CRÉDIT AGRICOLE S.A.

Paris, 28 August 2008

First half 2008

Net income - Group share: €968m

Tier 1 ratio: 8.9%

Good performance from the Group's traditional business lines

Corporate and investment banking activities still affected by the crisis

Crédit Agricole S.A.'s Board of Directors, chaired by René Carron, met on 27 August 2008 to review the accounts for the first half of 2008. Crédit Agricole S.A. generated net income (Group share) of €968 million, after a €1,339 million negative impact in Corporate and investment banking due to the worldwide financial crisis.

Net income (Group share) was €76 million in the second quarter. It was severely impacted by the deterioration of the monolines' financial strength. Excluding Corporate and investment banking and restated for the LCL competitiveness plan, for which charges were booked in the second quarter of 2007, the drop in net income (Group share) was limited to 18.9% compared to the same year-ago period.

Against a background of serious financial crisis in the first half, Crédit Agricole S.A.'s traditional business lines – French and international retail banking and specialised business lines – turned in a performance which can generally be seen as amongst the best in the market. Combined net banking income for these business lines grew by 6.5% year-on-year in the first half, while pre-tax income was up 0.9% and net income (Group share) was nearly stable (down 0.8%).
In retail banking, net banking income increased by 16.1% year-on-year in the first half, reflecting a robust business performance both in France and abroad as well as strong organic growth internationally.
The small decrease in net banking income in the Specialised business lines was confined to just 1.4% on a high basis of comparison in the first half of 2007, demonstrating their resilience in a deteriorating market environment.
In keeping with the announcements made in the spring, cost-cutting measures brought down expenses by 2% year-on-year (by 0.5% on an unchanged consolidation basis).
excluding Corporate and investment banking, which registered an increase in collective provisions and impairment charges for counterparty risks, risk-related costs remained low, up by a modest 6.1%, on a like-for-like basis.

The effects of the ongoing crisis were, this quarter, concentrated on monolines, which saw further deterioration in their financial situation which had an impact of €693 million on net income in Corporate and investment Banking in the second quarter and €1,339 million in the first half, including impairment charges for CDOs recognised in the first quarter. Further to analysing the effects of 12 months of ongoing international financial crisis on the structure of

Calyon's recurring Corporate and investment banking operations, a refocusing plan has been developed and will be unveiled on 10 September 2008.

In June, Crédit Agricole S.A. successfully carried out a €5.9 billion capital increase to strengthen its solvency ratios and to take into account the risks inherent in the current troubled economic environment. The rights issue was a resounding success with both institutional investors and retail shareholders and the free float was 130% over-subscribed. The capital increase enhanced the bank's financial strength, lifting shareholder's equity (Group share) to €41.9 billion. Crédit Agricole S.A. is now one of the leading European banks, ranked by Tier 1 ratio (8.9%) and Core Tier 1 ratio (6.5%).

In keeping with the commitments it made at the time of the rights issue, Crédit Agricole S.A. has immediately begun to implement the announced measures and is already seeing the first results with expenses down by 0.5% on a like-for-like basis, disposal of the stake in MasterCard in July as one of the first transactions under the active portfolio management policy, and refocusing of Calyon business activities under way.

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At the end of the Board of Directors meeting, Chief Executive Officer Georges Pauget said: " *Crédit Agricole S.A. confirmed the strength of its business model and the good performance delivered by our traditional business lines should be underlined. In Corporate and investment banking, which is still suffering from the impact of the worldwide financial crisis, as announced at the time of our capital increase, we have initiated important steps to cut costs and to refocus the business. We will present the Calyon transformation and development plan on 10 September 2008."*

René Carron, Chairman, noted: "*The Group is underpinned by solid fundamentals. We are seeing healthy business momentum, both in France and abroad. The French retail banking line, which signed up 260,000 new customers, is a perfect example of this. I would like to take this opportunity to commend and thank all Group employees for their dedication and our shareholders for their loyalty. Their involvement was instrumental in making our capital increase a success, thereby further enhancing our Group's financial strength.* "

2008 financial calendar

| | |
|---|---|
| 10 September 2008 | Calyon Investor Day |
| 13 November 2008 | Third quarter results |

# CRÉDIT AGRICOLE S.A. CONSOLIDATED RESULTS

In a severely deteriorated business climate, Crédit Agricole S.A. showed that it has a robust base of earnings as a result of the extensive diversification of its business activities.

In the **first half of 2008**, **net income (Group share)** was €968 million. The bottom line was down largely as a result of the impact of the international financial crisis on Corporate and investment banking, which posted a loss of €1,339 million.
Apart from Corporate and investment banking, the traditional business lines delivered very solid performances with net banking income increasing by over 6% and net income (Group share) of €2 billion.

