Unexpected market developments may also reduce the effectiveness of the Crédit Agricole S.A. group's hedging strategies. In addition, the manner in which gains and losses resulting from certain ineffective hedges are recorded may result in additional volatility in the Crédit Agricole S.A. group's reported earnings.

The Crédit Agricole S.A. group may generate lower revenues from its asset management, brokerage and other businesses during market downturns

Market downturns have in the past reduced the value of the client portfolios of the Crédit Agricole S.A. group's savings management affiliates and increased the amount of withdrawals, reducing the revenues it received from its asset management and private banking businesses. In the year ended 31 December 2018, 29% of the Crédit Agricole S.A. group's revenues were generated from its asset management and private banking businesses. Future downturns could have similar effects on its results of operations and financial position.

In addition, financial and economic conditions affect the number and size of transactions for which the Crédit Agricole S.A. group provides securities underwriting, financial advisory and other investment banking services. The Crédit Agricole S.A. group's revenues, which include fees from these services, are directly related to the number and size of the transactions in which it participates and can thus be significantly affected by market downturns. Moreover, because the fees that the Crédit Agricole S.A. group's affiliates charge for managing their clients' portfolios are in many cases based on the value or performance of those portfolios, a market downturn that reduces the value of such clients' portfolios would reduce the revenues that the Crédit Agricole S.A. group's affiliates receive for such services.

Even in the absence of a market downturn, below-market performance by its mutual funds and life insurance products may result in increased withdrawals and reduced inflows, which would reduce the revenues the Crédit Agricole S.A. group receives from its asset management and insurance businesses.

Adjustments to the carrying value of the Crédit Agricole S.A. group's securities and derivatives portfolios and the Crédit Agricole S.A. group's own debt could have an impact on its net income and shareholders' equity

The carrying value of the Crédit Agricole S.A. group's securities and derivatives portfolios and certain other assets, as well as its own debt, in its balance sheet is adjusted as of each financial statement date. The valuation adjustments include a component that reflects the credit risk inherent in the Crédit Agricole S.A. group's own debt. Most of the adjustments are made on the basis of changes in fair value of the assets or liabilities during an accounting period, with the changes recorded either in the income statement or directly in shareholders' equity. Changes that are recorded in the income statement, to the extent not offset by opposite changes in the fair value of other assets, affect its consolidated revenues. All fair value adjustments affect shareholders' equity and, as a result, its capital adequacy ratios. The fact that fair value adjustments are recorded in one accounting period does not mean that further adjustments will not be necessary in subsequent periods.

The definitions of the underlined words can be found in the Glossary on page 600.

The Crédit Agricole S.A. group may suffer losses in connection with its holdings of equity securities

Equity securities held by the Crédit Agricole S.A. group could decline in value, causing the Crédit Agricole S.A. group to realize losses. The Crédit Agricole S.A. group bears the risk of a decline in value of equity securities in connection with its market-making and trading activities, mainly with respect to listed equity securities, in its private equity business, and in connection with transactions in which it acquires strategic participations in a company with a view to exercising control and influencing the management policies of the issuer. In the case of strategic participations, the Crédit Agricole S.A. group's degree of control may be limited, and any disagreement with other shareholders or with management may adversely impact the ability of the Crédit Agricole S.A. group to influence the policies of the relevant company. If the Crédit Agricole S.A. group's equity securities decline in value significantly, the Crédit Agricole S.A. group may be required to record fair value adjustments or asset impairment charges in its consolidated financial statements, which could negatively impact its results of operations and financial condition.

Protracted market declines can reduce liquidity in the markets, making it harder to sell assets and possibly leading to material losses

In some of the Crédit Agricole S.A. group's businesses, protracted market movements, particularly asset price declines, can reduce the level of activity in the market or reduce market liquidity. These developments can lead to material losses if the Crédit Agricole S.A. group cannot close out deteriorating positions in a timely way. This may especially be the case for assets the Crédit Agricole S.A. group holds for which there are not very liquid markets to begin with. Assets that are not traded on stock exchanges or other public trading markets, such as derivatives contracts between banks, may have values that the Crédit Agricole S.A. group calculates using models other than publicly-quoted prices. Monitoring the deterioration of prices of assets like these is difficult and could lead to losses that the Crédit Agricole S.A. group did not anticipate.

The Crédit Agricole S.A. group must ensure that its assets and liabilities properly match in order to avoid exposure to losses

The Crédit Agricole S.A. group is exposed to the risk that the maturity, interest rate or currencies of its assets might not match those of its liabilities. The timing of payments on many of the Crédit Agricole S.A. group's assets is uncertain, and if the Crédit Agricole S.A. group receives lower revenues than expected at a given time, it might require additional funding from the market in order to meet its obligations on its liabilities. While the Crédit Agricole S.A. group imposes strict limits on the gaps between its assets and its liabilities as part of its risk management procedures, it cannot be certain that these limits will be fully effective to eliminate potential losses arising from asset and liability mismatches.

Please see paragraph 3.6.4 for quantitative information relating to liquidity risk and asset and liability management.

D. Operational risks and related risks

The Crédit Agricole S.A. group's risk management policies, procedures and methods may leave it exposed to unidentified or unanticipated risks, which could lead to material losses

The Crédit Agricole S.A. group's risk management techniques and strategies may not be fully effective in mitigating its risk exposure in all types of market environments or against all types of risk, including risks that it fails to identify or anticipate. Furthermore, the risk management procedures and policies used by the Crédit Agricole S.A. group do not guarantee effective risk reduction in all market configurations. These procedures may not be effective against certain risks, particularly those that the Crédit Agricole S.A. group has not previously identified or anticipated. Some of the qualitative tools and metrics used by the Crédit Agricole S.A. group for managing risk are based upon its use of observed historical market behaviour. It applies statistical and other tools to these observations to assess its risk exposures. These tools and metrics may fail to predict future risk exposures. These risk exposures could, for example, arise from factors it did not anticipate or correctly evaluate in its statistical models or from unprecedented market movements. This would limit its ability to manage its risks and affect its results. The Crédit Agricole S.A. group's losses could therefore be significantly greater than those anticipated based on historical measures. In addition, certain of the processes that the Crédit Agricole S.A. group uses to estimate risk exposure are based on both complex analysis and factors that could lead to uncertain assumptions. Both qualitative and quantitative models used by Crédit Agricole S.A. group may not be comprehensive and could lead Crédit Agricole S.A. group to significant or unexpected losses. While no material issue has been identified to date, risk management systems are also subject to the risk of operational failure, including fraud.

Future events may be different from those reflected in the management assumptions and estimates used in the preparation of the Crédit Agricole S.A. group's financial statements, which may cause unexpected losses in the future

Pursuant to IFRS rules and interpretations in effect as of the date of this Registration Document, the Crédit Agricole S.A. group is required to use certain estimates in preparing its financial statements, including accounting estimates to determine loan loss impairment charges, reserves related to future litigation, and the fair value of certain assets and liabilities, among other items. Should the Crédit Agricole S.A. group's determined values for such items prove substantially inaccurate, or if the methods by which such values were determined are revised in future IFRS rules or interpretations, the Crédit Agricole S.A. group may experience unexpected losses.

The Crédit Agricole S.A. group is exposed to risks related to the security and reliability of its information systems and those of third parties

The Crédit Agricole S.A. group is subject to cyber risk, which is the risk caused by a malicious and/or fraudulent act, perpetrated digitally in an effort to manipulate data (personal, banking/insurance, technical or strategic data), processes and users, with the aim of causing material losses to companies, their employees, partners and customers. Cyber risk has become a top priority in the field of operational risks. A company's data assets are exposed to new, complex and evolving threats which could have material financial and reputational impacts on

The definitions of the underlined words can be found in the Glossary on page 600.

all companies, and specifically those in the banking sector. Given the increasing sophistication of criminal enterprises behind cyber-attacks, regulatory and supervisory authorities have begun highlighting the importance of risk management in this area.

As with most other banks, the Crédit Agricole S.A. group relies heavily on communications and information systems to conduct its business. Any failure or interruption or breach in security of these systems could result in failures or interruptions in its customer relationship management, general ledger, deposit, servicing and/or loan organization systems. If, for example, the Crédit Agricole S.A. group's information systems failed, even for a short period of time, it would be unable to serve in a timely manner certain customers' needs and could thus lose their business. Likewise, a temporary shutdown of its information systems, even though it has back-up recovery systems and contingency plans, could result in considerable costs required for information retrieval and verification. The Crédit Agricole S.A. group cannot provide assurances that such failures or interruptions will not occur or, if they do occur, that they will be adequately addressed. The occurrence of any failures or interruptions could have a material adverse effect on its financial condition and results of operations.

The Crédit Agricole S.A. group is also exposed to the risk of an operational failure or interruption of one of its clearing agents, foreign exchange markets, clearing houses, custodians or other financial intermediaries or external service providers that it uses to execute or facilitate its securities transactions. As its interconnectivity with its customers grows, the Crédit Agricole S.A. group may also become increasingly exposed to the risk of operational failure of its customers' information systems. The Crédit Agricole S.A. group's communications and information systems, and those of its customers, service providers and counterparties, may also be subject to malfunctions or interruptions resulting from cybercrime or cyber terrorism. The Crédit Agricole S.A. group cannot guarantee that malfunctions or interruptions in its systems or in those of other parties will not occur or, if they do occur, that they will be adequately resolved.

The Crédit Agricole S.A. group is exposed to the risk of paying significant damages or fines as a result of legal, arbitration or regulatory proceedings

The Crédit Agricole S.A. group and its affiliates have in the past been, and may in the future be, subject to significant legal proceedings (including class action lawsuits), arbitrations and regulatory proceedings. When determined adversely to the Crédit Agricole S.A. group, these proceedings can result in significant awards of damages, fines and penalties. Legal and regulatory proceedings to which the Crédit Agricole S.A. group has been subject involve issues such as collusion with respect to the manipulation of market benchmarks, violation of international sanctions, inadequate controls and other matters. While the Crédit Agricole S.A. group in many cases has substantial defences, even where the outcome of a legal or regulatory proceeding is ultimately favourable, the Crédit Agricole S.A. group may incur substantial costs and have to devote substantial resources to defending its interests.

Please see paragraph 3.9 (Litigation and exceptional events) in this chapter for information regarding ongoing judicial, arbitration and regulatory proceedings to which the Crédit Agricole S.A. group is subject.

The international scope of the Crédit Agricole S.A. group's operations exposes it to legal and compliance risks

The international scope of the Crédit Agricole S.A. group's operations exposes it to risks inherent in foreign operations, including the need to comply with multiple and often complex laws and regulations applicable to activities in each of the countries involved, such as local banking laws and regulations, internal control and disclosure requirements, data privacy restrictions, European, U.S. and local anti-money laundering and anti-corruption laws and regulations, international sanctions and other rules and requirements. Violations of these laws and regulations could harm the reputation of the Crédit Agricole S.A. group, result in litigation, civil or criminal penalties, or otherwise have a material adverse effect on its business.

Despite the implementation and improvement of procedures designed to ensure compliance with these laws and regulations, there can be no assurance that all employees or contractors of the Crédit Agricole S.A. group will follow its policies or that such programs will be adequate to prevent all violations. It cannot be excluded that transactions in violation of the Crédit Agricole S.A. group's policies may be identified, potentially resulting in penalties. The Crédit Agricole S.A. group does not have direct or indirect majority voting control in certain entities with international operations, and in those cases its ability to require compliance with its policies and procedures may be even more limited.

Damage to the Crédit Agricole S.A. group's reputation could have a negative impact on the Crédit Agricole S.A. group's business

The Crédit Agricole S.A. group's business depends in large part on the maintenance of a strong reputation for compliance and ethical behavior. If the Crédit Agricole S.A. group were to become subject to legal proceedings or adverse publicity relating to compliance or similar issues, the Crédit Agricole S.A. group's reputation could be affected, resulting in an adverse impact on its business. These issues include inappropriately dealing with potential conflicts of interest, legal and regulatory requirements, competition issues, ethical issues, money laundering laws, information security policies and sales and trading practices. The Crédit Agricole S.A. group's reputation could also be damaged by an employee's misconduct or fraud or embezzlement by financial intermediaries. Any damage to the Crédit Agricole S.A. group's reputation might lead to a loss of business that could impact its earnings and financial position. Failure to address these issues adequately could also give rise to additional legal risk, which might increase the number of litigation claims and expose the Crédit Agricole S.A. group to fines or regulatory sanctions.

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E. Risks relating to the environment in which the Crédit Agricole S.A. group operates

Adverse economic and financial conditions have in the past had and may in the future have an impact on the Crédit Agricole S.A. group and the markets in which it operates

The businesses of the Crédit Agricole S.A. group are sensitive to changes in the financial markets and more generally to economic conditions in France, Europe and the rest of the world. In the year ended 31 December 2018, 53% of the Crédit Agricole S.A. group's revenues were generated in France, 16% in Italy, 15% in the rest of Europe and 16% in the rest of the world. A deterioration in economic conditions in the markets where the Crédit Agricole S.A. group operates could have some or all of the following impacts:

- adverse economic conditions could affect the business and operations of customers, resulting in an increased rate of default on loans and receivables;
- a decline in market prices of bonds, shares and commodities could impact many of the businesses of the Crédit Agricole S.A. group, including in particular trading, investment banking and asset management revenues;
- macro-economic policies adopted in response to actual or anticipated economic conditions could have unintended effects, and are likely to impact market parameters such as interest rates and foreign exchange rates, which in turn could affect the businesses of the Crédit Agricole S.A. group that are most exposed to market risk;
- perceived favourable economic conditions generally or in specific business sectors could result in asset price bubbles, which could in turn exacerbate the impact of corrections when conditions become less favourable;
- a significant economic disruption (such as the global financial crisis of 2008 or the European sovereign debt crisis of 2011) could have a severe impact on all of the activities of the Crédit Agricole S.A. group, particularly if the disruption is characterized by an absence of market liquidity that makes it difficult to sell certain categories of assets at their estimated market value or at all.

European markets may be affected by a number of factors, including continuing uncertainty resulting from the decision of the United Kingdom to leave the European Union, political activism in France, uncertain political and economic conditions in Italy and leadership changes in Germany. Markets in the United States may be affected by factors such as trade policy or a tendency towards political stalemate, which has resulted in government shutdowns and affected credit and currency markets globally. Asian markets could be impacted by factors such as slower than expected economic growth rates in China or by geopolitical tensions on the Korean peninsula. Share prices have recently experienced significant volatility and could fall if economic conditions deteriorate, or if the market perceives that they are likely to deteriorate. Credit markets and the value of fixed income assets could be adversely affected if interest rates were to rise as the European Central Bank, the Federal Reserve Bank and other central banks continue to scale back the extraordinary support measures they put in place in response to recent adverse economic conditions. The price of oil has been particularly volatile in recent months, and could be impacted by unpredictable geopolitical factors in regions such as the Middle East and Russia.

More generally, increased volatility of financial markets could adversely affect the Crédit Agricole S.A. group's trading and investment positions in the debt, currency, commodity and equity markets, as well as its positions in other investments. Severe market disruptions and extreme market volatility have occurred in recent years and may occur again in the future, which could result in significant losses for the Crédit Agricole S.A. group. Such losses may extend to a broad range of trading and hedging products, including swaps, forward and future contracts, options and structured products. Volatility of financial markets makes it difficult to predict trends and implement effective trading strategies.

It is difficult to predict when economic or market downturns will occur, and which markets will be most significantly impacted. If economic or market conditions in France or elsewhere in Europe, or global markets more generally, were to deteriorate or become more volatile, the Crédit Agricole S.A. group's operations could be disrupted, and its business, results of operations and financial condition could be adversely affected.

The Crédit Agricole S.A. group's profitability and financial condition may be impacted by either the continuation or the end of the current low interest rate environment

In recent years, global markets have been characterized by low interest rates. If the low interest rate environment continues, the Crédit Agricole S.A. group's profitability may be affected. During periods of low interest rates, interest rate spreads tend to tighten, and the Crédit Agricole S.A. group may be unable to lower funding costs sufficiently to offset reduced income from lending at lower market interest rates. Efforts to reduce the cost of deposits may be restricted by the prevalence, particularly in the Crédit Agricole group's home market of France, of regulated savings products (such as *plan d'épargne logement* (PEL) home savings plans) with interest rates set above current market levels. Low interest rates may also negatively affect the profitability of the insurance activities of the Crédit Agricole S.A. group's affiliates, which may not be able to generate an investment return sufficient to cover amounts paid out on certain of their insurance products. Low interest rates may also adversely affect commissions charged by the Crédit Agricole S.A. group's asset management affiliates on money market and other fixed income products. In addition, given lower interest rates, the Crédit Agricole S.A. group's affiliates have experienced an increase in early repayment and refinancing of mortgages and other fixed-rate consumer and corporate loans as clients look to take advantage of lower borrowing costs. If interest rates remain low, a similar trend of early repayments could occur again. This, along with the issuance of new loans at the low prevailing market interest rates, could result in an overall decrease in the average interest rate of loan portfolios. A reduction in credit spreads and a decline in retail banking income resulting from lower portfolio interest rates may adversely affect the profitability of the retail banking operations of the Crédit Agricole S.A. group's affiliates and the overall financial condition of the Crédit Agricole S.A. group. An environment of persistently low interest rates can also have the effect of flattening the yield curve in the market more generally, which could reduce the premiums generated by the Crédit Agricole S.A. group and its affiliates from their funding activities and negatively affect their profitability and financial condition. A flattening yield curve can also influence financial institutions to engage in riskier activities in an effort to earn the desired level of returns, which can increase overall market risk and volatility.

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On the other hand, the end of a period of prolonged low interest rates carries risks. In this respect, the U.S. Federal Reserve has increased interest rates in recent months (although it recently announced it would pause its policy of interest rate increases), and the ECB ended its asset purchase programme in December 2018 (although it recently announced it would maintain its interest rate guidance and interest rates would stay at current levels through 2019). If market interest rates were to rise, a portfolio featuring significant amounts of lower interest loans and fixed income assets as a result of an extended period of low interest rates would be expected to decline in value. If the Crédit Agricole S.A. group's hedging strategies are ineffective or provide only a partial hedge against such a change in value, the Crédit Agricole S.A. group could incur losses. Moreover, any rate increase that is sharper or more rapid than expected could threaten economic growth in the European Union, the United States and elsewhere. On the lending side, this could cause stress in loan and bond portfolios possibly leading to an increase in non-performing exposures and defaults. More generally, the ending of accommodative monetary policies may lead to severe corrections in certain markets or assets (e.g., non-investment grade corporate and sovereign borrowers, certain sectors of equities and real estate) that particularly benefitted from the prolonged low interest rate and high liquidity environment, and such corrections could potentially be contagious to financial markets generally, including through substantially increased volatility.

The Crédit Agricole S.A. group operates in a highly regulated environment, and its profitability and financial condition could be significantly impacted by ongoing legislative and regulatory changes

A variety of regulatory and supervisory regimes apply to the Crédit Agricole S.A. group in each of the jurisdictions in which the Crédit Agricole S.A. group operates. Non-compliance with such regimes could lead to significant intervention by regulatory authorities and fines, international sanctions, public reprimand, reputational damage, enforced suspension of operations or, in extreme cases, withdrawal of authorization to operate. In addition, the Crédit Agricole S.A. group's ability to expand its business or to pursue certain existing activities may be limited by regulatory constraints.

Legislation and regulations have been enacted or proposed in recent years with a view to introducing or reinforcing a number of changes, some permanent, in the global financial environment. While the objective of these measures is to avoid a recurrence of the global financial crisis, the new measures have changed substantially, and may continue to change, the environment in which the Crédit Agricole S.A. group and other financial institutions operate.

The measures that have been or may be adopted include more stringent capital and liquidity requirements (particularly for large global institutions and groups such as the Crédit Agricole S.A. group), taxes on financial transactions, limits or taxes on employee compensation over specified levels, limits on the types of activities that commercial banks can undertake (particularly proprietary trading and investment and ownership in private equity funds and hedge funds), ring-fencing requirements relating to certain activities, restrictions on the types of entities permitted to conduct swaps activities, restrictions on certain types of activities or financial products such as derivatives, mandatory write-downs or conversions into equity of certain debt instruments, enhanced recovery and resolution regimes, revised risk-weighting methodologies (particularly with respect to insurance businesses), periodic stress testing and the creation of new and strengthened regulatory bodies. Some of the new measures adopted after the financial crisis are expected to be modified, impacting the predictability of the regulatory regimes to which the Crédit Agricole S.A. group is subject.

As a result of some of these measures, the Crédit Agricole S.A. group has reduced the size of certain of its activities in order to allow it to comply with the new requirements. These measures have also increased compliance costs and are likely to continue to do so. In addition, certain of these measures may also increase the Crédit Agricole S.A. group's funding costs, particularly by requiring the Crédit Agricole S.A. group to increase the portion of its funding consisting of capital and subordinated debt, which carry higher costs than senior debt instruments.

In addition, the general political environment has evolved unfavourably for banks and the financial industry, resulting in additional pressure on legislative and regulatory bodies to adopt more stringent regulatory measures, despite the fact that these measures can have adverse consequences on lending and other financial activities, and on the economy. Because of the continuing uncertainty regarding the new legislative and regulatory measures, it is not possible to predict what impact they will have on the Crédit Agricole S.A. group.

F. Other risks relating to the Crédit Agricole S.A. group's activities

The Crédit Agricole group may not realize the targets in its Medium-Term Plan

On 9 March 2016, the Crédit Agricole group announced its medium-term plan, *Strategic Ambition 2020* (the "**Medium-Term Plan**"). The Medium-Term Plan contemplates a number of initiatives, including a strategic ambition embedded in four priorities: (i) simplify the Crédit Agricole group's capital structure; (ii) deploy a new customer project, enhanced by the digital transformation; (iii) strengthen the Crédit Agricole group's growth momentum in its core business lines; and (iv) transform the Crédit Agricole group to sustainably improve its operational efficiency.

The Medium-Term Plan includes a number of financial targets relating to revenues, expenses, net income and capital adequacy ratios, among other things. These financial targets were established primarily for purposes of internal planning and allocation of resources, and are based on a number of assumptions with regard to business and economic conditions. The financial targets do not constitute projections or forecasts of anticipated results. The actual results of the Crédit Agricole group are likely to vary (and could vary significantly) from these targets for a number of reasons, including the materialization of one or more of the risk factors described elsewhere in this section.

The plan's success depends on a very large number of initiatives (both significant and modest in scope) within different business units of the Crédit Agricole group. While many of these could be successful, it is unlikely that all targets will be met, and it is not possible to predict which objectives will and will not be achieved. The Medium Term Plan also contemplates significant investments, but if the objectives of the plan are not met, the return on these investments will be less than expected.

If the Crédit Agricole group does not realize the targets of its Medium Term Plan, its financial condition and results of operations could be adversely affected.

The definitions of the underlined words can be found in the Glossary on page 600.

Claims experienced by the Crédit Agricole S.A. group's insurance affiliates could be inconsistent with the assumptions they use to price their products and establish their reserves

The earnings of the insurance affiliates of the Crédit Agricole S.A. group depend significantly upon the extent to which the their actual claims experience is consistent with the assumptions they use in setting the prices for their products and establishing technical provisions. Crédit Agricole Assurances uses both its own empirical analysis and industry data to develop its products and estimate future policy benefits, including information used in pricing the insurance products and establishing the related actuarial liabilities. However, there can be no assurance that actual experience will match these estimates, and unanticipated risks such as pandemic diseases or natural disasters could result in loss experience inconsistent with the relevant assumptions related to the pricing of these products and the establishment of reserves. To the extent that the actual benefits paid by Crédit Agricole Assurances to policyholders are higher than the underlying assumptions used in initially establishing the future policy benefit reserves, or if events or trends cause Crédit Agricole Assurances to change the underlying assumptions, it may be exposed to greater than expected liabilities, which may adversely affect the Crédit Agricole S.A. group's insurance business, results of operations and financial condition.

Adverse events may affect several of the Crédit Agricole S.A. group's businesses simultaneously

While each of the Crédit Agricole S.A. group's principal activities are subject to risks specific to them and are subject to different market cycles, it is possible that adverse events could affect several of the Crédit Agricole S.A. group's activities at the same time. In such event, the Crédit Agricole S.A. group might not realize the benefits that it otherwise would hope to achieve through the diversification of its activities. For example, adverse macroeconomic conditions could impact the Crédit Agricole S.A. group in multiple ways, by increasing default risk in its lending activities, causing a decline in the value of its securities portfolios and reducing revenues in the Crédit Agricole S.A. group's commission-generating activities. Where an event adversely affects multiple activities, the impact on the Crédit Agricole S.A. group's results of operations and financial condition could be particularly significant.

The Crédit Agricole S.A. group is subject to risks associated with climate change

While the Crédit Agricole S.A. group's activities generally are not exposed directly to climate change risks, the Crédit Agricole S.A. group is subject to a number of indirect risks that could be significant. When the Crédit Agricole S.A. group lends to businesses that conduct activities that produce significant quantities of greenhouse gases, the Crédit Agricole S.A. group is subject to the risk that more stringent regulations or limitations on the borrower's activities may adversely impact its credit quality, causing the Crédit Agricole S.A. group to suffer losses on its loan portfolio. The Crédit Agricole S.A. group also conducts activities relating to trading of emissions allowances, and it could suffer losses due to adverse movements in prices for such allowances. As the transition to a more stringent climate change environment accelerates, the Crédit Agricole S.A. group will have to adapt its activities appropriately in order to achieve its strategic objectives and to avoid suffering losses.

The Crédit Agricole S.A. group, along with its corporate and investment banking subsidiary, must maintain high credit ratings, or their business and profitability could be adversely affected

Credit ratings have a significant impact on the liquidity of the Crédit Agricole S.A. group and the liquidity of each of its affiliates that are active in financial markets (principally its corporate and investment banking subsidiary, Crédit Agricole CIB). A downgrade in credit ratings could adversely affect the liquidity and competitive position of the Crédit Agricole S.A. group or Crédit Agricole CIB, increase borrowing costs, limit access to the capital markets, trigger obligations in the Crédit Agricole group's covered bond program or under certain bilateral provisions in some trading, derivative and collateralized financing contracts or adversely affect the market value of the Notes.

The Crédit Agricole S.A. group's cost of obtaining long-term unsecured funding from market investors, and that of Crédit Agricole CIB, is directly related to their credit spreads (the amount in excess of the interest rate of government securities of the same maturity that is paid to debt investors), which in turn depend to a certain extent on their credit ratings. Increases in credit spreads can significantly increase the Crédit Agricole S.A. group's or Crédit Agricole CIB's cost of funding. Changes in credit spreads are continuous, market-driven, and subject at times to unpredictable and highly volatile movements. Credit spreads are also influenced by market perceptions of issuer creditworthiness. In addition, credit spreads may be influenced by movements in the cost to purchasers of credit default swaps referenced to the Crédit Agricole S.A. group's or Crédit Agricole CIB's debt obligations, which are influenced both by the credit quality of those obligations, and by a number of market factors that are beyond the control of the Crédit Agricole S.A. group and Crédit Agricole CIB.

The Crédit Agricole S.A. group faces intense competition

The Crédit Agricole S.A. group faces intense competition in all financial services markets and for the products and services it offers, including retail banking services. The European financial services markets are mature, and the demand for financial services products is, to some extent, related to overall economic development. Competition in this environment is based on many factors, including the products and services offered, pricing, distribution systems, customer service, brand recognition, perceived financial strength and the willingness to use capital to serve client needs. Consolidation has created a number of firms that, like the Crédit Agricole S.A. group, have the ability to offer a wide range of products, from insurance, loans and deposit taking to brokerage, investment banking and asset management services.

In addition, new rivals that are more competitive (including those utilizing innovative technology solutions), which may be subject to separate or more flexible regulation, or other requirements relating to prudential ratios, are also emerging in the market. Technological advances and the growth of e-commerce have made it possible for non-bank institutions to offer products and services that traditionally were banking products, and for financial institutions and other companies to provide electronic and Internet-based financial solutions, including electronic securities trading. These new players exert downward price pressure on the Crédit Agricole S.A. group's products and services and can succeed in winning market share in areas that have been historically stable and dominated by traditional financial institutions. In addition, new applications, particularly in payment processing and retail banking, new currencies, such as bitcoin, and new technologies facilitating transaction processing, such as blockchain, have been gradually transforming the financial sector and the ways in which customers consume banking services. It is difficult to predict the effects of the emergence of such new technologies, for which the regulatory framework is still being defined, but their increased use may transform the competitive landscape of the banking and financial industry. The Crédit Agricole S.A. group must therefore strive to maintain its competitiveness in France and in the other major markets in which it operates by adapting its systems and strengthening its technological footprint to maintain its current market share and level of results.

The Crédit Agricole S.A. group's ability to attract and retain qualified employees is critical to the success of its business and failure to do so may materially affect its performance

The Crédit Agricole S.A. group's employees are its most important resource and, in many areas of the financial services industry, competition for qualified personnel is intense. the Crédit Agricole S.A. group's results depend on its ability to attract new employees and to retain and motivate its existing employees. The Crédit Agricole S.A. group's ability to attract and retain qualified employees could potentially be impaired by legislative and regulatory restrictions on employee compensation in the financial services industry. Changes in the business environment may cause the Crédit Agricole S.A. group to move employees from one business to another or to reduce the number of employees in certain of its businesses. This may cause temporary disruptions as employees adapt to new roles and may reduce the Crédit Agricole S.A. group's ability to take advantage of improvements in the business environment. In addition, current and future laws (including laws relating to immigration and outsourcing) may restrict the Crédit Agricole S.A. group's ability to move responsibilities or personnel from one jurisdiction to another. This may impact its ability to take advantage of business opportunities or potential efficiencies.

G. Risks to Crédit Agricole S.A. security holders

Holders of securities of Crédit Agricole S.A. could suffer losses if a resolution procedure is commenced or if there is a significant deterioration in the financial condition of the Group

The European Bank Resolution and Recovery Directive 2014/59/EU ("**BRRD**") and the single resolution mechanism ("**Single Resolution Mechanism**"), as transposed into French law by decree-law dated 20 August 2015 (*ordonnance n° 2015-1024 du 20 août 2015 portant diverses dispositions d'adaptation de la législation au droit de l'Union européenne en matière financière*), each of which is the subject of pending modification proposals at the European level, provide resolution authorities with the power to "bail in" capital instruments and eligible liabilities of an issuing institution such as Crédit Agricole S.A., meaning writing them down or (except with respect to shares) converting them to equity as further described below.

As a general matter, a resolution procedure may be initiated in respect of an institution if (i) it or the group to which it belongs is failing or likely to fail, (ii) there is no reasonable prospect that another measure would avoid such failure within a reasonable time period, and (iii) a resolution measure is required (a) to ensure the continuity of critical functions, (b) to avoid a significant adverse effect on the financial system, (c) to protect public funds by minimizing reliance on extraordinary public financial support, and (d) to protect client funds and assets, in particular those of depositors.

If an issuing institution is failing or likely to fail and there is no reasonable prospect that another measure would avoid such failure within a reasonable time period or if the issuing institution or the group to which it belongs requires extraordinary public support, resolution authorities must write down capital instruments such as shares or convert such instruments (excluding shares) into equity before initiating resolution procedure. If such a resolution procedure is commenced thereafter, the resolution authority may decide to exercise the bail-in power in respect of any remaining capital instruments (*i.e.*, capital instruments (including shares) whose nominal amount has not been fully written down or capital instruments (excluding shares) that have not been converted to equity at the beginning of a resolution procedure), as well as other eligible liabilities issued by the relevant institution (*i.e.*, subordinated debt instruments, senior non-preferred debt instruments and finally senior preferred debt instruments) in reverse order of seniority, excluding certain limited categories of liabilities.

As the Central Body of the Crédit Agricole Network (which includes primarily Crédit Agricole S.A., the Regional Banks, the Local Banks and Crédit Agricole CIB and BforBank, as affiliated members (the "Crédit Agricole Network")), Crédit Agricole S.A. must implement the financial solidarity mechanism provided for in Article L. 511-31 of the French Code monétaire et financier in order to mobilize the equity of the affiliated members of the Crédit Agricole Network to maintain the liquidity and solvency of both the Crédit Agricole Network and each of its members, including Crédit Agricole S.A. If those measures prove insufficient, and the conditions related to the commencement of a resolution procedure as described above are met, the resolution authority's exercise of its resolution powers could result in the write-down or full or partial conversion of capital instruments and eligible liabilities issued by Crédit Agricole S.A.

In addition, the BRRD provides resolution authorities with broader powers to implement other resolution measures, which may include, among other things, the sale of the institution's business to a third party or a bridge institution, the separation of assets, the replacement or substitution of the institution as obligor in respect of debt instruments, modifications to the terms of debt instruments (including altering the maturity and/or the amount of interest payable and/or imposing a temporary suspension on payments) and discontinuing the listing and admission to trading of financial instruments.

If the financial condition of the Crédit Agricole group or of Crédit Agricole S.A deteriorates, or is perceived to deteriorate, the exercise of bail-in powers and other resolution measures by the resolution authority as described above could accelerate the decline of the market value of the shares and other securities of Crédit Agricole S.A.

The definitions of the underlined words can be found in the Glossary on page 600.

The structure of the Crédit Agricole group is different from that of other major banking groups

Crédit Agricole S.A. does not have a majority ownership interest in the Regional Banks (other than the Caisse régionale de la Corse). As a result, Crédit Agricole S.A. does not control the Regional Banks in the same way a majority shareholder would. In its capacity as Central Body of the Crédit Agricole Network, Crédit Agricole S.A. has important powers of control granted by law over each of the members of the Crédit Agricole Network (which includes the Regional Banks). These powers give Crédit Agricole S.A. the ability to exercise administrative, technical and financial supervision over the organisation and management of these institutions and to take extraordinary measures under certain circumstances. However, Crédit Agricole S.A's powers over the Regional Banks differ in nature from the relationship of voting control that would arise from the direct ownership of a majority stake in the Regional Banks.

If any member of the Crédit Agricole Network encounters future financial difficulties, Crédit Agricole S.A. would be required to mobilize the resources of the Crédit Agricole Network (including its own resources) to support such member

As the Central Body of the Crédit Agricole Network, Crédit Agricole S.A. is required to ensure that each member of the Crédit Agricole Network, as well as the network as a whole, maintains adequate liquidity and solvency pursuant to Article L. 511-31 of the French Code monétaire et financier. To this end, if one of the members of the Crédit Agricole Network were to encounter financial difficulties, Crédit Agricole S.A. would be required to call on support from other members of the Crédit Agricole Network whenever and in any manner deemed necessary.

To assist Crédit Agricole S.A. in assuming its duties and commitments as Central Body of the Crédit Agricole Network, and in particular to enable it to take action with respect to members of the Crédit Agricole Network that may encounter financial difficulties, a fund for liquidity and solvency banking risks (known by its French acronym as the "**FRBLS**") has been established. For information on the amount in the FRBLS as of 31 December 2018 and the manner in which the FRBLS is financed, please see chapter 6 of this Registration Document. Although Crédit Agricole S.A. is not aware of circumstances likely to require recourse to the FRBLS to support a member of the Crédit Agricole Network as of the date of this Registration Document, there can be no assurance that it will not be necessary to call upon the capital of the FRBLS. In the event the FRBLS is used and its resources prove insufficient, Crédit Agricole S.A. would be required to exercise all other available measures in order to mobilize the resources and capital of the Crédit Agricole Network, including its own resources.

The Regional Banks (through SAS Rue de La Boétie) hold a majority interest in the share capital of Crédit Agricole S.A.

By virtue of their controlling interest in Crédit Agricole S.A. through SAS Rue de La Boétie, the Regional Banks own a majority of the share capital of Crédit Agricole S.A. and consequently have the power to determine the outcome of all votes at ordinary meetings of Crédit Agricole S.A.'s shareholders, including votes on decisions such as the appointment or approval of members of its board of directors and the distribution of dividends.

2. MAJOR RISKS TAXONOMY

To ensure a consistent understanding of risk categories, the Group maintains an internal taxonomy of major risks. This taxonomy is reviewed and validated at least annually by the Executive Committee or Risk Committee.

A risk is considered to be major when its occurrence results in a significant deviation from the profit, solvency or liquidity objectives for a Group activity or entity.

The notion of major risk is defined either when the impact has already been observed historically, or when it is a risk considered minor until now but could, under certain circumstances, materialise at a much higher level than what can currently be observed. This notion can also include emerging risks related to new activities.

Type of risk	Definition
Credit risks	
Global Credit Risk	Risk incurred in the event of default by a counterparty or counterparties that are considered to be a same group of related customers. NB: for corporate debt securities in the investment portfolio, Global Credit Risk includes the risk of default by the issuer but not the spread risk, which is classified as Issuer Risk.
Sectoral and individual Concentration risk	Risk arising from exposure to each counterparty, including central counterparties, to counterparties considered to be the same group of related customers, to counterparties operating in the same economic sector or geographic area, or from the provision of credit for the same activity, or from the application of credit risk mitigation techniques, in particular security interests issued by the same issuer.
Country and Sovereign Risk	The risk of concentration of exposures in the credit and investment portfolios from the country or sovereign component. NB: For sovereign debt securities in the investment portfolio, Country and Sovereign Risk includes the risk of default by the issuer, but not the spread risk, which is classified as Issuer Risk.
Retail Banking risks – France	Credit risk on the specific area of retail banking in France.
Retail Banking risks – International	Credit risk on the specific area of retail banking abroad.
Counterparty Risk on Market transactions	Risk incurred in the event of default or deterioration in the credit quality of a counterparty or counterparties considered as the same group of related customers, on transactions processed in the trading book (securities, derivatives, etc.).
Securitisation Risk	Credit risk arising from securitisation transactions in which the reporting company acts as an investor, initiator or sponsor, including reputational risks such as those arising in connection with complex structures or products.

The definitions of the underlined words can be found in the Glossary on page 600.

Type of risk	Definition
Settlement Risk Delivery	**Scope**: any transaction requiring the cross-exchange of debt securities, shares, currencies or commodities, provided that such exchange is neither subject to a bilateral netting agreement nor carried out via a third party guaranteeing delivery (or payment) to both counterparties against payment. The risk arises when a counterparty fails to deliver the debt securities, shares, currencies or commodities it owes at the end of a transaction, whereas the Bank has already delivered to it the debt securities, shares, currencies or commodities that the Bank owed it on the same transaction. The risk base is the gross equivalent value of securities, shares, currencies or commodities to be received from a given counterparty on the same due date.
Financial risks	
Equity Risk/Investment risk	Risk of a decrease in the value of equity investments (of any type, including listed shares, unlisted shares, etc.) made with the aim of influencing the Company's administration, whether they are securities "the long-term ownership of which is considered useful to the Company's business, in particular because it enables it to influence or control the Company issuing the securities", or equity investments in the context of a private equity activity.
Market risk	**Scope**: trading portfolios (excluding equity and investment portfolios). Risk of losses on on- and off-balance sheet positions resulting from changes in market prices (also includes equity risk in this portfolio).
Issuer Risk	Risk of a decrease in the value of securities held in the banking book and recorded at fair value, the acquisition of which is carried out in order to generate a return and/or manage liquidity reserves. This risk is materialised by the decrease in the value of the financial asset linked to changes in the issuer's credit quality for debt securities (CSRBB – Credit Spread Risk in the Banking Book) or by the decrease in the share price for listed shares.
Foreign exchange risk	Risk arising from operational foreign exchange positions (including trading and securities portfolios) and structural foreign exchange positions (equity investments): ▪ impact on P&L of operational foreign exchange positions left open; ▪ impact on equity of structural exchange rate positions left open.
Liquidity risk	Risk of not having sufficient funds to meet commitments. This risk is assessed and monitored as part of the ILAAP process.
Global Interest Rate Risk	Risk of loss on future net interest margin due to interest rate stress.
Risk of excessive leverage	Risk of vulnerability of an institution resulting from potential leverage or leverage that may require corrective measures to be taken in the event of losses or financing difficulties of the institution, such as an emergency sale of assets that may result in additional losses or a downward revaluation of the remaining assets.
Operational risks and associated risks	
Other Operational Risks	From a general perspective, the risk of loss resulting from shortcomings or failure in internal procedures, staff, information systems or external events; operational risk includes in particular risks related to events with a low probability of occurrence but a high impact.
Non-compliance risk/ Misconduct risk/ Legal risk	▪ Risk of judicial, administrative or disciplinary sanction, significant financial loss or damage to reputation arising from non-compliance with provisions specific to banking and financial activities: ▪ current or potential risk of loss for an institution resulting from the inappropriate provision of financial services, including cases of wilful or negligent misconduct; this includes the risks of non-compliance with customers, products, business practices and the risk of internal fraud; ▪ risk of any dispute with a counterparty, resulting from any imprecision, deficiency or insufficiency that may be attributable to the reporting entity in respect of its operations.
Model risk	Model risk is the risk of loss resulting from the use of inadequate models for price calculation, revaluation, position hedging, or risk management purposes, due either to the quality of the data used, the modelling technique, the implementation or the use of these.
Accounting risk	Risk related to the quality of banking and financial information, whether intended for effective managers or the supervisory body, transmitted to regulatory and supervisory authorities or included in documents to be published.
Information Systems Security Risks	Risks inherent to security, continuity of information systems and integrity and confidentiality of information. **External risk (cyberspace) of which telecommunication systems and means are the vectors – National Institute of Standards and Technology (NIST) definition.**
Physical Risk: Safety, Security, Prevention	Risks inherent to the safety of personnel, work tools and equipment.
Other risks	
Business related and strategic risk	Risk related to losses, revenue or income decreases due to decisions related to strategic choices and/or competitive positioning.
Systemic (macro-economic environment) and regulatory risk	Overall risk related to the macroeconomic, political and regulatory environment (particularly prudential and fiscal).
Insurance Risk	Underwriting risk, provisioning risk and reinsurance risk.
Conglomerate risk	Aggregate of specific risks borne by a financial conglomerate.
Climate risk (physical and energy transition)	First level risks that may arise as a result of climatic events (floods, storms). Risk resulting from the transition to a less carbon-intensive economy. This risk factor mainly pertains to the evolution of the price of financial assets exposed to carbon.

The definitions of the underlined words can be found in the Glossary on page 600.

3. RISK MANAGEMENT

This section of the management report presents the Group's risk appetite, the nature of the main risks to which the Group is exposed, their magnitude and the measures implemented to manage them.

The information presented under IFRS 7 on financial instrument disclosures covers the following main types of risks(1):

- credit risks;
- market risks;
- structural balance sheet risks: global interest rate risk, foreign exchange risk and et liquidity risk, including risks associated with the insurance industry.

In order to cover all risks inherent in the banking business, additional information is provided concerning:

- operational risks;
- legal risks;
- non-compliance risks.

In accordance with legislation and best professional practices, risk management within Crédit Agricole S.A. Group is reflected by a form of governance in which the roles and responsibilities of each individual are clearly identified, as well as by effective and reliable risk management methodologies and procedures which make it possible to measure, supervise and manage all the risks to which the Group is exposed.

3.1. RISK APPETITE, GOVERNANCE AND ORGANISATION OF RISK MANAGEMENT RISKS

Concise statement on risks

(Statement prepared in compliance with Article 435(1)(f) of Regulation EU 575/2013)

The Board of Directors of Crédit Agricole S.A. Group makes a formal statement every year regarding its risk appetite. For 2018, this was discussed and approved on 13 February 2019 after first having been reviewed and recommended by the Risk Management Committee. The Group's risk appetite statement is prepared in line with the risk appetite approach applied in the various entities. This statement is an integral and strategic part of the governance framework which covers strategy, commercial objectives, risk management and global financial management for the Group. The strategic thrusts of the Medium-Term Plan, the risk appetite statement, the budgetary process and the allocation of resources to the business lines are mutually coherent.

The Risk Appetite of the Crédit Agricole Group is the type and aggregate amount of risk that the Group is ready to take on, in the framework of its strategic objectives.

The Group's risk appetite is determined by particular reference to the financial policy and the risk management policy, which are based on:

- a policy of selective and responsible financing that takes account of a prudent lending policy framed by the risks strategy, the corporate social responsibility policy and the authorisation system;
- the objective of keeping market risk exposure low;
- the strict management of operational risk exposure;
- limits on non-compliance risk to exposures, which are strictly framed;
- management of the growth of risk-weighted assets;
- management of risks related to asset and liability management.

The formal definition of risk appetite allows Executive Management and the Board of Directors to define the Group's development direction consistent with the Medium-Term Plan and translate it into operational strategies. This results in a consistent approach shared by the Strategy, Finance, Risk and Compliance departments.

The risk appetite statement is coordinated with the Operational departments of the various entities and aims to:

- engage Directors and senior Management in reflection and dialogue on risk taking;
- formalise, standardise and make explicit the acceptable level of risk for a given strategy;
- fully integrate risk/return considerations into the strategic planning and decision-making processes;
- define advance indicators and alert thresholds so that senior Management can anticipate excessive deteriorations in strategic indicators and improve resilience by taking action as soon as alerts for risk appetite standards are triggered;
- improve external communications to third parties on financial strength and risk management.

The Group's risk appetite is defined through:

- **key indicators:**
  - **Crédit Agricole S.A.'s external rating** which has a direct impact on refinancing terms, the Group's image in the market and the price of its securities,
  - **solvency** which guarantees the Group's sustainability by ensuring it has sufficient capital to back the risks it is taking on,
  - **liquidity**, the management of which aims to prevent the Group's sources of finances drying up with the consequent threat of default on payments, or even resolution,
  - **business risk** which provides a measure of progress towards the strategy laid down by the Group, thereby facilitating its long-term survival,
  - **profit**, because the direct source of future solvency and shareholder dividends and therefore a key part of the Group's financial communications,
  - **credit risk** of Crédit Agricole Group, which constitutes its main risk;
- **limits, alert thresholds and risk envelopes** defined in line with these indicators: credit, market, interest rate and operational risks;
- **qualitative priorities,** inherent to the Group's strategy and businesses, essentially looking at risks which are not currently quantified. The qualitative criteria are largely based on the Corporate Social Responsibility (CSR) policy of the Company, which embodies the Group's concern with supporting sustainable development and controlling all risks including non-financial risks.

(1) These disclosures are an integral part of the consolidated financial statements for the year ended 31 December 2018 and, as such, are covered by the Statutory Auditors' report.

The definitions of the underlined words can be found in the Glossary on page 600.

The key indicators reflect three levels of risk:

- **appetite** is used for managing normal everyday risk. It is expressed in budget targets framed by operational limits, any breach of which is immediately flagged up to Executive Management, which decides on corrective action;
- **tolerance** is used for exceptional management of a deteriorated level of risk. Breach of tolerance thresholds in key indicators or limits triggers an immediate report to the Chairman of the Risk Management Committee which is then, if necessary, referred up to the Board of Directors;
- **capacity** is the maximum risk that the Group could theoretically take on without infringing its operational or regulatory constraints.

The Group's risk appetite system is based on the risk identification process which aims to list as exhaustively as possible the Group's major risks and to apply a standard approach to placing them in categories and sub-categories.

Overall risk profile:

The Group's activity is built around customer-focused universal banking model in Europe with a low level of defaults and prudent provisioning. The market risk profile has also considerably reduced, as a result of a change in the Group's strategy since 2007.

The Group's risk profile is monitored and presented at least every quarter to the Group Risk Management Committee and to the Board of Directors. Breach of tolerance levels for central indicators or limits on the system are reported and corrective actions proposed to the Board of Directors. The executive Directors and the supervisory body are thus kept regularly informed of how the risk profile corresponds to the risk appetite.

The main components of the Group's risk profile at 31 December 2018 are broken down in the "Risk Management" and "Pillar 3" sections, respectively, of this Registration document:

- Credit risk: Part 3.4 (Risk management) and Part 4.2 (Pillar 3);
- Market risk: Part 3.5 (Risk management) and Part 4.4 (Pillar 3);
- Financial risks (interest rate, exchange rate, liquidity and financing): Part 5 (Risk factors) and Parts 5 and 6 (Pillar 3);
- Operational Risk: Part 3.8 (Risk management) and Part 4.6 (Pillar 3).

At 31 December 2018, the Group's risk appetite indicators are within the risk appetite levels defined by the Group. They have not reached the tolerance thresholds.

Adequacy of the institution's risk management arrangements pursuant to Article 435.1 (e) of Regulation (EU) No. 575/2013

At its meeting of 13 February 2019, the Board of Directors of Crédit Agricole S.A. Group concluded, having regard to all the information submitted to it in 2018 providing it, in particular, with a view of how the risk profile of the institution interacts with the tolerance level, that the risk management arrangements put in place by Crédit Agricole Group are appropriate given its profile and strategy.

Organisation of risk management

Risk management, which is inherent in banking activities, lies at the heart of the Group's internal control system. All staff involved, from the initiation of transactions to their final maturity, play a part in this system.

Measuring and supervising risk is the responsibility of the dedicated Risk Management function (headed by the DRG – Group Risk Management department), which is independent from Group functions and reports directly to the Executive Management.

Although risk management is primarily the responsibility of the business lines which oversee growth in their own operations, DRG's task is to ensure that the risks to which the Group is exposed are consistent with the risk strategies defined by the business lines (in terms of global and individual limits and selection criteria) and compatible with the Group's growth and profitability targets.

DRG performs consolidated Group-wide monitoring of risks using a network of Risk Management and Permanent Controls Officers who report hierarchically to the head of Risk Management and Permanent Controls and functionally to the executive body of their entity or business line.

To ensure a consistent view of risks within the Group, the DRG has the following duties:

- it coordinates the risk identification process and the implementation of the Group's risk appetite framework in cooperation with the Finance, Strategy and Compliance functions and the business lines;
- it defines and/or validates methods and procedures for analysing, measuring and monitoring credit, market and operational risks;
- it takes part in the critical analysis of the business lines' commercial development strategies, focusing on the risk impact of these strategies;
- it provides independent opinions to Executive Management on risk exposure arising from business lines' positions (credit transactions, setting of market risk limits) or anticipated by their risk strategy;
- it lists and analyses Group entities' risks, on which data is collected in risk information systems.

The Financial Management unit of the Group Finance department (FIG) manages structural asset/liability risk (interest rate, exchange rate and liquidity) along with the refinancing policy and supervision of capital requirements.

Supervision of these risks by Executive Management is carried out through Treasurery and ALM (Asset Liability Management) Committee Meetings, in which DRG takes part.

DRG keeps the executive Directors and supervisory body informed of the degree of risk control in the Crédit Agricole S.A. Group, presents various risk strategies of the major business lines of the Group for validation, and warns them of any risk of deviation from risk strategies or policies approved by executive bodies. It informs them of the outcomes and performance of prevention measures, whose organisational principles are approved by them. It makes suggestions for any improvement of such measures that may be required as a result of changes to business lines and their environment.

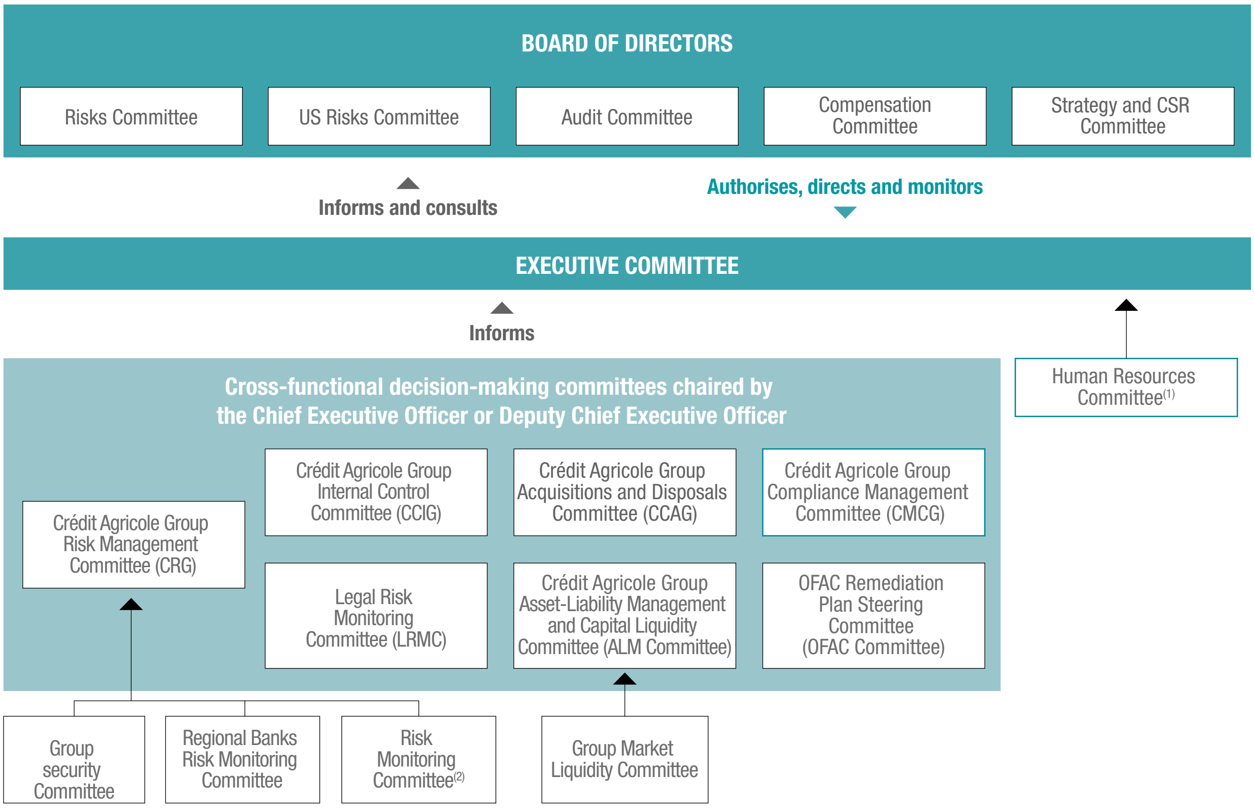
At consolidated level, this action falls within the remit of governance bodies, in particular:

- the Risk Management Committee (a Board of Directors sub-committee): it analyses key factors in the Group's risk appetite statement defined by Executive Management, regularly examines the Group's risk management and internal control issues, reviews the half-yearly information and annual report on internal control and risk measurement and monitoring;
- the Group Internal Control Committee (GICC – chaired by the Chief Executive Officer of Crédit Agricole S.A.): it examines internal control issues common across the Group, looks at cross-functional actions within the Group, approves the annual report and half-yearly information on internal control, and coordinates the three control functions;
- the Group Risk Committee (GRC) chaired by the Chief Executive Officer of Crédit Agricole S.A.: approves risk strategies and lending decisions at Crédit Agricole S.A. level, on the advice of the Risk Management function in line with the risk appetite framework approved by the Board of Directors, reviews major risks and sensitive issues, and provides feedback on Group entities' processes and rating models;

The definitions of the underlined words can be found in the Glossary on page 600.

- Asset/Liability and Liquidity Committee – Crédit Agricole Group equity (ALM Committee chaired by the Chief Executive Officer of Crédit Agricole S.A., four meetings per year): analyses the financial risks facing Crédit Agricole Group (interest rate, exchange rate and liquidity risks) and validates the guidelines for the management thereof;
- the Group Compliance Management Committee (CCMG – chaired by the Chief Executive Officer of Crédit Agricole S.A. – minimum four meetings per year): it defines the Group's Compliance policy, examines all draft compliance-related standards and procedures, prior to their implementation, examines all significant dysfunctions and approves corrective measures, makes all decisions related to remedial action for deficiencies, takes note of the main compliance-related conclusions of audits conducted, approves the annual compliance report;
- the Group Security Committee (GSC), chaired by the Deputy General Manager in charge of Operations and Transformation is a decision-making committee that defines the strategy and assesses the Group's level of control in the following four areas: business continuity plans, data protection, security of people and property and IT systems security. It reports to the Executive Committee;
- the Group Risk Monitoring Committee chaired by the Chief Executive Officer of Crédit Agricole S.A. is a committee that reviews loans where the level of risk significantly deteriorates. It also examines as early as possible warnings regarding risks of all types reported by the business lines or control functions that may have an adverse effect on the Group's profile or its cost of risk.

Main Group-level committees dealing with risk



(1) Committee organised by the Crédit Agricole S.A. Executive Committee.
(2) Committee that reports to the Crédit Agricole Group Risk Committee.

In addition, each Group operating entity defines its own risk appetite statement and sets up a Risk Management and Permanent Controls function. Within each business line and legal entity:

- a Permanent Controls and Risk Management (PCRM) Officer is appointed;
- he supervises all the last-line control units within their areas of responsibility, covering oversight and permanent control of risks falling within the remit of the Group function in question;
- he has access to appropriate human, technical and financial resources. He must be provided with the information required by their role and have systematic and permanent access to any information, document, body (Committees, etc.), tools or even IT systems across their entire area of responsibility. He is associated with entity projects far enough in advance to be able to play their role effectively.

This principle of decentralising the Risk management function to operating entities aims to ensure that the business lines' risk management and permanent controls systems operate efficiently.

Group risk management is also reliant on a certain number of tools which enable DRG and the Group's executive bodies to fully comprehend the risks being run:

- a robust IT and global risk consolidation system, within the trajectory defined by the Basel Committee on banking controls for global systemic institutions (BCBS 239);
- generalised use of stress testing methodologies in Group credit, financial or operational risk procedures;
- formalised and up-to-date control standards and procedures, which define lending systems, based on an analysis of profitability and risks, monitoring of geographical, individual and sectoral concentrations, as well as limits on interest rate, foreign exchange and liquidity risks;
- a Group recovery plan is updated on an annual basis, in accordance with the provisions of EU Directive 2014/59 of 15 May 2014, which establishes a framework for the recovery and resolution of credit institutions.

Risk culture

The risk culture is spread right the way across the Group via diverse and effective channels:

- career and talent Committees within the Risk Management function, which plan the succession to key posts, facilitate the mobility of both men and women with the relevant expertise and enrich trajectories by diversifying skills portfolios;
- highly valued careers and experience sought after by other business sectors as a result of time spent within the Risk Management function;
- a range of training on risk comprising modules tailored to the needs of employees within and outside the Risk Management function; This includes awareness training for all Group employees with, in particular, an e-learning component, to better understand the risks inherent in the bank's business lines;
- communication efforts to foster the spreading of the risk culture, underway since 2015. They are designed to increase the knowledge and involvement of all employees, in order to turn risk into a positive day-to-day.

Consolidated risk monitoring

Every quarter, the Board of Directors' Risk Management Committee and the Group Risk Management Committee examine the risk dashboard produced by the Group Risk Division. This document gives a detailed review of the Group's risk situation on a consolidated basis and across all business lines.

The Risk Register, in combination with the risk dashboard, provides an overview of changes in the Group's risks and a long-term view of trends observed in the portfolio. The register is presented to the Group Risk Division and the Board of Directors' Risk Management Committee.

The Group's consolidated alert procedures are coordinated by the Risk Monitoring Committee by reviewing all the risk alerts centralised by the Group Risk Management department.

3.2. STRESS TESTING

Stress tests, crisis simulations and resistance tests, form an integral part of Crédit Agricole Group's risk management system. Stress tests play a role in proactive risk management, the assessment of capital adequacy and meet regulatory requirements. In this regard, by measuring the economic, accounting or regulatory impact of severe but plausible economic scenarios, stress testing provides a measure of the resilience of a portfolio, business, entity or of the Group used as inputs for the ICAAP and the Risk Appetite. Stress testing covers credit, market and operational risks as well as liquidity risk and risks related to interest rates and exchange rates. Stress testing to manage Crédit Agricole Group risks involves a range of different exercises.

Different types of stress tests

- **Using stress testing for proactive risk management:** specific exercises that are recurring or carried out upon request are performed centrally to supplement and enhance the various analyses performed to properly monitor risks. This work is presented to Executive Management at Group Risk Management Committee Meetings. In this respect, stress testing focused on market risk or liquidity risk is periodically undertaken.

  In the case of credit risk, stress tests were performed in 2018 to measure the risk stemming from economic changes in certain major Group risks. These exercises underpin the decisions taken by the Group Risk Management Committee on aggregate exposure limits.
- **Budget stress testing or ICAAP stress testing:** (Internal Capital Adequacy and Assessment Process): Crédit Agricole Group undertakes an annual exercise as part of the budgetary process, with the results of this stress testing being incorporated into the ICAAP. It plays a part in capital requirements planning and makes it possible to estimate the Group's profitability over a three-year period, under various economic scenarios. The goal of this stress testing in the budgetary process and in ICAAP is to measure the effects and the sensitivity of their results to economic scenarios (central – baseline and stressed – adverse) on the businesses, entities and the Group as a whole and also the sensitivity of their results. It is necessarily based on an economic scenario (change in a series of economic variables) from which the impact on the various risks and geographic regions are determined. This scenario is supplemented to reflect operational risks and the risk of improper conduct.

  The goal of this exercise is to estimate a solvency ratio by measuring the impact on the income statement (cost of risk, interest margin, commission, etc.), risk-weighted assets and own funds and to compare it against the Group's tolerance and capacity thresholds.
- **Regulatory stress testing:** this stress testing encompasses all requests from the ECB, the EBA or other supervisor.
- In 2018, the Group was particularly successful in managing the global stress organized by the EBA. In this regard, the Crédit Agricole Group was among the leading European systemic banks in terms of the CET1 solvency ratio level in the stress scenario at the end of 2020.

The definitions of the underlined words can be found in the Glossary on page 600.

Governance

In line with the guidelines of the EBA (European Banking Authority), the stress test programme for the Group and major entities clearly details the governance and responsibilities of each party involved in the stress testing encompassing credit, market, operational and liquidity risks and structural risks related to interest rates and exchange rates.

The scenarios used in the ICAAP processes, risk Appetite or for regulatory purposes are prepared by the Economic Department (ECD) and are presented to the Board of Directors. These economic scenarios show central and stressed fluctuations in macroeconomic and financial variables (GDP, unemployment, inflation, interest rates and exchange rates, etc.) for all countries to which the Group is exposed.

3.3. INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES

Crédit Agricole Group's internal control organization reflects an architecture in line with legal and regulatory requirements, as well as the recommendations of the Basel Committee.

The internal control system and procedures are defined within the Crédit Agricole Group as all systems designed to control activities and risks of all kinds and to ensure regularity (in the sense of compliance with laws, regulations and internal standards), safety and efficiency of operations, in accordance with the references presented in section 1 below.

The internal control system and procedures are characterised by the objectives assigned to them:

- application of Executive Management instructions and guidelines;
- financial performance, through the efficient and appropriate use of the Group's assets and resources, as well as protection against the risk of loss;
- comprehensive, accurate and regular knowledge of the data needed for decision making and risk management;
- compliance with legal and regulatory requirements and internal standards;
- prevention and detection of fraud and errors;
- accuracy, completeness of accounting records and the timely preparation of reliable accounting and financial information.

These procedures have, nonetheless, inherent limitations of any internal control system, due in particular to technical or human failures.

In accordance with the principles in force within the Group, the internal control system applies over a broad scope aimed at supervising and controlling activities, as well as measuring and monitoring risks on a consolidated basis. This principle, applied by each entity of Crédit Agricole S.A. and its subsidiaries to its own subsidiaries, makes it possible to apply the internal control system according to a pyramidal logic and to all entities. The system implemented by Crédit Agricole S.A., which is in line with the standards and principles set out below, is thus deployed in a manner adapted to the different business lines and risks at each of the Crédit Agricole Group's levels in order to best meet the regulatory obligations specific to banking activities.

The resources, tools and reports implemented in this normative environment provide regular information, in particular to the Board of Directors, the Risk Committee, the Executive Board and management, on the functioning of internal control systems and their adequacy (permanent and periodic control system, reports on risk measurement and monitoring, corrective action plans, etc.).

I. References in terms of internal control

References to internal control are based on the provisions of the French Monetary and Financial Code[1], the Decree of 3 November 2014 on internal control of companies in the banking, payment services and investment services sector subject to control by the *Autorité de contrôle prudentiel et de résolution* (ACPR), the AMF General Regulation and the recommendations on internal control, risk management and solvency issued by the Basel Committee.

These national and international standards are supplemented by Crédit Agricole's own internal standards:

- a corpus of communications of a permanent, regulatory nature (external regulations and internal Group rules) and of mandatory application, relating in particular to accounting (Crédit Agricole's accounting plan), financial management, risks and permanent controls, applicable to the entire Crédit Agricole Group;
- Code of Ethics of the Crédit Agricole Group;
- recommendations of the full Committee on Internal Oversight of the Regional Banks;
- the aggregate of "procedural notes", applicable to Crédit Agricole S.A. relating to organization, operation or risks. In this context, Crédit Agricole S.A. adopted a set of procedural notes in 2004 to monitor compliance with laws and regulations. This procedural system has since been adapted to regulatory changes and deployed in the Group's entities, particularly in the areas of financial security (prevention of money laundering, fight against terrorist financing, freezing of assets, compliance with embargoes, etc.) or detection of malfunctions in the application of laws, regulations, professional and ethical standards, for example. These procedural notes are updated regularly, as necessary, in particular in the light of changes in regulations and the scope of supervision on a consolidated basis.

II. Principles for the organisation of the internal control system

In order to ensure that internal control systems are effective and consistent between the Group's various organizational levels, the Crédit Agricole Group has adopted a set of common rules and recommendations based on the implementation of and compliance with fundamental principles.

Thus, each entity of the Crédit Agricole Group (Regional Banks, Group, subsidiaries of credit institutions or investment firms, insurance companies, others, etc.) must apply these principles at its own level.

Fundamental principles

The organisational principles and components of the internal control systems of Crédit Agricole S.A., which are common to all Crédit Agricole Group entities, include obligations in terms of:

- informing the supervisory body (risk strategies, limits set on risk taking, internal control activity and results, significant incidents);

(1) Article L. 511-41.

- direct involvement of the management body in the organisation and operation of the internal control system;
- exhaustive coverage of activities and risks, liability of all actors;
- a clear definition of tasks, effective separation of engagement and control functions, formalized and up-to-date delegations;
- formalised and updated standards and procedures.

These principles are complemented by:

- risk measurement, monitoring and control systems: credit, market, liquidity, financial, operational (operational processing, quality of financial and accounting information, IT processes), non-compliance and legal risks;
- a control system, as part of a dynamic and corrective process, including permanent controls carried out by the operational units or by dedicated employees, and periodic controls (carried out by the General Inspection or Audit Units);
- the adoption of the Group's compensation policies (following the deliberations of the Board of Directors of 9 December 2009 and 23 February 2011) and internal control procedures – in accordance with applicable national, European or international regulations, in particular those relating to Capital Requirements Directive 4 (CRD4), the AIFM, UCITS V and Solvency 2, the provisions relating to the Volcker Rule, the Banking Separation Act and MiFID, as well as the professional banking recommendations relating to, on the one hand, the adequacy between the remuneration policy and the risk control objectives, the adequacy between the remuneration policy and the risk control objectives, and on the other hand the remuneration of the members of the executive bodies and that of the risk takers (see Part I of this report).

System monitoring

Since the amendments to Regulation 97-02 on internal control relating to the organisation of control functions, elements included in the decree of 3 November 2014 repealing the regulation became effective, an obligation has been imposed on each entity or business line manager, each manager, each employee and each Group body to be able to report and justify, at any time, the proper control of its activities and the risks involved, in accordance with the standards for the exercise of banking and financial professions, in order to ensure the long-term security of each activity and each development project and to adapt the control measures to be implemented to the intensity of the risks incurred.

This requirement is based on organisational principles and an architecture of responsibilities, operating and decision-making procedures, controls and reporting to be implemented in a formal and effective manner at each level of the Group: central functions, business lines, subsidiaries, operational units and support functions.

Group Internal Audit Committee

The internal Audit Committee of the Group and of Crédit Agricole S.A., the umbrella body for steering the systems, met regularly under the chairmanship of the Chief Executive Officer of Crédit Agricole S.A.

The objective of this Committee is to strengthen the transversal actions to be implemented within the Group. Its purpose is to examine internal control issues common to the entire Group (Crédit Agricole S.A., subsidiaries of Crédit Agricole S.A., Regional Banks, common resource structures) and to ensure the consistency and effectiveness of internal control on a consolidated basis. The internal Audit Committee, a decision-making body with binding decisions, is composed of Crédit Agricole S.A. employee executives. As such, it is distinguished from the Risk Committee, which is a division of the Board of Directors, and is responsible for coordinating the three control functions: Audit-Inspection, Risks, and Compliance.

Three functions operating throughout the Group

The Head of the Group Risk Department, the Group General Inspector and the Group Head of Compliance report directly to the Chief Executive Officer of Crédit Agricole S.A. and have access to the Risk Committee and the Board of Directors of Crédit Agricole S.A.

In addition, under the Decree of 3 November 2014 on the internal control of companies in the banking, payment services and investment services sector that are subject to the supervision of the Prudential Control and Resolution Authority, the Group Risk Director has been appointed as head of risk management for Crédit Agricole S.A. as well as for the Crédit Agricole Group.

The audit functions are responsible for supporting the business lines and operational units to ensure the regularity, safety and efficiency of operations. In this capacity they carry out:

- the management and control of credit, market, liquidity, financial and operational risks by the Group Risk Department, which is also responsible for the ultimate control of accounting and financial information and for monitoring deployment by the Group IT Security Officer of information systems security and business continuity plans;
- the prevention and control of non-compliance risks by the Group Compliance Department, which ensures in particular the prevention of money laundering, the fight against terrorist financing, the prevention of fraud, compliance with embargoes and asset freezing obligations;
- independent and periodic control of the proper functioning of all entities of the Crédit Agricole Group by the Group Control and Audit department.

In addition to the involvement of the various control functions, the other central functions of Crédit Agricole S.A. and its directions divisions and business lines contribute to the implementation of internal control systems on a consolidated basis, whether within specialized committees or through actions to standardize procedures and centralize data.

Organized as a business line, the Legal Affairs Department has two main objectives: to control legal risk, which can give rise to disputes and liabilities, whether civil, disciplinary or criminal, and to provide the legal support needed by entities to enable them to carry out their activities, while controlling legal risks and minimizing associated costs.

With regard to Crédit Agricole S.A. and its subsidiaries

The functions, departments and business lines are themselves supported by decentralized mechanisms within each of the legal entities, which are first-tier subsidiaries and are part of the consolidated supervisory scope of Crédit Agricole S.A., and include:

- quarterly Internal Control Committees, which are decision-making and binding in nature, consisting of the Chief Executive Officer of the entity and representatives of the control functions of the entity and of Crédit Agricole S.A., responsible in particular for steering the internal control system implemented in the entity, examining the main risks to which the entity is exposed, critically evaluating the internal control systems and the audit action, monitoring missions and taking any necessary corrective measures;
- specialised Committees that are specific to each entity;
- a network of correspondents and authorities dedicated to each business line.

The definitions of the underlined words can be found in the Glossary on page 600.

With regard to the Regional Banks of Crédit Agricole

For the Regional Banks, the application of all the Group's rules is made possible by the dissemination of national recommendations on internal control by the plenary Internal Audit Committee of the Regional Banks and by the activity of the central control functions of Crédit Agricole S.A. The Plenary Committee is responsible for strengthening the management of the Regional Banks' internal control systems and is composed of Chief Executive Officers, senior managers and heads of the Regional Banks' audit functions, as well as representatives of Crédit Agricole S.A. Its activities are extended through regular regional meetings and working and information meetings between the heads of the audit functions of Crédit Agricole S.A. and their counterparts in the Regional Banks.

The role of Crédit Agricole S.A. as a central body requires it to be very active and vigilant in terms of internal auditing. In particular, specific monitoring of the risks and controls of the Regional Banks is carried out by Crédit Agricole S.A.'s by the Risks, Universal Customer-Focused Banking and Retail functions of the Group Risk Department and by the Group Compliance Department.

Role of the Board of Directors

The Board of Directors of Crédit Agricole S.A. is aware of the Company's general organisation and approves its internal audit system. It approves the Group's general organisation and internal control system and defines the Group's risk appetite in an annual declaration. It is informed of the organisation, activity and results of internal audits. Other than the information it regularly receives, it has access to the Annual Report and the half-yearly presentation on internal audits, such in accordance with banking regulations and standards defined by Crédit Agricole S.A. The Chairman of the Board of Directors of Crédit Agricole S.A. receives detailed summary notes presenting the conclusions of the Group General Inspection's missions.

The Board is informed, through the Risk Committee, of the main risks incurred by the Company and the significant incidents revealed by the internal audit and risk management systems.

The Chairman of the Risk Committee of Crédit Agricole S.A. reports to the Board on the work of the Committee, and in particular on the annual report on internal audits and on risk measurement and monitoring. By the date of the General Meeting, the Annual Report will have been presented to the Risk Committee, forwarded in due course to the French *Autorité de contrôle prudentiel et de résolution* (ACPR), and to the Statutory Auditors. It will also have been presented to the Board of Directors.

Role of the Executive Director in internal auditing

The Chief Executive Officer defines the general organization of the Company and ensures its efficient implementation by qualified and competent persons. He is directly and personally involved in the organization and operation of the internal control system. In particular, it sets out the roles and responsibilities for internal control and allocates appropriate resources to it.

He ensures that the risk strategies and limits are compatible with the financial situation (equity levels, results) and the strategies adopted by the Board of Directors, as part of the Group's risk appetite declaration.

He ensures that risk identification and measurement systems, adapted to the Company's activities and organisation, are adopted. He also ensures that the main information from these systems is regularly reported to it.

He assures himself that the internal control system is constantly monitored to ensure its adequacy and effectiveness. He is informed of any malfunctions that the internal control system would identify and of the corrective measures proposed. In this respect, the Chief Executive Officer receives detailed summary notes presenting the conclusions of the Group General Inspection's missions.

III. Specific internal audit systems and risk control and monitoring systems of Crédit Agricole S.A.

Crédit Agricole S.A. implements processes and mechanisms for measuring, monitoring and controlling its risks (counterparty, market, operational, financial and other risks) adapted to its activities and organisation, which are an integral part of the internal control system and are periodically reported to the management body, the supervisory body and the Risk Committee, in particular via reports on internal control and risk measurement and monitoring.

Detailed information on risk management is presented in the chapter "Risk Management" and in the notes to the consolidated financial statements dedicated to these (Note 3).

Risk function and permanent controls

The Risks function, created in 2006 pursuant to amendments to Regulation 97-02 (repealed and replaced by the Order of 3 November 2014 on the internal control of companies in the banking, payment services and investment services sector subject to the supervision of the *Autorité de contrôle prudentiel et de résolution.*

The Risks function is responsible for both the overall management and the permanent control of the Group's risks: credit, financial and operational risks, in particular those related to the quality of financial and accounting information, physical security and information systems, business continuity and the supervision of outsourced essential services.

Risk management is based on a Group system whereby the strategies of the business lines, including in the event of the launch of new activities or new products, are the subject of a risk notice, and risk limits are formalized in the risk strategies for each sensitive entity and activity. These limits are reviewed at least once a year or in the event of a change in an activity or risks and are validated by the Group Risk Committee. They are accompanied by cross-Group limits, particularly on major counterparties. The mapping of potential risks, the measurement and monitoring of proven risks are regularly adjusted with regard to the activity.

Audit plans are adapted to changes in the activity and the risks, to which they are proportionate.

The function is placed under the responsibility of the Group Risk Director, who is independent of any operational function and reports to the Group Chief Executive Officer. It brings together the cross-functional functions of Crédit Agricole S.A. (Group Risk Department) and the decentralised permanent risk and control functions, as close as possible to the business lines, at the level of each Group entity, in France or abroad. The Risk function employed nearly 2,900 people at the end of 2018 (in full-time equivalents) within the scope of Crédit Agricole.

The function operates through structured governance bodies, including the Internal Audit Committees, the Group Risk Committee, under which the Executive approves the Group's strategies and is informed of the level of its risks, the Regional Banks' Risk Monitoring Committee, the Group Safety Committee, the Standards and Methodologies Committee, the Basel Recommendations Steering Committee, the Business Monitoring Committees, which include the Group Risk Department and subsidiaries at predefined intervals, and various committees in charge of rating systems and information systems. The Group Risk Monitoring Committee, chaired by the Group Chief Executive Officer, meets twice a month and is responsible for monitoring the emergence of risks in order to identify appropriate guidelines.

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Central risk and permanent control functions of Crédit Agricole S.A.

Within Crédit Agricole S.A., the Group Risk Department is responsible for the overall management of the Group's risks and permanent control systems.

Global Group risk management

The consolidated measurement and management of all Group risks is carried out centrally by the Group Risk Department, with units specialised by risk type that define and implement consolidation and risk management measures (standards, methodologies, information systems).

The Group Risk Department also has a "business risk management" function in charge of the global and individualised relationship with each of the subsidiaries of Crédit Agricole S.A. The supervision of the Regional Banks' risks is carried out by a specific department of the Group Risk Department.

Group risks are monitored by the business risk management units, in particular through the Group Risk Committee and the Regional Banks' Risk Monitoring Committee.

It is also carried out through an alert procedure applied to all entities and which allows the most significant risks to be presented to a General Management Committee on a bi-monthly basis (Group Risk Monitoring Committee).

Crédit Agricole S.A. measures its risks in an exhaustive and precise manner, namely by integrating all categories of commitments (on- and off-balance sheet) and positions, consolidating commitments on companies belonging to the same group, aggregating all portfolios and distinguishing risk levels.

Risk monitoring by Crédit Agricole S.A., its subsidiaries and the Regional Banks on an individual or collective basis requires a system to monitor the overruns and their regularisation, the operation of the accounts, the correct classification of receivables in accordance with the effective regulations (in particular impaired receivables), the adequacy of the level of provisioning for risks under the supervision of the Risk Committees, and the periodic review of the main risks and portfolios, in particular for sensitive business.

In a context of contrasting and uncertain risk, Crédit Agricole S.A. pursues a policy of actively reviewing the risk policies and strategies applied by its subsidiaries. Moreover, the Group's main cross-functional portfolios (housing, energy, professionals and farmers, consumer credit, private equity, etc.) have been analysed by the Group Risk Committee (GRC). The scope of risks covered in the risk strategies reviewed in the GRC also includes model risks, operational risks and conglomerate risks.

Alert and escalation procedures are in place in the event of a prolonged anomaly, depending on their materiality.

Permanent control of operational risks

The Group Risk Department coordinates the Permanent Control system (definition of key control indicators by type of risk, deployment of a single software platform integrating the assessment of operational risks and the results of permanent controls, organisation of reporting of control results to the various consolidation levels concerned within the Group).

Risk and permanent decentralised audit functions, at the level of each of the Group's business lines

Within Crédit Agricole S.A.

The function is operates using a hierarchical organisation, with a Permanent Risk Management and Permanent Controls manager ("RCPR") appointed at each subsidiary or business line. The business line RCPR reports hierarchically to the Group Risk Director, and functionally to the management body of the relevant business line. This positioning ensures the independence of the local Risk Management and Permanent Controls departments.

Each subsidiary or business line, under the responsibility of its RCPR, obtains the necessary resources to ensure the management of its risks and the compliance of its permanent control system, in order to implement a full-fledged function (exhaustive and consolidated vision of risks, likely to guarantee the sustainability of the entity over its entire scope of supervision on a consolidated basis).

The relationship between each subsidiary or business line and Group Risk Department is organized around the following main elements:

- implementation by each subsidiary or business line of the Group's cross-functional standards and procedures, developed by the Group Risk Department;
- determination for each subsidiary or business line of a risk strategy, validated by the Group Risk Committee on the advice of the Group Risk Department, specifying in particular the entity's overall commitment limits;
- principle of delegation of powers from the Group RCPR to the business RCPRs that are hierarchically linked to it in the performance of their duties, subject to transparency and alerting the latter to the Group Risk Department.

Regarding the scope of the Regional Banks

Banking regulations relating to risks apply to each of the Regional Banks individually. Each is responsible for its own permanent risk and control system and has a permanent risk and control manager, who reports to its Chief Executive Officer, in charge of risk management and permanent controls. He may also be responsible for the duties of the Compliance Officer. If this is not the case, the Compliance Officer reports directly to the Chief Executive Officer.

Moreover, as the central body, Crédit Agricole S.A., via the Group Risk Department, consolidates the risks carried by the Regional Banks and manages the Risk function in the Regional Banks, in particular by disseminating the necessary standards to them, in particular for the implementation of a permanent control system at Group level.

In addition, the significant credit risks taken by the Regional Banks are presented for partial guarantee to Foncaris, a credit institution and wholly-owned subsidiary of Crédit Agricole S.A. The obligation imposed on the Regional Banks to request a counter-guarantee from Foncaris on their main operations (above a threshold defined between the Regional Banks and Foncaris) thus provides the central body with an effective tool enabling it to assess the associated risk before accepting it.

The definitions of the underlined words can be found in the Glossary on page 600.

Internal control system for business continuity and information system security plans

The internal control system implemented makes it possible to provide the Group's security governance bodies with periodic reporting on the situation of the main entities with regard to risk monitoring relating to business continuity plans and information system security.

Business continuity plans

With regard to IT backup plans, the IT productions of most of the subsidiaries of Crédit Agricole S.A. and of the 39 Regional Banks hosted on the Greenfield secure bi-site structurally benefit from backup solutions from one site to another.

These solutions are now being tested on a recurring basis for Crédit Agricole S.A. and its subsidiaries. The Regional Banks essentially follow the same process in terms of testing.

The subsidiaries of Crédit Agricole S.A. whose IT is not managed by Greenfield have IT backup solutions that are regularly tested with reasonable assurance of quick restart in the event of a disaster.

With regard to user back-up plans, the Group has the Eversafe solution, which provides high security in the event of the unavailability of buildings, campuses or even neighbourhoods in the Paris region. This solution is operational and proven, with two sites dedicated to the Group. The Group is thus equipped with workspaces available in the event of a major disaster in the Paris region.

In addition, and in accordance with Group policy, most entities are able to cope with a massive viral attack on workstations by focusing on the use of user backup sites.

Information Systems Security

The Crédit Agricole Group continued to reinforce its resilience to the scale of IT risks, particularly cyber threats, in terms of organization and projects.

Group security governance has been implemented with a Group Security Committee (GSC) which is the decision-making and executive body that defines the Group's security strategy by domain, integrating the orientations of Group security policies into it, determines Group security projects, supervises the execution of the strategy on the basis of indicators for managing Group projects and applying policies, and finally assesses the Group's level of control in the four areas falling within its competence: business continuity plan, data protection, personal and property security and information system security.

The Information Systems Risk Management (PRSI) and Chief Information Security Officer (CISO) functions are now deployed in most of the Group's entities: the PRSI, which is part of the RCPR (Permanent Control and Risk Manager), consolidates the information enabling it to take a second look.

Internal control system for accounting and financial information

In keeping with the applicable rules within the Group, the organisational principles and responsibilities of the Group Finance department functions are set out in a procedure.

The Finance function is organised as a business line within Crédit Agricole S.A. The Group's business line and/or subsidiary heads report hierarchically to the head of the business line or subsidiary and functionally to the Group Deputy Chief Financial Officer.

At business line/subsidiary level, the Finance department acts as a relay among subsidiaries, circulating the Group's principles with respect to standards and information system organisation, in line with each business line's special attributes. In some cases, it also constitutes an intermediate level for preparation of the business line's accounting and business management information. Each Risk Management and Permanent Controls department in a business line or subsidiary within the Group is also responsible for producing the risk data used to prepare financial information and for implementing controls to ensure that this information is accurately reconciled with accounting data.

Each business line and/or entity is equipped with the means to ensure the quality of the accounting, management and risk data transmitted to the Group in line with consolidation requirements, in particular, with regard to the following aspects: compliance with the standards applicable to the Group, consistency with the parent company financial statements approved by its supervisory body, reconciliation of accounting and management reporting figures.

Within the Group Finance department, the reported accounting and financial information is prepared by three main functions: Accounting, Management Control and Financial Communication.

Accounting

The main purpose of the Accounting function is to draw up the parent company financial statements of Crédit Agricole S.A., the consolidated financial statements of Crédit Agricole S.A., its subsidiaries and Crédit Agricole Group, including segment information for Crédit Agricole S.A. based on the definition of the business lines for financial reporting purposes and in compliance with IFRS 8. To fulfil this mission, the Accounting function, in accordance with applicable regulations, defines and circulates the accounting standards and principles that apply to the Group. It oversees accounting bases, lays down the rules governing the architecture of the accounting information and regulatory reporting system, and manages the accounting processes for consolidation of the financial statements and regulatory reporting.

Management Control

For the preparation of financial information, the Group Management Control function, within the Financial Management department, defines the rules for allocating economic capital (definition, allocation policy), consolidates, prepares and quantifies the budget and the Medium Term Plan for Crédit Agricole S.A., and ensures budget monitoring. To meet this objective, Group Management Control defines the management control procedures and methods and the structure and management regulations for the Group management control system.

Financial Communication

Crédit Agricole S.A.'s Financial Communication function ensures message consistency across all investor categories. It is responsible for information published in press releases and presentations to shareholders, financial analysts, institutional investors, rating agencies, as well as information contained in documents subject to approval by the French financial market authority (AMF). In this respect, working under the responsibility of the Chief Executive Officer and Crédit Agricole S.A. Group's Deputy Chief Executive Officer in charge of the Finance department, the Financial Communication function provides the materials used as the basis for presentations of Crédit Agricole S.A. results, financial structure and changes in business lines, as needed to enable third parties to formulate an opinion, particularly on the Group's financial strength, profitability and outlook.

The definitions of the underlined words can be found in the Glossary on page 600.

Procedures for the preparation and processing of financial information

Each Group entity has responsibility, vis-à-vis the Group and the supervisory authorities to which it reports, for its own financial statements, which are approved by its supervisory body. Depending on the entity's size, these financial statements are subject to prior review by the entity's Audit Committee, if it has one.

As for the Crédit Agricole Regional Banks, once their financial statements are drawn up, they are approved by the Accounting department of Crédit Agricole S.A.; this is one of its responsibilities as central body. Crédit Agricole Group's consolidated financial statements are submitted to the Audit Committee and approved by the Board of Directors of Crédit Agricole S.A.

Most published financial information is based on accounting data and on management and risk data.

Accounting data

Figures for each individual entity are drawn up in accordance with the accounting standards applicable where the entity operates. For the purposes of preparing the Group's consolidated financial statements, local financial statements are restated to be conforming with IFRS policies and principles, as adopted by Crédit Agricole S.A.

Management data

Management data is produced by the Group Finance department or the Group Risk Management department. They are being reported upwards in anticipation of definitive accounting data in accordance with the same definition and granularity standards and are used to supply the Group's internal management reporting.

Furthermore, external sources of information (such as the European Central Bank and Bank of France) may be used for management data, particularly for calculating market shares.

In accordance with AMF and ESMA (European Securities and Markets Authority) recommendations, the use of management data for preparing published financial information meets the following guidelines:

- classification of the types of financial information published: historical information, pro forma data, projections or trends;
- a clear description of the sources from which the financial information was drawn. When published data are not extracted directly from accounting information, the sources and definition of calculation methods are mentioned;
- comparability of figures and indicators over time, which implies ongoing use of the same sources, calculation methods and methodologies.

Description of the Permanent Accounting Control system

The Group's Permanent Accounting Controls function's objective is to provide adequate coverage of major accounting risks that can alter the quality of accounting and financial information. This function is provided by the Accounting Control Department, which reports to the Group Risk Management department. The Group's Permanent Accounting Controls function is based on a network of accounting controllers in the subsidiaries and Regional Banks where it operates its support and oversight missions.

The unit has the following roles in this area:

- to define the standards and organisational and operational principles of permanent accounting controls within Crédit Agricole Group;
- to oversee and coordinate the permanent accounting control systems implemented within the Group's subsidiaries and Regional Banks;
- to issue assessments of accounting risks for entities presenting a risk management strategy to the GRC, based on the analysis of the entities' permanent accounting control processes.

Work conducted by the Permanent Accounting Control team dedicated to the Financial department of Crédit Agricole S.A. showed a generally satisfactory level of maturity in the processes. Audits on specific issues within Crédit Agricole S.A.'s accounting scope led to the recommendation of actions plans to better manage the risks linked to the control process, which are now being monitored.

A number of methodologies were updated in 2018, including the accounting risk alert procedure, which is now applicable to the entire Crédit Agricole Group.

Relations with the Statutory Auditors

The Registration document, its updates, the securities notes and prospectuses prepared for new debt or share issues, which contain comprehensive financial information, are subject to approval or registration by the AMF.

In accordance with applicable professional standards, the Statutory Auditors perform those procedures they deem appropriate on published financial and accounting information:

- audit of the parent company and consolidated financial statements;
- partial audit of interim consolidated financial statements;
- overall review of quarterly financial information and materials used as a basis for presenting financial information to financial analysts.

As part of the duties assigned to them by law, the Statutory Auditors submit to Crédit Agricole S.A.'s Audit Committee their overall work programme, the various spot checks they have carried out, the conclusions of their work on the financial and accounting information they have reviewed in carrying out their assignment, as well as the significant weaknesses of the internal controls, with regards to the procedures used for the preparation and processing of accounting and financial information.

Non-compliance risk prevention and controls

See part 3.10 "Non-compliance risks" below.

Periodic control

The Group Internal Audit, which reports directly to the Chief Executive Officer of Crédit Agricole S.A., is the highest level of control within the Group. Its sole responsibility is to ensure Crédit Agricole Group's periodic control through the missions it carries out, the management of Crédit Agricole S.A. Group's Audit-Inspection function, which is hierarchically attached to it, and the management of the internal audit units of the Regional Banks.

Based on an updated risk mapping approach resulting in an audit cycle generally lasting between two and five years, it conducts on-site and documentary audits in the Regional Banks, units of Crédit Agricole S.A. and its subsidiaries, including when they have their own internal audit and inspection units, as part of a coordinated approach to audit plans.

These periodic audits include a critical review of the internal control system put in place by the audited entities. These procedures are designed to provide reasonable assurance on the effectiveness of this system in terms of operational safety, risk control and compliance with external and internal rules.

Within the audited entities, they consist in particular in ensuring compliance with external and internal regulations, assessing the safety and effectiveness of operating procedures, ensuring the adequacy of systems for measuring and monitoring risks of all kinds and verifying the reliability of accounting information.

The definitions of the underlined words can be found in the Glossary on page 600.

Thanks to its specialised audit teams, the Group Internal Audit conducts several IT missions each year on the information systems of the Group's entities as well as current issues, largely related to IT security, or in the field of models in the context of calculating the entities' or the Group's capital requirements. Finally, as required by regulations, the Group Internal Audit carries out audits of outsourced essential services of interest to the Group or to the financial community.

The Group Internal Audit also provides a centralised monitoring of the Audit-Inspection function for all subsidiaries and leads the periodic control of the Regional Banks, thereby enhancing the effectiveness of controls by harmonising audit practices at their best level, to ensure the security and regularity of operations in the various Group entities and to develop common areas of expertise. At end-2018, the business line had nearly 1,200 full-time equivalent employees within Crédit Agricole S.A. (including the Group Control and Audit department) and the Regional Banks.

Joint audit missions between the Group Internal Audit and the audit departments of subsidiaries are regularly carried out, which contributes to exchanges on best audit practices. Particular importance is given to thematic and transversal investigations.

In addition, the Group Internal Audit Department ensures, within the framework of the Internal Audit Committees of the relevant Group subsidiaries – in which the Executive Management, the Head of Internal Audit, the Head of Risk and Permanent Control and the Head of Compliance of each entity participate – that audit plans are properly carried out, that risks are properly controlled and, more generally, that each entity's internal control systems are adequate.

The missions carried out by the Internal Audit of Crédit Agricole S.A., the audit-inspection units or any external audit (regulatory authorities, external firms where applicable) are subject to a formal monitoring system as part of regulatory controlled monitoring missions, which are included in the audit plan on a minimum half-yearly basis. For each of the recommendations made at the end of these missions, the system makes it possible to ensure the progress of the planned corrective actions, implemented according to a precise timetable, according to their priority level, and for the Group Inspector General to exercise, if necessary, the duty to alert the supervisory body and the Risk Committee pursuant to Article 26 b) of the Order of 3 November 2014 on the internal control of companies in the banking, payment services and investment services sector subject to the supervision of the *Autorité de contrôle prudentiel et de résolution.*

In accordance with Article 23 of the Order, the Group Head of Internal Audit reports to the Board of Directors of Crédit Agricole S.A. regarding the performance of his duties.

3.4. CREDIT RISK

A credit risk is realised when a counterparty is unable to honour its obligations and when the carrying amount of these obligations in the bank's books is positive. The counterparty may be a bank, an industrial or commercial enterprise, a government and its various controlled entities, an investment fund, or an individual person.

Definition of default

The definition of default used in management, which is the same as the one used for regulatory calculations, complies with current prudential requirements in the various Group entities.

A debtor is, therefore, considered to be in default when at least one of the following conditions has been met:

- a payment is generally more than 90 days past due, unless specific circumstances point to the fact that the delay is due to reasons beyond the debtor's control;
- the entity believes that the debtor is unlikely to settle its credit obligations unless it avails itself of certain measures such as enforcement of collateral security right.

The exposure may be a loan, debt security, deed of property, performance exchange contract, performance bond or unutilised confirmed commitment. The risk also includes the settlement risk inherent in any transaction entailing an exchange of cash or physical goods outside a secure settlement system.

Restructured loans

Restructuring as defined by the EBA (forbearance) consists of all changes made to one or more credit agreements, as well as to refinancings, agreed to by virtue of the client's financial difficulties.

Once the restructuring as defined by the EBA has been carried out, the exposure continues to be classified as "restructured" for at least two years, if the exposure was performing when restructured, and three years if the exposure was in default when restructured. These periods are extended when certain events covered by the Group standards occur (further incidents for example).

In this respect, Group entities have put in place solutions to identify and manage these exposures, tailored to their specificities and to their business lines, depending on the circumstances: based on expert judgement, algorithmic solutions or a combination of these two approaches. These mechanisms also make it possible to satisfy the requirement to produce quarterly regulatory statements on this matter.

The volume of loans in forbearance under the ITS 2013-03 definition are given in Note 3.1 of the consolidated financial statements. Principles of loan classification for accounting purposes are specified in Note 1.2 to the Group's financial statements.

I. Objectives and policy

Credit risk taking by Crédit Agricole S.A. and its subsidiaries is subject to the risk appetite of the Group and entities and risk strategies confirmed by the Board of Directors and approved by the Group Risk Management Committee, a sub-committee of the Crédit Agricole S.A. Executive Committee chaired by the Chief Executive Officer. Risk strategies are adjusted to each business line and its development plan. They set out overall limits, intervention criteria (types of eligible counterparties, nature and maturity of eligible products, collateral required) and arrangements for delegating decision-making authority. These risk strategies are adjusted as required for each business line, entity, business sector or country. Business lines are responsible for complying with these risk strategies, and compliance is controlled by the Risk Management and Permanent Controls Officers.

Crédit Agricole Corporate and Investment Bank, the Group's corporate and investment banking arm, also carries out active portfolio management, in order to reduce the main concentration risks borne by Crédit Agricole S.A. Group. The Group uses market instruments, such as credit derivatives or securitisation mechanisms, to reduce and diversify counterparty risk and enable it to optimise its use of capital. Similarly, potential risk concentration is mitigated by syndication of loans with external banks with outside banks and use of risk hedging instruments (credit insurance, derivatives).

Crédit Agricole S.A. and its subsidiaries seek to diversify their risks in order to limit their exposure to credit and counterparty risks, particularly in the event of a crisis affecting a particular industry or country. To this end, Crédit Agricole S.A. and its subsidiaries regularly monitor their total exposures by counterparty, by trading portfolio, by business sector and by country, using different internal calculation methods depending on the type of exposure (see in particular section II.2.2 "Credit risk measurement").

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To reduce the risk associated with the deterioration of the quality of its exposure to credit and counterparty risks, the Group may apply a hedging strategy consisting notably of the purchase of credit derivatives (see Credit risks under paragraph II.4.3 "Use of credit derivatives", Market risks under section II.2. "Use of credit derivatives" and Asset and liability management Part V "Hedging policy").

When the risk is proven, an individual or portfolio-based depreciation policy is implemented.

In particular, with respect to counterparty risk on market transactions, the Group's policy on credit reserves constitution is twofold. On sound clients, a credit valuation adjustment ("CVA risk assessment") is recorded and consists in a generic provisioning, as for credit risk. Conversely, on defaulted counterparties, an individual provision is sized in accordance with the derivative instrument situation, taking into account the CVA amount already provisioned prior to the default.

In case of default, the depreciation is assessed in accordance with the same principles as those governing the credit risk provisioning policy: expected loss amount depending on the derivative instrument rank in the waterfall. But it takes into account the CVA process, with two possible outcomes: either derivatives are left in place (CVA or individual provision), or they are terminated (individual write-off).

II. Credit risk management

1. Risk-taking general principles

All credit transactions require in-depth analysis of the customer's ability to repay the debt and the most efficient way of structuring the transaction, particularly in terms of security and maturity. This analysis must comply with the risk strategy of the business line or entity concerned and with all limits in force, both individual and aggregate. The final lending decision is based on an internal rating and is taken by the commitment units or by the Credit Committees, on the basis of an independent opinion given by a representative of the Risk Management and Permanent Controls function as part of the authorisation system in place. The Group Risk Management Committee and its Chairman constitute the Group's ultimate decision-making authority.

Each lending decision requires a risk-return analysis. In the case of the Corporate and Investment Bank business line this means an ex ante calculation of the profitability of the transaction.

In addition, the principle of an individual risk limit applies to all types of counterparty, whether corporates, banks, financial institutions, public sector or semi-public sector entities.

2. Risk measurement methods and systems

2.1 Internal rating systems and credit risk consolidation systems

The internal rating systems cover all of the methods, procedures and controls used for assessment of credit risk, rating of borrowers and estimation of losses given default by the borrower. Governance of the internal rating system relies on the Standards and Methodologies Committee (CNM), chaired by the Group's head of Risk Management and Permanent Controls, whose task it is to validate and disseminate standards and methodologies for risk measurement and control within the Crédit Agricole Group. In particular, the Standards and Methodologies Committee reviews:

- rules for identifying and measuring risks, in particular, counterparty rating methods, credit scoring and Basel risk parameter estimates (probability of default, credit conversion factor, loss given default) and related organisational procedures;
- segmentation between retail customers and large customers, with related procedures such as risk consolidation information system data entry;
- the performance of rating and risk assessment methods by reviewing back-testing results at least once a year;
- the use of ratings (validation of common syntaxes, glossaries and benchmarks).

For retail customers, including loans to individuals (in particular, home loans and consumer finance) and small businesses, each entity is responsible for defining, implementing and substantiating its rating system, in accordance with the Group standards established by Crédit Agricole S.A.

LCL and the consumer credit subsidiaries (Crédit Agricole Consumer Finance) have their own rating systems. Crédit Agricole Regional Banks have shared risk assessment models which are managed at Crédit Agricole S.A. level. Procedures for back-testing the parameters used in calculating the regulatory capital requirements have been defined and are operational in all entities. The internal models used by the Group are based on statistical models established on explanatory behavioural variables (*e.g.* average current account balance) and identifying variables (*e.g.* business sector). The approach taken can be either customer-centred (individuals, farmers, small businesses and very small enterprises), or product-centred. The estimated probability of default in one year, to which the rating relates, is updated on a yearly basis.

For the large customer category, a single fifteen-grade rating scale has been established on the basis of a segmentation of risk so as to provide a uniform view of default risk "over a full business cycle". It has 13 ratings (A+ to E-) categorising counterparties not in default and two ratings (F and Z) categorising counterparties in default.

Comparison between the Group ratings and the rating agencies

Crédit Agricole Group	A+	A	B+	B	C+	C	C-	D+	D	D-	E+	E	E-
Indicative Moody's rating equivalent	Aaa	Aa1/Aa2	Aa3/A1	A2/A3	Baa1	Baa2	Baa3	Ba1	Ba2	Ba3	B1/B2	B3	Caa/ Ca/C
Indicative Standard & Poor's rating equivalent	AAA	AA+/AA	AA-/A+	A/A-	BBB+	BBB	BBB-	BB+	BB	BB-	B+/B	B-	CCC/ CC/C
Probability of default in year 1	0.001%	0.01%	0.02%	0.06%	0.16%	0.30%	0.60%	0.75%	1.25%	1.90%	5.0%	12.00%	20.00%

The definitions of the underlined words can be found in the Glossary on page 600.

Within Crédit Agricole Group, the large customer category comprises primarily sovereigns and central banks, corporates, local authorities, specialised financings as well as banks, insurance companies, asset management companies and other financial companies. An internal rating method tailored to each specific risk profile, based on financial and qualitative criteria, is applied to each type of large customer. For large customers, Crédit Agricole Group entities have common internal rating methodologies. Counterparties are rated, at the latest, when they apply for support and the rating is updated with each renewal or upon any event that could affect risk quality. The rating assignment must be approved by a unit independent of the Front Office. The rating is reviewed at least annually. To ensure that each counterparty has a unique Crédit Agricole Group rating, a single Group entity is responsible for rating said counterparty on behalf of all the entities providing it with support.

Whether relating to large customers or retail customers, the rating oversight system implemented by Crédit Agricole S.A., its subsidiaries and the Regional Banks across the entire rating process aims to ensure:

- rules for identifying and measuring risks, in particular, methods used;
- uniformity in the handling of default events on a consolidated basis;
- proper utilisation of the internal rating methodologies;
- reliability of data substantiating the internal rating.

The Standards and Methodology Committee, amongst others, ensures that these principles are respected, in particular, when rating methodologies are approved and during annual back-testing.

Furthermore, Crédit Agricole S.A. and its subsidiaries continue to focus on improving the risk-tracking system for:

- risk management of single clients and groups which is designed to ensure accurate identification of counterparties on which there is a risk within the entities and to improve cross-functional risk information management on single clients and groups, which is crucial to ensuring rating uniqueness and consistent allocation of exposures to Basel portfolios;
- the closing process, which aims to guarantee the quality of the process of production of the solvency ratio.

The French Prudential Supervisory and Resolution Authority (ACPR) has authorised Crédit Agricole Group to use internal rating systems to calculate regulatory capital requirements for credit risk of its retail and large customer portfolios on the greater part of its scope.

Having internal rating systems deployed throughout the Group enables it to implement counterparty risk management based on risk indicators compliant with current regulatory rules. For large customers, the single rating system (identical tools and methods, shared data) which has been implemented for several years now, has helped to improve counterparty monitoring, in particular, for counterparties common to several Group entities. The system has also made it possible to have a common reference framework on which to base standards and procedures, governance tools, alert procedures and risk provisioning policies.

Finally, in the Corporate and investment banking businesses, expected loss, economic capital and risk-adjusted return measurements are used in the processes for making loan approval decisions, defining risk strategies and setting risk limits.

2.2 Credit risk measurement

The measurement of credit risk exposures includes both drawn facilities and confirmed unutilised facilities.

To measure counterparty risk on capital markets transactions, Crédit Agricole S.A. and its subsidiaries use different types of approaches to estimate the current and potential risk of derivative instruments (such as swaps and structured products).

Crédit Agricole CIB uses an internal methodology to estimate the risk in relation to such instruments, using a net portfolio approach for each customer:

- current risk corresponds to the sum owing by the counterparty in the event of instantaneous default;
- the potential future risk corresponds to the estimated maximum Crédit Agricole CIB's exposure for a given confidence interval.

The methodology used is based on "Monte-Carlo"-type simulations, enabling the risk of change over derivatives' remaining maturity to be assessed on the basis of statistical modelling of the change in underlying market parameters.

This model considers the different risk reduction factors, such as the use of offsetting and collateralisation in agreements negotiated with counterparties prior to transactions taking place. It includes also exchanges of collaterals on initial margin for derivative instruments which are not cleared under regulatory thresholds.

Situations of specific risk of unfavourable correlations (risk that an exposure to a derivative is positively correlated with the counterparty's probability of default as a result of a legal tie between this counterparty and the underlying of the derivative) are monitored regularly to identify and integrate such risks in the exposure measurement as recommended by regulations. Situations of general risk of unfavourable correlations (risk that market conditions have a correlated effect on a counterparty's credit quality and derivative exposures with this counterparty) were monitored by means of *ad hoc* exercises in 2017.

The internal model is used to manage internal limits on transactions with each counterparty and to measure ICAAP economic capital by determining the average risk exposure (Expected Positive Exposure) across the portfolio.

As allowed by this regulatory framework, the French Prudential Supervision and Resolution Authority (ACPR) authorised Crédit Agricole CIB as of 31 March 2014 to use the internal model method to calculate its capital requirements in respect of counterparty risk. The model uses Effective Expected Positive Exposure (EEPE) and is applied to all derivatives. The same method is used to calculate credit exposure at default for capital requirement purposes to address the risk of credit value adjustment

For the calculation of capital requirements for counterparty risk for repo transactions and derivative transactions at its subsidiaries, Crédit Agricole CIB uses the standard approach.

Credit risk on these market transactions is managed in accordance with rules set by the Group. The policy on setting counterparty risk limits is as described above in section II.1 "Credit risk management – Risk-taking general principles". The techniques used to reduce counterparty risk on market transactions by Crédit Agricole CIB are described in "Credit risk mitigation mechanisms".

The definitions of the underlined words can be found in the Glossary on page 600.

Crédit Agricole Group includes a credit valuation adjustment (CVA) in its calculation of the fair value of derivative assets. This valuation adjustment is described in Note 1.2 to the consolidated notes on accounting policies and principles and Note 10.2 on information about financial instruments measured at fair value.

The positive gross fair value of the contracts, as well as the gains from the offsetting and the guarantees held, and the net exposure on derivative instruments after the impact of offsetting and guarantees are discussed in consolidated Note 6.9 on Offsetting – Financial Assets.

At other Group entities, the base for counterparty risk on market transactions is either calculated by the Crédit Agricole CIB tool under an internal provision of services agreement or based on the regulatory approach.

3. Supervision system of commitments

Rules for dividing and limiting risk exposures, along with specific processes relating to commitments and grant criteria, are used to prevent any excessive concentration of the portfolio and to limit the impact of any deterioration.

3.1 Process for monitoring concentrations by counterparty or group of related counterparties

The consolidated commitments of all Crédit Agricole Group entities are monitored by counterparty and by group of related counterparties. A group of counterparties is a set of French or foreign legal entities that are connected, regardless of their status and economic activity, enabling the total exposure to the risk of default of this group to be measured on the basis of the exposure of one or more of these entities. Commitments to a counterparty or group of related counterparties include all loans granted by the Group as well as corporate finance transactions, bond portfolios, financing commitments and counterparty risks relating to capital market transactions. Exposure limits for counterparties and groups of related counterparties are recorded in the internal information systems of each subsidiary or business line. When several subsidiaries have a counterparty in common, a Group-level aggregate limit is set on the basis of commitment authorisation limits that depend on the internal rating.

Each operating entity reports the amount of its commitments by risk category on a monthly or quarterly basis to the Group Risk Management and Permanent Controls department. Exposures to major non-bank counterparties, *i.e.* those on which the aggregate commitments of Crédit Agricole Group exceed €300 million after offsetting, are reported separately to the Group Risk Management Committee.

At year-end 2018, the commercial lending commitments of Crédit Agricole S.A. and its subsidiaries, to their ten largest non-sovereign, non-bank customers, amounted to 5.62% of the total non-bank commercial lending portfolio (compared with 7.02% at 31 December 2017). The diversification of the portfolio on an individual basis is still satisfactory.

3.2 Portfolio review and sector monitoring process

Periodic portfolio reviews conducted by entity or business line strengthen the monitoring process, thus serving to identify counterparties whose credit quality is deteriorating, update counterparty ratings, monitor risk strategies and check on changes in concentration ratios, for instance, per business sector.

Moreover, the Corporate and Investment Bank has a portfolio modelling tool that it uses to test how well portfolios hold up under stress scenarios.

3.3 Process for monitoring counterparties in default and on credit watch

Counterparties in default and on credit watch are monitored closely by the business lines, in collaboration with Risk Management and Permanent Controls Officers. They are also the object of formal monitoring by the entities' Sensitive Exposure Committees and of quarterly monitoring by the Group Risk Management Committee and the Risk Committee on a consolidated basis.

3.4 Consolidated credit risk monitoring process

The Group's credit risk profile is monitored and presented at least every quarter at the Group Risk Management Committee and the Board of Directors' Meetings using the "Group risk dashboard".

In addition, detailed periodic reviews of banking risks, country risks and the main nonbanking risks are conducted during Group Risk Management Committee Meetings.

3.5 Country risk monitoring and management system

Country risk is the risk that economic, financial, political, judicial or social conditions in a country will affect the Bank's financial interests. This risk does not differ in nature from "elementary" risk (credit, market and operational risks), but is an aggregate of risks resulting from vulnerability to a specific political, social, macroeconomic and financial environment. Country risk covers the assessment of the overall risk environment in a country as opposed to Sovereign Risk, which refers to a state's counterparty risk.

The system for assessing and monitoring country risk within Crédit Agricole Group is based on its own rating methodology. Internal country ratings are based on criteria relating to the financial soundness of the government, the banking system and the economy, criteria relating to ability and willingness to pay, governance and political stability.

Annually reviewed limits and risk strategies are applied to each country whose business volume justifies it, with a few exceptions.

This approach is supplemented by scenario analyses aimed at testing the impact of adverse macroeconomic and financial assumptions. These tests provide the Group with an integrated view of the risks to which it may be exposed in situations of extreme tension.

The Group manages and controls its country risks according to the following principles:

- acceptable country risk exposure limits are determined through reviews of country strategies, depending on the vulnerability of the portfolio to country risk. This degree of vulnerability is determined by the type and structure of transactions, the quality of counterparties and the term of commitments. These exposure limits may be reviewed more frequently if developments in a particular country make it necessary. These strategies and limits are validated according to the level of risk by Crédit Agricole CIB's Strategy and Portfolio Committee (SPC) and by Crédit Agricole S.A.'s Group Risk Management Committee (GRC);
- the Corporate and Investment Bank maintains a system for regular assessment of country risk and for updating the country risk rating quarterly for each country in which the Group operates. This rating is produced using an internal country rating model based on various criteria (structural solidity, governance, political stability, ability and willingness to pay). Specific events may cause ratings to be adjusted before the next quarterly review;
- Crédit Agricole CIB's country and Portfolio Risk Department validates transactions whose size, maturity and degree of country risk could affect the quality of the portfolio.

The definitions of the underlined words can be found in the Glossary on page 600.

Country risk exposure is monitored and controlled in both quantitative (amount and term of exposure) and qualitative (portfolio vulnerability) terms through regular specific reporting on all exposures to countries.

Western European countries with an internal rating (lower than B) qualifying them for close country risk monitoring undergo a separate *ad hoc* monitoring procedure. Exposure to sovereign and non-sovereign risk in these countries is detailed in Note 6.7 to the consolidated financial statements.

Moreover, exposures to other countries rated below B are detailed in chapter III paragraph 2.4 “Country risk” below.

3.6 Credit risk stress testing.

Credit risk stress testing is primarily based on satellite models that link changes in credit risk parameters to macroeconomic and financial variables. These models are independently reviewed and approved by the Standards and Methodology Committee in the same way as the Basel models. In addition, the quantitative stress testing system is back-tested each year. Moreover, since 1 January 2018 these models contribute to the calculation of ECLs according to IFRS 9 (see paragraph IV 1. below).

In line with EBA methodology, the credit risk stress tests employ Basel parameters (PD, LGD, EAD) and aim to estimate changes in the cost of risk including provisions for assets not in default and the impact on risk-weighted assets.

For the purposes of credit risk monitoring and management, the Group Risk department carries out a series of thematic stress tests in cooperation with the relevant business lines and entities in order to confirm the decisions related to the main risk strategies.

A global credit risk stress test is carried out at least once a year as part of the budgetary process. The works, coordinated by DRG, involve all Crédit Agricole Group entities and all Basel portfolios, whether they are treated for regulatory purposes using the IRB or Standard method. The period examined is set at three years. The stress process is part of corporate governance and aims to improve dialogue between risk and finance on the sensitivity of the cost of risk and capital requirements to a downturn in the economic climate. In addition to being used for budgetary purposes and to manage capital requirements, the results of global credit risk stress tests are used for ICAAP purposes. They are reviewed by the Executive Committee and are also reported to the Crédit Agricole S.A. Board of Directors.

4. Credit risk mitigation mechanisms

4.1 Collateral and guarantees received

Guarantees or collateral are intended to provide partial or full protection against credit risk.

The principles governing the eligibility, utilisation and management of collateral and guarantees received as security are defined by Crédit Agricole Group’s Standards and Methodology Committee (CNM), (in accordance with the CRR/CRD4 system for the calculation of the solvency ratio).

This common framework, defined in Group standards, ensures a consistent approach across the Group’s various entities. It notably documents the conditions for prudential recognition, and the valuation and revaluation methods of all the credit risk mitigation techniques that are used: collateral (notably for the financing of assets: property, aircraft, ships, etc.), personal guarantees, public export credit insurers, private credit insurance policies, financial guarantee insurance, credit derivatives, and cash collateral.

The entities are in charge of implementing this framework at the operational level (management, monitoring of valuations, implementation).

Details of guarantee commitments received are provided in Notes 3.1 and 8 of the annex to the consolidated financial statements.

Regarding financial assets obtained by enforcement of guarantees or credit enhancement measures, the Group’s policy is to sell them as soon as possible.

4.2 Use of netting agreements

If a “master” agreement has been signed with a counterparty and said counterparty defaults or enters bankruptcy proceedings, Crédit Agricole S.A. and its subsidiaries apply close out netting, enabling them to terminate current contracts early and to calculate a net balance on the debts and debt obligations in respect of this counterparty. They also use collateralisation techniques to enable securities or cash to be transferred in the form of collateral or transfer of full ownership during the lifetime of the hedged transactions, which can be offset, in the event of default by one of the parties, in order to calculate the net balance of reciprocal debt and debt obligations resulting from the master agreement signed with the counterparty.

4.3 Use of credit derivatives

In managing its corporate financing portfolio Crédit Agricole CIB uses credit derivatives together with a range of risk-transfer instruments including namely securitisation. (see Information under Pillar 3 of Basel 3).

At 31 December 2018, the notional amount of protection bought in the form of credit derivatives was €3.7 billion (€5 billion at 31 December 2017), the notional amount of short positions was zero (the same at 31 December 2017).

Crédit Agricole CIB processes its derivatives through ten leading, competent and regulated bank counterparties, which are all “investment grade”. Furthermore, 54% of these derivatives are processed through clearing houses (38% as at 31 December 2017), which are acting as a guarantor for the successful completion of these credit risk hedging transactions.

Bilateral transactions (i.e. transactions processed outside the clearing house) are recorded against first-class banking counterparties, which are all “investment grade” (9 counterparties as at 31 December 2018), competent and regulated, located either in France, Great Britain or the United States, which are acting as guarantors of these credit risk hedging transactions. The bank exercises control over any possible concentration of protection with these non-clearing house guarantors through the application of notional limits per bank counterparty, set and reviewed annually by the Risk Department of CACIB.

These credit derivative transactions carried out as part of credit risk mitigation operations are subject to adjustment calculation under Prudent Valuation, to cover market risk concentrations.

The outstanding amounts of credit derivatives are shown in the annex to the consolidated notes, 3.2 “Derivative instruments: total commitments”.

III. Exposures

1. Maximum exposure

The maximum exposure to credit risk of Crédit Agricole S.A. and its subsidiaries corresponds to the net carrying amount of financial assets (loans and receivables, debt instruments and derivative instruments) before the effect of non-recognised netting agreements and collateral. It is shown in Note 3.1 to the financial statements.

At 31 December 2018, the maximum exposure to credit and counterparty risk of Crédit Agricole S.A. and its subsidiaries amounted to €1,327 billion (€1,278 billion at 31 December 2017), an increase of 3.9% compared to the year 2017.

2. Concentration

An analysis of credit risk on commercial lending commitments excluding Crédit Agricole Group internal transactions and collateral given by Crédit Agricole S.A. as part of repurchase agreements (loans and receivables to credit institutions, loans and receivables to customers, financing commitments given, and guarantee commitments given for €827.23 billion) is presented below. This scope excludes in particular derivative instruments, which are mainly monitored in VaR (see market risks) and financial assets held by insurance companies (€269 billion see Insurance sector risks).

2.1 Portfolio diversification by geographic area

On the commercial lending portfolio (including bank counterparties), the breakdown by geographic area covers a total portfolio of €810.63 billion at 31 December 2018, compared with €737.53 billion at 31 December 2017. The breakdown reflects the country in which the commercial lending risk is based.

Breakdown by geographic area of commercial lending of Crédit Agricole S.A. Group

Geographic area of exposure	2018	2017
Africa and Middle East	4%	4%
Central and South America	1%	1%
North America	8%	8%
Asia-Pacific excluding Japan	5%	5%
Eastern Europe	2%	2%
Western Europe (excluding Italy)	14%	14%
France (retail banking)	16%	17%
France (excluding retail banking)	33%	33%
Italy	13%	13%
Japan	4%	3%
TOTAL	**100%**	**100%**

The breakdown of commercial lending by geographic area is broadly stable. At year end 2018, lending in France accounted for 49% of the total, as opposed to 50% at year end 2017. Italy, the Group's second largest market, had its commercial lending stable at 13%, as it was end of 2017.

Note 3.1 to the financial statements presents the breakdown of loans and receivables and commitments given to customers and credit institutions by geographic area on the basis of accounting data.

2.2 Portfolio diversification by business sector

On the commercial lending portfolio (including bank counterparties outside the Group) the scope broken down by business sector stood at €779.8 billion at 31 December 2018, versus €706.8 billion at 31 December 2017. These breakdowns reflect the business sector in which the commercial lending risk to customers is based.

Breakdown by business sector of commercial lending of Crédit Agricole S.A. Group

Business sector	2018	2017
Air/Space	2.3%	3.5%
Agriculture and food processing	2.3%	2.4%
Insurance	1.5%	1.3%
Automotive	3.0%	3.0%
Other non-banking financial activities	10.2%	7.4%
Other industries	1.6%	1.6%
Other transport	1.4%	1.6%
Banks	2.9%	5.6%
Wood/Paper/Packaging	0.3%	0.2%
BTP	2.1%	2.3%
Retail/Consumer goods industries	2.0%	2.2%
Other	3.4%	3.0%
Energy	7.4%	7.3%
o/w Oil and Gas	*4.8%*	*5.1%*
o/w Electricity	*2.6%*	*2.2%*
Real estate	3.6%	3.7%
Heavy industry	2.3%	2.4%
IT/Technology	1.2%	1.1%
Shipping	1.8%	2.0%
Media/Publishing	0.4%	0.4%
Healthcare/Pharmaceuticals	1.1%	1.3%
Non-trading services/Public sector/Local authorities	19.4%	16.6%
Telecom	1.6%	1.6%
Tourism/Hotels/Restaurants	0.9%	0.9%
Utilities	0.3%	0.3%
Retail banking customers	27.0%	28.3%
TOTAL	**100%**	**100%**

The commercial lending portfolio by business sector is well diversified and remained overall unchanged in 2018. Only two sectors accounted for more than 10% of business, as in 2017: the "Retail banking customers" business, which was the largest at 27.0% (28.3% in 2017) and the "Non-trading services/Public sector/Local authorities" business, the second largest, for which the share rose to 19.4% from 16.6% of the total in 2017, due in particular to an increase in the amount of central bank exposure.

The "Oil and gas" sector is the main component of the exposure to "Energy". This sector comprises a wide diversity of underlyings, players and types of financing, including a number of sub-segments such as RBL (Reserve-Based Lending), Trade and project financing that are usually secured by assets.

As in 2017, most of the exposure in the oil sector relates to players that are structurally less sensitive to the drop in oil prices (public sector companies, large international companies, transportation/storage/refinery companies). Following a major crisis in the sector, the clients are now recording stable economic performance and the portfolio is showing good post-crisis resilience. Guided by a risk-based strategy and due to price volatility, the "Oil and Gas" sector is subject to a very selective approach to projects and any significant new transactions are subject to an in-depth analysis of credit and CSR risk where necessary.

The definitions of the underlined words can be found in the Glossary on page 600.

The current position of the "Shipping" sector is the result of the expertise and background of Crédit Agricole CIB in mortgage financing for ships, which it provides to its international ship-owning clients. After nine difficult years, maritime transport is showing signs of recovery that are still moderate and varied depending on the sector. Against this background, the strategy of progressively reducing exposure, effective since 2011, continued. However, this portfolio is relatively protected by its diversification (financing of oil, gas, offshore, bulk carriers, container ships, cruise ships, etc.), as well as by the quality of ship financing structures, secured by mortgages.

The "heavy industry" sector mainly comprises large global steel, metal and chemical groups. Within the sector, commitments in the Coal segment have decreased significantly, in line with the CSR policy of Crédit Agricole Group.

2.3 Breakdown of loans and receivables outstanding by type of economic agent

Concentration by customer type of loans and receivables and commitments given to credit institutions and customers are presented in Note 3.1 to the consolidated financial statements.

The gross amount of loans and receivables outstanding, including accrued interest, was €479.3 billion at 31 December 2018, compared to €465.0 billion at 31 December 2017, an increase of 3.1% in 2018. It is split mainly between large corporates and retail customers (respectively, 43.6% and 34.0%).

2.4 Exposure to country risk

At 31 December 2018, commercial lending (including to bank counterparties) to Crédit Agricole S.A. Group customers in countries with ratings below B according to the Group's internal ratings, excluding countries in Western Europe (Italy, Spain, Portugal, Greece, Cyprus and Iceland), totalled €60.9 billion versus €54.9 billion at 31 December 2017. Most of these commitments come from Crédit Agricole CIB, UBAF (47%-owned by Crédit Agricole CIB) and International retail banking. They include guarantees received which are deducted (export credit insurance, cash deposits, securities pledged, etc.).

The concentration of total exposures in these countries was generally stable in 2018: the top twenty countries accounted for 92.0% of the lending portfolio at year-end 2018, compared with 92.2% at year-end 2017.

Three geographical areas are dominant: Middle East/North Africa (35%), Asia (24%) and Central and Eastern Europe (28%).

Changes in commercial lending for countries with a credit rating lower than B *(in millions of euros)*

Date	Northern Africa/ Middle East	Sub-Saharan Africa	Americas	Asia	Central and Eastern Europe	Total
2018	21,369	1,504	6,517	14,587	16,949	**60,926**
2017	19,073	1,457	5,342	14,321	14,685	**54,878**

The Middle East and North Africa

Cumulative commitments in countries in the Middle East and North Africa totalled €21.4 billion at 31 December 2018, 12% up on year-end 2017. Morocco, Saudi Arabia, United Arab Emirates, Egypt and Qatar accounted for 82% of commitments in the Middle East and Northern Africa area.

Central and Eastern Europe

Cumulative commitments in Central and Eastern Europe rose 15% from the previous year, mainly due to increased exposure to Russia. Group commitments remain concentrated in four countries: Poland, Russia, Ukraine and Serbia, which together represented 91% of the total in this region.

Asia

Commitments in Asia increased 2% to €14.6 billion from 31 December 2017. This change was mainly due to an increase to exposures to China and Indonesia. China remains the largest regional exposure (at €8.4 billion) ahead of India (€4.3 billion).

Latin America

At end-December 2018, exposure to this region represented 11% of all exposure to countries rated lower than "B". The increase in commitments recorded was 22% compared to the end of 2017, mainly due to a significant increase in commitments to Brazil. Exposure to Brazil and Mexico made up 89% of the Latin America total.

Sub-Saharan Africa

Group commitments in Sub-Saharan Africa totalled €1.50 billion at 31 December 2018, *i.e.* 2% of the total for countries with a rating below B, compared with 3% at year-end 2017. Exposure to South Africa accounted for 23% of commitments in this region.

3. Credit quality

3.1 Analysis of loans and receivables by category

The breakdown of loans and receivables to credit institutions and customers is presented as follows:

Loans and receivables *(in millions of euros)*	31/12/2018	31/12/2017
Neither past due nor impaired	458,497	443,858
Past due but not impaired	7,389	5,485
Impaired	13,427	15,697
TOTAL	**479,313**	**465,040**

The portfolio of loans and receivables at 31 December 2018 was 95.7% made up of amounts that were neither past due nor impaired (95.4% at 31 December 2017).

Under IFRS 7, a financial asset is past due when a counterparty has failed to make a payment when contractually due. The Group considers there to be no identified credit risk on loans and receivables that are less than 90 days past due, which account for 99.4% of receivables past due but not impaired (92.9% at end-2017).

Details of financial assets that were past due or impaired are presented in Note 3.1 to the consolidated financial statements.

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The definitions of the underlined words can be found in the Glossary on page 600.

3.2 Analysis of outstanding amounts by internal rating

The internal rating policy used by Crédit Agricole Group aims to cover the entire Group customer portfolio, *i.e.* retail customers, corporate customers, banks and financial institutions, government agencies and local authorities.

On the performing commercial lending portfolio excluding retail customers (€612.2 billion at 31 December 2018, compared with €547.3 billion at 31 December 2017), internally-rated borrowers accounted for 82.3% of the total, compared with 81.1% at year-end 2017 (€504.2 billion at 31 December 2018, compared with €444.1 billion at 31 December 2017). The breakdown of this portfolio is presented according to the Standard & Poor's equivalents of the Group's internal ratings:

Change in the performing non-retail commercial lending portfolio of Crédit Agricole S.A. Group by indicative S&P equivalent of 2018 internal rating

	31/12/2018	31/12/2017
AAA	31.7%	28.0%
AA	14.9%	15.6%
A	13.7%	14.8%
BBB	27.2%	28.0%
BB	10.5%	11.0%
B	1.1%	1.1%
Being monitored	1.0%	1.5%
TOTAL	**100.0%**	**100.0%**

This breakdown reflects a high-quality of loan book, further improved during 2018, with a risk profile showing a 5-point increase in A and above ratings. At 31 December 2018, 87% of lending was to borrowers with investment-grade ratings (ratings equal to or greater than BBB, 86% at 31 December 2017), and only 1.0% pertained to borrowers on credit watch.

3.3 Impairment and risk coverage

3.3.1 Impairment and risk hedging policy

The policy for hedging loan loss risks is based on two kinds of value adjustments for credit losses:

- impairment allowances on an individual basis intended to cover probable losses on impaired receivables;
- impairment losses for credit loss, in accordance with IFRS 9 is described in detail on part IV.

3.3.2 Impaired financial assets

At 31 December 2018, total individually impaired commitments amounted to €13.4 billion, compared to €15.7 billion at 31 December 2017. These consist of commitments for which the Group sees potential non-recovery. Individually impaired loans represent 2.8% of the Group's gross book value (3.4% at 31 December 2017).

Restructured loans[1] totalled €9.22 billion at 31 December 2018 (vs €11.4 billion at 31 December 2017).

4. Cost of risk

The main factors that had an impact on the level of impairment observed during the year:

4.1. Main economic and factors and industry-specific factors of 2018

Although potential risks remain very present and may even have increased in the last months of the year, global economic growth was still relatively strong in 2018, with a forecast of 1.6% for France and 1.9% for the Eurozone. In France, domestic demand remains fairly strong, and interest rates remain very low. In Italy, despite a growth forecast that was revised significantly downwards to 0.9%, the environment did not result in a deterioration of the quality of the portfolio or an unfavourable trend in risk indicators (see below).

With regard to sectoral risks, the most significant factor is the worsening trade war between the USA, China and Europe. Nonetheless, during 2018 the Group's main sectors benefited from the continued favourable economic environment, which was particularly noticeable in the portfolio of Corporate and Investment Banking.

4.2. Figures and facts

Crédit Agricole S.A. Group's cost of risk was €1.08 billion in 2018, compared to €1.42 billion in 2017, a decrease of 24%. The cost of risk of LCL increased by 7.5% to €0.22 billion. The cost of risk of the International retail banking business line fell 18%, with a notable improvement in the quality of the CA Italia portfolio, which saw its cost of risk fall 12%. Within the Specialised Financial Services division, the cost of risk mainly concerns the consumer finance business (Crédit Agricole Consumer Finance group), where the cost of credit risk increased by 5.7%, while remaining unchanged for its Italian subsidiary Agos Ducato. Corporate and Investment Banking benefited from a sharp decline in the cost of risk, with a net reversal of +€61 million (compared with net allocations of -€203 million in 2017, excluding -€115 million of unallocated provisions for legal risk), as a result of low specific risk on the portfolio and net reversals on Buckets 1 and 2.

Details of the movements that affected the cost of risk are presented in Note 4.9 to the consolidated financial statements. This is broken down by business line in Note 5.1 to the consolidated financial statements.

5. Counterparty risk on derivative instruments

The counterparty risk on derivative instruments is established according to market value and potential credit risk calculated and weighted in accordance with regulatory standards. The measure relating to this credit risk is presented in paragraph 2.2 "Credit risk measurement" of section II "Credit risk management".

IV. Application of IFRS 9

1. Measurement of expected losses

The principles used to calculate Expected Credit Losses (ECL) are described in the accounting principles and methods (§ Credit Risk), which specify in particular the input data, assumptions and estimation techniques used.

In order to assess expected credit losses over the next 12 months and over the life of an instrument and to determine whether the credit risk of financial instruments has increased significantly since initial recognition, the Group therefore relies mainly on the data used as part of the framework used for regulatory calculations (internal rating system, evaluation of guarantees and losses in the event of default).

Forward -looking economic data are taken into account when estimating the expected loss with two distinct levels: central forward-looking to ensure a homogeneous macroeconomic vision for all Group entities and local forward-looking to adjust the parameters of the central scenario to take into account local specificities.

To build its central forward-looking level, the Group relies on the four forward-looking macroeconomic scenarios prepared by Crédit Agricole S.A.'s Economic Studies Department (ECD), which are weighted according to their probability of occurrence. The base scenario, which is based on the budgetary assumptions, is supplemented by three other scenarios (adverse, moderate and favourable). Quantitative models to assess the impact of macroeconomic data on ECL trends are also used in internal and regulatory stress tests.

The economic variables updated quarterly cover factors affecting the Group's main portfolios (*e.g.* changes in GDP in France and Eurozone

(1) The concept of restructured loans is detailed in Note1.3 "Accounting policies and principles" of the consolidated financial statements.

The definitions of the underlined words can be found in the Glossary on page 600.

countries, unemployment rates in France and Italy, household investment, oil prices, etc.).

The economic outlook and scenarios used to calculate ECLs are reviewed quarterly by the IFRS 9 Coordination Committee, which includes the main entities of the Group as well as the Group Departments of Crédit Agricole S.A. that are involved in the IFRS 9 procedure.

The base scenario used in the Group's and its entities' central forward-looking forecasting models can be summarised as follows: The strong and synchronised recovery ends in 2018. In 2019, performance between major economic areas are mixed, with very strong growth in the United States, satisfactory (above potential) in the nonetheless already waning Eurozone. U.S. growth will slow more sharply in 2020 as the effect of the tax stimulus fades and the past increase in key rates gradually slows the economy. After just under 3% in 2018, it would fall below 2% in 2020. The US monetary tightening ends in 2020. In the Eurozone, growth is gradually slowing down to around 1.5% in 2020. As inflationary pressures remain very limited, the European Central Bank maintains an overall accommodative monetary policy. Despite a context of multiple uncertainties, particularly political and geopolitical, we expect the cycle to slow down smoothly.

2. ECL trends

Changes in the structure of outstanding amounts and ECL during the period are detailed in Part 3.1 of the financial statements as at 31 December 2018.

The comments below pertain to the scope of financial assets at amortised cost (loans and receivables from customers), which represent 87% of the value adjustments for losses.

Structure of outstanding amounts

The decrease in the share of Bucket 2 compared to Bucket 1 (see Note 1 of the consolidated financial statements) is observed in all entities. This trend is partly explained by the favourable production dynamics in 2018, which increased the weight of Bucket 1 outstanding amounts (88.2% of total exposures compared to 86.3% at the beginning of the year), and by the good risk level of all components of the credit portfolio. Correspondingly, for almost all business lines, Bucket 2 exposures decreased both in absolute terms (-€1.3 billion) and in relative weight (-1.0 pt corresponding to 8.4% of total exposures vs 9.4% previously).

Bucket 3 exposures were also down in absolute value (-€2.1 billion) and relative weight (-0.9 pts corresponding to 3.4% of total exposures vs 4.3% at beginning of 2018) as a result of favourable risk dynamics, as well as of the sale of impaired receivables on the International Retail Banking scope (€1.3 billion).

ECL trends

Value adjustments for Bucket 1 losses evolved in line with the inventory with a stable coverage rate across all entities.

Bucket 2 ECLs were down in line with the change in outstanding amounts in this segment, but the coverage rate was down slightly overall, mainly due to the effect of updating the parameters of the central forward-looking approach.

International debt sales including a significant proportion of exposures with a high level of seniority in default contributed to the reduction in the Bucket 3 hedging rate during the year.

3.5. MARKET RISK

Market risk is the risk of a negative impact on the income statement or balance sheet of adverse fluctuations in the value of financial instruments following changes in market parameters, particularly:

- interest rates: interest rate risk is the risk of a change in the fair value of a financial instrument or the future cash flows from a financial instrument due to a change in interest rates;
- exchange rates: foreign exchange risk is the risk of a change in the fair value of a financial instrument due to a change in exchange rates;
- prices: price risk is the risk of a change or volatility in the price of equities, commodities, baskets of equities or stock market indices. The instruments most exposed to this risk are, in particular, variable-income securities, equity derivatives and commodity derivatives;
- credit spreads: credit risk is the risk of a change in the fair value of a financial instrument resulting from movement in the credit spreads on indices or issuers. For more complex credit products there is also the risk of a change in fair value arising from a change in correlation between issuer defaults.

I. Objectives and policy

Crédit Agricole S.A. Group has a specific market risk management system with its own organisation independent of operational hierarchies, risk identification and measurement methods, monitoring and consolidation procedures. In terms of scope, this system hedges all market risk.

In a market still marked by persistently low rates, economic uncertainties and global geopolitical tensions (post-Brexit discussions, Italian government policies Sino-American trade tensions and central bank monetary policy guidelines), the Crédit Agricole Group continued to apply a prudent market risk management policy, in line with its risk appetite.

II. Risk management

1. Local and central organisation

Crédit Agricole S.A. Group has two distinct and complementary levels of market risk management:

- at the central level, the Group Risk Management and Permanent Controls department ensures coordination on all subjects related to the management and control of cross-functional market risks. It standardises data and data processing to ensure consistency of both consolidated risk measurement and controls. It keeps the executive bodies (Executive Management of Crédit Agricole S.A.) and decision-making bodies (Board of Directors and Risk Management Committee) up-to-date on the market risk position;
- at the local level, for each Crédit Agricole S.A. Group entity, a Risk Management and Permanent Controls Officer manages the monitoring and control of market risks arising from the entity's businesses. Within the Crédit Agricole Corporate and Investment Bank subsidiary, the Risk Management and Permanent Controls department includes the Market and Counterparty Risks (MCR) Department which is responsible for identifying, measuring and monitoring market risks. This department provides assistance in monitoring the market risks of international retail banks in addition to the local risk teams, as well as for the trading portfolios of the Financial Steering Department of Crédit Agricole S.A., whose transactions are managed in the IT system of Crédit Agricole Corporate and Investment Bank.

Within MCR, these various activities break down as follows:

a) Risk management, to monitor and control market risk for all product lines worldwide: limit proposals, which are approved by the Market Risk Committee and monitored for their compliance, analysis of limit breaches as well as significant variations in results which are brought to the attention of the Market Risk Committee;

b) monitoring of activity: in charge of producing daily management income and risk indicators for all activities held to market risk limits and of monitoring and validating the market parameters used to produce profit and loss account and risk indicators. This ensures an autonomous production process based on a market database updated daily, which is independent of the Front Office.

Lastly, the process is used in conjunction with the Finance Department during monthly procedures to align net management income and net accounting income;

c) Cross-functional teams, responsible for coordinating the methods and processes between product lines and units. These teams are responsible for reporting regulatory indicators produced independently by the MCR Department. This includes the following:

- the team responsible for validating pricers,
- the team in charge of the internal model (VaR, stressed VaR, stress scenarios, IRC, etc.),
- the Market Data Management team, which controls market data independently,
- the International Consolidation team, primarily tasked with producing the department's consolidated information;

d) the COO (Chief Operating Officer) and his/her team, responsible for coordinating Group-wide issues: projects, new activities, budgets, reports and committees.

The IT architecture put in place within Crédit Agricole Corporate and Investment Bank for market risk management is based on sharing the platforms used in the Front Office, on which risk indicators are calculated. The independence of the process is based on the selection of market data and the validation of valuation models by the Risk department.

Group procedures define the level of information, format and frequency of the reports that entities must transmit to Crédit Agricole S.A. (Group Risk Management and Permanent Controls department).

2. Decision-making and Risk Monitoring Committees

Three governance bodies are involved in the management of market risk at Crédit Agricole S.A. Group level:

- the Group Risk Management Committee, chaired by the Chief Executive Officer of Crédit Agricole S.A., approves the aggregate limits on each entity's market risks when it presents its risk strategy and makes the main decisions in the matter of risk containment. It examines the market situation and risks incurred on a quarterly basis, in particular through the utilisation of limits and any significant breaches of limits and incidents;
- the Risk Monitoring Committee, chaired by the Chief Executive Officer of Crédit Agricole S.A., reviews the main indicators of market risk twice a month;
- the Standards and Methodology Committee, chaired by the Head of Group Risk Management and Permanent Controls, is in particular responsible for approving and disseminating standards and methodologies concerning the supervision and permanent control of market risks. Crédit Agricole Corporate and Investment Bank is in charge of validating the prudential standards and models implemented within the scope of market activities.

In addition, each entity has its own Risk Committee. The most important of these is Crédit Agricole Corporate and Investment Bank's Market Risk Committee (CRM), which meets twice monthly and is chaired by the Management Committee member in charge of risks. It is made up of Crédit Agricole Corporate and Investment Bank's head of capital market activities and the risk managers. This Committee reviews Crédit Agricole Corporate and Investment Bank's positions and the profit and loss account of its capital market activities and verifies compliance with the limits assigned to each activity. It is empowered to make decisions on requests for temporary increases in limits.

III. Market risk measurement and supervision methodology

1. Indicators

The market risk measurement and supervision system is based on a combination of several indicators, most of which are subject to global or specific limits. It relies principally on Value at Risk (VaR), stressed VaR, stress scenarios and complementary indicators (risk factor sensitivity, combined qualitative and quantitative indicators) and a process that values all positions in each entity giving rise to market risks. The permanent control process includes procedures to validate and back-test models.

The definitions of the underlined words can be found in the Glossary on page 600.

1.1 VaR (Value at Risk)

The central element of the market risk measurement system is the Value at Risk (VaR). VaR can be defined as the maximum theoretical loss on a portfolio in the event of adverse movements in market parameters over a given timeframe and for a given confidence interval. Crédit Agricole S.A. Group uses a confidence interval of 99% and a timeframe of one day using one year of historical data. In this way, market risks incurred by the Group in its trading activities can be monitored on a daily basis by quantifying the estimated maximum level of loss in 99 out of 100 cases, after inclusion of a number of risk factors (interest rate, exchange rate, asset prices, etc.).

The offsetting figure is defined as the difference between total VaR and the sum of VaRs by risk factor. It represents the effects of diversification among positions held simultaneously on different risk factors. A procedure known as back-testing (comparing each day's result against VaR estimated the day before) is used to confirm the relevance of the methodology.

The internal VaR model of Crédit Agricole Crédit Agricole Corporate and Investment Bank, which is the main contributor to the VaR of Crédit Agricole S.A. Group, has been approved by the regulatory authorities.

The process of measuring a historical VaR for risk positions on a given date is based on the following principles:

- compilation of an historical database of risk factors on positions held by the Crédit Agricole S.A. group (interest rates, share prices, exchange rates, commodity prices, volatilities, credit spreads, correlation, etc.);
- determination of 261 scenarios corresponding to one-day changes in risk factors, observed over a rolling one-year period;
- adjustment of parameters corresponding on the date according to the 261 scenarios;
- remeasurement of the day's positions based on the 261 scenarios.

The 99% VaR figure based on the 261 scenarios is equal to the average of the second and third worst results observed.

The VaR calculation methodology undergoes constant improvement and adjustment to take into account, among other things, the changing sensitivity of positions to risk factors and the relevance of the methods to new market conditions. For example, efforts are made to incorporate new risk factors and to achieve finer granularity on existing risk factors.

Limitations of the historical VaR calculation

The main methodological limitations of the VaR model are the following:

- the use of daily shocks assumes that all positions can be liquidated or covered in one day, which is not always the case for certain products or in certain crisis situations;
- the use of a 99% confidence interval excludes losses that could occur outside of that interval: VaR is consequently an indicator of risk under normal market conditions and does not take into account movements of exceptional magnitude;
- VaR does not provide any information on amounts of exceptional losses (beyond the 99% confidence interval).

Back-testing

A back-testing process is applied to check the relevance of the VaR model for each of Crédit Agricole S.A. Group's entities that has capital market activities. This process verifies *a posteriori* whether the number of exceptions (days when actual losses exceeded estimated VaR) was within the 99% confidence interval (a daily loss should statistically exceed the calculated VaR only two or three times a year).

At 31 December 2018, within the regulatory scope of Crédit Agricole Corporate and Investment Bank (see graph below) was subject to four rolling 12-month VaR exceptions, recorded on 4 June 2018, 29 June 2018, 31 July 2018 and 10 December 2018. The multiplier, used to calculate capital requirements, has been at its minimum of 4 since end-2015.

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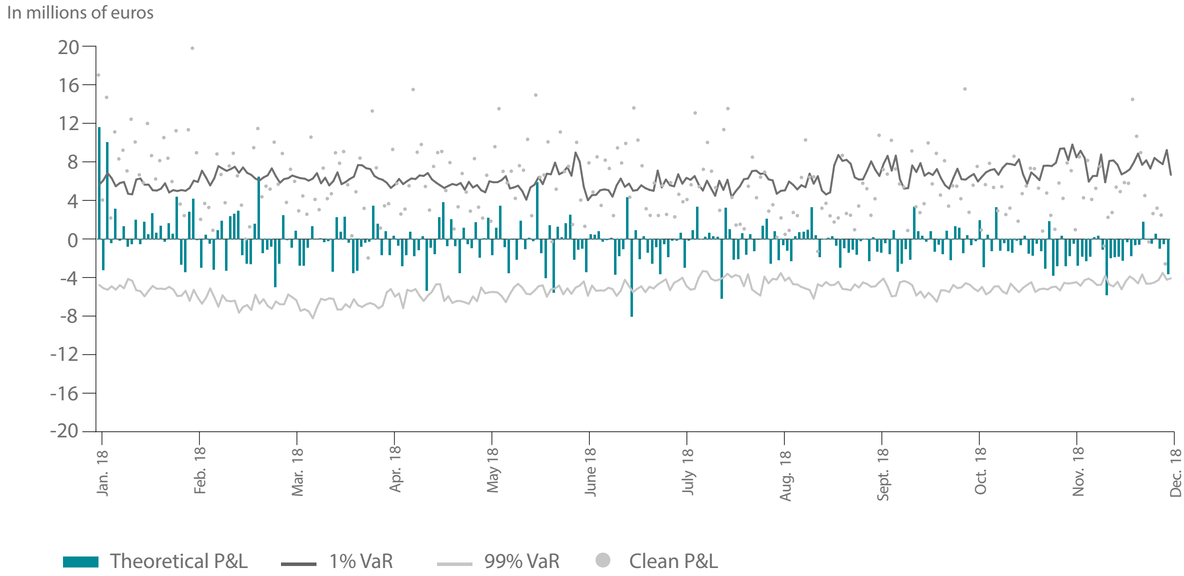
Back-testing of the regulatory VaR of Crédit Agricole Corporate and Investment Bank for the year 2018 *(in millions of euros)*



1.2 Stress scenarios

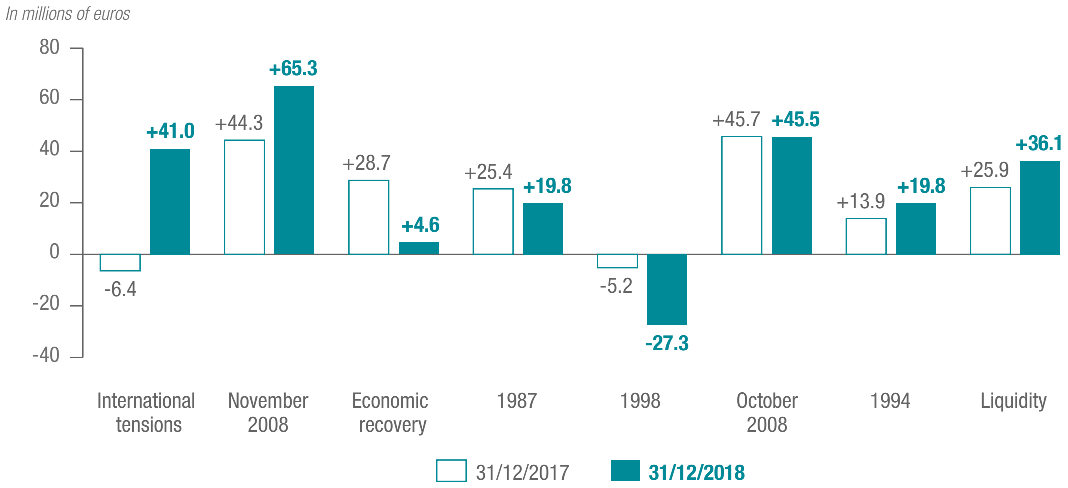
Stress scenarios complement the VaR measure, which does not capture the impact of extreme market conditions. Stress scenarios are calculated following Group principles to simulate extreme market conditions and are the result of different complementary approaches:

- historical scenarios, which consist in replicating the impact on the current portfolio of major crises observed in the past. The past crises used in historical stress scenarios are the 1987 stock market crash, the 1994 bond market crisis, the 1998 credit market crisis, coupled with falling equity markets, sharply rising interest rates and declining emerging-country currencies; the 2008 crisis following the failure of Lehman Brothers (two stress scenarios measuring the impact of market movements after the failure);
- hypothetical scenarios anticipating plausible shocks, which are developed in conjunction with economists. The hypothetical scenarios used are **economic recovery** with rising equity and commodity markets, flattening yield curves, appreciation of the USD and narrowing credit spreads; **liquidity crunch,** with flattening yield curves, widening spreads, falling equity markets; and **international tensions** (scenario representing economic conditions in a context of international tensions between China and the United States: rising volatility and falling prices on the equity markets, falling futures prices and rising volatility on the commodities market, flattening yield curves, fall of the USD against other currencies, widening credit spreads).

The stress scenarios are calculated weekly.

At year-end 2018, the risk levels of Crédit Agricole S.A. Group assessed through historical and hypothetical stress scenarios were presented below. As an illustration, the scenario "International tensions" which was negative at end-2017 (loss of €6.4 million) has a positive impact at end-2018 (gains of €41 billion).

Estimated impacts associated with stress scenarios



In addition, other types of stress tests are performed:

- at the level of the entities, adverse stress tests enabling evaluation of the impact of major and unfavourable market movements on the different business lines;
- at the level of Crédit Agricole Crédit Agricole Corporate and Investment Bank, extreme adverse stress tests are used to measure the impact of even more severe market shocks.

1.3 Complementary indicators

Other complementary indicators are also produced by the entities and can, as part of the risk containment system, be subject to limits. These include indicators of sensitivity to various risk factors, loss alerts, stop-loss indicators, nominal amounts, outstandings, remaining terms, etc. These indicators provide fine-grained measurements of exposure to different market risk factors, serve to identify atypical transactions and fill out the summary picture of risks supplied by VaR and global stress scenarios.

1.4 Indicators related to the CRD 4 Directive

Stressed VaR

The so-called "stressed" VaR is intended to correct the pro-cyclical nature of historical VaR. This is indeed is calculated over the one-year period preceding the measurement date, and where the associated market parameters reflect calm market conditions with low volatility, it can display a low level.

Stressed VaR is calculated using a 99% confidence interval of one day and over a period of tension corresponding to the worst period observed for the most significant risk factors.

At the end of 2018, for Crédit Agricole Corporate and Investment Bank it corresponds to the period December 2007 – December 2008. In addition to the VaR capital requirement, there is now a stressed VaR capital requirement.

Incremental Risk Charge

The IRC (Incremental Risk Charge) is an additional equity requirement related to the risk of default and migration on so-called linear credit positions (*i.e.* not including credit correlation positions), required by the CRD4 directive.

Its purpose is to quantify any unexpected losses caused by credit events on the issuers, *i.e.* default and migration of rating (the case of either a fall or a rise in credit rating).

The IRC is calculated with a confidence interval of 99.9% over a risk period of one year, by Monte Carlo simulations of migration scenarios based on three sets of data:

1) a one-year transition matrix provided by S&P and adapted to the internal rating system of Crédit Agricole Corporate and Investment Bank. This matrix gives the transition probabilities for an issuer based on its initial credit rating to higher or lower credit ratings, as well as its probability of default;
2) the correlation of issuers with systemic factors;
3) average spread curves by rating from which the shocks resulting from migrations are deducted.

The definitions of the underlined words can be found in the Glossary on page 600.

These simulated credit default and migration scenarios then make it possible to value positions using the Crédit Agricole Crédit Agricole Corporate and Investment Bank models.

The IRC is then defined as the 99.9% quantile of the breakdown of the valuations thus obtained.

Comprehensive Risk Measure

The Comprehensive Risk Measure (CRM) measures the risk of default, the risk of a rating change and market risks on the credit correlation portfolio.

Since end-2016, the Crédit Agricole Group has not had any activities subject to capital requirements with respect to the Comprehensive Risk Measure.

Credit Value Adjustment (CVA)

The value adjustment linked to the counterparts quality (CVA) aims to integrate in derivatives' valuation credit risk associated with the counterparty (risk of non-payment of sums due in the event of default). It is calculated on an aggregate basis by counterparty according to the future exposure profile of the transactions after deducting any collateral.

This adjustment is always negative and is deducted from the fair value of the financial assets on the balance sheet.

CRD4 brought in a new capital charge to cover volatility in the CVA. Under the directive, banks authorised to calculate their capital requirements using their internal models for both counterparty risk and specific rate risk must calculate their CVA risk capital charge using the advanced measurement method ("CVA VaR"). The size of these capital requirements is calculated using the same methodology and tools as for market VaR in respect of specific interest rate risk.

The ACPR has validated the CVA VaR model used by Crédit Agricole Corporate and Investment Bank and the additional capital required to cover CVA risk (VaR and stressed VaR) has been measured since 2014.

2. Use of credit derivatives

CDS (Credit Default Swap) are used for hedging purposes in the following cases:

- management of credit exposure from the loan book or derivatives portfolio (CVA);
- hedging of bond portfolio exposure;
- hedging of the exposure of hybrid derivatives portfolios (*e.g.* to hedge the issuance of credit-linked notes sold to investor customers).

IV. Exposures

VaR (Value at Risk)

Crédit Agricole S.A. Group VaR is calculated by incorporating the impacts of diversification between the different entities of the Group.

The scope considered for capital market activities of Crédit Agricole Corporate and Investment Bank is the regulatory VaR (measured through an internal model approved by the ACPR).

The change in VaR on the capital markets activities of Crédit Agricole S.A. Group between 31 December 2017 and 31 December 2018, broken down by major risk factor, is shown in the table below:

Breakdown of VaR (99%, one day)

(in millions of euros)	31/12/2018	Minimum	Maximum	Average	31/12/2017
Fixed income	4	3	6	5	3
Credit	3	2	5	4	5
Foreign exchange	3	1	5	2	2
Equities	2	1	3	2	2
Commodities	-	-	-	-	-
Offsetting	-6	-	-	-5	-5
VAR OF CRÉDIT AGRICOLE S.A. GROUP	**5**	**4**	**9**	**6**	**6**
For reference: Sum of the VaRs of all entities	6	5	11	7	7

At 31 December 2018, Group VaR was €5 million, a slight decrease fall since 31 December 2017 (€6 million). After peaking on 12 March 2018 (€9.2 million) driven by the credit risk factor, VaR continued the downward trend of recent years despite the increase in volatility in foreign exchange and equity markets, offset by prudent risk management, particularly at the end of the year, with the reduction of some equity and emerging currency derivative exposures.

"Fixed income" VaR slightly increased to €4 million at 31 December 2018 (compared to €3 million at the end of 2017) in a low interest rate environment.

The "Credit" VaR decreased to €3 million (from €5 million at the end of 2017).

"Forex" VaR was up to €3 million at 31 December 2018 (from €2 million in 2017).

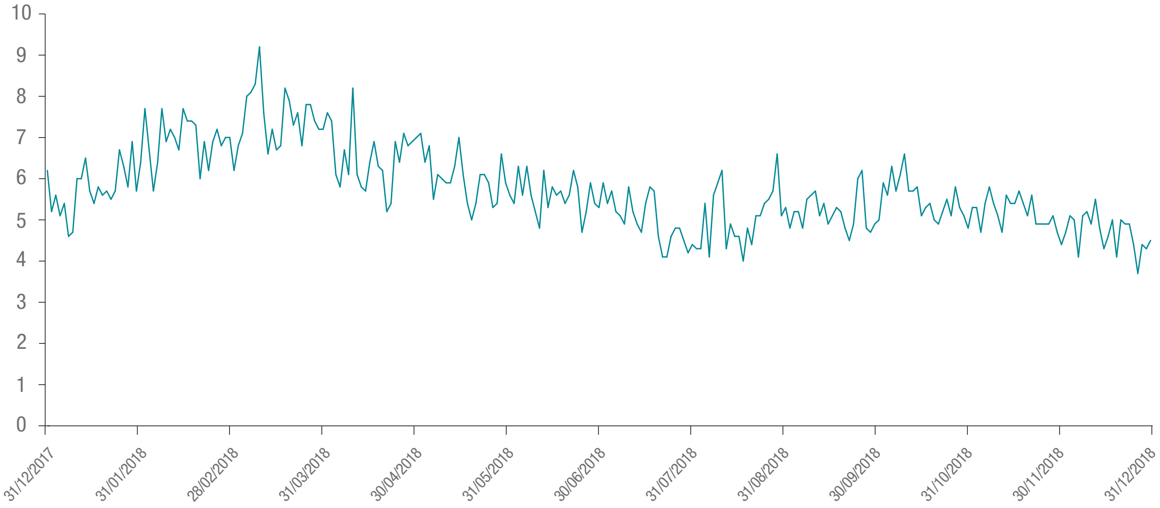
The "Equity" VaR remained stable over the period.

The definitions of the underlined words can be found in the Glossary on page 600.

The following graph shows VaR over the course of 2018:

Crédit Agricole S.A. Group VaR between 31 December 2017 and 31 December 2018

In millions of euros



Stressed VaR

The stressed VaR is calculated on the scope of Crédit Agricole Corporate and Investment Bank.

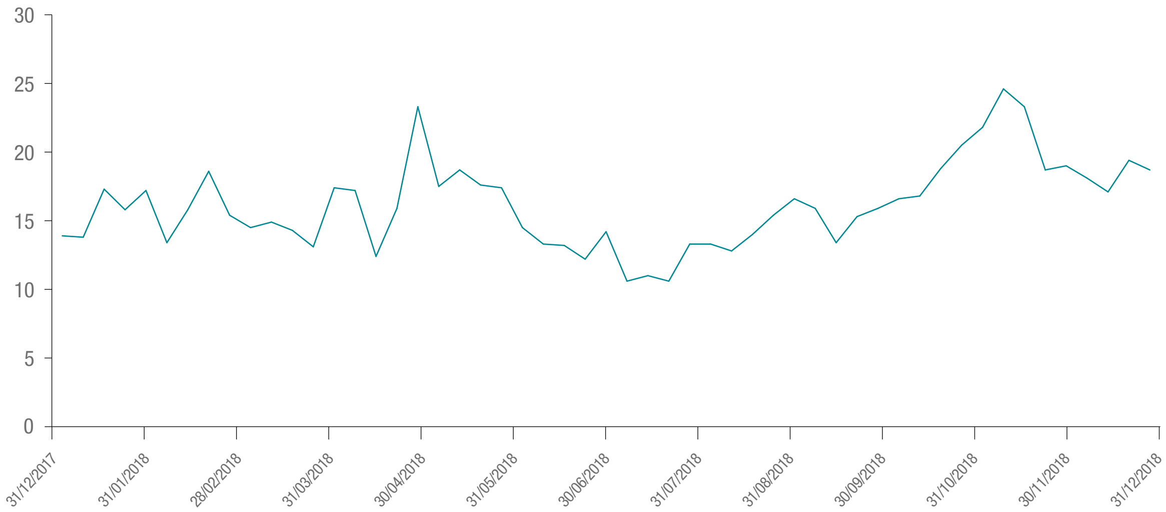
The table below shows the change in regulatory stressed VaR on the capital market activities of Crédit Agricole CIB, between 31 December 2017 and 31 December 2018:

(in millions of euros)	31/12/2018	Minimum	Maximum	Average	31/12/2017
Crédit Agricole CIB stressed VaR	19	11	25	16	14

Change in stressed VaR (99%, one day)

The graph below shows the change in regulatory stressed VaR of Crédit Agricole Corporate and Investment Bank over the course of 2018:

In millions of euros



At end-December 2018, stressed regulatory VaR of Crédit Agricole Corporate and Investment Bank was €19 million, an increase of €5 million on 31 December 2017. On average over the year, the stressed VaR (€16 million) remains at the same level compared to the 2017 average. Stressed VaR increased in the second half of 2018, mainly due to the increased contribution of temporary securities sales activities, the development of which, in terms of size and type of transactions, continued in 2018.

The definitions of the underlined words can be found in the Glossary on page 600.

Capital requirements related to Incremental Risk Charge (IRC)

IRC is calculated on the so-called linear credit positions (*i.e.* excluding correlation positions) scope of Crédit Agricole Corporate and Investment Bank.

The table below shows the change in regulatory stressed VaR on the capital market activities of Crédit Agricole Corporate and Investment Bank, between 31 December 2017 and 31 December 2018:

(in millions of euros)	31/12/2018	Minimum	Maximum	Average	31/12/2017
IRC	200	173	331	230	172

V. Equity risk

Equity risk arises in the trading of equity securities, as well as on shares held in the investment portfolio and on treasury shares.

1. Equity risk from trading activities

Equity risk, arising from trading activities, arises from positions in equities and equity indices through cash or derivative products. The main risk factors are prices of shares/stock indices, volatilities of those prices and smile parameters of those volatilities[1].

Measurement and containment of equity risk is addressed in the description of the processes indicated in section III above.

This risk is monitored by means of VaR, of which the 2018 values are shown in the table in section IV below. Equity VaR was €2 million at 31 December 2018, stable compared to 31 December 2017.

2. Equity risk from other activities

A number of Crédit Agricole S.A. Group entities hold portfolios that are invested partly in equities and structured products whose market value depends on prices of underlying equities and equity indices.

Note 10.2 to the financial statements shows the distribution of equity instruments issued at fair value by valuation model. At 31 December 2018, outstanding amounts exposed to equity risk (excluding unit-linked policies) amounted to €31.8 billion, including portfolios of insurance companies for €25.6 billion.

Note 6.4 to the financial statements shows in particular the outstanding amounts and the unrealized gains and losses on shares recorded at fair value through non-recyclable equity. Information on market risk (including equity risk) on the portfolios held by the insurance companies is presented below in the section on "insurance sector risks".

3. Treasury shares

In accordance with the provisions of Articles L. 225-209 *et seq.* of the French Commercial Code and European Commission Regulation 2273/2003 of 22 December 2003, the Combined General Meeting of Shareholders of the Group may grant authority to the Board of Directors of Crédit Agricole S.A. to trade in its own shares. Crédit Agricole S.A. uses such an authorisation mainly to cover its commitments to employees under stock options or to stimulate the market in a share liquidity agreement.

Details of 2018 transactions carried out under the share buyback programme are provided in chapter 1 of this Registration document, in the section "Purchase by the Company of its own shares".

At 31 December 2018, the outstanding amounts of treasury shares amounted to 0.15% of the share capital, versus 0.10% at 31 December 2017 (Note 6.19 to the consolidated financial statements).

Details of the 2018 share buyback programme are provided in chapter 1 of this Registration document, under "Information on the share capital".

3.6. ASSET AND LIABILITY MANAGEMENT

I. Asset and liability management – Structural financial risks

Crédit Agricole S.A.'s Financial Management department defines the principles of financial management and ensures their consistent application within Crédit Agricole S.A. Group. It has responsibility for organising financial flows, defining and implementing refinancing rules, performing asset and liability management and managing solvency ratios.

Optimising financial flows within Crédit Agricole S.A. Group is an ongoing objective. Pooling of surplus resources and making it systematically possible to hedge the associated risks contribute to this objective.

Thus, the principles of the Group's ALM approach ensure that any surpluses and shortfalls in terms of customer resources, in particular resources collected by the Regional Banks, are centralised in the books of Crédit Agricole S.A. This resource pooling helps in refinancing other Group entities as needed (including Crédit Agricole Leasing & Factoring and Crédit Agricole Consumer Finance).

This system for centralising the management of liquidity at Crédit Agricole S.A. serves to control and optimise cash management, especially since it is accompanied by partial interest rate matching.

Consequently, the Group has a high level of financial cohesion, with limited diffusion of financial risks, particularly liquidity risk. However, the Group's various entities are responsible for managing the risk that remains at their level, within the limits assigned to them.

Limits are defined by order of the Chief Executive Officer of Crédit Agricole S.A. in the framework of the Group Risk Management Committee, approved by the Board of Directors of Crédit Agricole S.A., and apply throughout Crédit Agricole S.A. Group:

- subsidiaries that carry asset and liability risks comply with limits set by the Crédit Agricole S.A. Group Risk Management Committee;
- methods of measuring, analysing and managing the Group's assets and liabilities are defined by Crédit Agricole S.A.; regarding the Retail banks' balance sheets in particular, a consistent system of run-off conventions and models has been adopted for the Regional Banks, LCL and the foreign subsidiaries;

(1) Smile is the parameter that takes into account the variability of volatility based on the exercise price of option-based products.

- Crédit Agricole S.A. consolidates the subsidiaries' measurements of their asset and liability risks; results of these measures are monitored by Crédit Agricole S.A.'s Treasury and ALM Committee;
- Crédit Agricole S.A.'s Financial Management department and Group Risk Division take part in meetings of the ALM Committees of the main subsidiaries.

II. Global interest rate risk

1. Objectives

The objective of global interest rate risk management is to stabilise the future profits of Group entities against the impact of any adverse interest rate movements.

Changes in interest rates impact net interest income by creating mismatches in timing or in the type of indexation between assets and sources of funds. Interest rate risk management uses balance sheet or off-balance sheet transactions to limit the resulting volatility in income.

The scope for monitoring the global interest rate risk is made up of entities whose business generates an interest rate risk:

- Regional Banks;
- LCL group;
- Crédit Agricole S.A.;
- International retail banks, in particular the CA Italia;
- Crédit Agricole Corporate and Investment Bank;
- Crédit Agricole Consumer Finance group;
- Crédit Agricole Leasing & Factoring group;
- CACEIS;
- Amundi.

The interest rate risk borne by the Insurance business is monitored using indicators specific to this business line. An assessment of the impact of an instantaneous rate shock on the level of own funds under Solvency 2 is performed on the Crédit Agricole Assurances scope. This indicator incorporates an alert threshold.

2. Governance

2.1 Interest rate risk management – Entities

Each entity manages its exposures under the supervision of its ALM Committee, in accordance with the Group's limits and standards. The limits of Crédit Agricole S.A.'s subsidiaries are reviewed annually and validated by the Group Risk Management Committee.

The Financial Management department and the Risk Management and Permanent Controls department are represented on the main subsidiaries' ALM Committees. They ensure harmonisation of methods and practices across the Group and monitor compliance with the limits assigned to each of the subsidiaries' entities.

Each Regional Bank's situation as regards global interest rate risk is reviewed quarterly by the Regional Banks' Risk Management Committee.

2.2 Interest rate risk management – Group

The Group's exposure to global interest rate risk is monitored by Crédit Agricole S.A.'s ALM Committee.

This Committee is chaired by the Chief Executive Officer of Crédit Agricole S.A. and includes several members of the Executive Committee along with representatives of the Risk Management and Permanent Controls department:

- it examines the individual positions of Crédit Agricole S.A. and its main subsidiaries, along with consolidated positions for each quarterly closing;
- it examines compliance with limits applicable to Crédit Agricole S.A. Group and to entities authorised to bear global interest rate risk;
- it validates the guidelines for the global interest rate risk of Crédit Agricole S.A. proposed by the ALM department.

Limits approved by Crédit Agricole S.A.'s Board of Directors govern the Group's exposure to global interest rate risk.

3. Measurement and management system

3.1 Measurement

The rate risk measurement is mainly based on the calculation of rate gaps or impasses.

This methodology consists of creating future projections of outstandings at known rates and inflation-indexed outstandings according to their contractual features (maturity date, amortisation profile) or by modelling out flows of outstandings where:

- the maturity profile is not known (products with no contractual maturity, such as demand deposits, passbook accounts or capital);
- implicit options sold to customers are incorporated (early loan repayments, home purchase savings, etc.).

These models are usually defined based on a statistical analysis of past customer behaviour coupled with a qualitative analysis (economic and regulatory context, commercial strategy, etc.).

Consistency between the models used by the Group's various entities is ensured by the fact that the models must adhere to the modelling principles approved by the Standards and Methodology Committee. They are approved by the entity's ALM Committee and their relevance is monitored on an annual basis.

The gaps are consolidated quarterly at Group level. When their management requires it, some entities, particularly the major ones, measure their gaps more frequently.

The rules that apply in France to the setting of the Livret A index a portion of the interest to average inflation over a rolling six-month period. The remuneration of the Group's other retail banking passbooks is also correlated with the same half-yearly average inflation rate. As a result, the Group hedges the risk associated with these balance sheet items using instruments (carried on or off the balance sheet) for which the underlying is an inflation rate.

Option risks are included in the gaps using a delta-equivalent measure. A portion of these risks may be hedged using option-based products.

This measurement system is applied to all significant currencies (mainly USD, GBP and CHF).

3.2 Limitation system

The limits set at Group and entity levels put bounds on the extent of the maximum discounted loss over the next 30 years and the maximum annual loss over the next 15 years in the event of a rate shock.

The rules for setting limits are intended to protect the Group's net asset value in accordance with Pillar 2 of the Basel 3 regulations regarding global interest rate risk and to limit the volatility, over time, of interest income by avoiding sizeable concentrations of risk on certain maturities. As well as being validated by the Group Risk Management Committee, these limits must be approved by each entity's decision-making body.

Each entity (including Crédit Agricole S.A.) hedges the interest rate risks generated by this method of financial organisation at its own level, by means of financial instruments (on- and off-balance sheet, fixed or optional).

The definitions of the underlined words can be found in the Glossary on page 600.

3.3 Assessment of internal capital requirements

Internal capital requirements with respect to the interest rate risk are measured, taking into account:

- the directional interest rate risk (calculated based on gaps);
- the option rate risk (mainly gamma effect on, caps);
- the behavioural risk (such as early fixed-rate loan repayments);
- interest rate risk exposure limits.

This measurement is performed using a set of internal scenarios incorporating interest rate curve distortions that are calibrated using a method consistent with that used to assess the other risks measured under Pillar 2.

4. Exposure

The Group's interest rate gaps are broken down by type of risk (nominal rate/real rate) in the various currencies. They measure the surplus or deficit on sources of fixed-rate funds. By convention, a positive (negative) figure represents a downside (upside) risk on interest rates in the year considered. The figure indicates the economic sensitivity to a change in interest rates.

The results of these measures for Crédit Agricole S.A. Group at 31 December 2018 are as follows:

Gaps in euros (at 31 December 2018)

(in billions of euros)	2019	2020-2024	2025-2029	>2029
Gaps in euros	2.0	(0.9)	(0.3)	(1.7)

Over the course of 2019, a one hundred basis points increase of interest rates in Eurozone would imply a potential loss for Crédit Agricole S.A. Group of €19.8 million on the banking portfolio at 31 December 2018, amounting to a 0.10% decline of revenues for 2018 (compared to a decrease of €9 million, or 0.05% of the revenue under the Decree of 31 December 2017).

The cumulative impact over the next 30 years of a +200-basis point rate increase corresponds to a negative impact of -€453 million on this portfolio, or 0.83% of the regulatory capital of the Crédit Agricole S.A. Group **(Tier 1 + Tier 2)** after deduction of equity investments.

Other currency gaps (at 31 December 2018)

(in billions of euros)	2018	2019-2023	2024-2028	>2028
Other currency gaps(1)	4.7	4.0	1.6	0.0

(1) Sum of all gaps in all currencies in absolute values countervalued in billions of euros.

On other currencies, a decrease of -100 basis points of the interest rates in the Eurozone in each currency, would imply for Crédit Agricole S.A. group a loss of -€47 million in 2019 on the banking portfolio at 31 December 2018, amounting to 0.25% of 2018 revenues. As an example, the gap in USD amounted to €2.25 billion and a decrease of -100 basis points of the interest rates would have a negative impact of -€22.5 million.

After the euro, the main currencies to which Crédit Agricole S.A. Group is exposed are PLN, MAD, JPY, USD and CHF.

III. Foreign exchange risk

Foreign exchange risk is treated differently depending on whether the change in currency position is structural (re-evaluated by OCI) or operational (re-evaluated by P&L).

1. Structural foreign exchange risk

The Group's structural foreign exchange risk arises from long-term investments by the Group in assets denominated in foreign currencies (equity of the foreign operating entities, whether resulting from acquisitions, transfers of funds from the head office, or capitalisation of local earnings), with the Group's reference currency being the euro.

At 31 December 2018, the Group's main structural foreign currency positions, on a gross basis before hedging, are in US dollars and currencies pegged to the dollar (in particular the Saudi Rial), in pounds sterling, Swiss francs, Polish zlotys, Moroccan dirhams and Japanese yen.

The main principles of structural currency position management are:

- over the next year, the coverage of the portion of structural positions that are expected to become operational positions (results in the process of being formed that are expected to be distributed, shares that are expected to be sold in the near future).
- over a more medium/long term horizon, an adjustment to the level of hedging of structural currency positions in order to immunize the Group's CET1 ratio against exchange rate fluctuations. This should include the implementation of new coverage in the event of over-immunization or the termination of existing coverage in the event of under-immunization. An entity may, however, choose not to hedge a position denominated in a currency that is over-immunized if the cost of the hedge is considered too high in relation to the profit earned or the amount of the position in question is not material.

Five times a year, the Group's structural foreign exchange positions are presented to the Crédit Agricole S.A. ALM Committee, which is chaired by the Chief Executive Officer. General decisions on how to manage positions are taken during these meetings.

2. Operational foreign exchange risk

Operational foreign exchange risk arises from income and expenses of all kinds that are denominated in currencies other than the euro (provisions, net income generated by foreign subsidiaries and branches, dividends in foreign currencies, etc.), and from balance sheet imbalances.

Crédit Agricole S.A. manages the positions affected by foreign currency revenues and expenses that appear on its books, as does each entity within the Group that bears significant risk. The Foreign Subsidiaries' Treasury departments manage their operational foreign exchange risk in their local currency.

The Group's general policy is to limit its operational currency positions and not to hedge revenues that have not yet materialised, unless there is a strong probability that losses will materialise and unless the impairment risk is high.

In accordance with the foreign exchange risk monitoring and management procedures, operational currency exposure positions are updated monthly or daily for foreign exchange trading operations.

5

IV. Liquidity and financing risk

Like all credit institutions, the Group is exposed to liquidity risk, *i.e.* the risk of not having sufficient funds to honour its commitments. This risk could materialise if, for instance, there were a general crisis of confidence among investors in the money and bond markets or massive withdrawals of customer deposits.

1. Objectives and policy

The Group's primary objective in managing liquidity is to ensure that it has sufficient resources to meet its requirements in the event of any type of severe, prolonged liquidity crisis.

To manage this, the Group uses an internal liquidity risk management and control system whose objectives are:

- to maintain liquidity reserves;
- to match these reserves with future liabilities coming due;
- to organise its refinancing to achieve an appropriate short and long-term refinancing timeframe and diversify sources of refinancing);
- to ensure a balanced development between customer loans and deposits.

The system includes indicators, limits and alert thresholds. These are calculated and monitored for all Group entities and consolidated to allow monitoring of liquidity risk across the whole Crédit Agricole Group scope.

It also incorporates compliance with regulatory liquidity constraints. The short-term liquidity ratio (LCR – Liquidity Coverage Ratio), along with the Additional Liquidity Monitoring Metrics (ALMM), calculated on a company or sub-consolidated basis for the Group entities in question and on a consolidated basis for the Group, are disclosed in a monthly report to the ECB.

2. Methodology and governance of the internal liquidity risk management and control system

Crédit Agricole Group's liquidity risk management and control system is built around indicators defined in a standard and divided into four separate groups:

- short-term indicators derived largely from simulations of crisis scenarios. The purpose of these is to schedule maturities and volumes of short-term refinancings as a function of liquidity reserves, cash flow from commercial activity and repayment of long-term borrowings;
- long-term indicators used to assess and schedule long-term debt maturities: limits on maturity concentrations, allowing the Group to anticipate its refinancing needs and avoid any risk of difficulties with refinancing on the markets;
- diversification indicators, which allow the Group to monitor and manage concentrations of sources of market refinancing (by refinancing channel, type of debt, currency, geographic area, investor);
- cost indicators used to measure the short-term and long-term trends in the Group's issue spreads and their impact on the cost of liquidity.

It is the responsibility of the Standards and Methodology Committee, after taking advice from Group Risk Management and Permanent Controls, to validate the definition of and any changes to these indicators proposed by Crédit Agricole S.A.'s Group Finance department.

The Crédit Agricole S.A. Board of Directors approves the general policy for Group liquidity risk management and sets limits for key indicators in light of the Group's liquidity risk tolerance. The Group Risk Management Committee, which proposes these limits to the Board, determines how they are translated to each of the Group's constituent entities.

Accordingly, each subsidiary of Crédit Agricole S.A. and each Regional Bank is notified of the limits for the indicators controlled at Group level. In addition to this translation of the Group system, the asset-liabilities committees (or their equivalent) of these entities define a specific set of limits for the risks relating to their own business. They are also free to decide locally to apply a stricter control than that required by the Group.

3. Liquidity management

Crédit Agricole S.A. controls the management of liquidity risk. The Finance department is responsible, in respect of short-term refinancing, for:

- setting spreads on short-term funds raised under the various programmes (mainly NCDs);
- centralising assets eligible for refinancing by the Central banks of Group entities and specifying the terms and conditions of use in the framework of tenders;
- monitoring and forecasting cash positions.

And in respect of long-term refinancing, for:

- assessing needs for long-term funds;
- planning refinancing programmes to meet these needs;
- executing and monitoring these programmes over the course of the year;
- reallocating the funds raised to Group entities;
- setting prices for liquidity in intragroup flows.

Long-term refinancing programmes comprise various instruments (see below). The body in charge of these tasks at an operational level is the Group's Treasury and Liquidity Committee, which reviews all matters relating to liquidity issues ranging from intraday to medium/long-term. It proposes policy directions for the Group's Asset-Liability Management and Capital Liquidity Committee.

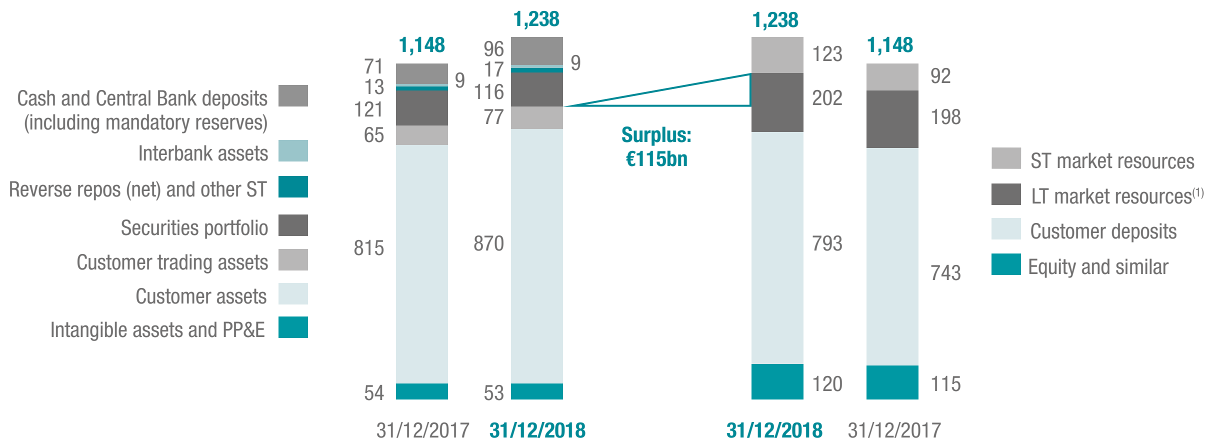
The Asset-Liability Management and Capital Liquidity Committee, chaired by the Chief Executive Officer of Crédit Agricole S.A. (who is also informed of the Group's liquidity positions) is responsible for all key decisions concerning the management of funding programmes, the launch of new programmes, the validation of funding budgets and management of the balance between loans and deposits.

If funding markets tighten, a Committee is set up by the Executive Management, the Group Risk Management and Permanent Controls department and the Group Finance department in order to keep a close watch on the Group's liquidity situation.

The definitions of the underlined words can be found in the Glossary on page 600.

4. Quantitative information

4.1. Cash balance sheet at 31 December 2018



(1) LT market resources include T-LTRO drawings.

In order to provide simple, pertinent and auditable information on the Group's liquidity position, the cash balance sheet long-term sources surplus is calculated quarterly.

This cash balance sheet is derived from Crédit Agricole Group's IFRS financial statements. It is based on the definition of a comparison table between the Group's IFRS financial statements and the sections of the cash balance sheet as they appear below, the definition of which corresponds to that commonly accepted in the market.

It relates to the banking scope, with insurance activities being managed in accordance with their own specific regulatory constraints.

Further to the breakdown of the IFRS financial statements in sections of the cash balance sheet, netting calculations are carried out. They relate to certain assets and liabilities that have a symmetrical impact in terms of liquidity risk. The amount of €87 billion in repos/reverse repos was thus eliminated insofar as these outstandings reflect the activity of the securities desk in carrying out securities lending operations that offset each other.

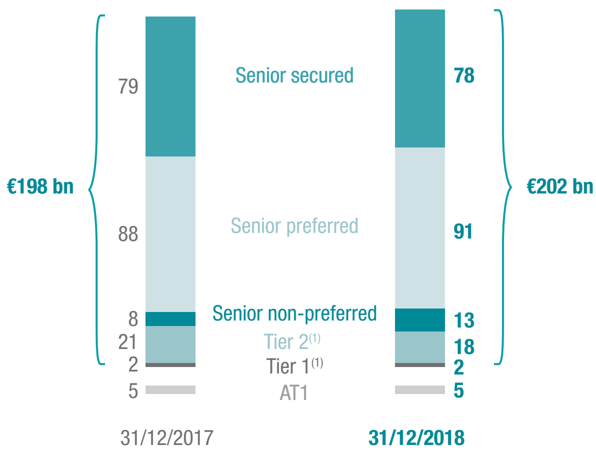
In a final stage, other restatements reassign outstandings that accounting standards allocate to one section, when they are economically related to another. Senior issues placed through the banking networks, which accounting standards would class as "LT market funds", are thus reclassified as "Customer deposits".

The €115 billion surplus known as the "stable resources position" enables the Group to cover the LCR deficit generated by the durable assets and stable liabilities (customer assets, fixed assets, LT resources and capital).

It exceeded the Medium Term Plan target of over €100 billion. The ratio of stable resources over long-term applications of funds was 111.5% at 31 December 2018.

Long-term market funds increased by €4 billion over the financial year. Moreover, the increase in senior non-preferred debt (+€5 billion) is aimed at meeting future resolution requirements.

