REGISTRATION DOCUMENT

CRÉDIT AGRICOLE **CIB**

2016

CRÉDIT AGRICOLE
CORPORATE & INVESTMENT BANK

CONTENTS

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CRÉDIT AGRICOLE **CIB**

2016

AMF | AUTORITÉ DES MARCHÉS FINANCIERS

The original French version of the registration document was filed with the French Financial Markets Authority (*Autorité des Marchés Financiers*, AMF) on 22 March 2017 under number D.17-0208, in accordance with Article 212-13 of the AMF's General Regulations. It may be used in support of a financial transaction if accompanied by a transaction note approved by the AMF. This document was prepared by the issuer and its signatory is liable for its content.

A WHOLE BANK JUST FOR YOU

Thanks to its universal customer-focused banking model – based on close cooperation between its retail banks and its specialised business lines – reaffirmed by its new "A whole bank just for you" brand signature, Crédit Agricole helps its customers to realise all their personal and business projects. It does so by offering them an extensive range of services consisting of day-to-day banking, loans, savings products, insurance, asset management, real estate, leasing and factoring, corporate and investment banking, issuer and investor services.

Serving 52 million customers worldwide, it also stands out on account of its distribution model, multi-channel customer-focused banking, and the efforts of its 138,000 employees, who make Crédit Agricole the Customer Relationship-based bank.

Built on its strong cooperative and mutual foundations and led by its 9.3 million mutual shareholders and almost 31,000 directors of its Local and Regional Banks, Crédit Agricole's organisational model gives it stability and staying power. It also draws its strength from its values of transparency, customer focus, accountability and openness to the world and from local communities, which it has cultivated over 120 years.

Crédit Agricole's corporate social responsibility policy lies at the heart of its identity as a helpful and responsive bank over the long term. It is reflected in its products and services and informs the actions of all its business lines. It is a key factor contributing to overall performance and a powerful innovation driver.

Crédit Agricole Group extends its leadership year after year. It is the number one provider of financing to the French economy and the number one insurer in France. It is also the first bancassurer in Europe, the first European asset manager and the world's second-largest provider of green financing.

52 M
CUSTOMERS

50
COUNTRIES

138,000
EMPLOYEES

9.3 M
MUTUAL SHAREHOLDERS

31,000
DIRECTORS

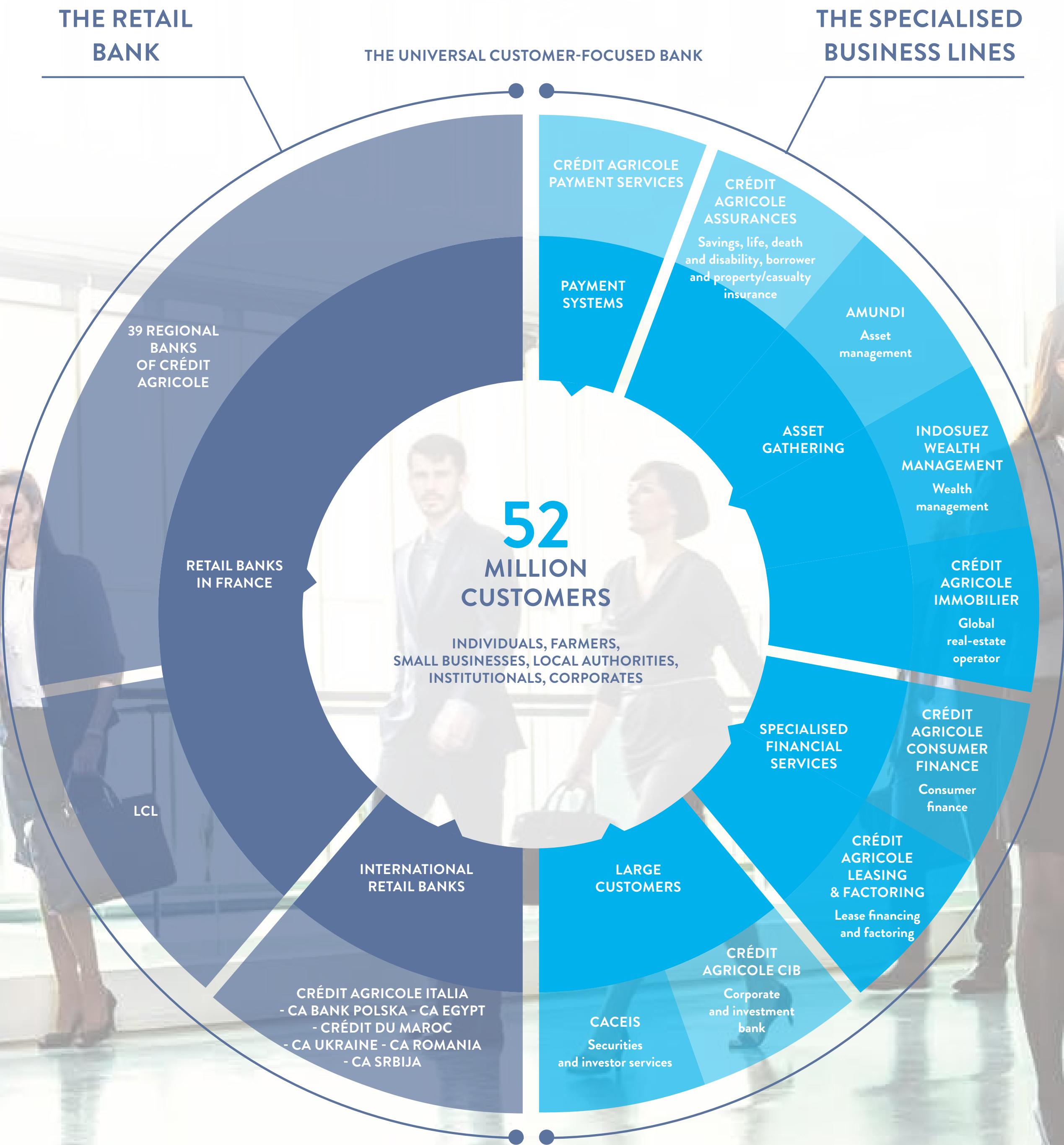
GROUP'S ORGANISATION

9.3 million mutual shareholders underpin Crédit Agricole's cooperative organisational structure. They own the capital of the 2,471 Local Banks in the form of mutual shares and they designate their representatives each year. Almost **31,000 directors** carry theirs expectations.

The Local Banks own the majority of the **39 Regional Banks'** share capital.

The Regional Banks are cooperative Regional Banks that offer their customers a comprehensive range of products and services. The discussion body for the Regional Banks is the *Fédération Nationale du Crédit Agricole*, where the Group's main orientations are debated.

The Regional Banks together own, via ***SAS Rue La Boétie***, the majority of the share capital of **Crédit Agricole S.A.** (56.6%). Crédit Agricole S.A. coordinates in relation with its specialist subsidiaries the various business lines' strategies in France and abroad.



Other specialised subsidiaries: Crédit Agricole Capital Investissement & Finance (Idia, Sodica), Uni-éditions.

Crédit photo: Getty images.

MESSAGE

FROM THE CHAIRMAN AND THE CHIEF EXECUTIVE OFFICER

2016 was a key year, marked by transformation. During this period we presented our medium term plan - Strategic Ambition 2020 - and one of its major achievements: the simplification of the Group's organisation with the transfer of Crédit Agricole S.A.'s stake in the Regional banks to a company owned by them, Sacam Mutualisation. This clarifies Crédit Agricole Group's structure and normalises Crédit Agricole S.A.'s solvency. The Group is among the strongest banking institutions in Europe. The projected acquisition of Pioneer Investments should also be mentioned. It will make Amundi the eighth largest asset manager in the world. In a totally different area and to comply with resolution rules, we were the first institution to issue a new kind of senior non-preferred debt within the framework of the Sapin 2 law. These projects illustrate the Group's agility, its ability to adapt, to transform and to conduct major strategic transactions within a short time frame.

Our results are consistent with the projections we had made, based on a cautious analysis of our environment. The results published for the financial year 2016 are strong, and confirm the relevance of our prudential path. The commercial and financial performance of our business lines is excellent. Premium Client Solutions in particular benefited from a strong momentum in its businesses within a constrained environment, its underlying net banking income increasing by +5.5% over the year. We are confident in our assets and in the mobilisation of all the Group's employees to continue to make Crédit Agricole an essential player in the economic development of the countries in which we are established.

› PHILIPPE BRASSAC

Chairman of the Board of Directors
of Crédit Agricole CIB

Chief Executive Officer of Crédit Agricole S.A.

Our results for 2016 are very satisfactory. With costs under control and significant revenue growth, Crédit Agricole CIB is in line with the goals set by our medium term plan Strategic Ambition 2020. Crédit Agricole CIB maintained its strong positions thanks to the recognised expertise of its financing business lines, and gained market share in market and investment banking business lines. The Bank is now ready to face future regulatory challenges.

Our strength lies in our commercial approach: to support our partners and clients. First among which Crédit Agricole itself, the clients of the Regional banks, of LCL and Cariparma, large corporates, the clients of our structured finance activity and institutional investors.

One of our priorities is to strengthen the Group's growth in its core businesses. In order to achieve this, Prime Client Solutions was created in 2016. It groups Crédit Agricole CIB, CACEIS, Indosuez Wealth Management and Crédit Agricole Private Banking Services.

With its robust and efficient business model, Crédit Agricole CIB participates fully in the Group's growth momentum and in serving its clients all over the world.

› JEAN-YVES HOCHER

Chief Executive Officer of Crédit Agricole CIB

1 PRESENTATION OF CRÉDIT AGRICOLE CIB

KEY FIGURES

› INCOME STATEMENT HIGHLIGHTS

€ million	31.12.2016		31.12.2015	
	Crédit Agricole CIB	Restated CIB (1)	Crédit Agricole CIB	Restated CIB (1)
Net banking income	4,936	4,427	5,205	4,106
Gross operating income	1,856	1,902	2,138	1,624
Net income Group Share	1,182	1,326	958	1,017

(1) Restated for loan hedges and impact of DVA in NBI, for legal provision in cost of risk in 2016 and for OFAC litigation provision in cost of risk in 2015.

› BALANCE SHEET

€ billion	31.12.2016	31.12.2015
Total assets	524.3	549.3
Gross loans to customers	139.0	133.6
Assets under management (Wealth Management)	110.0	109.6

› HEADCOUNT AT END OF PERIOD

4,298 IN 2016

4,135 IN 2015

5,869 IN 2016

5,767 IN 2015

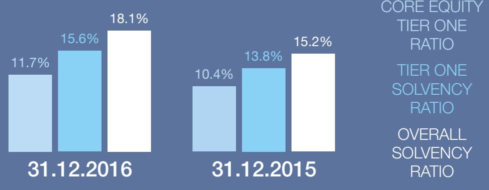
FTE: Full-time Equivalent	31.12.2016 (1)	31.12.2015 (1)
Total France and international	10,167	9,902

(1) Wealth Management contributes to 2,772 in 2016 and 2,757 in 2015.

› FINANCIAL STRUCTURE

€ billion	31.12.2016	31.12.2015
Shareholder's equity (including net income)	19.6	17.5
Tier one capital	19.2	17.2
Basel III risk-weighted assets	123.2	124.3

SOLVENCY RATIOS



› RATINGS

	Short-term	Long-term	Last rating action
Moody's	Prime-1	A1 [stable outlook]	19 July 2016
Standard & Poor's	A-1	A [stable outlook]	2 December 2015
Fitch Ratings	F1	A [positive outlook]	7 June 2016

1 COMPANY HISTORY

1863	Creation of **Crédit Lyonnais**
1875	Creation of ***Banque de l'Indochine***
1894	Creation of the first "*Sociétés de Crédit Agricole*", later entitled *Caisses Locales* ("Local Banks")
1920	Creation of ***Office National de Crédit Agricole*, that became the *Caisse Nationale de Crédit Agricole*** (CNCA) in 1926
1945	**Nationalisation** of Crédit Lyonnais
1959	Creation of ***Banque de Suez***
1975	Merger of *Banque de Suez* and *Union des Mines* with *Banque d'Indochine* to from the ***Banque Indosuez***
1988	CNCA becomes a public limited company owned by Regional Banks and employees ("**Mutualisation**")
1996	**Acquisition of Banque Indosuez** by Crédit Agricole one of the world's top 5 banking groups, to create **international investment banking arm**
1997	The *Caisse nationale de Crédit Agricole* consolidates within **Crédit Agricole Indosuez** its existing international, capital markets and corporate banking activities
1999	**Privatisation** of Crédit Lyonnais
2001	CNCA changes its name to **Crédit Agricole S.A.** and goes public on 14 December 2001
2003	**Successful mixed takeover bid** on Crédit Lyonnais by Crédit Agricole S.A.
2004	Creation of **Calyon**, the new brand and corporate name of the Crédit Agricole Group's financing and investment banking business, through a partial transfer from Crédit Lyonnais to Crédit Agricole Indosuez
6 February 2010	Calyon changes its name and becomes **Crédit Agricole Corporate and Investment Bank**

2 2016 HIGHLIGHTS

The economic situation in 2016 suffered from a good deal of uncertainty due to some major political events: at times, Brexit, the American Presidential elections and the referendum in Italy caused volatility in the financial markets. The slowdown in the Energy and Shipping sectors over the year also affected the main players of these businesses inducing a higher cost of risk for the Bank. Finally, the regulatory environment, which is still very demanding, required even more reactivity and effort from all CIBs.

In this complex environment, the Bank enjoyed year-on-year revenue growth of 8%, driven mainly by a very good performance from the capital market activities and the healthy revenues from the financing activities, despite a difficult operating environment.

Regarding financing activities, Crédit Agricole CIB confirmed its position as leader in aircraft financing [(1)] and took fourth place both worldwide and in the EMEA region [(2)] in project finance. The Bank also distinguished itself this year through significant acquisition financing transactions for players such as Fnac, Vente Privée and Altice.

In terms of capital market activities, the Bank climbed from the sixth to the fourth position among the bookrunners for euro-denominated bond issues worldwide [(3)].

In investment banking, the Bank made some significant deals in M&A and in Equity Capital Markets.

Furthermore, Crédit Agricole CIB confirmed its position in green financing and achieved the second place worldwide as bookrunner for Green Bonds [(4)]. The Bank also made some significant deals for example for the Asian Development Bank, Bank of China and EDF.

In line with the objectives of the Medium-Term Plan 2016-2019, a selective approach was taken to growing the corporate client base by further developing the most profitable relationships. The process of increasing the importance of financial institutions in the portfolio is well underway, thanks to the strong growth of the Repo business this year the Bank reached the second place worldwide (vs sixth in 2015) for euro-denominated bond issues for financial institutions [(5)].

2016 was also the year in which the Large Customers Division became a reality, a move intended to strengthen and systematise the commercial synergies between Crédit Agricole CIB, CACEIS and Indosuez Wealth Management. One of the initiatives of this Division has been to create a joint service and product offer including Private Equity, Real Estate and Infrastructures funds managed by a joint hub involving the three entities.

The Bank continues to develop worldwide. It has consolidated its franchise in the United States and in Asia for both corporate clients and financial institutions. It has also strengthened its client coverage in the Middle East.

Finally, 2016 also saw the final move by the Bank to the two main campuses of the Crédit Agricole Group, Evergreen in Montrouge and SQY Park in Saint-Quentin-en-Yvelines.

(1) Source: Air Finance from 22 March 2015 to 21 March 2016.
(2) Source: Thomson Financial.
(3) Source: Thomson Financial.
(4) Source: Crédit Agricole CIB.
(5) Source: Thomson Financial.

3 CRÉDIT AGRICOLE CIB'S BUSINESS LINES

3.1 FINANCING ACTIVITIES

STRUCTURED FINANCE

- AIRCRAFT AND RAIL FINANCING
- SHIPPING FINANCING
- REAL ESTATE AND HOTELS
- ...

COMMERCIAL BANKING

- CASH MANAGEMENT
- TRANSACTIONAL COMMODITY FINANCE
- SYNDICATED LOANS
- INTERNATIONAL TRADE FINANCING
- ...

3.2 CAPITAL MARKETS AND INVESTMENT BANKING

GLOBAL MARKETS DIVISION

- CREDIT
- INTEREST RATE DERIVATIVES
- STRUCTURING AND PRODUCT DEVELOPMENT
- FOREIGN EXCHANGE
- ...

TREASURY DIVISION

- SHORT TERM LIQUIDITY MANAGEMENT
- BANK SHORT TERM REFINANCING

INVESTMENT BANKING

- ADVISORY ACTIVITIES RELATED TO STOCKS AND SECURITIES ISSUANCE
- STRUCTURING AND SELLING TRANSACTIONS INVOLVING EQUITY DERIVATIVES
- ACTIVITIES DEDICATED TO MERGERS AND ACQUISITIONS
- ...

3.3 WEALTH MANAGEMENT

3.1 FINANCING ACTIVITIES

The Financing activities combine Structured Finance and Commercial Banking.

▶ STRUCTURED FINANCE

At 31 December 2016, Structured Finance business lines' net banking income is €1,213 million for FY2016.

The Structured Finance business (SFI) consists in originating, structuring and financing major export and investment operations in France and abroad, often backed with assets as collateral (aircraft, boats, business property, commodities etc.), along with complex and structured loans.

The Structured Finance business line which was reorganised in late 2012 under the new business model of Crédit Agricole CIB has adapted its organisation to address three major issues:

- maintaining excellence in the quality of services provided and the building of close relationships with its clients to maximise revenue associated with financing. Therefore, the intensification of cross sell and the selection of value-added operations generating commissions remain crucial;
- optimisation, in a constrained environment, of the management of scarce resources by maintaining existing leadership positions. The acceleration of the assets' turnover must be implemented through improvement and diversification of distribution channels;
- stronger transversality between the Structured Finance business lines and the rest of the bank, thanks to enhanced managerial presence.

To do this, the organisation of the front offices of Structured Finance has evolved into creating three activities involving the different sectors present in SFI.

▶ ASSET FINANCE GROUP

› AIRCRAFT AND RAIL FINANCING

Involved for more than thirty-five years in the aeronautics sector, and enjoying an excellent reputation in the markets, Crédit Agricole CIB has always preferred long-term striving to build lasting relationships with major airlines, airports and business related services to air transport (maintenance, ground services, etc.) to understand their priorities in terms of activity and funding requirements.

Present for several years in the rail industry in New York and Paris, Crédit Agricole CIB continues to expand its offering in Europe.

› SHIPPING FINANCING

Crédit Agricole CIB has been financing ships for French and foreign ship-owners for thirty years and acquired solid expertise and a worlwide reputation.

This business line supports a modern and diversified fleet of over 1,100 ships to an international clientele of ship-owners.

› REAL ESTATE AND HOTELS

Crédit Agricole CIB's real estate and hotels department operates in 10 countries. Crédit Agricole CIB provides advice to real estate professionals and to companies and institutional investors that want to optimise the value of their properties.

▶ ENERGY & INFRASTRUCTURE GROUP

› NATURAL RESOURCES, INFRASTRUCTURE AND POWER

Crédit Agricole CIB provides financial advice and arranges nonrecourse credit for new projects or privatisations. The banking and bond financing that Crédit Agricole CIB arranges involves commercial banks as well as export credit agencies and/or multilateral organisations.

The project finance business operates in natural resources (oil, gas, petrochemicals, mines and metal bashing), electricity generation and distribution, environmental services (water, waste processing) and infrastructure (transport, hospitals, prisons, schools and public services).

The business operates worldwide, with regional excellence centers in Paris, London, Madrid, Milan, New York, Houston, Singapore, Hong Kong, Tokyo, Sydney, Moscow, Sao Paulo and Mumbai.

▶ GLOBAL FINANCE SPONSORS GROUP

› ACQUISITION FINANCE

The Acquisition finance team is the result of collaboration between Commercial Banking and Investment Banking businesses. It offers private equity funds various tailored services covering all steps of their development (fund-raising, acquisition of target companies, buying and selling advice, IPOs, interest-rate and foreign-exchange products).

The team operates in Europe (Paris, London, Frankfurt, Milan and Madrid) and in Asia (Hong Kong, Sydney and Singapore).

› GLOBAL TELECOM, MEDIA & TECHNOLOGY

Crédit Agricole CIB advises and finances Telecom Media & Technology companies for over thirty years. The Global TMT sector teams based in Paris, London, New York, Hong Kong and Tokyo, working together with all the bank's product teams to assist sector actors in their external growth projects or organic by providing their know-how on mergers and acquisitions and financing bank, bond or equity.

▶ COMMERCIAL BANKING

At 31 December 2016, Commercial Banking business line's net banking income is €1,026 million for FY2016.

› INTERNATIONAL TRADE & TRANSACTION BANKING (ITB)

Crédit Agricole CIB offers its clients, importers or exporters, financing and securing solutions for their international trade operations. The Export & Trade Finance business is based on a commercial network of specialists spread across nearly 30 countries.

Commercial Bank in France has products and services that rely on the expertise of specialised business lines of Crédit Agricole CIB as well as the capabilities offered by the networks of Crédit Agricole Group (Regional Banks, LCL) and its specialised subsidiaries.

More precisely, ITB offers domestic and international cash management, short and medium term trade finance, syndicated loans, leasing, factoring, international trade (letters of credit, receipts, pre-financing export, buyer credits, forfaiting, etc.), domestic and international guarantees, market guarantees, and interest rates and foreign exchange risk management products.

The Bank also provides transactional commodity finance which offers funding solutions and secure payments related to short-term flows of commodities and semi-finished products. Our clients are major international producers and traders operating in the commodity markets, particularly energy (oil, derivatives, coal and biofuel), metals, soft and certain agricultural commodities.

› CLIENT COVERAGE & INTERNATIONAL NETWORK (CIN)

The CIN pole provides coverage of large companies in France and abroad, and more specifically in France, coverage of midcap companies, public authorities and regional institutional.

In terms of Islamic finance, Crédit Agricole CIB provides easy access to Sharia compliant solutions in many areas with a dedicated team in the Gulf.

› DEBT OPTIMISATION & DISTRIBUTION (DOD)

Debt Optimisation & Distribution is in charge of the origination, structuring and arranging medium and long term credits for corporate clients and financial institutions.

Syndicated loans are an integral part of capital raising for large companies and financial institutions.

› BANQUE SAUDI FRANSI (BSF)

Banque Saudi Fransi is 69.9% owned by Saudi interests and 31.1% by Crédit Agricole CIB. Universal bank active mainly in Saudi Arabia, the BSF has a network of 86 branches spread across the country and grouped into three regional divisions, located in Riyadh, Jeddah and Al Khobar. Its equity reaches €7.5 billion at 31 December 2016 and it realizes a 2016 NBI of €1,520 million and a net profit of €848 million. It employs a total of 3,233 employees at 31 December 2016. In addition to its retail customers, the Bank has recognised expertise in the corporate market where it is a leader with great expertise on the activities of trade finance, structured finance and capital markets. It has a subsidiary investment bank active in brokering activities, asset management, debt and equity capital management and mergers and acquisitions.

3.2 CAPITAL MARKETS AND INVESTMENT BANKING

This business includes capital markets, as well as investment banking and the net banking income is €2,188 million for FY2016.

▶ GLOBAL MARKETS DIVISION

This business line covers all trading activities and the sale of market products intended for corporates, financial institutions and major issuers.

Owing to a network of 20 trading floors, including five liquidity centers in London, Paris, New York, Hong Kong and Tokyo, Crédit Agricole CIB offers its customers strong positions in Europe, Asia and the Middle East, a targeted presence in the USA, and additional entry points into local markets.

Global Markets Division (GMD) is organised around:

- a customer-oriented pole gathering:
  - Global Markets Sales Division (GMS);
  - Financial Institutions Group (FIG);
  - Debt origination (Debt Capital Markets);
  - securitisation;
- a Global Markets Trading Division, with the following product lines: Foreign exchange activities, Rates activities (linear and non-linear products), credit activities and including structuration activities;
- a Chief Operating Officer (COO) team, including the business's permanent control;
- transversal functions which especially gather:
  - XVA department and Scare Ressources Management, in charge of CVA monitoring (Credit Value Adjustments) and other XVAs and RWA optimisation;
  - a research department dedicated to the business (GMR);
  - a team in charge of the regulatory watch.

Global Markets Sales Division and Global Markets Trading Division jointly set up a dedicated eBusiness team, in charge of the development of GMD's electronic execution capacities.

Global Investment Banking (GIB) and GMD put together their expertise and created the "Equity Solutions" team in September 2016. The main objectives rely on the extension of the range of Equity investment products, the fulfillment of the ambitions to develop "Strategic Equity Transactions" activity of GIB and create synergies between the two businesses (especially regarding Stock Lending).

▶ TREASURY DIVISION

Since 1 July 2014, Treasury business line hierarchically reports to the Chief Financial Officer and functionally to the Chief of Global Markets division. It daily ensures the sound and prudent management of the Bank's short-term liquidity under the delegation of the Asset & Liability Management department, in accordance with internal and external constraints (short term liquidity ratios, prudential ratios, reserves). Besides, it finances the Bank short term positions, obtaining resources at the best price for its clients (internal and external) while remaining within its market and credit risks' limits.

It also manages High Quality Liquid Assets (HQLA).

The Treasury activities are structured around five liquidity centers located in Paris, London, New York, Tokyo and Hong Kong, with an active presence in 10 other countries, which provide liquidity of the major currencies. Liquidity centers control and contribute to the management of liquidity of branches and subsidiaries in each region. This structure enables a consolidated management and vision of Crédit Agricole CIB's cash by providing continued access to global money markets.

▶ INVESTMENT BANKING

At 31 December 2016, Investment banking business line's net banking income is €306 million for FY2016. Investment banking business involves all equity and long-term financing activities for corporate clients of Crédit Agricole CIB and has four main segments:

› PRIMARY EQUITY CAPITAL MARKETS

The Primary Equity Capital Markets business line is responsible for the advisory activities related to stocks and securities issuance giving rights to the share capital.

It is especially in charge of capital increases, secondary offerings as well as convertible bonds, exchangeable bonds and other hybrid products issues for the large and mid-cap primary markets.

› STRATEGIC EQUITY TRANSACTION

Strategic Equity Transaction business is in charge of structuring and selling transactions involving equity derivatives (Corporate activity and Convertibles) in order to help corporate clients to manage their equity and long term financing.

This activity covers leveraged employee savings, share buyback programs, equity financing and stock options or investment securities hedging.

› GLOBAL CORPORATE FINANCE

This business line gathers the activities dedicated to mergers and acquisitions, from strategy advisory services to transaction execution.

It assists clients in their development with, advisory mandates for purchases and disposals, opening up capital to new investors and restructuring, strategic financial advisory services and advisory services for privatisations.

› STRUCTURED AND FINANCIAL SOLUTIONS (SFS)

Structured and Financial Solutions business lines offers to Crédit Agricole CIB top customers tailored-made solutions for complex operations' financing. SFS expertise stems from the capacity to join together complex legal and accounting issues to financing issues.

SFS also realises receivables' financing, of which the "CICE" tax credit put in place by the French government.

3.3 WEALTH MANAGEMENT

The Wealth Management, under the worldwide trademark of Indosuez Wealth Management since January 2016, offers a tailored approach allowing each individual customer to manage, protect and transfer their assets in a manner which best fits their aspirations. Our teams offer expert and first class services for the management of both private and business assets.

Since 2012, Wealth Management has followed a strategy of standardising its subsidiaries worldwide. Solidly implanted in Europe, the Middle East, Asia Pacific and the Americas, its local teams have strong delegated powers enabling them to respond locally to customers, who are increasingly international, offering them a high-performing and demanding offering.

In France, synergies between Indosuez Wealth Management and the Regional Bank network are now fully in place.

2

ECONOMIC, SOCIAL AND ENVIRONMENTAL INFORMATION

KEY FIGURES

CRÉDIT AGRICOLE CIB

76% FOR RENEWABLE ENERGY
IN THE FINANCING OF ENERGY GENERATION
IN NUMBER OF PROJECTS IN 2016

21.5 BILLION DOLLARS OF STRUCTURED
GREEN BONDS, SOCIAL BONDS
AND SUSTAINABILITY BONDS IN 2016

1 OUR CSR STRATEGY: A PROGRESS-DRIVEN APPROACH BASED ON STRONG COMMITMENTS AND EMPLOYEE INVOLVEMENT

Crédit Agricole CIB's corporate social responsibility (CSR) strategy is described in detail on the Bank's website. There you will find details about Crédit Agricole CIB's approach, its financing and investment policies and their implementation, the protection of customer interests and respect for ethics in business, its undertakings and actions as a responsible and committed employer, the management of the impacts of the Bank's operations and its policy on charities, sponsorship and supporting university research.

The following pages focus more specifically on its actions in 2016 and the reporting with respect to the indicators of Article 225 of the French Grenelle 2 Law (*loi Grenelle 2*).

1.1 GENERAL ENVIRONMENTAL POLICY (INDICATOR 2A)

▶ THE CRÉDIT AGRICOLE CIB APPROACH

Crédit Agricole CIB's CSR approach is based on that of the Crédit Agricole S.A. Group, with a focus on three ambitions:

- supporting the French territories in addressing their sustainable development challenges;
- striving for excellence in our relations with our customers and employees and in our operations;
- managing all risks, including non-financial ones.

Specifically, the Bank has made strong societal commitments in three priority areas: combating climate change, preserving biodiversity and respecting human rights.

For several years now, these issues have been tackled by a three-part initiative:

- to reduce its direct environmental footprint;
- to measure and reduce environmental and social risks related to its financing activity (notably based on the Equator Principles, the CSR sector policies, and the introduction of CSR scoring of corporate clients);
- to increase the positive impacts of its business through Sustainable Banking.

In addition to controlling the Bank's direct environmental footprint, Crédit Agricole CIB seeks through this initiative to tackle societal objectives and help its clients overcome their social, environmental and solidarity-related challenges.

▶ AWARENESS-RAISING AND TRAINING FOR EMPLOYEES

The model developed by Crédit Agricole CIB is based on the daily involvement of all employees as agents of sustainable development in their work, in order to assess and manage direct or indirect environmental risks.

Client managers and senior bankers are responsible for analysing environmental and social challenges related to their business area. Whenever necessary, they call on the Sustainable Development team, and the most complex transactions from an environmental or social point of view are also submitted to the Committee for the Evaluation of Transactions with an Environmental or Social Risk (CERES).

Because it is becoming increasingly aware of the sustainable development challenges of the activity (expanded field of application for the Equator Principles, CSR sector policies, scoring of corporate clients, etc.) and the central role of employees in this system, the Bank places great importance on employee awareness and training. An awareness-raising plan for all employees was completed in 2013. In 2014, a map of training needs was completed. The highest-priority training programmes were finalised in 2015, and were implemented from 2015.

▶ THE INDOSUEZ WEALTH MANAGEMENT CSR APPROACH

Created and structured at the first dedicated committee meeting in October 2015, Indosuez Wealth Management's CSR approach is based on three main priorities: a Human Resources priority, a customer/product priority and an institutional priority. These priorities fall under the responsibility of one or two members of the Management Committee and involve employees from the entities in question.

They focus on a number of workshops and initiatives which will be introduced in the early stages of the FReD action plans (see after). The initiatives run are listed and analysed and then discussed at special six-monthly meetings. Since the new brand launch in January 2016, the Indosuez Wealth Management Group's global intranet incorporates a CSR section.

In 2016, CFM Indosuez Wealth Management decided to adopt an approach which involved employees at all levels, injected new life into its initiatives and involved it in the creation of the Indosuez Wealth Management Group's sustainable development policies within a set of standards. The intention is for this approach to be deployed by the other Indosuez Wealth Management Group entities. The aim is to gain a better understanding of the basic principles of CSR, and the FReD initiatives, in order to familiarise itself with the CSR issues which employees come up against in their jobs.

✦ SIGNIFICANT EVENTS IN 2016

INITIAL RESULTS OF THE INDOSUEZ WEALTH MANAGEMENT CSR WORKSHOPS

Since being introduced, the CSR workshops have produced some concrete results. Topics have been defined, organisations fine-tuned and actions scheduled.

For the Human Resources priority, it was decided to give life to the seven social commitments of the Respect pillar and to build a relationship of trust among employees while introducing a unified diversity policy. Plans were also made to incorporate the wishes expressed during the manager training programme # IndosuezManagementWay and to take stock of the initiatives run by the Indosuez Wealth Management Foundations in France and Switzerland.

The Respect pillar of FReD therefore sets out to achieve greater gender equality in the management bodies and changes to managerial practices and the commercial business lines. A common compensation management tool was to be introduced and the employability of employees to be improved.

For the customer/product priority, CSR becomes a key performance criterion which is sought by an increasing number of investors. It was therefore decided to introduce a socially responsible investment (SRI) rating system at all entities, to promote the SRI rating of the portfolios to customers and sales teams, and to set up a "carbon impact" rating in our IT system.

Several product initiatives were also introduced, such as selecting themed funds (Low carbon, etc.), examining the relevance of SRI management, promoting real estate funds and setting up a special CSR fund.

The institutional priority, also known as the "social economy priority", combines economic development with the challenges of sustainable development. Key to this priority is solidarity which extends beyond the actions of the Indosuez Foundations. Topics discussed included the Grameen Crédit Agricole Foundation, financial education in schools and hour banks for caregiver employees.

▶ FReD: A CONTINUOUS PROGRESS-DRIVEN APPROACH

Crédit Agricole CIB and CA Indosuez Wealth Management are fully involved in the Crédit Agricole Group's FReD progress-driven approach. For each participating entity, the process intended to strengthen CSR within the Group consists in 15 action plans focused on three key areas involving clients (Fides), employees (Respect) and the environment (Demeter). Specific and measurable objectives are defined for each plan, with an overall goal of advancing two levels per year on a progress scale consisting of five levels.

In 2016, the average level of progress recorded by the 15 action plans of Crédit Agricole CIB was 2.2.

In 2016, the average level of progress recorded by the action plans of the Indosuez Wealth Management Group was 2.3.

✦ SIGNIFICANT EVENTS IN 2016

FReD, A SUCCESSFUL PARTICIPATIVE APPROACH

In order to make the FReD process even more participatory, a call for projects was launched in 2014, asking Crédit Agricole CIB employees to suggest ideas for new FReD action plans, and to prepare specific action plans for each of the three pillars, Fides, Respect and Demeter.

52 proposals were received and examined in 2015. Of the ten proposals selected by a panel comprising representatives from Compliance, Human Resources, Sustainable Development and Communications, six FReD initiatives were launched in 2016.

▶ GOVERNANCE

Sustainable development challenges are taken into account by Crédit Agricole CIB in accordance with the general guidelines proposed by the Sustainable Development Department of Crédit Agricole S.A. and validated by the Sustainable Development Committee of the Crédit Agricole Group. They are the subject of two internal governance documents that define the framework.

A Sustainable Development Department, which reports to the Corporate Secretary, co-ordinates the implementation of Crédit Agricole CIB's sustainable development actions.

An *ad hoc* committee, CERES, chaired by the head of the Compliance function, acts as the top-level committee of the system for evaluating and managing environmental and social risks related to the activity. More specifically, this committee issues recommendations prior to the Credit Committee meeting for all transactions whose environmental or social impact it feels need close monitoring. The CERES Committee validates the ratings of the transactions in accordance with the Equator Principles, issues opinions and recommendations on transactions classified as sensitive in respect of environmental and social aspects, and approves the CSR sector policies prior to their validation by the Strategies and Portfolios Committee.

The CERES Committee met six times in 2016 to discuss agenda items which included: reviewing transactions signed during the year and validating ratings based on the Equator Principles, monitoring of sensitive cases, validating draft sector policies prior to their presentation to the Strategies and Portfolios Committee, and presentation of the conclusions of several FReD plans.

In 2016, the CERES Committee specifically reviewed 20 transactions before they were sent to the Credit Committee, given their importance and the sensitivity of the potential environmental or social impacts. Its recommendations led in one instance to a decision not to pursue a commercial opportunity and in three instances to impose special conditions for environmental and social risk management.

In 2016, while continuing to implement FReD actions, the Wealth Management business line introduced a structured CSR policy in order to implement its dedicated sustainable development organisation.

The Indosuez Wealth Management Group CSR Committee, set up to support the CSR process, met in April and November 2016 to ensure that all of the strategic CSR priorities and guidelines, decided in late 2015, had indeed been implemented.

Five members of the Indosuez Wealth Management Group Management Committee and nine representatives of its various entities (France, Luxembourg, Switzerland, Monaco, Miami) sat on this CSR Committee.

▶ PROCESS TO ASSESS AND CERTIFY BUILDINGS

This is described in section 7 “Limiting our direct environmental footprint”.

▶ PROVISIONS

The Bank did not recognise any provisions for environmental risks.

1.2 RELATIONSHIPS WITH OUR STAKEHOLDERS (INDICATOR 3B)

We believe that listening to stakeholders is a basis for on-going progress.

In addition to the regular contact we have with them, we also held a special consultation with our main stakeholders (customers, employees, civil society, etc.) in 2016 to supplement the Crédit Agricole S.A. Group materiality analysis.

✦ SIGNIFICANT EVENTS IN 2016

ROLL-OUT OF THE GROUP'S MATERIALITY ANALYSIS TO CORPORATE AND INVESTMENT BANKING

This involved, on the one hand, meeting up with around ten customers, four NGOs representing diverse societal issues, union representatives, work-study trainees, the main in-house buyers from the purchasing department and representatives from other Crédit Agricole Group structures, and, on the other hand, incorporating the results of the various existing benchmarks and studies (baseline customer satisfaction score, CSR benchmark, etc.).

Independently of the results of the Crédit Agricole S.A. materiality study, which require to be adapted to the specific requirements of Crédit Agricole CIB, three key priorities were highlighted: the first was innovation in customer relations in a market where the environment and customer sales models are rapidly changing; the second was to develop, establish and share good practices, an area which is particularly important to Crédit Agricole CIB and in which it has always tried to take a leading role; the third was to encourage all employees to embrace the notion of Corporate Social Responsibility.

Our support for cultural initiatives is described in section 6.3 and our relationship with schools and universities is set out in section 6.4.

2 STRENGTHENING TRUST

At Crédit Agricole CIB, it is the Compliance Department (CPL), which monitors and manages the risks of non-compliance. CPL's mission is to promote respect of compliance rules in the activities and operations of the Bank and of its employees with laws and regulations as well as internal and external rules applicable to the activities of Crédit Agricole CIB in banking and financial fields, or which can result in penal sanctions, sanctions from regulators, disputes with clients and more widely in reputational risk.

The Compliance function aims at strengthening the confidence of the stakeholders involved (clients, employees, investors, regulators, suppliers) in respect of these rules and their implementation.

The Crédit Agricole CIB Global Compliance Department, alongside the Human Resources Department and the Sustainable Development business lines, is firmly committed to the FReD CSR process, and for several years it has been working on Fides, the economic component, by making a commitment on five renewable actions each year. These actions are progress plans that CPL is committed to achieving over periods of one to two years which are aimed at improving Crédit Agricole CIB's attitude and behaviour towards its clients. The Fides plans conducted in 2016 covered:

- guaranteeing ethical business practices with the launch of the certification programme for Customer Relations Managers. The aim of this programme is for all employees who manage the Bank's customer relations to achieve certification for their knowledge base as a guarantee that they know their customers and always conduct themselves in an ethical manner;
- protecting customer interests by continuing the "satisfaction survey" plan, coupled with the introduction of a new Customer Recommendation Index (IRC) and continuation of the new Global Retail Distribution Policy (GRDP) project;
- building a stakeholder consultation with the launch of the "stakeholder's CSR expectations" plan to identify the key CSR concerns of customers, employees, partners etc. in order to prioritise the planned initiatives;
- establishing responsible purchasing relationships with suppliers and subcontractors with the launch of the Group-wide plan to standardise responsible purchasing practices throughout the Group.

In addition, our Wealth Management activity has a dedicated compliance team of around 100 members. Compliance at the CA Indosuez Wealth (Group) holding, which is responsible for overseeing and coordinating the entities, has recently been restructured with the establishment of a direct link with the Executive Management of Indosuez Wealth (Group), thus reinforcing the key role Compliance plays in the governance of the business line.

Within Wealth Management, protecting customer interests involves ongoing, improved vigilance of customer identification and knowledge and a Compliance control system.

Based on 2016 events, the Indosuez Wealth Management entities decided:

- to improve some of the systems already in place, by:
  - applying the rules of a conflict of interest matrix specific to the business line;
  - using a shared market abuse detection tool;
  - continuing to implement FATCA/EAI by reviewing accounts (and complying with customer declaration requirements);
  - updating the Volcker rules;
  - monitoring the marketing conditions for new products/new business activities;
  - streamlining the suitability system (ensuring the adequacy of risk/product profiles);
- launching new projects to monitor regulatory changes, one example being the introduction of a system to manage the production/distribution of financial instruments, in accordance with the requirements imposed by MIFID II.

2.1 SATISFACTION, MALFUNCTIONS, COMPLAINTS, EMPLOYEE TRAINING

▶ SATISFACTION

The Bank has a secure process of entering into a relationship with the client and of overseeing the selling of market products. Customer protection passes through a comprehensive customer classification system, which not only applies the MIF rules applicable in the European Economic Area (increased protection of non-business customers who receive an investment service), but also worldwide through an "Internal suitability rating". This system forms part of the sales process, in particular so that the financial instruments offered to customers are in line with their risk awareness.

As part of this process, Compliance issues advance opinions on the transactions considered as sensitive, and will subsequently check that the these opinions have been observed.

Furthermore, Compliance pays particular attention to the commercial margins on market products and to the documentation intended for client information, while continuing to file and retain the underlying data appropriately.

Since 2014, Crédit Agricole CIB has set up an action plan known as the Customer Recommendation Index, the aim of which is to assess if the Bank's products and services fully meet its customers' expectations, and therefore to better gauge the quality of the customer relationship. Interviews have been conducted to find out if our products and services fully meet our customers' expectations, to assess the quality of our organisation, to identify areas of improvement for our distribution processes, and to create a management tool to motivate our sales people and make them more aware of certain weaknesses.

▶ MALFUNCTIONS

The entire compliance system (organisation, procedures, training programmes) creates an environment conducive to the strengthening of *ex ante* control. Nonetheless, when preventive measures fail and a malfunction occurs, Crédit Agricole CIB has specific procedures in place to ensure that these malfunctions are:

- detected and then analysed as quickly as possible;
- brought to the attention of managers and compliance functions at the most appropriate level within each business line;
- monitored and solved, by establishing an action plan to resolve the issues.

Centralisation of malfunctions cases in the reporting process, as described in the specific governance text, allows to be aware at the highest level of the company, of the Bank's exposure to non-compliance risk. Therefore, when an employee reasonably establishes the existence of a malfunction in the field of compliance, he must tell his supervisor who informs the operational representatives and the Compliance, Permanent Control and Legal functions' officials depending on the subject. The system is completed by an alert mechanism allowing employees, if they find an abnormality in the malfunction treatment which they consider is due to a deficiency of, or pressure exercised by, their manager, or if they think they are being submitted to pressure, active or passive, that may lead them to cause a dysfunction or to dissimulate it, to inform their compliance manager and/or, if they so wish, their manager's direct superior of the situation. The state of the dysfunction is monitored by the Global Compliance Department which will submit it to the Compliance Management Committee.

▶ COMPLAINTS

The Bank constantly strives to improve its customer protection measures by continuing to fine-tune its complaints follow-up system. These claims have to be recorded, communicated to a Complaint Correspondent appointed in each direction of the Bank, and subject to a reply within ten days and a processing within two months.

▶ TRAINING OF EMPLOYEES

The Compliance Department of Crédit Agricole S.A. has developed *FIDES, le parcours des îles* a training programme which covers all compliance issues. This programme has been implemented by Human Resources with all Crédit Agricole CIB employees.

At the same time, the Compliance Department's units with expertise in various topics continued to provide both e-learning and classroom training in their area of expertise to targeted groups. In addition, the annual Affirmation Campaign reminds employees of their main Compliance obligations.

In the Wealth Management business line, an ongoing training plan, with a predominant e-learning focus, keeps employees up-to-date on all of the constantly changing Compliance and Financial Security issues.

For example, a new course on a topical issue, "The basics of Cyber Security", was rolled out to all employees at CFM Indosuez Wealth in 2016.

2.2 BUSINESS ETHICS

▶ PREVENTING FRAUD AND FIGHTING CORRUPTION

Crédit Agricole CIB continues to step up its fight against internal and external fraud and corruption. Crédit Agricole CIB took part in the audit to certify Crédit Agricole's anti-corruption programme which was conducted by SGS in the first quarter of 2016. Following the audit, the programme was granted BS 10500:2011 certification. In addition, our representatives from the team which oversees fraud prevention within the business lines and support functions are regularly made aware of the risks. Warning and vigilance messages are sent to all employees, primarily via the Crédit Agricole CIB Intranet site. Prevention actions targeting the most sensitive business lines have also been initiated.

▶ COMBATING MONEY LAUNDERING, THE FUNDING OF TERRORISM, AND COMPLIANCE WITH INTERNATIONAL SANCTIONS

The Group's Global Compliance Department is in charge of implementing a Group-wide Financial Security system comprising a series of measures intended to prevent money laundering and the funding of terrorism, and to ensure compliance with international sanctions.

Crédit Agricole Group has taken account of the requirements linked to the transposition into internal law of the third European Directive 2005-1960/EC of 26 October 2005 about preventing the use of the financial system to launder money and finance terrorism. A risk mapping was done and implemented by every business lines of the Group, within the framework of the vigilance system adapted to the level of the identified risk, both when entering into relationship and during the entire business relationship. Crédit Agricole CIB continued to adjust and strengthen the existing system by implementing the fourth Directive 2015/849, which the European Parliament approved on 20 May 2015.

Therefore, when entering into any relationship, the required customer ID checks are a first filter to prevent money laundering. This preventative measure relies on knowledge of the client and of the beneficial owners, completed by data research through specialised databases. It also takes into account the purpose and intended nature of the business transaction. During the business relationship, there is an appropriate vigilance proportionate to the identified level of risks. For that purpose, the Group's employees may use computer tools for client profiling and for detecting unusual transactions.

The fight against terrorism financing and the mechanism for ensuring the respect of international sanctions means, in particular, a constant screening of client files, both when entering into relationship and during the relationship, with a list of sanctions as well as the monitoring of international transactions.

All of the relevant staff receives periodic training on the prevention of money laundering and terrorist financing, and on compliance with international sanctions.

PREVENTING MARKET ABUSE

The duty of vigilance to prevent and detect market abuses is central to Crédit Agricole CIB's Compliance targets.

Preventing and detecting market abuses is based around three main priorities: the training of the relevant employees, the setting up of a dedicated organisation and dedicated procedures, and monitoring. Crédit Agricole CIB has specific tracking devices for market operations worldwide generating alerts according to predefined criteria. Thus, they enable a control of transactions likely to relate to a market manipulation or fraudulent use of privileged information.

The overall objectives of the system are to: detect suspicious transactions, investigate alerts and report them to the relevant regulator, where necessary.

The entry into force of the Market Abuse Regulation 596/2014 on 3 July 2016 extended the scope of market abuses a surveillance plan was introduced, and specific training given, to meet the new requirements.

REVENTING CONFLICTS OF INTEREST

As an Investment Service Provider (ISP) and a member of the Crédit Agricole Group, the Bank is likely to face situations where a customer's interests may conflict with:

- those of another customer; or
- those of the Bank (or the Crédit Agricole Group); or
- those of one of the persons involved in the transaction.

In accordance with the MIF Directive, the Bank has established, implemented and maintained an effective policy to manage conflicts of interest. This policy aims to:

- provide consistent and practical guidelines on identifying conflicts of interest, based on the requirements of the MIF Directive and on local rules and regulations;
- give an overview of the Bank's internal systems and checks for managing conflicts of interest, and stipulate the measures required to uphold its customers' interests;
- ensure that all persons involved are aware of their duties and responsibilities when handling confidential and/or insider information.

In addition, a dedicated team - Group Conflicts Management (GCM) at CPL - has responsibility at international level for identifying potential conflicts of interest within the Bank as quickly as possible, which it then refers to Senior Management for resolution.

Finally, all Bank employees were required to attend mandatory training in order to be able to identify all conflicts of interest that may arise in the context of the Bank's business and the services that it provides, together with personal conflicts of interest that they may come across.

MANAGEMENT OF ACTIVITIES/ DISTRIBUTED PRODUCTS

The New Activities/New Products system (NAP) manages the risks related to new activities and new products. A NAP Committee analyses all new products or activities for related risks and sets out the required management actions.

The move to NAP means the inclusion of a CSR analysis and the systematic provision of a legal and compliance opinion. The system primarily covers transparency-related issues of the documents submitted to the sales network and clients.

PROTECTING PERSONAL DATA

In order to comply with the regulations and recommendations of the French National Commission for Data Protection and Liberties (CNIL), Crédit Agricole CIB has grouped personal data processing into eight objectives (the main objective being the implementation of a computerised application), each of which is the subject of a separate CNIL declaration.

Within Crédit Agricole CIB, each business line is responsible for compliance with the obligations relating to personal data and appoints a personal data compliance representative. The responsible of software project is in charge of reporting the personal data processing in the analysis file.

Business contributors and responsibles are advised by the Compliance which also provides relationships with the CNIL and the people who seek a right of access, rectification or opposition.

The protection and transparent use of personal data is a key Wealth Management issue and one of its main concerns. For this reason, the internal practices governing the use of personal data, which are principally based on local regulations, is or will be incorporated into the Compliance section of the entities' website. As a general rule, the Bank may collect process and retain personal data on the customer but this data may only be used or communicated outside the Company in order to meet statutory and regulatory obligations.

▶ BUSINESS ETHICS WEALTH MANAGEMENT

Business ethics are an integral part of Wealth Management. They are the driving force of customer relations and are translated into:

- a set of procedures which are applied at all entities. They serve as a basis for various working methods which apply to new relationships and customer transactions;
- a revised monitoring plan to bring it into line with risk management requirements;
- a strict policy for the approval of relationships with high-risk countries by Executive Management;
- regular communication with the entities on possible means of preventing fraud and cyber crime;
- dedicated procedures to combat corruption;
- oversight by CA Indosuez Wealth (Group) of all work related to the management of business customer Compliance.

2.3 TAX POLICY

Crédit Agricole CIB and all of its subsidiaries ensure that they comply with all tax regulations (including ETNC, FATCA, AEOI, etc.) in every country.

As part of its global strategy, following assistance of its customers on compliance with their tax duties under the Automatic Exchange of Information set up within the European Union, the Wealth Management business line extended the scope of this initiative to the countries who had adopted exchange agreements.

The standard requires financial institutions based in countries that have adopted the standard to identify account holders who are tax residents of a country with which an information exchange agreement has been entered into, and to report information annually (contact information of the account holder, account balances, income received) to their country's tax authorities.

The Indosuez Wealth Management Group has a basic rule of only working with customers who meet their tax obligations. Wealth Management therefore intends to base itself primarily on the systems in place in the different countries (the Automatic Information Exchange systems in particular) to deal with the issue of customer Tax Compliance (booking centres available to AIE countries, selection of customers living in these countries).

▶ TRANSPARENT LOBBYING POLICY

Crédit Agricole CIB acts within the framework of the Crédit Agricole S.A. Group policy.

▶ BEING RESPONSIBLE ALONG THE ENTIRE CHAIN (INDICATOR 3C)

A governance document describes the procurement function's general operating principles at Crédit Agricole CIB, within the framework of Crédit Agricole S.A. Group's Procurement Business Line. These rules apply to all purchases made by Crédit Agricole CIB units. This document emphasises the need to include, to the extent possible, a company from the disability-friendly sector in the list of subcontractors and suppliers. As part of the Crédit Agricole S.A. Group's CSR MUST Purchasing programme, changes considered in 2015 were implemented in 2016 by:

- adding a clause to our contracts which provides for the referral to a mediator from the Crédit Agricole S.A. Group, in use of disagreements relating to the execution of a contract between a supplier and the internal decision-maker, should both parties fail to find a solution internally at Crédit Agricole CIB level. The option of using a Group mediator is to prevent the disagreement escalating into a dispute or court action;
- adding a sustainable development appendix to our contracts to reiterate the Group's commitments in this area and the expectations that we have of our suppliers;
- obtaining from a third party provider the CSR rating of prospective suppliers consulted during major calls for tender (>€100 K) and of our strategic suppliers which are members of the Crédit Agricole S.A. and Crédit Agricole CIB panels.

In addition, a 2016 project to centralise supplier invoices and then process them in an electronic workflow brought improvements in our suppliers invoice payment chain and faster invoice processing times.

Alongside other entities of the Crédit Agricole S.A. Group, Indosuez Wealth Management is involved in the "CSR MUST Purchasing" process, which involves the implementation of a governance and "responsible purchasing" policy which is clear, consistent and in line with the Group's strategy.

The responsible purchasing policy's defining issues and priorities include Human Rights, Working Relations and Conditions, Environment, Fair Business Practices, Diversity and Communities and Local Development.

3 INCORPORATING CLIMATE CHANGE ISSUES (INDICATOR 2D)

The climate change initiatives are set out in line with the five "Mainstreaming Climate Action within Financial Institutions" principles launched at COP21 in Paris by a group of multilateral, development and commercial banks which included Crédit Agricole.

✦ SIGNIFICANT EVENTS IN 2016

THE FIVE VOLUNTARY PRINCIPLES TO INCORPORATE CLIMATE ACTION

Principle 1
COMMIT to a climate-friendly strategy

Principle 2
MANAGE climate risks

Principle 3
PROMOTE smart climate objectives

Principle 4
IMPROVE climate-related results

Principle 5
REPORT on climate action

3.1 COMMITMENT TO A CLIMATE-FRIENDLY STRATEGY

Crédit Agricole CIB has drawn up a climate policy which reflects the different climate challenges identified:

- financing the energy transition;
- managing climate risks;
- reducing its direct carbon footprint as far as possible.

The involvement of governing bodies is key to any policy on global warming. The commitment of Crédit Agricole Group and its corporate and investment bank was mentioned in September 2014 by Jean-Yves Hocher, Deputy Chief Executive Officer of Crédit Agricole S.A. and Chief Executive Officer of Crédit Agricole CIB, at the "2014 Climate Summit" of the United Nations in New York and then in December 2015 by Philippe Brassac, Chief Executive Officer of Crédit Agricole S.A. and Chairman of Crédit Agricole CIB, during the COP21 meeting.

During these meetings, the Group made a number of commitments to funding energy transition and measuring and managing its induced carbon footprint, which are listed below.

Aware that private stakeholders could play a big part in moving the initiative forward, in September 2014, alongside more than 1,000 private economic stakeholders, Crédit Agricole CIB appealed to the governments to ensure the right conditions were in place as quickly as possible for the introduction of a carbon price to encourage the energy transition.

Finally, in 2016 the Bank launched an action plan as part of the Crédit Agricole S.A. Group's objective to reduce its operating greenhouse gas emissions by 10% in three years.

✦ SIGNIFICANT EVENTS IN 2016

CSR SECTOR POLICIES AND COAL ELIMINATION

In the first half of 2015, Crédit Agricole CIB committed to a general policy of pulling back from funding coal-related activities.

The CSR sector policy relating to mining and metals was revised in May 2015 to exclude any financing involving coal mining as well as corporate financing for industrial groups where coal production represents a predominant portion of their business. The application of this new policy resulted in a reduction of over 50% in the Bank's exposure to such counterparties in 2016.

The sector policy relating to coal-fired plants was revised in September 2015 to exclude the financing of new coal-fired plants or their extension in countries that meet the World Bank's definition of high-income countries and in November 2016 to exclude all new projects anywhere in the world. The issue of corporate financing of electricity companies is far more complex, and will be examined on a case-by-case basis, taking account of customers' diversification plans and specific energy mixes.

3.2 MANAGING CLIMATE RISKS

For a number of years, Crédit Agricole CIB has undertaken work designed to better understand and manage climate risks:

- by estimating the carbon footprint of the corporate and investment portfolio;
- by drawing up sector policies for the sectors which account for a large portion of this footprint with the target of achieving 80% coverage;
- by phasing in an analysis of climate change and global warming considerations and a carbon price into its review of loan applications.

Since 2011, Crédit Agricole CIB has used a procedure to calculate greenhouse gas emissions said to be financed by a financial institution. The procedure was developed at its request by the Chair in Quantitative Finance and Sustainable Development at Paris Dauphine University and École polytechnique. This innovative P9XCA methodology has, since 2014, been recommended for corporate and investment banks in the financial sector guide to "Conducting a greenhouse gas emissions audit" published by the Agency for Environment and Energy Management, the Observatory on Corporate Social Responsibility and the Bilan Carbone Association. Since 2011, Crédit Agricole CIB has used it to calculate the order of magnitude of the financed emissions, and to map these emissions based on sector and geographic location. It allowed the Bank to identify the sectors for which it needed to develop sectoral CSR policies, with the macro sectors of Energy and Transport accounting for over 80% of the financed emissions. It was also used in 2015 to select the industrial sectors and countries with the highest carbon components in their financing (tonnes of CO_2 equivalent per euro financed). For these countries it was decided to introduce a specific analysis of climate-related factors.

In 2016, Crédit Agricole CIB conducted an exercise to map climate risks based on the typology information it now had (physical, transition and legal risks), investigating the importance of these risks and whether or not there were factors which could incite the Bank to take action in the short term (before 2020), medium term (2020-2030) and long term (after 2030).

The conclusion drawn from this exercise is that, for corporate and investment banking, the priority appears to be the medium term transition risks, given their anticipated significance and the availability of potential solution to control them.

For financial players, this risk arises mainly from the uncertain return from their customers' investments and changes in the financial models which result from the changes in the economic environment brought about by initiatives against global warming (introduction of a carbon price, regulatory changes).

Work began to improve the assessment of the medium-term transition risks to make them easier to manage. In 2016, work began to develop a procedure to help assess changes in the quality of the Bank's individual counterparts resulting from the energy transition which was expected to take place by 2020-2030.

A study by the Agency for Environment and Energy Management (Agence De l'Environnement et de la Maîtrise de l'Énergie - ADEME) published in 2016 ("100% renewable electricity mix? Technical overview and summary macroeconomic assessment") concluded that the transition towards a 100% renewable energy mix would impact positively on the key macroeconomic indicators (GDP, employment, households' disposable income, etc.) in France. It would seem, therefore, that the medium-term impact of the energy transition will not necessarily be negative for economic actors. Rather, it will be important to be able to identify the winners and the losers in this major change. Crédit Agricole CIB decided to focus on differences rather than adopt a sector average approach and to assign a zero impact to a customer in the average range.

The potential impact of the energy transition on a customer's financial results appeared to depend on two main factors:

- the customer's potential sensitivity to the transition issues;
- its ability to manage these issues (level of preparedness and possibly strategy in place).

The customer's potential sensitivity to the transition challenge depends on how much pressure is on the customer. This, in turn, depends on the extent to which it operates independently of the measures it puts in place. It is a measure of the extent of the potential positive or negative impact of the energy transition for the customer, which can be described as a combination of two factors:

- the extent to which the issues will affect the sector, based on the sector's carbon intensity;
- the importance the country in question places on reducing greenhouse gas emissions.

The ability to manage the transition issues determines whether or not the customer has the right strategy and has taken the right measures to enable it to gain from the energy transaction. The customer's maturity is calculated relative to its sector, based on all geographical areas.

▶ THE ENERGY TRANSITION INDEX CALCULATED BY CRÉDIT AGRICOLE CIB

A medium-term transition risk index can be calculated for the Bank's corporate customer groups using a combination of three factors:

- the extent to which the issues will impact financing in the sector, as calculated by the P9XCA methodology adopting an issue-based approach;
- the importance the country places on reducing greenhouse gas emissions such as the Intended Nationally Determined Contributions (INDC);
- the maturity of the customer when faced with climate challenges and its ability to adapt, as evaluated by a non-financial agency or estimated on the geographic average.

For each customer group, the transition risk index is calculated by adding together these three factors. The index is positive when the counterparty demonstrates above-average preparedness and is negative if it does not. The more the customer stands out from its peers, the more the sector is considered to be at risk, and the more the country has committed to a rapid energy transition, the higher the absolute value of the index.

Thus, a player in the Energy or Transport sectors in a country committed to significantly lowering emissions will have more to gain or lose than a player in a sector which is less affected in a country with lower greenhouse gas reduction demands. The extent to which this actor is affected will depend on its ability to adapt its strategy and economic model to the new situation.

3.3 PROMOTING SMART CLIMATE OBJECTIVES

Financing the energy transition represents a major societal challenge, as highlighted in the latest assessment report by the Intergovernmental panel on climate change (IPCC). The IPCC estimates the volume of climate-related financing at approximately USD 350 billion per year, with most of this amount targeting mitigation measures. The private sector accounts for approximately two thirds of the total financing.

Crédit Agricole CIB actively contributes to meeting this objective:

- primarily by financing renewable energy projects and by issuing green bonds. The target is essentially to structure at least USD 60 billion of new climate financing between December 2015 and the end of 2018;
- and to seek relevant partnerships.

▶ PROJECT FINANCE

Financing renewable energies is an integral part of Crédit Agricole CIB's strategy, and the Bank is a leading provider of such project financing. The Bank first entered this sector in 1997 by financing the first wind farms, and in 2008 it financed a solar energy project in Spain. The Project Finance business line has financed a total of 359 wind farms generating more than 18,500 MW and 100 solar farms representing more than 3,000 MW in installed capacity. In terms of number of loans, renewable energy represented over 75% of electricity generation project finance in 2016. The rapid increase in the number of projects and financial capacity can, to a certain extent, be explained by the portfolio financing of existing facilities.

▶ GREEN BONDS AND SUSTAINABILITY BONDS

Green bonds can play a prominent role in steering bond markets toward financing initiatives that help fight climate change. In addition, social and environmental bonds, also known as Social and Sustainability Bonds, create a link between market products and the infrastructures needed to build a more equitable society. They also provide investors with specific indicators on the financed projects as well as their social impacts and environmental benefits. A growing number of investor clients value this information and the additional commitment by issuers.

Operating in this market since 2010, Crédit Agricole CIB arranged close to USD 21.5 billion in green bonds, social bonds and sustainability bonds for its major customers in 2016, as well as a number of transactions on its own account (see next section), thereby confirming its position as a leading arranger in this market worldwide. Accordingly, for the third consecutive year (2014, 2015 and 2016), the Bank received an award from Global Capital for its green bond issues and was named "SRI Bond House of the Year" by the very famous IFR review in 2015 and 2016. It was also honoured by CMDportal ("Best Green Bond Dealer" 2016 and "Best Green Bond House" 2017) and by MTN ("SRI House of the Year" 2016).

Crédit Agricole CIB was also instrumental in introducing several major innovations to this market:

- the first green bond to disclose estimated social and environmental impacts (KfW);
- the first topical covered issue ever made (Munich Hypothekenbank);
- the first green Pfandbrief (Berlin Hyp);
- the first social covered bond (Kutxabank);
- the first transaction involving a property company (Unibail Rodamco);
- the first asset-backed green bond transaction (Toyota);
- the first euro-denominated green high-yield bond (Abengoa);
- the first green bond for an Italian issuer (Hera);
- the first green bond for a Mexican issuer (Nacional Financiera);
- the first green bond for a Finnish issuer (MuniFin);
- the first green bond for a Korean issuer and the first asset-backed green bond transaction in Asia (Hyundai Capital Services);
- the first green bond for a Chinese issuer outside the domestic market and largest-ever green bond issue (Bank of China);
- the first green bond in the private sector in India (Axis Bank);
- the first social bond benchmark for a Dutch issue (BNG);
- the first US dollar-denominated climate awareness bond by the European Investment Bank;
- the inaugural green bond benchmark transactions for Nordic Investment Bank, the French Development Agency, Lloyds Bank and BNG Bank;
- structured the first Green Bond programme offering different options: covered Pfandbrief and senior unsecured (Berlin Hyp);
- and several issues for French public authorities (Île-de -France regional authority, Essonne departmental authority) or other European regions (issue of sustainability bond by Land NRW, first topical issue by a German Land).

Lastly, Crédit Agricole CIB helped to develop the market at several levels.

- The Bank is a founding member of the Green Bond Principles and an active member of the Executive Committee of this financial market initiative.
- The Bank is behind the Social Bond Principles, the governance of which was gradually incorporated into that of the Green Bond Principles over the course of 2016.
- Crédit Agricole CIB is on course to meet its ambitious strategic objective to structure at least USD 60 billion of new climate financing between December 2015 and the end of 2018. The Bank's success in the green and sustainability bond market in 2016 was one of the major factors in achieving this objective.
- In a determined effort to support the development of this market and educate all parties, in 2016 the Bank either organised or participated in numerous international green bond and sustainability bond events, notably in Asia in cities including Singapore and Hong Kong.

3.4 IMPROVE CLIMATE-RELATED RESULTS

Since 2011, in addition to the standard greenhouse gas (GHG) calculations shown in the "Limiting our direct environmental footprint" section, an estimation of the Bank's financing and investment carbon footprint is now in place. This is obtained using the P9XCA methodology. The recorded order of magnitude was the equivalent of 100 Mt of CO_2. This induced footprint, approximately 1,000 times greater than the estimated operating emissions for Crédit Agricole CIB, reflects the carbon intensity of the financed activities and demonstrates the Bank's active role in financing the global economy.

The CSR sector policies developed for the sectors with the most formidable challenges in terms of the quantity of financed emissions have guided Crédit Agricole CIB's funding decisions in these sensitive sectors, and their purpose is therefore to improve the Bank's induced climate performances (see box: CSR sector policies and coal elimination).

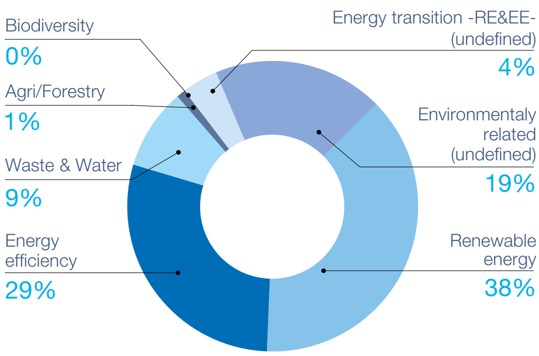
3.5 REPORT ON CLIMATE ACTION

Financial institutions, particularly in the private sector, are faced with a major dilemma regarding the disclosure of their actions. On the one hand, they are bound by a duty of confidentiality towards their customers, and on the other, public interest groups continue to demand greater transparency and comparability. Other major hindrances to accurate reporting of actions performed are the large numbers of customers and transactions, the low relevance of international economic classifications to climate issues and the wide range of bank loans.

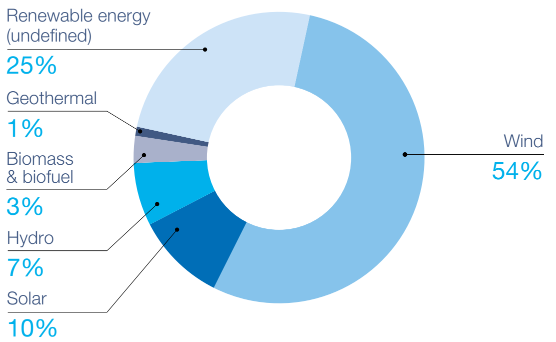
Nevertheless, Crédit Agricole CIB has made every effort to boost transparency, by publishing its environmental and social assessment and elimination criteria in its CSR sector policies.

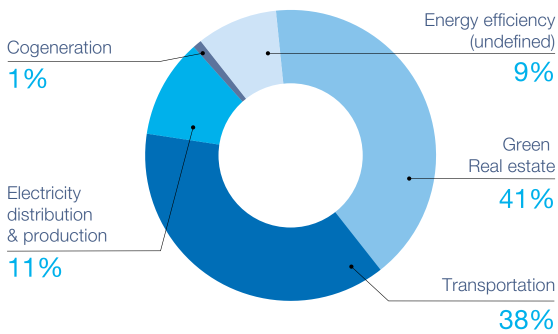
Crédit Agricole CIB also encourages transparency from its customers, with a focus on the Equator Principles which require customers to disclose certain information. This is also true of the Green Bond Principles, which aim to increase transparency on the market by encouraging issuers to regularly publish their reporting on fund allocation and on environmental and social impact measures for financed projects.

Based on these reports published by issuers and on publicly-available transaction information, Crédit Agricole CIB analyses all of its projects financed by the green, sustainability and social bonds. It was concluded on the basis of these analyses that at the end of 2016, 93% of bonds present on the green, sustainability and social bond market (representing a total outstanding amount of USD 190 billion) were financing projects with an environmental purpose. The breakdown by sector for these environmental projects is as follows:



Renewable energy and energy efficiency represent the vast majority of the projects financed by green and sustainability bonds, which are themselves broken down as shown below:





Other considerations are also under-way on how to further improve reporting of the Bank's climate actions.

4 HELP OUR CLIENTS TO MEET THEIR SOCIAL, ENVIRONMENTAL AND SOLIDARITY CHALLENGES

Helping our clients to meet their social, environmental and solidarity challenges is an essential component of our CSR approach. We primarily achieve this by:

- offering dedicated funds to finance environmental projects (green notes);
- advising our customers on social and environmental projects;
- promoting Socially Responsible Investment in Wealth Management;
- assessing and managing the risks inherent in the environmental and social impacts of our financing.

4.1 OFFERING DEDICATED FUNDS TO FINANCE ENVIRONMENTAL PROJECTS (GREEN NOTES)

CONCEPT - DESCRIPTION

In 2013, Crédit Agricole CIB developed a new product: the "Crédit Agricole CIB Green Notes". The Green Notes are bonds or any other financial instrument issued by Crédit Agricole CIB whose funds raised are dedicated to funding environmental projects.

For its Green Notes, Crédit Agricole CIB has followed the principles laid down by the Green Bond Principles which are voluntary principles for the formulation of green bonds and for market guidance. Green Bond Principles are offered by the major green bonds arranging banks, including Crédit Agricole CIB.

Crédit Agricole CIB's Green Notes are presented based on four structuring lines, defined by the Green Bond Principles:

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

The implementation of the Green Bond Principles is described in detail on the Bank's website.

SECOND OPINION

In April 2015, Crédit Agricole CIB sought a second opinion from the non-financial rating agency Sustainalytics on the issue of green notes. Sustainalytics experts approved the methods used to select the projects to be included in the Green portfolio, as well as the relevance of the chosen sectors to climate change prevention.

▶ INVENTORY

› GREEN NOTES OUTSTANDINGS

As at 31 December 2016, Crédit Agricole CIB had funded, through Green Notes and similar debt instruments, €1.541 billion of green loans that meet the eligibility criteria as defined on the previous page.

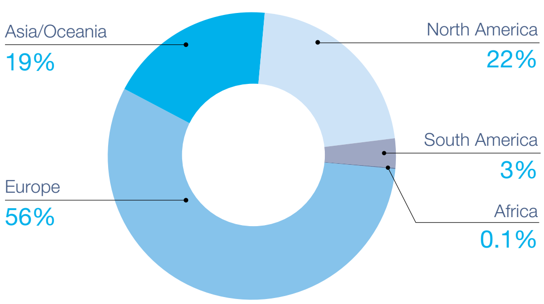
Issue date	Maturity (years)	Currency	Amount in currency (millions)	Amount Euros equivalent
17.06.2013	4.5	MXN	70	3,237,908
07.08.2013	5	JPY	125	1,021,325
07.08.2013	7	BRL	1	240,079
30.08.2013	5	JPY	3,000	24,511,807
30.08.2013	5	JPY	6,000	49,023,613
24.09.2013	7	JPY	5,410	44,202,958
30.10.2013	4	JPY	13,360	109,159,245
25.11.2013	5	MXN	260	12,026,514
01.12.2013	4	JPY	19,100	156,058,502
18.12.2013	5	AUD	60	42,003,344
18.12.2013	5	USD	52	49,321,825
27.12.2013	4	TRY	6	1,652,355
27.01.2014	4	JPY	10,620	86,771,795
30.01.2014	3	TRY	38	10,293,361
14.02.2014	4	TRY	160	43,340,466
05.03.2014	4	JPY	12,660	103,439,824
06.03.2014	4	JPY	120	980,472
30.04.2014	5	JPY	2,000	16,341,204
29.05.2014	5	JPY	331	2,704,469
02.06.2014	4	JPY	7,664	62,619,495
25.06.2014	3	BRL	17	4,745,093
26.06.2014	3.2	BRL	11	3,135,150
02.07.2014	4	AUD	45	31,485,093
29.07.2014	5	JPY	100	817,060
25.09.2014	3	BRL	21	5,931,366
28.10.2014	5	INR	1,650	23,064,343
13.11.2014	5	USD	8	7,587,973
18.11.2014	5	USD	15	14,227,449
25.11.2014	5	AUD	32	22,290,332
25.11.2014	5	MXN	350	16,189,538
26.11.2014	4	IDR	32,000	2,263,770
26.11.2014	3	BRL	11	3,106,906
28.11.2014	5	AUD	58	40,331,569
28.11.2014	5	NZD	23	15,351,755
28.11.2014	5	USD	17	16,029,593
28.11.2014	4	BRL	43	12,201,666
28.11.2014	4	TRY	27	7,394,967
10.12.2014	5	USD	10	9,484,966
19.12.2014	5	INR	1,050	14,677,309
29.12.2014	4	IDR	52,000	3,678,627
23.02.2015	5	INR	1,250	17,472,987
26.02.2015	4	IDR	32,000	2,263,770
16.04.2015	5	USD	20	18,969,933
28.05.2015	3	INR	300	4,193,517
23.06.2015	3	INR	250	3,494,597
03.07.2015	4	EUR	10	10,155,000
19.10.2015	4	TRY	114	30,880,082
18.12.2015	2.5	BRL	30	8,473,379
28.01.2016	3	INR	110	1,537,623
09.02.2016	4	EUR	20	20,000,000
31.03.2016	10	EUR	11	11,400,000

Issue date	Maturity (years)	Currency	Amount in currency (millions)	Amount Euros equivalent
02.06.2016	5	AUD	64	44,719,978
02.06.2016	10	EUR	1	500,000
03.06.2016	3	BRL	579	163,507,979
24.06.2016	4	AUD	49	34,201,728
24.06.2016	4	NZD	36	24,028,835
28.06.2016	3.5	BRL	10	2,824,460
29.06.2016	3	INR	470	6,569,843
29.06.2016	3	BRL	3	932,072
20.06.2016	10	EUR	1	500,000
21.06.2016	12	EUR	2	2,300,000
28.07.2016	3	INR	500	6,989,195
09.09.2016	11	EUR	12	12,000,000
13.10.2016	3.5	INR	65	908,595
17.11.2016	4	INR	65	908,595
09.12.2016	3	INR	445	6,220,383
15.12.2016	4	INR	65	908,595
15.12.2016	4	EUR	5	5,000,000
15.12.2016	11	EUR	5	5,000,000
16.12.2016	11	EUR	10	10,000,000
28.12.2016	10	EUR	6	5,600,000
30.12.2016	10	EUR	1	600,000
30.12.2016	11	EUR	5	5,000,000

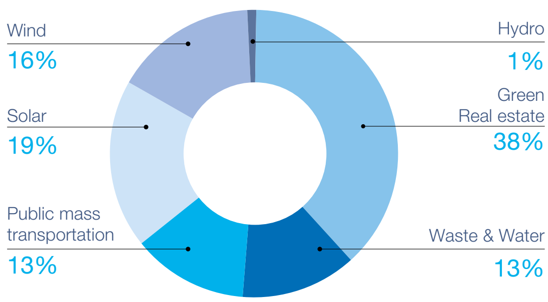
› BREAKDOWN OF THE PORTFOLIO

As at 31 July 2016, the breakdown of the green portfolio is as follows. It is well diversified, both geographically and sectorially, in line with Crédit Agricole CIB's conviction that the transition to a greener economy will involve numerous industrial sectors, around the world.

Breakdown by region



Breakdown by sector



4.2 ADVISING OUR CUSTOMERS ON SOCIAL AND ENVIRONMENTAL PROJECTS

Since 2010, our Sustainable Banking team has been helping customers pursue social and environmental projects related to four areas of excellence selected by the Crédit Agricole Group, namely: farming and food production, housing, health and the ageing population, and the energy and environment economy.

Crédit Agricole CIB helped a customer set up an investment fund dedicated to developing renewable energy infrastructures in emerging countries. This investment fund generates a medium to long term return by encouraging private investors to support a portfolio of renewable energy development projects and offers different investment tranches with varying risk/return profiles. Crédit Agricole CIB was involved in all stages of the project, from design to putting investors into contact with the project owners. As access to energy facilitates economic activity and improves living conditions, this project has a positive impact on the economic development of the regions involved.

4.3 PROMOTING SOCIALLY RESPONSIBLE INVESTMENT (SRI) IN WEALTH MANAGEMENT

Socially Responsible Investment (SRI) seeks to reconcile an investment's economic performance with its social and environmental impact by providing financing to companies and public-sector entities that contribute to sustainable development, regardless of the economic sector. By influencing the governance and behaviour of market participants, SRI promotes a responsible economy.

This responsible development concept has been extended to product marketing and social policy.

In 2016, CA Indosuez Wealth Group put together an action plan which included the following key initiatives:

- roll-out of SRI ratings to all entities;
- educating salespeople and customers about the SRI rating of portfolios;
- including a Carbon Impact rating in the main Front to Back systems;
- selecting themed funds (low carbon, energy transition, etc.);
- offering green bonds.

4.4 ASSESSING AND MANAGING THE RISKS ARISING FROM THE ENVIRONMENTAL AND SOCIAL IMPACTS OF OUR FINANCING

Crédit Agricole CIB has developed a system to assess and manage the risks arising from the environmental and social impacts relating to both transactions and customers, by factoring in the main sustainable development issues i.e. combating global warming, biodiversity protection and the protection of human rights.

▶ FACTORING IN SUSTAINABLE DEVELOPMENT CHALLENGES

› GLOBAL WARMING

Refer to section 3: "Incorporating global warming issues" for details of how this issue is factored in.

› BIODIVERSITY PROTECTION (INDICATOR 2E)

Since it exercises a services activity and is located in urban environments, the Bank does not have a significant direct impact on biodiversity.

However, the activities it finances may in some cases affect biodiversity. In its CSR sectoral policies, Crédit Agricole CIB therefore introduced analytical and exclusionary criteria based on biodiversity protection, with particular attention paid to important areas based on this criterion. Critical adverse impacts on the most sensitive protected areas, such as and wetlands covered by the Ramsar Convention, constitute exclusionary criteria under these policies, for example.

In 2016, Crédit Agricole CIB mapped the sectors and geographical regions which were most exposed to water access and pollution issues. For the customers operating in these sectors and geographical regions, their water saving and pollution prevention policies were analysed.

› OTHER ACTIONS IN SUPPORT OF HUMAN RIGHTS (INDICATOR 3E)

Crédit Agricole CIB fully adheres to the values of the United Nations Global Compact, which has been signed by Crédit Agricole, and relates primarily to human rights and labour standards. Crédit Agricole S.A. has signed several specific charters in addition to these general principles, including the Diversity Charter in 2008, the Human Rights Charter in 2009 and the Responsible Purchasing Charter in 2010.

Employee-related actions are detailed in the section "Developing people and the societal ecosystem" while actions linked to subcontractors and suppliers are covered in the section on "Strengthening trust".

As with climate and biodiversity matters, however, the indirect impacts involving the financed activities appear as most significant. They are assessed and managed as shown below. The Bank's CSR sector policies refer specifically to the International Labour Organization (ILO) fundamental conventions, and the International Finance Corporation (IFC) performance standards.

In 2016, Crédit Agricole CIB mapped the sectors and geographical regions which were most exposed to risks of human rights violations. For the customers operating in these sectors and geographical regions, their policies to prevent the violation of human rights, both in their own activities and their supply chain, were analysed.

In 2016, Crédit Agricole CIB continued to take part in the financial sector debate about how the communities negatively impacted by projects financed by the commercial banks could access the banks involved in this financing.

▶ ASSESSING AND MANAGING THE RISKS ARISING FROM THE ENVIRONMENTAL AND SOCIAL IMPACTS OF FINANCING

The environmental and social impacts resulting from the financing activity appear to be substantially greater than the Bank's direct environmental footprint. Taking these indirect impacts into account is one of the main sustainable development challenges for Crédit Agricole CIB. The system which manages these environmental and social business risks is based on three pillars:

- applying the Equator Principles to transactions which are directly related to a project;
- CSR sector policies;
- assessment of the environmental and social aspects of the transactions.

From 2013, Crédit Agricole CIB also introduced a scoring system for all its corporate clients.

Environmental and social risks are first assessed and managed by the account manager. Account managers are backed by a network of local correspondents, who provide the necessary support in each regional Project Finance structuring centre and remain in constant communication with a co-ordination unit. It comprises operating staff from the Project Finance business line and co-ordinates the practical aspects of the implementation of the Equator Principles. It manages the network of local correspondents and implements specialised training for participants.

Group Economic Research (ECO) is an integral part of Crédit Agricole S.A. and provides additional support and clarification for all types of transactions and customers by contributing its expertise on environmental and technical issues, thereby making it possible to fine-tune the analysis and identify the risks for each business sector.

Even though its corporate client base comprises mostly SMEs, Wealth Management integrates environmental and social components into its risk analysis based on the sector policies defined by Crédit Agricole CIB and the Group. The compliance risk grid for credit transactions covers these issues, supported by a special opinion if necessary.

THE EQUATOR PRINCIPLES

The Equator Principles were developed in response to limitations and triggers related to project financing, as defined by the Basel Committee on Banking Supervision. Although they cannot always be applied in their current state to other types of financing, they nevertheless represent a useful methodological framework for recognising and preventing environmental and social impacts in cases where the financing appears to be linked to the construction of a specific industrial asset (plant, transport infrastructure, etc.).

The implementation of the Equator Principles is described in detail on the Bank's website.

STATISTICS

In 2016, 36 project finance contracts were signed * and classified in categories A, B or C. At 31 December 2016, the number of projects in the portfolio was 402. Projects are broken down by classification as follows:

- 34 projects classified as A, 7 of them in 2016;
- 311 projects classified as B, 28 of them in 2016; and
- 57 projects classified as C, 1 of them in 2016.

The 2016 breakdown by sector and region is as follows:

	Category A	Category B	Category C
Total	**7**	**28**	**1**
Sector			
Mining	2		
Infrastructure	1	13	
Oil & Gas	3	2	
Energy	1	13	1
Of which renewable energies		10	1
Other			
Region			
North America	1	9	1
Latin America	1	7	
Asia & Pacific	2	4	
Europe	2	5	
Middle East & Africa	1	3	
Country designation			
Designated	3	22	1
Non-Designated	4	6	
Independent review			
Yes	7	28	1
No			

NB: Countries classified as Designated are high-income OECD countries as per the World Bank indicators. Independent Review means that the environmental and social information has been reviewed by a consultant not related to the customer.

Eight Project-Related Corporate Loans (PRCL) were signed * in 2016 and were classified as A, B or C. The classification of projects breaks down as follows:

- 1 project classified as A;
- 7 projects classified as B;
- no projects were classified as C.

* *In accordance with the agreement entered into by the Equator Principles Association (project closed).*

The sector-specific and geographic distributions are as follows:

	Category A	Category B	Category C
Total	**1**	**7**	
Sector			
Mining			
Infrastructure			
Oil & Gas		2	
Energy		5	
Other	1		
Region			
North America		1	
Latin America		1	
Asia & Pacific		1	
Europe			
Middle East & Africa	1	4	
Country designation			
Designated		1	
Non-Designated	1	6	
Independent review			
Yes			
No	1	2	

CSR SECTOR POLICIES

The CSR sector policies published by Crédit Agricole CIB explain the social and environmental criteria included in its financing policies. These criteria relate mainly to the issues of concern to civil society that appear to be the most relevant for a corporate and investment bank, particularly those relating to human rights, fighting global warming and preserving biodiversity. The goal of the CSR sector policies is therefore to clarify the non-financial principles and rules relating to financing and investments in the corresponding sectors, in accordance with the Crédit Agricole S.A. Group policy.

The current sector policies and their implementation are described on the website.

SENSITIVITY ANALYSIS

Crédit Agricole CIB has been assessing the environmental and social impacts of transactions since 2009. They reflect either questions on managing environmental or social impacts that are deemed critical, or controversy related to transactions or customers.

CUSTOMER CSR SCORING

From 2013, Crédit Agricole CIB introduced a CSR scoring system for all corporate clients designed to complement its system for assessing and managing the environmental and social risks of transactions. Clients are rated each year on a scale that includes three levels (Advanced, Compliance and Sensitive), with these ratings based on:

- compliance with existing sector policies;
- existence of reputational risk for the Bank (Sensitive rating);
- customer's inclusion in leading global CSR indexes (Advanced rating).

This scoring system will evolve following the service contract signed with a non-financial rating agency. The tests carried out in 2016 on the use of this agency's ratings make it possible to consider changing the CSR scoring system using three levels of due diligence: reduced, standard and higher. These three levels of due diligence are described on the Bank's website.

5 DEVELOPING PEOPLE AND THE SOCIAL ECOSYSTEM

5.1 SOCIAL RESPONSIBILITY

▶ SOCIAL INDICATORS

› METHODS

Each company of the Crédit Agricole S.A. Group has its own employee relations policy, under the responsibility of a Human Resources Director. The overall consistency is managed by the Human Resources Department of Crédit Agricole S.A. Group.

Concerned entities are those with employees that are consolidated either fully or proportionally (figures are reported according to the percentage of the Group's interest in their capital).

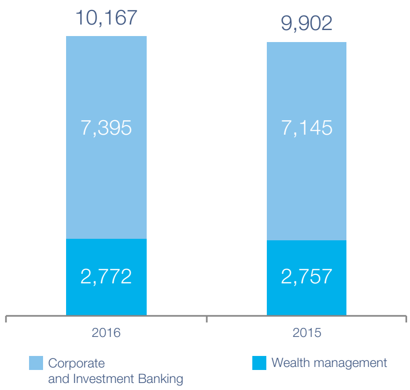
Unless otherwise stated:

- the data are presented from the employer's viewpoint and not the beneficiary's viewpoint. The difference relates to employees seconded by one entity to another (with no change in the employment contract) who report to their host entity from the employer's viewpoint;
- the population in question is that of "active" employees. Being "active" implies:
  - a legal component in the form of a "standard" permanent or temporary contract of employment (or similar for foreign entities);
  - being on the payroll and at work on the last day of the period concerned;
  - working hours of 50% full-time equivalent (FTE) and higher.

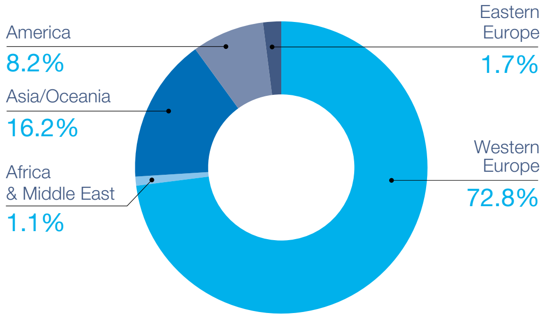
The scope of the employees covered (as a percentage of FTE at the end of the year) is presented for each table below.

› KEY FIGURES

Number of employees by business line (Full-Time Equivalent - FTE)



Headcount by region



Headcount by type of contract (Full-Time Equivalent - FTE)

	2016			2015		
	France	International	Total	France	International	Total
Permanent staff	4,249	5,783	10,032	4,078	5,698	9,776
Contractors	49	86	135	57	69	126
Total active staff	**4,298**	**5,869**	**10,167**	**4,135**	**5,767**	**9,902**
Permanent staff on extended leave of absence	165	27	192	152		152
Total	**4,463**	**5,896**	**10,359**	**4,287**	**5,767**	**10,054**

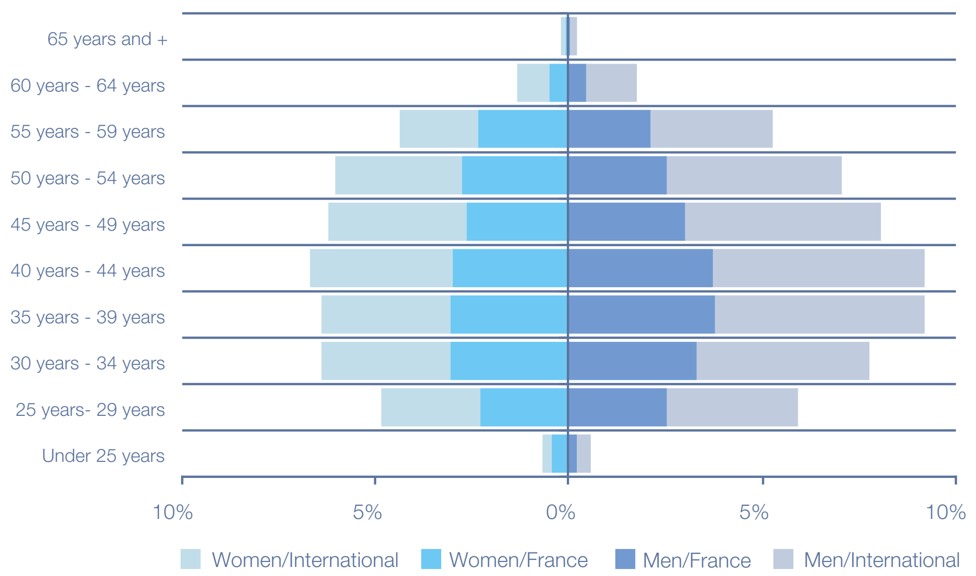
Breakdown of permanent staff in France by gender

	2016		2015	
In %	Women	Men	Women	Men
Staff in France	47.0	53.0	47.4	52.6
Business scope in France		**100%**		**100%**

Breakdown of permanent staff in France by gender and category

	2016		2015	
In %	Managers	Non-managers	Managers	Non-managers
Staff in France	89.4	10.6	87.7	12.3
Of which women (in %)	82.7	17.3	80.2	19.8
Of which men (in %)	95.4	4.6	94.5	5.5
Business scope in France		**100%**		**100%**

Age structure at 31 December 2016



Breakdown by age

	2016			2015		
	France	International	Total	France	International	Total
Average age	42 years and 2 months	42 years and 11 months	42 years and 7 months	42 years and 6 months	42 years and 5 months	42 years and 5 months

The average age of Crédit Agricole CIB Group employees is 42 years and 7 months, 42 years and 2 months for France and 42 years and 11 months for the international business.

65-year-old employees' forecasts

	2016	
	Number	%
65 years in "n"	10	0.2
65 years in "n"+ 1	6	0.1
65 years in "n"+ 2	11	0.3
65 years in "n"+ 3	21	0.5
65 years in "n"+ 4	23	0.5
65 years in "n"+ 5	39	0.9
65 years in "n"+ 6	66	1.5
65 years in "n"+ 7	95	2.2
65 years in "n"+ 8	94	2.2
65 years in "n"+ 9	107	2.5
65 years in "n"+ 10	103	2.4
Total	**575**	**13.2**

Promotions in France

	2016			2015		
	Women	Men	Total	Women	Men	Total
Promotion in the non-manager category	14	3	17	18	15	33
Promotion from non-manager to manager	35	11	46	24	17	41
Promotion in the manager category	112	170	282	114	125	239
Total	**161**	**184**	**345**	**156**	**157**	**313**
%	46.7	53.3	100	49.8	50.2	100
Business scope in France			**99%**			**99%**

Number of permanent staff recruited by geographical region

	Number of permanent staff recruited (1)		2016	2015
Number	Wealth Management	CIB	Total	Total
France	32	438	470	372
Western Europe	192	156	348	318
Central & Eastern Europe		20	20	14
Africa		1	1	5
Asia & Pacific	58	196	254	258
Middle East		5	5	11
Americas	15	72	87	105
Total 2016	**297**	**888**	**1,185**	
Total 2015	**297**	**786**		**1,083**
Business scope			**100%**	**100%**

(1) Including trainees, work-study trainees and contractors recruited as permanent staff.

Proportion of part-time staff

	2016			2015		
	Managers	Non-managers	**Total**	Managers	Non-managers	Total
Part-time staff	320	104	**424**	330	122	452
Part-time staff as % of total	8.3	22.7	**9.8**	9.1	23.9	10.9
Women as % of part-time staff			**91.3**			89.6
Business scope in France			**99%**			**98%**

PRIORITY 1: ENCOURAGING AND PROMOTING EMPLOYEE DEVELOPMENT AND EMPLOYABILITY

The human resources policy of the Group and Crédit Agricole CIB is to ensure that each position in the organisation is held by a motivated employee whose skills and performance meet the requirements and challenges of his or her position, but also to prepare for the future. Thus, Crédit Agricole CIB deploys a policy of career management to enable each employee, regardless of its level in the organisation, to expand its professional experience in a constructive manner, but also to develop skills that will be necessary in the future.

This approach is harmonised and globally shared to reflect the international nature of Crédit Agricole CIB's operations and its corporate culture.

▶ EMPLOYEE INDUCTION AND INTEGRATION

In 2016, Crédit Agricole CIB rolled out its CACIB Global Induction Programme, to help new employees integrate into the Company. The programme introduces them to the different Crédit Agricole CIB business lines and the Bank's culture.

There is a special area in the Crédit Agricole CIB intranet which lists a large number of documents which will help them integrate. Digital resources are also available on the Bank's international training portal, HRE-Learning. An individual programme of mandatory training courses is in place to develop and promote the compliance and risks culture, helping new employees to adopt the correct conduct expected of them in regulatory matters. This step is vital to limit the Bank's risk exposure. Depending on the business line, new employees may also follow additional training courses linked to their activity. Optional modules are also available on the portal to help them successfully take up their new position.

During their first year within the Bank, new arrivals are also invited to take part in an induction event to gain a better understanding of the interaction between the Bank's different business lines and to meet their peers who have recently joined Crédit Agricole CIB teams. On 13 October 2016, 240 employees attended the first of these new format events in France. It is planned to roll them out worldwide in 2017.

▶ DEVELOPING AND PROMOTING THE EMPLOYEES THROUGH A PROFESSIONAL CAREER PATH PUT TOGETHER JOINTLY BY THE EMPLOYEE, HIS OR HER MANAGER AND HUMAN RESOURCES MANAGER

› REINFORCING THE ROLE OF THE ANNUAL ASSESSMENT IN THE EMPLOYEES' CAREER MANAGEMENT

Each year, the appraisal and objectives meetings provide an opportunity to take stock of individual and collective performance and the employees' achievements and development needs.

In 2016, Crédit Agricole CIB offered all of its employees in France and abroad a digital course to help them prepare for the appraisal and objectives meeting on its international training portal, HRE-Learning. The course offers content in various formats: interactive modules, videos and memo cards.

Within the framework of this worldwide campaign in 2016, 99% of the annual assessments between employees and managers have been realised.

Two other systems complete these campaigns at Crédit Agricole CIB:

- the Cross Feedback assessment tool is an effective tool for the most cross-functional positions. It provides objective feedback from the people with whom the employee is in daily contact and helps to promote better cooperation between the Bank's teams and develop the feedback culture. This is a constructive approach which focuses on the work of an employee during the past year. In 2016, 934 employees received individual Cross Feedback;
- the 360° questionnaire, an evaluation tool for senior executives, allows the members of the Management Committee and their N-1 to be appraised by their N+1, their peers and their N-1.

› ENCOURAGING EMPLOYEES TO TAKE CONTROL OF THEIR TRAINING

Crédit Agricole CIB employs an active training policy to meet its current and future strategic challenges. The Bank encourages all employees to continuously adapt their skills to the fast and complex changes in the economic, regulatory and technological environment.

A new worldwide training portal, HRE-learning, was launched in 2016. Employees have access to this portal throughout the year. It provides them with an overview of all training that is currently available and free access to digital courses in the areas of banking, finance and personal development. Structured into academic, business line and cross-functional courses, it offers a veritable plethora of opportunities which encourages employees to take control of their training. This digital training, focusing on vital business skills and the knowledge expected of employees, is offered in addition to the classroom sessions also offered.

This new approach targets the following objectives, as part of the forward planning of employment and skills:

- meet the needs and challenges of the business lines in order to develop the skills of their employees;
- meet the Bank's regulatory and safety requirements;
- intensify training measures for priority audiences;
- support retraining and transfers through dedicated training plans;
- implement the training and awareness-raising measures required under the various agreements signed;
- use available new technologies and educational methods to promote access to training;
- incorporate training reform into the Crédit Agricole CIB training policy.

This year again, the percentage of Crédit Agricole CIB's training expenditure relative to the total payroll again exceeded the legally required minimum in France, and reflects the efforts made by the Company to develop and strengthen its staff's skills.

In France, Crédit Agricole CIB spent €10.8 million on training in 2016 (including €4 million paid to the fund collecting agency). In France, more than 76% of employees with permanent employment contracts had been trained at the end of November 2016 (estimated after 11 months of the year, see workforce statistics). Employees trained in 2016 received an average 26 hours training.

Training policy

	2016 (11 months) *	2015 (11 months) *
Number of employees trained		
France	4,982	2,829
Abroad	5,250	4,574
Total	**10,232**	**7,403**
Business scope	**97%**	**92%**
Number of training hours		
France	88,205	70,983
Abroad	101,211	96,923
Total	**189,416**	**167,906**
Business scope	**97%**	**92%**

** December is not a representative month.*

This year, the figures included the SYFADIS training (specifically the regulatory modules). Based on the same scope as last year, we would have: 2,895 employees trained (including work-study contracts, which were not included last year) in France.

Training themes

Number of hours	2016 (11 months) *				2015 (11 months) *	
Themes	Total	%	O/W France	O/W international	Total	%
Knowledge of the Crédit Agricole S.A. Group	6,991	3.7	2,729	4,262	4,786	2.9
Personnel and business management	15,650	8.3	2,923	12,727	16,876	10.1
Banking, law, economics	24,140	12.7	8,359	15,781	24,955	14.9
Insurance	168	0.1	15	153	299	0.2
Financial management (accounting, tax, etc.)	11,208	5.9	5,113	6,095	13,200	7.9
Risks	6,312	3.3	3,843	2,469	6,650	4.0
Compliance	28,137	14.9	11,400	16,737	13,056	7.8
Method, organisation and quality	4,508	2.4	2,870	1,638	5,772	3.4
Purchasing, Marketing, Distribution	1,416	0.6	1,267	149	3,011	1.5
IT, Networks, Telecommunications	6,905	3.6	4,287	2,618	8,653	5.2
Foreign languages	48,207	25.5	22,943	25,264	37,257	22.2
Office systems, business-specific software, new technology	9,008	4.8	4,615	4,393	5,516	3.3
Personal development and communication	20,999	11.1	14,538	6,461	21,689	12.9
Health and safety	3,758	2.0	2,383	1,375	4,164	2.5
Human rights and the environment	536	0.3	196	340	417	0.2
Human resources	1,473	0.8	724	749	1,605	1.0
Total	**189,416**	**100**	**88,205**	**101,211**	**167,906**	**100**
Business scope			**97%**			**92%**

** December is not a representative month.*

The most common training areas within the Crédit Agricole CIB Group:

- language training takes first place with 25.5% of the training plan hours;
- compliance training is second with 14.9% of the hours;
- banking, law and economics training goes from second to third place with 12.7%.

› ENCOURAGING INTERNAL MOBILITY TO ENHANCE CAREER PROSPECTS FOR EMPLOYEES

Crédit Agricole CIB encourages internal mobility to allow all of its employees to progress within the Bank and the Crédit Agricole Group. Internal mobility is favoured over external recruitment.

MyJobs is a dedicated internal mobility portal which is available to Crédit Agricole CIB in France and worldwide. It lists all of the job vacancies in corporate and investment banking and the Crédit Agricole S.A. Group. Crédit Agricole CIB uses different tools to support employee mobility: mobility committees, business line forums, HR interviews, CV workshops and speed interviews. These tools and initiatives create a more cross-disciplinary approach and develop the mobility culture.

The "*En route pour la mobilité*" [Towards mobility] leaflet was distributed to employees attending the third edition of the business lines forums, the "*Forum des Métiers*" [Business Forum], on 13 October 2016 in France. This leaflet contains practical tips to help them prepare for a successful move within the Company and an overview of the support structures in place.

› IDENTIFYING AND DEVELOPING TALENTS

At Crédit Agricole CIB, the members of the Management Committee, managers and Human Resources have been working to identify and manage talent for several years now. Part of the Crédit Agricole S.A. Group policy, it aims to retain and develop the capabilities of employees with potential and to ensure succession plans for strategic positions at the Bank.

Since 2015, Crédit Agricole CIB's Talent Management policy has been structured around three categories based on identification criteria approved by Executive Management: Rising Talents, Advanced Talents and Future Leaders. Each year, the executive committees of the business lines work with Human Resources to review the talent lists worldwide. Diversity is a particularly important factor in this review.

The Bank's talents are offered special development opportunities which combine Group-wide programmes and specific Crédit Agricole CIB programmes.

In 2016, 30 Rising Talents took part in the third My Way programme in France and worldwide. This programme brings together the employee, his or her manager and HR manager to discuss the employee's development plan and career path.

Indosuez Wealth Management also offers the My Way programme to employees from its different sites. Alongside the programme, its Rising Talents are also invited to work on cross-functional projects and meet executives.

Crédit Agricole CIB added to the range of programmes it offers its talents in 2016 with the roll out of a leadership programme for European talents and workshops on inter-cultural challenges. Initiatives to further promote gender equality at the Bank were also stepped up this year.

▶ PROMOTING AND MANAGING EMPLOYEES WITH RESPECT AND RESPONSIBILITY

In a complex and constantly-changing environment, it is vital that the Crédit Agricole CIB strategy it properly disseminated. The managers play a key role in implementing the strategy at all levels of the Bank, mobilising the teams and developing the skills of their employees. Since 2012, Crédit Agricole CIB has therefore deployed the Management Academy, a training programme for all managers in France and worldwide, which aims to develop a shared managerial culture. The programme offers digital and classroom training modules for four skill sets: leadership, management, change management and personal development.

In 2016, the management training module was expanded and Level 1 of the Management Academy was opened up to all employees in France and worldwide. Employees have free access to digital modules on managerial topics via the Bank's international training portal.

Indosuez Wealth Management, for its part, worked to develop its managerial culture in 2016 in order to promote internally its new positioning and single brand. Through #IndosuezManagementWay, an initiative run jointly with the ESSEC Business School, managers took part in conferences, workshops and training courses to help them develop a managerial mindset and adopt good work practices. The Panorama 2016 seminar offered 50 managers an occasion to discuss the Indosuez Wealth Management strategy and identify development opportunities.

PRIORITY 2: GUARANTEEING EQUALITY AND PROMOTING DIVERSITY

As a committed and responsible employer, Crédit Agricole CIB wants its organisation to reflect the rich diversity of society and therefore makes every effort to treat every employee fairly.

To ensure its employees are properly equipped to understand diversity issues, Crédit Agricole CIB set up a Diversity Academy, open to all in France and worldwide, on its HRE-Learning training portal. The Diversity Academy develops employees' openness, listening skills, self-awareness and awareness of others through digital modules on topics such as interculturality, gender and disability.

Alongside this, Crédit Agricole CIB organises conferences and workshops to foster the international culture and multicultural skills of the employees in its different sites.

GENDER EQUALITY AT WORK

› PROPORTION OF WOMEN

	2016		2015	
In %	%	Business scope	%	Business scope
Among all employees	43.6	100%	43.9	100%
Among permanent contract staff	41.2	100%	41.5	100%
Of the Executive Committee of CACIB	5 out of 17	100%	4 out of 16	100%
Of management levels 1 and 2 * of CACIB	17.2	100%	16.5	100%
Of the top 10% highest-earning employees in each subsidiary (fixed compensation)	18.0	97%	16.7	96%

** The managerial levels group the members of the executive committees and the members of the management committees at each entity into two levels.*

› DEVELOPING EQUALITY AT WORK BETWEEN MEN AND WOMEN

Convinced that diversity is the key to promoting performance and innovation, for several years now Crédit Agricole CIB executives have been following a proactive diversity policy. As part of this policy, the Bank's Management Committee met in July 2016 for an extraordinary seminar to discuss diversity and performance at Crédit Agricole CIB. During the seminar, the managers worked on the diversity action plans to be implemented in 2017.

In order to identify the key issues and measure the effectiveness of its diversity policy, Crédit Agricole CIB monitors gender distribution indicators throughout the year. These indicators are shared with employees, particularly during Diversity Week. At the annual Diversity Week, which is held in France and worldwide, employees take part in educational conferences and awareness workshops. The 2016 addition saw initiatives proposed in Paris, New York, Hong Kong, Dubai, London, Frankfurt, Madrid and Milan.

Crédit Agricole CIB also runs two leadership programmes for its female employees. During the leadership training for female employees and at the Eve seminar, employees meet up with participants from other major groups in order to share their experiences.

Crédit Agricole CIB also supports gender equality networks which have been set up at its different sites by female employees, such as CWEEN, launched in India in 2008, Potentielles in France in 2010, SPRING in London in 2015 and RISE in Hong Kong in 2016.

In 2016 in France, Crédit Agricole CIB and all of the unions signed a second three-year agreement on gender equality at work. Building on the previous agreement, this agreement continues to pursue the following key commitments:

- ensure gender equality in recruitment at the business lines and the fair treatment of employees;
- train and educate employees about equality at work and non-discrimination;
- promote career development for women and support their return from maternity leave.

After a maternity leave study in 2015 in France, action plans were introduced in 2016 on the topics of information, organisation, replacement and support for female employees.

A maternity and paternity kit, which includes a managers memo, was distributed to all employees. Crédit Agricole CIB will work in 2017 to adapt this kit for its international sites. Also in France in 2016, 29 female employees who had recently returned from maternity leave took part in pilot workshops to help them combine their career with motherhood.

› HELPING EMPLOYEES FIND A BETTER WORK/LIFE BALANCE

Crédit Agricole CIB's planned move took place in France in 2016 as part of the Crédit Agricole S.A. Group's plan to merge its subsidiaries at the Evergreen site in Montrouge and the SQY Park at Saint-Quentin-en-Yvelines.

To help its employees find a good work/life balance following the move the Bank provided support measures, such as moving grants, travel grants and new work organisation options, mainly through a number of collective agreements.

Thanks to the teleworking agreement signed in France on 17 December 2015, Crédit Agricole CIB was able to offer this new working practice in 2016. As a result, at 31 December 2016, almost 500 employees were working from home for one day a week, even two days in some cases.

Flexible working arrangements were also introduced in other European countries in which Crédit Agricole CIB operates. A more global rollout of this initiative is also being examined.

Teleworking was also tested at Indosuez Wealth Management in France in 2016.

As part of its policy to promote gender equality, Crédit Agricole CIB is also running parenting initiatives in France and worldwide.

On 26 November 2016, Crédit Agricole CIB organised a family day at its two Paris sites in collaboration with the Group. For the Bank, the event, which was open to all employees and their families, marked the end of its move.

In France, Crédit Agricole CIB also provides, for its employees in and outside the Paris region, 31 places in intercompany nurseries (through a partnership with the Babilou nationwide nurseries network), which are allocated based on social criteria. Parents (fathers or mothers) may also receive authorised paid leave on the first day of school in order to accompany their children.

EQUALITY OF BACKGROUNDS AND ORIGINS

› YOUTH RECRUITMENT POLICY

Crédit Agricole CIB has an active policy to promote the professional integration of young people in France and worldwide. In practice, it is developing work placements in its different sites and continuing to offer work-study training in France. Through its internships, work-study placements and IVA positions (International Volunteering Abroad), Crédit Agricole CIB identifies the best potential employees.

In 2016, Crédit Agricole CIB welcomed 385 new interns and 160 new work-study trainees in France, as well as 145 VIEs in its international subsidiaries.

All job offers are published on the Crédit Agricole CIB and Crédit Agricole Group job sites. They are also published on specialist recruitment sites and on Job Teaser, a recruitment platform in schools and universities. As part of the selection process for internships, work-study placements, IVA positions and permanent contracts for young graduates, all applicants must take an online logical reasoning test.

In addition, in accordance with Group policy, Crédit Agricole CIB participates in numerous activities promoting the diversity of the recruited profiles. On 25 May 2016, the Bank joined up with the Mozaïk RH Association, a top recruitment and human resources consultancy specialising in promoting diversity, to run a speed recruiting session for work-study positions.

› EMPLOYEE INVOLVEMENT IN SCHOOLS AND UNIVERSITIES IN FRANCE AND WORLDWIDE

The Bank ensures a strong presence in schools and universities, particularly through the Group-run "School Captains" programme. This is a network of some 60 Crédit Agricole CIB employees who promote the Company and the Group at their alma maters.

Many managers and employees join HR teams at school and university forums in France and abroad to share their experience with students and receive applications for the various positions to be filled. In 2016, the Bank significantly enhanced its employer brand abroad by stepping up its presence at schools and universities in Europe, Asia and the United States. Crédit Agricole CIB took part in some 50 student forums this year, around a dozen of which took place abroad.

In France and worldwide, the Bank is setting up educational partnerships (case studies, courses, conferences, presentation of our business lines and trading room visits). In 2016, new partnerships were signed with Paris Dauphine University and the Centrale/Supelec engineering school in Paris. Crédit Agricole CIB continued its efforts to support the financial associations of engineering and business schools as well as universities, notably by financing their events and projects.

Pre-recruitment

Trainees and work-study trainees in France (average monthly Full-Time Equivalent)	2016	2015
Work-study trainees	219	215
Trainees	175	192
% of scope covered	**100%**	**100%**

EMPLOYMENT AND INTEGRATION OF PEOPLE WITH DISABILITIES

Since 2005, Crédit Agricole S.A. Group in France has been actively promoting the employment of people with disabilities through job retention and awareness initiatives and also through recruitment from the sheltered and disability-friendly sectors. The fourth agreement, signed in 2014, is a logical continuation of the efforts made over the previous ten years and covers all of the Group entities.

To help retain employees with disabilities, Crédit Agricole CIB plans to adjust workstations and the working environment: ergonomics studies, specially adapted computer equipment (screens, special software for employees with visual impairment), use of the Tadéo telephone aid for deaf employees, introduction of working from home and developing the use of sign language translation for conferences and training courses. This individual support can also take the form of tailored training, psychological monitoring, or coaching.

Preventative health and disability awareness events are organised throughout the year to inform employees about the different illnesses and to offer better support for disabled employees. The Disability Employment Week was held at the Bank's offices from 14 to 18 November 2016. This year's theme was "*Tous handicapés par nos stéréotypes*" [Stereotypes are a handicap for all].

In addition to its direct initiatives to raise awareness about the employment of people with disabilities, Crédit Agricole CIB delegates services to the sheltered and disability-friendly employment sector ("*Entreprises Adaptées*" and "*Établissements et Services d'Aide par le Travail*") such as managing e-waste recycling, green space maintenance, general printing and processing of rejection letters to paper applications.

A COMPENSATION POLICY BASED ON EQUALITY

› GENERAL PRINCIPLES

In keeping with the specific nature of its business lines and legal entities and the laws of the respective countries, the Crédit Agricole Group strives to develop a system of compensation that provides employees with fair, incentivising and competitive pay in respect of its reference markets, while promoting sound and risk-aware management.

This compensation policy seeks to reward both individual and group performance, in accordance with the values of fairness and merit that characterise the Group. The base salary compensates skills and responsibility levels in accordance with the specific nature of each business line and market levels, and based on the principle of equal treatment among employees. At Crédit Agricole CIB, variable compensation plans related to individual and group performance are established based on the achievement of set targets, the entity's profits and the factoring of risks.

Variable compensation packages are established according to the business line performance by taking into account the risk profile of the business lines and all of the costs, including the cost of risks, liquidity and return on equity. Individual awards to employees are made in accordance with a management policy according to an overall assessment of their performance, in line with financial and non-financial objectives as well as their knowledge of and compliance with internal operating rules.

A compensation management tool was created at Indosuez Wealth Management in 2016. It aims to facilitate the decision-making process by offering managers access to a wealth of online compensation-related information such as a history, evaluation scores and identification data. A procedure was also put in place to ensure that the global policy was applied at local level. One of the measures was to set up a central committee and local committees to ensure that arbitration related to compensation, variable compensation in particular, does not encourage dangerous behaviours.

› EMPLOYEE BENEFITS

As a responsible employer, Crédit Agricole CIB promotes a wide range of employee benefits to foster the well-being of its employees and help them deal with life's uncertainties, regardless of where in the world they are based. The Bank takes particular care to ensure that its employee benefits are:

- ethical and reflect the Group's values;
- attractive and reasonable in terms of local practices in the banking sector;
- appropriate for the targeted recipients.

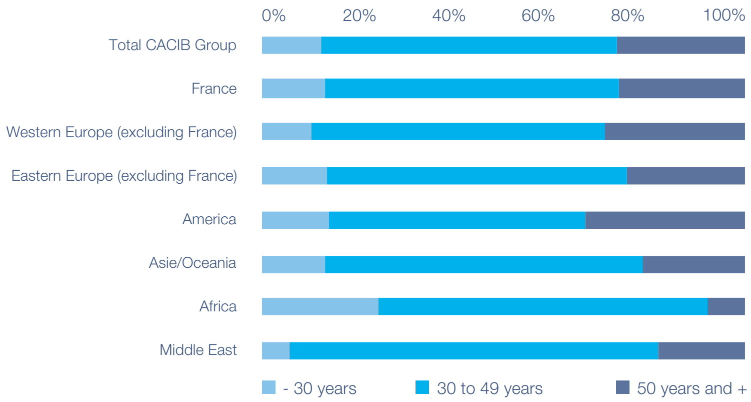
The Bank contributes to the funding of health cover programmes in many countries in order to offer its employees access to healthcare. Crédit Agricole CIB also places significant importance on protecting the families of employees who die or are absent from work, and fully-funds the appropriate schemes for all of its employees worldwide.

Crédit Agricole CIB was a forerunner for retirement planning in many countries with its employer-assisted savings plan which has been in place in France, Spain, Italy, the United Kingdom and the United States for over 20 years.

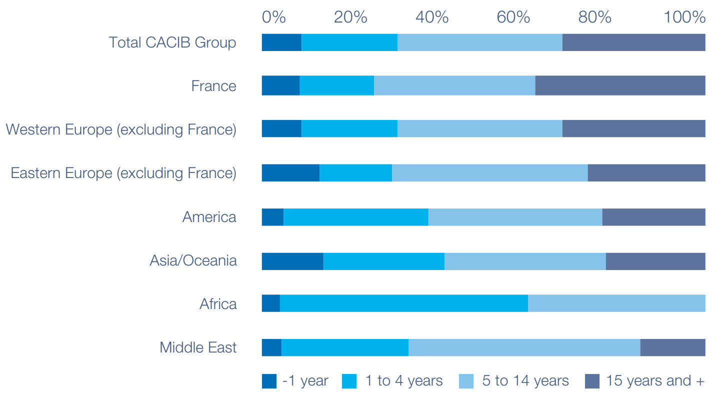
Through its employee savings schemes, employees share in the Company's results and performance. Since 2016, the profit-sharing agreement in France has incorporated the Bank's CSR indicator, FReD, to take account of the joint commitment of the Company and its employees to the success of the CSR policy. Worldwide, employees are regularly offered the opportunity to share in capital increase operations. In 2016, this applied to ten countries in which Crédit Agricole CIB operates.

Employees on international postings are granted special company benefits appropriate for the particular country of origin/host country combination.

Permanent staff by age in the Crédit Agricole CIB Group



Permanent staff by seniority in the Crédit Agricole CIB Group



Departures of permanent staff by reason

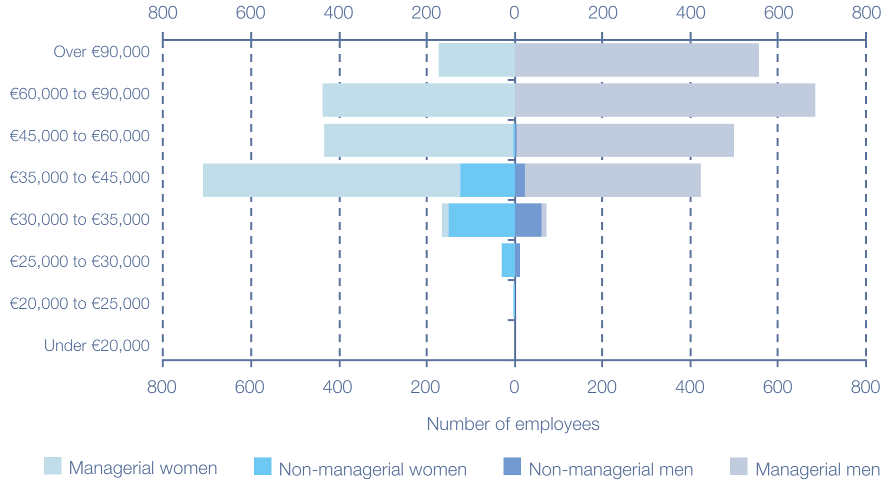
	2016				2015			
	France	International	Total	%	France	International	Total	%
Resignation	78	406	484	63.4	70	395	465	62.1
Retirement and early retirement	40	43	83	10.8	81	43	124	16.5
Redundancy	14	129	143	18.7	10	97	107	14.3
Death	2	1	3	0.4	2	1	3	0.4
Other reasons	29	22	51	6.7	19	31	50	6.7
Total	**163**	**601**	**764**	**100**	**182**	**567**	**749**	**100**
Business scope				**100%**				**100%**

Collective variable compensation paid during the year on the basis of the previous year's results in France

	2016			2015		
	Total amount (thousands of euros)	Number of beneficiaries	Average amount	Total amount (thousands of euros)	Number of beneficiaries	Average amount
Employee profit-sharing *	235	214	1,100	4,730	490	9,653
Incentive plans	25,779	5,016	5,139	24,619	4,616	5,333
Employees savings plan top-up	11,222	4,619	2,429	10,991	4,912	2,238
Total	**37,236**			**40,340**		
Business scope			**99%**			**99%**

** Exceptionally high contribution in 2015 in Wealth Management, following the sale of a building.*

Annual fixed salary grid



Average monthly salary of permanent staff active in France (gross salary)

	2016	2015
Managers		
Men	6,392	6,383
Women	4,888	4,848
Overall	5,739	5,719
Non-managers		
Men	2,793	2,751
Women	2,814	2,795
Overall	2,809	2,784
Total		
Men	**6,226**	**6,184**
Women	**4,529**	**4,441**
Overall	**5,429**	**5,359**
Business scope	**99%**	**99%**

Absenteeism in France, in calendar days

	2016							2015		
	Managers		Non-managers		Total		Average number of absence days per employee	Total		Average number of absence days per employee
	Women	Men	Women	Men	Number of days	%		Number of days	%	
Illness	10,234	6,499	3,794	680	21,207	39.0	5.0	23,165	39.3	5.5
Accident in the workplace and during travel	288	260	99	15	662	1.2	0.2	749	1.3	0.2
Maternity/Paternity/ Breastfeeding	18,272	1,430	4,393	65	24,160	44.5	5.7	27,736	47.1	6.6
Authorised leave	3,825	2,325	1,137	127	7,414	13.6	1.7	6,345	10.8	1.5
Other reasons	376	480	6	40	902	1.7	0.2	927	1.5	0.2
Total	**32,995**	**10,994**	**9,429**	**927**	**54,345**	**100**	**12.8**	**58,922**	**100**	**14.0**
Business scope							**99%**			**99%**

PRIORITY 3: IMPROVING THE QUALITY OF LIFE IN THE WORKPLACE

▶ PROVIDING EMPLOYEES WITH A WORKING ENVIRONMENT AND WORKING CONDITIONS THAT ENSURE THEIR HEALTH AND SAFETY

Crédit Agricole CIB considers quality of life in the workplace as a driver of fulfilment and performance and as being essential to its effectiveness. The Bank provides employees in France and abroad with training in the preventing of stress, including on its HRE-Learning portal at the Management Academy and Diversity Academy. In France, any courses in this area requested during appraisal sessions or at other times of the year by employees and managers are systematically approved. In 2016, 48 employees took the course “Balancing pressure and effectiveness”.

As part of the agreement for the prevention of stress in the workplace at Crédit Agricole CIB, which was signed on 2 July 2013 in France, the observatory “Preventing psychosocial risks” was set up. This ongoing tool for measuring stress makes it possible, at regular intervals, to identify the sources of stress and the most vulnerable groups of employees. To that end, Bank employees are asked by the workplace health department to complete an online survey when they have their medical check-up every other year. Three years after implementation, 71% of employees in France have replied to the survey. The results are submitted annually to the Psychosocial Risks Committee.

To fight against psychosocial risks, Crédit Agricole CIB provides an anonymous and confidential psychological support service to employees in France with a toll-free number.

The employees can also share any observations they have with the Human Resources Department, including their own HR manager. As part of the efforts to prevent psychosocial risks, Crédit Agricole CIB encourages all those concerned within the Company to play an active role and report any difficulties that might be encountered by employees (senior management, managers, workplace health unit, social workers, human resources, employee representatives and employees).

Throughout the year, Crédit Agricole CIB also holds events on the issue of health at its various sites: medical check-ups, training in first aid and the use of a defibrillator, free-of-charge screening, vaccination campaigns, blood donations, advice on ergonomics, nutrition workshops and relaxation sessions.

PRIORITY 4: PROMOTING EMPLOYEE COMMITMENT AND SOCIAL DIALOGUE

The Group promotes dynamic and constructive social dialogue with its employees and their representatives. This commitment can take several different forms: direct discussions, social surveys and questionnaires, the use of collaborative tools and organising high quality social dialogue.

▶ MAINTAINING AN ACTIVE SOCIAL DIALOGUE WITH EMPLOYEE REPRESENTATIVES

Social dialogue is a reflection of corporate responsibility. The Group pays attention to the development of a constructive social dialogue with a view to conclude structured agreements which carries true commitments.

In France, social dialogue is organised through elected or appointed employee representatives: the works council, employee delegates, the Health, Safety and Working Conditions Committee and union representatives.

2016 provided an opportunity to update and rethink the way that social dialogue was organised as part of the roll-out of the Rebsamen Law.

Furthermore, in support of the collective Crédit Agricole CIB office move, the number of meetings with the Health, Safety and Working Conditions Committee were increased, further testimony to a desire for a true exchange of ideas with this body concerning the review of employee working conditions. Eight extraordinary meetings were held in addition to the compulsory ordinary meetings that take place every year. An agreement was also reached to prolong the terms of office of the members of the Health, Safety and Working Conditions Committee, in order to ensure the quality and continuity of the work undertaken with this body as part of the Crédit Agricole CIB office move.

Social dialogue is also very much a part of the negotiations conducted with the unions represented within the Bank for the purpose of establishing collective agreements on behalf of all stakeholders. In this way, in 2016 in France, Crédit Agricole CIB entered into six collective agreements signed without exception by all of the unions represented within the Company. Four of these agreements covered employee compensation and benefits (company savings scheme, collective retirement savings plan, and profit sharing scheme).

In order to make our commitment to gender equality in the workplace a reality, a second collective agreement was signed in October 2016.

Crédit Agricole CIB also accepted all of the requests made by employees and unions for training leave for economic and social training and union training, which represented 99 days in 2016.