During the **second quarter**, net income (Group share), which was severely affected by the deterioration in the monoline's financial strength, came to €76 million. The decline in net income (Group share), excluding Corporate and investment banking and restated for the LCL competitiveness plan, was confined to 18.9% compared with the second quarter of 2007 owing to solid business momentum for the retail banks and good resilience for the specialised business lines.

| In €m | Q2-08 | Q2-07 | ∆ Q2/Q2 | ∆ Q2/Q2* | H1-08 | H1-07 | ∆ H1/H1 | ∆ H1/H1** |
|---|---|---|---|---|---|---|---|---|
| **Net banking income** | 3,249 | 5,271 | (38.4 %) | (4.6 %) | 7,359 | 10,286 | (28.5 %) | + 6.5 % |
| Operating expenses | (3,147) | (3,538) | (11.1 %) | + 7.1 % | (6,365) | (6,497) | (2.0 %) | + 4.8 % |
| **Gross operating income** | 102 | 1,733 | (94.1 %) | (19.9 %) | 994 | 3,789 | (73.8 %) | + 8.8 % |
| Risk-related costs | (365) | (211) | + 73.0 % | + 15.2 % | (811) | (434) | + 86.9 % | + 18.8 % |
| **Operating income** | (263) | 1,522 | nm | (25.3 %) | 183 | 3,355 | (94.5 %) | + 6.9 % |
| Equity affiliates | 205 | 268 | (23.5 %) | (25.5 %) | 548 | 647 | (15.3 %) | (19.1 %) |
| Net gain/(loss) on disposal of other assets | 14 | 5 | x 2.8 | x 2 | 436 | 1,070 | (59.3 %) | nm |
| Tax | 231 | (363) | nm | (43.6 %) | 26 | (843) | nm | + 4.5 % |
| **Net income** | 185 | 1,428 | (87.0 %) | (19.2 %) | 1,191 | 4,221 | (71.8 %) | (0.2 %) |
| **Net income – Group share** | 76 | 1,292 | (94.1 %) | (18.9 %) | 968 | 3,947 | (75.5 %) | (0.8 %) |

* Excluding Corporate and investment banking and LCL competitiveness plan
** Business lines results excluding Corporate and investment banking

**Net banking income** declined by 28.5% to €7,359 million in the first half, including impairment charges of €1,998 million directly related to the US residential mortgage crisis. Hence, the impact of the crisis on Corporate and investment banking detracts from the positive trends for the Retail banking and Specialised business lines.
In Retail banking, net banking income rose by 16.1%, reflecting robust business in France and abroad.
The fall in net banking income for the Specialised business lines was confined to 1.4% on a high basis of comparison in the first half of 2007, demonstrating their resilience in a deteriorated market environment.

In the **second quarter**, net banking income was €3,249 million. Excluding Corporate and investment banking, NBI declined by less than 5%.

**Operating costs** amounted to €6,365 million, including €3,147 million in the second quarter, down 2% on the first half of 2007. On a like-for-like basis and excluding the provision booked in 2007 for the LCL 2007-2010 competitiveness plan, operating costs declined by 0.5%, reflecting the initial results of the cost stabilisation component of the action plan announced in the second quarter.

**Gross operating income** came to €994 million in the first half of 2008, a rise of 8.2% excluding Corporate and investment banking and the 2007 LCL competitiveness plan.

**The net charge for risk-related costs** was €811 million in the first half, primarily due to the increase in collective provisions for Financing activities and impairment charges for counterparty risks in Capital markets and investment banking. Excluding Corporate and investment banking, risks-related costs remained low at €521 million, a rise of 6.1% on the second half of 2007 (on a like-for-like basis).

**The contribution from equity affiliates** amounted to €548 million in the first half. It includes the Regional Banks' contribution (€438 million), which declined by 5.5% owing to a high basis of comparison in 2007 and to the continued application of a conservative loan loss provision policy. The fall in BES's contribution, which stood at €34 million in the first half is partially due to the Portuguese bank's lower earnings.

**Net income from other assets** (€436 million) was mainly composed of the gain generated by the creation of Newedge (€435 million), which was registered in the first quarter.

**In total,** Crédit Agricole S.A.'s net income (Group share) came to €968 million in the first half of 2008.

## FINANCIAL POSITION

At 30 June 2008, Crédit Agricole S.A.'s **equity capital** stood at €74,8 billion, after the capital increase completed in early July. It includes a €3.6 billion shareholder's advance, as announced at the beginning of the year, pending deployment within the Group of the definitive system for treating minority interests under Basel II.

**Shareholders' equity,** Group share, stood at €41,9 billion after the capital increase, compared with €40.7 billion at 31 December 2007. Before the capital increase, the €4.6 billion decline during the first half was due primarily to lower unrealised gains on the portfolio of assets available for sale.

Risk-weighted assets stood at €320.6 billion at end-June 2008.

At 30 June 2008, the Group's CRD solvency ratio was 9.6% and the Tier One ratio was 8.9%. The Core Tier One ratio was 6.5%.

## RESULTS BY BUSINESS LINE

### 1. FRENCH RETAIL BANKING

#### 1.1. - CRÉDIT AGRICOLE REGIONAL BANKS

Business momentum remained solid for the Regional Banks in the first half of 2008. They contributed €342 million to Crédit Agricole S.A.'s net income (Group share).

| €m | Q2-08 | ∆ Q2/Q2 | ∆ Q2/Q1 | H1-08 | ∆ H1/H1 |
|---|---|---|---|---|---|
| Net income accounted for at equity (at 25%) | 118 | (1.2%) | (31.9%) | 292 | (8.7%) |
| Change in share of reserves | 49 | + 48.6% | (50.5%) | 146 | +1.7% |
| **Income from equity affiliates** | 167 | + 9.9% | (38.3%) | 438 | (5.5%) |
| Tax* | (27) | + 66.5% | (61.5%) | (96) | +10.8% |
| **Net income** | 140 | +3.2% | (30.2%) | 342 | (9.2%) |

* Tax impact of dividends received from the Regional Banks.

In the second quarter of 2008, aggregate net banking income (under IAS) of the 38 equity-accounted Regional Banks was 5% higher than in the same year-ago period. In the first half, it amounted to €7,054 million, a rise of 0.2% in an unfavourable monetary and financial climate and on a high basis of comparison in 2007.