Changes in long term market resources of the Crédit Agricole Group

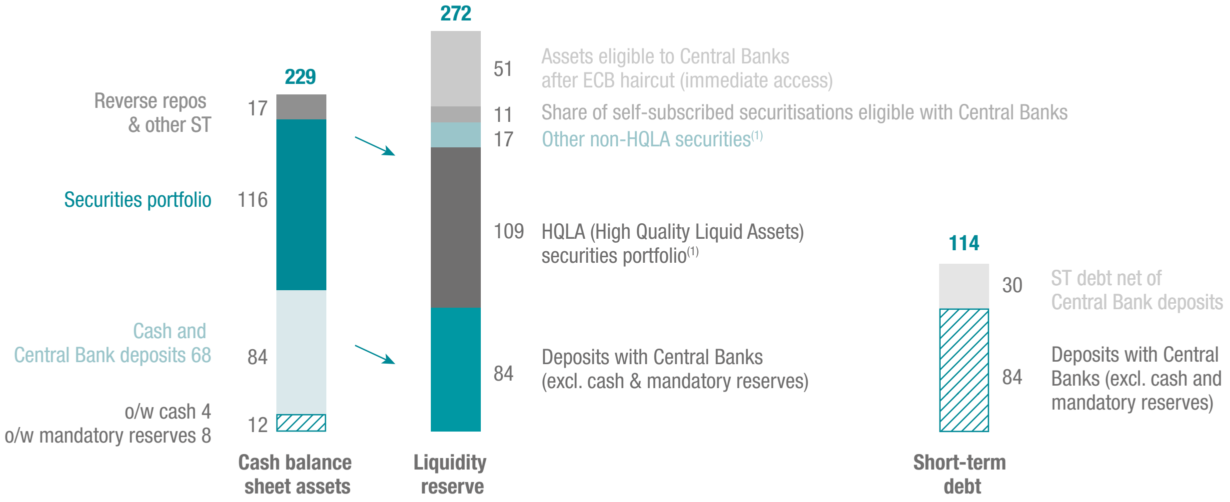


(1) Notional amount.

Note that for Central bank refinancing operations, funds raised under the T-LTRO (Targeted Longer-Term Refinancing Operation) are classed as long-term market funds. In fact, the T-LTRO II operations do not allow for early redemption by the ECB and given their four-year contractual maturity are equivalent to long-term secured refinancing, identical in liquidity risk terms to a secured issue.

4.2. Change in Crédit Agricole Group's liquidity reserves

Liquidity reserves after haircuts totalled €272 billion at 31 December 2018. In addition, HQLA (High-Quality Liquid Asset) securities amounting to €109 billion, after haircuts, cover more than three times the net short-term debt not replaced with Central banks.



(1) Available liquid market securities, marked to market and after haircut.

Available liquidity reserves at end-2018 comprised:

- €51 billion in loans and receivables eligible for Central bank refinancing operations after the ECB haircut;
- €11 billion in treasury shares held by the bank and eligible for Central bank refinancing operations, after haircut;
- €84 billion in Central bank deposits (excluding cash and mandatory reserves);
- a portfolio of securities amounting to €126 billion after discount. At 31 December 2018, this securities portfolio consisted of HQLA securities that were market-linkable and also eligible for Central bank refinancing for €109 billion, and other market-linkable securities for €17 billion after haircut.

Liquidity reserves in 2018 averaged €259 billion.

The allocation of limits arising from Crédit Agricole Group's liquidity risk management and control system to each Crédit Agricole S.A. subsidiary and Regional Bank ensures that local liquidity risks are matched by adequate coverage from reserves.

4.3. Regulatory ratios

Since March 2014, Eurozone credit institutions have been obliged to report to their supervisory authorities their Liquidity Coverage Ratio (LCR), as defined by the EBA (European Banking Authority). The aim of the LCR is to boost the short-term resilience of banks' liquidity risk profile by ensuring that they have sufficient unencumbered High Quality Liquid Assets (HQLA) that can be converted into cash easily and immediately, on private markets, assuming a liquidity crisis lasting 30 calendar days. Since 1 October 2015, this ratio has been limited to a minimum threshold for credit institutions. This was 60% at end-2015, 70% on 1 January 2016, and was increased to 80% on 1 January 2017. This minimum threshold is set at 100% from 1 January 2018.

Crédit Agricole Group, like most European banking groups, already manages its LCR with a target of more than 100%.

(in billions of euros)

12-month average at 31/12/2018	Crédit Agricole Group	Crédit Agricole S.A. Group
Liquidity buffer	208.8	174.1
Total net cash outflows	156.6	130.6
Liquidity coverage ratio (LCR)	133.36%	133.34%

Unlike the LCR, which is a ratio of flows, the NSFR (Net Stable Funding Ratio) is a ratio that compares the stock of assets with an effective or potential maturity of longer than one year to liabilities with similar effective or potential maturity. The definition of the NSFR assigns each balance sheet item a weighting based on its potential to mature in longer than one year. A number of these weightings are still under discussion and European regulations have not yet fully defined this ratio. A regulatory framework initially due to be issued in 2018 will be delayed as part of the European legislative initiative launched at the request of the European Commission on 23 November 2016.

To the best of our understanding, Crédit Agricole Group would currently meet NSFR requirements under existing regulations.

5. Refinancing strategy and conditions in 2018

The year 2018 began with a positive momentum in the equity and debt markets. The very encouraging results of listed companies and reassuring economic data brought equity indices, particularly in the United States, to historical levels, but the rise in Fed rates at the end of January put a stop to the rise in the indices and sentiment quickly turned around.

In the wake of multiple factors negatively impacting the market, the weak growth of the Eurozone, the strengthening of European populist movements, the difficulty of creating a government in Italy, the trade war between the United States and China, and even Europe and Canada, and expectations of an increase in Fed rates.

While the credit spreads of French banks were, at the end of 2017 and the beginning of 2018, at their lowest historical levels since 2008, spreads rose sharply in March, with high volatility from that date onwards, while overall volatility was low in 2017.

The definitions of the underlined words can be found in the Glossary on page 600.

In the second half of the year, the solidity of European integration was tested with discussions between the new Italian government and the European Commission on the size of the budget deficit. The prospect of disagreement over the Italian budget has weighed on market sentiment, as has the lack of agreement on an exit plan from the European Union negotiated by the British government.

At the end of 2018, the yield gap between French government debt and the Bund widened due to social tensions in France.

Refinancing conditions for European banks rose sharply in November and December.

Central bank policies were key to the evolution of market conditions in 2018. The Fed has indeed made four rate increases (0.25%) over 2018, as expected. In 2018, the ECB reduced its purchases of securities, in particular covered bonds, while indicating that its interest rates would remain unchanged until at least the summer of 2019. The gradual decline in purchases has contributed significantly to the widening of covered bond credit spreads.

Regulatory developments in 2018 did not affect banks' refinancing conditions in 2018. The banking sector as a whole withstood the stress tests carried out in 2018 relatively well. In addition, the Council of the European Union and Parliament have reached provisional agreement on the main points of the banking package, in particular the MREL requirements under BRRD 2.

The Group continues its prudent MLT funding policy, with highly diversified market access, in terms of investor base and products.

In 2018, the main Group issuers raised €34.1 billion of senior debt in the market.

To meet capital planning needs and future resolution requirements, in 2018 Crédit Agricole S.A. issued senior non-preferred debt for €5.2 billion equivalent and Tier 2 subordinated debt for €1.6 billion, equivalent to an average maturity on the markets of 6.8 years:

- €2.5 billion equivalent in USD, including 1 billion in Q2 and 1.5 billion in SNP;
- €2.4 billion in SNP;
- €1.8 billion equivalent in JPY, of which 0.6 billion in Q2 and 1.3 billion in SNP.

In 2018, to help meet its refinancing requirements, Crédit Agricole S.A. raised the equivalent of €7.3 billion in securitised and senior preferred debt on the markets, with an average maturity of 8.9 years:

- €1.3 billion of unsecured senior debt (EMTN, Green bond, CHF, Samurai) with an average maturity of 5.3 years;
- €5.1 billion of covered bonds issued by Crédit Agricole Home Loan SFH and Crédit Agricole Public Sector SCF, with an average maturity of 10.6 years;
- €1 billion in RMBS based on the Regional Banks' home loans.

Notable was the launch in November of Groupe Crédit Agricole's inaugural Green Bond issue for €1 billion over five years, carried out under the Group's new framework for green issues. This issue represents a new source of diversification of the Crédit Agricole Group.

In total, Crédit Agricole S.A. has raised the equivalent of €14.1 billion on the markets, marginally in excess of its refinancing programme set at €12 billion (senior and subordinated debt). In terms of currency, its issues are sufficiently diversified: the euro represents 65% of market issues, the US dollar 18%, the yen 14%, and the Swiss franc 3%.

The Group has also pursued its strategy of strengthening and developing access to medium to long-term resources resulting in a diversification effect, particularly through its specialist subsidiaries, with €20 billion of senior debt raised in 2018, in addition to the resources raised on the market by Crédit Agricole S.A.:

- Crédit Agricole Corporate and Investment Bank issued €8.4 billion, mainly in structured private placements with its international clients;
- Crédit Agricole Consumer Finance raised €7.9 billion, thereby strengthening its presence on the European ABS markets, in accordance with its self-funding objectives;
- LCL raised €1.2 billion;
- Crédit Agricole Assurances issued €1 billion of subordinated debt in the market to replace intra-group debt;
- EFL raised €0.6 billion;
- Crédit Agricole Italia notably placed €0.5 billion in 20-year covered bonds in the market based on Italian home loans;
- CAL&F raised €0.3 billion.

In addition, in 2018, the Group placed bonds in its networks (Regional Banks, LCL, Crédit Agricole Italia) and borrowed from supranational institutions for a total amount of €4.4 billion:

- Issuance of Crédit Agricole S.A. senior preferred bonds placed in the Regional Bank networks and borrowing from supranational organisations (CDC, EIB, EBRD, etc.) amounted to €1.4 billion, with an average maturity of 14.8 years; moreover, Crédit Agricole S.A. placed €0.4 billion of senior non-preferred debt in the Regional Bank networks;
- LCL raised €2.2 billion;
- Crédit Agricole Italia has placed in its network, and borrowed from supranational organizations, €0.4 billion;

V. Hedging policy

Within Crédit Agricole S.A. Group, derivative instruments are used for three main purposes:

- to meet demand from Group customers;
- to manage the Group's financial risks;
- to take positions for the Group's own account as part of specific trading activities).

Derivatives not held for hedging purposes (as defined by IAS 39[1]) are classified as derivative instruments held for trading purposes and are monitored for market risk as well as counterparty risk, where applicable. Certain derivative instruments may be held for the economic hedging of financial risks, without however meeting the IAS 39 criteria. They are therefore also classified as derivative instruments held for trading purposes.

In all cases, the intent of the hedge is documented at the outset and verified quarterly by appropriate tests (forward-looking and backward-looking).

Each Group entity manages its financial risks within limits set by the Group Risk Management Committee chaired by the Chief Executive Officer of Crédit Agricole S.A.

The charts in Note 3.4 to the consolidated financial statements give the market values and notional amounts of hedging derivative instruments.

(1) In line with the Group decision, Crédit Agricole S.A. Group does not apply the "hedge accounting" option under IFRS 9. All hedging relationships continue to be documented in accordance with the rules in IAS 39, until, at the latest, the date of application of the regulations on fair value macro hedges when adopted by the European Union. However, hedge accounting under IAS 39 uses the classification and measurement principles of IFRS 9 to decide which financial instruments qualify.

The definitions of the underlined words can be found in the Glossary on page 600.

1. Fair value hedges and cash flow hedges

Global interest rate risk management aims to reconcile two approaches:

- protection of the Group's net asset value, which requires matching balance sheet and off-balance sheet items that are sensitive to interest rate variations (*i.e.* fixed rate items, for the sake of simplicity) against instruments that are also fixed-rate, so as to neutralise the variations in fair value that occur when interest rates change. If the matching is done by means of derivative instruments (mainly fixed-rate swaps, inflation swaps and market caps), the derivatives are classified as **fair value hedges** if the instruments (micro FVH) or groups of instruments (macro FVH) identified as the hedged items (fixed-rate assets and inflation: customer loans, fixed-rate liabilities and inflation: demand deposits and savings deposits) are eligible under IAS 39 (otherwise, as mentioned above, these derivatives are recognised in the trading book, even though economically they hedge against risk).

  To check hedging suitability, hedging instruments and hedged items are grouped by maturity using contract characteristics or, for certain balance sheet line items (particularly deposits), using assumptions based on the financial characteristics of the products and historical behaviour. The comparison between the two maturity schedules (hedges and hedged items) means that hedging can be documented in a forward-looking manner for each maturity;
- protection of the interest margin, which requires neutralising variations in future cash flows associated with instruments or related balance sheet items that are affected by interest rate resets on the instruments, either because they are indexed to interest rate indices that fluctuate or because they will be refinanced at market rates at some point in the future. If this neutralisation is effected using derivative instruments (mainly interest rate swaps), the derivative instruments are classified as **cash flow hedge (CFH)** instruments. This neutralisation can also be carried out for balance sheet items or instruments that are identified individually (micro CFHs) or portfolios of line items or instruments (macro CFHs).

The table below shows the cash flows, broken down by projected maturity date, for the Crédit Agricole S.A. Group, of the cash flow hedging derivatives:

Remaining time to maturity *(in millions of euros)*	At 31/12/2018			
	< 1 year	1 to 5 years	≥ 5 years	Total
Cash flows of hedging derivatives	341	1,087	(49)	1,379

2. Net investment hedges in foreign currencies

A third category of hedging is protection of the Group's net asset value against fluctuations in exchange rates and resulting changes in the value of assets or liabilities held in currencies other than the Group's reference currency, which is the euro. The instruments used to manage this risk are classified in the net investment (hedge category).

3.7. INSURANCE SECTOR RISKS

The information in this section supplements Note 4 to the consolidated financial statements in the Registration document of Crédit Agricole Assurances and is covered by the Statutory Auditors' Report on the consolidated financial statements.

In view of the predominance of its savings and retirement activities, Crédit Agricole Assurances Group is more particularly exposed to market risks (equity risk, spread risk) and asset/liability risks (liquidity and interest rate risk). Crédit Agricole Assurances Group also faces insurance risks. Lastly, it is exposed to operational risk linked to non-compliance risk and to legal risk particularly in process execution.

I. Governance and organisation of risk management in Crédit Agricole Assurances Group

The risk governance system of the Crédit Agricole Assurances Group is based on the following principles:

- it is within the remit of the following functions of Crédit Agricole S.A. Group: the Group Risks and Permanent Control Division, which is responsible for steering (supervision and prevention) and second-degree control, the "Internal Audit" function. In accordance with regulatory insurance requirements, the system also includes the Group's actuarial function;
- it is overseen by the Risk Management department of the Crédit Agricole Assurances Group, which heads the "Risk" function, supervises procedures and ensures that subsidiary risk management systems are compliant with Group standards and principles. To have a Group vision of all risks, the holding company draws on expertise within the Crédit Agricole Assurances Group, mostly housed within Crédit Agricole Assurances Solutions (CAAS) since 1 April 2017 (transfer of employees of Crédit Agricole Assurances holding company, Predica, CACI and Caagis to one employer, CAAS);
- it is based on the principle of subsidiarity. Each Crédit Agricole Assurances Group entity is responsible for defining and implementing its solo risk management policy, in accordance with Crédit Agricole S.A. principles and rules, the principles and rules for the management of Crédit Agricole Assurances Group, and local regulations for international subsidiaries.

Risk governance falls on:

- the governing bodies, in particular Executive Management (the CEO and second Executive Directors) and the Board of Directors, who hold ultimate responsibility for Crédit Agricole Assurances Group's compliance with all applicable regulations and legislation;
- the Crédit Agricole Assurances Executive Committee, which is the primary strategic body of the Group's Executive Management and the Group committees (in particular the Finance Committee, the Risks and Internal Control Committee and the ALTM Committee);
- the four key functions (Risks, Compliance, Actuarial function, Internal Audit), whose representatives have been appointed by the Director General. Their appointment shall be validated by the Administrative Board and notified to the competent national supervisory authority. The coordination of the four key functions is ensured by the Risk and Internal Control Committee of Crédit Agricole Assurances group. The heads of the key functions have direct access to the Board of Directors, to whom they present the results of their work at least once a year;
- an internal control system, defined as the framework designed to manage and control all types of operations and risks and to ensure that all transactions are carried out in a manner that is proper (in compliance with regulations), secure and effective. Crédit Agricole Assurances asks its Board of Directors to validate its risk policies;

The definitions of the underlined words can be found in the Glossary on page 600.

- the internal process for evaluating Crédit Agricole Assurances Group's solvency and risks (Organisational Readiness Self-Assessment – ORSA) synchronised with the other MTP/Budget strategic processes, Capital planning and the updating of the Risk strategy and of function policies. Prospective assessments, completed within the Medium-Term Plan, make it possible to analyse the consequences of adverse situations on the Group's management indicators and to take the necessary action, where appropriate.

1. Organisation of risk management

The risk management system of Crédit Agricole Assurances Group is managed by the Director in charge of the Risk Management of Crédit Agricole Assurances Group, the representative of the Risk Management department of Crédit Agricole Assurances Group, who reports operationally to the Crédit Agricole Assurances Chief Executive Officer and hierarchically to the Group Chief Risk Officer of Crédit Agricole S.A. He relies on the RCPRs of the entities who report to him within the hierarchy. The Insurance Risk function operates like a matrix integrating entity level organisations with Group approaches by type of risk.

The hierarchical reporting line guarantees independence, with a "second pair of eyes" role (to issue a recommendation) to back the operating functions, which manage risks day-to-day, make decisions and exercise first-level controls to ensure their processes are performed properly.

2. Risk management system

At Credit Agricole Assurances Group level

In order to achieve its strategic orientations while managing and mitigating its risks appropriately, Crédit Agricole Assurances Group established a risk appetite framework. This consists of key indicators for each risk category that constitute the core of its Risk Management strategy.

The Risk management strategy implemented by Crédit Agricole Assurances Group is based on the overall risk management framework and the limits and alert thresholds for the range of different risks it is exposed to through the implementation of its strategy.

It is reviewed and validated at least annually, along with the statement of risk appetite, by the Crédit Agricole Assurances Board of Directors, following a review by the Crédit Agricole S.A. Group Risk Management Committee (a sub-committee of Crédit Agricole S.A. Executive Committee, chaired by its Chief Executive Officer) of the indicators and major limits. Crédit Agricole Assurances' Executive Management or even Crédit Agricole S.A. Group's Risk Management department, depending on the scope of their authority, are notified of any breaches of alert thresholds or limits and resulting corrective measures.

The quarterly Group risk dashboard, supplemented by a monthly report for financial risks, is updated based on standardised risk management indicators, and is used to monitor Crédit Agricole Assurances Group's exposure profile and to identify potential deviations.

The Board of Directors is informed when any tolerance threshold for any indicator in the risk appetite matrix is breached and it receives regular updates on compliance with the risk appetite framework.

The Crédit Agricole Assurances holding company has established the bodies needed to manage risk coherently at Group level: bi-monthly Risk Monitoring Committee, monthly Financial Risk Committee, reviews of portfolios by asset type, a monthly presentation of current risk issues to the Executive Committee.

Moreover, Crédit Agricole Assurances has set up a Group-wide Committee on Insurance Models, steered by the Group Risk function. The role of the Methodology Committee is to approve the methodologies underpinning the models and indicators used to address major risks for Crédit Agricole Assurances Group or presenting cross-sector challenges for Crédit Agricole Assurances Group.

At entity level

In accordance with the Group framework, companies define their own processes and systems to measure, supervise and manage risks: process and risk mapping resulting in a risk strategy that defines, according to their risk appetite, the Crédit Agricole Assurances Group global limits in accordance with a process coordinated by the holding company, accompanied if necessary by limits to manage their specific risks.

The entities also draw up formal policies and procedures providing a strict framework for risk management (including the rules for accepting risk when insurance policies are taken out, provisioning and hedging of technical risks by reinsurance, claims management, etc.).

For its international subsidiaries, Crédit Agricole Assurances has drawn up a set of standards to be implemented by each entity, which set out the scope and rules for decentralised decision-making and specify the rules to follow during the decision-making process.

Operational risk management is supervised in each entity by committees that meet periodically (investment, ALM, technical, reinsurance and others) in order to monitor developments in the risk position, based on reporting by business lines, present analyses to support the risk management process, and, if necessary, draw up proposals for action. Significant incidents and limit breaches lead to alerts being triggered and notified either to the Crédit Agricole S.A. Group Risk Management department. (Crédit Agricole Assurances Group limits), to the Crédit Agricole Assurances Executive Management, or to the entity's management. Corrective measures are implemented accordingly.

The risk management system is examined during meetings of the Risk Management and Internal Control Committees of each subsidiary, in light of the permanent control reports, the analysis of their risk dashboard and the conclusions of periodic controls.

II. Market risk

In view of the predominance of savings activities in the French and international (Italy mainly) life insurance subsidiaries, and therefore to the very large volume of financial assets held to cover policyholder liabilities, Crédit Agricole Assurances Group is particularly concerned by market risks.

Market risk is the risk of loss that can result from fluctuations in the price of financial instruments in a portfolio.

Crédit Agricole Assurances Group is exposed to several types of market risk:

- interest rate risk;
- equity risk;
- foreign exchange risk;
- counterparty risk, both from the point of view of default (bond portfolio issuers, OTC transaction counterparties) and movements in the issuer spread. This risk is fully described in a specific section.

In particular, these risks have an impact on the valuation of portfolio assets and their long-term yield, and must be managed closely with matching liabilities and, particularly for Life Insurance, with guarantees granted to policyholders (minimum guaranteed rate, floor guarantee, etc.).

Liquidity risk is monitored specifically.

Thus, Crédit Agricole Assurances Group's financial policy provides for an active/passive framework aimed at reconciling objectives of seeking yield for policyholders, conserving ALM balances and delivering shareholder value. This framework is based on "risk/yield" analyses and "stress scenarios", to identify the characteristics of the amounts to invest, the limitations and objectives over short/medium and long-term horizons, with market analysis, supported by economic scenarios, to identify opportunities and limitations in terms of the environment and the market.

The definitions of the underlined words can be found in the Glossary on page 600.

The Investment department of Crédit Agricole Assurances is involved in developing and monitoring implementation of the investment policies of Crédit Agricole Assurances Group and of the subsidiaries (taking into account individual ALM limitations and financial objectives), which are submitted to their respective Board of Directors for approval. It is responsible for oversight of the investment management services provided by Amundi (management mandates granted by the companies). Moreover, it makes investments directly (without a mandate) on behalf of Crédit Agricole Assurances Group companies (in real estate in particular), as part of the policy of diversification.

1. Interest rate risk

Type of exposure and risk management

Interest rate risk refers to the risk of a change in the value of the bond portfolio due to upward or downward movements in interest rates.

The Crédit Agricole Assurances Group bond portfolio, excluding unit-linked policies, amounted to €269 billion at 31 December 2018, up from €249 billion at the end of 2017.

Interest rate risk for the life insurance companies is linked to interactions between assets (financial management) and liabilities (policyholder behaviour). Management of this risk requires a global approach combining financial strategy, the constitution of reserves and sales and income policies. Crédit Agricole Assurances' framework for managing interest rate risk sets out the limits on risks and the related (ALM Committee, presentation of stress scenarios to the Board of Directors, etc.).

A low interest rate environment puts pressure on the profitability of the life insurance activities of Crédit Agricole Assurances: it creates a situation in which returns from securities in the portfolio are lower than the rates paid out on life insurance contracts. Risks related to the minimum guaranteed returns in France are handled at regulatory level by means of prudential provisions.

Crédit Agricole Assurances has a range of levers to tackle the risk of falling rates:

- no longer issuing policies that feature guaranteed return (since 2000 for the main French life insurance company), so that the overall average return has steadily fallen;
- moderation of the profit-sharing paid;
- hedging using bond assets and swaps/swaptions to manage reinvestment risk;
- adapting of ALM and investment policies to the very low rate environment;
- prudent diversification of investment assets;
- adapting the sales policy in favour of deposits to unit-linked contracts.

Crédit Agricole Assurances is exposed to a risk arising from an increase in interest rates associated with policyholder behaviour: a gap between the rate of return that can be delivered by the insurer (related to bond yields) and the rate expected by policyholders in a high-rate environment, or the rate achieved by other savings vehicles, could result in a wave of early redemptions by policyholders. If the insurer were forced to dispose of assets, notably bonds, with unrealised losses (which would generate losses for the insurer), the yield on the portfolio would be reduced, with the risk of triggering new waves of policy redemptions.

Crédit Agricole Assurances thus implements measures to manage the risk of a rise in rates:

- adjustment of duration according to projected outflows of liabilities;
- retention of liquidities or liquid investments with a low risk of loss;
- dynamic management of the investment portfolio and setting aside reserves to provide the capacity to increase the return (capitalisation reserve, and profit-sharing reserves);
- upward interest rate hedging through derivatives;
- building customer loyalty to limit early redemptions.

The Crédit Agricole Assurances Group's dashboard, presented to the Executive Committee and the Audit and Accounts Committee, includes indicators to monitor the nature of this risk: average guaranteed minimum rate, bond portfolio coverage ratio, allocation to reserves, etc.

Analysis of sensitivity to interest rate risk

Technical liabilities

The Crédit Agricole Assurances Group's technical liabilities are largely insensitive to rate risks for the following reasons:

- savings provisions (over 90% of technical reserves, excluding unit-linked policies): these technical reserves are based on the pricing rate which is constant over time for a particular policy. As a result, a change in interest rates will have no impact on the value of these commitments;
- property and casualty reserves: these technical reserves are not discounted to present value and changes in interest rates therefore have no impact on the value of these commitments;
- mathematical reserves for benefits (personal injury, disability): the discount rate used in calculating these reserves is based on the interest rate in force at the calculation date. Therefore, the size of these commitments varies with interest rates. However, given the limited amount of these technical commitments, they pose no material risk for Crédit Agricole Assurances Group.

Financial investments

The sensitivity to rate risk of Crédit Agricole Assurances Group's bond portfolio is used to assess the impact of a rate movement. It is calculated by assuming a 100-basis point rise or fall in interest rates (net of policyholders' deferred profit-sharing and tax):

	31/12/2018		31/12/2017	
(in millions of euros)	Impact on net income	Impact on equity	Impact on net income	Impact on equity
100 bps rise in risk-free rates	(203)	(2,089)	(110)	(1,986)
100 bps decline in risk-free rates	203	2,091	122	1,970

The definitions of the underlined words can be found in the Glossary on page 600.

The impacts presented above take the following elements into account:

- the profit-sharing rate for the entity holding the financial investments;
- the tax rate in force.

Where securities are recognised as assets at fair value through equity, the sensitivity is recognised in equity. If they are recognised as assets at fair value through profit or loss, the sensitivity is reversed to a profit or a loss.

To reiterate, Crédit Agricole S.A. Group uses the overlay approach for financial assets held for the purpose of an activity involving insurance contracts, which are designated in accordance with the option provided by the amendments to IFRS 4 (this approach is explained in Note 1 of the annex to the consolidated financial statements). The sensitivity of designated assets is recorded in shareholders' equity.

Financing debts

Borrowings arranged by Crédit Agricole Assurances mainly pay fixed rates; interest is therefore not very sensitive to changes in interest rates.

2. Equity and other diversification assets risk

Type of exposure and risk management

Exposure to the equity markets and other so-called diversification assets (private equity and listed or unlisted infrastructures, real estate and alternative management) is intended to capture yield in these markets (notably with a low correlation between real estate and other asset classes). Market risk on equities and other diversification assets is defined as a risk of volatility in terms of valuation and therefore, an accounting provisioning risk that could have an impact on policyholder benefits (provision for permanent impairment, provision for liquidity risk). To limit this effect, particularly for the life insurance portfolios, allocations are analysed to determine a ceiling for the share of these diversification assets and a maximum volatility level.

Equities and other diversification assets are held directly or via dedicated Crédit Agricole Assurances Group UCITS to provide regional diversification, in accordance with the relevant risk policies. Exposure to these assets is managed by a series of limits (by asset class and overall for the diversification) and concentration rules.

Compliance with these limits is monitored on a monthly basis.

The main asset classes in the global portfolio are presented in Note 6.4 to the consolidated financial statements. The fair value of financial assets and liabilities recognised at acquisition cost in the balance sheet is disclosed in Note 6.5.1 to the consolidated financial statements. Both items can be found in the Crédit Agricole Assurances Registration document.

Analysis of sensitivity to equity risk

A quantified measurement of equity risk can be expressed by the sensitivity calculated by assuming a 10% rise or fall in equity markets (impacts are shown net of policyholders' deferred profit-sharing and tax):

	31/12/2018		31/12/2017	
(in millions of euros)	Impact on net income	Impact on equity	Impact on net income	Impact on equity
10% rise in equity markets	74	148	37	163
10% decline in equity markets	(74)	(147)	(40)	(163)

The impacts presented above take the following elements into account:

- the profit-sharing rate for the entity holding the financial investments;
- the tax rate in force.

These sensitivity measurements include the impact of changes in the benchmark equity index on assets measured at fair value, reserves for guaranteed minimum return and reserves for the right to withdraw from unit-linked policies as well as any additional impairment provisions required by a decline in equity markets.

Changes in the fair value of equity instruments at fair value through profit or loss impact net income; changes in the fair value of equity instruments classified as non-recyclable under the fair value option impact unrealized reserves.

Moreover, Crédit Agricole Assurances uses the overlay approach for financial assets held for the purpose of an activity involving insurance contracts, which are designated in accordance with the option provided by the amendments to IFRS 4 (this approach is presented in Note 1 to the consolidated financial statements). The sensitivity of designated assets is recorded in shareholders' equity.

3. Foreign exchange risk

Foreign exchange risk is defined as the risk of loss due to movements in foreign exchange rates against the euro. For Crédit Agricole Assurances, this risk is marginal, as shown by the sensitivity to foreign exchange risk, calculated by assuming a 10% rise or fall in each currency relative to the euro (impacts are shown net of policyholders' deferred profit-sharing and tax):

	31/12/2018		31/12/2017	
(in millions of euros)	Impact on net income	Impact on equity	Impact on net income	Impact on equity
Exchange rate sensitivity on financial instruments: +10% for each currency relative to the euro	(0.1)	0.1	(15)	18
Exchange rate sensitivity on financial instruments: -10% for each currency relative to the euro	0.1	(0.1)	13	(14)

The definitions of the underlined words can be found in the Glossary on page 600.

Crédit Agricole Assurances' exposure to foreign exchange risk falls into two categories:

- limited structural exposure: in yen for the CA Life Japan subsidiary, with a hedging ratio of 88% (low net exposure of JPY 1,153 million at end-2018, equivalent to €9 million) and in PLN for the CA Insurance Poland subsidiary, with a hedge ratio of 92% (net exposure of PLN 3.3 million at the end of 2018, equivalent to €0.8 million);
- operational foreign exchange exposure arising from a mismatch between the asset's currency and that of its liabilities: Crédit Agricole Assurances Group's global portfolio, representing commitments in euros, is primarily invested in euro-denominated financial instruments. However, to achieve the aim of optimising risk/return, the Group seeks to profit from projected gaps in growth between major regions, using dedicated funds. The general strategy is not to hedge exposure to the currencies of emerging economies, regardless of the asset class, and, in contrast, to hedge exposure to the currencies of mature countries through forward sales, with the option of limited tactical exposure to a currency. Crédit Agricole Assurances Group's overall foreign exchange exposure is bound by a maximum market value limit relative to the total portfolio, and a sub-limit for emerging currencies.

Actual exposure is measured monthly and compared to the exposure limits. At the end of 2018, it was not material (0.3% of the global portfolio), and was mainly on emerging currencies.

4. Liquidity risk

Type of exposure and risk management

For Crédit Agricole Assurances, liquidity risk essentially corresponds to its ability to meet its current liabilities.

From this perspective, the companies combine several approaches.

On the one hand, liquidity is an investment selection criterion (majority of securities listed on regulated markets, limits on assets in markets that lack depth, such as private equity, unrated bonds, and alternative management, etc.).

On the other hand, systems for managing liquidity are consistent across Crédit Agricole Assurances Group, and are defined by the companies as part of their active/passive ALM policy:

- for life insurance companies, these systems have the goal to ensure a match between the maturities of assets and those of liabilities under normal and stressed conditions (wave of buybacks/deaths, see below the liquidity monitoring indicator). The objective is to ensure liquidity in the long-term (monitoring and limiting of annual cash run-off gaps), medium term (so-called "reactivity" ratio), and, in case of uncertainty regarding net inflows, short-term (one-week and one-month liquidity, with daily monitoring of redemptions). In exceptional circumstances where markets are unavailable, Crédit Agricole Assurances applies temporary liquidity management approaches (repos with collateral in cash or ECB-eligible assets);
- for non-life insurance companies, liquidities or assets with low reactivity are retained, and the share is calculated to respond to a shock to liabilities.

The "reactivity" ratio measures the ability to mobilise current assets of less than two years or variable-rate assets by limiting the impacts in terms of capital loss; it is measured and compared against a threshold set by each life insurance company.

The liquidity monitoring indicator, introduced in 2018, measures the ratio between stressed liquid assets (appreciation of a discount) and a liquidity requirement generated by a 40% buyback rate over a one-year period.

Profile of financial investment portfolio maturities

Note 6.6 to the consolidated financial statements of Crédit Agricole Assurances contains the bond portfolio maturity schedule (excluding unit-linked contracts).

Breakdown financial liabilities by contractual maturity

Note 6.23 to the consolidated financial statements of Crédit Agricole Assurances provides information on the estimated schedule for Crédit Agricole Assurances insurance liabilities (excluding unit-linked contracts for which the risk is borne by policyholders).

Financing

As a holding company, Crédit Agricole Assurances is responsible for subsidiary refinancing enabling them to meet their solvency requirements and operational cash needs. It is refinanced through its shareholder Crédit Agricole S.A., and, since 2014, through issuing subordinated debt directly in the market.

The structure of these financing debts and their breakdown by maturity is shown in Note 6.21 to the consolidated financial statements of Crédit Agricole Assurances.

III. Counterparty risk

Credit risk is the risk of loss due to default by an issuer. For debt securities, this risk translates as a decrease in their value.

This section deals only with counterparty risk on financial instruments. Exposure to counterparty risk on reinsurers' receivables is covered in the section on "insurance risk".

Amundi's risk management teams perform the analysis of counterparty risk for issuers and for OTC market transactions (derivatives) under the mandates granted to them by the insurance companies.

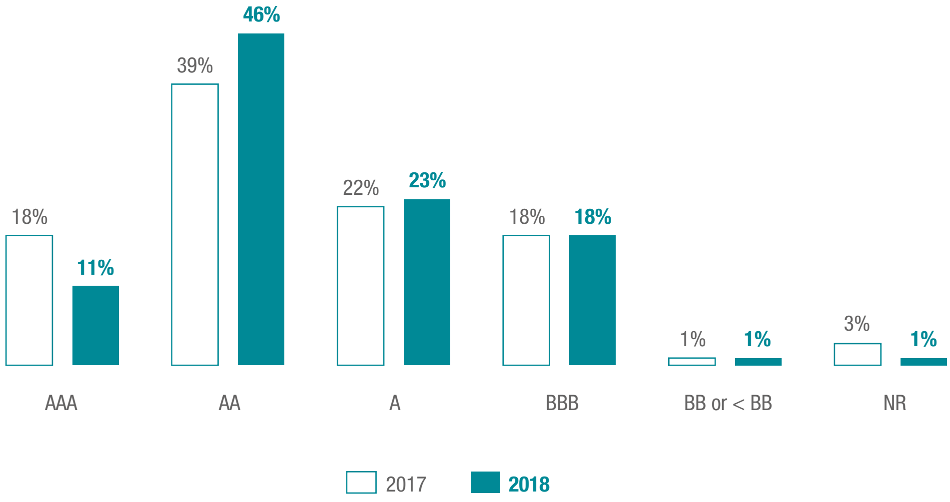
Counterparty risk is contained overall for Crédit Agricole Assurances Group and at portfolio level for each entity in CAA Group, on the basis of limits in terms of ratings, issuer and sector concentration.

Hence, aggregate limits are defined to manage the breakdown of issues between rating classes. The rating used is the "Solvency 2" rating corresponding to the second best of the three S&P, Moody's and Fitch ratings. The share of "high-yield" issues held directly (including after a rating downgrade that does not affect repayment capacity), or indirectly via specialist funds, is subject to strict limits. BB is the minimum rating authorised. In the context of the shift in focus since mid-2012 of fixed income securities towards corporate bonds, subject to a maximum exposure limit for the sector, the investment universe was expanded to issuers not rated by an external rating agency, but with a minimum Crédit Agricole S.A. internal rating equivalent to investment grade (BBB-), using a rigorous selection process and in a limited proportion (approx. 1% of the portfolio in January 2018).

The breakdown of the bond portfolio by financial rating makes it possible to assess its credit quality.

The definitions of the underlined words can be found in the Glossary on page 600.

The bond portfolio (excluding backing unit-linked policies) by credit rating breaks down as follows:



Concentration in a single issuer (equities and interest rate instruments) may not exceed a given percentage of the total portfolio, which is determined according to issuer type and quality. Furthermore, limiting the relative weighting of the top ten issuers ensures diversification within rating levels A and BBB. Exposure is reviewed quarterly with the Amundi Risk teams and the Risk Management department of Crédit Agricole S.A. Group.

Concentration in sovereign debt and similar is subject to individual limits according to debt-to-GDP ratio and the country's credit rating.

Exposure to Eurozone peripheral debt (Greece, Italy, Portugal, Spain) has been reduced. As regards sovereigns, it is concentrated in Italian sovereign debt held by the Italian subsidiary of Crédit Agricole Assurances.

Cash collateral contracts are used to manage counterparty risk for over-the-counter derivatives used by companies to hedge exposure to rate risk and presented on their balance sheets.

IV. Insurance risk

Crédit Agricole Assurances Group is exposed to insurance risk through the insurance business. Such risk primarily relates to the underwriting, valuation of provisions and reinsurance processes.

Each entity implements an approach in collaboration with all the operating departments concerned, as well as Risk, Compliance, Actuarial functions and Legal Affairs, to manage risks when new insurance products are created or substantial changes are made to the features of an existing product. Products are approved by an *ad hoc* Committee (New Business and New Product Committee).

1. Insurance underwriting risk

Insurance underwriting risk takes different forms depending on the whether the insurance is life or non-life:

Life insurance underwriting risk

Through its Savings, Retirement and Death & Disability activities and life insurance guarantees in respect of its creditor insurance, Crédit Agricole Assurances is exposed to biometric risks (longevity, mortality, incapacity, long-term care and disability risks), loading risk (insufficient loading to cover operating expenses and fees paid to distributors), but most of all to behavioural risk for redemptions (for example, due to a deterioration in trust in Crédit Agricole Group or a legal development, such as the Bourquin amendment to the Sapin II law).

Life insurance technical reserves, recognised in the main by French companies, are chiefly constituted from savings denominated in euro or unit-linked contracts. For the majority of unit-linked contracts, the risk of fluctuation in the value of the underlying is borne directly by the policyholder. Some contracts may include a floor guarantee in the event of the death of the insured. The insurer is thus exposed to a financial risk determined by the value of the unit-linked account and the probability of death of the insured. A specific technical provision is recognised for this floor guarantee.

In savings, redemption rates are monitored for each life insurance company and compared with the structural redemption rates established on the basis of historic and market data.

For the death and disability activity, creditor insurance and yields, the underwriting policy, which specifies the risks covered and the underwriting conditions (target customers, exclusions), and pricing standards (notably the statistical tables established either from national or international statistics or from experience tables) help to control risk in this area.

"Catastrophe" risk, related to a mortality shock (*e.g.* a pandemic) is likely to impact the results for individual or group death & disability insurance. The French life insurance subsidiary benefits from BCAC cover *(Bureau Commun des Assurances Collectives)*, both on group death benefits and individual death and disability benefits, as well as, in part, supplementary cover of disability risk.

Non-life insurance underwriting risk

For property and casualty insurance and non-life benefits included in creditor insurance policies, the underwriting risk can be defined as the risk that the premiums collected are insufficient compared to the claims to be settled. Crédit Agricole Assurances is specifically exposed to frequency risk and exceptional risk, whether originating from a catastrophe risk (particularly climatic) or the occurrence of individual incidents for significant amounts.

For distribution partners, underwriting policy defines the framework for accepting risk (to ensure appropriate selection of risks and the spread within the policy portfolio to optimise technical margins). Formal rules and procedures for pricing are also drawn up.

The ratio of claims paid to premiums earned is compared to targets. This claims ratio is the key indicator for monitoring risk and is used to identify priorities for improving the technical result, where necessary.

Concentration risk in non-life insurance relates to an aggregation of liabilities in respect of a single claim, arising from:

- underwriting concentration in which insurance policies are written by one or more Group entities on the same risk;
- claim concentration, where policies are written by one or more Crédit Agricole Assurances Group entities on risks that are different, but liable to be triggered by a single covered event or the same primary cause.

This type of risk is hedged, first, by a policy of diversifying the risks written in a single region and, second, by reinsurance to limit the financial impact of major event (storms, natural disasters, etc.), under a reinsurance policy (see reinsurance risk below) that incorporates this dimension.

2. Provisioning risk

Provisioning risk is the risk of a gap between the provisions set aside and those required to meet liabilities. It may be related to risk valuation (volatility introduced by discount rates, regulatory developments, or new risks for which statistical depth is inadequate, etc.) or a change in risk factors (population ageing, for example, leading to increased long-term care risks or health issues, stricter laws governing professional civil liability, personal injury compensation, and others).

The objective of the provisioning policy established in each of the companies is to guarantee a prudent assessment of loadings for past and projected claims to ensure a high probability that the accounting provisions set aside will be sufficient to cover the ultimate load.

The methods used to constitute provisions (on a case-by-case basis) for property and casualty insurance, according to the products and benefits affected, are documented and the management rules applied by claims managers are set out in the manuals.

The choice of statistical methodology to calculate accounting provisions (including provisions for late payment) is justified at each reporting date.

The local permanent control plan encompasses control of provisioning policy.

The Statutory Auditors perform an actuarial review of provisions as part of the annual audit.

The breakdown of technical reserves relating to life and non-life insurance contracts is presented in Note 6.23 to the consolidated financial statements.

3. Reinsurance risk

Reinsurance risks are of three types:

- inappropriate reinsurance (insufficient cover or, on the other hand, payment of too high a premium, which erodes technical margins and competitiveness);
- risk of a reinsurer defaulting and not being able to pay its share of the claims;
- no or virtually no reinsurance on a given activity or guarantee given (reinsurance offer, amounts that can be covered and the cost of cover, depending on market conditions that are liable to vary significantly).

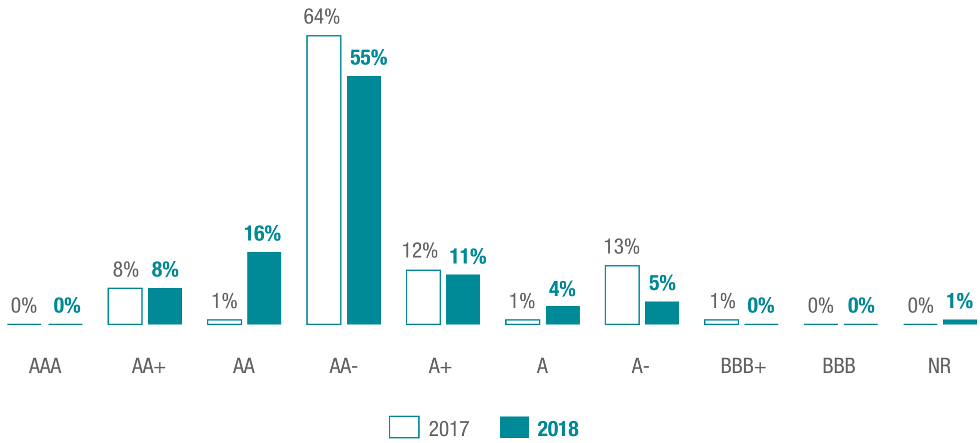
Each company draws up its own reinsurance plan aimed at protecting equity in case of systemic or exceptional events and at limiting volatility in the Company's results, based on the principles of Crédit Agricole Assurances Group's strategy for common and uniform risks limitation, namely:

- selecting reinsurers that meet minimum financial soundness criteria, with reinsurers' ratings monitored at Crédit Agricole Assurances Group level;
- ensuring adequate dispersion of premiums across reinsurers;
- monitoring the adequacy of reinsurance cover relative to the commitments to policyholders and of results on each reinsurance agreement.

The reinsurance plans are reviewed annually by the Board of Directors in each subsidiary.

Net outstandings ceded to reinsurers (ceded reserves and current accounts with reinsurers net of cash deposits received) totalled €0.7 billion at 31 December 2018.

Their breakdown by reinsurer rating is as follows:



The definitions of the underlined words can be found in the Glossary on page 600.

4. Emerging risks

The Risk Management department is responsible for the ongoing monitoring of insurance risk, in cooperation with other business line departments and Legal Affairs.

The Risk Monitoring Committee, which meets twice monthly and is attended by all Risk Management and Permanent Controls Officers, is also tasked with anticipating developments in the regulatory and legal environment and identifying emerging risks.

This monitoring comes from many sources (economic research, internal and external analysis, in particular by consulting firms and research published by the French Regulatory and Resolution Supervisory Authority (ACPR) and the European regulator, EIOPA, etc.).

V. Operational risks

Operational risk is the risk of loss resulting from shortcomings or failure in internal procedures, human error, information systems or external events. It includes non-compliance risk, legal risk and the risks generated by key outsourced services (PSEE).

Crédit Agricole Assurances entities apply Crédit Agricole S.A. Group directives on operational and compliance risk management.

The operational risk management system in each entity, including the holding company, is thus comprised of the following components:

- a mapping of risk events, periodically updated to incorporate organisational changes, new activities and even changes in the cost of risk. It is based on a breakdown of activities into processes and the seven risk categories of the Basel 2 classification. The financial and non-financial (regulatory, image) impacts of these identified risk events, whether actual or potential, are assessed as well as their probability of occurrence, based on business expertise. Internal control is assessed on the basis of the results of controls at the different levels defined in the local control plans and standardised controls defined by the Crédit Agricole S.A. Group Risk Management department and the findings of periodic controls to highlight the most critical net risks and prioritise actions plans to reduce them;
- a process of collecting data on risk-related incidents and operating losses, backed by an early-warning system, is used to monitor identified risks and use them to introduce remedial measures and ensure consistency with mapping. The amount of collected losses is compared each quarter to an annually defined alert threshold.

Crédit Agricole Assurances and its subsidiaries have prepared their Business Continuity Plans (BCP) focusing on essential activities in order to cover a failure of information systems, operational sites and staff. The business continuity plans meet Crédit Agricole S.A. Group standards, with the adoption of Crédit Agricole S.A. Group's solution for the user fallback site, the IT back-up plan based on the Crédit Agricole S.A. Group shared IT operating and production site. It is regularly tested. IT system security is an inherent component of the Group's security policies. A three-year programme of security projects (including accreditation, intrusion tests, and IT system failure scenarios) is being implemented.

A Crédit Agricole Assurances Group-wide general subcontracting policy, describing amongst others the monitoring and control system associated with outsourcing, has been rolled out by Group entities.

VI. Non-compliance risks

Non-compliance risks refer to a potential lack of adherence to rules governing financial activities. These rules may be laws, regulations (Solvency 2, securities regulations, data protection, customer protection, or requirements to combat money laundering and the financing of terrorism, fighting of corruption, etc.), professional or ethical standards, and instructions from the executive body. These risks are identified in the operational risk mapping of each Crédit Agricole Assurances Group entity.

In each entity, the Compliance Officer is responsible for adapting Group procedures issued by Crédit Agricole S.A.'s Compliance department *(Corpus Fides)* and for developing procedures specific to that business. The Compliance Officer is also responsible for training and for the dedicated control system aimed at controlling these risks, preventing the risk of fraud and limiting potential impacts (financial losses, legal, administrative or disciplinary sanctions), while protecting the reputation of Crédit Agricole Assurances Group. In this respect, the launch of new business activities and the creation of new products, are subject to enhanced security by referral to the New Activities and New Products Committees, established in each entity to review in particular the contractual and marketing documents for products, as well as the training materials and sales aids intended for distributors.

The management and supervision of their compliance system is carried out by the Crédit Agricole Assurances Group Compliance Officer. Coordination for the Insurance business is carried out through exchanges with the subsidiaries.

In all areas of compliance, from the prevention of money laundering and financing of terrorism to protecting customers, the Group has strengthened coordination with distributors (Regional Banks, LCL, other international networks) to ensure implementation of the controls to guarantee correct application of procedures by all parties.

Crédit Agricole Assurances Group realigned its organisation and its risk management policy to ensure compliance with the Solvency 2 regulation, as detailed in the Corporate governance section of the Crédit Agricole Assurances Registration document.

VII. Legal risks

Responsibility for legal management, regulatory monitoring and consulting with the various business line departments lies with the companies' Business divisions.

There is currently no governmental, legal or arbitration proceeding (or any proceeding known by the Company, in abeyance or that threatens it) that could have or has had, in the previous 12 months, any material effect on the financial position or profitability of the Company and/or of Crédit Agricole Assurances Group.

To Crédit Agricole Assurances' knowledge, there is no significant litigation to note.

3.8. OPERATIONAL RISKS

Operational risk is the risk of loss resulting from shortcomings or failure in internal procedures, staff, information systems or external events.

It includes legal risk, non-compliance risk, internal and external fraud risk, the model risk and risks generated by the provision of key outsourced services (PSEE).

I. Organisation and supervision system

The operational risk system, adjusted to each Group entity, comprises the following components common to the entire Group.

Organisation and governance of the Operational Risk Management function

- supervision of the system by Executive Management (via the Operational Risk Committee or the operational risk unit of the Group Risk Management Committee and the Internal Control Committee);
- tasks of the Risk Management Officers (Crédit Agricole S.A. and its subsidiaries) and the Operational Risk Managers at local level in terms of management of the operational risk management system;
- responsibility of the entities in managing their own risks;
- set of standards and procedures;
- circulation of Crédit Agricole's Group risk tolerance policy implemented in 2015 and incorporating operational risk.

Identification and qualitative assessment of risks through risk mapping

Risk mapping is done annually by the entities and is used by each entity with a validation of the results and associated action plans by the Operational Risk Committee (operational risk unit of the Internal Control Committee) and a presentation to the Risk Committee of the Board of Directors.

This mapping is supplemented by the establishment of risk indicators to monitor the most sensitive processes.

Collection of operational loss data and an early-warning system to report significant incidents, which are consolidated in a database used to measure and monitor the cost of risk

The reliability and quality of the data collected are submitted to systematic audits both at the local and central levels.

The calculation and regulatory reporting of capital for operational risk at the consolidated and entity levels

The quarterly production of an operational risk dashboard at entity level, accompanied by a Crédit Agricole Group summary, taking into account the main sources of risks affecting the business lines and associated action plans for major incidents.

Tools

The RCP (Risk and Permanent Controls) platform contains the four essential elements of the system (collection of loss data, operational risk mapping, permanent controls and action plans) sharing the same framework and thus making it possible to establish a connection between the risk mapping systems and risk management system (permanent controls, action plans, etc.).

Regarding the IT system component used for the calculation and allocation of regulatory capital, the upgrade plan was continued along with a rationalisation of the databases, enhanced information granularity and the automation of the controls on data taken from COREP's regulatory statements to bring IT into line with best management principles defined by the Basel Committee.

These components are subjected to consolidated verifications at the central level.

In addition, the risks associated with key outsourced services are incorporated into each component of the Operational Risk system and are the subject of a specific report, as are the consolidated controls that are centrally communicated.

II. Methodology

The main entities of Crédit Agricole S.A. Group use the advanced measures approach (AMA): Crédit Agricole Corporate and Investment Bank, Amundi, LCL, Crédit Agricole Consumer Finance and Agos. The use of the AMA for these entities was approved by the French Regulatory and Resolution Supervisory Authority (ACPR) in 2007. These entities currently represent 72% of capital requirements for operational risks.

For the entities that use the standardised approach (TSA), the regulatory weighting coefficients used in calculating the capital requirement are those recommended by the Basel Committee (percentage of revenues according to business line).

AMA regulatory capital requirements calculation

The AMA method for calculating capital requirements for operational risk has the following objectives:

- increase control over the cost of operational risk, and prevent exceptional risks across the Group's various entities;
- determine the level of capital needed for the measured risks;
- promote improvements in risk management through the monitoring of action plans.

The systems implemented within the Group aim for compliance with all qualitative criteria (integration of risk measurement into day-to-day management, independence of the Risk function, periodic disclosure of operational risk exposures, etc.) and Basel 3 quantitative criteria (99.9% confidence interval over a one-year period; incorporation of internal data, external data, scenario analyses and factors reflecting the operating environment; incorporation of risk factors that influence the statistical distribution, etc.).

The AMA model for calculating capital requirements is based on a unique actuarial model called the **Loss Distribution Approach.**

The definitions of the underlined words can be found in the Glossary on page 600.

Internal factors (change in the entity's risk profile) are considered according to:

- changes within the entity (organisational, new business activities, etc.);
- changes in risk mapping;
- an analysis of the history of internal losses and the quality of the risk management system, in particular via the permanent controls system.

For external factors, the Group uses:

- the ORX Insight external consortium database to monitor incidents recorded in other institutions;
- the SAS OpRisk and ORX News external public databases for:
  - raising awareness among the entities of the main risks that have impacted other institutions,
  - assisting experts in the valuation of the main Group vulnerabilities (key scenarios).

The model was designed and developed according to the following principles:

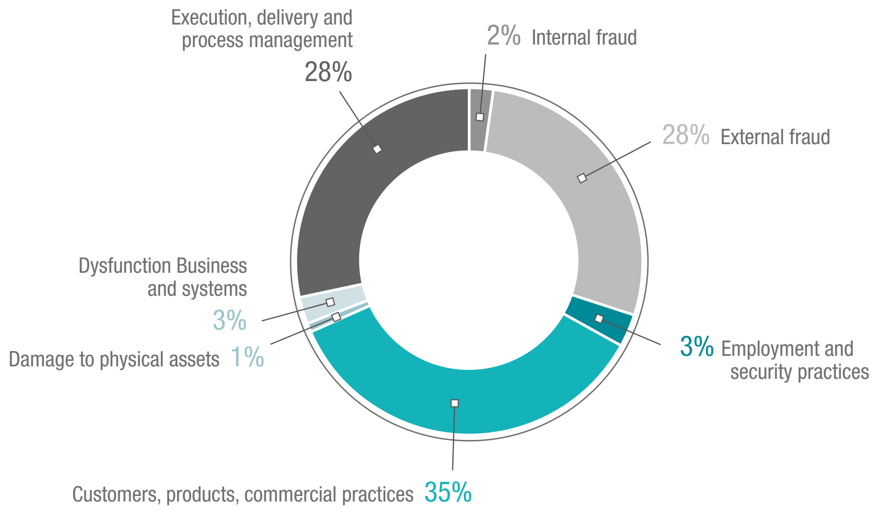
- it must form an integral part of the risk policy;
- it must be pragmatic, *i.e.* the methodology must be applicable to real operating conditions;
- it must have educational value, in order to be endorsed by Executive Management and the business lines;
- it must be robust, *i.e.* it must be able to provide estimates that are realistic and stable from one financial year to the next.

An annual committee for back-testing the Advanced Measurement Approach (AMA) model analyses the model's sensitivity to changes in the risk profile of the entities. Every year, this committee identifies areas where improvements are possible, and draws up corresponding action plans.

The operational risk system and methodology have been subject to external audits by the ECB in 2015, 2016 and 2017. These missions made it possible to note the Group's progress, but also to complete the prudential approach relating to emerging risks (cyber risk, compliance/conduct risk).

III. Exposure

Breakdown of operational losses by Basel risk category (2016 to 2018)

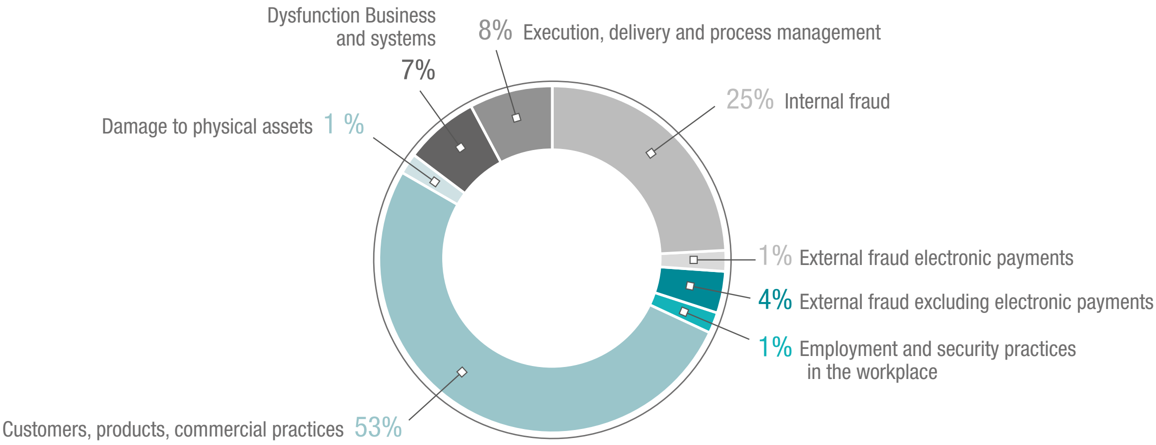


Generally, the exposure profile in terms of the operational risks identified over the last three years reflects the principal activities at Crédit Agricole S.A. Group:

- exposure to the Customer category, notably marked by the recent decision of the Italian Competition Authority regarding FCA Bank SpA;
- still significant exposure to the Execution risk category, due to processing errors (absent or incomplete legal documentation, guarantee management, litigation with suppliers, input errors, etc.), but also due to tax sanctions;
- exposure to external fraud category, mainly in connection with credit boundary operational risk (document fraud, fraudulent invoices, etc.), and with payment instruments fraud (bank cards, fraudulent transfers).

Remedial and preventive action plans at local or Group level were introduced to reduce the exposure of Crédit Agricole S.A. Group to operational risk. Periodic monitoring of action plans for incidents with an impact higher than €5 million has been implemented since 2014 within the Group Operational Risk Committee and since 2016 in the Group Risk Management Committee.

Breakdown of risk-weighted assets by Basel risk category (2016 to 2018)



IV. Insurance and coverage of operational risks

Crédit Agricole Group has obtained insurance coverage for its operational risks to protect its assets and profits. For high-intensity risks, Crédit Agricole S.A. has taken out insurance policies to cover itself and its subsidiaries with major insurance companies. These policies harmonise the transfer of personal and property risks and the setting up of specific professional civil liability and fraud insurance programmes for each business line. Lower intensity risks are managed directly by the relevant entities.

In France, third-party civil liability risks are covered by operating civil liability policies. It should be noted that property & casualty insurance for operating assets (property and IT equipment) also includes third-party liability coverage for all buildings exposed to this risk.

Insurance policies for operating losses, fraud and securities risks, Group professional liability, and civil liability for Executives and Non-Executive Corporate Officers were renewed in 2018.

“Basel 2 eligible” policies contribute to reducing the amount of capital that must be held against operational risks (within the 20% authorised limit).

High-frequency and low-intensity risks that cannot be insured on satisfactory financial terms are retained in the form of deductibles or are pooled within Crédit Agricole S.A. Group, ultimately through its captive insurance subsidiary (Crédit Agricole Risk Insurance) and represent around 7% of all Group insurance programmes.

3.9. DEVELOPMENTS IN LEGAL RISK

The main legal and tax proceedings outstanding at Crédit Agricole S.A. and its fully consolidated subsidiaries are described in the 2017 management report. The cases presented below are (i) those that have evolved since 22 March 2018, the date on which Registration document No. D.18-0164 was filed with the AMF and (ii) the pending cases which have not evolved since that date.

Any legal risks outstanding at 31 December 2018 that could have a negative impact on the Group’s net assets have been covered by adequate provisions, which correspond to Executive Management’s best estimates, based on the information available to it, see Note 6.17 of consolidated financial statements.

To date, to the best of Crédit Agricole S.A.’s knowledge, there is no other governmental, judiciary or arbitration proceeding (or any proceeding known by the Company, in abeyance or that threatens it) that could have or has had, in the previous 12 months, any substantial effect on the financial situation or the profitability of the Company and/or the Group.

Litigation and exceptional events

Strauss/Wolf/Faudem

US citizens and members of their families who were victims of terrorist attacks attributed to Hamas and committed in Israel between 2001 and 2004 have brought proceedings against Crédit Lyonnais and another bank before a New York court.

They claim that these banks gave support to terrorists as they each kept an account opened (in 1990 in the case of Crédit Lyonnais) by a charity providing aid to Palestinians. The plaintiffs allege that the account was used to transfer funds to Palestinian entities accused of financing Hamas. The plaintiffs, who have not put a figure on the damages they have suffered, are claiming compensation for “injury, anguish and emotional pain”.

As the matter and the proceedings currently stand, the plaintiffs have not provided proof that the charity was actually linked to terrorists, nor that Crédit Lyonnais was aware that its client could have been involved (if it were to be proven) in financing terrorism. The Court nonetheless demanded that this be demonstrated by the plaintiffs if they are to win their case. Crédit Lyonnais vigorously denies the plaintiffs’ allegations.

The definitions of the underlined words can be found in the Glossary on page 600.

Under a ruling made on 28 February 2013, the judge issued a Summary Judgement referring Crédit Lyonnais and the plaintiffs to a jury trial on the merits.

In February 2018, Crédit Lyonnais filed a new motion for a summary judgement based on a recent case-law so that the plaintiffs' claims can be dismissed without such a jury trial.

On January 2019 the plaintiffs tried to modify their briefs in order to add new plaintiffs before their action be time-barred. The judge refused this request and two new actions (Fisher and Miller) have been filed before the same court as the one in charge of the procedures Strauss/Wolf. They are similar to the pending actions, their legal analysis are identical and their result will depend on the outcome of the motion for a summary judgement filed by Crédit Lyonnais in February 2018.

From a procedural standpoint they will remain outstanding until then.

CIE case (Cheque Image Exchange)

In March 2008, LCL and Crédit Agricole S.A. and ten other banks were served notice of grievances on behalf of the *Conseil de la concurrence i.e.* the French Competition Council (now the *Autorité de la concurrence*).

They are accused of colluding to implement and apply interchange fees for cashing cheques, since the passage of the Cheque Image Exchange system, *i.e.* between 2002 and 2007. In the opinion of the *Autorité de la concurrence,* these fees constitute anti-competitive price agreements in the meaning of Article 81 paragraph 1 of the treaty establishing the European Community and Article L. 420-1 of the French Commercial Code, and allegedly caused damage to the economy.

In their defense, the banks categorically refuted the anticompetitiveness of the fees and contested the legality of the proceedings.

In a decision published on 20 September 2010, the *Autorité de la concurrence* stated that the Cheque Image Exchange fee (CEIC) was anti-competitive by its very aim and that it artificially increased the costs borne by remitting banks, which resulted in an unfavourable impact on the prices of banking services. Concerning one of the fees for related services, the fee for cancellation of wrongly cleared transactions (AOCT), the *Autorité de la concurrence* called on the banks to revise their amount within six months of the notification of the decision.

The accused banks were sanctioned for an overall amount of €384.92 million.

LCL and Crédit Agricole were respectively sentenced to pay €20.7 million and €82.1 million for the CEIC and €0.2 million and €0.8 million for the AOCT.

All of the banks appealed the decision to the Paris Court of Appeal. By a decree of 23 February 2012, the Court overruled the decision, stating that the *Autorité de la concurrence* had not proven the existence of competition restrictions establishing the agreement as having an anti-competitive purpose.

The *Autorité de la concurrence* filed an appeal with the Supreme Court on 23 March 2012.

On 14 April 2015, the French Supreme Court *(Cour de cassation)* overruled the Paris Court of Appeal's decision dated 23 February 2012 and remanded the case to the Paris Court of Appeal with a change in the composition of the Court on the sole ground that the Paris Court of Appeal declared the *UFC-Que Choisir* and ADUMPE's interventions in the proceedings devoid of purpose without having considered their arguments.

The Supreme Court did not rule on the merits of the case and Crédit Agricole has brought the case before the Paris Court of Appeal.

The Paris Court of Appeal issued a decree on 21 December 2017. It confirmed the decision of the *Autorité de la concurrence* dated 20 September 2010 but reduced from €82,940,000 to €76,560,000 the sanction on Crédit Agricole. LCL's sanction remains unchanged, at an amount of €20,930,000.

As well as the other banks parties to this procedure, LCL and Crédit Agricole filed an appeal with the Supreme Court.

Office of Foreign Assets Control (OFAC)

In October 2015, Crédit Agricole S.A. and its subsidiary Crédit Agricole Corporate and Investment Bank (Crédit Agricole CIB) reached agreements with the US and New York authorities that had been conducting investigations regarding US dollar transactions with countries subject to US economic sanctions. The events covered by this agreement took place between 2003 and 2008.

Crédit Agricole CIB and Crédit Agricole S.A., which cooperated with the US and New York authorities in connection with their investigations, have agreed to pay a total penalty amount of $787.3 million (*i.e.* €692.7 million). The payment of this penalty has been allocated to the pre-existing reserve that had already been taken and, therefore, has not affected the accounts for the second half of 2015.

The agreements with the Board of Governors of the Federal Reserve System (Fed) and the New York State Department of Financial Services (NYDFS) are with CASA and Crédit Agricole CIB. The agreement with the Office of Foreign Assets Control (OFAC) of the US Department of the Treasury is with Crédit Agricole CIB. Crédit Agricole CIB also entered into separate deferred prosecution agreements (DPAs) with the United States Attorney's Office for the District of Columbia (USAO) and the District Attorney of the County of New York (DANY), the terms of which are three years. On 19 October 2018 the two deferred prosecution agreements with USAO and DANY ended at the end of the three year period, Crédit Agricole CIB having complied with all its obligations under the DPAs.

Crédit Agricole continues to strengthen its internal procedures and its compliance programs regarding laws on international sanctions and will continue to cooperate fully with the US and New York authorities with its home regulators, the European Central Bank and the French Regulatory and Resolution Supervisory Authority (ACPR), and with the other regulators across its worldwide network.

Pursuant to the agreements with NYDFS and the US Federal Reserve, Crédit Agricole's compliance program is subject to regular reviews to evaluate its effectiveness, including a review by an independent consultant appointed by NYDFS for a term of one year and annual reviews by an independent consultant approved by the Federal Reserve.

Euribor/Libor and other indexes

Crédit Agricole S.A. and its subsidiary Crédit Agricole CIB, in their capacity as contributors to a number of interbank rates, have received requests for information from a number of authorities as part of investigations into: (i) the calculation of the Libor (London Interbank Offered Rates) in a number of currencies, the Euribor (Euro Interbank Offered Rate) and certain other market indices; and (ii) transactions connected with these rates and indices. These demands covered several periods from 2005 to 2012.

As part of its cooperation with the authorities, Crédit Agricole S.A. and its subsidiary Crédit Agricole CIB carried out investigations in order to gather the information requested by the various authorities and in particular the American authorities – the DOJ (Department of Justice) and CFTC (Commodity Future Trading Commission) – with which they are in discussions. It is currently not possible to know the outcome of these discussions, nor the date when they will be concluded.

The definitions of the underlined words can be found in the Glossary on page 600.

Furthermore, Crédit Agricole CIB is currently under investigation opened by the Attorney General of the State of Florida on both the Libor and the Euribor.

Following its investigation and an unsuccessful settlement procedure, on 21 May 2014, the European Commission sent a notification of grievances to Crédit Agricole S.A. and to Crédit Agricole CIB pertaining to agreements or concerted practices for the purpose and/or effect of preventing, restricting or distorting competition in derivatives related to the Euribor.

In a decision dated 7 December 2016, the European Commission jointly fined Crédit Agricole S.A. and Crédit Agricole CIB €114,654,000 for participating in a cartel in euro interest rate derivatives. Crédit Agricole S.A. and Crédit Agricole CIB are challenging this decision and have asked the European Court of Justice to overturn it.

Additionally, the Swiss competition authority, COMCO, is conducting an investigation into the market for interest rate derivatives, including the Euribor, with regard to Crédit Agricole S.A. and several Swiss and international banks. Moreover, in June 2016 the South Korean competition authority (KFTC) decided to close the investigation launched in September 2015 into Crédit Agricole CIB and the Libor index on various currencies, Euribor and Tibor indices. The investigation into certain foreign exchange derivatives (ABS-NDF) has been closed by the KFTC according to a decision notified to Crédit Agricole CIB on 20 December 2018.

Concerning the two class actions in the United States of America in which Crédit Agricole S.A. and Crédit Agricole CIB have been named since 2012 and 2013 along with other financial institutions, both as defendants in one (“Sullivan” for the Euribor) and only Crédit Agricole S.A. as defendant for the other (“Lieberman” for Libor), the “Lieberman” class action is at the preliminary stage that consists in the examination of its admissibility; proceedings are still suspended before the US District Court of New York State. Concerning the “Sullivan” class action, Crédit Agricole S.A. and Crédit Agricole CIB introduced a motion to dismiss the applicants’ claim. The US District Court of New York State upheld the motion to dismiss regarding Crédit Agricole S.A. and Crédit Agricole CIB in first instance. This decision is subject to appeal.

Since 1 July 2016, Crédit Agricole S.A. and Crédit Agricole CIB, together with other banks, are also party to a new class action suit in the United States (“Frontpoint”) relating to the Sibor (Singapore Interbank Offered Rate) and SOR (Singapore Swap Offer Rate) indices. After having granted a first motion to dismiss filed by Crédit Agricole SA and Crédit Agricole CIB, the New York Federal District Court, ruling on a new request by the plaintiffs, excluded Crédit Agricole SA from the Frontpoint case on the grounds that it had not contributed to the relevant indexes. The Court considered, however, taking into account recent developments in case law, that its jurisdiction could apply to Crédit Agricole CIB, as well as to all the banks that are members of the Sibor index panel. The allegations contained in the complaint regarding the Sibor/USD index and the SOR index were also rejected by the court, therefore the index Sibor/Singapore dollar alone is still taken into account. On 26 December, the plaintiffs filed a new complaint aimed at reintroducing into the scope of the Frontpoint case the alleged manipulations of the Sibor and SOR indexes that affected the transactions in US dollars. Crédit Agricole CIB, alongside the other defendants, will oppose the terms of this new complaint and has also filed a new motion to dismiss to contest the jurisdiction maintained against it.

These class actions are civil actions in which the plaintiffs claim that they are victims of the methods used to set the Euribor, Libor, Sibor and SOR rates, and seek repayment of the sums they allege were unlawfully received, as well as damages and reimbursement of costs and fees paid.

Banque Saudi Fransi

Crédit Agricole Corporate Investment Bank (Crédit Agricole CIB) has received a Request for Arbitration submitted by Banque Saudi Fransi (BSF) before the International Chamber of Commerce (ICC). The dispute relates to the performance of a Technical Services Agreement between BSF and Crédit Agricole CIB that is no longer in force. On 7 August 2018, BSF quantified its claim at SAR 1,011,670,654.00, the equivalent of about €232 million and reserved the right to submit additional claims. Crédit Agricole CIB totally denies BSF’s allegations and claim.

Bonds SSA

Several regulators have demanded information to Crédit Agricole S.A. and to Crédit Agricole CIB for inquiries relating to activities of different banks involved in the secondary trading of Bonds SSA (Supranational, Sub-Sovereign and Agencies) denominated in American dollars. Through the cooperation with these regulators, Crédit Agricole CIB proceeded to internal inquiries to gather the required information available. On 20 December 2018, the European Commission issued a Statement of Objections to a number of banks including Crédit Agricole S.A. and Crédit Agricole CIB within its inquiry on a possible infringement of rules of European Competition law in the secondary trading of Bonds SSA denominated in American dollars. Crédit Agricole S.A. and Crédit Agricole CIB became aware of these objections and will issue a response.

Crédit Agricole CIB is included with other banks in a putative consolidated class action before the United States District Court for the Southern District of New York. That action was dismissed on 29 August 2018 on the basis that the plaintiffs failed to allege an injury sufficient to give them standing. However the plaintiffs have been given an opportunity to attempt to remedy that defect. The plaintiffs filed an amended complaint on 7 November 2018. Crédit Agricole CIB as well as the other defendants have filed motions to dismiss the amended complaint.

On 7 February 2019, another class action was filed against CACIB and the other defendants named in the class action already pending before the United States District Court for the Southern District of New York.

On 11 July 2018, Crédit Agricole S.A. and Crédit Agricole CIB were notified with other banks of a class action filed in Canada, before the Ontario Superior Court of Justice. Another class action, not notified to date, would have been filed before the Federal Court of Canada. It is not possible at this stage to predict the outcome of these investigations, proceedings or class actions or the date on which they will end.

The definitions of the underlined words can be found in the Glossary on page 600.

O'Sullivan and Tavera

On November 9, 2017, a group of individuals, (or their families or estates), who claimed to have been injured or killed in attacks in Iraq filed a complaint ("O'Sullivan I") against several banks including Crédit Agricole S.A., and its subsidiary Crédit Agricole Corporate Investment Bank (Crédit Agricole CIB), in US Federal District Court in New York.

On December 29, 2018, the same group of individuals, together with 57 new plaintiffs, filed a separate action ("O'Sullivan II") against the same defendants.

On December 21, 2018, a different group of individuals filed a complaint ("Tavera") against the same defendants.

All three complaints allege that Crédit Agricole S.A., Crédit Agricole CIB, and other defendants conspired with Iran and its agents to violate US sanctions and engage in transactions with Iranian entities in violation of the US Anti-Terrorism Act and the Justice Against Sponsors of Terrorism Act. Specifically, the complaints allege that Crédit Agricole S.A., Crédit Agricole CIB, and other defendants processed US dollar transactions on behalf of Iran and Iranian entities in violation of sanctions administered by the US Treasury Department's Office of Foreign Assets Control, which allegedly enabled Iran to fund terrorist organizations that, as is alleged, attacked plaintiffs. The plaintiffs are seeking an unspecified amount of compensatory damages.

On 2 March 2018, Crédit Agricole CIB and other defendants filed a motion to dismiss the O' Sullivan I Complaint.

Italian Competition Authority

On 5 October 2018, CA Consumer Finance SA ("CACF") and its subsidiary FCA Bank S.p.A. owned at 50% received – together with several other banks and certain car manufacturers – a statement of objections from the *Autorità Garante della Concorrenza e del Mercato* (Italian Competition Authority). It was alleged in this statement of objections that several banks offering financing solutions for vehicles commercialized by certain car manufacturers have restricted competition as a result of certain exchanges of information, in particular within two professional associations.

In a decision notified on 9 January 2019 the *Autorità Garante della Concorrenza e del Mercato* considered that FCA Bank S.p.A. had participated in this alleged infringement and this infringement was also attributable to CACF. FCA Bank S.p.A. has been fined €178.9 million. FCA Bank S.p.A. and CACF appealed against this decision.

Intercontinental Exchange, Inc. ("ICE")

On 15 January 2019, a class action was filed before a federal court in New York (US District Court Southern District of New York) against the Intercontinental Exchange, Inc. ("ICE") and a number of banks including Crédit Agricole S.A., Crédit Agricole CIB and Crédit Agricole Securities-USA. This action has been filed by plaintiffs who allege that they have invested in financial instruments indexed to the USD ICE Libor. They accuse the banks of having collusively set the index USD ICE Libor at artificially low levels since February 2014 and made thus illegal profits.

On 31 January 2019 a similar action has been filed before the US District Court Southern District of New York, against a number of banks including Crédit Agricole S.A., Crédit Agricole CIB and Crédit Agricole Securities-USA. On 1 February 2019, these two class actions were consolidated for pre-trial purposes.

Crédit Agricole Consumer Finance Nederland B.V.

The conditions for the review of the interest rates of revolving loans marketed by Crédit Agricole Consumer Finance Nederland BV, a fully owned subsidiary of Crédit Agricole Consumer Finance SA, and its subsidiaries are the subject of borrowers' claims relating to the criteria for revising these rates and possible overpayments of interests.

On 21 January 2019, in two individual cases concerning two subsidiaries of Crédit Agricole Consumer Finance Nederland BV, the Appeals Committee of KIFID (the Financial Services Complaints Authority) in the Netherlands decided that in case the consumers had no or insufficient information on the specific factors that determine the interest rate, the individual interest rate needed to follow the movement of market interest rates on consumer loans.

Crédit Agricole Consumer Finance Nederland BV and its subsidiaries are analysing the impact of this decision on the concerned portfolios.

CACEIS Germany

CACEIS Germany learned from the Bavarian tax authorities that they intend to claim repayment of the dividend tax refunded to a number of its customers in 2010.

The Bavarian tax authorities would claim repayment of tax in the amount of €312 million, without prejudice to any potential interests. CACEIS Germany would strongly challenge this claim, should such claim be addressed to it.

Binding agreements

Crédit Agricole S.A. does not depend on any industrial, commercial or financial patent, license or contract.

The definitions of the underlined words can be found in the Glossary on page 600.

3.10. NON-COMPLIANCE RISKS

Compliance is defined as a set of rules and initiatives aimed at ensuring **compliance with all legislative and regulatory provisions** specific to banking and financial activities, **professional and ethical standards and practices,** the fundamental principles set out in the Group's **Ethics Charter** and the instructions, **codes of conduct** and procedures internal to Group entities in relation to the areas covered by Compliance. These include in particular the fight against money laundering and terrorist financing, compliance with international sanctions (embargoes, asset freezes, etc.), prevention of internal and external fraud, the fight against corruption and the exercise of the right to alert, respect for the integrity of financial markets, customer protection, tax compliance rules and the protection of personal data.

In addition to meeting regulatory requirements and the expectations of all its stakeholders (customers, members, shareholders, employees), the Group has set itself the objective of **making Compliance a differentiating asset in the service of customer satisfaction, development and sustainable performance.** Compliance rules and initiatives therefore aim to ensure transparency and loyalty to clients, to contribute to the integrity of financial markets, to prevent reputational risk and the risk of criminal, administrative and disciplinary sanctions in the areas under its jurisdiction.

The Group has defined and implemented an updated, adequate and proportionate **non-compliance risk management system** that involves all stakeholders (employees, management, control functions including Compliance). This system is based in particular on organisations, procedures, information systems or tools used to identify, assess, monitor, control these risks and determine the necessary action plans. This system reports to the governance bodies of the entities and the Group. A dedicated monitoring system ensures that these risks are controlled and that their impact in terms of financial losses, or legal, administrative or disciplinary sanctions, is minimised. The common objective is to preserve the Group's reputation.

This system is structured and deployed by the Group's Compliance function. This is placed under the authority of the Group Head of Compliance, who reports directly to the Group Chief Executive Officer. To **develop integration of the sector and guarantee the independence of these roles,** the Compliance Officers of Credit Agricole S.A. subsidiaries report hierarchically to the Group Head of Compliance, unless prevented by local law. A functional coordination link was also implemented with the Regional Banks, either at Compliance Control Officer (CCO) level, when he or she reports directly to the entity's Executive Management, or at Risk Management level when Compliance falls its the scope. At the end of 2018, these positions were held by 1,500 full-time equivalent employees within Crédit Agricole S.A., its subsidiaries and the Regional Banks, representing an **increase of over 55% of allocated employees in three years.**

The Group Compliance department of Crédit Agricole S.A. (GCD) is responsible for developing **Group policies** with respect to observance of laws and regulations and ensures their proper circulation observance. To this end, it has teams **specialized by area of expertise:** financial market compliance, customer protection, financial security, fraud and corruption. A project team is also dedicated to managing the deployment of all commitments made by the Crédit Agricole Group under the FOCA remediation plan (see below). As part of the entry into force of the European Regulation on the Protection of Personal Data (GDPR), the Group Data Protection Officer (DPO) reports directly to the Group Compliance Director and is in charge of managing the **DPO department of Crédit Agricole.**

The GCD also leads and **supervises the sector.** Within the Compliance function, each Compliance Officer updates a non-compliance risk map, and these are consolidated by the Group Compliance department. The control of non-compliance risks is more broadly based on a system that integrates permanent indicators and controls regularly deployed within the entities. GDC therefore provides Group-level supervision (including reporting of customer complaints or analyses of compliance failures).

Finally, the system is organised around a governance system that is fully integrated into the Group's internal control framework. The **Group Compliance Management Committee,** chaired by Executive Management, holds five or six plenary meetings per year. It makes the decisions required to prevent non-compliance risks and to implement and monitor corrective measures following the reporting of irregularities to the Committee. Non-compliance risks and the decisions taken to control them are regularly presented to the Risk Committee of the Board of Directors of Crédit Agricole S.A.

The system for controlling non-compliance risks is based primarily on the dissemination of a solid **ethical and compliance culture** among all Group employees and managers.

It is based on **awareness-raising and training activities** with regard to the challenges and risks of non-compliance that strongly mobilize the Compliance department, and more broadly all the Group's stakeholders: employees, managers and Directors. These training modules and materials – general or intended for employees who are at a higher risk of exposure – cover all areas of day-to-day compliance, fraud prevention and detection, personal data protection, the fight against money laundering and the prevention of terrorist financing, as well as international sanctions, etc.

Upstream, the ethical culture and compliance requires the deployment of the **Ethics Charter,** which the Crédit Agricole Group adopted in May 2017. This policy, which is common to all Group entities, promotes the Group's values of proximity, responsibility and solidarity.

As an extension of this Charter, Crédit Agricole S.A. has adopted a Code of Conduct, which will be applied operationally. It applies to everybody – Directors, Officers and employees of the Group's corporate entity, regardless of their situation and function. The code of conduct published in 2018 was designed to guide everyone's actions, decisions and behaviour on a daily basis by incorporating behavioural rules to deal with ethical issues that everyone may encounter during their professional and extra-professional assignments. As part of the approach to controlling the risks of non-compliance, it also includes a specific "anti-corruption" component in application of the obligations arising from Sapin II, relating to the prevention of corruption and influence peddling. Codes of conduct are being implemented in all Group entities – Regional Banks and subsidiaries – using the same approach.

The definitions of the underlined words can be found in the Glossary on page 600.

Crédit Agricole Group also pursued its commitment in the fight against corruption. Following the certification of its system by SGS (specialist in inspection, control, analysis and certification – BS 10500 certification) in 2016, the Crédit Agricole Group is the **first French bank to have obtained ISO 37001 certification of its system,** in July 2017, demonstrating the attention paid by the Group to this issue. This initiative is extended to 2018 with the completion of the operational implementation of the Sapin II law with regard to preventing corruption and protecting whistle-blowers.

Finally, it should be noted that in 2018, the Group adopted a definition of the **risk of misconduct** and began work to complete governance and set up a dashboard and a Group appetence indicator.

Controlling risks related to financial security requirements, and in particular international sanctions, is a high priority for the Group. These developments are part of a major project to strengthen the international sanctions management system, the **FOCA remediation plan,** as a result of the agreements signed with the American authorities on 19 October 2015 following breaches of the "FOCA Sanctions" regime for USD transactions in the period 2003-2008. This remediation plan was approved by the Fed on 24 April 2017 and is subject to close monitoring and regular reporting to the Group's governance and the US authorities.

The **lifting of criminal proceedings against CACIB,** as part of the agreements signed with the US authorities in October 2015 on compliance with US international sanctions, marks an important step in the implementation of the FOCA remediation plan. Indeed, on 19 October 2018, the Federal Court of the District of Columbia issued a final order terminating the US economic sanctions proceedings, which USAO had initiated against CACIB in October 2015. USAO and DANY acknowledged the improvements made to the compliance program then adopted by CACIB. CACIB, like the entire Crédit Agricole, remains fully committed to ensuring the success of the Group's FOCA program with the US Federal Reserve (Fed) by April 2021. Indeed, the civil aspect of the agreements is continuing and work is underway throughout the Group, with major projects underway, particularly in terms of enriching customer data, strengthening the third-party screening system and monitoring Trade Finance's activities.

Moreover, **customer knowledge** and **anti-money laundering and terrorist financing prevention systems** are the subject of ongoing action plans, taking into account changes in risks, regulatory requirements and supervisory authorities.

2018 was also marked by the entry into force of the European Regulation on the **protection of personal data** (GDPR) Crédit Agricole Group's system as deployed in 2018 – in compliance with these new requirements – will be consolidated and industrialised in 2019, as part of the Group's data governance and projects.

Finally, **customer protection** remains a stated priority for the Group, in full support of its Customer project. With regard to regulatory compliance issues, 2018 was marked by the monitoring of the correct operational deployment of MIFID2, PRIIPS and the Insurance Intermediation Directive, which came into force at the end of 2018. The monitoring of the deployment of systems relating to dormant assets (Eckert Law), loan insurance (Lagarde and Hamon laws), banking inclusion (right to an account and customers in a situation of financial fragility) and the processing of customer complaints, thus resulted in dedicated projects. More broadly, the Group pays particular attention to the quality of the information and advice provided and to the proper compliance with the rules governing the adequacy of the products offered to customers, but also to all its commitments with regard to banking inclusion and the protection of vulnerable customers. In addition to its role in standardising and monitoring the system, the Compliance Department is part of a "native compliance" approach aimed at integrating regulatory requirements into the Group's business processes and tools in a fluid manner.

The definitions of the underlined words can be found in the Glossary on page 600.

4. PILLAR 3 DISCLOSURES

Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 (Capital Requirements Regulation or "CRR") requires relevant financial institutions (notably credit institutions and investment firms) to disclose quantitative and qualitative information on their risk management activities. Crédit Agricole S.A. Group's risk management system and exposure levels are presented in this section and in the section entitled "Risk management".

Basel 3 focuses on three pillars:

- **Pillar 1** sets the minimum capital adequacy requirements and level of ratios in accordance with the current regulatory framework;
- **Pillar 2** completes the regulatory approach with the quantification of a capital requirement covering the major risks to which the Bank is exposed, on the basis of methodologies specific to it (see part 2: "Economic capital management");
- **Pillar 3** introduces new standards for financial disclosure to the market; the latter should be more detailed in terms of regulatory capital components and risk assessments, both for the regulations applied and the business during the period.

The Crédit Agricole S.A. Group has chosen to disclose its Pillar 3 Prudential information in a separate section from its Risk Factors in order to isolate the items that meet the regulatory publication requirements.

The main objective of the Group's solvency management is to assess its own funds and verify at all times that the Group has sufficient own funds to cover the risks to which it is or could be exposed in view of its activities, thereby securing the Group's access to financial markets on the desired terms.

To achieve this objective, the Group relies on an internal ICAAP process (Internal Capital Adequacy and Assessment Process).

The internal process ICAAP is developed in accordance with the interpretation of the main regulatory texts specified below (Basel agreements, guidelines of the European Banking Authority, prudential expectations of the European Central Bank). More specifically, it includes:

- governance of the management of capital, adapted to the specificities of the Group's subsidiaries, which allows centralised and coordinated monitoring at the Group level;
- a measurement of regulatory capital requirements (Pillar 1);
- a measurement of economic capital requirements based on the risk identification process and quantification of capital requirements using an internal approach (Pillar 2);
- the management of regulatory capital, which is based on short-term and medium-term prospective measures, consistent with budgetary projections, on the basis of a central economic scenario;
- the management of ICAAP stress tests that aim to simulate the destruction of capital after a three-year adverse economic scenario (see chapter 5 – Risk Factors: "Different types of stress tests" section);
- management of economic capital (see part 4.2: "Economic capital management");
- a qualitative ICAAP mechanism that formalises in particular the major areas for risk management improvement.

The ICAAP is also an integrated process that interacts with the Group's other strategic processes (ILAAP: Internal Liquidity Adequacy and Assessment Process, risk appetite, budget process, recovery plan, risk identification, etc.).

In addition to solvency, Crédit Agricole S.A. also manages leverage and resolution ratios (MREL & TLAC) on behalf of Crédit Agricole Group.

Lastly, the major solvency ratios are an integral part of the risk appetite management system applied within the Group (described in chapter 5 – Risk Factors).

4.1. MANAGEMENT OF REGULATORY CAPITAL

Qualitative and quantitative information on capital management under IAS 1 are presented in sections 1.1, 1.5.1.4 and 1.5.6 in this chapter. When they are covered by the Statutory Auditors' opinion, this information is identified by a dedicated footnote, as follows: "Information covered by the Statutory Auditors' opinion".

4.1.1 Applicable regulatory framework[1]

Tightening up the regulatory framework, Basel 3 agreements enhanced the quality and level of regulatory capital required and added new risk categories to the regulatory framework. The legislation concerning the regulatory requirements applicable to credit institutions and investment firms was published in the Official Journal of the European Union on 26 June 2013 (directive 2013/36/EU, known as "CRD 4", transposed notably by Order No. 2014-158 of 20 February 2014 and the Capital Requirements Regulation, "CRR") and entered into force on 1 January 2014, in accordance with the transitional provisions specified in the legislation.

Under CRR/CRD 4, three levels of solvency ratio are calculated:

- the Common Equity Tier 1 ratio (CET1);
- the Tier 1 (T1) ratio;
- the total capital ratio.

These ratios are calculated on a phased-in basis designed to smooth the transition from the Basel 2 to the Basel 3 calculation rules. All the transitional provisions that facilitate compliance by credit institutions with the CRR/CRD 4 ended on 1 January 2018, with the exception of those concerning hybrid debt instruments (Tier 1 and Tier 2), which will end on 1 January 2022 (see section 4.1.6.3. "Transitional implementation").

Two other families of ratios are added to this system:

- the leverage ratio;
- the resolution ratios.

Each of these ratios links an amount of regulatory capital to a risk exposure. The definitions and calculations are covered in the following sections. The minimum requirements applicable to Crédit Agricole S.A. Group and Crédit Agricole Group are met.

(1) Information covered by the Statutory Auditors' opinion.

The definitions of the underlined words can be found in the Glossary on page 600.

4.1.2 Supervision

Credit institutions and certain investment activities referred to in Annex 1 of Directive 2004/39/EC are subject to solvency ratios and large exposure ratios on an individual basis, and where applicable, sub-consolidated basis.

The French Regulatory and Resolution Supervisory Authority (ACPR) has agreed that some of the Group's subsidiaries may benefit from an exemption on an individual, or where applicable, sub-consolidated basis, under the conditions stipulated by Article 7 of the CRR. Within this framework, Crédit Agricole S.A. was exempted by the ACPR from application on an individual basis.

The transition to single supervision on 4 November 2014 by the European Central Bank did not call into question the individual exemptions previously granted by the ACPR.

4.1.3 Regulatory supervision scope

Difference between the accounting and regulatory scopes of consolidation

Entities consolidated for accounting purposes, but excluded from the regulatory scope of consolidation of credit institutions on a consolidated basis predominantly comprise insurance companies and a couple of *ad hoc* entities that are equity-accounted for regulatory purposes. In addition, entities consolidated on an accounting basis using proportional consolidation at 31 December 2013 and now equity-accounted in accordance with IFRS 11, are still consolidated proportionally for regulatory purposes. Information on these entities and their consolidation method for accounting purposes is provided in Note 11 to the consolidated financial statements, "Scope of consolidation at 31 December 2018".

Differences in the treatment of equity investments between the accounting and prudential scopes

Type of equity investment	Accounting treatment	Fully loaded Basel 3 regulatory treatment
Subsidiaries with financial operations	Fully consolidated	Full consolidation generating capital requirements for the subsidiary's operations.
Jointly held subsidiaries with financial operations	Equity-accounted	Proportional consolidation.
Subsidiaries with insurance operations	Fully consolidated	Regulatory treatment of these equity investments using equity accounting method, since the Group is identified as being a "financial conglomerate": • CET1 instruments weighted at 370% (for non-listed entities), with EL equity at 2.4%, subject to approval by the banking supervisor; otherwise, deduction of the subsidiary's CET1 financial instruments from the Group's total CET1 instruments; • AT1 and Tier 2 instruments deducted from the total of equivalent financial instruments of the Group. In turn, as in previous years, Crédit Agricole S.A. Group and Crédit Agricole Group are subject to additional capital requirements and capital adequacy ratios applying to financial conglomerates.
Equity investments of over 10% with operations that are financial in nature	• Equity-accounted • Equity investments in credit institutions	• Deduction of CET1 instruments from CET1, beyond an exemption threshold of 17.65% of CET1. This exemption threshold, applied after calculation of a 10% threshold, is common to the non-deducted portion of deferred tax assets that rely on future profitability arising from temporary differences. • AT1 and Tier 2 instruments deducted from the total of equivalent financial instruments of the Group.
Equity investments of ≤ 10% with financial or insurance operations	Equity investments and securities held for collection and sale	Deduction of CET1, AT1 and Tier 2 instruments, beyond an exemption threshold of 10% of CET1.
ABCP (Asset-backed commercial paper) business securitisation vehicles	Full consolidation	Risk weighting of the equity-accounted value and commitments on these structures (liquidity facilities and letters of credit).

The list of entities concerned by a difference between the accounting and prudential scopes is detailed in part 3. "Appendix to the regulatory capital".

5

Differences between accounting and regulatory scopes of consolidation and correspondence between financial statements and regulatory risk categories (LI1)

	a	b	c	d	e	f	g
			Carrying values of items				
31/12/2018 *(in billions of euros)*	Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Subject to credit risk framework	subject to counter-party risk framework	subject to the securi-tisation framework	Subject to the market risk framework	Not subject to capital requirements or subject to deduction from capital
Assets							
Cash, central banks	67	67	67	-	-	-	-
Available-for-sale financial assets	226	226	-	207	-	115	-
Other financial assets at fair value through profit or loss	140	7	7	-	-	-	-
Hedging derivative instruments	14	13	-	13	-	-	-
Accounted debt's instruments at fair value through recyclable own funds	250	44	36	4	3	-	0
Accounted own funds' instruments at fair value through non recyclable own funds	3	3	3	-	-	-	(0)
Loans and receivables due from credit institutions	413	409	405	4	-	-	-
Loans and receivables due from customers	369	381	377	3	-	-	-
Held-to-maturity financial assets	58	48	44	4	-	-	-
Revaluation adjustment on interest rate hedged portfolios	6	6	-	-	-	-	6
Deferred tax assets	4	5	5	-	-	-	-
Accruals, prepayments and sundry assets	38	35	29	6	-	2	0
Non-current assets held for sale	0	-	-	-	-	-	-
Investments in equity-accounted entities	6	14	12	-	-	-	2
Investment property	6	0	0	-	-	-	-
Property, plant and equipment	4	5	5	-	-	-	-
Intangible assets	2	2	-	-	-	-	2
Goodwill	15	15	-	-	-	-	15
TOTAL ASSETS	**1,624**	**1,281**	**992**	**242**	**3**	**118**	**25**
Liabilities							
Central banks	1	2	-	-	-	-	2
Available-for-sale financial liabilities	194	195	-	82	-	-	113
Financial liabilities at fair value through options	34	33	-	-	-	-	33
Hedging derivative instruments	12	12	-	-	-	-	12
Due to credit institutions	132	115	-	7	-	-	109
Due to customers	597	615	-	1	-	-	614
Debt securities	184	173	-	-	-	-	173
Revaluation adjustment on interest rate hedged portfolios	7	6	-	-	-	-	6
Current and deferred tax liabilities	2	3	3	-	-	-	(0)
Accruals, deferred income and sundry liabilities	42	37	7	-	-	-	30
Liabilities associated with non-current assets held for sale	0	(0)	-	-	-	-	(0)
Insurance company technical reserves	324	(0)	-	-	-	-	(0)
Provisions	6	6	-	-	-	-	6
Subordinated debt	23	21	-	-	-	-	21
Total liabilities	**1,559**	**1,218**	**10**	**89**	**-**	**-**	**1,119**
Equity	**66**	**64**	**-**	**-**	**-**	**-**	**64**
Equity, Group share	**59**	**59**	**-**	**-**	**-**	**-**	**59**
Share capital and reserves	27	27	-	-	-	-	27
Consolidated reserves	26	26	-	-	-	-	26
Other comprehensive income	1	1	-	-	-	-	1
Other comprehensive income on non-current assets held for sale and discontinued operations	0	-	-	-	-	-	-
Net income/(loss) for the year	4	4	-	-	-	-	4
Non-controlling interests	**7**	**5**	**-**	**-**	**-**	**-**	**5**
TOTAL EQUITY AND LIABILITIES	**1,624**	**1,281**	**10**	**89**	**-**	**-**	**1,182**

The carrying amounts for the regulatory scope of consolidation (column b) are not equal to the sum of their breakdown by the risk (coloumns c to g) as an exposure may be subject to several types of risk.

The definitions of the underlined words can be found in the Glossary on page 600.

4.1.4. Overall system

Capital planning

The management of regulatory capital is performed using a process called capital planning.

Capital planning is designed to provide projections for capital and rare resource consumption (risk-weighted assets and balance sheet) over the current Medium Term Plan covering both scopes of consolidation (Crédit Agricole S.A., a listed company and Crédit Agricole Group, a systemically important bank), with a view to determining the trajectories for solvency ratios (CET1, Tier 1 and global ratio), leverage and resolution ratios (MREL and TLAC).

It covers the budgetary components of the financial trajectory, including organisational transaction projects, regulatory accounting and prudential changes, as well as model effects against risk bases. It also reflects the issuance policy (subordinated debts and eligible TLAC debts) and distribution with regard to the capital structure objectives defined in line with the Group's strategy.

It enables the leeway available to the Group for development to be determined. Thus it ensures compliance with the various regulatory requirements, and is used to calculate the maximum distributable amount, as defined by the CRR for Additional Tier 1 debt. It is also used to set various risk thresholds used for risk appetite.

Capital planning is submitted to various governance bodies and is communicated to the competent authorities, either in the context of regular discussions or for special transactions (such as authorisation requests).

The subsidiaries subject to regulatory requirement compliance and the Regional Banks also perform this forecast exercise at a sub-consolidated level.

Governance

The Capital Management Committee meets quarterly (and more often if required); chaired by the Deputy General Manager in charge of finances, it includes the Chief Risk Officer, Financial Steering Director, Financial Communication Director and the Financing and Treasury Director.

This Committee has the following main missions:

- review the short and medium-term solvency, leverage and resolution projections for the Crédit Agricole and Crédit Agricole S.A. Groups as well as the ratios monitored by rating agencies;
- approve the structuring assumptions with an effect on solvency in line with the Medium Term Plan;
- set the rules for capital management and distribution within the Group;
- decide on liability management transactions (subordinated debt management);
- discuss economic capital-related matters;
- keep up to date with the latest supervision and regulatory news;
- examine the relevant problems relating to the subsidiaries and to the Regional Banks;
- prepare the decisions to be submitted if necessary to the Assets and Liabilities Committee and the Board of Directors.

4.1.5. Solvency ratios

Solvency ratio numerator
(see section 1.6 "Definition of capital")

Basel 3 defines three levels of capital:

- Common Equity Tier 1 (CET1);
- Tier 1 capital, which consists of Common Equity Tier 1 and Additional Tier 1 capital (AT1);
- total capital, consisting of Tier 1 capital and Tier 2 capital.

Solvency ratio denominator
(see Part 4: "Composition and changes in risk-weighted assets")

Basel 3 defines several types of risk: credit risks, market risks and operational risks, which give rise to risk-weighted asset calculation. These are discussed in part 4, below.

Furthermore, risk-weighted assets include the equity-accounted value of insurance investments for the validated conglomerate scope, pursuant to Article 49 of the CRR. The weighting is 370% given the unlisted status of Crédit Agricole Assurances (CAA).

Non-deducted investments in insurance companies (INS1)

31/12/2018 *(in millions of euros)*	**Value**
Holdings of own funds instruments of a financial sector entity where the institution has a significant investment not deducted from own funds (before risk weighting)	8,286
TOTAL RISK WEIGHTED EXPOSURE AMOUNT (RWA)	**30,660**

Furthermore, the risk arising from the regulatory prudential requirements on this investment was transferred to the Regional Banks as a result of specific guarantees (Switch), since 2 January 2014. The guarantee covers €9.2 billion of which €6.3 billion covering holdings not deducted at 31 December 2018 or €23.3 billion risks weighted assets.

Pursuant to Regulation (EU) No. 575/2013 of 26 June 2013, two approaches are used to measure exposure to credit risk:

- the standardised approach, which is based on external credit ratings and fixed weightings for each Basel exposure class;
- the Internal Ratings Based approach (IRB), which is based on the bank's own internal rating system.

There are two different approaches:

- the "Foundation Internal Ratings-Based" approach, under which institutions may use exclusively their own default probability estimates;
- the "Advanced Internal Ratings-Based" approach, under which institutions may use all their internal estimates of risk components: exposures given default, maturity, probability of default, loss given default.

4.1.5.1. Minimum regulatory requirements

The requirements with regard to Pillar 1 are governed by the CRR Regulation. The legislator also fixes, on a discretionary basis, the minimum requirements, within the framework of Pillar 2.

The following tables and items take into account adjustments made as part of Pillar 2 in accordance with the request of the European Central Bank; these currently only relate to the prudential deduction of irrevocable payment commitments relating to the Single Resolution Fund (SRF) and the Deposit and Resolution Guarantee Fund (FGDR).

In this respect, with regard to regulatory reporting undertaken for Pillar 1, an additional deduction of €278 million was applied to CET1; as a corollary, risk weighted assets were adjusted downwards by €215 million at 31 December 2018.

Minimum requirements for Pillar 1

- Capital ratios before buffers: the minimum phased-in CET1 requirements have been set at 4.5% of risk-weighted assets since 2015. Likewise, the minimum phased-in Tier 1 requirement was raised to 6% in 2015 and for the following years. Lastly, the minimum phased-in total capital requirement is 8%, in 2015 and for the following years.
- Capital buffers are added to these ratios, to be applied progressively:
  - the capital conservation buffer (2.5% of risk-weighted assets in 2019);
  - the countercyclical buffer (in principle, rate within a range of 0% to 2.5%), with the buffer at the Group level consisting of an average weighted by the relevant exposures at default (EAD[1]) of the buffers defined for each country in which the Group operates; when the countercyclical buffer rate is calculated by one of the national authorities, the application date is no more than 12 months from the publication date, except in exceptional circumstances;
  - the buffers for systemic risk (0 to 3% in general, up to 5% after agreement from the European Commission, and more exceptionally above that figure) and for Global Systemically Important Banks (G-SIB, between 0% and 3.5%) or other (O-SII, between 0% and 2%). These buffers are not cumulative, and in general, subject to exception, it is the highest that applies. Only Crédit Agricole Group is a systemic institution and has a buffer of 1% as from 1 January 2019, phased-in at 0.50% in 2017 and 0.75% in 2018. Crédit Agricole S.A. Group is not subject to such requirements.

These buffers entered into force in 2016 and must be covered by Common Equity Tier 1 capital. The capital conservation buffer and the systemic risk buffers come into force on an annual incremental basis until 2019 (50% of the buffer required in 2017, 75% in 2018).

1 January...	2018	2019	2020
Common Equity Tier 1	4.50%	4.50%	4.50%
Tier 1 (CET1 + AT1)	6.00%	6.00%	6.00%
Tier 1 + Tier 2	8.00%	8.00%	8.00%
Capital conservation buffer	1.88%	2.50%	2.50%
Countercyclical buffer (0% to 2.5%)	0.02%	0.05%	0.17%
Systemic risk buffer (0% to 5%)	0.00%	0.00%	0.00%

At the end of December 2018, countercyclical buffers for Hong Kong, Iceland, Lithuania, Norway, the Czech Republic, the United Kingdom, Slovakia and Sweden were activated by the appointed national authorities. In 2019, countercyclical buffers will also come into force in France, Bulgaria, Denmark and Ireland. As for French exposures, the High Council for Financial Stability (HCFS) will bring the rate to 0.25% from the effective date on 1 July 2019. With respect to the Group's exposures in these countries, as of 31 December 2018, the Group's countercyclical buffer rate was 0.043%. It will total 0.17% at the end-2019, reflecting mainly the coming into force of the French countercyclical buffer as of 1 July 2019.

Details of the countercyclical buffer calculation (CCYB1):

	General credit exposure		Trading book exposure		Securitisation exposure		Capital requirements						
31/12/2018 *(in millions of euros)*	Standard approach	IRB approach	Sum of long and short position of trading book	Value of trading book exposure for internal models	Standard approach	IRB approach	General credit exposure	Trading book exposure	Securitisation exposure	Total	Breakdown by country *(%)*	Countercyclical capital buffer rate *(%)* 31/12/2018	Projected countercyclical capital buffer rate *(%)* 31/12/2019[2]
Bulgaria	6	28	-	-	-	-	1	-	-	1	**0.01%**	0.00%	0.50%
Czech Republic	34	67	-	-	-	-	4	-	-	4	**0.02%**	1.00%	1.50%
Danemark	146	602	-	-	-	-	20	-	-	20	**0.11%**	0.00%	1.00%
France	39,260	196,655	203	2,502	221	12,874	8,541	216	140	8,897	**46.58%**	0.00%	0.25%
Hong Kong	362	3,601	-	-	-	-	86	-	-	86	**0.45%**	1.88%	2.50%
Iceland	2	-	-	-	-	-	-	-	-	-	**0.00%**	1.25%	1.75%
Ireland	86	3,012	-	-	-	72	75	-	1	75	**0.40%**	0.00%	1.00%
Lithuania	-	1	-	-	-	-	-	-	-	-	**0.00%**	0.50%	1.00%
Norway	15	888	-	-	-	-	20	-	-	20	**0.10%**	2.00%	2.50%
Slovakia	12	13	-	-	-	-	1	-	-	1	**0.01%**	1.25%	1.50%
Sweden	91	1,901	-	-	-	27	80	-	-	80	**0.42%**	2.00%	2.50%
United-kingdom	1,637	13,262	-	-	-	1,644	442	-	12	454	**2.38%**	1.00%	1.00%
Other countries[1]	68,998	172,840	164	-	1,787	30,284	9,091	13	359	9,463	**49.54%**	0.00%	0.00%
TOTAL	**110,651**	**392,870**	**368**	**2,502**	**2,008**	**44,901**	**18,360**	**230**	**511**	**19,101**	**100.00%**	**0.043%**	**0.170%**

(1) For which no countercyclical buffer has been defined by the competent authority.
(2) The Group's countercyclical capital buffer rate expected at 31 December 2019 is calculated by using the buffer rates known to date and applicable no later than in 12 months and the breakdown of capital requirements by country as of 31 December 2018 based on the decisions known to date.

(1) EAD (exposure at default) is the exposure amount in the event of default. It encompasses balance sheet assets plus a proportion of off-balance sheet commitments.

The definitions of the underlined words can be found in the Glossary on page 600.

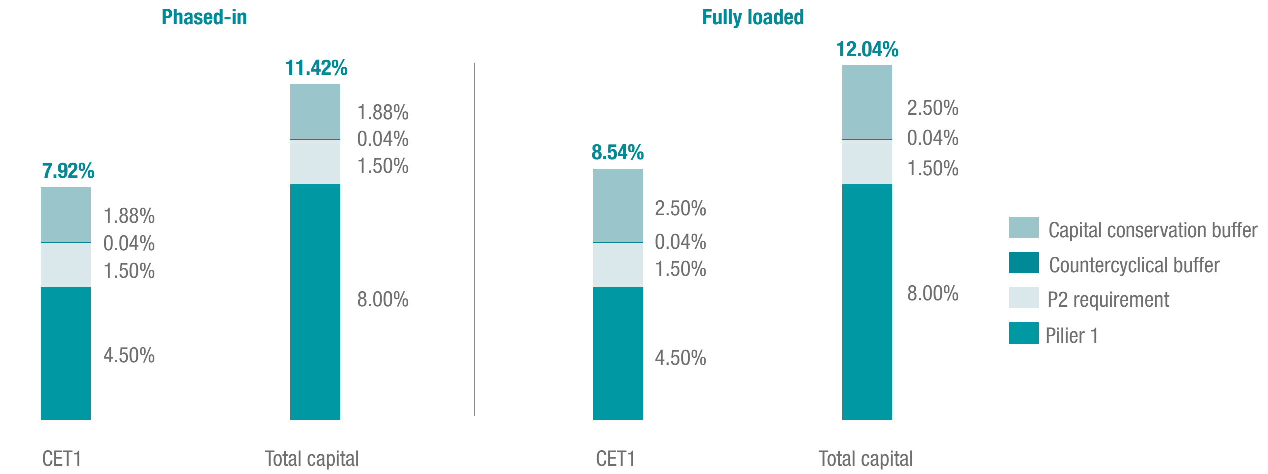
Minimum requirements with regard to Pillar 2

Crédit Agricole Group and Crédit Agricole S.A. Group have been notified by the European Central Bank (ECB) of the new minimum capital requirements following the results of the Supervisory Review and Evaluation Process (SREP).

Since 2017, the ECB has changed the methodology used, dividing the prudential requirement into two parts:

- a Pillar 2 Requirement (P2R). This requirement concerns each level of own funds and must be made up entirely of Common Equity Tier 1; failure to comply with this requirement automatically results in restrictions on distributions (additional Tier 1 capital instrument coupons, dividends, variable compensation); accordingly, this requirement is public;
- a Pillar 2 recommendation or "Pillar 2 Guidance" (P2G); at this stage, this requirement is not public.

Crédit Agricole S.A. Group will therefore have to comply as of 31 December 2018 with a consolidated minimum CET1 ratio of 7.92% phased-in and 8.54% fully loaded. These levels include the requirements under Pillar 1, Pillar 2 P2R, the capital conservation buffer that is subject to phasing and the countercyclical buffer (based on the decisions known to date).



At the end of December 2018, the phased-in CET1 ratio was 11.5%; the fully loaded ratio is identical.

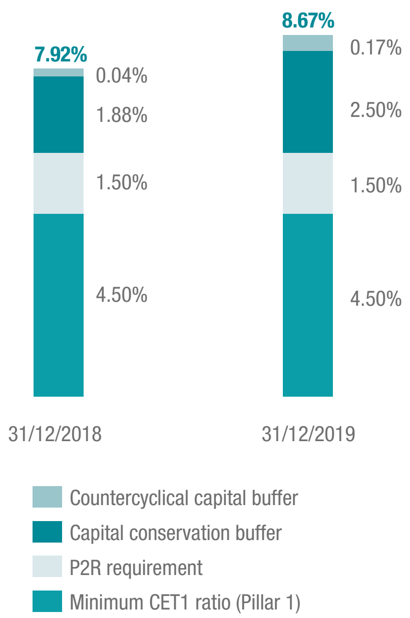
Crédit Agricole S.A., as the central body of Crédit Agricole Group, fully benefits from the internal legal solidarity mechanism as well as internal flexibility on capital circulation within the very strongly capitalised Crédit Agricole Group.

The notification received by the Crédit Agricole S.A. Group in February 2019 confirmed these requirements for the coming year.

5

Restriction thresholds

Maximum distributable amount trigger point[1]



The transposition of Basel regulations into European law (CRD IV) established a restrictive distribution system applicable to dividends, AT1 instruments and variable compensation. The Maximum Distributable Amount (MDA, the maximum sum a bank is allowed to allocate to distributions) principle aims to place limitations on distributions in the event the latter were to result in non-compliance with combined buffer requirements.

The trigger threshold for the MDA is expressed as the CET1 capital requirement, plus any potential amounts of AT1 and Tier 2 capital below the minimum regulatory requirement under Pillar 1.

For Crédit Agricole S.A., as of 31 December 2018, the trigger threshold for the MDA was 7.9% of RWA, *i.e.* CET1 capital in the amount of €24 billion. It should increase to 8.7% as of 1 July 2019 (date on which the French countercyclical buffer enters into force). With a CET1 ratio of 11.5% as of 31 December 2018, Crédit Agricole S.A. has a safety margin 360 bps over the trigger threshold for the MDA, *i.e.* CET1 capital in the amount of €11 billion.

(1) Based on regulatory CET1 capital and risk weighted assets as of 31/12/18. The overall capital buffer requirement factors in the countercyclical buffer, based on the decisions known at the date. The Pillar 2 recommendation (P2G) is not taken into account due to the fact that non-compliance (likely or actual) with this recommendation has no automatic impact on distributions.

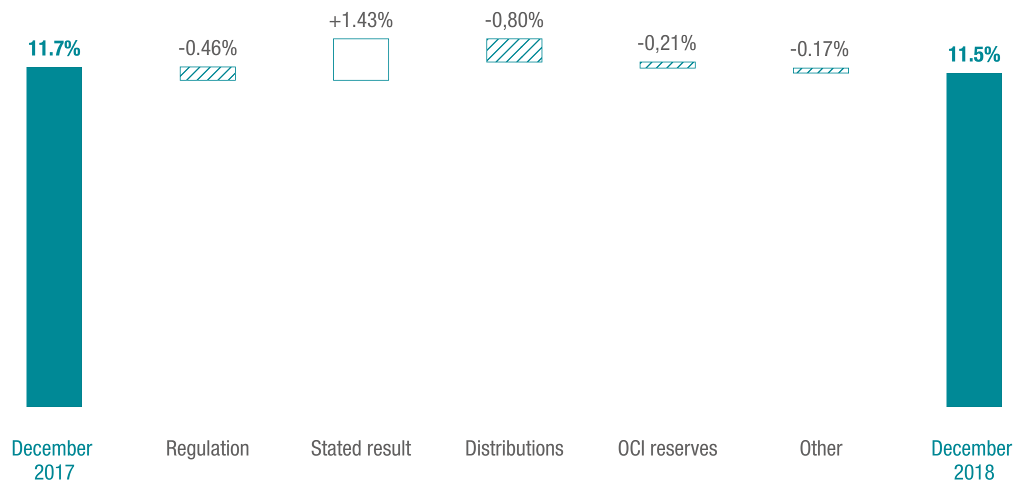
The definitions of the underlined words can be found in the Glossary on page 600.

4.1.5.2. Summary table of the solvency ratios

All the tables and remarks below include the net income for the period.

(in millions of euros)	31/12/2018 Phased-in	31/12/2018 Fully loaded	31/12/2017 Phased-in	31/12/2017 Fully loaded
Common equity tier 1 (CET1)	35,352	35,352	34,769	34,766
Tier 1 capital	42,116	40,353	41,791	39,821
Total capital	54,684	52,725	54,245	51,688
Total risk weighted assets	306,893	306,893	296,388	296,388
CET 1 RATIO	**11.5%**	**11.5%**	**11.7%**	**11.7%**
TIER 1 RATIO	**13.7%**	**13.1%**	**14.1%**	**13.4%**
TOTAL CAPITAL RATIO	**17.8%**	**17.2%**	**18.3%**	**17.4%**

4.1.5.3. Change in CET1 ratio



The CET1 ratio fell by 21 bps over the year, marked by a new regulatory burden concerning both accounting and prudential requirements.

The Regulations item sets out the first application of IFRS 9 (-24 bps), deductions of irrevocable payment commitments with respect to the Single Resolution Fund and the Deposit and Resolution Guarantee Fund (-7 bps), TRIM effects (-3 bps) and the review of the modelling of non-financial operational risks (-12 bps).

The Other item specifically includes the development of business lines (-36 bps), the switch to the IRB approach for the Italian savings banks entities (+2 bps), the capital increase reserved for employees (+4 bps), the prudential recognition of Agos non-controlling interests (+8 bps).

4.1.6. Definition of capital

4.1.6.1. Tier 1 Capital (Tier 1)

This includes Common Equity Tier 1 (CET1) and Additional Tier 1 capital (AT1):

Common Equity Tier 1 (CET1)

This includes:

- share capital;
- reserves, including share premiums, retained earnings, net income after dividend payments and accumulated other comprehensive income, including in particular unrealised capital gains and losses on available-for-sale and collection financial assets and conversion differences;
- non-controlling interests, which are partially derecognised, or even excluded, depending on whether or not the subsidiary is an eligible credit institution; this partial derecognition corresponds to the excess of the amount of capital required to cover the subsidiary's capital requirements; it applies to each tier of capital;
- deductions, which mainly include the following items:
  - CET1 instruments held under the liquidity contract and buyback programmes,
  - intangible assets, including start-up costs and goodwill,
  - prudent valuation (laid down in the regulatory framework: adjustment of the amount of assets and liabilities measured at fair value according to a prudential methodology by deducting any potential value adjustment),
  - deduction from the CET1 of deferred tax assets (DTAs) that rely on future profitability arising from tax loss carryforwards,
  - deduction from the CET1 of negative amounts resulting **from any shortfall of provisions relative to expected losses** ("EL"),
  - deduction from the CET1 of CET1 instruments held in **equity investments less than or equal to 10%** above an exemption threshold of 10% of CET1 capital; items not deducted are included in risk-weighted assets (variable weighting depending on the nature of instruments and the Basel methodology),
  - deduction from the CET1 of **deferred tax assets (DTAs)** that rely on future profitability **arising from temporary differences** above an exemption threshold of 17.65% of CET1 capital; this exemption threshold, applied after application of an initial exemption

The definitions of the underlined words can be found in the Glossary on page 600.

threshold of 10% of CET1, is common to the non-deducted portion of CET1 instruments held in significant financial stakes (over 10%); items not deducted are included in risk-weighted assets (250% weighting),
  - deduction from the CET1 of CET1 instruments held in **equity investments over 10%** (significant investments) above an exemption threshold of 17.65% of CET1 capital; this exemption threshold, applied after application of an initial exemption threshold of 10% of CET1, is common to the non-deducted portion of the deferred tax assets that rely on future profitability arising from temporary differences; items not deducted are included in risk-weighted assets (250% weighting),
  - adjustments requested by the supervisor with regard to Pillar 2 (irrevocable payment commitments relating to the Single Resolution Fund and to the Deposit and Resolution Guarantee Fund).

Since 1 January 2018, the Group has implemented IFRS 9 "Financial instruments". The application of this standard being retrospective, the effects from the new principles in terms of classification and measurement of financial instruments and credit risk impairment have been fully reflected in the Group's capital.

Additional Tier 1 capital (AT1)

Additional Tier 1 capital eligible on a fully loaded basis under Basel 3

This includes:

- additional Tier 1 capital (AT1) eligible under Basel 3, which consists of perpetual debt instruments without any redemption incentive or obligation (in particular step-up features).

  AT1 instruments are subject to a bail-in mechanism triggered when the CET1 ratio is below a threshold that must be set at no lower than 5.125%. Instruments may be converted into equity or suffer a reduction in their nominal value. Payments must be totally flexible: no automatic remuneration mechanisms and/or suspension of coupon payments at the issuer's discretion.

  The Basel 3 eligible AT1 issues have two bail-in mechanisms that are triggered if at least one of these conditions is met:
  - Crédit Agricole S.A. Group's CET1 ratio drops below 5.125%,
  - Crédit Agricole Group's CET1 ratio drops below 7%.

  At 31 December 2018, the ratios of Crédit Agricole S.A. and of Crédit Agricole Group were 11.5% and 15.0% respectively. Thus, they represent capital buffers of €19.6 billion (for Crédit Agricole S.A.'s threshold) and €43.1 billion (for Crédit Agricole Group's threshold) relative to the bail-in thresholds.

  At 31 December 2018, there were no applicable restrictions on the payment of coupons.

  At that same date, the distributable items of Crédit Agricole S.A. totalled €38.7 billion, including €26.3 billion in distributable reserves and €12.4 billion in share premiums;
- directly held AT1 instruments (including market making):
  - deductions of investments in financial-sector entities related to this tier,
  - AT1 capital components or other deductions (including AT1-eligible non-controlling interests).

Additional Tier 1 capital eligible on a transitional phased-in basis

During the transitional phase, the amount of Tier 1 included in the ratios represents:

- additional Tier 1 capital eligible under Basel 3 (AT1); and
- a fraction of the ineligible Tier 1, equal to the lower of:
  - the regulatory amount of ineligible Tier 1 instruments on the closing date (after amortisation, any calls, redemptions, etc.),
  - 40% (threshold for 2018) of the Tier 1 stock at 31 December 2012, which stood at €9,329 million, or a maximum recognisable amount of €3,732 million.

The amount of Tier 1 capital exceeding this regulatory threshold is included in phased-in Tier 2, up to the regulatory threshold applicable to Tier 2.

For clarity, the tables for deeply subordinated securities are presented in Pillar 3, available on the website: https://www.credit-agricole.com/en/finance/finance/financial-publications.

4.1.6.2. Tier 2 Capital (Tier 2)

This includes:

- subordinated debt instruments, which must have a minimum maturity of five years; they must not carry any early repayment incentives; these instruments are subject to a haircut during the five-year period prior to their maturity date;
- grandfathering as presented for the phased-in AT1 debt above;
- directly held Tier 2 instruments (including market making);
- surplus provisions relative to eligible expected losses determined in accordance with the internal ratings-based approach are limited to 0.6% of risk-weighted assets under IRB; in addition, general credit risk adjustments gross of tax effects may be included for up to 1.25% of risk-weighted assets under the standardised approach, before IFRS 9 application;
- deductions of investments in financial-sector entities related to this tier, predominantly in the insurance sector (since most subordinated banking receivables are not eligible);
- Tier 2 capital components or other deductions (including Tier 2-eligible non-controlling interests).

The amount of Tier 2 included in the ratios represents:

- on a fully loaded basis: CRD 4 eligible Tier 2;
- on a phased-in basis: CRD 4 eligible Tier 2, plus the lower of:
  - regulatory ineligible Tier 2 securities at the closing date and, as applicable, the remainder of Tier 1 securities exceeding the 40% threshold (threshold for 2018) of ineligible Tier 1 securities,
  - 40% (threshold for 2018) of the CRD 4 ineligible Tier 2 stock at 31 December 2012; the CRD 4 ineligible Tier 2 stock at 31 December 2012 stood at €4,118 million, or a maximum recognisable amount of €1,647 million.

For clarity, the tables of undated subordinated debt, participating securities and dated subordinated notes at 31 December 2018 are presented in Pillar 3, available on the website: https://www.credit-agricole.com/en/finance/finance/financial-publications.

As mentioned for CET1 capital, the Group has implemented IFRS 9 on financial instruments since 1 January 2018. The application of this standard being retrospective, the effects from the new principles in terms of classification and measurement of financial instruments and credit risk impairment have been fully reflected in the Group's capital.

The definitions of the underlined words can be found in the Glossary on page 600.

4.1.6.3. Transitional implementation

To facilitate compliance by credit institutions with the CRR/CRD 4, less stringent transitional provisions have been provided for, notably with the progressive introduction of new prudential treatment of capital components.

All these transitional provisions ended on 1 January 2018, with the exception of those concerning hybrid debt instruments, which will end on 1 January 2022.

In summary, the following components are fully included in CET1, *i.e.* with no transitional provisions: unrealised gains and losses; non-controlling interests; deductions from the CET1 of deferred tax assets (DTAs) that rely on future profitability arising from tax loss carryforwards; and deduction of the amount by which the double exemption threshold is exceeded, this threshold being common to both the deferred tax assets that rely on future income linked to temporary differences and to the CET1 instruments held in financial entities constituting significant equity investments over 10%.

Consequently, as of 31 December 2018, fully loaded CET1 capital was equal to phased-in CET1 capital.

As the data at 31 December 2017 is provided in the following tables, a reminder of the transitional provisions in place at that time is given in the seven points below. Only point 6 concerning hybrid debt instruments was still applicable as of 31 December 2018:

1. transitional treatment of prudential filters on unrealised gains and losses on available-for-sale and collection assets: prior to 2014, unrealised gains were excluded from CET1; they were integrated on a gradual basis (40% in 2015; 60% in 2016; 80% in 2017 and 100% the following years); conversely, unrealised capital losses have been included from 2014; in addition, unrealised capital gains and losses on sovereign debt securities remain excluded from capital until such time as IFRS 9 is applied by the EU;
2. progressive deduction of the partial derecognition or exclusion of non-controlling interests by tranche rising by 20% *per annum* since 1 January 2014;
3. progressive deduction of deferred tax assets (DTAs) that rely on future profitability arising from tax loss carryforwards by tranche, rising by 20% *per annum* since 1 January 2014; the residual amount (80% in 2014, 60% in 2015, 40% in 2016, 20% in 2017 and 0% the following years) continues to be handled using the CRD 3 method (treatment as risk-weighted assets with a 0% weighting);
4. progressive deduction of deferred tax assets (DTAs) that rely on future profitability arising from temporary differences: the amount that exceeds the double exemption threshold that is partly common to significant equity investments over 10% is deducted by tranche rising by 20% *per annum* with effect from 1 January 2014; the items covered by the exemption thresholds are weighted 250%; the residual amount by which the exemption threshold (80% in 2014, 60% in 2015, 40% in 2016, 20% in 2017 and 0% the following years) is exceeded continues to be handled using the CRD 3 method (treatment as risk-weighted assets with a 0% weighting);
5. progressive deduction of CET1 instruments held in financial entities constituting significant equity investments over 10%: the residual amount by which the double exemption threshold common to the deferred tax assets referred to in the previous point is exceeded, is deducted according to the same conditions as described in the above point; the items covered by the exemption threshold are weighted 250% as above; that residual amount by which the exemption threshold is exceeded (80% in 2014, 60% in 2015, 40% in 2016, 20% in 2017 and 0% the following years) continues to be handled using the CRD 3 method (50% deduction from Tier 1 and 50% from Tier 2);
6. the hybrid debt instruments that were eligible as capital under Basel 2 and which are no longer eligible as capital owing to the entry into force of the new regulation can, under certain conditions, be eligible for the grandfathering clause. Any instruments issued after 31 December 2011 that do not comply with the CRR are excluded from 1 January 2014; the instruments for which the issue date is prior to this date may, subject to certain conditions, benefit from grandfathering clauses. In accordance with this clause, these instruments are gradually excluded over a period of eight years, with a reduction of 10% *per annum.* In 2014, 80% of the total stock declared on 31 December 2012 was recognised, then 70% in 2015, and so on. The unrecognised part can be included in the lower capital category (from AT1 to Tier 2, for example) if it meets the corresponding criteria;
7. net unrealised capital gains on equity instruments included before tax in Tier 2 capital at a rate of 45%.

The definitions of the underlined words can be found in the Glossary on page 600.

4.1.6.4. Simplified regulatory capital at 31 December 2018

The following table shows the regulatory capital at 31 December 2018 (simplified version). To facilitate its reading, the full table of the composition of capital is presented under Pillar 3, available on our website at https://www.credit-agricole.com/en/finance/finance/financial-publications.

	31/12/2018		31/12/2017	
(in millions of euros)	Phased-in	Fully loaded	Phased-in	Fully loaded
Capital and reserves Group share[1]	51,382	51,382	50,596	50,885
(+) Minority interests[1]	3,667	3,667	3,472	3,270
(-) Prudent valuation	(1,156)	(1,156)	(737)	(737)
(-) Deductions of goodwill and other intangible assets	(17,917)	(17,917)	(17,761)	(17,761)
(-) Deferred tax assets that rely on future profitability not arising from temporary differences after deduction of the associated tax liabilities	(203)	(203)	(240)	(299)
(-) Shortfall in adjustments for credit risk relative to expected losses under the internal ratings-based approach	(129)	(129)	(578)	(578)
(-) Amount exceeding the exemption threshold for CET1 instruments of financial stakes in which the institution owns a significant holding and of the deductible deferred tax assets that rely on future profitability arising from temporary differences[2]	-	-	-	-
Other CET1 components	(292)	(292)	17	(14)
COMMON EQUITY TIER 1 (CET1)	**35,352**	**35,352**	**34,769**	**34,766**
Equity instruments eligible as AT1 capital	5,260	5,260	5,098	5,098
Ineligible AT1 equity instruments qualifying under grandfathering clause	1,763	-	2,416	-
Tier 1 or Tier 2 instruments of entities operating mainly in the insurance sector in which the institution has a significant investment deducted from Tier 1 capital	(1)	(1)	(420)	(1)
Transitional adjustments, other deductions and minority interests	(258)	(258)	(72)	(42)
ADDITIONAL TIER 1 CAPITAL	**6,764**	**5,001**	**7,022**	**5,055**
TIER 1 CAPITAL	**42,116**	**40,353**	**41,791**	**39,821**
Equity instruments and subordinated borrowings eligible as Tier 2 capital	14,722	14,722	15,506	15,506
Ineligible equity instruments and subordinated borrowings	196	-	382	-
Surplus provisions relative to expected losses eligible under the internal ratings-based approach and general credit risk adjustments under the standardised approach[3]	374	374	443	443
Tier 2 instruments of entities operating mainly in the insurance sector in which the institution has a significant investment deducted from Tier 2 capital	(2,647)	(2,647)	(3,771)	(3,951)
Transitional adjustments, other deductions and minority interests	(77)	(77)	(106)	(131)
TIER 2 CAPITAL	**12,568**	**12,372**	**12,454**	**11,867**
TOTAL CAPITAL	**54,684**	**52,725**	**54,245**	**51,688**
TOTAL RISK WEIGHTED ASSETS	**306,893**	**306,893**	**296,388**	**296,388**
CET1 RATIO	**11.5%**	**11.5%**	**11.7%**	**11.7%**
TIER 1 RATIO	**13.7%**	**13.1%**	**14.1%**	**13.4%**
TOTAL CAPITAL RATIO	**17.8%**	**17.2%**	**18.3%**	**17.4%**

(1) This line is detailed in the table below "Reconciliation of accounting and regulatory capital".
(2) Financial-sector CET1 instruments in which the institution holds a significant stake account for €3,255 million, and the deferred taxes that rely on future profitability arising from temporary differences amount to €1,119 million on a fully loaded basis as of 31 december 2018.
(3) The transfer to Tier 2 of the surplus provisions relative to eligible expected losses determined in accordance with the internal ratings-based approach is limited to 0.6% of risk-weighted assets under IRB. In addition, it was possible to include the general credit risk adjustments gross of tax effect for up to 1.25% of risk weighted assets under the standardised approach, before IFRS 9 application.

The fully loaded Common Equity Tier 1 (CET1) capital stood at €35.4 billion at 31 December 2018, up €0.6 billion compared with year-end 2017.

The non-recurring events that affected CET1 in 2018 mainly concern the application of IFRS 9 as of 1 January 2018 in the amount of -€0.7 billion: it primarily affected unrealised reserves in the amount of -€0.8 billion, the expected loss on IRB (internal ratings based approach) exposures in the amount of +€0.4 billion, non-controlling interests in the amount of -€0.1 billion and the Group's reserves in the amount of -€0.1 billion.

The retained prudential result amounted to €2.3 billions and, in the other direction, the expense for coupons on Basel 3-eligible AT1 issues was €0.4 billion.

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Details of residual changes are shown under detailed ratios categories:

- capital and reserves on a fully loaded basis rose by €0.5 billion compared with 2017 year-end, to €51.4 billion, mainly due to retained prudential net income amounting to €2.3 billions and to the positive €0.1 billion impact from conversion differences, net of foreign currency impacts from AT1 issues on the reserves. Conversely, the decline in unrealised gains and losses was €1.5 billion (including -€0.8 billion in respect of IFRS 9) and the AT1 coupons had a negative effect on CET1 in the amount of €0.4 billion. Furthermore, a capital increase reserved for employees was carried out for €136 million and a €95 million bonus share allocation was carried out for shareholders that previously enjoyed a loyalty dividend (neutral effect on capital);
- fully loaded non-controlling interests amounted to €3.7 billion, up €0.4 billion, partly due to the inclusion of Agos non-controlling interests;
- the deduction for prudent valuation amounted to €1.2 billion, up €0.4 billion;
- deductions in respect of goodwill and other intangible assets amounted to €17.9 billion, up less than €0.2 billion;
- deferred tax assets (DTA) which are dependent on future profitability related to tax loss carryforwards amounted to €0.2 billion, down €0.1 million compared with 31 December 2017;
- the shortfall in provisions compared with the expected loss from IRB exposures amounted to -€0.1 billion, compared with -€0.6 billion as of 31 December 2017, after taking account of the +€0.4 billion impact from IFRS 9, and now entirely corresponds to the expected loss from equity risk;
- CET1 instruments held in equity investments over 10% were up by €0.3 billion to €3.3 billion, particularly due to the change in fair value of the investment in Banque Saudi Fransi; they are the subject of an exemption threshold and passed under this threshold; deferred tax assets (DTA) that rely on future profitability arising from temporary differences amounted to €1.1 billion, up €0.4 billion on 31 December 2017; these two elements are subject to the calculation of an exemption threshold and are treated as risk-weighted assets and weighted at 250%; overall, the corresponding deduction in capital is zero at 31 December 2018 (as was the case at 31 December 2017);
- the deductions applicable to CET1 capital amounted to €0.3 billion, up by €0.3 billion from end-2017, as a result of Crédit Agricole S.A.'s irrevocable commitments with respect to the Single Resolution Fund and the Deposit and Resolution Guarantee Fund.

The phased-in Common Equity Tier 1 (CET1) capital stood at €35.4 billion, *i.e.* an identical amount to the fully loaded capital.

Fully loaded Tier 1 capital came in at €40.4 billion, up by €0.5 billion from 31 December 2017. In addition to the increase in Tier 1 capital, this change is attributable to:

- the hybrid securities included in Tier 1 capital eligible under Basel 3, which amounted to €5.3 billion, up €0.2 billion due to a favourable foreign currency impact;
- the deductions mainly include the redemption ceiling for AT1 instruments of €0.1 billion, and the Tier 1 impact of non-controlling interests of instruments issued by subsidiaries of -€0.2 billion.

Phased-in Tier 1 capital amounted to €42.1 billion and was up €0.3 billion compared with 31 December 2017, with additional Tier 1 capital down €0.3 billion. This change comprises the fully loaded changes detailed above and the phased-in changes. Fully loaded and phased-in amounts are identical, except for non-eligible debt:

- securities benefiting from a grandfathering clause were down €0.7 billion, due to a redemption of the same amount; the total amount of these securities therefore remained below the total amount of "grandfathered" securities thus remained below the level authorised by the grandfathering provision, which makes it possible to include, in addition to the CRR/CRD 4-eligible instruments, an amount of debt equivalent to a maximum of 40% of the base at 31 December 2012;

Fully loaded Tier 2 capital amounted to €12.4 billion, up €0.5 billion from 31 December 2017. This change was attributable to:

- hybrid securities included in Tier 2 capital eligible under Basel 3 amounted to €14.7 billion, down €0.8 billion from 31 December 2017; the amount of the €1.7 billion issue carried out during the period was offset by calls in the amount of €1.8 billion and the effect of regulatory discounts;
- surplus provisions relative to expected losses under the internal ratings-based approach and adjustments for the gross general credit risk of tax effects under the standardised approach were down by €0.1 billion;
- subordinated loans and receivables from credit institutions and insurance companies, all representative of Tier 2 instruments, were deducted in full from Tier 2 in the amount of €2.6 billion on a fully loaded basis, compared with €4.0 billion at 31 December 2017, as a result of redemptions performed by Crédit Agricole Assurances;
- transitional adjustments and other deductions include a deduction from the redemption ceiling for Tier 2 positive instruments of more than €0.2 billion, and in the other direction, the Tier 2 positive impact of non-controlling interests of instruments issued by subsidiaries of loss than €0.2 billion.

Phased-in Tier 2 capital was €12.6 billion, up €0.1 billion from 31 December 2017. This change comprises the fully loaded changes above and the phased-in changes. Fully loaded and phased-in amounts are identical, except for non-eligible debt:

- €0.2 billion non-eligible instruments was down €0.2 billion from 31 December 2017.

In all, fully loaded total capital at 31 December 2018 stood at €52.7 billion, or €1.0 billion greater than at 31 December 2017.

At €54.7 billion, **phased-in total capital** was €0.4 billion greater than at 31 December 2017. This regulatory capital does not take into account the non-preferred senior debt issues, which are discussed in the item "Resolution Ratios" below.

The definitions of the underlined words can be found in the Glossary on page 600.

4.1.6.5. Change in regulatory capital

(in millions of euros)	Phased-in flows 31/12/2018 vs. 31/12/2017
Common Equity Tier 1 capital at 31/12/2017	**34,769**
IFRS 9 first time application	(677)
Capital increase	229
Accounting attributable net income/loss for the year before dividend	3,957
Expected dividend	(1,975)
Unrealised gains and losses on the portfolio held for collection and sale purposes	(447)
Foreign currency impact	145
Minority interests	334
Goodwill and other intagible assets	(156)
Shortfall in adjustments for credit risk relative to expected losses under the internal ratings-based approach deducted from the CET1	29
Amount exceeding the exemption thresholds	-
Other CET1 components	(856)
COMMON EQUITY TIER 1 CAPITAL AT 31/12/2018	**35,352**
Additional Tier 1 capital at 31/12/2017	**7,022**
Issues	-
Redemptions and foreign currency impact on the debt stock(1)	(491)
Regulatory adjustments	233
Additional Tier 1 capital at 31/12/2018	**6,764**
TIER 1 CAPITAL AT 31/12/2018	**42,116**
Tier 2 capital at 31/12/2017	**12,454**
IFRS 9 first time application	31
Issues	1,726
Redemptions and foreign currency impact on the debt stock(1)(2)	(2,696)
Regulatory adjustments	1,053
Tier 2 capital at 31/12/2018	**12,568**
TOTAL CAPITAL AT 31/12/2018	**54,684**

(1) Including the potential applicable cap to these instruments.
(2) Tier 2 instruments are subject to a haircut during the 5 years prior to their maturity date.

The definitions of the underlined words can be found in the Glossary on page 600.

4.1.6.6. Reconciliation of accounting and regulatory capital

	31/12/2018		31/12/2017	
(in millions of euros)	Phased-in	Fully loaded	Phased-in	Fully loaded
EQUITY, GROUP SHARE (CARRYING AMOUNT)[1]	**58,811**	**58,811**	**58,056**	**58,056**
Expected dividend	(1,975)	(1,975)	(1,802)	(1,802)
Filtered unrealised gains/(losses) on change in own credit risk on structured products	113	113	370	370
Filtered unrealised gains/(losses) on change in own credit risk on derivatives	(35)	(35)	(11)	(14)
Filtered unrealised gains/(losses) on cash flow hedges	(314)	(314)	(426)	(426)
Transitional regime applicable to unrealised gains/(losses)	-	-	(294)	-
AT1 instruments included in equity (carrying amount)	(5,011)	(5,011)	(5,000)	(5,000)
Other regulatory adjustments	(207)	(207)	(297)	(299)
Capital and reserves Group share[2]	**51,382**	**51,382**	**50,596**	**50,885**
Minority interests (carrying amount)[1]	6,705	6,705	6,650	6,650
(-) items not recognised under regulatory framework[3]	(3,038)	(3,038)	(3,178)	(3,380)
Minority interests[2]	3,667	3,667	3,472	3,270
(-) Prudent valuation	(1,156)	(1,156)	(737)	(737)
Deductions of goodwill and other intangible assets	(17,917)	(17,917)	(17,761)	(17,761)
Deferred tax assets that rely on future profitability not arising from temporary differences	(203)	(203)	(240)	(299)
Shortfall in adjustments for credit risk relative to expected losses under the internal ratings-based approach deducted from the CET1	(129)	(129)	(578)	(578)
Amount exceeding the exemption threshold for CET1 instruments of financial stakes in which the institution owns a significant holding and of the deductible deferred tax assets that rely on future profitability arising from temporary differences	-	-	-	-
Other CET1 components	(292)	(292)	17	(14)
TOTAL CET1	**35,352**	**35,352**	**34,769**	**34,766**
AT1 equity instruments	7,023	5,260	7,514	5,098
Tier 1 or Tier 2 instruments of financial-sector entities in which the institution holds a significant investment deducted fromTier 1 capital	(1)	(1)	(420)	(1)
Transitional adjustments, other deductions and minority interests	(258)	(258)	(42)	(42)
Other components of Tier 1 capital	-	-	(30)	-
Total Additional Tier 1	**6,764**	**5,001**	**7,022**	**5,055**
TOTAL TIER 1	**42,116**	**40,353**	**41,791**	**39,821**
Tier 2 equity instruments	14,918	14,722	15,888	15,506
Surplus provisions relative to expected losses eligible under the internal ratings-based approach	374	374	-	-
General credit risk adjustments under the standardised approach	-	-	443	443
Tier 2 instruments of entities operating mainly in the insurance sector in which the institution has a significant investment deducted from Tier 2 capital	(2,647)	(2,647)	(3,771)	(3,951)
Transitional adjustments, other deductions and minority interests	(77)	(77)	(106)	(131)
TOTAL TIER 2	**12,568**	**12,372**	**12,454**	**11,867**
TOTAL CAPITAL	**54,684**	**52,725**	**54,245**	**51,688**

(1) Information covered by the Statuary Auditors' Opinion.
(2) This item can be found in the hereabove table of simplified prudential equity capital.
(3) Of which hybrid securities issued by Crédit Agricole Assurances.

The definitions of the underlined words can be found in the Glossary on page 600.

4.1.7. Other ratios

4.1.7.1. Financial conglomerate ratio

As at 31 December 2018, Crédit Agricole S.A.'s financial conglomerate ratio, which now includes the Solvency 2 requirement relating to the equity interest in Crédit Agricole Assurances, is 179% on a phased-in basis, a level well above the minimum 100% requirement.

The conglomerate ratio is defined as the ratio of the phased-in total capital of the financial conglomerate to the cumulative total of the bank's capital requirements and insurance company's capital requirements:

- it includes all banking and insurance requirements, restating the share of intragroup transactions related to equity investments from both the numerator and the denominator;
- the insurance subsidiary's capital raised outside of the scope of consolidation is included in the conglomerate's capital.

$$\textbf{Financial conglomerate ratio} = \frac{\text{Total capital of the conglomerate}}{\text{Banking requirements} + \text{Insurance requirements}} > 100\%$$

The "conglomerate" view is the most relevant for a *bancassurance* group. The conglomerate combines banks and insurance companies, which corresponds to the natural scope of the Group. Moreover, the conglomerate ratio reflects the actual risks borne by each of the two activities. Therefore, the conglomerate ratio view is economic, whereas the bank solvency ratio treats insurance as an equity investment.

4.1.7.2. Leverage ratio

Article 429 of the CRR specifying the methods for calculating the leverage ratio was amended and replaced by Delegated Regulation (EU) 2015/62 of 10 October 2014. The Delegated Regulation was published in the Official Journal of the European Union on 18 January 2015.

Publication of the ratio at least once a year is mandatory since 1 January 2015; institutions can choose to publish a fully loaded ratio, a phased-in ratio or both ratios.

If the institution decides to change its publication choice, at the time of first publication it must reconcile the data for all of the ratios previously published with the data for the new ratios selected for publication.

An observation period has been introduced for the leverage ratio running from 1 January 2014 to 1 January 2017 to monitor the components and the behaviour of the ratio relative to the requirements based on risks.

At this stage, the implementation of Pillar 1 (minimum regulatory requirement), initially planned for 1 January 2018, has been delayed, and will take place as part of the CRR2 transposition.

A requirement for a two-level leverage ratio is provided for in CRR 2: it will be 3% for non G-SIBs and 3% plus half of the entity's systemic buffer for G-SIBs.

The leverage ratio is defined as the Tier 1 capital divided by the exposure measure, *i.e.* balance sheet and off-balance-sheet assets after certain restatements of derivatives, transactions between Group affiliates, securities financing transactions, items deducted from the numerator, and off-balance-sheet items.

At 31 December 2018, Crédit Agricole S.A.'s leverage ratio stood at 4.0%(1) on a phased-in Tier 1 basis: the ratio is down compared to 4.4% at end 2017 (including the non-weighting of intragroup operations). This decrease is mainly due to the organic growth, while the Total capital is stable following the entry in force of IFRS 9. The intra-quarter phased-in leverage ratio for Crédit Agricole S.A., which refers to the average end-of-month exposures for the first two months of the fourth quarter, amounted to 3.7%.

(1) The leverage ratio amounts to 4.2% subject to the issue by the ECB of an authorisation to exempt exposures linked to the centralisation of deposits with the *Caisse des dépôts et consignations* to take account of Judgement T-758/16 of the General Court of the European Union of 13 July 2018.

Leverage ratio – Common disclosure (LRCom)

(in millions of euros)		CRR leverage ratio exposures
On-balance sheet exposures (excluding derivatives and SFTs)		
1	On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	1,042,111
2	(Asset amounts deducted in determining Tier 1 capital)	(20,371)
3	**TOTAL ON-BALANCE SHEET EXPOSURES (EXCLUDING DERIVATIVES, SFTS AND FIDUCIARY ASSETS) (SUM OF LINES 1 AND 2)**	**1,021,740**
Derivative exposures		
4	Replacement cost associated with all derivatives transactions (ie net of eligible cash variation margin)	15,126
5	Add-on amounts for PFE associated with all derivatives transactions (mark-to-market method)	28,580
EU-5a	Exposure determined under Original Exposure Method	-
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	6,133
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	(18,284)
8	(Exempted CCP leg of client-cleared trade exposures)	(984)
9	Adjusted effective notional amount of written credit derivatives	12,699
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	(8,920)
11	**TOTAL DERIVATIVE EXPOSURES (SUM OF LINES 4 TO 10)**	**34,350**
SFT exposures		
12	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	203,382
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	(52,215)
14	Counterparty credit risk exposure for SFT assets	7,706
EU-14a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Article 429b (4) and 222 of Regulation (EU) No 575/2013	-
15	Agent transaction exposures	-
EU-15a	(Exempted CCP leg of client-cleared SFT exposure)	-
16	**TOTAL SECURITIES FINANCING TRANSACTION EXPOSURES (SUM OF LINES 12 TO 15A)**	**158,872**
Other off-balance sheet exposures		
17	Off-balance sheet exposures at gross notional amount	273,603
18	(Adjustments for conversion to credit equivalent amounts)	(126,560)
19	**OTHER OFF-BALANCE SHEET EXPOSURES (SUM OF LINES 17 TO 18)**	**147,043**
Exempted exposures in accordance with Article 429(7) and (14) of Regulation (EU) No 575/2013 (on and off balance sheet)		
EU-19a	(Intragroup exposures (solo basis) exempted in accordance with Article 429(7) of Regulation (EU) No 575/2013 (on and off balance sheet))	(316,921)
EU-19b	(Exposures exempted in accordance with Article 429 (14) of Regulation (EU) No 575/2013 (on and off balance sheet))	-
Capital and total exposures		**-**
20	**TIER 1 CAPITAL**	**42,116**
21	**TOTAL LEVERAGE RATIO TOTAL EXPOSURE MEASURE (SUM OF LINES 3, 11, 16, 19, EU-19A AND EU-19B)**	**1,045,086**
Leverage ratio		**-**
22	**LEVERAGE RATIO**	**4.03%**
Choice on transitional arrangements and amount of derecognised fiduciary items		
EU-23	Choice on transitional arrangements for the definition of the capital measure	Transitional
EU-24	Amount of derecognised fiduciary items in accordance with Article 429(11) of Regulation (EU) NO 575/2013	-

The definitions of the underlined words can be found in the Glossary on page 600.

Summary reconciliation of accounting assets and leverage ratio exposures (LRSum)

(in millions of euros)		Applicable amount
1	Total assets as per published financial statements	1,624,394
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	(342,921)
3	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the leverage ratio total exposure measure in accordance with Article 429(13) of Regulation (EU) No 575/2013)	-
4	Adjustments for derivative financial instruments	(74,849)
5	Adjustments for securities financing transactions (SFTs)	28,710
6	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	147,043
EU-6a	(Adjustment for intragroup exposures excluded from the leverage ratio total exposure measure in accordance with Article 429 (7) of Regulation (EU) No 575/2013)	(316,921)
EU-6b	(Adjustment for exposures excluded from the leverage ratio total exposure measure in accordance with Article 429 (14) of Regulation (EU) No 575/2013)	-
7	Other adjustments	(20,371)
8	**LEVERAGE RATIO TOTAL EXPOSURE MEASURE**	**1,045,086**

Breakdown of balance sheet exposures (excluding derivatives, SFTS and exempted exposures) (LRSpl)

(in millions of euros)		CRR leverage ratio exposures
EU-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	730,506
EU-2	Trading book exposures	7,910
EU-3	Banking book exposures, of which:	722,596
EU-4	Covered bonds	3,850
EU-5	Exposures treated as sovereigns	206,005
EU-6	Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	3,160
EU-7	Institutions	46,521
EU-8	Secured by mortgages of immovable properties	6,898
EU-9	Retail exposures	180,390
EU-10	Corporate	190,451
EU-11	Exposures in default	10,896
EU-12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	74,425

The qualitative elements (LRQua) required by Implementing Regulation (EU) 2016/200 of 15 February 2016 are as follows:

Description of the procedures used to manage the risk of excessive leverage

The leverage ratio is not sensitive to risk factors and, on this basis, it is considered to be a measurement that supplements the solvency (solvency ratio/resolution ratio) and liquidity risk management system already limiting the size of the balance sheet. Within the framework of monitoring excessive leverage, controls at Group level set limits on the size of the balance sheet for some businesses that use few risk-weighted assets.

Description of factors which had an impact on the leverage ratio during the period to which the leverage ratio reported by the institution relates

The leverage ratio was down for the year, attributable to activity growth, while capital remained stable over the period, mainly due to IFRS 9 application.

4.1.7.3. Resolution ratios

MREL ratio

The MREL (Minimum Requirement for Own Funds and Eligible Liabilities) ratio, is defined in the European "Bank Recovery and Resolution Directive" (BRRD), published on 12 June 2014 and effective since 1 January 2015 (except for provisions on bail-in and MREL, which are applicable since 1 January 2016).

More generally, the BRRD establishes a framework for the resolution of banks throughout the European Union and with the aim of equipping resolution authorities with shared instruments and powers to pre-emptively tackle banking crises, preserve financial stability and reduce taxpayers' exposure to losses.

The MREL ratio corresponds to the minimum requirement of own funds and eligible liabilities that must be available to absorb losses in the event of resolution. This minimum requirement is calculated as being the amount of own funds and eligible liabilities expressed as a percentage of the institution's total liabilities and capital, after certain regulatory adjustments. In this calculation, total liabilities takes into account the full recognition of netting rights applicable to derivatives. Regulatory capital, subordinated notes with a residual maturity of more than one year (including prudentially ineligible instruments and the amortised portion of Tier 2), non-preferred senior debts with a residual maturity of more than one year and certain preferred senior debts with residual maturities of more than one year qualify for inclusion in the MREL ratio numerator. MREL eligible preferred senior debt is subject to the appreciation of the Single Resolution Board (SRB).

The MREL ratio calibrates an eligible liabilities requirement but does not specify which debt would be called upon to absorb losses in the event of resolution.

In the first half of 2018, the Crédit Agricole Group was notified by the Single Resolution Board (SRB) regarding its first MREL requirement at the tax consolidation level, which was already applicable and has been met by the Group since then. This requirement could potentially change when the ratio for the year is set by the SRB and in connection with the changes in the European regulatory framework. The MREL Policy 2018 published by the SRB in January 2019 does not apply as at 31 December 2018; it describes the general framework that will apply to the requirements that the SRB will subsequently set in 2019.

As at 31 December 2018, the Crédit Agricole Group had an estimated MREL ratio of approximately 12.4% of its prudential balance sheet after netting of derivatives and 8.4% excluding potentially eligible preferred senior debt. The Crédit Agricole Group aims to keep this ratio above 8% excluding potentially eligible preferred senior debt. This level would enable recourse to the Single Resolution Fund (subject to the decision of the resolution authority) before applying the bail-in to preferred senior debt, creating an additional layer of protection for investors in preferred senior debt.

Expressed as a percentage of RWA, the MREL ratio estimated by the Crédit Agricole Group would reach around 32% and 21.4% excluding potentially eligible senior debt.

TLAC ratio

The ratio, whose modalities were indicated in a Term Sheet published on 9 November 2015, was established by the Financial Stability Board (FSB) at the request of the G20. The FSB defined the calculation of a ratio aimed at estimating the adequacy of the bail-in and recapitalisation capacities of global systemically important banks (G-SIB). This new Total Loss Absorbing Capacity (TLAC) ratio, for which the entry into force was defined by the FSB on 1 January 2019, will provide resolution authorities with the means to assess whether G-SIBs have sufficient loss absorbing and recapitalisation capacity before and during resolution. As a result, the resolution authorities will be able to implement an ordered resolution strategy that minimises impacts on financial stability, ensures the continuity of the G-SIBs' critical economic functions and limits the use of taxpayers' money.

According to the provisions of the TLAC Term Sheet used by the European Commission in its legislative proposal for an amendment to the CRR Regulation of 23 November 2016 and currently at the end of a three-party discussion between the European Commission ("CRR 2"), the Parliament and the Committee, the minimum TLAC ratio corresponds to twice the amount of minimum regulatory requirements, *i.e.*: a maximum of between 6% of the leverage ratio denominator, or 16% of weighted risks and regulatory buffers applicable as of 2019, and then a maximum of between 6.75% of the leverage ratio denominator, or 18% of weighted risks and regulatory buffers as from 1 January 2022.

This ratio will apply to global systemically important financial institutions, and therefore to Crédit Agricole Group.

The elements that could absorb losses are made up of equity, subordinated notes and eligible debts to which the Resolution Authority can apply the bail-in.

Once this regulation is enacted into European law, the Crédit Agricole Group will be expected to adhere to a TLAC ratio greater than 19.7% of RWA (including a capital conservation buffer of 2.5%, an estimated countercyclical buffer of 0.2% based on the decisions known to date and a G-SIB buffer of 1%) from 1 July 2019 and then 21.5% excluding the countercyclical buffer with effect from 1 January 2022. Crédit Agricole Group aims to comply with these TLAC requirements excluding eligible preferred senior debt, subject to changes in methods of calculating risk-weighted assets.

As at 31 December 2018, the TLAC to risk-weighted assets ratio is estimated at 21.4% for Crédit Agricole Group, excluding eligible preferred senior debt.

4.2. ECONOMIC CAPITAL MANAGEMENT

4.2.1. Overall system

In order to assess and permanently maintain adequate capital to cover the risks to which it is (or may be) exposed, the Group supplements the measurement of regulatory capital requirements (Pillar 1) with measurement of economic capital requirement based on the risk identification process and on a valuation using an internal approach (Pillar 2).

The assessment of economic capital requirement is one of the ICAAP (Internal Capital Adequacy Assessment Process) components, which also covers:

- the stress test programme – in order to introduce a forward-looking view for the impact less favourable scenarios would have on the risk level and the Group's solvency; and
- capital requirement management within the Group through capital planning, capital allocation, and profitability management.

Each sub-group is responsible for ICAAP implementation and updating.

Economic capital management is developed in accordance with the interpretation of the main regulatory texts:

- the Basel agreement;
- CRD 4 through its transposition into French regulations by the Decree of 3 November 2014;
- the guidelines of the European Banking Authority; and
- the prudential expectations of the ICAAP and ILAAP and the harmonised collection of information on the subject.

The Group has implemented an economic capital requirement measuring system covering Crédit Agricole Group, Crédit Agricole S.A. Group and the Group's main French and foreign entities.

4.2.2. Available internal capital

The Group has also defined the available internal capital (an internal view of capital), which is compared to the economic capital requirement.

Internal capital is defined as part of a conglomerate approach – considering the importance of the Group's insurance businesses, and is based on consideration of the TLAC constraints and of the going concern principle.

4.2.3. Economic capital requirement

The economic capital requirement quantifies capital requirements for each of the major risks identified in the annual risk identification process.

The major risk identification process initially aims to list as exhaustively as possible all the risks that are likely to impact the Group's balance sheet, income statement, solvency ratios, or the reputation of an entity or the Group and to apply a Group-wide, standard approach to placing them in categories and sub-categories. Secondly, it aims to assess the importance of these risks in a systematic and exhaustive manner so that major risks can be identified.

The definitions of the underlined words can be found in the Glossary on page 600.

The risk identification process brings together several sources: an internal analysis on the basis of information gathered from the Risk department and the other Control functions; additional information from external data. It is formalised by each entity and for the Group, coordinated by the risk sector and approved by the Board of Directors.

For each of the major risks identified, economic capital requirement is quantified as follows:

- the risk measurements already taken through Pillar 1 are reviewed and, where necessary, completed by the economic capital adjustments;
- the risks absent from Pillar 1 are subject to a specific calculation of economic capital requirement, based on the internal approaches;
- generally, the economic capital requirement measurements are performed for a one-year period and with a quantile (probability of default occurring) for which the level is set on the basis of the Group's appetite in terms of external rating;
- finally, the economic capital requirement measurement takes into account, on a prudent basis, the impacts of diversification resulting from the broad spread of business activities within the same Group, including between banking and insurance.

The coherence of all methodologies for measuring economic capital requirement is ensured by a specific governance within the Group.

The measurement of the economic capital requirement is supplemented by a projection over the current year, consistent with capital planning forecasts at that date, so that the effects of the main prudential reforms that can be anticipated are incorporated.

At 31 December 2018, all the major risks identified during the risk identification process were taken into account for assessing economic capital requirement. The Group notably measures: interest rate risk on the banking portfolio, issuer risk, business and strategic risk, credit risk, and liquidity price risk.

The Group ensures that the full economic capital requirement is covered by internal capital. At Crédit Agricole Group level, the internal capital covered nearly 150% of the economic capital requirement at 31 December 2018.

Crédit Agricole S.A. Group entities subject to the requirement to measure the economic capital requirement within their scope are responsible for doing so in accordance with standards and methodologies defined by the Group. In particular, they must ensure that the economic capital requirement measurement system is appropriately organised and governed. The economic capital requirement determined by the entities is reported in detail to Crédit Agricole S.A.

In addition to the quantitative aspect, the Group's approach relies on a qualitative component that supplements the calculation of economic capital requirement with indicators of the business lines' exposure to risk and their permanent controls. The qualitative component meets three objectives:

- evaluation of the risk management system and the control of entities within the scope of deployment along different axes, this assessment is a component of the risk identification system;
- if required, identification and formalising of points for improvement of the risk management and permanent control system, in the form of an action plan formalised by the entity;
- identification of any elements that are not adequately captured in quantitative ICAAP measures.

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4.3. APPENDIX TO THE REGULATORY CAPITAL

Description of differences between the scopes of consolidation (LI3: entity by entity)[1]

		Method of regulatory consolidation			
Name of the entity	Method of accounting	Full consolidation	Description of the entity Proportional consolidation	Equity method	Description of the entity
Crédit Agricole Immobilier	Equity method		✓		Specialised, scientific and technology activities
Crédit Agricole Immobilier Promotion	Equity method		✓		Construction activities
Crédit Agricole Immobilier Services	Equity method		✓		Real-estate activities
SO.GI.CO	Equity method		✓		Real-estate activities
SCI D2 CAM	Equity method		✓		Real-estate activities
Uni-medias	Full consolidation			✓	Information and communication
Crédit Agricole Assurances (CAA)	Full consolidation			✓	Financial and insurance activities - Insurance
Crédit Agricole Life Insurance Company Japan Ltd.	Full consolidation			✓	Financial and insurance activities - Insurance
CA ASSICURAZIONI	Full consolidation			✓	Financial and insurance activities - Insurance
Crédit Agricole Créditor Insurance (CACI)	Full consolidation			✓	Financial and insurance activities - auxilliary activities of financial and insurance services
Spirica	Full consolidation			✓	Financial and insurance activities - Insurance
Crédit Agricole Assurances Solutions	Full consolidation			✓	Financial and insurance activities - activities of financial services, excluding insurance and pension funds
PREDICA	Full consolidation			✓	Financial and insurance activities - Insurance
Médicale de France	Full consolidation			✓	Financial and insurance activities - Insurance
PACIFICA	Full consolidation			✓	Financial and insurance activities - Insurance
Via Vita	Full consolidation			✓	Other activities of services
IRIS HOLDING FRANCE	Full consolidation			✓	Real-estate activities
Crédit Agricole Life Insurance Europe	Full consolidation			✓	Financial and insurance activities - Insurance
GNB SEGUROS (Anciennement BES SEGUROS)	Full consolidation			✓	Financial and insurance activities - Insurance
Crédit Agricole Life	Full consolidation			✓	Financial and insurance activities - Insurance
Crédit Agricole Vita S.p.A.	Full consolidation			✓	Financial and insurance activities - Insurance
ASSUR&ME	Full consolidation			✓	Financial and insurance activities - auxilliary activities of financial and insurance services
UBAF	Equity method		✓		Financial and insurance activities - activities of financial services, excluding insurance and pension funds
CAIRS Assurance S.A.	Full consolidation			✓	Financial and insurance activities - Insurance
Atlantic Asset Securitization LLC	Full consolidation			✓	Financial and insurance activities - activities of financial services, excluding insurance and pension funds
LMA SA	Full consolidation			✓	Financial and insurance activities - activities of financial services, excluding insurance and pension funds
Héphaïstos EUR FCC	Full consolidation			✓	Financial and insurance activities - activities of financial services, excluding insurance and pension funds
Héphaïstos GBP FCT	Full consolidation			✓	Financial and insurance activities - activities of financial services, excluding insurance and pension funds
Héphaïstos USD FCT	Full consolidation			✓	Financial and insurance activities - activities of financial services, excluding insurance and pension funds
Héphaïstos Multidevises FCT	Full consolidation			✓	Financial and insurance activities - activities of financial services, excluding insurance and pension funds
Eucalyptus FCT	Full consolidation			✓	Financial and insurance activities - activities of financial services, excluding insurance and pension funds
Pacific USD FCT	Full consolidation			✓	Financial and insurance activities - activities of financial services, excluding insurance and pension funds

(1) The scope of consolidation is described in full in Note 11 to the consolidated financial statements.

The definitions of the underlined words can be found in the Glossary on page 600.

		Method of regulatory consolidation			
Name of the entity	**Method of accounting**	**Full consolidation**	**Description of the entity Proportional consolidation**	**Equity method**	**Description of the entity**
Shark FCC	Full consolidation			✓	Financial and insurance activities - activities of financial services, excluding insurance and pension funds
Vulcain EUR FCT	Full consolidation			✓	Financial and insurance activities - activities of financial services, excluding insurance and pension funds
Vulcain Multi-Devises FCT	Full consolidation			✓	Financial and insurance activities - activities of financial services, excluding insurance and pension funds
Vulcain USD FCT	Full consolidation			✓	Financial and insurance activities - activities of financial services, excluding insurance and pension funds
Pacific EUR FCC	Full consolidation			✓	Financial and insurance activities - activities of financial services, excluding insurance and pension funds
Pacific IT FCT	Full consolidation			✓	Financial and insurance activities - activities of financial services, excluding insurance and pension funds
Triple P FCC	Full consolidation			✓	Financial and insurance activities - activities of financial services, excluding insurance and pension funds
ESNI (compartiment Cédit Agricole CIB)	Full consolidation			✓	Financial and insurance activities - auxilliary activities of financial and insurance services
Elipso Finance S.r.l	Equity method		✓		Financial and insurance activities - activities of financial services, excluding insurance and pension funds
La Fayette Asset Securitization LLC	Full consolidation			✓	Financial and insurance activities - activities of financial services, excluding insurance and pension funds
TSUBAKI ON (FCT)	Full consolidation			✓	Financial and insurance activities - activities of financial services, excluding insurance and pension funds
TSUBAKI OFF (FCT)	Full consolidation			✓	Financial and insurance activities - activities of financial services, excluding insurance and pension funds
La Route Avance	Full consolidation			✓	Financial and insurance activities - activities of financial services, excluding insurance and pension funds
ARES Reinsurance Ltd.	Full consolidation			✓	Financial and insurance activities - auxilliary activities of financial and insurance services
MENAFINANCE	Equity method		✓		Financial and insurance activities - activities of financial services, excluding insurance and pension funds
FCA Bank S.P.A	Equity method		✓		Financial and insurance activities - activities of financial services, excluding insurance and pension funds
FINAREF RISQUES DIVERS	Full consolidation			✓	Financial and insurance activities - Insurance
FINAREF VIE	Full consolidation			✓	Financial and insurance activities - Insurance
CACI Reinsurance Ltd.	Full consolidation			✓	Financial and insurance activities - auxilliary activities of financial and insurance services
SPACE HOLDING (IRELAND) LIMITED	Full consolidation			✓	Financial and insurance activities - activities of financial services, excluding insurance and pension funds
SPACE LUX	Full consolidation			✓	Financial and insurance activities - activities of financial services, excluding insurance and pension funds
CACI LIFE LIMITED	Full consolidation			✓	Financial and insurance activities - activities of financial services, excluding insurance and pension funds
CACI NON LIFE LIMITED	Full consolidation			✓	Financial and insurance activities - activities of financial services, excluding insurance and pension funds

4.4. COMPOSITION AND CHANGES IN RISK-WEIGHTED ASSETS

4.4.1. Summary of risk-weighted assets

4.4.1.1. Risk-weighted assets by type of risks (OV1)

The risk-weighted assets in respect of credit risk, market risk and operational risk were €306.9 billion at 31 December 2018, compared with €296.4 billion at 31 December 2017.

		RWA		Minimum capital requirements
	(in millions of euros)	31/12/2018	31/12/2017	31/12/2018
1	**Credit risk (excluding CCR)**	**233,109**	**228,466**	**18,649**
2	Of which the standardised approach	94,698	94,788	7,576
3	Of which the foundation IRB (FIRB) approach	24,127	22,050	1,930
4	Of which the advanced IRB (AIRB) approach	93,447	87,765	7,476
5	Of which equity IRB under the simple risk-weighted approach or the IMA	20,837	23,862	1,667
6	**CCR**	**17,913**	**16,074**	**1,433**
7	Of which mark to market	5,709	4,905	457
8	Of which original exposure	-	-	-
9	Of which the standardised approach	-	-	-
10	Of which internal model method (IMM)	8,310	7,996	665
11	Of which risk exposure amount for contributions to the default fund of a CCP	291	316	23
12	Of which CVA	3,603	2,857	288
13	**Settlement risk**	**7**	**1**	**1**
14	**Securitisation exposures in the banking book (after the cap)**	**6,499**	**6,258**	**520**
15	Of which IRB approach	857	1,551	69
16	Of which IRB supervisory formula approach (SFA)	1,241	634	99
17	Of which internal assessment approach (IAA)	2,856	2,684	228
18	Of which standardised approach	1,545	1,388	124
19	**Market risk**	**10,589**	**10,523**	**847**
20	Of which the standardised approach	4,167	4,793	333
21	Of which IMA	6,421	5,730	514
22	**Large exposures**	**-**	**-**	**-**
23	**Operational risk**	**31,400**	**27,965**	**2,512**
24	Of which basic indicator approach	-	-	-
25	Of which standardised approach	8,954	7,847	716
26	Of which advanced measurement approach	22,446	20,119	1,796
27	**Amounts below the thresholds for deduction (subject to 250% risk weight)**	**7,377**	**7,101**	**590**
28	**Floor adjustment Basel 1**	**-**	**-**	**-**
29	**TOTAL**	**306,893**	**296,388**	**24,551**

The definitions of the underlined words can be found in the Glossary on page 600.

4.4.1.2. Operating segment information

31/12/2018 *(in millions of euros)*	Credit risk					Credit valuation adjustment risk	Operational risk	Market risk	Total risk-weighted assets
	Stan-tardised approach	Weighting approach IRB	IRB Approach[1]	Contributions to a CCP default fund	Total credit risk				
French retail banking	7,785	2,167	36,741	-	**46,693**	16	2,881	3	**49,593**
International retail banking	30,706	815	4,018	11	**35,550**	14	3,809	324	**39,697**
Asset gathering	5,637	11,177	910	-	**17,724**	437	5,662	57	**23,880**
Specialised financial services	32,712	1,104	17,014	-	**50,830**	19	2,778	4	**53,631**
Large customers	19,527	4,466	67,433	280	**91,706**	3,116	15,721	7,895	**118,438**
Corporate center	3,077	8,485	7,236	-	**18,798**	1	549	2,306	**21,654**
TOTAL RISK-WEIGHTED ASSETS	**99,444**	**28,214**	**133,352**	**291**	**261,301**	**3,603**	**31,400**	**10,589**	**306,893**

(1) Advanced IRB or Foundation IRB approach depending on business lines.

31/12/2017 *(in millions of euros)*	Credit risk					Credit valuation adjustment risk	Operational risk	Market risk	Total risk-weighted assets
	Stan-tardised approach	Weighting approach IRB	IRB Approach[1]	Contributions to a CCP default fund	Total credit risk				
French retail banking	7,587	1,989	32,171	-	**41,747**	15	2,347	6	**44,115**
International retail banking	30,816	700	3,348	11	**34,875**	20	3,522	329	**38,746**
Asset gathering	6,140	15,092	854	-	**22,086**	501	4,321	81	**26,989**
Specialised financial services	34,218	937	16,754	-	**51,909**	44	2,414	2	**54,369**
Large customers	17,074	3,934	63,704	305	**85,017**	2,277	14,909	6,003	**108,206**
Corporate center	3,683	8,312	7,414	-	**19,409**	-	452	4,102	**23,963**
TOTAL RISK-WEIGHTED ASSETS	**99,518**	**30,964**	**124,245**	**316**	**255,043**	**2,857**	**27,965**	**10,523**	**296,388**

(1) Advanced IRB or Foundation IRB approach depending on business lines.

4.4.1.3. Trends in risk-weighted assets

The table below shows the change in Crédit Agricole S.A. Group's risk-weighted assets in 2018:

(in millions of euros)	31/12/2017	Foreign ex-change	Organic change and optimisation	Equity-accounted value Insurance	Scope	Method and regulatory changes	Total variation 2018	31/12/2018
Credit risk	255,043	1,504	9,755	(5,297)	(248)	544	6,258	261,301
of which Equity risk	*30,963*	-	*1,408*	*(5,297)*	-	*1,140*	*(2,749)*	*28,214*
CVA	2,857	-	746	-	-	-	746	3,603
Market risk	10,523	-	66	-	-	-	66	10,589
Operational risk	27,965	-	345	-	2	3,088	3,435	31,400
TOTAL	**296,388**	**1,504**	**10,912**	**(5,297)**	**(246)**	**3,632**	**10,505**	**306,893**

Risk-weighted assets totalled €307 billion at 31 December 2018, an increase of €10.5 billion (+3.5%) attributable to:

- growth in business lines, particularly in the Large customers division (+€6.5 billion) and Retail banking in France (+€3.7 billion);
- methodological and regulatory effects, including the review of the modelling of non-financial operational risks (+€3.1 billion), the first effects of the review of models by the single supervisor (+€0.9 billion) and the first application of IFRS 9 (+€0.3 billion, including +€1.1 billion in Insurance related to the reclassification and valuation of securities portfolios and -€0.8 billion in other businesses due to the deduction of collective provisions from exposures using the standard method). These increases were partially offset by the positive impact of the switch to the IRB method by the Italian savings banks that were acquired in December 2017 (-€0.6 billion).

These changes were partially offset by:

- the -€5.3 billion decrease in equity-accounted value of the equity stake in insurance companies (excluding the impact of the first-time adoption of IFRS 9) in a context of rising interest rates that generated a reduction in unrealized reserves held by insurers;
- an overall negative scope effect, mainly due to the exit of Forso (-€0.6 billion) and the acquisition of Banca Leonardo (+€0.5 billion).

4.4.2. Credit and counterparty risk

Definitions:

- **probability of default (PD):** the probability that a counterparty will default within a period of one year;
- **exposure at default (EAD):** the exposure amount in the event of default. The concept of exposure encompasses balance sheet assets plus a proportion of off-balance sheet commitments;
- **loss given default (LGD):** ratio between the loss experienced on an exposure on a counterparty at default and the size of the exposure at default;
- **gross exposure:** amount of the exposure (balance sheet + off-balance sheet), after the impacts of offsetting and before the application of any credit risk mitigation techniques (guarantees and collateral) and the credit conversion factor (CCF);
- **credit conversion factor (CCF):** ratio between the unused portion of a commitment that will be drawn and at risk at the time of default and the unused portion of the commitment calculated on the basis of the authorised limit or, where applicable, the unauthorised limit if higher;
- **expected losses (EL):** the amount of the average loss the bank expects to have to recognise in its loan book within one year;
- **risk-weighted assets (RWA):** risk-weighted assets are calculated by applying a weighting ratio to each exposure. The ratio is a function of the characteristics of the exposure and the calculation method used (IRB or standardised);
- **valuation adjustments:** impairment losses on a specific asset due to credit risk, recognised either through a partial writedown or a deduction from the carrying amount of the asset;
- **external credit ratings:** credit ratings provided by an external credit rating agency recognised by Regulation (EC) No. 1060/2009.

Section I provides an overview of changes in credit and counterparty risk followed by a more detailed look at credit risk (in section II) by regulatory approach: standardised approach and using the IRB approach. Counterparty risk is covered in section III followed by section IV on credit and counterparty risk mitigation techniques.

4.4.2.1. General overview of credit and counterparty risk

4.4.2.1.1. Exposures by type of risk

The table below shows Crédit Agricole S.A. Group's exposure to global risk (credit, counterparty, dilution and settlement and delivery) by exposure class for the standardised and internal ratings-based approaches at 31 December 2018 and at 31 December 2017.

The 17 exposure classes under the standardised approach are grouped together to ensure the presentation aligns with the IRB exposures.

The definitions of the underlined words can be found in the Glossary on page 600.

Overall risk exposure (credit, counterparty, dilution, settlement and delivery) at 31 December 2018

	Standardised				IRB				Total				
31/12/2018 *(in billions of euros)*	Gross exposure[1]	Gross exposure after CRM[2]	EAD	RWA	Gross exposure[1]	Gross exposure after CRM[2]	EAD	RWA	Gross exposure[1]	Gross exposure after CRM[2]	EAD	RWA	Capital require-ment
Central governments or central banks	53.2	53.3	53.0	5.8	167.3	177.2	174.7	1.5	220.5	230.5	227.7	7.4	0.6
Institutions	43.6	64.2	61.2	8.8	379.8	382.5	377.8	8.9	423.4	446.8	439.0	17.7	1.4
Corporates	120.8	97.1	69.5	54.8	292.0	270.7	215.4	76.6	412.8	367.8	284.9	131.5	10.5
Retail customers	36.0	32.6	29.0	18.7	174.7	174.7	171.3	41.4	210.7	207.3	200.3	60.1	4.8
Loans to individuals	23.9	22.6	19.7	13.3	148.5	148.5	145.4	32.1	172.5	171.1	165.1	45.4	3.6
o/w secured by real estate assets	4.6	4.4	4.4	1.7	89.8	89.8	89.8	10.5	94.4	94.2	94.2	12.2	1.0
o/w revolving	5.2	4.9	2.3	1.7	11.0	11.0	7.9	3.3	16.2	15.9	10.1	5.0	0.4
o/w other	14.2	13.2	13.0	9.9	47.8	47.8	47.8	18.3	61.9	61.0	60.8	28.1	2.3
Loans to small and medium businesses	12.0	10.0	9.3	5.4	26.1	26.1	25.9	9.3	38.2	36.1	35.2	14.7	1.2
o/w secured by real estate assets	0.4	0.4	0.4	0.2	5.6	5.6	5.6	1.1	6.1	6.1	6.0	1.3	0.1
o/w other	11.6	9.6	8.9	5.2	20.5	20.5	20.2	8.3	32.1	30.1	29.2	13.4	1.1
Shares	0.9		0.9	1.1	15.4		6.2	20.8	16.3		7.1	21.9	1.8
Securitisations	2.5		2.3	1.5	43.3		43.3	5.0	45.8		45.6	6.5	0.5
Assets other than credit obligation	11.3		11.2	8.7	-		-	-	11.3		11.2	8.7	0.7
TOTAL	**268.2**		**227.1**	**99.4**	**1,072.5**		**988.7**	**154.2**	**1,340.7**		**1,215.8**	**253.6**	**20.3**

(1) Initial gross exposure.
(2) Gross exposure after credit risk mitigation (CRM).

Overall risk exposure (credit, counterparty, dilution, settlement and delivery) at 31 December 2017

	Standardised				IRB				Total				
31/12/2017 *(in billions of euros)*	Gross exposure[1]	Gross exposure after CRM[2]	EAD	RWA	Gross exposure[1]	Gross exposure after CRM[2]	EAD	RWA	Gross exposure[1]	Gross exposure after CRM[2]	EAD	RWA	Capital require-ment
Central governments or central banks	48.0	48.1	48.0	4.9	141.0	148.3	146.3	1.9	188.9	196.3	194.2	6.8	0.5
Institutions	42.9	58.0	55.8	9.0	363.6	368.3	363.7	8.7	406.4	426.2	419.5	17.7	1.4
Corporates	112.1	91.7	65.9	53.6	268.9	252.2	193.3	70.7	381.0	343.8	259.2	124.3	9.9
Retail customers	38.2	36.2	31.8	20.3	161.7	161.7	158.5	38.1	199.9	197.9	190.2	58.4	4.7
Loans to individuals	27.7	26.4	22.6	15.1	139.1	139.1	136.0	30.8	166.8	165.5	158.6	45.9	3.7
o/w secured by real estate assets	6.2	5.9	5.9	2.4	81.9	81.9	81.9	9.3	88.1	87.8	87.7	11.8	1.0
o/w revolving	6.1	6.0	2.4	1.9	10.5	10.5	7.5	3.1	16.7	16.5	9.9	5.0	0.4
o/w other	15.4	14.6	14.3	10.8	46.7	46.7	46.6	18.3	62.1	61.3	60.9	29.1	2.3
Loans to small and medium businesses	10.4	9.8	9.2	5.3	22.6	22.6	22.5	7.3	33.1	32.4	31.7	12.5	1.0
o/w secured by real estate assets	0.4	0.4	0.4	0.2	3.9	3.9	3.9	0.8	4.2	4.2	4.2	0.9	0.1
o/w other	10.1	9.4	8.9	5.1	18.7	18.7	18.6	6.5	28.8	28.2	27.5	11.6	0.9
Shares	1.2		1.1	1.3	16.2		6.8	23.9	17.4		7.9	25.2	2.0
Securitisations	2.5		2.3	1.4	38.5		38.5	4.9	41.0		40.8	6.3	0.5
Assets other than credit obligation	11.2		11.2	8.9	-		-	-	11.2		11.2	8.9	0.7
TOTAL	**256.0**		**215.9**	**99.5**	**989.8**		**907.1**	**148.1**	**1,245.8**		**1,123.1**	**247.6**	**19.7**

(1) Initial gross exposure.
(2) Gross exposure after credit risk mitigation (CRM).

5

Measured in terms of gross exposure, the Group's total outstanding amounts were up +7.6% reflecting the favourable business climate in the main business lines, in particular in the "Central governments and central banks" portfolio (up +16.7%).

The main portfolio remains the Institutions category with total gross exposure of €423.4 billion. This included €314.8 billion in exposures linked to Crédit Agricole Group at 31 December 2018 (€301.4 billion at 31 December 2017).

Excluding these internal transactions, gross exposure for the total loan portfolio was €1026.3 billion at 31 December 2018, up +8.7% compared to the end of 2017.

RWA density (defined as the ratio of risk-weighted assets/EAD) was 30% on average for retail customers and 46% for Corporates at 31 December 2018.

Total net amount and average of exposures (CRB-B)

		31/12/2018		31/12/2017	
(in millions of euros)		Net value of exposures at the end of the period	Average net exposures over the period[1]	Net value of exposures at the end of the period	Average net exposures over the period[2]
1	Central governments or central banks	167,291	157,190	140,898	141,323
2	Institutions	379,363	374,379	363,203	357,276
3	Corporates	288,916	279,336	265,291	262,870
4	Of which: Specialised lending	58,205	56,498	56,024	57,929
5	Of which: SMEs	5,298	4,635	4,081	4,264
6	Retail	170,908	164,254	158,254	154,626
7	Secured by real estate property	94,940	90,371	85,429	84,768
8	SMEs	5,540	4,808	3,784	3,469
9	Non-SMEs	89,401	85,563	81,644	81,299
10	Qualifying revolving	10,625	10,451	10,219	9,952
11	Other retail	65,342	63,432	62,606	59,906
12	SMEs	19,505	17,902	17,810	17,623
13	Non-SMEs	45,837	45,529	44,796	42,283
14	Equity	15,395	15,794	15,951	15,463
15	**Total IRB approach**	**1,021,874**	**990,952**	**943,596**	**931,557**
16	Central governments or central banks	52,022	44,954	47,361	39,676
17	Regional governments or local authorities	604	538	377	380
18	Public sector entities	931	798	460	579
19	Multilateral development banks	37	41	4	58
20	International organisations	621	500	206	321
21	Institutions	42,391	46,407	42,117	47,047
22	Corporates	89,620	86,681	81,801	79,835
23	Of which: SMEs	13,754	11,378	9,432	9,176
24	Retail	29,383	29,706	31,820	29,982
25	Of which: SMEs	11,265	10,598	9,872	9,121
26	Secured by mortgages on immovable property	6,635	7,090	5,586	5,621
27	Of which: SMEs	1,198	1,041	887	676
28	Exposures in default	2,672	2,816	3,396	3,283
29	Items associated with particularly high risk	141	154	152	83
30	Covered bonds	-	-	19	66
31	Claims on institutions and corporates with a short-term credit assessment	-	-	-	-
32	Collective investments undertakings	24,869	25,496	24,713	21,784
33	Equity exposures	916	1,053	1,075	1,187
34	Other exposures	11,218	11,494	11,145	10,864
35	**Total standardised approach**	**262,060**	**257,729**	**250,234**	**240,766**
36	**TOTAL**	**1,283,934**	**1,248,682**	**1,193,829**	**1,172,324**

(1) The 2018 average is calculated on the basis of data recorded at the end of each quarter 2018.
(2) The 2017 average is calculated on the basis of data recorded at the end of each quarter 2017.
NB: Of which €314,375 million in Crédit Agricole internal transactions at 31 December 2018.
Of which €301,350 million in Crédit Agricole internal transactions at 31 December 2017.

