TRANSPARENCY

UPDATE A01

OF THE 2018 REGISTRATION DOCUMENT

CRÉDIT AGRICOLE GROUP FINANCIAL STATEMENTS 2018

CRÉDIT AGRICOLE GROUP

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CRÉDIT AGRICOLE S.A.

UPDATE

OF THE 2018 REGISTRATION DOCUMENT

CRÉDIT AGRICOLE GROUP FINANCIAL STATEMENTS 2018

2018-A01

AUTORITÉ DES MARCHÉS FINANCIERS

AMF

This update of the 2018 Registration Document was filed with the French market Authority (*Autorité des Marchés Financiers*, AMF) on 03 April 2019. It updates the Registration Document filed with the French market Authority (*Autorité des Marchés Financiers*, AMF) on 26 March 2019 under number D.19-0198, in accordance with Article 212-13 of the AMF's General Regulations. It may be used in support of a financial transaction if accompagnied by a transaction note approved by the AMF. This document was prepared by the issuer and its signatories are liable for the content.

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

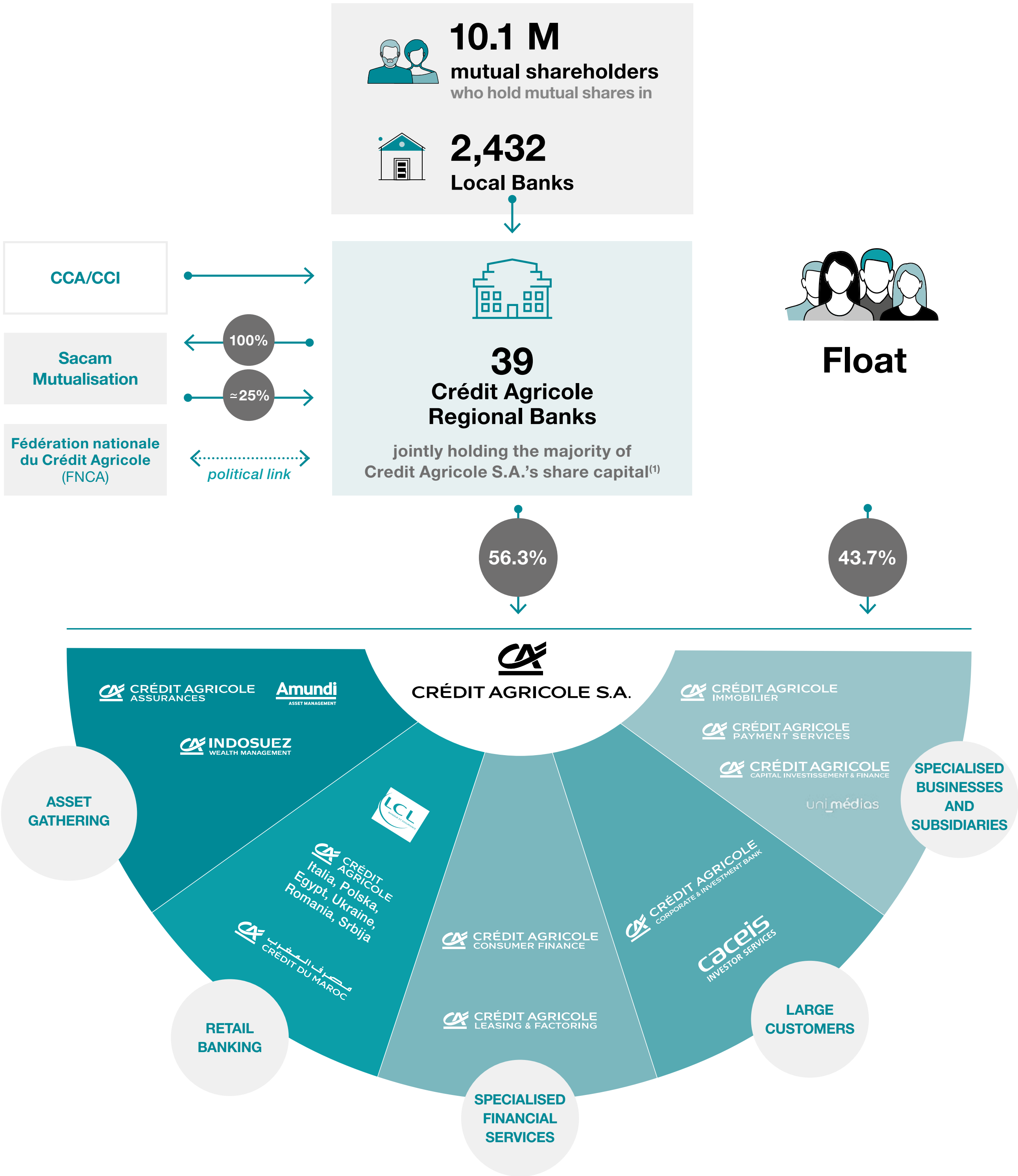
47 countries

141,000 employees

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.



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

KEY FIGURES

BUSINESS AT 31 DECEMBER 2018

(in billions of euros)	31/12/2018
Total assets	1,854.8
Gross customer loans[1]	971.8
Customer deposits[2]	990.1

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

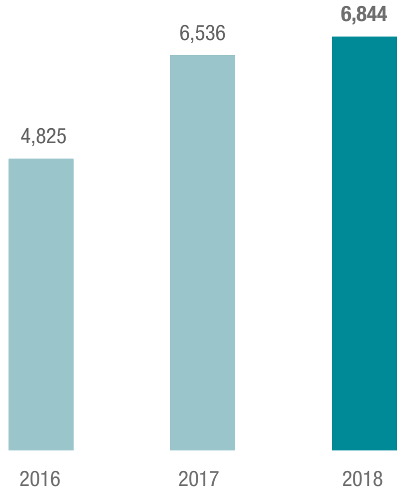
TRENDS IN EARNINGS

Condensed income statement

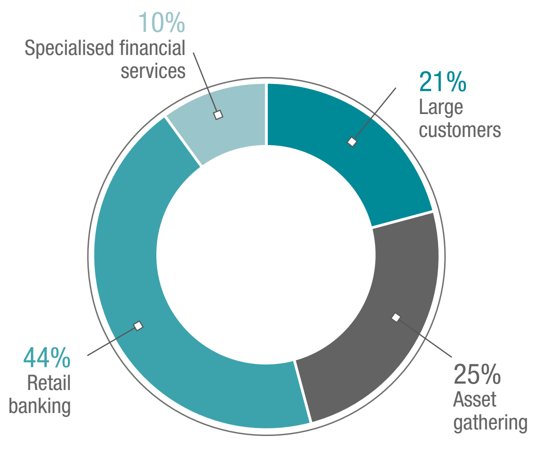
(in millions of euros)	2016	2017	2018
Revenues (NBI)	30,427	32,108	32,839
Gross Operating Income	10,201	11,197	11,385
Net income	5,172	7,010	7,369
Net income Group share	4,825	6,536	6,844

Net income Group share

(in millions of euros)



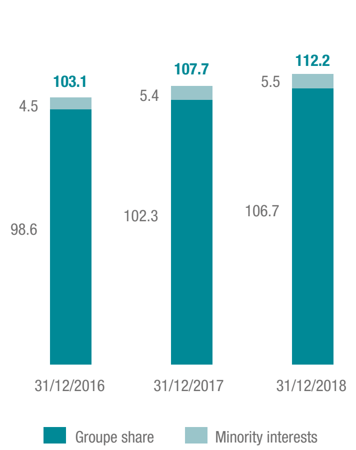
Business line contribution to net income Group share[1]



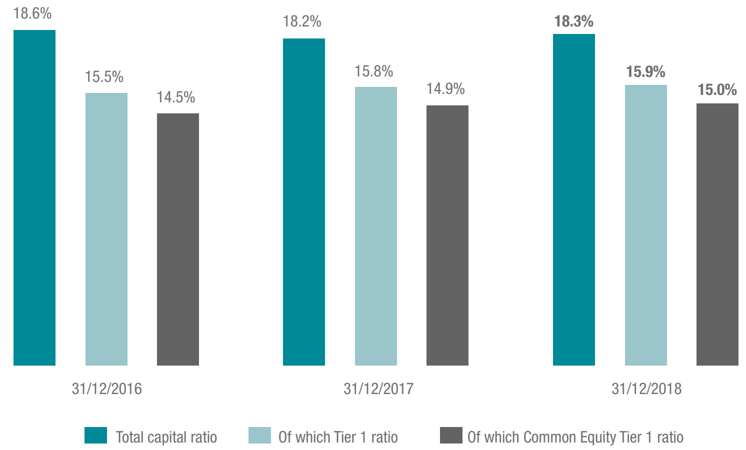
(1) Excluding Corporate Centre (CC).

FINANCIAL STRUCTURE

Total equity
(in billions of euros)



Solvency ratios fully loaded
(as a percentage)



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

INDEX PRESENCE AND CSR RATINGS

FTSE4Good

EURONEXT vigeo

CDP DRIVING SUSTAINABLE ECONOMIES

MSCI

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

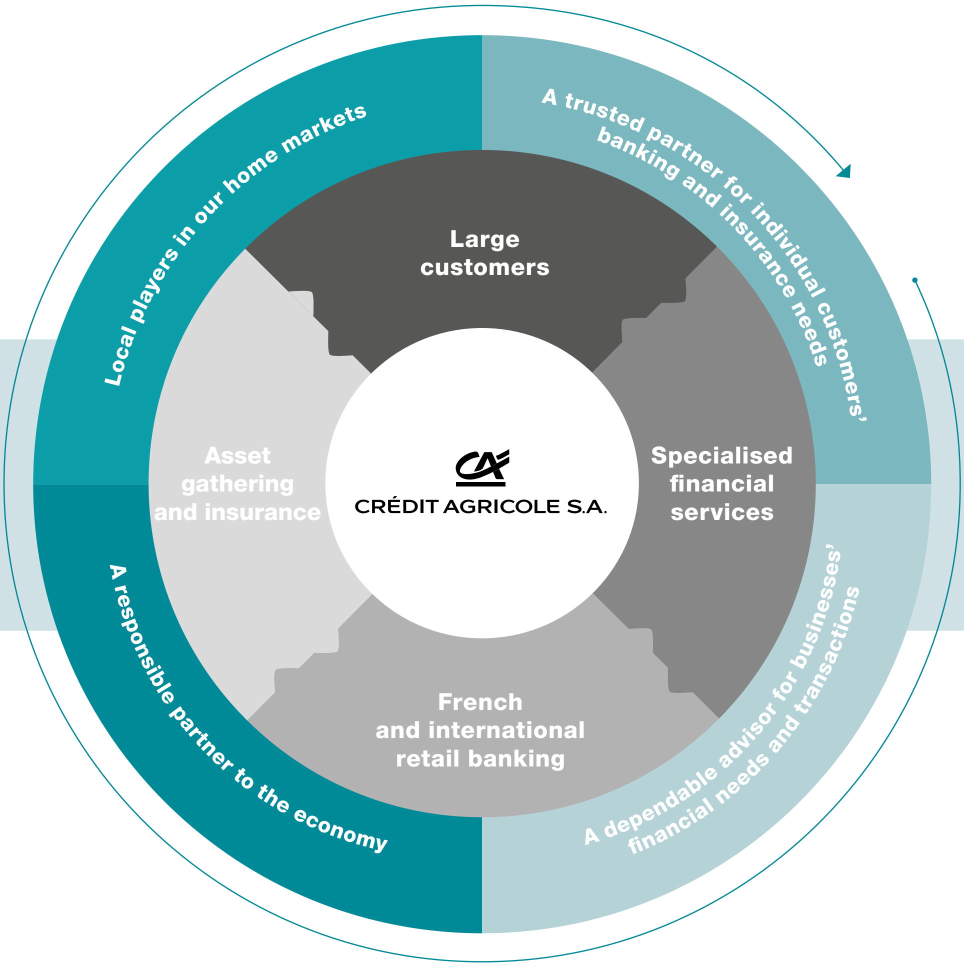
OUR CAPITAL
- Shareholders’ Equity, Group Share:
  - Group: €106.7bn
  - Crédit Agricole S.A.: €58.8bn

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

OUR FOUNDATION: THE REGIONAL BANKS



OUR PARTNERS’ CUSTOMERS

51 MILLION CUSTOMERS

OUR LARGE CORPORATE AND INSTITUTIONAL CUSTOMERS

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

OUR UNIVERSAL CUSTOMER-FOCUSED BANKING MODEL

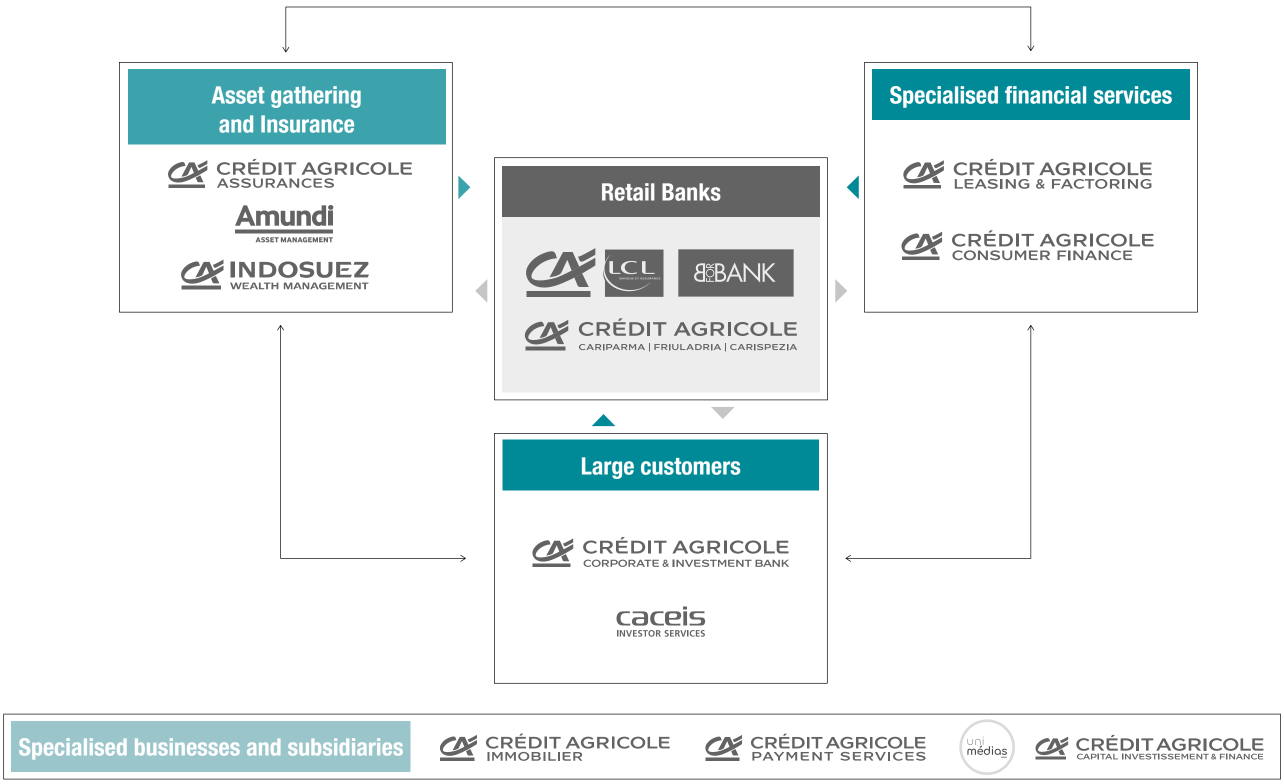
Crédit Agricole Group's universal customer-focused banking model is based on the close association of its retail banks with its specialised business lines. The Regional Banks are at the heart of this model, based on recognised know-how in the distribution of all the financial products and services developed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



THE BUSINESS LINES OF CRÉDIT AGRICOLE GROUP AT 31 DECEMBER 2018

RETAIL BANKING

REGIONAL BANKS

MISSION: located throughout the country, the 39 Regional Banks are co-operative entities and fully-fledged banks that provide support for the plans of all types of customer: individuals, high net worth customers, farmers, SMEs and small businesses, corporate customers and those operating in the public sector and the social economy.

OUR OFFERING: an advisory approach based on a full range of products and services, available in-branch or remotely, that are designed to meet customer needs in terms of banking (payment, savings, financing, corporate financing and international), insurance (property and personal risk) and property (including advisory and valuation of property assets, property management and lease management).

KEY FIGURES:

24.5 million customers, including 21 million individual customers

> 10 million of members

22.9% [1] market share of the household credit

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

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

(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.

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.

RETAIL BANKING – REGIONAL BANKS

Regional Banks

Business and organisation

The Crédit Agricole Regional Banks (CRCA) are co-operative entities and fully-fledged banks that have a leading position in all their retail banking markets in France: individual customers *(source: Sofia 2017)*, SMEs and small businesses *(source: Pépites CSA 2018)* farmers *(source: Adéquation 2018)*, and corporates *(source: Kantar TNS 2017)*.

Through the Group business lines, they market a range of products and services designed to meet the financial and wealth management needs of their customers: payment instruments, insurance, savings, financing, corporate finance, real estate, and international support. They have a network of nearly 6,800 branches, backed up by around 6,000 in-store servicing points on the premises of small retailers and provide their customers with a comprehensive remote banking system.

With 21 million individual customers, the Regional Banks account for 23.2% of the household bank deposit market *(source: Banque de France, September 2018)*.

Bank chosen by 81% of farmers for professional purposes *(source: Adéquation 2018)*, they are also well and truly the leader in terms of personal banking.

The Regional Banks are also the market leader for SMEs and small businesses, both in terms of their private and professional needs with a market share of 34% *(source: Pépites CSA 2018)*. Every day, Crédit Agricole's 3,800 professional advisers and experts help more than a million entrepreneurs reach new goals.

The Regional Banks are also ranked number one on the corporate market, with a market penetration rate of 37% *(source: Kantar TNS 2017)*. The CRCAs are specifically structured to provide advice and support to nearly 90,000 corporate customers (start-up, SMEs and mid-caps) with more than 750 business managers, relationship managers and dedicated contacts for business leaders. Finally, they provide ongoing support for local authorities and those working locally in the public sector and social economy in general, with around 200 specialist business managers.

PROJET CLIENT

2018 highlights

The year was marked by the Group pushing ahead on the Customer Project that was announced in the Medium Term Plan Strategic Ambition 2020, which is based on **three pillars: an organisational model, universal customer-focused banking; a distribution model, multi-channel retail banking; a relational model, customer-relationship banking.**

Our universal customer-focused, multi-channel and relationship-based banking model

- **Solid expansion, which is anchored in our universal customer-focused, multi-channel and relationship-based banking model: Regional Banks welcomed 1.3 million new customers in 2018:**
  - our share (penetration rate) of the individual customer demand deposit market grew for the second consecutive year (+0.4 points) to 26.1%[1];
  - 80,000 EKO accounts since it was launched, 73% of which were opened by new customers;
  - housing loan market share up 1.8 points over three years, to 24.9%[2];
  - consumer credit up 1 point, to 10.6%[2];
  - property and personal risk insurance policies up by 1.5 million since 2015.
- **The digitalisation of our procedures increases user-friendliness in key areas for our customers:**
  - Crédit Agricole has been ranked a Digital Performer by D Rating;
  - 70% of our key offerings to individual customers have been digitalised. In real estate: a project habitat space means that each step of the financing process can be followed online, electronic signatures on home loan documentation have been adopted by 9 customers out of 10 for eligible loans (70% of home loans).
- **New offerings and new approaches adopted by our advisory business line transform the customer experience:**
  - since October 2018, *Trajectoires Patrimoine*, the wealth management advice offering enables every customer to make the best choices in order to increase their wealth, right from the first euro. 60,000 customers have benefitted from this approach since its launch;
  - the express pro loan, with immediate agreement, Eko, a simple, entry-level solution, offering access to branches and to all other offerings, for €2/month, Cash in time, a real-time digital factoring solution;
  - a recognised approach to innovation (the *Les Échos* CAC 40 "Ecosystem" prize for the Villages By CA network, its innovation funds and other initiatives).
- **A role as important as ever in financing the French national and regional economy:**
  - record levels of financing in the corporate market: In 2018, the Regional Banks created 12.8 billion in support of our customers (+16.6%);
  - launch of the Trade Club: a digital solution that puts international corporate customers in touch with each other;
  - investment in the local economy though the CARD fund (€96.4 million investment in SMEs and mid-caps), launch of the energy business line (servicing platform from Unifergie).

(1) Source: Baroc 2018 CSA Institute.
(2) Crédit Agricole S.A. Economic Research department.

A commitment to digital transformation

- **The audiences of the Crédit Agricole brand:**
  - Crédit Agricole, market leader in banking and finance, with 13.2 million unique visitors *(source: Médiamétrie).*
- **Digitising processes:**
  - **digitalisation rate** of all our offerings:
    - 70% for individual customers and 60% for SMEs and small businesses,
    - 100% of CA branches equipped with tablets;
  - **electronic signatures** used in branch:
    - 61.7% of eligible signatures,
    - transfers: ~75% of transfers conducted online.
- **Usage: MaBanque App:**
  - MaBanque (CA): the premier banking application in Europe with 6 million downloads; use continues to grow (+18% over the last six months);
  - 4.2 million users, +28% compared to December 2017;
  - 90.5 million connections, +33% compared to December 2017.
- **Online and remote sales:**
  - **Home loans:**
    - 15% of business with electronic origins (in number of cases funded, e-immo),
    - nine out of ten customers opt for electronic signature of eligible loans;
  - **Property insurance: nearly 30% of sales.**

On the retail market, the year was driven by good momentum in all banking, insurance and real estate segments. Retail inflows were driven by demand deposits in particular (+7.4% Dec./Dec.), but there was also still significant interest in the *Livret A* passbook savings account, which was confirmed in recent quarters (+9.9% at end 2018). In life insurance, gross inflows stood at €12.8 billion, with unit-linked policies (UC) accounting for 23.2% of gross inflow in 2018.

In terms of home loans, the Regional Banks were driven by sustained activity and posted a market share of 24.9% of outstanding loans at end September 2018, up by 0.5 of a point compared to September 2017 *(source: Banque de France).* Consumer credit was also up 6% year on year, boosted by a sharply increased promotion by the Regional Banks.

In the field of insurance, with more 10.7 million policies on the books, property and personal insurance policies rose by 2.6%, driven by the new personal accident cover policy and the new motorcycle insurance offering.

On the high net worth customers market, the Regional Banks have a leading position, with a 28% penetration rate *(source: Ipsos Baromètre Clientèle Patrimoniale 2018).* Management solutions and the stock market app enable us to meet the expectations of high net worth customers in terms of the management of their assets.

Commercial activity from **French farmers** remained strong in 2018 against a backdrop of improved results from Ferme France. Loans were stable in 2018 at €7.3 billion. The rollout of the Agil@ppro offering launched in 2017 is picking up speed. Agil@ppro is a mobile financing solution for agricultural supplies, operated in partnership with suppliers.

The trend which began in 2016 on the **SME and small business market** continued in 2018, with the number of SMEs and small businesses in France (excluding those classified as auto-entrepreneurs (sole traders)) increasing rapidly. Crédit Agricole, the leading bank for SMEs and small businesses, continued its expansion in a very dynamic market, with the intention of reinforcing its position as a genuine partner of SMEs and small businesses. Rapid development on the healthcare professional segment, growing three times more quickly than the market over two years (6% compared with 2%).

Outstanding loans continued to increase (+5% in a year). Very strong momentum in equipment insurance from our SME and small business customers. More than one SME and small business customer out of three is now insured by CA (equipment insurance rate of 34.7% to end 2018 (+1.6 points). The Express Pros Agris loan, the first online, unsecured loan offering with immediate agreement launched in 2017, finances one in four SME and small business applications.

On the corporate market, the year was marked by record financing with €12.8 billion lent by the Regional Banks in support of our customers (+16.6%). Crédit Agricole continued its successful momentum, with a penetration rate that increased by 0.6 of a point to 33.3%. An energy business line was launched in 2018 to support the Customer Project in our markets (corporate, agriculture, public sector). It is based on a national platform to streamline processes for accessing expertise within the Group. On the international front: the launch of the CA Trade Club, a platform that puts corporate customers in touch with each other to accelerate the international expansion of our SME and mid-cap customers.

On the not-for-profit market, Crédit Agricole continues to work closely with the charity sector, providing cooperative support to our Foundations and Local Banks. Against a backdrop of reduced government grants and increasing social needs, Crédit Agricole has also reinforced its presence by increasing its commitments, particularly in the health, medico-social and training sectors. Crédit Agricole Indosuez Wealth talked about its expertise in bond and property investment at the *Forum des associations* (Charity Forum), the charity world's major annual meeting.

In terms of local authorities, the *Salon des maires* (Mayors' Fair) provided an opportunity for Crédit Agricole to illustrate its commitment to boosting the performance of the regions (in terms of tourism, trade, etc.). This three-day fair included various events for local elected representatives, in conjunction with the Villages by CA project.

Crédit Agricole S.A. provides the Regional Banks with funding at preferential rates and these funds are then distributed to our customers for use in certain, defined areas. For example, the Savoy Regional Bank funded the construction of an elementary school with seven classrooms, a sports' hall and school canteen for a commune of less than 2,000 inhabitants. The buildings comply with the latest environmental standards and allow 210 pupils to be educated in the best possible conditions.

The social housing market is being completely restructured, following the Finance Act of 2018 and the ELAN Act of 23 November 2018. Crédit Agricole is working closely with social housing providers, funding one in every two housing associations *(source: BDF data June 2018),* providing them with support for restructuring, in particular. As part of our partnership with the *Action Logement* Group (formerly *1 % Logement*), Crédit Agricole is helping to promote "Visale", the free rent security deposit for young people under 30 or over 30 under certain conditions, by displaying it on our website, credit-agricole.fr.

Innovation at the heart of our Group strategy

- **Creation and development: La Fabrique by CA:**
  - first start-up studio established in 2017 to launch and develop the growth of start-up.
- **Support and growth: Villages by CA:**
  - roll out of 29 Villages by CA in 2018;
  - 547 start-up mentored and 497 partner companies.
- **Innovation and investment:**
  - the two Innovation Funds launched in 2017, CA Innovation et Territoire and Fintech Insurtech invested in holdings in 20 start-up.

The 2018 business line presentation of the other subsidiaries and divisions can be found after page 16 of the 2018 Registration Document.


MANAGEMENT REPORT
1

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 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

(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).

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 trended 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.

OPERATIONS AND CONSOLIDATED RESULTS OF THE CRÉDIT AGRICOLE GROUP

(in millions of euros)	2018 stated	2017 stated	Δ 2018/2017 stated	2018 underlying	2017 underlying	Δ 2018/2017 underlying
Revenues	**32,839**	**32,108**	**+2.3%**	**32,813**	**32,315**	**+1.5%**
Operating expenses excl. SRF	(21,065)	(20,626)	+2.1%	(21,006)	(20,450)	+2.7%
SRF	(389)	(285)	+36.2%	(389)	(285)	+36.2%
Gross operating income	**11,385**	**11,197**	**+1.7%**	**11,418**	**11,580**	**(1.4%)**
Cost of risk	(1,640)	(1,536)	+6.8%	(1,640)	(1,536)	+6.8%
Cost of legal risk	(80)	(115)	(30.8%)	(75)	(115)	(34.8%)
Equity-accounted entities	266	732	(63.7%)	333	527	(36.9%)
Net income on other assets	87	5	x17,2	87	16	x5,6
Change in value of goodwill	86	186	(54.1%)	-	0	(100.0%)
Income before tax	**10,105**	**10,470**	**(3.5%)**	**10,123**	**10,472**	**(3.3%)**
Tax	(2,733)	(3,479)	(21.5%)	(2,743)	(2,912)	(5.8%)
Net income from discontinued or held-for-sale operations	(3)	20	n.m.	(3)	20	n.m.
Net income	**7,369**	**7,010**	**+5.1%**	**7,377**	**7,580**	**(2.7%)**
Non controlling interests	(525)	(474)	+10.6%	(527)	(457)	+15.5%
NET INCOME GROUP SHARE	**6,844**	**6,536**	**+4.7%**	**6,849**	**7,123**	**(3.8%)**
COST/INCOME RATIO EXCL. SRF *(in %)*	**64.1%**	**64.2%**	**-0.1PP**	**64.0%**	**63.3%**	**+0.7PP**

In full-year 2018, reported net income reached €6,844 million, compared with €6,536 million in full-year 2017, representing an increase of +4.7%.

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 -€587 million. The largest were tax-related, totalling -€671 million, of which -€407 million were related to revaluation of deferred tax assets, -€343 million were for the corporate tax surcharge and +€79 million for dividend tax refunds. In addition, the disposal of the equity investment in Eurazeo and part disposal of the equity investment in Banque Saudi Fransi generated a gain of +€205 million in net income Group share.

The acquisition cost of Pioneer and the three Italian banks was adjusted by +€83 million in net income Group share. Goodwill also generated an adjusted gain of +€186 million, of which -€222 million for impairment of goodwill of CA Polska and +€408 million from the negative goodwill relating to the acquisition of the three Italian banks.

The other specific items had an aggregate effect of -€170 million on net income, including in particular the issuer spread for -€153 million, the Cheque Image Exchange penalty for -€98 million, the DVA (Debt Value Adjustment) for -€43 million, loan portfolio macro-hedges for -€37 million, liabilities cost adjustment of the Regional Banks for -€148 million and the Home purchase savings plan provision for +€290 million.

Since 1 January 2018 and the transition to IFRS 9, the effect of issuer spread on the fair value of liabilities has been recognised directly under equity, without any impact on prudential capital. This effect in terms of net income Group share amounts to +€418 million for full-year 2018.

Excluding these specific items, **underlying net income Group share** decreased to **€6,849 million,** a **-3.8% decrease** from full-year 2017.

Underlying net banking income rose by **+1.5%** compared to 2017, standing at €32,315 million. 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). Excluding these scope effects, underlying net banking income would have been unchanged.

Underlying operating expenses remained well controlled, rising by +2.7%, or +€556 million to €21,006 million excluding the 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 €389 million, *i.e.* +36.2% compared to 2017, concentrated in the first two quarters of 2017 and 2018.

The **underlying cost of credit risk rose by +6.8%** to €1,640 million, compared with €1,536 million in full-year 2017, excluding **non-specific provisions for legal risk** of €75 million for 2018 recorded in the fourth quarter, and €115 million for 2017 (€40 million recorded in the first quarter of 2017 and €75 million in the third quarter of 2017).

The **underlying contribution from equity-accounted entities** decreased by **-36.9%** 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 €205 million in 2017. **On a like-for-like basis,** the contribution of equity-accounted entities increased by **+2.0%,** attributable mainly to the excellent performance of Amundi's joint ventures in Asia and to the automotive partnerships in Consumer finance.

Underlying income before tax, discontinued operations and non-controlling interests decreased by **-3.3%** to €10,123 million. The underlying tax charge amounted to €2,743 million in 2018, *i.e.* -5.8% 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 28.0% in 2018 compared with 29.3% in 2017.

These changes combined led to a fall in underlying net income before non-controlling interests of -3.3% compared to 2017. **Non-controlling interests** decreased by -5.8%, essentially due to the decrease in the Group's stake in Amundi from 75.6% to 70.0% 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 income Group share decreased by **-3.8%** to **€6,849 million.**

The following specific items affected the financial statements of Crédit Agricole Group in 2018 and 2017:

(in millions of euros)	2018 Gross impact[1]	2018 Impact on NIGS	2017 Gross impact[1]	2017 Impact on NIGS
Issuer spreads (CC)	-	-	(249)	(153)
DVA (LC)	22	16	(66)	(43)
Loan portfolio hedges (LC)	23	17	(57)	(37)
Home Purchase Savings Plans (LCL)	(1)	(1)	65	43
Home Purchase Savings Plans (CC)	(3)	(2)	156	103
Home Purchase Savings Plans (RB)	(15)	(10)	220	144
Adjustment on liability costs (RB)	-	-	(218)	(148)
Liability management upfront payment (CC)	-	-	39	26
Check Image Exchange penalty	-	-	(98)	(98)
Total impact on revenues	**26**	**21**	**(207)**	**(164)**
Pioneer integration costs (AG)	(56)	(29)	(135)	(58)
Integration costs 3 Italian banks (IRB)	(2)	(0)	(41)	(24)
Total impact on operating expenses	**(59)**	**(29)**	**(176)**	**(83)**
ECB fine (CC)	(5)	(5)	-	-
Total impact Non-allocated legal risk provisions	**(5)**	**(5)**	**-**	**-**
Eurazeo sale (CC)	-	-	103	103
Disposal of BSF (LC)	-	-	102	102
Fine to FCA Bank (SFS)	(67)	(67)	-	-
Total impact on equity affiliates	**(67)**	**(67)**	**205**	**205**
Change of value of goodwill (CC)	86	74	186	131
Total impact on change of value of goodwill	**86**	**74**	**186**	**131**
Tax surcharge		-		(343)
3% dividend tax refund		-		79
Deferred tax revalorisation		-		(407)
Total impact on tax		**-**		**(671)**
CA Italy acquisition costs (IRB)	-	-	(11)	(6)
Total impact on Net income on other assets	**-**	**-**	**(11)**	**(6)**
TOTAL IMPACT OF SPECIFIC ITEMS	**(19)**	**(5)**	**(2)**	**(587)**
Asset gathering	*(56)*	*(29)*	*(135)*	*(178)*
French Retail banking	*(16)*	*(10)*	*8*	*(400)*
International Retail banking	*(2)*	*(0)*	*(51)*	*(30)*
Specialised financial services	*(67)*	*(67)*	*-*	*43*
Large customers	*45*	*34*	*(21)*	*(68)*
Corporate centre	*78*	*67*	*198*	*48*

(1) Impact before tax and before minority interests.

Solvency

At end-December 2018, Crédit Agricole Group had one of the strongest **fully-loaded CET1 ratios** in Europe at **15.0%,** +0.1 percentage point change compared to end-December 2017 (14.9%). Compared to 1 January 2018, taking into account the application as of that date of IFRS 9, *i.e.* an impact of -26 basis points, the CET1 ratio increased by +0.3 percentage points. This stability is the result of contrasting variations.

-97 basis points are related to retained earnings for the year, taking into account the proposed dividend of €0.69 per share. However, equity was impacted by -10 basis points following the fall in OCI reserves resulting from the decline in the markets during the year.

Solvency ratios were also impacted over the year by regulatory requirements including the deduction in respect of irrevocable payment commitments to the Single Resolutions Fund, the impacts of the TRIM and an anticipation of the effects of Basel 4 on non-financial operating risks for a total of -39 basis points.

At 15.0% this ratio provides a substantial buffer of +550 basis points above the 2019 proforma SREP/P2R threshold of 9.5% (excluding the counter-cyclical buffer)(1).

The impact on the fully-loaded CET1 ratio of the first-time application of IFRS 16 in 2019 has been estimated based on the financial statements at 31 December 2018 at -7 basis points.

At the same time, risk-weighted assets remained at a level of €542 billion at 31 December 2018, compared to €522 billion at 31 December 2017, with the increase in risk-weighted assets focused on both the Large customer business, whose profitable activities grew during the year, and which was also affected by the regulations, and on the activities of the Regional Banks.

The phased-in total ratio was 18.7% at 31 December 2018, *versus* 18.6% at 31 December 2017.

Lastly, Crédit Agricole Group's phased-in leverage ratio under the Delegated Act adopted by the European Commission was 5.4% at 31 December 2018 *versus* 5.6% at 31 December 2017.

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 Group's businesses are housed in five business lines:

- Asset gathering;
- 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 by business line to the net income Group share of Crédit Agricole Group

(in millions of euros)	**2018**	**2017**
French retail banking	2,976	3,270
International retail banking	386	281
Asset gathering	1,916	1,724
Specialised financial services	738	766
Large customers	1,560	1,331
Corporate centre	(732)	(835)
TOTAL	**6,844**	**6,536**

(1) Ratio 610 basis points above the threshold of Maximum Distributable Amount (MDA).

1. Retail banking in France – Regional Banks

Regional Banks *(in millions of euros)*	2018 stated	2017 stated	Δ 2018/2017 stated	2018 underlying	2017 underlying	Δ 2018/2017 underlying
Revenues	**13,040**	**13,277**	**(1.8%)**	**13,055**	**13,313**	**(1.9%)**
Operating expenses excl. SRF	(8,657)	(8,487)	+2.0%	(8,657)	(8,487)	+2.0%
SRF	(87)	(43)	x2	(87)	(43)	x2
Gross operating income	**4,296**	**4,746**	**(9.5%)**	**4,311**	**4,783**	**(9.9%)**
Cost of risk	(634)	(218)	x2,9	(634)	(218)	x2,9
Cost of legal risk	0	0	ns	0	0	ns
Equity-accounted entities	12	6	+97.9%	12	6	+97.9%
Net income on other assets	(1)	(5)	(69.4%)	(1)	(5)	(69.4%)
Change in value of goodwill	0	0	ns	0	0	ns
Income before tax	**3,673**	**4,529**	**(18.9%)**	**3,688**	**4,566**	**(19.2%)**
Tax	(1,280)	(1,772)	(27.8%)	(1,285)	(1,491)	(13.8%)
Net income from discontinued or held-for-sale operations	0	0	ns	0	0	ns
Net income	**2,393**	**2,758**	**(13.2%)**	**2,403**	**3,075**	**(21.9%)**
Non controlling interests	(0)	(0)	(18.7%)	(0)	(0)	(18.7%)
NET INCOME GROUP SHARE	**2,393**	**2,757**	**(13.2%)**	**2,403**	**3,075**	**(21.9%)**

In 2018, the Regional Banks activities as part of the Universal Customer-focused Banking model continued experiencing sustained growth rates.

Customer assets, standing at €691.9 billion, grew by +2.7% year-on-year. This increase was driven by solid growth in on-balance sheet deposits: outstandings of €434 billion at end-December 2018, *i.e.* +5.0% year-on-year. Growth continued to be driven by demand deposits (+8.6% year-on-year) and Livret A deposit accounts (+9.9%).

Off-balance sheet deposits (€258 billion) fell by just -1%, attributable to a poor market environment in the fourth quarter of 2018 which impacted the securities activity (-8.2% *versus* December 2017). Life insurance assets under management rose +1.9%, driven by growth in multi-fund life insurance policies (+€3 billion, +1.8%) and unit-linked contracts (share of unit-linked contracts in assets under management +6.1% compared to December 2017).

(in billions of euros)	2018	2017	Δ 2018/2017
Demand deposits	148.8	137.0	+8.6%
Home purchase savings	103.2	99.8	+3.4%
Passbook accounts	131.0	123.2	+6.4%
Term deposits deposits	51.0	53.3	(4.4%)
Sub-total accounts	434.0	413.3	+5.0%
Securities	44.2	46.2	(4.4%)
Mutual Funds and REITs	23.7	27.6	(14.4%)
Life insurance	190.2	186.7	+1.9%
Sub-total off balance sheet	258.0	260.5	(1.0%)
TOTAL OUTSTANDINGS	**691.9**	**673.8**	**+2.7%**

Loans outstanding rose by +6.7% *versus* 31 December 2017 to €487.4 billion. The increase in loans outstanding was underpinned by all credit categories: home loans (+7.8% *versus* 31 December 2017), business loans (+10.4%) and consumer credit (+8.5%).

At end-December 2018, the drive to achieve synergies continued, borne out in particular by a single-year increase of 11.9% in outstanding consumer credit lent by the Regional Banks and managed by CACF, while, over the same period, the number of personal and property insurance contracts on the books increased by 4.5%.

These improvements are associated with customer recruitment, *i.e.* 1.3 million new customer relationships since the beginning of the year, including BforBank. The launch of EKO in December 2017, an entry-level banking offer common across all Regional Banks, made it possible to attract new prospects and nearly 80,000 customers have opened an account since its launch, *i.e.* 8% of new accounts opened over the period, in line with the customer segment specifically targeted by the offer: 37% of the new relationships were formed online.

The outstanding loans were as follows:

(in billions of euros)	2018	2017	Δ 2018/2017
Home Loans	296.9	275.6	+7.8%
Consumer finance	20.1	18.5	+8.5%
Small business and professionnals	100.2	91.8	+9.2%
Farming	38.6	38.1	+1.4%
Local authorities	31.5	32.8	(3.9%)
TOTAL	**487.4**	**456.7**	**+6.7%**

For the financial year 2018, the contribution of the Regional Banks to the underlying results of Crédit Agricole Group amounted to €2,403 million, against a contribution of €3,075 million in 2017. At end-2018, it was affected by adverse market conditions and a base effect detrimental to the cost of risk.

In 2018, specific items included a home purchase saving plan provision of -€15 million in net banking income (-€10 million in net income Group share). In 2017, specific items included a reversal of the home purchase saving plan provision of +€220 million (+€144 million in net income Group share), an adjustment on liability costs in the amount of -€218 million in net banking income (-€148 million in net income Group share), tax impacts of -€281 million and the Cheque Image Exchange penalty of -€38 million in net banking income (same impact on net income).

The underlying net banking income for the year was down 1.9% to €13,055 million. This decrease was due to the adverse effect of the market environment on the Regional Banks' investment portfolios. By contrast, their customer business revenues rose +0.5% in 2018 compared to 2017, confirming the turning point identified in the third quarter of 2018. They therefore benefited from the strong growth in volumes. Fees and commissions continued to grow, posting a sustained increase of +2.6% over the year.

Underlying operating expenses (excluding SRF) totalled €8,657 million for full-year 2018, recording an increase of 2% compared to end-2017, mainly linked to IT investments required by the Medium Term Plan. Worthy of note are the €45 million dedicated to "Macron" bonuses in the fourth quarter of 2018. The cost/income ratio (excluding SRF) was 63.7%, unchanged compared to end-2017.

The cost of risk increased sharply in late December 2018, reaching €634 million for full-year 2018, *i.e.* almost three times the amount at the end-December 2017. This increase is linked in particular to lower reversals of collective provisions, which had been substantial in 2017 due to the implementation of IFRS 9. However, at 14 basis points, the cost of risk relative to outstandings is still very low for the Regional Banks[1]. Non-performing loans amounted to 2% of gross assets at 31 December 2018 (against 2.2% at 31 December 2017) and the coverage ratio was 100%.

(1) Average over last four rolling quarters, annualised.

2. French retail banking – LCL

(in millions of euros)	2018 stated	2017 stated	Δ 2018/2017 stated	2018 underlying	2017 underlying	Δ 2018/2017 underlying
Revenues	**3,433**	**3,491**	**(1.7%)**	**3,433**	**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	**1,042**	**1,049**	**(0.7%)**	**1,043**	**1,005**	**+3.7%**
Cost of risk	(220)	(204)	+7.5%	(220)	(204)	+7.5%
Cost of legal risk	0	0	ns	0	0	ns
Equity-accounted entities	0	0	ns	0	0	ns
Net income on other assets	50	6	x8,6	50	6	x8,6
Change in value of goodwill	0	0	ns	0	0	ns
Income before tax	**872**	**851**	**+2.5%**	**873**	**807**	**+8.2%**
Tax	(288)	(338)	(14.8%)	(288)	(211)	+36.6%
Net income from discontinued or held-for-sale operations	(1)	0	ns	(1)	0	ns
Net income	**583**	**513**	**+13.6%**	**583**	**596**	**(2.1%)**
Non controlling interests	0	(0)	ns	0	(0)	ns
NET INCOME GROUP SHARE	**583**	**513**	**+13.7%**	**584**	**596**	**(2.0%)**

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 2.7% compared to end-2017, with a significant fall over the last quarter of 2018 due to the stock market decline. However, life insurance posted good performance with total net inflows of +€1 billion in 2018.

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% year-on-year, 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.

In full-year 2018, changes in the home purchase savings provision are 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 million in net banking income (-€1 million in net income Group share). In full-year 2017, to the home purchase savings provision (+€65 million in net banking income, *i.e.* +€40 million in net income Group share), must be added the Exchange Image Cheque penalty of -€21 million in net banking income (-€21 million in net income Group share) and tax adjustments of -€105 million in tax (-€99 million in net income Group share). Details of these items can be found on page 16 of this document.

LCL's underlying revenues totalled €3,433 million, unchanged on the previous year (-0.4%). Note the decline in renegotiation commissions and early repayment fees, which fell to €17.5 million in 2018 from €95 million the previous year. Excluding these fees, the underlying net banking income increased in comparison to the previous 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.

(1) Source: Crédit Logement monthly observatory.

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.

As a result, gross operating income increased by +3.7% 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 €584 million at end-December 2018, a decrease of just -2% *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 **8%** of Crédit Agricole Group's **underlying net income Group share of the business lines** (excluding the Corporate Centre) in 2018 and **10% of their underlying revenue.**

3. 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 Cariparma has been completed since September 2018.

(in millions of euros)	2018 stated	2017 stated	Δ 2018/2017 stated	2018 underlying	2017 underlying	Δ 2018/2017 underlying
Revenues	**2,835**	**2,594**	**+9.3%**	**2,835**	**2,594**	**+9.3%**
Operating expenses excl. SRF	(1,790)	(1,624)	+10.2%	(1,788)	(1,583)	+12.9%
SRF	(22)	(10)	x2,1	(22)	(10)	x2,1
Gross operating income	**1,023**	**960**	**+6.6%**	**1,025**	**1,000**	**+2.5%**
Cost of risk	(359)	(433)	(17.1%)	(359)	(433)	(17.1%)
Cost of legal risk	0	0	ns	0	0	ns
Equity-accounted entities	0	0	ns	0	0	ns
Net income on other assets	14	(7)	ns	14	3	x4,1
Change in value of goodwill	0	0	(100.0%)	0	0	(100.0%)
Income before tax	**678**	**520**	**+30.5%**	**680**	**571**	**+19.2%**
Tax	(191)	(159)	+20.2%	(192)	(174)	+10.5%
Net income from discontinued or held-for-sale operations	0	0	(100.0%)	0	0	(100.0%)
Net income	**487**	**361**	**+35.0%**	**488**	**397**	**+23.0%**
Non controlling interests	(101)	(80)	+25.9%	(102)	(86)	+18.4%
NET INCOME GROUP SHARE	**386**	**281**	**+37.6%**	**387**	**311**	**+24.3%**

Over 2018 as a whole, the underlying net income of **international retail banking** stood at €387 million, an increase of +24.3% compared to 2017, mainly driven by growth in gross operating income (+2.5% *versus* 2017) thanks to a now-positive jaws effect at CA Italia, and to an improvement in credit quality (a -17.1% 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 of 2018 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 63.1%. 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 62.4%.

As a reminder, the legal entities of the three banks were all merged with CA Italia at the end of September 2018 and it is no longer possible to isolate their scope effect when making comparisons with 2017.

International retail banking contributed 5% of Crédit Agricole Group's underlying net income Group share of the business lines (excluding the Corporate Centre) in 2018 and 9% of their underlying revenue.

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 the end of December 2018, excluding assets under custody. As a reminder, inflow data for the three acquired banks were integrated from the end of 2017 at their consolidation date, the change therefore is no longer distorted by a scope effect.

(1) Percentage owned at 31 December 2018.

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 are up. On-balance sheet deposits amounted to €40.6 billion at end-December 2018, down -4.2% on 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 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 relative 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 increase 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 due to 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 (€0 million in net income Group share). In 2017, these items represented -€41 million in operating expenses and -€11 million in net gains/losses on other assets (an impact of -€30 million in net income Group share). Details of these items can be found on page 16 of this document.

The underlying net banking income of IRB Italy stood at €1,885 million, up +13.4% on 2017. Note that net banking income for the fourth quarter of 2018 is the highest level of net banking income 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 was €275 million at end-December 2018, a significant decrease of -12.3% compared to end-December 2017, despite the increase in scope. The **cost of risk relative to outstandings** was 67 basis points[2], down -25 basis points year-on-year (92 basis points in the fourth quarter of 2017). The sharp decline since the integration of the three banks at end-December 2017 reflects an improvement in the portfolio quality across the entire scope and the favourable risk exposure of the three banks after pre-cleaning 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 underlying net income of international retail banking in Italy came to €219 billion, an increase of +19.9% compared to 2017. The change reflects the growth target of the franchise of 20% thanks to the acquisitions of the last three banks.

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 Group share.

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%[3] 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%[3]. The increase was primarily driven by sharp increases in Egypt (+23%[3]), Ukraine (+17%[3]) and Serbia (+16%[3]). Loans outstanding stood at €10.7 billion at end-December, a year-on-year increase of +6.5%[3].

The surplus of deposits over loans remained at €1.5 billion at end-December 2018.

In full-year 2018, net banking income was up +1.9% compared to 2017 at €950 million. Note that the performance in the fourth quarter 2018 was the best in 2018.

Operating expenses rose slightly by +2.2% over the same period. The cost/income ratio stood at 62.9%, unchanged over the period.

Thus, operating income posted solid growth of +1.3% to end-December 2018 compared to the same period in 2017.

The cost of risk fell by a sharp -29.7% over the same period to -€84 million.

A capital gain of +€14 million related to the disposal of real estate at Crédit du Maroc over the fourth quarter of 2018 is recognised under gains or losses on other assets.

In 2018, the business division's underlying net income Group share came to €168 million, an increase of +30.5% compared with 2017.

All subsidiaries saw their income rise in 2018 compared to 2017 (Poland +15%[3], Egypt +10%[3], Morocco +28%[3], Ukraine +43%[3]).

(1) Source: ABI (Italian Banking Association).
(2) Average over last four rolling quarters, annualised.
(3) Excluding foreign exchange impact.

4. Asset Gathering – AG

This business line encompasses Asset Management, Insurance and Wealth Management.

(in millions of euros)	2018 stated	2017 stated	Δ 2018/2017 stated	2018 underlying	2017 underlying	Δ 2018/2017 underlying
Revenues	**5,770**	**5,255**	**+9.8%**	**5,770**	**5,255**	**+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	**2,934**	**2,546**	**+15.2%**	**2,990**	**2,681**	**+11.5%**
Cost of risk	(17)	(25)	(31.2%)	(17)	(25)	(31.2%)
Cost of legal risk	0	0	ns	0	0	ns
Equity-accounted entities	47	33	+44.2%	47	33	+44.2%
Net income on other assets	(3)	4	ns	(3)	4	ns
Change in value of goodwill	0	0	ns	0	0	ns
Income before tax	**2,961**	**2,559**	**+15.7%**	**3,018**	**2,694**	**+12.0%**
Tax	(773)	(647)	+19.5%	(788)	(579)	+36.1%
Net income from discontinued or held-for-sale operations	(1)	21	ns	(1)	21	ns
Net income	2,186	1,933	+13.1%	2,228	2,136	+4.3%
Non controlling interests	(271)	(209)	+29.4%	(284)	(234)	+21.1%
NET INCOME GROUP SHARE	**1,916**	**1,724**	**+11.1%**	**1,944**	**1,902**	**+2.2%**

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).

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 (-€58 million in net income) and non-recurring tax impacts in the amount of -€120 million.

In 2018, the business division's reported net income Group share came to €1,916 million, an increase of +11.1% compared with 2017. **Underlying net income** amounted to **€1,944 million, an increase of +2.2%/+€42 million.** The scope effect came to +€75 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 of €30 million, which was not restated in specific items, and had a negative impact on growth in the division's net income Group share.

Asset Gathering contributed **25%** of Crédit Agricole S.A.'s **underlying net income Group share of the business divisions** (excluding the Corporate centre) **in 2018** and **17% of underlying revenues also excluding the Corporate centre.**

Contribution of insurance business to the Crédit Agricole Group net income

The Insurance business line reflects the results of Crédit Agricole Assurances, a wholly-owned subsidiary of Crédit Agricole Group, which covers all insurance businesses: savings/retirement, property & casualty, death & disability, creditor and group insurance.

(in millions of euros)	2018 stated	2017 stated	Δ 2018/2017 stated	2018 underlying	2017 underlying	Δ 2018/2017 underlying
Revenues	**2,442**	**2,240**	**+9.0%**	**2,442**	**2,240**	**+9.0%**
Operating expenses excl. SRF	(694)	(743)	(6.6%)	(694)	(743)	(6.6%)
SRF	0	0	ns	0	0	ns
Gross operating income	**1,747**	**1,497**	**+16.7%**	**1,747**	**1,497**	**+16.7%**
Cost of risk	(0)	(0)	x68,3	(0)	(0)	x68,3
Cost of legal risk	0	0	ns	0	0	ns
Equity-accounted entities	0	(0)	ns	0	(0)	ns
Net income on other assets	(3)	0	ns	(3)	0	ns
Change in value of goodwill	0	0	ns	0	0	ns
Income before tax	**1,744**	**1,497**	**+16.5%**	**1,744**	**1,497**	**+16.5%**
Tax	(452)	(357)	+26.7%	(452)	(233)	+93.9%
Net income from discontinued or held-for-sale operations	(1)	21	ns	(1)	21	ns
Net income	**1,291**	**1,161**	**+11.1%**	**1,291**	**1,285**	**+0.4%**
Non controlling interests	(10)	(3)	x3,1	(10)	(3)	x3,1
NET INCOME GROUP SHARE	**1,281**	**1,158**	**+10.6%**	**1,281**	**1,282**	**(0.1%)**

In full-year 2018, Crédit Agricole Assurances' total revenues reached €33.5 billion, an increase of +10.1% compared to 2017.

In the **Savings/Retirement** activity, revenue 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 compared 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 take-up rates** of 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 in 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) Take-up rate: percentage of individual banking customers holding at least one insurance product (Pacifica estimates). Scope: auto, home, health, life accidents and legal protection insurance.

The specific items for full-year 2017 include non-recurring tax impacts in the amount of -€124 million.

In 2018, the Insurance business line's **reported net income Group share** came to **€1,281 million,** an increase of +10.6% compared with 2017. Excluding specific items relating to tax recorded in the fourth quarter of 2017, **underlying net income Group share** remained practically unchanged (-0.1% at €1,281 million). 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 +2.3%.

Revenues totalled €2,442 million in 2018, a year-on-year **increase of +9.0%.** 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%** at end-December 2018, showing an improvement of 1.3 percentage point compared 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 **28.4%,** an improvement of 4.7 percentage points compared to 2017.

Insurance contributed **17% of Crédit Agricole S.A.'s underlying net income Group share of the business lines** (excluding the Corporate Centre) in full-year 2018 and **7% of their underlying revenue.**

The solvency ratio of Crédit Agricole Assurances was 188% at 31 December 2018.

Amundi's contribution to the Crédit Agricole Group net income

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 S.A. sold some of its preferential rights to reduce its percentage interest, which was 75.7% before that date. The new ownership percentages have applied since the second quarter of 2017. A slight dilution (-0.1 percentage point) occurred in the third quarter of 2018 owing to an increase in share capital reserved for Amundi employees.

The 2017 financial statements incorporate the second half contribution of Pioneer Investments, Unicredit's asset management company, which was acquired on 3 July 2017.

(in millions of euros)	2018 stated	2017 stated	Δ 2018/2017 stated	2018 underlying	2017 underlying	Δ 2018/2017 underlying
Revenues	**2,506**	**2,255**	**+11.1%**	**2,506**	**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	**1,089**	**926**	**+17.6%**	**1,146**	**1,061**	**+8.0%**
Cost of risk	(11)	(13)	(15.3%)	(11)	(13)	(15.3%)
Cost of legal risk	0	0	ns	0	0	ns
Equity-accounted entities	47	33	+44.1%	47	33	+44.1%
Net income on other assets	(0)	(1)	(91.3%)	(0)	(1)	(91.3%)
Change in value of goodwill	0	0	ns	0	0	ns
Income before tax	**1,125**	**944**	**+19.2%**	**1,182**	**1,080**	**+9.5%**
Tax	(297)	(279)	+6.6%	(312)	(334)	(6.7%)
Net income from discontinued or held-for-sale operations	0	0	ns	0	0	ns
Net income	**828**	**666**	**+24.4%**	**870**	**745**	**+16.7%**
Non controlling interests	(253)	(195)	+29.8%	(266)	(220)	+20.9%
NET INCOME GROUP SHARE	**575**	**471**	**+22.2%**	**604**	**525**	**+14.9%**

Amundi posted **assets under management**[1] of **€1,425 billion** to end-December 2018, virtually stable 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 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.

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 (-€58 million in net income Group share) and non-recurring tax impacts in the amount of +€4 million.

(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 2018, the Insurance business line's **reported net income Group share** came to **€575 million,** an increase of +22.2% compared with 2017. Excluding integration costs for Pioneer recorded in 2017 and 2018 and excluding specific tax items recorded in the fourth quarter of 2017, **underlying net income Group share** stood at **€604 million,** up **+14.9%** compared to 2017.**Revenues** came to €2,506 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%** and a decrease of -6.1% on a like-for-like basis. 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 **(+44.1%** *versus* 2017), driven notably by the joint ventures in India and China.

On a like-for-like basis[(1)], underlying net income overall posted a slight rise (+1.8%) compared to 2017.

The **underlying cost/income ratio excluding SRF** amounted to **54.2%,** a 1.3 point deterioration compared 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 **8%** of Crédit Agricole S.A.'s **underlying net income Group share of the business lines** (excluding the Corporate Centre) in 2018 and **8%** of their **underlying revenue.**

Contribution of CA Indosuez Wealth Management to the net income of Crédit Agricole Group

The assets under management referred to in the activity figures only include those of the CA 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.

(in millions of euros)	2018 stated	2017 stated	Δ 2018/2017 stated	2018 underlying	2017 underlying	Δ 2018/2017 underlying
Revenues	**822**	**760**	**+8.2%**	**822**	**760**	**+8.2%**
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**	**124**	**(21.5%)**	**97**	**124**	**(21.5%)**
Cost of risk	(5)	(11)	(52.0%)	(5)	(11)	(52.0%)
Cost of legal risk	0	0	ns	0	0	ns
Equity-accounted entities	0	0	ns	0	0	ns
Net income on other assets	(0)	6	ns	(0)	6	ns
Change in value of goodwill	0	0	ns	0	0	ns
Income before tax	**92**	**118**	**(22.2%)**	**92**	**118**	**(22.2%)**
Tax	(24)	(12)	x2,1	(24)	(12)	x2,1
Net income from discontinued or held-for-sale operations	0	0	ns	0	0	ns
Net income	**68**	**106**	**(36.4%)**	**68**	**106**	**(36.4%)**
Non controlling interests	(8)	(11)	(29.8%)	(8)	(11)	(29.8%)
NET INCOME GROUP SHARE	**60**	**95**	**(37.1%)**	**60**	**95**	**(37.1%)**

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 +8.2% 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 is 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 **€60 million,** down **-37.1%** 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 **2% of their underlying income.**

(1) Combined contributions to underlying income of Amundi and Pioneer taking account of the amortisation of distribution agreements in 2017.

5. 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. Note 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.

(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	0	0	ns	0	0	ns
Equity-accounted entities	187	241	(22.4%)	254	241	+5.4%
Net income on other assets	1	(1)	ns	1	(1)	ns
Change in value of goodwill	0	0	ns	0	0	ns
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 from discontinued or held-for-sale operations	(0)	(1)	(65.3%)	(0)	(1)	(65.3%)
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 (9.8%), 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 compared 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 11% of Crédit Agricole Group underlying net income Group share of the business lines (excluding the Corporate centre) in 2018 and 8% of underlying revenues on the same basis.

6. Large customers – LC

The Large customers business line includes Capital markets, Investment banking, Structured finance and Commercial banking within Crédit Agricole Corporate and Investment Bank (Crédit Agricole CIB) and Asset servicing (CACEIS).

Large customers *(in millions of euros)*	2018 stated	2017 stated	Δ 2018/2017 stated	2018 underlying	2017 underlying	Δ 2018/2017 underlying
Revenues	**5,370**	**5,328**	**+0.8%**	**5,325**	**5,451**	**(2.3%)**
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	**2,031**	**2,089**	**(2.8%)**	**1,986**	**2,212**	**(10.2%)**
Cost of risk	64	(203)	ns	64	(203)	ns
Cost of legal risk	0	(115)	(100.0%)	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	0	0	ns	0	0	ns
Income before tax	**2,109**	**2,060**	**+2.4%**	**2,064**	**2,082**	**(0.8%)**
Tax	(551)	(709)	(22.3%)	(539)	(662)	(18.5%)
Net income from discontinued operations	0	0	ns	0	0	ns
Net income	**1,559**	**1,352**	**+15.3%**	**1,525**	**1,420**	**+7.4%**
Non controlling interests	2	(21)	ns	2	(21)	ns
NET INCOME GROUP SHARE	**1,560**	**1,331**	**+17.2%**	**1,526**	**1,399**	**+9.1%**
o/w CIB	*1,386*	*1,207*	*+14.8%*	*1,353*	*1,279*	*+5.7%*
o/w Asset Servicing	*174*	*123*	*+41.1%*	*174*	*120*	*+45.4%*

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 -2.3% over the year, to stand at €5,325 million in 2018. This trend was mixed in the division's various businesses.

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, stable 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) 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 -15.9% to €1,965 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 had 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 is 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.

(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.

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 effect 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 were 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.

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 in BSF – Banque Saudi Fransi – (16.2% of the capital) as well as the adjustment to 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 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 €1,526 million, an increase of +9.1% 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 €11.2 billion and risk-weighted assets for the division totalled €117.1 billion.

The Large customers division contributed 20% of Crédit Agricole Group's underlying net income Group share of the business lines (excluding the Corporate centre) in 2018 and 16% of their underlying income (excluding Corporate centre) on the same basis.

7. Corporate Centre – CC

(in millions of euros)	2018 stated	2017 stated	Δ 2018/2017 stated	2018 underlying	2017 underlying	Δ 2018/2017 underlying
Revenues	**(377)**	**(558)**	**(32.4%)**	**(374)**	**(466)**	**(19.8%)**
Operating expenses excl. SRF	(890)	(890)	+0.0%	(890)	(890)	+0.0%
SRF	(62)	(61)	+1.9%	(62)	(61)	+1.9%
Gross operating income	**(1,329)**	**(1,509)**	**(11.9%)**	**(1,326)**	**(1,417)**	**(6.4%)**
Cost of risk	(8)	(12)	(38.7%)	(8)	(12)	(38.7%)
Cost of legal risk	(80)	0	ns	(75)	0	ns
Equity-accounted entities	19	175	(89.2%)	19	72	(73.8%)
Net income on other assets	13	(4)	ns	13	(4)	ns
Change in value of goodwill	86	186	(54.1%)	0	0	ns
Income before tax	**(1,299)**	**(1,164)**	**+11.6%**	**(1,377)**	**(1,361)**	**+1.1%**
Tax	594	375	+58.2%	593	476	+24.5%
Net income from discontinued or held-for-sale operations	0	0	ns	0	0	ns
Net income	**(705)**	**(788)**	**(10.6%)**	**(784)**	**(885)**	**(11.4%)**
Non controlling interests	(27)	(47)	(41.7%)	(16)	2	ns
NET INCOME GROUP SHARE	**(732)**	**(835)**	**(12.3%)**	**(800)**	**(883)**	**(9.4%)**

Underlying: Restated for specific items (issuer spread until the application of IFRS 9 on 1 January 2018, etc.).

In full-year 2018, the **underlying net loss** came to **-€800 million,** an improvement of -9.4%/+€83 million compared to 2017. This included a contribution to the SRF of -€62 million, up slightly (+1.9%) compared to 2017.

CRÉDIT AGRICOLE GROUP CONSOLIDATED BALANCE SHEET

Assets

(in millions of euros)	Notes	31/12/2018	01/01/2018	31/12/2017	Variation	%
Cash, central banks	6.1	70,584	54,113	54,119	16,465	30.4%
Financial assets at fair value through profit and loss	6.2-6.9	372,142	372,053	320,306	51,836	16.2%
Hedging derivative instruments	3.2-3.4	15,829	18,599	18,605	(2,776)	(14.9%)
Available-for-sale financial assets	6.4-6.7-6.8-6.9			330,450		
Loan and receivables due from credit institutions	3.1-3.3-6.5-6.8-6.9	97,194	86,823	92,074	5,120	5.6%
Loan and receivables due from customers	3.1-3.3-6.5-6.8-6.9	854,681	795,476	814,758	39,923	4.9%
Revaluation adjustment on interest rate hedged portfolios		8,337	7,427	7,427	910	12.3%
Held-to-maturity securities	6.6-6.7-6.9			39,094	5 554	5 554
Current and deferred tax assets	6.13	6,223	6,152	5,554	669	12.0%
Adjustment account and sundry assets	6.14	44,343	42,510	42,510	1,833	4.3%
Non-current assets held for sale		257	495	495	(238)	(48.1%)
Investment in equity-accounted entities	6.15	6,308	5,037	5,106	1,202	23.5%
Investment properties	6.16	6,967	6,744	6,744	223	3.3%
Property, plant and equipment	6.17	7,778	7,625	7,625	153	2.0%
Intangible assets	6.17	2,442	2,312	2,314	128	5.5%
Goodwill	6.18	16,064	15,988	15,988	76	0.5%
TOTAL		**1,854,763**	**1,764,541**	**1,763,169**	**91,594**	**5.2%**

Liabilities

(in millions of euros)	Notes	31/12/2018	01/01/2018	31/12/2017	Variation	%
Central Banks	6.1	1,140	3,434	3,434	(2,294)	(66.8%)
Financial liabilities at fair value through profit and loss	6.2	225,902	225,557	225,599	303	0.1%
Hedging derivative instruments	3.2-3.4	16,170	17,204	17,204	(1,034)	(6.0%)
Due to credit institutions	3.3-6.10	95,970	88,422	88,425	7,545	8.5%
Due to customers	3.1-3.3-6.8	789,835	732,420	732,420	57,415	7.8%
Debt instruments	3.3-6.8	198,227	177,585	177,532	20,695	11.7%
Reavaluation adjustment on interest rate hedged portfolios		7,879	8,117	8,117	(238)	(2.9%)
Current and deferred tax liabilities	6.10	2,442	2,596	2,618	(176)	(6.7%)
Adjustment account and sundry liabilities	6.11	48,009	45,800	45,799	2,210	4.8%
Liabilities associated with non-current assets held for sale		229	354	354	(125)	(35.3%)
Insurance company technical reserves	6.16	325,910	324,149	322,051	3,859	1.2%
Provisions	6.17	8,107	6,879	6,365	1,742	27.4%
Subordinated debt	3.3-6.18	22,755	25,514	25,515	(2,760)	(10.8%)
Total Liabilities		**1,742,575**	**1,658,031**	**1,655,433**	**87,142**	**5.3%**
Equity		**112,188**	**106,512**	**107,736**	**4,452**	**4.1%**
Equity – Group share		**106,717**	**101,234**	**102,291**	**4,426**	**4.3%**
Share capital and related reserves		27,611	26,924	26,924	687	2.6%
Consolidated reserves		70,955	72,419	65,098	5,857	9.0%
Other comprehensive income		1,298	1,885	3,727	(2,429)	(65.2%)
Other comprehensive income on discontinued operations		9	6	6	3	50.0%
Net income for the year		6,844		6,536	308	4.7%
Non-controlling interests		**5,471**	**5,278**	**5,445**	**26**	**0.5%**
TOTAL		**1,854,763**	**1,764,543**	**1,763,169**	**91,594**	**5.2%**

Main changes in the consolidated balance sheet

At 31 December 2018, the consolidated balance sheet of Crédit Agricole S.A. amounted to €1,854.8 billion, up +€90.3 billion (+5.1%) compared with the 2017 balance sheet. This increase was due mainly to financial assets at amortised cost in the amount of +€76.2 billion and financial liabilities at amortised cost in the amount of +€85.7 billion.