The Regional Banks delivered a solid business performance over the period.
The national advertising campaigns contributed to the success and innovation continued in all segments of retail banking to open up the range of products and services to new customers and to meet their needs at all stages in life. The new-generation "Debit/Credit" card – the first combined debit/credit bank card in France – rolled out by all the Regional Banks from June holds substantial promise for the second half in the retail customer segment.

The business franchise expanded, with 200,000 new accounts opened during the first half, mainly by younger customers. This accomplishment was underpinned by the 59 new branches opened over the period and by a further increase in front office staff, which rose by 1 percentage point to 72% of total headcount over the period.

Customer deposits: growth in customer assets at the Regional Banks, which moved up 0.4% year-on-year to €488.5 billion, was held down by poor financial market conditions.
On-balance sheet deposits rose by 4.5% year-on-year, driven by robust growth in risk-free liquid savings products offering attractive returns.
Off-balance sheet customer deposits declined by 3.9%. Securities were down 13.2% year-on-year owing to the plunge in the stock market over the period and to lower investments in equities. By contrast, growth in life insurance was 3.4%, above the market trend.
Lending business remained brisk in the first half of 2008, especially in the farming and local authority segments, with a volume of €33 billion (down 2.3% on the first six months of 2007).
Loans outstanding continued to show growth, rising by 10.1% year-on-year to €339.9 billion. Growth in loans to business customers and local authorities accelerated to 16.3% and 14.9% respectively, confirming the role that the Regional Banks play in regional development.

Revenues from customer business moved up 1.3% in the first half year-on-year, excluding changes in provisions for home purchase savings plans. This reflects the efforts to boost business initiated by the Regional Banks in 2006. Fee income was 5.9% higher than in the first half of 2007, owing to persistently strong growth in insurance (up 9.0%), particularly non-life insurance, and in the penetration rate among existing customers.

Despite substantial investments in the branches and in the development of multi-channel products (telephone, internet, etc.), operating expenses remained under control, stable at 0.1% year-on-year to €3,519 million, including €1,786 million in the second quarter.
As a result, the Regional Banks' cost/income ratio moved up by 0.4 percentage point year-on-year in the first half to 59.5% (based on NBI before dividends and similar income received from Crédit Agricole S.A.).

Aggregate gross operating income came to €2,393 million (based on aggregate IFRS data adjusted for dividends and similar income received from Crédit Agricole S.A.). It was down 1.5% on the first half of 2007 but up 2% after adjustments for changes in provisions for home purchase savings plans.

Risk-related costs amounted to €683 million in the first half. The Regional Banks maintained a stringent individual risk cover policy and further increased their collective provisions.

After consolidation of their subsidiaries' accounts and consolidation adjustments, the Regional Banks' share of net income was €438 million compared with €463 million in the first half of 2007. The Regional Banks business line's contribution to Crédit Agricole S.A.'s consolidated net income came to €342 million, a fall of 9.2%.

## 1.2. – LCL

During the first half of 2008, LCL confirmed the success of its repositioning.
The reorganisation of the retail networks and the development and competitiveness plans launched in 2007 bore fruit during the first two quarters of 2008.

| €m | Q2-08 | ∆ Q2/Q2 | ∆ Q2/Q2* | H1-08 | ∆ H1/H1 | ∆ H1/H1* |
|---|---|---|---|---|---|---|
| Net banking income | 964 | +3.1% | +3.1% | 1,890 | +3.1% | +3.1% |
| Operating expenses | (614) | (21.9%) | +0.5% | (1,259) | (11.8%) | +0.5% |
| Gross operating income | 350 | x2.3 | + 8.2% | 631 | + 55.7% | + 8.9% |
| Risk-related costs | (39) | + 16.1% | + 16.1% | (82) | +13.4% | +13.4% |
| Operating income | 311 | x2.7 | + 7.2% | 549 | + 65.0% | + 8.2% |
| Net income (Group share) | 206 | x2.8 | + 10.7% | 364 | + 63.0% | + 8.1% |
| Cost/income ratio | 63.7% | (20.3 pts) | (1.7 pt) | 66.6% | (11.3 pts) | (1.8 pt) |

* Excluding impact of 2007 competitiveness plan

In terms of business performance, these reorganisations are already starting to pay off, with nearly 60,000 net new individual accounts opened during the first half of 2008 (compared with 40,000 in the first half of 2007), due primarily to several actions targeting young customers.

Growth in lending was a robust 11.7%, compared with 9.5% one year earlier. It was driven by strong momentum in lending to SMEs and small business customers, with a jump of 18.5% year-on-year. Growth in mortgage lending dipped to 9.8% from 11.2% in the first half of 2007 owing to the slowdown in the market and pressures on interest rates.

On- and off-balance sheet deposits were adversely affected by the international financial market crisis. They declined by 1.2% due to the 12.1% fall in securities and mutual funds held by customers. The crisis also affected life insurance, with growth in outstandings slowing to 4.6% from 10.3% in 2007. In this segment, LCL stood out, with a 14% jump in production in a declining market. On-balance sheet customer assets rose by 3.1%, mainly under the impetus of time deposits (up 29.4%) and passbook accounts (up 6.8%), while the decline in home purchase savings plans continued (down 11.5%).

Net banking income moved up 3.1% year-on-year at the end of the first half of 2008. Growth in the second quarter was the same as in the same period of 2007.
Excluding reversals of provisions for home purchase savings plans, year-on-year NBI growth was 4.3% in the first half, driven by a like increase in margins and fee income.
The interest margin was strengthened owing to the favourable interest rate climate, a recovery in margins on production and the rise in volumes.
Fee income reflected the highly negative impact of the worldwide stock market crisis on the securities and mutual fund business. This was partly offset by the franchise's solid momentum in insurance.