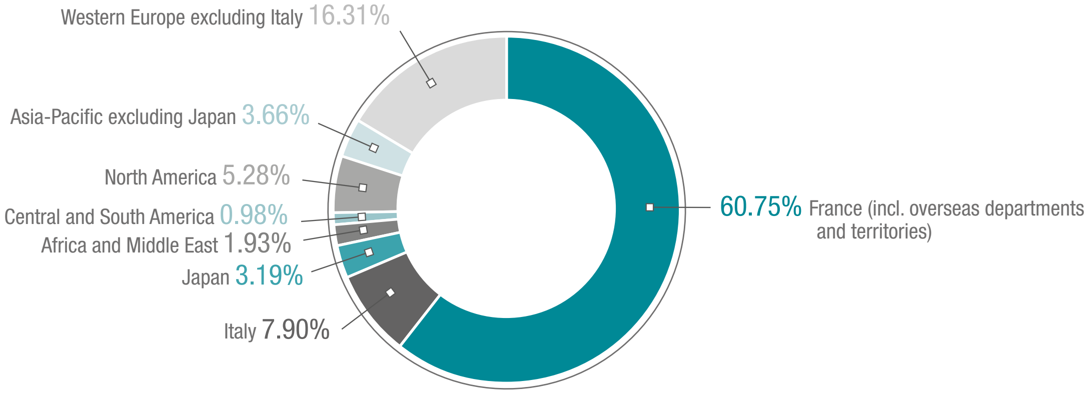
Net exposures totalled €1,283.9 billion at 31 December 2018, 80% of which are subject to an internal ratings-based regulatory treatment.

The definitions of the underlined words can be found in the Glossary on page 600.

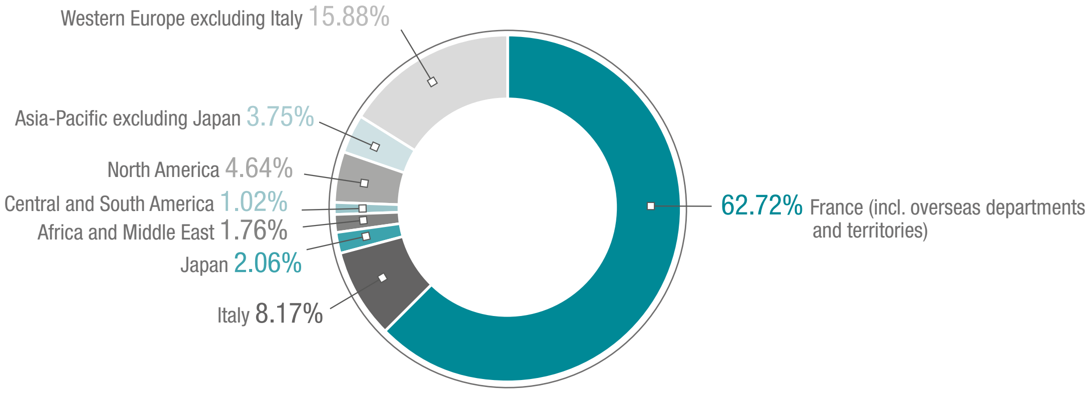
4.4.2.1.2. Exposures by geographic area

The breakdown by geographic area includes all Crédit Agricole S.A. Group exposures except for securitisation transactions and “Assets other than credit obligations”.

At 31 December 2018



At 31 December 2017



Geographic breakdown of exposures (CRB-C)

31/12/2018 *(in millions of euros)*		Europe							
		France	Italy	Luxembourg	United Kingdom	Germany	Switzerland	Netherlands	Others
1	Central governments or central banks	93,079	270	3,210	3,344	4,866	1,257	73	13,837
2	Institutions	338,742	560	1,011	4,800	1,455	5,832	3,673	6,103
3	Corporates	90,499	11,018	11,756	18,553	12,689	6,674	7,011	27,134
4	Retail	120,414	34,052	2,074	283	3,352	1,019	18	5,281
5	Equity	14,875	244	25	13	1	37	-	58
6	**Total IRB approach 31/12/2018**	**657,609**	**46,144**	**18,076**	**26,994**	**22,363**	**14,820**	**10,775**	**52,418**
	Total IRB approach 31/12/2017	**630,158**	**41,158**	**14,794**	**23,626**	**24,459**	**12,147**	**11,156**	**47,028**
7	Central governments or central banks	19,325	13,030	13,822	12	1,123	440	13	2,207
8	Regional governments or local authorities	416	142	-	-	1	-	-	2
9	Public sector entities	411	190	-	-	291	-	-	34
10	Multilateral development banks	-	31	-	-	-	-	-	-
11	International organisations	1	-	621	-	-	-	-	-
12	Institutions	15,749	3,267	580	11,126	2,631	216	814	1,638
13	Corporates	49,987	20,105	2,610	945	2,139	298	333	6,800
14	Retail	7,872	8,370	5	920	1,982	183	2,062	6,505
15	Secured by mortgages on immovable property	711	3,295	-	7	2	6	-	1,232
16	Exposures in default	1,062	1,215	2	10	26	4	32	195
17	Items associated with particularly high risk	141	-	-	-	-	-	-	-
18	Covered bonds	-	-	-	-	-	-	-	-
19	Claims on institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-
20	Collective investments undertakings	18,846	3,072	1,112	-	130	-	-	10
21	Equity exposures	598	50	6	29	-	1	-	8
22	Other exposures	7,018	2,532	131	32	35	386	16	355
23	**Total standardised approach 31/12/2018**	**122,136**	**55,302**	**18,888**	**13,081**	**8,360**	**1,533**	**3,269**	**18,991**
	Total standardised approach 31/12/2017	**118,583**	**56,367**	**9,162**	**13,554**	**9,230**	**1,606**	**3,402**	**19,415**
24	**TOTAL 31/12/2018**	**779,745**	**101,446**	**36,964**	**40,075**	**30,723**	**16,353**	**14,044**	**71,409**
	TOTAL 31/12/2017	**748,742**	**97,525**	**23,956**	**37,180**	**33,689**	**13,753**	**14,558**	**66,442**

NB: of which €314,375 million in Crédit Agricole internal transactions at 31 December 2018.
of which €301,350 million in Crédit Agricole internal transactions at 31 December 2017.

At 31 December 2018, total exposure for the scope defined above was €1,283.9 billion (of which €314.4 billion in Crédit Agricole S.A. Group internal transactions), compared with €1,193.8 billion at 31 December 2017.

For all supervisory approaches (i.e. based on internal and standard ratings), concerning Retail customers, the Group's exposure is concentrated on two countries: France and Italy represent 85% of exposures. The other portfolios are more geographically diversified. For example, close to 30% of exposures in the Corporate portfolio are located outside Europe, primarily in North America and Asia.

The definitions of the underlined words can be found in the Glossary on page 600.

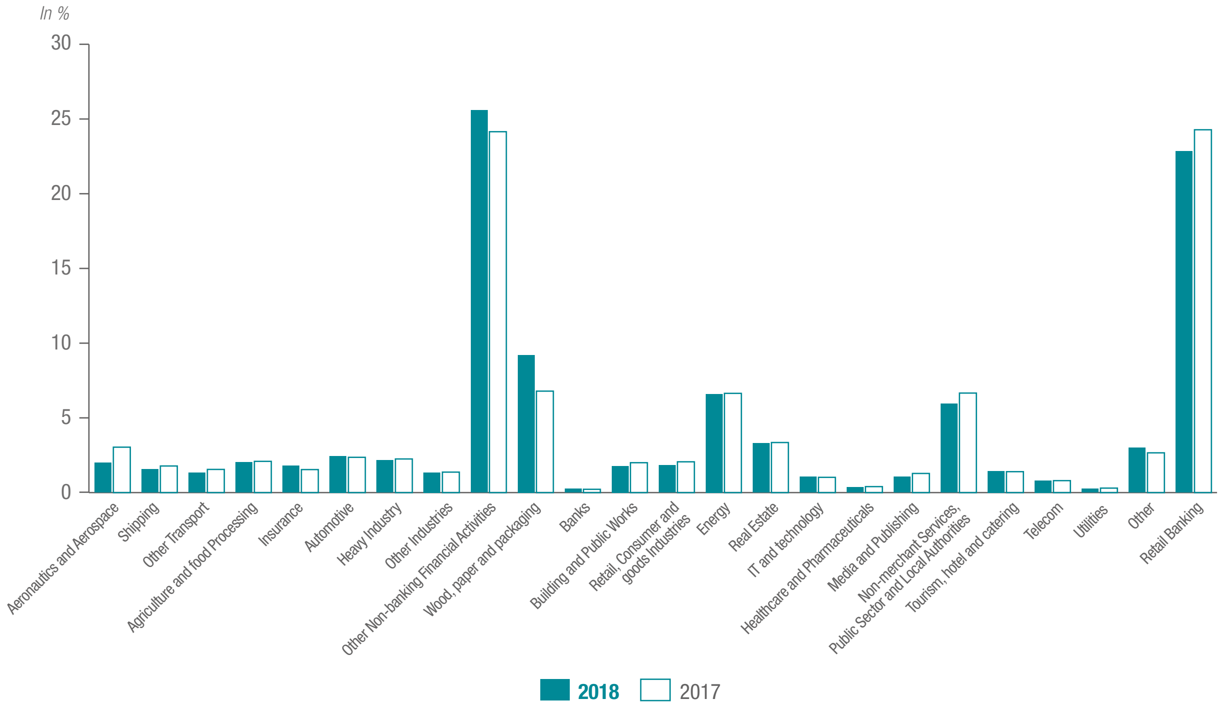
Asia and Oceania		North America				
Japan	Others	USA	Others	Central and South America	Africa and Middle East	Total
29,715	5,793	7,275	1,485	70	3,070	**167,345**
1,376	7,179	2,406	565	562	5,097	**379,363**
7,429	27,465	48,088	3,602	10,359	6,638	**288,916**
138	3,238	20	37	215	709	**170,855**
5	5	133	-	-	-	**15,395**
38,663	**43,681**	**57,921**	**5,690**	**11,205**	**15,512**	**1,021,874**
22,537	**42,242**	**46,148**	**5,199**	**10,454**	**12,455**	**943,566**
48	74	108	-	2	1,818	**52,022**
-	-	-	44	-	-	**604**
-	1	-	-	-	3	**931**
-	-	-	-	-	6	**37**
-	-	-	-	-	-	**621**
642	1,646	2,375	228	312	1,164	**42,391**
114	1,201	645	425	551	3,467	**89,622**
8	69	20	22	519	843	**29,383**
-	37	40	-	-	1,301	**6,635**
-	9	-	-	2	111	**2,669**
-	-	-	-	-	-	**141**
-	-	-	-	-	-	**-**
-	-	-	-	-	-	**-**
1,437	230	20	-	-	11	**24,869**
-	1	1	-	-	222	**916**
4	43	284	-	19	362	**11,218**
2,253	**3,315**	**3,494**	**720**	**1,406**	**9,311**	**262,059**
2,035	**2,487**	**3,691**	**427**	**1,695**	**8,610**	**250,263**
40,915	**46,998**	**61,415**	**6,410**	**12,614**	**24,823**	**1,283,934**
24,572	**44,729**	**49,839**	**5,626**	**12,146**	**21,065**	**1,193,829**

5

4.4.2.1.3. Exposures by business sector

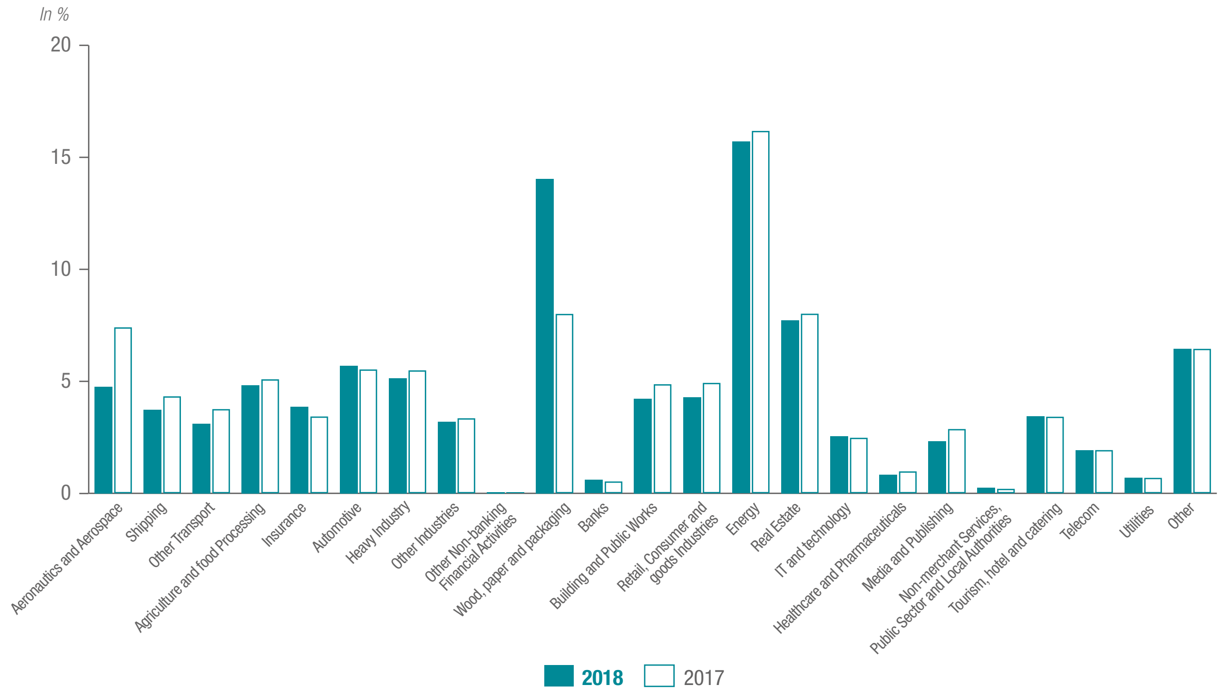
The breakdown by business sector covers Crédit Agricole S.A. Group's exposures to Central governments and central banks, Institutions, Corporates and Retail customers. The Retail customer portfolio is also broken down by Basel sub-portfolio (home loans, revolving credit, other small business loans, farmers and other retail).

Exposures by business sector



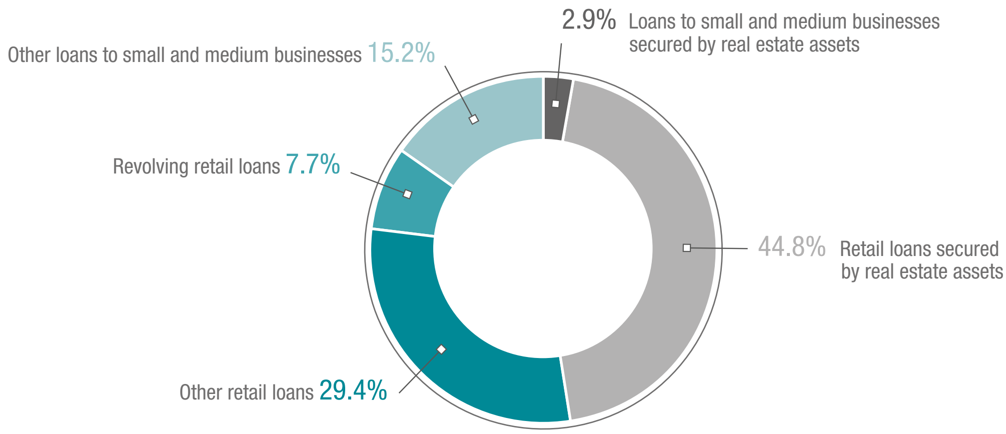
The breakdown of the loan book by business sector still shows a good level of risk diversification.

Breakdown of exposures Corporates portfolio



The **Corporates** portfolio also shows a satisfactory level of diversification: within this scope, no sector accounted for more than 16% of total exposures at end-2018.

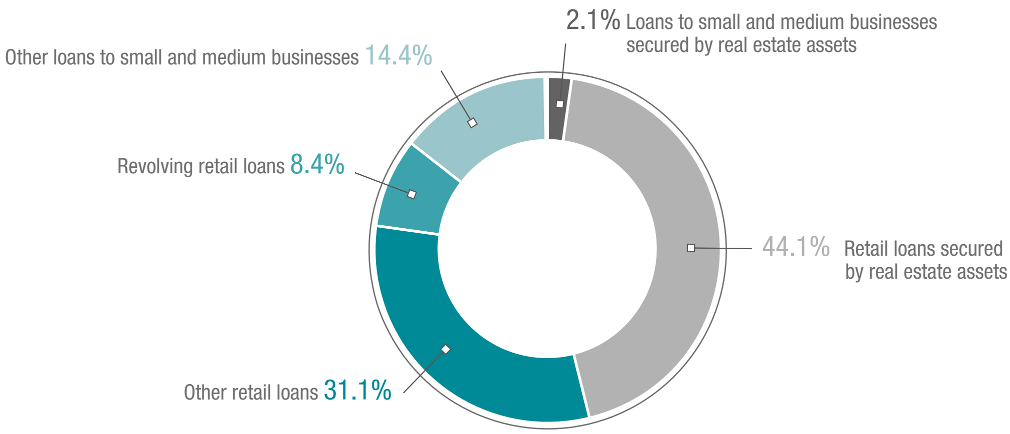
Retail customers at 31 December 2018



Breakdown of the Retail customer portfolio

Breakdown of exposures – Retail customer portfolio The chart above shows a breakdown of Crédit Agricole S.A. Group's Retail customer portfolio exposures by Basel sub-portfolio (outstanding amounts of €210.7 billion at 31 December 2018 compared to €199.9 billion at 31 December 2017, an increase of +5.4% on an annual basis).

Retail customers at 31 December 2017



Within the "Retail customers" portfolio, the relative share of "retail loans secured by real estate assets" has been rising over recent years (44.8% in 2018, compared with 44.1% in 2017). Conversely, the share of "revolving retail loans" fell further in 2018 to 7.7% of outstanding retail customer loans from 8.4% in 2017.

Concentration of exposures by industry or counterparty type (CRB-D)

	31/12/2018 (in millions of euros)	Agriculture, forestry and fishing	Mining and quarrying	Manufacturing	Production and distribution	Cons-truction	Wholesale trade	Retail trade	Transport and storage	Accom-modation and food service activities	Information and communication	Education and Instruction-Training
1	Central governments or central banks	-	-	-	-	7	-	-	114	-	-	-
2	Institutions	40	-	461	52	9	2	312	39	59	22	1
3	Corporates	863	20,059	74,194	22,525	10,159	22,530	9,221	32,078	4,475	16,912	234
4	Retail	-	-	-	-	-	-	-	-	-	-	-
5	Equity	209	15	143	1	12	74	-	47	8	40	-
6	**Total IRB approach**	**1,112**	**20,074**	**74,798**	**22,578**	**10,187**	**22,606**	**9,532**	**32,277**	**4,542**	**16,974**	**235**
7	Central governments or central banks	-	-	-	-	-	-	-	22	-	-	-
8	Regional governments or local authorities	7	-	-	-	-	-	-	-	-	-	-
9	Public sector entities	1	-	4	1	17	27	-	116	-	1	28
10	Multilateral development banks	-	-	-	-	-	31	-	-	-	-	-
11	International organisations	-	-	-	-	-	-	-	-	-	-	-
12	Institutions	-	-	109	1	-	-	2	-	-	-	-
13	Corporates	1,529	311	12,704	2,611	2,442	5,343	6,325	1,658	767	1,109	77
14	Retail	-	-	-	-	-	-	-	-	-	-	-
15	Secured by mortgages on immovable property	222	6	209	10	23	73	52	35	105	12	7
16	Exposures in default	40	18	278	11	364	102	129	34	34	5	-
17	Items associated with particularly high risk	-	-	-	-	-	-	-	-	-	-	-
18	Covered bonds	-	-	-	-	-	-	-	-	-	-	-
19	Claims on institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-
20	Collective investments undertakings	-	-	-	-	-	-	-	-	-	-	-
21	Equity exposures	26	1	3	48	-	1	-	31	-	-	-
22	Other exposures	2	1	8	3	12	5	17	60	2	-	-
23	**Total standardised approach**	**1,828**	**337**	**13,316**	**2,685**	**2,858**	**5,582**	**6,526**	**1,955**	**908**	**1,126**	**112**
24	**TOTAL**	**2,940**	**20,411**	**88,114**	**25,263**	**13,045**	**28,188**	**16,058**	**34,233**	**5,450**	**18,100**	**347**

The definitions of the underlined words can be found in the Glossary on page 600.

31/12/2018 *(in millions of euros)*	Real estate activities	Finance and Insurance	Company Management financial participations	Profes-sional, scientific and technical activities	Adminis-trative and support service activities	Public adminis-tration and defence, compulsory social security	Human health services and social work activities	Other personal services outside public administra-tion	Private persons	Arts, entertain-ment and recreation	Other services	Total
1 Central governments or central banks	82	128,613	-	-	-	37,794	657	24	-	-	-	**167,291**
2 Institutions	498	365,546	6	-	55	2,425	41	45	2	8	9,740	**379,363**
3 Corporates	17,847	35,108	7,415	4,242	3,052	314	4,720	185	60	1,119	1,604	**288,916**
4 Retail	-	-	-	-	-	-	-	-	170,908	-	-	**170,908**
5 Equity	113	4,346	395	114	33	1	14	2	21	33	9,774	**15,395**
6 Total IRB approach	**18,541**	**533,613**	**7,816**	**4,356**	**3,139**	**40,534**	**5,432**	**256**	**170,990**	**1,160**	**21,120**	**1,021,874**
7 Central governments or central banks	-	34,513	-	-	-	12,663	-	-	-	-	4,824	**52,022**
8 Regional governments or local authorities	-	-	-	-	-	557	5	-	-	-	36	**604**
9 Public sector entities	15	311	-	11	7	243	107	19	-	16	8	**931**
10 Multilateral development banks	-	6	-	-	-	-	-	-	-	-	-	**37**
11 International organisations	-	621	-	-	-	-	-	-	-	-	-	**621**
12 Institutions	-	32,558	-	-	5	-	-	-	-	-	9,713	**42,391**
13 Corporates	14,122	10,289	1,036	869	904	66	667	249	16	312	26,215	**89,620**
14 Retail	-	7	-	-	-	-	-	-	27,538	-	1,837	**29,383**
15 Secured by mortgages on immovable property	855	9	16	20	12	-	32	19	4,846	4	69	**6,635**
16 Exposures in default	356	13	21	37	13	6	5	5	608	16	577	**2,672**
17 Items associated with particularly high risk	133	-	-	-	-	-	-	-	-	-	8	**141**
18 Covered bonds	-	-	-	-	-	-	-	-	-	-	-	**-**
19 Claims on institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	**-**
20 Collective investments undertakings	477	13,633	-	-	-	-	-	-	-	-	10,759	**24,869**
21 Equity exposures	112	316	6	2	370	-	-	-	-	-	-	**916**
22 Other exposures	33	2	13	2	22	1	1	-	88	-	10,947	**11,218**
23 Total standardised approach	**16,104**	**92,276**	**1,092**	**940**	**1,333**	**13,535**	**816**	**292**	**33,097**	**348**	**64,992**	**262,060**
24 TOTAL	**34,645**	**625,889**	**8,908**	**5,296**	**4,473**	**54,069**	**6,248**	**548**	**204,087**	**1,509**	**86,112**	**1,283,934**

NB: Of which €314,375 million in Crédit Agricole internal transactions at 31 December 2018.

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4.4.2.1.4. Exposures by residual maturity

Maturity of the exposures (CRB-E)

31/12/2018 *(in millions of euros)*		Value of net exposures					
		On demand	≤ 1 year	> 1 year ≤ 5 years	> 5 years	No stated maturity	Total
1	Central governments or central banks	107,430	21,664	21,474	16,678	45	**167,291**
2	Institutions	4,281	174,025	94,487	96,841	9,729	**379,363**
3	Corporates	4,021	95,400	143,586	42,644	3,265	**288,916**
4	Retail	1,239	-	-	168,680	989	**170,908**
5	Equity	-	-	-	375	15,020	**15,395**
6	**Total IRB approach**	**116,971**	**291,089**	**259,547**	**325,217**	**29,050**	**1,021,874**
7	Central governments or central banks	33,565	4,519	5,983	3,217	4,739	**52,022**
8	Regional governments or local authorities	7	40	88	433	36	**604**
9	Public sector entities	89	176	352	308	7	**931**
10	Multilateral development banks	-	6	31	-	-	**37**
11	International organisations	-	621	-	-	-	**621**
12	Institutions	2,617	15,513	10,532	4,010	9,719	**42,391**
13	Corporates	5,375	23,824	21,099	13,483	25,840	**89,620**
14	Retail	464	518	3	26,561	1,837	**29,383**
15	Secured by mortgages on immovable property	14	74	303	6,174	69	**6,635**
16	Exposures in default	281	374	567	884	566	**2,672**
17	Items associated with particularly high risk	-	-	-	133	8	**141**
18	Covered bonds	-	-	-	-	-	**-**
19	Claims on institutions and corporates with a short-term credit assessment	-	-	-	-	-	**-**
20	Collective investments undertakings	-	3,590	6,092	4,442	10,746	**24,869**
21	Equity exposures	-	60	128	13	714	**916**
22	Other exposures	-	89	78	93	10,958	**11,218**
23	**Total standardised approach**	**42,412**	**49,402**	**45,257**	**59,751**	**65,238**	**262,060**
24	**TOTAL**	**159,383**	**340,492**	**304,804**	**384,968**	**94,288**	**1,283,934**

NB: Of which €314,375 million in Crédit Agricole internal transactions at 31 December 2018.

The definitions of the underlined words can be found in the Glossary on page 600.

4.4.2.1.5. Default exposures and value adjustments

Credit quality of exposures by type of exposure and instrument (CR1-A)

31/12/2018 *(in millions of euros)*		Gross carrying values of Defaulted exposures	Gross carrying values of Non-defaulted exposures	Provisions/ Impairment	Net values
1	Central governments or central banks	78	167,246	33	167,291
2	Institutions	380	379,389	405	379,363
3	Corporates	3,686	288,363	3,132	288,916
4	Of which: Specialised lending	1,230	57,737	761	58,205
5	Of which: SMEs	194	5,261	156	5,298
6	Retail	4,713	169,965	3,770	170,908
7	Secured by real estate property	1,115	94,309	484	94,940
8	SMEs	236	5,411	107	5,540
9	Non-SMEs	879	88,898	377	89,401
10	Qualifying revolving	320	10,689	384	10,625
11	Other retail	3,277	64,967	2,902	65,342
12	SMEs	1,283	19,199	977	19,505
13	Non-SMEs	1,994	45,768	1,924	45,837
14	Equity	-	15,395	-	15,395
15	**Total IRB approach 31/12/2018**	**8,856**	**1,020,358**	**7,340**	**1,021,874**
	Total IRB approach 31/12/2017	**10,885**	**940,424**	**7,713**	**943,596**
16	Central governments or central banks	-	52,023	1	52,022
17	Regional governments or local authorities	-	604	-	604
18	Public sector entities	-	931	-	931
19	Multilateral development banks	-	37	-	37
20	International organisations	-	621	-	621
21	Institutions	-	42,415	24	42,391
22	Corporates	-	90,143	523	89,620
23	Of which: SMEs	-	13,877	123	13,754
24	Retail	-	29,647	265	29,383
25	Of which: SMEs	-	11,299	34	11,265
26	Secured by mortgages on immovable property	-	6,652	17	6,635
27	Of which: SMEs	-	1,200	2	1,198
28	Exposures in default	5,429	-	2,757	2,672
29	Items associated with particularly high risk	-	142	1	141
30	Covered bonds	-	-	-	-
31	Claims on institutions and corporates with a short-term credit assessment	-	-	-	-
32	Collective investments undertakings	-	24,900	31	24,869
33	Equity exposures	-	922	6	916
34	Other exposures	-	11,287	69	11,218
35	**Total standardised approach 31/12/2018**	**5,429**	**260,325**	**3,695**	**262,060**
	Total standardised approach 31/12/2017	**6,399**	**247,116**	**3,281**	**250,234**
36	**TOTAL 31/12/2018**	**14,285**	**1,280,683**	**11,035**	**1,283,934**
	TOTAL 31/12/2017	**17,284**	**1,187,540**	**10,994**	**1,193,829**

NB: Of which €314,375 million in Crédit Agricole internal transactions at 31 December 2018.
Of which €301,350 million in Crédit Agricole internal transactions at 31 December 2017.

Exposures at default stood at €14.3 billion at 31 December 2018, down 17% compared with 31 December 2017. They represent 1.1% of gross total exposures versus 1.4% at end-2017. The increase in the stock of provisions / impairment is mainly due to the increase in healthy loans which, according to IFRS 9, are provisioned from the onset.

5

Quality of credit exposures by industry or type of counterparty (CR1-B)

31/12/2018 *(in millions of euros)*		Gross carrying values of		Provisions and depreciation	Net values
		Defaulted exposures	Non-defaulted exposures		
1	Agriculture, forestry and fishing	179	2,888	126	2,940
2	Mining and quarrying	217	20,385	190	20,411
3	Manufacturing	1,235	87,594	715	88,114
4	Production and distribution	136	25,195	67	25,263
5	Construction and water supply	1,006	12,537	498	13,045
6	Wholesale trade	487	28,008	308	28,188
7	Retail trade	287	15,899	128	16,058
8	Transport and storage	1,160	33,504	432	34,233
9	Accommodation and food service activities	212	5,376	138	5,450
10	Information and communication	121	18,021	41	18,100
11	Education	4	346	3	347
12	Real estate activities	866	34,142	363	34,645
13	Finance and insurance companies	910	625,707	729	625,889
14	Financial holding companies	227	8,870	189	8,908
15	Professional, scientific and technical activities	91	5,253	48	5,296
16	Administrative and support service activities	50	4,458	36	4,473
17	Public administration and defence, compulsory social security	91	53,999	21	54,069
18	Human health services and social work activities	16	6,237	5	6,248
19	Other personal services	16	542	9	548
20	Private persons	6,173	201,397	3,484	204,087
21	Arts, entertainment and recreation	37	1,491	20	1,509
22	Other services	763	88,833	3,485	86,112
23	**TOTAL 31/12/2018**	**14,285**	**1,280,683**	**11,035**	**1,283,934**
24	**TOTAL 31/12/2017**	**17,284**	**1,187,540**	**10,994**	**1,193,829**

NB: Of which €314,375 million in Crédit Agricole internal transactions at 31 December 2018.
Of which €301,350 million in Crédit Agricole internal transactions at 31 December 2017.

Quality of credit exposures by geographic area (CR1-C)

31/12/2018 *(in millions of euros)*		Gross carrying values of		Provisions and depreciation	Net values
		Defaulted exposures	Non-defaulted exposures		
1	**Europe**	**11,702**	**1,088,352**	**9,297**	**1,090,759**
2	France	4,932	778,818	4,006	779,745
3	Italy	5,159	100,072	3,786	101,446
4	United Kingdom	155	40,142	222	40,075
5	Germany	110	30,739	126	30,723
6	Luxembourg	95	36,876	7	36,964
7	Switzerland	19	16,431	96	16,353
8	Netherland	188	14,000	145	14,044
9	Others (Europe)	1,044	71,274	909	71,409
10	**Asia and Oceania**	**408**	**87,618**	**113**	**87,912**
11	Japan	33	40,888	6	40,915
12	Others (Asia and Oceania)	375	46,730	107	46,997
13	**North America**	**97**	**68,026**	**298**	**67,825**
14	USA	58	61,654	297	61,415
15	Others (North America)	39	6,372	1	6,410
16	**Central & South America**	**654**	**12,356**	**397**	**12,613**
17	**Africa and Middle East**	**1,424**	**24,331**	**930**	**24,825**
18	**TOTAL 31/12/2018**	**14,285**	**1,280,683**	**11,035**	**1,283,934**
	TOTAL 31/12/2017	**17,284**	**1,187,540**	**10,995**	**1,193,829**

NB: Of which €314,375 million in Crédit Agricole internal transactions at 31 December 2018.
Of which €301,350 million in Crédit Agricole internal transactions at 31 December 2017.

The definitions of the underlined words can be found in the Glossary on page 600.

Age of exposures on watchlist (CR1-D)

31/12/2018 *(in millions of euros)*		Gross carrying values ≤ 30 days	> 30 days ≤ 60 days	> 60 days ≤ 90 days	> 90 days ≤ 180 days	> 180 days ≤ 1 year	> 1 year
1	Loans	5,358	1,953	870	1,151	678	2,924
2	Debt securities	-	-	-	-	-	-
3	Total exposures	5,358	1,953	870	1,151	678	2,924

31/12/2017 *(in millions of euros)*		Gross carrying values ≤ 30 days	> 30 days ≤ 60 days	> 60 days ≤ 90 days	> 90 days ≤ 180 days	> 180 days ≤ 1 year	> 1 year
1	Loans	4,017	811	418	165	115	109
2	Debt securities	-	-	-	-	-	-
3	Total exposures	4,017	811	418	165	115	109

Exposures on watchlist for up to 60 days account for 57% at 31 December 2018 and 86% on 31 December 2017 of total exposures on watchlist.

Non-performing and restructured exposures (CR1-E)

31/12/2018 *(in millions of euros)*		Gross carrying amount of performing and non-performing exposures							Accumulated impairment and provisions and negative fair value adjustments due to credit risk				Collaterals and financial guarantees received	
			Of which performing but past due > 30 days and ≤ 90 days	Of which performing forborne	Of which non-performing				On performing exposures		On non-performing exposures			
						Of which: defaulted	Of which: impaired	Of which: forborne		Of which: forborne		Of which: forborne	On non-performing exposures	Of which: forborne exposures
10	Debt securities	95,324	-	11	99	79	79	-	(37)	-	(17)	-	-	-
20	Loans and advances	866,146	2,223	3,340	14,745	13,644	13,644	5,878	(2,221)	(255)	(7,957)	(2,571)	3,659	3,129
30	Off-balance sheet exposures	478,191	-	131	3,923	860	-	54	545	4	328	6	38	61

31/12/2017 *(in millions of euros)*		Gross carrying amount of performing and non-performing exposures							Accumulated impairment and provisions and negative fair value adjustments due to credit risk				Collaterals and financial guarantees received	
			Of which performing but past due > 30 days and ≤ 90 days	Of which performing forborne	Of which non-performing				On performing exposures		On non-performing exposures			
						Of which: defaulted	Of which: impaired	Of which: forborne		Of which: forborne		Of which: forborne	On non-performing exposures	Of which: forborne exposures
10	Debt securities	98,199	316	-	294	218	294	-	(2)	-	(222)	-	-	-
20	Loans and advances	797,526	2,291	4,526	17,013	15,654	15,654	6,923	(1,955)	(341)	(8,390)	(2,952)	4,593	5,175
30	Off-balance sheet exposures	448,869	-	466	1,357	1,293	-	95	93	27	396	3	78	93

The information on non-performing and renegotiated exposures includes the gross carrying amount, impairment, provisions and related valuation adjustments, as well as the value of collateral and guarantees received.

The definitions of defaulted, impaired, renegotiated or restructured exposures are given in the financial statements in Part 1.2 "Accounting principles and methods".

Credit quality of restructured exposures (5A)

31/12/2018 (in millions of euros)		All forborne exposures					Impairment, provisions and value adjustments – Performing forborne exposures		Impairment, provisions and value adjustments – Non-performing forborne exposures		Collateral and financial guarantees received on forborne exposures
			Of which: performing past-due	Of which non-performing	Of which: impaired	Of which: defaulted		Of which: value adjustments		Of which: value adjustments	
		a	b	c	d	e	f	g	h	i	j
1	**Debt securities (including at amortised cost and fair value)**	**11**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2	Central banks	-	-	-	-	-	-	-	-	-	-
3	General governments	-	-	-	-	-	-	-	-	-	-
4	Credit institutions	-	-	-	-	-	-	-	-	-	-
5	Other financial corporations	-	-	-	-	-	-	-	-	-	-
6	Non-financial corporations	11	-	-	-	-	-	-	-	-	-
7	**Loans and advances (including at amortised cost and fair value)**	**9,218**	**-**	**5,878**	**5,268**	**5,246**	**(255)**	**-**	**(2,571)**	**-**	**3,129**
8	Central banks	-	-	-	-	-	-	-	-	-	-
9	General governments	28	-	6	6	6	(1)	-	(4)	-	2
10	Credit institutions	51	-	51	51	51	-	-	(25)	-	-
11	Other financial corporations	156	-	152	152	152	(1)	-	(86)	-	3
12	Non-financial corporations	6,316	-	3,869	3,639	3,636	(173)	-	(1,651)	-	2,377
12.1	Of which: Small and Medium-sized Enterprises	2,066	-	1,466	1,337	1,337	(38)	-	(629)	-	640
12.2	Of which: Loans collateralised by commercial immovable property	932	-	603	576	576	(25)	-	(199)	-	254
13	Households	2,668	-	1,799	1,420	1,401	(80)	-	(805)	-	747
13.1	Of which: Loans collateralised by residential immovable property	486	-	257	208	220	(9)	-	(74)	-	252
13.2	Of which: Credit for consumption	1,304	-	1,004	822	798	(41)	-	(526)	-	2
14	**Debt instruments other than HFT**	**9,229**	**-**	**5,878**	**5,268**	**5,246**	**(255)**	**-**	**(2,571)**	**-**	**3,129**
15	**Loan commitments given**	**185**	**-**	**54**	**28**	**37**	**(4)**	**-**	**(6)**	**-**	**61**
16	**TOTAL EXPOSURES WITH FORBEARANCE MEASURES**	**9,414**	**-**	**5,932**	**5,296**	**5,283**	**(259)**	**-**	**(2,577)**	**-**	**3,190**

The definitions of the underlined words can be found in the Glossary on page 600.

Change in balance of specific credit risk adjustments (CR2-A)

31/12/2018 *(in millions of euros)*		Accumulated specific credit risk adjustment
1	**Opening balance**	**11,564**
2	Increases due to origination and acquisition	1,086
3	Decreases due to derecognition	(1,691)
4	Changes due to change in credit risk (net)	1,548
5	Changes due to modifications without derecognition (net)	246
6	Changes due to update in the institution's methodology for estimation (net)	-
7	Decrease in allowance account due to write-offs	(2,475)
8	Other adjustments	(54)
9	**Closing balance[1]**	**10,223**
10	Recoveries of previously written-off amounts recorded directly to the statement of profit or loss	(239)
11	Amounts written-off directly to the statement of profit or loss	198

(1) Differences in total provisions between CR2-A, CR1-A and CR1-C tables are mainly due to divergences in scope. Impairment of fixed assets and equity investments and provisions for guarantee commitments given are only included in the CR1-A and CR1-C.

31/12/2017 *(in millions of euros)*		Accumulated specific credit risk adjustment	Accumulated general credit risk adjustment
1	**Opening balance**	**9,117**	**2,505**
2	Increases due to amounts set aside for estimated loan losses during the period	2,810	327
3	Decreases due to amounts reversed for estimated loan losses during the period	(1,346)	(736)
4	Decreases due to amounts taken against accumulated credit risk adjustments	(1,886)	-
5	Transfers between credit risk adjustments	(18)	4
6	Impact of exchange rate differences	(253)	(115)
7	Business combinations, including acquisitions and disposals of subsidiaries	240	69
8	Other adjustments	(91)	(56)
9	**Closing balance[1]**	**8,572**	**1,997**
10	Recoveries on credit risk adjustments recorded directly to the statement of profit or loss	(288)	-
11	Specific credit risk adjustments directly recorded to the statement of profit or loss	2,140	-

(1) Differences in total provisions between CR2-A, CR1-A and CR1-C tables are mainly due to divergences in scope. Impairment of fixed assets and equity investments and provisions for guarantee commitments given are only included in the CR1-A and CR1-C.

Changes in the balance of loans and debt securities in default and impaired (impaired) (CR2-B)

31/12/2018 *(in millions of euros)*		Gross carrying value defaulted exposures
1	**Opening balance**	**15,700**
2	Loans and debt securities that have defaulted or impaired since the last reporting period	2,163
3	Returned to non-defaulted status	(439)
4	Amounts written off	(1,763)
5	Other changes	(1,938)
6	**Closing balance**	**13,723**

4.4.2.2. Credit risk

Since late 2007, the ACPR has authorised Crédit Agricole S.A. Group to use its internal rating systems to calculate regulatory capital requirements for credit risk on Retail and Large customer exposures throughout almost all of its consolidation scope. The main recent developments regarding the Group's rollout plan are the switch to the Advanced IRB approach for all "Retail banking" portfolios in the Cariparma and FriulAdria entities in Italy in 2013, and the validation of the IRB "Corporate" portfolios of the Crédit Agricole Regional Banks and of LCL effective 1 October 2014.

The main Group entities or portfolios still using the standardised method for measuring credit and/or operational risk at 31 December 2018 were as follows:

- the Cariparma Group portfolios still not validated (non-retail banking portfolios and Carispezia scope) as well as all other entities in the International retail banking division;
- the Crédit Agricole Leasing & Factoring Group;
- some portfolios and foreign subsidiaries of Crédit Agricole Consumer Finance Group;
- the real estate professionals portfolio.

Pursuant to the Group's commitment to phase in the advanced method, agreed with the supervisor (rollout plan), work on the main entities or portfolios still under the standardised method continues. An update of the rollout plan is sent annually to the competent authority.

4.4.2.2.1. Exposures under the standardised approach

The exposure categories under the standardised approach are classified by counterparty type and financial product type, in one of the 17 categories set out in Article 112 of Regulation (EU) 575/2013 of 26 June 2013. The weightings applied to these same assets are calculated in accordance with Articles 114 to 134 of said regulation.

For the "Central governments and central banks" and "Institutions" exposure categories, Crédit Agricole S.A. Group has chosen to use Moody's ratings to evaluate the risk under the standardised approach.

Accordingly, when the counterparty's credit valuation from the rating agency is known, it is used to determine the applicable weighting. With respect to the counterparties in the "Institutions" or "Corporates" exposure categories for which the credit valuation is not known, the weighting used is determined having regard to the credit valuation of the jurisdiction of the central government in which this counterparty is established, in accordance with the provisions of Articles 121 and 122 of the aforementioned regulation.

With respect to exposures on debt instruments in the banking portfolio, the rule is to apply the issuer's weighting ratio. This rate is determined using the rules described in the foregoing paragraph.

Standardised approach – Exposure to credit risk and credit risk mitigation (CRM) effects at 31 December 2018 (CR4)

	31/12/2018 Asset classes (in millions of euros)	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Central governments or central banks	49,407	340	49,560	85	5,791	11.66%
2	Regional governments or local authorities	546	58	545	24	109	19.16%
3	Public sector entities	872	43	870	23	209	23.40%
4	Multilateral developments banks	31	6	31	3	3	8.82%
5	International organisations	621	-	621	-	-	-
6	Institutions	22,361	4,298	42,656	2,490	6,895	15.27%
7	Corporate	66,210	21,339	46,545	7,123	46,180	86.05%
8	Retail	25,187	4,192	23,181	591	16,254	68.37%
9	Secured by mortgages on immovable property	6,599	36	6,465	14	2,680	41.36%
10	Exposure in default	911	5	911	5	1,082	118.12%
11	Higher-risk categories	2,481	186	2,403	61	2,909	118.06%
12	Covered bonds	141	-	141	-	212	150.35%
13	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
14	Collective investment undertakings	-	-	-	-	-	-
15	Equity	4,194	20,675	4,194	6,126	3,704	35.89%
16	Other items	11,218	-	11,218	4	8,670	77.26%
17	**TOTAL**	**190,779**	**51,177**	**189,342**	**16,550**	**94,698**	**45.99%**

The definitions of the underlined words can be found in the Glossary on page 600.

Standardised approach – Exposure to credit risk and credit risk mitigation (CRM) effects at 31 December 2017 (CR4)

31/12/2017 Asset classes *(in millions of euros)*		Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Central governments or central banks	45,456	110	45,503	35	4,867	10.69%
2	Regional governments or local authorities	315	62	315	41	67	18.82%
3	Public sector entities	445	6	446	13	59	12.85%
4	Multilateral developments banks	-	4	1	2	1	33.33%
5	International organisations	206	-	206	-	-	-
6	Institutions	21,267	3,298	37,602	2,106	7,516	18.93%
7	Corporate	60,823	18,376	43,777	6,558	44,482	88.37%
8	Retail	25,290	4,976	24,587	595	17,315	68.76%
9	Secured by mortgages on immovable property	7,081	55	6,975	25	2,756	39.37%
10	Exposure in default	1,001	74	1,001	74	1,320	122.79%
11	Higher-risk categories	3,130	265	3,067	107	3,848	121.24%
12	Covered bonds	149	2	149	2	227	150.33%
13	Institutions and corporates with a short-term credit assessment	19	-	19	-	9	47.37%
14	Collective investment undertakings	-	-	-	-	-	-
15	Equity	3,787	20,926	3,787	5,970	3,422	35.07%
16	Other items	11,145	-	11,154	40	8,900	79.51%
17	**TOTAL**	**180,114**	**48,154**	**178,588**	**15,567**	**94,789**	**48.82%**

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Exposures by asset class and by risk weighting coefficient at 31 December 2018 (CR5)

31/12/2018 Asset classes *(in millions of euros)*		Risk weight																	
		0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1250%	Others	Deducted	Total	o/w unrated
1	Central governments or central banks	45,258	-	-	-	127	-	387	-	-	2,714	40	-	-	-	-	1,119	49,645	49,645
2	Regional governments or local authorities	24	-	-	-	546	-	-	-	-	-	-	-	-	-	-	-	569	569
3	Public sector entities	406	-	-	-	287	-	97	-	-	104	-	-	-	-	-	-	893	798
4	Multilateral developments banks	31	-	-	-	-	-	-	-	-	3	-	-	-	-	-	-	34	34
5	International organisations	621	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	621	621
6	Institutions	24,925	1,410	-	-	10,781	-	6,689	-	-	1,290	50	-	-	-	-	-	45,147	34,719
7	Corporate	-	-	-	-	3,986	-	9,077	-	-	39,348	1,258	-	-	-	-	-	53,668	31,784
8	Retail	-	-	-	-	-	-	-	-	23,772	-	-	-	-	-	-	-	23,772	23,772
9	Secured by mortgages on immovable property	-	-	-	-	-	4,277	1,707	-	477	17	-	-	-	-	-	-	6,479	6,479
10	Equity exposure	-	-	-	-	-	-	-	-	-	806	-	110	-	-	-	-	916	916
11	Exposure in default	-	-	-	-	-	-	-	-	-	1,574	890	-	-	-	-	-	2,464	2,464
12	Items associated with particularly high risk	-	-	-	-	-	-	-	-	-	-	141	-	-	-	-	-	141	141
13	Covered bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Claims on institutions and corporate with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Claims in the form of CIU	4,820	-	2	30	1,085	-	1,860	-	-	2,463	60	-	-	-	-	-	10,320	9,749
16	Other items	1,694	-	-	-	1,072	-	-	-	-	8,455	-	-	-	-	-	-	11,222	11,222
17	**TOTAL**	**77,779**	**1,410**	**2**	**30**	**17,883**	**4,277**	**19,816**	**-**	**24,249**	**56,775**	**2,440**	**110**	**-**	**-**	**-**	**1,119**	**205,892**	**172,914**

The definitions of the underlined words can be found in the Glossary on page 600.

Exposures by asset class and by risk weighting coefficient at 31 December 2017 (CR5)

31/12/2017 Asset classes *(in millions of euros)*		Risk weight																	
		0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1250%	Others	Deducted	Total	o/w unrated
1	Central governments or central banks	41,542	-	-	-	45	-	402	-	-	2,810	-	-	-	-	-	739	45,538	45,478
2	Regional governments or local authorities	21	-	-	-	334	-	-	-	-	-	-	-	-	-	-	-	355	355
3	Public sector entities	324	-	-	-	91	-	7	-	-	37	-	-	-	-	-	-	459	453
4	Multilateral developments banks	1	-	-	-	-	-	2	-	-	-	-	-	-	-	-	-	3	3
5	International organisations	206	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	206	206
6	Institutions	18,784	2,137	-	-	9,691	-	7,283	-	-	1,646	166	-	-	-	-	-	39,708	29,409
7	Corporate	-	-	-	-	3,995	-	6,476	-	-	38,699	1,164	-	-	-	-	-	50,334	34,695
8	Retail	-	-	-	-	-	(0)	-	-	25,183	-	-	-	-	-	-	-	25,183	25,183
9	Secured by mortgages on immovable property	-	-	-	-	-	5,478	1,073	-	429	19	-	-	-	-	-	-	6,999	6,999
10	Equity exposure	-	-	-	-	-	-	-	-	-	911	-	163	-	-	-	-	1,075	1,075
11	Exposure in default	-	-	-	-	-	-	-	-	-	1,826	1,347	-	-	-	-	-	3,174	3,174
12	Items associated with particularly high risk	-	-	-	-	-	-	-	-	-	-	152	-	-	-	-	-	152	152
13	Covered bonds	-	-	-	-	-	-	19	-	-	-	-	-	-	-	-	-	19	-
14	Claims on institutions and corporate with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Claims in the form of CIU	4,777	-	4	-	2,066	-	121	-	-	2,471	318	-	-	-	-	-	9,757	9,757
16	Other items	1,580	-	-	-	893	-	-	-	-	8,721	-	-	-	-	-	-	11,194	11,194
17	**TOTAL**	**67,235**	**2,137**	**4**	**-**	**17,116**	**5,478**	**15,382**	**-**	**25,612**	**57,142**	**3,148**	**163**	**-**	**-**	**-**	**739**	**194,155**	**168,132**

Exposures to the asset classes "Central governments and central banks" and "Banks (institutions)" treated under the standard approach mainly benefit from the application of a 0% weighting coefficient at end-2018 and at end-2017. This reflects the importance of activities carried out with high quality counterparties.

4.4.2.2.2. Credit risk – internal ratings-based approach

Outstanding loans are classified by counterparty type and financial product type, based on the seven exposure classes shown in the table below and set out in Article 147 of Regulation (EU) 575/2013 of 26 June 2013 on capital requirements applicable to credit institutions and investment companies:

- in addition to exposures to "Central governments and central banks", the Central government and central banks class includes exposures to certain regional and local authorities and public sector agencies that are treated as central government agencies, as well as multilateral development banks and international organisations;
- the "Institutions" class comprises exposure to credit institutions and investment companies, including those recognised in other countries. It also includes some exposures to regional and local authorities, public sector agencies and multilateral development banks that are not classified under central governments;
- the "Corporates" class is divided into large corporates and small and medium-sized companies, which are subject to different regulatory treatments;
- the "Retail customer" class is broken down into loans secured by property granted to individuals and to small and medium businesses, revolving credits, other loans granted to individuals and to small and medium businesses;
- the "Equity" class comprises exposures that convey a residual, subordinated claim on the assets or income of the issuer or have a similar economic substance;
- the "Securitisation" class includes exposures to securitisation transactions or structures, including those resulting from interest rate or exchange rate derivatives, independently of the institution's role (whether it is the originator, sponsor or investor);
- the "Assets other than credit obligations" class does not currently show any assets using the Internal Rating-Based (IRB) approach.

In accordance with the regulatory rules in effect, risk-weighted assets in the "Central governments and central banks", "Institutions", "Corporate" and "Retail customers" classes are calculated by applying a prescribed formula, the main parameters of which are the EAD, PD, LGD and the maturity associated with each exposure:

- for exposures to Large customers (Central governments and central banks, Institutions and Corporates), the formula is given in Article 153 of EU Regulation 575/2013 of 26 June 2013;
- for exposures to Retail customers, the formula is given in Article 154 of EU Regulation 575/2013 of 26 June 2013.

Risk-weighted assets in the "Equities" category are calculated by applying standardised weightings to the carrying amount of the exposures. These weightings, set out in Article 155 of EU Regulation 575/2013 of 26 June 2013, depend on the nature of the equities involved: 190% for private equity exposures in sufficiently diversified portfolios, 290% for exchange traded equity exposures and 370% for all other "Equity" exposures excluding equity investments of over 10% in financial firms used in the calculation of the exemption threshold (250% weighting).

The calculation of risk-weighted assets in respect of "Securitisation" exposures is set out in the dedicated section below.

Risk-weighted assets of "Assets other than credit obligations" exposures are calculated in accordance with Article 156 of Regulation (EU) 575/2013 of 26 June 2013. The parameters of the formulas cited above are estimated using historical default and loss data collected internally by Crédit Agricole S.A. Group. Note that the definition of default used for the calculation of these parameters has a significant influence on the value thereof.

Exposure at Default (EAD) is the amount of exposure to a counterparty at the time of said counterparty's default. For balance sheet items, EAD corresponds to exposure net of provisions for items covered by the standardised approach to credit risk, and to gross amounts for items covered by internal ratings. In the case of limits and financing commitments not used by the counterparty, a fraction of the total commitment is taken into account by applying a credit conversion factor (CCF). The CCF is estimated using an internal method validated by the supervisory authority for Retail banking portfolios. The Internal CCF is estimated on the basis of the CCF observed in cases of default by class of exposure. For other portfolios, a standard CCF of 20%, 50% or 100% is applied, depending on the nature of the commitment and its term.

For Large customers, default is defined on a customer-by customer basis. As a result, it factors in the principle of contagion: an exposure to a defaulting customer causes the classification under default of all of the said customer's loans within the entity responsible for the uniformity of the rating and all of its loans within Crédit Agricole S.A. Group.

For Retail customers, the default can be recorded at the level of the transaction. When applied to the debtor, it factors in the principle of contagion. Contagion rules are defined and precisely documented by the entity (joint account, outstandings of individuals or professionals, notion of risk group, etc.).

The pertinence and reliability of the rating data used are guaranteed by a process consisting in the initial validation and subsequent maintenance of internal models based on a structured and documented organisation implemented throughout the Group and involving entities, the Risk Management department and the Audit Group function.

The use of internal models for calculating solvency ratios has strengthened Crédit Agricole S.A. Group's risk management. In particular, the development of "internal rating" approaches has led to the systematic collection of reliable data in respect of historical default and loss for the majority of Group entities. The collection of historical data of this nature now makes it possible to quantify credit risk by giving each rating an average Probability of Default (PD) and, for "advanced internal rating" approaches, the Loss Given Default (LGD).

In addition, the parameters of the "internal rating" models are used in the definition, implementation and monitoring of entities' risk and credit policies. On the scope of Large customers, the Group's unique rating system (identical methods and tools, shared data), in place for many years, has contributed to strengthening and standardising the use of ratings and the associated risk parameters within the entities. The uniqueness of ratings in the scope of the Large customer category thereby provides a shared framework on which to base standards and procedures, management tools, provisioning and risk-hedging policies, as well as alerts and close monitoring procedures. Due to their role in the monitoring and managing of risk within the various entities, ratings are subject to quality controls and regular monitoring at all stages of the rating process.

Internal models for measuring risks accordingly promote the development of sound risk-management practices among Group entities and improve the efficiency of the process of capital allocation by allowing a more accurate measurement of its consumption by business line and by entity.

The set of internal models used in Crédit Agricole Group was presented for approval to the Standards and Methodology Committee before auditing by the Group Control and Audit department. This internal validation process pre-dates the application for formal approval to the ECB. The process of constructing and validating an internal rating model requires work over a period generally spanning three to five years, involving several on-site pre-validation and validation assignments.

After validation, systems governing internal ratings and the calculation of risk parameters are subject to permanent and periodic control within each Group entity.

The definitions of the underlined words can be found in the Glossary on page 600.

Modeled parameter	Portfolio/Entity	Number of models
PD	Sovereigns	5
	Local authorities	8
	Financial Institutions (Banks, Insurance, Funds, etc.)	8
	Specialised financing	9
	Corporates	5
	Retail banking – LCL	2
	Retail banking – Crédit Agricole Consumer Finance	16
	Retail banking – CACIB	1
	Retail banking – CA Italia	3
LGD	Sovereigns	1
	Financial Institutions (Banks, Insurance, Funds, etc.)	3
	Specialised financing	8
	Corporates	1
	Retail banking – LCL	12
	Retail banking – Crédit Agricole Consumer Finance	16
	Retail banking – CACIB	1
	Retail banking – CA Italia	2
CCF	Retail banking – LCL	3
	Retail banking – Crédit Agricole Consumer Finance	4

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The definitions of the underlined words can be found in the Glossary on page 600.

4.4.2.2.3. Quality of exposures under the internal ratings-based approach

Presentation of the internal ratings system and procedure

The internal ratings systems and procedures are described in the section entitled “Risk Factors – Risk Management – Risk Measurement methods and systems”.

As exposure to Retail customers’ credit risk categories does not use the same internal ratings as the other categories, they are presented separately.

Credit risk exposures by portfolio and probability of default (PD) range Internal ratings-based approach foundation at 31 December 2018 (CR6)

(in millions of euros)	PD scale	Original on-balance sheet gross exposure	Off-balance sheet exposures pre CCF	Average CCF	EAD post CRM and post-CCF	Average PD	Average LGD	Average maturity	RWA	RWA density	EL	Provisions
Central governments and central banks	0.00 to < 0.15	83,844	80	68.17%	83,926	0.00%	45.00%	-	613	0.73%	1	-
	0.15 to < 0.25	112	-	-	112	0.16%	45.00%	-	46	41.15%	-	-
	0.25 to < 0.50	-	-	-	-	-	-	-	-	-	-	-
	0.50 to < 0.75	-	-	-	-	0.63%	44.98%	-	-	79.94%	-	-
	0.75 to < 2.50	1	-	-	1	1.42%	45.00%	-	1	112.67%	-	-
	2.50 to < 10.00	-	-	-	-	-	-	-	-	-	-	-
	10.00 to < 100.00	-	-	-	-	-	-	-	-	-	-	-
	100.00 (Default)	-	-	-	-	-	-	-	-	-	-	-
	Sub-total	**83,957**	**80**	**68.17%**	**84,039**	**0.00%**	**45.00%**	**-**	**660**	**0.79%**	**1**	**7**
Institutions	0.00 to < 0.15	322,296	2,022	57.10%	323,509	0.03%	1.09%	-	1,643	0.51%	1	-
	0.15 to < 0.25	170	51	68.33%	205	0.16%	24.60%	-	51	24.77%	-	-
	0.25 to < 0.50	372	21	32.24%	379	0.30%	37.60%	-	240	63.28%	-	-
	0.50 to < 0.75	137	25	45.44%	149	0.60%	45.00%	-	153	102.70%	-	-
	0.75 to < 2.50	57	11	62.49%	64	0.96%	44.98%	-	73	114.83%	-	-
	2.50 to < 10.00	3	2	67.23%	5	5.00%	45.00%	-	9	184.16%	-	-
	10.00 to < 100.00	10	1	25.18%	10	19.77%	45.00%	-	26	252.39%	1	-
	100.00 (Default)	-	-	-	-	-	-	-	-	-	-	-
	Sub-total	**323,047**	**2,133**	**57.01%**	**324,321**	**0.03%**	**1.18%**	**-**	**2,195**	**0.68%**	**3**	**5**
Corporates – Other	0.00 to < 0.15	8,852	7,243	83.76%	14,952	0.04%	44.95%	-	3,009	20.13%	3	-
	0.15 to < 0.25	2,750	2,189	76.66%	4,429	0.16%	44.88%	-	1,867	42.15%	3	-
	0.25 to < 0.50	2,793	2,994	73.25%	4,955	0.30%	44.77%	-	2,914	58.81%	7	-
	0.50 to < 0.75	2,785	2,171	78.79%	4,485	0.60%	44.82%	-	3,666	81.73%	12	-
	0.75 to < 2.50	3,316	2,297	69.82%	4,908	1.15%	44.67%	-	5,024	102.37%	25	-
	2.50 to < 10.00	156	175	85.46%	305	5.00%	44.77%	-	493	161.53%	7	-
	10.00 to < 100.00	322	138	70.05%	418	18.87%	44.82%	-	1,053	251.55%	35	-
	100.00 (Default)	330	73	71.61%	379	100.00%	44.89%	-	-	-	170	-
	Sub-total	**21,303**	**17,279**	**78.44%**	**34,831**	**1.68%**	**44.86%**	**-**	**18,025**	**51.75%**	**262**	**422**
Corporates – SME	0.00 to < 0.15	86	118	84.51%	186	0.05%	45.00%	-	32	17.22%	-	-
	0.15 to < 0.25	204	60	91.00%	259	0.16%	44.95%	-	92	35.46%	-	-
	0.25 to < 0.50	350	114	79.01%	441	0.30%	44.87%	-	224	50.94%	1	-
	0.50 to < 0.75	416	112	79.12%	503	0.60%	44.40%	-	348	69.21%	1	-
	0.75 to < 2.50	2,151	509	74.07%	2,479	1.32%	44.23%	-	2,200	88.75%	14	-
	2.50 to < 10.00	139	22	64.67%	150	5.00%	44.11%	-	189	126.07%	3	-
	10.00 to < 100.00	82	18	40.15%	84	15.68%	43.90%	-	161	191.47%	6	-
	100.00 (Default)	176	9	57.87%	178	100.00%	44.78%	-	-	-	80	-
	Sub-total	**3,605**	**963**	**76.62%**	**4,280**	**5.52%**	**44.41%**	**-**	**3,247**	**75.87%**	**105**	**149**
TOTAL (ALL PORTFOLIOS)		**431,912**	**20,454**	**76.07%**	**447,471**	**0.21%**	**13.23%**	**-**	**24,127**	**5.39%**	**372**	**583**

The definitions of the underlined words can be found in the Glossary on page 600.

Credit risk exposures by portfolio and probability of default (PD) range Internal ratings-based approach foundation at 31 December 2017 (CR6)

(in millions of euros)	PD scale	Original on-balance sheet gross exposure	Off-balance sheet exposures pre CCF	Average CCF	EAD post CRM and post-CCF	Average PD	Average LGD	Average maturity	RWA	RWA density	EL	Provisions
Central governments and central banks	0.00 to < 0.15	72,818	80	66.18%	72,909	-	45.00%	-	697	0.96%	1	-
	0.15 to < 0.25	158	-	-	158	0.16%	45.00%	-	65	41.14%	-	-
	0.25 to < 0.50	105	-	-	105	0.30%	45.00%	-	60	57.64%	-	-
	0.50 to < 0.75	13	-	-	13	0.60%	45.00%	-	10	79.98%	-	-
	0.75 to < 2.50	113	-	-	113	0.81%	45.00%	-	102	90.28%	-	-
	2.50 to < 10.00	-	-	-	-	-	50.00%	-	-	150.00%	-	-
	10.00 to < 100.00	-	-	-	-	-	-	-	-	-	-	-
	100.00 (Default)	-	-	-	-	-	-	-	-	-	-	-
	Sub-total	**73,206**	**80**	**66.18%**	**73,297**	**-**	**45.00%**	**-**	**934**	**1.27%**	**1**	**9**
Institutions	0.00 to < 0.15	307,612	2,754	60.76%	309,350	0.03%	1.27%	-	1,955	0.63%	1	-
	0.15 to < 0.25	217	1	28.92%	218	0.16%	36.15%	-	75	34.65%	-	-
	0.25 to < 0.50	471	7	31.75%	473	0.30%	38.92%	-	312	65.82%	1	-
	0.50 to < 0.75	19	21	59.81%	31	0.60%	45.00%	-	29	92.22%	-	-
	0.75 to < 2.50	61	16	29.86%	66	0.95%	44.98%	-	75	113.29%	-	-
	2.50 to < 10.00	1	1	25.30%	1	5.00%	45.00%	-	2	190.42%	-	-
	10.00 to < 100.00	4	3	88.96%	6	19.66%	45.00%	-	17	269.33%	1	-
	100.00 (Default)	-	-	-	-	100.00%	45.00%	-	-	-	-	-
	Sub-total	**308,385**	**2,803**	**60.51%**	**310,146**	**0.03%**	**1.37%**	**-**	**2,464**	**0.79%**	**3**	**1**
Corporates – Other	0.00 to < 0.15	8,269	7,401	84.88%	14,556	0.04%	44.97%	-	2,890	19.85%	3	-
	0.15 to < 0.25	2,325	2,510	75.86%	4,229	0.16%	44.90%	-	1,774	41.95%	3	-
	0.25 to < 0.50	2,501	2,467	73.05%	4,297	0.30%	44.71%	-	2,527	58.82%	6	-
	0.50 to < 0.75	2,489	1,862	74.20%	3,849	0.60%	44.84%	-	3,160	82.12%	10	-
	0.75 to < 2.50	3,093	2,063	70.85%	4,541	1.17%	44.62%	-	4,658	102.59%	24	-
	2.50 to < 10.00	123	54	76.94%	164	5.00%	44.44%	-	264	160.88%	4	-
	10.00 to < 100.00	130	145	75.75%	240	18.00%	44.88%	-	599	249.91%	19	-
	100.00 (Default)	395	69	58.53%	430	100.00%	44.95%	-	-	-	193	-
	Sub-total	**19,325**	**16,571**	**78.60%**	**32,304**	**1.81%**	**44.86%**	**-**	**15,873**	**49.14%**	**262**	**385**
Corporates – SME	0.00 to < 0.15	25	31	75.80%	49	0.04%	45.00%	-	8	17.07%	-	-
	0.15 to < 0.25	38	10	85.89%	46	0.16%	44.91%	-	17	37.57%	-	-
	0.25 to < 0.50	264	73	75.67%	319	0.30%	44.52%	-	166	52.15%	-	-
	0.50 to < 0.75	328	101	69.19%	399	0.60%	44.39%	-	279	70.00%	1	-
	0.75 to < 2.50	1,875	523	72.63%	2,205	1.36%	44.21%	-	1,970	89.31%	13	-
	2.50 to < 10.00	114	24	54.50%	123	5.00%	44.01%	-	154	124.70%	3	-
	10.00 to < 100.00	87	22	53.94%	94	15.06%	44.42%	-	185	195.60%	6	-
	100.00 (Default)	209	9	53.40%	209	100.00%	44.63%	-	-	-	93	-
	Sub-total	**2,940**	**792**	**71.52%**	**3,445**	**7.64%**	**44.31%**	**-**	**2,779**	**80.67%**	**117**	**191**
TOTAL (ALL PORTFOLIOS)		**403,857**	**20,246**	**75.75%**	**419,193**	**0.23%**	**12.70%**	**-**	**22,050**	**5.26%**	**384**	**585**

The definitions of the underlined words can be found in the Glossary on page 600.

Credit risk exposures by portfolio and probability of default (PD) range Advanced internal ratings-based approach at 31 December 2018 (CR6)

(in millions of euros)	PD scale	Original on-balance sheet gross exposure	Off-balance sheet exposures pre CCF	Average CCF	EAD post CRM and post-CCF	Average PD	Average LGD	Average maturity	RWA	RWA density	EL	Provisions
Central governments and central banks	0.00 to < 0.15	68,908	2,890	66.98%	81,026	0.01%	1.40%	614	227	0.28%	-	-
	0.15 to < 0.25	453	-	64.06%	1,166	0.16%	10.00%	1,031	116	9.99%	-	-
	0.25 to < 0.50	378	-	-	378	0.30%	9.98%	404	36	9.52%	-	-
	0.50 to < 0.75	775	214	75.00%	323	0.60%	10.00%	559	47	14.65%	-	-
	0.75 to < 2.50	296	490	75.00%	45	1.24%	46.88%	1,331	58	127.73%	-	-
	2.50 to < 10.00	685	315	73.86%	82	5.00%	59.76%	1,459	140	171.06%	2	-
	10.00 to < 100.00	84	108	76.34%	26	12.41%	77.60%	1,126	104	402.17%	3	-
	100.00 (Default)	78	-	-	31	100.00%	45.00%	1,367	-	1.04%	17	-
	Sub-total	**71,657**	**4,017**	**66.96%**	**83,077**	**0.06%**	**1.72%**	**620**	**729**	**0.88%**	**22**	**25**
Institutions	0.00 to < 0.15	21,439	3,671	83.99%	26,882	0.03%	11.31%	608	929	3.46%	1	-
	0.15 to < 0.25	814	492	46.90%	501	0.16%	38.49%	759	230	46.00%	-	-
	0.25 to < 0.50	789	1,165	39.05%	1,139	0.30%	42.29%	529	437	38.33%	1	-
	0.50 to < 0.75	404	712	44.30%	565	0.60%	52.66%	425	383	67.74%	1	-
	0.75 to < 2.50	842	1,087	41.63%	862	0.96%	39.11%	543	632	73.37%	3	-
	2.50 to < 10.00	47	87	20.81%	21	5.00%	56.40%	438	56	267.61%	1	-
	10.00 to < 100.00	95	24	27.69%	100	19.48%	39.01%	1,639	229	228.88%	7	-
	100.00 (Default)	377	-	-	377	100.00%	45.01%	625	-	-	394	-
	Sub-total	**24,807**	**7,238**	**70.72%**	**30,447**	**1.38%**	**15.01%**	**606**	**2,897**	**9.52%**	**409**	**400**
Corporates – Other	0.00 to < 0.15	24,839	52,479	54.05%	51,939	0.04%	35.57%	730	7,382	14.21%	8	-
	0.15 to < 0.25	10,366	15,375	56.74%	16,328	0.16%	43.59%	965	6,007	36.79%	10	-
	0.25 to < 0.50	7,098	16,846	48.19%	11,779	0.30%	49.51%	959	6,306	53.53%	14	-
	0.50 to < 0.75	7,763	8,937	59.27%	9,493	0.60%	45.77%	919	6,761	71.22%	21	-
	0.75 to < 2.50	8,218	10,956	56.01%	10,561	1.10%	45.60%	1,109	9,755	92.37%	43	-
	2.50 to < 10.00	495	636	55.96%	304	5.00%	50.28%	773	418	137.67%	6	-
	10.00 to < 100.00	944	1,704	36.15%	952	15.53%	41.71%	1,004	1,591	167.14%	49	-
	100.00 (Default)	1,575	283	43.77%	1,580	100.00%	45.12%	843	11	0.72%	1,310	-
	Sub-total	**61,298**	**107,215**	**53.82%**	**102,935**	**1.94%**	**40.65%**	**854**	**38,232**	**37.14%**	**1,460**	**1,794**
Corporates – SME	0.00 to < 0.15	6	4	20.00%	6	0.06%	46.61%	1,443	2	24.78%	-	-
	0.15 to < 0.25	2	-	100.00%	2	0.16%	48.16%	619	1	29.32%	-	-
	0.25 to < 0.50	3	3	54.78%	4	0.30%	47.60%	1,104	3	60.56%	-	-
	0.50 to < 0.75	20	142	75.85%	36	0.60%	35.76%	623	17	48.13%	-	-
	0.75 to < 2.50	127	247	49.36%	217	1.33%	36.03%	1,056	160	73.77%	1	-
	2.50 to < 10.00	10	1	63.61%	10	5.00%	38.42%	1,134	10	108.87%	-	-
	10.00 to < 100.00	51	163	75.10%	161	19.65%	45.90%	1,626	164	101.40%	4	-
	100.00 (Default)	7	-	84.72%	8	100.00%	45.05%	402	-	0.00%	4	-
	Sub-total	**227**	**558**	**60.44%**	**444**	**9.66%**	**40.12%**	**1,222**	**356**	**80.23%**	**9**	**7**
Corporates – Specialised Lending	0.00 to < 0.15	1,757	1,419	51.18%	9,192	0.03%	5.50%	1,354	259	2.82%	-	-
	0.15 to < 0.25	8,036	2,429	68.05%	10,219	0.16%	9.73%	1,350	1,046	10.24%	1	-
	0.25 to < 0.50	10,573	2,943	63.51%	10,421	0.30%	12.23%	1,313	1,801	17.28%	4	-
	0.50 to < 0.75	8,274	2,683	45.15%	7,961	0.60%	11.62%	1,286	1,736	21.81%	5	-
	0.75 to < 2.50	10,506	3,679	57.63%	9,774	1.12%	14.37%	1,280	3,234	33.09%	15	-
	2.50 to < 10.00	1,301	161	40.18%	1,036	5.00%	15.65%	1,121	559	53.97%	8	-
	10.00 to < 100.00	1,672	241	59.39%	1,127	15.74%	19.58%	1,111	1,134	100.60%	35	-
	100.00 (Default)	1,195	29	78.00%	1,159	100.00%	41.97%	1,093	62	5.39%	421	-
	Sub-total	**43,314**	**13,584**	**57.21%**	**50,890**	**3.14%**	**11.74%**	**1,304**	**9,832**	**19.32%**	**489**	**761**

The definitions of the underlined words can be found in the Glossary on page 600.

(in millions of euros)	PD scale	Original on-balance sheet gross exposure	Off-balance sheet exposures pre CCF	Average CCF	EAD post CRM and post-CCF	Average PD	Average LGD	Average maturity	RWA	RWA density	EL	Provisions
Retail – Secured by immovable property non SME	0.00 to < 0.15	35,383	1,578	100.00%	36,961	0.09%	11.68%		1,044	2.82%	4	-
	0.15 to < 0.25	4,533	15	100.00%	4,548	0.22%	17.37%		364	8.00%	2	-
	0.25 to < 0.50	20,035	900	100.00%	20,935	0.43%	11.29%		1,751	8.37%	10	-
	0.50 to < 0.75	-	-	-	-	-	-		-	-	-	-
	0.75 to < 2.50	17,503	1,179	100.00%	18,682	1.49%	11.29%		3,544	18.97%	31	-
	2.50 to < 10.00	6,470	905	100.00%	7,375	5.40%	11.60%		3,063	41.53%	47	-
	10.00 to < 100.00	389	8	100.00%	398	27.24%	-		318	79.89%	14	-
	100.00 (Default)	877	2	99.12%	879	100.00%	38.92%		389	44.23%	342	-
	Sub-total	**85,190**	**4,588**	**100.00%**	**89,778**	**1.85%**	**11.98%**		**10,472**	**11.66%**	**450**	**377**
Retail – Other SME	0.00 to < 0.15	146	2,340	54.81%	1,429	0.09%	68.56%		58	4.09%	1	-
	0.15 to < 0.25	13	346	26.41%	104	0.25%	56.34%		9	8.39%	-	-
	0.25 to < 0.50	218	1,987	60.44%	1,419	0.45%	65.53%		205	14.42%	4	-
	0.50 to < 0.75	-	-	-	-	-	-		-	-	-	-
	0.75 to < 2.50	961	1,836	57.18%	2,010	1.70%	61.48%		747	37.13%	21	-
	2.50 to < 10.00	1,661	983	74.04%	2,389	5.30%	61.61%		1,894	79.30%	77	-
	10.00 to < 100.00	171	28	74.80%	191	35.04%	61.51%		331	172.72%	40	-
	100.00 (Default)	318	2	66.04%	319	100.00%	85.92%		63	19.79%	274	-
	Sub-total	**3,488**	**7,521**	**58.16%**	**7,862**	**6.87%**	**64.98%**		**3,306**	**42.05%**	**419**	**384**
Retail – Qualifying revolving	0.00 to < 0.15	14,319	437	95.55%	14,736	0.09%	12.13%		441	3.00%	2	-
	0.15 to < 0.25	2,442	57	86.96%	2,491	0.21%	27.18%		302	12.13%	1	-
	0.25 to < 0.50	4,546	280	99.18%	4,824	0.46%	37.62%		1,292	26.79%	8	-
	0.50 to < 0.75	-	-	-	-	-	-		-	-	-	-
	0.75 to < 2.50	12,362	454	104.28%	12,835	1.46%	46.41%		7,254	56.52%	88	-
	2.50 to < 10.00	9,453	245	100.80%	9,700	4.70%	49.27%		7,338	75.65%	211	-
	10.00 to < 100.00	1,170	4	98.89%	1,173	10.40%	16.52%		1,194	101.78%	235	-
	100.00 (Default)	1,990	4	80.89%	1,993	100.00%	71.77%		452	22.70%	1,476	-
	Sub-total	**46,282**	**1,480**	**99.43%**	**47,753**	**5.73%**	**34.42%**		**18,275**	**38.27%**	**2,021**	**1,977**
Retail – Secured by immovable property SME	0.00 to < 0.15	205	-	100.00%	205	0.11%	17.62%		8	3.82%	-	-
	0.15 to < 0.25	597	7	100.00%	604	0.20%	14.92%		29	4.88%	-	-
	0.25 to < 0.50	1,615	13	100.00%	1,629	0.52%	15.15%		160	9.81%	1	-
	0.50 to < 0.75	-	-	-	-	-	-		-	-	-	-
	0.75 to < 2.50	1,502	23	100.00%	1,525	1.24%	14.61%		259	16.98%	3	-
	2.50 to < 10.00	1,201	37	100.00%	1,238	5.09%	14.10%		455	36.74%	9	-
	10.00 to < 100.00	202	8	100.00%	210	11.37%	8.99%		145	69.07%	8	-
	100.00 (Default)	236	-	-	236	100.00%	42.76%		38	15.97%	101	-
	Sub-total	**5,559**	**88**	**100.00%**	**5,647**	**6.08%**	**15.85%**		**1,093**	**19.36%**	**123**	**107**
Retail – Other non-SME	0.00 to < 0.15	152	7	68.89%	157	0.11%	20.49%		10	6.39%	-	-
	0.15 to < 0.25	3,213	142	83.07%	3,332	0.19%	32.88%		700	21.00%	2	-
	0.25 to < 0.50	4,961	289	73.64%	5,173	0.52%	34.71%		1,672	32.32%	9	-
	0.50 to < 0.75	-	-	-	-	-	-		-	-	-	-
	0.75 to < 2.50	4,640	280	77.19%	4,856	1.28%	36.84%		2,055	42.33%	23	-
	2.50 to < 10.00	4,413	324	81.38%	4,676	4.90%	37.67%		2,864	61.24%	86	-
	10.00 to < 100.00	727	52	87.85%	773	13.41%	-		735	95.07%	72	-
	100.00 (Default)	1,252	31	71.54%	1,274	100.00%	78.08%		219	17.17%	994	-
	Sub-total	**19,358**	**1,124**	**78.51%**	**20,241**	**8.48%**	**36.92%**		**8,254**	**40.78%**	**1,187**	**977**
TOTAL (ALL PORTFOLIOS)		**361,180**	**147,413**	**58.49%**	**439,074**	**2.48%**	**21.42%**		**93,447**	**21.28%**	**6,590**	**6,810**

Credit risk exposures by portfolio and probability of default (PD) range Advanced internal ratings-based approach at 31 December 2017 (CR6)

(in millions of euros)	PD scale	Original on-balance sheet gross exposure	Off-balance sheet exposures pre CCF	Average CCF	EAD post CRM and post-CCF	Average PD	Average LGD	Average maturity	RWA	RWA density	EL	Provisions
Central governments and central banks	0.00 to < 0.15	55,093	987	63.24%	63,423	-	1.12%	614	74	0.12%	-	-
	0.15 to < 0.25	72	-	54.35%	531	0.16%	10.00%	1,251	59	11.18%	-	-
	0.25 to < 0.50	1,227	100	55.15%	1,466	0.30%	15.74%	495	229	15.60%	1	-
	0.50 to < 0.75	686	294	75.00%	284	0.60%	10.00%	642	44	15.58%	-	-
	0.75 to < 2.50	304	551	74.48%	43	1.21%	47.28%	1,572	52	121.72%	-	-
	2.50 to < 10.00	129	163	74.06%	19	5.00%	60.00%	1,386	43	233.72%	1	-
	10.00 to < 100.00	616	187	70.03%	58	12.18%	67.55%	1,440	208	360.02%	5	-
	100.00 (Default)	88	-	-	21	100.00%	45.00%	1,609	3	14.47%	15	-
	Sub-total	**58,215**	**2,282**	**63.08%**	**65,845**	**0.06%**	**1.68%**	**619**	**713**	**1.08%**	**22**	**44**
Institutions	0.00 to < 0.15	23,484	3,307	96.18%	31,329	0.02%	10.58%	567	1,094	3.49%	1	-
	0.15 to < 0.25	720	230	44.81%	574	0.16%	40.89%	651	206	35.83%	-	-
	0.25 to < 0.50	1,366	652	33.36%	1,198	0.30%	45.33%	447	424	35.41%	1	-
	0.50 to < 0.75	1,478	768	36.03%	1,024	0.60%	50.97%	167	505	49.29%	2	-
	0.75 to < 2.50	705	687	50.33%	651	1.10%	33.22%	526	373	57.23%	2	-
	2.50 to < 10.00	20	71	24.21%	7	5.00%	50.79%	737	11	166.59%	-	-
	10.00 to < 100.00	18	52	23.62%	17	15.47%	60.88%	1,015	56	324.19%	1	-
	100.00 (Default)	371	2	29.30%	366	100.00%	45.03%	631	-	0.01%	383	-
	Sub-total	**28,161**	**5,769**	**83.29%**	**35,167**	**1.12%**	**14.24%**	**553**	**2,669**	**7.59%**	**392**	**389**
Corporates – Other	0.00 to < 0.15	19,201	54,356	48.83%	44,975	0.04%	35.28%	759	6,544	14.55%	7	-
	0.15 to < 0.25	6,207	16,476	48.16%	12,990	0.16%	45.03%	965	4,900	37.72%	8	-
	0.25 to < 0.50	8,955	14,160	50.69%	13,547	0.30%	43.45%	953	7,541	55.66%	16	-
	0.50 to < 0.75	6,525	7,057	51.66%	6,761	0.60%	44.75%	871	4,790	70.84%	15	-
	0.75 to < 2.50	7,631	9,631	51.98%	9,484	1.04%	49.52%	1,089	9,058	95.51%	39	-
	2.50 to < 10.00	855	528	53.59%	667	5.00%	40.99%	789	851	127.48%	12	-
	10.00 to < 100.00	1,027	2,628	41.30%	1,585	14.82%	39.86%	749	2,573	162.33%	70	-
	100.00 (Default)	2,169	894	55.53%	2,480	100.00%	45.54%	887	419	16.88%	1,611	-
	Sub-total	**52,569**	**105,731**	**49.29%**	**92,490**	**3.21%**	**40.39%**	**862**	**36,675**	**39.65%**	**1,779**	**2,509**
Corporates – SME	0.00 to < 0.15	-	3	20.00%	1	0.06%	73.95%	395	-	17.88%	-	-
	0.15 to < 0.25	1	1	82.46%	2	0.17%	39.42%	668	-	25.09%	-	-
	0.25 to < 0.50	-	1	57.63%	1	0.30%	47.64%	1,216	-	67.74%	-	-
	0.50 to < 0.75	17	3	73.36%	19	0.60%	46.46%	781	12	63.45%	-	-
	0.75 to < 2.50	57	243	43.82%	113	1.18%	42.88%	1,023	98	86.55%	1	-
	2.50 to < 10.00	19	12	83.80%	28	5.00%	43.66%	1,260	37	128.44%	1	-
	10.00 to < 100.00	29	11	76.19%	20	17.53%	40.58%	467	32	161.06%	1	-
	100.00 (Default)	25	14	49.31%	32	100.00%	45.03%	1,200	1	2.24%	3	-
	Sub-total	**148**	**288**	**49.25%**	**216**	**17.73%**	**43.49%**	**1,003**	**180**	**83.50%**	**6**	**3**
Corporates – Specialised Lending	0.00 to < 0.15	2,260	1,453	50.39%	9,530	0.02%	5.48%	1,357	252	2.64%	-	-
	0.15 to < 0.25	7,953	1,768	64.85%	8,771	0.16%	9.49%	1,363	928	10.58%	1	-
	0.25 to < 0.50	10,384	2,841	59.63%	10,882	0.30%	12.60%	1,242	1,868	17.17%	4	-
	0.50 to < 0.75	6,040	2,644	60.53%	6,064	0.60%	10.97%	1,328	1,334	22.00%	4	-
	0.75 to < 2.50	10,174	3,270	50.22%	9,308	1.13%	14.85%	1,250	3,279	35.22%	15	-
	2.50 to < 10.00	1,650	276	72.55%	1,065	5.00%	11.95%	1,234	483	45.36%	6	-
	10.00 to < 100.00	1,552	194	74.92%	1,367	15.06%	19.42%	1,235	1,274	93.22%	35	-
	100.00 (Default)	1,258	24	79.80%	1,241	100.00%	38.30%	1,143	44	3.54%	510	-
	Sub-total	**41,272**	**12,470**	**57.34%**	**48,227**	**3.51%**	**11.70%**	**1,296**	**9,461**	**19.62%**	**576**	**510**

The definitions of the underlined words can be found in the Glossary on page 600.

(in millions of euros)	PD scale	Original on-balance sheet gross exposure	Off-balance sheet exposures pre CCF	Average CCF	EAD post CRM and post-CCF	Average PD	Average LGD	Average maturity	RWA	RWA density	EL	Provisions
Retail – Secured by immovable property non SME	0.00 to < 0.15	31,799	1,214	100.00%	33,013	0.09%	11.79%	-	940	2.85%	4	-
	0.15 to < 0.25	3,939	10	100.00%	3,949	0.22%	17.42%	-	313	7.93%	2	-
	0.25 to < 0.50	18,205	669	100.00%	18,874	0.42%	11.43%	-	1,576	8.35%	9	-
	0.50 to < 0.75	-	-	-	-	-	-	-	-	-	-	-
	0.75 to < 2.50	17,091	864	100.00%	17,955	1.47%	11.29%	-	3,382	18.84%	30	-
	2.50 to < 10.00	6,105	575	100.00%	6,680	5.48%	11.64%	-	2,793	41.82%	43	-
	10.00 to < 100.00	393	6	100.00%	398	27.00%	-	-	313	78.59%	14	-
	100.00 (Default)	1,024	2	100.00%	1,026	100.00%	45.26%	-	4	0.40%	464	-
	Sub-total	**78,556**	**3,339**	**100.00%**	**81,895**	**2.15%**	**12.21%**	**-**	**9,322**	**11.38%**	**565**	**251**
Retail – Other SME	0.00 to < 0.15	106	2,244	51.14%	1,254	0.09%	68.72%	-	51	4.08%	1	-
	0.15 to < 0.25	11	342	27.09%	104	0.23%	55.84%	-	8	7.75%	-	-
	0.25 to < 0.50	211	1,914	59.27%	1,346	0.44%	64.41%	-	187	13.90%	4	-
	0.50 to < 0.75	-	-	-	-	-	-	-	-	-	-	-
	0.75 to < 2.50	913	1,717	56.26%	1,879	1.63%	60.56%	-	664	35.34%	19	-
	2.50 to < 10.00	1,715	807	79.00%	2,353	5.37%	60.80%	-	1,862	79.15%	76	-
	10.00 to < 100.00	179	24	78.43%	198	34.66%	61.03%	-	343	173.05%	41	-
	100.00 (Default)	332	1	65.07%	333	100.00%	85.89%	-	18	5.28%	286	-
	Sub-total	**3,468**	**7,050**	**56.71%**	**7,467**	**7.42%**	**64.31%**	**-**	**3,133**	**41.96%**	**427**	**300**
Retail – Qualifying revolving	0.00 to < 0.15	13,828	389	92.86%	14,190	0.09%	13.69%	-	468	3.30%	2	-
	0.15 to < 0.25	2,306	51	87.31%	2,350	0.21%	23.98%	-	250	10.63%	1	-
	0.25 to < 0.50	4,320	211	98.79%	4,529	0.45%	38.59%	-	1,238	27.33%	8	-
	0.50 to < 0.75	-	-	-	-	-	-	-	-	-	-	-
	0.75 to < 2.50	12,088	345	102.34%	12,441	1.46%	47.44%	-	7,223	58.06%	88	-
	2.50 to < 10.00	9,463	199	102.24%	9,666	4.67%	51.20%	-	7,614	78.77%	218	-
	10.00 to < 100.00	1,236	4	95.17%	1,239	14.88%	21.03%	-	1,271	102.53%	260	-
	100.00 (Default)	2,229	3	91.06%	2,231	100.00%	72.72%	-	265	11.88%	1,642	-
	Sub-total	**45,469**	**1,202**	**97.94%**	**46,646**	**6.53%**	**36.05%**	**-**	**18,329**	**39.29%**	**2,220**	**1,875**
Retail – Secured by immovable property SME	0.00 to < 0.15	176	-	-	176	0.11%	17.88%	-	7	3.81%	-	-
	0.15 to < 0.25	391	2	100.00%	393	0.20%	16.97%	-	22	5.58%	-	-
	0.25 to < 0.50	1,114	13	100.00%	1,127	0.51%	16.90%	-	121	10.73%	1	-
	0.50 to < 0.75	-	-	-	-	-	-	-	-	-	-	-
	0.75 to < 2.50	961	11	100.00%	973	1.21%	17.03%	-	188	19.38%	2	-
	2.50 to < 10.00	744	11	100.00%	755	5.25%	17.03%	-	336	44.48%	7	-
	10.00 to < 100.00	138	5	100.00%	143	10.26%	9.26%	-	109	76.39%	7	-
	100.00 (Default)	307	-	100.00%	307	100.00%	53.30%	-	1	0.19%	164	-
	Sub-total	**3,831**	**42**	**100.00%**	**3,873**	**9.97%**	**19.81%**	**-**	**784**	**20.23%**	**180**	**89**
Retail – Other non-SME	0.00 to < 0.15	124	7	70.87%	129	0.11%	22.95%	-	10	7.52%	-	-
	0.15 to < 0.25	3,072	147	85.87%	3,200	0.20%	31.91%	-	657	20.54%	2	-
	0.25 to < 0.50	4,537	233	75.04%	4,712	0.50%	31.93%	-	1,387	29.43%	7	-
	0.50 to < 0.75	-	-	-	-	-	-	-	-	-	-	-
	0.75 to < 2.50	4,210	217	84.75%	4,394	1.22%	30.94%	-	1,659	37.76%	17	-
	2.50 to < 10.00	3,891	237	85.41%	4,093	4.89%	31.51%	-	2,228	54.44%	65	-
	10.00 to < 100.00	589	49	80.05%	629	13.47%	-	-	545	86.67%	54	-
	100.00 (Default)	1,400	31	76.38%	1,423	100.00%	82.42%	-	14	0.96%	1,172	-
	Sub-total	**17,822**	**921**	**82.00%**	**18,580**	**9.85%**	**34.32%**	**-**	**6,500**	**34.98%**	**1,318**	**933**
TOTAL (ALL PORTFOLIOS)		**329,512**	**139,095**	**55.43%**	**400,406**	**3.12%**	**21.82%**	**-**	**87,765**	**21.92%**	**7,485**	**6,902**

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The disparities between customer types seen in prior years in the retail banking portfolio were again apparent in 2018. The PD levels observed in loans secured by real estate assets are significantly lower than for other classes. For instance, 70% of gross exposures to the “Retail loans secured by real estate assets” portfolio have a PD of under 0.5%, while this figure is 43% for “Other loans to small and medium businesses” in the IRB portfolio – the Group’s Retail banking arm.

The differences in respect of PD levels are even more pronounced if we observe the contributions of expected losses attributable to significant differences in LGD levels from one portfolio to another: Exposure to “Retail loans secured by real estate assets” accounted for 52.4% of total Retail customer EAD but only 10.7% of expected losses.

The definitions of the underlined words can be found in the Glossary on page 600.

PD and average LGD by type of performing exposure under the A-IRB approach by geographic area

The LGDs in this table are regulatory and may be subject to floors on certain portfolios.

		31/12/2018		31/12/2017	
		A-IRB approach		A-IRB approach	
Type of exposure	Geographical area	PD	LGD	PD	LGD
Loans to SME					
o/w other loans	**All geographical areas**	**2.69%**	**35.66%**	**2.52%**	**31.63%**
	France (including overseas *départements* and territories)	2.60%	31.85%	2.41%	29.97%
	Western Europe Excluding Italy	1.83%	27.25%	2.43%	23.35%
	Italy	3.04%	48.25%	3.10%	40.85%
o/w secured by real estate assets	**All geographical areas**	**2.70%**	**14.83%**	**2.73%**	**17.02%**
	France (including overseas *départements* and territories)	2.58%	13.58%	2.47%	16.93%
	Italy	2.90%	17.00%	3.07%	17.15%
Retail loans					
o/w secured by real estate assets	**All geographical areas**	**1.03%**	**11.80%**	**1.06%**	**11.87%**
	France (including overseas *départements* and territories)	1.07%	10.70%	1.10%	10.86%
	Italy	0.87%	17.37%	0.86%	17.42%
o/w revolving	**All geographical areas**	**3.13%**	**63.55%**	**3.26%**	**62.75%**
	France (including overseas *départements* and territories)	2.67%	61.69%	2.69%	61.16%
	Italy	4.08%	67.40%	4.58%	66.35%
o/w others	**All geographical areas**	**2.38%**	**33.87%**	**2.48%**	**35.17%**
	France (including overseas *départements* and territories)	3.17%	34.36%	3.23%	35.64%
	Western Europe Excluding Italy	1.05%	17.02%	1.00%	16.20%
	Italy	2.96%	62.42%	3.26%	62.92%
	Asia-Pacific excluding Japan	0.00%	0.00%	0.00%	0.00%
Central governments and central banks					
	All geographical areas	**0.02%**	**1.73%**	**0.03%**	**1.75%**
	France (including overseas *départements* and territories)	0.04%	2.33%	0.04%	1.74%
	North America	0.00%	1.00%	0.00%	1.00%
	Western Europe Excluding Italy	0.01%	1.44%	0.03%	1.76%
	Italy	0.03%	3.11%	0.05%	3.83%
	Japan	0.00%	1.00%	0.00%	1.00%
	Asia-Pacific excluding Japan	0.04%	1.83%	0.04%	1.66%
	Africa and Middle East	0.07%	6.97%	0.09%	7.56%
	Eastern Europe	0.31%	10.84%	0.31%	45.00%
Corporates					
	All geographical areas	**0.57%**	**31.60%**	**0.67%**	**30.91%**
	France (including overseas *départements* and territories)	0.56%	30.03%	0.58%	27.94%
	North America	0.72%	29.16%	1.29%	31.32%
	Western Europe Excluding Italy	0.64%	37.57%	0.55%	36.67%
	Italy	0.38%	37.41%	0.81%	40.14%
	Japan	0.42%	17.71%	0.63%	21.54%
	Asia-Pacific excluding Japan	0.33%	33.05%	0.29%	30.36%
	Africa and Middle East	0.30%	54.18%	0.37%	48.79%
	Eastern Europe	0.45%	40.06%	0.38%	41.68%
Institutions					
	All geographical areas	**0.17%**	**16.42%**	**0.11%**	**16.88%**
	France (including overseas *départements* and territories)	0.18%	14.15%	0.10%	13.87%
	North America	0.11%	13.85%	0.15%	12.00%
	Western Europe Excluding Italy	0.11%	18.17%	0.11%	19.56%
	Italy	0.22%	28.86%	0.06%	6.86%
	Japan	0.13%	22.02%	0.13%	25.29%
	Asia-Pacific excluding Japan	0.16%	32.07%	0.16%	36.24%
	Africa and Middle East	0.08%	36.61%	0.09%	32.65%
	Eastern Europe	0.64%	75.03%	0.54%	55.40%

Only the following entities located in France (the corporate entity of Crédit Agricole S.A. and LCL) use the F-IRB method for their RWA calculations on the Central governments and central banks, institutions and corporate exposure classes.

4.4.2.2.4. Use of credit derivatives for hedging purposes

Effect of credit derivatives used for credit risk mitigation (CRM) on risk-weighted assets (RWA) under the internal ratings-based approach at 31 December 2018.

Effect of credit derivatives on risk-weighted assets (CR7)

31/12/2018 *(in millions of euros)*		Pre-credit derivatives RWAs	Actual RWAs
1	**Exposures under FIRB**	**-**	**-**
2	Central governments and central banks	-	-
3	Institutions	-	-
4	Corporates – SMEs	-	-
5	Corporates – Specialised lending	-	-
6	Corporates – Other	-	-
7	**Exposures under AIRB**	**-**	**-**
8	Central governments and central banks	3	-
9	Institutions	16	16
10	Corporates – SMEs	4,283	2,982
11	Corporates – Specialised lending	1	1
12	Corporates – Other	-	-
13	Retail – Secured by real estate SMEs	-	-
14	Retail – Secured by real estate non-SMEs	-	-
15	Retail – Qualifying revolving	-	-
16	Retail – Other SMEs	-	-
17	Retail – Other non-SMEs	-	-
18	Equity IRB	-	-
19	Other non credit obligation assets	-	-
20	**TOTAL**	**4,303**	**2,999**

4.4.2.2.5. Change in RWA between 31 December 2017 and 31 December 2018

Statement of risk-weighted asset (RWA) flows for credit risk exposures under the internal ratings-based approach (CR8)

31/12/2018 *(in millions of euros)*		RWA amounts	Capital requirements
1	**RWAs as at the end of the previous reporting period**	**140,778**	**11,262**
2	Asset size	5,383	431
3	Asset quality	(1,726)	(138)
4	Model updates	1,603	128
5	Methodology and policy	-	-
6	Acquisitions and disposals	-	-
7	Foreign exchange movements	1,161	93
8	Other	(1,411)	(113)
9	**RWAs as at the end of the reporting period**	**145,788**	**11,663**

4.4.2.2.6. Back-testing results

In the following paragraphs, back-testing covers all the methods and procedures used to verify the performance and stability of the internal risk models (PD, LGD, CCF), specifically by comparing forecasts with actual results.

With regard to permanent control, a back-testing Committee has been established within each entity. The Committee (which may, for some entities, be a specific agenda item for the Risk Committee) is chaired by the Risk Management department of the relevant entity and includes a representative from the Group Risk Management and Permanent Controls department. It meets at least twice a year and is the subject of reports to the Chief Executive Officer and the Head of the entity's Permanent Control department, as well as the Group Risk Management department.

Periodic inspection is conducted annually by the Internal Audit function or any third party specifically authorised by it. The audit plan covers:

- systems for calculating ratings and estimating risk parameters, as well as compliance with minimum requirements;
- systems functioning (correct implementation).

The corresponding reports are sent to the person responsible for monitoring the relevant entity within the Group Risk Management department.

The entity performs internal controls (permanent and periodic) on:

- the quality of input and output data within the system;
- the conceptual and technical quality of systems for calculating ratings and estimating risk parameters;
- the completeness of data used for the calculation of risk-weighted assets.

The definitions of the underlined words can be found in the Glossary on page 600.

Back-testing is critical in maintaining the pertinence and performance of rating models. A first phase of analysis is based chiefly on the quantitative analysis of the predictive model as a whole and its main explanatory variables.

This exercise can also detect significant changes in the structure and behaviour of portfolios and customers. Back-testing then results in decisions to adjust or recast models in order to factor in the new structural elements. This allows changes in non-cyclical behaviour or change in the franchise to be identified, revealing the impact of commercial or risk strategies implemented by the Bank.

Across the Group as a whole, each rating method is back-tested at least once a year by the unit responsible for the method (Group Risk Management department or its delegate). This provides the Group annually, through the Standards and Methodologies Committee, with the result of back-testing after consulting an *ad hoc* Committee to confirm the proper application of selected statistical methods and the validity of results, and proposes, where appropriate, suitable corrective measures (revision of the method, recalibration, training, recommendations for control, etc.).

These ex-post controls are performed – through the cycle – on historical data covering as long a period as possible. The following tables show the back-testing results for 2018 in respect of the Probability of Default (PD) and Loss Given Default (LGD) models.

Post-control of the probability of default (PD) by portfolio (CR9) – Retail customers at 31 December 2018

Exposure class	PD range	Weighted average PD	Arithmetic average PD by obligors[1]	Number of obligors: End of previous year	Number of obligors: End of the year	Defaulted obligors in the year	Average historical annual default rate
Sovereigns	0 to < 0.15	0.1%	0.1%	3,446,902	3,489,657	3,437	0.1%
	0.15 to < 0.25	0.2%	0.2%	394,909	106,297	1,551	0.2%
	0.25 to < 0.50	0.4%	0.4%	1,456,807	1,657,772	4,164	0.3%
	0.50 to < 0.75	0.6%	0.6%	915,390	995,530	5,040	0.6%
	0.75 to < 2.50	1.5%	1.5%	2,731,864	2,798,681	34,902	1.4%
	2.50 to < 10.00	4.7%	4.8%	1,908,365	2,027,111	75,226	4.4%
	10.00 to < 100	27.6%	26.8%	393,574	408,765	101,165	24.3%
	TOTAL	**1.7%**	**1.7%**	**11,247,811**	**11,483,813**	**225,485**	**1.6%**
Local authorities	0 to < 0.15						
	0.15 to < 0.25	0.2%	0.2%	85,350	85,788	202	0.2%
	0.25 to < 0.50	0.4%	0.4%	1,386	1,445	3	0.4%
	0.50 to < 0.75	0.5%	0.5%	80,592	81,391	405	0.4%
	0.75 to < 2.50	1.2%	1.3%	85,035	84,440	1,067	1.1%
	2.50 to < 10.00	4.7%	5.7%	122,083	124,262	5,843	5.1%
	10.00 to < 100	21.3%	22.9%	26,043	26,932	5,668	21.1%
	TOTAL	**2.5%**	**3.7%**	**400,489**	**404,258**	**13,188**	**3.3%**

(1) The performance of the rating methodologies is measured by way of regular backtestings, in accordance with regulation. Backtestings compare the estimated probability of default (arithmetic average PD weighted by debtors) with the observed results (historical annual default rate).

Loss Given Default (LGD) retail customers at 31 December 2018

Exposure class	Estimated LGD *(%)*	LGD before Prudential margin *(%)*
Individual Customers	24%	18%
Business Customers	29%	24%

Post-control of the probability of default (PD) by portfolio (CR9) – excl. retail customers at 31 December 2018

Exposure class	PD range	Weighted average PD	Arithmetic average PD by obligors[1]	Number of obligors: End of previous year	Number of obligors: End of the year	Defaulted obligors in the year	Average historical annual default rate
Sovereigns	0 to < 0.15	0.0%	0.0%	104	100	-	0.0%
	0.15 to < 0.25	0.2%	0.2%	10	17	-	0.0%
	0.25 to < 0.50	0.3%	0.3%	8	5	-	0.0%
	0.50 to < 0.75	0.6%	0.6%	9	10	-	0.0%
	0.75 to < 2.50	1.3%	1.4%	20	17	-	0.0%
	2.50 to < 10.00	5.0%	5.0%	11	13	-	2.0%
	10.00 to < 100	12.0%	13.8%	16	13	1	2.6%
	TOTAL	**0.1%**	**1.6%**	**178**	**175**	**1**	**0.4%**
Local authorities[2]	0 to < 0.15	0.0%	0.0%	5,968	6,393	4	0.0%
	0.15 to < 0.25	0.2%	0.2%	102	96	-	0.0%
	0.25 to < 0.50	0.3%	0.3%	66	66	1	0.5%
	0.50 to < 0.75	0.6%	0.6%	55	54	-	0.0%
	0.75 to < 2.50	1.2%	1.2%	16	14	-	0.0%
	2.50 to < 10.00	5.0%	5.0%	4	3	-	0.0%
	10.00 to < 100	12.0%	14.7%	4	3	-	0.0%
	TOTAL	**0.1%**	**0.1%**	**6,215**	**6,629**	**5**	**0.0%**
Financial Institutions	0 to < 0.15	0.0%	0.0%	2,386	2,638	-	0.0%
	0.15 to < 0.25	0.2%	0.2%	853	783	-	0.0%
	0.25 to < 0.50	0.3%	0.3%	627	755	-	0.0%
	0.50 to < 0.75	0.6%	0.6%	438	579	-	0.0%
	0.75 to < 2.50	0.9%	1.1%	251	264	-	0.2%
	2.50 to < 10.00	5.0%	5.0%	43	72	-	0.0%
	10.00 to < 100	12.1%	13.2%	53	41	-	0.0%
	TOTAL	**0.1%**	**0.4%**	**4,651**	**5,132**	**-**	**0.0%**
Corporates[2]	0 to < 0.15	0.0%	0.0%	1,854	1,865	-	0.1%
	0.15 to < 0.25	0.2%	0.2%	1,453	1,638	-	0.1%
	0.25 to < 0.50	0.3%	0.3%	3,148	3,280	1	0.2%
	0.50 to < 0.75	0.6%	0.6%	3,601	4,214	12	0.3%
	0.75 to < 2.50	1.2%	1.4%	16,284	17,889	121	0.8%
	2.50 to < 10.00	5.0%	5.0%	2,492	2,707	94	3.6%
	10.00 to < 100	16.1%	15.4%	1,663	1,912	152	9.8%
	TOTAL	**0.7%**	**2.1%**	**30,495**	**33,505**	**380**	**1.5%**
Specialised financing	0 to < 0.15	0.1%	0.1%	70	60	-	0.0%
	0.15 to < 0.25	0.2%	0.2%	303	296	-	0.0%
	0.25 to < 0.50	0.3%	0.3%	475	468	2	0.3%
	0.50 to < 0.75	0.6%	0.6%	206	273	1	0.1%
	0.75 to < 2.50	1.1%	1.1%	373	338	1	1.2%
	2.50 to < 10.00	5.0%	5.0%	50	34	4	4.7%
	10.00 to < 100	14.2%	14.1%	53	45	4	8.6%
	TOTAL	**1.0%**	**1.0%**	**1,530**	**1,514**	**12**	**1.0%**

(1) The performance of the rating methodologies is measured by way of regular backtestings, in accordance with regulation. Backtestings compare the estimated probability of default (arithmetic average PD weighted by debtors) with the observed results (historical annual default rate).
(2) PD internal models in the process of recalibration.

The definitions of the underlined words can be found in the Glossary on page 600.

Loss Given Default (LGD) excl. retail customers at 31 December 2018

Exposure class	Estimated LGD (%)	LGD before Prudential margin (%)
Sovereigns	45%	32%
Local authorities	F-IRB approach	F-IRB approach
Financial institutions[1]	56%	58%
Corporates	45%	38%
Specialised financing	24%	24%

(1) LDG internal models in the process of recalibration.

4.4.2.2.7. Comparison between estimated and actual losses

The ratio of Expected Losses (EL)/ to Exposure at Default (EAD) was 1.36% at 31 December 2018 (1.71% at 31 December 2017). This ratio is calculated for the Central government and central banks, Institutions, Corporates, Retail customers and Equity portfolios in the IRBA approach.

At the same time, the ratio of provisions to gross exposures was 1.18% at 31 December 2018, compared with 1.31% at end-2017.

4.4.2.3. Counterparty risk

Crédit Agricole S.A. and its subsidiaries calculate counterparty risk for all their exposures, whether in the banking book or the trading book. For items in the trading book, counterparty risk is calculated in accordance with the provisions relating to the regulatory supervision of market risk.

The regulatory treatment of counterparty risk on transactions on forward financial instruments in the banking portfolio is defined on a regulatory basis in Regulation (EU) 575/2013 of 26 June 2013. Crédit Agricole S.A. Group uses the market price method to measure its exposure to counterparty risk on transactions on forward financial instruments in the banking portfolio (Article 274) or the internal model method (Article 283) within the scope of Crédit Agricole CIB.

4.4.2.3.1. Analysis of exposure to counterparty risk

Exposure to counterparty risk by approach at 31 December 2018

	Standard			IRB			Total			
31/12/2018 *(in billions of euros)*	Gross Exposure	EAD	RWA	Gross Exposure	EAD	RWA	Gross Exposure	EAD	RWA	Capital Requirement
Central governments and central banks	2.3	2.3	0.0	7.6	7.6	0.1	9.9	9.9	0.1	0.0
Institutions	15.8	15.0	1.6	22.5	23.1	3.8	38.3	38.1	5.3	0.4
Corporates	2.1	1.7	1.6	22.7	22.0	6.9	24.8	23.7	8.5	0.7
Retail Customers	-	-	-	-	-	-	-	-	-	-
Shares	-	-	-	-	-	-	-	-	-	-
Securitisations	-	-	-	-	-	-	-	-	-	-
Other non credit-obligation assets	-	-	-	-	-	-	-	-	-	-
TOTAL	**20.1**	**19.0**	**3.2**	**52.9**	**52.6**	**10.8**	**73.0**	**71.6**	**14.0**	**1.1**

Exposure to counterparty risk by approach at 31 December 2017

	Standard			IRB			Total			
31/12/2017 *(in billions of euros)*	Gross Exposure	EAD	RWA	Gross Exposure	EAD	RWA	Gross Exposure	EAD	RWA	Capital Requirement
Central governments and central banks	1.9	1.9	-	7.2	7.1	0.3	9.0	9.0	0.3	-
Institutions	17.6	15.5	1.3	18.5	18.4	3.6	36.0	34.0	4.9	0.4
Corporates	2.6	2.1	2.0	16.8	16.7	5.7	19.4	18.8	7.7	0.6
Retail Customers	-	-	-	-	-	-	-	-	-	-
Shares	-	-	-	-	-	-	-	-	-	-
Securitisations	-	-	-	-	-	-	-	-	-	-
Other non credit-obligation assets	-	-	-	-	-	-	-	-	-	-
TOTAL	**22.0**	**19.5**	**3.3**	**42.4**	**42.2**	**9.6**	**64.5**	**61.7**	**12.9**	**1.0**

The definitions of the underlined words can be found in the Glossary on page 600.

The total gross exposure to counterparty risk was €73.0 billion at 31 December 2018 (in the form of derivatives: €47.3 billion and in the form of securities financing transactions: €25.7 billion

Information on exposure to transactions on forward financial instruments is also provided in Note 3.1 "Credit risk" to the consolidated financial statements.

4.4.2.3.2. Exposure to counterparty risk by approach

Analysis of exposure to counterparty risk by approach (CCR1)

	31/12/2018 *(in millions of euros)*	Notional	Replacement cost/current market value	Potential future credit exposure	EEPE	Multiplier	EAD post CRM	RWAs
1	Mark to market		6,336	917			2,919	1,463
2	Original exposure	-					-	-
3	Standardised approach		-			-	-	-
4	IMM (for derivatives and SFTs)				21,975	1.5	32,963	8,310
5	Of which securities financing transactions				-	-	-	-
6	Of which derivatives and long settlement transactions				21,975	1.5	32,963	8,310
7	Of which from contractual cross-product netting				-	-	-	-
8	Financial collateral simple method (for SFTs)						-	-
9	Financial collateral comprehensive method (for SFTs)						21,426	2,857
10	VaR for SFTs						-	-
11	**TOTAL**							**12,630**

4.4.2.3.3. Exposure to counterparty risk under the standardised method

Exposure to counterparty risk under the standardised approach by regulatory portfolio and by risk weighting at 31 December 2018 (CCR3)

31/12/2018	**Risk weight**													
Exposure classes *(in millions of euros)*	**0%**	**2%**	**4%**	**10%**	**20%**	**35%**	**50%**	**70%**	**75%**	**100%**	**150%**	**Other**	**Total Exposure to credit risk**	**o/w unrated**
Central governments or central banks	2,226	-	-	-	45	-	1	-	-	3	-	-	2,276	2,276
Regional governments or local authorities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public sector entities	4	-	-	-	6	-	2	-	-	-	-	-	12	5
Multilateral developments banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-
International organisations	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Banks (Institutions)	34	9,899	-	-	3,965	-	1,010	-	-	59	13	-	14,982	13,404
Corporate	-	-	-	-	17	-	183	-	-	1,489	9	-	1,697	1,236
Retail	-	-	-	-	-	-	-	-	4	-	-	-	4	4
Default	-	-	-	-	-	-	-	-	-	-	2	-	2	-
Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other items	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL	**2,264**	**9,899**	**-**	**-**	**4,033**	**-**	**1,197**	**-**	**4**	**1,552**	**24**	**-**	**18,973**	**16,925**

The definitions of the underlined words can be found in the Glossary on page 600.

Exposure to counterparty risk under the standardised approach by regulatory portfolio and by risk weighting at 31 December 2017 (CCR3)

31/12/2017 Exposure classes *(in millions of euros)*	Risk weight 0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	Other	Total Exposure to credit risk	o/w unrated
Central governments or central banks	1,664	-	-	-	185	-	1	-	-	4	-	-	1,854	1,854
Regional governments or local authorities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public sector entities	-	-	-	-	7	-	-	-	-	-	-	-	8	1
Multilateral developments banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-
International organisations	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Banks (Institutions)	63	11,674	-	-	2,686	-	1,042	-	-	57	-	-	15,523	13,456
Corporate	-	-	-	-	94	-	145	-	-	1,838	17	-	2,094	1,572
Retail	-	-	-	-	-	-	-	-	5	-	-	-	5	5
Default	-	-	-	-	-	-	-	-	-	-	1	-	1	-
Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other items	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL	**1,728**	**11,674**	**-**	**-**	**2,973**	**-**	**1,188**	**-**	**5**	**1,899**	**18**	**-**	**19,485**	**16,888**

4.4.2.3.4. Exposure to counterparty risk under the advanced approach

Counterparty risk exposures by portfolio and probability of default (PD) range, supervisory portfolios for foundation internal ratings-based approach at 31 December 2018 (CCR4)

31/12/2018 *(in millions of euros)*	PD scale	EAD post-CRM	Average PD	Average LGD	Average maturity	RWA	RWA density
Institutions	0.00 to < 0.15	975	0.03%	0.94%	-	-	-
	0.15 to < 0.25	-	-	-	-	-	-
	0.25 to < 0.50	1	0.30%	37.60%	-	1	57.64%
	0.50 to < 0.75	-	-	-	-	-	-
	0.75 to < 2.50	-	-	-	-	-	-
	2.50 to < 10.00	-	-	-	-	-	-
	10.00 to < 100.00	-	-	-	-	-	-
	100.00 (Default)	-	-	-	-	-	-
	Sub-total	**976**	**0.03%**	**0.97%**	**-**	**1**	**0.06%**
Corporates – Other	0.00 to < 0.15	7	0.03%	44.99%	-	-	5.61%
	0.15 to < 0.25	-	-	-	-	-	-
	0.25 to < 0.50	-	-	-	-	-	-
	0.50 to < 0.75	-	-	-	-	-	-
	0.75 to < 2.50	-	-	-	-	-	-
	2.50 to < 10.00	-	-	-	-	-	-
	10.00 to < 100.00	-	-	-	-	-	-
	100.00 (Default)	-	-	-	-	-	-
	Sub-total	**7**	**0.03%**	**44.99%**	**-**	**-**	**5.61%**
TOTAL		**984**	**0.03%**	**1.30%**	**-**	**1**	**0.10%**

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Counterparty risk exposures by portfolio and probability of default (PD) range, supervisory portfolios for foundation internal ratings-based approach at 31 December 2017 (CCR4)

31/12/2017 *(in millions of euros)*	PD scale	EAD post-CRM	Average PD	Average LGD	Average maturity	RWA	RWA density
Institutions	0.00 to < 0.15	327	0.03%	0.98%	-	-	0.03%
	0.15 to < 0.25	-	-	-	-	-	-
	0.25 to < 0.50	2	0.30%	38.92%	-	1	57.64%
	0.50 to < 0.75	-	-	-	-	-	-
	0.75 to < 2.50	7	0.75%	45.00%	-	8	113.28%
	2.50 to < 10.00	-	-	-	-	-	-
	10.00 to < 100.00	-	-	-	-	-	-
	100.00 (Default)	-	-	-	-	-	-
	Sub-total	**336**	**0.05%**	**2.16%**	**-**	**10**	**2.84%**
Corporates – Other	0.00 to < 0.15	8	0.03%	44.95%	-	-	5.61%
	0.15 to < 0.25	-	-	-	-	-	-
	0.25 to < 0.50	-	-	-	-	-	-
	0.50 to < 0.75	-	-	-	-	-	-
	0.75 to < 2.50	-	-	-	-	-	-
	2.50 to < 10.00	-	-	-	-	-	-
	10.00 to < 100.00	-	-	-	-	-	-
	100.00 (Default)	-	-	-	-	-	-
	Sub-total	**8**	**0.03%**	**44.95%**	**-**	**-**	**5.61%**
TOTAL		**344**	**0.05%**	**3.11%**	**-**	**10**	**2.91%**

The definitions of the underlined words can be found in the Glossary on page 600.

Counterparty risk exposures by portfolio and probability of default (PD) range, supervisory portfolios for advanced internal ratings-based approach at 31 December 2018 (CCR4)

31/12/2018 *(in millions of euros)*	PD scale	EAD post-CRM	Average PD	Average LGD	Average maturity	RWA	RWA density
Central governments and central banks	0.00 to < 0.15	7,201	0.01%	1.29%	1,050	18	0.25%
	0.15 to < 0.25	172	0.16%	10.00%	1,031	14	7.89%
	0.25 to < 0.50	106	0.30%	9.98%	404	9	8.92%
	0.50 to < 0.75	74	0.60%	10.00%	559	12	16.70%
	0.75 to < 2.50	54	1.19%	45.70%	1,333	59	110.76%
	2.50 to < 10.00	-	-	-		-	-
	10.00 to < 100.00	5	19.85%	56.70%	1,139	12	264.80%
	100.00 (Default)	-	-	-		-	-
	Sub-total	**7,612**	**0.04%**	**2.03%**	**1,037**	**125**	**1.64%**
Institutions	0.00 to < 0.15	17,503	0.03%	13.47%	625	1,311	7.49%
	0.15 to < 0.25	1,885	0.16%	38.49%	759	715	37.94%
	0.25 to < 0.50	1,362	0.30%	42.29%	529	772	56.66%
	0.50 to < 0.75	474	0.60%	52.66%	425	420	88.63%
	0.75 to < 2.50	838	0.81%	31.07%	771	270	32.21%
	2.50 to < 10.00	12	5.00%	56.40%	438	34	293.57%
	10.00 to < 100.00	113	19.99%	35.50%	1,738	242	213.94%
	100.00 (Default)	3	100.00%	45.01%	625	1	24.78%
	Sub-total	**22,190**	**0.21%**	**18.85%**	**636**	**3,765**	**16.97%**
Corporates – Other	0.00 to < 0.15	12,314	0.04%	34.48%	694	1,341	10.89%
	0.15 to < 0.25	1,955	0.16%	43.59%	965	971	49.70%
	0.25 to < 0.50	2,152	0.30%	49.51%	959	1,004	46.65%
	0.50 to < 0.75	1,893	0.60%	45.77%	919	1,175	62.05%
	0.75 to < 2.50	1,524	1.07%	46.42%	1,119	1,277	83.77%
	2.50 to < 10.00	80	5.00%	50.28%	773	106	132.98%
	10.00 to < 100.00	196	19.03%	44.21%	844	510	260.44%
	100.00 (Default)	2	100.00%	45.12%	843	1	55.21%
	Sub-total	**20,115**	**0.42%**	**39.04%**	**803**	**6,385**	**31.74%**
Corporates – SME	0.00 to < 0.15	63	0.03%	47.06%	1,296	13	21.43%
	0.15 to < 0.25	3	0.16%	48.16%	619	1	38.33%
	0.25 to < 0.50	3	0.30%	47.60%	1,104	2	58.27%
	0.50 to < 0.75	2	0.60%	35.76%	623	1	83.37%
	0.75 to < 2.50	29	1.33%	34.91%	1,039	31	105.99%
	2.50 to < 10.00	2	5.00%	38.42%	1,134	3	175.04%
	10.00 to < 100.00	1	19.44%	45.56%	1,596	1	211.00%
	100.00 (Default)	-	100.00%	45.05%	402	-	12.79%
	Sub-total	**102**	**0.94%**	**43.40%**	**1,185**	**53**	**51.60%**
Corporates – Specialised lending	0.00 to < 0.15	587	0.06%	9.99%	1,317	36	6.17%
	0.15 to < 0.25	409	0.16%	9.73%	1,350	58	14.18%
	0.25 to < 0.50	421	0.30%	12.23%	1,313	98	23.33%
	0.50 to < 0.75	291	0.60%	11.62%	1,286	68	23.48%
	0.75 to < 2.50	226	0.96%	14.04%	1,232	73	32.31%
	2.50 to < 10.00	25	5.00%	15.65%	1,121	8	32.55%
	10.00 to < 100.00	104	14.28%	18.61%	1,121	155	149.00%
	100.00 (Default)	5	100.00%	41.97%	1,093	-	-
	Sub-total	**2,069**	**1.29%**	**11.64%**	**1,296**	**497**	**24.01%**
TOTAL		**52,087**	**0.31%**	**23.91%**	**-**	**10,824**	**20.78%**

Counterparty risk exposures by portfolio and probability of default (PD) range, supervisory portfolios for advanced internal ratings-based approach at 31 December 2017 (CCR4)

31/12/2017 *(in millions of euros)*	PD scale	EAD post-CRM	Average PD	Average LGD	Average maturity	RWA	RWA density
Central governments and central banks	0.00 to < 0.15	6,776	0.01%	1.05%	1,069	15	0.23%
	0.15 to < 0.25	36	0.16%	10.00%	1,251	2	6.91%
	0.25 to < 0.50	140	0.30%	15.74%	495	15	10.69%
	0.50 to < 0.75	36	0.60%	10.00%	642	6	16.39%
	0.75 to < 2.50	169	0.97%	46.48%	1,333	189	111.48%
	2.50 to < 10.00	-	-	-	-	-	-
	10.00 to < 100.00	10	19.98%	50.66%	1,652	28	274.80%
	100.00 (Default)	-	-	-	-	-	-
	Sub-total	**7,167**	**0.07%**	**2.56%**	**1,064**	**256**	**3.57%**
Institutions	0.00 to < 0.15	14,156	0.04%	16.82%	817	1,271	8.98%
	0.15 to < 0.25	1,548	0.16%	40.89%	651	600	38.73%
	0.25 to < 0.50	1,287	0.30%	45.33%	447	790	61.36%
	0.50 to < 0.75	671	0.60%	50.97%	167	526	78.42%
	0.75 to < 2.50	409	0.84%	31.81%	742	241	58.85%
	2.50 to < 10.00	4	5.00%	50.79%	737	9	224.04%
	10.00 to < 100.00	53	19.48%	38.15%	1,489	114	214.28%
	100.00 (Default)	-	100.00%	45.03%	631	-	59.31%
	Sub-total	**18,128**	**0.16%**	**22.57%**	**753**	**3,551**	**19.59%**
Corporates – Other	0.00 to < 0.15	7,896	0.04%	38.42%	831	969	12.27%
	0.15 to < 0.25	1,527	0.16%	45.03%	965	642	42.05%
	0.25 to < 0.50	1,986	0.30%	43.45%	953	1,157	58.26%
	0.50 to < 0.75	1,047	0.60%	44.75%	871	726	69.35%
	0.75 to < 2.50	1,200	0.94%	49.95%	1,120	1,066	88.79%
	2.50 to < 10.00	81	5.00%	40.99%	789	95	117.85%
	10.00 to < 100.00	130	16.93%	40.94%	748	278	212.89%
	100.00 (Default)	19	100.00%	45.54%	887	2	12.29%
	Sub-total	**13,888**	**0.52%**	**41.37%**	**890**	**4,935**	**35.53%**
Corporates – SME	0.00 to < 0.15	53	0.03%	47.58%	1,309	9	16.98%
	0.15 to < 0.25	-	0.17%	39.42%	668	-	38.90%
	0.25 to < 0.50	6	0.30%	47.64%	1,216	4	60.08%
	0.50 to < 0.75	3	0.60%	46.46%	781	2	80.31%
	0.75 to < 2.50	36	1.59%	44.28%	1,140	39	106.81%
	2.50 to < 10.00	4	5.00%	43.66%	1,260	7	163.15%
	10.00 to < 100.00	3	19.22%	39.74%	499	6	245.97%
	100.00 (Default)	-	100.00%	45.03%	1,200	-	-
	Sub-total	**106**	**1.58%**	**46.07%**	**1,208**	**67**	**63.06%**
Corporates – Specialised lending	0.00 to < 0.15	752	0.06%	10.85%	1,309	57	7.62%
	0.15 to < 0.25	734	0.16%	9.49%	1,363	97	13.28%
	0.25 to < 0.50	584	0.30%	12.60%	1,242	129	22.09%
	0.50 to < 0.75	271	0.60%	10.97%	1,328	80	29.41%
	0.75 to < 2.50	250	1.00%	13.90%	1,221	64	25.69%
	2.50 to < 10.00	52	5.00%	11.95%	1,234	15	28.03%
	10.00 to < 100.00	138	18.11%	20.24%	1,314	299	216.93%
	100.00 (Default)	10	100.00%	38.30%	1,143	-	-
	Sub-total	**2,791**	**1.57%**	**11.70%**	**1,302**	**741**	**26.55%**
TOTAL		**42,080**	**0.36%**	**24.70%**	**-**	**9,549**	**22.69%**

The definitions of the underlined words can be found in the Glossary on page 600.

4.4.2.3.5. Guarantees

Impact of the compensation and guarantees held on the exposed securities (RCC5-A)

31/12/2018 *(in millions of euros)*		Gross positive fair value or net carrying amount	Netting benefits	Netted current credit exposure	Collateral held	Net credit exposure
1	Derivatives	162,012	135,999	26,013	1,634	24,379
2	SFTs	18,727	10,771	7,957	386	7,571
3	Cross-product netting	-	-	-	-	-
4	**TOTAL**	**180,740**	**146,770**	**33,970**	**2,020**	**31,950**

Composition of guarantees for counterparty risk exposures (RCC5-B)

31/12/2018 *(in millions of euros)*		Collateral used in derivative transactions			Collateral used in SFTs	
		Fair Value of collateral received	Fair Value of posted collateral		Fair Value of collateral received	Fair Value of posted collateral
			Segregated	Unsegregated		
1	Cash	20,677	1	-	521	-
2	Corporate bonds, Sovereign debt, Government agency debt	47	-	-	147	-
3	Equity securities	3	-	-	-	-
4	Other collateral	3	-	-	-	-
	TOTAL	**20,730**	**1**	**-**	**668**	**-**

4.4.2.3.6. Change in RWA under the internal models method (IMM) between 31 December 2017 and 31 December 2018

Statement of flows of risk-weighted assets (RWA) for counterparty risk exposures under the internal models method (IMM) (CCR7)

(in millions of euros)		RWA amounts	Capital requirements
1	**RWAs as at the end of the previous reporting period**	**7,996**	**640**
2	Asset size	(892)	(71)
3	Credit quality of counterparties	490	39
4	Model updates (IMM only)	-	-
5	Methodology and policy (IMM only)	-	-
6	Acquisitions and disposals	-	-
7	Foreign exchange movements	999	80
8	Other	(282)	(23)
9	**RWAs as at the end of the current reporting period**	**8,310**	**665**

The definitions of the underlined words can be found in the Glossary on page 600.

4.4.2.3.7. Central Counterparty Exposures (CCP)

Central Counterparty Exposures (CCP) (CCR8)

		31/12/2018	
	(in millions of euros)	EAD post CRM	RWAs
1	**Exposures to QCCPs (total)**		**515**
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	8,891	221
3	(i) OTC derivatives	6,758	136
4	(ii) Exchange-traded derivatives	51	43
5	(iii) SFTs	2,082	42
6	(iv) Netting sets where cross-product netting has been approved	-	-
7	Segregated initial margin	3,553	
8	Non-segregated initial margin	129	3
9	Prefunded default fund contributions	751	291
10	Alternative calculation of own funds requirements for exposures		-
11	**Exposures to non-QCCPs (total)**		**-**
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	-	-
13	(i) OTC derivatives	-	-
14	(ii) Exchange-traded derivatives	-	-
15	(iii) SFTs	-	-
16	(iv) Netting sets where cross-product netting has been approved	-	-
17	Segregated initial margin	-	
18	Non-segregated initial margin	-	-
19	Prefunded default fund contributions	-	-
20	Unfunded default fund contributions	-	-

4.4.2.3.8. CVA

The CRD 4 directive brought in a new capital charge to cover volatility in the CVA (Credit Valuation Adjustment) or valuation adjustment for assets grouped together under the term "CVA Risk", which is intended to include in the valuation of OTC derivatives credit events affecting our counterparties. The CVA is thus defined as the difference between the valuation excluding risk of default and the valuation including the probability of default of our counterparties.

Under the directive, banks use a regulatory formula ("standardised approach") or are authorised to calculate their capital requirements using their internal models for both counterparty risk and specific rate risk using the advanced method ("CVA VaR").

The CVA requirement under the advanced approach is calculated on the basis of expected positive exposure on OTC derivative transactions involving "Financial institution" counterparties excluding intragroup transactions. Within this scope, the tools used to estimate capital requirements are the same as for market VaR in respect of specific interest rate risk.

Capital requirement for credit valuation adjustment (CVA) (CCR2)

		31/12/2018		31/12/2017	
	(in millions of euros)	EAD post-CRM	RWA	EAD post-CRM	RWA
1	**Total portfolios subject to the Advanced CVA capital charge**	**15,684**	**2,486**	**15,951**	**1,893**
2	(i) VaR component (including the 3×multiplier)	-	22	-	18
3	(ii) Stressed VaR component (including the 3×multiplier)	-	177	-	134
4	**All portfolios subject to the Standardised CVA capital charge**	**17,636**	**1,117**	**10,019**	**964**
EU4	Based on the original exposure method	-	-	-	-
5	**TOTAL SUBJECT TO THE CVA CAPITAL CHARGE**	**33,320**	**3,603**	**25,970**	**2,857**

The definitions of the underlined words can be found in the Glossary on page 600.

4.4.2.4. Credit and counterparty risk mitigation techniques

Definitions:

- **collateral:** a security interest giving the bank the right to liquidate, keep or obtain title to certain amounts or assets in the event of default or other specific credit events affecting the counterparty, thereby reducing the credit risk on an exposure;
- **personal guarantee:** undertaking by a third party to pay a sum in the event of the counterparty's default or other specific credit events, therefore reducing the credit risks on an exposure.

Exposures under the advanced approach

	31/12/2018				31/12/2017			
		Risk mitigation amount				Risk mitigation amount		
(in millions of euros)	Total exposure amount	Personal guarantees and credit derivatives	Collateral	Total collateral	Total exposure amount	Personal guarantees and credit derivatives	Collateral	Total collateral
Central governments or central banks	83,286	3,493	40	3,533	67,664	2,580	11	2,592
Institutions	53,612	2,552	555	3,107	52,058	662	1,352	2,014
Corporates	248,892	44,008	38,506	82,514	234,415	38,216	40,561	78,777
TOTAL	**385,790**	**50,053**	**39,101**	**89,154**	**354,138**	**41,458**	**41,925**	**83,383**

Exposures under the standardised approach

	31/12/2018				31/12/2017			
		Risk mitigation amount				Risk mitigation amount		
(in millions of euros)	Total exposure amount	Personal guarantees and credit derivatives	Collateral	Total collateral	Total exposure amount	Personal guarantees and credit derivatives	Collateral	Total collateral
Central governments or central banks	53,159	8	8	16	47,997	-	81	81
Institutions	43,627	-	808	808	42,852	-	2,154	2,154
Corporates	120,760	4,223	19,739	23,962	112,128	1,992	18,552	20,543
TOTAL	**217,546**	**4,231**	**20,555**	**24,786**	**202,977**	**1,992**	**20,787**	**22,778**

4.4.2.4.1. Credit risk mitigation techniques

Collateral management system

The main categories of collateral taken by the bank are described in the section entitled "Risk Factors – Credit Risk – Collateral and guarantees received".

When a credit is granted, collateral is analysed to assess the value of the asset, its liquidity, volatility and the correlation between the value of the collateral and the quality of the counterparty financed. Regardless of collateral quality, the first criterion in the lending decision is always the borrower's ability to repay sums due from cash flow generated by its operating activities, except for specific trade finance transactions.

For financial collateral, a minimum exposure coverage ratio is usually included in loan contracts, with readjustment clauses. Financial collateral is revalued according to the frequency of margin calls and the variability of the underlying value of financial assets transferred as collateral or quarterly, as a minimum.

The minimum coverage ratio (or the haircut applied to the value of the collateral under prudential treatment) is determined by measuring the pseudo-maximum deviation of the value of the securities on the revaluation date. This measurement is calculated with a 99% confidence interval over a time horizon covering the period between each revaluation, the period between the default date and the date on which asset liquidation starts, and the duration of the liquidation period. This haircut also applies for currency mismatch risk when the securities and the collateralised exposure are denominated in different currencies. Additional haircuts are applied when the size of the stocks position implies a block sale or when the borrower and the issuer of the collateral securities belong to the same risk group.

For retail banking (LCL, Cariparma), revaluation is automatic based on changes in the property market indices. In contrast, for project-type property financing, assets are mainly revalued on the basis of an expert appraisal combining various approaches (asset value, rental value, etc.) and include external benchmarks.

Other types of assets may also be pledged as non recourse financial assets. This is notably the case for certain activities such as aircraft, shipping, real estate or commodities financing. These businesses are conducted by middle offices, which have specific expertise in valuing the assets financed.

Protection providers

Two major types of guarantee are mainly used (other than intragroup guarantees): export credit insurance taken out by the Bank and unconditional payment guarantees.

The main guarantee providers (excluding credit derivatives – see section below) are export credit agencies, which enjoy a good quality sovereign rating. The largest are BPI (France), Sace S.p.A. (Italy), Euler Hermès (Germany) and Korea Export Insurance (Korea).

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External ratings given to the export credit agencies

31/12/2018 (in millions of euros)	Moody's	Standard & Poor's	Fitch Ratings
	Long term rating [outlook]	Long term rating [outlook]	Long term rating [outlook]
Bpifrance Financement	Aa2 [positive]	Unrated	AA [stable][(1)]
Euler Hermès S.A.	Aa3 [stable]	AA [stable]	Unrated
Sace S.p.A.	Unrated	Unrated	BBB+ [stable]

(1) Rating given to EPIC Bpifrance.

Moreover, the guarantees received from mutual guarantee companies cover a substantial portion of the loans in the Group's "residential real estate" portfolio in France (see table hereinafter). These loans are backed by guarantees granted by Crédit Logement (rated Aa3 [stable] by Moody's) or by the Group's subsidiary insurance company, CAMCA Assurance S.A. (rated A+ [stable] by Fitch). The guarantors are subject to prudential regulation applying to either financing companies, for Crédit Logement, or insurance companies (Solvency 2), for CAMCA Assurance.

Property loan amounts guaranteed by CAMCA and Crédit Logement

(in millions of euros)	Outstandings 31/12/2018		Outstandings 31/12/2017	
	Amount of guaranteed outstandings	% of guaranteed loans in the "residential mortgage loans" portfolio in France	Amount of guaranteed outstandings	% of guaranteed loans in the "residential mortgage loans" portfolio in France
Coverage by surety agencies (Crédit Logement, CAMCA)	64,066	83.00%	59,917	85.50%

When a guarantee is issued, the guarantor applies an independent selection policy in addition to that already implemented by the bank. Where Crédit Logement is concerned, the guarantee issued covers, with no deductible, the payment of all amounts legally due by defaulting borrowers in principal, interest, insurance premiums and costs. In respect of CAMCA Assurance, the guarantee mechanism is broadly similar to that of Crédit Logement, with the difference that the payments made by CAMCA Assurance with respect to the guarantee arise once the bank's means of recourse against the borrower have been exhausted. In the end, these guarantee provisions significantly enhance the quality of the property loans guaranteed and constitute a full transfer of risk in respect of the loans.

4.4.2.4.2. Risk mitigation techniques applied to counterparty risk

Credit derivatives for hedging purposes

These techniques are presented in the chapter 5, under 3.4 "Risk management – Credit risk – Credit risk mitigation mechanisms – Use of credit derivatives" section of this document.

Credit derivatives used for hedging purposes are described in the "Risk management – Credit risk – Credit risk mitigation mechanisms – Use of credit derivatives" and in chapter II.2.2 below.

Exposures to credit derivatives (CCR6)

31/12/2018 (in millions of euros)	Credit derivative hedges		Other credit derivatives
	Protection bought	Protection sold	
Notionals	-	-	-
Single-name credit default swaps	3,727	-	-
Index credit default swaps	-	-	-
Total return swaps	-	-	-
Credit options	-	-	-
Other credit derivatives	-	-	-
TOTAL NOTIONALS	**3,727**	**-**	**-**
Fair values	-	-	-
Positive fair value (asset)	107	-	-
Negative fair value (liability)	(4)	-	-

4.4.2.5. Securitisation transactions

The credit risk on securitisation transactions is presented in the Securitisation chapter below.

The definitions of the underlined words can be found in the Glossary on page 600.

4.4.2.6. Equity exposures in the banking portfolio

Crédit Agricole S.A. Group's equity exposures, excluding the trading book, consist of securities "that convey residual, subordinated claims on the assets or income of the issuer or have a similar economic substance". These mainly include:

- listed and unlisted equities and shares in investment funds;
- options implicit in convertible, redeemable or exchangeable bonds;
- stock options;
- super-subordinated securities.

The accounting policies and valuation methods used are described in Note 1.2 to the financial statements "Accounting policies and principles".

Gross exposure and exposure at default under the internal ratings-based approach at 31 December 2018 (CR10)

31/12/2018 Categories *(in millions of euros)*	On-balance sheet amount	Off-balance sheet amount	Risk weight	Exposure amount	RWAs	Capital requirements
Exchange-traded equity exposures	1,074	121	190%	1,194	2,269	182
Private equity exposures	80	-	290%	80	231	19
Other equity exposures	14,121	-	370%	4,956	18,336	1,467
TOTAL	**15,275**	**121**		**6,230**	**20,837**	**1,667**

Gross exposure and exposure at default under the internal ratings-based approach AT 31 December 2017 (CR10)

31/12/2017 Categories *(in millions of euros)*	On-balance sheet amount	Off-balance sheet amount	Risk weight	Exposure amount	RWAs	Capital requirements
Exchange-traded equity exposures	568	103	190%	663	1,260	101
Private equity exposures	65	-	290%	64	186	15
Other equity exposures	15,440	-	370%	6,058	22,416	1,793
TOTAL	**16,073**	**103**		**6,786**	**23,862**	**1,909**

Equity exposures under the internal ratings based approach mainly consist of the portfolios of Crédit Agricole S.A., Crédit Agricole CIB and Crédit Agricole Investissement et Finance.

Equity exposures (on and off-balance sheet) under the internal ratings-based approach amounted to €15.4 billion at 31 December 2018 (compared with €16.2 billion at 31 December 2017).

Furthermore, equity exposures using the standardised approach amounted to €0.9 billion at 31 December 2018 for an RWA of €1.1 billion.

The amounts of gains and losses on equity instruments realised during the period under review are presented in Note 4 to the financial statements "Notes to the income statement and other comprehensive income".

4.4.3. Securitisation vehicles

4.4.3.1. Definitions of securitisation transactions

Crédit Agricole S.A. Group acts as originator, sponsor and investor in securitisation transactions as per the Basel 3 framework.

Securitisation transactions, listed below, consist of transactions defined in directive 2013/36/EU ("CRD 4") and EU Regulation 575/2013 of 26 June 2013 ("CRR") in force since 1 January 2014. The directive and regulations incorporate into European law the Basel 3 international reforms (issued in December 2010) introducing, among other things, new requirements for bank solvency and oversight of liquidity risk. These texts are supplemented by Regulations (EU) 2017/2401 and 2017/2402 of the European Parliament and the Council of 12 December 2017. Regulation 2017/2402 revises the general framework of securitisation and creates a specific framework for simple, transparent, and standardised securitisations, and Regulation 2017/2401 amends the calculation formulas applicable for securitisations with regard to the solvency ratio.

They cover transactions or schemes under which the credit risk associated with an exposure or pool of exposures is sub-divided into tranches and which have the following two features:

- payments made in such transaction or scheme depend on the performance of the underlying exposure or basket of exposures;
- the subordination of tranches determines how losses are distributed during the lifetime of the transaction or scheme.

Securitisation transactions include:

- conventional securitisations: a securitisation involving the transfer of the economic interest in the securitised exposures by transferring ownership of those exposures from the originator to a securitisation entity or by a sub-participation of a securitisation entity, in which the securities issued do not represent payment obligations for the originator;
- synthetic securitisations: the risk is transferred in which the use of credit derivatives or guarantees and in which the securitised exposures remain exposures for the originator.

The securitisation exposures detailed below cover all securitisation exposures (recorded on or off-balance sheet) that generate risk-weighted assets (RWA) and capital requirements with respect to its regulatory portfolio, according to the following typologies:

- the securitisation exposures for which the Group is deemed an originator;
- exposures in which the Group is an investor;
- exposures in which the Group is a sponsor;
- securitisation swap exposures (exchange or interest rate hedges) allocated to securitisation vehicles.

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The proprietary securitisation transactions carried out as part of non-derecognised collateralised financing transactions, are not described below. Their impact on the consolidated financial statements is detailed in Note 6.7 to the financial statements "Transferred assets not derecognised or derecognised with on-going involvement".

Note that most securitisation transactions on behalf of European customers involve Ester Finance Titrisation, a wholly owned banking subsidiary of Crédit Agricole CIB, which finances the purchase of receivables and therefore makes Crédit Agricole CIB both sponsor and, via Ester Finance Titrisation, originator of these securitisation transactions.

4.4.3.2. Purpose and strategy

4.4.3.2.1. Proprietary securitisation transactions

Crédit Agricole S.A. Group's proprietary securitisation transactions are the following:

Collateralised financing transactions

These transactions are designed for the issue of securities and, where appropriate, can be wholly or partially placed with investors, sold under repurchase agreements or kept on the issuer's balance sheet as liquid securities reserves that can be used to manage refinancing. This activity relates to several of the Group's entities, mainly CA Consumer Finance and its subsidiaries.

Crédit Agricole S.A.'s transfer of risks by means of proprietary securitisation transactions are the following:

Risk transfer transaction carried out by FCA Bank IN 2017

FCA Bank often uses securitisation transactions to help fund itself. These transactions are part of the "collateralised financing transactions" discussed below.

In December 2017, as part of its ABEST car loan securitisation programme, FCA Bank carried out the ABEST 15 transaction (standard securitisation) in which FCA Bank assigned 95% of the mezzanine and junior tranches to third-party investors. This risk transfer transaction enabled FCA Bank to reduce the capital initially allocated to the loan portfolio that was securitised.

Active management of the financing portfolio of Crédit Agricole CIB

In addition to using credit derivatives (see the "Credit Risks – Use of credit derivatives" section of the "Risk Factors and Pillar 3" chapter), this activity consists of using synthetic securitisation to manage the credit risk of the bank, optimise capital allocation, reduce the concentration of outstanding loans to corporates, release resources to contribute to the renewal of the banking portfolio (as part of the Distribute to Originate model) and maximise the return on capital. This activity is managed by the Execution Management teams within the Finance Department of Crédit Agricole CIB. The approach used to calculate the risk-weighted exposures on proprietary securitisation positions is the regulatory formula approach. In this business, the Bank does not systematically purchase protection on all tranches, as the management goal is to cover some of the more risky financing portfolio tranches whilst keeping part of the overall risk.

New securitisations by Crédit Agricole CIB in 2018

As part of the management of the financing portfolio, the Execution Management teams set up a synthetic securitisation transaction for a US$2 billion portfolio of international trade and emerging country assets in March 2018 with the IFC, of the World Bank Group, to replace a similar securitisation that expired in 2017. In this transaction, Crédit Agricole CIB undertakes to reallocate US$510 million of the paid-up capital to new social financing in emerging countries, in accordance with the 2017 Social Bonds Principles (2017). In addition, the Execution Management team set up a second synthetic securitisation transaction at the end of October 2018, on a portfolio of €2 billion of assets from another CACIB business line, with a private investor; this transaction is secured by collateral cash equal to the amount of risk guaranteed.

4.4.3.2.2. Securitisation transactions carried out on behalf of customers as arranger, sponsor, intermediary or originator

Only Crédit Agricole CIB, within Crédit Agricole S.A., carries out securitisation transactions on behalf of its customers.

Securitisation transactions on behalf of customers within Global Markets activities allow Crédit Agricole CIB to raise funds or manage a risk exposure on behalf of its customers. When carrying out these activities, Crédit Agricole CIB can act as an originator, sponsor, arranger or investor:

- as a sponsor and arranger, Crédit Agricole CIB structures and manages securitisation programmes that refinance assets of the bank's customers, mainly via ABCP (Asset Backed Commercial Paper) programmes, namely LMA in Europe, Atlantic and La Fayette in the United States and ITU in Brazil. These specific entities are protected from Crédit Agricole CIB bankruptcy risk but are consolidated for accounting purposes at Group level since the entry into force on 1 January 2014 of the new IFRS 10 rules. The liquidity facilities protect investors from credit risk and guarantee the liquidity of the programmes;
- as an investor, the Group invests directly in certain securitisation exposures and is a liquidity provider or counterparty of derivative exposures (exchange or interest rate swaps for instance);
- as an arranger, sponsor or originator, Crédit Agricole CIB carries out securitisation transactions on behalf of its customers. At 31 December 2018, there were four active consolidated multi-seller vehicles (LMA, Atlantic, La Fayette and ITU), structured by the Group on behalf of third parties. LMA, Atlantic, La Fayette and ITU are fully ABCP supported programmes. This ABCP programme activity finances the working capital requirements of some of the Group's customers by backing short-term financing with traditional assets, such as trade receivables or financial loans. The amount of the assets held by these vehicles and financed through the issuance of marketable securities amounted to €24 billion at 31 December 2018 (€24 billion at 31 December 2017).

The default risk on the assets held by these vehicles is borne by the sellers of the underlying receivables through credit enhancement or by insurers for certain types of risk upstream of the ABCP programmes. Crédit Agricole CIB bears the risk through liquidity facilities.

The definitions of the underlined words can be found in the Glossary on page 600.

Activities carried out as sponsor

The programme activity was sustained throughout 2018, and the newly securitised outstandings mainly relate to trade receivables and financial loans.

For part of this ABCP programme activity, Crédit Agricole CIB acts as the originator insofar as the structures involve the entity Ester Finance Titrisation, which is a consolidated Group entity.

The amount committed to liquidity facilities granted to LMA, Atlantic, La Fayette and ITU as sponsors was €32 billion at 31 December 2018 (€32 billion at 31 December 2017).

Activities carried out as investor

As part of its sponsor activities, the Group can grant guarantees and liquidity facilities to securitisation vehicles or act as a counterparty for derivatives in *ad hoc* securitisation transactions. These are mainly exchange rate swaps provided to the ABCP programmes and interest rate swaps for some ABS issues. These activities are recorded in the banking portfolio as investor activities.

Moreover, Crédit Agricole CIB may be called upon to directly finance on its balance sheet some securitisation transactions on behalf of its customers (mainly aircraft transactions and vehicle fleet financing) or provide support through a liquidity facility to an issue by special purpose vehicles external to the bank (SPV or ABCP programme not sponsored by the bank). In this case, Crédit Agricole CIB is deemed to be an investor. Overall, this activity represented commitments of €2 billion at 31 December 2018 (€2 billion at 31 December 2017).

Intermediation transactions

Crédit Agricole CIB participates in the structuring and in the placement of securities, backed by client asset pools and to be placed with investors.

In this business, the Bank retains a relatively low risk via the possible contribution of back-up lines to securitisation vehicles or via a share of the notes issued.

4.4.3.3. Risk monitoring and recognition

4.4.3.3.1. Risk monitoring

The management of risks related to securitisation transactions follows the rules established by the Group, according to which these assets are recorded in the banking portfolio (credit and counterparty risk) or in the trading book (market and counterparty risk).

The development, sizing and targeting of securitisation transactions are periodically reviewed by Portfolio Strategy Committees specific to those activities and the countries to which they relate, as well as in the course of Group Risk Management Committee meetings.

Risks on securitisation transactions are measured against the capacity of the assets transferred over to financing structures to generate sufficient flows to cover the costs, mainly financial, of these structures.

Crédit Agricole CIB's securitisation exposures are treated in accordance with the IRB-securitisation framework approach, i.e.:

- Supervisory Formula Approach: "Regulatory Formula Approach" in residual cases where there are neither public external ratings nor any possibility of applying the IAA method for exposures with no public external rating;
- Ratings-Based Approach (RBA) for exposures with a public external rating (directly or inferred) from an agency approved by the Committee of European Banking Supervisors (CEBS). The external agencies used are Standard & Poor's, Moody's, Fitch Ratings and Dominion Bond Rating Services (DBRS);
- Internal Assessment Approach (IAA): internal rating methodology approved by Crédit Agricole S.A.'s Standards and Methodology Committee for the main asset classes (particularly trade receivables and car financing) when there are no agency ratings for the exposure under consideration.

  In line with regulations, the internal assessment approaches used by Crédit Agricole CIB replicate the public methodologies of external rating agencies. The latter have two components:

  – a quantitative component that in particular evaluates the enhancement of transactions having regard to historical performances as well as the possible risk of commingling generated by the transaction,

  – a qualitative component that supplements the quantitative approach and that makes it possible, among other things, to evaluate the quality of structures or indeed reporting.

  The internal rating methodologies apply to the securitisation of trade receivables, car loans and dealer financing.

  Stress test parameters are dependent on the rating of securitisations and of the securitised underlyings. For example, for a rating equivalent to AA (on the S&P scale), the stress test parameter for default risk is around 2.25 for trade receivables transactions, usually 3 for car loan securitisation, and for the securitisation of dealer financing, the credit stress scenario is comprised of a number of items including in particular a three notch downgrade in the car manufacturer's rating.

  Note that aside from regulatory calculation purposes, internal ratings are used in the course of the origination process to evaluate the profitability of transactions. Lastly, as regards the management of internal models, an independent unit within Crédit Agricole Group is responsible for validating internal methodologies. Moreover, regular audits are conducted by the Control and Audit department to ensure the internal methodologies are relevant. Back-testing and stress testing are also done regularly by the modelling teams.

These ratings cover all types of risks generated by such securitisation transactions: intrinsic risks on receivables (debtor insolvency, payment delays, dilution, offsetting of receivables) or risks on the structuring of transactions (legal risks, risks relating to the receivables collection circuit, risks relating to the quality of information supplied periodically by managers of transferred receivables, other risks related to the seller, etc.).

These critically examined ratings are only a tool for making decisions pertaining to these transactions; such decisions are taken by credit Committees at various levels.

The definitions of the underlined words can be found in the Glossary on page 600.

As from 1 January 2019, a new regulation on securitisations is applicable. It provides for a change in the hierarchy of RWA calculation approaches on the one hand, and an increase in weights on the other.

The implementation of this new regulation has been finalised in the Group's rating tools.

Credit decisions relate to transactions that are reviewed at least once a year by the same Committees. Committee decisions incorporate varying limits according to the evolution of the acquired portfolio (arrears rate, loss rate, rate of sector-based or geographical concentration, rate of dilution of receivables or periodic valuation of assets by independent experts, etc.). Non-compliance with these limits may cause the structure to become stricter or place the transaction in early amortisation.

These credit decisions also include, in liaison with the Bank's other credit Committees, an assessment focusing on the risk generated by the sellers of the receivables and the possibility of substituting the manager by a new one in the event of a failure in the management of those receivables.

Like all credit decisions, these decisions include aspects of compliance and "country risk".

At 31 December 2018, Ester Finance Titrisation recognised impaired receivables for €383.9 million and an impairment of €38.9 million. Net of impairment, this entity had €17.1 billion in securitised assets.

The liquidity risk associated with securitisation activities is monitored by the business lines in charge, but also centrally by the Market Risk and Asset and the Steering Department of CACIB. The impact of these activities is incorporated into the Internal Liquidity Model indicators, mainly stress scenarios, liquidity ratios and liquidity gaps. The management of liquidity risk at Crédit Agricole CIB is described in more detail in the paragraph entitled "Liquidity and financing risk" of the Risk factors section in this chapter.

The management of currency risk with respect to securitisation transactions does not differ from that of the Group's other assets. As regards interest rate risk management, securitised assets are refinanced through *ad hoc* vehicles according to interest rate matching rules similar to those applying to other assets.

For assets managed in run-off mode, each transfer of position is first approved by the Market Risk department.

4.4.3.3.2. Accounting policies

As part of securitisation transactions, a derecognition test is carried out pursuant to IFRS 9 (the criteria can be found in Note 1.3 to the consolidated financial statements on accounting policies and methods).

In the case of synthetic securitisations, the assets are not derecognised in that they remain under the control of the institution. The assets are still recognised according to their classification and original valuation method (see Note 1.3 to the consolidated financial statements on accounting policies and methods for financial asset classification and valuation methods).

Moreover, investments made in securitisation instruments (cash or synthetic) are recognised according to their classification and the associated valuation method (see Note 1.3 to the consolidated financial statements on accounting policies and methods for financial asset classification and valuation methods).

The securitisation exposures can be classified in the following accounting categories:

- "Financial assets at amortised cost ": these securitisation exposures are measured following initial recognition at amortised cost based on the effective interest rate and may, if necessary, be impaired;
- "Financial assets at fair value through recyclable equity": these securitisation exposures are remeasured at fair value on the closing date and any changes in fair value are recognised in other comprehensive income;
- "Financial assets at fair value through profit or loss": these securitisation exposures are remeasured at fair value on the closing date and any changes in fair value are recognised through profit or loss under "Net gains (losses) on financial instruments at fair value through profit or loss".

Gains (losses) on the disposal of these securitisation exposures are recognised in accordance with the rules of the original category of the exposures sold.

4.4.3.4. Summary of activity on behalf of customers in 2018

Crédit Agricole CIB's Securitisation activity in 2018 was characterised by:

- support of the development of the public ABS market in the United States and in Europe. Crédit Agricole CIB structured and organised the placement (arranger and bookrunner) of a significant number of primary ABS issues on behalf of its major "Financial institution" customers, in particular in the automotive industry and in consumer finance;
- on the ABCP programme market, Crédit Agricole CIB maintained its ranking as one of the leaders in this segment, both in Europe and on the US market. This was achieved via the renewal and implementation of new securitisation transactions for trade receivables or financial loans on behalf of its mainly Corporate customers, while ensuring that the profile of risks borne by the Bank remained good. The strategy of Crédit Agricole CIB, focused on the financing of its customers, is well perceived by investors and resulted in financing conditions that are always competitive;
- at 31 December 2018, Crédit Agricole CIB had no early-redemption securitisation transactions. Moreover, Crédit Agricole did not provide any implicit support to securitisation transactions in 2018.

Apart from Crédit Agricole CIB, the Group continued to carry out securitisation transactions to help refinance itself.

The definitions of the underlined words can be found in the Glossary on page 600.

4.4.3.5. Exposures

4.4.3.5.1. Exposure at default to securitisation transaction risks in the banking portfolio that generate risk-weighted assets

Securitisation exposures in the banking portfolio IRB and standardised (SEC1)

31/12/2018 *(in millions of euros)*		Bank acts as originator			Bank acts as sponsor			Banks acts as investor		
		Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total
1	**Securitisation**	**14,649**	**7,506**	**22,155**	**21,066**	**-**	**21,066**	**1,236**	**-**	**1,236**
2	Residential real estate loans				41	-	**41**	5	-	**5**
3	Commercial real estate loans				15	-	**15**	-	-	**-**
4	Credit card loans				74	-	**74**	-	-	**-**
5	Leasing				3,112	-	**3,112**	12	-	**12**
6	Loans to corporates and SMEs		6,177	**6,177**	-	-	**-**	404	-	**404**
7	Personal loans	150		**150**	4,008	-	**4,008**	57	-	**57**
8	Trade receivables	14,499		**14,499**	7,390	-	**7,390**	121	-	**121**
9	Other	-	1,329	**1,329**	6,425	-	**6,425**	645	-	**645**
10	**Re-securitisation**	**1,298**	**7**	**1,305**	**-**	**-**	**-**	**-**	**-**	**-**
11	**TOTAL 31/12/2018**	**15,947**	**7,513**	**23,460**	**21,066**	**-**	**21,066**	**1,236**	**-**	**1,236**
	TOTAL 31/12/2017	**13,289**	**4,096**	**17,385**	**21,290**	**-**	**21,290**	**1,796**	**3**	**1,807**

Exposure at default of securitisation transactions by weighting IRB and standardised

31/12/2018 Underlying *(in millions of euros)*		EAD Securities				
		SFA	IAA	RBA	Standard	Total
1	**Securitisation**	**9,355**	**29,567**	**3,072**	**2,463**	**44,457**
2	Residential real estate loans	-	-	46	-	46
3	Commercial real estate loans	-	-	15	-	15
4	Credit card loans	-	-	-	74	74
5	Leasing	-	2,977	57	91	3,125
6	Loans to corporates and SMEs	6,178	-	404	-	6,582
7	Personal loans	-	2,875	509	831	4,215
8	Trade receivables	197	21,672	-	140	22,009
9	Other	2,980	2,043	2,041	1,327	8,391
10	**Re-securitisation**	**-**	**-**	**1,305**	**-**	**1,305**
11	**TOTAL 31/12/2018**	**9,355**	**29,567**	**4,377**	**2,463**	**45,762**
	TOTAL 31/12/2017	**5,949**	**27,675**	**4,852**	**2,007**	**40,483**

The definitions of the underlined words can be found in the Glossary on page 600.

Exposure at default of securitisation transactions broken down by on- and off-balance sheet accounting classification

	Underlying asset *(in millions of euros)*	**Exposure values on 31/12/2018** On balance sheet	Off balance sheet	Total
1	**Securitisation**	**2,137**	**42,320**	**44,457**
2	Residential real estate loans	-	46	**46**
3	Commercial real estate loans	-	15	**15**
4	Credit card loans	48	26	**74**
5	Leasing	91	3,034	**3,125**
6	Loans to corporates and SMEs	-	6,581	**6,582**
7	Personal loans	782	3,434	**4,215**
8	Trade receivables	140	21,870	**22,009**
9	Other	1,077	7,314	**8,391**
10	**Re-securitisation**	**1,298**	**7**	**1,305**
11	**TOTAL**	**3,435**	**42,326**	**45,762**

Securitisation exposures in the banking portfolio and related capital requirements – Bank acting as issuer or agent IRB and standardised (SEC3)

31/12/2018 *(in millions of euros)*	**Exposure values (by RW bands)** ≤ 20% RW	> 20% to 50% RW	> 50% to 100% RW	> 100% to < 1250% RW	1250% RW	**Exposure values (by regulatory approach)** IRB RBA (including IAA)	IRB SFA	SA/ SSFA	1250%	**RWA (by regulatory approach)** IRB RBA (including IAA)	IRB SFA	SA/ SSFA	1250%	**Capital charge after cap** IRB RBA (including IAA)	IRB SFA	SA/ SSFA	1250%
1 Total exposures	41,283	286	1,479	100	1,350	31,849	9,304	1,995	1,350	3,127	706	1,429	758	250	57	114	61
2 Traditional securitisation	**33,848**	**286**	**1,479**	**100**	**1,301**	**31,849**	**1,868**	**1,995**	**1,301**	**3,127**	**186**	**1,429**	**314**	**250**	**15**	**114**	**25**
3 of which securitisation	33,848	286	1,479	100	3	31,849	1,868	1,995	3	3,127	186	1,429	34	250	15	114	3
4 of which retail underlying	3,453	70	651	100	-	3,381	-	892	-	264	-	722	-	21	-	58	-
5 of which wholesale	30,395	216	828	-	3	28,468	1,868	1,103	3	2,863	186	707	34	229	15	57	3
6 of which re-securitisation	-	-	-	-	1,298	-	-	-	1,298	-	-	-	280	-	-	-	22
7 of which senior	-	-	-	-	1,298	-	-	-	1,298	-	-	-	280	-	-	-	22
8 of which non-senior	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9 Synthetic securitisation	**7,435**	**-**	**-**	**-**	**49**	**-**	**7,435**	**-**	**49**	**-**	**521**	**-**	**445**	**-**	**42**	**-**	**36**
10 of which securitisation	7,435	-	-	-	43	-	7,435	-	43	-	521	-	444	-	42	-	36
11 of which retail underlying	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12 of which wholesale	7,435	-	-	-	43	-	7,435	-	43	-	521	-	444	-	42	-	36
13 of which re-securitisation	-	-	-	-	7	-	-	-	7	-	-	-	1	-	-	-	0
14 of which senior	-	-	-	-	7	-	-	-	7	-	-	-	1	-	-	-	0
15 of which non-senior	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

The definitions of the underlined words can be found in the Glossary on page 600.

Securitisation exposures in the banking portfolio and related capital requirements – Bank acting as investor IRB and standardised (SEC4)

		Exposure values (by RW bands)					Exposure values (by regulatory approach)				RWA (by regulatory approach)				Capital charge after cap			
31/12/2018 *(in millions of euros)*		≤ 20% RW	> 20% to 50% RW	> 50% to 100% RW	> 100% to < 1250% RW	1250% RW	IRB RBA (including IAA)	IRB SFA	SA/ SSFA	1250%	IRB RBA (including IAA)	IRB SFA	SA/ SSFA	1250%	IRB RBA (including IAA)	IRB SFA	SA/ SSFA	1250%
1	**Total exposures**	**836**	**3**	**426**	**-**	**-**	**787**	**9**	**468**	**-**	**358**	**1**	**115**	**4**	**29**	**-**	**9**	**-**
2	**Traditional securitisation**	**836**	**3**	**426**	**-**	**-**	**787**	**9**	**468**	**-**	**358**	**1**	**115**	**4**	**29**	**-**	**9**	**-**
3	of which securitisation	836	3	426	-	-	787	9	468	-	358	1	115	4	29	-	9	-
4	of which retail underlying	49	-	13	-	-	49	-	13	-	4	-	10	-	0	-	1	-
5	of which wholesale	787	3	413	-	-	738	9	455	-	354	1	105	4	28	-	9	-
6	of which re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	of which senior	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	of which non-senior	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	**Synthetic securitisation**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
10	of which securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	of which retail underlying	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	of which wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	of which re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	of which senior	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	of which non-senior	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Total securitised exposures standardised

(in millions of euros)	31/12/2018	31/12/2017
Traditional securitisation	2,463	2,459
Synthetic securitisation	-	-

Aggregate securitisation exposures held or acquired (exposures at default) standardised

(in millions of euros)	31/12/2018	31/12/2017
With external credit rating	**633**	**1,003**
20% weightings	429	751
40% weightings	-	-
50% weightings	202	250
100% weightings	2	2
225% weightings	-	-
350% weightings	-	-
650% weightings	-	-
Weightings = 1250%	**1**	**1**
Transparency approach	**1,634**	**1,288**
AGGREGATE SECURITISATION EXPOSURES HELD OR ACQUIRED	**2,268**	**2,292**

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4.4.3.6. Exposure at default of securitisation transaction risks in the trading book that generate risk-weighted assets

Exposure at default of securitisation transactions by role

Securitisation exposures in the trading book (SEC2)

31/12/2018 *(in millions of euros)*		Bank acts as originator			Bank acts as sponsor			Banks acts as investor		
		Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total
1	**Securitisation**	**-**	**-**	**-**	**-**	**-**	**-**	**201**	**-**	**201**
2	Residential real estate loans	-	-	-	-	-	-	-	-	-
3	Commercial real estate loans	-	-	-	-	-	-	-	-	-
4	Credit card loans	-	-	-	-	-	-	-	-	-
5	Leasing	-	-	-	-	-	-	-	-	-
6	Loans to corporates and SMEs	-	-	-	-	-	-	-	-	-
7	Personal loans	-	-	-	-	-	-	-	-	-
8	Trade receivables	-	-	-	-	-	-	-	-	-
9	Other	-	-	-	-	-	-	201	-	201
10	**Re-securitisation**	**-**	**-**	**-**	**-**	**-**	**-**	**24**	**-**	**24**
11	**TOTAL 31/12/2018**	**-**	**-**	**-**	**-**	**-**	**-**	**226**	**-**	**226**
	TOTAL 31/12/2017	-	-	-	-	-	-	96	-	96

Exposure at default only concerns traditional securitisations.

Exposure at default of securitisation transactions by approach and by weighting

Risk weighting tranche *(in millions of euros)*	31/12/2018			31/12/2017		
	Long Positions	Short Positions	Capital requirement	Long Positions	Short Positions	Capital requirement
EAD subject to weighting	-	-	-	-	-	-
7-10% weightings	60	-	-	35	-	-
12-18% weightings	113	-	-	-	-	-
20-35% weightings	29	-	-	5	-	-
40-75% weightings	-	-	-	-	-	-
100% weightings	-	-	-	4	-	-
150% weightings	-	-	-	-	-	-
200% weightings	-	-	-	-	-	-
225% weightings	-	-	-	-	-	-
250% weightings	-	-	-	4	-	-
300% weightings	-	-	-	-	-	-
350% weightings	-	-	-	-	-	-
420% weightings	-	-	-	4	-	-
500% weightings	-	-	-	-	-	-
650% weightings	-	-	-	-	-	-
750% weightings	-	-	-	-	-	-
850% weightings	-	-	-	-	-	-
1250% weightings	24	-	4	45	-	7
Internal valuation approach	**226**	**-**	**5**	**96**	**-**	**8**
Supervisory Formula Approach	-	-	-	-	-	-
Transparency Approach	-	-	-	-	-	-
NET TOTAL OF DEDUCTIONS OF EQUITY	**-**	**-**	**-**	**-**	**-**	**-**
1250% / Positions deducted from capital	-	-	-	-	-	-
TOTAL TRADING BOOK	**226**	**-**	**5**	**96**	**-**	**8**

The definitions of the underlined words can be found in the Glossary on page 600.

Capital requirements relating to securitisations held or acquired

(in millions of euros)	31/12/2018				31/12/2017			
	Long Positions	Short Positions	Total weighted positions	Capital requirement	Long Positions	Short Positions	Total weighted positions	Capital requirement
Weighted EAD	**226**	**-**	**-**	**5**	**96**	**-**	**48**	**8**
Securitisation	201	-	-	1	65	-	17	3
Resecuritisation	24	-	-	4	31	-	31	4
Deductions	-	-	-	-	-	-	-	-

4.4.4. Market risk

4.4.4.1. Internal model market risk measurement and management methodology

Market risk measurement and management by internal methods are described in the section entitled "Risk factors – Market risk – Market risk measurement and management methodology".

4.4.4.2. Rules and procedures for valuing the trading book

The rules for valuing the various items in the trading book are described in Note 1.3 to the financial statements, "Accounting policies and principles".

Measurement models are reviewed periodically as described in the section entitled "Risk factors – Market risk – Market risk measurement and management methodology".

4.4.4.3. Exposure to market risk of the trading book

4.4.4.3.1. Risk-weighted exposure using the standardised approach

Risk-weighted exposure using the standardised approach (MR1)

	(in millions of euros)	31/12/2018		31/12/2017	
		RWA	Capital requirement	RWA	Capital requirement
	Futures and forwards				
1	Interest rate risk (general and specific)	776	62	797	64
2	Risk on shares (general and specific)	-	-	77	6
3	Currency risk	3,349	268	3,800	304
4	Commodities risk	4	0	-	-
	Options				
5	Simplificated approach	-	-	-	-
6	Delta-plus method	6	0	-	-
7	Scenarios based approach	31	2	24	2
8	Securitisation	-	-	95	8
9	**TOTAL**	**4,167**	**333**	**4,793**	**383**

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4.4.4.3.2. Exposures using the internal models approach

Risk-weighted assets and capital requirements

Market risk under the internal models approach (MR2-A)

(in millions of euros)		31/12/2018 RWA	31/12/2018 Capital requirement	31/12/2017 RWA	31/12/2017 Capital requirement
1	**VaR (higher of values a and b)**	**798**	**64**	**1,056**	**84**
(a)	Previous day's VaR (VaRt-1)		14		17
(b)	Average of the daily VaR on each of the preceding sixty business days (VaRavg) x multiplication factor (mc)		64		84
2	**SVaR (higher of values a and b)**	**3,121**	**250**	**2,523**	**202**
(a)	Latest SVaR (sVaRt-1)		59		44
(b)	Average of the SVaR during the preceding sixty business days (sVaRavg) X multiplication factor (ms)		250		202
3	**Incremental risk charge -IRC (higher of values a and b)**	**2,502**	**200**	**2,152**	**172**
(a)	Most recent IRC value (incremental default and migration risks section 3 calculated)		193		114
(b)	Average of the IRC number over the preceding 12 weeks		200		172
4	**Comprehensive Risk Measure – CRM (higher of values a, b and c)**	**-**	**-**	**-**	**-**
(a)	Most recent risk number for the correlation trading portfolio		-		-
(b)	Average of the risk number for the correlation trading portfolio over the preceding 12 weeks		-		-
(c)	8% of the own funds requirement in SA on most recent risk number for the correlation trading portfolio		-		-
5	**TOTAL**	**6,421**	**514**	**5,730**	**458**

Values resulting from use of internal models

Value of the trading portfolio using the internal models approach (IMA) (MR3)

(in millions of euros)		31/12/2018	31/12/2017
1	**VaR (10 days, 99%)**		
2	Maximum value	21	26
3	Mean value	16	21
4	Minimum value	12	16
5	End of period value	14	17
6	**VaR in stressed period (10 days, 99%)**		
7	Maximum value	78	64
8	Mean value	62	51
9	Minimum value	53	43
10	End of period value	59	44
11	**Capital requirement in line with IRC (99.9%)**		
12	Maximum value	236	339
13	Mean value	154	132
14	Minimum value	85	88
15	End of period value	149	88
16	**Capital requirement in line with CRM (99.9%)**		
17	Maximum value	-	-
18	Mean value	-	-
19	Minimum value	-	-
20	End of period value	-	-
21	Floor (standard measure method)	-	-

The definitions of the underlined words can be found in the Glossary on page 600.

4.4.4.4. Back testing of the VaR (MR4) method

The back-testing process of the VaR (Value at Risk) model to check the relevance of the model, as well as the results of this back-testing, are presented in Part 5 "Risk Management" of the Registration Document.

4.4.5. Global interest rate risk

The nature of interest rate risk, the main underlying assumptions retained and the frequency of interest rate risk measurements are described in the section entitled "Risk factors – Asset/Liability Management – Global interest rate risk".

4.4.6. Operational risk

4.4.6.1. Advanced measurement approach

The French Regulatory and Resolution Supervisory Authority (ACPR) has, since 1 January 2008, authorised Crédit Agricole S.A. Group's main entities to use the Advanced Measurement Approach (AMA) to calculate their regulatory capital requirements for operational risk. The Group's other entities use the standardised approach, in accordance with regulations.

The scope of application of the advanced measurement and standardised approaches and a description of the advanced measurement approach methodology are provided in the section entitled "Risk factors – Operational risk – Methodology".

4.4.6.2. Insurance techniques for reducing operational risk

The insurance techniques used to reduce operational risk are described in the section entitled "Risk factors – Operational risk – Insurance and coverage of operational risks".

4.5. ASSET ENCUMBRANCE

Medians of the four quarterly end-of-period values over the previous 12 months.

Template A – Encumbered and unencumbered assets

		Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
			of which notionally eligible EHQLA and HQLA[(1)(2)]		of which notionally eligible EHQLA and HQLA[(1)(2)]		of which EHQLA and HQLA[(1)(2)]		of which EHQLA and HQLA[(1)(2)]
(in millions of euros)		010	030	040	050	060	080	090	100
010	**Assets of the reporting institution**	**73,954**	**7,282**			**1,180,617**	**165,050**		
030	Equity instruments	2,007	1,391			8,037	-		
040	Debt securities	10,792	5,891	10,792	6,211	107,847	72,753	107,847	72,433
050	of which: covered bonds	21	22	21	962	939	944	939	944
060	of which: asset-backed securities	-	-	-	-	2,915	23	2,915	23
070	of which: issued by general governments	7,281	4,503	7,281	4,823	53,508	51,779	53,508	51,459
080	of which: issued by financial corporations	3,214	1,153	3,214	1,153	40,001	19,280	40,001	19,280
090	of which: issued by non-financial corporations	228	235	228	235	9,551	1,694	9,551	1,694
120	Other assets	62,374	-			1,061,895	92,668		
121	of which: Loans and advances other than loans on demand	45,532	-			820,375	-		

(1) Figures as at 31 December 2018.
(2) EHQLA: Assets of extremely high liquidity and credit quality.
HQLA: Assets of high liquidity and credit quality.

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Template B – Collateral received

		Fair value of encumbered collateral received or own debt securities issued		Unencumbered – Fair value of collateral received or own debt securities issued available for encumbrance	
			of which notionally eligible EHQLA and HQLA[1][2]		of which notionally eligible EHQLA and HQLA[1][2]
(in millions of euros)		010	030	040	060
130	**Collateral received by the reporting institution**	**162,217**	**71,932**	**33,153**	**21,944**
140	Loans on demand	-	-	-	-
150	Equity instruments	3,465	1,484	1,315	907
160	Debt securities	82,267	70,448	31,371	20,666
170	of which: covered bonds	31	9	1,389	1,940
180	of which: asset-backed securities	-	-	1,386	-
190	of which: issued by general governments	72,674	63,756	25,304	18,789
200	of which: issued by financial corporations	6,871	4,118	5,714	531
210	of which: issued by non-financial corporations	3,292	2,574	1,475	1,346
220	Loans and advances other than loans on demand	75,336	-	-	-
230	Other collateral received	87	-	-	-
240	**Own debt securities issued other than own covered bonds or asset-backed securities**	**-**	**-**	**-**	**-**
241	**Own covered bonds and asset-backed securities issued and not yet pledged**			**13,915**	**6,056**
250	**TOTAL ASSETS, COLLATERAL RECEIVED AND OWN DEBT SECURITIES ISSUED**	**236,567**	**79,014**		

(1) Figures as at 31 December 2018.
(2) EHQLA: Assets of extremely high liquidity and credit quality.
HQLA: Assets of high liquidity and credit quality.

Template C – Sources of encumbrance

(in millions of euros)		Matching liabilities, contingent liabilities or securities lent 010	Assets, collateral received and own debt securities issued other than covered bonds and ABSs encumbered 030
010	**Carrying amount of selected financial liabilities**	**271,904**	**224,138**
011	of which: Derivatives	87,897	15,661
012	of which: Deposits	131,787	145,302
013	of which: Debt securities issued	53,575	64,472

Template D – Additional descriptive information

Crédit Agricole S.A. monitors and manages the encumbrance level of assets pledged in the Crédit Agricole Group.

The asset encumbrance ratio for Crédit Agricole S.A. Group represented 15.6% at 31 December 2018.

The encumbrance for assets and collateral received for Crédit Agricole S.A. Group mainly covers loans and advances (other than loans on demand). The pledge of receivables due from private customers aims to obtain refinancing under advantageous conditions or to constitute reserves that can easily be made liquid if needed. The policy of Crédit Agricole S.A. aims to both diversify the instruments used to improve resistance to liquidity stress, which could affect individual markets differently, and to limit the share of assets pledged in order to retain good quality assets that can be easily liquidated in the market through existing mechanisms in case of stress.

The sources of asset encumbrance mainly related to loans and advances (other than loans on demand) are as follows:

- covered bonds referred to in Article 52-(4), first sub-paragraph, of Directive 2009/65/EC, issued by the following three vehicles:
  - Crédit Agricole Home Loan SFH, pledging the receivables of the Regional Banks and LCL,
  - Crédit Agricole Public Sector SCF, pledging the receivables of Crédit Agricole CIB,
  - Crédit Agricole Italia OBG Srl, pledging the receivables of Crédit Agricole Italia Group.

The definitions of the underlined words can be found in the Glossary on page 600.

At 31 December 2018, the placed covered bonds amounted to €38.0 billion for a total of €43.5 billion in encumbered underlying assets (and collateral received) thus complying with the contractual and regulatory requirements as well as those of the rating agencies, if applicable, in terms of over-collateralisation.

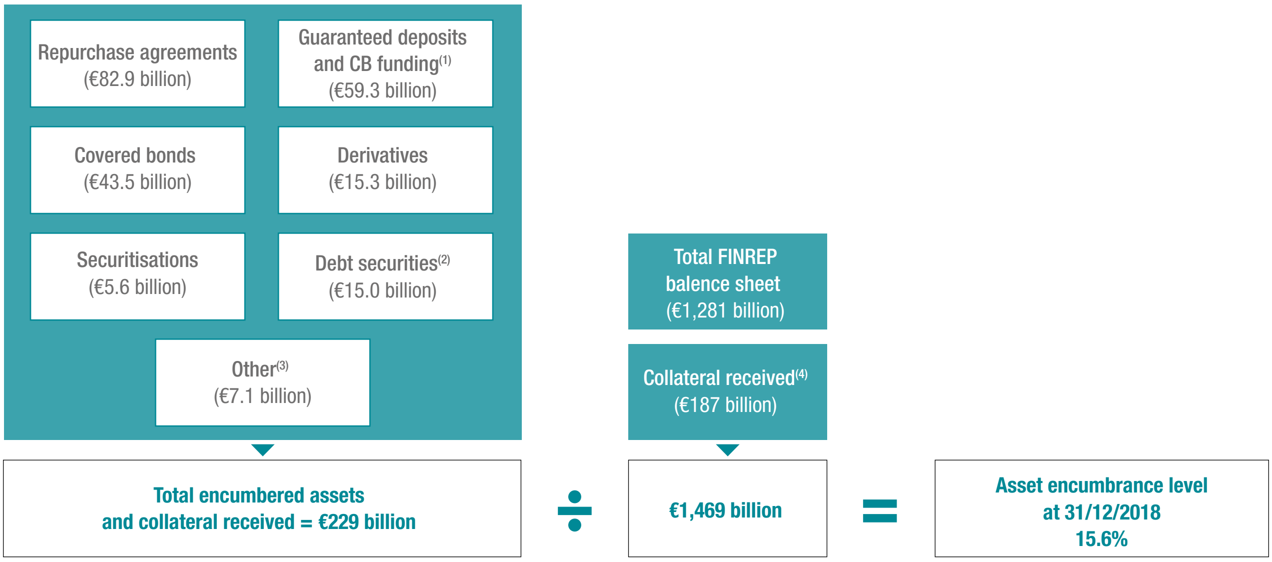
At 31 December 2018, the covered bonds retained and not yet pledged as collateral amounted to €0.4 billion for a total of €0.5 billion in unencumbered underlying assets;

- asset-backed securities (ABS) issued during securitisation transactions – as defined in Article 4-(1), item 61, of the Regulation (EU) No. 575/2013 – mainly carried out by the CA Consumer Finance Group and its subsidiaries:
  - at 31 December 2018, placed asset-backed securities amounted to €5.3 billion for a total of €5.6 billion in encumbered underlying assets,
  - at 31 December 2018, asset-backed securities retained and not yet pledged as collateral amounted to €15.5 billion for a total of €18.2 billion of unencumbered underlying assets;
- guaranteed deposits (other than repurchase agreements) mainly associated with funding transactions: from the ECB under TLTROs, via Crédit Agricole CIB's ESTER securitisation conduit, as well as French or supranational organisations (such as the CDC and the EIB):
  - at 31 December 2018, guaranteed deposits (other than repurchase agreements) amounted to €48.1 billion for a total of €59.3 billion in encumbered assets and collateral received;
- debt securities (other than covered bonds or ABSs) issued to the *Caisse de Refinancement de l'Habitat* (CRH) in the form of promissory notes, pledging the collateral received from the Regional Banks and the receivables of LCL:
  - at 31 December 2018, these securities amounted to €9.9 billion for a total of €15.0 billion in encumbered assets and collateral received.

As Crédit Agricole S.A. is the central actor in most of these secured financing mechanisms, these levels of encumbrance are broken down at an intragroup level between Crédit Agricole S.A., its subsidiaries and the Crédit Agricole Regional Banks.

The other main sources of asset encumbrance in the Crédit Agricole Group are:

- repurchase agreements, mainly associated with the activity of Crédit Agricole CIB and mainly encumbering the collateral received comprising debt securities and incidentally, equity instruments. In particular, this source concentrates the majority of encumbrance held in the second material currency (USD), within the meaning of appendix XVII of the Execution Regulation (EU) No. 680/2014, other than the declaration currency (EUR):
  - at 31 December 2018, repurchase agreements amounted to €82.1 billion for a total of €82.9 billion in encumbered assets and collateral received;
- derivatives associated mainly with the OTC derivative activity of Crédit Agricole CIB and encumbering mainly cash as part of margin calls:
  - at 31 December 2018, margin calls amounted to €15.3 billion.



(1) Central banks.
(2) Other than covered bonds or ABSs.
(3) Mainly stock lending and borrowing.
(4) Excluding collateral received that could not be encumbered.