First time application of the IFRS 9 standard only has an impact of +€1.4 billion on the balance sheet.

Analysis of the main items

Available-for-sale financial assets and financial assets held until maturity disappeared with the transition to IFRS 9 and have been reclassified in the following categories at €330.5 billion and €39.1 billion respectively:

- **Financial assets at fair value through profit or loss** amounted to €372.2 billion at end-December 2018, and were unchanged excluding the FTA impact of IFRS 9 for +€51.7 billion.
- **Financial assets at fair value through other comprehensive income (equity)** amounted to €265.0 billion, of which +€269.2 billion were attributable to the FTA impact of IFRS 9.
- **Financial assets at amortised cost** of €1,032.5 billion, *i.e.* an increase of €125.6 billion, of which €49.4 billion were attributable to the FTA impact of IFRS 9.
- **The Regional Banks and central banks** posted an increase of €16.5 billion in assets and a drop of +€2.3 billion in liabilities.

Financial liabilities at amortised cost:

- **Financial liabilities at amortised cost** of €1,084.0 billion, *i.e.* an increase of €85.7 billion without FTA impact of IFRS 9.
- **Hedging derivatives** recorded declines of -15.1% in assets and -6.4% in liabilities, attributable chiefly to the change in the fair value of micro and macro-hedging swaps at Crédit Agricole S.A.
- **Insurance companies' technical reserves** increased by +1.2% in 2018 compared with 2017, reaching €325.9 billion. This was mainly attributable to other Group insurers contributing +€5.6 billion to this increase, in connection with the growth in business and the transfer of a portfolio.
- **Equity** amounted to €112.2 billion at 31 December 2018, a year-on-year increase of +4.2%. Equity Group share increased in similar fashion (+4.3%) to €106.7 billion at end-2018, mainly reflecting the inclusion of income for the year (+€6.5 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 "Basel 3 Pillar 3 disclosures", provided below. For full-year 2018, return on assets[1] was 0.27%, unchanged from 2017.

(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.

CRÉDIT AGRICOLE GROUP ENTITIES IN FRANCE AND ABROAD

The information about Crédit Agricole 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. The Regional Banks are included in the French tax consolidation mechanism.

Revenues from foreign establishments correspond to their territorial contribution to the consolidated financial statements prior to elimination of reciprocal intragroups 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]	22,506	102,285	5,844	(1,635)	(92)	-
France DOM-TOM	393	1,608	101	(40)	5	-
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	217	555	76	(22)	(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	750	1,378	441	(68)	(24)	-
Netherlands	84	305	(2)	-	3	-
Poland	395	5,122	47	(29)	13	-
Portugal	123	466	67	(19)	3	-
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	143	476	32	(8)	-	-
Russia	20	170	3	(1)	-	-
Serbia	40	877	7	-	-	-
Switzerland	404	1,410	87	(29)	4	-
Ukraine	107	2,288	55	(9)	1	-
Guernsey[4]	1	-	-	-	-	-
North America						
Canada	6	12	1	-	-	-
United States	1,205	1,217	636	(96)	(18)	-
Mexico	1	2	1	-	-	-
Central and South America						
Argentina	2	2	(2)	-	-	-
Brazil	48	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)	-	-

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
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	**32,836**	**140,882**	**9,753**	**(2,552)**	**(181)**	**-**

(1) Positive amounts represent a revenue and negative amounts a charge.
(2) Tax policy is presented on Chapter 2 - “Social, environmental and societal contribution” in the 2018 Registration Document of Crédit Agricole S.A.
(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*).

Entities

At 31 December 2017 the Group had the following entities:

Operation Name	Type of business	Geographic location
2,432 Local Banks	FRB	France
38 Regional Banks	FRB	France
61 Unit-linked funds with a detention rate equal or above 95%	AG	France
Banque Chalus	FRB	France
Banque Thémis	FRB	France
Bforbank S.A.	FRB	France
Caisse Régionale Provence - Côte d'Azur, Agence de Monaco	FRB	Monaco
Cofam	FRB	France
CRCAM SUD MED. SUC	FRB	Spain
Interfimo	FRB	France
LCL	FRB	France
LCL succursale de Monaco	FRB	Monaco
Sircam	FRB	France
Locam	FRB	France
Bercy Participations	FRB	France
CA Centre France Développement	FRB	France
CACF Immobilier	FRB	France
CADS Capital	FRB	France
CADS Développement	FRB	France
Calixte Investissement	FRB	France
Crédit Agricole F.C. Investissement	FRB	France
Crédit Agricole Languedoc Énergies Nouvelles	FRB	France
Foncière du Maine	FRB	France
L'Immobilière d'A Côté	FRB	France
NECI	FRB	France
Nord Capital Investissement	FRB	France
Nord Est Expansion	FRB	France
Sequana	FRB	France
Socadif	FRB	France
Société Financière du Languedoc Roussillon (SOFILARO)	FRB	France
Camca Assurance	FRB	Luxembourg
Camca Courtage	FRB	France
Camca Lux Finance Management Company	FRB	Luxembourg
Camca Réassurance	FRB	Luxembourg
Fcp Camca Lux Finance	FRB	France
Groupe CAMCA	FRB	France
Sci 32 Liberté	FRB	Luxembourg
Sci Haussmann 122	FRB	France
Sci La Boétie 65	FRB	France
Angle Neuf	FRB	France
Aquitaine Immobilier Investissement	FRB	France
Franche Comté Développement Foncier	FRB	France
Franche Comté Développement Immobilier	FRB	France
Immeuble Franche Comté	FRB	France
Nord Est Aménagement Promotion	FRB	France
Nord Est Gestion Immobilière	FRB	France
Nord Est Immo	FRB	France
Nord Est Optimmo S.A.S.	FRB	France
Nord Est Patrimoine Immobilier	FRB	France
Normandie Seine Foncière	FRB	France
S.A. Foncière de l'Érable	FRB	France
S.A.S. Chalons Mont Bernard	FRB	France
S.A.S. Charleville Forest	FRB	France
S.A.S. Laon Brosselette	FRB	France
SAS CENTRE D'AFFAIRES DU PARC LUMIÈRE	FRB	France
SCI Crystal Europe	FRB	France
SCI DE LA CROIX ROCHERAN	FRB	France
SCI Euralliance Europe	FRB	France
SCI LE BRETAGNE	FRB	France
SCI Quartz Europe	FRB	France
Square Habitat Nord de France	FRB	France
Adret Gestion	FRB	France
Alsace Elite	FRB	France
Anjou Maine Gestion	FRB	France
Aquitaux Rendement	FRB	France
ARGOAT Finances	FRB	France
Armor Fonds Dédié	FRB	France
Bercy Champ de Mars	FRB	France
Brie Picardie Croissance	FRB	France
C.L. Verwaltungs und Beteiligungsgesellschaft GmbH	FRB	Germany
CA Aquitaine Agences Immobilières	FRB	France
CA Aquitaine Immobilier	FRB	France
CA Centre-Est Développement Immobilier	FRB	France
CAAP CREATION	FRB	France
CAAP Immo	FRB	France
CAAP IMMO GESTION	FRB	France
Caapimmo 4	FRB	France
CAM HYDRO	FRB	France
CAP ACTIONS 3	FRB	France
CAP Régulier 1	FRB	France
CAP Régulier 2	FRB	France
CAPG ÉNERGIES NOUVELLES	FRB	France
CAPG INVESTISSEMENTS ÉNERGETIQUES	FRB	France
CAPI Centre-Est	FRB	France
CASRA CAPITAL	FRB	France
Centre France Location Immobilière	FRB	France
Chabrillac	FRB	France
Compagnie Foncière Lyonnaise	FRB	France
Crédit Agricole Centre Est Immobilier	FRB	France
Crédit Agricole Languedoc Immobilier	FRB	France
Crédit Lyonnais Développement Économique (CLDE)	FRB	France
Edokial	FRB	France
Emeraude Croissance	FRB	France
EPV6	FRB	France
Everbreizh	FRB	France
FCP Centre Loire	FRB	France
FCT Crédit Agricole Habitat 2015 (sauf compartiment Corse)	FRB	France

Operation Name	Type of business	Geographic location
FCT Crédit Agricole Habitat 2017 (sauf compartiment Corse)	FRB	France
FCT Crédit Agricole Habitat 2018 (sauf compartiment Corse)	FRB	France
Financière PCA	FRB	France
Finarmor Gestion	FRB	France
FINIST-LCR	FRB	France
Foncière Crédit Agricole Sud Rhône-Alpes	FRB	France
Fonds dédié Elstar	FRB	France
Force 29	FRB	France
Force Alsace	FRB	France
Force Charente Maritime Deux-Sèvres	FRB	France
Force Iroise	FRB	France
Force Languedoc	FRB	France
Force Lorraine Duo	FRB	France
Force Profile 20	FRB	France
Force Run	FRB	France
Force Toulouse Diversifié	FRB	France
Force 4	FRB	France
Inforsud Diffusion	FRB	France
Inforsud Gestion	FRB	France
Merico Delta Print	FRB	France
Morbihan Gestion	FRB	France
NMP Gestion	FRB	France
Ozenne Institutionnel	FRB	France
PCA IMMO	FRB	France
PG Développement	FRB	France
PG IMMO	FRB	France
PG Invest	FRB	France
Prestimmo	FRB	France
Pyrénées Gascogne Altitude	FRB	France
Pyrénées Gascogne Gestion	FRB	France
SAINT CLAR (SNC)	FRB	France
SAS Brie Picardie Expansion	FRB	France
SCI SRA BELLEDONNE	FRB	France
SCI SRA CHARTREUSE	FRB	France
SCI SRA VERCORS	FRB	France
Scica HL	FRB	France
Sepi	FRB	France
SNC Les Fauvins	FRB	France
Square Habitat Gestion Sud Rhône-Alpes	FRB	France
Square Habitat Pays Basque	FRB	France
Square Habitat Sud Rhône-Alpes	FRB	France
Sud Rhône-Alpes Placement	FRB	France
Toulouse 31 Court Terme	FRB	France
Val de France Rendement	FRB	France
Arc Broker	IRB	Poland
Bankoa	IRB	Spain
BANKOA KARTERA SA	IRB	Spain
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
CREDIT AGRICOLE BANKOA GESTION	IRB	Spain

Operation Name	Type of business	Geographic location
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 next bank (Suisse) SA	IRB	Switzerland
Crédit Agricole Polska S.A.	IRB	Poland
Credit Agricole Romania	IRB	Romania
Credit Agricole Service sp z o.o.	IRB	Poland
Crédit du Maroc	IRB	Morocco
Lukas Finanse S.A.	IRB	Poland
SWISS HOME LOAN	IRB	Switzerland
IUB Holding	IRB	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 SA	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

Operation Name	Type of business	Geographic location
AMUNDI Issuance	AG	France
AMUNDI Japan	AG	Japan
AMUNDI Japan Holding	AG	Japan
AMUNDI Luxembourg S.A.	AG	Luxembourg
Amundi Luxembourg SA	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
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
Etoile 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

Operation Name	Type of business	Geographic location
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
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

Operation Name	Type of business	Geographic location
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

Operation Name	Type of business	Geographic location
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
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 SANTE 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 N°3	AG	France
GRD 44 N°2	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

Operation Name	Type of business	Geographic location
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
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 GREEN 4.33%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 SANTE 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

Operation Name	Type of business	Geographic location
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
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 3DEC	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 3DEC	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

Operation Name	Type of business	Geographic location
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
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
PREFERENCE RENDEMENT EXCLUSIF 3D	AG	France
PREFERENCE RENDEMENT FCP 3DEC	AG	France
SELECTANCE 2017 3DEC	AG	France
SOLIDARITE AMUNDI P	AG	France
SOLIDARITE INITIATIS SANTE	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

Operation Name	Type of business	Geographic location
IMEFA 178	AG	France
IMEFA 179	AG	France
Issy Pont	AG	France
RUE DU BAC (SCI)	AG	France
SCI 1 TERRASSE BELLINI	AG	France
SCI BMEDIC HABITATION	AG	France
SCI CAMPUS MEDICIS ST DENIS	AG	France
SCI CAMPUS RIMBAUD ST 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 DEFENSE	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

Operation Name	Type of business	Geographic location
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
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

Operation Name	Type of business	Geographic location
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
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 - FRERES 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
FONCIERE 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
Agos	SFS	Italy
Alsolia	SFS	France
Antera Incasso B.V.	SFS	Netherlands
Crealfi	SFS	France

Operation Name	Type of business	Geographic location
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 SA - 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
RIBANK NV	SFS	Netherlands
Sofinco Participations	SFS	France
Ste Européenne de Développement d'Assurances	SFS	France
Ste Européenne de Développement d'Assurances, Succursale du Maroc	SFS	Morocco
Ste 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 España	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

Operation Name	Type of business	Geographic location
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
CACEIS Fund Administration	LC	France
CACEIS Ireland Limited	LC	Ireland
CACEIS S.A.	LC	France
CACEIS Switzerland S.A.	LC	Switzerland
Crédit Agriciole 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

Operation Name	Type of business	Geographic location
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
Credit Agricole Securities (Asia) Limited Hong Kong	LC	Hong Kong
Credit 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
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

Operation Name	Type of business	Geographic location
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 SA	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
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 Credit Agricole SA	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
Radian	CC	France
Crédit Agricole Capital Investissement et Finance (CACIF)	CC	France
Delfinances	CC	France
S.A.S. La Boétie	CC	France
Sacam Assurances Cautions	CC	France
Sacam Développement	CC	France
Sacam Fireca	CC	France
Sacam Immobilier	CC	France
Sacam International	CC	France
Sacam Mutualisation	CC	France
Sacam Participations	CC	France
Sodica	CC	France
BFT LCR	CC	France
BFT LCR ACTIONS BETA NEUTRE	CC	France
BFT LCR NIVEAU 2	CC	France
CA Grands Crus	CC	France
Cariou Holding	CC	France

Operation Name	Type of business	Geographic location
CPR EuroGov LCR	CC	France
Crédit Agricole Agriculture	CC	France
Crédit Agricole Immobilier	CC	France
Crédit Agricole Payment Services	CC	France
Crédit Agricole Public Sector SCF	CC	France
Crédit Agricole Régions Développement	CC	France
DELTA	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 DEVELOPPEMENT	CC	France
IDIA PARTICIPATIONS	CC	France
PORTFOLIO LCR CREDIT	CC	France

Operation Name	Type of business	Geographic location
PORTFOLIO LCR GOV	CC	France
PORTFOLIO LCR GOV 4A	CC	France
S.A.S. Evergreen Montrouge	CC	France
S.A.S. Sacam Avenir	CC	France
SCI D2 CAM	CC	France
SCI Quentyvel	CC	France
SILCA	CC	France
SNC Kalliste Assur	CC	France
Uni-medias	CC	France
Crédit Agricole Immobilier Promotion	CC	France
Crédit Agricole Immobilier Services	CC	France
SNC Eole	CC	France
SO.GI.CO	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 2016 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.

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 should 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.

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 the 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 compared 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 (even if a symbolic increase in the deposit rate from -0.40% to -0.25% is possible mid-way through the year), the ECB could announce a new series of LTRO in March, which would come into effect in June. 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 compared to the Bund, we put these at close to 30 basis points and 240 basis points respectively at the end of 2019.

Recent events

Events after the reporting period are disclosed in Note 13 to the consolidated financial statements for the year ended 31 December 2018.

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 intra-group 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 to decrease Crédit Agricole S.A.'s cost/income ratio by six 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	
		At 31/12/2015	2019 targets
Business	CAGR(1) Revenues 2015-2019	€31,836m	>+1.5%
	Cost/income ratio	63%	<60%
	Cost of risk/outstandings	30bp(2)	<35bp
Profitability	Net income Group share	€6.0bn	>€7.2bn
	Return on Tangible Equity (RoTE)	-	-
Solvency	Fully-loaded Common Equity Tier 1 ratio	13.7%	16%
	TLAC(3) ratio excl. eligible senior debt	19.7%	2%
	Risk-weighted assets	€509bn	€534bn

(1) Annual growth rate *versus* 2015 restated for the Group's capital simplification operation.
(2) Basis points.
(3) Total Loss-Absorbing Capacity.

The financial targets will 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 will be reduced to around -€700 million *per annum.*

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		Position at end-2015	2016-2019 target
LCR	70% at 01/01/2016 ↓ 100% from 01/01/2018	Crédit Agricole S.A.	>100%	~110%
		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% (up +0.4 points) and the financing of the French economy and regions posted a record increase for the Business Corporates market, up +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 Business 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 at end-December 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.

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 start-up:

- an exclusive long-term insurance (15 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 set up 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 comprehensive cross-functional operational efficiency programmes on operational efficiency with the aim of generating, for Crédit Agricole S.A., €900 million in savings over the course of the plan for Crédit Agricole S.A. They amounted to €563 million at end-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 the technological hub (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). As regards the target for cost/income ratio in 2019 (excluding contribution to the Single Resolution Fund or SRF), the progress made to end-2018 suggests that it will also be reached. In fact, 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 senior preferred debt. The target of a 22% TLAC ratio by the end of 2019, excluding eligible senior preferred 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 Group				Crédit Agricole S.A.		
2015	**2018**	**Targets 2019**		**2015**	**2018**	**Targets 2019**
31,314	+1.6%	>+1.5%	CAGR	17,379	+4.3%(1)	>+2.5%
62.9%	64.0%	<60%	Cost/Income ratio excl. SRF	68.6%	62.1%	<60%
30	17	<35bp	Cost of risk/outstandings *(in basis points)*	41	23	<50bp
6.2	6.8	>7.2	Underlying NIGS *(in billions of euros)*	2.6	4.4	4.2
13.7%	15.0%	>16.0%	CET1 (fully loaded)	11%	11.5%	>11%
			Underlying RoTE *(in %)*	7.8%	12.7%	>10%
19.7%	21.4%	22.0%	TLAC (excluding eligible senior debt)			
			Dividends	€0.60 (shares option)	€0.69 cash	50% cash (min. €0.60)

(1) CAGR 2015-2017.

RISKS FACTORS

This part of the management report sets out the main types of risks to which the Crédit Agricole 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 Group's risk appetite and the policies employed to manage these risks. The information on the management of the Crédit Agricole 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 Group is subject

The Crédit Agricole Group is primarily exposed to the following categories of risks in connection with the conduct of its activities:

- **Risks relating to the environment in which the Crédit Agricole Group operates:** risks related to the macroeconomic environment, market conditions and the legislative and regulatory framework applicable to the Crédit Agricole Group and 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 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 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 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 Group's exposure to civil or criminal proceedings, non-compliance risks relating to failure to comply with regulations and legislation governing the Crédit Agricole 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;
- **Other risks relating to the Crédit Agricole Group's activities:** includes risks relating to the Crédit Agricole 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 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 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 Group if it were to materialise in the future.

B. Credit and counterparty risks

The Crédit Agricole Group is exposed to the credit risk of other parties

As a credit institution, the Crédit Agricole Group is exposed to the creditworthiness of its customers and counterparties. Credit risk impacts the Crédit Agricole 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 Group may have to record significant charges for possible bad and doubtful debts, affecting its profitability.

While the Crédit Agricole 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 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 Group's overall credit risk is covered by these techniques. Accordingly, the Crédit Agricole 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 Group's results of operations

The credit quality of corporate obligors has started to experience a significant deterioration in recent months, resulting primarily from increased economic uncertainty and, in certain sectors, the risks associated with trade policies of major economic powers. The risks are 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 the current trends towards deterioration in credit quality continue, the Crédit Agricole 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 Group's profitability and financial condition.

Please see paragraph 2.4 for quantitative information on the credit quality of the Crédit Agricole Group's portfolios.

The soundness and conduct of other financial institutions and market participants could adversely affect the Crédit Agricole Group

The Crédit Agricole 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 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 Group to credit risk in the event of default or financial distress. In addition, the Crédit Agricole 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 to the consolidated financial statements for quantitative information on the Crédit Agricole Group's exposure to credit institutions.

The Crédit Agricole Group may be adversely affected by events impacting sectors to which it has significant exposure

The Crédit Agricole 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 Group is significantly exposed. As of 31 December 2018, 14% of the Crédit Agricole Group's commercial lending portfolio involved borrowers in the public sector, including local authorities, while 4.7% 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 Group's portfolio were to experience adverse conditions, the Crédit Agricole Group's profitability and financial condition could be adversely affected.

Please see paragraph 2.4.III.2.2 for quantitative information on the sectors represented in the Crédit Agricole Group's commercial lending portfolio.

The Crédit Agricole Group is exposed to country risk and may be vulnerable to concentrated counterparty risk in certain countries where it operates

The Crédit Agricole 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 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, 68% of the Crédit Agricole Group's commercial lending portfolio was represented by borrowers in France, and 7% by borrowers in Italy. Adverse conditions that particularly affect these countries would have a particularly significant impact on the Crédit Agricole Group. In addition, the Crédit Agricole 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 2.4.III.2.1 and 2.4.III.2.4 for quantitative information relating to the Crédit Agricole Group's geographical exposures.

Any significant increase in charges for loan losses or changes in the Crédit Agricole 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 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 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 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 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 Group's results of operations and financial condition.

The Crédit Agricole Group is subject to counterparty risk in connection with its market activities

The Crédit Agricole Group could incur losses from counterparty defaults in connection with its securities, foreign exchange, commodities and other market activities. When the Crédit Agricole 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 Group is at risk in case a counterparty fails to perform its obligations to settle trades. The Crédit Agricole 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 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 Group may suffer significant losses as a result of defaults by major counterparties.

C. Financial risks

The Crédit Agricole 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 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 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 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 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 2.5.III.1 and 2.5.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 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 Group's consolidated revenues or profitability

The amount of net interest income earned by the Crédit Agricole 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 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 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 Group's profitability.

The Crédit Agricole Group's hedging strategies may not prevent losses

If any of the variety of instruments and strategies that the Crédit Agricole Group uses to hedge its exposure to various types of risk in its businesses is not effective, the Crédit Agricole Group may incur losses. Many of its strategies are based on historical trading patterns and correlations. For example, if the Crédit Agricole 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 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 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 Group's reported earnings.

The Crédit Agricole 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 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, 18% of the Crédit Agricole 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 Group provides securities underwriting, financial advisory and other investment banking services. The Crédit Agricole 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 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 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 Group receives from its asset management and insurance businesses.

Adjustments to the carrying value of the Crédit Agricole Group's securities and derivatives portfolios and the Crédit Agricole Group's own debt could have an impact on its net income and shareholders' equity

The carrying value of the Crédit Agricole 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 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 Crédit Agricole Group may suffer losses in connection with its holdings of equity securities

Equity securities held by the Crédit Agricole Group could decline in value, causing the Crédit Agricole Group to realize losses. The Crédit Agricole 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 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 Group to influence the policies of the relevant company. If the Crédit Agricole Group's equity securities decline in value significantly, the Crédit Agricole 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 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 Group cannot close out deteriorating positions in a timely way. This may especially be the case for assets the Crédit Agricole 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 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 Group did not anticipate.

The Crédit Agricole Group must ensure that its assets and liabilities properly match in order to avoid exposure to losses

The Crédit Agricole 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 Group's assets is uncertain, and if the Crédit Agricole 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 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 2.6.IV for quantitative information relating to liquidity risk and asset and liability management.

D. Operational risks and related risks

The Crédit Agricole 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 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 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 Group has not previously identified or anticipated. Some of the qualitative tools and metrics used by the Crédit Agricole 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 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 Group uses to estimate risk exposure are based on subjective and complex judgments that could lead to assessments that prove inaccurate. 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 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 Update of the Registration Document, the Crédit Agricole 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 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 Group may experience unexpected losses.

The Crédit Agricole Group is exposed to risks related to the security and reliability of its information systems and those of third parties

The Crédit Agricole 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 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 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 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 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 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 Group may also become increasingly exposed to the risk of operational failure of its customers' information systems. The Crédit Agricole 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 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 Group is exposed to the risk of paying significant damages or fines as a result of legal, arbitration or regulatory proceedings

The Crédit Agricole Group has 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 Group, these proceedings can result in significant awards of damages, fines and penalties. Legal and regulatory proceedings to which the Crédit Agricole 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 Group in many cases has substantial defences, even where the outcome of a legal or regulatory proceeding is ultimately favourable, the Crédit Agricole Group may incur substantial costs and have to devote substantial resources to defending its interests.

Please see 6.17 (Provisions) of the consolidated financial statement for information regarding ongoing judicial, arbitration and regulatory proceedings to which the Crédit Agricole Group is subject.

The international scope of the Crédit Agricole Group's operations exposes it to legal and compliance risks

The international scope of the Crédit Agricole 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 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 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 Group's policies may be identified, potentially resulting in penalties. The Crédit Agricole 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 Group's reputation could have a negative impact on the Crédit Agricole Group's business

The Crédit Agricole Group's business depends in large part on the maintenance of a strong reputation for compliance and ethical behaviour. If the Crédit Agricole Group were to become subject to legal proceedings or adverse publicity relating to compliance or similar issues, the Crédit Agricole 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 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 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 Group to fines or regulatory sanctions.

E. Risks relating to the environment in which the Crédit Agricole Group operates

Adverse economic and financial conditions have in the past had and may in the future have an impact on the Crédit Agricole Group and the markets in which it operates

The businesses of the Crédit Agricole 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, 71% of the Crédit Agricole Group's revenues were generated in France, 10% in Italy, 12% in the rest of Europe and 7% in the rest of the world. A deterioration in economic conditions in the markets where the Crédit Agricole 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 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 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 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 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 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 Group's operations could be disrupted, and its business, results of operations and financial condition could be adversely affected.

The Crédit Agricole 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 Group's profitability may be affected. During periods of low interest rates, interest rate spreads tend to tighten, and the Crédit Agricole 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 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 Group's asset management affiliates on money market and other fixed income products. In addition, given lower interest rates, the Crédit Agricole 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 Group's affiliates and the overall financial condition of the Crédit Agricole 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 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.

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 until the end of 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 Group's hedging strategies are ineffective or provide only a partial hedge against such a change in value, the Crédit Agricole 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 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 Group in each of the jurisdictions in which the Crédit Agricole 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 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 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 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 Group is subject.

As a result of some of these measures, the Crédit Agricole 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 Group's funding costs, particularly by requiring the Crédit Agricole 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 Group.

F. Other risks relating to the Crédit Agricole 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.

Claims experienced by the Crédit Agricole 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 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 Group's insurance business, results of operations and financial condition.

Adverse events may affect several of the Crédit Agricole Group's businesses simultaneously

While each of the Crédit Agricole 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 Group's activities at the same time. In such event, the Crédit Agricole 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 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 Group's commission-generating activities. Where an event adversely affects multiple activities, the impact on the Crédit Agricole Group's results of operations and financial condition could be particularly significant.

The Crédit Agricole Group is subject to risks associated with climate change

While the Crédit Agricole Group's activities generally are not exposed directly to climate change risks, the Crédit Agricole Group is subject to a number of indirect risks that could be significant. When the Crédit Agricole Group lends to businesses that conduct activities that produce significant quantities of greenhouse gases, the Crédit Agricole 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 Group to suffer losses on its loan portfolio. The Crédit Agricole 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 Group will have to adapt its activities appropriately in order to achieve its strategic objectives and to avoid suffering losses.

The Crédit Agricole 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 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 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 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 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 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 Group and Crédit Agricole CIB.

The Crédit Agricole Group faces intense competition

The Crédit Agricole 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 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 or versatile (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 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 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 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 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 Group's results depend on its ability to attract new employees and to retain and motivate its existing employees. The Crédit Agricole 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 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 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 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 Crédit Agricole 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 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 2 of this Update of the 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 Update of the 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 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 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.

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.
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.

Type of risk	Definition
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 our 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.

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 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;
- 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.

2.1 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 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;

(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.

- **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.

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 factors" and "Pillar 3" sections, respectively, of this Registration document:

- Credit risk: part 2 (Risk factors) and part 4.2 (Pillar 3);
- Market risk: part 3 (Risk factors) 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 7 (Risk factors) and part 4.6 (Pillar 3).

See below a sample of key indicators of the risk appetite declaration:

	CET 1 Ratio	LCR Ratio *(end year level)*	Cost of risk	Net income group share	Impaired loan ratio(1)
31 December 2017	14.9%	138%	€1.65bn	€6.54bn	2.82%
31 December 2018	15%	135%	€1.72bn	€6.84bn	2.41%

(1) Impaired loan ratio scope method includes leasing and other receivables.

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. The permanent risk and control managers (PRCMs) of the Regional Banks report to the Chief Executive Officer of their entity and functionally to the Group PRCM.

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.

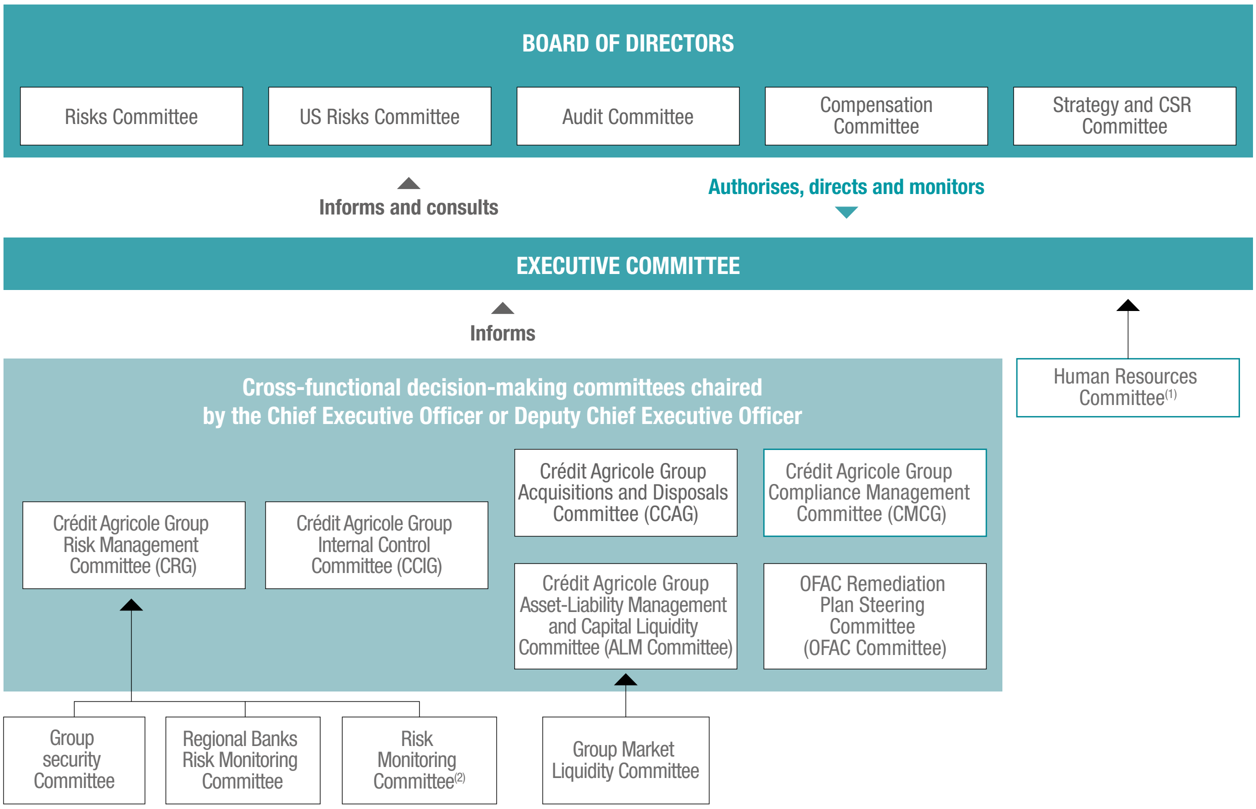
Supervision of these risks by Executive Management is carried out through Treasury and ALM (Asset Liability Management) Committee Meetings, in which DRG takes part.

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. – four meetings per year): 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;
- 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; such Officer;
- 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; and
- has access to appropriate human, technical and financial resources. The PCRM Officer 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. The PCRM Officer 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 which, 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.

2.2 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 testing

- **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 2017 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.

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.

2.3 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;

(1) Article L. 511-41.

- 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);
- 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 (CRD 4), 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 Specialised 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.

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 Steering & Management Unit of the French Risk 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.

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.

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 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.

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 CESR (Committee of European Securities Regulators) 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 2.9 “Non-compliance risks” below.

Periodic control

The Group General Inspectorate, 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.

Thanks to its specialised audit teams, the Group General Inspectorate 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 General Inspectorate carries out audits of outsourced essential services of interest to the Group or to the financial community.

The Group General Inspectorate 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 General Inspection 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 General Inspection 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 General Inspectorate 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 Inspector General reports to the Board of Directors of Crédit Agricole S.A. regarding the performance of his duties.

2.4 CREDIT RISKS

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 listed in Note 3.1. Principles of loan classification for accounting purposes are specified in Note 1.3 to the Group's financial statements.

I. Objectives and policy

Credit risk taking by the Crédit Agricole Group 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 global 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 the Crédit Agricole 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).

The Crédit Agricole S.A. Group and the Regional Banks 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").

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%

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 the 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., its subsidiaries and the Regional Banks 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 risk of change corresponds to the estimated maximum value over its remaining maturity 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 Basel 3 Pillar 2 economic capital by determining the average risk exposure ("Effective 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 (CVA).

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 identical to the one described above in paragraph 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 the "Credit risk mitigation mechanisms" paragraph.

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 1.3 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 6.12 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., its subsidiaries and the Regional Banks 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.

The Regional Banks organise a portfolio review and sector monitoring process at their level that is adapted to their risk profile.

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 two key tools: the "Group risk register" and 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. The 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. The 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.

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 stress tests in cooperation with the relevant business lines and entities.

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 to calculate economic capital (Pillar 2). 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/CRD 4 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., its subsidiaries and the Regional Banks 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). The aim is to reduce concentration of corporate credit exposure, diversify the portfolio and reduce loss levels.

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.

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 consolidated Note 3.2 "Derivative instruments: total commitments".

III. Exposures

1. Maximum exposure

The maximum exposure to credit risk of the Crédit Agricole Group 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 the Crédit Agricole Group amounted to €1,904 billion (€1,824 billion at 31 December 2017), a 4.36% increase compared to 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 €1,373.88 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 €1,357.5 billion at 31 December 2018, compared with €1,253.7 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 the Crédit Agricole Group

Geographic area of exposure	2018	2017
Africa and Middle East	2%	2%
Central and South America	1%	1%
North America	5%	5%
Asia-Pacific excluding Japan	3%	3%
Eastern Europe	1%	1%
Western Europe (excluding Italy)	9%	9%
France (retail banking)	40%	41%
France (excluding retail banking)	28%	29%
Italy	8%	8%
Japan	3%	1%
TOTAL	**100%**	**100%**

The breakdown of commercial lending by geographic area is broadly stable. At end-2018, lending in France accounted for 69% of the total, as opposed to 70% at end-2017. Italy, the Group's second largest market, saw commercial lending rise to 8% of its commitments in 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 the Crédit Agricole Group

Business sector	2018	2017
Air/Space	1.4%	2.1%
Agriculture and food processing	2.6%	2.6%
Insurance	0.9%	0.8%
Automotive	1.9%	1.9%
Other non-banking financial activities	6.1%	4.3%
Other industries	1.0%	1.0%
Other transport	0.9%	1.1%
Banks	1.5%	3.0%
Wood/Paper/Packaging	0.2%	0.2%
BTP	1.5%	1.6%
Retail/Consumer goods industries	1.8%	2.0%
Other	2.6%	2.3%
Energy	4.7%	4.5%
o/w Oil and Gas	*3.0%*	*3.2%*
o/w Electricity	*1.7%*	*1.3%*
Real estate	4.5%	4.4%
Heavy industry	1.6%	1.6%
IT/Technology	0.8%	0.7%
Shipping	1.1%	1.2%
Media/Publishing	0.3%	0.3%
Healthcare/Pharmaceuticals	1.2%	1.4%
Non-trading services/Public sector/Local authorities	13.8%	12.2%
Telecom	1.0%	0.9%
Tourism/Hotels/Restaurants	0.8%	0.7%
Utilities	0.3%	0.3%
Retail banking customers	47.7%	48.9%
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 47.7% (48.9% in 2017) and the "Non-trading services/Public sector/Local authorities" business, the second largest, for which the share rose to 13.8% from 12.2% 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 our exposure to "Energy". This sector comprises a wide diversity of underlying, 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 our 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, our clients are now recording stable economic performance and our 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 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 €971.8 billion at 31 December 2018, compared to €927.5 billion at 31 December 2017, an increase of 3.5% in 2018. It is split mainly between large corporates and retail customers (respectively, 30.3% and 55.6%).

2.4 Exposure to country risk

At 31 December 2018, commercial lending (including to bank counterparties) to the Crédit Agricole 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	21,366	1,505	6,517	14,587	16,944	**60,919**
2017	19,069	1,457	5,342	14,321	14,698	**54,887**

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 & 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	935,296	889,093
Past due but not impaired	13,013	12,269
Impaired	23,459	26,145
TOTAL	**971,768**	**927,507**

The portfolio of loans and receivables at 31 December 2018 was 96.2% made up of amounts that were neither past due nor impaired (95.9% 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 99.7% of receivables past due but not impaired (96.1% at end-2017).

Details of financial assets that were past due or impaired are presented in Note 3.1 to the consolidated financial statements.

3.2 Analysis of outstanding amounts by internal rating

The internal rating policy used by the 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 (€735.0 billion at 31 December 2018, compared with €663.5 billion at 31 December 2017), internally-rated borrowers accounted for 85.0% of the total, compared with 84.1% at end-2017 (€624.8 billion at 31 December 2018, compared with €558.2 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	26.9%	23.8%
AA	16.9%	18.0%
A	12.7%	13.5%
BBB	26.9%	27.2%
BB	13.7%	14.2%
B	1.7%	1.6%
Being monitored	1.2%	1.7%
TOTAL	**100.0%**	**100.0%**

This breakdown reflects a high-quality loan book, further improved during 2018, with a risk profile showing a one-point increase in A and above ratings. At 31 December 2018, 83.5% of lending was to borrowers with investment-grade ratings (ratings equal to or greater than BBB, 82.5% at 31 December 2017), and only 1.2% 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, resulting from a significant deterioration in the credit quality of a transaction or portfolio. The impairment allowances are intended to cover deterioration in the risk profile of exposures to certain countries, business sectors or counterparties, not because they are in default because their rating has been lowered. Impairment losses on a portfolio basis are also made in retail banking. The impairments are, mainly, calculated on statistical bases on the amount of loss expected until the transactions mature, using Basel Probability of Default (PD) and Loss Given Default (LGD) criteria.

3.3.2 Impaired financial assets

At 31 December 2018, total individual impairment commitments amounted to €23.5 billion, compared with €26.1 billion at 31 December 2017. These consist of commitments for which the Group sees potential non-recovery. Individually impaired loans represent 2.4% of the Group's gross book value (2.8% at 31 December 2017).

Restructured loans[1] totalled €12.8 billion at 31 December 2018.

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 euro zone. 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 4.8 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).

(1) The concept of restructured loans is detailed in Note 1.2 "Accounting policies and principles 2018" to the consolidated financial statements.

Forward Looking information is taken into account when estimating the expected loss with two distinct levels: the central forward looking to ensure a homogeneous macroeconomic vision for all Group entities and the local forward looking to adjust the parameters of the central scenario to take into account local specificities.

For the construction of the "central forward looking", the Group relies on the four prospective macroeconomic scenarios established by the Economic Studies Department (ECD) of Crédit Agricole S.A., which are weighted according to their probability of occurrence. The baseline 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 euro zone 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 summarized 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 their amortised cost (loans and receivables from customers), which represent 91% of the value adjustments for losses.

Structure of outstanding amounts

A decrease in the share of Bucket 2 (7.5% of the exposures vs 7.7% at the beginning of the year) is observed compared to Bucket 1 in all entities excluding the Regional Banks. This trend is largely explained by dynamics of the credit activities in 2018 which increased the weight of Bucket 1 outstanding amounts of €57 billion and its weight (89.9% of total exposures vs. 89.2% at the beginning of the year), and by the good risk level of all components of the credit portfolio.

Observed across all business lines, Bucket 3 exposures decreased in absolute terms (-€2.5 billion) and in relative weight (-0.5 points, that is 2.6% of total exposures vs 3.1% previously) with a more pronounced increase for International retail banking in connection with disposals of receivables of CA Italia.

ECL trends

Value adjustments for Bucket 1 losses evolved in line with the inventory with a stable coverage rate across all entities.

The ECL of Bucket 2 were down in line with the change in outstanding amounts in this segment, but the coverage rate of the major scopes was down slightly overall, mainly due to the effect of updating the parameters of the central forward looking in the course of the year.

Bucket 3 coverage was generally unchanged at Group level with differentiated changes depending on the entities: Internationally, the debt sales including a significant proportion of exposures with a high level of seniority in default contributed to the reduction in the hedging rate of Bucket 3 during the year, while LCL and CAL&F increased the coverage rate of their impaired receivables.

2.5 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

The Crédit Agricole 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 material 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.

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:

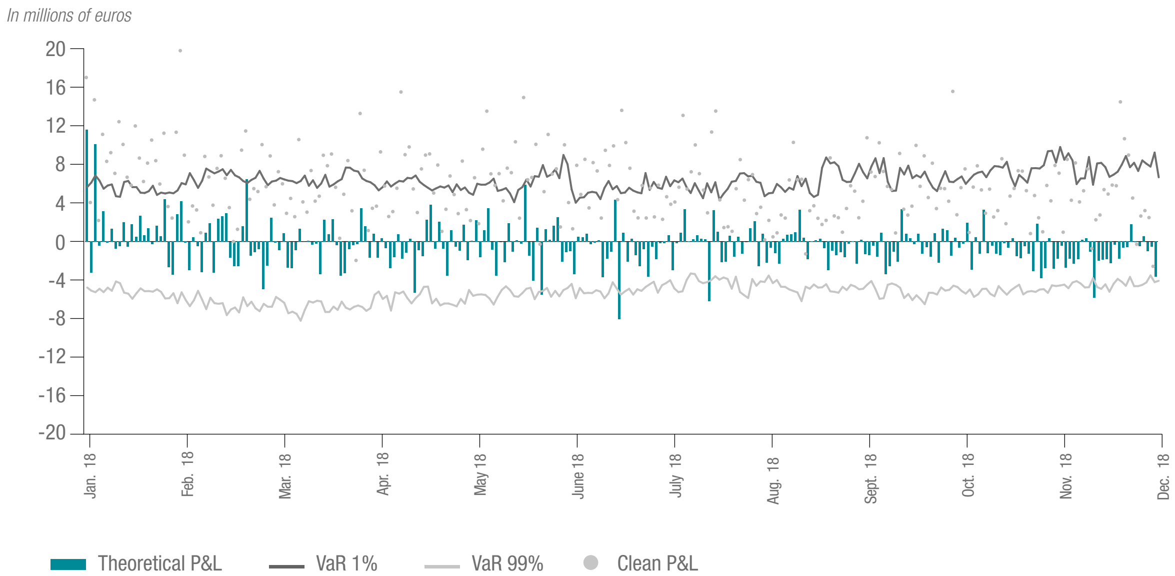
- the use of daily shocks assumes that all positions can be liquidated or covered in one day, which is not always the case for certain products or in certain crisis situations;
- the use of a 99% confidence interval excludes losses that could occur outside of that interval: VaR is consequently an indicator 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 exceed the calculated VaR only two or three times a year).

Thus 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.

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:

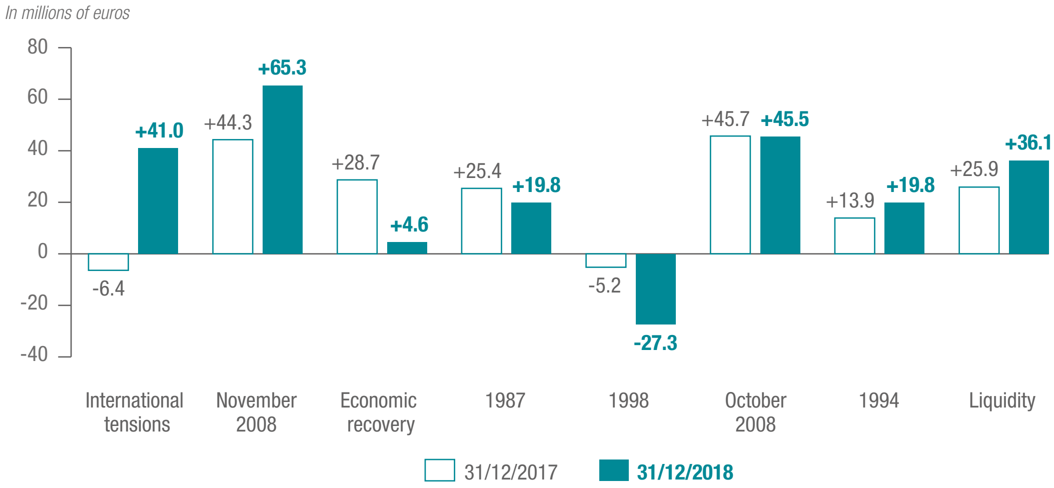
- historical scenarios, which consist in replicating the impact on the current portfolio of major crises observed in the past. The past crises used in historical stress scenarios are the 1987 stock market crash, the 1994 bond market crisis, the 1998 credit market crisis, coupled with falling equity markets, 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).

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 CRD 4 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.

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.

CRD 4 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 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)

Given the low exposures of the Regional Banks to market risk, the total VaR of the Crédit Agricole S.A. Group is representative for the VaR on market activities of Crédit Agricole Group.

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 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.

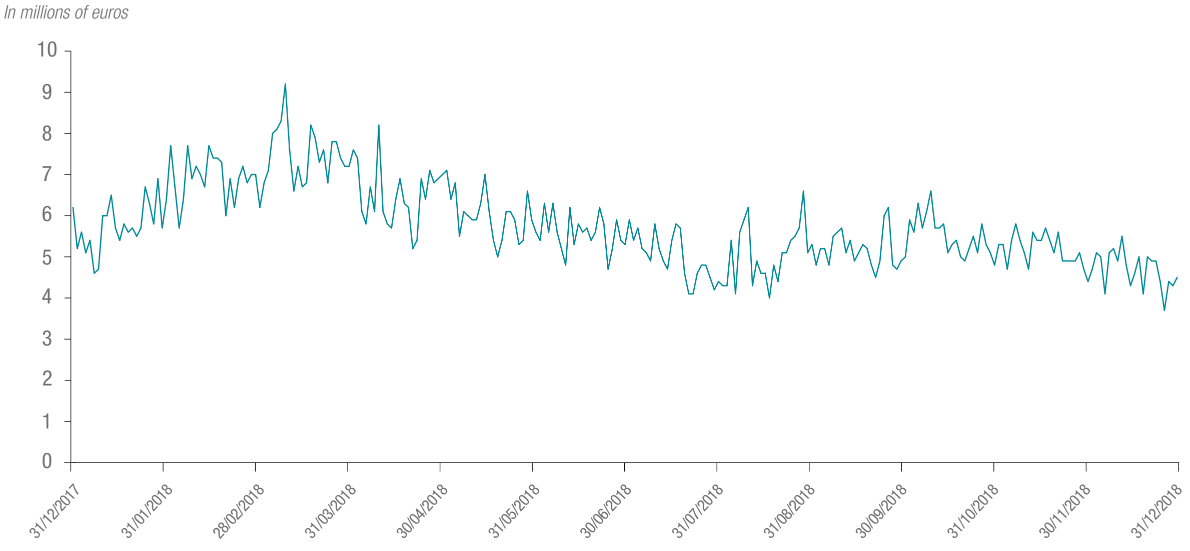
The "Credit" VaR decreased to €3 million (compared to €5 million at end-2017).

"Forex" VaR was down to €3 million at 31 December 2018 (from €2 million in 2017).

The "Equity" VaR remained stable over the period.

The following graph shows VaR over the course of 2018:

Crédit Agricole S.A. Group VaR between 31 December 2017 and 31 December 2018



Stressed VaR

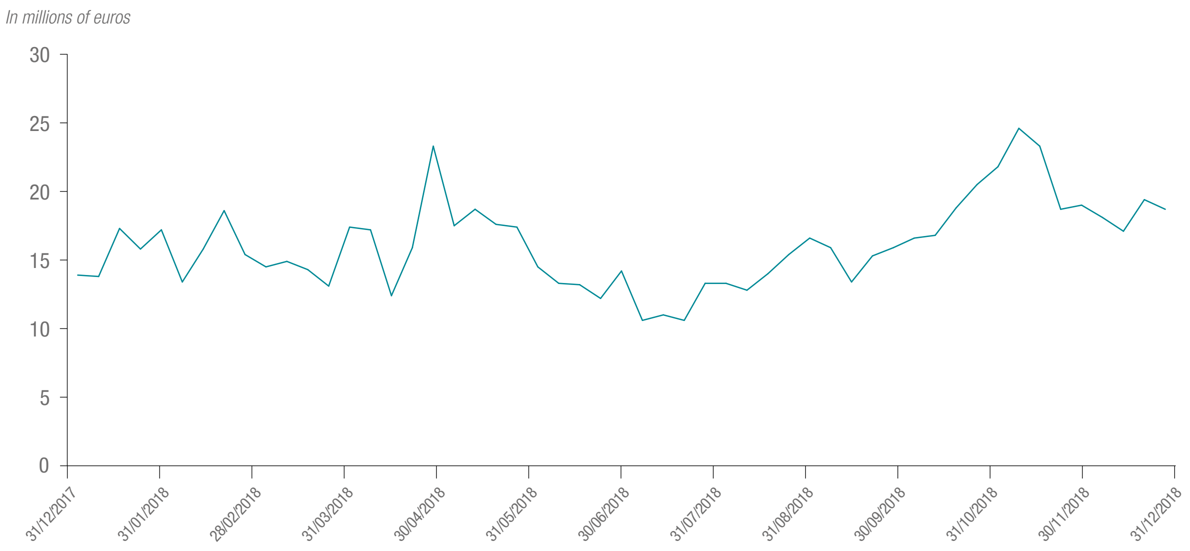
The stressed VaR is calculated on the scope of Crédit Agricole Corporate and Investment Bank.

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%, 1 day)

The graph below shows the change in regulatory stressed VaR of Crédit Agricole Corporate and Investment Bank over the course of 2018.



At end-December 2018, stressed regulatory VaR of Crédit Agricole Corporate and Investment Bank was €19 million, a €5 million increase compared to 31 December 2017. On average over the year, the stressed VaR (€16 million) remained 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.

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 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 €34.0 billion, including portfolios of insurance companies for €25.5 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".

2.6 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;
- 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.

Within the Regional Banks, the Boards of Directors set limits on overall interest rate risk and trading portfolio and set alert thresholds for the management of their investment portfolios (available-for-sale securities). These limits are monitored by Crédit Agricole S.A.

(1) Smile is the parameter that takes into account the variability of volatility based on the exercise price of option-based products.

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 Group;
- 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 is 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).

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 the Crédit Agricole Group at 31 December 2018 were as follows:

Gaps in euros (at 31 December 2018)

(in billions of euros)	2019	2020-2024	2025-2029	>2029
Gaps in euros	0.7	(3.0)	(3.7)	(7.3)

Over the course of 2019, a one hundred basis points increase of interest rates in Eurozone, would imply for the Crédit Agricole S.A. Group a potential loss of €6.9 million in the banking portfolio at 31 December 2018, amounting to a 0.02% drop in 2018 revenues (compared to a €85 million drop, *i.e.* 0.28% of 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 -€2,226 million on this portfolio, or 2.20% 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)	2019	2020-2024	2025-2029	>2029
Other currency gaps[1]	4.9	6.3	4.2	0

(1) Sum of all gaps in all currencies in absolute values countervalued in billions of euros.

On other currencies, a one hundred basis points decrease of the interest rates in the Eurozone in each currency, would imply for the Crédit Agricole S.A. Group a loss of -€49 million in 2019 on the banking portfolio at 31 December 2018, amounting to 0.15% of 2018 revenues. As an example, the gap in USD amounted to €1.96 billion and a decrease of -100 basis points of the interest rates would have a negative impact of -€19.6 million.

After the euro, the main currencies to which the Crédit Agricole Group is exposed are CHF, PLN, MAD, JPY and USD.

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 PnL).

1. Structural foreign exchange risk

The Crédit Agricole 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 (such as the Hong Kong dollar), 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. Treasury and ALM Committee, which is chaired by the Chief Executive Officer.

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.

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 LCR, along with the ALMM, calculated on a parent 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.

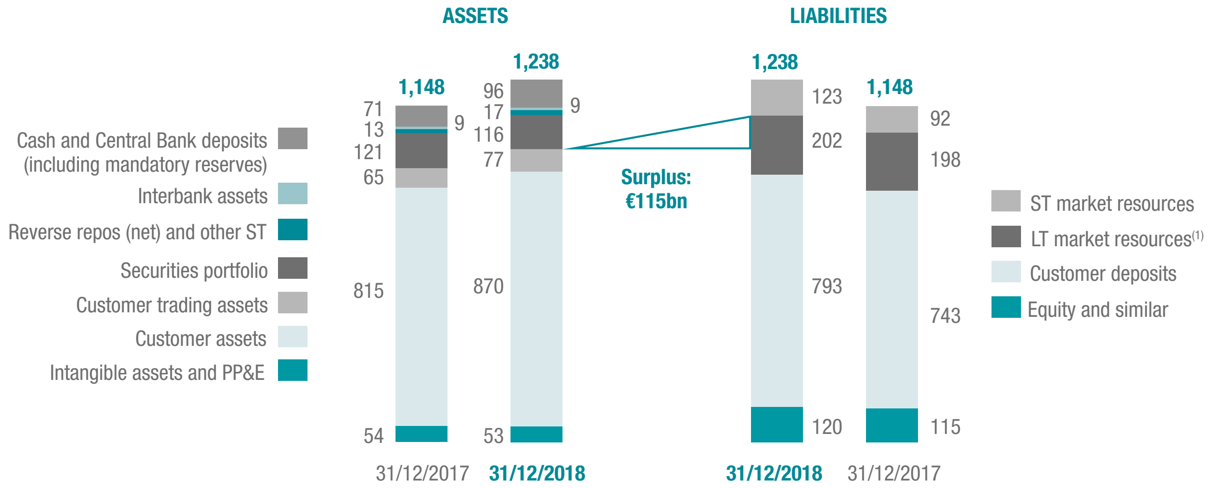
Long-term refinancing programmes comprise various instruments (see below). The body in charge of these tasks at an operational level is the Group's Treasury and Liquidity Committee, which reviews all matters relating to liquidity issues ranging from intraday to medium/long-term. It proposes policy directions 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.

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.

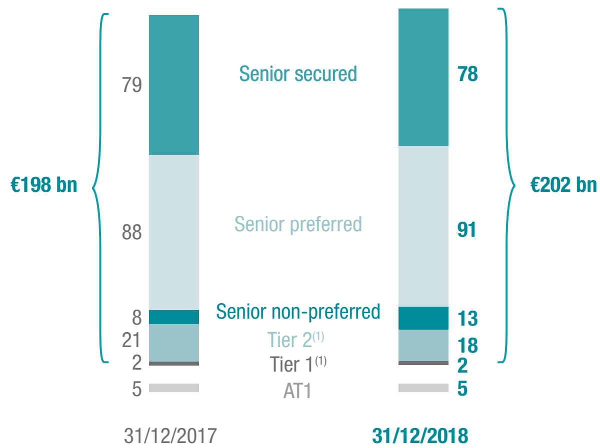
In a final stage, other restatements reassign outstandings that accounting standards allocate to one section, when they are economically related to another. Senior issues placed through the banking networks, which accounting standards would class as "LT market funds", are thus reclassified as "Customer 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

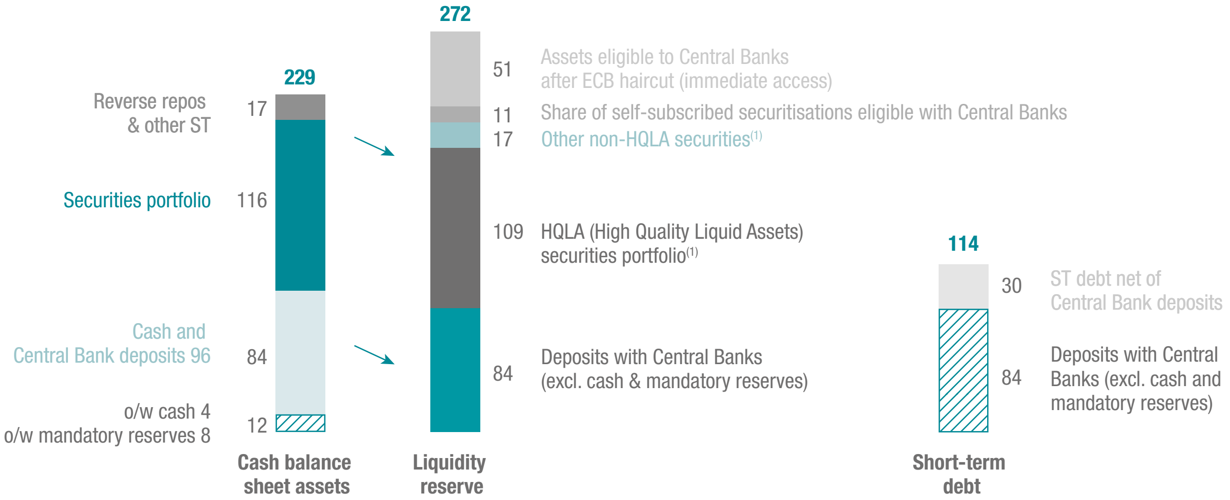


(1) Notional amount.

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 securities liquefiable in the market in the amount of €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	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.

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 principal 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 issued non-preferred senior debt for €5.2 billion equivalent and Tier 2 subordinated debt €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 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 Crédit Agricole Group'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 in 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, but without 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.

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 (FVH)** 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 the neutralisation is effected using derivative instruments (mainly interest rate swaps), the derivative instruments are classified as **cash flow hedges (CFH).** 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:

(in millions of euros)	At 31/12/2018			
Remaining time to maturity	**< 1 year**	**1 to 5 years**	**≥ 5 years**	**Total**
Cash flows of hedging derivatives	338	1087	(46)	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.

2.7 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 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 Crédit 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 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 an average guaranteed return superior to zero (since 2000 for the main French life insurance company), so that the overall average guaranteed 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 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):

(in millions of euros)	31/12/2018 Impact on net income	31/12/2018 Impact on equity	31/12/2017 Impact on net income	31/12/2017 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)

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".

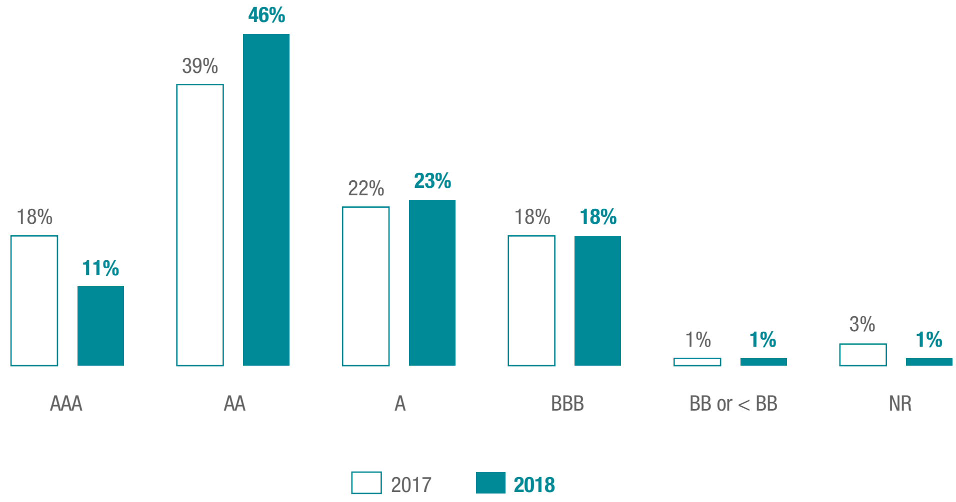
Amundi's risk management teams perform the analysis of counterparty risk for issuers and for OTC market transactions (derivatives) under the mandates granted to them by the insurance companies.

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 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 2 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).

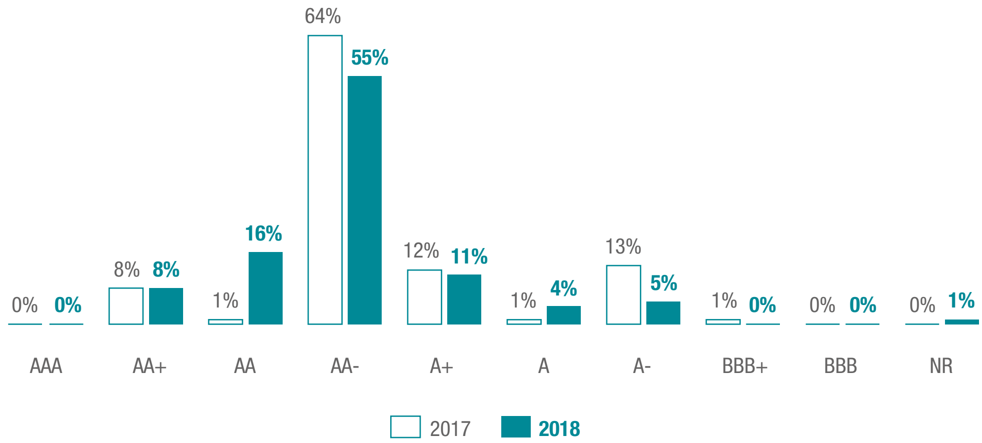
Each company draws up its own reinsurance plan aimed at protecting equity in case of systemic or exceptional events and at limiting volatility in the Company's results, based on the principles of Crédit Agricole Assurances Group's strategy for common and uniform risks limitation, namely:

- 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:



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.

2.8 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 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 the Crédit Agricole Group use the advanced measures approach (AMA): Crédit Agricole CIB, Amundi, LCL, Crédit Agricole Consumer Finance, Agos and the Regional Banks. 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 82.4% 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.**

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:

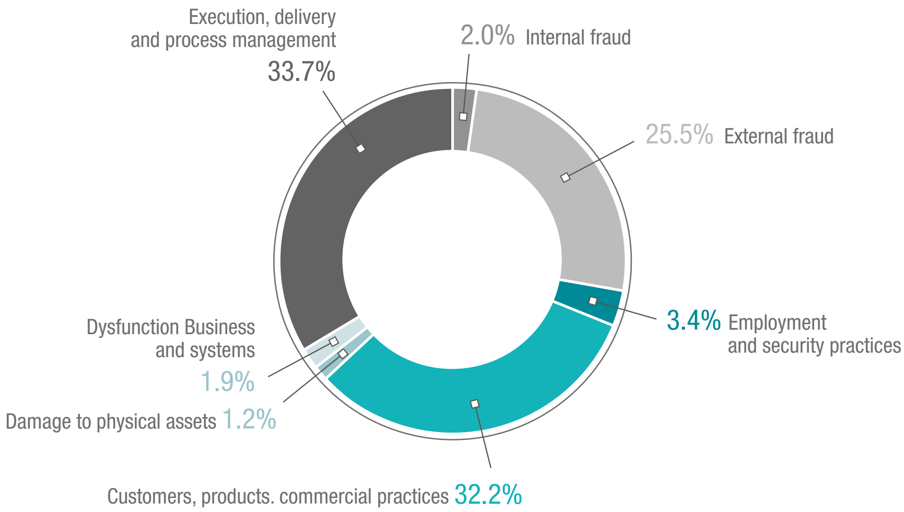
- it must form an integral part of the risk policy;
- it must be pragmatic, *i.e.* the methodology must be applicable to real operating conditions;
- it must have educational value, in order to be endorsed by Executive Management and the business lines;
- it must be robust, *i.e.* it must be able to provide estimates that are realistic and stable from one financial year to the next.