Operating costs were stable (up 0.5% year-on-year) excluding the €175 million charge to provisions for the 2007 competitiveness plan booked in the first half of 2007. They amounted to €1,259 million for the six months to 30 June 2008, including €614 million in the second quarter.
Excluding the competitiveness plan, the growth differential between NBI and operating expenses was 2.6% in the first half compared with 1.3% in the same year-ago period. As a result of this favourable scissors effect, gross operating income expanded by 8.9% year-on-year in the first half and the cost/income ratio showed further improvement: it contracted by 1.8 percentage point to 66.6%. In the second quarter of 2008, the cost/income ratio was 63.7%.

Risk-related costs rose by less than €10 million (13.4%) year-on-year in the first half (and by 16.1% year-on-year in the second quarter). This reflects an improvement in the loan cover rate in a climate of robust growth in lending. Risk-related costs were well-controlled, amounting to 32 basis points of risk-weighted assets.

LCL's net income (Group share) rose by 63% year-on-year to €364 million in the first half of 2008, by 8.1% excluding the impact of the 2007 competitiveness plan and by 12.7% when also adjusted for reversals from provisions for home purchase savings plans.
In the second quarter, net income (Group share) increased by nearly 11% to €206 million, excluding the impact of the competitiveness plan.

## 2. INTERNATIONAL RETAIL BANKING

During the first half of 2008, the International retail banking business line delivered robust organic growth.
Net banking income rose by over 36% year-on-year to €1,597 million in the first half. This reflects the change in the business line's scope of consolidation, and more specifically, the construction of the Italian network.
In the second quarter, net banking income grew by 4.3% on the first quarter, reflecting the network's business momentum in a climate of economic deterioration.

| €m | Q2-08 | ∆ Q2/Q2 | ∆ Q2/Q1 | H1-08 | ∆ H1/H1 |
|---|---|---|---|---|---|
| Net banking income | 815 | +16.7% | + 4.3% | 1,597 | + 36.4% |
| Operating expenses | (523) | + 13.7% | +0.5% | (1,044) | + 35.9% |
| Gross operating income | 292 | + 22.6% | + 11.9% | 553 | + 37.4% |
| Risk-related costs | (92) | + 27.7% | (6.0%) | (191) | + 38.8% |
| Operating income | 200 | + 20.4% | +22.8% | 362 | + 36.6% |
| Equity affiliates | 1 | (98.4%) | (96.4%) | 40 | (67.7%) |
| Pre-tax income | 201 | (21.0%) | 0.0% | 402 | +3.4% |
| Net income (Group share) | 96 | (35.3%) | (12.2%) | 205 | (7.3%) |
| Cost/income ratio | 64.2% | (1.7 pt) | (2.4 pts) | 65.3% | (0.3 pt) |

In Italy, the Cariparma FriulAdria group delivered strong positive results during a highly turbulent period.
With a presence in 9 regions and 46 provinces where it holds leadership positions, Cariparma FriulAdria has a leading position in Italy. The branch network is expanding rapidly, with a total of 745 branches[3] at 30 June 2008, including 20 opened during the first half. At the same time, existing structures were reinforced and the Italian operations now encompass all Group business lines.

Cariparma FriulAdria's results confirm the group's growth potential. Net banking income was €768 million in the first half and gross operating income was €354 million, 9% higher than in the second half of 2007. Net income (Group share) rose by 15% to €138 million.
In the second quarter, the entity generated net banking income of €381 million, gross operating income of €174 million and net income (Group share) of €67 million.

Emporiki continued its restructuring in a deteriorating market.
In Greece, the bank is consolidating its domestic positions in a highly competitive market, with loans outstanding up 18% on the first half of 2007 and a 7% rise in deposits. Emporiki also continued to deploy the strategy targeting business customers by opening dedicated centres. Alongside this improvement in business, Emporiki is continuously enhancing the quality of customer service through automation, centralisation and scaling up of "key" banking operations.
The bank’s ambitions in the south-eastern European markets are also being fulfilled, with a network of nearly 80 branches, which are being upgraded to Group standards. Corporate business is vigorous and benefits from good cross-selling.

Emporiki's contribution to net income in the first half was adversely affected by poor market conditions, especially during the first quarter. Net banking income was €375 million in the first half, including €197 million in the second quarter reflecting the bank's better resilience during this period.
Net income (Group share) was a loss of €16 million, most of it generated in the first quarter; the loss in the second quarter amounted to €2 million.

[3] Including private banking branches and corporate and SMEs business centers

The Group's entities in **countries other than Italy and Greece** posted solid business performances. Net banking income from the entities in Africa and the Middle East grew by over 10% in the first half (11% in the second quarter) and the Eastern European entities all delivered double-digit growth as well.

In total, owing to tightly controlled costs, the business line's **gross operating income** expanded by 37% year-on-year to €553 million in the first half of 2008. In the second quarter, gross operating income came to €292 million, a rise of 23%.

**Risk-related costs** also increased, in line with the business line's development, by 39% to €191 million in the first half and by 28% to €92 million in the second quarter.

**Income from equity affiliates** was truncated by the fall in the contribution from BES, due mainly to lower earnings from the Portuguese bank and to the treatment of pension obligations in Crédit Agricole S.A.'s accounts.

The business line's overall **net income (Group share)** was €205 million in the first half of 2008, down 7.3% on the first half of 2007. Net income (Group share) was €96 million in the second quarter.