4.6. LIQUIDITY COVERAGE RATIO

Quantitative information

Scope of consolidation (solo/consolidated) *(in millions of euros)*		Total unweighted value (average)				Total weighted value (average)			
Quarter ending on		**31/03/2018**	**30/06/2018**	**30/09/2018**	**31/12/2018**	**31/03/2018**	**30/06/2018**	**30/09/2018**	**31/12/2018**
Number of data points used in the calculation of averages		*12*	*12*	*12*	*12*	*12*	*12*	*12*	*12*
High-quality liquid assets									
1	**Total high-quality liquid assets (HQLA)**					**179,012**	**175,060**	**173,024**	**174,114**
Cash-outflows									
2	**Retail deposits and deposits from small business customers, of which:**	**343,879**	**349,816**	**356,037**	**361,467**	**21,214**	**21,609**	**22,023**	**22,376**
3	Stable deposits	280,165	284,686	289,275	293,348	14,008	14,234	14,464	14,667
4	Less stable deposits	63,714	65,130	66,763	68,119	7,206	7,374	7,559	7,708
5	**Unsecured wholesale funding**	**204,618**	**211,947**	**219,304**	**223,539**	**102,896**	**106,292**	**11,0828**	**112,694**
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	78,064	81,130	82,791	84,567	22,805	24,176	24,875	25,667
7	Non-operational deposits (all counterparties)	119,937	121,242	123,746	126,419	73,474	72,541	73,186	74,474
8	Unsecured debt	6,616	9,574	12,767	12,554	6,616	9,574	12,767	12,554
9	**Secured wholesale funding**					**16,596**	**16,965**	**17,322**	**17,954**
10	**Additional requirements**	**135,616**	**136,736**	**138,951**	**142,532**	**37,480**	**36,802**	**36,404**	**36,280**
11	Outflows related to derivative exposures and other collateral requirements	12,224	11,018	9,944	9,458	11,743	10,609	9,581	8,883
12	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
13	Credit and liquidity facilities	123,392	125,717	129,006	133,074	25,737	26,193	26,823	27,396
14	**Other contractual funding obligations**	**31,287**	**27,925**	**24,308**	**24,468**	**9,123**	**5,005**	**1,331**	**1,316**
15	**Other contingent funding obligations**	**43,067**	**43,232**	**44,691**	**46,176**	**818**	**943**	**914**	**869**
16	**TOTAL CASH OUTFLOWS**					**188,127**	**187,614**	**188,822**	**191,489**
Cash-inflows									
17	**Secured lending (eg reverse repos)**	**115,889**	**122,769**	**130,667**	**135,560**	**14,006**	**14,196**	**14,300**	**14,260**
18	**Inflows from fully performing exposures**	**93,672**	**96,632**	**99,829**	**102,246**	**40,254**	**41,531**	**42,786**	**43,489**
19	**Other cash inflows**	**3,016**	**3,320**	**3,385**	**3,438**	**2,841**	**3,030**	**3,066**	**3,162**
EU-19a	**(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)**								

The definitions of the underlined words can be found in the Glossary on page 600.

Scope of consolidation (solo/consolidated) *(in millions of euros)*		Total unweighted value (average)				Total weighted value (average)			
Quarter ending on		31/03/2018	30/06/2018	30/09/2018	31/12/2018	31/03/2018	30/06/2018	30/09/2018	31/12/2018
EU-19b	(Excess inflows from a related specialised credit institution)								
20	TOTAL CASH INFLOWS	212,576	222,721	233,882	241,244	57,101	58,758	60,151	60,911
EU-20a	Fully exempt inflows	123	-	-	-	123	-	-	-
EU-20b	Inflows Subject to 90% Cap	-	-	-	-	-	-	-	-
EU-20c	Inflows Subject to 75% Cap	185,969	197,044	208045	217331	56,978	58,758	60,151	60,911
21	FULLY EXEMPT INFLOWS					179,012	175,060	173,024	174,114
22	INFLOWS SUBJECT TO 90% CAP					131,026	128,856	128,670	130,578
23	INFLOWS SUBJECT TO 75% CAP					137%	136%	134%	133%

Qualitative information

Concentration of funding and liquidity sources	Crédit Agricole Group S.A. follows a prudent refinancing policy, with a very diversified access to the markets, in terms of investor base and products.
Derivative exposures and potential collateral calls	Cash outflows for this item mainly materialise the risk associated with increases in margin calls on derivative transactions in an unfavourable market scenario and increases in margin calls following a deterioration in the Group's external rating. At 31 December 2018, the total collateral the Group would need to provide in case of downgrading of its credit rating amounted to €3.3 billion.
Currency mismatch in the LCR	At 31 December 2018, Crédit Agricole S.A. Group had its net cash outflows covered by liquid assets denominated in the same currency in the main material currencies. The extent of residual mismatches observed in certain currencies is considered satisfactory, given the surplus top quality liquid assets available in the other material currencies, which could easily be converted to cover the requirements, including in a crisis situation.
A description of the degree of centralisation of liquidity management and interaction between the Group's units	Crédit Agricole S.A. controls the management of liquidity risk. • Crédit Agricole S.A.'s cash enables it to meet the main short term refinancing needs (≤ 1 year) of the Regional Banks and the subsidiaries. It also coordinates the cash position of the subsidiaries for their additional fundraising. CACIB operates self-sufficiently for the management of its short-term refinancing, in close coordination with Crédit Agricole's Cash Management department; • for long-term refinancing (> 1 year), Crédit Agricole S.A. collects the long-term resource needs, plans refinancing programmes according to these needs and reallocates resources raised to Group entities. The Group's main issuers are: Crédit Agricole S.A., CACIB, CA-CF, and CA Italia.
Other items in the LCR calculation that are not captured in the LCR disclosure template but that the institution considers relevant for its liquidity profile	

4.7. COMPENSATION POLICY

The information on the compensation policy required pursuant to EU Regulation 575-2013 (CRR) can be found in chapter 3 of this Registration document.

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4.8. CROSS-REFERENCE TABLE

Cross-reference table for Pillar 3 (CRR and CRD 4)

CRR article	Topic	Reference 2018 Registration document	2018 Registration document
90 (CRD 4)	Return on assets	Management report	p. 198
435 (CRR)	1. Risk management policy and objectives	Presentation of Committees – Corporate governance Main Group level Committees dealing with risk – Risk management	p. 108 to 114 p. 217 to 220
436 (a)(b)	2. Scope of consolidation	Pillar 3 Financial statements Note 12.2	p. 265 to 266 and p. 282 to 283 p. 494 to 506
436 (c)(d)(e) (CRR)	2. Scope of consolidation	Unpublished information	
437 (CRR)	3. Equity	Reconciliation of accounting and regulatory capital Details of subordinated debt	p. 276 p. 271
438 (CRR)	4. Capital requirements	Risk-weighted assets by business line and trends	p. 284 to 286
439 (CRR)	5. Exposure to counterparty credit risk	General presentation of counterparty credit risk – exposures by type of risk Credit risk (all) Counterparty risk (all)	p. 286 to 328
440 (CRR)	6. Capital buffer	Minimum requirements and exposures by geographic area	p. 267 to 270 p. 289 to 291
441 (CRR)	7. Indicators of global systemic importance	Communication on the indicators required for globally systemically important banks (G-SIBs) + website	p. 268, A01 and Press release
442 (CRR)	8. Adjustments for credit risk	Default exposures and value adjustments	p. 297 to 301
443 (CRR)	9. Asset encumbrance	Asset encumbrance	p. 339 to 341
444 (CRR)	10. Use of ECAIs	Protection providers	p. 327 to 328
445 (CRR)	11. Exposure to market risk	Exposure to market risk of the trading book	p. 337 to 339
446 (CRR)	12. Operational risk	Operational risk	p. 256 to 258 and p. 339
447 (CRR)	13. Equity exposures excluding the trading book	Equity exposures in the banking portfolio	p. 287 and 329
448 (CRR)	14. Exposure to interest rate risk on positions not included in the trading book	Global interest rate risk – Risk management	p. 242 to 243 and p. 339
449 (CRR)	15. Exposures to securitisation positions	Securitisation – Pillar 3	p. 329 to 337
450 (CRR)	16. Compensation policy	Compensation policy – Corporate governance	p. 143 to 170 and 343
451 (CRR)	17. Leverage	Leverage ratio	p. 277 to 279
452 (CRR)	18. Use of the IRB approach to credit risk	Credit risk – internal ratings-based approach	p. 305 to 319
453 (CRR)	19. Use of credit risk mitigation techniques	Credit risk mitigation mechanism	p. 231 and p. 327 to 329
454 (CRR)	20. Use of the advanced measurement approaches to operational risk	Operational risk	p. 256 to 258 and 339
455 (CRR)	21. Use of internal market risk models	Internal models approach to market risk capital requirements – Pillar 3	p. 337 to 339

Additional elements are presented on the consolidated report on risks available on our website:
www.credit-agricole.com/finance/finance/espace-investisseurs/informations-financieres

The definitions of the underlined words can be found in the Glossary on page 600.

EDTF cross-reference table

	Recommendation		Management report and other	Risk factors and risk management	Pillar 3	Consolidated financial statements
Introduction	1	Cross-reference table			p. 345	
	2	Terminology and risk measurements, key parameters used		p. 206 to 263	p. 286 and 302 to 315	p. 373 to 390, 394 to 422
	3	Presentation of main risks and/or emerging risks		p. 206 to 263		p. 394 to 422
	4	New regulatory framework for solvency and Group objectives	p. 199 to 201	p. 244 to 247	p. 264 to 270	p. 422
Governance and risk management strategy	5	Organisation of control and risk management	p. 108 to 114	p. 217 to 220, 221 to 227		
	6	Risk management strategy and implementation	p. 108 to 114	p. 206 to 263, 221 to 227	p. 267 to 282	
	7	Risk mapping by business line			p. 285	
	8	Governance and management of internal credit and market stress tests		p. 217 to 220, 231	p. 264	
Capital requirements and risk-weighted assets	9	Minimum capital requirements			p. 267 to 268	
	10a	Breakdown of composition of capital			p. 273 to 276(1)	
	10b	Reconciliation of the balance sheet and prudential balance sheet and accounting equity and regulatory capital			p. 266 to 276, 282 to 283	
	11	Change in regulatory capital			p. 273 to 276	
	12	Capital trajectory and CRD 4 ratio objectives	p. 199 to 201		p. 267 to 282	
	13	Risk-weighted assets by business line and risk type			p. 284 to 301	
	14	Risk-weighted assets and capital requirements by method and category of exposure		p. 229 to 230	p. 284 to 301	
	15	Exposure to credit risk by category of exposure and internal rating		p. 227 to 230, 234	p. 287 to 329	
	16	Changes in risk-weighted assets by risk type			p. 284	
	17	Description of back-testing models and efforts to improve their reliability		p. 236 to 237, 256 to 258	p. 316 to 317	
Liquidity	18	Management of liquidity and cash balance sheet		p. 244 to 247	p. 342 to 343	
	19	Asset encumbrance			p. 339 to 341	
	20	Breakdown of financial assets and financial liabilities by contractual maturity			p. 296	p. 416 to 417, 473
	21	Liquidity and financing risk management		p. 244 to 247	p. 342 to 343	
Market risk	22 to 24	Market risk measurement		p. 235 to 241	p. 337 to 339	p. 373 to 390, 411 to 415, 480 to 493
	25	Market risk management techniques		p. 235 to 241		
Credit risk	26	Maximum exposure, breakdown and diversification of credit risks		p. 227 to 235	p. 286 to 329	p. 394 to 411
	27 and 28	Provisioning policy and risk hedging		p. 234 to 235		p. 373 to 390, 410 to 411, 427
	29	Derivative instruments: notional, counterparty risk, offsetting		p. 227 to 235, 235 to 236, 239, 247 to 248, 252 to 253	p. 319 to 329	p. 381, 411 to 415, 453 to 454, 482 to 483
	30	Credit risk mitigation mechanisms		p. 231		p. 478 to 479
Other risks	31	Other risks: insurance sector risks, operational risks and legal risks, information systems security and business continuity plans	p. 108 to 114	p. 206 to 220, 248 to 256		p. 422, 435 to 439, 462 to 469
	32	Declared risks and ongoing actions regarding operational and legal risks		p. 256 to 258		p. 463 to 467

(1) Details of debt issues available on the website: www.credit-agricole.com/en/finance/finance/financial-publications

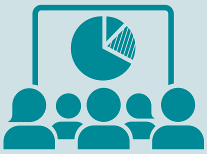
6 CONSOLIDATED FINANCIAL STATEMENTS

Consolidated financial statements at 31 December 2018 approved by the Crédit Agricole S.A. Board of Directors on 13 February 2019 and subject to approval by the Combined General Meeting of Shareholders on 21 May 2019.

The definitions of the underlined words can be found in the Glossary on page 600.

CRÉDIT AGRICOLE S.A.
KEY FIGURES

NET INCOME GROUP SHARE



€4,400m

Revenues

€19,736m

TOTAL BALANCE SHEET

€1,624,394m

Total customer loans

€369,456m

Total customer deposits

€597,170m

Total equity

€65,516m

GENERAL FRAMEWORK

LEGAL PRESENTATION OF THE ENTITY

Since the Extraordinary General Meeting of Shareholders of 29 November 2001, the Company's name has been: **Crédit Agricole S.A.**

Since 1 July 2012, the address of the Company's registered office has been: 12, place des États-Unis, 92127 Montrouge Cedex, France.

Registration number: 784 608 416 Nanterre Trade and Companies Register.

NAF code: 6419Z.

Crédit Agricole S.A. is a French Public Limited Company *(Société Anonyme)* with a Board of Directors governed by ordinary company law and more specifically by Book II of the French Commercial Code.

Crédit Agricole S.A. is also subject to the provisions of the French Monetary and Financial Code and more specifically Articles L. 512-47 *et seq.* thereof.

Crédit Agricole S.A. was licensed as an authorised lending institution in the mutual and cooperative banks category on 17 November 1984. As such, it is subject to oversight by the banking supervisory authorities, and more particularly by the French Regulatory and Resolution Supervisory Authority (ACPR) and the European Central Bank.

Crédit Agricole S.A. shares are admitted for trading on Euronext Paris. Crédit Agricole S.A. is subject to the prevailing stock market regulations particularly with respect to public disclosure obligations.

A bank with mutual roots

SAS Rue La Boétie, which is wholly owned by the Regional Banks, holds the majority of Crédit Agricole S.A.'s share capital. Shares in SAS Rue La Boétie may not be transferred outside the Regional Banks' network. Furthermore, any trading in these shares between Regional Banks is governed by a liquidity agreement that in particular sets out the procedures for determining the transaction price. This encompasses both disposals of shares between the Regional Banks and capital increases at SAS Rue La Boétie.

The Fédération Nationale du Crédit Agricole (FNCA) acts as a consultative and representative body, and as a communication forum for the Regional Banks.

In accordance with the provisions of the French Monetary and Financial Code (Articles L. 511-31 and L. 511-32), as the central body of the Crédit Agricole network, Crédit Agricole S.A. is responsible for exercising administrative, technical and financial control over the institutions affiliated to it in order to maintain a cohesive network (as defined in Article R. 512-18 of the French Monetary and Financial Code) and to ensure their proper functioning and compliance with all regulations and legislation governing them. In that regard, Crédit Agricole S.A. may take all necessary measures notably to ensure the liquidity and solvency of the network as a whole and of each of its affiliated institutions.

CRÉDIT AGRICOLE INTERNAL RELATIONS

Internal financing mechanisms

Crédit Agricole has instituted a number of internal financing mechanisms specific to the Group.

Regional Banks' current accounts

Each Regional Bank holds a current account with Crédit Agricole S.A., which records the financial movements resulting from internal financial transactions within the Group. This account, which may be in credit or debit, is presented in the balance sheet under "Crédit Agricole internal transactions – Current Accounts" and integrated on a specific line item, either "Loans and receivables due from credit institutions" or "Due to credit institutions".

Special savings accounts

Funds held in special savings accounts (popular savings passbook accounts *(Livret d'épargne populaire),* sustainable development passbook accounts *(Livret de développement durable),* home purchase savings plans and accounts, popular savings plans, youth passbook accounts *(Livrets Jeunes)* and passbook savings accounts *(Livret A))* are collected by the Regional Banks on behalf of Crédit Agricole S.A. These funds are required to be transferred to the latter. Crédit Agricole S.A. recognises them on its balance sheet as "Due to customers".

Term deposits and advances

The Regional Banks also collect savings funds (passbook accounts, bonds, warrants, certain term accounts and related accounts, etc.) on behalf of Crédit Agricole S.A. These funds are transferred to Crédit Agricole S.A., and are recognised as such on its balance sheet.

Special savings accounts and time deposits and advances are used by Crédit Agricole S.A. to make "advances" (loans) to the Regional Banks, with a view to funding their medium and long-term loans.

A series of four internal financial reforms has been implemented. These reforms have permitted the transfer back to the Regional Banks, in the form of mirror advances (with maturities and interest rates precisely matching those of the savings funds received) of first 15%, 25%, then 33% and, since 31 December 2001, 50% of the savings resources, which they are free to use at their discretion.

Since 1 January 2004, the financial margins generated by the centralised management of funds collected (and not transferred back via mirror advances) are shared by the Regional Banks and Crédit Agricole S.A. and are determined by using replacement models and applying market rates.

Furthermore, 50% of new loans written since 1 January 2004 and falling within the field of application of financial relations between Crédit Agricole S.A. and the Regional Banks may be refinanced in the form of advances negotiated at market rates with Crédit Agricole S.A.

Hence, there are currently two types of advances: advances governed by financial rules from before 1 January 2004 and those governed by the new rules.

Crédit Agricole S.A. may also make additional financing available to the Regional Banks at market rates.

Transfer of Regional Banks' liquidity surpluses

The Regional Banks may use their monetary deposits (demand deposits, non-centralised term deposits and negotiable certificates of deposit) to finance lending to their customers. Surpluses must be transferred to Crédit Agricole S.A. where they are booked as current or term accounts, under "Crédit Agricole internal transactions".

The definitions of the underlined words can be found in the Glossary on page 600.

Investment of Regional Banks' surplus capital with Crédit Agricole S.A.

Available surplus capital may be invested with Crédit Agricole S.A. in the form of three to ten-year instruments with the same characteristics of interbank money market transactions in all respects.

Foreign currency transactions

Crédit Agricole S.A. represents the Regional Banks with respect to the Bank of France and centralises their foreign currency transactions.

Medium and long-term notes issued by Crédit Agricole S.A.

These are placed mainly on the market or by the Regional Banks with their customers. They are booked by Crédit Agricole S.A. under liabilities either as "Debt securities" or as "Subordinated debt", depending on the type of security issued.

Hedging of Liquidity and Solvency risks

Under the legal internal financial solidarity mechanism enshrined in Article L. 511-31 of the French Monetary and Financial Code, Crédit Agricole S.A. as a central body, must take all measures necessary to ensure the liquidity and solvency of each affiliated credit institution, as well as the network as a whole. As a result, each member of the network and each affiliated institution benefits from this internal financial solidarity mechanism.

The general provisions of the French Monetary and Financial Code are transposed into internal provisions setting out the operational measures required for this internal financial solidarity mechanism.

During the IPO of Crédit Agricole S.A. in 2001, CNCA (now Crédit Agricole S.A.) signed an agreement with the Regional Banks to govern internal relations within Crédit Agricole Group. The agreement notably provided for the creation of a Fund for Bank Liquidity and Solvency Risks (FRBLS) designed to enable Crédit Agricole S.A. to fulfil its role as central body by providing assistance to any affiliated members that may experience difficulties. The main provisions of this agreement are set out in chapter III of the Registration document filed by Crédit Agricole S.A. with the *Commission des opérations de Bourse* on 22 October 2001 under number R. 01-453. The fund was originally allocated €610 million in assets. At 31 December 2018 it totalled €1,152 million, having been increased by €40 million in the course of the year.

Moreover, European legislation relating to the resolution of banking crises adopted in 2014 (the BRRD directive transposed into French law by Ordinance 2015-1024 of 20 August 2015, which also brought French law into line with the regulation establishing a Single Resolution Mechanism) introduced a number of significant changes to the regulations applicable to credit institutions.

The new framework, which includes measures to prevent and to resolve banking crises, is intended to preserve financial stability, to ensure the continuity of activities, services and operations of institutions whose failure could significantly impact the economy, to protect depositors and to avoid or limit, as much as possible, the use of public financial support. In this context, the European resolution authorities, including the Single Resolution Board, were granted extensive powers to take all necessary measures in connection with the resolution of all or part of a credit institution or the group to which it belongs.

This resolution framework does not affect the legal internal financial solidarity mechanism enshrined in Article L. 511-31 of the French Monetary and Financial Code, which applies to the Crédit Agricole Network, as defined in Article R. 512-18 of the same Code. Crédit Agricole S.A. considers that, in practice, this mechanism should be implemented prior to any resolution procedure.

The application of the resolution procedure to Crédit Agricole Group would thus mean that the legal internal solidarity mechanism had failed to cope with the bankruptcy of one or more Group affiliates, and hence of the network as a whole. By its very nature it also hinders the monitoring of the conditions for implementing the guarantee of the obligations of Crédit Agricole S.A. granted in 1988 to its third party creditors by the Regional Banks on a joint and several basis, and up to the aggregate amount of their own funds. It should be recalled that this guarantee may be exercised in the event of an asset shortfall at Crédit Agricole S.A. identified in the course of its bankruptcy or dissolution.

In connection with the institution of a resolution procedure, the Single Resolution Board (SRB), should respect the fundamental principle that no creditor must suffer losses in connection with a resolution procedure that are greater than those it would suffer if the entity had been liquidated in a normal insolvency procedure (the "No Creditor Worse Off than on Liquidation" – NCWOL – principle, set forth in Article L. 613-57-I – of the French Monetary and Financial Code, and Article 73 of the BRRD directive). Because this principle must be respected, Crédit Agricole S.A. considers that the existence of the guarantee granted in 1988 by the Regional Banks in favour of the creditors of Crédit Agricole S.A., will have to be taken into account by the SRB, although it is not possible to determine how this will be done.

Specific guarantees provided by the Regional Banks to Crédit Agricole S.A. (Switch)

The Switch guarantee mechanism, established on 23 December 2011 and supplemented by an initial addendum signed on 19 December 2013 and twice amended in 2016 on 17 February (amendment No. 2) and 21 July (amendment No. 3) respectively, forms parts of the financial arrangements between Crédit Agricole S.A., as central body, and the mutual network of Crédit Agricole Regional Banks. The most recent amendments to these guarantees took effect retroactively on 1 July 2016, replacing the previous guarantees, and expire on 1 March 2027, subject to total or partial early termination or extension in accordance with the terms of the contract.

With this mechanism, and subject to the upper limit specified in the agreement, the Regional Banks assume, on behalf of Crédit Agricole S.A., regulatory requirements relating to the equity method of accounting for certain equity investments held by Crédit Agricole S.A. They also assume the associated economic risks in the form of compensation, where applicable.

The guarantees allow the transfer of regulatory requirements that henceforth apply to Crédit Agricole S.A.'s equity investments in Crédit Agricole Assurances (CAA), the latter being equity-accounted for regulatory reasons: we are now talking about the Insurance Switch guarantees. They are subject to fixed remuneration covering the present value of the risk and the cost of capital for the Regional Banks.

The effectiveness of the mechanism is secured by cash deposits paid by the Regional Banks to Crédit Agricole S.A. These cash deposits are calibrated to reflect the capital savings for Crédit Agricole S.A., and are compensated at a fixed rate based on conditions prevailing for long-term liquidity.

The Insurance Switch guarantees protect Crédit Agricole S.A. from a decline in the equity-accounted value of these equity investments, subject to payment by the Regional Banks of compensation from the cash deposit. Likewise, if the equity-accounted value later recovers, Crédit Agricole S.A. could return previously paid compensation in accordance with a clawback provision.

In regulatory terms:

- Crédit Agricole S.A. reduces its capital requirements in proportion to the amount of the guarantee provided by the Regional Banks;
- the Regional Banks symmetrically record capital requirements matching those offloaded by Crédit Agricole S.A.

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The definitions of the underlined words can be found in the Glossary on page 600.

This mechanism, which is neutral at Crédit Agricole Group level, enables the rebalancing of capital allocation between Crédit Agricole S.A. and the Regional Banks.

In accounting terms:

- the guarantees are essentially insurance contracts, due to the existence of an insurance risk as defined by IFRS 4. For the insured, they are treated as a first demand guarantee received and their compensation is recognised in stages as a deduction from the interest margin under Revenues. In the event of a call on guarantees, or following an improvement in fortunes, where applicable, the compensation payment or redemption proceeds would be recognised under cost of risk;
- it should be noted that the Insurance Switch guarantees are triggered on a half-yearly basis and are assessed on the basis of half-yearly changes in the equity-accounted value of the Crédit Agricole Assurances equity investments. At each quarterly closing, the Regional Banks are required to estimate if there is a risk that compensation will be payable and to fund provisions accordingly. On the other hand, Crédit Agricole, S.A. cannot recognise equivalent income because it is not certain. At each half-yearly close, and if the conditions have been met, Crédit Agricole. S.A. and the Regional Banks recognise on a symmetrical basis the effects of triggering the guarantees (calling or claw-back).

Capital ties between Crédit Agricole S.A. and the Regional Banks

The capital ties between Crédit Agricole S.A. and the Regional Banks are governed by an agreement entered into by the parties prior to Crédit Agricole S.A.'s initial public offering.

Under the terms of this agreement, the Regional Banks exercise their control over Crédit Agricole S.A. through SAS Rue La Boétie, a holding company wholly-owned by them. The purpose of SAS Rue La Boétie is to hold enough shares to ensure that it always owns at least 50% of the share capital and voting rights of Crédit Agricole S.A.

In addition, under the agreement, Crédit Agricole S.A. directly owned approximately 25% of the share capital of each Regional Bank (except for the *Caisse régionale de la Corse* which is owned at 99.9%).

Following the transaction to simplify the Group's capital structure on 3 August 2016, the bulk of the cooperative investment certificates (*certificats coopératifs d'investissement* or CCIs) and the cooperative associate certificates (*certificats coopératifs d'associés* or CCAs) held by Crédit Agricole S.A. were transferred to a holding company ("Sacam Mutualisation") jointly owned by the Regional Banks.

The definitions of the underlined words can be found in the Glossary on page 600.

RELATED PARTIES

The related parties of Crédit Agricole S.A. Group are the consolidated companies, including companies accounted for using the equity method, the Group's Senior Executives and the Regional Banks, given the Group's legal structure and due to fact that Crédit Agricole S.A. is the central body of the Crédit Agricole network.

In accordance with the internal financial mechanisms at Crédit Agricole, transactions between Crédit Agricole S.A. and the Regional Banks(1) are presented on the balance sheet and income statement as Crédit Agricole internal transactions (Note 4.1 "Interest income and expenses", Note 4.2 "Fee and commission income and expenses", Note 6.5 "Financial assets at amortised cost" and Note 6.8 "Financial liabilities at amortised cost").

Other shareholders' agreements

Shareholder agreements signed during the year are detailed in Note 2 "Major structural transactions and material events during the period".

Relationships between controlled companies affecting the consolidated balance sheet

A list of Crédit Agricole S.A. Group companies can be found in Note 11 "Scope of consolidation at 31 December 2018". Since the transactions and outstandings at year-end between the Group's fully consolidated companies are eliminated on consolidation, only transactions with companies consolidated by the equity method affect the Group's consolidated financial statements.

The main corresponding outstandings and commitments in the consolidated balance sheet at 31 December 2018 relate to transactions with the equity-accounted entities for the following amounts:

- loans and receivables due from credit institutions: €2,590 million;
- loans and receivables due from customers: €2,088 million;
- amounts due to credit institutions: €1,068 million;
- amounts due to customers: €186 million;
- commitments given on financial instruments: €4,218 million;
- commitments received on financial instruments: €4,957 million.

The transactions entered into with these entities did not have a material effect on the income statement for the period.

Management of retirement, early retirement and end-of-career allowances: internal hedging contracts within the Group

As presented in Note 1.2 "Accounting policies and principles", employees are provided with various types of post-employment benefits. These include:

- end-of-career allowances;
- retirement plans, which may be either "defined-contribution" or "defined-benefit" plans.

The liability in this respect is partially funded by collective insurance contracts taken out with Predica, Crédit Agricole Group's life insurance company.

These contracts govern:

- the setting up by the insurance company of mutual funds for investing contributions made by the employer to build up sufficient funds to cover end-of-career allowances or retirement benefits;
- the management of the funds by the insurance company;
- the payment to the beneficiaries of the allowances and of the benefits due under the various plans.

Information on post-employment benefits is provided in Note 7 "Employee benefits and other compensation" in paragraphs 7.3 and 7.4.

Relations with senior management

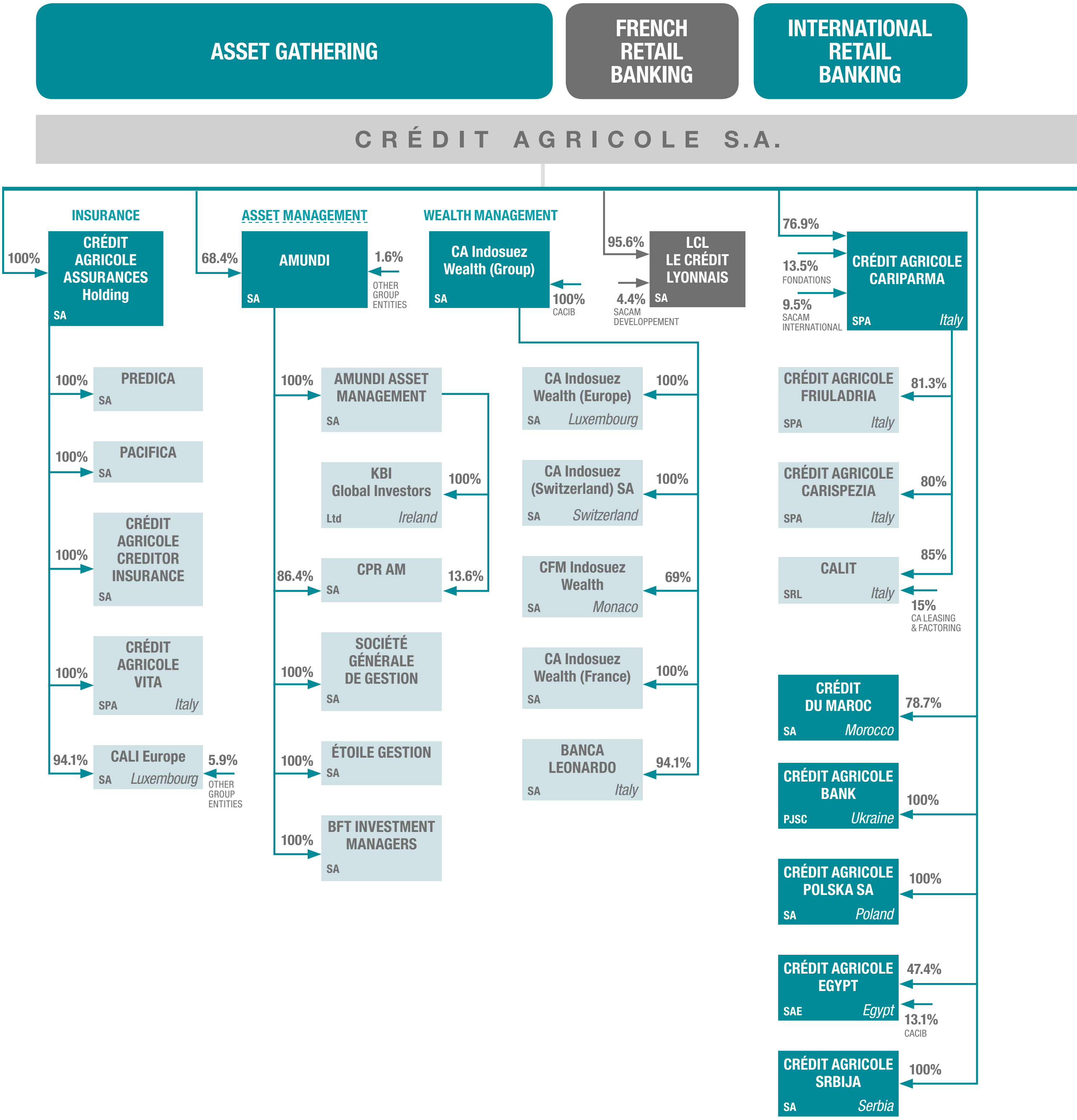
Detailed information on senior management compensation is provided in paragraph 7.7 of Note 7 "Employee benefits and other compensation", as well as in the "Compensation policy" section, chapter 3 "Corporate governance" of the Registration document.

There exist no material transactions between Crédit Agricole S.A. and its senior management, their families or the companies they control and which are not included in the Group's scope of consolidation.

(1) Except for the Caisse régionale de la Corse, which is fully consolidated.

CRÉDIT AGRICOLE S.A.

% INTEREST[1]

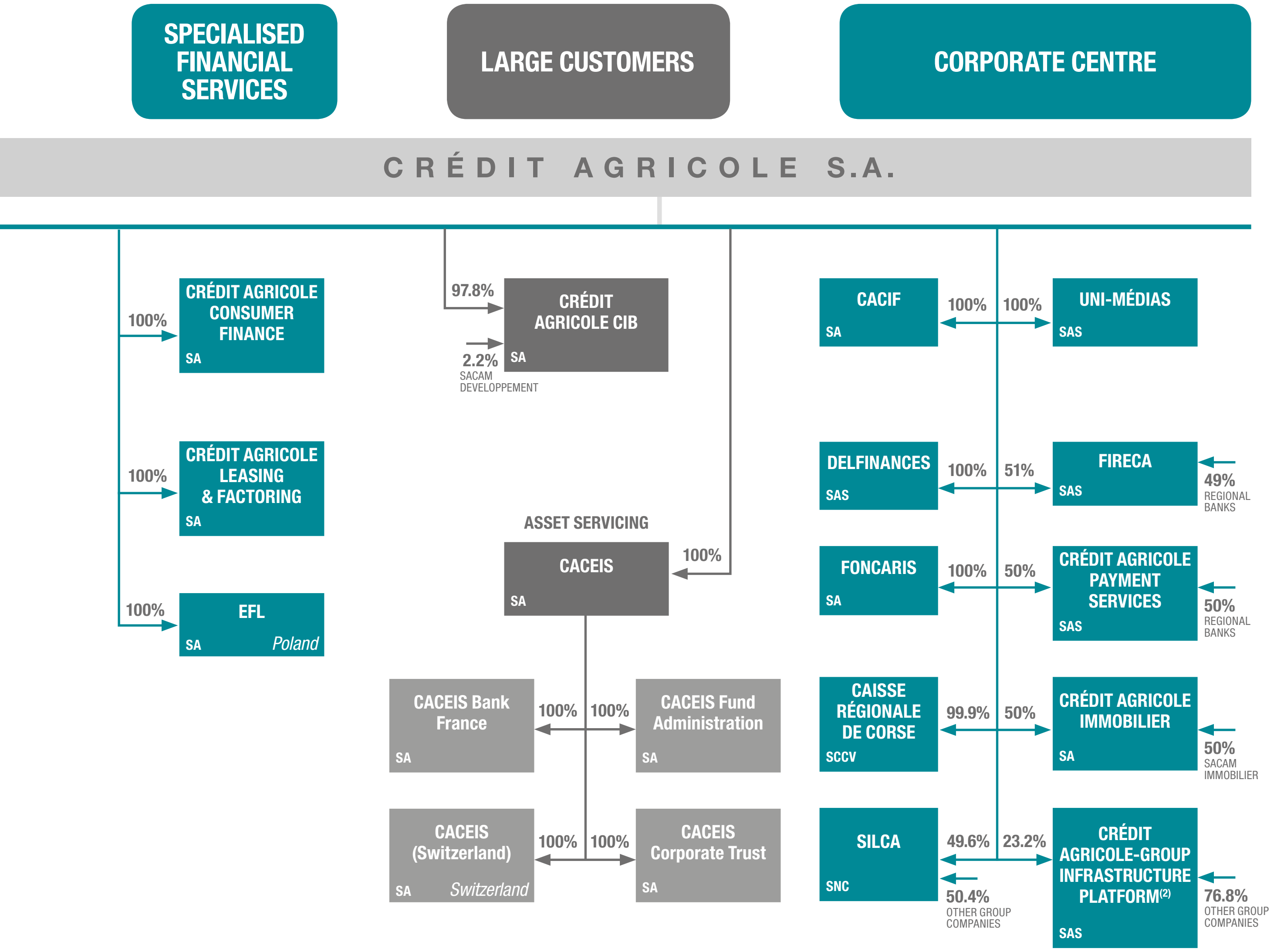


(1) Direct % interest held by Crédit Agricole S.A. and its subsidiaries, excluding treasury shares.

(2) Consolidated as of January 2019.

The definitions of the underlined words can be found in the Glossary on page 600.

AT 31 DECEMBER 2018



Financial transactions between Crédit Agricole S.A. and its subsidiaries are subjected to regulated agreements, as the case may be, that are mentioned in the statutory auditors' special report.

Internal mechanisms of Crédit Agricole Group (in particular between Crédit Agricole S.A. and the Regional Banks) are detailed in the paragraph "Internal financing mechanisms", in introduction of the consolidated financial statements.

CONSOLIDATED FINANCIAL STATEMENTS

The shaded areas in the tables to the notes to the consolidated financial statements concern items that are not applicable in the corresponding financial reporting framework.

INCOME STATEMENT

(in millions of euros)	Notes	31/12/2018	31/12/2017
Interest and similar income	4.1	24,817	24,704
Interest and similar expenses	4.1	(13,247)	(12,428)
Fee and commission income	4.2	10,600	9,534
Fee and commission expenses	4.2	(6,441)	(5,729)
Net gains (losses) on financial instruments at fair value through profit or loss	4.3	(3,093)	4,620
Net gains (losses) on held for trading assets/liabilities		496	
Net gains (losses) on other financial assets/liabilities at fair value through profit or loss		(3,589)	
Net gains (losses) on financial instruments at fair value through other comprehensive income	4.4	192	
Net gains (losses) on debt instruments at fair value through other comprehensive income that may be reclassified subsequently to profit or loss		71	
Remuneration of equity instruments measured at fair value through other comprehensive income that will not be reclassified subsequently to profit or loss (dividends)		121	
Net gains (losses) on available-for-sale financial assets			3,028
Net gains (losses) arising from the derecognition of financial assets at amortised cost	4.5	-	
Net gains (losses) arising from the reclassification of financial assets at amortised cost to financial assets at fair value through profit or loss	4.5	-	
Net gains (losses) arising from the reclassification of financial assets at fair value through other comprehensive income to financial assets at fair value through profit or loss	4.5	-	
Income on other activities	4.6	42,517	32,831
Expenses on other activities	4.6	(35,900)	(37,926)
Reclassification of net gains (losses) of designated financial assets applying the overlay approach	5.3	291	
Revenues		**19,736**	**18,634**
Operating expenses	4.7	(11,830)	(11,438)
Depreciation, amortisation and impairment of property, plant & equipment and intangible assets	4.8	(759)	(765)
Gross operating income		**7,147**	**6,431**
Cost of risk	4.9	(1,081)	(1,422)
Operating income		**6,066**	**5,009**
Share of net income of equity-accounted entities		255	728
Net gains (losses) on other assets	4.11	89	6
Change in value of goodwill	6.15	86	186
Pre-tax income		**6,496**	**5,929**
Income tax charge	4.11	(1,466)	(1,732)
Net income from discontinued operations		(3)	20
Net income		**5,027**	**4,217**
Non-controlling interests	6.20	627	568
NET INCOME GROUP SHARE		**4,400**	**3,649**
Earnings per share(1) *(in euros)*	**6.19**	**1.387**	**1.124**
Diluted earnings per share(1) *(in euros)*	**6.19**	**1.387**	**1.124**

(1) Corresponds to income including net income from discontinued operations.

The definitions of the underlined words can be found in the Glossary on page 600.

NET INCOME AND OTHER COMPREHENSIVE INCOME

(in millions of euros)	Notes	31/12/2018	31/12/2017
Net income		**5,027**	**4,217**
Actuarial gains and losses on post-employment benefits	4.12	51	4
Other comprehensive income on financial liabilities attributable to changes in own credit risk(1)	4.12	383	
Other comprehensive income on equity instruments that will not be reclassified to profit or loss(1)	4.12	130	
Pre-tax other comprehensive income on items that will not be reclassified to profit or loss excluding equity-accounted entities	**4.12**	**564**	**4**
Pre-tax other comprehensive income on items that will not be reclassified to profit or loss on equity-accounted entities	**4.12**	**1**	**24**
Income tax related to items that will not be reclassified to profit or loss excluding equity-accounted entities	**4.12**	**(259)**	**(28)**
Income tax related to items accounted that will not be reclassified to profit or loss on equity-accounted entities	**4.12**	**(3)**	**(1)**
Other comprehensive income on items that will not be reclassified to profit or loss from discontinued operations	**4.12**	**5**	**(9)**
Other comprehensive income on items that will not be reclassified subsequently to profit or loss net of income tax	**4.12**	**308**	**(10)**
Gains and losses on translation adjustments	4.12	248	(683)
Gains and losses on available-for-sale financial assets			(530)
Other comprehensive income on debt instruments that may be reclassified to profit or loss	4.12	(1,225)	
Gains and losses on hedging derivative instruments	4.12	(138)	(356)
Reclassification of net gains (losses) of designated financial assets applying the overlay approach	4.12-5.3	(356)	
Pre-tax other comprehensive income on items that may be reclassified to profit or loss excluding equity-accounted entities	**4.12**	**(1,471)**	**(1,569)**
Pre-tax other comprehensive income on items that may be reclassified to profit or loss on equity-accounted entities, Group Share	**4.12**	**(11)**	**(386)**
Income tax related to items that may be reclassified to profit or loss excluding equity-accounted entities	**4.12**	**547**	**355**
Income tax related to items that may be reclassified to profit or loss on equity-accounted entities	**4.12**	**1**	**(16)**
Other comprehensive income on items that may be reclassified to profit or loss from discontinued operations	**4.12**	**(2)**	**(15)**
Other comprehensive income on items that may be reclassified subsequently to profit or loss of income tax	**4.12**	**(936)**	**(1,631)**
OTHER COMPREHENSIVE INCOME NET OF INCOME TAX	**4.12**	**(628)**	**(1,641)**
NET INCOME AND OTHER COMPREHENSIVE INCOME		**4,399**	**2,576**
Of which Group share		3,805	2,070
Of which non-controlling interests		594	506

(1) Of which €78 million transferred to Reserves of items that will not be reclassified (see Note 4.12).

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BALANCE SHEET – ASSETS

(in millions of euros)	Notes	31/12/2018	01/01/2018	31/12/2017
Cash, central banks	6.1	66,976	50,755	50,761
Financial assets at fair value through profit or loss	3.1-6.2-6.6-6.7	365,475	363,737	321,404
Held for trading financial assets		225,605	222,136	
Other financial instruments at fair value through profit or loss		139,870	141,601	
Hedging derivative Instruments	3.2-3.4	14,322	16,429	16,435
Financial assets at fair value through other comprehensive income	3.1-6.4-6.6-6.7	253,620	258,603	
Debt instruments at fair value through other comprehensive income that may be reclassified to profit or loss		250,202	255,478	
Equity instruments at fair value through other comprehensive income that will not be reclassified to profit or loss		3,418	3,125	
Available-for-sale financial assets	3.1-6.4-6.6-6.7			307,058
Financial assets at amortised cost	3.1-3.3-6.5-6.6-6.7	840,201	781,522	
Loans and receivables due from credit institutions		412,981	388,716	394,051
Loans and receivables due from customers		369,456	341,114	360,079
Debt securities		57,764	51,692	
Revaluation adjustment on interest rate hedged portfolios		6,375	5,978	5,978
Held-to-maturity financial assets	3.1-6.5-6.6-6.7			20,179
Current and deferred tax assets	6.10	4,480	4,741	4,462
Accruals, prepayments and sundry assets	6.11	38,013	36,197	36,197
Non-current assets held for sale and discontinued operations		257	495	495
Deferred participation benefits	6.16	52	-	-
Investments in equity-accounted entities	6.12	6,368	5,108	5,177
Investment property	6.13	6,408	6,196	6,196
Property, plant and equipment	6.14	4,069	4,210	4,210
Intangible assets	6.14	2,287	2,180	2,180
Goodwill	6.15	15,491	15,421	15,421
TOTAL ASSETS		**1,624,394**	**1,551,572**	**1,550,283**

The definitions of the underlined words can be found in the Glossary on page 600.

BALANCE SHEET – LIABILITIES & EQUITY

(in millions of euros)	Notes	31/12/2018	01/01/2018	31/12/2017
Central banks	6.1	949	3,185	3,185
Financial liabilities at fair value through profit or loss	6.2	228,111	227,848	227,887
Held for trading financial liabilities		193,956	196,444	
Financial liabilities designated at fair value through profit or loss		34,155	31,404	
Hedging derivative Instruments	3.2-3.4	12,085	13,271	13,271
Financial liabilities at amortised cost		913,600	840,095	
Due to credit institutions	3.3-6.8	131,960	125,590	125,590
Due to customers	3.1-3.3-6.8	597,170	550,746	550,746
Debt securities	3.3-6.8	184,470	163,759	163,708
Revaluation adjustment on interest rate hedged portfolios		6,612	6,565	6,565
Current and deferred tax liabilities	6.10	2,376	3,287	3,482
Accruals, deferred income and sundry liabilities	6.11	42,309	40,530	40,530
Liabilities associated with non-current assets held for sale and discontinued operations		229	354	354
Insurance company technical reserves	6.16	324,033	322,516	320,417
Provisions	6.17	5,809	4,935	4,421
Subordinated debt	3.3-6.18	22,765	25,421	25,421
Total Liabilities		**1,558,878**	**1,488,007**	**1,485,577**
Equity		**65,516**	**63,565**	**64,706**
Equity – Group share		**58,811**	**57,135**	**58,056**
Share capital and reserves		27,009	26,749	26,749
Consolidated reserves		26,179	28,568	24,705
Other comprehensive income		1,214	1,812	2,947
Other comprehensive income on discontinued operations		9	6	6
Net income (loss) for the year		4,400		3,649
Non-controlling interests		**6,705**	**6,430**	**6,650**
TOTAL LIABILITIES AND EQUITY		**1,624,394**	**1,551,572**	**1,550,283**

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STATEMENT OF CHANGES IN EQUITY

	Group share				
	Share and capital reserves				
(in millions of euros)	Share capital	Share premium and consolidated reserves	Elimination of treasury shares	Other equity instruments	Total capital and consolidated reserves
Equity at 1 January 2017	**8,538**	**40,327**	**(132)**	**5,011**	**53,744**
Capital increase	-	-	-	-	**-**
Changes in treasury shares held	-	-	1	-	**1**
Issuance of equity instruments	-	-	-	(12)	**(12)**
Remuneration of undated deeply subordinated notes	-	(454)	-	-	**(454)**
Dividends paid in 2017	-	(1,716)	-	-	**(1,716)**
Impact of acquisitions/disposals on non-controlling interests	-	(54)	-	-	**(54)**
Changes due to share-based payments	-	13	-	-	**13**
Changes due to transactions with shareholders	**-**	**(2,211)**	**1**	**(12)**	**(2,222)**
Changes in other comprehensive income	**-**	**-**	**-**	**-**	**-**
Share of changes in equity-accounted entities	-	(55)	-	-	**(55)**
Net income for 2017	-	-	-	-	**-**
Other changes	-	(13)	-	-	**(13)**
Equity at 31 December 2017	**8,538**	**38,048**	**(131)**	**4,999**	**51,454**
Appropriation of 2017 net income	-	3,649	-	-	**3,649**
Equity at 1 January 2018	**8,538**	**41,697**	**(131)**	**4,999**	**55,103**
Impacts of new accounting standards(1)	-	214	-	-	**214**
Equity at 1 January 2018 restated	**8,538**	**41,911**	**(131)**	**4,999**	**55,317**
Capital increase	61	168	-	-	**229**
Changes in treasury shares held	-	-	(20)	-	**(20)**
Issuance of equity instruments	-	-	-	12	**12**
Remuneration of undated deeply subordinated notes	-	(443)	-	-	**(443)**
Dividends paid in 2018	-	(1,802)	-	-	**(1,802)**
Impact of acquisitions/disposals on non-controlling interests	-	(8)	-	-	**(8)**
Changes due to share-based payments	-	20	-	-	**20**
Changes due to transactions with shareholders	**61**	**(2,065)**	**(20)**	**12**	**(2,012)**
Changes in other comprehensive income	**-**	**(59)**	**-**	**-**	**(59)**
Of which other comprehensive income on equity instruments that will not be reclassified to profit or loss reclassified to consolidated reserves	-	(47)	-	-	**(47)**
Of which other comprehensive income attributable to changes in own credit risk reclassified to consolidated reserves	-	(12)	-	-	**(12)**
Share of changes in equity-accounted entities	-	19	-	-	**19**
Net income for 2018	-	-	-	-	**-**
Other changes(2)	-	(77)	-	-	**(77)**
EQUITY AT 31 DECEMBER 2018	**8,599**	**39,729**	**(151)**	**5,011**	**53,188**

(1) Details of the impact on equity related to the application of IFRS 9 are presented in the note "Impact on equity of the application of IFRS 9 at 1 January 2018".
(2) Other changes mainly concern an adjustment pursuant to the treatment of insurance investments and the and the impact of liabilities that are prescribed following new legal analyses.

The definitions of the underlined words can be found in the Glossary on page 600.

Group share					Non-controlling interests					
Other comprehensive income						Other comprehensive income				
Other comprehensive income on items that may be reclassified to profit and loss	Other comprehensive income on items that will not be reclassified to profit and loss	Total other comprehensive income	Net income	Total equity	Capital, associated reserves and income	Other comprehensive income on items that may be reclassified to profit and loss	Other comprehensive income on items that will not be reclassified to profit and loss	Total other comprehensive income	Total equity	Total consolidated equity
5,087	(555)	4,532	-	58,276	5,699	(13)	(25)	(38)	5,661	63,937
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	1	-	-	-	-	-	1
-	-	-	-	(12)	-	-	-	-	-	(12)
-	-	-	-	(454)	(12)	-	-	-	(12)	(466)
-	-	-	-	(1,716)	(298)	-	-	-	(298)	(2,014)
-	-	-	-	(54)	672	-	-	-	672	618
-	-	-	-	13	6	-	-	-	6	19
-	-	-	-	(2,222)	368	-	-	-	368	(1,854)
(1,178)	(33)	(1,211)	-	(1,211)	-	(51)	-	(51)	(51)	(1,262)
(391)	23	(368)	-	(423)	4	(11)	-	(11)	(7)	(430)
-	-	-	3,649	3,649	568	-	-	-	568	4,217
-	-	-	-	(13)	111	-	-	-	111	98
3,518	(565)	2,953	3,649	58,056	6,750	(75)	(25)	(100)	6,650	64,706
-	-	-	(3,649)	-	-	-	-	-	-	-
3,518	(565)	2,953	-	58,056	6,750	(75)	(25)	(100)	6,650	64,706
(274)	(861)	(1,135)	-	(921)	(232)	(19)	31	12	(220)	(1,141)
3,244	(1,426)	1,818	-	57,135	6,518	(94)	6	(88)	6,430	63,565
-	-	-	-	229	-	-	-	-	-	229
-	-	-	-	(20)	-	-	-	-	-	(20)
-	-	-	-	12	-	-	-	-	-	12
-	-	-	-	(443)	(13)	-	-	-	(13)	(456)
-	-	-	-	(1,802)	(353)	-	-	-	(353)	(2,155)
-	-	-	-	(8)	9	-	-	-	9	1
-	-	-	-	20	9	-	-	-	9	29
-	-	-	-	(2,012)	(348)	-	-	-	(348)	(2,360)
(908)	323	(585)	-	(644)	(1)	(18)	(13)	(31)	(32)	(676)
-	47	47	-	-	(1)	-	1	1	-	-
-	12	12	-	-	-	-	-	-	-	-
(8)	(2)	(10)	-	9	2	(2)	-	(2)	-	9
-	-	-	4,400	4,400	627	-	-	-	627	5,027
-	-	-	-	(77)	28	-	-	-	28	(49)
2,328	(1,105)	1,223	4,400	58,811	6,826	(114)	(7)	(121)	6,705	65,516

CASH FLOW STATEMENT

The cash flow statement is presented using the indirect method.

Operating activities are representative of income-generating activities of the Crédit Agricole S.A. Group.

Tax inflows and outflows are included in full within operating activities.

Investment activities show the impact of cash inflows and outflows associated with purchases and sales of investments in consolidated and non-consolidated companies, property, plant and equipment and intangible assets. This section includes strategic equity investments classified as at “Fair value through profit or loss” or “Fair value through other comprehensive income on items that cannot be reclassified”.

Financing activities show the impact of cash inflows and outflows associated with operations of financial structure concerning equity and long-term borrowing.

The **net cash flows** attributable to the operating, investment and financing activities **of discontinued operations** are presented on separate lines in the cash flow statement.

Net cash and cash equivalents include cash, debit and credit balances with central banks and debit and credit demand balances with credit institutions.

The definitions of the underlined words can be found in the Glossary on page 600.

(in millions of euros)	Notes	31/12/2018	31/12/2017
Pre-tax income		**6,496**	**5,929**
Net depreciation and impairment of property, plant & equipment and intangible assets		759	786
Impairment of goodwill and other fixed assets	6.15	(86)	(186)
Net depreciation charges to provisions		10,333	13,614
Share of net income of equity-accounted entities		(482)	(985)
Net income (loss) from investment activities		(89)	(532)
Net income (loss) from financing activities		2,970	3,214
Other movements		(2,104)	(5,389)
Total non-cash and other adjustment items included in pre-tax income		**11,301**	**10,522**
Change in interbank items		(14,938)	5,363
Change in customer items		15,330	12,327
Change in financial assets and liabilities		7,770	(4,670)
Change in non-financial assets and liabilities		(651)	140
Dividends received from equity-accounted entities(1)		190	245
Tax paid		(568)	(1,275)
Net change in assets and liabilities used in operating activities		**7,133**	**12,130**
Cash provided (used) by discontinued operations		**-**	**1**
Total net cash flows from (used by) operating activities (A)		**24,930**	**28,582**
Change in equity investments(2)		**(1,072)**	**(1,523)**
Change in property, plant & equipment and intangible assets		**(688)**	**(1,060)**
Cash provided (used) by discontinued operations		**6**	**-**
Total net cash flows from (used by) investment activities (B)		**(1,754)**	**(2,583)**
Cash received from (paid to) shareholders(3)		**(2,465)**	**(1,589)**
Other cash provided (used) by financing activities(4)		**535**	**3,654**
Cash provided (used) by discontinued operations		**-**	**-**
Total net cash flows from (used by) financing activities (C)		**(1,930)**	**2,065**
Impact of exchange rate changes on cash and cash equivalent (D)		**864**	**(1,521)**
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENT (A + B + C + D)		**22,110**	**26,543**
Cash and cash equivalents at beginning of period		**52,075**	**25,532**
Net cash accounts and accounts with central banks*		47,565	24,339
Net demand loans and deposits with credit institutions**		4,510	1,193
Cash and cash equivalents at end of period		**74,185**	**52,075**
Net cash accounts and accounts with central banks*		66,017	47,565
Net demand loans and deposits with credit institutions**		8,168	4,510
NET CHANGE IN CASH AND CASH EQUIVALENTS		**22,110**	**26,543**

* Consisting of the net balance of the "Cash, central banks" item, excluding accrued interest and including cash of entities reclassified as discontinued operations.

** Consisting of the balance of the "Non doubtful current accounts in debit" and "Non doubtful overnight accounts and advances" items as detailed in Note 6.5 and the "Current accounts in credit" and "Overnight accounts and deposits" items as detailed in Note 6.8 (excluding accrued interest and including Crédit Agricole internal transactions).

(1) **Dividends received from equity-accounted entities:** at 31 December 2018, this amount includes the payment of dividends from insurance entities for €156 million, from Amundi subsidiaries for €16 million, from Wafasalaf for €13 million and from Crédit Agricole Immobilier for €5 million.

(2) **Change in equity investments:** this line shows the net effects on cash of acquisitions and disposals of equity investments.
- The net impact on Group cash of acquisitions and disposals of consolidated equity investments (subsidiaries and equity-accounted entities) on 31 December 2018 is -€410 million. The main transactions relate to the acquisition of Banca Leonardo for -€20 million net of cash of acquired, the inclusion into the scope of consolidation of Iris Holding for -€88 million, the sale of Caceis USA and Caceis Canada for +€14 million, the sale of Banque Thémis for -€40 million, the subscription to the capital increases of equity-accounted entities with Frey for -€44 million, Amundi entities for -€69 million and CACF entities for -€89 million.
- During the same period, the net impact on Group cash of acquisitions and disposals of non-consolidated equity investments came to -€656 million, of which -€756 million from insurance investments.

(3) **Cash received from (paid to) shareholders:** the main operation relates to the increase of capital reserved to employees for €135 million.
This amount is predominantly comprised of -€2,611 million in dividends paid, excluding dividends paid in shares, by Crédit Agricole S.A. Group. It breaks down as follows:
- dividends paid by Crédit Agricole S.A. for -€1,802 million;
- dividends paid by non-controlled subsidiaries for -€366 million; and
- interest, equivalent to dividends on undated financial instruments treated as equity for -€443 million.

(4) **Other net cash flows from financing activities:** at 31 December 2018, bond issues totalled €15,314 million and redemptions -€8,783 million. Subordinated debt issues totalled €2,624 million and redemptions -€5,430 million. This line also includes cash flows from interest payments on subordinated debt and bonds for -€3,190 million.

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EFFECTS OF THE APPLICATION OF IFRS 9 AT 1 JANUARY 2018

TRANSITION FROM THE BALANCE SHEET AT 31 DECEMBER 2017 TO 1 JANUARY 2018

The following tables present the financial assets and liabilities affected by the implementation of IFRS 9 at 1 January 2018.

Financial assets

Financial assets		31/12/2017	01/01/2018					
		IAS 39	Reclassifications in accordance with IFRS 9					
				Financial assets at fair value through profit or loss				
					Other financial instruments at fair value through profit or loss			
(in millions of euros)		Carrying amount in accordance with IAS 39	Central banks	Held for trading financial assets	Equity instruments	Debt instruments that do not meet the conditions of the "SPPI" test	Assets backing unit-linked contracts	Financial assets designated at fair value through profit or loss
IAS 39	Central banks	49,319	49,319					
	Financial assets at fair value through profit or loss	321,404		221,095	9,905	34,778	51,600	3
	Held for trading financial assets	221,089		221,095		-		-
	Financial assets designated at fair value through profit or loss[1]	100,315		-	9,905	34,778	51,600	3
	Hedging derivative instruments	16,435		-				
	Available-for-sale financial assets	307,058		7	23,725	19,193		-
	Loans and receivables due from credit institutions	394,051		-		-		-
	Loans and receivables due from customers	360,079		1,034		2,455		-
	Held-to-maturity financial assets	20,179		-		-		-
	Non-current assets held for sale and discontinued operations	495				-		-
	Investments in equity-accounted entities	5,177				-		-
	Carrying amount determined in accordance with IAS 39	**1,474,197**						
	Restatement of carrying amount in accordance with IFRS 9		**(6)**	**-**	**-**	**(58)**		**-**
01/01/2018	**Carrying amount in accordance with IFRS 9**		**49,313**	**222,136**	**33,630**	**56,368**	**51,600**	**3**

(1) Reclassifications related to financial assets designated at fair value through profit or loss break down as follows:

	IAS 39	Reclassifications in accordance with IFRS 9	
		Of which financial assets reclassified out of financial assets designated at fair value through profit or loss in accordance with IFRS 9	
(in millions of euros)	Carrying amount in accordance with IAS 39	Reclassifications as required by IFRS 9	Reclassifications elected by the entity
Financial assets designated at fair value through profit or loss	**100,315**	**100,312**	**-**
Debt instruments	83,245	83,242	-
Equity instruments	17,070	17,070	

The definitions of the underlined words can be found in the Glossary on page 600.

	01/01/2018							
	Reclassifications in accordance with IFRS 9							
		Financial assets at fair value through other comprehensive income		Financial assets at amortised cost				
	Hedging derivative instruments	Debt instruments at fair value through other comprehensive income that may be reclassified to profit or loss	Equity instruments at fair value through other comprehensive income that will not be reclassified to profit or loss	Loans and receivables due from credit institutions	Loans and receivables due from customers	Debt securities	Non-current assets held for sale and discontinued operations	Investments in equity-accounted entities
	(6)	4,028	-	-	-	-		
	(6)	-		-	-			
		4,028	-	-	-	-		
	16,435							
		232,952	3,125	-	-	28,056		
		5,165		388,847	-	39		
		-			342,227	14,363		
		10,805			-	9,375		
		-			-	-	495	
		-			-	-		5,177
		2,528	**-**	**(131)**	**(1,113)**	**(141)**	**-**	**(69)**
	16,429	**255,478**	**3,125**	**388,716**	**341,114**	**51,692**	**495**	**5,108**

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Financial liabilities

Financial liabilities		31/12/2017	01/01/2018	
		IAS 39	Reclassifications in accordance with IFRS 9	
			Financial liabilities at fair value through profit or loss	
(in millions of euros)		Carrying amount in accordance with IAS 39	Held for trading financial liabilities	Financial liabilities designated at fair value through profit or loss
IAS 39	Financial liabilities at fair value through profit or loss	227,887	196,444	31,404
	Held for trading financial liabilities	196,444	196,444	
	Financial liabilities designated at fair value through profit or loss[1]	31,443		31,404
	Hedging derivative instruments	13,271	-	
	Due to credit institutions	125,590		-
	Due to customers	550,746		-
	Debt securities	163,708		-
	Liabilities associated with non-current assets held for sale and discontinued operations	354		
	Carrying amount determined in accordance with IAS 39	**1,081,556**		
	Restatement of carrying amount in accordance with IFRS 9		**-**	**-**
01/01/2018	**Carrying amount in accordance with IFRS 9**		**196,444**	**31,404**

(1) Reclassifications related to financial liabilities designated at fair value through profit or loss break down as follows:

	IAS 39	Reclassifications in accordance with IFRS 9	
		Of which financial liabilities reclassified out of financial liabilities designated at fair value through profit or loss in accordance with IFRS 9	
(in millions of euros)	Carrying amount in accordance with IAS 39	Reclassifications as required by IFRS 9	Reclassifications elected by the entity
Financial liabilities designated at fair value through profit or loss	**31,443**	**-**	**39**

The definitions of the underlined words can be found in the Glossary on page 600.

01/01/2018				
Reclassifications in accordance with IFRS 9				
	Financial liabilities at amortised cost			
Hedging derivative instruments	Due to credit institutions	Due to customers	Debt securities	Liabilities associated with non-current assets held for sale and discontinued operations
-	-	-	39	
-				
	-	-	39	
13,271				
	125,590			
		550,746		
			163,708	
				354
-	**-**	**-**	**12**	
13,271	**125,590**	**550,746**	**163,759**	**354**

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TRANSITION BETWEEN IMPAIRMENT OR PROVISIONS CONSTITUTED UNDER IAS 39 AND CORRECTIONS OF VALUE FOR LOSSES CONSTITUTED UNDER IFRS 9

Pursuant to the application of IFRS 9 at 1 January 2018, the procedures for provisioning change significantly. The following table presents the transition from liability impairment or provisions recognised at 31 December 2017 (under the provisions of IAS 39) to the amount of value correction for losses recognised at 1 January 2018 (under the provisions of IFRS 9):

		31/12/2017	01/01/2018				
		IAS 39	IFRS 9 – Impairment reclassifications				
				Financial assets at fair value through profit or loss			
					Other financial instruments at fair value through profit or loss		
(in millions of euros)		Amount of impairment	Central banks	Held for trading financial assets	Equity instruments	Debt instruments that do not meet the conditions of the "SPPI" test	Financial assets designated at fair value through profit or loss
Impairment in accordance with IAS 39	Central banks	-	-				
	Available-for-sale financial assets	(1,158)		(10)	(545)	(93)	-
	Loans and receivables due from credit institutions	(386)		-	-	-	-
	Loans and receivables due from customers	(9,979)		-	-	(185)	-
	Held-to-maturity financial assets	-		-	-	-	-
	Amount of impairment determined in accordance with IAS 39	**(11,523)**					
	Restatement of impairment in accordance with IFRS 9		**(6)**	**10**	**545**	**278**	**-**
	Of which restatement of assets reclassified out of the fair value through profit or loss category in accordance with IAS 39		-	-			
	Of which restatement of assets reclassified out of the available-for-sale category in accordance with IAS 39		-	10	545	93	-
	Of which restatement of assets reclassified out of the loans and receivables category in accordance with IAS 39		-	-	-	185	-
	Of which restatement of assets reclassified out of the held-to-maturity category in accordance with IAS 39		-	-	-	-	-
01/01/2018	**Amount of impairment in accordance with IFRS 9**		**(6)**	**-**	**-**	**-**	**-**

Provisions for off-balance sheet commitments *(in millions of euros)*	31/12/2017 IAS 39 – Amount of provisions	Restatement of provisions in accordance with IFRS 9	01/01/2018 IFRS 9 – Amount of provisions
Financing commitments	119	409	528
Guarantee commitments	370	105	475
Amount of provisions	**489**	**514**	**1,003**

The definitions of the underlined words can be found in the Glossary on page 600.

01/01/2018					
	IFRS 9 – Impairment reclassifications				
	Financial assets at fair value through other comprehensive income		Financial assets at amortised cost		
	Debt instruments at fair value through other comprehensive income that may be reclassified to profit or loss	Equity instruments at fair value through other comprehensive income that will not be reclassified to profit or loss	Loans and receivables due from credit institutions	Loans and receivables due from customers	Debt securities
	(4)	(506)	-	-	-
	-		(386)		-
	-			(9,794)	-
	-				-
	(144)	**506**	**(47)**	**(1,113)**	**(15)**
	(1)	-	-	-	-
	(140)	506	-	-	(10)
	-	-	(47)	(1,113)	(2)
	(2)	-	-	-	(3)
	(148)	**-**	**(433)**	**(10,907)**	**(15)**

The breakdown between collective impairment and individual impairment under IAS 39 at 31 December 2017 is the following:

Breakdown of impairment of financial assets in accordance with IAS 39 *(in millions of euros)*	31/12/2017	
	Collective impairment	Individual impairment
Amount of impairment in accordance with IAS 39	(1,946)	(9,577)

The breakdown of impairment by impairment stages (or buckets) under IFRS 9 at 1 January is the following:

Financial assets *(in millions of euros)*	01/01/2018		
	Bucket 1	Bucket 2	Bucket 3
Financial assets at fair value through other comprehensive income	(104)	(40)	(4)
Loans and receivables due from credit institutions	-	-	-
Loans and receivables due from customers	-	-	-
Debt securities	(104)	(40)	(4)
Financial assets at amortised cost	(805)	(1,558)	(8,992)
Loans and receivables due from credit institutions	(46)	(1)	(386)
Loans and receivables due from customers	(745)	(1,556)	(8,606)
Debt securities	(14)	(1)	-
TOTAL	**(909)**	**(1,598)**	**(8,996)**

Off-balance sheet commitments *(in millions of euros)*	01/01/2018		
	Bucket 1	Bucket 2	Bucket 3
Financing commitments	133	277	118
Guarantee commitments	52	109	314
TOTAL	**185**	**386**	**432**

FINANCIAL ASSETS THAT WERE RECLASSIFIED DUE TO THE APPLICATION OF IFRS 9

	31/12/2018				
	Recognition in accordance with IFRS 9		Recognition in accordance with IFRS 9 if the reclassification had not occurred		
(in millions of euros)	Carrying amount	Interest revenues (expenses) recognised	Fair value	Gain (loss) recognised in net profit or loss	Gain (loss) recognised in other comprehensive income
Financial assets at fair value through profit or loss reclassified into financial assets at fair value through other comprehensive income	3,938	94	3,938	29	
Debt instruments at fair value through other comprehensive income that may be reclassified to profit or loss	3,938	94	3,938	29	
Equity instruments at fair value through other comprehensive income that will not be reclassified to profit or loss	-		-	-	
Financial assets at fair value through profit or loss reclassified into financial assets at amortised cost	-	-	-	-	
Loans and receivables due from credit institutions	-	-	-	-	
Loans and receivables due from customers	-	-	-	-	
Debt securities	-	-	-	-	
Financial assets at fair value through other comprehensive income reclassified into financial assets at amortised cost	16,210	159	15,518	57	30
Loans and receivables due from credit institutions					
Loans and receivables due from customers					
Debt securities	16,210	159	15,518	57	30
TOTAL	**20,148**	**253**	**19,456**	**86**	**30**

The definitions of the underlined words can be found in the Glossary on page 600.

Impact on equity of the application of IFRS 9 at 1 January 2018

(in millions of euros)	Impact of 1st application of IFRS 9 at 01/01/2018(1)		
	Consolidated Shareholders' equity	Equity – Group share	Equity – Non-controlling interests
EQUITY AT 31/12/2017 – IAS 39	**64,706**	**58,056**	**6,650**
Impacts on reserves (A+B+C)	**(18)**	**214**	**(232)**
Revaluation related to own credit risk on liabilities designated at fair value through profit or loss	348	341	7
Reclassification from Available-for-sale assets to fair value through profit or loss (including cancellation of impairment where applicable; in the case of fair value hedges, reclassification unhedged portion only)	1,687	1,673	14
Reclassification from Available-for-sale assets to fair value through other comprehensive income that will not be reclassified to profit or loss: impact of cancellation of lasting impairment (where applicable)	445	384	61
Reclassification from Available-for-sale financial assets to financial assets at fair value through other comprehensive income that will not be reclassified to profit or loss: reclassification of fair value of the hedged portion (where applicable)	(499)	(406)	(92)
Reclassification from amortised cost to fair value through profit or loss (including acquisition costs remaining to be amortised; in the case of fair value hedges, reclassification unhedged portion only)	(110)	(108)	(2)
Assets (to fair value through profit or loss)	(110)	(108)	(2)
Liabilities (to fair value through profit or loss)	-	-	-
Reclassification from fair value through profit or loss to fair value through other comprehensive income that may be reclassified to profit or loss	(75)	(75)	-
Reclassification from fair value through profit or loss to amortised cost (including fees and commissions remaining to be amortised)	-	-	-
Assets (from fair value through profit or loss – by type or designated)	-	-	-
Liabilities (from fair value through profit or loss – designated)	-	-	-
Impacts on termination of hedges excluding fair value hedges	-	-	-
Recognition of expected credit losses (on financial assets, assets within the field of application of IAS 17 and IFRS 15, off-balance sheet commitments)	(1,192)	(971)	(221)
Reclassification of equity instruments designated at fair value through profit or loss to fair value through other comprehensive income that will not be reclassified to profit or loss	-	-	-
Impact of changes on financial assets/liabilities measured at amortised cost	(63)	(63)	-
Reclassification of designated financial assets applying the overlay approach	(494)	(494)	-
Reserves excluding equity-accounted entities (A)	**48**	**280**	**(232)**
Reserves on equity-accounted entities (B)	**(66)**	**(66)**	**-**
Reserves on discontinued operations (C)	**-**	**-**	**-**
Impacts on other comprehensive income on items that may be reclassified to profit or loss (D+E+F)	**(293)**	**(274)**	**(19)**
Reclassification from Available-for-sale assets to fair value through profit or loss (in the case of fair value hedges, reclassification unhedged portion only)	(1,687)	(1,673)	(14)
Reclassification from Available-for-sale assets to amortised cost (in the case of fair value hedges, reclassification unhedged portion only)	(99)	(99)	-
Reclassification from amortised cost to fair value through other comprehensive income that may be reclassified to profit or loss (in the case of fair value hedges, reclassification unhedged portion only)	362	360	2
Reclassification of equity instruments from Available-for-sale assets to fair value through other comprehensive income that will not be reclassified to profit or loss	500	508	(8)
Reclassification from fair value through profit or loss to fair value through other comprehensive income that may be reclassified to profit or loss	75	75	-
Impacts on termination of hedges excluding fair value hedges	-	-	-
Recognition of expected credit losses on financial assets at fair value through other comprehensive income that may be reclassified to profit or loss	32	31	1
Reclassification of designated financial assets applying the overlay approach	494	494	-
Other comprehensive income on items that may be reclassified to profit or loss (net of income tax) excluding equity-accounted entities (D)	**(324)**	**(305)**	**(19)**
Other comprehensive income on items that may be reclassified to profit or loss (net of income tax) on equity-accounted entities (E)	**31**	**31**	**-**
Other comprehensive income on items that may be reclassified to profit or loss from discontinued operations (F)	**-**	**-**	**-**

(1) Amounts net of income tax.

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Impact on equity of the application of IFRS 9 at 1 January 2018 – following

(in millions of euros)	Impact of 1st application of IFRS 9 at 01/01/2018(1)		
	Consolidated Shareholders' equity	Equity – Group share	Equity – Non-controlling interests
Impact on other comprehensive income on items that will not be reclassified to profit or loss (G+H+I)	**(830)**	**(861)**	**31**
Revaluation related to own credit risk on liabilities designated at fair value through profit or loss	(348)	(341)	(7)
Reclassification of equity instruments from Available-for-sale assets to fair value through other comprehensive income that will not be reclassified to profit or loss	(447)	(486)	39
Reclassification of equity instruments designated at fair value through profit or loss to fair value through other comprehensive income that will not be reclassified to profit or loss	-	-	-
Other comprehensive income on items that will not be reclassified to profit or loss (net of income tax) excluding equity-accounted entities (G)	**(796)**	**(827)**	**31**
Other comprehensive income on items that will not be reclassified to profit or loss (net of income tax) on equity-accounted entities (H)	**(33)**	**(33)**	**-**
Other comprehensive income on items that will not be reclassified to profit or loss from discontinued operations (I)	**-**	**-**	**-**
Total – Impact on equity due to initial application of IFRS 9	**(1,141)**	**(921)**	**(220)**
EQUITY AT 01/01/2018 – IFRS 9 STANDARD	**63,565**	**57,135**	**6,430**

(1) Amounts net of income tax.

The definitions of the underlined words can be found in the Glossary on page 600.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DETAILED SUMMARY OF THE NOTES

The definitions of the underlined words can be found in the Glossary on page 600.

Note 1 Group accounting policies and principles, assessments and estimates applied

1.1 APPLICABLE STANDARDS AND COMPARABILITY

Pursuant to EC Regulation No. 1606/2002, the consolidated financial statements have been prepared in accordance with IAS/IFRS standards and IFRIC interpretations applicable at 31 December 2018 and as adopted by the European Union (carve-out version), thus using certain exceptions in the application of IAS 39 on macro-hedge accounting.

These standards and interpretations are available on the European Commission website at: https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting/financial-reporting_en.

The standards and interpretations are the same as those applied and described in the Group's financial statements for the financial year ended 31 December 2017.

They have been supplemented by the IFRS standards as adopted by the European Union at 31 December 2018 and that must be applied for the first time in 2018. These cover the following:

Standards, amendments or interpretations	Date published by the European Union	Date of first-time application: financial years from	Applicable in the Group
IFRS 9 "Financial instruments" Replacing IAS 39 "Financial Instruments: classification and measurement, impairment and hedge accounting"	22 November 2016 (EU 2016/2067)	1 January 2018	Yes
Amendment to IFRS 4 "Insurance contracts"/IFRS 9 "Financial instruments" Optional approaches for insurance undertakings to manage the gap between the application of IFRS 9 and IFRS 4	3 November 2017 (EU 2017/1988)	1 January 2018	Yes
IFRS 15 "Revenue from contracts with customers" Replacing IAS 11 on the recognition of construction contracts and IAS 18 on the recognition of revenue	22 September 2016 (EU 2016/1905)	1 January 2018	Yes
Amendment to IFRS 15 "Revenue from contracts with customers" Clarifications to IFRS 15	31 October 2017 (EU 2017/1987)	1 January 2018	Yes
Improvements to IFRS cycle 2014-2016:	7 February 2018 (EU 2018/182)		
■ IFRS 12 "Disclosure of interests in other entities"		1 January 2017	Yes
■ IAS 28 "Investments in associates and joint ventures"		1 January 2018	Yes
■ IFRS 1 "First-time Adoption of International Financial Reporting Standards"		1 January 2018	No
Amendment to IFRS 2 "Classification and measurement of share-based payment transactions" Clarifications to IFRS 2	26 February 2018 (EU 2018/289)	1 January 2018	Yes
Amendment to IAS 40 "Investment property" Clarifications of the principle of transfer, entry to or exit from the Investment Property category	14 March 2018 (EU 2018/400)	1 January 2018	Yes
IFRIC 22 "Foreign currency transactions and advance consideration" Clarifications to IAS 21 "Effects of changes in foreign exchange rates"	3 April 2018 (EU 2018/519)	1 January 2018	Yes

Accordingly, the Crédit Agricole S.A. Group publishes, for the first time from 1 January 2018, its IFRS financial statements under IFRS 9 "Financial instruments" and IFRS 15 "Revenue from contracts with customers" (see chapter 1.2 "Accounting policies and principles").

IFRS 9 "Financial instruments" replaces IAS 39 "Financial instruments: recognition and measurement". It sets new principles governing the classification and measurement of financial instruments, impairment of credit risk and hedge accounting, excluding macro-hedging transactions.

IFRS 9 is applied retrospectively with a mandatory effective date of 1 January 2018 by adjusting the opening balance sheet on the date of first-time application, with no restatement of the 2017 comparative financial statements. Consequently, the assets and liabilities relative to 2017 financial instruments are recognised and measured under IAS 39 as described in the accounting policies and principles presented in the 2017 financial statements.

IFRS 15 "Revenue from contracts with customers" will replace IAS 11 "Construction contracts" and IAS 18 "Revenue", along with all interpretations relating to (IFRIC 13 "Customer loyalty programs", IFRIC 15 "Agreements for the construction of real estate", IFRIC 18 "Transfers of assets from customers" and SIC 31 "Revenue – Barter transactions involving advertising services").

For the first-time application of IFRS 15, the Crédit Agricole S.A. Group has chosen the modified retrospective method without comparison with the 2017 financial year. The application of IFRS 15 did not have any material impact on earnings or equity.

The definitions of the underlined words can be found in the Glossary on page 600.

Moreover, as long as the early application of standards and interpretations adopted by the European Union is optional for a period, this option is not selected by the Group, unless otherwise stated.

This in particular applies to:

Standards, amendments or interpretations	Date published by the European Union	Date of first-time mandatory application: financial years from	Applicable in the Group
Amendment to IFRS 9 "Financial instruments" Options for early redemption with negative penalty	22 March 2018 (EU 2018/498)	1 January 2019[1]	Yes
IFRS 16 "Leases" Replacing IAS 17 on the recognition of leases	31 October 2017 (EU 2017/1986	1 January 2019	Yes
IFRIC 23 "Uncertainty over income tax treatments" Clarification of IAS 12 on measuring and recognising a tax asset or liability when there is uncertainty as to the application of tax legislation	23 October 2018 (EU 2018/1595)	1 January 2019	Yes

(1) The Group decided to apply the amendment to IFRS 9 early from 1 January 2018.

IFRS 16 "Leases" will supersede IAS 17 and all related interpretations (IFRIC 4 "Determining whether an arrangement contains a lease", SIC 15 "Operating Leases – Incentives" and SIC 27 "Evaluating the substance of transactions in the legal form of a lease"). It will apply to reporting periods beginning 1 January 2019.

The main change made by IFRS 16 relates to accounting for lessees. IFRS 16 will call for a model in respect of lessees that recognises all leases on the balance sheet, with a lease liability on the liability side representing commitments over the life of the lease and on the asset side, an amortisable right-to-use.

In 2017, Crédit Agricole S.A. Group began taking steps to implement IFRS 16 within the required timeframe, incorporating the Accounting, Finance, Risk and Purchasing functions. An initial study on the impact of the application of the standard on the Group was undertaken in the second half of 2017 on the basis of the financial statements at 31 December 2016. All this work continued in 2018. The Group finalised its key options pertaining to the interpretation of the standard, decided upon the IT solutions needed to allow the processing of the data from all Group leases and in the second half estimated the impact on the basis of the financial statements at 31 December 2017.

The Group will apply the modified retrospective approach in accordance with IFRS 16 C5 (b), recognising the cumulative effect of initial application on the date of transition (1 January 2019). As a result, the Group does not expect IFRS 16 to have a significant impact on its equity.

The Group elected to use the two recognition exemptions allowed under the standard for the following leases:

- short-term leases;
- low value asset leases.

The standards and interpretations published by the IASB at 31 December 2018 but not yet adopted by the European Union are not applied by the Group. They will become mandatory only as from the date planned by the European Union and have not been applied by the Group at 31 December 2018.

This concerns IFRS 17 in particular:

IFRS 17 "Insurance contracts" will replace IFRS 4. At its meeting of 14 November 2018, the IASB decided to defer its effective date by one year to 1 January 2022. It sets out the new measurement and recognition principles for insurance contract liabilities and evaluation of their profitability, in addition to their presentation. In 2017, scoping work began on the implementation project in order to identify the challenges and impacts of the standard on the Group's insurance subsidiaries. This work continued throughout 2018.

In addition, a number of amendments were published by the IASB, which do not significantly impact the Group and which apply subject to their adoption by the European Union. This involved the amendments to IAS 12 "Income taxes", IAS 23 "Borrowing costs", IFRS 3/IFRS 11 "Business combinations/Joint arrangements", IAS 19 "Employee benefits" and IAS 28 "Investments in associates" applicable at 1 January 2019, and an amendment to IAS 1/IAS 8 "Presentation of financial statements" applicable at 1 January 2020.

1.2 ACCOUNTING POLICIES AND PRINCIPLES

Use of assessments and estimates to prepare the financial statements

Estimates made to draw up the financial statements are by nature based on certain assumptions and involve risks and uncertainties as to whether they will be achieved in the future.

Future results may be influenced by many factors, including:

- activity in domestic and international financial markets;
- fluctuations in interest and foreign exchange rates;
- the economic and political climate in certain industries or countries;
- changes in regulations or legislation.

This list is not exhaustive.

Accounting estimates based on assumptions are principally used in the following assessments:

- financial instruments measured at fair value;
- investments in non-consolidated companies;
- pension schemes and other post-employment benefits;
- stock option plans;
- depreciation on debt instruments at amortised cost or at fair value through other comprehensive income that can be reclassified;
- provisions;
- impairment of goodwill;
- deferred tax assets;
- valuation of equity-accounted entities;
- policyholders' deferred profit sharing

The procedures for the use of assessments or estimates are described in the relevant sections below.

Financial instruments (IFRS 9, IAS 39 and IAS 32)

Definitions

IAS 32 defines a financial instrument as any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity, meaning any contract representing contractual rights or obligations to receive or pay cash or other financial assets.

Derivative instruments are financial assets or liabilities whose value changes according to that of an underlying asset, which requires a low or nil initial investment, and for which settlement occurs at a future date.

Financial assets and liabilities are treated in the financial statements in accordance with IFRS 9 as adopted by the European Union, including for financial assets held by the Group's insurance entities.

IFRS 9 sets the principles governing the classification and measurement of financial instruments, impairment of credit risk and hedging accounting, excluding macro-hedging transactions.

It should nevertheless be noted that the Crédit Agricole S.A. Group has opted not to apply the IFRS 9 general hedging model. All hedging relationships consequently remain within the scope of IAS 39 pending future provisions relating to macro-hedging.

Conventions for valuing financial assets and liabilities

Initial valuation

During their initial recognition, financial assets and liabilities are measured at fair value as defined by IFRS 13.

Fair value as defined by IFRS 13 corresponds to the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants, on the principal or the most advantageous market, at the measurement date.

Subsequent valuation

After initial recognition, financial assets and liabilities are measured according to their classification either at amortised cost using the effective interest rate method (EIR) or at fair value as defined by IFRS 13. For derivative instruments, they are always measured at their fair value.

Amortised cost corresponds to the amount at which the financial asset or liability is measured during its initial recognition, including transaction costs directly attributable to its acquisition or issue, reduced by repayments of principal, increased or reduced by the cumulative amortisation calculated by the effective interest rate method (EIR) on any difference (discount or premium) between the initial amount and the amount at maturity. In the case of a financial asset, the amount is adjusted if necessary in order to correct for impairment (see the section on "Provisions for credit risk").

The effective interest rate (EIR) is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to obtain the net carrying amount of the financial asset or financial liability.

Financial assets

Classification and measurement of financial assets

Non-derivative financial assets (debt or equity instruments) are classified on the balance sheet in accounting categories that determine their accounting treatment and their subsequent valuation mode. These financial assets are classified in one of the following three categories:

- financial assets at fair value through profit or loss;
- financial assets at amortised cost;
- financial assets at fair value through other comprehensive income.

The criteria for the classification and valuation of financial assets depends on the nature of the financial assets, according to whether they are qualified as:

- debt instruments (*i.e.* loans and fixed or determinable income securities); or
- equity instruments (*i.e.* shares).

Debt instruments

The classification and valuation of a debt instrument depends on the combination of two criteria: the business model and the analysis of the contractual terms, unless the fair value option is used.

- The three business models:

  The business model represents the strategy followed by the management of the Crédit Agricole S.A. Group for managing its financial assets in order to achieve its objectives. The business model is specified for a portfolio of assets and does not constitute a case-by-case intention for an isolated financial asset.

  We distinguish three business models:

  - the *collection only model* for which the aim is to collect contractual cash flows over the lifetime of the assets; this model does not always imply holding all of the assets until their contractual maturity; however, sales of assets are strictly governed,
  - the *mixed model* where the aim is to collect the contractual cash flows over the lifetime of the assets and to sell the assets; under this model, both the sale of the financial assets and receipt of cash flows are essential, and
  - the *selling only model,* where the main aim is to sell the assets.

    In particular, it concerns portfolios where the aim is to collect cash flows via sales, portfolios whose performance is assessed based on fair value and portfolios of financial assets held for trading.

- The contractual terms ("Solely Payments of Principal & Interest" [SPPI] test):

  - SPPI testing combines a set of criteria, examined cumulatively, to establish whether contractual cash flows meet the characteristics of simple financing (principal repayments and interest payments on the remaining amount of principal due);
  - the test is satisfied when the financing gives entitlement only to the repayment of the principal and when the payment of interest received reflects the time value of money, the credit risk associated with the instrument, the other costs and risks of a conventional loan contract and a reasonable margin, whether the interest rate is fixed or variable.

In simple financing, interest represents the cost of the passage of time, the price of credit and liquidity risk over the period, and other components related to the cost of carrying the asset (*e.g.* administrative costs).

In some cases, when qualitative analysis of this nature does not allow a conclusion to be made, quantitative analysis (or benchmark testing) is carried out. This additional analysis consists of comparing the contractual cash flows of the asset under review with the cash flows of a benchmark asset.

The definitions of the underlined words can be found in the Glossary on page 600.

If the difference between the cash flows of the financial asset and the benchmark asset is considered immaterial, the asset is deemed to be simple financing.

Moreover, specific analysis is conducted when the financial asset is issued by special purpose entities establishing a differentiated order of payment among the holders of the financial assets by contractually linking multiple instruments and creating concentrations of credit risk (“tranches”).

Each tranche is assigned a rank of subordination that specifies the order of distribution of cash flows generated by the structured entity.

In this case, the SPPI test requires an analysis of the characteristics of contractual cash flows of the asset concerned and underlying assets according to the “look-through” approach and the credit risk borne by the tranches subscribed compared to the credit risk of the underlying assets.

The mode of recognition of debt instruments resulting from qualification of the business model combined with the SPPI test may be presented in the following diagram:

Debt instrument		Business models: Collection only	Business models: Mixed	Business models: Selling only
SPPI test	Satisfied	Amortised cost	Fair value through other comprehensive income (items that can be reclassified)	Fair value through profit or loss
SPPI test	Non satisfied	Fair value through profit or loss	Fair value through profit or loss	Fair value through profit or loss

Debt instruments at amortised cost

Debt instruments are measured at amortised cost if they are eligible for the collection model and if they pass the SPPI test.

They are recorded at the settlement date and their initial valuation also includes accrued interest and transaction costs.

This category of financial assets is impaired under the conditions described in the specific paragraph “Provisioning for credit risks”.

Debt instruments at fair value through other comprehensive income (items that can be reclassified)

Debt instruments are measured at fair value through other comprehensive income on items that can be reclassified if they are eligible for the mixed model and if they pass the SPPI test.

They are recorded at the trade date and their initial valuation also includes accrued interest and transaction costs.

Amortisation of any premiums or discounts and transaction costs on fixed-income securities is recognised in the income statement using the effective interest rate method.

These financial assets are subsequently measured at fair value, with changes in fair value recorded in other comprehensive income on items that can be reclassified and offset against the outstandings account (excluding accrued interest recognised in profit or loss according to the effective interest rate method).

If the securities are sold, these changes are transferred to the income statement.

This category of financial instruments is impaired under the conditions described in the specific paragraph “Provisions for credit risks” (without this affecting the fair value on the balance sheet).

Debt instruments at fair value through profit or loss

Debt instruments are measured at fair value through profit or loss in the following cases:

- the instruments are classified in portfolios composed of financial assets held for trading or for which the main objective is disposal.

  Financial assets held for trading are assets acquired or generated by the enterprise primarily with the aim of disposal in the short term or which are included in a portfolio of financial instruments managed as a unit and with the purpose of making a profit from short term price fluctuations or an arbitrage margin. Although contractual cash flows are received during the period that the Crédit Agricole S.A. Group holds the assets, the collection of these contractual cash flows is not essential but ancillary;
- debt instruments that do not fulfil the criteria of the SPPI test. This is notably the case of UCITS;
- financial instruments classified in portfolios which the Crédit Agricole S.A. Group designates at fair value in order to reduce an accounting treatment difference on the income statement. In this case, the instrument is classified as designated at fair value through profit or loss.

Financial assets measured at fair value through profit or loss are initially recognised at fair value, excluding transaction costs (directly recorded to profit or loss) and including accrued interest.

They are subsequently measured at fair value and changes in fair value are recognised in profit or loss, under Revenues, offset against the outstandings account.

This category of financial assets is not impaired.

Debt instruments measured by definition at fair value through profit or loss are recorded on the settlement date.

Debt instruments designated at fair value through profit or loss are recorded on the trade date.

Equity instruments issued

Equity instruments are by default recognised at fair value through profit or loss, except in the case of the irrevocable option for classification at fair value through other comprehensive income on items that cannot be reclassified, providing that these instruments are not held for trading purposes.

Equity instruments at fair value through profit or loss

Financial assets measured at fair value through profit or loss are initially recognised at fair value, excluding transaction costs (directly recorded to profit or loss). They are recorded at the settlement date.

They are subsequently measured at fair value and changes in fair value are recognised in profit or loss, under Revenues, offset against the outstandings account.

This category of financial assets is not impaired.

Equity instruments at fair value through other comprehensive income on items that cannot be reclassified (irrevocable option)

The irrevocable option to recognise equity instruments at fair value through other comprehensive income on items that cannot be reclassified is adopted at the transactional level (line by line) and applies from the date of initial recognition. These securities are recorded at the trade date.

The initial fair value includes transaction costs.

During subsequent valuations, changes in fair value are recognised in other comprehensive income on items that cannot be reclassified. In case of disposal, these changes are not reclassified to profit or loss. The gain or loss on disposal is recognised in other comprehensive income.

Only dividends are recognised in profit or loss.

Reclassification of financial assets

In the case of a significant change in the business model used for managing financial assets (new activity, acquisition of entities, disposal or discontinuation of a significant activity), a reclassification of these financial assets is necessary. The reclassification applies to all financial assets in the portfolio from the date of reclassification.

In other cases, the business model remains unchanged for existing financial assets. If a new business model is identified, it applies prospectively to new financial assets grouped in a new management portfolio.

Temporary investments in/disposals of securities

Temporary disposals of securities (loans of securities, securities delivered under repurchase agreements) do not generally fulfil the conditions for derecognition.

Securities lent or sold under repurchase agreements remain on the balance sheet. In the case of securities under repurchase agreements, the amounts received, representing the liability to the transferee, are recognised on the liabilities side of the balance sheet by the transferor.

Securities borrowed or received under repurchase agreements are not recognised on the balance sheet of the transferee.

In the case of securities under repurchase agreements, a debt to the transferor is recorded on the balance sheet of the transferee and offset against the amount paid. If the security is subsequently resold, the transferee records a liability equivalent to the fair value of fulfilling their obligation to return the security received under the agreement.

Revenue and expenses relating to such transactions are posted to profit and loss on a *prorata temporis* basis, except in the case of classification of assets and liabilities at fair value through profit or loss.

Derecognition of financial assets

A financial asset (or group of financial assets) is fully or partially derecognised if:

- the contractual rights to the cash flows from the financial asset expire;
- or are transferred or are deemed to have expired or been transferred because they belong de facto to one or more beneficiaries; and substantially all the risks and rewards of the financial asset are transferred.

In this case, any rights or obligations created or retained at the time of transfer are recognised separately as assets and liabilities.

If the contractual rights to the cash flows are transferred but some of the risks and rewards of ownership as well as control are retained, the financial assets continue to be recognised to the extent of the Group's continuing involvement in the asset.

Financial assets renegotiated for commercial reasons without financial difficulties of the counterpart with the aim of developing or keeping a commercial relation are derecognised at the date of the renegotiation. The new loans granted to customers are recorded at this date at their fair value on the date of renegotiation. Subsequent recognition depends on the business model and the SPPI test.

Interests paid by the Government (IAS 20)

Under French Government measures to support the agricultural and rural sector and to help home buyers, certain Crédit Agricole S.A. Group entities grant subsidised loans at rates fixed by the Government. Consequently, the Government pays these entities the difference between the subsidised lending rate and a predetermined benchmark rate. Thus, the loans that benefit from these subsidies are granted at market rates.

The subsidy system is periodically reviewed by the Government.

In accordance with IAS 20, subsidies received from the Government are recorded in profit or loss under Interest and similar income and spread over the life of the corresponding loans.

Overlay approach applicable to insurance activities

The Crédit Agricole S.A. Group uses the overlay approach for financial assets held for the purposes of an activity related to insurance contracts, which are designated in accordance with the option offered by the amendments to IFRS 4 (Applying IFRS 9 "Financial Instruments" with IFRS 4 "Insurance Contracts"), published by the IASB in September 2016.

This approach aims to remedy the temporary accounting consequences of the discrepancy between the date of entry into force of IFRS 9 and that of the new standard on insurance contracts replacing IFRS 4 (IFRS 17). This has the effect of eliminating from the income statement part of the additional accounting mismatch and the temporary volatility which could be caused by application of IFRS 9 before the entry into force of IFRS 17.

Eligible financial assets are designated instrument by instrument, and this may be done:

- at 1 January 2018, during the initial application of IFRS 9; or
- subsequently, but only at the time of the initial recognition of the assets in question.

In application of the overlay approach, the Crédit Agricole S.A. Group reclassifies, for designated financial assets only, their impact in the income statement under other comprehensive income such that the amount presented in the income statement corresponds to that which would have been presented in the income statement if IAS 39 had been applied.

Consequently, the amount reclassified is equal to the difference between:

- the amount presented in net income under IFRS 9 for designated financial assets; and
- the amount that would have been presented in net income for designated financial assets if the insurer had applied IAS 39.

In the income statement, the effects of this reclassification are recognised in revenues, before tax effects, on the line "Reclassification of net gains or losses on financial assets related to the overlay approach". The tax effects related to this reclassification are presented on the line "Income tax charge".

In the statement of other comprehensive income, the effects of this reclassification are recognised as net gains and losses recognised directly in other comprehensive income (items that can be reclassified) on the line "Reclassification of net gains or losses on financial assets related to the overlay approach".

The definitions of the underlined words can be found in the Glossary on page 600.

The financial assets that may be designated must fulfil the following characteristics:

- they are held by insurers within the Group for purposes of the insurance activity;
- they are measured at fair value through profit or loss under IFRS 9 but would not have been measured in this way under IAS 39; they are financial assets which, under IAS 39 would have been recognised at amortised cost (assets held to maturity, loans and receivables) or at fair value through other comprehensive income (available-for-sale financial assets).

Evaluation of the impact of the designated financial assets on the income statement

Pursuant to the overlay approach, the Crédit Agricole S.A. Group continues to apply the accounting policies and principles that the Group applied under IAS 39 for the recognition of profit or loss from designated financial assets:

Financial assets at amortised cost under IAS 39

Financial assets at amortised cost are initially recognised at their initial fair value, including directly-attributable transaction costs and accrued interest.

They are subsequently measured at amortised cost with amortisation of any premium or discount and transaction costs using the corrected effective interest rate method.

Available-for-sale financial assets under IAS 39

Available-for-sale financial assets are initially recognised at initial fair value, including transaction costs that are directly attributable to the acquisition, and accrued interest.

Available-for-sale financial assets are later measured at fair value and subsequent changes in fair value are recorded in other comprehensive income.

If the securities are sold, these changes are transferred to the income statement.

Amortisation of any premiums or discounts and transaction costs on fixed-income securities is recognised in the income statement using the effective interest rate method.

Depreciation of designated financial assets under IAS 39

Impairment must be recognised when there is objective evidence of impairment resulting from one or more events occurring after the initial recognition of the financial asset.

Objective evidence of loss corresponds to a prolonged or significant decline in the value of the security for equity securities or the appearance of significant deterioration in credit risk evidenced by a risk of non-recovery for debt securities.

For equity securities, Crédit Agricole S.A. Group uses quantitative criteria as indicators of potential impairment. These quantitative criteria are mainly based on a loss of 30% or more of the value of the equity instrument over a period of six consecutive months. Crédit Agricole S.A. Group may also take account of other factors such as financial difficulties of the issuer, or short term prospects, etc.

Notwithstanding the above-mentioned criteria, Crédit Agricole S.A. Group recognises an impairment loss when there is a decline in the value of the equity instrument higher than 50% or prolonged over three years.

Financial liabilities

Classification and measurement of financial liabilities

Financial liabilities are classified on the balance sheet in the following two accounting categories:

- financial liabilities at fair value through profit or loss, either due to their nature or optionally;
- financial liabilities at amortised cost.

Financial liabilities at fair value through profit or loss due to their nature

Financial instruments issued primarily to be bought back in the short term, instruments forming part of an identified portfolio of financial instruments which are managed together and which have indications of a recent profile of short-term profit-taking, and derivatives (with the exception of certain hedging derivatives) are measured at fair value due to their nature.

Changes in the fair value of this portfolio are recognised through profit or loss.

Financial liabilities designated at fair value through profit or loss

Financial liabilities fulfilling one of the three conditions defined by the standard may be designated for measurement at fair value through profit or loss: for hybrid issues comprising one or more separable embedded derivatives, in order to reduce or eliminate the distortion of accounting treatment, or in the case of groups of managed financial liabilities for which performance is measured at fair value.

This option is irrevocable and applies mandatorily from the date of initial recognition of the instrument.

During subsequent measurement, these financial liabilities are measured at fair value through profit or loss for changes in fair value not related to own credit risk and through other comprehensive income on items that cannot be reclassified for changes in value related to own credit risk, unless this aggravates an accounting mismatch.

Financial liabilities measured at amortised cost

All other liabilities fulfilling the definition of a financial liability (excluding derivatives) are measured at amortised cost.

These liabilities are initially measured at fair value (including transaction income and costs) and subsequently at amortised cost using the effective interest rate method.

Deposits and savings accounts

Deposits and savings accounts are recorded under the category "Financial liabilities at amortised cost – Due to customers" in spite of the characteristics of the collection system within the Crédit Agricole S.A. Group, with deposits originating from the Regional Banks centralised at Crédit Agricole S.A. For the Group, the ultimate counterparty for these deposits is the end customer.

The deposits and savings are initially measured at fair value and subsequently at amortised cost.

Regulated savings products are by nature deemed to be at market rates.

Provisions are accounted where necessary against home purchase savings plans and accounts as set out in Note 6.17 "Provisions".

Reclassification of financial liabilities

The initial classification of financial liabilities is irrevocable. No subsequent reclassification is authorised.

Only requalification (debt instrument versus equity instrument) may take place.

Distinction between debt instruments and equity

Securities are classed as debt instruments or equity instruments based on the economic substance of the contractual terms.

A financial liability is a debt instrument if it includes a contractual obligation: Securities are classed as debt instruments or equity instruments based on the economic substance of the contractual terms. A financial liability is a debt instrument if it includes a contractual obligation:

- to provide another entity with cash, another financial asset or a variable number of equity instruments; or
- to exchange financial assets and liabilities with another entity at potentially unfavourable conditions.

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An equity instrument is a non-redeemable financial instrument which offers discretionary return representing a residual interest in a company after deduction of all its financial liabilities (net assets) and which is not qualified as a debt instrument.

Treasury share buyback

Treasury shares or equivalent derivative instruments such as options on shares bought by the Crédit Agricole S.A. Group with a fixed strike ratio, including shares held to cover stock option plans, do not meet the definition of a financial asset and are deducted from equity. They do not generate any impact on the income statement.

Derecognition and modification of financial liabilities

A financial liability is derecognised in full or in part:

- when it is extinguished; or
- when quantitative or qualitative analyses suggest it has undergone a substantial change following restructuring.

A substantial modification of an existing financial liability must be recorded as an extinction of an initial financial liability and the recognition of a new financial liability (novation). Any differential between the carrying amount of the extinct liability and the new liability will be recognised immediately in the income statement.

If the financial liability is not derecognised, the original effective interest rate is maintained. A discount/premium is recognised immediately in the income statement on the date of modification and is then spread, using the original effective interest rate, over the residual lifetime of the instrument.

Provisions for credit risks

Scope of application

In accordance with IFRS 9, the Crédit Agricole S.A. Group recognises a correction for changes in value for expected credit losses (ECL) on the following outstandings:

- financial assets of debt instruments recognised at amortised cost or fair value through other comprehensive income (items that can be reclassified) (loans and receivables, debt securities);
- financing commitments which are not measured at fair value through profit or loss;
- guarantee commitments coming under IFRS 9 and which are not measured at fair value through profit or loss;
- rental receivables coming under IAS 17; and
- trade receivables generated by transactions under IFRS 15.

Equity instruments (at fair value through profit or loss or through other comprehensive income on items that cannot be reclassified) are not concerned by impairment provisions.

Derivative instruments and other instruments at fair value through profit or loss are subject to the calculation of counterparty risk which is not covered by the ECL model. This calculation is described in chapter 5 “Risk factors and Pillar 3”.

Credit risk and provisioning stages

Credit risk is defined as risk of loss related to default by a counterparty leading to its inability to meet its commitments to the Group.

The process of provisioning credit risk has three stages (Buckets):

- Bucket 1: upon initial recognition of the financial instrument (credit, debt security, guarantee, etc.), the entity recognises the 12-month expected credit losses;
- Bucket 2: if the credit quality deteriorates significantly for a given transaction or portfolio, the entity recognises the losses expected to maturity;
- Bucket 3: when one or more default events have occurred on the transaction or on a counterparty with an adverse effect on the estimated future cash flows, the entity recognises incurred credit losses to maturity. Subsequently, if the conditions for classifying financial instruments in Bucket 3 are not met, the financial instruments are reclassified in Bucket 2, then in Bucket 1 according to the subsequent improvement in the quality of the credit risk.

Definition of default

The definition of default for the requirements of ECL provisioning is identical to that used in management and for the calculation of regulatory ratios. A debtor is, therefore, considered to be in default when at least one of the following conditions has been met:

- a payment generally more than ninety days past due, unless specific circumstances point to the fact that the delay is due to reasons independent of the debtor’s financial situation;
- the entity believes that the debtor is unlikely to settle its credit obligations unless it avails itself of certain measures such as enforcement of collateral security right.

The definition of “default” is applied uniformly to all financial instruments, unless information becomes available indicating that another definition of “default” is more suitable for a specific financial instrument.

A loan in default (Bucket 3) is said to be impaired when one or more events occur which have a negative effect on the estimated future cash flows from this financial asset. Indications of impairment of a financial asset cover observable data on the following events:

- significant financial difficulties of the issuer or borrower;
- a breach of contract, such as default or overdue payment;
- the granting, by the lender(s) to the borrower, for economic or contractual reasons related to financial difficulties of the borrower, of one or more favours that the lender(s) would not have considered under other circumstances;
- the growing probability of bankruptcy or financial restructuring of the borrower;
- the disappearance of an active market for the financial asset due to financial difficulties;
- the purchase or creation of a financial asset with a significant discount, which reflects the credit losses suffered.

It is not necessarily possible to isolate a particular event. The impairment of the financial asset could result from the combined effect of several events.

On the “Large Customers” scope: the defaulting counterparty does not return to a sound situation until it has completely regularised the delay recorded and the other elements triggering the default (elimination of default for the parent company, elimination of an alert leading to default, etc.).

On the “Retail banking” scope: loans in default only return to non-default status after full settlement of unpaid amounts.

Definition of expected credit loss (“ECL”)

ECL is defined as the weighted expected probable value of the discounted credit loss (principal and interest). It represents the present value of the difference between the contractual cash flows and the expected cash flows (including principal and interest).

The ECL approach is designed to anticipate as early as possible the recognition of expected credit losses.

The definitions of the underlined words can be found in the Glossary on page 600.

ECL governance and measurement

The governance of the system for measuring IFRS 9 parameters is based on the structure implemented as part of the Basel framework. The Group's Risk Management Department is responsible for defining the methodological framework and supervising the loan loss provisioning system.

The Group primarily relies on the internal rating system and current Basel processes to generate the IFRS 9 parameters required to calculate ECL. The assessment of the change in credit risk is based on an expected loss model and extrapolation based on reasonable scenarios. All information that is available, relevant, reasonable and justifiable, including of a forward-looking nature, must be retained.

The formula includes the probability of default, loss given default and exposure at default parameters.

These calculations are broadly based on the internal models used as part of the regulatory framework, but with adjustments to determine an economic ECL. IFRS 9 recommends a Point in Time analysis while having regard to historical loss data and forward-looking macroeconomic data, whereas the prudential regulation uses Through the Cycle analysis for probability of default and Downturn analysis for Loss Given Default (LGD).

The accounting approach also requires the recalculation of certain Basel parameters, in particular to eliminate internal recovery costs or floors that are imposed by the regulator in the regulatory calculation of loss given default (LGD).

ECLs are calculated according to the type of product concerned, *i.e.* financial instruments or off-balance sheet instruments.

The expected credit losses for the coming 12 months make up a percentage of the lifetime expected credit losses, and represent the lifetime cash flow shortfalls in the event of a default during the 12 months following the reporting period (or a shorter period if the expected lifetime of the financial instrument is less than 12 months), weighted by the probability of default.

Expected credit losses are discounted at the effective interest rate used for the initial recognition of the financial instrument.

The IFRS 9 parameters are measured and updated in accordance with the methodologies defined by the Group and thus enable the establishment of a first benchmark provisioning level or shared base.

The models and parameters used are backtested at least annually.

Forward-looking macroeconomic data are taken into account in accordance with a methodological framework applicable at two levels:

- at Group level for the determination of a shared framework for the consideration of forward-looking data in the estimation of PD and LGD parameters over the transaction amortisation period;
- at the level of each entity in respect of its own portfolios.

Significant deterioration of credit risk

All Group entities must assess, for each financial instrument, the deterioration of credit risk from origination to each reporting date. Based on this assessment of the change in credit risk, the entities must classify their exposure into different risk categories (Buckets).

To assess significant deterioration, the Group employs a process based on two levels of analysis:

- the first level is based on absolute and relative Group criteria and rules that apply to all Group entities;
- the second level is linked to the expert assessment, based on local forward-looking information, of the risk held by each entity in its portfolios that may lead to an adjustment in the Group Bucket 2 reclassification criteria (switching a portfolio or sub-portfolio to ECL at maturity).

Each financial instrument is, without exception, assessed for significant deterioration. Contagion is not required for the downgrading of financial instruments of the same counterparty from Bucket 1 to Bucket 2. The significant deterioration assessment must consider the change in credit risk of the principal debtor without taking account of any guarantee, including for transactions with a shareholder guarantee.

Possible losses in respect of portfolios of small loans with similar characteristics may be estimated on a statistical basis rather than individually assessed.

To measure the significant deterioration of credit risk since initial recognition, it is necessary to look back at the internal rating and PD (Probability of Default) at origination.

Origination means the trading date, on which the entity became bound by the contractual terms of the financial instrument. For financing and guarantee commitments, origination means the date on which the irrevocable commitment was made.

In the absence of an internal rating model, Crédit Agricole S.A. Group uses the absolute threshold of non-payment for over thirty days as the maximum threshold for significant deterioration and classification in Bucket 2.

For outstandings (with the exception of securities) for which internal rating systems are in place (in particular exposures monitored by authorised methods), Crédit Agricole S.A. Group considers that all of the information incorporated into the rating systems allows for a more detailed assessment than the non-payment for over thirty days criterion alone.

If deterioration since origination is no longer observed, impairment may be reduced to 12-month expected credit losses (Bucket 1).

To make up for the fact that certain significant deterioration factors or indicators may not be identifiable at instrument level, the standard allows for the assessment of significant deterioration at financial instrument portfolio level, or for groups of portfolios or parts of portfolios.

Portfolios can be created for the collective assessment of deterioration for instruments that share common characteristics, such as:

- instrument type;
- credit risk rating (including internal Basel II rating for entities with an internal ratings system);
- collateral type;
- date of initial recognition;
- remaining term until maturity;
- business sector;
- geographical location of the borrower;
- the value of collateral relative to the financial assets, if this has an impact on the probability of default (for example, non-recourse loans in certain countries or loan-to-value ratios);
- distribution channel, purpose of financing, etc.

Differentiation of significant deterioration by market is therefore possible (home loans, consumer finance, loans to farmers or small businesses, corporate finance, etc.).

The grouping of financial instruments for the purposes of collective credit risk assessment may change over time, as new information becomes available.

For securities, Crédit Agricole S.A. Group uses an approach that consists of applying an absolute level of credit risk, in accordance with IFRS 9, below which exposures are classified in Bucket 1 and provisions are made based on 12-month ECL.

As such, the following rules shall apply for monitoring the significant deterioration of securities:

- "Investment Grade" securities, at the reporting date, are classified in Bucket 1 and provisions are made based on 12-month ECL;
- "Non-Investment Grade" securities (NIG), at the reporting date, must be subject to monitoring for significant deterioration, since origination, and be classified in Bucket 2 (lifetime ECL) in the event of significant deterioration in credit risk.

Relative deterioration must be assessed prior to the occurrence of a known default (Bucket 3).

Restructuring due to financial difficulty

Debt instruments restructured due to financial difficulties are those for which the Group has amended the original financial terms (interest rate, term) for economic or legal reasons linked to the financial difficulties of the borrower, under conditions that would not have been considered under other circumstances. As such, these can be any debt instruments, regardless of the security's credit risk deterioration category since initial recognition.

In accordance with the EBA (European Banking Authority) definition as stated in the "Risk Factors and Pillar 3" chapter, loan restructuring corresponds to any amendments made to one or more credit agreements, as well as refinancings granted due to financial difficulties experienced by the client.

This definition of restructuring must be applied to each agreement and not at client level (no contagion).

The definition of loans restructured due to financial difficulty is therefore comprised of two cumulative criteria:

- amendments to agreements or loan refinancings;
- a client in financial difficulty.

"Amendments to agreements" cover the following example situations:

- there is a difference between the amended agreement and the former conditions of the agreement, to the benefit of the borrower;
- the amendments made to the agreement result in more favourable conditions for the borrower, from which other customers of the bank, with a similar risk profile and at the same time, do not benefit.

"Refinancings" cover situations in which a new debt is granted to the client to enable it to repay in full or in part another debt for which it cannot meet the contractual terms and conditions due to its financial position.

The restructuring of a loan (whether performing or in default) infers the presumed existence of a proven risk of loss (Bucket 3). The need to recognise impairment on the restructured exposure must therefore be analysed accordingly (a restructuring does not automatically result in the recognition of impairment for proven losses or classification as default).

The "restructured loan" classification is temporary.

Once the restructuring, as defined by the EBA, has been completed, the exposure maintains this "restructured" status for a minimum period of two years, if the exposure was normal at the time of restructuring, or a minimum period of three years if the exposure was in default at the time of the restructuring. These periods are extended in the event of the occurrence of certain events provided for by the Group's standards (*e.g.* further incidents).

In the absence of derecognition, the reduction of future cash flows granted to a counterparty, or the postponing of these flows as part of a restructuring, shall result in the recognition of a discount in the cost of risk.

The restructuring discount is equal to the difference between:

- the carrying amount of the loan;
- and the sum of the "restructured" future cash flows discounted at the effective interest rate at origination.

In the event of a waiver of part of the capital, this amount shall constitute a loss to be recorded in cost of risk.

Upon reversal of the discount, the portion associated with the passage of time is recorded in revenues.

Accounts uncollectible

When a loan is deemed uncollectible, *i.e.* when it cannot be recovered in full or in part, the amount deemed uncollectible must be derecognised from the balance sheet and written off.

The decision as to when to write off a loan is taken on the basis of an expert opinion. This must therefore be established by each entity, with its Risk Management Department, according to its own business knowledge. Before any write-offs, a Bucket 3 provision must be made (with the exception of assets at fair value through profit or loss).

For loans at amortised cost or fair value through other comprehensive income on items that can be reclassified, the amount written off is recorded under cost of risk (nominal amount) and revenues (interest).

Derivative financial instruments

Classification and measurement

Derivative instruments are financial assets or liabilities classified by default as derivative instruments held for trading unless they can be considered to be hedging derivatives.

They are recorded on the balance sheet at their initial fair value on the trading date.

They are subsequently recognised at their fair value.

At the end of each reporting period, the counterparty of the change in fair value of derivatives on the balance sheet is recorded:

- through profit or loss for derivative instruments held for trading and for fair value hedges;
- through other comprehensive income for cash flow hedging derivatives and net investments in foreign operations for the effective portion of the hedge.

Hedge accounting

General framework

In accordance with a decision made by the Group, Crédit Agricole S.A. Group chooses not to apply the "hedge accounting" component of IFRS 9, as permitted by the standard. All hedging relationships will continue to be documented in accordance with the rules of IAS 39 until, at the latest, the date on which the fair value macro-hedging text is adopted by the European Union. However, the eligibility of financial instruments for hedge accounting under IAS 39 takes into account the IFRS 9 principles for the classification and measurement of financial instruments.

Under IFRS 9, and taking account of the IAS 39 hedging principles, debt instruments at amortised cost or fair value through other comprehensive income (items that may be reclassified) are eligible for fair value hedging and cash flow hedging.

Documentation

Hedging relationships must comply with the following principles:

- fair value hedges are intended to provide protection from exposure to changes in the fair value of an asset or a liability that has been recognised, or of a firm commitment that has not been recognised,

The definitions of the underlined words can be found in the Glossary on page 600.

attributable to the risk(s) hedged and that may have an impact on net income (for instance, the hedging of all or some changes in fair value caused by the interest rate risk of a fixed-rate debt);

- cash flow hedges are intended to provide protection from exposure to changes in the future cash flow of an asset or liability that has been recognised, or of a transaction considered to be highly probable, attributable to the risk(s) hedged and that could (in the event of a planned transaction not carried out) have an impact on net income (for instance, the hedging of changes in all or some of the future interest payments on a floating-rate debt);
- net investment hedges in foreign operations are intended to provide protection against the risk of unfavourable changes in fair value associated with the foreign exchange risk of an investment carried out abroad in a currency other than the euro, Crédit Agricole S.A. Group's presentation currency.

Hedges must also meet the following criteria in order to be eligible for hedge accounting:

- the hedging instrument and the instrument hedged must be eligible;
- there must be formal documentation from inception, primarily including the individual identification and characteristics of the hedged item, the hedging instrument, the nature of the hedging relationship and the nature of the hedged risk;
- the effectiveness of the hedge must be demonstrated, at inception and retrospectively, by testing at each reporting date.

For interest rate hedges for a portfolio of financial assets or financial liabilities, Crédit Agricole S.A. Group documents the hedging relationship for fair value hedges in accordance with the carve-out version of IAS 39 as adopted by the European Union. In particular:

- the Group documents these hedging relationships based on its gross position in derivative instruments and hedged items;
- the effectiveness of the hedging relationships is measured by maturity schedules.

Further details on the Group's risk management strategy and its application are presented in chapter 5 "Risks and Pillar 3".

Measurement

The remeasurement of the derivative at fair value is recorded in the financial statements as follows:

- fair value hedges: the change in value of the derivative is recognised in the income statement symmetrically with the change in value of the hedged item in the amount of the hedged risk. Only the net amount of any ineffective portion of the hedge is recognised in the income statement;
- cash flow hedges: the change in value of the derivative is recognised in the balance sheet through a specific account in other comprehensive income (items that may be reclassified) for the effective portion and any eventual ineffective portion of the hedge is recognised in the income statement. Profits or losses on the derivative accrued through other comprehensive income are reclassified to profit or loss when the hedged cash flows occur;
- hedges of net investment in a foreign operation: the change in value of the derivative is recognised in the balance sheet in the translation adjustment equity account (items that may be reclassified) and any ineffective portion of the hedge is recognised in the income statement.

Where the conditions for benefiting from hedge accounting are no longer met, the following accounting treatment must be applied prospectively:

- fair value hedges: only the hedging instrument continues to be revalued through profit or loss. The hedged item is wholly accounted for according to its classification. For debt instruments at fair value through other comprehensive income (items that may be reclassified), changes in fair value subsequent to the ending of the hedging relationship are recorded in other comprehensive income in their entirety. For hedged items valued at amortised cost, which were interest rate hedged, the revaluation adjustment is amortised over the remaining life of those hedged items;
- cash flow hedges: the hedging instrument is valued at fair value through profit or loss. The amounts accumulated in other comprehensive income under the effective portion of the hedging remain in other comprehensive income until the hedged element affects profit or loss. For interest rate hedged instruments, income statement is affected according to the payment of interest. The revaluation adjustment is therefore amortised over the remaining life of those hedged items;
- hedges of net investment in a foreign operation: the amounts accumulated in other comprehensive income under the effective portion of the hedging remain in other comprehensive income as long as the net investment is held. The income is recorded once the net investment in a foreign operation exits the scope of consolidation.

Embedded derivatives

An embedded derivative is a component of a hybrid contract that meets the definition of a derivative product. This definition applies only to financial liabilities and non-financial contracts. Embedded derivatives must be accounted for separately from the host contract if the following three conditions are met:

- the hybrid contract is not measured at fair value through profit or loss;
- the embedded component taken separately from the host contract has the characteristics of a derivative;
- the characteristics of the derivative are not closely related to those of the host contract.

Determination of the fair value of financial instruments

When determining the fair value of financial instruments, observable inputs must be prioritised. It is presented using the hierarchy defined in IFRS 13.

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants, on the principal or the most advantageous market, at the measurement date.

Fair value applies individually to each financial asset or financial liability. A portfolio exemption may be used where the management and risk monitoring strategy so allow and are appropriately documented. Thus, certain fair value parameters are calculated on a net basis when a group of financial assets and financial liabilities is managed on the basis of its net exposure to market or credit risks. This is notably the case for the CVA/DVA calculation described in chapter 5 "Risks and Pillar 3".

The Group considers that the best evidence of fair value is reference to quoted prices published in an active market.

When such quoted prices are not available, fair value is determined using valuation techniques that maximise the use of relevant observable data and minimise the use of unobservable data.

When a debt is valued at fair value through profit or loss (by nature or designated), fair value takes account of the own credit risk of the issuer.

Fair value of structured issues

In accordance with IFRS 13, the Group values its structured issues, recognised at fair value, by taking as a reference the issuer spread that specialist participants agree to receive to acquire new Group issues.

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Counterparty risk on derivative instruments

Crédit Agricole S.A. Group incorporates into fair value the assessment of counterparty risk for derivative assets (Credit Valuation Adjustment or CVA) and, using a symmetrical treatment, the non-performance risk for derivative liabilities (Debit Valuation Adjustment or DVA or own credit risk).

The CVA makes it possible to determine the expected losses due to the counterparty from the perspective of Crédit Agricole S.A. Group, and DVA, the expected losses due to Crédit Agricole S.A. Group from the perspective of the counterparty.

The CVA/DVA is calculated on the basis of an estimate of expected losses based on the probability of default and loss given default. The methodology used maximises the use of observable market inputs. It is primarily based on market data such as registered and listed Credit Default Swaps (or Single Name CDS) or index CDS in the absence of registered CDS on the counterparty. In certain circumstances, historical default data may also be used.

Fair value hierarchy

The standard classifies fair value into three levels based on the observability of inputs used in valuation techniques.

Level 1: fair value corresponding to quoted prices (unadjusted) in active markets

Level 1 is composed of financial instruments that are directly quoted in active markets for identical assets and liabilities that the entity can access at the measurement date. These are stocks and bonds quoted in active markets (such as the Paris Stock Exchange, the London Stock Exchange or the New York Stock Exchange, etc.) and also fund securities quoted in an active market and derivatives traded on an organised market, in particular futures.

A market is regarded as being active if quoted prices are readily and regularly available from an exchange, broker, dealer, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

For financial assets and liabilities with offsetting market risks, Crédit Agricole S.A. Group uses mid-prices as a basis for establishing fair values for the offsetting risk positions. The Group applies the current asking price to open short positions and the current bid price to open long positions.

Level 2: fair value measured using directly or indirectly observable inputs other than those in Level 1

The inputs used are observable either directly (*i.e.* prices) or indirectly (derived from prices) and generally consist of data from outside the company, which are publicly available or accessible and based on a market consensus.

Level 2 is composed of:

- stocks and bonds quoted in an inactive market or not quoted in an active market but for which the fair value is established using a valuation methodology usually used by market participants (such as discounted cash flow techniques or the Black & Scholes model) and based on observable market data;
- instruments that are traded over the counter, the fair value of which is measured with models using observable market data, *i.e.* derived from various independently available external sources which can be obtained on a regular basis. For example, the fair value of interest rate swaps is generally derived from the yield curves of market interest rates as observed at the reporting date.

When the models are consistent notably with standard models based on observable market data (such as interest rate yield curves or implied volatility surfaces), the day one gain or loss resulting from the initial fair value measurement of the related instruments is recognised in profit or loss at inception.

Level 3: fair value that is measured using significant unobservable inputs

For some complex instruments that are not traded in an active market, fair value measurement is based on valuation techniques using assumptions that cannot be observed on the market for an identical instrument. These instruments are disclosed within level 3.

This mainly concerns complex interest rate instruments, equity derivatives, structured credit instruments for which fair value measurement includes, for instance, correlation or volatility inputs that are not directly benchmarkable with market data.

The transaction price is deemed to reflect the fair value at initial recognition, any recognition of day one gain or loss is deferred.

The margin relating to these structured financial instruments is generally recognised through profit or loss over the period during which inputs are deemed unobservable. When market data become "observable", the remaining margin to be deferred is immediately recognised in profit or loss.

Valuation methodologies and models used for financial instruments that are disclosed within levels 2 and 3 incorporate all factors that market participants would consider in setting a price. They shall be beforehand validated by an independent control. Fair value measurement notably includes both liquidity risk and counterparty risk.

Offsetting of financial assets and financial liabilities

In accordance with IAS 32, Crédit Agricole S.A. Group nets a financial asset and a financial liability and reports the net amount when, and only when, it has a legally enforceable right to offset the amounts reported and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The derivative instruments and the repurchase agreements handled with clearing houses that meet the two criteria required by IAS 32 have been offset on the balance sheet.

Net gains (losses) on financial instruments

Net gains (losses) on financial instruments at fair value through profit or loss

For financial instruments recognised at fair value through profit or loss, this item notably includes the following income statement elements:

- dividends and other revenues from equities and other variable-income securities which are classified under financial assets at fair value through profit or loss;
- changes in fair value of financial assets or liabilities at fair value through profit or loss;
- gains and losses on disposal of financial assets at fair value through profit or loss;
- changes in fair value and gains and losses on disposal or termination of derivative instruments not included in a fair value hedging relationship or cash flow hedge.

This heading also includes the ineffective portion of hedges.

The definitions of the underlined words can be found in the Glossary on page 600.

Net gains (losses) on financial instruments at fair value through other comprehensive income

For financial assets recognised at fair value through other comprehensive income, this item notably includes the following income statements elements:

- dividends from equity instruments classified as financial assets at fair value through other comprehensive income that cannot be reclassified;
- gains (losses) on disposals and income associated with the termination of hedging relationships on debt instruments classified as financial assets at fair value through other comprehensive income that can be reclassified;
- net income on disposals or associated with the termination of fair value hedging instruments of financial assets at fair value through other comprehensive income when the hedged item is sold.

Financing commitments and guarantees given

Financing commitments that are not designated as fair value through profit or loss or not treated as derivative instruments within the meaning of IFRS 9 are not recognised on the balance sheet. They are, however, covered by provisions in accordance with the provisions of IFRS 9.

A financial guarantee contract is a contract under which the issuer must make specific payments to reimburse the holder for a loss incurred due to a specific debtor's failure to make a payment when due under the initial or amended terms of a debt instrument.

Financial guarantee contracts are recognised at fair value initially then subsequently at the higher of:

- the value adjustment amount for losses determined in accordance with the provisions of the "Impairment" section of IFRS 9; or
- the amount originally recognised less, where applicable, the sum of income recognised in accordance with the principles of IFRS 15 "Revenue from contracts with customers".

Provisions (IAS 37 and 19)

Crédit Agricole S.A. Group has identified all obligations (legal or constructive) resulting from a past event for which it is probable that an outflow of resources will be required to settle the obligation, and for which the due date or amount of the settlement is uncertain but can be reliably estimated. These estimates are discounted where applicable whenever there is a material impact.

For obligations other than those related to credit risk, Crédit Agricole S.A. Group has set aside general provisions to cover:

- operational risks;
- employee benefits;
- commitment execution risks;
- claims and liability guarantees;
- tax risks;
- risks related to home purchase savings schemes.

The latter provision is designed to cover the Group's obligations in the event of unfavourable moves impacting home purchase savings schemes. These obligations are: (i) to pay a fixed interest rate on the savings contract determined at inception for an undefined period of time; and (ii) to grant a loan to home purchase savings plan and account savers at a rate fixed at inception of the contract. The provision is calculated for each generation of home purchase savings plan and for all home purchase savings accounts, with no netting of obligations between generations.

The amount of these obligations is calculated taking account notably of:

- subscriber behaviour models, based on assumptions regarding subscriber behaviour drawn from historical experience, which may not necessarily reflect actual trends in future behaviour;
- an estimate of the amount and term of the loans that will be granted in the future, based on historical experience over an extended period of time;
- the yield curve for market rates and reasonably foreseeable trends.

Certain estimates may be made to determine the amount of the following provisions:

- the provision for operational risks, which although subject to examination for identified risks, requires Management to make assessments with regard to incident frequency and the potential financial impact;
- the provision for legal risks, which is based on Management's best estimate in light of the information in its possession at the end of the reporting period.

Detailed information is provided in Note 6.18 "Provisions".

Employee benefits (IAS 19)

In accordance with IAS 19, employee benefits are recorded in four categories:

- short-term employee benefits, including salaries, social security contributions, annual leave, profit-sharing and incentive plans and premiums, are defined as those which are expected to be settled within twelve months of the period in which the related services have been rendered;
- long-term employee benefits (long-service awards, variable compensation and premium payable 12 months or more after the end of the period);
- termination benefits;
- post-employment benefits falling into two categories: defined-benefit schemes and defined-contribution schemes.

Long-term employee benefits

Long-term employee benefits are employee benefits other than post-employment benefits or termination benefits but not fully due to employees within twelve months after the end of the period in which the related services have been rendered.

These include, in particular, bonuses and other deferred compensation payable twelve or more months after the end of the period in which they were earned, but which are not share-based.

The measurement method is similar to the one used by the Group for post-employment benefits with defined-benefit plans.

Post-employment benefits

Defined-benefit plans

At each reporting date, Crédit Agricole S.A. Group sets aside reserves to cover its liabilities for retirement and similar benefits and all other employee benefits falling in the category of defined-benefit plans.

In keeping with IAS 19, these commitments are stated based on a set of actuarial, financial and demographic assumptions, and in accordance with the Projected Credit Units method. Under this method, for each year of service, a charge is booked in an amount corresponding to the employee's vested benefits for the period. The charge is calculated based on the discounted future benefit.

Liabilities for retirement and other future employee benefits are based on assumptions made by Management with respect to the discount rate, staff turnover rate and probable increases in salary and social security costs. If the actual figures differ from the assumptions made, the retirement liability may increase or decrease in future years (see Note 7.4 "Post-employment benefits, defined-benefit plans").

Discount rates are determined based on the average term of the commitment, that is, the arithmetical average of the terms calculated between the valuation date and the payment date weighted by employee turnover assumptions.

The anticipated return on plan assets is also estimated by Management. Returns are estimated on the basis of expected returns on fixed income securities, and notably bond yields.

The expected return on plan assets is determined using discount rates applied to measure the defined benefit obligation.

In accordance with IAS 19 revised, all actuarial gains or losses are recognised in other comprehensive income.

The amount of the provision is equal to:

- the present value of the obligation to provide the defined benefits at the end of the reporting period, calculated in accordance with the actuarial method recommended by IAS 19;
- if necessary, reduced by the fair value of the assets allocated to covering these commitments. These may be represented by an eligible insurance policy. In the event that 100% of the obligation is covered by a policy that meets exactly the expense amount payable over the period for all or part of a defined-benefit plan, the fair value of the policy is deemed to be the value of the corresponding obligation, *i.e.* the amount of the corresponding actuarial liability.

For such obligations that are not covered, a provision for retirement benefits is recognised under Provisions on the liabilities side of the balance sheet. This provision is equal to Crédit Agricole S.A. Group's liabilities towards employees in service at financial year-end, governed by the Crédit Agricole Group collective agreement that came into effect on 1 January 2005.

A provision to cover the cost of early retirement commitments is also listed under Provisions. This provision covers the additional discounted cost of the various early retirement agreements signed by Crédit Agricole Group entities under which employees of eligible age may take early retirement.

Lastly, certain Group companies are liable to pay supplementary retirement benefits. A provision is calculated on the basis of the Company's actuarial liability for these benefits. These provisions are also shown on the liabilities side of the balance sheet under Provisions.

Defined contribution plans

Employers contribute to a variety of compulsory pension schemes. Pension schemes assets are managed by independent organisations and the contributing companies have no legal or implied obligation to pay additional contributions if the funds managed do not have sufficient assets to cover all benefits corresponding to services rendered by employees during the year and during prior years. Consequently, Crédit Agricole S.A. Group has no liabilities in this respect other than its on-going contributions.

Share-based payments (IFRS 2)

IFRS 2 on "Share-based payment" requires valuation of share-based payment transactions in the Company's income statement and balance sheet. This standard applies to transactions with employees and more specifically to:

- share-based payment transactions settled in equity instruments;
- share-based payment transactions settled in cash.

Share-based payment plans initiated by Crédit Agricole S.A. Group that are eligible for IFRS 2 are mainly transactions settled in equity instruments (stock options, free share allocation plans, variable compensation settled in indexed cash or in shares, etc.).

Options granted are measured at their fair value on the date of grant primarily using the Black & Scholes model. These options are recognised as a charge under Employee expenses, with a corresponding adjustment to equity, spread over the vesting period (four years for existing plans).

Employee share issues offered to employees as part of the Employee savings plans are also subject to the IFRS 2 standard. Shares may be offered to employees with a maximum discount of 20%. These plans have no vesting period but the shares are subject to a lock-up period of five years. The benefit granted to employees is measured as the difference between the fair value per share acquired taking account of the lock-up period and the purchase price paid by the employee on the subscription date multiplied by the number of shares subscribed.

A more detailed description of the method, existing plans and valuation methods is provided in Note 7.6 "Share-based payments".

The cost of share based payments settled in Crédit Agricole S.A. equity instruments and the cost of share subscriptions are recognised in the financial statements of the entities that employ the plan beneficiaries. The impact is recorded under Employee expenses, with a corresponding increase in Consolidated reserves-Group share.

Current and deferred taxes (IAS 12)

In accordance with IAS 12, the income tax charge includes all income taxes, whether current or deferred.

IAS 12 defines current tax liability as "the amount of income tax payable (recoverable) in respect of the taxable profit (tax loss) for a reporting period". Taxable income is the profit (or loss) for a given accounting period measured in accordance with the rules determined by the tax authorities.

The applicable rates and rules used to measure the current tax liability are those in effect in each country where the Group's companies are established.

The current tax liability includes all taxes on income, payable or recoverable, for which payment is not subordinated to the completion of future transactions, even if payment is spread over several years.

The current tax liability must be recognised as a liability until it is paid. If the amount that has already been paid for the current year and previous years exceeds the amount due for these years, the surplus must be recognised under assets.

Moreover, certain transactions carried out by the entity may have tax consequences that are not taken into account in measuring the current tax liability. IAS 12 defines a difference between the carrying amount of an asset or liability and its tax base as a temporary difference.

The definitions of the underlined words can be found in the Glossary on page 600.

This standard requires that deferred taxes be recognised in the following cases:

- a deferred tax liability should be recognised for any taxable temporary differences between the carrying amount of an asset or liability on the balance sheet and its tax base, unless the deferred tax liability arises from:
  - initial recognition of goodwill,
  - the initial recognition of an asset or a liability in a transaction that is not a business combination and that does not affect either the accounting or the taxable profit (taxable loss) at the transaction date;
- a deferred tax asset should be recognised for any deductible temporary differences between the carrying amount of an asset or liability on the balance sheet and its tax base, insofar as it is deemed probable that a future taxable profit will be available against which such deductible temporary differences can be allocated;
- a deferred tax asset should also be recognised for carrying forward unused tax losses and tax credits insofar as it is probable that a future taxable profit will be available against which the unused tax losses and tax credits can be allocated.

The tax rates applicable in each country are used as appropriate.

Deferred taxes are not discounted.

Taxable unrealised gains on securities do not generate any taxable temporary differences between the carrying amount of the asset and the tax base. As a result, deferred tax is not recognised on these gains. When the relevant securities are classified as financial assets at fair value through other comprehensive income, unrealised gains and losses are recognised directly through other comprehensive income. The tax charge or saving effectively borne by the entity arising from these unrealised gains or losses is reclassified as a deduction from these gains.

In France long-term capital gains on the sale of equity investments, as defined by the General Tax Code, are exempt from tax as from the tax year commencing on 1 January 2007; with the exception of 12% of long-term capital gains that are taxed at the normally applicable rate. Accordingly, unrealised gains recognised at the end of the year generate a temporary difference requiring the recognition of deferred tax on this share.

Current and deferred tax is recognised in net income for the financial year, unless the tax arises from:

- either a transaction or event that is recognised directly through other comprehensive income, during the same year or during another year, in which case it is directly debited or credited to other comprehensive income;
- or a business combination.

Deferred tax assets and liabilities are offset against each other if, and only if:

- the entity has a legally enforceable right to offset current tax assets against current tax liabilities; and
- the deferred tax assets and liabilities apply to income taxes assessed by the same tax authority:
  a) either for the same taxable entity, or
  b) for different taxable entities that intend either to settle current tax assets and liabilities on a net basis, or to settle their tax assets and liabilities at the same time during each future financial year in which it is expected that substantial deferred tax assets or liabilities will be paid or recovered.

When tax credits on income from securities portfolios and amounts receivable are effectively used to pay income tax due for the year, they are recognised under the same heading as the income with which they are associated. The corresponding tax charge continues to be recognised under the Income tax charge heading in the income statement.

However, given that the legislative intent when introducing the tax credit for competitiveness and employment (*crédit d'impôt pour la compétitivité et l'emploi* – CICE) was to reduce employee expenses, Crédit Agricole S.A. Group chose to recognise the CICE (Article 244 *quater*-C of the French General Tax Code – CGI) as a reduction in employee expenses.

Treatment of fixed assets (IAS 16, 36, 38 and 40)

Crédit Agricole S.A. Group applies component accounting for all of its property, plant and equipment. In accordance with the provisions of IAS 16, the depreciable amount takes account of the potential residual value of property, plant and equipment.

Land is measured at cost less any impairment losses.

Property used in operations, investment property and equipment are measured at cost less accumulated depreciation and impairment losses since the time they were placed in service.

Purchased software is measured at acquisition cost less accumulated depreciation and impairment losses since acquisition.

Proprietary software is measured at cost less accumulated depreciation and impairment losses since completion.

Apart from software, intangible assets are mainly assets acquired during a business combination resulting from contractual rights (*e.g.* distribution agreement). These were valued on the basis of corresponding future economic benefits or expected service potential.

Fixed assets are depreciated over their estimated useful lives.

The following components and depreciation periods have been adopted by Crédit Agricole S.A. Group following the application of the measures on component accounting for property, plant and equipment. These depreciation periods are adjusted according to the type of asset and its location:

Component	Depreciation period
Land	Not depreciable
Structural works	30 to 80 years
Non-structural works	8 to 40 years
Plant and equipment	5 to 25 years
Fixtures and fittings	5 to 15 years
Computer equipment	4 to 7 years
Special equipment	4 to 5 years

Exceptional depreciation charges corresponding to tax-related depreciation and not to any real impairment in the value of the asset are eliminated in the consolidated financial statements.

Foreign currency transactions (IAS 21)

In accordance with IAS 21, a distinction is made between monetary (e.g.: debt instruments) and non-monetary items (e.g.: equity instruments).

The definitions of the underlined words can be found in the Glossary on page 600.

On the reporting date, foreign-currency denominated monetary assets and liabilities are translated into Crédit Agricole S.A. Group's functional currency at the closing rate. The resulting translation adjustments are recorded in the income statement. There are three exceptions to this rule:

- for debt instruments at fair value through other comprehensive income that can be reclassified, only the translation adjustments calculated on amortised cost are taken to the income statement; the balance is recorded in other comprehensive income that can be reclassified;
- translation adjustments on elements designated as cash flow hedges or forming part of a net investment in a foreign entity are recognised in other comprehensive income that can be reclassified.

Non-monetary items are treated differently depending on the type of items:

- items at historical cost are measured at the foreign exchange rate on the transaction date;
- items at fair value are measured at the foreign exchange rate at the end of the reporting period;
- for financial liabilities designated under the fair value option, translation adjustments related to changes in fair value of own credit risk are recorded in other comprehensive income that cannot be reclassified.

Translation adjustments on non-monetary items are recognised:

- in the income statement if the gain or loss on the non-monetary item is recorded in the income statement;
- in other comprehensive income that cannot be reclassified if the gain or loss on the non-monetary item is recorded in other comprehensive income that cannot be reclassified.

Revenues from contracts with customers (IFRS 15)

Fee and commission income and expenses are recognised in income based on the nature of services with which they are associated.

Fees and commissions that are an integral part of the effective yield on a financial instrument are recognised as an adjustment to the yield on the instrument and included in its effective interest rate.

The recognition of other types of fees and commissions on the income statement must reflect the rate of transfer to the customer of control of the goods or services sold:

- the net income from a transaction associated with the provision of services is recognised under "Fee and commission income" at the time of transfer of control of the service to the customer, if this can be reliably estimated. This transfer may occur as the service is provided (ongoing service) or on a specific date (one-off service):
  a) fee and commission income from ongoing services (fees and commissions on payment instruments, for example) is recognised in income according to the degree of progress of the service provided,
  b) fee and commission income paid or received as compensation for one-off services is recognised in income, in its entirety, when the service is provided.

Fee and commission income payable or receivable and contingent upon the achievement of a performance target is recognised for the amount at which it is highly probable that the income thus recognised will not later be subject to a significant downward adjustment upon resolution of the contingency. These estimates are updated at the end of each reporting period. In practice, this condition can result in the deferred recognition of certain items of performance-related fee and commission income until the expiry of the performance assessment period and until such income has been definitively acquired.

Insurance businesses (IFRS 4)

Liabilities remain partially valued under French GAAP, as permitted by IAS and IFRS regulations, pending further amendments to the existing standards. Financial assets held by Crédit Agricole S.A. Group's insurance companies have been reclassified into the financial assets categories set out in IFRS 9.

The technical reserves of non-life insurance contracts include (i) reserves for claims, to cover the total cost of claims incurred but not yet paid, and (ii) reserves relating to earned premiums (mainly provisions for unearned premiums), allowing for the recognition of premiums relating to risks hedged over the course of a financial year as earnings for said year, and therefore to carry forward the portion of premiums written over the course of the year for a risk hedging period subsequent to the current financial year.

The mathematical provisions of life insurance contracts and financial contracts containing discretionary participation features correspond to the difference between the current value of insurer commitments and policyholder commitments. Provisions are calculated using actuarial methods that include assumptions pertaining to the premiums, the performance of financial assets, contract redemption rates and changes in operating expenses.

Contracts containing discretionary participation features are collectively classified as a liability under insurance company's technical reserves. They are recognised in the same way as insurance contracts. Premiums on these contracts are recognised as income and the increase in obligations to policyholders is recognised as an expense.

Life insurance technical reserves are conservatively estimated based on the technical rates defined in the contracts. Liabilities associated with contracts with or without discretionary participation features or minimum guarantee are measured based on the fair value of the underlying assets or its equivalent at the end of the reporting period and are recorded under financial liabilities.

The financial margin on these policies is taken to profit or loss, after reversal of technical items (premiums, benefits, etc.), according to deposit accounting principles.

Property and casualty insurance policy liabilities are estimated at the end of the reporting period, without applying any discount. Claims management costs associated with technical reserves are charged to a provision in the financial statements at the reporting date.

For non-life insurance contracts, acquisition costs are recognised as and when the premium is earned. For life insurance contracts, directly identifiable acquisition costs are deferred over the profit generation period.

Total expenses related to the insurance business are presented in Note 4.6 "Net income (expenses) on other activities".

As permitted by the extension of local GAAP specified by IFRS 4 and CRC Regulation 2000-05 pertaining to consolidated financial statements for insurance companies, "shadow accounting" is used to account for insurance liabilities for contracts with discretionary participation features. Under this practice, positive or negative valuation differences in the corresponding financial assets that will potentially revert to policyholders are recognised in a "Deferred profit sharing" account.

This policyholders' deferred profit sharing is recognised on the liabilities side of the balance sheet under Insurance company technical reserves or on the asset side with an offsetting entry in the income statement or in the valuation reserve, in the same way as unrealised gains and losses on the underlying assets.

The definitions of the underlined words can be found in the Glossary on page 600.

The method used for valuation of deferred policyholders' profit-sharing, resulting from the application of shadow accounting, was changed in 2015.

The rate of deferred policyholders' profit-sharing, previously based on historically observed data, is now valued prospectively on the basis of analysis scenarios consistent with the Company's management policies. It is only updated if it changes significantly.

To determine whether the deferred profit-sharing asset is recoverable, tests are carried out to determine whether any unrealised losses can be applied to future surpluses before testing for liability shortfall in accordance with the CNC recommendation of 19 December 2008.

These tests are based:

- firstly, on liquidity analyses of the Company, which show the company's capacity to access funding sources to meet its obligations and its ability to hold assets with unrealised losses even if new production declines. The tests were performed with and without new production;
- secondly, on a comparison between the average value of future services measured by the internal model replicating the Company's management decisions and the value of the assets representing the obligations at market value. This shows the company's ability to meet its obligations.

Lastly, sensitivity tests on the ability to activate the deferred profit sharing are also carried out:

- in the event of a uniform 10% increase in redemptions applied to redemption rates drawn from scenarios similar to those used by the French Regulatory and Resolution Supervisory Authority;
- in the event of an additional 10% decline in the equity markets.

In accordance with IFRS 4, at each reporting date, the Group also ascertains that insurance liabilities (net of deferred acquisition costs and associated intangible assets) are adequate to meet estimated future cash flows.

The liability adequacy test used to verify this must meet the following minimum requirements, as defined in paragraph 16 of the standard:

- it must consider all future contractual cash flows, including associated management costs, fees and commissions as well as options and guarantees implicit in these contracts;
- if the test shows that the liability is inadequate, it is wholly recognised in profit or loss.

Leases (IAS 17)

As required by IAS 17, leases are analysed in accordance with their substance and financial reality. They are classified as operating leases or finance leases.

Finance lease transactions are treated as an acquisition of a fixed asset by the lessee financed by a loan from the lessor.

In the lessor's financial statements, analysis of the economic substance of the transactions results in the following:

- recognition of a financial receivable from the customer, which is amortised by the lease payments received;
- lease payments are broken down into interest and principal, known as financial amortisation;
- recognition of a net reserve for unrealised gains or losses. This is equal to the difference between:
  a) the net lease receivable: amount owed by the lessee, comprising outstanding finance lease receivable and financial amortisation for the period between the most recent instalment and the reporting date,
  b) the net carrying amount of the leased fixed assets,
  c) the provision for deferred taxes.

In the lessee's financial statements, finance leases are restated such that they are recognised in the same way as if the asset had been purchased on credit, by recognising a financial liability, recording the purchased asset on the balance sheet and depreciating the asset.

In the income statement, the theoretical depreciation charge (the charge that would have been recognised if the asset had been purchased) and the finance expenses (incurred in connection with the financing) are recorded in the place of the lease payments.

For operating leases, the lessee recognises payments as expenses and the lessor records the corresponding income under rents, and the leased assets on its balance sheet.

Non-current assets held for sale and discontinued operations (IFRS 5)

A non-current asset (or a disposal group) is classified as held-for-sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use.

For this to be the case, the asset (or disposal group) must be available for immediate sale in its present condition and its sale must be highly probable.

The relevant assets and liabilities are shown separately on the balance sheet under Non-current assets held-for-sale and discontinued operations and Liabilities associated with non-current assets held-for-sale and discontinued operations.

A non-current asset (or disposal group) classified as held-for-sale is measured at the lower of its carrying amount and fair value less costs of sale. In case of unrealised losses, impairment is recognised in the income statement. Non-current assets are no longer amortised when they are reclassified.

If the fair value of a group held for sale less selling costs is less than its carrying amount after impairment of non-current assets, the difference is allocated to other group held for sale assets including the financial assets and is recognised under net income of held-for-sale operations.

A discontinued operation is a component that the Group has either disposed of, or that is classified as held-for-sale, according to the following situations:

- it represents a separate major business line or geographical area of operations;
- it is part of a single coordinated plan to dispose of a separate major business line or geographical area of operations; or
- it is a subsidiary acquired exclusively with a view to resale.

The following are disclosed on a separate line of the income statement:

- the profit or loss from discontinued operations until the date of disposal, net of tax;
- the gain or loss recognised on the disposal or on measurement to fair value less costs of sale of the assets and liabilities constituting the discontinued operations, net of tax.

The definitions of the underlined words can be found in the Glossary on page 600.

1.3 CONSOLIDATION PRINCIPLES AND METHODS (IFRS 10, IFRS 11 AND IAS 28)

Scope of consolidation

The consolidated financial statements include the financial statements of Crédit Agricole S.A. and those of all companies over which, in compliance with IFRS 10, IFRS 11 and IAS 28, Crédit Agricole S.A. exercises control, joint control or significant influence.

Definitions of control

In compliance with international accounting standards, all entities under control, under joint control or under significant influence are consolidated, provided that they are not covered by the exclusions below.

Exclusive control over an entity is deemed to exist if Crédit Agricole S.A. is exposed to or entitled to receive variable returns as a result of its involvement with the entity and if the power it holds over this entity allows it to influence these returns. Power in this context means substantive (voting or contractual) rights. Rights are considered substantive if the holder of the rights can in practice exercise them when decisions about the Company's relevant activities are made.

Crédit Agricole S.A. is deemed to control a subsidiary through voting rights when its rights give it the practical ability to direct the subsidiary's relevant activities. Crédit Agricole S.A. is generally considered to control a subsidiary when it holds more than half the existing or potential voting rights in an entity, whether directly or indirectly through subsidiaries, except when it can be clearly demonstrated that such ownership does not give it the power to direct its relevant activities. Control is also deemed to exist where Crédit Agricole S.A. holds half or less than half of the voting rights, including potential rights, in an entity but is able in practice to direct its relevant activities at its sole discretion, notably because of the existence of contractual arrangements, the size of its stake in the voting rights compared to those of other investors, or other reasons.

Control of a structured entity is not assessed on the basis of voting rights as these have no effect on the entity's returns. When assessing control, consideration is given not only to contractual arrangements in force but also to whether Crédit Agricole S.A. was involved in creating the entity and what decisions it made at that time, what agreements were made at its inception and what risks are borne by Crédit Agricole S.A., any rights under agreements that give the investor the power to direct relevant activities in specific circumstances only and any other facts or circumstances that indicate the investor can direct the entity's relevant activities. Where there is a management agreement, the extent of decision-making powers granted to the delegated manager and the remuneration accorded by such contractual arrangements are examined to establish whether the manager is in practice acting as an agent (with delegated powers) or as a principal (on their own account).

Furthermore, when decisions on the entity's relevant activities are taken, the indicators used to assess whether an entity is acting as agent or principal are as follows: the extent of the decision-making powers compared to the powers over the entity delegated to the manager, the remuneration provided for under the contractual arrangements, any substantive rights that may affect the decision-making capacity of other parties involved in the entity and the exposure to variable returns of other interests in the entity.

Joint control is deemed to exist when there is a contractual division of control over an economic activity. Decisions affecting the entity's relevant activities require unanimous agreement of the joint controllers.

In traditional entities, significant influence is defined as the power to influence but not control a company's financial and operational policies. Crédit Agricole S.A. is presumed to have significant influence if it owns 20% or more of the voting rights in an entity, whether directly or indirectly through subsidiaries.

Exclusions from the scope of consolidation

In accordance with IAS 28, minority interests held by entities for which the paragraph 18 option has been applied, are excluded from the scope of consolidation insofar as they are classified under financial assets at fair value through profit or loss by nature.

Consolidation methods

The methods of consolidation are respectively defined by IFRS 10 and IAS 28 (revised). They depend on the type of control exercised by Crédit Agricole S.A. over the entities that can be consolidated, regardless of activity or whether or not they have legal entity status:

- full consolidation, for controlled entities, including entities with different financial statement structures, even if their business is not an extension of that of Crédit Agricole S.A.;
- the equity method, for the entities over which Crédit Agricole S.A. exercises significant influence and joint control.

Full consolidation consists in substituting for the value of the shares each of the assets and liabilities carried by each subsidiary. The equity and income attributable to non-controlling interests is presented separately in the consolidated balance sheet and income statement.

Non-controlling interests are as defined by IFRS 10 and incorporate instruments representing present ownership interests and that give right to a proportional share of the net assets in the event of liquidation and the other equity instruments issued by the subsidiary and not held by the Group.

The equity method consists in substituting for the value of shares the Group's proportional share of the equity and income of the companies concerned.

The change in the carrying amount of these shares includes changes in goodwill.

In the event of incremental share purchases or partial disposals with continued joint control or significant influence, Crédit Agricole S.A. Group recognises:

- in the case of an increase in the percentage of interest, additional goodwill;
- in the case of a reduction in the percentage of interest, a gain or loss on disposal/dilution in profit or loss.

Restatements and eliminations

Where necessary, financial statements are restated to harmonise the valuation methods applied by consolidated companies.

The impact of Group internal transactions on the consolidated balance sheet and income statement is eliminated for fully consolidated entities.

Capital gains or losses arising from intra-Group asset transfers are eliminated; any potential lasting impairment measured at the time of disposal in an internal transaction is recognised.

The definitions of the underlined words can be found in the Glossary on page 600.

Translation of foreign subsidiaries' financial statements (IAS 21)

Financial statements of subsidiaries denominated in foreign currencies are translated into euros in two stages:

- if applicable, the local currency in which the financial statements are prepared is translated into the functional currency (currency of the main business environment of the entity). The translation is made as if the information had been recognised initially in the functional currency (same translation principles as for foreign currency transactions);
- the functional currency is translated into euros, the currency in which the Group's consolidated financial statements are presented. Assets and liabilities are translated at the closing rate. Income and expenses included in the income statement are translated at the average exchange rate for the period. Translation adjustments for assets, liabilities and income statement items are recorded under a specific item in equity. These translation differences are recognised as income during the total or partial transfer of the entity. In the event of the sale of a subsidiary (exclusive control), the reclassification of equity as income takes place only in the event of a loss of control.

Business combinations – Goodwill

Business combinations are accounted for using the acquisition method in accordance with IFRS 3, except for business combinations under common control (in particular mergers of Regional Banks), which are excluded from the field of application of IFRS 3. Pursuant to IAS 8, these transactions are entered at carrying amount using the pooling of interests method, with reference to US standard ASU805-50 which seems to comply with the IFRS general principles.

On the date of acquisition, the identifiable assets, liabilities and contingent liabilities of the acquired entity which satisfy the conditions for recognition set out in IFRS 3 are recognised at their fair value.

Notably, restructuring liabilities are only recognised as a liability of the acquired entity if, at the date of acquisition, the acquiree is under an obligation to complete the restructuring.

Price adjustment clauses are recognised at fair value even if their application is not probable. Subsequent changes in the fair value of clauses if they are financial liabilities are recognised in the income statement. Only price adjustment clauses relating to transactions where control was obtained at the latest by 31 December 2009 may still be recorded against goodwill, because these transactions were accounted for under IFRS 3 pre revision (2004).

The non-controlling interests that are shares of current interests giving rights to a share of the net assets in the event of liquidation may be measured, at acquirer's choice, in two ways:

- at fair value on the date of acquisition;
- at the share of the identifiable assets and liabilities of the acquired company revalued at fair value.

The option may be exercised at each acquisition.

The balance of interests not allowing control (equity instruments issued by the subsidiary and not held by the Group) should be recognised for its fair value on the date of acquisition.

The initial assessment of assets, liabilities and contingent liabilities may be revised within a maximum period of 12 months after the date of acquisition.

Some transactions relating to the acquired entity are recognised separately from the business combination. This applies primarily to:

- transactions that end an existing relationship between the acquired company and the acquiring company;
- transactions that compensate employees or the selling shareholders of the acquired company for future services;
- transactions whose aim is to have the acquired company or its former shareholders repay expenses borne by the acquirer.

These separate transactions are generally recognised in the income statement at the acquisition date.

The transferred consideration at the time of a business combination (the acquisition cost) is measured as the total of fair values transferred by the acquirer, on the date of acquisition in exchange for control of the acquired entity (for example: cash, equity instruments, etc.).

The costs directly attributable to the business combination shall be recognised as expenses, separately from the business combination. If the transaction has very strong possibilities of occurring, they are recognised under the heading Net gains (losses) on other assets, otherwise they are recognised under the heading Operating expenses.

The difference between the sum of acquisition costs and non-controlling interests and the net balance on the date of acquisition of acquired identifiable assets and liabilities assumed, valued at their fair value, is recognised, when it is positive, in the assets side of the consolidated balance sheet, under the heading "Goodwill" when the acquired entity is fully consolidated and under the heading "Investments in equity-accounted entities" when the acquired company is consolidated using the equity method of accounting. Any badwill is recognised immediately through profit or loss.

Goodwill is carried in the balance sheet at its initial amount in the currency of the acquired entity and translated at the closing rate at the end of the reporting period.

When control is taken by stages, the interest held before taking control is revalued at fair value through profit or loss at the date of acquisition and the goodwill is calculated once, using the fair value at the date of acquisition of acquired assets and liabilities taken over.

Goodwill is tested for impairment whenever there is objective evidence of a loss of value and at least once a year.

The choices and assumptions used in assessing the holdings that do not allow control at the date of acquisition may influence the amount of initial goodwill and any impairment resulting from a loss of value.

For the purpose of impairment testing, goodwill is allocated to the Group Cash Generating Units (CGUs) that are expected to benefit from the business combination. The CGUs have been defined within the Group's business lines as the smallest identifiable group of assets and liabilities functioning in a single business model. Impairment testing consists of comparing the carrying amount of each CGU, including any goodwill allocated to it, with its recoverable amount.

The recoverable amount of the CGU is defined as the higher of fair value diminished of selling costs and value in use. The value in use is the present value of the future cash flows of the CGU, as set out in medium-term business plans prepared by the Group for management purposes.

When the recoverable amount is lower than the carrying amount, a corresponding impairment loss is recognised for the goodwill allocated to the CGU. This impairment is irreversible.

The definitions of the underlined words can be found in the Glossary on page 600.

In the case of an increase in the percentage ownership interest of the Group in an entity that is already exclusively controlled, the difference between the acquisition cost and the share of net assets acquired is recognised under the item "Consolidated reserves, Group share"; in the event that the Group's percentage ownership interest in an entity that remains under its exclusive control declines, the difference between the selling price and the carrying amount of the share of net assets sold is also recognised directly under Consolidated reserves Group share. The expenses arising from these transactions are recognised in equity.

The accounting treatment of sale options granted to minority shareholders is as follows:

- when a sale option is granted to the minority shareholders of a fully consolidated subsidiary, a liability is recognised in the balance sheet; on initial recognition, the liability is measured at the estimated present value of the exercise price of the options granted to the minority shareholders. Against this liability, the share of net assets belonging to the minority shareholders concerned is reduced to zero and the remainder is deducted from equity;
- subsequent changes in the estimated value of the exercise price will affect the amount of the liability, offset by an equity adjustment. Symmetrically, subsequent changes in the share of net assets due to minority shareholders are cancelled, offset in equity.

When there is a loss of control, the proceeds from the disposal are calculated on the entirety of the entity sold and any investment share kept is recognised in the balance sheet at its fair value on the date control was lost.

Note 2 Major structural transactions and material events during the period

The scope of consolidation and changes to it are shown in detail at the end of the notes in Note 11 "Scope of consolidation at 31 December 2018".

2.1 APPLICATION OF THE NEW IFRS 9 STANDARD

In accordance with the IFRS standards and amendments adopted by the European Union on 22 November 2016, 3 November 2017 and 22 March 2018, the Crédit Agricole S.A. Group implemented the following arrangements as at 1 January 2018:

- application of IFRS 9 on financial instruments;
- application of the overlay approach applicable to insurance activities;
- early application of the amendment to Prepayment Features with Negative Compensation.

The regulatory provisions for the application of these texts to the Group's consolidated financial statements are presented in Note 1 "Group accounting policies and principles, assessments and estimates applied".

The impact of the first application of the new IFRS 9 standard, adopted with effect from 1 January 2018, is -€1,141 million on equity, of which -€921 million in Group share. This impact of -€ 1,141 million on equity is mainly related to impairment of -€ 1,260 million. The first application impact on Bucket 3 impairment is mainly related to the Italian entities of the Group.

The detailed impacts of the application of IFRS 9 as at 1 January 2018 are presented in the notes to the consolidated financial statements.

2.2 APPLICATION OF THE NEW IFRS 15 STANDARD

The IFRS 15 standard applicable at 1 January 2018, introduced as a replacement for IAS 18, aims to standardise the accounting principles related, in particular, to long-term manufacturing and construction contracts, IT service contracts and licences, and sales of bundles of goods and services. It does not apply to income on financial instruments (IFRS 9), income on leases (see new IFRS 16 applicable from 1 January 2019) or to income on insurance contracts (IFRS 17 applicable from 1 January 2022).

The accounting consequences of this new standard are minimal for the Crédit Agricole Group insofar as Group practices for the recognition of fee and commission income already comply with this text.

The current rate of recognition of income complies with the requirements of IFRS 15, whether the services are ongoing or are one-offs. Therefore, the variable components of fee and commission income (*e.g.* asset management) are recognised only at the time at which they become certain, as required by IFRS 15.

2.3 PARTNERSHIP BETWEEN CRÉDIT AGRICOLE CONSUMER FINANCE AND BANCO BPM FOR CONSUMER CREDIT IN ITALY

On 30 November 2018, Crédit Agricole Consumer Finance and Banco BPM signed a final Memorandum of Understanding with a view to reinforcing their global partnership across Italy in consumer credit for the next 15 years.

The transaction will significantly reinforce Agos' leading position and market share in the sector. At 31 December 2018, Agos had €13.9 billion in consumer credit under management. It is highly profitable with net profit of €323 million in 2018.

As part of the agreement, Agos will acquire ProFamily S.p.A., a subsidiary of Banco BPM, which offers consumer loans distributed across the BPM network. This transaction will take place once the ProFamily S.p.A. business distributed outside the banking network of BPM has been carved out in a separate entity, which will remain a fully-owned subsidiary of Banco BPM before being sold.

Agos will extend the distribution of its products to the entire Banco BPM network and distribution channels, including 2,300 branches, under an exclusive 15-year agreement starting on closing of the transaction.

The Memorandum of Understanding envisages the signing of various definitive agreements between Banco BPM, Crédit Agricole S.A. and Crédit Agricole Consumer Finance, which will specify the terms and conditions of the partnership, including in relation to funding.

The definitions of the underlined words can be found in the Glossary on page 600.

Agos' current shareholding structure will be maintained (61% held by Crédit Agricole Consumer Finance and 39% held by Banco BPM). However, Crédit Agricole Consumer Finance and Banco BPM agreed to consider the possibility of an initial public offering of Agos. Such a transaction may provide flexibility to both shareholders while preserving their respective commitment to the future development of the company. In the event of a listing, Banco BPM would have the option to reduce its stake in Agos, while committing to maintain a minimum holding of 10%.

The whole operation enables Banco BPM to reinforce its capital structure while remaining associated in the long term with the economic development of Agos. At the same time, Crédit Agricole Consumer Finance is strengthening an important partnership and continuing to develop its consumer finance business in Italy.

2.4 EXCLUSIVE PARTNERSHIP BETWEEN CRÉDIT AGRICOLE CONSUMER FINANCE AND BANKIA

Following negotiations beginning 7 March 2018, Crédit Agricole Consumer Finance and Bankia signed an agreement on 28 May 2018 to jointly create a consumer finance company in Spain.

The obtaining of regulatory authorisations and the approval of the competition authority allowed for the creation on 2 July 2018 of the joint venture Bamboo Consulting S.A., now called Crédit Agricole Consumer Finance Bankia S.A.

The aim of this exclusive partnership is to accelerate the presence of Crédit Agricole Consumer Finance in Spain, the fourth-largest consumer finance market in the Eurozone. Crédit Agricole Consumer Finance builds on Bankia's significant client base and its in-depth knowledge of the Spanish market. This partnership also provides Bankia with access to a subsidiary dedicated to consumer finance, a growing market in Spain. Bankia capitalises on Crédit Agricole Consumer Finance's experience in partnership management.

2.5 BANCASSURANCE PARTNERSHIP WITH CREDITO VALTELLINESE IN ITALY

On 24 July 2018, Crédit Agricole Assurances announced a new strategic bancassurance partnership in Italy with Italian bank Credito Valtellinese (CreVal). The partnership will provide Crédit Agricole Assurances with exclusive access, via its Italian subsidiary Crédit Agricole Vita S.p.A., to Credito Valtellinese's distribution network for all savings products as well as certain death & disability products for a term of up to 15 years. Credito Valtellinese has a network of 412 branches serving nearly one million customers.

Under this agreement, in the fourth quarter 2018, Crédit Agricole Assurances acquired all the shares of a Credito Valtellinese Global Assicurazioni S.p.A. subsidiary, now called Stelvio Agenzia Assicurativa, following a reorganisation to refocus on only life, death and disability insurance activities distributed by the Credito Valtellinese network.

To reinforce this partnership, in July 2018, Crédit Agricole Assurances acquired a 5% minority interest in Credito Valtellinese.

2.6 MAIN CHANGES IN THE SCOPE OF CONSOLIDATION

2.6.1 Acquisition of Banca Leonardo

On 3 May 2018, Indosuez Wealth Management finalised the acquisition of 94.1% of the share capital of Banca Leonardo, a leading independent wealth management company in Italy, sealing the deal made in November 2017.

This purchase is part of Crédit Agricole's Medium-Term Plan "Strategic Ambition 2020", which provides for targeted acquisitions for the Group's wealth management business. This is a milestone for Indosuez Wealth Management, enabling it to strengthen its presence in Europe by integrating an entity that operates in Crédit Agricole Group S.A.'s second domestic market.

In accordance with IFRS 3 (Revised), the balance sheet of Banca Leonardo, as at 3 May 2018, reflects the fair value of the assets acquired and the liabilities assumed by the Group, which totalled €1,140 million. On this basis, goodwill in the amount of €22 million was recorded on the assets side of the balance sheet.

2.6.2 Acquisition and merger of the Italian savings banks

Recognition of additional negative goodwill on the acquisition of Italian savings banks

Following the agreement reached with the Italian Interbank Deposit Protection Fund, on 21 December 2017, Crédit Agricole Cariparma S.p.A. acquired 95.3% of the share capital of the Cesena and Rimini, plus 95.6% of San Miniato, savings banks for €130 million. Following receipt of all regulatory clearance, these entities were fully consolidated in the financial statements as at 31 December 2017.

In accordance with IFRS 3 (Revised), the post-combination balance sheets of these three banks, as at 21 December 2017, reflected a provisional fair value of the assets acquired and liabilities assumed by the Group of €538 million. On this basis, negative goodwill totalling €408 million was recognised under "Change in value of goodwill" in the income statement.

Following the finalisation of the work to identify, classify and measure the assets and liabilities of the acquired companies, additional negative goodwill of €86 million was recognised under the same heading on the income statement as at 31 March 2018.

Merger of the San Miniato, Cesena and Rimini Italian savings banks with Crédit Agricole Cariparma S.p.A.

The San Miniato, Cesena and Rimini Italian savings banks were absorbed by Crédit Agricole Cariparma S.p.A. on 24 June, 22 July and 9 September 2018 respectively.

Before these mergers took place, Credit Agricole Cariparma S.p.A. had launched public exchange offers of minority shares in these three subsidiaries in the second half of 2018.

Crédit Agricole Cariparma S.p.A. launched public exchange offers on the remaining minority shares in the absorbed entities in exchange for newly issued Crédit Agricole Cariparma S.p.A. shares.

2.6.3 Acquisition by Crédit Agricole Assurances of additional shares in GNB Seguros

Founded in 1996, GNB Seguros is the 13th non-life insurance company located in Portugal with over €78 million in premiums issued as at end 2018.

The definitions of the underlined words can be found in the Glossary on page 600.

GNB Seguros has been fully consolidated into the Crédit Agricole S.A. Group.

On 21 December 2018, Crédit Agricole Assurances increased its stake in GNB Seguros from 50% to 75%. The remaining 25% stake is held by Novo Banco, a Portuguese banking group.

This additional acquisition impacted Group equity by -€7.8 million.

The transaction confirms Crédit Agricole Assurances' ambition to continue developing its non-life insurance activities in Portugal and to strengthen its partnership with Novo Banco.

2.6.4 Sale of Banque Thémis

On 22 June 2017, LCL received a firm offer, approved by the European supervisory authorities, for the sale of Banque Thémis, which is consolidated at 95% by the Crédit Agricole S.A. Group.

Banque Thémis was sold by LCL on 8 March 2018.

As at 31 December 2018, there were no gains or losses made on the sale of Thémis, its consolidated cost being equal to the sale price. There were no significant sale-related costs.

2.6.5 Sale of CACEIS USA and CACEIS Canada

The entities CACEIS USA and CACEIS Canada, both wholly owned by CACEIS, were sold on 31 May 2018. This sale generated a consolidated capital gain of €9 million (€14 million recorded under Net gains (losses) on other assets and -€5 million of currency effect recorded in Revenues).

2.6.6 Sale of Forso Nordic AB

Crédit Agricole Consumer Finance and Saracen HoldCo AB (HoldCo AB), a holding company wholly owned by FCE (FORD), signed a partnership on 30 June 2008 covering automotive financing activities in Sweden, Denmark, Norway and Finland through a joint venture, Forso Nordic AB, owned 50:50 by HoldCo AB and Crédit Agricole Consumer Finance.

On 29 May 2017, Crédit Agricole Consumer Finance decided to end the partnership, with termination effective from 31 August 2018. On 23 August 2017, HoldCo AB exercised its call option on the shares held by Crédit Agricole Consumer Finance. The exercise of this call option represents a binding and irrevocable commitment to buy out all of Crédit Agricole Consumer Finance's stake.

As at 31 December 2017, with the conditions for applying IFRS 5 satisfied and the disposal being treated as discontinued operations, the value of the Forso stake was transferred to a separate balance sheet line under Non-current assets held for sale and discontinued operations for €60.3 million and net income transferred to Net income from discontinued or held-for-sale operations for -€1 million. A capital loss on disposal of -€15 million was recognised under the same heading in the consolidated financial statements.

Following the approval of the Swedish regulator, the sale of Forso Nordic AB took place on 29 August 2018 and generated no additional profit in the financial statements as at 31 December 2018. There were no significant sale-related costs.

2.7 PROPOSED SALE OF CRÉDIT AGRICOLE LIFE (IFRS 5)

The sales contract signed on 7 July 2018 was sent to the regulator for finalisation at the end of August. On 21 January 2019, the sale process with the identified buyer was halted.

In view of an unchanged sale plan and the search for a new buyer for the entity or its portfolios, Crédit Agricole Life Greece was recorded under IFRS 5 in the consolidated financial statements as at 31 December 2018.

2.8 REMOVAL OF LOYALTY DIVIDEND

The removal of the loyalty dividend was approved by the Special Meeting of eligible shareholders on 4 April 2018 and later by the non-eligible shareholders at the Extraordinary General Meeting held on 16 May 2018.

As a reminder, this loyalty dividend applied to shares held and registered for more than two calendar years as at the reporting date of the financial year to which the dividend related and that continued to be held on the date of payment of the dividend. Since 24 May 2018, eligible shareholders received, as a compensatory measure, one new ordinary share for every 26 eligible shares held in registered form for more than two years at 31 December 2017 and still held on the date of payment of the dividend relating to the 2017 financial year.

This transaction resulted in the creation of 6,530,044 new ordinary shares (representing a capital increase of approximately 0.23%), of which the delivery and admission for trading on Euronext Paris took place on 24 May 2018.

These new shares, which bear dividend rights from 1 January 2018, are immediately fungible with the ordinary shares making up the share capital of Crédit Agricole S.A.

Following this transaction, the share capital stands at €8,557,903,710, divided into 2,852,634,570 ordinary shares with a par value each of €3, fully paid-up.

2.9 CRÉDIT AGRICOLE S.A. CAPITAL INCREASE RESERVED FOR EMPLOYEES

The Crédit Agricole S.A. capital increase reserved for employees was carried out on 1 August 2018. Some 19,000 Crédit Agricole Group employees, in France and 14 other countries, subscribed for a total amount of €135.5 million.

The proposed investment scheme was a standard offer with a subscription including a 20% rebate on the share price. The new shares were issued and delivered to employees on 1 August 2018.

This capital increase created 13,802,586 new shares, thereby bringing the total number of shares comprising the share capital of Crédit Agricole S.A. to 2,866,437,156.

The effect of this capital increase in the Group's consolidated financial statements translated into increases of €41.4 million in the share capital and of €94.1 million in share premiums and consolidated reserves.

The definitions of the underlined words can be found in the Glossary on page 600.

2.10 AMUNDI CAPITAL INCREASE RESERVED FOR EMPLOYEES

On 21 June 2018, Amundi announced the launch of a capital increase reserved for employees, which was first announced on 9 February 2018.

The subscription period for this capital increase reserved for employees ended on 9 July 2018.

Nearly 1,000 employees from 14 countries participated in this capital increase, subscribing to 193,792 new shares (*i.e.* 0.1% of the capital) for a total amount of €10 million.

At the end of this transaction, employees hold 0.3% of the capital, compared to 0.2% previously.

This issue therefore increased the number of shares comprising the capital of Amundi to 201,704,354.

2.11 LAUNCH OF A PROGRAMME TO BUY BACK AMUNDI SHARES

On 20 November 2018, Amundi announced via a press release that it was launching a share buyback programme as part of a performance share award plan for key managers of the Group.

This programme, which could run until 15 November 2019, includes the acquisition of approximately 2 million shares (at a maximum price of €100 per share).

2.12 LCL CAPITAL INCREASE

In a decision issued on 19 December 2017, the ECB imposed a new requirement on LCL in connection with Pillar 2. As a result, compliance with a minimum CET1 ratio of 9.5% (full Basel 3 regime) was mandatory from 30 June 2018.

As such, on 15 June 2018, LCL performed a capital increase of €950 million, through the issue of 36,651,200 new shares with a unit price of €25.92, subscribed in their entirety by Crédit Agricole S.A., thus increasing its stake from 95.10% to 95.56%.

2.13 TAX LITIGATION ON EMPORIKI SECURITIES

On 17 May 2018, Crédit Agricole S.A. benefited from a favourable decision by the Versailles Court of Appeal (CAA Versailles), which found that the securities issued as part of the July 2012 capital increase were investment securities since it has been proven that there existed, at the date of this transaction, an intention to sell the issued securities, resulting in non-compliance with the accounting criteria of use and long-term possession and justifying the registration of said securities as investment securities. Consequently, the provision made for 100% of the issue value of the securities was tax deductible.

This legally enforceable decision was the subject of an appeal by the tax authorities to the French Supreme Administrative Court *(Conseil d'État)* dated 18 July 2018. The tax income corresponding to the deduction of the provision with non-controlling interests was recognised at 31 December 2018 for a total amount of €954 million and gives rise to a provision for liabilities in the same amount due to the non-definitive nature of the decision by the Court of Appeal.

Furthermore, a claim was filed by Crédit Agricole S.A. on 6 March 2018, following the upholding by the tax authorities of the adjustment relating to the securities issued as part of the January 2013 capital increase, despite the favourable opinion by the National Tax Commission given on 13 January 2017, which stated that the tax adjustment should be abandoned. This claim was rejected by the tax authorities on 7 August 2018. Thus, on 4 October 2018, Crédit Agricole S.A. filed a request to the Administrative Court of Montreuil.

2.14 FCA BANK FINE

During the third quarter of 2018, FCA Bank (a joint venture held equally by Crédit Agricole Consumer Finance and FCA Italy S.p.A.) was notified of monopolistic practices by the Italian Competition Authority (ICA).

On 9 January 2019, the Italian Competition Authority sanctioned several banks and car manufacturers for breaching competition law.

Accordingly, a fine totalling €178.9 million was imposed on FCA Bank S.p.A. This notification resulted in the Crédit Agricole S.A. Group making provision of €89.5 million.

2.15 SOCIAL AND GOVERNMENTAL MEASURES

On 20 December 2018, after final reading, the French National Assembly *(Assemblée Nationale)* adopted the draft 2019 Finance Act. Following approval by the French Constitutional Council *(Conseil constitutionnel),* the 2019 Finance Act (Act No. 2018-1317 of 28 December 2018) was published in the Official Journal of the French Republic on 30 December 2018.

As a result of the adoption of said act, a reduction of the corporate income tax rate was recognised, gradually lowering the rate to 25% in 2022, as originally voted for in the 2018 Finance Act. The 2019 Finance Act does not call into question this 25% downwards trend initially planned for the corporate income tax rate.

A supplementary Finance Act announced for spring 2019 could provide for the cancellation of the corporate income tax rate reduction, solely in 2019 for companies whose revenue is greater than €250 million.

As at 31 December 2018, given that the supplementary 2019 Finance Act was neither adopted or close to being adopted, it is therefore necessary to use the 32.02% corporate income tax rate for 2019 when determining the deferred tax charge for drawing up the consolidated financial statements as at 31 December 2018.

The definitions of the underlined words can be found in the Glossary on page 600.

In addition, under the 2019 Finance Act, the taxable share of costs and expenses for gains on disposals of equity investments within a consolidated group will no longer be neutralised.

The 12% share of costs and expenses of the gain will now apply to sales of these investments within the tax consolidation.

2.16 DEPOSIT GUARANTEE AND RESOLUTION FUND AND SINGLE RESOLUTION FUND

The Deposit Guarantee and Resolution Fund (FGDR) was created in 2013 by the Law on the Separation and Regulation of Banking Activities of 26 July 2013, and essentially takes over the tasks of the Deposit Guarantee Fund (FGD):

- management and implementation of deposit and security guarantee schemes in France. To this end, it has raised ex-ante contributions from French institutions;
- with regard to resolution: it acts as an intermediary between the French institutions and the Single Resolution Fund.

The Single Resolution Fund (SRF) was created in 2014. It is a supranational fund financed by Eurozone member states, notably enabling the pooling of financial resources to be used for banking resolution.

The Single Resolution Fund will be gradually built up by contributions from national resolution funds for a period of eight years from 2016, to reach a target of at least 1% of the covered deposits of all approved credit institutions of the participating member states combined by 2023.

Having observed a strong increase in deposits in the participating member states, the Single Resolution Fund realised that it needed to review the contribution calculation, taking into account projection to 2023 of said deposits: this new methodology resulted in an increase in contributions in 2018. As at 31 December 2018, expenses recorded by the Crédit Agricole S.A. Group as “General Expenses” amounted to -€301 million, compared to -€242 million at 31 December 2017.

Note 3 Financial management, risk exposure and hedging policy

Crédit Agricole S.A.’s Financial Management department is responsible for organising financial flows within Crédit Agricole S.A. Group, defining and implementing refinancing rules, asset and liability management, and managing regulatory prudential ratios. It sets out the principles and ensures a cohesive financial management system throughout the Group.

The Group’s management of banking risks is handled by the Group Risk Management and Permanent Controls department.

This department reports to the Chief Executive Officer of Crédit Agricole S.A. and its task is to control credit, financial and operational risks.

A description of these processes and commentary now appear in the chapter on “Risk factors” in the management report, as allowed by IFRS 7 standard. Nonetheless, the accounting breakdowns are still presented in the financial statements.

3.1 CREDIT RISK

(See chapter “Risk Management – Credit Risk”)

3.1.1 Change in carrying amounts and value adjustments for losses during the period

Value adjustments for losses correspond to the impairment of assets and to provisions for off-balance sheet commitments recognised in net income (“Cost of risk”) relating to credit risk.

The different stages of impairment (“Performing assets” – Bucket 1 & Bucket 2 and ‘Impaired assets’ – Bucket 3) are presented in Note 1.2 “Accounting policies and principles” in the chapter on “Financial Instruments – Provision for Credit Risk”.

The following tables present a reconciliation of the opening and closing balances of value adjustments for losses recognised under Cost of risk and associated carrying amounts, by accounting category and type of instrument.

The definitions of the underlined words can be found in the Glossary on page 600.

Financial assets at amortised cost: loans and receivables due from credit institutions (excluding Credit Agricole internal transactions)

	Performing assets								
	Assets subject to 12-month ECL (Bucket 1)		Assets subject to lifetime ECL (Bucket 2)		Credit-impaired assets (Bucket 3)		Total		
(in millions of euros)	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount (a)	Loss allowance (b)	Net carrying amount (a) + (b)
Balance at 1 January 2018	**89,209**	**(46)**	**159**	**(1)**	**411**	**(386)**	**89,778**	**(433)**	**89,345**
Transfer between buckets during the period	**33**	**-**	**(29)**	**-**	**(4)**	**-**	**-**	**-**	
Transfer from 12-month ECL (Bucket 1) to lifetime ECL (Bucket 2)	-	-	-	-			-	-	
Return to lifetime ECL (Bucket 2) from 12-month ECL (Bucket 1)	29	-	(29)	-	-	-	-	-	
Transfer to lifetime ECL impaired (Bucket 3)(3)	-	-	-	-	-	-	-	-	
Return from lifetime ECL impaired (Bucket 3) to lifetime ECL (Bucket 2) / 12-month ECL (Bucket 1)	4	-	-	-	(4)	-	-	-	
Total after transfer	**89,242**	**(46)**	**130**	**(1)**	**407**	**(386)**	**89,778**	**(433)**	**89,345**
Changes in gross carrying amounts and loss allowances	**9,165**	**19**	**(71)**	**-**	**5**	**(5)**	**9,099**	**14**	
New production: purchase, granting, origination...(1)	25,834	(15)	44	(1)			25,878	(16)	
Derecognition: disposal, repayment, maturity...	(16,801)	15	(115)	1	(4)	-	(16,920)	16	
Write-off					(4)	4	(4)	4	
Changes of cash flows resulting in restructuring due to financial difficulties	-	(3)	-	-	-	-	-	(3)	
Changes in models' credit risk parameters during the period		3		-		5	-	8	
Changes in model/methodology		-		-		-	-	-	
Changes in scope	227	-	-	-	-	-	227	-	
Transfers in non-current assets held for sale and discontinued operations	-	-	-	-	-	-	-	-	
Other	(95)	19	-	-	13	(14)	(82)	5	
Total	**98,407**	**(27)**	**59**	**(1)**	**412**	**(391)**	**98,877**	**(419)**	**98,457**
Changes in carrying amount due to specific accounting assessment methods (with no significant impact on loss allowance)(2)	1,412		12		-		1,425		
BALANCE AT 31 DECEMBER 2018	**99,819**	**(27)**	**71**	**(1)**	**412**	**(391)**	**100,302**	**(419)**	**99,883**
Contractual amount outstanding of financial assets written off during the period, that are still subject to enforcement measures	-		-		-		-		

(1) Originations in Bucket 2 could include some originated loans in Bucket 1 reclassified in Bucket 2 during the period.
(2) Includes the variations of fair value adjustments of micro-hedged instruments, the variations relating to the use of the EIR method (notably the amortisation of premiums/discounts), the variations of the accretion of discounts on restructured loans (recovered as revenue over the remaining term of the asset), and the variations of changes in related receivables.
(3) Transfers to impaired maturity ECL (Bucket 3) correspond to outstanding amounts initially classified as Bucket 1 which, during the year, were downgraded directly to Bucket 3, or to Bucket 2 and later to Bucket 3.