Number of agreements signed during the year in France by subject

	2016	2015
Salary and related	4	4
Training	0	0
Staff representation bodies	1	0
Employment	0	0
Working time	0	0
Diversity and professional equality	1	0
Other	0	4
Total	**6**	**8**
Crédit Agricole CIB France: scope covered	**100%**	**100%**

▶ TRANSMITTING AND SHARING INFORMATION WITH EMPLOYEES TO ENABLE DEBATE AND ENDORSEMENT

Conference calls and management meetings are held regularly in France and simultaneously broadcast abroad to enable managers to meet the members of Crédit Agricole CIB's Executive Management. Some 925 executives are invited to these meetings and conference calls, which are organised for every quarterly publication of results and throughout the year for strategic topics. Participants are invited to ask questions in advance on an anonymous basis, and Executive Management then answers them during its presentations.

A dedicated space, the "Managers' corner", on the InsideLive global intranet also enables managers to find all of the information that they need to convey to their teams.

Furthermore, conferences called "InsideMeetings" are regularly held for all employees in France and cover a wide range of topics: strategy, latest news, company culture, corporate partnership, the challenges of sustainable development, etc. These events are an opportunity to find out more and to share information during the question-and-answer sessions at the end of the presentations.

▶ ENCOURAGING SCHEMES TO INCREASE PARTICIPATION AND SELF-EXPRESSION BY EMPLOYEES

In parallel to these regular occasions, a number of other activities encouraging the participation of employees were implemented at Crédit Agricole CIB in 2016.

Having deployed their first global commitment survey in 2015, Crédit Agricole CIB and Indosuez Wealth Management took part in the exercise to measure the Crédit Agricole Group Commitment and Recommendation Index, which was sent to all employees around the world between 26 September and 14 October 2016. Crédit Agricole CIB and Indosuez Wealth Management respectively enjoyed response rates of 63% and 65%.

At the end of the commitment survey conducted in 2015, Crédit Agricole CIB deployed in 2016 nine global action plans sponsored by the members of its Executive Committee. These action plans revolve around the following topics: Leadership and Strategy, Culture and Values, Career Development, Image and Competitiveness. As an example, in order to enable employees to better understand the Bank's strategy, informal meetings (breakfasts or lunches) were organised between employees and top management both in France and abroad.

These nine global action plans are rolled out and enriched by local initiatives in certain countries. The results of the Group survey, which will be communicated to employees in early 2017, will complete the arrangements.

6 PROMOTING THE ECONOMIC, CULTURAL AND SOCIAL DEVELOPMENT OF THE HOST COUNTRY (INDICATOR 3A)

6.1 DIRECT AND INDIRECT IMPACTS

Crédit Agricole CIB's main economic and social impacts on local areas (both positive and negative) are indirect, through its financing activity, and do not come directly from its sites. Its business services do not therefore have a significant impact on neighbouring and local populations.

Crédit Agricole CIB's indirect impacts reflect its role as a major financer of the global economy and major player in debt markets. The principles listed under the "General environmental policy" heading are therefore intended to maximise the positive effects and minimise the negative impacts of Crédit Agricole CIB's business by:

- implementing its system to assess and manage environmental or social customer- and transaction-related risks;
- favouring so-called "responsible" financing transactions, in which issuers and investors factor social and environmental considerations into their investment decisions.

Offering customers a diversified range of socially responsible investments is also one of the objectives set by Wealth Management.

6.2 INVOLVEMENT OF EMPLOYEES IN CHARITABLE ACTIVITIES (INDICATOR 3B)

Crédit Agricole CIB actively encourages the commitment of its employees to social causes in the fields of social solidarity and inclusion. To this end, the Bank renewed its Crédit Agricole CIB "Solidarity" programme in 2016.

▶ *"COUPS DE POUCE SOLIDAIRES"* (GIVING A HELPING HAND)

Through "*Coups de pouce*", the Bank provides financial support for charitable projects to which employees are personally committed. The designated fields of activity are social solidarity, social inclusion, the environment, education and health in France and abroad. In 2016, "*Coups de pouce*" helped to support 29 projects in France, 7 in the United Kingdom, 1 in Hong Kong and 1 in India, a total of 6 more than in 2015.

▶ VOLUNTEER WORK WITH THE BANK'S PARTNER CHARITIES

During regular events or one-off assignments, employees shared some very rewarding moments in the service of the cause of public interest. These experiences, organised in a number of countries where Crédit Agricole CIB operates, give employees opportunities to engage with and help charities to present their projects to other Bank employees. In 2016, the events revolved around various areas of activity: assistance for charities working in the fields of education or to combat illness, activities to preserve the environment, charitable activities for the underprivileged (humanitarian, reconstruction, etc.) and including:

- in France, employees who gave their time to hold sporting events such as the Financial Community Téléthon. The 2016 edition brought together ten entities from the Crédit Agricole S.A. Group who ran or walked to raise money for the AFM-Téléthon;
- in the United Kingdom, nine employees committed to working with the Beanstalk association. They gave an hour a week of their time to help children with learning difficulties to learn to read. One employee in London was noteworthy for his commitment to public interest: an article in the Financial News drew attention to his charitable activities. In memory of his daughter he created Aziza's Place, a centre for education and learning for children in Cambodia. This association is now supported by the Bank;
- in the United States, the Bank celebrated twenty years of commitment to the New York Cares association. In 2016, the employees in New York gave their time to support students looking for jobs and helped to renovate a school in Harlem;
- in India, 15 employees ran the Bombay Marathon to raise money for the association Aseema. In October 2016, a team of 30 employees took part in a programme to plant trees and other plants with medicinal properties to help breathe new life into a rural area near Bombay;
- in Hong Kong, as they do every year, employees ran the 100 kilometres of the Oxfam Trailwalker; 15 employees worked for several months to develop a two-day training course (exercises and role play) to help improve the professional knowledge of students in a school support centre in Cambodia managed by "*Enfants du Mékong*";
- in Korea, 30 employees and their families ran the Seoul Citizen Marathon. They raised funds for hospitals in Seoul to provide further care for children suffering from cancer;
- in Taiwan, teams from the Bank took part in a day organised by Green Light Organic Tea Garden to learn about organic farming by helping out with the tea harvest;
- in Japan, 20 Crédit Agricole CIB and Amundi employees spent three days in Nishihara where they helped to rebuild a village hit by an earthquake in April. In June 2016, the employees gave up a day for the rebuilding of the village of Kessennuma, in one of the areas worst affected by the tsunami in 2011;
- in Switzerland, the Indosuez Foundation volunteer "Citizen Days" provided after two weeks of voluntary work (19 to 30 September 2016). For this fifth edition, more than 170 volunteers supervised by 16 project leaders, signed up to support local associations in Geneva, Lausanne, Lugano and Zurich; the projects in 2016 offered a wide choice of activities: projects to maintain natural reserves or the shores of Lake Geneva, outings organised with elderly people from a care home or people with disabilities, meals organised for the underprivileged, logistical help in a distribution centre for unsold goods collected in supermarkets and maintenance

work on a grocery for the needy. As part of the Citizen Days programme, collections were also organised in Geneva and Lausanne. In all, 238 kg of clothing were collected, not to mention imperishable foodstuffs, hygiene products and numerous games.

FReD PLANS

One of the FReD plans proposed by an employee and implemented in 2016 consisted, given the context of the office move from the Doumer building to Montrouge and Saint-Quentin, of giving away a part of the discarded furniture to not-for-profit associations. The first step was to identify the equipment that could be given away and the associations that might potentially benefit. Furniture was donated to Secours Populaire, Emmaüs, "*Coup de main*" and *Fondation des Femmes*.

6.3 CULTURAL SPONSORSHIP (INDICATOR 3B)

Crédit Agricole CIB continues to actively pursue a policy of cultural sponsorship supporting projects that encourage artistic creation, the discovery of cultures of the world and the transmission of cultural heritage.

In Paris, Crédit Agricole CIB sponsored "42nd Street" at the Théâtre du Châtelet, the last production at the theatre before it closed down for building work. At the *Jacques Chirac Musée du Quai Branly*, the Bank sponsored the accessibility week to help raise awareness of disability. The "*Les Arts Florissants*" ensemble performed last year in France, the United States, China and Japan, allowing the Bank, which is the sponsor, to invite customers to some very high quality concerts. In Saintes, the Bank sponsored the Youth Orchestra of the Abbaye aux Dames, the "musical city". This programme allows young musicians to benefit from training by prestigious orchestra directors.

In London, the Bank sponsored two well known cultural institutions, the National Gallery and the Barbican.

In New York, the Bank renewed its support for some of the great institutions, including the Museum of Modern Art, the Metropolitan Museum of Art, the Jewish Museum and the Lincoln Center for the Performing Arts. To further strengthen the ties with its head office, the Bank also sponsors French institutions such as *NYU Maison Française*, the French Embassy Art Book and the French Mission to the UN.

6.4 LINKS WITH SCHOOLS AND SUPPORT FOR UNIVERSITY LEVEL RESEARCH (INDICATOR 3B)

Crédit Agricole CIB ensures a strong presence in schools, particularly through the "School Captains" programme lead by Crédit Agricole S.A. (see social report in the "Developing people and the societal ecosystem section").

Since 2006, Crédit Agricole CIB has also been a partner of the Chair of Quantitative Finance and Sustainable Development at Paris Dauphine University and *École Polytechnique*. This multi-disciplinary project, supported from its inception by Crédit Agricole CIB, is unique in that it brings together specialists in quantitative finance, mathematics and sustainable development. One research area studied by this Chair since 2010 involves the quantification of indirect impacts of the financing and investment activities, notably greenhouse gas emissions induced by the activities of the Bank's clients. A research initiative was launched in 2013 based on this topic, which brings together well-known researchers such as Jean-Michel Lasry, Pierre-Noël Giraud and Jacques Richard.

One of the solid achievements of this research is the P9XCA methodology referred to previously. Crédit Agricole CIB has played an important role in disseminating this work to other financial institutions. Notably, the Bank actively participated in the sector approach recommended by French organisations promoting corporate social responsibility (ORSE, ADEME and ABC). This approach seeks to produce a practical guide listing the methodologies and tools to help the various financial stakeholders (banks, insurance companies, asset managers) assess their direct and indirect GHG emissions.

7 LIMITING OUR DIRECT ENVIRONMENTAL FOOTPRINT

For CACIB in the Paris area, 2016 will be remembered for the office moves affecting most of its employees; almost all of them left the buildings in Courbevoie to join the campus in Montrouge or the campus in Saint-Quentin-en-Yvelines. These transfers were spread over several months between May and December 2016 and therefore make it difficult to make any comparative assessment between 2015 and 2016. To date, nearly 70% of the employees have moved to the campus in Montrouge, where they are split across the three buildings (Éole, Terra, Silvae), with Éole housing almost 3,000 people. The 30% present on the campus in Saint-Quentin-en-Yvelines are spread over two buildings (Provence, Champagne).

The main actions taken by Crédit Agricole CIB at the two Group campuses to reduce the environmental impacts include:

- on the campus in Montrouge, focusing on the reduction of food waste, optimising the range of available transport (providing electric bicycles and cars, incentives for car-pooling with reserved parking spaces and a wide choice of rooms equipped with video-conference equipment to reduce travel), a particular focus on the upkeep of the gardens (zero phytosanitary products, limited consumption of water and recovery of rainwater from the buildings), recycling of waste (paper and cardboard, cans, plastic and waste from maintenance), as well as cleaning (more than 50% of products for indoor cleaning have eco-labels and the use of water-saving machines). Similarly, for the main items of furniture, ISO 14001 certified suppliers were approached;
- on the campus in Saint-Quentin-en-Yvelines, the garden is certified "*Éco-jardin*" and there are regular contacts with the French league for the protection of birds (LPO).

However, quite independently from the initiatives outlined above, the process of continuous improvement in terms of reducing CO_2 emissions carries on.

With this in mind, Crédit Agricole CIB and Indosuez Wealth Management (in Monaco, France, Luxembourg and Switzerland) take part in the Group's FReD action plan that aims to reduce greenhouse gas emissions by 10% in three years.

7.1 PROCESS TO ASSESS AND CERTIFY BUILDINGS

▶ CERTIFICATION OF BUILDINGS

On the campus at Montrouge, the Éole building has "BREAM Very Good" certification and a "HQE Construction - Excellent" rating. The Terra building is certified "HQE Operating". In Saint-Quentin-en-Yvelines, the Champagne and Provence buildings are pending certification as "BBC (low consumption building) Renovation".

Our location in China obtained LEED certification at end 2015 for its new building in Shanghai and in Canada BOMA certification was obtained in 2016.

The premises occupied by Crédit Agricole CIB and Indosuez Wealth Management in Belgium are Valideo certified (covering four aspects: site, comfort, management and social value).

▶ ASSESSMENT OF EMISSIONS OF GREENHOUSE GASES AND OFFSETTING

Lastly, Crédit Agricole CIB offset 13,262 tonnes of CO_2 equivalent by cancelling Verified Carbon Units (VCU) certificates corresponding to dividends received in 2016 in connection with its investment in the Livelihoods Fund. This carbon investment fund provides investors with carbon credits, which have a major social impact and help to promote biodiversity. The Fund also finances large-scale projects in the areas of reforestation, sustainable agriculture and clean energy generation. These projects are implemented for and by deprived rural agricultural communities in developing countries in Asia, Africa and Latin America. The certificates received for 2016 came from four projects: one to restore mangroves in India, one to create sustainable cardamom in Guatemala, one to combat desertification and increase food security in Burkina Faso, and one in the field of agroforestry in Kenya.

CFM Indosuez Wealth Management offset 2,000 tonnes of CO_2 equivalent in three years by purchasing carbon credits from the Water Filter project for providing access to potable water in Kenya, a project chosen by the employees and developed with the Kenyan Ministry of Health.

7.2 POLLUTION AND WASTE MANAGEMENT (INDICATOR 2B)

Crédit Agricole CIB does not generate significant pollution directly. The Bank nevertheless devotes substantial effort to waste recycling.

In Paris, the office move to Montrouge and Saint-Quentin-en-Yvelines was accompanied by the re-equipping of workstations, which entailed that CACIB had to deal with the old equipment that was not included in the move.

A specialised company was hired to take care of the recycling of the computer equipment in strict accordance with the requirements of the most recent legislation. More than 20,000 keyboards, mice, telephones, scanners, central units, screens, etc. were grouped together. Depending on its condition, the equipment was either dismantled using sustainable processes or recycled as second hand equipment.

Some of the furniture (cabinets, desks, tables, chairs, desk lamps, etc.) was sold to specialised brokers to go on and enjoy a new lease of life while the rest was given to associations as mentioned in section 6.2.

In addition, 523 tonnes of obsolete or specialised furniture were collected by a recycling business: Valdelia, an eco-enterprise approved by the Ministry for Ecology, Sustainable Development and Energy.

On the campuses in Montrouge and Saint-Quentin-en-Yvelines, the actions implemented to reduce impacts on the environment were manifold: zero phytosanitary products, recycling of waste (paper and cardboard, cans, plastic, ordinary industrial waste and waste from maintenance), products with eco-labels for indoor cleaning. Concerning the limitation of food waste, which is a new indicator for 2016, activities are undertaken to raise awareness among employees (posters, self-service fruit and vegetables).

On a worldwide scale, data collection on recycling could still be improved. However, actions have been implemented in the various entities of Crédit Agricole CIB, including in Spain and China (recycling of print cartridges, hand dryers in the toilets, recycling of used supplies, etc.).

Some entities, such as Canada, go further still in terms of waste collection by providing containers for glass, plastic and metals. In the branch there, participation in Earth Day helps to collect and recycle used equipment (computer and miscellaneous electronic equipment, telephones, fluorescent tubes and batteries).

The Indosuez Wealth Management Group is also determined to reduce its direct impact on the environment and continues to take actions to raise the awareness of its employees to eco-friendly behaviour and the implementation of resource management activities and recycling (paper, ink cartridges, batteries, computer equipment).

For instance, when replacing all of its employees' mobile phones, CFM Indosuez decided to reduce its impact on the environment and all of the telephones were recycled by an approved centre. The employees were included in this initiative through the collection of any personal telephones they no longer used and these were given a new lease of life by *AMADE Mondiale*, an association with which CFM Indosuez had already worked by donating 50 computers. Computer equipment and telephones will from now on be systematically recycled by CFM Indosuez Wealth.

Indosuez Wealth Management Geneva has undertaken a review of how to implement a policy and infrastructure for recycling office waste (paper, household waste, glass, plastic, coffee capsules) in the context of its various real estate projects.

Similarly, Indosuez Wealth Management Geneva plans to continue in 2017 with the programme begun in 2016 to prolong the life of office furniture by donating it to charitable associations or bodies in the Geneva region.

The Bank does not generate significant noise pollution.

7.3 SUSTAINABLE USE OF RESOURCES (INDICATOR 2C)

▶ ENERGY

In keeping with the Crédit Agricole S.A. Group's consolidated reporting, the chosen indicators relate to gas and electricity consumption.

Energy	Electricity	Gas
Consumption (kWh)	98,779,596	9,936,521
% change y-o-y	-0.50%	N/A
Surface area (m²)	312,955	114,919
% change y-o-y	+13%	+109%
Ratio (kWh/m²/year)	316	977
% change y-o-y	-12%	N/A

NB: concerning the office move for CACIB in the Paris region, a pro rata calculation of the surface areas occupied as a function of the successive waves of moves out and in has been applied. In view of the significant changes to the scope reported on this year as compared to the previous year, any analysis of the variances in consumption is meaningless.

› ELECTRICITY

For the second consecutive year, Crédit Agricole CIB is reporting on the electricity consumption of all Group entities, including the Indosuez Wealth Management entities, the data centres and the ex-Paris region sites. Over a total surface area of 317,000 m², electricity consumption was reported on for approximately 313,000 m², constituting a 99% coverage rate.

For CACIB in the Paris region, the buildings in Montrouge and Saint-Quentin-en-Yvelines consume a 100% "green" electricity, meaning that it is generated by renewable sources of energy. An objective of reducing consumption by 5% per annum has been set for the Terra, Champagne and Provence buildings.

In London, the electricity consumed is also 100% "green". In Spain, the actions taken between 2014 and 2016 have helped to reduce the consumption of electricity by nearly 240,000 kWh (replacement of the heating system, less machines in the machine rooms, replacement of neon strips by LED). Finally, Italy is also replacing neon strips by LED.

The Indosuez Wealth Management building in Geneva has replaced and modernised the cold production machine.

Installing this new generation equipment has made it possible to supply the power needed by the new working area, the data centre and the trading rooms. This new machine will also make it possible to recover energy for the production of hot water for sanitary use (showers and hand-wash basins).

Detailed and documented monitoring of energy consumption has been set up in the Indosuez Wealth Management data centres in Switzerland in order to measure the consumption of computer equipment and calculate the output of the equipment and machinery using the benchmark Power Usage Effectiveness (PUE) index, still called the energy efficiency indicator. It will be possible, with these PUE measurements, to influence to some extent the choice of computer equipment with an ECO label and to put in place, if necessary, hot and cold corridors to improve the energy efficiency of the data centres.

This approach is also being implemented at Indosuez Wealth Management in Luxembourg.

› GAS

Crédit Agricole CIB reports on the consumption of gas of all Crédit Agricole CIB Group entities, including those of Indosuez Wealth Management. For CACIB in the Paris region, in view of the significant changes to the scope reported on this year as compared to the previous year, any analysis of the variances in consumption is meaningless. It should be noted that the buildings in Courbevoie consumed very little gas, whereas those in Montrouge and Saint-Quentin-en-Yvelines do use gas. An objective of reducing consumption by 5% per annum has been set for the Terra, Champagne and Provence buildings.

› HEAT OR STEAM NETWORKS AND URBAN NETWORK

This source of heating is mainly used in North America, Russia and Luxembourg. There is not currently enough historical data to make a comparison.

▶ WATER CONSUMPTION

Employees regularly receive alerts via the internal messaging system asking them to report any water leaks in order to enable a quick response.

With regard to Crédit Agricole CIB in Paris, the Éole and Terra buildings have a rainwater recovery system and use water-saving machines for cleaning the floors.

The foreign subsidiaries also report on their efforts to manage water consumption using a “reasoned” approach. For example, hydraulic valves and water-flow restrictor taps were fitted at the Madrid and Moscow premises during refurbishment.

	Water
Consumption (m^3)	219,722
% change y-o-y	N/A
Surface area (m^2)	242,171
% change y-o-y	N/A
(m^3/m^2/year)	22
% change y-o-y	N/A

NB: in view of the significant changes to the scope reported on this year as compared to the previous year, any analysis of the variances in consumption is meaningless.

▶ PAPER

Our electronic publishing hardware has been replaced to provide greater printing flexibility, primarily to reduce the volume of documents printed for customers, and to streamline the number of statements generated at night (batches), as well as switching to paperless for the remaining statements.

Crédit Agricole CIB continues with other actions aimed at reducing the consumption of paper, such as the choice of fonts in this document, sending electronic greetings cards and encouraging double-sided printing in the international network.

▶ LAND USE

The Bank does not make any significant use of land.

7.4 TRAVEL FOOTPRINT

Given the considerable weighting of personal travel in Crédit Agricole CIB’s global carbon audit, business travel and commuting measures constitute the main mitigating factors in the Company’s direct footprint.

▶ COMPANY TRAVEL PLAN

A Company Travel Plan (CTP) was drawn up in 2009 for the scope of the Paris region operations (before the office move). This five-year plan included a section on business travel, which accounts for the lion’s share of emissions due to transport.

More generally, efforts to control the transport footprint were ongoing in 2016 and included:

- on a like-for-like basis, there was a slight decrease of 5% in the distances covered by business travel in trains and planes between 2015 and 2016. The decrease was mainly in Hong Kong and New York;
- Crédit Agricole CIB Canada actively raises the awareness of its employees to the use of public transport (metro/trams/buses);
- the German branch launched a project on using less polluting company cars, thus reducing greenhouse gas emissions;
- on the campuses in Montrouge and Saint-Quentin-en-Yvelines, the actions taken to raise the awareness of employees include, among others: providing electric bicycles and cars, incentives for car-pooling with reserved parking spaces and video-conference equipment to reduce travel.

8 CROSS-REFERENCE TABLE ARTICLE 225-GRENELLE 2

Decree No 202-557 of 24 April 2012 on transparency requirements of companies with regard to social and environmental matters - Article 225-105-1.

Indicators	Where to find them?
1) Social indicators	
A. Jobs	
Total employees, broken down by gender, age and region	P. 33 to 35, 39 and 41
Hirings and lay-offs	P. 35, 40 and 42
Compensation and its changes	P. 40 to 42
B. Work organisation	
Organisation of working hours	P. 35 and 39
Absenteeism	P. 43
C. Labour relations	
Organisation of social dialogue, including information and consultation procedures with the employees and negotiations with them	P. 43 and 44
Overview of the collective agreements	P. 44
D. Health and safety	
Health and safety conditions in the workplace	P. 43
Overview of the agreements signed with the unions and employee representative bodies in terms of health and safety in the workplace	P. 43
Occupational accidents, including their frequency and seriousness, as well as occupational illnesses	P. 43
E. Training	
Policies implemented in terms of training	P. 36 and 37
Total number of training hours	P. 37
F. Equality	
Measures taken to promote gender equality	P. 39
Measures taken to promote equal employment opportunities and the inclusion of people with disabilities	P. 40
Anti-discrimination policy	P. 39
G. Promotion and respect for the provisions of the conventions of the International Labour Organization regarding:	
The right to freedom of assembly and collective bargaining	P. 39
Elimination of discrimination in terms of employment and occupation	
Elimination of forced or compulsory labour	
2) Environmental indicators	
A. General environmental policy	
Organisation of the Company to take environmental issues into account and, where applicable, environmental assessment and certification procedures	P. 17
Training and information activities undertaken for employees in the field of environmental protection	P. 16
Resources allocated to prevent environmental risks and pollution	P. 16
Amount of provisions and guarantees for environment-related risks, except where this information is likely to cause serious prejudice to the Company in a current dispute or lawsuit	P. 18
B. Pollution and waste management	
Measures for the prevention, reduction or repair of discharges into air, water or soil that may seriously damage the environment	P. 48
Measures for the prevention, recycling and disposal of waste	P. 48
Measures to prevent noise pollution and any other form of pollution caused by the business activities	P. 48
C. Sustainable use of resources	
Consumption and supply of water as a function of local constraints	P. 49
Consumption of raw materials and the measures taken to make their use more efficient	P. 49
Consumption of energy, measures taken to improve energy efficiency and the use of renewable energies	P. 48
Land use	P. 49
D. Climate change	
Greenhouse gas emissions	P. 49
Adaptation to the consequences of climate change	P. 24
E. Biodiversity protection	
Measures taken to preserve or promote biodiversity	P. 30
3) Information regarding the societal commitments in favour of sustainable development	
A. Territorial, economic and social impact of the Company's business activities	
With regard to employment and regional development	P. 45
On neighbouring and local populations	P. 45
B. Relations with individuals or organisations that have a stake in the Company's activities, namely job placement associations, educational institutions, environmental associations, consumer associations and neighbouring populations	
Conditions for dialogue with these individuals or organisations	P. 18 and 45
Corporate partnership or sponsorship actions	P. 45 and 46
C. Sub-contractors and suppliers	
Application of social and environmental criteria in the procurement policy	P. 22
Magnitude of sub-contracting operations and consideration of subcontractors' and suppliers' social and environmental responsibility	P. 22
D. Fair business practices	
Actions undertaken to prevent corruption	P. 20
Measures taken to promote the health and safety of consumers	P. 20
E. Other actions in support of Human Rights	P. 30

9 REPORT BY ONE OF THE STATUTORY AUDITORS, APPOINTED AS AN INDEPENDENT THIRD PARTY, ON THE CONSOLIDATED SOCIAL, ENVIRONMENTAL AND SOCIETAL INFORMATION PRESENTED IN THE MANAGEMENT REPORT

For the year ended 31 December 2016

This is a free translation into English of the Statutory Auditors' report issued in the French language and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with French law and professional auditing standards applicable in France.

To the Shareholders,

In our capacity as Statutory Auditor of Crédit Agricole Corporate and Investment Bank, appointed as an independent third party and accredited by COFRAC under number 3-1060 [(1)], we hereby present to you our report on the consolidated social, environmental and societal information for the year ended 31 December 2016, presented in the management report (hereinafter the "CSR Information"), in accordance with Article L. 225-102-1 of the French Commercial Code.

RESPONSIBILITY OF THE COMPANY

The Board of Directors is responsible for preparing the Company's management report including the CSR Information stipulated in Article R. 225-105-1 of the French Commercial Code, prepared in accordance with the CSR 2016 Environmental Indicators Supporting Notice of the Crédit Agricole CIB Group and the Social Data Specifications used by the Company (hereafter the "Guidelines"), summarised in the management report and available on request from the Sustainable Development Department and the Human Resources Department.

INDEPENDENCE AND QUALITY CONTROL

Our independence is defined by regulatory texts, the French code of ethics of our profession and the requirements of Article L. 822-11-3 of the French Commercial Code. We have also implemented a system of quality control including documented policies and procedures regarding compliance with the code of conduct and applicable legal and regulatory texts.

RESPONSIBILITY OF THE INDEPENDENT THIRD PARTY

On the basis of our work, it is our responsibility to:

- that an explanation is provided in accordance with the third paragraph of Article R. 225-105 of the French Commercial Code (Attestation regarding the completeness of the CSR Information);
- express a limited assurance conclusion that the CSR Information taken as a whole, is, in all material respects, fairly presented in accordance with the Guidelines (Conclusion on the fairness of the CSR Information).

Our work was carried out by a team of eight people between November 2016 and February 2017 and took around 6 weeks altogether. We were assisted in our work by our specialists in Corporate Social Responsibility.

We performed the work described below in accordance with the executive order of 13 May 2013 determining the manner in which the independent third party conducts its assignment, the professional standards of the French National Society of Auditors concerning this assignment, and, as regards the reasoned opinion on the fairness, international standard ISAE 3000 [(2)].

› 1. ATTESTATION REGARDING THE COMPLETENESS OF CSR INFORMATION

NATURE AND SCOPE OF OUR WORK

On the basis of interviews with the individuals in charge of the relevant departments, we reviewed the Company's sustainable development strategy with respect to the labour and environmental impact of its activities and its social commitments and, where applicable, any initiatives or programmes it has implemented as a result.

We compared the CSR Information presented in the management report with the list provided in Article R. 225-105-1 of the French Commercial Code.

For any consolidated information that is not disclosed, we verified that explanations were provided in accordance with Article R. 225-105, paragraph 3, of the French Commercial Code.

We have verified that the CSR Information covers the consolidated scope, namely the Company and its subsidiaries as defined by Article L. 233-1 and the companies controlled as defined by Article L. 233-3 of the French Commercial Code within the limits stipulated in paragraph "7.3 Sustainable use of resources", in section "7. Limiting our direct environmental footprint", of the management report.

CONCLUSION

Based on this work and given the limitations mentioned above, we attest that the required CSR Information has been disclosed in the management report.

(1) The scope of which is available at www.cofrac.fr.

(2) ISAE 3000: Assurance engagements other than audits or reviews of historical financial information.

› 2. CONCLUSION ON THE FAIRNESS OF CSR INFORMATION

NATURE AND SCOPE OF OUR WORK

We conducted around 30 interviews with the persons responsible for preparing the CSR Information in the departments charged with collecting the information and, where appropriate, the people responsible for the internal control and risk management procedures, in order to:

- assess the suitability of the Guidelines in terms of their relevance, completeness, reliability, neutrality and understandability, and taking into account industry best practices where appropriate;
- verify the implementation of a data-collection, compilation, processing and control process to ensure the completeness and consistency of the CSR Information and to obtain an understanding of the internal control and risk management procedures used to prepare the CSR Information.

We determined the nature and scope of our tests and controls according to the nature and importance of the CSR Information with respect to the characteristics of the Company, the labour and environmental challenges of its activities, its sustainable development policy and best practices.

With regard to the CSR Information that we considered to be the most important:

- at parent entity level, we consulted documentary sources and conducted interviews to substantiate the qualitative information (organisation, policy, action), performed analytical procedures on the quantitative information and verified, using sampling techniques, the calculations and the consolidation of the data. We also verified that the information was consistent and in concordance with the other information in the management report;
- at the level of a representative sample of entities selected by us, namely CACIB France (only CIB), CA Indosuez (Switzerland) S.A., CACIB Hong Kong and CACIB Singapore on the basis of their activity, their contribution to the consolidated indicators, their location and risk analysis, we conducted interviews to ensure that procedures are followed correctly, and we performed tests of details, using sampling techniques, in order to verify the calculations made and reconcile the data with the supporting documents. The sample selected in this manner represents an average of 62.7% of the employees considered as characteristic of the social component, and between 70% and 78% of the environmental data considered characteristic for the environmental information.

For the other consolidated CSR Information, we assessed consistency based on our understanding of the Company.

We also assessed the relevance of explanations provided for any information that was not disclosed, either in whole or in part.

We believe that the sampling methods and sample sizes used, based on our professional judgment, are sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures. Due to the use of sampling techniques and other limitations intrinsic to the operation of information and internal control systems, we cannot provide absolute assurance that the CSR Information disclosed is free of material misstatements.

CONCLUSION

Based on our work, nothing has come to our attention that causes us to believe that the CSR Information, taken as a whole, is not presented fairly, in all material respects, in accordance with the Guidelines.

Neuilly-sur-Seine, 20 March 2017

One of the Statutory Auditors

PricewaterhouseCoopers Audit

Emmanuel Benoist
Partner

Sylvain Lambert
Partner
Sustainable Development Department

APPENDIX: LIST OF THE INFORMATION WE CONSIDERED AS BEING THE MOST IMPORTANT

› SOCIAL INFORMATION

- Number of employees.
- Breakdown of employees by gender, age and geographic area.
- Hirings and lay-offs, including indicators for new and terminations of long-term employment contracts and internal moves (intra-entity mobility).
- Compensation and changes, including indicators for gender equality.
- Absenteeism, including indicator for rates of absenteeism.
- Organisation of social dialogue.
- Health and safety conditions.
- Training policies, including indicators for the number of employees receiving training and the number of trainees.
- Total number of training hours by subject.
- Policy and measures taken in favour of gender equality.
- Policy and measures taken in favour of the employment and inclusion of disabled people.
- Elimination of discrimination in terms of employment and occupation.

› ENVIRONMENTAL INFORMATION

- Company organisation to take into account environmental issues.
- Measures for the prevention, recycling and disposal of waste.
- Consumption of raw materials and measures taken to improve the efficiency of their use.
- Energy consumption, measures taken to improve energy efficiency and use of renewable energy.
- Greenhouse gas emissions.
- Adaptation to the consequences of climate change.
- Equator Principles and green bonds.

› SOCIETAL INFORMATION

- Territorial, economic and social impact of the Company on employment and regional development.
- Territorial, economic and social impact of the Company on local people and neighbouring populations.
- Status of dialogue with stakeholders.
- Corporate partnership or sponsorship actions.
- Consideration of social and environmental issues in the procurement policy.
- Magnitude of sub-contracting operations and consideration of subcontractors' and suppliers' social and environmental responsibility.
- Actions undertaken to prevent corruption.
- Measures taken in favour of the health and safety of consumers.
- Other actions in support of Human Rights.

3 CORPORATE GOVERNANCE

KEY FIGURES

› EXECUTIVE COMMITTEE OF CRÉDIT AGRICOLE CIB

1 CHIEF EXECUTIVE OFFICER

3 DEPUTY CHIEF EXECUTIVE OFFICERS

13 HEADS OF BUSINESS AND SUPPORT FUNCTIONS

› THE BOARD OF DIRECTORS

4 SPECIALISED COMMITTEES

- Compensation Committee
- Audit Committee
- Risks Committee
- Appointments Committee

6 BOARD MEETINGS IN 2016

91% ATTENDANCE AT THE MEETINGS IN 2016

REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

To the shareholders,

In accordance with Article L. 225-37 of the French Commercial Code, this report is presented alongside the management report drawn up by the Board of Directors, in order to provide you with information on the way in which the work done by the Board of Directors is prepared and organised, and on the internal control and risk management procedures implemented by Crédit Agricole Corporate and Investment Bank, as described from page 74 onwards. Besides, it should also be noted that the Company's corporate governance system and internal control and risk management procedures are consistent with those of Crédit Agricole S.A. and the Crédit Agricole Group.

Informations concerning the risks related to the effects of climate change are gathered in the second part of this Registration document.

This report has been prepared on the basis:

- of work done by the various staff responsible for periodic control, permanent control, the second risk management and compliance functions, their discussions with Executive Management and within the Board of Directors and its specialised committees, particularly through the presentation of the Company's internal control and risks report;
- of internal control documentation prepared within the Company;
- and of work done by the Corporate Secretary and the Finance Department.

This report was presented to the Risks Committee and to the Audit Committee on 8 February 2017 and was approved by the Board of Directors at its meeting of 10 February 2017.

Use of a corporate governance code: the Company uses the AFEP-MEDEF Corporate Governance Code, revised in November 2016.
It is available on the following websites: www.medef.com or www.afep.com.

1.1 BOARD OF DIRECTORS - EXECUTIVE MANAGEMENT - ATTENDANCE OF GENERAL MEETINGS OF SHAREHOLDERS

Additional information concerning the composition of the corporate bodies and terms of office, as well as the compensation of Corporate Officers, is provided on pages 88 to 147 and is incorporated into this section by reference.

The preparation and organisation of work done by the Board of Directors comply with laws and regulations currently in force, the Company's Articles of Association, the rules of procedures applicable to the Board of Directors and internal directives.

1.1.1 SEPARATION OF THE FUNCTIONS OF CHAIRMAN OF THE BOARD OF DIRECTORS AND CHIEF EXECUTIVE OFFICER

The function of Chairman of the Board of Directors is separate from that of Chief Executive Officer.

The Board of Directors decided to separate these functions in May 2002, in accordance with Article 13, paragraph 5, of the Company's Articles of Association and with French Law No 2001-420 of 15 May 2001 on new economic regulations. The decision followed the decision of the May 2002 Shareholders' Meeting to change the Company from a société anonyme (public limited company) governed by a Supervisory Board and Management Board to a société anonyme governed by a Board of Directors.

The separation of these functions is in accordance with the provisions of Article L. 511-58 of the French Monetary and Financial Code, which stipulates that the position of Chairman of the Board of Directors of a credit institution may not be held by the Chief Executive Officer.

Mr Philippe Brassac, appointed Chairman of the Board of Directors as the successor to Mr Jean-Paul Chifflet as of 20 May 2015, was reappointed to the function for the duration of his term of office as a Director (meaning until the end of the Ordinary General Meeting convened to approve the financial statements for the 2018 financial year) as of 9 May 2016.

The Executive Directors, as defined by the French Monetary and Financial Code and the regulations that apply to credit institutions, are Mr Jean-Yves Hocher, Chief Executive Officer, and Messrs François Marion (appointed to replace Mr Paul de Leusse as of 18 May 2016), Regis Monfront and Jacques Prost, Deputy Chief Executive Officers.

1.1.2 COMPOSITION OF THE BOARD OF DIRECTORS

The Articles of Association of the Company require that the Board of Directors to be composed of between six and twenty Directors: at least six must be appointed by the General Meeting of Shareholders and two must be elected by the employees in accordance with the provisions of Articles L. 225-27 to L. 225-34 of the French Commercial Code.

The term of office of the Directors appointed by the Shareholders' Meeting is three years (Article 9 of the Articles of Association).

Any Director reaching the age of sixty-five is deemed to have retired from office at the end of the Annual Shareholders' Meeting that follows the date of the birthday in question. However, as an exceptional measure, the term of office of a Director appointed by the Shareholders' Meeting who has reached the age limit may be renewed for a maximum of five subsequent one-year periods, provided the total number of Directors aged 65 or over does not exceed one third of the total number of Directors in office (Article 10 of the Articles of Association).

The two Directors representing the employees are elected for a period that expires the same day: either at the end of the Annual General Meeting of Shareholders held in the third calendar year following that of their election, or at the end of the electoral process organised during this third calendar year if the process occurs after the Shareholders' Meeting (Article 9 of the Articles of Association).

The following individuals may also attend meetings of the Board of Directors in an advisory capacity:

- the non-voting Director(s) designated by the Board of Directors in accordance with Article 17 of the Articles of Association;
- one member of the Works Council designated by the said council.

› CHANGES TO THE COMPOSITION OF THE BOARD IN 2016

The Ordinary General Meeting of 9 May 2016:

- renewed the terms of office of the Directors Messrs Philippe Brassac, François Imbault and François Thibault;
- appointed Mesdames Claire Dorland Clauzel, Élisabeth Eychenne and Nicole Gourmelon in their quality of Directors.

The Board of Directors, during the meeting held on 9 May 2016, co-opted Mr Bertrand Corbeau as a Director to replace Mr Michel Mathieu, who has resigned, for the remainder of the latter's term of office (meaning until the end of the 2018 Annual General Meeting of Shareholders), and appointed Messrs Jacques Ducerf and Nicolas Venard as non-voting Directors.

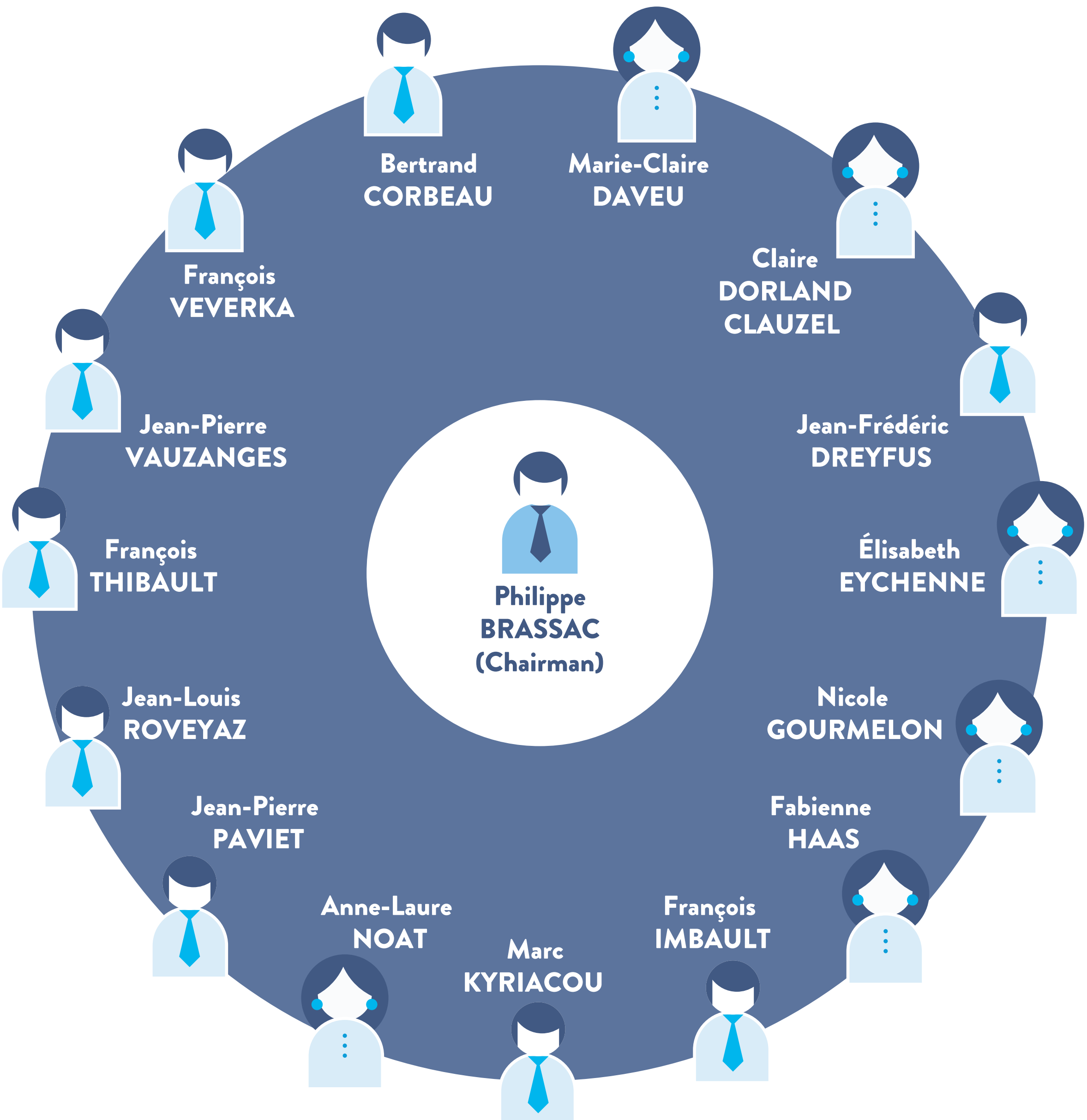
The Board of Directors, during the meeting held on 29 July 2016, appointed Mrs Catherine Pourre as a non-voting Director.

Messieurs Ducerf and Venard were appointed as non-voting Directors for the purpose of supporting the further development of the relations between Crédit Agricole CIB and the regional banks, especially regarding the monitoring of intermediate-sized enterprises (ETIs). Mrs Pourre was appointed as non-voting Director in order to familiarise herself with the principal challenges facing Crédit Agricole CIB and the way in which the Board of Directors of a credit institution operates, with respect to her proposed appointment as a Director of Crédit Agricole CIB.

COMPOSITION OF THE BOARD AT 31 DECEMBER 2016

SIXTEEN DIRECTORS

In 2016, the average age of Directors was 59.



Directors/non-voting Directors at 31 December 2016	Date of first appointment	Date of last appointment	End of current term of office
Philippe BRASSAC (Chairman of the Board of Directors)	23 February 2010 (1)	9 May 2016	AG 2019
Bertrand CORBEAU	9 May 2016 (1)	-	AG 2018
Marie-Claire DAVEU	30 April 2014	-	AG 2017
Claire DORLAND CLAUZEL	9 May 2016	-	AG 2019
Jean-Frédéric DREYFUS (Director elected by the employees)	2002	-	2017
Élisabeth EYCHENNE	9 May 2016	-	AG 2019
Nicole GOURMELON	9 May 2016	-	AG 2019
Fabienne HAAS	30 April 2014	-	AG 2017
François IMBAULT	30 April 2004	9 May 2016 (2)	AG 2017
Marc KYRIACOU (Director elected by the employees)	2007	-	2017
Anne-Laure NOAT	30 April 2014	-	AG 2017
Jean Pierre PAVIET	9 May 2012	30 April 2015	AG 2018
Jean-Louis ROVEYAZ	11 May 2010 (1)	30 April 2014	AG 2017
François THIBAULT	11 May 2010	9 May 2016	AG 2019
Jean-Pierre VAUZANGES	5 November 2013 (1)	30 April 2014	AG 2017
François VEVERKA	13 May 2009	30 April 2015	AG 2017 (3)
Jacques DUCERF (non-voting Director)	9 May 2016 (4)	-	2019
Catherine POURRE (non-voting Director)	29 July 2016 (4)	-	2019
Nicolas VENARD (non-voting Director)	9 May 2016 (4)	-	2019

(1) Co-optation by the Board of Directors.

(2) Renewal of term of office under the terms of Article 10 of the Articles of Association stated above (renewable each year for up to five years for a Director having reached the age of 65).

(3) In accordance with Article 10 of the Articles of Association, a Director having reached the age of 65 is deemed to have resigned from office at the end of the Ordinary General Meeting following the date of the birthday in question.

(4) Appointment by the Board of Directors in accordance with Article 17 of the Articles of Association.

› INDEPENDENT DIRECTORS ON THE BOARD (WITH RESPECT TO THE RECOMMENDATIONS OF THE AFEP-MEDEF CODE)

After receiving the opinion of the Appointments Committee, the Board of Directors reexamined, in February 2016 and February 2017, the list of Independent Directors and recommended this status for Mrs Claire Dorland Clauzel upon her appointment by the Shareholders' Meeting held on 9 May 2016. Following the appointments, there were five Independent Directors at 31 December 2016: Mesdames Daveu, Dorland Clauzel, Haas and Noat, and Mr Veverka.

At 31 December 2016, Independent Directors, who under recommendation 8.3 of the AFEP-MEDEF Code must make up at least one third of the Board of Directors for companies whose capital is owned by a majority shareholder (Crédit Agricole S.A. owns more than 97% of the Company), accounted for more than one third of the Directors appointed by the General Meeting of Shareholders.

The composition of the Board of Directors reflects the Crédit Agricole Group's wish for chairmen or chief executive officers of regional branches of Crédit Agricole to be represented on the boards of directors of some of Crédit Agricole S.A.'s subsidiaries.

Table of Independent Directors (AFEP-MEDEF criteria)

31 December 2016 (revised 10 February 2017	Criterion [1]	Criterion [2]	Criterion [3]	Criterion [4]	Criterion [5]	Criterion [6]	Criterion [7]	Possibilities [8] [b]
Mrs Daveu	X	X	X	X	X	X	X	
Mrs Dorland Clauzel	X	X	X	X	X	X	X	
Mrs Haas	X	X	X	X	X	X	X	
Mrs Noat	X	X	X	X	X	X	X	
Mr Veverka	(*)	X	X	X	X	X	X	*(*) Criterion 1: Mr Veverka is also an Independent Director of Crédit Agricole S.A., Amundi UK Ltd and Crédit Lyonnais (LCL).*

(1) Is not currently nor has been in the last five years:
- an employee or Executive Corporate Officer of the Company;
- an employee, Executive Corporate Officer or Director of a company consolidated by the Company;
- an employee, Executive Corporate Officer or Director of the parent company of the Company or of a company consolidated by that parent company.

(2) Is not a Corporate Officer of a company in which the Company, directly or indirectly, acts as a Director or in which an employee designated as such or a Corporate Officer of the Company (currently or in the last five years) is a Director.

(3) Is not a client, supplier, corporate banker or investment banker:
- who plays a significant role in the Company or its Group;
- or for whom the Company or its Group represents a significant proportion of business.

(4) Has no close family relationship with a corporate officer.

(5) Has not been an auditor of the Company in the last five years.

(6) Has not been a director of the Company for more than 12 years.

(7) A non-executive Corporate Officer may not be deemed an independent if he or she receives variable compensation in cash or in the form of shares or any other compensation related to the performance of the Company or Group.

(8) Possibilities:
(a) Directors representing major shareholders in the Company or its parent company may be deemed independents providing that the shareholders do not participate in the control of the Company. However, should the shareholder own more than 10% of the capital or voting rights, the Board, based on a report by the Appointments Committee, must systematically investigate the Director's independence, taking into account the Company's ownership structure and the existence of a potential conflict of interest;
(b) The Board of Directors may take the view that a Director who fulfils the aforementioned criteria should not be deemed independent because of his or her particular situation or that of the Company, given the Company's ownership structure or for any other reason. Conversely, the Board may take the view that a director who does not fulfil the above criteria is nevertheless independent.

The position of three Independent Directors (Mesdames Daveu, Dorland Clauzel and Noat) was examined against the third criterion. The Appointments Committee and the Board found that the company EUROGROUP Consulting (Mrs Noat) had no relationship with the Company. In addition, they considered the percentage of commercial revenues generated with the Kering Group to which Mrs Daveu belongs, and with the Michelin Group to which Mrs Dorland Clauzel belongs, in relation to the overall commercial revenues of Crédit Agricole CIB. On this basis, the Board found that the business relationships with the Kering Group and the Michelin Group were not of a nature to jeopardise the independence of Mrs Daveu and Dorland Clauzel.

The Appointments Committee and the Board of Directors also found that the respective positions of Mrs Daveu and Mrs Dorland Clauzel within the Kering and Michelin groups did not require them to initiate or conduct direct business relationships with Crédit Agricole CIB.

The position of an Independent Director, namely Mr Veverka, was examined against the first criterion. Mr Veverka holds a number of offices in Crédit Agricole Group companies. The Appointments Committee and the Board of Directors found that this situation was the result of choices made by Crédit Agricole S.A. to entrust the Chairman of its Audit Committee and its Risks Committee with a special role regarding its subsidiaries in order to ensure continuity and consistency in his mission.

› DIVERSITY OF BOARD MEMBERSHIP

At 31 December 2016, the Board of Directors had six female members, a proportion of 43% of the Directors appointed by the Shareholders' Meeting.

At its meeting held on 2 May 2016, in accordance with Article 435[2 c] of EU Regulation No 575/2013 and Article L. 511-99 of the French Monetary and Financial Code, the Appointments Committee reviewed the objective to be reached concerning the balance between women and men on the Board of Directors, as well as the policy to be implemented to achieve it. It was noted during the meeting that under the terms of Article L. 225-17 of the French Commercial Code, the Board of Directors must be constituted to achieve a balanced representation of women and men, said balanced representation meaning in practice a proportion of no less than 40% for each sex, at the end of the first Ordinary General Meeting held after 1 January 2017 in accordance with Article L. 225-18 of the French Commercial Code. The Appointments Committee also noted that the proportion of women among the Directors appointed by the Crédit Agricole Corporate and Investment Bank General Meeting of Shareholders was 43% (a percentage that remains unchanged). The Bank has an objective of maintaining this ratio at 40% minimum for each sex. The policy enunciated for this purpose involves actively seeking suitable high quality candidates – both men and women – making it possible to continue to meet this ratio in case of a change in the composition of the Board of Directors while, at the same time, achieving complementarity between the Directors' origins, experience and skills.

Messrs Dreyfus and Kyriacou were appointed as Directors representing employees in accordance with Articles L. 225-27 et seq. of the French Commercial Code. Note that Crédit Agricole Corporate and Investment Bank, formerly Banque Indosuez, appears on the list appended to Law No 86-793 of 2 July 1986 and, as such, was at one point subject to the provisions of Article 8-1 of Law No 86-912 of 6 August 1986, which called for the presence of Directors representing employees on the Board of Directors.

The composition of the Board of Directors reflects not only the shareholding (Crédit Agricole CIB is more than 99% owned by Crédit Agricole Group companies), but also the desire to bring onboard Directors from diverse backgrounds in terms of education, skills and professional experience (a short résumé of each Director is provided in section 3.2 "Offices and functions performed by the corporate officers" of this Registration Document).

All Directors of the Company are of French nationality.

› SHARES HELD BY THE DIRECTORS

The Directors appointed by the General Meeting of Shareholders must own at least one share in accordance with the provisions of the Articles of Association.

▶ 1.1.3 OPERATION OF THE BOARD OF DIRECTORS

› METHOD AND FREQUENCY OF BOARD MEETINGS

The Articles of Association state that the Board shall meet as often as the interests of the Company require, at the request of the Chairman or at least one third of the Directors. The Board's rules of procedures state that, unless otherwise decided by the Chairman, the Board may hold its meeting by means of telecommunication that allow for the identification of Directors and ensure their full participation, provided that at least five Directors are physically present at the location of the Board Meeting (Article 11 of the Articles of Association) and that, in accordance with the law, the proceedings do not concern the preparation and approval of the annual separate and consolidated financial statements and management reports.

› POWERS OF THE BOARD OF DIRECTORS

The powers of the Board of Directors are set out under Article L. 225-35 of the French Commercial Code and are specified in the rules of procedures of the Board, which were modified in July and December 2016, and again in February 2017. Within the framework of the mission entrusted to it by law and by banking regulations, and in view of the powers vested in the Executive Management, the Board of Directors defines strategy and the Company's general policies. It approves, as necessary and as proposed by the Chief Executive Officer and/or the Deputy Chief Executive Officers, the resources, structures and plans allocated for the implementation of the general strategies and policies it has defined. The Board makes decisions on all matters concerning the governance of the Company referred to it by the Chairman and the Chief Executive Officer as well as on issues concerning fixed and variable compensation submitted by the Compensation Committee or any other matter referred by one of its specialised committees.

In addition to the aforementioned powers and those conferred upon it by law, the Board of Directors takes decisions, on the basis of proposals by the Chief Executive Officer and/or any of the Deputy Chief Executive Officers:

- on any transaction involving:
  - the creation, acquisition or disposal of any subsidiaries or equity investments (excluding entities created for one or more specific transactions);
  - the opening or closure of any branch abroad;
  - the acquisition, disposal, exchange or integration of new businesses or parts of businesses;

  likely to lead to an investment or disposal that may amount to more than €50 million;
- or the provision of collateral to guarantee the Company's commitments (except for financial market transactions), when the guarantee concerns Company assets with a value of more than €50 million.

In addition, on the basis of proposals by the Chief Executive Officer and/or each Deputy Chief Executive Officers, the Board authorises the purchase or sale of real estate made in the name or on behalf of the Company, when the amount involved exceeds €30 million.

The Board of Directors also has specific powers regarding other legal and regulatory provisions applicable to credit institutions and companies whose securities are traded in a regulated market in terms of corporate governance, risk management and internal control.

› REFERRAL AND INFORMATION PROCEDURE AND MEANS OF INTERVENTION OF THE BOARD - CONFLICTS OF INTEREST

In order to enable the Secretary of the Board of Directors to prepare the Board meetings, an internal governance document sets out the conditions of intervention of and the means of referral to the Board. This document sets out the way in which head office departments and branch management should submit to the Secretary, within the framework of the timetable for Board Meetings, any points that may need to be added to the draft agenda for the meetings, as well as any necessary supporting documents (including a brief description of the transaction, the amounts at stake for the Company and the Group, the benefits and consequences in terms of the strategy of the Company and the Group and the wording of the proposed resolution). The draft agenda is then sent for approval to the Chairman of the Board of Directors.

The Board of Directors' rules of procedures specify the roles of the Board's committees. These provisions were updated in July and December 2016, and again in February 2017, including with respect to the new requirements of the French Commercial Code concerning the status of Statutory Auditors and European rules in terms of compensation, as well as providing further clarification regarding conflicts of interest.

The rules of procedures contain a reminder of the principles and best practices for corporate governance that help to raise the quality of the work undertaken by the Board of Directors, including the provision of the information necessary for the Directors to usefully contribute to the issues entered into the agenda, the obligations of confidentiality, and the obligations and recommendations regarding privileged information and conflicts of interest, the details of which are restated in the section “Potential conflicts of interest”.

The Board of Directors, in accordance with Articles L. 225-38 et seq. of the French Commercial Code, authorises related-party agreements prior to their signature. The Directors and Managers concerned by the agreement do not take part in the voting. Information relating to the 2016 agreements (new agreements as well as those entered into previously that remained in force during this period) has been sent to the Statutory Auditors, who will present their special report to the General Meeting of Shareholders. This report is provided on page 393 of the Registration Document. At its meeting on 10 February 2017, the Board reviewed the related-party agreements entered into previously and still in force in 2016, in accordance with the provisions of Article L. 225-40-1 of the French Commercial Code.

› ACTIVITIES OF THE BOARD IN 2016

The Board of Directors met six times in 2016, including one extraordinary meeting not originally included in the timetable.

For almost all items on the agenda of the Board meetings, supporting documentation is distributed several days before the meeting.

The principal matters examined during these meetings, following any necessary initial analysis by the specialised committees, were as follows:

CONCERNING THE BUSINESS AND STRATEGY

The Board of Directors examined the Medium Term Plan and the Bank’s strategic guidelines. It was informed of transactions concerning certain subsidiaries and international equity investments. A presentation of the consequences and challenges arising from Brexit and the new organisational structure for the Equity solutions business was put forward.

CONCERNING THE ACCOUNTS, THE FINANCIAL SITUATION AND RELATIONS WITH THE STATUTORY AUDITORS

In accordance with regulatory requirements, the Board of Directors approved the corporate and consolidated financial statements for the 2015 financial year and examined the half-yearly and quarterly results during 2016. During the meeting, the Chairman of the Audit Committee presented a report on the work of this committee and the Statutory Auditors gave their comments.

The Board also, in accordance with the new regulations contained in Order No 2016-315 of 17 March 2016, decided on the approvals procedure for missions not within the scope of certification of the accounts conferred upon the Statutory Auditors.

It then approved a share capital increase pursuant to the delegation granted by the Extraordinary General Meeting and the distribution of an interim dividend.

CONCERNING RISKS AND INTERNAL CONTROL

After hearing the Risks Committee, the Board of Directors examined the following on a quarterly basis:

- the position of the Company with regard to the different risks to which it is exposed (market risks, counterparty risks, operational risks, cost of risk and provisions, broken down by country and by segment) and with regard to the previously approved risk appetite;
- the position of the Company in terms of compliance with regular updates on the implementation of the OFAC remediation plan following the commitments given to US authorities;
- legal risks with the various ongoing lawsuits and disputes;
- the position regarding liquidity.

Half-yearly updates were also presented to the Board of Directors:

- on periodic control missions (Group Control and Audit);
- on the report on the internal control and the supervision and measurement of risks (RACI).

The following were also presented to the Board of Directors:

- the annual report by the head of Compliance on Investment Services (RCSI);
- the arrangements for compliance with the law regulating banking activities (SRAB Law) and the Volcker Rule;
- updates to the rules for internal governance in terms of international sanctions following the agreements signed with US authorities in October 2015, Crédit Agricole CIB having committed alongside Crédit Agricole S.A. to strengthen its compliance plan;
- communications from the supervisory authorities, the answers provided and the actions implemented to address the observations made.

The Board of Directors also approved:

- updates to the risk appetite and the associated statement in accordance with Article 435-1 f) of EU Regulation No 575/2013;
- the system for the management and supervision of the liquidity risk and the procedures, systems and tools used to assess this risk in accordance with Article 183 of the Decree of 3 November 2014 on internal control, as well as the emergency liquidity plan in accordance with Article 177 of the same Decree;
- on a quarterly basis, the Company’s risk strategies approved by the Strategy and Portfolio Committee (CSP) and the Group Risks Committee (CRG);
- a review of the criteria and thresholds used to define significant incidents detected by the internal control procedures;
- the rules of governance for the exposure to risks of the “Shadow banking” entities;
- the business continuity plans in accordance with Article 215 of the Decree of 3 November 2014 on internal control;
- the declaration of adequacy of the risk control system.

The list of information and documents required by the Board in the context of Article 241 of the Decree of 3 November 2014 on internal control was reviewed and approved by the Board of Directors.

CONCERNING GOVERNANCE, COMPENSATION AND HUMAN RESOURCES

After hearing the Appointments Committee, the Board of Directors then:

- reviewed its composition as well as that of the specialised committees;
- put forward the appointments of new members and the renewal of various others at the Shareholders’ Meeting;
- co-opted a new Director and appointed three non-voting Directors;
- reviewed the independent status of Directors;
- carried out a self-assessment of the operation of the Board of Directors and examined the self-assessment of the individual and collective skills of the Board members

as well as the skills and the time required by the Directors to fulfil their mission;

- decided on the composition of Executive Management by appointing a new Deputy Chief Executive Officer and renewing the terms of office of all of its members (the Chief Executive Officer and the three Deputy Chief Executive Officers) for a three-year period;
- acknowledged the policy adopted by the Appointments Committee in terms of the balanced representation of men and women within its membership.

After hearing the Compensation Committee, the Board of Directors then:

- set the compensation for the members of the Executive Management (Deputy Chief Executive Officers) and their objectives;
- approved the budget for the variable compensation of the employees;
- approved the Bank's compensation policy;
- examined the report required by the French Prudential Supervision Authority presenting information regarding the Company's compensation policy and practices;
- acknowledged the social audit and the international workforce statistics;
- reviewed the methodology for determining identified staff and the results concerning this group;
- deliberated the Bank's policies on gender equality and equal pay;
- acknowledged the independent internal assessment concerning the supervision of the compensation of identified staff.

The Board adopted the terms of the Chairman's report, those of the management report including CSR, decided to transfer the registered office, set the agenda for the Annual Ordinary General Meeting, and the terms of its own report to that same meeting.

The Board updated its own rules of procedures and, in accordance with Article 22 of the Decree of 3 November 2014 on internal control, was informed of the appointments of the Heads of Permanent Control and Periodic Control.

It regularly reviewed the list of people authorised for bond issues and approved the arrangements for the training of the Directors elected by the employees.

Finally, the Board acknowledged the opinion provided by the Works Council on strategic direction and the use of competitiveness and employment tax credits (CICE).

CONCERNING RELATED-PARTY AGREEMENTS

In accordance with the provisions of Article L. 225-38 of the French Commercial Code, the Board of Directors authorised related-party agreements concerning:

- the regulated agreements benefiting the Corporate Officers (Deputy Chief Executive Officers);
- an addendum to the tax consolidation agreement entered into with Crédit Agricole S.A..

The details of these agreements have been set out by the Statutory Auditors in their special report in section 8 of this Registration Document.

In accordance with the provisions of Article L. 225-40-1 of the French Commercial Code, the Board of Directors re-examined the agreements entered into and authorised during previous financial years that continued to be executed in 2016.

› ASSESSMENT OF THE PERFORMANCE OF THE BOARD OF DIRECTORS

A self-assessment of the performance of the Board of Directors was conducted during the fourth quarter of 2016, based on an individual questionnaire consisting of 61 questions sent to each Director. The questions concerned in particular: the organisation of the Board, its operation, its composition and the quality of relationships within it, the work of the various Board committees, and the training and information provided for the Directors. The self-assessment was administered by the Appointments Committee and presented to the Board.

The responses helped to:

- acknowledge the implementation of a majority of the actions arising from the self-assessment exercise undertaken in 2015;
- highlight a certain number of positive points concerning the organisation of the Board (exhaustiveness of the information and quality of the minutes), the quality of the documents received at the Audit Committee, the availability of the Company contacts during the work conducted by the four specialised committees and the Directors' seminar;
- highlight certain areas for improvement in the organisation of the Board especially concerning the duration of the meetings, the time allocated for different agenda items, the way it works concerning strategy, decisions on investments and disposals and information concerning the implementation of the decisions taken.

The guidelines adopted by the Board of Directors for 2017 following the self-assessment of its operation cover the following:

- improvements to the time allocated for the different presentations in order to strike a better balance between the subjects and to leave more room for discussion;
- increasing the number of presentations about the Bank's business and strategy;
- continuing the actions undertaken to encourage diversity in the Board's composition, especially the appointment of a Director with a more international background.

The average rate of attendance of the members of the Board of Directors at its meetings in 2016 was around 91%.

Rate of attendance of Directors at Board of Directors meetings as at 31 December 2016

	11 February 2016	9 May 2016	27 May 2016	29 July 2016	2 November 2016	9 December 2016	%
Philippe Brassac	1	1	1	1	1	0	83.33%
Bertrand Corbeau (1)			1	1	1	1	100.00%
Marie-Claire Daveu	1	1	1	1	1	1	100.00%
Claire Dorland Clauzel (1)		1	1	1	1	1	100.00%
Jean-Frédéric Dreyfus	1	1	1	1	1	1	100.00%
Élisabeth Eychenne (1)		0	0	1	1	1	60.00%
Nicole Gourmelon (1)		1	1	0	1	1	80.00%
Fabienne Haas	1	1	1	1	1	1	100.00%
François Imbault	1	0	1	1	1	1	83.33%
Marc Kyriacou	1	1	1	1	1	1	100.00%
Anne-Laure Noat	1	1	1	1	1	1	100.00%
Jean-Pierre Paviet	1	1	1	1	1	1	100.00%
Jean-Louis Roveyaz	1	1	1	1	1	1	100.00%
François Thibault	1	1	1	1	1	1	100.00%
Jean-Pierre Vauzanges	1	0	1	1	1	1	83.33%
François Veverka	1	1	1	1	1	1	100.00%

(1) Mr Bertrand Corbeau has been appointed Director with effect as of the end of the Board of Directors' meeting of 9 May 2016. Mesdames Claire Dorland Clauzel, Élisabeth Eychenne and Nicole Gourmelon have been appointed Directors from 9 May 2016;

› TRAINING FOR DIRECTORS

A procedure defined in 2013 to welcome new Directors includes the delivery to any new Director of a welcome booklet, which presents key documents relating to the governance of the Company's corporate bodies, the Company's strategy and budget, the Registration Document and the activity report for the previous year. When a new Director first joins the Board, meetings are also organised between the new Director and Executive Management members, the head of Risks and Permanent Control, the CFO and the head of Compliance and the head of Human Resources.

In addition to the programme established for the benefit of new Directors, training measures for all Directors continued in 2016. As in 2015, a seminar for Directors held in May 2016 provided an opportunity to get a better idea of the expectations of the Bank's customers by meeting the top management of three of the big customers of Crédit Agricole CIB and to gain a deeper understanding of the Bank's business activities and strategy. A training session devoted to a presentation of International Trade and Transaction Banking (ITB), the obligations of the Directors in terms of conflicts of interest and regulatory changes (FRTB) was held in November 2016. Directors also benefit from permanent access to an e-learning programme offering various courses on the theme of compliance.

The training programme planned by the Appointments Committee is expected be further enriched in 2017, with a two-day presentation of all of the Bank's business lines and activities.

In addition, in accordance with the provisions of Articles L. 225-30-2 and R. 225-34-4 of the French Commercial Code, the Board of Directors, at its meeting on 9 December 2016, determined the training to be followed by employee Directors in 2017.

▶ 1.1.4 SPECIALISED COMMITTEES OF THE BOARD OF DIRECTORS AND COMPENSATION PRINCIPLES AND RULES

The Board has four specialised committees: an Audit Committee, an Appointments Committee, a Compensation Committee and a Risks Committee.

The members of these committees are appointed by the Board of Directors in accordance with its rules of procedures.

These specialised committees assist the Board of Directors in its duties and in preparing for discussions. They may, for example, conduct studies or submit opinions or recommendations to the Board. The Committees interact where appropriate to ensure consistency in their work. Each committee reports on its work to the Board of Directors so that members can be fully informed when participating in discussions.

Each committee carries out the missions that are assigned by the law and the regulations in force, as well as by the rules of procedures of the Board of Directors and meets periodically and as necessary, in order to review any subject within its jurisdiction. In exercising its mission, it can request access to any information it considers relevant after having informed the Chairman of the Board of Directors of this and, provided it informs the Board of Directors, it may request all studies likely to throw light on the deliberations of the Board at the Company's expense.

› COMPENSATION COMMITTEE

COMPOSITION OF THE COMPENSATION COMMITTEE AT 31 DECEMBER 2016

The rules of procedures of the Board of Directors stipulate that the Compensation Committee is composed of at least four Directors and includes a Director representing the employees.

MEMBERS AT 31 DECEMBER 2016

- Mrs Anne-Laure Noat, Independent Director, Chairman of the committee,
- Mr Jean-Frédéric Dreyfus, Director elected by the employees,
- Mrs Fabienne Haas, Independent Director,
- Mr Jean-Louis Roveyaz, Director, Chairman of *CRCAM de l'Anjou et du Maine*.

This Committee, chaired by an Independent Director, has a total of four members, including two Independent Directors, a Director representing employees and a Director of the Crédit Agricole Group. This Committee has a majority of Independent Directors in accordance with the provisions of the AFEP-MEDEF Code (Recommendations 14.1 and 17.1).

The Compensation Committee's duties fall within the framework of the Group's compensation policy. With a view to harmonising Crédit Agricole S.A.'s compensation policies, the Group Human Resources Director or his or her representative, as well as the Chairman of the Board of Directors and the Chief Executive Officer of Crédit Agricole S.A., are invited to the meetings of the Compensation Committee. Indeed, overall monitoring of the compensation policy applicable to all entities of the Crédit Agricole S.A. Group has been carried out within Crédit Agricole S.A. since 2010. This monitoring, presented to the Board of Directors of Crédit Agricole S.A., includes the proposed principles for determining variable compensation budgets, examining the impact of risks and capital requirements inherent to the activities concerned, and an annual review, by the Compensation Committee of the Board of Crédit Agricole S.A., of compliance with regulatory and industry standards on compensation.

MISSIONS OF THE COMPENSATION COMMITTEE

EXTRACT FROM THE RULES OF PROCEDURES OF THE BOARD OF DIRECTORS

"*The Compensation Committee prepares the decisions of the Board of Directors regarding compensation, in particular those having an impact on risk and risk management in the Company. It assists in the development of compensation policies and the supervision of their implementation.*

It makes recommendations to the Board including:

- *the total amount of Directors' fees allocated to the members of the Board of Directors, to be submitted to the General Meeting of Shareholders for approval;*
- *the distribution of these Directors' fees among the members of the Board of Directors;*
- *ordinary and exceptional compensation, defined in Article 14 of the Articles of Association as "Directors' compensation" paid to the members of the Board of Directors, its Chairman and its Vice-Chairmen.*

At least annually, it reviews:

- *the principles of the Company's compensation policy;*
- *the compensation, allowances, benefits in kind granted first to the Chief Executive Officer, and then to the Deputy CEOs on the proposal of the CEO;*
- *the principles of variable compensation of all employees of the Company including those identified personnel defined in compliance with European regulations, as well as the members of Executive Management (composition, base, ceiling, conditions, form and payment date) and the total amount paid as variable compensation; the Compensation Committee is informed of the breakdown of this total at individual level, beyond a threshold proposed by Executive Management and subject to approval by the Board of Directors.*

It also carries out the following:

- *it ensures that the compensation system takes into account any type of risk and liquidity and equity levels and that the overall compensation policy is consistent, that it promotes sound and effective risk management and that it is consistent with the business strategy, objectives, corporate values as well as the Company's long-term interests;*
- *it prepares the work and decisions of the Board of Directors to identify staff defined in compliance with the European identification rules;*
- *it reports to the Board of Directors on its annual review of the compensation policy and principles, as well as the verification of their compliance with applicable regulations and proposes changes as necessary;*
- *it controls the compensation of the risk management and compliance officers as well as that of the periodic control officer;*
- *regarding deferred variable compensation, it evaluates the achievement of performance targets and the need for an adjustment to the ex post risk, including application of penalties and recovery plans, in compliance with the regulations in force;*
- *it ensures that the Company's policy and compensation practices are subject to an assessment by periodic control at least once per year, it reviews the results of this evaluation and the corrective measures implemented and it makes any recommendation;*
- *it examines draft reports on compensation including Corporate Officers and Executive Directors, prior to their approval by the Board of Directors."*

COMPENSATION COMMITTEE ACTIONS IN 2016

The Compensation Committee met five times during 2016.

These meetings focused primarily on the following matters:

- summary of the distributions of total variable compensation for 2015 and the deferred variable compensation plan for 2015 - Review of the individual breakdown for the most significant amounts;
- determination of the total variable compensation budget for 2016;
- compensation of Corporate Officers, including setting the 2016 targets - Review of the compensation of Executive Management members (Deputy Chief Executive Officers);
- review of the method of determination of identified staff and review of the final budget for this category;
- part of the management report that deals with compensation of Corporate Officers for the 2015 financial year;
- review of the compensation policy for 2016;
- report of the audit by the Group Control and Audit function on the framework for the compensation of the identified persons;
- review of the report required by the French Prudential Supervision Authority (ACPR) and presenting information on the compensation policy and practices within the Company;
- draft resolutions to be presented to the Shareholders' Meeting held in 2016 as regards compensation;
- review of contingent rights and performance conditions concerning pension plans for Corporate Officers;
- review of the profit sharing supplement for all employees;
- information about regulatory changes and compensation policies in some countries.

The minutes of each meeting were submitted to the Board of Directors.

The attendance rate of the members of the Compensation Committee in 2016 was 94%.

PRESENTATION OF COMPENSATION PRINCIPLES AND RULES

Information on the compensation policy:

- general principles;
- principles applicable to the compensation of Executive Corporate Officers and employees whose activity has an impact on a credit institution's risks and risk management;
- governance of compensation within the Crédit Agricole S.A. Group;
- compensation components of each executive Corporate Officer of the Company, including amounts due or allocated in respect of the 2016 financial year;
- the principles for the allocation of Directors' fees and amounts of Directors' fees allocated for 2016 to members of the Board of Directors;

are covered in a special section entitled "Compensation Policy" on pages 113 to 147 of this Registration Document.

› AUDIT COMMITTEE

COMPOSITION OF THE AUDIT COMMITTEE AT 31 DECEMBER 2016

The rules of procedures of the Board stipulate that the Audit Committee is composed of at least four members.

MEMBERS AT 31 DECEMBER 2016

- Mrs Anne-Laure Noat, Independent Director, Chairman of the committee,
- Mrs Claire Dorland Clauzel, Independent Director,
- Mr Jean-Pierre Paviet, Director, Chairman of *CRCAM des Savoie*,
- Mr Jean-Pierre Vauzanges, Director, Chief Executive Officer of *CRCAM Ille-et-Vilaine*,
- Mr François Veverka, Independent Director.

Mrs Claire Dorland Clauzel was appointed a member of the Audit Committee by the Board of Directors at its meeting of 9 May 2016.

Mrs Catherine Pourre, non-voting Director, attends the meetings of this Committee.

Due to their training and/or professional experience, the members of this committee have financial and/or accounting skills. A summarised biography is available in section 3.2 of this Registration Document.

MISSIONS OF THE AUDIT COMMITTEE

The committee meets at least quarterly.

It liaises with the Statutory Auditors as often as required, and for the preparation of the interim and annual financial statements.

EXTRACT FROM THE RULES OF PROCEDURES OF THE BOARD OF DIRECTORS

"*The Committee's primary purpose is to monitor management issues related to the development and review of the corporate and consolidated financial statements, the effectiveness of the internal control and risk management systems with respect to the procedures in the preparation and treatment of accounting and financial information, monitoring the work of the Statutory Auditors on these issues and their independence.*

Without prejudice to the powers of the Board of Directors, its powers are in particular:

- *It monitors the process of compiling financial information:*

  It follows the process of compiling the financial information and, if necessary, makes recommendations to ensure the integrity thereof; it ensures the relevance and performance of the accounting policies adopted by the Company in compiling the corporate and consolidated financial statements;
- *It reviews the corporate and consolidated financial statements:*

  It examines the draft corporate and consolidated annual, half-yearly and quarterly financial statements, before submission to the Board of Directors;
- *It reviews and monitors the effectiveness of the internal control and risk management systems relating to financial and accounting information:*

  It examines and monitors, without its independence being impaired, the effectiveness of the internal control and risk management systems, regarding the procedures related to the preparation and treatment of accounting and financial information. In this, it makes an assessment of the quality of the internal control, proposes complementary actions if and as necessary, monitors the work of the teams who are responsible for internal control, including internal audit;
- *It monitors the independence and objectivity of the Statutory Auditors - Approves the provision by the Statutory Auditors of the services mentioned in Article L. 822-11-2 of the French Commercial Code:*

  In accordance with the legal provisions and regulations applicable:
  - *it conducts the selection procedure when appointing the Statutory Auditors and makes a recommendation for the attention of the Board of Directors on their renewal or appointment;*
  - *it ensures compliance by the Statutory Auditors on the conditions of independence defined by the French Commercial Code and tracks all related issues. Where applicable, in consultation with the former, it determines measures to preserve their independence;*
  - *it approves the provision by the Statutory Auditors of the services mentioned in Article L. 822-11-2 of the French Commercial Code;*
- *To monitor the fulfilment of the Statutory Auditors' mission:*
  - *it monitors the fulfilment by the Statutory Auditors of their mission and, in particular, reviews their work programme of work, their conclusions and recommendations; it receives communication of their annual supplementary report on the results of the statutory audit of the financial statements;*
  - *it takes into account the findings and conclusions of the Haut Conseil du Commissariat aux Comptes (Audit Office Control Board) if checks are made pursuant to the provisions of the French Commercial Code.*

It may review any issues of a financial or accounting nature that are referred to it by the Chairman of the Board of Directors or the Chief Executive Officer and reports on the conduct of its missions to the Board of Directors."

ACTIVITY OF THE AUDIT COMMITTEE DURING 2016

The Audit Committee met seven times during 2016, including three joint sessions with the Risks Committee.

Each meeting of the Audit Committee was preceded by a conference call with the Finance Department and a specific exchange was conducted with the new Deputy Chief Executive Officer and with the new head of periodic control, when they take office.

During these meetings, the Committee examined:

- the quarterly, interim and yearly consolidated corporate financial statements;
- the work of the Statutory Auditors and implementation of the audit reform, including approval of the “Excluding certification of the financial statements” services;
- the 2017 draft budget;
- the Statutory Auditors' audit plan for 2017;
- the documents and information expected by the Committee in accordance with Article 241 of the Decree of 3 November 2014 on internal control;
- the change to the tax consolidation agreement.

The minutes of each meeting were submitted to the Board of Directors.

The attendance rate of the members of the Audit Committee in 2016 was 82%.

› RISKS COMMITTEE

COMPOSITION OF THE RISKS COMMITTEE AT 31 DECEMBER 2016

The rules of procedures of the Board of Directors stipulate that the Risks Committee is composed of at least four directors.

MEMBERS AT 31 DECEMBER 2016

- Mr François Veverka, Independent Director, Chairman of the committee,
- Mrs Marie-Claire Daveu, Independent Director,
- Mrs Anne-Laure Noat, Independent Director,
- Mrs Nicole Gourmelon, Director, Chief Executive Officer of *CRCAM Normandie*,
- Mr Jean-Pierre Paviet, Director, Chairman of *CRCAM Savoie*.

Mrs Nicole Gourmelon was appointed a member of the Risks Committee by the Board of Directors at its meeting of 9 May 2016.

Mrs Catherine Pourre, non-voting Director, attends the meetings of the Risks Committee.

MISSIONS OF THE RISKS COMMITTEE

The Risks Committee meets whenever necessary, and at least once a quarter. It is fully informed about the Company's risks. If necessary, it may call on the services of the head of risk management or external experts.

EXTRACT FROM THE RULES OF PROCEDURE: OF THE BOARD OF DIRECTORS

"*The main duties of the Risks Committee are as follows:*

- *to advise the Board of Directors on the Bank's overall strategy and risk appetite and to assist it when reviewing the implementation of this strategy by the Executive Directors and by the head of the Risk Management function:*
  - *to examine and review regularly the strategies and policies governing decision-making, management, monitoring, and reduction of the risks to which the Company is or could be exposed;*
  - *to review and monitor the risk management policy, procedures and systems in force within the Bank and its consolidated group;*
  - *to assess the consistency of measurement, monitoring and risk management systems, and propose related actions, as necessary;*
  - *to monitor any incident, whether fraudulent or not, revealed by the internal control procedures, according to the criteria and significance thresholds set by the Board of Directors or which presents a major risk to the Bank's reputation; the Chairman of the committee must be informed of any incident, whether fraudulent or not, revealed by the internal control procedures, which exceeds an amount set by the Board of Directors or which presents a major risk to the Bank's reputation;*
- *to consider whether the prices of the products and services offered to clients are in line with the risk strategy and, if this is not the case, to submit an action plan to the Board of Directors to remedy the situation;*
- *without prejudice to the responsibilities of the Compensation Committee, to examine whether the incentives offered by the Company's compensation policy and practices are compatible with its situation with regard to the risks it is exposed to, its capital, its liquidity and the probability and timing of the implementation of the benefits expected;*
- *to review the effectiveness of internal control systems, excluding the financial reporting and accounting process covered by the Audit Committee:*
  - *it examines the internal control system implemented within the Company and its consolidated group;*
  - *it assesses the quality of internal control and proposes, as necessary, complementary actions;*
  - *it monitors the work of the Statutory Auditors on the Company's financial statements and of the internal audit teams;*
- *to examine issues relating to liquidity risk and solvency;*
- *to examine issues relating to disputes and provisions.*"

ACTIVITY OF THE RISKS COMMITTEE DURING 2016

The Risks Committee met seven times during 2016, including three joint sessions with the Audit Committee.

During these meetings, the Committee examined:

- risk exposure and management (quarterly review);
- liquidity (quarterly review);
- the Company's risk appetite;
- risk strategies (quarterly review);
- the main legal-regulatory issues (quarterly review);
- compliance reviews, including implementation of the OFAC remediation plan (quarterly review);
- periodic control missions, including the 2017 audit plan;
- internal control review (half-yearly review);
- a review of compliance with the Banking Regulation Act and the Volcker rule;
- activities of subsidiaries.

The minutes of each meeting were submitted to the Board of Directors.

The attendance rate of the members of the Risks Committee in 2016 was 81%.

In the course of preparing the work of the Audit and Risks Committees, several meetings were held with the various departments of the Bank and the Statutory Auditors:

- five conference calls with the Risk Management Department;
- three exchanges took place with Group Control and Audit;
- a meeting with the Statutory Auditors before each Committee.

› APPOINTMENTS COMMITTEE

COMPOSITION OF THE APPOINTMENTS COMMITTEE AT 31 DECEMBER 2016

The Appointments Committee is composed of at least two Directors.

MEMBERS AT 31 DECEMBER 2016

- Mrs Marie-Claire Daveu, Independent Director, Chairman of the committee,
- Mrs Claire Dorland Clauzel, Independent Director,
- Mr Jean-Louis Roveyaz, Director, Chairman of *CRCAM de l'Anjou et du Maine*.

Mrs Claire Dorland Clauzel was appointed a member of the Appointments Committee by the Board of Directors at its meeting of 9 May 2016. The Appointments Committee is composed mainly of Independent Directors in accordance with the provisions of the AFEP-MEDEF Code (§16.1).

MISSIONS OF THE APPOINTMENTS COMMITTEE

EXTRACT FROM THE RULES OF PROCEDURES OF THE BOARD OF DIRECTORS

"The main duties of the Appointments Committee are as follows:

- *to identify and recommend suitable candidates, as Directors or non-voting Directors, for the Board of Directors;*
- *to recommend to the Board of Directors candidates for the functions of Chairman of the Board;*
- *to assess once a year the balance, diversity of knowledge, skills and experiences that the Directors possess individually and collectively and when recommendations are made to the Board for the appointment or renewal of Directors;*
- *to define the qualifications needed to serve on the Board and estimate how much time should be set aside for the associated duties;*
- *to set a diversity target for the Board and develop a diversity policy. This objective, the policy and the means implemented are made public;*
- *to evaluate the structure, size, composition and effectiveness of the Board of Directors at least once a year;*
- *to review periodically and make recommendations regarding the policies of the Board of Directors for selection and appointment of Executive Directors of the Company and other members of Executive Management, as well as the head of the Risk Management function;*
- *to ensure that the Board of Directors is not dominated by one person or by a small group of people in conditions that could be detrimental to the Bank's interests."*

ACTIVITY OF THE APPOINTMENTS COMMITTEE DURING 2016

During 2016, the Appointments Committee met six times, including one extraordinary meeting on the appointment of the Risk Management and Permanent Control Officer.

During these meetings, it specifically reviewed applications for the post of Deputy Chief Executive Officer, Director and non-voting Director, renewal of the Chairman of the Board of Directors and Executive Management members who were also Executive Directors within the meaning of Article L. 511-13 of the French Monetary and Financial Code. It determined the objective and policy in terms of balanced representation of men and women on the Board of Directors as well as diversity. It also discussed changes to the composition of the Board of Directors and its committees, the training programme for Directors for 2016, as well as the programme for the annual seminar, organised the self-assessment of the functioning of the Board for 2016 and the individual and collective skills of the Directors, and analysed and summarised the results of these self-evaluations to determine the actions to take. It also determined the missions and qualifications required for the functions of Board members and the assessment of the time required to carry them out. Pursuant to Articles L. 225-30-1 and L. 225-30-2 of the French Commercial Code, it also examined proposals concerning the training of employee Directors. Finally, in accordance with Article L. 511-101, it checked that the Board of Directors was not dominated by one person or by a group of people in conditions that could be detrimental to the Company's interests.

The minutes of each meeting were submitted to the Board of Directors.

The attendance rate of the members of the Appointments Committee in 2016 was 100%.

▶ 1.1.5 COMPOSITION OF EXECUTIVE MANAGEMENT - LIMITATIONS ON THE POWERS OF THE CHIEF EXECUTIVE OFFICER BY THE BOARD OF DIRECTORS

› COMPOSITION OF THE EXECUTIVE MANAGEMENT AT 31 DECEMBER 2016

Mr Jean-Yves Hocher has been the Chief Executive Officer of Crédit Agricole CIB since 1 December 2010. As at 31 December 2016, the Deputy Chief Executive Officers were Messrs François Marion, Régis Monfront and Jacques Prost.

› LIMITATIONS INTRODUCED TO THE POWERS OF THE CHIEF EXECUTIVE OFFICER

The limitations placed on the powers of the Chief Executive Officer are specified below as well as in the presentation of the powers of the Board of Directors on page 61.

The rules of procedures of the Board of Directors stipulate that, in the performance of his duties, the Chief Executive Officer is required to comply with the internal control rules that apply within the Crédit Agricole Group and the strategies defined and decisions taken, which under the law or according to the aforementioned rules are the responsibility of the Board of Directors or the Shareholders' Meeting.

These rules of procedures also stipulate that the Chief Executive Officer is required to refer all significant projects concerning the Company's strategic decisions, or that may affect or alter its financial structure or scope of activity, to the Board of Directors, requesting instructions. In addition, as mentioned in the "Powers of the Board of Directors" section on page 61, as a purely internal limitation that is not binding on third parties, the Chief Executive Officer is required to obtain prior authorisation from the Board of Directors or its Chairman before entering into certain types of transactions.

▶ 1.1.6 CONDITIONS FOR PARTICIPATION OF SHAREHOLDERS IN A GENERAL MEETING

The procedures for participating in Shareholders' Meetings are set out in section V of the Company's Articles of Association. The composition, operating procedures and main powers of the Shareholders' Meeting, the description of shareholders' rights and the procedures for exercising these rights are set out in "Article 19 - Composition - Nature of Meetings", "Article 20 - Meetings", "Article 21 - Ordinary General Meeting" and "Article 22 - Extraordinary General Meeting".

› "SECTION V - GENERAL MEETINGS"

ART. 19 - COMPOSITION - NATURE OF MEETINGS

Shareholders' Meetings may be attended by all shareholders, regardless of the number of shares they own.

Duly constituted Shareholders' Meetings represent all shareholders.

Decisions taken in Shareholders' Meetings in accordance with laws and regulations in force are binding on all shareholders.

A Shareholders' Meeting is deemed extraordinary if any decisions relate to a change in the Articles of Association. All other meetings are deemed ordinary.

Special Shareholders' Meetings convene holders of a particular category of shares, if any such category exists, to make decisions about any changes in the rights of such shares.

These Special Shareholders' Meetings are convened and take decisions according to the same conditions as Extraordinary General Meetings.

ART. 20 - MEETINGS

Shareholders' Meetings will be convened and deliberate in accordance with the applicable laws and regulations.

Meetings take place at the head office or in any other location specified in the notice of meeting.

The Shareholders' Meeting is chaired by the Chairman of the Board of Directors or, in his absence, by a Vice-Chairman of the Board of Directors or by a Director designated by the Chairman of the Board of Directors for this purpose. If no such person is available, the persons present shall themselves elect a chairman for the meeting.

The agenda shall be determined by the person convening the meeting. The agenda shall only contain proposals made by the person convening the meeting or by shareholders.

Each member of the Ordinary or Extraordinary General Meeting will have a number of votes proportional to the portion of the share capital corresponding to the shares that he or she owns or represents, provided that those shares are not deprived of voting rights.

The Board of Directors may decide to treat as present, for the purpose of calculating the quorum and majority, shareholders taking part in the meeting by videoconferencing or a medium that enables them to be identified, the type and terms of use of which are compliant with the regulations in force.

ART. 21 - ORDINARY GENERAL MEETING

The Ordinary General Meeting takes decisions according to the quorum and majority conditions determined by the laws and regulations in force.

Shareholders are invited to attend an Ordinary General Meeting every year.

The Annual Ordinary General Meeting takes note of the reports by the Board of Directors and the Statutory Auditors.

It discusses, approves or adjusts the parent-company financial statements and, if applicable, the consolidated financial statements, and determines the appropriation of income for the year.

It appoints the Statutory Auditors.

It discusses all other proposals on the agenda that do not fall under the remit of the Extraordinary General Meeting.

Other ordinary general meetings may exceptionally be held in addition to the Annual Ordinary General Meeting.

ART. 22 - EXTRAORDINARY GENERAL MEETING

The Extraordinary General Meeting takes decisions according to the quorum and majority conditions determined by the laws and regulations in force.

The Extraordinary General Meeting may make any changes to the Articles of Association.

1.1.7 CAPITAL STRUCTURE OF THE COMPANY

As at 31 December 2016, the Company's share capital consisted of 290,801,346 ordinary shares with a par value of €27 each, giving a share capital of €7,851,636,342. The shares are more than 97%-owned by Crédit Agricole S.A. and more than 99%-owned by the Crédit Agricole Group. The Company's shares have not been offered to the public and are not listed for trading on a regulated market.

› SUMMARY OF THE RECOMMENDATIONS OF THE NOVEMBER 2016 AFEP-MEDEF CODE NOT FOLLOWED AND THE REASONS WHY THEY WERE IGNORED

AT 31 DECEMBER 2016

Background:

- the Company is more than 99%-owned by the Crédit Agricole Group (Crédit Agricole S.A. owns more than 97% of the Company's shares);
- the Company's governance is therefore in line with that of the Crédit Agricole Group.

The composition of the Board and its committees reflects the corporate governance system, under which Board positions in certain Group subsidiaries are assigned to the Chairmen or Chief Executive Officers of regional branches of the Crédit Agricole Group.

AFEP-MEDEF Code recommendations	Comments
10. Board meetings and committee meetings 10.3 It is recommended that one meeting be organised each year without the Corporate Officers in attendance.	The compensation, objectives and performance of the Deputy Chief Executive Officers are reviewed and discussed by the Compensation Committee at meetings which these Executive Management members do not attend. In addition, the presentation of the conclusions of the Compensation Committee to the Board of Directors and related discussions within the Board take place without the Deputy CEOs in attendance. It is recalled that the mandate of Chief Executive Officer within Crédit Agricole CIB is an honorary appointment.
15 The Audit Committee 15.1 The proportion of Independent Directors in the Audit Committee must be at least two thirds (...).	The Audit Committee currently has five members, three of whom are independent, including the Chairman of the committee. This composition is therefore in line with the recommendations of the Group's Corporate Governance Committee which considers that an Audit Committee with three independent members out of five is still in line with the spirit of the Code, provided the Chairman is independent.
21. Termination of the employment contract if an employee becomes a Corporate Officer 21.1 It is recommended that, when an employee becomes a Corporate Officer of the Company, the employment contract that binds him or her to the Company or to a company in the Group be terminated, either by conventional break or resignation. 21.2 This recommendation applies to Chairmen, Chief Executive Officers and Managing Directors in companies with a Board of Directors.	Mr Jean-Yves Hocher has been a member of the Executive Committee and, since September 2015, Deputy Chief Executive Officer of Crédit Agricole S.A. in charge of the Large Customer segment. As such, he oversees the Bank's activities in finance and investment, wealth management, and services for institutional investors and businesses. It is against this background that he has an employment contract with Crédit Agricole S.A. which was renewed.
22. Obligation to share ownership by Corporate Officers The Board of Directors sets a minimum amount of shares that Corporate Officers must keep in registered form until they relinquish their appointments. This decision will be reviewed at least with each renewal of their mandate.	The Company's shares are not offered to the public and are not listed for trading on a regulated market. More than 99% of the capital is also held by the Crédit Agricole Group. The Article 10 of Company's Articles of Association require Directors to own one share of the Company (this obligation applies to Directors appointed by shareholders in the General Meeting of Shareholders).

1.2 INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES

DEFINITION OF THE INTERNAL CONTROL SYSTEM

Within the Crédit Agricole Group, the internal control system is defined as all procedures aimed at controlling activities and risks of all kinds and enabling transactions to be carried out properly, securely, and efficiently, in accordance with the texts referred to below. Crédit Agricole CIB, which is a wholly owned subsidiary of the Crédit Agricole Group, complies with the rules laid down in French and international regulations and with the rules and regulations set by its parent company.

The internal control system and procedures can therefore be classified by their purpose:

- application of instructions and guidelines determined by Executive Management;
- financial performance through effective and adequate use of the Group's assets and resources, and protection against the risks of loss;
- comprehensive, accurate and ongoing knowledge of the data required to make decisions and manage risks;
- compliance with internal and external rules;
- prevention and detection of fraud and errors;
- accuracy and completeness of accounting records and timely production of reliable accounting and financial information.

However, this system and these procedures have limits, relating in particular to technical problems and staff shortcomings.

Under the systems implemented within this standardised framework, certain resources, tools and reporting documents are made available to the Board, to Executive Management and to other managers so that they can assess the quality of the internal control systems and their adequacy.

REFERENCE DOCUMENTS RELATING TO INTERNAL CONTROL

› LAWS AND REGULATIONS

The internal control procedures implemented by Crédit Agricole CIB comply with the laws and regulations governing French credit institutions and investment companies, and namely with:

- the French Monetary and Financial Code;
- the Decree of 3 November 2014, relating to the internal control of banks, payment services companies and investment companies, submitted to the French Prudential Supervisory and Resolution Authority (ACPR);
- all texts relating to the conduct of banking and financial activities (collated by the Banque de France and CCLRF);
- the General Regulations of the French Financial Markets Authority (AMF or *Autorité des Marchés Financiers*).

The Company's internal control system also takes into account the following international reference documents:

- the Basel Committee's recommendations on banking control;
- local applicable laws and regulations in the countries in which the Group operates;
- European and international regulations (EMIR, DFA, etc.) applicable to the activities of CACIB.

› MAIN INTERNAL REFERENCE DOCUMENTS

The main internal reference documents are:

- Procedural Memo 2016-01 on the organisation of internal control within the Crédit Agricole S.A. Group;
- Procedural Memos dealing with the Crédit Agricole S.A. Group's risk management and permanent controls;
- documents circulated by Crédit Agricole S.A., relating to subjects including accounting (Crédit Agricole accounts plan), financial management, risk management and permanent controls;
- the Code of Conduct of the Crédit Agricole Group;
- the CACIB Code of Conduct "Our principles to build the future";
- a corpus of texts about governance, published on the Crédit Agricole CIB "Corporate Secretary" Intranet database, notably about compliance, risks and permanent control, and more precisely the texts linked to permanent control applied within the scope of the Crédit Agricole CIB Group's internal control (text 4.0 on the organisation of internal control, text 4.4 on the organisation and governance of permanent controls, and text 1.5.1 on the supervision of essential outsourced services) and the Crédit Agricole CIB compliance manuals, the CACIB Code of Conduct "Our principles for the future", and the procedures in the different departments of Crédit Agricole CIB, its subsidiaries and branches.

› ORGANISATION OF THE INTERNAL CONTROL SYSTEM

BASIC PRINCIPLES

The organisational principles and components of Crédit Agricole CIB's internal control systems, which are common to all Crédit Agricole Group entities, are as follows:

- information and involvement of the supervisory body (approval of risk appetite and risk strategies, update on the risk situation, activities and results of internal control);
- the direct involvement of the Executive Directors in the organisation and operation of the internal control system;
- complete coverage of activities and risks;
- responsibility of all persons involved;
- clear definition of tasks;
- effective separation of commitment and control functions;
- formal and up-to-date delegations of powers;
- formal and up-to-date standards and procedures, especially for accounting and information processing.

These principles are supplemented by:

- measuring, monitoring and risk management mechanisms: for credit, market, liquidity, financial and operational risks (transaction processing, information systems processes), accounting risk (including quality of financial and accounting information), non-compliance risks and legal risks;
- a control system, forming part of a dynamic and corrective process, encompassing permanent controls, which are carried out by the operating units themselves or by dedicated staff, and periodic controls (Group Control and Audit).

The internal control system is also designed to ensure that the compensation policy is consistent with risk management and control objectives, particularly with regard to market operators.

As such, the Risks Committee, a Specialised Committee of the Board of Directors, whose task is specifically to examine, without prejudice to the Compensation Committee, whether the incentives provided by the Company's compensation policy and practice are consistent with its situation in light of the risks to which it is exposed.

The internal control system is also designed to ensure that the corrective measures adopted are applied within a reasonable time.

MONITORING OF THE PROCESS

In order to ensure that the internal control system is consistent and efficient and that the above-mentioned principles are applied by all entities within the scope of Crédit Agricole CIB's consolidated control system, three separate persons responsible for Periodic Control (Audit-Inspection), Permanent Risk Control and Compliance Control have been appointed.

The Internal Control Committee, chaired by the Chief Executive Officer, is responsible for:

- reviewing internal control procedures and the control system implemented;
- examining the main risks to which Crédit Agricole CIB is exposed and any changes in risk measurement systems;
- deciding on remedial measures to be taken to address the weaknesses identified during audits, either in internal control reports or as a result of problems that have occurred;
- monitoring the fulfilment of the commitments made following internal and external audits;
- taking any decisions necessary to make up for the weaknesses in the internal control.

Its members are the Heads of Group Internal Audit (Crédit Agricole S.A.), Internal Audit (Crédit Agricole CIB), Corporate Secretary, Finance, Risk Management and Permanent Controls, Compliance and Fraud Prevention, Legal and, depending on the matters under discussion, the heads of other Bank units.

The committee met four times in 2016.

Local internal control committees have also been set up in several subsidiaries and branches, both in France and abroad.

In addition, a top-level Permanent Control Committee has been established. Chaired by the Chief Executive Officer or, in his absence, one of the Deputy Chief Executive Officers, this committee is responsible for:

- supervising the operation of the Permanent Control system and operational risk management of the Crédit Agricole CIB Group;
- investigating all matters related to this assignment, either for information or decision-making purposes;
- resolving any discrepancies or interpretations relating to the Permanent Control system.

This committee comprises in particular the head of Risk Management and Permanent Control (RPC), the head of Permanent Control, Operational Risks and Corporate Secretariat, the head of Global Compliance, the head of Legal Functions and the head of Group Internal Audit.

The Head of Group Risk Management (DRG) - Operational Risk and Permanent Control at Crédit Agricole S.A. may sit in on all meetings. This committee met four times in 2016 (not including the meeting of the fourth quarter of 2015, which was held on 1 February 2016).

In addition to the permanent control committees established in the head office departments, local committees have been established in the subsidiaries and branches in France and abroad. They meet monthly (except for months in which an Internal Control Committee meeting is held), either in person or electronically.

ROLE OF THE SUPERVISORY BODY: BOARD OF DIRECTORS

The Board of Directors decides on strategy and controls the implementation of oversight by the Executive Directors. It is based on four specialised committees to carry out its missions: the Audit Committee, the Risks Committee, the Appointments Committee and the Compensation Committee. The responsibilities of the Board and its Committees are described in detail from pages 57 to 71 of the governance section of this report. The Board of Directors determines the nature and frequency of the required documents at least.

The Board of Directors reviews the activities and results of the internal control and the main risks faced by the Bank:

- the Board of Directors reviews and approves the Bank's risk appetite at least once a year, after review by the Risks Committee;
- every quarter, the Board of Directors reviews and approves, after scrutiny by the Risks Committee, the specific risk strategies by country, profession or sector, that were set during the previous quarter by the Strategy and Portfolio Committee or by the Group Risks Committee;
- in addition to the information regularly sent to the Board of Directors, particularly on the overall risk limits and exposures, compliance, legal risks and liquidity, a report on internal control and risk measurement and monitoring is presented to it twice a year, as well as a quarterly status report on risk - Management and exposure. This quarterly report specifically includes a presentation on market risks, counterparty risks, operational risks and a review on the Company's situation with regard to risk appetite. This information and these reports are reviewed beforehand by the Risks Committee;
- the Board is informed of any significant fraud event or any other event detected by internal control procedures in accordance with the criteria and thresholds that it has set. The system for reporting this information to corporate bodies is described in the Company's internal documentation (chapter 2.4);
- a presentation of periodic control reports is made twice a year to the Board of Directors, after review by the Risks Committee;
- the report to the AMF by the head of Compliance for Investment Services (RCSI) is presented to the Board of Directors each year;
- finally, the activity continuity plan was presented in 2016 to the Board of Directors.

ROLE OF THE EXECUTIVE DIRECTORS: EXECUTIVE MANAGEMENT

The Executive Directors are directly involved in the organisation and operation of the internal control system.

They ensure that risk strategies and limits are compatible with the financial position (capital levels, earnings) and strategic guidelines set by the supervisory body.

The Executive Directors define the Company's general organisation and oversee its effective implementation by the competent staff.

They assign clear roles and responsibilities in terms of internal control and allocate the appropriate resources. They oversee the implementation of risk identification and measurement systems that are appropriate for the Company's activities and organisation.

They also ensure that they regularly receive the key information produced by these systems and that the internal control system is continuously monitored to verify its suitability and effectiveness.

They are informed of the main problems identified by internal control procedures and the remedial measures proposed, notably by the Internal Control Committee.

SCOPE AND CONSOLIDATED ORGANISATION OF CRÉDIT AGRICOLE CIB'S INTERNAL CONTROL SYSTEMS

In accordance with the principles applied within the Group, Crédit Agricole CIB's internal control system applies to its branches and subsidiaries in France and other countries, irrespective of whether they are under its sole control or joint control. The system is intended to govern and control activities, and to measure and monitor risks on a consolidated basis.

Each entity within the Crédit Agricole CIB Group applies this principle to its own subsidiaries, thus creating a pyramidal internal control structure and strengthening the consistency between different Group entities.

In this way, Crédit Agricole CIB ensures that it has an adequate system within each of its risk-bearing subsidiaries, and those activities, risks and controls are identified and monitored on a consolidated basis within these subsidiaries, particularly as regards accounting and financial information.

2017 will see publication of the CACIB governance document, which was updated to take into account the new Group Procedural Memo on the organisation of internal control (see above, "Main Internal Reference Documents"). This text will introduce the notion of "Consolidated supervision scope", by defining its rules for determining supervision and governance information procedures.

› BRIEF DESCRIPTION OF THE INTERNAL CONTROL SYSTEMS AND RISK MANAGEMENT PROCEDURES IMPLEMENTED WITHIN THE COMPANY

GENERAL PRESENTATION

Detailed information on credit, market, operational and liquidity risk management is provided in the "Risk factors and Pillar 3" section and in the notes to the financial statements.

The internal control system is based on three levels of controls, which distinguish permanent control from periodic control.

Permanent control is carried out as follows:

- first degree permanent controls are carried out when a transaction is initiated and while the transaction is being validated. They are carried out by the operators themselves, by the hierarchy within the unit or by automated transaction processing systems;
- second degree, first level permanent controls are carried out by employees who are separate from those who initiated the transactions and who may perform operational activities;
- second degree, second level permanent controls are carried out by staff working exclusively at the final level of specialist permanent control with no authorisation to make commitments involving the taking of risk (credit or market risk control, accounting control, compliance control etc.). It should be noted that Crédit Agricole CIB has an alternative regime to Crédit Agricole S.A. for the organisation of its second-degree;
- second level control (permanent controllers at head office functionally report to the Risk and Permanent Control Department).

The periodic (third-degree) controls cover occasional onsite audits of accounting records relating to all of the Company's activities and functions by Group Control and Audit.

The system of permanent controls is based on a platform of operational controls and specialised controls. Within the departments at the head office, the branches and the subsidiaries, procedural manuals describe the controls to be performed and the related operational permanent controls.

The controls, which may be integrated into the automated transaction processing systems, are catalogued and updated, largely on the basis of the operational risk map.

The results of the controls are formalised through control records, notably within the SCOPE Group IT system, and are included in periodic summary reports to the appropriate management level (in the branch network and at the head office) and, in a consolidated manner, to the head of Permanent Control and the top-level Permanent Control Committee.

This system is continuously updated. It must specifically cover the entities of the consolidated supervision scope along with changes related to the activity, the organisation and the IT system. In that regard, careful attention is paid to maintaining the quality of operations and a suitable internal control system.

In 2016, the work to coordinate the qualitative component of the Internal Capital Adequacy and Assessment Process (ICAAP) with the Annual Internal Control Report (RACI) continued and a presentation of the conclusions regarding 2015 was prepared for the Bank's governance. In addition, the SCOPE standard control plan underwent an overhaul.

In 2017, beyond the continuation of the work related to ICAAP (methodology, governance, etc.) and the implementation of the new control plan, the governance documents (PELES, etc.) will be updated and a new operational risk mapping system developed.

DETAILED PRESENTATION

FIRST-DEGREE CONTROLS

First-degree controls are carried out by each employee on the transactions he/she handles, by referring to the applicable procedures. They apply to front office units operating within the following business lines: Client Coverage & International Network, Debt Optimisation & Distribution, Distressed Assets, Global Investment Banking, Global Markets Division, International Trade & Transaction Banking and Structured Finance. The controls essentially consist of operational checks by operators or account executives on their positions and limits.

They also apply within support functions.

This first-degree control is given to the local head of the entity, while the head of the business line is responsible at central level.

Operating staff are therefore expected to remain vigilant at all times with regard to the transactions they handle. This should take the form of compliance with all procedures introduced to ensure the procedural compliance, security, validity and completeness of transactions. Each line manager must check, for the activities for which he/she has responsibility, that his/her staff are aware of and comply with the rules and internal procedures for processing transactions.

SECOND-DEGREE, FIRST-LEVEL CONTROLS

As well as having responsibility for the administrative processing of all transactions, back offices perform checks on the activities of the front offices during the recording and execution of transactions, namely by comparing data in front-office databases with back-office data and information provided by the counterparties.

These controls are coordinated locally by the entity's head, via the Chief Operating Officer or the officer responsible for administration or finance.

SECOND-DEGREE, SECOND-LEVEL CONTROLS

These controls are carried out centrally by specialised departments.

Risk and Permanent Control Department

Role and responsibilities relating to the risk management

The Risk Management and Permanent Control Department (RPC) is responsible for supervising risks within Crédit Agricole CIB.

The purpose of this department is to control counterparty risks, country risks, market risks, as well as operational and accounting risks. However, structural financial risks are managed by the Finance Department, legal risks by the Legal Department and compliance risks by the Global Compliance Department.

To do this, it oversees the business development of the Group in order to minimise the cost of risk involved in the activities of various businesses and entities or units.

RPC is also responsible for the oversight of the continuous monitoring of risks across the scope of Crédit Agricole CIB.

The risk management and permanent controls organisation within Crédit Agricole CIB forms part of the risk management and permanent controls function set up within the Crédit Agricole S.A. Group.

Crédit Agricole CIB holds certain powers in managing its risks. Any cases outside the scope of its powers, as well as certain significant risk strategies, are validated by the Group Risks Committee.

Crédit Agricole CIB's head of Risk Management and Permanent Controls reports hierarchically to Crédit Agricole S.A.'s Head of Group Risk Management and functionally to Crédit Agricole CIB's Executive Management. He is part of the Bank's Executive Committee (Comex). The Head of Risk Management and Permanent Control is responsible for the risk management and permanent controls function within the meaning of the Decree of 3 November 2014, relating to the internal control of banks, payment services companies and investment companies, regulated by the French Prudential Supervisory and Resolution Authority (ACPR).

It should be noted that, on 1 April 2016, a new executive manager joined the Risk and Permanent Control Department of Crédit Agricole CIB. His scope of responsibility and his reporting line remained unchanged.

Within Crédit Agricole CIB, RPC is organised as an independent global business line. It combines all head office risk functions and activities, as well as local and regional officers in the international network and main subsidiaries. Even though their tasks are unchanged, the organisation of the RPC teams responsible for credit risk management changed in January 2016 to adapt to changes in the regulatory and internal environment and to be better able to manage the problems and new tasks.

At 31 December 2016, RPC had a worldwide staff of 1,068 people (permanent full-time equivalents, fixed-term contracts and work-study trainees - including subsidiaries and Wealth Management activities).

Crédit Agricole CIB has implemented a set of procedures that determines risk monitoring, risk control and permanent control arrangements. The set of procedures is updated regularly to improve risk measurement and supervision and to take into account the evolution of the regulatory context. As such, 2016 was used in particular to reconcile governance texts with the new RPC organisation, major regulatory developments or recommendations of the various internal and external audit bodies. In addition, a new governance text was written to specify the procedures for validation of models developed by ALM. A review of the corpus of texts relating to permanent control and operational risks is planned in 2017.

Governance

Crédit Agricole CIB's governance bodies (Risks Committee and Board of Directors) receive:

- a quarterly status report on risk (management and exposure). This report allows the Board to satisfy itself that the risk exposure of Crédit Agricole CIB at the reporting date is consistent with the authorised risk appetite;
- specific reports as and when needed.

The activities are managed by the Strategy and Portfolio Committee (CSP). This committee is in charge of the adequacy of the Bank's strategic orientations with its capacity to take risks and defines guidelines. Then, they are declined in specific risks strategies which set limits to each significant perimeter (country, business line, sector). The committee also works on alerts and business watch topics.

Committees devoted to decision-making select projects:

- retail financing projects are reviewed by Business and Geographical Committees within the limits granted to their managers;
- more significant projects are reviewed by the Counterparty Risks Committee (CRC);
- market exposures are presented twice a month to the Market Risks Committee (CRM).

In addition to the Committees in charge of risks (CSP, CRC, CRM), risk management is also presented to the following Executive Management bodies:

- Crédit Agricole CIB Executive Committee (Comex);
- Internal Control Committee;
- top-level Permanent Control Committee which validates the work assigned to permanent control and reviews the permanent control systems of the business lines, subsidiaries or branches and cross-departmental issues.

Anticipation of potential degradation of counterparties is provided specifically in monthly Early Warning meetings, scheduled by the Watch function attached to the Central Management Department. The purpose of these meetings is to identify early signals of potential deterioration of counterparties hitherto considered sound. After a review of the information gathered, these meetings are intended to draw the most appropriate operational consequences from the review, depending on whether its conclusions are positive (signal finally considered innocuous or benign, not justifying at this stage a challenge to the customer) or negative (confirmation of concern necessarily resulting in a reduction of our risk exposure).

The objective is to be more responsive and as rapid as possible, in order to act upstream of a deteriorating situation, at a time when protective actions are likely to be both more effective and less costly than a late action being taken when the entire market knows the position.

Lastly, Crédit Agricole CIB is part of the Crédit Agricole S.A. risk management process which is structured by the following bodies:

- the Group Risks Committee (CRG) to which Crédit Agricole CIB presents approval requests, its main one-off strategies to limit risk, budgets by country, corporate authorisations of significant amounts, sensitive cases, as well as the market risk situation;
- the Supervisory Risks Committee, which reviews counterparties with impaired credit quality or requests for arbitrage between Group entities;
- the Standards and Methodology Committee (CNM), to which Crédit Agricole CIB submits any proposed methodology as regards Basel qualification before its implementation within Crédit Agricole CIB;
- the CIB Business Line Monitoring Committee, which reviews Crédit Agricole CIB's risk positions as well as the progress of some of these processes.

Risk Master Plan

The master plan addresses the need to take a medium-term view of risk policy. It is managed by a team within the "Counterparty Risk Organisation, Projects and Operational Management" (OPG) unit, which is part of the Crédit Agricole CIB Risk and Permanent Control Department.

The master plan thus seeks to manage - through regulatory and organisational projects and applications covering the three main types of risk (counterparty, market and operational risk) - the key areas for improvement enabling Crédit Agricole CIB to gain a quicker and deeper understanding of its risks, incorporating the Group's strategic decisions as well as the new regulatory requirements (BCBS 239/BCBS 268, Fundamental Review of the Trading Book, etc.).

A steering committee, chaired by a member of the Executive Management, brings together representatives of all the risk and IT divisions and monitors the twenty or so projects or programmes that have been selected.

Currently, the main strategic focus of the master plan is on the following regulatory requirements:

- fundamental review of the trading book (FRTB project);
- introduction of margin calls on derivatives transactions not cleared centrally (Margin Requirements project);
- introduction of the future accounting standard on financial instruments (IFRS 39);
- supervisory review and evaluation process (SREP) and Pillar 2 - Basel II: improvement of ICAAP and ILAAP processes, covering significant involvement of the governance bodies and enhanced procedures and training;
- Anacredit (ANAlytical CREdit Data Set): establishment of a European analytical database on Loans concerning all Eurozone financial institutions.

In addition, it includes a review of the CORSAIRE project, aimed at providing users with a single platform containing all of the counterparty risk data and meeting the regulatory needs and the increased requirements of the regulator (AQR, BCBS239, reporting, etc.) in terms of quality and risk monitoring.

Counterparty risks

Any counterparty or group of counterparties is subject to limitations within the framework of specific procedures.

The decision process is based on two authorised signatures from the front office (one as responsible for the application, the other being the Delegated Chairman of the relevant committee) as well as an independent RPC opinion issued by an Authorised Signatory. If the RPC's opinion is negative, the decision-making power is passed on to the Chairman of the Committee immediately above.

Credit decisions are subject to risk strategies defined for each significant scope (country, business line, sector), establishing the main guidelines (target customer base, types of approved products, total budgets and expected unit values, etc.) within which each geographical unit or business line must conduct its activities.

When a case is considered to be outside the framework of the risk strategy in force, intermediary authorisations do not apply and a decision can only be made by the Executive Management-level Committee (CRC). The RPC also identifies assets that may deteriorate as soon as possible and initiates the most suitable measures to protect the Bank's interests.

The process for monitoring receivables is enhanced by a system of portfolio and sub-portfolio analyses on group-wide business line, geographical or sector basis. Analysing concentrations and, if applicable, recommendations for the reorganisation of the portfolio are an integral part of this exercise.

In addition, portfolio reviews are organised periodically for each profit centre in order to verify that the portfolio complies with the risk strategy in force.

The rating of certain counterparties under review may be adjusted at this time.

In parallel, the new activities and new products management mechanism (NAP Committee) ensures that all requests made by the businesses are in line with the strategies and risks involved.

In addition, sensitive cases and major risks are monitored quarterly; other risks are reviewed annually. The adequacy of the level of reserves in relation to risk is assessed every quarter by the Executive Management, on the recommendation of the RPC.

This approach also involves stress tests, aimed at assessing the impact of unfavourable macroeconomic assumptions and quantifying the risks to which the bank may be exposed in an unfavourable climate.

Country risks

Country risks are subject to an assessment and monitoring system based on a specific rating methodology. Country ratings, which are updated at least quarterly, have a direct impact on the limits applied to each country for the validation of their risk strategy and on counterparty ratings.

In 2017, RPC will consider whether to change the country risk management procedures.

Market risks

Upstream market risk management takes place through several committees that assess risks associated with activities, products and strategies before they are introduced or implemented:

- the New Activity or New Product Committees, organised by business line, allow the Market Risk teams, among others, to pre-approve business developments;

- the Market Risks Committee (CRM), which meets twice a month, coordinates the whole market risk management system and approves the market risk limitations;
- the Liquidity Risks Committee (CRL) ensures the implementation of Group standards for monitoring liquidity risk at operational level;
- the Pricers Validation Committee reviews the pricers approved during the year.

Risk management is carried out using a variety of risk measurements:

- global measurements using Value at Risk (VaR) and stress tests; VaR measurements are produced with a 1% probability of occurrence on a given day; stress tests include general stresses (historical, hypothetical and adverse) and specific stresses for each activity;
- specific measurements using sensitivity indicators and notional measurements.

Lastly, the Valuations and Pricing Committees define and monitor the application of portfolio valuation rules for each product range.

In 2016, projects were completed, in particular in connection with the following regulatory subjects: deployment of the Initial Margin project with the American, Japanese and Canadian counterparts, and continuation of the work on the fundamental review of the Trading Book, now managed jointly with the Masai project, intended to redesign the market risk ecosystem in accordance with the requirements of BCBS 239.

Operational risks

Operational risk management relies mainly on a network of Permanent Control correspondents coordinated by the RPC.

Operational risks are monitored for each business line, subsidiary and each region, which ensure the reporting of losses and incidents, as well as their analysis, by Internal Control Committees.

In addition to actual losses, the operational risk scorecard methodology takes into account provisions, specifically for legal disputes since the end of 2013 and tax disputes since the end of 2015.

Each quarter, the RPC produces an operational risk scorecard showing movements in operational risk-related costs and associated key events.

Remedial action following significant incidents is monitored closely, in conjunction with business lines and support functions.

The operational risk map covering all business lines at head office, the international network and subsidiaries is revised every year. Together with the compliance and legal functions, the RPC takes into account non-compliance risks and legal risks.

In 2016, several specialists were recruited to the head office, in order to take into account French and international regulations concerning capital markets (Volcker rule, French banking law) and IT system security (Information System Risk control). In the past year, the extreme risk scenarios (see Group Advanced Measurement Approach) that could affect CACIB have also been updated, to take account of the major events of the year and the outsourcing of certain activities. For 2017, it is planned to continue the analysis of migration to an integrated solution including the operational risk mapping and taking into account the work to identify key CACIB processes (driven by the Business Transformation Strategy Department), as well as the expected changes in the Group risk baselines.

Provision of essential outsourced services (PSEE)

Any service or operational task classed as essential must meet certain monitoring requirements defined as part of a procedure that in particular sets forth the way in which outsourcing decisions are taken, the elements to be included in the contract and the supervision procedures to ensure that all associated risks are managed and that the service runs smoothly.

A dedicated governance (Outsourcing Committee) keeps track of the services, at Executive Management level, complemented by specialist monitoring in the areas most affected by outsourcing (computing and back-office).

In addition, a review of all essential services, including a report on service quality (i.e. analysis of the main incidents and dysfunctions), and contract compliance is presented to the top-level Permanent Control Committee.

In 2016, the CACIB services monitoring system was improved globally. For 2017, beyond the deployment of the new integrated IT solution (see “Operational risks” paragraph), several actions are still expected to improve the organisation (development of expertise) and fine-tune the methodology (criticality of services) in order to improve the quality of the monitoring and consolidated reporting, in connection with the completion of projects conducted at Group level.

PERMANENT CONTROL OF ACCOUNTING AND FINANCIAL INFORMATION

The objectives of the permanent control of accounting and financial information are to provide adequate protection against major accounting risks that may damage the quality of the information. Crédit Agricole CIB applied the Crédit Agricole Group’s recommendations in this area.

Thus, the Permanent Accounting Control of the Risk Management Department ensures the permanent control of the last level of accounting and financial information (second-degree, second-level control [2.2] and consolidated second-degree, second-level control [2.2.C]). In this regard it has the following tasks:

- production of 2.2 and 2.2.C accounting control indicators on a consolidated basis within the Group’s system;
- production of 2.2 control indicators for essential outsourced accounting services provided by Crédit Agricole CIB for other entities of the Crédit Agricole Group;
- drafting of an Accounting and Financial Information Scoreboard for the Crédit Agricole CIB Group for the year ended 31 December of the previous year, thus assessing the proper functioning of the accounting control system for the published financial information. The Permanent Accounting Control ensures the implementation of action plans if needed. This Scoreboard is presented to Crédit Agricole CIB’s Executive Management within the framework of its top-level Permanent Control Committee. Accounting control indicators and their evolutions are presented, at least twice a year before this same Committee;
- monitoring of level 1 and 2.1 controls, which are reported each month by the entities in the ISIS network. RPC Permanent Accounting Control receives a summary of these controls from the head office;
- *ad hoc* controls of all information within the scope of Permanent Accounting Control and of all publishable financial information;
- thematic on-the-spot and document controls: an annual control plan is defined. This plan is validated during a top-level Permanent Control Committee meeting. The summary and conclusions of these thematic controls are presented each year during the June and December top-level Permanent Control Committee meetings.

In 2016, the monitoring missions realised covered:

i. Biannual review of dormant (inactive) CACIB France accounts;
ii. Second-degree, second-level annual review of second-degree, first-level accounting controls;
iii. Review of the COREP reports production process.

Regulatory capital requirements

Within the framework of Basel II regulations, Crédit Agricole CIB uses an approach based on internal models approved by the French Prudential Supervisory Authority (ACPR, or *Autorité de Contrôle Prudentiel et de Résolution*) for calculating capital requirements with respect to Credit and market risks as well as operational risk.

These patterns are part of the risk management device of Crédit Agricole CIB, they are monitored and reviewed on a regular basis to ensure their effective performance and use.

Regarding credit risk, Corporate Unsecured credit models (credit rating and/or LGD), LBO, Aerospace, Insurance and Maritime Financing were re-calibrated in 2016; some of them will require prior notification to the European Central Bank (ECB) prior to their implementation in our information systems. Moreover, all PD and LGD models were back-tested during 2016; the results of this work will be presented to the CACIB Executive Committee in the first quarter of 2017 and then to the CASA Standards and Methodologies Committee in the first half of 2017. In addition, the benchmarking of our internal ratings are made on the Low Default Portfolio (Large corporates, Banks and Governments) perimeters as well compared to agency ratings outside those of other European banks that participate in the annual RWA benchmarking exercise organised by the European Banking Authority (EBA). A summary of this work will be presented to the CACIB Executive Committee in the first quarter of 2017 (as well as the back-testing results). It should be noted that the changes to our existing models and the development of new models are intended first to measure our risks as accurately as possible, and second to accompany the regulatory changes that apply to banks. Correct application of the Basel system is regularly monitored by a Basel Requirements Review Committee.

In 2017, the RCP/MRP teams will continue to work on:

i. The new Basel consultation process on the constraints of using internal models (impact studies by business line presented in Executive Committee meetings, contribution to Quantitative Impact Study (QIS) exercises organised by the Basel Committee and the ACPR, making each business line aware of the impacts of this reform on their activity);
ii. The preparation of the ECB audit referred to as TRIM (Targeted Review of Internal Models) on credit risk.

As regards the new capital requirements in relation to counterparty risk in market transactions contained in CRD IV/CRR1, these have been implemented since 2013. After obtaining authorisation from the ACPR in May 2014, Crédit Agricole CIB has been able to use its internal risk model on market transactions for calculating capital requirements since the 31 March 2014 closing. This authorisation covers the use of the Internal Model Method for calculating the counterparty risk and of the Advanced Method for calculating the credit value adjustment risk (CVA) on the main part of the calculation scope.

As regards operational risk, Crédit Agricole CIB uses a method based on the Crédit Agricole Group's internal model, which in turn is based on our loss history and also includes a number of risk scenarios, which are reviewed every year.