## 3. SPECIALISED FINANCIAL SERVICES

During the first half of 2008, Specialised financial services turned in a respectable performance in a rather unfavourable business climate.

**Net banking income** for the business line was €1,470 million, about the same as in the first half of 2007. On a like-for-like basis[4], it moved up 2.4%, year-on-year, driven by growth for the entities abroad, whose NBI expanded by over 9%.
The business line's **gross operating income** edged down 2.5% to €672 million, owing to a modest 2.1% increase in operating costs.
The rise in **risk-related costs** was confined to €268 million in the first half.
**Net income (Group share)** came to €253 million in the first half, down nearly 14%. On a like-for-like basis, the decline was less than 3%.

In the second quarter, net income (Group share) was €135 million, down 5% on the same year-ago period.

| €m | Q2-08 | Δ Q2/Q2 | Δ Q2/Q1 | H1-08 | Δ H1/H1 | Δ H1/H1[4] |
|---|---|---|---|---|---|---|
| Net banking income | 744 | +0.2% | +2.6% | 1,470 | 0.0% | +2.4% |
| Operating expenses | (402) | +2.3% | + 1.5% | (798) | +2.1% | +3.5% |
| Gross operating income | 342 | (2.1%) | + 3.9% | 672 | (2.5%) | + 1.2% |
| Risk-related costs | (127) | +2.0% | (9.2%) | (268) | +8.6% | +9.4% |
| Operating income | 215 | (4.5%) | + 13.7% | 404 | (8.7%) | (3.6%) |
| Equity affiliates | 2 | +60.0% | +20.0% | 4 | +37.5% | +37.5% |
| Net gain/(loss) on disposal of other assets | 0 | n.m. | n.m. | 1 | (96.1%) | (83.0%) |
| Pre-tax income | 217 | (5.6%) | +13.1% | 409 | (12.7%) | (4.3%) |
| Net income (Group share) | 135 | (5.1%) | + 13.7% | 253 | (13.7%) | (2.7%) |
| Cost/income ratio | 54.0% | + 1.1 pt | (0.6 pt) | 54.3% | + 1.1 pt | + 0.6 pt |

[4] Excluding changes in scope of consolidation and in business line allocations (primarily the transfer of Lukas to IRB) and excluding the gain on disposal of Finconsum.

In **consumer credit**, the Group defended its leadership positions and continued to develop its sources of growth. Abroad, the Group continues to expand by building leading positions. In Italy, in late April 2008, the Group entered into an agreement with Banco Popolare to merge the two consumer finance subsidiaries, Agos and Ducato. This will lead to the creation of Italy's largest consumer credit company, subject to approval by the relevant authorities.
In the Nordic countries, a new international partnership in auto finance was created with the Ford group at the end of the first half[5]. The Forso Nordic AB joint venture operates in four countries: Sweden, Norway, Denmark and Finland.
In France, innovation continued, for example with the addition of new benefits to the Kangourou card and by the development of portability, with the www.finaref.fr website now available via mobile phone.

**Consumer loan production** grew by 4.4% year-on-year to €16.7 billion in the first half. **Outstandings** rose by 10.1% to €62.5 billion at 30 June 2008.
On a like-for-like basis, outstandings expanded by 8%. This growth was primarily driven by the international entities, which accounted for more than 56% of total outstandings at 30 June 2008 and delivered robust growth of 13% year-on-year and 9.6% on a like-for-like basis.

Net banking income for the consumer credit business was €1,226 million in the first half of 2008 (€622 million in the second quarter), a modest decline of 1.5% on the first half of 2007 and of 1.2% on the second quarter of 2007. It accounted for some 83% of the SFS business line's net banking income.

In **lease finance**, the Group delivered a solid business performance during the first half, with a 23.7% rise in aggregate production, pushing up outstandings to over €14 billion. Over the same period, net banking income advanced by 13.4% and costs remained under control. Although risk-related costs increased from a low basis of comparison in the first half of 2007, net income in this segment jumped 40% to €28 million. Quarter-on-quarter, growth was 51%, with net income (Group share) of €14 million in the second quarter of 2008.

In **factoring**, business continued to grow in a still developing market. Factored receivables expanded by 8.3% year-on-year to €21.7 billion in the first half of 2007. Net income in this segment was virtually stable, edging down 1.2% to €25 million in the first half of 2008 (second quarter: €14 million).

## 4. ASSET MANAGEMENT, INSURANCE AND PRIVATE BANKING

With a sustainable base of recurring revenues derived from the Group's bank franchises, the Asset management, Issuer services, Insurance and Private banking business line proved to be extremely resilient to the downturn.

| €m | Q2-08 | ∆ Q2/Q2 | ∆ Q2/Q1 | H1-08 | ∆ H1/H1 |
|---|---|---|---|---|---|
| Net banking income | 1,058 | (7.8%) | (3.6%) | 2,156 | (2.3%) |
| Operating expenses | (470) | + 7.2% | (2.9%) | (954) | +6.8% |
| Gross operating income | 588 | (17.1%) | (4.1%) | 1,202 | (8.5%) |
| Risk-related costs | 9 | x2 | n.m. | 3 | (16.7%) |
| Operating income | 597 | (16.4%) | (2.0%) | 1,205 | (8.5%) |
| Equity affiliates | 1 | n.m. | n.m. | 2 | (80.0%) |
| Pre-tax income | 598 | (16.3%) | (1.8%) | 1,207 | (8.8%) |
| Net income (Group share) | 415 | (8.7%) | (0.1%) | 831 | (7.3%) |
| Cost/income ratio | 44.4% | + 6.2 pts | + 0.3 pt | 44.3% | + 3.8 pts |

[5] The entity will be consolidated for the first time in the second half of 2008.