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Financial assets at amortised cost: loans and receivables due from customers

	Performing assets								
	Assets subject to 12-month ECL (Bucket 1)		Assets subject to lifetime ECL (Bucket 2)		Credit-impaired assets (Bucket 3)		Total		
(in millions of euros)	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount (a)	Loss allowance (b)	Net carrying amount (a) + (b)
Balance at 1 January 2018	**303,914**	**(746)**	**33,017**	**(1,556)**	**15,092**	**(8,606)**	**352,022**	**(10,908)**	**341,114**
Transfer between buckets during the period	**(1,015)**	**(77)**	**(689)**	**182**	**1,704**	**(478)**	**-**	**(374)**	
Transfer from 12-month ECL (Bucket 1) to lifetime ECL (Bucket 2)	(8,204)	49	8,204	(164)			-	(115)	
Return to lifetime ECL (Bucket 2) from 12-month ECL (Bucket 1)	8,068	(127)	(8,068)	284	-	-	-	157	
Transfer to lifetime ECL impaired (Bucket 3)[(3)]	(1,025)	20	(1,113)	112	2,138	(609)	-	(478)	
Return from lifetime ECL impaired (Bucket 3) to lifetime ECL (Bucket 2) / 12-month ECL (Bucket 1)	146	(19)	288	(50)	(434)	131	-	62	
Total after transfer	**302,899**	**(823)**	**32,328**	**(1,374)**	**16,795**	**(9,085)**	**352,022**	**(11,282)**	**340,740**
Changes in gross carrying amounts and loss allowances	**31,089**	**31**	**(222)**	**(43)**	**(4,243)**	**1,739**	**26,624**	**1,727**	
New production: purchase, granting, origination...[(1)]	114,977	(595)	7,500	(480)			122,477	(1,075)	
Derecognition: disposal, repayment, maturity...	(85,023)	273	(7,895)	528	(1,758)	767	(94,676)	1,568	
Write-off					(2,534)	2,464	(2,534)	2,464	
Changes of cash flows resulting in restructuring due to financial difficulties	(2)	(8)	(33)	13	(3)	2	(38)	7	
Changes in models' credit risk parameters during the period		376		(63)		(1,514)	-	(1,201)	
Changes in model/methodology		-		-		-	-	-	
Changes in scope	294	(1)	2	-	43	(20)	339	(21)	
Transfers in non-current assets held for sale and discontinued operations	-	-	-	-	-	-	-	-	
Other	843	(14)	204	(41)	9	40	1,056	(15)	
Total	**333,988**	**(792)**	**32,106**	**(1,417)**	**12,552**	**(7,346)**	**378,646**	**(9,555)**	**369,091**
Changes in carrying amount due to specific accounting assessment methods (with no significant impact on loss allowance)[(2)]	309		(408)		464		365		
BALANCE AT 31 DECEMBER 2018	**334,297**	**(792)**	**31,698**	**(1,417)**	**13,016**	**(7,346)**	**379,011**	**(9,555)**	**369,456**
Contractual amount outstanding of financial assets written off during the period, that are still subject to enforcement measures	-		-		-		-		

(1) Originations in Bucket 2 could include some originated loans in Bucket 1 reclassified in Bucket 2 during the period.
(2) Includes the variations of fair value adjustments of micro-hedged instruments, the variations relating to the use of the EIR method (notably the amortisation of premiums/discounts), the variations of the accretion of discounts on restructured loans (recovered as revenue over the remaining term of the asset), and the variations of changes in related receivables.
(3) Transfers to impaired maturity ECL (Bucket 3) correspond to outstanding amounts initially classified as Bucket 1 which, during the year, were downgraded directly to Bucket 3, or to Bucket 2 and later to Bucket 3.

The definitions of the underlined words can be found in the Glossary on page 600.

Financial assets at amortised cost: debt securities

(in millions of euros)	Performing assets: Assets subject to 12-month ECL (Bucket 1) – Gross carrying amount	Performing assets: Assets subject to 12-month ECL (Bucket 1) – Loss allowance	Performing assets: Assets subject to lifetime ECL (Bucket 2) – Gross carrying amount	Performing assets: Assets subject to lifetime ECL (Bucket 2) – Loss allowance	Credit-impaired assets (Bucket 3) – Gross carrying amount	Credit-impaired assets (Bucket 3) – Loss allowance	Total – Gross carrying amount (a)	Total – Loss allowance (b)	Total – Net carrying amount (a) + (b)
Balance at 1 January 2018	**51,634**	**(14)**	**72**	**(1)**	**-**	**-**	**51,706**	**(15)**	**51,692**
Transfer between buckets during the period	**(1)**	**-**	**1**	**-**	**-**	**-**	**-**	**-**	
Transfer from 12-month ECL (Bucket 1) to lifetime ECL (Bucket 2)	(10)	-	10	-	-	-	-	-	
Return to lifetime ECL (Bucket 2) from 12-month ECL (Bucket 1)	9	-	(9)	-	-	-	-	-	
Transfer to lifetime ECL impaired (Bucket 3)[2]	-	-	-	-	-	-	-	-	
Return from lifetime ECL impaired (Bucket 3) to lifetime ECL (Bucket 2) / 12-month ECL (Bucket 1)	-	-	-	-	-	-	-	-	
Total after transfer	**51,633**	**(14)**	**73**	**(1)**	**-**	**-**	**51,706**	**(15)**	**51,692**
Changes in gross carrying amounts and loss allowances	**5,974**	**(2)**	**(2)**	**(1)**	**26**	**(14)**	**5,998**	**(17)**	
New production: purchase, granting, origination…	17,123	(8)	30	(1)	-		17,153	(9)	
Derecognition: disposal, repayment, maturity…	(11,436)	4	-	-	-	-	(11,436)	4	
Write-off						-	-	-	
Changes of cash flows resulting in restructuring due to financial difficulties	-	-	-	-	-	-	-	-	
Changes in models' credit risk parameters during the period		2		-		-	-	2	
Changes in model/methodology		-		-		-	-	-	
Changes in scope	-	-	-	-	-	-	-	-	
Transfers in non-current assets held for sale and discontinued operations	-	-	-	-	-	-	-	-	
Other	287	-	(32)	-	26	(14)	281	(14)	
Total	**57,608**	**(16)**	**71**	**(2)**	**26**	**(14)**	**57,704**	**(32)**	**57,672**
Changes in carrying amount due to specific accounting assessment methods (with no significant impact on loss allowance)[1]	92		-		-		92		
BALANCE AT 31 DECEMBER 2018	**57,699**	**(16)**	**71**	**(2)**	**26**	**(14)**	**57,796**	**(32)**	**57,764**
Contractual amount outstanding of financial assets written off during the period, that are still subject to enforcement measures	-		-		-		-		

(1) Includes the variations of fair value adjustments of micro-hedged instruments, the variations relating to the use of the EIR method (notably the amortisation of premiums/discounts), the variations of the accretion of discounts on restructured loans (recovered as revenue over the remaining term of the asset).
(2) Transfers to impaired maturity ECL (Bucket 3) correspond to outstanding amounts initially classified as Bucket 1 which, during the year, were downgraded directly to Bucket 3, or to Bucket 2 and later to Bucket 3.

6

Financial assets at fair value through other comprehensive income: debt securities

	Performing assets							
	Assets subject to 12-month ECL (Bucket 1)		Assets subject to lifetime ECL (Bucket 2)		Credit-impaired assets (Bucket 3)		Total	
(in millions of euros)	Carrying amount	Loss allowance	Carrying amount	Loss allowance	Carrying amount	Loss allowance	Carrying amount	Loss allowance
Balance at 1 January 2018	**251,848**	**(104)**	**3,630**	**(40)**	**-**	**(4)**	**255,478**	**(148)**
Transfer between buckets during the period	**1,237**	**(3)**	**(1,234)**	**6**			**3**	**3**
Transfer from 12-month ECL (Bucket 1) to lifetime ECL (Bucket 2)	(1)	-	1	-			-	-
Return to lifetime ECL (Bucket 2) from 12-month ECL (Bucket 1)	1,238	(3)	(1,235)	6	-	-	3	3
Transfer to lifetime ECL impaired (Bucket 3)(2)	-	-	-	-	-	-	-	-
Return from lifetime ECL impaired (Bucket 3) to lifetime ECL (Bucket 2) / 12-month ECL (Bucket 1)	-	-	-	-	-	-	-	-
Total after transfer	**253,085**	**(107)**	**2,396**	**(34)**	**-**	**(4)**	**255,481**	**(145)**
Changes in carrying amounts and loss allowances	**(4,996)**	**(6)**	**(236)**	**12**	**-**	**-**	**(5,232)**	**6**
Fair value revaluation during the period	(4,659)		(93)		-		(4,752)	
New financial assets: acquisition, granting, origination…	31,607	(19)	144	(6)			31,751	(25)
Derecognition: disposal, repayment, maturity…	(33,768)	17	(301)	4	-	-	(34,069)	21
Write-off					-	-	-	-
Changes of cash flows resulting in restructuring due to financial difficulties	-	-	15	15	-	-	15	15
Changes in models' credit risk parameters during the period		(4)		(1)		-	-	(5)
Changes in model/methodology		-		-		-	-	-
Changes in scope	124	-	-	-	-	-	124	-
Transfers in non-current assets held for sale and discontinued operations	-	-	-	-	-	-	-	-
Other	1,700	-	(1)	-	-	-	1,699	-
Total	**248,089**	**(113)**	**2,160**	**(22)**	**-**	**(4)**	**250,249**	**(139)**
Changes in carrying amount due to specific accounting assessment methods (with no significant impact on loss allowance)(1)	(53)		6		-		(47)	
BALANCE AT 31 DECEMBER 2018	**248,036**	**(113)**	**2,166**	**(22)**	**-**	**(4)**	**250,202**	**(139)**
Contractual amount outstanding of financial assets written off during the period, that are still subject to enforcement measures	-		-		-		-	

(1) Includes the impacts of the use of the EIR method (notably the amortisation of premiums/discounts).
(2) Transfers to impaired maturity ECL (Bucket 3) correspond to outstanding amounts initially classified as Bucket 1 which, during the year, were downgraded directly to Bucket 3, or to Bucket 2 and later to Bucket 3.

The definitions of the underlined words can be found in the Glossary on page 600.

Financing commitments (excluding Crédit Agricole internal operations)

	Performing commitments				Provisioned commitments (Bucket 3)		Total		
	Commitments subject to 12-month ECL (Bucket 1)		Commitments subject to lifetime ECL (Bucket 2)						
(in millions of euros)	Amount of commitment	Loss allowance	Amount of commitment	Loss allowance	Amount of commitment	Loss allowance	Amount of commitment (a)	Loss allowance (b)	Net amount of commitment (a) + (b)
Balance at 1 January 2018	**142,487**	**(133)**	**6,432**	**(277)**	**484**	**(118)**	**149,403**	**(528)**	**148,875**
Transfer between buckets during the period	**(441)**	**(35)**	**374**	**33**	**67**	**(3)**	**-**	**(5)**	
Transfer from 12-month ECL (Bucket 1) to lifetime ECL (Bucket 2)	(1,373)	7	1,373	(13)			-	(7)	
Return to lifetime ECL (Bucket 2) from 12-month ECL (Bucket 1)	996	(42)	(997)	46			-	4	
Transfer to lifetime ECL impaired (Bucket 3)[1]	(66)	-	(5)	-	71	(3)	-	(3)	
Return from lifetime ECL impaired (Bucket 3) to lifetime ECL (Bucket 2) / 12-month ECL (Bucket 1)	2	-	2	-	(4)	1	-	1	
Total after transfer	**142,046**	**(168)**	**6,806**	**(245)**	**551**	**(121)**	**149,403**	**(533)**	**148,870**
Changes in commitments and loss allowances	**21,119**	**7**	**(1,625)**	**(1)**	**(304)**	**102**	**19,190**	**108**	
New commitments given	62,704	(93)	1,518	(162)	-	-	64,222	(255)	
End of commitments	(44,975)	92	(3,225)	190	(400)	147	(48,600)	429	
Write-off					(42)	42	(42)	42	
Changes of cash flows resulting in restructuring due to financial difficulties	-	8	(3)	9	-	-	(3)	17	
Changes in models' credit risk parameters during the period		8		(26)		(60)		(78)	
Changes in model/methodology		-		-		-		-	
Changes in scope	-	-	-	-	-	-	-	-	
Other	3,390	(8)	86	(12)	138	(27)	3,614	(47)	
BALANCE AT 31 DECEMBER 2018	**163,165**	**(160)**	**5,181**	**(246)**	**247**	**(19)**	**168,593**	**(425)**	**168,168**

(1) Transfers to impaired maturity ECLs (Bucket 3) correspond to outstanding amounts initially classified as Bucket 1 which, during the year, were downgraded directly to Bucket 3, or to Bucket 2 and later to Bucket 3.

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Guarantee commitments (excluding Crédit Agricole internal operations)

	Performing commitments								
	Commitments subject to 12-month ECL (Bucket 1)		Commitments subject to lifetime ECL (Bucket 2)		Provisioned commitments (Bucket 3)		Total		
(in millions of euros)	Amount of commit-ment	Loss allowance	Amount of commit-ment	Loss allowance	Amount of commit-ment	Loss allowance	Amount of commit-ment (a)	Loss allow-ance (b)	Net amount of commit-ment (a) + (b)
Balance at 1 January 2018	**82,642**	**(52)**	**4,061**	**(109)**	**2,875**	**(314)**	**89,578**	**(475)**	**89,103**
Transfer between buckets during the period	**(369)**	**(8)**	**253**	**20**	**116**	**(41)**	**-**	**(29)**	
Transfer from 12-month ECL (Bucket 1) to lifetime ECL (Bucket 2)	(976)	2	976	(4)	-	-	-	(2)	
Return to lifetime ECL (Bucket 2) from 12-month ECL (Bucket 1)	698	(10)	(698)	14	-	-	-	4	
Transfer to lifetime ECL impaired (Bucket 3)(1)	(95)	-	(25)	10	120	(42)	-	(32)	
Return from lifetime ECL impaired (Bucket 3) to lifetime ECL (Bucket 2) / 12-month ECL (Bucket 1)	4	-	-	-	(4)	1	-	1	
Total after transfer	**82,273**	**(60)**	**4,314**	**(89)**	**2,991**	**(355)**	**89,578**	**(504)**	**89,074**
Changes in commitments and loss allowances	**(3,827)**	**4**	**(501)**	**(17)**	**(201)**	**70**	**(4,529)**	**57**	
New commitments given	23,560	(35)	814	(28)			24,374	(63)	
End of commitments	(24,270)	21	(1,598)	52	(337)	122	(26,205)	195	
Write-off	-	-	-	-	(5)	5	(5)	5	
Changes of cash flows resulting in restructuring due to financial difficulties	-	(2)	-	2	-	-	-	-	
Changes in models' credit risk parameters during the period	-	16	-	(31)	-	(75)	-	(90)	
Changes in model/methodology		-		-		-	-	-	
Changes in scope	-	-	-	-	-	-	-	-	
Other	(3,117)	4	283	(12)	141	18	(2,693)	10	
BALANCE AT 31 DECEMBER 2018	**78,446**	**(56)**	**3,813**	**(106)**	**2,790**	**(285)**	**85,049**	**(447)**	**84,602**

(1) Transfers to impaired maturity ECLs (Bucket 3) correspond to outstanding amounts initially classified as Bucket 1 which, during the year, were downgraded directly to Bucket 3, or to Bucket 2 and later to Bucket 3.

The definitions of the underlined words can be found in the Glossary on page 600.

Impairment deducted from financial assets at 31 December 2017

(in millions of euros)	31/12/2016	Changes in scope	Depreciation	Reversals and utilisations	Translation adjustments	Other movements	31/12/2017
Loans and receivables due from credit institutions	435	-	1	(6)	(41)	(3)	386
Loans and receivables due from customers	10,533	292	2,878	(3,588)	(322)	(73)	9,720
Of which collective impairment	2,445	69	291	(687)	(115)	(56)	1,947
Finance leases	272	-	180	(194)	-	1	259
Held-to-maturity securities	-	-	-	-	-	-	-
Available-for-sale financial assets	1,408	117	82	(436)	(12)	(1)	1,158
Other financial assets	173	-	29	(43)	(7)	(17)	135
TOTAL IMPAIRMENT OF FINANCIAL ASSETS	**12,821**	**409**	**3,170**	**(4,267)**	**(382)**	**(93)**	**11,658**

3.1.2 Maximum exposure to credit risk

An entity's maximum exposure to credit risk represents the carrying amount, net of any impairment loss recognised and without taking account of any collateral held or other credit enhancements (*e.g.* netting agreements that do not qualify for offset in accordance with IAS 32).

The tables below show the maximum exposures as well as the amount of collateral held and other credit enhancements allowing this exposure to be reduced.

Impaired assets at the end of the reporting period constitute the impaired assets (Bucket 3).

Financial assets not subject to impairment requirements (accounted at fair value through profit or loss)

	31/12/2018					
		Credit risk mitigation				
		Collateral held as security			Other credit enhancement	
(in millions of euros)	Maximum exposure to credit risk	Financial instruments provided as collateral	Mortgages	Pledged securities	Financial guarantees	Credit derivatives
Financial assets at fair value through profit or loss (excluding equity securities and assets backing unit-linked contracts)	**282,737**	**-**	**1,906**	**472**	**35**	**-**
Financial assets held for trading	**222,828**	-	-	383	-	-
Debt instruments that do not meet the conditions of the "SPPI" test	**59,907**	-	1,906	89	35	-
Financial assets designated at fair value through profit or loss	**2**	-	-	-	-	-
Hedging derivative instruments	**14,322**	**-**	**-**	**506**	**-**	**-**
TOTAL	**297,059**	**-**	**1,906**	**978**	**35**	**-**

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The definitions of the underlined words can be found in the Glossary on page 600.

Financial assets subject to impairment requirements

(in millions of euros)	31/12/2018					
		Credit risk mitigation				
		Collateral held as security			Other credit enhancement	
	Maximum exposure to credit risk	Financial instruments provided as collateral	Mortgages	Pledged securities	Financial guarantees	Credit derivatives
Financial assets at fair value through other comprehensive income that may be reclassified to profit or loss	**250,202**	**-**	**-**	**-**	**-**	**-**
of which impaired assets at the reporting date	1	-	-	-	-	-
Loans and receivables due from credit institutions	**-**	**-**	**-**	**-**	**-**	**-**
of which impaired assets at the reporting date	-	-	-	-	-	-
Loans and receivables due from customers	**1**	**-**	**-**	**-**	**-**	**-**
of which impaired assets at the reporting date	1	-	-	-	-	-
Debt securities	**250,201**	**-**	**-**	**-**	**-**	**-**
of which impaired assets at the reporting date	-	-	-	-	-	-
Financial assets at amortised cost	**527,087**	**8,641**	**76,224**	**6,031**	**105,003**	**387**
of which impaired assets at the reporting date	5,703	128	1,291	26	2,999	-
Loans and receivables due from credit institutions (excluding Crédit Agricole internal transactions)	**99,867**	**1,442**	**-**	**137**	**5,790**	**-**
of which impaired assets at the reporting date	20	-	-	-	2,324	-
Loans and receivables due from customers	**369,456**	**7,199**	**76,224**	**5,894**	**99,213**	**387**
of which impaired assets at the reporting date	5,670	128	1,291	26	675	-
Debt securities	**57,764**	**-**	**-**	**-**	**-**	**-**
of which impaired assets at the reporting date	12	-	-	-	-	-
TOTAL	**777,289**	**8,641**	**76,224**	**6,031**	**105,003**	**387**
of which impaired assets at the reporting date	5,704	128	1,291	26	2,999	-

Off-balance sheet commitments subject to provision requirements

(in millions of euros)	31/12/2018					
		Credit risk mitigation				
		Collateral held as security			Other credit enhancement	
	Maximum exposure to credit risk	Financial instruments provided as collateral	Mortgages	Pledged securities	Financial guarantees	Credit derivatives
Guarantee commitments (excluding Crédit Agricole internal transactions)	**84,603**	**-**	**8**	**357**	**5,995**	**4**
of which provisioned commitments at the reporting date	2,505	-	-	27	13	-
Financing commitments (excluding Crédit Agricole internal transactions)	**168,168**	**-**	**868**	**810**	**16,854**	**4,409**
of which provisioned commitments at the reporting date	228	-	3	8	4	-
TOTAL	**252,771**	**-**	**876**	**1,167**	**22,849**	**4,413**
of which provisioned commitments at the reporting date	2,733	-	3	35	16	-

A description of the assets held as collateral is provided in Note 8 “Commitments given and received and other guarantees”.

The definitions of the underlined words can be found in the Glossary on page 600.

Maximum exposure to credit risk at 31 December 2017

An entity's maximum exposure to credit risk is the gross carrying amount, net of any offset amount and any recognised loss of value.

(in millions of euros)	31/12/2017
Financial assets at fair value through profit or loss (excluding equity securities and assets backing unit-linked contracts)	251,891
Hedging derivative instruments	16,435
Available-for-sale financial assets (excluding equity securities)	276,090
Loans, receivables and security deposits due from credit institutions (excluding Crédit Agricole internal transactions)	106,897
Loans, receivables and security deposits due from customers	367,814
Held-to-maturity financial assets	20,179
Exposure to on-balance sheet commitments (net of impairment losses)	**1,039,306**
Financing commitments given (excluding Crédit Agricole internal operations)	149,257
Financial guarantee commitments given (excluding Crédit Agricole internal operations)	89,600
Provisions – Financing commitments	(489)
Exposure to off-balance sheet financing commitments (net of provisions)	**238,368**
MAXIMUM EXPOSURE TO CREDIT RISK	**1,277,674**

Guarantees and other credit enhancements amount to:

(in millions of euros)	31/12/2017
Loans and receivables due from credit institutions (excluding Crédit Agricole internal transactions)	2,533
Loans and receivables due from customers	178,144
Financing commitments given (excluding Crédit Agricole internal operations)	18,809
Guarantee commitments given (excluding Crédit Agricole internal operations)	4,715

The amounts represent the amounts of guarantees and collateral used in the calculation of capital requirements for the purposes of the solvency ratio. They are valued by the Risk department on the basis of rules drawn up by the Standards and Methodology Committee of Crédit Agricole S.A. Group.

The method used to update this valuation and the frequency at which it is done depends on the nature of the collateral, and is done at least once a year. The amount declared with respect to guarantees received shall be no greater than the amount of assets covered.

3.1.3 Concentrations of credit risk

The carrying amounts and commitments are presented net of impairment and provisions.

Exposure to credit risk by category of credit risk

The credit risk categories are presented by probability of default intervals. The correspondence between internal ratings and probability of default intervals is discussed in the Chapter entitled "Risk Factors and Pillar 3 – Credit Risk Management" in the Crédit Agricole S.A. Registration Document.

Financial assets at amortised cost (excluding Crédit Agricole internal transactions)

		At 31 December 2018			
		Carrying amount			
		Performing assets			
(in million of euros)	Credit risk rating grades	Assets subject to 12-month ECL (Bucket 1)	Assets subject to lifetime ECL (Bucket 2)	Credit-impaired assets (Bucket 3)	Total
Retail customers	PD ≤ 0,5%	87,946	316		**88,262**
	0,5% < PD ≤ 2%	35,973	887		**36,860**
	2% < PD ≤ 20%	20,572	10,655		**31,227**
	20% < PD < 100%		1,711		**1,711**
	PD = 100%			4,897	**4,897**
Total Retail customers		**144,491**	**13,569**	**4,897**	**162,957**
Non-retail customers	PD ≤ 0,6%	285,549	6,194		**291,743**
	0,6% < PD < 12%	61,775	9,323		**71,098**
	12% ≤ PD < 100%		2,754		**2,754**
	PD = 100%			8,557	**8,557**
Total Non-retail customers		**347,324**	**18,271**	**8,557**	**374,152**
Impairment		(835)	(1,420)	(7,751)	**(10,006)**
TOTAL		**490,980**	**30,420**	**5,703**	**527,103**

The definitions of the underlined words can be found in the Glossary on page 600.

Financial assets at fair value through other comprehensive income that may be reclassified to profit or loss

(in million of euros)	Credit risk rating grades	At 31 December 2018			
		Carrying amount			
		Performing assets		Credit-impaired assets (Bucket 3)	Total
		Assets subject to 12-month ECL (Bucket 1)	Assets subject to lifetime ECL (Bucket 2)		
Retail customers	PD ≤ 0,5%	-	-		-
	0,5% < PD ≤ 2%	-	-		-
	2% < PD ≤ 20%	-	-		-
	20% < PD < 100%		-		-
	PD = 100%			-	-
Total Retail customers		**-**	**-**	**-**	**-**
Non-retail customers	PD ≤ 0,6%	246,353	1,446		**247,799**
	0,6% < PD < 12%	1,682	716		**2,398**
	12% ≤ PD < 100%		4		**4**
	PD = 100%			-	-
Total Non-retail customers		**248,035**	**2,166**	**-**	**250,201**
TOTAL		**248,035**	**2,166**	**-**	**250,201**

Financing commitments (excluding Crédit Agricole internal transactions)

(in million of euros)	Credit risk rating grades	At 31 December 2018			
		Amount of commitment			
		Performing commitments		Provisioned commitments (Bucket 3)	Total
		Commitments subject to 12-month ECL (Bucket 1)	Commitments subject to lifetime ECL (Bucket 2)		
Retail customers	PD ≤ 0,5%	12,177	54		**12,231**
	0,5% < PD ≤ 2%	3,010	133		**3,143**
	2% < PD ≤ 20%	2,627	636		**3,263**
	20% < PD < 100%		58		**58**
	PD = 100%			17	**17**
Total Retail customers		**17,814**	**881**	**17**	**18,712**
Non-retail customers	PD ≤ 0,6%	136,687	3,289		**139,976**
	0,6% < PD < 12%	8,663	751		**9,414**
	12% ≤ PD < 100%		260		**260**
	PD = 100%			231	**231**
Total Non-retail customers		**145,350**	**4,300**	**231**	**149,881**
Provisions(1)		(160)	(246)	(19)	**(425)**
TOTAL		**163,004**	**4,935**	**229**	**168,168**

(1) Expected or proven losses in respect of off-balance sheet commitments are covered by provisions recognised as liabilities on the balance sheet.

The definitions of the underlined words can be found in the Glossary on page 600.

Guarantee commitments (excluding Crédit Agricole internal transactions)

		At 31 December 2018			
		Amount of commitment			
		Performing commitments			
(in million of euros)	Credit risk rating grades	Commitments subject to 12-month ECL (Bucket 1)	Commitments subject to lifetime ECL (Bucket 2)	Provisioned commitments (Bucket 3)	Total
Retail customers	PD ≤ 0,5%	868	15		**883**
	0,5% < PD ≤ 2%	135	1		**136**
	2% < PD ≤ 20%	35	19		**54**
	20% < PD < 100%		3		**3**
	PD = 100%			69	**69**
Total Retail customers		**1,038**	**38**	**69**	**1,145**
Non-retail customers	PD ≤ 0,6%	74,849	2,840		**77,689**
	0,6% < PD < 12%	2,558	878		**3,436**
	12% ≤ PD < 100%		58		**58**
	PD = 100%			2,721	**2,721**
Total Non-retail customers		**77,407**	**3,776**	**2,721**	**83,904**
Provisions(1)		(56)	(106)	(285)	**(447)**
TOTAL		**78,389**	**3,708**	**2,505**	**84,602**

(1) Expected or proven losses in respect of off-balance sheet commitments are covered by provisions recognised as liabilities on the balance sheet.

Credit risk concentrations by customer type

Financial assets designated at fair value through profit or loss by customer type

(in millions of euros)	31/12/2018 Carrying amount
General administration	-
Central banks	-
Credit institutions	-
Large corporates	2
Retail customers	-
TOTAL FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS	**2**

(in millions of euros)	31/12/2017 Carrying amount
General administration	-
Central banks	-
Credit institutions	-
Large corporates	2
Retail customers	-
TOTAL LOANS AND RECEIVABLES DESIGNATED AT FAIR VALUE	**2**
Carrying amount of credit derivatives and similar instruments limiting risk exposure	**-**

Financial assets at amortised cost by customer type (excluding Crédit Agricole internal transactions)

	At 31 December 2018			
	Carrying amount			
	Performing assets			
(in millions of euros)	Assets subject to 12-month ECL (Bucket 1)	Assets subject to lifetime ECL (Bucket 2)	Credit-impaired assets (Bucket 3)	Total
General administration	32,642	137	87	**32,866**
Central banks	30,140	-	-	**30,140**
Credit institutions	83,432	70	411	**83,913**
Large corporates	201,057	18,064	8,059	**227,180**
Retail customers	144,544	13,569	4,897	**163,010**
Impairment	(835)	(1,420)	(7,751)	**(10,006)**
TOTAL	**490,980**	**30,420**	**5,703**	**527,103**

Financial assets at fair value through other comprehensive income that may be reclassified to profit or loss by customer type

	At 31 December 2018			
	Carrying amount			
	Performing assets		Credit-impaired assets (Bucket 3)	
(in millions of euros)	Assets subject to 12-month ECL (Bucket 1)	Assets subject to lifetime ECL (Bucket 2)		Total
General administration	107,245	447	-	**107,692**
Central banks	1,025	-	-	**1,025**
Credit institutions	71,789	3	-	**71,792**
Large corporates	67,977	1,716	-	**69,693**
Retail customers	-	-	-	**-**
TOTAL	**248,036**	**2,166**	**-**	**250,202**

Due to customers by customer type

(in millions of euros)	31/12/2018	31/12/2017
General administration	16,803	15,575
Large corporates	200,104	174,494
Retail customers	380,263	360,677
TOTAL AMOUNT DUE TO CUSTOMERS	**597,170**	**550,746**

Financing commitments by customer type (excluding Crédit Agricole internal transactions)

	At 31 December 2018			
	Amount of commitment			
	Performing commitments		Provisioned commitments (Bucket 3)	
(in millions of euros)	Commitments subject to 12-month ECL (Bucket 1)	Commitments subject to lifetime ECL (Bucket 2)		Total
General administration	4,076	8	-	**4,084**
Central banks	641	-	-	**641**
Credit institutions	23,983	-	1	**23,984**
Large corporates	116,651	4,292	230	**121,173**
Retail customers	17,814	881	16	**18,711**
Provisions(1)	(160)	(246)	(19)	**(425)**
TOTAL	**163,005**	**4,935**	**228**	**168,168**

(1) Expected or proven losses in respect of off-balance sheet commitments are covered by provisions recognised as liabilities on the balance sheet.

Guarantee commitments by customer type (excluding Crédit Agricole internal transactions)

	At 31 December 2018			
	Amount of commitment			
	Performing commitments		Provisioned commitments (Bucket 3)	
(in million of euros)	Commitments subject to 12-month ECL (Bucket 1)	Commitments subject to lifetime ECL (Bucket 2)		Total
General administration	332	6	-	**338**
Central banks	568	-	-	**568**
Credit institutions	7,811	28	59	**7,898**
Large corporates	68,696	3,742	2,662	**75,100**
Retail customers	1,038	38	69	**1,145**
Provisions(1)	(56)	(106)	(285)	**(447)**
TOTAL	**78,389**	**3,708**	**2,505**	**84,602**

(1) Expected or proven losses in respect of off-balance sheet commitments are covered by provisions recognised as liabilities on the balance sheet.

The definitions of the underlined words can be found in the Glossary on page 600.

Loans and receivables due from credit institutions and due from customers by customer type (excluding Crédit Agricole internal transactions) at 31 December 2017

	31/12/2017				
(in millions of euros)	Gross outstanding	of which gross loans and receivables individually impaired	Individual impairment	Collective impairment	Total
General administration	6,008	102	21	29	**5,958**
Central banks	18,955	-	-	-	**18,955**
Credit institutions	76,027	(411)	386	-	**75,641**
Large corporates	209,796	9,656	4,996	1,229	**203,571**
Retail customers	154,254	5,528	3,016	689	**150,549**
TOTAL LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS AND DUE FROM CUSTOMERS	**465,040**(1)	**15,697**	**8,419**	**1,947**	**454,674**

(1) Of which €11,449 million in restructured loans.

Commitments given to customers by customer type at 31 December 2017

(in millions of euros)	31/12/2017
Financing commitments given to customers	
General administration	1,938
Large corporates	106,652
Retail customers	16,685
TOTAL LOAN COMMITMENTS	**125,275**
Guarantee commitments given to customers	
General administration	293
Large corporates	80,126
Retail customers	1,201
TOTAL GUARANTEE COMMITMENTS	**81,620**

Credit risk concentrations by geographical area

Financial assets at amortised cost by geographical area (excluding Crédit Agricole internal transactions)

	At 31 December 2018			
	Carrying amount			
	Performing assets			
(in millions of euros)	Assets subject to 12-month ECL (Bucket 1)	Assets subject to lifetime ECL (Bucket 2)	Credit-impaired assets (Bucket 3)	Total
France (including overseas departments and territories)	247,024	14,920	4,495	**266,439**
Other European Union countries	141,448	8,403	6,238	**156,089**
Other European countries	15,940	1,038	297	**17,275**
North America	31,693	871	123	**32,687**
Central and South America	8,782	1,581	709	**11,072**
Africa and Middle East	14,636	1,991	1,278	**17,905**
Asia-Pacific (ex. Japan)	24,761	2,746	314	**27,821**
Japan	5,211	290	-	**5,501**
Supranational organisations	2,320	-	-	**2,320**
Impairment	(835)	(1,420)	(7,751)	**(10,006)**
TOTAL	**490,980**	**30,420**	**5,703**	**527,103**

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Financial assets at fair value through other comprehensive income that may be reclassified to profit or loss by geographical area

	At 31 December 2018			
	Carrying amount			
	Performing assets		Credit-impaired assets (Bucket 3)	Total
(in millions of euros)	Assets subject to 12-month ECL (Bucket 1)	Assets subject to lifetime ECL (Bucket 2)		
France (including overseas departments and territories)	123,231	1,088	-	**124,319**
Other European Union countries	87,396	1,078	-	**88,474**
Other European countries	4,248	-	-	**4,248**
North America	20,866	-	-	**20,866**
Central and South America	238	-	-	**238**
Africa and Middle East	1,269	-	-	**1,269**
Asia-Pacific (ex. Japan)	6,027	-	-	**6,027**
Japan	426	-	-	**426**
Supranational organisations	4,335	-	-	**4,335**
TOTAL	**248,036**	**2,166**	**-**	**250,202**

Due to customers by geographical area

(in millions of euros)	31/12/2018	31/12/2017
France (including overseas departments and territories)	412,491	389,500
Other European Union countries	111,558	100,036
Other European countries	15,434	12,328
North America	14,180	12,704
Central and South America	4,170	5,281
Africa and Middle East	12,736	12,448
Asia-Pacific (ex. Japan)	12,789	10,523
Japan	13,723	7,683
Supranational organisations	89	243
TOTAL AMOUNT DUE TO CUSTOMERS	**597,170**	**550,746**

Financing commitments by geographical area (excluding Crédit Agricole internal transactions)

	At 31 December 2018			
	Amount of commitment			
	Performing commitments		Provisioned commitments (Bucket 3)	Total
(in millions of euros)	Commitments subject to 12-month ECL (Bucket 1)	Commitments subject to lifetime ECL (Bucket 2)		
France (including overseas departments and territories)	64,377	1,755	88	**66,220**
Other European Union countries	45,323	1,535	132	**46,990**
Other European countries	6,552	225	11	**6,788**
North America	26,962	1,159	13	**28,134**
Central and South America	3,182	149	-	**3,331**
Africa and Middle East	5,766	155	3	**5,924**
Asia-Pacific (ex. Japan)	7,412	202	-	**7,614**
Japan	3,591	1	-	**3,592**
Supranational organisations	-	-	-	**-**
Provisions(1)	(160)	(246)	(19)	**(425)**
TOTAL	**163,005**	**4,935**	**228**	**168,168**

(1) Expected or proven losses in respect of off-balance sheet commitments are covered by provisions recognised as liabilities on the balance sheet.

The definitions of the underlined words can be found in the Glossary on page 600.

Guarantee commitments by geographical area (excluding Crédit Agricole internal transactions)

	At 31 December 2018			
	Amount of commitment			
	Performing commitments			
(in millions of euros)	Commitments subject to 12-month ECL (Bucket 1)	Commitments subject to lifetime ECL (Bucket 2)	Provisioned commitments (Bucket 3)	Total
France (including overseas departments and territories)	34,766	1,022	309	**36,097**
Other European Union countries	16,323	1,219	2,345	**19,887**
Other European countries	4,197	607	-	**4,804**
North America	9,828	312	24	**10,164**
Central and South America	1,485	18	69	**1,572**
Africa and Middle East	3,256	105	43	**3,404**
Asia-Pacific (ex. Japan)	5,395	298	-	**5,693**
Japan	3,195	233	-	**3,428**
Supranational organisations	-	-	-	**-**
Provisions[1]	(56)	(106)	(285)	**(447)**
TOTAL	**78,389**	**3,708**	**2,505**	**84,602**

(1) Expected or proven losses in respect of off-balance sheet commitments are covered by provisions recognised as liabilities on the balance sheet.

Loans and receivables due from credit institutions and due from customers by geographical area (excluding Crédit Agricole internal transactions) at 31 December 2017

	31/12/2017				
(in millions of euros)	Gross outstanding	of which gross loans and receivables individually impaired	Individual impairment	Collective impairment	Total
France (including overseas departments and territories)	240,312	4,671	2,314	562	**237,436**
Other European Union countries	127,014	7,907	3,963	741	**122,310**
Other European countries	14,239	391	283	70	**13,886**
North America	25,931	152	53	246	**25,632**
Central and South America	11,678	964	756	59	**10,863**
Africa and Middle East	17,196	1,164	894	149	**16,153**
Asia-Pacific (ex. Japan)	24,981	429	156	115	**24,710**
Japan	3,575	19	-	5	**3,570**
Supranational organisations	114	-	-	-	**114**
TOTAL LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS AND DUE FROM CUSTOMERS	**465,040[1]**	**15,697**	**8,419**	**1,947**	**454,674**

(1) Of which €11,449 million in restructured loans.

Commitments given to customers by geographical area at 31 December 2017

(in millions of euros)	31/12/2017
Financing commitments given to customers	
France (including overseas departments and territories)	50,489
Other European Union countries	33,677
Other European countries	5,094
North America	19,865
Central and South America	5,710
Africa and Middle East	3,545
Asia-Pacific (ex-Japan)	5,919
Japan	976
Total loan commitments	**125,275**
Guarantee commitments given to customers	
France (including overseas departments and territories)	44,965
Other European Union countries	16,445
Other European countries	3,313
North America	7,502
Central and South America	1,121
Africa and Middle East	1,229
Asia-Pacific (ex-Japan)	4,003
Japan	3,043
Total guarantee commitments	**81,620**

3.1.4 Information on financial assets that were past due or individually impaired

Analysis of financial assets that were past due or individually impaired by customer type

	31/12/2018								
	Assets without significant increase in credit risk since initial recognition (Bucket 1)			Assets with significant increase in credit risk since initial recognition but not impaired (Bucket 2)			Credit-impaired assets (Bucket 3)		
(in millions of euros)	≤ 30 days	> 30 days up to ≤ 90 days	> 90 days	≤ 30 days	> 30 days up to ≤ 90 days	> 90 days	≤ 30 days	> 30 days up to ≤ 90 days	> 90 days
Debt securities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
General administration	-	-	-	-	-	-	-	-	-
Central banks	-	-	-	-	-	-	-	-	-
Credit institutions	-	-	-	-	-	-	-	-	-
Large corporates	-	-	-	-	-	-	-	-	-
Retail customers	-	-	-	-	-	-	-	-	-
Loans and receivables	**4,189**	**1,015**	**-**	**995**	**1,149**	**41**	**64**	**477**	**4,668**
General administration	51	163	-	3	1	-	-	-	60
Central banks	-	-	-	-	-	-	-	-	-
Credit institutions	28	24	-	2	1	-	-	-	-
Large corporates	2,819	577	-	147	713	8	11	284	3,149
Retail customers	1,290	252	-	843	434	33	53	193	1,458
TOTAL	**4,189**	**1,015**	**-**	**995**	**1,149**	**41**	**64**	**477**	**4,668**

The definitions of the underlined words can be found in the Glossary on page 600.

	31/12/2017						
	Payments arrears on watch list loans						
(in millions of euros)	≤ 90 days	> 90 days up to ≤ 180 days	> 180 days up to ≤ 1 year	> 1 year	Net carrying amount of financial assets that were past due	Net carrying amount of individually impaired financial assets	Impairment of individually and collectively tested financial assets
Equity instruments	**-**	**-**	**-**	**-**	**-**	**1,931**	**1,085**
Debt instruments	**-**	**-**	**-**	**-**	**-**	**57**	**244**
General administration	-	-	-	-	-	-	-
Central banks	-	-	-	-	-	-	-
Credit institutions	-	-	-	-	-	1	1
Large corporates	-	-	-	-	-	56	243
Retail customers	-	-	-	-	-	-	-
Loans and receivables	**5,096**	**165**	**115**	**108**	**5,485**	**7,278**	**10,366**
General administration	50	3	1	2	55	81	50
Central banks	-	-	-	-	-	-	-
Credit institutions	40	3	2	2	46	25	386
Large corporates	2,170	103	71	78	2,422	4,660	6,225
Retail customers	2,836	56	42	27	2,961	2,512	3,705
TOTAL WATCH LIST OR INDIVIDUALLY IMPAIRED FINANCIAL ASSETS	**5,096**	**165**	**115**	**108**	**5,485**	**9,266**	**11,695**

3.2 MARKET RISK

(See chapter on « Risk management – Market risk »)

Derivative instruments: analysis by remaining maturity

The breakdown of market values of derivative instruments is shown by remaining contractual maturity.

Hedging derivative instruments – fair value of assets

	31/12/2018						
	Exchange-traded transactions			Over-the-counter transactions			
(in millions of euros)	≤ 1 year	> 1 year up to ≤ 5 years	> 5 years	≤ 1 year	> 1 year up to ≤ 5 years	> 5 years	Total market value
Interest rate instruments	**-**	**-**	**-**	**1,586**	**5,291**	**7,062**	**13,938**
Futures	-	-	-	-	-	-	**-**
FRAs	-	-	-	-	-	-	**-**
Interest rate swaps	-	-	-	1,496	5,283	7,062	**13,840**
Interest rate options	-	-	-	-	-	-	**-**
Caps – floors – collars	-	-	-	90	8	-	**98**
Other options	-	-	-	-	-	-	**-**
Currency	**-**	**-**	**-**	**100**	**49**	**19**	**168**
Currency futures	-	-	-	100	49	19	**168**
Currency options	-	-	-	-	-	-	**-**
Other instruments	**-**	**-**	**-**	**46**	**-**	**-**	**46**
Other	-	-	-	46	-	-	**46**
Subtotal	**-**	**-**	**-**	**1,731**	**5,340**	**7,081**	**14,152**
Forward currency transactions	-	-	-	170	-	-	**170**
TOTAL FAIR VALUE OF HEDGING DERIVATIVES – ASSETS	**-**	**-**	**-**	**1,901**	**5,340**	**7,081**	**14,322**

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	31/12/2017			
	Derivative instruments by maturity			Total market value
(in millions of euros)	≤ 1 year	> 1 year up to ≤ 5 years	> 5 years	
Interest rate instruments	**1,529**	**6,163**	**8,125**	**15,817**
Interest rate swaps	1,445	6,163	8,124	**15,732**
Interest rate options	-	-	-	**-**
Caps – floors – collars	84	-	-	**84**
Other options	-	-	1	**1**
Currency and gold instruments	**177**	**44**	**73**	**294**
Currency futures	173	44	73	**290**
Currency options	4	-	-	**4**
Other instruments	**74**	**-**	**-**	**74**
Equity and index derivatives	74	-	-	**74**
Subtotal	**1,780**	**6,207**	**8,198**	**16,185**
Forward currency transactions	250	-	-	**250**
TOTAL FAIR VALUE OF HEDGING DERIVATIVES – ASSETS	**2,030**	**6,207**	**8,198**	**16,435**

Hedging derivative instruments – fair value of liabilities

	31/12/2018						
	Exchange-traded transactions			Over-the-counter transactions			Total market value
(in millions of euros)	≤ 1 year	> 1 year up to ≤ 5 years	> 5 years	≤ 1 year	> 1 year up to ≤ 5 years	> 5 years	
Interest rate instruments	**-**	**-**	**-**	**1,165**	**4,745**	**5,755**	**11,665**
Futures	-	-	-	-	-	-	**-**
FRAs	-	-	-	-	-	-	**-**
Interest rate swaps	-	-	-	1,156	4,739	5,755	**11,650**
Interest rate options	-	-	-	-	-	-	**-**
Caps – floors – collars	-	-	-	9	6	-	**15**
Other options	-	-	-	-	-	-	**-**
Currency instruments	**-**	**-**	**-**	**111**	**3**	**5**	**119**
Currency futures	-	-	-	111	3	5	**119**
Currency options	-	-	-	-	-	-	**-**
Other instruments	**-**	**-**	**-**	**65**	**-**	**-**	**65**
Others	-	-	-	65	-	-	**65**
Subtotal	**-**	**-**	**-**	**1,341**	**4,748**	**5,760**	**11,849**
Forward currency transactions	-	-	-	236	-	-	**236**
TOTAL FAIR VALUE OF HEDGING DERIVATIVES – LIABILITIES	**-**	**-**	**-**	**1,577**	**4,748**	**5,760**	**12,085**

The definitions of the underlined words can be found in the Glossary on page 600.

(in millions of euros)	31/12/2017 Derivative instruments by maturity ≤ 1 year	> 1 year up to ≤ 5 years	> 5 years	Total market value
Interest rate instruments	**1,250**	**3,897**	**7,653**	**12,800**
Interest rate swaps	1,232	3,882	7,653	**12,767**
Interest rate options	-	-	-	**-**
Caps – floors – collars	16	12	-	**28**
Other options	2	3	-	**5**
Currency and gold instruments	**212**	**13**	**8**	**233**
Currency futures	209	13	8	**230**
Currency options	3	-	-	**3**
Other instruments	**35**	**-**	**-**	**35**
Equity and index derivatives	35	-	-	**35**
Subtotal	**1,497**	**3,910**	**7,661**	**13,068**
Forward currency transactions	193	10	-	**203**
TOTAL FAIR VALUE OF HEDGING DERIVATIVES – LIABILITIES	**1,690**	**3,920**	**7,661**	**13,271**

Derivative instruments held for trading – fair value of assets

(in millions of euros)	31/12/2018 Exchange-traded transactions ≤ 1 year	Exchange-traded > 1 year up to ≤ 5 years	Exchange-traded > 5 years	Over-the-counter transactions ≤ 1 year	Over-the-counter > 1 year up to ≤ 5 years	Over-the-counter > 5 years	Total market value
Interest rate instruments	**687**	**1,460**	**2,207**	**2,431**	**16,344**	**42,584**	**65,713**
Futures	674	1,458	2,207	-	-	-	**4,339**
FRAs	-	-	-	3	-	-	**3**
Interest rate swaps	-	-	-	1,660	12,458	30,457	**44,575**
Interest rate options	-	-	-	309	2,082	10,732	**13,123**
Caps – floors – collars	-	-	-	459	1,804	1,395	**3,658**
Other options	13	2	-	-	-	-	**15**
Currency instruments	**29**	**-**	**-**	**3,997**	**2,479**	**2,692**	**9,197**
Currency futures	29	-	-	2,928	1,596	2,219	**6,772**
Currency options	-	-	-	1,069	883	473	**2,425**
Other instruments	**563**	**245**	**51**	**1,703**	**3,659**	**1,277**	**7,498**
Equity and index derivatives	563	245	51	1,046	3,658	1,240	**6,803**
Precious metal derivatives	-	-	-	30	1	-	**31**
Commodities derivatives	-	-	-	1	-	-	**1**
Credit derivatives	-	-	-	528	-	35	**563**
Others	-	-	-	98	-	2	**100**
Subtotal	**1,279**	**1,705**	**2,258**	**8,131**	**22,482**	**46,553**	**82,408**
Forward currency transactions	-	-	-	10,942	1,156	48	**12,146**
TOTAL FAIR VALUE OF TRANSACTION DERIVATIVES – ASSETS	**1,279**	**1,705**	**2,258**	**19,073**	**23,638**	**46,601**	**94,554**

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(in millions of euros)	31/12/2017 Exchange-traded ≤ 1 year	Exchange-traded > 1 year up to ≤ 5 years	Exchange-traded > 5 years	Over-the-counter ≤ 1 year	Over-the-counter > 1 year up to ≤ 5 years	Over-the-counter > 5 years	Total market value
Interest rate instruments	**175**	**1,022**	**1,812**	**7,789**	**18,122**	**48,645**	**77,565**
Futures	168	1,020	1,812	-	-	-	**3,000**
FRAs	-	-	-	258	95	-	**353**
Interest rate swaps	-	-	-	6,410	14,098	32,905	**53,413**
Interest rate options	-	-	-	486	1,762	14,243	**16,491**
Caps – floors – collars	-	-	-	634	2,167	1,497	**4,298**
Other options	7	2	-	1	-	-	**10**
Currency and gold intruments	**15**	**-**	**-**	**3,510**	**2,985**	**2,256**	**8,766**
Currency futures	3	-	-	3,046	1,995	1,463	**6,507**
Currency options	12	-	-	464	990	793	**2,259**
Other instruments	**86**	**343**	**605**	**1,511**	**2,896**	**545**	**5,986**
Equity and index derivatives	85	342	605	1,443	2,525	392	**5,392**
Precious metal derivatives	1	-	-	5	-	21	**27**
Commodities derivatives	-	-	-	-	-	-	**-**
Credit derivatives	-	-	-	26	367	58	**451**
Other	-	1	-	37	4	74	**116**
Subtotal	**276**	**1,365**	**2,417**	**12,810**	**24,003**	**51,446**	**92,317**
Forward currency transactions	-	-	-	11,602	1,762	114	**13,478**
TOTAL FAIR VALUE OF TRANSACTION DERIVATIVES – ASSETS	**276**	**1,365**	**2,417**	**24,412**	**25,765**	**51,560**	**105,795**

Derivative instruments held for trading – fair value of liabilities

(in millions of euros)	31/12/2018 Exchange-traded transactions ≤ 1 year	Exchange-traded transactions > 1 year up to ≤ 5 years	Exchange-traded transactions > 5 years	Over-the-counter transactions ≤ 1 year	Over-the-counter transactions > 1 year up to ≤ 5 years	Over-the-counter transactions > 5 years	Total market value
Interest rate instruments	**739**	**1,113**	**2,077**	**2,149**	**15,957**	**43,041**	**65,076**
Futures	732	1,112	2,077	-	-	-	**3,921**
FRAs	-	-	-	-	-	-	**-**
Interest rate swaps	-	-	-	1,863	12,463	30,319	**44,646**
Interest rate options	-	-	-	132	1,608	10,795	**12,535**
Caps – floors – collars	-	-	-	153	1,886	1,927	**3,965**
Other options	7	1	-	1	-	-	**9**
Currency instruments	**103**	**-**	**-**	**3,481**	**2,171**	**2,270**	**8,023**
Currency futures	103	-	-	2,441	1,862	1,891	**6,295**
Currency options	-	-	-	1,040	309	379	**1,728**
Other instruments	**251**	**518**	**190**	**1,616**	**1,931**	**1,534**	**6,041**
Equity and index derivatives	251	518	190	720	1,849	1,493	**5,021**
Precious metal derivatives	-	-	-	40	-	-	**41**
Commodities derivatives	-	-	-	-	-	-	**-**
Credit derivatives	-	-	-	760	82	41	**883**
Others	-	-	-	96	-	-	**96**
Subtotal	**1,093**	**1,631**	**2,267**	**7,246**	**20,059**	**46,845**	**79,139**
Forward currency transactions	-	-	-	11,531	1,918	14	**13,465**
TOTAL FAIR VALUE OF TRANSACTION DERIVATIVES – LIABILITIES	**1,093**	**1,631**	**2,267**	**18,777**	**21,977**	**46,859**	**92,604**

The definitions of the underlined words can be found in the Glossary on page 600.

(in millions of euros)	31/12/2017						
	Exchange-traded			Over-the-counter			Total market value
	≤ 1 year	> 1 year up to ≤ 5 years	> 5 years	≤ 1 year	> 1 year up to ≤ 5 years	> 5 years	
Interest rate instruments	**136**	**821**	**1,396**	**7,923**	**18,027**	**50,859**	**79,162**
Futures	135	795	1,396	-	-	-	**2,326**
FRAs	-	-	-	263	89	-	**352**
Interest rate swaps	-	-	-	7,152	13,841	34,305	**55,298**
Interest rate options	-	-	-	115	1,686	14,564	**16,365**
Caps – floors – collars	-	-	-	391	2,411	1,990	**4,792**
Other options	1	26	-	2	-	-	**29**
Currency and gold instruments	**34**	**-**	**-**	**3,577**	**2,280**	**1,885**	**7,776**
Currency futures	-	-	-	2,763	1,991	1,333	**6,087**
Currency options	34	-	-	814	289	552	**1,689**
Other instruments	**93**	**311**	**656**	**725**	**2,565**	**574**	**4,924**
Equity and index derivatives	86	311	656	504	1,970	527	**4,054**
Precious metal derivatives	7	-	-	3	1	16	**27**
Credit derivatives	-	-	-	203	594	31	**828**
Others	-	-	-	15	-	-	**15**
Subtotal	**263**	**1,132**	**2,052**	**12,225**	**22,872**	**53,318**	**91,862**
Forward currency transactions	-	-	-	11,988	2,578	81	**14,647**
TOTAL FAIR VALUE OF TRANSACTION DERIVATIVES – LIABILITIES	**263**	**1,132**	**2,052**	**24,213**	**25,450**	**53,399**	**106,509**

Derivative instruments: total commitments

(in millions of euros)	31/12/2018 Total notional amount outstanding	31/12/2017 Total notional amount outstanding
Interest rate instruments	**9,932,779**	**10,032,748**
Futures	2,630,775	2,071,162
FRAs	2,180	670
Interest rate swaps	5,912,426	6,641,709
Interest rate options	719,866	705,566
Caps – floors – collars	470,579	461,944
Other options	196,953	151,697
Currency instruments	**578,345**	**1,582,256**
Currency futures	288,920	1,358,839
Currency options	289,425	223,417
Other instruments	**127,095**	**123,232**
Equity and index derivatives	90,220	90,188
Precious metal derivatives	4,433	861
Commodities derivatives	8	1
Credit derivatives	29,196	32,182
Others	3,238	-
Subtotal	**10,638,219**	**11,738,236**
Forward currency transactions	1,878,752	533,483
TOTAL NOTIONAL AMOUNT	**12,516,971**	**12,271,719**

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3.3 LIQUIDITY AND FINANCING RISK

(See chapter on "Risk management – Asset/Liability Management")

Loans and receivables due from credit institutions and from customers by residual maturity

	31/12/2018					
(in millions of euros)	≤ 3 months	> 3 months up to ≤ 1 year	> 1 year up to ≤ 5 years	> 5 years	Indefinite	Total
Loans and receivables due from credit institutions (including Crédit Agricole internal transactions)	97,278	92,938	149,050	74,134	-	**413,400**
Loans and receivables due from customers (including finance leases)	84,774	39,763	134,781	115,915	3,778	**379,011**
Total	**182,052**	**132,701**	**283,831**	**190,049**	**3,778**	**792,411**
Impairment						**(9,974)**
TOTAL LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS AND FROM CUSTOMERS						**782,437**

	31/12/2017					
(in millions of euros)	≤ 3 months	> 3 months up to ≤ 1 year	> 1 year up to ≤ 5 years	> 5 years	Indefinite	Total
Loans and receivables due from credit institutions (including Crédit Agricole internal transactions)	92,041	89,025	143,588	69,782	-	**394,436**
Loans and receivables due from customers (of which finance leases)	91,928	38,308	126,191	109,320	4,312	**370,059**
Total	**183,969**	**127,333**	**269,779**	**179,102**	**4,312**	**764,495**
Impairment						**(10,365)**
TOTAL LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS AND FROM CUSTOMERS						**754,130**

Due to credit institutions and to customers by residual maturity

	31/12/2018					
(in millions of euros)	≤ 3 months	> 3 months up to ≤ 1 year	> 1 year up to ≤ 5 years	> 5 years	Indefinite	Total
Due to credit institutions (including Crédit Agricole internal transactions)	66,961	13,880	37,035	14,084	-	**131,960**
Due to customers	517,118	43,794	30,836	5,422	-	**597,170**
TOTAL AMOUNT DUE TO CREDIT INSTITUTIONS AND TO CUSTOMERS	**584,079**	**57,674**	**67,871**	**19,506**	**-**	**729,130**

	31/12/2017					
(in millions of euros)	≤ 3 months	> 3 months up to ≤ 1 year	> 1 year up to ≤ 5 years	> 5 years	Indefinite	Total
Due to credit institutions (including Crédit Agricole internal transactions)	55,616	13,960	38,252	17,762	-	**125,590**
Due to customers	479,428	36,163	29,575	5,580	-	**550,746**
TOTAL AMOUNT DUE TO CREDIT INSTITUTIONS AND TO CUSTOMERS	**535,044**	**50,123**	**67,827**	**23,342**	**-**	**676,336**

The definitions of the underlined words can be found in the Glossary on page 600.

Debt securities and subordinated debt

(in millions of euros)	31/12/2018 ≤ 3 months	> 3 months up to ≤ 1 year	> 1 year up to ≤ 5 years	> 5 years	Indefinite	Total
Debt securities						
Interest bearing notes	54	55	17	-	-	**126**
Interbank securities	329	1,576	6,273	2,128	-	**10,306**
Negotiable debt securities	48,947	25,455	4,150	57	-	**78,609**
Bonds	4,946	5,023	41,565	40,813	-	**92,347**
Other debt securities	887	937	1,258	-	-	**3,082**
TOTAL DEBT SECURITIES	**55,163**	**33,046**	**53,263**	**42,998**	**-**	**184,470**
Subordinated debt						
Dated subordinated debt	217	2,147	2,551	15,567	-	**20,482**
Undated subordinated debt	-	-	-	-	2,061	**2,061**
Mutual security deposits	-	-	-	-	161	**161**
Participating securities and loans	60	-	-	1	-	**61**
TOTAL SUBORDINATED DEBT	**277**	**2,147**	**2,551**	**15,568**	**2,222**	**22,765**

(in millions of euros)	31/12/2017 ≤ 3 months	> 3 months up to ≤ 1 year	> 1 year up to ≤ 5 years	> 5 years	Indefinite	Total
Debt securities						
Interest bearing notes	61	69	-	-	-	**130**
Interbank securities	221	1,359	6,306	3,800	-	**11,686**
Negotiable debt securities	40,331	17,653	3,715	192	-	**61,891**
Bonds	4,693	4,262	32,546	44,675	-	**86,176**
Other debt securities	849	1,206	1,770	-	-	**3,825**
TOTAL DEBT SECURITIES	**46,155**	**24,549**	**44,337**	**48,667**	**-**	**163,708**
Subordinated debt						
Dated subordinated debt	2,141	543	5,483	14,063	-	**22,230**
Undated subordinated debt	67	-	-	-	2,867	**2,934**
Mutual security deposits	-	-	-	-	171	**171**
Participating securities and loans	-	-	-	1	85	**86**
TOTAL SUBORDINATED DEBT	**2,208**	**543**	**5,483**	**14,064**	**3,123**	**25,421**

Financial guarantees at risk given by expected maturity

The amounts presented correspond to the expected amount of the call of financial guarantees at risk, *i.e.* guarantees that have been impaired or are on a watch-list.

(in millions of euros)	31/12/2018 ≤ 3 months	> 3 months up to ≤ 1 year	> 1 year up to ≤ 5 years	> 5 years	Indefinite	Total
Financial guarantees given	164	103	-	-	-	**267**

(in millions of euros)	31/12/2017 ≤ 3 months	> 3 months up to ≤ 1 year	> 1 year up to ≤ 5 years	> 5 years	Indefinite	Total
Financial guarantees given	154	67	-	-	-	**221**

Contractual maturities of derivative instruments are given in Note 3.2 “Market risk”.

3.4 CASH FLOW AND FAIR VALUE INTEREST RATE AND FOREIGN EXCHANGE HEDGING

(See Note 3.2 "Market risk" and chapter on "Risk management – Asset/ Liability Management")

Fair value hedges

A fair value hedge modifies the risk caused by changes in the fair value of a fixed-rate financial instrument as a result of changes in interest rates. Fair value hedges transform fixed-rate assets or liabilities into floating-rate assets or liabilities.

Items hedged are principally fixed-rate loans, securities, deposits and subordinated debts.

Future cash flow hedges

A cash flow hedge modifies the risk related to variability in cash flows arising from floating-rate financial instruments.

Items hedged are principally floating-rate loans and deposits.

Hedge of net investment in foreign currency

A hedge of a net investment in foreign currency modifies the risk inherent in exchange rate fluctuations connected with foreign currency investments in subsidiaries.

Hedging derivative instruments

	31/12/2018		
	Market value		Notional amount
(in millions of euros)	Positive	Negative	
Fair value hedges	**12,648**	**11,750**	**783,720**
Interest rate	12,397	11,522	746,100
Foreign exchange	251	228	37,620
Others	-	-	-
Cash flow hedges	**1,665**	**287**	**61,999**
Interest rate	1,541	143	27,724
Foreign exchange	78	79	34,135
Others	46	65	140
Hedges of net investments in foreign operations	**9**	**48**	**4,543**
TOTAL HEDGING DERIVATIVE INSTRUMENTS	**14,322**	**12,085**	**850,262**

	31/12/2017		
	Market value		Notional Amount
(in millions of euros)	Positive	Negative	
Fair value hedges	**14,627**	**12,997**	**829,366**
Interest rate	14,156	12,687	795,125
Equity instruments	-	-	-
Foreign exchange	471	310	34,241
Credit	-	-	-
Commodities	-	-	-
Others	-	-	-
Cash flow hedges	**1,783**	**244**	**30,443**
Interest rate	1,662	112	23,850
Equity instruments	74	35	159
Foreign exchange	47	97	6,434
Credit	-	-	-
Commodities	-	-	-
Others	-	-	-
Hedges of net investments in foreign operations	**25**	**30**	**3,187**
TOTAL HEDGING DERIVATIVE INSTRUMENTS	**16,435**	**13,271**	**862,996**

The definitions of the underlined words can be found in the Glossary on page 600.

Hedging derivatives: analysis by remaining maturity (notionals)

The breakdown of notionals values of derivative instruments is shown by remaining contractual maturity.

	31/12/2018						
	Exchange-traded transactions			Over-the-counter transactions			
(in millions of euros)	≤ 1 year	> 1 year up to ≤ 5 years	> 5 years	≤ 1 year	> 1 year up to ≤ 5 years	> 5 years	Total notional
Interest rate instruments	**-**	**-**	**-**	**273,147**	**255,434**	**245,243**	**773,824**
Futures	-	-	-	-	-	-	**-**
FRAs	-	-	-	-	-	-	**-**
Interest rate swaps	-	-	-	273,043	254,339	242,755	**770,137**
Interest rate options	-	-	-	-	-	-	**-**
Caps – floors – collars	-	-	-	104	1,095	2,488	**3,687**
Other options	-	-	-	-	-	-	**-**
Currency instruments	**-**	**-**	**-**	**12,350**	**1,984**	**-**	**14,334**
Currency futures	-	-	-	12,350	1,984	-	**14,334**
Currency options	-	-	-	-	-	-	**-**
Other instruments	**-**	**-**	**-**	**140**	**-**	**-**	**140**
Others	-	-	-	140	-	-	**140**
Subtotal	**-**	**-**	**-**	**285,637**	**257,418**	**245,243**	**788,298**
Forward currency transactions	-	-	-	57,193	2,082	2,689	**61,964**
TOTAL NOTIONAL OF HEDGING DERIVATIVES	**-**	**-**	**-**	**342,830**	**259,500**	**247,932**	**850,262**

Note 3.2 “Market risk – Derivative instruments: analysis by remaining maturity” breaks down the market value of hedging derivative instruments by remaining contractual maturity.

Fair value hedges

Hedging derivative instruments

	31/12/2018			
	Carrying amount			
(in millions of euros)	Assets	Liabilities	Changes in fair value during the period (including termination of hedges during the period)	Notional Amount
Fair value hedges				
Regulated markets	**-**	**-**	**-**	**-**
Interest rate	-	-	-	-
Futures	-	-	-	-
Options	-	-	-	-
Foreign exchange	-	-	-	-
Futures	-	-	-	-
Options	-	-	-	-
Others	-	-	-	-
Over-the-counter markets	**3,214**	**4,176**	**709**	**220,690**
Interest rate	2,963	3,948	674	183,070
Futures	2,882	3,948	653	183,069
Options	81	-	21	1
Foreign exchange	251	228	35	37,620
Futures	251	228	35	37,620
Options	-	-	-	-
Others	-	-	-	-
Total Fair value micro-hedging	**3,214**	**4,176**	**709**	**220,690**
Fair value hedges of the interest rate exposure of a portfolio of financial instruments	9,434	7,574	(568)	563,030
TOTAL FAIR VALUE HEDGES	**12,648**	**11,750**	**141**	**783,720**

Changes in the fair value of hedging derivatives are recognised under “Net gains (losses) on financial instruments at fair value through profit or loss” in the income statement.

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Hedged items

Micro-hedging	31/12/2018			
	Present hedges		Ended hedges	
(in millions of euros)	Carrying amount	of which accumulated fair value hedge adjustments	Accumulated fair value hedge adjustments to be adjusted for hedging remaining to be amortised	Fair value hedge adjustments during the period (including termination of hedges during the period)
Debt instruments at fair value through other comprehensive income that may be reclassified to profit or loss	**31,064**	**377**		**(342)**
Interest rate	31,014	377		(342)
Foreign exchange	50	-		-
Other	-	-		-
Debt instruments at amortised cost	**63,327**	**655**	**-**	**148**
Interest rate	47,016	654	-	91
Foreign exchange	16,311	1	-	57
Other	-	-	-	-
Total fair value hedges on assets items	**94,391**	**1,032**	**-**	**(194)**
Debt instruments at amortised cost	**109,027**	**2,012**	**16**	**513**
Interest rate	100,442	1,858	16	398
Foreign exchange	8,585	154	-	115
Other	-	-	-	-
Total fair value hedges on liabilities items	**109,027**	**2,012**	**16**	**513**

The fair value of the hedged portions of micro-hedged financial instruments at fair value is recognised on the balance sheet line item to which it relates. Changes in the fair value of the hedged portions of micro-hedged financial instruments at fair value are recognised under "Net gains (losses) on financial instruments at fair value through profit or loss" in the income statement.

Macro-hedging	31/12/2018	
(in millions of euros)	Carrying amount	Accumulated fair value hedge adjustments to be adjusted for hedging remaining to be adjusted, on ended hedges
Debt instruments at fair value through other comprehensive income that may be reclassified to profit or loss	159	
Debt instruments at amortised cost	248,848	94
Total – Assets	**249,007**	**94**
Debt instruments at amortised cost	342,175	373
Total – Liabilities	**342,175**	**373**

The fair value of the hedged portions of macro-hedged financial instruments at fair value is recognised under "Revaluation adjustment on interest rate hedged portfolios" on the balance sheet. Changes in the fair value of the hedged portions of macro-hedged financial instruments at fair value are recognised under "Net gains (losses) on financial instruments at fair value through profit or loss" in the income statement.

Gains (losses) from hedge accounting

	31/12/2018		
	Net Income (Total gains (losses) from hedge accounting)		
(in millions of euros)	Change in fair value of hedging derivatives (including termination of hedges)	Change in fair value of hedged items (including termination of hedges)	Hedge ineffectiveness portion
Interest rate	106	(92)	14
Foreign exchange	35	(58)	(23)
Other	-	-	-
TOTAL	**141**	**(150)**	**(9)**

The definitions of the underlined words can be found in the Glossary on page 600.

Cash flow hedges and hedges of net investments in foreign operation (NIH)

Hedging derivative instruments

(in millions of euros)	31/12/2018			
	Carrying amount		Changes in fair value during the period (including termination of hedges during the period)	Notional amount
	Assets	Liabilities		
Cash flow hedges				
Regulated markets	**-**	**-**	**-**	**-**
Interest rate	-	-	-	-
Futures	-	-	-	-
Options	-	-	-	-
Foreign exchange	-	-	-	-
Futures	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Over-the-counter markets	**1,165**	**88**	**(44)**	**32,124**
Interest rate	1,072	-	(55)	7,085
Futures	1,072	-	(55)	7,085
Options	-	-	-	-
Foreign exchange	47	23	11	24,899
Futures	47	23	11	24,899
Options	-	-	-	-
Other	46	65	-	140
Total Cash flow micro-hedging	**1,165**	**88**	**(44)**	**32,124**
Cash flow hedges of the interest rate exposure of a portfolio of financial instruments	469	143	(76)	20,639
Cash flow hedges of the foreign exchange exposure of a portfolio of financial instruments	31	56	(1)	9,236
Total Cash flow macro-hedging	**500**	**199**	**(77)**	**29,875**
TOTAL CASH FLOW HEDGES	**1,665**	**287**	**(122)**	**61,999**
Hedges of net investments in foreign operations	**9**	**48**	**(5)**	**4,543**

Changes in the fair value of hedging derivatives are recognised under "Other comprehensive income" excluding the ineffective portion of the hedging relationship which is recognised under "Net gains (losses) on financial instruments at fair value through profit or loss" in the income statement.

Gains (losses) from hedge accounting

(in millions of euros)	31/12/2018		
	Other comprehensive income on items that may be reclassified to profit and loss		Net income (Hedge accounting income or loss)
	Effective portion of the hedge recognised during the period	Amount reclassified from other comprehensive income into profit or loss during the period	Hedge ineffectiveness portion
Cash flow hedges	**-**	**-**	**-**
Interest rate	(132)	-	-
Foreign exchange	10	-	-
Others	-	-	-
Total Cash flow hedges	**(122)**	**-**	**-**
Hedges of net investments in foreign operations	**5**	**7**	**-**
TOTAL CASH FLOW HEDGES AND HEDGES OF NET INVESTMENTS IN FOREIGN OPERATIONS	**(117)**	**7**	**-**

3.5 OPERATIONAL RISKS

(See chapter on "Risk management – Operational risks")

3.6 CAPITAL MANAGEMENT AND REGULATORY RATIOS

Crédit Agricole S.A. Finance department is tasked with ensuring the adequacy of liquidity and capital between the requirements generated by the Group's global operations and its liquidity and capital financial resources. It is responsible for monitoring the prudential and regulatory ratios (solvency, liquidity, leverage, resolution) of Crédit Agricole Group and of Crédit Agricole S.A. To this end, it sets out the principles and ensures a cohesive financial management system throughout the Group.

Information on capital management and compliance with regulatory ratios as required by IAS 1 is presented in the Chapter "Risks and Pillar 3".

The Group's management of banking risks is handled by the Group Risk Management and Permanent Controls department. This department reports to the Chief Executive Officer of Crédit Agricole S.A. and its task is to control credit, financial and operational risks.

A description of these processes and commentary appear in the chapter on "Risk management" in the management report, as allowed by IFRS 7 standard. Nonetheless, the accounting breakdowns are still presented in the financial statements.

Note 4 Notes on net income and other comprehensive income

4.1 INTEREST INCOME AND EXPENSES

(in millions of euros)	31/12/2018
On financial assets at amortised cost	**16,637**
Interbank transactions	1,664
Crédit Agricole internal transactions	2,955
Customer transactions	10,726
Finance leases	714
Debt securities	578
On financial assets recognised at fair value through other comprehensive income	**5,581**
Interbank transactions	-
Customer transactions	-
Debt securities	5,581
Accrued interest receivable on hedging instruments	**2,561**
Other interest income	**38**
INTEREST AND SIMILAR INCOME[(1)]	**24,817**
On financial liabilities at amortised cost	**(12,259)**
Interbank transactions	(1,299)
Crédit Agricole internal transactions	(1,112)
Customer transactions	(5,628)
Finance leases	(194)
Debt securities	(3,203)
Subordinated debt	(823)
Accrued interest receivable on hedging instruments	**(939)**
Other interest expenses	**(49)**
INTEREST AND SIMILAR EXPENSES	**(13,247)**

(1) Including €137 million in impaired receivables (Bucket 3) at 31 December 2018.

(in millions of euros)	31/12/2017
Interbank transactions	1,617
Crédit Agricole internal transactions	3,285
Customer transactions	10,264
Accrued interest receivable on available-for-sale financial assets	5,971
Accrued interest receivable on held-to-maturity financial assets	524
Accrued interest receivable on hedging instruments	2,285
Finance leases	710
Other interest income	48
INTERESTS AND SIMILAR INCOME[(1)]	**24,704**
Interbank transactions	(1,095)
Crédit Agricole internal transactions	(1,096)
Customer transactions	(5,102)
Debt securities	(3,064)
Subordinated debt	(1,052)
Accrued interest receivable on hedging instruments	(797)
Finance leases	(194)
Other interest expense	(28)
INTERESTS AND SIMILAR EXPENSES	**(12,428)**

(1) Including €169 million on receivables impaired individually at 31 December 2017.

The definitions of the underlined words can be found in the Glossary on page 600.

4.2 FEES AND COMMISSIONS INCOME AND EXPENSE

	31/12/2018			31/12/2017		
(in millions of euros)	Income	Expense	Net	Income	Expense	Net
Interbank transactions	217	(43)	**174**	218	(40)	**178**
Crédit Agricole internal transactions	754	(505)	**249**	812	(544)	**268**
Customer transactions	1,991	(230)	**1,761**	1,841	(213)	**1,628**
Securities transactions	38	(79)	**(41)**	44	(69)	**(25)**
Foreign exchange transactions	38	(44)	**(7)**	37	(38)	**(1)**
Derivative instruments and other off-balance sheet items	272	(196)	**76**	350	(181)	**169**
Payment instruments and other banking and financial services	2,419	(3,550)	**(1,132)**	2,142	(3,378)	**(1,236)**
Mutual funds management, fiduciary and similar operations	4,872	(1,794)	**3,078**	4,090	(1,266)	**2,824**
NET FEES AND COMMISSIONS	**10,600**	**(6,441)**	**4,160**	**9,534**	**(5,729)**	**3,805**

Fees and commissions from operations with retail customers and operations on payment instruments and other banking and financial transactions mainly came from Asset gathering and Specialised financial services activities.

Commission income from managing Mutual funds, trusts and similar activities are mainly related to Asset management and Insurance activities.

4.3 NET GAINS (LOSSES) ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

(in millions of euros)	31/12/2018
Dividends received	1,085
Unrealised or realised gains (losses) on assets/liabilities held for trading	(37)
Unrealised or realised gains (losses) on equity instruments at fair value through profit or loss	(1,372)
Unrealised or realised gains (losses) on debt instruments at fair value through profit or loss	(974)
Net gains (losses) on assets backing unit-linked contracts	(3,351)
Unrealised or realised gains (losses) on assets/liabilities designated at fair value through profit or loss[1]	(135)
Net gains (losses) on Foreign exchange transactions and similar financial instruments (excluding gains or losses on hedges of net investments in foreign operations)	1,701
Gains (losses) from hedge accounting	(9)
NET GAINS (LOSSES) ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS	**(3,093)**

(1) Excluding issuer credit spread for the relevant liabilities designated at fair value through profit or loss.

Under IFRS 9, the Crédit Agricole CIB issuer spread is classified with effect from 1 January 2018 as Equity under "Other comprehensive income on items that will not be reclassified subsequently to profit or loss".

(in millions of euros)	31/12/2017
Dividends received	628
Unrealised or realised gains (losses) on assets/liabilities held for trading	1,318
Unrealised or realised gains (losses) on assets/liabilities designated at fair value through profit or loss	2,124
Net gains (losses) on Foreign exchange transactions and similar financial instruments (excluding gains or losses on hedges of net investments in foreign operations)	580
Gains (losses) from hedge accounting	(30)
NET GAINS (LOSSES) ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS	**4,620**

The impact of Crédit Agricole CIB's issuer spread was an expense of €222 million on revenues at 31 December 2017.

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Analysis of net gains (losses) from hedge accounting:

	31/12/2018		
(in millions of euros)	Gains	Losses	Net
Fair value hedges	**4,002**	**(4,000)**	**2**
Changes in fair value of hedged items attributable to hedged risks	1,574	(2,281)	(707)
Changes in fair value of hedging derivatives (including termination of hedges)	2,428	(1,719)	709
Cash flow hedges	**-**	**-**	**-**
Changes in fair value of hedging derivatives – ineffective portion	-	-	-
Hedges of net investments in foreign operations	**-**	**-**	**-**
Changes in fair value of hedging derivatives – ineffective portion	-	-	-
Fair value hedges of the interest rate exposure of a portfolio of financial instruments	**7,130**	**(7,141)**	**(11)**
Changes in fair value of hedged items	3,743	(3,186)	557
Changes in fair value of hedging derivatives	3,387	(3,955)	(568)
Cash flow hedges of the interest rate exposure of a portfolio of financial instruments	**-**	**-**	**-**
Changes in fair value of hedging instrument – ineffective portion	-	-	-
TOTAL GAINS (LOSSES) FROM HEDGE ACCOUNTING	**11,132**	**(11,141)**	**(9)**

	31/12/2017		
(in millions of euros)	Gains	Losses	Net
Fair value hedges	**5,402**	**(5,412)**	**(10)**
Changes in fair value of hedged items attributable to hedged risks	3,095	(1,970)	1,125
Changes in fair value of hedging derivatives (including termination of hedges)	2,307	(3,442)	(1,135)
Cash flow hedges	**-**	**-**	**-**
Changes in fair value of hedging derivatives – ineffective portion	-	-	-
Hedges of net investments in foreign operations	**-**	**-**	**-**
Changes in fair value of hedging derivatives – ineffective portion	-	-	-
Fair value hedges of the interest rate exposure of a portfolio of financial instruments	**10,903**	**(10,923)**	**(20)**
Changes in fair value of hedged items	5,687	(5,157)	530
Changes in fair value of hedging derivatives	5,216	(5,766)	(550)
Cash flow hedges of the interest rate exposure of a portfolio of financial instruments	**1**	**(1)**	**-**
Changes in fair value of hedging instrument – ineffective portion	1	(1)	-
TOTAL GAINS (LOSSES) FROM HEDGE ACCOUNTING	**16,306**	**(16,336)**	**(30)**

Details of gains (losses) from hedge accounting by type of relationship (fair value hedges, cash flow hedges, etc.) are presented in Note 3.4 “Hedge accounting”.

4.4 NET GAINS (LOSSES) ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

(in millions of euros)	31/12/2018
Net gains (losses) on debt instruments at fair value through other comprehensive income that may be reclassified subsequently to profit or loss[(1)]	71
Remuneration of equity instruments measured at fair value through other comprehensive income that will not be reclassified subsequently to profit or loss (dividends)[(2)]	121
NET GAINS (LOSSES) ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	**192**

(1) Excluding realised gains or losses from impaired debt instruments (Bucket 3) mentioned in Note 4.9 “Cost of risk”.
(2) Of which dividends on equity instruments at fair value through non-recyclable equity derecognised during the €11 million period.

The definitions of the underlined words can be found in the Glossary on page 600.

Net gains (losses) on available-for-sale financial assets at 31 December 2017

(in millions of euros)	31/12/2017
Dividends received	1,092
Realised gains (losses) on available-for-sale financial assets[1]	2,025
Permanent impairment losses on equity investments	(81)
Gains (losses) on disposal of held-to-maturity financial assets and on loans and receivables	(8)
NET GAINS (LOSSES) ON AVAILABLE-FOR-SALE FINANCIAL ASSETS	**3,028**

(1) Excluding realised gains or losses on permanently impaired fixed income securities recognised as available-for-sale financial assets mentioned in Note 4.9 "Cost of risk".

4.5 NET GAINS (LOSSES) FROM THE DERECOGNITION OF FINANCIAL ASSETS AT AMORTISED COST

(in millions of euros)	31/12/2018
Debt securities	5
Loans and receivables due from credit institutions	-
Loans and receivables due from customers	-
Gains arising from the derecognition of financial assets at amortised cost	**5**
Debt securities	-
Loans and receivables due from credit institutions	-
Loans and receivables due from customers	(5)
Losses arising from the derecognition of financial assets at amortised cost	**(5)**
NET GAINS (LOSSES) ARISING FROM THE DERECOGNITION OF FINANCIAL ASSETS AT AMORTISED COST[1]	**-**

(1) Excluding realised gains or losses from the derecognition of impaired debt instruments (Bucket 3) mentioned in Note 4.9 "Cost of risk".

4.6 NET INCOME (EXPENSES) ON OTHER ACTIVITIES

(in millions of euros)	31/12/2018	31/12/2017
Gains (losses) on fixed assets not used in operations	(3)	(1)
Other net income from insurance activities[1][2]	11,156	7,779
Change in insurance technical reserves[3]	(4,975)	(13,260)
Net income from investment property	284	280
Other net income (expense)	155	107
INCOME (EXPENSE) RELATED TO OTHER ACTIVITIES	**6,617**	**(5,095)**

(1) The €3,377 million increase in other net income from insurance activities was mainly due to an increase in net inflows in the amount of €3,100 million of which €2,500 million on the Retirement Savings activity.
(2) The share of income of insurance activities and associates as well as the related share of benefits are classified as Other net income from insurance activities (see Note 6.12 ventures and associates").
(3) The €8,285 million decrease in insurance company technical reserves is due in the main to market developments in unit-linked contracts.

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4.7 OPERATING EXPENSES

(in millions of euros)	31/12/2018	31/12/2017
Employee expenses	(7,123)	(6,933)
Taxes other than on income or payroll-related and regulatory contributions[1]	(792)	(763)
External services and other operating expenses	(3,915)	(3,742)
OPERATING EXPENSES	**(11,830)**	**(11,438)**

(1) Of which -€301 million recognised in relation to the Single Resolution Fund at 31 December 2018.

Fees paid to statutory auditors

The breakdown of fees paid to Statutory Auditors by firm and type of engagement by fully consolidated Crédit Agricole S.A. Group companies was as follows in 2018:

Board of auditors of Crédit Agricole S.A. Group

	Ernst & Young		PricewaterhouseCoopers		
(in millions of euros excluding taxes)	2018	2017	2018	2017	Total 2018
Independant audit, certification, review of parent company and consolidated financial statements	**16.94**	**17.53**	**14.34**	**14.87**	**31.28**
Issuer	2.08	2.19	2.12	2.16	4.20
Fully consolidated subsidiaries	14.86	15.34	12.22	12.71	27.08
Non audit services	**5.19**	**5.91**	**5.27**	**6.16**	**10.46**
Issuer	0.70	0.58	1.08	1.36	1.78
Fully consolidated subsidiaries	4.49	5.33	4.19	4.80	8.68
TOTAL	**22.13**	**23.44**	**19.61**	**21.03**	**41.74**

The total sum of fees paid to PricewaterhouseCoopers Audit, statutory auditor of Crédit Agricole S.A., appearing in the consolidated income statement for the year, amounts to €11.0 million, of which €8.6 million relates to the certification of the accounts of Crédit Agricole S.A. and its subsidiaries and €2.4 million relates to non-audit services (comfort letters, agreed-upon procedures, responsibility statements, services relating to social and environmental information, consultations, etc.).

The total sum of fees paid to Ernst & Young & Autres, statutory auditor of Crédit Agricole S.A., appearing in the consolidated income statement for the year, amounts to €9.8 million, of which €8 million relates to the certification of the accounts of Crédit Agricole S.A. and its subsidiaries and €1.8 million relates to non-audit services (comfort letters, agreed-upon procedures, responsibility statements, review of tax returns, services relating to social and environmental information, consultations, etc.).

Other Statutory Auditors engaged in the audit of fully consolidated Crédit Agricole S.A. Group subsidiaries

	Mazars		KPMG		Deloitte		Autres		Total
(in millions of euros excluding taxes)	2018	2017	2018	2017	2018	2017	2018	2017	2018
Independant audit, certification, review of parent company and consolidated financial statements	**1.22**	**1.31**	**0.23**	**0.29**	**0.20**	**0.14**	**0.32**	**0.34**	**1.97**
Non audit services(1)	**0.13**	**0.06**	**0.01**	**0.26**	**0.01**	**-**	**0.01**	**0.02**	**0.16**
TOTAL	**1.35**	**1.37**	**0.24**	**0.55**	**0.21**	**0.14**	**0.33**	**0.36**	**2.13**

(1) Non audit services identified in this table correspond to assignments performed by these firms in the companies where they are statutory auditors.

4.8 DEPRECIATION, AMORTISATION AND IMPAIRMENT OF PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS

(in millions of euros)	31/12/2018	31/12/2017
Depreciation charges and amortisation	**(760)**	**(752)**
Property, plant and equipment	(396)	(382)
Intangible assets	(364)	(370)
Impairment losses (reversals)	**1**	**(13)**
Property, plant and equipment	-	(3)
Intangible assets	1	(10)
DEPRECIATION, AMORTISATION AND IMPAIRMENT OF PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS	**(759)**	**(765)**

The definitions of the underlined words can be found in the Glossary on page 600.

4.9 COST OF RISK

(in millions of euros)	31/12/2018
Charges net of reversals to impairments on performing assets (Bucket 1 or Bucket 2)	**99**
Bucket 1: Loss allowance measured at an amount equal to 12-month expected credit loss	**(83)**
Debt instruments at fair value through other comprehensive income that may be reclassified to profit or loss	2
Debt instruments at amortised cost	(57)
Commitments by signature	(28)
Bucket 2: Loss allowance measured at an amount equal to lifetime expected credit loss	**182**
Debt instruments at fair value through other comprehensive income that may be reclassified to profit or loss	2
Debt instruments at amortised cost	122
Commitments by signature	58
Charges net of reversals to impairments on credit-impaired assets (Bucket 3)	**(1,030)**
Bucket 3: Credit-impaired assets	**(1,030)**
Debt instruments at fair value through other comprehensive income that may be reclassified to profit or loss	-
Debt instruments at amortised cost	(1,120)
Commitments by signature	90
Other assets	-
Risks and expenses	(88)
Charges net of reversals to impairment losses and provisions	**(1,019)**
Realised gains (losses) on disposal of impaired debt instruments at fair value through other comprehensive income that may be reclassified to profit and loss	-
Realised gains (losses) on impaired debt instruments at amortised cost	-
Losses on non-impaired loans and bad debt	(197)
Recoveries on loans and receivables written off	189
Recognised at amortised cost	189
Recognised in other comprehensive income that may be reclassified to profit or loss	-
Discounts on restructured loans	(28)
Losses on commitments by signature	(4)
Other losses	(36)
Other gains	14
COST OF RISK	**(1,081)**

(in millions of euros)	31/12/2017
Charge to provisions and impairment losses	**(3,424)**
Fixed income available-for-sale financial assets	(1)
Loans and receivables	(2,883)
Held-to-maturity financial assets	-
Other assets	(27)
Financing commitments	(265)
Risks and expenses	(249)
Reversal of provisions and impairment losses	**2,172**
Fixed income available-for-sale financial assets	183
Loans and receivables	1,737
Held-to-maturity financial assets	-
Other assets	18
Financing commitments	75
Risks and expenses	159
Net charge to reversal of impairment losses and provisions	**(1,253)**
Realised gains (losses) on impaired fixed income available-for-sale financial assets	(138)
Bad debts written off, not impaired	(217)
Recoveries on bad debts written off	233
Discounts on restructured loans	(21)
Losses on financing commitments	-
Other losses	(27)
Other gains	-
COST OF RISK	**(1,422)**

The definitions of the underlined words can be found in the Glossary on page 600.

4.10 NET GAINS (LOSSES) ON OTHER ASSETS

(in millions of euros)	31/12/2018	31/12/2017
Property, plant & equipment and intangible assets used in operations	**77**	**5**
Gains on disposals	82	28
Losses on disposals	(6)	(23)
Consolidated equity investments	**15**	**12**
Gains on disposals	15	18
Losses on disposals	-	(6)
Net income (expense) on combinations	**(3)**	**(11)**
NET GAINS (LOSSES) ON OTHER ASSETS	**89**	**6**

4.11 INCOME TAX CHARGE

Income tax charge

(in millions of euros)	31/12/2018	31/12/2017
Current tax charge	(1,310)	(1,638)
Deferred tax charge	(9)	(94)
Reclassification of current tax charge (income) related to overlay approach	(147)	-
TOTAL TAX CHARGE	**(1,466)**	**(1,732)**

Reconciliation of theoretical tax rate and effective tax rate

At 31 December 2018

(in millions of euros)	Base	Tax rate	Tax
Pre-tax income, goodwill impairment, discontinued operations and share of net income of equity-accounted entities	6,155	34.43%	(2,119)
Impact of permanent differences		(3.82%)	235
Impact of different tax rates on foreign subsidiaries		(4.65%)	286
Impact of losses for the year, utilisation of tax loss carryforwards		0.53%	(32)
Impact of reduced tax rate		(1.60%)	99
Impact of other items		(1.07%)	66
EFFECTIVE TAX RATE AND TAX CHARGE		**23.81%**	**(1,466)**

The theoretical tax rate is the standard tax rate (including the additional social contribution) on taxable profits in France at 31 December 2018.

At 31 December 2017

(in millions of euros)	Base	Tax rate	Tax
Pre-tax income, goodwill impairment, discontinued operations and share of net income of equity-accounted entities	5,015	34.43%	(1,727)
Impact of permanent differences		(3.23%)	162
Impact of different tax rates on foreign subsidiaries		(2.80%)	140
Impact of losses for the year, utilisation of tax loss carryforwards		1.06%	(53)
Impact of reduced tax rate		(2.51%)	126
Impact of tax rate change		7.84%	(393)
Impact of other items		(0.22%)	11
EFFECTIVE TAX RATE AND TAX CHARGE		**34.57%**	**(1,732)**

The theoretical tax rate is the standard tax rate (including the additional social contribution) on taxable profits in France at 31 December 2017.

The definitions of the underlined words can be found in the Glossary on page 600.

4.12 CHANGES IN OTHER COMPREHENSIVE INCOME

The breakdown of income and expenses recognised for the period is presented below:

Breakdown of total other comprehensive income

(in millions of euros)	31/12/2018
Other comprehensive income on items that may be reclassified subsequently to profit or loss of income tax	
Gains and losses on translation adjustments	**248**
Revaluation adjustment of the period	241
Reclassified to profit or loss	7
Other changes	-
Other comprehensive income on debt instruments that may be reclassified to profit or loss	**(1,225)**
Revaluation adjustment of the period	(1,153)
Reclassified to profit or loss	(65)
Other changes	(7)
Gains and losses on hedging derivative instruments	**(138)**
Revaluation adjustment of the period	(146)
Reclassified to profit or loss	-
Other changes	8
Reclassification of net gains (losses) of designated financial assets applying the overlay approach	**(356)**
Revaluation adjustment of the period	(291)
Reclassified to profit or loss	-
Other changes	(65)
Pre-tax other comprehensive income on items that may be reclassified to profit or loss on equity-accounted entities	**(11)**
Income tax related to items that may be reclassified to profit or loss excluding equity-accounted entities	**547**
Income tax related to items that may be reclassified to profit or loss on equity-accounted entities	**1**
Other comprehensive income on items that may be reclassified to profit or loss from discontinued operations	**(2)**
Other comprehensive income on items that may be reclassified subsequently to profit or loss of income tax	**(936)**
Other comprehensive income on items that will not be reclassified subsequently to profit or loss net of income tax	
Actuarial gains and losses on post-employment benefits	51
Other comprehensive income on financial liabilities attributable to changes in own credit risk	**383**
Revaluation adjustment of the period	365
Reclassified to reserves	18
Other changes	-
Other comprehensive income on equity instruments that will not be reclassified to profit or loss	**130**
Revaluation adjustment of the period	115
Reclassified to reserves	60
Other changes	(45)
Other comprehensive income on items that will not be reclassified to profit or loss on equity-accounted entities	**1**
Income tax related to items that will not be reclassified excluding equity-accounted entities	**(259)**
Income tax related to items that will not be reclassified on equity-accounted entities	**(3)**
Other comprehensive income on items that will not be reclassified to profit or loss from discontinued operations	**5**
Other comprehensive income on items that will not be reclassified subsequently to profit or loss net of income tax	**308**
OTHER COMPREHENSIVE INCOME NET OF INCOME TAX	**(628)**
Of which Group share	(595)
Of which non-controlling interests	(33)

6

(in millions of euros)	31/12/2017
Other comprehensive income on items that may be reclassified subsequently to profit and loss	
Gains and losses on translation adjustements	**(683)**
Revaluation adjustment of the period	(683)
Reclassified to profit or loss	-
Other variations	-
Gains and losses on available-for-sale financial assets	**(530)**
Revaluation adjustment of the period	(131)
Reclassified to profit or loss	(481)
Other variations	82
Gains and losses on hedging derivative instruments	**(356)**
Revaluation adjustment of the period	(355)
Reclassified to profit or loss	-
Other variations	(1)
Pre-tax other comprehensive income on items that may be reclassified to profit and loss on equity-accounted entities	**(386)**
Income tax related to items that may be reclassified to profit and loss excluding equity-accounted entities	**355**
Income tax related to items that may be reclassified to profit and loss on equity-accounted entities	**(16)**
Net other comprehensive income on Items that may be reclassified to profit and loss on equity-accounted entities on discontinued operations	**(15)**
Other comprehensive income on items that may be reclassified subsequently to profit and loss, net of income tax	**(1,631)**
Other comprehensive income on items that will not be reclassified subsequently to profit and loss	
Actuarial gains and losses on post-employment benefits	4
Other comprehensive income on items that will not be reclassified to profit and loss on equity-accounted entities	24
Income tax related to items that will not be reclassified excluding equity-accounted entities	(28)
Income tax related to items that will not be reclassified on equity-accounted entities	(1)
Net other comprehensive income on Items that will not be reclassified to profit and loss on equity-accounted entities on discontinued operations	(9)
Other comprehensive income on items that will not be reclassified subsequently to profit and loss, net of income tax	**(10)**
OTHER COMPREHENSIVE INCOME NET OF INCOME TAX	**(1,641)**
Of which Group share	(1,579)
Of which non-controlling interests	(62)

The definitions of the underlined words can be found in the Glossary on page 600.

Breakdown of tax impacts related to other comprehensive income

(in millions of euros)	31/12/2017				01/01/2018				Changes				31/12/2018			
	Gross	Income tax charges	Net of income tax	Net of income tax of which Group Share	Gross	Income tax charges	Net of income tax	Net of income tax of which Group Share	Gross	Income tax charges	Net of income tax	Net of income tax of which Group Share	Gross	Income tax charges	Net of income tax	Net of income tax of which Group Share
Other comprehensive income on items that may be reclassified subsequently to profit or loss																
Gains and losses on translation adjustments	(493)	(5)	(498)	(387)	(492)	(5)	(497)	(387)	248	1	249	228	(244)	(4)	(248)	(158)
Gains and losses on available-for-sale financial assets	4,493	(960)	3,533	3,500												
Gains and losses on debt instruments at fair value through other comprehensive income that may be reclassified to profit or loss					3,702	(985)	2,717	2,704	(1,225)	332	(893)	(856)	2,477	(653)	1,824	1,848
Gains and losses on hedging derivative instruments	625	(191)	434	427	625	(191)	434	427	(138)	48	(90)	(88)	487	(143)	344	339
Reclassification of net gains (losses) of designated financial assets applying the overlay approach					509	(15)	494	494	(356)	166	(190)	(190)	153	151	304	304
Other comprehensive income on items that may be reclassified to profit or loss excluding equity-accounted entities	**4,625**	**(1,156)**	**3,469**	**3,540**	**4,344**	**(1,196)**	**3,148**	**3,238**	**(1,471)**	**547**	**(924)**	**(906)**	**2,873**	**(649)**	**2,224**	**2,333**
Other comprehensive income on items that may be reclassified to profit or loss on equity-accounted entities	(25)	(13)	(38)	(36)	(11)	-	(11)	(8)	(11)	1	(10)	(8)	(22)	1	(21)	(16)
Other comprehensive income on items that may be reclassified to profit or loss on equity-accounted entities on discontinued operations	13	(1)	13	14	15	(1)	14	14	(3)	-	(2)	(2)	12	(1)	11	11
Other comprehensive income on items that may be reclassified subsequently to profit or loss	**4,613**	**(1,170)**	**3,444**	**3,518**	**4,348**	**(1,197)**	**3,151**	**3,244**	**(1,485)**	**548**	**(936)**	**(916)**	**2,863**	**(649)**	**2,214**	**2,328**
Other comprehensive income on items that will not be reclassified subsequently to profit or loss																
Actuarial gains and losses on post-employment benefits	(753)	181	(572)	(547)	(752)	178	(574)	(548)	51	(12)	39	44	(701)	166	(535)	(504)
Other comprehensive income on financial liabilities attributable to changes in own credit risk					(523)	175	(348)	(341)	383	(138)	245	241	(140)	37	(103)	(100)
Other comprehensive income on equity instruments that will not be reclassified to profit or loss					(492)	40	(452)	(490)	130	(109)	21	33	(362)	(69)	(431)	(457)
Other comprehensive income on items that will not be reclassified to profit or loss excluding equity-accounted entities	**(753)**	**181**	**(572)**	**(547)**	**(1,767)**	**393**	**(1,374)**	**(1,379)**	**564**	**(259)**	**305**	**318**	**(1,203)**	**134**	**(1,069)**	**(1,061)**
Other comprehensive income on items that will not be reclassified to profit or loss on equity-accounted entities	(11)	2	(9)	(9)	(28)	(12)	(40)	(40)	1	(3)	(2)	(2)	(27)	(15)	(42)	(42)
Other comprehensive income on items that will not be reclassified to profit or loss from discontinued operations	(9)	-	(9)	(9)	(7)	-	(7)	(7)	5	-	5	5	(2)	-	(2)	(2)
Other comprehensive income on items that will not be reclassified subsequently to profit or loss	**(773)**	**183**	**(590)**	**(565)**	**(1,802)**	**381**	**(1,421)**	**(1,426)**	**570**	**(262)**	**308**	**321**	**(1,232)**	**119**	**(1,112)**	**(1,105)**
OTHER COMPREHENSIVE INCOME	**3,840**	**(987)**	**2,854**	**2,953**	**2,546**	**(816)**	**1,730**	**1,818**	**(915)**	**286**	**(628)**	**(595)**	**1,631**	**(530)**	**1,102**	**1,223**

Note 5 Segment reporting

Definition of operating segments

According to IFRS 8, information disclosed is based on the internal reporting that is used by the Executive Committee to manage Crédit Agricole S.A. Group, to assess performance, and to make decisions about resources to be allocated to the identified operating segments.

Operating segments according to the internal reporting consist of the business lines of the Group.

At 31 December 2018, Crédit Agricole S.A.'s business activities were organised into six operating segments:

- the following five business lines:
  - Asset gathering,
  - French retail banking – LCL,
  - International retail banking,
  - Specialised financial services,
  - Large customers;
- as well as the "Corporate Centre".

Presentation of business lines

1. Asset gathering

This business line brings together:

- insurance activities (savings solutions and property and casualty insurance):
  - life insurance and personal insurance, conducted mainly by Predica in France and CA Vita in Italy,
  - property & casualty insurance, conducted primarily by Pacifica,
  - creditor insurance, conducted by Crédit Agricole Creditor Insurance and group insurance conducted mainly by Predica in France;
- asset management activities of the Amundi Group (including operations of Pioneer Investments since July 2017), offering savings solutions for retail clients and investment solutions for institutionals;
- as well as wealth management activities conducted mainly by Crédit Agricole Indosuez Wealth Management subsidiaries (CA Indosuez Switzerland S.A. CA Indosuez Wealth Europe, CFM Indosuez Wealth, CA Indosuez Wealth France). Banca Leonardo was integrated within this business line with effect from 3 May 2018.

2. French retail banking – LCL

LCL is a french retail banking network with a strong presence in urban areas. It is organised into four business lines: retail banking for individual customers, retail banking for small businesses, private banking and corporate banking.

LCL offers a full range of banking products and services, together with asset management, insurance and wealth management products.

It should be noted that the Banque Themis contribution recognised in the consolidated financial statements at 31 December 2017, in accordance with IFRS 5 on held-for-sale entities, was sold on 8 March 2018 with no material impact on net income.

3. International retail banking

This business line encompasses foreign subsidiaries and investments that are mainly involved in Retail banking.

These subsidiaries and equity investments are primarily located in Europe: with Crédit Agricole Group Italy in Italy, Crédit Agricole Polska in Poland and others in Ukraine and Serbia.

Other subsidiaries operate around the Mediterranean, *e.g.* Crédit du Maroc and Crédit Agricole Egypt.

Finally, this division also includes banks that are not significant in size.

Foreign consumer credit, leasing and factoring subsidiaries (subsidiaries of Crédit Agricole Consumer Finance, Crédit Agricole Leasing & Factoring and EFL in Poland, etc.) are not included in this segment, but in "Specialised financial services", except Calit in Italy, which is part of International Retail banking.

It should be noted that Cesena, San Miniato and Rimini in Italy were consolidated on 21 December 2017. These three savings banks have been merged into Cariparma in 2018.

4. Specialised financial services

Specialised financial services comprises the Group subsidiaries that provide financial products and services to individual customers, small businesses, corporates and local authorities in France and abroad. These include:

- consumer finance companies around Crédit Agricole Consumer Finance in France and through its subsidiaries or partnerships outside France (Agos, CreditPlus Bank, Ribank, Credibom, Interbank Group and FCA Bank). Forso was reclassified under IFRS 5 in the financial statements at 31 December 2017, following the end of the partnership with Ford and was sold in the third quarter 2018;
- Specialised financial services for companies such as factoring and lease finance (Crédit Agricole Leasing & Factoring Group, EFL).

5. Large customers

The Large customers division includes the Corporate and Investment bank, which itself consists of two main lines of business most of which are carried out by Crédit Agricole CIB, and Asset servicing for institutions (CACEIS):

- financing activities, which include corporate banking in France and internationally and structured finance. Structured Finance consists of originating, structuring and financing large-scale operations in exporting and investing, often collateralised by physical assets (planes, boats, office buildings, commodities, etc.) and complex and structured credit instruments;
- capital markets and investment banking activities bring together capital market activities (treasury, foreign exchange,interest rate derivatives, debt markets), and investment banking activities (mergers and acquisitions consulting and primary equity advisory);
- asset servicing: CACEIS Bank for custody and CACEIS Fund Administration for fund administration.

The definitions of the underlined words can be found in the Glossary on page 600.

6. Corporate Centre

This segment mainly encompasses Crédit Agricole S.A.'s central body function, asset and liability management and management of debt connected with acquisitions of subsidiaries or equity investments.

It also includes:

- the results of the private equity business and results of various other Crédit Agricole S.A. Group companies (Uni-médias, Foncaris, etc.);
- the results from management companies, real-estate companies holding properties used in operations by several business lines and by activities undergoing reorganisation;
- the net impact of tax consolidation for Crédit Agricole S.A. as well as the revaluation of structured debt issued by Crédit Agricole CIB.

5.1 OPERATING SEGMENT INFORMATION

Transactions between operating segments are effected at arm's length.

Segment assets are determined based on balance sheet elements for each operating segment.

	31/12/2018						
(in millions of euros)	Asset gathering	French retail banking – LCL	International retail banking	Specialised financial services	Large customers	Corporate center	Total
Revenues	5,778	3,433	2,732	2,769	5,368	(344)	**19,736**
Operating expenses	(2,836)	(2,391)	(1,738)	(1,380)	(3,339)	(905)	**(12,589)**
Gross operating income	**2,942**	**1,042**	**994**	**1,389**	**2,029**	**(1,249)**	**7,147**
Cost of risk	(17)	(220)	(358)	(467)	64	(83)	**(1,081)**
Operating income	**2,925**	**822**	**636**	**922**	**2,093**	**(1,332)**	**6,066**
Share of net income of equity-accounted entities	47	-	-	187	-	21	**255**
Net gains (losses) on other assets	(3)	50	14	1	14	13	**89**
Change in value of goodwill	-	-	-	-	-	86	**86**
Pre-tax income	**2,969**	**872**	**650**	**1,110**	**2,107**	**(1,212)**	**6,496**
Income tax charge	(774)	(288)	(185)	(244)	(550)	575	**(1,466)**
Net income from discontinued operations	(2)	(1)	-	-	-	-	**(3)**
Net income	**2,193**	**583**	**465**	**866**	**1,557**	**(637)**	**5,027**
Non-controlling interests	285	26	124	128	29	35	**627**
NET INCOME GROUP SHARE	**1,908**	**557**	**341**	**738**	**1,528**	**(672)**	**4,400**

Under IFRS 9, the Crédit Agricole CIB issuer spread is classified with effect from 1 January 2018 as equity under "Other comprehensive income on items that will not be reclassified to profit or loss".

	31/12/2018						
(in millions of euros)	Asset gathering	French retail banking – LCL	International retail banking	Specialised financial services	Large customers	Corporate center	Total
Segment assets							
Of which investments in equity-accounted entities	4,048	-	-	2,135	-	185	**6,368**
Of which goodwill	6,864	4,772	1,693	1,025	1,137	-	**15,491**
TOTAL ASSETS	**445,766**	**148,102**	**79,231**	**71,402**	**772,463**	**107,430**	**1,624,394**

	31/12/2017						
(in millions of euros)	Asset gathering	French retail banking – LCL	International retail banking	Specialised financial services	Large customers	Corporate center(1)	Total
Revenues	5,263	3,492	2,482	2,721	5,332	(656)	**18,634**
Operating expenses	(2,708)	(2,442)	(1,557)	(1,407)	(3,239)	(850)	**(12,203)**
Gross operating income	**2,555**	**1,050**	**925**	**1,314**	**2,093**	**(1,506)**	**6,431**
Cost of risk	(25)	(204)	(429)	(440)	(318)	(6)	**(1,422)**
Operating income	**2,530**	**846**	**496**	**874**	**1,775**	**(1,512)**	**5,009**
Share of net income of equity-accounted entities	33	-	-	241	277	177	**728**
Net gains (losses) on other assets	4	6	(12)	(1)	13	(4)	**6**
Change in value of goodwill	-	-	-	-	-	186	**186**
Pre-tax income	**2,567**	**852**	**484**	**1,114**	**2,065**	**(1,153)**	**5,929**
Income tax charge	(646)	(339)	(153)	(229)	(710)	345	**(1,732)**
Net income from discontinued operations	21	-	-	(1)	-	-	**20**
Net income	**1,942**	**513**	**331**	**884**	**1,355**	**(808)**	**4,217**
Non-controlling interests	222	25	97	118	48	58	**568**
NET INCOME GROUP SHARE	**1,720**	**488**	**234**	**766**	**1,307**	**(866)**	**3,649**

(1) The Crédit Agricole CIB issuer spread is classified under the Corporate Centre for -€222 in Revenues, +€76 in Income tax charge, -€146 in Net income including -€3 million in Non-controlling interests.

	31/12/2017						
(in millions of euros)	Asset gathering	French retail banking – LCL	International retail banking	Specialised financial services	Large customers	Corporate center	Total
Segment assets							
Of which investments in equity-accounted entities	3,044	-	-	1,945	-	188	**5,177**
Of which goodwill	6,793	4,772	1,692	1,023	1,141	-	**15,421**
TOTAL ASSETS	**433,163**	**141,932**	**81,530**	**74,613**	**684,938**	**134,287**	**1,550,283**

5.2 SEGMENT INFORMATION: GEOGRAPHICAL ANALYSIS

The geographical analysis of segment assets and results is based on the place where operations are booked for accounting purposes.

	31/12/2018				31/12/2017			
(in millions of euros)	Net income Group Share	of which Revenues	Segment assets	of which goodwill	Net income Group Share	of which Revenues	Segment assets	of which goodwill
France (including overseas departments and territories)	1,886	10,436	1,303,129	9,945	1,483	10,089	1,257,683	9,947
Italy	597	3,167	88,934	1,974	750	2,686	90,973	1,974
Other European Union countries	799	2,989	77,701	2,351	348	2,824	66,582	2,330
Other European countries	135	741	18,809	682	113	673	19,483	654
North America	489	1,093	56,023	461	337	1,053	50,179	442
Central and South America	20	46	988	-	8	62	981	-
Africa and Middle East	149	450	9,861	33	312	457	8,595	32
Asia-Pacific (ex. Japan)	207	502	22,441	24	171	475	21,976	23
Japan	118	312	46,508	21	127	315	33,831	19
TOTAL	**4,400**	**19,736**	**1,624,394**	**15,491**	**3,649**	**18,634**	**1,550,283**	**15,421**

The definitions of the underlined words can be found in the Glossary on page 600.

5.3 INSURANCE SPECIFICITIES

(See chapter on "Risk management – Insurance sector risks" on managing this sector risk)

Gross income from insurance activities

(in millions of euros)	31/12/2018		
	Income statement prior to reclassification of overlay approach	Reclassification related to overlay approach	Income statement post-reclassification of overlay approach
Written premium	33,534	-	33,534
Change in unearned premiums	(210)	-	(210)
Earned premiums	**33,324**	**-**	**33,324**
Other operating income	**252**	**-**	**252**
Investment income	7,509	(3)	7,506
Investment expenses	(370)	1	(369)
Gains (losses) on disposals of investments net of impairment and amortisation reversals	41	379	420
Change in fair value of investments at fair value through profit or loss	(6,702)	1,828	(4,874)
Change in impairment on investments	(8)	(49)	(57)
Investment income net of expenses	**471**	**2,157**	**2,628**
Claims expenses[1]	**(27,685)**	**(1,866)**	**(29,551)**
Revenue from reinsurance operations	518	-	518
Expenses from reinsurance operations	(608)	-	(608)
Net reinsurance income (expense)	**(90)**	**-**	**(90)**
Contract acquisition costs	(2,054)	-	(2,054)
Amortisation of investment securities and similar	-	-	-
Administration costs	(1,970)	-	(1,970)
Other current operating income (expense)	(353)	-	(353)
Other operating income (expense)	(3)	-	(3)
Operating income	**1,892**	**291**	**2,182**
Financing expenses	(429)	-	(429)
Share of net income of associates	-	-	-
Income tax charge	(307)	(147)	(454)
Net income from discontinued or held-for-sale operations	(1)	-	(1)
Consolidated net income	**1,154**	**144**	**1,298**
Non-controlling interests	**12**	**-**	**12**
NET INCOME GROUP SHARE	**1,142**	**144**	**1,286**

(1) Including -€22 billion of cost of claims, -€1 billion of changes in policyholder profit-sharing and -€6 billion of changes in technical reserves at 31 December 2018.

(in millions of euros)	31/12/2017
Written premium	30,426
Change in unearned premiums	(213)
Earned premiums	**30,213**
Other operating income	**119**
Investment income	7,654
Investment expenses	(565)
Gains (losses) on disposals of investments net of impairment and amortisation reversals	1,668
Change in fair value of investments at fair value through profit or loss	3,002
Change in impairment on investments	(54)
Investment income net of expenses	**11,705**
Claims expenses[1]	**(35,877)**
Revenue from reinsurance operations	449
Expenses from reinsurance operations	(578)
Net reinsurance income (expense)	**(129)**
Contract acquisition costs	(1,916)
Amortisation of investment securities and similar	(7)
Administration costs	(2,142)
Other current operating income (expense)	(180)
Other operating income (expense)	(7)
Operating income	**1,779**
Financing expenses	(279)
Share of net income of associates	-
Income tax charge	(357)
Net income from discontinued operations	21
Consolidated net income	**1,164**
Non-controlling interests	**3**
NET INCOME GROUP SHARE	**1,161**

(1) Including -€22 billion of cost of claims, -€2 billion of changes in policyholder profit-sharing and -€11 billion of changes in technical reserves at 31 December 2017.

The definitions of the underlined words can be found in the Glossary on page 600.

Breakdown of insurance company investments

(in millions of euros)	31/12/2018
Financial assets at fair value through profit or loss	**142,954**
Financial assets held for trading	**460**
Treasury bills and similar securities	-
Bonds and other fixed income securities	-
Equity and other variable income securities	-
Derivative instruments	460
Other financial instruments at fair value through profit or loss	**142,494**
Equity instruments	25,414
Equity and other variable income securities	8,730
Non-consolidated equity investments	(328)
Designated financial assets applying the overlay approach	17,012
Debt instruments that do not meet the conditions of the “SPPI” test	57,437
Loans and receivables	296
Debt securities	57,141
Treasury bills and similar securities	153
Bonds and other fixed income securities	4,973
Mutual funds	34,277
Designated financial assets applying the overlay approach	17,738
Assets backing unit-linked contracts	59,643
Treasury bills and similar securities	988
Bonds and other fixed income securities	12,213
Equity and other variable income securities	5,161
Mutual funds	41,281
Financial assets designated at fair value through profit or loss	-
Loans and receivables	-
Debt securities	-
Treasury bills and similar securities	-
Bonds and other fixed income securities	-
Hedging derivative Instruments	**1,072**
Financial assets at fair value through other comprehensive income	**214,284**
Debt instruments at fair value through other comprehensive income that may be reclassified to profit or loss	**214,109**
Debt securities	214,109
Treasury bills and similar securities	61,593
Bonds and other fixed income securities	152,516
Equity instruments at fair value through other comprehensive income that will not be reclassified to profit or loss	**175**
Equity and other variable income securities	-
Non-consolidated equity investments	175
Financial assets at amortised cost	**5,867**
Loans and receivables	5,530
Debt securities	337
Treasury bills and similar securities	-
Bonds and other fixed income securities	337
Impairment	-
Investment property	**6,280**
Investments in associates and joint venture	**3,785**
TOTAL INSURANCE COMPANY INVESTMENTS	**374,242**

As of 31 December 2018, investments in Insurance entities on equity accounting method amount to €3,785 million compared with €2,864 million at 31 December 2017.

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(in millions of euros)	31/12/2018 Carrying amount	Unrealised gains	Unrealised losses
Debt instruments at fair value through other comprehensive income that may be reclassified to profit or loss	**214,109**	**14,615**	**(743)**
Debt securities	214,109	14,615	(743)
Treasury bills and similar securities	61,593	4,412	(171)
Bonds and other fixed income securities	152,516	10,203	(572)
Equity instruments at fair value through other comprehensive income that will not be reclassified to profit or loss	**175**	**3**	**(21)**
Equity and other variable income securities	-	-	-
Non-consolidated equity investments	175	3	(21)
Total of financial assets at fair value through other comprehensive income	**214,284**	**14,618**	**(764)**
Income tax charge		(3,839)	198
OTHER COMPREHENSIVE INCOME ON FINANCIAL ASSETS AT FAIR VALEUR THROUGH OTHER COMPREHENSIVE INCOME (NET OF INCOME TAX)		**10,779**	**(566)**

(in millions of euros)	31/12/2017 Carrying amount	Unrealised gains	Unrealised losses
Treasury bills and similar securities	45,329	2,706	(74)
Bonds and other fixed income securities	162,257	13,464	(346)
Equities and other equity variable income securities	17,934	2,846	(185)
Non-consolidated equity investments	8,209	2,432	(80)
Total available-for-sale financial assets	**233,729**	**21,448**	**(685)**
Income tax charges		(5,774)	228
GAINS AND LOSSES ON AVAILABLE-FOR-SALE FINANCIAL ASSETS RECOGNISED IN OTHER COMPREHENSIVE INCOME (NET OF INCOME TAX)		**15,674**	**(457)**

(in millions of euros)	31/12/2017 Carrying amount	Fair value
Bonds and other fixed income securities	3,069	3,803
Treasury bills and similar securities	7,736	9,245
Impairment	-	-
Total held-to-maturity financial assets	**10,805**	**13,048**
Loans and receivables	**7,426**	**7,424**
Investment property	**6,103**	**8,674**

(in millions of euros)	31/12/2017 Carrying amount
Financial assets at fair value through profit or loss classified as held for trading or designated at fair value through profit or loss	**107,634**
Assets backing unit-linked contracts	59,635
Treasury bills and similar securities	3,639
Bonds and other fixed-income securities	27,125
Equities and other equity variable-income securities	15,729
Derivative instruments	1,506

(in millions of euros)	31/12/2017 Carrying amount
TOTAL INSURANCE COMPANY INVESTMENTS	**365,697**

The definitions of the underlined words can be found in the Glossary on page 600.

Reclassification between net income and other comprehensive income for financial assets designated under the overlay approach

(in millions of euros)	31/12/2018 Amount reported for the designated financial assets applying IFRS9	31/12/2018 Amount that would have been reported for the designated financial assets applying IAS39	31/12/2018 Amount reclassified in other comprehensive income applying the overlay approach
Investment income	929	926	(3)
Investment expenses	(10)	(9)	1
Gains (losses) on disposals of investments net of impairment and amortisation reversals	25	405	379
Change in fair value of investments at fair value through profit or loss	(1,828)	-	1,828
Change in impairment on investments	-	(49)	(49)
Investment income net of expenses	**(884)**	**1,272**	**2,157**
Claims paid			**(1,866)**
Operating income			**291**
Income tax charge			(147)
NET INCOME GROUP SHARE			**144**

Note 6 Notes to the balance sheet

6.1 CASH, CENTRAL BANKS

	31/12/2018		31/12/2017	
(in millions of euros)	Assets	Liabilities	Assets	Liabilities
Cash	1,581		1,441	
Central banks	65,395	949	49,320	3,185
CARRYING AMOUNT	**66,976**	**949**	**50,761**	**3,185**

The definitions of the underlined words can be found in the Glossary on page 600.

6.2 FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss

(in millions of euros)	31/12/2018
Financial assets held for trading	225,605
Other financial instruments at fair value through profit or loss	139,870
Equity instruments	28,351
Debt instruments that do not meet the conditions of the "SPPI" test	60,131
Assets backing unit-linked contracts	51,386
Financial assets designated at fair value through profit or loss	2
CARRYING AMOUNT	**365,475**
of which lent securities	2,823

(in millions of euros)	31/12/2017
Financial assets held for trading	221,089
Financial assets designated at fair value through profit or loss	100,315
CARRYING AMOUNT	**321,404**
of which lent securities	884

Held for trading financial assets

(in millions of euros)	31/12/2018
Equity instruments	**2,777**
Equity and other variable income securities	2,777
Debt securities	**19,295**
Treasury bills and similar securities	14,219
Bonds and other fixed income securities	5,043
Mutual funds	33
Loans and receivables	**108,979**
Loans and receivables due from credit institutions	191
Loans and receivables due from customers	1,374
Securities bought under repurchase agreements	107,414
Pledged securities	-
Derivative instruments	**94,554**
CARRYING AMOUNT	**225,605**

(in millions of euros)	31/12/2017
Equity instruments	**3,485**
Equities and other variable income securities	3,485
Debt securities	**17,250**
Treasury bills and similar securities	12,804
Bonds and other fixed income securities	4,446
Loans and advances	**94,559**
Loans and receivables due from customers	1,600
Securities bought under repurchase agreements	92,959
Pledged securities	-
Derivative instruments	**105,795**
CARRYING AMOUNT	**221,089**

Securities acquired under repurchase agreements include those that the entity is authorised to use as collateral.

Equity instruments at fair value through profit or loss

(in millions of euros)	31/12/2018
Equity and other variable income securities	19,315
Non-consolidated equity investments	9,036
TOTAL EQUITY INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS	**28,351**

Debt instruments not meeting the SPPI criteria

(in millions of euros)	31/12/2018
Debt securities	**57,128**
Treasury bills and similar securities	156
Bonds and other fixed income securities	11,637
Mutual funds	45,335
Loans and receivables	**3,003**
Loans and receivables due from credit institutions	-
Loans and receivables due from customers	3,003
Securities bought under repurchase agreements	-
Pledged securities	-
TOTAL DEBT INSTRUMENTS THAT DO NOT MEET THE CONDITIONS OF THE "SPPI" TEST AT FAIR VALUE THROUGH P&L	**60,131**

Financial assets designated at fair value through profit or loss

(in millions of euros)	31/12/2018
Loans and receivables	**-**
Loans and receivables due from credit institutions	-
Loans and receivables due from customers	-
Debt securities	**2**
Treasury bills and similar securities	-
Bonds and other fixed income securities	2
TOTAL FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS	**2**

(in millions of euros)	31/12/2017
Equity instruments	**17,070**
Equities and other variable income securities	17,070
Debt securities	**83,243**
Assets backing unit-linked contracts	51,600
Treasury bills and similar securities	3,639
Bonds and other fixed income securities	28,004
Loans and advances	**2**
Loans ans recevables due from credit institutions	-
Loans and receivables due from customers	2
Securities bought under repurchase agreements	-
Pledged securities	-
CARRYING AMOUNT	**100,315**

The definitions of the underlined words can be found in the Glossary on page 600.

Financial liabilities at fair value through profit or loss

(in millions of euros)	31/12/2018	31/12/2017
Financial liabilities held for trading	193,956	196,444
Financial liabilities designated at fair value through profit or loss	34,155	31,443
CARRYING AMOUNT	**228,111**	**227,887**

Held for trading financial liabilities

(in millions of euros)	31/12/2018	31/12/2017
Securities sold short	25,433	22,598
Securities sold under repurchase agreements	75,917	67,335
Debt securities	2	2
Derivative instruments	92,603	106,509
CARRYING AMOUNT	**193,956**	**196,444**

Detailed information on derivative instruments held for trading can be found in Note 3.2 on market risk, in particular on interest rates.

Financial liabilities designated at fair value through profit or loss

Financial liabilities for which changes in issuer spread are recognised in other comprehensive income and will not be reclassified

	31/12/2018				
(in millions of euros)	Carrying amount	Difference between carrying amount and amount contractually required to pay at maturity	Accumulated amount of change in fair value attributable to changes in own credit risk	Amount of change in fair value during the period attributable to changes in own credit risk	Amount realised at derecognition(1)
Deposits and subordinated liabilities	**-**	**-**	**-**	**-**	**-**
Deposits	-	-	-	-	-
Subordinated liabilities	-	-	-	-	-
Debt securities	**27,596**	**398**	**140**	**(365)**	**(18)**
Other financial liabilities	**-**	**-**	**-**	**-**	**-**
TOTAL	**27,596**	**398**	**140**	**(365)**	**(18)**

(1) The amount realised upon derecognition is transferred to consolidated reserves.

Pursuant to IFRS 9, Crédit Agricole S.A.'s Group calculates changes in fair value attributable to changes in own credit risk using a methodology that allows for them to be separated from changes in value attributable to changes in market conditions.

Basis for calculating own credit risk

The source taken into account for the calculation of own credit risk may vary from one issuer to another. Within Crédit Agricole S.A.'s Group, the source used is the change in its cost of market refinancing.

Calculation of unrealised gains/losses on own credit adjustment (recognised in other comprehensive income)

The Crédit Agricole's Group preferred approach is based on the liquidity component of issues. All issues are replicated by a group of vanilla loans/borrowings. Changes in fair value attributable to changes in own credit risk of all issues therefore correspond to those of said loans. These are equal to the changes in fair value of the loan book caused by changes in the cost of refinancing.

Calculation of realised gains/losses on own credit risk (recognised in consolidated reserves)

The Group has elected to transfer fair value changes attributable to changes in own credit risk upon unwinding to consolidated reserves. Accordingly, when there is a total or partial early redemption, a sensitivity-based calculation is done. This consists of measuring the change in fair value attributable to the changes in own credit risk of a given issuance as being the sum of the credit spread sensitivities multiplied by the change in this spread between the issuance date and the redemption date.

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Financial liabilities for which changes in the issuer spread are recognised in net income

	31/12/2018			
(in millions of euros)	Carrying amount	Difference between carrying amount and due on maturity	Accumulated amount of change in fair value attributable to changes in own credit risk	Amount of change in fair value during the period attributable to changes in own credit risk
Deposits and subordinated liabilities	**6,559**	**-**	**-**	**-**
Deposits	6,559	-	-	-
Subordinated liabilities	-	-	-	-
Debt securities	**-**	**-**	**-**	**-**
Other financial liabilities	**-**	**-**	**-**	**-**
TOTAL	**6,559**	**-**	**-**	**-**

	31/12/2017	
(in millions of euros)	Fair value on the balance sheet	Difference between carrying amount and due on maturity
Deposits and subordinated liabilities	**6,037**	**-**
Deposits from credit institutions	-	-
Other deposits	6,037	-
Subordinated liabilities	-	-
Debt securities	**25,406**	**432**
Other financial liabilities	**-**	**-**
TOTAL	**31,443**	**432**

6.3 HEDGING DERIVATIVE INSTRUMENTS

Detailed information is provided in Note 3.4 on “Hedging accounting”.

6.4 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	31/12/2018		
(in millions of euros)	Carrying amount	Unrealised gains	Unrealised losses
Debt instruments at fair value through other comprehensive income that may be reclassified to profit or loss	250,202	14,554	(1,077)
Equity instruments at fair value through other comprehensive income that will not be reclassified to profit or loss	3,418	619	(985)
TOTAL	**253,620**	**15,173**	**(2,062)**

Debt instruments recognised at fair value through other comprehensive income that can be reclassified

	31/12/2018		
(in millions of euros)	Carrying amount	Unrealised gains	Unrealised losses
Treasury bills and similar securities	75,753	4,658	(372)
Bonds and other fixed income securities	174,449	9,896	(705)
Total Debt securities	**250,202**	**14,554**	**(1,077)**
Loans and receivables due from credit institutions	-	-	-
Loans and receivables due from customers	-	-	-
Total Loans and receivables	**-**	**-**	**-**
Total debt instruments at fair value through other comprehensive income that may be reclassified to profit and loss	**250,202**	**14,554**	**(1,077)**
Income tax charge		(3,845)	290
OTHER COMPREHENSIVE INCOME ON DEBT INSTRUMENTS THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS (NET OF INCOME TAX)		**10,709**	**(787)**

The definitions of the underlined words can be found in the Glossary on page 600.

Equity instruments recognised at fair value through other comprehensive income that cannot be reclassified

Other comprehensive income on equity instruments that cannot be reclassified

	31/12/2018			
(in millions of euros)	Carrying amount	Unrealised gains	Unrealised losses	Unrealised gains/losses during the period
Equity and other variable income securities	283	24	(46)	(3)
Non-consolidated equity investments	3,135	595	(939)	118
Total equity instruments at fair value through other comprehensive income that will not be reclassified to profit or loss	**3,418**	**619**	**(985)**	**115**
Income tax charge		(88)	16	(54)
OTHER COMPREHENSIVE INCOME ON EQUITY INSTRUMENTS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS (NET OF INCOME TAX)		**531**	**(969)**	**61**

Equity instruments derecognised during the period

	31/12/2018		
(in millions of euros)	Fair value at the date of derecognition	Cumulative gains realised[1]	Cumulative losses realised[1]
Equity and other variable income securities	31	5	(5)
Non-consolidated equity investments	234	14	(74)
Total investments in equity instruments	**265**	**19**	**(79)**
Income tax charge		-	12
OTHER COMPREHENSIVE INCOME ON EQUITY INSTRUMENTS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS (NET OF INCOME TAX)[1]		**19**	**(67)**

(1) Realised gains and losses are transferred to consolidated reserves at the time of derecognition of the instrument.

Available-for-sale financial assets at 31 December 2017

	31/12/2017		
(in millions of euros)	Carrying amount	Unrealised gains	Unrealised losses
Treasury bills and similar securities	74,346	3,170	(202)
Bonds and other fixed income securities	201,745	13,099	(396)
Equities and other variable income securities	18,690	2,926	(241)
Non-consolidated equity investments	12,277	3,231	(304)
Total available-for-sale securities	**307,058**	**22,426**	**(1,143)**
Available-for-sale receivables	-	-	-
Total available-for-sale receivables	**-**	**-**	**-**
Carrying amount of available-for-sale financial assets[1]	**307,058**	**22,426**	**(1,143)**
Income tax charge		(5,914)	291
GAINS AND LOSSES ON AVAILABLE-FOR-SALE FINANCIAL ASSETS RECOGNISED IN OTHER COMPREHENSIVE INCOME (NET OF INCOME TAX)[2]		**16,512**	**(852)**

(1) The net carrying amount of impaired available-for-sale fixed-income securities is €32 million and the net carrying amount of impaired available-for-sale variable-income securities is €1,931 million.
(2) For insurance companies, gains and losses on available-for-sale financial assets recognised in other comprehensive income (net of income tax) are offset by aftertax deferred policyholders' profit-sharing liability of €12,747 million at 31 December 2017 (see Note 6.16 "Insurance company technical reserves").

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6.5 FINANCIAL ASSETS AT AMORTISED COST

(in millions of euros)	31/12/2018
Loans and receivables due from credit institutions	412,981
Loans and receivables due from customers	369,456
Debt securities	57,764
CARRYING AMOUNT	**840,201**

Loans and receivables due from credit institutions

(in millions of euros)	31/12/2018
Credit institutions	
Loans and receivables	94,457
Of which non doubtful current accounts in debit(1)	6,548
Of which non doubtful overnight accounts and advances(1)	25,369
Pledged securities	1
Securities bought under repurchase agreements	5,225
Subordinated loans	516
Other loans and receivables	103
Gross amount	**100,302**
Impairment	(419)
Net value of loans and receivables due from credit institutions	**99,883**
Crédit Agricole internal transactions	
Current accounts	1,944
Securities bought under repurchase agreements	1,746
Term deposits and advances	309,037
Subordinated loans	371
Total Crédit Agricole internal transactions	**313,098**
CARRYING AMOUNT	**412,981**

(1) These transactions are partly comprised of the item "Net demand loans and deposits with credit institutions" on the Cash Flow Statement.

(in millions of euros)	31/12/2017
Credit institutions	
Debt securities	**5,203**
Securities not traded in an active market	5,203
Loans and receivables	**89,779**
Loans and receivables	82,801
Of which performing current accounts in debit	6,100
Of which performing overnight accounts and advances	16,411
Pledged securities	10
Securities bought under repurchase agreements	6,227
Subordinated loans	665
Other loans and receivables	77
Gross amount	**94,982**
Impairment	(386)
Net value of loans and receivables due from credit institutions	**94,596**
Crédit Agricole internal transactions	
Debt securities	**-**
Securities not traded in an active market	-
Loans and advances	**299,455**
Current accounts	1,752
Term deposits and advances	294,906
Securities bought under repurchase agreements	2,467
Subordinated loans	330
Gross amount	**299,455**
Impairment	-
Net value of loans and receivables within Crédit Agricole	**299,455**
CARRYING AMOUNT	**394,051**

Loans and receivables due from customers

(in millions of euros)	31/12/2018
Loans and receivables due from customers	
Trade receivables	31,510
Other customer loans	313,894
Pledged securities	131
Securities bought under repurchase agreements	2,976
Subordinated loans	104
Insurance receivables	655
Reinsurance receivables	634
Advances in associates' current accounts	144
Current accounts in debit	13,249
Gross amount	**363,297**
Impairment	(9,168)
Net value of loans and receivables due from customers	**354,129**
Finance leases	
Property leasing	5,544
Equipment leases, operating leases and similar transactions	10,170
Gross amount	**15,714**
Impairment	(387)
Net value of lease financing operations	**15,327**
CARRYING AMOUNT	**369,456**

The definitions of the underlined words can be found in the Glossary on page 600.

(in millions of euros)	31/12/2017
Loans and receivables due from customers	
Debt securities	**14,599**
Securities not traded in an active market	14,599
Loans and receivables	**340,264**
Trade receivables	26,065
Other customer loans	296,930
Securities bought under repurchase agreements	3,116
Subordinated loans	104
Insurance receivables	262
Reinsurance receivables	515
Advances in associates current accounts	128
Current accounts in debit	13,144
Gross amount	**354,863**
Impairment	(9,720)
Net value of loans and receivables due from customers	**345,143**
Finance leases	
Property leasing	5,687
Equipment leases, operating leases and similar transactions	9,508
Gross amount	**15,195**
Impairment	(259)
Net value of lease financing operations	**14,936**
CARRYING AMOUNT	**360,079**

Debt securities

(in millions of euros)	31/12/2018
Treasury bills and similar securities	23,222
Bonds and other fixed income securities	34,574
Total	**57,796**
Impairment	(32)
CARRYING AMOUNT	**57,764**

Held-to-maturity financial assets at 31 December 2017

(in millions of euros)	31/12/2017
Treasury bills and similar securities	17,082
Bonds and other fixed income securities	3,097
Total	**20,179**
Impairment	-
CARRYING AMOUNT	**20,179**

The definitions of the underlined words can be found in the Glossary on page 600.

6.6 TRANSFERRED ASSETS NOT DERECOGNISED OR DERECOGNISED WITH ON-GOING INVOLVEMENT

Transferred assets not derecognised in full at 31 December 2018

	Transferred assets but still fully recognised				
	Transferred assets				
Nature of assets transferred *(in millions of euros)*	Carrying amount	of which securitisation (non-deconsolidating)	of which securities sold/bought under repurchase agreements	of which other[1]	Fair value[2]
Financial assets held for trading	**10,488**	**-**	**10,488**	**-**	**10,488**
Equity instruments	1,665	-	1,665	-	1,665
Debt securities	8,823	-	8,823	-	8,823
Loans and receivables	-	-	-	-	-
Other financial instruments at fair value through profit or loss	**-**	**-**	**-**	**-**	**-**
Equity instruments	-	-	-	-	-
Debt securities	-	-	-	-	-
Loans and receivables	-	-	-	-	-
Financial assets at fair value through other comprehensive income	**21,435**	**6**	**20,501**	**929**	**21,274**
Equity instruments	-	-	-	-	-
Debt securities	21,435	6	20,501	929	21,274
Loans and receivables	-	-	-	-	-
Financial assets at amortised cost	**14,094**	**11,886**	**1,572**	**636**	**14,094**
Debt securities	2,208	-	1,572	636	2,208
Loans and receivables	11,886	11,886	-	-	11,886
Total financial assets	**46,017**	**11,891**	**32,561**	**1,565**	**45,856**
Finance leases	**-**	**-**	**-**	**-**	**-**
TOTAL TRANSFERRED ASSETS	**46,017**	**11,891**	**32,561**	**1,565**	**45,856**

(1) Including securities lending without cash collateral.
(2) When the "counterparty" (counterparties) to the associated liabilities has (have) recourse only to the transferred assets".

The definitions of the underlined words can be found in the Glossary on page 600.

Transferred assets but still fully recognised						Transferred assets recognised to the extent of on the entity's continuing involvement		
	Associated liabilities			Assets and associated liabilities				
Carrying amount	of which securitisation (non-deconsolidating)	of which securities sold/ bought under repurchase agreements	of which other[1]	Fair value[2]	Net fair value[2]	Initial total carrying amount of assets prior to transfer	Carrying amount of assets still recognised (continuing involvement)	Carrying amount of associated liabilities
10,137	**-**	**10,137**	**-**	**10,137**	**351**	**-**	**-**	**-**
1,609	-	1,609	-	1,609	56	-	-	-
8,528	-	8,528	-	8,528	295	-	-	-
-	-	-	-	-	-	-	-	-
-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
20,435	**-**	**20,435**	**-**	**20,335**	**939**	**-**	**-**	**-**
-	-	-	-	-	-	-	-	-
20,435	-	20,435	-	20,335	939	-	-	-
-	-	-	-	-	-	-	-	-
10,908	**9,356**	**1,552**	**-**	**10,908**	**3,186**	**-**	**-**	**-**
1,552	-	1,552	-	1,552	656	-	-	-
9,356	9,356	-	-	9,356	2,530	-	-	-
41,481	**9,356**	**32,125**	**-**	**41,380**	**4,476**	**-**	**-**	**-**
-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
41,481	**9,356**	**32,125**	**-**	**41,380**	**4,476**	**-**	**-**	**-**

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Transferred assets not derecognised in full at 31 December 2017

Nature of assets transferred *(in millions of euros)*	Transferred assets still fully recognised				
	Transferred assets				
	Carrying amount	of which securisation (non-deconsolidating)	of which securities bought under repurchase agreements	of which other(1)	Fair value(2)
Held for trading	**13,318**	**-**	**13,318**	**-**	**13,318**
Equity instruments	177	-	177	-	177
Debt securities	13,141	-	13,141	-	13,141
Loans and advances	-	-	-	-	-
Designated at fair value through profit and loss	**2,166**	**-**	**2,166**	**-**	**2,126**
Equity instruments	-	-	-	-	-
Debt securities	2,166	-	2,166	-	2,126
Loans and advances	-	-	-	-	-
Available-for-sale	**18,482**	**-**	**15,742**	**2,740**	**18,288**
Equity instruments	544	-	-	544	544
Debt securities	17,938	-	15,742	2,196	17,744
Loans and advances	-	-	-	-	-
Loans and receivables	**12,700**	**11,463**	**201**	**1,036**	**12,700**
Debt securities	1,237	-	201	1,036	1,237
Loans and advances	11,463	11,463	-	-	11,463
Held-to-maturity	**2,140**	**-**	**2,140**	**-**	**2,125**
Debt securities	2,140	-	2,140	-	2,125
Loans and advances	-	-	-	-	-
Total financial assets	**48,806**	**11,463**	**33,567**	**3,776**	**48,557**
Finance leases	**-**	**-**	**-**	**-**	**-**
TOTAL TRANSFERRED ASSETS	**48,806**	**11,463**	**33,567**	**3,776**	**48,557**

(1) Including securities lending without cash collateral.
(2) When the "counterparty" (counterparties) to the associated liabilities has (have) recourseonly to the transferred assets.

Securitisations

Consolidated securitisations with external investors are a transfer of assets within the meaning of the amendment to IFRS 7. The Group effectively has an indirect contractual obligation to deliver to external investors the cash flows from assets sold to the securitisation fund (although these assets are recorded in the Group balance sheet through the consolidation of the fund). Receivables assigned to the securitisation fund are used as collateral for investors.

Fully self-subscribed consolidated securitisations do not constitute a transfer of assets within the meaning of IFRS 7.

Crédit Agricole Consumer Finance Securitisations

At 31 December 2018, Crédit Agricole Consumer Finance managed 16 consolidated vehicles for securitisation of retail consumer loans and car dealer financing in Europe. Securitisation transactions carried out within Crédit Agricole Consumer Finance Group are not considered to form part of a deconsolidation transaction under IFRS and have therefore been reintegrated into Crédit Agricole S.A. Group's consolidated financial statements.

The definitions of the underlined words can be found in the Glossary on page 600.

Transferred assets still fully recognised						Transferred assets recognised to the extent of the entity's continuing involvement		
	Associated liabilities				Assets and associated liabilities			
Carrying amount	of which securisation (non-deconsolidating)	of which securities bought under repurchase agreements	of which other[1]	Fair value[2]	Net fair value	Initial total carrying amount of assets prior to transfer	Carrying amount of assets still recognised (continuing involvement)	Carrying amount of associated liabilities
12,866	**-**	**12,866**	**-**	**12,866**	**452**	**-**	**-**	**-**
177	-	177	-	177	-	-	-	-
12,689	-	12,689	-	12,689	452	-	-	-
-	-	-	-	-	-	-	-	-
2,166	**-**	**2,166**	**-**	**2,166**	**40**	**-**	**-**	**-**
-	-	-	-	-	-	-	-	-
2,166	-	2,166	-	2,166	40	-	-	-
-	-	-	-	-	-	-	-	-
15,960	**-**	**15,633**	**327**	**15,960**	**2,328**	**-**	**-**	**-**
327	-	-	327	327	217	-	-	-
15,633	-	15,633	-	15,633	2,111	-	-	-
-	-	-	-	-	-	-	-	-
9,148	**9,037**	**201**	**-**	**9,148**	**3,552**	**-**	**-**	**-**
201	-	201	-	201	1,036	-	-	-
8,947	9,037	-	-	8,947	2,516	-	-	-
2,140	**-**	**2,140**	**-**	**2,140**	**(15)**	**-**	**-**	**-**
2,140	-	2,140	-	2,140	(15)	-	-	-
-	-	-	-	-	-	-	-	-
42,280	**9,037**	**33,006**	**327**	**42,280**	**6,277**	**-**	**-**	**-**
-	**-**	**-**	**-**		**-**	**-**	**-**	**-**
42,280	**9,037**	**33,006**	**327**	**42,280**	**6,277**	**-**	**-**	**-**

The carrying amounts of the relevant assets (net of related liabilities) amounted to €7,365 million at 31 December 2018. They include, in particular, outstanding customer loans with a net carrying amount of €5,571 million. The amount of securities mobilised on the market stood at €5,042 million. The value of securities still available to be mobilised stood at €9,500 million.

Cariparma Securitisations

At 31 December 2018, Cariparma managed two home loan securitisation vehicles. These securitisation transactions are not considered to form part of a deconsolidation transaction under IFRS and have therefore been reintegrated into Crédit Agricole S.A. Group's consolidated financial statements.

The carrying amounts of the relevant assets amounted to €10,502 million at 31 December 2018.

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6.7 EXPOSURE TO SOVEREIGN RISK

The scope of sovereign exposures recorded covers exposures to Governments, but does not include local authorities. Tax debt is excluded from these amounts.

Exposure to sovereign debt corresponds to an exposure net of impairment (carrying amount) presented both gross and net of hedging.

The Group's exposure to sovereign risk is as follows:

Banking activity

	Exposures net of impairment						
	Other financial instruments at fair value through profit or loss						
31/12/2018 *(in millions of euros)*	Held for trading financial assets	Other financial instruments at fair value through profit or loss	Financial assets at fair value through other comprehensive income that may be reclassified to profit or loss	Financial assets at amortised cost	Total banking activity before hedging	Hedging	Total banking activity after hedging
Saudi Arabia	8	-	-	880	888	-	**888**
Austria	-	-	-	15	15	-	**15**
Belgium	50	-	2,395	1,007	3,452	(129)	**3,323**
Brazil	381	-	-	211	592	-	**592**
China	6	-	-	19	25	-	**25**
Spain	-	-	332	52	384	-	**384**
United States	1,578	-	152	1,610	3,340	1	**3,341**
France	3	45	5,840	11,582	17,470	(611)	**16,859**
Greece	-	-	-	-	-	-	**-**
Hong Kong	71	-	-	978	1,049	-	**1,049**
Iran	-	-	-	-	-	-	**-**
Ireland	-	-	-	-	-	-	**-**
Italy	519	-	3,013	4,985	8,517	(183)	**8,334**
Japan	23	-	-	1,948	1,971	-	**1,971**
Lithuania	-	-	-	-	-	-	**-**
Poland	3	-	737	-	740	-	**740**
United Kingdom	-	-	-	-	-	-	**-**
Russia	1	-	7	-	8	-	**8**
Syria	-	-	-	-	-	-	**-**
Turkey	-	-	-	-	-	-	**-**
Ukraine	-	-	31	34	65	-	**65**
Venezuela	-	-	-	59	59	-	**59**
Yemen	-	-	-	-	-	-	**-**
Other countries	889	9	1,647	2,438	4,983	(6)	**4,977**
TOTAL	**3,532**	**54**	**14,154**	**25,818**	**43,558**	**(928)**	**42,630**

The definitions of the underlined words can be found in the Glossary on page 600.

31/12/2017 *(in millions of euros)*	Exposures net of impairment							
	Of which banking portfolio							
	Held-to-maturity financial assets	Available-for-sale financial assets	Financial assets at fair value through profit or loss	Loans and receivables	of which trading book (excluding derivatives)	Total banking activity before hedging	Hedging available-for-sale financial assets	Total banking activity after hedging
Saudi Arabia	-	-	-	542	2	**544**	-	**544**
Austria	-	15	-	-	44	**59**	-	**59**
Belgium	-	3,196	-	-	-	**3,196**	(122)	**3,074**
Brazil	-	7	-	38	86	**131**	-	**131**
China	-	65	-	-	3	**68**	-	**68**
Spain	-	1,463	-	-	-	**1,463**	-	**1,463**
United States	-	151	-	-	617	**768**	(3)	**765**
France	7,018	11,568	-	1,529	-	**20,115**	(859)	**19,256**
Greece	-	-	-	-	-	**-**	-	**-**
Hong Kong	-	1,044	-	-	38	**1,082**	-	**1,082**
Iran	-	-	-	-	-	**-**	-	**-**
Ireland	-	4	-	-	-	**4**	-	**4**
Italy	2,214	5,210	-	113	64	**7,601**	(187)	**7,414**
Japan	-	2,635	-	255	-	**2,890**	-	**2,890**
Lithuania	-	-	-	-	-	**-**	-	**-**
Poland	-	759	-	-	2	**760**	-	**761**
United Kingdom	-	-	-	-	-	**-**	-	**-**
Russia	-	8	-	-	5	**13**	-	**13**
Syria	-	-	-	-	-	**-**	-	**-**
Turkey	-	-	-	-	-	**-**	-	**-**
Ukraine	-	32	-	-	-	**32**	-	**32**
Venezuela	-	-	-	4	-	**4**	-	**4**
Yemen	-	-	-	-	-	**-**	-	**-**
Other countries	114	2,961	15	(581)	1,972	**4,481**	(10)	**4,470**
TOTAL	**9,346**	**29,118**	**15**	**1,899**	**2,833**	**43,211**	**(1,181)**	**42,030**

Insurance activity

For the insurance activity, exposure to sovereign debt is presented as net of impairment, before hedging, and corresponds to an exposure before application of sharing mechanisms between insurer and policyholder specific to life insurance.

Gross exposures (in millions of euros)	31/12/2018	31/12/2017
Saudi Arabia	-	-
Austria	3,667	3,388
Belgium	2,859	2,419
Brazil	-	1
China	-	-
Spain	1,148	1,015
United States	39	17
France	47,510	42,029
Greece	-	-
Hong Kong	-	-
Iran	-	-
Ireland	759	587
Italy	6,042	5,968
Japan	39	11
Lithuania	-	2
Poland	349	356
United Kingdom	4	-
Russia	-	-
Syria	-	-
Turkey	-	-
Ukraine	-	-
Venezuela	-	-
Yemen	-	-
Other countries	1,977	964
TOTAL EXPOSURE	**64,393**	**56,757**

6.8 FINANCIAL LIABILITIES AT AMORTISED COST

(in millions of euros)	31/12/2018
Due to credit institutions	131,960
Due to customers	597,170
Debt securities	184,470
CARRYING AMOUNT	**913,600**

Due to credit institutions

(in millions of euros)	31/12/2018	31/12/2017
Credit institutions		
Accounts and borrowings	75,531	67,123
of which current accounts in credit[1]	12,817	7,819
of which overnight accounts and deposits[1]	1,678	1,858
Pledged securities	-	-
Securities sold under repurchase agreements	22,131	22,088
Total	**97,662**	**89,211**
Crédit Agricole internal transactions		
Current accounts in credit[1]	11,223	10,109
Term deposits and advances	21,478	23,958
Securities sold under repurchase agreements	1,597	2,312
Total	**34,298**	**36,379**
CARRYING AMOUNT	**131,960**	**125,590**

(1) These transactions are partly comprised of the item "Net demand loans and deposits with credit institutions" on the Cash Flow Statement.

Due to customers

(in millions of euros)	31/12/2018	31/12/2017
Current accounts in credit	203,495	182,099
Special savings accounts	288,414	275,058
Other amounts due to customers	101,775	89,768
Securities sold under repurchase agreements	840	1,706
Insurance liabilities	1,260	853
Reinsurance liabilities	334	313
Cash deposits received from ceding and retroceding companies against technical insurance commitments	1,052	949
CARRYING AMOUNT	**597,170**	**550,746**

Debt instruments

(in millions of euros)	31/12/2018	31/12/2017
Interest bearing notes	126	130
Money-market securities	10,306	11,686
Negotiable debt securities	78,610	61,891
Bonds[1]	92,347	86,176
Other debt securities	3,081	3,825
CARRYING AMOUNT	**184,470**	**163,708**

(1) Includes issues of Covered Bonds and issues of senior non-preferred bonds.

The debt instruments issued by Crédit Agricole S.A. and subscribed for by Crédit Agricole S.A. Group insurance companies were eliminated for euro contracts. They were eliminated for the portion backing unit-linked contracts with financial risk borne by the policyholder.

6.9 INFORMATION ON THE OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Offsetting – financial assets

	31/12/2018					
	Offsetting effects on financial assets covered by master netting agreements and similar agreements					
				Other amounts that can be offset under given conditions		
Type of financial instrument *(in millions of euros)*	Gross amounts of recognised financial assets before offsetting	Gross amounts of recognised financial liabilities set off in the financial statements	Net amounts of financial assets presented in the financial statements[2]	Gross amounts of financial liabilities covered by master netting agreements	Amounts of other financial instruments received as collateral, including security deposits	Net amount after all offsetting effects
Derivatives[1]	167,617	57,578	110,039	80,604	17,018	12,417
Reverse repurchase agreements	169,727	52,233	117,493	8,609	104,480	4,404
Securities lent	5,669	-	5,669	-	-	5,669
Other financial instruments	-	-	-	-	-	-
TOTAL FINANCIAL ASSETS SUBJECT TO OFFSETTING	**343,013**	**109,811**	**233,201**	**89,213**	**121,499**	**22,490**

(1) Including margin calls but before any XVA impact.
(2) The net amount of financial assets shown in the summary statements is equal to the amount shown on the balance sheet as assets.

	31/12/2017					
	Offsetting effects on financial assets covered by master netting agreements and similar agreements					
				Other amounts that can be offset under given conditions		
Type of financial instrument *(in millions of euros)*	Gross amounts of recognised financial assets before offsetting	Gross amounts of recognised financial liabilities set off in the financial statements	Net amounts of financial assets presented in the financial statements[2]	Gross amounts of financial liabilities covered by master netting agreements	Amounts of other financial instruments received as collateral, including security deposits	Net amount after all offsetting effects
Derivatives[1]	198,500	75,436	123,064	97,826	13,097	12,142
Reverse repurchase agreements	134,424	29,647	104,777	19,889	22,284	62,604
Securities lent	4,531	-	4,531	-	-	4,531
Other financial instruments	-	-	-	-	-	-
TOTAL FINANCIAL ASSETS SUBJECT TO OFFSETTING	**337,456**	**105,083**	**232,373**	**117,715**	**35,381**	**79,277**

(1) Including margin calls but before any XVA impact.
(2) The net amount of financial assets shown in the summary statements is equal to the amount shown on the balance sheet as assets.

The definitions of the underlined words can be found in the Glossary on page 600.

Offsetting – financial liabilities

	31/12/2018					
	Offsetting effects on financial covered by master netting agreements and similar agreements					
				Other amounts that can be offset under given conditions		
Type of financial instrument *(in millions of euros)*	Gross amounts of recognised financial liabilities before offsetting	Gross amounts of recognised financial assets set off in the financial statements	Net amounts of financial liabilities presented in the financial statements[2]	Gross amounts of financial assets covered by master netting agreements	Amounts of other financial instruments received as collateral, including security deposits	Net amount after all offsetting effects
Derivatives[1]	163,263	57,544	105,719	80,641	24,421	657
Repurchase agreements	152,745	52,233	100,512	8,609	85,682	6,221
Securities borrowed	5,977	-	5,977	-	-	5,977
Other financial instruments	-	-	-	-	-	-
TOTAL FINANCIAL LIABILITIES SUBJECT TO OFFESTTING	**321,987**	**109,778**	**212,209**	**89,249**	**110,104**	**12,856**

(1) Including margin calls before any XVA impact.
(2) The net amount of financial liabilities shown in the summary statements is equal to the amount shown on the balance sheet as liabilities.

	31/12/2017					
	Offsetting effects on financial liabilities covered by master netting agreements and similar agreements					
				Other amounts that can be offset under given conditions		
Type of financial instrument *(in millions of euros)*	Gross amounts of recognised financial liabilities before offsetting	Gross amounts of recognised financial assets set off in the financial statements	Net amounts of financial liabilities presented in the financial statements[2]	Gross amounts of financial assets covered by master netting agreements	Amounts of other financial instruments received as collateral, including security deposits	Net amount after all offsetting effects
Derivatives[1]	196,186	75,444	120,742	97,826	11,272	11,644
Repurchase agreements	120,799	29,647	91,152	19,889	20,264	50,999
Securities borrowed	5,010	-	5,010	-	-	5,010
Other financial instruments	-	-	-	-	-	-
TOTAL FINANCIAL LIABILITIES SUBJECT TO OFFESTTING	**321,995**	**105,091**	**216,904**	**117,715**	**31,536**	**67,653**

(1) Including margin calls before any XVA impact.
(2) The net amount of financial liabilities shown in the summary statements is equal to the amount shown on the balance sheet as liabilities.

The definitions of the underlined words can be found in the Glossary on page 600.

6.10 CURRENT AND DEFERRED TAX ASSETS AND LIABILITIES

(in millions of euros)	31/12/2018	31/12/2017
Current tax	1,350	1,490
Deferred tax	3,130	2,972
TOTAL CURRENT AND DEFERRED TAX ASSETS	**4,480**	**4,462**
Current tax	692	1,144
Deferred tax	1,684	2,338
TOTAL CURRENT AND DEFERRED TAX LIABILITIES	**2,376**	**3,482**

Net deferred tax assets and liabilities break down as follows:

(in millions of euros)	31/12/2018
Temporary timing differences – tax	**2,179**
Non-deductible accrued expenses	329
Non-deductible provisions for liabilities and charges	2,066
Other temporary differences(1)	(216)
Deferred tax on reserves for unrealised gains or losses	**(308)**
Financial assets at fair value through other comprehensive income	(316)
Cash flow hedges	(286)
Gains and losses/Actuarial differences	103
Other comprehensive income attributable to changes in own credit risk	56
Reclassification of net gains (losses) of designated financial assets applying the overlay approach	135
Deferred tax on income and reserves	**(425)**
of which Reclassification of net gains (losses) of designated financial assets applying the overlay approach	(135)
TOTAL DEFERRED TAX	**1,446**

(1) The portion of deferred tax related to tax loss carryforwards is €431 million for 2018.

(in millions of euros)	31/12/2017
Temporary timing differences – tax	**1,550**
Non-deductible accrued expenses	279
Non-deductible provisions for liabilities and charges	1,871
Other temporary differences(1)	(600)
Deferred tax on reserves for unrealised gains or losses	**(793)**
Available-for-sale assets	(736)
Cash flow hedges	(192)
Gains and losses/Actuarial differences	135
Deferred tax on income and reserves	**(123)**
TOTAL DEFERRED TAX	**634**

(1) The portion of deferred tax related to tax loss carryforwards is €626 million for 2017.

Deferred tax assets are netted on the balance sheet by taxable entity.

In order to assess the level of deferred tax assets to be recognised, Crédit Agricole S.A. takes into account for each company or tax group concerned the dedicated tax status and the earnings projections established during the budgetary process.

6.11 ACCRUED INCOME AND EXPENSES AND OTHER ASSETS AND LIABILITIES

Accruals, prepayments and sundry assets

(in millions of euros)	31/12/2018	31/12/2017
Other assets	**30,966**	**28,776**
Inventory accounts and miscellaneous	144	139
Sundry debtors(1)	26,533	24,824
Settlement accounts	2,126	1,887
Other insurance assets	344	281
Reinsurer's share of technical reserves	1,819	1,645
Accruals and deferred income	**7,047**	**7,421**
Items in course of transmission	2,324	2,640
Adjustment and suspense accounts	673	463
Accrued income	2,592	2,712
Prepaid expenses	514	593
Other accrual prepayments and sundry assets	945	1,013
CARRYING AMOUNT	**38,013**	**36,197**

(1) Including €49 million in respect of the contribution to the Single Resolution Fund in the form of a security deposit at 31 December 2018. The Single Resolution Fund may use the security deposit to provide funding unconditionally and at any time.

Accruals, deferred income and sundry liabilities

(in millions of euros)	31/12/2018	31/12/2017
Other liabilities(1)	**30,705**	**29,411**
Settlement accounts	2,654	2,493
Sundry creditors	27,798	26,718
Liabilities related to trading securities	231	176
Other insurance liabilities	22	24
Accruals and deferred income	**11,603**	**11,119**
Items in course of transmission(2)	3,271	3,735
Adjustment and suspense accounts	845	307
Unearned income	1,309	1,307
Accrued expenses	5,639	5,049
Other accrual prepayments and sundry liabilities	540	721
CARRYING AMOUNT	**42,309**	**40,530**

(1) The amounts shown include related debts.
(2) Net amounts are shown.

6

6.12 JOINT VENTURES AND ASSOCIATES

Financial information of joint ventures and associates

At 31 December 2018,

- the equity-accounted value of joint ventures totalled €2,204 million (€1,797 million at 31 December 2017);
- the equity-accounted value of associates totalled €4,164 million (€3,380 million at 31 December 2017).

FCA Bank is a joint venture created with the Fiat Chrysler Automobiles Group. In July 2013, Crédit Agricole S.A., Crédit Agricole Consumer Finance and Fiat Chrysler Automobiles (formerly Fiat Group Automobiles) signed an agreement to extend their 50/50 joint venture until 31 December 2021. Active in 16 European countries, the company manages all financing transactions for car dealers and private customers for the following brands: Fiat, Lancia, Alfa Romeo, Maserati, Chrysler, Jeep, Fiat Professional, Abarth, Ferrari in Europe as well as Jaguar Land Rover in continental Europe. It is key to the development of the Group's automotive joint venture business.

Material associates and joint ventures are presented in the table below. These are the main joint ventures and associates that make up the "Equity-accounted value on the balance sheet".

	31/12/2018					
(in millions of euros)	% of interest	Equity-accounted value	Market value	Dividends paid to Group's entities	Share of net income(1)	Share of shareholders' equity(2)
Joint ventures						
FCA Bank S.P.A	50.0%	1,672	-	-	133	1,427
Others		532	-	10	63	738
Net carrying amount of investments in equity-accounted entities (joint ventures)		**2,204**			**196**	**2,165**
Associates						
Icade	18.4%	935	911	59	22	566
Korian	23.2%	615	591	5	42	578
Altarea	24.7%	559	657	50	54	462
Ramsay – Générale de Santé	38.4%	439	624	-	3	181
Gac – Sofinco Auto Finance Co. Ltd.	50.0%	311	-	-	38	311
Sci Heart of La Defense(3)	33.3%	271	271	-	(5)	271
Sci Cargo Property Holding	28.0%	182	207	10	3	182
Wafasalaf	49.0%	135	-	13	12	79
ABC-CA Fund Management Co	22.8%	121	-	-	20	121
Frey	19.2%	114	100	2	14	112
Others		482			82	174
Net carrying amount of investments in equity-accounted entities (Associates)		**4,164**			**285**	**3,037**
NET CARRYING AMOUNT OF INVESTMENTS IN EQUITY-ACCOUNTED ENTITIES		**6,368**			**481**	**5,202**

(1) The share of income of insurance activities and associates as well as the related share of benefits are classified as Net Banking Income in the income statement.
(2) Shareholders' equity Group share in the financial statements of the joint venture or associate when the joint venture or associate is a sub-group. The effect of 2018 inclusion into the scope of consolidation of the insurance entities generate an impact of -€46 million in gains and losses on equity securities accounted in other comprehensive income that cannot be reclassified.
(3) SCI Heart of La Défense entered the scope of consolidation under the equity method in 2018.

The definitions of the underlined words can be found in the Glossary on page 600.

(in millions of euros)	31/12/2017 % of interest	Equity-accounted value	Share of market value	Dividends paid to Group's entities	Share of net income[1]	Share of shareholders' equity[2]
Joint ventures						
FCA Bank S.p.A.	50.0%	1,573	-	50	193	1,270
Autres		224	-	5	6	504
Net carrying amount of investments in equity-accounted entities (joint ventures)		**1,797**			**199**	**1,774**
Associates						
Banque Saudi Fransi[3]	-	-	-	92	173	-
Eurazeo[4]	-	-	-	13	77	-
Icade[5]	18.5%	966	1,123	-	14	597
Altarea	24.7%	544	825	42	83	447
Korian	23.0%	521	547	11	32	484
Ramsay – Générale de Santé	38.4%	435	459	-	22	177
Gac – Sofinco Auto Finance Co. Ltd	50.0%	216	-	-	30	216
SCI Cargo Property Holding[5]	29.9%	171	164	7	1	171
Infra Foch Topco	36.9%	91	168	26	27	(50)
Patrimoine et Commerce[5]	19.9%	68	55	3	18	68
Eurosic[6]	-	-	-	21	56	-
Others		367	-	-	51	267
Net carrying amount of investments in equity-accounted entities (Associates)		**3,380**			**563**	**2,377**
NET CARRYING AMOUNT OF INVESTMENTS IN EQUITY-ACCOUNTED ENTITIES		**5,177**			**783**	**4,151**

(1) The share of income of insurance activities and associates as well as the related share of benefits are classified as Net Banking Income in the income statement.
(2) Shareholders' equity Group share in the financial statements of the joint venture or associate when the joint venture or associate is a sub-group.
(3) Crédit Agricole Banque CIB sold 16.2% of Banque Saudi Fransi on 20 September 2017. The contribution of Banque Sandi Fransi covers the period strating 1 January 2017 to 20 September 2017. The remaining participation has been reclassified in Available-for-sale financial assets.
(4) Crédit Agricole S.A. has sold its entire stake in Eurazeo on 16 June 2017. The contribution of Eurazeo covers the period starting 1 January 2017 to 16 June 2017.
(5) SCI Cargo Property Holding, Icade and Patrimoine et Commerce entered the scope of consolidation under the equity method in 2017.
(6) In connection Gecina and Eurosic merger, CAA disposed of all of its Eurosic shares. The company exited the scope of consolidation on 31 December 2017.

The market value shown in the table above is the quoted price of the shares on the market at 31 December 2018. This value may not be representative of the selling value since the value in use of equity-accounted entities may be different from the equity-accounted value determined pursuant to IAS 28. Investments in equity-accounted entities were subject to impairment tests, in case of an indication of impairment, using the same methodology as for goodwill.

Condensed financial information for the material associates and joint ventures of Crédit Agricole S.A. Group is shown below:

(in millions of euros)	31/12/2018 Revenues	Net income	Total assets	Total equity
Joint ventures				
FCA Bank S.p.A	954	387	30,396	2,854
Associates				
Icade	120	120	11,388	3,812
Korian	180	180	7,279	2,480
Altarea	220	220	8,247	3,060
Ramsay – Générale de Santé	7	7	2,502	511
Gac – Sofinco Auto Finance Co. Ltd.	172	76	5,520	1,267
SCI Heart of La Defense[1]	(15)	(15)	1,876	825
SCI Cargo Property Holding	10	10	595	576
Wafasalaf	-	25	-	161
ABC-CA Fund Management Co	108	59	420	724
Frey	71	71	1,048	581

(1) SCI Heart of La Défense entered the scope of consolidation under the equity method in 2018.

The definitions of the underlined words can be found in the Glossary on page 600.

(in millions of euros)	31/12/2017 Revenues	Net income	Total assets	Total equity
Joint ventures				
FCA Bank S.p.A	821	387	27,081	2,540
Associates				
Icade[1]	77	77	10,049	3,864
Altarea	335	335	7,624	2,979
Korian	137	137	6,687	2,097
Ramsay – Générale de Santé	57	57	2,346	502
GAC – Sofinco Auto Finance Co.Ltd	161	59	4,099	873
SCI Cargo Property Holding[1]	4	4	606	593
Infra Foch Topco	72	72	3,081	603
Patrimoine et Commerce[1]	93	93	722	337

(1) SCI Cargo Property Holding, Icade and Patrimoine et Commerce entered the scope of consolidation under the equity method in 2017.

Significant restrictions on joint ventures and associates

Crédit Agricole S.A. Group has the following restrictions:

Regulatory constraints

The subsidiaries of Crédit Agricole S.A. Group are subject to prudential regulation and regulatory capital requirements in their host countries. The minimum equity capital (solvency ratio), leverage ratio and liquidity ratio requirements limit the capacity of these entities to pay dividends or to transfer assets to Crédit Agricole S.A. Group.

Legal constraints

The subsidiaries of Crédit Agricole S.A. Group are subject to legal provisions concerning the distribution of capital and distributable earnings. These requirements limit the ability of the subsidiaries to distribute dividends. In the majority of cases, these are less restrictive than the regulatory limitations mentioned above.

Restriction on assets backing unit-linked contracts for the Insurance business

Assets backing unit-linked contracts of Crédit Agricole S.A. Group are held for the benefit of policyholders. Assets of the insurance subsidiaries of Crédit Agricole S.A. Group are mainly held for satisfying their obligation towards their policyholders. Assets transfers to other entities are possible following the legal conditions. However, in case of a transfer, a part of the profit due to the transfer must be intended for the policyholders.

6.13 INVESTMENT PROPERTIES

(in millions of euros)	31/12/2017	01/01/2018	Changes in scope	Increases (acquisitions)	Decreases (disposals)	Translation adjustments	Other movements	31/12/2018
Gross amount	6,283	6,283	153	518	(558)	-	96	6,492
Amortisation and impairment	(87)	(87)	-	(3)	18	-	(12)	(84)
CARRYING AMOUNT[1]	**6,196**	**6,196**	**153**	**515**	**(540)**	**-**	**84**	**6,408**

(1) Including investment property let to third parties.

(in millions of euros)	31/12/2016	Changes in scope	Increases (acquisitions)	Decreases (disposals)	Translation adjustments	Other movements	31/12/2017
Gross amount	5,697	14	1,484	(1,130)	-	218	6,283
Amortisation and impairment	(80)	-	(3)	5	-	(9)	(87)
CARRYING AMOUNT[1]	**5,617**	**14**	**1,481**	**(1,125)**	**-**	**209**	**6,196**

(1) Including investment property let to third parties.

The definitions of the underlined words can be found in the Glossary on page 600.

Fair value of investment properties

The market value of investment property recorded at amortised cost, as valued by "expert appraisers", was €9,314 million at 31 December 2018 compared to €8,845 million at 31 December 2017.

(in millions of euros)		31/12/2018	31/12/2017
Quoted prices in active markets for identical instruments	Level 1	-	-
Valuation based on observable data	Level 2	9,215	8,774
Valuation based on unobservable data	Level 3	99	71
MARKET VALUE OF INVESTMENT PROPERTIES		**9,314**	**8,845**

All investment property are recognised at amortised cost in the balance sheet.

6.14 PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS (EXCLUDING GOODWILL)

(in millions of euros)	31/12/2017	01/01/2018	Changes in scope	Increases (acquisitions)	Decreases (disposals and redemptions)	Translation adjustments	Other movements	31/12/2018
Property, plant & equipment used in operations								
Gross amount	8,400	8,400	5	331	(271)	29	(28)	**8,466**
Amortisation and impairment[1]	(4,190)	(4,190)	(6)	(398)	187	(14)	24	**(4,397)**
CARRYING AMOUNT	**4,210**	**4,210**	**(1)**	**(67)**	**(84)**	**15**	**(4)**	**4,069**
Intangible assets								
Gross amount	6,530	6,530	2	534	(142)	3	58	**6,985**
Amortisation and impairment	(4,350)	(4,350)	(1)	(438)	120	(1)	(28)	**(4,698)**
CARRYING AMOUNT	**2,180**	**2,180**	**1**	**96**	**(22)**	**2**	**30**	**2,287**

(1) Including depreciation on fixed assets let to third parties.

(in millions of euros)	31/12/2016	Changes in scope	Increases (acquisitions)	Decreases (disposals and redemptions)	Translation adjustments	Other movements	31/12/2017
Property, plant & equipment used in operations							
Gross amount	7,884	319	556	(392)	(72)	105	**8,400**
Amortisation and impairment[1]	(4,055)	(50)	(395)	333	41	(64)	**(4,190)**
CARRYING AMOUNT	**3,829**	**269**	**161**	**(59)**	**(31)**	**41**	**4,210**
Intangible assets							
Gross amount	5,386	737	564	(104)	(14)	(39)	**6,530**
Amortisation and impairment	(3,803)	(176)	(435)	58	11	(5)	**(4,350)**
CARRYING AMOUNT	**1,583**	**561**	**129**	**(46)**	**(3)**	**(44)**	**2,180**

(1) Including depreciation on fixed assets let to third parties.

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6.15 GOODWILL

(in millions of euros)	31/12/2017 gross	31/12/2017 net	01/01/2018 gross	01/01/2018 net	Increases (acquisitions)	Decreases (Divestments)	Impairment losses during the period	Translation adjustments	Other movements	31/12/2018 gross	31/12/2018 net
Asset gathering	**6,793**	**6,793**	**6,793**	**6,793**	**22**	**-**	**-**	**48**	**-**	**6,864**	**6,864**
of which insurance	1,214	1,214	1,214	1,214	-	-	-	-	-	1,214	1,214
of which asset management	4,830	4,831	4,830	4,831	-	-	-	20	-	4,851	4,851
of which international wealth management	749	749	749	749	22	-	-	28	-	799	799
French Retail Banking – LCL	**5,263**	**4,772**	**5,263**	**4,772**	**-**	**-**	**-**	**-**	**-**	**5,263**	**4,772**
International retail banking	**3,223**	**1,692**	**3,223**	**1,692**	**-**	**-**	**-**	**1**	**-**	**3,219**	**1,693**
of which Italy	2,872	1,660	2,872	1,660	-	-	-	-	-	2,872	1,660
of which Poland	225	-	225	-	-	-	-	-	-	220	-
of which Ukraine	39	-	39	-	-	-	-	-	-	39	-
of which other countries	86	32	86	32	-	-	-	1	-	88	33
Specialised financial services	**2,714**	**1,023**	**2,714**	**1,023**	**2**	**-**	**-**	**-**	**-**	**2,716**	**1,025**
of which Consumer finance (excl. Agos)	1,692	954	1,692	954	2	-	-	-	-	1,694	956
of which Consumer finance – Agos	569	-	569	-	-	-	-	-	-	569	-
of which Factoring	453	69	453	69	-	-	-	-	-	453	69
Large customers	**2,366**	**1,141**	**2,366**	**1,141**	**-**	**(4)**	**-**	**-**	**-**	**2,362**	**1,137**
of which Corporate and investment banking	1,711	486	1,711	486	-	-	-	-	-	1,711	486
of which Asset servicing	655	655	655	655	-	(4)	-	-	-	651	651
Corporate Centre	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
TOTAL	**20,358**	**15,421**	**20,358**	**15,421**	**24**	**(4)**	-	**49**	-	**20,424**	**15,491**
Group Share	**18,820**	**14,046**	**18,820**	**14,046**	**23**	**(4)**	**-**	**46**	**-**	**18,884**	**14,111**
Non-controlling interests	**1,538**	**1,375**	**1,538**	**1,375**	**1**	**-**	**-**	**3**	**-**	**1,540**	**1,380**

Determining the value in use of the CGUs

Goodwill was subject to impairment tests based on the assessment of the value in use of the cash generating units (CGU) with which it is associated. Determining the value in use was based on discounting the CGUs' estimated future cash flows calculated from activities forecasts over a period over four years (2019-2022) developed for Group management purposes, extrapolated over a fifth year in order to merge towards growth trends to infinity.

The economic scenario on which the projected financial trajectories are based is that of a slight downturn in economic growth in the main areas, accompanied by inflation that remains measured and a financial environment that is not without volatility, given the elements of uncertainty prevailing at the time the scenario was prepared, but without a systemic shock. Central banks are gradually moving towards a less accommodating monetary policy, aware that the United States is ahead of schedule in this respect. Therefore:

- in the Euro zone, after a very dynamic 2017, the scenario incorporates a gradual convergence of the growth trajectory towards the level of long-term potential; at distinct absolute levels, this is also the scenario envisaged for both France and Italy individually; real and core inflation would remain moderate;
- the European Central Bank should continue to pursue a very accommodating monetary policy, even if a gradual tightening is implemented: short-term rates could leave their current negative territory by the end of 2019, but then their continued increase will be very gradual; long-term core rates are expected to move relatively parallel to key rates, resulting in a curve with a constant, rather shallow slope; overall, therefore, a scenario that is rather favourable to retail banking activities in the euro zone, but in a moderate and gradual manner;
- the monetary normalisation of the FED could continue – less strongly than in 2018 – and the US economy would slow down after the period of strong growth triggered by the fiscal easing initiated in 2017; in the medium term, American and European growth rates would scarcely be different, but with a capacity for defence through monetary policy more clearly reconstituted in the United States;
- economic developments in emerging countries are expected to remain broadly positive, although contrasted by varying degrees of vulnerability to monetary developments in the developed world and trade conflicts: slowdown in China, acceleration in India, temporary negative shock in Turkey, slight recovery in Brazil...

The definitions of the underlined words can be found in the Glossary on page 600.

As of 31 December 2018, perpetual growth rates, discount rates and capital allocated rates as a proportion of risk-weighted assets were distributed by business lines as shown in the table below:

	31/12/2018		
(for Crédit Agricole S.A. fully consolidated entities)	**Perpetual growth rates**	**Discount rate**	**Capital allocated**
French retail banking – LCL	2.0%	7.8%	9.75%
International retail banking – Italy	2.0%	9.6%	9.75%
International retail banking – Others	7.0%	17.0%	9.5%
Specialised financial services	2.0%	7.8% to 8.3%	9.6% to 9.7%
Asset gathering	2.0%	7.8% to 8.7%	9.7% 80% of the solvency margin (Insurance)
Large customers	2.0%	8.3% to 9.7%	9.7%

The increase by the European Central Bank (ECB) of regulatory prudential requirements under Pillar 1 and Pillar 2 with effect from 2016 led Crédit Agricole S.A. progressively to raise the level of capital allocated to CGUs as a percentage of risk-weighted assets for certain entities. Last year, this allocation was 9.5% of RWA for all CGUs. The French High Committee for Financial Stability has decided to implement a counter-cyclical cushion of 0.25% of risk-weighted assets corresponding to French exposures, applicable as from 1 July 2019. As a precautionary measure, we have taken into account the impact of this cushion, as well as the very marginal impact of the existing cushions in some foreign countries for allocating equity capital to CGUs from the beginning of 2019. This ultimately results in the adoption, for the various banking CGUs, of a CET1 equity allocation of between 9.50% and 9.75% of risk-weighted assets.

The discount rates determined at 31 December 2018 for all business lines reflect the continued low long-term interest rates in Europe and more particularly in France. Equity risk premiums increased slightly. These changes are reflected in a slight increase in the discount rates used compared to the end of 2017, a slightly more marked increase for the CGU discount rate(s)“International retail banking – Italy” (+0.5%).

The perpetual growth rates at 31 December 2018 were unchanged from those used at 31 December 2017.

Sensitivity of the valuation of CGUs to the main valuation parameters

The sensitivity of the value in use of the CGUs comprising each of the major business segments to the variation of certain valuation parameters is presented in the following table:

	Sensitivity to capital allocated	Sensitivity to discount rates		Sensitivity to cost of risk in the final year		Sensitivity to the cost/income ratio in the final year	
In 2018	**+100 bp**	**(50) bp**	**+50 bp**	**(10%)**	**+10%**	**(100) bp**	**+100 bp**
French retail banking – LCL	(1.5%)	+9.2%	(7.7%)	+2.6%	(2.6%)	+3.2%	(3.2%)
International retail banking – Italy	(4.6%)	+6.6%	(5.8%)	+3.5%	(3.5%)	+3.5%	(3.5%)
International retail banking – Others	(1.8%)	+4.9%	(4.5%)	+0.9%	(0.9%)	+1.5%	(1.5%)
Specialised financial services	(5.7%)	+9.9%	(8.4%)	+11.5%	(11.5%)	+5%	(5%)
Asset gathering	(0.6%)	+8.2%	(7%)	NM	NM	+1.3%	(1.3%)
Large customers	(8.5%)	+8.3%	(6%)	+1.2%	(1.2%)	+2.6%	(2.6%)

Sensitivity tests were conducted on goodwill Group share with changes in the main valuation parameters applied equally for all CGU’s. These tests showed that the International retail banking – Italy CGU affected, by the factoring in of persistently low rates as well as a significant increase in the discount rate used to value it, is the most sensitive to the downgraded parameters of the model. The value of the LCL retail banking CGU in France is also sensitive to the tightening of certain parameters, but to a lesser extent.

- With regard to financial parameters:
  - a variation of +50 basis points in discount rates would result in a negative difference between value in use and the carrying amount of approximately €300 million on the LCL retail banking CGU in France and approximately €190 million for the International retail banking CGU – Italy;
  - a variation of +100 basis point in the level of equity allocated to banking CGUs would result in a negative difference between value in use and consolidated value of approximately €135 million on the International retail banking – Italy CGU.
- With regard to operational parameters, deterioration hypothesis that were simulated (respectively a scenario of a +10% increase on the cost of risk in the terminal year of projection and this of +100 basis points change on the cost/income ratio for the same year) would result in a negative difference between value in use and the carrying amount, only for the International retail banking – Italy CGU (negative difference of about €85 million for each of these hypothesis).

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6.16 INSURANCE COMPANY TECHNICAL RESERVES

Breakdown of insurance technical reserves

	31/12/2018				
(in millions of euros)	**Life**	**Non-life**	**International**	**Creditor**	**Total**
Insurance contracts	190,622	5,394	19,475	1,860	**217,351**
Investment contracts with discretionary profit-sharing	73,316	-	13,819	-	**87,135**
Investment contracts without discretionary profit-sharing	2,366	-	1,484	-	**3,850**
Deferred participation benefits (liability)	16,244	-	-	-	**16,244**
Other technical reserves	-	-	-	-	**-**
Total technical reserves	**282,548**	**5,394**	**34,778**	**1,860**	**324,580**
Deferred participation benefits (asset)	-	-	52	-	**52**
Reinsurer's share of technical reserves	(1,015)	(457)	(71)	(275)	**(1,818)**
NET TECHNICAL RESERVES	**281,533**	**4,937**	**34,759**	**1,585**	**322,814**

	31/12/2017				
(in millions of euros)	**Life**	**Non-life**	**International**	**Creditor**	**Total**
Insurance contracts	169,685	4,892	16,516	1,773	**192,866**
Investment contracts with discretionary profit-sharing	90,169	-	12,789	-	**102,958**
Investment contracts without discretionary profit-sharing	2,507	-	1,394	-	**3,901**
Deferred participation benefits (liability)	20,978	-	500	-	**21,478**
Total technical reserves	**283,339**	**4,892**	**31,199**	**1,773**	**321,203**
Deferred participation benefits (asset)	-	-	-	-	**-**
Reinsurer's share of technical reserves	(918)	(398)	(59)	(270)	**(1,645)**
NET TECHNICAL RESERVES	**282,421**	**4,494**	**31,140**	**1,503**	**319,558**

Reinsurers' share in technical reserves and other insurance liabilities is recognised under "Accruals, prepayments and sundry liabilities". The breakdown of insurance company technical reserves is presented before elimination of issues in euro and in units of account subscribed by insurance companies.

Deferred policyholders' profit sharing, before tax, at 31 December 2018 and 31 December 2017 breaks down as follows:

Deferred participation benefits *(in millions of euros)*	**31/12/2018** Net deferred participation benefits
Deferred participation on revaluation of financial assets at fair value through other comprehensive income and hedging derivatives	(14,627)
Of which deferred participation on revaluation of financial assets at fair value through other comprehensive income[1]	*(15,519)*
Of which deferred participation hedging derivatives	*892*
Deferred participation on financial assets at fair value through profit or loss adjustement	479
Other deferred participation	(2,043)
TOTAL PRE-TAX OTHER DEFERRED PARTICIPATION BENEFITS	**(16,191)**

(1) See Note 6.4 "Financial assets at fair value through other comprehensive income".

Deferred participation benefits *(in millions of euros)*	**31/12/2017** Deferred participation benefits in liabilities
Deferred participation on revaluation of held-for-sale securities and hedging derivatives	18,255
Of which deferred participation on revaluation of held-for-sale securities[1]	*17,408*
Of which deferred participation hedging derivatives	*847*
Deferred participation on trading securities mark-to-market adjustment	443
Other deferred participation (liquidity risk reserve cancellation)	2,780
TOTAL PRE-TAX OTHER DEFERRED PARTICIPATION BENEFITS	**21,478**

(1) See Note 6.4 "Financial assets at fair value through other comprehensive income".

6.17 PROVISIONS

(in millions of euros)	31/12/2017	01/01/2018	Changes in scope	Additions	Reversals, amounts used	Reversals, amounts not used	Translation adjustments	Other movements	31/12/2018
Home purchase schemes risks	241	241	-	11	-	(7)	-	-	**245**
Execution risks of commitments by signature	489	1,003	-	777	(47)	(898)	3	34	**872**
Operational risks	63	64	-	16	(3)	(10)	-	1	**68**
Employee retirement and similar benefits(1)	1,832	1,832	(1)	145	(198)	(51)	10	(28)	**1,709**
Litigation(2)	1,139	1,139	5	1,298	(65)	(158)	6	(94)	**2,132**
Equity investments	13	12	(1)	1	(9)	(1)	-	(1)	**1**
Restructuring	35	35	-	-	(4)	(7)	-	-	**24**
Other risks	609	609	2	210	(61)	(103)	(1)	102	**758**
TOTAL	**4,421**	**4,935**	**6**	**2,458**	**(387)**	**(1,235)**	**18**	**14**	**5,809**

(1) See Notes 7.4 "Post employment benefits, defined-benefit plans" and 7.5 "Other employee benefits".
(2) See "Tax litigation on Emporiki securities" under Note 2 "Major structural transactions and material events during the period".