The Finance Department: control system for accounting and financial information, global interest rate and liquidity risks

Roles and responsibilities for the preparation and processing of accounting and financial information

In accordance with the Group's current rules, the roles and organisational principles of the Finance Department's functions are described in an organisation memo updated in March 2016.

Within the Finance Department of Crédit Agricole CIB, Group Financial Control is in charge of drawing up the financial statements (the individual accounts of Crédit Agricole CIB, the consolidated financial statements for the Crédit Agricole CIB Group, and regulatory statements for the Company and for the Group). The Department is also responsible for giving Crédit Agricole S.A. all of the data needed to prepare the consolidated accounts of the Crédit Agricole Group.

The Finance Departments of the entities that fall within the scope of consolidation are responsible for drawing up their own financial statements by local and international standards. They operate within the framework of the instructions and controls of the Head Office's Finance Department.

Procedures for the preparation and processing of accounting and financial information

The organisation of IT procedures and systems used for the preparation and processing of accounting and financial information is provided in procedure manuals and in an accounting risks mapping updated annually. The Finance Department also oversees the consistency of the architecture of the financial and accounting information systems and ensures the monitoring of the major projects in which they are involved (accounting, regulatory, prudential, liquidity). The Finance Department is thus working to develop consistent financial accounting information systems and risks, at headquarters and in the entities. The construction of a global Finance database reconcilable with risk data was launched in 2016.

Accounting data

Crédit Agricole CIB closes its accounts monthly. Parent company and consolidated financial statements are established using the Crédit Agricole Group's accounting standards, which are circulated by Crédit Agricole S.A.'s Accounting and Consolidation Department. The accounting treatment of complex instruments and transactions undergoes prior analysis by the Accounting Standards unit of Crédit Agricole CIB's Finance Department. In view of the entry into force on 1 January 2018 of the IFRS 9 standard, the Finance Department has undertaken various analysis studies and computer developments in connection with Crédit Agricole S.A.. A specific review of this work by the Statutory Auditors is scheduled.

Each Crédit Agricole CIB Group entity produces a consolidation package which is used to populate the general Crédit Agricole Group system managed by Crédit Agricole S.A. Group Financial Control issues quarterly closing instructions to the Finance Departments of Crédit Agricole CIB entities to define the reporting schedules and to specify certain accounting treatments and the type of information to be collected over the period, particularly with a view to preparing the notes to the consolidated financial statements.

Management data

Most financial information published by Crédit Agricole CIB is based on accounting data and on management data.

All management data is checked to ensure that it has been properly reconciled with the accounting data and that it complies with the management standards set by the governance bodies.

Each entity reconciles the main items of its management results with the intermediate income statement balances produced from accounting data. Group Financial Control checks that the sum of business-line results equals the sum of entity results, which must in turn be equal to the Crédit Agricole CIB Group's consolidated results. This check is made easier by the fact that the analytical unit (profit centre) is integrated within the entities' accounting information system.

Management data are prepared using calculation methods that ensure they are comparable over time. When published data are not extracted directly from accounting information, the sources and definition of calculation methods are generally mentioned to facilitate understanding.

Description of the permanent accounting control system for accounting and financial information in the Finance Department

The Finance Department ensures the second-degree, first-level supervision of the permanent accounting and financial information control system worldwide. To do so, a dedicated permanent control team independent from the financial statements' production teams is made up.

Accounting permanent controls are intended to provide adequate protection against the major accounting risks that may damage the quality of accounting and financial information in terms of:

- compliance of the data with laws, regulations and Crédit Agricole Group standards;
- reliability and accuracy of the data, allowing a true and fair view of the results and financial condition of Crédit Agricole CIB and entities within its scope of consolidation;
- security of the data preparation and processing methods, limiting operational risks with respect to Crédit Agricole CIB's commitments regarding published information;
- prevention of fraud and accounting irregularities.

To meet these objectives, the Finance Department:

- has deployed the key accounting indicators defined by Crédit Agricole S.A. uniformly across all accounting departments of Crédit Agricole CIB's head office, branches and subsidiaries;
- consults all of the Group's branches and subsidiaries twice a year through an accounting certification questionnaire by which all of the Financial Directors commit themselves to comply with the Group's accounting standards and internal control principles;
- examines documents based on a control plan validated by the Internal Control Committee and coordinated with that of the Risk Management Department;
- conducts an annual review of the mapping of accounting risks.

The conclusions of their work as well as the proactive monitoring of recommendations issued by the regulator and Group Control and Audit enable the Permanent Control to define any remedial measures needed to strengthen, as necessary, the system for preparing and processing accounting and financial information.

All of these elements are presented on a quarterly basis in Internal Control Committee of the Finance Department.

The permanent control of accounting and financial information also applies to the information produced by Crédit Agricole CIB on behalf of Group entities. The Directive describing its operation will be updated in 2017.

Relations with the Statutory Auditors

In accordance with French professional standards, the Statutory Auditors examine significant accounting choices and implement procedures they deem appropriate on published financial and accounting information:

- audit of the parent company and consolidated financial statements;
- limited review of the interim consolidated financial statements;
- review of all published financial information.

As part of their statutory assignment, the Statutory Auditors submit the conclusions of their work to Crédit Agricole CIB's Audit Committee and Board of Directors. They also point out the significant weaknesses of the internal control concerning the procedures relating to the production and treatment of the accounting and financial information.

The fees paid to the Statutory Auditors and the auditors' independence are reviewed annually during an Audit Committee meeting. In addition, in the context of implementing audit reform, the Finance Department, on delegation by the Audit Committee, approves any other services than the audit.

Financial communication

Crédit Agricole CIB contributes to Crédit Agricole S.A. financial communication's reports published for shareholders, investors, analysts or rating agencies. The financial and accounting information for the CIB activities of Crédit Agricole CIB in those reports is prepared by the financial reporting section of the Finance Department. It is consistent with that used internally and validated by the Statutory Auditors and presented to the supervisory body of Crédit Agricole CIB.

Global interest-rate risk

To measure the global interest-rate risk, Crédit Agricole CIB uses the statistical-gap method, by calculating an interest-rate gap, and draws up stress scenarios. The interest-rate gaps and the results of the stress tests are presented to the ALM Committee which decides on the management and/or hedging measures to be taken.

The main advances made during 2016 are the following:

- a plan to implement an internal mechanism to automate the overall interest-rate risk processing work was launched;
- within the framework of the annual revision of the Group's risk strategy, the limits for overall interest-rate risk were renewed by the Group Risks Committee at its meeting in December 2016.

Liquidity risk

The management of liquidity risk within the Crédit Agricole CIB Group has been placed under the responsibility of the Finance Department's Asset-Liability Management (ALM) section, which reports to the ALM Committee.

The existing system for management and control of the risks of illiquidity, availability and prices mainly concerns:

- the resilience to financial crises in systemic, idiosyncratic and global risk scenarios over 12 months, 3 months and 1 month;
- the exposure to short-term market refinancing (short-term limit);
- the concentration of long-term refinancing maturities;
- the medium- and long-term liquidity gap for all currencies and US dollar liquidity.

Crédit Agricole CIB has a liquidity risk management platform linked to the Bank's accounting data, which measures regulatory liquidity ratios and Internal Liquidity Model indicators.

As a continuation of 2015, the international dimension of liquidity management increased during 2016.

Regarding liquidity, the Permanent Control procedure of Crédit Agricole CIB is similar to that of the Group. The minimum control indicators are the same and apply to all major processes in the same way.

Global Compliance Department

Role and responsibilities in managing non-compliance risks

The monitoring of the risks of non-compliance in Crédit Agricole CIB is provided by the Global Compliance (CPL) Department. CPL's mission is to contribute to the respect of compliance in the activities and operations of the Bank and of its employees with the legislative provisions and regulations and all internal and external rules applicable to the activities of Crédit Agricole CIB in banking and financial matters, or which may result in criminal penalties, penalties from the regulators, disputes with customers or, more broadly, in a reputational risk.

The compliance shall be understood as a set of rules and initiatives that aims to:

- protect Crédit Agricole CIB against any potentially harmful or unlawful external actions: fight against fraud and corruption, prevention of money laundering, fight against terrorism financing, obligations in the fields of assets freeze and embargoes, etc.;
- protect the Bank's reputation in the markets as well as its clients' interests against violations of the internal ethical standards and failures to meet the professional obligations to which Crédit Agricole CIB and its employees are subject (insider dealing, price manipulation, dissemination of false information, conflicts of interest, failure to advise, etc.), as well as against internal or mixed fraud and internal corruption.

For this purpose, CPL:

- provides any useful advice and assists its employees and executive managers by giving them advice and training in the field of compliance;
- defines and organises the compliance control mechanism (governance system, compliance risk mapping, governance texts, monitoring and controlling systems both for the head office and for entities within the scope of consolidated internal control in France and internationally);
- carries out or makes carried out necessary a priori or a posteriori controls, depending on the activity, and in particular monitors transactions conducted by the Bank for its own account or for its customers;
- organises, in conjunction with RPC, the reporting of information on any compliance incidents and ensures timely implementation of the necessary corrective actions;
- manages the relationships with regulatory and market supervision authorities;
- provides the necessary reporting on the quality of the mechanism and the level of compliance risks to Crédit Agricole S.A.'s Executive Management, Board of Directors, and Compliance Department, as well as to French and foreign authorities and regulators.

The non-compliance risks control system is designed to guard against the risks of non-compliance with laws, regulations and internal standards, particularly in relation to investment services, client protection, the prevention of money laundering and terrorism financing, compliance with international sanctions and internal and external fraud prevention. Specific operational management and monitoring resources are used: training of staff, adoption of written internal rules, dedicated tools, permanent compliance controls, fulfilment of declaration obligations to supervisory authorities, etc.

These settings are reviewed on a regular basis by the head of Compliance and the governance bodies of Crédit Agricole CIB, in connection with directives from Crédit Agricole S.A.'s Compliance Department. The Crédit Agricole CIB Compliance function is integrated with the Compliance business line set up within the Crédit Agricole S.A. Group. To strengthen this integration, the reporting line of the head of Global Compliance changed in the fourth quarter of 2016; the latter now reports hierarchically to the Compliance Director of Crédit Agricole S.A. and functionally to the Chief Executive Officer of Crédit Agricole CIB.

Organised as a global business line, the Global Compliance Department includes all head office compliance teams as well as the local and regional managers of the international network and their teams. The Head of Global Compliance exercises functional authority over the Compliance officers of the international network entities and of some subsidiaries in the consolidated control scope of Crédit Agricole CIB. At the end of 2016, 339.1 employees (full-time equivalent) worked in Global Compliance (excluding subsidiaries). In addition, CPL also has a leadership role towards the Compliance correspondents located within the business lines and support functions of Crédit Agricole CIB.

In 2016, CPL adapted its system and its organisation to respond better to major changes in terms of regulatory developments, expectations of regulators and technological transformations. This new organisation also helps strengthen the relations with the businesses and the understanding of the business imperatives to ensure controlled development of the Bank's activities. The CPL organisation therefore revolves around two complementary axes:

- a geographical system guaranteeing compliance by each entity with the Bank's global compliance rules, as well as laws, regulations and local professional standards, under the responsibility of the LCO (Local Compliance Officer) who performs the CPL tasks at local level. This system is driven, coordinated and supervised at regional level, by four RCO (Regional Compliance Officers): Americas, Asia/Pacific, EMEA region excluding UK and the United Kingdom.

At headquarters, CPL is organised around five areas of expertise which bear within CPL global responsibility over their respective compliance fields:

- of Global Business Compliance, responsible for the system for compliance by businesses with internal and external standards, such as detection and prevention of market abuse, anti-competitive behaviour and identification, prevention and management of conflicts of interest and related controls. Moreover, Global Business Compliance is also responsible for business compliance pertaining to the "General Regulations of the French Financial Markets Authority", Article 313-4.

  Global Business Compliance is structured into three teams:

  - the Advisory Team is responsible for providing an effective and consistent approach to compliance notices for all CACIB's Business Lines. GCB Advisory is also responsible for the ethical aspects (governance and control of personal transactions, personal and professional mandates, and gifts and benefits);

- the Monitoring and Surveillance team is in charge of providing an effective approach to control and monitoring for all CACIB's Business Lines;
- the Horizon Scanning & Training team is responsible for assessing regulatory risk and to define and set up dedicated training courses;

- of Financial Security, responsible for the Bank's overall system for identification, mapping, prevention, control and reporting of risk related to financial crime: prevention of money laundering, combat against the financing of terrorism, embargoes and freezing of assets obligations, as well as external corruption. The FS processes and controls alerts relating the financial security at the head office. It is also the last resort in high-risk situations (embargoes);
- of the Fraud Management and Prevention Unit, which is responsible for monitoring fraud prevention, including internal corruption within the Bank;
- the General & Supervision Secretariat (SG&S), which is responsible for supervision, coordination and reporting by the compliance control system, as well as cross-departmental topics involving CPL: governance, reporting, coordination of regulatory monitoring, CPL interactions with regulators, strategy in terms of CPL training courses, CPL budget and HR topics.

  The Head of SG&S is responsible for the oversight and for reporting compliance risks and controls within the CACIB Group. SG&S is also responsible for the permanent control of the Compliance function.

  This team is also in charge of FReD.

  In addition, this team is responsible for supporting Executive Management within CACIB's decision-making bodies (i.e. compliance opinion on issues presented in CSP, CRC, CERES, etc.);
- of Data Processing & Projects with:
  - the Data & Processing (DP) team, which is responsible for managing the risks of non-compliance relating to data processing (including protection of personal data) in close collaboration with the global expertise sections;
  - the Projects team is responsible for managing or participating in the Bank's or Compliance's major regulatory or policy projects by allocating specialist resources not restricted by daily production.

The heads of these units are members of the CPL Steering Committee.

The Compliance function systematically participates in all Crédit Agricole CIB Internal Control Committee meetings, as well as the top-level Permanent Control Committee meetings. It is also involved in the bodies responsible for sustainable development; as such, its Head chairs the Ethics Committee for operations with an environmental or social risk.

The Compliance function's main governance body is the Compliance Management Committee, which includes the Legal (LGL), Finance (FIN), Permanent Control and Risks (RPC) and Crédit Agricole CIB Periodic Control (GIA) functions. The Compliance Department of Crédit Agricole S.A. is also a permanent member of this committee. Furthermore, the Compliance Department is responsible for governance of the NAP system and chairs the top-level New Activities and Products (NAP) Committee of Crédit Agricole CIB.

In 2016, the Crédit Agricole CIB Compliance Department continued to provide support and advice to the Bank's Executive Management and business lines. CPL has been closely involved in the main development projects and organisational changes at the Bank to identify and address potential issues and compliance obligations as early on as possible.

Furthermore, CPL has launched various projects and initiatives to continue improving its organisation, tools and processes and increase its resources. The aim is to increase its effectiveness in dealing with regulatory changes and the expectations of regulators, and in general to foster a compliance culture within all of the Bank's business processes.

The year was marked in particular by:

- continued boosting of resources in terms of CPL profiles and expertise and the adaptation of its system;
- the regulatory changes with the continuation of projects already initiated in 2015, including FATCA/AEOI, 4th Directive, MIFID II, MAR/MAD 2, Global Data Protection Regulation, etc.;
- implementation of plans to enhance the non-compliance risk management mechanism (beyond purely local initiatives) with continuation of work on the NAP system and implementation of the Senior Manager Scheme in the United Kingdom;
- strong mobilisation of teams on the international sanctions remediation plan (including publication of a complete set of procedures which reformalise governance, prevention, treatment, monitoring and escalation of events related to international sanctions);
- continuing the efforts to prevent fraud and corruption, in particular by monitoring the media and raising awareness of these issues among the players;
- supporting the Bank's Executive Management in its actions to foster a compliance culture with the organisation of the second edition of the "Compliance Awards" event, which seeks to recognise and reward efforts to build a compliance culture, as well as the teams whose day-to-day work helps to protect the Bank and its clients.

Legal Department

The Legal Department's main duties include managing legal risk within Crédit Agricole CIB in accordance with the Decree of 3 November 2014, and providing the necessary support to business lines and support functions to enable them to operate with minimal legal risk, the mandate and monitoring of the relations with the Bank's external legal consultants and the implementation of an alert system in case of a negative or qualified opinion (opinion issued in terms of market transactions by which the Legal function discourages completion of the market transaction in question and indicates the legal risks involved for the Bank if this opinion is not taken into account).

Crédit Agricole CIB's Head of Legal reports up the line to the head of Risk and Permanent Control (RPC).

The Head of the Legal Department has hierarchical or functional authority, as the case may be, over head office legal officers and the legal officers of Crédit Agricole CIB Group entities, and over local legal officers.

Crédit Agricole CIB's system for the permanent control and management of legal risks forms part of the framework defined by Crédit Agricole S.A..

The Legal Function contributes to ensuring that the Bank's business activities and operations comply with the applicable laws and regulations. It performs permanent controls on legal risks arising from Crédit Agricole CIB's activities, products, services and transactions, along with the operational risks generated by the Legal function itself.

It also performs legal consultations to Business Lines and Support Functions, involvement in legal negotiations of transactions, legal watch operations, staff training, standard contract modelling, legal policies and procedures issuing, the collaboration to decision-making bodies and procedures as required by the Bank's governance rules. The Legal function systematically takes part in the process of approving new products and activities and in major lending decisions.

In 2016, the Legal function continued to improve its permanent control and legal risk monitoring system, in particular through the following actions:

- updating of the permanent control KIT for Permanent Control correspondents in the Legal function abroad;
- updating of the operational risk mapping;
- updating and continuing the deployment of the controls plan, with a special focus on bringing under control and managing outside legal costs;
- improving cooperation between Head Office Permanent Control and teams abroad;
- closing of all of the recommendations made by Group Control and Audit during audits of the Legal function in 2015 in New York, Hong Kong, Singapore and Tokyo and 80% of the recommendations issued during the audit, in the same year, of the Paris-London platform;
- issue of governance Texts and internal Memos relating to the organisation and role of the Legal function;
- extension to the whole of the Legal function (head office and abroad) of the production of monthly quantitative and qualitative performance indicators, intended for the Bank's Management;
- deployment of the MMS/E-Billing tool for managing outside legal files and costs in the United States;
- deployment of the MDB (Master DataBase) system for negotiating framework trading agreements at the head office and abroad.

In 2017, the Legal function will carry on improving its permanent control and legal risk management system, through further deployment of its control plan and introduction of the corresponding action plans, as well as through continued implementation of its MMS/E-Billing tool in the Asia-Pacific region.

Information System Security and Business Continuity Plan

The protection of the IT system and ability to overcome a large-scale accident are essential to defending the interests of Crédit Agricole CIB. Two units dedicated to processing issues related to information security and business continuity have therefore been set up within the Operations & Country COOs OPC Department: ISS (Information Systems Security) and in the Strategy and Business Transformation (SBT) Department: BCP (Business Continuity Plan).

In order to fulfil their permanent control missions, they rely on a network of correspondents in France and abroad.

ISS

In information security matters, ISS defines the governance, rules (Information Systems Security Policies) and coordinates the maintenance of an adequate level of safety. Moreover, systems and applications connected to the Internet and internal servers vulnerable to fraud are covered by special, large-scale verifications. ISS also co-ordinates periodic reviews of employees' access rights to sensitive applications.

2016 was marked primarily by the continued implementation of the IT System Security master plan, known as Vauban, and finalisation of the first CA Group security plan, known as CARS.

The main achievements can be summarised as follows:

- strengthening of our abilities to detect and respond to computer attacks, in collaboration with the IT teams and the teams responsible for the Business Continuity Plan (BCP);
- continued securing of shared storage space for computer files;
- protection of generic accounts with high privileges by using specialist equipment for firewalling access codes and managing the raising of privileges;
- continuation of the DLP (Data Leak Prevention) project;
- staff awareness and introduction of mandatory training for all new arrivals;
- crisis management exercise involving all of the Bank's local information system security officers;
- reminders of safety rules, exercises on phishing, cyber attack management exercises, etc.;
- monitoring of MARLY 31 indicators (ACPR recommendations for IT security) via permanent control plans.

2017 will see the implementation of a new CARS 2017 security plan led by the CA Group. The steering of the various security sites included in Vauban will then be handled via the CARS plan. This plan will also integrate the steering of both national and international regulatory sites concerning ISS. The deployment of DLP solutions will be continued, as well as a project for the transformation of our privileges management mechanisms.

Business Continuity Plan (BCP)

In business continuity matters, the BCP Division defines the governance and business continuity policies for the entire Group. For the head office, the BCP Division introduces redundancy to ensure business recovery within the time required by the business lines in the event of an incident. Annual tests make it possible to verify the Crédit Agricole CIB's recovery capabilities, both in France and abroad.

The goals of this plan are to ensure employee security, by adopting special protective measures, and to ensure the continuity of the Bank's essential activities. An annual assessment makes it possible to verify the effectiveness of the IT security and business continuity system. The BCP Division reports on Crédit Agricole CIB's level of security to a quarterly committee which is chaired by the Deputy Chief Executive Officer responsible for Support functions.

The main achievements in 2016 focused on:

- deployment and testing of the solution for connecting remotely to address the Extreme BCP scenario;
- conducting BCP awareness sessions with employees;
- publication of the new governance text that describes the methodological principles of business continuity that must be implemented and their maintenance in operational condition (1.6.1.3);
- a review of the sizing of the fall-back system through the BIA campaign;
- initiation of the enhancement of the BCP system for market activities with the introduction of a new dedicated fall-back site.

Abroad:

- review and monitoring of local BCP systems, participation in local tests, awareness-raising initiatives;
- scenario simulation exercises involving local crisis cells;
- continuation of the cross BCP study between Paris and London on the market activities part and extension of the cross BCP into Asia;
- redesign of the control flags.

Work has been initiated in partnership with New York and London on managing a cyber-crisis and dealing with security incidents.

In terms of outsourcing projects (outsourcing, cloud, etc.), BCP is involved in defining and validating the service providers' backup solutions.

2016 was marked by two major events:

- the incident on the telephony system in the trading room on 7 July 2016, which required the fall-back system of this room to be triggered;
- the Clichy Datacentre incident on 13 September 2016: following a power cut a large number of applications became inaccessible.

Following these incidents, the main objectives for 2017 will be:

- continued improvement of the BCP system for trading activities with the introduction of a new fall-back site;
- upgrading of the BCP system for trading activities in the main trading centres internationally;
- revision of the IT backup plan test system in collaboration with GIT.

THIRD DEGREE CONTROLS

Periodic control

The Audit-Inspection function performs periodic control of Crédit Agricole CIB (CACIB) within all entities falling under its consolidated supervision perimeter. Nearly 196 people (full-time equivalent) work in the Group's Internal Audit units. Of these, approximately 79 were based at the head office at the end of 2016.

CACIB's Internal Audit unit is part of the Internal Audit Business Line (LMAI) of the Crédit Agricole S.A. Group. As such, the CACIB Head of Control and Audit is hierarchically attached to the head of Control and Audit of Crédit Agricole S.A. and functionally to the Chief Executive Officer of CACIB, to whom he reports on work and investigations completed. Moreover, neither Group Control and Audit nor local audit units have any responsibility or authority over the activities they control, which guarantees their independence.

To perform its duties, the Internal Audit unit is organised around two sections: the central audit team and the team handling audits of regional branches and subsidiaries. A head of relations with regulators completes this organisation.

Group Control and Audit has the task of assessing, via periodic control missions, the effectiveness of the internal control system within Crédit Agricole CIB and all of its subsidiaries. In this capacity, it carries out missions within entities to ensure:

- the control and level of the risks actually incurred;
- the adequacy of the risk measurement and monitoring systems;
- the compliance of the transactions;
- the compliance with the internal and external rules and the effectiveness of the operational procedures;
- the correct implementation of the corrective actions decided.

During the 2016 financial year, Internal Audit missions pertained to various entities and units in France and abroad through specific mission (concerning an entity or subsidiary), business line reviews and missions of the thematic or cross-departmental type, including IT and regulatory audits. Group Control and Audit also carries out specific missions at the request of CACIB's Executive Management, its Risks Committee or Group Internal Audit.

Audits are, for the most part, based on the annual audit plan, established from an updated mapping approach to risk, as well as on exchanges with other control functions, Executive Management and the Risks Committee. This translates into a cycle of audit usually lasting between two and five years. After validation by the Executive Management of CACIB and the Group Control and Audit of Crédit Agricole S.A., the audit plan is submitted for approval to the CACIB Risks Committee. The conclusions, resulting from studies conducted by Internal Control and Audit, are communicated to Crédit Agricole CIB's Executive Management, to the Chairman of Crédit Agricole CIB's Board of Directors and to Crédit Agricole S.A.'s Control and Audit.

The managers of local or regional audits, or audits of subsidiaries, ensure overall coordination of branch and subsidiary audit teams in their respective areas. These managers are under the line management of Group Control and Audit, unless local regulations state otherwise.

The tasks of the local audit units are:

- auditing the quality of internal control, the quality of processes and the regulatory compliance of operations throughout the entity, according to an appropriate audit cycle (it cannot exceed five years);
- carrying out one-time audits when requested by the Chief Executive Officer of the entity and/or by Group Control and Audit;
- checking that their recommendations and those made by Group Control and Audit or external audit bodies, particularly supervisory authorities, are implemented;
- reporting periodically to Group Control and Audit.

Each audit unit regularly identifies risk areas within its remit, on the basis of which it prepares an annual audit plan in coordination with the head office Team and submits it to Internal Audit for approval.

CACIB's Internal Auditor reports regularly on mission findings to the top-level Internal Control Committee, to the Risks Committee, and to CACIB's Board of Directors.

Missions carried out by Internal Audit or any audit by external supervisory bodies are covered by a formal system for follow-up of the recommendations, entered in the audit plan at least twice a year. This system ensures that the planned remedial action is taken in accordance with a precise timetable, established according to its priority.

Ad hoc committee meetings to follow up on the recommendations by business line were also held in 2016 in the presence of Executive Management, Internal Audit, the head of the department, business line or support function, along with its permanent controller. They aim to review the state of progress of implementation of the most sensitive recommendations.

The results of the follow-up of the recommendations are presented to CACIB's Internal Control Committee. If necessary, this process leads the Internal Auditor to exercise his duty to alert the Board of Directors pursuant to Article 26 b) of the Decree of 3 November 2014.

"In accordance with the organisational arrangements shared with the entities of the Crédit Agricole Group, described above, and with the arrangements and procedures within Crédit Agricole CIB, the Board of Directors, the Executive Management and Crédit Agricole CIB's relevant units are given detailed information about the internal control and risk exposure, the progress made in these areas, and the state of implementation of the adopted remedial measures, as part of an ongoing improvement approach. This information is contained in the Annual report on internal control, risk measurement and risk supervision, but also in regular reporting documents covering business activities, risk and control.

The Chairman of the Board of Directors"

2 STATUTORY AUDITOR'S REPORT
YEAR ENDED 31 DECEMBER 2016

THE STATUTORY AUDITOR'S REPORT IS PREPARED IN ACCORDANCE WITH THE PROVISIONS OF ARTICLE L. 225-235 OF THE FRENCH COMMERCIAL CODE (*CODE DE COMMERCE*) ON THE REPORT PREPARED BY THE CHAIRMAN OF THE BOARD OF DIRECTORS OF CRÉDIT AGRICOLE CIB.

This is a free translation into English of the Statutory Auditors' report issued in the French language. It is provided solely for the convenience of English speaking readers. This report should be read and construed in accordance with French law and professional auditing standards applicable in France.

To the Shareholders,

In our capacity as Statutory Auditors of Crédit Agricole S.A. and in accordance with the provisions of Article L. 225-235 of the French Commercial Code (*Code de Commerce*), we hereby report to you on the report prepared by the Chairman of your Company in accordance with the provisions of Article L. 225-37 of the French Commercial Code for the year ended 31 December 2016.

It is the Chairman's responsibility to prepare, and submit to the Board of Directors for approval, a report describing the internal control and risk management procedures implemented by the Company and providing the other information required by Article L. 225-37 of the French Commercial Code in particular relating to corporate governance.

It is our responsibility:

- to report to you our observations on the information set out in the Chairman's report on internal control and risk management procedures relating to the preparation and processing of financial and accounting information, and
- to attest that the report sets out the other information required by Article L. 225-37 of the French Commercial Code, it being specified that it is not our responsibility to assess the fairness of this information.

We conducted our work in accordance with professional standards applicable in France.

Information concerning the internal control and risk management procedures relating to the preparation and processing of financial and accounting information

The professional standards require that we perform procedures to assess the fairness of the information on internal control and risk management procedures relating to the preparation and processing of financial and accounting information set out in the Chairman's report. These procedures mainly consisted in:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of financial and accounting information underlying the information presented in the Chairman's report and of the existing documentation;
- obtaining an understanding of the work performed to prepare this information and of the existing documentation;
- determining if any material weaknesses in the internal control procedures relating to the preparation and processing of financial and accounting information that we may have identified in the course of our work are properly disclosed in the Chairman's report.

On the basis of our work, we have no matters to report on the information given on internal control and risk management procedures relating to the preparation and processing of financial and accounting information, set out in the report of the Chairman of the Board of Directors, prepared in accordance with Article L. 225-37 of the French Commercial Code.

Other information

We attest that the Chairman's report sets out the other information required by Article L. 225-37 of the French Commercial Code.

Neuilly-sur-Seine and Paris-La Défense, 20 March 2017

The Statutory Auditors

PricewaterhouseCoopers Audit		ERNST & YOUNG et Autres	
Anik Chaumartin	**Emmanuel Benoist**	**Hassan Baaj**	**Valérie Meeus**

3 OFFICES HELD BY CORPORATE OFFICERS AT 31 DECEMBER 2016

3.1 EXECUTIVE MANAGEMENT

Jean-Yves HOCHER

Main office within the Company Crédit Agricole CIB in 2016: **Chief Executive Officer**

Business adress: 12, place des États-Unis - CS 70052 - 92547 MONTROUGE CEDEX - France

› BORN IN 1955

› BRIEF BIOGRAPHY

A graduate of the *Institut national agronomique Paris-Grignon* and the *École nationale du génie rural, des eaux et forêts*, Jean-Yves Hocher joined Crédit Agricole in 1989, after spending the first part of his career at the French Ministry for Agriculture then the Treasury. He joined the Bank as head of Banking Affairs within the *Fédération Nationale du Crédit Agricole*, becoming Chief Executive Officer in 1997. In 2001, he was appointed Chief Executive Officer of the *Caisse régionale Charente Maritime Deux-Sèvres*, becoming head of Insurance at Crédit Agricole and Chief Executive Officer of Prédica in 2006. In May 2008, he was appointed head of Specialist Financial Services of Crédit Agricole Group S.A. then, in October 2008, he became Deputy Chief Executive Officer of Crédit Agricole S.A.. On 1 December 2010, he was appointed Chief Executive Officer of Crédit Agricole CIB. Since 1 September 2015, he has also been Deputy Chief Executive Officer of Crédit Agricole S.A. in charge of the Large Customers segment (CIB, Wealth Management and institutional and corporate services [CACEIS]).

DATE OF FIRST APPOINTMENT

2010

TERM OF OFFICE

2019

Holds no share of the Company

› OFFICES AT 31 DECEMBER 2016

In Crédit Agricole Group companies

- Deputy CEO: Crédit Agricole S.A.
  – Member of the Management Committee and the Executive Committee
- Chairman: CACEIS; CACEIS Bank, CA Indosuez Wealth (Group)
- Vice-Chairman: UBAF

In companies outside Crédit Agricole Group whose shares are listed on a regulated market

-

In companies outside Crédit Agricole Group

-

› OTHER OFFICES HELD WITHIN THE PAST FIVE YEARS

In Crédit Agricole Group companies

- Chairman: Crédit Agricole Cheuvreux
- Director: Crédit Agricole Assurance Italia Holding SpA (Italy), Emporiki Bank (Greece) (2012), Newedge Group (2013), Banque Saudi Fransi (2015), CA Indosuez Wealth (France) (2015), CFM Indosuez Wealth (2015)
- Director: CLSA BV, CLSA Stichting Foundation
- Non-voting Director: *Crédit Agricole Assurances*
- Deputy CEO: Crédit Agricole S.A. (2015)

In companies outside Crédit Agricole Group

- Administrateur: Agro Paris Tech (EPCSCP)

François MARION

Main office within the Company Crédit Agricole CIB in 2016: **Deputy Chief Executive Officer**

Business adress: 12, place des États-Unis - CS 70052 - 92547 MONTROUGE CEDEX - France

› BORN IN 1958

› BRIEF BIOGRAPHY

A graduate of HEC, François Marion spent a significant part of his career within Crédit Agricole Indosuez, first at *Banque Indosuez*, which he joined in 1983, in the Control and Audit function, then in 1985 in New York, where he was responsible for all banking support functions. In 1992, he was appointed Chief Operating Officer for all of the Group's Asia-Pacific units. In 1997, he returned to Paris, where he was responsible for all financial control, budgeting and strategic planning at Crédit Agricole Group Indosuez, becoming a member of the Executive Committee and Director of Systems and Operations in 1999. In June 2004, he was appointed Chief Executive Officer of Crédit Agricole Investor Services. He became Chairman of the Management Committee of CACEIS upon its creation in 2005, then its Chief Executive Officer in 2009. He was appointed Deputy Chief Executive Officer of Crédit Agricole CIB on 18 May 2016.

DATE OF FIRST APPOINTMENT

2016

TERM OF OFFICE

2019

Holds no share of the Company

› OFFICES AT 31 DECEMBER 2016

In Crédit Agricole Group companies

- Permanent representative of Crédit Agricole CIB: Director of LESICA (SAS)

In companies outside Crédit Agricole Group whose shares are listed on a regulated market

- Chairman: SICOVAM Holding
- Director: Euroclear PLC, Euroclear SA/NV

In companies outside Crédit Agricole Group

-

› OTHER OFFICES HELD WITHIN THE PAST FIVE YEARS

In Crédit Agricole Group companies

- Chief Executive Officer: CACEIS (2016)

In companies outside Crédit Agricole Group

-

› BORN IN 1957

▶ Régis MONFRONT

Main office within the Company Crédit Agricole CIB in 2016: **Deputy Chief Executive Officer**

Business adress: 12, place des États-Unis - CS 70052 - 92547 MONTROUGE CEDEX - France

› BRIEF BIOGRAPHY

A graduate of HEC and a legal graduate, Régis Monfront joined *Banque Indosuez* in 1981, where he successively worked in the Risk Department in Paris, before going on to manage large customers in Chicago and becoming head of Asset Financing in New York then head of Equity Risks in Paris. From 1997 to 2000, he was Chief Operating Officer of Indosuez WI Carr Securities Hong Kong then Chief Executive Officer from 2000 to 2002. In 2002, he became Country Manager of Crédit Agricole Indosuez then of Calyon in the United Kingdom. He was then appointed head of Control and Audit at Crédit Agricole CIB and from October 2011 has been responsible for the Crédit Agricole CIB transformation plan. He has been Deputy Chief Executive Officer of Crédit Agricole CIB since 15 December 2011.

DATE OF FIRST APPOINTMENT

2011

TERM OF OFFICE

2019

Holds no share of the Company

› OFFICES AT 31 DECEMBER 2016

In Crédit Agricole Group companies

- Chairman: Crédit Agricole Corporate and Investment Bank AO
- Director: *institut de formation du Crédit Agricole Mutuel* (IFCAM) (GIE)

In companies outside Crédit Agricole Group whose shares are listed on a regulated market

-

In companies outside Crédit Agricole Group

- Director: Kepler Capital Markets

› OTHER OFFICES HELD WITHIN THE PAST FIVE YEARS

In Crédit Agricole Group companies

- Permanent representative of Crédit Agricole CIB: Director of Amundi Investment Solutions

In companies outside Crédit Agricole Group

-

Jacques PROST

Main office within the Company Crédit Agricole CIB in 2016: **Deputy Chief Executive Officer**

Business adress: 12, place des États-Unis - CS 70052 - 92547 MONTROUGE CEDEX - France

› BORN IN 1965

› BRIEF BIOGRAPHY

A graduate of the *Institut d'études politiques de Paris* (IEP) with a Master of Advanced Studies (DESS) in financial markets from Paris-Dauphine, Jacques Prost began his career in the Corporate Department of Crédit Lyonnais in London (1986-1987). In 1988 he joined *Banque Paribas* where he successively held various positions within the European Property Financing and Project Financing Departments. In 1996, he was appointed head of Project Financing for Paribas in Milan. He joined the Crédit Agricole Group in 2000 to take over responsibility for structured financing at Crédit Agricole Indosuez in Italy. From May 2008 to October 2011, he was global head of the "Real Estate and Hotels" Department (DIH) within the Structured Finance (SFI) business in Paris. In November 2011, he was appointed global head of Structured Finance in Paris. He has been Deputy Chief Executive Officer of Crédit Agricole CIB since 26 August 2013.

DATE OF FIRST APPOINTMENT

2013

TERM OF OFFICE

2019

Holds no share of the Company

› OFFICES AT 31 DECEMBER 2016

In Crédit Agricole Group companies

- Director: FIA NET Europe, Crédit Agricole Payment Service, Banque Saudi Fransi

In companies outside Crédit Agricole Group whose shares are listed on a regulated market

-

In companies outside Crédit Agricole Group

-

› OTHER OFFICES HELD WITHIN THE PAST FIVE YEARS

In Crédit Agricole Group companies

- Chairman: Immofi CACIB
- Vice-Chairman: Crédit Agricole CIB China Ltd.
- Director: *Crédit Agricole Immobilier*, Crédit Agricole Egypt (2016), Crédit Agricole CIB ZAO, Crédit Agricole Switzerland (SA) (2015)
- Member of the Supervisory Board: France capital S.A.
- Member of the Executive Committee: GISIC

In companies outside Crédit Agricole Group

-

3.2 BOARD OF DIRECTORS

▶ Philippe BRASSAC

Main office within the Company Crédit Agricole CIB in 2016: **Chairman of the Board of Directors**

Business adress: 12, place des États-Unis - 92127 MONTROUGE CEDEX - France

› BORN IN 1959

› BRIEF BIOGRAPHY

A graduate of the Paris Graduate School of Economics, Statistics and Finance (ENSAE), Philippe Brassac joined Crédit Agricole du Gard in 1982. He held several executive offices there before being appointed, in 1994, Deputy Chief Executive Officer of Crédit Agricole des Alpes-Maritimes, now Crédit Agricole Provence Côte d'Azur. In 1999, he joined *Caisse Nationale de Crédit Agricole* as Director of relations with Regional Banks. In 2001, he was appointed Chief Executive Officer of Crédit Agricole Provence Côte d'Azur. In 2010, he also became Secretary General of the *Fédération Nationale du Crédit Agricole* (FNCA) and Deputy Chairman of the Board of Directors of Crédit Agricole S.A.. In May 2015, he was appointed Chief Executive Officer of Crédit Agricole S.A..

DATE OF FIRST APPOINTMENT

2010

TERM OF OFFICE

2019

Holds one share of the Company

› OFFICES AT 31 DECEMBER 2016

In Crédit Agricole Group companies

- Chief Executive Officer of Crédit Agricole S.A.
- Chairman: LCL
- Director: *Fondation du Crédit Agricole Pays de France*

In companies outside Crédit Agricole Group whose shares are listed on a regulated market

-

In companies outside Crédit Agricole Group

- Chairman of the Executive Committee of the *Fédération bancaire française*

› OTHER OFFICES HELD WITHIN THE PAST FIVE YEARS

In Crédit Agricole Group companies

- Corporate Secretary: FNCA (2015)
- Board member: FNCA (2015)
- Chief Executive Officer: *Caisse régionale Provence Côte d'Azur* (2015)
- Director and Vice-Chairman: Crédit Agricole S.A. (2015), SAS Rue La Boétie (2015)
- Director: LCL (2015), *Fédération régionale du CAM* (2015), SCI CAM (2015), ADICAM (2015)
- Chairman: Sofipaca Gestion and Sofipaca (2015), *SACAM Développement* (2015)
- CEO: SACAM International (2015)

In companies outside Crédit Agricole Group

-

Bertrand CORBEAU

Main office within the Company Crédit Agricole CIB in 2016: **Director**

Business adress: 12, place des États-Unis - 92127 MONTROUGE CEDEX - France

› BORN IN 1959

› BRIEF BIOGRAPHY

A graduate of the *Institut technique de Banque*, the *Institut national de Marketing* and the INSEAD business school, Bertrand Corbeau has spent his entire career at Crédit Agricole, first at *Crédit Agricole de la Mayenne* in 1981 then at the Anjou-Mayenne and the Anjou and Maine Regional Banks, as Commercial Director. In 2003, he joined Crédit Agricole in Franche-Comté as Deputy Chief Executive Officer. In 2006, he was called to take up the same position at *Crédit Agricole de Val-de-France*. He became Chief Executive Officer of Crédit Agricole in Franche-Comté in 2007. In 2010, he was appointed Chief Executive Officer of the *Fédération nationale du Crédit Agricole*, remaining in this position until 2016. He was appointed Deputy Chief Executive Officer of Crédit Agricole S.A. responsible for the Development, Client and Innovation business, on 4 April 2016 and is a member of the Executive Committee.

DATE OF FIRST APPOINTMENT

2016

TERM OF OFFICE

2018

Holds one share of the Company

› OFFICES AT 31 DECEMBER 2016

In Crédit Agricole Group companies

- Deputy Chief Executive of Crédit Agricole S.A.
- Chairman: UNI-ÉDITIONS, *Commission gestion provisoire de la Caisse régionale de Corse*
- Director: CA Indosuez Wealth (France), CA Indosuez Wealth (Group), CA Immobilier, FIRECA, IFCAM, PACIFICA, Prédica

In companies outside Crédit Agricole Group whose shares are listed on a regulated market

-

In companies outside Crédit Agricole Group

-

› OTHER OFFICES HELD WITHIN THE PAST FIVE YEARS

In Crédit Agricole Group companies

- CEO of FNCA, SACAM Participations, *CA village de l'innovation*
- Director: ACBA CA, GEFOCAM, BFORBANK, SACAM Participations
- Non-voting Director: PACIFICA, Prédica
- Permanent representative of FNCA – Director: Crédit Agricole Store, GECAM (GIE)
- Non-voting Director: SCI CAM

In companies outside Crédit Agricole Group

-

Marie-Claire DAVEU

Main office within the Company Crédit Agricole CIB in 2016: **Director - Chairman of the Appointments Committee - Member of the Risks Committee**

Business adress: 40, rue de Sèvres - 75007 PARIS - France

› **BORN IN 1971**

› BRIEF BIOGRAPHY

Graduate of the *Institut national agronomique Paris-Grignon* (1995), the *École nationale de génie rural des eaux et forêts* (1997) with a Master of Advanced Studies (DESS) in Public Administration (*Université Paris-Dauphine* - 1997), Marie-Claire Daveu began her career as a high-ranking civil servant within the Départemental directorate for agriculture and forestry of *la Manche*, before moving to the Ministry of Urban Planning and Environment. In 2004, she became Cabinet Director at the Ministry for Ecology and Sustainable Development. From 2005 to 2007, she was head of Sustainability at the Sanofi-Aventis Group. From 2007 to 2012, she was Cabinet Director - first within the Ministry of State in charge of Ecology, then Ministry of State in charge of strategic studies and the digital economy before joining the Ministry of Ecology, Sustainable Development, Transport and Housing. Since 2012, she has been head of Sustainability and International Institutional Affairs at the Kering Group and a member of the Executive Committee.

DATE OF FIRST APPOINTMENT

2014

TERM OF OFFICE

2017

Holds one share of the Company

› OFFICES AT 31 DECEMBER 2016

In Crédit Agricole Group companies

-

In companies outside Crédit Agricole Group whose shares are listed on a regulated market

- Member of the Executive Committee (Director of Sustainable Development and international institutional business): Kering
- Director: ALBIOMA S.A.
- Member of the Supervisory Board: *SAFT Groupe S.A.*

In companies outside Crédit Agricole Group

-

› OTHER OFFICES HELD WITHIN THE PAST FIVE YEARS

In Crédit Agricole Group companies

-

In companies outside Crédit Agricole Group

-

Claire DORLAND CLAUZEL

Main office within the Company Crédit Agricole CIB in 2016: **Director - Member of the Appointments Committee**

Business adress: 27, cours de l'Île Seguin - 92105 BOULOGNE-BILLANCOURT - France

› BORN IN 1954

DATE OF FIRST APPOINTMENT

2016

TERM OF OFFICE

2019

Holds one share of the Company

› BRIEF BIOGRAPHY

Holder of a Master's degree in history from the *Université Paris Sorbonne*, a Doctorate from the *Institut de géographie* and a graduate of the *École nationale d'administration* (1988 "Montaigne" cohort), Claire Dorland Clauzel began her career at the Ministry of Agriculture before joining the Ministry of Economy and Finance within the Treasury in 1988. She was appointed Deputy head of Finance for the Usinor Group from 1993 to 1995 and became Cabinet Director of the Director of Treasury in 1995. In 1998, she joined AXA as head of Audit and Control of AXA France, where she was also a member of the Executive Committee. She was appointed Chief Executive Officer of AXA France support in 2000 before becoming head of Communication, Branding and Sustainability of the AXA Group and a member of the Executive Committee in 2003. In 2008, she joined the Michelin Group as head of Communications and Branding. Since 2014, she has been head of Branding, External Relations and Maps and Guides at the Michelin Group, as well as being a member of the Executive Committee.

› OFFICES AT 31 DECEMBER 2016

In Crédit Agricole Group companies

-

In companies outside Crédit Agricole Group whose shares are listed on a regulated market

- Director of Brands, Exterior relations, Maps ans Guides: Michelin (member of Comex)

In companies outside Crédit Agricole Group

- Chairman: *Centre d'échange internationaux*
- Director: *Union des annonceurs, Union des fabricants*

› OTHER OFFICES HELD WITHIN THE PAST FIVE YEARS

In Crédit Agricole Group companies

-

In companies outside Crédit Agricole Group

-

Jean-Frédéric DREYFUS

Main office within the Company Crédit Agricole CIB in 2016: **Director - Member of Compensation Committee (Director representing employees - Corporate Secretary Officer - Sustainable Development)**

Business adress: 12, place des États-Unis - CS 70052 - 92547 MONTROUGE CEDEX - France

› BORN IN 1957

DATE OF FIRST APPOINTMENT

2002

TERM OF OFFICE

2017

Holds no share of the Company

› BRIEF BIOGRAPHY

Jean-Frédéric Dreyfus has been a task officer in the Sustainability/Societal Responsibility team of Crédit Agricole CIB since 2010. He has a Master's degree in Management from *Université Paris-Dauphine* and is a Certified Accountant. He also has a qualification in Business Administration from *Sciences-Po/IFA*. He has held various positions within the Finance Department, the International Department and the Risk Department. At the same time, he has held a range of national trade union roles, particularly as National Secretary responsible for Sustainability and Housing, then as national Treasurer at the CFE-CGC (*Confédération Française de l'Encadrement – Confédération Générale des Cadres*).

› OFFICES AT 31 DECEMBER 2016

In Crédit Agricole Group companies

-

In companies outside Crédit Agricole Group whose shares are listed on a regulated market

-

In companies outside Crédit Agricole Group

- Director: *Observatoire de la responsabilité sociétale des entreprises* (ORSE - Member of the Board of the association - Treasurer)

› OTHER OFFICES HELD WITHIN THE PAST FIVE YEARS

In Crédit Agricole Group companies

-

In companies outside Crédit Agricole Group

- Director: Astria (*Organisme collecteur Action Logement*) (2016)
- Director: *Université Paris Dauphine* (2016)
- Treasurer of *Confédération française de l'encadrement* – CGC (2013)

▶ Élisabeth EYCHENNE

Main office within the Company Crédit Agricole CIB in 2016: **Director**

Business adress: 11, avenue Elisée Cusenier - 25000 BESANÇON - France

› BORN IN 1958

› BRIEF BIOGRAPHY

A graduate of HEC (1979), Élisabeth Eychenne began her career at LCL in New York as a commitments analyst. She joined LCL in Paris where she held various positions, before becoming head of Permanent Control & Risks and Deputy Chief Executive Officer in 2006, then simultaneously a task officer in the Risk Department in 2007. That same year, she joined the *Caisse régionale de Crédit Agricole du Val de France* as Deputy Chief Executive Officer. She has been Chief Executive Officer of the *Caisse régionale de Franche-Comté* since 2010. She also holds a range of positions and responsibilities within the national bodies of the Crédit Agricole Group, in particular as a member of Group's Committees, and within Group's subsidiaries.

DATE OF FIRST APPOINTMENT

2016

TERM OF OFFICE

2019

Holds one share of the Company

› OFFICES AT 31 DECEMBER 2016

In Crédit Agricole Group companies

- CEO: *CRCAM Franche-Comté*
- Chairman: Prédica
- Director: Pacifica, Crédit Agricole Financement (Switzerland), CA Home Loan SFH, CAAGIS, Crédit Agricole Assurances

In companies outside Crédit Agricole Group whose shares are listed on a regulated market

-

In companies outside Crédit Agricole Group

- Director: *Association nationale des Cadres Dirigeants* (ANCD), GIE COPERNIC
- Non-voting Director: SNCD (*Syndicat national des cadres dirigeants*)

› OTHER OFFICES HELD WITHIN THE PAST FIVE YEARS

In Crédit Agricole Group companies

- Chairman: CAAGIS (2016), CAFCI (*CA Franche-Comté Investissement*) (2016)
- Director: Crédit Agricole Securities (June 2016), Crédit Agricole Services and CA Technologies (2015), CASD (*Crédit Agricole Solidarité développement*) (2016)
- Non-voting Director: *Crédit Agricole Assurances* (2016)

In companies outside Crédit Agricole Group

-

Nicole GOURMELON

Main office within the Company Crédit Agricole CIB in 2016: **Director - Member of the Risks Committee**

Business adress: 15, esplanade Brillaud de Laujardière - 14050 CAEN CEDEX - France

› BORN IN 1963

› BRIEF BIOGRAPHY

A graduate of the *Institut technique de Banque*, Nicole Gourmelon has spent all of her career at the Crédit Agricole Group. She held several executive positions at the *Caisse régionale du Finistère* from 1982 to 1998, before joining the *Caisse régionale de Charente Périgord* in 1999 as head of Business Development, Corporate Affairs, Marketing and Client Communication. From 2002 to 2004, she was head of Finance, Strategic Marketing and Communication for the *Caisse régionale d'Aquitaine*, then Deputy Chief Executive Officer of the *Caisse régionale de Normandie* from 2004 to 2008. She was Deputy Chief Executive Officer of Prédica from 2009 to December 2010 before being appointed Chief Executive Officer of the *Caisse régionale de Normandie* in the beginning of 2011. She also holds various positions and responsibilities within the national bodies of the Crédit Agricole Group as a member of Committees and Director in several Group subsidiaries.

DATE OF FIRST APPOINTMENT

2016

TERM OF OFFICE

2019

Holds one share of the Company

› OFFICES AT 31 DECEMBER 2016

In Crédit Agricole Group companies

- CEO: *CRCAM de Normandie*, Sofinormandie
- Chairman: *CA Immobilier Normandie*
- Permanent representative *CRCAM Normandie*: Director UNEXO, Chairman Britline
- Permanent representative of SACAM Développement - Director of LCL, SACAM Participations – Director of Prédica
- Director: *Caisse locale de Crédit Agricole* of ECLOR, PACIFICA, ADICAM, *CA Assurances*

In companies outside Crédit Agricole Group whose shares are listed on a regulated market

-

In companies outside Crédit Agricole Group

-

› OTHER OFFICES HELD WITHIN THE PAST FIVE YEARS

In Crédit Agricole Group companies

- Chairman: *CA Immobilier Normandie* (2016)
- Director: Crédit Agricole Egypt (2016), *CAMCA Assurance* (2016), CAMCA Courtage (2016)

In companies outside Crédit Agricole Group

-

Fabienne HAAS

Main office within the Company Crédit Agricole CIB in 2016: **Director - Director representing employees**

Business adress: 6-8, avenue de Messine - 75008 PARIS - France

› BORN IN 1959

› BRIEF BIOGRAPHY

With a post-graduate degree (DEA) in business law and economics from *Université de Paris II* (1983) and a LLM from the New York University School of Law (1986), Fabienne Haas has been a barrister at the Paris Bar since 1985 and has been a partner since 1998 in the corporate department of August Debouzy. She worked at Shearman & Sterling in New York (1986-1988) then in Paris (1988-1992). She then joined Sullivan & Cromwell in Paris in 1992, then *Salès Vincent & Associés*, where she remained until 1998. Fabienne Haas has developed expertise in individual and collective employment law relationships, particularly in negotiating employment contracts and contracts for senior directors. She acts as an advisor to French and overseas companies, supporting them in their day-to-day problems, in collective bargaining and relations with staff representation bodies.

DATE OF FIRST APPOINTMENT

2014

TERM OF OFFICE

2017

Holds one share of the Company

› OFFICES AT 31 DECEMBER 2016

In Crédit Agricole Group companies

-

In companies outside Crédit Agricole Group whose shares are listed on a regulated market

-

In companies outside Crédit Agricole Group

- Partner: August Debouzy

› OTHER OFFICES HELD WITHIN THE PAST FIVE YEARS

In Crédit Agricole Group companies

-

In companies outside Crédit Agricole Group

-

François IMBAULT

Main office within the Company Crédit Agricole CIB in 2016: **Director**

Business adress: 26, quai de la Râpée - 75012 PARIS - France

› BORN IN 1948

› BRIEF BIOGRAPHY

An agronomic engineer and graduate of the *Institut national agronomique Paris Grignon* (1970), François Imbault managed a farm. He became a director of the *Caisse régionale de Crédit Agricole de Paris et d'Île-de-France* in 1992, then Deputy Chairman in 1997. He has been its Chairman since 1998. At the same time he holds various positions and responsibilities within the Crédit Agricole Group, either as Chairman or member of the Group's Committees or Director of the Group's subsidiaries.

DATE OF FIRST APPOINTMENT

2004

TERM OF OFFICE

2017

Holds one share of the Company

› OFFICES AT 31 DECEMBER 2016

In Crédit Agricole Group companies

- Chairman: *CRCAM de Paris et d'Île-de-France, Domaine de la Sablonière* (SAS)
- Director: CA Indosuez Wealth (Group); CA Indosuez Wealth (France), Pacifica, Predica, *CADIF Mécénat* (*fonds de dotation*)
- Permanent representative of *CRCAM Paris Île-de-France* as:
  - Director Socadif;
  - Manager of *Société Civile Immobilière Bercy-Villot*;
  - Manager of *Société Civile Immobilière Agricole de l'Île-de-France*.

In companies outside Crédit Agricole Group whose shares are listed on a regulated market

-

In companies outside Crédit Agricole Group

- Chairman: AGECIF CAMA

› OTHER OFFICES HELD WITHIN THE PAST FIVE YEARS

In Crédit Agricole Group companies

- Director: *Crédit Agricole Assurances*

In companies outside Crédit Agricole Group

-

› BORN IN 1958

Marc KYRIACOU

Main office within the Company Crédit Agricole CIB in 2016: **Director - Director representing employees**

Business adress: 12, place des États-Unis - CS 70052 - 92547 MONTROUGE CEDEX - France

› BRIEF BIOGRAPHY

Marc Kyriacou works within the OPC department (Operations & Country COOs) where he is part of the team responsible for accounting control. He joined the Group in 1976, occupying various back-office positions. He was elected as Director representing employees of Crédit Agricole CIB, technicians college, in 2007.

DATE OF FIRST APPOINTMENT

2007

TERM OF OFFICE

2017

Holds no share of the Company

› OFFICES AT 31 DECEMBER 2016

In Crédit Agricole Group companies

-

In companies outside Crédit Agricole Group whose shares are listed on a regulated market

-

In companies outside Crédit Agricole Group

-

› OTHER OFFICES HELD WITHIN THE PAST FIVE YEARS

In Crédit Agricole Group companies

-

In companies outside Crédit Agricole Group

-

Anne-Laure NOAT

Main office within the Company Crédit Agricole CIB in 2016: **Director - Chairman of the Audit Committee, Chairman of the Compensation Committee and member of the Risks Committee**

Business adress: Tour Vista - 52-54, quai de Dion Bouton - 92800 PUTEAUX - France

› BORN IN 1964

› BRIEF BIOGRAPHY

An agronomic engineer and graduate of the *Institut national agronomique Paris Grignon* (1983) and the ESSEC business school (1988), Anne-Laure Noat began her career at Crédit Lyonnais in Japan in 1988. She joined Eurogroup Consulting in 1990 where she has been a partner since 2000. She joined Eurogroup Consulting in 1990 where she has been a partner since 2000, within the Transportation, Distribution & Services sector, and HRD of Partners since 2012. She develops Eurogroup Consulting's business in the transportation and logistics sectors, notably as regards industry policy, strategic projects and industrial and managerial performance. She also specialised in corporate governance consultancy: corporate functions performance (legal, communication, HR), business strategy, change management and realization of corporate projects.

DATE OF FIRST APPOINTMENT

2014

TERM OF OFFICE

2017

Holds one share of the Company

› OFFICES AT 31 DECEMBER 2016

In Crédit Agricole Group companies

-

In companies outside Crédit Agricole Group whose shares are listed on a regulated market

-

In companies outside Crédit Agricole Group

- Partner: Eurogroup Consulting
- Member of the Supervisory Board: Eurogroup Consulting France
- Chairman: DDS SAS (*filiale* Eurogroup Consulting), NEW DDS SAS (*filiale* Eurogroup Consulting)
- Director: *La maison des ingénieurs agronomes*

› OTHER OFFICES HELD WITHIN THE PAST FIVE YEARS

In Crédit Agricole Group companies

-

In companies outside Crédit Agricole Group

- Chairman: *Association AgroParis Tech Alumni*
- Director: Uniagro; AgroParis Tech (EPC SCP)
- Member: *bureau ParisTech Alumni*

▶ Jean-Pierre PAVIET

Main office within the Company Crédit Agricole CIB in 2016: **Director - Member of the Audit Committee and the Risks Committee**

Business adress: avenue de la Motte-Servolex - 73024 CHAMBÉRY CEDEX - France

› BORN IN 1952

› BRIEF BIOGRAPHY

Jean-Pierre Paviet began his career as an auditor then head of Mission and Statutory Auditor within the Deloitte auditing firm in Paris. In 1981, he joined GEER Group (tourism installation and development) as Financial Controller before founding the SOFINEIGE Group in 1985, of which he is still Chairman. He became Director of the *Caisse régionale des Savoie* in 1992 and was appointed Chairman in 2010. He also holds various positions within national bodies of the Crédit Agricole Group and various subsidiaries. Jean-Pierre Paviet is a graduate of the *École supérieure des sciences commerciales appliquées* (ESLSCA Paris) and a Certified Accountant.

DATE OF FIRST APPOINTMENT

2012

TERM OF OFFICE

2018

Holds one share of the Company

› OFFICES AT 31 DECEMBER 2016

In Crédit Agricole Group companies

- Chairman of Board of Directors: *CRCAM des Savoie*; *Caisse Locale de Crédit Agricole d'Aime*; Crédit Agricole Leasing & Factoring
- Director: Crédit Agricole Home Loan SFH
- Permanent representative of *CRCAM des Savoie* as:
  - Director of C2MS (SAS);
  - Director of *Fédération Rhône-Alpes du Crédit Agricole*.

In companies outside Crédit Agricole Group whose shares are listed on a regulated market

-

In companies outside Crédit Agricole Group

- Chairman: Holding Sofineige (SAS) and Executive Corporate officer of its subsidiaries (SARL Chalet Time, SARL Skiport, SARL Chalhotel, SAS Valpierre, SNC SUMER et WINTER)
- Manager of *SCI du Cafrastan*

› OTHER OFFICES HELD WITHIN THE PAST FIVE YEARS

In Crédit Agricole Group companies

-

In companies outside Crédit Agricole Group

- Chairman: Eurofactor
- Director: *Entreprendre pour Apprendre* (2015)
- Director: HECA

› BORN IN 1951

DATE OF FIRST APPOINTMENT

2010

TERM OF OFFICE

2017

Holds one share of the Company

Jean-Louis ROVEYAZ

Main office within the Company Crédit Agricole CIB in 2016: **Director - Member of the Compensation Committee and Appointments Committee**

Business adress: 52, boulevard Pierre Coubertin - 40004 ANGERS CEDEX 01 - France

› BRIEF BIOGRAPHY

An agronomy engineer, Jean-Louis Roveyaz took the helm of a farming business specialising in cereal production. He also made a firm commitment to developing and expanding the influence of Crédit Agricole. In 1992, he became Chairman of the Suze-sur-Sarthe Local Bank, and was then elected Director of the *Caisse régionale de la Sarthe*, followed by *Caisse régionale de l'Anjou et du Maine* of which he became Chairman in 2004. He was Mayor of Chemire le Gaudin (72210). Jean-Louis Roveyaz believes in dialogue and progress and as such has held several positions nationally in France in the operating subsidiaries and also in consultation and negotiation working bodies.

› OFFICES AT 31 DECEMBER 2016

In Crédit Agricole Group companies

- Chairman of Board of Directors: *CRCAM de l'Anjou et du Maine*
- Chairman of Supervisory Board: *Société d'épargne foncière agricole* (SEFA) (SCPI)
- Director: Crédit Agricole S.A. (and member of the Compensation Committee and Risks Committee); Cariparma (S.p.A) (Italy) (and Member of the Compensation Committee); SAS SACAM MACHINISME

In companies outside Crédit Agricole Group whose shares are listed on a regulated market

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In companies outside Crédit Agricole Group

- Director and member of the Executive Committee: John Deere Financial (SAS)
- Director and member of the Audit Committee of SOPEXA
- Permanent representative of CNMCCA: Director of CENECA (*Centre national des expositions et concours agricoles*)

› OTHER OFFICES HELD WITHIN THE PAST FIVE YEARS

In Crédit Agricole Group companies

- Chairman of the Board of Directors: *Pleinchamp* (SAS); Crédit Agricole Home Loan SFH

In companies outside Crédit Agricole Group

-

François THIBAULT

Main office within the Company Crédit Agricole CIB in 2016: **Director**

Business adress: 8, allée des Collèges - 18000 BOURGES - France

› BORN IN 1955

› BRIEF BIOGRAPHY

An agricultural engineer, farmer and viticulturist by profession, François Thibault is a long-standing elected member of Crédit Agricole's working bodies. Chairman of the *Cosne-sur-Loire (Nièvre)* Local Bank since 1991, he has been Director and then Chairman of the *Caisse régionale Centre Loire*, since 1996. He also holds several responsibilities within the Group's national bodies - in particular, as the Chairman of Federal Committees - and within specialised subsidiaries.

DATE OF FIRST APPOINTMENT

2010

TERM OF OFFICE

2019

Holds one share of the Company

› OFFICES AT 31 DECEMBER 2016

In Crédit Agricole Group companies

- Chairman: *CRCAM Centre Loire*, Camca and Camca Courtage, SAS Centre Loire Expansion,
- Director: Crédit Agricole S.A. (and member of the Strategic Committee and Corporate social responsability), Car Centre

In companies outside Crédit Agricole Group whose shares are listed on a regulated market

-

In companies outside Crédit Agricole Group

- Partner of Gaec Thibault, *GFA Villargeau d'en Haut*, *GFA de Montour*, *SCI Loire et Fontbout*

› OTHER OFFICES HELD WITHIN THE PAST FIVE YEARS

In Crédit Agricole Group companies

- Chairman: Carcentre (GIE) (2014), SAS Pleinchamp (September 2016), Foncaris (September 2016)
- Director: CA Bank Polska (September 2016)
- Member: Strategic Committee of Fireca (2012)

In companies outside Crédit Agricole Group

-

▶ Jean-Pierre VAUZANGES

Main office within the Company Crédit Agricole CIB in 2016: **Director - Member of the Audit Committee**

Business adress: 4, rue Louis Braille - 35136 SAINT-JACQUES-DE-LA-LANDE - France

› BORN IN 1957

› BRIEF BIOGRAPHY

A civil engineer specialising in maritime engineering with a Master's degree in general physics and a graduate of the INSEAD business school, Jean-Pierre Vauzanges began his career as a design engineer at *Chantiers du Nord et de la Méditerranée*. In 1995, he joined AGF Group as Deputy Chief Executive Officer of Mondial Assistance France, becoming Chief Executive Officer two years later, then Chairman at the same time as being appointed Chairman of *GTS Téléassistance*. In 2002, he was headhunted by Groupama where he worked in management roles in Normandy, then in Rhône-Alpes-Auvergne. He joined the Crédit Agricole Group in 2004 as Deputy Chief Executive Officer of Pacifica in charge of operations and was appointed Chairman of the Eurofactor Management Committee in 2007. He then joined the Crédit Agricole S.A. Executive Committee in September 2008 to take over the Regional Banks business. In 2010, he became Chief Executive Officer of the *Caisse régionale de Charente-Périgord* then in 2014, he became Chief Executive Officer of the *Caisse régionale d'Ille-et-Villaine*.

DATE OF FIRST APPOINTMENT

2013

TERM OF OFFICE

2017

Holds one share of the Company

› OFFICES AT 31 DECEMBER 2016

In Crédit Agricole Group companies

- CEO: *CRCAM d'Ille-et-Vilaine*
- Chairman: *Square achat* (SAS)
- Director: *Uni Éditions*; *Fondation crédit Agricole solidarité développement*

In companies outside Crédit Agricole Group whose shares are listed on a regulated market

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In companies outside Crédit Agricole Group

- Chairman: ANCD

› OTHER OFFICES HELD WITHIN THE PAST FIVE YEARS

In Crédit Agricole Group companies

- CEO: *Caisse régionale de Crédit Agricole Mutuel Charente-Périgord*
- Chairman: Prédica (SAS)
- Member of the Executive Committee: SACAM Fireca
- Permanent representative of *CRCAM Charente-Périgord*: *Grand Sud-Ouest Capital*
- Development Director of *Caisses régionales* (Member of the Executive Committee): Crédit Agricole S.A.
- Director: CA Services; CA Technologies; Pleinchamp PACIFICA (2016), *Crédit Agricole Assurances* (2016), *CAMCA Assurances* (2016), *CAMCA Réassurance* (2016), *CAMCA Vie* (2016), CA Serbie (2016), *CAMCA Mutuelle* (2016), *CAMCA Courtage* (2015)

In companies outside Crédit Agricole Group

- Permanent representative of *CRCAM Charente-Périgord*: Charente Périgord Expansion (2014)
- Director: *AGRICA CCMA Prévoyance*

François VEVERKA

Main office within the Company Crédit Agricole CIB in 2016: **Director - Chairman of Risks Committee and member of the Audit Committee**

Business adress: 84, avenue des Pages - 78110 LE VÉSINET - France

› **BORN IN 1952**

› BRIEF BIOGRAPHY

A graduate of ESSEC and former ENA student, François Veverka held a number of different positions in the public economic sphere, notably in the French Ministry of Finance and the *Commission des opérations de bourse*. He then went on to take up executive positions in Standard & Poor's (1990-2006) where his role involved working with the French regulatory and supervisory authorities on all matters relating to banking and financial markets. He was then appointed Chief Executive Officer of *Compagnie de Financement Foncier*, before going on to become a banking and finance consultant.

DATE OF FIRST APPOINTMENT

2009

TERM OF OFFICE

2018

Holds one share of the Company

› OFFICES AT 31 DECEMBER 2016

In Crédit Agricole Group companies

- Director: Crédit Agricole S.A., LCL, Amundi UK LTD
- Non-voting Director: Amundi Group

In companies outside Crédit Agricole Group whose shares are listed on a regulated market

-

In companies outside Crédit Agricole Group

- Chairman of the Supervisory Board of Octofinances

› OTHER OFFICES HELD WITHIN THE PAST FIVE YEARS

In Crédit Agricole Group companies

-

In companies outside Crédit Agricole Group

-

In other companies

- Teacher: ESCP-EAP (2012) *École polytechnique fédérale de Lausanne* (2012)
- Consultant: banking and financial activities (*Banquefinance associés*) (2015)

Jacques DUCERF

Main office within the Company Crédit Agricole CIB in 2016: **Non-voting Director**

Business adress: 1 rue Pierre de Truchis de Lays - 69410 CHAMPAGNE-AU-MONT-D'OR - France

› BORN IN 1952

› BRIEF BIOGRAPHY

Graduate of the ESLSCA business school (1974), Jacques Ducerf has been Chairman of the Ducerf Group, a family-run group specialising in timber, since 1993. In 1990, he became Director of the Crédit Agricole Local Bank in Charolles, then in 2011, Chairman of the Saône-et-Loire delegation. He has been Chairman of the *Caisse régionale de Crédit Agricole Centre Est* since 2013. He also holds several responsibilities within the Group's national bodies - in particular, on Federal Committees - and within Group subsidiaries.

DATE OF FIRST APPOINTMENT

2016

TERM OF OFFICE

2019

Holds no share of the Company

› OFFICES AT 31 DECEMBER 2016

In Crédit Agricole Group companies

- Chairman: *Crédit Agricole Centre-Est*, *Délégation de Saône et Loire*, FONCARIS
- Director: *Caisse locale de Charolles*, BFT Investment Managers

In companies outside Crédit Agricole Group whose shares are listed on a regulated market

-

In companies outside Crédit Agricole Group

- Chairman: *Groupe Ducerf*
- *Conseil Banque de France à Mâcon*

› OTHER OFFICES HELD WITHIN THE PAST FIVE YEARS

In Crédit Agricole Group companies

- Chairman: *Fédération des Caisses régionales de Bourgogne-Franche-Comté*

In companies outside Crédit Agricole Group

- Chairman: Euroforest
- Vice-Chairman: *Fédération nationale du bois*

Catherine POURRE

Main office within the Company Crédit Agricole CIB in 2016: **Non-voting Director - Permanent guest of the Audit Committee, Risks Committee**

Business adress: 13, rue d'Amsterdam - 1126 - Luxembourg

› BORN IN 1957

› BRIEF BIOGRAPHY

A graduate of the ESSEC business school and a Certified Accountant, with a degree in business law from the Catholic University of Paris, Catherine Pourre has extensive experience in audit and organisation consulting, particularly as a partner at PricewaterhouseCoopers (1989-1999) then at Cap Gemini Ernst & Young France, where she became Executive Director in 2000. She joined Unibail-Rodamco from 2002 as Deputy Chief Executive Officer. She carried out various executive management functions as member of the Executive Committee then Member of the Management Committee. She is currently a corporate officer within various companies in France and Luxembourg.

DATE OF FIRST APPOINTMENT

2016

TERM OF OFFICE

2019

Holds no share of the Company

› OFFICES AT 31 DECEMBER 2016

In Crédit Agricole Group companies

- Non-voting Director: Crédit Agricole S.A.

In companies outside Crédit Agricole Group whose shares are listed on a regulated market

- Director: Neopost (member of the Audit Committee and Chairman of Compensation committee), SEB (Chairman of the Control Committee)
- Member of the Supervisory Board (member of Audit Committee and the Compensation Committee): *Bénéteau*

In companies outside Crédit Agricole Group

- Manager of CPO Services (Lux)

In other companies

- Member: Board Women Partners, Royal Ocean Racing Club (RORC)
- Board of Directors and Treasurer: Class 40 Association

› OTHER OFFICES HELD WITHIN THE PAST FIVE YEARS

In Crédit Agricole Group companies

-

In companies outside Crédit Agricole Group

- CEO: Tayninh (2013)
- Deputy CEO: Unibail Management (2014)
- Chairman: SAS Doria (2013), SAS Unibail Management (2013), *Espace Expansion Immobilière* (2012), *Union Nationale pour la Course au Large* (UNCL) (2015)
- Director of the permanent establishment: Unibail Rodamco S.E. on the Netherlands (2013)
- Director: Viparis, Comexposium (2013), Unibail-Rodamco Participations (2013), *Union Immobilière Internationale* (2012)
- Member of Board of Directors: Unibail-Rodamco Management BV (2015), Rodamco Europe NV (2013)
- Member of the Supervisory Board: Rodamco Beheer BV (2013), of MFI AG (2013), Uni-Expos (2013)
- Member of the management board: Unibail-Rodamco SE (2013)
- Representative: Rodamco Europe NV: at the head of 8 subsidiaries of Unibail-Rodamco (2013)

Nicolas VENARD

Main office within the Company Crédit Agricole CIB in 2016: **Non-voting Director**

Business adress: 7, route du Loch - 29555 QUIMPER - France

› BORN IN 1965

› BRIEF BIOGRAPHY

Holder of a Doctorate in economic sciences (*Université d'Orléans* – 1993), Nicolas Venard was *maître de conférences* at *Université d'Orléans* from 1993 to 2002. At the same time, he began his career at Crédit Agricole Group in 1989. He held various positions in the Regional Banks including the *Caisse régionale Centre Loire* (head of Auditing and Permanent Controls, head of Loans, Human Resources and Business Director). He became Deputy Chief Executive Officer of the *Caisse régionale de Franche-Comté* in 2006, then Deputy head of the Group's Risk Management and Permanent Controls in 2012. Since 1 July 2013, he has been Chief Executive Officer of the *Caisse régionale du Finistère*. He also holds various positions in the Group's subsidiaries and national bodies.

DATE OF FIRST APPOINTMENT

2016

TERM OF OFFICE

2019

Holds no share of the Company

› OFFICES AT 31 DECEMBER 2016

In Crédit Agricole Group companies

- CEO: *CRCAM Finistère*
- Chairman: Radian
- Director: UNEXO, SNCD

In companies outside Crédit Agricole Group whose shares are listed on a regulated market

-

In companies outside Crédit Agricole Group

- Director: *Technopole Brest Iroise*

› OTHER OFFICES HELD WITHIN THE PAST FIVE YEARS

In Crédit Agricole Group companies

- Chairman: SNDC (2016)

In companies outside Crédit Agricole Group

-

3.3 POTENTIAL CONFLICTS OF INTEREST AMONG MEMBERS OF THE BOARD OF DIRECTORS AND MANAGEMENT BOARD BETWEEN THEIR PRIVATE INTERESTS OR OTHER DUTIES AND THEIR DUTIES TOWARDS CRÉDIT AGRICOLE CIB

To Crédit Agricole CIB's knowledge, there is no potential conflict of interest between the duties of members of the Board of Directors and Management Board with respect to Crédit Agricole CIB and their private interests.

Crédit Agricole CIB's Board of Directors and Management Board include Corporate Officers of companies (including Crédit Agricole Group companies) with which Crédit Agricole CIB has commercial relationships. This may be a source of potential conflicts of interest.

The rules of procedures of the Board of Directors remind the members of the Board of:

- their obligation to preserve their independence and their freedom of judgment, decision or action, in all circumstances;
- their obligation to be impartial and to undertake not to be influenced by any element outside the corporate interest that is their duty to defend;
- their obligation to inform the Board about each conflict of interest, including the potential ones, in which they could be involved directly or indirectly and to avoid participating in votes on such matters.

Information on independent Directors is on page 60.

3.4 ARTICLE L. 621-18-2 OF THE FRENCH MONETARY AND FINANCIAL CODE ARTICLE 223-26 OF THE *AUTORITÉ DES MARCHÉS FINANCIERS*' GENERAL REGULATIONS

The Company shares were not listed on a regulated market, provisions of Article L. 621-18-2 of the French Monetary and Financial Code are not applicable to the Company accordingly.

For 2016, the Company has no knowledge of the existence of transactions conducted on their own account by the persons referred to in Article L. 621-18-2 of the Monetary and Financial Code and relating to debt securities of the Company or related derivatives or other financial instruments.

Information on the ownership structure at 31 December 2016 is provided in Note 6.19 to the consolidated financial statements on page 323.

4 COMPOSITION OF THE EXECUTIVE COMMITTEE

The composition of Crédit Agricole Corporate and Investment Bank's Executive Committee at 31 December 2016 is as follows:

■ Jean-Yves HOCHER	Chief Executive Officer
■ François MARION	Deputy Chief Executive Officer
■ Régis MONFRONT *	Deputy Chief Executive Officer
■ Jacques PROST	Deputy Chief Executive Officer
■ Jean-François BALAŸ	Risk & Permanent Control
■ Martine BOUTINET	Human Resources
■ Hélène COMBE-GUILLEMET	Global Investment Banking
■ Frédéric COUDREAU	Global IT
■ Catherine DUVAUD	Global Compliance
■ Isabelle GIROLAMI	Global Markets Division
■ Bertrand HUGONET	Corporate Secretary & Communication
■ Éric LECHAUDEL	Operations & Country COOs
■ Jamie MABILAT	Debt Optimisation & Distribution
■ Véronique McCARROLL	Strategy and Business Transformation
■ Frédéric MERON	Finance
■ Thierry SIMON	International Trade & Transaction Banking
■ Jacques de VILLAINES	Structured Finance

** Client Coverage & International Network.*

5 COMPENSATION POLICY

5.1 GENERAL PRINCIPLES OF THE COMPENSATION POLICY

Crédit Agricole CIB has established a responsible compensation policy aimed at reflecting its values and respecting the interests of all stakeholders, be they employees, customers or shareholders.

In line with the specific characteristics of its business lines, legal entities, and national and international legislation, Crédit Agricole CIB strives to develop a system of compensation that provides its employees with competitive compensation relative to its benchmark markets to attract and retain the best talent. To this end comparisons with other financial groups are made on a regular basis.

Compensation, particularly variable ones, are aimed at rewarding individual and group performance over time while promoting sound and risk-aware management.

The compensation policy of Crédit Agricole CIB contributes to compliance with the risk appetite statement and framework approved by governance.

Crédit Agricole CIB's compensation policy must also be seen within a closely regulated environment specific to the banking sector. In general, Crédit Agricole CIB ensures the compliance of its compensation policy with the national, European and international legal and regulatory environment in effect. In particular, it complies with the provisions of the following regulations:

- Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013, transposed in the French Monetary and Financial Code by Order No 2014-158 of 20 February 2014 ("CRD IV Directive");
- French Law No 2013-672 of 26 July 2013 on the separation and regulation of banking activities ("French Banking Law");
- the Rule introduced by Section 13 of the Bank Holding Company Act, pursuant to Section 619 of the Dodd–Frank Wall Street Reform and Consumer Protection Act ("Volcker Rule");
- Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on financial instruments, transposed in the French Monetary and Financial Code by Order No 2007-544 of 12 April 2007 ("MIFID").

5.2 TOTAL COMPENSATION

The total compensation paid to employees of the Crédit Agricole CIB Group comprises the following elements:

- fixed compensation;
- annual individual variable compensation;
- collective variable compensation;
- long-term and deferred variable compensation;
- supplementary pension and health insurance plans;
- benefits in kind and other fringe benefits.

All or part of this package may be offered to each employee, according to their level of responsibility, skills, performance and location.

A - FIXED COMPENSATION

Fixed compensation rewards employees for the responsibilities conferred on them and for the skills implemented to exercise these, in line with the specific characteristics of each business line in their local market.

These responsibilities are characterised by a mission and contributions, the employee's level in the organisation, and his or her expected skills and experience profile.

Fixed compensation is determined in proportions such that it is possible to not award variable compensation in the event of insufficient performance.

Changes to an employee's fixed compensation depend on his or her progress in terms of responsibilities and control of position, which are assessed during the annual review of the employee's mission performance and permanent contributions to the position.

When an employee takes up a new position, any changes in responsibility are taken into consideration when determining the fixed compensation.

Fixed compensation is made up of a basic salary and any other stable and recurring compensation component independent of performance.

B - ANNUAL INDIVIDUAL VARIABLE COMPENSATION

Variable compensation is directly tied to individual and collective annual performance. Individual performance is assessed based on the achievement of qualitative and quantitative objectives as well as proper compliance with internal rules and procedures.

Collective performance is based on the determination of an amount set aside across the Bank as a whole, which is then broken down by activity. These amounts are determined so as to not limit the capacity of Crédit Agricole CIB to increase its equity if necessary. It takes all risks into account, including liquidity risk, as well as the cost of capital, in compliance with regulatory principles.

Variable compensation is made up of the bonus and any other individual compensation component linked to performance, including guaranteed variable compensation.

1 - COMPOSITION OF COMPENSATION POOLS

The total variable compensation pool of Crédit Agricole CIB is determined according to the contribution and by setting a distribution rate.

The contribution is determined using the following formula, based on the usual accounting definitions:

Revenues – direct and indirect expenses before bonuses – cost of risk – cost of capital before tax

- Revenues are calculated net of liquidity costs.
- Cost of risk is defined as provisions for default risks.
- Cost of capital, used to take into account the return on equity specific to an activity, is calculated by applying the following formula:

  Risk weighted assets (RWA) x Capital supply rate (target Tier 1 ratio) x ß (coefficient measuring the market risk of an activity and enabling an adjustment to the Tier 1 ratio according to the capital requirements of the business line).

Once the financing capacity has been determined, Crédit Agricole CIB defines a distribution rate which depends on:

- the approved budgets at the start of the financial year;
- the practices of competitors in comparable businesses.

› 2 - INDIVIDUAL COMPENSATION ALLOCATIONS

Bonuses are financed based on the overall amount set aside for each business line and shared between individual employees by line management through a broad assessment of their individual and collective performances, including quantitative and qualitative components. There is no direct, automatic link between an employee's financial results and his or her variable compensation to avoid any risks of conflicts of interest or the risk that customer interests will not be taken into account.

Individual allocations take account of failure to comply with compliance rules and procedures, and risk limits, as part of the rules and procedures drawn up by Crédit Agricole CIB. Decisions affecting individual variable compensation for employees with noted high-risk behaviour are subject to annual review by Executive Management.

In some cases, the bonus is supplemented by other items of variable compensation as is the case for Senior Executives.

› 3 - GUARANTEED VARIABLE COMPENSATION

Payment of guaranteed variable compensation is authorised only in connection with the hiring of a new employee and only for a period not exceeding one year. On recruitment, the variable compensation allocated by the previous employer and definitively lost when the employment contract ends may also be allocated.

Retention bonuses may be awarded in exceptional cases for a predetermined period of time in certain specific cases (for example, in the event of restructuring, liquidation or transfer of activity).

The award of a guaranteed variable compensation is subject to the conditions of the deferred compensation plan applicable for the financial year and may lead to deferred conditional payment.

› 4 - CAPS ON VARIABLE COMPENSATION

The award of variable compensation for a financial year is capped at the total amount of the fixed compensation for all employees. This cap may be raised each year to twice the amount of the fixed compensation by decision of the General Meeting of Shareholders of Crédit Agricole CIB.

› 5 - PAYMENT CONDITIONS FOR VARIABLE COMPENSATION

Beyond a certain threshold, the variable compensation is broken down into a non-deferred portion and a deferred portion vested over three years.

The deferred portion vests in thirds: one third in year N+1, one third in year N+2 and one third in year N+3 relative to the reference year (N), subject to meeting the vesting conditions:

- performance conditions;
- presence condition;
- compliance with the internal rules and risk limits.

The deferred variable compensation is allocated in the form of Crédit Agricole S.A. shares or equity-linked instruments.

Any hedging or insurance strategy that seeks to limit the scope of the risk alignment provisions contained in the compensation system is prohibited.

Identified staff are subjected to a specific system.

› 6 - VARIABLE COMPENSATION FOR EMPLOYEES WHOSE ACTIVITIES ARE SUBJECT TO A MANDATE (FRENCH BANKING LAW, VOLCKER RULE, ETC.)

Variable compensation is allocated in such a way as to avoid rewarding or promoting prohibited trading activities, but can be used to reward revenue generation or the provision of services to customers and must therefore comply with internal policies and procedures, including the Volcker compliance manual.

Among other things, the individual performance bonus is based on an appraisal of the achievement of pre-defined individual and collective targets, set for the employee in strict compliance with the terms of the mandate managed.

Quarterly checks are carried out by the Risk Management Department and by the Market Activities Department to ensure that the terms of office are correctly applied.

As part of the end-of-year reviews, management assesses the employees' performance in view of the targets set at the start of the year, including their compliance with the trading terms of office. This assessment takes account of behaviour that is not compliant with the internal rules and procedures or risk limits, and in particular failure to comply with the terms of office.

› 7 - VARIABLE COMPENSATION PROGRAMME FOR CONTROL FUNCTIONS

To prevent any conflict of interest, the compensation of employees with Control functions is set separately from that of the business line employees whose operations they validate or verify. The targets set and the amounts used to determine their variable compensation do not take account of criteria relating to the results or financial performance of the sectors which they control. The amounts are defined according to market practice.

As part of its responsibilities, the Crédit Agricole CIB Compensation Committee ensures compliance with the principles for determining the compensation of the managers of the risk and compliance branches.

▶ C - COLLECTIVE VARIABLE COMPENSATION

In addition, for many years it has been Crédit Agricole CIB's policy to share its results and performance collectively with its employees. For this purpose, a collective variable compensation system (discretionary and mandatory profit sharing) has been set up in France. Similar systems that provide all members of staff with a share of results have been set up within certain entities abroad.

▶ D - LONG-TERM VARIABLE COMPENSATION

This component of variable compensation unifies, motivates and increases loyalty. It complements the annual variable compensation mechanism by rewarding the long-term collective performance of the Group.

It consists of several systems differentiated according to the level of responsibility in the company:

i. "employee" shareholding open to all employees;

ii. deferred variable compensation for key executives and identified staff;

iii. compensation in shares and/or cash with long-term performance conditions based on economic, financial and social criteria consistent with the long-term strategy of the Crédit Agricole S.A. Group. It is reserved for Senior Executives and key Group executives.

▶ E - RETIREMENT, DEATH AND DISABILITY, HEALTH

According to country and market practice, Crédit Agricole CIB undertakes to provide its employees with social security cover to:

- support the constitution of retirement revenue or retirement savings;
- provide a good level of social protection to employees and their families.

These systems are set up as part of the collective plans specific to each country.

▶ F - BENEFITS IN KIND AND OTHER FRINGE BENEFITS

In some cases, the total compensation also includes benefits in kind. These are mainly:

- the allocation of a company car according to the position held;
- the allocation of benefits to cover the living costs of expatriate workers.

These elements may be supplemented according to country by various plans aimed at providing a stimulating work environment and a work-life balance.

5.3 GOVERNANCE OF THE COMPENSATION POLICY

The compensation policy of Crédit Agricole CIB is reviewed annually by Executive Management, upon a proposal of the Human Resources Department, and according to the main guidelines of the Crédit Agricole S.A. Group's compensation policy. This policy receives a contribution from the Control functions. The compensation policy is approved by the Board of Directors, upon recommendation from the Compensation Committee.

▶ A - COMPOSITION AND ROLE OF THE COMPENSATION COMMITTEE

The Compensation Committee meets as and when required, and at the request of the Chairman of the Board of Directors.

It is composed of at least four members and includes a Director representing employees.

The Compensation Committee is principally responsible for issuing recommendations prior to decisions submitted to the Board of Directors for approval.

Its recommendations concerned:

- the total amount of Directors' fees allocated to Board members, to be submitted to the General Meeting of Shareholders for approval, and the distribution of these Directors' fees among the members of the Board;
- the ordinary and special compensation, as provided for in the Articles of Association, paid to members of the Board and its Chairman.

It examines at least annually:

- the principles of the Company's compensation policy;
- the compensation, allowances, benefits of any kind and pecuniary rights granted to the Chief Executive Officer and Deputy Chief Executive Officers. Its responsibilities include the compensation components for Corporate Officers mentioned in the management report in accordance with Article L. 225-102-1 of the French Commercial Code;
- the principles governing variable compensation paid to the Company's employees (composition, base, ceiling, conditions, form and payment date), as well as the total amount paid as variable compensation; the committee is informed of individual compensation arrangements above a threshold proposed by the Executive Management.

As part of its duties, the committee must also:

- directly control the compensation of the person in charge of the Risk Management function and the head of compliance;
- review the Company's compensation policy, particularly compensation that could have an impact on the Company's risk exposure;
- report to the Board of Directors on its annual review of the compensation policy and principles, as well as the verification of their compliance with applicable regulations.

▶ B - CONTROL FUNCTION DUTIES

In accordance with Group policy principles, the Human Resources Department links Control functions to risk analysis in the management of compensation, particularly as regards definition of identified staff, compliance with regulatory standards and monitoring of high-risk behaviour. In addition, the Control functions are rewarded with variable compensation pools determined according to specific criteria, independently of the performance of the business lines for which they control the operations.

The Group's Internal Audit performs an annual and independent audit of the implementation of the compensation policy.

▶ C - RISK-COMPENSATION CONSISTENCY

Compensation is aligned to risks taken through the following measures:

- the variable compensation pools take account of all risks, including liquidity risk, as well as the cost of capital, in compliance with regulatory principles and are defined so as not to impair the capacity of Crédit Agricole CIB to increase its equity where necessary;
- performance is assessed based on quantitative and qualitative criteria, taking account of terms of office and customer interests, as well as proper compliance with risk limits and internal rules;
- all Crédit Agricole CIB employees are monitored for high-risk behaviour every year by the Risk Management and Compliance Departments. The results of these checks are shared with management upstream of the evaluation and compensation meetings. The most significant compensation cases are validated by Executive Management;
- depending on the results, employees may be subject to various sanctions, including adjustments to their variable compensation and/or penalties applied to the unearned portion of their variable compensation;
- beyond a certain threshold of variable compensation, this necessarily includes a portion that is deferred at a progressive rate, earned over three years prorata temporis and paid out in the form of financial instruments;
- although all these measures apply to all Crédit Agricole CIB employees, a list of employees who could have a significant impact on the risk exposure of the Group or of the relevant entity is drawn up each year in accordance with the applicable regulatory provisions. These employees are subject to enhanced measures to align compensation with risk.

5.4 COMPENSATION OF IDENTIFIED STAFF

In line with the Group's general principles, the compensation policy applicable to identified staff is governed by strict regulations (CRD4) that lay down the requirements for structuring their compensation.

The category of identified staff includes employees who, by virtue of the positions held, are likely to have a significant impact on the risk exposure of Crédit Agricole CIB.

The determination of employees as identified staff is made through a joint process between Crédit Agricole CIB and Crédit Agricole S.A. and between Human Resources functions and various Control functions. This process is reviewed annually.

Furthermore, Crédit Agricole CIB's entities outside France may be subject to more stringent local regulations.

▶ A - SCOPE

Within Crédit Agricole CIB, the following are included in the scope of identified staff:

- Senior Executives and members of Executive Management;
- heads of core business lines;
- heads of Control functions;
- employees with substantial powers to take credit risks;
- employees with substantial powers to take market risks;
- employees with substantial total compensation;
- and, on the proposal of the Risk Management Department, the Compliance Department or the Human Resources Department, and by decision of Executive Management, any employee likely to have significant impact on the risk exposure of Crédit Agricole CIB.

Furthermore, employees may also be considered risk-takers at subsidiary level under local regulations.

▶ B - ADJUSTMENTS MADE TO THE COMPENSATION POLICY FOR IDENTIFIED STAFF

› 1 - RULES GOVERNING THE COMPENSATION OF IDENTIFIED STAFF

Pursuant to its regulatory obligations, the main features of Group compensation policy for identified staff are:

- as for all employees, the amounts and distribution of variable compensation must not impair the institutions' ability to strengthen their equity as required;
- as for all employees, the variable component may not exceed 100% of the fixed component. Nevertheless, each year, the General Meeting of Shareholders can vote to apply a higher maximum ratio provided that the total variable component never exceeds 200% of the fixed component for any employee;
- as for all employees, a portion of the variable compensation is deferred over three years and is acquired in tranches subject to performance conditions. However, the proportion to be deferred is larger for identified staff;
- as for all employees, a portion of the variable compensation is paid in Crédit Agricole S.A. shares or instruments linked to the Crédit Agricole S.A. share. However, the proportion paid out in instruments is larger for identified staff;
- the vesting of each deferred tranche is followed by a six-month lock-up period. Part of the non-deferred compensation is also subject to a six-month holding period.

› 2 - DEFERRED VESTING RULES

Individual variable compensation comprises two separate parts:

- short-term and non-deferred variable compensation;
- long-term, deferred and conditional variable compensation constituting 40% to 60% of the total individual variable compensation.

The system is designed to promote the link between employees' interests and the medium-term performance of Crédit Agricole CIB and risk control.

In practice, due to the proportionality principle, members of staff for whom the variable share of compensation is below a threshold defined at Group level are excluded from the scope of the deferred vesting rules, unless otherwise required by local regulators in the countries where Crédit Agricole CIB does business.

The deferred share varies depending on the total variable compensation awarded for the financial year. The higher the variable compensation, the higher the deferred share of the total variable compensation.

The vesting methods are identical to the system applicable to all employees: vesting in thirds over three years following the allocation and subject to the same vesting conditions (presence, performance, risks).

› 3 - PAYMENT IN SHARES OR EQUIVALENT INSTRUMENTS

For identified staff, payment in shares or equivalent instruments amounts to:

- the total deferred portion of the variable compensation;
- up to 10% of the non-deferred variable compensation.

Accordingly, at least 50% of the variable compensation of identified staff is awarded in shares or equivalent instruments.

Payments are made at the end of a lock-in period, in accordance with the regulations. This lock-in period, which is defined at the Crédit Agricole S.A. Group level, is six months.

Any hedging or insurance strategy that seeks to limit the scope of the risk alignment provisions contained in the compensation system is prohibited.

5.5 COMPENSATION OF SENIOR EXECUTIVES

The compensation policy applicable to management and Executive and non-Executive Corporate Officers and Executive Corporate Officers of Crédit Agricole CIB falls within the framework of the compensation policy for management at Crédit Agricole S.A..

▶ A - GENERAL COMPENSATION PRINCIPLES

The compensation policy applicable to Crédit Agricole CIB's Executive Management is approved by the Board of Directors pursuant to a proposal of the Compensation Committee. The Board of Directors reviews this policy annually to take into account changes in the competitive environment and context.

It is in line with the compensation policy applicable to all Crédit Agricole S.A. Group Senior Executives. This principle seeks to unify the Group's leading employees around common and shared criteria.

In addition, the compensation of Crédit Agricole CIB's Executive Management is in compliance with:

- the regulatory framework defined by the Monetary and Financial Code and the Decree of 3 November 2014 on internal controls in credit institutions and investment firms, which transposes in France the European provisions on compensation of staff identified who are Executive Corporate Officers;
- the recommendations and principles of the Corporate Governance Code for listed companies, as revised in November 2016 (the "AFEP/MEDEF Code");
- the provisions of Law No 2015-990 of 6 August 2015 on economic growth, activity and equal opportunities and of Article L. 225-42-1 of the French Commercial Code on the vesting of conditional annual supplementary defined-benefit rights.

Pursuant to a proposal of the Compensation Committee, the Board of Directors reviews the components of the compensation of Executive Management each year, with the principal objective of recognising long-term performance.

▶ B - FIXED COMPENSATION

Pursuant to a proposal of the Crédit Agricole CIB Compensation Committee, the Board of Directors establishes the fixed compensation of Crédit Agricole CIB's Executive Management, taking into account:

- the scope of the activities under their responsability;
- practices in the market and the compensation paid to persons holding similar positions. Each year, with the assistance of specialised firms, studies are conducted at the Group level on the positioning of the compensation of the Company's Executive Corporate Officers compared to other companies in the financial sector in order to ensure the consistency of the compensation principles and levels.

When a new Executive Corporate Officer is appointed, his or her compensation will be determined by the Board of Directors, either in accordance with the principles and criteria approved by the General Meeting of Shareholders or in accordance with the existing practices for officers exercising similar functions, adapted where applicable when the person takes up new functions or a new office with no equivalent in respect of the preceding period.

▶ C - VARIABLE COMPENSATION

› 1 -ANNUAL VARIABLE COMPENSATION

Pursuant to a proposal of the Crédit Agricole CIB Compensation Committee, the Board of Directors establishes the variable compensation of Crédit Agricole CIB Executive Management.

The variable compensation policy for the members of Executive Management is in line with that for the Senior Executives of the Crédit Agricole S.A. Group. It is specifically aimed at:

- correlating compensation levels with actual long-term performance;
- aligning management interests, those of Crédit Agricole CIB and those of Crédit Agricole S.A. Group, by differentiating between individual and collective objectives and between financial and non-financial performance (customer satisfaction, management efficiency and impact on society);
- attracting, motivating and retaining Senior Executives.

For each member of Executive Management, variable compensation is based 50% on financial criteria and 50% on non-financial criteria, thereby combining recognition of overall performance with a balance between financial and managerial performance. Pursuant to a proposal of the Compensation Committee, the Board of Directors approves the financial and non-financial criteria proposed.

Variable compensation may reach the target level in the event of attaining all the financial and non-financial objectives and may reach the maximum level in the event of exceptional performance. The target and maximum levels are expressed as a percentage of the fixed salary and are defined by the Board of Directors for each member of Crédit Agricole CIB's Executive Management. In accordance with the AFEP/MEDEF Code (paragraph 24.2.2), the variable compensation is capped and may not exceed the maximum levels set out in the compensation policy.

Given the nature of their terms of office and responsibilities, the members of Executive Management therefore receive variable compensation aimed at:

- aligning the compensation of Executive Corporate Officers with the performance of Crédit Agricole CIB and that of Crédit Agricole S.A.;
- taking sustainable long-term performance into account in addition to short-term financial results.

The criteria that the Board of Directors approved for 2016 are shown below:

- financial criteria, for 50% of the variable compensation. These criteria take into account financial results, as well as investment levels and risks generated, the cost of capital and the cost of liquidity, in compliance with the regulatory requirements laid down by Monetary and Financial Code and the Decree of 3 November 2014 on internal controls, and in line with the development strategy of the Group and its business lines. The financial criteria concern both Crédit Agricole S.A. and Crédit Agricole CIB. In the case of Mr Jean-Yves Hocher, the scope of CACEIS and Wealth Management is also taken into account;
- non-financial criteria, for 50% of the variable compensation. non-financial criteria are revised every year on the basis of Crédit Agricole CIB's strategic priorities. They are based on three groups of objectives: human capital development, value creation for clients, societal value creation. For Mr Jean-Yves Hocher, the non-financial criteria are based on: deployment of the medium-term plan, group synergies and collective momentum of the Crédit Agricole Group.

› 2 - VESTING METHODS FOR ANNUAL VARIABLE COMPENSATION

The deferred share of the annual variable compensation, which can amount from 40% to 60%, is awarded in instruments that are linked to the Crédit Agricole S.A. share price and is conditional upon the attainment of three performance targets:

- the intrinsic financial performance of Crédit Agricole S.A., defined as Crédit Agricole S.A. operating income growth;
- the relative performance of Crédit Agricole S.A.'s share price compared with a composite index of European banks;
- the societal performance of Crédit Agricole S.A. measured by the FReD index.

For each criterion, vesting may vary from 0% to 120%. Each criterion accounts for one-third of the grant. For each year, the percentage vested is the average percentage vested for each criterion, which is capped at 100%.

The non-deferred share of the total annual variable compensation, which can amount from 40% to 60%, is paid in part at the time it is awarded (in March) and in part after a six-month lock-in period, this latter part is indexed to changes in the Crédit Agricole S.A. share price.

▶ D - STOCK OPTIONS - FREE SHARES GRANTED

No Crédit Agricole S.A. stock options have been allocated to Executive Corporate Officers since 2006.

No performance shares were awarded to Executive Corporate Officers in 2016.

▶ E - OTHER COMMITMENTS

› 1 - RETIREMENT

Mr Jean-Yves Hocher, Chief Executive Officer, Mr Jacques Prost, Deputy CEO, and Paul de Leusse, Deputy CEO up to 18 May 2016, do not benefit from any special pension scheme for Corporate Officers.

Mr Jean-Yves Hocher, Chief Executive Officer, Mr Jacques Prost, Deputy CEO, and Paul de Leusse, Deputy CEO up to 18 May 2016, are, under their employment contract with Crédit Agricole S.A. (employment contract suspended for Messrs de Leusse and Prost), beneficiaries of the common supplementary pension scheme for Crédit Agricole Group Senior Executives, to which Crédit Agricole S.A. subscribed in January 2010 upon implementing its pension regulation, approved by a collective bargaining agreement, in accordance with Article L. 911-1 of the French Social Security Code.

The benefit constituted by the supplementary pension scheme was considered by the Board of Directors of Crédit Agricole S.A. in determining the total compensation of Executive Corporate Officers and approved by the Board of Directors of Crédit Agricole CIB. This benefit was approved by the General Meeting of Shareholders of Crédit Agricole S.A. and by the General Meeting of Shareholders of Crédit Agricole CIB, in accordance with the related-party agreement procedure, and will again be submitted to the next General Meeting of Shareholders for Mr Jacques Prost, within the framework of the renewal of his term of office.

The plans currently in force consist of a combination of a defined-contribution plan and a defined-benefit plan. The rights to the defined-benefit plan are determined after the rights paid under the defined-contribution plan:

- contributions to the defined-contribution plan equal 8% of the gross monthly salary capped at eight times the social security cap (of which 3% paid by the Executive Corporate Officer);
- on the condition that the beneficiary is a Corporate Officer or an employee when exercising his pension entitlements, additional entitlements under the defined-benefit plan for each year of service represent 1.20% of the reference compensation, capped at 36% of the reference compensation.

In any event, on liquidation, the total retirement annuity of all schemes is capped by contractual provisions at 16 times the annual social security ceiling for Mr Jean-Yves Hocher, in his capacity as the Deputy Chief Executive Officer of Crédit Agricole S.A., and at 70% of the reference compensation in application of the supplementary retirement regulations for Crédit Agricole S.A. Senior Executives.

The rights established within the group prior to the effective date of the existing regulation are maintained and are cumulative where appropriate with the rights arising from the application of the existing regulation, especially for the calculation of the paid rent cap.

The reference salary is defined as the average of the three highest gross annual compensations received during the last 10 years of activity within Crédit Agricole entities, including both fixed compensation and variable compensation, the latter being taken into account up to a ceiling of 60% of fixed compensation.

The supplementary defined-benefit pension scheme in effect for Executive Corporate Officers meets the recommendations set out in paragraph 24.6 of the AFEP/MEDEF Code and the provisions of Law No 2015-990 of 6 August 2015 on economic growth, activity and equal opportunities and, notably, of Article L. 225-42-1 of the French Commercial Code on the vesting of annual conditional supplementary defined-benefit rights:

- the group of potential beneficiaries is substantially broader than Executive Corporate Officers alone;
- minimum length of service: five years (the Code requires only two years of service);
- progressivity rate: proportional to the length of service capped at 120 quarters (30 years), with a vesting rate of between 0.125% and 0.30% per quarter validated, i.e. between 0.5% and 1.2% per annum (vs 3% maximum required);
- estimated supplementary pension below the aforementioned ceiling of 45% of fixed and variable compensation due in respect of the reference period;
- obligation for the beneficiary to be a Corporate Officer or a Senior Executive employee when exercising their pension entitlements.

This pension defined benefit plan is subject to a management outsourced to a body governed by the Insurance Code. Funding for the outsourced assets is carried out by annual premiums fully funded by the employer and submitted to the 24% contribution laid down by Article L. 137-11 of the Code of Social Security.

Messrs Régis Monfront and François Marion, Deputy Chief Executive Officers, retain their benefits under a closed supplementary pension scheme whose deferred rights vest only if the beneficiary finishes his career with Crédit Agricole CIB, and which are expressed as a percentage of a base, known as the “reference salary”, which is equal to the average of the last three years’ fixed compensation, plus the average of gross bonuses awarded during the preceding 36 months (the average of the variable compensation being limited to one half of the last fixed salary).

This pension defined benefit plan is subject to a management outsourced to a body governed by the Insurance Code. Funding for the outsourced assets is carried out as necessary by annual premiums fully funded by the employer and subject to the 24% contribution laid down by Article L. 137-11 of the French Social Security Code.

Regarding Mr Régis Monfront, the benefit of these pension obligations was approved by the Board of Directors and the General Meeting of Shareholders of Crédit Agricole CIB and will be submitted again to the next General Meeting of Shareholders within the framework of the renewal of his term of office in line with the procedure governing related-party agreements.

Regarding Mr François Marion, the benefit of these pension obligations was approved by the Board of Directors and the General Meeting of Shareholders of Crédit Agricole CIB and will be submitted to the next General Meeting of Shareholders in line with the procedure governing related-party agreements.

› 2 - SEVERANCE PAYMENT

In connection with the corporate offices they hold with Crédit Agricole CIB, Messrs Jean-Yves Hocher, Jacques Prost, Régis Monfront and François Marion are not entitled to any severance pay that will or may be due in the event their position is terminated or changed.

Commitments made by Crédit Agricole S.A. under the reinstated employment contract, but for which Crédit Agricole CIB has incurred no financial obligation, are described in the section concerning Mr Jean-Yves Hocher.

› 3 - NON-COMPETITION CLAUSE

In connection with the corporate offices they hold with Crédit Agricole CIB, Messrs Jean-Yves Hocher, Jacques Prost, Régis Monfront and François Marion are not bound by any non-competition clause.

Following the reinstatement of his employment contract with Crédit Agricole S.A., Mr Jean-Yves Hocher no longer has the benefit of a non-competition clause.

▶ F - OTHER BENEFITS OF EXECUTIVE CORPORATE OFFICERS

Messrs Jean-Yves Hocher, Jacques Prost, Régis Monfront and François Marion are each entitled to a company car. Mr Jean-Yves Hocher is also entitled to company housing.

The benefits to which Mr Jean-Yves Hocher was entitled are borne by Crédit Agricole S.A. in full since 1 September 2015.

No other benefits are awarded to Executive Corporate Officers.

▶ INDIVIDUAL COMPENSATIONS OF EXECUTIVE CORPORATE OFFICERS

› MR JEAN-YVES HOCHER – CHIEF EXECUTIVE OFFICER

Table 1 - Compensation, shares and stock options awarded to Executive Corporate Officers of Crédit Agricole CIB

In euros (gross amounts)	2015	2016
Compensation awarded in respect of the financial year (1)	1,066,011	1,036,944
Value of options awarded during the year (2)		
Value of free shares awarded during the year (2)		

(1) The compensation shown in this table was awarded for the year indicated. The detailed tables below distinguish between compensation awarded for a particular year and compensation received during the year, and 85% of which was paid by Crédit Agricole CIB up to 31 August 2015 and then by Crédit Agricole S.A..

(2) No Crédit Agricole S.A. stock options were awarded to Corporate Officers in 2016. No employee bonus share plan has been set up within Crédit Agricole S.A. or Crédit Agricole CIB.

Table 2 - Summary table of gross compensation amounts

In euros	2015		2016	
Jean-Yves Hocher Chief Executive Officer	Amount awarded in respect of 2015, of which 85% is borne by Crédit Agricole CIB for 01.01.2015 to 31.08.2015	Amount paid in 2015, of which 85% is borne by Crédit Agricole CIB for 01.01.2015 to 31.08.2015	Amount awarded in respect of 2016, borne by Crédit Agricole S.A.	Amount paid in 2016, borne by Crédit Agricole S.A.
Fixed compensation	530,780 (1)	530,780 (1)	550,000	550,000
Non-deferred variable compensation granted in cash	127,500	137,100	197,120	127,500
Portion of exceptional bonus indexed to the Crédit Agricole S.A. share price	42,500	44,329	49,280	36,550
Deffered conditional portion of exceptional bonus	255,000	319,670	246,400	193,194
Extraordinary compensation				
Director's fees	49,282 (2)	49,282 (2)		
Benefits in kind	60,949	60,949	(5,856) (3)	(5,856) (3)
Total	**1,066,011**	**1,142,110**	**1,036,944**	**901,388**

(1) The share borne by Crédit Agricole CIB is 85% based on fixed compensation amounting to €500,000 for the period from 1 January 2015 to 31 August 2015.

(2) Amount after deductions from the sums owed to individual beneficiaries resident in France: income tax prepayment (21%) and social contributions (15.50%). Mr Jean-Yves Hocher received Director's fees in connection with his office as a Director of Crédit Agricole Indosuez Wealth, Crédit Foncier de Monaco and Banque Saudi Fransi.

(3) Correction to the valuation of his benefits in kind.

Table 2 bis - Breakdown of deferred variable compensation

In euros	Total number of shares awarded (1)	2014 Number of shares awarded (1)	2014 Number of shares vested (2)	2015 Number of shares awarded (1)	2015 Number of shares vested (3)	2016 Number of shares awarded (1)	2016 Number of shares vested (4)
Deferred and conditional variable compensation awarded in 2013 for 2012	180,005	60,004	60,004	60,004	60,004	59,997	59,997
Deferred and conditional variable compensation awarded in 2014 for 2013	270,004			90,005	90,005	90,005	90,005
Deferred and conditional variable compensation awarded in 2015 for 2014	274,201					91,396	91,396

(1) The value of the share when awarded was €7.18 for deferred and conditional variable compensation awarded in 2013 for 2012, €11.37 for deferred and conditional variable compensation awarded in 2014 for 2013, and €12.86 for deferred and conditional variable compensation awarded in 2015 for 2014.

(2) The value of the share at the time of payment was €11.39 for deferred and conditional variable compensation awarded in 2013 for 2012.

(3) The value of the share at the time of payment was €12.95 for deferred and conditional variable compensation awarded in 2013 for 2012 and awarded in 2014 for 2013.

(4) The value of the share at the time of payment was €8.28 for deferred and conditional variable compensation awarded in 2013 for 2012, awarded in 2014 for 2013, and awarded in 2015 for 2014.

Mr Jean-Yves Hocher has been the Chief Executive Officer of Crédit Agricole CIB since 1 December 2010.

He supervises the Global Compliance (CPL), Corporate Secretary & Communication (CSE) and Group Internal Audit (GIA) Departments.

Until 31 August 2015, under the office of Deputy Chief Executive Officer of Crédit Agricole S.A. and Deputy Chief Executive Officer of Crédit Agricole CIB, Mr Jean-Yves Hocher's compensation was determined by Crédit Agricole S.A. and Crédit Agricole CIB Board meetings, after being reviewed by the respective Compensation Committees.

For holding these two terms of office, this compensation was defined on basis of the time devoted to Crédit Agricole CIB (85%) and to Crédit Agricole S.A. (15%). Therefore, Crédit Agricole CIB paid 85% of the amounts paid and awarded.

With effect from 1 September 2015 Mr Jean-Yves Hocher's term of office as the Deputy Chief Executive Officer of Crédit Agricole S.A. came to an end, leading to the reinstatement of his employment contract, which had been suspended throughout his term of office.

Concomitantly with this reinstatement it was decided, with the agreement of the latter, that his compensation would be fully borne by Crédit Agricole S.A. from this date onwards. This change was approved by the Crédit Agricole CIB Board of Directors on 29 October 2015. Thus, since 1 September 2015, Mr Jean-Yves Hocher has exercised his office of Chief Executive Officer of Crédit Agricole CIB free of charge.

Since 1 September 2015, Mr Jean-Yves Hocher's compensation is determined by Crédit Agricole S.A. for his employment contract with that company and is reported for information purposes to the Board of Directors of Crédit Agricole CIB.

FIXED COMPENSATION

Mr Jean-Yes Hocher receives gross fixed annual remuneration of €550,000. This compensation was set by the Board of Directors of Crédit Agricole S.A. on 19 May 2015 and has not changed since then.

VARIABLE COMPENSATION

VARIABLE COMPENSATION AWARDED IN 2017 FOR 2016

The Board of Directors of Crédit Agricole CIB was informed of the amount of Mr Jean-Yves Hocher's variable compensation for the 2016 financial year.

On 9 May 2016, the Board of Directors of Crédit Agricole CIB was informed that the financial and non-financial objectives had been achieved. Consequently, the Board set the amount of Mr Jean-Yves Hocher's variable compensation for 2016 at €492,800. This compensation breaks down as follows:

- €197,120, i.e. 40% of the variable compensation, will be paid in March 2017;
- €49,280, i.e. 10% of the variable compensation, is indexed to the Crédit Agricole S.A. share price and will be paid in September 2017;
- €246,400, i.e. 50% of the variable compensation, is awarded in instruments linked to the Crédit Agricole S.A. share price, which vest progressively over a deferred period of three years, conditional upon the attainment of three performance targets:
  - the intrinsic financial performance of Crédit Agricole S.A. defined as growth of the gross operating income of Crédit Agricole S.A.;
  - the relative performance of Crédit Agricole S.A.'s share price compared with a composite index of European banks;
  - the societal performance of Crédit Agricole S.A. measured by the FReD index.

DEFERRED AND CONDITIONAL VARIABLE COMPENSATION PAID IN 2016 (FOR PRIOR FINANCIAL YEARS)

As deferred variable compensation for prior years, €241,398 was vested in favour of Mr Jean-Yves Hocher for an amount equivalent to €193,194 on the vesting date after indexing to the share price of Crédit Agricole S.A..

This amount includes:

- the first year's payment of deferred variable compensation awarded in 2015 for 2014. For this tranche, €91,396 were granted, with a share price of €12.86 on the date they were granted;
- the second year's payment of deferred variable compensation awarded in 2014 for 2013. For this tranche, €90,005 were granted, with a share price of €11.37 on the date they were granted;
- the third year's payment of deferred variable compensation awarded in 2013 for 2012. For this tranche, €59,997 were granted, with a share price of €7.18 on the date they were granted.

Vesting was conditioned on the achievement of three performance targets:

- the intrinsic financial performance of Crédit Agricole S.A. defined as growth of the gross operating income of Crédit Agricole S.A.;
- the relative performance of the Crédit Agricole S.A. share compared with a composite index of European banks;
- the societal performance of Crédit Agricole S.A. measured by the FReD index.

Based on the performances achieved with respect to these three criteria, the final vesting rates were as follows:

- a vesting rate of 100% for the variable compensation tranche awarded for 2012;
- a vesting rate of 100% for the variable compensation tranche awarded for 2013;
- a vesting rate of 100% for the variable compensation tranche awarded for 2014.

EXTRAORDINARY COMPENSATION

No extraordinary compensation was awarded or paid for financial year 2016.

DIRECTORS' FEES

Mr Jean-Yves Hocher waived receipt of Directors' fees in respect of his positions in the Crédit Agricole S.A. Group companies.

SEVERANCE PAYMENT

No severance benefit was paid to Jean-Yves Hocher during the financial year.

Commitments made by Crédit Agricole S.A., but for which Crédit Agricole CIB has incurred no financial obligation, were made in connection with Mr Jean-Yves Hocher's employment contract with that company. This employment contract had been suspended during the period he held the office of Deputy Chief Executive Officer of Crédit Agricole S.A..

If his employment contract is subsequently terminated, Mr Jean-Yves Hocher will receive a severance payment, calculated on a base corresponding to twice the annual gross compensation (excluding benefits in kind) received during the 12 months preceding the termination of his contract, including any other indemnity and, in particular, traditional redundancy pay and any possible noncompetition payments.

SUPPLEMENTARY PENSION SCHEME

No supplementary pension amount is payable to Mr Jean-Yves Hocher in respect of the 2016 financial year.

Mr Jean-Yves Hocher is a beneficiary of the supplemental pension scheme for Crédit Agricole Senior Executives, which supplements the collective and mandatory pension and death & disability plans.

In accordance with the provisions of Article L. 225-102-1 of the French Commercial Code, as amended in the framework of Law No 2015-990 of 6 August 2015 on economic growth, activity and equal opportunities, Mr Jean-Yves Hocher's annual and conditional individual supplementary pension entitlements as at 31 December 2016 break down as:

- a life annuity under a defined-contribution supplementary pension, estimated at €7k gross;
- a life annuity under a defined-benefit supplementary pension, estimated at €489k gross.

The estimated total of the supplementary pension entitlements, taken together with estimated pensions from the compulsory retirement schemes:

- trigger the application of the cap of 70% of the reference compensation on the closing date, for all schemes, in accordance with the supplementary pension regulations;
- is less than the contractual cap of sixteen times the annual Social Security cap.

The uncertain entitlements under the defined-benefit supplementary pension scheme are subject to continued employment conditions at retirement and are estimated on the basis of 27 years and 8 months of service recorded on the closing date.

At 31 December 2016, there was no increase in the estimated conditional rights (expressed as a percentage of the reference compensation) compared to 31 December 2015.

The published estimated amounts are the gross amounts before taxes and social security charges applicable at the closing date, particularly income tax payable by individuals and supplementary contributions of 7% and 14%, payable by the beneficiary, which are deducted from the life annuities payable under the defined-benefit supplementary pension scheme.

BENEFITS IN KIND

The company provides Mr Jean-Yves Hocher with an accommodation. This benefit is treated as an in-kind benefit for tax purposes in accordance with current regulations.

› MR RÉGIS MONFRONT – DEPUTY CHIEF EXECUTIVE OFFICER

Table 1 - Compensation, shares and stock options awarded to Executive Corporate Officers of Crédit Agricole CIB

In euros (gross amounts)	2015	2016
Compensation awarded in respect of the financial year [1]	671,706	696,866
Value of options awarded during the year [2]		
Value of free shares awarded during the year [2]		

(1) The compensation shown in this table was awarded for the year indicated. The detailed tables below distinguish between compensation awarded for a particular year and compensation received during the year.

(2) No Crédit Agricole S.A. stock options were awarded to Corporate Officers in 2016. No employee bonus share plan has been set up within Crédit Agricole CIB.

Table 2 - Summary table of gross compensation amounts

In euros	2015		2016	
Régis Montfront Deputy Chief Executive Officer	Amount awarded	Amount paid	Amount awarded	Amount paid
Fixed compensation	380,000	380,000	380,000	380,000
Non-deferred variable compensation granted in cash	142,500	142,500	155,000	142,500
Portion of exceptional bonus indexed to the Crédit Agricole S.A. share price	28,500	27,645	31,000	24,510
Deffered conditional portion of exceptional bonus	114,000	99,728	124,000	88,043
Extraordinary compensation				
Director's fees				
Benefits in kind	6,706	6,706	6,866	6,866
Total	**671,706**	**656,579**	**696,866**	**641,919**

Table 2 bis - Breakdown of deferred variable compensation

		2014		2015		2016	
In euros	Total number of shares awarded [1]	Number of shares awarded [1]	Number of shares vested [2]	Number of shares awarded [1]	Number of shares vested [3]	Number of shares awarded [1]	Number of shares vested [4]
Deferred and conditional variable compensation awarded in 2013 for 2012	99,198	33,067	33,067	33,067	33,067	33,064	33,064
Deferred and conditional variable compensation awarded in 2014 for 2013	105,604			35,200	35,200	35,202	35,202
Deferred and conditional variable compensation awarded in 2015 for 2014	114,003					38,001	38,001

(1) The value of the share when awarded was €7.18 for deferred and conditional variable compensation awarded in 2013 for 2012, €11.37 for deferred and conditional variable compensation awarded in 2014 for 2013, and €12.86 for deferred and conditional variable compensation awarded in 2015 for 2014.

(2) The value of the share at the time of payment was €11.39 for deferred and conditional variable compensation awarded in 2013 for 2012.

(3) The value of the share at the time of payment was €12.95 for deferred and conditional variable compensation awarded in 2013 for 2012 and awarded in 2014 for 2013.

(4) The value of the share at the time of payment was €8.28 for deferred and conditional variable compensation awarded in 2013 for 2012, awarded in 2014 for 2013, and awarded in 2015 for 2014.

Mr Régis Monfront has been the Deputy Chief Executive Officer of Crédit Agricole CIB since 15 December 2011.

Since 1 January 2015, he supervises the Client Coverage and International Network (CIN) Department, and directly leads the Coverage, International Network, French Regions, and Global Investment Banking (GIB) Departments.

FIXED COMPENSATION

Mr Régis Monfront receives gross fixed annual remuneration of €380,000. This compensation was set by the Board of Directors of Crédit Agricole CIB on 1 August 2013, pursuant to a proposal by the Compensation Committee, and has not changed since then.

VARIABLE COMPENSATION

VARIABLE COMPENSATION AWARDED IN 2017 FOR 2016

Pursuant to a proposal of the Compensation Committee made on 6 February 2017, the Board of Directors on 10 February 2017 approved the amount of Mr Régis Monfront's variable compensation for financial year 2016.

As the financial and non-financial objectives set by the Board of Directors of Crédit Agricole CIB had been achieved, the Board on 9 May 2016 set the amount of Mr Régis Monfront's variable compensation for financial year 2016 at €310,000.

This compensation breaks down as follows:

- €155,000, i.e. 50% of the variable compensation, will be paid in March 2017;
- €31,000, i.e. 10% of the variable compensation, is indexed to the Crédit Agricole S.A. share price and will be paid in September 2017;
- €124,000, i.e. 40% of the variable compensation, is awarded in instruments linked to the Crédit Agricole S.A. share price, which vest progressively over a deferred period of three years, conditional upon the attainment of three performance targets:
  - the intrinsic financial performance of Crédit Agricole S.A. defined as growth of the gross operating income of Crédit Agricole S.A.;
  - the relative performance of Crédit Agricole S.A.'s share price compared with a composite index of European banks;
  - the societal performance of Crédit Agricole S.A. measured by the FReD index.

DEFERRED AND CONDITIONAL VARIABLE COMPENSATION PAID IN 2016 (FOR PRIOR FINANCIAL YEARS)

As deferred variable compensation for prior years, €106,267 was vested in favour of Mr Régis Monfront for an amount equivalent to €88,043 on the vesting date after indexing to the share price of Crédit Agricole S.A..

This amount includes:

- the first year's payment of deferred variable compensation awarded in 2015 for 2014. For this tranche, €38,001 were granted, with a share price of €12.86 on the date they were granted;
- the second year's payment of deferred variable compensation awarded in 2014 for 2013. For this tranche, €35,202 were granted, with a share price of €11.37 on the date they were granted;
- the third year's payment of deferred variable compensation awarded in 2013 for 2012. For this tranche, €33,064 were granted, with a share price of €7.18 on the date they were granted.

Vesting was conditioned on the achievement of three performance targets:

- the intrinsic financial performance of Crédit Agricole S.A. defined as growth of the gross operating income of Crédit Agricole S.A.;
- the relative performance of the Crédit Agricole S.A. share compared with a composite index of European banks;
- the societal performance of Crédit Agricole S.A. measured by the FReD index.

Based on the performances achieved with respect to these three criteria, the final vesting rates were as follows:

- a vesting rate of 100% for the variable compensation tranche awarded for 2012;
- a vesting rate of 100% for the variable compensation tranche awarded for 2013;
- a vesting rate of 100% for the variable compensation tranche awarded for 2014.

EXTRAORDINARY COMPENSATION

No extraordinary compensation was awarded or paid for financial year 2016.

DIRECTORS' FEES

Mr Régis Monfront did not receive any Directors' fees for 2016.

SEVERANCE PAYMENT *

In connection with his corporate office with Crédit Agricole CIB, Mr Régis Monfront is not entitled to any severance pay that is or may be owed in the event his position is terminated or changed.

SUPPLEMENTARY PENSION SCHEME

No supplementary pension amount is payable to Mr Régis Monfront in respect of the 2016 financial year.

Mr Régis Monfront is a beneficiary of the supplementary pension scheme for Senior Executives of Crédit Agricole CIB (closed pension), which supplements the collective and mandatory pension and death & disability plans.