A biannual Committee for back-testing the Advanced Measurement Approach (AMA) model is in place and 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 audit missions 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)

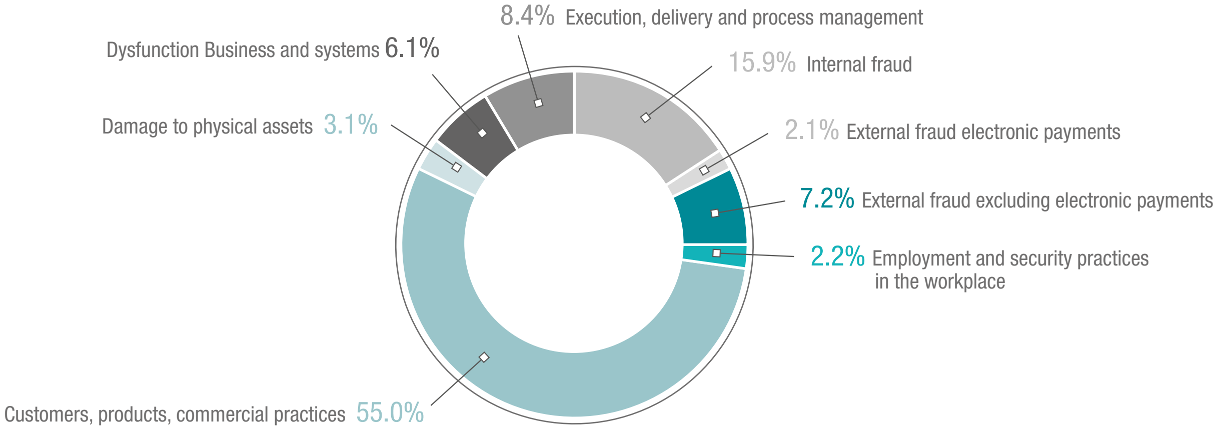


Generally, the exposure profile in terms of the operational risks identified over the last three years reflects the principal activities of the Crédit Agricole Group:

- an exposure that is mainly shared between the Execution risk category on the one hand, due to processing errors (absent or incomplete legal documentation, guarantee management, litigation with suppliers, input errors, etc.), but also due to tax sanctions, and the Customers category on the other hand, marked in particular by the recent decision of the Italian Competition Authority regarding FCA Bank SpA;
- still significant exposure to external fraud, 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 the Crédit Agricole 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

The 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, and with CAMCA for the Regional Banks. 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, General, Professional and 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 the Crédit Agricole Group.

2.9 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 Crédit 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 into 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 2, 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.

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 2 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.

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 Group's risk management system and exposure levels are presented in this section and in the "Risk management" section.

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 is 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 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 (Internal Capital Adequacy and Assessment Process).

The 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 share capital, adapted to the specificities of the Group's subsidiaries, which allows centralised and coordinated monitoring at the Group level with, where applicable, *ad hoc* governance for actions involving the Regional Banks;
- 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 testing");
- management of economic capital (see part 2. "Economic capital management");
- a qualitative ICAAP 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 management").

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".

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 under 1.5.3. "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.

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, 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.

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 several *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) activity	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".

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 counterparty credit risk framework	subject to the securitisation framework	subject to the market risk framework	not subject to capital requirements or subject to deduction from capital
Assets							
Cash, central banks	71	71	71	-	-	-	-
Available-for-sale financial assets	223	223	-	203	-	112	-
Other financial assets at fair value through profit or loss	149	16	16	-	-	-	-
Hedging derivative instruments	16	15	-	15	-	-	-
Accounted debt's instruments at fair value through recyclable own funds	260	51	43	4	3	-	0
Accounted own funds' instruments at fair value through non recyclable own funds	5	5	5	-	-	-	-
Loans and receivables due from credit institutions	97	94	91	3	-	-	-
Loans and receivables due from customers	855	866	863	3	-	-	-
Held-to-maturity financial assets	81	71	67	4	-	-	-
Revaluation adjustment on interest rate hedged portfolios	8	8	-	-	-	-	8
Deferred tax assets	6	7	7	-	-	-	-
Accruals, prepayments and sundry assets	44	43	37	6	-	3	0
Non-current assets held for sale	0	-	-	-	-	-	-
Investments in equity-accounted entities	6	15	13	-	-	-	2
Investment property	7	1	1	-	-	-	-
Property, plant and equipment	8	9	9	-	-	-	-
Intangible assets	2	2	-	-	-	-	2
Goodwill	16	15	-	-	-	-	15
TOTAL ASSETS	**1,855**	**1,512**	**1,222**	**238**	**3**	**114**	**28**
Liabilities							
Central banks	1	2	-	-	-	-	2
Available-for-sale financial liabilities	192	192	-	81	-	-	110
Financial liabilities at fair value through options	34	34	-	-	-	-	34
Hedging derivative instruments	16	16	-	-	-	-	16
Due to credit institutions	96	80	-	5	-	-	74
Due to customers	790	807	-	1	-	-	806
Debt securities	198	188	-	-	-	-	188
Revaluation adjustment on interest rate hedged portfolios	8	7	-	-	-	-	7
Current and deferred tax liabilities	2	3	3	-	-	-	(0)
Accruals, deferred income and sundry liabilities	48	45	8	-	-	-	37
Liabilities associated with non-current assets held for sale	0	(0)	-	-	-	-	(0)
Insurance company technical reserves	326	(0)	-	-	-	-	(0)
Provisions	8	8	-	-	-	-	8
Subordinated debt	23	21	-	-	-	-	21
Total liabilities	**1,743**	**1,402**	**10**	**88**	**-**	**-**	**1,304**

	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 counterparty credit risk framework**	**subject to the securitisation framework**	**subject to the market risk framework**	**not subject to capital requirements or subject to deduction from capital**
Equity	**112**	**111**	**-**	**-**	**-**	**-**	**111**
Equity, Group share	**107**	**107**	**-**	**-**	**-**	**-**	**107**
Share capital and reserves	28	28	-	-	-	-	28
Consolidated reserves	71	71	-	-	-	-	71
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	7	7	-	-	-	-	7
Non-controlling interests	**5**	**4**	**-**	**-**	**-**	**-**	**4**
TOTAL EQUITY AND LIABILITIES	**1,855**	**1,512**	**10**	**88**	**-**	**-**	**1,414**

The carrying amounts for the regulatory scope of consolidation (column b) are not equal to the sum of their breakdown by the risk (columns c to g) as an exposure may be subject to several types of risk.

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 overall ratio) and 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. It thus 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, the Financial Steering Director, the Financial Communication Director and the Financing and Treasury Director.

This Committee has the following main duties:

- 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.

1.5 Solvency ratios

Solvency ratio numerator (see section 1.6 "Definition of capital")

Basel 3 defines three levels of capital:

- the Common Equity Tier 1 ratio (CET1);
- Tier 1 capital, which consists of Common Equity Tier 1 and Additional Tier 1 capital (AT1);
- total capital, which consists of Tier 1 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 a 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)	8,245
TOTAL RISK WEIGHTED EXPOSURE AMOUNT (RWA)	**30,507**

Furthermore, since 2 January 2014 the regulatory prudential requirements for this investment are subject to a transfer of risk to the Regional Banks thanks to specific guarantees (Switch). The guaranteed amount amounts to €9.2 billion (including €6.3 billion covering non-deducted insurance investments at 31 December 2018, equivalent to 23.3 billion risk-weighted assets).

Pursuant to Regulation (EU) No. 575/2013 of 26 June 2013, two approaches are used to measure exposures 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.

1.5.1 Minimum regulatory prudential 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).

As such, compared to the regulatory declarations made under Pillar 1, an additional deduction of €741 million was made on CET1; consequently, the risk-weighted assets were adjusted downwards by €324 million as 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, with some exceptions, the highest applies. Only the 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) 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.

1 January…	2018	2019	2020
Common Equity Tier 1	4.5%	4.5%	4.5%
Tier 1 (CET1 + AT1)	6.0%	6.0%	6.0%
Tier 1 + Tier 2	8.0%	8.0%	8.0%
Capital conservation buffer	1.875%	2.500%	2.500%
Countercyclical buffer (0 to 2.5%)	0.009%	0.026%	0.199%
Systemic risk buffer (0 to 5%)	0.75%	1.00%	1.00%

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 0.024%. It will total 0.199% at 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 exposures		Trading book exposure		Securitisation exposure		Own funds 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	Securi-tisation exposure	Total	Breakdown by country *(in %)*	Counter-cyclical capital buffer rate *(in %)* 31/12/2018	Countercy-clical capital buffer rate forecast *(in %)* 31/12/2019[2]
Bulgaria	6	28	-	-	-	-	1	-	-	1	0.00%	0.00%	0.50%
Czech Republic	34	76	-	-	-	-	4	-	-	4	0.01%	1.00%	1.50%
Denmark	146	632	-	-	-	-	21	-	-	21	0.06%	0.00%	1.00%
France	83,086	578,109	203	2,502	227	12,874	23,439	216	141	23,796	67.74%	0.00%	0.25%
Hong Kong	369	3,633	-	-	-	-	87	-	-	87	0.25%	1.88%	2.50%
Iceland	2	-	-	-	-	-	-	-	-	-	0.00%	1.25%	1.75%
Ireland	94	3,071	-	-	-	72	78	-	1	78	0.22%	0.00%	1.00%
Lithuania	-	1	-	-	-	-	-	-	-	-	0.00%	0.50%	1.00%
Norway	15	928	-	-	-	-	22	-	-	22	0.06%	2.00%	2.50%
Slovakia	12	16	-	-	-	-	1	-	-	1	0.00%	1.25%	1.50%
Sweden	93	1,955	-	-	-	27	82	-	-	82	0.23%	2.00%	2.50%
United-kingdom	1,667	13,706	-	-	-	1,644	459	-	12	471	1.34%	1.00%	1.00%
Other countries[1]	75,122	280,712	164	-	1,787	30,284	10,194	13	359	10,566	30.08%	0.00%	0.00%
TOTAL	**160,646**	**882,867**	**368**	**2,502**	**2,014**	**44,901**	**34,389**	**230**	**512**	**35,131**	**100.00%**	**0.024%**	**0.199%**

(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 per country 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.

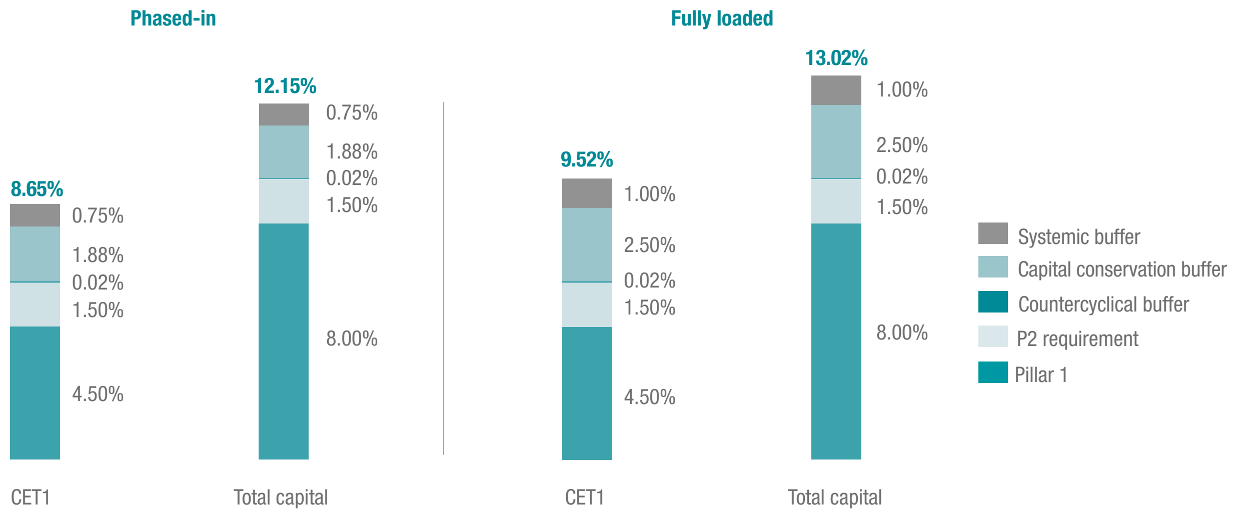
Minimum requirements with regard to Pillar 2

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 a "Pillar 2 Guidance (P2G)"; at this stage, this requirement is not public.

The Crédit Agricole Group will therefore have to comply as of 31 December 2018 with a consolidated minimum CET1 ratio of 8.65% phased-in or 9.52% fully loaded. These levels include the requirements under Pillar 1, Pillar 2 P2R, the capital conservation buffer and the systemic cushion that are subject to phasing and the countercyclical buffer (based on the decisions known to date):



At end-December 2018, the phased-in CET1 ratio of the Crédit Agricole Group was 15.0%; 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.

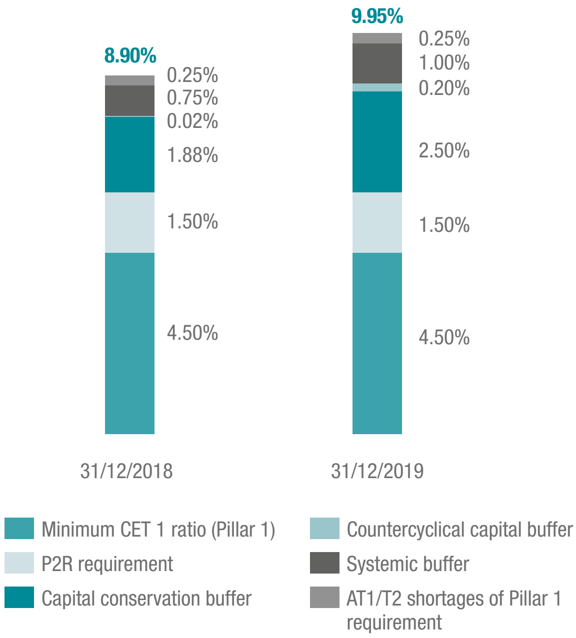
The notification received by Crédit Agricole Group in February 2019 confirms these requirements for the coming year.

Threshold for triggering the maximum distributable amount (MDA)

The transposition of Basel regulations into European law (CRD IV) introduced a mechanism for distribution restriction that applies to dividends, AT1 instruments and variable remuneration. The principle of the Maximum Distributable Amount (MDA), the maximum amount that a bank is allowed to dedicate on distributions, is intended to restrict distributions where they would result in non-compliance with the overall capital buffer requirement.

Thus, the MDA trigger threshold is expressed as a CET1 capital requirement, with the addition of any shortfalls in AT1 and Tier 2 capital under the regulatory minimum Pillar 1.

At 31 December 2018, for the Crédit Agricole Group, the threshold for triggering the MDA was 8.899% of risk-weighted assets, *i.e.* a CET1 capital amount of €48 billion. It would reach 9.949% on 1 July 2019 (date of application of the French cyclical contra-cyclical buffer). With a CET1 ratio of 15.0% at 31 December 2018, the Crédit Agricole Group has a safety margin of approximately 610 basis points above the threshold for triggering the MDA, or approximately €33 billion in CET1 capital.



(1) Based on CET1 regulatory capital and risk-weighted assets at 31/12/18. The overall capital buffer requirement takes into account the counter-cyclical capital buffer, based on decisions known to date. The Pillar 2 (P2G) recommendation is not taken into account, as non-compliance with this recommendation (actual or likely) does not automatically affect distributions.

1.5.2 Summary table of the solvency ratios

All the tables and remarks below include the net income for the period.

Solvability ratios of the Crédit Agricole S.A. Group

	31/12/2018		31/12/2017	
(in millions of euros)	Phased-in	Fully loaded	Phased-in	Fully loaded
Common Equity Tier 1 (CET1)	80,999	80,999	77,398	77,599
Tier 1 capital	87,772	86,008	84,292	82,562
Total capital	101,309	99,201	97,172	94,911
Total risk weighted assets	541,770	541,770	521,516	521,516
CET1 RATIO	**15.0%**	**15.0%**	**14.8%**	**14.9%**
TIER 1 RATIO	**16.2%**	**15.9%**	**16.2%**	**15.8%**
TOTAL CAPITAL RATIO	**18.7%**	**18.3%**	**18.6%**	**18.2%**

Solvency ratios of the Regional Banks[1]

	31/12/2018		31/12/2017	
(in millions of euros)	Phased-in	Fully loaded	Phased-in	Fully loaded
Common Equity Tier 1 capital	**53,055**	**53,042**	**48,718**	**48,289**
Additional Tier 1	-	-	-	-
Tier 1	**53,055**	**53,042**	**48,718**	**48,289**
Tier 2	926	778	284	1,073
Total capital	**53,981**	**53,820**	**49,002**	**49,362**
Credit risk	249,703	249,703	242,873	242,873
Market risk	256	256	244	244
Operational risk	18,720	18,720	16,696	16,696
Risk weighted assets	**268,679**	**268,679**	**259,813**	**259,813**
CET1 SOLVENCY RATIO	**19.7%**	**19.7%**	**18.8%**	**18.6%**
TIER 1 SOLVENCY RATIO	**19.7%**	**19.7%**	**18.8%**	**18.6%**
TOTAL SOLVENCY RATIO	**20.1%**	**20.0%**	**18.9%**	**19.0%**

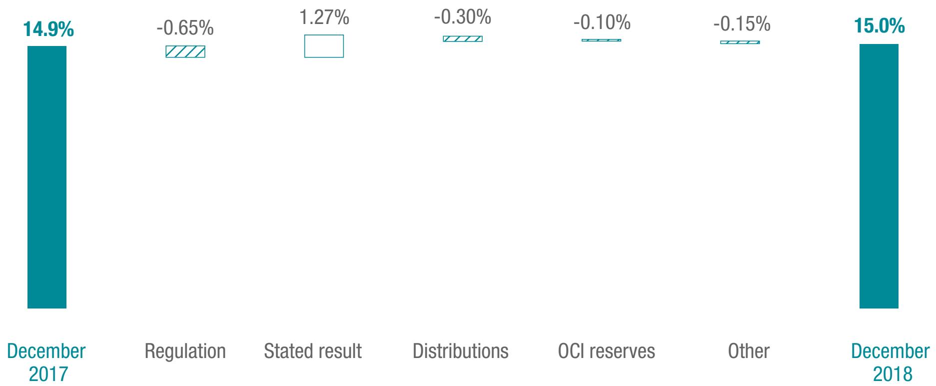
(1) Total of 38 Regional Banks (excluding Caisse régionale de Corse).

The CET1 solvency ratio (fully loaded) of all the Regional Banks (except Corsica) increased by 0.9% to settle at 19.7%. The Tier 1 “CET1” core shareholders’ equity increased by €4.8 billion over the year, mainly due to the inclusion of the retained earnings for the period (€3.2 billion), the issuance of mutual shares (€0.4 billion) and the first-time adoption of IFRS 9. Risk-weighted assets increased by €8.9 billion, both on credit risk (+2.8% in 2018 after +5.5% in 2017) and at the same time on operational risk (+€2.0 billion) following the review of non-financial risk modelling.

The figures presented above do not include any regulatory deductions for irrevocable commitments of the Regional Banks with respect to the Single Resolution Fund and the Deposit and Resolution Guarantee Fund for €0.5 billion. After taking them into account under Pillar II, the CET1 solvency ratio (fully loaded) is 19.6%.

We reiterate that the Regional Banks have issued their joint and several guarantee for the benefit of third-party creditors of Crédit Agricole S.A. for up to the total of their capital and reserves in the event of an asset shortfall at Crédit Agricole S.A. identified in the course of its bankruptcy or dissolution. The guarantee agreement was renewed in 2017. Moreover, Crédit Agricole S.A., in its capacity of Central Organisation, guarantees the solvency and liquidity of the Regional Banks. Consequently, international rating agencies give identical ratings to the issuance programmes of Crédit Agricole S.A. and the rated Regional Banks.

1.5.3 Change in CET1 ratio



The CET1 ratio increased by 7 basis points over the year, marked by a new regulatory burden, both accounting and prudential.

The Regulations item sets out the first application of IFRS 9 (-26 basis points), deductions of irrevocable payment commitments with respect to the Single Resolution Fund and the Deposit and Resolution Guarantee Fund (-12 basis points), TRIM effects (-3 basis points) and the review of the modelling of non-financial operational risks (-23 basis points).

The item “Other” includes in particular the development of business lines (-34 basis points), the switch to the IRB method of the Italian savings banks (+2 basis points), mutual share issues (+9 basis points), capital increase reserved for employees (+3 basis points) and regulatory recognition of the minority interests in Agos (+5 basis points).

1.6 Definition of capital

1.6.1 Tier 1 Capital (Tier 1)

This includes Common Equity Tier 1 (CET1) and Additional Tier 1 capital (AT1):

Tier 1 core capital or 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 under the liquidity contract and buyback programmes,
  - mutual shares awaiting redemption,
  - intangible assets, including start-up costs and goodwill,
  - the 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 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 undated 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 are permitted.

  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 S.A. 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.

  On the 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;
- direct deductions of 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 part 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 €9,313 million, or a maximum recognisable amount of €3,725 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.

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 €4,704 million, or a maximum recognisable amount of €1,881 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.

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%.

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)]	100,042	100,042	95,285	95,764
(+) Minority interests[(1)]	2,668	2,668	2,534	2,373
(-) Prudent valuation	(1,657)	(1,657)	(1,256)	(1,256)
(-) Deductions of goodwill and other intangible assets	(18,614)	(18,614)	(18,439)	(18,439)
(-) Deferred tax assets that rely on future profitability not arising from temporary differences after deduction of the associated tax liabilities	(203)	(203)	(243)	(304)
(-) Shortfall in adjustments for credit risk relative to expected losses under the internal ratings-based approach	(393)	(393)	(401)	(401)
(-) 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	(844)	(844)	(82)	(138)
COMMON EQUITY TIER 1 (CET1)	**80,999**	**80,999**	**77,398**	**77,599**
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	(123)	(123)	(429)	-
Transitional adjustments, other deductions and minority interests	(127)	(128)	(191)	(135)
ADDITIONAL TIER 1 CAPITAL	**6,773**	**5,009**	**6,894**	**4,963**
TIER 1 CAPITAL	**87,772**	**86,008**	**84,292**	**82,562**
Equity instruments and subordinated borrowings eligible as Tier 2 capital	14,545	14,545	15,507	15,507
Ineligible equity instruments and subordinated borrowings under grandfathering clause	344	-	384	-
Surplus provisions relative to expected losses eligible under the internal ratings-based approach and general credit risk adjustments under the standardised approach[(3)]	1,526	1,526	1,078	1,078
Tier 2 instruments of entities operating mainly in the insurance sector in which the institution has a significant investment deducted from Tier 2 capital	(2,715)	(2,715)	(3,865)	(3,999)
Transitional adjustments, other deductions and minority interests	(163)	(163)	(224)	(237)
TIER 2 CAPITAL	**13,537**	**13,193**	**12,880**	**12,349**
TOTAL CAPITAL	**101,309**	**99,201**	**97,172**	**94,911**
TOTAL RISK WEIGHTED ASSETS	**541,770**	**541,770**	**521,516**	**521,516**
CET1 RATIO	**15.0%**	**15.0%**	**14.8%**	**14.9%**
TIER 1 RATIO	**16.2%**	**15.9%**	**16.2%**	**15.8%**
TOTAL CAPITAL RATIO	**18.7%**	**18.3%**	**18.6%**	**18.2%**

(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 €4,095 million, and the deferred taxes that rely on future profitability arising from temporary differences amount to €1,220 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 €81.0 billion at 31 December 2018 and shows an increase of €3.4 billion compared to the end of the financial year 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 -€1.2 billion: it primarily affected unrealised reserves in the amount of -€1.5 billion, the non-realised reserves for +€0.5 billion, and the minority interests in the amount of -€0.1 billion.

The retained prudential result amounted to €5.6 billion and, in the other direction, the expense for coupons on Basel 3-eligible AT1 issues was €0.5 billion.

Details of residual changes are shown under detailed ratios categories:

- capital and reserves on a fully loaded basis rose by €99.2 billion, up €3.5 billion compared to end-2017 mainly due to retained prudential net income amounting to €5.6 billion, the €0.5 billion increase in non-realised reserves (first-time application of IFRS 9), net issues of securities by the Regional Banks of €0.4 billion, and the €0.2 billion positive impact from conversion differences, net of foreign currency impacts from AT1 issues on the reserves. Conversely, the decrease in unrealised capital gains and losses amounted to €2.5 billion (including €1.5 billion under IFRS 9) and AT1 coupons weighed on CET1 by €0.5 billion. In addition, a capital increase reserved for employees was carried out for an amount of €136 million and a free allocation of shares to shareholders previously benefiting from a loyalty dividend for a total amount of €87 million (neutral impact on shareholders' equity);
- fully loaded non-controlling interests amounted to €2.7 billion, up €0.3 billion, mainly due to the inclusion of Agos non-controlling interests;
- the deduction for prudent valuation amounted to €1.7 billion, up €0.4 billion;
- deductions in respect of goodwill and other intangible assets amounted to €18.6 billion, up €0.2 billion;
- deduction of deferred tax assets (DTA) which are dependent on future profitability related to tax loss carryforwards amounted to €0.2 billion, €0.1 billion lower compared with 31 December 2017;
- the deduction for the anticipated loss on equity risk (carried forward as a deficiency of credit risk adjustments compared to IRB expected losses) amounts to €0.4 billion, unchanged from 31 December 2017;
- CET1 instruments held in financial investments of more than 10% increased by €0.3 billion to €4.1 billion; deferred tax assets (DTA) dependent on future profits and resulting from temporary differences amounted to €1.2 billion, up €0.1 billion compared to 31 December 2017; the latter are subject to the calculation of an exemption threshold and are treated as risk-weighted assets and weighted at 250%; overall, the capital deduction for equity investments in excess of 10% was zero at 31 December 2018 (as was the case at 31 December 2017);
- the deductions applicable to CET1 capital and other adjustments amounted to €0.7 billion, an increase of the same amount compared to end-2017, as a result of Crédit Agricole S.A. Group'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 €81.0 billion, *i.e.* an identical amount to the fully loaded capital.

Fully loaded Tier 1 capital came in at €86.0 billion, up by €3.4 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;
- deductions mainly include deductions for AT1 instruments of entities in which the institution holds an investment of more than 10%, up to €0.1 billion, and the maximum amount for repurchasing AT1 instruments, which is €0.1 billion (the negative Tier 1 impact of non-controlling interests in instruments issued by subsidiaries is very small).

Tier 1 phased capital amounted to €87.8 billion, an increase of €3.5 billion compared with 31 December 2017 with additional Tier 1 capital down €0.1 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 €13.2 billion, up €0.8 billion from 31 December 2017. This change was attributable to:

- hybrid securities included in Tier 2 capital eligible under Basel 3 amounted to €14.5 billion, down €1.0 billion from 31 December 2017; the amount of the €1.7 billion issue carried out during the period was offset by calls for a total 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 increased from €0.4 billion to €1.5 billion, explained by the first-time application of IFRS 9 (+€0.4 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 €2.7 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 instruments of more than €0.2 billion, and in the other direction, the positive Tier 2 impact of non-controlling interests of instruments issued by subsidiaries amounted to less than €0.1 billion.

Phased-in Tier 2 capital was €13.5 billion, down €0.7 billion from 31 December 2017. This change comprises the fully loaded changes above and the phased-in changes. The latter was mainly attributable to:

- €0.3 billion of non-eligible instruments was practically unchanged from 31 December 2017.

In all, fully loaded total capital at 31 December 2018 stood at €99.2 billion, up €4.3 billion from 31 December 2017.

At €101.3 billion, **phased-in total capital** was €4.1 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.

1.6.5 Change in regulatory capital

(in millions of euros)	Phased-in 31/12/2018 vs. 31/12/2017
Common Equity Tier 1 capital at 31/12/2017	**77,398**
IFRS 9 first time application	(1,186)
Capital increase	663
Accounting attributable net income/loss for the year before dividend	6,391
Expected dividend	(1,085)
Unrealised gains and losses on the portfolio held for collection and sale purposes	(521)
Foreign currency impact	159
Minority interests	219
Goodwill and other intangible assets	(175)
Shortfall in adjustments for credit risk relative to expected losses under the internal ratings-based approach deducted from the CET1	15
Amount exceeding the exemption thresholds	-
Other CET1 components	(879)
COMMON EQUITY TIER 1 CAPITAL AT 31/12/2018	**80,999**
Additional Tier 1 capital at 31/12/2017	**6,894**
Issues	-
Redemptions and foreign currency impact on the debt stock[1]	(491)
Regulatory adjustments	370
ADDITIONAL TIER 1 CAPITAL AT 31/12/2018	**6,773**
TIER 1 CAPITAL AT 31/12/2018	**87,772**
Tier 2 capital at 31/12/2017	**12,880**
IFRS 9 first time application	396
Issues	1,726
Redemptions and foreign currency impact on the debt stock[1][2]	(2,728)
Regulatory adjustments	1,263
TIER 2 CAPITAL AT 31/12/2018	**13,537**
TOTAL CAPITAL AT 31/12/2018	**101,309**

(1) Including the impact, if any, of the applicable cap to these instruments.
(2) Tier 2 instruments are subject to a haircut during the five years prior to their maturity date.

1.6.6 Reconciliation of accounting and regulatory capital

(in millions of euros)	31/12/2018 Phased-in	31/12/2018 Fully loaded	31/12/2017 Phased-in	31/12/2017 Fully loaded
Equity, Group share (carrying amount)[1]	**106,717**	**106,717**	**102,291**	**102,291**
Expected dividend	(1,085)	(1,085)	(1,007)	(1,007)
Filtered unrealised gains/(losses) on change in own credit risk on structured products	114	114	379	379
Filtered unrealised gains/(losses) on change in own credit risk on derivatives	(40)	(40)	(14)	(17)
Filtered unrealised gains/(losses) on cash flow hedges	(296)	(296)	(421)	(421)
Transitional regime applicable to unrealised gains/(losses)	-	-	(484)	-
AT1 instruments included in equity (carrying amount)	(5,011)	(5,011)	(4,999)	(4,999)
Other regulatory adjustments	(1,179)	(1,179)	(460)	(462)
Capital and reserves Group share[2]	**100,042**	**100,042**	**95,285**	**95,764**
Minority interests (carrying amount)[1]	5,471	5,471	5,446	5,446
(-) items not recognised under regulatory framework[3]	(2,803)	(2,803)	(2,912)	(3,073)
Minority interests[2]	2,668	2,668	2,534	2,373
(-) Prudent valuation	(1,657)	(1,657)	(1,256)	(1,256)
Deductions of goodwill and other intangible assets	(18,614)	(18,614)	(18,439)	(18,439)
Deferred tax assets that rely on future profitability not arising from temporary differences	(203)	(203)	(243)	(304)
Shortfall in adjustments for credit risk relative to expected losses under the internal ratings-based approach deducted from the CET1	(393)	(393)	(401)	(401)
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	(844)	(844)	(82)	(138)
TOTAL CET1	**80,999**	**80,999**	**77,398**	**77,599**
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 from Tier 1 capital	(123)	(123)	(429)	-
Transitional adjustments, other deductions and minority interests	(127)	(128)	(135)	(135)
Other components of Tier 1 capital	-	-	(56)	-
Total Additional Tier 1	**6,773**	**5,009**	**6,894**	**4,963**
TOTAL TIER 1	**87,772**	**86,008**	**84,292**	**82,562**
Tier 2 equity instruments	14,889	14,545	15,891	15,507
Surplus provisions relative to expected losses eligible under the internal ratings-based approach	1,526	1,526	499	499
General credit risk adjustments under the standardised approach	-	-	579	579
Tier 2 instruments of entities operating mainly in the insurance sector in which the institution has a significant investment deducted from Tier 2 capital	(2,715)	(2,715)	(3,865)	(3,999)
Transitional adjustments, other deductions and minority interests	(163)	(163)	(224)	(237)
TOTAL TIER 2	**13,537**	**13,193**	**12,880**	**12,349**
TOTAL CAPITAL	**101,309**	**99,201**	**97,172**	**94,911**

(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.

1.7 Other ratios

1.7.1 Financial conglomerate ratio

As at 31 December 2018, Crédit Agricole Group's financial conglomerate ratio, which now includes the Solvency 2 requirement relating to the equity interest in Crédit Agricole Assurances, is 155% 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.

1.7.2 Leverage ratio

Article 429 of the CRR specifying the methods for calculating the leverage ratio was amended and replaced by the Delegated Act No. 62/2015 of 10 October 2014. The Delegated Act 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 CRR2: it will be at 3% for non G-SIB, and at a level of 3% increased by half of the entity's systemic buffer for G-SIB.

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.

The leverage ratio of Crédit Agricole Group at 31 December 2018 was 5.4%[1], on a Tier 1 phased base: it is down over the year compared to 5.6% at the end of 2017, movement as explained by activity growth, while capital was stable and slightly up over the period, due in particular as a result of the application of IFRS 9.

The intra-quarterly phased leverage ratio of the Crédit Agricole Group, which refers to the average end-of-month exposures for the first two months of this fourth quarter, is 5.2%.

(1) The leverage ratio amounts to 5.6% 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)	1,277,137
2	(Asset amounts deducted in determining Tier 1 capital)	(22,567)
3	**TOTAL ON-BALANCE SHEET EXPOSURES (EXCLUDING DERIVATIVES, SFTS AND FIDUCIARY ASSETS) (SUM OF LINES 1 AND 2)**	**1,254,571**
Derivative exposures		
4	Replacement cost associated with all derivatives transactions (ie net of eligible cash variation margin)	15,767
5	Add-on amounts for PFE associated with all derivatives transactions (mark-to-market method)	28,264
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)	(18,101)
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)**	**34,859**
SFT exposures		
12	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	199,299
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	(50,515)
14	Counterparty credit risk exposure for SFT assets	6,303
EU-14a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 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)**	**155,087**
Other off-balance sheet exposures		
17	Off-balance sheet exposures at gross notional amount	326,788
18	(Adjustments for conversion to credit equivalent amounts)	(154,827)
19	**OTHER OFF-BALANCE SHEET EXPOSURES (SUM OF LINES 17 TO 18)**	**171,961**
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))	-
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**	**87,772**
21	**TOTAL LEVERAGE RATIO TOTAL EXPOSURE MEASURE (SUM OF LINES 3, 11, 16, 19, EU-19A AND EU-19B)**	**1,616,477**
Leverage ratio		**-**
22	**LEVERAGE RATIO**	**5.43%**
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	-

Summary reconciliation of accounting assets and leverage ratio exposures (LRSum)

(in millions of euros)		Applicable Amount
1	Total assets as per published financial statements	1,854,763
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	(342,670)
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	(72,317)
5	Adjustments for securities financing transactions (SFTs)	27,307
6	Adjustment for off-balance sheet items (*i.e.* conversion to credit equivalent amounts of off-balance sheet exposures)	171,961
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)	-
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	(22,567)
8	**LEVERAGE RATIO TOTAL EXPOSURE MEASURE**	**1,616,477**

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:	1,277,137
EU-2	Trading book exposures	7,910
EU-3	Banking book exposures, of which:	1,269,227
EU-4	Covered bonds	3,850
EU-5	Exposures treated as sovereigns	230,574
EU-6	Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	34,276
EU-7	Institutions	47,114
EU-8	Secured by mortgages of immovable properties	13,805
EU-9	Retail exposures	560,521
EU-10	Corporate	259,392
EU-11	Exposures in default	20,334
EU-12	Other exposures (e.g. equity, securitisations, and other non-credit obligation assets)	99,361

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 business growth, while capital remained unchanged over the period, mainly due to IFRS 9 application.

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 recapitalization 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.

2. ECONOMIC CAPITAL MANAGEMENT

2.1 Overall system

In order to asses and permanently maintain adequate capital to cover the risks to which it is (or may be) exposed, the Group supplements the measurement of the required capital (Pillar 1) with measurement of economic capital requirements based on the risk identification process and on the valuation using an internal approach (Pillar 2).

The assessment of the need for economic capital is one of the elements of the ICAAP (Internal Capital Adequacy Assessment Process) which also covers:

- the stress test programme – in order to introduce a forward-looking view of the impact of more unfavourable scenarios on the Group's risk level and solvency;
- as well as the management of capital requirements within the Group through capital planning, capital allocation and profitability management.

The implementation and updating of the ICAAP procedure are the responsibility of each subgroup.

The management of economic capital is developed in accordance with the interpretation of the main regulatory texts:

- the Basel Accords;
- 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 a measuring system for the need of economic capital covering Crédit Agricole Group, Crédit Agricole S.A. Group and the Group's main French and foreign entities.

2.2 Available internal capital

The Group has also defined its available internal capital, an internal view of shareholders' equity, against which the need for economic capital is compared.

Internal capital is defined as part of a conglomerate approach – taking into account the importance of the Group's insurance activities and based on the consideration of TLAC constraints and the principle of going concern.

2.3 Economic capital requirement

The need for economic capital quantifies the capital requirements for each of the major risks identified in the annual risk identification process.

The process of identifying major risks aims, in a first step, to identify in the most exhaustive way possible all the risks likely to have an impact on the balance sheet, income statement, prudential ratios or reputation of an entity or the Group and to classify them by category and subcategories, according to a uniform nomenclature for the entire Group. In a second step, the objective is to assess the importance of these risks in a systematic and comprehensive manner in order to identify major risks.

The risk identification procedure combines several sources: an internal analysis based on information gathered from the risk chain and other control functions; and additional external data. It is formalised for each entity and for the Group, coordinated by the risk management department and approved by the Board of Directors.

For each of the major risks identified, the quantification of the need for economic capital is carried out as follows:

- the risk measures already covered by Pillar 1 are reviewed and, where necessary, supplemented by economic capital adjustments;
- the risks absent from Pillar 1 are the subject of a specific calculation of the need for economic capital, based on internal approaches;
- in general, measures of economic capital requirements are carried out with a calculation horizon of one year, as well as a quantile (the probability of default), the level of which is defined on the basis of the Group's appraisal of external ratings;
- finally, the measurement of the need for economic capital 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 the need of economic capital is ensured by a specific governance within the Group.

Measuring the need for economic capital 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.

All major risks identified during the risk identification process are taken into account when assessing the need for economic capital as at 31 December 2018. 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 all the need for economic capital is covered by internal capital. At Crédit Agricole Group level, the internal capital thus covers almost 150% of the need for economic capital at 31 December 2018.

Crédit Agricole S.A. Group entities subject to the requirement to measure the need for economic capital 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 measurement system for the need for economic capital is appropriately organised and governed. The need for economic capital 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 need for economic capital 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.

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**
Uni-medias	Global			✓	Information and communication
Crédit Agricole Assurances (CAA)	Global			✓	Financial and insurance activities – Insurance
Crédit Agricole Life Insurance Company Japan Ltd.	Global			✓	Financial and insurance activities – Insurance
CA ASSICURAZIONI	Global			✓	Financial and insurance activities – Insurance
Crédit Agricole Créditor Insurance (CACI)	Global			✓	Financial and insurance activities – auxiliary activities of financial and insurance services
Spirica	Global			✓	Financial and insurance activities – Insurance
Crédit Agricole Assurances Solutions	Global			✓	Financial and insurance activities – activities of financial services, excluding insurance and pension funds
PREDICA	Global			✓	Financial and insurance activities – Insurance
Médicale de France	Global			✓	Financial and insurance activities – Insurance
PACIFICA	Global			✓	Financial and insurance activities – Insurance
Via Vita	Global			✓	Other activities of services
IRIS HOLDING FRANCE	Global			✓	Real-estate activities
Crédit Agricole Life Insurance Europe	Global			✓	Financial and insurance activities – Insurance
GNB SEGUROS (formerly BES SEGUROS)	Global			✓	Financial and insurance activities – Insurance
Crédit Agricole Life	Global			✓	Financial and insurance activities – Insurance
Crédit Agricole Vita S.p.A.	Global			✓	Financial and insurance activities – Insurance
ASSUR&ME	Global			✓	Financial and insurance activities – auxiliary activities of financial and insurance services
UBAF	MEE		✓		Financial and insurance activities – activities of financial services, excluding insurance and pension funds
CAIRS Assurance S.A.	Global			✓	Financial and insurance activities – Insurance
Atlantic Asset Securitization LLC	Global			✓	Financial and insurance activities – activities of financial services, excluding insurance and pension funds
LMA S.A.	Global			✓	Financial and insurance activities – activities of financial services, excluding insurance and pension funds
Héphaïstos EUR FCC	Global			✓	Financial and insurance activities – activities of financial services, excluding insurance and pension funds
Héphaïstos GBP FCT	Global			✓	Financial and insurance activities – activities of financial services, excluding insurance and pension funds
Héphaïstos USD FCT	Global			✓	Financial and insurance activities – activities of financial services, excluding insurance and pension funds
Héphaïstos Multidevises FCT	Global			✓	Financial and insurance activities – activities of financial services, excluding insurance and pension funds
Eucalyptus FCT	Global			✓	Financial and insurance activities – activities of financial services, excluding insurance and pension funds
Pacific USD FCT	Global			✓	Financial and insurance activities – activities of financial services, excluding insurance and pension funds
Shark FCC	Global			✓	Financial and insurance activities – activities of financial services, excluding insurance and pension funds
Vulcain EUR FCT	Global			✓	Financial and insurance activities – activities of financial services, excluding insurance and pension funds
Vulcain Multi-Devises FCT	Global			✓	Financial and insurance activities – activities of financial services, excluding insurance and pension funds
Vulcain USD FCT	Global			✓	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.

Name of the entity	Method of accounting	Method of regulatory consolidation: Full consolidation	Description of the entity Proportional consolidation	Equity method	Description of the entity
Pacific EUR FCC	Global			✓	Financial and insurance activities – activities of financial services, excluding insurance and pension funds
Pacific IT FCT	Global			✓	Financial and insurance activities – activities of financial services, excluding insurance and pension funds
Triple P FCC	Global			✓	Financial and insurance activities – activities of financial services, excluding insurance and pension funds
ESNI (Cédit Agricole CIB compartment)	Global			✓	Financial and insurance activities – auxiliary activities of financial and insurance services
Elipso Finance S.r.l	MEE		✓		Financial and insurance activities – activities of financial services, excluding insurance and pension funds
La Fayette Asset Securitization LLC	Global			✓	Financial and insurance activities – activities of financial services, excluding insurance and pension funds
TSUBAKI ON (FCT)	Global			✓	Financial and insurance activities – activities of financial services, excluding insurance and pension funds
TSUBAKI OFF (FCT)	Global			✓	Financial and insurance activities – activities of financial services, excluding insurance and pension funds
La Route Avance	Global			✓	Financial and insurance activities – activities of financial services, excluding insurance and pension funds
ARES Reinsurance Ltd.	Global			✓	Financial and insurance activities – auxiliary activities of financial and insurance services
MENAFINANCE	MEE		✓		Financial and insurance activities – activities of financial services, excluding insurance and pension funds
FCA Bank S.P.A	MEE		✓		Financial and insurance activities – activities of financial services, excluding insurance and pension funds
FINAREF RISQUES DIVERS	Global			✓	Financial and insurance activities – Insurance
FINAREF VIE	Global			✓	Financial and insurance activities – Insurance
CACI Reinsurance Ltd.	Global			✓	Financial and insurance activities – auxiliary activities of financial and insurance services
SPACE HOLDING (IRELAND) LIMITED	Global			✓	Financial and insurance activities – activities of financial services, excluding insurance and pension funds
SPACE LUX	Global			✓	Financial and insurance activities – activities of financial services, excluding insurance and pension funds
CACI LIFE LIMITED	Global			✓	Financial and insurance activities – activities of financial services, excluding insurance and pension funds
CACI NON LIFE LIMITED	Global			✓	Financial and insurance activities – activities of financial services, excluding insurance and pension funds
Sacam Assurance Caution	Global			✓	Financial and insurance activities – auxiliary activities of financial and insurance services
GROUPE CAMCA	Global			✓	Financial and insurance activities – Insurance

4. COMPOSITION AND CHANGES IN RISK-WEIGHTED ASSETS

4.1 Summary of risk-weighted assets

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 €541.8 billion on 31 December 2018 compared with €521.5 billion on 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)**	**440,526**	**430,974**	**35,242**
2	of which the standardised approach	130,004	130,864	10,400
3	of which the foundation IRB (FIRB) approach	83,672	80,761	6,694
4	of which the advanced IRB (AIRB) approach	163,086	154,518	13,047
5	of which equity IRB under the simple risk-weighted approach or the IMA	63,764	64,831	5,101
6	**CCR**	**18,901**	**17,583**	**1,512**
7	of which mark to market	6,292	5,839	503
8	of which original exposure	-	-	-
9	of which the standardised approach	-	-	-
10	of which internal model method (IMM)	8,309	7,995	665
11	of which risk exposure amount for contributions to the default fund of a CCP	291	316	23
12	of which CVA	4,009	3,433	321
13	**Settlement risk**	**7**	**1**	**1**
14	**Securitisation exposures in the banking book (after the cap)**	**6,506**	**6,279**	**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	1,552	1,409	124
19	**Market risk**	**10,869**	**10,770**	**870**
20	of which the standardised approach	4,447	5,039	356
21	of which IMA	6,421	5,730	514
22	**Large exposures**	**-**	**-**	**-**
23	**Operational risk**	**55,873**	**47,091**	**4,470**
24	of which basic indicator approach	-	-	-
25	of which standardised approach	9,841	8,542	787
26	of which advanced measurement approach	46,032	38,548	3,683
27	**Amounts below the thresholds for deduction (subject to 250% risk weight)**	**9,088**	**8,819**	**727**
28	**Floor adjustment Basel 1**	**-**	**-**	**-**
29	**TOTAL**	**541,770**	**521,516**	**43,342**

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4.1.2 Operating segment information

31/12/2018 *(in millions of euros)*	Credit risk								
	Standardised approach	Weighting approach IRB	IRB approach(1)	Contributions to a CCP default fund	Credit risk	Credit valuation adjustment risk	Operational Risk	Market risk	Total risk-weighted assets
French retail banking	37,032	16,480	168,656	-	**222,168**	429	24,253	45	**246,895**
International retail banking	33,735	816	4,017	11	**38,579**	15	3,988	324	**42,906**
Asset gathering	5,557	44,934	910	-	**51,401**	437	5,993	57	**57,888**
Specialised financial services	35,121	1,104	17,015	-	**53,240**	19	2,935	4	**56,198**
Large customers	19,418	4,397	67,747	280	**91,842**	3,110	18,064	7,895	**120,911**
Corporate center	4,109	5,121	4,558	-	**13,788**	-	640	2,544	**16,972**
TOTAL RISK-WEIGHTED ASSETS	**134,972**	**72,852**	**262,903**	**291**	**471,018**	**4,010**	**55,873**	**10,869**	**541,770**

(1) Advanced IRB or Foundation IRB approach depending on business lines.

31/12/2017 *(in millions of euros)*	Credit risk								
	Standardised approach	Weighting approach IRB	IRB approach(1)	Contributions to a CCP default fund	Credit risk	Credit valuation adjustment risk	Operational Risk	Market risk	Total risk-weighted assets
French retail banking	37,232	14,600	160,298	-	**212,130**	598	20,059	42	**232,829**
International retail banking	34,034	700	3,348	11	**38,093**	20	3,650	338	**42,101**
Asset gathering	6,048	48,777	855	-	**55,680**	501	4,427	81	**60,689**
Specialised financial services	36,766	934	16,754	-	**54,454**	44	2,468	2	**56,968**
Large customers	17,038	3,869	64,213	305	**85,425**	2,270	15,972	6,004	**109,671**
Corporate center	4,740	4,770	4,930	-	**14,440**	-	515	4,303	**19,258**
TOTAL RISK-WEIGHTED ASSETS	**135,858**	**73,650**	**250,398**	**316**	**460,222**	**3,433**	**47,091**	**10,770**	**521,516**

(1) Advanced IRB or Foundation IRB approach depending on business lines.

4.1.3 Trends in risk-weighted assets

The table below shows the trends in the Crédit Agricole Group's risk-weighted assets in 2018:

(in millions of euros)	31/12/2017	Foreign exchange	Organic change and optimisation	Equity-accounted value Insurance	Scope	Method and regulatory changes	Total variation 2018	31/12/2018
Credit risk	460,222	1,531	13,101	(5,238)	(297)	1,698	10,795	471,018
of which Equity risk	*73,650*	-	*3,287*	*(5,238)*	-	*1,153*	*(798)*	*72,852*
CVA	3,433	-	577	-	-	-	577	4,010
Market risk	10,770	-	99	-	-	-	99	10,869
Operational risk	47,091	-	555	-	2	8,225	8,782	55,873
TOTAL	**521,516**	**1,531**	**14,332**	**(5,238)**	**(295)**	**9,923**	**20,253**	**541,770**

Risk-weighted assets totalled €542 billion on 31 December 2018, an increase of €20.2 billion (+3.9%) due in particular to:

- growth in business lines, particularly in Retail banking in France (+€10.4 billion) and in the Large customers division (+€6.3 billion). The effect of this growth was partly offset by optimisation actions in the other businesses;
- methodological and regulatory effects, including the review of the modelling of non-financial operational risks (+€8.2 billion), the first effects of the review of models by the single supervisor (+€0.9 billion) and the first-time adoption of IFRS 9 (+1.5 billion, including +€1.2 billion in Insurance related to the reclassification and valuation of securities portfolios and +€0.3 billion in other businesses, mainly related to deferred tax assets set up following the increase in impairment losses). 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 -€5.2 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).

4.2 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.

4.2.1 General overview of credit and counterparty risk

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, 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.

Overall risk exposure (credit, counterparty, dilution, settlement and delivery) at 31 December 2018

31/12/2018 *(in billions of euros)*	Standardised				IRB				Total				
	Gross expo-sure[(1)]	Gross expo-sure after CRM[(2)]	EAD	RWA	Gross expo-sure[(1)]	Gross expo-sure after CRM[(2)]	EAD	RWA	Gross expo-sure[(1)]	Gross expo-sure after CRM[(2)]	EAD	RWA	Capital require-ment
Central governments or central Banks	56.0	56.1	55.8	6.1	189.8	200.8	198.0	2.7	245.8	257.0	253.9	8.8	0.7
Institutions	43.7	60.7	58.4	9.0	99.6	101.7	97.0	16.5	143.3	162.4	155.4	25.6	2.0
Corporates	154.2	133.0	100.1	77.5	363.4	341.6	281.9	128.0	517.7	474.6	382.0	205.5	16.4
Retail customers	43.7	41.1	37.4	23.1	589.7	589.7	582.8	110.7	633.4	630.8	620.2	133.8	10.7
Loans to individuals	30.4	28.8	25.8	16.5	474.3	474.3	468.6	73.8	504.7	503.0	494.5	90.3	7.2
o/w secured by real estate assets	10.0	9.6	9.5	4.1	343.6	343.6	343.6	40.9	353.6	353.2	353.1	45.0	3.6
o/w revolving	5.3	5.0	2.3	1.8	19.2	19.2	13.7	5.5	24.5	24.2	16.0	7.3	0.6
o/w other	15.2	14.2	14.0	10.6	111.4	111.4	111.4	27.3	126.6	125.6	125.4	37.9	3.0
Loans to small and medium businesses	13.3	12.3	11.5	6.6	115.5	115.5	114.1	36.9	128.8	127.8	125.7	43.6	3.5
o/w secured by real estate assets	0.6	0.6	0.6	0.3	21.2	21.2	21.2	7.1	21.8	21.7	21.7	7.4	0.6
o/w other	12.7	11.8	11.0	6.4	94.3	94.3	93.0	29.8	107.0	106.1	103.9	36.2	2.9
Shares	1.7		1.7	1.9	18.2		18.2	63.8	19.9		19.9	65.7	5.3
Securitisations	2.5		2.3	1.6	43.3		43.3	5.0	45.8		45.6	6.5	0.5
Assets other than credit obligation	21.5		21.4	15.8	-		-	-	21.5		21.4	15.8	1.3
TOTAL	**323.3**		**277.2**	**135.0**	**1,304.2**		**1,221.2**	**326.7**	**1,627.4**		**1,498.4**	**461.6**	**36.9**

(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

31/12/2017 *(in billions of euros)*	Standardised				IRB				Total				
	Gross expo-sure[(1)]	Gross expo-sure after CRM[(2)]	EAD	RWA	Gross expo-sure[(1)]	Gross expo-sure after CRM[(2)]	EAD	RWA	Gross expo-sure[(1)]	Gross expo-sure after CRM[(2)]	EAD	RWA	Capital require-ment
Central governments or central Banks	51.5	51.5	51.4	5.9	164.1	172.5	170.2	3.2	215.5	224.0	221.6	9.1	0.7
Institutions	43.1	55.1	53.5	9.3	98.6	101.8	97.5	16.9	141.7	156.9	151.0	26.2	2.1
Corporates	145.5	127.9	97.6	77.2	334.3	318.1	254.6	121.1	479.9	446.0	352.2	198.4	15.9
Retail customers	47.1	44.9	40.4	24.7	552.3	552.3	545.4	104.3	599.5	597.3	585.8	129.0	10.3
Loans to individuals	35.5	33.9	30.0	18.7	442.8	442.8	437.2	70.7	478.4	476.8	467.2	89.4	7.2
o/w secured by real estate assets	13.0	12.4	12.3	5.4	310.3	310.3	310.3	37.8	323.3	322.7	322.6	43.2	3.5
o/w revolving	6.2	6.0	2.4	1.9	18.9	18.9	13.3	5.4	25.0	24.9	15.8	7.2	0.6
o/w other	16.4	15.6	15.2	11.5	113.7	113.7	113.6	27.5	130.1	129.2	128.9	39.0	3.1
Loans to small and medium businesses	11.6	11.0	10.4	5.9	109.5	109.5	108.2	33.6	121.1	120.5	118.6	39.6	3.2
o/w secured by real estate assets	0.5	0.5	0.5	0.2	18.5	18.5	18.5	6.5	19.0	19.0	19.0	6.8	0.5
o/w other	11.1	10.5	9.9	5.7	91.0	91.0	89.7	27.1	102.1	101.5	99.6	32.8	2.6
Shares	2.0		1.7	2.0	18.6		18.2	64.8	20.6		19.9	66.9	5.3
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	21.4		21.4	15.9	-		-	-	21.4		21.4	15.9	1.3
TOTAL	**313.1**		**268.3**	**136.4**	**1,206.5**		**1,124.3**	**315.2**	**1,519.6**		**1,392.7**	**451.6**	**36.1**

(1) Initial gross exposure.
(2) Gross exposure after credit risk mitigation (CRM).

Measured in terms of gross exposure, the Group's total outstanding amounts were up +7.1% reflecting the favourable business climate in the main business lines, in particular in the "Central governments and central banks" portfolio (up +14.1%).

The main portfolio remains the Retail customers category with total gross exposure of €633.4 billion at end-June 2018, compared with €599.5 at end-2017.

RWA density (defined as the ratio of risk-weighted assets/EAD) was 22% on average for retail customers and 54% 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	189,806	179,949	164,020	164,308
2	Institutions	99,158	100,577	98,221	95,721
3	Corporates	358,111	346,054	328,334	324,126
4	of which: Specialised lending	59,656	57,875	57,120	58,907
5	of which: SMEs	34,265	32,464	30,100	29,878
6	Retail	578,673	562,489	541,776	529,008
7	Secured by real estate property	361,395	348,302	325,817	319,423
8	SMEs	20,394	19,290	17,754	17,203
9	Non-SMEs	341,002	329,012	308,064	302,220
10	Qualifying revolving	18,811	18,655	18,533	18,338
11	Other retail	198,467	195,532	197,426	191,247
12	SMEs	90,129	88,229	86,785	86,929
13	Non-SMEs	108,338	107,303	110,640	104,318
14	Equity	18,229	18,338	18,206	18,164
15	**Total IRB approach**	**1,243,977**	**1,207,406**	**1,150,556**	**1,131,328**
16	Central governments or central Banks	54,395	46,887	50,549	43,048
17	Regional governments or local authorities	803	727	549	620
18	Public sector entities	1,100	975	566	704
19	Multilateral development banks	81	125	33	87
20	International organisations	735	600	213	339
21	Institutions	42,347	46,233	42,314	47,237
22	Corporates	111,125	107,822	101,394	98,445
23	of which: SMEs	21,745	19,070	16,694	15,543
24	Retail	31,401	31,729	33,753	32,087
25	of which: SMEs	12,223	11,545	10,824	10,049
26	Secured by mortgages on immovable property	12,132	12,493	10,947	10,964
27	of which: SMEs	1,410	1,260	1,119	867
28	Exposures in default	2,962	3,124	3,715	3,603
29	Items associated with particularly high risk	282	288	287	149
30	Covered bonds	-	-	19	71
31	Claims on institutions and corporates with a short-term credit assessment	-	-	-	-
32	Collective investments undertakings	36,064	37,550	37,692	34,651
33	Equity exposures	1,708	1,807	1,736	1,844
34	Other exposures	21,418	21,208	21,307	19,934
35	**Total standardised approach**	**316,553**	**311,566**	**305,076**	**293,784**
36	**TOTAL**	**1,560,530**	**1,518,972**	**1,455,632**	**1,425,112**

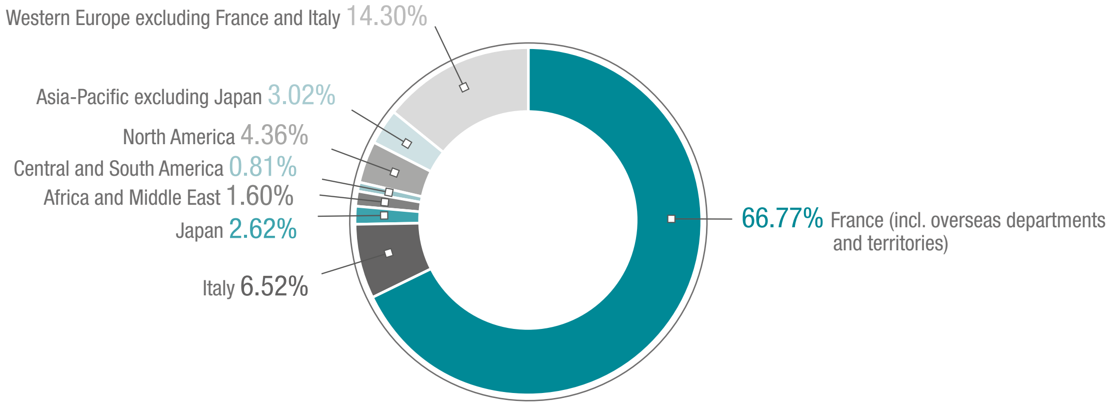
(1) The 2018 average is calculated on the basis of data recorded at the end of each quarter 2018.
(2) The 2017 average is calculated on the basis of data recorded at the end of each quarter 2017.

Net exposures totalled 1,560.5 billion at 31 December 2018, 80% of which are subject to an internal ratings-based regulatory treatment.

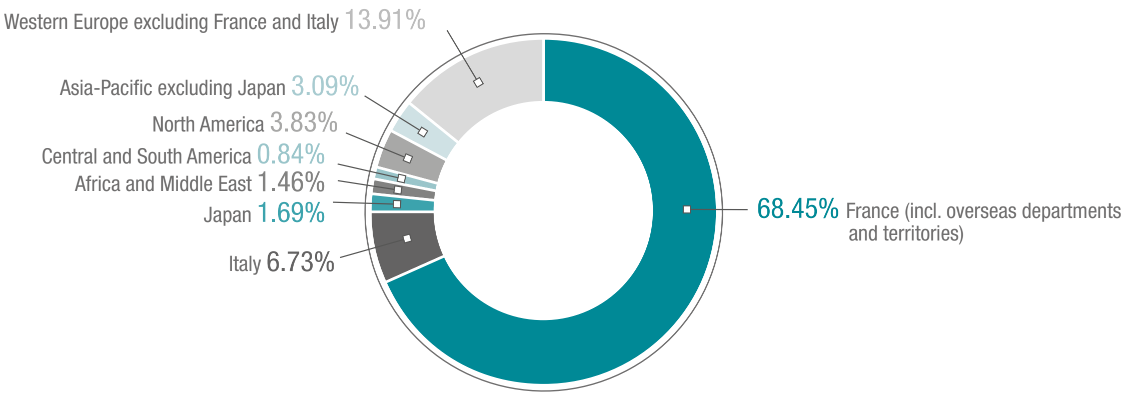
4.2.1.2 Exposures by geographic area

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	110,434	550	5,177	3,344	5,315	1,257	199	9,375
2	Institutions	60,561	566	1,014	4,879	1,501	3,061	4,065	13,087
3	Corporates	157,693	11,138	12,140	18,697	12,903	6,796	7,404	27,617
4	Retail	526,507	34,104	1,810	576	3,407	1,610	47	5,672
5	Equity	17,554	244	168	24	11	18	17	49
6	**Total IRB approach 31/12/2018**	**872,749**	**46,602**	**20,309**	**27,520**	**23,138**	**12,742**	**11,733**	**55,794**
	Total IRB approach 31/12/2017	**830,304**	**41,523**	**18,117**	**24,199**	**25,183**	**10,450**	**11,958**	**48,936**
7	Central governments or central Banks	21,219	12,863	13,856	8	1,136	758	16	2,528
8	Regional governments or local authorities	452	142	-	-	9	-	-	156
9	Public sector entities	577	190	-	-	291	-	-	37
10	Multilateral development banks	38	31	6	-	-	-	-	-
11	International organisations	100	-	636	-	-	-	-	-
12	Institutions	15,653	3,267	582	11,127	2,639	218	834	1,652
13	Corporates	70,445	20,108	2,746	954	2,155	298	370	7,621
14	Retail	9,640	8,371	5	921	1,984	197	2,062	6,738
15	Secured by mortgages on immovable property	1,569	3,296	2	25	321	3,277	2	2,213
16	Exposures in default	1,255	1,215	2	11	29	36	32	256
17	Items associated with particularly high risk	281	-	-	-	-	-	-	1
18	Covered bonds	-	-	-	-	-	-	-	-
19	Claims on institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-
20	Collective investments undertakings	29,767	3,070	1,351	4	130	-	5	38
21	Equity exposures	1,379	50	6	29	-	8	-	12
22	Other exposures	16,796	2,532	131	32	35	415	16	749
23	**Total standardised approach 31/12/2018**	**169,172**	**55,137**	**19,323**	**13,110**	**8,729**	**5,206**	**3,336**	**22,005**
	Total standardised approach 31/12/2017	**166,130**	**56,418**	**9,604**	**13,583**	**9,633**	**4,936**	**3,494**	**22,308**
24	**TOTAL 31/12/2018**	**1,041,921**	**101,739**	**39,632**	**40,630**	**31,866**	**17,948**	**15,069**	**77,801**
	TOTAL 31/12/2017	**996,434**	**97,941**	**27,721**	**37,783**	**34,816**	**15,386**	**15,452**	**71,246**

All prudential approaches combined (*i.e.* internal ratings-based and standardised), the proportion of exposures located in Europe was unchanged at 88% at end-2018, as it was at end-2017.

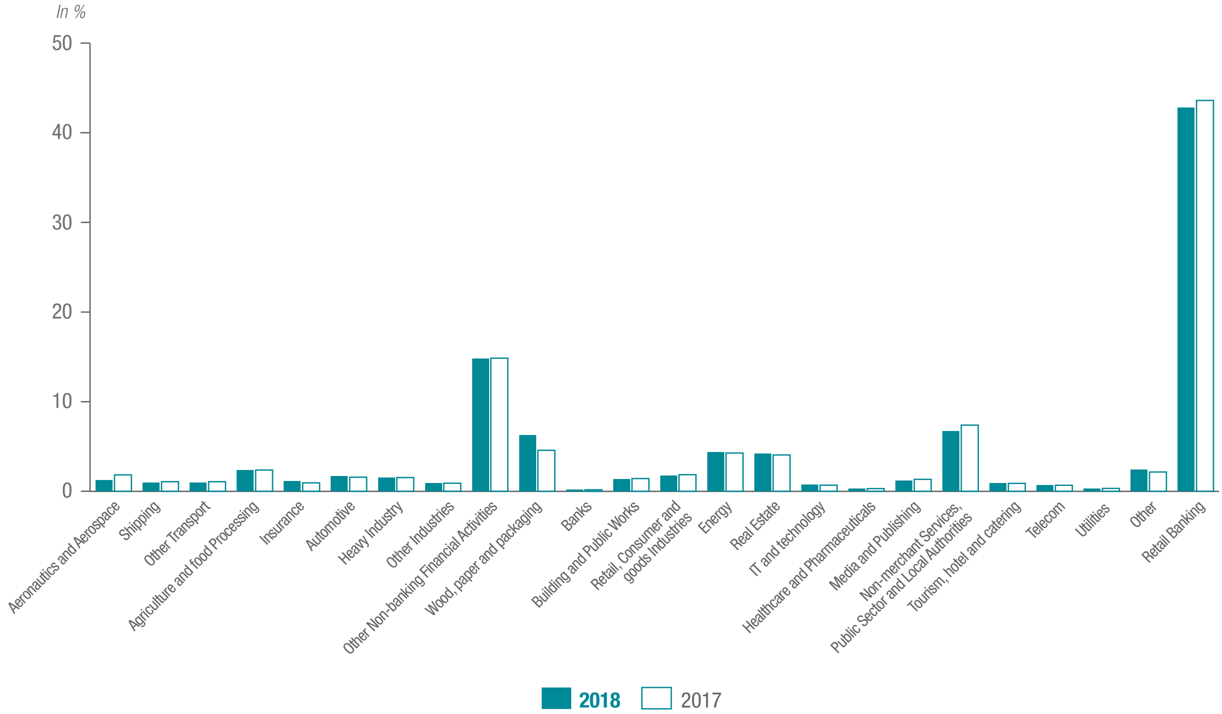
More specifically, in Retail banking the Group's exposure was concentrated on two countries: France and Italy represent 78% of exposure. The other portfolios are more geographically diversified. For example, close to 23% of exposure in the Corporate portfolio are located outside Europe, primarily in North America and Asia.