At 30 June 2008, the business line's assets under management in Asset management, Private banking and Life insurance amounted to nearly €772 billion. Excluding double counting, AUM amounted to €584.4 billion in the first half. This modest 4.9% fall was induced by the decline in equity markets, an unfavourable currency impact and the outflow of funds in Asset management. Even so, aggregate net new inflows topped the €5 billion mark in the first half.

In Asset management, AUM, which were adversely affected by lower valuations, stood at €489.7 billion at 30 June 2008. They declined by 6.7% over the first six months, which was less than the market.
Through its strategy of cautious management tailored to market conditions, the Group maintained its leading position in France, with a market share of 18.8% for mutual funds, and in Europe (4% market share).
Outflows during the first half were confined to 1.4% of AUM (€7.4 billion) owing to record new inflows into money-market funds and structured funds, which offset most of the decline in absolute performance VaR products and equity products.

The Group continued actively to expand abroad, primarily through organic growth. It rounded out its range of products and services for targeted customer segments. It also significantly reinforced its sales and marketing organisation within recently acquired or partner retail networks. Operations in the Middle East were strengthened with the inauguration of CAAM Saudi Fransi, a joint venture with Bank Saudi Al Fransi in Saudi Arabia.

In securities and issuer services, CACEIS continued to expand and delivered solid financial results, with a 24.6% advance in net banking income in the first half (16.2% on a like-for-like basis).
Assets under custody rose by €54 billion in the first half to €2,326 billion at 30 June 2008. Assets under administration increased by €103 billion to €1,047 billion. Excluding acquisitions, most of the reduction in assets induced by the market decline was offset by development of the business franchise.

In Private banking, net new inflows amounted to €1.3 billion in the first half. However, assets under management declined by €3.8 billion (down 2.3%) year-on-year to €92.6 billion at end-June 2008, due to unfavourable market and currency impacts.

Including assets under management in international retail banking (Cariparma FriulAdria in Italy, Bank Saudi Al Fransi (BSF) in the Middle East) and LCL Private Banking's Large Private Investors (GIP) business in France, assets under management topped €120 billion (excluding private banking clients of the Regional Banks).

In life insurance, several negative factors adversely affected the sector: a slowdown in transfers from home purchase savings plans; a shift of savings into liquid products offering attractive returns; and aversion to investing in the stock market, which adversely affected flows into unit-linked products.
Against this backdrop, the Group turned in a respectable performance with premium income of €11.2 billion in the first half of 2008, a dip of just 3.3% on the same year-ago period. In Provident insurance, growth remained high at 14.3% year-on-year. In Savings, the diversification of product ranges is capturing new customer segments. Lastly, business was also driven by sources of growth abroad; BES Vida, CA Vita (formerly Po Vita) and Emporiki Life generated premium income of €1.9 billion over the period.

In all, mathematical provisions rose by 7.2% year-on-year to €189.4 billion. Excluding CA Vita and Emporiki Life, which were newly integrated into the business line, growth was 4.5%. With outstanding of €176.9 billion, Predica confirmed its rank as No.1 in bankinsurance and No.2 in insurance in France.

In non-life insurance, Pacifica again registered a solid performance in the second quarter with premium income at €1,205 million, up 25.7% on the same year-ago period. Excluding AF IARD (100% acquired at end-September 2007), premium income rose by 18.2%.
In France, growth in premium income was driven by the distribution networks' solid business performance. Pacifica's portfolio expanded by 22.9% to almost 6.9 million policies, and by 9.8% on a like-for-like basis.
Abroad, Finaref Insurance is actively developing its credit insurance line, especially in Poland, Italy and Germany. In Italy, CA Assicurazioni, which was created in September 2007, launched its property & casualty insurance business in June through the Cariparma FriulAdria network.

Solid momentum for all segments of the business line was reflected in a limited 2.3% year-on-year decline in **net banking income** in the first half. NBI was €2,156 million in the first half and €1,058 million in the second quarter. It was underpinned by growth drivers abroad.

**Operating expenses** increased by 6.8% in the first half (7.2% in the second quarter) due to growth by acquisition. On a like-for-like basis, expenses were well controlled, edging up 0.8% year-on-year. **Gross operating income** was €1,202 million, down 8.5% year-on-year, and the cost/income ratio remained at 44.2%.

The business line's **net income (Group share)** totalled €831 million in the first half and €415 million in the second quarter.

## 5. CORPORATE AND INVESTMENT BANKING

During the first half of 2008, the persistent effects of the crisis in the US residential mortgage market and strong market turbulence primarily affected the Capital markets and investment banking businesses, leading to the recognition of additional impairment charges that cut net income by €1,339 for the first half, €693 million for the 2nd quarter. Financing activities, brokerage and commercial revenues in the Fixed income business stood up well.

| €m | Q2-08 | Q2-08* | H1-08 | H1-08* | ∆ Q2*/Q2* | ∆ H1*/H1* |
|---|---|---|---|---|---|---|
| **Net banking income** | (275) | 782 | (357) | 1,641 | (55.4%) | (53.2%) |
| Operating expenses | (902) | (902) | (1,838) | (1,838) | (5.7%) | (1.7%) |
| **Gross operating income** | (1,177) | (120) | (2,195) | (197) | | |
| Risk-related costs | (120) | (120) | (290) | (246) | | |
| **Operating income** | (1,297) | (240) | (2,485) | (443) | | |
| Equity affiliates | 33 | 33 | 65 | 65 | | |
| **Pre-tax income** | (1,264) | (207) | (2,420) | (378) | | |
| Net income (Group share) | (855) | (162) | (1,650) | (311) | | |

* Excluding subprime crisis impact.