In accordance with the procedure governing related-party agreements, the Board of Directors of Crédit Agricole CIB, meeting on 2 November 2016, again approved Mr Régis Monfront's participation in the supplementary pension schemes of Crédit Agricole CIB upon the renewal of his term of office. This participation was already approved by the General Meeting of Shareholders of Crédit Agricole CIB, following approval by the Board of Directors at the meeting held on 21 February 2012 at the time of his appointment, and that held on 5 November 2013 upon first renewal of his term of office. Mr Régis Monfront has at least fifteen years' service and has already reached the maximum applicable replacement ratio before the renewal of his term of office as Deputy Chief Executive Officer. Consequently, his renewed term of office does not entail any new conditional rights (supplementary replacement ratio) as defined in paragraphs 2, 7 and 8 of Article L. 225-42-1 as amended by Law No 2015-990 of 6 August 2015. There is therefore no requirement to make the payment of his supplementary pension scheme conditional on his performance and paragraphs 2, 7 and 8 of Article L. 225-42-1, as amended by Law No 2015-990 of 6 August 2015, do not apply given that no new conditional rights apply to his renewed term of office.

** As Deputy Chief Executive Officer, Mr Régis Monfront is not concerned by the AFEP-MEDEF Code recommendations on the termination of Executive Corporate Officers' employment contracts, which apply only to the Chairman, Chairman and Chief Executive Officer, and CEO in companies with a Board of Directors.*

In accordance with the provisions of Article L. 225-102-1 of the French Commercial Code, as amended in the framework of Law No 2015-990 of 6 August 2015 on economic growth, activity and equal opportunities, Mr Régis Monfront's annual individual supplementary pension entitlements as at 31 December 2016 break down as:

- a life annuity under a defined-contribution supplementary pension, estimated at €4k gross;
- a life annuity under a defined-benefit supplementary pension, estimated at €174k gross.

The uncertain entitlements under the defined-benefit supplementary pension scheme are subject to continued employment conditions at retirement and are estimated on the basis of 35 years of service recorded on the closing date.

At 31 December 2016, there was no increase in the estimated conditional rights (expressed as a percentage of the reference compensation) compared to 31 December 2015. This ensures compliance with the provisions of Article L. 225-42-1 of the French Commercial Code, as amended by Law No 2015-990 of 6 August 2015 on economic growth, activity and equal opportunities, limiting the annual increase in conditional rights to 3%.

The published estimated amounts are the gross amounts before taxes and social security charges applicable at the closing date, particularly income tax payable by individuals and supplementary contributions of 7% and 14%, payable by the beneficiary, which are deducted from the life annuities payable under the defined-benefit supplementary pension scheme.

BENEFITS IN KIND

The company provides Mr Régis Monfront with a car. This benefit is treated as an in-kind benefit for tax purposes in accordance with current regulations.

› MR JACQUES PROST – DEPUTY CHIEF EXECUTIVE OFFICER

Table 1 - Compensation, shares and stock options awarded to Executive Corporate Officers of Crédit Agricole CIB

In euros (gross amounts)	2015	2016
Compensation awarded in respect of the financial year (1)	842,853	1,018,314
Value of options awarded during the year (2)		
Value of free shares awarded during the year (2)		

(1) The compensation shown in this table was awarded for the year indicated. The detailed tables below distinguish between compensation awarded for a particular year and compensation received during the year.

(2) No Crédit Agricole S.A. stock options were awarded to Corporate Officers in 2015 and 2016. No employee bonus share plan has been set up within Crédit Agricole CIB.

Table 2 - Summary table of gross compensation amounts

In euros	2015		2016	
Jacques Prost Deputy Chief Executive Officer	Amount awarded	Amount paid	Amount awarded	Amount paid
Fixed compensation	400,000	400,000	434,615	434,615
Non-deferred variable compensation granted in cash	198,000	216,000	192,500	198,000
Portion of exceptional bonus indexed to the Crédit Agricole S.A. share price	42,000	23,280	47,500	36,120
Deffered conditional portion of exceptional bonus	180,000	19,075	235,000	54,888
Extraordinary compensation				
Director's fees	17,002 (1)	17,002 (1)	102,055	102,055
Benefits in kind	5,851	5,851	6,644	6,644
Total	**842,853**	**681,209**	**1,018,314**	**832,322**

(1) Amount after deductions from the sums owed to individual beneficiaries resident in France: income tax prepayment (21%) and social contributions (15.50%). Mr Jacques Prost received Director's fees in connection with his office as a director of Crédit Agricole (Suisse) SA for 2015 and in connection with his office as a director of Banque Saudi Fransi for 2016.

Table 2 bis - Breakdown of deferred variable compensation

In euros	Total number of shares awarded (1)	2015 Number of shares awarded (1)	2015 Number of shares vested (2)	2016 Number of shares awarded (1)	2016 Number of shares vested (3)
Deferred and conditional variable compensation awarded in 2014 for 2013	50,224	16,741	16,741	16,741	16,741
Deferred and conditional variable compensation awarded in 2015 for 2014	200,011			66,666	66,666

(1) The value of the share when awarded was €11.37 for deferred and conditional variable compensation awarded in 2014 for 2013 and €12.86 for deferred and conditional variable compensation awarded in 2015 for 2014.

(2) The value of the share at the time of payment was €12.95 for deferred and conditional variable compensation awarded in 2014 for 2013.

(3) The value of the share at the time of payment was €8.28 for deferred and conditional variable compensation awarded in 2014 for 2013 and awarded in 2015 for 2014.

Mr Jacques Prost has been Deputy Chief Executive Officer since 26 August 2013. He supervises the Debt Optimisation & Distribution (DOD) and Distressed Assets (DAS) divisions, as well as the Global Markets Division (GMD) and Structured Finance (SFI). Since 18 May 2016, he also supervises the International Trade & Transaction Banking (ITB) division.

FIXED COMPENSATION

To take into account his new scope of supervision, the fixed compensation of Mr Jacques Prost was raised from an annual gross amount of €400,000 to €450,000, with effect from 1 May 2016, by a decision adopted by the Board of Directors of Crédit Agricole CIB on 9 May 2016.

VARIABLE COMPENSATION

VARIABLE COMPENSATION AWARDED IN 2017 FOR 2016

Pursuant to a proposal of the Compensation Committee made on 6 February 2017, the Board of Directors on 10 February 2017 approved the amount of Mr Jacques Prost's variable compensation for financial year 2016.

As the financial and non-financial objectives set by the Board of Directors of Crédit Agricole CIB had been achieved, the Board on 9 May 2016 set the amount of Mr Jacques Prost's variable compensation for financial year 2016 at €475,000.

This compensation breaks down as follows:

- €192,500, i.e. 41% of the variable compensation, will be paid in March 2017;
- €47,500, i.e. 10% of the variable compensation, is indexed to the Crédit Agricole S.A. share price and will be paid in September 2017;
- €235,000, i.e. 49% of the variable compensation, is awarded in instruments linked to the Crédit Agricole S.A. share price, which vest progressively over a deferred period of three years, conditional upon the attainment of three performance targets:
  - the intrinsic financial performance of Crédit Agricole S.A. defined as growth of the gross operating income of Crédit Agricole S.A.;
  - the relative performance of the Crédit Agricole S.A. share compared with a composite index of European banks;
  - the societal performance of Crédit Agricole S.A. measured by the FReD index.

DEFERRED AND CONDITIONAL VARIABLE COMPENSATION PAID IN 2016 (FOR PRIOR FINANCIAL YEARS)

As deferred variable compensation for prior years, €83,407 was vested in favour of Mr Jacques Prost for an amount equivalent to €54,888 on the vesting date after indexing to the share price of Crédit Agricole S.A..

This amount includes:

- the first year's payment of deferred variable compensation awarded in 2015 for 2014. For this tranche, €66,666 were granted, with a share price of €12.86 on the date they were granted;
- the second year's payment of deferred variable compensation awarded in 2014 for 2013. For this tranche, €16,741 were granted, with a share price of €11.37 on the date they were granted.

Vesting was conditioned on the achievement of three performance targets:

- the intrinsic financial performance of Crédit Agricole S.A. defined as growth of the gross operating income of Crédit Agricole S.A.;
- the relative performance of the Crédit Agricole S.A. share compared with a composite index of European banks;
- the societal performance of Crédit Agricole S.A. measured by the FReD index.

Based on the performances achieved with respect to these three criteria, the final vesting rates were as follows:

- a vesting rate of 100% for the variable compensation tranche awarded for 2013;
- a vesting rate of 100% for the variable compensation tranche awarded for 2014.

EXTRAORDINARY COMPENSATION

No extraordinary compensation was awarded or paid for financial year 2016.

DIRECTORS' FEES

Mr Jacques Prost received Directors' fees from Banque Saudi Fransi in connection with his office as Director of that company.

SEVERANCE PAYMENT *

In connection with his corporate office with Crédit Agricole CIB, Mr Jacques Prost is not entitled to any severance pay that will or may be owed in the event his position is terminated or changed.

SUPPLEMENTARY PENSION SCHEME

No supplemental pension amount is payable to Mr Jacques Prost in respect of the 2016 financial year.

Mr Jacques Prost is a beneficiary of the supplementary pension scheme for Crédit Agricole Senior Executives, which supplements the collective and mandatory retirement pension and health plans. In accordance with the procedure governing related-party agreements, the Board of Directors of Crédit Agricole CIB, meeting on 2 November 2016, again approved Mr Jacques Prost's participation in the supplementary pension schemes of Crédit Agricole CIB upon the renewal of his term of office. This participation was already approved by the General Meeting of Shareholders of Crédit Agricole CIB, following approval by the Board of Directors at the meeting held on 1 August 2013 at the time of his appointment, and that held on 5 November 2013 upon first renewal of his term of office. As this comes under the defined-benefit plan, the annual vesting of entitlements is conditional on Crédit Agricole CIB's performance conditions, in accordance with Article L. 225-42-1 of the French Commercial Code as amended by Law No 2015-990 of 6 August 2015. The annual vesting of Mr Prost's entitlements will therefore be subject to Crédit Agricole CIB achieving at least 50% of the target net income Group share for Corporate and Investment Bank (CIB) activities as adjusted:

- the positive or negative effects of the Mark to Market valuation of loan hedges for CPM and Debt Valuation Adjustment (DVA);
- the effects of the initial application of the new CVA, DVA and FVA rules;
- the impairment of goodwill.

** As Deputy Chief Executive Officer, Mr Jacques Prost is not concerned by the AFEP-MEDEF Code recommendations on the termination of Executive Corporate Officers' employment contracts, which apply only to the Chairman, Chairman and Chief Executive Officer, and CEO in companies with a Board of Directors.*

This condition is deemed met if Crédit Agricole CIB does not achieve this target due to an adverse market environment similarly affecting Crédit Agricole CIB's competitors.

In accordance with the provisions of Article L. 225-102-1 of the French Commercial Code, as amended in the framework of Law No 2015-990 of 6 August 2015 on economic growth, activity and equal opportunities, Mr Jacques Prost's annual and conditional individual supplementary pension entitlements as at 31 December 2016 break down as:

- a life annuity under a defined-contribution supplementary pension, estimated at €4k gross;
- a life annuity under a defined-benefit supplementary pension, estimated at €23k gross.

The uncertain entitlements under the defined-benefit supplementary pension scheme are subject to continued employment conditions at retirement and are estimated on the basis of three years and four months recorded on the closing date, corresponding to 3.4% of the reference compensation at 31 December 2016, giving an increase in the conditional entitlements of 1.2% compared to the 2015 financial year.

This ensures compliance with the provision of Article L. 225-42-1 of the French Commercial Code, as amended by Law No 2015-990 of 6 August 2015 on economic growth, activity and equal opportunities, limiting the annual increase in conditional rights to 3%.

The published estimated amounts are the gross amounts before taxes and social security charges applicable at the closing date, particularly income tax payable by individuals and supplementary contributions of 7% and 14%, payable by the beneficiary, which are deducted from the life annuities payable under the defined-benefit supplementary pension scheme.

BENEFITS IN KIND

The company provides Mr Jacques Prost with a car. This benefit is treated as an in-kind benefit for tax purposes in accordance with current regulations.

› MR FRANÇOIS MARION HAS BEEN DEPUTY CHIEF EXECUTIVE OFFICER SINCE 18 MAY 2016

Table 1 - Compensation, shares and stock options awarded to Executive Corporate Officers of Crédit Agricole CIB

In euros (gross amounts)	2016
Compensation awarded in respect of the financial year [1]	476,878
Value of options awarded during the year [2]	
Value of free shares awarded during the year [2]	

(1) The compensation shown in this table was awarded for the year indicated. The detailed tables below distinguish between compensation awarded for a particular year and compensation received during the year.

(2) No Crédit Agricole S.A. stock options were awarded to Corporate Officers in 2016. No employee bonus share plan has been set up within Crédit Agricole CIB.

Table 2 - Summary table of gross compensation amounts

In euros	2016	
François Marion Deputy Chief Executive Officer since 18 May 2016	Amount awarded	Amount paid
Fixed compensation	237,601	237,601
Non-deferred variable compensation granted in cash	113,380	[1]
Portion of exceptional bonus indexed to the Crédit Agricole S.A. share price	23,750	[1]
Deffered conditional portion of exceptional bonus	100,370	[1]
Extraordinary compensation		
Director's fees		
Benefits in kind	1,777	1,777
Total	**476,878**	**239,378**

(1) In 2016, Mr François Marion was not paid any variable compensation in connection with his corporate office with Crédit Agricole CIB.

Table 2 bis - Breakdown of deferred variable compensation

In 2016, Mr François Marion was not paid any deferred and conditional variable compensation in connection with his functions as the Deputy Chief Executive Officer of Crédit Agricole CIB.

Mr François Marion has been Deputy Chief Executive Officer since 18 May 2016.

He supervises the Risk and Permanent Control (RPC), Finance (FIN), Strategy and Business Transformation (SBT), Legal (LGL), Global IT (GIT), Operations & Country COOs (OPC), Human Resources (HRE) and Treasury (TSY) divisions.

FIXED COMPENSATION

Mr François Marion receives gross fixed annual compensation of €380,000. This compensation was set by the Board of Directors of Crédit Agricole CIB on 9 May 2016, pursuant to a proposal of the Compensation Committee.

VARIABLE COMPENSATION

VARIABLE COMPENSATION AWARDED IN 2017 FOR 2016

Pursuant to a proposal of the Compensation Committee made on 6 February 2017, the Board of Directors on 10 February 2017 approved the amount of Mr François Marion's variable compensation in connection with his corporate office with Crédit Agricole CIB for financial year 2016.

As the financial and non-financial objectives set by the Board of Directors of Crédit Agricole CIB had been achieved, the Board on 9 May 2016 set the amount of Mr François Marion's variable compensation for financial year 2016 at €237,500.

This compensation breaks down as follows:

- €113,380, i.e. 48% of the variable compensation, will be paid in March 2017;
- €23,750, i.e. 10% of the variable compensation, is indexed to the Crédit Agricole S.A. share price and will be paid in September 2017;
- €100,370, i.e. 42% of the variable compensation, is awarded in instruments linked to the Crédit Agricole S.A. share price, which vest progressively over a deferred period of three years, conditional upon the attainment of three performance targets:
  - the intrinsic financial performance of Crédit Agricole S.A. defined as growth of the gross operating income of Crédit Agricole S.A.;
  - the relative performance of Crédit Agricole S.A.'s share price compared with a composite index of European banks;
  - the societal performance of Crédit Agricole S.A. measured by the FReD index.

DEFERRED AND CONDITIONAL VARIABLE COMPENSATION PAID IN 2016 (FOR PRIOR FINANCIAL YEARS)

Mr François Marion receives no deferred variable compensation under prior plans.

EXTRAORDINARY COMPENSATION

No extraordinary compensation was awarded or paid for financial year 2016.

DIRECTORS' FEES

Mr François Marion did not receive any Directors' fees for 2016.

SEVERANCE PAYMENT *

In connection with his corporate office with Crédit Agricole CIB, Mr François Marion is not entitled to any severance pay that will or may be owed in the event his position is terminated or changed.

SUPPLEMENTARY PENSION SCHEME

No supplementary pension amount is payable to Mr François Marion in respect of the 2016 financial year.

Mr François Marion is a beneficiary of the supplementary pension scheme for Senior Executives of Crédit Agricole CIB (closed pension), which supplements the collective and mandatory pension and death & disability plans.

The Board of Directors of Crédit Agricole CIB, meeting on 2 November 2016, approved Mr François Marion's participation in the supplementary pension schemes of Crédit Agricole CIB upon the renewal of his term of office. This participation was already approved by the Board of Directors at its meeting of 9 May 2016 upon his appointment. Mr François Marion has at least fifteen years' service and has already reached the maximum applicable replacement ratio before the renewal of his term of office as Deputy Chief Executive Officer. Consequently, his renewed term of office does not entail any new conditional rights (supplementary replacement ratio) as defined in paragraphs 2, 7 and 8 of Article L. 225-42-1 as amended by Law No 2015-990 of 6 August 2015. There is therefore no requirement to make the payment of his supplementary pension scheme conditional on his performance and paragraphs 2, 7 and 8 of Article L. 225-42-1, as amended by Law No 2015-990 of 6 August 2015, do not apply given that no new conditional rights apply to his renewed term of office.

In accordance with the provisions of Article L. 225-102-1 of the French Commercial Code, as amended in the framework of Law No 2015-990 of 6 August 2015 on economic growth, activity and equal opportunities, Mr François Marion's annual individual supplementary pension entitlements as at 31 December 2016 break down as:

- a life annuity under a defined-contribution supplementary pension, estimated at €2k gross;
- a life annuity under a defined-benefit supplementary pension, estimated at €167k gross.

The uncertain entitlements under the defined-benefit supplementary pension scheme are subject to continued employment conditions at retirement and are estimated on the basis of 33 years of service recorded on the closing date.

At 31 December 2016, there was no increase in the estimated conditional rights (expressed as a percentage of the reference compensation) compared to 31 December 2015.

This ensures compliance with the provisions of Article L. 225-42-1 of the French Commercial Code, as amended by Law No 2015-990 of 6 August 2015 on economic growth, activity and equal opportunities, limiting the annual increase in conditional rights to 3%.

The published estimated amounts are the gross amounts before taxes and social security charges applicable at the closing date, particularly income tax payable by individuals and supplementary contributions of 7% and 14%, payable by the beneficiary, which are deducted from the life annuities payable under the defined-benefit supplementary pension scheme.

BENEFITS IN KIND

The company provides Mr François Marion with a car. This benefit is treated as an in-kind benefit for tax purposes in accordance with current regulations.

** As Deputy Chief Executive Officer, Mr François Marion is not concerned by the AFEP-MEDEF Code recommendations on the termination of Executive Corporate Officers' employment contracts, which apply only to the Chairman, Chairman and Chief Executive Officer, and CEO in companies with a Board of Directors.*

› MR PAUL DE LEUSSE, DEPUTY CHIEF EXECUTIVE OFFICER UNTIL 18 MAY 2016

Table 1 - Compensation, shares and stock options awarded to Executive Corporate Officers of Crédit Agricole CIB

In euros (gross amounts)	2015	2016
Compensation awarded in respect of the financial year (1)	765,032	301,522
Value of options awarded during the year (2)		
Value of free shares awarded during the year (2)		

(1) The compensation shown in this table was awarded for the year indicated. The detailed tables below distinguish between compensation awarded for a particular year and compensation received during the year.

(2) No Crédit Agricole S.A. stock options were awarded to Corporate Officers in 2016. No employee bonus share plan has been set up within Crédit Agricole CIB.

Table 2 - Summary table of gross compensation amounts

In euros	2015		2016	
Paul de Leusse Deputy Chief Executive Officer until 18 May 2016	Amount awarded	Amount paid	Amount awarded	Amount paid
Fixed compensation	380,000	380,000	142,399	142,399
Non-deferred variable compensation granted in cash	182,500	190,000	71,250	182,500
Portion of exceptional bonus indexed to the Crédit Agricole S.A. share price	36,500	36,860	14,250	31,390
Deffered conditional portion of exceptional bonus	146,000	17,314	57,000	43,524
Extraordinary compensation				
Director's fees (1)	14,514	14,514	14,514	14,514
Benefits in kind	5,518	5,518	2,109	2,109
Total	**765,032**	**644,207**	**301,522**	**416,436**

(1) Amount after deductions from the sums owed to individual beneficiaries resident in France: income tax prepayment (21%) and social contributions (15.50%). Mr Paul de Leusse received Directors' fees from Union de banques arabes et françaises (UBAF) in connection with his office as Director of that company.

Table 2 bis - Breakdown of deferred variable compensation

		2015		2016	
In euros	Total number of shares awarded (1)	Number of shares awarded (1)	Number of shares vested (2)	Number of shares awarded (1)	Number of shares vested (3)
Deferred and conditional variable compensation awarded in 2014 for 2013	45,600	15,200	15,200	15,200	15,200
Deferred and conditional variable compensation awarded in 2015 for 2014	152,004			50,668	50,668

(1) The value of the share when awarded was €11.37 for deferred and conditional variable compensation awarded in 2014 for 2013 and €12.86 for deferred and conditional variable compensation awarded in 2015 for 2014.

(2) The value of the share at the time of payment was €12.95 for deferred and conditional variable compensation awarded in 2014 for 2013.

(3) The value of the share at the time of payment was €8.28 for deferred and conditional variable compensation awarded in 2014 for 2013 and awarded in 2015 for 2014.

Mr Paul de Leusse was Deputy Chief Executive Officer until 18 May 2016.

Until the end of his term of office, he supervised the International Trade and Transaction Banking (ITB), Risk and Permanent Control (RPC), Finance (FIN), Strategy and Business Transformation (SBT), Legal (LGL), Global IT (GIT), Operations & Country COOs (OPC), Human Resources (HRE), and Treasury (TSY) divisions.

FIXED COMPENSATION

Mr Paul de Leusse received gross fixed annual compensation of €380,000. This compensation had been set by the Board of Directors of Crédit Agricole CIB on 1 August 2013, pursuant to a proposal of the Compensation Committee, and had not changed since then.

VARIABLE COMPENSATION

VARIABLE COMPENSATION AWARDED IN 2017 FOR 2016

Pursuant to a proposal of the Compensation Committee made on 6 February 2017, the Board of Directors on 10 February 2017 approved the amount of Mr Paul de Leusse's variable compensation in connection with his corporate office with Crédit Agricole CIB for financial year 2016.

As the financial and non-financial objectives set by the Board of Directors of Crédit Agricole CIB had been achieved, the Board on 9 May 2016 set the amount of Mr Paul de Leusse's variable compensation for financial year 2016 at €142,500.

This compensation breaks down as follows:

- €71,250, i.e. 50% of the variable compensation, will be paid in March 2017;
- €14,250, i.e. 10% of the variable compensation, is indexed to the Crédit Agricole S.A. share price and will be paid in September 2017;
- €57,000, i.e. 40% of the variable compensation, is awarded in instruments linked to the Crédit Agricole S.A. share price, which vest progressively over a deferred period of three years, conditional upon the attainment of three performance targets:
  - the intrinsic financial performance of Crédit Agricole S.A. defined as growth of the gross operating income of Crédit Agricole S.A.;
  - the relative performance of Crédit Agricole S.A.'s share price compared with a composite index of European banks;
  - the societal performance of Crédit Agricole S.A. measured by the FReD index.

DEFERRED AND CONDITIONAL VARIABLE COMPENSATION PAID IN 2016 (FOR PRIOR FINANCIAL YEARS)

As deferred variable compensation for prior years, €65,868 was vested in favour of Mr Paul de Leusse for an amount equivalent to €43,524 on the vesting date after indexing to the share price of Crédit Agricole S.A..

This amount includes:

- the first year's payment of deferred variable compensation awarded in 2015 for 2014. For this tranche, €50,668 were granted, with a share price of €12.86 on the date they were granted;
- the second year's payment of deferred variable compensation awarded in 2014 for 2013. For this tranche, €15,200 were granted, with a share price of €11.37 on the date they were granted.

Vesting was conditioned on the achievement of three performance targets:

- the intrinsic financial performance of Crédit Agricole S.A. defined as growth of the gross operating income of Crédit Agricole S.A.;
- the relative performance of the Crédit Agricole S.A. share compared with a composite index of European banks;
- the societal performance of Crédit Agricole S.A. measured by the FReD index.

Based on the performances achieved with respect to these three criteria, the final vesting rates were as follows:

- a vesting rate of 100% for the variable compensation tranche awarded for 2013;
- a vesting rate of 100% for the variable compensation tranche awarded for 2014.

EXTRAORDINARY COMPENSATION

No extraordinary compensation was awarded or paid for financial year 2016.

DIRECTORS' FEES

Mr Paul de Leusse received Directors' fees in connection with his office as a director of *Union des Banques arabes et françaises*.

SEVERANCE PAYMENT *

In connection with his corporate office with Crédit Agricole CIB, Mr Paul de Leusse was not entitled to any severance pay that would have been be owed when his position was terminated or changed.

BENEFITS IN KIND

The company provided Mr Paul de Leusse with a car. This benefit was treated as a benefit in kind in accordance with current regulations.

** As Deputy Chief Executive Officer, Mr Paul de Leusse was not concerned by the AFEP-MEDEF Code recommendations on the termination of Executive Corporate Officers' employment contracts, which apply only to the Chairman, Chairman and Chief Executive Officer, and CEO in companies with a Board of Directors.*

▶ OTHER COMPENSATION PAID BY CRÉDIT AGRICOLE S.A. IN CONNECTION WITH THE OFFICE OF CHIEF EXECUTIVE OFFICER OF THAT COMPANY

› MR PHILIPPE BRASSAC - CHAIRMAN OF THE CRÉDIT AGRICOLE CIB BOARD OF DIRECTORS SINCE 20 MAY 2015

Table 1 - Compensation, shares and stock awarded to Executive Corporate Officers of Crédit Agricole CIB

In euros (gross amounts)	2015	2016
Compensation awarded in respect of the financial year (1)	1,172,072	1,964,258
Value of options awarded during the year (2)		
Value of free shares awarded during the year (2)		

(1) The compensation shown in this table was awarded for his office as Chief Executive Officer of Crédit Agricole S.A. for the year indicated. The detailed tables below distinguish between compensation awarded for a particular year and compensation received during the year.

(2) No Crédit Agricole S.A. stock options were awarded to corporate officers in 2015 and 2016. No employee bonus share plan has been set up within Crédit Agricole CIB.

Table 2 - Summary table of gross compensation amounts

In euros	2015		2016	
Philippe Brassac Chairman of the Board of Directors since 20 May 2015 (compensation paid to Mr Philippe Brassac by Crédit Agricole S.A. in connection with his office as Crédit Agricole S.A. CEO)	Amount awarded	Amount paid	Amount awarded	Amount paid
Fixed compensation	554,032	554,032	900,000	900,000
Non-deferred variable compensation granted in cash	174,000		295,620	174,000
Portion of exceptional bonus indexed to the Crédit Agricole S.A. share price	58,000		98,540	49,880
Deffered conditional portion of exceptional bonus	348,000		591,240	
Extraordinary compensation				
Director's fees				
Benefits in kind	38,040	38,040	78,858	78,858
Total	**1,172,072**	**592,072**	**1,964,258**	**1,202,738**

Table 2 bis - Breakdown of deferred variable compensation

In 2016, Mr Philippe Brassac was not paid any deferred and conditional variable compensation in connection with his functions as the Chief Executive Officer of Crédit Agricole S.A..

Mr Philippe Brassac has been the Chairman of the Crédit Agricole CIB Board of Directors since 20 May 2015.

▶ ITEMS OF COMPENSATION OF MR PHILIPPE BRASSAC AS CHIEF EXECUTIVE OFFICER OF CRÉDIT AGRICOLE S.A.

› FIXED COMPENSATION

Mr Philippe Brassac receives annual fixed compensation of €900,000. This compensation was set at the Crédit Agricole S.A. Board of Directors meeting of 19 May 2015 and has not been revised since.

› VARIABLE COMPENSATION

VARIABLE COMPENSATION AWARDED IN 2017 FOR 2016

Pursuant to a proposal of the Compensation Committee, the Board of Directors of Crédit Agricole S.A., at its meeting of 14 February 2017, set the amount of the variable compensation for Mr Philippe Brassac in respect of 2016.

In view of the fact that the financial and non-financial objectives set by the Board of Directors of Crédit Agricole S.A. at the meeting held on 19 May 2016 were achieved, the variable compensation awarded to Mr Philippe Brassac was set at €985,400€.

This compensation breaks down as follows:

- €295,620, i.e. 30% of the variable compensation, paid in March 2017;
- €98,540, i.e. 10% of the variable compensation, is indexed to the Crédit Agricole S.A. share price and will be paid in September 2017;
- €591,240, i.e. 60% of the variable compensation, is awarded in instruments linked to the Crédit Agricole S.A. share price, which vest progressively over a deferred period of three years, conditional upon the attainment of three performance targets:
  - the intrinsic financial performance of Crédit Agricole S.A. defined as growth of the gross operating income of Crédit Agricole S.A.;
  - the relative performance of Crédit Agricole S.A.'s share price compared with a composite index of European banks;
  - the societal performance of Crédit Agricole S.A. measured by the FReD index.

DEFERRED AND CONDITIONAL VARIABLE COMPENSATION PAID IN 2016 (FOR PRIOR FINANCIAL YEARS)

Mr Philippe Brassac receives no deferred variable compensation under prior plans.

› EXTRAORDINARY COMPENSATION

No extraordinary compensation was awarded or paid for financial year 2016.

› DIRECTORS' FEES

Mr Philippe Brassac has waived his right to receive Directors' fees in connection with his terms of office as Director of Crédit Agricole S.A. Group companies for the full duration of his term of office.

› SEVERANCE PAYMENT

No severance benefit was paid to Mr Philippe Brassac during the financial year.

In the event of the termination of his position by Crédit Agricole S.A., under the conditions authorised by the Board on 19 May 2015 and approved by the General Meeting of Shareholders on 19 May 2016, Mr Philippe Brassac will be paid compensation for termination of contract. In the event of termination of his position as Chief Executive Officer, on whatever grounds, Mr Brassac may be bound by a non-competition clause for a period of one year from the date of termination, as authorised by the Board on 19 May 2015 and approved by the General Meeting of Shareholders on 19 May 2016.

› SUPPLEMENTARY PENSION SCHEME

No supplemental pension amount is payable to Mr Philippe Brassac in respect of the 2016 financial year.

As a Corporate Officer of Crédit Agricole S.A., Mr Philippe Brassac continues to be a member of the supplementary pension schemes in place for the Group's Senior Executives, in addition to the collective and mandatory pension and death & disability schemes.

The additional annuity paid by these schemes will be reduced, where appropriate, so that the annual aggregate annuity taken together with the annuities of all Group defined-contribution schemes and other mandatory schemes does not exceed 16 times the annual Social Security cap as of the date of liquidation.

Since the Board of Directors of Crédit Agricole S.A. on 19 May 2015 approved Mr Philippe Brassac's participation in the supplementary pension schemes of the Crédit Agricole S.A. Group, prior to the publication date of Law No 2015-990 of 6 August 2015 on economic growth, activity and equal opportunities, the provisions of Article L. 225-42-1 of the French Commercial Code subjecting the annual vesting of supplementary pension entitlements to meeting performance conditions do not apply. His participation was also duly approved under the terms of Article L. 225-42-1, paragraph 1, of the French Commercial Code by the Board of Directors of Crédit Agricole CIB.

In accordance with the provisions of Article L. 225-102-1 of the French Commercial Code, as amended in the framework of Law No 2015-990 of 6 August 2015 on economic growth, activity and equal economic opportunities, Mr Philippe Brassac's annual and conditional individual supplementary pension entitlements as at 31 December 2016 break down as:

- a life annuity under a defined-contribution supplementary pension, estimated at €3k gross;
- a life annuity under a defined-benefit supplementary pension, estimated at €512k gross.

The estimated total of these supplementary pension entitlements, taken together with estimated pensions from mandatory retirement schemes, triggers the application of the contractual cap of 16 times the annual social security cap as of the closing date, for all schemes.

The uncertain entitlements under the defined-benefit supplementary pension scheme are subject to continued employment conditions at retirement and are estimated on the basis of 34 years of service recorded on the closing date.

At 31 December 2016, there was no increase in the estimated conditional entitlements (expressed as a percentage of the benchmark compensation) as compared to 31 December 2015.

On this basis, the provisions of Article L. 225-42-1 of the French Commercial Code, modified by Law No 2015-990 of 6 August 2015 on economic growth, activity and equal economic opportunities, which limits any increase in these conditional rights to 3% per annum, were thus respected.

The published estimated amounts are the gross amounts before taxes and social security charges applicable at the closing date, particularly income tax payable by individuals and supplementary contributions of 7% and 14%, payable by the beneficiary, which are deducted from the life annuities payable under the defined-benefit supplementary pension scheme.

› BENEFITS IN KIND

Mr Philippe Brassac has the use of an accomodation. This benefit is treated as an in-kind benefit for tax purposes in accordance with current regulations.

Table 3	Directors' fees received by the members of the Crédit Agricole CIB Board of Directors (see 5.6 page 146).
Table 4	Stock options granted in financial year 2016 to Executive Corporate Officers by Crédit Agricole CIB. No stock options were awarded to Executive Corporate Officers in 2016.
Table 5	Stock options exercised by Executive Corporate Officers in 2016. No Crédit Agricole S.A. stock options were exercised by Executive Corporate Officers in 2016.
Table 6	Performance shares awarded to Executive Corporate Officers in 2016. No performance share plan has been set up by Crédit Agricole CIB.
Table 7	Performance shares made available in 2016 for Executive Corporate Officers. Not applicable. No performance share plan has been set up by Crédit Agricole CIB.
Table 8	History of stock options granted. Not applicable.
Table 9	History of performance shares granted. Not applicable.
Table 10	Summary of multi-annual variable compensation received by each Executive Corporate Officer. Not applicable.

Table 11 - Employment contract/supplementary pension scheme/severance payment in the event of termination of office/non-competition clausee

Senior Executives Corporate Officers	Employment contract		Supplementary pension scheme		Indemnities or benefits that will or may be owed in the event of termination or change in office		Indemnity under a non-competition clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Philippe Brassac Chairman of the Board of Directors Term of office begun on: 20.05.2015	X with Crédit Agricole S.A. (suspended contract)		X		X with Crédit Agricole S.A.		X with Crédit Agricole S.A.	
Jean-Yves Hocher Chief executive Officer Term of office begun on: 01.12.2010	X with Crédit Agricole S.A. (reactivated on 01.09.2015)		X with Crédit Agricole S.A. (with respect to his employment contract with Crédit Agricole S.A.)		X with Crédit Agricole S.A. (with respect to his employment contract with Crédit Agricole S.A.)			X
Régis Monfront Deputy Chief Executive Officer Term of office begun on: 15.12.2011	X with Crédit Agricole CIB (suspended contract)		X			X		X
Jacques Prost Deputy Chief Executive Officer Term of office begun on: 26.08.2013	X with Crédit Agricole CIB (suspended contract)		X			X		X
François Marion Deputy Chief Executive Officer Term of office begun on: 18.05.2016	X with Crédit Agricole CIB (suspended contract)		X			X		X
Paul de Leusse Deputy Chief Executive Officer Term of office begun on: 26.08.2013 Term of office ended on: 18.05.2016	X with Crédit Agricole CIB (suspended contract)		X			X		X

COMPONENTS OF COMPENSATION OWED OR GRANTED FOR FINANCIAL YEAR 2016 TO EACH OF THE COMPANY'S EXECUTIVE CORPORATE OFFICERS AND SUBJECT TO SHAREHOLDER APPROVAL

In accordance with the recommendations of the AFEP/MEDEF Code, which is Crédit Agricole CIB's reference Corporate Governance Code, pursuant to Article L. 225-37 of the French Commercial Code, the November 2016 Guide to the application of the AFEP/MEDEF Code, the provisions of Law No 2015-990 of 6 August 2015 on economic growth, activity and equal economic opportunities, and Article L. 225-42-1 of the French Commercial Code relative to entitlement to conditional annual supplementary defined-benefit pension rights, the following items of compensation due or awarded to each Executive Corporate Officer of Crédit Agricole CIB for the year just ended must be submitted to the shareholders for a vote:

- the fixed portion;
- the annual variable portion and, where necessary, the multi-annual variable part, together with the objectives that contribute to the determination of this variable portion;
- exceptional compensation;
- stock options, bonus shares and any other long-term items of compensation;
- benefits linked to taking up or terminating office;
- the increase in conditional annual supplementary defined-benefit pension rights mentioned in Article L. 137-11 of the French Social Security Code granted to the Executive Corporate Officers of Crédit Agricole CIB;
- benefits of all types.

Concerning Mr Jean-Yves Hocher and Mr Philippe Brassac, no items of their compensation either owed in or granted with respect to the 2016 financial year will be submitted to the Shareholders' Meeting because:

- Mr Philippe Brassac, Chairman of the Board of Directors, waived his right to Directors' fees as of 20 May 2015 and for the duration of his term of office. Neither does he receive from Crédit Agricole CIB any compensation or benefits of any nature whatsoever;
- Mr Jean-Yves Hocher has exercised his duties as Chief Executive Officer at no cost since 1 September 2015. Since that date, Mr Jean-Yves Hocher has therefore received no compensation or benefits from Crédit Agricole CIB of any nature whatsoever.

Furthermore, it is proposed that the Shareholders' Meeting of 4 May 2017 vote on the items of compensation owed in or granted with respect to the 2016 financial year to each of the following Crédit Agricole CIB Executive Corporate Officers:

- Mr Philippe Brassac;
- Mr Jean-Yves Hocher;
- Mr Régis Monfront;
- Mr Jacques Prost;
- Mr François Marion;
- Mr Paul de Leusse.

▶ COMPONENTS OF COMPENSATION OWED OR GRANTED FOR FINANCIAL YEAR 2016 TO MR RÉGIS MONFRONT, DEPUTY CHIEF EXECUTIVE OFFICER, AND SUBJECT TO SHAREHOLDER APPROVAL

Components of compensation due or awarded in respect of the year ended to be voted on by shareholders

	Amounts or accounting value	Description
Fixed compensation	€380,000	Mr Régis Monfront receives gross fixed annual remuneration of €380,000. This remuneration was decided by the Crédit Agricole CIB Board of Directors at its meeting of 1 August 2013 pursuant to a proposal of the Compensation Committee and has not changed since then.
Non-deferred variable compensation paid in cash	€155,000	Pursuant to a proposal of the Compensation Committee made on 6 February 2017, the Board of Directors, at its meeting of 10 February 2017, approved the amount of Mr Régis Monfront's variable compensation for financial year 2016. As the financial and non-financial objectives set by the Board of Directors of Crédit Agricole CIB had been achieved, the Board on 9 May 2016 set the amount of Mr Régis Monfront's variable compensation with respect to the 2016 financial year at €310,000. €155,000, i.e. 50% of the variable compensation, will be paid in March 2017.
Non-deferred variable compensation indexed to the Crédit Agricole S.A. share price	€31,000	€31,000, i.e. 10% of the variable compensation, is indexed to the Crédit Agricole S.A. share price and will be paid in September 2017.
Deferred and conditional variable compensation	€124,000	The deferred portion of the variable compensation totals €124,000, i.e. 40% of the total variable compensation awarded for 2016. This deferred compensation is awarded in instruments linked to the Crédit Agricole S.A. share price, the vesting of which is progressively deferred over a period of three years and is conditional on the attainment of three performance targets: ▪ the intrinsic financial performance of Crédit Agricole S.A. defined as growth of the gross operating income of Crédit Agricole S.A.; ▪ the relative performance of Crédit Agricole S.A.'s share price compared with a composite index of European banks; ▪ the societal performance of Crédit Agricole S.A. measured by the FReD index.
Extraordinary compensation	No payment was made for 2016	Mr Régis Monfront did not receive any extraordinary compensation for 2016.
Share options, performance shares and any other long-term items of compensation	No payment was made for 2016	Mr Régis Monfront was not granted any stock options or performance shares or any other item of long-term compensation for 2016.
Directors' fees	No payment was made for 2016	Mr Régis Monfront did not receive any Directors' fees for 2016.
Benefits in kind	€6,866	The company paid a benefit in kind in the form of a car. This benefit is treated as an in-kind benefit for tax purposes in accordance with current regulations.

Components of compensation owed or awarded during the past financial year on which a Shareholders' Meeting will vote or has voted in accordance with the procedure governing related-party agreements and commitments

	Amounts	Description
Severance payment	No payment was made for 2016	In connection with his corporate office with Crédit Agricole CIB, Mr Régis Monfront is not entitled to any severance pay that will or may be owed in the event his position is terminated or changed.
Compensation for non competition clause	No payment was made for 2016	Mr Régis Monfront is not subject to any non-competition clause in connection with his corporate office with Crédit Agricole CIB.
Supplementary pension scheme	No payment was made for 2016	Mr Régis Monfront is a beneficiary of the supplementary pension scheme, which supplements the collective and mandatory retirement pension and health plans. In accordance with the procedure governing related-party agreements and commitments, this commitment was authorised by the Board of Directors of Crédit Agricole CIB on 2 November 2016, which also reconfirmed upon renewal of his term of office the participation by Mr Régis Monfront in the Crédit Agricole CIB supplementary pension schemes, a participation that had already been authorised by the Shareholders' Meeting of Crédit Agricole CIB, following approval by the Board of Directors at the meeting held on 21 February 2012 at the time of his appointment, and that held on 5 November 2013 upon first renewal of his term of office. This commitment will once again be submitted for the approval of the next Crédit Agricole CIB General Meeting of Shareholders.

▶ COMPONENTS OF COMPENSATION OWED OR GRANTED FOR THE 2016 FINANCIAL YEAR TO MR JACQUES PROST, DEPUTY CHIEF EXECUTIVE OFFICER, AND SUBJECT TO SHAREHOLDER APPROVAL

Items of compensation due or awarded in respect of the year ended to be voted on by shareholders

	Amounts or accounting value	Description
Fixed compensation	€434,615	To take into account his new scope of supervision, the fixed compensation of Mr Jacques Prost was raised from an annual gross amount of €400,000 to €450,000, with effect from 1 May 2016, by a decision adopted by the Board of Directors of Crédit Agricole CIB on 9 May 2016 pursuant to a proposal of the Compensation Committee. For the 2016 financial year, Mr Jacques Prost received fixed compensation of €434,615.
Non-deferred variable compensation paid in cash	€192,500	Pursuant to a proposal of the Compensation Committee made on 6 February 2017, the Board of Directors on 10 February 2017 approved the amount of Mr Jacques Prost's variable compensation for the 2016 financial year. As the financial and non-financial objectives set by the Board of Directors of Crédit Agricole CIB had been achieved, the Board on 9 May 2016 set the amount of Mr Jacques Prost's variable compensation with respect to the 2016 financial year at €475,000. €192,500, i.e. approximately 41% of the variable compensation, will be paid in March 2017.
Non-deferred variable compensation indexed to the Crédit Agricole S.A. share price	€47,500	€47,500, i.e. 10% of the variable compensation, is indexed to the Crédit Agricole S.A. share price and will be paid in September 2017.
Deferred and conditional variable compensation	€235,000	The deferred portion of the variable compensation totalled €235,000, i.e. approximately 49% of the total variable compensation awarded for 2016. This deferred compensation is awarded in instruments linked to the Crédit Agricole S.A. share price, the vesting of which is progressively deferred over a period of three years and is conditional on the attainment of three performance targets: ▪ the intrinsic financial performance of Crédit Agricole S.A. defined as growth of the gross operating income of Crédit Agricole S.A.; ▪ the relative performance of Crédit Agricole S.A.'s share price compared with a composite index of European banks; ▪ the societal performance of Crédit Agricole S.A. measured by the FReD index.
Extraordinary compensation	No payment was made for 2016	Mr Jacques Prost did not receive any extraordinary compensation for 2016.
Share options, performance shares and any other long-term items of compensation	No payment was made for 2016	Mr Jacques Prost was not granted any stock options or performance shares or any other item of long-term compensation for 2016.
Directors' fees	€102,055	Mr Jacques Prost received Directors' fees from Banque Saudi Fransi in connection with his office as Director of that company.
Benefits in kind	€6,644	The company paid a benefit in kind in the form of a car. This benefit is treated as an in-kind benefit for tax purposes in accordance with current regulations.

Components of compensation owed or awarded during the past financial year on which a Shareholders' Meeting will vote or has voted in accordance with the procedure governing related-party agreements and commitments

	Amounts	Description
Severance payment	No payment was made for 2016	In connection with his corporate office with Crédit Agricole CIB, Mr Jacques Prost is not entitled to any severance pay that is or may be owed in the event his position is terminated or changed.
Compensation for non competition clause	No payment was made for 2016	Mr Jacques Prost is not subject to any non-competition clause in connection with his corporate office at Crédit Agricole CIB.
Supplementary pension scheme	No payment was made for 2016	Mr Jacques Prost is a beneficiary of the supplementary pension scheme for Crédit Agricole Senior Executives, which supplements the collective and mandatory retirement pension and health plans. In accordance with the procedure governing related-party agreements and commitments, this commitment was authorised by the Board of Directors of Crédit Agricole CIB on 2 November 2016, which also reconfirmed upon renewal of his term of office the participation by Mr Jacques Prost in the Crédit Agricole CIB supplementary pension schemes, a participation that had already been authorised by the Shareholders' Meeting of Crédit Agricole CIB, following approval by the Board of Directors at the meeting held on 1 August 2013 at the time of his appointment, and that held on 5 November 2013 upon first renewal of his term of office. This commitment will once again be submitted for the approval of the next Crédit Agricole CIB General Meeting of Shareholders.

COMPONENTS OF COMPENSATION OWED OR GRANTED WITH RESPECT TO THE 2016 FINANCIAL YEAR TO MR FRANÇOIS MARION, DEPUTY CHIEF EXECUTIVE OFFICER SINCE 18 MAY 2016, SUBMITTED FOR THE APPROVAL OF THE SHAREHOLDERS

Components of compensation due or awarded in respect of the year ended to be voted on by shareholders

	Amounts or accounting value	Description
Fixed compensation	€237,601	Mr François Marion receives gross fixed compensation of €380,000. This compensation was set by the Board of Directors of Crédit Agricole CIB on 9 May 2016, pursuant to a proposal of the Compensation Committee. For the 2016 financial year, Mr François Marion received fixed compensation of €237,601.
Non-deferred variable compensation paid in cash	€113,380	Pursuant to a proposal of the Compensation Committee made on 6 February 2017, the Board of Directors on 10 February 2017 approved the amount of Mr François Marion's variable compensation for the 2016 financial year. As the financial and non-financial objectives set by the Board of Directors of Crédit Agricole CIB had been achieved, the Board on 9 May 2016 set the amount of Mr François Marion's variable compensation with respect to the 2016 financial year at €237,500. €113,380, i.e. approximately 48% of the variable compensation, will be paid in March 2017.
Non-deferred variable compensation indexed to the Crédit Agricole S.A. share price	€23,750	€23,750, i.e. 10% of the variable compensation, is indexed to the Crédit Agricole S.A. share price and will be paid in September 2017.
Deferred and conditional variable compensation	€100,370	The deferred portion of the variable compensation totalled €100,370, i.e. approximately 42% of the total variable compensation awarded for 2016. This deferred compensation is awarded in instruments linked to the Crédit Agricole S.A. share price, the vesting of which is progressively deferred over a period of three years and is conditional on the attainment of three performance targets: ▪ the intrinsic financial performance of Crédit Agricole S.A. defined as growth of the gross operating income of Crédit Agricole S.A.; ▪ the relative performance of Crédit Agricole S.A.'s share price compared with a composite index of European banks; ▪ the societal performance of Crédit Agricole S.A. measured by the FReD index.
Extraordinary compensation	No payment was made for 2016	Mr François Marion did not receive any extraordinary compensation for 2016.
Share options, performance shares and any other long-term items of compensation	No payment was made for 2016	Mr François Marion was not granted any stock options or performance shares or any other item of long-term compensation for 2016.
Directors' fees	No payment was made for 2016	Mr François Marion did not receive any Directors' fees for 2016.
Benefits in kind	€1,777	The company paid a benefit in kind in the form of a car. This benefit is treated as an in-kind benefit for tax purposes in accordance with current regulations.

Components of compensation owed or awarded during the past financial year on which a Shareholders' Meeting will vote or has voted in accordance with the procedure governing related-party agreements and commitments

	Amounts	Description
Severance payment	No payment was made for 2016	In connection with his corporate office with Crédit Agricole CIB, Mr François Marion is not entitled to any severance pay that is or may be owed in the event his position is terminated or changed.
Compensation for non competition clause	No payment was made for 2016	Mr François Marion is not subject to any non-competition clause in connection with his corporate office at Crédit Agricole CIB.
Supplementary pension scheme	No payment was made for 2016	Mr François Marion is a beneficiary of the supplementary pension scheme, which supplements the collective and mandatory retirement pension and health plans. The benefit of these commitments was authorised by the Board of Directors of Crédit Agricole CIB at a meeting held on 2 November 2016 and will be submitted for the approval of the next Shareholders' Meeting on 4 May 2017 in accordance with the procedure governing related-party agreements.

▶ COMPONENTS OF COMPENSATION DUE OR AWARDED TO MR PAUL DE LEUSSE, DEPUTY CHIEF EXECUTIVE OFFICER UNTIL 18 MAY 2016, IN RESPECT OF 2016, TO BE VOTED ON BY SHAREHOLDERS

Items of compensation due or awarded in respect of the year ended to be voted on by shareholders

	Amounts or accounting value	Description
Fixed compensation	€142,399	Mr Paul de Leusse received gross fixed compensation of €380,000. This compensation was set by the Board of Directors of Crédit Agricole CIB on 1 August 2013 pursuant to a proposal of the Compensation Committee and has remained unchanged since then. For the 2016 financial year, Mr Paul de Leusse received fixed compensation of €142,399.
Non-deferred variable compensation paid in cash	€71,250	Pursuant to a proposal of the Compensation Committee made on 6 February 2017, the Board of Directors on 10 February 2017 approved the amount of Mr Paul de Leusse's variable compensation for the 2016 financial year. As the financial and non-financial objectives set by the Board of Directors of Crédit Agricole CIB had been achieved, the Board on 9 May 2016 set the amount of Mr Paul de Leusse's variable compensation in respect of the 2016 financial year at €142,500. €71,250, i.e. 50% of the variable compensation, will be paid in March 2017.
Non-deferred variable compensation indexed to the Crédit Agricole S.A. share price	€14,250	€14,250, i.e. 10% of the variable compensation, is indexed to the Crédit Agricole S.A. share price and will be paid in September 2016.
Deferred and conditional variable compensation	€57,000	The deferred portion of the variable compensation totals €57,000, i.e. 40% of the total variable compensation awarded for 2016. This deferred compensation is awarded in instruments linked to the Crédit Agricole S.A. share price, the vesting of which is progressively deferred over a period of three years and is conditional on the attainment of three performance targets: ▪ the intrinsic financial performance of Crédit Agricole S.A. defined as growth of the gross operating income of Crédit Agricole S.A.; ▪ the relative performance of Crédit Agricole S.A.'s share price compared with a composite index of European banks; ▪ the societal performance of Crédit Agricole S.A. measured by the FReD index.
Extraordinary compensation	No payment was made for 2016	Mr Paul de Leusse was not granted any extraordinary compensation for 2016.
Share options, performance shares and any other long-term items of compensation	No payment was made for 2016	Mr Paul de Leusse was not granted any stock options or performance shares or any other item of long-term compensation for 2016.
Directors' fees	€14,514	Mr Paul de Leusse received Directors' fees from *Union de banques arabes et françaises* (UBAF) in connection with his office as Director of that company.
Benefits in kind	€2,109	The company paid a benefit in kind in the form of a car. This benefit is treated as an in-kind benefit for tax purposes in accordance with current regulations.

Components of compensation owed or awarded during the past financial year on which a Shareholders' Meeting will vote or has voted in accordance with the procedure governing related-party agreements and commitments

	Amounts	Description
Severance payment	No payment was made for 2016	In connection with his corporate office with Crédit Agricole CIB, Mr Paul de Leusse was not entitled to any severance pay that is or may be owed in the event his position is terminated or changed.
Compensation for non competition clause	No payment was made for 2016	Mr Paul de Leusse was not subject to any non-competition clause in connection with his corporate office with Crédit Agricole CIB.

PRINCIPLES AND CRITERIA FOR DETERMINING, DISTRIBUTING AND ALLOCATING FIXED, VARIABLE AND EXTRAORDINARY ITEMS CONSTITUTING THE TOTAL COMPENSATION AND BENEFITS, OF ANY NATURE, FOR THE 2017 FINANCIAL YEAR FOR ALL EXECUTIVE CORPORATE OFFICERS OF THE COMPANY IN RESPECT OF THEIR CORPORATE OFFICES, AND SUBJECT TO THE APPROVAL OF THE SHAREHOLDERS

Pursuant to Law No 2016-1691 of 9 December 2016 on transparency, the fight against corruption and the modernisation of the economy, the principles and criteria for determining, distributing and allocating the fixed, variable and extraordinary items constituting the total compensation and benefits, of any nature, for the 2017 financial year for all Executive Corporate Officers of the Company in respect of their corporate offices (hereinafter the "items of compensation") must be submitted for approval by the shareholders.

The Shareholders' Meeting to be held on 4 May 2017 will be asked to approve the principles and criteria for determining, distributing and allocating the items constituting the compensation due for the 2017 financial year for all Executive Corporate Officers of Crédit Agricole CIB in respect of their corporate offices:

- Mr Philippe Brassac;
- Mr Jean-Yves Hocher;
- Mr Régis Monfront;
- Mr Jacques Prost;
- Mr François Marion.

APPOINTMENT OF A NEW EXECUTIVE CORPORATE OFFICER

For the appointment of a new Executive Corporate Officer, his or her compensation will be determined by the Board of Directors in accordance with the principles and criteria approved by the Shareholders' Meeting, either in line with existing practices for the fulfilment of functions of the same type, adapted as necessary if this person exercises new duties, or a new office with no equivalent in respect of the preceding period.

PRINCIPLES FOR DETERMINING THE ITEMS OF COMPENSATION FOR THE CHAIRMAN OF THE BOARD OF DIRECTORS

The Board of Directors has decided to allocate the budget for Directors' fees as follows:

a gross amount of €3,000 per meeting is allocated to each Board member for attending meetings. An additional annual flat gross amount of €20,000 is allocated to the Chairman of the Board.

Mr Philippe Brassac, Chairman of the Board of Directors, waived his right to Directors' fees as of 20 May 2015 and for the duration of his term of office. Neither does he receive from Crédit Agricole CIB any compensation or benefits of any nature whatsoever.

PRINCIPLES FOR DETERMINING THE ITEMS OF COMPENSATION FOR THE CHIEF EXECUTIVE OFFICER

The items of compensation for the Chief Executive Officer are determined by the Board of Directors, having consulted with and/or received proposals from the Compensation Committee, in accordance with the principles set out by the Compensation Policy of the Crédit Agricole CIB Group and with the applicable legal and regulatory provisions.

The office of the Chief Executive Officer has been executed at no cost since 1 September 2015. Since that date, Mr Jean-Yves Hocher has therefore received no compensation or benefits from Crédit Agricole CIB of any nature whatsoever.

PRINCIPLES FOR DETERMINING THE ITEMS OF COMPENSATION FOR THE DEPUTY CHIEF EXECUTIVE OFFICERS OF CRÉDIT AGRICOLE CIB

The items of compensation for the Deputy Chief Executive Officers are determined by the Board of Directors, having consulted with and/or received proposals from the Compensation Committee, in accordance with the principles set out by the Compensation Policy of the Crédit Agricole CIB Group and with the applicable legal and regulatory provisions.

The amount of the annual fixed compensation of the Deputy Chief Executive Officers is decided by the Board of Directors acting on a proposal of the Compensation Committee, taking a number of factors into account:

- the scope of responsibilities of the Executive Corporate Officers;
- industry practices and the compensation packages for the same or similar functions in other major listed companies. Therefore, each year, with the assistance of specialised firms, studies are conducted on the positioning of the compensation of the Company's Deputy Chief Executive Officers compared to other companies in the financial sector in order to ensure the consistency of the principles and levels of compensation.

The variable compensation policy for Deputy Chief Executive Officers is part of the policy for Senior Executives of Crédit Agricole Group S.A. It is intended to:

- link compensation levels with actual long-term performance;
- align management interests with those of Crédit Agricole CIB and Crédit Agricole S.A. Group by differentiating between individual and collective objectives and between financial and non-financial performance (customer satisfaction, management effectiveness and impact on society);
- attract, motivate and retain Senior Executives.

In view of the nature of their offices and the related responsibilities, the Deputy Chief Executive Officers therefore benefit from variable compensation that aims to:

- align the compensation of the Deputy Chief Executive Officers with the performance of Crédit Agricole CIB and that of the Crédit Agricole S.A. Group;
- take into account aspects of long-term performance in addition to short-term financial results.

In accordance with the principles set out by the Compensation Policy as reviewed and adopted by the Board of Directors in 2017, the Board of Directors sets the criteria that make it possible to determine the annual variable compensation of the Deputy Chief Executive Officers, as well as the objectives they must reach.

It should be noted that the variable compensation granted to Executive Corporate Officers is subject to very strict rules as required by current banking regulations.

› CRITERIA AND CONDITIONS FOR GRANTING ITEMS OF VARIABLE COMPENSATION TO DEPUTY CHIEF EXECUTIVE OFFICERS

Every year, the Board of Directors, on the basis of recommendations made by the Compensation Committee, assesses the performance of the Deputy Chief Executive Officers.

This assessment is based, on the one hand, on financial criteria, and on the other, on non-financial criteria; each category accounts for 50% of the overall performance.

The payment of items of variable and extraordinary compensation to the Deputy Chief Executive Officers in respect of the current financial year (2017) is, in any event, subject to approval by the Ordinary General Meeting that will take place in 2018, of all the items of compensation for each Deputy Chief Executive Officer in question.

› ALLOCATION AND DISTRIBUTION CRITERIA FOR ITEMS OF COMPENSATION FOR DEPUTY CHIEF EXECUTIVE OFFICERS

	Description
Fixed compensation	The amount of the annual fixed compensation of the Deputy Chief Executive Officers is decided by the Board of Directors acting on a proposal of the Compensation Committee, taking a number of factors into account: ▪ scope of the responsibilities of the Deputy Chief Executive Officers; ▪ industry practices and the compensation packages for the same or similar functions in other major listed companies. Each year, with the assistance of specialised firms, studies are conducted on the positioning of the compensation of the Company's Executive Corporate Officers compared to other companies in the financial sector in order to ensure the consistency of the principles and levels of compensation.
Variable compensation	The variable compensation policy for Deputy Chief Executive Officers is part of the policy for Senior Executives of Crédit Agricole Group S.A. It is intended to: ▪ link compensation levels with actual long-term performance; ▪ align management interests with those of Crédit Agricole CIB and Crédit Agricole S.A. Group by differentiating between individual and collective objectives and between financial and non-financial performance (customer satisfaction, management effectiveness and impact on society); ▪ attract, motivate and retain Senior Executives. In view of the nature of their offices and the related responsibilities, the Deputy Chief Executive Officers therefore benefit from variable compensation that aims to: ▪ align the compensation of the Deputy Chief Executive Officers with the performance of Crédit Agricole CIB and that of the Crédit Agricole S.A. Group; ▪ take into account aspects of long-term performance in addition to short-term financial results. In accordance with the principles set out by the Compensation Policy, the Board of Directors sets the criteria that make it possible to determine the annual variable compensation of the Deputy Chief Executive Officers, as well as the objectives they must reach. It should be noted that the variable compensation granted to Deputy Chief Executive Officers is subject to very strict rules as required by current banking regulations. Criteria and conditions for granting items of variable compensation to Deputy Chief Executive Officers: ▪ every year, the Board of Directors, on the basis of recommendations made by the Compensation Committee, assesses the performance of the Deputy Chief Executive Officers; ▪ this assessment is based, on the one hand, on financial criteria, and on the other, on non-financial criteria; each category accounts for 50% of the overall performance.
Multi-annual variable compensation	The Deputy Chief Executive Officers do not benefit from a multi-annual variable compensation system for the 2017 financial year.
Extraordinary compensation	There are currently no plans to grant the Deputy Chief Executive Officers any extraordinary compensation in connection with the 2017 financial year.
Stock options, performance shares or any other long term compensation	The Deputy Chief Executive Officers do not benefit from stock option plans or performance shares for the 2017 financial year.
Directors' fees	The Deputy Chief Executive Officers may receive Directors' fees.
Benefits in kind	The benefits in kind for the Deputy Chief Executive Officers consist of a company car.

It should be noted that, as part of the commitments authorised by the Board of Directors and approved by the Shareholders' Meeting, the Deputy Chief Executive Officers benefit from:

- a supplementary pension scheme, supplementary to the collective and mandatory pension and health plans.

The Deputy Chief Executive Officers, with respect to their terms of office, do not benefit from:

- termination payments that are or may be due upon termination or a change in office;
- a non-competition clause.

5.6 DIRECTORS' FEES – BOARD OF DIRECTORS OF CRÉDIT AGRICOLE CIB

▶ DIRECTORS' FEES IN 2016

The amounts of the Directors' fees received by the members of the Company's Board of Directors in connection with the offices they held in 2016 with Crédit Agricole Corporate and Investment Bank are shown below.

The amounts of the Directors' fees paid by Crédit Agricole S.A. to the Directors in connection with their offices in said company are also provided.

In euros	Director's fees (1) paid by Crédit Agricole CIB	Director's fees (1) paid by Crédit Agricole CIB in 2015	Director's fees paid by Crédit Agricole S.A.	Total 2016
Philippe BRASSAC (5), Chairman of the Board of Directors		3,810		
Bertrand CORBEAU (5) (6)				
Marie-Claire DAVEU	23,495	19,474		23,495
Claire DORLAND CLAUZEL (6)	13,124			13,124
Jean-Frédéric DREYFUS (2) (3)	18,590	17,904		18,590
Élisabeth EYCHENNE (6)	5,715			5,715
Nicole GOURMELON (6)	9,525			9,525
Fabienne HAAS	13,970	12,065		13,970
François IMBAULT	11,430	9,525		11,430
Marc KYRIACOU (2)	11,430	11,430		11,430
Anne-Laure NOAT	31,115	19,526		31,115
Jean-Pierre PAVIET	28,575	17,145		28,575
Jean-Louis ROVEYAZ	16,510	16,299	38,164	54,674
François THIBAULT	11,430	11,430	24,638	36,068
Jean Pierre VAUZANGES	20,955	17,145		20,955
François VEVERKA	28,575	26,670	64,432	93,007
Jacques DUCERF (7)	5,715			5,715
Catherine POURRE (8)	6,300 (4)		20,370	26,670
Nicolas VENARD (7)	7,620			7,620

(1) After deduction from the amounts due to private individuals resident in France: prepayment of income tax (21%) and social security contributions (15.5%).
(2) Director elected by the employees.
(3) Mr Dreyfus does not receive his Directors' fees, which are paid to his trade union.
(4) After deduction from the amounts due under the terms of the rules that apply in the country of residence.
(5) Mr Brassac waived his Directors' fees from 20 May 2015. Mr. Corbeau waived his Directors' fees for the duration of his term of office.
(6) Director with effect from 9 May 2016.
(7) Non-voting Director with effect from 9 May 2016.
(8) Non-voting Director with effect from 29 July 2016.

In 2016, Mr Bertrand Corbeau, Director, has been an employee of Crédit Agricole S.A.. The compensation paid in 2016 to Mr Bertrand Corbeau by Crédit Agricole S.A., it being specified that he received no compensation from Crédit Agricole CIB, amounted to €375,000 (of which €360,000 of fixed compensation and €15,700 of benefits in kind).

▶ TOTAL 2016 BUDGET FOR DIRECTORS' FEES

The Ordinary General Meeting of Shareholders of Crédit Agricole Corporate and Investment Bank set a maximum total annual budget of €650,000 for Directors' fees.

▶ RULES GOVERNING THE DISTRIBUTION OF DIRECTORS' FEES IN 2016

The distribution process of the Directors' fees is mainly based on the compensation of the effective participation in meetings and on the required availability for certain missions.

› MEETINGS OF THE BOARD OF DIRECTORS

A gross amount of €3,000 per meeting is allocated to each Board member for attending meetings. An additional annual flat gross amount of €20,000 is allocated to the Chairman of the Board.

Non-voting members receive the same compensation as Directors which is paid out of the overall budget.

› MEETINGS OF THE BOARD'S SPECIALISED COMMITTEES

The rules on the distribution of Directors' fees that were in force during 2016 are described in the table below.

	Chairman	Member
Compensation Committee	Annual flat amount: €4,000	Annual flat amount: €4,000
Appointments Committee	Annual flat amount: €4,000	Annual flat amount: 4 000 €
Audit Committee	Annual flat amount: €15,000	€3,000 per meeting with a maximum annual amount of €15,000
Risks Committee	Annual flat amount: €15,000	€3,000 per meeting with a maximum annual amount of €15,000

The amounts of the Directors' fees paid in 2016 by Crédit Agricole CIB to the Directors whose terms of office ended during the period

Mr Michel Mathieu has been Director until 9 May 2016. He waived his Directors' fees from 1 January 2015: therefore, he received no Directors' fees for 2016.

In 2016, Mr Michel Mathieu, Director, has been an employee of Crédit Agricole S.A.. The compensation paid in 2016 to Mr Bertrand Corbeau by Crédit Agricole S.A., it being specified that he received no compensation from Crédit Agricole CIB, amounted to €928,457 (of which €550,000 of fixed compensation, €381,324 of variable compensation and after taking into account a regularisation on the benefits in kind for €2,867).

4

2016 BUSINESS REVIEW AND FINANCIAL INFORMATION

KEY FIGURES

› NET BANKING INCOME

€4,9 B

› ASSETS UNDER MANAGEMENT (WEALTH MANAGEMENT)

€110 B

ON AIRCRAFT FINANCING (1)

No. 4

ALL BONDS IN EUROS (2)

(1) As bookrunner, worldwide from 22 March 2015 to 21 March 2016. Source: Air Finance.
(2) As bookrunner, worldwide end of 2016. Source: Thomson Financial.

1 CRÉDIT AGRICOLE CIB GROUP'S BUSINESS REVIEW AND FINANCIAL INFORMATION

1.1 PRESENTATION OF CRÉDIT AGRICOLE CIB GROUP'S FINANCIAL STATEMENTS

▶ CHANGES TO ACCOUNTING POLICIES

Pursuant to EC Regulation 1606/2002, the consolidated financial statements were prepared in accordance with IAS/IFRS standards and IFRIC interpretations applicable at 31 December 2016 as adopted by the European Union (the carve-out version) and using certain dispensations of IAS 39 as regards macro-hedge accounting.

The standards and interpretations are identical to those used and described in the Group financial statements at 31 December 2015.

They have been supplemented by the provisions of those IFRS as endorsed by the European Union at 31 December 2016 and that must be applied in 2016 for the first time.

▶ CHANGES IN CONSOLIDATION SCOPE

Changes in scope between 1 January and 31 December 2016 were as follows.

› COMPANIES FIRST-TIME CONSOLIDATED IN 2016

The following company entered the scope of consolidation:

- CACIB Canada Branch;
- Financière Lumis;
- Lafayette Asset Securization LLC;
- Crédit Agricole Securities (Asia) Ltd;
- Crédit Agricole Securities Asia Limited Seoul Branch (CASAL Seoul Branch).

› COMPANIES DECONSOLIDATED IN 2016

The following companies went out of the scope of consolidation :

- Crédit Agricole Securities Taïwan;
- Immobilière Sirius S.A.;
- CLSA Financial Product;
- CA Indosuez Wealth (Global Structuring);
- Miladim;
- Calciphos;
- Armo Invest;
- Indosuez CMII Inc;
- L.F. Investment L.P.;
- L.F. Investment Inc.

1.2 ECONOMIC AND FINANCIAL ENVIRONMENT

2016 was rich in noteworthy events prompting significant volatility and contrasting trends in the financial markets, without fundamentally altering short-term trajectories in the various economies. 2015 had ended with a slowdown in global economic activity, with large disparities from one area to another: slower growth in China (a slowdown compounded by doubts as to its true extent), fragility in the United States, stagnation in emerging countries but faster growth in Europe. 2016 accordingly began in a feverish climate in the financial markets, against a background of concerns about the solidity of the banking system and more specifically the solvency of some Italian and German banks. Subsequently, two political shocks, both as dreaded they were unforeseen, namely Brexit and the election of Donald Trump, gave the markets a vigorous shake, provoking reactions that were both negative and positive. This was despite the fact that the economic, financial and political implications of these upheavals, both on the economies concerned and those of their partners, were and remain unknown. In early 2016, the outlines of the economic scenario were relatively simple to draw, particularly in the developed world: modest growth and an absence of inflation. But the financial markets feared an unfavourable scenario characterized by a pronounced slowdown in Chinese growth, the uncontrolled impairment of its currency, a fresh plunge in commodity prices, a slowdown in American growth, deflation in the Eurozone and, lastly, a slide by the emerging world into recession. These fears triggered a spike in risk aversion and prompted a desperate search for defensive assets. This resulted in lower yields on US and core Eurozone country debt, with the risk premiums paid by the socalled "peripheral" countries increasing as spreads in the credit markets widened. Significant declines were also registered across equity markets.

However, gradually reassured by the comforting message delivered by the central banks, the markets once again began to look upwards. This episode of market volatility in the first part of 2016 did not fundamentally alter the overall economic picture. To counter financial turmoil and limit its potential to damage the real economy, the Federal Reserve (Fed) and the European Central Bank (ECB) modified their monetary policy strategies. The Fed and the ECB respectively opted for a more cautious and a more flexible policy: the former deferred the increase in the Fed Funds rate, while the latter took vigorous action in March (cutting its three policy rates, broadening the quantitative easing policy and implementing a new series of Targeted Longer-Term Refinancing Operations).

After the return of relative calm in the markets, two very decisive and profoundly unexpected political events upset the second half of 2016. First, at the end of June 2016, a majority of British voters came out in favour of the United Kingdom's exit from the European Union. Taken by surprise, the financial markets reacted strongly, shunning anything that carried the slightest hint of risk. The flight to safety further reduced interest rates on US, Japanese and German government bonds. But, with the exception of the impairment of the British pound, the correction was only shortlived. Then, in November 2016, American voters put Donald Trump into the White House. Turning a deaf ear to talk of geopolitical risks, and ignoring potential trade wars in an already fragile global economic environment, the markets were seduced by the prospect of accelerated growth, driven largely by promises of corporate tax cuts and infrastructure spending. The price of gold fell, equity markets rose, the dollar firmed appreciably, and longterm American and European bond yields tightened. Despite the financial turbulence and multiple uncertainties, the large developed economies have demonstrated resilience. The Eurozone's recovery, driven by strong domestic demand, has been confirmed. In the United States, growth has continued at a slightly slower pace: household consumption and residential investment have remained strong, but productive investment has not recovered, and foreign trade has contributed negatively to growth. Growth is estimated at 1.6% in the Eurozone and the United States alike in 2016. Lastly, in December 2016, the Fed began tightening its monetary policy (25 basis point hike in the Fed Funds rate), while the ECB further relaxed its policy by opting to extend its quantitative easing policy.

THE IMPACT OF BREXIT

British voters' decision to take the United Kingdom out of the European Union (popularly termed Brexit) will undoubtedly have major consequences for the financial services industry in Europe, particularly in the United Kingdom. Crédit Agricole CIB and the Group remain committed to studying all such consequences, whether direct on the capacity of entities based in the United Kingdom to operate in the European Union or vice versa, or indirect on the smooth running of the British, European or even global economies and markets. Crédit Agricole CIB and the Group have all the European passports necessary to continue to operate all of its businesses and to serve all of its customers, regardless of the exit arrangements negotiated between the British government and the European Union. Its operations in the United Kingdom are relatively small in proportion to its business portfolio as a whole, and could be largely relocated if the conditions governing operations from the London platform were to change.

1.3 CONSOLIDATED NET INCOME

▶ CONDENSED CONSOLIDATED INCOME STATEMENT

2016

€ million	CIB	CPM and DVA and legal provisions (1)	Restated CIB (2)	Wealth Management	Corporate center (2)	CACIB	Change (3) 2016/ 2015
Net banking income	**4,365**	**(62)**	**4,427**	**730**	**(159)**	**4,936**	**+8%**
Operating expenses	(2,525)		(2,525)	(555)		(3,080)	+2%
Gross operating income	**1,840**	**(62)**	**1,902**	**175**	**(159)**	**1,856**	**+17%**
Cost of risk	(557)	(100)	(457)	(9)		(566)	+50%
Share of net income of equity-accounted entities	211		211			211	x2.6
Gain/losses on other assets	1		1	4		5	ns
Pre-tax income	**1,495**	**(162)**	**1,657**	**170**	**(159)**	**1,506**	**+21%**
Corporate income tax	(320)	22	(342)	(42)	41	(321)	-3%
Net income from discontinued or held-for-sale operations	11		11			11	ns
Net income	**1,186**	**(140)**	**1,326**	**128**	**(118)**	**1,196**	**+30%**
Non-controlling interests				14		14	
Net income - Group Share	**1,186**	**(140)**	**1,326**	**114**	**(118)**	**1,182**	**+30%**

(1) Restated for loans hedges and DVA impacts in NBI and legal provisions in cost of risk in the amounts of -€25 million, -€37 million and -€100 million respectively.
(2) Of which issuer spread for -€159 million in NBI.
(3) Change calculated on the restated CIB scope.

2015

€ million	CIB	CPM and DVA and OFAC additional litigation provision [(1)]	Restated CIB [(1)]	Wealth Management	Corporate center [(2)]	CACIB
Net banking income	**4,191**	**85**	**4,106**	**769**	**245**	**5,205**
Operating expenses	(2,482)		(2,482)	(585)		(3,067)
Gross operating income	**1,709**	**85**	**1,624**	**184**	**245**	**2,138**
Cost of risk	(655)	(350)	(305)	(23)	(23)	(701)
Share of net income of equity-accounted entities	59		59			59
Gain/losses on other assets	(6)		(6)	1		(5)
Pre-tax income	**1,107**	**(265)**	**1,372**	**162**	**222**	**1,491**
Corporate income tax	(381)	(30)	(351)	(43)	(91)	(515)
Net income from discontinued or held-for-sale operations	(3)		(3)			(3)
Net income	**723**	**(295)**	**1,018**	**119**	**131**	**973**
Non-controlling interests	1		1	14		15
Net income - Group Share	**722**	**(295)**	**1,017**	**105**	**131**	**958**

(1) Restated for loan hedges and DVA impacts in NBI and additional provisions covering the OFAC litigation in cost of risk in the amounts of €48 million, €37 million and -€350 million respectively.

(2) Of which issuer spread for €245 million in NBI.

After a stormy start to the year, the markets saw a period of calm starting at the end of the first quarter due to the actions of the central banks and especially the ECB with the extension of its repurchase programme for Corporates. Market volatility nevertheless reappeared in May with various uncertainties around global growth and initial fears about Brexit.

The second half-year was also affected by a number of periods of uncertainty relating to important political events, including the Presidential elections in America and the referendum in Italy, whose outcomes, once known, produced further market volatility.

The end of the year also saw changes to the monetary policies of the American and European central banks: the FED increased its benchmark rates following an improvement in the business climate in the United States and the ECB announced that it would continue its repurchasing programme and that it would keep its benchmark rates unchanged.

The CIB's business was able to benefit from this difficult environment, seeing an 8% increase in revenues over the year to stand at €4,427 million at end December 2016.

Revenues generated by Capital Markets and Investment Banking improved by 12% due to the very good performance of the Fixed Income and Securitisation businesses, especially Repo, Credit and Foreign Exchange related income. Revenues from Investment Banking were also up thanks to significant transactions in terms of M&A and Equity Capital Markets.

Revenues from Financing Activities rose by 4% compared to 2015. The Structured Finance business achieved good levels of origination despite a difficult climate in certain sectors (Energy and Shipping). The Commercial Banking business showed resilience in a market environment that remains unfavourable (a slowing in global trade and an average 17% fall in the price of oil year-on-year).

Increase in expenses remained under control and were due to further support for growth in the businesses, as well as the large number of regulatory projects. The Bank's cost-to-income ratio stood at 62% at year-end 2016.

CIB's restated gross operating income rose by 17% year-on-year, a result of the outstanding performance of the operating businesses.

Excluding legal provisions, the cost of risk rose significantly compared to 2015 due to the downturn in the Energy and Shipping sectors.

Excluding impairment of UBAF and ELIPSO in 2015 for -€186 million, net income from the equity-accounted entities was down by 14% as compared to 2015, adversely affected by the increased cost of risk of *Banque Saudi Fransi* related to a fully provisioned credit event in the fourth quarter of 2016.

Revenues from the Wealth Management business line was down by 5% compared to 2015, and suffered from the wait-and-see attitude of clients for the major part of the year, despite a recovery in business volumes in the fourth quarter 2016.

Results for the Corporate Centre include the revaluation of the issuer spread amounting to -€159 million, a result of the tightening of spreads in 2016.

The CACIB Group share of net income sharply increased compared to 2015 to reach €1,182 million for 2016.

1.4 RESULTS BY BUSINESS LINES

CAPITAL MARKETS AND INVESTMENT BANKING

€ million	2016 *	2015 *	Change 2016/2015	Change 2016/2015 at constant rate
Net banking income	2,188	1,960	+12%	+10%
Operating expenses	(1,571)	(1,557)	+1%	+3%
Gross operating income	**617**	**403**	**+53%**	**+38%**
Cost of risk	5	(76)	ns	
Gain/losses on other assets				
Pre-tax income	**622**	**327**	**+90%**	
Corporate income tax	(164)	(113)	+45%	
Net income from discontinued or held-for-sale operations	11	(3)	ns	
Net income	**469**	**211**	**x1.2**	
Non-controlling interests	1	1	ns	
Net income - Group Share	**468**	**210**	**x1.2**	

** Excluding the DVA impacts in NBI for -€37 million and legal provisions for -€50 million in 2016 and excluding DVA impact in revenues for +€37 million in 2015.*

Capital Markets and Investment Banking achieved an excellent performance in most business lines with revenues up by 12% year-on-year.

Revenues from the Fixed income & Treasury businesses showed progress in relation to 2015. Revenues from the Fixed Income business was mainly driven by the good performance of Repo. The Foreign Exchange business benefited from the renewed market volatility that followed the result of the Brexit referendum. Finally, the Credit business benefited from the extension of the ECB corporate asset repurchasing programme in March, which drove demand for issues.

Crédit Agricole CIB maintained its global leadership as bookrunner in the Asset Backed Commercial Paper (ABCP) securitisation business in Europe for the third consecutive year (source: CPWare) and is ranked second in the world for Green Bonds (source: CACIB). The Bank was active in some of the most memorable transactions of 2016, including that involving Sanofi (first corporate bond issue to result in a negative yield), which was nominated "European Investment Grade Corporate Bond of the Year" in the 2016 IFR Awards. CACIB also took part in the biggest ever issue conducted by a French group (Danone) and the issue of the biggest ever tranche of Euro-denominated Green Bonds with EDF.

Revenues from Investment Banking also rose by 12% thanks to major M&A transactions as well as capital increases and issues of convertible bonds in the Equity Capital Markets business line. Crédit Agricole CIB also moved from 14th to 4th place in the rankings for mergers & acquisitions in France involving at least one French company. Elsewhere, the Bank maintained its second place as a bookrunner for convertible bonds in France (source: Thomson Financial).

Net income Group share for Capital Markets and Investment Banking reached €468 million, a sharp rise from 2015.

FINANCING ACTIVITIES

€ million	2016 *	2015 *	Change 2016/2015	Change 2016/2015 at constant rate
Net banking income	2,239	2,146	+4%	+5%
Operating expenses	(954)	(925)	+3%	+4%
Gross Operating Income	**1,285**	**1,221**	**+5%**	**+5%**
Cost of risk	(462)	(229)	+102%	
Share of net income of equity-accounted entities	211	59	x2,6	
Gain/losses on other assets	**1**	**(6)**	**x-1.2**	
Pre-tax income	1,035	1,045	-1%	
Corporate income tax	(178)	(238)	-25%	
Net income	**857**	**807**	**+6%**	
Non-controlling interests	(1)		ns	
Net income - Group Share	**858**	**807**	**+6%**	

** Restated of loan hedges in NBI for respectively -€25 million et +€48 million for 2016 and 2015, legal provisions in 2016 for -€50 million and OFAC additional litigation provisions in cost of risk in 2015 for -€350 million.*

Revenues from Financing Activities were up by 4% in relation to the 2015 financial year despite an unfavourable economic environment, particularly for certain Commercial Banking activities.

The Structured Finance revenues grew by 4% (+5% at constant rates) due to the combined effect of a good level of origination and increased commissions related to some significant deals across the year. In 2016, Crédit Agricole CIB obtained the following awards: Best Project Finance Arranger of the Year (source: Global capital) and "European Bank of the Year for Aeronautics" (source: *Airline Economics*).

The Bank also maintained its leading global position in aviation financing (source: *Air Finance*).

The different business lines of the Commercial Bank showed resilience in a persistently unfavourable environment (contraction of syndicated credit volumes and a continued low interest rate environment), but with a slight improvement in the final quarter for the Trade Commodity Finance business as the crude oil price slightly increased.

Crédit Agricole CIB achieved to maintain its second place in the syndication business in France (source: *Thomson Financial*) in a syndicated credit market that lost ground in France in 2016.

The cost of risk increased in 2016 due to the reinforcement of sectorial provisions for Energy and Shipping.

Excluding impairment of UBAF and ELIPSO in 2015, the share of income of the equity-accounted entities fell by 14% year-on-year, adversely affected by the increased cost of risk for *Banque Saudi Fransi* related to a fully provisioned credit event in the fourth quarter of 2016.

Net income Group share for Financing activities nevertheless showed strong growth of 6%, standing at €858 million.

WEALTH MANAGEMENT

€ million	2016	2015	Change 2016/2015	Change 2016 /2015 at constant rate
Net banking income	730	769	-5%	-5%
Operating expenses	(555)	(585)	-5%	-6%
Gross operating income	**175**	**184**	**-5%**	
Cost of risk	(9)	(23)	-61%	
Gain/losses on other assets	4	1	+300%	
Pre-tax income	**170**	**162**	**+5%**	
Corporate income tax	(42)	(43)	-2%	
Net income	**128**	**119**	**+8%**	
Non-controlling interests	14	14	+0%	
Net income - Group Share	**114**	**105**	**+9%**	

Revenues from Wealth Management were down by 5% as compared to 2015 due to a reduction in commissions and management fees. Revenues nevertheless improved in the final quarter of 2016, with an increase in brokerage income, an indication of the renewed interest of clients in the financial markets.

Expenses at constant rate were down by 6% in relation to the previous period, this being mainly due to the positive impact of the review of the contractual parameters of pension commitments in the third quarter of 2016.

The cost of risk decreased to a not significant level end of 2016.

Net income Group share reached €114 million, up by 9% as compared to 2015.

Assets under management remained stable, growing slightly from €109.6 billion to €110 billion at the end of December 2016.

CORPORATE CENTER

€ million	2016	2015	Change 2016/2015
Net banking income	(159)	245	ns
Operating expenses			
Gross operating income	**(159)**	**245**	**ns**
Cost of risk		(23)	ns
Gain/losses on other assets			
Pre-tax income	**(159)**	**222**	**ns**
Corporate income tax	41	(91)	ns
Net income	**(118)**	**131**	**ns**
Net income - Group Share	**(118)**	**131**	**ns**

The Corporate Centre business line consists solely of the impact of changes in the issuer spread of Crédit Agricole CIB issues and reflects a tightening of spreads in 2016.

1.5 CRÉDIT AGRICOLE CIB CONSOLIDATED BALANCE SHEET

ASSETS

€ billion	2016	2015
Cash, due from central banks	18.2	27.5
Financial assets at fair value through profit or loss (excl. repurchase agreements)	188.9	210.4
Hedging derivatives instruments	1.8	1.4
Available-for-sale financial assets	29.7	26.8
Loans and receivables due from credit institutions (excl. repurchase agreements)	20.0	19.2
Loans and receivables due from customers (excl. repurchase agreements)	134.9	128.4
Repurchase agreements	88.0	99.5
Accruals, prepayments and sundry assets	39.0	32.5
Non-current assets held for sale		
Investments in equity-accounted entities	2.3	2.1
Fixed assets	0.5	0.5
Goodwill	1.0	1.0
Total assets	**524.3**	**549.3**

At 31 December 2016, Crédit Agricole CIB had total assets of €524.3 billion, down by €25 billion compared to 31 December 2015. The impact of US Dollar exchange rates is +€5.6 billion and that of the Yen is +€1.7 billion. The main variances concern the following items.

› MONEY MARKET AND INTERBANK ITEMS

Crédit Agricole CIB has access to all major international liquidity centres and is very active in the largest financial markets (Paris, New York, London and Tokyo), which enables it to optimise its interbank lending and borrowing within the Group.

› FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets and liabilities at fair value through profit or loss (excluding repurchase agreements) were down by €21.5 billion and €14.4 billion respectively over the period. On the asset side, they consist mainly in the positive fair value of interest rate derivatives and of the portfolio of securities held for trading, while on the liabilities side they reflect the negative value of derivatives and securities sold short. The reduction in outstanding amounts results mainly from the decline in mark-to-market derivatives (-€13.4 billion on the asset side and -€12.6 billion on the liabilities side), especially in interest rate derivatives.

› SECURITIES BOUGHT OR SOLD UNDER REPURCHASE AGREEMENTS

The repo activities are largely concentrated in Paris, which accounted for 63% of securities purchased and 68% of securities sold under repurchase agreements. The decline in securities purchased and sold under repurchase agreements in 2016 stemmed primarily from the reduction in trading activities at CACIB Paris and CACIB New York.

The main transactions entered into with related parties are disclosed in the consolidated financial statements for the year ended 31 December 2016 “General Framework - Related parties” section.

LIABILITIES

€ billion	2016	2015
Due to central banks	1.3	2.3
Financial liabilities at fair value through profit and loss (excl. repurchase agreements)	215.2	229.6
Hedging derivative instruments	1.1	1.4
Due to credit institutions (excl. repurchase agreements)	41.4	45.4
Due to customers (excl. repurchase agreements)	105.8	110.7
Revaluation adjustment of interest-rate-hedged portfolios	0.1	0.1
Repurchase agreements	51.9	61.2
Debt securities	47.1	48.1
Accruals, deferred income and sundry liabilities	33.3	26.7
Liabilities associated with non-current assets held for sale		
Provisions for liabilities and charges	1.4	1.3
Subordinated debt	6.1	5.0
Non-controlling interests	0.1	0.1
Equity - Group share (excl. income)	18.3	16.4
Net income - Group Share	1.2	1.0
Total equity and liabilities	**524.3**	**549.3**

› ACCRUALS AND DEFERRED INCOME AND MISCELLANEOUS ASSETS AND LIABILITIES

Accruals, deferred income and sundry assets and liabilities consist mainly of security deposits on market and brokerage transactions.

› EQUITY, GROUP SHARE

Group share of shareholders’ equity (excluding net income for the period) was €18.3 billion, up by €1.9 billion compared with the figure at 31 December 2015. This resulted from a capital increase (0.4 billion), the payment of the premium and dividends (0.9 billion) and the issuance of AT1 deeply subordinated notes (0.6 billion).

1.6 RECENT TRENDS AND OUTLOOK

2017 ECONOMIC AND FINANCIAL OUTLOOK

As 2017 gets underway, it is important to draw the outlines of a "fundamental" economic scenario in the context of an uncertain and potentially anxiety-provoking political environment, thereby isolating the most obvious risks. The new US president Donald Trump may have an aggressive stance in terms of external trade, but only a fraction of the protectionist measures he advocates is ever likely to be implemented. Big changes in tariffs are unlikely. While the funding of a vast infrastructure program is far from settled, President Trump's tax policy as a candidate can be expected to give rise to complex horse-trading, and is likely to be revised downwards. However, fiscal policy is likely to take an expansionary turn. Furthermore, Brexit is not likely to derail the economic scenario: Brexit is only a major problem in that it reflects European political issues; whatever happens, its implementation will be a long process. Stellar in the United States and honourable in the Eurozone, growth is seen as relying on the tireless support of consumers, who are continuing to benefit – to varying degrees, of course – from improvement in the labour market, purchasing power gains and positive wealth effects.

Real growth of 2.3% is forecast in the United States in 2017. The unemployment rate is now below most estimates of its "natural" level of around 4.5-5%. The economy is moving towards full employment, resulting in upward pressure on wages, even though pay increases were slow to take shape, supporting household incomes. Household consumption is expected to remain solid, acting as the main driver of growth in 2017. However, business investment is expected to grow only slightly, and net exports are likely to weigh on growth: the strong dollar and weak growth abroad are dampening US exports at a time when consumer spending is driving imports. The Eurozone, meanwhile, despite the gradual weakening of past support factors (impairment of the euro, weak commodity prices) is projected to grow by 1.5% in 2017. A gradual rebalancing of the sources of growth is emerging: growth is slowing slightly, while remaining above its long-term "potential" trend rate of approximately 1%. Rising commodity prices are easing deflationary pressures and reducing gains in household purchasing power. But they offer businesses better pricing power, which should help boost margins and investment.

This scenario has put long-term interest rates on an upward curve. Gently sloping in the Eurozone, where the ECB, accommodative and active, is still guiding yields for the core countries. Steeper in the US, where the Fed is poised to tighten monetary policy in an environment of accelerating nominal growth. In the United States, expansionary fiscal measures and improving nominal growth prospects are pushing up long-term interest rates, an increase that the markets have already largely priced in since the US elections. In the Eurozone, interest rates are still subject to the influence of the ECB. The economic improvement, the influence of US rates and the tapering or progressive reduction of bond purchases by the ECB from 2018 (at the earliest) will result in higher yields for the core countries. Increases will be slow given the ECB's mechanism and activism, which prevents an abrupt and lasting upturn. We see 10-year rates closing 2017 at around 2.7% in the US and 0.8% in Germany.

Finally, nominal growth and long-term interest rates, diverging monetary policy trends and potential political risks in Europe are a recipe for a moderate appreciation by the dollar.

However, if the scenario of much more expansionary fiscal policy were to materialise in the United States, it would swiftly propel America's nominal growth rate well above trend (2% in real terms, plus a trend inflation rate of 2%). Faster growth of this nature could result in a more significant rise in US long-term rates, triggering a steep appreciation by the dollar and a more aggressive monetary policy from the Fed, especially from 2018. In 2017, the Eurozone is unlikely to be affected by the direct transmission of the US risks to the real economy. Transmission is more likely to come from financial channels: tighter financial and monetary conditions in the United States, resulting in upward pressure on European interest rates compounded by strong pressure from its own political risks (elections in France and in Germany). And it will be up to the ECB alone to bear the heavy task of ensuring minimal visibility, managing interest rates and calming anxious and volatile markets by maintaining an extremely accommodative policy.

2017 OUTLOOK FOR CRÉDIT AGRICOLE CIB

2017 is the second year of the medium-term strategic plan "Strategic Ambition 2020", during which the bank will continue to enforce the measures that have been established in 2016.

The anticipated short-term regulatory changes (IFRS 9, MiFID II) force the bank to permanently adapt to future contraints, which have led to an even stronger need to optimize its scarce resources (risk-weighted assets, costs, size of balance sheet).

Within the Large customers division newly created, Crédit Agricole CIB will be a key player in the interests of its major clients.

Finally, while continuing to rely on its proven expertise of all its business lines, the bank will aim to strengthen its systems by industrializing its service offerings (Cash Management, Supply Chain, Finance, e-business) and improving its digital offer.

2 INFORMATION ON THE FINANCIAL STATEMENTS OF CRÉDIT AGRICOLE CIB (S.A.)

2.1 CONDENSED BALANCE SHEET OF CRÉDIT AGRICOLE CIB (S.A.)

Assets in € billon	31.12.2016	31.12.2015	*Liabilities in € billon*	31.12.2016	31.12.2015
Interbank and similar transactions	100.0	103.8	Interbank and similar transactions	66.1	83.5
Customer transactions	143.3	160.2	Customer accounts	125.9	127.3
Securities transactions	27.5	27.4	Debt securities in issue	41.4	45.9
Accruals, prepayments and sundry assets	258.1	267.3	Accruals, deferred income and sundry liabilities	278.2	288.8
Non-current assets	6.6	6.8	Impairment and subordinated debt	12.3	9.3
			Fund for General Banking Risks	0.1	0.1
			Shareholders' equity (excl. FGBR)	11.5	10.6
Total assets	**535.5**	**565.5**	**Total liabilities and shareholders' equity**	**535.5**	**565.5**

Crédit Agricole CIB (S.A.) had total assets of €535.5 billion at 31 December 2016, down €30 billion compared with 31 December 2015.

▶ MONEY MARKET AND INTERBANK ITEMS

Interbank assets fell by €3.8 billion (-3.7%), with variances of -€7.4 billion euros in deposits with central banks, -€3.4 billion in receivables from credit institutions and +€6.9 billion in government securities, mainly in the trading portfolio.

Interbank liabilities fell by €17.5 billion (-20.9%), with variances of -€12.7 billion on repurchase agreements and -€5 billion on term borrowings.

▶ CUSTOMER TRANSACTIONS

Assets and liabilities decreased respectively by €16.9 billion (-10.5%) and €1.4 billion (-1%).

The decline in assets from customer transactions was the result of lower income from repurchase agreements amounting to €20 billion, partly offset by higher customer credits and loans amounting to €3.5 billion.

Among liabilities, loans to customers decreased by €7 billion, while ordinary accounts and repurchase agreements grew respectively by €3.8 billion and €1.9 billion.

▶ PORTFOLIO SECURITIES AND DEBTS REPRESENTED BY A SECURITY

Securities transactions were stable on the asset side, but debts securities were down by €4.5 billion (9.8%).

This decrease may be broken down into lower issues of negotiable debt securities issued abroad (-€3 billion) and in France (-€1.5 billion).

▶ ACCRUALS, DEFERRED INCOME AND SUNDRY ASSETS AND LIABILITIES

The accruals and deferred income items mainly record the fair value of derivative instruments. These amounts are reported in “Financial assets and liabilities measured at fair value” in the consolidated financial statements. Accruals were down €9.5 billion on the asset side (-4.7%) and €5.4 billion on the liabilities side (-2.7%), mainly on interest rate swaps.

The “Other assets” and “Other liabilities” items consist primarily of premiums on contingent derivatives and miscellaneous debtors and creditors. Other assets increased by €0.4 billion while Other liabilities decreased by €5.2 billion.

On the asset side, the reduction of €6.9 billion in financial options bought was offset by a €6.6 billion increase in Miscellaneous debtors.

On the liabilities side, the decrease was due to financial instruments sold (€7.7 billion) and counterparty transactions (trading securities at €2.8 billion). At the same time, Miscellaneous creditors increased by €3.2 billion and settlement accounts relating to securities transactions by €1.5 billion.

▶ PROVISIONS AND SUBORDINATED DEBT

Provisions increased by €1.2 billion (+46.75%). This increase mainly concerned provisions for other risks and expenses (€1.1 billion).

Subordinated debts increased by €1.9 billion (27.73%), including a variance of €1.3 billion in fixed-term subordinated debt in Euros and €0.6 billion in undated subordinated debt in Dollars.

ACCOUNTS PAYABLE BY DUE DATE: CRÉDIT AGRICOLE CIB (S.A.)

	31.12.2016				31.12.2015			
		> 30 days				> 30 days		
€ thousands	≤ 30 days	≤ 60 days	> 60 days	**Total**	≤ 30 days	≤ 60 days	> 60 days	**Total**
Accounts payable	6,357	4,071	2,758	**13,187**	11,347	481	3,591	**15,418**

The median payment period for accounts payable at Crédit Agricole CIB is 35 days. Crédit Agricole CIB had outstanding payables of €13.2 million at 31 December 2016, compared with €15.4 million at 31 December 2015.

INFORMATIONS ON INACTIV BANK ACCOUNTS

Under Articles L. 312-19 and L. 312.20 of the French Monetary and Financial Code, issued by the Law No 2014-617 of 13 June 2014 relative to unclaimed assets on inactive bank accounts, named Law Eckert which came into force on 1 January 2016, every credit institution is required to publish annual information on inactive bank accounts.

At end 2016, Crédit Agricole CIB S.A. registers 26 inactive bank accounts for a total of assets estimated to €1,109,550. At the end of the 2016 financial period, a total amount of €10,985 has been transferred to the *Caisse des Dépôts et Consignations* related to three identified inactive bank accounts in Crédit Agricole CIB books.

2.2 CONDENSED INCOME STATEMENT OF CRÉDIT AGRICOLE CIB (S.A.)

€ million	2016	2015
Net Banking Income	3,363	3,689
Operating expenses	(2,427)	(2,314)
Gross operating income	**936**	**1,375**
Cost of risk	(536)	(292)
Net Operating Income	**400**	**1,083**
Net gain/(loss) on fixed assets	3	(604)
Pre-tax income	**403**	**479**
Corporate income tax	279	(45)
Net income	**682**	**434**

The 2016 financial year was once again affected by major volatility in the financial markets due to the many periods of uncertainty over global growth and the highly unusual political situation caused by Brexit, the American Presidential elections and the referendum in Italy.

The end of the year also saw an increase in the American benchmark rates and the continuation of the ECB monetary policy (repurchasing programme right up to December and unchanged benchmark rates).

Net banking income for the 2016 financial year reached €3.4 billion, €326 million lower than for the year ended 2015.

Operating expenses, excluding provisions, increased by €30 million (+1.32%).

In view of these factors, gross operating income fell by €439 million (-31.94%) to +€936 million at 31 December 2016.

The cost of risk was €536 million in 2016, compared with €292 million the previous year.

Directly or indirectly 100% owned by Crédit Agricole S.A. (CASA), Crédit Agricole CIB (CACIB) is part of the tax consolidation group formed by CASA and is head of the CACIB tax sub-group constituted with the member subsidiaries of the tax consolidation group.

The aggregation “Income tax charge” consists mainly of the CASA subsidy for the tax losses of the sub-group.

Crédit Agricole CIB (S.A.) recorded net income of +€682 million in 2016, compared to €434 million the previous year.

2.3 FIVE-YEAR FINANCIAL SUMMARY

Items	2012		2013		2014		2015		2016	
Share capital at year-end (€)	EUR	7,254,575,271	EUR	7,254,575,271	EUR	7,254,575,271	EUR	7,327,121,031	EUR	7,851,636,342
Number of shares issued		268,687,973		268,687,973		268,687,973		271,374,853		290,801,346
Total results of realized transactions (in € million)										
Gross revenue (excl.tax)	EUR	8,232	EUR	6,581	EUR	8,178	EUR	7,808	EUR	7,306
Profit before tax, amortization and reserves	EUR	637	EUR	272	EUR	48	EUR	770	EUR	1,223
Corporate income taxe	EUR	(641)	EUR	(34)	EUR	(77)	EUR	(45)	EUR	279
Profit after tax, amortization and reserves	EUR	1,129	EUR	522	EUR	1,318	EUR	434	EUR	682
Amount of dividends paid	EUR		EUR	999	EUR	999	EUR	899	EUR	983
Earning per share (€)										
Profit after tax, before amortization and reserves		4.76 (1)		1.14 (2)		0.46 (3)		2.70 (4)		5.34 (5)
Profit after tax, amortization and reserves		4.20 (1)		1.94 (2)		4.90 (3)		1.62 (4)		2.42 (5)
Dividend per share	EUR		EUR	3.72	EUR	3.72	EUR	3.34	EUR	3.38
Staff										
Number of employees		6,964 (6)		6,230 (6)		6,241 (6)		6,222 (6)		6,473 (6)
Wages and salaries paid during the financial year (in € million)	EUR	953	EUR	880	EUR	942	EUR	961	EUR	1 000
Employee benefits and social contributions (in € million)	EUR	300	EUR	271	EUR	276	EUR	283	EUR	304
Payroll taxes (in € million)	EUR	39	EUR	31	EUR	39	EUR	39	EUR	35

(1) Calculation based on number of shares issued excluding treasury stock at end 2012, i.e. 268,687,973 shares.

(2) Calculation based on number of shares issued excluding treasury stock at end 2013, i.e. 268,687,973 shares.

(3) Calculation based on number of shares issued excluding treasury stock at end 2014, i.e. 268,687,973 shares.

(4) Calculation based on weighted average number of common shares outstanding during the period, i.e. 268,791,031 shares.

(5) Calculation based on weighted average number of common shares outstanding during the period, i.e. 281,517,355 shares.

(6) Average headcount.

2.4 RECENT CHANGES IN SHARE CAPITAL

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

Date and type of transaction	Amount of share capital (€)	Number of shares
21.06.2012		
Capital increase by payment of the dividend in shares	479,303,487	17,751,981
Share capital at 31.12.2012	**7,254,575,271**	**268,687,973**
Share capital at 31.12.2013	**7,254,575,271**	**268,687,973**
Share capital at 31.12.2014	**7,254,575,271**	**268,687,973**
18.12.2015		
Capital increase by the issue of shares for cash	72,545,760	2,686,880
Share capital at 31.12.2015	**7,327,121,031**	**271,374,853**
27.05.2016		
Capital increase by partial payment of the dividend in shares	52,236,414	1,934,682
27.06.2016		
Capital increase by the issue of shares for cash	472,278,897	17,491,811
Share capital at 31.12.2016	**7,851,636,342**	**290,801,346**

2.5 AUTHORISATIONS TO PROCEED TO CAPITAL INCREASES

Information required by Article L. 225-100 of the French Commercial Code (*Code de commerce*).

Summary table

Nature of the delegation or authorisation	Date of Meeting	Period of validity of the authorisation	Authorised ceiling	Use made of authorisation during the 2016 financial year
Delegation for the purpose of increasing the capital by issuing common shares, with maintenance of the preferential subscription right.	Extraordinary General Meeting of 11 December 2015 (1st resolution).	26 months from the date of the Extraordinary General Meeting of 11 December 2015.	Maximum nominal amount: €400,000,000.	This authorisation was terminated by the Extraordinary General Meeting of 9 May 2016 (23rd resolution).
Delegation with the effect of increasing the capital by issuing common shares, with maintenance of the preferential subscription right.	Extraordinary General Meeting of 9 May 2016 (23rd resolution).	15 months from the date of the Extraordinary General Meeting of 9 May 2016.	Maximum nominal amount: €700,000,000.	The Board of Directors at the meeting held on 27 May 2016 resolved to increase the share capital by the nominal amount of €472,278,897 by the issue of 17,491,811 new shares issued at the unit price of €57.11. This capital increase was finalised on 27 June 2016.

2.6 INFORMATION ON CORPORATE OFFICERS

Disclosures relating to the compensation, terms of office and functions of corporate officers pursuant to Article L. 225-102-1 of the French Commercial Code are provided in the "Corporate Governance" section on pages 56 to 147.

Trading in the Company's shares by Corporate Officers: a paragraph concerning the information that may be required under the terms of Article L. 621-18-2 of the French Monetary and Financial Code and Article 223-26 of the General Regulations of the French Financial Markets Authority (AMF) appears on page 111 of this Registration Document.

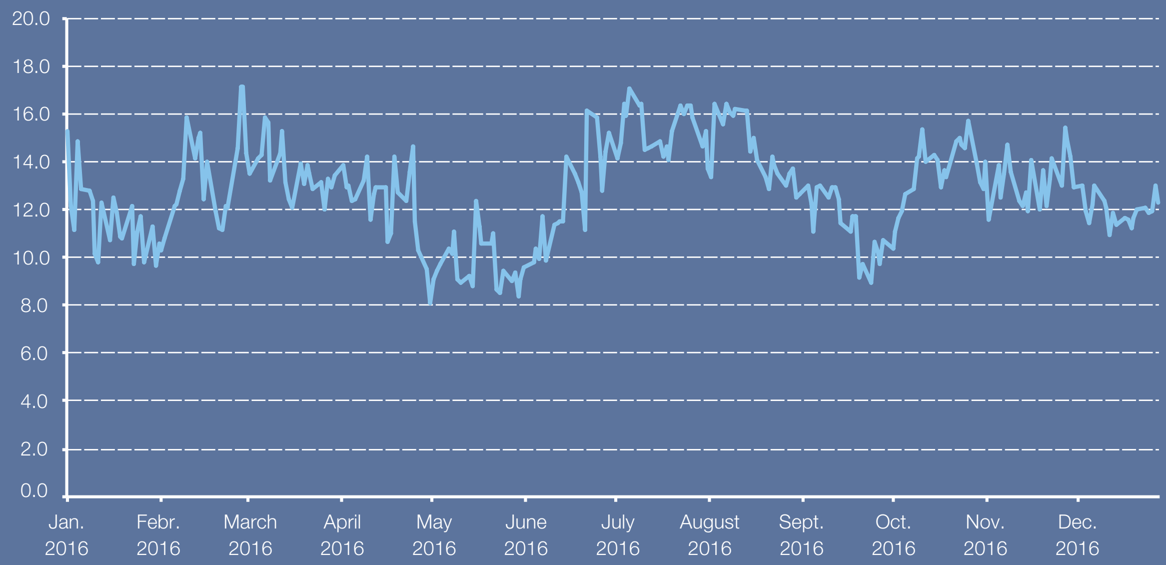
2.7 INFORMATION RELATING TO THE ARTICLE L. 225-102 OF THE FRENCH COMMERCIAL CODE (*CODE DE COMMERCE*) DEALING WITH THE GROUP'S SOCIOENVIRONMENTAL IMPLICATIONS

Economic, social and environmental information of Crédit Agricole CIB group are presented in Chapter 2 of this Registration Document and are subject to a report by one of the Statutory Auditors, appointed as an independent third party, provided on page 51.

5 RISK FACTORS AND PILLAR 3

KEY FIGURES

2016 REGULATORY VaR OF CRÉDIT AGRICOLE CIB (€ MILLION)



REGULATORY RATIOS

FULLY LOADED CET1 RATIO	FULLY LOADED TIER 1 RATIO	LEVERAGE RATIO
11.3%	13.3%	3.92%

CHANGES IN RISK-WEIGHTED ASSETS

€ million	31.12.2016	31.12.2015	31.12.2014
Fully loaded Basel III risk-weighted assets	123,160	124,109	118,581

1 CONCISE STATEMENT ON RISKS

Statement prepared in compliance with Article 435(1)(f) of Regulation (EU) No 575/2013.

Crédit Agricole CIB has learned from the 2007/2008 crisis and has considerably reduced its risk appetite, primarily by suspending or cutting back on some of its market activities. Its strategic guidelines and management and control systems have therefore been scaled in such a way as to maintain a controlled risk profile which is adapted to well-thought-out commercial ambitions, a still uncertain economic climate and greater regulation.

The Board of Directors approved Crédit Agricole CIB's risk appetite for the first time on 30 July 2015. The Board updated it on 11 December 2015, in keeping with Crédit Agricole CIB's 2016 financial goals, and taking into account the new Pillar 2 regulatory constraints effective from 1 January 2016.

1.1 RISK APPETITE FRAMEWORK

▶ 1.1.1 CRÉDIT AGRICOLE GROUP APPROACH AND RISK LEVELS

In compliance with the Crédit Agricole Group approach, Crédit Agricole CIB expresses its risk appetite through key indicators which reflect a number of risk levels:

- appetite is used for managing normal everyday risk. It is expressed in budget targets for solvency and liquidity, and in operational limits for market and counterparty risks, any breach of which is immediately flagged up and then resolved by Executive Management;
- tolerance is used for exceptional management of an increased level of risk. Any breach of tolerance thresholds triggers an immediate report both to the Group Risk Management Department (DRG) and to the Chairman of the Crédit Agricole CIB Board of Directors Risk Committee which is then, if necessary, referred up to the Board of Directors;
- capacity is the maximum risk that Crédit Agricole CIB could theoretically take on without infringing its operational or regulatory constraints, particularly those stipulated by Pillar 2.

▶ 1.1.2 ROLE OF THE BOARD OF DIRECTORS

Crédit Agricole CIB's risk appetite must be approved by its Board of Directors, following a proposal by Executive Management and after it has been examined by the Board of Directors Risk Committee. Crédit Agricole CIB's risk profile is examined on a regular basis (at least quarterly) by the Risk Committee and by the Board of Directors to ensure that it is still compliant with the risk appetite which has been defined and, where necessary, the risk appetite should be adjusted to be in keeping with changes to the economic climate, regulatory constraints and with Crédit Agricole CIB's commercial and financial goals.

› RISK APPETITE, SPECIFIC RISK STRATEGIES AND SECTOR POLICIES

Specific risk strategies should be employed for credit, market, operational and non-compliance risks and must be approved by the Strategy and Portfolio Committee (CSP) chaired by Executive Management, by the Group Risk Committee (CRG) chaired by Crédit Agricole S.A. Executive Management for strategies to be authorised at shareholder level, and finally by the Board of Directors (in accordance with the ministerial decree of 3 November 2014). The risk strategies are set for each country, business line or sector carrying a significant risk for the Bank within the scope of internal control of Crédit Agricole CIB (see "Objectives and policy" on page 168).

Crédit Agricole CIB has also introduced Corporate Social Responsibility (CSR) sector policies in cooperation with the Group as a whole to manage the reputational risks stemming from the social and environmental impacts of its activities. These policies set out analysis criteria for these specific risks, which may cause Crédit Agricole CIB not to perform a transaction which displays (or in some cases does not display) certain (required or excluded) characteristics in certain sectors such as armaments, nuclear or coal (see list on page 32). Much like the specific risk strategies, these sector policies are approved by the Strategy and Portfolio Committee (CSP) and then by the Board of Directors.

Ultimately, Crédit Agricole CIB's risk appetite therefore comprises the following four components which between them form a coherent whole and incorporate the Bank's commercial strategy:

i. the overall risk strategy expressed through key indicators which reflect three risk levels, and which are monitored on a quarterly basis;
ii. this concise statement;
iii. the specific risk strategies (updated periodically);
iv. the sector policies.

RISK TYPES: CHOSEN RISKS AND IMPOSED RISKS

In order to meet its commercial and financial goals, Crédit Agricole CIB selects the majority of its own risks: counterparty risks, market risks and liquidity risks are taken on intentionally to generate income and profit. Therefore, Crédit Agricole CIB defines its appetite by ensuring that risks are in proportion with its commercial strategy and financial objectives, taking into account its previous performance, competitive position and the current economic cycle, while ensuring that all regulatory requirements (particularly those related to solvency and liquidity) are met.

Other risks such as operational and certain non-compliance risks are essentially imposed, although the implementation of protective measures and control systems helps to manage these risks and their potential consequences. The Bank has no appetite for any intentional act that might generate an operational loss or constitute an infringement of the applicable professional regulations and standards. The Bank's appetite is therefore expressed through certain control and watch list indicators, whose purpose is to reduce the impact of these risks to a bare minimum.

1.2 OVERALL RISK PROFILE AT 31 DECEMBER 2016

At 31 December 2016, Crédit Agricole CIB's risk profile was lower than the tolerance threshold approved by its Board of Directors, both overall and for each risk type shown below.

1.2.1 GLOBALLY-MANAGED RISKS: SOLVENCY AND LIQUIDITY

› SOLVENCY

Key solvency risk indicators include:

- the Risk-Weighted Assets (RWA) calculated using regulatory methods;
- the economic capital originating from the "Internal Capital Adequacy Assessment Process" (ICAAP – see page 221);
- the regulatory RWAs are used to calculate nearly all of Crédit Agricole CIB's risks: credit risks, market risks and operational risks. This key indicator fully expresses the overall quantity of risk that the Bank is willing to take on (appetite), does not wish to exceed under any circumstances (tolerance), and the maximum risk in accordance with the regulatory constraints (capacity).

  At 31 December 2016, Crédit Agricole CIB's regulatory RWAs stood at 123.2 billion euros (see page 205) and were below the Bank's tolerance threshold.

› LIQUIDITY

Key liquidity risk indicators include:

- resistance periods for short-term liquidity stress;
- the Stable Funding Position; and
- the Liquidity Coverage Ratio (LCR).

Short-term liquidity stress is applied based on crisis scenarios that Crédit Agricole CIB believes that it could face should an event affect the Group (idiosyncratic crisis), the whole of the interbank market (systemic crisis), or a combination of the two (global crisis).

The stable funding position, defined as a long-term surplus of resources over long-term assets, aims to protect business lines from the consequences of market stress. LCR came into force on 31 October 2015. This ratio requires the Bank to retain 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.

At 31 December 2016, all of these indicators were compliant with the Bank's tolerance in this area. Note that the LCR percentage of 118% far exceeds the regulatory requirement of 70%.

1.2.2 RISKS SPECIFICALLY MANAGED WITHIN THE CORPORATE AND INVESTMENT BANKING (CIB) AND WEALTH MANAGEMENT BUSINESS LINES

› CREDIT

Crédit Agricole CIB's Corporate and Investment Banking is based on debt-related business: credit risk is therefore central to its activities and is by far the greatest risk. Like Crédit Agricole CIB's competitors, CIB customers are often large multinationals or major financial institutions which by their very nature, in addition to individual creditworthiness issues, generate a concentration risk in this area. This risk should however be put into perspective by viewing the Crédit Agricole Group as a whole. The refocusing strategy applied since the financial crisis slightly reduced the number of counterparties and geographical sites, and therefore resulted in a relative increase in the portfolio concentration. However the Bank is still active in a large number of countries and economic sectors, thus benefiting from the positive effect of sectoral and geographical diversification. This effect is measured and monitored under ICAAP.

On the other hand, Crédit Agricole CIB's Wealth Management (WM) business line generates few credit risks, as the majority of its services are Lombard loans which are secured against collateral such as: cash, securities, life insurance contracts, etc.

Therefore, Crédit Agricole CIB's risk appetite is defined in accordance with three key indicators:

- expected losses (EL) within one mid-cycle year for all of its exposures using the internal ratings-based approach (IRBA), with the exception of exposures at default (separate thresholds for CIB and Wealth Management);
- unexpected losses due to the sudden and simultaneous default of several investment grade counterparties (CIB only);
- the proportion of unsecured credit (Wealth Management only).

At 31 December 2016, all three indicators were below the Bank's tolerance thresholds.

› MARKET RISKS

A series of refocusing and adaptation plans have reduced Crédit Agricole CIB's market activity and the resulting risk. This redimensioning plan followed the response to the financial crises of 2007-2008, and then 2011, and the choice to discontinue activities which were deemed to be non-strategic or below their critical size. Thus, Crédit Agricole CIB disposed of the European (Cheuvreux) and Asian (CLSA) equity brokers, together with its 50% stake in Newedge Group (derivatives brokerage). It also ceased its commodity-related activities, stepped down from its market-making role for credit derivatives and closed the majority of its equity derivative activities. The Bank also suspended its own-account activities and, under the French Banking Law (LBF), was not required to set up an ad-hoc subsidiary. Finally, the Bank's Treasury Department is responsible for the sound and prudent management of cash, as required under the LBF.

Crédit Agricole CIB has retained its appetite for market risks in its CIB activities, when such risks are adopted by supplying corporate customers and financial institutions with the investment products and services that they require (including some structured products), and by assuming its role as a market maker for certain market segments and instruments. Wealth Management on the other hand is only exposed to a very low level of market risks.

Therefore, Crédit Agricole CIB's market risk appetite is defined in accordance with two key indicators:

- maximum one-day loss within a confidence interval of 99%, or Value-at-Risk ("VaR" - see definition and calculation method on page 179); and
- adverse and extreme stress (see definition and calculation method on page 183), to understand maximum loss in theoretical extreme market conditions which systematically contradict the Bank's positions.

At 31 December 2016, these indicators were below the Bank's tolerance, with a VaR of 12 million euros (see page 179).

› IMPOSED OPERATIONAL RISKS

Crédit Agricole CIB's imposed operational risks are defined in accordance with two key indicators, while setting specific thresholds for the CIB and Wealth Management business lines:

- total operational losses observed during the year; and
- swiftness of the detection of incidents generating operational losses of €10,000 or more (loss threshold used as part of the internal AMA module employed by the Group, see also page 192). This indicator demonstrates the effectiveness of the control and subsequent prevention system.

At 31 December 2016, these indicators were compliant with the Bank's operational risk tolerance.

› LEGAL AND NON-COMPLIANCE RISKS

Crédit Agricole CIB has no appetite for any intentional action that could lead to an infringement of the applicable regulations. However, any banking activity which generates income may lead to administrative or disciplinary sanctions in the event of a failure to comply with the rules relating to this activity, whether they be laws, regulations, professional or ethical standards, or even instructions from the Bank's managers. Crédit Agricole CIB manages the non-compliance risk situations inherent to income generation by measuring the proportion of activities performed:

- with the most risky customers from a financial security viewpoint;
- for the most complex products on the market.

Specific thresholds are set out for CIB and Wealth Management according to the methods they respectively use to classify financial security or suitability risks, and to references appropriate to their business activities (commercial income or managed assets).

At 31 December 2016, these indicators were below the tolerance thresholds.

› REPUTATIONAL RISKS

At 31 December 2016, Crédit Agricole CIB was not exposed to any reputational risk and was compliant with its CSR sector policies.

2 RISK FACTORS

2.1 ORGANISATION OF THE RISK FUNCTION

The Risk Management and Permanent Controls (RPC) division is in charge of the supervision and permanent control of risks across the whole Crédit Agricole CIB Group's scope of internal control. It carries out second-level supervision and permanent control of credit risks, market risks, country and portfolios risks, operational risks and accounting risks.

Crédit Agricole CIB's Risk Management and Permanent Controls organisation is integrated into the Crédit Agricole S.A. Group's Risk Management and Permanent Controls business line.

Risk management is delegated to Crédit Agricole CIB under formally adopted subsidiarity and delegation principles.

Within this framework, the RPC regularly reports its major risks to Crédit Agricole S.A.'s Group Risk Management Division, and has Crédit Agricole S.A.'s Group Risk Committee (CRG) approve those cases which exceed its authorised limits as well as substantial risk strategies at the Crédit Agricole S.A. Group level.

2.1.1 GLOBAL ORGANISATION

The RPC is based on a global organisation with the following attributes:

- all risk management tasks and business lines, whatever their nature or location, are grouped together within one division. This division has five decision-making and management departments, each specialised in one business sector, and five other cross-functional departments dedicated to supervision and control.
  1. The specialised decision-making and management departments
  - Markets: Market Risks (DRM), Counterparty Risks on Market Transactions (CCR);
  - Credit: Sectors, Corporates and Structured (SCS), Financial Institutions, Sovereigns and Countries (FSP), Sensitive Cases and Impairment (ASD);
  2. The cross-functional departments dedicated to supervision and control
  - Supervision: Portfolio Models and Risks (MRP), Central Management (MGC), Staff and Risk Culture (EMC);
  - Control: Organisation, Projects and Operational Management of Counterparty Risks (OPG), Permanent Control, Operational Risks and Corporate Secretary (GPO);
- all of Crédit Agricole CIB's local and regional RPC managers within the international network report directly to the managers at the RPC head office;
- permanent controllers at head office report functionally to the Operational Risks and Permanent Control Department;
- Crédit Agricole CIB's head of Risk Management and Permanent Control reports hierarchically to Crédit Agricole S.A.'s head of Group Risks;
- Crédit Agricole CIB's head of Risk Management and Permanent Control (who is a member of the Executive Committee) reports functionally to Crédit Agricole CIB's Executive Management.

2.1.2 GOVERNANCE AND GENERAL MANAGEMENT OF ACTIVITIES

› INFORMATION ON THE CRÉDIT AGRICOLE CIB GOVERNANCE BODIES

The Crédit Agricole CIB Risks Committee and Board of Directors receive a report on risk management and main exposures quarterly, and specific reports periodically or upon request.

› GLOBAL MANAGEMENT OF THE ACTIVITIES

DEFINITION OF RISK PROFILE AND RISK STRATEGIES

A member of the Executive Management is at the head of the Strategy and Portfolio Committee (CSP). Its main missions are:

- to ensure that the Bank's global strategy is consistent with its capacity to take risks, to set guidelines that will become specific operational rules, notably such as risk strategies, and to work on alert and Business Watch topics;
- the CSP also oversees each location/country, each business line/major sector within a specific risk strategy, giving the main development guidelines for each business; it also decides on the main risk budgets for the global portfolio.

DECISION-MAKING PROCESS

The decision-making process within Crédit Agricole CIB is ensured by dedicated committees:

- business and geographical committees are in charge of retail financing within the limit granted to each manager;
- the most significant files are reviewed by the Counterparties Risk Committee (CRC) which is chaired by a member of Executive Management. The Crédit Agricole S.A. Group Risk Management Division (DRG) is systematically a member of this committee and receives all the files. The cases with an amount higher than the limits granted to Crédit Agricole CIB are presented for decision to the Crédit Agricole S.A. Executive Management, after approval by the Group Risk Management Division (DRG);
- the Market Risk Committee (CRM), which is also chaired by a member of Executive Management, monitors market exposures twice a month. The CRM sets the limits and does controls on compliance accordingly.

ANTICIPATION

Anticipation of the potential deterioration of counterparties is specifically assessed in monthly Early Warning meetings, scheduled by the Business Watch function attached to the Central Management Department. The purpose of these meetings is to identify early signs of potential deterioration of counterparties hitherto considered sound. After a review of the information gathered, these meetings are intended to draw the most appropriate operational consequences from the review, depending on whether its conclusions are positive (signs ultimately considered innocuous or benign, not justifying at this stage a challenge to the customer) or negative (confirmation of concern necessarily resulting in a reduction of our risk exposure).

The objective is to be more responsive and as agile as possible, in order to act upstream of a deteriorating situation, at a time when protective actions are likely to be both more effective and less costly than any late action taken once the entire market knows the position.

SENSITIVE CASES FOLLOW UP

The control of sensitive cases is ensured by a dedicated team. Debts that are under special supervision or classified as in default are revised quarterly.

OPERATIONAL MANAGEMENT BODIES

In addition to the committees in charge of risks (CRC and CRM), risk management reports are also regularly presented to the following Executive Management bodies:

- the Crédit Agricole CIB Executive Committee, with debates and discussions dedicated to risk management;
- the Internal Control Committee which is responsible for monitoring market and counterparty limits as well as recommendations from internal and external audit bodies;
- the top-level Permanent Control Committee which validates the work assigned to Permanent Control and reviews the permanent control systems of the business lines and branches, as well as cross-functional issues.

RISK MANAGEMENT PROCESS OF CRÉDIT AGRICOLE S.A.

Crédit Agricole CIB is part of the Crédit Agricole S.A. risk process which is structured around the following bodies:

- the Group Risk Committee is chaired by the Crédit Agricole S.A. Chief Executive Officer. Crédit Agricole CIB mainly presents to the committee its one-off approval requests, its main risk strategies, its budgets and commitments on emerging countries, the corporate significant outstandings, individual exposures, the sensitive cases, the limits as well as the market risk situation;
- the Risk Monitoring Committee which belongs to the CRG. Chaired by the Crédit Agricole S.A. Chief Executive Officer, this committee reviews counterparties which present signs of deterioration or a need of arbitrage between entities of the Group;
- the Standards and Methodology Committee (CNM) is chaired by the Crédit Agricole S.A. head of Risk Management and Permanent Controls to which Crédit Agricole CIB submits for decision any proposal of new or existing methodology as regards to measurement or qualification under the Basel Committee before implementation in Crédit Agricole CIB;
- the CIB Business Line Monitoring Committee is chaired by the Crédit Agricole S.A. head of Risk Management and Permanent Controls in the presence of the Crédit Agricole CIB Deputy Chief Executive Officer in charge of the support functions and of the Crédit Agricole CIB Risk Management Department. This committee reviews Crédit Agricole CIB risk situation as well as the progress of some of these processes.