Asia and Oceania		North America				
Japan	Others	USA	Others	Central and South America	Africa and Middle East	Total
29,715	5,793	7,275	1,508	70	3,070	**189,874**
1,376	7,182	2,433	565	562	5,097	**99,157**
7,429	27,481	48,205	3,580	10,381	6,646	**358,110**
146	3,399	152	67	235	870	**578,605**
5	5	133	-	-	-	**18,229**
38,671	**43,862**	**58,197**	**5,721**	**11,249**	**15,683**	**1,243,977**
22,545	42,468	46,438	5,220	10,517	12,663	1,150,524
43	67	81	1	2	1,818	**54,395**
-	-	-	44	-	-	**803**
-	1	-	-	-	3	**1,100**
-	-	-	-	-	6	**81**
-	-	-	-	-	-	**735**
642	1,646	2,379	228	312	1,164	**42,347**
114	1,204	661	430	552	3,467	**111,127**
8	70	20	22	519	843	**31,401**
1	55	49	2	2	1,312	**12,132**
-	9	-	-	2	111	**2,960**
-	-	-	-	-	-	**282**
-	-	-	-	-	-	**-**
-	-	-	-	-	-	**-**
1,437	230	20	-	-	11	**36,064**
-	1	1	-	-	222	**1,708**
4	43	284	-	19	362	**21,418**
2,249	**3,334**	**3,496**	**728**	**1,409**	**9,321**	**316,553**
2,033	2,507	3,706	431	1,702	8,623	305,108
40,920	**47,195**	**61,693**	**6,447**	**12,658**	**25,008**	**1,560,530**
24,579	44,975	50,144	5,652	12,217	21,284	1,455,632

4.2.1.3 Exposures by business sector

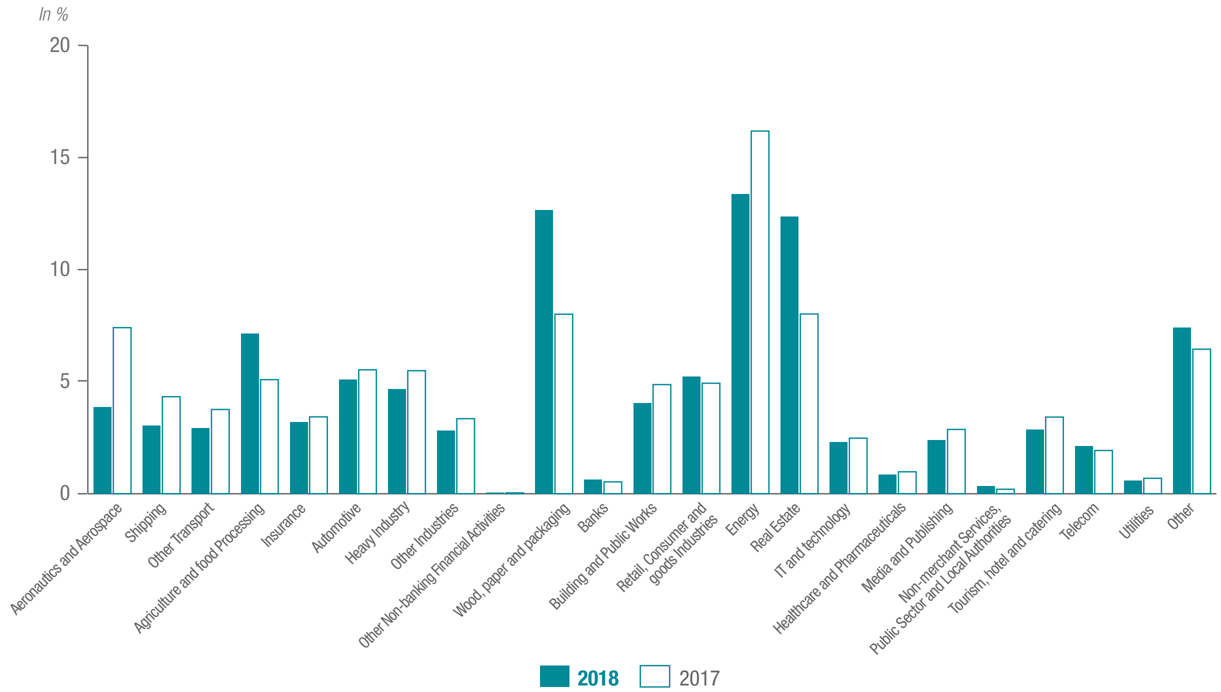
The breakdown by business sector covers Crédit Agricole S.A. Group's exposures to Central governments and central banks, Institutions, Corporates and Retail customers. The Retail customer portfolio is also broken down by Basel sub-portfolio (home loans, revolving credit, other small business loans, farmers and other retail).

Exposures by business sector



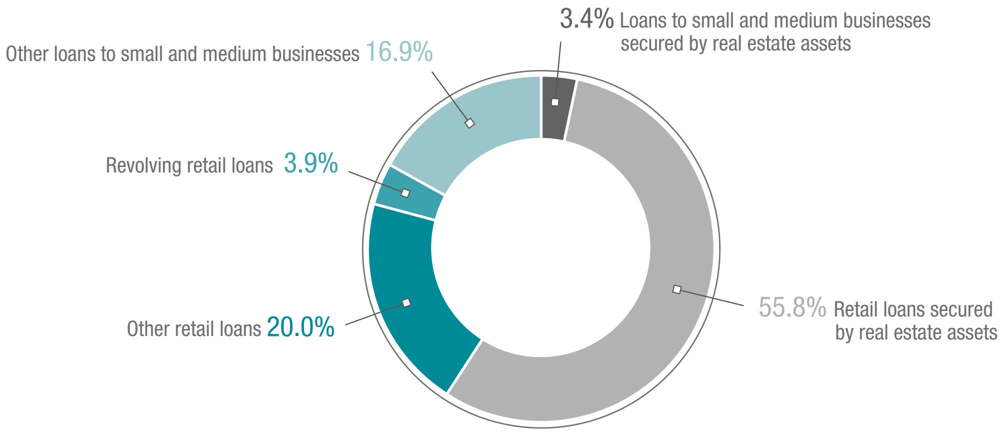
The breakdown of the loan book by business sector still shows a good level of risk diversification.

Breakdown of exposures Corporates portfolio



The **Corporates** portfolio also shows a satisfactory level of diversification: within this scope, no sector accounted for more than 14% of total exposures at end-2018.

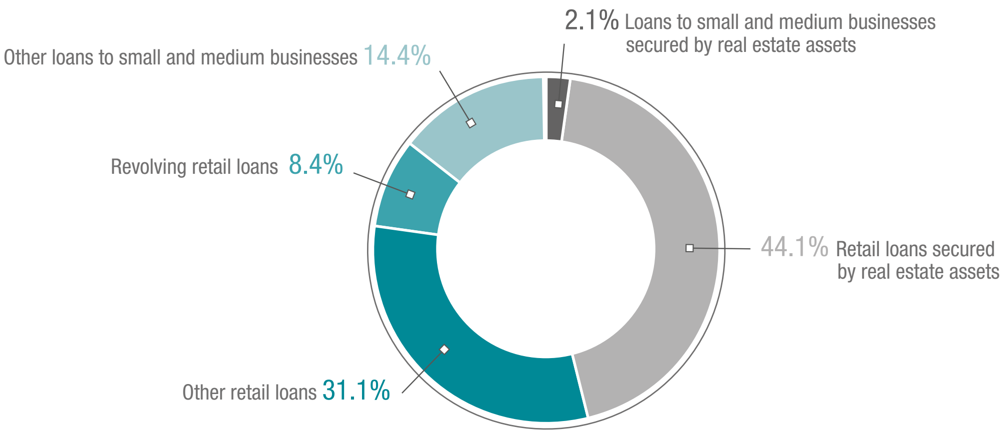
Retail customers at 31 December 2018



Breakdown of the Retail customer portfolio

The chart below shows a breakdown of Crédit Agricole S.A. Group's Retail customer portfolio exposures by Basel sub-portfolio (outstanding amounts of €633.4 billion at 31 December 2018 compared to €599.5 billion at 31 December 2017, an increase of +5.7% 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 (55.8% in 2018, compared with 44.1% in 2017). Conversely, the share of "revolving retail loans" fell further in 2018 to 3.9% 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)	Agri-culture, forestry and fishing	Mining and quarrying	Manufac-turing	Production and distribution	Cons-truction	Whole-sale trade	Retail trade	Transport and storage	Accom-modation and food service activities	Information and communi-cation	Education and instruction-Training
1 Central governments or central Banks	-	-	-	-	7	-	-	322	-	-	2
2 Institutions	194	-	509	899	243	4	507	353	79	46	50
3 Corporates	4,003	20,566	87,468	25,279	12,790	32,439	17,385	35,087	6,609	18,660	553
4 Retail	-	-	-	-	-	-	-	-	-	-	-
5 Equity	226	16	197	30	31	92	2	53	12	63	-
6 Total IRB approach	**4,423**	**20,582**	**88,173**	**26,208**	**13,071**	**32,534**	**17,895**	**35,815**	**6,699**	**18,769**	**605**
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	33
10 Multilateral development banks	-	-	-	-	-	31	-	-	-	-	-
11 International organisations	-	-	-	-	-	-	-	-	-	-	-
12 Institutions	-	-	110	1	-	-	2	-	-	-	-
13 Corporates	1,545	320	13,251	2,664	2,641	5,537	6,438	1,760	876	1,205	84
14 Retail	-	-	-	-	-	-	-	-	-	-	-
15 Secured by mortgages on immovable property	222	6	209	10	23	73	52	35	105	12	7
16 Exposures in default	41	18	287	11	366	105	153	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	**1,845**	**346**	**13,872**	**2,738**	**3,059**	**5,779**	**6,663**	**2,058**	**1,016**	**1,223**	**125**
24 TOTAL	**6,268**	**20,927**	**102,046**	**28,946**	**16,130**	**38,313**	**24,557**	**37,873**	**7,715**	**19,992**	**730**

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 adminis-tration	Private persons	Arts, entertain-ment and recreation	Other services	Total
1	Central governments or central Banks	82	131,652	-	-	-	52,501	4,994	162	-	84	-	189,806
2	Institutions	2,064	51,236	6	29	804	31,334	1,016	134	2	118	9,532	99,158
3	Corporates	31,778	36,073	8,393	6,678	4,321	384	6,697	748	60	1,625	516	358,111
4	Retail	-	-	-	-	-	-	-	-	578,673	-	-	578,673
5	Equity	612	5,268	589	225	63	1	15	3	21	35	10,676	18,229
6	**Total IRB approach**	**34,536**	**224,230**	**8,987**	**6,932**	**5,187**	**84,220**	**12,722**	**1,046**	**578,755**	**1,863**	**20,724**	**1,243,977**
7	Central governments or central Banks	-	34,955	-	-	-	12,868	-	-	-	-	6,550	54,395
8	Regional governments or local authorities	-	-	-	-	-	717	5	4	-	-	70	803
9	Public sector entities	16	311	-	11	8	245	108	19	-	16	167	1,100
10	Multilateral development banks	-	6	-	-	-	-	-	-	-	-	44	81
11	International organisations	-	621	-	-	-	-	-	-	-	-	114	735
12	Institutions	-	31,935	-	-	5	-	-	-	-	-	10,293	42,347
13	Corporates	30,147	10,345	1,127	990	987	74	818	270	71	316	29,660	111,127
14	Retail	-	7	-	-	-	-	-	-	28,512	-	2,881	31,401
15	Secured by mortgages on immovable property	909	9	16	20	12	-	32	19	10,125	4	233	12,132
16	Exposures in default	484	14	21	37	13	6	5	6	683	16	622	2,960
17	Items associated with particularly high risk	266	-	-	-	-	-	-	-	-	-	16	282
18	Covered bonds	-	-	-	-	-	-	-	-	-	-	-	-
19	Claims on institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-
20	Collective investments undertakings	477	18,159	-	-	-	-	-	-	-	-	17,428	36,064
21	Equity exposures	121	325	6	2	417	-	-	-	-	-	727	1,708
22	Other exposures	162	-	119	2	87	1	1	-	88	-	20,848	21,418
23	**Total standardised approach**	**32,584**	**96,686**	**1,288**	**1,062**	**1,529**	**13,911**	**969**	**318**	**39,479**	**352**	**89,652**	**316,553**
24	**TOTAL**	**67,121**	**320,915**	**10,276**	**7,994**	**6,716**	**98,131**	**13,690**	**1,364**	**618,234**	**2,215**	**110,376**	**1,560,530**

4.2.1.4 Exposures by residual maturity

Maturity of the exposures (CRB-E)

31/12/2018 *(in millions of euros)*		Net value of exposure					
		On demand	≤ 1 year	> 1 year ≤ 5 years	> 5 years	No stated maturity	Total
1	Central governments or central Banks	108,626	23,286	28,779	29,079	35	189,806
2	Institutions	3,950	26,106	18,184	41,398	9,520	99,158
3	Corporates	10,962	106,193	163,730	74,496	2,731	358,111
4	Retail	6,865	-	-	570,045	1,763	578,673
5	Equity	-	-	6	1,275	16,948	18,229
6	**Total IRB approach**	**130,402**	**155,585**	**210,699**	**716,294**	**30,997**	**1,243,977**
7	Central governments or central Banks	34,007	4,519	5,998	3,407	6,465	54,395
8	Regional governments or local authorities	7	40	149	536	70	803
9	Public sector entities	89	176	360	308	167	1,100
10	Multilateral development banks	-	6	31	-	44	81
11	International organisations	-	621	-	-	114	735
12	Institutions	2,501	15,095	10,488	3,963	10,299	42,347
13	Corporates	8,202	24,931	25,550	23,171	29,272	111,127
14	Retail	467	518	3	27,531	2,881	31,401
15	Secured by mortgages on immovable property	14	74	311	11,499	233	12,132
16	Exposures in default	310	420	589	1,031	610	2,960
17	Items associated with particularly high risk	-	-	-	266	16	282
18	Covered bonds	-	-	-	-	-	-
19	Claims on institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
20	Collective investments undertakings	-	3,354	6,030	9,270	17,410	36,064
21	Equity exposures	-	60	129	13	1,506	1,708
22	Other exposures	-	88	78	93	21,160	21,418
23	**Total standardised approach**	**45,597**	**49,903**	**49,717**	**81,089**	**90,246**	**316,553**
24	**TOTAL**	**176,000**	**205,488**	**260,416**	**797,383**	**121,243**	**1,560,530**

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	Non-defaulted exposures	Provisions / Impairment	Net values
1	Central governments or central banks	78	189,771	43	189,806
2	Institutions	410	99,203	454	99,158
3	Corporates	5,411	358,024	5,323	358,111
4	of which: Specialised lending	1,230	59,195	768	59,656
5	of which: SMEs	1,381	34,435	1,551	34,265
6	Retail	12,571	577,172	11,070	578,673
7	Secured by real estate property	4,871	359,895	3,370	361,395
8	SMEs	848	20,310	765	20,394
9	Non-SMEs	4,023	339,584	2,606	341,002
10	Qualifying revolving	353	18,880	423	18,811
11	Other retail	7,347	198,397	7,277	198,467
12	SMEs	4,072	90,251	4,194	90,129
13	Non-SMEs	3,275	108,146	3,083	108,338
14	Equity	-	18,230	-	18,229
15	**Total IRB approach 31/12/2018**	**18,469**	**1,242,398**	**16,890**	**1,243,977**
	Total IRB approach 31/12/2017	**20,820**	**1,147,163**	**17,427**	**1,150,556**
16	Central governments or central banks	-	54,397	1	54,395
17	Regional governments or local authorities	-	803	-	803
18	Public sector entities	-	1,100	-	1,100
19	Multilateral development banks	-	81	-	81
20	International organisations	-	735	-	735
21	Institutions	-	42,371	24	42,347
22	Corporates	-	111,667	542	111,125
23	of which: SMEs	-	21,884	139	21,745
24	Retail	-	31,666	265	31,401
25	of which: SMEs	-	12,257	34	12,223
26	Secured by mortgages on immovable property	-	12,149	17	12,132
27	of which: SMEs	-	1,412	2	1,410
28	Exposures in default	6,221	-	3,259	2,962
29	Items associated with particularly high risk	-	283	1	282
30	Covered bonds	-	-	-	-
31	Claims on institutions and corporates with a short-term credit assessment	-	-	-	-
32	Collective investments undertakings	-	36,095	31	36,064
33	Equity exposures	-	1,714	6	1,708
34	Other exposures	-	21,534	116	21,418
35	**Total standardised approach 31/12/2018**	**6,221**	**314,595**	**4,263**	**316,553**
	Total standardised approach 31/12/2017	**7,232**	**301,789**	**3,945**	**305,076**
36	**TOTAL 31/12/2018**	**24,690**	**1,556,993**	**21,153**	**1,560,530**
	TOTAL 31/12/2017	**28,052**	**1,448,952**	**21,372**	**1,455,632**

Exposures at default stood at €24.7 billion at 31 December 2018, down 12% compared to 31 December 2017. They represent 1.6% of gross total exposures *versus* 1.9% at end-2017. With regard to the stock of provisions / impairment, despite an increase in provisions on healthy loans in 2018, the decrease in stock was mainly due to the sale of doubtful loans and the sound management of the credit portfolio.

Quality of credit exposures by industry or type of counterparty (CR1-B)

31/12/2018 *(in millions of euros)*		Gross carrying values of Defaulted exposures	Gross carrying values of Non-defaulted exposures	Provisions/ depreciation	Net values
1	Agriculture, forestry and fishing	269	6,190	191	6,268
2	Mining and quarrying	219	20,900	192	20,927
3	Manufacturing	1,733	101,343	1,030	102,046
4	Production and distribution	152	28,874	80	28,946
5	Construction and water supply	1,191	15,555	616	16,130
6	Wholesale trade	726	38,053	466	38,313
7	Retail trade	459	24,340	242	24,557
8	Transport and storage	1,294	37,108	529	37,873
9	Accommodation and food service activities	268	7,630	183	7,715
10	Information and communication	133	19,910	51	19,992
11	Education	9	728	7	730
12	Real estate activities	1,512	66,396	788	67,121
13	Finance and insurance companies	926	320,731	742	320,915
14	Financial holding companies	236	10,236	196	10,276
15	Professional, scientific and technical activities	166	7,929	101	7,994
16	Administrative and support service activities	73	6,695	52	6,716
17	Public administration and defence, compulsory social security	115	98,053	37	98,131
18	Human health services and social work activities	45	13,668	23	13,690
19	Other personal services	26	1,355	16	1,364
20	Private persons	14,178	612,435	8,379	618,234
21	Arts, entertainment and recreation	43	2,196	25	2,215
22	Other services	915	116,667	7,206	110,376
23	**TOTAL 31/12/2018**	**24,690**	**1,556,993**	**21,153**	**1,560,530**
	TOTAL 31/12/2017	**28,052**	**1,448,952**	**21,372**	**1,455,632**

Quality of credit exposures by geographic area (CR1-C)

31/12/2018 *(in millions of euros)*		Gross carrying values of Defaulted exposures	Gross carrying values of Non-defaulted exposures	Provisions/ depreciation	Net values
1	**Europe**	**22,094**	**1,363,923**	**19,409**	**1,366,607**
2	France	14,076	1,041,733	13,888	1,041,921
3	Italy	5,161	100,365	3,787	101,739
4	Luxembourg	1,100	38,552	20	39,632
5	United Kingdom	169	40,685	225	40,630
6	Germany	115	31,880	129	31,866
7	Switzerland	87	17,964	103	17,948
8	Netherland	189	15,028	148	15,069
9	Others (Europe)	1,197	77,716	1,109	77,802
10	**Asia & Oceania**	**409**	**87,822**	**114**	**88,117**
11	Japan	33	40,893	6	40,920
12	Others (Asia & Oceania)	376	46,929	108	47,197
13	**North America**	**104**	**68,337**	**301**	**68,141**
14	USA	64	61,929	300	61,693
15	Others (North America)	40	6,408	1	6,448
16	**Central & South America**	**654**	**12,402**	**397**	**12,659**
17	**Africa and Middle East**	**1,429**	**24,509**	**932**	**25,006**
18	**TOTAL 31/12/2018**	**24,690**	**1,556,993**	**21,153**	**1,560,530**
	TOTAL 31/12/2017	**28,052**	**1,448,952**	**21,372**	**1,455,632**

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 ≤ 1year	> 1year
1	Loans	10,366	2,611	1,140	1,409	985	4,316
2	Debt Securities	-	-	-	-	-	-
3	Total exposures	10,366	2,611	1,140	1,409	985	4,316

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 ≤ 1year	> 1year
1	Loans	10,005	1,339	597	228	140	109
2	Debt Securities	-	-	-	-	-	-
3	Total exposures	10,005	1,339	597	228	140	109

Exposures on watchlist for up to 60 days account for 62% at 31 December 2018 and 91% 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		On non-performing exposures	of which: forborne exposures
						of which: defaulted	of which: impaired	of which: forborne		of which: forborne		of which: forborne		
10	Debt securities	134,575	-	11	110	85	85	1	(53)	-	(23)	-	-	-
20	Loans and advances	1,046,944	3,012	4,899	25,343	23,673	23,673	7,852	(5,433)	(367)	(14,662)	(3,537)	6,740	4,911
30	Off-balance sheet exposures	531,403	-	193	3,666	1,243	-	109	942	4	464	6	77	93

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		On non-performing exposures	of which: forborne exposures
						of which: defaulted	of which: impaired	of which: forborne		of which: forborne		of which: forborne		
10	Debt securities	135,558	316	-	608	237	332	1	(8)	-	(239)	-	-	-
20	Loans and advances	961,536	2,822	5,754	28,380	26,092	26,092	8,522	(5,359)	(428)	(15,286)	(3,564)	7,597	6,391
30	Off-balance sheet exposures	501,254	-	518	1,907	1,659	-	177	183	27	444	5	133	111

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 and 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				Collateral and financial guarantees received on forborne exposures
			of which: performing past-due	of which non-performing	of which: impaired	of which: defaulted	Performing forborne exposures	of which: value adjustments	Non-performing forborne exposures	of which: value adjustments	
		a	b	c	d	e	f	g	h	i	j
1	**Debt securities (including at amortised cost and fair value)**	**12**	**-**	**1**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2	Central banks	-	-	-	-	-	-	-	-	-	-
3	General governments	-	-	-	-	-	-	-	-	-	-
4	Credit institutions	1	-	1	-	-	-	-	-	-	-
5	Other financial corporations	-	-	-	-	-	-	-	-	-	-
6	Non-financial corporations	11	-	-	-	-	-	-	-	-	-
7	**Loans and advances (including at amortised cost and fair value)**	**12,751**	**-**	**7,852**	**6,853**	**6,831**	**(367)**	**-**	**(3,537)**	**-**	**4,911**
8	Central banks	-	-	-	-	-	-	-	-	-	-
9	General governments	40	-	9	6	6	(2)	-	(4)	-	2
10	Credit institutions	51	-	51	51	51	-	-	(25)	-	-
11	Other financial corporations	246	-	211	207	207	(5)	-	(126)	-	31
12	Non-financial corporations	7,891	-	4,675	4,287	4,284	(245)	-	(2,095)	-	3,129
12.1	of which: Small and Medium-sized Enterprises	3,583	-	2,243	1,957	1,957	(107)	-	(1,049)	-	1,355
12.2	of which: Loans collateralised by commercial immovable property	1,322	-	828	758	758	(40)	-	(302)	-	457
13	Households	4,523	-	2,907	2,304	2,285	(116)	-	(1,287)	-	1,750
13.1	of which: Loans collateralised by residential immovable property	1,210	-	689	555	566	(22)	-	(246)	-	729
13.2	of which: Credit for consumption	1,634	-	1,250	1,004	980	(46)	-	(673)	-	55
14	**Debt instruments other than HFT**	**12,763**	**-**	**7,853**	**6,853**	**6,831**	**(367)**	**-**	**(3,537)**	**-**	**4,911**
15	**Loan commitments given**	**302**	**-**	**109**	**82**	**91**	**(4)**	**-**	**(6)**	**-**	**93**
16	**TOTAL EXPOSURES WITH FORBEARANCE MEASURES**	**13,064**	**-**	**7,961**	**6,936**	**6,923**	**(371)**	**-**	**(3,543)**	**-**	**5,004**

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**	**22,032**
2	Increases due to origination and acquisition	2,083
3	Decreases due to derecognition	(4,257)
4	Changes due to change in credit risk (net)	3,676
5	Changes due to modifications without derecognition (net)	247
6	Changes due to update in the institution's methodology for estimation (net)	-
7	Decrease in allowance account due to write-offs	(3,126)
8	Other adjustments	(493)
9	**Closing balance**[1]	**20,162**
10	Recoveries of previously written-off amounts recorded directly to the statement of profit or loss	(292)
11	Amounts written-off directly to the statement of profit or loss	280

(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**	**16,187**	**6,311**
2	Increases due to amounts set aside for estimated loan losses during the period	5,207	11,927
3	Decreases due to amounts reversed for estimated loan losses during the period	(3,225)	(12,731)
4	Decreases due to amounts taken against accumulated credit risk adjustments	(2,514)	-
5	Transfers between credit risk adjustments	(18)	4
6	Impact of exchange rate differences	(254)	(115)
7	Business combinations, including acquisitions and disposals of subsidiaries	240	69
8	Other adjustments	(147)	(48)
9	**Closing balance**[1]	**15,475**	**5,416**
10	Recoveries on credit risk adjustments recorded directly to the statement of profit or loss	(338)	-
11	Specific credit risk adjustments directly recorded to the statement of profit or loss	2,829	-

(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) (RC2-B)

31/12/2018 *(in millions of euros)*		**Gross carrying value defaulted exposures**
1	**Opening balance**	**26,097**
2	Loans and debt securities that have defaulted or impaired since the last reporting period	3,581
3	Returned to non-defaulted status	(918)
4	Amounts written off	(3,332)
5	Other changes	(1,670)
6	**Closing balance**	**23,758**

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 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.

4.2.2.1 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)

		Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
31/12/2018	**Asset classes** *(in millions of euros)*	**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	51,780	340	51,934	85	6,059	11.65%
2	Regional governments or local authorities	740	63	899	34	149	15.97%
3	Public sector entities	1,040	44	1,167	35	250	20.80%
4	Multilateral developments banks	75	6	75	3	4	5.13%
5	International organisations	735	-	735	-	-	-
6	Institutions	22,426	4,274	39,904	2,125	7,018	16.70%
7	Corporate	79,348	29,495	61,351	10,971	64,169	88.73%
8	Retail	27,074	4,323	26,110	686	18,165	67.79%
9	Secured by mortgages on immovable property	12,068	64	11,744	30	5,102	43.33%
10	Equity	1,703	5	1,703	5	1,916	112.18%
11	Exposure in default	2,720	238	2,651	83	3,253	118.98%
12	Higher-risk categories	282	-	282	-	423	150.00%
13	Covered bonds	-	-	-	-	-	-
14	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
15	Collective investment undertakings	15,657	20,407	15,657	6,072	7,729	35.57%
16	Other items	21,415	3	21,415	6	15,766	73.60%
17	**TOTAL**	**237,063**	**59,261**	**235,626**	**20,135**	**130,003**	**50.83%**

Standardised approach – Exposure to credit risk and credit risk mitigation (CRM) effects at 31 December 2017 (CR4)

		Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
31/12/2017 **Asset classes** *(in millions of euros)*		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	48,644	110	48,691	35	5,847	12.00%
2	Regional governments or local authorities	477	73	624	58	102	14.96%
3	Public sector entities	550	7	670	21	89	12.88%
4	Multilateral developments banks	29	4	30	2	1	3.13%
5	International organisations	213	-	213	-	-	-
6	Institutions	21,572	3,231	35,310	1,813	7,685	20.70%
7	Corporate	72,743	25,808	58,217	10,136	61,512	89.99%
8	Retail	27,100	5,100	26,441	679	18,594	68.56%
9	Secured by mortgages on immovable property	12,385	111	12,074	58	5,147	42.42%
10	Equity	1,662	74	1,662	74	2,024	116.59%
11	Exposure in default	3,407	307	3,315	131	4,180	121.30%
12	Higher-risk categories	285	2	285	2	431	150.17%
13	Covered bonds	19	-	19	-	9	47.37%
14	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
15	Collective investment undertakings	16,930	20,761	16,930	5,937	9,380	41.02%
16	Other items	21,302	5	21,310	45	15,864	74.29%
17	**TOTAL**	**227,318**	**55,594**	**225,791**	**18,991**	**130,865**	**53.46%**

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	47,515	-	-	-	128	-	388	-	-	2,726	42	-	-	-	-	1,220	52,019	52,019
2	Regional governments or local authorities	187	-	-	-	746	-	-	-	-	-	-	-	-	-	-	-	933	933
3	Public sector entities	516	-	-	-	482	-	100	-	-	104	-	-	-	-	-	-	1,201	1,101
4	Multilateral developments banks	68	-	-	-	6	-	-	-	-	3	-	-	-	-	-	-	78	78
5	International organisations	735	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	735	735
6	Institutions	21,225	1,410	-	-	11,364	-	6,677	-	-	1,303	50	-	-	-	-	-	42,029	31,632
7	Corporate	-	-	-	-	4,159	-	11,369	-	-	55,007	1,788	-	-	-	-	-	72,322	45,519
8	Retail	-	-	-	-	-	-	-	-	26,796	-	-	-	-	-	-	-	26,796	26,796
9	Secured by mortgages on immovable property	-	-	-	-	-	8,076	1,707	-	1,973	17	-	-	-	-	-	-	11,773	11,773
10	Equity exposure	-	-	-	-	-	-	-	-	-	1,570	-	138	-	-	-	-	1,708	1,708
11	Exposure in default	-	-	-	-	-	-	-	-	-	1,693	1,040	-	-	-	-	-	2,733	2,733
12	Items associated with particularly high risk	-	-	-	-	-	-	-	-	-	-	282	-	-	-	-	-	282	282
13	Covered bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Claims on institutions and corporate with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Claims in the form of CIU	8,068	-	6	98	4,549	-	4,574	-	-	4,258	176	-	-	-	-	-	21,728	20,559
16	Other items	3,905	-	-	-	2,188	-	-	-	-	15,329	-	-	-	-	-	-	21,422	21,422
17	**TOTAL**	**82,219**	**1,410**	**6**	**98**	**23,622**	**8,076**	**24,814**	**-**	**28,769**	**82,011**	**3,378**	**138**	**-**	**-**	**-**	**1,220**	**255,761**	**217,291**

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	44,311	-	-	-	50	-	403	-	-	2,847	-	-	-	-	-	1,115	48,726	48,664
2	Regional governments or local authorities	170	-	-	-	512	-	-	-	-	-	-	-	-	-	-	-	682	682
3	Public sector entities	410	-	-	-	234	-	9	-	-	37	-	-	-	-	-	-	691	681
4	Multilateral developments banks	30	-	-	-	-	-	2	-	-	-	-	-	-	-	-	-	32	32
5	International organisations	213	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	213	213
6	Institutions	15,384	2,137	-	-	10,513	-	7,262	-	-	1,661	167	-	-	-	-	-	37,123	26,859
7	Corporate	-	-	-	-	4,677	-	7,817	-	-	54,240	1,619	-	-	-	-	-	68,353	48,837
8	Retail	-	-	-	-	-	(0)	-	-	27,121	-	-	-	-	-	-	-	27,121	27,121
9	Secured by mortgages on immovable property	-	-	-	-	-	9,050	1,119	-	1,944	19	-	-	-	-	-	-	12,132	12,132
10	Equity exposure	-	-	-	-	-	-	-	-	-	1,544	-	192	-	-	-	-	1,736	1,736
11	Exposure in default	-	-	-	-	-	-	-	-	-	1,979	1,468	-	-	-	-	-	3,447	3,447
12	Items associated with particularly high risk	-	-	-	-	-	-	-	-	-	-	287	-	-	-	-	-	287	287
13	Covered bonds	-	-	-	-	-	-	19	-	-	-	-	-	-	-	-	-	19	-
14	Claims on institutions and corporate with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Claims in the form of CIU	7,852	-	8	-	7,609	-	447	-	-	5,585	1,366	-	-	-	-	-	22,867	22,867
16	Other items	3,764	-	-	-	2,164	-	-	-	-	15,423	6	-	-	-	-	-	21,356	21,356
17	**TOTAL**	**72,133**	**2,137**	**8**	**-**	**25,758**	**9,050**	**17,078**	**-**	**29,065**	**83,335**	**4,912**	**192**	**-**	**-**	**-**	**1,115**	**244,783**	**214,914**

Exposures to the asset classes "Central governments and central banks" and "Banks (institutions)" treated under the standardised 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.

4.2.2.2 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.

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 – Regional Banks	4
	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 – Regional Banks	12
	Retail banking – LCL	12
	Retail banking – Crédit Agricole Consumer Finance	16
	Retail banking – CACIB	1
	Retail banking – CA Italia	2
CCF	Retail banking – Regional Banks	2
	Retail banking – LCL	3
	Retail banking – Crédit Agricole Consumer Finance	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 – Credit Risk – 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	Value adjustments and provisions
Central governments and central Banks	0.00 to <0.15	104,918	820	74.24%	106,534	0.00%	45.00%		1,373	1.29%	1	-
	0.15 to <0.25	642	-	-	642	0.16%	45.00%		264	41.15%	-	-
	0.25 to <0.50	40	4	75.00%	42	0.30%	44.85%		25	59.87%	-	-
	0.50 to <0.75	42	6	75.00%	47	0.60%	45.00%		38	80.94%	-	-
	0.75 to <2.50	54	4	75.00%	56	1.22%	45.00%		63	111.78%	-	-
	2.50 to <10.00	-	-	-	-	-	-		-	-	-	-
	10.00 to <100.00	32	1	76.11%	33	19.00%	44.94%		82	251.75%	3	-
	100.00 (default)	-	-	-	-	-	-		-	-	-	-
	Sub-total	**105,728**	**834**	**74.25%**	**107,352**	**0.01%**	**45.00%**		**1,845**	**1.72%**	**5**	**18**
Institutions	0.00 to <0.15	43,040	3,815	65.75%	46,740	0.03%	42.38%		7,543	16.14%	7	-
	0.15 to <0.25	840	217	74.59%	999	0.16%	41.10%		385	38.50%	1	-
	0.25 to <0.50	959	39	51.46%	981	0.30%	42.14%		664	67.69%	1	-
	0.50 to <0.75	378	41	58.34%	392	0.60%	44.84%		357	90.88%	1	-
	0.75 to <2.50	215	39	75.45%	244	1.27%	44.77%		276	112.89%	1	-
	2.50 to <10.00	22	2	67.23%	23	5.00%	44.66%		38	162.81%	1	-
	10.00 to <100.00	196	40	73.77%	206	19.99%	45.00%		520	252.70%	19	-
	100.00 (default)	29	1	75.00%	30	100.00%	45.00%		-	-	13	-
	Sub-total	**45,679**	**4,195**	**66.15%**	**49,616**	**0.20%**	**42.40%**		**9,782**	**19.72%**	**43**	**55**
Corporates – Other	0.00 to <0.15	19,020	8,781	76.67%	26,125	0.04%	44.83%		5,321	20.37%	5	-
	0.15 to <0.25	5,881	3,128	73.35%	8,271	0.16%	44.59%		3,611	43.66%	6	-
	0.25 to <0.50	7,071	4,317	70.70%	10,012	0.30%	44.54%		6,087	60.80%	13	-
	0.50 to <0.75	7,225	3,447	73.53%	9,548	0.60%	44.38%		8,090	84.73%	25	-
	0.75 to <2.50	11,377	3,928	69.37%	13,365	1.22%	43.98%		14,421	107.90%	72	-
	2.50 to <10.00	941	393	73.58%	1,080	5.00%	43.79%		1,828	169.23%	24	-
	10.00 to <100.00	1,244	345	66.61%	1,357	18.04%	44.22%		3,485	256.79%	109	-
	100.00 (default)	800	140	69.53%	876	100.00%	44.67%		-	-	391	-
	Sub-total	**53,560**	**24,480**	**73.41%**	**70,635**	**2.05%**	**44.51%**		**42,843**	**60.65%**	**645**	**1,210**
Corporates – SME	0.00 to <0.15	486	117	76.36%	592	0.04%	44.46%		98	16.59%	-	-
	0.15 to <0.25	1,046	198	79.21%	1,208	0.16%	44.11%		463	38.35%	1	-
	0.25 to <0.50	1,796	479	74.71%	2,087	0.30%	43.63%		1,065	51.02%	3	-
	0.50 to <0.75	2,461	700	76.25%	2,975	0.60%	43.43%		2,067	69.46%	8	-
	0.75 to <2.50	16,377	3,903	77.19%	18,768	1.39%	43.18%		16,878	89.93%	113	-
	2.50 to <10.00	3,126	570	78.99%	3,312	5.00%	42.85%		4,183	126.31%	71	-
	10.00 to <100.00	1,893	328	76.96%	1,897	15.43%	42.42%		3,581	188.75%	124	-
	100.00 (default)	1,203	169	78.57%	1,260	100.00%	44.11%		-	-	556	-
	Sub-total	**28,388**	**6,464**	**77.13%**	**32,099**	**6.25%**	**43.25%**		**28,335**	**88.27%**	**875**	**1,544**
TOTAL (ALL PORTFOLIOS)		**234,589**	**36,296**	**73.28%**	**261,186**	**1.37%**	**44.15%**		**83,672**	**32.04%**	**1,572**	**2,835**

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	Value adjustments and provisions
Central governments and central Banks	0.00 to <0.15	94,683	776	74.18%	96,245	0.00%	45.00%		1,480	1.54%	1	-
	0.15 to <0.25	373	-	-	373	0.16%	45.00%		153	41.16%	0	-
	0.25 to <0.50	273	0	75.00%	274	0.30%	44.98%		158	57.78%	0	-
	0.50 to <0.75	18	-	-	18	0.60%	45.00%		15	80.72%	0	-
	0.75 to <2.50	183	2	78.47%	184	0.99%	44.99%		183	99.11%	1	-
	2.50 to <10.00	7	0	75.00%	7	5.00%	45.00%		13	173.92%	0	-
	10.00 to <100.00	76	18	75.04%	89	19.62%	45.00%		226	253.46%	8	-
	100.00 (default)	0	-	-	0	100.00%	44.62%		-	-	0	-
	Sub-total	**95,613**	**797**	**74.20%**	**97,191**	**0.03%**	**45.00%**		**2,228**	**2.29%**	**11**	**10**
Institutions	0.00 to <0.15	42,383	4,344	65.79%	46,389	0.03%	43.54%		7,836	16.89%	7	-
	0.15 to <0.25	696	20	71.86%	700	0.16%	42.24%		290	41.45%	0	-
	0.25 to <0.50	962	19	60.19%	974	0.30%	42.04%		661	67.87%	1	-
	0.50 to <0.75	258	23	56.24%	255	0.60%	45.00%		209	82.03%	1	-
	0.75 to <2.50	215	51	62.00%	248	1.23%	44.73%		276	111.04%	1	-
	2.50 to <10.00	18	1	31.59%	18	5.00%	45.00%		29	160.35%	0	-
	10.00 to <100.00	454	51	74.57%	482	19.89%	45.00%		1,221	253.10%	43	-
	100.00 (default)	20	-	-	20	100.00%	45.00%		-	-	9	-
	Sub-total	**45,006**	**4,508**	**65.79%**	**49,086**	**0.29%**	**43.52%**		**10,522**	**21.44%**	**63**	**37**
Corporates – Other	0.00 to <0.15	16,722	8,407	76.96%	23,457	0.04%	44.81%		4,747	20.24%	5	-
	0.15 to <0.25	5,291	3,999	72.92%	8,258	0.16%	44.49%		3,589	43.47%	6	-
	0.25 to <0.50	6,364	3,688	70.15%	8,940	0.30%	44.40%		5,434	60.78%	12	-
	0.50 to <0.75	5,701	2,845	71.68%	7,559	0.60%	44.40%		6,385	84.47%	20	-
	0.75 to <2.50	10,912	4,033	69.55%	12,826	1.23%	44.03%		13,902	108.39%	69	-
	2.50 to <10.00	862	193	74.68%	891	5.00%	43.39%		1,486	166.74%	19	-
	10.00 to <100.00	1,996	388	65.26%	2,096	18.40%	44.52%		5,532	263.94%	172	-
	100.00 (default)	839	127	64.82%	907	100.00%	44.58%		-	-	404	-
	Sub-total	**48,687**	**23,681**	**73.11%**	**64,933**	**2.45%**	**44.48%**		**41,075**	**63.26%**	**707**	**1,124**
Corporates – SME	0.00 to <0.15	206	69	70.78%	255	0.04%	44.76%		44	17.17%	0	-
	0.15 to <0.25	399	104	76.16%	475	0.16%	43.96%		182	38.43%	0	-
	0.25 to <0.50	1,448	434	76.10%	1,766	0.30%	43.52%		905	51.27%	2	-
	0.50 to <0.75	2,189	675	76.23%	2,675	0.60%	43.55%		1,871	69.94%	7	-
	0.75 to <2.50	14,636	3,939	76.77%	17,188	1.42%	43.21%		15,568	90.57%	105	-
	2.50 to <10.00	2,801	599	78.92%	3,049	5.00%	42.77%		3,831	125.63%	65	-
	10.00 to <100.00	1,882	404	74.66%	1,961	15.62%	42.92%		3,769	192.17%	131	-
	100.00 (default)	1,325	176	79.19%	1,393	100.00%	44.07%		-	-	614	-
	Sub-total	**24,887**	**6,399**	**76.73%**	**28,762**	**7.36%**	**43.26%**		**26,170**	**90.99%**	**925**	**1,838**
TOTAL (ALL PORTFOLIOS)		**215,115**	**35,671**	**72.90%**	**241,121**	**1.61%**	**44.35%**		**80,761**	**33.49%**	**1,715**	**3,018**

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	Value adjust-ments and 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	18,781	3,582	87.34%	22,845	0.03%	12.83%	522	856	3.75%	1	-
	0.15 to <0.25	814	492	48.31%	512	0.16%	38.47%	757	233	45.49%	-	-
	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	44.53%	568	0.60%	52.59%	427	384	67.69%	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	**22,148**	**7,148**	**70.31%**	**26,423**	**1.59%**	**16.90%**	**531**	**2,828**	**10.70%**	**409**	**399**
Corporates – Other	0.00 to <0.15	24,839	52,452	54.46%	52,758	0.04%	35.64%	733	7,543	14.30%	8	-
	0.15 to <0.25	10,366	15,375	57.43%	16,753	0.16%	43.50%	972	6,201	37.01%	10	-
	0.25 to <0.50	7,098	16,843	48.25%	11,804	0.30%	49.49%	958	6,315	53.50%	14	-
	0.50 to <0.75	7,763	8,937	59.17%	9,508	0.60%	45.77%	918	6,771	71.22%	21	-
	0.75 to <2.50	8,218	10,956	56.01%	10,567	1.10%	45.60%	1,108	9,762	92.38%	43	-
	2.50 to <10.00	495	636	55.96%	304	5.00%	50.28%	772	418	137.69%	6	-
	10.00 to <100.00	944	1,704	36.14%	953	15.54%	41.72%	1,003	1,595	167.30%	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**	**107,185**	**54.14%**	**104,226**	**1.92%**	**40.65%**	**856**	**38,617**	**37.05%**	**1,461**	**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%	218	1.33%	36.09%	1,053	161	73.93%	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**	**60.43%**	**445**	**9.63%**	**40.14%**	**1,221**	**357**	**80.28%**	**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	2,583	43.08%	7,862	0.60%	11.76%	1,290	1,736	22.09%	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**	**13,484**	**56.90%**	**50,790**	**3.14%**	**11.76%**	**1,304**	**9,832**	**19.36%**	**489**	**761**

(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	Value adjust-ments and provisions
Retail – Secured by immovable property non SME	0.00 to <0.15	127,687	4,746	99.99%	132,433	0.07%	12.18%		3,111	2.35%	11	-
	0.15 to <0.25	56,232	1,961	99.97%	58,193	0.17%	12.82%		3,130	5.38%	13	-
	0.25 to <0.50	55,467	2,634	99.97%	58,100	0.40%	12.27%		5,273	9.08%	28	-
	0.50 to <0.75	-	-	-	-	-	-		-	-	-	-
	0.75 to <2.50	51,710	2,999	99.99%	54,709	1.16%	12.36%		10,187	18.62%	78	-
	2.50 to <10.00	31,339	2,100	99.99%	33,439	5.09%	12.77%		15,429	46.14%	219	-
	10.00 to <100.00	2,624	85	100.00%	2,709	26.78%	-		2,417	89.22%	104	-
	100.00 (default)	4,016	8	30.40%	4,018	100.00%	63.62%		1,370	34.09%	2,556	-
	Sub-total	**329,075**	**14,533**	**99.95%**	**343,600**	**1.94%**	**12.88%**		**40,918**	**11.91%**	**3,009**	**2,612**
Retail – Other SME	0.00 to <0.15	241	5,800	56.60%	3,524	0.07%	60.55%		269	7.63%	2	-
	0.15 to <0.25	145	1,567	58.77%	1,066	0.18%	54.20%		229	21.43%	1	-
	0.25 to <0.50	367	2,884	62.86%	2,179	0.42%	61.13%		484	22.19%	6	-
	0.50 to <0.75	-	-	-	-	-	-		-	-	-	-
	0.75 to <2.50	1,223	2,622	62.89%	2,872	1.48%	58.45%		1,245	43.36%	26	-
	2.50 to <10.00	2,168	1,557	78.41%	3,389	5.26%	58.41%		2,769	81.71%	104	-
	10.00 to <100.00	234	71	84.97%	295	32.74%	58.36%		479	162.60%	55	-
	100.00 (default)	338	15	7.53%	339	100.00%	85.08%		69	20.46%	289	-
	Sub-total	**4,717**	**14,516**	**61.64%**	**13,665**	**4.58%**	**60.13%**		**5,544**	**40.57%**	**482**	**423**
Retail – Qualifying revolving	0.00 to <0.15	35,415	1,372	96.57%	36,740	0.07%	16.53%		1,280	3.48%	4	-
	0.15 to <0.25	13,390	562	97.53%	13,938	0.18%	21.12%		1,262	9.06%	5	-
	0.25 to <0.50	15,627	797	99.58%	16,421	0.40%	24.59%		2,858	17.40%	17	-
	0.50 to <0.75	-	-	-	-	-	-		-	-	-	-
	0.75 to <2.50	21,800	919	102.30%	22,740	1.27%	35.04%		9,558	42.03%	109	-
	2.50 to <10.00	15,887	496	101.21%	16,390	4.84%	37.94%		9,806	59.83%	283	-
	10.00 to <100.00	1,854	26	104.51%	1,882	10.30%	14.67%		1,712	90.99%	295	-
	100.00 (default)	3,266	10	31.99%	3,271	100.00%	75.47%		852	26.04%	2,515	-
	Sub-total	**107,238**	**4,183**	**98.98%**	**111,382**	**3.99%**	**26.72%**		**27,328**	**24.54%**	**3,229**	**3,140**
Retail – Secured by immovable property SME	0.00 to <0.15	1,412	21	99.92%	1,433	0.15%	25.57%		107	7.50%	1	-
	0.15 to <0.25	1,053	21	99.85%	1,074	0.19%	15.25%		54	5.00%	-	-
	0.25 to <0.50	6,635	140	99.84%	6,774	0.49%	22.19%		1,005	14.83%	7	-
	0.50 to <0.75	-	-	-	-	-	-		-	-	-	-
	0.75 to <2.50	5,650	237	100.00%	5,887	1.55%	20.79%		1,769	30.05%	19	-
	2.50 to <10.00	4,079	163	99.98%	4,241	7.07%	21.23%		3,020	71.20%	66	-
	10.00 to <100.00	856	45	100.00%	901	2.64%	2.09%		943	104.71%	53	-
	100.00 (default)	847	1	0.01%	847	100.00%	70.99%		229	26.99%	601	-
	Sub-total	**20,532**	**627**	**99.87%**	**21,157**	**5.80%**	**22.52%**		**7,127**	**33.69%**	**748**	**765**
Retail – Other non-SME	0.00 to <0.15	4,674	686	85.40%	5,260	0.16%	31.25%		754	14.34%	3	-
	0.15 to <0.25	9,109	1,263	85.98%	10,195	0.18%	18.11%		1,024	10.04%	3	-
	0.25 to <0.50	25,498	3,265	86.24%	28,314	0.45%	24.35%		5,954	21.03%	33	-
	0.50 to <0.75	-	-	-	-	-	-		-	-	-	-
	0.75 to <2.50	22,733	2,763	89.49%	25,206	1.62%	25.03%		8,796	34.90%	100	-
	2.50 to <10.00	15,049	1,613	90.95%	16,516	7.01%	28.95%		9,260	56.06%	322	-
	10.00 to <100.00	3,290	308	93.99%	3,579	2.89%	-		2,977	83.19%	297	-
	100.00 (default)	3,881	190	13.93%	3,908	100.00%	79.13%		1,042	26.66%	3,092	-
	Sub-total	**84,234**	**10,088**	**86.67%**	**92,978**	**5.89%**	**26.35%**		**29,807**	**32.06%**	**3,851**	**4,198**
TOTAL (ALL PORTFOLIOS)		**744,439**	**176,340**	**63.40%**	**847,744**	**2.59%**	**19.46%**		**163,086**	**19.24%**	**13,708**	**14,124**

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	Value adjustments and provisions
Central governments and central Banks	0.00 to <0.15	55,093	987	63.24%	63,423	0.00%	1.12%	614	74	0.12%	0	-
	0.15 to <0.25	72	-	54.35%	531	0.16%	10.00%	1,251	59	11.18%	0	-
	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	-
	0.75 to <2.50	304	551	74.48%	43	1.21%	47.28%	1,572	52	121.72%	0	-
	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	20,806	3,246	106.71%	26,677	0.02%	11.58%	491	1,030	3.86%	1	-
	0.15 to <0.25	720	230	44.81%	574	0.16%	40.89%	651	206	35.83%	0	-
	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%	0	-
	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	0.01%	383	-
	Sub-total	**25,483**	**5,707**	**86.35%**	**30,515**	**1.29%**	**15.67%**	**484**	**2,605**	**8.54%**	**392**	**389**
Corporates – Other	0.00 to <0.15	19,197	54,356	49.63%	46,228	0.04%	35.43%	768	6,828	14.77%	7	-
	0.15 to <0.25	6,207	16,446	49.64%	13,627	0.16%	44.80%	972	5,170	37.94%	8	-
	0.25 to <0.50	8,955	14,160	50.67%	13,550	0.30%	43.45%	953	7,542	55.66%	16	-
	0.50 to <0.75	6,525	7,057	51.66%	6,777	0.60%	44.76%	871	4,802	70.85%	15	-
	0.75 to <2.50	7,631	9,625	51.97%	9,487	1.04%	49.53%	1,089	9,062	95.52%	39	-
	2.50 to <10.00	855	528	53.59%	668	5.00%	41.00%	789	852	127.54%	12	-
	10.00 to <100.00	1,027	2,628	41.30%	1,586	14.82%	39.87%	749	2,576	162.39%	71	-
	100.00 (default)	2,169	894	55.53%	2,480	100.00%	45.54%	887	419	16.88%	1,611	-
	Sub-total	**52,564**	**105,694**	**49.94%**	**94,404**	**3.15%**	**40.40%**	**866**	**37,250**	**39.46%**	**1,780**	**2,509**
Corporates – SME	0.00 to <0.15	0	3	20.00%	1	0.06%	73.95%	395	0	17.88%	0	-
	0.15 to <0.25	1	1	82.46%	2	0.17%	39.42%	668	0	25.09%	0	-
	0.25 to <0.50	0	1	57.63%	1	0.30%	47.64%	1,216	0	67.74%	0	-
	0.50 to <0.75	17	3	73.36%	19	0.60%	46.46%	781	12	63.45%	0	-
	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	-
	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	2,539	58.73%	5,959	0.60%	11.16%	1,328	1,334	22.39%	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**	**12,366**	**56.98%**	**48,122**	**3.51%**	**11.72%**	**1,296**	**9,461**	**19.66%**	**576**	**510**

(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	Value adjustments and provisions
Retail – Secured by immovable property non SME	0.00 to <0.15	111,916	4,195	99.99%	116,111	0.07%	12.27%	-	2,752	2.37%	10	-
	0.15 to <0.25	49,348	1,873	99.98%	51,221	0.17%	12.92%	-	2,772	5.41%	12	-
	0.25 to <0.50	50,548	2,385	99.97%	52,932	0.39%	12.35%	-	4,809	9.09%	26	-
	0.50 to <0.75	-	-	-	-	-	-	-	-	-	-	-
	0.75 to <2.50	48,924	2,769	99.99%	51,693	1.16%	12.38%	-	9,613	18.60%	73	-
	2.50 to <10.00	29,844	1,850	100.00%	31,694	5.06%	12.85%	-	14,682	46.33%	208	-
	10.00 to <100.00	2,367	88	100.00%	2,455	26.84%	-	-	2,211	90.06%	97	-
	100.00 (default)	4,171	7	26.66%	4,173	100.00%	64.14%	-	988	23.67%	2,677	-
	Sub-total	**297,118**	**13,167**	**99.95%**	**310,279**	**2.14%**	**13.06%**	**-**	**37,827**	**12.19%**	**3,102**	**2,222**
Retail – Other SME	0.00 to <0.15	199	5,762	55.04%	3,370	0.07%	60.22%	-	264	7.82%	1	-
	0.15 to <0.25	143	1,567	58.29%	1,056	0.18%	53.98%	-	225	21.29%	1	-
	0.25 to <0.50	361	2,817	61.98%	2,107	0.41%	60.24%	-	466	22.11%	5	-
	0.50 to <0.75	-	-	-	-	-	-	-	-	-	-	-
	0.75 to <2.50	1,178	2,528	62.29%	2,753	1.42%	57.55%	-	1,167	42.40%	23	-
	2.50 to <10.00	2,233	1,414	81.50%	3,385	5.32%	57.55%	-	2,754	81.37%	104	-
	10.00 to <100.00	239	62	85.35%	293	31.77%	58.23%	-	478	163.39%	54	-
	100.00 (default)	355	15	6.12%	356	100.00%	84.98%	-	25	6.90%	302	-
	Sub-total	**4,708**	**14,165**	**60.80%**	**13,320**	**4.79%**	**59.53%**	**-**	**5,379**	**40.38%**	**490**	**341**
Retail – Qualifying revolving	0.00 to <0.15	36,056	1,403	96.05%	37,403	0.07%	16.66%	-	1,303	3.48%	4	-
	0.15 to <0.25	13,820	587	97.78%	14,394	0.18%	19.58%	-	1,205	8.37%	5	-
	0.25 to <0.50	15,661	767	99.51%	16,424	0.40%	23.98%	-	2,780	16.93%	16	-
	0.50 to <0.75	-	-	-	-	-	-	-	-	-	-	-
	0.75 to <2.50	22,143	872	101.20%	23,025	1.26%	34.51%	-	9,564	41.54%	109	-
	2.50 to <10.00	16,296	499	101.73%	16,804	4.84%	38.18%	-	10,128	60.27%	293	-
	10.00 to <100.00	1,952	28	102.36%	1,982	13.09%	17.30%	-	1,789	90.29%	322	-
	100.00 (default)	3,597	8	30.65%	3,602	100.00%	75.90%	-	693	19.25%	2,753	-
	Sub-total	**109,525**	**4,163**	**98.61%**	**113,633**	**4.29%**	**26.62%**	**-**	**27,463**	**24.17%**	**3,502**	**3,048**
Retail – Secured by immovable property SME	0.00 to <0.15	1,314	17	99.59%	1,331	0.15%	25.72%	-	100	7.55%	1	-
	0.15 to <0.25	814	14	99.70%	828	0.19%	16.25%	-	44	5.34%	0	-
	0.25 to <0.50	5,758	117	99.93%	5,875	0.48%	22.99%	-	900	15.33%	7	-
	0.50 to <0.75	-	-	-	-	-	-	-	-	-	-	-
	0.75 to <2.50	4,852	183	100.01%	5,035	1.58%	21.88%	-	1,609	31.96%	18	-
	2.50 to <10.00	3,535	107	99.90%	3,642	7.32%	22.61%	-	2,788	76.55%	61	-
	10.00 to <100.00	781	36	100.00%	817	1.80%	1.62%	-	885	108.28%	50	-
	100.00 (default)	952	1	7.60%	952	100.00%	72.04%	-	202	21.22%	686	-
	Sub-total	**18,007**	**474**	**99.80%**	**18,480**	**7.15%**	**24.23%**	**-**	**6,529**	**35.33%**	**823**	**727**
Retail – Other non-SME	0.00 to <0.15	4,434	689	84.95%	5,019	0.16%	31.50%	-	734	14.61%	3	-
	0.15 to <0.25	8,905	1,255	86.15%	9,988	0.18%	17.61%	-	972	9.73%	3	-
	0.25 to <0.50	24,298	3,194	86.26%	27,054	0.45%	23.41%	-	5,362	19.82%	30	-
	0.50 to <0.75	-	-	-	-	-	-	-	-	-	-	-
	0.75 to <2.50	21,688	2,764	90.48%	24,189	1.62%	23.32%	-	7,923	32.75%	90	-
	2.50 to <10.00	14,365	1,596	91.79%	15,831	7.08%	26.71%	-	8,346	52.72%	295	-
	10.00 to <100.00	3,094	381	90.85%	3,441	2.46%	-	-	2,902	84.35%	307	-
	100.00 (default)	4,142	208	12.93%	4,169	100.00%	80.32%	-	872	20.91%	3,348	-
	Sub-total	**80,927**	**10,088**	**86.85%**	**89,691**	**6.38%**	**25.42%**	**-**	**27,111**	**30.23%**	**4,076**	**4,229**
TOTAL (ALL PORTFOLIOS)		**687,967**	**168,395**	**61.06%**	**784,505**	**3.03%**	**19.75%**	**-**	**154,518**	**19.70%**	**14,767**	**14,021**

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, 73% of gross exposures to the "Retail loans secured by real estate assets" portfolio have a PD of under 0.5%, while this figure is 47% 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 59.0% of total Retail customer EAD but only 26.6% of expected losses.

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 exposure	Geographical areas	PD	LGD	PD	LGD
Loans to SME					
o/w other loans	**All geographical areas**	**3.07%**	**25.25%**	**3.15%**	**23.97%**
	France (including overseas *départements* and territories)	3.08%	24.02%	3.15%	23.41%
	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**	**3.32%**	**21.41%**	**3.45%**	**22.43%**
	France (including overseas *départements* and territories)	3.37%	21.89%	3.49%	22.96%
	Italy	2.90%	17.00%	3.07%	17.15%
Loans to individual customers					
o/w secured by real estate assets	**All geographical areas**	**1.03%**	**12.40%**	**1.06%**	**12.49%**
	France (including overseas *départements* and territories)	1.03%	12.18%	1.07%	12.28%
	Italy	0.87%	17.37%	0.86%	17.42%
o/w revolving	**All geographical areas**	**2.48%**	**59.09%**	**2.51%**	**58.40%**
	France (including overseas *départements* and territories)	2.12%	57.21%	2.09%	56.80%
	Italy	4.08%	67.40%	4.58%	66.35%
o/w others	**All geographical areas**	**1.68%**	**25.82%**	**1.70%**	**25.50%**
	France (including overseas *départements* and territories)	1.66%	23.48%	1.63%	22.76%
	Western Europe excluding Italy	1.05%	17.02%	1.00%	16.20%
	Italy	2.96%	62.42%	3.26%	62.92%
	Asia and Oceania excluding Japan	-	-	-	-
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 and Oceania 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%**	**31.68%**	**0.66%**	**31.05%**
	France (including overseas *départements* and territories)	0.56%	30.23%	0.57%	28.32%
	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 and Oceania excluding Japan	0.33%	33.06%	0.29%	30.38%
	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	**0.19%**	**18.22%**	**0.12%**	**18.64%**
	France (including overseas *départements* and territories)	0.20%	15.55%	0.11%	15.27%
	North America	0.11%	13.85%	0.15%	12.00%
	Western Europe excluding Italy	0.16%	25.18%	0.15%	26.44%
	Italy	0.22%	28.94%	0.06%	6.88%
	Japan	0.13%	22.06%	0.13%	25.34%
	Asia and Oceania excluding Japan	0.16%	32.16%	0.16%	36.35%
	Africa and Middle East	0.08%	36.72%	0.09%	32.71%
	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., the Regional Banks and LCL) use the IRBF method for their RWA calculations on the Central governments and central banks, institutions and enterprises exposure classes.

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**

4.2.2.5 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**	**308,929**	**24,714**
2	Asset size	13,778	1,102
3	Asset quality	(4,631)	(370)
4	Model updates	1,603	128
5	Methodology and policy	-	-
6	Acquisitions and disposals	344	28
7	Foreign exchange movements	1,156	92
8	Other	(1,568)	(125)
9	**RWAs as at the end of the reporting period**	**319,611**	**25,569**

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.

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%	8,125,140	8,275,583	4,920	0.1%
	0.15 to < 0.25	0.2%	0.2%	3,009,292	2,793,360	4,156	0.2%
	0.25 to < 0.50	0.3%	0.3%	3,593,210	3,815,445	8,535	0.3%
	0.50 to < 0.75	0.6%	0.6%	2,207,560	2,302,168	9,959	0.6%
	0.75 to < 2.50	1.4%	1.4%	4,344,374	4,398,294	44,665	1.3%
	2.50 to < 10.00	4.2%	4.3%	4,052,238	4,188,834	122,189	4.0%
	10.00 to < 100	21.6%	22.8%	972,496	983,405	159,315	21.4%
	TOTAL	**1.1%**	**1.6%**	**26,304,310**	**26,757,089**	**353,739**	**1.5%**
Local authorities	0 to < 0.15	0.1%	0.1%	109,717	115,190	45	0.0%
	0.15 to < 0.25	0.2%	0.2%	746,555	762,680	627	0.1%
	0.25 to < 0.50	0.3%	0.3%	585,849	595,633	1,209	0.3%
	0.50 to < 0.75	0.6%	0.6%	343,245	353,930	1,025	0.5%
	0.75 to < 2.50	1.4%	1.5%	772,064	774,451	5,914	1.3%
	2.50 to < 10.00	5.0%	5.2%	396,726	402,643	12,625	4.8%
	10.00 to < 100	17.4%	19.6%	260,583	272,268	28,436	18.5%
	TOTAL	**2.6%**	**2.8%**	**3,214,739**	**3,276,795**	**49,881**	**2.6%**

(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 *(in %)*	LGD before Prudential margin *(in %)*
Individual customers	16%	14%
Business customers	22%	20%

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%	107	104	-	0.0%
	0.15 to < 0.25	0.2%	0.2%	10	18	-	0.0%
	0.25 to < 0.50	0.3%	0.3%	9	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%**	**182**	**180**	**1**	**0.3%**
Local authorities(2)	0 to < 0.15	0.0%	0.0%	30,078	29,706	16	0.0%
	0.15 to < 0.25	0.2%	0.2%	542	503	-	0.1%
	0.25 to < 0.50	0.3%	0.3%	343	336	1	0.1%
	0.50 to < 0.75	0.6%	0.6%	220	180	1	0.2%
	0.75 to < 2.50	1.1%	1.2%	43	40	-	0.0%
	2.50 to < 10.00	5.0%	5.0%	8	7	-	0.0%
	10.00 to < 100	15.1%	16.0%	11	6	-	0.0%
	TOTAL	**0.1%**	**0.0%**	**31,245**	**30,778**	**18**	**0.0%**
Financial Institutions	0 to < 0.15	0.0%	0.0%	2,423	2,673	-	0.0%
	0.15 to < 0.25	0.2%	0.2%	860	793	-	0.0%
	0.25 to < 0.50	0.3%	0.3%	628	760	-	0.0%
	0.50 to < 0.75	0.6%	0.6%	440	582	-	0.0%
	0.75 to < 2.50	0.9%	1.1%	252	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%**	**4,699**	**5,185**	**-**	**0.0%**
Corporates	0 to < 0.15	0.0%	0.0%	2,377	2,504	3	0.1%
	0.15 to < 0.25	0.2%	0.2%	2,360	2,626	-	0.1%
	0.25 to < 0.50	0.3%	0.3%	6,158	6,493	4	0.1%
	0.50 to < 0.75	0.6%	0.6%	8,525	9,598	21	0.2%
	0.75 to < 2.50	1.3%	1.4%	46,458	48,958	291	0.7%
	2.50 to < 10.00	5.0%	5.0%	9,978	9,910	310	3.0%
	10.00 to < 100	15.2%	14.9%	6,144	6,211	480	8.8%
	TOTAL	**0.9%**	**2.5%**	**82,000**	**86,300**	**1,109**	**1.6%**
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	469	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%	375	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%**	**1,532**	**1,515**	**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.

1

Loss Given Default (LGD) excl. retail customers at 31 December 2018

Exposure class	Estimated LGD *(in %)*	LGD before Prudential margin *(in %)*
Sovereigns	45%	32%
Local authorities	F-IRB approach	F-IRB approach
Financial Institutions(1)	56%	58%
Corporates	45%	38%
Specialised financing	24%	24%

(1) LGD internal models in process.

4.2.2.7 Comparison between estimated and actual losses

The ratio of Expected Losses (EL)/ to Exposure at Default (EAD) was 1.55% at 31 December 2018 (1.80% 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 1.43% at 31 December 2018, compared with 1.53% at end-2017.

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.

4.2.3.1 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	15.7	15.0	1.6	20.4	21.0	3.9	36.1	35.9	5.5	0.4
Corporates	2.3	1.9	1.8	22.9	22.2	7.1	25.2	24.1	8.9	0.7
Retail customers	-	-	-	-	-	-	-	-	-	-
Shares	-	-	-	-	-	-	-	-	-	-
Securitisations	-	-	-	-	-	-	-	-	-	-
Other non credit-obligation assets	-	-	-	-	-	-	-	-	-	-
TOTAL	**20.3**	**19.2**	**3.4**	**51.0**	**50.7**	**11.2**	**71.2**	**69.9**	**14.6**	**1.2**

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	17.5	15.5	1.3	17.9	17.9	3.8	35.5	33.4	5.1	0.4
Corporates	2.9	2.3	2.2	17.1	17.0	6.2	20.0	19.3	8.4	0.7
Retail customers	-	-	-	-	-	-	-	-	-	-
Shares	-	-	-	-	-	-	-	-	-	-
Securitisations	-	-	-	-	-	-	-	-	-	-
Other non credit-obligation assets	-	-	-	-	-	-	-	-	-	-
TOTAL	**22.2**	**19.7**	**3.6**	**42.2**	**42.0**	**10.2**	**64.5**	**61.7**	**13.8**	**1.1**

The total gross exposure to counterparty risk was €71.2 billion at 31 December 2018 (in the form of derivatives: €46.2 billion and in the form of securities financing transactions: €25.0 billion).