(in millions of euros)	31/12/2016	Changes in scope	Additions	Reversals, amounts used	Reversals, amounts unused	Translation adjustments	Other movements	31/12/2017
Home purchase schemes risks	463	-	-	-	(222)	-	-	**241**
Execution risks of commitments by signature	271	18	265	(7)	(76)	(19)	37	**489**
Operational risks	167	1	32	(120)	(16)	-	(1)	**63**
Employee retirement and similar benefits	1,762	182	187	(227)	(46)	(25)	(1)	**1,832**
Litigation	895	180	400	(122)	(209)	(4)	(1)	**1,139**
Equity investments	6	-	10	(3)	-	-	-	**13**
Restructuring	44	1	-	(8)	(2)	-	-	**35**
Other risks	675	3	131	(96)	(110)	(7)	13	**609**
TOTAL	**4,283**	**385**	**1,025**	**(583)**	**(681)**	**(55)**	**47**	**4,421**

At 31 December 2018, employee retirement and similar benefits included €176 million (€139 million at 31 December 2017) of provisions arising from social costs of the adaptation plans. The provision for restructuring includes the non-social costs of those plans.

Tax audits

Crédit Agricole S.A. tax audit

After an audit of accounts for the 2014 and 2015 financial years, Crédit Agricole S.A. has been the subject of adjustments as part of a proposed correction received at the end of December 2018. Crédit Agricole S.A. is challenging most of the proposed adjustments in a motivated manner. A provision has been recognised to cover the estimated risk.

Crédit Agricole S.A. earlier underwent a tax audit covering the 2013 financial year. On conclusion of the audit the tax authorities issued a tax adjustment rejecting a tax deduction that was made, following the loss on the disposal of Emporiki Bank securities issued from a capital increase on 28 January 2013, four days prior to the sale of Emporiki Bank to Alpha Bank. The tax authorities dispute the fact that the securities of this subsidiary were treated as investment securities.

The assessment notice dated 15 March 2017 relating to this adjustment, for the amount of €312 million, resulted in a payment, and concurrently, a receivable of the same amount was recorded on 31 December 2017. In the context of this litigation, on 13 January 2017, the National Tax Commission decided that the tax adjustment should be abandoned. The administration maintained it nonetheless, and on 4 October 2018 an appeal was lodged with the Administrative Court.

Crédit Agricole CIB Paris tax audit

After an audit of accounts for the 2013, 2014 and 2015 financial years, Crédit Agricole CIB has been the subject of adjustments as a part of a proposed correction received at the end of December 2018. Crédit Agricole CIB is challenging the proposed adjustments. A provision has been recognised to cover the estimated risk.

Merisma tax audit

Merisma, a Crédit Agricole CIB subsidiary, consolidated by Crédit Agricole S.A. Group for tax purposes, has been the object of tax adjustment notices for financial years 2006 to 2010, plus surcharges for abuse of law.

Although still challenged, provisions have been set aside for the adjustments.

Tax audit Crédit Agricole CIB Milan regarding transfer pricing

Following audits, Crédit Agricole CIB Milan received adjustment notices for the 2005 to 2013 financial years regarding transfer pricing from the Italian tax authorities. Crédit Agricole CIB challenged the proposed adjustments. At the same time, the case has been referred to the competent French-Italian authorities for all financial years. A provision was recognised to cover the estimated risk.

CLSA liability guarantee

In 2013, Crédit Agricole Group sold the CLSA entities to the Chinese group CITICS.

Following tax adjustments made to some CLSA entities in India and the Philippines, CITICS invoked the liability guarantee against Crédit Agricole S.A. Reasoned arguments have been submitted challenging the adjustments. A provision was recognised to cover the estimated risk.

Crédit Agricole Consumer Finance tax audit

Crédit Agricole Consumer Finance was the subject of an audit of accounts for the 2014 and 2015 financial years. It received an adjustment notice in late 2017. CA Consumer Finance has recorded a provision in its accounts for the adjustments that are disputed.

Crédit Agricole Assurances tax audit

Following a tax audit covering the 2008 and 2009 financial years, Crédit Agricole Assurances was the subject of a contested adjustment before the administrative court. In 2018, Crédit Agricole Assurances obtained full relief for the adjustment, and thus recorded a receivable from the State as an amount due that will be recovered in 2019.

Crédit Agricole Assurances was the subject of a tax audit in 2018 relating to the financial years 2014, 2015 and 2016, which did not result in an adjustment.

LCL tax audit

LCL was the subject of a tax audit in 2015 and 2016, which pertained to the 2010, 2011, 2012 and 2013 financial years. All financial consequences, covered by a provision, have been paid in 2016 and 2017. The fines imposed under the audit of regulated savings were repaid in 2017, following contest. Other adjustments remain contested.

Inquiries and requests for regulatory information

The main files linked to inquiries and requests for regulatory information are:

Strauss/Wolf/Faudem

US citizens and members of their families who were victims of terrorist attacks attributed to Hamas and committed in Israel between 2001 and 2004 have brought proceedings against Crédit Lyonnais and another bank before a New York court.

They claim that these banks gave support to terrorists as they each kept an account opened (in 1990 in the case of Crédit Lyonnais) by a charity providing aid to Palestinians. The plaintiffs allege that the account was used to transfer funds to Palestinian entities accused of financing Hamas. The plaintiffs, who have not put a figure on the damages they have suffered, are claiming compensation for "injury, anguish and emotional pain".

As the matter and the proceedings currently stand, the plaintiffs have not provided proof that the charity was actually linked to terrorists, nor that Crédit Lyonnais was aware that its client could have been involved (if it were to be proven) in financing terrorism. The Court nonetheless demanded that this be demonstrated by the plaintiffs if they are to win their case. Crédit Lyonnais vigorously denies the plaintiffs' allegations.

Under a ruling made on 28 February 2013, the judge issued a Summary Judgement referring Crédit Lyonnais and the plaintiffs to a jury trial on the merits.

In February 2018, Crédit Lyonnais filed a new motion for a summary judgement based on a recent case-law so that the plaintiffs' claims can be dismissed without such a jury trial.

On January 2019 the plaintiffs tried to modify their briefs in order to add new plaintiffs before their action be time-barred. The judge refused this request and two new actions (Fisher and Miller) have been filed before the same court as the one in charge of the procedures Strauss/Wolf. They are similar to the pending actions, their legal analysis are identical and their result will depend on the outcome of the motion for a summary judgement filed by Crédit Lyonnais in February 2018.

From a procedural standpoint they will remain outstanding until then.

CIE case (Cheque Image Exchange)

In March 2008, LCL and Crédit Agricole S.A. and ten other banks were served notice of grievances on behalf of the *Conseil de la concurrence i.e.* the French Competition Council (now the *Autorité de la concurrence*).

They are accused of colluding to implement and apply interchange fees for cashing cheques, since the passage of the Cheque Image Exchange system, *i.e.* between 2002 and 2007. In the opinion of the *Autorité de la concurrence*, these fees constitute anti-competitive price agreements in the meaning of Articles 81 paragraph 1 of the treaty establishing the European Community and Article L. 420-1 of the French Commercial Code, and allegedly caused damage to the economy.

In their defense, the banks categorically refuted the anticompetitiveness of the fees and contested the legality of the proceedings.

In a decision published on 20 September 2010, the *Autorité de la concurrence* stated that the Cheque Image Exchange fee (CEIC) was anti-competitive by its very aim and that it artificially increased the costs borne by remitting banks, which resulted in an unfavourable impact on the prices of banking services. Concerning one of the fees for related services, the fee for cancellation of wrongly cleared transactions (AOCT), the *Autorité de la concurrence* called on the banks to revise their amount within six months of the notification of the decision.

The accused banks were sanctioned for an overall amount of €384.92 million.

LCL and Crédit Agricole were respectively sentenced to pay €20.7 million and €82.1 million for the CEIC and €0.2 million and €0.8 million for the AOCT.

All of the banks appealed the decision to the Paris Court of Appeal. By a decree of 23 February 2012, the Court overruled the decision, stating that the *Autorité de la concurrence* had not proven the existence of competition restrictions establishing the agreement as having an anti-competitive purpose.

The *Autorité de la concurrence* filed an appeal with the Supreme Court on 23 March 2012.

On 14 April 2015, the French Supreme Court (*Cour de cassation*) overruled the Paris Court of Appeal's decision dated 23 February 2012 and remanded the case to the Paris Court of Appeal with a change in the composition of the Court on the sole ground that the Paris Court of Appeal declared the UFC-Que Choisir and ADUMPE's interventions in the proceedings devoid of purpose without having considered their arguments.

The Supreme Court did not rule on the merits of the case and Crédit Agricole has brought the case before the Paris Court of Appeal.

The definitions of the underlined words can be found in the Glossary on page 600.

The Paris Court of Appeal issued a decree on 21 December 2017. It confirmed the decision of the *Autorité de la concurrence* dated 20 September 2010 but reduced from €82,940,000 to €76,560,000 the sanction on Crédit Agricole. LCL's sanction remains unchanged, at an amount of €20,930,000.

As well as the other banks parties to this procedure, LCL and Crédit Agricole filed an appeal with the Supreme Court.

Office of Foreign Assets Control (OFAC)

In October 2015, Crédit Agricole S.A. and its subsidiary Crédit Agricole Corporate and Investment Bank (Crédit Agricole CIB) reached agreements with the US and New York authorities that had been conducting investigations regarding US dollar transactions with countries subject to US economic sanctions. The events covered by this agreement took place between 2003 and 2008.

Crédit Agricole CIB and Crédit Agricole S.A., which cooperated with the US and New York authorities in connection with their investigations, have agreed to pay a total penalty amount of $787.3 million (*i.e.* €692.7 million). The payment of this penalty has been allocated to the pre-existing reserve that had already been taken and, therefore, has not affected the accounts for the second half of 2015.

The agreements with the Board of Governors of the Federal Reserve System (Fed) and the New York State Department of Financial Services (NYDFS) are with CASA and Crédit Agricole CIB. The agreement with the Office of Foreign Assets Control (OFAC) of the US Department of the Treasury is with Crédit Agricole CIB. Crédit Agricole CIB also entered into separate deferred prosecution agreements (DPAs) with the United States Attorney's Office for the District of Columbia (USAO) and the District Attorney of the County of New York (DANY), the terms of which are three years. On 19 October 2018 the two deferred prosecution agreements with USAO and DANY ended at the end of the three year period, Crédit Agricole CIB having complied with all its obligations under the DPAs.

Crédit Agricole continues to strengthen its internal procedures and its compliance programs regarding laws on international sanctions and will continue to cooperate fully with the US and New York authorities with its home regulators, the European Central Bank and the French Regulatory and Resolution Supervisory Authority (ACPR), and with the other regulators across its worldwide network.

Pursuant to the agreements with NYDFS and the US Federal Reserve, Crédit Agricole's compliance program is subject to regular reviews to evaluate its effectiveness, including a review by an independent consultant appointed by NYDFS for a term of one year and annual reviews by an independent consultant approved by the Federal Reserve.

Euribor/Libor and other indexes

Crédit Agricole S.A. and its subsidiary Crédit Agricole CIB, in their capacity as contributors to a number of interbank rates, have received requests for information from a number of authorities as part of investigations into: (i) the calculation of the Libor (London Interbank Offered Rates) in a number of currencies, the Euribor (Euro Interbank Offered Rate) and certain other market indices; and (ii) transactions connected with these rates and indices. These demands covered several periods from 2005 to 2012.

As part of its cooperation with the authorities, Crédit Agricole S.A. and its subsidiary Crédit Agricole CIB carried out investigations in order to gather the information requested by the various authorities and in particular the American authorities – the DOJ (Department of Justice) and CFTC (Commodity Future Trading Commission) – with which they are in discussions. It is currently not possible to know the outcome of these discussions, nor the date when they will be concluded.

Furthermore, Crédit Agricole CIB is currently under investigation opened by the Attorney General of the State of Florida on both the Libor and the Euribor.

Following its investigation and an unsuccessful settlement procedure, on 21 May 2014, the European Commission sent a notification of grievances to Crédit Agricole S.A. and to Crédit Agricole CIB pertaining to agreements or concerted practices for the purpose and/or effect of preventing, restricting or distorting competition in derivatives related to the Euribor.

In a decision dated 7 December 2016, the European Commission jointly fined Crédit Agricole S.A. and Crédit Agricole CIB €114,654,000 for participating in a cartel in euro interest rate derivatives. Crédit Agricole S.A. and Crédit Agricole CIB are challenging this decision and have asked the European Court of Justice to overturn it.

Additionally, the Swiss competition authority, COMCO, is conducting an investigation into the market for interest rate derivatives, including the Euribor, with regard to Crédit Agricole S.A. and several Swiss and international banks. Moreover, in June 2016 the South Korean competition authority (KFTC) decided to close the investigation launched in September 2015 into Crédit Agricole CIB and the Libor index on various currencies, Euribor and Tibor indices. The investigation into certain foreign exchange derivatives (ABS-NDF) has been closed by the KFTC according to a decision notified to Crédit Agricole CIB on 20 December 2018.

Concerning the two class actions in the United States of America in which Crédit Agricole S.A. and Crédit Agricole CIB have been named since 2012 and 2013 along with other financial institutions, both as defendants in one ("Sullivan" for the Euribor) and only Crédit Agricole S.A. as defendant for the other ("Lieberman" for Libor), the "Lieberman" class action is at the preliminary stage that consists in the examination of its admissibility; proceedings are still suspended before the US District Court of New York State. Concerning the "Sullivan" class action, Crédit Agricole S.A. and Crédit Agricole CIB introduced a motion to dismiss the applicants' claim. The US District Court of New York State upheld the motion to dismiss regarding Crédit Agricole S.A. and Crédit Agricole CIB in first instance. This decision is subject to appeal.

Since 1 July 2016, Crédit Agricole S.A. and Crédit Agricole CIB, together with other banks, are also party to a new class action suit in the United States ("Frontpoint") relating to the SIBOR (Singapore Interbank Offered Rate) and SOR (Singapore Swap Offer Rate) indices. After having granted a first motion to dismiss filed by Crédit Agricole S.A. and Crédit Agricole CIB, the New York Federal District Court, ruling on a new request by the plaintiffs, excluded Crédit Agricole S.A. from the Frontpoint case on the grounds that it had not contributed to the relevant indexes. The Court considered, however, taking into account recent developments in case law, that its jurisdiction could apply to Crédit Agricole CIB, as well as to all the banks that are members of the SIBOR index panel. The allegations contained in the complaint regarding the SIBOR/USD index and the SOR index were also rejected by the court, therefore the index SIBOR/Singapore dollar alone is still taken into account. On 26 December, the plaintiffs filed a new complaint aimed at reintroducing into the scope of the Frontpoint case the alleged manipulations of the SIBOR and SOR indexes that affected the transactions in US dollars. Crédit Agricole CIB, alongside the other defendants, will oppose the terms of this new complaint and has also filed a new motion to dismiss to contest the jurisdiction maintained against it

These class actions are civil actions in which the plaintiffs claim that they are victims of the methods used to set the Euribor, Libor, SIBOR and SOR rates, and seek repayment of the sums they allege were unlawfully received, as well as damages and reimbursement of costs and fees paid.

Banque Saudi Fransi

Crédit Agricole Corporate Investment Bank (Crédit Agricole CIB) has received a Request for Arbitration submitted by Banque Saudi Fransi (BSF) before the International Chamber of Commerce (ICC). The dispute relates to the performance of a Technical Services Agreement between BSF and Crédit Agricole CIB that is no longer in force. On 7 August 2018, BSF quantified its claim at SAR 1,011,670,654.00, the equivalent of about €232 million and reserved the right to submit additional claims. Crédit Agricole CIB totally denies BSF's allegations and claim.

Bonds SSA

Several regulators have demanded information to Crédit Agricole S.A. and to Crédit Agricole CIB for inquiries relating to activities of different banks involved in the secondary trading of Bonds SSA (Supranational, Sub-Sovereign and Agencies) denominated in American dollars. Through the cooperation with these regulators, Crédit Agricole CIB proceeded to internal inquiries to gather the required information available. On 20 December 2018, the European Commission issued a Statement of Objections to a number of banks including Crédit Agricole S.A. and Crédit Agricole CIB within its inquiry on a possible infringement of rules of European Competition law in the secondary trading of Bonds SSA denominated in American dollars. Crédit Agricole S.A. and Crédit Agricole CIB became aware of these objections and will issue a response.

Crédit Agricole CIB is included with other banks in a putative consolidated class action before the United States District Court for the Southern District of New York. That action was dismissed on 29 August 2018 on the basis that the plaintiffs failed to allege an injury sufficient to give them standing. However the plaintiffs have been given an opportunity to attempt to remedy that defect. The plaintiffs filed an amended complaint on 7 November 2018. Crédit Agricole CIB as well as the other defendants have filed motions to dismiss the amended complaint.

On 7 February 2019, another class action was filed against CACIB and the other defendants named in the class action already pending before the United States District Court for the Southern District of New York.

On 11 July 2018, Crédit Agricole S.A. and Crédit Agricole CIB were notified with other banks of a class action filed in Canada, before the Ontario Superior Court of Justice. Another class action, not notified to date, would have been filed before the Federal Court of Canada. It is not possible at this stage to predict the outcome of these investigations, proceedings or class actions or the date on which they will end.

O'Sullivan and Tavera

On 9 November 2017, a group of individuals, (or their families or estates), who claimed to have been injured or killed in attacks in Iraq filed a complaint ("*O'Sullivan I*") against several banks including Crédit Agricole S.A., and its subsidiary Crédit Agricole Corporate Investment Bank (Crédit Agricole CIB), in US Federal District Court in New York.

On 29 December 2018, the same group of individuals, together with 57 new plaintiffs, filed a separate action ("*O'Sullivan II*") against the same defendants.

On 21 December 2018, a different group of individuals filed a complaint ("*Tavera*") against the same defendants.

All three complaints allege that Crédit Agricole S.A., Crédit Agricole CIB, and other defendants conspired with Iran and its agents to violate US sanctions and engage in transactions with Iranian entities in violation of the US Anti-Terrorism Act and the Justice Against Sponsors of Terrorism Act. Specifically, the complaints allege that Crédit Agricole S.A., Crédit Agricole CIB, and other defendants processed US dollar transactions on behalf of Iran and Iranian entities in violation of sanctions administered by the US Treasury Department's Office of Foreign Assets Control, which allegedly enabled Iran to fund terrorist organizations that, as is alleged, attacked plaintiffs. The plaintiffs are seeking an unspecified amount of compensatory damages.

On 2 March 2018, Crédit Agricole CIB and other defendants filed a motion to dismiss the *O' Sullivan I* Complaint.

Italian Competition Authority

On 5 October 2018, CA Consumer Finance SA ("CACF") and its subsisidiary FCA Bank SpA owned at 50% received – together with several other banks and certain car manufacturers – a statement of objections from the *Autorità Garante della Concorrenza e del Mercato* (Italian Competition Authority). It was alleged in this statement of objections that several banks offering financing solutions for vehicles commercialized by certain car manufacturers have restricted competition as a result of certain exchanges of information, in particular within two professional associations.

In a decision notified on 9 January 2019 the *Autorità Garante della Concorrenza e del Mercato* considered that FCA Bank SpA had participated in this alleged infringement and this infringement was also attributable to CACF. FCA Bank SpA has been fined €178.9 million. FCA Bank SpA and CACF appealed against this decision.

Intercontinental Exchange, Inc. ("ICE")

On 15 January 2019 a class action was filed before a federal court in New York (US District Court Southern District of New York) against the Intercontinental Exchange, Inc. ("ICE") and a number of banks including Crédit Agricole S.A., Crédit Agricole CIB and Crédit Agricole Securities-USA. This action has been filed by plaintiffs who allege that they have invested in financial instruments indexed to the USD ICE LIBOR. They accuse the banks of having collusively set the index USD ICE LIBOR at artificially low levels since February 2014 and made thus illegal profits.

On 31 January 2019 a similar action has been filed before the US District Court Southern District of New York, against a number of banks including Crédit Agricole S.A., Crédit Agricole CIB and Crédit Agricole Securities-USA. On 1 February 2019, these two class actions were consolidated for pre-trial purposes.

Crédit Agricole Consumer Finance Nederland B.V.

The conditions for the review of the interest rates of revolving loans marketed by Crédit Agricole Consumer Finance Nederland BV, a fully owned subsidiary of Crédit Agricole Consumer Finance SA, and its subsidiaries are the subject of borrowers' claims relating to the criteria for revising these rates and possible overpayments of interests.

On 21 January 2019, in 2 individual cases concerning two subsidiaries of Crédit Agricole Consumer Finance Nederland BV, the Appeals Committee of KIFID (the Financial Services Complaints Authority) in the Netherlands decided that in case the consumers had no or insufficient information on the specific factors that determine the interest rate, the individual interest rate needed to follow the movement of market interest rates on consumer loans.

Crédit Agricole Consumer Finance Nederland BV and its subsidiaries are analysing the impact of this decision on the concerned portfolios.

The definitions of the underlined words can be found in the Glossary on page 600.

CACEIS Germany

CACEIS Germany learned from the Bavarian tax authorities that they intend to claim repayment of the dividend tax refunded to a number of its customers in 2010.

The Bavarian tax authorities would claim repayment of tax in the amount of €312 million, without prejudice to any potential interests. CACEIS Germany would strongly challenge this claim, should such claim be addressed to it.

Home purchase savings plan provision

Deposits collected in home purchase savings accounts and plans during the savings phase

(in millions of euros)	31/12/2018	31/12/2017
Home purchase savings plans		
Under 4 years old	12,412	10,559
Between 4 and 10 years old	38,112	35,755
Over 10 years old	50,001	50,603
Total home purchase savings plans	**100,525**	**96,917**
Total home purchase savings accounts	**11,665**	**11,560**
TOTAL DEPOSITS COLLECTED UNDER HOME PURCHASE SAVINGS CONTRACTS	**112,190**	**108,478**

Customer deposits outstanding, excluding government subsidies, are based on the carrying amount at the end of November 2018 for the financial statements at 31 December 2018 and at the end of November 2017 for the financial statements at 31 December 2017.

Outstanding loans granted to holders of home purchase savings accounts and plans

(in millions of euros)	31/12/2018	31/12/2017
Home purchase savings plans	4	6
Home purchase savings accounts	29	44
TOTAL OUTSTANDING LOANS GRANTED UNDER HOME PURCHASE SAVINGS CONTRACTS	**33**	**50**

Provision for home purchase savings accounts and plans

(in millions of euros)	31/12/2018	31/12/2017
Home purchase savings plans		
Under 4 years old	3	2
Between 4 and 10 years old	20	20
Over 10 years old	222	219
Total home purchase savings plans	**245**	**241**
Total home purchase savings accounts	**-**	**-**
TOTAL PROVISIONS FOR HOME PURCHASE SAVINGS CONTRACTS	**245**	**241**

(in millions of euros)	31/12/2017	01/01/2018	Additions	Reversals	Other movements	31/12/2018
Home purchase savings plans	241	241	11	(7)	-	245
Home purchase savings accounts	-	-	-	-	-	-
TOTAL PROVISIONS FOR HOME PURCHASE SAVINGS CONTRACTS	**241**	**241**	**11**	**(7)**	-	**245**

Age plan is determined based on the date of the midway point in the generation of plans to which they belong.

All of the home purchase savings plans and accounts collected by the Regional Banks are recognised at 100% as liabilities in the consolidated financial statements of Crédit Agricole S.A. Group.

Half of the amount of outstanding loans related to home purchase savings plans and accounts is recognised by Crédit Agricole S.A. Group and the other half by the Regional Banks in the tables above.

The amounts recognised under provisions represent the portion of risk borne by Crédit Agricole S.A. and LCL.

Consequently, the ratio between the provision booked and the outstanding amounts shown on Crédit Agricole S.A. Group's balance sheet is not representative of the level of provisioning for home purchase savings risk.

The definitions of the underlined words can be found in the Glossary on page 600.

6.18 SUBORDINATED DEBT

(in millions of euros)	31/12/2018	31/12/2017
Dated subordinated debt(1)	20,482	22,230
Undated subordinated debt(2)	2,061	2,934
Mutual security deposits	161	171
Participating securities and loans	61	86
CARRYING AMOUNT	**22,765**	**25,421**

(1) Includes issues of dated subordinated notes "TSR".
(2) This item includes issues of deeply subordinated "TSS" securities issued before the Basel 3 came into effect and issues of undated subordinated "TSDI" securities issued under CRD4/CRR being classified as equity.

At 31 December 2018, deeply subordinated notes issued before CRD 4/CRR came into force totalled €1,763 million, down from €2,416 million at 31 December 2017.

The debt instruments issued by Crédit Agricole S.A. and subscribed for by Crédit Agricole S.A. Group insurance companies were eliminated for euro contracts. They were eliminated for the portion backing unit-linked contracts with financial risk borne by the policyholder.

Subordinated debt issues

The issue of subordinated debt plays a part in regulatory capital management while contributing to refinancing all of Crédit Agricole S.A.'s operations.

The Capital Requirements Regulation and Directive (CRD 4/CRR) define the conditions under which subordinated instruments qualify as regulatory capital and set out the terms and conditions for progressive disqualification of older instruments that do not meet these requirements, between 1 January 2014 (effective date of the CRD 4/CRR) and 1 January 2022.

All subordinated debt issuance, whether new or old, is likely to be subject to Bail-in in certain circumstances, particularly in the event of resolution of the issuing bank, in accordance with the Order of 20 August 2015 containing various provisions adapting French legislation to EU law on financial matters, transposing EU Directive of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms (Bank Recovery and Resolution Directive, or BRRD).

Details of the types of subordinated debt issued by Crédit Agricole S.A. and still outstanding are as follows: they comprise undated subordinated debt (issued before CRD 4/CRR came into force), dated subordinated notes "TSR", deeply subordinated notes "TSS" issued before CRD 4/CRR came into force and deeply subordinated notes "TSS" issued after CRD 4/CRR came into force.

Deeply subordinated notes (TSS)

TSS – Volumes issued before CRD 4/CRR came into force

Deeply subordinated notes (TSS) issued by Crédit Agricole S.A. are either fixed or floating-rate and undated (unless they contain a contractually defined early redemption clause and subject to certain conditions). They are senior to Common Equity Tier 1 Capital (CET1), including Crédit Agricole S.A. shares, but subordinated (lower-ranking) to all other more senior subordinated debt (including dated subordinated notes and undated subordinated notes).

Deeply subordinated notes are generally fixed-rate then floating-rate beyond a certain duration and include early repayment options at the discretion of Crédit Agricole S.A. (with certain reserves) beyond this same duration.

The coupons are non-cumulative and payment of a dividend by Crédit Agricole S.A. entails the obligation to pay the coupon on the TSS for a period of one year. However, the coupons may not be paid if Crédit Agricole S.A. experiences a regulatory event, *i.e.*, falls below the legal minimum equity ratio as defined by Pillar 1 or Pillar 2, or if the competent regulator anticipates such an event in the near future.

The notional amount and accrued interest are impaired, up to a maximum of 0.01 of the security's monetary unit if the issuer's total capital ratio falls below a minimum threshold, either contractual or regulatory, or by decision of the competent regulator.

Additional Tier 1 (AT1) TSS issued after CRD 4/CRR came into force

The Additional Tier 1 deeply subordinated notes (AT1 TSS) issued by Crédit Agricole S.A. are consistent with the new CRD 4/CRR rules.

The AT1 TSS issued by Crédit Agricole S.A. are either fixed and/or floating-rate and undated (unless they contain a contractually defined early redemption clause and subject to certain conditions). They are senior to Common Equity Tier 1 Capital (CET1), including Crédit Agricole S.A. shares, but subordinated to all other more senior subordinated debt and rank *pari passu* with TSS issued before CRD 4/CRR came into force.

AT1 TSS are generally fixed-rate but resettable beyond a certain duration and can include early repayment options subject to certain conditions beyond this same duration.

AT1 TSS issued by Crédit Agricole S.A. contain a clause providing for temporary partial impairment of the securities in the event the phased-in Basel 3 Common Equity Tier 1 regulatory ratio of Crédit Agricole Group falls below 7% or the phased-in Basel 3 Common Equity Tier 1 regulatory ratio of Crédit Agricole S.A. falls below 5.125%. They may be impaired up to a maximum of 0.01 of the issue's monetary unit.

Coupons are optional at the discretion of Crédit Agricole S.A. (which may decide on the suspension of interest payments) or at the competent regulator's request, and subject to regulatory limits if distributable amounts are insufficient or the Crédit Agricole Group or Crédit Agricole S.A. Group fails to meet regulatory requirements for total capital (including capital buffers).

Instruments classified as Tier 1 equity instruments (AT1 issued after the entry into force of CRD 4/CRR), recorded in Group equity, are detailed in Note 6.19.

Undated subordinated notes (TSDI) (issued before CRD 4/CRR came into force)

Undated subordinated notes (TSDI) issued by Crédit Agricole S.A. before CRD 4/CRR came into force are usually fixed-rate and pay interest quarterly, on a perpetual basis.

They are only redeemable in the event of Crédit Agricole S.A.'s liquidation (judicial or otherwise), unless they contain a contractually defined early redemption clause and subject to certain conditions (see "Early redemption as part of the conditions for all subordinated note issues (TSDI, TSR or TSS)" below).

The definitions of the underlined words can be found in the Glossary on page 600.

Like the dated subordinated notes ("TSR" – see below "Issues of dated subordinated notes (TSR) and contingent capital securities"), they are subordinated securities (principal and interest) in reference to Article L. 228-97 of the French Commercial Code. In particular, the coupon may be suspended if the General Meeting of Shareholders of Crédit Agricole S.A. duly notes that there were no distributable earnings for the relevant financial year.

It should be noted that TSDI have a contractually defined rank senior to Common Equity Tier 1 Capital (CET1), including Crédit Agricole S.A. shares, TSS (deeply subordinated notes), participating notes granted to Crédit Agricole S.A. and participating securities issued by it; they rank *pari passu* with other TDSI and TSR (see below) of the same rank and subordinate to all other more senior debt (notably preferred and non-preferred senior bonds).

Dated subordinated notes (TSR) and contingent capital securities

Dated subordinated notes (TSR) issued by Crédit Agricole S.A. are usually fixed-rate and pay interest on a quarterly or annual basis with a fixed maturity. They may be redeemed prior to maturity under contractually defined conditions and subject to certain conditions.

TSR are issued either on the French market under French law or on the international markets under UK, State of New York (United States) or Japanese law.

TSR differ from preferred and non-preferred senior bonds in terms of their ranking (principal and interest) as contractually defined by the subordination clause with reference to Article L. 228-97 of the French Commercial Code.

In the case of notes issued by Crédit Agricole S.A., in the event of liquidation (judicial or otherwise), dated subordinated notes (TSR) will be repaid after all other secured and unsecured creditors (including creditors of preferred and non-preferred senior bonds), but before either participating loans provided to Crédit Agricole S.A., or any participating notes issued by the Bank, as well as any deeply subordinated notes ("TSS", see above "Deeply subordinated notes (TSS)").

Early redemption as part of the conditions for all subordinated note issues (TSDI, TSR or TSS)

The above-mentioned TSDI, TSR or TSS may be the subject of:

- buy-back transactions, either on the market through public takeover bids or exchange offers subject to approval by the competent regulator, where appropriate, and/or at the initiative of Crédit Agricole S.A., in accordance with the contractual clauses applicable to each issue;
- the exercise of an early redemption option at the initiative of Crédit Agricole S.A. ("call option"), under the conditions and subject to approval by the competent regulator, where appropriate, at the times defined by the contractual terms of the issue, in the event that the issuance agreement for the securities contains such a clause.

Senior non-preferred debt issues

The law on transparency, the fight against corruption and the modernisation of the economy (also referred to as the "Sapin 2 Law") was published in the Official Journal on 10 December 2016 and became effective on 11 December, 2016. As part of this law, France created a new category of senior debt – senior "non-preferred" debt – meeting the eligibility criteria of the TLAC and MREL ratios (as they are presently defined). This new category of debt is also taken into account in the draft amendment to the Bank Recovery and Resolution Directive (BRRD) published on 23 November, 2016, which points to a harmonisation of banks' creditor ranking.

In the course of a resolution process (likely to occur prior to liquidation), it will be possible to impair senior non-preferred securities in full or in part, or to convert them into equity as part of the bail-in procedure, ahead of other senior debt securities (senior "preferred" debt securities), but only after the full depreciation or the conversion into equity of subordinated instruments. The latter include own funds-related instruments of first category (CET1 and Additional Tier 1) and second category instruments (Tier 2). Only if the impairment or conversion of these instruments is insufficient will senior-non preferred debt securities be used in the bail-in of a particular institution.

In a liquidation event, senior non-preferred securities will be redeemed if there still are funds available, after the repayment of all senior preferred instruments, but ahead of subordinated securities (in particular of dated subordinated notes TSR known as "Tier 2" own funds).

The inaugural issue of these new senior non-preferred debt securities was launched by Crédit Agricole S.A. on 13 December 2016. The outstanding amount of senior non-preferred securities of Crédit Agricole S.A. and Crédit Agricole Group thus stood at €13.5 billion at 31 December 2018, compared to €7.6 billion at 31 December 2017.

Covered bond-type issues

In order to increase the amount of medium and long-term financing, the Group issues covered bonds through two subsidiaries in France and one subsidiary in Italy:

- Crédit Agricole Home Loan SFH, whose initial issue was launched in January 2009. The total amount outstanding, in euro equivalent, was €28.3 billion at 31 December 2018;
- Crédit Agricole Public Sector SCF, whose initial issue was launched in October 2012. The total amount issued and outstanding was €3.5 billion at 31 December 2018;
- Cariparma: the total amount issued and outstanding at 31 December 2018 was €7.5 billion in OBG (covered bonds), including €1.2 billion held at 31 December 2018.

6.19 EQUITY

Ownership structure at 31 December 2018

At 31 December 2018, to the knowledge of Crédit Agricole S.A., the distribution of capital and voting rights is as follows:

Shareholders	Number of shares at 31/12/2018	% of the share capital	% of voting rights
SAS Rue La Boétie	1,612,517,290	56.26%	56.34%
Treasury shares	4,378,305	0.15%	-
Employees (ESOP)	126,627,820	4.42%	4.42%
Public	1,122,913,741	39.17%	39.24%
TOTAL	**2,866,437,156**	**100.00%**	**100.00%**

At 31 December 2018, Crédit Agricole S.A.'s share capital stood at €8,599,311,468 divided into 2,866,437,156 fully paid up ordinary shares each with a par value of €3.

SAS Rue La Boétie is wholly-owned by the Crédit Agricole Regional Banks.

Concerning Crédit Agricole S.A. stock, a liquidity agreement was signed on 25 October 2006 with Crédit Agricole Cheuvreux S.A., purchased by Kepler, and renamed Kepler Cheuvreux in 2013.

This agreement is automatically renewed every year. So that the operator can conduct the operations stipulated in the agreement with complete independence the agreement has been allocated an amount of €50 million.

To the Company's knowledge, no other shareholder owns 5% or more of the share capital or voting rights, either directly or indirectly or with others.

In 2018, Crédit Agricole S.A. carried out a €135.5 million capital increase reserved for Crédit Agricole Group employees and eligible persons. This capital increase resulted in the creation of 13,802,586 new shares at 1 August 2018.

Earning per share

		31/12/2018	31/12/2017
Net income Group share during the period	*(in millions of euros)*	4,400	3,649
Net income attributable to undated deeply subordinated securities		(443)	(454)
Net income attributable to holders of ordinary shares		**3,957**	**3,195**
Weighted average number of ordinary shares in circulation during the period		2,853,704,584	2,843,579,170
Adjustment ratio		1.000	1.000
Weighted average number of ordinary shares for calculation of diluted earnings per share		2,853,704,584	2,843,579,170
BASIC EARNINGS PER SHARE	*(in euros)*	**1.387**	**1.124**
Basic earnings per share from ongoing activities	*(in euros)*	**1.388**	**1.116**
Basic earnings per share from discontinued operations	*(in euros)*	**(0.001)**	**0.008**
DILUTED EARNINGS PER SHARE	*(in euros)*	**1.387**	**1.124**
Diluted earnings per share from ongoing activities	*(in euros)*	**1.388**	**1.116**
Diluted earnings per share from discontinued operations	*(in euros)*	**(0.001)**	**0.008**

Net income attributable to subordinated and deeply subordinated securities corresponds to the issuance costs and interest accrued on subordinated and deeply subordinated Additional Tier 1 bond issues. This amounts to -€443 million at 31 December 2018.

Taking into consideration the change in the average price of Crédit Agricole S.A. share, all Crédit Agricole S.A. stock option plans are non-dilutive.

In the absence of any dilutive issue by Crédit Agricole S.A., basic earnings per share are identical to diluted earnings per share.

Dividends

For the 2018 financial year, Crédit Agricole S.A.'s Board of Directors' Meeting of 13 February 2019 decided to recommend to the General Meeting of Shareholders of 21 May 2019 the payment of a dividend of €0.69 per share in cash, to be paid on 28 May 2019.

Proposal in respect of the year *(in euros)*	2018	2017	2016	2015	2014
Ordinary dividend	0.69	0.63	0.60	0.60	0.35
Loyalty dividend	N/A	0.693	0.660	0.660	0.385

Dividends paid during the reporting period

For the 2017 financial year, the General Meeting of Shareholders of 16 May 2018 voted to pay a cash dividend of €0.63 per share plus a 10% loyalty bonus for eligible shares.

Dividends amounting to €1,802 million are shown in the statement of changes in equity.

Appropriation of net income

The proposed appropriation of net income is set out in the draft resolutions to be presented by the Board of Directors at Crédit Agricole S.A.'s Combined General Meeting on Tuesday 21 May 2019.

Crédit Agricole S.A. parent company posted positive net income of €2,740,175,354.78 in the 2018 financial year.

The Board of Directors proposes that the combined General Meeting of Shareholders agree:

- to record that the profit for the financial year amounts to €2,740,175,354.78;
- to allocate the amount of €6,099,789.00 to the legal reserve to bring it up to 10% of the share capital, which amounts to €8,599,311,468.00;
- to record that the distributable earnings amounts to €16,573,437,649.54, taking into account retained earnings of €13,839,362,083.76;
- to establish the amount of the regular dividend at €0.69 per share;
- to distribute the dividend paid out of distributable earnings in the amount of €1,977,841,637.64;
- to allocate the undistributed balance of €14,595,596,011.90[1] to retained earnings.

(1) This amount will be adjusted where appropriate to reflect the following events: (a) creation of new shares eligible for dividends before the ex-dividend date, (b) change in the number of treasury shares at ex-dividend date.

The definitions of the underlined words can be found in the Glossary on page 600.

Undated subordinated and deeply subordinated debt

The main issues of undated subordinated and deeply subordinated debt classified in shareholders' equity Group share are:

				At 31 December 2018				
		Amount in currency at 31/12/2017	Partial repurchases and redemptions	Amount in currency at 31/12/2018	Amount in euros at inception rate	Interests paid Group share	Issuance costs net of taxes	Shareholders' equity Group share
Issue date	Currency	*(in millions of units)*	*(in millions of units)*	*(in millions of units)*	*(in millions of euros)*	*(in millions of euros)*	*(in millions of euros)*	*(in millions of euros)*
23/01/2014	USD	1,750	-	**1,750**	1,283	(584)	(8)	691
08/04/2014	GBP	500	-	**500**	607	(216)	(4)	387
08/04/2014	EUR	1,000	-	**1,000**	1,000	(306)	(6)	688
18/09/2014	USD	1,250	-	**1,250**	971	(311)	(6)	654
19/01/2016	USD	1,250	-	**1,250**	1,150	(260)	(8)	882
Crédit Agricole S.A. Issues					**5,011**	**(1,677)**	**(32)**	**3,302**
14/10/2014	EUR				-	(135)	(3)	(138)
13/01/2015	EUR				-	(128)	(3)	(131)
Insurance Issues					**-**	**(263)**	**(6)**	**(269)**
Issues subscribed in-house								
Group share/Non controlling interests effect					-	32	-	32
Issues subscribed by Crédit Agricole CIB for currency regulation					-	-	-	-
TOTAL					**5,011**	**(1,908)**	**(38)**	**3,065**

The main issues of undated subordinated and deeply subordinated debt classified in shareholder's equity – Non controlling interests share (insurance) are:

Issue date	Currency	Amount in currency at 31/12/2017 *(in millions of units)*	Partial repurchases and redemptions *(in millions of units)*	Amount in currency at 31/12/2018 *(in millions of units)*	Amount in euros at inception rate *(in millions of euros)*
14/10/2014	EUR	745	-	745	745
13/01/2015	EUR	1,000	-	1,000	1,000
TOTAL					**1,745**

Changes relating to undated subordinated and deeply subordinated debt affecting shareholders' equity Group share are as follows:

(in millions of euros)	31/12/2018	31/12/2017
Undated deeply subordinated notes		
Interest paid accounted as reserves	(367)	(378)
Income tax savings related to interest paid to security holders recognised in net income	131	130
Issuance costs (net of tax) accounted as reserves	-	-
Undated subordinated notes		
Interest paid accounted as reserves	(76)	(76)
Income tax savings related to interest paid to security holders recognised in net income	26	26
Issuance costs (net of tax) accounted as reserves	-	-

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The definitions of the underlined words can be found in the Glossary on page 600.

6.20 NON-CONTROLLING INTERESTS

Information on significant non-controlling interests

The table below presents information on the consolidated subsidiaries and structured entities with significant non-controlling interests in relation to the total equity of the Group or of the sub-group level or where the total balance sheet of the entities held by the non-controlling interests is significant.

	31/12/2018				
(in millions of euros)	% of voting rights held by non-controlling interests	% of ownership interests held by non-controlling interests	Net income allocated to non-controlling interests during the reporting period	Accumulated noncontrolling interests at the end of the reporting period	Dividends paid to non-controlling interests
Amundi Group	31%	32%	278	2,069	159
Cariparma Group	23%	23%	99	1,302	39
Agos S.p.A.	39%	39%	126	493	87
Crédit Agricole Egypt S.A.E.	40%	40%	38	116	23
Others(1)			86	2,725	45
TOTAL			**627**	**6,705**	**353**

(1) Of which €1,745 million related to the issuance of Additional Tier 1 undated subordinated bonds realised on 14 October 2014 and 13 January 2015 by Crédit Agricole Assurances, accounted for in equity of non-controlling interests.

	31/12/2017				
(in millions of euros)	% of voting rights held by non-controlling interests	% of ownership interests held by non-controlling interests	Net income allocated to non-controlling interests during the reporting period	Accumulated noncontrolling interests at the end of the reporting period	Dividends paid to non-controlling interests
Amundi Group	32%	32%	196	1,960	140
Cariparma Group	23%	23%	151	1,397	38
CACEIS Group(1)	-	-	22	-	9
Agos S.p.A	39%	39%	115	536	67
Others(2)			84	2,727	45
TOTAL			**568**	**6,650**	**298**

(1) On 22 December 2017, Crédit Agricole S.A. completed the acquisition of the 15% stake in CACEIS held by Natixis and now wholly owns this group.
(2) Of which €1,745 million related to the issuance of Additional Tier 1 undated subordinated bonds realised on 14 October 2014 and 13 January 2015 by Crédit Agricole Assurances, accounted for in equity of non-controlling interests.

Individual summary financial information on significant non-controlling interests

The table below presents summary information on subsidiaries with significant non-controlling interests for Crédit Agricole S.A. Group on the basis of the IFRS financial statements.

	31/12/2018			
(in millions of euros)	Total assets	Revenues	Net income	Net income and other comprehensive income
Amundi Group	20,937	2,510	855	832
Cariparma Group	63,189	1,941	376	262
Agos S.p.A.	16,873	888	323	324
Crédit Agricole Egypt S.A.E.	2,636	183	95	85
TOTAL	**103,635**	**5,523**	**1,649**	**1,502**

The definitions of the underlined words can be found in the Glossary on page 600.

(in millions of euros)	31/12/2017 Total assets	Revenues	Net income	Net income and other comprehensive income
Amundi Group	18,819	2,257	681	590
Cariparma Group	66,596	1,710	616	609
CACEIS Group	61,573	809	153	289
Agos S.p.A	17,262	893	294	294
TOTAL	**164,250**	**5,669**	**1,745**	**1,782**

6.21 BREAKDOWN OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CONTRACTUAL MATURITY

The breakdown of balance sheet financial assets and liabilities is made according to contractual maturity date.

The maturities of derivative instruments held for trading and for hedging correspond to their date of contractual maturity.

Equities and other variable-income securities are by nature without maturity; they are classified "Indefinite".

	31/12/2018					
(in millions of euros)	≤ 3 months	> 3 months up to ≤ 1 year	> 1 year up to ≤ 5 years	> 5 years	Indefinite	Total
Cash, central banks	66,976	-	-	-	-	**66,976**
Financial assets at fair value through profit or loss	105,247	29,266	38,465	67,065	125,432	**365,475**
Hedging derivative Instruments	1,177	724	5,340	7,081	-	**14,322**
Financial assets at fair value through other comprehensive income	8,650	18,593	90,783	131,770	3,824	**253,620**
Financial assets at amortised cost	191,634	144,010	297,314	204,918	2,325	**840,201**
Revaluation adjustment on interest rate hedged portfolios	6,375					**6,375**
TOTAL FINANCIAL ASSETS BY MATURITY	**380,059**	**192,593**	**431,902**	**410,834**	**131,581**	**1,546,969**
Central banks	949	-	-	-	-	**949**
Financial liabilities at fair value through profit or loss	100,064	14,080	42,383	71,584	-	**228,111**
Hedging derivative Instruments	1,038	539	4,748	5,760	-	**12,085**
Financial liabilities at amortised cost	639,242	90,720	121,134	62,504	-	**913,600**
Subordinated debt	277	2,147	2,551	15,568	2,222	**22,765**
Revaluation adjustment on interest rate hedged portfolios	6,612					**6,612**
TOTAL FINANCIAL LIABILITIES BY MATURITY	**748,182**	**107,486**	**170,816**	**155,416**	**2,222**	**1,184,122**

	31/12/2017					
(in millions of euros)	≤ 3 months	> 3 months up to ≤ 1 year	> 1 year up to ≤ 5 years	> 5 years	Indefinite	Total
Cash, central banks	50,761	-	-	-	-	**50,761**
Financial assets at fair value through profit or loss	98,957	23,786	38,341	72,923	87,397	**321,404**
Hedging derivative instruments	1,501	529	6,207	8,198	-	**16,435**
Available-for-sale financial assets	13,399	21,965	92,233	144,548	34,913	**307,058**
Loans and receivables due from credit institutions	91,686	88,991	143,592	69,782	-	**394,051**
Loans and receivables due from customers	87,703	37,565	124,641	107,346	2,824	**360,079**
Value adjustment on interest rate risk hedged portfolios	5,978					**5,978**
Held-to-maturity financial assets	909	1,611	6,543	11,116	-	**20,179**
TOTAL FINANCIAL ASSETS BY MATURITY	**350,894**	**174,447**	**411,557**	**413,913**	**125,134**	**1,475,945**
Central banks	3,185	-	-	-	-	**3,185**
Financial liabilities at fair value through profit or loss	90,162	17,051	44,233	76,441	-	**227,887**
Hedging derivative instruments	1,198	492	3,920	7,661	-	**13,271**
Due to credit institutions	55,616	13,960	38,252	17,762	-	**125,590**
Due to customers	479,428	36,163	29,575	5,580	-	**550,746**
Debt securities	46,155	24,549	44,337	48,667	-	**163,708**
Subordinated debt	2,208	543	5,483	14,064	3,123	**25,421**
Revaluation adjustment on interest rate hedged portfolios	6,565					**6,565**
TOTAL FINANCIAL LIABILITIES BY MATURITY	**684,517**	**92,758**	**165,800**	**170,175**	**3,123**	**1,116,373**

Note 7 Employee benefits and other compensation

7.1 ANALYSIS OF EMPLOYEE EXPENSES

(in millions of euros)	31/12/2018	31/12/2017
Salaries[(1)]	(4,934)	(4,720)
Contributions to defined-contribution plans	(384)	(376)
Contributions to defined-benefit plans	(43)	(124)
Other social security expenses	(1,169)	(1,109)
Profit-sharing and incentive plans	(241)	(243)
Payroll-related tax	(351)	(361)
TOTAL EMPLOYEE EXPENSES	**(7,123)**	**(6,933)**

(1) Regarding deferred variable compensation paid to market professionals, the Crédit Agricole S.A. Group booked a charge for share-based payments of €58 million at 31 December 2018 compared to €56 million at 31 December 2017.

7.2 AVERAGE HEADCOUNT

Average headcount	31/12/2018	31/12/2017
France	36,059	36,559
International	36,451	34,749
TOTAL	**72,510**	**71,308**

7.3 POST-EMPLOYMENT BENEFITS, DEFINED-CONTRIBUTION PLANS

"Employers" contribute to a variety of compulsory pension schemes. Plan assets are managed by independent organisations and the contributing companies have no legal or implied obligation to pay additional contributions if the funds do not have sufficient assets to cover all benefits corresponding to services rendered by employees during the year and during prior years. Consequently, Crédit Agricole S.A. Group companies have no liability in this respect other than the contributions payable.

Within the Group, there are several compulsory defined-contribution plans, the main ones being Agirc/Arrco, which are French supplementary retirement plans, and some supplementary plans in place notably within UES Crédit Agricole S.A.

Analysis of supplementary pension plans in France

Business Line	Entity	Compulsory supplementary pension plans	Number of employees covered Estimate at 31/12/2018	Number of employees covered Estimate at 31/12/2017
Central Support functions	UES Crédit Agricole S.A.	Agriculture industry plan 1.24%	2,343	2,799
Central Support functions	UES Crédit Agricole S.A.	"Article 83" Group Executive managers plan	204	198
French retail banking – LCL	LCL	"Article 83" Group Executive managers plan	314	338
Large customers	Crédit Agricole CIB	"Article 83" type plan	5,010	4,561
Asset gathering and Insurance	CAAS/Pacifica/SIRCA/LA MDF	Agriculture industry plan 1.24%	4,107	3,679
Asset gathering and Insurance	CAAS/Pacifica/CACI/LA MDF	"Article 83" Group Executive managers plan	63	68
Asset gathering and Insurance	CACI/CA Indosuez Wealth (France)/CA Indosuez Wealth (Group)/Amundi	"Article 83" type plan	3,188	2,959

The definitions of the underlined words can be found in the Glossary on page 600.

7.4 POST-EMPLOYMENT BENEFITS, DEFINED-BENEFIT PLANS

Change in actuarial liability

	31/12/2018			31/12/2017
(in millions of euros)	Eurozone	Outside Eurozone	All Zones	All Zones
Actuarial liability at 31/12/N-1	**1,591**	**1,513**	**3,104**	**3,100**
Translation adjustments	-	29	**29**	**(110)**
Cost of service rended during the period	62	34	**96**	**98**
Financial cost	19	27	**46**	**46**
Employee contributions	-	16	**16**	**13**
Benefit plan changes, withdrawals and settlement	(6)	4	**(2)**	**(23)**
Changes in scope	3	-	**3**	**96**
Benefits paid (mandatory)	(81)	(65)	**(146)**	**(180)**
Taxes, administrative expenses, and bonuses	-	-	**-**	**-**
Actuarial (gains)/losses arising from changes in demographic assumptions(1)	(7)	(14)	**(21)**	**7**
Actuarial (gains)/losses arising from changes in financial assumptions(1)	2	(55)	**(53)**	**57**
ACTUARIAL LIABILITY AT 31/12/N	**1,583**	**1,489**	**3,072**	**3,104**

(1) Of which actuarial gains/losses related to experience adjustment.

Breakdown of net charge recognised in the income statement

	31/12/2018			31/12/2017
(in millions of euros)	Eurozone	Outside Eurozone	All Zones	All Zones
Service cost	(56)	(38)	**(93)**	**(75)**
Income/expenses on net interests	(9)	(4)	**(13)**	**(14)**
IMPACT IN PROFIT AND LOSS AT 31/12/N	**(65)**	**(42)**	**(106)**	**(89)**

Breakdown of income recognised in OCI that will not be reclassified to profit and loss

	31/12/2018			31/12/2017
(in millions of euros)	Eurozone	Outside Eurozone	All Zones	All Zones
Revaluation from net liabilities (from net assets)				
Total amount of actuarial gains or losses recognised in other comprehensive income that will not be reclassified to profit and loss at 31/12/N-1	**427**	**307**	**734**	**731**
Translation adjustments	-	7	**7**	**(24)**
Actuarial gains/(losses) on assets	7	5	**12**	**(59)**
Actuarial gains/(losses) arising from changes in demographic assumptions(1)	(7)	(14)	**(21)**	**7**
Actuarial gains/(losses) arising from changes in financial assumptions(1)	2	(55)	**(53)**	**57**
Adjustment of assets restriction's impact	-	5	**5**	**(1)**
IMPACT IN OTHER COMPREHENSIVE INCOME AT 31/12/N	**2**	**(52)**	**(50)**	**(20)**

(1) Of which actuarial gains/losses related to experience adjustment.

Change in fair value of assets

	31/12/2018			31/12/2017
(in millions of euros)	Eurozone	Outside Eurozone	All Zones	All Zones
Fair value of assets at 31/12/N-1	**487**	**1,264**	**1,751**	**1,683**
Translation adjustments	-	21	**21**	**(87)**
Interests on asset (income)	7	24	**31**	**30**
Actuarial gains/(losses)	(7)	(5)	**(12)**	**57**
Employer contributions	5	59	**64**	**120**
Employee contributions	-	16	**16**	**14**
Benefit plan changes, withdrawals and settlement	-	-	**-**	**-**
Changes in scope	3	-	**3**	**24**
Taxes, administrative expenses, and bonuses	-	-	**-**	**-**
Benefits paid out under the benefit plan	(12)	(62)	**(74)**	**(90)**
FAIR VALUE OF ASSETS AT 31/12/N	**483**	**1,317**	**1,800**	**1,751**

Change in fair value of reimbursement rights

	31/12/2018			31/12/2017
(in millions of euros)	Eurozone	Outside Eurozone	All Zones	All Zones
Fair value of reimbursement rights at 31/12/N-1	**341**	**-**	**341**	**324**
Translation adjustments	-	-	**-**	**-**
Interests on reimbursement rights (income)	3	-	**3**	**3**
Actuarial gains/(losses)	-	-	**-**	**1**
Employer contributions	8	-	**8**	**38**
Employee contributions	-	-	**-**	**-**
Benefit plan changes, withdrawals and settlement	-	-	**-**	**-**
Changes in scope	3	-	**3**	**(2)**
Taxes, administrative costs, and bonuses	-	-	**-**	**-**
Benefits paid out under the benefit plan	(18)	-	**(18)**	**(23)**
FAIR VALUE OF REIMBURSEMENT RIGHTS AT 31/12/N	**337**	**-**	**337**	**341**

Net position

	31/12/2018			31/12/2017
(in millions of euros)	Eurozone	Outside Eurozone	All Zones	All Zones
Closing actuarial liability	**(1,583)**	**(1,489)**	**(3,072)**	**(3,104)**
Impact of asset restriction	-	(6)	**(6)**	**-**
Fair value of assets at end of period	483	1,317	**1,800**	**1,751**
NET POSITION OF ASSETS/(LIABILITIES) AT END OF PERIOD	**(1,100)**	**(178)**	**(1,278)**	**(1,353)**

Defined-benefit plans: main actuarial assumptions

	31/12/2018		31/12/2017	
(in millions of euros)	Eurozone	Outside Eurozone	Eurozone	Outide Eurozone
Discount rate[1]	1.26%	1.97%	1.21%	1.76%
Actual return on plan assets and on reimbursement rights	0.33%	1.66%	1.37%	6.66%
Expected salary increase rates[2]	1.37%	1.88%	1.36%	1.88%
Rate of change in medical costs	4.59%	10.00%	4.59%	10.00%

(1) Discount rates are determined as a function of the average duration of the commitment, that is, the arithmetic mean of durations calculated between the assessment date and the payment date weighted by assumptions of staff turnover. The underlying used is the discount rate by reference to the iBoxx AA.
(2) Depending on the employees concerned (managers or non-managers).

The definitions of the underlined words can be found in the Glossary on page 600.

Information of plan assets: allocation of assets[1]

	Eurozone			Outside Eurozone			All Zones		
(in millions of euros)	%	Amount	of which listed	%	Amount	of which listed	%	Amount	of which listed
Equities	7.3%	60	59	25.9%	340	340	**18.7%**	**400**	**399**
Bonds	45.2%	371	360	47.6%	626	626	**46.7%**	**996**	**986**
Property/Real estate	3.8%	31		11.7%	154		**8.7%**	**185**	
Others	43.7%	358		14.9%	196		**25.9%**	**554**	

(1) Of which fair value of reimbursement rights.

At 31 December 2018, the sensitivity analysis showed that:

- a 50 basis point increase in discount rates would reduce the commitment by -6.56%;
- a 50 basis point decrease in discount rates would increase the commitment by +7.43%.

The benefits expected to be paid in respect of post-employment plans for 2018 are as follows:

- benefits paid by the employer or by reimbursement rights funds: €72 million (compared to €85 million paid in 2017);
- benefits paid by plan assets: €74 million (compared to €68 million paid in 2017).

Crédit Agricole S.A.'s policy on covering employee benefit obligations reflects local rules on funding post-employment benefits in countries with minimum funding requirements. Overall, commitments arising from the Group's post-employment obligations were 70% covered at 31 December 2018 (including reimbursement rights).

7.5 OTHER EMPLOYEE BENEFITS

In France, the Group's main entities pay long-service awards. The amounts vary according to practices and collective bargaining agreements in place.

The provisions funded by Crédit Agricole S.A. Group for these other employee benefit obligations amounted to €415 million at 31 December 2018.

7.6 SHARE-BASED PAYMENTS

7.6.1 Stock option plan

No new plan was implemented in 2018.

7.6.2 Deferred variable compensation settled either in shares or in cash indexed to the share price

The deferred variable compensation plans implemented by the Group take two forms:

- equity-settled plans;
- cash-settled plans indexed to the Crédit Agricole S.A. share price.

Since 1 January 2016, all existing and future deferred variable compensation plans are now cash-settled plans indexed to the Crédit Agricole S.A. share price. The impact of the revaluation of the commitment on the basis of the Crédit Agricole S.A. share price, which is not material, was recognised in equity.

This deferred variable compensation is subject to continued employment and a performance condition. It is broken down into thirds that are payable in March 2019, March 2020 and March 2021.

The expense related to these plans is recognised in compensation expenses on a straight-line basis over the vesting period to factor in continued employment, and a liability is recorded in employee expenses, the amount of which is subject to periodical revaluation through profit or loss until the settlement date, depending on the evolution of the share price of Crédit Agricole S.A. and on vesting conditions (continued employment and performance).

7.7 EXECUTIVE COMPENSATION

Senior management includes all members of the Executive Committee, namely the Chief Executive Officer, Deputy Chief Executive Officer, Deputy Chief Executive Officers for the Group's different divisions, Chief Executive Officers of the main subsidiaries and the Heads of the Group's core business activities.

Compensation and benefits paid to the members of the Executive Committee in 2018 were as follows:

- short-term benefits: €26 million for fixed and variable compensation (of which €3.8 million paid in share-indexed instruments), including social security expenses and benefits in kind;
- post-employment benefits: €3.9 million for end-of-career allowances and for the supplementary pension plan for Group executive managers;
- other long-term employee benefits: the amount of long-service awards granted was not material;
- employment contract termination indemnities: not material;
- other share-based payment: not applicable.

Total Directors' fees paid to members of Crédit Agricole S.A.'s Board of Directors in 2018 in consideration for serving as Directors of Crédit Agricole S.A. amounted to €972,703.

These amounts included the compensation and benefits paid to the Chief Executive Officer and Deputy Chief Executive Officer of Crédit Agricole S.A.

(1) Of which fair value of reimbursement rights.

Note 8 Commitments given and received and other guarantees

Financing and guarantee commitments and other guarantees include discontinued operations.

Commitments given and received

(in millions of euros)	31/12/2018	31/12/2017
Commitments given		
Financing commitments	**169,768**	**151,071**
Commitments given to credit institutions	25,799	25,796
Commitments given to customers	143,969	125,275
Confirmed credit lines	109,553	103,476
Documentary credits	5,423	5,129
Other confirmed credit lines	104,130	98,347
Other commitments given to customers	34,416	21,799
Guarantee commitments	**85,166**	**89,694**
Credit institutions	8,582	8,074
Confirmed documentary credit lines	4,364	3,803
Other	4,218	4,271
Customers	76,584	81,620
Property guarantees	2,005	2,430
Other customer guarantees	74,579	79,190
Securities commitments	**7,045**	
Securities to be delivered	7,045	
Commitments received		
Financing commitments	**94,567**	**88,270**
Commitments received from credit institutions	85,943	82,305
Commitments received from customers	8,624	5,965
Guarantee commitments	**294,729**	**249,880**
Commitments received from credit institutions(1)	87,558	81,281
Commitments received from customers	207,171	168,599
Guarantees received from government bodies or similar institutions	24,842	20,056
Other guarantees received	182,329	148,543
Securities commitments	**10,369**	
Securities to be received	10,369	

(1) Of which €9.2 billion for the Switch Insurance guarantee set up on 1 July 2016.

Financial instruments given and received as collateral

(in millions of euros)	31/12/2018	31/12/2017
Carrying amount of financial assets provided as collateral (including transferred assets)		
Securities and receivables provided as collateral for the refinancing structures (Banque de France, CRH, etc.)	184,640	181,501
Securities lent	11,645	9,534
Security deposits on market transactions	16,367	17,279
Other security deposits	-	-
Securities sold under repurchase agreements	100,512	93,464
TOTAL CARRYING AMOUNT OF FINANCIAL ASSETS PROVIDED AS COLLATERAL	**313,164**	**301,778**
Carrying amount of financial assets received in garantee		
Other security deposits(1)	3,102	3,102
Fair value of instruments received as reusable and reused collateral		
Securities borrowed	3	7
Securities bought under repurchase agreements	270,427	244,590
Securities sold short	29,368	22,594
TOTAL FAIR VALUE OF INSTRUMENTS RECEIVED AS REUSABLE AND REUSED COLLATERAL	**299,798**	**267,191**

(1) Of which €3.1 billion for the deposits received under the Switch Insurance guarantee, set up on 1 July 2016, amending the previous deposits received since 2 January 2014 in the amount of €8.1 billion.

The definitions of the underlined words can be found in the Glossary on page 600.

Receivables pledged as collateral

At 31 December 2018, Crédit Agricole S.A. deposited €83.9 billion of receivables (mainly on behalf of the Regional Banks) for refinancing transactions to the Banque de France, compared to €81.3 billion at 31 December 2017, and €22.3 billion of receivables were deposited directly by others subsidiaries.

At 31 December 2018, Crédit Agricole S.A. deposited €12.9 billion of receivables for refinancing transactions to the Caisse de Refinancement de l'Habitat on behalf of the Regional Banks, compared to €13.7 billion at 31 December 2017, and €2.1 billion of receivables were deposited directly by LCL.

On 31 December 2018, €3.8 billion receivables of the Regional Banks had been pledged as collateral for the covered bonds issued by European Secured Notes Issuer (ESNI), a French securitisation company formed by five banks including Crédit Agricole Group, and €1.4 billion of Crédit Agricole CIB's receivables were fully transferred as collateral.

At 31 December 2018, €42.5 billion of Regional Banks and LCL receivables had been pledged as collateral for the covered bond issues of Crédit Agricole Home Loan SFH, a financial company wholly owned by Crédit Agricole S.A.

These processes, for which there is no transfer of contractual cash flows, do not form part of the asset transfers mentioned in Note 6.6 "Transferred assets not derecognised or derecognised with on-going involvement"

Guarantees held

Guarantees held and assets received as collateral by Crédit Agricole S.A. Group which it is allowed to sell or to use as collateral are mostly held within Crédit Agricole S.A. for €98.6 billion and within Crédit Agricole CIB for €138 billion. The majority of these are receivables pledged as collateral by the Regional Banks to Crédit Agricole S.A., the latter acting as the central body with regard to the external refinancing organisations, in order to obtain refinancing. These receivables (property-related, or loans to businesses or local authorities) are selected and rated for their quality and retained on the balance sheet of the Regional Banks.

The majority of these guarantees consist of mortgage liens, collateral or guarantees received, regardless of the quality of the assets guaranteed. They are mainly related to repurchase agreements and securities pledged to guarantee brokerage transactions.

Crédit Agricole S.A. Group policy is to sell seized collateral as soon as possible. Crédit Agricole CIB and Crédit Agricole S.A. had no such assets at 31 December 2018.

Note 9 Reclassifications of financial instruments

Principles applied by Crédit Agricole S.A.

Reclassifications are performed only under exceptional circumstances and following a decision by the Executive Management of the entity as a result of internal or external changes: significant changes in the entity's activity.

Reclassification performed by Crédit Agricole S.A. Group

Reclassification of financial assets in 2018

In 2018, Crédit Agricole S.A. Group did not carry out any reclassification pursuant to paragraph 4.4.1 of IFRS 9.

Reclassification of financial assets during prior financial years

Pursuant to the amendment to IAS 39 as published and adopted by the European Union on 15 October 2008, reclassifications were carried out as authorised by this amendment. Information on these and previous reclassifications is shown below.

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For assets reclassified at 31 December 2017, the table below presents their net carrying amount and their estimated market value:

	Total reclassified assets	
(in millions of euros)	Carrying amount 31/12/2017	Estimated market value at 31/12/2017
Financial assets at fair value through profit or loss reclassified as loans and receivables	78	72
Available-for-sale financial assets reclassified as loans and receivables	132	132
TOTAL RECLASSIFIED ASSETS	**210**	**204**

Contribution of assets reclassified to profit and loss since the reclassification date

The contribution of the assets transferred to profit and loss at 31 December 2017, since the reclassification date, includes all gains, losses, income and expenses recognised in profit or loss and/or in other comprehensive income.

Analysis of the impact of the transferred assets:

	Assets reclassified before	
	Cumulative impact at 31/21/2017	
(in millions of euros)	Actual income and expenses recognised	If asset had been retained in its former category (change in fair value)
Financial assets at fair value through profit or loss reclassified as loans and receivables	(36)	(122)
Available-for-sale financial assets reclassified as loans and receivables	21	21
TOTAL RECLASSIFIED ASSETS	**(15)**	**(101)**

Note 10 Fair value of financial instruments

Fair value is the price that would be received at the sale of an asset or paid to transfer a liability in a standard transaction between market participants at the measurement date.

Fair value is defined on the basis of the exit price.

The fair values shown below are estimates made on the reporting date using observable market data wherever possible. These are subject to change in subsequent periods due to developments in market conditions or other factors.

The calculations represent best estimates. They are based on a number of assumptions. It is assumed that market participants act in their best economic interest.

To the extent that these models contain uncertainties, the fair values shown may not be achieved upon actual sale or immediate settlement of the financial instruments concerned.

The fair value hierarchy of financial assets and liabilities is broken down according to the general observability criteria of the valuation inputs, pursuant to the principles defined under IFRS 13.

Level 1 applies to the fair value of financial assets and liabilities quoted in active markets.

Level 2 applies to the fair value of financial assets and liabilities with observable inputs. This agreement includes market data relating to interest rate risk or credit risk when the latter can be revalued based on Credit Default Swap (CDS) spread. Securities bought or sold under repurchase agreements with underlyings quoted in an active market are also included in Level 2 of the hierarchy, as are financial assets and liabilities with a demand component for which fair value is measured at unadjusted amortised cost.

Level 3 indicates the fair value of financial assets and liabilities with unobservable inputs or for which some data can be revalued using internal models based on historical data. This mainly includes market data relating to credit risk or early redemption risk.

In some cases, market values are close to carrying amounts. This applies primarily to:

- assets or liabilities at variable rates for which interest rate changes do not have a significant influence on the fair value, since the rates on these instruments frequently adjust themselves to the market rates;
- short-term assets or liabilities where the redemption value is considered to be close to the market value;
- instruments executed on a regulated market for which the prices are set by the public authorities;
- demand assets and liabilities;
- transactions for which there are no reliable observable data.

10.1 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES RECOGNISED AT AMORTISED COST

Amounts presented below include accruals and prepayments and are net of impairment.

Financial assets recognised at cost and measured at fair value on the balance sheet

(in millions of euros)	Value at 31/12/2018	Estimated fair value at 31/12/2018	Quoted prices in active markets for identical instruments: Level 1	Valuation based on observable data: Level 2	Valuation based on unobservable data: Level 3
Financial assets not measured at fair value on balance sheet					
Loans and receivables	**782,437**	**804,094**	**-**	**497,697**	**306,397**
Loans and receivables due from credit institutions	**412,981**	**420,599**	**-**	**419,632**	**967**
Current accounts and overnight loans	33,861	34,482	-	34,381	101
Accounts and long-term loans	371,185	378,149	-	377,469	680
Pledged securities	1	1	-	-	1
Securities bought under repurchase agreements	6,972	6,974	-	6,974	-
Subordinated loans	887	895	-	710	185
Other loans and receivables	75	98	-	98	-
Loans and receivables due from customers	**369,456**	**383,495**	**-**	**78,065**	**305,430**
Trade receivables	46,700	45,895	-	20,015	25,880
Other customer loans	306,140	319,954	-	45,468	274,486
Pledged securities	131	131	-	131	-
Securities bought under repurchase agreements	2,976	2,976	-	2,976	-
Subordinated loans	103	102	-	3	99
Insurance receivables	655	655	-	14	641
Reinsurance receivables	634	634	-	53	581
Advances in associates' current accounts	144	145	-	7	138
Current accounts in debit	11,973	13,003	-	9,398	3,605
Debt securities	**57,764**	**58,210**	**41,161**	**12,927**	**4,122**
Treasury bills and similar securities	23,214	23,269	20,507	2,712	50
Bonds and other fixed income securities	34,550	34,941	20,654	10,215	4,072
TOTAL FINANCIAL ASSETS OF WHICH FAIR VALUE IS DISCLOSED	**840,201**	**862,304**	**41,161**	**510,624**	**310,519**

The definitions of the underlined words can be found in the Glossary on page 600.

(in millions of euros)	Value at 31/12/2017	Estimated fair value at 31/12/2017	Quoted prices in active markets for identical instruments: Level 1	Valuation based on observable data: Level 2	Valuation based on unobservable data: Level 3
Financial assets not measured at fair value on balance sheet					
Loans and receivables	**754,130**	**776,402**	**-**	**477,833**	**298,569**
Loans and receivables due from credit institutions	**394,051**	**397,722**	**-**	**397,182**	**540**
Current accounts and overnight loans	24,264	24,267	-	24,254	13
Accounts and long-term loans	354,809	358,471	-	358,280	191
Pledged securities	10	10	-	-	10
Securities bought under repurchase agreements	8,693	8,693	-	8,693	-
Subordinated loans	995	997	-	704	293
Securities not listed on an active market	5,203	5,207	-	5,174	33
Other loans and receivables	77	77	-	77	-
Loans and receivables due from customers	**360,079**	**378,680**	**-**	**80,651**	**298,029**
Trade receivables	40,909	41,126	-	19,956	21,170
Other customer loans	288,066	305,723	-	44,152	261,571
Securities bought under repurchase agreements	3,116	3,116	-	2,957	159
Subordinated loans	104	104	-	4	100
Securities not listed on an active market	14,428	14,428	-	296	14,132
Insurance receivables	262	262	-	4	258
Reinsurance receivables	516	516	-	42	474
Advances in associates current accounts	128	128	-	12	116
Current accounts in debit	12,550	13,277	-	13,228	49
Held-to-maturity financial assets	**20,179**	**22,229**	**22,209**	**-**	**20**
Treasury bills and similar securities	17,082	18,398	18,398	-	-
Bonds and other fixed Income securities	3,097	3,831	3,811	-	20
TOTAL FINANCIAL ASSETS OF WHICH FAIR VALUE IS DISCLOSED	**774,309**	**798,631**	**22,209**	**477,833**	**298,589**

Financial liabilities recognised at amortised cost and measured at fair value on the balance sheet

(in millions of euros)	Value at 31/12/2018	Estimated fair value at 31/12/2018	Quoted prices in active markets for identical instruments: Level 1	Valuation based on observable data: Level 2	Valuation based on unobservable data: Level 3
Financial liabilities not measured at fair value on balance sheet					
Due to credit institutions	**131,960**	**132,329**	**-**	**132,329**	**-**
Current accounts and overnight loans	25,718	25,760	-	25,760	-
Accounts and term deposits	82,514	82,841	-	82,841	-
Pledged securities	-	-	-	-	-
Securities sold under repurchase agreements	23,728	23,728	-	23,728	-
Due to customers	**597,170**	**597,664**	**-**	**306,142**	**291,522**
Current accounts in credit	203,494	203,847	-	203,847	-
Special savings accounts	288,413	288,413	-	-	288,413
Other amounts due to customers	101,776	101,919	-	101,333	586
Securities sold under repurchase agreements	840	840	-	840	-
Insurance liabilities	1,260	1,260	-	59	1,201
Reinsurance liabilities	334	333	-	63	270
Cash deposits received from ceding and retroceding companies against technical insurance commitments	1,053	1,052	-	-	1,052
Debt securities	**184,470**	**186,668**	**66,396**	**120,197**	**75**
Subordinated debt	**22,765**	**22,849**	**7,165**	**15,579**	**105**
TOTAL FINANCIAL LIABILITIES OF WHICH FAIR VALUE IS DISCLOSED	**936,365**	**939,510**	**73,561**	**574,247**	**291,702**

(in millions of euros)	Value at 31/12/2017	Estimated fair value at 31/12/2017	Quoted prices in active markets for identical instruments: Level 1	Valuation based on observable data: Level 2	Valuation based on unobservable data: Level 3
Financial liabilities not measured at fair value on balance sheet					
Due to credit institutions	**125,590**	**125,778**	**-**	**124,097**	**1,681**
Current accounts and overnight loans	19,786	19,787	-	19,787	-
Accounts and term deposits	81,404	81,591	-	79,910	1,681
Pledged securities	-	-	-	-	-
Securities sold under repurchase agreements	24,400	24,400	-	24,400	-
Due to customers	**550,746**	**551,114**	**-**	**212,573**	**338,541**
Current accounts in credit	182,099	182,457	-	177,439	5,018
Special savings accounts	275,058	275,059	-	826	274,233
Other amounts due to customers	89,768	89,777	-	32,481	57,296
Securities sold under repurchase agreements	1,706	1,706	-	1,706	-
Insurance liabilities	853	853	-	77	776
Reinsurance liabilities	313	313	-	44	269
Cash deposits received from cedants and retrocessionaires against technical insurance commitments	949	949	-	-	949
Debt securities	**163,708**	**165,896**	**55,361**	**110,335**	**200**
Subordinated debt	**25,421**	**25,508**	**23,353**	**2,046**	**109**
TOTAL FINANCIAL LIABILITIES OF WHICH FAIR VALUE IS DISCLOSED	**865,465**	**868,296**	**78,714**	**449,051**	**340,531**

10.2 INFORMATION ABOUT FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

The valuation of counterparty risk (Credit Valuation Adjustment or CVA) of own's credit risk (Debit Valuation Adjustment or DVA) and of funding risk (Funding valuation Adjustment) on derivatives operations.

The value adjustment linked to the counterparts quality (CVA) aims to incorporate in derivatives' valuation the credit risk associated with the counterparty (risk of non-payment of sums due in the event of default). This adjustment is calculated on an aggregate basis by counterparty according to the future exposure profile of the transactions after deducting any collateral. This adjustment is always negative and reduces the fair value of the financial instruments.

The value adjustment linked to our institution's own credit risk (Debt Value Adjustment – DVA) aims to incorporate the risk borne by our counterparties in the valuation of derivative instruments. This adjustment is calculated on an aggregate basis by counterparty according to the future exposure profile of the transactions. This adjustment is always positive and reduces the fair value of the financial instruments.

The CVA/DVA is calculated on the basis of estimated expected losses based on the probability of default and loss given default. The methodology used maximises the use of observable market inputs. The probability of a default is deducted from quoted CDS or proxies from quoted CDS when they are considered sufficiently liquid.

Valuation methods

Financial instruments are valued by management information systems and checked by a team that reports to the Risk Management department and is independent from the market operators.

Valuations are based on the following:

- prices or inputs obtained from independent sources and/or validated by the Market Risk department using a series of available sources such as pricing service vendors, market consensus data and brokers;
- models approved by the quantitative teams in the Market Risk department.

The valuation produced for each instrument is a mid-market valuation, which does not take account of the direction of the trade, the bank's aggregate exposure, market liquidity or counterparty quality. Adjustments are then made to the market valuations to incorporate those factors, as well as the potential uncertainties inherent in the models or inputs used.

The main types of valuation adjustments are the following:

- **Mark-to-Market adjustments:** these adjustments correct any potential variance between the mid-market valuation of an instrument obtained using internal valuation models and the associated inputs and the valuation obtained from external sources or market consensus data. These adjustments can be positive or negative;
- **bid/ask reserves:** these adjustments incorporate the bid/ask spread for a given instrument in order to reflect the price at which the position could be reversed. These adjustments are always negative;
- **uncertainty reserves:** these adjustments constitute a risk premium taken into account by all market participants. These adjustments are always negative:
  - input uncertainty reserves seek to incorporate in the valuation of an instrument any uncertainty that might exist as regards one or more of the inputs used,
  - model uncertainty reserves seek to incorporate in the valuation of an instrument any uncertainty that might exist due to the choice of model used.

The definitions of the underlined words can be found in the Glossary on page 600.

In addition, in accordance with IFRS 13 "Fair value measurement", Crédit Agricole S.A. prices in to the fair value calculated for its OTC derivatives (*i.e.* those traded over the counter) various adjustments linked to the default risk and credit quality (Credit Valuation Adjustment, Debit Valuation Adjustment) and also to future funding costs and benefits (Funding Valuation Adjustment).

Credit Valuation Adjustment (CVA)

The CVA (Credit Valuation Adjustment) is a mark-to-market adjustment to incorporate the market value of the default risk (risk of non-payment of amounts due in the event of default or deterioration in credit quality) in the value of OTC derivatives of our counterparties. This adjustment is calculated per counterparty based on the positive future exposure of the trading portfolio (taking into account any netting or collateral agreements, where such exist) weighted by the probabilities of default and losses given default. The methodology used maximises the use of observable market inputs (probabilities of default are derived in priority directly from listed CDS, proxies of listed CDS and other credit instruments where these are deemed sufficiently liquid). This adjustment is always negative and reduces the fair value of the OTC derivative assets held in the portfolio.

Debit Valuation Adjustment (DVA)

The Debit Valuation Adjustment (DVA) is a mark-to-market adjustment that aims to incorporate the market value of the default risk (potential losses to which Crédit Agricole S.A. may expose its counterparties in the event of default or a deterioration in its creditworthiness) in the value of perfectly collateralised OTC derivatives. This adjustment is calculated by collateral contract type on the basis of negative future exposure profiles of the trading portfolio weighted by default probabilities (Crédit Agricole S.A.) and losses incurred in the event of default. The calculation is intended to take into account the Margin Period of Risk (MPR, the time period between the occurrence Crédit Agricole S.A.'s default and the effective liquidation of all positions). The methodology used maximises the use of observable market inputs (use of Crédit Agricole S.A. CDS to determine default probabilities). This adjustment is always positive and reduces the fair value of the OTC derivative liabilities held in the portfolio.

Funding Valuation Adjustment (FVA)

The Funding Valuation Adjustment (FVA) is a mark-to-market adjustment that aims to incorporate in the fair value of OTC derivatives the additional future funding costs and benefits based on ALM (Asset & Liability Management) funding costs. This adjustment is calculated on the scope of transactions that are not covered by a CSA (Credit Support Annex) or covered by a non-perfect CSA/Golden and on the basis of future exposition profiles (positive and negative) weighted by the ALM funding spreads.

As regards the scope of "clear" derivatives, an FVA adjustment called IMVA (Initial Margin Value Adjustment) is calculated to take into account the future financing costs and gains of the initial margins to be posted with the main derivatives clearing houses until the portfolio matures.

The definitions of the underlined words can be found in the Glossary on page 600.

Breakdown of financial instruments at fair value by valuation model

Amounts presented below include accruals and prepayments and are net of impairment.

Financial assets measured at fair value

(in millions of euros)	31/12/2018	Quoted prices in active markets for identical instruments: Level 1	Valuation based on observable data: Level 2	Valuation based on unobservable data: Level 3
Financial assets held for trading	**225,605**	**24,636**	**196,612**	**4,357**
Loans and receivables due from credit institutions	191	-	191	-
Loans and receivables due from customers	1,374	-	-	1,374
Securities bought under repurchase agreements	107,414	-	106,447	967
Pledged securities	-	-	-	-
Held for trading securities	22,072	19,394	2,154	524
Treasury bills and similar securities	14,219	12,134	1,640	445
Bonds and other fixed income securities	5,043	4,483	506	54
Mutual funds	33	3	5	25
Equity and other variable income securities	2,777	2,774	3	-
Derivative instruments	94,554	5,242	87,820	1,492
Other financial instruments at fair value through profit or loss	**139,870**	**93,239**	**39,423**	**7,208**
Equity instruments at fair value through profit or loss	**28,351**	**19,159**	**6,190**	**3,002**
Equity and other variable income securities	19,315	16,839	1,468	1,008
Non-consolidated equity investments	9,036	2,320	4,722	1,994
Debt instruments that do not meet the conditions of the "SPPI" test	**60,131**	**36,856**	**19,073**	**4,202**
Loans and receivables due from credit institutions	-	-	-	-
Loans and receivables due from customers	3,003	-	2,890	113
Debt securities	57,128	36,856	16,183	4,089
Treasury bills and similar securities	156	73	83	-
Bonds and other fixed income securities	11,637	1,760	9,126	751
Mutual funds	45,335	35,023	6,974	3,338
Assets backing unit-linked contracts	**51,386**	**37,222**	**14,160**	**4**
Treasury bills and similar securities	988	975	13	-
Bonds and other fixed income securities	3,956	1,150	2,806	-
Equity and other variable income securities	5,161	1,167	3,994	-
Mutual funds	41,281	33,930	7,347	4
Financial assets designated at fair value through profit or loss	**2**	**2**	**-**	**-**
Loans and receivables due from credit institutions	-	-	-	-
Loans and receivables due from customers	-	-	-	-
Debt securities	2	2	-	-
Treasury bills and similar securities	-	-	-	-
Bonds and other fixed income securities	2	2	-	-
Financial assets at fair value through other comprehensive income	**253,620**	**235,272**	**17,699**	**649**
Equity instruments at fair value through other comprehensive income that will not be reclassified to profit or loss	3,418	1,988	853	577
Equity and other variable income securities	283	16	233	34
Non-consolidated equity investments[(1)]	3,135	1,972	620	543
Debt instruments at fair value through other comprehensive income that may be reclassified to profit and loss	250,202	233,284	16,846	72
Loans and receivables due from credit institutions	-	-	-	-
Loans and receivables due from customers	1	-	1	-
Debt securities	250,201	233,284	16,845	72
Treasury bills and similar securities	75,753	75,286	395	72
Bonds and other fixed income securities	174,448	157,998	16,450	-
Hedging derivative Instruments	**14,322**	**7**	**14,315**	**-**
TOTAL FINANCIAL ASSETS MEASURED AT FAIR VALUE	**633,417**	**353,154**	**268,049**	**12,214**
Transfers from Level 1: Quoted prices in active markets for identical instruments			-	75
Transfers from Level 2: Valuation based on observable data		291		801
Transfers from Level 3: Valuation based on unobservable data		8	114	
TOTAL TRANSFERS TO EACH LEVEL		**299**	**114**	**876**

(1) SAS Rue La Boétie shares have been included in Non-consolidated equity investments in Level 2 for €47 million.

Level 1 to Level 3 transfers mainly involve Treasury bills.

Level 2 to Level 1 transfers mainly involve debt instruments at fair value through comprehensive income that may be reclassified.

Level 2 to Level 3 transfers mainly involve repurchase agreements and interest rate swaps.

Level 3 to Level 1 transfers mainly involve derivative instruments on foreign exchange and gold transactions.

Level 3 to Level 2 transfers mainly involve derivative instruments on unsubordinated debt securities and trading derivatives.

(in millions of euros)	31/12/2017	Quoted prices in active markets for identical instruments: Level 1	Valuation based on observable data: Level 2	Valuation based on unobservable data: Level 3
Financial assets held for trading	**221,089**	**23,036**	**195,053**	**3,000**
Loans and recevables due from credit institutions	-	-	-	-
Loans and receivables due from customers	1,600	-	-	1,600
Securities bought under repurchase agreements	92,959	-	92,959	-
Pledged securities	-	-	-	-
Securities held for trading	20,735	19,668	945	122
Treasury bills and similar securities	12,804	12,033	771	-
Bonds and other fixed income securities	4,446	4,151	173	122
Equities and other equity variable income securities	3,485	3,484	1	-
Derivative instruments	105,795	3,368	101,149	1,278
Financial assets designated at fair value through profit or loss	**100,315**	**76,364**	**19,179**	**4,772**
Loans and receivables due from credit institutions	-	-	-	-
Loans and receivables due from customers	2	-	-	2
Assets backing unit-linked contracts	51,600	38,917	12,677	6
Securities designated at fair value through profit or loss	48,713	37,447	6,502	4,764
Treasury bills and similar securities	3,639	3,617	22	-
Bonds and other fixed income securities	28,004	24,738	3,058	208
Equities and other equity variable income securities	17,070	9,092	3,422	4,556
Available-for-sale financial assets	**307,058**	**269,028**	**36,192**	**1,838**
Treasury bills and similar securities	74,346	73,803	543	-
Bonds and other fixed income securities	201,745	174,589	26,875	281
Equities and other equity variable income securities	30,967	20,636	8,774	1,557
Available-for-sale receivables	-	-	-	-
Hedging derivative instruments	**16,435**	**4**	**16,431**	**-**
TOTAL FINANCIAL ASSETS MEASURED AT FAIR VALUE	**644,897**	**368,432**	**266,855**	**9,610**
Transfers from level 1: Quoted prices in active markets for identical instruments			119	-
Transfers from level 2: Valuation based on observable data		21		100
Transfers from level 3: Valuation based on unobservable data		8	267	
TOTAL TRANSFERS TO EACH LEVEL		**29**	**386**	**100**

Level 1 to Level 2 transfers involve available-for-sale securities and bonds.

Level 2 to Level 1 transfers mainly involve equities.

Level 2 to Level 3 transfers mainly involve interest rate swaps.

Level 3 to Level 2 transfers mainly involve bonds.

Financial liabilities measured at fair value

(in millions of euros)	31/12/2018	Quoted prices in active markets for identical instruments: Level 1	Valuation based on observable data: Level 2	Valuation based on unobservable data: Level 3
Financial liabilities held for trading	**193,956**	**29,801**	**159,881**	**4,274**
Securities sold short	25,433	24,810	403	220
Securities sold under repurchase agreements	75,917	-	73,593	2,324
Debt securities	2	-	2	-
Due to credit institutions	-	-	-	-
Due to customers	-	-	-	-
Derivative instruments	92,604	4,991	85,883	1,730
Financial liabilities designated at fair value through profit or loss	**34,155**	**7,499**	**18,241**	**8,415**
Hedging derivative Instruments	**12,085**	**-**	**11,734**	**351**
TOTAL FINANCIAL LIABILITIES MEASURED AT FAIR VALUE	**240,196**	**37,300**	**189,856**	**13,040**
Transfers from Level 1: Quoted prices in active markets for identical instruments			-	-
Transfers from Level 2: Valuation based on observable data		-		811
Transfers from Level 3: Valuation based on unobservable data		10	381	
TOTAL TRANSFERS TO EACH LEVEL		**10**	**381**	**811**

Level 2 to Level 3 transfers mainly concern negotiable debt securities accounted under the fair value and earnings option and interest rate swaps.

Level 3 to Level 1 transfers mainly involve derivative instruments on derivative trading instruments.

Level 3 to Level 2 transfers mainly concern negotiable debt securities accounted under the fair value and earnings option and derivative trading instruments.

The definitions of the underlined words can be found in the Glossary on page 600.

(in millions of euros)	31/12/2017	Quoted prices in active markets for identical instruments: Level 1	Valuation based on observable data: Level 2	Valuation based on unobservable data: Level 3
Financial liabilities held for trading	**196,444**	**25,045**	**169,802**	**1,597**
Securities sold short	22,598	22,372	226	-
Securities sold under repurchase agreements	67,335	-	67,335	-
Debt securities	2	2	-	-
Due to customers	-	-	-	-
Due to credit institutions	-	-	-	-
Derivative instruments	106,509	2,671	102,241	1,597
Financial liabilities designated at fair value through profit or loss	**31,443**	**6,817**	**19,078**	**5,548**
Hedging derivative instruments	**13,271**	**-**	**13,023**	**248**
TOTAL FINANCIAL LIABILITIES MEASURED AT FAIR VALUE	**241,158**	**31,862**	**201,903**	**7,393**
Transfers from level 1: Quoted prices in active markets for identical instruments			-	3
Transfers from level 2: Valuation based on observable data		-		127
Transfers from level 3: Valuation based on unobservable data		-	2,171	
TOTAL TRANSFERS TO EACH LEVEL		**-**	**2,171**	**130**

Level 2 to Level 3 transfers mainly concern marketable debt securities accounted under the fair value option.

Level 3 to Level 2 transfers mainly concern marketable debt securities accounted under the fair value option.

Financial instruments classified in Level 1

Level 1 comprises all derivatives quoted in an active market (options, futures, etc.), regardless of their underlying (interest rate, exchange rate, precious metals, key stock indices), as well as equities and bonds quoted in an active market.

A market is considered as being active if quoted prices are readily and regularly available from exchange, brokers, dealers, pricing services or regulatory agencies, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Corporate, government and agency bonds that are valued on the basis of prices obtained from independent sources, deemed to be enforceable and updated regularly, are classified in Level 1. This covers the bulk of sovereign, agency and corporate securities held. Issuers whose bonds are not quoted are classified in Level 3.

Financial instruments classified in Level 2

The main financial instruments classified in Level 2 are:

Liabilities designated at fair value through profit or loss

Financial liabilities designated at fair value are classified in Level 2 when their embedded derivative is deemed to be classified in Level 2.

Over-the-counter derivatives

The main OTC derivatives classified in Level 2 are those valued using inputs considered to be observable and where the valuation technique does not generate any significant exposure to a model risk.

Level 2 therefore mainly includes:

- linear derivative products such as interest rate swaps, currency swaps and forward FX. They are valued using simple models widely used in the market, based either on directly observable inputs (foreign exchange rates, interest rates), or inputs derived from observable market prices (currency swaps);
- non-linear vanilla instruments such as caps, floors, swaptions, currency options, equity options and credit default swaps, including digital options. They are valued using simple models widely used in the market, based either on directly observable inputs (foreign exchange rates, interest rates, share prices) or inputs that can be derived from observable market prices (volatilities);

- simple exotic single-underlying instruments such as cancellable swaps, currency baskets of major currencies. They are valued using models that are sometimes slightly more complex but still widely used in the market. The inputs are mainly observable inputs and market prices, obtained notably from brokers and/or market consensus data, which can be used to corroborate internal valuations;
- securities listed on a market deemed inactive and for which independant valuation data are available.

Financial instruments classified in Level 3

Financial instruments classified in Level 3 are those which do not meet the conditions for classification in Level 1 or 2. They are therefore mainly financial instruments with a high model risk or those whose valuation requires substantial use of unobservable inputs.

The initial margin on all new transactions classified in Level 3 is reserved at the date of initial recognition. It is reintegrated in the profit or loss account either spread over the period during which the inputs are considered to be unobservable or in full on the date when the inputs become observable.

Level 3 therefore mainly comprises:

Securities

Level 3 securities mainly include:

- unlisted shares or bonds for which no independent valuation is available;
- ABSs and CLOs for which there are indicative independent quotes but which are not necessarily executable;
- ABSs, CLOs and super senior and mezzanine CDO tranches where it cannot be demonstrated that the market is active.

Liabilities designated at fair value through profit or loss

Financial liabilities designated at fair value are classified in Level 3 when their embedded derivative is deemed to be classified in Level 3.

Over-the-counter derivatives

Unobservable income includes complex financial instruments that are significantly exposed to model risk or that involve parameters that are considered unobservable.

The aggregate of these principles is mapped for observability according to the three levels indicating for each product, currency and maturity the classification used. Level 3 mainly comprises:

- interest rate exposures or very long-dated currency swaps or covering emerging currencies;
- equity exposures, mainly through products traded on shallow option markets or indexed to volatility and long-dated;
- exposures to non-linear long-dated products (interest rate or currency) on key currencies/indices;
- non-linear exposures to emerging market currencies;
- complex derivatives: complex derivatives are classified in Level 3 as their valuation requires the use of unobservable inputs.

The main exposures involved are:

- products whose underlying is the difference between two interest rates, such as options, binary options or exotic products. These products are based on a correlation between the two rates, which is considered to be unobservable due to reduced liquidity. The valuation of these exposures is nonetheless adjusted at the month-end on the basis of correlation levels derived from market consensus data;
- products whose underlying is the forward volatility of an index (Euribor, CMS spread). These products are deemed unobservable as there is significant model risk and their thin liquidity prevents regular accurate estimates of inputs;
- securitisation swaps generating an exposure to the prepayment rate. The prepayment rate is determined on the basis of historical data on similar portfolios. The assumptions and inputs used are checked regularly on the basis of actual prepayments;
- hybrid long-term interest rate/FX products, such as Power Reverse Dual Currency notes, or products whose underlying is a basket of currencies. The correlation parameters between interest rates and currencies as well as between the two interest rates are determined using an internal methodology based on historical data. Results are cross-checked against market consensus data to ensure that the overall method is coherent;
- multiple-underlying products generating an exposure to correlations, regardless of the underlyings concerned (interest rates, credit, FX, inflation);
- CDOs based on corporate credit baskets. These are no longer significant;
- certain portfolios of complex equity derivatives.

The definitions of the underlined words can be found in the Glossary on page 600.

At 31 December 2018

Instrument classes	Carrying amount *(in millions of euros)* Assets	Liabilities	Main product types comprising Level 3	Valuation technique used	Main unobservable inputs	Unobservable data interval
Interest rate derivatives	1,277	1,649	Long-dated cancellable products (cancellable zero coupon swaps)	Interest rate options valuation model	Forward volatility	
			Options on interest rate differentials		CMS correlations	0%/100%
			Securitisation swaps	Prepayment modelling and discounted future cash flows	Prepayment rate	0%/50%
			Long-dated hybrid interest rate/ exchange rate products (PRDC)	Interest rate/FX hybrid product valuation model	Interest rate/interest rate correlation	50%/50%
					Interest rate/FX correlation	-50%/50%
			Multiple-underlying products (dual range, etc.)	Valuation models for instruments with multiple underlyings	FX/equity correlation	-50%/75%
					FX/FX correlation	-20%/50%
					Interest rate/equity correlation	-25%/75%
					Interest rate/interest rate correlation	-10%/100%
					Interest rate/FX correlation	-10%/100%
Credit derivatives	10	15	CDOs indexed to corporate credit baskets	Correlation projection techniques and expected cash flow modelling	Default correlations	50%/90%

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Net change in financial instruments measured at fair value according to level 3

Financial assets measured at fair value according to Level 3

		Held for trading financial assets						
				Held for trading securities				
(in millions of euros)	**Total**	**Loans and receivables due from customers**	**Securities bought under repurchase agreements**	Treasury bills and similar securities	Bonds and other fixed income securities	Mutual funds	**Held for trading securities**	**Derivative instruments**
Opening balance (01/01/2018)	**9,644**	**1,571**	**-**	**-**	**122**	**-**	**122**	**1,272**
Gains or losses during the period[(1)]	**364**	49	-	-	1	(2)	(1)	(64)
Recognised in profit or loss	**190**	(6)	-	-	1	(2)	(1)	(64)
Recognised in other comprehensive income	**174**	55	-	-	-	-	-	-
Purchases	**3,754**	-	617	445	8	28	481	717
Sales	**(3,287)**	(1,614)	-	-	-	(1)	(1)	-
Issues	**20**	-	-	-	-	-	-	-
Settlements	**(506)**	-	-	-	(46)	-	(46)	(453)
Reclassifications	**1,484**	1,368	-	-	-	-	-	-
Changes associated with scope during the period	**(13)**	-	-	-	-	-	-	-
Transfers	**754**	-	350	-	(31)	-	(31)	20
Transfers to Level 3	**876**	-	350	-	-	-	-	105
Transfers from Level 3	**(122)**	-	-	-	(31)	-	(31)	(85)
CLOSING BALANCE (31/12/2018)	**12,214**	**1,374**	**967**	**445**	**54**	**25**	**524**	**1,492**

(1) This balance includes the gains and losses of the period made on assets reported on the balance sheet at the closing date, for the following amounts:

Gains/ losses for the period from level 3 assets held at the end of the period	**237**
Recognised in profit or loss	181
Recognised in other comprehensive income	56

Other financial instruments at fair value through profit or loss								Financial assets at fair value through other comprehensive income				
Equity instruments at fair value through profit or loss		Debt instruments that do not meet the conditions of the "SPPI" test						Equity instruments at fair value through other comprehensive income that will not be reclassified to profit and loss		Financial assets designated at fair value through profit or loss		
		Loans and receivables due from customers	Debt securities			Bonds and other fixed income securities	Mutual funds			Debt securities		
Equity and other variable income securities	Non-consolidated equity investments		Bonds and other fixed income securities	Mutual funds	Debt securities			Equities and other variable income securities	Non-consolidated equity investments	Treasury bills and similar securities	Bonds and other fixed income securities	Debt securities
1,426	**813**	**94**	**438**	**3,280**	**3,718**	**4**	**2**	**63**	**522**	**-**	**37**	**37**
94	126	9	(15)	52	37	(4)	-	(4)	122	-	-	-
94	125	9	(15)	52	37	(4)	-	-	-	-	-	-
-	1	-	-	-	-	-	-	(4)	122	-	-	-
131	481	3	459	754	1,213	-	4	-	107	-	-	-
(132)	(274)	(24)	(130)	(748)	(878)	-	(2)	(19)	(304)	-	(39)	(39)
-	18	-	-	-	-	-	-	-	2	-	-	-
-	-	-	(1)	-	(1)	-	-	-	(6)	-	-	-
(550)	543	-	-	-	-	-	-	-	123	-	-	-
13	-	-	-	-	-	-	-	(6)	(22)	-	2	2
26	287	31	-	-	-	-	-	-	(1)	72	-	72
26	293	31	-	-	-	-	-	-	(1)	72	-	72
-	(6)	-	-	-	-	-	-	-	-	-	-	-
1,008	**1,994**	**113**	**751**	**3,338**	**4,089**	**-**	**4**	**34**	**543**	**72**	**-**	**72**

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Financial liabilities measured at fair value according to Level 3

(in millions of euros)	Total	Financial liabilities held for trading						Financial liabilities designated at fair value through profit or loss	Hedging derivative instruments
		Securities sold short	Securities sold under repurchase agreements	Debt securities	Due to credit institutions	Due to customers	Derivative Instruments		
Opening balance (01/01/2018)	**7,393**	**-**	**-**	**-**	**-**	**-**	**1,597**	**5,548**	**248**
Gains or losses during the period[1]	34	-	-	-	-	-	(135)	168	1
Recognised in profit or loss	34	-	-	-	-	-	(135)	168	1
Recognised in other comprehensive income	-	-	-	-	-	-	-	-	-
Purchases	3,128	220	2,324	-	-	-	456	-	128
Sales	(32)	-	-	-	-	-	(2)	-	(30)
Issues	2,706	-	-	-	-	-	-	2,695	11
Settlements	(609)	-	-	-	-	-	(115)	(487)	(7)
Reclassifications	-	-	-	-	-	-	-	-	-
Changes associated with scope during the period	-	-	-	-	-	-	-	-	-
Transfers	420	-	-	-	-	-	(71)	491	-
Transfers to Level 3	811	-	-	-	-	-	127	684	-
Transfers from Level 3	(391)	-	-	-	-	-	(198)	(193)	-
CLOSING BALANCE (31/12/2018)	**13,040**	**220**	**2,324**	**-**	**-**	**-**	**1,730**	**8,415**	**351**

(1) This balance includes the gains and losses of the period made on liabilities reported on the balance sheet at the closing date, for the following amounts:

Gains/ losses for the period from level 3 assets held at the end of the period	**35**
Recognised in profit or loss	35
Recognised in other comprehensive income	-

The fair value (and change in fair value) on these products alone is not, however, representative. These products are essentially hedged by other, simpler products that are individually measured based on inputs considered to be observable. The valuations (and their changes) of these hedging instruments, mostly symmetrical to valuations of products measured based on unobservable inputs, do not themselves appear in the table above.

Sensitivity analysis for financial instruments measured using the level 3 valuation model

The use of unobservable inputs introduces uncertainty, which we have assessed below using a sensitivity calculation on instruments valued using these inputs.

Scope of interest rate derivatives

As regards interest rate derivatives, two key inputs are considered to be unobservable and of such a type that they result in the classification of the associated products in level 3: correlation and prepayment rates (*i.e.* early redemption).

Correlation

Many products are sensitive to a correlation parameter. However, this parameter is not unique and there are many different types of correlation, including:

- forward correlation between two successive indices in the same currency, *e.g.* 2-year CMS/10-year CMS;
- interest rate/interest rate correlation (different indices), *e.g.* Libor 3M USD/Libor 3M EUR;
- interest rate/FX correlation (or Quanto), *e.g.* USD/JPY – USD;
- equity/equity correlation;
- equity/FX correlation;
- equity/interest rate correlation;
- FX/FX correlation.

Prepayment rate

The prepayment rate is the rate of early repayment on securitisation portfolios, whether voluntary or involuntary (default). Exposure to this risk factor may stem from two types of source: direct exposure to these asset classes, or certain "securitisation" swaps, *i.e.* where the variations in their nominal amounts are adjusted automatically to the nominal amount of the underlying portfolio, with no mark-to-market payment. The prepayment rate plays a significant part in their valuation.

Calculation of impact

With respect to correlation

The results presented below have been obtained by applying the following distinct risk shocks:

- correlations between successive indices in the same currency (*i.e.* CMS correlations):
- cross assets correlations (*e.g.*: Equity/FX or IR/ Equity) and between two interest-rate curves in different currencies.

The result of the stress test is the sum of the absolute values obtained.

For each type of correlation we considered absolute values by currency, maturity and portfolio, thus making a conservative assumption. For the CMS correlations, we considered the various underlyings independently (*e.g.* 1y10y, 2y10y).

As at 31 December 2018, the sensitivity to the parameters used in interest rate derivative models was therefore +/- €12 million.

The quantity expressed is a sensitivity for a normalised market variation assumption that is not intended to measure the impact of extreme variations.

The definitions of the underlined words can be found in the Glossary on page 600.

With respect to the prepayment rate

Direct exposure to assets comprising a pre-payment risk concerns securitisations such as RMBS and CLO and mezzanine CDO tranches. These exposures are marginal. They can be taken into account through sensitivity to a 1 bp change in credit spreads. This sensitivity being very low (<€50 thousand/bp), exposure to pre-payment rate is thus considered to be negligible.

The pre-payment rate is not an observable market parameter and the valuation model used for the securitisation swaps is particularly conservative. The valuation used is defined as the lower of the valuation obtained using a very fast pre-payment rate and using a very slow pre-payment rate. A "normal" variation in the pre-payment rate will therefore have no material impact on mark-to-market, no Day One thus being used for these products.

10.3 ESTIMATED IMPACT OF INCLUSION OF THE MARGIN AT INCEPTION

(in millions of euros)	31/12/2018	31/12/2017
Deferred margin at 1 January	**67**	**69**
Margin generated by new transactions during the period	26	20
Recognised in net income during the period	-	-
Amortisation and cancelled/reimbursed/matured transactions	(32)	(22)
Profit-sharing and incentive plans	-	-
Effects of inputs or products reclassified as observable during the period	-	-
DEFERRED MARGIN AT THE END OF THE PERIOD	**61**	**67**

The 1st day margin on market transactions falling within Level 3 of fair value is reserved for the balance sheet and recognised in profit or loss as time passes or when unobservable parameters become observable again.

Note 11 Scope of consolidation at 31 December 2018

11.1 INFORMATION ON SUBSIDIARIES

11.1.1 Restrictions on entities

Crédit Agricole S.A. Group is subject to the following restrictions:

Regulatory constraints

The subsidiaries of Crédit Agricole S.A. Group are subject to prudential regulation and regulatory capital requirements in their host countries. The minimum equity capital (solvency ratio), leverage ratio and liquidity ratio requirements limit the capacity of these entities to pay dividends or to transfer assets to Crédit Agricole S.A. Group.

Legal constraints

The subsidiaries of Crédit Agricole S.A. Group are subject to legal provisions concerning the distribution of capital and distributable earnings. These requirements limit the ability of the subsidiaries to distribute dividends. In the majority of cases, these are less restrictive than the regulatory limitations mentioned above.

Restriction on assets backing unit-linked contracts for the insurance business

Assets backing unit-linked contracts of Crédit Agricole S.A. Group are held for the benefit of policyholders. Assets of the insurance subsidiaries of Crédit Agricole S.A. Group are mainly held for satisfying their obligation towards their policyholders. Assets transfers to other entities are possible following the legal conditions. However, in case of a transfer, a part of the profit due to the transfer must be intended for the policyholders.

Other constraints

Certain subsidiaries of Crédit Agricole S.A., namely Crédit Agricole CIB Algérie, Crédit Agricole Ukraine and Crédit Agricole Serbie, are required to obtain prior approval for the payment of their dividends from their respective prudential authorities (Banque d'Algérie, Banque Nationale d'Ukraine and Banque Nationale de Serbie).

The payment of CA Egypt dividends is subject to a currency translation restriction on the Egyptian pound imposed by the Banque Centrale d'Égypte.

11.1.2 Support for structured entities under group control

Crédit Agricole CIB has contractual arrangements with some consolidated structured entities that equate to commitments to provide financial support.

To meet its funding needs, Crédit Agricole CIB uses structured debt issuance vehicles to raise cash on financial markets. Securities issued by these entities are fully underwritten by Crédit Agricole CIB. At 31 December 2018, the outstanding volume of these issues was €27 billion compared to €24 billion at 31 December 2017.

As part of its third-party securitisation business, Crédit Agricole CIB provides liquidity lines to its ABCP conduits (see Note 1.1 for more detail). At 31 December 2018, these liquidity lines totalled €35 billion compared to €32 billion at 31 December 2017.

Crédit Agricole S.A. provided no other financial support for any structured entities consolidated at 31 December 2018 and 31 December 2017.

11.1.3 Securitisation transactions and dedicated funds

Various Group entities conduct securitisation operations on their own account as part of collateralised refinancing transactions. Depending on the circumstances, these transactions can be wholly or partially placed with investors, sold under repurchase agreements or kept on the issuer's balance sheet as liquid securities reserves that can be used to manage refinancing. Following the IAS 39 decision tree, these transactions are considered to form part of deconsolidating or non-deconsolidating transactions: for non-deconsolidating transactions, the assets are retained on the consolidated balance sheet of Crédit Agricole S.A. Group.

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11.2 SCOPE OF CONSOLIDATION

Crédit Agricole S.A. Group Scope of consolidation	(1)	(a)	Principal place of business	Country of incorporation if different from the principal place of business	(b)	% control 31/12/2018	% control 31/12/2017	% interest 31/12/2018	% interest 31/12/2017
SAVINGS MANAGEMENT									
Banking and financial institutions									
ABC-CA Fund Management CO	▲		China		A	33.3	33.3	22.8	22.8
AMUNDI	■		France		S	68.6	68.6	68.4	68.5
AMUNDI (UK) Ltd.	■		United Kingdom		S	100.0	100.0	68.4	68.5
AMUNDI ASSET MANAGEMENT	■		France		S	100.0	100.0	68.4	68.5
AMUNDI ASSET MANAGEMENT BELGIUM	■		Belgium		B	100.0	100.0	68.4	68.5
AMUNDI ASSET MANAGEMENT DUBAI (OFF SHORE) BRANCH	■	D1	United Arab Emirates		B	100.0	100.0	68.4	68.5
AMUNDI ASSET MANAGEMENT HONG KONG BRANCH	■		Hong Kong		B	100.0	100.0	68.4	68.5
AMUNDI ASSET MANAGEMENT LONDON BRANCH	■		United Kingdom		B	100.0	100.0	68.4	68.5
AMUNDI ASSET MANAGEMENT NEDERLAND	■		Netherlands		B	100.0	100.0	68.4	68.5
Amundi Asset Management S.A.I SA	■		Romania		S	100.0	100.0	68.4	68.5
Amundi Austria	■	S4	Austria		S		100.0		68.5
Amundi Austria GmbH	■	D1	Austria		S	100.0	100.0	68.4	68.5
Amundi Czech Republic Asset Management Bratislava Branch	■	D1	Slovakia		B	100.0	100.0	68.4	68.5
Amundi Czech Republic Asset Management Sofia Branch	■	D1	Bulgaria		B	100.0	100.0	68.4	68.5
Amundi Czech Republic Asset Management, A.S.	■		Czech Republic		S	100.0	100.0	68.4	68.5
Amundi Czech Republic, Investicni Spolecnost, A.S.	■		Czech Republic		S	100.0	100.0	68.4	68.5
Amundi Deutschland GmbH	■		Germany		S	100.0	100.0	68.4	68.5
AMUNDI Finance	■		France		S	100.0	100.0	68.4	68.5
AMUNDI Finance Emissions	■		France		S	100.0	100.0	68.4	68.5
AMUNDI GLOBAL SERVICING	■		Luxembourg		S	100.0	100.0	68.4	68.5
AMUNDI Hellas MFMC S.A.	■		Greece		S	100.0	100.0	68.4	68.5
AMUNDI Hong Kong Ltd.	■		Hong Kong		S	100.0	100.0	68.4	68.5
AMUNDI Iberia S.G.I.I.C S.A.	■		Spain		S	100.0	100.0	68.4	68.5
AMUNDI Immobilier	■		France		S	100.0	100.0	68.4	68.5
AMUNDI India Holding	■		France		S	100.0	100.0	68.4	68.5
AMUNDI Intermédiation	■		France		S	100.0	100.0	68.4	68.5
Amundi Intermédiation Asia PTE Ltd	■	E2	Singapour		S	100.0		68.4	
Amundi Intermédiation Dublin Branch	■	E2	Ireland		B	100.0		68.4	

Crédit Agricole S.A. Group Scope of consolidation	(1)	(a)	Principal place of business	Country of incorporation if different from the principal place of business	(b)	% control 31/12/2018	% control 31/12/2017	% interest 31/12/2018	% interest 31/12/2017
Amundi Intermédiation London Branch	■	E2	United Kingdom		B	100.0		68.4	
Amundi Investment Fund Management Private Limited Company	■		Hungary		S	100.0	100.0	68.4	68.5
Amundi Ireland Ltd	■	D1	Ireland		S	100.0	100.0	68.4	68.5
Amundi Ireland Ltd London Branch	■	D1	United Kingdom		B	100.0	100.0	68.4	68.5
Amundi Ireland Ltd Singapore Branch	■	D1	Singapour		B	100.0	100.0	68.4	68.5
AMUNDI Issuance	■		France		S	100.0	100.0	68.4	68.5
AMUNDI Japan	■		Japan		S	100.0	100.0	68.4	68.5
AMUNDI Japan Holding	■		Japan		S	100.0	100.0	68.4	68.5
AMUNDI Luxembourg S.A.	■	S4	Luxembourg		S		100.0		68.5
Amundi Luxembourg SA	■	D1	Luxembourg		S	100.0	100.0	68.4	68.5
AMUNDI Malaysia Sdn Bhd	■		Malaysia		S	100.0	100.0	68.4	68.5
Amundi Pioneer Asset Management Inc	■		United States		S	100.0	100.0	68.4	68.5
Amundi Pioneer Asset Management USA Inc	■		United States		S	100.0	100.0	68.4	68.5
Amundi Pioneer Distributor Inc	■		United States		S	100.0	100.0	68.4	68.5
Amundi Pioneer Institutional Asset Management Inc	■		United States		S	100.0	100.0	68.4	68.5
AMUNDI Polska	■		Poland		S	100.0	100.0	68.4	68.5
AMUNDI Private Equity Funds	■		France		S	100.0	100.0	68.4	68.5
AMUNDI Real Estate Italia SGR S.p.A.	■		Italy		S	100.0	100.0	68.4	68.5
AMUNDI SGR S.p.A.	■		Italy		S	100.0	100.0	68.4	68.5
AMUNDI Singapore Ltd.	■		Singapour		S	100.0	100.0	68.4	68.5
AMUNDI Smith Breeden	■	S4	United States		S		100.0		68.5
AMUNDI Suisse	■		Switzerland		S	100.0	100.0	68.4	68.5
AMUNDI Tenue de Comptes	■		France		S	100.0	100.0	68.4	68.5
AMUNDI USA Inc	■		United States		S	100.0	100.0	68.4	68.5
AMUNDI Ventures	■		France		S	100.0	100.0	68.4	68.5
Banca Leonardo	■	E3	Italy		S	94.2		92.0	
BFT INVESTMENT MANAGERS	■		France		S	100.0	100.0	68.4	68.5
CA Indosuez (Suisse) S.A. Hong Kong Branch	■		Hong Kong	Switzerland	B	100.0	100.0	97.8	97.8
CA Indosuez (Suisse) S.A. Singapore Branch	■		Singapour	Switzerland	B	100.0	100.0	97.8	97.8
CA Indosuez (Suisse) S.A. Switzerland Branch	■		Switzerland		B	100.0	100.0	97.8	97.8
CA Indosuez (Switzerland) S.A.	■		Switzerland		S	100.0	100.0	97.8	97.8
CA Indosuez Finanziaria S.A.	■		Switzerland		S	100.0	100.0	97.8	97.8
CA Indosuez Gestion	■		France		S	100.0	100.0	97.8	97.8

(1) Consolidation Method: ■ Full ▲ Equity Accounted ● Parent

The definitions of the underlined words can be found in the Glossary on page 600.

Crédit Agricole S.A. Group Scope of consolidation	(1)	(a)	Principal place of business	Country of incorporation if different from the principal place of business	(b)	% control 31/12/2018	% control 31/12/2017	% interest 31/12/2018	% interest 31/12/2017
CA Indosuez Wealth (Europe)	■		Luxembourg		S	100.0	100.0	97.8	97.8
CA Indosuez Wealth (Europe) Belgium Branch	■		Belgium	Luxembourg	B	100.0	100.0	97.8	97.8
CA Indosuez Wealth (Europe) Italy Branch	■		Italy	Luxembourg	B	100.0	100.0	97.8	97.8
CA Indosuez Wealth (Europe) Spain Branch	■		Spain	Luxembourg	B	100.0	100.0	97.8	97.8
CA Indosuez Wealth (France)	■		France		S	100.0	100.0	97.8	97.8
CFM Indosuez Wealth	■		Monaco		S	70.1	70.1	67.4	67.4
CPR AM	■		France		S	100.0	100.0	68.4	68.5
Étoile Gestion	■		France		S	100.0	100.0	68.4	68.5
Fund Channel	▲		Luxembourg		JV	50.0	50.0	34.2	34.3
Fund Channel Singapore Branch	▲		Singapour	Luxembourg	JV	50.0	50.0	34.3	34.3
KBI Fund Managers Limited	■		Ireland		S	87.5	87.5	68.4	68.5
KBI Global Investors (North America) Limited	■		Ireland		S	87.5	87.5	68.4	68.5
KBI Global Investors Limited	■		Ireland		S	87.5	87.5	68.4	68.5
LCL Emissions	■		France		S	100.0	100.0	68.4	68.5
NH-AMUNDI ASSET MANAGEMENT	▲		South Korea		A	30.0	30.0	20.5	20.5
Pioneer Global Investments (Australia) Pty Limited	■	S1	Australia		S		100.0		68.5
Pioneer Global Investments (Taiwan) LTD	■		Taiwan		S	100.0	100.0	68.4	68.5
Pioneer Global Investments LTD	■		Ireland		S	100.0	100.0	68.4	68.5
Pioneer Global Investments LTD Buenos Aires Branch	■		Argentina		B	100.0	100.0	68.4	68.5
Pioneer Global Investments LTD Jelling Branch	■		Denmark		B	100.0	100.0	68.4	68.5
Pioneer Global Investments LTD London Branch	■		United Kingdom		B	100.0	100.0	68.4	68.5
Pioneer Global Investments LTD Madrid Branch	■		Spain		B	100.0	100.0	68.4	68.5
Pioneer Global Investments LTD Mexico city Branch	■		Mexico		B	100.0	100.0	68.4	68.5
Pioneer Global Investments LTD Paris Branch	■		France		B	100.0	100.0	68.4	68.5
Pioneer Global Investments LTD Santiago Branch	■		Chile		B	100.0	100.0	68.4	68.5
Pioneer Investment Company A.S.	■	S4	Czech Republic		S		100.0		68.5
Pioneer Investment Management Sgr p.A.	■	S4	Italy		S		100.0		68.5
Société Générale Gestion (S2G)	■		France		S	100.0	100.0	68.4	68.5
State Bank of India Fund Management	▲		India		A	37.0	37.0	25.3	25.3
TOBAM	▲		France		A	4.1	4.1	13.7	13.7
TOBAM HOLDING COMPANY	▲		France		A	25.6	25.6	17.5	17.5
Vanderbilt Capital Advisors LLC	■		United States		S	100.0	100.0	68.4	68.5
WAFA Gestion	▲		Morocco		A	34.0	34.0	23.3	23.3
Investment companies									
CA Indosuez Wealth (Brazil) S.A. DTVM	■		Brazil		S	100.0	100.0	97.8	97.8
CA Indosuez Wealth (Group)	■		France		S	100.0	100.0	97.8	97.8
CFM Indosuez Conseil en Investissement	■	E1	France		S	70.1		67.4	
CFM Indosuez Conseil en Investissement, Succursale de Noumea	■	E1	France		B	70.1		67.4	
CFM Indosuez Gestion	■	E1	Monaco		S	70.1		66.1	
Insurance									
ASSUR&ME	■		France		CSE	100.0	100.0	100.0	100.0
CA Assicurazioni	■		Italy		S	100.0	100.0	100.0	100.0
CACI DANNI	■		Italy	Ireland	B	100.0	100.0	100.0	100.0
CACI LIFE LIMITED	■		Ireland		S	100.0	100.0	100.0	100.0
CACI NON LIFE LIMITED	■		Ireland		S	100.0	100.0	100.0	100.0
CACI NON VIE	■		France	Ireland	B	100.0	100.0	100.0	100.0
CACI Reinsurance Ltd.	■		Ireland		S	100.0	100.0	100.0	100.0
CACI VIE	■		France	Ireland	B	100.0	100.0	100.0	100.0
CACI VITA	■		Italy	Ireland	B	100.0	100.0	100.0	100.0
CALIE Europe Succursale France	■		France	Luxembourg	B	100.0	100.0	100.0	100.0
CALIE Europe Succursale Pologne	■		Poland	Luxembourg	B	100.0	100.0	100.0	100.0
Crédit Agricole Assurances (CAA)	■		France		S	100.0	100.0	100.0	100.0
Crédit Agricole Creditor Insurance (CACI)	■		France		S	100.0	100.0	100.0	100.0
Crédit Agricole Life	■	D4	Greece		S	100.0	100.0	100.0	100.0
Crédit Agricole Life Insurance Company Japan Ltd.	■		Japan		S	100.0	100.0	100.0	100.0
Crédit Agricole Life Insurance Europe	■		Luxembourg		S	100.0	100.0	99.9	99.9
Crédit Agricole Vita S.p.A.	■		Italy		S	100.0	100.0	100.0	100.0
Finaref Risques Divers	■		France		S	100.0	100.0	100.0	100.0
Finaref Vie	■		France		S	100.0	100.0	100.0	100.0
GNB SEGUROS	■		Portugal		S	75.0	50.0	75.0	50.0
Médicale de France	■		France		S	100.0	100.0	100.0	100.0
Pacifica	■		France		S	100.0	100.0	100.0	100.0
Predica	■		France		S	100.0	100.0	100.0	100.0
Predica – Prévoyance Dialogue du Crédit Agricole	■		Spain		B	100.0	100.0	100.0	100.0
Space Holding (Ireland) Limited	■		Ireland		S	100.0	100.0	100.0	100.0
Space Lux	■		Luxembourg		S	100.0	100.0	100.0	100.0
Spirica	■		France		S	100.0	100.0	100.0	100.0
UCITS									
ACACIA	■		France		CSE	100.0	100.0	68.4	68.5
ACAJOU	■		France		CSE	100.0	100.0	68.4	68.5

(1) Consolidation Method: ■ Full ▲ Equity Accounted ● Parent

Crédit Agricole S.A. Group Scope of consolidation	(1)	(a)	Principal place of business	Country of incorporation if different from the principal place of business	(b)	% control 31/12/2018	% control 31/12/2017	% interest 31/12/2018	% interest 31/12/2017
AGRICOLE RIVAGE DETTE	■		France		CSE	100.0	100.0	100.0	100.0
AM DESE FIII DS3IMDI	■	E3	France		CSE	100.0		100.0	
AMUNDI GRD 24 FCP	■		France		CSE	100.0	100.0	100.0	100.0
AMUNDI PE Solution Alpha	■	E1	France		CSE	100.0		68.4	
ARTEMID	■		France		CSE	100.0	100.0	100.0	100.0
BFT opportunité	■		France		CSE	100.0	100.0	100.0	100.0
BFT VALUE PREM OP CD	■	E3	France		CSE	100.0		100.0	
CA VITA INFRASTRUCTURE CHOICE FIPS c.l.A.	■		France		CSE	100.0	100.0	100.0	100.0
CA VITA PRIVATE DEBT CHOICE FIPS Cl. A	■		France		CSE	100.0	100.0	100.0	100.0
CA VITA PRIVATE EQUITY CHOICE	■		France		CSE	100.0	100.0	100.0	100.0
CAA 2013 COMPARTIMENT 5 A5	■		France		CSE	100.0	100.0	100.0	100.0
CAA 2013 FCPR B1	■		France		CSE	100.0	100.0	100.0	100.0
CAA 2013 FCPR C1	■		France		CSE	100.0	100.0	100.0	100.0
CAA 2013 FCPR D1	■		France		CSE	100.0	100.0	100.0	100.0
CAA 2013-2	■		France		CSE	100.0	100.0	100.0	100.0
CAA 2013-3	■		France		CSE	100.0	100.0	100.0	100.0
CAA 2014 COMPARTIMENT 1 PART A1	■		France		CSE	100.0	100.0	100.0	100.0
CAA 2014 INVESTISSEMENT PART A3	■		France		CSE	100.0	100.0	100.0	100.0
CAA 2015 COMPARTIMENT 1	■		France		CSE	100.0	100.0	100.0	100.0
CAA 2015 COMPARTIMENT 2	■		France		CSE	100.0	100.0	100.0	100.0
CAA 2016	■		France		CSE	100.0	100.0	100.0	100.0
CAA INFRASTRUCTURE	■		France		CSE	100.0	100.0	100.0	100.0
CAA INFRASTRUCTURE 2017	■		France		CSE	100.0	100.0	100.0	100.0
CAA INFRASTRUCTURE 2018 – COMPARTIMENT 1	■	E3	France		CSE	100.0		100.0	
CAA PR FI II C1 A1	■		France		CSE	100.0	100.0	100.0	100.0
CAA PRIV.FINANC. COMP.1 A1 FIC	■		France		CSE	100.0	100.0	100.0	100.0
CAA PRIV.FINANC. COMP.2 A2 FIC	■		France		CSE	100.0	100.0	100.0	100.0
CAA PRIVATE EQUITY 2017	■		France		CSE	100.0	100.0	100.0	100.0
CAA PRIVATE EQUITY 2017 BIS	■		France		CSE	100.0	100.0	100.0	100.0
CAA PRIVATE EQUITY 2017 FRANCE INVESTISSEMENT	■		France		CSE	100.0	100.0	100.0	100.0
CAA PRIVATE EQUITY 2017 MEZZANINE	■		France		CSE	100.0	100.0	100.0	100.0
CAA PRIVATE EQUITY 2017 TER	■		France		CSE	100.0	100.0	100.0	100.0
CAA PRIVATE EQUITY 2018 – COMPARTIMENT 1	■	E3	France		CSE	100.0		100.0	

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CAA PRIVATE EQUITY 2018 – COMPARTIMENT FRANCE INVESTISSEMENT	■	E3	France		CSE	100.0		100.0	
CAA SECONDAIRE IV	■		France		CSE	100.0	100.0	100.0	100.0
CA-EDRAM OPPORTUNITES FCP 3DEC	■		France		CSE	100.0	100.0	100.0	100.0
CAREPTA R 2016	■		France		CSE	100.0	100.0	100.0	100.0
CEDAR	■		France		CSE	100.0	100.0	68.4	68.5
Chorial Allocation	■		France		CSE	99.7	99.7	68.2	68.2
CNP ACP 10 FCP	▲		France		SJV	56.9	50.2	50.2	50.2
CNP ACP OBLIG	▲		France		SJV	45.4	50.2	50.2	50.2
COMPARTIMENT DS3 – IMMOBILIER VAUGIRARD	■	E3	France		CSE	100.0		100.0	
COMPARTIMENT DS3 – VAUGIRARD	■	E3	France		CSE	100.0		100.0	
CORSAIR 1.52% 25/10/38	■		Luxembourg		CSE	100.0	100.0	100.0	100.0
CORSAIR 1.5255% 25/04/35	■		Ireland		CSE	100.0	100.0	100.0	100.0
CORSAIRE FINANCE IRELAND 0.83% 25-10-38	■		Ireland		CSE	100.0	100.0	100.0	100.0
CORSAIRE FINANCE IRELAND 1.24% 25-10-38	■		Ireland		CSE	100.0	100.0	100.0	100.0
CORSAIRE FINANCE IRELANDE 0.7% 25-10-38	■		Ireland		CSE	100.0	100.0	100.0	100.0
EFFITHERMIE FPCI	■		France		CSE	89.1	89.1	89.1	89.1
FCPR CAA 2013	■		France		CSE	100.0	100.0	100.0	100.0
FCPR CAA COMP TER PART A3	■		France		CSE	100.0	100.0	100.0	100.0
FCPR CAA COMPART BIS PART A2	■		France		CSE	100.0	100.0	100.0	100.0
FCPR CAA COMPARTIMENT 1 PART A1	■		France		CSE	100.0	100.0	100.0	100.0
FCPR CAA France croissance 2 A	■		France		CSE	100.0	100.0	100.0	100.0
FCPR PREDICA 2007 A	■		France		CSE	100.0	100.0	100.0	100.0
FCPR PREDICA 2007 C2	■		France		CSE	100.0	100.0	100.0	100.0
FCPR PREDICA 2008 A1	■		France		CSE	100.0	100.0	100.0	100.0
FCPR PREDICA 2008 A2	■		France		CSE	100.0	100.0	100.0	100.0
FCPR PREDICA 2008 A3	■		France		CSE	100.0	100.0	100.0	100.0
FCPR PREDICA SECONDAIRE I A1	■		France		CSE	100.0	100.0	100.0	100.0
FCPR PREDICA SECONDAIRE I A2	■		France		CSE	100.0	100.0	100.0	100.0
FCPR PREDICA SECONDAIRES II A	■		France		CSE	100.0	100.0	100.0	100.0
FCPR PREDICA SECONDAIRES II B	■		France		CSE	100.0	100.0	100.0	100.0
FCPR Roosevelt Investissements	■		France		CSE	100.0	100.0	100.0	100.0
FCPR UI CAP AGRO	■		France		CSE	100.0	100.0	100.0	100.0
FCPR UI CAP SANTE A	■		France		CSE	100.0	100.0	100.0	100.0
FCT BRIDGE 2016-1	■		France		CSE	100.0	100.0	100.0	100.0

(1) Consolidation Method: ■ Full ▲ Equity Accounted ● Parent

The definitions of the underlined words can be found in the Glossary on page 600.

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FCT CAA – Compartment 2017-1	■		France		CSE	100.0	100.0	100.0	100.0
FCT CAREPTA – COMPARTIMENT 2014-1	■		France		CSE	100.0	100.0	100.0	100.0
FCT CAREPTA – COMPARTIMENT 2014-2	■		France		CSE	100.0	100.0	100.0	100.0
FCT CAREPTA – COMPARTIMENT RE-2016-1	■		France		CSE	100.0	100.0	100.0	100.0
FCT CAREPTA – RE 2015 –1	■		France		CSE	100.0	100.0	100.0	100.0
FCT CAREPTA 2-2016	■		France		CSE	100.0	100.0	100.0	100.0
FCT MID CAP 2 05/12/22	■		France		CSE	100.0	100.0	100.0	100.0
FEDERIS CORE EU CR 19 MM	■		France		CSE	43.6	43.6	43.6	43.6
Federval	■		France		CSE	100.0	100.0	100.0	100.0
FPCI Cogeneration France I	■		France		CSE	100.0	100.0	100.0	100.0
Genavent	■	S1	France		CSE		52.3		35.8
GRD 44	■		France		CSE	100.0	100.0	100.0	100.0
GRD 44 N°3	■		France		CSE	100.0	100.0	100.0	100.0
GRD 44 N2	■		France		CSE	100.0	100.0	100.0	100.0
GRD 54	■		France		CSE	100.0	100.0	100.0	100.0
GRD02	■		France		CSE	100.0	100.0	100.0	100.0
GRD03	■		France		CSE	100.0	100.0	100.0	100.0
GRD04	■	S2	France		CSE		100.0		100.0
GRD05	■		France		CSE	100.0	100.0	100.0	100.0
GRD07	■		France		CSE	100.0	100.0	100.0	100.0
GRD08	■		France		CSE	100.0	100.0	100.0	100.0
GRD09	■		France		CSE	100.0	100.0	100.0	100.0
GRD10	■		France		CSE	100.0	100.0	100.0	100.0
GRD11	■		France		CSE	100.0	100.0	100.0	100.0
GRD12	■		France		CSE	100.0	100.0	100.0	100.0
GRD13	■		France		CSE	100.0	100.0	100.0	100.0
GRD14	■		France		CSE	100.0	100.0	100.0	100.0
GRD16	■	S2	France		CSE		100.0		100.0
GRD17	■		France		CSE	100.0	100.0	100.0	100.0
GRD18	■		France		CSE	100.0	100.0	100.0	100.0
GRD19	■		France		CSE	100.0	100.0	100.0	100.0
GRD20	■		France		CSE	100.0	100.0	100.0	100.0
GRD21	■		France		CSE	100.0	100.0	100.0	100.0
GRD23	■	S2	France		CSE		100.0		100.0
IAA CROISSANCE INTERNATIONALE	■		France		CSE	100.0	100.0	100.0	100.0
Londres Croissance C16	■		France		CSE	100.0	100.0	68.4	68.5
LRP – CPT JANVIER 2013 0.30 13-21 11/01A	■		Luxembourg		CSE	100.0	84.2	100.0	84.2
OBJECTIF LONG TERME FCP	■		France		CSE	100.0	100.0	100.0	100.0
Peg – Portfolio Eonia Garanti	■		France		CSE	97.2	97.2	66.5	66.6
Predica 2005 FCPR A	■		France		CSE	100.0	100.0	100.0	100.0
Predica 2006 FCPR A	■		France		CSE	100.0	100.0	100.0	100.0
Predica 2006-2007 FCPR	■		France		CSE	100.0	93.8	100.0	93.8
PREDICA 2010 A1	■		France		CSE	100.0	100.0	100.0	100.0
PREDICA 2010 A2	■		France		CSE	100.0	100.0	100.0	100.0
PREDICA 2010 A3	■		France		CSE	100.0	100.0	100.0	100.0
PREDICA SECONDAIRES III	■		France		CSE	100.0	100.0	100.0	100.0
Predicant A1 FCP	■		France		CSE	100.0	100.0	100.0	100.0
Predicant A2 FCP	■		France		CSE	100.0	100.0	100.0	100.0
Predicant A3 FCP	■		France		CSE	100.0	100.0	100.0	100.0
Prediquant Eurocroissance A2	■		France		CSE	100.0	100.0	100.0	100.0
Prediquant opportunité	■		France		CSE	100.0	100.0	100.0	100.0
PREDIQUANT PREMIUM	■		France		CSE	100.0	100.0	100.0	100.0
PREDIQUANT STRATEGIES	■	S2	France		CSE		100.0		100.0
PREMIUM GR 0% 28	■		Ireland		CSE	100.0	100.0	100.0	100.0
PREMIUM GREEN 0.508% 25-10-38	■		Ireland		CSE	100.0	100.0	100.0	100.0
PREMIUM GREEN 0.63% 25-10-38	■		Ireland		CSE	100.0	100.0	100.0	100.0
PREMIUM GREEN 1.24% 25/04/35	■		Ireland		CSE	100.0	100.0	100.0	100.0
PREMIUM GREEN 1.531% 25-04-35	■		Ireland		CSE	100.0	100.0	100.0	100.0
PREMIUM GREEN 1.55% 25-07-40	■		Ireland		CSE	100.0	100.0	100.0	100.0
PREMIUM GREEN 4.52%06-21 EMTN	■		Ireland		CSE	100.0	100.0	100.0	100.0
PREMIUM GREEN 4.54%06-13.06.21	■		Ireland		CSE	100.0	100.0	100.0	100.0
PREMIUM GREEN 4.5575%21 EMTN	■		Ireland		CSE	100.0	100.0	100.0	100.0
PREMIUM GREEN 4.56%06-21	■		Ireland		CSE	100.0	100.0	100.0	100.0
PREMIUM GREEN 4.7% EMTN 08/08/21	■		Ireland		CSE	100.0	100.0	100.0	100.0
PREMIUM GREEN 4.72%12-250927	■		Ireland		CSE	100.0	100.0	100.0	100.0
PREMIUM GREEN PLC 1.095% 25-10-38	■		Ireland		CSE	100.0	100.0	100.0	100.0
PREMIUM GREEN PLC 4.30%2021	■		Ireland		CSE	100.0	100.0	100.0	100.0
PREMIUM GREEN TV 06/22	■		Ireland		CSE	100.0	100.0	100.0	100.0
PREMIUM GREEN TV 07/22	■		Ireland		CSE	100.0	100.0	100.0	100.0
PREMIUM GREEN TV 07-22	■		Ireland		CSE	100.0	100.0	100.0	100.0
PREMIUM GREEN TV 22	■		Ireland		CSE	100.0	100.0	100.0	100.0
PREMIUM GREEN TV 26/07/22	■		Ireland		CSE	100.0	100.0	100.0	100.0
PREMIUM GREEN TV2027	■		Ireland		CSE	100.0	100.0	100.0	100.0
PREMIUM GREEN TV23/05/2022 EMTN	■		Ireland		CSE	100.0	100.0	100.0	100.0
PREMIUM GREEN4.33%06-29/10/21	■		Ireland		CSE	100.0	100.0	100.0	100.0
PurpleProtAsset 1,36% 25/10/2038	■		Luxembourg		CSE	100.0	100.0	100.0	100.0
PurpleProtAsset 1.093% 20/10/2038	■		Luxembourg		CSE	100.0	100.0	100.0	100.0

(1) Consolidation Method: ■ Full ▲ Equity Accounted ● Parent

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Crédit Agricole S.A. Group Scope of consolidation	(1)	(a)	Principal place of business	Country of incorporation if different from the principal place of business	(b)	% control 31/12/2018	% control 31/12/2017	% interest 31/12/2018	% interest 31/12/2017
RED CEDAR	■		France		CSE	100.0	100.0	68.4	68.5
UI CAP SANTÉ 2	■		France		CSE	100.0	100.0	100.0	100.0
Unit-linked funds (Fonds UC)									
61 fonds UC dont le taux de détention est supérieur ou égal à 95%	■		France		CSE	≥ 95%	≥ 95%	≥ 95%	≥ 95%
A FD EQ E CON AE(C)	■	E1	Luxembourg		CSE	54.3		54.3	
A FD EQ E FOC AE (C)	■	E1	Luxembourg		CSE	61.3		61.3	
AF EQUI.GLOB. AHE CAP	■		Luxembourg		CSE	52.2	91.5	52.2	91.5
AF INDEX EQ JAPAN AE CAP	■		Luxembourg		CSE	20.7	41.8	20.7	41.8
AF INDEX EQ USA A4E	■		Luxembourg		CSE	91.1	84.1	91.1	84.1
AM AC FR ISR PC 3D	■		France		CSE	62.7	50.0	62.7	50.0
AM.AC. MINER.-P-3D	■		France		CSE	49.5	44.1	49.5	44.1
AMU-AB RET MS-EEUR	■	E1	Luxembourg		CSE	59.4		59.4	
AMUN TRESO CT PC 3D	■		France		CSE	64.7	63.1	64.7	63.1
AMUN.ACT. REST.P-C	■		France		CSE	52.7	52.3	52.7	52.3
AMUN.TRES.EONIA ISR E FCP 3DEC	■		France		CSE	61.3	90.9	61.3	89.6
AMUNDI ACTIONS FRANCE C 3DEC	■		France		CSE	68.2	78.0	68.2	78.0
AMUNDI AFD AV DURABL P1 FCP 3DEC	■		France		CSE	78.7	75.3	78.7	75.3
AMUNDI EQ E IN AHEC	■		Luxembourg		CSE	29.5	45.5	29.5	45.5
AMUNDI GBL MACRO MULTI ASSET P	■		France		CSE	68.3	71.0	68.3	71.0
AMUNDI HORIZON 3D	■		France		CSE	65.9	66.0	65.9	66.0
AMUNDI KBI ACTION PC	■	E3	France		CSE	87.2		87.2	
AMUNDI KBI ACTIONS C	■		France		CSE	85.8	85.3	50.8	49.6
AMUNDI OBLIG EURO C	■		France		CSE	47.7	46.1	47.7	46.1
AMUNDI PATRIMOINE C 3DEC	■		France		CSE	84.2	83.7	84.2	83.7
AMUNDI PULSACTIONS	■		France		CSE	57.6	57.8	57.6	57.8
AMUNDI VALEURS DURAB	■		France		CSE	70.7	63.1	70.7	63.1
AMUNDIOBLIG-MONDEP	■	E1	France		CSE	50.3		50.3	
ANTINEA FCP	■		France		CSE	52.5	65.8	52.5	65.8
ARAMIS PATRIM D 3D	■	S4	France		CSE		43.1		43.1
ARC FLEXIBOND-D	■		France		CSE	52.8	55.5	52.8	55.5
ATOUT EUROPE C FCP 3DEC	■		France		CSE	82.1	81.9	82.1	81.9
ATOUT FRANCE C FCP 3DEC	■		France		CSE	42.1	42.1	42.1	42.1
ATOUT MONDE C FCP 3DEC	■	S4	France		CSE		88.6		88.6
ATOUT VERT HORIZON FCP 3 DEC	■		France		CSE	35.3	35.6	35.3	35.6
AXA EUR.SM.CAP E 3D	■		France		CSE	71.1	70.1	71.1	70.1
BFT FRAN FUT-C SI.3D	■	E1	France		CSE	48.1		48.1	
BFT STATERE P (C)	■	E1	France		CSE	48.0		48.0	
BNP PAR.CRED. ERSC	■		France		CSE	67.3	66.1	67.3	66.1
CA MASTER EUROPE	■		France		CSE	47.3	47.1	47.3	47.1
CAPITOP MON. C 3DEC	■	S2	France		CSE		45.6		45.6
CPR CONSO ACTIONNAIRE FCP P	■		France		CSE	52.0	51.0	52.0	51.0
CPR CROIS.REA.-P	■		France		CSE	38.5	28.7	38.5	28.7
CPR FOCUS INF.-P-3D	■	E1	France		CSE	63.3		63.3	
CPR OBLIG 12 M.P 3D	■		France		CSE	89.1	65.8	89.1	65.8
CPR REFL. RESP.0-100 P FCP 3DEC	■		France		CSE	85.6	55.3	85.6	55.3
CPR RENAI. JAP.-P-3D	■		France		CSE	59.2	59.4	59.2	59.4
CPR SILVER AGE P 3DEC	■		France		CSE	50.2	45.5	50.2	45.5
DNA 0% 12-211220	■	S1	Luxembourg		CSE		89.0		89.0
DNA 0% 21/12/20 EMTN	■		Luxembourg		CSE	71.1	70.7	71.1	70.7
DNA 0% 23/07/18 EMTN INDX	■	S2	Luxembourg		CSE		78.6		78.6
DNA 0% 27/06/18 INDX	■	S2	Luxembourg		CSE		82.1		82.1
DNA 0%12-240418 INDX	■	S1	Luxembourg		CSE		79.7		79.7
ECOFI MULTI OPPORTUN.FCP 3DEC	■		France		CSE	83.7	81.4	83.7	81.4
ENMIUM FCP 3DEC	■	S1	France		CSE		100.0		100.0
EXAN.PLEI.FD P	■	E1	France		CSE	61.6		61.6	
EXPANSIA VIE	■	S2	France		CSE		100.0		100.0
FONDS AV ECHUS FIA A	■	S2	France		CSE		99.9		99.9
FONDS AV ECHUS FIA C	■	S2	France		CSE		99.4		99.4
FONDS AV ECHUS FIA D	■	S2	France		CSE		99.9		99.9
IND.CAP EMERG.-C-3D	■		France		CSE	80.6	88.8	80.6	88.8
INDO ALLOC MANDAT C	■	E1	France		CSE	93.7		93.7	
INDOS.EURO.PAT. PD 3D	■		France		CSE	44.3	45.0	44.3	45.0
INVEST RESP S3 3D	■		France		CSE	69.8	64.4	69.8	64.4
LCL AC.DEV. DU.EURO	■		France		CSE	69.5	57.8	69.5	57.8
LCL AC.EMERGENTS 3D	■		France		CSE	54.6	51.5	54.6	51.5
LCL ACT RES NATUREL	■		France		CSE	38.9	59.6	38.9	59.6
LCL ACT.E-U ISR 3D	■		France		CSE	54.7	43.2	54.7	43.2
LCL ACT. IMMOBI.3D	■		France		CSE	49.2	47.8	49.2	47.8
LCL ACT.USA ISR 3D	■		France		CSE	53.2	52.1	53.2	52.1
LCL ACTIONS EURO C	■		France		CSE	81.9	82.0	81.9	82.0
LCL ACTIONS MONDE FCP 3 DEC	■		France		CSE	42.4	41.9	42.4	41.9

(1) Consolidation Method: ■ Full ▲ Equity Accounted ● Parent

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Crédit Agricole S.A. Group Scope of consolidation	(1)	(a)	Principal place of business	Country of incorporation if different from the principal place of business	(b)	% control 31/12/2018	% control 31/12/2017	% interest 31/12/2018	% interest 31/12/2017
LCL AUTOCALL VIE 17	■		France		CSE	90.3	90.3	90.3	90.3
LCL BDP MONETAR B C	■	E3; S2	France		CSE				
LCL D.CAPT. JU.10 3D	■	S1	France		CSE		86.6		86.6
LCL DBL HOR AV NOV15	■	S1	France		CSE		100.0		100.0
LCL DEVELOPPEM. PME C	■		France		CSE	69.5	71.3	69.5	71.3
LCL FDS ECH. MONE.3D	■	S4	France		CSE		82.8		82.8
LCL FLEX 30	■		France		CSE	51.1	63.5	51.1	63.5
LCL INVEST.EQ C	■		France		CSE	92.2	91.9	92.2	91.9
LCL INVEST. PRUD.3D	■		France		CSE	91.4	90.8	91.4	90.8
LCL LATITUDE VIE17 C	■	S2	France		CSE		96.9		96.9
LCL MGEST 60 3DEC	■		France		CSE	84.9	84.6	84.9	84.6
LCL MGEST FL.0-100	■		France		CSE	80.0	80.7	80.0	80.7
LCL MONÉTAIRE C SI	■	E1; S4	France		CSE				
LCL OPTIM II VIE 17	■		France		CSE	94.7	94.4	94.7	94.4
LCL OPTIM VIE T 17 C	■	S2	France		CSE		94.7		94.7
LCL PHOENIX VIE 2016	■	S1	France		CSE		93.7		93.7
LCL PREMIUM VIE 2015	■		France		CSE	94.7	94.8	94.7	94.8
LCL T.H. AV(04/14) C	■	S2	France		CSE		99.9		99.9
LCL TEMPO 6 ANS AV	■	S1	France		CSE		99.6		99.6
LCL TRIP HORIZ SEP16	■	S2	France		CSE		78.1		78.1
LCL TRIPLE HORIZ AV JANV 14 C 3D	■	S2	France		CSE		100.0		100.0
LCL TRIPLE HORIZON AV (09 2014)	■	S1	France		CSE		100.0		100.0
LCL TRIPLE HORIZON AV (JANV. 2015	■	S2	France		CSE		99.9		99.9
LCL V.RDM 8 AV(FEV.10) FCP3DEC	■	S2	France		CSE		100.0		100.0
LCL VOCATION RENDEMENT NOV 12 3D	■		France		CSE	80.0	80.1	80.0	80.1
OBJECTIF PRUDENCE FCP	■		France		CSE	81.3	100.0	81.3	100.0
OPALIA VIE 2 FCP 3DEC	■	S1	France		CSE		100.0		100.0
OPALIA VIE 3 3DEC	■	S2	France		CSE		99.7		99.7
OPCIMMO LCL SPPICAV 5DEC	■		France		CSE	94.2	93.6	94.2	93.6
OPCIMMO PREM SPPICAV 5DEC	■		France		CSE	93.5	93.1	93.5	93.1
PREFERENCE RENDEMENT EXCLUSIF 3D	■	S2	France		CSE		100.0		100.0
PREFERENCE RENDEMENT FCP 3DEC	■	S2	France		CSE		100.0		100.0
SELECTANCE 2017 3DEC	■	S1	France		CSE		100.0		100.0
SOLIDARITE AMUNDI P	■		France		CSE	62.3	56.1	62.3	56.1
SOLIDARITE INITIATIS SANTE	■		France		CSE	84.6	86.1	84.6	86.1
TRIALIS 6 ANS	■	S4	France		CSE		68.3		68.3
TRIANANCE 6 ANS	■		France		CSE	61.8	61.8	61.8	61.8
TRIANANCE 6 ANS 5 C	■	E3	France		CSE	79.2		79.2	
TRIANANCE 6 ANS N 4	■		France		CSE	74.6	73.4	74.6	73.4
VENDOME INV.FCP 3DEC	■		France		CSE	90.3	90.4	90.3	90.4
Real estate collective investment fund (OPCI)									
Nexus 1	■		Italy		CSE	100.0	100.0	100.0	100.0
OPCI Camp Invest	■		France		CSE	100.0	100.0	100.0	100.0
OPCI ECO CAMPUS SPPICAV	■		France		CSE	100.0	100.0	100.0	100.0
OPCI Immanens	■		France		CSE	100.0	100.0	68.4	68.5
OPCI Immo Emissions	■		France		CSE	100.0	100.0	68.4	68.5
OPCI Iris Invest 2010	■		France		CSE	100.0	100.0	100.0	100.0
OPCI MASSY BUREAUX	■		France		CSE	100.0	100.0	100.0	100.0
OPCI Messidor	■		France		CSE	100.0	100.0	100.0	100.0
Predica OPCI Bureau	■		France		CSE	100.0	100.0	100.0	100.0
Predica OPCI Commerces	■		France		CSE	100.0	100.0	100.0	100.0
Predica OPCI Habitation	■		France		CSE	100.0	100.0	100.0	100.0
Non-trading real estate investment company (SCI)									
B IMMOBILIER	■	E1	France		S	100.0		100.0	
DS Campus	■		France		CSE	100.0	100.0	100.0	100.0
FREY RETAIL VILLEBON	▲	E1	France		JV	47.5		47.5	
HDP BUREAUX	■		France		S	95.0	95.0	95.0	95.0
HDP HOTEL	■		France		S	95.0	95.0	95.0	95.0
HDP LA HALLE BOCA	■		France		S	95.0	95.0	95.0	95.0
IMEFA 177	■		France		CSE	100.0	99.0	100.0	99.0
IMEFA 178	■		France		CSE	100.0	99.0	100.0	99.0
IMEFA 179	■		France		CSE	100.0	99.0	100.0	99.0
Issy Pont	■		France		CSE	75.0	75.0	75.0	75.0
RUE DU BAC (SCI)	▲	E1	France		JV	50.0		50.0	
SCI 1 TERRASSE BELLINI	▲	E1	France		JV	33.3		33.3	
SCI BMEDIC HABITATION	■		France		S	100.0	100.0	100.0	100.0
SCI CAMPUS MEDICIS ST DENIS	■		France		S	70.0	70.0	70.0	70.0
SCI CAMPUS RIMBAUD ST DENIS	■		France		S	70.0	70.0	70.0	70.0
SCI CARGO PROPERTY HOLDING	▲		France		A	28.0	29.9	28.0	29.9
SCI CARPE DIEM	▲	E1	France		JV	50.0		50.0	
SCI EUROMARSEILLE 1	▲	E1	France		JV	50.0		50.0	
SCI EUROMARSEILLE 2	▲	E1	France		JV	50.0		50.0	
SCI FÉDÉRALE PEREIRE VICTOIRE	■		France		S	99.0	99.0	99.0	99.0
SCI FEDERALE VILLIERS	■		France		S	100.0	100.0	100.0	100.0
SCI FEDERLOG	■		France		S	99.9	99.9	99.9	99.9
SCI FEDERLONDRES	■		France		S	100.0	100.0	100.0	100.0

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Crédit Agricole S.A. Group Scope of consolidation	(1)	(a)	Principal place of business	Country of incorporation if different from the principal place of business	(b)	% control 31/12/2018	% control 31/12/2017	% interest 31/12/2018	% interest 31/12/2017
SCI FEDERPIERRE	■		France		S	100.0	100.0	100.0	100.0
SCI FONDIS	▲	E1	France		A	25.0		25.0	
SCI GRENIER VELLEF	■		France		CSE	100.0	100.0	100.0	100.0
SCI HEART OF LA DEFENSE	▲	E1	France		A	33.3		33.3	
SCI Holding Dahlia	■		France		CSE	100.0	100.0	100.0	100.0
SCI ILOT 13	▲	E1	France		JV	50.0		50.0	
SCI IMEFA 001	■		France		S	100.0	100.0	100.0	100.0
SCI IMEFA 002	■		France		S	100.0	100.0	100.0	100.0
SCI IMEFA 003	■		France		S	100.0	100.0	100.0	100.0
SCI IMEFA 004	■		France		S	100.0	100.0	100.0	100.0
SCI IMEFA 005	■		France		S	100.0	100.0	100.0	100.0
SCI IMEFA 006	■		France		S	100.0	100.0	100.0	100.0
SCI IMEFA 008	■		France		S	100.0	100.0	100.0	100.0
SCI IMEFA 009	■		France		S	100.0	100.0	100.0	100.0
SCI IMEFA 010	■		France		S	100.0	100.0	100.0	100.0
SCI IMEFA 011	■		France		S	100.0	100.0	100.0	100.0
SCI IMEFA 012	■		France		S	100.0	100.0	100.0	100.0
SCI IMEFA 013	■		France		S	100.0	100.0	100.0	100.0
SCI IMEFA 016	■		France		S	100.0	100.0	100.0	100.0
SCI IMEFA 017	■		France		S	100.0	100.0	100.0	100.0
SCI IMEFA 018	■		France		S	100.0	100.0	100.0	100.0
SCI IMEFA 020	■		France		S	100.0	100.0	100.0	100.0
SCI IMEFA 022	■		France		S	100.0	100.0	100.0	100.0
SCI IMEFA 025	■		France		CSE	100.0	100.0	100.0	100.0
SCI IMEFA 032	■		France		S	100.0	100.0	100.0	100.0
SCI IMEFA 033	■		France		S	100.0	100.0	100.0	100.0
SCI IMEFA 034	■		France		S	100.0	100.0	100.0	100.0
SCI IMEFA 035	■		France		S	100.0	100.0	100.0	100.0
SCI IMEFA 036	■		France		S	100.0	100.0	100.0	100.0
SCI IMEFA 037	■		France		S	100.0	100.0	100.0	100.0
SCI IMEFA 038	■		France		S	100.0	100.0	100.0	100.0
SCI IMEFA 039	■		France		S	100.0	100.0	100.0	100.0
SCI IMEFA 042	■		France		S	100.0	100.0	100.0	100.0
SCI IMEFA 043	■		France		S	100.0	100.0	100.0	100.0
SCI IMEFA 044	■		France		S	100.0	100.0	100.0	100.0
SCI IMEFA 047	■		France		S	100.0	100.0	100.0	100.0
SCI IMEFA 048	■		France		S	100.0	100.0	100.0	100.0
SCI IMEFA 051	■		France		S	100.0	100.0	100.0	100.0
SCI IMEFA 052	■		France		S	100.0	100.0	100.0	100.0
SCI IMEFA 054	■		France		S	100.0	100.0	100.0	100.0
SCI IMEFA 057	■		France		S	100.0	100.0	100.0	100.0
SCI IMEFA 058	■		France		S	100.0	100.0	100.0	100.0
SCI IMEFA 060	■		France		S	100.0	100.0	100.0	100.0
SCI IMEFA 061	■		France		S	100.0	100.0	100.0	100.0
SCI IMEFA 062	■		France		S	100.0	100.0	100.0	100.0
SCI IMEFA 063	■		France		S	100.0	100.0	100.0	100.0
SCI IMEFA 064	■		France		S	100.0	100.0	100.0	100.0
SCI IMEFA 067	■		France		S	100.0	100.0	100.0	100.0
SCI IMEFA 068	■		France		S	100.0	100.0	100.0	100.0
SCI IMEFA 069	■		France		S	100.0	100.0	100.0	100.0
SCI IMEFA 072	■		France		S	100.0	100.0	100.0	100.0
SCI IMEFA 073	■		France		S	100.0	100.0	100.0	100.0
SCI IMEFA 074	■		France		S	100.0	100.0	100.0	100.0
SCI IMEFA 076	■		France		S	100.0	100.0	100.0	100.0
SCI IMEFA 077	■		France		S	100.0	100.0	100.0	100.0
SCI IMEFA 078	■		France		S	100.0	100.0	100.0	100.0
SCI IMEFA 079	■		France		S	100.0	100.0	100.0	100.0
SCI IMEFA 080	■		France		S	100.0	100.0	100.0	100.0
SCI IMEFA 081	■		France		S	100.0	100.0	100.0	100.0
SCI IMEFA 082	■		France		S	100.0	100.0	100.0	100.0
SCI IMEFA 083	■		France		S	100.0	100.0	100.0	100.0
SCI IMEFA 084	■		France		S	100.0	100.0	100.0	100.0
SCI IMEFA 085	■		France		S	100.0	100.0	100.0	100.0
SCI IMEFA 089	■		France		S	100.0	100.0	100.0	100.0
SCI IMEFA 091	■		France		S	100.0	100.0	100.0	100.0
SCI IMEFA 092	■		France		S	100.0	100.0	100.0	100.0
SCI IMEFA 096	■		France		S	100.0	100.0	100.0	100.0
SCI IMEFA 100	■		France		S	100.0	100.0	100.0	100.0
SCI IMEFA 101	■		France		S	100.0	100.0	100.0	100.0
SCI IMEFA 102	■		France		S	100.0	100.0	100.0	100.0
SCI IMEFA 103	■		France		S	100.0	100.0	100.0	100.0
SCI IMEFA 104	■		France		S	100.0	100.0	100.0	100.0
SCI IMEFA 105	■		France		S	100.0	100.0	100.0	100.0
SCI IMEFA 107	■		France		S	100.0	100.0	100.0	100.0
SCI IMEFA 108	■		France		S	100.0	100.0	100.0	100.0
SCI IMEFA 109	■		France		S	100.0	100.0	100.0	100.0
SCI IMEFA 110	■		France		S	100.0	100.0	100.0	100.0
SCI IMEFA 112	■		France		S	100.0	100.0	100.0	100.0
SCI IMEFA 113	■		France		S	100.0	100.0	100.0	100.0
SCI IMEFA 115	■		France		S	100.0	100.0	100.0	100.0
SCI IMEFA 116	■		France		S	100.0	100.0	100.0	100.0
SCI IMEFA 117	■		France		S	100.0	100.0	100.0	100.0
SCI IMEFA 118	■		France		S	100.0	100.0	100.0	100.0
SCI IMEFA 120	■		France		S	100.0	100.0	100.0	100.0
SCI IMEFA 121	■		France		S	100.0	100.0	100.0	100.0
SCI IMEFA 122	■		France		S	100.0	100.0	100.0	100.0
SCI IMEFA 123	■		France		S	100.0	100.0	100.0	100.0
SCI IMEFA 126	■		France		S	100.0	100.0	100.0	100.0
SCI IMEFA 128	■		France		S	100.0	100.0	100.0	100.0
SCI IMEFA 129	■		France		S	100.0	100.0	100.0	100.0
SCI IMEFA 131	■		France		S	100.0	100.0	100.0	100.0
SCI IMEFA 132	■		France		S	100.0	100.0	100.0	100.0
SCI IMEFA 140	■		France		CSE	100.0	100.0	100.0	100.0
SCI IMEFA 148	■		France		S	100.0	100.0	100.0	100.0
SCI IMEFA 149	■		France		S	100.0	99.0	100.0	99.0
SCI IMEFA 150	■		France		S	100.0	100.0	100.0	100.0
SCI IMEFA 155	■		France		S	100.0	100.0	100.0	100.0
SCI IMEFA 156	■		France		S	90.0	90.0	90.0	90.0
SCI IMEFA 157	■		France		S	90.0	90.0	90.0	90.0
SCI IMEFA 158	■		France		S	100.0	100.0	100.0	100.0
SCI IMEFA 159	■		France		S	100.0	100.0	100.0	100.0
SCI IMEFA 164	■		France		S	100.0	100.0	100.0	100.0
SCI IMEFA 169	■		France		S	100.0	100.0	100.0	100.0
SCI IMEFA 170	■		France		S	100.0	100.0	100.0	100.0
SCI IMEFA 171	■		France		CSE	100.0	99.0	100.0	99.0
SCI IMEFA 172	■		France		CSE	100.0	99.0	100.0	99.0
SCI IMEFA 173	■		France		S	100.0	99.0	100.0	99.0

(1) Consolidation Method: ■ Full ▲ Equity Accounted ● Parent

The definitions of the underlined words can be found in the Glossary on page 600.

Crédit Agricole S.A. Group Scope of consolidation	(1)	(a)	Principal place of business	Country of incorporation if different from the principal place of business	(b)	% control 31/12/2018	% control 31/12/2017	% interest 31/12/2018	% interest 31/12/2017
SCI IMEFA 174	■		France		S	100.0	99.0	100.0	99.0
SCI IMEFA 175	■		France		S	100.0	99.0	100.0	99.0
SCI IMEFA 176	■		France		S	100.0	99.0	100.0	99.0
SCI LE VILLAGE VICTOR HUGO	■		France		S	100.0	100.0	100.0	100.0
SCI MEDI BUREAUX	■		France		S	100.0	100.0	100.0	100.0
SCI PACIFICA HUGO	■		France		S	100.0	100.0	100.0	100.0
SCI PORTE DES LILAS – FRERES FLAVIEN	■		France		S	100.0	100.0	100.0	100.0
SCI VALHUBERT	■		France		S	100.0	100.0	100.0	100.0
SCI VAUGIRARD 36-44	■		France		S	100.0	100.0	100.0	100.0
SCI WAGRAM 22/30	▲	E1	France		JV	50.0		50.0	
SCI WASHINGTON	▲	E1	France		A	34.0		34.0	
TOUR MERLE (SCI)	▲	E1	France		JV	50.0		50.0	
Other									
ALTAREA	▲		France		A	24.7	24.7	24.7	24.7
AMUNDI IT Services	■		France		S	99.6	99.6	69.5	69.5
ARCAPARK SAS	▲	E1	France		JV	50.0		50.0	
Azqore	■	E2	Switzerland		S	80.0		78.2	
Azqore SA Singapore Branch	■	*E2*	Singapour	Switzerland	B	100.0		97.8	
CA Indosuez Wealth (Asset Management)	■		Luxembourg		S	100.0	100.0	97.8	97.8
CACI Gestion	■	S1	France		S		99.0		99.0
Crédit Agricole Assurances Solutions	■		France		S	100.0	100.0	100.0	100.0
EUROPEAN MOTORWAY INVESTMENTS 1	■		Luxembourg		S	60.0	60.0	60.0	60.0
FONCIÈRE HYPERSUD	▲		France		JV	51.4	51.4	51.4	51.4
FREY	▲		France		A	19.2	17.9	19.2	17.9
HOLDING EUROMARSEILLE	■	E1	France		S	100.0		100.0	
Icade	▲		France		A	18.4	18.5	18.4	18.5
INFRA FOCH TOPCO	▲		France		A	49.0	36.9	49.0	36.9
IRIS HOLDING FRANCE	■	E1	France		S	80.1		80.1	
KORIAN	▲		France		A	23.2	23.0	23.2	23.0
PATRIMOINE ET COMMERCE	▲		France		A	20.3	19.9	20.3	19.9
PREDICA ENERGIES DURABLES	■	E1	France		S	100.0		100.0	
PREDIPARK	■		France		S	100.0	100.0	100.0	100.0
RAMSAY – GENERALE DE SANTE	▲		France		A	38.4	38.4	38.4	38.4
SA RESICO	■		France		S	100.0	100.0	100.0	100.0
SAS CRISTAL	▲	E1	France		A	46.0		46.0	
SAS PARHOLDING	▲	E1	France		A	50.0		50.0	
SAS PREDI-RUNGIS	■	E1	France		S	85.0		85.0	
SH PREDICA ENERGIES DURABLES SAS	■	E1	France		S	99.7		99.7	

Crédit Agricole S.A. Group Scope of consolidation	(1)	(a)	Principal place of business	Country of incorporation if different from the principal place of business	(b)	% control 31/12/2018	% control 31/12/2017	% interest 31/12/2018	% interest 31/12/2017
Via Vita	■		France		S	100.0	100.0	100.0	100.0
FRENCH RETAIL BANKING									
Banking and financial institutions									
Banque Thémis	■	S2	France		S		100.0		95.1
Interfimo	■		France		S	99.0	99.0	94.6	94.1
LCL	■		France		S	95.6	95.1	95.6	95.1
LCL succursale de Monaco	■		Monaco	France	B	95.6	95.1	95.6	95.1
Tourism – property development									
Angle Neuf	■	E1	France		S	100.0		95.6	
Other									
C.L. Verwaltungs und Beteiligungs-gesellschaft GmbH	■		Germany		S	100.0	100.0	95.6	95.1
Crédit Lyonnais Développement Économique (CLDE)	■		France		S	100.0	100.0	95.6	95.1
INTERNATIONAL RETAIL BANKING									
Banking and financial institutions									
Arc Broker	■		Poland		S	100.0	100.0	100.0	100.0
CASSA DI RISPARMIO DI CESENA S.P.A.	■	S4	Italy		S		95.3		73.1
CASSA DI RISPARMIO DI RIMINI S.P.A.	■	S4	Italy		S		95.4		73.2
CASSA DI RISPARMIO DI SAN MINIATO S.P.A.	■	S4	Italy		S		95.6		73.3
CREDIT AGRICOLE BANK	■		Ukraine		S	100.0	100.0	100.0	100.0
Crédit Agricole Bank Polska S.A.	■		Poland		S	100.0	100.0	100.0	100.0
Crédit Agricole Banka Srbija a.d. Novi Sad	■		Serbia		S	100.0	100.0	100.0	100.0
Crédit Agricole Cariparma	■		Italy		S	76.9	76.7	76.9	76.7
Crédit Agricole Carispezia S.p.A.	■		Italy		S	80.0	80.0	61.5	61.4
Crédit Agricole Egypt S.A.E.	■		Egypt		S	60.5	60.5	60.2	60.2
Crédit Agricole Friuladria S.p.A.	■		Italy		S	81.3	81.3	62.5	62.4
Crédit Agricole Group Solutions	■		Italy		CSE	100.0	100.0	75.2	75.0
Crédit Agricole Leasing Italia	■		Italy		S	100.0	100.0	80.4	80.2
Crédit Agricole Polska S.A.	■		Poland		S	100.0	100.0	100.0	100.0
Credit Agricole Romania	■		Romania		S	100.0	100.0	100.0	100.0
Credit Agricole Service sp z o.o.	■		Poland		S	100.0	100.0	100.0	100.0
Crédit du Maroc	■		Morocco		S	78.7	78.7	78.7	78.7
Lukas Finanse S.A.	■		Poland		S	100.0	100.0	100.0	100.0
Other									
Crédit du Maroc Succursale de France	■	D4; S1	France	Morocco	B		78.7		78.7
IUB Holding	■		France		S	100.0	100.0	100.0	100.0
SPECIALISED FINANCIAL SERVICES									
Banking and financial institutions									

(1) Consolidation Method: ■ Full ▲ Equity Accounted ● Parent

Crédit Agricole S.A. Group Scope of consolidation	(1)	(a)	Principal place of business	Country of incorporation if different from the principal place of business	(b)	% control 31/12/2018	% control 31/12/2017	% interest 31/12/2018	% interest 31/12/2017
Agos	■		Italy		S	61.0	61.0	61.0	61.0
Alsolia	■	D2	France		A	100.0	20.0	100.0	20.0
Antera Incasso B.V.	■	S1	Netherlands		S		100.0		100.0
Crealfi	■		France		S	51.0	51.0	51.0	51.0
Credibom	■		Portugal		S	100.0	100.0	100.0	100.0
Crediet Maatschappij " De Ijssel" B.V.	■		Netherlands		S	100.0	100.0	100.0	100.0
Crédit Agricole Consumer Finance	■		France		S	100.0	100.0	100.0	100.0
Crédit Agricole Consumer Finance Nederland	■		Netherlands		S	100.0	100.0	100.0	100.0
Crédit LIFT	■		France		S	100.0	100.0	100.0	100.0
Creditplus Bank AG	■		Germany		S	100.0	100.0	100.0	100.0
De Kredietdesk B.V.	■		Netherlands		S	100.0	100.0	100.0	100.0
DE NEDERLANDSE VOORSCHOTBANK BV	■		Netherlands		S	100.0	100.0	100.0	100.0
EFL Services	■		Poland		S	100.0	100.0	100.0	100.0
EUROFACTOR GmbH	■		Germany		S	100.0	100.0	100.0	100.0
Eurofactor Italia S.p.A.	■		Italy		S	100.0	100.0	100.0	100.0
EUROFACTOR NEDERLAND	■		Netherlands	Germany	B	100.0	100.0	100.0	100.0
EUROFACTOR POLSKA S.A.	■		Poland		S	100.0	100.0	100.0	100.0
Eurofactor SA – NV (Benelux)	■		Belgium		B	100.0	100.0	100.0	100.0
Eurofactor S.A. (Portugal)	■		Portugal		S	100.0	100.0	100.0	100.0
Eurofintus Financieringen B.V.	■		Netherlands		S	100.0	100.0	100.0	100.0
FCA Automotive Services UK Ltd	▲		United Kingdom		JV	50.0	50.0	50.0	50.0
FCA Bank	▲		Italy		JV	50.0	50.0	50.0	50.0
FCA Bank Gmbh, Hellenic Branch	▲		Greece		JV	50.0	50.0	50.0	50.0
FCA BANK SPA, IRISH BRANCH	▲		Ireland		JV	50.0	50.0	50.0	50.0
FCA Bank Germany GmbH	▲		Germany		JV	50.0	50.0	50.0	50.0
FCA Bank GmbH	▲		Austria		JV	50.0	50.0	50.0	50.0
FCA Capital Belgium S.A.	▲		Belgium		JV	50.0	50.0	50.0	50.0
FCA Capital Danmark A/S	▲		Denmark		JV	50.0	50.0	50.0	50.0
FCA Capital España EFC S.A.	▲		Spain		JV	50.0	50.0	50.0	50.0
FCA Capital France S.A.	▲		France		JV	50.0	50.0	50.0	50.0
FCA Capital Hellas S.A.	▲		Greece		JV	50.0	50.0	50.0	50.0
FCA Capital IFIC	▲		Portugal		JV	50.0	50.0	50.0	50.0
FCA Capital Nederland B.V.	▲		Netherlands		JV	50.0	50.0	50.0	50.0
FCA Capital Norge AS	▲		Norway		JV	50.0	50.0	50.0	50.0
FCA Capital Re Limited	▲		Ireland		JV	50.0	50.0	50.0	50.0
FCA Capital Suisse S.A.	▲		Switzerland		JV	50.0	50.0	50.0	50.0
FCA Capital Sverige	▲		Sweden		JV	50.0	50.0	50.0	50.0
FCA DEALER SERVICES ESPANA SA, Morocco Branch	▲		Morocco	Spain	JV	50.0	50.0	50.0	50.0
FCA Dealer services España, S.A.	▲		Spain		JV	50.0	50.0	50.0	50.0
FCA Dealer Services Portugal S.A.	▲		Portugal		JV	50.0	50.0	50.0	50.0
FCA Dealer Services UK Ltd	▲		United Kingdom		JV	50.0	50.0	50.0	50.0
FCA GROUP BANK POLSKA S.A.	▲		Poland		JV	50.0	50.0	50.0	50.0
FCA Insurance Hellas S.A.	▲		Greece		JV	50.0	50.0	50.0	50.0
FCA Leasing France	▲		France		JV	50.0	50.0	50.0	50.0
FCA Leasing Polska	▲		Poland		JV	50.0	50.0	50.0	50.0
FCA Leasing GmbH	▲		Austria		JV	50.0	50.0	50.0	50.0
FERRARI FINANCIAL SERVICES GMBH	▲		Germany		JV	50.0	50.0	25.5	25.0
FERRARI FINANCIAL SERVICES GMBH, UK Branch	▲	E2	United Kingdom		JV	50.0		25.5	
FGA Capital Danmark A/S, Finland Branch	▲		Finland		JV	50.0	50.0	50.0	50.0
Financierings Data Netwerk B.V.	▲		Netherlands		JV	50.0	50.0	50.0	50.0
Finaref Assurances S.A.S.	■		France		S	100.0	100.0	100.0	100.0
Finata Bank N.V.	■	S4	Netherlands		S		100.0		100.0
Finata Zuid-Nederland B.V.	■		Netherlands		S	98.1	98.1	98.1	98.1
FORSO Denmark	▲	D4; S2	Denmark		JV		50.0		50.0
Forso Finance OY	▲	D4; S2	Finland		JV		50.0		50.0
Forso Nordic A.B.	▲	D4; S2	Sweden		JV		50.0		50.0
Forso Norge	▲	D4; S2	Norway		JV		50.0		50.0
GAC – Sofinco Auto Finance Co.	▲		China		A	50.0	50.0	50.0	50.0
GSA Ltd	■		Mauritius		S	100.0	100.0	100.0	100.0
IDM Finance B.V.	■		Netherlands		S	100.0	100.0	100.0	100.0
IDM Financieringen B.V.	■		Netherlands		S	100.0	100.0	100.0	100.0
IDM lease maatschappij B.V.	■		Netherlands		S	100.0	100.0	100.0	100.0
Iebe Lease B.V.	■		Netherlands		S	100.0	100.0	100.0	100.0
INTERBANK NV	■		Netherlands		S	100.0	100.0	100.0	100.0
INTERMEDIAIRE VOORSCHOTBANK BV	■		Netherlands		S	100.0	100.0	100.0	100.0
Krediet '78 B.V.	■		Netherlands		S	100.0	100.0	100.0	100.0
Leasys	▲		Italy		JV	50.0	50.0	50.0	50.0
LEASYS France S.A.S	▲		France		JV	50.0	50.0	50.0	50.0
LEASYS Nederland	▲	E2	Netherlands		JV	50.0		50.0	
LEASYS SPA Belgian Branch	▲	E2	Belgium		JV	50.0		50.0	
LEASYS SPA GERMAN BRANCH	▲		Germany		JV	50.0	50.0	50.0	50.0
LEASYS SPA SUCURSAL ESPANA	▲		Spain		JV	50.0	50.0	50.0	50.0
Leasys UK Ltd	▲	D1	United Kingdom		JV	50.0	50.0	50.0	50.0
Mahuko Financieringen B.V.	■		Netherlands		S	100.0	100.0	100.0	100.0

(1) Consolidation Method: ■ Full ▲ Equity Accounted ● Parent

The definitions of the underlined words can be found in the Glossary on page 600.

Crédit Agricole S.A. Group Scope of consolidation	(1)	(a)	Principal place of business	Country of incorporation if different from the principal place of business	(b)	% control 31/12/2018	% control 31/12/2017	% interest 31/12/2018	% interest 31/12/2017
Menafinance	▲		France		JV	50.0	50.0	50.0	50.0
Money Care B.V.	■		Netherlands		S	100.0	100.0	100.0	100.0
NL Findio B.V	■		Netherlands		S	100.0	100.0	100.0	100.0
RIBANK NV	■		Netherlands		S	100.0	100.0	100.0	100.0
SMART PREPAID	▲	S2	France		A		49.0		49.0
Sofinco Participations	■		France		S	100.0	100.0	100.0	100.0
Ste Européenne de Développement d'Assurances	■		France		S	100.0	100.0	100.0	100.0
Ste Européenne de Développement d'Assurances	■	D3	Morocco		B	100.0		100.0	
Ste Européenne de Développement du Financement	■		France		S	100.0	100.0	100.0	100.0
Themis Courtage	▲		Morocco		A	49.0	49.0	49.0	49.0
Ucafleet	▲		France		A	35.0	35.0	35.0	35.0
VoordeelBank B.V.	■		Netherlands		S	100.0	100.0	100.0	100.0
Wafasalaf	▲		Morocco		A	49.0	49.0	49.0	49.0
WINRENT	▲	E3	Italy		JV	50.0		50.0	
Lease financing companies									
Auxifip	■		France		S	100.0	100.0	100.0	100.0
Carefleet S.A.	■		Poland		S	100.0	100.0	100.0	100.0
Crédit Agricole Leasing & Factoring	■		France		S	100.0	100.0	100.0	100.0
Crédit Agricole Leasing & Factoring, Sucursal en Espana	■		Spain	France	B	100.0	100.0	100.0	100.0
Crédit du Maroc Leasing et Factoring	■		Morocco		S	100.0	100.0	85.8	85.8
Europejski Fundusz Leasingowy (E.F.L.)	■		Poland		S	100.0	100.0	100.0	100.0
Finamur	■		France		S	100.0	100.0	100.0	100.0
Lixxbail	■		France		S	100.0	100.0	100.0	100.0
Lixxcourtage	■		France		S	100.0	100.0	100.0	100.0
Lixxcredit	■		France		S	100.0	100.0	100.0	100.0
Unifergie	■		France		S	100.0	100.0	100.0	100.0
Investment companies									
Insurance									
ARES Reinsurance Ltd.	■		Ireland		S	100.0	100.0	61.0	61.0
Other									
A-BEST ELEVEN UG	▲		Germany		SJV	50.0	50.0	50.0	50.0
A-BEST FIFTEEN	▲		Italy		SJV	50.0	50.0	50.0	50.0
A-BEST FOUR	▲	S1	Italy		SJV		50.0		50.0
A-BEST FOURTEEN	▲		Italy		SJV	50.0	50.0	50.0	50.0
A-BEST NINE SRL	▲		Italy		SJV	50.0	50.0	50.0	50.0
A-BEST Ten SRL	▲		Italy		SJV	50.0	50.0	50.0	50.0
A-BEST THIRTEEN	▲		Spain		SJV	50.0	50.0	50.0	50.0
A-BEST TWELVE	▲		Italy		SJV	50.0	50.0	50.0	50.0
EFL Finance S.A.	■		Poland		S	100.0	100.0	100.0	100.0
EFL Lease Abs 2017-1 Designated Activity Company	■		Ireland		CSE	100.0	100.0	100.0	100.0
ERASMUS FINANCE	▲		Ireland		SJV	50.0	50.0	50.0	50.0
FAST THREE SRL	▲		Italy		SJV	50.0	50.0	50.0	50.0
FCT GINGKO CLOANS 2013-1	■	S1	France		CSE		100.0		100.0
FCT GINGKO DEBT CONSO 2015-1	■		France		CSE	100.0	100.0	100.0	100.0
FCT GINGKO PERSONAL LOANS 2016-1	■		France		CSE	100.0	100.0	100.0	100.0
FCT GINGKO PLOANS 2015-1	■		France		CSE	100.0	100.0	100.0	100.0
FCT GINGKO SALES FIN 2014-1	■		France		CSE	100.0	100.0	100.0	100.0
FCT GINGKO SALES FINANCE 2015-1	■		France		CSE	100.0	100.0	100.0	100.0
FCT GINGKO MASTER REVOLVING LOANS	■		France		CSE	100.0	100.0	100.0	100.0
FCT GINGKO SALES FINANCE 2017-1	■		France		CSE	100.0	100.0	100.0	100.0
GAC – SOFINCO 2014-01	▲		China		SA	50.0	50.0	50.0	50.0
Green FCT Lease	■	S1	France		CSE		100.0		100.0
MATSUBA BV	■		Netherlands		CSE	100.0	100.0	100.0	100.0
NIXES SEVEN SRL	▲		Netherlands		SJV	50.0	50.0	50.0	50.0
NIXES SIX (LTD)	▲		Italy		SJV	50.0	50.0	50.0	50.0
OCHIBA 2015 B.V	■		Netherlands		CSE	100.0	100.0	100.0	100.0
RETAIL CONSUMER CP GERMANY 2016 UG	■		Germany		CSE	100.0	100.0	100.0	100.0
SUNRISE SPV 20 SRL	■		Italy		CSE	100.0	100.0	100.0	100.0
SUNRISE SPV 30 SRL	■		Italy		CSE	100.0	100.0	100.0	100.0
SUNRISE SPV 40 SRL	■	E2	Italy		CSE	100.0		100.0	
SUNRISE SPV 50 SRL	■	E2	Italy		CSE	100.0		100.0	
SUNRISE SRL	■		Italy		CSE	100.0	100.0	100.0	100.0
THETIS FINANCE 2015-1	■		Portugal		CSE	100.0	100.0	100.0	100.0
CORPORATE AND INVESTMENT BANKING									
Banking and financial institutions									
Banco Crédit Agricole Brasil S.A.	■		Brazil		S	100.0	100.0	97.8	97.8
CACEIS (Canada) Ltd.	■	D4; S2	Canada		S		100.0		100.0
CACEIS (USA) Inc.	■	D4; S2	United States		S		100.0		100.0
CACEIS Bank	■		France		S	100.0	100.0	100.0	100.0
CACEIS Bank S.A., Germany Branch	■		Germany		B	100.0	100.0	100.0	100.0
CACEIS Bank, Belgium Branch	■		Belgium		B	100.0	100.0	100.0	100.0
CACEIS Bank, Ireland Branch	■		Ireland		B	100.0	100.0	100.0	100.0
CACEIS Bank, Italy Branch	■		Italy		B	100.0	100.0	100.0	100.0
CACEIS Bank, Luxembourg Branch	■		Luxembourg		B	100.0	100.0	100.0	100.0
CACEIS Bank, Netherlands Branch	■		Netherlands		B	100.0	100.0	100.0	100.0
CACEIS Bank, Switzerland Branch	■		Switzerland		B	100.0	100.0	100.0	100.0
CACEIS Bank, UK Branch	■		United Kingdom		B	100.0	100.0	100.0	100.0
CACEIS Belgium	■		Belgium		S	100.0	100.0	100.0	100.0
CACEIS Corporate Trust	■		France		S	100.0	100.0	100.0	100.0
CACEIS Fund Administration	■		France		S	100.0	100.0	100.0	100.0
CACEIS Ireland Limited	■		Ireland		S	100.0	100.0	100.0	100.0

(1) Consolidation Method: ■ Full ▲ Equity Accounted ● Parent

Crédit Agricole S.A. Group Scope of consolidation	(1)	(a)	Principal place of business	Country of incorporation if different from the principal place of business	(b)	% control 31/12/2018	% control 31/12/2017	% interest 31/12/2018	% interest 31/12/2017
CACEIS S.A.	■		France		S	100.0	100.0	100.0	100.0
CACEIS Switzerland S.A.	■		Switzerland		S	100.0	100.0	100.0	100.0
Crédit Agricole CIB (Belgique)	■		Belgium	France	B	97.8	97.8	97.8	97.8
Crédit Agricole CIB (ABU DHABI)	■		United Arab Emirates	France	B	97.8	97.8	97.8	97.8
Crédit Agricole CIB (Allemagne)	■		Germany	France	B	97.8	97.8	97.8	97.8
Crédit Agricole CIB (Canada)	■		Canada	France	B	97.8	97.8	97.8	97.8
Crédit Agricole CIB (Corée du Sud)	■		South Korea	France	B	97.8	97.8	97.8	97.8
Crédit Agricole CIB (Dubai DIFC)	■		United Arab Emirates	France	B	97.8	97.8	97.8	97.8
Crédit Agricole CIB (Dubai)	■		United Arab Emirates	France	B	97.8	97.8	97.8	97.8
Crédit Agricole CIB (Espagne)	■		Spain	France	B	97.8	97.8	97.8	97.8
Crédit Agricole CIB (Etats-Unis)	■		United States	France	B	97.8	97.8	97.8	97.8
Crédit Agricole CIB (Finlande)	■		Finland	France	B	97.8	97.8	97.8	97.8
Crédit Agricole CIB (Hong Kong)	■		Hong Kong	France	B	97.8	97.8	97.8	97.8
Crédit Agricole CIB (Inde)	■		India	France	B	97.8	97.8	97.8	97.8
Crédit Agricole CIB (Italie)	■		Italy	France	B	97.8	97.8	97.8	97.8
Crédit Agricole CIB (Japon)	■		Japan	France	B	97.8	97.8	97.8	97.8
Crédit Agricole CIB (Luxembourg)	■		Luxembourg	France	B	97.8	97.8	97.8	97.8
Crédit Agricole CIB (Miami)	■		United States	France	B	97.8	97.8	97.8	97.8
Crédit Agricole CIB (Royaume-Uni)	■		United Kingdom	France	B	97.8	97.8	97.8	97.8
Crédit Agricole CIB (Singapour)	■		Singapour	France	B	97.8	97.8	97.8	97.8
Crédit Agricole CIB (Suède)	■		Sweden	France	B	97.8	97.8	97.8	97.8
Crédit Agricole CIB (Taipei)	■		Taiwan	France	B	97.8	97.8	97.8	97.8
Crédit Agricole CIB Algérie Bank Spa	■		Algeria		S	100.0	100.0	97.8	97.8
Crédit Agricole CIB AO	■		Russia		S	100.0	100.0	97.8	97.8
Crédit Agricole CIB Australia Ltd.	■		Australia		S	100.0	100.0	97.8	97.8
Crédit Agricole CIB China Ltd.	■		China		S	100.0	100.0	97.8	97.8
Crédit Agricole CIB China Ltd. Chinese Branch	■		China		B	100.0	100.0	97.8	97.8
Crédit Agricole CIB S.A.	■		France		S	97.8	97.8	97.8	97.8
Crédit Agricole CIB Services Private Ltd.	■		India		S	100.0	100.0	97.8	97.8
Ester Finance Titrisation	■		France		S	100.0	100.0	97.8	97.8
UBAF	▲		France		JV	47.0	47.0	46.0	46.0
UBAF (Corée du Sud)	▲		South Korea	France	JV	47.0	47.0	46.0	46.0
UBAF (Japon)	▲		Japan	France	JV	47.0	47.0	46.0	46.0
UBAF (Singapour)	▲		Singapour	France	JV	47.0	47.0	46.0	46.0
Stockbrokers									
Crédit Agricole Securities (Asia) Limited Hong Kong	■		Hong Kong		S	100.0	100.0	97.8	97.8
Crédit Agricole Securities (Asia) Limited Seoul Branch	■		South Korea		B	100.0	100.0	97.8	97.8
Crédit Agricole Securities (USA) Inc	■		United States		S	100.0	100.0	97.8	97.8
Crédit Agricole Securities Asia BV (Tokyo)	■		Japan	Netherlands	B	100.0	100.0	97.8	97.8
Investment companies									
CLTR	■	S3	France		S		100.0		97.8
Compagnie Française de l'Asie (CFA)	■		France		S	100.0	100.0	97.8	97.8
Crédit Agricole CIB Air Finance S.A.	■		France		S	100.0	100.0	97.8	97.8
Crédit Agricole CIB Holdings Ltd.	■		United Kingdom		S	100.0	100.0	97.8	97.8
Crédit Agricole Global Partners Inc.	■		United States		S	100.0	100.0	97.8	97.8
Crédit Agricole Securities Asia BV	■		Netherlands		S	100.0	100.0	97.8	97.8
Doumer Finance S.A.S.	■		France		S	100.0	100.0	97.8	97.8
Fininvest	■		France		S	98.3	98.3	96.1	96.1
Fletirec	■		France		S	100.0	100.0	97.8	97.8
I.P.F.O.	■		France		S	100.0	100.0	97.8	97.8
Igasus LLC	■	S3	United States		S		100.0		97.8
Insurance									
CAIRS Assurance S.A.	■		France		S	100.0	100.0	97.8	97.8
Other									
Atlantic Asset Securitization LLC	■		United States		CSE	100.0	100.0	-	-
Benelpart	■		Belgium		S	100.0	100.0	95.3	95.3
Calixis Finance	■		France		CSE	100.0	100.0	97.8	97.8
Calliope SRL	■		Italy		CSE	100.0	100.0	97.8	97.8
Clifap	■		France		S	100.0	100.0	97.8	97.8
Crédit Agricole America Services Inc.	■		United States		S	100.0	100.0	97.8	97.8
Crédit Agricole Asia Shipfinance Ltd.	■		Hong Kong		S	100.0	100.0	97.8	97.8
Crédit Agricole CIB Finance (Guernsey) Ltd.	■		Guernsey		CSE	99.9	99.9	97.7	97.7
Crédit Agricole CIB Financial Prod. (Guernsey) Ltd.	■		Guernsey		CSE	99.9	99.9	97.7	97.7
Crédit Agricole CIB Financial Solutions	■		France		CSE	99.9	99.7	97.7	97.5
Crédit Agricole CIB Global Banking	■		France		S	100.0	100.0	97.8	97.8
Crédit Agricole CIB Pension Limited Partnership	■		United Kingdom		CSE	100.0	100.0	97.8	97.8
Crédit Agricole CIB Transactions	■	E1	France		S	100.0		97.8	
Crédit Agricole Leasing (USA) Corp.	■		United States		S	100.0	100.0	97.8	97.8
DGAD International SARL	■		Luxembourg		S	100.0	100.0	97.8	97.8
Elipso Finance S.r.l	▲		Italy		SJV	50.0	50.0	48.9	48.9
ESNI (compartiment Crédit Agricole CIB)	■		France		CSE	100.0	100.0	97.8	97.8

(1) Consolidation Method: ■ Full ▲ Equity Accounted ● Parent

The definitions of the underlined words can be found in the Glossary on page 600.