2.2 CREDIT RISKS

A credit risk occurs when a counterparty is unable to fulfil its obligations and when the book value of these obligations in the bank's records is positive. The counterparty may be a bank, an industrial or commercial corporate, a government or government entity, an investment fund or an individual.

The exposure may be a loan, debt security, deed of property, performance exchange contract, guarantee or unused 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.

▶ 2.2.1 OBJECTIVES AND POLICY

Risk-taking in Crédit Agricole CIB is done through the definition of risk strategies approved by the Strategy and Portfolio Committee (CSP), chaired by Executive Management. The risk strategies are set for each country, business/product line or sector carrying a significant risk for the Bank within the scope of control of Crédit Agricole CIB. The strategies define the boundaries within which each business line or geographical entity must conduct its activities, and cover: included (or excluded) industrial sectors, type of counterparty, nature and duration of transactions and activities or authorised product types, category or intensity of risks incurred, existence and value of guarantees, overall portfolio volume, definition of individual and overall risk level, diversification criteria.

By establishing a risk strategy for each scope deemed significant by Crédit Agricole CIB, each business sector and each country, the Bank is able to define its risk appetite and quality criteria for the commitments that it subsequently makes. It also prevents from excessive concentrations and it leads to a risk diversification of the portfolio profile.

Concentration risks are managed by using specific indicators that are taken into account for granting loans (individual concentration model, capital allocation in the RAROC). Concentrations are then monitored a posteriori for the affected portfolios, by analysing the quantitative measure assigned to this use, based on the Bank's internal model.

Finally, an active portfolio management is done within Crédit Agricole CIB to reduce main concentration risks and also to optimise its uses of shareholders' equity. The ALM/CPM uses market instruments such as credit derivatives or securitisation mechanisms to reduce and diversify counterparty risks. The use of derivatives to manage credit risk entails the purchase of credit derivatives on single exposures (see "Credit risk - Use of credit derivatives" in the "Risk factors and Pillar 3" chapter), and the sale of credit derivatives for diversification purposes and the sale of senior exposure tranches to reduce the sensitivity of the insurance portfolio (it should be noted that these reinvestment transactions, whether singly or in tranches, are in attrition). Similarly, potential risk concentration is mitigated by the syndication of loans with external banks and the use of risk hedging instruments (credit insurance, derivatives, etc.).

2.2.2 CREDIT RISK MANAGEMENT

› GENERAL PRINCIPLES OF RISK-TAKING

Credit decisions depend on the upstream risk strategies that are defined above.

Limits are set for all counterparties and groups of counterparties, in order to control the amount of commitments, whatever the type of counterparty (corporate, sovereign, banks, financial institutions, local authorities, SPEs, etc.). Authorisations vary according to the quality of the risk, assessed by an internal rating of the counterparty. The credit decision must form part of the formally approved risk strategies.

Second-level controls on compliance with limits are performed by the "Risk and Permanent Control" Department, supplemented by a process for monitoring individual and portfolio risks, notably to detect any deterioration in the quality of counterparties and Crédit Agricole CIB's commitments as early as possible.

Where the risk is substantiated, a collective and specific impairment policy is put into effect.

New transactions are approved according to a decision-making process based on two front-office signatures, one from a collaborator authorised to make such a request and the other from a delegate empowered to make a credit decision.

The decision is supported by an independent opinion by the RPC approved by an authorised RPC signatory and must take Basel II parameters into account, including the internal rating of the counterparty and the predictive Loss Given Default (LGD) attributed to the proposed transactions. A calculation of ex ante profitability must also be included in the credit file. In the event that the risk management team's opinion is negative, the decision-making power is passed up to Front-Office delegate the chairman of the immediate higher committee.

Comparison between internal 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 & Poors' rating equivalent	AAA	AA+/AA	AA-/A+	A/A-	BBB+	BBB	BBB-	BB+	BB	BB-	B+/B	B-	CCC/CC/C

› RISK MEASUREMENT AND ASSESSMENT METHODS AND SYSTEMS

INTERNAL RATING SYSTEM

The internal rating system covers all methods, procedures and controls used to calculate credit risk, borrower ratings and loss given default figures for all of our exposures.

In 2007, Crédit Agricole CIB received authorisation from the French Regulatory and Resolution Supervisory Authority (ACPR) to use its internal credit risk rating system to calculate regulatory capital requirements.

The methods used cover all types of counterparty and combine quantitative and qualitative criteria. They are devised using the expertise of the various financing activities within Crédit Agricole CIB, or within the Crédit Agricole Group if they cover customers shared by the whole Group. The rating scale has 15 notches. It 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. The scale comprises 13 ratings (A+ to E-) for counterparties that are not in default (including 3 ratings for counterparties that have been placed under watch) and 2 ratings (F and Z) for counterparties that are in default.

The relevance of ratings and reliability of data used are secured by a process of initial validation and maintenance of internal models, based on a structured and documented organisation applied to the Group and involving the entities, the Risk and Permanent Control Department and the Audit-Inspection business line.

All internal models used by Crédit Agricole CIB were the subject of a presentation to the Standards and Methodology Committee (CNM) for approval before internal validation by the Control and Audit function. They were also the subject of a validation by the ACPR on 1 January 2008. Furthermore, each change in the internal model is now subject to an audit by the validation team within the Group Risk Management Department before being presented to the CNM for approval.

Corporates' internal rating is followed according to a system common to Crédit Agricole Group; guaranteeing a uniform rating throughout the Group and enabling to share backtesting work for common customers.

Crédit Agricole CIB has ensured that the risk parameters required by Basel II, allowing the calculation of capital requirements, are used as part of the Bank's internal management. They are used by all people involved in the process of granting loans and measuring and monitoring credit risks.

The data used for granting loans and determining ratings is monitored every two months by a Basel Requirements Review Committee. This committee is coordinated by the Risk Management Department, and representatives of all business lines take part in it. The committee monitors a set of indicators concerning the quality of data used for rating purposes, as well as the calculation of other Basel II parameters when granting loans, such as loss given default (LGD), credit conversion factor (CCF), risk reduction factor (RRF), etc. The committee helps business lines apply Basel II requirements and, if necessary, to take remedial action when discrepancies arise. It provides important help in checking that the Basel II system is used properly by the business lines.

BACKTESTING

Backtesting aims to ensure the robustness, performance and predictive power of the Bank's internal models over time. This exercise also helps detecting significant changes in the structure and behaviour of portfolios and clients. It then leads to adjustment decisions adjustment, or even recast, of models in order to take into account these new structural elements.

In 2016, the backtesting methods of the "Probability of default" (PD) scope were reviewed and approved by the CNM, in response to recommendations issued by the Group's Internal Audit and Risk Management departments.

On the backtesting of PD parameter, the following analyses are carried out:

- consistency between observed "through the cycle" (TTC) default rates and the master scale PDs (based on the calculation of a confidence interval around the TTC default rate);
- analysis of defaults (including discriminating power and more qualitative analysis in the case of low default portfolios [LDP]);
- stability of ratings over time (both in terms of distribution of the portfolio's ratings and of one-year transitions of the portfolio's ratings);
- analysis of the model parameters (analysis of variables involved in determining ratings, correlations, changes to various intermediate ratings, etc.).

The main goal of the LGD backtesting performed is to regularly compare for all LGD models in IRBA:

- predictive LGDs: LGDs assigned by the internal model to transactions that constitute the Crédit Agricole CIB portfolio, on a given date;
- and historical LGDs: LGDs observed based on historical recoveries for each transaction following the default.

The horizon of risk defined by the regulator is one year; the predictive LGDs associated with the transactions one year before default should then be compared with the final LGDs observed through actual recoveries.

The nature of LGD models and the volume of defaults being different for each LGD scope, LGD backtesting studies are adapted to each scope. At least, the LGD backtesting of a scope will compare the predictive and historical LGD quantitatively and or qualitatively according to volume.

There are three main types of LGD scopes detailed as follows:

- the scope of specialised financing: concerning the financing of assets (Aeronautics, Real Estate/Hotels, Rail and Shipping), predictive LGD is obtained from a theoretical model based on the diffusion of asset values, unlike project financings, transactional trading and structured commodities, for which predictive LGD is obtained from a grid specific to each model and based on the quality of the sponsor, the asset liquidity, the goods' claim phases or the final buyer;
- the scope of unsecured corporate, bank and sovereign financing: predictive LGD is obtained from a grid specific to each scope (corporate, bank, insurance, etc.) involving third party variables such as internal ratings, the risk country, etc.;
- the scope of secured corporate, bank and sovereign financing: predictive LGD is obtained by applying Risk Reduction Factors to the part covered by a personal guarantee or by collateral and using the unsecured LGD grids for the non-covered part.

As such, the backtesting of default rates performed on Crédit Agricole CIB's Large customer portfolio in 2016 underlines the relevance of the PD models. The estimated PD over a one-year period is indeed confirmed by, and may even be higher than the actual default rates observed over the reference period.

	Estimated PD	Default rate observed in 2015
Corporates	1.25%	1.01%
Banks	0.82%	0.00%

For models under its responsibility, Crédit Agricole CIB gets back annually to the Group, through the Committee of Backtesting on the one hand and the CNM on the other hand, the results of backtesting allow to confirm the proper application of the selected statistical methods and the validity of results. The summary document recommends, where necessary, appropriate corrective measures (methodology review, recalibration, training effort, control recommendations, etc.).

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 CIB uses an internal method for estimating the underlying risk of derivative financial instruments such as swaps and structured products.

Counterparty risks on capital market activities are assessed for potential risk linked to fluctuations in the market value of derivative instruments for the remainder of their life. This is determined according to the nature and remaining maturity of agreements, based on a statistical observation of changes to underlyings. When the netting and collateralisation agreements with the counterparty allow, counterparty risk is measured for the portfolio net of eligible collateral. The Corporate and Investment business uses this method for the internal management of counterparty risk, and it differs from the regulatory approach used to meet the measurement requirements of European, and international capital adequacy ratios or for reporting major risks.

To reduce exposure to counterparty risks, the Corporate and Investment business enters into netting and collateralisation agreements with its counterparties (see part 2.2.4 "Credit risk mitigation mechanism").

Information on credit risks are provided on page 173 and following of the "Risk factors and Pillar 3" section as well as in Note 3 of the notes to the consolidated financial statements.

PORTFOLIO AND CONCENTRATION RISKS

Decision-making and individual risk monitoring within Crédit Agricole CIB are backed up by a portfolio risk monitoring system that enables the group to assess counterparty risks for its overall portfolio and for each of the constituent sub-portfolios, according to a breakdown by business line, sector, geographic zone, or any delineation that brings out specific risk characteristics in the overall portfolio.

In principle, portfolio reviews are conducted yearly on each significant scope in order to check that the portfolio is consistent with the risk strategy in force, to assess the various segments of the portfolio against one another and against any aspects of the operating environment or external factors that may be influencing them.

Different tools were implemented to detect any concentration deemed to be excessive for the entire portfolio, sub-portfolios or at a unit level:

- unit concentration scales were implemented to give reference points according to the nature, the size, the rating and the geographic area of the counterparty. They are used in the loan-granting process and are periodically implemented to the portfolio to detect concentrations that seem to be excessive *a posteriori*;
- regular monitoring, ad hoc analysis and when needed, recommendations for action are regularly carried out and provided for sectoral and geographical concentrations. In all cases, concentration risks are taken into account in the risk strategy analysis of each business line or geographic entity;
- information regarding the level of concentration within the portfolios is regularly sent to Executive Management within the framework of the Strategy and Portfolio Committee.

Crédit Agricole CIB uses credit risk modelling tools and in particular an internal portfolio model that calculates risk indicators such as: average loss, volatility of potential losses and economic capital. Average loss and volatility figures enable Crédit Agricole CIB to anticipate the average risk-related cost in its portfolio, and changes therein. Economic capital is an additional measurement of Basel II regulatory capital, to the extent that it allows a more detailed view of the portfolio through a correlation model and parameters calibrated using internal data bases.

The internal portfolio model also takes into account the impact of protection (Credit Default Swaps, securitisations) purchased by Crédit Agricole CIB's Credit Portfolio Management unit. Finally, it measures the effects of concentration and diversification within our portfolio. These effects are studied based on individual and geo-sectorial criteria.

Stress scenarios are the final type of counterparty risk assessment tool. They are regularly produced to estimate the impact of economic scenarios (central, adverse) on some or all parts of the portfolio.

SECTOR RISKS

Crédit Agricole CIB's portfolio is analysed by major industrial sector at regular intervals, at least once a quarter. Risks within each sector in terms of commitments, level of risk (expected loss, economic capital) and concentration are examined.

Concentration is assessed on two levels: idiosyncratic and geo-sectorial. These analyses can be more or less deepened according to the analyst's needs.

Meanwhile, the economic and financial risks of each significant sector are analysed and leading indicators of deterioration are monitored.

Specific stress scenarios are also prepared when necessary for instance during the strategic review of an entity of the Bank.

In the light of these various analyses, measures to diversify or protect sectors at risk of deterioration are recommended.

COUNTRY RISKS

Country risk is the risk that economic, financial, political, legal or social conditions of a foreign country will affect the Bank's financial interests. It does not differ in nature from "elementary" risks (credit, market and operational risks). It constitutes a set of risks resulting from the Bank's vulnerability to a specific political, social, macroeconomic and financial environment.

The system for assessing and monitoring country risk within Crédit Agricole CIB is based on an internal rating model. Internal country ratings are based on criteria relating to the financial soundness of the government, the banking system and the economy, ability and willingness to pay, governance and political stability.

The limits set at the end of 2011 for all countries with a sufficiently high volume of business, in line with procedures which are more or less stringent depending on the country's rating, were introduced in early 2013: country limits are set on an annual basis for "non-investment grade" rated countries and are reviewed every two years for countries with higher ratings.

In addition, the Bank performs scenario analysis to test adverse macroeconomic and financial assumptions, which give an integrated overview 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, in accordance with the portfolio's vulnerability to the 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 this necessary. These strategies and limits are validated depending on the issues in terms of risks by Crédit Agricole CIB's Strategy and Portfolio Committee (CSP) or Country Risk Committee (CRP) and by Crédit Agricole S.A.'s Risk Committee (CRG) as well as by Crédit Agricole CIB's Board of Directors;
- country risk is evaluated on a regular basis through the production and quarterly updating of ratings for each country in which the Group is exposed. Specific events may cause ratings to be adjusted apart from this schedule;
- the Country and Portfolio Risk Department validates transactions whose size, maturity and degree of country risk may potentially 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 specific and regular reports on all country exposures.

Sovereign-risk exposures are detailed in Note 6.9 to the consolidated financial statements.

COUNTERPARTY RISK ON MARKET TRANSACTIONS

Derivatives and repo transactions carried out by Crédit Agricole CIB as part of its capital market activities generate a risk of credit by the transaction counterparties. Crédit Agricole CIB uses internal methods to estimate the current and potential risk inherent in derivative financial instruments, taking a net portfolio approach for each client:

- current risk corresponds to the sum owing by the counterparty in the event of instantaneous default;
- potential future risk is the estimated maximum value of Crédit Agricole CIB's exposure within 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.

The model also takes into account various risk mitigation factors, linked to set-off and collateralisation contracts negotiated with counterparties during the pre-transaction documentation phase.

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) are monitored by means of ad hoc exercises in 2016. The internal model is used to manage internal limits on transactions with each counterparty and to calculate Basel II Pillar 2 economic capital via the average risk profile (Expected Positive Exposure) using a global portfolio approach.

As allowed by the regulatory framework, the French Regulatory and resolution supervisory 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. This method uses the model described above to determine 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 repo transactions and derivative transactions at its subsidiaries, Crédit Agricole CIB uses the standard approach.

Credit risk on these market transactions is managed following rules set by the Group. The policy on setting counterparty risk limits is as described in "Credit risk management – General principles of risk-taking" on page 169. The techniques used by Crédit Agricole CIB to reduce counterparty risk on market transactions are described in "Credit risk mitigation mechanisms" on pages 249 and 250.

Crédit Agricole CIB includes a credit valuation adjustment (CVA) in its calculation of the fair value of derivative assets. This value adjustment is described in Note 1.3 to the consolidated financial statements under accounting principles and policies and Note 10.2 on Information about financial instruments measured at fair value (see pages 277 and following, and 336 and following).

The positive fair value of contracts as well as the benefits coming from compensations and securities held, and net exposure on derivatives after the compensation and the securities' effects are detailed in Note 6.12 relative to the compensation of financial assets on pages 315 and 316.

2.2.3 COMMITMENTS MONITORING SYSTEM

› MONITORING SYSTEM

First-degree controls on compliance with the conditions that accompany a credit decision are carried out by the Front-Office. The Risk Management and Permanent Controls division is in charge of second-level controls.

Commitments are supervised for this purpose, and portfolio business is monitored constantly in order to identify at an early stage any assets that could deteriorate. The aim is to adopt practical initiatives as early as possible so as to protect the Bank's interests.

COMMITMENTS MONITORING METHODS

The main methods used in this monitoring are:

- day-to-day controls on credit decision compliance, in terms of amount and maturity date, for commercial transactions as well as capital market transactions, for all types of counterparty and all categories of counterparty risk encountered (risk of change, delivery, issuer, cash, intermediation, initial margin and default funds with clearing houses for the capital market scope, risk of investment and late payment for the financing scope, etc.);
- the presentation of detected anomalies at the committee meetings to which the business lines and specialised RPC decision-making and management departments contribute.

  Overruns are thus monitored and lead to corrective action and/or dedicated supervision depending on the business line. The frequency of these committee meetings varies depending on the scope: bimonthly for the market transactions scope and quarterly for the financing transactions scope;
- communication to Executive Management of a monthly summary and a quarterly presentation to the Internal Control Committee on anomalies for the market scope.

PERMANENT MONITORING OF PORTFOLIO BUSINESS

Several bodies ensure the permanent monitoring of portfolio businesses, to detect any possible deterioration or any risk concentration problem as early as possible:

- monthly "Early Warning" meetings are held, which endeavour, by various means, to identify early signs of potential deterioration in loans which are healthy but deemed sensitive, in order to reduce or cover the risk exposure;
- quarterly reviews of major risks are performed, regardless of the quality of borrowers concerned;
- a regular search of excessive unit, sector and geographic concentrations is carried out;

- mappings are carried out for counterparty risks on market transactions (risk of variation calculated under normal market conditions and during periods of market stress), issuer risks, risks relating to mandatory repos, and guarantor risks for credit derivatives. Reports on risk management relating to the unfavourable correlation risk on credit derivatives, equity derivatives, mandatory repos and equity loans and borrowing are produced. These mappings are presented and analysed in the committees dedicated to such matters.

These steps lead to:

- changes in internal ratings of counterparties which are, when needed, classified as “sensitive cases”;
- practical decisions to reduce or cover at-risk commitments;
- possible transfers of loans and receivables to the specialised recovery unit.

IDENTIFICATION OF FORBEARANCE MEASURES

Since 2014, Crédit Agricole CIB identifies in its information systems the outstanding loans that have been subject to forbearance measures, as defined in Annex V of the Commission Implementing Regulation (EU) No 680/2014. A pre-identification is made first, during the loan approval process, when Crédit Agricole CIB studies the clients' requests for credit restructuring. Once the forbearance measure is implemented, the outstanding loans in forbearance are declared under that designation, regardless their internal rating or their accounting treatment.

The outstanding loans subject to forbearance measures are listed in Note 3.1 to the consolidated financial statements. The accounting principles applied to these receivables are specified in Note 1.3 to the consolidated financial statements.

› MONITORING OF SENSITIVE CASES AND IMPAIRMENT

Sensitive cases, whether cases “under Special Supervision” or bad debts, are managed on a daily basis within the entities, and enhanced surveillance is carried out on a regular basis.

This surveillance takes the form of sensitive case reviews performed on a quarterly basis under the chairmanship of the head of Risk and Permanent Control - Sensitive Cases and Impairment - in order to proceed with a cross-examination of these loans' classifications as doubtful or sensitive cases, to determine the potential transfer of their management to a dedicated team (DAS), and their specific level of impairment which is then sent to Executive Management for approval before being shared with Crédit Agricole S.A..

The definition of default complies with the European Regulation No 575/2013 of 26 June 2013. Procedures and strict operating modes have been implemented on those bases. These are updated in line with regulatory changes.

› STRESS SCENARIOS

Credit stress tests are devised to assess the potential impact the Bank may face (in terms of loss, provisioning and capital) in the event of a serious deterioration in the economic and financial environment.

There are three types of stress test categories:

- the first aims to reflect the impact of a macroeconomic deterioration affecting the whole portfolio in terms of cost of risk, regulatory capital requirements and impact on the solvency ratio. Such scenario is mandatory in order to comply with the needs of a strengthened prudential supervision required by the Pillar 2 of Basel II. Since 2014, this has been led by the ECB and the EBA, with the aim of testing the financial solidity of the banks and/or the banking system as a whole. Since 2016, the results of the regulatory stress tests are taken into account in the calibration of capital requirements under Pillar 2;
- the second takes the form of budget simulations and aims to stress the central budget of the bank;
- the third involves targeted stress tests on a particular sector or geographical zone that constitutes a risk homogeneous group. This type of stress test is performed on a case-by-case basis as part of the management of risk strategies. It provides an insight into losses and/or capital requirements in the event that an adverse scenario defined for the specific needs of the year should materialise; thus, the selected strategy and notably the amount of the requested budgets may be challenged as regards the creditworthiness of the portfolio to date, the impact of economic situations potentially adverse to the portfolio in question may also be taken into account. Sensitivity tests may be performed in addition to these stress tests.

▶ 2.2.4 CREDIT RISK MITIGATION MECHANISMS

› COLLATERAL AND GUARANTEES RECEIVED

Crédit Agricole CIB requires guarantees and collateral from a significant number of its counterparties to reduce its risks, either on financing or market transactions.

The principles for accepting under Basel II, taking into account and managing guarantees and collateral are defined by the Crédit Agricole Group's Standards and Methodology Committee.

This common framework ensures a consistent approach across the Group's various entities. The committee documents aspects including the conditions for prudential use, valuation and revaluation methods and all credit risk mitigation techniques used within the Crédit Agricole CIB Group. Crédit Agricole CIB then devises its own operational procedures and arrangements for the detailed management of these guarantees and collateral.

Commitments given and received are presented in Note 8 to the consolidated financial statements.

› USE OF NETTING AGREEMENTS

With the implementation of the recommendations of Basel Committee along with the CRD IV European Directive on regulatory capital, the French Prudential Supervisory and Resolution Authority (ACPR) requires that several conditions have to be strictly respected in order to trigger a close out netting within the framework of determining the regulatory shareholder's equity of a financial institution.

These conditions include: Crédit Agricole CIB obtaining recent written and reasoned legal opinions as well as proceedings “in order to ensure at any time the validity of the novation settlement or the netting agreement in the event that applicable regulations are revised”.

The close out netting corresponds to the possibility, in case of default from the counterparty (including the case of an opening of a bankruptcy proceeding) of early cancelling the contract and calculating a full settlement of debts and reciprocal obligations according to a calculus method that would have been contractually worked out.

Thus, the close out netting is an anticipated termination-compensation mechanism which can be separated in three steps:

- early termination of transactions under a "master" agreement in the case of a default or changes in circumstance;
- determination of the market value (positive or negative) of each transaction at the date of termination (and the valuation, when appropriate, of the collateral);
- calculation and payment of the net single termination balance including the valuation of the terminated transactions, all collateral and outstanding amounts due (by the party liable for the net amount).

The close out netting enables to calculate a net balance on the debts and debt obligations in respect of the master agreement that would have been signed with the counterparty, in case of a default.

The collateral (or collateralisation) corresponds to a financial guarantee mechanism designed to over-the-counter markets, allowing securities or cash to pass on in form of guaranty or the transfer in plain property of hedged operations during their lives, that could be netted in case of a default from a counterparty, in order to determine the full settlement of debts and reciprocal obligations resulting from a master agreement that would have been signed with the counterparty.

The implementation of the close out netting and collateralisation mechanism is analysed in each country according typology of contract, counterparty and product.

The effective implementation or not of close out netting and collateralisation mechanisms in a given country imply to sort the country either in A country or in B country.

Countries filed in A category are those whose legal and regulatory environment is estimated sufficient to recognise and to implement in a certain way the close out netting and the collateralisation mechanisms, even though the counterparty in engaged in a bankruptcy proceeding, contrary to the countries filed in B category in which a risk of non-applicability prevails.

The conclusions of these analyses and the proposals of classification by countries are displayed for endorsement within the framework of the Netting and Collateral Policy Committee (or PNC Committee).

› USE OF CREDIT DERIVATIVES

The Bank uses credit derivatives and a range of risk transfer instruments, including securitisation, in managing its banking book (see Basel III Pillar 3 disclosures).

At 31 December 2016, the notional amount of protection bought in the form of credit derivatives was €7 billion (€9.2 billion at 31 December 2015), the notional amount of short positions was €12 million (€18 million at 31 December 2015).

The notional amounts of credit derivative outstandings are specified in Note 3.2 to the consolidated financial statements "Derivative instruments: total commitments" (see page 295).

2.2.5 EXPOSURES

› MAXIMUM EXPOSURE TO CREDIT RISK

An entity's maximum exposure to credit risk is the gross carrying amount, net of any offset amount and any recognised loss of value.

€ million	Notes	31.12.2016	31.12.2015
Financial assets at fair value through profit and loss (excluding variable-income securities)	*6.2*	258,937	289,582
Derivative hedging instruments	*3.4*	1,800	1,434
Available-for-sale assets (excluding variable-income securities)	*6.4*	28,970	26,117
Loans, receivables and security deposits due from credit institutions	*6.5, 6.14*	57,644	51,704
Loans, receivables and security deposits due from customers	*6.5, 6.14*	143,204	137,682
Exposure to on-balance-sheet commitments (net of impairment losses)		**490,555**	**506,519**
Financing commitments given	*8*	126,790	108,602
Financial guarantee commitments given	*8*	47,132	46,020
Provisions - Financing commitments	*6.18*	(46)	(26)
Exposure to off-balance-sheet commitments (net of reserves)		**173,876**	**154,596**
Maximum exposure to credit risk		**664,431**	**661,115**

› CONCENTRATIONS

BREAKDOWN OF COUNTERPARTY RISK BY GEOGRAPHICAL AREA (INCLUDING BANK COUNTERPARTIES)

At 31 December 2016, loans granted by Crédit Agricole CIB net of Export Credit Guarantees and excluding UBAF (€291 billion) are broken down by geographic area as follows:

Breakdown In percentage	31.12.2016	31.12.2015
Western European countries (excluding France)	30.1%	29.2%
France	21.8%	22.8%
North America	20.9%	20.9%
Asia (excluding Japan)	12.2%	10.3%
Africa and Middle-East	5.3%	4.8%
Japan	4.5%	6.5%
Latin America	3.7%	3.7%
Europe (excluding Western Europe and France)	1.6%	1.6%
Other and Supranationals	0.1%	0.0%

Source: risk data (excluding UBAF, on- and off-balance-sheet commercial commitments of customers and banks, net of export credit guarantees).

The breakdown of loans and receivables as well as commitments given to customers and credit institutions by geographical area is provided in Note 3.1 to the consolidated financial statements.

The overall balance of the portfolio in terms of distribution between different geographical areas is stable compared to 2015.

BREAKDOWN OF RISKS BY BUSINESS SECTOR (INCLUDING BANK COUNTERPARTIES)

At 31 December 2016, loans granted by the Crédit Agricole CIB Group, net of export credit guarantees (excluding UBAF), totalled €291 billion (€308 billion gross), versus €288 billion in 2015.

It is broken down by business sector as follows:

Breakdown In percentage	31.12.2016	31.12.2015
Banks (including central banks)	11.6%	14.9%
Miscellaneous	17.4%	16.1%
Of which securitisation	10.6%	9.1%
Oil & Gas	11.4%	11.3%
Real estate	5.8%	5.7%
Aeronautic/Aerospatial	4.9%	4.3%
Shipping	4.6%	4.6%
Electricity	4.6%	4.6%
Heavy industry	4.5%	4.5%
Construction	3.5%	3.6%
Automotive	3.7%	3.4%
Other financial activities (non-banks)	3.2%	2.7%
Telecom	2.9%	3.1%
Other transport	2.8%	2.8%
Production & distribution of consumer goods	2.7%	2.6%
Other industrles	2.7%	3.8%
Healthcare and pharmaceuticals	2.6%	1.7%
IT/Technology	2.3%	1.7%
Insurance	2.1%	2.0%
Food-processing industry	1.9%	2.0%
Tourism, hotels and restaurants	1.4%	1.8%
Non-commercial services/Public sector/Local authorities	1.3%	0.9%
Media and publishing	0.8%	1.0%
Utilities	0.6%	0.6%
Wood, paper and packaging	0.7%	0.3%
Total	**100.0%**	**100.0%**

Source: risk data (excluding UBAF, on- and off-balance-sheet commercial commitments of customers and banks, net of export credit guarantees).

Part of the growth of commitments in certain sectors is linked to the appreciation of the US dollar, due to the fact that a significant portion of transactions are denominated in US dollars (Oil & Gas, Shipping, Aircraft).

Outstanding amounts with banks are still primarily focused on the central banks of the following three countries: Japan, the United States and France. At 31 December 2016, our Bank of Japan exposure had fallen significantly. This represents €5.6 billion, compared to €10.6 billion at the end of December 2015.

In terms of the allocation among segments, the portfolio's overall balance remained essentially stable relative to the previous year. The few changes are described below:

- more than one-half of the exposures of the "Miscellaneous" segment is comprised of securitisations (mainly liquidity facilities granted to securitisation programmes financed through our conduits) (see section 3.6 "Securitisation" of Pillar 3), for which the outstandings increased in 2016 and are the main cause of the growth in this segment.

  The other commitments involve clients with highly diversified businesses (mainly wealth management and financial holding companies);
- the "Oil & Gas" sector is the main component of our "Energy" exposure. This segment incorporates a highly diverse range of underlyings, companies and financing types, including a number of sub-segments such as RBL, trade and project finance which are usually secured by assets. 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). On the other hand, customers with a focus on exploration/production, and those reliant on investment levels in the industry (oil-related services), are the worst affected. They have been the subject of specific monitoring throughout the year, and have specific procedures to follow: reduction in commitments on the exploration/production sub-portfolio, stability of commitments on the oil-related services sub-portfolio, as well as resistance tests using extremely conservative oil price hypotheses. Generally speaking, the "Oil & Gas" sector benefits from a very selective approach to projects and any significant new operations are subject to in-depth analysis. Our exposure (expressed on the basis of EAD), which represents 1.7% of the Crédit Agricole S.A. Group's EAD has fallen by 13% since 2015;
- our exposure on the "Real estate" segment has fallen slightly, mainly due to the high portfolio turnover both on the primary and secondary markets. The other financing transactions involving the Corporate segment relate mainly to large property companies and typically include interest rate hedges. The balance of our commitments includes guarantees issued on behalf of leading French property developers and interest rate hedges for social housing market participants (mainly public-sector agencies) in France;
- the weight of the ("Aeronautics" and "Automotive") sectors rose slightly due to the fact that these sectors have profited from the drop in energy prices;
- "Aeronautics" sector financings involve either asset financing (here again with very high-quality assets), or the financing of major, world leading, manufacturers. The automotive portfolio is also focused mainly on large manufacturers, with limited development in the automotive supplier sector;
- the current position of the "Shipping" segment is the result of Crédit Agricole CIB's expertise and background in mortgage financing for ships, which it provides to its international ship-owning clientele. Shipping transport is currently experiencing the longest crisis observed since 1984-1988. With this in mind, we are pursuing our strategy of gradually reducing our exposure since 2011. However, our portfolio is relatively well-protected thanks to its diversification (financing of oil tankers, gas carriers and off-shore facilities, cargo ships, container ships, cruise ships, etc.), and by the quality of its financing structure for ships, secured by mortgage loans;
- the "Electricity" sector is another component of our "Energy" exposure which has its own characteristics, aside from the ripple effects of the sensitive Oil & Gas segments. Half of our exposure is accounted for by major integrated or diversified groups;
- heavy industry includes mainly large companies in the steel, metals and chemicals sectors. Some of these multinationals have experienced a drop in demand. It should be noted that our commitments on the Coal sector have been halved, in line with Crédit Agricole Group's CSR policy;

- the "Telecom" sector has commitments on operators and suppliers. This segment includes a few LBO financing transactions but comprises mainly Corporate lending;
- the "Production and distribution of consumer goods" sector includes mainly large French retailers with a global footprint. Their rating remains strong despite the competitive environment in which they are doing business.

EXPOSURE TO LOANS AND RECEIVABLES BY TYPE OF BORROWER

The concentrations of loans and receivables by type of borrower and commitments given to credit institutions and customers are presented in Note 3.1 of the consolidated financial statements.

The gross amount of loans and receivables outstanding has increased by 3.6% in 2016 (€174 billion at 31 December 2016 compared to €168 billion at 31 December 2015). They relate essentially to large corporates and credit institutions (72% and 19% respectively at 31 December 2016, compared with 73% and 19% respectively at 31 December 2015).

Similarly, financing commitments given to customers mainly relate to large corporates (97% at both 31 December 2015 and 2016).

CONCENTRATIONS OF TOP TEN COUNTERPARTIES (CUSTOMERS)

In terms of commitments, excluding export credit guarantees, these accounted for 7.1% of Crédit Agricole CIB's total exposure at 31 December 2016, stable compared to 31 December 2015.

› CREDIT QUALITY

QUALITY OF THE PORTFOLIO EXPOSED TO CREDIT RISK

At 31 December 2016, performing loans to customers amounted to €283 billion of net outstanding loans. Their ratings broke down as follows:

Breakdown In percentage	31.12.2016	31.12.2015
AAA (A+)	12.2%	13.8%
AA (A)	4.1%	5.2%
A (B+ and B)	30.9%	28.1%
BBB (C+ to C-)	37.1%	38.7%
BB (D+ to D-)	10.8%	11.6%
B (E+)	1.0%	0.9%
On watch (E and E-)	1.8%	1.7%

Source: risk data (excluding UBAF, on- and off-balance-sheet commercial commitments of customers and banks, net of export credit guarantees).

The quality of the portfolio deteriorated in 2016, with a drop in the relative number of outstandings rated AAA. The percentage of investment grade ratings fell marginally and represents 85% of the portfolio, compared to 86% in 2015. This relative stability reflects the strength of the portfolio.

IMPAIRMENT AND RISK HEDGING POLICY

The policy for covering potential loan losses is based on two types of impairment:

- impairment allowances on an individual basis intended to cover probable losses on impaired loans and receivables;
- collective impairment allowances under IAS 39, recognised when objective indications of impairment are identified on one or more homogeneous subgroups within the credit risk portfolio.

INDIVIDUALLY IMPAIRED ASSETS

The breakdown of impaired loans and receivables due from credit institutions and customers by type of borrower and geographic area is presented in Note 3.1 of the consolidated financial statements. These financial statements specify impairment on doubtful and irrecoverable loans and receivables.

COLLECTIVE PROVISIONS

In accordance with IAS 39, collective provisions are established when objective evidence of impairment is identified:

- assets that already show an increased level of risk: impairment is based on statistical data relating to the expected losses until maturity of the transactions;
- sectors and countries on credit watch: these provisions are intended to cover estimated risks based on a sector or geographical area for which there is statistical or historical risk of partial non-recovery.

The sub-portfolios for which sector provisions were made at the end of 2016 predominantly relate to the Energy and Shipping industries.

Countries for which a collective provision was established are those whose ratings were below a certain threshold in our internal rating scale, which qualifies them as countries subject to monitoring.

Collective impairment totalled €1,341 million at 31 December 2016.

› COUNTRY RISK POLICY

2016 was marked by a number of events that will potentially have an impact on the future. In particular, Brexit and the election of Donald Trump as President of the United States, the full consequences of which are yet to be seen, mean that early 2017 has been shrouded in uncertainty. We have already witnessed the return of a certain protectionism, a "redealing" of the geopolitical cards, particularly with the enhanced presence of Russia and China on the international scene, and the gradual rebuilding of zones of influence.

In 2016, the Bank reviewed its strategies and limits for 63 countries in which it serves its customers, as well as 22 business lines and 9 sector policies. It also reviewed 31 country portfolios and 8 business lines, and updated country ratings quarterly.

OUTLOOK FOR 2017

With regard to the growth plan, the IMF forecasts a minor improvement in global growth, from 3.1% in 2016 to 3.4% in 2017, representing an increase of 1.9% for developed countries and 4.5% for emerging economies. However, world trade remains in a structural slowdown (deceleration in China, recession in a number of major emerging economies [Brazil, Russia, South Africa, etc.]) and is not expected to exceed the 3% growth that we have seen for the past five years. This is notably due to the facts that consumers are demanding more services than goods and that political risk, and protectionism in particular, are heightened. Lastly, overall private and public debt has already exceeded 325% of world GDP and its viability could be under threat from rising borrowing costs.

Against this potentially more favourable backdrop, Crédit Agricole will continue to maintain its active role vis-à-vis its local and international customers and will continue to help them develop their businesses both at home and abroad, whilst ensuring that all applicable regulations are complied with.

EVOLUTION OF THE EXPOSURE REGARDING EMERGING COUNTRIES

Commercial exposures at 31 December 2016 to countries with lower than a 'B' rating, excluding downgraded countries in Western Europe (Italy, Spain, Portugal, Greece, Cyprus and Iceland) totalled €40.3 billion (including the UBAF portion), an increase of 11% compared to the end of 2015. This increase was mainly due to the business development in Asia: +€2.7 billion - mainly in China but also, to a lesser extent, the Gulf countries: +€1 billion. This upward trend is set to continue in 2017 based on an upturn in world growth.

The concentration of outstandings to countries with lower than a 'B' rating, excluding downgraded countries in Western Europe and UBAF, remained stable relative to end-2015, with 97% of Crédit Agricole CIB's portfolio concentrated on 33 countries, of which 12 accounted for 85% of the total.

In 2016, excluding downgraded countries in Western Europe, the portfolio breakdown by country category posted a marked deterioration, with the share of the portfolio in countries with "Investment Grade" status decreasing from 79% (end-2015) to 69% (end-2016). This downturn is linked to Brazil's loss of investment grade status during the second quarter of 2016.

The portfolio for the corresponding country scope remains highly concentrated on two regions: Asia and the Middle East, representing 65% of this portfolio.

ASIA

Asia is still the region with the highest exposure, with outstanding amounts of €15 billion, or 37% of the commercial exposure for the corresponding country scope. This amount is up 22% compared to the previous year and is primarily linked to the business developments in China and, to a lesser extent, India.

MIDDLE EAST AND NORTH AFRICA

The Middle East and North Africa region has the second highest risk exposure of the corresponding country scope with 28% of outstandings (€11.3 billion), representing an increase of 9.5% compared to the previous year. This increase is largely due to the increased outstandings in Saudi Arabia. Saudi Arabia, the United Arab Emirates and Qatar remain the countries with the highest exposures.

LATIN AMERICA

This region represents 19% of the portfolio for the corresponding country scope, or €7.5 billion, a decrease of 7% from the previous year, mainly due to the reduction in outstandings in Brazil. The portfolio is still focused primarily on Brazil and Mexico.

CENTRAL AND EASTERN EUROPE

The share of the Central & Eastern Europe region is up compared to the previous year (+10%), with outstandings of €4.3 billion (11% of the portfolio), principally concentrated in Russia.

SUB-SAHARAN AFRICA

At the end of December 2016, this region represented 5.5% of the commercial portfolio for the corresponding country scope, or €2.2 billion, an increase of 26% on the previous year. More than half of this relates to South Africa.

2.3 MARKET RISKS

The Market Risk Department (DRM) is responsible for identifying, measuring and monitoring market risk, which is defined as the risk of a potential loss to which Crédit Agricole CIB is exposed through market positions held and resulting from changes in various market parameters and from the independent valuation of results.

As an example, several market risks relevant to Crédit Agricole CIB may be noted:

- Interest rate

  These risks are assessed in detail, including maturity, underlying rate indexes and currencies;
- Equities

  Crédit Agricole CIB's equity risk is focused on big European corporates (financing, equity investment guarantee, the running of company savings schemes, convertible issues, loans and borrowing) and EMTN on equity indices;
- Credit

  Through its market-making activity for the main OECD sovereign debt issues and its customers' bond issues, Crédit Agricole CIB is exposed to changes in the risk premium on securities in which it deals;
- Foreign exchange

  Crédit Agricole CIB's activity on behalf of our investor and corporate clients exposes us to currency market fluctuations.

  Our presence in many countries also results in structural currency positions that are managed through Asset and Liability committees;
- Volatility

  The market value of some derivative products changes depending on the volatility of the underlying, rather than in relation to the market's volatility. These risks are subject to specific limits.

2.3.1 MARKET RISK CONTROL SYSTEM

› SCOPE OF INTERVENTION

The DRM's scope essentially covers transactions with a market risk executed by:

- the Cash, Foreign Exchange, Credit and Rates business lines;
- the Equity business line covering the scopes "Strategic Equity Transactions" and "Equity Capital Markets";

- the Distressed Business Units (DBU) Department, which represents all discontinuing activities. This scope includes:
  - the equity derivatives positions transferred to BNP Paribas;
  - the residual positions from the so-called complex credit securitisation portfolios.

For this scope, the DRM monitors all the trading portfolios of French and foreign subsidiaries and branches that are consolidated in the Crédit Agricole CIB financial statements.

DRM also controls market risks of the Credit Portfolio Management (CPM) Department, whose dual mission is to manage the macro counterparty risk of Crédit Agricole CIB and to minimise the cost of capital of the banking books.

› DRM'S ORGANISATION AND MISSIONS

The DRM organisation complies with regulatory standards and takes into account Crédit Agricole CIB's business line organisation and market activity developments.

The basic principles guiding the DRM's organisation and operations are:

- independence of the DRM's functions, both as regards operating departments (front offices) and other functional departments (back offices, middle offices, finance);
- an organisation suited to the activities to be controlled, ensuring appropriate and specialised treatment for each type of market activity as well as the consistent application of methodologies and practices, regardless of where the activity is being performed or its accounting location.

To perform these various assignments at the global level, the DRM consists in three divisions:

- Activity Monitoring, which is responsible for:
  - daily validation of management results and market risk indicators for all activities subject to market risk limits;
  - controlling and validating market parameters in an independent environment from the Front Office.

  Lastly, through joint responsibility with the Finance Department, it participates in the monthly reconciliation between the management result and reported result;
- Risk Management, which monitors and controls market risks for all product lines, namely:
  - establishing sets of limits, monitoring breaches and re-establishing compliance with the limits, and monitoring significant changes in results, which are notified to the Market Risk Committee;
  - analysing risks carried by product line;
  - in coordination with Activity Monitoring, second-level validation of risks and monthly reserves;
- cross-functional teams round out this system by ensuring the harmonisation of methods and treatment among product lines. They combine the following functions:
  - the quantitative research staff, which is responsible for validating the models;
  - the team in charge of the internal model (VaR, stressed VaR, stress scenarios, IRC, etc.);
  - the Market Data Management team, which performs controls on independent market data;
  - the International Consolidation team, whose main mission is to produce the consolidated information for the department;
- the COO (Chief Operational Officer) and his team coordinate Group-wide issues: projects, new activities, budgets, reports and committees.

› MARKET RISK DECISION AND MONITORING COMMITTEE

The entire system is placed under the authority of the Market Risk Committee. The committee, chaired by the Executive Management of Crédit Agricole CIB, meets twice a month. It monitors and analyses market risk and corresponding trends. It ensures compliance with monitoring indicators, specific management rules and defined limits. It sets limits for operating divisions within the overall budget set by the Strategies and Portfolios Committee. In addition, Crédit Agricole S.A.'s Group Risk Committee (CRG) sets overall limits.

The Market Risk Committee comprises members of Crédit Agricole CIB's Executive Committee, a representative member of the Crédit Agricole S.A. Group Risk Department, the heads of Market Risk Management and the operating heads of Market Activities.

The Liquidity Risk Committee, chaired by Crédit Agricole CIB's Executive Management, meets twice a month. It monitors and analyses liquidity risk and corresponding trends. It ensures compliance with monitoring indicators, specific management rules and defined limits and the proper application of Group standards.

The committee comprises in particular Crédit Agricole CIB's Executive Management, the head of Group Financial Risk, the head of Group Treasury, the heads of GMD, Treasury and Foreign Exchange, the heads of the Finance Department and of ALM and the heads of Market Risk Management.

The Liquidity Risk Committee also serves as the Liquidity Emergency Plan Committee in the event of a crisis.

› 2016 PROJECTS AFFECTING THE DRM'S SCOPE

Crédit Agricole CIB continued its work on rolling out a Market Risk ecosystem to meet the requirements of the Fundamental Review of the Trading Book that is also compatible with BCBS 239. The project is broken down into various subprojects relating to business line organisation (the boundary between trading and banking books, defining trading desks, eligibility for internal approach), calculating indicators (implementing the internal model alongside the standard method, risk factors that cannot be modelled, calculating Expected Shortfalls), automation and mass validation of indicators based around a data-centred information system.

The implementation of a calculation of the initial margin for non-cleared derivatives started as planned on 1 September 2016 with American, Canadian and Japanese counterparties according to the thresholds in force. The business scope will be extended to European counterparties in progressive phases depending on notional amounts, extending into 2020.

2.3.2 MARKET RISK MEASUREMENT AND MANAGEMENT METHODOLOGY

› VALUE AT RISK (VaR)

VaR is calculated daily on all positions. It represents the potential future loss with a 99% confidence interval. Since VaR does not recognise extreme market conditions, it should not be confused with the concept of maximum loss. Stressed VaR and stress scenarios are used in addition to this system in order to measure these extreme risks.

› CHANGE IN REGULATORY VaR IN 2016

Graph No 1 (see below) shows Crédit Agricole CIB's VaR trend for the regulatory scope in 2016.

In 2016, regulatory VaR averaged €12.8 million (slightly up on an average of €12 million in 2015) and ranged between a lower limit of €8.1 million and an upper limit of €17.2 million (see table below).

In 2016, Crédit Agricole CIB regulatory VaR knew the following trends:

- during the first quarter of 2016, the downward trend was mainly linked to the decline in Crédit Agricole CIB's overall interest rate position;
- over the second quarter of the year, the drop at the start of the period was linked to the reduced exposure to prevent Brexit risks. The upward movement then noted is the result of increases in hedges by the CVA desk, again taken in the same context. Finally, the upswing in the VaR level at the end of the period is linked to market upheaval;
- during the third quarter, the reduction in regulatory VaR was linked to one of the worst scenarios in the history of the VaR vector, combined with a drop in credit indices and a rate rise, which reduced the impact of the CVA VaR hedges;
- VaR stabilised in December at around €12 million, after fluctuations linked mainly to the volatility of the American and Italian elections.

Graph No 2 (see overleaf) depicts changes in regulatory VaR and the VaR for each Crédit Agricole CIB business line since 1 January 2015.

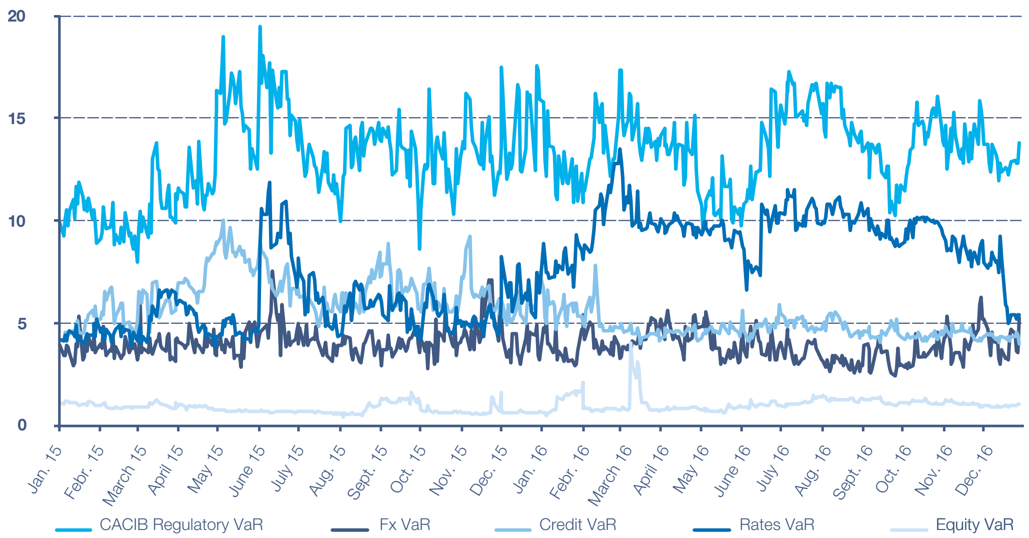
All Crédit Agricole CIB activities are based on internal model, except a very few products still based on standard methodology.

Change in regulatory VaR in 2016

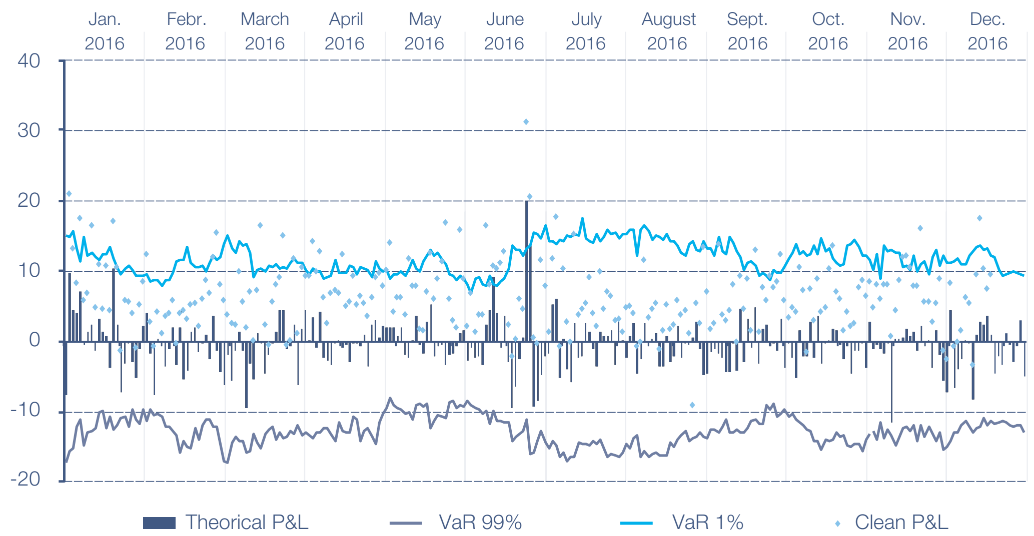
	30.12.2016				31.12.2015			
€ million	Minimum	Average	Maximum	End of year	Minimum	Average	Maximum	End of year
Total VaR	8	13	17	12	6	12	20	16
Netting	(1)	(6)	(11)	(2)	0	(4)	(9)	(1)
Rates VaR	5	10	14	6	3	5	13	6
Equity VaR	0.4	1	4	1	0	1	2	1
Fx VaR	2	3	6	4	2	4	8	3
Credit VaR	3	4	8	4	4	6	10	7

Graph No 1: regulatory VaR of Crédit Agricole CIB in 2016 (in millions of euros)

Graph No 2: regulatory VaR and VaR for each Crédit Agricole CIB business line over 2015-2016 (in millions of euros)



Graph No 3: backtesting of the regulatory VaR of Crédit Agricole CIB over 2016 (in millions of euros)



VaR BACKTESTING (GRAPH No 3)

The VaR backtesting method for the Crédit Agricole CIB regulatory scope compares daily VaR amounts with the so-called clean or actual daily P&L (excluding reserves) on the one hand and with the theoretical P&L (restated for reserves and new trades) on the other.

Therefore at the end of December 2016, over a rolling one-year period there was no exception to the "clean P&L" or to the "theoretical P&L".

› CAPITAL REQUIREMENTS RELATED TO THE STRESSED VaR

At 30 December 2016, the capital requirements related to the VaR amounts to €166 million.

€ million	30.12.2016	Minimum	Average	Maximum	31.12.2015
VaR	166	143	163	183	164

› STRESSED REGULATORY VaR STATISTICS

If the historical data used to calculate VaR shocks originate in low-volatility market situations, the resulting VaR will have a low level. To compensate for this pro-cyclical bias, the regulator introduced the stressed VaR.

Stressed VaR is calculated using the "initial" VaR model for a confidence interval of 99% and a one-day horizon, and over a period of stress that corresponds to the most severe period for the most significant risk factors. This stress period is recalibrated each year.

› CHANGE IN STRESSED REGULATORY VaR IN 2016

Graph No 4 (overleaf) shows the changes in Crédit Agricole CIB's stressed regulatory VaR over the 2015-2016 period.

In 2016, the main increases in the stressed VaR were due to variations in positions, mainly in Foreign Exchange and Rates.

It should be noted that the change in the stressed VaR period occurring in early July did not have a significant impact. The stressed VaR in 2016 was comparable to those of 2015, as shown by the statistical table below, in line with Crédit Agricole CIB's prudent management policy.

The following table compares the data for stressed regulatory VaR with that of regulatory VaR.

	30.12.2016				31.12.2015			
€ million	Minimum	Average	Maximum	End of year	Minimum	Average	Maximum	End of year
Stressed regulatory VaR	14	20	26	17	13	19	27	20
Regulatory VaR	8	13	17	12	6	12	20	16

› CAPITAL REQUIREMENTS RELATED TO THE STRESSED VaR

At 30 December 2016, the capital requirements related to the stressed VaR amounts to €247 million.

€ million	30.12.2016	Minimum	Average	Maximum	31.12.2015
Stressed VaR	247	234	249	280	222

› CVA VaR STATISTICS

CRD IV introduced a new capital charge to reflect Credit Value Adjustment (CVA) volatility, i.e. a valuation adjustment on assets known as CVA Risk, whose purpose is to recognise credit events affecting our counterparties in the valuation of OTC derivatives. As such, CVA is defined as the difference between the valuation without default risk and the valuation that takes into account the probability of default of our counterparties.

Under this directive, institutions authorised to calculate their capital requirements using the internal model for counterparty risks and as regards specific interest rate risk must calculate their CVA risk capital charge using the advanced method ("CVA VaR"). This method is calculated on the basis of expected positive exposures on trades of OTC derivatives with "Financial Institutions" processed by Crédit Agricole CIB (parent company) and its branches, excluding intra-Group trades. Lastly, the system used to estimate the capital requirements is the same as the one used to calculate the market VaR for the specific interest rate risk.

The French Prudential supervisory and control authority (ACPR) validated the CVA VaR model, and with the entry into force of CRD IV (Basel III) from 1 January 2014, the additional capital required in connection with the CVA (VaR and stressed VaR) is now calculated.

› CHANGE IN CVA VaR IN 2016

Graph No 5 (overleaf) shows the changes in Crédit Agricole CIB's CVA regulatory VaR during 2016.

2016 brought changes and was characterised by a slight rise in CVA VaR.

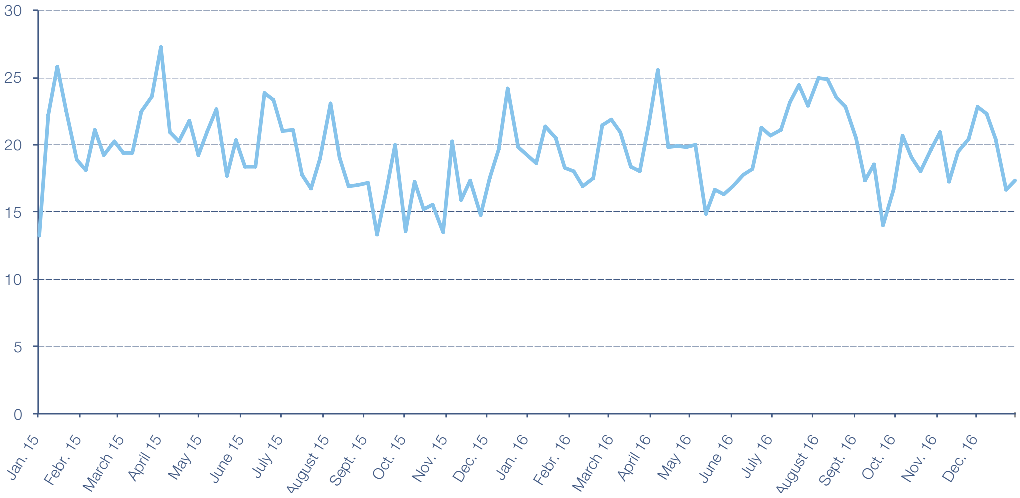
It followed the following trends:

- substantial rise up to end-February 2016 due to both the fall in interest rates, which affected Expected Positive Exposure, and the significant widening of spreads. Levels fell progressively in March, due to the tightening of credit spreads during this period and to the depreciation of the dollar against the euro;
- there was a sudden but short-lived rise at the very end of the second quarter, due to the rise in premium levels on CDS, following the Brexit referendum, after which the VaR came back to pre-referendum levels from 1 July 2016 on;
- it then decreased progressively throughout the third quarter following the tightening of credit spreads, which came back to pre-Brexit levels.

TRENDS IN CVA VaR IN 2016

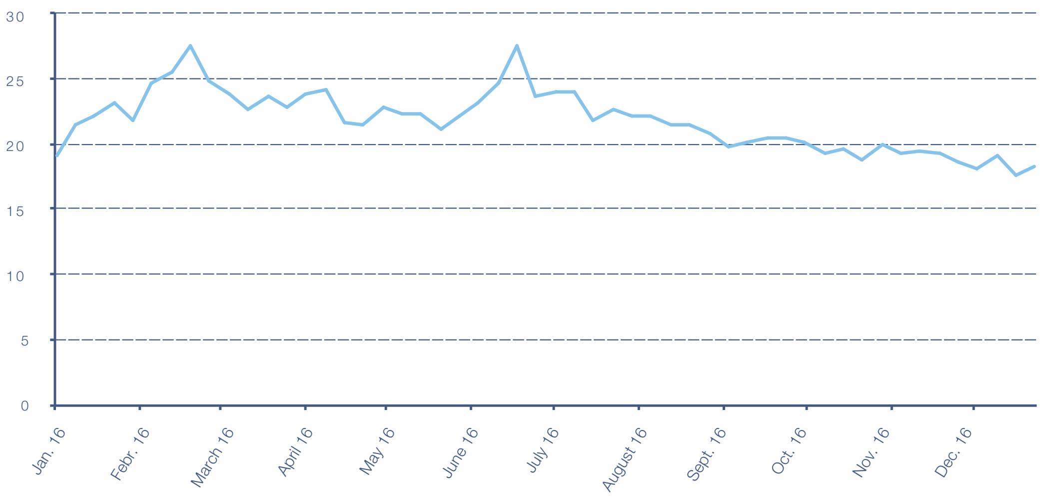
Graph No 6 (overleaf) shows the changes in Crédit Agricole CIB's stressed VaR during 2016.

Graph No 4: stressed Regulatory VaR: 99%, 1 day (in millions of euros)



Graph No 5: CVA VaR: 99%, 1 day (in millions of euros)

Graph No 6: stressed CVA VaR: 99%, 1 day (in millions of euros)



› CAPITAL REQUIREMENTS RELATED TO THE CVA

The capital requirements related to CVA amounts to €268 million at 30 December 2016.

€ million	30.12.2016	Minimum	Average	Maximum	31.12.2015
CVA	268	268	323	376	282

› STRESS TESTS

Stress tests were developed to assess the ability of financial institutions to withstand a shock to their activities. This shock may be economic (economic downturn for example) or geopolitical (conflict between countries).

To satisfy regulatory requirements and complete its VaR measurements, Crédit Agricole CIB thus applies stress scenarios to its market activities in order to determine the impact of particularly strong (and unpredictable or difficult to categorise) disruptions on the value of its accounts. These scenarios are developed using three complementary approaches:

1. Historical approaches, which replicate the impact of major past crises on the current portfolio. The following historical scenarios were used:
   - 1994 crisis: bond crisis scenario;
   - 1998 crisis: credit market crisis scenario, which assumes an equity market downturn, sharp interest rate hikes and declines in emerging country currencies;
   - 1987 crisis: stock market crash scenario;
   - October 2008 crisis and November 2008 crisis (these latter two scenarios reproduce the market conditions following the insolvency of the investment bank Lehman Brothers);
2. Hypothetical scenarios, which anticipate plausible shocks and are developed in collaboration with economists. The hypothetical scenarios are:
   - economic recovery (rising equity and commodity markets, strong increase in short-term interest rates and appreciation of the US Dollar, and tightening of credit spreads);
   - tightening of liquidity (sharp increase in short-term rates, widening of credit spreads, equity market decline);
   - a scenario representing economic conditions in a situation of international tensions between China and the United States (increased volatility and falling equity markets, decline in future prices and rising volatility in the commodities market, flattening yield curves, slide in the US Dollar relative to other currencies, and widening of credit spreads);
3. Two so-called contrasting approaches (one ten-year and one extreme) which consist in adapting assumptions to simulate the most severe situations depending on the structure of the portfolio when the scenario is calculated:
   - a so-called “adverse ten-year” approach, assessing the impact of large-scale and adverse market movements for each activity individually. The calibration of the shocks is such that the scenario has a probability of occurrence about once every ten years and the initial period before the Bank reacts to the events is around ten days. The measured losses under this scenario are controlled through a limit;
   - lastly, a so-called “adverse extreme” approach that makes it possible to measure the impact of even greater market shocks, without much regard for potential offsetting impacts of the different risk factors. The Extreme Stress scenario therefore calculates the impact of highly unlikely events that would nevertheless have a very detrimental impact should they occur. That contrasts with the adverse ten-year stress scenario, whose adverse impact is not sufficiently severe.

These indicators are also subject to a limit set in agreement with Crédit Agricole S.A..

Overall stresses are calculated on a weekly basis and presented to the Crédit Agricole CIB Market Risk Committee twice a month.

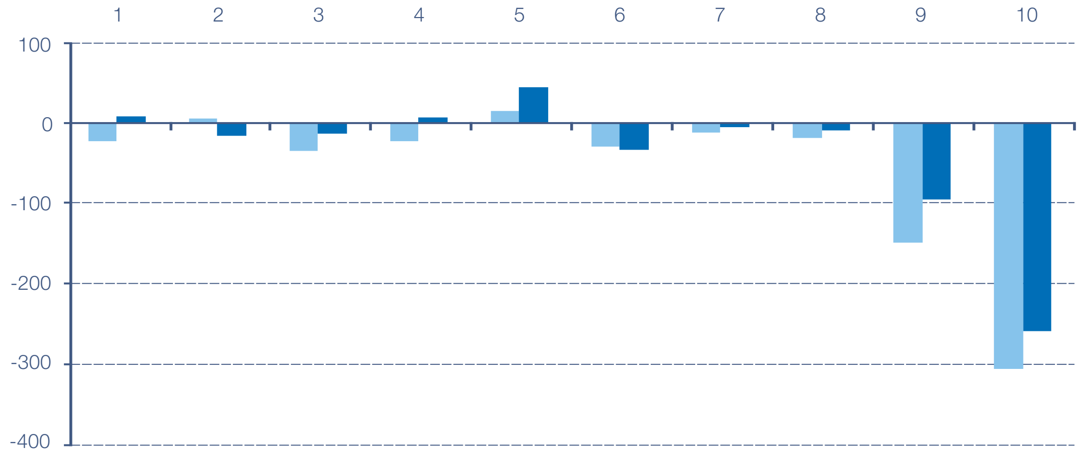
Meanwhile, specific stress scenarios are developed for each business line. They are typically produced on a weekly basis. These scenarios make it possible to analyse the specific risks of the various business lines more effectively.

A dedicated working group was set up within Crédit Agricole CIB ahead of the Brexit vote. This working group provided good visibility of market events and their impact on Crédit Agricole CIB portfolios by identifying sensitive portfolios and setting up appropriate stress tests.

Lastly, adverse and extreme stress established for the economic CVA scope (accounting) were reviewed during the year.

Graph No 7 hereafter compares stress trends in 2015 and 2016.

Graph No 7: average stress amounts in 2015 and 2016 (in millions of euros)



1: 1987 crisis.
2: 1994 crisis.
3: 1998 crisis.
4: October 2008 crisis.
5: November 2008 crisis.
6: Economic recovery.
7: Liquidity tightening.
8: International tensions (US/China).
9: Ten-year stress - adverse.
10: Adverse and extreme stress.

Stress levels (excluding CVA) observed in 2016 are generally far below the limits.

From 2015 to 2016, stresses of all types did not change significantly, with the exception of the extreme adverse stress, whose average value fell during the year from €305 million in 2015 to €258 million in 2016. This stability in the observed stress levels reflects the continuity of Crédit Agricole CIB's prudent management policy.

▶ 2.3.3 OTHER INDICATORS

The VaR measurement is combined with a complementary or explanatory set of indicators, most of which include limits:

- the sets of limits enable specific control of risks. Reproduced for each activity and trading desk, they specify the authorised products, maximum maturities, maximum positions and maximum sensitivities; they also include a system of loss alerts;
- other analytical indicators are used by Risk Management. They include in particular notional indicators in order to reveal unusual transactions;
- in accordance with CRD III (entry into force on 31 December 2011), Crédit Agricole CIB has established specific default risk measurements on credit portfolios. These measurements are known as the IRC and the CRM.

The Comprehensive Risk Measure (CRM) measures the risks of default and a rating change as well as the market risks on the credit correlation portfolio.

The operation with Blue Mountain Capital was unwound in 2016 by assigning operations to a major international bank and hence exempting it from the CRM calculation. The CRM was therefore nil at end-2016.

› CAPITAL REQUIREMENTS RELATED TO THE IRC, STANDARD METHOD

The Incremental Risk Charge (IRC) is an additional capital requirement on so-called linear credit positions (i.e. excluding credit correlation positions), required by the regulator in CRD III following the subprime crisis.

The purpose of the IRC is to quantify unexpected losses caused by credit events affecting issuers, i.e. defaults or rating migrations (both upgrades and downgrades). In other words, the IRC recognises two risk measures:

1. Default risk (potential gains and losses due to the default of the issuer);
2. Migration risk, which represents potential gains and losses following a migration of the issuer's credit rating and the impact of related spreads.

The IRC is calculated with a confidence interval of 99.9% over a one-year risk horizon using Monte Carlo simulations.

The simulated default and credit migration scenarios are then valued using Crédit Agricole CIB pricing models. The range of Mark-to-Market valuations provides a distribution, from which a 99.9% confidence level calculation makes it possible to determine the IRC.

At the end of December 2016, the capital requirements related to the IRC totalled €127 million.

€ million	30.12.2016	Minimum	Average	Maximum	31.12.2015
IRC	127	109	135	167	141

The final measure required by the supervisory authorities is the standard method, which is used to calculate the capital requirements for the scope of the trading book securitisation portfolios.

The capital requirement in connection with the standard method was €11 million at 30 December 2016.

€ million	30.12.2016	Minimum	Average	Maximum	31.12.2015
CRD3 standard method	11	11	12	13	13

› CAPITAL REQUIREMENTS RELATED TO PRUDENT VALUATION

In accordance with CRD IV, the Basel III Committee requires that each bank calculate a "prudent valuation" on the assumption that fair value recognition does not always provide a prudent measure. The purpose of the prudent valuation is therefore to define a detailed framework of independent accounting standards making it possible to value all trading and banking book positions recognised at fair value with a 90% confidence interval.

Prudent valuation is defined as a set of nine additional valuation adjustments (AVA): market price uncertainty, close-out costs, model risk, concentrated positions, unearned credit spreads, investing and funding costs, early termination, future administrative costs and operational risks. All of these various categories are then aggregated and deducted from Common Equity Tier 1.

The calculation of valuation adjustments based on regulatory requirements had an impact of €422 million on capital at the end of December 2016.

2.4 SENSITIVE EXPOSURES BASED ON THE FINANCIAL STABILITY BOARD RECOMMENDATIONS

The following exposures (see table below) correspond to the recommendations of the Financial Stability Board. This information forms an integral part of Crédit Agricole CIB's consolidated financial statements at 31 December 2016. For this reason it is covered by the Statutory Auditors' Report on the annual financial information.

Summary table of exposures presented below at 31 December 2016

	Assets recognised as loans and receivables					Assets recognised at fair value			
€ million	Gross exposure	Discount	Collective provision	Net exposure	Accounting category	Gross exposure	Discount	Net exposure	Accounting category
RMBS	8			7	(1)	22	(6)	16	(3)
CMBS						2		2	
Unhedged super senior CDOs	697	(697)			(2)	1,419	(1,405)	14	
Unhedged mezzanine CDOs	17	(17)				187	(187)		
Unhedged CLOs	2			2					
Insurance purchased from monolines						49		49	(4)
Insurance purchased from CDPCs									

(1) Loans and receivables due from credit institutions and due from customers – Securities not listed on an active market (see Note 6.5 to the consolidated financial statements).

(2) Loans and receivables due from customers – Securities not listed on an active market (see Note 6.5 to the consolidated financial statements).

(3) Financial assets at fair value through profit or loss – Bonds and other fixed income securities and derivatives (see Note 6.2 to the consolidated financial statements).

(4) Financial assets at fair value through profit or loss – Derivatives (see Note 6.2 to the consolidated financial statements).

Mortgage ABS

€ million	United States		United Kingdom		Spain	
RMBS	31.12.2016	31.12.2015	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Recognised as loans and receivables						
Gross exposure			8	22		
Discount *				(1)		
Net exposure (€ million)			**7**	**21**		
Recognised as assets measured at fair value						
Gross exposure			20	23	2	2
Discount			(5)	(3)		
Net exposure (€ million)			**15**	**20**	**2**	**2**
% underlying subprime on net exposure						
Breakdown of total gross exposure by rating						
AAA						
AA					100%	100%
A			82%	49%		
BBB				51%		
BB			18%			
B						
CCC						
CC						
C						
Unrated						

** There have been no collective provisions since 31 December 2014.*

€ million	United States		United Kingdom		Other	
CMBS	31.12.2016	31.12.2015	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Recognised as loans and receivables						
Net exposure *						3
Recognised as assets measured at fair value						
Net exposure			2	2		

** There have been no collective provisions since 31 December 2014.*

Purchases of protections on RMBS and CMBS measured at fair value:

- 31 December 2016: nominal = €9 million; fair value = €4 million;
- 31 December 2015: nominal = €9 million; fair value = €3 million.

Real-estate ABS measured at fair value are valued on the basis of date from external contributors.

2.4.1 MEASUREMENT METHODOLOGY FOR SUPER SENIOR CDO TRANCHES WITH US RESIDENTIAL MORTGAGE UNDERLYINGS

› SUPER SENIOR CDOS MEASURED AT FAIR VALUE

The valuation of super senior CDOs was calculated by applying a credit scenario to the underlying (mainly residential mortgages) of the ABSs making up each CDO.

Final loss rates on continuing loans are:

- adjusted according to the quality and origination date of each residential loan;
- expressed as a percentage of the nominal amount. This approach allows us to visualize our loss assumptions based on our risk remaining in the bank's balance sheet.

The resulting future cash flows are then discounted using a rate that takes into account the liquidity of this market.

	Subprime loss rates produced in		
Closing date	2005	2006	2007
31.12.2016	50%	60%	60%
31.12.2015	50%	60%	60%

› SUPER SENIOR CDOS MEASURED AT AMORTISED COST

Since the fourth quarter of 2012, they are amortised using the same methodology as the super senior CDOs measured at fair value, only the resulting future cash flows are discounted on the basis of the effective interest rate at the date of reclassification.

2.4.2 UNHEDGED SUPER SENIOR CDOS WITH US RESIDENTIAL MORTGAGE UNDERLYINGS

At 31 December 2016, Crédit Agricole CIB had a net exposure of €14 million to unhedged super senior CDOs.

€ million	Assets at fair value	Assets recognised as loans and receivables
Nominal	1,419	697
Discount	1,405	697
Collective provision		
Net value at 31.12.2016	**14**	
Net value at 31.12.2015	13	
Discount rate *	99%	100%
Underlying		
% of underlying subprime assets produced before 2006	24%	0%
% of underlying subprime assets produced in 2006 and 2007	36%	0%
% of underlying Alt A assets	4%	0%
% of underlying Jumbo assets	0%	0%

** After recognition of tranches fully written down.*

› OTHER EXPOSURES AT 31 DECEMBER 2016

€ million	Nominal	Discount	Collective provision	Net provision
Unhedged CLOs measured at fair value				
Unhedged CLOs recognised as loans and receivables	2			2
Unhedged mezzanine CDOs measured at fair value	187	(187)		
Unhedged mezzanine CDOs recognised as loans and receivables *	17	(17)		

** Mezzanine CDO tranches arising from the liquidation of a CDO formerly recognised under loans and receivables.*

› BREAKDOWN OF NET EXPOSURE ON MONOLINES AT 31 DECEMBER 2016

	Monolines to hedge			
€ million	US residential CDOs	CLOs	Other underlyings	Total insurance purchased from monolines
Gross notional amount of insurance purchased	45	59	163	267
Gross notional amount of hedged items	45	59	163	267
Fair value of hedge items	34	59	126	218
Fair value of insurance before value adjusments and hedges	11		38	49
Value adjustments recognised on the insurance				
Residual exposure to counterparty risk on monolines	11		38	49

Following the acquisition of CIFG by the monoline insurer Assured Guaranty, the latter now covers 100% of our positions. Since it is regarded as a sound counterparty (rated AA by Moody's) no monoline provision has thus been recorded in our financial statements.

2.5 ASSET AND LIABILITY MANAGEMENT - STRUCTURAL FINANCIAL RISKS

Financial Management policies of Crédit Agricole CIB are defined by the Asset and Liability Management Committee in close coordination with Crédit Agricole S.A..

This committee is chaired by the Deputy Chief Executive Officer in charge of Finance. The committee includes the members of the Executive Committee, the heads of Finance, of Treasury, a representative of the Crédit Agricole S.A. Finance Division and representatives of the Crédit Agricole S.A. and Crédit Agricole CIB Market Risk Management.

The committee is led by the head of Financial Management of Crédit Agricole CIB. It meets quarterly and it is the decision-making body for the Group Asset and Liability Management policy. It intervenes either in direct management or in supervision and in general coordination for the areas of Asset and Liability Management that are formally delegated to foreign branches and subsidiaries.

Finance Department (via Asset and Liability Management) is responsible for implementing the decisions taken by the Asset and Liability Management Committee.

Financial Risk Management includes the monitoring and the supervision of interest-rate risks (excluding trading activities), structural and operational exchange-rate risks and liquidity risks of Crédit Agricole CIB in France and abroad. It particularly includes direct management of equity and long-term financing positions.

The cost of Financial Risk Management is reinvoiced to the business lines according to their contribution to risks.

▶ 2.5.1 GLOBAL INTEREST RATE RISKS

› OBJECTIVES AND POLICY

Global interest-rate risk management aims to protect commercial margins against rate variations and to ensure a better stability over time of the equity and long-term financing components' intrinsic value.

The intrinsic value and the interest margin are linked to the sensitivity in the interest-rate variation of the net present value and in cash flow variation of the financial instruments in the on and off balance sheet. This sensitivity arises when assets and liabilities have different maturities and dates for interest-rate refixing.

› RISK MANAGEMENT

Each operating entity manages its exposure under the control of its own Asset and Liability Management Committee in charge of ensuring compliance with the Group limits and standards.

The Asset and Liability Management of the head office within the framework of its mission of coordination and supervision - and the Market Risk Management which attends the local committees ensure the harmonisation of the methods and the practices within the Group as well as the monitoring of the limits assigned to each entity.

The Group global interest rate exposure is disclosed to the Crédit Agricole CIB Asset and Liability Management Committee which:

- examines consolidated positions which are determined at the end of each quarter;
- ensures compliance with Crédit Agricole CIB limits which are set during the Crédit Agricole S.A. Group Risk Committee;
- decides on management measures on the basis of the proposals made by Asset and Liability Management.

› METHOD

Crédit Agricole CIB uses the gap method (fixed rate) to measure its global interest rate risk.

This consists of determining maturity schedules and interest rates for all assets, liabilities and hedging derivatives at fixed or adjustable interest rates:

- until the adjustment date for adjustable-rate items;
- until the contractual date for fixed-rate items;
- and using model-based conventions for items without a contractual maturity.

The gap measurement includes the rate hedging effect on fair value and cash flow hedges.

› EXPOSURE

Crédit Agricole CIB's risk exposure to interest rate risk on retail operations is limited because of the rate backing rule for each instance of customer financing by Treasury and market teams.

The interest rate risk mainly comes from capital, investments, modelling of unpaid liabilities, and from maturities under one year of the banking book's Treasury activities.

The Group is mainly exposed to the Euro zone and, to a lesser extent US Dollar, interest rate variation.

Crédit Agricole CIB manages its interest rate risk exposure within a range defined by Crédit Agricole S.A.: €8 billion up to 2 years, €1.5 billion up to 3 years, €1.25 billion up to 4 years, €1 billion up to 5 years, and €0.75 billion up to 10 years. Crédit Agricole CIB also has an overall limit in Net Present Value (NPV) all currencies defined by Crédit Agricole S.A. amounting to €350 million.

Interest-rate gaps measure the surplus or deficit of fixed-rate resources. Conventionally, a positive gap represents an exposure to a risk of falling interest rates during the period.

The results of these measurements at 31 December 2016 reflect that Crédit Agricole CIB is exposed to a fall in interest rates.

€ billion	0-1 year	1-5 years	5-10 years
Average gap US dollar	+0.05	+0.2	+0.1
Average gap Euro	+1	+0.5	+0.3

In terms of net banking income sensitivity for the first year (2017), Crédit Agricole CIB could earn €0.13 million of revenues in case of a long-lasting 200-basis-point decrease in the interest rates, that is to say a 0.003% sensitivity for a reference net banking income of €4,936 million in 2016.

Based on these same sensitivity calculations, the net present value of the loss incurred in the next ten years in the event of an adverse 200-basis-point movement in the yield curve equals less than 0.64% of the Group's prudential capital.

In addition, the income impacts of eight stress scenarios (five historical and three hypothetical) regarding the interest rate gap are measured on a quarterly basis and reported to the Asset and Liability Management Committee.

The scenarios are those used by Crédit Agricole CIB's Treasury Department:

- historical scenarios include: a major equity market crash (Black Monday in 1987); a surge in interest rates (bond crash in 1994); a sharp increase in issuer spreads (rise in credit spreads in 1998); the 2008 financial crisis linked to the US mortgage market (two scenarios);
- hypothetical scenarios are based on: the assumption of an economic recovery (rise of the equity market, of rates in general, of the USD spot, of oil and decrease of issuer spreads); a liquidity crisis following the Central Bank decision to increase its key rates; frictions in international relations as a result of stalled business relationships between China and the United States (increase in US rates, collapse of the US equity market, widening of credit spreads and depreciation of the US Dollar compared to other currencies, especially euro).

Simulations are made using the sensitivity of Crédit Agricole CIB's interest-rate mismatch. Sensitivity is defined as the gain or loss arising from a 2% change in interest rates. This sensitivity is calculated in EUR and USD. The calculation is based on average outstandings.

The shocks contained in these scenarios are calculated on a 10-day basis, according to Crédit Agricole CIB's stress scenario methodology. Sensitivity is "shocked" in various ways. The result of a stress test corresponds to the net present value of changes in the scenario's characteristics.

These stress scenarios display relatively limited impacts, since the net present value of the maximum potential loss equalled 0.31% of accounting capital and 1.40% of net banking income at 31 December 2016.

2.5.2 FOREIGN EXCHANGE RISK

Currency risk is assessed mainly by measuring net residual exposure, taking into account gross foreign exchange positions and hedging.

› STRUCTURAL EXCHANGE-RATE RISK

The Group's structural exchange-rate risk results from its other than temporary investments in assets denominated in foreign currencies, mainly the equity of its foreign operating entities, whether they result from acquisitions, transfers of funds from head office or the capitalisation of local earnings.

In most cases, the Group's policy is to borrow the currency in which the investment is made in order to immunise that investment from currency risk. These borrowings are documented as investment hedging instruments. In some cases, particularly for illiquid currencies, the investment gives rise to sales and purchases of the local currency. Foreign exchange risk is then hedged, if possible, through forward transactions.

Overall, the Group's main gross structural foreign exchange positions are denominated in US dollars, in US dollar-linked currencies (mainly Middle Eastern and some Asian currencies), in sterling and in Swiss franc.

The Group's policy for managing structural foreign exchange positions aims at achieving two main goals:

- first, in relation to assets, to reduce the risk of loss of value for the assets under consideration;
- second, regulatory (by way of exception) to protect the Group's solvency ratio against currency fluctuations; for this purpose, unhedged structural currency positions will be scaled so as to equal the proportion of risk-weighted assets denominated in the currencies concerned and unhedged by other types of equity in the same currency.

Hedging actions for the structural exchange rate risk are centrally managed and put in place on recommendation of the FIN Structural Exchange Rate Committee, as well as being based on the decisions of the Bank's Asset and Liability Management Committee.

Crédit Agricole CIB's structural currency positions are also included with those of Crédit Agricole S.A., which are presented four times a year to its Assets and Liabilities Committee, chaired by Crédit Agricole S.A.'s Chief Executive Officer. They are also presented once a year to the Group Risks Committee.

› OPERATIONAL EXCHANGE-RATE RISK

The Bank is further exposed to operational exchange-rate positions on its foreign-currency income and expenses, both at head office and in its foreign operations.

The Group's general policy is to limit net operational exchange rate positions as far as possible by periodically hedging them, usually without prior hedging of earnings not yet generated except if they have a high probability and a high risk of impairment.

Rules and authorisations applicable to the management of operational positions are the competence, depending on their level of importance, of the annual CRG (limits) or the quarterly Asset and Liability Committees of Crédit Agricole CIB, or delegations of authority to of the FIN/ALM/CPM departments.

The different foreign currencies' contributions are detailed in Appendix Note 3.2 "Exchange-rate risk" on page 296.

2.5.3 LIQUIDITY AND FINANCING RISK

The Crédit Agricole CIB Group is, like all credit institutions, exposed to the risk of not having sufficient funds to honour its commitments. This risk could for example be realised in the event of a mass withdrawal of customer or investor deposits or during a confidence crisis or even a general liquidity crisis in the market (access to interbank, monetary and bond markets).

› OBJECTIVES AND POLICY

Crédit Agricole CIB's first goal in terms of managing its liquidity is to always be able to cope with any prolonged, high-intensity liquidity crises.

The Crédit Agricole CIB Group is part of the Crédit Agricole Group's scope when it comes to liquidity risk management and uses a system for measuring and containing its liquidity risk that involves maintaining liquidity reserves, organising its funding activities (limitations on short-term funding, staggered scheduling of long-term funding, diversifying sources of funding) and balanced growth in the assets and liabilities sides of its balance sheet. A set of limits, indicators and procedures aims to ensure that this system works correctly.

This internal approach incorporates Crédit Agricole CIB's mandatory compliance with the Liquidity Coverage Ratio (LCR).

› RISK MANAGEMENT

Within Crédit Agricole CIB, the responsibility for liquidity risk management is spread across a number of departments, including: Finance/Asset and Liability Management (ALM) which is responsible for medium-and long-term (MLT) refinancing management; Treasury Department which is responsible for the operational management of short-term liquidity refinancing and which reports to ALM; and the Risk Department which is in charge of validating the system and ensuring all rules and limits are observed.

DECISIONAL STEERING

The ALM Committee at the Crédit Agricole CIB Group sets and tracks its Assets and Liabilities Management policy. Together with the Management Committee, it makes up the executive governance body and sets all the operational limits for Crédit Agricole CIB. It is a decision-making body for all major issues especially tracking the raising of MLT funds and monitoring short and long-term limits.

If any tensions arise on the funding markets, joint monitoring committees may be set up involving the General Management, the Risk Department, the Finance Department and the Treasury in order to monitor the Group's liquidity status as closely as possible. Such committees have in fact been meeting regularly since July 2011, given the adverse market conditions and the liquidity constraints imposed on Crédit Agricole CIB.

OPERATIONAL STEERING

From an operational viewpoint, roles are broken down as follows:

- steering and controlling short-term liquidity, up to two years inclusive, is the responsibility of the ALM which delegates the task to the Treasury Department;
- the task of medium/long-term liquidity management has been allocated to ALM.

Treasury Department is responsible for the operational management of short-term liquidity refinancing on a global level.

It is in charge of daily global management tasks for the short-term funding of the Crédit Agricole CIB Group, coordinating spreads on issue and managing the Treasury's liquid assets portfolio. Within each cost centre, the Treasurer is locally responsible for managing funding activities within allocated limits. He reports to the Crédit Agricole CIB Treasurer and the local Assets and Liabilities Committee. He is also responsible for ensuring compliance with all local regulations applicable to short-term liquidity.

In terms of medium- and long-term funding management, this is the responsibility of the Finance Department/ALM which is in charge of measuring and monitoring medium/long-term liquidity risk, of tracking any long-term liquidity funding that is raised by the Bank's market desks, of planning and tracking issue programmes, of ensuring issue price consistency and of invoicing liquidity to the consuming business lines.

› 2016 REFINANCING CONDITIONS

In addition to traditional sources of short-term liquidity, Crédit Agricole CIB seeks to diversify its funding sources proactively, notably through a structured issues programme specific to the US market, a domestic commercial paper programme in Japan and a CDS programme based in London and intended for sale in Asia.

Crédit Agricole CIB's long-term liquidity is sourced primarily from interbank loans and various debt security issues (certificates of deposit, BMTNs and EMTNs).

Crédit Agricole CIB makes regular use of its Euro medium-term note (EMTN) programmes. At 31 December 2016, the total amounts issued through EMTN programmes represented approximately €18 billion under UK law and €4 billion under French law.

The issues made as part of these programmes in order to meet the needs of Crédit Agricole CIB's international and domestic customers are "structured" issues, i.e. the coupon that is paid and/or the amount that is reimbursed upon maturity includes a component that is linked to one or more market indices (equity, interest rate, exchange rate or commodity). Likewise, some issues are known as credit-linked notes i.e. the reimbursement is reduced in the event of default of a third party defined contractually at the time of the issue.

Crédit Agricole CIB also still holds two Covered Bonds issued by Crédit Agricole S.A. and collateralised by Crédit Agricole CIB's export credit loans.

MAINTENANCE OF A WELL-BALANCED BALANCE SHEET IN 2016

In 2016, Crédit Agricole CIB continued to strengthen its balance sheet by increasing the volume of stable funding through deliberate efforts to increase customer deposits.

› METHODS

Crédit Agricole CIB's liquidity management and control system is structured around a number of risk indicators:

- short-term indicators comprising mainly crisis scenario simulations, the aim of which is to manage maturities and the volume of short term funding based on liquidity reserves, to monitor short-term gross and net debt and to measure static and dynamic gaps in varying conditions;
- medium- to long-term indicators to move towards one year for all currencies, and to limit the concentration of refinancing sources for the main currencies by monitoring diversification indicators;
- balance sheet indicators, including the stable funding position, defined as the long-term sources surplus over long-term assets, which aims to protect business lines from consequences of market stress.

The definition of these indicators and the way they are to be tracked is established in a set of rules which have been examined and validated by Crédit Agricole CIB and the Crédit Agricole Group.

Operationally, Crédit Agricole's liquidity management and control system is based on an internal tool which produces the indicators set out by the relevant standards.

In addition, regulatory liquidity ratio measurements have been used to help track risk (measurement, forecasts, management). The purpose of the Liquidity Coverage Ratio set out by the European Commission's delegated act is to ensure that the banks have access to a reserve of High-Quality Liquid Assets to cover cash outflow in the event of a 30-day liquidity crisis. The Bank monthly calculates its Liquidity Coverage Ratio on a consolidated basis and declares it to the French Regulatory and resolution supervisory authority (ACPR).

The calculation procedures for the Net Stable Funding Ratio (NSFR) are described in a publication by the Basel Committee dated October 2014. The ratio compares the stock of liabilities with an effective or potential maturity of one year to assets with similar effective or potential maturity. It has been the subject of preliminary analyses and simulations.

› PERMANENT CONTROL SYSTEM

Crédit Agricole CIB's standard permanent control procedure is similar to that of the Group. The minimum control indicators are the same and apply to all major processes in the same way. In 2016, the liquidity risk monitoring system relied in particular on a number of tests carried out at various levels involving existing key processes.

▶ 2.5.4 INTEREST RATE RISK AND FOREIGN EXCHANGE RISK HEDGES

Within the framework of managing its financial risks, Crédit Agricole CIB uses instruments (interest-rate swaps and forex transactions) for which a hedging relation is established based on the management intention that is followed.

The Note 3.4 to the Group consolidated financial statements presents the market values and notional amounts of derivative financial instruments held for hedging.

› FAIR VALUE HEDGES

The aim is to protect the intrinsic value of fixed-rate financial assets and liabilities that are sensitive to changes in interest rates, by hedging them with instruments that are also at fixed rate. When hedging takes place through derivatives (swaps), the derivatives are termed fair value hedge derivatives.

Hedging carried out in this respect by Asset and Liability Management relates to non-interest-bearing Wealth Management customer deposits, which are analysed as fixed-rate financial liabilities.

› CASH FLOW HEDGES

The second aim is to protect interest margin so that interest flows generated by variable-rate assets financed by fixed-rate liabilities (working capital in particular) are not affected by the future fixing of interest rates on these items.

When the required neutralisation takes place through derivatives (swaps), these derivatives are termed cash flow hedge derivatives.

According to IFRS 7, future interests related to balance sheet items under cash flow hedge strategy are detailed below, by maturity.

€ million	> 1 year to ≤ 5 years	> 5 years	Total
Hedged cash flows to receive	107	207	314
Hedged cash flows to pay			

DOCUMENTATION UNDER IFRS OF FAIR VALUE AND CASH FLOWS HEDGES

As regards macro-hedges managed by Asset and Liability Management, hedge relationships are documented from inception and checked quarterly through forward and backward looking tests.

For this purpose, hedged items are classified by maturity, using the characteristics of contracts or, for items without contractual maturities (such as demand deposits), runoff models based on each product's behaviour. The comparison between this maturity schedule and that of the derivative instrument allows the efficiency of the hedging to be assessed.

› NET INVESTMENT HEDGES

The instruments used to manage structural exchange-rate risk are classified as hedges of net investments in foreign currencies. The effectiveness of these hedges is quarterly documented.

2.6 OPERATIONAL RISKS

Operational risk is the risk of loss resulting from shortcomings in internal procedures or information systems, human error or external events that are not linked to a credit, market or liquidity risk.

2.6.1 MANAGEMENT OF OPERATIONAL RISKS

The Risk and Permanent Control Department is responsible for supervising the system, and it is overseen by the Management Board through the operational risk section of Crédit Agricole CIB's Internal Control Committee. This system is described in the Report by the Chairman of the Board of Directors to the General Meeting of Shareholders from page 56.

› GOVERNANCE

Operational risk management specifically relies on a network of permanent controllers, who also perform the functions of operational risk managers, covering all Group subsidiaries and business lines, and who are supervised by the Risk Management and Permanent Controls division.

The system is monitored by Internal control committees under the authority of each entity's management. Head office Control functions are invited to the meetings of these committees.

› RISK IDENTIFICATION AND QUALITATIVE ASSESSMENTS

In accordance with principles in force within the Crédit Agricole S.A. Group, Crédit Agricole CIB's Risk and Permanent Control Department implemented a qualitative and quantitative system designed to identify, assess, prevent and monitor operational risk, as required by the Basel II reform.

The operational risk mapping process is applied to all Group entities. These risk maps allow Crédit Agricole CIB to supervise the most sensitive processes and to draw up control plans. They are annually updated.

› OPERATIONAL LOSS DETECTION AND SIGNIFICANT INCIDENT REPORTING

A unified procedure for loss detection and for reporting significant incidents has been set up across the whole scope of Crédit Agricole CIB. The data required by the internal model for calculating the economic capital allocation, in accordance with the Basel II advanced method, are consolidated into a single database that provides historical data for a rolling six-year period.

› CALCULATION AND ALLOCATION OF ECONOMIC CAPITAL

Capital requirements are calculated annually at the Crédit Agricole CIB level, based on historical loss data together with risk scenarios.

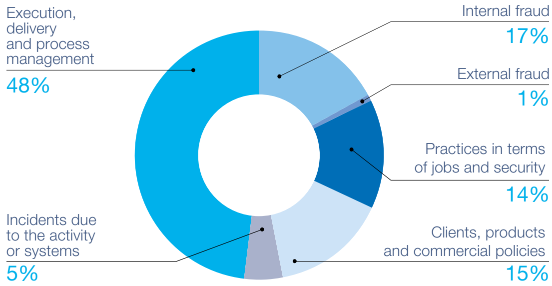
Capital requirement is calculated using the internal AMA methodology (Advanced Measurement Approach) of Crédit Agricole Group applied on Crédit Agricole CIB's scope. This model has been validated at the end of 2007 by the French Regulatory and resolution supervisory authority (ACPR).

› PRODUCTION OF OPERATIONAL SCORECARDS

The Risk Management and Permanent Controls Department produces a quarterly operational risk scorecard, highlighting key events and movements in costs related to these risks. These scorecards provide global confirmation of the main sources of risks: litigation with customers and management of processes (including those relating to market transactions) which determine the priorities of preventative or remedial action plans.

› EXPOSURES

Breakdown of operational losses by nature over the 2014-2016 period (date of detection).



› INSURANCE AND RISK COVERAGE

Crédit Agricole CIB has broad insurance coverage of its insurable operating risks in accordance with guidelines set by its parent company, Crédit Agricole S.A., with the aim of protecting its balance sheet and its income statement.

Crédit Agricole CIB is covered by all Group policies taken out by Crédit Agricole S.A. from major high-risk insurers including for risks which include fraud, all-risk securities (or theft), operating loss, professional civil liability, operational liability, Executive and non-Executive Corporate Officers' civil liability and property damage (buildings and IT, third-party claims for risky buildings).

In addition, Crédit Agricole CIB, like all the Crédit Agricole S.A. Group's business-line subsidiaries, manages smaller risks itself. 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 S.A. Group by one of the Crédit Agricole Group's insurance companies.

This general framework may vary according to local regulations and the specific requirements of countries in which the Crédit Agricole CIB Group operates. It is generally complemented by local insurance.

2.7 LEGAL RISKS

The main legal and tax proceedings outstanding for Crédit Agricole CIB and its fully-consolidated subsidiaries are described in the section on “Legal risks” in the chapter on “Risk factors and Pillar 3” of the 2015 Registration Document. The cases presented below are those that have evolved since 17 March 2016, the date on which Registration Document No D. 16-0159 was filed with the AMF.

Any legal risks outstanding at 31 December 2016 that could have a negative impact on the Group’s net assets have been covered by provisions corresponding to the best estimation by the Executive Management on the basis of the information it had.

To date, to the best of Crédit Agricole CIB’s knowledge, there is no other governmental, judiciary or arbitration proceeding (or any proceeding known by the Company, in abeyance or that threatens it) that could have or has had, in the previous 12 months, any substantial effect on the financial situation or the profitability of the Company and/or the Group.

▶ 2.7.1 EXCEPTIONAL EVENTS AND DISPUTES

› OFFICE OF FOREIGN ASSETS CONTROL (OFAC)

In October 2015, Crédit Agricole Corporate and Investment Bank (Crédit Agricole CIB) and its parent company Crédit Agricole S.A. 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 (Federal Reserve) 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. The USAO and DANY have agreed to take no further action against Crédit Agricole CIB, CASA, or any of Crédit Agricole CIB’s subsidiaries or affiliates regarding the conduct subject to this investigation if Crédit Agricole CIB complies with its obligations under the DPAs.

Within the framework of the implementation of these agreements, 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 regarding this matter, 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 will be subject to regular reviews to evaluate its effectiveness, including a review by an independent consultant who will be 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 INDICES

Crédit Agricole Corporate and Investment Bank (Crédit Agricole CIB) and its parent company Crédit Agricole S.A., 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 CIB and its parent company Crédit Agricole S.A. 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 million 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 Crédit Agricole CIB along with 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 KFTC investigation into certain foreign exchange derivatives (ABS-NDF) is ongoing.

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 are defendants in one (“Sullivan” for the Euribor) and only Crédit Agricole S.A. as defendant for the other (“Lieberman” for the Libor) are still at the preliminary stage of consideration of admissibility.

“Lieberman” class action is currently suspended for procedural reasons in front of the US District Court of New York State. For the “Sullivan” class action, Crédit Agricole S.A. and Crédit Agricole CIB have filed a motion to dismiss.

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. Crédit Agricole S.A. and Crédit Agricole CIB have filed a motion to dismiss.

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.

› AWSA II

On 5 June 2015, action was brought against Crédit Agricole CIB in the Nanterre commercial court by Polish companies Autostrada Wielkopolska II SA (AWSA II) and Autostrada Wielkopolska SA (AWSA). On 30 August 2008, AWSA and the Polish Infrastructure Minister signed an Agreement for the Construction and Operation of section 2 of the A2 motorway in Poland. AWSA II, to which AWSA assigned the rights to this concession until March 2037, claims to have suffered financial loss caused by Crédit Agricole CIB due to way in which the transaction financing was structured and is claiming 702.840 million zlotys (PLN) in damages, the equivalent of about €168.579 million. At the 19 October 2016 hearing, the Nanterre Commercial Court ordered a stay of proceedings pending the final decision of the Polish courts in the case between AWSA II and the company that audited the financial model.

› BONDS SSA

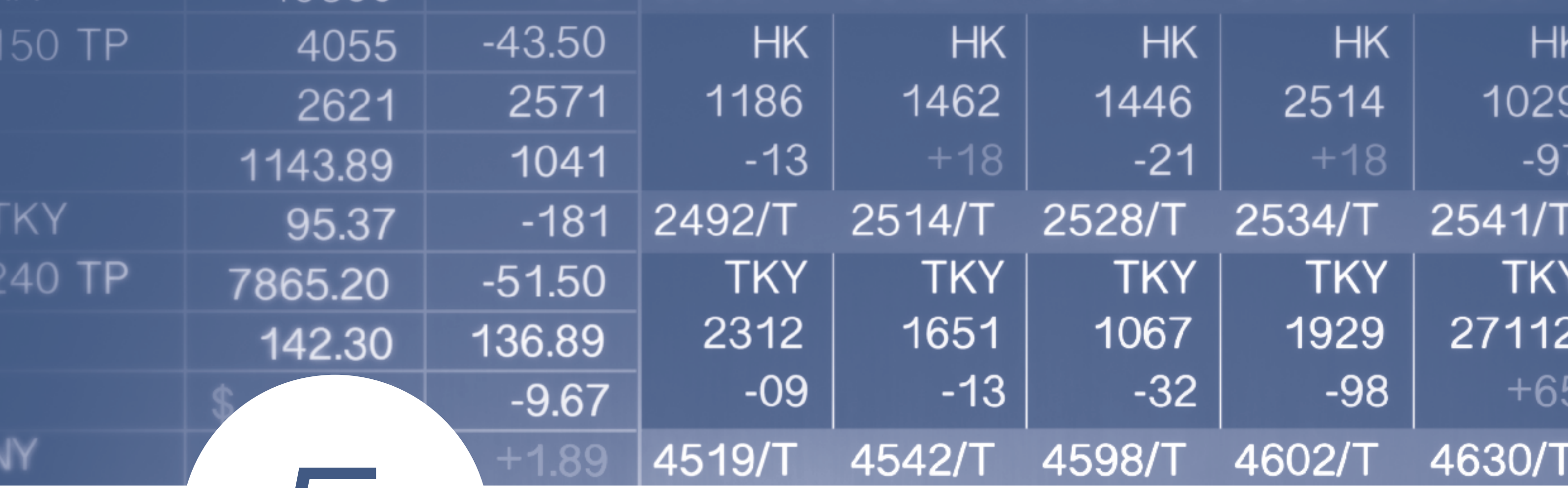
Several regulators have demanded information to Crédit Agricole CIB for inquiries relative to activities of different banks involved on Bonds SSA market (Supranational, Sub-Sovereign and Agencies). Crédit Agricole S.A. and Crédit Agricole CIB are included with other banks in various consolidated class actions before the United States District Court for the Southern District of New York. Through the cooperation with these regulators, Crédit Agricole CIB has been proceeding to intern inquiries to gather the required information. This work will continue in 2017. It is not possible at this stage to predict the outcome of these investigations or class actions or the date on which they will end.

2.8 NON-COMPLIANCE RISKS

The non-compliance risk relates to non-compliance with laws and regulations and all internal and external rules which apply for the activities of Crédit Agricole CIB in the banking and financial fields or may result in criminal penalties, sanctions from regulators, disputes with customers and more broadly risk reputation.

The main actions relating to compliance within the Group are detailed in the section on the economic performance indicators in the part of the document dealing with social, societal and environmental information of Crédit Agricole CIB group.

The organisation of the Compliance business line's governance is set out in the report by the Chairman of the Board of Directors to the General Meeting of Shareholders on page 82.



5.3 BASEL III PILLAR 3 DISCLOSURES

3 BASEL III PILLAR 3 DISCLOSURES

Regulation (EU) No 575/2013 of 26 June 2013 requires supervised financial institutions (mainly credit institutions and investment firms) to disclose quantitative and qualitative information on their risk management activities. The risk management system and exposure levels of the Crédit Agricole CIB Group are presented in this section as well as in the “Risk Factors” section.

The Crédit Agricole CIB Group has chosen to disclose information concerning Pillar 3 in a section separate from the section dealing with Risk factors, in order to isolate the items that correspond to the regulatory requirements in terms of publication.

The principal purpose of managing the Group’s solvency is to assess its share capital and at all times ensure that the Group has sufficient capital to cover the risks to which it is or might be exposed in view of its business activities.

To achieve this objective, the Group uses the Internal Capital Adequacy and Assessment Process (ICAAP), which includes i) measurements of regulatory capital requirements and economic capital and ii) the management of these requirements.

ICAAP is conducted according to an interpretation of the principal regulatory requirements listed below (Basel agreements, European Banking Authority guidelines, European Central Bank prudential rules). These include:

- governance for the management of share capital;
- measurement of regulatory share capital requirements (Pillar 1);
- measurement of economic capital requirements, based on the process of risk identification and a valuation using an internal approach (Pillar 2);
- management of regulatory share capital requirements based on forecast, short and medium term, measurements, consistent with the budget forecast on the basis of a central macroeconomic scenario;
- the use of ICAAP stress tests to simulate the impact on the share capital of a 3-year adverse macroeconomic scenario (see Risk factors – 2.2.3 Commitments Monitoring system – Stress scenarios);
- management of economic capital (see 3.3.3 Measurement of economic capital requirements);
- and a qualitative ICAAP that stipulates the areas for improvement in terms of risk management.

The ICAAP is also an integrated process that broadly interacts with the other strategic Group processes (ILAAP, risk appetite, budgeting process, risk identification, etc.).

Pillar 3 cross-reference table (CRR and CRD IV)

Article CRR	Theme	2016 Registration Document	
90 (CRD4)	Return on assets		
435 (CRR)	1. Risk management objectives and policies	Organisation of the Risk function Risk Committee	P. 167 and 168 P. 70
436 (a) (b)	2. Scope of application	Financial statements Note 11.2 Pillar 3	From p. 346 P. 201
436 (c) (d) (e) (CRR)	2. Scope of application	Information not published	
437 (CRR)	3. Own funds	Reconciliation of accounting and regulatory capital Deeply subordinated notes and preferred shares	P. 220 P. 217 and 218
438 (CRR)	4. Capital requirements	Risk weighted assets by type of risk and evolution	P. 223 and 224
439 (CRR)	5. Exposure to counterparty credit risk	Overview - Exposure by type of risk Credit risk Counterparty risk	P. 224 to 229 P. 230 to 244 P. 245 to 249
440 (CRR)	6. Capital buffers	Pillar 1 and 2 minimum capital requirements and exposures by geographic area	P. 203, 204 and 227
441 (CRR)	7. Indicators of global systemic importance	N/A	
442 (CRR)	8. Credit risk adjustments	Credit and counterparty risk mitigation techniques	P. 249
443 (CRR)	9. Encumbered assets	Encumbered assets	P. 210 and 211
444 (CRR)	10. Use of ECAIs	Insurance providers	P. 250
445 (CRR)	11. Exposure to market risk	Exposure to the trading book's market risk	P. 258 and 259
446 (CRR)	12. Operational risk	Operational risk	P. 192
447 (CRR)	13. Exposures in equities not included in the trading book	Exposures to equities included in the banking book	P. 250
448 (CRR)	14. Exposures to interest rate risk on positions not included in the trading book	Global interest rate risk	P. 188 and 189
449 (CRR)	15. Exposure to securitisation positions	Securitisation	P. 251 to 257
450 (CRR)	16. Compensation policy	Compensation policy	From p. 113
451 (CRR)	17. Leverage	Leverage ratio	P. 207 to 209
452 (CRR)	18. Use of the IRB Approach for credit risk	Credit risk under IRB approach	P. 233 to 244
453 (CRR)	19. Use of credit risk mitigation techniques	Credit risk mitigation mechanism	P. 173 and 174
454 (CRR)	20. Use of the Advanced Measurement approaches for operational risk	Operational risk	P. 192
455 (CRR)	21. Use of internal market risk models	Exposures capital requirements under the internal models approach	P. 258

EDTF cross-reference table

		Recommendation	2016 Registration Document: Management report and other	Risk factors	Pillar 3	Consolidated financial statements
Introduction	1	Cross-reference table			P. 198 and 199	
	2	Risk terminology and management, key parameters used	Definitions in the relevant chapters			
	3	Presentation of main risks and/or emerging risks		P. 164 to 195		P. 289 to 297
	4	New solvency regulatory framework and Group targets			P. 200 and 202 to 204	
Governance and risk management strategy	5	Organisation of risk control and management	P. 70 and 74 to 86	P. 167 and 168		
	6	Risk management strategy and implementation	P. 70 and 74 to 86	P. 167 and 168		
	8	Governance and management of internal credit and market stress testing	P. 70	P.164 to 168, 180 and 184		
Capital requirements and risk-weighted assets	9	Capital requirements by type of risk			P. 223	
	10a	Reconciliation of accounting balance sheet and regulatory balance sheet			P. 201 to 220	
	10b	Reconciliation of reported shareholders' equity and regulatory capital			P. 201 to 220	
	11	Changes in regulatory capital			P. 205 to 222	
	13	Risk-weighted assets by type of risk			P. 223 and 224	
	14	Risk-weighted assets and capital requirements by method and type of exposure			P. 223 to 226	
	15	Credit risk exposure by category and internal ratings			P. 234 to 241	
	16	Changes in risk-weighted assets by type of risk			P. 223 and 224	
	17	Description of backtesting models and their reliability		P. 170	P. 244	
Liquidity	18	Liquidity management		P. 189 to 191		
	19	Encumbered assets			P. 210 and 211	
	20	Breakdown of financial assets and liabilities by contractual maturity				P. 325
	21	Management of liquidity and funding risk		P. 189 to 191		
Market risks	22 to 24	Market risk measurement		P. 177 to 185		
	25	Market risk management techniques		P. 177 to 185		
Credit risk	26	Maximum exposure, breakdown and diversification of credit risks			P. 224 to 244	P. 290 to 293
	27 and 28	Provisioning and risk hedging policy		P. 176		P. 275, 278 to 280 and 301
	29	Counterparty risk on derivative instruments		P. 172	P. 245	
	30	Credit risk mitigation mechanisms		P. 173 and 174	P. 249 and 250	
Operational and legal risks	31	Other risks: insurance sector, operational, legal, IT systems, business continuity plans	P. 79, 80, 84 and 85	P. 192 to 195		
	32	Stated risks and on-going actions with respect to operational and legal risks		P. 192 to 195		

3.1 REGULATORY BACKGROUND AND SCOPE

3.1.1 SCOPE OF APPLICATION OF THE CAPITAL REQUIREMENTS FOR THE PURPOSES OF REGULATORY SUPERVISION

Credit institutions and certain investment activities authorised to provide investment services and activities mentioned in Appendix 1 of Directive 2004/39/EC are subject to solvency and large exposure ratios on an individual and, where applicable, sub-group basis, although they may be exempt under the provisions of Article 7 of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 (CRR).

The French Prudential Supervisory and Resolution Authority (ACPR) has agreed that certain Crédit Agricole Group subsidiaries qualify for this exemption on an individual or, where applicable, sub-group basis. In that regard, the ACPR provided Crédit Agricole CIB with an exemption on an individual basis.

The transition to CRR/CRD IV does not challenge the individual exemptions granted by the ACPR prior to 1 January 2014, based on the pre-existing regulatory provisions.

3.1.2 REGULATORY SCOPE

› DIFFERENCE BETWEEN THE ACCOUNTING AND THE REGULATORY SCOPE OF CONSOLIDATION

Entities consolidated for accounting purposes, but excluded from the regulatory scope of consolidation of credit institutions on a consolidated basis predominantly comprise ad hoc entities that are equity-accounted for regulatory purposes. In addition, entities consolidated for accounting purposes using the proportional method at 31 December 2013 and now consolidated under the equity method for accounting purposes, in accordance with IFRS 11, continue to be consolidated proportionally for regulatory purposes. Information on these entities as well as their consolidation method for accounting purposes is presented in the notes to the consolidated financial statements at 31 December 2016.

Differences in the treatment of equity investments between the accounting and prudential scopes

Type of investment	Accounting treatment	Fully loaded Basel III regulatory capital treatment
Subsidiaries with a financial activity	Full consolidation	Full consolidation giving rise to a capital requirement as regards the subsidiary's activities.
Jointly held subsidiaries with a financial activity	Equity method	Proportional consolidation.
Subsidiaries with an insurance activity	Full consolidation	▪ CET1 instruments held by more than 10%-owned entities are deducted from CET1, above the exemption limit of 17.65% of CET1. This exemption, which is applied after computing a 10% threshold, is aggregated with the undeducted share of deferred tax assets that depends on future profitability linked to temporary differences.
		▪ Deduction of AT1 and T2 instruments at the level of their respective capital.
Investments of more than 10% that have a financial activity by type	Equity method	▪ CET1 instruments held by more than 10%-owned entities are deducted from CET1, above the exemption limit of 17.65% of CET1. This exemption, which is applied after computing a 10% threshold, is aggregated with the undeducted share of deferred tax assets that depends on future profitability linked to temporary differences.
	Investments in credit institutions	▪ Deduction of AT1 and T2 instruments at the level of their respective capital.
Investments of 10% or less that have a financial or insurance activity	Investment securities and securities available for sale	Deduction of CET1, AT1 and T2 instruments in entities where the ownership interest is less than 10%, above an exemption limit of 10% of CET.
ABCP securitisation entities	Full consolidation	Risk-weighting of equity-accounted amount and commitments made on these entities (liquidities facilities and letters of credit).

Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories

	a	b	c	d	e	f	g
			Carrying values of items				
€ billion	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	18.2	18.3	18.3				
Financial assets at fair value through profit or loss	261.5	261.9	0.1	244.7		187.6	0.4
Hedging derivative instruments	1.8	1.6		1.6			
Available-for-sale financial assets	29.7	30.8	27.7		3.2		
Loans and receivables due from credit institutions	34.8	35.1	20.3	14.8			
Loans and receivables due from customers	135.3	122.3	121.9	0.4			
Revaluation adjustment on interest rate hedged portfolios							
Held-to-maturity financial assets							
Current tax assets	1.3	1.3	1.3				
Deferred tax assets	0.8	0.8	0.8				
Accruals, prepayments and sundry assets	36.9	37.0	34.4	2.6		1.1	
Non-current assets held for sale							
Deferred participation benefits			0.1				(0.1)
Investments in equity-accounted entities	2.3	2.4					2.4
Investment property			0.4				(0.4)
Property, plant and equipment	0.4	0.4					0.4
Intangible assets	0.2	0.2					0.2
Goodwill	1.0	1.0					1.0
Total assets	**524.3**	**513.1**	**225.2**	**264.1**	**3.2**	**188.8**	**3.9**
Liabilities							
Central banks	1.3	1.3					1.3
Financial liabilities at fair value through profit or loss	259.4	259.6		44.3			215.3
Hedging derivative instruments	1.1	1.1					1.1
Due to credit institutions	47.0	47.5		5.6			41.9
Due to customers	107.8	119.5		2.0			117.5
Debt securities	47.1	22.6					22.6
Revaluation adjustment on interest rate hedged portfolios	0.1	0.1					0.1
Current tax liabilities	0.2	0.2	0.2				
Deferred tax liabilities	1.2	1.2	1.2				
Accruals, deferred income and sundry liabilities	31.8	31.9	8.3				23.6
Liabilities associated with non-current assets held for sale							
Insurance company technical reserves							
Provisions	1.4	1.5					1.5
Subordinated debt	6.1	6.8					6.8
Equity	19.6	19.6					19.6
Of which equity, Group share	19.5	19.5					19.5
Of which share capital and reserves	11.9	11.9					11.9
Of which consolidated reserves	5.0	5.0					5.0
Of which unrealised or deferred gains/(losses), Group share	1.4	1.4					1.4
Of which net income/(loss) for the year - Group share	1.2	1.2					1.2
Of which net income/(loss) for the year	1.2	1.2					1.2
Of which non-controlling interests	0.1	0.1					0.1
Total equity and liabilities	**524.3**	**513.1**	**9.8**	**51.9**			**451.4**

▶ 3.1.3 REGULATORY FRAMEWORK

› SUMMARY OF MAIN CHANGES INTRODUCED BY BASEL III (CRR/CRD IV) RELATIVE TO BASEL II

Tightening up the regulatory framework, Basel III enhances the quality and level of regulatory capital required and adds 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, transposed notably by Order No 2014-158 of 20 February 2014 and Regulation [EU] No 575/2013 of the European Parliament and of the Council) and entered into force on 1 January 2014, in accordance with the transitional provisions specified in the legislation.

A. SOLVENCY RATIO NUMERATOR

Basel III defines three levels of capital:

- Common Equity Tier 1 capital (CET 1);
- Tier 1 capital, which consists of Common Equity Tier 1 capital and Additional Tier 1 capital (AT1);
- total capital, which consists of Tier 1 capital and Tier 2 capital.

Capital, calculated on a fully loaded Basel III [1] basis, takes into account the following changes compared with 31 December 2013 under Basel 2.5:

1. Elimination of most prudential filters, in particular as regards unrealised capital gains and losses on equity instruments and available-for-sale debt securities. As an exception, capital gains and losses from cash flow hedges and due to changes in the credit quality of the institution (liabilities measured at fair value) remain filtered. Moreover, a filter is introduced in connection with the DVA (change in valuation due to the credit quality of the institution on derivative instruments recognised as liabilities);
2. Partial derecognition of minority interests and other equity instruments issued by eligible subsidiaries [2] in excess of the amount of capital required to cover the subsidiary's capital requirements. This partial derecognition applies to each capital component. Meanwhile, ineligible minority interests are excluded;
3. Deduction from the CET1 of Deferred Tax Assets (DTAs) that rely on future profitability arising from tax loss carryforwards;
4. Deduction from the CET1 of negative amounts resulting from any shortfall of provisions relative to Expected Losses (EL), calculated with a distinction between performing and non-performing loans;
5. Deduction from CET1 of Deferred Tax Assets (DTAs) that rely on future profitability arising from temporary differences above an exemption threshold of 17.65% of CET1. This exemption, applied after calculating a 10% threshold, is aggregated with the non-deducted portion of CET1 instruments held in financial stakes Items not deducted are included in risk-weighted assets (250% weighting);
6. Deduction from CET1 of the CET1 instruments held in financial stakes greater than 10% (significant investments) beyond an exemption threshold of 17.65% of CET1, with treatment identical to that described in the previous point. The deduction relates to directly held stakes greater than 10% and indirect investments (in particular via UCITS). These latter investments are now counted for deduction purposes. Their total amount is aggregated with above mentioned direct financial investments where they are identified as financial investments. In general, the equity component, and in some cases the entire UCITS portfolio is deducted from CET1 without applying the exemption. Investments in insurance businesses are deducted from CET1 (integrated into other deductions covered by an exemption mechanism);
7. Restriction of the Tier 1 and Tier 2 capital to hybrid debt instruments satisfying the inclusion criteria for Basel III eligibility;
8. Value adjustments arising from the prudent valuation laid down in the regulatory framework: institutions must apply the prudent valuation principle and adjust the amount of their assets measured at fair value and deduct any value adjustment.

Some of these items are also being phased in, as described below in point 3.1.4.

B. SOLVENCY RATIO DENOMINATOR

Basel III introduces changes to the calculation of credit and counterparty risk-weighted assets, and in particular factors in:

- the risk of market price changes related to counterparty credit quality (CVA - Credit Valuation Adjustment);
- central counterparty risks (clearing houses);
- external ratings, the reference of which is modified for the calculation of the weighting of financial counterparties under the standardised method;
- an increase in the correlation of default of large financial-sector entities for treatment under the Internal Ratings-Based approach;
- strengthening of detection measures and monitoring of the correlation risk.

In accordance with Regulation (EU) 575/2013 of 26 June 2013, credit risk exposures continue to be measured using two approaches:

- the "standardised" approach, which is based on external credit ratings and fixed weightings for each Basel exposure class;
- the "Internal Ratings-Based" (IRB) approach, which uses the institution's own internal rating system.

Two separate approaches are used:

- 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: probability of default, loss given default, exposure given default and maturity.

(1) As calculated in 2022 after the transition period.
(2) Credit institution and some investment activities.

C. SOLVENCY RATIOS UNDER CRR/CRD IV

In all, three solvency ratios are calculated under Basel III:

- the Common Equity Tier 1 (CET1) ratio;
- the Tier 1 (T1) ratio;
- the total capital ratio.

These ratios are calculated on a phase-in basis designed to smooth the transition from the Basel II to the Basel III calculation rules.

3.1.4 TRANSITIONAL IMPLEMENTATION PHASE

To make it easier for credit institutions to comply with CRR/ CRD IV, certain requirements were relaxed on a transitional basis, notably the gradual introduction of new capital component:

1. Transitional application of the treatment of prudential filters on unrealised gains and losses on available-for-sale financial assets (as of 31 December 2016, the provisions of ECB Regulation 2016/445 replaces the national provisions indicated by the ACPR in its communication of 12 December 2013): progressive integration into CET1 of unrealised capital gains and losses on sovereign debt issues (40% in 2015; 60% in 2016; 80% in 2017 and 100% in subsequent years). Conversely, unrealised capital losses on other issuers have been included from 2014;
2. Progressive deduction of the partial derecognition or exclusion of minority interests by tranche rising by 20% per annum with effect from 1 January 2015; the CRD III method is still applied to the remaining amount (40% in 2016);
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 with effect from 1 January 2014. The residual amount (40% in 2016) remains subject to the CRD III treatment method (0% risk weighting);
4. No transitional application of the deduction of negative amounts arising from insufficient provisions relative to the expected loss (it should be noted that under CRD III the deduction was 50% of Tier 1 and 50% of Tier 2 capital), with the amounts calculated now distinguishing between performing loans and receivables and those in default;
5. Progressive deduction from the CET1 of deferred tax assets (DTAs) arising from temporary differences: the amount that exceeds the dual exemption threshold that is partially aggregated with financial stakes greater than 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 exceeding the exemption (40% in 2016) remains subject to the CRD III method (0% risk weighting);
6. Gradual deduction of CET1 instruments held in significant financial stakes (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 approaches described above. The items covered by the exemption are also risk-weighted at 250%. The residual amount exceeding the exemption (40% in 2016) remains subject to the CRD III method (deduction of 50% of Tier 1 and 50% of Tier 2 capital);
7. The hybrid debt instruments that were eligible to capital under Basel II and which are no longer eligible as capital owing to the entry into force of the new regulation can, under certain conditions, be eligible to the grandfathering clause. Under this clause, these instruments are gradually excluded over an eight-year period, with a 10% reduction each year. In 2016, 60% of the declared global inventories at 31 December 2012 is recognised, and then 50% in 2017, etc. The derecognised portion may be recognised in the lowest tier of capital (from AT1 to Tier 2, for example) if it satisfies the corresponding criteria.

Lastly, intangible assets (including goodwill) are 100%-deducted from CET1, in accordance with the national transposition of transitional application rules.

3.1.5 MINIMUM REQUIREMENTS

Pillar 1 requirements are governed by Regulation (EU) 575/2013 of the European Parliament and of the Council on 26 June 2013 (CRR). The regulator sets additional minimum requirements in a discretionary manner through Pillar 2.

› MINIMUM REQUIREMENTS OF PILLAR 1

- Capital ratios before buffers: The minimum phased-in CET1 requirement is 4.5%. The minimum phased-in Tier 1 requirement is 6% and the minimum phased-in total capital requirement stood at 8%.
- 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 exposure at default (EAD) [(1)] of buffers defined at the level of each country in which the Group does business;
  - the buffer for systemic risk and for Global Systemically Important Banks (G-SIB) (in the range 0% to 3.5%). These two buffers are not cumulative, with double counting eliminated by the regulator of the consolidating entity. Only Crédit Agricole Group is a G-SIB. Crédit Agricole CIB does not fall within this category.

These buffers come into force on an incremental basis from 1 January 2016 to 2019 (25% of the required buffer in 2016, 50% in 2017, etc.). The buffer for systemic risk can be implemented by a national authority if it provides documentary evidence to the European Banking Authority. When the countercyclical buffer rate is changed at the country level in a country where the company does business, the application date must be at least 12 months after the date the change was published. In 2016, only Norway and Sweden have defined a contracyclical buffer. The increments above apply at the end of the 12-month advance notice period. These buffers must be covered by CET1.

(1) The EAD is the exposure amount in the event of default. It encompasses balance sheet assets plus a proportion of off-balance sheet commitments.

Minimum requirements on the basis of information known at end December 2016

1 January...	2014	2015	2016	2017	2018	2019
Common Equity Tier One	4.00%	4.50%	4.50%	4.50%	4.50%	4.50%
Tier 1 (CET1 + AT1)	5.50%	6.00%	6.00%	6.00%	6.00%	6.00%
Tier 1 + Tier 2	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Capital conservation buffer			0.63%	1.25%	1.88%	2.50%
Countercyclical buffer (0%-2.5%)			0%	0%	0%	0%
Systemic risk buffer (0%-5%)			0%	0%	0%	0%

Crédit Agricole CIB Group's total capital requirement, including buffers known at end December 2016

1 January...	2014	2015	2016
CET1 + buffers	4%	4.50%	5.13%
T1 + buffers	5.50%	6%	6.63%
T1 + T2 + buffers	8%	8%	8.63%

› MINIMUM REQUIREMENTS OF PILLAR 2

Crédit Agricole CIB has 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).

Crédit Agricole CIB will need to meet a minimum consolidated CET1 ratio (including the Pillar 1, Pillar 2 R and conservation buffer requirements) of at least 7%, phased in, as of 1 January 2017.