Information on exposure to transactions on forward financial instruments is also provided in Note 3.1 "Credit risk" to the consolidated financial statements.

4.2.3.2 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		7,628	918			3,739	1,865
2	Original exposure	-					-	-
3	Standardised approach		-			-	-	-
4	IMM (for derivatives and SFTs)				21,242	1.5	31,863	8,309
5	of which securities financing transactions				-	-	-	-
6	of which derivatives and long settlement transactions				21,242	1.5	31,863	8,309
7	of which from contractual cross-product netting				-	-	-	-
8	Financial collateral simple method (for SFTs)						-	-
9	Financial collateral comprehensive method (for SFTs)						19,810	2,862
10	VaR for SFTs						-	-
11	**TOTAL**							**13,036**

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 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	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)	3	9,899	-	-	3,979	-	1,010	-	-	61	13	-	14,966	13,387
Corporate	-	-	-	-	17	-	186	-	-	1,693	13	-	1,909	1,418
Retail	-	-	-	-	-	-	-	-	4	-	-	-	4	4
Default	-	-	-	-	-	-	-	-	-	-	2	-	2	-
Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other items	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL	**2,232**	**9,899**	**-**	**-**	**4,048**	**-**	**1,200**	**-**	**4**	**1,757**	**28**	**-**	**19,169**	**17,091**

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	1,665	-	-	-	185	-	1	-	-	4	-	-	1,855	1,855
Regional governments or local authorities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public sector entities	-	-	-	-	7	-	-	-	-	-	-	-	8	1
Multilateral developments banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-
International organisations	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Banks (Institutions)	-	11,674	-	-	2,707	-	1,042	-	-	57	-	-	15,481	13,414
Corporate	-	-	-	-	96	-	148	-	-	2,070	20	-	2,334	1,778
Retail	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Default	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other items	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL	**1,665**	**11,674**	**-**	**-**	**2,995**	**-**	**1,191**	**-**	**5**	**2,131**	**21**	**-**	**19,683**	**17,052**

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	578	0.03%	42.45%	-	118	20.43%
	0.15 to <0.25	75	0.16%	41.10%	-	32	42.29%
	0.25 to <0.50	2	0.30%	42.14%	-	1	65.48%
	0.50 to <0.75	20	0.60%	44.84%	-	21	104.03%
	0.75 to <2.50	-	1.90%	44.59%	-	-	131.38%
	2.50 to <10.00	-	-	-	-	-	-
	10.00 to <100.00	1	20.00%	45.00%	-	3	286.68%
	100.00 (default)	-	-	-	-	-	-
	Sub-total	**676**	**0.09%**	**42.37%**	**-**	**174**	**25.82%**
Corporates – Other	0.00 to <0.15	23	0.04%	44.83%	-	4	16.52%
	0.15 to <0.25	14	0.16%	44.59%	-	7	45.47%
	0.25 to <0.50	48	0.30%	44.54%	-	30	61.84%
	0.50 to <0.75	40	0.60%	44.38%	-	34	85.53%
	0.75 to <2.50	35	1.28%	43.95%	-	41	116.52%
	2.50 to <10.00	2	5.00%	43.79%	-	4	174.80%
	10.00 to <100.00	3	19.03%	44.38%	-	9	271.69%
	100.00 (default)	-	100.00%	44.67%	-	-	-
	Sub-total	**166**	**1.17%**	**44.41%**	**-**	**128**	**77.10%**
TOTAL		**919**	**0.56%**	**42.83%**	**-**	**368**	**40.09%**

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	754	0.04%	43.44%	-	165	21.87%
	0.15 to <0.25	6	0.16%	42.24%	-	4	55.22%
	0.25 to <0.50	3	0.30%	42.04%	-	2	64.06%
	0.50 to <0.75	-	-	-	-	-	-
	0.75 to <2.50	7	0.75%	44.89%	-	8	113.28%
	2.50 to <10.00	-	-	-	-	-	-
	10.00 to <100.00	23	20.00%	45.00%	-	66	286.64%
	100.00 (default)	-	-	-	-	-	-
	Sub-total	**793**	**0.62%**	**43.49%**	**-**	**244**	**30.78%**
Corporates – Other	0.00 to <0.15	28	0.04%	44.81%	-	5	17.87%
	0.15 to <0.25	19	0.16%	44.49%	-	9	45.42%
	0.25 to <0.50	37	0.30%	44.40%	-	24	63.03%
	0.50 to <0.75	27	0.60%	44.40%	-	24	87.61%
	0.75 to <2.50	49	1.28%	44.01%	-	57	115.19%
	2.50 to <10.00	2	5.00%	43.39%	-	3	174.38%
	10.00 to <100.00	83	19.91%	44.70%	-	236	284.34%
	100.00 (default)	0	100.00%	44.58%	-	-	-
	Sub-total	**246**	**7.20%**	**44.47%**	**-**	**357**	**144.95%**
TOTAL		**1,153**	**2.38%**	**43.69%**	**-**	**701**	**60.82%**

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	15,702	0.03%	14.90%	556	1,310	8.34%
	0.15 to <0.25	1,885	0.16%	38.47%	757	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%	52.59%	427	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	**20,389**	**0.23%**	**20.43%**	**583**	**3,764**	**18.46%**
Corporates – Other	0.00 to <0.15	12,294	0.04%	34.55%	696	1,339	10.89%
	0.15 to <0.25	1,955	0.16%	43.50%	972	971	49.70%
	0.25 to <0.50	2,152	0.30%	49.49%	958	1,004	46.65%
	0.50 to <0.75	1,893	0.60%	45.77%	918	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%	772	106	132.98%
	10.00 to <100.00	196	19.03%	44.21%	843	510	260.44%
	100.00 (default)	2	100.00%	45.12%	843	1	55.21%
	Sub-total	**20,095**	**0.42%**	**39.08%**	**805**	**6,384**	**31.77%**
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%	35.22%	1,027	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%**	**43.48%**	**1,181**	**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%	11.76%	1,290	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%**	**11.66%**	**1,297**	**497**	**24.01%**
TOTAL		**50,266**	**0.32%**	**24.75%**	**-**	**10,822**	**21.53%**

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	-	1.00%	1,069	15	-
	0.15 to <0.25	36	-	10.00%	1,251	2	7.00%
	0.25 to <0.50	140	-	16.00%	495	15	11.00%
	0.50 to <0.75	36	1.00%	10.00%	642	6	16.00%
	0.75 to <2.50	169	1.00%	46.00%	1,333	189	111.00%
	2.50 to <10.00	-	-	-		-	-
	10.00 to <100.00	10	20.00%	51.00%	1,652	28	275.00%
	100.00 (default)	-	-	-		-	-
	Sub-total	**7,167**	**-**	**3.00%**	**1,064**	**256**	**4.00%**
Institutions	0.00 to <0.15	13,166	-	19.00%	764	1,270	10.00%
	0.15 to <0.25	1,548	-	41.00%	651	600	39.00%
	0.25 to <0.50	1,287	-	45.00%	447	790	61.00%
	0.50 to <0.75	671	1.00%	51.00%	167	526	78.00%
	0.75 to <2.50	409	1.00%	32.00%	742	241	59.00%
	2.50 to <10.00	4	5.00%	51.00%	737	9	224.00%
	10.00 to <100.00	53	19.00%	38.00%	1,489	114	214.00%
	100.00 (default)	-	100.00%	45.00%	631	-	59.00%
	Sub-total	**17,138**	**-**	**24.00%**	**708**	**3,550**	**21.00%**
Corporates – Other	0.00 to <0.15	7,895	-	38.00%	836	968	12.00%
	0.15 to <0.25	1,527	-	45.00%	972	642	42.00%
	0.25 to <0.50	1,986	-	43.00%	953	1,157	58.00%
	0.50 to <0.75	1,047	1.00%	45.00%	871	726	69.00%
	0.75 to <2.50	1,200	1.00%	50.00%	1,119	1,066	89.00%
	2.50 to <10.00	81	5.00%	41.00%	789	95	118.00%
	10.00 to <100.00	130	17.00%	41.00%	748	278	213.00%
	100.00 (default)	19	100.00%	46.00%	887	2	12.00%
	Sub-total	**13,886**	**1.00%**	**41.00%**	**893**	**4,934**	**36.00%**
Corporates – SME	0.00 to <0.15	53	-	48.00%	1,309	9	17.00%
	0.15 to <0.25	-	-	39.00%	668	-	39.00%
	0.25 to <0.50	6	-	48.00%	1,216	4	60.00%
	0.50 to <0.75	3	1.00%	46.00%	781	2	80.00%
	0.75 to <2.50	36	2.00%	44.00%	1,140	39	107.00%
	2.50 to <10.00	4	5.00%	44.00%	1,260	7	163.00%
	10.00 to <100.00	3	19.00%	40.00%	499	6	246.00%
	100.00 (default)	-	100.00%	45.00%	1,200	-	-
	Sub-total	**106**	**2.00%**	**46.00%**	**1,208**	**67**	**63.00%**
Corporates – Specialised lending	0.00 to <0.15	752	-	11.00%	1,309	57	8.00%
	0.15 to <0.25	734	-	9.00%	1,363	97	13.00%
	0.25 to <0.50	584	-	13.00%	1,242	129	22.00%
	0.50 to <0.75	271	1.00%	11.00%	1,328	80	29.00%
	0.75 to <2.50	250	1.00%	14.00%	1,221	64	26.00%
	2.50 to <10.00	52	5.00%	12.00%	1,234	15	28.00%
	10.00 to <100.00	138	18.00%	20.00%	1,314	299	217.00%
	100.00 (default)	10	100.00%	38.00%	1,143	-	-
	Sub-total	**2,791**	**2.00%**	**12.00%**	**1,302**	**741**	**27.00%**
TOTAL		**41,088**	**-**	**26.00%**	**-**	**9,548**	**23.00%**

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	158,005	133,974	24,031	1,564	22,468
2	SFTs	17,271	10,728	6,544	374	6,170
3	Cross-product netting	-	-	-	-	-
4	**TOTAL**	**175,276**	**144,701**	**30,575**	**1,938**	**28,637**

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	20,607	1	-	484	-
2	Corporate bonds, Sovereign debt, Government agency debt	47	-	-	147	-
3	Equity securities	3	-	-	-	-
4	Other collateral	3	-	-	-	-
	TOTAL	**20,660**	**1**	**-**	**631**	**-**

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)

31/12/2018 *(in millions of euros)*		RWA amounts	Capital requirements
1	**RWAs as at the end of the previous reporting period**	**7,995**	**640**
2	Asset size	(894)	(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**	**8,309**	**665**

4.2.3.7 Central Counterparty Exposures (CCP)

Central Counterparty Exposures (CCP) (CCR8)

(in millions of euros)		31/12/2018 EAD post CRM	31/12/2018 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	-	-

4.2.3.8 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)

(in millions of euros)		31/12/2018 EAD post-CRM	31/12/2018 RWA	31/12/2017 EAD post-CRM	31/12/2017 RWA
1	**Total portfolios subject to the Advanced CVA capital charge**	**15,660**	**2,486**	**15,950**	**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**	**17,445**	**1,524**	**10,457**	**1,540**
EU4	Based on the original exposure method	-	-	-	-
5	**TOTAL SUBJECT TO THE CVA CAPITAL CHARGE**	**33,104**	**4,009**	**26,407**	**3,433**

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	49,063	2,529	547	3,076	48,328	661	1,352	2,013
Corporates	248,742	42,236	38,406	80,642	234,268	35,594	40,560	76,154
TOTAL	**381,091**	**48,258**	**38,993**	**87,251**	**350,260**	**38,834**	**41,924**	**80,758**

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	55,957	-	7	7	51,457	-	81	81
Institutions	43,682	-	738	738	43,098	-	2,154	2,154
Corporates	154,227	2,782	18,640	21,422	145,527	1,985	15,389	17,374
TOTAL	**253,866**	**2,782**	**19,385**	**22,167**	**240,081**	**1,985**	**17,624**	**19,609**

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 Basel 3) 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 asset 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).

External ratings given to the export credit agencies

31/12/2018 *(in millions of euros)*	Moody's Long term rating (outlook)	Standard & Poor's Long term rating (outlook)	Fitch Ratings 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+ [positive] 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)	198,186	57.00%	181,307	57.70%

When the guarantee is granted, 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.

4.2.4.2 Risk mitigation techniques applied to counterparty risk

Credit derivatives for hedging purposes

These techniques are presented in the section on "Risk management", part 2.2.4.3 "Risk factors – Credit risk – Credit risk mitigation mechanisms – Use of credit derivatives" 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" section, as well as in section 4.2.2.4 above.

Exposures to credit derivatives (CCR6)

31/12/2018 *(in millions of euros)*	Credit derivative hedges: Protection bought	Credit derivative hedges: Protection sold	Other credit derivatives
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)	-	-

4.2.5 Securitisation transactions

The credit risk on securitisation transactions is presented in the Securitisation chapter below.

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	1,277	121	190%	1,397	2,655	212
Private equity exposures	1,389	-	290%	1,370	3,973	318
Other equity exposures	15,443	-	370%	15,442	57,136	4,571
TOTAL	**18,109**	**121**		**18,210**	**63,764**	**5,101**

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	655	103	190%	751	1,426	114
Private equity exposures	1,494	-	290%	1,475	4,277	342
Other equity exposures	16,341	-	370%	15,981	59,128	4,730
TOTAL	**18,491**	**103**		**18,206**	**64,831**	**5,186**

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 €18.2 billion at 31 December 2018 (compared with €18.6 billion at 31 December 2017).

Furthermore, equity exposures using the standardised approach amounted to €1.7 billion at 31 December 2018 for an RWA of €1.9 billion.

The cumulative amount of realised gains or losses on sales and settlements over the period under review is presented in Note 4 to the financial statements "Notes to the income statement".

4.3 Securitisation vehicles

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 under the operation or device depend on the performance of the underlying exposure or basket of exposures;
- the subordination of tranches determines how losses are distributed over the life of the transaction or scheme.

Securitisation transactions include:

- standard securitisations: the economic transfer of the securitised exposures by the transfer of the ownership in the securitised exposures by transferring ownership of those securitised 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 through the use of credit derivatives or guarantees and where the securitised exposures remain exposures for the originator.

The securitisation exposures detailed below cover all securitisation exposures recorded on or off-balance sheet of the Group that generate risk-weighted assets (RWA) and capital requirements with respect to its regulatory portfolio, according to the following typologies:

- securitisation exposures for which the Group is deemed the originator;
- exposures in which the Group is investor;
- exposures in which the Group is sponsor;
- securitisation swap exposures (exchange or interest rate hedges) allocated to securitisation vehicles.

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.

4.3.2 Purpose and strategy

4.3.2.1 Proprietary securitisation transactions

The securitisation transactions for Crédit Agricole S.A. Group's own account 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. Group's transfer of risks by means of proprietary securitisation transactions are the following:

Risk transfer operation 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 securitisation to manage the credit risk of the Crédit Agricole CIB corporate financing portfolio, 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 Crédit Agricole CIB's 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 the synthetic securitisation 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.

4.3.2.2 Securitisation transactions carried out on behalf of customers as arranger, sponsor, intermediary or originator

Only Crédit Agricole CIB, within Crédit Agricole S.A. group 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 roles played by Crédit Agricole CIB Group as sponsor of programmes, manager and provider of liquidity lines give it power directly related to the variability of returns of the business. 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.

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.

4.3.3 Risk monitoring and recognition

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, with regard to the management of internal models, an independent unit within Crédit Agricole S.A. 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.

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 a related 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.

4.3.3.2 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.

4.3.4 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 remained competitive;
- at 31 December 2018, Crédit Agricole CIB had no early-redemption securitisation transactions. Moreover, Crédit Agricole CIB 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.

4.3.5 Exposures

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**	**1,242**	**-**	**1,250**
2 Residential real estate loans				50	-	50	108	2	110
3 Commercial real estate loans				7	-	7	-	1	1
4 Credit card loans				100	-	100	0	-	0
5 Leasing				3,479	-	3,479	11	-	11
6 Loans to corporates and SMEs		6,177	6,177	-	-	-	421	-	421
7 Personal loans	150		150	4,776	-	4,776	56	-	56
8 Trade receivables	14,499		14,499	6,230	-	6,230	162	-	162
9 Other	-	1,329	1,329	6,649	-	6,649	385	-	393
10 Re-securitisation	**1,298**	**7**	**1,305**	**-**	**-**	**-**	**-**	**-**	**-**
11 TOTAL 31/12/2018	**15,947**	**7,513**	**23,460**	**21,066**	**-**	**21,066**	**1,242**	**-**	**1,250**
TOTAL 31/12/2017	**13,289**	**4,096**	**17,385**	**21,290**	**-**	**21,290**	**1,803**	**3**	**1,806**

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**	**2,469**	**44,463**
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	1,333	8,397
10	**Re-securitisation**	**-**	**-**	**1,305**	**-**	**1,305**
11	**TOTAL 31/12/2018**	**9,355**	**29,567**	**4,377**	**2,469**	**45,768**
	TOTAL 31/12/2017	**5,949**	**27,675**	**4,852**	**2,466**	**40,941**

Exposure at default of securitisation transactions broken down by 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**	**2,143**	**42,320**	**44,463**
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	1,083	7,314	8,397
10	**Re-securitisation**	**1,298**	**7**	**1,305**
11	**TOTAL**	**3,441**	**42,326**	**45,768**

Securitisation exposures in the banking portfolio and related capital requirements – Bank acting as issuer or agent IRB and standardised (SEC3)

		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	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	-	-	-	-
14	of which senior	-	-	-	-	7	-	-	-	7	-	-	-	1	-	-	-	-
15	of which non-senior	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Securitisation exposures in the banking portfolio and related capital requirements – Bank acting as investor IRB and Standardised (SEC4)

	31/12/2018 *(in millions of euros)*	Exposure values (by RW bands)					Exposure values (by regulatory approach)				RWA (by regulatory approach)				Capital charge after cap			
		≤ 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**	**850**	**3**	**426**	**-**	**-**	**787**	**9**	**483**	**-**	**358**	**1**	**122**	**4**	**29**	**-**	**9**	**-**
2	**Traditional securitisation**	**850**	**3**	**426**	**-**	**-**	**787**	**9**	**483**	**-**	**358**	**1**	**122**	**4**	**29**	**-**	**9**	**-**
3	of which securitisation	850	3	426	-	-	787	9	483	-	358	1	122	4	29	-	9	-
4	of which retail underlying	49	-	13	-	-	49	-	13	-	4	-	10	-	-	-	1	-
5	of which wholesale	801	3	413	-	-	738	9	470	-	354	1	112	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	2,469	2,466
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**	**1,009**
20% weighting	429	755
40% weighting	-	-
50% weighting	202	252
100% weighting	2	2
225% weighting	-	-
350% weighting	-	-
650% weighting	-	-
1250% weighting	**3**	**3**
Transparency approach	**1,638**	**1,288**
AGGREGATE SECURITISATION EXPOSURES HELD OR ACQUIRED	**2,274**	**2,299**

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**

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	200	-	-	1	65	-	17	3
Resecuritisation	24	-	-	4	31	-	31	4
Deductions	-	-	-	-	-	-	-	-

4.4 Market risk

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".

4.4.2 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".

4.4.3 Exposure to market risk of the trading book

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	3,629	290	4,047	324
4	Commodities risk	4	0	-	-
	Options				
5	Simplificated approach	-	-	-	-
6	Delta-plus method	6	0	0	0
7	Scenarios based approach	31	2	24	2
8	Securitisation	-	-	95	8
9	**TOTAL**	**4,447**	**356**	**5,039**	**403**

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)	-	-

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.

4.5 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".

4.6 Operational risk

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".

4.6.2 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".

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	of which notionally eligible EHQLA and HQLA(1)(2)	Fair value of encumbered assets	of which notionally eligible EHQLA and HQLA(1)(2)	Carrying amount of unencumbered assets	of which EHQLA and HQLA(1)(2)	Fair value of unencumbered assets	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**	**150,738**	**5,647**			**1,327,594**	**199,426**		
030	Equity instruments	2,007	1,391			10,206	-		
040	Debt securities	9,204	4,256	9,204	4,256	149,449	103,950	149,449	103,950
050	of which: covered bonds	-	-	-	-	939	944	939	944
060	of which: asset-backed securities	-	-	-	-	2,915	23	2,915	23
070	of which: issued by general governments	5,805	3,145	5,805	3,145	72,201	69,026	72,201	69,026
080	of which: issued by financial corporations	3,147	869	3,147	869	58,626	30,761	58,626	30,761
090	of which: issued by non-financial corporations	228	242	228	242	13,869	4,163	13,869	4,163
120	Other assets	140,016	-			1,164,889	95,823		
121	of which: Loans and advances other than loans on demand	123,201	-			906,841	-		

(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 B – Collateral received

				Unencumbered	
		Fair value of encumbered collateral received or own debt securities issued	of which notionally eligible EHQLA and HQLA[(1)(2)]	Fair value of collateral received or own debt securities issued available for encumbrance	of which notionally eligible EHQLA and HQLA[(1)(2)]
(in millions of euros)		010	030	040	060
130	**Collateral received by the reporting institution**	**85,971**	**69,815**	**33,153**	**22,916**
140	Loans on demand	-	-	-	-
150	Equity instruments	3,465	1,484	1,315	931
160	Debt securities	82,267	68,331	31,371	21,638
170	of which: covered bonds	31	9	1,389	1,003
180	of which: asset-backed securities	-	-	1,386	-
190	of which: issued by general governments	72,674	62,463	25,304	18,957
200	of which: issued by financial corporations	6,871	3,218	5,714	1,430
210	of which: issued by non-financial corporations	3,292	2,649	1,475	1,250
220	Loans and advances other than loans on demand	-	-	-	-
230	Other collateral received	-	-	-	-
240	Own debt securities issued other than own covered bonds or asset-backed securities	225	-	-	-
241	Own covered bonds and asset-backed securities issued and not yet pledged			24,166	14,656
250	**TOTAL ASSETS, COLLATERAL RECEIVED AND OWN DEBT SECURITIES ISSUED**	**237,678**	**75,462**		

(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

		Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and ABSs encumbered
(in millions of euros)		010	030
010	**Carrying amount of selected financial liabilities**	**272,805**	**225,305**
011	of which: Derivatives	87,897	15,661
012	of which: Deposits	130,843	144,377
013	of which: Debt securities issued	54,938	65,835

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 14.1% 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.

At 31 December 2018, the placed covered bonds amounted to €38.0 billion for a total of €43.5 billion in encumbered underlying assets thus complying with the contractual and regulatory requirements as well as those of the rating agencies, if applicable, in terms of over-collateralisation.

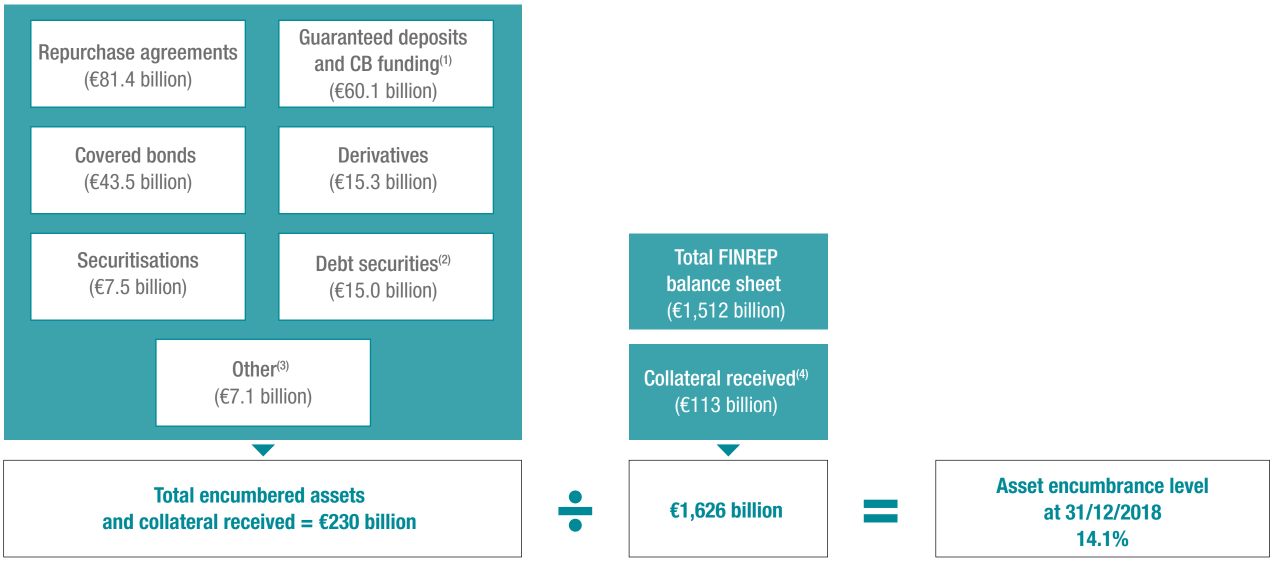
At 31 December 2018, the covered bonds retained and not yet pledged as collateral amounted to €0.4 billion for a total of €0.5 billion in unencumbered underlying assets;

- asset-backed securities (ABS) issued during securitisation transactions – as defined in Article 4(1)(61) of Regulation (EU) No. 575/2013 – mainly carried out by the CA Consumer Finance Group and its subsidiaries, as well as the Regional Banks (through the FCT CA Habitat 2015, 2017 and 2018):
  - at 31 December 2018, placed asset-backed securities amounted to €7.1 billion for a total of €7.5 billion in encumbered underlying assets,
  - at 31 December 2018, asset-backed securities retained and not yet pledged as collateral amounted to €25.8 billion for a total of €28.5 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 €48.8 billion for a total of €60.1 billion in encumbered assets;
- 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 receivables from the Regional Banks and LCL:
  - at 31 December 2018, these securities amounted to €9.9 billion for a total of €15.0 billion in encumbered assets.

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 €80.6 billion for a total of €81.4 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 securities lending and borrowing.
(4) Excluding collateral received that could not be encumbered.

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		**30/09/2017**	**31/12/2017**	**31/03/2018**	**30/06/2018**	**30/09/2017**	**31/12/2017**	**31/03/2018**	**30/06/2018**
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)**					**213,926**	**210,168**	**208,023**	**208,804**
Cash-outflows									
2	**Retail deposits and deposits from small business customers, of which:**	**469,716**	**477,515**	**485,777**	**493,093**	**28,993**	**29,513**	**30,064**	**30,543**
3	Stable deposits	377,225	383,003	388,994	394,357	18,861	19,150	19,450	19,718
4	Less stable deposits	92,491	94,512	96,782	98,735	10,132	10,363	10,613	10,824
5	**Unsecured wholesale funding**	**219,777**	**226,956**	**234,879**	**239,400**	**106,850**	**109,772**	**114,348**	**116,055**
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	77,509	80,165	82,225	84,110	19,188	19,839	20,342	20,803
7	Non-operational deposits (all counterparties)	135,297	136,604	139,053	141,822	80,690	79,748	80,404	81,784
8	Unsecured debt	6,972	10,186	13,602	13,468	6,972	10,186	13,602	13,468
9	**Secured wholesale funding**					**16,609**	**16,979**	**17,340**	**17,973**
10	**Additional requirements**	**173,557**	**174,317**	**176,053**	**179,337**	**45,384**	**44,250**	**43,354**	**42,961**
11	Outflows related to derivative exposures and other collateral requirements	16,964	15,281	13,704	12,951	16,483	14,871	13,341	12,376
12	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
13	Credit and liquidity facilities	156,593	159,037	162,349	166,386	28,901	29,379	30,013	30,585
14	**Other contractual funding obligations**	**31,572**	**28,156**	**24,353**	**24,467**	**9,408**	**5,236**	**1,376**	**1,315**
15	**Other contingent funding obligations**	**43,146**	**43,147**	**44,609**	**46,106**	**954**	**892**	**867**	**835**
16	**TOTAL CASH OUTFLOWS**					**208,198**	**206,642**	**207,348**	**209,681**
Cash-inflows									
17	**Secured lending (e.g. reverse repos)**	**115,852**	**122,698**	**130,603**	**135,505**	**13,963**	**14,156**	**14,263**	**14,233**
18	**Inflows from fully performing exposures**	**84,569**	**87,605**	**90,917**	**93,436**	**27,345**	**28,672**	**29,981**	**30,700**
19	**Other cash inflows**	**8,061**	**8,309**	**8,419**	**8,459**	**7,900**	**8,034**	**8,114**	**8,182**
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)**								

Scope of consolidation (solo/consolidated) *(in millions of euros)*		Total unweighted value (average)				Total weighted value (average)			
Quarter ending on		30/09/2017	31/12/2017	31/03/2018	30/06/2018	30/09/2017	31/12/2017	31/03/2018	30/06/2018
EU-19b	(Excess inflows from a related specialised credit institution)								
20	TOTAL CASH INFLOWS	208,482	218,613	229,939	237,401	49,208	50,862	52,358	53,115
EU-20a	Fully exempt inflows	123	0	0	0	123	0	0	0
EU-20b	Inflows Subject to 90% Cap	-	-	-	-	-	-	-	-
EU-20c	Inflows Subject to 75% Cap	181,874	192,936	204,103	213,488	49,085	50,862	52,358	53,115
21	FULLY EXEMPT INFLOWS					213,926	210,168	208,023	208,804
22	INFLOWS SUBJECT TO 90% CAP					158,990	155,780	154,990	156,567
23	INFLOWS SUBJECT TO 75% CAP					135%	135%	134%	133%

Qualitative information

Concentration of funding and liquidity sources	Crédit Agricole Group 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 €5.58 billion.
Currency mismatch in the LCR	At 31 December 2018, Crédit Agricole 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	In addition to the LCR surplus recorded at 31 December 2018, the Group has non-HQLA liquidity reserves of €79 billion (after haircuts), under securities format sellable on the market (€17 billion), as well as share of self-subscribed securitisation (€11 billion) and loans and receivables eligible for central bank refinancing and earmarked in central banks (€51 billion).

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.

8. CROSS-REFERENCE TABLE

Cross-reference table for Pillar 3 (CRR and CRD 4)

CRR article	Topic	Reference 2018 Registration document	2018 Registration document and its Update A01
90 (CRD 4)	Return on assets	Management report	Chapter 4 RD p. 186
435 (CRR)	1. Risk management policy and objectives	Presentation of Committees – corporate governance Main Group level Committees dealing with risk Risk factors	p. 63 to 65 Chapter 3 RD p. 100 to 107
436 (a)(b)	2. Scope of consolidation	Pillar 3 Financial statements Note 12.2	p. 110 to 111, 128 to 129 and 340 to 355
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. 119 p. 118
438 (CRR)	4. Capital requirements	Risk-weighted assets by business line and trends	p. 130 to 131
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. 132 to 175
440 (CRR)	6. Capital buffer	Minimum requirements and exposures by geographic area	p. 112 to 116 and 135 to 137
441 (CRR)	7. Indicators of global systemic importance	Communication on the indicators required for globally systemically important banks (G-SIBs) + website	p. 113 and Press release
442 (CRR)	8. Adjustments for credit risk	Default exposures and value adjustments	p. 143 to 147
443 (CRR)	9. Asset encumbrance	Asset encumbrance	p. 185 to 187
444 (CRR)	10. Use of ECAIs	Protection providers	p. 173 to 174
445 (CRR)	11. Exposure to market risk	Exposure to market risk of the trading book	p. 183 to 185
446 (CRR)	12. Operational risk	Operational risk	p. 103 to 105 and 185
447 (CRR)	13. Equity exposures excluding the trading book	Equity exposures in the banking portfolio	p. 134 and 175
448 (CRR)	14. Exposure to interest rate risk on positions not included in the trading book	Global interest rate risk – Risk factors	p. 88 to 89 and 185
449 (CRR)	15. Exposures to securitisation positions	Securitisation – Pillar 3	p. 175 to 183
450 (CRR)	16. Compensation policy	Compensation policy – Corporate governance	Chapter 3 RD p. 143 to 170 and 189
451 (CRR)	17. Leverage	Leverage ratio	p. 123 to 125
452 (CRR)	18. Use of the IRB approach to credit risk	Credit risk – internal ratings-based approach	p. 151 to 165
453 (CRR)	19. Use of credit risk mitigation techniques	Credit risk mitigation mechanism	p. 76 to 77 and 173 to 175
454 (CRR)	20. Use of the advanced measurement approaches to operational risk	Operational risk	p. 103 to 105 and 185
455 (CRR)	21. Use of internal market risk models	Internal models approach to market risk capital requirements – Pillar 3	p. 183 to 185

Additional elements are presented on the consolidated report on risks available on our website:
www.credit-agricole.com/finance/finance/espace-investisseurs/informations-financieres

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. 191	
	2	Terminology and risk measurements, key parameters used		p. 50 to 107	p. 132 and 148 to 161	p. 218 to 235 and 239 to 267
	3	Presentation of main risks and/or emerging risks		p. 48 to 105		p. 239 to 267
	4	New regulatory framework for solvency and Group objectives	p. 47 to 49	p. 90 to 93	p. 108 to 116	p. 267
Governance and risk management strategy	5	Organisation of control and risk management	Chapter 3 RD p. 108 to 114	p. 62 to 65		
	6	Risk management strategy and implementation	Chapter 3 RD p. 108 to 114	p. 50 to 107	p. 112 to 127	
	7	Risk mapping by business line			p. 131	
	8	Governance and management of internal stress tests		p. 62 to 65, 77		
Capital requirements and risk-weighted assets	9	Minimum capital requirements			p. 112 to 114	
	10a	Breakdown of composition of capital			p. 119 to 122 (1)	
	10b	Reconciliation of the balance sheet and prudential balance sheet and accounting equity and regulatory capital			p. 110 to 122 and 128 to 129	
	11	Change in regulatory capital			p. 119 to 121	
	12	Capital trajectory and CRD 4 ratio objectives	p. 47 to 49		p. 112 to 127	
	13	Risk-weighted assets by business line and risk type			p. 130 to 147	
	14	Risk-weighted assets and capital requirements by method and category of exposure		p. 75	p. 130 to 147	
	15	Exposure to credit risk by category of exposure and internal rating		p. 73 to 75 and 79	p. 133 to 175	
	16	Changes in risk-weighted assets by risk type			p. 130	
	17	Description of back-testing models and efforts to improve their reliability		p. 82 to 83 and 103 to 105	p. 162 to 164	
Liquidity	18	Management of liquidity and cash balance sheet		p. 90 to 93	p. 188 to 189	
	19	Asset encumbrance			p. 185 to 187	
	20	Breakdown of financial assets and financial liabilities by contractual maturity			p. 142	p. 261 to 262 and 318
	21	Liquidity and financing risk management		p. 90 to 93	p. 188 to 189	
Market risk	22 to 24	Market risk measurement		p. 81 to 87	p. 183 to 185	p. 218 to 235, 256 to 260 and 325 to 339
	25	Market risk management techniques		p. 81 to 87		
Credit risk	26	Maximum exposure, breakdown and diversification of credit risks		p. 73 to 81	p. 132 to 175	p. 239 to 267
	27 and 28	Provisioning policy and risk hedging		p. 80 to 81		p. 218 to 225, 255 to 256 and 272
	29	Derivative instruments: notional, counterparty risk, offsetting		p. 203 to 207, 211, 215, 218 to 220, 227 to 228 and 232 to 233	p. 163 to 173	p. 225 to 226, 254 to 258, 299 to 300 and 328 to 329
	30	Credit risk mitigation mechanisms		p. 77		p. 323 to 324
Other risks	31	Other risks: insurance sector risks, operational risks and legal risks, information systems security and business continuity plans	Chapter 3 RD p. 108 to 114	p. 50 to 59 and 94 to 102		p. 267, 281 to 285 and 308 to 314
	32	Declared risks and ongoing actions regarding operational and legal risks		p. 103 to 105		p. 309 to 314

(1) Details of debt issues available on the website: www.credit-agricole.com/en/finance/finance/financial-publications

CONSOLIDATED FINANCIAL STATEMENTS

2

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 Joint General Meeting of Shareholders on 21 May 2019

CRÉDIT AGRICOLE S.A. KEY FIGURES

NET INCOME GROUP SHARE

€6,844m

Revenues

€32,839m

TOTAL BALANCE SHEET

€1,854,763m

Total customer loans

€854,681m

Total customer deposits

€789,835m

Total equity

€112,188m

GENERAL FRAMEWORK

CREDIT AGRICOLE GROUP

Crédit Agricole Group comprises 2,432 Local Banks, 39 Regional Banks, its central body "Crédit Agricole S.A." and their subsidiaries.

Crédit Agricole Mutuel was organised by the Act of 5 November 1894, which introduced the principle of creating Crédit Agricole's Local Banks, the Act of 31 March 1899, which federated the Local Banks into Crédit Agricole Regional Banks, and the Act of 5 August 1920, which created the Office National du Crédit Agricole, subsequently transformed into the Caisse Nationale de Crédit Agricole, and then Crédit Agricole S.A. Its role as central body was confirmed and clarified by the French Monetary and Financial Code.

Crédit Agricole Group is a banking group with a central body as defined by the European Union's first directive 77/780:

- the commitments of the central body and of the entities affiliated to it are joint and several;
- the solvency and liquidity of all affiliated entities are monitored together on the basis of consolidated financial statements.

For groups with a central body, directive 86/635 relating to the financial statements of European credit institutions stipulates that the whole group, consisting of the central body and its affiliated entities, must be covered by the consolidated financial statements prepared, audited and published in accordance with this directive.

In line with this directive, the central body and its affiliated entities make up the reporting entity. This reporting entity represents the community of interests created in particular by the system of crossguarantees, which ensure joint and several coverage of the commitments of Crédit Agricole Group network. In addition, the various texts mentioned in the first paragraph explain and organise the community of interests that exists at the legal, financial, economic and political levels between Crédit Agricole S.A., the Regional Banks and the Local Banks of Crédit Agricole Mutuel. This community relies on a single financial relationship mechanism, a single economic and commercial policy and joint decision-making authorities which, for over a century, have formed the basis of Crédit Agricole Group.

In accordance with European regulation 1606/02, the reporting entity's consolidated financial statements are prepared under IFRS as adopted by the European Union. The reporting entity consists of the Local Banks, the Regional Banks and Crédit Agricole S.A. central body.

CREDIT 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".

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.

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.

RELATED PARTIES

The related parties of Crédit Agricole Group are the consolidated companies, including companies accounted for using the equity method, and the Group's Senior Executives.

Other shareholders' agreement

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 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 companies consolidated by the equity method for the following amounts:

- loans and receivables due from credit institutions: €2,590 million;
- loans and receivables due from customers: €2,136 million;
- amounts due to credit institutions: €1,068 million;
- amounts due to customers: €181 million;
- commitments given on financial instruments: €4,485 million;
- commitments received on financial instruments: €5,082 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

Given the mutualist structure of Crédit Agricole Group and the broad scope of the reporting entities, the notion of "management" as defined by IAS 24 is not representative of the governance rules applied within Crédit Agricole Group.

Accordingly, the information required by IAS 24 concerning the compensation of key executives is not presented.

CONSOLIDATED FINANCIAL STATEMENTS

INCOME STATEMENT

The shaded areas in the tables to the notes to the consolidated financial statements concern items that are applicable in the corresponding financial reporting framework.

(in millions of euros)	Notes	31/12/2018	31/12/2017
Interest and similar income	4.1	33,110	33,411
Interest and similar expenses	4.1	(14,594)	(13,734)
Fee and commission income	4.2	13,841	13,147
Fee and commission expenses	4.2	(4,153)	(3,438)
Net gains (losses) on financial instruments at fair value through profit or loss	4.3	(2,934)	4,525
Net gains (losses) on held for trading assets/liabilities		632	
Net gains (losses) on other financial assets/liabilities at fair value through profit or loss		(3,566)	
Net gains (losses) on financial instruments at fair value through other comprehensive income	4.4	231	
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)		160	
Net gains (losses) on available-for-sale financial assets			3,301
Net gains (losses) arising from the derecognition of financial assets at amortised cost	4.5	(1)	
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	43,310	33,730
Expenses on other activities	4.6	(36,262)	(38,834)
Reclassification of net gains (losses) of designated financial assets applying the overlay approach	5.3	291	
Revenues		**32,839**	**32,108**
Operating expenses	4.7	(20,266)	(19,699)
Depreciation, amortisation and impairment of property, plant & equipment and intangible assets	4.8	(1,188)	(1,212)
Gross operating income		**11,385**	**11,197**
Cost of risk	4.9	(1,719)	(1,651)
Operating income		**9,666**	**9,546**
Share of net income of equity-accounted entities		266	732
Net gains (losses) on other assets	4.11	87	5
Change in value of goodwill	6.15	86	186
Pre-tax income		**10,105**	**10,469**
Income tax charge	4.11	(2,733)	(3,479)
Net income from discontinued operations		(3)	20
Net income		**7,369**	**7,010**
Non-controlling interests	6.20	525	474
NET INCOME GROUP SHARE		**6,844**	**6,536**

NET INCOME AND OTHER COMPREHENSIVE INCOME

(in millions of euros)	Notes	31/12/2018	31/12/2017
Net income		**7,369**	**7,010**
Actuarial gains and losses on post-employment benefits	4.12	50	-
Other comprehensive income on financial liabilities attributable to changes in own credit risk[1]	4.12	387	
Other comprehensive income on equity instruments that will not be reclassified to profit or loss[1]	4.12	251	
Pre-tax other comprehensive income on items that will not be reclassified to profit or loss excluding equity-accounted entities	**4.12**	**688**	**-**
Pre-tax other comprehensive income on items that will not be reclassified to profit or loss on equity-accounted entities	**4.12**	**1**	**23**
Income tax related to items that will not be reclassified to profit or loss excluding equity-accounted entities	**4.12**	**(271)**	**(37)**
Income tax related to items accounted that will not be reclassified to profit or loss on equity-accounted entities	**4.12**	**(3)**	**-**
Other comprehensive income on items that will not be reclassified to profit or loss from discontinued operations	**4.12**	**5**	**(7)**
Other comprehensive income on items that will not be reclassified subsequently to profit or loss net of income tax	**4.12**	**420**	**(21)**
Gains and losses on translation adjustments	4.12	259	(710)
Gains and losses on available-for-sale financial assets			(500)
Other comprehensive income on debt instruments that may be reclassified to profit or loss	4.12	(1,340)	
Gains and losses on hedging derivative instruments	4.12	(153)	(304)
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**	**(1,590)**	**(1,514)**
Pre-tax other comprehensive income on items that may be reclassified to profit or loss on equity-accounted entities, Group Share	**4.12**	**(11)**	**(387)**
Income tax related to items that may be reclassified to profit or loss excluding equity-accounted entities	**4.12**	**570**	**355**
Income tax related to items that may be reclassified to profit or loss on equity-accounted entities	**4.12**	**1**	**(14)**
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**	**(1,032)**	**(1,575)**
OTHER COMPREHENSIVE INCOME NET OF INCOME TAX	**4.12**	**(612)**	**(1,596)**
NET INCOME AND OTHER COMPREHENSIVE INCOME		**6,757**	**5,414**
of which Group share		6,259	4,968
of which non-controlling interests		498	446

(1) Of which €86 million of items transferred to Reserves of items that cannot be reclassified (see Note 4.12).

BALANCE SHEET – ASSETS

(in millions of euros)	Notes	31/12/2018	01/01/2018	31/12/2017
Cash, central banks	6.1	70,584	54,113	54,119
Financial assets at fair value through profit or loss	3.1-6.2-6.6.6.7	372,142	372,053	320,306
Financial assets held for trading		223,229	220,581	
Other financial instruments at fair value through profit or loss		148,913	151,472	
Hedging derivative Instruments	3.2-3.4	15,829	18,599	18,605
Financial assets at fair value through other comprehensive income	3.1-6.4-6.6-6.7	264,981	269,229	
Debt instruments at fair value through other comprehensive income that may be reclassified to profit or loss		260,251	264,989	
Equity instruments at fair value through other comprehensive income that will not be reclassified to profit or loss		4,730	4,240	
Available-for-sale financial assets	3.1-6.4-6.6-6.7			330,450
Financial assets at amortised cost	3.1-3.3-6.5-6.6-6.7	1,032,456	956,257	
Loans and receivables due from credit institutions		97,194	86,823	92,074
Loans and receivables due from customers		854,681	795,476	814,758
Debt securities		80,581	73,958	
Revaluation adjustment on interest rate hedged portfolios		8,337	7,427	7,427
Held-to-maturity financial assets	3.1-6.5-6.6-6.7			39,094
Current and deferred tax assets	6.10	6,223	6,152	5,554
Accruals, prepayments and sundry assets	6.11	44,343	42,510	42,510
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	6,308	5,037	5,106
Investment property	6.13	6,967	6,744	6,744
Property, plant and equipment	6.14	7,778	7,625	7,625
Intangible assets	6.14	2,442	2,314	2,314
Goodwill	6.15	16,064	15,988	15,988
TOTAL ASSETS		**1,854,763**	**1,764,543**	**1,763,169**

BALANCE SHEET – LIABILITIES & EQUITY

(in millions of euros)	Notes	31/12/2018	01/01/2018	31/12/2017
Central banks	6.1	1,140	3,434	3,434
Financial liabilities at fair value through profit or loss	6.2	225,902	225,557	225,599
Held for trading financial liabilities		191,684	194,067	
Financial liabilities designated at fair value through profit or loss		34,218	31,490	
Hedging derivative Instruments	3.2-3.4	16,170	17,204	17,204
Financial liabilities at amortised cost		1,084,032	998,427	
Due to credit institutions	3.3-6.8	95,970	88,422	88,425
Due to customers	3.1-3.3-6.8	789,835	732,420	732,420
Debt securities	3.3-6.8	198,227	177,585	177,532
Revaluation adjustment on interest rate hedged portfolios		7,879	8,117	8,117
Current and deferred tax liabilities	6.10	2,442	2,596	2,618
Accruals, deferred income and sundry liabilities	6.11	48,009	45,800	45,799
Liabilities associated with non-current assets held for sale and discontinued operations		229	354	354
Insurance company technical reserves	6.16	325,910	324,149	322,051
Provisions	6.17	8,107	6,879	6,365
Subordinated debt	3.3-6.18	22,755	25,514	25,515
Total Liabilities		**1,742,575**	**1,658,031**	**1,655,433**
Equity		**112,188**	**106,512**	**107,736**
Equity – Group share		**106,717**	**101,234**	**102,291**
Share capital and reserves		27,611	26,924	26,924
Consolidated reserves		70,955	72,419	65,098
Other comprehensive income		1,298	1,885	3,727
Other comprehensive income on discontinued operations		9	6	6
Net income (loss) for the year		6,844		6,536
Non-controlling interests		**5,471**	**5,278**	**5,445**
TOTAL LIABILITIES AND EQUITY		**1,854,763**	**1,764,543**	**1,763,169**

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 01/01/2017	**10,412**	**78,157**	**(253)**	**5,011**	**93,327**
Capital increase	226	-	-	-	**226**
Changes in treasury shares held	-	-	5	-	**5**
Issuance of equity instruments	-	-	-	(12)	**(12)**
Remuneration of undated deeply subordinated notes	-	(464)	-	-	**(464)**
Dividends paid in 2017	-	(2,257)	-	-	**(2,257)**
Dividends received from Regional Banks and subsidiaries	-	1,312	-	-	**1,312**
Impact of acquisitions/disposals on non-controlling interests	-	(57)	-	-	**(57)**
Changes due to share-based payments	-	13	-	-	**13**
Changes due to transactions with shareholders	**226**	**(1,452)**	**5**	**(12)**	**(1,233)**
Changes in other comprehensive income	**-**	**-**	**-**	**-**	**-**
Of which other comprehensive income on equity instruments that will not be reclassified to profit or loss reclassified to consolidated reserves	-	-	-	-	**-**
Of which other comprehensive income attributable to changes in own credit risk reclassified to consolidated reserves	-	-	-	-	**-**
Share of changes in equity-accounted entities	-	(56)	-	-	**(56)**
Net income for 2017	**-**	**-**	**-**	**-**	**-**
Other changes	-	(15)	-	-	**(15)**
Equity at 31/12/2017	**10,638**	**76,634**	**(248)**	**4,999**	**92,022**
Appropriation of 2017 net income	-	6,536	-	-	**6,536**
Equity at 01/01/2018	**10,638**	**83,170**	**(248)**	**4,999**	**98,559**
Impacts of new accounting standards(1)	-	784	-	-	**784**
Equity at 01/01/2018 restated	**10,638**	**83,954**	**(248)**	**4,999**	**99,343**
Capital increase	507	156	-	-	**663**
Changes in treasury shares held	-	-	(26)	-	**(26)**
Issuance of equity instruments	-	-	-	12	**12**
Remuneration of undated deeply subordinated notes	-	(453)	-	-	**(453)**
Dividends paid in 2018	-	(2,352)	-	-	**(2,352)**
Dividends received from Regional Banks and subsidiaries	-	1,373	-	-	**1,373**
Impact of acquisitions/disposals on non-controlling interests	-	(8)	-	-	**(8)**
Changes due to share-based payments	-	22	-	-	**22**
Changes due to transactions with shareholders	**507**	**(1,262)**	**(26)**	**12**	**(769)**
Changes in other comprehensive income	**-**	**(70)**	**-**	**-**	**(70)**
of which other comprehensive income on equity instruments that will not be reclassified to profit or loss reclassified to consolidated reserves	-	(57)	-	-	**(57)**
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)	-	43	-	-	**43**
EQUITY AT 31/12/2018	**11,145**	**82,684**	**(274)**	**5,011**	**98,566**

(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 impact of liabilities that are prescribed following new legal analyses.

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
6,072	(771)	5,301	-	98,628	4,630	(75)	(9)	(84)	4,546	103,174
-	-	-	-	226	-	-	-	-	-	226
-	-	-	-	5	-	-	-	-	-	5
-	-	-	-	(12)	5	-	-	-	5	(7)
-	-	-	-	(464)	(2)	-	-	-	(2)	(466)
-	-	-	-	(2,257)	(272)	-	-	-	(272)	(2,529)
-	-	-	-	1,312	-	-	-	-	-	1,312
-	-	-	-	(57)	634	-	-	-	634	577
-	-	-	-	13	6	-	-	-	6	19
-	-	-	-	(1,233)	371	-	-	-	371	(862)
(1,148)	(42)	(1,190)	-	(1,190)	-	(26)	(2)	(28)	(28)	(1,218)
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
(401)	23	(378)	-	(434)	4	-	-	-	4	(430)
-	-	-	6,536	6,536	474	-	-	-	474	7,010
-	-	-	-	(15)	78	-	-	-	78	63
4,523	(790)	3,733	6,536	102,291	5,557	(101)	(11)	(112)	5,445	107,736
-	-	-	(6,536)	-	-	-	-	-	-	-
4,523	(790)	3,733	-	102,291	5,557	(101)	(11)	(112)	5,445	107,736
(1,171)	(670)	(1,841)	-	(1,057)	(180)	(7)	20	13	(167)	(1,224)
3,352	(1,460)	1,892	-	101,234	5,377	(108)	9	(99)	5,278	106,513
-	-	-	-	663	-	-	-	-	-	663
-	-	-	-	(26)	-	-	-	-	-	(26)
-	-	-	-	12	-	-	-	-	-	12
-	-	-	-	(453)	(3)	-	-	-	(3)	(456)
-	-	-	-	(2,352)	(307)	-	-	-	(307)	(2,659)
-	-	-	-	1,373	-	-	-	-	-	1,373
-	-	-	-	(8)	10	-	-	-	10	2
-	-	-	-	22	8	-	-	-	8	30
-	-	-	-	(769)	(292)	-	-	-	(292)	(1,061)
(1,012)	437	(575)	-	(645)	1	(10)	(15)	(25)	(24)	(669)
-	57	57	-	-	1	-	(1)	(1)	-	-
-	12	12	-	-	-	-	-	-	-	-
(8)	(2)	(10)	-	9	2	(2)	-	(2)	-	9
-	-	-	6,844	6,844	525	-	-	-	525	7,369
-	-	-	-	43	(16)	-	-	-	(16)	27
2,332	(1,025)	1,307	6,844	106,717	5,597	(120)	(6)	(126)	5,471	112,188

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 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.

(in millions of euros)	Notes	31/12/2018	31/12/2017
Pre-tax income		**10,105**	**10,469**
Net depreciation and impairment of property, plant & equipment and intangible assets		1,188	1,233
Impairment of goodwill and other fixed assets	6.15	(86)	(186)
Net depreciation charges to provisions		11,054	13,649
Share of net income of equity-accounted entities		(492)	(990)
Net income (loss) from investment activities		(87)	(525)
Net income (loss) from financing activities		3,015	3,244
Other movements		(1,565)	(5,292)
Total non-cash and other adjustment items included in pre-tax income		**13,027**	**11,133**
Change in interbank items		1,493	20,370
Change in customer items		(4,806)	(4,590)
Change in financial assets and liabilities		7,402	(4,191)
Change in non-financial assets and liabilities		(738)	781
Dividends received from equity-accounted entities(1)		188	242
Tax paid		(1,407)	(2,616)
Net change in assets and liabilities used in operating activities		**2,132**	**9,996**
Cash provided (used) by discontinued operations		**-**	**1**
Total net cash flows from (used by) operating activities (A)		**25,264**	**31,599**
Change in equity investments(2)		**(1,195)**	**(1,409)**
Change in property, plant & equipment and intangible assets		**(1,405)**	**(1,690)**
Cash provided (used) by discontinued operations		**(6)**	**-**
Total net cash flows from (used by) investment activities (B)		**(2,606)**	**(3,099)**
Cash received from (paid to) shareholders(3)		**(1,023)**	**(631)**
Other cash provided (used) by financing activities(4)		**957**	**4,208**
Cash provided (used) by discontinued operations		**-**	**-**
Total net cash flows from (used by) financing activities (C)		**(66)**	**3,577**
Impact of exchange rate changes on cash and cash equivalent (D)		**878**	**(1,545)**
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENT (A + B + C + D)		**23,470**	**30,532**
Cash and cash equivalents at beginning of period		**65,655**	**35,124**
Net cash accounts and accounts with central banks*		50,675	27,125
Net demand loans and deposits with credit institutions**		14,980	7,999
Cash and cash equivalents at end of period		**89,125**	**65,655**
Net cash accounts and accounts with central banks*		69,432	50,675
Net demand loans and deposits with credit institutions**		19,693	14,980
NET CHANGE IN CASH AND CASH EQUIVALENTS		**23,470**	**30,532**

* 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 Regional Banks for €3 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 -€493 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 capital increases of equity-accounted entities with Frey for -€44 million, Amundi entities for -€69 million and CACF for -€89 million.
- During the same period, the net impact on Group cash of acquisitions and disposals of non-consolidated equity investments came to -€707 million, of which -€756 million from insurance investments.

(3) **Cash received from (paid to) shareholders:**
The main operation relate to the increase of capital reserved to employees for 135 million and to the increase of capital of the Regional Banks and Local Banks for €443 million.
This amount primarily corresponds to -€1,742 million in dividends paid, excluding dividends paid in shares, by Crédit Agricole Group. It breaks down as follows:
- dividends paid by Crédit Agricole S.A. for -€2,352 million;
- dividends received from Regional Banks and subsidiaries for €1,373 million;
- dividends paid by non-controlled subsidiaries for -€310 million; and
- interest, equivalent to dividends on undated financial instruments treated as equity for -€453 million.
Furthermore, this amount corresponds to Credit Agricole S.A. capital increase reserved for employees for €135 million and Regional and Local Bank’s capital share increase for €443 million.

(4) **Other net cash flows from financing activities:**
At 31 December 2018, bond issues totalled €16,264 million and redemptions -€8,879 million. Subordinated debt issues totalled €2,624 million and redemptions -€5,809 million.
This line also includes cash flows from interest payments on subordinated debt and bonds for -€3,243 million.

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.

Financials assets

Financials 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	50,571	50,571					
	Financial assets at fair value through profit or loss	320,306		219,540	9,923	35,154	51,600	66
	Held for trading financial assets	219,535		219,540		-		-
	Financial assets designated at fair value through profit or loss[(1)]	100,771		-	9,923	35,154	51,600	66
	Hedging derivative instruments	18,605		-				
	Available-for-sale financial assets	330,450		7	24,569	27,622		-
	Loans and receivables due from credit institutions	92,074		1		-		-
	Loans and receivables due from customers	814,758		1,034		2,530		-
	Held-to-maturity financial assets	39,094		-		63		-
	Non-current assets held for sale and discontinued operations	495				-		-
	Investments in equity-accounted entities	5,106				-		-
	Carrying amount determined in accordance with IAS 39	**1,671,459**						
	Restatement of carrying amount in accordance with IFRS 9		**(6)**	**-**	**-**	**(55)**		**-**
01/01/2018	**Carrying amount in accordance with IFRS 9**		**50,565**	**220,581**	**34,492**	**65,314**	**51,600**	**66**

(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	**100,771**	**100,706**	**-**
Debt instruments	83,683	83,618	-
Equity instruments	17,088	17,088	

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)	4,030	-	-	-	-		
(6)	2		-	-			
	4,028	-	-	-	-		
18,605							
	242,375	4,239	-	-	31,638		
	5,165		86,870		38		
	11			796,744	14,439		
	10,899			-	28,132		
	-			-	-	495	
	-			-	-		5,106
	2,509	**1**	**(47)**	**(1,268)**	**(289)**		**(69)**
18,599	**264,989**	**4,240**	**86,823**	**795,476**	**73,958**	**495**	**5,037**

Financial liabilities

Financial liabilities		31/12/2017	01/01/2018	
			Reclassifications in accordance with IFRS 9	
		IAS 39	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	225,599	194,071	31,490
	Held for trading financial liabilities	194,071	194,071	
	Financial liabilities designated at fair value through profit or loss[1]	31,528		31,490
	Hedging derivative instruments	17,204	-	
	Due to credit institutions	88,425		-
	Due to customers	732,420		-
	Debt securities	177,532		-
	Liabilities associated with non-current assets held for sale and discontinued operations	354		
	Carrying amount determined in accordance with IAS 39	**1,241,534**		
	Restatement of carrying amount in accordance with IFRS 9		**(4)**	**-**
01/01/2018	**Carrying amount in accordance with IFRS 9**		**194,067**	**31,490**

(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	**31,528**	**-**	**38**

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
-	-	-	38	
-				
	-	-	38	
17,204				
	88,425			
		732,420		
			177,532	
				354
-	**(3)**	**-**	**15**	**-**
17,204	**88,422**	**732,420**	**177,585**	**354**

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	(1,461)		(10)	(636)	(112)	-
	Loans and receivables due from credit institutions	(387)		-	-	(1)	-
	Loans and receivables due from customers	(20,287)		-	-	(209)	-
	Held-to-maturity financial assets	(6)		-	-	-	-
	Amount of impairment determined in accordance with IAS 39	**(22,141)**					
	Restatement of impairment in accordance with IFRS 9		**(6)**	**10**	**636**	**322**	**-**
	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	636	112	-
	of which restatement of assets reclassified out of the loans and receivables category in accordance with IAS 39		-	-	-	210	-
	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	133	409	542
Guarantee commitments	494	105	599
Amount of provisions	**627**	**514**	**1,141**

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 orand loss	Loans and receivables due from credit institutions	Loans and receivables due from customers	Debt securities
(4)	(698)	-	-	-
-		(386)		-
-			(20,077)	-
-				(6)
(148)	**698**	**(47)**	**(1,269)**	**(36)**
(1)	-	-	-	-
(145)	698	-	-	(13)
-	-	(47)	(1,269)	(1)
(2)	-	-	-	(21)
(153)	**-**	**(433)**	**(21,346)**	**(42)**

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	**(5,365)**	**(16,776)**

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	(108)	(40)	(5)
Loans and receivables due from credit institutions	-	-	-
Loans and receivables due from customers	-	-	-
Debt securities	(108)	(40)	(5)
Financial assets at amortised cost	(2,048)	(3,912)	(15,861)
Loans and receivables due from credit institutions	(46)	(1)	(386)
Loans and receivables due from customers	(1,972)	(3,905)	(15,469)
Debt securities	(30)	(6)	(6)
TOTAL	**(2,156)**	**(3,952)**	**(15,866)**

Off-balance sheet commitments *(in millions of euros)*	01/01/2018		
	Bucket 1	Bucket 2	Bucket 3
Financing commitments	133	277	132
Guarantee commitments	53	109	437
TOTAL	**186**	**386**	**569**

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	20,303	186	19,730	80	119
Loans and receivables due from credit institutions					
Loans and receivables due from customers					
Debt securities	20,303	186	19,730	80	119
TOTAL	**24,241**	**280**	**23,668**	**109**	**119**

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	**107,736**	**102,291**	**5,445**
Impacts on reserves (A+B+C)	**604**	**784**	**(180)**
Revaluation related to own credit risk on liabilities designated at fair value through profit or loss	350	350	-
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)	2,260	2,253	7
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)	629	583	45
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)	(679)	(614)	(65)
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)	(105)	(105)	-
Assets (to fair value through profit or loss)	(105)	(105)	-
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 commission 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)	(1,224)	(1,055)	(169)
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	13	11	2
Effect of reclassification of designated financial assets applying the overlay approach on insurance activity	(494)	(494)	-
Reserves excluding equity-accounted entities (A)	**673**	**853**	**(180)**
Reserves on equity-accounted entities (B)	**(69)**	**(69)**	**-**
Reserves on discontinued operations (C)	**-**	**-**	**-**
Impacts on other comprehensive income on items that may be reclassified to profit or loss (D+E+F)	**(1,178)**	**(1,171)**	**(7)**
Reclassification from Available-for-sale assets to fair value through profit or loss (in the case of fair value hedges, reclassification unhedged portion only)	(2,260)	(2,253)	(6)
Reclassification from Available-for-sale assets to amortised cost (in the case of fair value hedges, reclassification unhedged portion only)	(195)	(195)	-
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)	323	323	-
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	319	320	(1)
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	35	34	1
Effect of reclassification of designated financial assets applying the overlay approach on insurance activity	494	494	-
Other comprehensive income on items that may be reclassified to profit or loss (net of income tax) excluding equity-accounted entities (D)	**(1,208)**	**(1,201)**	**(7)**
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.

Impact on equity of the application of IFRS 9 at 1 January 2018 – following

	Impact of 1st application of IFRS 9 at 01/01/2018(1)		
(in millions of euros)	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)	**(650)**	**(670)**	**20**
Revaluation related to own credit risk on liabilities designated at fair value through profit or loss	(350)	(350)	-
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	(270)	(290)	20
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)	**(620)**	**(640)**	**20**
Other comprehensive income on items that will not be reclassified to profit or loss (net of income tax) on equity-accounted entities (H)	**(31)**	**(31)**	**-**
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	**(1,224)**	**(1,057)**	**(167)**
EQUITY AT 01/01/2018 – IFRS 9 STANDARD	**106,512**	**101,234**	**5,278**

(1) Amounts net of income tax.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DETAILLED SUMMARY OF THE NOTES

2

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: • IFRS 12 "Disclosure of Interests in Other Entities" • IAS 28 "Investments in Associates and Joint Ventures" • IFRS 1 "First-time Adoption of International Financial Reporting Standards"	7 February 2018 (EU 2018/182)	1 January 2017 1 January 2018 1 January 2018	Yes Yes 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 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 retrospective 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 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.

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. It will apply to reporting periods beginning 1 January 2022 subject to adoption by the European Union. 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 will continue until the standard comes into effect.

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/Construction Contracts, 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/Accounting Policies, Changes in Accounting Estimates and Errors 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 faire value;
- investments in non-consolidated companies;
- pension schemes and other post-employment benefits;
- stock option plans;
- long-term impairment of available-for-sale financial assets and held-to-maturity financial assets;
- impairment of loans;
- 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.

1.2.1 Financial instruments (IFRS 9, IAS 32 and 39)

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 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.

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 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.

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	Mixed	Selling only
SPPI test	Satisfied	Amortised cost	Fair value through other comprehensive income (items that can be reclassified)	Fair value through profit or loss
	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 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 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.

Interets 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 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 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 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 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 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 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 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 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 avccounts

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 Group, with deposits originating from the Regional Banks centralised at Crédit Agricole. 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 taken 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.

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 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 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" of the Crédit Agricole Registration Document.

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.

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 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 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 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 "Risks and Pillar 3" Chapter of the Crédit Agricole Registration Document, 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 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, 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 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 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 "Risk factors 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 “Risk factors and Pillar 3” of the Crédit Agricole Registration Document.

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.

Counterparty risk on derivative instruments

The 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 Group, and DVA, the expected losses due to Crédit Agricole 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 CDS (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 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 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.

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 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 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 6.17 "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 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 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 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 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 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.

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 available-for-sale securities, 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 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 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 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 and non-monetary items.

On the reporting date, foreign-currency denominated monetary assets and liabilities are translated into Crédit Agricole 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 available-for-sale financial assets, only the translation adjustments calculated on amortised cost are taken to the income statement; the balance is recorded in equity;
- 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;
- for financial liabilities designated at fair value through profit or loss, translation adjustments related to value changes attributable to specific credit risk accounted in other comprehensive income (items than cannot 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.

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 if the gain or loss on the non-monetary item is recorded in other comprehensive income.

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 Group's insurance companies have been reclassified into the financial assets categories set out in IAS 39.

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 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.

1.3 CONSOLIDATION PRINCIPLES AND METHODS (IFRS 10, IFRS 11 AND IAS 28)

Scope of consolidation

The consolidated financial statements of Crédit Agricole Group include:

- the financial statements of Crédit Agricole S.A. as central body;
- the financial statements of institutions associated with the central body pursuant to directive 86/635 concerning the financial statements of European credit institutions, which with Crédit Agricole S.A., the Regional Banks and the Local Banks make up the "reporting entity";
- and those of all companies over which, in compliance with IFRS 10, IFRS 11 and IAS 28, Crédit Agricole S.A. the Regional Banks and the Local Banks exercise control, joint control or significant influence. This control is presumed when Crédit Agricole S.A., the Regional Banks and the Local Banks hold, directly or indirectly, at least 20% of existing or potential voting rights.