Crédit Agricole S.A. Group Scope of consolidation	(1)	(a)	Principal place of business	Country of incorporation if different from the principal place of business	(b)	% control 31/12/2018	% control 31/12/2017	% interest 31/12/2018	% interest 31/12/2017
Eucalyptus FCT	■		France		CSE	100.0	100.0	-	-
FIC-FIDC	■		Brazil		CSE	100.0	100.0	97.8	97.8
Financière des Scarabées	■		Belgium		S	100.0	100.0	96.5	96.5
Financière Lumis	■		France		S	100.0	100.0	97.8	97.8
Fundo A De Investimento Multimercado	■		Brazil		CSE	100.0	100.0	97.8	97.8
Héphaïstos EUR FCC	■		France		CSE	100.0	100.0	-	-
Héphaïstos GBP FCT	■		France		CSE	100.0	100.0	-	-
Héphaïstos Multidevises FCT	■		France		CSE	100.0	100.0	-	-
Héphaïstos USD FCT	■		France		CSE	100.0	100.0	-	-
Indosuez Holding SCA II	■		Luxembourg		CSE	100.0	100.0	97.8	97.8
Indosuez Management Luxembourg II	■		Luxembourg		CSE	100.0	100.0	97.8	97.8
Investor Service House S.A.	■		Luxembourg		S	100.0	100.0	100.0	100.0
Island Refinancing SRL	■		Italy		CSE	100.0	100.0	97.8	97.8
ItalAsset Finance SRL	■		Italy		CSE	100.0	100.0	97.8	97.8
La Fayette Asset Securitization LLC	■		United States		CSE	100.0	100.0	-	-
La Route Avance	■	E2	France		CSE	100.0		-	
Lafina	■		Belgium		S	100.0	100.0	95.6	95.6
LMA SA	■		France		CSE	100.0	100.0	-	-
Merisma	■		France		CSE	100.0	100.0	97.8	97.8
Molinier Finances	■		France		S	100.0	100.0	95.0	95.0
Pacific EUR FCC	■		France		CSE	100.0	100.0	-	-
Pacific IT FCT	■		France		CSE	100.0	100.0	-	-
Pacific USD FCT	■		France		CSE	100.0	100.0	-	-
Partinvest S.A.	■		Luxembourg		S	100.0	100.0	100.0	100.0
Placements et réalisations immobilières (SNC)	■		France		S	100.0	100.0	95.3	95.3
Sagrantino Italy SRL	■		Italy		CSE	100.0	100.0	97.8	97.8
Shark FCC	■		France		CSE	100.0	100.0	-	-
SNGI	■		France		S	100.0	100.0	97.8	97.8
SNGI Belgium	■		Belgium		S	100.0	100.0	97.8	97.8
Sococlabecq	■		Belgium		S	100.0	100.0	95.6	95.6
Sofipac	■		Belgium		S	98.6	98.6	93.9	93.9
TCB	■		France		S	98.7	98.7	95.3	95.3
Triple P FCC	■		France		CSE	100.0	100.0	-	-
TSUBAKI OFF (FCT)	■		France		CSE	100.0	100.0	-	-
TSUBAKI ON (FCT)	■		France		CSE	100.0	100.0	-	-
Vulcain EUR FCT	■		France		CSE	100.0	100.0	-	-
Vulcain Multi-Devises FCT	■		France		CSE	100.0	100.0	-	-
Vulcain USD FCT	■		France		CSE	100.0	100.0	-	-

Crédit Agricole S.A. Group Scope of consolidation	(1)	(a)	Principal place of business	Country of incorporation if different from the principal place of business	(b)	% control 31/12/2018	% control 31/12/2017	% interest 31/12/2018	% interest 31/12/2017
CORPORATE CENTRE									
Crédit Agricole S.A.									
Crédit Agricole S.A.	●		France			100.0	100.0	100.0	100.0
Succursale Crédit Agricole S.A.	■		United Kingdom	France	B	100.0	100.0	100.0	100.0
Banking and financial institutions									
Caisse régionale de Crédit Agricole mutuel de la Corse	■		France		S	99.9	99.9	99.9	99.9
CL Développement de la Corse	■		France		S	99.9	99.9	99.9	99.9
Crédit Agricole Home Loan SFH	■		France		CSE	100.0	100.0	100.0	100.0
Foncaris	■		France		S	100.0	100.0	100.0	100.0
Investment companies									
Crédit Agricole Capital Investissement et Finance (CACIF)	■		France		S	100.0	100.0	100.0	100.0
Delfinances	■		France		CSE	100.0	100.0	100.0	100.0
Sodica	■		France		S	100.0	100.0	100.0	100.0
Other									
CA Grands Crus	■		France		S	77.9	77.9	77.9	77.9
Cariou Holding	■		France		S	50.0	50.0	50.0	50.0
Crédit Agricole Agriculture	■		France		S	100.0	100.0	100.0	100.0
Crédit Agricole Immobilier	▲		France		JV	50.0	50.0	50.0	50.0
Crédit Agricole Payment Services	■		France		CSE	50.2	50.2	50.2	50.2
Crédit Agricole Public Sector SCF	■		France		CSE	100.0	100.0	100.0	100.0
Crédit Agricole Régions Développement	■		France		S	81.7	81.7	81.7	81.7
ESNI (compartiment Crédit Agricole S.A.)	■		France		CSE	100.0	100.0	100.0	100.0
FCT Crédit Agricole Habitat 2015 Compartiment Corse	■		France		CSE	100.0	100.0	99.9	99.9
FCT Crédit Agricole Habitat 2017 Compartiment Corse	■		France		CSE	100.0	100.0	99.9	99.9
FCT Crédit Agricole Habitat 2018 Compartiment Corse	■	E2	France		CSE	100.0		99.9	
FIRECA	■		France		S	51.0	51.0	51.0	51.0
IDIA	■		France		S	100.0	100.0	100.0	100.0
IDIA DEVELOPPEMENT	■	E1	France		S	100.0		100.0	
IDIA PARTICIPATIONS	■	E1	France		S	100.0		100.0	
S.A.S. Evergreen Montrouge	■		France		CSE	100.0	100.0	100.0	100.0
SCI D2 CAM	▲		France		JV	50.0	50.0	50.0	50.0
SCI Quentyvel	■		France		S	100.0	100.0	100.0	100.0
SILCA	■		France		CSE	100.0	100.0	97.9	97.9
SNC Kalliste Assur	■		France		S	100.0	100.0	99.9	99.9
Uni-medias	■	D1	France		S	100.0	100.0	100.0	100.0

(1) Consolidation Method: ■ Full ▲ Equity Accounted ● Parent

Crédit Agricole S.A. Group Scope of consolidation	(1)	(a)	Principal place of business	Country of incorporation if different from the principal place of business	(b)	% control 31/12/2018	% control 31/12/2017	% interest 31/12/2018	% interest 31/12/2017
Tourism – property development									
Crédit Agricole Immobilier Promotion	▲		France		JV	50.0	50.0	50.0	50.0
Crédit Agricole Immobilier Services	▲		France		JV	50.0	50.0	50.0	50.0
SNC Eole	▲	S3	France		JV		50.0		50.0
SO.GI.CO	▲		France		JV	50.0	50.0	50.0	50.0

(a) Scope changes

Inclusions (E) into the scope of consolidation:

E1: Breach of threshold
E2: Creation
E3: Acquisition (including controlling interests)

Exclusions (S) from the scope of consolidation:

S1: Discontinuation of business (including dissolution and liquidation)
S2: Sale to non-Group companies or deconsolidation following loss of control
S3: Deconsolidated due to non-materiality
S4: Merger or takeover
S5: Transfer of all assets and liabilities

Other (D):

D1: Change of company name
D2: Change in consolidation method
D3: First time listed in the Note on scope of consolidation
D4: IFRS 5 entities

(b) Nature of control

S: Subsidiary
B: Branch
CSE: Consolidated structured entity
JV: Joint Venture
SJV: Structured joint venture
JO: Joint operation
A: Associate
SA: Structured associate

(1) Consolidation Method: ■ Full ▲ Equity Accounted ● Parent

The definitions of the underlined words can be found in the Glossary on page 600.

Note 12 Investments in non-consolidated companies and structured entities

12.1 INFORMATION ON SUBSIDIARIES

This line item amounted to €12,170 million at 31 December 2018, compared with €12,277 million at 31 December 2017. At 31 December 2018, the main investment in non-consolidated companies where percentage of control is greater than 20% and which have significant value on the balance sheet is Crédit Logement (shares A and B). The Group's investment represents 32.49% of Crédit Logement's capital and amounts to €522 million but does not confer any significant influence over this entity, which is jointly held by various French banks and companies.

12.1.1 Non-consolidated controlled entities

Information relating to conventional entities under exclusive control, under joint control and subject to significant influence, and to controlled structured entities not included in the scope of consolidation are available on the Crédit Agricole S.A. Group website at the time of publication of the Registration Document.

12.1.2 Material non-consolidated equity investments

Material equity investments accounting for a fraction of capital greater than or equal to 10% and not included in the scope of consolidation are presented in a table available online on the Crédit Agricole S.A. website at the time of publication of the Registration Document.

12.2 NON-CONSOLIDATED STRUCTURED ENTITIES

IFRS 12 defines a structured entity as an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to the administrative tasks only and the relevant activities are directed by means of contractual arrangements.

Information on the nature and extent of interests held

At 31 December 2018, Crédit Agricole S.A. Group entities had interests in certain non-consolidated structured entities, the main characteristics of which are presented below on the basis of their type of activity:

Securitisation

Crédit Agricole S.A. Group, mainly through its subsidiaries in the Large customers business line, is tasked with structuring securitisation vehicles through the purchase of trade or financial receivables. The vehicles fund such purchases by issuing multiple tranches of debt and equity investments, with repayment being linked to the performance of the assets in such vehicles. It invests in and provides liquidity facilities to the securitisation vehicles it has sponsored on behalf of customers.

Asset management

Crédit Agricole S.A. Group, through its subsidiaries in the Asset gathering business line, structures and manages entities on behalf of customers wishing to invest in specific assets in order to obtain the best possible return having regard to the chosen level of risk. Crédit Agricole S.A. Group entities may thus either be required to hold interests in such entities in order to ensure a successful launch or to guarantee the performance of such structures.

Investment funds

Entities in the Crédit Agricole S.A. Group Asset gathering business line invest in companies established to meet investor demand in connection with treasury management and with the investment of insurance premiums received from insurance company customers, in accordance with the regulatory provisions in the French Insurance Code. Insurance company investments cover commitments to policyholders over the life of insurance policies.

Their value and returns are correlated to these commitments.

Structured finance

Lastly, Crédit Agricole S.A. Group, *via* its subsidiaries in the Large customers business line, is involved in special purpose asset acquisition entities. These entities may take the form of asset financing companies or lease financing companies. In structured entities, the financing is secured by the asset. The Group's involvement is often limited to the financing or to financing commitments.

Sponsored entities

Crédit Agricole S.A. Group sponsors structured entities in the following instances:

- Crédit Agricole S.A. Group is involved in establishing the entity and that involvement, which is remunerated, is deemed essential for ensuring the proper completion of transactions;
- structuring takes place at the request of Crédit Agricole S.A. Group and it is the main user thereof;
- Crédit Agricole S.A. Group transfers its own assets to the structured entity;
- Crédit Agricole S.A. Group is the manager;
- the name of a subsidiary or of the parent company of Crédit Agricole S.A. Group is linked to the name of the structured entity or of the financial instruments issued by it.

Gross revenues from sponsored entities mainly comprise interest income and expenses in securitisation and investment funds, in which Crédit Agricole Assurances and Crédit Agricole CIB do not hold any interests at the reporting date. For Crédit Agricole Assurances they amount to -€2 million and for Crédit Agricole CIB €4 million at 31 December 2018.

Information on the risks related to interests

Financial support for structured entities

In 2018, Crédit Agricole S.A. did not provide financial support to any non-consolidated structured entities.

At 31 December 2018, Crédit Agricole S.A. did not intend to provide financial support to any non-consolidated structured entities.

The definitions of the underlined words can be found in the Glossary on page 600.

Risks associated with interests in non-consolidated structured entities

At 31 December 2018 and 31 December 2017, the Group's implication in non-consolidated structured entities is disclosed in the following tables, for each group of significant sponsored structured entities:

	31/12/2018							
	Securitisation				Asset management			
		Maximum loss				Maximum loss		
(in millions of euros)	Carrying amount	Maximum exposure to losses	Guarantees received and other credit enhancements	Net exposure	Carrying amount	Maximum exposure to losses	Guarantees received and other credit enhancements	Net exposure
Financial assets at fair value through profit or loss	66	66	-	66	2,101	2,101	-	2,101
Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	-
Financial assets at amortised cost	16,537	16,540	152	16,388	-	-	-	-
Total Assets recognised relating to non-consolidated structured entities	**16,603**	**16,606**	**152**	**16,454**	**2,101**	**2,101**	**-**	**2,101**
Equity instruments	-	-	-	-	-	-	-	-
Financial liabilities at fair value through profit or loss	43	-	-	43	833	833	-	833
Liabilities	173	-	-	-	-	-	-	-
Total Liabilities recognised relating to non-consolidated structured entities	**215**	**-**	**-**	**43**	**833**	**833**	**-**	**833**
Commitments given	**-**	**5,484**	**-**	**5,484**	**-**	**20,098**	**302**	**19,827**
Financing commitments	-	5,387	-	5,387	-	-	-	-
Guarantee commitments	-	-	-	-	-	20,129	302	19,827
Other	-	97	-	97	-	-	-	-
Provisions for execution risks – commitments given	-	-	-	-	-	(31)	-	-
Total Commitments (net of provision) to non-consolidated structured entities	**-**	**5,484**	**-**	**5,484**	**-**	**20,098**	**302**	**19,827**
TOTAL BALANCE SHEET RELATING TO NON-CONSOLIDATED STRUCTURED ENTITIES	**16,423**	**-**	**-**	**-**	**94,702**	**-**	**-**	**-**

(1) Non-sponsored structured entities generate no specific risk related to the nature of the entity. Information concerning these exposures is set out in Note 3.1 "Credit risk" and Note " 3.2 "Market risk". These are investment funds in which the Group is not a manager, and structured financing entities in which the Group has only granted a loan.

The definitions of the underlined words can be found in the Glossary on page 600.

31/12/2018							
Investments funds[1]				Structured finance[1]			
	Maximum loss				Maximum loss		
Carrying amount	Maximum exposure to losses	Guarantees received and other credit enhancements	Net exposure	Carrying amount	Maximum exposure to losses	Guarantees received and other credit enhancements	Net exposure
33,254	33,254	-	33,151	35	35	-	35
1	1	-	1	12	12	-	12
-	-	-	-	2,346	2,346	-	2,346
33,254	**33,254**	**-**	**33,152**	**2,393**	**2,393**	**-**	**2,393**
-	-	-	-	-	-	-	-
1,055	15	-	15	4	-	-	4
-	-	-	-	569	-	-	-
1,055	**15**	**-**	**15**	**573**	**-**	**-**	**4**
-	**1,920**	**-**	**1,920**	**-**	**1,445**	**-**	**1,445**
-	-	-	-	-	1,258	-	1,258
-	-	-	-	-	187	-	187
-	1,920	-	1,920	-	-	-	-
-	-	-	-	-	-	-	-
-	**1,920**	**-**	**1,920**	**-**	**1,445**	**-**	**1,445**
297,806	**-**	**-**	**-**	**2,349**	**-**	**-**	**-**

The definitions of the underlined words can be found in the Glossary on page 600.

	31/12/2017									
	Securisation				Asset management		Investment Funds[(1)]		Structured finance[(1)]	
		Maximum loss				Maximum loss		Maximum loss		Maximum loss
(in millions of euros)	**Carrying amount**	Maximum exposure to losses	Guarantees received and other credit enhancements	Net exposure	Carrying amount	Maximum exposure to losses	Carrying amount	Maximum exposure to losses	Carrying amount	Maximum exposure to losses
Financial assets held for trading	238	238	-	238	705	705	390	390	50	50
Financial assets designated at fair value through profit or loss	-		-	-	813	813	30,580	30,580	-	-
Available-for-sale financial assets	212	212	22	190	665	665	4,813	4,813	741	741
Loans and receivables	20,580	20,438	-	20,438	-	-	49	49	2,593	2,593
Held to maturity financial assets	-	-	-	-	-	-	-	-	-	-
Total assets recognised relating to non-consolidated stuctured entities	**21,030**	**20,888**	**22**	**20,866**	**2,183**	**2,183**	**35,832**	**35,832**	**3,385**	**3,385**
Equity instruments issued	11			-	-		-		-	
Fiancial liabilities held for trading	133			-	1,416		589		18	
Financial liabilities designated at fair value through profit or loss	-			-	-		-		-	
Liabilities	856			-	-		180		565	
Total liabilities recognises designated relating to non-consolidated structured entities	**1,000**		**-**	**-**	**1,416**		**769**		**583**	
Commitments given										
Financing commitments		10,357		10,357		-		-		625
Guarantee commitments		-		-		21,322		-		417
Others		3		3		-		-		-
Provisions for execution risks – commitments given		-		-		(20)		-		-
Total commitments (net of provision) to non-consolidated structured entities		**10,360**		**10,360**		**21,302**		**-**		**1,043**
TOTAL BALANCE SHEET RELATING TO NON-CONSOLIDATED STRUCTURED ENTITIES	**21,914**				**86,014**		**311,250**		**2,674**	

(1) Non-sponsored structured entities generate no specific risk related to the nature of the entity. Information concerning these exposures is set out in Note 3.1 "Credit risk" and Note " 3.2 "Market risk". These are investment funds in which the Group is not a manager, and structured financing entities in which the Group has only granted a loan.

Maximum exposure to loss risk

The maximum exposure to loss risk on financial instruments corresponds to the value recognised on the balance sheet, with the exception of option sale derivatives and credit default swaps for which the exposure corresponds to assets for the notional amount and to liabilities for the notional amount less the mark-to-market. The maximum exposure to loss risk on commitments given corresponds to the notional amount and the provision for commitments given in the amount recognised on the balance sheet.

Note 13 Events subsequent to 31 December 2018

No significant events took place after the balance sheet date.

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

(For the year ended 31 December 2018)

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report includes information specifically required by European regulations or French law, such as information about the appointment of Statutory Auditors. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

OPINION

In compliance with the engagement entrusted to us by your General Meeting of Shareholders, we have audited the accompanying consolidated financial statements of Crédit Agricole S.A. for the year ended 31 December 2018.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group at 31 December 2018 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

BASIS FOR OPINION

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under these standards are further described in the "Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements" section of our report.

Independence

We conducted our audit engagement in compliance with the independence rules applicable to us, for the period from 1 January 2018 to the date of our report, and, in particular, we did not provide any non audit services prohibited by article 5(1) of Regulation (EU) No 537/2014 or the French Code of Ethics (*Code de déontologie*) for Statutory Auditors.

EMPHASIS OF MATTER

Without qualifying our opinion, we draw your attention to the change in accounting policy concerning the application as from 1 January 2018 of the new IFRS 9 "Financial instruments" presented in Note 1.1 "Applicable standards and comparability" and the paragraph "Accounting rules and procedures" as well as in the other notes to the consolidated financial statements presenting quantified data related to the impact of this change.

JUSTIFICATION OF ASSESSMENTS – KEY AUDIT MATTERS

In accordance with the requirements of articles L. 823-9 and R. 823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgement, were the most significant in our audit of the consolidated financial statements, as well as how we addressed those risks.

These matters were addressed as part of our audit of the consolidated financial statements as a whole, and therefore contributed to the opinion we formed as expressed above. We do not provide a separate opinion on specific items of the consolidated financial statements.

The definitions of the underlined words can be found in the Glossary on page 600.

Credit risk and estimate of expected losses on performing, underperforming and non-performing loans in the context of the first-time application of IFRS 9

Description of risk	How our audit addressed this risk
In accordance with IFRS 9, since 1 January 2018 the Crédit Agricole S.A. Group recognises value adjustments in respect of expected credit losses (ECL) on loans that are performing (Bucket 1), underperforming (Bucket 2) or non-performing (Bucket 3). Given the significant judgement exercised by management in determining such value adjustments and the changes resulting from the implementation of the new standard (adaptation of the operational mechanism for calculating ECL, new information systems, inputs, new control framework, etc.), we deemed the estimation of ECL and the information provided in the notes to the consolidated financial statements, both at the date of the first-time application of the new standard and at 31 December 2018, to be a key audit matter for the following main entities and risk segments: ■ Crédit Agricole Consumer Finance: impairment of loans in Buckets 1, 2 and 3; ■ retail banking: impairment of loans in Buckets 1 and 2 of LCL and Bucket 3 of Cariparma; ■ Crédit Agricole CIB: ECL of performing and underperforming (Buckets 1 and 2) and non-performing (Bucket 3) loans for financing granted to companies in the maritime and energy sectors, due to an uncertain economic environment, the complexity of identifying exposures where there is a risk of non recovery and the degree of judgement needed to estimate recovery flows. The impact of the first-time application of the new standard IFRS 9 in relation to impairment losses was recognised in equity at 1 January 2018 in the amount of €1,260 million. At 31 December 2018, value adjustments for expected losses on all eligible financial assets amounted to €11 billion of which: ■ €3 billion of value adjustments pertaining to performing and underperforming assets (€1.2 billion in Bucket 1 and €1.8 billion in Bucket 2); ■ €8 billion of value adjustments pertaining to non-performing loans (Bucket 3). See the notes on the effects of the application IFRS 9 at 1 January 2018 and Note 3.1 to the consolidated financial statements.	We examined the procedures implemented by the Risk Management department to categorise loans (Bucket 1, 2 or 3) and measure the amount of recorded ECL, in order to assess whether the estimates used were based on IFRS 9-compliant methods, and were appropriately documented and described in the notes to the consolidated financial statements. We tested the key controls implemented by the main entities for the annual portfolio reviews, the updating of credit ratings, the identification of underperforming or non-performing loans and the measurement of impairment. We also familiarised ourselves with the main findings of the primary Group entities' specialised committees in charge of monitoring underperforming and non-performing loans. Regarding impairment in Buckets 1 and 2, we: ■ asked experts to assess the methods and measurements for the various ECL inputs and calculation models; ■ examined the methodology used to identify significant increases in credit risk (SICR); ■ tested the controls for the transfer of the data used to calculate ECL or the reconciliations between the bases used to calculate ECL and the accounting data; ■ carried out independent ECL calculations on the basis of samples, compared the calculated amount with the recognised amount and examined the adjustments made by management where applicable; ■ also assessed the analyses carried out by management on Crédit Agricole CIB's corporate bank's exposures with a deteriorated outlook. Regarding individually calculated value adjustments in Bucket 3, we: ■ analysed the reasons given for the impacts of the first-time application of IFRS 9 on the loans in Bucket 3; ■ examined the estimates used for Crédit Agricole CIB's impaired significant counterparties and, on the basis of a sample of credit files, examined the factors underlying the main assumptions used to assess the expected recovery flows, in particular with regard to valuing collateral. Lastly, we examined the disclosures regarding credit risk hedging provided in the notes to the consolidated financial statements, including with respect to the impacts of the first-time application of IFRS 9.

The definitions of the underlined words can be found in the Glossary on page 600.

Goodwill

Description of risk	How our audit addressed this risk
Goodwill is tested for impairment whenever there are indications of impairment and otherwise at least once a year. These tests are based on a comparison between the carrying amount of each Cash Generating Unit (CGU) and its value in use. Value in use is determined by discounting the estimated future cash flows of the CGU, as set out in the four-year financial forecasts and extended to 2023. The percentage of capital allocation is determined by taking into account any specific requirements set by the regulator (in particular for Pillar 2). We deemed the measurement of goodwill to be a key audit matter as impairment tests necessarily require management to make decisions concerning the key assumptions to use, in particular for determining economic scenarios, financial forecasts and discount rates. Given the difference between the value in use and the carrying amount, past performance and their sensitivity to the assumptions used by management, we paid particular attention to the tests conducted on the French retail banking – LCL and International retail banking – Italy CGUs. At 31 December 2018, the goodwill recognised in the balance sheet totalled a net amount of €15.5 billion, including €4.8 billion relating to French retail banking and €1.7 billion relating to international retail banking. See Note 6.15 to the consolidated financial statements.	We gained an understanding of the procedures implemented by the Group to identify indications of impairment and to assess the need for impairment of goodwill. We included valuation experts in the audit team to examine the assumptions used to determine the discount rates and the perpetual growth rates used as well as the models used for calculating discounted cash flows. We tested the calculations and the main assumptions (percentage of capital allocation, discount rate, perpetual growth rate, etc.) compared with external sources. We examined the financial forecasts prepared by the management of each entity concerned and used in the model to: ▪ verify their consistency with those that have been approved by the competent bodies (Board of Directors) of the entities or sub groups and that any restatements made were justified; ▪ assess the main underlying assumptions, including for the extension of forecasts beyond the four-year period that was submitted to the entities' competent bodies. These assumptions were assessed in particular in view of the financial forecasts and the actual performance of prior periods; ▪ conduct sensitivity tests to some of the assumptions (level of capital allocated, discount rate, cost of risk). We also examined the disclosures provided in the notes to the consolidated financial statements on the results of these impairment tests and the level of sensitivity to the various measurement inputs.

Legal, tax and compliance risks

Description of risk	How our audit addressed this risk
The Group is subject to judicial proceedings or arbitration and a number of investigations and requests for regulatory information from different regulators. These concern in particular the Euribor/Libor and SSA Bonds matters with authorities from various countries (USA, UK, Switzerland) and the European Union. They also concern ongoing actions by the Italian competition authority and the Dutch credit mediator (KIFID) for the consumer finance business line. A number of tax investigations are also ongoing in France and some of the countries in which the Group operates (including Germany). Deciding whether or not to recognise a provision and the amount of that provision requires the use of judgement, given that it is difficult to assess the outcome of disputes or the final tax impacts of certain structural transactions. Given its sensitivity to these assumptions, thus constituting a significant risk of material misstatement in the financial statements, we deemed the measurement of provisions for legal, compliance and tax risks to be a key audit matter. The various ongoing investigations, requests for information and the actions of certain authorities as well as the most important tax inspections at 31 December 2018 are described in Notes 1.2 and 6.17 to the consolidated financial statements.	The risk of a significant outflow of funds concerns a limited number of matters that we monitor on a regular basis. We gained an understanding of the procedure for measuring the risks and, where applicable, the provisions associated with these matters, through quarterly exchanges with management and in particular the Legal, Tax and Compliance departments of the Group and its main subsidiaries. Our work consisted primarily in: ▪ examining the assumptions used to determine provisions based on available information (documentation prepared by the Legal department or legal counsel of Crédit Agricole S.A. and Group entities, correspondence from regulators and minutes of Legal Risks Committee meetings); ▪ gaining an understanding of the analyses and findings of the Bank's legal counsel and their responses to our requests for confirmation; ▪ as regards tax risks in particular, examining, with guidance from our specialists, the Company's responses submitted to the relevant authorities, as well as the risk estimates carried out by the bank; ▪ assessing, accordingly, the level of provisioning at 31 December 2018. Lastly, we examined the related disclosures provided in the notes to the consolidated financial statements.

6

Measurement of certain Crédit Agricole CIB financial assets and liabilities classified in level 3 of the fair value hierarchy

Description of risk

Within the Large Customers business line of the Crédit Agricole S.A. Group, Crédit Agricole CIB originates structures, sells and trades derivative financial instruments, for corporates and financial institutions. Moreover, the issue of debt instruments, some of which are structured, to the Group's international and domestic customers contributes to the management of the bank's medium- and long-term refinancing.

- Derivative financial instruments are held for trading purposes and measured at fair value through profit or loss on the balance sheet.
- Structured issues are recognised in financial liabilities subject to the fair value through profit or loss option.

These instruments are classified in level 3 when their measurement requires the use of significant unobservable market inputs. We deemed the measurement of such instruments to be a key audit matter, as it requires judgement from management, in particular as regards:

- the categorisation of financial instruments according to the fair value hierarchy;
- the determination of inputs unsubstantiated by observable market data;
- the use of internal and non standard valuation models;
- the estimate of valuation adjustments designed to reflect uncertainties related to the models, the inputs used and counterparty and liquidity risks; and the analysis of any valuation differences with counterparties noted in connection with margin calls or the disposal of instruments.

Crédit Agricole CIB's level 3 derivative financial instruments and structured issues are recorded in the balance sheet of the Crédit Agricole S.A. Group under financial assets and liabilities at fair value through profit or loss. At 31 December 2018, derivative financial instruments recorded in the balance sheet of the Crédit Agricole Group amounted to €1.5 billion in assets and €1.7 billion in liabilities. Structured issues were recorded in the amount of €8.4 billion in financial liabilities subject to the fair value through profit or loss option.

See Notes 6.2 and 10.2 to the consolidated financial statements of Crédit Agricole S.A.

How our audit addressed this risk

We gained an understanding of the processes and controls put in place by Crédit Agricole CIB to identify, measure and recognise derivative financial instruments and structured issues classified in level 3.

We examined key controls such as the independant verification of measurement inputs and the internal approval of valuation models and inputs by the Risk Management and Permanent Control department. We also examined the system governing the recognition of valuation adjustments and the accounting categorisation of financial products.

With the support of audit team experts, we carried out independent valuations, analysed those performed by the bank, and examined the assumptions, inputs, methodologies and models used at 31 December 2018.

We also assessed the main valuation adjustments recognised, as well as the justification provided by management for the main differences observed in margin calls and losses and/or gains in the event of the disposal of financial products.

The definitions of the underlined words can be found in the Glossary on page 600.

Specific technical reserves and liability adequacy tests in relation to insurance policies

Description of risk	How our audit addressed this risk
Within the Insurance business line of the Crédit Agricole S.A. Group, insurance liabilities are recognised as technical reserves in compliance with French consolidation standards and the applicable regulations, as permitted under IFRS 4. These technical reserves include certain specific reserves required under the French Insurance Code (Code des assurances), the determination of which necessitates a particular degree of judgement. This concerns the following reserves in particular: ■ in an environment of ongoing low interest rates, the overall management expenses reserve established for each homogeneous class of life insurance policies where the management fees charged to policyholders do not cover management expenses; ■ the reserve for growing risks of dependence, established where the present value of the insurer's commitments in terms of health or disability cover is higher than the projected contributions of policyholders; ■ reserves for late claims relating to non-life insurance policies for which losses have occurred but have not yet been declared or valued. For the life insurance technical reserves, the Group conducts an annual liability adequacy test to ensure that insurance liabilities are adequate to meet estimated future cash flows after projected management fees. Considering the sensitivity of the above specific reserves and of the liability adequacy test to the different underlying assumptions used (asset yield forecasts, policyholder behaviour, insurer's financial policy, period of independent living or probability of occurrence of a state of dependency, statistical models and expert assessments used for valuing late claims, discount rate, etc.), we deemed specific technical reserves and liability adequacy tests to be a key audit matter. Net insurance technical reserves amounted to €322.8 billion at 31 December 2018. See Notes 1.2, 4.6, 5.3 and 6.16 to the consolidated financial statements.	For the main specific reserves mentioned below, we included actuaries in our audit teams, for the purpose of: ■ examining the compliance of the Group's methodology for measuring these reserves with the applicable regulations; ■ gaining an understanding of the control environment relating to the management or valuation of losses, the design of forecast models or stochastic models and the determination of the main assumptions input in the model (asset yield, modelling of fees, redemption rate, mortality tables, projected period of independent living and probability of occurrence of a state of dependency, discount rate, etc.); ■ reconciling the main data used for calculating these reserves with the management data; ■ analysing certain models or data in the light of market practice, the economic environment and historical data; ■ examining the key controls of the information systems supporting the processing of technical data and accounting entries; ■ recalculating certain reserves.

SPECIFIC VERIFICATIONS

As required by legal and regulatory provisions and in accordance with professional standards applicable in France, we have also verified the information pertaining to the Group presented in the Board of Directors' management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

We attest that the information pertaining to the Group presented in Board of Directors' management report includes the consolidated non-financial information statement required under article L. 225-102-1 of the French Commercial Code. However, in accordance with article L. 823-10 of the French Commercial Code, we have not verified the fair presentation and consistency with the consolidated financial statements of the information given in that statement, which will be the subject of a report by an independent third party.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of Crédit Agricole S.A. by the General Meetings of Shareholders held on 19 May 2004 for PricewaterhouseCoopers Audit and in 1985 for Ernst & Young et Autres.

At 31 December 2018, PricewaterhouseCoopers Audit and Ernst & Young et Autres were in the fifteenth and the thirty-fourth consecutive year of their engagement, respectively.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for preparing consolidated financial statements giving a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and for implementing the internal control procedures it deems necessary for the preparation of consolidated financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting, unless it expects to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems, as well as, where applicable, any internal audit systems, relating to accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

RESPONSIBILITIES OF THE STATUTORY AUDITORS RELATING TO THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Objective and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free of material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions taken by users on the basis of these consolidated financial statements.

As specified in article L. 823-10-1 of the French Commercial Code, our audit does not include assurance on the viability or quality of the Company's management.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgement throughout the audit.

They also:

- identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of the internal control procedures relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the consolidated financial statements;

- assess the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;
- evaluate the overall presentation of the consolidated financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The Statutory Auditors are responsible for the management, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed thereon.

Report to the Audit Committee

We submit a report to the Audit Committee which includes, in particular, a description of the scope of the audit and the audit programme implemented, as well as the results of our audit. We also report any significant deficiencies in internal control that we have identified regarding the accounting and financial reporting procedures.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgement, were the most significant for the audit of the consolidated financial statements and which constitute the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in article 6 of Regulation (EU) No 537/2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in articles L. 822-10 to L. 822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit Committee.

Neuilly-sur-Seine and Paris-La Défense, 25 March 2019

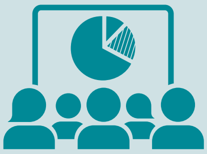
The Statutory Auditors

PricewaterhouseCoopers Audit	ERNST & YOUNG ET AUTRES
Anik Chaumartin	Olivier Durand


PARENT COMPANY
FINANCIAL
STATEMENTS
7

KEY FIGURES

NET INCOME



€2,740m

Revenues

€2,908m

TOTAL ASSETS

€583,234m

Crédit Agricole internal transactions (assets)

€314,865m

Financial investments

€64,597m

Equity (excluding FGBR)

€50,159m

The definitions of the underlined words can be found in the Glossary on page 600.

PARENT COMPANY FINANCIAL STATEMENTS AT 31 DECEMBER 2018

Approved by the Board of Directors of Crédit Agricole S.A. on 13 February 2019 and submitted for the approval of the Ordinary General Meeting of 21 May 2019

BALANCE SHEET AT 31 DECEMBER 2018

ASSETS

(in millions of euros)	Notes	31/12/2018	31/12/2017
Money market and interbank items		**147,976**	**137,626**
Cash, due from central banks		8,306	1,659
Treasury bills and similar securities	5	14,863	15,834
Loans and receivables due from credit institutions	3	124,807	120,133
Crédit Agricole internal transactions	**3**	**314,865**	**301,090**
Loans and receivables due from customers	**4**	**3,997**	**4,070**
Portfolio securities		**32,775**	**31,346**
Bonds and other fixed-income securities	5	32,768	31,325
Equities and other variable income securities	5	7	21
Fixed assets		**64,728**	**63,560**
Equity investments and other long term equity investments	6-7	878	885
Investments in subsidiaries and affiliates	6-7	63,719	62,538
Intangible assets	7	18	24
Property, plant and equipment	7	113	113
Due from shareholders – unpaid capital		**-**	**-**
Treasury shares	**8**	**41**	**27**
Accruals, prepayments and sundry assets		**18,852**	**17,900**
Other assets	9	5,828	5,087
Accruals and deferred income	9	13,024	12,813
TOTAL ASSETS		**583,234**	**555,619**

The definitions of the underlined words can be found in the Glossary on page 600.

LIABILITIES AND EQUITY

(in millions of euros)	Notes	31/12/2018	31/12/2017
Money market and interbank items		**90,959**	**91,821**
Due to central banks		7	3
Due to credit institutions	11	90,952	91,818
Crédit Agricole internal transactions	**11**	**34,798**	**36,667**
Due to customers	**12**	**249,555**	**237,100**
Debt instruments	**13**	**108,489**	**89,031**
Accruals, deferred income and sundry liabilities		**20,773**	**20,925**
Other liabilities	14	7,382	7,382
Accruals and deferred income	14	13,391	13,543
Provisions and subordinated debt		**27,349**	**29,869**
Provisions	15-16-17	2,302	1,334
Subordinated debt	19	25,047	28,535
Fund for General Banking Risk (FGBR)	**18**	**1,152**	**1,112**
Equity (excluding FGBR)	**20**	**50,159**	**49,094**
Share capital		8,599	8,538
Share premiums		12,375	12,206
Reserves		12,591	12,686
Revaluation adjustments		-	-
Regulated provisions and investment subsidies		15	15
Retained earnings		13,839	14,085
Net income/(loss) for the financial year		2,740	1,564
TOTAL LIABILITIES AND EQUITY		**583,234**	**555,619**

OFF-BALANCE SHEET AT 31 DECEMBER 2018

(in millions of euros)	Notes	31/12/2018	31/12/2017
COMMITMENTS GIVEN		**22,515**	**20,751**
Financing commitments	27	5,115	4,652
Guarantee commitments	27	17,369	16,088
Commitments on securities	27	31	11
COMMITMENTS RECEIVED		**73,112**	**72,324**
Financing commitments	27	60,820	61,214
Guarantee commitments	27	12,272	11,110
Commitments on securities	27	20	-

INCOME STATEMENT AT 31 DECEMBER 2018

(in millions of euros)	Notes	31/12/2018	31/12/2017
Interest and similar income	28	10,113	11,164
Interest and similar expenses	28	(11,411)	(12,118)
Income from variable income securities	29	3,860	1,593
Fee and commission (income)	30	903	942
Fee and commission (expenses)	30	(648)	(680)
Net gains (losses) on trading book	31	(105)	443
Net gains (losses) on short term investment portfolios and similar	32	175	139
Other banking income	33	192	16
Other banking expenses	33	(171)	(42)
Revenues		**2,908**	**1,457**
Operating expenses	34	(737)	(753)
Depreciation, amortisation and impairment of property, plant & equipment and intangible assets		(10)	(9)
Gross operating income		**2,161**	**695**
Cost of risk	35	(9)	14
Operating income		**2,152**	**709**
Net gains (losses) on fixed assets	36	(10)	634
Pre-tax income on ordinary activities		**2,142**	**1,343**
Net extraordinary items		-	-
Income tax charge	37	638	255
Net allocation to FGBR and regulated provisions		(40)	(34)
NET INCOME FOR THE FINANCIAL YEAR		**2,740**	**1,564**

The definitions of the underlined words can be found in the Glossary on page 600.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

DETAILED SUMMARY OF THE NOTES

7

Note 1 Legal and financial background and significant events during the financial year

1.1 LEGAL AND FINANCIAL BACKGROUND

Crédit Agricole S.A. is a French Public Limited Company *(Société Anonyme)* with a share capital of €8,599,311 thousand (*i.e.* 2,866,437,156 shares with a par value of €3 each).

At 31 December 2018, the share capital of Crédit Agricole S.A. broke down as follows:

- 56.26% owned by SAS Rue La Boétie;
- 43.59% free float (including employees).

In addition, Crédit Agricole S.A. had 4,378,305 treasury shares at 31 December 2018, *i.e.* 0.15% of its capital, compared with 2,146,133 treasury shares at 31 December 2017.

Crédit Agricole S.A. coordinates the activities of the Regional Banks, is responsible for exercising administrative, technical and financial control over them and has right of supervision in accordance with the French Monetary and Financial Code. By virtue of its duties as a corporate centre, as confirmed by the Banking Act, it is responsible for ensuring the cohesion and proper functioning of the network, as well as each Regional Bank's compliance with operating standards. It guarantees their liquidity and solvency. Moreover, in 1988, the Regional Banks granted a guarantee to third-party creditors of Crédit Agricole S.A. on a joint and several basis up to the aggregate amount of their own funds. This guarantee may be exercised in the event of an asset shortfall at Crédit Agricole S.A. identified in the course of its bankruptcy or dissolution.

1.2 CRÉDIT AGRICOLE INTERNAL FINANCIAL MECHANISMS

Affiliation with the Crédit Agricole network also means being part of a system of financial relationships that operates as described below:

Regional Banks' current accounts

Each Regional Bank holds a current account with Crédit Agricole S.A., which records the financial movements resulting from internal financial transactions within the Group. This account, which may be in credit or debit, is presented in the balance sheet under "Crédit Agricole internal transactions – Current Accounts".

Special savings accounts

Funds held in special savings accounts (popular savings passbook accounts (*Livret d'épargne populaire),* sustainable development passbook accounts *(Livret de développement durable),* home purchase savings schemes and accounts, popular savings plans, youth passbook accounts *(Livrets Jeunes)* and passbook savings accounts *(Livret A))* are collected by the Regional Banks on behalf of Crédit Agricole S.A. These funds are required to be transferred to the latter. Crédit Agricole S.A. recognises them on its balance sheet as "Due to customers".

Term deposits and advances

The Regional Banks also collect savings funds (passbook accounts, bonds, certain time accounts, warrants and related accounts, etc.) on behalf of Crédit Agricole S.A. These funds are transferred to Crédit Agricole S.A., and are recognised as such on its balance sheet.

Special savings accounts and time deposits and advances are used by Crédit Agricole S.A. to make "advances" (loans) to the Regional Banks, with a view to funding their medium and long term loans.

A series of four internal financial reforms has been implemented. These reforms have permitted the transfer back to the Regional Banks, in the form of mirror advances (with maturities and interest rates precisely matching those of the savings funds received) of first 15%, 25%, then 33% and, finally, since 31 December 2001, 50% of the savings funds, which they are now free to use at their discretion.

Since 1 January 2004, the financial margins generated by the centralised management of funds collected (and not transferred back *via* mirror advances) are split between the Regional Banks and Crédit Agricole S.A. and are determined by using replacement models and applying market rates.

Furthermore, 50% of new loans written since 1 January 2004 and falling within the field of application of financial relations between Crédit Agricole S.A. and the Regional Banks may be refinanced in the form of advances negotiated at market rates with Crédit Agricole S.A.

Hence, there are currently two types of advances: advances governed by financial rules from before 1 January 2004 and those governed by the new rules.

Crédit Agricole S.A. may also make additional financing available to the Regional Banks at market rates.

Transfer of Regional Banks' liquidity surpluses

The Regional Banks may use their monetary deposits (demand deposits, non-centralised time deposits and negotiable certificates of deposit) to finance lending to their customers. Surpluses must be transferred to Crédit Agricole S.A. where they are booked as current or time accounts, under "Crédit Agricole internal transactions".

Investment of Regional Banks' surplus capital with Crédit Agricole S.A.

Available surplus capital may be invested with Crédit Agricole S.A. in the form of three to ten-year instruments with the same characteristics of interbank money market transactions in all respects.

Foreign currency transactions

Crédit Agricole S.A. represents the Regional Banks with respect to the Bank of France and centralises their foreign currency transactions.

Medium and long term notes issued by Crédit Agricole S.A.

These are placed mainly on the market or by the Regional Banks with their customers. They are booked by Crédit Agricole S.A. under liabilities either as "Debt instrument" or as "Provisions and subordinated debt", depending on the type of securities issued.

The definitions of the underlined words can be found in the Glossary on page 600.

Coverage of liquidity and solvency Risks

Under the legal internal financial solidarity mechanism enshrined in Article L. 511-31 of the French Monetary and Financial Code, Crédit Agricole S.A. as corporate centre, must take all measures necessary to ensure the liquidity and solvency of each affiliated credit institution, as well as the network as a whole. As a result, each member of the network and each affiliated institution benefits from this internal financial solidarity mechanism.

The general provisions of the French Monetary and Financial Code are transposed into internal provisions setting out the operational measures required for this internal financial solidarity mechanism.

In the framework of the IPO of Crédit Agricole S.A. in 2001, CNCA (now Crédit Agricole S.A.) signed an agreement with the Regional Banks aiming to govern internal relations within Crédit Agricole Group. The agreement notably provided for the creation of a Fund for Bank Liquidity and Solvency Risks (FRBLS) designed to enable Crédit Agricole S.A. to fulfil its role as corporate centre by providing assistance to any affiliated members that may experience difficulties. The main provisions of this agreement are set out in Chapter III of the Registration document filed by Crédit Agricole S.A. with the *Commission des opérations de bourse* on 22 October 2001 under number R.01-453.

Moreover, European legislation relating to the resolution of banking crises adopted in 2014 (the BRRD directive and the regulation establishing a Single Resolution Mechanism transposed into French law by Ordinance 2015-1024 of 20 August 2015) introduced a number of significant changes to the regulations applicable to credit institutions.

The new framework, which includes measures to prevent and to resolve banking crises, is intended to preserve financial stability, to ensure the continuity of activities, services and operations of institutions whose failure could significantly impact the economy, to protect depositors and to avoid or limit, as much as possible, the use of public financial support. In this context, the Single Resolution Board, the European Resolution Authority, was granted extensive powers to take all necessary measures in connection with the resolution of all or part of a credit institution or the group to which it belongs.

This resolution framework does not affect the legal internal financial solidarity mechanism enshrined in Article L. 511-31 of the French Monetary and Financial Code, which applies to the Crédit Agricole Network, as defined in Article R. 512-18 of the same Code. Crédit Agricole S.A. considers that, in practice, this mechanism should be implemented prior to any resolution procedure.

The application of the resolution procedure to Crédit Agricole Group would thus mean that the legal internal solidarity mechanism had failed to cope with the bankruptcy of one or more Group affiliates, and hence of the network as a whole. By its very nature it also limits the occurrence of the conditions for implementing the guarantee of the obligations of Crédit Agricole S.A. granted in 1988 to its third-party creditors by the Regional Banks on a joint and several basis, and up to the aggregate amount of their own funds. It should be recalled that this guarantee may be exercised in the event of an asset shortfall at Crédit Agricole S.A. identified in the course of its bankruptcy or dissolution.

In connection with the institution of a resolution procedure, the Single Resolution Board (SRB) should respect the fundamental principle that no creditor must suffer losses in connection with a resolution procedure that are greater than those it would suffer if the entity had been liquidated in a normal insolvency procedure (the "No Creditor Worse Off than on Liquidation" – NCWOL – principle, set forth in Article L. 613-57-1 of the French Monetary and Financial Code, and Article 73 of the BRRD directive). Because this principle must be respected, Crédit Agricole S.A. considers that the existence of the guarantee granted in 1988 by the Regional Banks in favour of the creditors of Crédit Agricole S.A., will have to be taken into account by the Single Resolution Board, although it is not possible to determine how this will be done.

Specific guarantees provided by the Regional Banks to Crédit Agricole S.A. (Switch)

Following the simplification of the Group's structure, which resulted in the sale of the CCI/CCA interests held by Crédit Agricole S.A. to Sacam Mutualisation – a company wholly owned by the Regional Banks – Crédit Agricole S.A. no longer holds any of the Regional Banks' share capital (except for four Regional Banks for which Crédit Agricole S.A. retained a small number of CCAs for legal reasons). The transaction was thus accompanied by the signing of two amendments to the Framework Agreement governing the Switch Guarantee on 17 February 2016 (amendment No. 2) and 21 July 2016 (amendment No. 3) respectively, resulting notably in the end of the guarantee on the CCIs/CCAs.

The modified mechanism took effect on 1 July 2016 and now limits transfers to the Regional Banks to the prudential requirements relating to Crédit Agricole S.A.'s shares in Crédit Agricole Assurances (CAA) within the bounds of a contractual ceiling: we now talk of Switch Insurance.

The effectiveness of the mechanism is secured by security deposits paid by the Regional Banks to Crédit Agricole S.A. These security deposits are calibrated to show the capital savings generated by Crédit Agricole S.A., and are remunerated at a fixed-rate based on conditions prevailing for long term liquidity.

The Insurance Switch guarantees protect Crédit Agricole S.A. from a decline in the overall equity-accounted value of these equity investments, subject to payment by the Regional Banks of compensation from the security deposit. Likewise, if the equity-accounted value later recovers, Crédit Agricole S.A. may return previously paid compensation in accordance with a claw-back provision.

Guarantees are recognised as off-balance sheet commitments in the same way as first demand guarantees given. Their compensation is recognised in stages in the interest margin under Revenues. In the event of a call on guarantees, or following an improvement in fortunes, where applicable, the compensation payment or redemption proceeds are recognised under Cost of risk.

It should be noted that the Insurance Switch guarantees are triggered on a half-yearly basis and are assessed on the basis of half-yearly changes in the equity-accounted value of the CAA equity investments. At each quarterly closing, the Regional Banks are required to estimate if there is a risk that compensation will be payable and to fund provisions accordingly: in the case of a claw-back, no income can be recognised given the uncertainty. At each half-yearly close, and if the conditions have been met, the Regional Banks recognise the effects of triggering the guarantees (calling or clawback).

The definitions of the underlined words can be found in the Glossary on page 600.

1.3 SIGNIFICANT EVENTS IN 2018

Euro Secured Notes Issuer (ESNI)

On 9 April 2018, Crédit Agricole S.A. renewed its involvement in the securitisation vehicle with ESNI compartments, set up in 2014 by leading banks to ensure the refinancing of private loans. As part of this, Crédit Agricole S.A., borrowed cash and subscribed €2 billion to the ESNI issue.

LCL capital increase

In accordance with an ECB decision taken on 19 December 2017, LCL is obliged to comply with a new Pillar 2 minimum CET1 capital ratio requirement of 9.5% with effect from 30 June 2018.

To satisfy this requirement, on 15 June 2018 LCL performed a capital increase of €950 million, through the issue of 36,651,200 new shares with a unit price of €25.92, subscribed in their entirety by Crédit Agricole S.A., thus increasing its stake to 95.56%.

Cariparma capital increase

In order to satisfy the new capital requirements, on 19 June 2018 Cariparma carried out a capital increase, to which Crédit Agricole S.A. subscribed €127 million, taking its interest to 76.90%.

Removal of loyalty dividends

The removal of the loyalty dividend was approved by the Special Meeting of eligible shareholders on 4 April 2018 and later by the non-eligible shareholders at the Extraordinary General Meeting held on 16 May 2018.

As a reminder, this loyalty dividend applied to shares held and registered for more than two calendar years as at the reporting date of the financial year to which the dividend related and that continued to be held on the date of payment of the dividend. Since 24 May 2018, eligible shareholders have received, as a compensatory measure, one new ordinary share for every 26 eligible shares held in registered form for more than two years at 31 December 2017 and still held on the date of payment of the dividend relating to the 2017 financial year.

This transaction resulted in the creation of 6,530,044 new ordinary shares (representing a capital increase of approximately 0.23%), of which the delivery and admission for trading on Euronext Paris took place on 24 May 2018.

These new shares, which bear dividend rights from 1 January 2018, will be immediately fungible with the ordinary shares making up the share capital of Crédit Agricole S.A.

Following this transaction, the share capital stands at €8,557,903,710, divided into 2,852,634,570 ordinary shares with a par value each of €3, fully paid-up.

Capital increase reserved for employees

The Crédit Agricole S.A. capital increase reserved for employees was carried out on 1 August 2018. Some 19,000 Crédit Agricole Group employees, in France and 14 other countries, subscribed for €135.5 million.

The proposed investment scheme was a standard offer with a subscription including a 20% rebate on the share price. The new shares were issued and delivered to employees on 1 August 2018.

This capital increase created 13,802,586 new shares, thereby bringing the total number of shares comprising the share capital of Crédit Agricole S.A. to 2,866,437,156.

Green Bond issue

On 5 December 2018, Crédit Agricole S.A. carried out its first ever green bond issue for €1 billion at an annual rate of 0.75% with a maturity of five years.

The assets underpinning this issuance will necessarily make it possible to fund projects that support the energy and environmental transition in the following sectors: renewable energy, green real estate, energy efficiency, clean transport, management of waste and water, sustainable agriculture and forest management.

Tax litigation on Emporiki securities

On 17 May 2018, Crédit Agricole S.A. benefited from a favourable decision by the Versailles Administrative Court of Appeal, which found that the securities issued as part of the July 2012 capital increase were short term investment securities since it has been proven that there existed, at the date of this transaction, an intention to sell the issued securities, resulting in non-compliance with the accounting criteria of utility and long term holding and justifying the recognition of said securities as equity securities. Consequently, the provision made for 100% of the issue value of the securities was tax deductible.

This enforceable decision was the subject of an appeal by the tax authorities to the Council of State on 18 July 2018. The tax income corresponding to the deduction of the provision with default interest is recognised at 31 December 2018 for a total amount of €954 million and gives rise to a provision for liabilities in the same amount due to the non-definitive nature of the decision by the Court of Appeal.

Furthermore, a claim was filed by Crédit Agricole S.A. on 6 March 2018, following the upholding by the tax authorities of the adjustment relating to the securities issued as part of the January 2013 capital increase, despite the favourable opinion by the National Tax Commission given on 13 January 2017, which stated that the tax adjustment should be abandoned. This claim was rejected by the tax authorities on 7 August 2018. Thus, on 4 October 2018, Crédit Agricole S.A. filed a request to the Administrative Court of Montreuil.

2008-2009 foreign tax credit

The dispute with the tax authorities involved the tax rates used in 2008 and 2009 on foreign tax credits.

In fact, on these dates, the Group was loss-making and foreign tax credits were taxed at a reduced rate, namely 15% and 19%. However, the tax authorities challenged the use of these reduced rates and asked that these tax credits be taxed at the standard rate of 33.33%. With respect to this dispute, a third-party account receivable, fully written down, had been funded for €65 million.

On 27 April 2018, following the withdrawal of the tax authorities from proceedings before the Council of State, Crédit Agricole S.A. received the sum of €84.7 million corresponding to the refund of the tax claimed plus the payment of default interest.

Regional Banks surcharge

At end-2017, two new corporate income tax levies were established by the State for financial year 2017, the first on companies with revenues of between €1 and €3 billion and the second on companies with revenues over €3 billion.

To this end, Crédit Agricole S.A. incurred a net surcharge after booking of reimbursements of the 3% levy of €102.7 million.

The definitions of the underlined words can be found in the Glossary on page 600.

In groups having opted for tax consolidation, the revenues to be used by the head of the tax group (Crédit Agricole S.A.) had to be the sum of revenues of all entities within the tax consolidation group.

All the Regional Banks with the exception of two had revenues under these thresholds so they didn't have to contribute to the tax surcharge, whereas the consolidated group's tax base consisted of the taxable income of all the Regional Banks.

In line with the principle of solidarity that drives the Group, it was decided together with the Regional Banks that they would partly contribute, exceptionally and only with respect to the 2018 financial year, to the tax surcharge borne by Crédit Agricole S.A. in 2017.

Accordingly, an amendment to the tax consolidation agreement between the Regional Banks and Crédit Agricole S.A. was signed by all stakeholders in September 2018.

This surcharge totalled €51 million for all the Regional Banks.

Note 2 Accounting policies and principles

Crédit Agricole S.A. prepares its financial statements in accordance with the accounting principles applicable to banks in France.

The presentation of the financial statements of Crédit Agricole S.A. complies with the provisions of ANC Regulation 2014-07 of 26 November 2014, which, for financial years beginning on or after 1 January 2015, combines in a single regulation, on the basis of established law, all accounting standards applicable to credit institutions.

Changes in accounting policies and the presentation of the financial statements compared with the previous financial year relate to the following:

Regulations	Date published by the French government	Date of first-time application: financial years from	Applicable within Crédit Agricole S.A.
ANC Regulation No. 2017-01 on the General Chart of Accounts regarding the accounting treatment of mergers.	30 December 2017	1 January 2018	Yes
ANC Regulation No. 2018-01 on changes in accounting policies and estimates and the correction of errors.	20 April 2018	1 January 2018	Yes

At 1 January 2018, there was a change in accounting policy although without any guidance from the ANC.

This relates to a new model of funding credit risk provisions for performing loans, aimed at transposing the new credit risk provisioning model in line with the IFRS 9 approach of estimating expected losses.

The scope of this new provisioning model mainly applies to outstanding amounts centralised at the CDC.

As part of the IFRS 9 project, the Group decided in principle to bring the rules it applies to determine impairment for credit risk in the French GAAP parent company financial statements into line with those used in the IFRS consolidated financial statements.

This alignment in principle remains consistent with the application of existing rules under French GAAP:

- the principle of prudence, defined in Article L. 123-20 of the French Commercial Code and appearing in Article 121-4 of Regulation 2014-03 (General Chart of Accounts) provides a basis, by definition, for funding provisions, including on the basis of expected losses;
- Article 1121-3 of Regulation 2014-07 on provisions for liabilities (item 7) allows the funding of provisions on the basis of "past or current events", any outstanding amounts that have seen a significant increase in their credit risk or that pose a risk;
- Article 323-6 of Regulation 2014-03 (General Chart of Accounts) on the measurement of liabilities allows "future events" to be considered when estimating provisions (equivalent to the forward-looking component);
- lastly, Regulation 2018-01 amending Regulation 2014-03 allows the Company to change accounting policy.

The impact of this alignment will be recognised in opening equity.

2.1 LOANS AND FINANCING COMMITMENTS

Loans and receivables to credit institutions, Crédit Agricole Group entities and customers are governed by Articles 2211-1 to 2251-13 (Part 2 "Accounting Treatment of Credit Risk" of Book II "Special Transactions") of ANC Regulation 2014-07 of 26 November 2014.

They are presented according to their residual maturity or their nature:

- demand and time deposits for credit institutions;
- current accounts, time loans and advances for Crédit Agricole internal transactions;
- trade receivables, other facilities and ordinary accounts for customers.

In accordance with regulations, the customers category also includes transactions with financial customers.

Subordinated loans and repurchase agreements (represented by certificates or securities) are included under the various categories of loans and receivables according to counterparty type (interbank, Crédit Agricole, customers).

Loans are recognised on the balance sheet at face value.

Pursuant to Article 2131-1 of ANC Regulation 2014-07 of 26 November 2014, the fees and commissions received and the marginal transaction costs borne are deferred over the effective term of the loan and are thus included in the outstanding amount of the relevant loan.

Accrued interest on loans is recognised on the balance sheet under accrued interest and taken to profit or loss.

Financing commitments recognised off-balance sheet represent irrevocable commitments to cash advances and guarantee commitments that have not resulted in fund movements.

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The application of ANC Regulation 2014-07 of 26 November 2014 led Crédit Agricole S.A. to recognise loans with a risk of non-payment in accordance with the rules set out in the following paragraphs.

The use of external and/or internal ratings systems helps assess the level of credit risk.

Loans and financing commitments are split into those deemed performing and those deemed doubtful.

Performing loans

So long as loans are not classified as doubtful, they are classified as performing and remain as initially classified.

Provisions for credit risk on performing loans

Moreover, without waiting for loans to become doubtful and from initial recognition of financial instruments, Crédit Agricole S.A. also recognises, on the liabilities side of its balance sheet, expected credit losses for the coming twelve months (loans classified as performing) and/or over the life of the financial instrument whenever the credit quality of the loan has significantly impaired (loans classified as impaired).

Increases and reversals of provisions for credit risk on performing loans are recognised under cost of risk.

These provisions are determined as part of a specific monitoring process and are based on estimates reflecting changes in the level of credit risk on the date of initial recognition and the reporting date.

Doubtful loans

These are loans of all types, including collateralised, with an identified credit risk corresponding to one or more of the following situations:

- there are one or more non-payments for at least three months;
- a counterparty's position is such that quite apart from any non-payment, an identified risk can be assumed to exist;
- the credit institution and its counterparty are involved in litigation.

In the case of overdrafts, the age of the non-payment is calculated from the moment the debtor exceeded an authorised limit of which s/he was made aware by the institution or s/he was notified that his/her overdraft exceeds a limit set by the institution as part of its internal control system or that s/he drew down sums without an overdraft facility.

Subject to conditions, instead of the aforementioned criteria, the institution can start calculating the age of the non-payment when the institution has asked the debtor to repay the overdraft in part of in full.

Crédit Agricole S.A. makes a distinction between doubtful loans and irrecoverable loans:

- doubtful loans:

  All doubtful loans that do not fall into the irrecoverable loans category are classified as doubtful loans;
- irrecoverable loans:

  These are loans for which the prospects of recovery are highly impaired and that are likely to be written off over time.

Interest continues to accrue on doubtful loans but no longer accrues once the loan is classified as irrecoverable.

Classification as doubtful loans may be abandoned when the identified credit risk has been permanently lifted and when payments have regularly resumed for amounts corresponding to the original contractual schedule. In this case, the outstanding amount is reclassified under performing loans.

Impairment resulting from credit risk on doubtful loans

Once a loan is doubtful, the likely loss is recognised by Crédit Agricole S.A. by means of impairment losses deducted from the asset on the balance sheet. This impairment represents the difference between the carrying amount of the loan and the estimated future flows discounted at the effective interest rate, having regard to the financial position of the counterparty, its economic outlook as well as any guarantees net of the cost of realising them.

Probable losses in respect of off-balance sheet commitments are covered by provisions recognised as liabilities.

Loans and receivables provided by Crédit Agricole S.A. to the Regional Banks do not represent a direct risk for Crédit Agricole S.A. with respect to the corresponding customer loans made by the Regional Banks. They do, however, represent a potential indirect risk with respect to the financial strength of the Regional Banks. Crédit Agricole S.A. has not made any provisions for such loans and receivables to the Regional Banks.

Accounting treatment of impairments

Impairment losses and reversals for non-recovery of doubtful loans are recognised under cost of risk.

In accordance with Article 2231-3 of ANC Regulation 2014-07, the Group elected to recognise the increase in the carrying amount resulting from the reversal of impairment due to the passage of time under cost of risk.

Write-offs

Decisions as to when to write off are taken on the basis of expert opinion. Crédit Agricole S.A. determines this in conjunction with its Risk Management department, having regard to its business knowledge.

Loans that become irrecoverable are written off and the corresponding impairment reversed.

Country risks

Country risks (or risks on international commitments) consist of the total amount of unimpaired loans, both on and off-balance sheet, carried by an institution directly or *via* hive-off vehicles, involving private or public debtors residing in the countries identified by the French Regulatory and Resolution Supervisory Authority (ACPR), or where settlement thereof depends on the position of public or private debtors residing in those countries.

Restructured loans

These are loans to counterparties in financial difficulty, such that the credit institution alters their initial characteristics (term, interest rate, etc.) to allow the counterparties to honour the repayment schedule.

They consist of loans classified as doubtful and performing loans at the date they are restructured.

The definitions of the underlined words can be found in the Glossary on page 600.

Restructured loans do not include loans whose characteristics have been renegotiated on a commercial basis with counterparties not showing any insolvency problems.

The reduction of future flows granted to a counterparty, or the postponing of these flows as part of the restructuring, results in the recognition of a discount. It represents future loss of cash flow discounted at the original effective rate.

It is equal to the difference between:

- the face value of the loan; and
- the sum of theoretical future cash flows from the restructured loan, discounted at the original effective interest rate (defined at the date of the financing commitment).

The discount recognised when a loan is restructured is accounted for under cost of risk.

Loans restructured due to the debtor's financial position are rated in accordance with Basel rules and are impaired on the basis of the estimated credit risk. If, following reclassification under performing loans, the debtor does not meet the agreed payments, the restructured loan is immediately reclassified under doubtful loans.

Crédit Agricole S.A. had no restructured loans at 31 December 2018.

2.2 SECURITIES PORTFOLIO

The rules on recognition of securities transactions are defined by Articles 2311-1 to 2391-1 (Part 3 "Recognition of Securities Transactions" of Book II "Special Transactions") and Articles 2211-1 to 2251-13 (Part 2 "Accounting Treatment of Credit Risk" of Book II "Special Transactions") of ANC Regulation 2014-07 of 26 November 2014 for the determination of credit risk and the impairment of fixed-income securities.

These securities are presented in the financial statements according to their asset class: treasury bills (treasury bonds and similar securities), bonds and other fixed-income securities (negotiable debt securities and interbank market instruments), equities and other variable income securities.

They are classified in portfolios defined by regulation (trading, short term investment, long term investment, medium term portfolio, equity investments and other long term equity investments), depending on the initial intention for holding the securities as identified in the accounting IT system at the time they were acquired.

2.2.1 Trading securities

These are securities that are originally:

- bought with the intention of selling them in the near future, or sold with the intention of repurchasing them in the near future;
- or held by the institution as a result of its market-making activity. The classification of these securities as trading securities depends on the effective turnover of the securities and on a significant trading volume taking into account market opportunities.

These securities must be tradable on an active market and market prices thus available must represent real transactions regularly undertaken in the market on an arm's length basis.

Trading securities also include:

- securities bought or sold as part of specialised management of the trading portfolio, including forward financial instruments, securities or other financial instruments that are managed collectively and on which there is an indication of recent short term profit taking;
- securities on which there is a commitment to sell as part of an arbitrage transaction on an organised exchange for financial instruments or similar market.

Except as provided in accordance with Articles 2381-1 to 2381-5 (Part 3 "Recognition of Securities Transactions" of Book II "Special Transactions") of ANC Regulation 2014-07 of 26 November 2014, trading securities may not be reclassified into another accounting category. They continue to be presented and measured as trading securities until they are removed from the balance sheet after being sold, fully redeemed or written off.

Trading securities are recognised on the date they are purchased in the amount of their purchase price, excluding transaction expenses and including accrued interest.

Liabilities relating to securities sold short are recognised on the liabilities side of the institution's balance sheet for the selling price excluding transaction expenses.

At each reporting date, securities are measured at the most recent market price. The overall amount of differences resulting from price changes is recorded in the income statement under "Net gains (losses) on trading book".

2.2.2 Short term investment securities

This category consists of securities that do not fall into any other category.

The securities are recorded at purchase price, including transaction expenses.

Crédit Agricole S.A.'s portfolio of short term investment securities consists mostly of bonds denominated in euros and foreign currencies and mutual investment funds.

Bonds and other fixed-income securities

These securities are recognised at purchase price including interest then accrued. The difference between the purchase price and the redemption value is staggered over the residual maturity of the security on an actuarial basis.

Income is recorded in the income statement under "Interest and similar income from bonds and other fixed-income securities".

Equities and other variable income securities

Equities are recognised in the balance sheet at their purchase value including acquisition costs. The associated dividends are recorded as income under "Income from variable income securities".

Income from mutual investment funds is recognised when received under the same heading.

At each reporting date, short term investment securities are measured at the lesser of acquisition cost and market value. If the current value of a holding or a homogeneous set of securities (calculated from market prices at the reporting date, for example) is lower than its carrying amount, an impairment loss is recorded for the unrealised loss without being offset against any gains recognised on other categories of securities. Gains from hedging within the meaning of Article 2514-1 of ANC Regulation 2014-07 of 26 November 2014, in the form of purchases or sales of forward financial instruments, are factored in for the purposes of calculating impairment losses. Potential gains are not recorded.

The definitions of the underlined words can be found in the Glossary on page 600.

Impairment intended to take into account counterparty risk and recognised under cost of risk is booked on fixed-income securities as follows:

- in the case of listed securities, impairment is based on market value, which intrinsically reflects credit risk. However, if Crédit Agricole S.A. has specific information on the issuer's financial position that is not reflected in the market value, a specific impairment loss is recorded;
- in the case of unlisted securities, impairment is recorded in the same way as on loans and receivables due from customers based on identified probable losses (see Note 2.1 Loans and financing commitments – Impairment resulting from identified credit risk).

Sales of securities are deemed to take place on a first-in, first-out basis.

Impairment losses and reversals and disposal gains or losses on short term investment securities are recorded under "Net gains (losses) on short term investment portfolios and similar" in the income statement.

2.2.3 Long term investment securities

Long term investment securities are fixed-income securities with a fixed maturity date that have been acquired or transferred to this category with the manifest intention of holding them until maturity.

This category only includes securities for which Crédit Agricole S.A. has the necessary financial ability to continue holding them until maturity and that are not subject to any legal or other restriction that could interfere with its intention to hold them until maturity.

Long term investment securities are recognised at their purchase price, including acquisition costs and accrued interest.

The difference between the purchase price and the redemption price is staggered over the residual maturity of the security.

Impairment is not booked for long term investment securities if their market value falls below cost. On the other hand, if the impairment arises from a risk relating specifically to the issuer of the security, impairment is recorded under "Cost of risk", in accordance with Part 2 "Accounting Treatment of Credit Risk" of Book II "Special Transactions" of ANC Regulation 2014-07 of 26 November 2014.

In the case of the sale or reclassification to another category of long term investment securities representing a material amount, the institution is no longer authorised, during the current financial year and the two subsequent financial years, to classify securities previously bought or to be bought as long term investment securities, in accordance with Article 2341-2 of ANC Regulation 2014-07 of 26 November 2014.

2.2.4 Medium term portfolio securities

In accordance with Articles 2351-2 to 2352-6 (Part 3 "Recognition of Securities Transactions" of Book II "Special Transactions") of ANC Regulation 2014-07 of 26 November 2014, these securities are "investments made on a normal basis, with the sole aim of securing a gain in the medium term, with no intention of investing in the issuer's business on a long term basis or taking an active part in its management".

Securities can only be included in this category if the activity is carried out to a significant extent and on an ongoing basis within a structured framework and gives the institution a recurring return mainly in the form of gains on disposals.

Crédit Agricole S.A. meets these conditions and some of its securities can be classified in this category.

Medium term portfolio securities are recorded at purchase price, including transaction expenses.

They are recognised at the end of the reporting period at the lower of historical cost or value in use, which is determined on the basis of the issuer's general outlook and the estimated residual maturity.

For listed companies, value in use is generally the average market price over a sufficiently long period of time, depending on the estimated time horizon for holding the securities, to mitigate the impact of substantial fluctuations in market prices.

Impairment losses are booked for any unrealised losses calculated for each holding and are not offset against any unrealised gains. They are recorded under "Net gains (losses) on short term investment portfolios and similar" along with impairment losses and reversals on these securities.

Unrealised gains are not recognised.

2.2.5 Investments in subsidiaries and affiliates, equity investments and other long term equity investments

- Investments in subsidiaries and affiliates are investments in companies that are under exclusive control and that are or are liable to be fully consolidated into a consolidated unit;
- equity investments are investments (other than investments in subsidiaries and affiliates), of which the long term ownership is judged beneficial to the institution, in particular because it allows it to exercise influence or control over the issuer;
- other long term equity investments consist of securities held with the intention of promoting long term business relations by creating a special relationship with the issuer, but with no influence on the issuer's management due to the small percentage of voting rights held.

These securities are recognised at purchase price, including transaction expenses.

At the reporting date, the value of these securities is measured individually, based on value in use, and they are recorded on the balance sheet at the lesser of their historical cost or value in use.

This represents what the institution would be prepared to pay to acquire them having regard to its reasons for holding them.

Value in use may be estimated on the basis of various factors such as the issuer's profitability and prospective profitability, its equity, the economic environment, the average market price in the preceding months or the mathematical value of the security.

When value in use of securities is lower than historical cost, impairment losses are booked for these unrealised losses and are not offset against any unrealised gains.

Impairment losses and reversals and disposal gains or losses on these securities are recorded under "Net gains (losses) on fixed assets".

2.2.6 Market price

The market price at which the various categories of securities are measured is determined as follows:

- securities traded on an active market are measured at the latest price;
- if the market on which the security is traded is not or no longer considered active or if the security is unlisted, Crédit Agricole S.A. determines the likely value at which the security concerned would

The definitions of the underlined words can be found in the Glossary on page 600.

be traded using valuation techniques. Firstly, these techniques take into account recent transactions carried out in normal competition conditions. If required, Crédit Agricole S.A. uses valuation techniques commonly used by market participants to price these securities, when it has been demonstrated that these techniques provide reliable estimates of prices obtained in actual market transactions.

2.2.7 Recording dates

Crédit Agricole S.A. records securities classified as long term investment securities on the settlement date. Other securities, regardless of type or classification, are recognised on the trading date.

2.2.8 Securities sold / bought under repurchase agreements

Securities sold under repurchase agreements are kept on the balance sheet. The amount received, representing the liability to the buyer, is recorded as a liability.

Securities bought under repurchase agreements are not recorded on the balance sheet, but the amount paid, representing the receivable from the seller, is recorded as an asset on the balance sheet.

Securities sold under repurchase agreements are subject to the accounting treatment applying to the portfolio from which they originate.

2.2.9 Reclassification of securities

In accordance with Articles 2381-1 to 2381-5 (Part 3 "Recognition of Securities Transactions" of Book II "Special Transactions") of ANC Regulation 2014-07 of 26 November 2014, the following securities reclassifications are allowed:

- from "trading portfolio" to "long term investment portfolio" or "short term investment portfolio" in the case of exceptional market conditions or, for fixed-income securities that are no longer tradable in an active market and if the entity has the intention and ability to hold the securities for the foreseeable future or until maturity;
- from "short term investment portfolio" to "long term investment portfolio" in the case of exceptional market conditions or for fixed-income securities that are no longer tradable in an active market.

2.2.10 Treasury shares buy-back

Treasury shares bought back by Crédit Agricole S.A., including shares and stock options held to cover stock option plans, are recognised as assets under a specific balance sheet heading.

They may, where necessary, be impaired where the current value is below the purchase price, except for transactions connected with employee free share allocation plans and stock option and share subscription plans as per ANC Regulation 2014-03 of 5 June 2014.

2.3 FIXED ASSETS

Crédit Agricole S.A. applies ANC Regulation 2014-03 of 5 June 2014 relating to the depreciation, amortisation and impairment of assets.

Crédit Agricole S.A. applies component accounting for all of its property, plant and equipment. In accordance with the provisions thereof, the depreciable amount takes account of the potential residual value of fixed assets.

ANC Regulation 2015-06 changes the way in which technical merger losses are recognised on the balance sheet and monitored in the parent company financial statements. Losses are no longer required to be comprehensively and systematically recognised under "Goodwill"; they must be recognised in the balance sheet under the asset headings to which they are allocated in "Other property, plant & equipment, intangible assets and financial assets, etc." Losses are amortised, impaired and written off in the same way as the underlying asset.

The acquisition cost of fixed assets includes the purchase price plus any incidental expenses, namely expenses directly or indirectly incurred in connection with bringing the asset into service or "into inventory".

Land is recorded at acquisition cost.

Property and equipment are measured at acquisition cost less accumulated depreciation and impairment losses since the time they were placed in service.

Purchased software is measured at acquisition cost less accumulated amortisation and impairment losses since acquisition.

Proprietary software is measured at cost less accumulated amortisation and impairment losses since completion.

Intangible assets other than software, patents and licences are not amortised. They may be subject to impairment.

Fixed assets are depreciated over their estimated useful lives.

The following components and depreciation periods have been adopted by Crédit Agricole S.A. following the application of the measures on component accounting for fixed assets. These depreciation periods must be adjusted according to the type of asset and its location:

Component	Depreciation period
Land	Not depreciable
Structural works	30 to 80 years
Non-structural works	8 to 40 years
Plant and equipment	5 to 25 years
Fixtures and fittings	5 to 15 years
Computer equipment	4 to 7 years (declining or straight-line)
Special equipment	4 to 5 years (declining or straight-line)

Based on available information, Crédit Agricole S.A. has concluded that impairment testing would not lead to any change in the existing depreciable base.

2.4 AMOUNTS DUE TO CUSTOMERS AND CREDIT INSTITUTIONS

Amounts due to credit institutions, Crédit Agricole entities and customers are presented in the financial statements according to their residual maturity or their nature:

- demand and time deposits for credit institutions;
- current accounts, time loans and advances for Crédit Agricole internal transactions;
- special savings accounts and other amounts due to customers (notably including financial customers).

Repurchase agreements (represented by certificates or securities) are included under these various headings, according to counterparty type.

Accrued interest on these deposits is recognised under accrued interest and taken to profit or loss.

The definitions of the underlined words can be found in the Glossary on page 600.

2.5 DEBT SECURITIES

Debt securities are presented according to their form: interest-bearing notes, interbank market instruments, negotiable debt securities and bonds, excluding subordinated securities, which are classified in liabilities under "Subordinated debt".

Interest accrued but not yet due is recognised under accrued interest and taken to profit or loss.

Issue or redemption premiums on bonds are amortised over the maturity period of each bond. The corresponding charge is recorded under "Interest and similar expenses on bonds and other fixed-income securities".

Redemption premiums can be amortised in two ways:

- based on accrued interest on a *prorata* basis for bonds issued before 1 January 1993, or for those with a redemption premium of less than 10% of the issue price; or
- on an actuarial basis for debt issued after 1 January 1993 with a redemption premium of more than 10% of the issue price.

Crédit Agricole also amortises borrowing expenses in its parent company's financial statements.

Fee and commission expenses on financial services paid to the Regional Banks are recognised as expenses under "Fee and commission expenses".

2.6 PROVISIONS

Crédit Agricole S.A. applies ANC Regulation 2014-03 of 5 June 2014 for the recognition and measurement of provisions.

Provisions include provisions relating to financing commitments, retirement and early retirement liabilities, litigation and various risks.

The provisions also include country risks. All these risks are reviewed quarterly.

Provisions are set aside for country risks following an analysis of the types of transactions, the term of commitments, their form (receivables, securities, market products) as well as country quality.

Crédit Agricole S.A. partially hedges provisions on these foreign currency-denominated receivables by buying foreign currency to limit the impact of changes in foreign exchange rates on provision levels.

The provision for home purchase savings scheme imbalance risk is designed to cover obligations in the event of unfavourable movements in home purchase savings schemes. These obligations are: i) to pay a fixed interest rate on the savings contract determined at inception for an undefined period of time; and ii) to grant a loan to home purchase savings plan and account savers at a rate fixed at inception of the contract. The provision is calculated for each generation of home purchase savings scheme and for all home purchase savings accounts, with no netting of obligations between generations.

The amount of these obligations is calculated taking account notably of:

- saver behaviour, as well as an estimate of the amount and term of the loans that will be granted in the future. These estimates are based on historical observations over a long period;
- the yield curve for market rates and reasonably foreseeable trends.

This provision is calculated in accordance with Part 6 "Regulated Savings" of Book II "Special Transactions" of ANC Regulation 2014-07 of 26 November 2014.

2.7 FUND FOR GENERAL BANKING RISK (FGBR)

In accordance with Fourth European Directive and CRBF Regulation 90-02 of 23 February 1990 as amended relating to capital, funds for general banking risks are constituted by Crédit Agricole S.A., at the discretion of its management, to meet any charges or risks relating to banking operations but whose incidence is not certain.

Provisions are released to cover any incidence of these risks during a given financial year.

2.8 TRANSACTIONS ON FORWARD FINANCIAL INSTRUMENTS AND OPTIONS

Hedging and market transactions on forward interest rate, foreign exchange or equity instruments are recorded in accordance with the provisions of Part 5 "Forward Financial Instruments" of Book II "Special Transactions" of ANC Regulation 2014-07 of 26 November 2014.

Commitments relating to these transactions are recorded off-balance sheet at the par value of the contracts: this amount represents the volume of pending transactions.

Gains or losses relating to these transactions are recorded on the basis of the type of instrument and the strategy used:

Hedging transactions

Gains or losses realised on hedging transactions (category "b" Article 2522-1 of ANC Regulation 2014-07) are recorded on the income statement symmetrically with the recognition of income and expenses on the hedged item and under the same accounting heading.

Income and expenses relating to forward financial instruments used for hedging and managing Crédit Agricole S.A.'s overall interest rate risk (category "c" Article 2522-1 of ANC Regulation 2014-07) are recorded *prorata temporis* under "Interest and similar income (expenses) – Net gains (losses) on macro-hedging transactions". Unrealised gains and losses are not recorded.

Market transactions

Market transactions include:

- isolated open positions (category "a" Article 2522-1 of ANC Regulation 2014-07);
- specialised management of a trading portfolio (category "d" Article 2522 of ANC Regulation 2014-07).

They are measured in reference to their market value on the reporting date.

If there is an active market, the instrument is stated at the available market price. In the absence of an active market, fair value is determined using internal valuation techniques and models.

The definitions of the underlined words can be found in the Glossary on page 600.

Instruments

- for isolated open positions traded on organised or similar exchanges, all realised and unrealised gains and losses are recognised;
- for isolated open positions traded over the counter, only unrealised losses are recognised, *via* a provision. Realised gains and losses are taken to profit or loss when the transaction is settled;
- as part of a trading portfolio, all realised and unrealised gains and losses are recognised.

Counterparty risk on derivative instruments

In accordance with ANC Regulation 2014-07 of 26 November 2014, Crédit Agricole S.A. makes a Credit Valuation Adjustment (CVA) to the market value of its derivative assets to reflect counterparty risk. For this reason, Credit Valuation Adjustments are only made to derivatives recognised as isolated open positions and as part of a trading portfolio (derivatives classified in categories "a" and "d" Article 2522-1 of the aforementioned regulation).

The CVA makes it possible to calculate counterparty losses expected by Crédit Agricole S.A.

The CVA is calculated on the basis of an estimate of expected losses based on the probability of default and loss given default. The methodology used maximises the use of observable market inputs.

It is based:

- primarily on market parameters such as registered and listed CDS (or Single Name CDS) or index-based CDS;
- in the absence of registered CDS on the counterparty, an approximation based on a basket of Single Name CDS of counterparties with the same rating operating in the same sector and located in the same area.

In certain circumstances, historical default data may also be used.

2.9 FOREIGN CURRENCY TRANSACTIONS

Monetary receivables and liabilities and forward foreign exchange contracts included in off-balance sheet commitments denominated in foreign currencies are translated using the exchange rate at the reporting date or at the next earlier date.

Income received and expenses paid are recorded at the exchange rate on the transaction date. Accrued income and expenses not yet due are translated at the closing rate.

Capital funds allocated to branches, fixed assets in offices abroad and long term investment securities and equity investments bought in foreign currencies against euros are translated into euros at the transaction date. A provision may be booked if there is a permanent deterioration in exchange rates affecting Crédit Agricole S.A.'s foreign equity investments.

At each reporting date, forward foreign exchange transactions are measured at the relevant forward exchange rate. Recognised gains or losses are recorded on the income statement under "Net gains (losses) on trading book – Net gains (losses) on foreign exchange transactions and similar financial instruments".

Pursuant to the implementation of Part 7 "Recognition of Foreign Currency Transactions" of Book II "Special Transactions" of ANC Regulation 2014-07 of 26 November 2014, Crédit Agricole S.A. has instituted multi-currency accounting to enable it to monitor its foreign exchange position and to measure its exposure to this risk.

2.10 CONSOLIDATION OF FOREIGN BRANCHES

Branches keep separate accounts that comply with the accounting rules in force in the countries in which they are based.

At each reporting date, the branches' balance sheets and income statements are adjusted according to French accounting rules, translated into euros and integrated with the accounts of their head office after the elimination of intra-group transactions.

The rules for translation into euros are as follows:

- balance sheet items are translated at the closing rate;
- income and expenses paid and received are recorded at the exchange rate on the transaction date, whereas accrued income and expenses are translated at the closing rate.

Gains or losses resulting from this translation are recorded on the balance sheet under "Accruals, prepayments and sundry assets" or "Accruals, deferred income and sundry liabilities".

2.11 OFF-BALANCE SHEET COMMITMENTS

Off-balance sheet items mainly reflect the unused portion of financing commitments and guarantee commitments given and received.

A charge is booked to provisions for commitments given if there is a probability that calling in the commitment will result in a loss for Crédit Agricole S.A.

Reported off-balance sheet items do not mention commitments on forward financial instruments or foreign exchange transactions. Similarly, they do not include commitments received concerning treasury bonds, similar securities and other securities pledged as collateral.

However, these items are detailed in Notes 24, 25 and 26 to the financial statements.

2.12 EMPLOYEE PROFIT-SHARING AND INCENTIVE PLANS

Employee profit-sharing is recognised in the income statement in the financial year in which the employees' rights are earned.

Incentive plans are covered by the 21 June 2011 agreement.

The cost of employee profit-sharing and incentive plans is included in "Employee expenses".

2.13 POST-EMPLOYMENT BENEFITS

2.13.1 Retirement, early-retirement and end-of-career allowance commitments – defined-benefit schemes

Since 1 January 2013, Crédit Agricole S.A. has applied ANC recommendation 2013-02 of 7 November 2013 relating to the measurement and recognition of retirement and similar benefit obligations, such recommendation having then been repealed and incorporated in section 4 of chapter II of part III of ANC Regulation 2014-03 of 5 June 2014.

In accordance with this regulation, Crédit Agricole S.A. sets aside provisions to cover its retirement and similar benefit obligations falling within the category of defined-benefit schemes.

These commitments are stated based on a set of actuarial, financial and demographic assumptions, and in accordance with the Projected Unit Credit method. Under this method, for each year of service, a charge is booked in an amount corresponding to the employee's vested benefits for the period. The charge is calculated based on the discounted future benefit.

Crédit Agricole S.A. has opted for method 2 which allows in particular for the recognition of gains or losses arising from changes to defined-benefit schemes when the curtailment or settlement occurs.

The regulation also allows for the recognition of actuarial gains and losses using the "corridor method" or any other method that results in faster recognition in profit or loss.

Crédit Agricole S.A. elected to immediately recognise the actuarial gains and losses in profit or loss, and accordingly the amount of the provision is equal to:

- the present value of the obligation to provide the defined benefits at the reporting date, calculated in accordance with the actuarial method advised by the regulation;
- less, where applicable, the fair value of plan assets. These may be represented by an eligible insurance policy. In the event that the obligation is fully covered by such a policy, the fair value thereof is deemed to be the value of the corresponding obligation *i.e.* the amount of the corresponding actuarial liability.

2.13.2 Retirement plans – defined-contribution schemes

Employers contribute to a variety of compulsory pension schemes. Plan assets are managed by independent organisations and the contributing companies have no legal or implied obligation to pay additional contributions if the funds do not have sufficient assets to cover all benefits corresponding to services rendered by employees during the year and during prior years.

Consequently, Crédit Agricole S.A. has no liabilities in this respect other than its on-going contributions.

The amount of contributions under the terms of these pension schemes is shown under "Employee expenses".

2.14 STOCK OPTIONS AND SHARE SUBSCRIPTIONS OFFERED TO EMPLOYEES UNDER THE EMPLOYEE SAVINGS PLAN

Stock option plans

Stock option plans granted to certain categories of employees are recorded when exercised. Exercise gives rise to either an issue of shares, recorded in accordance with requirements relating to capital increases, or the transfer to employees of treasury shares, previously purchased by Crédit Agricole S.A. and recognised in accordance with the terms set out in the "Treasury shares buyback" section.

Share subscriptions under the Employee Savings Plans

Share subscriptions offered to employees under the Employee Savings Scheme, with a maximum discount of 20%, do not have a vesting period but are subject to a five-year lock-up period. These share subscriptions are recognised in accordance with requirements relating to capital increases.

2.15 EXTRAORDINARY INCOME AND EXPENSES

These comprise income and expenses that are extraordinary in nature and relate to transactions that do not form part of Crédit Agricole S.A.'s ordinary activities.

2.16 INCOME TAX CHARGE

In general, only the current tax liability is recognised in the parent company's financial statements.

The tax charge appearing in the income statement is the corporate income tax due in respect of the financial year. It includes the effect of the 3.3% additional social contribution on profits.

When tax credits on income from loans and securities portfolios are effectively used to pay corporate income tax due for the financial year, they are recognised under the same heading as the income with which they are associated. The corresponding tax charge continues to be recognised under "Income tax charge" in the income statement.

Crédit Agricole S.A. has had a tax consolidation mechanism in place since 1990. At 31 December 2018, 1,270 entities had signed tax consolidation agreements with Crédit Agricole S.A. Under these agreements, each company that is part of the tax consolidation mechanism recognises in its financial statements the tax that it would have had to pay in the absence of tax consolidation.

Given that the legislative intent when introducing the tax credit for competitiveness and employment (*Crédit d'Impôt pour la Compétitivité et l'Emploi* – CICE) was to reduce employee expenses, Crédit Agricole S.A. chose to recognise the CICE (Article 244 *quater* C of the French General Tax Code) as a reduction in employee expenses and not as a reduction in tax.

The definitions of the underlined words can be found in the Glossary on page 600.

Note 3 Loans and receivables due from credit institutions – Analysis by residual maturity

	31/12/2018							31/12/2017
(in millions of euros)	≤ 3 months	> 3 months ≤ 1 year	> 1 year ≤ 5 years	> 5 years	Total principal	Accrued interest	Total	Total
Credit institutions								
Loans and receivables:								
• demand	4,341	-	-	-	4,341	1	**4,342**	**1,629**
• time	8,809	14,845	74,721	7,471	105,846	245	**106,091**	**106,172**
Pledged securities	-	-	-	-	-	-	**-**	**-**
Securities bought under repurchase agreements	-	-	-	-	-	-	**-**	**-**
Subordinated loans	-	41	45	14,264	14,350	24	**14,374**	**12,335**
Total	**13,150**	**14,886**	**74,766**	**21,735**	**124,537**	**270**	**124,807**	**120,136**
Impairment							**-**	**(3)**
Net carrying amount							**124,807**	**120,133**
Crédit Agricole internal transactions								
Current accounts	1,967	-	-	-	1,967	4	**1,971**	**1,782**
Time deposits and advances	43,844	84,941	110,853	70,864	310,502	249	**310,751**	**296,484**
Securities bought under repurchase agreements	23	1,569	150	-	1,742	4	**1,746**	**2,467**
Subordinated loans	-	-	-	396	396	1	**397**	**357**
Total	**45,834**	**86,510**	**111,003**	**71,260**	**314,607**	**258**	**314,865**	**301,090**
Impairment							**-**	**-**
Net carrying amount							**314,865**	**301,090**
TOTAL							**439,672**	**421,223**

Note 4 Loans and receivables due from customers

4.1 LOANS AND RECEIVABLES DUE FROM CUSTOMERS – ANALYSIS BY RESIDUAL MATURITY

	31/12/2018							31/12/2017
(in millions of euros)	≤ 3 months	> 3 months ≤ 1 year	> 1 year ≤ 5 years	> 5 years	Total principal	Accrued interest	Total	Total
Trade receivables								
Other customer loans	1,316	709	1,393	505	3,923	5	**3,928**	**3,703**
Pledged securities	-	-	-	-	-	-	**-**	**-**
Current accounts in debit	69	-	-	-	69	1	**70**	**368**
Impairment							**(1)**	**(1)**
NET CARRYING AMOUNT							**3,997**	**4,070**

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4.2 LOANS AND RECEIVABLES DUE FROM CUSTOMERS – ANALYSIS BY GEOGRAPHIC AREA

(in millions of euros)	31/12/2018	31/12/2017
France (including overseas departments and territories)	2,035	2,250
Other European Union countries	1,939	1,809
Other European countries	11	-
North America	7	7
Central and South America	-	-
Africa and Middle East	-	-
Asia and Oceania (excl. Japan)	-	-
Japan	-	-
Non-allocated and international organisations	-	-
Total principal	**3,992**	**4,066**
Accrued interest	6	5
Impairment	(1)	(1)
NET CARRYING AMOUNT	**3,997**	**4,070**

4.3 LOANS AND RECEIVABLES DUE FROM CUSTOMERS – DOUBTFUL LOANS AND IMPAIRMENT LOSSES BY GEOGRAPHIC AREA

	31/12/2018					31/12/2017				
(in millions of euros)	Gross outstanding	O/w doubtful loans	O/w irrecoverable loans	Impairment of doubtful loans	Impairment of irrecoverable loans	Gross outstanding	O/w doubtful loans	O/w irrecoverable loans	Impairment of doubtful loans	Impairment of irrecoverable loans
France (including overseas departments and territories)	2,039	1	1	(1)	(1)	2,255	1	1	(1)	(1)
Other European Union countries	1,940	-	-	-	-	1,809	-	-	-	-
Other European countries	11	-	-	-	-	-	-	-	-	-
North America	8	-	-	-	-	7	-	-	-	-
Central and South America	-	-	-	-	-	-	-	-	-	-
Africa and Middle East	-	-	-	-	-	-	-	-	-	-
Asia and Oceania (excl. Japan)	-	-	-	-	-	-	-	-	-	-
Japan	-	-	-	-	-	-	-	-	-	-
Non-allocated and international organisations	-	-	-	-	-	-	-	-	-	-
TOTAL	**3,998**	**1**	**1**	**(1)**	**(1)**	**4,071**	**1**	**1**	**(1)**	**(1)**

4.4 LOANS AND RECEIVABLES DUE FROM CUSTOMERS – ANALYSIS BY CUSTOMER TYPE

	31/12/2018					31/12/2017				
(in millions of euros)	Gross outstanding	O/w doubtful loans	O/w irrecoverable loans	Impairment of doubtful loans	Impairment of irrecoverable loans	Gross outstanding	O/w doubtful loans	O/w irrecoverable loans	Impairment of doubtful loans	Impairment of irrecoverable loans
Individual customers	-	-	-	-	-	-	-	-	-	-
Farmers	-	-	-	-	-	-	-	-	-	-
Other small businesses	-	-	-	-	-	-	-	-	-	-
Financial institutions	2,617	-	-	-	-	2,505	-	-	-	-
Corporates	1,381	1	1	(1)	(1)	1,563	1	1	(1)	(1)
Local authorities	-	-	-	-	-	3	-	-	-	-
Other customers	-	-	-	-	-	-	-	-	-	-
TOTAL	**3,998**	**1**	**1**	**(1)**	**(1)**	**4,071**	**1**	**1**	**(1)**	**(1)**

The definitions of the underlined words can be found in the Glossary on page 600.

Note 5 Trading, short term investment, long term investment and medium term portfolio securities

(in millions of euros)	31/12/2018					31/12/2017
	Trading securities	Short term investment securities	Medium term portfolio securities	Long term Investment securities	Total	Total
Treasury bills and similar securities	-	6,821	-	7,923	**14,744**	**15,703**
o/w residual net premium	-	*218*	-	*597*	**815**	**940**
o/w residual net discount	-	*(8)*	-	*(43)*	**(51)**	**(61)**
Accrued interest	-	51	-	70	**121**	**133**
Impairment	-	-	-	(2)	**(2)**	**(2)**
Net carrying amount	**-**	**6,872**	**-**	**7,991**	**14,863**	**15,834**
Bonds and other fixed-income securities[1]:						
Issued by public bodies	-	1,679	-	1,254	**2,933**	**2,784**
Other issuers	-	15,222	-	14,449	**29,671**	**28,360**
o/w residual net premium	-	*63*	-	*115*	**178**	**245**
o/w residual net discount	-	*(13)*	-	*(31)*	**(44)**	**(40)**
Accrued interest	-	123	-	47	**170**	**188**
Impairment	-	(6)	-	-	**(6)**	**(7)**
Net carrying amount	**-**	**17,018**	**-**	**15,750**	**32,768**	**31,325**
Equities and other variable income securities (including treasury shares)	3	4	-	-	**7**	**24**
Accrued interest	-	-	-	-	**-**	**-**
Impairment	-	-	-	-	**-**	**(3)**
Net carrying amount	**3**	**4**	**-**	-	**7**	**21**
TOTAL	**3**	**23,894**	**-**	**23,741**	**47,638**	**47,180**
Estimated values	**3**	**24,416**	**-**	**23,818**	**48,237**	**48,632**

(1) Of which €3,957 million of subordinated debt (excluding accrued interest) at 31 December 2018, compared with €5,908 million at 31 December 2017.

5.1 TRADING, SHORT TERM INVESTMENT, LONG TERM INVESTMENT AND MEDIUM TERM PORTFOLIO SECURITIES (EXCLUDING TREASURY BILLS) – BREAKDOWN BY MAJOR CATEGORY OF COUNTERPARTY

(in millions of euros)	31/12/2018	31/12/2017
Government and central banks (including central governments)	1,792	1,669
Credit institutions	18,034	17,652
Financial institutions	4,723	2,884
Local authorities	1,140	1,115
Corporates, insurance companies and other customers	6,922	7,848
Other and non-allocated	-	-
Total principal	**32,611**	**31,168**
Accrued interest	170	188
Impairment	(6)	(10)
NET CARRYING AMOUNT	**32,775**	**31,346**

5.2 BREAKDOWN OF LISTED AND UNLISTED FIXED AND VARIABLE INCOME SECURITIES

	31/12/2018				31/12/2017			
(in millions of euros)	Bonds and other fixed income securities	Treasury bills and similar securities	Equities and other variable income securities	Total	Bonds and other fixed income securities	Treasury bills and similar securities	Equities and other variable income securities	Total
Fixed-income and variable income securities	32,604	14,744	7	**47,355**	31,144	15,703	24	**46,871**
o/w listed securities	25,164	14,744	-	**39,908**	23,011	15,703	-	**38,714**
o/w unlisted securities[1]	7,440	-	7	**7,447**	8,133	-	24	**8,157**
Accrued interest	170	121	-	**291**	188	133	-	**321**
Impairment	(6)	(2)	-	**(8)**	(7)	(2)	(3)	**(12)**
NET CARRYING AMOUNT	**32,768**	**14,863**	**7**	**47,638**	**31,325**	**15,834**	**21**	**47,180**

(1) UCITS break down as follows: no foreign UCITS comprising capitalisation UCITS.

Breakdown of UCITS by type at 31 December 2018

(in millions of euros)	Inventory value	Net asset value
Money market funds	3	-
Bond funds	-	-
Equity funds	4	5
Other funds	-	-
TOTAL	**7**	**5**

5.3 TREASURY BILLS, BONDS AND OTHER FIXED INCOME SECURITIES – ANALYSIS BY RESIDUAL MATURITY

	31/12/2018							31/12/2017
(in millions of euros)	≤ 3 months	> 3 months ≤ 1 year	> 1 year ≤ 5 years	> 5 years	Total principal	Accrued interest	Total	Total
Bonds and other fixed-income securities								
Gross amount	1,333	5,985	12,465	12,821	**32,604**	170	**32,774**	**31,332**
Impairment	-	-	-	-	**-**	-	**(6)**	**(7)**
NET CARRYING AMOUNT	**1,333**	**5,985**	**12,465**	**12,821**	**32,604**	**170**	**32,768**	**31,325**
Treasury bills and similar securities								
Gross amount	2,634	2,820	2,977	6,313	**14,744**	121	**14,865**	**15,836**
Impairment	-	-	-	-	**-**	-	**(2)**	**(2)**
NET CARRYING AMOUNT	**2,634**	**2,820**	**2,977**	**6,313**	**14,744**	**121**	**14,863**	**15,834**

5.4 TREASURY BILLS, BONDS AND OTHER FIXED INCOME SECURITIES – ANALYSIS BY GEOGRAPHIC AREA

	31/12/2018		31/12/2017	
(in millions of euros)	Gross outstanding	O/w doubtful loans	Gross outstanding	O/w doubtful loans
France (including overseas departments and territories)	27,771	-	25,367	-
Other European Union countries	15,713	-	17,893	-
Other European countries	1,553	-	1,774	-
North America	1,653	-	1,488	-
Central and South America	-	-	-	-
Africa and Middle East	129	-	30	-
Asia and Oceania (excl. Japan)	294	-	295	-
Japan	235	-	-	-
Total principal	**47,348**	**-**	**46,847**	**-**
Accrued interest	291	-	321	-
Impairment	(8)	-	(9)	-
NET CARRYING AMOUNT	**47,631**	**-**	**47,159**	**-**

The definitions of the underlined words can be found in the Glossary on page 600.

Note 6 Equity investments and subsidiaries

Company	Address	Currency	Financial information (in millions of original currency): Share capital 31/12/2018	Equity other than share Capital 31/12/2018	Percentage of share Capital owned (in %) 31/12/2018	Carrying amounts of securities owned (in millions of euros): Gross amount	Net value	Loans and receivables granted by the Company and not yet paid back (in millions of euros)	Amount of guarantees and other commitments given by the Company	Revenues or gross revenues (ex VAT) for the year ended[2]	Net income for last financial year ended 31/12/2018	Dividends received by the Company during the year
Investments whose carrying amount exceeds 1% of Crédit Agricole S.A.'s share capital												
1) Investments in banking related parties (more than 50% owned)												
Banco Bisel	Corrientes 832, 1° Piso Rosario, Provincia De Santa Fe, Argentina	ARS	N.A.	N.A.	99	237	-	N.A.	N.A.	N.A.	N.A.	N.A.
Cariparma	Via Universita No. 1 43121 Parma, Italy	EUR	961	4,365[1]	77	5,469	4,518	812	-	1,372[1]	211[1]	85
Crédit Agricole Srbija	Brace Ribnikara 4-6, 21000 Novi Sad, Republic Of Serbia	RSD	10,191	326[1]	100	264	68	151	127	47[1]	3[1]	-
Crédit du Maroc	48-58 boulevard Mohamed V, Casablanca, Morocco	MAD	1,088	2,967[1]	79	377	377	163	42	251[1]	28[1]	5
EFL SA	Pl. Orlat Lwowskich 1, 53 605 Wroclaw, Poland	PLN	674	219[1]	100	347	212	933	922	189[1]	23[1]	17
PJSC Crédit Agricole Ukraine	42/4 Pushkinska Street, Kiev 01004, Ukraine	UAH	1,222	933[1]	100	360	100	34	3	125[1]	35[1]	13
Crédit Agricole Polska SA	Pl. Orlat Lwowskich 1, 53 605 Wroclaw, Poland	PLN	1	786[1]	100	658	529	80	-	20[1]	7[1]	-
Crédit Agricole Corporate and Investment Bank	12, place des États-Unis, CS 70052, 92547 Montrouge Cedex	EUR	7,852	3,398[1]	97	19,053	19,053	22,244	111	4,587[1]	2,613[1]	1,203
Amundi Group	91-93, boulevard Pasteur, Immeuble Cotentin, 75015 Paris	EUR	504	4,087[1]	68	4,231	4,231	1,603	3,035	151[1]	137[1]	344
Crédit Agricole Leasing & Factoring	12, place des États-Unis, CS 30002, 92548 Montrouge Cedex	EUR	195	278[1]	100	839	839	17,568	2,599	183[1]	60[1]	135
Crédit Agricole Consumer Finance	Rue du Bois-Sauvage, 91038 Évry Cedex	EUR	554	3,444[1]	100	7,607	7,607	10,967	4,145	927[1]	295[1]	-
Crédit Lyonnais	18, rue de la République, 69002 Lyon	EUR	2,798	2,046[1]	95	11,847	10,003	27,232	301	3,279[1]	453[1]	-
Crédit Agricole Home Loan SFH	12, place des États-Unis, 92127 Montrouge Cedex	EUR	550	3[1]	100	550	550	-	-	4[1]	-	-
Foncaris	12, place des États-Unis, 92127 Montrouge Cedex	EUR	225	128[1]	100	320	320	-	309	27[1]	6[1]	9
Caisse régionale Corse	1, avenue Napoleon III, BP 308, 20193 Ajaccio	EUR	99	(4)[1]	100	99	99	943	4	76	12[1]	-

(1) Data for 2017.
(2) Refers to revenues for subsidiaries other than Regionals Banks.

			(in millions of original currency) Financial information			*(in millions of euros)* Carrying amounts of securities owned			*(in millions of euros)*			
Company	Address	Currency	Share capital 31/12/2018	Equity other than share Capital 31/12/2018	Percentage of share Capital owned *(in %)* 31/12/2018	Gross amount	Net value	Loans and receivables granted by the Company and not yet paid back	Amount of guarantees and other commitments given by the Company	Revenues or gross revenues (ex VAT) for the year ended[2]	Net income for last financial year ended 31/12/2018	Dividends received by the Company during the year
2) Investments in banking asociates (10% to 50% owned)												
Banco Espirito Santo	Avenida de Libertade 195, 1250 Lisbonne, Portugal	EUR	N.A.	N.A.	12	684	-	-	-	N.A.	N.A.	-
Crédit Agricole Egypt SAE	P/O Box 364, 11835 New Cairo, Egypt	EGP	1,243	2,190[1]	47	258	258	26	-	289	95[1]	26
Crédit Logement	50, boulevard Sébastopol, 75003 Paris	EUR	1,260	490[1]	16	208	208	-	-	239	121[1]	43
Caisse de Refinancement de l'habitat	35, rue La Boétie, 75008 Paris	EUR	540	23[1]	27	152	152	-	-	-	-	-
3) Investments in other subsidiaries and affiliates (more than 50% owned)												
Crédit Agricole Assurances	50-56, rue de la Procession, 75015 Paris	EUR	1,490	8,095[1]	100	10,516	10,516	805	-	30[1]	730[1]	1,781
Crédit Agricole Capital Investissement & Finance	100, boulevard du Montparnasse, 75014 Paris	EUR	688	387[1]	100	1,146	1,146	-	-	44[1]	42[1]	20
Crédit Agricole Immobilier	12, place des États-Unis, 92545 Montrouge Cedex	EUR	125	90[1]	50	91	91	113	-	39[1]	4[1]	5
Delfinances	12, place des États-Unis, 92127 Montrouge Cedex	EUR	151	73[1]	100	171	171	-	-	-	(5)[1]	-
Evergreen Montrouge	12, place des États-Unis, 92127 Montrouge Cedex	EUR	475	(178)[1]	100	475	475	14	1	68[1]	(14)[1]	-
IUB HOLDING	12, place des États-Unis, 92127 Montrouge Cedex	EUR	37	7	100	112	39	-	-	-	(5)	-
CACEIS	1-3, place Valhubert, 75013 Paris	EUR	654	844[1]	100	1,771	1,771	304	2,702	(12)[1]	(15)[1]	145
4) Other investments (< 50% owned)												
Deposit resolution guarantee fund	65, rue de la Victoire, 75009 Paris	EUR	-	2	-	150	150	-	-	-	-	-
Investments whose carrying amount is under 1% of Crédit Agricole S.A.'s share capital		**EUR**				**711**	**593**	**-**	**-**	**-**	**-**	**26**
TOTAL SUBSIDIARIES AND ASSOCIATES						**68,703**	**64,076**	**83,996**	**14,299**	**-**	**-**	**3,857**
Fundable advances and accrued interest		EUR				521	521	-	-	-	-	-
CARRYING AMOUNT						**69,224**	**64,597**	**83,996**	**14,299**	**-**	**-**	**3,857**

(1) Data for 2017.
(2) Refers to revenues for subsidiaries other than Regionals Banks.

The definitions of the underlined words can be found in the Glossary on page 600.

DETERMINING THE VALUE IN USE OF SUBSIDIARIES AND EQUITY INVESTMENTS

At the end of the financial year, these assets are each valued on an individual basis according to their value in use and are shown in the balance sheet at the lower of their historical cost or value in use.

This represents what the institution would be prepared to pay to acquire them having regard to its reasons for holding them. The estimation of the value in use may be based on various factors such as the profitability and profitability prospects of the issuing company, its shareholders' equity, economic conditions or the average stock market price in recent months or the mathematical value of the security.

The determination of value in use of the equity investments and subsidiaries was calculated by discounting the estimated future cash flows of the subsidiary calculated from activities forecasts over a period over four years (2019-2022) developed for Group managing purposes, extrapolated over a fifth year in order to converge towards the trend of infinite growth.

The economic scenario on which the projected financial trajectories are based is that of a slight downturn in economic growth in the main areas, accompanied by inflation that remains measured and a financial environment that remained volatile given the elements of uncertainty prevailing at the time the scenario was prepared, but without a systemic shock. Central banks are gradually moving towards a less accommodating monetary policy, aware that the United States is ahead of schedule in this respect. Therefore:

- in the Euro zone, after a very dynamic 2017, the scenario incorporates a gradual convergence of the growth trajectory towards the level of long term potential; at distinct absolute levels, this is also the scenario envisaged for both France and Italy individually; real and core inflation would remain moderate;
- the European Central Bank should continue to pursue a very accommodating monetary policy, even if a gradual tightening is implemented: short term rates could leave their current negative territory by the end of 2019, but their continued increase will be very gradual; long term core rates should move relatively parallel to key rates, resulting in a curve with a constant slope that is fairly shallow; therefore an overall scenario that is rather favourable to retail banking activities in the euro zone, however in a moderate and gradual manner;
- the monetary normalisation of the FED could continue – less strongly than in 2018 – and the US economy would slow down after the period of strong growth triggered by the fiscal easing initiated in 2017; in the medium term, American and European growth rates might differ a little, but with a capacity for defence through a monetary policy that is more clearly reconstituted in the United States;
- economic developments in emerging countries are expected to remain broadly positive, although contrasted by varying degrees of vulnerability to monetary developments in the developed world and trade conflicts: Chinese slowdown, Indian acceleration, temporary negative shock in Turkey, slight Brazilian recovery, etc.

As of 31 December 2018, perpetual growth rates, discount rates and capital allocated rates as a proportion of risk-weighted assets were distributed by business lines as shown in the table below:

	31/12/2018		
(Crédit Agricole S.A. business lines)	**Perpetual growth rates**	**Discount rate**	**Capital allocated**
French retail banking – LCL	2.0%	7.8%	9.75%
International retail banking – Italy	2.0%	9.6%	9.75%
International retail banking – other	7.0%	17.0%	9.5%
Specialised financial services	2.0%	7.8% to 8.3%	9.6% to 9.7%
Asset gathering	2.0%	7.8% to 8.7%	9.7% 80% of the solvency margin (Insurance)
Large customers	2.0%	8.3% to 9.7%	9.7%

The increase by the European Central Bank (ECB) of regulatory prudential requirements under Pillar 1 and Pillar 2 with effect from 2016 led Crédit Agricole S.A. to progressively raise the level of capital allocated to equity investments and subsidiaries as a percentage of risk-weighted assets for certain entities. Last year, this allocation was 9.5% of RWA for all equity investments and subsidiaries. The French High Committee for Financial Stability has decided to implement a counter-cyclical cushion of 0.25% of weighted assets corresponding to French exposures, applicable as from 1 July 2019. As a precautionary measure, we have taken into account the impact of this cushion, as well as the very marginal impact of the existing cushions in some foreign countries for the allocation of equity capital to investments and subsidiaries from the beginning of 2019. This ultimately results in the adoption, for the various equity investments and subsidiaries, of a CET1 equity allocation of between 9.50% and 9.75% of weighted assets.

The discount rates determined at 31 December 2018 for all business lines reflect the continued low long term interest rates in Europe and more particularly in France. Equity risk premiums increased slightly. These changes are reflected in a slight increase in the discount rates used compared to the end of 2017, a slightly more marked increase for the "International retail banking – Italy" equity investments and subsidiaries (+0.5%).

The perpetual growth rates at 31 December 2018 were unchanged from those used at 31 December 2017.

The definitions of the underlined words can be found in the Glossary on page 600.

6.1 ESTIMATED VALUES OF EQUITY INVESTMENTS

(in millions of euros)	31/12/2018 Carrying amount	31/12/2018 Estimated value	31/12/2017 Carrying amount	31/12/2017 Estimated value
Investments in subsidiaries and affiliates				
Unlisted securities	62,276	77,949	61,058	77,230
Listed securities	4,867	12,396	4,867	9,997
Advances available for consolidation	512	512	513	513
Accrued interest	-	-	-	-
Impairment	(3,936)	-	(3,900)	-
NET CARRYING AMOUNT	**63,719**	**90,857**	**62,538**	**87,740**
Equity investments and other long term equity investments				
Equity investments				
Unlisted securities	1,384	1,061	1,352	1,053
Listed securities	-	-	-	-
Advances available for consolidation	9	9	8	8
Accrued interest	-	-	-	-
Impairment	(691)	-	(691)	-
Subtotal equity investments	**702**	**1,070**	**669**	**1,061**
Other long term equity investments				
Unlisted securities	151	153	191	191
Listed securities	25	42	25	35
Advances available for consolidation	-	-	-	-
Accrued interest	-	-	-	-
Impairment	-	-	-	-
Subtotal other long term equity investments	**176**	**195**	**216**	**226**
NET CARRYING AMOUNT	**878**	**1,265**	**885**	**1,287**
TOTAL EQUITY INVESTMENTS	**64,597**	**92,122**	**63,423**	**89,027**

(In millions of euros)	31/12/2018 Carrying amount	31/12/2018 Estimated value	31/12/2017 Carrying amount	31/12/2017 Estimated value
Total gross amounts		-		-
Unlisted securities	63,811	-	62,601	-
Listed securities	4,892	-	4,892	-
TOTAL	**68,703**	-	**67,493**	-

Estimated values include advances available for consolidation and accrued interest. They are determined on the basis of the value-in-use of securities; this is not necessarily the market value.

The definitions of the underlined words can be found in the Glossary on page 600.

Note 7 Movements in fixed assets

7.1 FINANCIAL INVESTMENTS

(in millions of euros)	01/01/2018	Increases (acquisitions)	Decreases (disposals and redemptions)	Other movemenst(1)	31/12/2018
Investments in subsidiaries and affiliates					
Gross amount	65,925	1,241	(23)	-	67,143
Advances available for consolidation	513	4	(5)	-	512
Accrued interest	-	-	-	-	-
Impairment	(3,900)	(447)	411	-	(3,936)
NET CARRYING AMOUNT	**62,538**	**798**	**383**	**-**	**63,719**
Equity investments and other long term equity investments					
Equity investments					
Gross amount	1,352	50	(18)	-	1,384
Advances available for consolidation	8	1	-	-	9
Accrued interest	-	-	-	-	-
Impairment	(691)	-	-	-	(691)
Subtotal equity investments	**669**	**51**	**(18)**	**-**	**702**
Other long term equity investments					
Gross amount	216	49	-	(89)	176
Advances available for consolidation	-	-	-	-	-
Accrued interest	-	-	-	-	-
Impairment	-	-	-	-	-
Subtotal other long term equity investments	**216**	**49**	**-**	**(89)**	**176**
NET CARRYING AMOUNT	**885**	**100**	**(18)**	**(89)**	**878**
TOTAL	**63,423**	**898**	**365**	**(89)**	**64,597**

(1) "Other movements" namely include the impact of foreign exchange rate fluctuations on the value of fixed assets accounted for in foreign currencies.

7.2 INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

(in millions of euros)	01/01/2018	Increases (acquisitions)	Decreases (disposals and redemptions)	Other movements(1)	31/12/2018
Property, plant and equipment					
Gross amount	147	-	10	-	157
Amortisation and impairment	(34)	-	(10)	-	(44)
Technical merger losses on property, plant and equipment	-	-	-	-	-
Gross amount	-	-	-	-	-
Amortisation and impairment	-	-	-	-	-
Net carrying amount	**113**	**-**	**-**	**-**	**113**
Intangible assets					
Gross amount	96	3	-	-	99
Amortisation and impairment	(72)	(9)	-	-	(81)
Technical merger losses on intangible losses	-	-	-	-	-
Gross amount	-	-	-	-	-
Amortisation and impairment	-	-	-	-	-
Net carrying amount	**24**	**(6)**	**-**	**-**	**18**
TOTAL	**137**	**(6)**	**-**	**-**	**131**

(1) "Other movements" namely include the impact of foreign exchange rate fluctuations on the value of fixed assets accounted for in foreign currencies.

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Note 8 Treasury shares

(in millions of euros)	31/12/2018				31/12/2017
	Trading securities	Short term investment securities	Fixed assets	Total	Total
Number	4,075,000	303,305	-	**4,378,305**	**2,146,133**
Carrying amounts	38	3	-	**41**	**27**
Market values	38	3	-	**41**	**29**

Par value per share: €3.

Note 9 Accruals, prepayments and sundry assets

(in millions of euros)	31/12/2018	31/12/2017
Other assets[1]		
Financial options bought	8	5
Inventory accounts and miscellaneous	-	-
Miscellaneous debtors[2]	5,819	5,081
Collective management of *Livret de développement durable* (LDD) savings account securities	-	-
Settlement accounts	1	1
Net carrying amount	**5,828**	**5,087**
Accruals and deferred income		
Items in course of transmission	5,333	4,414
Adjustment and suspense accounts	3,002	3,489
Unrealised losses and deferred losses on financial instruments	-	-
Prepaid expenses	1,311	1,504
Accrued income on commitments on forward financial instruments	2,831	2,900
Other accrued income	90	96
Deferred charges	379	409
Other accrual prepayments and sundry assets	78	1
Net carrying amount	**13,024**	**12,813**
TOTAL	**18,852**	**17,900**

(1) Amounts including accrued interest.
(2) Including €39.69 million in respect of the contribution to the Single Resolution Fund in the form of a security deposit. The Resolution Fund may use the security deposit to provide funding, at any time and without condition.

Note 10 Impairment losses deducted from assets

(in millions of euros)	Balance at 01/01/2018	Depreciation charges	Reversals and utilisations	Accretion	Other movements	Balance at 31/12/2018
Interbank and similar items	5	-	(3)	-	-	**2**
Loans and receivables due from customers	1	-	-	-	-	**1**
Securities transactions	10	7	(11)	-	-	**6**
Fixed assets	4,592	447	(411)	-	-	**4,628**
Other assets	65	-	(1)	-	(2)	**62**
TOTAL	**4,673**	**454**	**(426)**	**-**	**(2)**	**4,699**

The definitions of the underlined words can be found in the Glossary on page 600.

Note 11 Due to credit institutions – Analysis by residual maturity

(in millions of euros)	31/12/2018							31/12/2017
	≤ 3 months	> 3 months ≤ 1 year	> 1 year ≤ 5 years	> 5 years	Total principal	Accrued interest	Total	Total
Credit institutions								
Accounts and borrowings:								
• demand	9,989	-	-	-	9,989	3	**9,992**	**10,151**
• time	15,217	8,767	28,855	27,731	80,570	365	**80,935**	**80,810**
Pledged securities	-	-	-	-	-	-	**-**	**-**
Securities sold under repurchase agreements	-	25	-	-	25	-	**25**	**857**
Carrying amount	**25,206**	**8,792**	**28,855**	**27,731**	**90,584**	**368**	**90,952**	**91,818**
Crédit Agricole internal transactions								
Current accounts	11,358	-	-	-	11,358	1	**11,359**	**10,186**
Time deposits and advances	530	1,472	12,592	7,033	21,627	215	**21,842**	**24,169**
Securities sold under repurchase agreements	22	1,425	150	-	1,597	-	**1,597**	**2,312**
Carrying amount	**11,910**	**2,897**	**12,742**	**7,033**	**34,582**	**216**	**34,798**	**36,667**
TOTAL	**37,116**	**11,689**	**41,597**	**34,764**	**125,166**	**584**	**125,750**	**128,485**

Note 12 Due to customers

12.1 DUE TO CUSTOMERS – ANALYSIS BY RESIDUAL MATURITY

(in millions of euros)	31/12/2018							31/12/2017
	≤ 3 months	> 3 months ≤ 1 year	> 1 year ≤ 5 years	> 5 years	Total principal	Accrued interest	Total	Total
Current accounts in credit	1,135	-	-	-	1,135	-	**1,135**	**1,108**
Special savings accounts:	202,514	27,120	10,593	1,868	242,095	-	**242,095**	**231,434**
• demand	141,417	-	-	-	141,417	-	**141,417**	**133,468**
• time	61,097	27,120	10,593	1,868	100,678	-	**100,678**	**97,966**
Other amounts due to customers:	823	2,288	2,380	155	5,646	454	**6,100**	**4,265**
• demand	226	-	-	-	226	-	**226**	**245**
• time	597	2,288	2,380	155	5,420	454	**5,874**	**4,020**
Pledged securities	225	-	-	-	225	-	**225**	**293**
CARRYING AMOUNT	**204,697**	**29,408**	**12,973**	**2,023**	**249,101**	**454**	**249,555**	**237,100**

12.2 DUE TO CUSTOMERS – ANALYSIS BY GEOGRAPHIC AREA

(in millions of euros)	31/12/2018	31/12/2017
France (including overseas departments and territories)	246,180	234,186
Other European Union countries	2,921	2,412
Other European countries	-	-
North America	-	-
Central and South America	-	-
Africa and Middle East	-	-
Asia et Oceania (excl. Japan)	-	-
Japan	-	-
Non-allocated and international organisations	-	-
Total principal	**249,101**	**236,598**
Accrued interest	454	502
CARRYING AMOUNT	**249,555**	**237,100**

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12.3 DUE TO CUSTOMERS – ANALYSIS BY CUSTOMER TYPE

(in millions of euros)	31/12/2018	31/12/2017
Individual customers	208,074	199,527
Farmers	14,850	14,634
Other small businesses	13,750	12,810
Financial institutions	3,179	986
Corporates	3,191	2,918
Local authorities	1,200	1,226
Other customers	4,857	4,497
Total principal	**249,101**	**236,598**
Accrued interest	454	502
CARRYING AMOUNT	**249,555**	**237,100**

Note 13 Debt securities

13.1 DEBT SECURITIES – ANALYSIS BY RESIDUAL MATURITY

	31/12/2018							31/12/2017
(in millions of euros)	≤ 3 months	> 3 months ≤ 1 year	> 1 year ≤ 5 years	> 5 years	Total principal	Accrued interest	Total	Total
Interest bearing notes	-	-	-	-	-	-	-	-
Money-market instruments	125	795	5,551	1,985	8,456	204	**8,660**	**9,263**
Negotiable debt instruments[1]	8,727	10,311	-	30	19,068	3	**19,071**	**4,854**
Bonds	2,598	4,927	38,241	20,243	66,009	1,087	**67,096**	**74,914**
Other debt instruments	-	-	6,654	6,927	13,581	81	**13,662**	**-**
CARRYING AMOUNT	**11,450**	**16,033**	**50,446**	**29,185**	**107,114**	**1,375**	**108,489**	**89,031**

(1) Of which €7,043 million issued abroad.

13.2 BONDS (BY CURRENCY OF ISSUANCE)

	31/12/2018				31/12/2017
(in millions of euros)	Residual maturity ≤ 1 year	Residual maturity > 1 year ≤ 5 years	Residual maturity > 5 years	Outstanding amount	Outstanding amount
Euro	**4,076**	**31,919**	**17,719**	**53,714**	**55,892**
Fixed-rate	3,223	27,733	14,532	45,488	45,462
Floating-rate	853	4,186	3,187	8,226	10,430
Other European Union currencies	**-**	**288**	**-**	**288**	**293**
Fixed-rate	-	277	-	277	282
Floating-rate	-	11	-	11	11
Dollar	**1,527**	**2,748**	**1,091**	**5,366**	**9,985**
Fixed-rate	1,091	1,963	1,091	4,145	7,716
Floating-rate	436	785	-	1,221	2,269
Yen	**1,922**	**2,017**	**656**	**4,595**	**5,298**
Fixed-rate	791	2,017	656	3,464	4,257
Floating-rate	1,131	-	-	1,131	1,041
Other currencies	**-**	**1,269**	**777**	**2,046**	**2,394**
Fixed-rate	-	1,269	777	2,046	2,394
Floating-rate	-	-	-	-	-
Total principal	**7,525**	**38,241**	**20,243**	**66,009**	**73,862**
Fixed-rate	5,105	33,259	17,056	55,420	60,111
Floating-rate	2,420	4,982	3,187	10,589	13,751
Accrued interest	-	-	-	1,087	1,052
CARRYING AMOUNT	**7,525**	**38,241**	**20,243**	**67,096**	**74,914**

The definitions of the underlined words can be found in the Glossary on page 600.

Note 14 Accruals, deferred income and sundry liabilities

(in millions of euros)	31/12/2018	31/12/2017
Other liabilities[1]		
Counterparty transactions (trading securities)	-	-
Liabilities relating to stock lending transactions	-	-
Financial options sold	-	-
Settlement and negotiation accounts	-	-
Sundry creditors	7,349	7,366
Payments on securities in process	33	16
Carrying amount	**7,382**	**7,382**
Accruals and deferred income		
Items in course of transmission	6,512	5,787
Adjustment and suspense accounts	3,288	3,947
Unrealised gains and deferred gains on financial instruments	-	-
Unearned income	972	1,242
Accrued expenses on commitments on forward financial instruments	2,000	2,002
Other accrued expenses	569	549
Other accruals and deferred income	50	16
Carrying amount	**13,391**	**13,543**
TOTAL	**20,773**	**20,925**

(1) Amounts including accrued interest.

Note 15 Provisions

(in millions of euros)	Balance at 01/01/2018	Depreciation charges	Reversals, amounts used	Reversals, amounts not used	Other movements	Balance at 31/12/2018
Provisions for employee retirement and similar benefits	339	-	(7)	-	(5)	**327**
Provisions for other employment-related commitments	13	-	(2)	(1)	-	**10**
Provisions for financing commitment execution risks[6]	69	-	-	(6)	(4)	**59**
Provisions for tax disputes[1]	148	1,095	(13)	(80)	-	**1,150**
Provisions for other litigation	36	-	-	-	-	**36**
Provisions for country risk	-	-	-	-	-	**-**
Provisions for credit risks[5][6]	-	5	-	-	7	**12**
Provisions for restructuring	-	-	-	-	-	**-**
Provisions for tax[2]	405	18	-	(25)	-	**398**
Provisions on equity investments[3]	-	-	-	-	-	**-**
Provisions for operational risks	-	-	-	-	-	**-**
Provisions for home purchase savings scheme imbalance risks	174	9	-	(6)	-	**177**
Other provisions[4]	150	34	(26)	(22)	(3)	**133**
CARRYING AMOUNT	**1,334**	**1,161**	**(48)**	**(140)**	**(5)**	**2,302**

(1) Provisions for already notified tax adjustments.
(2) Mainly comprises tax liabilities due to subsidiaries under the tax consolidation mechanism.
(3) Including joint ventures, EIGs, property risks of equity instruments.
(4) Including provisions for economic interest group investment risks.
(5) These provisions are prepared on a collective basis primarily on the basis of estimates drawn from CRR / CRD4 models.
(6) The transposition of the new provisioning model in line with the IFRS 9 approach resulted in the recognition of a €7.6 million provision under "Other movements".

TAX AUDITS

Crédit Agricole S.A. tax audit

After an audit of accounts for the 2014 and 2015 financial years, Crédit Agricole S.A. has been the subject of adjustments as part of a proposed correction received at the end of December 2018. Crédit Agricole S.A. is challenging most of the proposed adjustments in a robust manner. A provision has been recognised to cover the estimated risk.

Crédit Agricole S.A. earlier underwent a tax audit covering the 2013 financial year. On conclusion of the audit the tax authorities issued a tax adjustment rejecting a tax deduction that was made, following the loss on the disposal of Emporiki Bank securities issued from a capital increase on 28 January 2013, four days prior to the sale of Emporiki Bank to Alpha Bank. The tax authorities dispute the fact that the securities of this subsidiary were treated as investment securities.

The assessment notice dated 15 March 2017 relating to this adjustment, for the amount of €312 million, resulted in a payment, and concurrently, a receivable of the same amount was recorded on 31 December 2017. As part of this dispute, on 13 January 2017, the National Tax Commission decided that the tax adjustment should be withdrawn. The tax authorities maintained it nonetheless, and on 4 October 2018 an appeal was lodged with the Administrative Court.

CIE case (Cheque Image Exchange)

In March 2008, LCL and Crédit Agricole S.A. and ten other banks were served notice of grievances on behalf of the *Conseil de la concurrence i.e.* the French Competition Council (now the *Autorité de la concurrence*).

They are accused of colluding to implement and apply interchange fees for cashing cheques, since the passage of the Cheque Image Exchange system, *i.e.* between 2002 and 2007. In the opinion of the *Autorité de la concurrence,* these fees constitute anti-competitive price agreements in the meaning of Articles 81 paragraph 1 of the treaty establishing the European Community and Article L. 420-1 of the French Commercial Code, and allegedly caused damage to the economy.

In their defense, the banks categorically refuted the anticompetitiveness of the fees and contested the legality of the proceedings.

In a decision published on 20 September 2010, the *Autorité de la concurrence* stated that the Cheque Image Exchange fee (CEIC) was anti-competitive by its very aim and that it artificially increased the costs borne by remitting banks, which resulted in an unfavourable impact on the prices of banking services. Concerning one of the fees for related services, the fee for cancellation of wrongly cleared transactions (AOCT), the *Autorité de la concurrence* called on the banks to revise their amount within six months of the notification of the decision.

The accused banks were sanctioned for an overall amount of €384.92 million.

LCL and Crédit Agricole were respectively sentenced to pay €20.7 million and €82.1 million for the CEIC and €0.2 million and €0.8 million for the AOCT.

All of the banks appealed the decision to the Paris Court of Appeal. By a decree of 23 February 2012, the Court overruled the decision, stating that the *Autorité de la concurrence* had not proven the existence of competition restrictions establishing the agreement as having an anti-competitive purpose.

The *Autorité de la concurrence* filed an appeal with the Supreme Court on 23 March 2012.

On 14 April 2015, the French Supreme Court *(Cour de cassation)* overruled the Paris Court of Appeal's decision dated 23 February 2012 and remanded the case to the Paris Court of Appeal with a change in the composition of the Court on the sole ground that the Paris Court of Appeal declared the *UFC-Que Choisir* and ADUMPE's interventions in the proceedings devoid of purpose without having considered their arguments.

The Supreme Court did not rule on the merits of the case and Crédit Agricole has brought the case before the Paris Court of Appeal.

The Paris Court of Appeal issued a decree on 21 December 2017. It confirmed the decision of the *Autorité de la concurrence* dated 20 September 2010 but reduced from €82,940,000 to €76,560,000 the sanction on Crédit Agricole. LCL's sanction remains unchanged, at an amount of €20,930,000.

As well as the other banks parties to this procedure, LCL and Crédit Agricole filed an appeal with the Supreme Court.

Euribor/Libor and other indexes

Crédit Agricole S.A. and its subsidiary Crédit Agricole CIB, in their capacity as contributors to a number of interbank rates, have received requests for information from a number of authorities as part of investigations into: (i) the calculation of the Libor (London Interbank Offered Rates) in a number of currencies, the Euribor (Euro Interbank Offered Rate) and certain other market indices; and (ii) transactions connected with these rates and indices. These demands covered several periods from 2005 to 2012.

As part of its cooperation with the authorities, Crédit Agricole S.A. and its subsidiary Crédit Agricole CIB carried out investigations in order to gather the information requested by the various authorities and in particular the American authorities – the DOJ (Department of Justice) and CFTC (Commodity Future Trading Commission) – with which they are in discussions. It is currently not possible to know the outcome of these discussions, nor the date when they will be concluded.

Furthermore, Crédit Agricole CIB is currently under investigation opened by the Attorney General of the State of Florida on both the Libor and the Euribor.

Following its investigation and an unsuccessful settlement procedure, on 21 May 2014, the European Commission sent a notification of grievances to Crédit Agricole S.A. and to Crédit Agricole CIB pertaining to agreements or concerted practices for the purpose and/or effect of preventing, restricting or distorting competition in derivatives related to the Euribor.

In a decision dated 7 December 2016, the European Commission jointly fined Crédit Agricole S.A. and Crédit Agricole CIB €114,654,000 for participating in a cartel in euro interest rate derivatives. Crédit Agricole S.A. and Crédit Agricole CIB are challenging this decision and have asked the European Court of Justice to overturn it.

Additionally, the Swiss competition authority, COMCO, is conducting an investigation into the market for interest rate derivatives, including the Euribor, with regard to Crédit Agricole S.A. and several Swiss and international banks. Moreover, in June 2016 the South Korean competition authority (KFTC) decided to close the investigation launched in September 2015 into Crédit Agricole CIB and the Libor index on various currencies, Euribor and Tibor indices. The investigation into certain foreign exchange derivatives (ABS-NDF) has been closed by the KFTC according to a decision notified to Crédit Agricole CIB on 20 December 2018.

Concerning the two class actions in the United States of America in which Crédit Agricole S.A. and Crédit Agricole CIB have been named since 2012 and 2013 along with other financial institutions, both as defendants in one ("Sullivan" for the Euribor) and only Crédit Agricole S.A. as defendant for the other ("Lieberman" for Libor), the "Lieberman" class action is at the preliminary stage that consists in the examination of its admissibility; proceedings are still suspended before the US District Court of New York State. Concerning the "Sullivan" class action, Crédit Agricole S.A. and Crédit Agricole CIB introduced a motion to dismiss the applicants' claim. The US District Court of New York State upheld the motion to dismiss regarding Crédit Agricole S.A. and Crédit Agricole CIB in first instance. This decision is subject to appeal.

The definitions of the underlined words can be found in the Glossary on page 600.

Since 1 July 2016, Crédit Agricole S.A. and Crédit Agricole CIB, together with other banks, are also party to a new class action suit in the United States ("Frontpoint") relating to the SIBOR (Singapore Interbank Offered Rate) and SOR (Singapore Swap Offer Rate) indices. After having granted a first motion to dismiss filed by Crédit Agricole SA and Crédit Agricole CIB, the New York Federal District Court, ruling on a new request by the plaintiffs, excluded Crédit Agricole SA from the Frontpoint case on the grounds that it had not contributed to the relevant indexes. The Court considered, however, taking into account recent developments in case law, that its jurisdiction could apply to Crédit Agricole CIB, as well as to all the banks that are members of the SIBOR index panel. The allegations contained in the complaint regarding the SIBOR/USD index and the SOR index were also rejected by the court, therefore the index SIBOR/Singapore dollar alone is still taken into account. On 26 December, the plaintiffs filed a new complaint aimed at reintroducing into the scope of the Frontpoint case the alleged manipulations of the SIBOR and SOR indexes that affected the transactions in US dollars. Crédit Agricole CIB, alongside the other defendants, will oppose the terms of this new complaint and has also filed a new motion to dismiss to contest the jurisdiction maintained against it

These class actions are civil actions in which the plaintiffs claim that they are victims of the methods used to set the Euribor, Libor, SIBOR and SOR rates, and seek repayment of the sums they allege were unlawfully received, as well as damages and reimbursement of costs and fees paid.

Bonds SSA

Several regulators have demanded information to Crédit Agricole S.A. and to Crédit Agricole CIB for inquiries relating to activities of different banks involved in the secondary trading of Bonds SSA (Supranational, Sub-Sovereign and Agencies) denominated in American dollars. Through the cooperation with these regulators, Crédit Agricole CIB proceeded to internal inquiries to gather the required information available. On 20 December 2018, the European Commission issued a Statement of Objections to a number of banks including Crédit Agricole S.A. and Crédit Agricole CIB within its inquiry on a possible infringement of rules of European Competition law in the secondary trading of Bonds SSA denominated in American dollars. Crédit Agricole S.A. and Crédit Agricole CIB became aware of these objections and will issue a response.

Crédit Agricole CIB is included with other banks in a putative consolidated class action before the United States District Court for the Southern District of New York. That action was dismissed on 29 August 2018 on the basis that the plaintiffs failed to allege an injury sufficient to give them standing. However the plaintiffs have been given an opportunity to attempt to remedy that defect. The plaintiffs filed an amended complaint on 7 November 2018. Crédit Agricole CIB as well as the other defendants have filed motions to dismiss the amended complaint.

On 7 February 2019, another class action was filed against CACIB and the other defendants named in the class action already pending before the United States District Court for the Southern District of New York.

On 11 July 2018, Crédit Agricole S.A. and Crédit Agricole CIB were notified with other banks of a class action filed in Canada, before the Ontario Superior Court of Justice. Another class action, not notified to date, would have been filed before the Federal Court of Canada. It is not possible at this stage to predict the outcome of these investigations, proceedings or class actions or the date on which they will end.

Note 16 Home purchase savings schemes

CUSTOMER ASSETS IN HOME PURCHASE SAVINGS ACCOUNTS AND SCHEMES DURING THE SAVINGS PHASE

(in millions of euros)	31/12/2018	31/12/2017
Home purchase savings schemes		
Under 4 years old	11,256	9,547
Between 4 and 10 years old	35,293	33,055
Over 10 years old(1)	45,628	46,074
Total home purchase savings schemes	**92,177**	**88,676**
Total home purchase savings accounts	**10,351**	**10,226**
TOTAL CUSTOMER ASSETS UNDER HOME PURCHASE SAVINGS CONTRACTS	**102,528**	**98,902**

(1) Home purchase savings schemes include interest accrued but not yet at 31 December 2018 unlike at 31 December 2017.

PROVISION FOR HOME PURCHASE SAVINGS ACCOUNTS AND SCHEMES

(in millions of euros)	31/12/2018	31/12/2017
Home purchase savings schemes		
Under 4 years old	-	-
Between 4 and 10 years old	-	-
Over 10 years old	177	174
Total home purchase savings schemes	**177**	**174**
Total home purchase savings accounts	**-**	**-**
TOTAL PROVISIONS FOR HOME PURCHASE SAVINGS CONTRACTS	**177**	**174**

CHANGES IN PROVISIONS

(in millions of euros)	01/01/2018	Depreciation charges	Reversals	31/12/2018
Home purchase savings schemes	174	3	-	177
Home purchase savings accounts	-	-	-	-
TOTAL PROVISIONS FOR HOME PURCHASE SAVINGS CONTRACTS	**174**	**3**	**-**	**177**

Note 17 Employment-related commitments: post-employment benefits, defined-benefit plans

CHANGE IN ACTUARIAL LIABILITY

(in millions of euros)	31/12/2018	31/12/2017
Actuarial liability at 31/12/N-1	338	319
Current service cost	16	16
Financial cost	3	3
Employee contributions	-	-
Benefit plan changes, withdrawals and settlement	4	-
Changes in scope	(4)	1
Severance payments	-	-
Benefits paid (mandatory)	(17)	(23)
Actuarial (gains)/losses	(13)	22
ACTUARIAL LIABILITY AT 31/12/N[1]	**327**	**338**

(1) The actuarial liability excludes commitments for long-service awards.

BREAKDOWN OF CHARGE RECOGNISED IN THE INCOME STATEMENT

(in millions of euros)	31/12/2018	31/12/2017
Current service cost	16	17
Financial cost	3	3
Expected return on assets	-	-
Past service cost	4	-
Net actuarial (gains)/losses	(17)	21
(Gains) / losses on plan withdrawals and settlements	-	-
(Gains) / losses due to changes in asset restrictions	-	(3)
NET CHARGE RECOGNISED IN INCOME STATEMENT	**6**	**38**

CHANGES IN FAIR VALUE OF PLAN ASSETS

(in millions of euros)	31/12/2018	31/12/2017
Fair value of assets / reimbursement rights at 31/12/N-1	309	293
Expected return on assets	-	-
Actuarial gains/(losses)[1]	4	4
Employer contributions	7	34
Employee contributions	-	-
Benefit plan changes, withdrawals and settlement	-	-
Changes in scope	2	1
Severance payments	-	-
Benefits paid out under the benefit plan	(17)	(22)
FAIR VALUE OF ASSETS / REIMBURSEMENT RIGHTS AT 31/12/N	**305**	**309**

(1) Interest on reimbursement rights.

NET POSITION

(in millions of euros)	31/12/2018	31/12/2017
Actuarial liability at 31/12/N	(327)	(338)
Impact of asset restriction	-	-
Fair value of assets at end of period	305	309
NET POSITION (LIABILITIES) / ASSETS AT 31/12/N	**(22)**	**(29)**

Note 18 Fund for General Banking Risk (FGBR)

(in millions of euros)	31/12/2018	31/12/2017
Fund for general banking risk	1,152	1,112
CARRYING AMOUNT	**1,152**	**1,112**

The definitions of the underlined words can be found in the Glossary on page 600.

Note 19 Subordinated debt – Analysis by residual maturity

	31/12/2018							31/12/2017
(in millions of euros)	≤ 3 months	> 3 months ≤ 1 year	> 1 year ≤ 5 years	> 5 years	Total principal	Accrued interest	Total	Total
Fixed-term subordinated debt	**-**	**2,098**	**2,278**	**13,411**	**17,787**	**193**	**17,980**	**20,744**
Euro	-	2,098	1,861	9,725	13,684	148	**13,832**	**17,517**
Other European Union currencies	-	-	417	-	417	1	**418**	**426**
Swiss Franc	-	-	-	107	107	1	**108**	**103**
Dollar	-	-	-	2,399	2,399	38	**2,437**	**2,121**
Yen	-	-	-	1,180	1,180	5	**1,185**	**577**
Other currencies	-	-	-	-	-	-	**-**	**-**
Participating securities and loans	-	-	-	-	-	-	**-**	-
Other subordinated term loans	-	-	-	-	-	-	**-**	-
Undated subordinated debt(1)	**-**	**-**	**-**	**7,025**	**7,025**	**42**	**7,067**	**7,791**
Euro	-	-	-	1,614	1,614	9	**1,623**	**2,345**
Other European Union currencies	-	-	-	888	888	13	**901**	**1,098**
Swiss Franc	-	-	-	-	-	-	**-**	**-**
Dollar	-	-	-	4,523	4,523	20	**4,543**	**4,348**
Yen	-	-	-	-	-	-	**-**	**-**
Other currencies	-	-	-	-	-	-	**-**	**-**
Investment of own funds of Local Banks	-	-	-	-	-	-	**-**	-
Mutual security deposits	-	-	-	-	-	-	**-**	-
CARRYING AMOUNT	**-**	**2,098**	**2,278**	**20,436**	**24,812**	**235**	**25,047**	**28,535**

(1) Residual maturity of undated subordinated debt classified by default in > 5 years.

Note 20 Changes in equity (before appropriation)

CHANGES IN EQUITY

	Equity							
(in millions of euros)	Share capital	Legal reserve	Statutory reserve	Share premiums, other reserves and retained earnings	Translation / revaluation adjustments	Regulated provisions and investment subsidies	Net income	Total equity
Balance at 31/12/2016	**8,538**	**792**	**436**	**25,647**	**-**	**17**	**13,819**	**49,249**
Dividends paid in respect of 2016	-	-	-	(1,717)	-	-	**-**	**(1,717)**
Change in share capital	-	-	-	-	-	-	**-**	**-**
Change in share premiums and reserves	-	62	-	(62)	-	-	**-**	**-**
Appropriation of 2016 parent company net income	-	-	-	13,819	-	-	**(13,819)**	**-**
Retained earnings	-	-	-	-	-	-	**-**	**-**
Net income/(loss) for 2017	-	-	-	-	-	-	**1,564**	**1,564**
Other variations	-	-	-	-	-	(2)	**-**	**(2)**
Balance at 31/12/2017	**8,538**	**854**	**436**	**37,687**	**-**	**15**	**1,564**	**49,094**
Dividends paid in respect of 2017	-	-	-	(1,802)	-	-	**-**	**(1,802)**
Change in share capital	61	-	(95)	-	-	-	**-**	**(34)**
Change in share premiums and reserves	-	-	-	-	-	-	**-**	**-**
Appropriation of 2017 parent company net income	-	-	-	170	-	-	**-**	**170**
Retained earnings	-	-	-	1,564	-	-	**(1,564)**	**-**
Net income/(loss) for 2018	-	-	-	-	-	-	**2,740**	**2,740**
Other variations	-	-	-	(9)	-	-	-	**(9)**
BALANCE AT 31/12/2018	**8,599**	**854**	**341**	**37,610**	**-**	**15**	**2,740**	**50,159**

The amount of dividends paid by Crédit Agricole S.A. in 2018 amounted to -€1,802.16 million, after the neutralisation of dividends on treasury shares in the amount of €1 million.
€19.59 million capital increase following the removal of the loyalty dividend on 24 May 2018.
€41.41 million capital increase reserved for employees on 1 August 2018.
The transposition of the new provisioning model in line with IFRS 9 resulted in the recognition of €7.6 million under "Other variations" in opening equity.

The definitions of the underlined words can be found in the Glossary on page 600.

Note 21 Composition of capital

(in millions of euros)	31/12/2018	31/12/2017
Equity	50,159	49,094
Fund for general banking risk	1,152	1,112
Subordinated debt and participating securities	25,047	28,535
Mutual security deposits	-	-
TOTAL CAPITAL	**76,358**	**78,741**

Note 22 Transactions with subsidiaries and affiliates and equity investments

(in millions of euros)	Balance 31/12/2018	Balance 31/12/2017
Loans and receivables	**422,758**	**399,531**
Credit and other financial institutions	415,080	391,681
Customers	1,658	1,735
Bonds and other fixed-income securities	6,020	6,115
Liabilities	**148,899**	**141,450**
Credit and other financial institutions	146,177	140,794
Customers	2,722	656
Debt securities and subordinated debt	-	-
Commitments given	**13,521**	**12,154**
Financing commitments given to credit institutions	497	552
Financing commitments given to customers	-	-
Guarantees given to credit institutions	5,614	3,805
Guarantees given to customers	7,410	7,797
Securities acquired with repurchase options	-	-
Other commitments given	-	-

Note 23 Foreign currency denominated transactions

ANALYSIS OF THE BALANCE SHEET BY CURRENCY

	31/12/2018		31/12/2017	
(in millions of euros)	Assets	Liabilities	Assets	Liabilities
Euro	548,882	531,930	520,385	506,501
Other European Union currencies	2,883	2,689	2,879	2,586
Swiss Franc	7,407	4,724	7,393	4,278
Dollar	13,236	18,427	14,497	18,983
Yen	492	8,244	532	5,907
Other currencies	1,180	1,026	1,018	954
Gross amount	**574,080**	**567,040**	**546,704**	**539,209**
Loans and receivables, accrued interest, accruals, prepayments, deferred income and sundry assets and liabilities	13,853	16,194	13,587	16,410
Impairment	(4,699)	-	(4,672)	-
TOTAL	**583,234**	**583,234**	**555,619**	**555,619**

Note 24 Foreign exchange transactions, foreign currency loans and borrowings

	31/12/2018		31/12/2017	
(in millions of euros)	To be received	To be delivered	To be received	To be delivered
Spot foreign exchange transactions	**60**	**60**	**64**	**64**
• Foreign currencies	29	40	35	33
• Euros	31	20	29	31
Forward currency transactions	**16,292**	**15,944**	**16,329**	**16,430**
• Foreign currencies	14,219	3,281	11,076	6,389
• Euros	2,073	12,663	5,253	10,041
Foreign currency denominated loans and borrowings	**33**	**36**	**25**	**37**
TOTAL	**16,385**	**16,040**	**16,418**	**16,531**

The definitions of the underlined words can be found in the Glossary on page 600.

Note 25 Transactions involving forward financial instruments

(in millions of euros)	31/12/2018 Hedging transactions	31/12/2018 Non-hedging transactions	31/12/2018 Total	31/12/2017 Total
Futures and forwards	**558,386**	**260,393**	**818,779**	**843,829**
Exchange-traded[1]	-	-	-	-
Interest rate futures	-	-	-	-
Currency futures	-	-	-	-
Equity and stock index futures	-	-	-	-
Other futures	-	-	-	-
Over-the-counter[1]	**558,386**	**260,393**	**818,779**	**843,829**
Interest rate swaps	551,685	260,256	811,941	842,743
Other interest rate forwards	-	-	-	-
Currency forwards	5,002	137	5,139	155
FRAs	-	-	-	-
Equity and stock index forwards	1,699	-	1,699	931
Other forwards	-	-	-	-
Options	**1,130**	**-**	**1,130**	**815**
Exchange-traded	-	-	-	-
Interest rate futures	-	-	-	-
• Bought	-	-	-	-
• Sold	-	-	-	-
Equity and stock index futures	-	-	-	-
• Bought	-	-	-	-
• Sold	-	-	-	-
Currency futures	-	-	-	-
• Bought	-	-	-	-
• Sold	-	-	-	-
Over-the-counter	**1,130**	**-**	**1,130**	**815**
Interest rate swap options	-	-	-	-
• Bought	-	-	-	-
• Sold	-	-	-	-
Interest rate forwards	-	-	-	-
• Bought	1,130	-	1,130	815
• Sold	-	-	-	-
Currency forwards	-	-	-	-
• Bought	-	-	-	-
• Sold	-	-	-	-
Equity and stock index forwards	-	-	-	-
• Bought	-	-	-	-
• Sold	-	-	-	-
Other options	-	-	-	-
• Bought	-	-	-	-
• Sold	-	-	-	-
Credit derivatives	**-**	**-**	-	-
Credit derivative contracts	-	-	-	-
• Bought	-	-	-	-
• Sold	-	-	-	-
TOTAL	**559,516**	**260,393**	**819,909**	**844,644**

(1) The amounts shown in respect of futures and forwards correspond to aggregate long and short positions (interest rate swaps and interest rate swap options), or to aggregate purchases and sales of contracts (other contracts).

25.1 TRANSACTIONS ON FORWARD FINANCIAL INSTRUMENTS – NOTIONAL OUTSTANDING BY RESIDUAL MATURITY

	Total 31/12/2018			o/w over-the-counter			o/w exchange traded and equivalent		
(in millions of euros)	≤ 1 year	> 1 year ≤ 5 years	> 5 years	≤ 1 year	> 1 year ≤ 5 years	> 5 years	≤ 1 year	> 1 year ≤ 5 years	> 5 years
Futures	-	-	-	-	-	-	-	-	-
Currency options	-	-	-	-	-	-	-	-	-
Interest rate options	-	-	-	-	-	-	-	-	-
Currency futures	3,294	1,845	-	3,294	1,845	-	-	-	-
FRAs	-	-	-	-	-	-	-	-	-
Interest rate swaps	348,160	263,418	200,363	348,160	263,418	200,363	-	-	-
Caps, Floors, Collars	100	1,030	-	100	1,030	-	-	-	-
Interest rate forwards	-	-	-	-	-	-	-	-	-
Equity and equity index forwards	431	342	926	431	342	926	-	-	-
Equity and equity index options	-	-	-	-	-	-	-	-	-
Equity, equity index and precious metal derivatives	-	-	-	-	-	-	-	-	-
Credit derivatives	-	-	-	-	-	-	-	-	-
Subtotal	**351,985**	**266,635**	**201,289**	**351,985**	**266,635**	**201,289**	**-**	**-**	**-**
Currency swaps	4,513	10,241	11,520	4,513	10,241	11,520	-	-	-
Forward currency transactions	5,961	-	-	5,961	-	-	-	-	-
Subtotal	**10,474**	**10,241**	**11,520**	**10,474**	**10,241**	**11,520**	**-**	**-**	**-**
TOTAL	**362,459**	**276,876**	**212,809**	**362,459**	**276,876**	**212,809**	**-**	**-**	**-**

	Total 31/12/2017			o/w over-the-counter			o/w exchange traded and equivalent		
(in millions of euros)	≤ 1 year	> 1 year ≤ 5 years	> 5 years	≤ 1 year	> 1 year ≤ 5 years	> 5 years	≤ 1 year	> 1 year ≤ 5 years	> 5 years
Futures	-	-	-	-	-	-	-	-	-
Currency options	-	-	-	-	-	-	-	-	-
Interest rate options	-	-	-	-	-	-	-	-	-
Currency futures	155	-	-	155	-	-	-	-	-
FRAs	-	-	-	-	-	-	-	-	-
Interest rate swaps	412,813	211,727	218,203	412,813	211,727	218,203	-	-	-
Caps, floors, collars	215	600	-	215	600	-	-	-	-
Interest rate forwards	-	-	-	-	-	-	-	-	-
Equity and index forwards	76	434	421	76	434	421	-	-	-
Equity and index options	-	-	-	-	-	-	-	-	-
Equity, equity index and precious metal derivatives	-	-	-	-	-	-	-	-	-
Credit derivatives	-	-	-	-	-	-	-	-	-
Subtotal	**413,259**	**212,761**	**218,624**	**413,259**	**212,761**	**218,624**	**-**	**-**	**-**
Currency swaps	2,299	13,085	10,297	2,299	13,085	10,297	-	-	-
Forward currency transactions	7,053	25	-	7,053	25	-	-	-	-
Subtotal	**9,352**	**13,110**	**10,297**	**9,352**	**13,110**	**10,297**	**-**	**-**	**-**
TOTAL	**422,611**	**225,871**	**228,921**	**422,611**	**225,871**	**228,921**	**-**	**-**	**-**

The definitions of the underlined words can be found in the Glossary on page 600.

25.2 FORWARD FINANCIAL INSTRUMENTS – FAIR VALUE

	31/12/2018			31/12/2017		
	Fair value		Notional outstanding at	Fair value		Notional outstanding at
(in millions of euros)	Positive at	Negative at		Positive at	Negative at	
Futures	-	-	-	-	-	-
Currency options	-	-	-	-	-	-
Interest rate options	-	-	-	-	-	-
Currency futures	-	-	5,139	-	-	155
FRAs	-	-	-	-	-	-
Interest rate swaps	13,958	11,381	811,941	15,550	12,989	842,743
Caps, Floors, Collars	17	14	1,130	29	28	815
Interest rate forwards	-	-	-	-	-	-
Equity and index forwards	121	71	1,699	457	119	931
Equity and index options	-	-	-	-	-	-
Equity, equity index and precious metal derivatives	-	-	-	-	-	-
Credit derivatives	-	-	-	-	-	-
Subtotal	**14,096**	**11,466**	**819,909**	**16,036**	**13,136**	**844,644**
Currency swaps	166	68	26,274	197	131	25,681
Forward currency transactions	1	8	5,961	12	16	7,078
Subtotal	**167**	**76**	**32,235**	**209**	**147**	**32,759**
TOTAL	**14,263**	**11,542**	**852,144**	**16,245**	**13,283**	**877,403**

Note 26 Information on counterparty risk on derivative products

	31/12/2018			31/12/2017		
(in millions of euros)	Market value	Potential credit risk(1)	Total counterparty risk	Market value	Potential credit risk(1)	Total counterparty risk
Risk regarding OECD governments, central Banks and similar organisations	-	-	**-**	-	-	**-**
Risk regarding OECD financial institutions and similar organisations	14,263	2,150	**16,413**	16,246	2,701	**18,947**
Risk on other counterparties	-	-	**-**	-	-	**-**
Total before impact of netting contracts	**14,263**	**2,150**	**16,413**	**16,246**	**2,701**	**18,947**
Risk on:						
• Interest rate, exchange rate and commodities contracts	14,142	2,063	**16,205**	15,789	2,661	**18,450**
• Equity and index derivative contracts	121	87	**208**	457	40	**496**
Total before impact of netting contracts	**14,263**	**2,150**	**16,413**	**16,246**	**2,701**	**18,947**
Impact of netting and collateralisation contracts	-	-	**-**	-	-	**-**
TOTAL AFTER IMPACT OF NETTING AND COLLATERALISATION CONTRACTS	**14,263**	**2,150**	**16,463**	**16,246**	**2,701**	**18,947**

(1) Calculated under CRR/CRD4 regulatory standards.

Note 27 Commitments and guarantees given and received

(in millions of euros)	31/12/2018	31/12/2017
Commitments given		
Financing commitments	**5,115**	**4,652**
Commitments given to credit institutions	5,115	4,588
Commitments given to customers	-	64
• Confirmed credit lines	-	-
Documentary credits	-	-
Other confirmed credit lines	-	-
• Other commitments given to customers	-	64
Guarantee commitments	**17,369**	**16,088**
Credit institutions	5,968	5,245
• Confirmed documentary credit lines	-	-
• Other	5,968	5,245
Customers	11,401	10,843
• Property guarantees	-	-
• Other customer guarantees	11,401	10,843
Commitments on securities	**31**	**11**
Securities acquired with repurchase options	-	-
Other commitments to be given	31	11
Commitments received		
Financing commitments	**60,820**	**61,214**
Commitments received from credit institutions	60,820	61,214
Commitments received from customers	-	-
Guarantee commitments	**12,272**	**11,110**
Commitments received from credit institutions	12,270	11,108
Commitments received from customers	2	2
• Guarantees received from government bodies or similar institutions	-	-
• Other guarantees received	2	2
Commitments on securities	**20**	**-**
Securities sold with repurchase options	-	-
Other commitments received	20	-

Note 28 Net interest and similar income

(in millions of euros)	31/12/2018	31/12/2017
Interbank transactions	2,020	1,909
Crédit Agricole internal transactions	2,864	3,620
Customer transactions[(1)]	256	369
Bonds and other fixed-income securities	1,433	2,083
Net gains on macro-hedging transactions	932	506
Debt securities	2,522	2,547
Other interest income	86	130
Interest and similar income	**10,113**	**11,164**
Interbank transactions	(1,667)	(1,779)
Crédit Agricole internal transactions	(1,117)	(1,099)
Customer transactions	(4,029)	(4,109)
Net losses on macro-hedging transactions	-	-
Bonds and other fixed-income securities	(703)	(1,771)
Debt securities	(3,889)	(3,351)
Other interest expense	(6)	(9)
Interest and similar expenses	**(11,411)**	**(12,118)**
NET INTEREST AND SIMILAR INCOME	**(1,298)**	**(954)**

(1) This item includes a +€59 million impact for liabilities deemed extinguished following fresh legal analysis, and that should have been derecognised prior to the 2018 financial year.

Note 29 Income from securities

(in millions of euros)	31/12/2018	31/12/2017
Investments in subsidiaries and affiliates, equity investments and other long term equity investments	3,860	1,592
Short term investment securities and medium term portfolio securities	-	1
Other securities transactions	-	-
TOTAL INCOME FROM VARIABLE INCOME SECURITIES	**3,860**	**1,593**

The definitions of the underlined words can be found in the Glossary on page 600.

Note 30 Net fee and commission income

	31/12/2018			31/12/2017		
(in millions of euros)	Income	Expense	Net	Income	Expense	Net
Interbank transactions	104	(19)	85	89	(18)	71
Crédit Agricole internal transactions	757	(507)	250	814	(546)	268
Customer transactions	-	-	-	-	(1)	(1)
Securities transactions	-	-	-	-	-	-
Foreign exchange transactions	-	-	-	-	-	-
Forward financial instruments and other off-balance sheet transactions	-	-	-	-	-	-
Financial services	42	(122)	(80)	39	(115)	(76)
Provisions for fee and commission risks	-	-	-	-	-	-
TOTAL NET FEE AND COMMISSION INCOME	**903**	**(648)**	**255**	**942**	**(680)**	**262**

Note 31 Net gains (losses) on trading book

(in millions of euros)	31/12/2018	31/12/2017
Net gains (losses) on trading securities	(9)	5
Net gains (losses) on foreign exchange transactions and similar financial instruments	(100)	413
Net gains (losses) on other forward financial instruments	4	25
NET GAINS (LOSSES) ON TRADING BOOK	**(105)**	**443**

Note 32 Gains (losses) on short term investment portfolio and similar

(in millions of euros)	31/12/2018	31/12/2017
Short term investment securities		
Impairment losses	(7)	(39)
Reversal of impairment losses	11	55
Net impairment losses/reversals	**4**	**16**
Gains on disposals	177	124
Losses on disposals	(6)	(1)
Net gains (losses) on disposals	**171**	**123**
Net gains (losses) on short term investment securities	**175**	**139**
Medium term portfolio securities	-	-
Impairment losses	-	-
Reversal of impairment losses	-	-
Net impairment losses/reversals	**-**	**-**
Gains on disposals	-	-
Losses on disposals	-	-
Net gains (losses) on disposals	**-**	**-**
Net gains (losses) on medium term portfolio securities	**-**	**-**
GAINS (LOSSES) ON SHORT TERM INVESTMENT PORTFOLIO AND SIMILAR	**175**	**139**

The definitions of the underlined words can be found in the Glossary on page 600.

Note 33 Other banking income and expenses

(in millions of euros)	31/12/2018	31/12/2017
Other income	173	4
Share of joint ventures	-	-
Charge-backs and expense reclassifications	19	12
Reversal of provisions	-	-
Other banking income	**192**	**16**
Sundry expenses	(141)	(32)
Share of joint ventures	(7)	(7)
Charge-backs and expense reclassifications	-	(3)
Additions to provisions	(23)	-
Other banking expenses	**(171)**	**(42)**
TOTAL OTHER BANKING INCOME AND EXPENSES(1)	**21**	**(26)**

(1) Other banking income and expenses includes a +€32 million net impact for liabilities deemed extinguished following fresh legal analysis, and that should have been derecognised prior to the 2018 financial year.

Note 34 Operating expenses

(in millions of euros)	31/12/2018	31/12/2017
Employee expenses(1)		
Wages and salaries	(169)	(213)
Social security costs	(92)	(132)
O/w contributions to defined-contribution post-employment benefit plans	*(32)*	*(35)*
Profit-sharing and incentive plans	(17)	(22)
Payroll-related tax	(31)	(38)
Total employee expenses	(309)	(405)
Charge-backs and reclassification of employee expenses	29	37
Net employee expenses	(280)	(368)
Administrative expenses(2)		
Taxes other than on income or payroll-related	(47)	(29)
External services, other administrative expenses and regulatory contributions(3)	(476)	(441)
Total administrative costs	(523)	(470)
Charge-backs and reclassification of administrative costs	66	85
Net administrative expenses	(457)	(385)
OPERATING EXPENSES	**(737)**	**(753)**

(1) At 31 December 2018, the compensation of members of the Board of Directors and the Executive Committee paid by Crédit Agricole S.A. amounted to €28.2 million, €3.9 million of which in post-employment benefits.
(2) Information on fees paid to Statutory Auditors is indicated in the notes to the consolidated financial statements of Crédit Agricole S.A. Group.
(3) Of which €68.9 million in respect of the contribution to the Single Resolution Fund.

HEADCOUNT BY CATEGORY

(Average number of active employees in proportion to activity)

Employee categories	31/12/2018	31/12/2017
Managers	1,623	1,940
Non-managers	170	227
TOTAL	**1,793**	**2,167**
Of which: France	*1,776*	*2,148*
Foreign	*17*	*19*
Of which: Detached employees	*149*	*152*

Note 35 Cost of risk

(in millions of euros)	31/12/2018	31/12/2017
Addition to provisions and impairment losses	**(12)**	**(34)**
Impairment of doubtful loans	-	(1)
Others addition to provisions and impairment losses	(12)	(33)
Reversal of provisions and impairment losses	**10**	**331**
Reversal of impairment of doubtful loans	3	151
Other reversals of provisions and impairment losses	7	180
Change in provisions and impairment losses	**(2)**	**297**
Losses on non-impaired irrecoverable loans	-	-
Losses on impaired irrecoverable loans	(5)	(172)
Discounts on restructured loans	-	-
Recoveries on loans written off	2	4
Other losses	(4)	(115)
Other gains	-	-
COST OF RISK	**(9)**	**14**

The definitions of the underlined words can be found in the Glossary on page 600.

Note 36 Net gains (losses) on fixed assets

(in millions of euros)	31/12/2018	31/12/2017
Financial investments		
Impairment losses	**(447)**	**(227)**
Long term investment securities	-	-
Investments in subsidiaries and affiliates, equity investments and other long term equity investments	(447)	(227)
Reversal of impairment losses	**410**	**438**
Long term investment securities	-	-
Investments in subsidiaries and affiliates, equity investments and other long term equity investments	410	438
Net impairment losses/reversals	**(37)**	**211**
Long term investment securities	-	-
Investments in subsidiaries and affiliates, equity investments and other long term equity investments	(37)	211
Gains on disposals	**16**	**457**
Long term investment securities	1	-
Investments in subsidiaries and affiliates, equity investments and other long term equity investments	15	457
Losses on disposals	**-**	**(34)**
Long term investment securities	-	-
Investments in subsidiaries and affiliates, equity investments and other long term equity investments	-	(34)
Losses on receivables from equity investments	-	-
Net gains (losses) on disposals	**16**	**423**
Long term investment securities	1	-
Investments in subsidiaries and affiliates, equity investments and other long term equity investments	15	423
Net gains (losses)	**(21)**	**634**
Property, plant & equipment and intangible assets		
Gains on disposals	11	-
Losses on disposals	-	-
Net gains (losses)	**11**	**-**
NET GAINS (LOSSES) ON FIXED ASSETS	**(10)**	**634**

Note 37 Income tax charge

(in millions of euros)	31/12/2018	31/12/2017
Income tax charge[1]	1,625	260
Net provisions for taxes under the tax consolidation scheme	(987)	(5)
NET BALANCE	**638**	**255**

(1) The tax gain mainly consists of the taxes that Crédit Agricole S.A., as head of the tax consolidation group, collected from the subsidiaries included in the tax consolidation scheme.

Note 38 Presence in non-cooperative states and territories

At 31 December 2018, Crédit Agricole S.A. had no direct or indirect presence in non-cooperative states or territories within the meaning of Article 238-0-A of the French General Tax Code.

STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

(For the year ended 31 December 2018)

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report includes information specifically required by European regulations or French law, such as information about the appointment of Statutory Auditors. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

OPINION

In compliance with the engagement entrusted to us by your General Meeting of Shareholders, we have audited the accompanying financial statements of Crédit Agricole S.A. for the year ended 31 December 2018.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company at 31 December 2018 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

BASIS FOR OPINION

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under these standards are further described in the "Responsibilities of the Statutory Auditors relating to the audit of the financial statements" section of our report.

Independence

We conducted our audit engagement in compliance with the independence rules applicable to us, for the period from 1 January 2018 to the date of our report, and, in particular, we did not provide any non-audit services prohibited by article 5(1) of Regulation (EU) No 537/2014 or the French Code of Ethics (*Code de déontologie*) for Statutory Auditors.

EMPHASIS OF MATTER

Without qualifying our opinion, we draw your attention to the changes in accounting policy presented in Note 2 "Accounting rules and procedures" to the financial statements with respect to:

- new ANC regulations or amendments to existing ANC regulations;
- the new credit risk provisioning model for performing loans, designed to transpose the new credit risk provisioning model introduced by IFRS 9 for expected credit losses in the financial statements as from 1 January 2018.

JUSTIFICATION OF ASSESSMENTS – KEY AUDIT MATTERS

In accordance with the requirements of articles L. 823-9 and R. 823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgement, were the most significant in our audit of the financial statements, as well as how we addressed those risks.

These matters were addressed as part of our audit of the financial statements as a whole, and therefore contributed to the opinion we formed as expressed above. We do not provide a separate opinion on specific items of the financial statements.

The definitions of the underlined words can be found in the Glossary on page 600.

Risks concerning the measurement of equity investments and subsidiaries whose valuation requires judgement

Description of risk	How our audit addressed this risk
Equity investments and subsidiaries are carried at cost and may be impaired based on their value in use, corresponding to the price that the Company would be willing to pay to acquire them in line with its ownership objectives. The value in use is determined by different aspects, among which profitability and the profitability outlook of the company concerned. In this case, the value is determined by discounting the estimated future cash flows generated by the CGU, as set out in the four-year financial forecasts and extended to 2023. The percentage of capital allocation is determined by taking into account any specific requirements set by the regulator (in particular for Pillar 2). We deemed the measurement of equity investments and subsidiaries, whose valuation requires judgement, to be a key audit matter. Determining the value in use necessarily requires management to make decisions as to the key assumptions to use, in particular for determining economic scenarios, financial forecasts and discount rates. We paid particular attention to the determination of the values in use of LCL and Cariparma, given their sensitivity to the assumptions used by management. Equity investments and subsidiaries recorded in the balance sheet amounted to a net value of €64.1 billion, including €4.6 billion in impairment at 31 December 2018. The carrying amount of LCL totalled €10 billion and that of Cariparma €4.5 billion. See Notes 2.2 and 6 to the financial statements.	We gained an understanding of the procedures implemented to determine the value in use and related impairments of equity investments and subsidiaries whose valuations require judgement. We included valuation experts in the audit team to examine the assumptions used to determine the discount rates and the perpetual growth rates used as well as the models used for calculating discounted cash flows. We tested the calculations and the main assumptions (percentage of capital allocation, discount rate, perpetual growth rate, etc.) compared with external sources. We examined the financial forecasts prepared by the management of each entity concerned and used in the model to: • check their consistency with those that have been approved by the competent bodies (Board of Directors) of the entities or sub-groups and that any restatements made were justified; • assess the main underlying assumptions, including in relation to the extension of forecasts beyond the four-year period which was submitted to the entities' competent bodies. These assumptions were assessed in particular in view of the financial forecasts and the actual performance of prior periods; • conduct sensitivity tests to some of the assumptions (level of capital allocated, discount rate, cost of risk). We also examined the disclosures provided in the notes to the financial statements on the value in use of equity investments and subsidiaries whose valuations require judgement.

Legal, compliance and tax risks

Description of risk	How our audit addressed this risk
Crédit Agricole S.A. is subject to a number of investigations and requests for regulatory information from different regulators. These concern in particular the Euribor/Libor and SSA Bonds matters with authorities from various countries (USA, UK, Switzerland) and the European Union. A number of tax investigations and legal disputes are also ongoing. Deciding whether or not to recognise a provision and the amount of that provision requires the use of judgement, given that it is difficult to assess the outcome of ongoing disputes or the final tax impacts of certain structural transactions. Given its sensitivity to these assumptions, thus constituting a significant risk of material misstatement in the financial statements, we deemed the measurement of provisions for legal, compliance and tax risks to be a key audit matter. The various ongoing investigations, requests for information (Euribor/Libor, SSA Bonds and other indices), tax inspections or litigation at 31 December 2018, are presented in Notes 1.3 and 15 to the financial statements.	The risk of a significant outflow of funds concerns a limited number of matters that we monitor on a regular basis. We gained an understanding of the procedure for measuring the risks and, where applicable, the provisions associated with these matters, through quarterly exchanges with management and in particular the Legal, Compliance and Tax departments. Our work consisted primarily in: • examining the assumptions used to determine provisions based on available information (documentation prepared by the Legal department or legal counsel of Crédit Agricole S.A., correspondence from regulators and minutes of Legal Risks Committee meetings); • gaining an understanding of the analyses or findings of the bank's legal counsel and their responses to our requests for confirmation; • as regards tax risks in particular, examining, with guidance from our specialists, the Company's responses submitted to the relevant authorities, as well as the risk estimates carried out by the bank; • assessing, accordingly, the level of provisioning at 31 December 2018. Lastly, we examined the related disclosures provided in the notes to the financial statements.

SPECIFIC VERIFICATIONS

In accordance with professional standards applicable in France, we have also performed the specific verifications required by French legal and regulatory provisions.

Information given in the management report and in the other documents provided to the shareholders with respect to the Company's financial position and the financial statements

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the Board of Directors' management report and in the other documents provided to the shareholders with respect to the Company's financial position and the financial statements, with the exception of the following matter.

Concerning the fair presentation and the consistency with the financial statements of the disclosures provided in relation to the payment terms referred to in article D. 441-4 of the French Commercial Code, we have the following matter to report: as indicated in the management report, these disclosures do not include banking and related transactions as the Company considers that such disclosures are not within the scope of disclosures to be provided.

Report on corporate governance

We attest that the Board of Directors' report on corporate governance sets out the information required by articles L. 225-37-3 and L. 225-37-4 of the French Commercial Code.

Concerning the information given in accordance with the requirements of article L. 225-37-3 of the French Commercial Code relating to remuneration and benefits received by corporate officers and any other commitments made in their favour, we have verified its consistency with the financial statements or with the underlying information used to prepare these financial statements, and, where applicable, with the information obtained by your Company from companies controlling it or controlled by it. Based on this work, we attest to the accuracy and fair presentation of this information.

Concerning the information given in accordance with the requirements of article L. 225-37-5 of the French Commercial Code relating to those items your Company has deemed liable to have an impact in the event of a takeover bid or exchange offer, we have verified its consistency with the underlying documents that were disclosed to us. Based on this work, we have no matters to report with regard to this information.

Other information

In accordance with French law, we have verified that the required information concerning the acquisition of investments and controlling interests and the identity of shareholders and holders of the voting rights has been properly disclosed in the management report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of Crédit Agricole S.A. by the General Meetings of Shareholders held on 19 May 2004 for PricewaterhouseCoopers Audit and in 1985 for ERNST & YOUNG et Autres.

At 31 December 2018, PricewaterhouseCoopers Audit and Ernst & Young et Autres were in the fifteenth and the thirty-fourth consecutive year of their engagement, respectively.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for preparing financial statements giving a true and fair view in accordance with French accounting principles, and for implementing the internal control procedures it deems necessary for the preparation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting, unless it expects to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems, as well as, where applicable, any internal audit systems, relating to accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

The definitions of the underlined words can be found in the Glossary on page 600.

RESPONSIBILITIES OF THE STATUTORY AUDITORS RELATING TO THE AUDIT OF THE FINANCIAL STATEMENTS

Objective and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions taken by users on the basis of these financial statements.

As specified in article L. 823-10-1 of the French Commercial Code, our audit does not include assurance on the viability or quality of the Company's management.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgement throughout the audit. They also:

- identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of the internal control procedures relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the financial statements;
- assess the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;
- evaluate the overall presentation of the financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit a report to the Audit Committee which includes, in particular, a description of the scope of the audit and the audit programme implemented, as well as the results of our audit. We also report any significant deficiencies in internal control that we have identified regarding the accounting and financial reporting procedures

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgement, were the most significant for the audit of the financial statements and which constitute the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in article 6 of Regulation (EU) No 537/2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in articles L. 822-10 to L. 822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit Committee.

Neuilly-sur-Seine and Paris-La Défense, 25 March 2019

The Statutory Auditors

PricewaterhouseCoopers Audit	ERNST & YOUNG et Autres
Anik Chaumartin	Olivier Durand

The definitions of the underlined words can be found in the Glossary on page 600.

GENERAL MEETING OF SHAREHOLDERS
IN METZ
TUESDAY 21 MAY, AT 10:00 AM
ADMISSION STARTING FROM 8:30 AM

Centre des Congrès Robert Schuman
112 rue aux Arènes
57000 METZ

Agenda and draft resolutions available in the notice of meeting and on the website:

www.credit-agricole.com/en/finance/finance/individual-shareholders/annual-general-meeting

ADDED TEXT DELETED TEXT

ARTICLES OF ASSOCIATION – VERSION TO BE APPROVED BY THE EXTRAORDINARY GENERAL MEETING OF 21 MAY 2019

The Board of Directors decided to submit to the next extraordinary general meeting, an update and an harmonisation of the articles of association, which concluded to several changes. These changes are formalised below: proposals of added texts are in blue and proposals of deleted texts are in grey.

All of these changes will be proposed to the shareholders' vote at an extraordinary general meeting to be held on 21 May 2019.

CRÉDIT AGRICOLE S.A. A French company *("société anonyme")* with a share capital of €8,599,311,468 Registered with the Nanterre Trade and Company Registry under number 784 608 416	Registered office: 12, place des États-Unis – 92127 Montrouge Cedex – Tel. : (33) 1 43 23 52 02

ARTICLES OF ASSOCIATION

Article 1 – Form

Crédit Agricole S.A. (the "**Company**") is a French company *("société anonyme")* with a Board of Directors *("Conseil d'administration")* governed by ordinary corporate law, notably Book II of the French Commercial Code.