3.2 SOLVENCY INDICATORS AND RATIOS

3.2.1 SOLVENCY RATIOS

	31.12.2016		31.12.2015	
€ million	Phased in	Fully loaded	Phased in	Fully loaded
Share capital and reserves, Group share [1]	16,476	16,617	15,120	15,258
(+) Tier 1 capital in accordance with French Prudential Supervisory and Resolution Authority stipulations (shareholder advance)				
(+) Minority interests	98		93	
(-) Prudent valuation	(278)	(278)	(286)	(286)
(-) Deductions of goodwill and other intangible assets	(1,180)	(1,180)	(1,159)	(1,159)
(-) Deferred tax assets dependent on future profitability and unrelated to temporary differences net of related deferred tax liabilities	(25)	(42)	(172)	(429)
(-) Insufficient adjustments for credit risk in relation to expected loss based on internal ratings-based approach deducted from CET1	(11)	(11)	(10)	(10)
(-) Amount exceeding exemption limit of CET1 instruments held by financial sector entities in which the credit institution has a significant investment and of deductible deferred tax assets dependent on future profitability and arising from temporary differences [2]	(1,036)	(1,036)	(1,089)	(1,175)
CET1 instruments held by financial sector entities in which the credit institution has a significant investment	2,537	2,537	2,407	2,407
The deductible deferred tax assets that rely on future profitaility arising from temporary differences	572	572	569	569
Utilisation of the exemption thershold of 10% (i) individually for CET 1 instruments of financial sector entities on the one hand (ii) deferred tax on the other hand	1,501	1,501	1,318	1,318
(-) Transparent treatment of UCITS	(3)	(3)	(9)	(9)
Transitional adjustments and other deductions applicable to CET1 capital [2]	325	(89)	464	(190)
Common equity Tier 1 capital (cet1)	**14,366**	**13,978**	**12,952**	**12,000**
Equity instruments eligible as AT1 capital	2,435	2,435	1,800	1,800
Grandfathered equity instruments otherwise ineligible as AT1 capital	2,615		2,744	
Tier 1 or Tier 2 instruments of entities whose main activity is in the insurance sector and in which the institution owns a significant stake, deducted from Tier 1 capital				
Transitional adjustments and other Basel 2 deductions	(207)		(327)	
Additional Tier 1 capital	**4,843**	**2,435**	**4,217**	**1,800**
Tier 1 capital	**19,210**	**16,413**	**17,169**	**13,800**
Equity instruments and subordinated debt eligible as Tier 2 capital	2,862	2,862	1,555	1,555
Ineligible equity instruments and subordinated debt	30		30	
Amount of excess provisions relative to expected loss eligible on the basis of the internal ratings-based approach and adjustment of the general credit risk using the standard approach	430	430	451	451
Tier 2 instruments of entities whose main activity is in the insurance sector and in which the institution owns a significant stake, deducted from Tier 2 capital				
Transitional adjustments and other Basel 2 deductions	(207)		(269)	
Tier 2 capital	**3,116**	**3,292**	**1,767**	**2,006**
Total capital	**22,325**	**19,706**	**18,936**	**15,806**
Total risk-weighted assets	**123,160**	**123,160**	**124,325**	**124,109**
CET1 ratio	11.7%	11.3%	10.4%	9.7%
Tier 1 ratio	15.6%	13.3%	13.8%	11.1%
Total capital ratio	18.1%	16.0%	15.2%	12.7%

(1) This line is detailed in the table showing the reconciliation of accounting and regulatory capital page 220.

(2) This line includes the transitional adjustment for exceeding the ceiling on CET1 instruments of entities in the financial sector in which the establishment holds a major stake.

The fully loaded Common Equity Tier 1 (CET1) capital stood at €14 billion at 31 December 2016, up €2 billion compared with year-end 2015.

The events affecting CET1 in 2016 consist of a foreign exchange impact of +€0.2 billion, the realisation of an increase in share capital of +€1 billion as well as the net decrease in the amount of items filtered or deducted for prudential reasons (a net +€0.8 billion, of which: +€0.1 billion for the filter concerning changes in the value of own liabilities, +€0.4 billion for deferred taxation, +€0.1 billion for significant holdings of CET1 issued by entities in the financial sector over and above the ceiling and +€0.1 billion for Prudent valuation).

The phased-in Common Equity Tier 1 (CET1) capital stood at €14.4 billion at 31 December 2016, or €0.4 billion higher than the fully loaded amount. This variance resulted mainly from the phasing of the excess over and above the ceiling (+€0.4 billion). The unfavourable phasing on unrealised capital gains and losses (-€0.1 billion) was offset by the exclusion of minority interests, deferred tax assets and DVA (+€0.1 billion).

The detail of fully loaded and phased-in Common Equity Tier 1 (CET1) capital is as follows:

- fully loaded capital and reserves stood at €16.6 billion, up by €1.4 billion compared to end 2015, mainly due to the impact of foreign exchange on the structural position (+€0.2 billion), the realisation of an increase in share capital (+€1 billion), changes in the value of own liabilities and the cash flow hedge filtered for regulatory capital (impact of +€0.2 billion) and the net income from planned distributions (+€0.2 billion). The phased-in capital and reserves amount to €16.5 billion, up by €1.4 billion compared to 2015 explained by the same elements;
- the deduction for prudent valuation was €0.3 billion, stable compared to 31 December 2015;
- the deductions from capital for goodwill and other intangibles amounted to €1.2 billion on both a fully loaded and phased-in basis, stable compared to December 2015;
- deferred taxes assets (DTA) dependent upon future profitability related to tax loss carryforwards were almost nil on both a fully loaded and phased-in basis, down by €0.4 billion compared to end 2015;
- CET1 instruments of significant financial stakes (over 10%) amounted to €2.5 billion. They are subject to the calculation of an exemption threshold, and the amount by which it is exceeded amounted to €1 billion on a fully loaded basis and €0.6 billion on a phased-in basis;
- deferred tax assets (DTA) dependent upon future profitability arising from temporary differences amounted to €0.6 billion at 31 December 2016, stable compared to 31 December 2015. They are subject to the calculation of an exemption threshold and are treated as risk-weighted assets and weighted at 250%.

Fully loaded Tier 1 capital (Tier 1) at €16.4 billion, came in €2.6 billion above its 31 December 2015 level, while the phased-in Tier 1 capital was €19.2 billion, an increase of €2 billion compared to 31 December 2015. This includes the CET1 capital described above and the Additional Tier 1 capital, which underwent the following changes:

- hybrid securities included in Tier 1 capital eligible under Basel III amounted to €2.4 billion, up by €0.6 billion and explained by the June 2016 issuance.
- the entire stock prior to 1 January 2014 was ineligible on a fully loaded basis. On a phased-in basis, an amount of debt equivalent to a maximum of 60% of the base at 31 December 2012 can be held because of grandfathering provision. The amount of these “grandfathered” securities decreased due to the early repayment of a deeply subordinated note issued in Dollars for an amount of €0.2 billion (value at 31 December 2015); the net decrease in the amount recognised relative to the grandfathering clause was limited to €0.1 billion due to the impact of foreign exchange: the amount of residual stock benefiting from grandfathering was, at 31 December 2016, well below the maximum possible basis despite the latter having been reduced;
- on a fully loaded basis, no deduction is made from this tier. Conversely, on a phased-in basis, CET1 instruments of significant financial stakes (over 10%) not deducted from CET1 due to the phasing mechanism, are deducted from the Common Equity Tier 1 capital for 50% of their amount. This line represented €0.2 billion at 31 December 2016.

  At €3.3 billion, fully loaded Tier 2 capital was €1.3 billion higher than at 31 December 2015;
- the hybrid securities included in Tier 2 capital eligible for Basel III amounted to €2.9 billion, up by €1.3 billion following the issue of two subordinated loans of €0.75 billion and €0.5 billion;
- surplus provisions relative to expected losses eligible under the internal ratings-based approach and general credit risk adjustments under the standardised approach came to €0.4 billion at 31 December 2016, stable compared to 31 December 2015;
- on a fully loaded basis, no deduction is made from this tier. Conversely, on a phased-in basis, CET1 instruments held in significant financial stakes (over 10%) not deducted from CET1 (because of the phasing mechanism) are deducted from Tier 1 Capital to the limit of 50%. This line represented €0.2 billion at 31 December 2016.

In all, fully loaded total capital at 31 December 2016 stood at €19.7 billion, or €3.9 billion higher than at 31 December 2015. At €22.3 billion, phased-in total capital was €3.3 billion higher than at 31 December 2015.

▶ 3.2.2 LEVERAGE RATIO

Article 429 of the CRR specifying the methods for calculating the leverage ratio was amended and replaced by the Delegated Act No 2015/62 of 10 October 2014. The delegated act was published in the OJEU on 18 January 2015.

Publication of the ratio at least once a year is mandatory as of 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 risk.

According to the draft texts published on 23 November 2016 for CRR II/CRD V legislation, the implementation in Pillar 1, which was initially scheduled in CRR for 1 January 2018, could be delayed.

A requirement for a two-level leverage ratio is envisaged: it could be 3%, the level indicated by the Basel Committee for non G-SIB, and a higher level for the 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, intragroup transactions, securities financing transactions, items deducted from the numerator, and off-balance-sheet items.

Summary of the reconciliation between accounting assets and exposures for the purposes of the leverage ratio

	€ million	Applicable amounts
1	Total assets as per published financial statements	524,261
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	(11,192)
3	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the leverage ratio exposure measure in accordance with Article 429(13) of Regulation (EU) No 575/2013)	
4	Adjustments for derivative financial instruments	(138,265)
5	Adjustments for securities financing transactions “SFTs” *	28,897
6	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	108,119
EU-6a	Adjustment for intragroup exposures excluded from the leverage ratio exposure measure in accordance with Article 429 (7) of Regulation (EU) No 575/2013	(19,147)
EU-6b	Adjustment for exposures excluded from the leverage ratio exposure measure in accordance with Article 429 (14) of Regulation (EU) No 575/2013	
7	Other adjustments	(2,668)
8	**Total leverage ratio exposure**	**490,005**

** SFT: Securities Financing Transaction.*

Leverage ratio - Joint statement

	€ million	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)	249,852
2	Asset amounts deducted in determining Tier 1 capital	(2,668)
3	Total on-balance sheet exposures (excluding derivatives, SFTs * and fiduciary assets) (sum of lines 1 and 2)	247,184
	Derivative exposures	
4	Replacement cost associated with all derivatives transactions (ie net of eligible cash variation margin)	21,137
5	Add-on amounts for PFE associated with all derivatives transactions (mark-to-market method)	31,321
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	3,412
7	Deductions of receivables assets for cash variation margin provided in derivatives transactions	(26,472)
8	Exempted CCP leg of client-cleared trade exposures	
9	Adjusted effective notional amount of written credit derivatives	18,173
10	Adjusted effective notional offsets and add-on deductions for written credit derivatives	(13,066)
11	Total derivative exposures (sum of lines 4 to 10)	34,506
	Securities financing transaction exposures	
12	Gross SFT * assets (with no recognition of netting), after adjusting for sales accounting transactions	210,546
13	Netted amounts of cash payables and cash receivables of gross SFT * assets	(93,497)
14	Counterparty credit risk exposure for SFT * assets	2,295
EU-14a	Derogation for SFTs *: Counterparty credit risk exposure in accordance with Article 429b (4) and 222 of Regulation (EU) No 575/2013	
15	Agent transaction exposures	
EU-15a	(exempted CCP leg of client-cleared SFT * exposure)	
16	Total securities financing transaction exposures (sum of lines 12 to 15a)	119,344
	Other off-balance sheet exposures	
17	Off-balance sheet exposures at gross notional amount	183,753
18	(adjustments for conversion to credit equivalent amounts)	(75,635)
19	Other off-balance sheet exposures (sum of lines 17 to 18)	108,119
	Exempted exposures in accordance with CRR Article 429 (7) and (14) (on and off balance sheet)	
EU-19a	Exemption of intragroup exposures (solo basis) in accordance with Article 429(7) of Regulation (EU) No 575/2013 (on and off balance sheet)	(19,147)
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	19,210
21	Total leverage ratio exposures (sum of lines 3, 11, 16, 19, EU-19a and EU-19b)	490,005
	Leverage ratio	
22	Leverage ratio	3.92%
	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	

** SFT: Securities Financing Transaction.*

Crédit Agricole CIB considers the leverage ratio as an additional measure to the constraints that weigh on solvency and liquidity, and that already limit the size of the balance sheet. As part of the process of monitoring excess leverage, constraints are actively managed. Crédit Agricole CIB's leverage ratio increased by 0.41 bps in 2016.

3.2.3 MREL/TLAC RATIO

› MREL RATIO

The MREL (or 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 starting 1 January 2015 (except for provisions on bail-in and MREL, which became applicable in 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 in order 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. In this calculation, total liabilities takes into account the full recognition of offsetting rights applicable to derivatives. Regulatory capital, subordinated notes with a residual maturity of more than one year (including prudentially ineligible own fund instruments and the amortised portion of Tier 2) and non-preferred senior debts with residual maturities of more than one year qualify for inclusion in MREL. 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.

Since September 2015, Crédit Agricole Group has already reached a MREL ratio of 8% excluding preferred senior debt, which, in the event of resolution, would enable recourse to the European resolution fund before applying the bail-in to preferred senior debt, creating an additional layer of protection for preferred senior investors. Crédit Agricole CIB will be subject to a MREL objective to be set by the resolution authorities that might be different to the 8% target chosen by the Group. In 2016, the SRB only gave the Group a guideline for the MREL target that was not binding at the consolidated level. By the end of 2017, the SRB could set a MREL requirement for the Group at the consolidated level and take its first MREL decisions at the individual level. In view of the European Commission's legislative proposal of amendments to the BRRD published on 23 November 2016, the denominator of the MREL may in the long term converge towards that of the TLAC ratio (see hereafter), and become a Pillar 2 requirement effective in 2019 at the earliest.

› TLAC RATIO

This ratio, whose modalities were indicated in a Term Sheet published on 9 November 2015, was established by the Financial Stability Board (FSB) at the request of the G20. The FSB defined the calculation of a ratio aimed at estimating the adequacy of the bail-in and recapitalisation capacities of Global Systemically Important banks (G-SIB). This new Total Loss Absorbing Capacity (TLAC) ratio, which will be transposed at the European level into the CRR and come into effect from 2019, will provide the resolution authorities with a means to assess whether G-SIBs have sufficient bail-in 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 included in the European Commission's legislative proposal of amendments to the CRR published on 23 November 2016, the minimum level of the TLAC ratio corresponds to twice the minimum regulatory requirements (i.e. the maximum between 6% of the leverage ratio denominator and 16% of the risk-weighted assets, plus applicable regulatory buffers) effective 1 January 2019, and the maximum between 6.75% of the leverage ratio denominator and 18% of the risk-weighted assets (excluding buffers) from 1 January 2022. This minimum level could be increased by the resolution authorities through the MREL requirement (see previous point).

The elements that could absorb losses are made up of equity, subordinated notes and debts to which the resolution authority can apply the bail-in.

Crédit Agricole Group must comply with a TLAC ratio over 19.5% (including a capital conservation buffer of 2.5% and a G-SIB buffer of 1%) from 2019 then 21.5% from 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. At 31 December 2016, the TLAC to risk-weighted assets ratio is estimated at 20.3% [1] for Crédit Agricole Group, excluding eligible preferred senior debt.

This ratio will apply solely to Global Systemically Important Institutions, and thus to Crédit Agricole Group, starting in 2019.

Crédit Agricole CIB will not be subject to this ratio, as it is not classified as a G-SIB by the FSB.

(1) Estimation based on our current understanding of draft regulatory texts.

▶ 3.2.4 ENCUMBERED ASSETS

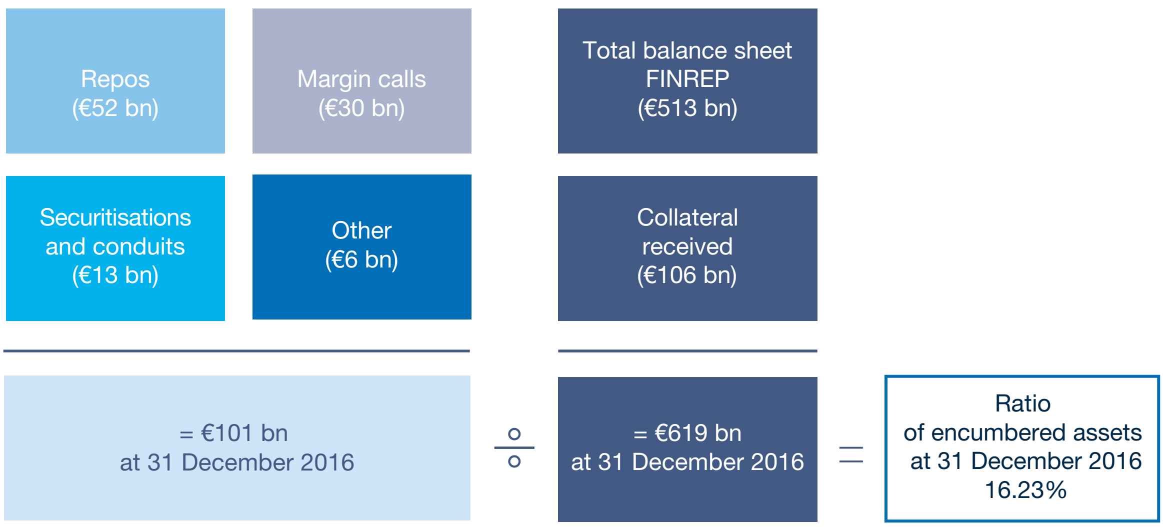
Crédit Agricole CIB monitors and manages the level of its assets pledged as collateral. At 31 December 2016, the ratio of encumbered assets to total assets was 16.23%.

On loans and receivables due from private customers, assets are pledged to obtain refinancing under advantageous conditions or to constitute reserves that can easily be made liquid if needed. Crédit Agricole CIB's policy seeks to diversify its refinancing in order to better withstand liquidity stresses that may affect given markets differently and to limit the number of assets pledged as collateral in order to conserve high-quality unencumbered assets that can be easily liquidated through existing channels in the event of stress.

The other sources of collateral are mainly pledged securities as well as cash (mainly on margin calls):

- repos: outstandings of encumbered assets and collateral received and reused in connection with repos totalled €52 billion, of which €49 billion in securities received as collateral and reused (composed of sovereign debt in the proportion of 92%) out of €106 billion of collateral received;
- margin calls: margin calls represent outstandings of €30 billion, primarily in connection with the OTC derivatives activity.

Use of encumbered assets and collateral received



Assets

€ million	31.12.2016 Carrying amount of encumbered assets	Fair value of encumbered assets	Carrying amount of unencumbered assets	Fair value of unencumbered assets
Assets of reporting institution	51,873		461,122	
Demand loans			25,174	
Equity instruments	685	685	2,975	2,975
Debt securities	2,998	2,998	43,621	43,621
Loans and receivables other than demand loans	19,397		202,745	
Other assets	28,793		186,606	

Collateral received

€ million	31.12.2016 Fair value of encumbered guarantee received or own encumbered debt instruments issued	Fair value of guarantee received or own debt instruments issued available to be encumbered
Collateral received from reporting institution	48,568	52,573
Equity instruments	1	426
Debt securities	48,567	39,049
Loans and receivables other than demand loans		
Other collateral received		17,799
Own debt instruments issued other than own guaranteed bonds or own securities pledged as collateral		

Encumbered assets/Collateral received and related liabilities

€ million	31.12.2016 Matching liabilities, contingent liabilities or securities lent	Assets, collaterals received and own debt securities issued, other than covered bonds and ABSs encumbered
Carrying amount of selected financial liabilities	237,074	100,441

3.3 COMPOSITION AND CHANGES IN REGULATORY CAPITAL

▶ 3.3.1 COMPOSITION OF CAPITAL

The table below is presented under the format of Annex IV and VI of Commission Implementing Regulation No 1423/2013 of 20 December 2013. In order to simplify matters, the headings used below are those of in Annex VI, namely the phased-in headings.

Composition of capital at 31 December 2016

		31.12.2016	
Numbering (phased-in)	*€ million*	Phased-in	Fully loaded
Common Equity Tier 1 capital: instruments and reserves			
1	Capital instruments and the related share premium accounts	9,425	9,425
	Of which: Crédit Agricole S.A. shares	9,425	9,425
	Of which: Regional Banks' mutual shares (CCI/CCA)		
	Of which: Local Banks' mutual shares		
2	Retained earnings		
3	Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards)	7,182	7,182
3a	Fund for general banking risk		
4	Amount of qualifying items referred to in Article 484(3) and the related share premium accounts subject to phase out from CET1		
	Public sector capital injections grandfathered until 1 January 2018		
5	Minority interests (amount allowed in consolidated CET1)	98	
5a	Independently reviewed interim profits net of any foreseeable charge or dividend	185	185
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**16,890**	**16,792**
Common Equity Tier 1 capital: regulatory adjustments			
7	Additional value adjustments (negative amount)	(278)	(278)
8	Intangible assets (net of related tax liability) (negative amount)	(1,180)	(1,180)
9	Empty set in the EU		
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38(3) are met) (negative amount)	(42)	(42)
11	Fair value reserves related to gains or losses on cash flow hedges	(312)	(312)
12	Negative amounts resulting from the calculation of expected loss amounts	(11)	(11)
13	Any increase in equity that results from securitised assets (negative amount)	(89)	(89)
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	138	138
15	Defined-benefit pension fund assets (negative amount)		
16	Direct and indirect holdings by an institution of own CET1 instruments (negative amount)		
17	Holdings of the CET1 instruments of financial sector entities where those entities have reciprocal cross with the institution designed to inflate artificially the own funds of the institution (negative amount)		
18	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above the 10% threshold and net of eligible short positions) (negative amount)		
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	(1,036)	(1,036)
20	CET1 items or deductions - other		
20a	Exposure amount of the following items which qualify for a RW of 1,250%, where the institution opts for the deduction alternative	(3)	(3)
20b	Of which: qualifying holdings outside the financial sector (negative amount)	(3)	(3)
20c	Of which: securitisation positions (negative amount)		
20d	Of which: free deliveries (negative amount)		

Numbering (phased-in)	€ million	31.12.2016 Phased-in	Fully loaded
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38(3) are met) (negative amount)		
22	Amount exceeding the 15% threshold (negative amount)		
23	Of which: direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities		
24	Empty set in the EU		
25	Of which: deferred tax assets arising from temporary differences		
25a	Losses for the current financial year (negative amount)		
25b	Foreseeable tax charges relating to CET1 items (negative amount)		
26	Regulatory adjustments applied to Common Equity Tier 1 in respect of amounts subject to pre-CRR treatment	290	
26a	Regulatory adjustments relating to unrealised gains and losses pursuant to Articles 467 and 468	(105)	
	Of which: unrealised gains (phase out)	(100)	
	Of which: unrealised losses (phase out)		
	Of which: unrealised gains linked to exposures to central administrations (phase out)	(5)	
	Of which: unrealised losses linked to exposures to central administrations (phase out)		
26b	Amount to be deducted from or added to Common Equity Tier 1 capital with regard to additional filters and deductions required pre CRR	395	
27	Qualifying AT1 deductions that exceed the AT1 capital of the institution (negative amount)		
28	Total regulatory adjustments to Common Equity Tier 1 (CET1)	(2,523)	(2,814)
29	**Common Equity Tier 1 (CET1) capital**	**14,366**	**13,978**
Additional Tier 1 (AT1) capital: instruments			
30	Capital instruments and the related share premium accounts	2,435	2,435
31	Of which: classified as equity under applicable accounting standards	2,435	2,435
32	Of which: classified as liabilities under applicable accounting standards		
33	Amount of qualifying items referred to in Article 484 (4) and the related share premium accounts subject to phase out from AT1	2,615	
	Public sector capital injections grandfathered until 1 January 2018		
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties		
35	Of which: instruments issued by subsidiaries subject to phase out		
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	**5,050**	**2,435**
Additional Tier 1 (AT1) capital: regulatory adjustments			
37	Direct and indirect holdings by an institution of own AT1 instruments (negative amount)		
38	Holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)		
39	Direct and indirect holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above the 10% threshold and net of eligible short positions) (negative amount)		
40	Direct and indirect holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above the 10% threshold and net of eligible short positions) (negative amount)		
41	Regulatory adjustments applied to Additional Tier 1 in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out as prescribed in Regulation (EU) No 575/2013 (i.e. CRR residual amounts)	(207)	
41a	Residual amounts deducted from Additional Tier 1 capital with regard to deduction from Common Equity Tier 1 capital during the transitional period pursuant to Article 472 of Regulation (EU) No 575/2013		

		31.12.2016	
Numbering (phased-in)	*€ million*	Phased-in	Fully loaded
41b	Residual amounts deducted from Additional Tier 1 capital with regard to deduction from Tier 2 capital during the transitional period pursuant to Article 475 of Regulation (EU) No 575/2013		
41c	Amount to be deducted from or added to Additional Tier 1 capital with regard to additional filters and deductions required pre-CRR		
42	Qualifying T2 deductions that exceed the T2 capital of the institution (negative amount)		
43	Total regulatory adjustments to Additional Tier 1 (AT1) capital	(207)	
44	**Additional Tier 1 capital (AT1)**	**4,843**	**2,435**
45	**Tier 1 capital (T1=CET1 + AT1)**	**19,210**	**16,413**
Tier 2 (T2) capital: instruments and provisions			
46	Capital instruments and the related share premium accounts	2,862	2,862
47	Amount of qualifying items referred to in Article 484 (5) and the related share premium accounts subject to phase out from T2	30	
	Public sector capital injections grandfathered until 1 January 2018		
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties		
49	Of which: instruments issued by subsidiaries subject to phase out		
50	Tier 2 (T2) capital before regulatory adjustments	430	430
51	**Tier 2 (T2) capital: regulatory adjustments**	**3,323**	**3,292**
Tier 2 (T2) capital: regulatory adjustments			
52	Direct and indirect holdings by an institution of own T2 instruments and subordinated loans (negative amount)		
53	Holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)		
54	Direct and indirect holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above the 10% threshold and net of eligible short positions) (negative amount)		
54a	Of which new holdings not subject to transitional arrangements		
54b	Of which holdings existing before 1 January 2013 and subject to transitional arrangements		
55	Direct and indirect holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)		
56	Regulatory adjustments applied to Tier 2 in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out as prescribed in Regulation (EU) No 575/2013 (i.e. CRR residual amounts)	(207)	
56a	Residual amounts deducted from Tier 2 capital with regard to deduction from Common Equity Tier 1 capital during the transitional period pursuant to Article 472 of Regulation (EU) No 575/2013	(207)	
56b	Residual amounts deducted from Tier 2 capital with regard to deduction from Additional Tier 1 capital during the transitional period pursuant to Article 475 of Regulation (EU) No 575/2013		
56c	Amount to be deducted from or added to Tier 2 capital with regard to additional filters and deductions required pre-CRR		
57	Total regulatory adjustments to Tier 2 (T2) capital	(207)	
58	**Tier 2 (T2) capital**	**3,116**	**3,292**
59	**Total capital (TC=T1 + T2)**	**22,325**	**19,706**
59a	Risk weighted assets in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out as prescribed in Regulation (EU) No 575/2013 (i.e. CRR residual amounts)	5,184	
	Of which: CET1 instruments of financial sector entities not deducted from CET1 (Regulation [EU] No 575/2013 residual amounts)	3,753	
	Of which: Deferred tax assets that rely on future profitability and arising from temporary differences not deducted from CET1 (Regulation [EU] No 575/2013 residual amounts)	1,430	

Numbering (phased-in)	€ million	31.12.2016 Phased-in	Fully loaded
	Of which: AT1 instruments of financial sector entities not deducted from AT1 (Regulation [EU] No 575/2013 residual amounts)		
	Of which: Tier 2 instruments of financial sector entities not deducted from Tier 2 (Regulation [EU] No 575/2013 residual amounts)		
60	Total risk weighted assets	123,160	123,160
Capital ratios and buffers			
61	Common Equity Tier 1 (as a percentage of risk exposure amount)	11.66%	11.35%
62	Tier 1 (as a percentage of risk exposure amount)	15.60%	13.33%
63	Total capital (as a percentage of risk exposure amount)	18.13%	16.00%
64	Institution specific buffer requirement (CET1 requirement in accordance with Article 92 (a) plus capital conservation and countercyclical buffer requirements, plus systemic buffer, plus the systemically important institution buffer (G-SII or O-SII buffer), expressed as a percentage of risk exposure amount)		
65	Of which: capital conservation buffer requirement		
66	Of which: countercyclical buffer requirement		
67	Of which: systemic risk buffer requirement		
67a	Of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer		
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)		
69	[non relevant in EU regulation]		
70	[non relevant in EU regulation]		
71	[non relevant in EU regulation]		
Amounts below the thresholds for deduction (before risk weighting)			
72	Direct and indirect holdings of the capital of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	414	414
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	1,501	1,501
74	Empty set in the EU		
75	Deferred tax assets arising from temporary differences (amount below 10% threshold, net of related tax liability where the conditions in Article 38 are met)	572	572
Amounts below the thresholds for deduction (before risk weighting)			
76	Credit risk adjustments included in Tier 2 in respect of exposures subject to standardized approach (prior to the application of the cap)	13	13
77	Cap on inclusion of credit risk adjustments in T2 under standardized approach	85	85
78	Credit risk adjustments included in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	973	973
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	417	417
Applicable caps on the inclusion of provisions in Tier 2			
80	Current cap on CET1 instruments subject to phase out arrangements		
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)		
82	Current cap on AT1 instruments subject to phase out arrangements	2,815	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)		
84	Current cap on T2 instruments subject to phase out arrangements	135	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)		

› TIER 1 CAPITAL

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

COMMON EQUITY TIER 1 (CET1)

This includes:

- capital;
- reserves, including share premiums, retained earnings, net income after dividends and other accumulated comprehensive income including unrealised capital gains and losses on available-for-sale financial assets, as described in point III on the solvency ratio reform;
- non-controlling interests, which, as indicated in point III on the solvency ratio reform, are now subject to limited recognition or even exclusion, depending on whether or not the subsidiary is an eligible credit institution;
- deductions are detailed above and include the following items:
  - treasury shares held and valued at their net carrying amount;
  - intangible assets, including start-up costs and goodwill.

ADDITIONAL TIER 1 CAPITAL (AT1)

ADDITIONAL TIER 1 CAPITAL ELIGIBLE UNDER BASEL III ON A FULLY LOADED BASIS

Additional Tier 1 (AT1) capital eligible under Basel III consists of perpetual debt instruments without any redemption incentive or obligation (in particular step-up features).

AT1 instruments must be subject to a loss absorption mechanism triggered when the CET1 ratio falls below a threshold of at least 5.125%. The instruments may be converted into shares or written down. Payments must be totally flexible: no automatic remuneration mechanisms allowed, suspension of coupon payments at the issuer's discretion permitted.

Equity instruments in financial sector entities related to this compartment (AT1) are deducted along with those resulting from transitional application rules.

The following table shows the stock of AT1 with issues eligible under Basel III, conducted in 2015 and 2016, and those not eligible after maturities and redemptions, but excluding the impact of the cap resulting from the grandfathering provision.

The Basel III eligible issue has two loss absorption mechanisms that are triggered when Crédit Agricole CIB Group's phased-in CET1 ratio drops below 5.125%.

Crédit Agricole CIB Group's phased-in CET1 ratio was 11.66% at 31 December 2016. They accordingly represent a capital buffer of €8.1 billion relative to the loss absorption thresholds.

At 31 December 2016, there was no applicable restriction on the payment of coupons.

ADDITIONAL TIER 1 CAPITAL ELIGIBLE ON A PHASED-IN BASIS

During the transitional phase, the amount of Tier 1 capital used in the ratios corresponds to:

- additional Tier 1 capital eligible under Basel III (AT1); and
- a portion of ineligible Tier 1 capital equal to the minimum of the actual amount of Tier 1 instruments not eligible at the closing date (post-amortisation, any calls, redemptions, etc.), including preference shares, of 60% (threshold for the 2016 financial year) of Tier 1 stock outstanding at 31 December 2012. The stock of Tier 1 capital outstanding at 31 December 2012 totalled €4.6 billion, or a maximum recognisable amount of €2.8 billion.

The amount of Tier 1 capital exceeding the prudential threshold is integrated into phased-in Tier 2 capital, up to the regulatory capital threshold applicable to Tier 2 capital.

Deeply subordinated notes and preferred shares at 31 December 2016

Issuer	Date of issue	Amount of issue (€ million)	Currency	Call dates	Compensation	Step-up (Y/N)	Regulatory capital treatment at 31.12.2014	CRD IV eligibility (Y/N)	Coupon suspension conditions	Write-down conditions	Regulatory capital amount at 31.12.2016 (€ million) (1)	Regulatory capital amount at 31.12.2015 (€ million) (1)
Deeply subordinated notes												
Crédit Agricole CIB	21.12.05	85	USD	01.01.16 then annually	Libor12M +150 bps	N	T1	N	Reduction that may lead to non-payment of interest in the event of insufficient earnings	Occurrence of a regulatory event	81	78
Crédit Agricole CIB	28.09.07	1 000	USD	01.01.18 then annually	Libor12M +252 bps	N	T1	N	Reduction that may lead to non-payment of interest in the event of insufficient earnings	Occurrence of a regulatory event	948	915
Crédit Agricole CIB	21.12.05	220	USD	01.01.16 then annually	Libor12M +90 bps then as from 01.01.2016 Libor12M +190bps	Y	T1	N	Reduction that may lead to non-payment of interest in the event of insufficient earnings	Occurrence of a regulatory event	0	201
Crédit Agricole CIB	28.09.07	590	EUR	01.01.18	Euribor12M +190bps then as from 01.01.2018 Libor12M +290bps	Y	T1	N	Reduction that may lead to non-payment of interest in the event of insufficient earnings	Occurrence of a regulatory event	590	590
Crédit Agricole CIB	19.03.04	500	USD	01.01.14 then annually	5.81% then as from 01.01.2014 Libor12M +170 bps	N	T1	N	Reduction that may lead to non-payment of interest in the event of insufficient earnings	Occurrence of a regulatory event	474	457
Crédit Agricole CIB	04.05.04	470	USD	01.01.14 then annually	6.48% then as from 01.01.2014 Libor12M +156 bps	N	T1	N	Reduction that may lead to non-payment of interest in the event of insufficient earnings	Occurrence of a regulatory event	446	430

(1) Amounts before application of the Basel III grandfathering provisions.
The application of this grandfathering clause means that the total of CRD IV ineligible deeply subordinated notes and preference shares retained in Tier 1 capital stands at €2,615 million.

NB: the totality of Tier 1 is eligible for grandfathering up to the step-up date for innovative instruments or up to the deadline for recognition stipulated in the regulations.

Issuer	Date of issue	Amount of issue (€ million)	Currency	Call dates	Compensation	Step-up (Y/N)	Regulatory capital treatment at 31.12.2014	CRD IV eligibility (Y/N)	Coupon suspension conditions	Write-down conditions	Regulatory capital amount at 31.12.2016 (€ million) (1)	Regulatory capital amount at 31.12.2015 (€ million) (1)
Crédit Agricole CIB	16.11.15	600	EUR	23.12.20 then quarterly	Euribor3M +679.5 bps	N	T1	Y	At issuers's or supervisor's discretion; subject to limitations applied in the event of non-compliance with CACIB's overall requirements	Occurrence of a regulatory event	600	600
Crédit Agricole CIB	16.11.15	600	EUR	23.12.22 then quarterly	Euribor3M +670.5 bps	N	T1	Y	At issuers's or supervisor's discretion; subject to limitations applied in the event of non-compliance with CACIB's overall requirements	Occurrence of a regulatory event	600	600
Crédit Agricole CIB	16.11.15	600	EUR	23.12.25 then quarterly	Euribor3M +663 bps	N	T1	Y	At issuers's or supervisor's discretion; subject to limitations applied in the event of non-compliance with CACIB's overall requirements	Occurrence of a regulatory event	600	600
Crédit Agricole CIB	09.06.16	720	USD	23.06.26 then quarterly	Libor3M +686 bps	N	T1	Y	At issuers's or supervisor's discretion; subject to limitations applied in the event of non-compliance with CACIB's overall requirements	Occurrence of a regulatory event	635	0
Preferred shares (equivalent to deeply subordinated notes)												
Indosuez Holdings II S.C.A.	22.12.1993	80	USD	22.12.08 then at any time	Libor6M +230 bps	N	T1	N	Reduction that may lead to non-payment of interest in the event of insufficient earnings		76	73
Total											**5,050**	**4,544**

(1) Amounts before application of the Basel III grandfathering provisions.
The application of this grandfathering clause means that the total of CRD IV ineligible deeply subordinated notes and preference shares retained in Tier 1 capital stands at €2,615 million.

NB: the totality of Tier 1 is eligible for grandfathering up to the step-up date for innovative instruments or up to the deadline for recognition stipulated in the regulations.

› TIER 2 CAPITAL

This includes:

- subordinated debt instruments which must have a minimum maturity of 5 years. Incentives for early redemption are prohibited. There are no longer any distinctions between lower and upper Tier 2 capital;
- these instruments are subject to a haircut during the five-year period prior to their maturity date;
- the grandfathering clause is the same as that presented for AT1 above;
- net unrealised capital gains on equity instruments included before tax in Tier 2 capital at a rate of 45% (only on a phased-in basis);
- eligible excess provisions relative to expected losses determined using the internal ratings-based approach are limited to 0.6% of IRB risk-weighted assets. Moreover, adjustments for general credit risk including tax impacts may be included for up to 1.25% of risk weighted assets in the standard method;
- deductions of equity instruments in financial-sector entities related to this tier (predominantly in the insurance sector, since most subordinated banking receivables are not eligible) and those resulting from the transitional regime rules, following phasing of investments deducted at 50% from Tier 1 and at 50% from Tier 2 under CRD III.

The amount of Tier 2 included in the ratios represents:

- on a fully loaded basis: CRD IV eligible Tier 2;
- on a phased-in basis: CRD IV eligible Tier 2, plus the lower of:
  - ineligible Tier 2 instruments and, where applicable, the transfer of Tier 1 instruments exceeding the 60% threshold of ineligible Tier 1 instruments;
  - 60% of the CRD IV ineligible Tier 2 stock at 31 December 2012.

Undated subordinated debt

Issuer	Date of issue	Amount of issue (€ million)	Currency	Call dates	Compensation	Step-up (Y/N)	Regularoty capital treatment at 31.12.2014	CRD IV eligibility (Y/N)	Regulatory capital amount at 31.12.2016 (€ million)	Regulatory capital amount at 31.12.2015 (€ million)
Crédit Agricole CIB	12.08.1998	30.49	EUR	12.08.2003 then at any time	Euribor3M +55 bps	N	T2	N	30	30
Total									**30**	**30**

Subordinated loan

Issuer	Date of issue	Amount of issue (€ million)	Maturity	Currency	Non-call dates	Compensation	Step-up (Y/N)	Regulatory treatment	CRD IV eligibility (Y/N)	Regulatory capital amount at 31.12.2016 (€ million)	Regulatory capital amount at 31.12.2015 (€ million)
Crédit Agricole CIB	26.03.2015	1,700	15.03.2025	USD	15.03.2020 then quarterly	Libor3M +252 bps	N	T2	Y	1,612	1,555
Crédit Agricole CIB	20.06.2016	750	20.06.2026	EUR		Libor3M +255 bps	N	T2	Y	750	
Crédit Agricole CIB	07.11.2016	500	07.11.2026	EUR	07.11.2021 then quarterly	Euribor3M +212.2 bps	N	T2	Y	500	
Total										**2,862**	**1,555**

▶ 3.3.2 RECONCILIATION BETWEEN ACCOUNTING AND REGULATORY CAPITAL

€ million	31.12.2016		31.12.2015	
	Phased in (with 2016 net income taken into account)	Fully loaded (with 2016 net income taken into account)	Phased in (with 2015 net income taken into account)	Fully loaded (with 2015 net income taken into account)
Equity, Group share (accounting amount) [(1)]	**19,482**	**19,482**	**17,407**	**17,407**
Dividend payable on current year's income	(997)	(997)		
Advance dividend paid	742	742		
2016 net income not taken into account in regulatory capital				
Unrealised gains/losses on change in own credit risk on derivatives	138	138	(2)	(2)
Unrealised gains/losses on cash flow hedges	(312)	(312)	(334)	(334)
Unrealised gains/losses on available-for-sale equity and debt instruments with Basel III filters	(105)		(165)	
Transitional treatment of unrealised gains and losses	(36)		27	
AT1 instruments included in reported shareholders' equity	(2,435)	(2,435)	(1,800)	(1,800)
Other regulatory adjustments			(13)	(13)
Shareholders' equity, Group share	**16,476**	**16,617**	**15,120**	**15,258**
Reported minority interests	98		93	
(-) Preferred shares				
(-) Items not recognised for regulatory purposes				
Minority interests				
Other equity instruments				
Deductions of goodwill and other intangible assets	(1,180)	(1,180)	(1,159)	(1,159)
Deferred tax assets dependent on future profitability and not arising from temporary differences [(1)]	(25)	(42)	(172)	(429)
Insufficient adjustments for credit risk in relation to expected loss under the internal ratings-based approach, deducted from CET1	(11)	(11)	(10)	(10)
Amount exceeding exemption limit on CET1 instruments held by financial sector entities in which the institution owns a significant investment and deductible deferred tax assets dependent on future profitability and arising from temporary differences	(1,036)	(1,036)	(1,089)	(1,175)
(-) Transparent treatment of UCITS	(3)	(3)	(9)	(9)
Advance prudent valuation	(278)	(278)	(286)	(286)
Transitional adjustments on amounts exceeding exemption limits of CET1 instruments of financial sector entities	414		654	
Other CET1 items	(89)	(89)	(190)	(190)
Total CET1	**14,366**	**13,978**	**12,952**	**12,000**
AT1 equity instruments (including preferred shares)	5,050	2,435	4,544	1,800
Tier 1 or Tier 2 instruments of financial sector entities in which the institution owns a significant investment deducted from Tier 1				
Basel III transitional adjustments and deductions	(207)		(326)	
Other Tier 1 items				
Total Additionnal Tier 1	**4,843**	**2,435**	**4,218**	**1,800**
Total Tier 1	**19,210**	**16,413**	**17,169**	**13,800**
Tier 2 equity instruments	2,893	2,862	1,585	1,555
Excess provisions relative to expected loss eligible under internal ratings approach	417	417	434	434
General credit risk adjustments using the standard approach	13	13	17	17
Tier 2 instruments of entities mainly from the insurance sector in which the institution owns a significant investment, deducted from Tier 2				
Basel III transitional adjustments and deductions	(207)		(269)	
Other Tier 2 items				
Total Tier 2	**3,116**	**3,292**	**1,767**	**2,006**
Ownership interests and investments in insurance companies				
Total capital	**22,325**	**19,706**	**18,936**	**15,806**

(1) The impact of the transitional adjustment is included in the phased-in version.

3.3.3 MEASUREMENT OF ECONOMIC CAPITAL REQUIREMENTS

The Group has initiated the deployment of an economic capital process at Crédit Agricole CIB Group level including the main French and overseas entities.

This process is part of the wider ICAAP, whose implementation, but also updating, is the responsibility of each institution. Economic capital is assessed in accordance with an interpretation of the principal regulatory requirements:

- the Basel agreements;
- CRD IV via its transposition into French regulations by the Decree of 3 November 2014;
- the European Banking Authority guidelines;
- and the regulatory requirements for ICAAP and ILAAP and the harmonised gathering of disclosures in this respect (ECB, 3 November 2016).

Crédit Agricole CIB applies the standards and methods defined by the Group and is careful to ensure that the process for the measurement of economic capital is subject to appropriate organisation and governance.

For the purpose of at all times having adequate share capital to cover the risks to which it is exposed, the Group supplements the measurement of regulatory share capital requirements (Pillar 1) with the measurement of economic capital requirements, based on the process of risk identification and a valuation using an internal approach (Pillar 2).

The calculation of economic capital requirements consists of:

- adjusting the share capital requirements calculated for the purposes of Pillar 1 in order to reflect in economic terms the risks of each business activity;
- applying a quantile (probability of a default occurring) the level of which is defined on the basis of the Group's risk appetite in terms of external ratings; and
- completing the requirements corresponding to Pillar 1 risks (credit, market, operational) in order to take into account other risks (Pillar 2 risks).

With respect to liquidity risk, the Group ensures the quality of the systems used to manage and supervise this risk, as well as the appropriateness of its liquidity continuity plan.

Therefore, as at 31 December 2016, the following Pillar 2 risks have been taken into account: interest rate risk on the banking portfolio, the effect of geo-sectorial diversification and country/sovereign risk. In addition to these risks, the measurement of economic capital includes the requirement to check that the capital requirements calculated for the purposes of Pillar 1 adequately cover the risks related to securitisation transactions.

Economic capital for credit risk exposures is based on an internal economic capital model enabling a more thorough understanding of concentrations in credit portfolios.

For market risk, which is monitored through VaR, economic capital fully integrates the regulatory changes that came into effect under Pillar 1 (stressed VaR, IRC). The horizon of capital measurement is made consistent with that used for other risks.

For interest rate risk on the banking portfolio, the Crédit Agricole CIB Group, when calculating economic capital, applies interest rate and inflation shocks. In respect of the interest rate shocks applied, impacts on all directional, optional and behavioural risks are measured for each of the significant currencies. The calculation of economic capital also includes the offsetting impact provided by the lesser of (i) annual net interest margin and (ii) annual gross operating income, capped at 20% of total capital.

The measurement of economic capital is supplemented by a latest estimate for the current year, consistent with forecast capital requirements at the same date, in such a way as to take into account the effects of the principal regulatory reforms that can be foreseen.

In addition to the quantitative aspect, the Group's approach also relies on a qualitative component supplementing the measurement of economic capital requirements with indicators of the business lines' exposure to risk and their permanent controls. The qualitative component meets three objectives:

- assessment of the risk management and control policy for the entities within the scope of deployment according to different areas, this assessment being a part of the risk identification policy;
- identification and documentation of areas for improvement in the risk management and permanent control policy in the form of a roadmap produced by the entity;
- identification of any items that have not been correctly analysed by the quantitative ICAAP measurements.

Changes in regulatory capital in 2016

€ million	FLOWS: 31.12.2016 phased-in vs 31.12.2015
Core Tier 1 capital at 31.12.2015	**12,952**
Increase in share capital and reserves (including dividend payment in shares)	257
Capital repayment (1)	
Income for the year before dividend distribution	1,182
Expected dividend distribution	(997)
Advance dividend paid	742
Unrealised capital gains and losses on available-for-sale securities and other unrealised capital gains and losses	159
Prudent valuation	8
Minority interests	5
Change in goodwill and other intangible assets	(21)
Insufficiency of credit risk adjustments relative to expected losses using the internal rating approach deducted CET1	(2)
Regulatory adjustments (2)	80
Tier 1 capital at 31.12.2016	**14,366**
Additional Tier 1 capital at 31.12.2015	**4,217**
Issues	635
Redemptions	(129)
Regulatory adjustments (2)	120
Additional Tier 1 capital at 31.12.2016	**4,843**
Tier 1 capital	**19,210**
Additional capital at 31.12.2015	**1,767**
Issues	1,307
Redemptions	
Regulatory adjustments including amortisation (2) (3)	42
Tier 2 capital at 31.12.2016	**3,116**
Total capital at 31.12.2016	**22,325**

(1) Capital repayment: shareholder advance.

(2) Description of the various adjustments due to the transition from Basel II to Basel III phased-in can be found in part 3.1.4.

(3) Tier 2 instruments are subject to a haircut during the 5-year period prior to their maturity date.

3.4 COMPOSITION AND CHANGES IN RISK-WEIGHTED ASSETS

3.4.1 CAPITAL REQUIREMENTS BY TYPE OF RISK

The overall solvency ratio, presented in the table of capital adequacy ratios, measures the ratio between total capital and the sum of assets weighted for credit risk, market risk and operational risk.

The capital requirements presented below by type of risk, method and exposure category (for credit risk) correspond to 8% (regulatory minimum) of the weighted exposures (average equivalent risk) presented in the table of capital adequacy ratios.

Overview of risk-weighted assets (RWA)

		RWA		Minimum capital requirements
	€ million	31.12.2016	31.12.2015	31.12.2016
1	Credit risk (excluding counterparty credit risk) (CCR)	69,970	72,766	5,598
2	Of which standardised approach (SA)	9,783	10,542	783
3	Of which the foundation IRB (FIRB) approch			
4	Of which the advance IRB (AIRB) approch	58,351	60,610	4,668
5	Of which Equity IRB under the Simple risk-weight or the internal models approach	1,819	1,597	146
6	Of which Other non credit obligation assets	17	17	1
7	Counterparty credit risk	15,911	16,566	1,273
8	Of which Marked to market	2,042	2,202	163
9	Of which original exposure			
10	Of which standardised approach for counterparty credit risk			
11	Of which internal model method (IMM)	10,161	10,436	813
12	Of which: risk exposure amount for contributions to the default fund of a CCP	362	400	29
13	Of which: CVA	3,346	3,528	268
14	Settlement risk	1	2	
15	Securitisation exposures in banking book (after cap)	5,623	5,206	450
16	Of which IRB ratings-based approach (RBA)	1,771	2,034	142
17	Of which IRB Supervisory Formula Approach (SFA)	1,127	910	90
18	Of which Internal assessment approach (IAA)	2,483	2,142	199
19	Of which Standardised approach (SA)	242	119	19
20	Market risk	7,150	6,953	572
21	Of which standardised approach (SA)	395	349	32
22	Of which internal model approaches (IM)	6,755	6,603	540
23	Large exposures			
24	Operational risk	20,761	19,555	1,661
25	Of which Basic Indicator Approach			
26	Of which Standardised Approach	175	175	14
27	Of which Advanced Measurement Approach	20,586	19,380	1,647
28	Amounts below the thresholds for deduction (subject to 250% risk weight)	3,744	3,278	300
29	Basel I floor adjustment			
30	**Total**	**123,160**	**124,325**	**9,853**

▶ 3.4.2 CHANGES IN RISK-WEIGHTED ASSETS

The table below shows Crédit Agricole CIB's RWA change over 2016.

€ million	31.12.2015	Currency effect	Organic change	2016 total change	31.12.2016
Credit risk	97,921	1,535	(4,207)	(2,672)	95,249
O/W CVA	3,528		(182)	(182)	3,346
Market risk	6,850		300	300	7,150
Operational risk	19,555		1,206	1,206	20,761
Total	**124,326**	**1,535**	**(2,701)**	**(1,166)**	**123,160**

Risk-weighted assets fell by €1.2 billion to €123.2 billion in the year ended 31 December 2016.

This change is explained by:

- the appreciation of the USD against the EUR in the amount of €1.5 billion;
- an organic change of -€2.7 billion, resulting mainly from:
  - lower credit and counterparty risk (-€3.9 billion);
  - higher operational risk (+€1.2 billion).

3.5 CREDIT AND COUNTERPARTY RISKS

Definitions:

- probability of default (PD): the probability that a counterparty will default within a period of one year;
- loss given default (LGD): the ratio between the loss incurred upon counterparty default and the amount of the exposure at the time of default;
- gross exposures: the amount of exposure (on- and off-balance sheet) before the use of credit risk mitigation techniques and before the use of the credit conversion factor (CCF);
- exposure at default (EAD): amount of the exposure (on- and off-balance sheet) after the use of credit risk mitigation techniques and after the use of the credit conversion factor (CCF);
- credit conversion factor (CCF): ratio reflecting, at the time of default, the percentage of the outstanding not drawn down one year before the default;
- risk-weighted assets (RWA): exposure at default (EAD) after application of a weighting coefficient;
- valuation adjustments: impairment losses on a specific asset due to credit risk, recognised either through a partial write-down or a deduction from the carrying amount of the asset;
- external credit ratings: credit ratings established by an external credit rating agency recognised by the ECB.

A general overview of credit and counterparty risk is presented in Part 3.5.1, followed by a more detailed examination of credit risk (Part 3.5.2) by type of regulatory method: standard method (page 230) and IRBA method (page 233). Counterparty risk is examined in Part 3.5.3, followed by a section devoted to risk reduction techniques for credit and counterparty risk (Part 3.5.4).

▶ 3.5.1 GENERAL PRESENTATION OF CREDIT AND COUNTERPARTY RISK

› EXPOSURE BY TYPE OF RISK

The following tables hereafter show the Crédit Agricole CIB Group's exposure to credit risk by exposure category for the standard and internal ratings-based approaches. This exposure corresponds to gross exposure (on and off-balance sheet) after netting and before risk mitigation techniques (guarantees and collateral).

Crédit Agricole CIB calculates counterparty risk for all its 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 prudential supervision of market risk.

The regulatory treatment of counterparty risk on forward financial instruments in the banking book is defined for regulatory purposes in Regulation (EU) No 575/2013 of 26 June 2013. Crédit Agricole CIB uses the internal model method (Article 283) to measure its exposure to counterparty risk on forward financial instruments.

Securities exposed to counterparty risk were valued at €66.6 billion at 31 December 2016 (including €10.5 billion of repos and €56.04 billion of forward financial instruments).

Gross exposure, exposure at default (EAD) to total risk (credit, counterparty, dilution, settlement) and Risk Weighted Assets (RWA) by method and type of exposure and minimum capital requirements (CR)

	31.12.2016												
	Standard				IRB				Total				CR
€ million	Gross exposure [1]	Gross exposure [2]	EAD	RWA	Gross exposure [1]	Gross exposure [2]	EAD	RWA	Gross exposure [1]	Gross exposure [2]	EAD	RWA	
Central governments and central banks	1,071	1,071	1,056	1,460	56,884	64,467	62,511	1,119	57,955	65,538	63,566	2,579	206
Institutions	38,695	50,941	50,669	1,130	57,300	63,577	58,739	7,326	95,995	114,518	109,409	8,456	676
Corporates	28,208	15,779	12,210	4,861	234,941	218,414	168,622	60,872	263,149	234,193	180,832	65,733	5,259
Retail customers	949	949	948	748	9,997	9,997	9,997	445	10,946	10,946	10,945	1,193	95
Retail - Non-SME	949	949	948	748	9,922	9,922	9,922	436	10,871	10,871	10,871	1,184	95
Retail - Secured by immovable property													
Retail - Qualifying revolving													
Retail - Other	949	949	948	748	9,922	9,922	9,922	436	10,871	10,871	10,871	1,184	95
Retail - SME					75	75	75	9	75	75	75	9	1
Retail - Secured by immovable property SME													
Retail - Other SME					75	75	75	9	75	75	75	9	1
Equities	153		124	130	2,133		2,004	5,563	2,286		2,128	5,693	455
Securitisation	458		458	242	38,441		38,408	5,381	38,899		38,866	5,623	450
Assets other than credit obligation	2,399		2,397	2,246	17		17	17	2,415		2,413	2,263	181
Total	**71,934**	**68,740**	**67,863**	**10,818**	**399,713**	**356,455**	**340,297**	**80,723**	**471,646**	**425,195**	**408,160**	**91,540**	**7,323**

(1) Gross exposure before CRM (Credit Risk Mitigation).

(2) Gross exposure after CRM (Credit Risk Mitigation).

	31.12.2015												
	Standard				IRB				Total				CR
€ million	Gross exposure (1)	Gross exposure (2)	EAD	RWA	Gross exposure (1)	Gross exposure (2)	EAD	RWA	Gross exposure (1)	Gross exposure (2)	EAD	RWA	
Central governments and central banks	1,130	1,127	1,113	1,424	60,434	68,175	66,217	1,082	61,564	69,303	67,330	2,505	200
Institutions	34,796	45,812	45,537	945	51,217	59,124	53,588	10,742	86,013	104,936	99,126	11,687	935
Corporates	28,454	17,299	13,664	5,967	225,659	206,779	161,821	60,035	254,113	224,078	175,484	66,002	5,280
Retail customers					9,676	9,676	9,668	467	9,676	9,676	9,668	467	37
Retail - Non-SME					9,591	9,591	9,590	465	9,591	9,591	9,590	465	37
Retail - Secured by immovable property													
Retail - Qualifying revolving													
Retail - Other					9,591	9,591	9,590	465	9,591	9,591	9,590	465	37
Retail - SME					86	86	78	2	86	86	78	2	
Retail - Secured by immovable property SME													
Retail - Other SME					86	86	78	2	86	86	78	2	
Equities	135		89	101	1,898		1,759	4,874	2,033		1,847	4,976	398
Securitisation	236		203	119	34,127		34,091	5,086	34,363		34,294	5,206	416
Assets other than credit obligation	3,340		3,327	3,027	17		17	17	3,356		3,344	3,044	244
Total	**68,091**	**64,239**	**63,932**	**11,583**	**383,028**	**343,755**	**327,161**	**82,304**	**451,119**	**407,993**	**391,093**	**93,887**	**7,511**

(1) Gross exposure before CRM (Credit Risk Mitigation).

(2) Gross exposure after CRM (Credit Risk Mitigation).

Settlement/delivery risk in the trading book

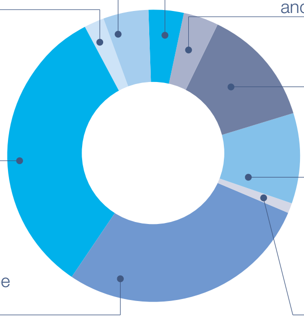
	31.12.2016		31.12.2015	
	Total		Total	
€ million	RWA	CR	RWA	CR
Settlement/delivery risk	1		2	
Total	**1**		**2**	

› EXPOSURES BY GEOGRAPHIC AREA

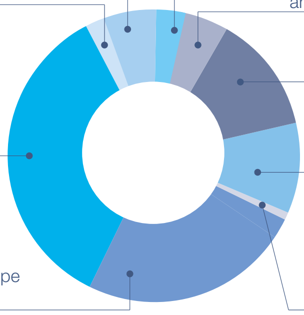
The breakdown is by the total amount of exposure by geographic area for the Crédit Agricole CIB Group, excluding securitisation transactions.

At 31 December 2016, this amount was €430 billion (€413 billion at 31 December 2015 for the same scope).

2016



2015



› GEOGRAPHIC BREAKDOWN OF PORTFOLIO BY BUSINESS CATEGORY

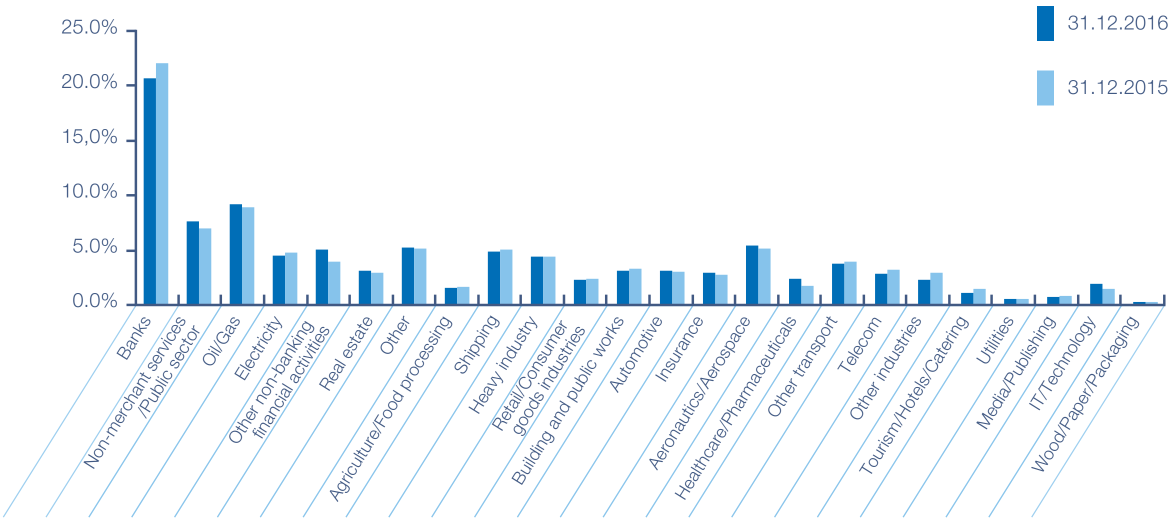
	Central governments and central banks		Institutions		Corporates	
In percentage	31.12.2016	31.12.2015	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Africa and Middle East	2.0%	0.7%	4.2%	3.8%	3.0%	3.1%
Central and South America	0.1%	0.1%	0.5%	2.1%	5.5%	5.4%
North America	11.5%	10.9%	4.7%	4.0%	17.3%	18.0%
Asia and Oceania (excluding Japan)	9.0%	6.1%	8.2%	8.8%	10.6%	9.3%
Other	0.0%		0.0%		0.0%	
Eastern Europe	0.5%	0.5%	0.3%	0.5%	0.9%	1.2%
Western Europe (excluding Italy)	21.2%	22.0%	29.1%	18.9%	29.1%	27.7%
France (including overseas territories)	36.4%	35.4%	49.9%	57.6%	27.6%	30.0%
Italy	0.4%	0.5%	0.8%	1.1%	3.5%	3.3%
Japan	18.9%	23.8%	2.2%	3.2%	2.5%	2.0%
	100%	100%	100%	100%	100%	100%

› EXPOSURE BY BUSINESS SECTOR

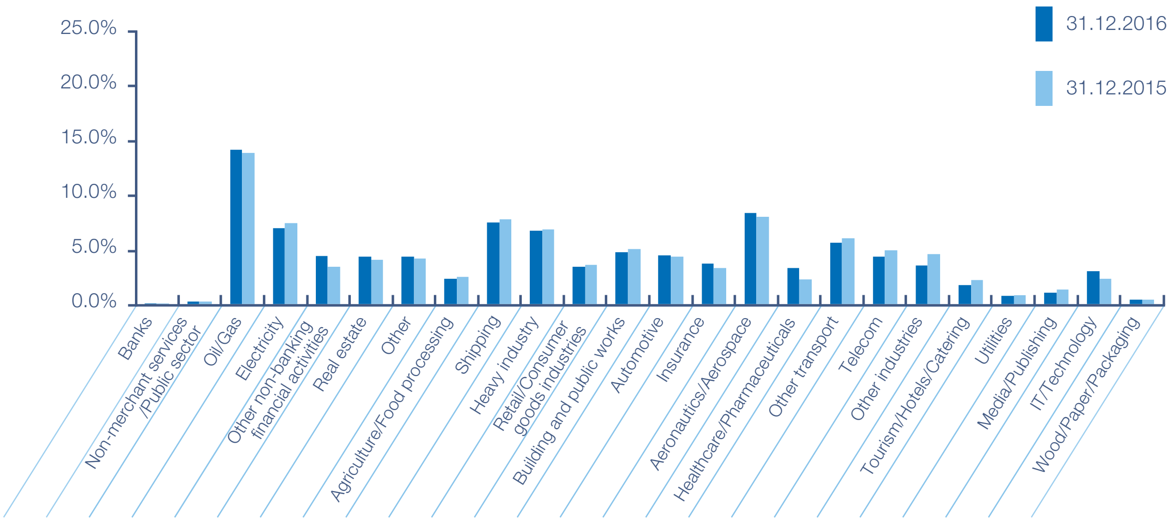
The breakdown is by the total exposure of the Crédit Agricole CIB Group by type of business sector, excluding exposures under the standard approach, excluding securitisation transactions and adjustments not directly attributable to a geographic area.

At 31 December 2016, this amount was €359 billion (€349 billion at 31 December 2015 for the same scope).

Breakdown of exposures by business sector - Overall scope



Breakdown of exposures by business sector - Corporates portfolio



› BREAKDOWN OF EXPOSURES BY RESIDUAL MATURITY

The breakdown of exposures by residual maturity and financial instruments is available on an accounting basis in Note 3.3 “Liquidity and financing risk” of the Notes to the consolidated financial statements.

› IMPAIRED EXPOSURES AND VALUATION ADJUSTMENTS AT 31 DECEMBER 2016 AND 31 DECEMBER 2015

	Gross exposures		Impaired gross exposures: Standard approach *		Impaired gross exposures: IRB approach		Impaired gross exposures: Total		Individual valuation adjustments		Collective valuation adjustments	
€ million	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Central governments and central banks	57,955	61,561	3	2	20	17	23	20	15	19	48	29
Institutions	95,995	86,013	3		448	490	451	490	432	463	66	67
Corporates	263,149	253,700	314	305	5,061	3,429	5,375	3,734	2,300	1,794	1,242	1,359
Retail customers	10,946	9,676	49		338	409	387	409	38	50		
Retail - Non-SME	10,871	9,591	49		337	409	386	409	38	50		
Retail - Secured by immovable property												
Retail - Qualifying revolving												
Retail - Other	10,871	9,591	49		337	409	386	409	38	50		
Retail - SME	75	86			1		1					
Retail - Secured by immovable property SME												
Retail - Other SME	75	86			1		1					
Total	**428,045**	**410,950**	**369**	**308**	**5,867**	**4,345**	**6,236**	**4,653**	**2,785**	**2,325**	**1,356**	**1,455**

** Payment arrears greater than 90 days.*

› IMPAIRED EXPOSURES AND VALUATION ADJUSTMENTS BY GEOGRAPHIC AREA AT 31 DECEMBER 2016 AND 31 DECEMBER 2015

	Standard approach: payment arrears *		Ratings approach: exposures in default *		Individual valuation adjustments		Collective valuation adjustments	
€ million	2016	2015	2016	2015	2016	2015	2016	2015
Africa and Middle East	8		886	642	546	522		
Central and South America	45	7	728	232	426	197		
North America			417	155	76	126		
Asia and Oceania (excluding Japan)	7	6	565	333	207	124		
Eastern Europe			30	87	25	53		
Western Europe (excluding Italy)	50	34	2,035	1,708	815	731		
France (including overseas territories)	210	194	549	515	597	490	1,356	1,455
Italy	49	66	656	671	92	82		
Japan				1				
Total	**369**	**308**	**5,867**	**4,345**	**2,785**	**2,325**	**1,356**	**1,455**

** Payment arrears greater than 90 days.*

3.5.2 CREDIT RISK

Since the end of 2007, the ACPR has authorised Crédit Agricole CIB Group to use internal rating systems to calculate regulatory capital requirements as regards credit risk for most of its scope. In addition, the ACPR has since 1 January 2008 authorised Crédit Agricole CIB 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 main Crédit Agricole CIB Group subsidiaries or portfolios still using the standardised method for measuring credit risk at 31 December 2016 were as follows:

- Union des Banques Arabes et Françaises (UBAF);
- Crédit Agricole CIB Miami;
- Crédit Agricole CIB Brazil;
- the real estate professionals portfolio.

CA Indosuez Wealth Management is subject to standard calculation methodology in respect of its operational risk only.

In accordance with the commitment made by the Group to gradually move toward the advanced method defined with the ACPR in May 2007 (roll-out plan), work is ongoing in the main entities and portfolios still under the standard method. An update of the rollout plan is sent annually to the competent authority.

The use of internal models to calculate the solvency ratios has enabled Crédit Agricole CIB Group to strengthen its risk management. Specifically, the development of "internal ratings-based" approaches has led to the systematic and reliable collection of default and loss histories for most Group entities. The establishment of this data history makes it possible to quantify credit risk today by assigning an average Probability of Default (PD) to each rating level, and for the "advanced internal rating" approaches to assign a loss given default (LGD).

In addition, the parameters of the "Internal Ratings-Based" models are used in the definition, implementation and monitoring of the entities' risk and credit policies.

The internal risk assessment models thus promote the development of sound risk management practices by the Group's entities and improve the efficiency of the capital allocation process by enabling a more fine-tuned measurement of capital consumption by each business line and entity.

› EXPOSURE TO CREDIIT RISK USING THE STANDARD APPROACH

CREDIT ASSESSMENT USING THE STANDARD APPROACH

From now on, the Group uses external credit rating agency assessments to calculate its weighted exposures in standardised approach.

The remaining exposures are subject to fixed weightings (simili Basel I).

Standardised approach - Exposure to credit risk and effects of Credit Risk Mitigation (CRM) at 31 December 2016

		a	b	c	d	e	f
	€ million	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	Asset classes	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	1,038	28	1,038	14	1,455	138.26%
2	Regional governments or local authorities						
3	Public sector entities		1				
4	Multilateral developments banks		1				12.92%
5	International organisations						
6	Institutions	25,880	523	38,116	263	628	1.64%
7	Corporate	21,467	5,716	9,204	2,159	4,198	36.94%
8	Retail	885	15	885	14	674	75.00%
9	Secured by mortgages on immovable property	256	32	256	16	136	50.00%
10	Equity exposure	124		124		130	104.68%
11	Exposure in default	190	47	190	40	288	125.40%
12	Items associated with particularly high risk						
13	Covered bonds						
14	Claims on institutions and corporate with a short-term credit assessment						
15	Claims in the form of CIU *	79		79		28	35.70%
16	Other items	2,397		2,397		2,246	93.72%
17	**Total**	**52,316**	**6,362**	**52,290**	**2,505**	**9,783**	**17.85%**

** CIU: Collective Investment Undertakings.*

Standard approach - Exposures by asset class and by risk weighting coefficient at 31 December 2016

€ million		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r
	Asset classes	0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1 250%	Others	Deducted	Total credit exposures amount	Of which unrated
1	Central governments or central banks	456									24						572	1,052	1,035
2	Regional governments or local authorities																		
3	Public sector entities																		
4	Multilateral developments banks																		
5	International organisations																		
6	Institutions	35,151	1,730			1,064		143			259	34						38,379	38,072
7	Corporate	6,544				352		704			3,741	23						11,363	9,445
8	Retail									899								899	899
9	Secured by mortgages on immovable property							272										272	272
10	Equity exposure										120		7				(3)	124	124
11	Exposure in default										113	117						230	230
12	Items associated with particularly high risk																		
13	Covered bonds																		
14	Claims on institutions and corporate with a short-term credit assessment																		
15	Claims in the form of CIU	19				40					20							79	79
16	Other items	150									2,246							2,397	2,397
17	**Total**	**42,320**	**1,730**			**1,455**		**1,118**		**899**	**6,523**	**174**	**7**				**569**	**54,795**	**52,553**

BREAKDOWN OF EXPOSURES AND THE VALUES EXPOSED TO RISK BY CREDIT QUALITY LEVEL

Central governments and central banks at 31 December 2016 and 31 December 2015

Credit quality level	Exposure amount		Exposure at default	
€ million	2016	2015	2016	2015
1	843	557	827	543
2	22		22	
3	206		206	
4	0.27	1	0.27	1
5	0.82		0.82	
6 *		569		569
Total amount	**1,071**	**1,127**	**1,056**	**1,113**

** Including the portion of deferred tax assets-liabilities weighted at 250%.*

Institutions at 31 December 2016 and 31 December 2015

Credit quality level	Exposure amount		Exposure at default	
€ million	2016	2015	2016	2015
1 *	38,129	34,637	50,097	45,379
2	265	156	265	155
3	291	4	298	3
4				
5	9		9	
6				
Total amount	**38,695**	**34,796**	**50,669**	**45,537**

** Including exposures to clearing houses weighted at 0% and 2%.*

› EXPOSURES TO CREDIT RISK UNDER INTERNAL RATINGS-BASED APPROACH

Credit exposures 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 firms:

- the "Central governments and central banks" exposure class includes, in addition to exposures to governments and central banks, exposures to certain regional and local authorities or public sector bodies that are treated as central governments, as well as certain multilateral development banks and international organisations;
- the "Institutions" class comprises exposure to credit institutions and investment firms, including those recognised in other countries. This category also includes certain exposures on regional and local governments, public-sector entities and multilateral development banks that are not considered as central governments;
- the "Corporates" class is divided into large corporates and small and medium-sized businesses, which are subject to different regulatory treatments;
- the "Retail customers" class distinguishes between mortgage loans, revolving credits, other credits to individuals and other loans to very small businesses and self-employed professionals;
- 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" exposure category includes exposures to securitisation operations 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 "Other assets that do not correspond to credit obligations" class mainly includes non-current assets and accruals.

QUALITY OF EXPOSURES USING THE INTERNAL RATINGS-BASED APPROACH

OVERVIEW OF THE INTERNAL RATINGS-BASED SYSTEMS AND PROCEDURES

The internal ratings-based systems and procedures are presented under "Risk Factors - Credit Risk - Risk measurement and assessment methodology and system" on page 169.

› EXPOSURE TO CREDIT RISK BY PORTFOLIO AND BY BRACKET OF PROBABILITY OF DEFAULT (PD) AT 31 DECEMBER 2016

Following prudential portfolios for the advanced internal ratings-based approach

Prudential portfolios for the advanced internal ratings-based approach

		a	b	c	d	e
€ million	PD scale	Original on-balance sheet gross exposure	Off-balance sheet exposures pre CCF	Average CCF	EAD post CRM and post-CCF	Average PD
Central governments and central banks						
	0.00 to <0.15	43,610	411	63.96%	51,654	0.01%
	0.15 to <0.25	103		63.24%	674	0.16%
	0.25 to <0.50	1,670	53	32.75%	1,661	0.30%
	0.50 to <0.75	464	157	74.84%	312	0.60%
	0.75 to <2.50	391	625	59.83%	57	1.14%
	2.50 to <10.00	70	182	75.00%	17	5.00%
	10.00 to <100.00	740	269	67.03%	61	15.21%
	100.00 (default)	20			17	100.00%
	Sub-total	**47,066**	**1,697**	**63.22%**	**54,454**	**0.07%**
Institutions						
	0.00 to <0.15	21,391	3,577	81.10%	29,582	0.03%
	0.15 to <0.25	889	246	45.96%	914	0.16%
	0.25 to <0.50	1,285	744	33.46%	1,259	0.30%
	0.50 to <0.75	937	886	44.82%	1,273	0.60%
	0.75 to <2.50	474	1,247	43.34%	330	1.02%
	2.50 to <10.00	28	15	21.90%	10	5.00%
	10.00 to <100.00	55	52	28.47%	17	12.84%
	100.00 (default)	442	6	100.00%	437	100.00%
	Sub-total	**25,503**	**6,772**	**70.80%**	**33,823**	**1.38%**
Corporates - Other						
	0.00 to <0.15	12,750	49,272	54.98%	39,423	0.05%
	0.15 to <0.25	7,333	17,161	56.84%	15,705	0.16%
	0.25 to <0.50	7,010	13,104	51.68%	11,772	0.30%
	0.50 to <0.75	6,892	9,053	48.20%	16,212	0.60%
	0.75 to <2.50	10,106	10,909	58.57%	5,206	1.04%
	2.50 to <10.00	622	1,004	55.55%	925	5.02%
	10.00 to <100.00	917	4,139	42.08%	2,027	14.60%
	100.00 (default)	2,870	360	53.43%	2,507	100.00%
	Sub-total	**48,500**	**105,002**	**54.18%**	**93,776**	**3.32%**
Corporates - SME						
	0.00 to <0.15	724	15	95.17%	684	0.03%
	0.15 to <0.25	37	3	75.22%	39	0.16%
	0.25 to <0.50	10	2	67.54%	12	0.30%
	0.50 to <0.75	16	4	41.26%	50	0.60%
	0.75 to <2.50	95	142	63.69%	76	1.40%
	2.50 to <10.00	15	8	76.90%	21	5.00%
	10.00 to <100.00	31	20	71.37%	19	19.59%
	100.00 (default)	19		70.38%	19	100.00%
	Sub-total	**946**	**195**	**67.50%**	**918**	**2.74%**

f	g	h	i	j	k	l
Number of obligors	Average LGD	Average maturity	RWA	RWA density	EL	Provisions
	1.15%	676	83	0.16%		
	10.00%	1,194	69	10.16%		
	10.81%	547	183	10.99%	1	
	10.02%	487	40	12.78%		
	53.16%	1,312	95	165.88%		
	71.21%	1,147	41	239.74%	1	
	62.90%	1,513	239	389.57%	7	
	45.00%	1,822		0.08%	15	
	1.80%	**680**	**749**	**1.38%**	**23**	**61**
	10.42%	803	1,103	3.73%	1	
	34.88%	652	322	35.21%	1	
	42.33%	461	422	33.54%	1	
	47.18%	264	440	34.57%	2	
	37.62%	629	639	193.68%	3	
	51.17%	668	15	146.33%		
	170.57%	787	58	340.44%	1	
	45.03%	640		0.00%	432	
	14.33%	**767**	**2,999**	**8.87%**	**441**	**487**
	39.67%	910	7,219	18.31%	7	
	43.60%	892	5,729	36.48%	10	
	45.30%	883	6,565	55.77%	15	
	49.18%	907	6,653	41.04%	21	
	46.19%	1,010	11,954	229.64%	54	
	42.05%	746	1,226	132.59%	18	
	43.34%	802	3,101	152.93%	79	
	45.05%	813	91	3.61%	1,579	
	43.05%	**911**	**42,537**	**45.36%**	**1,782**	**2,816**
	38.90%	1,062	81	11.81%		
	38.03%	394	7	18.87%		
	45.87%	733	4	38.28%		
	30.36%	396	5	9.51%		
	36.58%	1,168	46	61.17%		
	36.00%	406	18	86.55%		
	9.69%	596	6	34.02%		
	44.86%	1,216		0.01%	5	
	38.00%	**1,011**	**168**	**18.28%**	**7**	**5**

Prudential portfolios for the advanced internal ratings-based approach

		a	b	c	d	e
€ million	PD scale	Original on-balance sheet gross exposure	Off-balance sheet exposures pre CCF	Average CCF	EAD post CRM and post-CCF	Average PD
Corporates - Specialised Lending						
	0.00 to <0.15	3,186	1,141	68.09%	10,172	0.02%
	0.15 to <0.25	7,513	2,260	52.93%	9,283	0.16%
	0.25 to <0.50	12,570	3,469	63.54%	12,370	0.30%
	0.50 to <0.75	7,383	3,497	47.04%	7,209	0.60%
	0.75 to <2.50	9,511	2,867	57.32%	9,415	1.14%
	2.50 to <10.00	1,875	187	61.91%	1,299	5.00%
	10.00 to <100.00	1,721	199	73.15%	1,597	16.72%
	100.00 (default)	1,728	24	76.31%	1,587	100.00%
	Sub-total	**45,486**	**13,644**	**57.57%**	**52,931**	**4.01%**
Retail - Qualifying revolving						
	0.00 to <0.15	8,260		50.00%	8,260	0.09%
	0.15 to <0.25	932	50	99.99%	982	0.21%
	0.25 to <0.50	252				0.60%
	0.50 to <0.75				252	
	0.75 to <2.50	11		100.00%	11	1.60%
	2.50 to <10.00	79			0	12.02%
	10.00 to <100.00	1		75.12%	80	20.00%
	100.00 (default)	337			337	100.29%
	Sub-total	**9,872**	**50**	**99.91%**	**9,922**	**3.55%**
Retail - Other SME						
	0.00 to <0.15	30			30	0.10%
	0.15 to <0.25	39			39	0.20%
	0.25 to <0.50	4				0.60%
	0.50 to <0.75				4	
	0.75 to <2.50					1.61%
	2.50 to <10.00	1				12.66%
	10.00 to <100.00				1	
	100.00 (default)	1			1	100.00%
	Sub-total	**75**			**75**	**1.65%**
Total (all portfolios)		**177,448**	**127,360**	**56.55%**	**245,900**	**2.49%**

f	g	h	i	j	k	l
Number of obligors	Average LGD	Average maturity	RWA	RWA density	EL	Provisions
	4.41%	1,406	284	2.79%		
	10.87%	1,386	1,106	11.92%	2	
	12.78%	1,289	2,213	17.89%	5	
	13.86%	1,340	1,973	27.37%	6	
	14.32%	1,305	3,372	35.81%	16	
	19.68%	1,133	890	68.55%	13	
	18.67%	1,121	1,463	91.64%	46	
	39.39%	1,276	153	9.64%	564	
	12.40%	**1,329**	**11,454**	**21.64%**	**650**	**564**
	8.11%	365	166	2.01%	1	
	32.12%	365	129	13.13%	1	
	34.56%	365	74		1	
				0.00%		
	36.96%	365	5	47.47%		
	34.70%	365	52		3	
	39.59%	1,555	1	1.56%		
	64.84%	1,609	10	2.84%	38	
	13.16%	**408**	**436**	**4.39%**	**44**	**38**
	10.02%	365	1	2.49%		
	32.07%	365	5	13.98%		
	34.18%	365	1			
				0.00%		
	1.11%	365		1.42%		
	66.72%	365	1			
				0.00%		
	1.31%	365		17.00%		
	22.68%	**365**	**9**	**11.84%**		
	22.14%	**910**	**58,351**	**19.32%**	**2,947**	

› EXPOSURE TO CREDIT RISK BY PORTFOLIO AND BY BRACKET OF PROBABILITY OF DEFAULT (PD) AT 31 DECEMBER 2015

Following prudential portfolios for the advanced internal ratings-based approach

Prudential portfolios for advanced internal ratings-based approach

		a	b	c	d	e
€ million	PD scale	Original on-balance sheet gross exposure	Off-balance sheet exposures pre CCF	Average CCF	EAD post CRM and post-CCF	Average PD
Central governments and central banks						
	0,00 to <0,15	48,293	212	64.25%	56,111	0.00%
	0,15 to <0,25	282		44.81%	731	0.16%
	0,25 to <0,50	1,475		32.31%	1,628	0.30%
	0,50 to <0,75	437	658	75.00%	240	0.60%
	0,75 to <2,50	298	235	79.13%	86	1.04%
	2,50 to <10,00	53	17	75.00%	11	5.00%
	10,00 to <100,00	594	537	66.88%	102	16.22%
	100,00 (default)	17			17	100.00%
	Sub-total	**51,450**	**1,660**	**62.88%**	**58,925**	**0.08%**
Institutions						
	0,00 to <0,15	17,532	3,613	70.36%	25,903	0.04%
	0,15 to <0,25	618	353	34.48%	765	0.16%
	0,25 to <0,50	2,037	1,553	60.10%	2,930	0.30%
	0,50 to <0,75	531	593	39.21%	1,511	0.60%
	0,75 to <2,50	797	1,513	56.63%	567	0.98%
	2,50 to <10,00	18	11	30.78%	1	5.00%
	10,00 to <100,00	6	44	27.25%	14	15.57%
	100,00 (default)	482	7	100.00%	456	100.00%
	Sub-total	**22,021**	**7,687**	**65.41%**	**32,148**	**1.54%**
Corporates - Other						
	0,00 to <0,15	12,159	44,298	59.17%	37,368	0.05%
	0,15 to <0,25	8,558	15,758	59.04%	15,705	0.16%
	0,25 to <0,50	7,570	17,742	40.38%	12,969	0.30%
	0,50 to <0,75	8,744	7,881	52.58%	15,941	0.60%
	0,75 to <2,50	9,005	12,522	56.10%	5,871	1.10%
	2,50 to <10,00	871	1,144	63.11%	917	5.00%
	10,00 to <100,00	1,021	1,488	32.84%	1,228	15.67%
	100,00 (default)	1,951	259	49.67%	1,761	100.00%
	Sub-total	**49,879**	**101,092**	**54.70%**	**91,759**	**2.47%**
Corporates - SME						
	0,00 to <0,15	99	19	90.46%	53	0.05%
	0,15 to <0,25	86	8	75.58%	74	0.19%
	0,25 to <0,50	83	120	77.02%	146	0.30%
	0,50 to <0,75	28	32	70.03%	50	0.60%
	0,75 to <2,50	64	114	47.32%	100	1.39%
	2,50 to <10,00	6	21	47.51%	15	5.00%
	10,00 to <100,00	18	33	77.83%	31	17.68%
	100,00 (default)	12		72.26%	10	100.00%
	Sub-total	**395**	**347**	**66.65%**	**480**	**3.94%**

f	g	h	i	j	k	l
Number of obligors	Average LGD	Average maturity	RWA	RWA density	EL	Provisions
	1.13%	607	66	0.12%		
	10.00%	844	76	10.39%		
	13.42%	535	227	13.97%	1	
	10.00%	677	38	15.76%		
	53.09%	1,288	53	61.87%		
	59.56%	1,425	26	233.68%		
	61.80%	1,173	266	261.63%	9	
	45.00%	1,825		0.01%	15	
	1.82%	**611**	**752**	**1.28%**	**26**	**44**
	11.79%	874	3,774	14.57%	11	
	39.01%	730	299	39.07%		
	33.45%	554	1,072	36.61%	3	
	37.17%	509	401	26.54%	1	
	42.79%	648	1,113	196.40%	4	
	83.42%	1,278	4	284.61%		
	58.83%	779	43	307.97%	1	
	45.00%	758		0.00%	462	
	16.80%	**822**	**6,707**	**20.86%**	**483**	**516**
	41.23%	985	6,954	18.61%	7	
	47.14%	957	5,973	38.03%	10	
	49.72%	958	6,880	53.05%	15	
	44.59%	977	7,638	47.91%	23	
	47.13%	1,079	10,646	181.32%	72	
	41.45%	840	1,355	147.71%	19	
	41.13%	867	1,890	153.95%	55	
	45.23%	1,037	146	8.27%	1,251	
	44.64%	**986**	**41,481**	**45.21%**	**1,452**	**2,634**
	32.60%	969	4	6.74%		
	29.63%	408	10	13.74%		
	34.15%	1,139	59	40.14%		
	38.09%	895	29	58.91%		
	31.28%	918	51	50.87%		
	17.30%	580	7	45.54%		
	30.07%	592	36	117.29%	2	
	44.24%	728		0.46%	7	
	32.51%	**874**	**196**	**40.86%**	**9**	**7**

Prudential portfolios for advanced internal ratings-based approach

		a	b	c	d	e
€ million	PD scale	Original on-balance sheet gross exposure	Off-balance sheet exposures pre CCF	Average CCF	EAD post CRM and post-CCF	Average PD
Corporates - Specialised Lending						
	0,00 to <0,15	1,731	761	74.29%	9,278	0.02%
	0,15 to <0,25	8,474	1,612	75.11%	9,141	0.16%
	0,25 to <0,50	10,194	3,194	72.11%	10,951	0.30%
	0,50 to <0,75	7,342	2,688	58.08%	12,258	0.60%
	0,75 to <2,50	10,179	2,994	65.15%	4,713	1.10%
	2,50 to <10,00	1,321	111	63.90%	977	5.00%
	10,00 to <100,00	2,436	388	71.43%	2,118	14.42%
	100,00 (default)	1,117	6	84.90%	959	100.00%
	Sub-total	**42,794**	**11,753**	**68.09%**	**50,396**	**3.00%**
Retail - Qualifying revolving						
	0,00 to <0,15	7,837	2	50.12%	7,838	0.08%
	0,15 to <0,25	781		100.00%	781	0.20%
	0,25 to <0,50	465				0.60%
	0,50 to <0,75				465	
	0,75 to <2,50	32			32	1.60%
	2,50 to <10,00	63				12.73%
	10,00 to <100,00	1		45.15%	64	20.00%
	100,00 (default)	409			409	100.00%
	Sub-total	**9,588**	**2**	**53.58%**	**9,590**	**4.42%**
Retail - Other SME						
	0,00 to <0,15	48	29	74.91%	70	0.14%
	0,15 to <0,25	4		74.96%	4	0.21%
	0,25 to <0,50			75.00%		0.60%
	0,50 to <0,75				1	
	0,75 to <2,50			100.00%		1.66%
	2,50 to <10,00	1		75.76%		12.24%
	10,00 to <100,00	3		98.66%	4	20.00%
	100,00 (default)					
	Sub-total	**56**	**29**	**75.11%**	**78**	**0.86%**
Total (all portfolios)		**176,183**	**122,569**	**57.63%**	**243,376**	**1.96%**

f	g	h	i	j	k	l
Number of obligors	Average LGD	Average maturity	RWA	RWA density	EL	Provisions
	3.42%	1,459	166	1.79%		
	11.00%	1,402	1,179	12.90%	2	
	11.59%	1,446	2,011	18.36%	4	
	13.31%	1,287	1,881	15.35%	6	
	14.80%	1,359	3,331	70.68%	15	
	12.94%	1,173	453	46.36%	8	
	18.04%	1,423	1,932	91.21%	50	
	37.31%	1,125	52	5.45%	373	
	11.63%	**1,388**	**11,007**	**21.84%**	**456**	**373**
	11.46%	365	212	2.70%	1	
	25.69%	365	86	11.01%		
	30.41%	365	118		1	
				0.00%		
	23.93%	366	10	30.72%		
	25.60%	365	30		2	
	39.00%	1,647	1	2.16%		
	38.44%	1,599	8	1.97%	51	
	14.76%	**418**	**465**	**4.85%**	**55**	**50**
	3.81%	778	1	1.05%		
	10.89%	365		4.23%		
	0.38%	365				
				0.00%		
	55.95%	960		67.76%		
	15.80%	374				
			1	20.18%		
	4.25%	728	2	2.65%		
	22.55%	**934**	**60,610**	**24.90%**	**2,481**	

PD and average LGD by exposure category and geographic area at 31 December 2016

		IRBA method	
Exposure category	Geographic risk area	PD	LGD
Central governments and central banks	Africa and Middle East	0.09%	5.50%
	North America	0.01%	0.50%
	Asia and Oceania (excluding Japan)	0.36%	18.67%
	Other	3.16%	46.20%
	Eastern Europe	0.53%	45.00%
	Western Europe (excluding Italy)	3.23%	30.20%
	France (including overseas territories)	3.23%	35.17%
	Italy	0.09%	10.00%
	Japan	0.67%	23.00%
Institutions	Africa and Middle East	0.63%	30.00%
	North America	0.63%	22.86%
	Asia and Oceania (excluding Japan)	0.63%	30.00%
	Other	3.71%	38.33%
	Eastern Europe	0.65%	34.17%
	Western Europe (excluding Italy)	3.82%	38.33%
	France (including overseas territories)	3.82%	38.33%
	Italy	0.45%	30.00%
	Japan	0.63%	32.22%
Corporates	Africa and Middle East	3.01%	25.50%
	North America	3.51%	10.78%
	Asia and Oceania (excluding Japan)	3.24%	15.52%
	Other	2.94%	26.67%
	Eastern Europe	3.12%	39.40%
	Western Europe (excluding Italy)	2.92%	17.34%
	France (including overseas territories)	7.09%	16.33%
	Italy	3.51%	12.44%
	Japan	3.51%	15.04%
Retail customers	Asia and Oceania (excluding Japan)	20.00%	19.50%
	Other	8.77%	36.50%
	Western Europe (excluding Italy)	2.81%	42.50%
	France (including overseas territories)	9.54%	36.00%
	Italy	3.00%	48.40%

CREDIT DERIVATIVES USED FOR HEDGING AT 31 DECEMBER 2016

		a	b
	€ million	Pre-credit derivatives RWA	Actual RWA
1	Exposures under Foundation IRB		
2	Central governments and central banks		
3	Institutions		
4	Corporates - SME		
5	Corporates - Specialised Lending		
6	Corporates - Other		
7	Exposures under Advanced IRB		
8	Central governments and central banks	21	1
9	Institutions	14	13
10	Corporates - SME	5,360	2,703
11	Corporates - Specialised Lending		
12	Corporates - Other		
13	Retail - Secured by real estate SME		
14	Retail - Secured by real estate non-SME		
15	Retail - Qualifying revolving		
16	Retail - Other SME		
	Retail - Other non-SME		
	Equity IRB		
	Other non credit-obligation assets		
17	**Total**	**5,394**	**2,717**

CHANGES TO RWA BETWEEN 30 SEPTEMBER 2016 AND 31 DECEMBER 2016

		a	b
	€ million	RWA amounts	Minimum capital requirements
1	RWAs as at the end of the previous reporting period	62,244	4,980
2	Asset size	(2,878)	(230)
3	Asset quality	1,415	113
4	Model updates		
5	Methodology and policy		
6	Acquisitions and disposals		
7	Foreign exchange movements	1,884	151
8	Other	(54)	(4)
9	**RWAs as at the end of the reporting period**	**62,611**	**5,009**

The scope only includes transactions included in the risk systems.

RESULTS OF BACKTESTING FOR 2016

The arrangements for backtesting are described in the section Risk factors page 170.

These ex-post controls are performed – through the cycle on historical data covering as long a period as possible. The following tables show the backtesting results for 2016 in respect of the probability of default (PD) and loss given default (LGD) models.

Ex-post basis check on the probability of default (PD) by portfolio using the internal ratings-based approach

Portfolio	Estimated average probability of default (%)	Staff observed (1) on date photo 2015	Observed default rate - Long period average (2) (%)	Estimated LGD (%)	EAD observed on date photo 2015 (€ million)	LGD excluding margin for prudence (%)
Sovereigns	1.43	135	0.14	0.55	59,995	0.11
Public authorities (3)	0.04	21		IRBF approach	4,206	IRBF approach
Institution (4)	0.42	3,243	0.06	0.56	70,719	0.62
Corporates	1.48	3,354	0.59	0.42	114,539	0.40
Specialised lending	1.55	1,456	0.92	0.25	52,954	0.24

(1) Number of third parties at the closing date of 31 December 2015 (excluding local authorities).

(2) Over the past 5 years (except for local authorities).

(3) In order to take into account the correction of false defaults regarding this portfolio, the default rate is calculated on the basis of the customer base at 31 March 2015. Furthermore, the deployment of the new ratings process for the methodology concerning Communes, Communities, Departments and Regions came into effect in 2015.

(4) Internal LGD model in the process of recalibration.

3.5.3 COUNTERPARTY RISKS

Crédit Agricole CIB, like its parent, addresses counterparty risks for all of its exposures, whether these depend on the banking portfolio or the trading book (portfolio). 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.

› ANALYSIS OF THE EXPOSURE TO COUNTERPARTY RISKS (CCR)

Analysis of the exposure to counterparty risks (CCR) by type of approach

	31.12.2016											
	Standard				IRB				Total			
€ million	Gross exposure	EAD	RWA	CR	Gross exposure	EAD	RWA	CR	Gross exposure	EAD	RWA	CR
Central governments and central banks					8,121	8,057	370	30	8,121	8,057	370	30
Institutions	12,289	12,289	500	40	25,025	24,917	4,326	346	37,314	37,205	4,826	386
Corporates	326	321	293	23	21,168	20,996	6,714	537	21,494	21,316	7,007	561
Retail customers												
Equities												
Securitisation												
Assets other than credit obligation												
Total	**12,614**	**12,609**	**793**	**63**	**54,314**	**53,969**	**11,410**	**913**	**66,928**	**66,578**	**12,203**	**976**

	31.12.2015											
	Standard				IRB				Total			
€ million	Gross exposure	EAD	RWA	CR	Gross exposure	EAD	RWA	CR	Gross exposure	EAD	RWA	CR
Central governments and central banks					7,324	7,292	330	26	7,324	7,292	330	26
Institutions	13,123	13,123	546	44	21,510	21,441	4,035	323	34,633	34,563	4,581	367
Corporates	452	452	376	30	19,401	19,185	7,351	588	19,853	19,637	7,727	618
Retail customers												
Equities												
Securitisation												
Assets other than credit obligation												
Total	**13,575**	**13,575**	**922**	**74**	**48,235**	**47,918**	**11,716**	**937**	**61,809**	**61,493**	**12,638**	**1,011**

Exposure at default (EAD) to counterparty risk on market transactions at 31 December 2016

€ million	Internal model (EEPE) *			Standard method **		
	IRB entities	Full standard entities	Sub-total	IRB entities	Full standard entities	Sub-total
Derivative instruments	44,107		44,107	11,418	187	11,605
Securities financing transactions and deferred settlement transactions				9,011		9,011
Total	**44,107**		**44,107**	**20,429**	**187**	**20,616**

** Effective Expected Positive Exposure.*

*** MtM+add-on for all derivatives: standard method for securities financing transactions and deferred settlement transactions.*

Exposure at default (EAD) to counterparty risk on market transactions at 31 December 2015

€ million	Internal model (EEPE) *			Standard method **		
	IRB entities	Full standard entities	Sub-total	IRB entities	Full standard entities	Sub-total
Derivative instruments	38,842		38,842	11,519	325	11,843
Securities financing transactions and deferred settlement transactions				8,851		8,851
Total	**38,842**		**38,842**	**20,370**	**325**	**20,694**

** Effective Expected Positive Exposure.*

*** MtM+add-on for all derivatives: standard method for securities financing transactions and deferred settlement transactions.*

Changes to RWA between 30 September 2016 and 31 December 2016

		a
	€ million	RWA amounts
1	RWA as at end of previous reporting period	9,584
2	Asset size	(458)
3	Asset quality	(46)
4	Model updates	
5	Methodology and policy	
6	Acquisitions and disposals	
7	Foreign exchange movements	1,082
8	Other	
9	**RWA as at end of reporting period**	**10,161**

› EXPOSURE TO COUNTERPARTY RISKS (CCR) BY STANDARD METHOD

Standard approach - Exposure to counterparty risks (CCR) by regulatory portfolio and by weighting of risks at 31 December 2016

€ million	a	b	c	d	e	f	g	h	i	j	k	l	m	o
Regulatory portfolio	0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	Others	Total counterparty credit risk exposure	Of which unrated
Central governments or central banks														
Regional governments or local authorities														
Public sector entities														
Multilateral developments banks														
International organisations														
Institutions	16	11,138			1,072		1			63			12,289	12,257
Corporate					4		49			268	0.3		321	186
Retail														
Secured by mortgages on immovable property														
Equity exposure														
Exposure in default														
Items associated with particularly high risk														
Covered bonds														
Claims on institutions and corporate with a short-term credit assessment														
Claims in the form of CIU														
Other items														
Total	**16**	**11,138**			**1,076**		**49**			**330**	**0.3**		**12,609**	**12,443**

› EXPOSURE TO COUNTERPARTY RISK BY PORTFOLIO AND BY BRACKET OF PROBABILITY OF DEFAULT (PD) AT 31 DECEMBER 2016

Following prudential portfolios for advanced internal ratings-based approach

		a	b	c	d	e	f	g
€ million	PD scale	EAD post-CRM	Average PD	Number of obligors	Average LGD	Average maturity	RWA	RWA density
Central governments and central banks								
	0,00 to <0,15	7,617	0.01%		1.03%	1,052	17	0.22%
	0,15 to <0,25	19	0.16%		10.00%	1,194	1	7.59%
	0,25 to <0,50	150	0.30%		10.81%	547	17	11.56%
	0,50 to <0,75	91	0.60%		10.02%	487	13	14.59%
	0,75 to <2,50	221	0.89%		46.86%	1,404	256	116.16%
	2,50 to <10,00	8	5.00%		71.21%	1,147	24	294.77%
	10,00 to <100,00	15	19.59%		70.44%	1,493	41	267.13%
	100,00 (default)							
	Sub-total	**8,121**	**0.09%**		**2.77%**	**1,047**	**370**	**4.56%**
Institutions								
	0,00 to <0,15	19,472	0.04%		12.38%	795	1,526	7.84%
	0,15 to <0,25	3,006	0.16%		34.88%	652	1,011	33.63%
	0,25 to <0,50	1,376	0.30%		42.33%	461	774	56.26%
	0,50 to <0,75	670	0.60%		47.18%	264	524	78.12%
	0,75 to <2,50	607	0.99%		37.37%	637	388	63.95%
	2,50 to <10,00	7	5.00%		51.17%	668	16	247.83%
	10,00 to <100,00	38	19.29%		50.43%	1,248	87	230.22%
	100,00 (default)							
	Sub-total	**25,176**	**0.13%**		**18.19%**	**743**	**4,326**	**17.18%**
Corporates - Other								
	0,00 to <0,15	9,617	0.04%		38.40%	906	1,310	13.62%
	0,15 to <0,25	2,673	0.16%		43.60%	892	1,051	39.33%
	0,25 to <0,50	2,598	0.30%		45.30%	883	1,109	42.67%
	0,50 to <0,75	1,439	0.60%		49.18%	907	981	68.18%
	0,75 to <2,50	1,149	1.19%		45.61%	990	1,022	88.88%
	2,50 to <10,00	104	5.02%		42.05%	746	124	119.14%
	10,00 to <100,00	108	19.12%		37.41%	648	251	231.83%
	100,00 (default)	40	100.00%		45.05%	813	1	3.65%
	Sub-total	**17,730**	**0.54%**		**41.56%**	**903**	**5,850**	**32.99%**
Corporates - SME								
	0,00 to <0,15	70	0.03%		38.87%	1,061	14	19.39%
	0,15 to <0,25	2	0.16%		38.03%	394	1	30.19%
	0,25 to <0,50	7	0.30%		45.87%	733	3	50.07%
	0,50 to <0,75	1	0.60%		30.36%	396		50.33%
	0,75 to <2,50	49	1.47%		35.54%	1,197	43	87.82%
	2,50 to <10,00	1	5.00%		36.00%	406	1	107.78%
	10,00 to <100,00	2	18.70%		10.24%	581	3	177.35%
	100,00 (default)	1	100.00%		44.86%	1,216		12.18%
	Sub-total	**133**	**1.29%**		**37.60%**	**1,067**	**66**	**49.37%**
Corporates - Specialised lending								
	0,00 to <0,15	773	0.06%		9.72%	1,530	52	6.79%
	0,15 to <0,25	971	0.16%		10.87%	1,386	126	13.00%
	0,25 to <0,50	616	0.30%		12.78%	1,289	108	17.46%
	0,50 to <0,75	343	0.60%		13.86%	1,340	77	22.51%
	0,75 to <2,50	431	1.09%		11.87%	1,331	116	26.94%
	2,50 to <10,00	11	5.00%		19.68%	1,133	9	80.09%
	10,00 to <100,00	141	19.57%		20.37%	1,129	310	219.50%
	100,00 (default)	19	100.00%		39.39%	1,276		0.33%
	Sub-total	**3,305**	**1.68%**		**11.96%**	**1,378**	**798**	**24.16%**
Total		**54,465**	**0.35%**		**23.18%**	**880**	**11,410**	**20.95%**

› CVA

Capital requirement with regard to credit valuation adjustment (CVA) at 31 December 2016 and 31 December 2015

		a		b	
		EAD post-CRM		RWA	
	€ million	2016	2015	2016	2015
	Total portfolios subject to the Advanced CVA capital charge	20,729	16,611	3,010	2,949
1	i) VaR component (including the 3×multiplier)			43	48
2	ii) Stressed VaR component (including the 3×multiplier)			198	187
3	All portfolios subject to the Standardised CVA capital charge	6,764	7,676	336	580
4	Based on Original Exposure Method				
5	Total subject to the CVA capital charge	27,493	24,287	3,346	3,528

▶ 3.5.4 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 the sum due in the event of the counterparty's default or other specific credit events, therefore reducing the credit risks on an exposure.

31 December 2016: standard

		Credit risk mitigation (CRM) techniques		
€ million	Original exposure pre conversion factors	Personal guarantee and credit derivatives	Collateral	Total protections
Central governments or central banks	1,071			
Institutions	38,695			
Corporate	28,208	166	12,261	12,426
Total	**67,974**	**166**	**12,261**	**12,426**

31 December 2016: IRB

		Credit risk mitigation (CRM) techniques		
€ million	Original exposure pre conversion factors	Personal guarantee and credit derivatives	Collateral	Total protections
Central governments or central banks	56,884	2,660	48	2,708
Institutions	57,300	671	1,237	1,908
Corporate	234,941	34,821	44,368	79,188
Total	**349,125**	**38,151**	**45,653**	**83,804**

› CREDIT AND RISK MITIGATION TECHNIQUES

COLLATERAL MANAGEMENT SYSTEM

The main categories of collateral taken by the Bank are described under "Risk Factors - Credit Risk - Collateral and Guarantees Received", page 173.

When a credit is granted, collateral is analysed specifically 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 the 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 II) 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 stock position necessitates a block sale or when the borrower and the issuer of the collateral securities belong to the same risk group.

Other types of asset may also be pledged as non recourse financial assets. This is notably the case for certain activities such as asset financing for aircrafts, shipping, real estate or commodities.

INSURANCE PROVIDERS

Two main types of guarantee are generally used (excluding intraGroup guarantees):

- export credit insurance taken out by the Bank;
- unconditional payment guarantees.

The main personal guarantee providers (excluding credit derivatives) are export credit agencies, most of which fall under sovereign risk and have an investment grade rating. The major ones are Coface (France), Sace S.p.A. (Italy), Euler Hermes (Germany) and Korea Export Insurance (Korea).

Financial health of export credit agencies - Available ratings of rating agencies

	Moody's	Standard & Poor's	Fitch Ratings
	Rating [outlook]	Rating [outlook]	Rating [outlook]
Bpifrance Financement	Aa2 [stable]	Unrated	AA [stable] *
Euler Hermès S.A.	Aa3 [stable]	AA- [stable]	Unrated
Sace S.p.A.	Unrated	Unrated	A- [negative]

** Rating given to EPIC Bpifrance.*

CREDIT DERIVATIVES USED FOR HEDGING AT 31 DECEMBER 2016

Credit derivatives used for hedging purposes are described under "Risk Factors - Credit Risk - Use of Credit Derivatives", page 174.

	a	b
€ million	Protection bought	Protection sold
Notionals		
Single-name credit default swaps	6,984	12
Index credit default swaps		
Total return swaps		
Credit options		
Other credit derivatives		
Total notionals	**6,984**	**12**
Fair values		
Positive fair value (asset)	168	
Negative fair value (liability)	(5)	

› COUNTERPARTY RISK MITIGATION TECHNIQUES

Counterparty risk mitigation techniques are described under "Risk Factors – Credit Risk – Use of Credit Derivatives".

› SECURITISATION TRANSACTIONS

Credit risk related to securitisation transactions is described under "Pillar 3 – Risk Monitoring and Recognition", pages 252 and 253.

▶ 3.5.5 EQUITY EXPOSURES IN THE BANKING BOOK

Equity investments owned by Crédit Agricole CIB Group outside the trading book are made up of securities "that give residual and subordinated rights to the assets or income of the issuer or that are of a similar economic nature".

Internal ratings - Equity investments according to the simple risk weighting method at 31 December 2016

€ million

Categories	On-balance sheet amount	Off-balance sheet amount	Weight applied	Exposures	RWA	Capital requirements
Exchange-traded equity exposures	11		190%	5	10	1
Private equity exposures	58		290%	57	165	13
Other equity exposures	567		370%	445	1,645	132
Total	**635**			**506**	**1,819**	**146**

3.6 SECURITISATION

3.6.1 DEFINITIONS OF SECURITISATION TRANSACTIONS

Crédit Agricole CIB Group carries out securitisation transactions as an originator, sponsor or investor in accordance with the Basel III criteria.

The securitisation transactions listed below are transactions as defined in Directive 2013/36/EU (CRD IV) and Regulation (EU) 575/2013 of 26 June 2013 (CRR), in force as from 1 January 2014. The directive and regulations incorporate into European law the international Basel III reforms (issued in December 2010) introducing, among other things, new requirements for bank solvency and oversight of liquidity risk. They cover transactions or structures under which the credit risk associated with an exposure or pool of exposures is sub-divided into tranches and which have the following features:

- payments for the transaction or structure depend on the performance of the exposure or pool of exposures;
- the subordination of tranches determines how losses are allocated over the life of the transaction or structure.

Securitisation transactions include:

- traditional securitisations: imply the economic transfer of the securitised exposures. Ownership of the securitised exposures is transferred by the originating institution to a securitisation entity or sub-compartment of a securitisation entity. The securities issued do not represent payment obligations for the originating bank;
- synthetic securitisations: where the risk is transferred through the use of credit derivatives or guarantees, and the securitised exposures are retained by the originating institution.

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

- originating programmes deconsolidated under Basel III, insofar as there is a significant transfer of the risks;
- positions in which the Group is an investor;
- positions in which the Group is a sponsor;
- securitisation swap positions (currency or interest rate hedges) made on behalf of securitisation vehicles.

It should be noted that most securitisation transactions on behalf of European customers involve Ester Finance Titrisation, a wholly owned credit institution subsidiary of Crédit Agricole CIB, which finances the purchase of receivables as both sponsor and, through Ester Finance Titrisation, originator of these securitisation transactions.

3.6.2 PURPOSE AND STRATEGY

› PROPRIETARY SECURITISATION ACTIVITIES

Crédit Agricole CIB's activities to transfer risk through proprietary securitisation are as follows:

ACTIVE MANAGEMENT OF THE FINANCING PORTFOLIO

In addition to the use of credit derivatives (see "Risk factors and Pillar 3", section Credit risks - Use of credit derivatives), this activity consists of using securitisation to manage the credit risk in the corporate financing portfolio, optimising the allocation of equity, reducing the concentration of outstanding loans to corporates, freeing up resources to contribute to the renewal of the banking portfolio (in the framework of the Distribute to Originate model) and optimising the profitability of shareholders' funds. This activity is managed by the ALM/CPM Execution teams. The supervisory formula approach is used to calculate the weighted exposures on proprietary securitisations. In this activity, the Bank does not systematically purchase insurance on all tranches, as the management goal is to cover some of the most risky financing portfolio tranches whilst keeping part of the overall risk.

NEW SECURITISATIONS CARRIED OUT BY CRÉDIT AGRICOLE CIB IN 2016

As part of the active management of the financing portfolio, the ALM/CPM Execution teams implemented the synthetic securitisation of a portfolio of €1 billion consisting of corporate exposures. A second synthetic securitisation of a $3 billion secured funding portfolio was finalised in February 2017.

DISCONTINUING OPERATIONS

These consist of investments that are either managed in run-off, or exposures for which the risk is considered to be low and that Crédit Agricole CIB is willing to carry for the long term. In 2009, these were segregated into a dedicated prudential banking book in 2009. These activities generate no market risk.

During 2016, the portfolio underwent a partial reduction following the natural repayment of certain positions.

› SECURITISATION TRANSACTIONS CARRIED OUT ON BEHALF OF CUSTOMERS AS ARRANGER/SPONSOR, INTERMEDIARY OR ORIGINATOR

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/arranger, Crédit Agricole CIB structures and manages securitisation programmes that refinance assets of the Bank's customers, mainly via Asset Backed Commercial Paper (ABCP) conduits, namely LMA in Europe, Atlantic and La Fayette in the United States, and ITU in Brazil. These specific entities are protected against the bankruptcy of Crédit Agricole CIB, but have been consolidated by the Group since the entry into force of IFRS 10 on 1 January 2014. The roles of the Crédit Agricole CIB Group as a sponsor of the conduits and a manager and provider of liquidity facilities bestow it with power directly linked to the variability of the activity's yields. The liquidity facilities protect investors from credit risk and guarantee the liquidity of the conduits;

- 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 2016, 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 supported conduits. This ABCP conduits activity finances the working capital requirements of some of the Group's customers by backing short-term financing with traditional assets, such as commercial or financial receivables. The amount of the assets held by these vehicles and financed through the issuance of marketable securities amounted to €25 billion at 31 December 2016 (€19 billion at 31 December 2015).

The default risk on the assets held by these vehicles is borne by the sellers of the underlying receivables through credit enhancements or by insurers for certain types of risk, upstream of the ABCP conduits, for which Crédit Agricole CIB bears the risk through liquidity facilities.

ACTIVITIES CARRIED OUT AS A SPONSOR

The conduits activity was sustained throughout 2016 and the newly securitised outstandings mainly relate to commercial and financial loans.

It should be noted that for part of this conduits 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 sponsor was €31 billion at 31 December 2016 (€26 billion at 31 December 2015).

ACTIVITIES CARRIED OUT AS AN INVESTOR

As part of its sponsor activities, the Group can grant guarantees and liquidity facilities to securitisation vehicles or act as counterparty for derivatives in securitisation transactions involving special purpose vehicles. These transactions typically involve currency swaps granted to ABCP conduits and interest rate swaps for certain ABS issues. These activities are recorded in the banking book 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 aeronautic or vehicle fleet financing transactions) or provide support through a liquidity facility to an issue carried out by special purpose entities not part of the Bank (SPV or ABCP program not sponsored by the Bank). In this case, Crédit Agricole CIB is deemed to be an investor. This activity represented outstandings of €2 billion at 31 December 2016 (€2.3 billion at 31 December 2015).

INTERMEDIATION TRANSACTIONS

Crédit Agricole CIB participates in the structuring and in the placement of securities backed by client asset pools and intended to be placed with investors.

In this business, the Bank retains a relatively low risk insofar as it sometimes contributes back-up lines to the vehicles that issue the securities or holds a share of the securities issued.

▶ 3.6.3 RISK MONITORING AND RECOGNITION

› RISK MONITORING

Risk management related to securitisation transactions follows the rules established by the Group and depends on whether the assets are recognised in the banking book (credit and counterparty risk) or trading book (market and counterparty risk).

The development, scaling and targeting of securitisation transactions are periodically reviewed by Portfolio Strategy Committees specific to those activities and the respective countries, as well as by the Group Risks Committees.

Risks on securitisation transactions are measured against the capacity of the assets transferred to financing vehicles to generate sufficient flows to cover the costs, mainly financial, of these vehicles.

Crédit Agricole CIB's securitisation exposures are treated using the IRB-securitisation approach, i.e.:

- method based on the 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): the Bank's internal-ratings based method approved by the Crédit Agricole S.A. Standards and Methods Committee for the principal asset classes (including trade receivables and outstanding loans on vehicles) providing that there is no agency rating for the exposure under consideration;
- supervisory formula approach: (SFA) 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.

These ratings include all the types of risk implied by securitisation transactions: intrinsic risks on loans and receivables (insolvency of the borrower, payment delays, dilution, offsetting of receivables) or risks on the structuring of transactions (legal risks, risks related to the settlement channels for loans and receivables, risks related to the quality of the information periodically supplied by the administrator of transferred loans and receivables, other risks related to the transferor, 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.

Credit decisions impose on the transactions, which are reviewed at least on an annual basis by these same committees, different limits as the acquired portfolio changes (levels for late payments, losses, concentration by sector or geographic area, dilution of loans and receivables or the periodic valuation of assets by independent experts, etc.) the non-respect of which may result in a tightening of the structure or the early amortisation of the transaction.

These credit decisions also include, in liaison with the Bank's other Credit Committees, an assessment focusing on the risk generated by the recipients of the receivables and the possibility of substituting the manager by a new one in the event of mismanagement of those receivables.

Like all credit decisions, these decisions include aspects of compliance and "country risk".

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 Liability Management (ALM) Departments. The impact of these activities is incorporated into the Internal Liquidity Model indicators - mainly the stress scenarios, liquidity ratios and liquidity gaps. The management of liquidity risk at Crédit Agricole CIB is described in more detail in the paragraph "Liquidity and financing risk" of the Risk Factors part of this section.

The management of structural foreign exchange risk with respect to securitisation activities does not differ from that of the Group's other assets. As regards interest rate risk management, securitised assets are refinanced through special purpose vehicles according to rules for matching interest rates closely to those of the other assets.

For assets of discontinuing activities, each transfer of position is first approved by Crédit Agricole CIB's Market Risk Department.

› ACCOUNTING POLICIES

As part of securitisation transactions, Crédit Agricole CIB carries out a de-recognition test with regard to IAS 39 (the criteria for which are listed in Note 1.3 on accounting policies and principles of the consolidated financial statements).

In the case of synthetic securitisations, the assets are not derecognised, as they remain under the control of the institution. The assets continue to be recognised according to their original classification and valuation method (see Note 1.3 on Accounting policies and principles of the consolidated financial statements for the classification and valuation of financial assets).

Moreover, investments in securitisation instruments (cash or synthetic) are recognised on the basis of their classification and their associated valuation (see Note 1.3 on Accounting policies and principles of the consolidated financial statements for the classification and valuation of financial assets).

Securitisation positions can be classified into the following accounting categories:

- "Loans and receivables": these securitisation exposures are measured following initial recognition at amortised cost based on the effective interest rate and may, if necessary, be impaired;
- "Available-for-sale financial assets": these securitisation exposures are remeasured at their fair value on the closing date and the variances in fair value are recognised in gains (losses) accounted for directly in equity;
- "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 on disposals of securitisation positions are recognised in accordance with the rules for the original category of the positions sold.

Thus for positions recognised as loans and receivables and available-for-sale financial assets, the gain on disposal is recorded as income under "Net gains/(losses) on AFS" and the respective sub-headings "Gains/(losses) on disposal of loans and receivables" and "Gains/(losses) on disposal of AFS".

For positions recognised at fair value through profit or loss, gains on disposal are recognised under "Net gains/(losses) on financial instruments at fair value through profit or loss".

▶ 3.6.4 2016 ACTIVITY SUMMARY

Crédit Agricole CIB's securitisation activity in 2016 was marked by:

- support for the development of the public ABS market in the United States and in Europe. Crédit Agricole CIB structured and organised the placement (as arranger and bookrunner) of a significant number of primary ABS issues on behalf of its large "Financial Institutions" customers, notably in the automobile and consumer finance sectors;
- in the ABCP conduits market, Crédit Agricole CIB maintained its position amongst the leaders in both the European and US markets. It renewed and initiated new securitisation transactions involving commercial and financial receivables on behalf of its customers, mostly corporates, while ensuring a favourable risk profile borne by the Bank. In addition, Crédit Agricole CIB sponsored a new ABCP conduit in the United States, La Fayette, in order to have access to alternative sources of funding in connection with the new American regulations on monetary funds. Crédit Agricole CIB's strategy of focusing on customer financing is appreciated by investors and enabled continued competitive financing terms;
- at 31 December 2016, Crédit Agricole CIB did not have any early-redemption securitisation transactions. Nor did it provide implicit support for any Crédit Agricole securitisation programmes in 2016.

3.6.5 EXPOSURES

› EXPOSURE AT DEFAULT OF SECURITISATION TRANSACTIONS IN THE BANKING BOOK THAT GENERATE RWA USING THE IRB APPROACH

Exposure at default of securitisation transactions by role

€ million	Securitised EAD at 31.12.2016						Total
	Traditional			Synthetic			
Underlyings	Investor	Originator	Sponsor	Investor	Originator	Sponsor	
Residential real estate loans	152.6	1,563.7	67.0	3.4			1,786.8
Commercial real estate loans			31.3	1.9			33.2
Credit card receivables	0.4						0.4
Leasing	20.4		4,546.3				4,566.7
Loans to corporates and SMEs	485.6	58.7		1,999.6	2,259.0		4,803.0
Consumer loan	81.4		3,922.4				4,003.8
Commercial loans and receivables	42.8	10,046.6	6,977.2				17,066.6
Other assets	2.1	205.5	5,940.0				6,147.6
Total	**785.3**	**11,874.6**	**21,484.1**	**2,004.9**	**2,259.0**		**38,407.9**

Exposure at default of securitisation transactions by weighting method

€ million	Securitised EAD at 31.12.2016			Total
Underlyings	SFA	IAA	RBA	
Residential real estate loans			1,786.8	1,786.8
Commercial real estate loans			33.2	33.2
Credit card receivables			0.4	0.4
Leasing		4,512.1	54.6	4,566.7
Loans to corporates and SMEs	4,257.4		545.5	4,803.0
Consumer loan		3,411.8	592.0	4,003.8
Commercial loans and receivables	984.6	16,082.0		17,066.6
Other assets	1,663.7	1,700.5	2,783.4	6,147.6
Total	**6,905.8**	**25,706.3**	**5,795.9**	**38,407.9**

Exposure at default of securitisation transactions broken down by accounting classification on- or off-balance sheet

€ million	Securitised EAD at 31.12.2016		Total
Underlyings	Balance sheet	Off-balance sheet	
Residential real estate loans	1,678.5	108.3	1,786.8
Commercial real estate loans		33.2	33.2
Credit card receivables		0.4	0.4
Leasing		4,566.7	4,566.7
Loans to corporates and SMEs	60.5	4,742.5	4,803.0
Consumer loan	2.3	4,001.5	4,003.8
Commercial loans and receivables	88.0	16,978.6	17 066.6
Other assets	902.3	5 245.3	6,147.6
Total	**2,731.5**	**35,676.4**	**38,407.9**

Securitisation positions held or acquired in the banking book by approach and by weighting at 31 December 2016

€ million	31.12.2016					
	Exposure at default (EAD) *			Capital requirement		
Weighting	Securitisation and resecuritisation	Securitisation	Resecuritisation	Securitisation and resecuritisation	Securitisation	Resecuritisation
External ratings based approach	5,795.9	4,170.7	1,625.1	141.7	126.6	15.1
6%-10% weighting	1,495.6	1,495.6		9.3	9.3	
12%-35% weighting	2,159.4	2,100.7	58.7	24.7	23.7	1.0
40%-75% weighting	24.9	17.2	7.7	1.4	1.1	0.3
100%-650% weighting	521.3	521.3		56.6	56.6	
Weighting = 1,250%	1,594.7	36.0	1,558.7	49.8	36.0	13.8
Internal assessment approach	25,706.3	25,706.3		198.6	198.6	
Average weighting (%)	9.7%			9.7%		
Supervisory formula approach	6,905.8	6,905.8		90.2	90.2	
Average weighting (%)	16.3%			16.3%		
Total banking book	**38,407.9**	**36,782.8**	**1,625.1**	**430.5**	**415.4**	**15.1**

** Securitised EAD at 31 December 2016:*
- *own-account = €6,007.3 million;*
- *third-party = €32,400.7 million;*
- *total = €38,407.9 million.*

Securitisation positions held or acquired in the banking book by approach and by weighting at 31 December 2015

€ million	31.12.2015					
	Exposure at default (EAD) *			Capital requirement		
Weighting	Securitisation and resecuritisation	Securitisation	Resecuritisation	Securitisation and resecuritisation	Securitisation	Resecuritisation
External ratings based approach	6,381	4,637	1,745	163	141	22
6%-10% weighting	1,355	1,355		9	9	
12%-35% weighting	2,855	2,639	216	33	29	4
40%-75% weighting	48	48		3	3	
100%-650% weighting	574	561	14	68	66	2
Weighting = 1,250%	1,549	34	1,515	51	34	17
Internal assessment approach	21,332	21,332		171	171	
Average weighting (%)	10.04%			10.04%		
Supervisory formula approach	6,378	6,378		73	73	
Average weighting (%)	14.27%			14.27%		
Total banking book	**34,091**	**32,346**	**1,745**	**407**	**385**	**22**

** Securitised EAD at 31 December 2015:*
- *own-account = €6,382.5 million;*
- *third-party = €27,708.4 million;*
- *total = €34,090.9 million.*

› EXPOSURE AT DEFAULT OF TRADING BOOK SECURITISATIONS GENERATING RWA USING THE STANDARD APPROACH

EXPOSURE AT DEFAULT OF SECURITISATION TRANSACTIONS BY ROLE USING THE STANDARD APPROACH

€ million	Securitised EAD at 30.12.2016						Total
	Traditional			Synthetic			
Underlyings	Investor	Originator	Sponsor	Investor	Originator	Sponsor	
Residential real estate loans	38						38
Commercial real estate loans							
Credit card receivables							
Leasing							
Loans to corporates and SMEs							
Consumer loans							
Commercial loans and receivables							
Resecuritisation							
Other assets	72						72
Total	**111**						**111**

SECURISATION EXPOSURES RETAINED OR ACQUIRED IN THE TRADING BOOK BY APPROACH AND BY WEIGHTING

€ million	30.12.2016			31.12.2015		
Risk weighting tranche	Long positions	Short positions	Capital requirement	Long positions	Short positions	Capital requirement
EAD subject to weighting						
7%-10% weightings	23			8		
12%-18% weightings						
20%-35% weightings	6			96		
40%-75% weightings	2			2		
100% weightings	5			5		
150% weightings						
200% weightings						
225% weightings						
250% weightings	5			6		
300% weightings						
350% weightings						
425% weightings	6			11		1
500% weightings						
650% weightings						
750% weightings						
850% weightings						
1,250% weightings	63		10	76		12
Internal assessment approach	**111**		**11**	**205**		**13**
Supervisory formula approach						
Transparency method						
Total net of capital deductions						
1,250%/Positions deducted from capital						
Total trading book	**111**		**11**	**205**		**13**

CAPITAL REQUIREMENTS RELATIVE TO SECURITISATIONS HELD OR ACQUIRED IN THE TRADING BOOK

	30.12.2016				31.12.2015			
€ million	Long positions	Short positions	Total weighted positions	Capital requirement	Long positions	Short positions	Total weighted positions	Capital requirement
EAD subject to weighting	111		67	11	205		84	13

3.7 MARKET RISKS

3.7.1 METHODOLOGY FOR MEASURING AND CONTROLLING MARKET RISKS UNDER THE STANDARD AND INTERNAL MODELS APPROACHES

Market risk using the standard approach

€ million	RWA
Non optional product	**259.0**
Interest rate risk (general and specific)	193.5
Equity risk (general and specific)	
Foreign exchange risk	65.5
Commodities risk	
Options	**2.9**
Simplified approach	
Delta-plus method	
Approach by scenario	2.9
Securitisation	132.9
Total	**394.8**

3.7.2 CAPITAL REQUIREMENTS FOR EXPOSURES USING THE INTERNAL METHOD

Value of trading book at 31 December 2016 and 31 December 2015 using the internal models approach (IMA): RWA

		31.12.2016		31.12.2015	
		a	b	a	b
	€ million	RWA	Minimum capital requirements	RWA	Minimum capital requirements
1	VaR (max. between values a and b)	2,070	166	2,056	164
(a)	Measurement of the previous day's value at risk (VaRt-1)		166		164
(b)	Multiplication factor (mc) x average daily measurements of value at risk in the previous 60 business days (VaRavg)		39		49
2	SVaR (max. between values a and b)	3,091	247	2,780	222
(a)	Last available measure (SVaRt-1)		55		63
(b)	Multiplication factor (ms) x average daily measurements of stressed value at risk in the previous 60 business days (SVaRavg)		247		222
3	Incremental risk of default and migration – IRC (max. between values a and b)	1,594	127	1,768	141
(a)	Last available measure		77		134
(b)	12-week average		127		141
4	Comprehensive risk measure relating to the correlation portfolio – CRM (max. between values a, b and c)				
(a)	Last available measure				
(b)	12-week average				
(c)	Floor level				
5	**Total**	**6,755**	**540**	**6,603**	**528**

Value of trading book using the internal models approach (IMA): VaR

€ million	
VaR (10 days, 99%)	
Maximal value	49.6
Average value	41.4
Minimum value	34.6
Value at end of period	38.8
VaR during periods of stress (10 days, 99%)	
Maximal value	72.2
Average value	61.8
Minimum value	52.8
Value at end of period	54.8
Capital requirement as part of the IRC (99.9%)	
Maximal value	209.3
Average value	98.1
Minimum value	45.6
Value at end of period	59.1
Capital requirement as part of the MRC (99.9%)	
Maximal value	
Average value	
Minimum value	
Value at end of period	
Floor (standardised measurement method)	

▶ 3.7.3 TRADING BOOK VALUATION RULES AND PROCEDURES

The rules for valuing the various items in the trading book are presented in Note 1.3 “Accounting policies and principles” of the notes to the financial statements.