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. and the Regional Banks are exposed to or entitled to receive variable returns as a result of their involvement with the entity and if the power they hold over this entity allow them 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. and the Regional Banks are deemed to control a subsidiary through voting rights when their rights give them the practical ability to direct the subsidiary's relevant activities. Crédit Agricole S.A. and the Regional Banks are generally considered to control a subsidiary when they hold 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 them the power to direct its relevant activities. Control is also deemed to exist where Crédit Agricole S.A. and the Regional Banks hold half or less than half of the voting rights, including potential rights, in an entity but are able in practice to direct its relevant activities at its sole discretion, notably because of the existence of contractual arrangements, the size of their 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. and the Regional Banks were involved in creating the entity and what decisions they made at the time, what agreements were made at its inception and what risks are borne by Crédit Agricole S.A. and the Regional Banks, 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. and the Regional Banks are presumed to have significant influence if they own 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 28.18 minority interests held by venture capital entities are excluded from the scope of consolidation insofar as they are classified under financial assets at fair value through profit or loss (including financial assets held for trading and financial assets designated at fair value through profit or loss).

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 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;
- the equity method, for the entities over which Crédit Agricole 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 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.

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.

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 Group implemented the following provisions 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 -€1,224 million on equity, of which -€1,057 million in Group share. This impact of -€1,224 million on equity is mainly related to impairment of -€1,288 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.

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 first 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 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 a non-life insurance company located in Portugal with over €78 million in premiums issued as at end-2018.

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 100% 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.

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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 removal 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. 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, were 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.

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, that 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 CET 1 ratio of 9.5% (full Basel III 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 SpA) 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 SpA. 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.

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 -€382 million, compared to -€285 million at 31 December 2017.

Note 3 Financial management, risk exposure and hedging policy

Crédit Agricole's Financial Management department is responsible for organising financial flows within Crédit Agricole 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 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 on "Risk Managment – 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.

Financial assets at amortised cost: loans and receivables due from credit institutions

	Performing assets				Credit-impaired assets (Bucket 3)		Total		
	Assets subject to 12-month ECL (Bucket 1)		Assets subject to lifetime ECL (Bucket 2)						
(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 01/01/2018	**86,687**	**(45)**	**159**	**(1)**	**411**	**(386)**	**87,256**	**(433)**	**86,823**
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	**86,720**	**(45)**	**130**	**(1)**	**407**	**(386)**	**87,256**	**(433)**	**86,823**
Changes in gross carrying amounts and loss allowances	**9,018**	**20**	**(71)**	**-**	**5**	**(5)**	**8,952**	**16**	
New financial assets: acquisition, granting, origination…[1]	25,791	(15)	44	(1)			25,835	(16)	
Derecognition: disposal, repayment, maturity…	(16,791)	16	(115)	1	(4)	-	(16,910)	17	
Write-off					(4)	4	(4)	4	
Changes of cash flows resulting in restructuring due to financial difficulties	-	(2)	-	-	-	-	-	(2)	
Changes in models' credit risk parameters during the period		2		-		5	-	8	
Changes in model/methodology		-		-		-	-	-	
Changes in scope	232	-	-	-	-	-	232	-	
Transfers in non-current assets held for sale and discontinued operations	-	-	-	-	-	-	-	-	
Other	(214)	19	-	-	13	(14)	(201)	5	
Total	**95,738**	**(26)**	**58**	**(1)**	**412**	**(391)**	**96,208**	**(417)**	**95,791**
Changes in carrying amount due to specific accounting assessment methods (with no significant impact on loss allowance)[2]	1,392		12		(1)		1,403		
BALANCE AT 31/12/2018	**97,130**	**(26)**	**70**	**(1)**	**411**	**(391)**	**97,611**	**(417)**	**97,194**
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.

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 01/01/2018	**728,680**	**(1,972)**	**62,658**	**(3,905)**	**25,484**	**(15,469)**	**816,822**	**(21,346)**	**795,475**
Transfer between buckets during the period	**(7,053)**	**(399)**	**4,410**	**653**	**2,643**	**(936)**	**-**	**(682)**	
Transfer from 12-month ECL (Bucket 1) to lifetime ECL (Bucket 2)	(26,519)	210	26,519	(496)			-	(286)	
Return to lifetime ECL (Bucket 2) from 12-month ECL (Bucket 1)	21,019	(626)	(21,019)	1,054			-	428	
Transfer to lifetime ECL impaired (Bucket 3)[4]	(1,934)	40	(1,622)	164	3,556	(1,249)	-	(1,045)	
Return from lifetime ECL impaired (Bucket 3) to lifetime ECL (Bucket 2)/12-month ECL (Bucket 1)	381	(23)	532	(69)	(913)	313	-	221	
Total after transfer	**721,627**	**(2,371)**	**67,068**	**(3,252)**	**28,126**	**(16,405)**	**816,822**	**(22,028)**	**794,793**
Changes in gross carrying amounts and loss allowances	**63,555**	**571**	**(938)**	**(463)**	**(6,526)**	**2,445**	**56,090**	**2,553**	
New financial assets: acquisition, granting, origination…[1]	223,422	(1,010)	13,589	(1,040)			237,011	(2,050)	
Derecognition: disposal, repayment, maturity…	(161,165)	690	(14,704)	964	(3,326)	1,991	(179,196)	3,645	
Write-off					(3,262)	3,115	(3,262)	3,115	
Changes of cash flows resulting in restructuring due to financial difficulties	(5)	(9)	(38)	16	(7)	(4)	(50)	3	
Changes in models' credit risk parameters during the period		727		(585)		(2,745)	-	(2,603)	
Changes in model/methodology		-		-		-	-	-	
Changes in scope	302	(1)	3	-	43	(20)	348	(21)	
Transfers in non-current assets held for sale and discontinued operations	-	-	-	-	-	-	-	-	
Other[2]	1,001	174	212	182	26	108	1,239	464	
Total	**785,182**	**(1,800)**	**66,130**	**(3,715)**	**21,600**	**(13,960)**	**872,912**	**(19,475)**	**853,437**
Changes in carrying amount due to specific accounting assessment methods (with no significant impact on loss allowance)[3]	233		(437)		1,448		1,244		
BALANCE AT 31/12/2018	**785,415**	**(1,800)**	**65,693**	**(3,715)**	**23,048**	**(13,960)**	**874,156**	**(19,475)**	**854,681**
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) Of which €406 million corresponding to the reclassification in provisions of the ECL calculated on the financing engagements and on guarantee commitments given.
(3) 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
(4) 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.

Financial assets at amortised cost: 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)	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 01/01/2018	**73,827**	**(30)**	**168**	**(6)**	**6**	**(6)**	**74,001**	**(42)**	**73,959**
Transfer between buckets during the period	**40**	**(1)**	**(40)**	**1**	**-**	**-**	**-**	**-**	
Transfer from 12-month ECL (Bucket 1) to lifetime ECL (Bucket 2)	(22)	-	22	-	-		-	-	
Return to lifetime ECL (Bucket 2) from 12-month ECL (Bucket 1)	62	(1)	(62)	1	-		-	-	
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	**73,867**	**(31)**	**128**	**(5)**	**6**	**(6)**	**74,001**	**(42)**	**73,960**
Changes in gross carrying amounts and loss allowances	**6,818**	**7**	**(38)**	**2**	**26**	**(14)**	**6,806**	**(5)**	
New production: purchase, granting, origination…	25,066	(21)	326	(3)			25,392	(24)	
Derecognition: disposal, repayment, maturity…	(18,429)	22	(331)	5	-	-	(18,760)	27	
Write-off					-	-	-	-	
Changes of cash flows resulting in restructuring due to financial difficulties	-	-	-	-	-	-	-	-	
Changes in models' credit risk parameters during the period		6		1		-	-	6	
Changes in model/methodology		-		-		-	-	-	
Changes in scope	-	-	-	-	-	-	-	-	
Transfers in non-current assets held for sale and discontinued operations	-	-	-	-	-	-	-	-	
Other	181	-	(33)	-	26	(14)	174	(14)	
Total	**80,685**	**(24)**	**90**	**(3)**	**32**	**(20)**	**80,807**	**(47)**	**80,759**
Changes in carrying amount due to specific accounting assessment methods (with no significant impact on loss allowance)(1)	(190)		11		-		(179)		
BALANCE AT 31/12/2018	**80,495**	**(24)**	**101**	**(3)**	**32**	**(20)**	**80,628**	**(47)**	**80,581**
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.

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 01/01/2018	**261,351**	**(108)**	**3,638**	**(40)**	**-**	**(4)**	**264,989**	**(153)**
Transfer between buckets during the period	**1,231**	**2**	**(1,227)**	**2**	**-**	**-**	**4**	**4**
Transfer from 12-month ECL (Bucket 1) to lifetime ECL (Bucket 2)	(10)	5	10	(5)			-	-
Return to lifetime ECL (Bucket 2) from 12-month ECL (Bucket 1)	1,241	(3)	(1,237)	7			4	4
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	**262,582**	**(106)**	**2,411**	**(39)**	**-**	**(4)**	**264,993**	**(149)**
Changes in carrying amounts and loss allowances	**(4,768)**	**(11)**	**(236)**	**14**	**-**	**-**	**(5,004)**	**3**
Fair value revaluation during the period	(4,705)		(87)		-		(4,792)	
New financial assets: acquisition, granting, origination…	33,580	(25)	141	(8)	-	-	33,721	(33)
Derecognition: disposal, repayment, maturity…	(36,059)	17	(301)	5	-	-	(36,360)	22
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		(3)		2		-	-	(1)
Changes in model/methodology		-		-		-	-	-
Changes in scope	126	-	-	-	-	-	126	-
Transfers in non-current assets held for sale and discontinued operations	-	-	-	-	-	-	-	-
Other	2,290	-	(4)	-	-	-	2,286	-
Total	**257,814**	**(117)**	**2,175**	**(25)**	**-**	**(4)**	**259,989**	**(146)**
Changes in carrying amount due to specific accounting assessment methods (with no significant impact on loss allowance)[1]	255		6		-		262	
BALANCE AT 31/12/2018	**258,069**	**(117)**	**2,182**	**(25)**	**-**	**(4)**	**260,251**	**(146)**
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.

Financing commitments

	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 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 01/01/2018	**193,848**	**(133)**	**6,432**	**(277)**	**711**	**(132)**	**200,991**	**(542)**	**200,449**
Transfer between buckets during the period	**(868)**	**(45)**	**781**	**42**	**87**	**(3)**	**-**	**(6)**	
Transfer from 12-month ECL (Bucket 1) to lifetime ECL (Bucket 2)	(2,260)	14	2,260	(24)			-	(10)	
Return to lifetime ECL (Bucket 2) from 12-month ECL (Bucket 1)	1,472	(60)	(1,472)	66			-	6	
Transfer to lifetime ECL impaired (Bucket 3)(2)	(89)	1	(16)	1	104	(5)	-	(3)	
Return from lifetime ECL impaired (Bucket 3) to lifetime ECL (Bucket 2)/12-month ECL (Bucket 1)	9	-	9	(1)	(17)	2	-	1	
Total after transfer	**192,980**	**(178)**	**7,213**	**(235)**	**798**	**(135)**	**200,991**	**(548)**	**200,443**
Changes in commitments and loss allowances	**19,548**	**(131)**	**(353)**	**(146)**	**(325)**	**104**	**18,870**	**(173)**	
New commitments given	88,140	(191)	3,597	(272)			91,737	(463)	
End of commitments	(71,864)	182	(4,209)	286	(465)	152	(76,537)	620	
Write-off					(42)	42	(42)	42	
Changes of cash flows resulting in restructuring due to financial difficulties	-	7	(3)	10	(1)	-	(5)	17	
Changes in models' credit risk parameters during the period		30		(20)		(62)	-	(52)	
Changes in model/methodology		-		-		-	-	-	
Transfers in non-current assets held for sale and discontinued operations	-	-	-	-	-	-	-	-	
Changes in scope	-	-	-	-	-	-	-	-	
Other(1)	3,272	(159)	262	(150)	183	(28)	3,717	(337)	
BALANCE AT 31/12/2018	**212,528**	**(309)**	**6,860**	**(381)**	**473**	**(31)**	**219,861**	**(721)**	**219,140**

(1) Of which €292 million corresponding to the reclassification in provisions of the ECL calculated on the financing engagements.
(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.

Guarantee commitments

	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 commitment (a)	Loss allowance (b)	Net amount of commitment (a)+(b)
Balance at 01/01/2018	**85,456**	**(53)**	**3,756**	**(109)**	**3,014**	**(437)**	**92,226**	**(599)**	**91,628**
Transfer between buckets during the period	**(236)**	**(31)**	**107**	**51**	**129**	**(43)**	**-**	**(22)**	
Transfer from 12-month ECL (Bucket 1) to lifetime ECL (Bucket 2)	(986)	4	986	(13)			-	(9)	
Return to lifetime ECL (Bucket 2) from 12-month ECL (Bucket 1)	849	(34)	(849)	52			-	18	
Transfer to lifetime ECL impaired (Bucket 3)(2)	(105)	-	(34)	12	139	(45)	-	(32)	
Return from lifetime ECL impaired (Bucket 3) to lifetime ECL (Bucket 2)/12-month ECL (Bucket 1)	6	(1)	4	-	(10)	2	-	1	
Total after transfer	**85,220**	**(84)**	**3,863**	**(58)**	**3,143**	**(479)**	**92,226**	**(621)**	**91,605**
Changes in commitments and loss allowances	**(3,543)**	**(7)**	**(289)**	**(127)**	**(200)**	**71**	**(4,032)**	**(63)**	
New commitments given	30,285	(52)	1,394	(65)			31,679	(117)	
End of commitments	(31,813)	59	(2,054)	147	(385)	179	(34,252)	385	
Write-off					(13)	13	(13)	13	
Changes of cash flows resulting in restructuring due to financial difficulties	-	(3)	-	(2)	-	-	-	(5)	
Changes in models' credit risk parameters during the period		15		(112)		(134)	-	(231)	
Changes in model/methodology		-		-		-	-	-	
Transfers in non-current assets held for sale and discontinued operations	-	-	-	-	-	-	-	-	
Changes in scope	-	-	-	-	-	-	-	-	
Other(1)	(2,015)	(26)	371	(95)	198	13	(1,446)	(108)	
BALANCE AT 31/12/2018	**81,677**	**(91)**	**3,575**	**(185)**	**2,943**	**(408)**	**88,194**	**(684)**	**87,510**

(1) Of which €114 million corresponding to the reclassification in provisions of the ECL calculated on guarantee commitments given.
(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.

Impairment deducted from financial asset at 31 December 2017

(in millions of euros)	31/12/2016	Changes in scope	Depreciation	Reversals and utilisations	Translation adjustment	Other movements	31/12/2017
Loans and receivables due from credit institutions	436	-	1	(6)	(41)	(3)	387
Loans and receivables due from customers	21,347	293	16,849	(18,142)	(323)	(66)	19,958
Of which collective impairment	6,251	69	11,892	(12,683)	(115)	(49)	5,365
Finance leases	316	-	206	(215)	-	22	329
Held-to-maturity securities	6	-	-	-	-	-	6
Available-for-sale financial assets	1,741	139	104	(494)	(12)	(17)	1,461
Other financial assets	225	(2)	40	(55)	(7)	(16)	185
TOTAL IMPAIRMENT OF FINANCIAL ASSETS	**24,071**	**430**	**17,200**	**(18,912)**	**(383)**	**(80)**	**22,326**

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	Guarantees	Credit derivatives
Financial assets at fair value through profit or loss (excluding equity securities and assets backing unit-linked contracts)	**288,491**	**-**	**1,906**	**472**	**35**	**-**
Financial assets held for trading	220,451	-	-	383	-	-
Debt instruments that do not meet the conditions of the "SPPI" test	67,968	-	1,906	89	35	-
Financial assets designated at fair value through profit or loss	72	-	-	-	-	-
Hedging derivative Instruments	**15,829**	**-**	**-**	**506**	**-**	**-**
TOTAL	**304,320**	**-**	**1,906**	**978**	**35**	**-**

Financial assets subject to impairment requirements

	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	Guarantees	Credit derivatives
Financial assets at fair value through other comprehensive income that may be reclassified to profit or loss	**260,251**	**-**	**-**	**-**	**-**	**-**
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	**260,250**	**-**	**-**	**-**	**-**	**-**
of which impaired assets at the reporting date	-	-	-	-	-	-
Financial assets at amortised cost	**1,032,440**	**8,642**	**215,687**	**23,207**	**223,586**	**387**
of which impaired assets at the reporting date	9,120	129	2,567	147	3,800	-
Loans and receivables due from credit institutions	**97,178**	**1,442**	**-**	**153**	**5,790**	**-**
of which impaired assets at the reporting date	20	-	-	-	2,324	-
Loans and receivables due from customers	**854,681**	**7,200**	**215,687**	**23,054**	**217,796**	**387**
of which impaired assets at the reporting date	9,088	129	2,567	147	1,476	-
Debt securities	**80,581**	**-**	**-**	**-**	**-**	**-**
of which impaired assets at the reporting date	12	-	-	-	-	-
TOTAL	**1,292,691**	**8,642**	**215,687**	**23,207**	**223,586**	**387**
of which impaired assets at the reporting date	9,121	129	2,567	147	3,800	-

Off-balance sheet commitments subject to provision requirements

	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	Guarantees	Credit derivatives
Guarantee commitments	**87,510**	**26**	**8**	**526**	**6,461**	**220**
of which provisioned commitments at the reporting date	2,534	-	-	27	19	-
Financing commitments	**219,140**	**-**	**4,243**	**1,792**	**20,731**	**4,409**
of which provisioned commitments at the reporting date	442	-	5	20	24	-
TOTAL	**306,650**	**26**	**4,251**	**2,318**	**27,192**	**4,629**
of which provisioned commitments at the reporting date	2,977	-	6	47	43	-

A description of the assets held as collateral is provided in note 8 “Commitments given and received and other guarantees”.

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)	249,008
Hedging derivative instruments	18,605
Available-for-sale financial assets (excluding equity securities)	295,461
Loans, receivables and security deposits due from credit institutions (excluding Crédit Agricole internal transactions)	104,096
Loans, receivables and security deposits due from customers	825,406
Held-to-maturity financial assets	39,094
Exposure to on-balance sheet commitments (net of impairment losses)	**1,531,670**
Financing commitments given (excluding Crédit Agricole internal operations)	200,846
Financial guarantee commitments given (excluding Crédit Agricole internal operations)	92,297
Provisions – Financing commitments	(627)
Exposure to off-balance sheet financing commitments (net of provisions)	**292,516**
MAXIMUM EXPOSURE TO CREDIT RISK	**1,824,186**

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)	2,734
Loans and receivables due from customers	426,311
Financing commitments given (excluding Crédit Agricole internal operations)	26,046
Guarantee commitments given (excluding Crédit Agricole internal operations)	4,763

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.

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

		At 31/12/2018			
		Carrying amount			
		Performing assets		Credit-impaired assets (Bucket 3)	
(in million of euros)	Credit risk rating grades	Assets subject to 12-month ECL (Bucket 1)	Assets subject to lifetime ECL (Bucket 2)		Total
Retail customers	PD ≤ 0,5%	321,878	1,187		**323,065**
	0,5% < PD ≤ 2%	101,459	3,107		**104,566**
	2% < PD ≤ 20%	71,144	30,427		**101,571**
	20% < PD < 100%		6,715		**6,715**
	PD = 100%			12,028	**12,028**
Total Retail customers		**494,481**	**41,436**	**12,028**	**547,945**
Non-retail customers	PD ≤ 0,6%	372,462	6,563		**379,025**
	0,6% < PD < 12%	96,099	14,139		**110,238**
	12% ≤ PD < 100%		3,726		**3,726**
	PD = 100%			11,462	**11,462**
Total Non-retail customers		**468,561**	**24,428**	**11,462**	**504,451**
Impairment		(1,851)	(3,719)	(14,370)	**(19,940)**
TOTAL		**961,191**	**62,145**	**9,120**	**1,032,456**

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 31/12/2018 Carrying amount – Performing assets: Assets subject to 12-month ECL (Bucket 1)	Performing assets: Assets subject to lifetime ECL (Bucket 2)	Credit-impaired assets (Bucket 3)	Total
Retail customers	PD ≤ 0,5%	2	-		**2**
	0,5% < PD ≤ 2%	-	-		**-**
	2% < PD ≤ 20%	-	-		**-**
	20% < PD < 100%		-		**-**
	PD = 100%			-	**-**
Total Retail customers		**2**	**-**	**-**	**2**
Non-retail customers	PD ≤ 0,6%	255,249	1,459		**256,708**
	0,6% < PD < 12%	2,818	716		**3,534**
	12% ≤ PD < 100%		7		**7**
	PD = 100%			-	**-**
Total Non-retail customers		**258,067**	**2,182**	**-**	**260,249**
TOTAL		**258,069**	**2,182**	**-**	**260,251**

Financing commitments

(in million of euros)	Credit risk rating grades	At 31/12/2018 Amount of commitment – Performing commitments: Commitments subject to 12-month ECL (Bucket 1)	Performing commitments: Commitments subject to lifetime ECL (Bucket 2)	Provisioned commitments (Bucket 3)	Total
Retail customers	PD ≤ 0,5%	28,381	109		**28,490**
	0,5% < PD ≤ 2%	8,242	206		**8,448**
	2% < PD ≤ 20%	8,191	1,329		**9,520**
	20% < PD < 100%		256		**256**
	PD = 100%			103	**103**
Total Retail customers		**44,814**	**1,900**	**103**	**46,817**
Non-retail customers	PD ≤ 0,6%	152,297	3,368		**155,665**
	0,6% < PD < 12%	15,416	1,247		**16,663**
	12% ≤ PD < 100%		345		**345**
	PD = 100%			371	**371**
Total Non-retail customers		**167,713**	**4,960**	**371**	**173,044**
Provisions(1)		(309)	(381)	(31)	**(721)**
TOTAL		**212,218**	**6,479**	**443**	**219,140**

(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

(in million of euros)	Credit risk rating grades	At 31/12/2018 Amount of commitment Performing commitments: 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%	1,162	25		**1,187**
	0,5% < PD ≤ 2%	496	6		**502**
	2% < PD ≤ 20%	392	85		**477**
	20% < PD < 100%		28		**28**
	PD = 100%			98	**98**
Total Retail customers		**2,050**	**144**	**98**	**2,292**
Non-retail customers	PD ≤ 0,6%	73,162	2,183		**75,345**
	0,6% < PD < 12%	6,465	1,090		**7,555**
	12% ≤ PD < 100%		157		**157**
	PD = 100%			2,845	**2,845**
Total Non-retail customers		**79,627**	**3,430**	**2,845**	**85,902**
Provisions[1]		(91)	(185)	(408)	**(684)**
TOTAL		**81,586**	**3,389**	**2,535**	**87,510**

(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	12
Central banks	-
Credit institutions	5
Large corporates	55
Retail customers	-
TOTAL FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS	**72**

(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

(in millions of euros)	At 31/12/2018 Carrying amount Performing assets: Assets subject to 12-month ECL (Bucket 1)	Assets subject to lifetime ECL (Bucket 2)	Credit-impaired assets (Bucket 3)	Total
General administration	76,560	292	112	**76,964**
Central banks	30,140	-	-	**30,140**
Credit institutions	87,230	76	416	**87,722**
Large corporates	280,962	25,023	10,933	**316,918**
Retail customers	488,150	40,473	12,029	**540,652**
Impairment	(1,851)	(3,719)	(14,370)	**(19,940)**
TOTAL	**961,191**	**62,145**	**9,120**	**1,032,456**

Financial assets at fair value through other comprehensive income that may be reclassified to profit or loss by customer type

	At 31/12/2018			
	Carrying amount			
	Performing assets			
(in million 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	112,831	447	-	**113,278**
Central banks	1,025	-	-	**1,025**
Credit institutions	74,011	8	-	**74,019**
Large corporates	70,200	1,727	-	**71,927**
Retail customers	2	-	-	**2**
TOTAL	**258,069**	**2,182**	**-**	**260,251**

Due to customers by customer type

(in millions of euros)	31/12/2018	31/12/2017
General administration	17,997	16,588
Large corporates	272,161	242,517
Retail customers	499,677	473,315
TOTAL AMOUNT DUE TO CUSTOMERS	**789,835**	**732,420**

Financing commitments by customer type

	At 31/12/2018			
	Amount of commitment			
	Performing commitments			
(in million of euros)	Commitments subject to 12-month ECL (Bucket 1)	Commitments subject to lifetime ECL (Bucket 2)	Provisioned commitments (Bucket 3)	Total
General administration	6,824	11	1	**6,836**
Central banks	641	-	-	**641**
Credit institutions	23,882	-	1	**23,883**
Large corporates	136,244	4,965	369	**141,578**
Retail customers	44,937	1,884	102	**46,923**
Provisions(1)	(309)	(381)	(31)	**(721)**
TOTAL	**212,219**	**6,479**	**442**	**219,140**

(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

	At 31/12/2018			
	Amount of commitment			
	Performing commitments			
(in million of euros)	Commitments subject to 12-month ECL (Bucket 1)	Commitments subject to lifetime ECL (Bucket 2)	Provisioned commitments (Bucket 3)	Total
General administration	387	9	-	**396**
Central banks	568	-	-	**568**
Credit institutions	7,912	28	65	**8,005**
Large corporates	70,729	3,407	2,779	**76,915**
Retail customers	2,081	131	98	**2,310**
Provisions(1)	(91)	(185)	(408)	**(684)**
TOTAL	**81,586**	**3,390**	**2,534**	**87,510**

(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 customer type at 31 December 2017

(in millions of euros)	31/12/2017				
	Gross outstanding	of which gross loans and receivables individually impaired	Individual impairment	Collective impairment	Total
General administration	38,913	121	37	50	**38,826**
Central banks	18,950	-	-	-	**18,950**
Credit institutions	73,511	412	387	-	**73,124**
Large corporates	288,695	12,764	7,303	2,616	**278,776**
Retail customers	507,437	12,848	7,582	2,699	**497,156**
TOTAL LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS AND DUE FROM CUSTOMERS	**927,506[1]**	**26,145**	**15,309**	**5,365**	**906,832**

(1) Of which €14,277 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	5,002
Large corporates	126,776
Retail customers	45,160
TOTAL LOAN COMMITMENTS	**176,938**
Guarantee commitments given to customers	
General administration	352
Large corporates	81,276
Retail customers	2,500
TOTAL GUARANTEE COMMITMENTS	**84,128**

Credit risk concentrations by geographical area

Financial assets at amortised cost by geographical area

(in millions of euros)	At 31/12/2018			
	Carrying amount			
	Performing assets			
	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)	705,835	48,520	14,255	**768,610**
Other European Union countries	151,018	8,616	6,421	**166,055**
Other European countries	18,029	1,218	376	**19,623**
North America	31,939	879	129	**32,947**
Central and South America	8,814	1,583	709	**11,106**
Africa and Middle East	14,878	2,006	1,285	**18,169**
Asia-Pacific (ex. Japan)	24,986	2,752	315	**28,053**
Japan	5,223	290	-	**5,513**
Supranational organisations	2,320	-	-	**2,320**
Impairment	(1,851)	(3,719)	(14,370)	**(19,940)**
TOTAL	**961,191**	**62,145**	**9,120**	**1,032,456**

Financial assets at fair value through other comprehensive income that may be reclassified to profit or loss by geographical area

	At 31/12/2018			
	Carrying amount			
	Performing assets			
(in million 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)	127,771	1,095	-	**128,866**
Other European Union countries	92,497	1,087	-	**93,584**
Other European countries	4,354	-	-	**4,354**
North America	21,075	-	-	**21,075**
Central and South America	238	-	-	**238**
Africa and Middle East	1,346	-	-	**1,346**
Asia-Pacific (ex. Japan)	6,027	-	-	**6,027**
Japan	426	-	-	**426**
Supranational organisations	4,335	-	-	**4,335**
TOTAL	**258,069**	**2,182**	**-**	**260,251**

Due to customers by geographical area

(in millions of euros)	31/12/2018	31/12/2017
France (including overseas departments and territories)	599,850	566,330
Other European Union countries	115,126	103,024
Other European countries	16,610	13,649
North America	14,364	12,890
Central and South America	4,202	5,314
Africa and Middle East	12,946	12,648
Asia-Pacific (ex. Japan)	12,915	10,629
Japan	13,733	7,692
Supranational organisations	89	243
TOTAL AMOUNT DUE TO CUSTOMERS	**789,835**	**732,420**

Financing commitments by geographical area

	At 31/12/2018			
	Amount of commitment			
	Performing commitments			
(in million 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)	113,134	3,431	311	**116,876**
Other European Union countries	45,789	1,537	133	**47,459**
Other European countries	6,651	226	13	**6,890**
North America	26,979	1,160	13	**28,152**
Central and South America	3,185	149	-	**3,334**
Africa and Middle East	5,774	155	3	**5,932**
Asia-Pacific (ex. Japan)	7,424	202	-	**7,626**
Japan	3,592	-	-	**3,592**
Supranational organisations	-	-	-	**-**
Provisions[(1)]	(309)	(381)	(31)	**(721)**
TOTAL	**212,219**	**6,479**	**442**	**219,140**

(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 geographical area

	Amount of commitment			
	Performing commitments			
(in million 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)	37,645	781	454	**38,880**
Other European Union countries	16,659	1,221	2,352	**20,232**
Other European countries	4,201	607	-	**4,808**
North America	9,829	312	24	**10,165**
Central and South America	1,485	18	69	**1,572**
Africa and Middle East	3,266	105	43	**3,414**
Asia-Pacific (ex. Japan)	5,397	298	-	**5,695**
Japan	3,195	233	-	**3,428**
Supranational organisations	-	-	-	**-**
Provisions(1)	(91)	(185)	(408)	**(684)**
TOTAL	**81,586**	**3,390**	**2,534**	**87,510**

(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 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)	696,382	14,839	9,054	3,964	**683,364**
Other European Union countries	130,796	8,111	4,077	749	**125,970**
Other European countries	16,136	456	314	77	**15,745**
North America	26,190	154	54	246	**25,890**
Central and South America	11,714	964	756	59	**10,899**
Africa and Middle East	17,450	1,171	897	150	**16,403**
Asia-Pacific (ex. Japan)	25,137	430	157	115	**24,865**
Japan	3,587	20	-	5	**3,582**
Supranational organisations	114	-	-	-	**114**
TOTAL LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS AND DUE FROM CUSTOMERS(1)	**927,506**	**26,145**	**15,309**	**5,365**	**906,832**

(1) Of which €14,277 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)	101,579
Other European Union countries	34,112
Other European countries	5,197
North America	19,870
Central and South America	5,714
Africa and Middle East	3,554
Asia-Pacific (ex. Japan)	5,935
Japan	976
Total loan commitments	**176,938**
Guarantee commitments given to customers	
France (including overseas departments and territories)	47,297
Other European Union countries	16,617
Other European countries	3,316
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	**84,128**

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	**7,247**	**1,274**	**-**	**2,798**	**1,649**	**45**	**210**	**647**	**6,622**
General administration	413	167	-	3	1	-	-	-	67
Central banks	-	-	-	-	-	-	-	-	-
Credit institutions	108	24	-	2	1	-	-	-	-
Large corporates	3,918	693	-	482	791	10	31	313	3,519
Retail customers	2,808	391	-	2,311	856	35	179	334	3,036
TOTAL	**7,247**	**1,274**	**-**	**2,798**	**1,649**	**45**	**210**	**647**	**6,622**

(in millions of euros)	31/12/2017 Payments arrears on watch list loans ≤ 90 days	> 90 days ≤ 180 days	> 180 days ≤ 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	**-**	**-**	**-**	**-**	**-**	**2,085**	**1,379**
Debt instruments	**-**	**-**	**-**	**-**	**-**	**70**	**269**
General administration	-	-	-	-	-	-	-
Central banks	-	-	-	-	-	-	-
Credit institutions	-	-	-	-	-	11	9
Large corporates	-	-	-	-	-	59	260
Retail customers	-	-	-	-	-	-	-
Loans and receivables	**11,791**	**228**	**140**	**109**	**12,269**	**10,836**	**20,672**
General administration	853	5	2	2	862	84	87
Central banks	-	-	-	-	-	-	-
Credit institutions	40	3	2	2	47	25	385
Large corporates	4,340	135	80	78	4,634	5,461	9,919
Retail customers	6,558	85	56	27	6,726	5,266	10,281
TOTAL WAYCH LIST OR INDIVIDUALLY IMPAIRED FINANCIAL ASSETS	**11,791**	**228**	**140**	**109**	**12,269**	**12,991**	**22,320**

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

(in millions of euros)	31/12/2018 Exchange-traded transactions ≤ 1 year	> 1 year up to ≤ 5 years	> 5 years	Over-the-counter transactions ≤ 1 year	> 1 year up to ≤ 5 years	> 5 years	Total market value
Interest rate instruments	**-**	**-**	**-**	**1,636**	**5,979**	**7,814**	**15,430**
Futures	-	-	-	-	-	-	**-**
FRAs	-	-	-	-	-	-	**-**
Interest rate swaps	-	-	-	1,546	5,971	7,810	**15,328**
Interest rate options	-	-	-	-	-	-	**-**
Caps – floors – collars	-	-	-	90	8	4	**102**
Other options	-	-	-	-	-	-	**-**
Currency	**-**	**-**	**-**	**100**	**49**	**19**	**168**
Currency futures	-	-	-	100	49	19	**168**
Currency options	-	-	-	-	-	-	**-**
Other instruments	**-**	**-**	**-**	**46**	**-**	**-**	**46**
Other	-	-	-	46	-	-	**46**
Subtotal	**-**	**-**	**-**	**1,782**	**6,028**	**7,834**	**15,644**
Forward currency transactions	-	-	-	170	4	11	**185**
TOTAL FAIR VALUE OF HEDGING DERIVATIVES – ASSETS	**-**	**-**	**-**	**1,952**	**6,032**	**7,845**	**15,829**

(in millions of euros)	31/12/2017 Derivative instruments by maturity ≤ 1 year	> 1 year ≤ 5 years	> 5 years	Total market value
Interest rate instruments	**1,565**	**7,025**	**9,371**	**17,961**
Interest rate swaps	1,481	7,025	9,362	**17,868**
Interest rate options	-	-	-	**-**
Caps – floors – collars	84	-	7	**91**
Other options	-	-	2	**2**
Currency and gold instruments	**177**	**43**	**73**	**293**
Currency futures	173	43	73	**289**
Currency options	4	-	-	**4**
Other instruments	**74**	**-**	**-**	**74**
Equity and index derivatives	74	-	-	**74**
Subtotal	**1,816**	**7,068**	**9,444**	**18,328**
Forward currency transactions	252	8	17	**277**
TOTAL FAIR VALUE OF HEDGING DERIVATIVES – ASSETS	**2,068**	**7,076**	**9,461**	**18,605**

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Hedging derivative instruments – fair value of liabilities

	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	**-**	**-**	**-**	**1,255**	**5,553**	**8,936**	**15,744**
Futures	-	-	-	-	-	-	**-**
FRAs	-	-	-	-	-	-	**-**
Interest rate swaps	-	-	-	1,246	5,548	8,936	**15,729**
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	**-**	**-**	**-**	**1,431**	**5,557**	**8,941**	**15,928**
Forward currency transactions	-	-	-	238	2	2	**242**
TOTAL FAIR VALUE OF HEDGING DERIVATIVES – LIABILITIES	**-**	**-**	**-**	**1,669**	**5,559**	**8,943**	**16,170**

	31/12/2017			
	Derivative instruments by maturity			
(in millions of euros)	≤ 1 year	> 1 year ≤ 5 years	> 5 years	Total market value
Interest rate instruments	**1,360**	**4,719**	**10,649**	**16,728**
Interest rate swaps	1,341	4,703	10,649	**16,693**
Interest rate options	-	-	-	**-**
Caps – floors – collars	17	13	-	**30**
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	**1,607**	**4,732**	**10,657**	**16,996**
Forward currency transactions	195	12	1	**208**
TOTAL FAIR VALUE OF HEDGING DERIVATIVES – LIABILITIES	**1,802**	**4,744**	**10,658**	**17,204**

Derivative instruments held for trading – 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	**687**	**1,460**	**2,207**	**2,319**	**16,018**	**41,579**	**64,272**
Futures	674	1,458	2,207	-	-	-	4,340
FRAs	-	-	-	3	-	-	3
Interest rate swaps	-	-	-	1,551	12,129	29,454	43,135
Interest rate options	-	-	-	309	2,082	10,730	13,121
Caps – floors – collars	-	-	-	456	1,807	1,395	3,658
Other options	13	2	-	-	-	-	15
Currency instruments	**29**	**-**	**-**	**3,988**	**2,480**	**2,691**	**9,188**
Currency futures	29	-	-	2,929	1,596	2,218	6,772
Currency options	-	-	-	1,059	884	473	2,416
Other instruments	**563**	**245**	**51**	**1,705**	**3,659**	**1,278**	**7,503**
Equity and index derivatives	563	245	51	1,046	3,658	1,240	6,804
Precious metal derivatives	-	-	-	30	1	-	31
Commodities derivatives	-	-	-	1	-	-	1
Credit derivatives	-	-	-	528	-	35	563
Others	-	-	-	100	-	3	104
Subtotal	**1,279**	**1,705**	**2,258**	**8,012**	**22,157**	**45,548**	**80,963**
Forward currency transactions	-	-	-	10,932	1,155	48	12,136
TOTAL FAIR VALUE OF TRANSACTION DERIVATIVES – ASSETS	**1,279**	**1,705**	**2,258**	**18,944**	**23,312**	**45,596**	**93,099**

	31/12/2017						
	Exchange-traded			Over-the-counter			
(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	**175**	**1,022**	**1,812**	**7,677**	**17,847**	**47,673**	**76,206**
Futures	168	1,020	1,812	-	-	-	**3,000**
FRAs	-	-	-	258	95	-	**353**
Interest rate swaps	-	-	-	6,300	13,826	31,935	**52,061**
Interest rate options	-	-	-	486	1,762	14,243	**16,491**
Caps – floors – collars	-	-	-	632	2,164	1,495	**4,291**
Other options	7	2	-	1	-	-	**10**
Currency and gold instruments	**15**	**-**	**-**	**3,510**	**2,986**	**2,254**	**8,765**
Currency futures	3	-	-	3,047	1,995	1,462	**6,507**
Currency options	12	-	-	463	991	792	**2,258**
Other instruments	**86**	**343**	**605**	**1,512**	**2,899**	**546**	**5,991**
Equity and index derivatives	85	342	605	1,443	2,527	392	**5,394**
Precious metal derivatives	1	-	-	5	-	21	**27**
Commodities derivatives	-	-	-	-	-	-	**-**
Credit derivative	-	-	-	26	368	58	**452**
Others	-	1	-	38	4	75	**118**
Subtotal	**276**	**1,365**	**2,417**	**12,699**	**23,732**	**50,473**	**90,962**
Forward currency transactions	-	-	-	11,573	1,760	114	**13,447**
TOTAL FAIR VALUE OF TRANSACTION DERIVATIVES – ASSETS	**276**	**1,365**	**2,417**	**24,272**	**25,492**	**50,587**	**104,409**

Derivative instruments held for trading – fair value of liabilities

	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	**739**	**1,113**	**2,077**	**2,114**	**15,586**	**41,941**	**63,569**
Futures	732	1,112	2,077	-	-	-	**3,920**
FRAs	-	-	-	-	-	-	**-**
Interest rate swaps	-	-	-	1,828	11,929	29,220	**42,976**
Interest rate options	-	-	-	132	1,608	10,795	**12,535**
Caps – floors – collars	-	-	-	153	1,888	1,926	**3,968**
Other options	7	1	-	1	161	-	**170**
Currency instruments	**103**	**-**	**-**	**3,477**	**2,173**	**2,266**	**8,018**
Currency futures	103	-	-	2,441	1,862	1,889	**6,293**
Currency options	-	-	-	1,036	311	377	**1,725**
Other instruments	**251**	**518**	**190**	**1,636**	**1,778**	**1,540**	**5,914**
Equity and index derivatives	251	518	190	720	1,693	1,493	**4,865**
Precious metal derivatives	-	-	-	40	-	-	**41**
Commodities derivatives	-	-	-	-	-	-	**-**
Credit derivatives	-	-	-	760	82	41	**883**
Others	-	-	-	116	3	6	**125**
Subtotal	**1,093**	**1,631**	**2,267**	**7,227**	**19,537**	**45,747**	**77,501**
Forward currency transactions	-	-	-	11,502	1,909	13	**13,426**
TOTAL FAIR VALUE OF TRANSACTION DERIVATIVES – LIABILITIES	**1,093**	**1,631**	**2,267**	**18,729**	**21,446**	**45,760**	**90,927**

	31/12/2017						
	Exchange-traded			Over-the-counter			
(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	**136**	**821**	**1,396**	**7,902**	**17,585**	**49,810**	**77,650**
Futures	135	795	1,396	-	-	-	**2,326**
FRAs	-	-	-	263	89	-	**352**
Interest rate swaps	-	-	-	7,132	13,397	33,257	**53,786**
Interest rate options	-	-	-	115	1,686	14,564	**16,365**
Caps – floors – collars	-	-	-	390	2,413	1,989	**4,792**
Other options	1	26	-	2	-	-	**29**
Currency and gold instruments	**34**	**-**	**-**	**3,576**	**2,283**	**1,884**	**7,777**
Currency futures	-	-	-	2,762	1,991	1,332	**6,085**
Currency options	34	-	-	814	292	552	**1,692**
Other instruments	**93**	**311**	**656**	**746**	**2,575**	**579**	**4,960**
Equity and index derivatives	86	311	656	503	1,977	527	**4,060**
Precious metal derivatives	7	-	-	3	1	16	**27**
Credit derivative	-	-	-	203	594	31	**828**
Others	-	-	-	37	3	5	**45**
Subtotal	**263**	**1,132**	**2,052**	**12,224**	**22,443**	**52,273**	**90,387**
Forward currency transactions	-	-	-	11,969	2,569	78	**14,616**
TOTAL FAIR VALUE OF TRANSACTION DERIVATIVES – LIABILITIES	**263**	**1,132**	**2,052**	**24,193**	**25,012**	**52,351**	**105,003**

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	**9,793,671**	**9,912,931**
Futures	2,630,799	2,071,182
FRAs	2,180	670
Interest rate swaps	5,771,983	6,520,522
Interest rate options	719,832	705,566
Caps – floors – collars	471,924	463,294
Other options	196,953	151,697
Currency instruments	**580,125**	**1,586,610**
Currency futures	288,760	1,358,926
Currency options	291,365	227,684
Other instruments	**127,194**	**123,323**
Equity and index derivatives	90,317	90,280
Precious metal derivatives	4,433	860
Commodities derivatives	8	1
Credit derivatives	29,196	32,182
Others	3,240	-
Subtotal	**10,500,990**	**11,622,864**
Forward currency transactions	1,879,898	533,036
TOTAL NOTIONAL AMOUNT	**12,380,888**	**12,155,900**

2

3.3 LIQUIDITY AND FINANCING RISK

(See chapter on "Risk factors – Asset/Liability Management")

Loans and receivables due from credit institutions and due 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	50,789	6,630	37,593	2,600	-	**97,612**
Loans and receivables due from customers (including finance leases)	113,648	85,027	299,730	371,559	4,192	**874,156**
Total	**164,437**	**91,657**	**337,323**	**374,159**	**4,192**	**971,768**
Impairment						**(19,893)**
TOTAL LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS AND FROM CUSTOMERS						**951,875**

	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	46,742	5,861	37,617	2,241	-	**92,461**
Loans and receivables due from customers (of which finance leases)	119,745	81,695	281,267	347,579	4,759	**835,045**
Total	**166,487**	**87,556**	**318,884**	**349,820**	**4,759**	**927,506**
Impairment						**(20,674)**
TOTAL LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS AND FROM CUSTOMERS						**906,832**

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	52,397	11,271	24,781	7,521	-	**95,970**
Due to customers	679,787	50,415	51,741	7,892	-	**789,835**
TOTAL AMOUNT DUE TO CREDIT INSTITUTIONS AND TO CUSTOMERS	**732,184**	**61,686**	**76,522**	**15,413**	**-**	**885,805**

	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	42,553	10,354	29,088	6,430	-	**88,425**
Due to customers	629,479	42,375	51,841	8,725	-	**732,420**
TOTAL AMOUNT DUE TO CREDIT INSTITUTIONS AND TO CUSTOMERS	**672,032**	**52,729**	**80,929**	**15,155**	**-**	**820,845**

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	56	58	26	-	-	**140**
Interbank securities	329	1,576	6,273	2,128	-	**10,306**
Negotiable debt securities	51,823	31,940	6,773	231	-	**90,768**
Bonds	4,947	5,023	41,677	42,285	-	**93,931**
Other debt securities	887	937	1,258	-	-	**3,081**
TOTAL DEBT SECURITIES	**58,042**	**39,534**	**56,007**	**44,644**	**-**	**198,227**
Subordinated debt						
Dated subordinated debt	231	2,232	2,639	15,470	-	**20,572**
Undated subordinated debt	-	-	-	-	1,959	**1,959**
Mutual security deposits	1	-	-	-	161	**162**
Participating securities and loans	62	-	-	-	-	**62**
TOTAL SUBORDINATED DEBT	**294**	**2,232**	**2,639**	**15,470**	**2,120**	**22,755**

(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	66	74	13	-	-	**153**
Money-market securities	221	1,359	6,306	3,800	-	**11,686**
Negotiable debt securities	43,575	24,960	5,971	428	-	**74,934**
Bonds	4,693	4,262	32,668	45,309	-	**86,932**
Other debt securities	853	1,203	1,771	-	-	**3,827**
TOTAL DEBT SECURITIES	**49,408**	**31,858**	**46,729**	**49,537**	**-**	**177,532**
Subordinated debt						
Dated subordinated debt	2,059	790	5,586	13,989	-	**22,424**
Undated subordinated debt	67	-	-	-	2,765	**2,832**
Mutual security deposits	1	-	-	-	171	**172**
Participating securities and loans	2	-	-	-	85	**87**
TOTAL SUBORDINATED DEBT	**2,129**	**790**	**5,586**	**13,989**	**3,021**	**25,515**

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	168	245	-	-	-	**413**

(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	192	130	-	-	-	**322**

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	**14,132**	**15,742**	**948,264**
Interest rate	13,881	15,514	910,644
Foreign exchange	251	228	37,620
Others	-	-	-
Cash flow hedges	**1,687**	**381**	**62,618**
Interest rate	1,548	231	28,325
Foreign exchange	93	85	34,153
Others	46	65	140
Hedges of net investments in foreign operations	**9**	**48**	**4,543**
TOTAL HEDGING DERIVATIVE INSTRUMENTS	**15,828**	**16,171**	**1,015,425**

	31/12/2017		
	Market value		Notional Amount
(in millions of euros)	Positive	Negative	
Fair value hedges	**16,761**	**16,823**	**984,864**
Interest rate	16,290	16,513	949,363
Equity instruments	-	-	-
Foreign exchange	471	310	35,501
Credit	-	-	-
Commodities	-	-	-
Others	-	-	-
Cash flow hedges	**1,819**	**351**	**32,051**
Interest rate	1,671	214	24,600
Equity instruments	74	35	159
Foreign exchange	74	102	7,292
Credit	-	-	-
Commodities	-	-	-
Others	-	-	-
Hedges of net investments in foreign operations	**25**	**30**	**3,187**
TOTAL HEDGING DERIVATIVE INSTRUMENTS	**18,605**	**17,204**	**1,020,102**

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			Over-the-counter			
(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	**-**	**-**	**-**	**295,698**	**315,834**	**327,437**	**938,969**
Futures	-	-	-	-	-	-	**-**
FRAs	-	-	-	-	-	-	**-**
Interest rate swaps	-	-	-	294,786	314,433	324,029	**933,248**
Interest rate options	-	-	-	-	-	-	**-**
Caps – floors – collars	-	-	-	912	1,401	3,408	**5,721**
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	**-**	**-**	**-**	**308,188**	**317,818**	**327,437**	**953,443**
Forward currency transactions	-	-	-	57,192	2,082	2,707	**61,981**
TOTAL NOTIONAL OF HEDGING DERIVATIVES	**-**	**-**	**-**	**365,380**	**319,900**	**330,144**	**1,015,424**

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	**3,278**	**6,268**	**788**	**242,171**
Interest rate	3,027	6,040	753	204,551
Futures	2,942	6,040	735	203,619
Options	85	-	18	932
Foreign exchange	251	228	35	37,620
Futures	251	228	35	37,620
Options	-	-	-	-
Others	-	-	-	-
Total Fair value microhedging	**3,278**	**6,268**	**788**	**242,171**
Fair value hedges of the interest rate exposure of a portfolio of financial instruments	10,854	9,474	(1,420)	706,093
TOTAL FAIR VALUE HEDGES	**14,132**	**15,742**	**(632)**	**948,264**

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.

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	**36,789**	**449**		**(254)**
Interest rate	36,739	449		(254)
Foreign exchange	50	-		-
Other	-	-		-
Debt instruments at amortised cost	**78,381**	**2,399**	**2**	**(3)**
Interest rate	62,541	2,397	2	(60)
Foreign exchange	15,840	2	-	57
Other	-	-	-	-
Total fair value hedges on assets items	**115,170**	**2,848**	**2**	**(257)**
Debt instruments at amortised cost	**108,604**	**2,034**	**18**	**531**
Interest rate	100,648	1,887	18	422
Foreign exchange	7,956	147	-	109
Other	-	-	-	-
Total fair value hedges on liabilities items	**108,604**	**2,034**	**18**	**531**

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.

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	358,886	436
Total – Assets	**359,045**	**436**
Debt instruments at amortised cost	382,353	557
Total – Liabilities	**382,353**	**557**

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	(667)	674	7
Foreign exchange	35	(52)	(16)
Other	-	-	-
TOTAL	**(632)**	**622**	**(9)**

Cash flow hedges and hedges of net investments in foreign operation (NIH)

Hedging derivative instruments

	31/12/2018			
	Carrying amount		Changes in fair value during the period (including termination of hedges during the period)	Notional amount
(in millions of euros)	Assets	Liabilities		
Cash flow hedges				
Regulated markets	**-**	**-**	**-**	**-**
Interest rate	-	-	-	-
Futures	-	-	-	-
Options	-	-	-	-
Foreign exchange	-	-	-	-
Futures	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Over-the-counter markets	**1,188**	**182**	**(21)**	**32,696**
Interest rate	1,080	88	(19)	7,639
Futures	1,080	88	(19)	7,624
Options	-	-	-	*15*
Foreign exchange	62	29	(2)	24,917
Futures	62	29	(2)	24,917
Options	-	-	-	-
Other	46	65	-	140
Total Cash flow micro-hedging	**1,188**	**182**	**(21)**	**32,696**
Cash flow hedges of the interest rate exposure of a portfolio of financial instruments	468	142	(76)	20,686
Cash flow hedges of the foreign exchange exposure of a portfolio of financial instruments	31	57	(1)	9,236
Total Cash flow macro-hedging	**499**	**199**	**(77)**	**29,922**
TOTAL CASH FLOW HEDGES	**1,687**	**381**	**(98)**	**62,618**
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

	31/12/2018		
	Other comprehensive income on items that may be reclassified to profit and loss		Net income (Hedge accounting income or loss)
(in millions of euros)	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	(95)	-	1
Foreign exchange	(3)	-	-
Others	-	-	-
Total Cash flow hedges	**(98)**	**-**	**1**
Hedges of net investments in foreign operations	**5**	**7**	**-**
TOTAL CASH FLOW HEDGES AND HEDGES OF NET INVESTMENTS IN FOREIGN OPERATIONS	**(93)**	**7**	**1**

3.5 OPERATIONAL RISKS

(See chapter on "Risk Management – Operational risks")

3.6 CAPITAL MANAGEMENT AND REGULATORY RATIOS

The Crédit Agricole 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	**24,637**
Interbank transactions	1,684
Crédit Agricole internal transactions	3
Customer transactions	21,097
Finance leases	959
Debt securities	894
On financial assets recognised at fair value through other comprehensive income	**5,683**
Interbank transactions	-
Customer transactions	-
Debt securities	5,683
Accrued interest receivable on hedging instruments	**2,750**
Other interest income	**39**
INTEREST AND SIMILAR INCOME[(1)]	**33,110**
On financial liabilities at amortised cost	**(12,452)**
Interbank transactions	(1,284)
Crédit Agricole internal transactions	(1)
Customer transactions	(6,550)
Finance leases	(271)
Debt securities	(3,483)
Subordinated debt	(863)
Accrued interest receivable on hedging instruments	**(2,119)**
Other interest expenses	**(22)**
INTEREST AND SIMILAR EXPENSES	**(14,594)**

(1) Including €339 million in impaired receivables (Bucket 3) at 31 December 2018.

(in millions of euros)	**31/12/2017**
Interbank transactions	1,647
Customer transactions	21,296
Accrued interest receivable on available-for-sale financial assets	6,127
Accrued interest receivable on held-to-maturity financial assets	823
Accrued interest receivable on hedging instruments	2,523
Finance leases	948
Other interest income	47
INTERESTS AND SIMILAR INCOME[(1)]	**33,411**
Interbank transactions	(1,110)
Customer transactions	(6,054)
Debt securities	(3,256)
Subordinated debt	(1,081)
Accrued interest receivable on hedging instruments	(1,962)
Finance leases	(270)
INTERESTS AND SIMILAR EXPENSES	**(13,734)**

(1) Including €382 million on receivables impaired individually at 31 December 2017.

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	225	(53)	**172**	225	(51)	**174**
Customer transactions	3,892	(281)	**3,611**	3,703	(258)	**3,445**
Securities transactions	38	(80)	**(42)**	44	(69)	**(25)**
Foreign exchange transactions	44	(44)	**-**	44	(38)	**6**
Derivative instruments and other off-balance sheet items	212	(193)	**19**	322	(153)	**169**
Payment instruments and other banking and financial services	4,457	(1,834)	**2,623**	4,615	(1,661)	**2,954**
Mutual funds management, fiduciary and similar operations	4,973	(1,668)	**3,305**	4,194	(1,208)	**2,986**
NET FEES AND COMMISSIONS	**13,841**	**(4,153)**	**9,688**	**13,147**	**(3,438)**	**9,709**

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	1,103
Unrealised or realised gains (losses) on assets/liabilities held for trading	93
Unrealised or realised gains (losses) on equity instruments at fair value through profit or loss	(1,380)
Unrealised or realised gains (losses) on debt instruments at fair value through profit or loss	(1,003)
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)]	(139)
Net gains (losses) on Foreign exchange transactions and similar financial instruments (excluding gains or losses on hedges of net investments in foreign operations)	1,753
Gains (losses) from hedge accounting	(9)
NET GAINS (LOSSES) ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS	**(2,934)**

(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	1,382
Unrealised or realised gains (losses) on assets/liabilities designated at fair value through profit or loss	2,150
Net gains (losses) on Foreign exchange transactions and similar financial instruments (excluding gains or losses on hedges of net investments in foreign operations)	629
Gains (losses) from hedge accounting	(264)
NET GAINS (LOSSES) ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS	**4,525**

The impact of Crédit Agricole CIB's issuer spread was an expense of €222 million on revenues at 31 December 2017.

Analysis of net gains (losses) from hedge accounting:

	31/12/2018		
(in millions of euros)	Gains	Losses	Net
Fair value hedges	**7,806**	**(7,803)**	**3**
Changes in fair value of hedged items attributable to hedged risks	3,395	(4,180)	(785)
Changes in fair value of hedging derivatives (including termination of hedges)	4,411	(3,623)	788
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	**13,558**	**(13,571)**	**(13)**
Changes in fair value of hedged items	7,374	(5,967)	1,407
Changes in fair value of hedging derivatives	6,184	(7,604)	(1,420)
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	**21,365**	**(21,374)**	**(9)**

	31/12/2017		
(in millions of euros)	Gains	Losses	Net
Fair value hedges	**9,857**	**(9,873)**	**(16)**
Changes in fair value of hedged items attributable to hedged risks	4,976	(4,484)	492
Changes in fair value of hedging derivatives (including termination of hedges)	4,881	(5,389)	(508)
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[1]	**19,269**	**(19,517)**	**(248)**
Changes in fair value of hedged items	9,332	(10,003)	(671)
Changes in fair value of hedging derivatives	9,937	(9,514)	423
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	**29,127**	**(29,391)**	**(264)**

(1) Impact of €-226 million related to the early redemption of macro-hedged loans.

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)]	160
NET GAINS (LOSSES) ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	**231**

(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 period for €3 million.

Net gains (losses) on available-for-sale financial assets at 31 December 2017

(in millions of euros)	31/12/2017
Dividends received	1,135
Realised gains (losses) on available-for-sale financial assets[(1)]	2,266
Permanent impairment losses on equity investments	(101)
Gains (losses) on disposal of held-to-maturity financial assets and on loans and receivables	2
NET GAINS (LOSSES) ON AVAILABLE-FOR-SALE FINANCIAL ASSETS	**3,301**

(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	(1)
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	**(6)**
NET GAINS (LOSSES) ARISING FROM THE DERECOGNITION OF FINANCIAL ASSETS AT AMORTISED COST[(1)]	**(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	(2)	-
Other net income from insurance activities[(1)(2)]	11,578	8,258
Change in insurance technical reserves[(3)]	(5,235)	(13,549)
Net income from investment property	302	296
Other net income (expense)	405	(109)
INCOME (EXPENSE) RELATED TO OTHER ACTIVITIES	**7,048**	**(5,104)**

(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 “Joint 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.

4.7 OPERATING EXPENSES

(in millions of euros)	31/12/2018	31/12/2017
Employee expenses	(12,198)	(11,857)
Taxes other than on income or payroll-related and regulatory contributions(1)	(1,171)	(1,146)
External services and other operating expenses	(6,897)	(6,696)
OPERATING EXPENSES	**(20,266)**	**(19,699)**

(1) Of which -€382 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 Group companies was as follows in 2018:

Board of auditors of Credit Agricole 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	**20.45**	**21.58**	**15.45**	**15.93**	**35.90**
Issuer	2.08	2.19	2.12	2.16	4.20
Fully consolidated subsidiaries	18.37	19.39	13.33	13.77	31.70
Non audit services	**5.86**	**6.37**	**5.35**	**6.26**	**11.21**
Issuer	0.70	0.58	1.08	1.35	1.78
Fully consolidated subsidiaries	5.16	5.79	4.27	4.91	9.43
TOTAL	**26.31**	**27.95**	**20.80**	**22.19**	**47.11**

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 €12 million, of which €9.6 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 €13 million, of which €10.9 million relates to the certification of the accounts of Crédit Agricole S.A. and its subsidiaries, and €2.1 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 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	**2.55**	**2.60**	**1.77**	**1.90**	**0.21**	**0.15**	**1.73**	**2.13**	**6.26**
Non audit services(1)	**0.27**	**0.13**	**0.18**	**0.40**	**0.03**	**-**	**0.12**	**0.04**	**0.60**
TOTAL	**2.82**	**2.73**	**1.95**	**2.30**	**0.24**	**0.15**	**1.85**	**2.17**	**6.86**

(1) Services other than the certification of the accounts listed correspond to the assignments carried out 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	**(1,193)**	**(1,184)**
Property, plant and equipment	(817)	(804)
Intangible assets	(376)	(380)
Impairment losses (reversals)	**5**	**(28)**
Property, plant and equipment	1	(3)
Intangible assets	4	(25)
DEPRECIATION, AMORTISATION AND IMPAIRMENT OF PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS	**(1,188)**	**(1,212)**

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)	**(25)**
Bucket 1: Loss allowance measured at an amount equal to 12-month expected credit loss	**(44)**
Debt instruments at fair value through other comprehensive income that may be reclassified to profit or loss	2
Debt instruments at amortised cost	(18)
Commitments by signature	(28)
Bucket 2: Loss allowance measured at an amount equal to lifetime expected credit loss	**19**
Debt instruments at fair value through other comprehensive income that may be reclassified to profit or loss	-
Debt instruments at amortised cost	(46)
Commitments by signature	65
Charges net of reversals to impairments on credit-impaired assets (Bucket 3)	**(1,513)**
Bucket 3: Credit-impaired assets	**(1,513)**
Debt instruments at fair value through other comprehensive income that may be reclassified to profit or loss	-
Debt instruments at amortised cost	(1,602)
Commitments by signature	89
Other assets	-
Risks and expenses	(65)
Charges net of reversals to impairment losses and provisions	**(1,603)**
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	(280)
Recoveries on loans and receivables written off	238
Recognised at amortised cost	238
Recognised in other comprehensive income that may be reclassified to profit or loss	-
Discounts on restructured loans	(40)
Losses on commitments by signature	(4)
Other losses	(44)
Other gains	14
COST OF RISK	**(1,719)**

(in millions of euros)	31/12/2017
Charge to provisions and impairment losses	**(17,610)**
Fixed income available-for-sale financial assets	(2)
Loans and receivables	(16,796)
Other assets	(38)
Financing commitments	(331)
Risks and expenses	(442)
Reversal of provisions and impairment losses	**16,152**
Fixed income available-for-sale financial assets	187
Loans and receivables	15,507
Other assets	23
Financing commitments	148
Risks and expenses	287
Net charge to reversal of impairment losses and provisions	**(1,458)**
Realised gains (losses) on impaired fixed income available-for-sale financial assets	(141)
Bad debts written off, not impaired	(264)
Recoveries on bad debts written off	280
Discounts on restructured loans	(30)
Losses on financing commitments	(1)
Other losses	(37)
COST OF RISK	**(1,651)**

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	**74**	**3**
Gains on disposals	106	45
Losses on disposals	(32)	(42)
Consolidated equity investments	**15**	**13**
Gains on disposals	15	18
Losses on disposals	-	(5)
Net income (expense) on combinations	**(3)**	**(11)**
NET GAINS (LOSSES) ON OTHER ASSETS	**87**	**5**

4.11 TAX

Income tax charge

(in millions of euros)	31/12/2018	31/12/2017
Current tax charge	(2,552)	(2,665)
Deferred tax charge	(34)	(815)
Reclassification of current tax charge (income) related to overlay approach	(147)	-
TOTAL TAX CHARGE	**(2,733)**	**(3,479)**

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	9,753	34.43%	(3,358)
Impact of permanent differences		(0.74%)	72
Impact of different tax rates on foreign subsidiaries		(2.97%)	290
Impact of losses for the year, utilisation of tax loss carryforwards		0.18%	(18)
Impact of reduced tax rate		(1.17%)	115
Impact of other items		(1.70%)	166
EFFECTIVE TAX RATE AND TAX CHARGE		**28.02%**	**(2,733)**

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	9,551	34.43%	(3,288)
Impact of permanent differences		(1.70%)	162
Impact of different tax rates on foreign subsidiaries		(1.51%)	144
Impact of losses for the year, utilisation of tax loss carryforwards		0.92%	(88)
Impact of reduced tax rate		(1.51%)	144
Impact of tax rate change		7.00%	(669)
Impact of other items		(1.22%)	116
EFFECTIVE TAX RATE AND TAX CHARGE		**36.41%**	**(3,479)**

The theoretical tax rate is the standard tax rate (including the additional social contribution) on taxable profits in France at 31 December 2017.