Excluding impairment charges due to the subprime crisis, **net banking income** in the first half of 2008 would have been €1,641 million, down 53.2% by comparison with the previous year, due to the contraction in revenues in certain Capital markets and investment banking activities. Commercial positions and Financing activities stood up well.

After analysing the impact of 12 months of financial crisis on Calyon's recurring business operations, a refocusing plan has been developed and will be unveiled in September 2008. During the second quarter of 2008, Calyon initiated a cost-cutting plan that cut expenses by 11% year-on-year, pro forma Newedge, i.e. including the effects of the merger of the Calyon Financial and Fimat brokerage subsidiaries, which was completed during the first quarter of 2008. This reduction was achieved due to a combination of three factors: change in trend in staff number, controlled operating expenses and adjustment of the variable compensation system to reflect the new environment. In the first half, **operating costs**, pro forma Newedge, declined by 8%.

**Risk-related costs** came to €290 million, reflecting several factors: a €44 million crisis-related impairment charge in the first quarter, charges for a limited number of specific deals, and an increase in collective provisions.

In all, the business line's **net income (Group share)** was a loss of €1,650 million. Excluding the crisis impact, the loss would have been €311 million (€162 million in the second quarter).

## Financing activities

After a year of strong business growth in 2007, Financing activities stood up well in a more difficult climate in 2008. More stringent selection criteria were applied to financing, particularly in project finance and acquisitions, thereby providing good control over outstanding and enhancing the quality of the portfolio.

Net banking income declined by 23.8% in the first half to €922 million. Excluding syndication discounts applied to a limited number of deals and totalling €142 million, net banking income was down 7% at constant exchange rates. In the second quarter, net banking income was €353 million or €462 million excluding syndication discounts.

In structured finance, revenues were down 4% year-on-year in the first half (at constant exchange rates and excluding syndication discounts) due to scaled-down LBO activity and project financing. Ship, aircraft and international trade finance delivered a solid performance. Commercial banking operations stood up well, both in France and abroad, with a 9% dip in revenues (at constant exchange rates and excluding syndication discounts).

Operating costs were tightly controlled. They declined by 8% compared with the first half of 2007. Gross operating income came to €476 million and €618 million excluding syndication discounts. In the second quarter, gross operating income was €246 million excluding syndication discounts.

Risk-related costs primarily reflected an increase in collective provisions for the mortgage sector and the Americas region. At 30 June 2008, the stock of collective provisions stood at €1,281 million.

Lastly, net income (Group share) in Financing activities came to €229 million in the first half of 2008 compared with €582 million in the first half of 2007. In the second quarter, net income (Group share) was €59 million. Excluding syndication discounts, it would have been €139 million.

| €m | Q2-08 | Q2-08* | H1-08 | H1-08* | ∆ Q2/Q2* | ∆ H1/H1* |
|---|---|---|---|---|---|---|
| Net banking income | 353 | 462 | 922 | 1,064 | (20.6%) | (12.1%) |
| Operating expenses | (216) | (216) | (446) | (446) | (7.6%) | (8.3%) |
| Gross operating income | 137 | 246 | 476 | 618 | (29.3%) | (14.7%) |
| Risk-related costs | (81) | (81) | (182) | (182) | n.m. | n.m. |
| Operating income | 56 | 165 | 294 | 436 | (52.0%) | (40.6%) |
| Equity affiliates | 33 | 33 | 65 | 65 | (5.7%) | (7.4%) |
| Pre-tax income | 89 | 198 | 359 | 501 | (47.7%) | (37.7%) |
| Tax | (11) | (41) | (97) | (136) | (56.9%) | (33.7%) |
| Net income (Group share) | 59 | 139 | 229 | 332 | (49.1%) | (43.0%) |
| Cost/income ratio | 61.2% | 46.8% | 48.3% | 41.9% | +6.6 pts | +1.7 pt |

* Excluding effect of syndication discounts

## Capital markets and investment banking

| €m | Q2-08 | Q2-08* | H1-08 | H1-08* | Δ Q2*/Q2* pro forma Newedge | Δ H1*/H1* pro forma Newedge |
|---|---|---|---|---|---|---|
| Net banking income | (628) | 428 | (1,279) | 719 | (65.2%) | (70.0%) |
| Operating expenses | (686) | (686) | (1,392) | (1,392) | (12.3%) | (7.3%) |
| Gross operating income | (1,314) | (258) | (2,671) | (673) | | |
| Risk-related costs | (39) | (39) | (108) | (64) | | |
| Operating income | (1,353) | (297) | (2,779) | (737) | | |
| Tax | 445 | 81 | 912 | 209 | | |
| Net income (Group share) | (914) | (222) | (1,879) | (540) | | |

* Excluding subprime crisis impact

In the first half of 2008, revenues in Capital markets and investment banking were adversely affected by impairment charges for US residential property assets and by the weakened financial position of monoline insurers. The impact of these factors on net banking income for this business is broken down as follows:

- impairment on US residential ABSs and CDOs: -€551 million;
- write-down on monoline insurers : -€1,705 million;
- mark to market adjustment on structured issues: +€258 million.