The measurement models are reviewed periodically as described under “Risk Factors - Market Risk” on page 177.

▶ 3.7.4 GLOBAL INTEREST RATE RISKS

The type of interest rate risk, the main underlying assumptions retained and the frequency of interest rate risk measurements are described under “Risk factors - Global interest rate risks”, pages 188 and 189.

3.8 OPERATIONAL RISKS

3.8.1 ADVANCED MEASUREMENT APPROACH FOR CALCULATING CAPITAL

The scope of application of the advanced and standard approaches and a description of the advanced approach methodology are provided under “Risk factors - Operational risks”, page 192.

3.8.2 INSURANCE TECHNIQUES FOR REDUCING OPERATIONAL RISK

The insurance techniques used to reduce operational risk are described under “Risk factors - Operational risks - Insurance and risk coverage”, page 192.

3.9 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.

6

CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2016

Approved by the Board of Directors on 10 February 2017
and submitted for approval by the Ordinary General Meeting of 4 May 2017.

KEY FIGURES

› NET INCOME GROUP SHARE

€1,182 M

› NET BANKING INCOME

€4,936 M

› TOTAL ASSETS

€524,261 M

› TOTAL EQUITY

€19,594 M

› NUMBER OF CONSOLIDATED ENTITIES

114

1 GENERAL BACKGROUND

The consolidated financial statements consist of the general framework, the consolidated financial statements and the notes to the consolidated financial statements.

1.1 LEGAL PRESENTATION OF CRÉDIT AGRICOLE CORPORATE AND INVESTMENT BANK

CORPORATE'S NAME

Crédit Agricole Corporate and Investment Bank.

TRADING NAMES

Crédit Agricole Corporate and Investment Bank - Crédit Agricole CIB - CACIB.

ADDRESS AND REGISTERED OFFICE

12, place des États-Unis
CS 70052
92547 MONTROUGE CEDEX
France.

REGISTRATION NUMBER

304 187 701, Nanterre Trade and Companies Registry.

NAF CODE

6419 Z (APE).

LEGAL FORM

Crédit Agricole Corporate and Investment Bank is a Public Limited Company (Société Anonyme) under French law (with a Board of Directors) governed by the laws and regulations applicable to credit institutions and French Public Limited Companies, as well as by its Articles of Association.

Since December 2011, Crédit Agricole Corporate and Investment Bank is affiliated with Crédit Agricole according to the French Monetary and Financial code.

SHARE CAPITAL

€7,851,636,342.

1.2 SYNTHETIC GROUP ORGANISATION

CORPORATE AND INVESTMENT BANKING

BRANCHES

EUROPE

- DEUTSCHLAND
- BELGIUM
- SPAIN
- FINLAND
- ITALY
- LUXEMBOURG
- UNITED KINGDOM
- SWEDEN

AFRICA/ MIDDLE EAST

- ABU DHABI
- DUBAI

ASIA

- SOUTH KOREA
- HONG-KONG
- INDIA
- JAPAN
- SINGAPORE
- TAIWAN

AMERICA

- UNITED STATES
- CANADA

SUBSIDIARIES/INVESTMENTS

EUROPE

- ESTER FINANCE TITRISATION [100%]
- CRÉDIT AGRICOLE CIB AO RUSSIA [100%]
- KEPLER CHEUVREUX [15%]
- CRÉDIT AGRICOLE CIB AIRFINANCE S.A. [100%]

AFRICA/ MIDDLE EAST

- CRÉDIT AGRICOLE CIB ALGÉRIE SPA [100%]
- BSF [31%]

ASIA/ PACIFIC

- CRÉDIT AGRICOLE CIB AUSTRALIA LTD [100%]
- CRÉDIT AGRICOLE CIB CHINA LTD [100%]
- CA SECURITIES ASIA BV (TOKYO BRANCH) [100%]
- CA SECURITIES (ASIA) LTD (SEOUL BRANCH) [100%]
- CRÉDIT AGRICOLE ASIA SHIPFINANCE LTD [100%]

AMERICA

- BANCO CRÉDIT AGRICOLE BRASIL [100%]
- CRÉDIT AGRICOLE SECURITIES (USA) INC. [100%]

WEALTH MANAGE-MENT

BRANCHES

- MIAMI

SUBSIDIARIES/INVESTMENTS

- CA INDOSUEZ WEALTH (GROUP) [100%]
- CA INDOSUEZ WEALTH (FRANCE) AND SUBSIDIARIES [100%]
- CA INDOSUEZ (SWITZERLAND), SUBSIDIARIES AND BRANCHES [100%]
- CA INDOSUEZ WEALTH (EUROPE), SUBSIDIARIES AND BRANCHES [100%]
- CA INDOSUEZ WEALTH (BRAZIL) DTVM [100%]
- CFM INDOSUEZ WEALTH [70%]

1.3 RELATED PARTIES

Parties related to Crédit Agricole CIB are companies of Crédit Agricole S.A. group, companies of Crédit Agricole CIB Group that are fully consolidated, proportionately consolidated or accounted for using the equity method, and Senior Executives of the Group.

▶ RELATIONS WITH CRÉDIT AGRICOLE S.A. GROUP

On-and off-balance sheet amounts representing transactions between the Crédit Agricole CIB Group and the rest of the Crédit Agricole S.A. Group are summarised in the following table.

Outstandings (€ million)	31.12.2016
Assets	
Loans and advances	13,950
Derivatives financial instruments held for trading	28,340
Liabilities	
Accounts and deposits	24,491
Derivatives financial instruments held for trading	27,892
Subordinated debts	6,138
Preferred shares	
Financing and guarantee commitments	
Other guarantees given	1,026
Counter-guarantees received	419
Other guarantees received	
Refinancing agreements received	

The outstandings of loans and advances represent cash relations between Crédit Agricole CIB and Crédit Agricole S.A..

The outstandings of derivative instruments held for trading mainly represent Crédit Agricole Group interest rate hedging transactions arranged by Crédit Agricole CIB in the market.

CACIB, 99.9% owned by Crédit Agricole Group since 27 December 1996, and some of its subsidiaries, are part of the tax consolidation group formed at the level of Crédit Agricole S.A..

In this regard, Crédit Agricole S.A. usually indemnifies CACIB S.A. (France) for its own tax losses chargeable to the tax profits of Crédit Agricole Group.

▶ RELATIONS BETWEEN CONSOLIDATED COMPANIES OF CRÉDIT AGRICOLE CIB GROUP

A list of the Crédit Agricole CIB Group's consolidated companies can be found in Note 11.

Transactions realized between two fully consolidated entities are fully eliminated. Outstandings at year-end between fully consolidated companies and equity consolidated companies are not eliminated in the Group's consolidated financial statements.

At 31 December 2016, non-elimitated outstandings declared by CACIB with its partners, the associate BSF (Banque Saudi Fransi), the joint-ventures UBAF and Elipso, on-and off balance sheet are:

Outstandings (€ million)	31.12.2016
Assets	
Loans and advances	
Derivatives financial instruments held for trading	60
Liabilities	
Accounts and deposits	5
Derivatives financial instruments held for trading	79
Financing and guarantee commitments	
Other guarantees given	149
Counter-guarantees received	12

▶ RELATIONS WITH SENIOR MANAGEMENT

Detailed information on senior management compensation is provided in Note 7.7 "Executive officers' compensation".

2 CONSOLIDATED FINANCIAL STATEMENTS

2.1 INCOME STATEMENT

€ million	Notes	31.12.2016	31.12.2015
Interest and similar income	*4.1*	5,335	4,806
Interest and similar expenses	*4.1*	(2,502)	(2,908)
Fee and commission income	*4.2*	1,458	1,411
Fee and commission expenses	*4.2*	(493)	(491)
Net gains (losses) on financial instruments at fair value through profit or loss	*4.3*	1,025	2,281
Net gains (losses) on available-for-sale financial assets	*4.4*	130	107
Income on other activities	*4.5*	59	98
Expenses on other activities	*4.5*	(76)	(99)
Net banking income		**4,936**	**5,205**
Operating expenses	*4.6-7.1-7.4-7.6*	(2,984)	(2,960)
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	*4.7*	(96)	(107)
Gross operating income		**1,856**	**2,138**
Cost of risk	*4.8*	(566)	(701)
Net operating income		1,290	1,437
Share of net income of equity-accounted entities	*6.15*	211	59
Net income on other assets	*4.9*	5	(5)
Change in value of goodwill	*6.17*		
Pre-tax income		**1,506**	**1,491**
Income tax charge	*4.10*	(321)	(515)
Net income from discontinued activities		11	(3)
Net income		**1,196**	**973**
Non-controlling interests		14	15
Net income - Group share		**1,182**	**958**
Basic earnings per share (in €) [1]	*6.19*	4.20	3.56
Diluted earnings per share (in €) [1]	*6.19*	4.20	3.56

(1) Corresponds to income including net income from discontinued operations.

2.2 NET INCOME AND OTHER COMPREHENSIVE INCOME

€ million	Notes	31.12.2016	31.12.2015
Net Income		1,196	973
Actuarial gains (losses) on post-employment benefits	*4.11*	(60)	(14)
Pre-tax gains (losses) accounted in other comprehensive income (non-recyclable) excluding equity-accounted entities		(60)	(14)
Pre-tax gains (losses) accounted in other comprehensive income (non-recyclable) on equity-accounted entities	*4.11*		
Income tax accounted in other comprehensive income (non-recyclable) excluding equity-accounted entities	*4.11*	4	(1)
Income tax accounted in other comprehensive income (non-recyclable) on equity-accounted entities	*4.11*		
Net gains (losses) accounted in other comprehensive income (non-recyclable)		(56)	(15)
Gains (losses) on currency translation adjustment	*4.11*	138	311
Gains (losses) on available-for-sale assets	*4.11*	19	42
Gains (losses) on hedging derivative instruments	*4.11*	(60)	(169)
Pre-tax gains (losses) accounted in other comprehensive income (recyclable) excluding equity-accounted entities		97	184
Pre-tax gains (losses) accounted in other comprehensive income (recyclable) on equity-accounted entities	*4.11*	92	73
Income tax accounted in other comprehensive income (recyclable) excluding equity-accounted entities	*4.11*	13	35
Income tax accounted in other comprehensive income (recyclable) on equity-accounted entities	*4.11*		
Net gains (losses) accounted in other comprehensive income (recyclable) on discontinued activities	*4.11*	1	(1)
Net gains (losses) accounted in other comprehensive income (recyclable)		202	292
Net gains (losses) accounted in other comprehensive income		147	277
Net income and other comprehensive income		1,343	1,250
Of which Group share		1,328	1,234
Of which non-controlling interests		15	15

2.3 BALANCE SHEET - ASSETS

€ million	Notes	31.12.2016	31.12.2015
Cash, due from central banks	*6.1*	18,215	27,509
Financial assets at fair value through profit or loss	*6.2-6.9*	261,505	292,985
Derivative hedging instruments	*3.2-3.4*	1,800	1,434
Available-for-sale financial assets	*6.4-6.7-6.8-6.9*	29,703	26,807
Loans and receivables due from credit institutions	*3.1-3.3-6.5-6.7-6.9*	34,794	34,107
Loans and receivables due from customers	*3.1-3.3-6.5-6.7-6.9*	135,341	130,250
Revaluation adjustment on interest rate hedged portfolios		14	11
Held-to-maturity financial assets	*6.6-6.7-6.9*		
Current and deferred tax assets	*6.13*	2,109	1,141
Accruals, prepayments and sundry assets	*6.14*	36,930	31,384
Non-current assets held for sale and discontinued activities			41
Investments in equity-accounted entities	*6.15*	2,304	2,050
Investment property		1	
Property, plant and equipment	*6.16*	365	397
Intangible assets	*6.16*	157	151
Goodwill	*6.17*	1,023	1,008
Total assets		**524,261**	**549,275**

2.4 BALANCE SHEET - LIABILITIES

€ million	Notes	31.12.2016	31.12.2015
Due to central banks	*6.1*	1,310	2,254
Financial liabilities at fair value through profit and loss	*6.2*	259,384	276,719
Hedging derivative instruments	*3.2-3.4*	1,134	1,416
Due to credit institutions	*3.3-6.10*	47,033	58,413
Due to customers	*3.1-3.3-6.10*	107,837	111,858
Debt securities	*3.2-3.3-6.11*	47,114	48,062
Revaluation adjustment on interest rate hedged portfolios		52	71
Current and deferred tax liabilities	*6.13*	1,438	543
Accruals, deferred income and sundry liabilities	*6.14*	31,845	26,138
Liabilities associated with non-current assets held for sale and discontinued activities			24
Insurance company technical reserves		9	8
Provisions	*3.2-3.3-6.11*	1,371	1,299
Subordinated debt		6,140	4,955
Total liabilities		504,667	531,760
Equity			
Equity, Group share		19,482	17,407
Share capital and reserves		11,860	10,114
Consolidated reserves		5,023	5,064
Other comprehensive income		1,417	1,272
Other comprehensive income on discontinued operations			(1)
Net income (loss) for the period		1,182	958
Non-controlling interests		112	108
Total equity		19,594	17,515
Total equity and liabilities		**524,261**	**549,275**

2.5 CHANGES IN SHAREHOLDERS' EQUITY

	Group share						
	Share capital and reserves					Gains (losses) accounted in other comprehensive income	
€ million	Share capital	Share premiums and consolidated reserves [1]	Elimination of treasury shares	Other equity instruments	Total Capital and consolidated reserves	Gains (losses) accounted in other comprehensive income (recyclable)	Gains (losses) accounted in other comprehensive income (non-recyclable)
Equity at 1 January 2015	**7,255**	**7,768**			**15,023**	**1,258**	**(263)**
Capital increase	72	82			154		
Change in treasury shares held							
Issuance of equity instruments				1,800	1,800		
Remuneration of equity instruments issuance				(12)	(12)		
Dividends paid in 2015		(1,787)			(1,787)		
Dividends received from Regional Banks and subsidiaries							
Impact of acquisitions/disposals on non-controlling interests							
Changes in due share-based payments							
Changes due to transactions with shareholders	**72**	**(1,705)**		**1,788**	**155**		
Changes in other comprehensive income						**218**	**(15)**
Share of changes in equity excluding equity-accounted entities						73	
Net income for 2015							
Other changes							
Equity at 31 December 2015	**7,327**	**6,063**		**1,788**	**15,178**	**1,549**	**(278)**
Appropriation of net income		958			958		
Equity at 1 January 2016	**7,327**	**7,021**		**1,788**	**16,136**	**1,549**	**(278)**
Capital increase [2]	525	586			1,111		
Change in treasury shares held [3]							
Issuance of equity instruments [4]				635	635		
Remuneration of equity issuance [5]				(146)	(146)		
Dividends paid in 2016		(853)			(853)		
Dividends received from Regional Banks and subsidiaries							
Impact of acquisitions/disposals on non-controlling interests							
Changes in due share-based payments		5			5		
Changes due to transactions with shareholders	**525**	**(262)**		**489**	**752**		
Changes in other comprehensive income						**110**	**(56)**
Share of changes in equity excluding equity-accounted entities						92	
Net income at 31 December 2016							
Other changes		(5)			(5)		
Equity at 31 December 2016	**7,852**	**6,754**		**2,277**	**16,883**	**1,751**	**(334)**

(1) Consolidated reserves before elimination of treasury shares.

(2) Capital increase of €1,111 million by share premiums for €586 million and distribution of stock dividend for €111 million split up into €52 million of share capital and €59 million of share premiums.

(3) AT1s issued by Crédit Agricole CIB and subscribed by Crédit Agricole S.A. for €635 million.

(4) -€146 million in interest on AT1s.

(5) Payment of an interim dividend for -€742 million to Crédit Agricole S.A. and capital increase by distribution of stock dividend for -€111 million.

Group share			Non-controlling interests					
Gains (losses) accounted in other comprehensive income				Gains (losses) accounted in other comprehensive income				
Total gains (losses) accounted in other comprehensive income	Net income	Total equity	Capital, consolidated reserves and income	Gains (losses) accounted in other comprehensive income (recyclable)	Gains (losses) accounted in other comprehensive income (non-recyclable)	Total gains (losses) accounted in other comprehensive income	Total equity	Total consolidated equity
995		16,018	88	8	1	9	97	16,115
		154						154
		1,800						1,800
		(12)						(12)
		(1,787)	(4)				(4)	(1,791)
		155	(4)				(4)	151
203		203						203
73		73						73
	958	958	15				15	973
1,271	958	17,407	99	8	1	9	108	17,515
	(958)							
1,271		17,407	99	8	1	9	108	17,515
		1,111						1,111
		635						635
		(146)						(146)
		(853)	(11)				(11)	(864)
		5						5
		752	(11)				(11)	741
54		54		1		1	1	55
92		92						92
	1,182	1,182	14				14	1,196
		(5)						(5)
1,417	**1,182**	**19,482**	**102**	**9**	**1**	**10**	**112**	**19,594**

2.6 CASH FLOW STATEMENT

The cash flow statement is presented using the indirect method.

Operating activities are Crédit Agricole CIB's revenue generating activities. 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 available-for-sale financial assets.

Financing activities show the impact of cash inflows and outflows associated with shareholders' equity and long-term financing.

Net cash flows attributable to the operating, investment and financing activities from **discontinued operations** are presented under separate headings in the cash flow statement.

Net cash and cash equivalents include cash, debit and credit balances with central banks, and debit and credit sight balances with banks.

€ million	31.12.2016	31.12.2015
Pre-tax income	1,506	1,491
Net depreciation and impairment of property, plant and equipment and intangible assets	85	107
Impairment of goodwill and other fixed assets		
Net depreciation charges to provisions	491	(154)
Share of net income (loss) of equity-accounted entities (1)	(211)	(59)
Net income (loss) on investment activities	35	65
Net income (loss) on financing activities	149	137
Other movements	61	(489)
Total non-cash and other adjustment items included in pre-tax income	**610**	**(393)**
Change in interbank items	(13,167)	2,947
Change in customer items	(10,641)	1,930
Change in other financial assets and liabilities	9,919	(20,861)
Change in non-financial assets and liabilities	86	(4,309)
Dividends received from equity-accounted entities (1)	46	40
Tax paid	(365)	(303)
Net increase (decrease) in assets and liabilities used in operating activities	**(14,122)**	**(20,556)**
Cash provided (used) by discontinued activities	(1)	(10)
Total net cash flows from (used by) operating activities (A)	**(12,007)**	**(19,468)**
Change in equity investments (2)	(440)	73
Change in property, plant and equipment and intangible assets	(70)	(84)
Cash provided (used) by discontinued activities	(12)	
Total net cash flows from (used by) investment activities (B)	**(522)**	**(11)**
Cash received from (paid to) shareholders (3)	737	151
Other cash provided (used) by financing activities (4)	906	(134)
Cash provided (used) by discontinued activities		
Total net cash flows from (used by) financing activities (C)	**1,643**	**17**
Impact of exchange rate changes on cash and cash equivalents (D)	**1,049**	**3,792**
Net increase (decrease) in cash and cash equivalents (A + B + C + D)	**(9,837)**	**(15,670)**
Opening cash and cash equivalents	**25,471**	**41,140**
Net gain (losses) on cash and central banks (assets and liabilities) *	25,248	45,664
Net gain (losses) on interbank sight balances (assets and liabilities) **	223	(4,524)
Closing cash and cash equivalents	**15,634**	**25,471**
Net gain (losses) on cash and central banks (assets and liabilities) *	16,899	25,248
Net gain (losses) on interbank sight balances (assets and liabilities) **	(1,265)	223
Net change in cash and cash equivalents	**(9,837)**	**(15,669)**

** Consisting of the net balance of the "Cash and central banks" item excluding accrued interest and including cash from entities reclassified in held-for-sale activities.*

*** Consisting of the balance of "Performing current accounts in debit" and "Performing overnight accounts and advances" as detailed in Note 6.5 and "Current accounts in credit" and "Overnight accounts and advances" as detailed in Note 6.10 (excluding accrued interest).*

(1) For 2016, this amount includes the payment of dividends from BSF for €46 million.

(2) This line shows the net effects on cash of acquisitions and disposals of equity investments. In 2016, the net impact of acquisitions on the entity's cash amounted to -€440 million, mainly due to the following transactions:
- acquisition of Financière Lumis for -€420.6 million;
- acquisition of Crédit Agricole Securities (Asia) Limited Hong Kong for -€79.2 million of which -€67.9 million have been paid in 2016;
- sale of Crédit Agricole Securities Taiwan for €27.3 million.

(3) Cash received from (paid to) shareholders includes the following:
- AT1s issued by Crédit Agricole CIB S.A. subscribed by Crédit Agricole S.A. for €635.5 million and a capital increase of Crédit Agricole CIB S.A. subscribed to by Crédit Agricole S.A. for €999.0 million;
- the dividends paid by Crédit Agricole CIB S.A. to Crédit Agricole S.A.for -€741.5 million for the 2016 financial year and -€146.3 million corresponding to the payment of interest for the AT1 issue.

(4) This line mainly reflects the AT1 issue subscribed to with Crédit Agricole S.A. for €1,250 million, the repayment of subordinated debt to Crédit Agricole S.A. for €199.3 million, and the payment of interest for -€148.9 million.

3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: GROUP ACCOUNTING POLICIES AND PRINCIPLES, ASSESSMENTS AND ESTIMATES

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 and IFRIC applicable at 31 December 2016 and as adopted by the European Union (carve-out version), thus using certain exceptions in the application of IAS 39 on macro-hedge accounting.

The applicable standards are available on the European Commission website, at the following address: http://ec.europa.eu/internal_market/accounting/ias/index_en.htm.

The standards and interpretations are the same as those applied and described in the Group's financial statements at 31 December 2015.

They have been supplemented by the provisions of those IFRS as endorsed by the European Union at 31 December 2016 and that must be applied in 2016 for the first time. They cover the following:

Standards, amendments or interpretations	Date published by the European Union	Date of first-time mandatory application: financial years from	Applicable in the Groupe
IFRS improvements, 2010-2012 cycle	17 December 2014 (EU No 2015/28)		
IFRS 2 "Share-based payments": reformulated definition of a vesting condition		1 February 2015 (1)	Yes
IFRS 3 "Business combinations": reconciliation concerning the recognition of a possible price adjustment; fair value measurement of any earn-outs		1 February 2015 (1)	Yes
IFRS 8 "Operating segments": combination of operating segments and reconciliation of segment assets with total assets		1 February 2015 (1)	Yes
IAS 16 "Property, plant & equipment" and IAS 38 "Intangible assets": clarification of the optional method for measuring property, plant & equipment and intangible assets		1 February 2015 (1)	No
IAS 24 "Related parties": change in the definition of a related party		1 February 2015 (1)	Yes
Amendment to IAS 19 "Employee benefits" Defined-benefit plans: statement on the recognition of contributions from personnel that relate to services rendered but do not depend on number of years of service	17 December 2014 (EU No 2015/29)	1 February 2015 (1)	Yes
Amendment to IAS 16 "Property, plant and equipment" and IAS 16 "Agriculture" Measurement of a biological asset per IAS 41 if it is not a bearer plant	23 November 2015 (EU 2015/2113)	1 January 2016	No
Amendment to IFRS 11 "Partnerships" Recognition of interest acquired in a joint operation per IFRS 3 if the assets acquired constitute a business within the meaning of IFRS 3 and not simply an asset group	24 November 2015 (EU 2015/2173)	1 January 2016	Yes
Amendment to IAS 16 "Property, plant and equipment" and IAS 38 "Intangible assets" Clarifications as to the depreciation/amortisation method based on income (prohibited under IAS 16 and acceptable under IAS 38)	2 December 2015 (EU 2015/2231)	1 January 2016	Yes
Improvements to IFRS 2012-2014 cycle IFRS 5 "Non-current assets held for sale": detail as to the changes made to a disposal plan if a non-current asset held for sale must be reclassified as a non-current asset held for distribution and vice-versa: IFRS 7 "Financial instruments, disclosures": clarification on continuing involvement in servicing contracts whose remuneration depends on the performance of the transferred assets Non-obligatory information for interim reports on the offsetting of financial assets and financial liabilities IAS 19 "Employee benefits": detail as to the yield on government bonds used in calculating the present values of the actuarial debt IAS 34 "Interim financial reporting": clarification as to the possible placement of other disclosures	15 December 2015 (EU 2015/2343)	1 January 2016	Yes

(1) At is, in the Group as of 1 January 2016.

Standards, amendments or interpretations	Date published by the European Union	Date of first-time mandatory application: financial years from	Applicable in the Groupe
Amendment to IAS 1 "Presentation of financial statements" Purpose of improving the presentation of information	18 December 2015 (EU 2015/2406)	1 January 2016	Yes
Amendment to IAS 27 "Separate financial statements" Authorisation to use the equity method for the separate financial statements	18 December 2015 (EU 2015/2441)	1 January 2016	No
Amendment to IFRS 10-IFRS 12-IAS 28 "Investment entities: applying the consolidation exception"	22 September 2016 (EU 2016/1703)	1 January 2016	No

Where 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 Groupe
IFRS 15 "Revenue from contracts" with customers Replacing IAS 11 on accounting for construction contracts and IAS 18 on recognising and accounting for revenue	22 September 2016 (EU 2016/1905)	1 January 2018	Yes
IFRS 9 "Financial instruments" Replacing IAS 39 - Financial instruments: classification and measurement, impairment methodology and hedge accounting	22 November 2016 (EU 2016/2067)	1 January 2018	Yes

› IFRS 15 REVENUE FROM CONTRACTS WITH CUSTOMERS

IFRS 15 Revenue from Contracts with Customers will become effective for years beginning on or after 1 January 2018 (in accordance with EU Regulation 2016/1905). The "Clarifications to IFRS 15" amendment, which provides further clarification is in the course of being adopted by the European Union and should come into effect on the same date.

For the first application of this standard, Crédit Agricole CIB Group elected to apply the modified retrospective method, recognising the cumulative effect as of 1 January 2018, with no comparison for 2017, with any impact the standard has on the various items in the financial statements being detailed in the notes.

IFRS 15 will replace IAS 11 "Construction Contracts" and IAS 18 "Revenue", along with all the related 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".

It brings into a single text the principles for recognising revenue for long-term sales contracts, sales of goods and the provision of services that do not fall within the scope of standards related to financial instruments (IAS 39), insurance contracts (IFRS 4) or leases (IAS 17). It ushers in new concepts that may affect the accounting treatment of certain components of revenue in the banking industry.

An impact study on the implementation of the standard in the Crédit Agricole CIB Group is ongoing, with initial results expected in early 2017.

At this stage, Crédit Agricole CIB does not expect any material impact on its results.

› IFRS 9 FINANCIAL INSTRUMENTS

IFRS 9 Financial Instruments will replace IAS 39 Financial Instruments. It was adopted by the European Union on 22 November 2016 and published in the Official Journal of the European Union on 29 November 2016. It will be mandatory for fiscal years beginning on or after 1 January 2018.

It sets new principles governing the classification and measurement of financial instruments, impairment of credit risk and hedge accounting, excluding macro-hedging transactions.

THE MAIN CHANGES INTRODUCED BY THE STANDARD

CLASSIFICATION AND MEASUREMENT OF FINANCIAL ASSETS

Under IFRS 9, the classification and measurement criteria depend on the nature of the financial asset, namely whether it qualifies as a debt instrument (i.e. loan, advance, credit, bond, fund unit) or an equity instrument (i.e. share).

In the case of debt instruments (loans and fixed or determinable income securities), IFRS 9 tests the business model and contractual terms to classify and measure financial assets.

The three business models

- The collection only model where the intention is to collect the contractual cash flows over the life of the asset.
- The mixed model where the intention is to collect the contractual cash flows over the life of the asset and to sell the asset if an opportunity arises; and
- The selling only model where the intention is to sell the asset.

The contractual terms ("Solely Payments of Principal" & Interest" or "SPPI" test)

This second criterion is applied to the contractual terms of the loan or debt security to determine the accounting classification and measurement category to which the instrument belongs.

When the debt instrument has expected cash flows that are not solely payments of principal and interest (i.e. simple rate), its contractual terms are deemed too complex and as a result, the loan or debt security is recognised at fair value through profit or loss regardless of their business model. This involves the instruments that do not satisfy the conditions of the "SPPI" test.

Certain issues of interpretation are still being examined by the IASB in this regard. Thus, Crédit Agricole Group pays close attention to IASB discussions with particular regard to additional compensation for early repayment and will, where necessary, take on board the outcome of these discussions.

On the basis of the foregoing criteria:

- a debt instrument is recognised at amortised cost when it is held to collect cash flows that are solely payments of principal and interest ("SPPI" test);
- a debt instrument is recognised at fair value through other comprehensive income (items that can be recycled) in the case of a mixed model to collect cash flows and sell where opportunities arise, provided its contractual terms also comprise solely payments of principal and interest ("SPPI" test);
- a debt instrument that does not qualify for the amortised cost or fair value through other comprehensive income category (items that can be recycled) is recognised at fair value through profit or loss. The same applies to debt instruments where the business model is selling only. This also includes non-consolidated UCITS units that are debt instruments which fail to satisfy the "SPPI" test regardless of the business model.

In the case of equity instruments (investments such as shares), they must, by default, be recognised at fair value through profit or loss, except in the case of an irrevocable election to classify them at fair value through other comprehensive income (items that cannot be recycled) (provided these instruments are not held for trading).

In summary, the Group's application of the classification and measurement requirements of IFRS 9 should result in an increase in the proportion of financial instruments – UCITS and equity instruments – measured at fair value through profit or loss. Overall, loans and receivables satisfy the "SPPI" test and will remain at amortised cost.

IMPAIRMENT

IFRS 9 introduces a new impairment model that requires the recognition of Expected Credit Losses (ECL) on credit and debt instruments measured at amortised cost or at fair value through other comprehensive income (items that can be recycled), on loan commitments and financial guarantee contracts that are not recognised at fair value, as well as lease receivables and trade receivables.

This new ECL approach is designed to bring forward as much as possible the recognition of expected credit losses whereas under the IAS 39 provisioning model it is subject to there being objective evidence that an impairment loss has been incurred.

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 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 considering historical loss data and forward looking macro-economic data, whereas the regulatory perspective is analysed Through The Cycle for probability of default and in a downturn for loss given default.

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).

The new credit risk provisioning model has three stages:

- 1st stage: when first accounting for the instrument (loan, debt security, guarantee, etc.), the entity recognises the expected future credit losses over 12 months;
- 2nd stage: thereafter, if the credit quality subsequently significantly deteriorates for a particular portfolio or transaction, the entity recognises the full lifetime expected credit losses;
- 3rd stage: at a later date, once one or more default events have occurred on the transaction or on a counterparty having an adverse effect on the estimated future cash flows, the entity recognises incurred credit losses at maturity.

At the second stage, the monitoring and estimation of the significant deterioration in credit risk can be done on a transaction-by-transaction basis or collectively at portfolio level by grouping financial instruments on the basis of similar credit risk characteristics. The approach calls on a wide range of information, including historical data on observed losses, cyclical and structural adjustments, and loss projections based on reasonable scenarios.

This deterioration depends on the risk level on the date of initial recognition and must be recognised before the transaction is impaired (3rd stage).

When seeking to quantify significant deterioration, Crédit Agricole CIB uses the Crédit Agricole process based on a two tier analysis:

- the first tier is based on absolute and relative criteria and rules applying to all Group entities;
- the second tier is linked to local assessment of the qualitative criteria of the risk held by the Group in its portfolios that may result in a tightening of the deterioration criteria as defined in the first level (switching a portfolio or sub-portfolio to ECL stage two at maturity).

There is a rebuttable presumption of a significant deterioration in the event of a non-payment for over thirty days. The Group may refute this presumption for the scope of the outstanding amounts for which the internal ratings systems have been designed, particularly for exposures monitored by the advanced method, considering that all the information integrated into the ratings systems allows for a more accurate assessment than the single 30 days past due criterion.

With respect to the scope of instruments subject to phase three provisioning, the Group will bring the definition of default into line with that currently used in management for regulatory purposes.

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 the provision of collateral surety.

HEDGE ACCOUNTING

With respect to hedge accounting (excluding fair value macro-hedging transactions), IFRS 9 makes limited changes from IAS 39. The standard's requirements apply to the following scope:

- all micro-hedging transactions; and
- only cash flow macro-hedging transactions.

Fair value macro-hedging transactions for interest rate risk are excluded and may remain subject to IAS 39 (option).

Upon first application of IFRS 9, there are two possibilities under the standard:

- apply the "Hedge accounting" requirements of IFRS 9; or
- continue to apply IAS 39 until application of IFRS 9 for all hedging relationships (at the latest when the fair value macro-hedging for interest rate risk text is adopted by the European Union).

In accordance with the Group's decision, Crédit Agricole CIB does not intend to apply this requirement of the standard.

Nevertheless, information must be provided in the notes to the financial statements with increased granularity on risk management and the effects of hedge accounting on the financial statements.

OTHERS REQUIREMENTS RELATING TO FIRST-TIME APPLICATION

IFRS 9 allows the early adoption of requirements relating to specific credit risk relating to financial liabilities designated as at fair value through profit or loss, namely the recognition of changes in value attributable to specific credit risk in other comprehensive income (items that cannot be recycled). At this stage, in accordance with the Group's guidelines, Crédit Agricole CIB has decided against early adoption of these requirements.

PROJECT ROLL-OUT WITHIN CRÉDIT AGRICOLE GROUP

Crédit Agricole CIB is an integral part of the Group project that has been set up to implement IFRS 9 on time, bringing together all of the accounting, finance, risk and IT functions.

PROJECT MILESTONES AND ACHIEVEMENTS TO DATE

In the first half of 2015, work focused on:

- examining the standard's requirements, with particular attention on the changes resulting from the new classification and measurement criteria for financial assets and the overhaul of the credit risk impairment model, which switches from provisioning for incurred credit losses to Expected Credit Losses (ECL);
- the identification of the key questions and of the main areas of accounting interpretation on the basis of the initial high-level assessment of the impact of the standard.

Following this assessment and analysis phase, Crédit Agricole CIB took part in the implementation phase of the project beginning in September 2015.

Furthermore, since the beginning of 2016, Crédit Agricole CIB has also been involved in the main workstreams covering:

- standardisation with the identification of the major consequences for the financial statements and the definition of the Group's target provisioning process, which resulted in the drawing up of a common methodological framework;
- methodological work to define the possible options regarding the provision calculation formula, significant deterioration and forward looking statements, as well as the methodology for calculating the fair value of credit;
- simulations to forecast the impacts of the new standard on the financial statements and regulatory capital, in order to be able to meet the requirements of the European Banking Authority at Crédit Agricole Group level. This work was conducted on the basis of Group level accounting data at 31 December 2015;
- IT-related work on the major areas of impact on the IT systems, involving the specifications of the Risk and Finance tools and choice of shared tools, namely: a central provisioning tool and for listed debt securities, a tool to analyse the contractual terms, making it possible to automate the "SPPI" test.

All this implementation work will continue in 2017 and will incorporate the impact assessment on the basis of the financial statements at 31 December 2016, first and foremost to satisfy the requirements of the European Banking Authority (EBA).

TRANSITION

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 application, with no restatement of the 2017 comparative financial statements. As a result, the Group does not plan to restate the financial statements presented for comparative purposes with the 2018 financial statements.

STANDARDS NOT YET ADOPTED BY THE EUROPEAN UNION

The standards and interpretations published by the IASB at 31 December 2016, 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 2016.

This concerns IFRS 16 in particular.

IFRS 16 "Leases" will replace IAS 17 and 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 has to do with 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.

An impact study on the implementation of the standard in the Crédit Agricole Group will be undertaken in 2017 in order to assess the main effects at issue.

In addition, three amendments to existing standards have been published by the IASB that pose no major issue to the Group: these are the amendments to IAS 7 "Statement of Cash flows", to IAS 12 "Income Taxes", which apply to Crédit Agricole S.A. Group as of 1 January 2017, while the amendment to IFRS 2 "Classification and Measurement of Share-based Payment Transactions" will be applicable as of 1 January 2018. These dates will be confirmed once the standards have been adopted by the European Union.

1.2 PRESENTATION OF FINANCIAL STATEMENTS

In the absence of a required presentation format under IFRS, Crédit Agricole CIB's complete set of financial statements (balance sheet, income statement, statement of comprehensive income, statement of changes in equity and cash flow statement) has been presented in the format set out in ANC Recommendation 2013-04 of 7 November 2013.

1.3 ACCOUNTING POLICIES AND PRINCIPLES

USE OF ASSESSMENTS AND ESTIMATES TO PREPARE THE FINANCIAL STATEMENTS

Estimates made to draw up the financial statements are by their 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 markets;
- fluctuations in interest and exchange rates;
- the economic and political climate in certain industries or countries;
- changes in regulations or legislation.

This list is not exhaustive.

Accounting estimates based on assumptions are principally used in the following assessments:

- financial instruments measured at fair value;
- investments in non-consolidated companies;
- retirement plans 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;
- deferred policyholders' profit-sharing.

The procedures for the use of assessments or estimates are described in the relevant sections below.

FINANCIAL INSTRUMENTS (IAS 32 AND 39)

Financial assets and liabilities are treated in the financial statements in accordance with IAS 39 as endorsed by the European Commission.

At the time of initial recognition, financial assets and financial liabilities are measured at fair value including trading costs (with the exception of financial instruments recognised at fair value through profit or loss). Subsequently, financial assets and financial liabilities are measured according to their classification, either at fair value or at amortised cost based on the effective interest rate method.

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.

The effective interest rate 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.

SECURITIES

CLASSIFICATION OF FINANCIAL ASSETS

Under IAS 39, securities are divided into four categories:

- financial assets at fair value through profit or loss classified as held-for-trading or designated at fair value through profit or loss;
- held-to-maturity financial assets;
- loans and receivables;
- available-for-sale financial assets.

Financial assets at fair value through profit or loss, classified as held-for-trading or designated at fair value through profit or loss

According to IAS 39, this portfolio comprises securities that are classified under financial assets at fair value through profit or loss either as a result of a genuine intention to trade them (financial assets held for trading) or of being designated at fair value by Crédit Agricole CIB.

Financial assets at fair value through profit or loss 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.

Financial assets, provided they meet the conditions specified in the standard, can be designated as at fair value through profit or loss in the following three cases: for hybrid instruments comprising one or more embedded derivatives, where the fair value option would reduce an accounting mismatch or for a group of financial assets under management whose performance is measured at fair value. This method is generally used so that derivatives embedded in hybrid instruments do not have to be recognised and measured separately.

Securities that are classified under financial assets at fair value through profit or loss are recognised at fair value at inception, excluding transaction costs attributable directly to their acquisition (which are taken directly to profit or loss) and including accrued interest.

They are subsequently carried at fair value and changes in fair value are taken to profit or loss, as "Net gains (losses) on financial instruments at fair value through profit or loss".

No impairment losses are booked for this category of securities.

Outstanding syndication securities held for sale are recognised as Financial assets held for trading and are measured at fair value.

Held-to-maturity financial assets

The category Held-to-maturity financial assets (applicable to securities with fixed maturities) includes securities with fixed or determinable payments that Crédit Agricole CIB Group has the intention and ability to hold until maturity, other than:

- those that are initially designated as financial assets at fair value through profit or loss at the time of initial recognition by Crédit Agricole CIB Group;
- securities that fall into the "Loans and receivables" category. Hence, debt securities that are not traded in an active market cannot be included in the "Held-to-maturity financial assets" category.

Classification as held-to-maturity means that the entity must abide by the prohibition on the sale of securities prior to maturity, except where allowed under IAS 39.

Hedging of interest rate risk for this category of securities is not allowed for hedge accounting under IAS 39.

Held-to-maturity financial assets are initially recognised at acquisition cost, including transaction costs that are directly attributable to the acquisition and including accrued interest.

They are subsequently measured at amortised cost with amortisation of any premium or discount and transaction costs using the corrected effective interest method.

Impairment rules for this financial asset category are disclosed in the section on "Impairment of securities" for securities measured at amortised cost.

Loans and receivables

Loans and receivables comprise unlisted financial assets that generate fixed or determinable payments.

Securities of the Loans and receivables portfolio are initially recognised at acquisition cost, including transaction costs that are directly attributable to the acquisition and including accrued interest.

They are subsequently measured at amortised cost with amortisation of any premium or discount and transaction costs using the effective interest method.

Impairment rules for this financial asset category are disclosed in the section on "Impairment of securities" for securities measured at amortised cost.

In case of sale, the gain on sale is recognised as income, as net gain (losses) on AFS (in a subsection "gain (losses) on sales on loans and receivables").

Available-for-sale financial assets

IAS 39 defines "Available-for-sale financial assets" both as assets that are designated as available-for-sale and as the default category.

Securities designated as "Available-for-sale financial assets" are initially recognised at fair value, with transaction costs that are directly attributable to the acquisition and including 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.

In case of sale, these changes are transferred to the income statement, as net gains (losses) on AFS.

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.

Impairment rules for this financial asset category are disclosed in the section on "Impairment of securities".

IMPAIRMENT OF SECURITIES

Impairment shall be booked when there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the securities, other than assets measured as at fair value through profit or loss.

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 CIB 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 CIB 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 CIB recognises an impairment loss when there is a decline in the value of the equity instrument, higher than 50% or prolonged over three years.

For debt securities, impairment criteria are the same as for loans and receivables.

Such impairment is only recognised when it translates into a probable loss of all or part of the amount invested:

- for securities measured at amortised cost through the use of an impairment account, the amount of the loss is recognised in the income statement, and may be reversed in case of subsequent improvements;
- for available-for-sale securities, the amount of the aggregate loss is transferred from other comprehensive income to the income statement; in the event of subsequent recovery in the price of the securities, the loss previously transferred to the income statement may be reversed when justified by circumstances for debt instruments.

RECOGNITION DATE

Securities classified as Financial assets at fair value through profit or loss, Held-to-maturity financial assets, Loans and receivables and Financial assets and liabilities at fair value through profit or loss are recorded on the settlement date. Other securities, regardless of type or classification, are recorded on the trade date.

RECLASSIFICATION OF FINANCIAL ASSETS

IAS 39 allows "Available-for-sale financial assets" to be reclassified as "Held-to-maturity financial assets" where there is a change in management intention and if the criteria for reclassification as held-to-maturity are respected.

In accordance with the amendment to IAS 39, published and adopted by the European Union in October 2008, it is also authorised to reclassify financial assets as follows:

- from the financial assets held-for-trading and available-for-sale financial assets categories to the Loans and receivables category, if the entity now has the intention and ability to hold the financial asset for the foreseeable future or until maturity and if the classification criteria for this category are met upon the transfer date (in particular, financial asset not quoted in an active market);
- in rare and documented circumstances, from the "Held-for-trading financial assets" to the "Available-for-sale financial assets" or "Held-to-maturity financial assets" categories, subject to compliance with eligibility criteria as per reclassification date.

Fair value on the reclassification date becomes the reclassified asset's new cost or new amortised cost, as the case may be.

Information on reclassifications carried out by Crédit Agricole CIB in accordance with the amendment to IAS 39 is provided in Note 9 "Reclassification of financial instruments".

TEMPORARY INVESTMENTS IN/DISPOSALS OF SECURITIES

Within the meaning of IAS 39, temporary sales of securities (securities lending/borrowing, repurchase agreements) do not fulfil the derecognition conditions of IAS 39 and are regarded as collateralised financing.

Securities lent or sold under repurchase agreements remain on the balance sheet. If applicable, the amounts received, representing the liability to the transferee, are recognised on the transferor's liability side of balance sheet.

Items borrowed or bought under repurchase agreements are not recognised on the balance sheet of the transferee.

A receivable is recognised for the amount paid. If the security is subsequently sold, the transferee recognises a liability measured at fair value in respect of their obligation to return the security under the repurchase agreement.

Revenue and expenses relating to such transactions are posted to profit and loss on a pro rata temporis basis, except in the case of assets and liabilities recognised at fair value through profit or loss.

LENDING OPERATIONS

Loans are principally allocated to the Loans and receivables category. In accordance with IAS 39, they are initially valued at fair value and subsequently valued at amortised cost using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash payments to the original net loan amount. This rate includes the discounts and any transaction income or costs that are an integral part of the effective interest rate.

Syndication loans held for trading are classified as “Financial assets held for trading” and are measured at fair value.

Subordinated loans and repurchase agreements (represented by certificates or securities) are included under the various categories of loans and receivables according to counterparty type.

Income calculated based on the effective interest rate is recognised in the balance sheet under the appropriate category of loans and receivables and booked to the income statement.

IMPAIRMENT OF LOANS

In accordance with IAS 39, loans classified under Loans and receivables are impaired whenever there is objective indication of impairment as a result of one or more loss events occurring after the initial recognition of these loans, such as:

- borrower in serious financial difficulties;
- a breach of contract such as a default on the payment of interest or principal;
- the granting by the lender to the borrower, for economic or legal reasons connected with the borrower’s financial difficulties, of a facility that the lender would not have envisaged under other circumstances (loan restructuring);
- increasing probability of bankruptcy or other financial restructuring of the borrower.

Impairment may be individual or collective, or in the form of discounts on loans that have been restructured due to customer default.

Impairment charges and reversals of impairment losses for non-recovery risk are recognised in cost of risk and any increase in the carrying amount of the loan arising from the accretion of the impairment or amortisation of the restructured loan discount is recognised in net interest income.

Impairment losses are discounted and estimated on the basis of several factors, notably business – or sector-related. It is possible that future assessments of the credit risk may differ significantly from current estimates, which may lead to an increase or decrease in the amount of the impairment.

Probable losses in respect of off-balance sheet commitments are covered by provisions recognised as liabilities.

Loans individually assessed for impairment

Each loan is first individually assessed for known risk of loss. Projected losses are thus measured by means of individual impairment losses for all types of loans, including guaranteed, where there is objective indication of impairment. The impaired amount corresponds to the difference between the carrying amount of the loans (amortised cost) and the sum of estimated future cash flows, discounted at the original effective interest rate.

Possible losses in respect of portfolios of small loans with similar characteristics may be estimated on a statistical basis rather than individually assessed.

Loans collectively assessed for impairment

Statistical and historical customer default experience shows that there is an identified risk of partial uncollectibility of loans non-individually impaired. To cover these risks, which cannot by nature be allocated to individual loans, Crédit Agricole CIB takes various collective impairment losses, calculated using models developed on the basis of these statistical data, by way of deduction from asset values. They are determined for a homogeneous class of loans displaying similar credit risk characteristics.

Calculation of impairment losses using Basel models

Under Basel regulations, each Crédit Agricole CIB entity calculates the amount of losses anticipated within one year, using statistical tools and databases, based on a variety of observation criteria that meet the definition of a “loss event” within the meaning of IAS 39.

The amount of impairment is based on the probability of default in each rating class assigned to borrowers, and also on Risk Management’s experienced judgement.

The amount of this impairment is obtained by applying to the amount of anticipated losses calculated using the Basel models a maturity correction factor designed to take account of the need to record impairment charges for the anticipated losses up to maturity.

Other loans collectively assessed for impairment

Crédit Agricole CIB also sets aside collective impairment losses to cover customer risks that are not allocated to individual loans, such as sector or country impairment losses. These provisions are intended to cover estimated risks based on a sector or geographical analysis for which there is statistical or historical risk of partial non-recovery.

LOAN RESTRUCTURING

Loans restructured due to financial difficulties are loans for which the entity changed the initial financial terms (interest rate, term) for economic or legal reasons connected with the borrower’s financial difficulties, in a manner that would not have been considered under other circumstances.

The reduction of future flows granted to a counterparty, which may notably stem from these flows being postponed as part of the restructuring, results in the recognition of a discount. It represents future loss of cash flow discounted at the original effective interest rate.

It is equal to the difference between:

- the carrying amount of the loan;
- and the sum of theoretical future cash flows from the restructured loan, discounted at the original effective interest rate (defined at the date of the financing commitment).

The loss recognised when a loan is restructured is recorded under cost of risk. Its amortisation then affects the interest margin.

Restructured loans are monitored based on ratings in accordance with Basel rules and are impaired on the basis of the estimated credit risk. They are individually impaired within 30 days of a missed payment.

Restructured loans remain in this category for two years (three years if they were in default when restructured).

WATCH LIST LOANS

Watch list loans consist of loans for which payment arrears have been recorded but for which no individual impairment has been set aside.

COMMERCIAL RENEGOTIATIONS

Renegotiated loans 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 initially recognised at the same date at fair value and subsequently at the same date at amortised cost using the effective interest method according to the conditions of the new contract.

FINANCIAL LIABILITIES

IAS 39 as endorsed by the European Union recognises three categories of financial liabilities:

- financial liabilities at fair value through profit or loss. Fair value changes on this portfolio are recognised in profit or loss at accounting end-periods;
- financial liabilities designated at fair value through profit or loss. Financial liabilities, provided they meet the conditions specified in the standard, can be designated as at fair value through profit or loss in the following three cases: for hybrid instruments comprising one or more embedded derivatives, where the fair value option would reduce an accounting mismatch or for a group of financial liabilities under management whose performance is measured at fair value. This method is generally used so that derivatives embedded in hybrid instruments do not have to be recognised and measured separately;
- other financial liabilities: this includes all types of other financial liabilities. These liabilities are initially measured at fair value (including transaction income and costs) and subsequently at amortised cost using the effective interest method.

The recognition of structured issues at fair value includes the changes in the Group's issuer credit risk.

Crédit Agricole CIB Group's structured issues are classified as Financial liabilities designated at fair value through profit or loss.

Nevertheless, these structured issues are subject to economic hedge using financial instruments managed within trading books. According to IAS 39, the classification of structured issues designated at fair value through profit or loss enables to align the accounting method of all related transactions whose global performance is measured at fair value.

Revaluation adjustments related to own credit risk are measured using models based on the Group's refinancing conditions, as established at the end of the corresponding reporting period. They also take account of the remaining term of the relevant liabilities.

SECURITIES CLASSIFIED AS FINANCIAL LIABILITIES OR EQUITY

Distinction between liabilities and equity

Securities are classed as debt instruments or equity instruments based on the economic substance of the contractual terms.

A debt instrument is a contractual obligation to:

- deliver cash or another financial asset; or
- exchange instruments under potentially unfavourable conditions.

An equity instrument is a contract that offers a discretionary return, represents a residual interest in a company's net assets after deducting liabilities and is not qualified as a debt instrument.

DERIVATIVE INSTRUMENTS

Derivative instruments are financial assets or liabilities and are recognised on the balance sheet at fair value at inception of the transaction. At the end of each reporting period, derivatives are measured at fair value, whether they are held for trading purposes or used for hedging.

Any change in the value of derivatives on the balance sheet is recorded in the income statement (except in the special case of a cash flow hedging relationship).

HEDGE ACCOUNTING

Fair value hedges are intended to provide protection from exposure to a change in the fair value of an asset or of a liability that has been recognised, or of a firm commitment that has not been recognised.

Cash flow hedges are intended to provide protection from a change in future cash flows from financial instruments associated with a recognised asset or liability (for example, with all or part of future interest payments on a floating-rate debt) or a projected transaction that is considered to be highly probable.

Hedges of net investments in a foreign operation are intended to provide protection from the risk of an adverse movement in fair value arising from the foreign exchange risks associated with a foreign investment in a currency other than the euro.

Hedges must meet the following criteria in order to be eligible for hedge accounting:

- the hedging instrument and the instrument hedged must be eligible;
- there must be formal documentation from inception, primarily including the individual identification and characteristics of the hedged item, the hedging instrument, the nature of the hedging relationship and the nature of the hedged risk;
- the effectiveness of the hedge must be demonstrated, at inception and retrospectively, by testing at each reporting date.

For interest rate hedges for a portfolio of financial assets or financial liabilities, Crédit Agricole S.A. Group documents the hedging relationship for fair value hedges in accordance with the carve-out version of IAS 39 as endorsed by the European Union.

The Group also 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.

The change in value of the derivative 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 for the efficient portion and any inefficient portion of the hedge is recognised in the income statement. Any profits or losses on the derivative accrued through other comprehensive income are then reclassified in the income statement 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 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 available-for-sale securities, changes in fair value subsequent to the ending of the hedging relationship are recorded in other comprehensive income. 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, profit or loss 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 while 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. 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

The fair value of financial instruments is measured by maximising the use of observable input data. It is presented following 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 separately to each financial asset and each financial liability. A portfolio exemption may be used where the management and risk monitoring strategy so allow and are appropriately documented. Hence, when a group of financial assets and liabilities are managed on a net exposure basis to market and credit risks, some parameters of the fair value are calculated on a net basis. This is the case for the calculation of CVA, DVA and FVA.

Crédit Agricole CIB considers that the best evidence of fair value is quoted prices published in an active market. When such quoted prices are not available, fair value is established by using a valuation technique based on observable data or unobservable inputs.

FAIR VALUE OF STRUCTURED ISSUES

In accordance with IFRS 13, Crédit Agricole CIB 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

Crédit Agricole CIB 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 CIB Group, and DVA the expected losses due to Crédit Agricole CIB 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 CDS proxy.

COSTS AND BENEFITS RELATED TO THE FUNDING OF DERIVATIVES

The value of non-collateralised or partially collateralised derivative instruments incorporates a Funding Valuation Adjustment (FVA) that represents costs and benefits related to the financing of these instruments. This adjustment is measured based on positive or negative future exposure of transactions for which a cost of financing is applied.

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 (non-adjusted) 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 listed on active markets (such as the Paris Stock Exchange, the London Stock Exchange or the New York Stock Exchange) and also fund securities listed on an active market and derivatives traded on an organised market, notably 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. When current prices of financial instruments are unavailable at the reporting date, Crédit Agricole CIB refers to the price of the most recent transactions involving the financial instrument.

For financial assets and liabilities with offsetting market risks, Crédit Agricole CIB uses mid-prices as a basis for establishing fair values for the offsetting risk positions. The Group applies the current bid price to asset held or liability to be issued (open long position) and the current asking price to asset to be acquired or liability held (open short position).

Level 2: fair values 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 non-quoted in an active market but for which fair value is established using a valuation methodology typically 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 and independent 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 i.e. 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 which fair value measurement includes for instance correlation or volatility inputs that are not directly benchmarkable.

Since the transaction price is deemed to reflect the fair value at initial recognition, any day one gain or loss recognition is deferred.

The day one gain or loss 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 validated beforehand by an independent control. Fair value measurement notably includes both liquidity risk and counterparty risk.

Absence of accepted valuation method to determine equity instruments' fair value

In accordance with IAS 39 principles, if there is no satisfactory method or if the estimates obtained using the various methods differ excessively, the security is valued at cost and stays recorded under "Available-for-sale financial assets" because its fair value cannot be reliably measured. In this case, the Group does not report a fair value, in accordance with the applicable recommendations of IFRS 7. These primarily include equity investments in companies that are not listed on an active market of which fair value is difficult to measure reliably.

NET GAINS OR LOSSES ON FINANCIAL INSTRUMENTS

NET GAINS (LOSSES) ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS

For financial instruments designated at fair value through profit or loss and held-for-trading financial assets and liabilities, this heading mainly includes the following income statement items:

- 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 of derivative instruments involved in a fair value hedge or cash flow hedge.

This heading also includes the inefficient portion of hedges.

NET GAINS OR LOSSES ON AVAILABLE-FOR-SALE FINANCIAL ASSETS

For available-for-sale financial assets, this heading mainly includes the following income statement items:

- dividends and other revenues from equities and other variable-income securities which are classified as available-for-sale financial assets;
- gains and losses on disposal of fixed-income and variable-income securities which are classified as available-for-sale financial assets;
- losses in value of variable-income securities;
- net income on disposal or termination of instruments used for fair value hedges of available-for-sale financial assets when the hedged item is sold;
- gains and losses on disposal or termination of loans and receivables and held-to-maturity securities in those cases provided for by IAS 39.

NETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

In accordance with IAS 32, Crédit Agricole CIB 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 repos handled by Crédit Agricole CIB with clearing houses that meet the two criteria required by IAS 32 have been offset on the balance sheet.

The effect of this netting is presented in the table in Note 6.12 on the amendment to IFRS 7 on disclosures regarding the offsetting of financial assets and financial liabilities.

FINANCIAL GUARANTEES AND FINANCING COMMITMENTS

A financial guarantee contract is a contract that calls for specific payments to be made by the issuer to reimburse the holder for a loss incurred due to a specified 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 amount calculated in accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets"; or
- the amount initially recognised, less any depreciation recognised in accordance with IAS 18 "Revenue".

Financing commitments that are not designated as fair value through profit or loss or not treated as derivative instruments within the meaning of IAS 39 are not recognised on the balance sheet. They are, however, covered by provisions in accordance with IAS 37.

DERECOGNITION OF FINANCIAL INSTRUMENTS

A financial asset (or group of financial assets) is fully or partially derecognised:

- 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 ownership in 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.

A financial liability is fully or partially derecognised:

- when it is extinguished; or
- when quantitative and qualitative analyses suggest it has undergone a substantial change following restructuring.

› PROVISIONS (IAS 37 AND 19)

Crédit Agricole CIB 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 updated where applicable whenever there is a material impact.

For obligations other than those related to credit risk, Crédit Agricole CIB has set aside general provisions to cover:

- operational risks;
- employee benefits;
- financing commitment execution risks;
- claims and liability guarantees;
- tax risks.

Certain estimates may be made to determine the amount of the following provisions:

- the reserve 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 reserve for legal risks, which is based on Management's best estimate in light of the information in its possession at the end of the reporting period.

Detailed information is provided in Note 6.18 "Provisions".

› EMPLOYEE BENEFITS (IAS 19)

In accordance with IAS 19, employee benefits are recorded in four categories:

- short-term employee benefits, including salaries, social security contributions, annual leave, profit-sharing and incentive plans and premiums, are defined as those which are expected to be settled within 12 months of the period in which the related services have been rendered;
- long-term employee benefits (long-service awards, variable compensation and compensation payable 12 months or more after the end of the period);
- employment contract termination benefits;
- post-employment benefits fall into two categories: defined-benefit plans and defined contribution plans.

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 12 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 12 months or more after the end of the period during which they have been granted, 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 CIB 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 accordance with IAS 19, these commitments are stated based on a set of actuarial, financial and demographic assumptions, and in accordance with the projected unit credit method. Under this method, for each year of service, a charge is booked in an amount corresponding to the employee's vested benefits for the period. The charge is calculated based on the discounted future benefit.

Liabilities for retirement and other 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 bonds.

The expected return on plan assets is determined using discount rates applied to measure the defined benefit obligation.

In accordance with IAS 19 revised, Crédit Agricole CIB recognises all actuarial gains or losses 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.

DEFINED-CONTRIBUTION PLANS

There are various mandatory pension plans to which employers contribute. The funds 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 provide all the benefits corresponding to the services rendered by staff during the current and previous years. As a consequence, Crédit Agricole CIB has no liability in this respect other than the contributions to be paid for the year ended.

› SHARE-BASED PAYMENTS (IFRS 2)

IFRS 2 “Share-based payment” requires valuation of share-based payment transactions in the Company’s income statement and balance sheet. The standard applies to transactions carried out with employees, and more specifically:

- share-based payment transactions settled in equity instruments;
- share-based payment transactions settled in cash.

Share-based payment plans initiated by Crédit Agricole CIB Group that are eligible for IFRS 2 are of both kinds.

Expenses related to the share allocation of Crédit Agricole S.A. equity-settled plans, as well as those related to share subscriptions are accounted for cash-settled plans, as follows:

- for “equity-settled” plans recorded under employee expenses, with a corresponding increase in consolidated reserves Group share. spread on a straight-line basis over the period of acquisition;
- for “cash settled” plans under employee expenses, with a corresponding increase in liabilities. These expenses are linearly spread over the vesting period (between three and four years) taking into account service and/or performance conditions. The fair value of the related liability is remeasured until its settlement taking into account the possible unrealisation of those conditions and the change in value of Crédit Agricole S.A. stock.

Crédit Agricole S.A. shares’ subscription proposed to employees as part of the group Employee Share Ownership Plan is also governed by IFRS 2. Crédit Agricole CIB Group applies the treatment set out in the release issued by the CNC on 21 December 2004, supplemented by the release issued by the CNC on 7 February 2007. Shares may be offered to employees with a discount of no more than 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 of acquired share taking into account the lock-up period and the purchase price paid by the employee at the issue date multiplied by the number of shares issued.

› CURRENT AND DEFERRED TAX

Crédit Agricole CIB is 99.9% owned by Crédit Agricole Group since 27 December 1996 and some of its subsidiaries are part of the tax consolidation Group of Crédit Agricole S.A.

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 taxation 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 relates to any income due or that will become due, 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 basis 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:

- the 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.

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, all but 12% of 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; the 12% of long term capital gains 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 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 (CICE) was to reduce employee expenses, Crédit Agricole CIB 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 ET 40)

Crédit Agricole CIB 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 recognised at cost less accumulated depreciation or impairment losses since the time they were placed in service.

Purchased software is measured at purchase price 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 contract law (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 CIB 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
Specialist 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 CIB Group's functional currency on the closing date. The resulting translation adjustments are recorded in the income statement. There are two exceptions to this rule:

- for available-for-sale financial assets, only the translation adjustments calculated on amortised cost is 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.

Non-monetary items are treated differently depending on the type of items:

- items at historical cost are measured at the exchange rate on the transaction date;
- items at fair value are measured at the 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.

› FEES AND COMMISSIONS ON SERVICES (IAS 18)

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;
- when the result from a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised in Fees and commissions by reference to the stage of completion of the transaction at the end of the reporting period:
  - fees and commissions paid or received in consideration for non-recurring services are fully recognised in the income statement;
  - fees and commissions payable or receivable that are contingent upon meeting a performance target are recognised only if all the following conditions are met:

  i. the amount of fees and commissions can be reliably estimated;

  ii. it is probable that the future economic benefits from the services rendered will flow to the Company;

  iii. the stage of completion of the service can be reliably estimated, and the costs incurred for the service and the costs to complete it can be reliably estimated;

  - fees and commissions in consideration for on-going services, such as fees and commissions on payment instruments, are recognised in the income statement and spread over the duration of the service rendered.

› 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.

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 under assets 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. A charge for impairment of unrealised gains is recognised in the income statement. Unrealised gains are no longer amortised when they are reclassified.

If the fair value of a disposal group less selling costs is under its carrying amount after impairment of non-current assets, the difference is allocated to other disposal group 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 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.

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

› SCOPE OF CONSOLIDATION

The consolidated financial statements include the financial statements of Crédit Agricole CIB and those of all companies over which, in compliance with IFRS 10, IFRS 11 and IAS 28, Crédit Agricole CIB exercises control, joint control or significant influence.

DEFINITIONS OF CONTROL

In compliance with international 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 CIB is exposed to or entitled to receive variable returns as a result of its involvement with the entity and if the power it holds over this entity allows it to influence these returns. Power in this context means substantive (voting or contractual) rights. Rights are considered substantive if the holder of the rights can in practice exercise them when decisions about the company's relevant activities are made.

Crédit Agricole CIB is deemed to control a subsidiary through voting rights when its rights give it the practical ability to direct the subsidiary's relevant activities. Crédit Agricole CIB is generally considered to control a subsidiary when it holds more than half the existing or potential voting rights in an entity, whether directly or indirectly through subsidiaries, except when it can be clearly demonstrated that such ownership does not give it the power to direct its relevant activities. Control is also deemed to exist where Crédit Agricole CIB holds half or less than half of the voting rights, including potential rights, in an entity but is able in practice to direct its relevant activities at its sole discretion, notably because of the existence of contractual arrangements, the size of its stake in the voting rights compared to those of other investors, or other reasons.

Control of a structured entity is not assessed on the basis of voting rights as these have no effect on the entity's returns. When assessing control, consideration is given not only to contractual arrangements in force but also to whether Crédit Agricole CIB was involved in creating the entity and what decisions it made at the time, what agreements were made at its inception and what risks are borne by Crédit Agricole CIB, 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 compensation accorded by such contractual agreements 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 compensation provided for under the contractual agreements, 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 CIB is presumed to have significant influence if it owns 20% or more of the voting rights in an entity, whether directly or indirectly through subsidiaries.

EXCLUSIONS FROM THE SCOPE OF CONSOLIDATION

In accordance with IAS 28 § 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 classified as held for trading and financial assets designated at fair value through profit or loss upon initial recognition).

› 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 CIB over the entities that can be consolidated, regardless of activity or if 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 CIB;
- the equity method, for the entities over which Crédit Agricole S.A. exercises significant influence or joint control.

Full consolidation consists in substituting for the value of the shares each of the assets and liabilities carried by each subsidiary. The share of the minority interests in equity and income is separately identified in the consolidated balance sheet and income statement.

Minority interests correspond to the holdings that do not allow control as defined by IFRS 10 and incorporate the instruments that are shares of current interests and that give right to a proportional share of 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 CIB 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.

› ADJUSTMENTS AND ELIMINATIONS

Adjustments are made to harmonise the methods of valuing the 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 resulting from an internal disposal 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 (IFRS 3)

Business combinations are accounted for using the acquisition method in accordance with IFRS 3, except for business combinations under common control 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 portion of holdings not allowing control 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;
- 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 twelve 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 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 disposal of other assets”, otherwise they are recognised under the heading “Operating expenses”.

The difference between the cost of acquisition and interests that do not allow control and the net balance on the date of acquisition of acquired identifiable assets and liabilities taken over, 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 in the heading “Investments in equity-accounted entities” when the acquired company is consolidated using the equity method of accounting. Any negative goodwill 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 revaluated 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 of interest of Crédit Agricole CIB 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 of a decrease in the percentage of 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.

Crédit Agricole CIB Group has granted shareholders of certain fully consolidated subsidiaries an undertaking to acquire their holdings in these subsidiaries, at a price to be determined according to a predefined formula which takes account of future developments in their business. These undertakings are in substance put options granted to the minority shareholders, which in accordance with the provisions of IAS 32, means that the minority interests are treated as a liability rather than as shareholders’ 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. 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 at 31 December 2016 are shown in detail at the end in Note 11 "Scope of consolidation at 31 December 2016".

2.1 SALE OF CRÉDIT AGRICOLE SECURITIES TAIWAN

On 31 July 2013, Credit Agricole CIB Group withdrew from the brokerage business, with notably the disposal of the CLSA BV Group to Citics International by CASA BV. Since Taiwanese law prohibits ownership of more than 30% of a Taiwanese company by Chinese (PRC) interests, CLSA's operations in Taiwan were hived off and sold to Credit Agricole Securities Asia BV. In the CLSA BV sale contract, Credit Agricole Securities Asia BV had agreed to maintain brokerage operations in Taiwan for two years. During the second quarter of 2015, a contract was signed selling the shares to a new third counterparty. The sale, approved by the local regulator and later finalised on 31 May 2016, led to a non-material capital gain.

2.2 SINGLE RESOLUTION FUND

The Single Resolution Fund (SRF) was established by Regulation (EU) No 806/2014 as a single funding mechanism for all Member States participating in the Single Supervisory Mechanism (SSM) established by Council Regulation (EU) No 1024/2013 and in the Single Resolution Mechanism (SRM). The SRF is financed by the banking sector. The target level of the Fund is 1% of the amount of deposits covered by the Deposit Guarantee Fund and must be reached by 31 December 2023.

85% of the contribution to the resolution fund is payable in cash, in the form of an annual contribution. The remaining 15% is the subject of an irrevocable payment commitment, collateralised through a cash security deposit held by the Fund. The deposit will be held for the duration of the commitment. It is repayable at maturity.

Thus, for the 2016 financial year, Crédit Agricole CIB group paid €140 million in respect of the annual contribution, as opposed to €77 million for year ended 31 December 2015, recognised in the income statement in taxes other than on income or payroll related.

2.3 TAX CONSOLIDATION CONVENTION

97.33% owned by Crédit Agricole S.A. (CASA), whether directly or indirectly, Crédit Agricole CIB (CACIB) is part of the tax consolidation group constituted by CASA and is head of the CACIB tax sub-group constituted with the member subsidiaries of the tax consolidation group.

Under the terms of the tax consolidation convention, the losses of the CACIB sub-group were, until 31 December 2015, compensated by CASA up to the limit of CACIB's integrated individual losses.

A revision of the tax consolidation convention in 2016 stipulates the compensation by CASA of the losses generated as of 1 January 2016 by all the subsidiaries in the CACIB sub-group and the monetisation of the tax loss carryforwards of the CACIB sub-group at that date.

The income tax charge for the financial year reflects the consequences of the revised convention through (see Note 4.10 "Income Tax Charge" and Note "6.13 Current and deferred tax assets and liabilities"):

i compensation of the 2016 losses of the sub-group;

ii. monetisation of the loss carryforwards of the sub-group prior to 1 January 2016;

iii. and, consequently, the cancellation of our Deferred tax assets regarding CASA;

iv. recognition in the consolidated financial statements of a deferred tax liability on losses generated by non-consolidated member subsidiaries of the tax group to materialise CACIB's obligation to repay the sums.

2.4 EURIBOR/LIBOR

On 7 December 2016, the European Commission jointly fined Crédit Agricole S.A. and Crédit Agricole CIB €114.7 million over Euribor. This payment must be made within three months of notification of the decision, namely on 8 March 2017 at the latest. The Commission does not specify how it should be allocated between Crédit Agricole S.A. and Crédit Agricole CIB and leaves it up to them to contractually agree the portion of the fine allocated to each, in line with European Court of Justice case law.

Crédit Agricole S.A. and Crédit Agricole CIB, which are challenging this decision, have decided to petition the European Court of Justice to overturn it. Various procedural and substantive arguments will be put forward to support the appeal. Therefore, even though the fine is immediately payable it may be overturned.

Pending the decision of the European Court (see Note "6.18 Provisions"), Crédit Agricole S.A. decided to provisionally pay the full amount of the fine.

It should be recalled that Crédit Agricole S.A. is, as central body, responsible for the liquidity and solvency of all its affiliates including Crédit Agricole CIB.

NOTE 3: FINANCIAL MANAGEMENT, RISK EXPOSURE AND HEDGING POLICY

At CACIB, the department in charge of banking risks reports to the Chief Executive Officer. 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

› MAXIMUM EXPOSURE TO CREDIT RISK

An entity's maximum exposure to credit risk is the gross carrying amount, net of any offset amount and any recognised loss of value.

€ million	31.12.2016	31.12.2015
Financial assets at fair value through profit and loss (excluding variable-income securities)	258,937	289,582
Derivative hedging instruments	1,800	1,434
Available-for-sale assets (excluding variable-income securities)	28,970	26,117
Loans, receivables and security deposits due from credit institutions	57,644	51,704
Loans, receivables and security deposits due from customers	143,204	137,682
Exposure to on-balance-sheet commitments (net of impairment)	**490,555**	**506,519**
Financing commitments given	126,790	108,602
Financial guarantee commitments given	47,132	46,020
Provisions - Financing commitments	(46)	(26)
Exposure to off-balance sheet commitments (net of provisions)	**173,876**	**154,596**
Maximum exposure to credit risk	**664,431**	**661,115**

Guarantees and other credit enhancements amount to:

€ million	31.12.2016	31.12.2015
Loans and receivables due from banks	2,008	1,987
Loans and receivables due from customers	72,670	70,234
Financing commitments given	4,636	10,487
Guarantee commitments given	13	2,449
Total	**79,327**	**85,157**

An analysis of risk by type of concentration provides information on diversification of risk exposure.

› BREAKDOWN OF LOAN ACTIVITY BY CUSTOMER TYPE

Loans and receivables due from credit institutions and due from customers by customer type

	Gross outstanding		O/W gross loans individually impaired		Individual impairment		Collective impairment		Total	
€ million	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
General administration	4,928	2,830	19	17	(17)	(17)	(46)	(45)	4,865	2,768
Credit institutions	33,334	31,469	468	508	(431)	(462)			32,903	31,007
Central banks	1,891	3,101							1,891	3,101
Large corporates	124,783	122,941	4,664	3,307	(2,281)	(1,843)	(1,311)	(1,418)	121,191	119,680
Retail customers	9,316	7,848	336	384	(31)	(47)			9,285	7,801
Total - Loans and receivables due from credit institutions and due from customers (1)	**174,252**	**168,189**	**5,487**	**4,216**	**(2,760)**	**(2,369)**	**(1,357)**	**(1,463)**	**170,135**	**164,357**

(1) Of which €5,487 million of restructured loans for 2016 and €5,121 million for 2015.

Commitments given to customers by customer type

€ million	31.12.2016	31.12.2015
Financing commitments given to customers		
General administration	1,812	1,486
Large corporates	102,215	90,890
Retail customers	1,178	1,704
Total financing commitments	**105,205**	**94,080**
Guarantee commitments given to customers		
General administration	1,237	119
Large corporates	40,239	40,192
Retail customers	1,083	929
Total guarantee commitments	**42,559**	**41,240**

Due to customers by customer type

€ million	31.12.2016	31.12.2015
General administration	11,777	7,017
Large corporates	76,585	87,604
Retail customers	19,475	17,237
Total amount due to customers	**107,837**	**111,858**

› BREAKDOWN OF LOAN ACTIVITY BY GEOGRAPHICAL AREA

Loans and receivables due from credit institutions and due from customers by geographical area

	Gross outstanding		O/W gross loans individually impaired		Individual impairment		Collective impairment		Total	
€ million	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
France (including overseas departments and territories)	39,989	38,458	434	485	(312)	(360)	(141)	(232)	39,536	37,866
Other EU countries	36,161	32,304	1,722	1,603	(616)	(567)	(332)	(455)	35,213	31,282
Other European countries	12,866	13,719	330	107	(218)	(57)	(101)	(230)	12,547	13,432
North America	26,110	25,723	573	226	(86)	(89)	(210)	(183)	25,814	25,451
Central and South America	13,135	15,513	929	621	(688)	(536)	(243)	(162)	12,204	14,815
Africa and Middle-East	9,535	8,002	894	790	(638)	(631)	(158)	(129)	8,739	7,242
Asia and Pacific (excluding Japan)	22,214	24,114	603	384	(201)	(129)	(169)	(69)	21,844	23,916
Japan	14,241	10,356					(3)	(3)	14,238	10,353
Total - Loans and receivables due from banks and due from customers (1)	**174,251**	**168,189**	**5,485**	**4,216**	**(2,759)**	**(2,369)**	**(1,357)**	**(1,463)**	**170,135**	**164,357**

(1) Of which €5,487 million of restructured loans for 2016 and €5,121 million for 2015.

Commitments given to customers: geographical analysis

€ million	31.12.2016	31.12.2015
Financing commitments given to customers		
France (including overseas departments and territories)	23,627	22,770
Other EU countries	34,580	32,767
Other European countries	4,127	3,652
North America	27,286	22,684
Central and South America	4,187	4,116
Africa and Middle-East	2,650	2,320
Asia and Pacific (excluding Japan)	6,298	4,661
Japan	2,450	1,110
Total loan commitments	**105,205**	**94,080**
Guarantee commitments given to customers		
France (including overseas departments and territories)	11,208	15,039
Other EU countries	10,675	10,748
Other European countries	3,515	3,269
North America	7,314	5,827
Central and South America	1,160	928
Africa and Middle-East	1,115	1,175
Asia and Pacific (excluding Japan)	6,044	2,746
Japan	1,528	1,508
Total guarantee commitments	**42,559**	**41,240**

Due to customers by geographical area

€ million	31.12.2016	31.12.2015
France (including overseas departments and territories)	18,467	18,628
Other EU countries	30,335	29,833
Other European countries	9,717	10,171
North America	13,606	20,776
Central and South America	6,676	6,108
Africa and Middle-East	7,069	8,464
Asia and Pacific (excl. Japan)	12,415	9,130
Japan	9,338	8,532
Supranational bodies	214	216
Total amount due	**107,837**	**111,858**

▶ 3.2 MARKET RISK

› DERIVATIVE INSTRUMENTS: ANALYSIS BY REMAINING MATURITY

The breakdown market values of derivative instruments is shown by remaining contractual maturity.

Hedging instruments - Fair value of assets

	31.12.2016							31.12.2015
	Listed markets			Over-the-counter				
€ million	≤ 1 year	> 1 year ≤ 5 years	> 5 years	≤ 1 year	> 1 year ≤ 5 years	> 5 years	Total market value	Total market value
Interest rate instruments				853	36	14	903	1,074
Futures								
Forward rate agreements								
Interest rate swaps				853	36	14	903	1,074
Interest rate options								
Caps-floors-collars								
Other options								
Currency and gold				285	20		305	125
Currency futures				273	18		291	123
Currency options				12	2		14	2
Other instruments				15			15	12
Equity and index derivatives				15			15	12
Precious metal derivatives								
Commodity derivatives								
Credit derivatives and other								
Subtotal				1,153	56	14	1,223	1,211
Forward currency transactions				567	10		577	223
Total fair value of hedging derivative instruments - Assets				**1,720**	**66**	**14**	**1,800**	**1,434**

Hedging instruments - Fair value of liabilities

	31.12.2016							31.12.2015
	Listed markets			Over-the-counter				
€ million	≤ 1 year	> 1 year ≤ 5 years	> 5 years	≤ 1 year	> 1 year ≤ 5 years	> 5 years	Total market value	Total market value
Interest rate instruments				**740**	**22**	**6**	**768**	**1,009**
Futures								
Forward rate agreements								
Interest rate swaps				740	22	6	768	1,009
Interest rate options								
Caps-floors-collars								
Other options								
Currency and gold				**133**	**38**		**171**	**219**
Currency futures				121	36		157	217
Currency options				12	2		14	2
Other instruments				**5**			**5**	**14**
Equity and index derivatives				5			5	14
Precious metal derivatives								
Commodity derivatives								
Credit derivatives and other								
Subtotal				**878**	**60**	**6**	**944**	**1 242**
Forward currency transactions				190			190	174
Total fair value of hedging derivative instruments - Liabilities				**1,068**	**60**	**6**	**1,134**	**1,416**

Derivative instruments held for trading - Fair value of assets

	31.12.2016							31.12.2015
	Listed markets			Over-the-counter				
€ million	≤ 1 year	> 1 year ≤ 5 years	> 5 years	≤ 1 year	> 1 year ≤ 5 years	> 5 years	Total market value	Total market value
Interest rate instruments	**291**	**1,009**	**2,111**	**10,959**	**30,608**	**85,281**	**130,259**	**149,949**
Futures	281	1,006	2,111				3,398	2,410
Forward rate agreements				206	61		267	410
Interest rate swaps				9,436	25,928	62,188	97,552	112,661
Interest rate options				260	1,608	21,260	23,128	26,816
Caps-floors-collars				1,057	3,011	1,833	5,901	7,631
Other options	10	3					13	21
Currency and gold		**4**		**8,328**	**4,754**	**2,346**	**15,432**	**12,934**
Currency futures				7,326	3,313	1,873	12,512	8,489
Currency options		4		1,002	1,441	473	2,920	4,445
Other instruments	**36**	**210**	**32**	**750**	**3,323**	**371**	**4,722**	**5,928**
Equity and index derivatives	36	210	32	532	2,877	287	3,974	3,537
Precious metal derivatives				7			7	
Commodity derivatives								
Credit derivatives and other				211	446	84	741	2,391
Subtotal	**327**	**1,223**	**2,143**	**20,037**	**38,685**	**87,998**	**150,413**	**168,811**
Forward currency transactions				16,890	3,258		20,148	15,168
Total fair value of derivative instruments held for trading - Assets	**327**	**1,223**	**2,143**	**36,927**	**41,943**	**87,998**	**170,561**	**183,979**

Derivative instruments held for trading - Fair value of liabilities

€ million	31.12.2016							31.12.2015
	Listed markets			Over-the-counter				
	≤ 1 year	> 1 year ≤ 5 years	> 5 years	≤ 1 year	> 1 year ≤ 5 years	> 5 years	Total market value	Total market value
Interest rate instruments	**98**	**954**	**1,620**	**12,140**	**31,622**	**86,202**	**132,636**	**151,139**
Futures	98	954	1,620				2,672	2,074
Forward rate agreements				198	67		265	397
Interest rate swaps				11,127	25,978	61,759	98,864	111,671
Interest rate options				257	2,478	21,490	24,225	27,917
Caps-floors-collars				553	3,099	2,953	6,605	9,076
Other options				5			5	4
Currency and gold	**9**	**8**	**2**	**8,392**	**4,477**	**2,801**	**15,689**	**12,382**
Currency futures				7,335	3,927	2,077	13,339	8,672
Currency options	9	8	2	1,057	550	724	2,350	3,710
Other instruments	**36**	**149**	**55**	**713**	**2,947**	**436**	**4,336**	**7,054**
Equity and index derivatives	36	149	55	392	2,221	387	3,240	4,210
Precious metal derivatives								1
Commodity derivatives								
Credit derivatives and other				321	726	49	1,096	2,843
Subtotal	**143**	**1,111**	**1,677**	**21,245**	**39,046**	**89,439**	**152,661**	**170,575**
Forward currency transactions				15,400	2,652	228	18,280	12,944
Total fair value of derivative instruments held for trading - Liabilities	**143**	**1,111**	**1,677**	**36,645**	**41,698**	**89,667**	**170,941**	**183,519**

› DERIVATIVE INSTRUMENTS: TOTAL COMMITMENTS

€ million	31.12.2016	31.12.2015
	Total notional amount outstanding	Total notional amount outstanding
Interest rate instruments	**11,932,230**	**12,603,955**
Futures	7,669,795	7,621,685
Forward rate agreements	8,784	40,389
Interest rate swaps	2,781,691	3,134,177
Interest rate options	795,035	971,381
Caps-floors-collars	576,653	738,750
Other options	100,272	97,573
Currency and gold	**3,978,257**	**4,043,867**
Currency futures	3,588,815	3,558,157
Currency options	389,442	485,710
Other instruments	**92,410**	**285,084**
Equity and index derivatives	26,379	24,977
Precious metal derivatives	2,809	308
Commodity derivatives		
Credit derivatives ans others	63,222	259,799
Subtotal	**16,002,897**	**16,932,906**
Forward currency transactions	488,068	383,909
Total notional amounts	**16,490,965**	**17,316,815**

› EXCHANGE-RATE RISK

Analysis of the consolidated balance sheet by currency

	31.12.2016		31.12.2015	
€ million	Assets	Liabilities	Assets	Liabilities
EUR	288,578	297,448	302,314	307,258
Other EU currencies	21,531	24,579	18,399	24,123
USD	161,057	157,990	171,404	173,276
JPY	22,704	23,568	26,924	23,958
Other currencies	30,391	20,676	30,234	20,660
Total	**524,261**	**524,261**	**549,275**	**549,275**

Breakdown of bonds and subordinated debt by currency

	31.12.2016			31.12.2015		
€ million	Bonds	Fixed-term subordinated debt	Perpetual subordinated debt	Bonds	Fixed-term subordinated debt	Perpetual subordinated debt
EUR	152	1,801	632	145	549	634
USD		1,615	2,090		1,557	2,215
Other EU currencies		2				
Total	**152**	**3,418**	**2,722**	**145**	**2,106**	**2,849**

▶ 3.3 LIQUIDITY AND FINANCING RISK

› LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS AND DUE FROM CUSTOMERS BY RESIDUAL MATURITY

	31.12.2016					31.12.2015				
€ million	≤ 3 months	> 3 months ≤ 1 year	> 1 year ≤ 5 years	> 5 year	Total	≤ 3 months	> 3 months ≤ 1 year	> 1 year ≤ 5 years	> 5 year	Total
Loans and receivables due from banks	25,558	5,577	3,422	668	35,225	23,071	5,363	5,377	759	34,570
Loans and receivables due from customers (including lease finance)	52,477	12,662	51,333	22,555	139,027	48,672	12,842	49,234	22,871	133,619
Total	78,035	18,239	54,755	23,223	174,252	71,743	18,205	54,611	23,630	168,189
Impairment					(4,117)					(3,833)
Total loans and receivables due from credit institutions and due from customers					**170,135**					**164,356**

› DUE TO CREDIT INSTITUTIONS AND CUSTOMERS BY RESIDUAL MATURITY

	31.12.2016					
€ million	≤ 3 months	> 3 months ≤ 1 year	> 1 year ≤ 5 years	> 5 years	Indefinite	Total
Due to credit institutions	18,825	5,982	19,155	3,059	12	47,033
Due to customers	95,615	10,413	1,354	455		107,837
Total amount due to credit institutions and to customers	**114,440**	**16,395**	**20,509**	**3,514**	**12**	**154,870**

	31.12.2015					
€ million	≤ 3 months	> 3 months ≤ 1 year	> 1 year ≤ 5 years	> 5 years	Indefinite	Total
Due to credit institutions	32,248	4,745	18,897	2,555	(32)	58,413
Due to customers	100,712	9,130	1,421	595		111,858
Total amount due to credit institutions and to customers	**132,960**	**13,875**	**20,318**	**3,150**	**(32)**	**170,271**

› DEBT SECURITIES AND SUBORDINATED DEBT

	31.12.2016						31.12.2015					
€ million	≤ 3 months	> 3 months ≤ 1 year	> 1 year ≤ 5 years	> 5 years	Indefinite	Total	≤ 3 months	> 3 months ≤ 1 year	> 1 year ≤ 5 years	> 5 years	Indefinite	Total
Interest-bearing notes												
Negociables debt securities	37,340	9,518	67	37		46,962	38,964	8,611	286	56		47,917
Bonds			149		3	152			149		(4)	145
Other debt securities												
Total debt securities	**37,340**	**9,518**	**216**	**37**	**3**	**47,114**	**38,964**	**8,611**	**435**	**56**	**(4)**	**48,062**
Fixed-term subordinated debt	2		550	2,866		3,418			550	1,557	(1)	2,106
Perpetual subordinated debt	1			2,721		2,722	7			2,842		2,849
Total subordinated debt	**3**		**550**	**5,587**		**6,140**	**7**		**550**	**4,399**	**(1)**	**4,955**

In 2016, dated subordinated debt issues totalled €1,250 million while perpetual subordinated debt redemptions amounted to €201 million.

› 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.

	31.12.2016					31.12.2015				
€ million	≤ 3 months	> 3 months ≤ 1 year	> 1 year ≤ 5 years	> 5 years	**Total**	≤ 3 months	> 3 months ≤ 1 year	> 1 year ≤ 5 years	> 5 years	**Total**
Financial guarantees given		26	26		**52**		6	30		**36**

The remaining contractual maturities of derivative instruments are shown in Note 3.2 “Market risk”.

3.4 HEDGING DERIVATIVE INSTRUMENTS

› 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 debt.

› 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 A 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.

› DERIVATIVE HEDGING INSTRUMENTS BY TYPE OF RISK

	31.12.2016			31.12.2015		
€ million	Positive market value	Negative market value	Notional amount	Positive market value	Negative market value	Notional amount
Fair value hedges	1,100	943	58,969	554	1,289	51,992
Interest rate	281	701	27,636	295	987	24,345
Equity instruments						
Foreign exchange	819	242	31,333	259	302	27,647
Credit						
Commodities						
Other						
Cash flow hedges	695	129	17,619	850	104	14,134
Interest rate	622	67	16,741	779	22	13,049
Equity instruments	15	5	191	12	14	182
Foreign exchange	58	57	687	59	68	903
Credit						
Commodities						
Other						
Hedging of net investments in a foreign activity	5	62	3,660	30	23	4,623
Total derivative hedging instruments	**1,800**	**1,134**	**80,248**	**1,434**	**1,416**	**70,749**

NOTE 4: NOTES TO THE INCOME STATEMENT AND COMPREHENSIVE INCOME

4.1 INTEREST INCOME AND EXPENSES

€ million	31.12.2016	31.12.2015
Interbank transactions	778	533
Customer transactions	3,715	3,571
Accrued interest receivable on available-for-sale financial assets	396	391
Accrued interest receivable on hedging instruments	436	311
Other assimilated interests and income	10	
Interest income (1)	**5,335**	**4,806**
Interbank transactions	(876)	(845)
Customer transactions	(847)	(649)
Debt securities (2)	(312)	(967)
Subordinated debt	(139)	(135)
Accrued interest payable on hedging instruments	(298)	(311)
Other interest expenses	(30)	(1)
Interest expenses	**(2,502)**	**(2,908)**
Net interest margin	**2,833**	**1,898**

(1) Of which €83 million on receivables impaired individually at 31 December 2016, compared with €67 million at 31 December 2015.

(2) Of which a €518 million impact following the reclassification of interest on negotiable debt securities in financial instruments designated at fair value through profit or loss, initially recognised in interest margin.

▶ 4.2 NET FEES AND COMMISSIONS

	31.12.2016			31.12.2015		
€ million	Income	Expenses	Net	Income	Expenses	Net
Interbank transactions	13	(30)	(17)	10	(21)	(11)
Customer transactions	561	(91)	470	446	(88)	358
Securities transactions (including brokerage)	37	(64)	(27)	51	(70)	(19)
Foreign exchange transactions	9	(33)	(24)	12	(35)	(23)
Derivative instruments and other off-balance sheet transactions (including brokerage)	259	(147)	112	249	(146)	103
Payment instruments and other banking and financial services	373	(116)	257	383	(116)	267
Mutual funds management, fiduciary and similar operations	206	(12)	194	260	(15)	245
Net fees and commissions	**1,458**	**(493)**	**965**	**1,411**	**(491)**	**920**

▶ 4.3 NET GAINS OR LOSSES ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

€ million	31.12.2016	31.12.2015
Dividends received	319	212
Unrealised or realised gains (losses) on assets/liabilities at fair value through profit and loss	783	1,383
Unrealised or realised gains or losses on financial assets/ liabilities designated as at fair value through profit and loss [(1)]	(720)	761
Net gains (losses) on foreign exchange transactions and similar financial instruments (excluding gains or losses on hedges of net investments in foreign operations)	643	(75)
Gains (losses) from hedge accounting		
Net gains (losses) on financial instruments at fair value through profit and loss	**1,025**	**2,281**

(1) Of which a -€518 million impact following the reclassification of interest on negotiable debt securities in financial instruments designated at fair value through profit or loss, initially recognised in interest margin.

Impacts related to the issuer spread generated a charge to Net Banking Income of €159 million at 31 December 2016 compared to an income of €245 million at 31 December 2016.

Analysis of net gains (losses) from hedge accounting:

	31.12.2016			31.12.2015		
€ million	Gains	Losses	Net	Gains	Losses	Net
Fair value hedges						
Changes in fair value of hedged items attributable to hedged risks	62	(366)	(304)	251	(370)	(119)
Changes in fair value of hedging derivatives (including termination of hedges)	366	(62)	304	370	(251)	119
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						
Changes in fair value of hedged items	27	(5)	22	10	(29)	(19)
Changes in fair value of hedging derivatives	5	(27)	(22)	29	(10)	19
Cash flow hedges of the interest rate exposure of a portfolio of financial instruments						
Changes in fair value of hedging instrument – Ineffective portion						
Total gains (losses) from hedge accounting	**460**	**(460)**		**660**	**(660)**	

4.4 NET GAINS OR LOSSES ON AVAILABLE-FOR-SALE FINANCIAL ASSETS

€ million	31.12.2016	31.12.2015
Dividends received	32	28
Realised gains or losses on available-for-sale financial assets (1)	132	92
Permanent impairment losses on equity investments	(10)	(10)
Realised gains (losses) on held-to-maturity financial assets		
Gains (losses) on disposals of loans and receivables	(24)	(3)
Net gains (losses) on available-for-sale financial assets	**130**	**107**

(1) Excluding realised gains or losses on permanently impaired fixed-income securities recognised as available-for-sale financial assets mentioned in Note 4.8 "Cost of risk".

4.5 NET INCOME (EXPENSES) ON OTHER ACTIVITIES

€ million	31.12.2016	31.12.2015
Other net income from insurance activities		
Change in insurance technical reserves		2
Other net income (expense)	(17)	(3)
Net income (expense) related to other activities	**(17)**	**(1)**

4.6 OPERATING EXPENSES

€ million	31.12.2016	31.12.2015
Staff costs	(1,891)	(1,865)
Taxes other than income or payroll-related (1)	(201)	(212)
External services and other general operating expenses	(892)	(883)
Operating expenses	**(2,984)**	**(2,960)**

(1) Of which €140 million regarding the contribution to the Single Resolution Fund (SRF) at 31 December 2016 and €77 million at 31 December 2015.

› FEES PAID TO STATUTORY AUDITORS

Operating expenses include the fees paid to Crédit Agricole CIB Statutory Auditors.

The breakdown of the fees recognised in 2016 by audit firm and by type of engagement is provided below.

Crédit Agricole CIB Board of Statutory Auditors

	Ernst & Young		PricewaterhouseCoopers		
€ thousand excluding VAT	2016	2015	2016	2015	Total 2016
Independant audit, certification, review of parent company and consolidated financial statements					
Issuer	3,179	3,135	2,610	2,615	5,789
Fully-consolidated subsidiaries	2,407	2,015	2,140	2,333	4,547
Other services					
Ancillary assignments and services directly related to the mission of the statutory auditor					
Issuer	515	362	462	344	977
Fully-consolidated subsidiaries	40	80	645	148	685
Other		278		435	
Non audit services					
Issuer	209		143		352
Fully-consolidated subsidiaries	12		43		55
Total	**6,362**	**5,870**	**6,043**	**5,875**	**12,405**

Other Statutory Auditors engaged by CACIB group companies, fully consolidated

€ thousand excluding VAT	Deloitte		Mazars		KPMG		Others		Total
	2016	2015	2016	2015	2016	2015	2016	2015	2016
Independant audit, certification, review of parent company and consolidated financial statements									
		100	4			253	196	73	200
Other services									
Ancillary assignments and services directly related to the mission of the statutory auditor		9						12	
Non audit services									
Total		**109**	**4**			**253**	**196**	**85**	**200**

▶ 4.7 DEPRECIATION, AMORTISATION AND IMPAIRMENT OF PROPERTY, PLANT, EQUIPMENT AND INTANGIBLE ASSETS

€ million	31.12.2016	31.12.2015
Depreciation charges and amortisation	(96)	(99)
Property, plant and equipment	(51)	(61)
Intangible assets	(45)	(38)
Impairment losses (reversals)		(8)
Property, plant and equipment		
Intangible assets		(8)
Depreciation, amortisation and impairment of property, plant and equipment and assets	**(96)**	**(107)**

▶ 4.8 COST OF RISK

€ million	31.12.2016	31.12.2015
Charges to provisions and impairment losses	(818)	(872)
Fixed income available-for-sale financial assets		
Loans and receivables	(629)	(354)
Other assets	(36)	(20)
Financing commitments	(32)	(22)
Risks and expenses	(121)	(476)
Reversals of provisions and impairment losses	305	258
Fixed income available-for-sale financial assets	14	31
Loans and receivables	241	157
Other assets	8	2
Financing commitments	14	3
Risks and expenses	28	65
Net charges to reservals of impairment losses and provisions	(513)	(614)
Realised gains or losses on impaired fixed income available-for-sale financial assets	(13)	(31)
Bad debts written off - Not impaired	(72)	(62)
Recoveries on bad debts written off	54	34
Other losses	(22)	(28)
Other profits		
Cost of risk	**(566)**	**(701)**

OFAC Litigation: signing of an agreement on 20 October 2015. An additional provision of €350 million was recorded on 30 June 2015.

4.9 NET GAINS OR LOSSES ON OTHER ASSETS

€ million	31.12.2016	31.12.2015
Property, plant and equipment and intangible assets used in operations	5	4
Gains on disposals	5	4
Losses on disposals		
Consolidated equity investments		(9)
Gains on disposals		3
Losses on disposals		(12)
Net gains (losses) on combination operations		
Net gains (losses) on other assets	**5**	**(5)**

4.10 INCOME TAX CHARGE

INCOME TAX CHARGE

€ million	31.12.2016	31.12.2015
Current tax income (charge)	704	(461)
Deferred tax income (charge)	(1,025)	(54)
Tax income (expense) for the period	**(321)**	**(515)**

See "Note 2: Major structural transactions and material events during the period".

RECONCILIATION OF THEORETICAL TAX RATE AND EFFECTIVE TAX RATE

	31.12.2016			31.12.2015		
€ million	Base	Tax rate [1]	Impôt	Base	Tax rate [1]	Impôt
Pre-tax income, goodwill impairment, discontinued operations and share of net income of equity-accounted entities	1,295	34.43%	(446)	1,432	38.00%	(544)
Impact of permanent differences		-5.95%	77		-0.21%	3
Impact of different tax rates on foreign subsidiaries		-5.79%	75		-2.23%	32
Impact of losses for the year, utilisation of tax loss carryforwards and temporary differences		7.49%	(97)		-0.63%	9
Impact of reduced tax rate		0.54%	(7)		-0.91%	13
Impact of other items		-5.95%	77		1.96%	(28)
Effective tax rate and tax charge		**24.77%**	**(321)**		**35.98%**	**(515)**

(1) The theoretical tax rate is the standard tax rate (including the additional social contribution) on taxable profits in France at 31 December 2016 and 31 December 2015.

CHANGES TO THE FRENCH CORPORATE INCOME TAX RATE FROM 2019/2020

The 2017 Finance Act and the 2016 Amending Finance Act were published in the Official Journal on 30 December 2016. This 2017 Finance Act provides for a cut in the prevailing corporate income tax rate for years ending as from 31 December 2020 or 31 December 2019 for entities with Revenues of less than one billion euros. The prevailing tax rate will then be 28.92%.

As a result, the deferred tax assets and liabilities at 31 December 2016 were measured at the amount that is expected to be paid to or received from the tax authorities having regard to the dates of repayment or the recoverability of the deferred tax bases.

In summary:

- the deferred taxes to be repaid in 2017 to 2019 (or 2018 as the case may be) were calculated at the prevailing rate of 34.43%;
- the deferred taxes to be repaid from 2020 (or 2019 as the case may be) were calculated at the prevailing rate of 28.92%.

This change does not have significant impacts on Crédit Agricole CIB accounts at 31 December 2016.

▶ 4.11 CHANGES IN OTHER COMPREHENSIVE INCOME

Detail of incomes and expenses recorded during the period is introduced below.

› DETAIL OF OTHER COMPREHENSIVE INCOME

€ million	31.12.2016	31.12.2015
Gains and losses on translation adjustments	138	311
Revaluation adjustment on the period		
Reclassified to profit or loss		
Other changes	138	311
Gains and losses on available-for-sale financial assets	19	42
Revaluation adjustment on the period	137	119
Reclassified to profit or loss	(120)	(83)
Other changes	2	6
Gains and losses on hedging derivative instruments	(60)	(169)
Revaluation adjustment on the period	(60)	(171)
Reclassified to profit or loss		
Other changes		2
Gains and losses on non-current assets held for sale	1	(1)
Revaluation adjustment on the period		
Reclassified to profit or loss		
Other changes	1	(1)
Pre-tax gains (losses) accounted in other comprehensive income (recyclable) on equity-accounted entities	92	73
Income tax accounted in other comprehensive income (recyclable) excluding equity-accounted entities	13	35
Income tax accounted in other comprehensive income (recyclable) on equity-accounted entities		
Gains (losses) accounted in other comprehensive income (recyclable)	**203**	**291**
Actuarial gains and losses on post-employment benefits	(60)	(14)
Pre-tax gains (losses) accounted in other comprehensive income (non-recyclable) on equity-accounted entities		
Income tax accounted in other comprehensive income (non-recyclable) excluding equity-accounted entities	4	(1)
Income tax accounted in other comprehensive income (non-recyclable) on equity-accounted entities		
Net gains (losses) accounted in other comprehensive income (non-recyclable) on discountinued activities		
Net gains (losses) accounted in other comprehensive income (non-recyclable)	**(56)**	**(15)**
Net gains (losses) accounted in other comprehensive income	**147**	**276**
Of which Group share	146	276
Of which non-controlling interests	1	

› DETAILS OF TAX EFFECTS RELATING TO OTHER COMPREHENSIVE INCOME

	31.12.2016				Change				31.12.2015			
€ million	Gross	Income tax	Net of income tax	Net O/W Group share	Gross	Income tax	Net of income tax	Net O/W Group share	Gross	Income tax	Net of income tax	Net O/W Group share
Gains and losses accounted in other comprehensive income (non-recyclable)												
Actuarial gains and losses on post-employment benefits	(452)	119	(333)	(334)	(60)	4	(56)	(56)	(392)	115	(277)	(278)
Gains and losses on non-current assets held for sale												
Gains and losses accounted in other comprehensive income (non-recyclable) excluding equity-accounted entities	(452)	119	(333)	(334)	(60)	4	(56)	(56)	(392)	115	(277)	(278)
Gains and losses accounted in other comprehensive income (non-recyclable) on equity-accounted entities												
Net gains and losses accounted in other comprehensive income (non-recyclable)	**(452)**	**119**	**(333)**	**(334)**	**(60)**	**4**	**(56)**	**(56)**	**(392)**	**115**	**(277)**	**(278)**
Gains and losses accounted in other comprehensive income (recyclable)												
Gains and losses on translation adjustments	752		752	752	138		138	138	614		614	614
Gains and losses on available-for-sale financial assets	348	(85)	263	260	19	(10)	9	10	329	(75)	254	250
Gains and losses on hedging derivative instruments	582	(194)	388	382	(60)	23	(37)	(39)	642	(217)	425	421
Gains and losses on non-current assets held for sale					1		1	1	(1)		(1)	(1)
Gains and losses accounted in other comprehensive income (recyclable) excluding equity-accounted entities	1,682	(279)	1,403	1,394	98	13	111	110	1,584	(292)	1,292	1,284
Gains and losses accounted in other comprehensive income (recyclable) on equity-accounted entities	357		357	357	92		92	92	265		265	265
Gains and losses accounted in other comprehensive income (recyclable)	**2,039**	**(279)**	**1,760**	**1,751**	**190**	**13**	**203**	**202**	**1,849**	**(292)**	**1,557**	**1,549**
Net gains and losses accounted in other comprehensive income	**1,587**	**(160)**	**1,427**	**1,417**	**130**	**17**	**147**	**146**	**1,457**	**(177)**	**1,280**	**1,271**

€ million	31.12.2015				Change				31.12.2014 restated			
	Gross	Income tax	Net of income tax	Net O/W Group share	Gross	Income tax	Net of income tax	Net O/W Group share	Gross	Income tax	Net of income tax	Net O/W Group share
Gains and losses accounted in other comprehensive income (non-recyclable)												
Actuarial gains and losses on post-employment benefits	(392)	115	(277)	(278)	(14)	(1)	(15)	(15)	(378)	116	(262)	(263)
Gains and losses on non-current assets held for sale												
Gains and losses accounted in other comprehensive income (non-recyclable) excluding equity-accounted entities	(392)	115	(277)	(278)	(14)	(1)	(15)	(15)	(378)	116	(262)	(263)
Gains and losses accounted in other comprehensive income (non-recyclable) on equity-accounted entities												
Net gains and losses accounted in other comprehensive income (non-recyclable)	**(392)**	**115**	**(277)**	**(278)**	**(14)**	**(1)**	**(15)**	**(15)**	**(378)**	**116**	**(262)**	**(263)**
Gains and losses accounted in other comprehensive income (recyclable)												
Gains and losses on translation adjustments	614		614	614	311		311	311	303		303	303
Gains and losses on available-for-sale financial assets	329	(75)	254	250	42	(23)	19	18	287	(52)	235	232
Gains and losses on hedging derivative instruments	642	(217)	425	421	(169)	58	(111)	(110)	811	(275)	536	531
Gains and losses on non-current assets held for sale	(1)		(1)	(1)	(1)		(1)	(1)				
Gains and losses accounted in other comprehensive income (recyclable) excluding equity-accounted entities	1,584	(292)	1,292	1,284	183	35	218	218	1,401	(327)	1,074	1,066
Gains and losses accounted in other comprehensive income (recyclable) on equity-accounted entities	265		265	265	73		73	73	192		192	192
Gains and losses accounted in other comprehensive income (recyclable)	**1,849**	**(292)**	**1,557**	**1,549**	**256**	**35**	**291**	**291**	**1,593**	**(327)**	**1,266**	**1,258**
Net gains and losses accounted in other comprehensive income	**1,457**	**(177)**	**1,280**	**1,271**	**242**	**34**	**276**	**276**	**1,215**	**(211)**	**1,004**	**995**

NOTE 5: SEGMENT REPORTING

DEFINITION OF BUSINESS

The naming of Crédit Agricole CIB's business lines corresponds to the Definitions applied within the Crédit Agricole S.A. Group.

PRESENTATION OF BUSINESS LINES

Operations are broken down into four business lines:

- financing activities, which include corporate banking in France and internationally and structured finance: financing of projects, financing of aeronautics, financing of shipping, financing of acquisitions, financing of real estate;
- 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).

  These two business lines make up nearly 100% of the Corporate and Investment banking business line of Crédit Agricole S.A..

  Note that discontinuing activities are now included in capital markets and investment banking activities as well as financing activities:
- Crédit Agricole CIB is also active in Wealth Management through its locations in France, Belgium, Switzerland, Luxembourg, Monaco, Spain, and Brazil;
- the Corporate Centre business line encompasses the impacts linked to the issuer spread of Crédit Agricole CIB.

5.1 OPERATING SEGMENT INFORMATION

Transactions between operating segments are effected at arm's length.

Segment assets are determined from the accounting items of the balance sheet of each operating segment.

€ million	31.12.2016 Financing activities	Capital markets and Investment banking	Total Corporate and Investment Banking	Wealth Management	Corporate Center	CACIB
Net banking income	**2,214**	**2,151**	**4,365**	**730**	**(159)**	**4,936**
Operating expenses	**(954)**	**(1,571)**	**(2,525)**	**(555)**		**(3,080)**
Gross operating income	**1,260**	**580**	**1,840**	**175**	**(159)**	**1,856**
Cost of risk	(512)	(45)	(557)	(9)		(566)
Share of net income of equity-accounted entities	211		211			211
Net gains (losses) on other assets	1		1	4		5
Change in value of goodwill						
Pre-tax income	**960**	**535**	**1,495**	**170**	**(159)**	**1,506**
Income tax charge	(168)	(152)	(320)	(42)	41	(321)
Net gains (losses) from discountinued activities		11	11			11
Net income	**792**	**394**	**1,186**	**128**	**(118)**	**1,196**
Non-controlling interests	(1)	1		14		14
Net Income Group share	**793**	**393**	**1,186**	**114**	**(118)**	**1,182**
Segment assets of which						
Investments in equity-accounted entities			2,304			2,304
Goodwill				15		15
Total assets			**509,170**	**15,091**		**524,261**

€ million	31.12.2015 Financing activities	Capital markets and Investment banking	Total Corporate and Investment Banking	Wealth Management	Corporate Center	CACIB
Net banking income	2,194	1,997	4,191	769	245	5,205
Operating expenses	(925)	(1,557)	(2,482)	(585)		(3,067)
Gross operating income	1,269	440	1,709	184	245	2,138
Cost of risk	(579)	(76)	(655)	(23)	(23)	(701)
Share of net income of equity-accounted entities	59		59			59
Net gains (losses) on other assets	(6)		(6)	1		(5)
Change in value of goodwill						
Pre-tax income	743	364	1,107	162	222	1,491
Income tax charge	(255)	(126)	(381)	(43)	(91)	(515)
Net gains (losses) from discountinued activities		(3)	(3)			(3)
Net income	488	235	723	119	131	973
Non-controlling interests		1	1	14		15
Net Income Group share	488	234	722	105	131	958
Segment assets of which						
Investments in equity-accounted entities			2,050			2,050
Goodwill				71		71
Total assets			**533,702**	**15,573**		**549,275**

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.

€ million	31.12.2016				31.12.2015			
	Net income Group share	O/W revenues	Segment assets	Of which goodwill	Net income Group share	O/W revenues	Segment assets	Of which goodwill
France (including overseas departments and territories)	9	1,652	372,512	474	261	2,179	388,967	474
Other European Union countries	316	1,072	26,516	115	50	928	23,096	115
Rest of Europe	109	468	16,425	421	(380)	535	17,201	417
North America	300	907	50,419		431	805	68,710	
Central and South America	16	70	8,440	2	52	84	1,630	2
Africa and the Middle-East	242	72	4,435		283	62	3,413	
Asia-Pacific (excluding Japan)	111	497	22,722	11	182	484	23,589	
Japan	79	197	22,793		79	128	22,669	
Total	**1,182**	**4,936**	**524,261**	**1,023**	**958**	**5,205**	**549,275**	**1,008**

NOTE 6: NOTES TO THE BALANCE SHEET

6.1 CASH, CENTRAL BANKS

	31.12.2016		31.12.2015	
€ million	Assets	Liabilities	Assets	Liabilities
Cash	11		12	
Central banks	18,204	1,310	27,497	2,254
Carrying amount	**18,215**	**1,310**	**27,509**	**2,254**

6.2 FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

› FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

€ million	31.12.2016	31.12.2015
Financial assets held for trading	261,392	292,226
Financial assets designated at fair value through profit or loss	113	759
Carrying amount	**261,505**	**292,985**
Of which lent securities	876	296

› HELD-FOR-TRADING FINANCIAL ASSETS

€ million	31.12.2016	31.12.2015
Equity instruments	2,920	3,403
Equities and other variable-income securities	2,920	3,403
Debt securities	14,546	21,574
Treasury bills and similar securities	11,857	15,864
Bonds and other fixed-income securities	2,689	5,710
Loans and advances	73,365	83,270
Loans and receivables due from customers	469	526
Securities bought under repurchase agreements	72,896	82,744
Derivative instruments	170,561	183,979
Carrying amount	**261,392**	**292,226**

Securities acquired under repurchase agreements include those that the entity is authorised to use as collateral.

› FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

€ million	31.12.2016	31.12.2015
Equity instruments		
Equities and other equity variable-income securities		
Debt securities	113	114
Bonds and other fixed-income securities	113	114
Loans ans advances		645
Loans and receivables due from credit institutions		645
Carrying amount	**113**	**759**

› FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

€ million	31.12.2016	31.12.2015
Financial liabilities held for trading	235,189	252,632
Financial liabilities designated at fair value through profit or loss	24,195	24,087
Carrying amount	**259,384**	**276,719**

› FINANCIAL LIABILITIES HELD FOR TRADING

€ million	31.12.2016	31.12.2015
Securities sold short	19,941	22,098
Securities sold under repurchase agreements	44,306	47,015
Debt securities	1	
Derivative instruments	170,941	183,519
Carrying amount	**235,189**	**252,632**

› FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

	31.12.2016		31.12.2015	
€ million	Fair value on the balance sheet	Difference between carrying amount and due on maturity	Fair value on the balance sheet	Difference between carrying amount and due on maturity
Debt securities	24,195	299	24,087	139
Financial liabilitiess designated at fair value through profit or loss	**24,195**	**299**	**24,087**	**139**

6.3 HEDGING DERIVATIVE INSTRUMENTS

Detailed information is provided in Note 3.4 on cash flow and fair value hedges, in particular with respect to interest rates and foreign exchange rates.

6.4 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	31.12.2016			31.12.2015		
€ million	Carrying amount	Unrealised gains	Unrealised losses	Carrying amount	Unrealised gains	Unrealised losses
Treasury bills and similar items	11,317	30	11	11,038	55	9
Bonds and other fixed-income securities	17,653	93	35	15,079	118	48
Equities and other variable-income securities	244	169		196	106	2
Non-consolidated equity investments	489	113	12	494	129	22
Available-for-sale receivables						
Carrying amount of available-for-sale financial assets (1)	**29,703**	**405**	**58**	**26,807**	**408**	**81**
Income tax charge		(100)	(16)		(94)	(19)
Gains and losses on available-for-sale financial assets recognised in other comprehensive income (net of income tax)		**305**	**42**		**314**	**62**

(1) O/W:
- *€88 million related to impaired available-for-sale fixed-income securities;*
- *€320 million related to impaired available-for-sale variable-income securities.*

No guarantee received on impaired outstandings. No significant item less than 90 days past-due. €311 million recognised as lasting impairment on debt securities at 31 December 2016 and €379 million at 31 December 2015.

6.5 LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS AND DUE FROM CUSTOMERS

› LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS

€ million	31.12.2016	31.12.2015
Credit institutions		
Debt securities		
Securities not traded in an active market		
Loans and advances	35,225	34,570
Loans and receivables	20,472	19,649
O/W performing current accounts in debit	2,742	2,719
O/W performing overnight time accounts and advances	470	2,063
Securities bought under repurchase agreements	14,753	14,921
Subordinated loans		
Other loans and receivables		
Gross amount	35,225	34,570
Impairment	(431)	(463)
Carrying amount	**34,794**	**34,107**

› LOANS AND RECEIVABLES DUE FROM CUSTOMERS

€ million	31.12.2016	31.12.2015
Loans and receivables due from customers		
Loans and receivables due from customers		
Debt securities	15,254	12,784
Securities not traded in an active market	15,254	12,784
Loans and advances	123,773	120,835
Trade receivables	15,079	13,092
Other customer loans	103,821	100,913
Securities bought under repurchase agreement	394	1,873
Subordinated loans	100	123
Advances in associates current accounts	114	111
Current accounts in debit	4,265	4,723
Gross amount	139,027	133,619
Impairment	(3,686)	(3,369)
Net value of loans and receivables due from customers	**135,341**	**130,250**
Finance leases		
Property leasing		
Gross amount		
Net carrying amount of lease financing operations		
Carrying amount	**135,341**	**130,250**

6.6 HELD-TO-MATURITY FINANCIAL ASSETS

Crédit Agricole CIB does not have any held-to-maturity financial assets portfolios.

6.7 TRANSFERRED ASSETS NOT DERECOGNISED OR DERECOGNISED WITH CONTINUING INVOLVEMENT

› TRANSFERRED ASSETS NOT DERECOGNISED IN FULL AT 31 DECEMBER 2016

31.12.2016	Transferred assets, not fully derecognised									
€ million	Transferred assets					Associated liabilities				
Nature of transferred assets	Carrying amount	O/W securitisation (non-deconsolidating)	O/W securities sold/bought under repurchasement agreement	O/W other	Fair value [1]	Carrying amount	O/W securitisation (non-deconsolidating)	O/W securities sold/bought under repurchasement agreement	O/W other	Fair value [1]
Held-for-trading	5,949		5,949		5,949	5,850		5,850		5,850
Equity instruments	2		2		2	2		2		2
Debt securities	5,947		5,947		5,947	5,848		5,848		5,848
Loans and advances										
Designated as at fair value through profit and loss										
Equity instruments										
Debt securities										
Loans and advances										
Available-for-sale	1,585		1,585		1,585	1,493		1,493		1,493
Equity instruments										
Debt securities	1,585		1,585		1,585	1,493		1,493		1,493
Loans and advances										
Loans and receivables										
Debt securities										
Loans and advances										
Held-to-maturity										
Debt securities										
Loans and advances										
Total transferred assets	**7,534**		**7,534**		**7,534**	**7,343**		**7,343**		**7,343**

(1) In the case "when the counterparty (counterparties) to the associated liabilities has (have) recourse only to the transferred assets" [IFRS 7 42D (d)].

› TRANSFERRED ASSETS NOT DERECOGNISED IN FULL AT 31 DECEMBER 2015

31.12.2015	Transferred assets, not fully derecognised									
€ million	Transferred assets					Associated liabilities				
Nature of transferred assets	Carrying amount	O/W securitisation (non-deconsolidating)	O/W securities sold/bought under repurchasement agreement	O/W other	Fair value [1]	Carrying amount	O/W securitisation (non-deconsolidating)	O/W securities sold/bought under repurchasement agreement	O/W other	Fair value [1]
Held-for-trading	**9,683**		**9,559**	**124**	**9,683**	**9,594**		**9,470**	**124**	**9,594**
Equity instruments	124			124	124	124			124	124
Debt securities	9,559		9,559		9,559	9,470		9,470		9,470
Loans and advances										
Designated as at fair value through profit and loss										
Equity instruments										
Debt securities										
Loans and advances										
Available-for-sale	**1,967**		**1,967**		**1,967**	**1,879**		**1,879**		**1,879**
Equity instruments	1,967		1,967		1,967	1,879		1,879		1,879
Debt securities										
Loans and advances										
Loans and receivables										
Debt securities										
Loans and advances										
Held-to-maturity										
Debt securities										
Loans and advances										
Total transferred assets	**11,650**		**11,526**	**124**	**11,650**	**11,473**		**11,349**	**124**	**11,473**

(1) In the case "when the counterparty (counterparties) to the associated liabilities has (have) recourse only to the transferred assets" [IFRS 7 42D (d)].

6.8 IMPAIRMENT DEDUCTED FROM FINANCIAL ASSETS

€ million	31.12.2015	Changes in scope	Depreciation charges	Reversals and utilisations	Translation adjustments	Transfers in non-current assets held for sale	Other movements	31.12.2016
Loans and receivables due from credit institutions	463		1	(42)	9			431
Loans and receivables due from customers	3,369		746	(483)	68		(14)	3,686
Of which collective impairment	1,463		16	(156)	34			1,357
Available-for-sale assets	379		10	(75)	(3)			311
Other financial assets	55		36	(15)			1	77
Total impairment of financial assets	**4,266**		**793**	**(615)**	**74**		**(13)**	**4,505**

€ million	31.12.2014 restated	Changes in scope	Depreciation charges	Reversals and utilisations	Translation adjustments	Transfers in non-current assets held for sale	Other movements	31.12.2015
Loans and receivables due from credit institutions	426		4	(6)	39			463
Loans and receivables due from customers	3,259		451	(497)	204		(48)	3,369
Of which collective impairment	1,431			(66)	98			1,463
Available-for-sale assets	356	53	10	(106)	15		51	379
Other financial assets	39		21	(7)	1		1	55
Total impairment of financial assets	**4,080**	**53**	**486**	**(616)**	**259**		**4**	**4,266**

6.9 EXPOSURE TO SOVEREIGN RISK

The scope of sovereign exposures recorded covers exposures to Government, 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.

BANKING ACTIVITY

	31.12.2016						
	Exposures Banking activity net of impairment						
	O/W banking portfolio						
€ million	Available-for-sale financial assets	Financial assets at fair value through profit or loss	Loans and receivables	O/W trading book (excluding derivatives)	Total Banking activity before hedging	Hedging Available-for sale financial assets	Total Banking activity after hedging
Saudi Arabia			617		617		617
China	69			6	75		75
Spain	1,047		150		1,197		1,197
United States				25	25		25
France	3,142		1,080		4,222	(68)	4,154
Hong Kong	1,165			28	1,193		1,193
Italy			74		74		74
Japan	3,545		639	30	4,214		4,214
Russia	34			10	44		44
Total	**9,002**		**2,560**	**99**	**11,661**	**(68)**	**11,593**

	31.12.2015						
	Exposures Banking activity net of impairment						
	O/W banking portfolio						
€ million	Available-for-sale financial assets	Financial assets at fair value through profit or loss	Loans and receivables	O/W trading book (excluding derivatives)	Total Banking activity before hedging	Hedging Available-for sale financial assets	Total Banking activity after hedging
Germany	234				234		234
China	137			13	150		150
Spain	1,034		150		1,184		1,184
United States				398	398		398
France	5,253		846		6,099	(157)	5,942
Hong Kong	686			67	753		753
Italy			98	36	134		134
Japan	990		114	487	1,591		1,591
Russia	18			9	27		27
Total	**8,352**		**1,208**	**1,010**	**10,570**	**(157)**	**10,413**

▶ 6.10 DUE TO CREDIT INSTITUTIONS AND TO CUSTOMERS

› DUE TO CREDIT INSTITUTIONS

€ million	31.12.2016	31.12.2015
Accounts and deposits	41,429	45,381
Of which current accounts in credit	3,238	3,255
Of which overnight accounts and deposits	1,240	1,318
Securities sold under repurchase agreements	5,604	13,032
Carrying amount	**47,033**	**58,413**

› DUE TO CUSTOMERS

€ million	31.12.2016	31.12.2015
Current accounts in credit	37,979	33,747
Special savings accounts	152	121
Other amounts due to customers	67,693	76,825
Securities sold under repurchase agreements	2,013	1,165
Carrying amount	**107,837**	**111,858**

▶ 6.11 DEBT SECURITIES AND SUBORDINATED DEBT

€ million	31.12.2016	31.12.2015
Debt securities		
Interest bearing notes		
Negotiable debt securities	46,962	47,917
Bonds	152	145
Other debt securities		
Carrying amount	**47,114**	**48,062**
Subordinated debt		
Dated subordinated debt	3,418	2,106
Undated subordinated debt	2,722	2,849
Carrying amount	**6,140**	**4,955**

The issue of subordinated debt plays a part in regulatory capital management while contributing to refinancing all of Crédit Agricole CIB'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 of progressive disqualification between 1 January 2014 (effective date of the CRD 4/CRR) and 1 January 2022 of older instruments that do not meet these requirements.

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 (the Recovery and Resolution Directive, or RRD).