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	**259**
Revaluation adjustment of the period	252
Reclassified to profit or loss	7
Other changes	-
Other comprehensive income on debt instruments that may be reclassified to profit or loss	**(1,340)**
Revaluation adjustment of the period	(1,259)
Reclassified to profit or loss	(65)
Other changes	(16)
Gains and losses on hedging derivative instruments	**(153)**
Revaluation adjustment of the period	(122)
Reclassified to profit or loss	-
Other changes	(31)
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	**570**
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	**(1,032)**
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	50
Other comprehensive income on financial liabilities attributable to changes in own credit risk	**387**
Revaluation adjustment of the period	369
Reclassified to reserves	18
Other changes	-
Other comprehensive income on equity instruments that will not be reclassified to profit or loss	**251**
Revaluation adjustment of the period	172
Reclassified to reserves	68
Other changes	11
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	**(271)**
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	**420**
OTHER COMPREHENSIVE INCOME NET OF INCOME TAX	**(612)**
of which Group share	(585)
of which non-controlling interests	(27)

(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	**(710)**
Revaluation adjustment of the period	(710)
Reclassified to profit and loss	-
Other variations	-
Gains and losses on available-for-sale financial assets	**(500)**
Revaluation adjustment of the period	165
Reclassified to profit and loss	(691)
Other variations	26
Gains and losses on hedging derivative instruments	**(304)**
Revaluation adjustment of the period	(295)
Reclassified to profit and loss	-
Other variations	(9)
Pre-tax other comprehensive income on items that may be reclassified to profit and loss on equity-accounted entities	**(387)**
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	**(14)**
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	**(1,575)**
Other comprehensive income on items that will not be reclassified subsequently to profit and loss	
Actuarial gains and losses on post-employment benefits	-
Other comprehensive income on items that will not be reclassified to profit and loss on equity-accounted entities	23
Income tax related to items that will not be reclassified excluding equity-accounted entities	(37)
Income tax related to items that will not be reclassified on equity-accounted entities	-
Net other comprehensive income on Items that will not be reclassified to profit and loss on equity-accounted entities on discontinued operations	(7)
Other comprehensive income on items that will not be reclassified subsequently to profit and loss, net of income tax	**(21)**
OTHER COMPREHENSIVE INCOME NET OF INCOME TAX	**(1,596)**
of which Group share	(1,568)
of which non-controlling interests	(28)

Breakdown of tax impacts related to other comprehensive income

(in millions of euros)	31/12/2017 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	(465)	(4)	(469)	(350)
Gains and losses on available-for-sale financial assets	5,613	(1,121)	4,492	4,475
Gains and losses on debt instruments at fair value through other comprehensive income that may be reclassified to profit or loss	-	-	-	-
Gains and losses on hedging derivative instruments	597	(172)	425	422
Reclassification of net gains (losses) of designated financial assets applying the overlay approach				
Other comprehensive income on items that may be reclassified to profit or loss excluding equity-accounted entities	**5,745**	**(1,297)**	**4,448**	**4,547**
Other comprehensive income on items that may be reclassified to profit or loss on equity-accounted entities	(30)	(9)	(39)	(38)
Other comprehensive income on items that may be reclassified to profit or loss on equity-accounted entities on discontinued operations	14	(1)	13	14
Other comprehensive income on items that may be reclassified subsequently to profit or loss	**5,729**	**(1,307)**	**4,422**	**4,523**
Other comprehensive income on items that will not be reclassified subsequently to profit or loss	**-**	**-**	**-**	**-**
Actuarial gains and losses on post-employment benefits	(1,037)	252	(785)	(774)
Other comprehensive income on financial liabilities attributable to changes in own credit risk				
Other comprehensive income on equity instruments that will not be reclassified to profit or loss				
Other comprehensive income on items that will not be reclassified to profit or loss excluding equity-accounted entities	**(1,037)**	**252**	**(785)**	**(774)**
Other comprehensive income on items that will not be reclassified to profit or loss on equity-accounted entities	(11)	2	(9)	(9)
Other comprehensive income on items that will not be reclassified to profit or loss from discontinued operations	(7)	-	(7)	(7)
Other comprehensive income on items that will not be reclassified subsequently to profit or loss	**(1,055)**	**254**	**(801)**	**(790)**
OTHER COMPREHENSIVE INCOME	**4,674**	**(1,053)**	**3,621**	**3,733**

	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
	(461)	(5)	(466)	(348)	259	1	260	243	(202)	(4)	(206)	(105)
	3,805	(1,011)	2,793	2,785	(1,340)	354	(986)	(960)	2,465	(657)	1,808	1,825
	599	(175)	424	422	(153)	49	(104)	(103)	446	(126)	320	319
	509	(15)	494	492	(356)	166	(190)	(190)	153	151	304	302
	4,452	**(1,206)**	**3,245**	**3,351**	**(1,590)**	**570**	**(1,020)**	**(1,010)**	**2,862**	**(636)**	**2,226**	**2,341**
	(16)	-	(15)	(13)	(11)	1	(10)	(8)	(27)	1	(26)	(21)
	15	(1)	14	14	(2)	-	(2)	(2)	13	(1)	12	12
	4,451	**(1,207)**	**3,244**	**3,352**	**(1,603)**	**571**	**(1,032)**	**(1,020)**	**2,848**	**(636)**	**2,212**	**2,332**
	(1,038)	252	(785)	(773)	50	(12)	38	45	(988)	241	(747)	(729)
	(524)	175	(349)	(349)	387	(139)	248	248	(137)	36	(101)	(101)
	(284)	10	(274)	(294)	251	(120)	131	139	(33)	(110)	(143)	(155)
	(1,846)	**437**	**(1,408)**	**(1,416)**	**688**	**(271)**	**417**	**432**	**(1,158)**	**167**	**(991)**	**(985)**
	(24)	(12)	(36)	(36)	1	(3)	(2)	(2)	(23)	(15)	(38)	(38)
	(7)	-	(7)	(7)	5	-	5	5	(2)	-	(2)	(2)
	(1,877)	**425**	**(1,451)**	**(1,460)**	**694**	**(274)**	**420**	**435**	**(1,183)**	**152**	**(1,031)**	**(1,025)**
	2,574	**(782)**	**1,793**	**1,892**	**(909)**	**297**	**(612)**	**(585)**	**1,665**	**(484)**	**1,181**	**1,307**

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 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 Group's business activities were organised into seven operating segments:

- the following six business lines:
  - French retail banking – Regional Banks,
  - French retail banking – LCL,
  - International retail banking,
  - Asset gathering,
  - Specialised financial services,
  - Large customers;
- as well as the "Corporate centre".

Presentation of business line

1. French retail banking – Regional bank

This business line comprises the Regional Banks and their subsidiaries.

The Regional Banks have a strong local presence, providing banking services for individual customers, farmers, small businesses, corporates and local authorities.

Crédit Agricole Regional Banks provide a full range of banking and financial products and services: savings products (money market, bonds, securities), life insurance products, lending (notably mortgages and consumer credit) to corporates, small businesses and farmers, payment instruments, personal services, banking-related services and wealth management. The Regional Banks also sell a wide range of property & casualty and death & disability insurance products.

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 Thémis 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 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 Crédit Agricole Cariparma S.p.A. in 2018.

4. 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.

5. 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).

6. 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.

7. Corporate Centre

This segment mainly encompasses Crédit Agricole'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 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							
	French retail banking							
(in millions of euros)	Regional banks	LCL	International retail banking	Asset gathering	Specialised financial services	Large customers	Corporate center	Total
Revenues	13,040	3,433	2,835	5,770	2,769	5,370	(378)	**32,839**
Operating expenses	(8,744)	(2,391)	(1,812)	(2,836)	(1,380)	(3,339)	(952)	**(21,454)**
Gross operating income	**4,296**	**1,042**	**1,023**	**2,934**	**1,389**	**2,031**	**(1,330)**	**11,385**
Cost of risk	(634)	(220)	(359)	(17)	(467)	64	(86)	**(1,719)**
Operating income	**3,662**	**822**	**664**	**2,917**	**922**	**2,095**	**(1,416)**	**9,666**
Share of net income of equity-accounted entities	12	-	-	47	188	-	19	**266**
Net gains (losses) on other assets	(1)	50	14	(3)	1	14	12	**87**
Change in value of goodwill	-	-	-	-	-	-	86	**86**
Pre-tax income	**3,673**	**872**	**678**	**2,961**	**1,111**	**2,109**	**(1,299)**	**10,105**
Income tax charge	(1,280)	(288)	(191)	(773)	(244)	(551)	594	**(2,733)**
Net income from discontinued operations	-	(1)	-	(1)	(1)	-	-	**(3)**
Net income	**2,393**	**583**	**487**	**2,187**	**866**	**1,558**	**(705)**	**7,369**
Non-controlling interests	-	-	101	271	128	(2)	27	**525**
NET INCOME GROUP SHARE	**2,393**	**583**	**386**	**1,916**	**738**	**1,560**	**(732)**	**6,844**

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							
	French retail banking							
(in millions of euros)	Regional banks	LCL	International retail banking	Asset gathering	Specialised financial services	Large customers	Corporate center	Total
Segment assets								
Of which investments in equity-accounted entities	125	-	-	4,048	2,135	-	-	**6,308**
Of which goodwill	8	5,018	1,795	6,997	1,026	1,148	72	**16,064**
TOTAL ASSETS	**658,690**	**147,428**	**85,426**	**447,976**	**71,318**	**770,529**	**(326,604)**	**1,854,763**

	31/12/2017							
	French retail banking							
(in millions of euros)	Regional banks	LCL	International retail banking	Asset gathering	Specialised financial services	Large customers	Corporate center(1)	Total
Revenues	13,277	3,491	2,594	5,255	2,721	5,328	(558)	**32,108**
Operating expenses	(8,530)	(2,442)	(1,634)	(2,709)	(1,407)	(3,238)	(951)	**(20,911)**
Gross operating income	**4,747**	**1,049**	**960**	**2,546**	**1,314**	**2,090**	**(1,509)**	**11,197**
Cost of risk	(218)	(204)	(433)	(25)	(440)	(319)	(12)	**(1,651)**
Operating income	**4,529**	**845**	**527**	**2,521**	**874**	**1,771**	**(1,521)**	**9,546**
Share of net income of equity-accounted entities	6	-	-	33	241	277	175	**732**
Net gains (losses) on other assets	(6)	6	(7)	4	(1)	13	(4)	**5**
Change in value of goodwill	-	-	-	-	-	-	186	**186**
Pre-tax income	**4,529**	**851**	**520**	**2,558**	**1,114**	**2,061**	**(1,164)**	**10,469**
Income tax charge	(1,772)	(338)	(159)	(647)	(230)	(709)	376	**(3,479)**
Net income from discontinued operations	-	-	-	21	(1)	-	-	**20**
Net income	**2,757**	**513**	**361**	**1,932**	**883**	**1,352**	**(788)**	**7,010**
Non-controlling interests	-	-	80	208	118	21	47	**474**
NET INCOME GROUP SHARE	**2,757**	**513**	**281**	**1,724**	**765**	**1,331**	**(835)**	**6,536**

(1) The Crédit Agricole CIB issuer spread is classified under the Corporate Centre for -€222 million in Revenues, +€76 million in Income tax charge, -€146 millions in Net income.

	31/12/2017							
	French retail banking							
(in millions of euros)	Regional banks	LCL	International retail banking	Asset gathering	Specialised financial services	Large customers	Corporate center	Total
Segment assets								
Of which investments in equity-accounted entities	117	-	-	3,044	1,945	-	-	**5,106**
Of which goodwill	2	5,018	1,793	6,925	1,026	1,152	72	**15,988**
TOTAL ASSETS	**629,975**	**141,258**	**87,199**	**435,274**	**74,528**	**683,100**	**(288,165)**	**1,763,169**

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)	4,242	23,444	1,530,120	10,393	4,243	23,390	1,467,337	10,389
Italy	630	3,167	88,308	2,075	806	2,686	90,386	2,075
Other European Union countries	822	3,032	79,569	2,352	384	2,937	68,420	2,331
Other European countries	148	793	20,946	704	129	732	21,464	676
North America	500	1,093	56,023	461	345	1,053	50,179	442
Central and South America	20	46	988	-	8	62	981	-
Africa and Middle East	150	450	9,861	33	317	457	8,595	32
Asia-Pacific (ex. Japan)	212	502	22,440	24	174	476	21,976	24
Japan	120	312	46,508	22	130	315	33,831	19
TOTAL	**6,844**	**32,839**	**1,854,763**	**16,064**	**6,536**	**32,108**	**1,763,169**	**15,988**

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	34,078	-	34,078
Change in unearned premiums	(210)	-	(210)
Earned premiums	**33,868**	**-**	**33,868**
Other operating income	**257**	**-**	**257**
Investment income	7,553	(3)	7,550
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	(6,704)	1,828	(4,876)
Change in impairment on investments	(8)	(49)	(57)
Investment income net of expenses	**513**	**2,157**	**2,670**
Claims expenses(1)	**(28,004)**	**(1,866)**	**(29,870)**
Revenue from reinsurance operations	520	-	520
Expenses from reinsurance operations	(625)	-	(625)
Net reinsurance income (expense)	**(105)**	**-**	**(105)**
Contract acquisition costs	(2,196)	-	(2,196)
Amortisation of investment securities and similar	-	-	-
Administration costs	(2,000)	-	(2,000)
Other current operating income (expense)	(353)	-	(353)
Other operating income (expense)	(6)	-	(6)
Operating income	**1,974**	**291**	**2,265**
Financing expenses	(429)	-	(429)
Share of net income of associates	-	-	-
Income tax charge	(342)	(147)	(489)
Net income from discontinued or held-for-sale operations	(1)	-	(1)
Consolidated net income	**1,201**	**144**	**1,345**
Non-controlling interests	**12**	**-**	**12**
NET INCOME GROUP SHARE	**1,189**	**144**	**1,333**

(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	31,010
Change in unearned premiums	(213)
Earned premiums	**30,797**
Other operating income	**124**
Investment income	7,701
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	2,992
Change in impairment on investments	(54)
Investment income net of expenses	**11,742**
Claims expenses[1]	**(36,238)**
Revenue from reinsurance operations	457
Expenses from reinsurance operations	(592)
Net reinsurance income (expense)	**(135)**
Contract acquisition costs	(2,070)
Amortisation of investment securities and similar	(7)
Administration costs	(2,171)
Other current operating income (expense)	(181)
Other operating income (expense)	(8)
Operating income	**1,853**
Financing expenses	(279)
Share of net income of associates	-
Income tax charge	(376)
Net income from discontinued operations	21
Consolidated net income	**1,219**
Non-controlling interests	**3**
NET INCOME GROUP SHARE	**1,216**

(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

Breakdown of insurance Company investments

(in millions of euros)	31/12/2018
Financial assets at fair value through profit or loss	**143,152**
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	**142,692**
Equity instruments	25,336
Equity and other variable income securities	8,652
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	57,713
Loans and receivables	296
Debt securities	57,417
Treasury bills and similar securities	153
Bonds and other fixed income securities	5,004
Mutual funds	34,522
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	**216,900**
Debt instruments at fair value through other comprehensive income that may be reclassified to profit or loss	**216,708**
Debt securities	216,708
Treasury bills and similar securities	62,396
Bonds and other fixed income securities	154,312
Equity instruments at fair value through other comprehensive income that will not be reclassified to profit or loss	**192**
Equity and other variable income securities	2
Non-consolidated equity investments	190
Financial assets at amortised cost	**5,853**
Loans and receivables	**5,516**
Debt securities	**337**
Treasury bills and similar securities	-
Bonds and other fixed income securities	337
Impairment	-
Investment property	**6,296**
Investments in associates and joint venture	**3,785**
TOTAL INSURANCE COMPANY INVESTMENTS	**377,058**

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.

(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	**216,708**	**14,694**	**(743)**
Debt securities	216,708	14,694	(743)
Treasury bills and similar securities	62,396	4,437	(171)
Bonds and other fixed income securities	154,312	10,257	(572)
Equity instruments at fair value through other comprehensive income that will not be reclassified to profit or loss	**192**	**8**	**(21)**
Equity and other variable income securities	2	-	-
Non-consolidated equity investments	190	8	(21)
Total of financial assets at fair value through other comprehensive income	**216,900**	**14,702**	**(764)**
Income tax charge		(3,863)	204
OTHER COMPREHENSIVE INCOME ON FINANCIAL ASSETS AT FAIR VALEUR THROUGH OTHER COMPREHENSIVE INCOME (NET OF INCOME TAX)		**10,839**	**(560)**

(in millions of euros)	31/12/2017 Carrying amount	Unrealised gains	Unrealised losses
Treasury bills and similar securities	45,999	2,738	(74)
Bonds and other fixed income securities	163,627	13,529	(346)
Equities and other equity variable income securities	17,900	2,835	(184)
Non-consolidated equity investments	8,224	2,433	(80)
Total available-for-sale financial assets	**235,750**	**21,535**	**(684)**
Income tax charges		(5,797)	228
GAINS AND LOSSES ON AVAILABLE-FOR-SALE FINANCIAL ASSETS RECOGNISED IN OTHER COMPREHENSIVE INCOME (NET OF INCOME TAX)		**15,738**	**(456)**

(in millions of euros)	31/12/2017 Carrying amount	Fair value
Bonds and other fixed income securities	3,069	-
Treasury bills and similar securities	7,736	-
Impairment	-	-
Total held-to-maturity financial assets	**10,805**	**-**
Loans and receivables	**7,490**	**2,444**
Investment property	**6,120**	**8,367**

(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	**108,281**
Assets backing unit-linked contracts	59,635
Treasury bills and similar securities	3,639
Bonds and other fixed-income securities	27,772
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	**368,446**

Reclassification between net income and other comprehensive income for financial assets designated under the overlay approach

	31/12/2018		
(in millions of euros)	Amount reported for the designated financial assets applying IFRS 9	Amount that would have been reported for the designated financial assets applying IAS 39	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	3,750		3,548	
Central banks	66,834	1,140	50,571	3,434
CARRYING AMOUNT	**70,584**	**1,140**	**54,119**	**3,434**

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	223,229
Other financial instruments at fair value through profit or loss	148,913
Equity instruments	29,259
Debt instruments that do not meet the conditions of the "SPPI" test	68,197
Assets backing unit-linked contracts	51,385
Financial assets designated at fair value through profit or loss	72
CARRYING AMOUNT	**372,142**
of which lent securities	2,823

(in millions of euros)	31/12/2017
Financial assets held for trading	219,535
Financial assets designated at fair value through profit or loss	100,771
CARRYING AMOUNT	**320,306**
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	**19,294**
Treasury bills and similar securities	14,219
Bonds and other fixed income securities	5,042
Mutual funds	33
Loans and receivables	**108,061**
Loans and receivables due from credit institutions	191
Loans and receivables due from customers	1,374
Securities bought under repurchase agreements	106,496
Pledged securities	-
Derivative instruments	**93,097**
CARRYING AMOUNT	**223,229**

(in millions of euros)	31/12/2017
Equity instruments	**3,485**
Equities and other variable income securities	3,485
Debt securities	**17,249**
Treasury bills and similar securities	12,804
Bonds and other fixed income securities	4,445
Loans and advances	**94,392**
Loans and receivables due from customers	1,600
Securities bought under repurchase agreements	92,792
Pledged securities	-
Derivative instruments	**104,409**
CARRYING AMOUNT	**219,535**

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	19,823
Non-consolidated equity investments	9,436
TOTAL EQUITY INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS	**29,259**

Debt instruments not meeting the SPPI criteria

(in millions of euros)	31/12/2018
Debt securities	**65,138**
Treasury bills and similar securities	156
Bonds and other fixed income securities	10,977
Mutual funds	54,005
Loans and receivables	**3,059**
Loans and receivables due from credit institutions	-
Loans and receivables due from customers	3,059
Securities bought under repurchase agreements	-
Pledged securities	-
TOTAL DEBT INSTRUMENTS THAT DO NOT MEET THE CONDITIONS OF THE "SPPI" TEST	**68,197**

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	**72**
Treasury bills and similar securities	12
Bonds and other fixed income securities	60
TOTAL FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS	**72**

(in millions of euros)	31/12/2017
Equity instruments	**17,088**
Equities and other variable income securities	17,088
Debt securities	**83,681**
Assets backing unit-linked contracts	51,600
Treasury bills and similar securities	3,651
Bonds and other fixed income securities	28,430
Loans and advances	**2**
Loans and receivables due from customers	2
Securities bought under repurchase agreements	-
Pledged securities	**-**
CARRYING AMOUNT	**100,771**

2

Financial liabilities at fair value through profit or loss

(in millions of euros)	31/12/2018	31/12/2017
Financial liabilities held for trading	191,684	194,071
Financial liabilities designated at fair value through profit or loss	34,218	31,528
CARRYING AMOUNT	**225,902**	**225,599**

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	75,323	66,468
Debt securities	-	2
Derivative instruments	90,928	105,003
CARRYING AMOUNT	**191,684**	**194,071**

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	**27,659**	**607**	**137**	**(369)**	**(18)**
Other financial liabilities	**-**	**-**	**-**	**-**	**-**
TOTAL	**27,659**	**607**	**137**	**(369)**	**(18)**

(1) The amount realised upon derecognition is transferred to consolidated reserves.

Pursuant to IFRS 9, Crédit Agricole'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 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.

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	**25,491**	**872**
Other financial liabilities	**-**	**-**
TOTAL	**31,528**	**872**

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	260,251	14,645	(1,135)
Equity instruments at fair value through other comprehensive income that will not be reclassified to profit or loss	4,730	1,134	(1,168)
TOTAL	**264,981**	**15,779**	**(2,303)**

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	77,613	4,710	(375)
Bonds and other fixed income securities	182,638	9,935	(760)
Total Debt securities	**260,251**	**14,645**	**(1,135)**
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	**260,251**	**14,645**	**(1,135)**
Income tax charge		(3,867)	296
OTHER COMPREHENSIVE INCOME ON DEBT INSTRUMENTS THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS (NET OF INCOME TAX)		**10,778**	**(839)**

2

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	439	30	(48)	(3)
Non-consolidated equity investments	4,291	1,104	(1,120)	175
Total equity instruments at fair value through other comprehensive income that will not be reclassified to profit or loss	**4,730**	**1,134**	**(1,168)**	**172**
Income tax charge		(129)	14	(55)
OTHER COMPREHENSIVE INCOME ON EQUITY INSTRUMENTS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS (NET OF INCOME TAX)		**1,005**	**(1,154)**	**117**

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	32	5	(5)
Non-consolidated equity investments	345	22	(90)
Total investments in equity instruments	**377**	**27**	**(95)**
Income tax charge		-	12
OTHER COMPREHENSIVE INCOME ON EQUITY INSTRUMENTS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS (NET OF INCOME TAX)(1)		**27**	**(83)**

(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	77,379	3,324	(215)
Bonds and other fixed income securities	218,082	13,269	(451)
Equities and other variable income securities	21,199	3,264	(276)
Non-consolidated equity investments	13,790	3,855	(389)
Total available-for-sale securities	**330,450**	**23,712**	**(1,331)**
Available-for-sale receivables	-	-	-
Total available-for-sale receivables	**-**	**-**	**-**
Carrying amount of available-for-sale financial assets[1]	**330,450**	**23,712**	**(1,331)**
Income tax charge		(6,083)	303
GAINS AND LOSSES ON AVAILABLE-FOR-SALE FINANCIAL ASSETS RECOGNISED IN OTHER COMPREHENSIVE INCOME (NET OF INCOME TAX)[2]		**17,629**	**(1,028)**

(1) The net carrying amount of impaired available-for-sale fixed-income securities is €45 million and the net carrying amount of impaired available-for-sale variable-income securities is €2,085 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 €12,792 million at 31 December 2017 (see Note 6.16 "Insurance company technical reserves").

6.5 FINANCIAL ASSETS AT AMORTISED COST

(in millions of euros)	31/12/2018
Loans and receivables due from credit institutions	97,194
Loans and receivables due from customers	854,681
Debt securities	80,581
CARRYING AMOUNT	**1,032,456**

Loans and receivables due from credit institutions

(in millions of euros)	31/12/2018
Credit institutions	
Loans and receivables	91,353
of which non doubtful current accounts in debit[1]	6,366
of which non doubtful overnight accounts and advances[1]	25,375
Pledged securities	1
Securities bought under repurchase agreements	5,617
Subordinated loans	614
Other loans and receivables	27
Gross amount	**97,612**
Impairment	(418)
NET VALUE OF LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS	**97,194**

(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	**5,204**
Securities not traded in an active market	5,204
Loans and receivables	**87,257**
Loans and receivables	79,873
of which performing current accounts in debit	5,973
of which performing overnight accounts and advances	16,459
Pledged securities	10
Securities bought under repurchase agreements	6,609
Subordinated loans	765
Other loans and receivables	-
Gross amount	**92,461**
Impairment	(387)
CARRYING AMOUNT	**92,074**

Loans and receivables due from customers

(in millions of euros)	31/12/2018
Loans and receivables due from customers	
Trade receivables	32,039
Other customer loans	803,707
Pledged securities	131
Securities bought under repurchase agreements	2,976
Subordinated loans	116
Insurance receivables	642
Reinsurance receivables	634
Advances in associates current accounts	1,003
Current accounts in debit	16,257
Gross amount	**857,505**
Impairment	(18,992)
Net value of loans and receivables due from customers	**838,513**
Finance leases	
Property leasing	5,550
Equipment leases, operating leases and similar transactions	11,100
Gross amount	**16,650**
Impairment	(482)
Net value of lease financing operations	**16,168**
CARRYING AMOUNT	**854,681**

(in millions of euros)	31/12/2017
Loans and receivables due from customers	
Debt securities	**14,707**
Securities not traded in an active market	14,707
Loans and receivables	**804,190**
Trade receivables	26,847
Other customer loans	756,168
Securities bought under repurchase agreements	3,116
Subordinated loans	116
Insurance receivables	279
Reinsurance receivables	516
Advances in associates current accounts	1,016
Current accounts in debit	16,132
Gross amount	**818,897**
Impairment	(19,958)
Net value of loans and receivables due from customers	**798,939**
Finance leases	
Property leasing	5,695
Equipment leases, operating leases and similar transactions	10,453
Gross amount	**16,148**
Impairment	(329)
Net value of lease financing operations	**15,819**
CARRYING AMOUNT	**814,758**

Debt securities

(in millions of euros)	31/12/2018
Treasury bills and similar securities	33,400
Bonds and other fixed income securities	47,228
Total	**80,628**
Impairment	(47)
CARRYING AMOUNT	**80,581**

Held-to-maturity financial assets at 31 December 2017

(in millions of euros)	31/12/2017
Treasury bills and similar securities	26,076
Bonds and other fixed income securities	13,024
Total	**39,100**
Impairment	(6)
CARRYING AMOUNT	**39,094**

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	**20,702**	**6**	**19,625**	**1,071**	**20,399**
Equity instruments	-	-	-	-	-
Debt securities	20,702	6	19,625	1,071	20,399
Loans and receivables	-	-	-	-	-
Financial assets at amortised cost	**15,477**	**13,765**	**1,160**	**552**	**15,494**
Debt securities	1,712	-	1,160	552	1,710
Loans and receivables	13,765	13,765	-	-	13,784
Total financial assets	**46,667**	**13,771**	**31,273**	**1,623**	**46,381**
Finance leases	**-**	**-**	**-**	**-**	**-**
TOTAL TRANSFERRED ASSETS	**46,667**	**13,771**	**31,273**	**1,623**	**46,381**

(1) Including securities lending without cash collateral.
(2) When the "counterparty (counterparties) to the associated liabilities has (have) recourse only to the transferred assets".

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	-	-	-
-	-	-	-	-	-	-	-	-
-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
19,702	**-**	**19,702**	**-**	**19,601**	**798**	**-**	**-**	**-**
-	-	-	-	-	-	-	-	-
19,702	-	19,702	-	19,601	798	-	-	-
-	-	-	-	-	-	-	-	-
12,185	**11,053**	**1,132**	**-**	**12,207**	**3,287**	**-**	**-**	**-**
1,132	-	1,132	-	1,132	578	-	-	-
11,053	11,053	-	-	11,074	2,709	-	-	-
42,024	**11,053**	**30,972**	**-**	**41,945**	**4,436**	**-**	**-**	**-**
-	-	-	-	-	-	-	-	-
42,024	**11,053**	**30,972**	**-**	**41,945**	**4,436**	**-**	**-**	**-**

Transferred assets not derecognised in full at 31 December 2017

	Transferred assets still fully recognised				
	Transferred assets				
Nature of assets transferred *(in millions of euros)*	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	**17,853**	**-**	**15,034**	**2,819**	**17,579**
Equity instruments	623	-	-	623	544
Debt securities	17,230	-	15,034	2,196	17,035
Loans and advances	-	-	-	-	-
Loans and receivables	**13,653**	**12,416**	**201**	**1,036**	**13,641**
Debt securities	1,237	-	201	1,036	1,237
Loans and advances	12,416	12,416	-	-	12,404
Held-to-maturity	**910**	**-**	**910**	**-**	**896**
Debt securities	910	-	910	-	896
Loans and advances	-	-	-	-	-
Total financial assets	**47,900**	**12,416**	**31,629**	**3,855**	**47,560**
Finance leases	**-**	**-**	**-**	**-**	**-**
TOTAL TRANSFERRED ASSETS	**47,900**	**12,416**	**31,629**	**3,855**	**47,560**

(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 sixteen 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 Group's consolidated financial statements.

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.

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)	-	-	-
-	-	-	-	-	-	-	-	-
15,252	**-**	**14,925**	**327**	**15,252**	**2,328**	**-**	**-**	**-**
327	-	-	327	327	217	-	-	-
14,925	-	14,925	-	14,925	2,111	-	-	-
-	-	-	-	-	-	-	-	-
9,984	**9,873**	**201**	**-**	**9,918**	**3,723**	**-**	**-**	**-**
201	-	201	-	201	1,036	-	-	-
9,783	9,873	-	-	9,717	2,687	-	-	-
852	**-**	**852**	**-**	**903**	**(7)**	**-**	**-**	**-**
852	-	852	-	903	(7)	-	-	-
-	-	-	-	-	-	-	-	-
41,120	**9,873**	**31,010**	**327**	**41,105**	**6,456**	**-**	**-**	**-**
-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
41,120	**9,873**	**31,010**	**327**	**41,105**	**6,456**	**-**	**-**	**-**

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 Group's consolidated financial statements.

The carrying amounts of the relevant assets amounted to €10,502 million at 31 December 2018.

FCT Securitisation, Crédit Agricole home loans 2015, 2017 and 2018

At 31 December 2018 the Regional Banks handled three vehicles for securitising home loans. These securitisation transactions are not considered to form part of a deconsolidation transaction under IFRS and have therefore been reintegrated into Crédit Agricole Group's consolidated financial statements.

The carrying amounts of the relevant assets amounted to €11,825 million at 31 December 2018.

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.

Crédit Agricole 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	-	35	15	155	**205**	(5)	**200**
Belgium	50	56	2,493	1,412	**4,011**	(136)	**3,875**
Brazil	381	-	-	211	**592**	-	**592**
China	6	-	-	19	**25**	-	**25**
Spain	-	5	539	264	**808**	(2)	**806**
United States	1,578	-	152	1,610	**3,340**	1	**3,341**
France	3	621	6,212	20,013	**26,849**	(732)	**26,117**
Greece	-	-	-	-	**-**	-	**-**
Hong Kong	71	-	-	978	**1,049**	-	**1,049**
Iran	-	-	-	-	**-**	-	**-**
Ireland	-	-	-	2	**2**	-	**2**
Italy	519	5	3,019	5,175	**8,718**	(184)	**8,534**
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	384	2,006	3,051	**6,330**	(244)	**6,086**
TOTAL	**3,532**	**1,106**	**15,211**	**35,811**	**55,660**	**(1,302)**	**54,358**

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	112	35	-	-	44	**191**	(12)	**179**
Belgium	373	3,285	-	-	-	**3,658**	(130)	**3,528**
Brazil	-	7	-	38	86	**131**	-	**131**
China	-	65	-	-	3	**68**	-	**68**
Spain	51	1,572	2	-	-	**1,625**	-	**1,625**
United States	-	151	-	-	617	**768**	(3)	**765**
France	14,464	13,194	2	3,056	-	**30,716**	(1,149)	**29,567**
Greece	-	-	-	-	-	**-**	-	**-**
Hong Kong	-	1,044	-	-	38	**1,082**	-	**1,082**
Iran	-	-	-	-	-	**-**	-	**-**
Ireland	2	7	2	-	-	**11**	-	**11**
Italy	2,329	5,304	4	113	64	**7,814**	(187)	**7,627**
Japan	-	2,635	-	255	-	**2,890**	-	**2,890**
Lithuania	-	-	-	-	-	**-**	-	**-**
Poland	-	759	-	-	2	**761**	-	**761**
United Kingdom	-	-	-	-	-	**-**	-	**-**
Russia	-	8	-	-	5	**13**	-	**13**
Syria	-	-	-	-	-	**-**	-	**-**
Turkey	-	-	-	-	-	**-**	-	**-**
Ukraine	-	32	-	-	-	**32**	-	**32**
Venezuela	-	-	-	4	-	**4**	-	**4**
Yemen	-	-	-	-	-	**-**	-	**-**
Other countries	1,010	3,384	17	(551)	1,972	**5,833**	(274)	**5,559**
TOTAL	**18,340**	**31,482**	**27**	**3,457**	**2,833**	**56,141**	**(1,756)**	**54,386**

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 (en millions d'euros)	31/12/2018	31/12/2017
Saudi Arabia	-	-
Austria	3,672	3,388
Belgium	2,859	2,419
Brazil	-	1
China	-	-
Spain	1,148	1,015
United States	39	17
France	48,417	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	2,118	1,633
TOTAL EXPOSURE	**65,446**	**57,426**

6.8 FINANCIAL LIABILITIES AT AMORTISED COST

(in millions of euros)	31/12/2018
Due to credit institutions	95,970
Due to customers	789,835
Debt securities	198,227
CARRYING AMOUNT	**1,084,032**

Due to credit institutions

(in millions of euros)	31/12/2018	31/12/2017
Credit institutions		
Accounts and borrowings	73,414	65,636
of which current accounts in credit[1]	10,582	5,882
of which overnight accounts and deposits[1]	1,671	1,858
Pledged securities	-	-
Securities sold under repurchase agreements	22,556	22,789
CARRYING AMOUNT	**95,970**	**88,425**

(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	350,525	315,978
Special savings accounts	292,923	280,316
Other amounts due to customers	142,795	132,211
Securities sold under repurchase agreements	900	1,797
Insurance liabilities	1,306	882
Reinsurance liabilities	334	287
Cash deposits received from ceding and retroceding companies against technical insurance commitments	1,052	949
CARRYING AMOUNT	**789,835**	**732,420**

Debt instruments

(in millions of euros)	31/12/2018	31/12/2017
Interest bearing notes	140	153
Money-market securities	10,306	11,686
Negotiable debt securities	90,768	74,934
Bonds[1]	93,932	86,932
Other debt securities	3,081	3,827
CARRYING AMOUNT	**198,227**	**177,532**

(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]	167,668	57,578	110,090	80,480	14,564	15,047
Reverse repurchase agreements	167,454	52,233	115,221	6,771	103,888	4,561
Securities lent	5,593	-	5,593	-	-	5,593
Other financial instruments	-	-	-	-	-	-
TOTAL FINANCIAL ASSETS SUBJECT TO OFFSETTING	**340,715**	**109,811**	**230,904**	**87,251**	**118,452**	**25,201**

(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]	199,284	75,436	123,848	97,755	11,064	15,029
Reverse repurchase agreements	132,174	29,647	102,527	17,619	22,008	62,900
Securities lent	4,531	-	4,531	-	-	4,531
Other financial instruments	-	-	-	-	-	-
TOTAL FINANCIAL ASSETS SUBJECT TO OFFSETTING	**335,989**	**105,083**	**230,906**	**115,374**	**33,072**	**82,460**

(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.

Offsetting – financial liabilities

Type of financial instrument (in millions of euros)	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		
	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]	165,577	57,544	108,033	80,516	24,374	3,142
Repurchase agreements	151,038	52,233	98,805	6,771	85,221	6,812
Securities borrowed	5,977	-	5,977	-	-	5,977
Other financial instruments	-	-	-	-	-	-
TOTAL FINANCIAL LIABILITIES SUBJECT TO OFFESTTING	**322,592**	**109,778**	**212,814**	**87,288**	**109,595**	**15,932**

(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.

Type of financial instrument (in millions of euros)	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		
	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]	198,613	75,444	123,169	97,755	12,801	12,613
Repurchase agreements	120,723	29,647	91,076	17,619	20,259	53,198
Securities borrowed	5,010	-	5,010	-	-	5,010
Other financial instruments	-	-	-	-	-	-
TOTAL FINANCIAL LIABILITIES SUBJECT TO OFFESTTING	**324,346**	**105,091**	**219,255**	**115,374**	**33,060**	**70,821**

(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.

6.10 CURRENT AND DEFERRED TAX ASSETS AND LIABILITIES

(in millions of euros)	31/12/2018	31/12/2017
Current tax	1,629	1,807
Deferred tax	4,594	3,747
TOTAL CURRENT AND DEFERRED TAX ASSETS	**6,223**	**5,554**
Current tax	764	763
Deferred tax	1,678	1,855
TOTAL CURRENT AND DEFERRED TAX LIABILITIES	**2,442**	**2,618**

Net deferred tax assets and liabilities break down as follows:

(in millions of euros)	31/12/2018
Temporary timing differences – tax	**4,194**
Non-deductible accrued expenses	384
Non-deductible provisions for liabilities and charges	3,433
Other temporary differences[1]	377
Deferred tax on reserves for unrealised gains or losses	**(297)**
Financial assets at fair value through other comprehensive income	(362)
Cash flow hedges	(269)
Gains and losses/Actuarial differences	143
Other comprehensive income attributable to changes in own credit risk	57
Reclassification of net gains (losses) of designated financial assets applying the overlay approach	135
Deferred tax on income and reserves	**(981)**
of which Reclassification of net gains (losses) of designated financial assets applying the overlay approach	(135)
TOTAL DEFERRED TAX	**2,916**

(1) The portion of deferred tax related to tax loss carryforwards is €444 million for 2018.

(in millions of euros)	31/12/2017
Temporary timing differences	**3,329**
Non-deductible accrued expenses	333
Non-deductibles provisions for liabilities and charges	3,083
Other temporary differences[1]	(87)
Deferred tax on reserves for unrealised gains or losses	**(779)**
available-for-sale assets	(776)
Cash flow hedges	(183)
Gains and losses/Actuarial differences	180
Deferred tax on Income	**(658)**
TOTAL DEFERRED TAX	**1,892**

(1) The portion of deferred tax related to tax oss carryforwards is €640 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 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	**36,259**	**33,308**
Inventory accounts and miscellaneous	212	216
Sundry debtors[1]	31,729	29,248
Settlement accounts	2,150	1,909
Other insurance assets	344	280
Reinsurer's share of technical reserves	1,824	1,655
Accruals and deferred income	**8,084**	**9,202**
Items in course of transmission	3,477	4,335
Adjustment and suspense accounts	703	496
Accrued income	2,092	2,337
Prepaid expenses	555	623
Other accrual prepayments and sundry assets	1,256	1,411
CARRYING AMOUNT	**44,343**	**42,510**

(1) Including €67 million in respect of the contribution to the Single Resolution Fund in the form of a security deposit. 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]	**30,623**	**29,342**
Settlement accounts	2,657	2,495
Sundry creditors	27,239	26,212
Liabilities related to trading securities	705	611
Other insurance liabilities	22	24
Accruals and deferred income	**17,386**	**16,459**
Items in course of transmission[2]	3,942	4,161
Adjustment and suspense accounts	868	332
Unearned income	4,023	3,793
Accrued expenses	7,712	7,062
Other accrual prepayments and sundry assets	841	1,111
CARRYING AMOUNT	**48,009**	**45,800**

(1) The amounts shown include related debts.
(2) Net amounts are shown.

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 €2,019 million (€1,609 million au 31 December 2017);
- the equity-accounted value of associates totalled €4,289 million (€3,498 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 share-holders' equity[(2)]
Joint ventures						
Fca Bank S.p.A	50.0%	1,672	-	-	133	1,427
Others		347	-	-	61	454
Net carrying amount of investments in equity-accounted entities (Joint ventures)		**2,019**			**194**	**1,881**
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	23.3%	121	-	-	20	121
Frey	19.2%	114	100	2	14	112
Others		607			94	273
Net carrying amount of investments in equity-accounted entities (Associates)		**4,289**			**297**	**3,136**
NET CARRYING AMOUNT OF INVESTMENTS IN EQUITY-ACCOUNTED ENTITIES		**6,308**			**491**	**5,017**

(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.

(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[2]						
FCA Bank S.p.A.	50.0%	1,573	-	50	193	1,270
Others		36	31	5	10	228
Net carrying amount of investments in equity-accounted entities (Joint ventures)		**1,609**			**203**	**1,498**
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	-
Autres		485	-	-	51	343
Net carrying amount of investments in equity-accounted entities (Associates)		**3,498**			**584**	**2,453**
NET CARRYING AMOUNT OF INVESTMENTS IN EQUITY-ACCOUNTED ENTITIES		**5,106**			**787**	**3,951**

(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 Saudi Fransi covers the period starting 1 January 2017 to 20 September 2017. The remaining participation has been reclassified in Available-for-sale financial assets.
(4) Crédit Agricole 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 with 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 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.

	31/12/2017			
(in millions of euros)	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 Group has the following restrictions:

Regulatory constraints

The subsidiaries of Crédit Agricole 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 Group.

Legal constraints

The subsidiaries of Crédit Agricole 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 Group are held for the benefit of policyholders. Assets of the insurance subsidiaries of Crédit Agricole 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	7,203	7,203	154	568	(576)	-	90	7,439
Amortisation and impairment	(459)	(459)	-	(31)	28	-	(10)	(472)
CARRYING AMOUNT[(1)]	**6,744**	**6,744**	**154**	**537**	**(548)**	**-**	**80**	**6,967**

(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	6,571	23	1,544	(1,161)	-	226	7,203
Amortisation and impairment	(442)	-	(30)	21	-	(8)	(459)
CARRYING AMOUNT[(1)]	**6,129**	**23**	**1,514**	**(1,140)**	**-**	**218**	**6,744**

(1) Including investment property let to third parties.

Fair value of investments properties

The market value of investment property recorded at amortised cost, as valued by “expert appraisers”, was €10,346 million at 31 December 2018 compared to €9,787 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	2	2
Valuation based on observable data	Level 2	10,137	9,606
Valuation based on unobservable data	Level 3	207	179
MARKET VALUE OF INVESTMENT PROPERTIES		**10,346**	**9,787**

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	17,371	17,371	18	1,240	(771)	29	(26)	**17,861**
Amortisation and impairment(1)	(9,746)	(9,746)	(7)	(820)	482	(14)	22	**(10,083)**
CARRYING AMOUNT	**7,625**	**7,625**	**11**	**420**	**(289)**	**15**	**(4)**	**7,778**
Intangible assets	-	-	-	-	-	-	-	-
Gross amount	6,991	6,991	19	599	(204)	3	58	**7,466**
Amortisation and impairment	(4,677)	(4,677)	(2)	(458)	142	(1)	(28)	**(5,024)**
CARRYING AMOUNT	**2,314**	**2,314**	**17**	**141**	**(62)**	**2**	**30**	**2,442**

(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	16,742	152	1,291	(870)	(73)	129	**17,371**
Amortisation and impairment(1)	(9,568)	(10)	(820)	688	41	(77)	**(9,746)**
CARRYING AMOUNT	**7,174**	**142**	**471**	**(182)**	**(32)**	**52**	**7,625**
Intangible assets							
Gross amount	5,847	735	587	(124)	(15)	(39)	**6,991**
Amortisation and impairment	(4,124)	(175)	(461)	76	12	(5)	**(4,677)**
CARRYING AMOUNT	**1,723**	**560**	**126**	**(48)**	**(3)**	**(44)**	**2,314**

(1) Including depreciation on fixed assets let to third parties.

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
French retail banking	**5,573**	**5,020**	**5,573**	**5,020**	**6**	**-**	**-**	**-**	**-**	**5,579**	**5,026**
of which LCL Group	5,558	5,018	5,558	5,018	-	-	-	-	-	5,558	5,018
of which CR	15	2	15	2	6	-	-	-	-	21	8
International retail banking	**3,392**	**1,794**	**3,392**	**1,794**	**-**	**-**	**-**	**1**	**-**	**3,387**	**1,795**
of which Italy	3,042	1,762	3,042	1,762	-	-	-	-	-	3,042	1,762
of which Poland	225	-	225	-	-	-	-	-	-	218	-
of which Ukraine	39	-	39	-	-	-	-	-	-	39	-
of which other countries	86	32	86	32	-	-	-	1	-	88	33
Asset gathering	**6,925**	**6,926**	**6,925**	**6,926**	**22**	**-**	**-**	**48**	**-**	**6,997**	**6,997**
of which asset management	4,893	4,893	4,893	4,893	-	-	-	20	-	4,914	4,914
of which insurance	1,261	1,262	1,261	1,262	-	-	-	-	-	1,262	1,262
of which international wealth management	771	771	771	771	22	-	-	28	-	821	821
Specialised financial services	**2,727**	**1,025**	**2,727**	**1,025**	**2**	**-**	**-**	**-**	**-**	**2,729**	**1,026**
of which Consumer finance (excl. Agos)	1,693	954	1,693	954	2	-	-	-	-	1,695	956
of which Consumer finance – Agos	569	-	569	-	-	-	-	-	-	569	-
of which Factoring	465	70	465	70	-	-	-	-	-	465	70
Large customers	**2,472**	**1,152**	**2,472**	**1,152**	**-**	**(4)**	**-**	**-**	**-**	**2,468**	**1,148**
of which Corporate and investment banking	1,817	497	1,817	497	-	-	-	-	-	1,817	497
of which Asset servicing	655	655	655	655	-	(4)	-	-	-	651	651
Corporate Centre	**72**	**72**	**72**	**72**	**-**	**-**	**-**	**-**	**-**	**72**	**72**
TOTAL	**21,161**	**15,988**	**21,161**	**15,988**	**30**	**(4)**	**-**	**49**	**-**	**21,232**	**16,064**
Group Share	**19,831**	**14,755**	**19,831**	**14,755**	**30**	**(4)**	**-**	**37**	**-**	**19,890**	**14,819**
Non-controlling interests	**1,330**	**1,233**	**1,330**	**1,233**	**-**	**-**	**-**	**12**	**-**	**1,342**	**1,245**

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 marge 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...

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 Group 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 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	(8.6%)	+8.2%	(6.1%)	+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 CGUs. These tests showed that 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 €340 million on the LCL retail banking CGU in France and approximately €220 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 €160 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 €100 million for each of these hypothesis).

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	7,432	19,475	1,860	**219,389**
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	42	-	-	**16,286**
Total technical reserves	**282,548**	**7,474**	**34,778**	**1,860**	**326,660**
Deferred participation benefits (asset)	-	-	52	-	**52**
Reinsurer's share of technical reserves	(1,015)	(462)	(71)	(275)	**(1,823)**
NET TECHNICAL RESERVES	**281,533**	**7,012**	**34,759**	**1,585**	**324,889**

	31/12/2017				
(in millions of euros)	Life	Non-Life	International	Borrower	Total
Insurance contracts	169,685	6,786	16,516	1,773	**194,760**
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	60	500	-	**21,538**
Total technical reserves	**283,339**	**6,846**	**31,199**	**1,773**	**323,157**
Deferred participation benefits (asset)	-	-	-	-	**-**
Reinsurer's share of technical reserves	(918)	(408)	(59)	(270)	**(1,655)**
NET TECHNICAL RESERVES	**282,421**	**6,438**	**31,140**	**1,503**	**321,502**

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	(14,669)
of which deferred participation on revaluation of financial assets at fair value through other comprehensive income(1)	(15,561)
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	**(16,233)**

(1) See Note 6.4 "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	18,314
of which deferred participation on revaluation of held-for-sale securities(1)	*17,467*
of which deferred participation hedging derivatives	*847*
Deferred participation on trading securities mark-to-market *adjustment*	443
Other deferred participation (liquidity risk reserve cancellation)	2,781
TOTAL	**21,538**

(1) See Note 6.4 "Assets at fair value through other comprehensive income".

6.17 PROVISIONS

(in millions of euros)	31/12/2017	01/01/2018	Changes in scope	Depreciation charges	Reversals, amounts used	Reversals, amounts not used	Translation adjustments	Other movements	31/12/2018
Home purchase schemes risks	747	747	-	30	-	(11)	-	-	766
Execution risks of commitments by signature[1]	627	1,142	-	1,210	(55)	(1,336)	3	442	1,406
Operational risks	428	427	-	62	(19)	(86)	-	1	385
Employee retirement and similar benefits[2]	2,116	2,116	(1)	176	(223)	(65)	11	(41)	1,973
Litigation[3]	1,477	1,477	5	1,380	(101)	(230)	6	(92)	2,445
Equity investments	21	21	(1)	3	(13)	(3)	-	(1)	6
Restructuring	37	37	-	-	(4)	(8)	-	-	25
Other risks	912	912	3	384	(175)	(153)	(1)	131	1,101
TOTAL	**6,365**	**6,879**	**6**	**3,245**	**(590)**	**(1,892)**	**19**	**440**	**8,107**

(1) Of which €406 million corresponding to the reclassification to provisions of ECL calculated on financing commitments and guarantee commitments given.
(2) See Notes 7.4 “Post employment benefits, defined-benefit plans” and 7.5 “Other employee benefits”.
(3) 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	Depreciation charges	Reversals, amounts used	Reversals, amounts not used	Translation adjustments	Other movements	31/12/2017
Home purchase schemes risks	1,189	-	-	-	(442)	-	-	747
Execution risks of commitments by signature	425	18	331	(16)	(148)	(19)	36	627
Operational risks	518	1	131	(133)	(88)	-	(1)	428
Employee retirement and similar benefits	2,042	182	238	(252)	(58)	(26)	(10)	2,116
Litigation	1,235	181	486	(155)	(267)	(4)	1	1,477
Equity investments	14	-	13	(4)	(2)	-	-	21
Restructuring	48	1	-	(8)	(4)	-	-	37
Other risks	1,039	1	266	(224)	(168)	(8)	6	912
TOTAL	**6,510**	**384**	**1,465**	**(792)**	**(1,177)**	**(57)**	**32**	**6,365**

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 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 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 euros.

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 January 15, 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.

2

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	12,429	10,573
Between 4 and 10 years old	38,159	35,798
Over 10 years old	50,082	50,686
Total home purchase savings plans	**100,670**	**97,057**
Total home purchase savings accounts	**11,682**	**11,576**
TOTAL DEPOSITFS COLLECTED UNDER HOME PURCHASE SAVINGS CONTRACTS	**112,352**	**108,633**

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	87	121
Home purchase savings accounts	465	664
TOTAL OUTSTANDING LOANS GRANTED UNDER HOME PURCHASE SAVINGS CONTRACTS	**552**	**785**

Provisions 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	27	13
Between 4 and 10 years old	292	286
Over 10 years old	447	448
Total home purchase savings plans	**766**	**747**
Total home purchase savings accounts	**1**	**-**
TOTAL PROVISIONS FOR HOME PURCHASE SAVINGS CONTRACTS	**767**	**747**

(in millions of euros)	31/12/2017	01/01/2018	Additions	Reversals	Other movements	31/12/2018
Home purchase savings plans	747	747	30	(11)	-	766
Home purchase savings accounts	-	-	1	-	-	1
TOTAL PROVISIONS FOR HOME PURCHASE SAVINGS CONTRACTS	**747**	**747**	**31**	**(11)**	**-**	**767**

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.

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 and Regional Banks.

Consequently, the ratio between the provision booked and the outstanding amounts shown on Crédit Agricole balance sheet is not representative of the level of provisioning for home purchase savings risk.

6.18 SUBORDINATED DEBT

(in millions of euros)	31/12/2018	31/12/2017
Dated subordinated debt(1)	20,572	22,424
Undated subordinated debt(2)	1,959	2,832
Mutual security deposits	162	172
Participating securities and loans	62	87
CARRYING AMOUNT	**22,755**	**25,515**

(1) Includes issues of dated subordinated notes “TSR”.
(2) Includes issues of deeply subordinated notes “TSS” and undated subordinated notes “TSDI”.

At 31 December 2018, deeply subordinated notes issued 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).

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 UNDATED FINANCIAL INSTRUMENTS

The main issues of undated subordinated and deeply subordinated debt classified in shareholders' equity Group share are:

				At 31/12/2018				
		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					-	5	-	5
Issues subscribed by Crédit Agricole CIB for currency regulation					-	-	-	-
TOTAL					**5,011**	**(1,935)**	**(38)**	**3,038**

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	987	-	987	987
TOTAL					**1,732**

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	(377)	(388)
Income tax savings related to interest paid to security holders recognised in net income	131	133
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	-	-

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	30%	30%	265	1,990	151
Cariparma Group	14%	14%	66	833	28
Agos S.p.A.	39%	39%	126	493	87
Crédit Agricole Egypt S.A.E.	40%	40%	38	117	23
Others[1]			31	2,038	18
TOTAL			**525**	**5,471**	**307**

(1) Of which €1,726 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
Groupe Amundi	30%	30%	186	1,879	133
Groupe Cariparma	13%	13%	92	902	26
Groupe CACEIS[1]	-	-	22	-	9
Agos S.p.A.	39%	39%	115	536	67
Others[2]			59	2,127	37
TOTAL			**474**	**5,445**	**272**

(1) On 22 December 2017, Crédit Agricole S.A. completed the acquisition of the 15% stake in CACEIS held by Natixis, and now holds 100% of the capital.
(2) Of which €1,726 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 group Crédit Agricole 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**

	31/12/2017			
(in millions of euros)	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	70,584	-	-	-	-	**70,584**
Financial assets at fair value through profit or loss	105,279	28,597	37,176	66,664	134,426	**372,142**
Hedging derivative Instruments	1,209	743	6,032	7,845	-	**15,829**
Financial assets at fair value through other comprehensive income	8,939	18,921	94,490	137,490	5,141	**264,981**
Financial assets at amortised cost	171,256	103,518	358,002	396,990	2,690	**1,032,456**
Revaluation adjustment on interest rate hedged portfolios	8,337					**8,337**
TOTAL FINANCIAL ASSETS BY MATURITY	**365,604**	**151,779**	**495,700**	**608,989**	**142,257**	**1,764,329**
Central banks	1,140	-	-	-	-	**1,140**
Financial liabilities at fair value through profit or loss	99,899	13,558	41,975	70,470	-	**225,902**
Hedging derivative Instruments	1,061	608	5,559	8,942	-	**16,170**
Financial liabilities at amortised cost	790,226	101,219	132,529	60,058	-	**1,084,032**
Subordinated debt	294	2,232	2,639	15,470	2,120	**22,755**
Revaluation adjustment on interest rate hedged portfolios	7,879					**7,879**
TOTAL FINANCIAL LIABILITIES BY MATURITY	**900,499**	**117,617**	**182,702**	**154,940**	**2,120**	**1,357,878**

	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	54,119	-	-	-	-	**54,119**
Financial assets at fair value through profit or loss	98,900	23,628	37,966	72,251	87,561	**320,306**
Hedging derivative instruments	1,517	551	7,076	9,461	-	**18,605**
Available-for-sale financial assets	14,499	22,700	97,054	155,584	40,613	**330,450**
Loans and receivables due from credit institutions	46,386	5,827	37,620	2,241	-	**92,074**
Loans and receivables due from customers	112,008	79,822	277,056	342,641	3,231	**814,758**
Value adjustment on interest rate risk hedged portfolios	7,427					**7,427**
Held-to-maturity financial assets	1,293	2,545	13,841	21,415	-	**39,094**
TOTAL FINANCIAL ASSETS BY MATURITY	**336,149**	**135,073**	**470,613**	**603,592**	**131,405**	**1,676,833**
Central banks	3,243	-	191	-	-	**3,434**
Financial liabilities at fair value through profit or loss	90,012	16,428	43,811	75,348	-	**225,599**
Hedging derivative instruments	1,213	589	4,744	10,658	-	**17,204**
Due to credit institutions	42,553	10,354	29,088	6,430	-	**88,425**
Due to customers	629,479	42,375	51,841	8,725	-	**732,420**
Debt securities	49,408	31,858	46,729	49,537	-	**177,532**
Subordinated debt	2,129	790	5,586	13,989	3,021	**25,515**
Reduction adjustment on interest rate hedged portfolios	8,117					**8,117**
TOTAL FINANCIAL LIABILITIES BY MATURITY	**826,154**	**102,394**	**181,990**	**164,687**	**3,021**	**1,278,246**

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]	(7,689)	(7,389)
Contributions to defined-contribution plans	(684)	(666)
Contributions to defined-benefit plans	(130)	(214)
Other social security expenses	(2,190)	(2,016)
Profit-sharing and incentive plans	(714)	(702)
Payroll-related tax	(792)	(870)
TOTAL EMPLOYEE EXPENSES	**(12,198)**	**(11,857)**

(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 number of employees	31/12/2018	31/12/2017
France	103,898	103,332
International	36,985	35,280
TOTAL	**140,882**	**138,612**

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, the group Crédit Agricole 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

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	**2,891**	**1,550**	**4,441**	**4,388**
Translation adjustments	-	31	**31**	**(113)**
Cost of service rended during the period	151	38	**189**	**186**
Financial cost	37	27	**64**	**64**
Employee contributions	1	17	**18**	**15**
Benefit plan changes, withdrawals and settlement	(9)	3	**(6)**	**(23)**
Changes in scope	-	-	**-**	**92**
Benefits paid (mandatory)	(121)	(67)	**(188)**	**(240)**
Taxes, administrative expenses, and bonuses	-	-	**-**	**-**
Actuarial (gains)/losses arising from changes in demographic assumptions[1]	9	(14)	**(5)**	**9**
Actuarial (gains)/losses arising from changes in financial assumptions[1]	(5)	(56)	**(61)**	**63**
ACTUARIAL LIABILITY AT 31/12/N	**2,954**	**1,529**	**4,483**	**4,441**

(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	(142)	(41)	**(184)**	**(164)**
Income/expenses on net interests	(9)	(4)	**(13)**	**(14)**
IMPACT IN PROFIT AND LOSS AT 31/12/N	**(151)**	**(45)**	**(196)**	**(178)**

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	**709**	**311**	**1,020**	**1,015**
Translation adjustments	-	7	**7**	**(24)**
Actuarial gains/(losses) on assets	1	4	**5**	**(63)**
Actuarial gains/(losses) arising from changes in demographic assumptions[1]	9	(14)	**(5)**	**9**
Actuarial gains/(losses) arising from changes in financial assumptions[1]	(5)	(56)	**(61)**	**63**
Adjustment of assets restriction's impact	-	5	**5**	**(1)**
IMPACT IN OTHER COMPREHENSIVE INCOME AT 31/12/N	**-**	**(53)**	**(53)**	**(16)**

(1) Of which actuarial gains/losses related to experience adjustment.

Change in fair value of assets

(in millions of euros)	31/12/2018 Eurozone	31/12/2018 Outside Eurozone	31/12/2018 All Zones	31/12/2017 All Zones
Fair value of assets at 31/12/N-1	**1,587**	**1,294**	**2,881**	**2,749**
Translation adjustments	-	22	**22**	**(89)**
Interests on asset (income)	25	24	**49**	**47**
Actuarial gains/(losses)	(1)	(4)	**(5)**	**62**
Employer contributions	111	62	**173**	**226**
Employee contributions	-	17	**17**	**16**
Benefit plan changes, withdrawals and settlement	-	-	**-**	**-**
Changes in scope	-	(1)	**(1)**	**22**
Taxes, administrative expenses, and bonuses	-	-	**-**	**(1)**
Benefits paid out under the benefit plan	(52)	(64)	**(116)**	**(151)**
FAIR VALUE OF ASSETS AT 31/12/N	**1,670**	**1,350**	**3,020**	**2,881**

Change in fair value of reimbursement rights

(in millions of euros)	31/12/2018 Eurozone	31/12/2018 Outside Eurozone	31/12/2018 All Zones	31/12/2017 All Zones
Fair value of reimbursement rights at 31/12/N-1	**341**	**-**	**341**	**323**
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**	**(1)**
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

(in millions of euros)	31/12/2018 Eurozone	31/12/2018 Outside Eurozone	31/12/2018 All Zones	31/12/2017 All Zones
Closing actuarial liability	**(2,954)**	**(1,529)**	**(4,483)**	**(4,441)**
Impact of asset restriction	-	(6)	**(6)**	**-**
Fair value of assets at end of period	1,670	1,350	**3,020**	**2,881**
NET POSITION OF ASSETS/(LIABILITIES) AT END OF PERIOD	**(1,284)**	**(185)**	**(1,469)**	**(1,560)**

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).

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	8.8%	176	59	25.9%	349	349	15.7%	525	408
Bonds	67.6%	1,356	360	47.1%	635	635	59.3%	1,991	995
Property/Real estate	5.2%	104		12.0%	161		7.9%	265	
Other assets	18.5%	372		15.0%	202		17.1%	574	

(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 -3.72%;
- a 50 basis point decrease in discount rates would increase the commitment by +4.39%.

Crédit Agricole'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 75% 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 Group for these other employee benefit obligations amounted to €487 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).

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	**219,861**	**200,846**
Commitments given to credit institutions	24,524	23,908
Commitments given to customers	195,337	176,938
Confirmed credit lines	136,655	132,322
Documentary credits	5,645	5,355
Other confirmed credit lines	131,010	126,967
Other commitments given to customers	58,682	44,616
Guarantee commitments	**88,271**	**92,297**
Credit institutions	8,650	8,169
Confirmed documentary credit lines	4,368	3,834
Other	4,282	4,335
Customers	79,621	84,128
Property guarantees	5,431	5,465
Other customer guarantees	74,190	78,663
Securities commitments	**7,045**	
Securities to be delivered	7,045	
Commitments received		
Financing commitments	**94,582**	**87,925**
Commitments received from credit institutions	85,958	81,960
Commitments received from customers	8,624	5,965
Guarantee commitments	**337,185**	**282,586**
Commitments received from credit institutions	96,996	89,122
Commitments received from customers	240,189	193,464
Guarantees received from government bodies or similar institutions	45,140	38,503
Other guarantees received	195,049	154,961
Securities commitments	**10,369**	
Securities to be received	10,369	

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.)	184,651	181,511
Securities lent	11,569	9,533
Security deposits on market transactions	16,261	16,986
Other security deposits	-	-
Securities sold under repurchase agreements	98,805	91,076
TOTAL CARRYING AMOUNT OF FINANCIAL ASSETS PROVIDED AS COLLATERAL	**311,286**	**299,106**
Carrying amount of financial assets received in garantee		
Other security deposits	-	-
Fair value of instruments received as reusable and reused collateral		
Securities borrowed	3	7
Secutities bought under repurchase agreements	132,659	114,285
Securities sold short	29,368	22,594
TOTAL FAIR VALUE OF INSTRUMENTS RECEIVED AS REUSABLE AND REUSED COLLATERAL	**162,030**	**136,885**

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 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 CREDIT AGRICOLE GROUP

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.

RECLASSIFICATIONS PERFORMED BY CREDIT AGRICOLE GROUP

Reclassification of financial assets in 2018

In 2018, Crédit Agricole 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.

For assets reclassified at 31 December 2017, the table below presents their net carrying amount and their estimated market value:

(in millions of euros)	Total reclassified assets	
	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:

(in millions of euros)	Assets reclassified before	
	Cumulative impact at 31/21/2017	
	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	**951,875**	**976,407**	**-**	**329,875**	**646,532**
Loans and receivables due from credit institutions	**97,194**	**100,528**	**-**	**99,810**	**718**
Current accounts and overnight loans	31,741	32,408	-	32,382	26
Accounts and long-term loans	59,221	61,827	-	61,321	506
Pledged securities	1	1	-	-	1
Securities bought under repurchase agreements	5,617	5,650	-	5,650	-
Subordinated loans	614	620	-	435	185
Other loans and receivables	-	22	-	22	-
Loans and receivables due from customers	**854,681**	**875,879**	**-**	**230,065**	**645,814**
Trade receivables	48,049	47,350	-	20,291	27,059
Other customer loans	786,930	807,454	-	194,440	613,014
Pledged securities	131	131	-	131	-
Securities bought under repurchase agreements	2,976	2,976	-	2,976	-
Subordinated loans	113	114	-	11	103
Insurance receivables	642	642	-	88	554
Reinsurance receivables	634	634	-	53	581
Advances in associates' current accounts	930	974	-	512	462
Current accounts in debit	14,276	15,604	-	11,563	4,041
Debt securities	**80,581**	**81,903**	**64,106**	**13,672**	**4,125**
Treasury bills and similar securities	33,389	33,946	31,025	2,871	50
Bonds and other fixed income securities	47,192	47,957	33,081	10,801	4,075
TOTAL FINANCIAL ASSETS OF WHICH FAIR VALUE IS DISCLOSED	**1,032,456**	**1,058,310**	**64,106**	**343,547**	**650,657**

(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	**906,832**	**935,055**	**1**	**258,914**	**676,140**
Loans and receivables due from credit institutions	**92,074**	**92,343**	**1**	**91,801**	**541**
Current accounts and overnight loans	22,432	22,454	-	22,440	14
Accounts and term deposits	57,055	57,294	-	57,103	191
Pledged securities	10	10	-	-	10
Securities bought under repurchase agreements	6,609	6,610	-	6,610	-
Subordinated loans	765	767	1	473	293
Securities not listed on an active market	5,203	5,208	-	5,175	33
Other loans and receivables	-	-	-	-	-
Loans and receivables due from customers	**814,758**	**842,712**	**-**	**167,113**	**675,599**
Trade receivables	42,549	42,900	-	20,159	22,741
Other customer loans	737,922	764,533	-	127,414	637,119
Securities bought under repurchase agreements	3,116	3,116	-	2,957	159
Subordinated loans	115	115	-	12	103
Securities not listed on an active market	14,529	14,535	-	403	14,132
Insurance receivables	279	279	-	69	210
Reinsurance receivables	516	516	-	42	474
Advances in associates current accounts	931	975	-	762	213
Current accounts in debit	14,801	15,743	-	15,295	448
Held-to-maturity financial assets	**39,094**	**42,023**	**41,608**	**395**	**20**
Treasury bills and similar securities	26,076	27,925	27,783	142	-
Bonds and other fixed Income securities	13,018	14,098	13,825	253	20
TOTAL FINANCIAL ASSETS OF WHICH FAIR VALUE IS DISCLOSED	**945,926**	**977,078**	**41,609**	**259,309**	**676,160**

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	**95,970**	**109,052**	**-**	**109,052**	**-**
Current accounts and overnight loans	12,253	12,308	-	12,308	-
Accounts and term deposits	61,162	74,198	-	74,198	-
Pledged securities	-	-	-	-	-
Securities sold under repurchase agreements	22,555	22,546	-	22,546	-
Due to customers	**789,836**	**790,519**	**-**	**494,481**	**296,038**
Current accounts in credit	350,526	350,872	-	350,872	-
Special savings accounts	292,923	292,923	-	-	292,923
Other amounts due to customers	142,795	143,133	-	142,541	592
Securities sold under repurchase agreements	900	900	-	900	-
Insurance liabilities	1,306	1,306	-	105	1,201
Reinsurance liabilities	334	333	-	63	270
Cash deposits received from ceding and retroceding companies against technical insurance commitments	1,052	1,052	-	-	1,052
Debt securities	**198,227**	**200,371**	**67,997**	**132,191**	**183**
Subordinated debt	**22,755**	**22,876**	**7,389**	**15,487**	**-**
TOTAL FINANCIAL LIABILITIES OF WHICH FAIR VALUE IS DISCLOSED	**1,106,788**	**1,122,818**	**75,386**	**751,211**	**296,221**

(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	**88,425**	**90,478**	**-**	**88,793**	**1,685**
Current accounts and overnight loans	7,740	7,743	-	7,739	4
Accounts and term deposits	57,896	59,922	-	58,241	1,681
Pledged securities	-	-	-	-	-
Securities sold under repurchase agreements	22,789	22,813	-	22,813	-
Due to customers	**732,420**	**732,866**	**-**	**387,633**	**345,233**
Current accounts in credit	315,978	316,334	-	307,371	8,963
Special savings accounts	280,316	280,316	-	3,358	276,958
Other amounts due to customers	132,211	132,276	-	74,952	57,324
Securities sold under repurchase agreements	1,797	1,797	-	1,797	-
Insurance liabilities	882	882	-	112	770
Reinsurance liabilities	287	312	-	43	269
Cash deposits received from cedants and retrocessionaires against technical insurance commitments	949	949	-	-	949
Debt securities	**177,532**	**179,636**	**55,944**	**123,492**	**200**
Subordinated debt	**25,515**	**25,646**	**23,570**	**2,076**	**-**
TOTAL FINANCIAL LIABILITIES OF WHICH FAIR VALUE IS DISCLOSED	**1,023,892**	**1,028,626**	**79,514**	**601,994**	**347,118**

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.