Crédit Agricole S.A. is also subject to the provisions of the Monetary and Finance Code, in particular Articles L. 512-47 *et seq.*, and those provisions of former Book V of the Rural Code which have not been repealed, and Act No. 88-50 of 18 January 1988 concerning the Reorganisation of the Caisse Nationale de Crédit Agricole as a Mutual Company.

Prior to the Extraordinary General Meeting of 29 November 2001, the Company was called "Caisse Nationale de Crédit Agricole", abbreviated "C.N.C.A."

The Company was born of the transformation of the Caisse Nationale de Crédit Agricole, an *"Établissement Public Industriel et Commercial"*, following the merger of the Mutual Guarantee Fund of the Caisses Régionales de Crédit Agricole Mutuel (the Regional Banks); it continues to hold all of the rights, obligations, guarantees and security interests of those legal entities prior to their transformation; it exercises all rights relating to mortgages granted in favour of the State.

Article 2 – Name

The name of the Company is: Crédit Agricole S.A.

In all deeds and documents of the Company that are intended for third parties, the corporate name shall be immediately preceded or followed by the words *"Société Anonyme"* or the initials "S.A.", *"régie par le livre deuxième du Code de commerce et par les dispositions du Code monétaire et financier"* ("governed by Book II of the French Commercial Code and the provisions of the Monetary and Finance Code") and by the amount of the share capital.

Article 3 – Object

Crédit Agricole S.A. has for object to facilitate and promote the activities and development of the Caisses Régionales de Crédit Agricole Mutuel and the Crédit Agricole Group. In furtherance of this purpose:

1. Crédit Agricole S.A. operates as a central financial institution and ensures that the Group acts as a single financial unit in its dealings with third parties with the object of optimising the financial management of funds and, in return, the allocation of the financial resources so collected.

   Crédit Agricole S.A. collects and manages the excess deposits and savings of the Regional Banks, as well as savings collected by such Banks on its behalf.

   Crédit Agricole S.A. grants facilities to the Regional Banks to permit the funding of their medium and long-term loans. It ensures that the transformation risks pertaining to the Company, its subsidiaries and the Regional Banks are assumed. It implements the mechanisms for guaranteeing transactions by the Caisses Régionales de Crédit Agricole Mutuel. In its own name and on behalf of the companies in the Crédit Agricole Group, Crédit Agricole S.A. negotiates and enters into domestic and international agreements which may affect the credit of the Group. It executes all nation-wide agreements with the State.
2. In France and abroad, Crédit Agricole S.A. performs all types of banking, financial, credit, investment or securities transactions and related services under the Monetary and Finance Code, guaranty, arbitrage, brokerage and commission transactions, whether for its own account or for the account of others, without infringing on the remit of the Caisses Régionales de Crédit Agricole Mutuel.
3. In accordance with the provisions of the Monetary and Finance Code, as the Central Organ of Crédit Agricole Mutuel, Crédit Agricole S.A. ensures the cohesion of the Crédit Agricole Mutuel network, the proper operation of the credit institutions that are a part thereof, and compliance by such institutions with the applicable laws and regulations by exercising administrative, technical and financial supervision thereof; it guarantees the liquidity and solvency of the entire network and all institutions affiliated therewith.

And, as a general matter, Crédit Agricole S.A. engages in all types of commercial, financial, personal and real property transactions and provides all services directly or indirectly related to its purpose, provided that they are in furtherance thereof.

Article 4 – Registered office

The registered office of the Company is situated at 12, place des États-Unis, 92127 Montrouge Cedex.

Article 5 – Duration

The Company, born out of the transformation described in the last paragraph of Article 1 of these Articles of Association, shall terminate on 31 December 2086 unless extended or dissolved in advance by the Shareholders at an Extraordinary General Meeting.

Article 6 – Share capital

The share capital of the Company is €8,599,311,468 divided into 2,866,437,156 Ordinary shares with a par value of €3, all of them paid up in full.

The definitions of the underlined words can be found in the Glossary on page 600.

ADDED TEXT DELETED TEXT

In accordance with the applicable laws and regulations, non-voting Preferred Shares with the rights defined by these Articles of Association may be created and issued pursuant to Articles L. 228-11 *et seq.* of the French Commercial Code.

Several classes of Preferred Shares may be created with different characteristics, with respect, inter alia, to (i) their Issue Date; (ii) their Issue Price; and (iii) their Rate. Consequently, the corporate body that shall decide to issue Preferred Shares shall amend this Article 6, "Share capital", accordingly, in order to specify the designation (A,B,C, etc.) and the characteristics of the class issued in this manner, and in particular, those characteristics referred to in items (i) to (iii) above.

For purposes of these Articles of Association:

- **"Ordinary Shares"** means the Ordinary Shares of the Company;
- **"Preferred Shares"** means the non-voting Preferred Shares, regardless of class, that may be issued by the Company and their attached rights, as defined in these Articles of Association;
- **"Shares"** means Ordinary Shares and Preferred Shares collectively;
- **"Meeting"** means any General Meeting or Special Meeting;
- **"General Meeting"** means the General Meeting of Ordinary Shareholders in which Preferred Shareholders may participate;
- **"Extraordinary General Meeting"** means the General Meeting convened to vote on extraordinary business;
- **"Ordinary General Meeting"** means the General Meeting convened to vote on ordinary business;.
- **"Special Meeting"** means the Special Meeting of holders of a given class of Preferred Shares;
- **"Issue Date"** means, for a given class of Preferred Shares, the date of issue of the Preferred Shares of the relevant class;
- **"Issue Price"** means, for a given class of Preferred Shares, the Issue Price per Preferred Share in the relevant class, or its par value plus any share premium;
- **"Adjusted Issue Price"** means, for a given class of Preferred Shares, the Issue Price, less any amount that may be paid and/or the value of any asset, as determined by an expert appointed by the Board of Directors (or, failing which, by an order of the Presiding Judge of the Paris Commercial Court ruling in summary proceedings in accordance with Article 1843-4 of the French Civil Code), due for each outstanding Preferred Share in the given class following a capital reduction not due to losses;
- the **"Rate"** means the Rate set by the relevant corporate body at the time of the issue of Preferred Shares and used as a basis for determining the Preferred Dividend, it being specified that this shall equal the average of the 10-year Constant Maturity Treasury (CMT) (yield on a 10-year government bond) (or any other index that may be substituted for the 10-year CMT) over the three business days preceding the date of the decision to issue the shares, plus a margin of no more than 12%.

In the event of a stock split or reverse split applying to Ordinary Shares, the split or reverse split shall also apply to the Preferred Shares under the same conditions and their characteristics shall be adjusted automatically. More specifically, the new dividend rights and the new Adjusted Issue Price of the Preferred Shares belonging to a given class shall be the same as the dividend rights and Adjusted Issue Price, as the case may be, of the given class, in effect before the beginning of the transaction multiplied by the ratio obtained by dividing (i) the number of Preferred Shares in the given class included in the share capital before the transaction by (ii) the number of Preferred Shares in the given class included in the share capital after the transaction.

In the event of a bonus issue of Preferred Shares to the holders of Preferred Shares by the capitalisation of any share premiums and/or of the legal reserve, the characteristics of the Preferred Shares shall be adjusted automatically. More specifically, the new dividend rights and the new Adjusted Issue Price of the Preferred Shares of a given class shall be the same as the dividend rights and Adjusted Issue Price, as the case may be, of the given class, in effect before the beginning of the transaction multiplied by the ratio obtained by dividing (i) the number of Preferred Shares in the given class included in the share capital before the transaction by (ii) the number of Preferred Shares in the given class included in the share capital after the transaction. No adjustment shall be made in the event of an increase in the nominal value by capitalisation of any share premiums and/or of the legal reserve.

Article 7 – Changes in the share capital: capital increases, reductions and redemptions

A. Capital increases

1. The share capital may be increased by any method and in any manner authorised by law.

2. The Extraordinary General Meeting shall have exclusive authority to decide whether to increase the share capital or to authorise such a decision, pursuant to the applicable laws and regulations and subject to the provisions pertaining to payment of the dividend in shares provided in paragraph 9 of Article 31 30, "Determination, allocation and distribution of profit" of the Articles of Association.

3. Pursuant to the applicable laws and regulations, holders of Ordinary shares have a pre-emptive right to subscribe for shares and securities granting rights to shares in the Company, in proportion to the quantity of Ordinary shares that they own.

The Preferred Shares do not have pre-emptive rights to subscribe to any subsequent issue of Shares and securities granting a right to shares in accordance with the option provided in Article L. 228-11, paragraph 5 of the French Commercial Code.

4. The holders of Preferred Shares shall not benefit from capital increases resulting from a bonus issue of new Shares or by an increase in the nominal amount of Ordinary Shares outstanding resulting from the capitalisation of reserves (other than the legal reserve) or earnings, or the bonus issue of securities granting rights to Shares as part of a bonus issue for Ordinary Shareholders. However, in the event of a capital increase by means of a bonus issue of new Shares or by an increase in the nominal amount of outstanding Ordinary Shares through capitalisation of any share premiums or of the legal reserve, the Ordinary Shareholders and the Preferred Shareholders shall be entitled to subscribe to the capital increase in proportion to their rights to the Notional Capital (as defined in Article 31, "Determination, allocation and distribution of profit" of the Articles of Association) and, with respect to the Preferred Shares, up to a maximum of the positive difference between their Adjusted Issue Price and their par value (i.e., the total amount of increases in the nominal value of the Preferred Shares, or the total nominal amount of any new Preferred Shares issued by capitalisation of any share premiums and/or of the legal reserve shall not exceed the product of (i) the positive difference between their Adjusted Issue Price and their par value multiplied by (ii) the number of Preferred Shares outstanding calculated at the date on which the relevant capital increase was effected). If the capital increase is effected by a bonus issue of new Shares, the new Shares awarded for no consideration shall be of the same class as the Shares that entitled the holder to the award of bonus shares.

5. 4. In-kind contributions must be approved by the Extraordinary General Meeting, pursuant to the applicable laws and regulations.

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ADDED TEXT DELETED TEXT

B. Capital reductions

1. Capital reductions are decided or authorised by the Extraordinary General Meeting, which may delegate to the Board of Directors all powers for purposes of carrying out capital reductions. This excludes capital reductions following a Preferred Share buyback effected under the terms of Article 32 of the Articles of Association, "Repurchases of Preferred Shares by the Company", paragraph B, "Option to repurchase Preferred Shares at the Company's initiative", which may be decided by the Board of Directors.
2. Any capital reduction due to losses is allocated to the share capital among the different shares in proportion to the percentage of share capital they represent.

   Losses shall first be charged against the following accounts, in the following order: 1) retained earnings, 2) distributable reserves, 3) other reserves, 4) statutory reserves, 5) any share premiums, 6) the legal reserve, and 7) equity.
3. The Company may carry out capital reductions for reasons other than losses under the conditions stipulated by laws and regulations, to be allocated among Ordinary Shares and Preferred Shares in the proportions that it shall determine.

C. Redemption of the share capital

The share capital may be redeemed in accordance with Articles L. 225-198 *et seq.* of the French Commercial Code.

Article 8 – Form of shares

The shares may be in registered or bearer form, at the holders' election, subject to applicable statutory and regulatory provisions.

They shall be registered in shareholders' accounts on the terms and conditions provided for by law. They may be transferred between from accounts to account.

Article 9 – Declarations regarding reaching thresholds and shareholder identification

A. Declarations regarding reaching thresholds

Without prejudice to the ownership threshold disclosures provided by law and applicable to Ordinary Shares and Preferred Shares, any person or legal entity, acting solely or with others, who directly or indirectly comes into possession of a number of Ordinary shares representing 1% of the share capital or voting rights must inform the Company, by recorded delivery with advice of delivery, at its registered office, within five days of the date on which the shares enabling such person to reach or breach said threshold were registered, of the total number of Ordinary shares and the number of voting rights it owns, as well as the total number of securities which may grant rights to the Company's equity in the future, any voting rights which may be attached thereto, and the total number of Preferred Shares it owns.

The said declaration must be renewed as set forth above each time that the number of shares or voting rights attains a multiple of a 1% threshold (through either a purchase or sale of shares) of the total shares or voting rights.

If a Shareholder has not issued the required declarations as set forth above, he shall lose his right to vote on the Ordinary shares exceeding the level which should have been reported, as provided for by law, if one or more holders of Ordinary shares representing at least 2% of the shares or voting rights so request during a General Meeting.

B. Shareholder identification

In accordance with applicable laws and regulations, and in order to identify the holders of bearer securities, the Company shall have the right to request at any time, at its expense, that the central custodian of its securities account provide the name, nationality, year of birth or formation, and the address of the holders of securities which provide a present or future right to vote at its General Meetings and Special Meetings, as well as the number of securities held by each and the restrictions, if any, which may apply to the said securities.

Based on the list provided by the central custodian, and subject to the same terms and conditions, the Company shall have the right to request, either from said central custodian or directly from the persons on the list who the Company feels may be acting as intermediaries on behalf of third party, the information regarding said securities holders set forth in the preceding paragraph.

If they are intermediaries, said persons must disclose the identity of the holders of said securities. The information should be provided directly to the financial intermediary that maintains the account and said entity must then transmit the information to the Company or to the central custodian.

For registered securities, the Company shall also have the right at any time to request that the intermediary that has registered on behalf of third parties disclose the identity of the holders of said securities and the number of securities held by each of them.

For so long as the Company feels that certain holders of securities (whether registered or bearer), the identity of which has been provided to it, are holding said securities on behalf of third parties, it shall have the right to request said holders to disclose the identity of the owners of the securities as set forth above and the number of securities held by each of them.

After the information set forth above has been requested, the Company shall have the right to request any legal entity which holds more than one-fortieth of the share capital or voting rights of the Company to disclose to the Company the identity of the persons who directly or indirectly hold more than one-third of the share capital or voting rights (which are exercised at the legal entity's general meetings) of the said legal entity.

If a person who has been the subject of a request in accordance with the provisions of the present Article 9.B fails to disclose the requested information within the legally required period or discloses incomplete or incorrect information regarding its capacity or the holders of the securities, or the number of securities held by each of them, the shares or securities which give rise to present or future rights to the Company's share capital which said person has registered, shall immediately lose their voting rights at any General Meeting or Special Meeting until complete information has been provided. Dividend payments shall also be suspended until that date.

In addition, in the event that the registered person deliberately misconstrues the above provisions, the court which has territorial jurisdiction over the Company's registered office may, at the request of the Company or of one or more Shareholders holding at least 5% of the share capital, revoke in whole or in part the voting rights regarding which the information was requested and, possibly, the corresponding dividend payment of the shares, for a period which may not exceed five years.

Article 10 – Voting rights – Indivisibility of the shares – Rights and obligations attached to the shares

A. Voting rights

The voting rights attached to the Company's shares are proportional to the share capital that they represent and each share entitles its holder to one vote. The Company's shares (including any that might be freely allocated as part of a capital increase via a capitalisation of reserves, profits or issue premiums) do not carry double voting rights in accordance with the last sub-paragraph of article L. 225-123 of the French Commercial Code.

The definitions of the underlined words can be found in the Glossary on page 600.

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B. Indivisibility of the shares

The shares are indivisible with regard to the Company.

Voting rights attached to the Ordinary each shares are exercised by the beneficial owner at Ordinary General Meetings and by the legal owner at Extraordinary General Meetings.

Voting rights attached to the Preferred Shares are exercised by the legal owner at Special Meetings of holders of the relevant class of Preferred Shares.

The joint owners of indivisible shares are represented at General Meetings or Special Meetings, as the case may be, by one of them or by a single representative. In the event of a dispute, their representative shall be appointed by the Court at the request of the first joint owner to refer this matter to the Court.

The right to the award of new shares following the capitalisation of reserves, profits or any share premiums belongs to the legal owner, subject to the rights of the beneficial owner.

C. Rights and obligations attached to the shares

1. Ownership of a share automatically entails compliance with the Articles of Association and, subject to the stipulations contained in Article 29, “Special Meetings” herein, with resolutions duly adopted by General Meetings.

2. Each Ordinary share gives the holder the same right of ownership in the Company’s assets and profits, as defined in Article 34 31 “Dissolution – Liquidation” and Article 31 30 “Determination, allocation and distribution of profit” herein.

Each Ordinary share gives the holder the right to attend General Meetings and to vote therein, under the conditions set forth by law and by the Articles of Association. Each Ordinary share shall give the holder the right to cast one vote at General Meetings. An Ordinary Share does not give the holder the right to attend Special Meetings or to vote therein.

3. Each Preferred Share of the same class gives the holder the same rights to the Company’s assets and profits, as defined in Article 34 “Dissolution-Liquidation” and Article 31 “Determination, allocation and distribution of profit” herein.

Preferred Shares do not give their holders the right to vote at General Meetings.

Each Preferred Share of a given class gives the holder the right to attend General Meetings and to attend and to vote in Special Meetings of the holders of the relevant class of Preferred Shares, under the conditions stipulated by law and by the Articles of Association. Preferred Shares of a given class do not give the holder the right to attend or to vote in Special Meetings of holders of other classes of Preferred Shares.

4. 3. Whenever it is necessary to hold several shares to exercise a given right, such as in the case of an exchange, consolidation or allocation of shares, or as a result of an increase or reduction of the share capital regardless of whether this is due to accumulated losses, or in the case of a merger or other corporate transaction, the holders of individual shares, or those who do not own the required number of shares, may exercise such rights only if they personally arrange for the consolidation of the shares and purchase or sell the required number of shares or fractional shares, where necessary.

Article 11 – Board of Directors

1. The Company shall be governed by a Board of Directors composed of between 3 and 21 members, of which:

- at least three and no more than 18 directors shall be elected by the General Meeting in accordance with the provisions of Article L. 225-18 of the French Commercial Code;
- one director representing the professional agricultural organisations, shall be appointed in accordance with the provisions of Article L. 512-49 of the Monetary and Finance Code; and
- two directors shall be elected by the staff in accordance with Articles L. 225-27 to L. 225-34 of the French Commercial Code.

The following individuals may also attend Board Meetings in an advisory capacity:

- non-voting Board Members appointed in accordance with Article 12 of these Articles of Association; and
- one member of the Works Council designated thereby.

In the event that one of the positions held by the directors elected by the staff or by the director who represents the professional agricultural organisations becomes vacant, the Board of Directors whose Board Members are elected by the General Meeting may validly convene the Board of Directors deliberate.

The age limit for directors is 65. When a director reaches the age of 65, he will be deemed to have resigned at the end of the next Ordinary General Meeting of Shareholders.

2. Directors elected by the General Meeting of Shareholders

Directors elected by the General Meeting of Shareholders shall be natural persons or legal entities.

The term of office of directors is three years. However, a director appointed to replace another director whose term of office has not yet expired shall remain in office only for the balance of his predecessor’s term.

Directors who are natural persons may not be elected to more than four consecutive terms of office. However, if a director is appointed to replace an outgoing director whose term of office has not yet expired, the director appointed for the remainder of the outgoing director’s term may seek a fifth term, for a period not exceeding four consecutive terms of office. He will be deemed to have resigned at the end of the next Ordinary General Meeting following the twelfth anniversary of his first appointment.

A director’s duties shall terminate at the end of the Ordinary General Meeting called to consider the accounts for the previous financial year that is held during the year in which such director’s term expires.

With the exception of the directors elected by the staff and the director who represents the professional agricultural organisations, one third of the seats renewal of the directors elected by the General Meeting of Shareholders (or the nearest whole number, with the last group adjusted as necessary) shall turn over each year at the Ordinary General Meeting of Shareholders so that all seats turn over every three years shall be carried out in such a way as to ensure, to the extent possible, a gradual and balanced expiry of terms of office.

If the number of elected directors is increased, lots shall be drawn (if necessary and prior to the first Ordinary General Meeting following the date on which said directors assume their seats) to determine the order in which said seats will turn over. The partial term of the directors selected by the drawing of lots shall be disregarded when determining whether they have reached the four-term limit.

3. Director representing the professional agricultural organisations

The term of office of the director representing the professional agricultural organisations is three years. He may be re-appointed or removed at any time by the authority that appointed him.

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4. Directors elected by the staff

The status and procedures for the election of the directors elected by the staff are set out in L. 225-27 *et seq.* of the French Commercial Code in the following provisions:

The term of office of the two directors elected by the staff is three years. Their duties terminate on the third anniversary of the date of their election and the Company shall take all steps necessary to hold a new election within the three-month period prior to the expiration of the term of said directors.

They may not be elected to more than four consecutive terms.

One of the directors is elected by the managerial staff, whilst the other is elected by the other employees of the Company.

In the event that the seat of a director elected by the staff falls vacant as a result of his death, resignation, removal or the termination of his employment contract, his successor shall take office immediately. If there is no successor able to carry out the director's duties, a new election shall be held within three months.

The first ballot of the election of directors by the staff shall be conducted in accordance with the following procedures:

The lists of voters, indicating their respective surnames, given names, dates and places of birth and domiciles, are prepared by the Chief Executive Officer and posted at least five weeks prior to the election date. One list of voters is prepared for each of the two groups. Within fifteen days after the lists are posted, any voter may submit a request to the Chief Executive Officer either that another voter who was omitted be registered, or that another voter who was erroneously registered be removed from the list. Within the same time period, any person whose name was omitted may also submit a request for registration.

The candidates must belong to the group whose votes they are seeking.

In each group of voters, each announcement of a candidacy must specify not only the name of the candidate, but also the name of any successor.

The Chief Executive Officer closes and posts the lists of candidates at least three weeks prior to the election date.

In the absence of a candidate for a given group, the seat of the director representing such group shall remain vacant for the entire term for which it would have been filled.

Results are recorded in minutes which shall be posted no later than three days after voting is closed. The Company shall keep a copy of the minutes in its records.

The organisation of elections and their requirements are determined by the Chief Executive Officer and shall be posted no less than five weeks prior to the date of the election.

Voting procedures are determined by Articles L. 225-28 *et seq.* of the French Commercial Code. Any voter may vote either in person at the locations provided for that purpose, or by mail.

If no candidate for a given group obtains a majority of the votes cast on the first ballot, a second ballot shall be held within fifteen days.

Article 12 – Non-voting directors

Upon recommendation from the Chairman, the Board of Directors may appoint one or more non-voting directors.

Non-voting directors shall be notified of and participate at meetings of the Board of Directors in an advisory capacity.

They are appointed for a term of three years and may not be reappointed for more than four terms. They may be dismissed by the Board at any time.

In consideration of services rendered, they may be remunerated as determined by the Board of Directors.

Article 13 – Directors' shares

Each director must own at least one Ordinary share. If, on the date of his appointment or during his term of office, a director does not own or no longer owns at least one Ordinary share and fails to correct this situation within three months, he will be deemed to have resigned.

Article 14 – Deliberations of the Board of Directors

1. The Board of Directors shall meet as often as the interests of the Company so require, upon notice by its Chairman, by any person authorised for that purpose by the Board of Directors, or by at least one-third of its members to address a specific agenda if the last meeting was held more than two months previously.

   If necessary, the Chief Executive Officer may request the Chairman to call a meeting of the Board of Directors to address a specific agenda.

   Meetings may be held at the registered office or at any other place specified in the notice of the meeting.

   Generally, notice of a meeting shall be given at least three days in advance by letter or by any other means. However, if all of the directors so agree, notice may be given orally and need not be in advance.

   Notices of meetings shall set forth the principal items of business on the agenda.

2. The physical presence of at least one half of the directors is required for deliberations to be valid.

   At the Chairman's request, employees in positions of responsibility in the Group may attend Board Meetings.

   A majority of the votes of the directors present or represented is required for a resolution to pass. Each director has one vote and is not authorised to represent more than one of his fellow directors.

   The Chairman shall have the casting vote in the event of a tie.

   The directors and any individuals requested to attend the Board of Directors' Meetings must exercise discretion with respect to the Board's deliberations and any confidential information and documents described as such by the Chairman of the Board of Directors.

Article 15 – Powers of the Board of Directors

The Board of Directors determines and ensures compliance with the business focus of the Company.

Except for the powers expressly reserved to the General Meeting of Shareholders and within the limits established by the Company's purpose, the Board of Directors is responsible for all issues related to the Company's operations and business and deliberates on such issues. In its relations with third parties, the Company may be bound by the acts of the Board of Directors which fall outside the Company's object unless the Company can prove that the said third party knew that the act was *ultra vires* or that it could not have been unaware, in light of the circumstances, that the act was *ultra vires.* The publication of the Articles of Association shall not constitute proof thereof.

The Board of Directors may conduct any inspections or audits that it deems necessary. Each director shall receive the information necessary to accomplish the Board's duties; management shall furnish to any director those documents that the said director deems necessary or appropriate.

The Board may decide to set up various committees to examine issues raised by itself or its Chairman and render an opinion.

The Board shall be responsible for determining the composition and powers of committees which do their work under its authority.

The definitions of the underlined words can be found in the Glossary on page 600.

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Article 16 – Chairmanship of the Board of Directors

In accordance with Article L. 512-49 of the Monetary and Finance Code, the Board of Directors shall elect a Chairman from among its members who are directors of a Caisse Régionale de Crédit Agricole Mutuel and shall fix his term of office, which may not exceed his term of office as a director.

The Board of Directors shall elect one or more Vice-Chairmen whose term shall also be established by the Board, but which may not exceed his (their) term of office as a director.

The Chairman of the Board of Directors represents the Board of Directors. He organises and directs the activities thereof and reports to the General Meeting on its activities.

He is responsible for the proper operation of the Company's entities, and, in particular, insures that directors are able to fulfil their duties.

As an exception to the provisions of the last paragraph of Article 11-1, the age limit for serving as Chairman of the Board of Directors is 67. Subject to this age limit, and as an exception to the provisions of Article 11-2, paragraph 3 of the Articles of Association, a serving Chairman may seek a fifth consecutive term of office.

Article 17 – General management

A. Chief Executive Officer

In accordance with Article L. 512-49 of the Monetary and Finance Code, the Board of Directors appoints the Chief Executive Officer of the Company and, it may also terminate his appointment.

The Chief Executive Officer shall enjoy the broadest powers to act in all cases on behalf of the Company. He may exercise his authority within the limits of the Company's object and subject to that authority expressly reserved to General Meetings and to the Board of Directors.

He represents the Company in its relations with third parties.

The Company shall be bound by those actions of the Chief Executive Officer which are *ultra vires* unless the Company can prove that the said third party knew that the act was *ultra vires* or that it could not have been unaware, in light of the circumstances, that the act was *ultra vires.* Publication of the Articles of Association shall not constitute proof thereof.

Provisions of the Articles of Association and decisions of the Board of Directors that limit the Chief Executive Officer's powers are not binding on third parties.

He shall attend the meetings of the Board of Directors.

He shall appoint all employees and fix their compensation, in accordance with the provisions of the Monetary and Finance Code.

He may delegate part of his authority to as many individuals as he deems advisable.

B. Deputy Chief Executive Officers

Upon recommendation of the Chief Executive Officer, the Board of Directors may appoints one or more persons responsible for assisting the Chief Executive Officer who shall have the title "Deputy Chief Executive Officer" *("Directeur général délégué").*

There may not be more than five Deputy Chief Executive Officers.

With the consent of the Chief Executive Officer, the Board of Directors shall determine the scope and term of the authority granted to the Deputy Chief Executive Officers.

Deputy Chief Executive Officers shall have the same authority as the Chief Executive Officer with respect to third parties.

In the event that the Chief Executive Officer ceases or is unable to perform his duties, the Deputy Chief Executive Officers shall continue to perform their duties until the appointment of a new Chief Executive Officer, unless the Board of Directors decides otherwise.

Article 18 – General provision on age limits

Any officer or director who reaches the age limit set by the Articles of Association or the law shall be deemed to have resigned at the close of the Annual Ordinary General Meeting of Shareholders that follows said anniversary date.

Article 19 – Directors' remuneration

The General Meeting may elect to pay directors' fees. The Board of Directors shall allocate any such fees as it deems fit.

Article 20 – Statutory Auditors

Audits of the accounts shall be exercised in accordance with the law by two Statutory Auditors appointed by the Ordinary General Meeting of Shareholders; the Meeting shall also appoint two alternate Statutory Auditors.

The term of office of the Statutory Auditors shall be six financial years.

Statutory Auditors whose term of office expires may be re-appointed in compliance with the provisions relating to the term of offices and the turnover of Statutory Auditors.

The Statutory Auditors may act jointly or separately, but must submit a joint report on the Company's accounts. They must submit their shall report to the Annual Ordinary General Meeting of Shareholders.

Article 21 – Shareholders' General Meetings

Collective resolutions shall be adopted at General Meetings which are either ordinary or extraordinary depending on the decisions they are called upon to take.

Holders of Preferred Shares are entitled to attend General Meetings but do not have the right to vote therein.

All of the Shareholders in a single class convene in Special Meetings to vote on any modification to the rights attached in that class.

Subject to the provisions of Article 29, "Special Meetings" hereunder, decisions adopted at General Meetings are binding on all Shareholders.

Article 22 – Notice and venue of Shareholders' General Meetings

General Meetings of Shareholders shall be convened and shall deliberate in accordance with the applicable laws and regulations.

General Meetings of Shareholders may be held at the registered office or at any other place specified in the notice of the meeting.

Article 23 – Agenda and minutes of General Meetings

The person calling the General Meeting shall draft the agenda for the General Meeting in accordance with the applicable laws and regulations.

Minutes must be drawn up and copies or extracts of the deliberations shall be issued and certified in accordance with the law.

Article 24 – Access to General Meetings – Proxies

A. Access to General Meetings – Proxies

Any Shareholder, regardless of the number of shares he/she owns, has the right to attend General Meetings, either in person or by proxy, subject to the conditions laid down by law and in these Articles of Association, by providing proof of identity and ownership of the shares, provided that the shares have been registered, either in his/her name or in the name of the intermediary registered on his/her behalf, by 12 midnight Paris time, on the second business day before the General Meeting:

- holders of registered shares must register their shares in the registered share accounts kept in the Company's registers;

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- holders of bearer shares must deposit their shares in the bearer share accounts held by the authorised intermediary. This entry or filing is evidenced by a certificate of share ownership delivered by the intermediary or electronically, as applicable.

If an Ordinary a Shareholder cannot attend the General Meeting in person or by proxy, he/she may participate in one of the following two ways:

- cast a vote remotely;

  or

- forward a proxy to the Company without naming a proxy holder,

in accordance with the applicable laws and regulations.

B. Access to Special Meetings – Proxies

Any holder of Preferred Shares belonging to a given class, regardless of the number of Preferred Shares he/she owns, has the right to attend Special Meetings of Preferred Shareholders of the class in question, either in person or by proxy, subject to the conditions laid down by law and in these Articles of Association, by providing proof of identity and ownership of the Shares, provided that the Shares have been registered, either in his/her name or in the name of the intermediary registered on his/her behalf, by 12 midnight Paris time, on the second business day before the Special Meeting:

- holders of registered Preferred Shares must register their Shares in the registered share accounts kept in the Company's registers;
- holders of bearer Shares must deposit their shares in the bearer share accounts held by the authorised intermediary. This entry is evidenced by a certificate of share ownership delivered by the intermediary or electronically, as applicable.

If a holder of Preferred Shares cannot attend a Special Meeting in person or by proxy, he/she may participate in one of the following two ways:

- cast a vote remotely;

  or

- forward a proxy to the Company without naming a proxy holder;

in accordance with the applicable laws and regulations.

C. B. Provisions applicable to all General Meetings

If the Shareholder has requested an admission card or a certificate of share ownership, or has cast his/her vote remotely or sent a proxy, he/she may no longer choose to take part in the General Meeting in another manner. However, he/she may sell all or part of his/her shares at any time.

If ownership is transferred before 12 midnight CET on the second business day before the General Meeting, the Company shall invalidate or make the necessary changes to the remote vote, the proxy, the admission card or the certificate of share ownership, as appropriate. To that end, the authorised intermediary, acting as account holder, shall notify the Company or its agent of such a transfer and forward the necessary information to it.

The authorised intermediary shall not issue a notification of transfer of ownership taking place after 12 midnight CET on the second business day before the General Meeting, nor shall the Company take such a transfer into consideration.

Shareholders in the Company who are not domiciled in France may be registered in an account and represented at General Meetings by any intermediary that has been registered on their behalf and given a general power of attorney to manage the shares. When opening its account, however, the intermediary must have declared its status, as an intermediary holding shares on behalf of third parties, to the Company or the financial intermediary acting as account holder, in accordance with the applicable and regulatory provisions.

Following a decision by the Board of Directors published in the notice convening the meeting, Shareholders may participate in General Meetings by videoconferencing, or by any other means of telecommunication or remote transmission, including the internet, in accordance with the legal and regulatory provisions in force. The Board of Directors shall determine the terms governing participation and voting, ensuring that the procedures and technologies used meet the technical criteria required to ensure that the General Meeting's deliberations are continuously and simultaneously relayed and that the votes are accurately recorded.

Provided that they comply with the relevant deadlines, Shareholders who use the electronic voting form provided on the website set up by the entity in charge of the General Meeting's formalities shall be counted as being present or represented at the General Meeting. The electronic form may be completed and signed directly online using any procedure, including a username and password combination that has been approved by the Board of Directors and complies with the requirements set out in the first sentence of the second sub-paragraph of Article 1316-4 1367 of the French Civil Code.

A proxy or vote issued before the General Meeting using such electronic means and the subsequent acknowledgement of receipt thereof shall be deemed to be irrevocable and enforceable against all parties, it being understood that if the ownership of shares is transferred before 12 midnight CET on the second business day before the General Meeting, the Company shall invalidate or make the necessary changes to the proxy or vote issued before that time and date, as appropriate.

Article 25 – Attendance list – Officers of the General Meeting

1. An attendance list setting out the information required by law is kept for each General Meeting of Shareholders.

   This list, which must be duly initialled by all Shareholders present or their proxies, and to which are attached all proxy forms given to each of the proxies and any ballots cast remotely, shall be certified as accurate by the officers of the General Meeting.

2. The Chairman of the Board, or in his absence a Vice-Chairman or a director expressly authorised for that purpose by the Board of Directors, shall chair General Meetings of Shareholders.

   If a General Meeting of Shareholders is convened at the request of one or more Statutory Auditors, one of the Statutory Auditors shall chair the General Meeting.

   Whenever the person entitled or designated to chair is absent, the General Meeting of Shareholders shall elect its Chairman.

   The officers of the General Meeting appoint a secretary who needs not be a Shareholder.

   The officers of the General Meeting are in charge of verifying, certifying and signing the attendance list, ensuring that the debate is conducted in good order, resolving problems which may arise during the General Meeting, checking the ballots cast and verifying that they are not void, and ensuring that minutes of the General Meeting are drawn up.

Article 26 – Quorum – Voting – Number of votes at General Meetings

The quorum at General Meetings is calculated on the basis of the total number of Ordinary Shares and the quorum at Special Meetings is calculated on the basis of the total number of Preferred Shares in the relevant class shares, less those shares not entitled to vote in accordance with the provisions of the law or of the Articles of Association.

In the case of remote voting, only ballots received by the Company prior to the General Meeting within the time periods and under the conditions prescribed by the applicable laws and regulations shall be counted.

In the event of a proxy vote without naming a proxy holder, the Chairman shall add a vote in favour of the resolutions presented or approved by the Board of Directors and a vote against all other resolutions.

Except in the special cases provided for by law, each Shareholder at a General Meeting shall have the right to cast as many votes as Ordinary Shares he holds for which all capital calls have been met and each

The definitions of the underlined words can be found in the Glossary on page 600.

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Shareholder at a Special Meeting of a given class shall have the right to cast as many votes as Preferred Shares shares he holds for which all capital calls have been met.

The Company shall have the right to request from an intermediary registered on behalf of a Shareholder who is not domiciled in France, but which has a general power of attorney to manage the securities of that Shareholder, to provide a list of Shareholders which it represents and whose votes will be exercised at a General Meeting.

The votes or proxies exercised by an intermediary which has not disclosed that it is acting in that capacity in accordance with applicable laws and regulations or the Articles of Association, or which has not disclosed the identity of the securities holders, shall not be counted.

Article 27 – Ordinary General Meetings

1. All decisions which do not amend the Articles of Association are taken by the Ordinary General Meeting of Shareholders.

The Ordinary General Meeting must meet at least once a year within the period prescribed by the applicable laws and regulations to consider and vote on the accounts for the prior financial year.

Its powers include the following:

- to approve, modify or reject the accounts submitted to it;
- to decide on the distribution and allocation of profit in accordance with the Articles of Association;
- to discharge or refuse to discharge directors;
- to appoint and dismiss directors;
- to approve or reject temporary appointments of directors by the Board of Directors;
- to authorise the purchase of Ordinary shares or Preferred Shares under share buyback programmes established under the conditions stipulated by Articles L. 225-209 *et seq.* of the French Commercial Code (or equivalent regulations applicable as of the date of the relevant transaction);
- to appoint the Statutory Auditors;
- to consider and vote on the special report of the Statutory Auditors concerning transactions subject to prior authorisation by the Board of Directors.

2. The deliberations of the Ordinary General Meeting of Shareholders convened following the first notice shall be valid only if the Ordinary Shareholders present, represented or voting remotely at the General Meeting hold, in the aggregate, at least one fifth of all voting Ordinary shares.

There is no quorum requirement for the General Meeting following the second notice.

In order to pass, resolutions require a majority of the votes of the Ordinary Shareholders present, represented or voting remotely.

Article 28 – Extraordinary General Meetings

1. The Extraordinary General Meeting of Shareholders shall have exclusive authority to amend any of the provisions of the Articles of Association. However, it shall not increase the obligations of the Shareholders other than through transactions, duly authorised and carried out, which are the result of an exchange or consolidation of shares.

2. The deliberations of the Extraordinary General Meeting of Shareholders convened following the first notice shall be valid only if the holders of Ordinary shares present, represented or voting remotely at the General Meeting hold, in the aggregate, at least one fourth of all voting Ordinary shares, or one fifth of all voting shares following the second notice. If this last quorum is not met, the second Extraordinary General Meeting may be postponed to a date not later than two months after the date for which it was scheduled.

In order to pass, resolutions require a two-thirds majority of the votes of the holders of Ordinary shares present, represented or voting remotely.

3. Notwithstanding the foregoing provisions, and as permitted by law, an Extraordinary General Meeting which approves a capital increase through the capitalisation of reserves, profits or share premiums shall be subject to the same quorum and majority voting requirements as an Ordinary General Meeting.

Article 29 – Special Meetings

1. All holders of Preferred Shares of the same class are convened in Special Meetings.

Holders of Ordinary Shares do not have the right to attend Special Meetings and have no voting rights therein.

In accordance with the law, the deliberations of Special Meetings convened following the first notice shall be valid only if the holders of Preferred Shares belonging to the class for which the Special Meeting is to be held and present or represented hold, in the aggregate, at least one-third, or, following the second notice, one-fifth of all Preferred Shares with voting rights at Special Meetings, and if it is proposed that the rights attached to those shares be amended. If this last quorum is not met, the second Special Meeting may be postponed to a date not later than two months after the date for which it was scheduled.

In order to pass, resolutions require a two-thirds majority of the votes of the Preferred Shareholders present or represented.

2. Collective resolutions falling under the authority of Ordinary General Meetings or Extraordinary General Meetings are not subject to approval by Special Meetings.

However, in accordance with the provisions of Article L. 225-99 of the French Commercial Code, any collective resolutions falling under the authority of Ordinary General Meetings and amending individual rights attached to one or more classes of Preferred Shares under the Articles of Association shall be final only after they have been approved by the Special Meeting of Preferred Shareholders for each relevant class of Preferred Shares, voting no later than on the date of the General Meeting. Furthermore, in accordance with the provisions of Article L. 228-17 of the French Commercial Code, any proposed merger or demerger of the Company under which the Preferred Shares would not be exchangeable for shares entitling the individual holders to equivalent rights shall be subject to approval by a Special Meeting of such Shareholders.

3. In addition to the aforesaid statutory provisions, the following shall be subject to approval by Special Meetings of the relevant class of Preferred Shareholders:

- any issue of Shares giving the holders access to securities granting a right of priority payment in the event of a Distribution (as defined in paragraph 3, Article 31 “Determination, allocation and distribution of profit” herein) and/or liquidation dividend over the Preferred Shares of the relevant class and/or appropriation of losses below the proportional share that such securities represent in the share capital in the event of a capital reduction for reasons not due to losses; and
- any proposal to reincorporate the Company in another legal form.

For information, it is duly noted that decisions including but not limited to the following shall not be subject to approval by Special Meetings of holders of existing Preferred Shares:

- issues of Ordinary Shares, or issues of a new class of Preferred Shares with characteristics identical to those of the Preferred Shares already issued except for the Issue Price, Issue Date and/or Rate and the consequences of these characteristics for the voting rights of Preferred Shares belonging to a given class; and

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The definitions of the underlined words can be found in the Glossary on page 600.

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- Share buybacks and/or cancellations under the terms of (i) buybacks of Preferred Shares by the Company pursuant to Article 32 "Repurchases of Preferred Shares by the Company", paragraph B "Option to repurchase Preferred Shares at the Company's initiative" herein; (ii) Share buyback programmes carried out under the terms and conditions provided by Articles L. 225-209 *et seq.* of the French Commercial Code; and (iii) a public offer to buy Ordinary Shares or any class of Preferred Shares.

Article 30 29 – Financial year

The financial year shall begin on 1 January and end on 31 December of each year.

Article 31 30 – Determination, allocation and distribution of profit

1. Five per cent of the profit for a financial year less any accumulated losses shall be posted to the legal reserve until the reserve reaches one-tenth of the share capital.

2. The balance, increased by retained earnings, if any, shall constitute the distributable profit which the Ordinary General Meeting of Shareholders shall:

- allocate to one or more ordinary or extraordinary, optional reserve accounts, with or without a specific purpose;
- distribute to the Ordinary Shareholders and to the Preferred Shareholders as a dividend.

The Ordinary General Meeting may also decide to distribute amounts from reserves distributable by the Shareholders.

Any Distribution (as defined in paragraph 3 hereinafter) shall be effected under the terms and conditions set out in paragraphs 2 to 8 below.

3. The Ordinary General Meeting or, in the case of an interim dividend, the Board of Directors, may, for a given financial period, decide to pay or not to pay a dividend to the Ordinary Shareholders and the Preferred Dividend (as defined in paragraph 5.A of this Article) to the Preferred Shareholders, in order to comply with the Company's prudential requirements, *inter alia.*

It is hereby specified that in order to pay the Preferred Dividend to the Preferred Shareholders, the Ordinary General Meeting must also have decided to make a Distribution, regardless of the amount, to the Ordinary Shareholders. Preferred Shareholders shall, however, have a right of priority under the terms set out in paragraph 4 of this Article.

For purposes of this paragraph 3, any payment made to Ordinary Shareholders under a Share buyback shall be deemed to be a Distribution to Ordinary Shareholders and therefore give rise to the payment of the full amount of the Preferred Dividend to the Preferred Shareholders (even if no dividend is paid to Ordinary Shareholders), it being specified that the following shall not be deemed to be a Distribution to Ordinary Shareholders: (i) purchases of Shares under the terms of Share buyback programmes carried out under the conditions stipulated by Articles L. 225-209 *et seq.* of the French Commercial Code (or any equivalent regulations applicable as of the date of the relevant transaction), unless such purchases are effected by means of a public offer to buy shares; and (ii) public offers to buy shares that are tendered to all Ordinary Shareholders and Preferred Shareholders in proportion to their ownership of the share capital. In the event of a share buyback that is deemed to be a Distribution, the Preferred Dividend shall be payable on the Date on which the relevant event occurred, which shall then be deemed to be a "Payment Date" as defined in paragraph 8 of this Article.

Should there arise a Prudential Event affecting the Company, no Preferred Dividend shall be paid to the Preferred Shareholders (including in the case covered by the foregoing paragraph) and no dividend (including in the form of an interim dividend) shall be paid to the Ordinary Shareholders.

For purposes of the foregoing paragraph, a **"Prudential Event"** means any one of the following two situations:

(i) the Company's capital adequacy ratio on a consolidated basis is below the minimum percentage required by applicable banking regulations;

(ii) the Company has received written notification from the SGCB that its financial position will, in the near future, cause its capital adequacy ratio to fall below the minimum percentage cited in paragraph (i).

4. Any distribution, regardless of form, approved by the Ordinary General Meeting or Extraordinary General Meeting, or, if in the form of an interim dividend, by the Board of Directors, that is charged against any of the equity accounts (profits, including profits based on an interim balance sheet in the case of an interim dividend; retained earnings; reserves; share premiums; or other accounts) (a "Distribution") shall be allocated as follows:

(i) first, to the Preferred Shareholders, up to the amount of the Preferred Dividend (as defined in this Article, in paragraph 5.A below); and

(ii) the balance, to the Ordinary Shareholders.

Consequently, no Distribution shall be paid to the Ordinary Shareholders in respect of a given financial year if the Preferred Dividend payable to the Preferred Shareholders for such year has not been distributed and paid in full.

A Distribution is allocated to the financial period in respect of which it is paid, except in the case of interim dividends. An interim dividend paid before the General Meeting convened to vote on the financial statements for Year "n" is allocated to Year "n+1". These rules for allocating Distributions apply to all Distributions, whether paid out to Ordinary Shareholders or to Preferred Shareholders in the form of a Preferred Dividend.

5. If the Preferred Dividend in respect of a given year is not distributed, the undistributed amount of the Preferred Dividend shall not be carried forward and the Company shall have no obligation to distribute this amount to the Preferred Shareholders.

5.A. In the event of a Distribution under the terms and conditions set out in paragraphs 3 and 4 of this article, the amount of the dividend (the "Preferred Dividend") payable per Preferred Share of a given class in respect of each financial year to which it is allocated (other than the first year in which a Preferred Dividend is payable to Preferred Shareholders, in the amount determined under the conditions set out in paragraph 5.B below), shall be calculated by multiplying:

(i) the Rate applicable to the relevant class; by

(ii) the ratio obtained by dividing the Outstanding Amount (as defined in paragraph 5.C) in the given class by the number of Preferred Shares in the given class outstanding as of the date of the decision to distribute the Dividend.

For purposes of this calculation, the Outstanding Amount shall be determined after taking into account the Reduction of the Outstanding Amount or the Restitution of the Outstanding Amount arising, respectively, from the Net Loss or the Profit (as defined in paragraph 5.C herein) for the year immediately preceding the year in which the Preferred Dividend is payable.

It is hereby specified that, in the event that a Preferred Dividend is paid before the date of a Reduction of the Outstanding Amount or a Restitution of the Outstanding Amount, the Preferred Dividend shall be deemed to have been determined on a provisional basis (based on the Outstanding Amount calculated on the basis of the last available certified annual consolidated financial statements). The Preferred Dividend shall be recalculated immediately following completion of the Reduction of the Outstanding Amount

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or the Restitution of the Outstanding Amount. In the event that the Preferred Dividend recalculated in this manner is higher than the Dividend already paid, an additional dividend shall be paid to the Preferred Shareholders on the next date on which a Distribution is paid to the Ordinary Shareholders. Conversely, in the event that the Preferred Dividend recalculated in this manner is lower than the dividend already paid, the Preferred Shareholders shall not be required to refund any amounts, notwithstanding any statutory or regulatory provisions to the contrary.

5.B. In the event that the Initial Meeting decides to distribute a Preferred Dividend, the resulting Preferred Dividend payable per Preferred Share shall be calculated by applying to the amount obtained by multiplying (i) by (ii) as defined in paragraph 5.A above, the ratio obtained by dividing (a) the number of days elapsed between the period from the Date of Issue (inclusive) and the Payment Date (exclusive) by (b) 365;

where **"Initial Meeting"** means the first General Meeting held after the end of the financial year during which the Preferred Shares are issued and that has approved a Distribution to the Ordinary Shareholders and/or convened to vote on the Company's financial statements for the financial year in which the Preferred Shares are issued.

By exception to the first subparagraph of paragraph 5.B above, in the event of a distribution of one or more interim dividend(s) to the Ordinary Shareholders before the Initial Meeting, a sum equal to the product of (i) multiplied by (ii) as defined in paragraph 5.A above shall be paid to the Preferred Shareholders on the date on which the first interim dividend was paid to the Ordinary Shareholders. If this sum is less than the amount indicated in paragraph 5.B of this Article as calculated on the date of the Initial Meeting and if the Initial Meeting is the Meeting convened to vote on the Company's financial statements for the financial year in which the Preferred Shares are issued and duly noting the payment of one or more interim dividend(s) to the Preferred Shareholders and Ordinary Shareholders, an additional amount equal to the difference, if positive, between the amount indicated in paragraph 5.B of this Article paid to the Preferred Shareholders and the amount of the first interim dividend already paid to the Ordinary Shareholders shall be paid to the Preferred Shareholders. The said additional amount shall be paid on the day after the date of the Initial Meeting.

5.C. For purposes of these Articles of Association, the **"Outstanding Amount"** means the product obtained by multiplying the outstanding number of Preferred Shares in a given class by the Adjusted Issue Price for the given class, (i) less the amount of each Reduction of the Outstanding Amount (as defined below) applicable to the given class, (ii) plus the amount of each Restitution of the Outstanding Amount (as defined below) applicable to the given class, in each instance from the Date of Issue of the Preferred Shares in the given class.

If consolidated net income – Group share is negative (the **"Loss"**) as reflected in the Company's certified annual consolidated financial statements after taking the Exempt Amount into account (the **"Net Loss"**), the Outstanding Amount applicable to the given class of Preferred Shares shall be reduced by an amount (the **"Reduction of the Outstanding Amount"**) calculated by multiplying (i) the Net Loss and (ii) the Percentage of the Preferred Shares in the Notional Capital of the given class (as defined below) determined on the date of publication of the certified consolidated financial statements reflecting the Loss in question. The Reduction of the Outstanding Amount shall be deemed to have been carried out on the date of publication of the certified consolidated financial statements reflecting the Loss in question.

For purposes of the foregoing paragraph, **"Exempt Amount"** means the difference between (i) the amount of consolidated shareholders' equity – Group share, excluding consolidated equity instruments of the Company to which the Preferred Shares are subordinated, as reflected in the Company's certified annual consolidated financial statements, and (ii) the amount of the Notional Capital as reflected in the Company's certified annual consolidated financial statements.

If, following a Reduction of the Outstanding Amount, positive consolidated net income – Group share, as reflected in the Company's certified annual consolidated financial statements, is recognised (a **"Profit"**), the Outstanding Amount applicable to the given class of Preferred Shares shall be increased by an amount (the **"Restitution of the Outstanding Amount"**) calculated by multiplying (i) the Profit and (ii) the Percentage of Preferred Shares in the Notional Capital of the given class determined on the date of publication of the certified consolidated financial statements reflecting the Profit in question.

The Restitution of the Outstanding Amount shall be deemed to have been carried out on the date of publication of the certified consolidated financial statements reflecting the Profit in question after a Reduction of the Outstanding Amount.

Notwithstanding the foregoing, for purposes of calculating the Preferred Dividend payable in respect of a given financial year, the Restitution of the Outstanding Amount, barring prior approval by the SGCB, shall not be taken into account, as indicated above, unless a Preferred Dividend (regardless of the amount thereof) was distributed in respect of the previous two financial years.

In any event, the Outstanding Amount for a given class of Preferred Shares shall be no greater than the product of the outstanding number of Preferred Shares in the given class multiplied by the Adjusted Issue Price for the given class.

The **"Percentage of Preferred Shares in the Notional Capital"** means, for a given class of Preferred Shares, the ratio obtained by dividing the Notional Capital of the Preferred Shares in the given class by the Notional Capital.

Where:

"Notional Capital" means the share capital composed of Ordinary Shares and Preferred Shares, plus the amount of any share premiums and of the legal reserve, based on the Company's accounts at a given date.

"Notional Capital of the Preferred Shares" means, for a given class of Preferred Shares, at a given date:

(i) the product of the number of Preferred Shares in the given class initially issued multiplied by their Issue Price;

(ii) plus, for each new issue of Preferred Shares of the same class or any increase in the par value of the Preferred Shares effected since their issue, the increase in the nominal amount of the share capital and any increase in any corresponding share premiums of any kind; for information, it is duly noted that any issues of Preferred Shares or increases in the par value of Preferred Shares by the capitalisation of any share premiums and/or of the legal reserve shall have no impact on the Notional Capital of the Preferred Shares, as the increase in the share capital is offset by a reduction in any share premiums of any kind and/or in the legal reserve;

(iii) plus a share of any increase in the legal reserve effected since the issuance of the Preferred Shares in proportion to the Percentage of the Preferred Shares in Notional Capital of the given class determined immediately before the given increase in the legal reserve;

(iv) less the sum of any reductions in the Notional Capital to be allocated to the Preferred Shares in the given class since the issuance of the Preferred Shares in the given class, that is, the sum of the following amounts:

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- **(A)** an amount equal to the share of capital reductions due to losses, which is to be allocated to the Preferred Shares in the given class;
- **(B)** an amount equal to the product (x) of any reduction in the amount of any share premiums and/or of the legal reserve effected as part of a capital reduction due to losses or a loss which is allocated to such accounts, and (y) the Percentage of Preferred Shares in the Notional Capital in the given class determined immediately before the given capital reduction due to losses or the allocation of the given loss; and
- **(C)** for capital reductions for a reason other than losses, an amount equal to:
  - **(x)** the amount paid, and/or the value of any asset, as determined by an expert appointed by the Board of Directors (failing which, by an order of the Presiding Judge of the Paris Commercial Court ruling in summary proceedings under the terms of Article 1843-4 of the French Civil Code), owing to Preferred Shareholders of the given class and charged against the share capital, any share premiums and/or the legal reserve, and
  - **(y)** in the event of a cancellation of Preferred Shares that does not give rise to any payment or allocation of assets to Preferred Shareholders upon cancellation (in case of cancellation of Preferred Shares held in treasury, inter alia), the product of the number of cancelled Preferred Shares in the given class multiplied by their Adjusted Issue Price as of the cancellation date.

6. Preferred Shares shall be entitled to the dividend on the first day of the financial year in which they are issued. No Preferred Dividend shall be payable during the said year, except in the event that an interim dividend in respect of the following year is paid to the Ordinary Shareholders.

7. The Preferred Dividend is payable on the date on which Distributions are made or are deemed (in accordance with the second subparagraph of paragraph 3 above) to be made to the Ordinary Shareholders (the **"Payment Date"**).

8. The Ordinary General Meeting may offer each Ordinary Shareholder and each Preferred Shareholder, up to the limits and under the conditions that it shall determine, the option of receiving all or part of the dividend payment, including payment of any Preferred Dividend or interim dividend, either in cash or in Shares to be issued, where the Shares awarded in this case are of the same class as the Shares that entitled the holder to the dividend, that is, in the form of either Ordinary Shares or Preferred Shares of the same class.

Article 32 – Repurchases of Preferred Shares by the Company

A. Share buyback programme and public buyback offer

Having regard to Preferred Shares, and subject to prior approval by the General Meeting, the Board of Directors may, with the authority to further delegate such power pursuant to the applicable laws and regulations, and subject to prior approval by the Secretary General of the French Banking Commission (or any supervisory authority that may come to replace it) (the **"SGCB"**) buy back Preferred Shares and/or Ordinary Shares and, if applicable, cancel such Shares, in the proportions that it shall determine, under the terms of (i) a Share buyback programme carried out under the terms and conditions stipulated by Articles L. 225-209 *et seq.* of the French Commercial Code (or any equivalent regulations applicable as of the date of the relevant transaction) or (ii) any public buyback offer.

B. Option to repurchase Preferred Shares at the Company's initiative

1.1. Exercise of the Preferred Share buyback option

1. The Board of Directors may, with the right to further delegate such powers, pursuant to the applicable laws and regulations, buy back Preferred Shares, subject to prior approval by the SGCB, under the terms and conditions set out in this Article in paragraph 1.2, "Cases in which the Company may exercise its option to buy back Preferred Shares".

2. Any buyback notice under the terms of this Article 32.B is irrevocable, it being specified that a buyback notice may be contingent upon there being no objection from the Company's creditors.

3. If the buyback applies to only part of the Preferred Shares, the Preferred Shares will be repurchased from the holders of Preferred Shares of a given class on a proportional basis. In the event that the number of Preferred Shares to be repurchased proportionately is not a whole number, the number of Preferred Shares effectively bought back from the holder shall be the next lower whole number.

4. All Preferred Shares bought back in this manner shall be cancelled as of the buyback date.

5. The reports of the Board of Directors and of the Statutory Auditors stipulated in Article R. 228-19 of the French Commercial Code shall be made available to the Shareholders at the Company's registered office no later than fifteen days following the Board Meeting that carried out the buyback. These reports shall also be brought to the attention of the Shareholders at the next General Meeting.

1.2. Cases in which the Company may exercise its option to buy back Preferred Shares

Under the conditions set out in paragraph 1.1 "Exercise of the Preferred Share buyback option" of this Article, the Board of Directors may, with the right to further delegate such powers pursuant to the applicable laws and regulations, subject to prior approval by the SGCB, repurchase the Preferred Shares in the following cases:

- **(i)** subject to providing written notice to the Preferred Shareholders of the given class in writing or by a notice published in a daily business and financial news publication with a wide circulation in Paris at least 30 calendar days and no more than 60 calendar days in advance, the Board of Directors may arrange to repurchase, at any time after the tenth anniversary of the Date on which the given Preferred Shares were issued, all or part of the relevant Preferred Shares at the Buyback Amount (as defined in this Article in paragraph 1.3, "Determination of the Buyback Amount in the event that the Company exercises its option to buy back the Preferred Shares") on the date stated in the notice, provided that (i) a Preferred Dividend has been distributed in respect of the last two financial years before the buyback, unless the SGCB waives this condition for the Company, and (ii) the Outstanding Amount applicable to the given class of Preferred Shares is no less than the product of the Adjusted Issue Price of the given class multiplied by the number of outstanding Preferred Shares of the given class;
- **(ii)** if an issue, conversion, merger or demerger is subject to approval by a Special Meeting of Preferred Shareholders belonging to a given class, and if such Special Meeting does not approve such an issue, exchange, merger or demerger under the quorum and majority requirements provided by these Articles of Association, and subject to providing notice to the Preferred Shareholders of the given class in writing or by means of a notice published in a daily business and financial news publication with a wide circulation in Paris at least 30 calendar days and no more than 60 calendar days in advance, the Board of Directors may arrange to repurchase all (and not just part) of the Preferred Shares in the said class at the Buyback Amount (as defined in this Article in paragraph 1.3, "Determination of the Buyback Amount in the event that the Company exercises its

The definitions of the underlined words can be found in the Glossary on page 600.

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option to buy back the Preferred Shares") on the date stated in the notice;

(iii) if, due to a change in French law or regulations, or due to a change in the official application or interpretation thereof that may come into effect after the Date of Issue of the Preferred Shares, the proceeds from the issue of the Preferred Shares ceases to fully qualify as Core Capital (as defined in this Article, in paragraph 1.3, "Determination of the Buyback Amount in the event that the Company exercises its option to buy back the Preferred Shares") and subject to providing notice to the Preferred Shareholders of the given class in writing or by a notice published in a daily business and financial news publication with a wide circulation in Paris at least 30 calendar days and no more than 60 calendar days in advance, the Board of Directors may arrange to repurchase all (and not just part) of the portion of the Preferred Shares (where each class of Preferred Shares shall receive equal treatment based on its pro rate share of the Percentage of Preferred Shares in the Notional Capital applicable thereto) that cease to fully qualify as Core Capital (as defined in this Article, in paragraph 1.3, "Determination of the Buyback Amount in the event that the Company exercises its option to buy back the Preferred Shares"), as of a date stated in the notice which shall not be earlier than the date on which the proceeds from the issue of the Preferred Shares cease to fully qualify as Core Capital (as defined in this Article, in paragraph 1.3, "Determination of the Buyback Amount in the event that the Company exercises its option to buy back the Preferred Shares");

(iv) if, due to illegality or to a change in French laws or regulations or in the official application or interpretation thereof that may come into effect after the Date of Issue of Preferred Shares of a given class, and that may result in an unfavourable change in the financial condition of the holders of these Preferred Shares, the Board of Directors may, in order to protect the legitimate interests of the Company and of the holders of such Preferred Shares, and subject to providing notice to the Preferred Shareholders of the given class in writing or by a notice published in a daily business and financial news publication with a wide circulation in Paris at least 30 calendar days and no more than 60 calendar days in advance, arrange to repurchase all (and not just part) of the relevant Preferred Shares at the Buyback Amount (as defined in this Article, in paragraph 1.3, "Determination of the Buyback Amount in the event that the Company exercises its option to buy back the Preferred Shares"), as of a date stated in the notice which shall not be earlier than the effective date of the illegality, of the change in French laws or regulations, or in the official application or interpretation thereof, as the case may be.

1.3 Determination of the Buyback Amount in the event that the Company exercises its option to buy back the Preferred Shares

For purposes of this Article 32.B,

- **"Core Capital"** means tier one capital (i) as defined in Article 2 of CRBF *(Comité de la réglementation bancaire et financière)* Regulation 90-02 of 23 February 1990, as amended; or (ii) funds qualified as such by the SGCB, without any upper limit;
- **"Buyback Amount"** means, for each Preferred Share of a given class:
  - **(i)** the Adjusted Issue Price applicable to that class,
  - **(ii)** plus an amount calculated by multiplying (a) the ratio obtained by dividing the Outstanding Amount applicable to the given class by the number of Preferred Shares of the given class outstanding as of the buyback date, by (b) the Rate and (c) the ratio obtained by dividing the number of days elapsed during the Calculation Period by 365 days;
- **"Calculation Period"** means the period between:

(a) first,

- the Payment Date (inclusive) of the Preferred Dividend paid in respect of Year "n-1" or, if no Preferred Dividend was paid in respect of that year, the anniversary date of the issue in Year "n-1" (inclusive), if:
  - **(x)** the Ordinary General Meeting convened to vote on the appropriation of net income for Year "n-1" has not yet been held and a preferred dividend has not been approved for Year "n", or
  - **(y)** the Ordinary General Meeting convened to vote on the appropriation of net income for Year "n-1" has been held and a Preferred Dividend has been approved for Year "n" and such Dividend has not yet been paid and will not have been paid as of the buyback date, or
- the Payment Date (inclusive) of the Preferred Dividend in respect of Year "n" or, if no Preferred Dividend is paid in respect of that year, the anniversary date of the issue in Year "n" (inclusive), if:
  - **(x)** a Preferred Dividend has been approved for Year "n" and such Dividend has been paid or will be paid as of the buyback date, or
  - **(y)** the Ordinary General Meeting convened to vote on the allocation of net income for Year "n-1" has been held and a Preferred Dividend was not approved for Year "n",

(b) second, the buyback date (exclusive), which is deemed to occur during Year "n" for purposes of this paragraph.

As an exception to the foregoing, if the last Preferred Dividend paid in respect of Year "n-1" or Year "n" was paid when an interim dividend was paid, the Calculation Period shall be:

(a) the period between the date of the Ordinary General Meeting convened to vote on the financial statements for the year in respect of which an interim dividend was paid, if the meeting is held before the buyback date, and the buyback date; or

(b) zero, if the Ordinary General Meeting convened to vote on the financial statements for the year in respect of which an interim dividend was paid, is held after the buyback date.

Article 33 – Conversion of Preferred Shares

1. The Board of Directors may, with the right to further delegate such powers pursuant to the applicable laws and regulations, in the cases and under the conditions set out in paragraph 2 of this Article, convert all (and not just part) of the Preferred Shares of a given class into Ordinary Shares, using a conversion ratio (calculated to three decimal points; the fourth decimal point is rounded to the next nearest decimal point and 0.0005 is rounded to the next highest one-thousandth, that is, to 0.001) (the **"Conversion Ratio"**), determined for the Ordinary Shares, on the basis of the Value of an Ordinary Share (as defined in paragraph 8 of this Article) and for the Preferred Shares, on the basis of the Buyback Amount (as defined in paragraph 1.3, "Determination of the Buyback Amount in the event that the Company exercises its option to buy back the Preferred Shares" of Article 32, "Repurchases of Preferred Shares by the Company" of the Articles of Association).

2. The conversion procedure shall be implemented only if the following two events occur:

- in the case of a merger or demerger requiring approval by a Special Meeting of a given class of Preferred Shareholders, if the Special Meeting does not approve the merger or demerger under the quorum and majority requirements stipulated herein; and
- if the Company has filed for prior SGCB approval of the proposed transaction and not secured such approval in time to carry out the buyback of the given class of Preferred Shares in accordance with subparagraph (ii) of paragraph 1.2, "Cases in which the Company may exercise its option to buy back Preferred Shares" and Article 32 "Repurchases of Preferred Shares by the

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Company", and inasmuch as the terms and conditions set forth below are met as of the conversion date:

(i) the Extraordinary General Meeting has approved or authorised the conversion, and

(ii) approval for the conversion has been secured from the SGCB.

3. When carrying out the conversion procedure, the Company shall undertake to identify a reasonable way, under then-prevailing market conditions, to enable those Preferred Shareholders who wish to do so to reclassify the Ordinary Shares to which the conversion of their Preferred Shares will entitle them.

4. The holders of the Preferred Shares in the given class shall be notified of the decision to convert their Shares in writing or by a notice published in a daily business and financial news publication with a wide circulation in Paris at least 30 calendar days and no more than 60 calendar days before the effective date of conversion.

5. If the total number of Ordinary Shares to be received by a Preferred Shareholder obtained by applying the Conversion Ratio to the number of Preferred Shares held by the Shareholder is not a whole number, such Shareholder shall receive the next lowest number of Ordinary Shares; in this case, the Shareholder shall receive a sum equal to the fractional Value of the fractional Ordinary Share.

6. Any notice of conversion under the terms of these provisions shall be irrevocable, it being specified that a conversion notice may be subject to certain conditions.

7. All Preferred Shares converted in this manner shall be fully fungible with the Ordinary Shares as of their conversion date.

8. For purposes of this Article, **"Value of an Ordinary Share"** means the greater of the following two values:

(a) the volume-weighted average quoted price of an Ordinary Share on Euronext Paris (or any other exchange that may come to replace it) over the last fifteen trading days following but not including the date of publication of the notice indicated in paragraph 4 above (failing which, the date on which the written notices indicated paragraph 4 above are sent); and

(b) 95% of the volume-weighted average quoted price of the Ordinary Shares on Euronext Paris (or any other exchange that may come to replace it) over the last fifteen trading days preceding but not including the date of publication of the notice indicated in paragraph 4 above (failing which, the date on which the written notices indicated paragraph 4 above are sent).

9. The Board of Directors' reports and Statutory Auditors' reports provided by Article R. 228-18 of the French Commercial Code shall be made available to the Shareholders at the Company's registered office (i) if the Extraordinary General Meeting approves the conversion, no later than the date on which that meeting is convened; or (ii) if the Extraordinary General Meeting delegates its powers to carry out the conversion to the Board of Directors, no later than fifteen days after the meeting at which the Board uses the authority granted to it by the Extraordinary General Meeting. These reports shall also be brought to the attention of the Shareholders at the next General Meeting.

Article 34 31 – Dissolution – Liquidation

1. The Company shall be in liquidation as from the time that it is dissolved, for any reason whatsoever. Its legal personality shall subsist for purposes of such liquidation and until completion thereof.

The shares may continue to be traded until liquidation has been completed.

Dissolution of the Company shall be effective as against third parties only as from the date on which the notice of dissolution is published in the Paris Trade and Company Registry.

At the end of the life of the Company or if it is dissolved in advance by an Extraordinary General Meeting of Shareholders, said Meeting shall fix the rules governing liquidation. Voting in accordance with the quorum and majority voting requirements applicable to Ordinary General Meetings, it shall appoint one or more liquidators whose powers it shall determine, and who shall carry out their responsibilities in accordance with the law. Upon appointment of the liquidators, the functions of the directors, the Chairman, the Chief Executive Officer and the Deputy Chief Executive Officers shall cease.

Throughout the duration of liquidation, the General Meeting and the Special Meetings of Shareholders shall continue to exercise the same powers as they it did during the life of the Company.

2. The liquidator shall represent the Company. He shall be vested with the broadest powers to dispose of its assets, even informally. He is authorised to pay creditors and distribute the remaining balance.

The General Meeting may authorise the liquidator to continue pending business or to undertake new business for the purpose of the liquidation.

3. In the event of the Company's liquidation, the Preferred Shares shall rank *pari passu* amongst themselves and with the Ordinary Shares as set forth below.

After all of the Company's liabilities have been settled, the Preferred Shares and the Ordinary Shares shall have identical rights to the net assets, proportional to the percentage of Notional Capital represented by each class of Shares, and, with respect to the Preferred Shares in each class, up to the amount of their Adjusted Issue Price (as defined in Article 6, "Share Capital" of the Articles of Association).

The par value of the Ordinary shares and of the Preferred Shares shall be reimbursed proportional to their share of the Company's share capital, and any liquidation dividend shall be distributed, such that the principle set out in the foregoing paragraph is observed, and, for all of the foregoing, and with respect to the Preferred Shares, up to the Adjusted Issue Price.

Article 35 32 – Disputes

Courts having jurisdiction under ordinary law shall resolve any dispute which may arise during the life of the Company or during liquidation following dissolution, either among the Shareholders, the managing and governing bodies and the Company, or among the Shareholders themselves, in connection with corporate business or compliance with the provisions of the Articles of Association.

The definitions of the underlined words can be found in the Glossary on page 600.

INFORMATION ON THE COMPANY

ACQUISITIONS MADE BY CRÉDIT AGRICOLE S.A. OVER THE PAST THREE FINANCIAL YEARS

Main acquisitions completed

Date	Investments	Financing
31/08/2016	Acquisition of KBI by Amundi (acquisition of 87.5% of the company, with the management team holding 12.5%); KBI changed its name to KBI Global Investors.	Amundi's acquisition was financed from own resources.
19/10/2016	CFM Indosuez Wealth Management signed a cross-referral agreement with HSBC Private Bank to service HSBC customers in Monaco.	Amundi's acquisition was financed from own resources.
03/07/2017	Amundi finalised the acquisition of 100% of Pioneer Investments.	The acquisition was financed by using Amundi's surplus capital for €1.5 billion, by an Amundi capital increase with pre-emptive subscription rights for €1.4 billion and for the balance by issuing senior and subordinated debt for €0.6 billion.
13/07/2017	Indosuez Wealth Management signs agreement for acquisition of Crédit Industriel et Commercial's private banking operations in Singapore and Hong Kong.	The acquisition was financed by core own funds generated and retained during the year.
21/12/2017	Finalisation of the acquisition by Crédit Agricole Cariparma of 95.3% of the capital of three Italian savings banks. The preconditions had been met for the acquisition of the three savings banks in Cesena (Cassa di Risparmio di Cesena SpA), Rimini (Cassa di Risparmio di Rimini SpA) and San Miniato (Cassa di Risparmio di San Miniato SpA) from the "Voluntary Scheme" section of Italy's Interbank Deposit Insurance Fund ("Schema Volontario").	The acquisition was financed by core own funds generated and retained during the year and by subordinated and non-subordinated medium term notes.
26/12/2017	Crédit Agricole S.A. finalised the acquisition of Natixis' 15% stake in CACEIS, giving it 100% control of the company's capital.	The acquisition was financed by core own funds generated and retained during the year and by subordinated and non-subordinated medium-term notes.
03/05/2018	Indosuez Wealth Management finalised the acquisition of 94.1% of Banca Leonardo.	The acquisition was financed by core own funds generated and retained during the year.
26/07/2018	Crédit Agricole Assurances finalised the acquisition of 5% of the share capital of Credito Valtellinese S.p.A.	The acquisition was financed by core own funds generated and retained during the year.
20/12/2018	Crédit Agricole Assurances finalised the acquisition of all of the share capital of Global Assicurazioni S.p.A.	The acquisition was financed by core own funds generated and retained during the year.
21/12/2018	Crédit Agricole Assurances finalised the acquisition of a 25% interest in GNB SEGUROS, bringing its gross profit-sharing to 75%.	The acquisition was financed by core own funds generated and retained during the year.

NOTE: We cannot disclose certain information about investment amounts without violating confidentiality agreements or revealing information to our competitors that could be detrimental to the Group.

Acquisitions in progress

On 1 January 2019 the Crédit Agricole Group established Crédit Agricole Group Infrastructure Platform (CA-GIP), as part of its medium-term "Strategic Ambition 2020" plan, to regroup the infrastructure and IT activities of Crédit Agricole Assurances, Crédit Agricole CIB, Crédit Agricole Technologies & Services as well as SILCA. CA-GIP encompasses nearly 80% of the infrastructure and IT production of the Crédit Agricole Group and is governed jointly by the Regional Banks and Crédit Agricole S.A.

NEW PRODUCTS AND SERVICES

The entities of the Group regularly offer new products and services to customers. Information is available on the Group's websites, in particular in the press releases accessible online at www.credit-agricole.com.

MATERIAL CONTRACTS

In the framework of the IPO of Crédit Agricole S.A. in 2001, CNCA (now Crédit Agricole S.A.) signed an agreement with the Regional Banks aiming to govern internal relations within Crédit Agricole Group. The main provisions of this agreement are set out in Chapter IV of the Registration document filed by Crédit Agricole S.A. with the *Commission des opérations de bourse* on 22 October 2001 under number R. 01-453. The agreement notably provided for the creation of a Fund for Bank Liquidity and Solvency Risks ("FRBLS") designed to enable Crédit Agricole S.A. to fulfil its role as central body by providing assistance to any of the members of the Crédit Agricole network as defined by the French Monetary and Financial Code who would experience difficulties. To allow for changes in the way the FRBLS works following Crédit Agricole Corporate and Investment Bank's affiliation to the Crédit Agricole network, Crédit Agricole S.A. approved new regulations at its 13 December 2011 Board Meeting, which set new rules for the contributions paid by Crédit Agricole S.A. on behalf of its affiliates.

The fund was originally allocated €610 million in assets. At 31 December 2018 it totalled €1,152 million, having been increased by €40 million in the course of the year.

Furthermore, since CNCA's reorganisation as a mutual company in 1988, the Regional Banks have committed to making up any shortfall suffered by creditors should Crédit Agricole S.A. become insolvent or experience similar financial difficulties as a result of a court-supervised liquidation, or once dissolution-related formalities are complete. The Regional Banks' potential commitment under this guarantee is equal to the sum of their share capital and reserves.

Switch guarantee

The Switch mechanism was implemented on 23 December 2011 as part of the financial relationship framework between Crédit Agricole S.A., as central body, and the mutualist network of Crédit Agricole Regional Banks.

It initially enabled the transfer of the regulatory requirements applying to Crédit Agricole S.A.'s interests in the Regional Banks, which were accounted for under the equity method in the consolidated financial statements of Crédit Agricole S.A. before the Eurêka operation was carried out.

By the amendment signed on 19 December 2013, Crédit Agricole S.A. and the Regional Banks decided to extend the guarantee base granted by the Regional Banks to Crédit Agricole S.A. on 23 December 2011 to Crédit Agricole S.A.'s equity investment in Crédit Agricole Assurances (CAA). The new guarantees came into effect on 2 January 2014 and subsequently allowed the transfer of regulatory requirements applying to Crédit Agricole S.A.'s interests both in the Regional Banks (CCI/CCA) and in CAA.

As part of the "Eurêka" Crédit Agricole Group structure simplification operation[(1)], the Switch guarantee mechanism was amended in 2016 by two supplemental agreements, signed respectively on 17 February (Supplemental agreement No. 2) and 21 July (Supplemental agreement No. 3).

With these supplemental agreements, Crédit Agricole S.A. and the Regional Banks decided: i) to limit the scope of the guarantees previously granted by the Regional Banks to Crédit Agricole S.A. exclusively to Crédit Agricole S.A.'s interest in Crédit Agricole Assurances (CAA), following the transfer of Crédit Agricole S.A.'s interest in the Regional Banks to Sacam Mutualisation; ii) to change the conditions of expiry of the coverage obligation for insurance entities to enable the beneficiary to gradually reduce the guaranteed amount; iii) to replace the quarterly calculation with a half-yearly calculation. The new scope and guarantee terms came into effect on 1 July 2016.

The effectiveness of the mechanism is secured by a security deposit paid by the Regional Banks to Crédit Agricole S.A.

The guarantee transfers to the Regional Banks the risk of a fall in the equity-accounted value of Crédit Agricole S.A.'s interests in CAA.

As soon as a drop in value is observed, the guarantee mechanism is activated and Crédit Agricole S.A. receives compensation drawn from the cash security deposit. If the equity-accounted value later recovers, Crédit Agricole S.A. can return previously paid compensation in accordance with a financial recovery clause.

The guarantee expires on 1 March 2027, when it may be extended automatically. The guarantee may be terminated early, under certain circumstances and subject to prior notification of the ACPR.

The guarantee deposit is remunerated at a fixed rate based on conditions prevailing for long term liquidity. The guarantee attracts a fixed remuneration covering the present value of the risk and cost of capital of the Regional Banks.

MATERIAL CHANGES

The financial statements for the 2018 financial year were approved by the Board of Directors at its meeting of 13 February 2019. Since that date, there have been no material changes in the financial position or business operations of Crédit Agricole S.A. parent company and Group.

PUBLICLY AVAILABLE DOCUMENTS

This document is available on the website www.credit-agricole.com/finance/finance and on the website of the *Autorité des marchés financiers* (AMF), www.amf-france.org.

All regulated information as defined by the AMF (in Title II of Book II of the AMF's General Regulations) is available from the Company's website: www.credit-agricole.com/finance/finance under "Regulatory information". Crédit Agricole S.A. Articles of Association are reproduced, in full, in this document.

GENERAL MEETING OF SHAREHOLDERS OF 21 MAY 2019

The agenda and draft resolutions presented to the Ordinary and Extraordinary General Meeting on Tuesday, 21 May 2019 are available on the website: www.credit-agricole.com/finance/finance/espace-actionnaires/assemblees-generales.

(1) Operation "Eurêka" described on page 528 of the 2016 Registration document.

The definitions of the underlined words can be found in the Glossary on page 600.

INFORMATION ON INACTIVE BANK ACCOUNTS

Under Articles L. 312-19 and L. 312-20 of the French Monetary and Financial Code, based on Law No. 2014-617 of 13 June 2014 relative to unclaimed assets on inactive bank accounts, named Law Eckert which came into force on 1 January 2016, every credit institutions is required to publish annual information on inactive bank accounts. At end-2018, Crédit Agricole S.A. had two inactive bank accounts for an estimated total amount of €62,394. No transfer to the Caisse des Dépôts et Consignations has been made.

INFORMATION ON ACCOUNTS PAYABLES AND RECEIVABLES

Under Article L. 441-6-1 of the French Commercial Code, companies whose parent company financial statements are certified by a Statutory Auditor are required to disclose in their management report the balance of amounts due to suppliers by payment term, as set out in Article D. 441-4 of Decree No. 2008-1492.

These information do not include any banking operations neither related transactions.

Accounts payable payment terms

(in millions of euros)	2018	2017
Past due	**(1)**	**-**
Current	**-**	**-**
< 30 days	-	2
> 30 days < 45 days	-	-
> 45 days	-	-
Total	**(1)**	**-**

Accounts receivable payment terms

The number of invoices issued by Crédit Agricole S.A. outside its banking activity and related transactions is considered irrelevant.

CRÉDIT AGRICOLE S.A. GROUP ENTITIES IN FRANCE AND ABROAD

The information about Crédit Agricole S.A. Group entities required by Article 7 of French law No. 2013-672 of 26 July 2013 on the separation and regulation of banking activities and by Order No. 2014-158 of 20 February 2014 supplemented by Implementing Decree No. 2014-1657 of 29 December 2014 implementing Article L. 511-45 of the French Monetary and Financial Code, are detailed below.

Consolidated entities included in this reporting are the parent company, subsidiaries and branches. Entities classed as discontinued or held-for-sale operations under IFRS 5, as well as entities consolidated using the equity method, are excluded.

Revenues from foreign entities correspond to their territorial contribution to the consolidated financial statements prior to elimination of reciprocal intragroup transactions.

Headcount correspond to the average number of employees of the reporting period.

Geographic Location	Revenues excluding intragroup eliminations	Headcount *(full time equivalent)*	Income before tax	Income tax charge – current(1)	Income tax charge – deferred(1)	Public grants received
France (including DOM-TOM)						
France(2)	9,991	36,057	2,447	(442)	(74)	-
France DOM-TOM	-	-	-	-	-	-
Other EU countries						
Germany	490	1,272	201	(64)	9	-
Austria	52	136	22	(7)	1	-
Belgium	53	109	24	(7)	-	-
Bulgaria	-	1	-	-	-	-
Denmark	-	-	(1)	-	-	-
Spain	160	260	56	(17)	(3)	-
Finland	7	13	6	(1)	(1)	-
Greece	-	-	-	-	-	-
Hungary	4	40	2	-	-	-
Ireland(3)	221	599	125	(2)	(6)	-
Italy	3,171	11,494	900	(264)	(45)	-
Luxembourg	670	1,361	372	(69)	(12)	-
Netherlands	84	305	(2)	-	3	-
Poland	395	5,122	47	(29)	13	-
Portugal	123	466	67	(19)	3	-

Geographic Location	Revenues excluding intragroup eliminations	Headcount *(full time equivalent)*	Income before tax	Income tax charge – current[1]	Income tax charge – deferred[1]	Public grants received
Czech Republic	31	94	18	(3)	-	-
Romania	12	276	(3)	-	-	-
United Kingdom	835	924	410	(104)	(17)	-
Slovakia	1	4	1	-	-	-
Sweden	26	41	5	(3)	1	-
Other Europe countries						
Monaco	139	455	36	(8)	-	-
Russia	20	170	3	(1)	-	-
Serbia	40	877	7	-	-	-
Switzerland	352	1,207	73	(25)	4	-
Ukraine	107	2,288	55	(9)	-	-
Guernsey[4]	1	-	-	-	-	-
North America						
Canada	6	12	1	-	-	-
United States	1,205	1,217	636	(96)	(18)	-
Mexico	1	2	1	1	-	-
Central and South America						
Argentina	2	2	(2)	-	-	-
Brazil	50	127	24	-	(3)	-
Chile	3	5	2	-	-	-
Africa and Middle East						
Algeria	7	25	3	(1)	-	-
Egypt	183	2,365	122	(28)	-	-
United Arabic Emirates	57	93	31	(1)	-	-
Morocco	212	2,626	84	(23)	(3)	-
Mauritius	3	125	-	-	-	-
Asia and Oceania (excluding Japan)						
Australia	57	29	44	(8)	(3)	-
China	39	142	10	(7)	5	-
South Korea	60	88	21	(1)	(1)	-
Hong-Kong	239	668	50	(13)	6	-
India	27	161	(1)	-	(9)	-
Malaysia	7	19	4	(1)	-	-
Singapore	236	701	65	(9)	-	-
Taiwan	38	98	16	(3)	(2)	-
Vietnam						
Japan						
Japan	320	434	173	(45)	(4)	-
Total	**19,737**	**72,510**	**6,155**	**(1,309)**	**(156)**	**-**

(1) Positive amounts represent a revenue and negative amounts a charge.
(2) Tax policy of Crédit Agricole S.A. is presented on Chapter 2 – "Social, environmental and societal contribution".
(3) Irish mutual funds owned by the Group are fiscally transparent. Their income is taxed in France.
(4) Companies located in Guernsey are taxed in France (in application of 'article 209 B of the *Code général des impôts*).

The definitions of the underlined words can be found in the Glossary on page 600.

At 31 December 2018 the Group had the following entities:

Operation Name	Type of business	Geographic location
61 Unit linked funds with a detention rate equal or above 95%	AG	France
AMUNDI	AG	France
AMUNDI (UK) Ltd	AG	United Kingdom
AMUNDI ASSET MANAGEMENT	AG	France
AMUNDI ASSET MANAGEMENT BELGIUM	AG	Belgium
AMUNDI ASSET MANAGEMENT DUBAI (OFF SHORE) BRANCH	AG	United Arab Emirates
AMUNDI ASSET MANAGEMENT HONG KONG BRANCH	AG	Hong Kong
AMUNDI ASSET MANAGEMENT LONDON BRANCH	AG	United Kingdom
AMUNDI ASSET MANAGEMENT NEDERLAND	AG	Netherlands
Amundi Asset Management S.A.I S.A.	AG	Romania
Amundi Austria	AG	Austria
Amundi Austria GmbH	AG	Austria
Amundi Czech Republic Asset Management Bratislava Branch	AG	Slovakia
Amundi Czech Republic Asset Management Sofia Branch	AG	Bulgaria
Amundi Czech Republic Asset Management, A.S.	AG	Czech Republic
Amundi Czech Republic, Investicni Spolecnost, A.S.	AG	Czech Republic
Amundi Deutschland GmbH	AG	Germany
AMUNDI Finance	AG	France
AMUNDI Finance Emissions	AG	France
AMUNDI GLOBAL SERVICING	AG	Luxembourg
AMUNDI Hellas MFMC S.A.	AG	Greece
AMUNDI Hong Kong Ltd	AG	Hong Kong
AMUNDI Iberia S.G.I.I.C S.A.	AG	Spain
AMUNDI Immobilier	AG	France
AMUNDI India Holding	AG	France
AMUNDI Intermédiation	AG	France
Amundi Intermédiation Asia PTE Ltd	AG	Singapore
Amundi Intermédiation Dublin Branch	AG	Ireland
Amundi Intermédiation London Branch	AG	United Kingdom
Amundi Investment Fund Management Private Limited Company	AG	Hungary
Amundi Ireland Ltd	AG	Ireland
Amundi Ireland Ltd London Branch	AG	United Kingdom
Amundi Ireland Ltd Singapore Branch	AG	Singapore
AMUNDI Issuance	AG	France
AMUNDI Japan	AG	Japan
AMUNDI Japan Holding	AG	Japan
AMUNDI Luxembourg S.A.	AG	Luxembourg
Amundi Luxembourg S.A.	AG	Luxembourg
AMUNDI Malaysia Sdn Bhd	AG	Malaysia
Amundi Pioneer Asset Management Inc.	AG	United States
Amundi Pioneer Asset Management USA Inc.	AG	United States
Amundi Pioneer Distributor Inc.	AG	United States

Operation Name	Type of business	Geographic location
Amundi Pioneer Institutional Asset Management Inc.	AG	United States
AMUNDI Polska	AG	Poland
AMUNDI Private Equity Funds	AG	France
AMUNDI Real Estate Italia SGR S.p.A.	AG	Italy
AMUNDI SGR S.p.A.	AG	Italy
AMUNDI Singapore Ltd	AG	Singapore
AMUNDI Smith Breeden	AG	United States
AMUNDI Suisse	AG	Switzerland
AMUNDI Tenue de Comptes	AG	France
AMUNDI USA Inc.	AG	United States
AMUNDI Ventures	AG	France
Banca Leonardo	AG	Italy
BFT INVESTMENT MANAGERS	AG	France
CA Indosuez (Suisse) S.A. Hong Kong Branch	AG	Hong Kong
CA Indosuez (Suisse) S.A. Singapore Branch	AG	Singapore
CA Indosuez (Suisse) S.A. Switzerland Branch	AG	Switzerland
CA Indosuez (Switzerland) S.A.	AG	Switzerland
CA Indosuez Finanziaria S.A.	AG	Switzerland
CA Indosuez Gestion	AG	France
CA Indosuez Wealth (Europe)	AG	Luxembourg
CA Indosuez Wealth (Europe) Belgium Branch	AG	Belgium
CA Indosuez Wealth (Europe) Italy Branch	AG	Italy
CA Indosuez Wealth (Europe) Spain Branch	AG	Spain
CA Indosuez Wealth (France)	AG	France
CFM Indosuez Wealth	AG	Monaco
CPR AM	AG	France
Étoile Gestion	AG	France
KBI Fund Managers Limited	AG	Ireland
KBI Global Investors (North America) Limited	AG	Ireland
KBI Global Investors Limited	AG	Ireland
LCL Emissions	AG	France
Pioneer Global Investments (Australia) Pty Limited	AG	Australia
Pioneer Global Investments (Taiwan) LTD	AG	Taiwan
Pioneer Global Investments LTD	AG	Ireland
Pioneer Global Investments LTD Buenos Aires Branch	AG	Argentina
Pioneer Global Investments LTD Jelling Branch	AG	Denmark
Pioneer Global Investments LTD London Branch	AG	United Kingdom
Pioneer Global Investments LTD Madrid Branch	AG	Spain
Pioneer Global Investments LTD Mexico city Branch	AG	Mexico
Pioneer Global Investments LTD Paris Branch	AG	France

Operation Name	Type of business	Geographic location
Pioneer Global Investments LTD Santiago Branch	AG	Chile
Pioneer Investment Company A.S.	AG	Czech Republic
Pioneer Investment Management Sgr p.A.	AG	Italy
Société Générale Gestion (S2G)	AG	France
Vanderbilt Capital Advisors LLC	AG	United States
CA Indosuez Wealth (Brazil) S.A. DTVM	AG	Brazil
CA Indosuez Wealth (Group)	AG	France
CFM Indosuez Conseil en Investissement	AG	France
CFM Indosuez Conseil en Investissement, Succursale de Nouméa	AG	New Caledonia
CFM Indosuez Gestion	AG	Monaco
ASSUR&ME	AG	France
CA Assicurazioni	AG	Italy
CACI DANNI	AG	Italy
CACI LIFE LIMITED	AG	Ireland
CACI NON LIFE LIMITED	AG	Ireland
CACI NON VIE	AG	France
CACI Reinsurance Ltd	AG	Ireland
CACI VIE	AG	France
CACI VITA	AG	Italy
CALIE Europe Succursale France	AG	France
CALIE Europe Succursale Pologne	AG	Poland
Crédit Agricole Assurances (CAA)	AG	France
Crédit Agricole Creditor Insurance (CACI)	AG	France
Crédit Agricole Life Insurance Company Japan Ltd	AG	Japan
Crédit Agricole Life Insurance Europe	AG	Luxembourg
Crédit Agricole Vita S.p.A.	AG	Italy
Finaref Risques Divers	AG	France
Finaref Vie	AG	France
GNB SEGUROS	AG	Portugal
Médicale de France	AG	France
Pacifica	AG	France
Predica	AG	France
Predica – Prévoyance Dialogue du Crédit Agricole	AG	Spain
Space Holding (Ireland) Limited	AG	Ireland
Space Lux	AG	Luxembourg
Spirica	AG	France
ACACIA	AG	France
ACAJOU	AG	France
AGRICOLE RIVAGE DETTE	AG	France
AM DESE FIII DS3IMDI	AG	France
AMUNDI GRD 24 FCP	AG	France
AMUNDI PE Solution Alpha	AG	France
ARTEMID	AG	France
BFT Opportunité	AG	France
BFT VALUE PREM OP CD	AG	France
CA VITA INFRASTRUCTURE CHOICE FIPS C.I.A.	AG	France
CA VITA PRIVATE DEBT CHOICE FIPS C.I.A.	AG	France
CA VITA PRIVATE EQUITY CHOICE	AG	France
CAA 2013 COMPARTIMENT 5 A5	AG	France
CAA 2013 FCPR B1	AG	France
CAA 2013 FCPR C1	AG	France
CAA 2013 FCPR D1	AG	France
CAA 2013-2	AG	France
CAA 2013-3	AG	France
CAA 2014 COMPARTIMENT 1 PART A1	AG	France
CAA 2014 INVESTISSMENT PART A3	AG	France
CAA 2015 COMPARTIMENT 1	AG	France
CAA 2015 COMPARTIMENT 2	AG	France
CAA 2016	AG	France
CAA INFRASTRUCTURE	AG	France
CAA INFRASTRUCTURE 2017	AG	France
CAA INFRASTRUCTURE 2018 – COMPARTIMENT 1	AG	France
CAA PR FI II C1 A1	AG	France
CAA PRIV.FINANC.COMP.1 A1 FIC	AG	France
CAA PRIV.FINANC.COMP.2 A2 FIC	AG	France
CAA PRIVATE EQUITY 2017	AG	France
CAA PRIVATE EQUITY 2017 BIS	AG	France
CAA PRIVATE EQUITY 2017 FRANCE INVESTISSEMENT	AG	France
CAA PRIVATE EQUITY 2017 MEZZANINE	AG	France
CAA PRIVATE EQUITY 2017 TER	AG	France
CAA PRIVATE EQUITY 2018 – COMPARTIMENT 1	AG	France
CAA PRIVATE EQUITY 2018 – COMPARTIMENT FRANCE INVESTISSEMENT	AG	France
CAA SECONDAIRE IV	AG	France
CA-EDRAM OPPORTUNITES FCP 3DEC	AG	France
CAREPTA R 2016	AG	France
CEDAR	AG	France
Chorial Allocation	AG	France
CNP ACP 10 FCP	AG	France
CNP ACP OBLIG	AG	France
COMPARTIMENT DS3 – IMMOBILIER VAUGIRARD	AG	France
COMPARTIMENT DS3 – VAUGIRARD	AG	France
CORSAIR 1.52% 25/10/38	AG	Luxembourg
CORSAIR 1.5255% 25/04/35	AG	Ireland
CORSAIRE FINANCE IRELAND 0.83% 25-10-38	AG	Ireland
CORSAIRE FINANCE IRELAND 1.24% 25-10-38	AG	Ireland
CORSAIRE FINANCE IRELANDE 0.7% 25-10-38	AG	Ireland
EFFITHERMIE FPCI	AG	France
FCPR CAA 2013	AG	France
FCPR CAA COMP TER PART A3	AG	France
FCPR CAA COMPART BIS PART A2	AG	France
FCPR CAA COMPARTIMENT 1 PART A1	AG	France
FCPR CAA France Croissance 2 A	AG	France
FCPR PREDICA 2007 A	AG	France
FCPR PREDICA 2007 C2	AG	France
FCPR PREDICA 2008 A1	AG	France
FCPR PREDICA 2008 A2	AG	France
FCPR PREDICA 2008 A3	AG	France
FCPR PREDICA SECONDAIRE I A1	AG	France

The definitions of the underlined words can be found in the Glossary on page 600.

Operation Name	Type of business	Geographic location
FCPR PREDICA SECONDAIRE I A2	AG	France
FCPR PREDICA SECONDAIRES II A	AG	France
FCPR PREDICA SECONDAIRES II B	AG	France
FCPR Roosevelt Investissements	AG	France
FCPR UI CAP AGRO	AG	France
FCPR UI CAP SANTÉ A	AG	France
FCT BRIDGE 2016-1	AG	France
FCT CAA – Compartment 2017-1	AG	France
FCT CAREPTA – COMPARTIMENT 2014-1	AG	France
FCT CAREPTA – COMPARTIMENT 2014-2	AG	France
FCT CAREPTA – COMPARTIMENT RE-2016-1	AG	France
FCT CAREPTA – RE 2015-1	AG	France
FCT CAREPTA 2-2016	AG	France
FCT MID CAP 2 05/12/22	AG	France
FEDERIS CORE EU CR 19 MM	AG	France
Federval	AG	France
FPCI Cogeneration France I	AG	France
Genavent	AG	France
GRD 44	AG	France
GRD 44 N3	AG	France
GRD 44 N2	AG	France
GRD 54	AG	France
GRD02	AG	France
GRD03	AG	France
GRD04	AG	France
GRD05	AG	France
GRD07	AG	France
GRD08	AG	France
GRD09	AG	France
GRD10	AG	France
GRD11	AG	France
GRD12	AG	France
GRD13	AG	France
GRD14	AG	France
GRD16	AG	France
GRD17	AG	France
GRD18	AG	France
GRD19	AG	France
GRD20	AG	France
GRD21	AG	France
GRD23	AG	France
IAA CROISSANCE INTERNATIONALE	AG	France
Londres Croissance C16	AG	France
LRP – CPT JANVIER 2013 0.30 13-21 11/01A	AG	Luxembourg
OBJECTIF LONG TERME FCP	AG	France
Peg – Portfolio Eonia Garanti	AG	France
Predica 2005 FCPR A	AG	France
Predica 2006 FCPR A	AG	France
Predica 2006-2007 FCPR	AG	France
PREDICA 2010 A1	AG	France
PREDICA 2010 A2	AG	France
PREDICA 2010 A3	AG	France

Operation Name	Type of business	Geographic location
PREDICA SECONDAIRES III	AG	France
Predicant A1 FCP	AG	France
Predicant A2 FCP	AG	France
Predicant A3 FCP	AG	France
Prediquant Eurocroissance A2	AG	France
Prediquant Opportunité	AG	France
PREDIQUANT PREMIUM	AG	France
PREDIQUANT STRATEGIES	AG	France
PREMIUM GR 0% 28	AG	Ireland
PREMIUM GREEN 0.508% 25-10-38	AG	Ireland
PREMIUM GREEN 0.63% 25-10-38	AG	Ireland
PREMIUM GREEN 1.24% 25/04/35	AG	Ireland
PREMIUM GREEN 1.531% 25-04-35	AG	Ireland
PREMIUM GREEN 1.55% 25-07-40	AG	Ireland
PREMIUM GREEN 4.52%06-21 EMTN	AG	Ireland
PREMIUM GREEN 4.54%06-13.06.21	AG	Ireland
PREMIUM GREEN 4.5575%21 EMTN	AG	Ireland
PREMIUM GREEN 4.56%06-21	AG	Ireland
PREMIUM GREEN 4.7% EMTN 08/08/21	AG	Ireland
PREMIUM GREEN 4.72%12-250927	AG	Ireland
PREMIUM GREEN PLC 1.095% 25-10-38	AG	Ireland
PREMIUM GREEN PLC 4.30%2021	AG	Ireland
PREMIUM GREEN TV 06/22	AG	Ireland
PREMIUM GREEN TV 07/22	AG	Ireland
PREMIUM GREEN TV 07-22	AG	Ireland
PREMIUM GREEN TV 22	AG	Ireland
PREMIUM GREEN TV 26/07/22	AG	Ireland
PREMIUM GREEN TV2027	AG	Ireland
PREMIUM GREEN TV23/05/2022 EMTN	AG	Ireland
PREMIUM GREEN4.33%06-29/10/21	AG	Ireland
PurpleProtAsset 1.36% 25/10/2038	AG	Luxembourg
PurpleProtAsset 1.093% 20/10/2038	AG	Luxembourg
RED CEDAR	AG	France
UI CAP SANTÉ 2	AG	France
A FD EQ E CON AE(C)	AG	Luxembourg
A FD EQ E FOC AE (C)	AG	Luxembourg
AF EQUI.GLOB.AHE CAP	AG	Luxembourg
AF INDEX EQ JAPAN AE CAP	AG	Luxembourg
AF INDEX EQ USA A4E	AG	Luxembourg
AM AC FR ISR PC 3D	AG	France
AM.AC.MINER.-P-3D	AG	France
AMU-AB RET MS-EEUR	AG	Luxembourg
AMUN TRESO CT PC 3D	AG	France
AMUN.ACT.REST.P-C	AG	France
AMUN.TRES.EONIA ISR E FCP 3DEC	AG	France
AMUNDI ACTIONS FRANCE C 3DEC	AG	France
AMUNDI AFD AV DURABL P1 FCP 3DEC	AG	France
AMUNDI EQ E IN AHEC	AG	Luxembourg
AMUNDI GBL MACRO MULTI ASSET P	AG	France
AMUNDI HORIZON 3D	AG	France
AMUNDI KBI ACTION PC	AG	France
AMUNDI KBI ACTIONS C	AG	France
AMUNDI OBLIG EURO C	AG	France
AMUNDI PATRIMOINE C 3DEC	AG	France

The definitions of the underlined words can be found in the Glossary on page 600.

Operation Name	Type of business	Geographic location
AMUNDI PULSACTIONS	AG	France
AMUNDI VALEURS DURAB	AG	France
AMUNDIOBLIGMONDEP	AG	France
ANTINEA FCP	AG	France
ARAMIS PATRIM D 3D	AG	France
ARC FLEXIBOND-D	AG	France
ATOUT EUROPE C FCP 3DEC	AG	France
ATOUT FRANCE C FCP 3DEC	AG	France
ATOUT MONDE C FCP 3DEC	AG	France
ATOUT VERT HORIZON FCP 3 DEC	AG	France
AXA EUR.SM.CAP E 3D	AG	France
BFT FRAN FUT-C SI.3D	AG	France
BFT STATERE P (C)	AG	France
BNP PAR.CRED.ERSC	AG	France
CA MASTER EUROPE	AG	France
CAPITOP MON. C 3DEC	AG	France
CPR CONSO ACTIONNAIRE FCP P	AG	France
CPR CROIS.REA.-P	AG	France
CPR FOCUS INF.-P-3D	AG	France
CPR OBLIG 12 M.P 3D	AG	France
CPR REFL.RESP.0-100 P FCP 3 DEC	AG	France
CPR RENAI.JAP.-P-3D	AG	France
CPR SILVER AGE P 3DEC	AG	France
DNA 0% 12-211220	AG	Luxembourg
DNA 0% 21/12/20 EMTN	AG	Luxembourg
DNA 0% 23/07/18 EMTN INDX	AG	Luxembourg
DNA 0% 27/06/18 INDX	AG	Luxembourg
DNA 0%12-240418 INDX	AG	Luxembourg
ECOFI MULTI OPPORTUN.FCP 3 DEC	AG	France
ENMIUM FCP 3DEC	AG	France
EXAN.PLEI.FD P	AG	France
EXPANSIA VIE	AG	France
FONDS AV ECHUS FIA A	AG	France
FONDS AV ECHUS FIA C	AG	France
FONDS AV ECHUS FIA D	AG	France
IND.CAP EMERG.-C-3D	AG	France
INDO ALLOC MANDAT C	AG	France
INDOS.EURO.PAT.PD 3D	AG	France
INVEST RESP S3 3D	AG	France
LCL AC.DEV.DU.EURO	AG	France
LCL AC.EMERGENTS 3D	AG	France
LCL ACT RES NATUREL	AG	France
LCL ACT.E-U ISR 3D	AG	France
LCL ACT.IMMOBI.3D	AG	France
LCL ACT.USA ISR 3D	AG	France
LCL ACTIONS EURO C	AG	France
LCL ACTIONS MONDE FCP 3 DEC	AG	France
LCL AUTOCALL VIE 17	AG	France
LCL BDP MONETAR B C	AG	France
LCL D.CAPT.JU.10 3D	AG	France
LCL DBL HOR AV NOV15	AG	France
LCL DEVELOPPEM.PME C	AG	France
LCL FDS ECH.MONE.3D	AG	France
LCL FLEX 30	AG	France
LCL INVEST.EQ C	AG	France

Operation Name	Type of business	Geographic location
LCL INVEST.PRUD.3D	AG	France
LCL LATITUDE VIE17 C	AG	France
LCL MGEST 60 3DEC	AG	France
LCL MGEST FL. 0-100	AG	France
LCL MONETAIRE C SI	AG	France
LCL OPTIM II VIE 17	AG	France
LCL OPTIM VIE T 17 C	AG	France
LCL PHOENIX VIE 2016	AG	France
LCL PREMIUM VIE 2015	AG	France
LCL T.H. AV(04/14) C	AG	France
LCL TEMPO 6 ANS AV	AG	France
LCL TRIP HORIZ SEP16	AG	France
LCL TRIPLE HORIZ AV JANV 14 C 3D	AG	France
LCL TRIPLE HORIZON AV (09 2014)	AG	France
LCL TRIPLE HORIZON AV (JANV. 2015)	AG	France
LCL V.RDM 8 AV(FEV.10) FCP3DEC	AG	France
LCL VOCATION RENDEMENT NOV 12 3D	AG	France
OBJECTIF PRUDENCE FCP	AG	France
OPALIA VIE 2 FCP 3DEC	AG	France
OPALIA VIE 3 3DEC	AG	France
OPCIMMO LCL SPPICAV 5DEC	AG	France
OPCIMMO PREM SPPICAV 5DEC	AG	France
PRÉFÉRENCE RENDEMENT EXCLUSIF 3D	AG	France
PRÉFÉRENCE RENDEMENT FCP 3DEC	AG	France
SELECTANCE 2017 3DEC	AG	France
SOLIDARITÉ AMUNDI P	AG	France
SOLIDARITÉ INITIATIS SANTÉ	AG	France
TRIALIS 6 ANS	AG	France
TRIANANCE 6 ANS	AG	France
TRIANANCE 6 ANS 5 C	AG	France
TRIANANCE 6 ANS N 4	AG	France
VENDOME INV.FCP 3DEC	AG	France
Nexus 1	AG	Italy
OPCI Camp Invest	AG	France
OPCI ECO CAMPUS SPPICAV	AG	France
OPCI Immanens	AG	France
OPCI Immo Emissions	AG	France
OPCI Iris Invest 2010	AG	France
OPCI MASSY BUREAUX	AG	France
OPCI Messidor	AG	France
Predica OPCI Bureau	AG	France
Predica OPCI Commerces	AG	France
Predica OPCI Habitation	AG	France
B IMMOBILIER	AG	France
DS Campus	AG	France
FREY RETAIL VILLEBON	AG	France
HDP BUREAUX	AG	France
HDP HOTEL	AG	France
HDP LA HALLE BOCA	AG	France
IMEFA 177	AG	France
IMEFA 178	AG	France
IMEFA 179	AG	France
Issy Pont	AG	France
RUE DU BAC (SCI)	AG	France

The definitions of the underlined words can be found in the Glossary on page 600.

Operation Name	Type of business	Geographic location
SCI 1 TERRASSE BELLINI	AG	France
SCI BMEDIC HABITATION	AG	France
SCI CAMPUS MEDICIS SAINT-DENIS	AG	France
SCI CAMPUS RIMBAUD SAINT-DENIS	AG	France
SCI CARGO PROPERTY HOLDING	AG	France
SCI CARPE DIEM	AG	France
SCI EUROMARSEILLE 1	AG	France
SCI EUROMARSEILLE 2	AG	France
SCI FÉDÉRALE PEREIRE VICTOIRE	AG	France
SCI FÉDÉRALE VILLIERS	AG	France
SCI FEDERLOG	AG	France
SCI FEDERLONDRES	AG	France
SCI FEDERPIERRE	AG	France
SCI FONDIS	AG	France
SCI GRENIER VELLEF	AG	France
SCI HEART OF LA DÉFENSE	AG	France
SCI Holding Dahlia	AG	France
SCI ILOT 13	AG	France
SCI IMEFA 001	AG	France
SCI IMEFA 002	AG	France
SCI IMEFA 003	AG	France
SCI IMEFA 004	AG	France
SCI IMEFA 005	AG	France
SCI IMEFA 006	AG	France
SCI IMEFA 008	AG	France
SCI IMEFA 009	AG	France
SCI IMEFA 010	AG	France
SCI IMEFA 011	AG	France
SCI IMEFA 012	AG	France
SCI IMEFA 013	AG	France
SCI IMEFA 016	AG	France
SCI IMEFA 017	AG	France
SCI IMEFA 018	AG	France
SCI IMEFA 020	AG	France
SCI IMEFA 022	AG	France
SCI IMEFA 025	AG	France
SCI IMEFA 032	AG	France
SCI IMEFA 033	AG	France
SCI IMEFA 034	AG	France
SCI IMEFA 035	AG	France
SCI IMEFA 036	AG	France
SCI IMEFA 037	AG	France
SCI IMEFA 038	AG	France
SCI IMEFA 039	AG	France
SCI IMEFA 042	AG	France
SCI IMEFA 043	AG	France
SCI IMEFA 044	AG	France
SCI IMEFA 047	AG	France
SCI IMEFA 048	AG	France
SCI IMEFA 051	AG	France
SCI IMEFA 052	AG	France
SCI IMEFA 054	AG	France
SCI IMEFA 057	AG	France
SCI IMEFA 058	AG	France
SCI IMEFA 060	AG	France
SCI IMEFA 061	AG	France

Operation Name	Type of business	Geographic location
SCI IMEFA 062	AG	France
SCI IMEFA 063	AG	France
SCI IMEFA 064	AG	France
SCI IMEFA 067	AG	France
SCI IMEFA 068	AG	France
SCI IMEFA 069	AG	France
SCI IMEFA 072	AG	France
SCI IMEFA 073	AG	France
SCI IMEFA 074	AG	France
SCI IMEFA 076	AG	France
SCI IMEFA 077	AG	France
SCI IMEFA 078	AG	France
SCI IMEFA 079	AG	France
SCI IMEFA 080	AG	France
SCI IMEFA 081	AG	France
SCI IMEFA 082	AG	France
SCI IMEFA 083	AG	France
SCI IMEFA 084	AG	France
SCI IMEFA 085	AG	France
SCI IMEFA 089	AG	France
SCI IMEFA 091	AG	France
SCI IMEFA 092	AG	France
SCI IMEFA 096	AG	France
SCI IMEFA 100	AG	France
SCI IMEFA 101	AG	France
SCI IMEFA 102	AG	France
SCI IMEFA 103	AG	France
SCI IMEFA 104	AG	France
SCI IMEFA 105	AG	France
SCI IMEFA 107	AG	France
SCI IMEFA 108	AG	France
SCI IMEFA 109	AG	France
SCI IMEFA 110	AG	France
SCI IMEFA 112	AG	France
SCI IMEFA 113	AG	France
SCI IMEFA 115	AG	France
SCI IMEFA 116	AG	France
SCI IMEFA 117	AG	France
SCI IMEFA 118	AG	France
SCI IMEFA 120	AG	France
SCI IMEFA 121	AG	France
SCI IMEFA 122	AG	France
SCI IMEFA 123	AG	France
SCI IMEFA 126	AG	France
SCI IMEFA 128	AG	France
SCI IMEFA 129	AG	France
SCI IMEFA 131	AG	France
SCI IMEFA 132	AG	France
SCI IMEFA 140	AG	France
SCI IMEFA 148	AG	France
SCI IMEFA 149	AG	France
SCI IMEFA 150	AG	France
SCI IMEFA 155	AG	France
SCI IMEFA 156	AG	France
SCI IMEFA 157	AG	France
SCI IMEFA 158	AG	France

Operation Name	Type of business	Geographic location
SCI IMEFA 159	AG	France
SCI IMEFA 164	AG	France
SCI IMEFA 169	AG	France
SCI IMEFA 170	AG	France
SCI IMEFA 171	AG	France
SCI IMEFA 172	AG	France
SCI IMEFA 173	AG	France
SCI IMEFA 174	AG	France
SCI IMEFA 175	AG	France
SCI IMEFA 176	AG	France
SCI LE VILLAGE VICTOR HUGO	AG	France
SCI MEDI BUREAUX	AG	France
SCI PACIFICA HUGO	AG	France
SCI PORTE DES LILAS – FRÈRES FLAVIEN	AG	France
SCI VALHUBERT	AG	France
SCI VAUGIRARD 36-44	AG	France
SCI WAGRAM 22/30	AG	France
SCI WASHINGTON	AG	France
TOUR MERLE (SCI)	AG	France
ALTAREA	AG	France
AMUNDI IT Services	AG	France
ARCAPARK SAS	AG	France
Azqore	AG	Switzerland
Azqore SA Singapore Branch	AG	Singapore
CA Indosuez Wealth (Asset Management)	AG	Luxembourg
CACI Gestion	AG	France
Crédit Agricole Assurances Solutions	AG	France
EUROPEAN MOTORWAY INVESTMENTS 1	AG	Luxembourg
FONCIÈRE HYPERSUD	AG	France
FREY	AG	France
HOLDING EUROMARSEILLE	AG	France
Icade	AG	France
INFRA FOCH TOPCO	AG	France
IRIS HOLDING FRANCE	AG	France
KORIAN	AG	France
PATRIMOINE ET COMMERCE	AG	France
PREDICA ÉNERGIES DURABLES	AG	France
PREDIPARK	AG	France
RAMSAY – GÉNÉRALE DE SANTÉ	AG	France
SA RESICO	AG	France
SAS CRISTAL	AG	France
SAS PARHOLDING	AG	France
SAS PREDI-RUNGIS	AG	France
SH PREDICA ÉNERGIES DURABLES SAS	AG	France
Via Vita	AG	France
Banque Thémis	FRB	France
Interfimo	FRB	France
LCL	FRB	France
LCL succursale de Monaco	FRB	Monaco
Angle Neuf	FRB	France
C.L. Verwaltungs und Beteiligungsgesellschaft GmbH	FRB	Germany
Crédit Lyonnais Développement Économique (CLDE)	FRB	France

Operation Name	Type of business	Geographic location
Arc Broker	IRB	Poland
CASSA DI RISPARMIO DI CESENA S.P.A.	IRB	Italy
CASSA DI RISPARMIO DI RIMINI S.P.A.	IRB	Italy
CASSA DI RISPARMIO DI SAN MINIATO S.P.A.	IRB	Italy
CREDIT AGRICOLE BANK	IRB	Ukraine
Crédit Agricole Bank Polska S.A.	IRB	Poland
Crédit Agricole Banka Srbija a.d. Novi Sad	IRB	Serbia
Crédit Agricole Cariparma	IRB	Italy
Crédit Agricole Carispezia S.p.A.	IRB	Italy
Crédit Agricole Egypt S.A.E.	IRB	Egypt
Crédit Agricole Friuladria S.p.A.	IRB	Italy
Crédit Agricole Group Solutions	IRB	Italy
Crédit Agricole Leasing Italia	IRB	Italy
Crédit Agricole Polska S.A.	IRB	Poland
Crédit Agricole Romania	IRB	Romania
Crédit Agricole Service sp z o.o.	IRB	Poland
Crédit du Maroc	IRB	Morocco
Lukas Finanse S.A.	IRB	Poland
IUB Holding	IRB	France
Agos	SFS	Italy
Alsolia	SFS	France
Antera Incasso B.V.	SFS	Netherlands
Crealfi	SFS	France
Credibom	SFS	Portugal
Crediet Maatschappij " De Ijssel" B.V.	SFS	Netherlands
Crédit Agricole Consumer Finance	SFS	France
Crédit Agricole Consumer Finance Nederland	SFS	Netherlands
Crédit LIFT	SFS	France
Creditplus Bank AG	SFS	Germany
De Kredietdesk B.V.	SFS	Netherlands
DE NEDERLANDSE VOORSCHOTBANK BV	SFS	Netherlands
EFL Services	SFS	Poland
EUROFACTOR GmbH	SFS	Germany
Eurofactor Italia S.p.A.	SFS	Italy
EUROFACTOR NEDERLAND	SFS	Netherlands
EUROFACTOR POLSKA S.A.	SFS	Poland
Eurofactor S.A. – NV (Benelux)	SFS	Belgium
Eurofactor S.A. (Portugal)	SFS	Portugal
Eurofintus Financieringen B.V.	SFS	Netherlands
Finaref Assurances S.A.S.	SFS	France
Finata Bank N.V.	SFS	Netherlands
Finata Zuid-Nederland B.V.	SFS	Netherlands
GSA Ltd	SFS	Mauritius
IDM Finance B.V.	SFS	Netherlands
IDM Financieringen B.V.	SFS	Netherlands
IDM lease maatschappij B.V.	SFS	Netherlands
Iebe Lease B.V.	SFS	Netherlands
INTERBANK NV	SFS	Netherlands
INTERMEDIAIRE VOORSCHOTBANK BV	SFS	Netherlands
Krediet '78 B.V.	SFS	Netherlands
Mahuko Financieringen B.V.	SFS	Netherlands
Money Care B.V.	SFS	Netherlands
NL Findio B.V	SFS	Netherlands

The definitions of the underlined words can be found in the Glossary on page 600.

Operation Name	Type of business	Geographic location
RIBANK NV	SFS	Netherlands
Sofinco Participations	SFS	France
Société Européenne de Développement d'Assurances	SFS	France
Société Européenne de Développement d'Assurances, Succursale du Maroc	SFS	Morocco
Société Européenne de Développement du Financement	SFS	France
VoordeelBank B.V.	SFS	Netherlands
Auxifip	SFS	France
Carefleet S.A.	SFS	Poland
Crédit Agricole Leasing & Factoring	SFS	France
Crédit Agricole Leasing & Factoring, Sucursal en Espana	SFS	Spain
Crédit du Maroc Leasing et Factoring	SFS	Morocco
Europejski Fundusz Leasingowy (E.F.L.)	SFS	Poland
Finamur	SFS	France
Lixxbail	SFS	France
Lixxcourtage	SFS	France
Lixxcredit	SFS	France
Unifergie	SFS	France
ARES Reinsurance Ltd	SFS	Ireland
EFL Finance S.A.	SFS	Poland
EFL Lease Abs 2017-1 Designated Activity Company	SFS	Ireland
FCT GINGKO CLOANS 2013-1	SFS	France
FCT GINGKO DEBT CONSO 2015-1	SFS	France
FCT GINGKO PERSONAL LOANS 2016-1	SFS	France
FCT GINGKO PLOANS 2015-1	SFS	France
FCT GINGKO SALES FIN 2014-1	SFS	France
FCT GINGKO SALES FINANCE 2015-1	SFS	France
FCT GINKGO MASTER REVOLVING LOANS	SFS	France
FCT GINKGO SALES FINANCE 2017-1	SFS	France
Green FCT Lease	SFS	France
MATSUBA BV	SFS	Netherlands
OCHIBA 2015 B.V	SFS	Netherlands
RETAIL CONSUMER CP GERMANY 2016 UG	SFS	Germany
SUNRISE SPV 20 SRL	SFS	Italy
SUNRISE SPV 30 SRL	SFS	Italy
SUNRISE SPV 40 SRL	SFS	Italy
SUNRISE SPV 50 SRL	SFS	Italy
SUNRISE SRL	SFS	Italy
THETIS FINANCE 2015-1	SFS	Portugal
Banco Crédit Agricole Brasil S.A.	LC	Brazil
CACEIS Bank	LC	France
CACEIS Bank S.A., Germany Branch	LC	Germany
CACEIS Bank, Belgium Branch	LC	Belgium
CACEIS Bank, Ireland Branch	LC	Ireland
CACEIS Bank, Italy Branch	LC	Italy
CACEIS Bank, Luxembourg Branch	LC	Luxembourg
CACEIS Bank, Netherlands Branch	LC	Netherlands
CACEIS Bank, Switzerland Branch	LC	Switzerland
CACEIS Bank, UK Branch	LC	United Kingdom
CACEIS Belgium	LC	Belgium
CACEIS Corporate Trust	LC	France

Operation Name	Type of business	Geographic location
CACEIS Fund Administration	LC	France
CACEIS Ireland Limited	LC	Ireland
CACEIS S.A.	LC	France
CACEIS Switzerland S.A.	LC	Switzerland
Crédit Agricole CIB (Belgique)	LC	Belgium
Crédit Agricole CIB (Abu Dhabi)	LC	United Arab Emirates
Crédit Agricole CIB (Allemagne)	LC	Germany
Crédit Agricole CIB (Canada)	LC	Canada
Crédit Agricole CIB (Corée du Sud)	LC	South Korea
Crédit Agricole CIB (Dubai DIFC)	LC	United Arab Emirates
Crédit Agricole CIB (Dubai)	LC	United Arab Emirates
Crédit Agricole CIB (Espagne)	LC	Spain
Crédit Agricole CIB (États-Unis)	LC	United States
Crédit Agricole CIB (Finlande)	LC	Finland
Crédit Agricole CIB (Hong-Kong)	LC	Hong Kong
Crédit Agricole CIB (Inde)	LC	India
Crédit Agricole CIB (Italie)	LC	Italy
Crédit Agricole CIB (Japon)	LC	Japan
Crédit Agricole CIB (Luxembourg)	LC	Luxembourg
Crédit Agricole CIB (Miami)	LC	United States
Crédit Agricole CIB (Royaume-Uni)	LC	United Kingdom
Crédit Agricole CIB (Singapour)	LC	Singapore
Crédit Agricole CIB (Suède)	LC	Sweden
Crédit Agricole CIB (Taipei)	LC	Taiwan
Crédit Agricole CIB Algérie Bank Spa	LC	Algeria
Crédit Agricole CIB AO	LC	Russia
Crédit Agricole CIB Australia Ltd	LC	Australia
Crédit Agricole CIB China Ltd	LC	China
Crédit Agricole CIB China Ltd Chinese Branch	LC	China
Crédit Agricole CIB S.A.	LC	France
Crédit Agricole CIB Services Private Ltd	LC	India
Ester Finance Titrisation	LC	France
Crédit Agricole Securities (Asia) Limited Hong Kong	LC	Hong Kong
Crédit Agricole Securities (Asia) Limited Seoul Branch	LC	South Korea
Crédit Agricole Securities (USA) Inc.	LC	United States
Crédit Agricole Securities Asia BV (Tokyo)	LC	Japan
CLTR	LC	France
Compagnie Française de l'Asie (CFA)	LC	France
Crédit Agricole CIB Air Finance S.A.	LC	France
Crédit Agricole CIB Holdings Ltd	LC	United Kingdom
Crédit Agricole Global Partners Inc.	LC	United States
Crédit Agricole Securities Asia BV	LC	Netherlands
Doumer Finance S.A.S.	LC	France
Fininvest	LC	France
Fletirec	LC	France
I.P.F.O.	LC	France
Igasus LLC	LC	United States
CAIRS Assurance S.A.	LC	France
Atlantic Asset Securitization LLC	LC	United States
Benelpart	LC	Belgium

The definitions of the underlined words can be found in the Glossary on page 600.

Operation Name	Type of business	Geographic location
Calixis Finance	LC	France
Calliope SRL	LC	Italy
Clifap	LC	France
Crédit Agricole America Services Inc.	LC	United States
Crédit Agricole Asia Shipfinance Ltd	LC	Hong Kong
Crédit Agricole CIB Finance (Guernsey) Ltd	LC	Guernsey
Crédit Agricole CIB Financial Prod. (Guernsey) Ltd	LC	Guernsey
Crédit Agricole CIB Financial Solutions	LC	France
Crédit Agricole CIB Global Banking	LC	France
Crédit Agricole CIB Pension Limited Partnership	LC	United Kingdom
Crédit Agricole CIB Transactions	LC	France
Crédit Agricole Leasing (USA) Corp.	LC	United States
DGAD International SARL	LC	Luxembourg
ESNI (Compartiment Crédit Agricole CIB)	LC	France
Eucalyptus FCT	LC	France
FIC-FIDC	LC	Brazil
Financière des Scarabées	LC	Belgium
Financière Lumis	LC	France
Fundo A De Investimento Multimercado	LC	Brazil
Héphaïstos EUR FCC	LC	France
Héphaïstos GBP FCT	LC	France
Héphaïstos Multidevises FCT	LC	France
Héphaïstos USD FCT	LC	France
Indosuez Holding SCA II	LC	Luxembourg
Indosuez Management Luxembourg II	LC	Luxembourg
Investor Service House S.A.	LC	Luxembourg
Island Refinancing SRL	LC	Italy
ItalAsset Finance SRL	LC	Italy
La Fayette Asset Securitization LLC	LC	United States
La Route Avance	LC	France
Lafina	LC	Belgium
LMA S.A.	LC	France
Merisma	LC	France
Molinier Finances	LC	France
Pacific EUR FCC	LC	France
Pacific IT FCT	LC	France
Pacific USD FCT	LC	France
Partinvest S.A.	LC	Luxembourg
Placements et Réalisations Immobilières (SNC)	LC	France
Sagrantino Italy SRL	LC	Italy
Shark FCC	LC	France
SNGI	LC	France
SNGI Belgium	LC	Belgium
Sococlabecq	LC	Belgium

Operation Name	Type of business	Geographic location
Sofipac	LC	Belgium
TCB	LC	France
Triple P FCC	LC	France
TSUBAKI OFF (FCT)	LC	France
TSUBAKI ON (FCT)	LC	France
Vulcain EUR FCT	LC	France
Vulcain Multi-Devises FCT	LC	France
Vulcain USD FCT	LC	France
Crédit Agricole S.A.	CC	France
Succursale Crédit Agricole S.A.	CC	United Kingdom
Caisse régionale de Crédit Agricole mutuel de la Corse	CC	France
CL Développement de la Corse	CC	France
Crédit Agricole Home Loan SFH	CC	France
Foncaris	CC	France
Crédit Agricole Capital Investissement et Finance (CACIF)	CC	France
Delfinances	CC	France
Sodica	CC	France
CA Grands Crus	CC	France
Cariou Holding	CC	France
Crédit Agricole Agriculture	CC	France
Crédit Agricole Payment Services	CC	France
Crédit Agricole Public Sector SCF	CC	France
Crédit Agricole Régions Développement	CC	France
ESNI (Compartiment Crédit Agricole S.A.)	CC	France
FCT Crédit Agricole Habitat 2015 Compartiment Corse	CC	France
FCT Crédit Agricole Habitat 2017 Compartiment Corse	CC	France
FCT Crédit Agricole Habitat 2018 Compartiment Corse	CC	France
FIRECA	CC	France
IDIA	CC	France
IDIA DÉVELOPPEMENT	CC	France
IDIA PARTICIPATIONS	CC	France
S.A.S. Evergreen Montrouge	CC	France
SCI Quentyvel	CC	France
SILCA	CC	France
SNC Kalliste Assur	CC	France
Uni-médias	CC	France

FRB: French retail banking.
AG : Asset gathering.
IRB: International retail banking.
SFS: Specialised financial services.
LC: Large customers.
CC: Corporate Centre.

TRANSACTIONS WITH RELATED PARTIES

The main transactions entered into with related parties are disclosed in the consolidated financial statements for the year ended 31 December 2018 in the "General framework – Related parties" section.

In addition, in accordance with paragraph 13 of Article L. 225-102-1 of the French Commercial Code, please note that no agreements were entered into, directly or through intermediaries, between, (i) on the one hand, the Chief Executive Officer, any one of the Deputy Chief Executive Officers or Directors or shareholders of Crédit Agricole S.A. with more than 10% of the voting rights, and (ii) on the other, another company in which Crédit Agricole S.A. has, directly or indirectly, more than a 50% capital interest unless, where appropriate, these agreements relate to ordinary arms length transactions.

The definitions of the underlined words can be found in the Glossary on page 600.

STATUTORY AUDITORS' REPORT ON RELATED PARTY AGREEMENTS AND COMMITMENTS

Annual General Meeting held to approve the financial statements for the year ended 31 December 2018

To the General Meeting of Shareholders of Crédit Agricole S.A.,

In our capacity as Statutory Auditors of your Company, we hereby present to you our report on related party agreements and commitments.

We are required to inform you, on the basis of the information provided to us, of the terms and conditions of those agreements and commitments indicated to us, or that we may have identified in the performance of our engagement, as well as the reasons justifying why they benefit the Company. We are not required to give our opinion as to whether they are beneficial or appropriate or to ascertain the existence of other agreements and commitments. It is your responsibility, in accordance with Article R. 225-31 of the French Commercial Code *(Code de commerce),* to assess the relevance of these agreements and commitments prior to their approval.

We are also required, where applicable, to inform you in accordance with Article R. 225-31 of the French Commercial Code *(Code de commerce)* of the continuation of the implementation, during the year ended 31 December 2018, of the agreements and commitments previously approved by the Annual General Meeting.

We performed those procedures which we deemed necessary in compliance with professional guidance issued by the French Institute of Statutory Auditors *(Compagnie nationale des commissaires aux comptes)* relating to this type of engagement. These procedures consisted in verifying the consistency of the information provided to us with the relevant source documents.

AGREEMENTS AND COMMITMENTS SUBMITTED FOR APPROVAL TO THE ANNUAL GENERAL MEETING

In accordance with Article L. 225-40 of the French Commercial Code *(Code de commerce),* we have been notified of the following related party agreements and commitments which received prior authorization from your Board of Directors.

1. With Crédit Agricole Consumer Finance, Crédit Agricole Corporate and Investment Bank, Crédit Agricole Payment Services, Crédit Agricole Technologies & Services and Crédit Lyonnais (LCL)

Persons concerned

Mr Brassac and Mr Musca, Chief Executive Officer and Deputy Chief Executive Officer of your Company, and Ms Flachaire, Ms Gri, Ms Pourre, Mr Epron, Mr Gaillard, Mr Thibault, and Mr Paviet, Chairman or Directors of your Company and Chairmen or Directors of the abovementioned entities.

Nature and purpose

At its meeting on 14 May 2018, your Company's Board of Directors first authorized the implementation of the project relating to the transfer of some of the Crédit Agricole Group's IT infrastructure and production activities to a new entity, Crédit Agricole – Group Infrastructure Platform, consisting of the creation of the latter by the signing of a Memorandum of Understanding, the articles of incorporation of Crédit Agricole – Group Infrastructure Platform, and a Shareholders' Agreement governing the relationships within this new entity.

Noting the existence of common Corporate Officers and Directors, your Board of Directors authorized, under the conditions of Article L. 225-38 of the French Commercial Code *(Code de commerce),* the signing of the Memorandum of Understanding whose purpose is to organize, between the various entities of the Crédit Agricole Group, the merging of certain IT infrastructure and production activities within the new entity.

To that end, the Memorandum of Understanding provides for all the steps and conditions necessary for the performance and successful completion of this operation, namely:

- the creation of the new entity Crédit Agricole – Group Infrastructure Platform and its principles of governance;
- the principles of the valuation and structuring of the various transfer operations to be performed;
- the invoicing rules that Crédit Agricole – Group Infrastructure Platform will apply to its clients.

Conditions

A framework study carried out during the second half of 2016 confirmed the strategic and economic challenges of the project and laid down its fundamentals. A detailed study, carried out from March to September 2017, made it possible to define the conditions of the operation.

Following this study, the parties to the Memorandum of Understanding agreed to create a single Group IT infrastructure and production division. When it is formed, within Crédit Agricole – Group Infrastructure Platform, the new entity to be created in the form of an SAS (simplified joint-stock company), it will group together SILCA and the IT production activities of Crédit Agricole Technologies & Services, Crédit Agricole Corporate and Investment Bank in France, Crédit Agricole Payment Services (contributed to SILCA as of 1 January 2018) and Crédit Agricole Assurances Solutions (the *"Pôle Unique Infrastructure et Production du Groupe"*). Subsequently, its role will be to host the IT production activities of the other Group entities.

The Memorandum of Understanding was signed on 8 June 2018.

Reasons justifying why the Company benefits from this agreement

Your Board of Directors gave the following reasons:

Within the framework of its medium-term plan entitled "Strategic Ambition 2020", the Crédit Agricole Group decided to implement a new client project in order to strengthen its growth dynamics and invest in the sustainable improvement of its industrial efficiency. These priorities and the unprecedented technological changes that accompany the digital revolution will lead all the Group's entities to invest significantly over the long term in new standard IT practices (Cloud, Devops, etc.).

The merging of some of the Group's IT infrastructure and production activities is the most efficient way of carrying out these transformations under the best possible conditions of effectiveness, security, innovation and improvement of the economic performance. The project will also provide staff with the opportunity to increase their employability by evolving towards new value-added activities brought about by technological changes.

2. With Crédit Agricole Consumer Finance, Crédit Agricole Corporate and Investment Bank, Crédit Agricole Payment Services, Crédit Agricole Technologies & Services, Crédit Lyonnais (LCL) and the Fédération nationale du Crédit Agricole

Persons concerned

Mr Brassac and Mr Musca, Chief Executive Officer and Deputy Chief Executive Officer of your Company, and Ms Flachaire, Ms Gri, Ms Pourre, Mr Lefebvre, Mr Appert, Mr Epron, Mr Gaillard, Mr Ouvrier-Buffet, Mr Thibault and Mr Paviet, Chairman or Directors of your Company and Chairmen or Directors of the abovementioned entities.

Nature and purpose

At its meeting on 14 May 2018, your Company's Board of Directors authorized the signing of a Shareholders' Agreement pursuant to the abovementioned Memorandum of Understanding.

Some of the parties agreed to set up a new company, Crédit Agricole – Group Infrastructure Platform, which leads the project concerning the merging of some of the Crédit Agricole group's IT infrastructure and production activities.

This Company was formed in order to acquire, as of 1 January 2019, SILCA and the IT production activities of Crédit Agricole Technologies & Services, Crédit Agricole Corporate and Investment Bank in France and Crédit Agricole Assurances Solutions. Its role is to host the IT production activities of other Crédit Agricole group entities. Together, the shareholder parties hold 100% of the share capital and voting rights of the Company.

Within this context, the parties wished, through the Shareholders' Agreement:

- to supplement the rules of governance of the Company provided for in the articles of incorporation;
- to organize their relationships as shareholders;
- to determine the conditions that they intend to comply with in the event of the transfer of all or part of their stake in the Company's capital.

The Shareholders' Agreement relating to Crédit Agricole – Group Infrastructure Platform notably lays down the following rules of governance specific to Crédit Agricole – Group Infrastructure Platform: a Board of Directors composed 50/50 of Regional Banks and their subsidiaries or IT production entities and the Crédit Agricole S.A. Group, with a Chairman of the Company who is also Chairman of the Board of Directors, appointed upon the proposal of the Regional Banks and a Chief Executive appointed upon the proposal of the Crédit Agricole S.A. Group.

Noting, in addition to the presence of common Corporate Officers and Directors, that the rules of governance described above do not reflect the division of the capital between the Regional Banks and their subsidiaries (36%) and the Crédit Agricole S.A. Group (64%), Crédit Agricole S.A. considered that this Shareholders' Agreement constituted a regulated agreement within the meaning of the provisions of the French Commercial Code *(Code de commerce).*

Conditions

The Shareholders' Agreement specifies the rules of governance of Crédit Agricole – Group Infrastructure Platform, as concerns both the executive and the supervisory functions of the management body, as well as those of the subsidiary to be formed in accordance with the Memorandum of Understanding. In particular, it organizes the rules relating to the financing of the Company and the transfer of securities, as well as any conditions of the exit of a shareholder and the conditions under which the Company's services will be provided.

The Shareholders' Agreement was signed on 8 June 2018.

Reasons justifying why the Company benefits from this agreement

Your Board of Directors gave the following reasons:

As this concerns a structure whose role is solely internal to the Crédit Agricole Group, the Shareholders' Agreement allows the shareholders of Crédit Agricole – Group Infrastructure Platform to determine:

- the special rules applying between them for the organization of their relationships within the Company (governance, decision-making, etc.), beyond the sole criterion of the breakdown of capital;
- the way in which Crédit Agricole – Group Infrastructure Platform will be managed and financed in the interests of the stakeholders;
- the conditions to comply with in the event of the sale of all or part of their stake in Crédit Agricole – Group Infrastructure Platform.

The Shareholders' Agreement also enables the creation of a group of shareholders belonging to the Crédit Agricole Group, thus ensuring a unified approach to decision-making within Crédit Agricole – Group Infrastructure Platform whether by the Board of Directors or the General Meeting of Shareholders.

The definitions of the underlined words can be found in the Glossary on page 600.

3. With Crédit Agricole Consumer Finance, Crédit Agricole Corporate and Investment Bank, Crédit Lyonnais (LCL) and Crédit Agricole – Group Infrastructure Platform

Persons concerned

Mr Brassac and Mr Musca, Chief Executive Officer and Deputy Chief Executive Officer of your Company, and Ms Flachaire, Ms Gri, Ms Pourre, Mr Gaillard and Mr Thibault, Chairman or Directors of your Company and Chairmen or Directors of the abovementioned entities

Nature and purpose

At its meeting of 6 November 2018, your Company's Board of Directors authorized the signing of a guarantee agreement, the terms and conditions of which are described below.

At its meeting on 14 May 2018 during which it authorized the signing of the Memorandum of Understanding, your Company's Board of Directors was informed that the signatories would agree that the agreements for the contribution or divestment of business activities would provide for clauses guaranteeing assets and liabilities relating to management prior to the completion date and that, in the case of SILCA, a special mechanism must be studied insofar as this entity will be the subject of a merger before the expiry of the liability guarantees.

The purpose of the guarantee agreement authorized by your Board of Directors is to set out the representations and warranties granted by the guarantors for the benefit of Crédit Agricole – Group Infrastructure Platform in respect of the merger of SILCA with Crédit Agricole – Group Infrastructure Platform, as well as the rights and obligations of the parties in the event of breach or inaccuracy of one or more of said representations.

Conditions

For a period of thirty-six months as from 1 January 2019, the guarantors undertake, each in proportion to its share in the capital of SILCA as at the date of completion of the merger, to indemnify Crédit Agricole – Group Infrastructure Platform:

- for any increase in liabilities or any reduction in assets caused by or arising out of a fact or an event prior to 1 January 2019;
- any damage suffered by Crédit Agricole – Group Infrastructure Platform as a result of the inaccuracy or insincerity of a representation relating to the assets transferred within the framework of the merger;
- any damage suffered by Crédit Agricole – Group Infrastructure Platform following a third-party claim relating to acts prior to 1 January 2019 attributable to SILCA.

The period of thirty-six months is replaced by the statute of limitations concerning any damage suffered by Crédit Agricole – Group Infrastructure Platform due to the inaccuracy or insincerity of a representation relating to SILCA. The indemnity undertaking for damage suffered by Crédit Agricole – Group Infrastructure Platform relating to tax matters will expire at the end of a period of ten working days as from the expiry of the statute of limitations. A threshold of EUR10,000 per claim is fixed for the taking into account of a claim. The parties have not set any aggregate limit.

The guarantee agreement was signed on 21 November 2018.

Reasons justifying why the Company benefits from this agreement

Your Board of Directors gave the following reasons:

In accordance with the Memorandum of Understanding, the parties agreed on the signing of this guarantee with the shareholders of SILCA as the latter is to cease to exist after the completion of the merger. The signing of this guarantee will result in the costs of any damage arising from the prior management of the SILCA business being borne by the entities that are shareholders of SILCA, according to the terms and conditions under the agreement. Indeed, as not all of the shareholders of Crédit Agricole – Group Infrastructure Platform are shareholders of SILCA, it was deemed inappropriate for such damage to be shared and its cost to be borne by all the shareholders of Crédit Agricole – Group Infrastructure Platform.

4. With the Regional Banks of Val-de-France, Centre-Est, Normandie, Languedoc, Sud Rhône-Alpes, Finistère, Loire Haute-Loire, Lorraine, Charente-Maritime Deux-Sèvres, Centre Loire and Charente Périgord

Persons concerned

Mr Lefebvre, Mr Appert, Mr Epron, Ms Flachaire, Mr Gaillard, Mr Kerrien, Mr Ouvrier-Buffet, Ms Talamona, Mr Tercinier, Mr Thibault and Mr Boujut, Chairman or Directors of your Company and Chief Executives or Vice-Presidents of the abovementioned entities.

Nature and purpose

The tax consolidation agreement was authorized by your Company's Board of Directors at its meeting held on 21 January 2010 and renewed for five years on 15 December 2015. It was the subject of a first amendment authorized by your Board of Directors at its meeting on 19 May 2016, to take into account the change in tax legislation whereby tax savings made by the Group as a result of intragroup dividends received by the Regional Banks would be re-allocated to them in full.

The first 2017 Amending Finance Law introduced an exceptional Corporate Income Tax contribution, for financial year 2017 only, for companies whose revenue exceeded certain limits. As revenue is assessed at the level of the tax group, the 2017 taxable income of the Crédit Agricole tax group was thus subject to an effective Corporate Income Tax rate of 44.43%.

Crédit Agricole S.A., as consolidating company, thus bore a net financial cost corresponding to the difference between the amount of the contribution due for the tax group on the one hand (MEUR286.7), and the amount of the contributions paid by the consolidated entities subject to this contribution (MEUR143.2) and the total refund obtained in respect of the 3% tax on dividends deemed unconstitutional (MEUR40.7), on the other hand, resulting in a net additional cost of MEUR102.8.

At its meeting on 2 August 2018, the Board of Directors of your company authorized the signing of an amendment to the tax consolidation agreement organizing the sharing of this tax expense between Crédit Agricole S.A. and the Regional Banks.

The definitions of the underlined words can be found in the Glossary on page 600.

Conditions

The Regional Banks' contribution to the sharing of this exceptional tax expense was made, for financial year 2018 only, through the halving of the re-allocation of the tax saving linked to the taxation, within the tax group, of the dividends distributed between Crédit Agricole S.A., the Regional Banks and their entities. This sharing resulted in the Regional Banks bearing half of the net additional cost represented by the exceptional contribution.

The amendment was signed by all the parties concerned in September 2018.

As a result of this amendment, the 2018 tax savings binding Crédit Agricole S.A. and the abovementioned companies amount to a total of MEUR11.7.

Reasons justifying why the Company benefits from this agreement

Your Board of Directors gave the following reasons:

In accordance with the principle of solidarity among the Crédit Agricole group and the corporate, economic and financial interests that are common to the Group and specific to each entity belonging to the tax group, the Regional Banks agreed to make a partial contribution to the net additional cost.

AGREEMENTS AND COMMITMENTS PREVIOUSLY APPROVED BY THE ANNUAL GENERAL MEETING

In accordance with Article R. 225-30 of the French Commercial Code *(Code de commerce)*, we have been notified that the implementation of the following agreements and commitments, which were approved by the Annual General Meeting in prior years, continued during the year ended 31 December 2018.

1. With the Regional Banks of Val-de-France, Centre-Est, Normandie, Languedoc, Sud Rhône-Alpes, Finistère, Loire Haute-Loire, Savoie, Lorraine, Charente-Maritime Deux-Sèvres and Centre Loire

Persons concerned

Mr Lefebvre, Mr Appert, Mr Epron, Ms Flachaire, Mr Gaillard, Mr Kerrien, Mr Ouvrier-Buffet, Ms Talamona, Mr Tercinier and Mr Thibault, Chairman or Directors of your Company and Chief Executives or Vice-Presidents of the abovementioned entities.

Nature and purpose

At its meeting on 19 May 2016, your Company's Board of Directors authorized the signing of the loan agreements granted within the framework of the Eureka operation between your Company and the Regional Banks, giving them various repayment options, specifying that regardless of the option chosen by a Regional Bank, the average cost of its financing would be 2.15%.

The Regional Banks thus benefited from financing under the following conditions:

- total loan of EUR11 billion at the fixed rate of 2.15% over ten years;
- option for early repayment on a semi-annual basis as from the fourth year, subject to twelve months' notice.

At its meeting on 2 August 2017, your Company's Board of Directors authorized the signing of amendments to these loan agreements. The amendments to the senior loan agreements modified the structure of the financing granted by Crédit Agricole S.A. who offered the Regional Banks the possibility of purchasing the early repayment option, the purchase taking the form of a rate reduction in exchange for each Regional Bank fixing a firm repayment schedule.

Conditions

The refinancing schedule proposed to the Regional Banks was the subject of a fairness opinion delivered by an external firm.

The Regional Banks had the possibility of keeping the initial financing structure or replacing it by one or more fundings with the maturities of their choice from the table below (according to market conditions in force as at 4 July 2017). The proposed yield waiver was between 35 base points and 56 base points, corresponding to the management cost estimated at 50 base points for your Company since the outset.

Loan maturity	Bullet fixed rate
03/08/2020	1.8
03/08/2021	1.64
03/08/2022	1.59
03/08/2023	1.6
03/08/2024	1.67
03/08/2025	1.75
03/08/2026	1.84

The amendments were signed on 10 October 2017. The total amount of the financing proposed to the Regional Banks concerned by the regulated nature of these agreements was MEUR3,391. In 2018, the amount remains unchanged, the operations set up being subject to bullet amortization until 2020 at least.

The definitions of the underlined words can be found in the Glossary on page 600.

2. With the Regional Banks of Val-de-France, Normandie, Languedoc, Sud Rhône-Alpes, Finistère, Loire Haute-Loire, Lorraine, Centre Loire, Centre-Est, Charente Périgord and Charente-Maritime Deux-Sèvres

Persons concerned

Mr Lefebvre, Mr Appert, Mr Boujut, Mr Epron, Ms Flachaire, Mr Gaillard, Mr Kerrien, Mr Ouvrier-Buffet, Ms Talamona, Mr Tercinier and Mr Thibault, Chairman of the Board of Directors or Directors of your Company and Chairmen of the Board of Directors or Directors of the abovementioned entities.

Nature and purpose

At its meeting of 19 May 2016, your Company's Board of Directors authorized the signing of amendment No. 3 to the Switch guarantee agreement between your Company and the Regional Banks.

Within the framework of the Eureka operation, the parties decided to modify certain terms of the Insurance section of the Switch agreement, in respect of which the Regional Banks insure your Company against a reduction in value of its equity-accounted holdings in the capital of Crédit Agricole Assurances, and to establish the conditions for the repayment of the amount of the cash collateral relating to the guarantee applicable to the CCI/CCA.

This amendment makes the following changes to the Switch guarantee relating to your Company's holding in Crédit Agricole Assurances:

- introduction of a mechanism for the partial termination of Switch Assurances which would be implemented upon a decision by your Company by means of the gradual reduction of the amount guaranteed;
- change of the calculation frequency from quarterly to six-monthly.

Conditions

Amendment No. 3 to the Switch guarantee agreement was signed on 21 July 2016, with retroactive effect from 1 July 2016.

The guarantees provided by the abovementioned Regional Banks in respect of the Insurance section amount to MEUR1,973.24 and their guarantee deposits to MEUR667.94 as at 31 December 2018.

The remuneration paid or to be paid by your Company to the abovementioned Regional Banks in respect of financial year 2018 is MEUR62.79.

Nature and purpose

At its meeting on 19 May 2016, your Company's Board of Directors of your company authorized the signing of an amendment to the tax consolidation agreement between your Company and the Regional Banks.

Previously, at its meeting on 21 January 2010, the Board of Directors had authorized the extension of the Crédit Agricole S.A. tax group, in accordance with section 5 of Article 223-A of the French Tax Code *(Code général des impôts)*, this extension being mandatory for all the Regional Banks and Local Banks subject to Corporate Income Tax at the normal rate and, optionally, for their subsidiaries. The mechanism is governed by an agreement binding the central body and each of the entities belonging to the Group as a result of its extension.

The collective agreements on taxation binding the central body and each of the entities belonging to the Group as a result of its extension were entered into for an initial term of five years as from 1 January 2010 and are renewable for successive five-year periods subject to the express joint agreement of all the entities concerned.

At its meeting on 15 December 2015, the Board of Directors authorized the renewal of the collective agreements on taxation, according to the same conditions and for a term of five years as from 1 January 2015.

These agreements, entered into for a term of five years, provided that half of the tax savings made in respect both of the dividends received by these entities and the dividends received by your Company from these entities should be re-allocated to them.

The amendment authorized by the Board of Directors of your company at its meeting on 19 May 2016 was signed on 21 July 2016 and provided that the tax savings made by the Group as a result of the intragroup dividends received by the Regional Banks would henceforth be re-allocated to them in full.

Conditions

The 2018 tax savings paid back in respect of the agreements binding your Company and the abovementioned companies amount to a total of MEUR15.1.

3. With Sacam Mutualisation

Persons concerned

Mr Lefebvre, Mr Epron, Ms Flachaire, Mr Gaillard, Mr Kerrien, Mr Ouvrier-Buffet, Ms Talamona and Mr Thibault, Chairman of the Board of Directors or Directors of your Company and managers or representatives of the jointly and severably liable partners of Sacam Mutualisation.

Nature and purpose

At its meeting on 19 May 2016, the Board of Directors of your Company authorized the signing of a tax consolidation agreement between your Company and Sacam Mutualisation.

This agreement was entered into on 21 July 2016. Based on the same model as the agreements entered into with the Regional Banks, this agreement provides that the tax savings made by the Group as a result of the intragroup dividends received by this entity should be re-allocated to it in full.

Conditions

The 2018 tax savings paid back in respect of the agreement binding your Company and Sacam Mutualisation amount to MEUR3.7.

The definitions of the underlined words can be found in the Glossary on page 600.

4. With S.A.S. Rue La Boétie, S.A.S. Ségur, S.A.S. Miromesnil, Sacam Avenir, Sacam Développement, Sacam International, Sacam Participations, Sacam Fia-net Europe, Sacam Fireca, Sacam Immobilier, Sacam Machinisme and Sacam Assurance Caution

Persons concerned

Mr Lefebvre, Mr Epron, Ms Flachaire, Mr Gaillard, Mr Kerrien, Mr Ouvrier-Buffet, Ms Talamona and Mr Thibault, Chairman of the Board of Directors of your Company and Chairmen of the Board of Directors, Vice-Chairman, Partners, Managers or Directors of the abovementioned companies.

Nature and purpose

At its meeting on 13 December 2016, your Company's Board of Directors authorized the signing of the amendment to the tax consolidation agreement between your Company and the abovementioned companies.

The collective agreements on taxation entered into with the abovementioned entities were authorized by the Board of Directors of your company at its meeting on 21 January 2010 and renewed at its meeting on 15 December 2015. These agreements, entered into for a term of five years, provided that half of the tax savings made as a result of the dividends received by these entities should be re-allocated to them.

These agreements were the subject of an amendment which, based on the same model as the amendment to the collective agreements on taxation entered into with the Regional Banks, provides that the tax savings made by the Group as a result of the intragroup dividends received by said companies should henceforth be re-allocated to them in full.

Conditions

The 2018 tax savings paid back in respect of the agreements binding your Company and the abovementioned companies amounts to a total of MEUR23.7.

5. With Crédit Agricole CIB

Persons concerned

Mr Brassac, Mr Thibault, Ms Gri, Mr Pourre and Mr Paviet, Chief Executive or Directors of your Company and Chairman of the Board of Directors or Directors of Crédit Agricole CIB.

a) Nature and purpose

At its meeting on 7 November 2016, your Company's Board of Directors authorized the signing of the amendment to the tax consolidation agreement between your Company and Crédit Agricole CIB.

In 1996 your Company entered into a tax consolidation agreement with Crédit Agricole CIB, which was renewed on 22 December 2015 for the period 2015-2019. Its purpose is to define the relationships between Crédit Agricole S.A., on the one hand, and Crédit Agricole CIB and its consolidated subsidiaries, on the other hand, in particular the division of the Corporate Income Tax expense.

The collective agreements on taxation allowed Crédit Agricole CIB to receive a proportion of the tax savings made by the Crédit Agricole group equivalent to its individual tax loss actually related to the Group. This agreement was amended on 15 November 2016 in order to provide for the extension of the monetization, for the benefit of Crédit Agricole CIB, of the entire loss of the subgroup related to Crédit Agricole S.A. as parent company of the Group, including the loss carryforward of the subgroup for the years prior to 1 January 2016 already related to Crédit Agricole S.A.

Conditions

As the subgroup made a taxable profit in 2018, the application of the tax consolidation agreement did not generate any tax saving as a result of losses and did not give rise to any payment by Crédit Agricole S.A.

b) Nature and purpose

Following the merging of the corporate and investment banking businesses of the Crédit Agricole S.A. and Crédit Lyonnais Groups, a partial contribution of assets was made by Crédit Lyonnais to Crédit Agricole Indosuez (which became Calyon and then Crédit Agricole CIB).

Under these circumstances, it was deemed necessary to increase Crédit Agricole CIB's shareholders' equity. At its meeting on 9 March 2004, the Board of Directors authorized your Company to carry out operations to increase Crédit Agricole CIB's shareholders' equity by a total maximum amount of EUR3 billion.

Conditions

Within the framework of this authorization, your Company notably subscribed, in 2004, to an issue of subordinated debt securities, for the amount of MUSD1,730. During financial year 2014, one of the issues amounting to MUSD1,260 was the subject of early repayment on 28 February 2014.

The sole issue, amounting to MUSD470, still ongoing in financial year 2018, generated total interest of MUSD17.47 in respect of that year.

c) Nature and purpose

On 7 December 2016, the European Commission found your Company and Crédit Agricole CIB jointly and severally liable for a fine of MUSD114,654 after an investigation by the Commission concluding on the existence of an agreement between seven banking institutions on interest rate derivatives in euros, agreeing on the determination of the Euribor reference interest rate. The alleged facts apparently took place between September 2005 and May 2008.

At the time of the delivery of the Commission's judgement, your Company announced that it would appeal against the decision before the General Court of the European Union. The claim for annulment was filed on 17 February 2017.

As the appeal did not stay the judgement, your Company had to pay the full amount of the fine before 5 March 2017.

According to an agreement signed with Crédit Agricole CIB, your Company agreed to pay the full amount of the fine on behalf of the two establishments found to be jointly and severally liable, referring the division between them of the payment of the fine to the decision of the judicial authorities of the European Union.

At its meeting on 20 January 2017, the Board of Directors authorized the draft agreement between your Company and Crédit Agricole CIB, the terms of which are set out below.

Conditions

Pending a decision having the force of *res judica* in a court of last instance, your Company shall bear and pay the amount of MEUR114.654 in respect of the fine.

The final terms for the division of the final amount of the potential fine shall be agreed at a later date jointly between your Company and Crédit Agricole CIB, once a decision having the force of *res judica* has been handed down by a court of last instance.

The agreement, expressed in identical terms, was authorized by the Board of Directors of Crédit Agricole CIB on 10 February 2017. It constitutes a formal measure for the organization of the division of the joint penalty, without prejudging the outcome of the appeals entered.

In accordance with the delegation granted by their respective Boards, it was signed on 27 February 2017 by the Chief Executive Officer of your Company and the Chief Executive Officer of Crédit Agricole CIB. The penalty was paid within the statutory time limit, namely before 5 March 2017.

As no decision has been rendered concerning the appeal entered by Crédit Agricole, the situation between Crédit Agricole S.A. and Crédit Agricole CIB is identical to that noted at the end of 2017.

d) Nature and purpose

At its meeting on 19 December 2017, your Company's Board of Directors authorized the transfer of your Company's IT activities (MSI) to Global IT (GIT) which performs the same assignments for the Crédit Agricole CIB scope.

The transfer of the divested business, about which the employee representative bodies of your Company and of Crédit Agricole CIB were informed and consulted, became effective as of 1 January 2018.

The transfer itself does not constitute a regulated agreement, but within the framework of this operation, your Company and Crédit Agricole CIB set up a temporary billing and collection mandate which does fall within the scope of section 2 of Article L. 225-38 of the French Commercial Code *(Code de commerce)* relating to regulated agreements. As such, this mandate was authorized by the Board of Directors of your company at its meeting on 19 December 2017, separately from the overall authorization of the transfer of business.

Conditions

During a transition period of six to twelve months from the date of transfer, some of the Crédit Agricole Group entities may benefit from the services of MSI, via signed quotations. The billing and collection services would be carried out by your Company within the scope of a billing and collection mandate which notably includes the guarantee by your Company to Crédit Agricole CIB concerning the collection, from the entities benefiting from these services, of the amounts billed by your Company in the name and on behalf of Crédit Agricole CIB.

At the end of this transition period, Crédit Agricole CIB may decide, if appropriate, to perform the services for the other Group entities, through Progica or another entity of the Crédit Agricole Group, depending on the result of the services performed during the transition period, regulatory changes and any other potential reorganization of activities within the Crédit Agricole Group.

Neuilly-sur-Seine and Paris-La Défense, 25 March 2019

The Statutory Auditors

French original signed by:

PricewaterhouseCoopers Audit	Ernst & Young et Autres
Anik Chaumartin	Olivier Durand

PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

Mr Philippe Brassac, Chief Executive Officer of Crédit Agricole S.A.

RESPONSIBILITY STATEMENT

I hereby certify that, to my knowledge and after all due diligence, the information contained in this registration document is true and accurate and contains no omissions likely to affect the import thereof.

I hereby certify that, to my knowledge, the financial statements have been prepared in accordance with the applicable accounting standards and give a true and fair view of the financial position and results of the Company and all entities included in the consolidated group, and that the management report (whose cross-reference table can be found in chapter 8 of this registration document) herewith provides a true and fair view of the business trends, results and financial position of the Company data and all entities included in the consolidated group, together with a description of the main risks and uncertainties that they face.

I have obtained a letter from the Statutory Auditors, upon completion of their work, in which they state that they have verified the information relating to the financial position and financial statements provided in this registration document and read the document as a whole.

Montrouge, 26 March 2019

The Chief Executive Officer of Crédit Agricole S.A.

Philippe Brassac

The definitions of the underlined words can be found in the Glossary on page 600.

STATUTORY AUDITORS

Statutory Auditors

Ernst & Young & Autres	PricewaterhouseCoopers Audit
Company represented by Olivier Durand	Company represented by Anik Chaumartin
1-2, place des Saisons 92400 Courbevoie, Paris – La Défense 1	63, rue de Villiers 92208 Neuilly-sur-Seine
Statutory Auditors, Member, *Compagnie régionale des Commissaires aux comptes de Versailles*	Statutory Auditors, Member, *Compagnie régionale des Commissaires aux comptes de Versailles*

The Crédit Agricole S.A. Board of Statutory Auditors remained unchanged in 2011/2012/2013/2014/2015/2016/2017. The signatories remained unchanged in 2011/2012/2013 and 2014, namely Valérie Meeus for Ernst & Young & Autres and Catherine Pariset for PricewaterhouseCoopers Audit.

Since 2015, the signatory for Pricewaterhouse Coopers Audit is Anik Chaumartin, replacing Catherine Pariset. In 2017, the signatory for Ernst & Young & Autres is Olivier Durand, replacing Valérie Meeus.

Alternate Statutory Auditors

Picarle et Associés	Jean-Baptiste Deschryver
Company represented by Marc Charles	
1-2, place des Saisons 92400 Courbevoie, Paris – La Défense 1	63, rue de Villiers 92208 Neuilly-sur-Seine
Statutory Auditors, Member, *Compagnie régionale des Commissaires aux comptes de Versailles*	Statutory Auditors, Member, *Compagnie régionale des Commissaires aux comptes de Versailles*

Ernst & Young & Autres was appointed Statutory Auditor under the name Barbier Frinault et Autres by the Ordinary General Meeting of 31 May 1994. This term of office was renewed for a further six years at the Combined General Meeting of 16 May 2018.

Ernst & Young & Autres is represented by Olivier Durand.

Picarle et Associés was appointed Alternate Statutory Auditor for Ernst & Young & Autres by the Combined General Meeting of 17 May 2006. This term of office was renewed for a further six years at the Combined General Meeting of 16 May 2018.

PricewaterhouseCoopers Audit was appointed Statutory Auditor by the Ordinary General Meeting of 19 May 2004. This term of office was renewed for a further six years at the Combined General Meeting of 16 May 2018.

PricewaterhouseCoopers Audit is represented by Anik Chaumartin.

Jean-Baptiste Deschryver was appointed Alternate Statutory Auditor for PricewaterhouseCoopers for a further six years at the Combined General Meeting of 16 May 2018.

The definitions of the underlined words can be found in the Glossary on page 600.

GLOSSARY

ACRONYMS

EBA
European Banking Authority.

ACPR
French Regulatory and Resolution Supervisory Authority (ACPR).

AFEP/MEDEF
French Business and Employers' Associations.

AMF
French financial markets authority.

ECB
European Central Bank.

ESG
Environment, Social, Governance.

MSE
Medium-sized Enterprise.

IFRS
International Financial Reporting Standards.

SME
Small and Medium-sized Enterprise.

MTP
Medium-Term Plan.

GOI
Gross Operating Income.

CSR
Corporate Social Responsibility.

VSB
Very Small Business.

DEFINITIONS

Asset encumbrance

Asset encumbrance corresponds to assets used to secure, collateralise or back up a credit facility for any type of transaction.

NBV per share *Net Book Value per share* / NTBV per share *Net Tangible Book Value per share*[1]

One of the methods for calculating the value of a share. This represents the net equity Group share after AT1 deduction divided by the number of shares in issue at end of period, excluding treasury shares.

Net tangible book value per share represents the tangible net equity Group share after AT1 deduction, *i.e.* after deduction of the Group share in intangible assets and goodwill, divided by the number of shares in issue at end of period, excluding treasury shares.

Rating agency

Organisation specialised in assessing the solvency of issuers of debt securities, *i.e.* their ability to honour their repayment obligations (principal repayments and interest payments over the contractual period).

ALM *Asset and Liability Management*

Management of the financial risks borne by an institution's balance sheet (interest rate, currency, liquidity) and its refinancing policy in order to protect the bank's asset value and/or its future profitability.

NBV *Net Book Value*[1]

The net book value corresponds to the shareholders' equity share of the group from which the amount of the AT1 issues, the gains or losses in other comprehensive income and the draft dividend on annual results have been restated.

Risk appetite

Level of risk that the Group is willing to assume in pursuit of its strategic objectives. It is determined by type of risk and by business line. It may be stated using either quantitative or qualitative criteria. Establishing the risk appetite is one of the strategic management tools available to the Group's governing bodies.

AT1 *Additional Tier 1 capital*

Additional Tier 1 capital eligible under Basel 3 made up of perpetual debt instruments without any redemption incentive or obligation. It is subject to a loss absorption mechanism where the CET1 ratio falls below a given threshold, fixed in their prospectus.

Treasury shares

Shares held by a company in its own capital. Shares held in treasury do not carry a voting right and are not used in EPS calculations as they receive no dividend and have no right to reserves.

Basel 3

Regulatory standards for banks, which replace the previous Basel 2 agreements by increasing the quality and quantity of the minimum capital that banks are required to hold against the risk they take. It also introduces minimum standards for liquidity risk management (quantitative ratios), defines measures attempting to curb the financial system's pro-cyclicality (capital buffers varying according to the economic cycle) and tightens the requirements on institutions considered as systemically important. In the European Union, these regulatory standards were introduced under Directive 2013/36/EU (CRD 4 – Capital Requirements Directive) and Regulation (EU) No. 575/2013 (CRR – Capital Requirements Regulation).

(1) APM indicator.

The definitions of the underlined words can be found in the Glossary on page 600.

EPS *Earnings Per Share*[1]

Net income Group share divided by the average number of shares in issue excluding Treasury shares. It indicates the portion of profit attributable to each share (not the portion of earnings paid out to each shareholder, which is the dividend). It may decrease, assuming the net income Group share remains unchanged, if the number of shares increases (see Dilution).

CCA *Cooperative Associate Certificate – Certificat coopératif d'associés*

Unlisted securities, which may be traded over the counter and may be issued only by cooperative companies. They may be subscribed by members of the issuing Regional Banks and affiliated Local Banks. A CCA does not carry voting rights but gives its holders rights to a share of the net assets and to receive dividends.

CCI *Cooperative Investment Certificate – Certificat coopératif d'investissement*

Securities quoted on the stock exchange that do not carry voting rights and may be issued only by cooperative companies. A CCI gives its holders rights to a share of the net assets and to receive a dividend payment.

Collateral

A transferable asset or a guarantee that provides security for the repayment of a loan, should the recipient of the loan fail to meet their repayment obligations.

Cost/income ratio

The cost/income ratio is calculated by dividing operating expenses by revenues, indicating the proportion of revenues needed to cover operating expenses.

Cost of risk

The cost of risk reflects allocations to and reversals from provisions for credit and counterparty risk (loans, securities, and off-balance sheet commitments), as well as the corresponding losses not covered by provisions.

Cost of risk/outstandings[1]

Calculated by dividing the cost of credit risk (over four quarters on a rolling basis) by outstandings (over an average of the past four quarters, beginning of the period).

Loan Portfolio Hedges

The impact of loan portfolio hedges is based on market movements in credit risk hedging and the level of reserves linked to the market movements.

Doubtful loan

Loan on which the borrower has fallen behind with the contractually agreed interest payments or capital repayments, or for which there is a reasonable doubt that this could occur.

Impaired loan

Loan which has been provisioned due to a risk of non-repayment.

CVA *Credit Valuation Adjustment*

Expected loss arising from the risk of a counterparty default which aims at building in the possibility that the full positive market value of instruments may not be recovered. The methodology used to determine the CVA is based largely on the same type of market parameters that market participants use.

DVA *Debit Valuation Adjustment*

Symmetrical to the CVA and represents the expected loss from the counterparty's perspective on passive valuations of financial instruments. It reflects the impact of the entity's own credit risk on the valuation of these instruments.

Dilution

A transaction is described as "dilutive" when it reduces the portion of net asset value (*e.g.* net book value per share) or earnings (*e.g.* earnings per share) attributable to each share in the company.

Dividend

Portion of net income or reserves paid out to shareholders. The Board of Directors proposes the dividend to be voted on by shareholders at the Annual General Meeting, after the financial statements for the year ended have been approved.

EAD *Exposure At Default*

Exposure at default: this is the Group's exposure should the counterparty default. The EAD includes on- and off-balance sheet exposures. Off-balance sheet exposures are converted into balance sheet equivalents using internal or regulatory conversion factors (draw-down scenarios).

Goodwill

Amount by which the acquisition cost of a business exceeds the value of the net assets revalued at the time of acquisition. Every year, goodwill has to be tested for impairment, and any reduction in its value is recognised in the income statement.

EL *Expected Loss*

Loss likely to be incurred depending on the quality of the counterparty in view of the structure of the transaction and any risk mitigation measures, such as collateral. It is computed by multiplying the exposure at default (EAD) by the probability of default (PD) and by the loss given default (LGD).

Assets under management

Operating activity indicator not reflected in the Group's consolidated financial statements, reflecting the assets marketed by the Group, whether they are managed, advised or delegated to an external fund manager. Assets under management are measured for each fund by multiplying net asset value per unit (as calculated by an external appraiser in line with the regulations in force) by the number of units/shares outstanding. Amundi fully consolidates all the assets under management by its joint ventures at 100% and not its share in the joint ventures.

RWA *Risk-Weighted Assets*

Assets and risk commitments (loans, etc.) held by a bank weighted by a prudential factor and based on the risk of loss and used, when added together, as the denominator for major solvency ratios.

Systemically important bank

Crédit Agricole Group, but not Crédit Agricole S.A., appears on the list of the 29 global systemically important banks (G-SIBs) published by the Financial Stability Board (FSB) in November 2012 and updated in November 2018. A systemically important bank has to put in place a basic capital buffer of between 1% and 3.5% in relation to Basel 3 requirements.

FinTech *Finance, Technology*

A FinTech is a non-banking company which uses information and communication technologies to deliver financial services.

(1) APM indicator.

Free float

Percentage of a listed company's share capital held by non-core shareholders. Non-core shareholders means any shareholders likely to buy or sell the shares at any time without having to worry about the effects of their decision on the control of the business and not bound by a contract limiting their right of disposal (*e.g.* shareholders' agreement). Shares held by retail investors (including employees) and by institutional investors (SICAV and FCP mutual funds, pension funds, and insurance companies) are included in the free float. In contrast, the investment held by a majority shareholder is not included in the free float.

FCP *Fonds commun de placement – mutual fund*

Type of UCITS that issues units and does not have legal personality. By acquiring units, investors gain co-ownership of the securities, but do not have any voting rights. They are not shareholders. An FCP mutual fund is represented and managed from an administrative, financial and accounting perspective by a single management company, which may delegate these tasks.

FCPE *Fonds commun de placement d'entreprise – corporate mutual fund*

Employee savings vehicle used by companies offering this type of arrangement to their employees. Savers hold units in FCP mutual funds that are allotted in return for their payments and any top-up payments made by their employer (employer contribution).

FReD *Fides, Respect, Demeter*

Initiative to implement, manage and measure the progress made by the Corporate Social Responsibility (CSR) programme. FReD has three pillars with 19 commitments that aim to bolster trust (Fides), grow individuals and the corporate ecosystem (Respect) and protect the environment (Demeter). Every year since 2011, the FReD index has provided a measure of the progress made by the CSR programme being pursued by Crédit Agricole S.A. and its subsidiaries. PricewaterhouseCoopers conducts an annual audit of this index.

FSB *Financial Stability Board*

The Financial Stability Board's remit is to identify vulnerabilities in the global financial system and establish principles serving as a basis for the regulation and oversight of financial stability. It is made up of the governors, finance ministers and supervisors of G20 countries. Its primary objective is to coordinate at international level the work of the national financial authorities and of the international standard-setters in the regulation and supervision of financial institutions. Founded at the G20 meeting in London in April 2009, the FSB is the successor to the Financial Stability Forum set up by the G7 in 1999.

Asset management

Management of negotiable or other assets, for the manager's own account or for third-party (institutional or retail) investors. In third-party asset management, assets are adapted via funds or in the framework of management mandates. Specialised products are offered to meet the range of customer expectations in terms of geographical and sector diversification, short-term or long-term investing and the desired level of risk.

Corporate governance

Any mechanism that can be implemented to achieve transparency, equality between shareholders and a balance of powers between management and shareholders. These mechanisms encompass the methods used to formulate and implement strategy, the operation of the Board of Directors, the organisation framework between different governing bodies and the compensation policy for Directors and executive managers.

Green Bonds

Bonds issued by an approved entity (business, local authority or international organisation) to finance an eco-friendly and/or sustainability-driven project or activity. These instruments are often used in connection with the financing of sustainable agriculture, the protection of ecosystems, renewable energy and organic farming.

GRI *Global Initiative Reporting*

An organisation consisting of stakeholders and partners (businesses, audit firms, human rights, environmental protection, labour organisations, and government representatives) which has created a joint framework for the development of sustainability reporting.

HQLA *High Quality Liquid Assets*

Unencumbered high-quality liquid assets (see Asset encumbrance) that can be converted easily and immediately in private markets into cash in the event of a liquidity crisis.

NPS *Net Promoter Score*

Index measuring how likely customers are to recommend their bank to their family and friends. Based on polling conducted every quarter, this index reflects the number of customers who are critical of, neutral on or willing to promote the bank.

SRI *Socially Responsible Investing*

Systematic and clearly documented incorporation of environmental, social and governance criteria in investment decisions.

Institutional investors

Businesses, public-sector bodies and insurance companies involved in securities investment, for example, investing in the shares of listed companies. Pension funds and asset management and insurance companies come under this heading.

LGD *Loss Given Default*

Ratio between the loss experienced on an exposure on a counterparty at default and the size of the exposure at default.

Credit rating

Measurement of credit quality in the form of an opinion issued by a rating agency (Standard & Poor's, Moody's, Fitch Ratings, etc.). The rating may apply to a specific issuer (business, government, public-sector authority) and/or specific issues (bonds, securitised notes, secured bonds, etc.). The credit rating may influence an issuer's borrowing terms (interest rate it pays, its access to funding) and its market image (see Rating agency).

NSFR *Net Stable Funding Ratio – 1 year Liquidity Ratio*

Ratio intended to promote longer-term resilience through the introduction of additional incentives for banks to fund their activities using more stable resources of finance (namely with longer maturities). This structural liquidity ratio covering a one-year period has been designed to limit the funding of long term assets by short term resources.

The definitions of the underlined words can be found in the Glossary on page 600.

UCITS *Undertakings for Collective Investment in Transferable Securities*

An UCITS is a portfolio of negotiable securities (equities, bonds, etc.) managed by professionals (management companies) and held collectively by retail or institutional investors. There are two types of UCITS – SICAVs (open-ended investment companies) and FCPs (mutual investment funds).

Mutual shares

Portion of the capital of a Local Bank or Regional Bank. Mutual shares receive an annual interest payment. Ownership units are reimbursed at their nominal value and give no right to reserves or to liquidation proceeds.

P/E ratio *Price/earnings ratio*

Ratio of the share price to earnings per share. For shareholders, it represents the number of years' earnings needed to recoup their initial investment. It is an indicator used to compare the value of different stocks, for example, within the same sector of activity. A high P/E rating reflects expectations of strong earnings growth or a situation where a company's value is not fully reflected in its earnings (*e.g.* it may have substantial cash holdings). If a company has a P/E of 15x, it is said to capitalise its earnings 15 times.

Revenues

Difference between banking income (interest income, fee income, capital gains from market activities and other income from banking operations) and banking expenses (interest paid by the bank on its funding sources, fee expenses, capital losses arising on market activities and other expenses incurred by banking operations).

Leverage ratio

A voluntarily simple ratio that is intended to control the size of banks' total assets. The leverage ratio establishes a link between Tier 1 regulatory capital and on-/off-balance sheet assets, after restatement of given items.

LCR *Liquidity Coverage Ratio – 1 month Liquidity Ratio*

This 1-month ratio aims to enhance the short-term resilience of a bank's liquidity risk profile. The LCR obliges banks to hold sufficient risk-free, highly liquid assets (see HQLA) to cover outflows, net of inflows, assessed under stressed assumptions, to see it through a crisis period of 30 days without relying on any support from Central banks.

MREL *Minimum Requirement for own funds and Eligible Liabilities*

Ratio defined in the European Bank Recovery and Resolution Directive indicating the minimum requirement for own funds and eligible liabilities that have to be available to absorb losses in the event of resolution (see chapter 5 on Risks and Pillar 3/Regulatory indicators and ratios).

HPSP *Home Purchase Saving Plans*

The Home Purchase Saving Plan provision represents the provision set up for payment into housing savings plans that benefit from an attractive interest rate and may be closed in the short term by their holders.

Accretion

A transaction is described as "accretive" when it increases the portion of net asset value (*e.g.* net book value per share) or earnings (*e.g.* earnings per share) attributable to each share in the company.

Resolution

Shortened form of "resolution of crises and bank failures". In practice, two types of plan need to be drawn up for every European bank: 1) a preventative recovery plan prepared by the bank's senior managers, and 2) a preventative resolution plan put in place by the competent supervisory authority. Resolution occurs before bankruptcy of the bank, to plan its ordered dismantling and avoid systemic risk.

GOI *Gross Operating Income*

Calculated as revenues less operating expenses (general operating expenses, such as employee expenses and other administrative expenses, depreciation and amortisation).

Operating income

Calculated as gross operating income less the cost of risk.

NIGS *Net income Group share*

Net income/(loss) for the financial year (after corporate income tax). Equal to net income less the share attributable to non-controlling interests in fully consolidated subsidiaries.

NIGS *attributable to common shares*(1)

The net income Group share attributable to ordinary shares represents the net income Group share from which the AT1 coupon has been deducted, including issuing costs before tax.

NIGS *(Net Income Group Share) underlying*(1)

The underlying net income Group share represents the stated net income Group share from which specific items have been deducted (*i.e.* non-recurring or exceptional items).

RoE *Return on Equity*(1)

Indicator measuring the return on equity, calculated by dividing a company's net income by its equity.

RoTE *Return on Tangible Equity*(1)

Measures the return on tangible equity (the bank's net assets restated to eliminate intangibles and goodwill).

Mutual shareholders

Holders of mutual shares, which make up the capital of the Local Banks. The Local Banks own the share capital of the Regional Bank with which they are affiliated. They receive returns in respect of their mutual shares, the interest rate of which is capped by law. The members come together once a year at the Annual General Meeting at which they approve the financial statements of the Local Banks and elect its Directors. Each individual member has one vote at these general meetings, irrespective of the number of mutual shares that she/he owns.

SICAV *(Société d'investissement à capital variable) – open-ended investment company*

A type of UCITS which enables investors to invest in a portfolio of financial assets without holding them directly and to diversify their investments. It manages a portfolio of stocks or other assets and may specialise in a specific market, an asset class, an investment profile, or a specific sector. From a tax perspective, a SICAV unit is like a share.

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(1) APM indicator.

The definitions of the underlined words can be found in the Glossary on page 600.

Solvency

Measures the ability of a business or an individual to repay its debt over the medium to long term. For a bank, solvency reflects its ability to cope with the losses that its risk profile is likely to trigger. Solvency analysis is not the same as liquidity analysis. The liquidity of a business is its ability to honour its payments in the normal course of its business, to find new funding sources and to achieve a balance at all times between its incomings and outgoings. For banks, solvency is governed by the CRD 4 Directive and CRR Regulation. For an insurance company, solvency is covered by the Solvency 2 Directive (see Solvency 2).

Solvency 2

European directive on insurance and reinsurance undertakings intended to ensure that they comply at all times with their commitments towards policyholders in view of the specific risks incurred by such businesses. It aims to achieve an economic and prospective assessment of solvency based on three pillars – quantitative requirements (Pillar 1), qualitative requirements (Pillar 2) and information for the public and the supervisor (Pillar 3). Adopted in 2014, it was transposed into national law in 2015 and came into force on 1 January 2016.**Credit spread**

Actuarial margin (difference between a bond's yield to maturity and that on a risk-free borrowing with an identical maturity).

Issuer spread

Actuarial margin representing the difference between the actuarial rate of return at which the Group can borrow and that of a risk-free loan of identical duration.

Stress tests

Exercise to study the ramifications on banks' balance sheets, profit and loss and solvency in order to measure their ability to withstand these kinds of situations.

Benchmark rate

Interest rate set by a country's or currency zone's central bank to regulate economic activity. Principal tool in a central bank's arsenal for fulfilling its role of regulating economic activity: inflation, stimulation of growth.

Subordinated notes

Issues made by a company, the returns on and/or redemption of which are contingent upon an event (conditional upon payment of a dividend or achievement of an outcome).

TSDI *Undated subordinated notes*

Undated subordinated notes have no specified maturity date, with redemption being at the behest of the issuer beyond a certain date.

TSS *Deeply subordinated notes*

Undated subordinated issue giving rise to perpetual returns. Their perpetual maturity arises from the fact that they do not have a contractual redemption date, with redemption taking place at the option of the issuer. Should the issuer be liquidated, these notes are redeemed after all the other creditors have been repaid.

TLAC *Total Loss Absorbing Capacity*

Designed at the G20's request by the Financial Stability Board. It aims to provide an indication of the loss-absorbing capacity and of the ability to raise additional capital of the systemically important banks (G-SIBs) (see chapter 5 on Risks and Pillar 3/ Regulatory indicators and ratios).

VaR *Value-at-Risk*

Synthetic indicator used to track on a day-to-day basis the market risks taken by the Group, particularly in its trading activities (VaR is calculated using a 99% on 10 days-confidence interval, over one day, in line with the regulatory internal model). Reflects the largest exposure obtained after eliminating 1% of the most unfavourable occurrences over a 1-year history.

The definitions of the underlined words can be found in the Glossary on page 600.

CROSS-REFERENCE TABLE

The following table indicates the page references corresponding to the main information headings required by EC Regulation 809/2004 (annex I), enacting the terms of the "Prospectus" directive.

Headings required under annex I of EC Regulation 809/2004		Page number of the Registration document
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16.2	Information on service contracts between members of the administrative bodies and the issuer or one of their subsidiaries	142
16.3	Information on the issuer's Audit and Compensation Committees	111 to 112
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17.	**Employees**	
17.1	Number of employees and breakdown by main type of activity and by site	4 – 71 to 72 – 82 – 474 – 558
17.2	Investments in the issuer's share capital and stock options	28 to 29 – 31 to 33 – 155 – 157 to 170 – 384 – 477 – 534
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19.	**Related-party transactions**	348 to 350 – 456 to 458 – 524 to 527 – 552
20.	**Financial information concerning the issuer's assets and liabilities, financial positions and profits and losses**	
20.1	Historical financial information(1)	346 to 563
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22.	**Material contracts**	348 to 350 – 524 to 527 – 579 to 580 – 590 to 597
23.	**Third party information and statement by experts and declarations of any interests**	N.A.
24.	**Publicly available documents**	580
25.	**Information on equity investments**	352 to 353 – 456 to 458 – 493 to 506 – 539 to 542

N.A.: not applicable.

(1) In accordance with Article 28 of EC Regulation 809/2004 and Article 212–11 of the AMF's General Regulations, the following are incorporated by reference:

- the annual and consolidated financial statements for the year ended 31 December 2016 and the corresponding Statutory Auditors' Reports, as well as the Group's management report, appearing respectively on pages 456 to 506 and 304 to 452, on pages 507 to 508 and 453 to 454 and on pages 176 to 207 of the Crédit Agricole S.A. Registration Document 2016 registered by the AMF on 21 March 2017 under number D.17-0197;
- the annual and consolidated financial statements for the year ended 31 December 2017 and the corresponding Statutory Auditors' Reports, as well as the Group's management report, appearing respectively on pages 468 to 519 and 318 to 460, on pages 520 to 523 and 461 to 466 and on pages 168 to 192 of the Crédit Agricole S.A. Registration Document 2017 registered by the AMF on 22 March 2018 under number D.18-0164.

The sections of the registration documents number D.17-0197 and number D.18-0164 not referred to above are either not applicable to investors or are covered in another part of this registration document.

The definitions of the underlined words can be found in the Glossary on page 600.

REGULATED INFORMATION WITHIN THE MEANING OF THE AMF'S GENERAL REGULATIONS CONTAINED IN THIS REGISTRATION DOCUMENT CAN BE FOUND ON THE PAGES SHOWN IN THE CORRESPONDENCE TABLE BELOW

This Registration document, which is published in the form of an annual report, includes all components of the **2018 Annual Financial Report** referred to in paragraph I of Article L. 451-1-2 of the French Monetary and Financial Code as well as in Article 222-3 of the AMF's General Regulations and the ordinance 2017-1162 of 12/07/2017 from the Sapin 2 law:

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Design and production: côtécorp.
Tel.: +33 (0)1 55 32 29 74

CRÉDIT
AGRICOLE S.A.

A French limited company with share capital of €8,599,311,468
Nanterre Trade and Company Registry No. 784 608 416 RCS
12 place des États-Unis • 92127 Montrouge Cedex • France
Tel. (33) 1 43 23 52 02 • www.credit-agricole.com