Apart from these specific factors, the business stood up well during the first half. Fixed income commercial business showed good resilience, with erosion in revenues confined to 13% in the first half of 2008 compared with the average for 2007. In the second quarter, revenues for the Securities business were 7% higher than in the first quarter and revenues in Fixed income recovered.

Net banking income was €719 million in the first half, excluding the crisis impact, and €428 million in the second quarter.

Operating expenses contracted by 7% over the first half (12% quarter to quarter), pro forma Newedge, in line with the announced cost-cutting plan.

Risk-related costs came to €64 million, including €39 million charged in the second quarter. They mainly reflect the unwinding of securities repurchase agreements.

Excluding the subprime crisis impact, the business line's net income (Group share) was a loss of €540 million in the first half and of €222 million in the second quarter.

## 6. PROPRIETARY ASSET MANAGEMENT AND OTHER ACTIVITIES

In the first half of 2008, results for proprietary asset management and other activities registered several exceptional items which make it difficult to compare figures with the first half of 2007, when substantial gains on disposal were also recognised.

In the first half of 2008, net banking income includes a €882 million gain on the disposal of the stake in Suez and net income from other assets includes a €435 million gain arising from the creation of Newedge.

In the first half of 2007, the business line recognised a €448 million gain on the sale of Intesa shares under net banking income and a €1,043 million net gain on dilution under net gains on disposal of other assets following the creation of the new Intesa Sanpaolo group.

| €m | Q2-08 | ∆ Q2/Q2 | ∆ Q2/Q1 | H1-08 | ∆ H1/H1 |
|---|---|---|---|---|---|
| Net banking income | (57) | n.m. | n.m. | 603 | + 47.7% |
| Operating expenses | (236) | (53.1%) | +0.5% | (472) | (37.6%) |
| Gross operating income | (293) | (12.4%) | n.m. | 131 | n.m. |
| Risk-related costs | 6 | (58.5%) | (44.0%) | 17 | x4.9 |
| Operating income | (287) | (10.3%) | n.m. | 148 | n.m. |
| Equity affiliates | 0 | (97.7%) | (50.5%) | (1) | (96.3%) |
| Net gain/(loss) on disposal of other assets | 14 | x4.5 | (96.7%) | 435 | (58.5%) |
| Pre-tax income | (273) | (17.2%) | n.m. | 582 | (14.3%) |
| Net income (Group share) | (61) | (49.1%) | n.m. | 623 | (33.6%) |

In the first half, Private Equity generated net banking income of €33 million (€15 million in the second quarter), down sharply by comparison with the first half of 2007, due to the deterioration in market conditions. Gross operating income was €13 million and net income (Group share) was €3 million.

Excluding the Private Equity business, the business line's net banking income was €571 million, a rise of over 85%. In addition to the gain on Suez, it reflects a solid performance in financial management and the negative effect of the increase in the cost of funds. Net banking income for the business line was a loss of €72 million in the second quarter. Operating costs were €452 million in the first half, down 39% on the first half of 2007, which included a €310 million provision for the LCL competitiveness plan.

Proprietary asset management and other activities generated net income (Group share) of €623 million, a decline of 33.6% on the first half of 2007.

## CRÉDIT AGRICOLE GROUP CONSOLIDATED RESULTS

In the first half of 2008, the Crédit Agricole Group's **net income (Group share)** came to €1,596 million after impairment charges reflecting the impact of the ongoing international financial crisis on Corporate and investment banking.

**Net banking income** was €13,570 million, a fall of 18.5% and of 8.2% excluding the impact of the crisis on Corporate and investment banking and despite good resilience in the other business lines, which again delivered good results, reflecting the strength of their fundamentals.

**Operating expenses** were tightly controlled. They declined by 1.5% compared with the first half of 2007, which included the investment in LCL's competitiveness plan. Adjusted for this provision, operating expenses moved up 3.3% due to the expanded scope of consolidation.
Net income (Group share) amounted to €1,596 million, after **risk-related costs** of €1,509 million (the rise was due primarily to the change in scope of consolidation and the increase in collective provisions), a €104 million **contribution from equity affiliates** and €441 million of **net income from other assets** (primarily the gain arising from the creation of Newedge),

Total **shareholders' equity (Group share)** was €61 billion at 30 June 2008. The CAD/ESR ratio was 10% with a Tier 1 ratio of 8.3%. The Core Tier 1 ratio of Crédit Agricole Group was 7.1%.

| €m | H1-08 | H1-07 | ∆ H1/H1 |
|---|---|---|---|
| **Net banking income** | **13,570** | **16,650** | **(18.5%)** |
| Operating expenses | (10,136) | (10,292) | (1.5%) |
| **Gross operating income** | **3,434** | **6,358** | **(46.0%)** |
| Risk-related costs | (1,509) | (972) | +55.2% |
| **Operating income** | **1,925** | **5,386** | **(64.3%)** |
| Equity affiliates | 104 | 188 | (44.7%) |
| Net income on other assets | 441 | 1,042 | (57.7%) |
| **Pre-tax income** | **2,470** | **6,616** | **(62.7%)** |
| Tax | (645) | (1,622) | (60.2%) |
| **Net income** | **1,823** | **4,986** | **(63.4%)** |
| **Net income - Group share** | **1,596** | **4,728** | **(66.2%)** |

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Investor relations
Denis Kleiber +33 (0) 1 43 23 26 78
Philippe Poeydomenge de Bettignies +33 (0) 1 43 23 23 81
Brigitte Lefebvre-Hebert +33 (0) 1 43 23 27 56
Annabelle Wiriath +33 (0) 1 43 23 40 42