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 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) 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 default and the effective liquidation of all positions). The methodology used maximises the use of observable market inputs (use of Crédit Agricole 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 the future exposition profiles (positive or 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.

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	**223,229**	**24,635**	**194,308**	**4,286**
Loans and receivables due from credit institutions	191	-	191	-
Loans and receivables due from customers	1,374	-	-	1,374
Securities bought under repurchase agreements	106,496	-	105,529	967
Pledged securities	-	-	-	-
Held for trading securities	22,071	19,393	2,154	524
Treasury bills and similar securities	14,219	12,134	1,640	445
Bonds and other fixed income securities	5,042	4,482	506	54
Mutual funds	33	3	5	25
Equity and other variable income securities	2,777	2,774	3	-
Derivative instruments	93,097	5,242	86,434	1,421
Other financial instruments at fair value through profit or loss	**148,913**	**98,812**	**42,883**	**7,218**
Equity instruments at fair value through profit or loss	**29,259**	**19,167**	**7,090**	**3,002**
Equity and other variable income securities	19,823	16,835	1,980	1,008
Non-consolidated equity investments	9,436	2,332	5,110	1,994
Debt instruments that do not meet the conditions of the "SPPI" test	**68,197**	**42,399**	**21,586**	**4,212**
Loans and receivables due from credit institutions	-	-	-	-
Loans and receivables due from customers	3,059	-	2,939	120
Debt securities	65,138	42,399	18,647	4,092
Treasury bills and similar securities	156	73	83	-
Bonds and other fixed income securities	10,977	1,894	8,329	754
Mutual funds	54,005	40,432	10,235	3,338
Assets backing unit-linked contracts	**51,385**	**37,221**	**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	41,280	33,929	7,347	4
Financial assets designated at fair value through profit or loss	**72**	**25**	**47**	**-**
Loans and receivables due from credit institutions	-	-	-	-
Loans and receivables due from customers	-	-	-	-
Debt securities	72	25	47	-
Treasury bills and similar securities	12	12	-	-
Bonds and other fixed income securities	60	13	47	-
Financial assets at fair value through other comprehensive income	**264,981**	**239,383**	**24,932**	**666**
Equity instruments at fair value through other comprehensive income that will not be reclassified to profit or loss	4,730	1,606	2,530	594
Equity and other variable income securities	438	18	386	34
Non-consolidated equity investments	4,292	1,588	2,144	560
Debt instruments at fair value through other comprehensive income that may be reclassified to profit and loss	260,251	237,777	22,402	72
Loans and receivables due from credit institutions	-	-	-	-
Loans and receivables due from customers	1	-	1	-
Debt securities	260,250	237,777	22,401	72
Treasury bills and similar securities	77,612	76,767	773	72
Bonds and other fixed income securities	182,638	161,010	21,628	-
Hedging derivative Instruments	**15,829**	**7**	**15,822**	**-**
TOTAL FINANCIAL ASSETS MEASURED AT FAIR VALUE	**652,952**	**362,837**	**277,945**	**12,170**
Transfers from Level 1: Quoted prices in active markets for identical instruments			-	75
Transfers from Level 2: Valuation based on observable data		291		769
Transfers from Level 3: Valuation based on unobservable data		8	101	
TOTAL TRANSFERS TO EACH LEVEL		**299**	**101**	**844**

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	**219,535**	**23,035**	**193,582**	**2,918**
Loans and recevables due from credit institutions	-	-	-	-
Loans and receivables due from customers	1,600	-	-	1,600
Securities bought under repurchase agreements	92,792	-	92,792	-
Pledged securities	-	-	-	-
Securities held for trading	20,734	19,667	945	122
Treasury bills and similar securities	12,804	12,033	771	-
Bonds and other fixed income securities	4,445	4,150	173	122
Equities and other equity variable income securities	3,485	3,484	1	-
Derivative instruments	104,409	3,368	99,845	1,196
Financial assets designated at fair value through profit or loss	**100,771**	**77,088**	**18,911**	**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	49,169	38,171	6,234	4,764
Treasury bills and similar securities	3,651	3,629	22	-
Bonds and other fixed income securities	28,430	25,450	2,772	208
Equities and other equity variable income securities	17,088	9,092	3,440	4,556
Available-for-sale financial assets	**330,450**	**281,475**	**47,119**	**1,856**
Treasury bills and similar securities	77,379	76,429	950	-
Bonds and other fixed income securities	218,082	183,277	34,524	281
Equities and other equity variable income securities	34,989	21,769	11,645	1,575
Available-for-sale receivables	-	-	-	-
Hedging derivative instruments	**18,605**	**6**	**18,599**	**-**
TOTAL FINANCIAL ASSETS MEASURED AT FAIR VALUE	**669,361**	**381,604**	**278,211**	**9,546**
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	**191,684**	**29,803**	**157,638**	**4,243**
Securities sold short	25,433	24,810	403	220
Securities sold under repurchase agreements	75,323	-	72,999	2,324
Debt securities	-	-	-	-
Due to credit institutions	-	-	-	-
Due to customers	-	-	-	-
Derivative instruments	90,928	4,993	84,236	1,699
Financial liabilities designated at fair value through profit or loss	**34,218**	**7,499**	**18,340**	**8,379**
Hedging derivative Instruments	**16,170**	**-**	**15,819**	**351**
TOTAL FINANCIAL LIABILITIES MEASURED AT FAIR VALUE	**242,072**	**37,302**	**191,797**	**12,973**
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	380	
TOTAL TRANSFERS TO EACH LEVEL		**10**	**380**	**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.

(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	**194,071**	**25,046**	**167,465**	**1,560**
Securities sold short	22,598	22,372	226	-
Securities sold under repurchase agreements	66,468	-	66,468	-
Debt securities	2	2	-	-
Due to customers	-	-	-	-
Due to credit institutions	-	-	-	-
Derivative instruments	105,003	2,672	100,771	1,560
Financial liabilities designated at fair value through profit or loss	**31,528**	**6,817**	**19,163**	**5,548**
Hedging derivative instruments	**17,204**	**-**	**16,956**	**248**
TOTAL FINANCIAL LIABILITIES MEASURED AT FAIR VALUE	**242,803**	**31,863**	**203,584**	**7,356**
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.

At 31 December 2018

Instrument classes	Carrying amount *(in millions of euros)* Actif	Passif	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%

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)	**9,556**	1,571	**-**	**-**	**122**	**-**	**122**	**1,190**
Gains or losses during the period[1]	**371**	49	-	-	1	(2)	(1)	(56)
Recognised in profit or loss	**197**	(6)	-	-	1	(2)	(1)	(56)
Recognised in other comprehensive income	**174**	55	-	-	-	-	-	-
Purchases	**3,752**	-	617	445	8	28	481	716
Sales	**(3,288)**	(1,614)	-	-	-	(1)	(1)	-
Issues	**41**	-	-	-	-	-	-	-
Settlements	**(504)**	-	-	-	(46)	-	(46)	(450)
Reclassifications	**1,521**	1,368	-	-	-	-	-	-
Changes associated with scope during the period	**(14)**	-	-	-	-	-	-	-
Transfers	**735**	-	350	-	(31)	-	(31)	21
Transfers to Level 3	**844**	-	350	-	-	-	-	93
Transfers from Level 3	**(109)**	-	-	-	(31)	-	(31)	(72)
CLOSING BALANCE (31/12/2018)	**12,170**	**1,374**	**967**	**445**	**54**	**25**	**524**	**1,421**

(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	**244**
Recognised in profit or loss	188
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		
			Debt securities							Debt securities		
Equity and other variable income securities	Non-consolidated equity investments	**Loans and receivables due from customers**	Bonds and other fixed income securities	Mutual funds	**Debt securities**	**Bonds and other fixed income securities**	**Mutual funds**	Equities and other variable income securities	Non-consolidated equity investments	Treasury bills and similar securities	Bonds and other fixed income securities	**Debt securities**
1,425	**813**	**102**	**424**	**3,280**	**3,704**	**4**	**2**	**63**	**523**	**-**	**37**	**37**
94	126	8	(15)	52	37	(4)	-	(4)	122	-	-	-
94	125	8	(15)	52	37	(4)	-	-	-	-	-	-
-	1	-	-	-	-	-	-	(4)	122	-	-	-
131	481	3	459	754	1,213	-	4	-	106	-	-	-
(133)	(274)	(23)	(131)	(748)	(879)	-	(2)	(19)	(304)	-	(39)	(39)
2	18	-	19	-	19	-	-	-	2	-	-	-
-	-	(1)	(1)	-	(1)	-	-	-	(6)	-	-	-
(550)	543	-	-	-	-	-	-	-	160	-	-	-
13	-	-	(1)	-	(1)	-	-	(6)	(22)	-	2	2
26	287	31	-	-	-	-	-	-	(21)	72	-	72
26	293	31	-	-	-	-	-	-	(21)	72	-	72
-	(6)	-	-	-	-	-	-	-	-	-	-	-
1,008	**1,994**	**120**	**754**	**3,338**	**4,092**	**-**	**4**	**34**	**560**	**72**	**-**	**72**

Financial liabilities measured at fair value according to Level 3

(in millions of euros)	Total	Financial liabilities held for trading							
		Securities sold short	Securities sold under repurchase agreements	Debt securities	Due to credit institutions	Due to customers	Derivative Instruments	Financial liabilities designated at fair value through profit or loss	Hedging derivative instruments
Opening balance (01/01/2018)	**7,356**	**-**	**-**	**-**	**-**	**-**	**1,560**	**5,548**	**248**
Gains or losses during the period(1)	4	-	-	-	-	-	(129)	132	1
Recognised in profit or loss	4	-	-	-	-	-	(129)	132	1
Recognised in other comprehensive income	-	-	-	-	-	-	-	-	-
Purchases	3,127	220	2,324	-	-	-	455	-	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	421	-	-	-	-	-	(70)	491	-
Transfers to Level 3	811	-	-	-	-	-	127	684	-
Transfers from Level 3	(390)	-	-	-	-	-	(197)	(193)	-
CLOSING BALANCE (31/12/2018)	**12,973**	**220**	**2,324**	**-**	**-**	**-**	**1,699**	**8,379**	**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	**5**
Recognised in profit or loss	5
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;
- interestrate/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.

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 (<€50k/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 M-to-M, 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

The Crédit Agricole Group is subject to the following restrictions:

Regulatory constraints

The subsidiaries of the Crédit Agricole 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 the Crédit Agricole Group.

Legal constraints

The subsidiaries of the Crédit Agricole 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 theinsurance business

Assets backing unit-linked contracts of the Crédit Agricole Group are held for the benefit of policyholders. Assets of the insurance subsidiaries of Crédit Agricole 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 and 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 Group.

11.2 SCOPE OF CONSOLIDATION

Crédit Agricole Group Scope of consolidation	(1)	(a)	Principal place of business	Country of incorporation if different from the principal place of business	(b)	% control 12/31/2018	% control 12/31/2017	% interest 12/31/2018	% interest 12/31/2017
FRENCH RETAIL BANKING									
Banking and financial institutions									
2,432 Caisses locales	●		France		P	100.0	100.0	100.0	100.0
38 Caisses régionales	●		France		P	100.0	100.0	100.0	100.0
Banque Chalus	■		France		S	100.0	100.0	100.0	100.0
Banque Thémis	■	S2	France		S		100.0		100.0
Bforbank S.A.	■		France		S	100.0	100.0	100.0	100.0
Caisse Régionale Provence – Côte D'Azur, Agence de Monaco	■		Monaco	France	B	100.0	100.0	100.0	100.0
Cofam	■		France		S	100.0	100.0	100.0	100.0
CRCAM SUD MED. SUC	■		Spain	France	B	100.0	100.0	100.0	100.0
Interfimo	■		France		S	99.0	99.0	99.0	99.0
LCL	■		France		S	100.0	100.0	100.0	100.0
LCL succursale de Monaco	■		Monaco	France	B	100.0	100.0	100.0	100.0
Sircam	■		France		S	100.0	100.0	100.0	100.0
Lease financing companies									
Locam	■		France		S	100.0	100.0	100.0	100.0
Investment companies									
Audaxis France	▲		France		A	6.1	6.3	5.8	6.1
Bercy Participations	■		France		S	100.0	100.0	100.0	100.0
BMDR Editions	▲	E3	France		A	2.6		2.3	
CA Centre France Développement	■		France		S	100.0	100.0	100.0	100.0
CACF Immobilier	■		France		S	100.0	100.0	100.0	100.0
CADS Capital	■	E1	France		S	100.0		100.0	
CADS Développement	■		France		S	100.0	100.0	100.0	100.0
Calixte Investissement	■		France		S	100.0	100.0	100.0	100.0
CAP REGIES	▲		France		A	25.2	25.2	23.0	22.4
CD COM (ChampagneFM)	▲		France		A	25.2	25.2	24.2	24.2
Cercle Bleu	▲		France		A	25.0	25.0	23.9	23.9
Contact FM	▲		France		A	25.2	25.2	24.2	24.2
Courrier Picard	▲		France		A	24.9	24.9	23.9	23.9
Crédit Agricole F.C. Investissement	■		France		S	100.0	100.0	100.0	100.0
Crédit Agricole Languedoc Energies Nouvelles	■	E1	France		S	100.0		100.0	
Foncière du Maine	■	E2	France		S	100.0		100.0	
GROUPE ROSSEL LA VOIX	▲		France		A	25.2	25.2	25.2	25.2
HEBDO PRESSE DEVELOPPEMENT	▲		France		A	8.4	8.4	7.7	7.7
Images en Nord	▲		France		A	13.3	13.3	12.7	12.7
Imprimerie du Messager	▲		France		A	25.2	25.2	24.1	24.1
Internep	▲		France		A	25.2	25.2	24.2	24.2
L' ARDENNAIS	▲		France		A	25.2	25.2	23.0	23.0
L' EST ECLAIR	▲		France		A	25.2	25.2	23.0	23.0
La Voix du Nord	▲		France		A	24.2	24.2	24.2	24.2
La Voix FM	▲		France		A	25.2	25.2	24.2	24.2
LA VOIX MEDIAS	▲		France		A	25.2	25.2	24.2	24.2
L'Aisne Nouvelle	▲		France		A	24.5	24.5	23.2	23.2
L'Immobilière d'A Côté	■		France		CSE	100.0	100.0	100.0	100.0
L'Indépendant du P. de Calais	▲		France		A	12.4	12.4	11.9	11.9
My Video Place	▲	E3	France		A	3.8		3.3	
NECI	■		France		S	100.0	100.0	100.0	100.0
Nep TV	▲		France		A	25.2	25.2	24.2	24.2
NEW POLE CAP	▲		France		A	23.9	23.9	23.0	23.0
Newsmaster France	▲	E2	France		A	12.6		12.1	
Nord Capital Investissement	■		France		S	99.3	99.3	99.3	99.3
Nord Eclair	▲		France		A	25.2	25.2	24.2	24.2
Nord Est Expansion	■		France		CSE	100.0	100.0	100.0	100.0
Nord Littoral	▲		France		A	25.2	25.2	24.2	24.2
NORDISPRESS	▲		France		A	25.2	25.2	24.2	24.2
Normandie Conseil Medias	▲	E2	France		A	25.2		24.2	
Picardie Matin	▲		France		A	25.2	25.2	23.8	23.8
Presse Flamande	▲		France		A	24.9	24.9	23.9	23.9
Répondances	▲		France		A	25.2	23.1	24.2	22.2
Sequana	■		France		CSE	100.0	100.0	100.0	100.0
SOC D'EDITION & PUBLICATION LIBERATION (LIBERATION CHAMPAGNE)	▲		France		A	25.1	25.1	22.9	22.9
Socadif	■		France		S	100.0	100.0	100.0	100.0
SOCIETE DU JOURNAL L'UNION	▲		France		A	25.2	24.3	23.0	22.1
Société Financière du Languedoc Roussillon (SOFILARO)	■	E1	France		S	100.0		100.0	
Societe Normande D'information et Medias	▲	E2	France		A	25.2		24.2	
STM	▲		France		A	15.8	15.8	8.5	8.5
TELE SAINT QUENTIN	▲		France		A	5.7	5.7	5.4	5.4
Voix du Nord Etudiant	▲		France		A	12.6	12.6	12.1	12.1
Insurance									
Camca Assurance	■		Luxembourg		S	100.0	100.0	100.0	100.0
Camca Courtage	■		France		S	100.0	100.0	100.0	100.0
Camca Lux Finance Management Company	■		Luxembourg		S	100.0	100.0	100.0	100.0
Camca Réassurance	■		Luxembourg		S	100.0	100.0	100.0	100.0
Fcp Camca Lux Finance	■	D3	Luxembourg		S	100.0		100.0	
Groupe CAMCA	■		France		S	100.0	100.0	100.0	100.0
SCI 32 Liberté	■		Luxembourg		S	100.0	100.0	100.0	100.0
SCI Haussmann 122	■		France		S	100.0	100.0	100.0	100.0
SCI La Boétie 65	■		France		S	100.0	100.0	100.0	100.0
Tourism – property development									
Angle Neuf	■	E1	France		S	100.0		100.0	
Aquitaine Immobilier Investissement	■		France		S	100.0	100.0	100.0	100.0
Franche Comté Développement Foncier	■		France		S	100.0	100.0	100.0	100.0

(1) Consolidation method: ■ Full ▲ Equity Accounted ● Parent

Crédit Agricole Group Scope of consolidation	(1)	(a)	Principal place of business	Country of incorporation if different from the principal place of business	(b)	% control 12/31/2018	% control 12/31/2017	% interest 12/31/2018	% interest 12/31/2017
Franche Comté Développement Immobilier	■		France		S	100.0	100.0	100.0	100.0
Immeuble Franche Comté	■		France		S	100.0	100.0	100.0	100.0
Nacarat	▲		France		A	30.8	30.8	30.8	30.8
Native Immobilier	▲		France		A	40.0	40.0	40.0	40.0
Nord Est Aménagement Promotion	■		France		S	100.0	100.0	100.0	100.0
Nord Est Gestion Immobilière	■	S5	France		S		100.0		100.0
Nord Est Immo	■		France		S	100.0	100.0	100.0	100.0
Nord Est Optimmo S.A.S.	■		France		S	100.0	100.0	100.0	100.0
Nord Est Patrimoine Immobilier	■		France		S	100.0	100.0	100.0	100.0
Normandie Seine Foncière	■		France		S	100.0	100.0	100.0	100.0
S.A. Foncière de l'Erable	■		France		S	100.0	100.0	100.0	100.0
S.A.S. Chalons Mont Bernard	■		France		S	100.0	100.0	100.0	100.0
S.A.S. Charleville Forest	■		France		S	100.0	100.0	100.0	100.0
S.A.S. Laon Brosselette	■		France		S	100.0	100.0	100.0	100.0
SAS CENTRE D'AFFAIRES DU PARC LUMIERE	■		France		S	100.0	100.0	100.0	100.0
SCI Crystal Europe	■		France		S	100.0	100.0	100.0	100.0
SCI DE LA CROIX ROCHERAN	■	E1	France		S	100.0		100.0	
SCI Euralliance Europe	■		France		S	100.0	100.0	100.0	100.0
SCI LE BRETAGNE	■		France		S	75.0	75.0	75.0	75.0
SCI Quartz Europe	■		France		S	100.0	100.0	100.0	100.0
Square Habitat Nord de France	■		France		S	100.0	100.0	100.0	100.0
Other									
Adret Gestion	■		France		CSE	100.0	100.0	100.0	100.0
Alsace Elite	■		France		CSE	97.0	97.0	97.0	97.0
Anjou Maine Gestion	■		France		S	100.0	100.0	100.0	100.0
Aquitaux Rendement	■		France		S	100.0	100.0	100.0	100.0
ARGOAT Finances	■	S1	France		S		100.0		100.0
Armor Fonds Dédié	■		France		S	100.0	100.0	100.0	100.0
Bercy Champ de Mars	■		France		S	100.0	100.0	100.0	100.0
Brie Picardie Croissance	■		France		CSE	100.0	100.0	100.0	100.0
C.L. Verwaltungs und Beteiligungsgesellschaft GmbH	■		Germany		S	100.0	100.0	100.0	100.0
CA Aquitaine Agences Immobilières	■		France		S	100.0	100.0	100.0	100.0
CA Aquitaine Immobilier	■		France		S	100.0	100.0	100.0	100.0
CA Centre-Est Développement Immobilier	■	D1	France		S	100.0	100.0	100.0	100.0
CAAP CREATION	■		France		CSE	100.0	100.0	100.0	100.0
CAAP Immo	■	D1	France		CSE	100.0	100.0	100.0	100.0
CAAP IMMO GESTION	■		France		CSE	100.0	100.0	100.0	100.0
Caapimmo 4	■	S5	France		CSE		100.0		100.0

Crédit Agricole Group Scope of consolidation	(1)	(a)	Principal place of business	Country of incorporation if different from the principal place of business	(b)	% control 12/31/2018	% control 12/31/2017	% interest 12/31/2018	% interest 12/31/2017
CAM HYDRO	■		France		S	100.0	100.0	100.0	100.0
CAP ACTIONS 3	■		France		CSE	100.0	100.0	100.0	100.0
CAP Régulier 1	■		France		CSE	100.0	100.0	100.0	100.0
CAP Régulier 2	■	D1	France		S	100.0	100.0	100.0	100.0
CAPG ENERGIES NOUVELLES	■		France		S	100.0	100.0	100.0	100.0
CAPG INVESTISSEMENTS ENERGETIQUES	■		France		S	65.0	65.0	65.0	65.0
CAPI Centre-Est	■		France		S	100.0	100.0	100.0	100.0
CASRA CAPITAL	■		France		S	100.0	100.0	100.0	100.0
Centre France Location Immobilière	■		France		S	100.0	100.0	100.0	100.0
Chabrillac	■		France		S	100.0	100.0	88.9	88.9
Compagnie Foncière Lyonnaise	■	D1	France		S	100.0	100.0	100.0	100.0
Crédit Agricole Centre Est Immobilier	■		France		S	100.0	100.0	100.0	100.0
Crédit Agricole Languedoc Immobilier	■	E1	France		S	100.0		100.0	
Crédit Lyonnais Développement Économique (CLDE)	■		France		S	100.0	100.0	100.0	100.0
Edokial	■		France		S	66.0	66.0	58.7	58.7
Emeraude Croissance	■		France		CSE	100.0	100.0	100.0	100.0
EPV6	■		France		S	100.0	100.0	65.0	65.0
Everbreizh	■		France		CSE	100.0	100.0	100.0	100.0
FCP Centre Loire	■		France		CSE	100.0	100.0	100.0	100.0
FCT Crédit Agricole Habitat 2015 (sauf compartiment Corse)	■		France		CSE	100.0	100.0	100.0	100.0
FCT Crédit Agricole Habitat 2017 (sauf compartiment Corse)	■		France		CSE	100.0	100.0	100.0	100.0
FCT Crédit Agricole Habitat 2018 (sauf compartiment Corse)	■	E2	France		CSE	100.0		100.0	
Financière PCA	■		France		CSE	100.0	100.0	100.0	100.0
Finarmor Gestion	■		France		S	100.0	100.0	100.0	100.0
FINIST-LCR	■		France		CSE	100.0	100.0	100.0	100.0
Foncière Crédit Agricole Sud Rhone Alpes	■	D1	France		S	100.0	100.0	100.0	100.0
Fonds dédié Elstar	■		France		S	100.0	100.0	100.0	100.0
Force 29	■		France		S	100.0	100.0	100.0	100.0
Force Alsace	■		France		CSE	100.0	100.0	100.0	100.0
Force Charente Maritime Deux Sèvres	■		France		S	100.0	100.0	100.0	100.0
Force Iroise	■		France		CSE	100.0	100.0	100.0	100.0
Force Languedoc	■		France		CSE	100.0	100.0	100.0	100.0
Force Lorraine Duo	■		France		CSE	100.0	100.0	100.0	100.0
Force Profile 20	■		France		S	100.0	100.0	99.9	99.9
Force Run	■		France		S	100.0	100.0	100.0	100.0
Force Toulouse Diversifié	■		France		CSE	100.0	100.0	100.0	100.0
Force 4	■		France		CSE	100.0	100.0	100.0	100.0

(1) Consolidation method: ■ Full ▲ Equity Accounted ● Parent

Crédit Agricole Group Scope of consolidation	(1)	(a)	Principal place of business	Country of incorporation if different from the principal place of business	(b)	% control 12/31/2018	% control 12/31/2017	% interest 12/31/2018	% interest 12/31/2017
HAPPY FM	▲		France		A	25.2	25.2	24.2	24.2
Inforsud Diffusion	■		France		S	100.0	100.0	88.9	88.9
Inforsud Gestion	■		France		CSE	93.5	88.9	93.5	88.9
Merico Delta Print	■		France		S	100.0	100.0	88.9	88.9
Morbihan Gestion	■	S1	France		CSE		100.0		100.0
NMP Gestion	■		France		CSE	100.0	100.0	100.0	100.0
Ozenne Institutionnel	■		France		CSE	99.8	99.8	99.8	99.8
PCA IMMO	■		France		S	100.0	100.0	100.0	100.0
PG Développement	■	E1	France		S	100.0		100.0	
PG IMMO	■		France		S	100.0	100.0	100.0	100.0
PG Invest	■		France		S	100.0	100.0	100.0	100.0
Prestimmo	■		France		S	100.0	100.0	100.0	100.0
Pyrénées Gascogne Altitude	■		France		S	100.0	100.0	100.0	100.0
Pyrénées Gascogne Gestion	■		France		S	100.0	100.0	100.0	100.0
SAINT CLAR (SNC)	■		France		S	100.0	99.8	65.0	64.9
SAS Brie Picardie Expansion	■		France		S	100.0	100.0	100.0	100.0
SCI SRA BELLEDONNE	■		France		S	100.0	100.0	100.0	100.0
SCI SRA CHARTREUSE	■		France		S	100.0	100.0	100.0	100.0
SCI SRA VERCORS	■		France		S	100.0	100.0	100.0	100.0
Scica HL	■		France		S	100.0	100.0	100.0	100.0
Sepi	■	S4	France		S		100.0		100.0
SNC Les Fauvins	■	S5	France		CSE		100.0		100.0
SOCIETE D'EXPLOITATION DES TELEPHERIQUES TARENTAISE-MAURIENNE	▲		France		A	38.1	38.1	38.1	38.1
Square Habitat Gestion Sud Rhône Alpes	■	E1	France		S	100.0		100.0	
Square Habitat Pays Basque	■	E1	France		S	100.0		100.0	
Square Habitat Sud Rhône Alpes	■	E1	France		S	100.0		100.0	
Sud Rhône Alpes Placement	■		France		S	100.0	100.0	99.9	99.9
TENERGIE INVEST 3	▲	S2	France		S		35.0		35.0
Toulouse 31 Court Terme	■		France		CSE	100.0	100.0	100.0	100.0
Val de France Rendement	■		France		S	100.0	100.0	100.0	100.0
INTERNATIONAL RETAIL BANKING									
Banking and financial institutions									
Arc Broker	■		Poland		S	100.0	100.0	100.0	100.0
Bankoa	■		Spain		S	99.8	99.8	99.8	99.8
BANKOA KARTERA S.A.	■		Spain		S	100.0	100.0	99.8	99.8
CASSA DI RISPARMIO DI CESENA S.p.A.	■	S4	Italy		S		95.3		82.4
CASSA DI RISPARMIO DI RIMINI S.p.A.	■	S4	Italy		S		95.4		82.5
CASSA DI RISPARMIO DI SAN MINIATO S.p.A.	■	S4	Italy		S		95.6		82.7
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
CREDIT AGRICOLE BANKOA GESTION	■		Spain		S	100.0	100.0	99.8	99.8
Crédit Agricole Cariparma	■		Italy		S	86.4	86.5	86.4	86.5
Crédit Agricole Carispezia S.p.A.	■		Italy		S	80.0	80.0	69.1	69.2
Crédit Agricole Egypt S.A.E.	■		Egypt		S	60.5	60.5	60.5	60.5
Crédit Agricole Friuladria S.p.A.	■		Italy		S	81.3	81.3	70.3	70.3
Crédit Agricole Group Solutions	■		Italy		CSE	100.0	100.0	84.4	84.5
Crédit Agricole Leasing Italia	■		Italy		S	100.0	100.0	88.4	88.5
Crédit Agricole next bank (Suisse) S.A.	■		Switzerland		S	100.0	100.0	100.0	100.0
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
SWISS HOME LOAN	■		Switzerland		CSE	94.5	94.5	94.5	94.5
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
SAVINGS MANAGEMENT									
Banking and financial institutions									
ABC-CA Fund Management CO	▲		China		A	33.3	33.3	23.3	23.3
AMUNDI	■		France		S	70.0	70.0	70.0	70.0
AMUNDI (UK) Ltd.	■		United Kingdom		S	100.0	100.0	70.0	70.0
AMUNDI Asset Management	■		France		S	100.0	100.0	70.0	70.0
AMUNDI ASSET MANAGEMENT BELGIUM	■		Belgium		B	100.0	100.0	70.0	70.0
AMUNDI ASSET MANAGEMENT DUBAI (OFF SHORE) BRANCH	■	D1	United Arab Emirates		B	100.0	100.0	70.0	70.0
AMUNDI ASSET MANAGEMENT HONG KONG BRANCH	■		Hong Kong		B	100.0	100.0	70.0	70.0
AMUNDI ASSET MANAGEMENT LONDON BRANCH	■		United Kingdom		B	100.0	100.0	70.0	70.0
AMUNDI ASSET MANAGEMENT NEDERLAND	■		Netherlands		B	100.0	100.0	70.0	70.0

(1) Consolidation method: ■ Full ▲ Equity Accounted ● Parent

Crédit Agricole Group Scope of consolidation	(1)	(a)	Principal place of business	Country of incorporation if different from the principal place of business	(b)	% control 12/31/2018	% control 12/31/2017	% interest 12/31/2018	% interest 12/31/2017
Amundi Asset Management S.A.I S.A.	■		Romania		S	100.0	100.0	70.0	70.0
Amundi Austria	■	S4	Austria		S		100.0		70.0
Amundi Austria GmbH	■	D1	Austria		S	100.0	100.0	70.0	70.0
Amundi Czech Republic Asset Management Bratislava Branch	■	D1	Slovakia		B	100.0	100.0	70.0	70.0
Amundi Czech Republic Asset Management Sofia Branch	■	D1	Bulgaria		B	100.0	100.0	70.0	70.0
Amundi Czech Republic Asset Management, A.S.	■		Czech Republic		S	100.0	100.0	70.0	70.0
Amundi Czech Republic, Investicni Spolecnost, A.S.	■		Czech Republic		S	100.0	100.0	70.0	70.0
Amundi Deutschland GmbH	■		Germany		S	100.0	100.0	70.0	70.0
AMUNDI Finance	■		France		S	100.0	100.0	70.0	70.0
AMUNDI Finance Emissions	■		France		S	100.0	100.0	70.0	70.0
AMUNDI GLOBAL SERVICING	■		Luxembourg		S	100.0	100.0	70.0	70.0
AMUNDI Hellas MFMC S.A.	■		Greece		S	100.0	100.0	70.0	70.0
AMUNDI Hong Kong Ltd.	■		Hong Kong		S	100.0	100.0	70.0	70.0
AMUNDI Iberia S.G.I.I.C S.A.	■		Spain		S	100.0	100.0	70.0	70.0
AMUNDI Immobilier	■		France		S	100.0	100.0	70.0	70.0
AMUNDI India Holding	■		France		S	100.0	100.0	70.0	70.0
AMUNDI Intermédiation	■		France		S	100.0	100.0	70.0	70.0
Amundi Intermédiation Asia PTE Ltd	■	E2	Singapour		S	100.0		70.0	
Amundi Intermédiation Dublin Branch	■	E2	Ireland		B	100.0		70.0	
Amundi Intermédiation London Branch	■	E2	United Kingdom		B	100.0		70.0	
Amundi Investment Fund Management Private Limited Company	■		Hungary		S	100.0	100.0	70.0	70.0
Amundi Ireland Ltd	■	D1	Ireland		S	100.0	100.0	70.0	70.0
Amundi Ireland Ltd London Branch	■	D1	United Kingdom		B	100.0	100.0	70.0	70.0
Amundi Ireland Ltd Singapore Branch	■	D1	Singapour		B	100.0	100.0	70.0	70.0
AMUNDI Issuance	■		France		S	100.0	100.0	70.0	70.0
AMUNDI Japan	■		Japan		S	100.0	100.0	70.0	70.0
AMUNDI Japan Holding	■		Japan		S	100.0	100.0	70.0	70.0
AMUNDI Luxembourg S.A.	■	S4	Luxembourg		S		100.0		70.0
Amundi Luxembourg S.A.	■	D1	Luxembourg		S	100.0	100.0	70.0	70.0
AMUNDI Malaysia Sdn Bhd	■		Malaysia		S	100.0	100.0	70.0	70.0
Amundi Pioneer Asset Management Inc	■		United States		S	100.0	100.0	70.0	70.0
Amundi Pioneer Asset Management USA Inc	■		United States		S	100.0	100.0	70.0	70.0
Amundi Pioneer Distributor Inc	■		United States		S	100.0	100.0	70.0	70.0
Amundi Pioneer Institutional Asset Management Inc	■		United States		S	100.0	100.0	70.0	70.0
AMUNDI Polska	■		Poland		S	100.0	100.0	70.0	70.0
AMUNDI Private Equity Funds	■		France		S	100.0	100.0	70.0	70.0
AMUNDI Real Estate Italia SGR S.p.A.	■		Italy		S	100.0	100.0	70.0	70.0
AMUNDI SGR S.p.A.	■		Italy		S	100.0	100.0	70.0	70.0
AMUNDI Singapore Ltd.	■		Singapour		S	100.0	100.0	70.0	70.0
AMUNDI Smith Breeden	■	S4	United States		S		100.0		70.0
AMUNDI Suisse	■		Switzerland		S	100.0	100.0	70.0	70.0
AMUNDI Tenue de Comptes	■		France		S	100.0	100.0	70.0	70.0
AMUNDI USA Inc	■		United States		S	100.0	100.0	70.0	70.0
AMUNDI Ventures	■		France		S	100.0	100.0	70.0	70.0
Banca Leonardo	■	E3	Italy		S	94.2		94.1	
BFT Investment Managers	■		France		S	100.0	100.0	70.0	70.0
CA Indosuez (Suisse) S.A. Hong Kong Branch	■		Hong Kong	Switzerland	B	100.0	100.0	100.0	100.0
CA Indosuez (Suisse) S.A. Singapore Branch	■		Singapour	Switzerland	B	100.0	100.0	100.0	100.0
CA Indosuez (Suisse) S.A. Switzerland Branch	■		Switzerland		B	100.0	100.0	100.0	100.0
CA Indosuez (Switzerland) S.A.	■		Switzerland		S	100.0	100.0	100.0	100.0
CA Indosuez Finanziaria S.A.	■		Switzerland		S	100.0	100.0	100.0	100.0
CA Indosuez Gestion	■		France		S	100.0	100.0	100.0	100.0
CA Indosuez Wealth (Europe)	■		Luxembourg		S	100.0	100.0	100.0	100.0
CA Indosuez Wealth (Europe) Belgium Branch	■		Belgium	Luxembourg	B	100.0	100.0	100.0	100.0
CA Indosuez Wealth (Europe) Italy Branch	■		Italy	Luxembourg	B	100.0	100.0	100.0	100.0
CA Indosuez Wealth (Europe) Spain Branch	■		Spain	Luxembourg	B	100.0	100.0	100.0	100.0
CA Indosuez Wealth (France)	■		France		S	100.0	100.0	100.0	100.0
CFM Indosuez Wealth	■		Monaco		S	70.1	70.1	69.0	69.0
CPR AM	■		France		S	100.0	100.0	70.0	70.0
Etoile Gestion	■		France		S	100.0	100.0	70.0	70.0
Fund Channel	▲		Luxembourg		JV	50.0	50.0	35.0	35.0
Fund Channel Singapore Branch	▲		Singapour	Luxembourg	JV	50.0	50.0	35.0	35.0
KBI Fund Managers Limited	■		Ireland		S	87.5	87.5	70.0	70.0
KBI Global Investors (North America) Limited	■		Ireland		S	87.5	87.5	70.0	70.0
KBI Global Investors Limited	■		Ireland		S	87.5	87.5	70.0	70.0
LCL Emissions	■		France		S	100.0	100.0	70.0	70.0
NH-AMUNDI ASSET MANAGEMENT	▲		South Korea		A	30.0	30.0	21.0	21.0

(1) Consolidation method: ■ Full ▲ Equity Accounted ● Parent

Crédit Agricole Group Scope of consolidation	(1)	(a)	Principal place of business	Country of incorporation if different from the principal place of business	(b)	% control 12/31/2018	% control 12/31/2017	% interest 12/31/2018	% interest 12/31/2017
Pioneer Global Investments (Australia) Pty Limited	■	S1	Australia		S		100.0		70.0
Pioneer Global Investments (Taiwan) LTD	■		Taiwan		S	100.0	100.0	70.0	70.0
Pioneer Global Investments LTD	■		Ireland		S	100.0	100.0	70.0	70.0
Pioneer Global Investments LTD Buenos Aires Branch	■		Argentina		B	100.0	100.0	70.0	70.0
Pioneer Global Investments LTD Jelling Branch	■		Denmark		B	100.0	100.0	70.0	70.0
Pioneer Global Investments LTD London Branch	■		United Kingdom		B	100.0	100.0	70.0	70.0
Pioneer Global Investments LTD Madrid Branch	■		Spain		B	100.0	100.0	70.0	70.0
Pioneer Global Investments LTD Mexico city Branch	■		Mexico		B	100.0	100.0	70.0	70.0
Pioneer Global Investments LTD Paris Branch	■		France		B	100.0	100.0	70.0	70.0
Pioneer Global Investments LTD Santiago Branch	■		Chile		B	100.0	100.0	70.0	70.0
Pioneer Investment Company A.S.	■	S4	Czech Republic		S		100.0		70.0
Pioneer Investment Management Sgr p.A.	■	S4	Italy		S		100.0		70.0
Société Générale Gestion (S2G)	■		France		S	100.0	100.0	70.0	70.0
State Bank of India Fund Management	▲		India		A	37.0	37.0	25.9	25.9
TOBAM	▲		France		A	4.1	4.1	14.0	14.0
TOBAM HOLDING COMPANY	▲		France		A	25.6	25.6	17.9	17.9
Vanderbilt Capital Advisors LLC	■		United States		S	100.0	100.0	70.0	70.0
WAFA Gestion	▲		Morocco		A	34.0	34.0	23.8	23.8
Investment companies									
CA Indosuez Wealth (Brazil) S.A. DTVM	■		Brazil		S	100.0	100.0	100.0	100.0
CA Indosuez Wealth (Group)	■		France		S	100.0	100.0	100.0	100.0
CFM Indosuez Conseil en Investissement	■	E1	France		S	70.1		69.0	
CFM Indosuez Conseil en Investissement, Succursale de Noumea	■	E1	France		B	70.1		69.0	
CFM Indosuez Gestion	■	E1	Monaco		S	70.1		67.6	
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	100.0	100.0
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	70.0	70.0
ACAJOU	■		France		CSE	100.0	100.0	70.0	70.0
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		70.0	
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.I.A.	■		France		CSE	100.0	100.0	100.0	100.0
CA VITA PRIVATE DEBT CHOICE FIPS C.I.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

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Crédit Agricole Group Scope of consolidation	(1)	(a)	Principal place of business	Country of incorporation if different from the principal place of business	(b)	% control 12/31/2018	% control 12/31/2017	% interest 12/31/2018	% interest 12/31/2017
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 INVESTISSMENT 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	
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	70.0	70.0
Chorial Allocation	■		France		CSE	99.7	99.7	69.8	69.8
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 Branch	■		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
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

(1) Consolidation method: ■ Full ▲ Equity Accounted ● Parent

Crédit Agricole Group Scope of consolidation	(1)	(a)	Principal place of business	Country of incorporation if different from the principal place of business	(b)	% control 12/31/2018	% control 12/31/2017	% interest 12/31/2018	% interest 12/31/2017
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		36.6
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	70.0	70.0
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	67.8	67.8
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

Crédit Agricole Group Scope of consolidation	(1)	(a)	Principal place of business	Country of incorporation if different from the principal place of business	(b)	% control 12/31/2018	% control 12/31/2017	% interest 12/31/2018	% interest 12/31/2017
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
RED CEDAR	■		France		CSE	100.0	100.0	70.0	70.0
UI CAP SANTE 2	■		France		CSE	100.0	100.0	100.0	100.0
Unit-linked funds (Fonds UC)									
61 Unit-linked funds with a detention rate equal or above 95%	■		France		CSE	> 95%	> 95%	> 95%	> 95%
A FD EQ E CON AE(C)	■	E1	Luxembourg		CSE	54.3		54.3	

(1) Consolidation method: ■ Full ▲ Equity Accounted ● Parent

Crédit Agricole Group Scope of consolidation	(1)	(a)	Principal place of business	Country of incorporation if different from the principal place of business	(b)	% control 12/31/2018	% control 12/31/2017	% interest 12/31/2018	% interest 12/31/2017
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
AMUNDIOBLIGMONDEP	■	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

Crédit Agricole Group Scope of consolidation	(1)	(a)	Principal place of business	Country of incorporation if different from the principal place of business	(b)	% control 12/31/2018	% control 12/31/2017	% interest 12/31/2018	% interest 12/31/2017
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
LCL AUTOCALL VIE 17	■		France		CSE	90.3	90.3	90.3	90.3
LCL BDP MONETAR Branch 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 MONETAIRE 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

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Crédit Agricole Group Scope of consolidation	(1)	(a)	Principal place of business	Country of incorporation if different from the principal place of business	(b)	% control 12/31/2018	% control 12/31/2017	% interest 12/31/2018	% interest 12/31/2017
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	70.0	70.0
OPCI Immo Emissions	■		France		CSE	100.0	100.0	70.0	70.0
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

Crédit Agricole Group Scope of consolidation	(1)	(a)	Principal place of business	Country of incorporation if different from the principal place of business	(b)	% control 12/31/2018	% control 12/31/2017	% interest 12/31/2018	% interest 12/31/2017
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 FEDERALE 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
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

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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
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	71.0	71.0
ARCAPARK SAS	▲	E1	France		JV	50.0		50.0	
Azqore	■	E2	Switzerland		S	80.0		80.0	
Azqore S.A. Singapore Branch	■	E2	Singapour	Switzerland	B	100.0		100.0	
CA Indosuez Wealth (Asset Management)	■		Luxembourg		S	100.0	100.0	100.0	100.0
CACI Gestion	■	S1	France		S		99.0		99.0
Crédit Agricole Assurances Solutions	■		France		S	100.0	100.0	100.0	100.0

(1) Consolidation method: ■ Full ▲ Equity Accounted ● Parent

Crédit Agricole Group Scope of consolidation	(1)	(a)	Principal place of business	Country of incorporation if different from the principal place of business	(b)	% control 12/31/2018	% control 12/31/2017	% interest 12/31/2018	% interest 12/31/2017
EUROPEAN MOTORWAY INVESTMENTS 1	■		Luxembourg		S	60.0	60.0	60.0	60.0
FONCIERE 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
S.A. 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	
Via Vita	■		France		S	100.0	100.0	100.0	100.0
SPECIALISED FINANCIAL SERVICES									
Banking and financial institutions									
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 S.A. – 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

Crédit Agricole Group Scope of consolidation	(1)	(a)	Principal place of business	Country of incorporation if different from the principal place of business	(b)	% control 12/31/2018	% control 12/31/2017	% interest 12/31/2018	% interest 12/31/2017
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 S.A., 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

(1) Consolidation method: ■ Full ▲ Equity Accounted ● Parent

Crédit Agricole Group Scope of consolidation	(1)	(a)	Principal place of business	Country of incorporation if different from the principal place of business	(b)	% control 12/31/2018	% control 12/31/2017	% interest 12/31/2018	% interest 12/31/2017
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
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, Succursale du Maroc	■	D3	Morocco		B	100.0		100.0	
Ste Européenne de Développement du Financement	■		France		S	100.0	100.0	100.0	100.0
Thémis 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

Crédit Agricole Group Scope of consolidation	(1)	(a)	Principal place of business	Country of incorporation if different from the principal place of business	(b)	% control 12/31/2018	% control 12/31/2017	% interest 12/31/2018	% interest 12/31/2017
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 FINANCE 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 GINKGO MASTER REVOLVING LOANS	■		France		CSE	100.0	100.0	100.0	100.0
FCT GINKGO 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 Branch.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

(1) Consolidation method: ■ Full ▲ Equity Accounted ● Parent

Crédit Agricole Group Scope of consolidation	(1)	(a)	Principal place of business	Country of incorporation if different from the principal place of business	(b)	% control 12/31/2018	% control 12/31/2017	% interest 12/31/2018	% interest 12/31/2017
CORPORATE AND INVESTMENT BANKING									
Banking and financial institutions									
Banco Crédit Agricole Brasil S.A.	■		Brazil		S	100.0	100.0	100.0	100.0
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
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 Agriciole CIB (Belgique)	■		Belgium	France	B	100.0	100.0	100.0	100.0
Crédit Agricole CIB (ABU DHABI)	■		United Arab Emirates	France	B	100.0	100.0	100.0	100.0
Crédit Agricole CIB (Allemagne)	■		Germany	France	B	100.0	100.0	100.0	100.0
Crédit Agricole CIB (Canada)	■		Canada	France	B	100.0	100.0	100.0	100.0
Crédit Agricole CIB (Corée du Sud)	■		South Korea	France	B	100.0	100.0	100.0	100.0
Crédit Agricole CIB (Dubai DIFC)	■		United Arab Emirates	France	B	100.0	100.0	100.0	100.0
Crédit Agricole CIB (Dubai)	■		United Arab Emirates	France	B	100.0	100.0	100.0	100.0
Crédit Agricole CIB (Espagne)	■		Spain	France	B	100.0	100.0	100.0	100.0
Crédit Agricole CIB (Etats-Unis)	■		United States	France	B	100.0	100.0	100.0	100.0
Crédit Agricole CIB (Finlande)	■		Finland	France	B	100.0	100.0	100.0	100.0
Crédit Agricole CIB (Hong-Kong)	■		Hong Kong	France	B	100.0	100.0	100.0	100.0
Crédit Agricole CIB (Inde)	■		India	France	B	100.0	100.0	100.0	100.0
Crédit Agricole CIB (Italie)	■		Italy	France	B	100.0	100.0	100.0	100.0
Crédit Agricole CIB (Japon)	■		Japan	France	B	100.0	100.0	100.0	100.0
Crédit Agricole CIB (Luxembourg)	■		Luxembourg	France	B	100.0	100.0	100.0	100.0

Crédit Agricole Group Scope of consolidation	(1)	(a)	Principal place of business	Country of incorporation if different from the principal place of business	(b)	% control 12/31/2018	% control 12/31/2017	% interest 12/31/2018	% interest 12/31/2017
Crédit Agricole CIB (Miami)	■		United States	France	B	100.0	100.0	100.0	100.0
Crédit Agricole CIB (Royaume-Uni)	■		United Kingdom	France	B	100.0	100.0	100.0	100.0
Crédit Agricole CIB (Singapour)	■		Singapour	France	B	100.0	100.0	100.0	100.0
Crédit Agricole CIB (Suède)	■		Sweden	France	B	100.0	100.0	100.0	100.0
Crédit Agricole CIB (Taipei)	■		Taiwan	France	B	100.0	100.0	100.0	100.0
Crédit Agricole CIB Algérie Bank Spa	■		Algeria		S	100.0	100.0	100.0	100.0
Crédit Agricole CIB AO	■		Russia		S	100.0	100.0	100.0	100.0
Crédit Agricole CIB Australia Ltd.	■		Australia		S	100.0	100.0	100.0	100.0
Crédit Agricole CIB China Ltd.	■		China		S	100.0	100.0	100.0	100.0
Crédit Agricole CIB China Ltd. Chinese Branch	■		China		B	100.0	100.0	100.0	100.0
Crédit Agricole CIB S.A.	■		France		S	100.0	100.0	100.0	100.0
Crédit Agricole CIB Services Private Ltd.	■		India		S	100.0	100.0	100.0	100.0
Ester Finance Titrisation	■		France		S	100.0	100.0	100.0	100.0
UBAF	▲		France		JV	47.0	47.0	47.0	47.0
UBAF (Corée du Sud)	▲		South Korea	France	JV	47.0	47.0	47.0	47.0
UBAF (Japon)	▲		Japan	France	JV	47.0	47.0	47.0	47.0
UBAF (Singapour)	▲		Singapour	France	JV	47.0	47.0	47.0	47.0
Stockbrokers									
Credit Agricole Securities (Asia) Limited Hong Kong	■		Hong Kong		S	100.0	100.0	100.0	100.0
Credit Agricole Securities (Asia) Limited Seoul Branch	■		South Korea		B	100.0	100.0	100.0	100.0
Crédit Agricole Securities (USA) Inc	■		United States		S	100.0	100.0	100.0	100.0
Crédit Agricole Securities Asia BV (Tokyo)	■		Japan	Netherlands	B	100.0	100.0	100.0	100.0
Investment companies									
CLTR	■	S3	France		S		100.0		100.0
Compagnie Française de l'Asie (CFA)	■		France		S	100.0	100.0	100.0	100.0
Crédit Agricole CIB Air Finance S.A.	■		France		S	100.0	100.0	100.0	100.0
Crédit Agricole CIB Holdings Ltd.	■		United Kingdom		S	100.0	100.0	100.0	100.0
Crédit Agricole Global Partners Inc.	■		United States		S	100.0	100.0	100.0	100.0
Crédit Agricole Securities Asia BV	■		Netherlands		S	100.0	100.0	100.0	100.0
Doumer Finance S.A.S.	■		France		S	100.0	100.0	100.0	100.0
Fininvest	■		France		S	98.3	98.3	98.3	98.3
Fletirec	■		France		S	100.0	100.0	100.0	100.0
I.P.F.O.	■		France		S	100.0	100.0	100.0	100.0
Igasus LLC	■	S3	United States		S		100.0		100.0
Insurance									
CAIRS Assurance S.A.	■		France		S	100.0	100.0	100.0	100.0
Other									

(1) Consolidation method: ■ Full ▲ Equity Accounted ● Parent

Crédit Agricole Group Scope of consolidation	(1)	(a)	Principal place of business	Country of incorporation if different from the principal place of business	(b)	% control 12/31/2018	% control 12/31/2017	% interest 12/31/2018	% interest 12/31/2017
Atlantic Asset Securitization LLC	■		United States		CSE	100.0	100.0	-	-
Benelpart	■		Belgium		S	100.0	100.0	97.4	97.4
Calixis Finance	■		France		CSE	100.0	100.0	100.0	100.0
Calliope SRL	■		Italy		CSE	100.0	100.0	100.0	100.0
Clifap	■		France		S	100.0	100.0	100.0	100.0
Crédit Agricole America Services Inc.	■		United States		S	100.0	100.0	100.0	100.0
Crédit Agricole Asia Shipfinance Ltd.	■		Hong Kong		S	100.0	100.0	100.0	100.0
Crédit Agricole CIB Finance (Guernsey) Ltd.	■		Guernsey		CSE	99.9	99.9	99.9	99.9
Crédit Agricole CIB Financial Prod. (Guernsey) Ltd.	■		Guernsey		CSE	99.9	99.9	99.9	99.9
Crédit Agricole CIB Financial Solutions	■		France		CSE	99.9	99.7	99.9	99.7
Crédit Agricole CIB Global Banking	■		France		S	100.0	100.0	100.0	100.0
Crédit Agricole CIB Pension Limited Partnership	■		United Kingdom		CSE	100.0	100.0	100.0	100.0
Crédit Agricole CIB Transactions	■	E1	France		S	100.0		100.0	
Crédit Agricole Leasing (USA) Corp.	■		United States		S	100.0	100.0	100.0	100.0
DGAD International SARL	■		Luxembourg		S	100.0	100.0	100.0	100.0
Elipso Finance S.r.l	▲		Italy		SJV	50.0	50.0	50.0	50.0
ESNI (compartiment Crédit Agricole CIB)	■		France		CSE	100.0	100.0	100.0	100.0
Eucalyptus FCT	■		France		CSE	100.0	100.0	-	-
FIC-FIDC	■		Brazil		CSE	100.0	100.0	100.0	100.0
Financière des Scarabées	■		Belgium		S	100.0	100.0	98.7	98.7
Financière Lumis	■		France		S	100.0	100.0	100.0	100.0
Fundo A De Investimento Multimercado	■		Brazil		CSE	100.0	100.0	100.0	100.0
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	100.0	100.0
Indosuez Management Luxembourg II	■		Luxembourg		CSE	100.0	100.0	100.0	100.0
Investor Service House S.A.	■		Luxembourg		S	100.0	100.0	100.0	100.0
Island Refinancing SRL	■		Italy		CSE	100.0	100.0	100.0	100.0
ItalAsset Finance SRL	■		Italy		CSE	100.0	100.0	100.0	100.0
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	97.7	97.7
LMA S.A.	■		France		CSE	100.0	100.0	-	-
Merisma	■		France		CSE	100.0	100.0	100.0	100.0
Molinier Finances	■		France		S	100.0	100.0	97.1	97.1
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	97.4	97.4
Sagrantino Italy SRL	■		Italy		CSE	100.0	100.0	100.0	100.0
Shark FCC	■		France		CSE	100.0	100.0	-	-
SNGI	■		France		S	100.0	100.0	100.0	100.0
SNGI Belgium	■		Belgium		S	100.0	100.0	100.0	100.0
Sococlabecq	■		Belgium		S	100.0	100.0	97.7	97.7
Sofipac	■		Belgium		S	98.6	98.6	96.0	96.0
TCB	■		France		S	98.7	98.7	97.4	97.4
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	-	-
CORPORATE CENTRE									
Crédit Agricole S.A.									
Crédit Agricole S.A.	●		France		M	100.0	100.0	100.0	100.0
Succursale Credit 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		M	100.0	100.0	100.0	100.0
CL Développement de la Corse	●		France		M	100.0	100.0	100.0	100.0
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
Radian	■		France		CSE	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
S.A.S. La Boetie	■		France		S	100.0	100.0	100.0	100.0
Sacam Assurances Cautions	■		France		S	100.0	100.0	100.0	100.0
Sacam Developpement	■		France		S	100.0	100.0	100.0	100.0
Sacam Fireca	■		France		S	100.0	100.0	100.0	100.0
Sacam Immobilier	■		France		S	100.0	100.0	100.0	100.0
Sacam International	■		France		S	100.0	100.0	100.0	100.0
Sacam Mutualisation	■		France		S	100.0	100.0	100.0	100.0
Sacam Participations	■		France		S	100.0	100.0	100.0	100.0
Sodica	■		France		S	100.0	100.0	100.0	100.0
Other									
BFT LCR	■		France		S	100.0	100.0	100.0	100.0
BFT LCR ACTIONS BETA NEUTRE	■		France		S	100.0	100.0	100.0	100.0
BFT LCR NIVEAU 2	■		France		S	100.0	100.0	100.0	100.0
CA Grands Crus	■		France		S	100.0	100.0	100.0	100.0
Cariou Holding	■		France		S	50.0	50.0	50.0	50.0
CPR EuroGov LCR	■		France		S	95.9	96.4	91.8	94.7
Crédit Agricole Agriculture	■		France		S	100.0	100.0	100.0	100.0

(1) Consolidation method: ■ Full ▲ Equity Accounted ● Parent

Crédit Agricole Group Scope of consolidation	(1)	(a)	Principal place of business	Country of incorporation if different from the principal place of business	(b)	% control 12/31/2018	% control 12/31/2017	% interest 12/31/2018	% interest 12/31/2017
Crédit Agricole Immobilier	■		France		S	100.0	100.0	100.0	100.0
Crédit Agricole Payment Services	■		France		CSE	100.0	100.0	100.0	100.0
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
DELTA	■		France		S	100.0	100.0	100.0	100.0
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	100.0	100.0
FCT Crédit Agricole Habitat 2017 Compartiment Corse	■		France		CSE	100.0	100.0	100.0	100.0
FCT Crédit Agricole Habitat 2018 Compartiment Corse	■	E2	France		CSE	100.0		100.0	
FIRECA	■		France		S	100.0	100.0	100.0	100.0
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	
PORTFOLIO LCR CREDIT	■		France		CSE	100.0	100.0	98.6	97.0
PORTFOLIO LCR GOV	■		France		CSE	99.7	100.0	95.9	95.5
PORTFOLIO LCR GOV 4A	■		France		CSE	100.0	100.0	100.0	100.0
S.A.S. Evergreen Montrouge	■		France		CSE	100.0	100.0	100.0	100.0
S.A.S. Sacam Avenir	■		France		S	100.0	100.0	100.0	100.0
SCI D2 CAM	■		France		S	99.9	99.9	99.9	99.9
SCI Quentyvel	■		France		S	100.0	100.0	100.0	100.0
SILCA	■		France		CSE	100.0	100.0	99.4	99.4
SNC Kalliste Assur	■		France		S	100.0	100.0	100.0	100.0
Uni-medias	■	D1	France		S	100.0	100.0	100.0	100.0
Tourism – property development									
Crédit Agricole Immobilier Promotion	■		France		S	100.0	100.0	100.0	100.0
Crédit Agricole Immobilier Services	■		France		S	100.0	100.0	100.0	100.0
SNC Eole	■	S3	France		S		100.0		100.0
SO.GI.CO	■		France		S	100.0	100.0	100.0	100.0

(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 : SAssociate

(1) Consolidation method: ■ Full ▲ Equity Accounted ● Parent

Note 12 Investments in non-consolidated companies and structured entities

12.1 INFORMATION ON SUBSIDIARIES

This line item amounted to €13,728 million at 31 December 2018, compared with €13,790 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 presented in a table available online on the Crédit Agricole website at the time of publication of the Update 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 website at at the time of publication of the Update 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 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 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 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 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 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 Group, through 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 Group sponsors structured entities in the following instances:

- Crédit Agricole 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 Group and it is the main user thereof;
- Crédit Agricole Group transfers its own assets to the structured entity;
- Crédit Agricole Group is the manager;
- the name of a subsidiary or of the parent company of Crédit Agricole 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 as at 31 December 2018.

Information on the risks related to interests

Financial support for structured entities

In 2018, Crédit Agricole did not provide financial support to any non-consolidated structured entities.

At 31 December 2018, Crédit Agricole did not intend to provide financial support to any non-consolidated structured entities.

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 enhance-ments	Net exposure	Carrying amount	Maximum exposure to losses	Guarantees received and other credit enhance-ments	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.

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
42,468	42,467	-	38,567	35	35	-	35
481	481	-	26	12	12	-	12
-	-	-	-	2,346	2,346	-	2,346
42,950	**42,949**	**-**	**38,593**	**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**
323,224	**-**	**-**	**-**	**2,349**	**-**	**-**	**-**

	31/12/2017									
	Securisation vehicles				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	30,598	30,598	-	-
Available-for-sale financial assets	212	212	22	190	665	665	12,908	12,908	851	851
Loans and receivables	20,580	20,438	-	20,438	-	-	49	49	2,593	2,593
Held to maturity finacial assets	-	-	-	-	-	-	-	-	-	-
Total assets recognised relating to non-consolidated stuctured entities	**21,030**	**20,888**	**22**	**20,866**	**2,183**	**2,183**	**43,945**	**43,945**	**3,495**	**3,495**
Equity instruments issued	11			-	-		-		-	
Fiancial liabilities held for trading	133			-	1,416		589		18	
Finanical 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**		**324,526**		**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 "Maximum exposure to 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 the Crédit Agricole Group for the year ended 31 December 2018.

As indicated in the Note entitled "General framework" to the consolidated financial statements, the consolidated financial statements of the Crédit Agricole Group, a network organised around a central body, are prepared on the basis of the network formed by the Local Banks, the Regional Banks and Crédit Agricole S.A., the central body.

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.

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 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: ▪ regional Crédit Agricole banks: IFRS 9 input (probability of default (PD), loss given default (LGD)) measurement and ECL calculation models, as defined by the Group with respect to loans in Buckets 1 and 2; ▪ 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 impairment losses has been recognised in equity at 1 January 2018 in the amount of €1,288 million. At 31 December 2018, value adjustments for expected losses on all eligible financial assets amounted to €21.5 billion of which: ▪ €6.7 billion of value adjustments pertaining to performing assets (€2.4 billion in Bucket 1 and €4.3 billion in Bucket 2); ▪ €14.8 billion of value adjustments pertaining to impaired assets (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. 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.

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 €16.1 billion, including €5 billion relating to French retail banking and €1.8 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 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.

Measurement of certain Crédit Agricole CIB financial assets and liabilities classified in level 3 of the fair value hierarchy

Description of risk	How our audit addressed this risk
Within the Large Customers business line of the Crédit Agricole 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 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 €1.4 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.	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 independent 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.

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 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 €324.9 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 Crédit Agricole 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.

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.

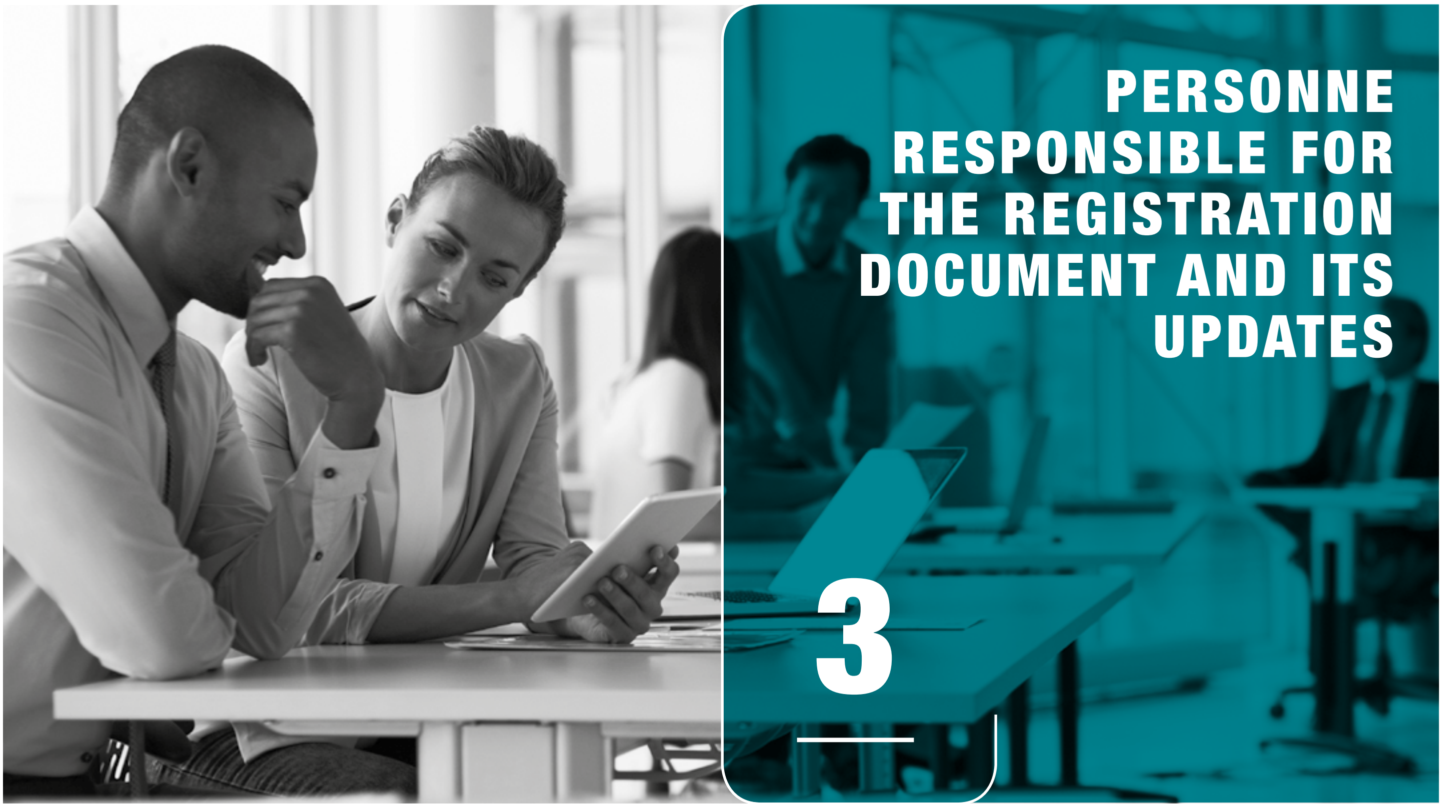
Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgement, were the most significant for the audit of the consolidated financial statements and which constitute the key audit matters that we are required to describe in this report.

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, 2 April 2019

The Statutory Auditors

PricewaterhouseCoopers Audit	ERNST & YOUNG et Autres
Anik Chaumartin	Olivier Durand



PERSONNE RESPONSIBLE FOR THE REGISTRATION DOCUMENT AND ITS UPDATES

3

PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT AND ITS UPDATES

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 Update 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 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 document and read the document as a whole.

Montrouge, 03 April 2019

The Chief Executive Officer of Crédit Agricole S.A.

Philippe Brassac

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 PricewaterhouseCoopers 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, France
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 Audit for a further six years at the Combined General Meeting of 16 May 2018.

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.

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N.A.: not applicable.

A glossary is available in the Registration document pages 567 to 571.

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