6.12 INFORMATION ON THE OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

› OFFSETTING - FINANCIAL ASSETS

€ million	31.12.2016					
	Offsetting effects on financial assets covered by master netting agreement and similar agreements					
				Other amounts that can be offset under given conditions		
Type of financial instrument	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	Gross amounts of financial liabilities covered by master netting agreement	Amounts of other financial instruments received as collateral, including security deposit	Net amount after all offsetting effects
Derivatives (1)	262,688	120,342	142,346	123,469	9,848	9,029
Reverse repurchase agreements (2)	53,391	16,374	37,017	16,463	20,553	1
Total financial assets subject to offsetting	**316,079**	**136,716**	**179,363**	**139,932**	**30,401**	**9,030**

(1) The amount of derivatives subject to offsetting represents 82.59% of the derivatives on the asset side of the balance sheet at the end of the reporting period.

(2) The amount of reverse repurchase agreements subject to offsetting represents 42.04% of the reverse repurchase agreements on the asset side of the balance sheet at the end of the reporting period.

€ million	31.12.2015					
	Offsetting effects on financial assets covered by master netting agreement and similar agreements					
				Other amounts that can be offset under given conditions		
Type of financial instrument	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	Gross amounts of financial liabilities covered by master netting agreement	Amounts of other financial instruments received as collateral, including security deposit	Net amount after all offsetting effects
Derivatives (1)	277,945	117,998	159,947	141,453	9,347	9,147
Reverse repurchase agreements (2)	90,264	6,941	83,323	38,030	45,292	1
Total financial assets subject to offsetting	**368,209**	**124,939**	**243,270**	**179,483**	**54,639**	**9,148**

(1) The amount of derivatives subject to offsetting represents 86.26% of the derivatives on the asset side of the balance sheet at the end of the reporting period.

(2) The amount of reverse repurchase agreements subject to offsetting represents 83.71% of the reverse repurchase agreements on the asset side of the balance sheet at the end of the reporting period.

› OFFSETTING - FINANCIAL LIABILITIES

€ million	31.12.2016					
	Offsetting effects on financial liabilities covered by master netting agreement and similar agreements					
				Other amounts that can be offset under given conditions		
Type of financial instrument	Gross amounts of recognised financial assets before offsetting	Gross amounts of recognised financial assets set off in the financial statements	Net amounts of financial liabilities presented in the financial statements	Gross amounts of financial assets covered by master netting agreement	Amounts of other financial instruments given as collateral, including security deposit	Net amount after all offsetting effects
Derivatives (1)	268,936	120,342	148,594	123,469	18,284	6,841
Repurchase agreements (2)	33,567	16,374	17,193	16,463		730
Total financial liabilities subject to offsetting	**302,503**	**136,716**	**165,787**	**139,932**	**18,264**	**7,571**

(1) The amount of derivatives subject to offsetting represents 86.35% of the derivatives on the liability side of the balance sheet at the end of the reporting period.

(2) The amount of repurchase agreements subject to offsetting represents 33.11% of the repurchase agreements on the liability side of the balance sheet at the end of the reporting period.

€ million	31.12.2015					
	Offsetting effects on financial liabilities covered by master netting agreement and similar agreements					
				Other amounts that can be offset under given conditions		
Type of financial instrument	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	Gross amounts of financial assets covered by master netting agreement	Amounts of other financial instruments given as collateral, including security deposit	Net amount after all offsetting effects
Derivatives (1)	281,019	117,998	163,021	141,453	14,301	7,267
Repurchase agreements (2)	45,300	6,941	38,359	38,030		329
Total financial liabilities subject to offsetting	**326,319**	**124,939**	**201,380**	**179,483**	**14,301**	**7,596**

(1) The amount of derivatives subject to offsetting represents 88.15% of the derivatives on the liability side of the balance sheet at the end of the reporting period.

(2) The amount of repurchase agreements subject to offsetting represents 62.67% of the repurchase agreements on the liability side of the balance sheet at the end of the reporting period.

6.13 CURRENT AND DEFERRED TAX ASSETS AND LIABILITIES

€ million	31.12.2016	31.12.2015
Current taxes	1,318	232
Deferred taxes	791	909
Total current and deferred tax assets	**2,109**	**1,141**
Current taxes	245	244
Deferred taxes	1,193	299
Total current and deferred tax liabilities	**1,438**	**543**

See Note 2: "Major structural transactions and material events during the period".

Net deferred tax assets and liabilities break down as follows:

	31.12.2016		31.12.2015	
€ million	Deffered taxes Asset	Deffered taxes Liabilities	Deffered taxes Asset	Deffered taxes Liabilities
Temporary timing differences	864	954	995	43
Non-deductible accrued expenses	174		165	
Non-deductible provisions for liabilities and charges	522		513	
Other temporary differences [(1)]	168	954	317	43
Deferred taxes on reserves for unrealised gains or losses	88	247	92	269
Available-for-sale assets		88	1	81
Cash flow hedges	1	200	1	222
Gains and losses/Actuarial differences	87	(41)	90	(34)
Deferred taxes on income	19	172	40	205
Impact of netting	(180)	(180)	(218)	(218)
Total deferred taxes	**791**	**1,193**	**909**	**299**

(1) The portion of deferred tax related to tax loss carryforwards is €50 million for 2016 compared to €517 million for 2015.

Under the terms of the revised tax consolidation convention in France between CASA/CACIB S.A., and the decision to monetise the totality of the tax loss carryforwards of the CACIB sub-group, a receivable of €1,076 million to CASA was recognised at 31 December 2016, while the amount of deferred tax assets recognised at 31 December 2015 of €937 million was written back.

Therefore, whereas in "Other temporary differences", the deferred tax liabilities related to leasing operations stood at €916 million in December 2016, they had previously been deducted from the deferred tax assets in the same aggregation at 31 December 2015 for a total of €975 million.

Deferred tax assets are netted on the balance sheet by taxable entity.

6.14 ACCRUED INCOME AND EXPENSES AND OTHER ASSETS AND LIABILITIES

› ACCRUALS, PREPAYMENTS AND SUNDRY ASSETS

€ million	31.12.2016	31.12.2015
Other assets	34,295	27,735
Inventory accounts and miscellaneous	93	81
Miscellaneous debtors [(1)]	32,615	27,057
Settlement accounts	1,587	597
Prepayments and accrued income	2,635	3,649
Items in course of transmission to other banks	2,126	2,849
Adjustment and suspense accounts	148	71
Accrued income	216	238
Prepayments	63	58
Other	82	433
Carrying amount	**36,930**	**31,384**

(1) Including €23.5 million for the contribution to the Resolution Fund paid in the form of a security deposit. The Guarantee and Resolution Fund may use this security deposit to provide funding unconditionally and at any time.

› ACCRUALS, DEFERRED INCOME AND SUNDRY LIABILITIES

€ million	31.12.2016	31.12.2015
Other liabilities [(1)]	22,848	18,932
Settlement accounts	1,425	584
Sundry creditors	21,423	18,348
Accrual and deferred income	8,997	7,206
Items in course of transmission to other banks [(2)]	2,363	2,979
Adjustment and suspense accounts	4,483	2,231
Unearned income	337	361
Accrued expenses	1,648	1,565
Other accruals prepayments ans sundry liabilities	166	70
Carrying amount	**31,845**	**26,138**

(1) Amounts include accrued interests.

(2) Amounts are shown net.

6.15 JOINT VENTURES AND ASSOCIATES

The market value shown below is the quoted price of the shares on the market at 31 December 2016. 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 using the same methodology as for goodwill, i.e., by using expected future cash flow estimates of the companies in question and by using the valuation parameters described in Note 6.17 “Goodwill”.

› FINANCIAL INFORMATION OF JOINT VENTURES AND ASSOCIATES

At 31 December 2016:

- the equity-accounted value of joint ventures was nil as it was fully impaired (same situation at 31 December 2015);
- the equity-accounted value of associates totalled €2,304 million (€2,050 million at 31 December 2015).

CACIB holds interests in two joint ventures and one associate.

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 in the balance sheet”.

› JOINT VENTURES AND ASSOCIATES: INFORMATION

	31.12.2016						
€ million	% of interest	Equity-accounted value	Market value	Dividends paid to Group's entities	Share of net income	Share of shareholders' equity [(1)]	Goodwill
Joint ventures							
Elipso	50.00%					(26)	
UBAF	47.01%				1	158	
Net carrying amount of investments in equity-accounted entities (Joint ventures)					1	132	
Associates							
BSF	31.11%	2,304	2,459	46	211	2,334	
Net carrying amount of investments in equity-accounted entities (Associates)					211	2,334	
Net carrying amount of investments in equity-accounted entities					212	2,466	

(1) Equity Group share in the financial statements of the joint venture or associate when the joint venture or associate is a sub-group.

	31.12.2015						
€ million	% of interest	Equity-accounted value	Market value	Dividends paid to Group's entities	Share of net income	Share of shareholders' equity [1]	Goodwill
Joint ventures							
Elipso	50.00%				(33)	(8)	
UBAF	47.01%				(153)	153	
Net carrying amount of investments in equity-accounted entities (Joint ventures)					**(186)**	**145**	
Associates							
BSF	31.11%	2,050	2,570	40	246	2,092	
Net carrying amount of investments in equity-accounted entities (Associates)		**2,050**			**246**	**2,092**	
Net carrying amount of investments in equity-accounted entities		**2,050**			**60**	**2,237**	

(1) Equity Group share in the financial statements of the joint venture or associate when the joint venture or associate is a sub-group.

› JOINT VENTURES AND ASSOCIATES: DETAILED INFORMATION

	31.12.2016				31.12.2015			
€ million	Revenues	Net income	Total assets	Total Equity	Revenues	Net income	Total assets	Total Equity
Joint ventures								
Elipso	(36)	(36)	127	(53)	(82)	(83)	167	(16)
UBAF	38	15	1,486	337	48	(3)	1,510	325
Associates								
BSF	1,547	845	51,432	7,503	1,518	974	44,966	6,724

› SIGNIFICANT RESTRICTIONS ON JOINT VENTURES AND ASSOCIATES

CACIB is subject to the following restrictions:

- **Regulatory constraints**.

  The subsidiaries of CACIB 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 CACIB;
- **Legal constraints**.

  The subsidiaries of CACIB 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;
- **Other constraints**.

  All dividend distributions by Banque Saudi Fransi are subject to prior approval by the Saudi Arabian Monetary Authority.

6.16 PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS (EXCLUDING GOODWILL)

€ million	31.12.2015	Transfers in non-current assets held for sale	Changes in scope	Increases (acquisitions, business combinations)	Decreases (disposals and redemptions)	Translation adjustment	Other movements	31.12.2016
Property, plant and equipment used in operations								
Gross value	1,296		(29)	56	(175)	6		1,154
Depreciation and impairment (1)	(899)		11	(51)	155	(3)	(2)	(789)
Carrying amount	**397**		**(18)**	**5**	**(20)**	**3**	**(2)**	**365**
Intangible assets								
Gross value	610			50	(2)	1		659
Depreciation and impairment (1)	(459)			(45)	1		1	(502)
Carrying amount	**151**			**5**	**(1)**	**1**	**1**	**157**

(1) Including impairments on assets let to third parties.

€ million	31.12.2014 restated	Transfers in non-current assets held for sale	Changes in scope	Increases (acquisitions, business combinations)	Decreases (disposals and redemptions)	Translation adjustment	Other movements	31.12.2015
Property, plant and equipment used in operations								
Gross value	1,206			57	(18)	56	(5)	1,296
Depreciation and impairment (1)	(825)			(61)	21	(33)	(1)	(899)
Carrying amount	**381**			**(4)**	**3**	**23**	**(6)**	**397**
Intangible assets								
Gross value	576			35	(8)	8	(1)	610
Depreciation and impairment (1)	(411)			(45)	2	(5)		(459)
Carrying amount	**165**			**(10)**	**(6)**	**3**	**(1)**	**151**

(1) Including impairments on assets let to third parties.

6.17 GOODWILL

€ million	31.12.2015 GROSS	31.12.2015 NET	Increases (acquisitions)	Decreases (disposals)	Impairment losses during the period	Translation adjustments	Other movements	Transfers to current assets held for sale	31.12.2016 GROSS	31.12.2016 NET
Corporate and Investment Banking (excluding brokers)	644	474	11						655	485
Wealth Management	534	534				4			538	538
Other activities										
Total	**1,178**	**1,008**	**11**			**4**			**1,193**	**1,023**

€ million	31.12.2014 GROSS restated	31.12.2014 NET restated	Increases (acquisitions)	Decreases (disposals)	Impairment losses during the period	Translation adjustments	Other movements	Transfers to current assets held for sale	31.12.2015 GROSS	31.12.2015 NET
Corporate and Investment Banking (excluding brokers)	644	474							644	747
Wealth Management	487	463				71			534	534
Total	**1,131**	**937**				**71**			**1,178**	**1,008**

Goodwill was subject to impairment tests based on the assessment of the value in use of the cash generating units (CGU) to which it is associated. The determination of value in use was calculated by discounting the CGU's estimated future cash flows calculated from the medium-term plans developed for Group management purposes.

The following assumptions were used:

- estimated future flows: forecast data based on three year budget forecasts as part of the update of the medium-term plan, and prepared for the purposes of managing the Group.

The forecasts for the business lines were based on the economic scenario at end September 2016, which assumed:

- continued Eurozone growth to remain fragile and patchy: continued growth in France, with a limited return to growth in Italy. Despite bouts of volatility, long-term interest rates in Europe are expected to remain low, even though there was a gradual rise;
- growth in the United States to remain in line with long term trends;
- a slight return to growth is expected in emerging countries but with different outcomes depending on their economic environment: a slowdown in the Chinese economy lasting a number of years, and an improvement in Brazil and Russia, which will drag themselves out of recession.

The capital allocated to the 2 cash generating units (CGU) corresponds at 31 December 2016 to 9.5% of the RWA for banking activities (same level at 31 December 2015):

- perpetual growth rate: 2%. The perpetual growth rates at 31 December 2016 were identical to those used at 31 December 2015 and reflect the growth forecasts of CACIB for the two CGUs;
- discount rate: between 8.84% and 9.73%. The calculation of discount rates at 31 December 2016 for all CGUs reflects the lasting decline in long-term interest rates witnessed over the past several years in Europe, particularly in France. This has led to a slight reduction in rates applied compared with end 2015, for Wealth Management CGU (-5bp), consistent with the rate assumptions used to calculate the entities' forecasts and budgets.

Sensitivity tests conducted on goodwill - Group share show that:

- +50 basis point change in equity allocation rates to the CGUs would not lead to an impairment charge;
- +50 basis point change in the discount rate would not lead to an impairment charge;
- +100 basis point change in the cost-income ratio during the final year would not lead to an impairment charge;
- +10 basis point change in the cost of risk during the year would not lead to an impairment charge.

6.18 RESERVES

€ million	31.12.2015	Change in scope	Depreciation charges	Reversals, amounts used	Reversals, amount not used	Translation adjustment	Other movements	31.12.2016
Financing commitment execution risks	26		32		(14)	2		46
Operational risks								
Employee retirement and similar benefits	679		46	(89)	(20)	1	52	669
Litigation	483	1	200	(80)	(25)		(3)	576
Equity investments	1							1
Restructuring		3	1	(2)				2
Other risks	110	(1)	41	(56)	(17)			77
Total	**1,299**	**3**	**320**	**(227)**	**(76)**	**3**	**49**	**1,371**

€ million	31.12.2014 restated	Change in scope	Depreciation charges	Reversals, amounts used	Reversals, amount not used	Translation adjustment	Other movements	31.12.2015
Financing commitment execution risks	6		22		(3)			26
Operational risks								
Employee retirement and similar benefits	672		57	(71)	(5)	28	(2)	679
Litigation	846		479	(831)	(54)	44		483
Equity investments			1					1
Restructuring	4						(4)	
Other risks	68		61	(10)	(16)	3	4	110
Total	**1,596**		**620**	**(912)**	**(78)**	**75**	**(2)**	**1,299**

› TAX AUDITS

CRÉDIT AGRICOLE CIB PARIS TAX AUDIT

Crédit Agricole CIB is currently the object of an audit of accounts covering years 2013, 2014 and 2015. An adjustment notice suspending the limitation period was received late 2016. 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.

CRÉDIT AGRICOLE CIB MILAN AND LONDON TAX AUDIT REGARDING TRANSFER PRICING

Following audits, Crédit Agricole CIB Milan and London respectively received adjustment notices for 2005 to 2011 and 2003 to 2006 and 2008 from the Italian and UK tax authorities regarding transfer pricing. Crédit Agricole CIB challenged the proposed adjustments. At the same time, the case has been referred to the competent French-Italian and French-British authorities for all years. A provision was recognised to cover the estimated risk.

CLSA LIABILITY GUARANTEE

In 2013 Crédit Agricole S.A. 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. Group. Reasoned arguments have been submitted challenging the adjustments. A provision was recognised to cover the estimated risk.

CRÉDIT AGRICOLE INDOSUEZ WEALTH

Crédit Agricole Indosuez Wealth (formerly Crédit Agricole Private Banking) underwent a tax audit covering the years 2012 and 2013. It received an adjustment notice in late 2015. Most of the adjustments were challenged and a provision recognised for the estimated risks. Discussions took place with the tax authorities in 2016. Since they were still ongoing at 31 December 2016, this provision is maintained.

Crédit Agricole Indosuez Wealth is once again undergoing a tax audit covering the years 2014 and 2015. A provision was recognised to cover the estimated risks.

› REGULATORY INVESTIGATIONS AND INFORMATION REQUESTS

OFFICE OF FOREIGN ASSETS CONTROL (OFAC)

In October 2015, Crédit Agricole Corporate and Investment Bank (Crédit Agricole CIB) and its parent company Crédit Agricole S.A. 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 (Federal Reserve) 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. The USAO and DANY have agreed to take no further action against Crédit Agricole CIB, CASA, or any of Crédit Agricole CIB's subsidiaries or affiliates regarding the conduct subject to this investigation if Crédit Agricole CIB complies with its obligations under the DPAs.

Within the framework of the implementation of these agreements, 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 regarding this matter, 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 will be subject to regular reviews to evaluate its effectiveness, including a review by an independent consultant who will be 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 INDICES

Crédit Agricole Corporate and Investment Bank (Crédit Agricole CIB) and its parent company Crédit Agricole S.A., 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 CIB and its parent company Crédit Agricole S.A. 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 million 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 Crédit Agricole CIB along with 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 KFTC investigation into certain foreign exchange derivatives (ABS-NDF) is ongoing.

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 are defendants in one ("Sullivan" for the Euribor) and only Crédit Agricole S.A. as defendant for the other ("Lieberman" for the Libor) are still at the preliminary stage of consideration of admissibility.

"Lieberman" class action is currently suspended for procedural reasons in front of the US District Court of New York State. For the "Sullivan" class action, Crédit Agricole S.A. and Crédit Agricole CIB have filed a motion to dismiss.

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. Crédit Agricole S.A. and Crédit Agricole CIB have filed a motion to dismiss.

These class actions are civil actions in which the plaintiffs claim that they are victims of the methods used to set the Euribor, Libor, SIBOR and SOR rates, and seek repayment of the sums they allege were unlawfully received, as well as damages and reimbursement of costs and fees paid.

BONDS SSA

Several regulators have demanded information to Crédit Agricole CIB for inquiries relative to activities of different banks involved on Bonds SSA market (Supranational, Sub-Sovereign and Agencies). Crédit Agricole S.A. and Crédit Agricole CIB are included with other banks in various consolidated class actions before the United States District Court for the Southern District of New York. Through the cooperation with these regulators, Crédit Agricole CIB has been proceeding to intern inquiries to gather the required information. This work will continue in 2017. It is not possible at this stage to predict the outcome of these investigations or class actions or the date on which they will end.

▶ 6.19 EQUITY GROUP SHARE

› OWNERSHIP STRUCTURE AT 31 DECEMBER 2016

At 31 December 2016, ownership of the Crédit Agricole CIB parent-company's capital and voting rights was as follows:

Crédit Agricole CIB shareholders	Number of shares at 31.12.2016	% of share capital	% of voting rights
Crédit Agricole S.A.	283,037,778	97.33%	97.33%
SACAM Developpement (1)	6,485,666	2.23%	2.23%
Delfinances (2)	1,277,888	0.44%	0.44%
Individuals	14	ns	ns
Total	**290,801,346**	**100.00%**	**100.00%**

(1) Owned by Crédit Agricole Group.

(2) Owned by Crédit Agricole S.A. Group.

EARNINGS PER SHARE

	31.12.2016	31.12.2015
Net income (Group share) for the period (in millions of euros)	1,182	958
Weighted average number of ordinary shares in issue during the period	281,545,143	268,791,031
Number of potentially dilutive shares		
Weighted average number of ordinary shares used to calculate diluted earnings per share	281,545,143	268,791,031
Basic earnings per share (in euros)	4.20	3.56
Basic earnings per share from ongoing activities (in euros)	4.16	3.55
Basic earnings per share from discontinued activities (in euros)	0.04	0.01
Diluted earnings per share (in euros)	4.20	3.56
Diluted earnings of ongoing activities (in euros)	4.16	3.55

› DIVIDENDS

Dividend paid in respect of year	NET amount in € million	Dividend per share	Number of share receiving dividend
2013	1,000	3.72 *	97.33%
2014	1,000	3.72 *	2.23%
2015	898	Advance: 2.93 * Remaining balance: 0.41 * Total: 3.34 *	Advance: 268,687,973 Remaining balance: 271,374,853

** Dividend eligible to 40% discount defined in Article 158.3(2) of the French General Tax Code for individual shareholders domiciled in France.*

For the 2016 financial year, the Board of Directors proposed to submit for approval to the General Meeting of Shareholders the distribution of €241,365,117.18 in addition to the interim dividend in the amount of €741,543,432.30 paid on 16 December 2016.

› APPROPRIATION OF NET INCOME AND DETERMINATION OF THE DIVIDEND

The proposed appropriation of net income is set out in the draft resolutions to be presented by the Board of Directors at the Crédit Agricole CIB's General Meeting on 4 May 2017. The breakdown of appropriation is described below. The net income for the year ended 31 December 2016 amounts to €681,503,623.29. The Board of Directors proposes that the General Meeting of Shareholders agree:

1. To record €34,075,181.16 to the legal reserve to raise it to €637,429,092.20;
2. To distribute €241,365,117.18 in respect of the remaining part for 2016 once the Bank is relieved of all other obligations of reserves and the profit for the year amounts to €1,408,912,368.48 after taking into account retained earnings of €1,503,027,358.65 less €741,543,432.30 of interim dividends paid on 16 December 2016 and plus 2016 undistributed balance of €647,428,442.13 after allocation to the legal reserve;
3. To allocate the remaining profit to retained earnings for €406,063,324.95;
4. To set the gross final dividend allocated by this Meeting at €0.83 for each of the 290,801,346 entitled shares;
5. To record, after taking into account the interim dividend paid on 16 December 2016, that the total dividend distributed in respect of 2016 amounts to €982,908,549.48;
6. To record, in view of the payment on 16 December 2016 of an interim dividend of €2.55 per share as approved by the Board of Directors on 9 December 2016, that the dividend per share pertaining to the year ended 31 December 2016 amounts to a gross €3.38.

› PERPETUAL SUBORDINATED AND DEEPLY SUBORDINATED DEBT

The main issues of perpetual subordinated and deeply subordinated debt affecting equity, Group share are:

Issue date	Currency	Amount in currency at 31.12.2015	Partial repurchases and redemptions	Amount in currency at 31.12.2016	Amount in euros at inception rate at 31.12.2015	Interests paid for the period
				In millions of units		*€ million*
16.11.2015	EUR	1,800		1,800	1,800	(118)
09.06.2016	USD			720	635	(28)
Total				**2,520**	**2,435**	**(146)**

Changes relating to undated subordinated and deeply subordinated debt affecting Shareholders' equity Group share are as follows:

In thousand euros	31.12.2016	31.12.2015
Perpetual deeply subordinated financial instruments		
Interests paid recognised in reserves		
Change in nominal amounts in 2016	(146)	
Tax benefits from interest to be paid to the holder		
Net issuing costs recognised in reserves		
Other		
Perpetual subordinated financial instruments		
Interests paid recognised in reserves		
Change in nominal amounts in 2016		
Tax benefits from interest to be paid to the holder		
Net issuing costs recognised in reserves		
Other		

▶ 6.20 NON-CONTROLLING INTEREST

Non-controlling interest held by Crédit Agricole CIB are non-significant.

▶ 6.21 BREAKDOWN OF FINANCIAL ASSETS AND 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 as "Indefinite".

	31.12.2016					
€ million	≤ 3 months	> 3 months ≤ 1 year	> 1 year ≤ 5 years	> 5 years	Indefinite	Total
Cash, due from central banks	18,215					18,215
Financial assets at fair value through profit and loss	86,418	26,302	49,025	96,840	2,920	261,505
Derivative hedging instruments	1,611	110	66	13		1,800
Available-for-sale financial assets	6,587	8,761	10,423	3,198	734	29,703
Loans and receivables due from banks	25,166	5,538	3,422	668		34,794
Loans and receivables due from customers	50,163	12,541	51,091	21,545	1	135,341
Valuation adjustment on portfolios of hedged items	14					14
Held-to-maturity financial assets						
Total financial assets by maturity date	**188,174**	**53,252**	**114,027**	**122,264**	**3,655**	**481,372**
Due to central banks	1,310					1,310
Financial liabilities at fair value through profit and loss	67,042	21,562	59,787	110,992	1	259,384
Derivative hedging instruments	961	107	60	6		1,134
Due to credit institutions	18,825	5,982	19,155	3,059	12	47,033
Due to customers	95,615	10,413	1,354	455		107,837
Debt securities	37,340	9,518	216	38	2	47,114
Subordinated debt	3		550	5,587		6,140
Valuation adjustment on portfolios of hedged items	52					52
Total financial liabilities by maturity date	**221,148**	**47,582**	**81,122**	**120,137**	**15**	**470,004**

	31.12.2015					
€ million	≤ 3 months	> 3 months ≤ 1 year	> 1 year ≤ 5 years	> 5 years	Indefinite	Total
Cash, due from central banks	27,509					27,509
Financial assets at fair value through profit and loss	95,944	20,244	57,686	115,709	3,402	292,985
Derivative hedging instruments	1,236	81	64	53		1,434
Available-for-sale financial assets	5,273	9,733	7,408	3,687	706	26,807
Loans and receivables due from banks	22,705	5,361	5,377	664		34,107
Loans and receivables due from customers	46,311	12,719	49,137	22,083		130,250
Valuation adjustment on portfolios of hedged items	11					11
Held-to-maturity financial assets						
Total financial assets by maturity date	**198,989**	**48,138**	**119,672**	**142,196**	**4,108**	**513,103**
Due to central banks	2,254					2,254
Financial liabilities at fair value through profit and loss	66,023	17,047	66,155	127,571	(77)	276,719
Derivative hedging instruments	1,162	129	91	34		1,416
Due to credit institutions	32,248	4,745	18,897	2,555	(32)	58,413
Due to customers	100,712	9,130	1,421	595		111,858
Debt securities	38,964	8,611	435	56	(4)	48,062
Subordinated debt	7		550	4,399	(1)	4,955
Valuation adjustment on portfolios of hedged items	71					71
Total financial liabilities by maturity date	**241,441**	**39,662**	**87,549**	**135,210**	**(114)**	**503,748**

NOTE 7: EMPLOYEE BENEFITS AND OTHER COMPENSATION

▶ 7.1 ANALYSIS OF EMPLOYEE EXPENSES

€ million	31.12.2016	31.12.2015
Salaries [1]	(1,423)	(1,400)
Contributions to defined-contribution plans	(59)	(61)
Contributions to defined-benefit plans	(33)	(14)
Other social security expenses	(306)	(317)
Incentive plans and profit-sharing	(29)	(26)
Payroll-related tax	(41)	(47)
Total employee expenses	**(1,891)**	**(1,865)**

(1) Including expenses relating to stock option plans for €55.2 million at 31 December 2016 compared to €56.3 million at 31 December 2015.

▶ 7.2 HEADCOUNT AT YEAR-END

Number of employees (Full-time equivalent)	31.12.2016	31.12.2015
France	4,299	4,134
Outside France	5,867	5,765
Total	**10,166**	**9,899**

▶ 7.3 POST-EMPLOYMENT BENEFITS, DEFINED CONTRIBUTION PLANS

There are various mandatory pension schemes to which employers contribute. The funds 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 provide all the benefits corresponding to the services rendered by staff during the current and previous years.

Consequently, there is no liability in this respect other than the contributions payable.

Within Crédit Agricole CIB, there are several compulsory defined-contribution plans, the main ones being Agirc/Arrco, which are French supplementary retirement plans, notably supplemented by an “Article 83” type plan.

▶ 7.4 POST-EMPLOYMENT BENEFITS, DEFINED-BENEFIT PLANS

› CHANGE IN ACTUARIAL LIABILITY

	31.12.2016			31.12.2015
€ million	Eurozone	Outside Eurozone	All zones	All zones
Actuarial liability at 31.12.2015	**236**	**1,550**	**1,786**	**1,710**
Translation adjustment		(75)	(75)	128
Current service cost during the period	10	38	48	53
Finance cost	4	32	36	42
Employee contributions		12	12	11
Revision, curtailment and settlement of plan		(32)	(32)	(6)
Change in scope	1		1	
Benefits paid (obligatory)	(8)	(57)	(65)	(102)
Allowances for activity termination - Fund external				
Actuarial (gains)/losses linked with demographical hypotheses [1]	(7)	(56)	(63)	(16)
Actuarial (gains)/losses linked with financial hypotheses [1]	25	178	203	(34)
Actuarial liability at 31.12.2016	**261**	**1,590**	**1,851**	**1,786**

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

› BREAKDOWN OF CHARGE RECOGNISED IN THE INCOME STATEMENT

	31.12.2016			31.12.2015
€ million	Eurozone	Outside Eurozone	All zones	All zones
Service cost	10	6	16	47
Income/expenses on net interests	4	4	8	9
Impact in profit and loss at 31.12.2016	**14**	**10**	**24**	**56**

› DETAILS OF GAINS AND LOSSES RECOGNISED IN OTHER NON-RECYCLABLE COMPONENTS OF COMPREHENSIVE INCOME

	31.12.2016			31.12.2015
€ million	Eurozone	Outside Eurozone	All zones	All zones
Revaluations of the net liabilities/assets				
Total amount of actuarial gaps cumulated as non-recyclable OCI at 31.12.2015	88	303	391	379
Translation adjustment		(5)	(5)	23
Actuarial profits/losses on assets		(75)	(75)	41
Profits/losses linked with demographical hypotheses (1)	(7)	(56)	(63)	(16)
Profits/losses linked with financial hypotheses (1)	25	178	203	(34)
Assets limitation adjustments				
Total items immediately recognised as non-recyclable OCI at 31.12.2016	**18**	**42**	**60**	**14**
(1) Of which actuarial gains/losses related to experience adjustment.	*(7)*	*(19)*	*(26)*	*(25)*

› CHANGE IN FAIR VALUE OF ASSETS

	31.12.2016			31.12.2015
€ million	Eurozone	Outside Eurozone	All zones	All zones
Fair value of assets at 31.12.2015	**18**	**1,225**	**1,243**	**1,199**
Translation adjustment		(77)	(77)	102
Expected return on assets		28	28	33
Actuarial net gains (losses)		75	75	(41)
Contributions paid by employers		71	71	27
Contributions paid by employees		12	12	11
Revision, curtailment and settlement of plan				
Change in scope				
Taxes, administrative expenses and premiums				
Benefits paid by the funds	(1)	(55)	(56)	(90)
Fair value of assets at 31.12.2016	**17**	**1,279**	**1,296**	**1,242**

› NET POSITION

	31.12.2016			31.12.2015
€ million	Eurozone	Outside Eurozone	All zones	All zones
Closing actuarial liability	(260)	(1,592)	(1,852)	(1,787)
Impact of asset ceiling				
Fair value of assets at end of period	17	1,280	1,297	1,243
Net closing position (liability)/asset end of period	**(243)**	**(312)**	**(555)**	**(544)**

› DEFINED BENEFIT PLANS: KEY ACTUARIAL ASSUMPTIONS

	31.12.2016			31.12.2015
€ million	Eurozone	Outside Eurozone	All zones	All zones
Discount rate [1]	1.24%	1.79%	1.59%	2.22%
Real return on plan assets and reimbursement rights	0.68%	8.65%	3.20%	-0.64%
Expected salary increases [2]	3.06%	2.14%	3.02%	1.97%
Increase in healthcare costs	4.60%		4.60%	
Other (inflation)	1.75%	2.15%	1.75%	1.98%

(1) Discount rates are determined depending on the average period of the commitment, meaning the arithmetic average of the periods calculated between the date of valuation and the date of payment weighted by staff turnover assumptions. The underlying item used is the discount rate by reference to the iBoxx index.

(2) Depending on the populations concerned (managers or non-managers).

› INFORMATION ON ASSETS' PLAN: ALLOCATION OF ASSETS [1]

	Eurozone			Outside Eurozone			All zones		
	%	Amount	O/W listed	%	Amount	O/W listed	%	Amount	O/W listed
Equities	7.29%	1	1	24.91%	319	319	24.68%	320	320
Bonds	60.28%	10	10	49.90%	639	639	50.03%	649	649
Property/ Real Estate	4.38%	1		7.21%	92		7.17%	93	
Other	28.04%	5		17.98%	230		18.11%	235	

(1) Of which fair value of reimbursement rights.

CACIB's policy on covering employee benefit obligations reflects local rules on funding post-employment benefits in countries with minimum funding requirements.

Globally, CACIB's employee retirement are covered by 69.98% at 31 December 2016.

At 31 December 2016, the sensitivity analysis showed that:

- a 50 basis point increase in discount rates would reduce the commitment by -7.98%;
- a 50 basis point decrease in discount rates would increase the commitment by 9.05%.

▶ 7.5 OTHER EMPLOYEE BENEFITS

Crédit Agricole CIB pays long service awards.

▶ 7.6 SHARE-BASED PAYMENTS

› STOCK OPTION PLAN

No new plans were implemented in 2016.

› EMPLOYEE BONUS SHARE PLAN

No new plans were implemented in 2016.

› CAPITAL INCREASE RESERVED FOR EMPLOYEES AND PENSIONERS OF THE CRÉDIT AGRICOLE GROUP (ACR)

In September 2016, Crédit Agricole S.A. offered current and retired Group employees the opportunity to subscribe to a new capital increase reserved for them. Open to employees in France and 18 other countries abroad, more than 22,000 employees throughout the world were able to purchase Crédit Agricole Group shares.

At the end of 2016, 4.6% of Crédit Agricole S.A. Group capital was owned by current and former employees.

› DEFERRED VARIABLE COMPENSATION PAID IN SHARES OR IN CASH INDEXED TO THE SHARE PRICEN

The deferred variable compensation plans implemented by the Crédit Agricole CIB Group in respect of 2016 are settled in cash in dexed 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.

This deferred variable compensation is subject to continued employment and a performance condition. It is broken down into thirds which are payable in March 2017, March 2018 and March 2019.

The expense related to these plans is recognised in compensation expenses. On a straight-line basis over the vesting period to reflect continued employment, and a liability is recorded in employee expenses, the amount of which is subject to periodical revaluation through profit or loss until the settlement date, depending on the evolution of the share price of Crédit Agricole S.A. and on vesting conditions (continued employment and performance).

▶ 7.7 EXECUTIVE COMPENSATION

Top Executives of Crédit Agricole CIB include all members of the Executive Committee and members of the Board of Directors of Crédit Agricole CIB.

The composition of the Executive Committee is detailed in the Corporate Governance chapter of this document.

Compensation paid and benefits granted to the members of the Executive Committee in 2016 were as follows:

- short-term benefits: €15 million for fixed and variable compensation (of which €1.43 million paid in share-indexed instruments), including social security expenses and benefits in kind;
- post-employment benefits at 31 December 2016: €15.6 million for end-of-career benefit commitments and the supplementary pension scheme put in place for the Group Senior Executive Officers;
- other long-term benefits: the amount of long-service awards granted was not material;
- termination benefits: no payments were made in 2016 for termination benefits;
- other share-based payment: not applicable.

Total Directors’ fees paid to members of Crédit Agricole CIB Board of Directors in 2016 in consideration for serving as Directors of Crédit Agricole CIB amounted to €0.26 million (net amount).

NOTE 8: FINANCING AND GUARANTEE COMMITMENTS

Financing and guarantee commitments and other guarantees include discontinued operations.

COMMITMENTS GIVEN AND RECEIVED

€ million	31.12.2016	31.12.2015
Commitments given	**174,172**	**154,915**
Financing commitments	126,790	108,602
Commitments given to credit institutions	21,585	14,522
Commitments given to customers	105,205	94,080
Confirmed credit lines	93,782	85,628
Documentary credits	4,182	2,559
Other confirmed credit lines	89,600	83,069
Other commitments given to customers	11,423	8,452
Guarantee commitments	47,382	46,313
Credit institutions	4,823	5,073
Confirmed documentary credit lines	2,106	2,000
Other	2,717	3,073
Customers	42,559	41,240
Property guarantees	2,369	2,186
Other customer guarantees	40,190	39,054
Commitments received	**138,156**	**153,214**
Financing commitments	21,173	33,382
Commitments received from credit institutions	20,022	31,755
Commitments received from customers	1,151	1,627
Guarantee commitments	116,983	119,832
Commitments received from credit institutions	3,441	3,131
Commitments received from customers	113,542	116,701
Guarantees received from government bodies or similar institutions	20,151	20,347
Other guarantees received	93,391	96,354

FINANCIAL INSTRUMENTS GIVEN AND RECEIVED AS COLLATERAL

€ million	31.12.2016	31.12.2015
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.)	48,155	43,598
Securities lent	876	296
Security deposits on market transactions	29,515	24,106
Other security deposits		
Securities sold under repurchase agreements	51,923	61,212
Total carrying value of financial assets provided as collateral	**130,469**	**129,212**
Carrying amount of financial assets provided as collateral		
Other security deposits		
Fair value of instruments received as reusable and reused collateral		
Securities borrowed	5	4
Securities bought under repurchase agreements	88,027	99,529
Securities sold short	19,937	22,093
Total fair value of instruments received as reusable and reused collateral	**107,969**	**121,626**

RECEIVABLES PLEDGED AS COLLATERAL

In 2016, Crédit Agricole CIB deposited €2,104 million of receivables to the *Banque de France* for refinancing compared to €1,280 million in 2015.

At 31 December 2016, Crédit Agricole CIB uses no refinancing granted by the *Banque de France*.

GUARANTEES HELD

The majority of guarantees and enhancements held consists of mortgage lines, collateral or guarantees received, regardless of the quality of the assets guaranteed.

Guarantees held by Crédit Agricole CIB Group which it is allowed to sell or to use as collateral, amount to €108 billion at 31 December 2016 compared to €122 billion at 31 December 2015. They are mainly related to repurchase agreements.

Crédit Agricole CIB policy is to sell seized collateral as soon as possible. Crédit Agricole CIB had no such assets either at 31 December 2016, or at 31 December 2015.

NOTE 9: RECLASSIFICATION OF FINANCIAL INSTRUMENTS

▶ PRINCIPLES APPLIED BY CRÉDIT AGRICOLE CIB

Reclassifications not included in the categories "Financial assets held-for-trading" and "Available-for-sale financial assets" were decided upon and implemented in accordance with IAS 39 amendment, adopted by the European Union on 15 October 2008. They were entered in the new accounting category at fair value on the reclassification date.

› RECLASSIFICATION CARRIED OUT BY CRÉDIT AGRICOLE CIB

Pursuant to the IAS 39 amendment published and adopted by the European Union on 15 October 2008, Crédit Agricole CIB made reclassifications in 2016 as allowed by the IAS 39 amendment. Information on these and previous reclassifications is shown below.

TYPE, REASON AND AMOUNT OF RECLASSIFICATIONS

Crédit Agricole CIB carried out reclassifications in 2016 from the category "Financial assets at fair value through profit or loss" to the category "Loans and receivables".

Reclassifications in prior years concern reclassifications from "Available-for-sale financial assets" and "Financial assets at fair value through profit and loss" to "Loans and receivables".

For the assets reclassified in 2016, the table below shows their value on the reclassification date as well as their value at 31 December 2016, as well as the value, at 31 December 2016, of assets previously reclassified and still in Crédit Agricole CIB assets at this date.

Reclassifications: type, reason and amount

	Total reclassified assets		Assets reclassified in 2016			Assets reclassified before			
€ million	Carrying amount 31.12.2016	Estimated value market at 31.12.2016	Reclassification value	Carrying amount 31.12.2016	Estimated value market at 31.12.2016	Carrying amount 31.12.2016	Estimated value market at 31.12.2016	Carrying amount 31.12.2016	Estimated value market at 31.12.2016
Financial assets at fair value through profit or loss reclassified as loans and receivables	638	629		9	8	629	621	806	795
Available-for-sale financial assets reclassified as loans and receivables	139	139				139	139	359	359
Total reclassified assets	**777**	**768**		**9**	**8**	**768**	**760**	**1,165**	**1,154**

CHANGE IN FAIR VALUE OF RECLASSIFIED ASSETS RECOGNISED IN PROFIT OR LOSS

Crédit Agricole CIB does not have any change in fair value of assets recognised in profit and loss or in other comprehensive income reclassified in 2016.

Contribution to income of transferred assets since reclassification

Analysis of the impact of the transferred assets:

	Impact on pre-tax income since reclassification date							
	Reclassified assets in 2016		Assets reclassified before					
	Impact in 2016		Cumulative impact at 31.12.2015		Impact in 2016		Cumulative impact at 31.12.2016	
€ million	Actual income and expenses recognised	If asset had been retained in its former category (change in fair value)	Actual income and expenses recognised	If asset had been retained in its former category (change in fair value)	Actual income and expenses recognised	If asset had been retained in its former category (change in fair value)	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			(39)	(119)	1	(3)	(38)	(122)
Of which: securisation			71	(8)	1	(3)	72	(11)
Of which: markets			(110)	(111)			(110)	(111)
Available-for-sale financial assets reclassified as loans and receivables			20	20			20	20
Total reclassified assets			**(19)**	**(99)**	**1**	**(3)**	**(18)**	**(102)**

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 an arm's length transaction between market participants at the valuation date.

Fair value is defined on the basis of an 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 includes, in particular, market data relating to interest rate risk or credit risk when the latter can be revalued based on Credit Default Swaps (CDS) prices. Repurchase agreements with underlyings quoted in an active market are also included in level 2 of the hierarchy, as are financial assets 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 includes, in particular, 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;
- demand assets and liabilities;
- transactions for which there are no reliable observable data.

▶ 10.1 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES MEASURED AT COST

Amounts presented below include accruals and prepayments and are net of impairment.

Financial assets recognised at cost on the balance sheet and measured at fair value

€ million	Value at 31.12.2016	Estimated market value at 31.12.2016	Quoted prices in active markets for identical instruments: Level 1	Valuation based on observable data: Level 2	Valuation based on observable data: Level 3
Financial assets not measured at fair value on Balance Sheet					
Loans and receivables	**170,135**	**170,143**		**41,088**	**129,055**
Loans and receivables due from credit institutions	34,794	34,794		34,794	
Current accounts and overnight loans	3,212	3,212		3,212	
Accounts and term deposits	16,829	16,829		16,829	
Pledged securities					
Securities bought under repurchase agreements	14,753	14,753		14,753	
Subordinated loans					
Securities not traded in an active market					
Other loans and receivables					
Loans and receivables due from customers	135,341	135,349		6,294	129,055
Trade receivables	15,043	15,043		1,771	13,272
Other customer loans	100,477	100,485			100,485
Securities bought under repurchase agreements	394	394		394	
Subordinated loans	100	100			100
Securities not traded in an active market	15,085	15,085			15,085
Advances in associates current accounts	113	113			113
Current accounts in debit	4,129	4,129		4,129	
Held-to-maturity financial assets					
Total financial assets of which fair value is disclosed	**170,135**	**170,143**		**41,088**	**129,055**

€ million	Value at 31.12.2015	Estimated market value at 31.12.2015	Quoted prices in active markets for identical instruments: Level 1	Valuation based on observable data: Level 2	Valuation based on observable data: Level 3
Financial assets not measured at fair value on Balance Sheet					
Loans and receivables	**164,357**	**165,596**		**41,876**	**123,720**
Loans and receivables due from credit institutions	34,107	34,107		34,107	
Current accounts and overnight loans	4,782	4,782		4,782	
Accounts and term deposits	14,404	14,404		14,404	
Pledged securities					
Securities bought under repurchase agreements	14,921	14,921		14,921	
Subordinated loans					
Securities not traded in an active market					
Other loans and receivables					
Loans and receivables due from customers	130,250	131,489		7,769	123,720
Trade receivables	13,036	13,036		1,285	11,751
Other customer loans	97,866	99,106			99,106
Securities bought under repurchase agreements	1,873	1,873		1,873	
Subordinated loans	123	123			123
Securities not traded in an active market	12,630	12,629			12,629
Advances in associates current accounts	111	111			111
Current accounts in debit	4,611	4,611		4,611	
Held-to-maturity financial assets					
Total financial assets of which fair value is disclosed	**164,357**	**165,596**		**41,876**	**123,720**

Financial liabilities recognised at cost on the balance sheet and measured at fair value

€ million	Value at 31.12.2016	Estimated market value at 31.12.2016	Quoted prices in active markets for identical instruments: Level 1	Valuation based on observable data: Level 2	Valuation based on observable data: Level 3
Financial liabilities not measured at fair value on Balance Sheet					
Due to credit institutions	47,033	47,033		47,033	
Current accounts and overnight loans	4,478	4,478		4,478	
Accounts and term deposits	36,951	36,951		36,951	
Securities sold under repurchase agreements	5,604	5,604		5,604	
Due to customer accounts	107,837	107,837		36,661	71,176
Current accounts in credit	37,979	37,979		34,648	3,331
Special savings accounts	152	152			152
Other accounts	67,693	67,693			67,693
Securities sold under repurchase agreements	2,013	2,013		2,013	
Debt securities	47,114	47,119		47,119	
Subordinated debt	6,140	6,140		6,140	
Total financial liabilities of which fair value is disclosed	**208,124**	**208,129**		**136,953**	**71,176**

€ million	Value at 31.12.2015	Estimated market value at 31.12.2015	Quoted prices in active markets for identical instruments: Level 1	Valuation based on observable data: Level 2	Valuation based on observable data: Level 3
Financial liabilities not measured at fair value on Balance Sheet					
Due to credit institutions	58,413	58,413		58,413	
Current accounts and overnight loans	4,555	4,555		4,555	
Accounts and term deposits	40,826	40,826		40,826	
Securities sold under repurchase agreements	13,032	13,032		13,032	
Due to customer accounts	111,858	111,863		34,912	76,951
Current accounts in credit	33,747	33,747		33,747	
Special savings accounts	121	121			121
Other accounts	76,825	76,830			76,830
Securities sold under repurchase agreements	1,165	1,165		1,165	
Debt securities	48,062	48,065		48,065	
Subordinated debt	4,955	4,955		4,955	
Total financial liabilities of which fair value is disclosed	**223,288**	**223,296**		**146,345**	**76,951**

▶ 10.2 INFORMATION ON FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

› 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 use of:

- 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 validated by the Market Risk Department's quantitative teams.

The valuation produced for each instrument is a mid-market valuation, which does not take into 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. This adjustment can be positive or negative;
- **bid/ask reserves**: these adjustments include 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** representing a risk premium as considered by any market participant. These adjustments are always negative.
  - **Input uncertainty reserves** seek to incorporate any uncertainty that might exist as regards one or more of the inputs used.
  - **Model uncertainty reserve**s seek to incorporate any uncertainty that might exist due to the choice of model used;
- **the counterparty risk valuation on derivative assets** (Credit Valuation Adjustment or CVA) and the risk of non-execution on its derivative liabilities (Debit Valuation Adjustment or DVA or own credit risk).

  The CVA incorporates the 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.

  The DVA incorporates the risk borne by our counterparties. It is calculated on an aggregate basis by counterparty according to the future exposure profile of the transactions. This adjustment is always positive and is deducted from the fair value of the financial liabilities.

  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. The probability of default is in priority, directly deduced from listed CDS or listed CDS proxies when they are judged sufficiently liquid;
- **the Funding Valuation Adjustment (FVA)**: the valuation of uncollateralised derivative instruments incorporates a FVA or Funding Valuation Adjustment related to the funding of these instruments.

› BREAKDOWN OF FINANCIAL INSTRUMENTS AT FAIR VALUE BY VALUATION METHOD

Financial assets measured at fair value

The amounts include accrued interest and are net of impairment.

€ million	Total 31.12.2016	Quoted prices in active markets for identical instruments: Level 1	Valuation based on observable data: Level 2	Valuation based on observable data: Level 3
Financial assets held for trading	**261,392**	**19,860**	**238,729**	**2,803**
Loans and receivables due from customers	469			469
Securities bought under repurchase agreement	72,896		72,896	
Securities held for trading	17,466	16,179	1,047	240
Treasury bills and similar securities	11,857	11,111	746	
Bonds and other fixed-income securities	2,689	2,171	278	240
Equities and other variable-income securities	2,920	2,897	23	
Derivative instruments	170,561	3,681	164,786	2,094
Financial assets designated at fair value through profit or loss	**113**			**113**
Loans and receivables due from credit institutions				
Securities designated at fair value through profit and loss	113			113
Bonds and other fixed-income securities	113			113
Equities and other variable-income securities				
Available-for-sale financial assets	**29,703**	**27,059**	**2,044**	**600**
Treasury bills and similar securities	11,317	11,293	24	
Bonds and other fixed-income securities	17,653	15,620	2,007	26
Equities and other variable-income securities	733	146	13	574
Hedging derivatives instruments	**1,800**		**1,800**	
Total financial assets measured at fair value	**293,008**	**46,919**	**242,573**	**3,516**
Transfers from level 1: Quoted prices in active markets for identical instruments	2,040		2,040	
Transfers from level 2: Valuation based on observable data	25			25
Transfers from level 3: Valuation based on unobservable data	482	4	478	
Total transfers to each level	**2,547**	**4**	**2,518**	**25**

Level 1 to level 2 transfers involve available-for-sale securities.

Level 2 to level 3 transfers mainly involve interest rate derivatives.

Level 3 to level 2 transfers mainly involve interest rate derivatives.

€ million	Total 31.12.2015	Quoted prices in active markets for identical instruments: Level 1	Valuation based on observable data: Level 2	Valuation based on observable data: Level 3
Financial assets held for trading	292,226	26,091	262,645	3,490
Loans and receivables due from customers	526			526
Securities bought under repurchase agreement	82,744		82,744	
Securities held for trading	24,977	23,382	1,297	298
Treasury bills and similar securities	15,864	15,802	62	
Bonds and other fixed-income securities	5,710	4,177	1,235	298
Equities and other variable-income securities	3,403	3,403		
Derivative instruments	183,979	2,709	178,604	2,666
Financial assets designated at fair value through profit or loss	759		645	114
Loans and receivables due from credit institutions	645		645	
Securities designated at fair value through profit and loss	114			114
Bonds and other fixed-income securities	114			114
Equities and other variable-income securities				
Available-for-sale financial assets	26,807	26,285	10	512
Treasury bills and similar securities	11,038	11,038		
Bonds and other fixed-income securities	15,079	15,076		3
Equities and other variable-income securities	690	171	10	509
Hedging derivatives instruments	1,434		1,434	
Total financial assets measured at fair value	**321,226**	**52,376**	**264,734**	**4,116**
Transfers from level 1: Quoted prices in active markets for identical instruments	109			109
Transfers from level 2: Valuation based on observable data	55			55
Transfers from level 3: Valuation based on unobservable data	311	17	294	
Total transfers to each level	**475**	**17**	**294**	**164**

Level 1 to level 3 transfers involve bonds.

Level 2 to level 3 transfers mainly involve interest rate derivatives.

Level 3 to level 1 transfers mainly involve AFS securities and bonds.

Level 3 to level 2 transfers mainly involve interest rate derivatives.

Financial liabilities measured at fair value

Given amounts include accrued interest.

€ million	Total 31.12.2016	Quoted prices in active markets for identical instruments: Level 1	Valuation based on observable data: Level 2	Valuation based on observable data: Level 3
Financial liabilities held for trading	235,189	22,263	209,281	3,645
Securities sold short	19,941	19,377	504	60
Securities sold under repurchase agreements	44,306		44,306	
Debt securities	1	1		
Derivative instruments	170,941	2,885	164,471	3,585
Financial liabilities designated at fair value through profit or loss	24,195		15,491	8,704
Hedging derivative instruments	1,134		1,134	
Total financial liabilities measured at fair value	**260,518**	**22,263**	**225,906**	**12,349**
Transfers from level 1: Quoted prices in active markets for identical instruments	514		505	9
Transfers from level 2: Valuation based on observable data	731			731
Transfers from level 3: Valuation based on unobservable data	812		812	
Total transfers to each level	**2,057**		**1,317**	**740**

Level 1 to level 2 transfers mainly involve financial liabilities held for trading.

Level 2 to level 3 transfers mainly involve negotiable debt securities recognised at fair value through profit or loss.

Level 3 to level 2 transfers mainly involve negotiable debt securities recognised at fair value through profit or loss.

€ million	Total 31.12.2015	Quoted prices in active markets for identical instruments: Level 1	Valuation based on observable data: Level 2	Valuation based on observable data: Level 3
Financial liabilities held for trading	252,632	24,391	224,560	3,681
Securities sold short	22,098	22,097		1
Securities sold under repurchase agreements	47,015		47,015	
Debt securities				
Derivative instruments	183,519	2,294	177,545	3,680
Financial liabilities designated at fair value through profit or loss	24,087		17,215	6,872
Hedging derivative instruments	1,416		1,407	9
Total financial liabilities measured at fair value	**278,135**	**24,391**	**243,182**	**10,562**
Transfers from level 1: Quoted prices in active markets for identical instruments				
Transfers from level 2: Valuation based on observable data	226	46		180
Transfers from level 3: Valuation based on unobservable data	344		344	
Total transfers to each level	**570**	**46**	**344**	**180**

Level 2 to level 3 transfers mainly involve interest rate derivatives and negotiable debt securities designated at fair value through profit or loss.

Level 3 to level 2 transfers mainly involve interest rate derivatives and negotiable debt securities designated at fair value through profit or loss.

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 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.

Corporate and government bonds and agencies that are valued on the basis of prices obtained from independent sources and updated regularly are classified in level 1. This covers all sovereign, agency and corporate bonds held. Issuers whose bonds are not quoted are classified in level 3.

FINANCIAL INSTRUMENTS CLASSIFIED IN LEVEL 2

Main financial instruments classified in level 2 are:

- liabilities designated at fair value through profit or loss;

  Liabilities designated at fair value through profit or loss are classified in level 2 when their embedded derivative is considered 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 independent valuation data is 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 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 includes:

- 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 these 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;

  liabilities designated at fair value through profit or loss are classified in level 3 when their embedded derivative is considered to be classified in level 3;
- over-the-counter derivatives;

  products that are not observable due to the underlying items: some products, which are mostly classified in level 2, may be considered to fall within level 3 due to their underlying currency or maturity. An observability table defines the maximum maturity considered to be observable for each instrument/currency pair. Observability is a function of the input's liquidity and the availability of observable sources enabling its valuation.

Level 3 mainly comprises:

- interest rate exposures or very long-dated currency swaps;
- equity exposures, mainly through products traded on shallow option markets or indexed to volatility and long-dated forward or futures contracts;
- exposures to non-linear (interest rate or forex) instruments with a long maturity on key currencies/indices. It also includes vanilla options and simple exotic derivatives such as cancellable swaps;
- 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, which mainly involve the USD/JPY currency pair 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). This category includes cross-asset products such as dual range, emerging market currency baskets and Credit Default Baskets. Correlations are determined conservatively as a function of the bank's aggregate exposure, based on historical data. If the diversity of correlations is high, exposures to each one remain measured;

- equity correlation and equity hybrid products, whose pay-off depends on the performance of shares or of indexes of a basket (that may not only consist of shares but also other instruments such as commodities indexes). Measurements of these products are sensitive to the correlation between the basket components and may be classed as level 3 depending on their maturity, hybrid nature and the composition of the underlying basket;
- interest rate derivatives whose coupon is indexed to forward volatility ("Vol bonds");
- CDOs based on corporate credit baskets. The valuation model for these products uses both observable inputs (CDS prices) and unobservable inputs (default correlations). For the least liquid Senior tranches, Crédit Agricole CIB has introduced valuation inputs that are tailored to its assessment of the intrinsic risk of its exposures. Market risk of the CDO derivatives book was sold to a fund managed by Blue Mountain Capital in 2012;
- market risk on complex equity derivatives portfolios was transferred to a counterparty outside the Group at 31 December 2013.

For most of these products, the table below shows the valuation techniques and the main unobservable inputs with their value interval.

Instruments classes	*Carrying amount (€ million)* Assets	Liabilities	Main product types comprising level 3	Valuation technique used	Main unobservable data	Unobservable data intervals
Interest rate derivatives	1,766	3,200	Long-dated cancellable products (cancellable zero coupon swaps)	Interest rate options valuation method	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 instrument valuation model	Interest rate /Interest rate correlation	50%/80%
					Interest rate/ FX correlation	-50%/50%
			Multiple-underlying products (dual range, etc.)	Multiple-underlying product valution model	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	-75%/75%
Credit derivaties	70	30	CDOs indexed to corporate credit baskets	Correlation projections techniques and expected cash flows modelling	Default correlations	50%/90%

› CHANGES IN THE BALANCE OF FINANCIAL INSTRUMENTS VALUED AT FAIR VALUE ACCORDING TO LEVEL 3

Financial assets measured at fair value according to level 3

		Financial assets held for trading							
					Financial assets held for trading				
€ million	Total	Loans and receivables due from credit institutions	Loans and receivables due from customers	Securities bought under repurchase agreement	Treasury bills and similar items	Bonds and other fixed income securities	Equities and other variable-income securities	Securities held for trading	Derivative instruments
Opening balance (31.12.2015)	**4,116**		**526**			**298**		**298**	**2,666**
Gains or losses for the period	(10)		(72)			(53)		(53)	(36)
Accounted in profit and loss	(80)		(65)			(53)		(53)	(36)
Accounted in other comprehensive income	70		(7)						
Purchases	331		75			10		10	260
Sales	(789)		(385)			(9)		(9)	(220)
Issues	83								
Settlements	(100)					(4)		(4)	(122)
Reclassifications	325		325						
Changes associated with scope during the period	17								
Transfers	(457)					(2)		(2)	(454)
Transfers to level 3	25								25
Transfers out of level 3	(482)					(2)		(2)	(479)
Closing balance (31.12.2016)	**3,516**		**469**			**240**		**240**	**2,094**

Financial assets designated at fair value through profit or loss						Available-for-sale financial assets				
		Financial assets designated at fair value through profit or loss								
Assets backing unit-linked contracts	Securities held for trading	Treasury bills and similar securities	Bonds and other fixed-income securities	Equities and other variable-income securities	Securities designated at fair value through profit or loss	Treasury bills and similar securities	Bonds and other fixed income securities	Equities and other variable income securities	Available-for-sale receivables	Hedging derivative instruments
			114		**114**		**3**	**509**		
			(1)		(1)		47	105		
			(1)		(1)		47	28		
								77		
								(14)		
							(24)	(151)		
								83		
								26		
								17		
								(1)		
								(1)		
			113		**113**		**26**	**574**		

Financial assets measured at fair value according to level 3

€ million	Total	Financial liabilities held for trading: Securities sold short	Financial liabilities held for trading: Securities sold under repurchase agreement	Financial liabilities held for trading: Derivative instruments	Financial liabilities at fair value through profit or loss	Hedging derivatives instruments
Opening balance (01.01.2016)	**10,562**	**1**		**3,680**	**6,872**	**9**
Gains or losses for the period	59	60		101	(102)	
Accounted in profit and loss	59	60		101	(102)	
Accounted in other comprehensive						
Purchases	196			196		
Sales	(268)	(1)		(267)		
Issues	3,169				3,169	
Settlements	(1,297)			(85)	(1,212)	
Reclassifications						
Changes associated with scope during the period						
Transfers	(72)			(40)	(23)	(9)
Transfers to level 3	740			41	699	
Transfers out of level 3	(812)			(81)	(722)	(9)
Closing balance (31.12.2016)	**12,349**	**60**		**3,585**	**8,704**	

The net change in fair value of assets and liabilities classified in level 3 amounts to -€2,387 million at 31 December 2016.

The fair value amount (and variance) on these products alone is not however representative. Indeed, these products are largely hedged by others, simpler and individually valued, using data considered as observable. The actual variances (and their variances) of these hedged products, which are mainly symmetrical to those of the products measured on the basis of data considered to be unobservable, do not appear in the table of financial assets and liabilities measured at fair value according to level 3, above.

SENSITIVITY ANALYSIS FOR FINANCIAL INSTRUMENTS MEASURED USING A 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 require products valued on this basis to be classified in level 3: correlation and prepayment rates (i.e. early redemption).

Correlation

Many instruments are sensitive to a correlation input. However, this input is not unique and there are many different correlation types, including:

- forward correlation between two successive indices in the same currency - e.g.: two-year CMS/ten-year CMS;
- interest rate/interest rate correlation (different indices) - e.g.: Libor USD 3 million/Libor €3 million;
- interest rate/FX correlation (or Quanto) - e.g.: USD/JPY – USD;
- equity/equity correlation;
- equity/FX correlation;
- equity/interest rate correlation;
- FX/FX correlation.

The biggest source of correlation exposure is, within the Non-Linear business line, the cross asset business.

Prepayment rate

The prepayment rate is the rate of early repayment on securitisation portfolios, whether voluntary or involuntary (default). Exposure to this risk factor can stem from two types of sources: firstly, direct exposure to these asset classes and, secondly, certain so-called “securitisation” swaps, i.e. where changes in the nominal amount automatically adjust 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 shocks:

- correlations between successive indices in the same currency (i.e. CMS correlations): 3%;
- cross-asset correlations (e.g. Equity/forex or IR/Equity) and between two interest rate curves in different currencies: 5%.

The result of the stress test is then obtained by adding up the absolute values obtained. For each correlation type, we took the absolute values by currency and by book, therefore assuming that the correlations were not correlated among themselves. For the CMS correlations, we considered the various underlyings independently (e.g. 1y10y, 2y10y).

At 31 December 2016, the sensitivity to the inputs used in the interest rate derivative models stood at +/-€6.8 million, with a level that was stable compared to 31 December 2015 (+/-€6.7 million). There are no longer any Legacy activities, the transactions having been unwound or transferred to the Euro, Non-Euro and JPY structured books.

The main contributory factors are:

- Cross asset: €2 million (vs. €3.3 million at 31 December 2015) with the €1.3 million decline being mainly due to the decline in the EUR/GBP interest rate - interest rate correlation following the unwinding of certain transactions;
- Non-Euro structured:€1.9 million (versus €1.3 million);
- Euro structured: €2 million.

The increased stress on Structured activities is due to the growth of the business and hence the rise in this risk factor;

- Long Term FX: €0.6 million (versus €0.8 million).

The contributions of the other scopes are relatively low.

With respect to the prepayment rate

Direct exposure to assets comprising a prepayment 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 prepayment rate is thus considered to be negligible.

The prepayment rate is not an observable market input 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 prepayment rate and using a very slow prepayment rate. A "normal" variance in the prepayment rate will therefore have no material impact on mark-to-market, no Day One thus being used for these products.

10.3 ESTIMATED IMPACT OF THE INCLUSION OF THE MARGIN AT INCEPTION

€ million	31.12.2016	31.12.2015
Deferred gains at 1 January	45	65
Deferred gains generated by new transactions during the period	33	16
Recognised in income during the period		
Amortisation and cancelled/redeemed/expired transactions	(9)	(36)
Effect of parameters or products that became observable during the period		
Deferred margin at the end of the period	**69**	**45**

NOTE 11: SCOPE OF CONSOLIDATION AT 31 DECEMBER 2016

11.1 INFORMATION ON THE SUBSIDIARIES

11.1.1 RESTRICTIONS ON CONTROLLED ENTITIES

CACIB is subject to the following restrictions:

- regulatory constraints.

  The subsidiaries of CACIB 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 CACIB;
- legal constraints.

  The subsidiaries of CACIB 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;
- other constraints.

  A subsidiary of CACIB, Crédit Agricole CIB Algérie, is required to obtain prior approval for the payment of dividends from their prudential authorities (namely *Banque d'Algérie*).

11.1.2 SUPPORT FOR STRUCTURED ENTITIES UNDER GROUP CONTROLL

Crédit Agricole CIB has contractual arrangements with some consolidated structured entities under Group control 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 2016, the outstanding volume of these issues was €22 billion.

As part of its third-party securitisation business, Crédit Agricole CIB provides liquidity lines to its ABCP conduits. At 31 December 2016, these liquidity lines totalled €31 billion.

▶ 11.2 COMPOSITION OF THE CONSOLIDATION GROUP

The scope of consolidation at 31 December 2016 is detailed as follows:

Crédit Agricole CIB Group Share of consolidation	(a)	Location	Country of incorporation if different from location	Nature of entity and control (b)	Consolidation method 31.12.2016	% control 31.12.16	% control 31.12.15	% interest 31.12.16	% interest 31.12.15
Parent company and its branches									
Crédit Agricole CIB S.A.		France		Parent company	Parent	100.00	100.00	100.00	100.00
Crédit Agricole CIB (Dubai)		United Arab Emirates	France	Branch	Full	100.00	100.00	100.00	100.00
Crédit Agricole CIB (Dubai DIFC)		United Arab Emirates	France	Branch	Full	100.00	100.00	100.00	100.00
Crédit Agricole CIB (Abu Dhabi)		United Arab Emirates	France	Branch	Full	100.00	100.00	100.00	100.00
Crédit Agricole CIB (South Korea)		South Korea	France	Branch	Full	100.00	100.00	100.00	100.00
Crédit Agricole CIB (Spain)		Spain	France	Branch	Full	100.00	100.00	100.00	100.00
Crédit Agricole CIB (India)		India	France	Branch	Full	100.00	100.00	100.00	100.00
Crédit Agricole CIB (Japan)		Japan	France	Branch	Full	100.00	100.00	100.00	100.00
Crédit Agricole CIB (Singapore)		Singapore	France	Branch	Full	100.00	100.00	100.00	100.00
Crédit Agricole CIB (United Kingdom)		United Kingdom	France	Branch	Full	100.00	100.00	100.00	100.00
Crédit Agricole CIB (Hong Kong)		Hong Kong	France	Branch	Full	100.00	100.00	100.00	100.00
Crédit Agricole CIB (New York)		United States	France	Branch	Full	100.00	100.00	100.00	100.00
Crédit Agricole CIB (Cayman Islands) *		Cayman Islands	France	Branch	Full	100.00	100.00	100.00	100.00
Crédit Agricole CIB (Chicago)	S3	United States	France	Branch	Full	0.00	100.00	0.00	100.00
Crédit Agricole CIB (Taipei)		Taiwan	France	Branch	Full	100.00	100.00	100.00	100.00
Crédit Agricole CIB (Luxembourg)		Luxembourg	France	Branch	Full	100.00	100.00	100.00	100.00
Crédit Agricole CIB (Finland)		Finland	France	Branch	Full	100.00	100.00	100.00	100.00
Crédit Agricole CIB (Vietnam)		Vietnam	France	Branch	Full	100.00	100.00	100.00	100.00
Crédit Agricole CIB (Germany)		Germany	France	Branch	Full	100.00	100.00	100.00	100.00
Crédit Agricole CIB (Sweden)		Sweden	France	Branch	Full	100.00	100.00	100.00	100.00
Crédit Agricole CIB (Italy)		Italy	France	Branch	Full	100.00	100.00	100.00	100.00
Crédit Agriciole CIB (Belgium)		Belgium	France	Branch	Full	100.00	100.00	100.00	100.00
Crédit Agricole CIB (Miami)		United States	France	Branch	Full	100.00	100.00	100.00	100.00
Crédit Agricole CIB (Canada)	E2	Canada	France	Branch	Full	100.00	0.00	100.00	0.00
Banking and financial institutions									
Banco Crédit Agricole Brasil S.A.		Brazil		Subsidiary	Full	100.00	100.00	100.00	100.00
Banque Saudi Fransi - BSF		Saudi Arabia		Associate	Equity	31.11	31.11	31.11	31.11
Crédit Agricole CIB Algérie Bank Spa		Algeria		Subsidiary	Full	100.00	100.00	100.00	100.00
Crédit Agricole CIB Australia Ltd.		Australia		Subsidiary	Full	100.00	100.00	100.00	100.00
Crédit Agricole CIB China Ltd.		China		Subsidiary	Full	100.00	100.00	100.00	100.00
Crédit Agricole CIB Services Private Ltd.		India		Subsidiary	Full	100.00	100.00	100.00	100.00
Crédit Agricole CIB AO		Russia		Subsidiary	Full	100.00	100.00	100.00	100.00
CA Indosuez Wealth (Europe)	D1	Luxembourg		Subsidiary	Full	100.00	100.00	100.00	100.00

* *Entities settled in Cayman Islands are respectively subject to tax in France (pursuant the Article 209 B of the General Tax Code), in the United States and in the United Kingdom.*

Crédit Agricole CIB Group Share of consolidation	(a)	Location	Country of incorporation if different from location	Nature of entity and control (b)	Consolidation method 31.12.2016	% control		% interest	
						31.12.16	31.12.15	31.12.16	31.12.15
CA Indosuez Wealth (Europe - Spain)	D1	Spain	Luxembourg	Branch	Full	100.00	100.00	100.00	100.00
CA Indosuez Wealth (Europe - Belgium)	D1	Belgium	Luxembourg	Branch	Full	100.00	100.00	100.00	100.00
CA Indosuez Wealth (Europe - Italy)	D1	Italy	Luxembourg	Branch	Full	100.00	100.00	100.00	100.00
CA Indosuez (Switzerland) S.A.	D1	Switzerland		Subsidiary	Full	100.00	100.00	100.00	100.00
CA Indosuez (Switzerland) S.A. (Hong Kong)	D1	Hong Kong	Switzerland	Branch	Full	100.00	100.00	100.00	100.00
CA Indosuez (Switzerland) S.A. (Singapore)	D1	Singapore	Switzerland	Branch	Full	100.00	100.00	100.00	100.00
CFM Indosuez Wealth	D1	Monaco		Subsidiary	Full	70.13	70.13	68.96	68.96
CA Indosuez Finanziaria S.A.	D1	Switzerland		Subsidiary	Full	100.00	100.00	100.00	100.00
UBAF		France		Joint venture	Equity	47.01	47.01	47.01	47.01
UBAF (Japan)		Japan	France	Joint venture	Equity	47.01	47.01	47.01	47.01
UBAF (South Korea)		South Korea	France	Joint venture	Equity	47.01	47.01	47.01	47.01
UBAF (Singapore)		Singapore	France	Joint venture	Equity	47.01	47.01	47.01	47.01
CA Indosuez Wealth (France)	D1	France		Subsidiary	Full	100.00	100.00	100.00	100.00
CA Indosuez Gestion		France		Subsidiary	Full	100.00	100.00	100.00	100.00
Ester Finance Titrisation		France		Subsidiary	Full	100.00	100.00	100.00	100.00
Brokerage companies									
Crédit Agricole Securities (USA) Inc.		United States		Subsidiary	Full	100.00	100.00	100.00	100.00
Crédit Agricole Securities (Asia) Ltd.	E3	Hong Kong		Subsidiary	Full	100.00	0.00	100.00	0.00
Crédit Agricole Securities Asia Limited Séoul Branch (CASAL Seoul Branch)	E3	South Korea		Branch	Full	100.00	0.00	100.00	0.00
Investment companies									
CA Indosuez Wealth (Brazil) S.A. DTVM	D1	Brazil		Subsidiary	Full	100.00	100.00	100.00	100.00
Compagnie Française de l'Asie (CFA)		France		Subsidiary	Full	100.00	100.00	100.00	100.00
Crédit Agricole CIB Air Finance S.A.		France		Subsidiary	Full	100.00	100.00	100.00	100.00
Crédit Agricole Securities Asia BV		Netherlands		Subsidiary	Full	100.00	100.00	100.00	100.00
Crédit Agricole Global Partners Inc.		United States		Subsidiary	Full	100.00	100.00	100.00	100.00
L.F. Investment Inc.	S1	United States		Subsidiary	Full	0.00	100.00	0.00	100.00
Indosuez CM II Inc.	S1	United States		Subsidiary	Full	0.00	100.00	0.00	100.00
L.F. Investment L.P.	S1	United States		Subsidiary	Full	0.00	100.00	0.00	100.00
Crédit Agricole CIB Holdings Ltd.		United Kingdom		Subsidiary	Full	100.00	100.00	100.00	100.00
CA Indosuez Wealth (Group)	D1	France		Subsidiary	Full	100.00	100.00	100.00	100.00
Crédit Agricole Securities Asia BV (Tokyo)		Japan	Netherlands	Branch	Full	100.00	100.00	100.00	100.00
Doumer Finance S.A.S.		France		Subsidiary	Full	100.00	100.00	100.00	100.00
Fininvest		France		Subsidiary	Full	98.33	98.33	98.33	98.33
Fletirec		France		Subsidiary	Full	100.00	100.00	100.00	100.00
I.P.F.O.		France		Subsidiary	Full	100.00	100.00	100.00	100.00
Crédit Agricole Securities Taiwan	S2 - D4	Taiwan		Subsidiary	Full	0.00	100.00	0.00	100.00

Crédit Agricole CIB Group Share of consolidation	(a)	Location	Country of incorporation if different from location	Nature of entity and control (b)	Consolidation method 31.12.2016	% control		% interest	
						31.12.16	31.12.15	31.12.16	31.12.15
Insurance									
CAIRS Assurance S.A.		France		Subsidiary	Full	100.00	100.00	100.00	100.00
Other									
CA Indosuez Wealth (Global Structuring)	S4	Luxembourg		Subsidiary	Full	0.00	99.99	0.00	99.99
Calixis Finance		France		Controlled structured entity	Full	100.00	100.00	100.00	100.00
Calliope srl		Italy		Controlled structured entity	Full	100.00	100.00	100.00	100.00
CLIFAP		France		Subsidiary	Full	100.00	100.00	100.00	100.00
Crédit Agricole Asia Shipfinance Ltd.		Hong Kong		Subsidiary	Full	99.99	99.99	99.99	99.99
Crédit Agricole CIB Finance (Guernsey) Ltd.*		Guernsey		Controlled structured entity	Full	99.90	99.90	99.90	99.90
Crédit Agricole CIB Financial Prod. (Guernsey) Ltd.*		Guernsey		Controlled structured entity	Full	99.90	99.90	99.90	99.90
Crédit Agricole CIB Financial Solutions		France		Controlled structured entity	Full	99.68	99.56	99.68	99.56
Crédit Agricole CIB Global Banking		France		Subsidiary	Full	100.00	100.00	100.00	100.00
DGAD International SARL		Luxembourg		Subsidiary	Full	100.00	100.00	100.00	100.00
Immobilière Sirius S.A.	S3	Luxembourg		Subsidiary	Full	0.00	100.00	0.00	100.00
Indosuez Holding SCA II		Luxembourg		Controlled structured entity	Full	100.00	100.00	100.00	100.00
Indosuez Management Luxembourg II		Luxembourg		Controlled structured entity	Full	100.00	100.00	99.99	99.99
Island Refinancing Srl		Italy		Controlled structured entity	Full	100.00	100.00	100.00	100.00
MERISMA		France		Controlled structured entity	Full	100.00	100.00	100.00	100.00
Sagrantino Italy srl		Italy		Controlled structured entity	Full	100.00	100.00	100.00	100.00
CLSA Financial Products Ltd.*	S3	Bermuda		Controlled structured entity	Full	0.00	100.00	0.00	100.00
Benelpart		Belgium		Subsidiary	Full	100.00	100.00	97.40	96.59
Financière des Scarabées		Belgium		Subsidiary	Full	100.00	100.00	98.67	98.33
Lafina		Belgium		Subsidiary	Full	100.00	100.00	97.74	97.06
SNGI Belgium		Belgium		Subsidiary	Full	100.00	100.00	100.00	100.00
Sococlabecq		Belgium		Subsidiary	Full	100.00	100.00	97.74	97.06
TCB		France		Subsidiary	Full	98.70	98.59	97.40	97.12
Armo-Invest	S4	France		Subsidiary	Full	0.00	99.99	0.00	96.59
Calciphos	S4	France		Subsidiary	Full	0.00	99.95	0.00	96.55
Miladim	S4	France		Subsidiary	Full	0.00	99.16	0.00	95.72
Molinier Finances		France		Subsidiary	Full	99.99	99.99	97.12	96.51
SNGI		France		Subsidiary	Full	100.00	100.00	100.00	100.00
Sofipac		Belgium		Subsidiary	Full	98.58	99.58	96.02	96.14

** Entities settled in Guernsey and Bermuda are respectively subject to tax in France (pursuant the Article 209 B of the General Tax Code), in the United States and in the United Kingdom.*

Crédit Agricole CIB Group Share of consolidation	(a)	Location	Country of incorporation if different from location	Nature of entity and control (b)	Consolidation method 31.12.2016	% control 31.12.16	% control 31.12.15	% interest 31.12.16	% interest 31.12.15
Placements et réalisations immobilières (SNC)		France		Subsidiary	Full	100.00	100.00	97.40	96.68
Crédit Agricole Leasing (USA) Corp.		United States		Subsidiary	Full	100.00	100.00	100.00	100.00
Crédit Agricole America Services Inc.		United States		Subsidiary	Full	100.00	100.00	100.00	100.00
CA Indosuez Wealth (Asset Management)	D1	Luxembourg		Subsidiary	Full	100.00	100.00	100.00	100.00
Atlantic Asset Securitization LLC		United States		Controlled structured entity	Full	100.00	100.00	0.00	0.00
LMA SA		France		Controlled structured entity	Full	100.00	100.00	0.00	0.00
FIC-FIDC		Brazil		Controlled structured entity	Full	100.00	100.00	100.00	100.00
Héphaïstos EUR FCC		France		Controlled structured entity	Full	100.00	100.00	0.00	0.00
Héphaïstos GBP FCT		France		Controlled structured entity	Full	100.00	100.00	0.00	0.00
Héphaïstos USD FCT		France		Controlled structured entity	Full	100.00	100.00	0.00	0.00
Héphaïstos Multidevises FCT		France		Controlled structured entity	Full	100.00	100.00	0.00	0.00
Eucalyptus FCT		France		Controlled structured entity	Full	100.00	100.00	0.00	0.00
Pacific USD FCT		France		Controlled structured entity	Full	100.00	100.00	0.00	0.00
Shark FCC		France		Controlled structured entity	Full	100.00	100.00	0.00	0.00
Vulcain EUR FCT		France		Controlled structured entity	Full	100.00	100.00	0.00	0.00
Vulcain GBP FCT		France		Controlled structured entity	Full	100.00	100.00	0.00	0.00
FCT Cablage FCT		France		Controlled structured entity	Full	100.00	100.00	0.00	0.00
Vulcain USD FCT		France		Controlled structured entity	Full	100.00	100.00	0.00	0.00
Acieralliage EURO FCC		France		Controlled structured entity	Full	100.00	100.00	0.00	0.00
Acieralliage USD FCC		France		Controlled structured entity	Full	100.00	100.00	0.00	0.00
Pacific EUR FCC		France		Controlled structured entity	Full	100.00	100.00	0.00	0.00
Pacific IT FCT		France		Controlled structured entity	Full	100.00	100.00	0.00	0.00
Triple P FCC		France		Controlled structured entity	Full	100.00	100.00	0.00	0.00
ESNI (compartiment Crédit Agricole CIB)		France		Controlled structured entity	Full	100.00	100.00	100.00	100.00
Elipso Finance S.r.l		Italy		Joint venture	Equity	50.00	50.00	50.00	50.00

Crédit Agricole CIB Group Share of consolidation	(a)	Location	Country of incorporation if different from location	Nature of entity and control (b)	Consolidation method 31.12.2016	% control		% interest	
						31.12.16	31.12.15	31.12.16	31.12.15
CA-CIB Pension Limited Partnership		United Kingdom		Controlled structured entity	Full	100.00	100.00	100.00	100.00
ItalAsset Finance SRL		Italy		Controlled structured entity	Full	100.00	100.00	100.00	100.00
Financière Lumis	E3	France		Subsidiary	Full	100.00	0.00	100.00	0.00
Lafayette Asset Securitization LLC	E2	United States		Controlled structured entity	Full	100.00	0.00	0.00	0.00

(a) LEGEND

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
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.
D5: inclusion into scope related to IFRS 10 application.
D6: change in consolidation method in application of IFRS 11.

(b) LEGEND

Nature of control
Subsidiary.
Controlled structured entity.
Joing venture.
Structured joint venture.
Joint operation.
Associate.
Structured associate.
Branch.

NOTE 12: INVESTMENTS IN NON-CONSOLIDATED COMPANIES AND STRUCTURED ENTITIES

12.1 INVESTMENTS IN NON-CONSOLIDATED COMPANIES

These securities, recorded in the "Available-for-sale assets" portfolio are variable-income securities that represent a significant portion of the capital of the companies that issued them, and are intended to be held on an other-than-temporary basis.

This line item amounts to €29,703 million at 31 December 2016, compared with €26,807 million at 31 December 2015.

At 31 December 2016, the main investments in non-consolidated companies for which the percentage of interests is greater than 20% and which have a significant net book value (see Note 1.3 on accounting policies and principles) are the following:

	31.12.2016		31.12.2015		
€ million	Net book value	% interest	Net book value	% interest	Reason for non inclusion in the consolidation scope
Net book value of investment in non-consolidated companies	**489**		**494**		
Of which					
BFO	5	100.00	43	100.00	No more activity
CLTR	29	100.00	28	100.00	
Fundo a de Investimento	25	100.00	19	97.60	Below the applicable consolidation thresholds in the Group
Indosuez International Finance BV	25	100.00			

12.2 NON-CONSOLIDATED STRUCTURED ENTITIES

› INFORMATION ON THE NATURE AND EXTENT OF INTERESTS HELD

At 31 December 2016, Crédit Agricole CIB and its subsidiaries 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 CIB, 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.

Crédit Agricole CIB invests in and provides liquidity facilities to the securitisation vehicles it has sponsored on behalf of customers.

STRUCTURED FINANCE

Crédit Agricole CIB 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 CIB sponsors structured entities in the following instances:

- if Crédit Agricole CIB is involved in establishing the entity and that involvement, which is remunerated, is deemed essential for ensuring the proper completion of transactions;
- if structuring takes place at the request of Crédit Agricole CIB and it is the main user thereof;
- if Crédit Agricole CIB transfers its own assets to the structured entity;
- if Crédit Agricole CIB is the manager;
- if the name of a subsidiary or of the parent company of Crédit Agricole CIB is linked to the name of the structured entity or to the financial instruments issued by it.

Crédit Agricole CIB has sponsored its non-consolidated structured entities, in which it held no interest at 31 December 2016.

Gross income, mainly consisting of commissions in the securitisation and asset management business lines, from sponsored entities in which Crédit Agricole CIB held no interest at the reporting date, amounted to €3 million at 31 December 2016.

› INFORMATION ON THE RISKS RELATED TO INTERESTS

FINANCIAL SUPPORT FOR STRUCTURED ENTITIES

In 2016, Crédit Agricole CIB provided no financial support for non-consolidated structured entities.

At 31 December 2016, Crédit Agricole CIB has no intention to provide financial support for a non-consolidated structured entity.

INTERESTS HELD IN SPONSORED NON-CONSOLIDATED STRUCTURED ENTITIES BY TYPE OF BUSINESS

The involvement of Crédit Agricole CIB in non-consolidated structured entities at 31 December 2016 and at 31 December 2015 is presented in the following tables for all categories of sponsored structured entities of material significance to Crédit Agricole CIB.

	31.12.2016				31.12.2015			
	Securitisation		Structured Finance (1)		Securitisation		Structured Finance (1)	
		Maximum loss		Maximum loss		Maximum loss		Maximum loss
€ million	Carrying amount	Maximum exposure to loss risk	Carrying amount	Maximum exposure to loss risk	Carrying amount	Maximum exposure to loss risk	Carrying amount	Maximum exposure to loss risk
Financial assets held for trading	394	394	67	67	379	396	109	109
Financial assets designated at fair value through profit or loss								
Available-for-sale financial assets	56	56	92	92	43	43	107	107
Loans and receivables	16,770	16,770	3,461	3,461	13,183	13,183	3,602	3,371
Held-to-maturity financial assets								
Total assets related to non-consolidated structured entities	**17,220**	**17,220**	**3,620**	**3,620**	**13,605**	**13,622**	**3,818**	**3,587**
Equity instruments								
Financial liabilities held for trading	1,099		6	6	976		6	6
Financial liabilities designated at fair value through profit or loss								
Debt at amortised cost	1,642		646		1,570		775	
Total liabilities related to non-consolidated structured entities	**2,741**		**652**	**6**	**2,546**		**781**	**6**
Commitments given								
Financing commitments		13,442		1,197		15,539		735
Guarantee commitments						33		237
Others								
Provisions - Financing commitments						2		
Total commitments (net of provision) to non-consolidated structured entities		**13,442**		**1,197**		**15,574**		**972**
Total balance sheet relating to non-consolidated structured entities	**17,401**		**3,809**		**17,117**		**4,893**	

(1) Non-sponsored structured entities represent 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 structured entities 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 AFTER THE REPORTING PERIOD

No significant event occurred after the reporting period.

4 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended at 31 December 2016

This is a free translation into English of the Statutory Auditors' report issued in the French language and is provided solely for the convenience of English speaking readers.

The Statutory Auditors' report includes information specifically required by French law in all audit reports, whether qualified or not, and this is presented below the opinion on the consolidated financial statements. This information includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements.

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,

In compliance with the assignment entrusted to us by your Shareholders' Meeting, we hereby submit our report for the year ended 31 December 2016 on:

- our audit of Crédit Agricole Corporate and Investment Bank's consolidated financial statements as attached to this report;
- the justification of our assessments;
- the specific procedures and disclosures required by law.

The consolidated financial statements are the responsibility of the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I. OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform our audit to obtain reasonable assurance that the consolidated financial statements are free of material misstatement. An audit consists of examining, on the basis of tests and other selection methods, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made in the preparation of the financial statements and evaluating their overall presentation. We believe that the evidence we have collected is relevant and sufficient for the formation of our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and results of the companies and entities included in the consolidated Group in accordance with the IFRS standards as adopted in the European Union.

II. JUSTIFICATION OF OUR ASSESSMENTS

Pursuant to the provisions of Article L. 823-9 of the *Code de Commerce* (French Commercial Code) concerning the justification of our assessments, we bring to your attention the following items:

- Your Group books impairment reserves to cover credit risks which are inherent to its business activities. We have reviewed the arrangements put in place by the Group to identify and evaluate these risks and to determine the amount of impairment it considers necessary, and we have verified that these accounting estimates were based on documented methods that complied with the principles described in Note 1.3 to the consolidated financial statements.
- As stated in Notes 1.3 and 10.2 to the consolidated financial statements, your Group uses internal models to the financial instruments' valuation based on unobservable data and to estimates of certain fair value adjustments of financial statements. Our work entailed reviewing the control system applied to the models used, the underlying assumptions and the methods for taking into account the risks associated with such instruments.
- As stated in Notes 1.4 and 6.17 to the consolidated financial statements, your Group has performed impairment tests on goodwills and investments. We have reviewed the terms and conditions related to these tests, the main parameters and assumptions used, and have verified that the presentation in the notes to the consolidated financial statements was appropriate.
- As stated in Notes 1.3 to the consolidated financial statements, your Group establishes provisions to cover the legal and tax risks to which it is exposed. We have examined the mechanism implemented by management to identify and evaluate these risks and to determine the necessary amount of provisions. We have also verified the appropriateness of the information given in Note 6.18 to the financial statements.
- As part of its consolidated financial statements preparation process, your Group has made other accounting estimates, as explained in Note 1.3 to the consolidated financial statements, in particular regarding the valuation and impairment of non-consolidated equity securities, the pension and future employee benefits engagements, reserves for operational risks, reserves for legal risks, insurance company technical reserves and deferred taxes assets. We have reviewed the methods and assumptions used and ensured that the accounting estimates are appropriately documented in conformity with the principles described in Note 1.3 of the consolidated financial statements.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. SPECIFIC VERIFICATION

As required by law, we have also verified in accordance with professional standards applicable in France the information presented in the Group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Neuilly-sur-Seine and Paris-La Défense, 20 March 2017

The Statutory Auditors

PricewaterhouseCoopers Audit		ERNST & YOUNG et Autres	
Anik Chaumartin	**Emmanuel Benoist**	**Hassan Baaj**	**Valérie Meeus**

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PARENT-COMPANY FINANCIAL STATEMENTS AT 31 DECEMBER 2016

Approved by the Board of Directors on 10 February 2017 and submitted for approval by the Ordinary General meeting of 4 May 2017.

KEY FIGURES

› NET INCOME GROUPE SHARE

€682 M

› NET BANKING INCOME

€3,363 M

› TOTAL BALANCE SHEET

€535,528 M

1 CREDIT AGRICOLE CIB (S.A.) FINANCIAL STATEMENTS

1.1 ASSETS

€ million	Notes	31.12.2016	31.12.2015
Cash money market and interbank items		**99,982**	**103,807**
Cash due from central banks		16,479	23,837
Treasury bills ans similar securities	*4, 4.2, 4.3 and 4.4*	22,868	26,237
Loans and receivables to credit institutions	*2*	60,635	53,733
Loans and receivables to customers	*3.1, 3.2, 3.3 and 3.4*	**143,302**	**160,157**
Portfolio securities		**27,457**	**27,435**
Bonds and other fixed income securities	*4, 4.2, 4.3 and 4.4*	21,163	22,123
Equities and other equity variables income securities	*4 and 4.2*	6,294	5,312
Fixed assets		**6,641**	**6,819**
Equity investments and other long-term equity investments	*5, 5.1 and 6*	650	579
Investments in subsidiaries and affiliates	*5, 5.1 and 6*	5,767	5,983
Intangible assets	*6*	123	139
Property, plant and equipment	*6*	101	118
Treasury shares			
Accruals, prepayments and sundry assets		**258,146**	**267,263**
Other assets	*7*	65,354	64,930
Accruals and prepayments	*7*	192,792	202,333
Total assets		**535,528**	**565,481**

1.2 LIABILITIES

€ million	Notes	31.12.2016	31.12.2015
Cash money markets and interbank items		**66,090**	**83,552**
Due to central banks		1,310	2,239
Due to credit institutions	*9*	64,780	81,313
Due to customers	*10.1, 10.2 and 10.3*	**125,941**	**127,329**
Debts securities	*11*	**41,442**	**45,927**
Accruals, deferred income and sundry liabilities		**278,164**	**288,762**
Other liabilities	*12*	80,465	85,628
Accruals and deferred income	*12*	197,699	203,134
Provisions and subordinated debt		**12,295**	**9,254**
Provisions	*13*	3,671	2,502
Subordinated debt	*14*	8,624	6,752
Fund for general banking risks (FGBR)		**105**	**105**
Equity (excluding FGBR)	*15*	**11,491**	**10,552**
Share capital		7,852	7,327
Share premium		1,573	987
Reserves		623	602
Revaluation adjustments			
Regulated provisions and investment subsidies			
Retained earnings		761	1,202
Net income for the financial year		682	434
Total equity and liabilities		**535,528**	**565,481**

1.3 OFF-BALANCE SHEET

€ million	31.12.2016	31.12.2015
Commitments given	**273,188**	**240,644**
Financing commitments	144,994	130,429
Commitments to credit institutions	18,417	12,581
Commitments to customers	126,577	117,848
Guarantee commitments	63,284	59,096
Commitments to credit institutions	18,093	14,722
Commitments to customers	45,191	44,374
Commitments on securities (1)	16,865	7,417
Other commitments given (1)	48,045	43,702
Commitments received	**157,363**	**157,700**
Financing commitments	23,225	34,709
Commitments to credit institutions	19,000	28,956
Commitments to customers	4,225	5,753
Guarantee commitments (2)	111,259	110,892
Commitments to credit institutions	3,331	4,521
Commitments to customers	107,928	106,371
Commitments on securities	16,354	7,437
Other commitments received	6,525	4,662

(1) Including €4,159 million commitments given to Crédit Agricole S.A. at 31 December 2016.

(2) Including €274 million guarantee commitments received from Crédit Agricole S.A. at 31 December 2016.

▶ OFF-BALANCE SHEET ITEMS: OTHER INFORMATION

Foreign exchange transactions and amounts payable in foreign currency: Note 18.

Transactions involving forward financial instruments: Notes 19, 19.1, 19.2 et 19.3.

1.4 INCOME STATEMENT

€ million	Notes	31.12.2016	31.12.2015
Interest and similar income	*20 and 21*	4,500	4,569
Interest and similar expenses	*20*	(3,048)	(3,441)
Income from variable-income securities	*21*	235	248
Fee and commission income	*22 and 22.1*	930	1,113
Fee and commission expenses	*22 and 22.1*	(391)	(642)
Net gain/(loss) on trading book	*23*	1,487	1,653
Net gain/(loss) on investment portfolios	*24*	78	55
Other banking income		76	170
Other banking expenses		(504)	(36)
Revenues		**3,363**	**3,689**
Operating expenses		(2,353)	(2,238)
Personnal costs	*25.1 and 25.2*	(1,363)	(1,181)
Other operating expenses	*25.3*	(990)	(1,057)
Depreciation, amortization and impairment of property, plant and equipment and intangible assets		(74)	(76)
Gross operating income		**936**	**1,375**
Cost of risk	*26*	(536)	(292)
Net operating income		**400**	**1,083**
Net gain/(loss) on fixed assets	*27*	3	(604)
Pre-tax income on ordinary activities		**403**	**479**
Net extraordinary items			
Income tax charge	*28*	279	(45)
Net allocation to FGBR and regulated provisions			
Net income for the financial year		**682**	**434**

2 NOTES TO THE PARENT-COMPANY FINANCIAL STATEMENTS

NOTE 1: ACCOUNTING POLICIES AND PRINCIPLES

Crédit Agricole CIB (SA) prepares its financial statements in accordance with the accounting principles applicable to banks in France. The presentation of the financial statements of Crédit Agricole CIB complies with the provisions of ANC Regulation 2014-07 of 26 November 2014, which, for periods beginning on or after 1 January 2015, combines in a single regulation all accounting standards applicable to credit institutions, pursuant to established law.

Changes in accounting policies and the presentation of the financial statements compared with the previous year relate to the following:

Regulations	Date published by the French State	Date of first-time application: financial years from	Applicable within Crédit Agricole CIB
ANC Regulation 2015-04 related to the annual financial statements of social housing organisations Chapters 1 to 3 and chapters 5 to 7	4 June 2015	1 January 2016	No
ANC Regulation 2015-05 related to forward financial instruments and to hedging transactions	2 July 2015	1 January 2017 or by anticipation at 1 January 2016	No
ANC Regulation 2015-06 modifying ANC Regulation 2014-03 related to the general accounting plan	23 November 2015	1 January 2016	Yes
ANC Regulation 2016-01 related to annual statements of the Management Association of the National Parity Fund (AGFPN)	5 February 2016	1 January 2016	No
ANC Regulation 2016-02 related to annual statements of securitisation organisations	11 March 2016	1 January 2017 or by anticipation at 1 January 2016	No
ANC Regulation 2016-03 related to accounting rules applicable to real estate investment trusts (SCPI)	15 April 2016	1 January 2017 or by anticipation at 1 January 2016	No
ANC Regulation 2016-04 related to *sociétés de libre partenariat*	1 July 2016	31 December 2016	No
ANC Regulation 2016-06 related to accounting rules of the real estate investment scheme	14 October 2016	1 January 2016	No
ANC Regulation 2016-07 modifying ANC Regulation 2014-03 related to the general accounting plan	4 November 2016	1 January 2016	Yes
ANC Regulation 2016-12 modifying ANC Regulation 2015-11 of 26 November 2015 related to annual statements of insurance companies	12 December 2016	1 January 2016	No
Consolidated version of the 99-01 Regulation with all the accounting standards applicable to voluntary sector	20 September 2016	1 January 2016	No

The application of these new regulations did not have a material impact on the results and net assets of Crédit Agricole Corporate and Investment Bank over the period.

1.1 LOANS AND FINANCING MATERIALS

Loans and receivables to credit institutions, entities of the Crédit Agricole Group and customers are governed by Articles 2211-1 to 2251-13 (Part 2 “Accounting Treatment of Credit Risk” of Book II “Special Transactions”) of ANC Regulation 2014-07 of 26 November 2014.

They are presented in the financial statements according to their initial term or the nature of the receivable:

- demand and time deposits for credit institutions;
- current accounts, time loans and advances for Crédit Agricole internal transactions;
- trade receivables and other loans and receivables to customers.

In accordance with regulations, the customers category also includes transactions with financial customers.

Subordinated loans and repurchase agreements (represented by certificates or securities) are included under the various categories of loans and receivables according to counterparty type (interbank, Crédit Agricole, customers).

Amounts receivable are recognised on the balance sheet at face value.

Pursuant to Article 2131-1 of ANC Regulation 2014-07 of 26 November 2014, the fees and commissions received and the marginal transaction costs borne are deferred over the effective term of the loan and are thus included in the outstanding amount of the relevant loan.

Accrued interest is recognised on the balance sheet under the appropriate category of loans and advances and booked to the income statement as interest income.

Financing commitments recognised as off-balance sheet represent irrecoverable commitments to cash advances and guarantee commitments that have not resulted in fund movements.

The application of Part 2 "Accounting Treatment of Credit Risk" of Book II "Special Transactions" of ANC Regulation 2014-07 of 26 November 2014 has led Crédit Agricole CIB to account for loans with a risk of arrears in accordance with the following rules. External and/or internal rating systems are used to help assess whether there is a credit risk.

› 1.1.1 RESTRUCTURED LOANS

These are loans to counterparties in financial difficulty, such that the bank alters their initial characteristics (term, interest rate, etc.) to allow counterparties to honour the repayment schedule.

They consist of loans classified as in default and performing loans at the date they are restructured.

Restructured loans do not include loans whose characteristics have been renegotiated on a commercial basis with counterparties not showing any insolvency problems.

The reduction of future flows granted to a counterparty, or the postponing of these flows as part of a restructuring, results in the recognition of a discount. It represents future loss of cash flow discounted at the original effective interest rate. It is equal to the difference between:

- the nominal value of the loan;
- and the sum of of theoretical future cash flows from the restructured loan, discounted at the original effective interest rate (defined at the date of the financing commitment).

The discount recognised when a loan is restructured is recorded under cost of risk. Its amortisation then affects the interest margin.

Restructured loans are rated in accordance with Basel rules and are impaired on the basis of the estimated credit risk. They are individually impaired within thirty days of a missed payment.

At December 2016, restructured loans held by Crédit Agricole CIB amount to €5,764 million in book value compared to 4,969 million as of 31 December 2015.

› 1.1.2 DOUBDTFUL AND BAD DEBTS

Loans and advances of all kinds, even those that are guaranteed, are classified as doubtful if they carry an identified credit risk on an individual basis arising from one of the following events:

- the loan or advance is at least three months in arrears;
- the borrower's financial position is such that an identified risk exists regardless of whether the loan or advance is in arrears;
- the bank and borrower are in legal proceedings.

For overdrafts, the length of arrears is beginning when the debtor has exceeded an authorised limit and has been made aware of this by the institution or when the debtor has been warned that its borrowings exceed an internal control limit set by the institution, or when the debtor has drawn amounts without an overdraft authorisation.

Subject to certain conditions, in lieu of the above criteria, the bank may calculate the age of the overdue amount from the date on which the bank has issued a demand for total or partial repayment of the overdraft by the borrower.

Crédit Agricole CIB makes a distinction between doubtful and bad debts.

DOUBTFUL LOANS

All doubtful loans which do not fall into the bad debts category are classified as doubtful loans.

BAD DEBTS

Bad debts are those for which the prospects of recovery are highly impaired and which are likely to be written off in time.

In the case of doubtful loans, interest continues to be recognised so long as the receivable is deemed to be doubtful, but is no longer recognised after the loss has been transferred to bad debts.

› 1.1.3 IMPAIRMENT RESULTING FROM INDIVIDUALLY ASSESSED CREDIT RISK

Once a loan is classified as doubtful, an impairment loss is deducted by Crédit Agricole CIB from the asset in an amount equal to the probable loss. These impairment losses represent the difference between the carrying amount of the receivable and estimated future cash flows discounted at the contractual rate, taking into account the borrower's financial condition, its business prospects and any guarantees, after deducting the cost of enforcing such guarantees.

Possible losses in respect of portfolios of small loans with similar characteristics may be estimated on a statistical basis rather than individually assessed.

Probable losses in respect off-balance sheet commitments are covered by provisions recognised as liabilities.

› 1.1.4 ACCOUNTING TREATMENT OF IMPAIRMENT LOSSES

Impairment losses and reversals of impairment losses for non-recovery risk on doubtful loans are recognised in cost of risk and any increase in the carrying amount resulting from the reversal of impairment losses as a result of the passage of time is recognised in the interest margin.

› 1.1.5 ON FOR CREDIT RISK NOT INDIVIDUALLY IMPAIRED

Crédit Agricole CIB also books provisions on the liabilities side of the balance sheet to cover customer risks that are not individually allocated to loans, such as country risk provisions or sector provisions calculated based on Basel models. These provisions are designed to cover identified risks for which there is a statistical or historical probability of partial non-recovery against loans classified as performing or not individually impaired.

› 1.1.6 COUNTRY RISK

Country risk (or international commitment risk) comprises "the total amount of non-compromised commitments, both on- and off-balance sheet, carried by an institution either directly or through so-called defeasance structures on private or public debtors resident in the countries listed by the French Prudential and Resolution Supervisory Authority (ACPR), or for which the successful settlement depends on the situation of private or public debtors resident in such countries" (French Banking Commission (Commission Bancaire) memorandum of 24 December 1998).

When these receivables are not doubtful they remain in their original accounts.

The amount of provisions "Risks - Registred countries" in liabilities for Crédit Agricole CIB stands at €836 million at 31 December 2016 against €879 million at 31 December 2015.

› 1.1.7 WRITE OFF

The appreciation of the write-off period is based on an expert judgment. Crédit Agricole CIB determines it with its Risk Management division, in accordance with its knowledge of the activity.

▶ 1.2 SECURITIES PORTFOLIOS

The rules on recognition of securities portfolios are defined by Articles 2311-1 to 2391-1 (Part 3 "Recognition of Securities Transactions" of Book II "Special Transactions") and Articles 2211-1 to 2251-13 (Part 2 "Accounting Treatment of Credit Risk" of Book II "Special Transactions") of ANC Regulation 2014-07 of 26 November 2014 for the determination of credit risk and the impairment of fixed income securities.

These securities are presented in the financial statements according to their asset class: treasury bills (treasury bonds and similar securities), bonds and other fixed income securities (negotiable debt securities and interbank market instruments) and equities and other variable-income securities.

They are classified in portfolios defined by regulation (trading, short term investment, long term investment, medium term portfolio, other long term equity investments and investments in subsidiaries and affiliates), depending on the initial intention for holding the securities as identified in the accounting IT system at the time they were acquired.

› 1.2.1 TRADING SECURITIES

Trading securities are securities that were originally:

- bought with the intention of selling them in the near future, or sold with the intention of repurchasing them in the near future;
- or held by the bank as a result of its market-making activity. The classification of these securities as trading securities depends on the effective turnover of the securities and significant trading volume taking into account market opportunities.

These securities must be tradable on an active market and market prices must represent real transactions taking place regularly in the market in normal competitive conditions.

Trading securities also include:

- securities bought or sold as part of specialist management of the trading portfolio, including forward financial instruments, securities or other financial instruments that are managed together and on which there is an indication of recent short-term profit taking;
- securities on which there is a commitment to sell as part of an arbitrage transaction on an organised market for financial instruments or similar market.

Except as provided in accordance with Articles 2381-1 to 2381-5 (Part 3 "Recognition of Securities Transactions" of Book II "Special Transactions") of ANC Regulation 2014-07 of 26 November 2014, trading securities may not be reclassified into another accounting category. They continue to be presented and measured as trading securities until they are removed from the balance sheeet after bieng sold, fully redeemed or written off.

Trading securities are recognized on the date they are purchased in the amount of their purchase price, excluding incidental purchase costs and including accrued interest.

Liabilities relating to securities sold short are recognized on the liabilities side of the seller's balance sheet in the amount of the selling price excluding incidental purchase costs.

At each period-end, securities are measured at the most recent market price. The overall amount of differences resulting from price changes is taken to profit and loss and recorded in "Net gain/(loss) on trading book".

› 1.2.2 AVAILABLE FOR SALE SECURITIES

This category consists of securities that do not fall into any other category.

The securities are recorded at their purchase price, excluding incidental purchase costs.

BONDS AND OTHER FIXED-INCOME SECURITIES

The securities are recorded at their purchase price including accrued interest. The difference between the purchase price and the redemption value is spread over the security's remaining life according to an actuarial method.

Revenues is recorded in the income statement under: "Interest and similar income from bonds and other fixed-income securities".

EQUITIES AND OTHER VARIABLE-INCOME SECURITIES

Equities are recorded on the balance sheet at purchase price excluding incidental acquisition costs. Dividend revenues from equities are taken to the income statement under "Income from variable-income securities".

At each reporting date, short-term investment securities are measured at the lesser of acquisition cost and market value. If the current value of an item or an homogeneous set of securities (calculated from market prices at the reporting date, for example) is lower than its carrying value, an impairment loss is recorded in the amount of the unrealised loss without being offset against any gains recognised on other categories of securities.

Gains from hedging within the meaning of Article 2514-1 of ANC Regulation 2014-07 of 26 November 2014, in the form of purchases or sales of forward financial instruments, are factored in for the purposes of calculating impairment losses.

Potential gains are not recognized.

In addition, for fixed-income securities identified as doubtful, impairment intended to take into account counterparty risk and recognised under cost of risk is booked as follows:

- in the case of listed securities, impairment is based on market value, which intrinsically reflects credit risk. However if particular information available to Crédit Agricole CIB on the financial situation of the issuer is not reflected in the market value, a specific impairment is booked;
- in the case of unlisted securities, impairment is carried out in the same way as on loans and advances to customers based on identified probable losses (see previous subdivision of "loans to customers"; paragraph "1.1 Loans and financing materials").

Sales of securities are deemed to take place on a first-in first-out basis.

Impairment charges, write-backs and disposal gains or losses on available-for-sale securities are recorded under "Net gain/ (loss) from investment portfolios and similar". Income from equities and other variable-income securities is recorded on the income statement under "Income from variable-income securities".

› 1.2.3 HELD TO MATURITY SECURITIES

Long-term investment securities are fixed income securities with a fixed maturity date that have been acquired or transferred to this category with the manifest intention of holding them until maturity.

This category only includes securities for which Crédit Agricole CIB has the necessary financial capacity to continue holding them until maturity and that are not subject to any legal or other constraint that could threaten its plan to hold them until maturity.

Long-term investment securities are recognised at acquisition price, excluding purchase costs, and including interests.

The difference between the purchase price and the redemption price is spread over the security's remaining life.

Impairment is not booked for long term investment securities if their market value falls below cost. On the other hand, if the impairment arises from a risk relating specifically to the issuer of the security, impairment is recorded under "Cost of risk", in accordance with Part 2 "Accounting Treatment of Credit Risk" of Book II "Special Transactions" of ANC Regulation 2014-07 of 26 November 2014; it is recorded in the "cost of risk" item.

In the event of the sale or reclassification to another category of securities representing a material amount, the reporting entity is no longer authorised to classify securities previously acquired and to be acquired as long-term investment securities during the current financial year and for two subsequent years, in accordance with the Article 2341-2 of ANC Regulation 2014-07 of 26 November 2014.

› 1.2.4 MEDIUM-TERM PORTFOLIO SECURITIES

In accordance with Articles 2351-2 to 2352-6 (Part 3 "Recognition of Securities Transactions" of Book II "Special Transactions") of ANC Regulation 2014-07 of 26 November 2014, these securities are "investments made on a normal basis, with the sole aim of securing a capital gain in the medium term, with no intention of investing in the issuer's business on a long-term basis or taking an active part in its management".

Securities can only be included in this category if the activity is carried out to a significant extent and on an ongoing basis within a structured framework and gives the reporting entity a recurring return mainly in the form of capital gains on disposals.

Crédit Agricole CIB meets these conditions and some of its securities can be classified in this category.

Medium term portfolio securities are recorded at purchase price, including transaction expenses.

They are recognised at the end of the reporting period at the lower of historical cost or value in use, which is determined on the basis of the issuer's general outlook and the estimated remaining time horizon for holding the securities.

For listed companies, value in use is generally the average quoted price over a sufficiently long period of time, depending on the estimated time horizon for holding the securities, to mitigate the impact of substantial fluctuations in stock prices.

Impairment losses are booked for any unrealised losses calculated for each line of securities, and are not offset against any unrealized gains. Unrealised losses are recorded under "Net gains or losses on short term investment portfolios" along with impairment losses and reversals on these securities.

Unrealised gains are not recognised.

› 1.2.5 INVESTMENTS IN SUBSIDIARIES AND AFFILIATES, EQUITY INVESTMENTS AND OTHER LONG-TERM INVESTMENTS

- Investments in subsidiaries and affiliates are investments in companies that are under exclusive control and that are or may be fully consolidated in the same consolidated whole.
- Equity investments are investments (other than investments in subsidiaries and affiliates) of which the long term ownership is judged beneficial to the reporting entity, in particular because it allows it to exercise influence or control over the issuer.
- Other long-term securities consist of securities held with the intention of promoting long-term business relations by creating a special relationship with the issuer, but with no influence on the issuer's management due to the small percentage of voting rights held.

Investments in subsidiaries and affiliates are recognized at their purchase price including transaction expenses in accordance with CRC Regulation 2008-07.

The other long-term securities are recognized at their purchase price excluding transaction expenses.

At the reporting date, the value of these securities is measured individually, based on value in use, and they are recorded on the balance sheet at the lower of historical cost or value in use.

Value in use represents the price the reporting entity would be prepared to pay to acquire these securities if it had to buy them having regard to its reasons for holding them.

Value in use may be estimated on the basis of various factors such as the issuer's profitability and prospective profitability, its equity, the economic environment, the average share price in the preceding months or the mathematical value of the security.

When value in use is lower than historical cost, impairment losses are booked for these unrealised gains and are not offset against.

Impairment losses and reversals and disposal gains or losses on these securities are recorded under "Net gains (losses) on fixed assets".

› 1.2.6 MARKET PRICE

The market price at which the various categories of securities are measured is determined as follows:

- securities traded on an active market are measured at the latest price;
- if the market on which the security is traded is not or no longer considered active or if the security is unlisted, Crédit Agricole CIB determines the likely value at which the security concerned would be traded using valuation techniques. In the first instance, these techniques take into account recent transactions carried out in normal competition conditions. If required, Crédit Agricole CIB uses valuation techniques commonly used by market participants to price these securities, when it has been demonstrated that these techniques provide reliable estimates of prices obtained in actual market transactions.

› 1.2.7 RECORDING DATES

Crédit Agricole CIB records securities classified as long-term investment securities on the settlement date. Other securities, regardless of type or classification, are recognised on the trading date.

› 1.2.8 SECURITIES SOLD/BOUGHT UNDER REPURCHASE AGREEMENTS

Assets sold under repurchase agreements continue to be recorded on the balance sheet. The amount received is recorded as a liability. In the other party's books, assets bought under repurchase agreements are not recorded on the balance sheet, although the amount paid is recorded as an amount due.

The corresponding income and expenses are taken to profit and loss on a prorate basis.

Securities sold under repurchase agreements continue to be subject to the accounting principles applicable to the securities category from which they originate.

› 1.2.9 SECURITIES LOANED AND BORROWED

In the accounts of the lender, a receivable is recorded in the balance sheet representing the market price of the loaned securities on the date of the loan, in place of the loaned securities. At each period end, the receivable is valued using the rules applicable to loaned securities, including the recognition of accrued interest on available-for-sale securities and held-to-maturity securities.

In the accounts of the borrower, the security is recorded as an asset under trading securities at the market price prevailing on the date the security was borrowed. A liability to the lender is recorded on the balance sheet under "Liabilities relating to stock lending transactions". At each period-end, securities are measured at the most recent market price.

› 1.2.10 RECLASSIFICATION OF SECURITIES

In accordance with Articles 2381-1 to 2381-5 (Part 3 "Recognition of Securities Transactions" of Book II "Special Transactions") of ANC Regulation 2014-07 of 26 November 2014, the following securities reclassifications are allowed:

- from "Trading securities" to "Long term investment securities" or "Short term investment securities" in case of exceptional market conditions or, for fixed income securities that are no longer tradable in an active market and if the entity has the intention and ability to hold the securities for the foreseeable future or until maturity;
- from "short term investment securities" to "long term investment securities" in case of exceptional market conditions or for fixed income securities that are no longer tradable in an active market.

In 2016, Crédit Agricole CIB did not make any reclassifications as allowed by ANC Regulation 2014-07 of 26 november 2014.

▶ 1.3 FIXED ASSETS

Crédit Agricole CIB applies ANC Regulation 2014-03 of 26 November 2014 relating to the depreciation, amortisation and impairment of assets.

Crédit Agricole CIB applies component accounting for all of its property, plant and equipment. In accordance with this method, the depreciable base takes account of the potential remaining value of property, plant and equipment.

ANC Regulation 2015-06 changes the way in which technical merger losses are recognised on the balance sheet and monitored in the financial statements. Losses are no longer required to be comprehensively and systematically recognised under "Goodwill"; they must be recognised in the balance sheet depending on asset items to which they are allocated as "Other property, plant and equipment, intangible assets and financial assets, etc.". The loss is amortised, impaired and written off in the same way as the underlying asset.

The acquisition cost of fixed assets includes the purchase price plus any incidental expenses, namely expenses directly or indirectly incurred in connection with bringing the asset into service or "into inventory".

Land is stated at acquisition cost.

Buildings and equipment are stated at acquisition-cost less accumulated depreciation, amortisation and impairment losses since the time they were placed in service.

Purchased software is measured at purchase price less accumulated depreciation, amortisation and any impairment losses since acquisition.

Proprietary software is measured at cost less accumulated depreciation, amortisation and impairment losses booked since completion.

Intangible assets other than software, patents and licences are not amortised. They may be subject to impairment.

Fixed assets are depreciated over their estimated useful lives.

The following components and depreciation periods have been adopted by Crédit Agricole CIB following the application of component accounting for fixed assets. 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 (accelerated or straight-line)
Special equipment	4 to 5 years (accelerated or straight-line)

Based on available information on the value of its fixed assets, Crédit Agricole CIB has concluded that impairment testing would not lead to any change in the depreciable amount.

▶ 1.4 DUE TO CUSTOMER AND CREDIT INSTITUTIONS

Amounts due to credit institutions and to customers are presented in the financial statements according to their initial term or their nature:

- demand and time deposits for banks;
- current accounts, time loans and advances for Crédit Agricole internal transactions;
- special savings accounts and other deposits for customers (notably including financial customers).

Repurchase agreements (represented by certificates or securities) are included under these various headings, according to counterparty type.

Accrued interest on these deposits is recognised under accrued interest and taken to profit and loss.

1.5 DEBT SECURITIES

Debt securities are presented according to their form: interest bearing notes, interbank market instruments, negotiable debt securities and bonds, excluding subordinated securities, which are classified in liabilities under “Subordinated debt”.

Accrued interest but not yet due is recognised under accrued interest and taken to profit and loss.

Issue or redemption premiums on bonds are amortised over the maturity period of each bond issue. The corresponding charge is recorded under “Interest expenses on bonds and other fixed income securities”.

Redemption premiums can be amortised in two ways:

- based on accrued interest on a pro-rata basis for bonds issued before 1 January 1993, or for those with a redemption premium of less than 10% of the issue price or;
- on an actuarial basis for debt issued after 1 January 1993 with a redemption premium of more than 10% of the issue price.

Crédit Agricole CIB also amortises borrowing expenses in its parent company’s financial statements.

Fee and commission expenses on financial services paid to the Regional Banks are recognised as expenses under “Fee and commission expenses”.

1.6 PROVISIONS

Crédit Agricole CIB applies the ANC Regulation 2014-03 as of 5 June 2014 as regards the recognition and measurement of provisions.

Provisions include provisions relating to financing commitments, retirement and early retirement liabilities, litigations and various risks.

The provisions also include country risks. All these risks are reviewed quarterly.

Provisions are set aside for country risks following an analysis of the types of transactions, the term of commitments, their form (receivables, securities, market products) as well as country quality.

Crédit Agricole CIB partially hedges provisions on these foreign-currency-denominated receivables by buying foreign currency, to limit the impact of changes in exchange rates on provision levels.

1.7 FUNDS FOR GENERAL BANKING RISKS (F.G.B.R.)

In accordance with the Fourth European directive and CRBF Regulation 90-02 of 23 February 1990 as amended relating to capital, funds for general banking risks are constituted by Crédit Agricole CIB, at the discretion of its management, to meet any charges or risks relating to banking operations but whose incidence is not certain.

Provisions are released to cover any incidence of these risks during a given period.

1.8 TRANSACTIONS ON FORWARD FINANCIAL INSTRUMENTS AND OPTIONS

Hedging and market transactions on forward interest rate, foreign exchange or equity instruments are recorded under the provisions of Part 5 “Financial Futures” of Book II “Special Transactions” of ANC Regulation 2014-07 of 26 November 2014.

Commitments relating to these transactions are recorded off-balance sheet, at the nominal value of the contracts: this amount represents the volume of pending transactions.

Gains and losses from these transactions are recorded by type of instrument and strategy.

1.8.1 HEDGING TRANSACTIONS

Gains or losses realised on hedging transactions (category “b” Article 2522-1 of ANC Regulation 2014-07) are taken to profit and loss symmetrically with the recognition of income and expenses on the hedged item and under the same accounting heading.

Income and expenses relating to forward financial instruments used for hedging and managing Crédit Agricole S.A.’s overall interest rate risk (category “c” Article 2522-1 of ANC Regulation 2014-07) are recorded on a *prorata* basis under “interest and similar income (expenses) - Net gains (losses) on macro-hedging transactions”. Unrealised gains and losses are not recorded.

1.8.2 MARKET TRANSACTIONS

Market transactions include:

- isolated open positions (category “a” Article 2522-1 of ANC Regulation 2014-07);
- specialised management of a trading portfolio (category “d” Article 2522 of ANC Regulation 2014-07);
- instruments negotiated on an organized, similar market, over the counter or includes in a trading portfoglio - in the sense of the Regulation ANC 2014-07.

They are measured in reference to their market value on the closing date.

If there is an active market, the instrument is stated at the quoted price on that market. In the absence of an active market, fair value is determined using internal valuation techniques and models.

Where instruments are measured at market value, that value is determined:

- on the basis of available prices, if an active market exists;
- with the help of valuation methods and models.

1.8.3 INTEREST RATE AND FOREIGN EXCHANGE TRANSACTIONS (SWAPS, FRAS, CAPS, FLOORS, COLLARS AND SWAPTIONS)

Crédit Agricole CIB uses interest-rate and currency swaps mainly for the following purposes:

1. to maintain individual open positions in order, when possible, to take advantage of interest rate movements;
2. to hedge interest rate risks affecting one item or a set of homogeneous items;
3. to hedge and manage the group’s overall interest rate risk, except for transactions described in [2] and [4];
4. to carry out specialist management of a trading portfolio consisting of interest-rate or currency swaps, other forward interest-rate instruments, debt instruments or similar financial transaction.

Income and expenses related to transactions mentioned in the above section are recognized in the income statement as follows:

1. on a prorata basis, and reserves are booked for unrealized losses;
2. symmetrically to the recognition of income and expenses on the hedged item or set of items;
3. on a prorata basis, and unrealised gains and losses are not recognised;
4. at market value, adjusted through a MtM adjustment to take into account counterparty risks and future administrative expenses related to these contracts.

Market value is determined by discounting future cash flows using the zero coupon method.

As a rule, instruments cannot be reclassified between categories, except for transfers from category [2] to category [1] or [4] in the event of an interrupted hedge. Transfers are valued at the net book value of the instrument, which is then subject to the rules of the portfolio to which it is transferred.

Up-front and termination fees regarding interest rate or foreign exchange contracts are spread over the remaining maturity of the transaction or hedged item, except in the case of marked-to-market contracts, for which they are taken directly to the income statement.

› 1.8.4 COUNTERPARTY RISK ON DERIVATIVE INSTRUMENTS

In accordance with ANC Regulation 2014-07 of 26 November 2014, Crédit Agricole CIB makes a Credit Valuation Adjustment (CVA) to the market value of its derivative assets to reflect counterparty risk. For this reason, Credit Valuation Adjustments are only made to derivatives recognised as isolated open positions and as part of a trading portfolio (derivatives classified in categories “a” and “d” of Article 2522-1, respectively of the aforementioned regulation).

The CVA makes it possible to calculate counterparty losses expected by Crédit Agricole CIB.

The CVA is calculated on the basis of an estimate of expected losses based on the probability of default and loss given default.

The methodology used maximises the use of observable market inputs.

It is based:

- primarily on market data such as registered and listed CDS (or Single Name CDS) or CDS proxy;
- in the absence of registered CDS on the counterparty, on an index of Single Name CDS of same rating, same sector and same region.

In certain circumstances, historical default data can be used.

› 1.8.5 VALUE ADJUSTMENT RELATED TO DERIVATIVES’FUNDING

In 2014, Crédit Agricole CIB has completed its financial instruments’ valuation measurement, taking into account good market practises.

The value of non-collateralised or partially collatoralised derivative instruments incorporates a Funding Valuation Adjustment (FVA) that represents costs and benefits related to the financing of these instruments. This adjustment is measured based on positive or negative future exposure of transactions for which a cost of financing is applied.

› 1.8.6 OTHER INTEREST-RATE OR EQUITY TRANSACTIONS

Crédit Agricole CIB uses various instruments such as interest rate futures and equity derivatives for trading or specific hedging purposes.

Contracts concluded for trading purposes are stated at market value, and the corresponding gains or losses are taken to the income statement.

Gains or losses, realised or unrealised, resulting from the mark-to-market valuation of specific hedging contracts are spread over the maturity life of the hedged instrument.

› 1.8.7 CREDIT DERIVATIVES

Crédit Agricole CIB uses credit derivatives mainly for hedging purposes, in form of Credit Default Swaps (CDS). CDS are recognised as forward financial instruments, and premiums paid are recorded on a prorata basis in the income statement. Contracts concluded for trading purposes are stated at market value, and the corresponding gains or losses are taken to the income statement.

› 1.8.8 COMPLEX TRANSACTIONS

A complex transaction is a synthetic combination of instruments of identical or different types and valuation methods. These transactions are recognised as a single batch or as a transaction whose recognition is not governed by any explicit regulations, with the result that it is up to Crédit Agricole CIB to choose an accounting policy.

The purpose is to reflect the economic reality of the transaction in accordance with the principles of fair presentation and substance over form.

▶ 1.9 FOREIGN EXCHANGE TRANSACTIONS

Foreign currency-denominated assets and liabilities are translated at year-end exchange rates. The resulting gains and losses, together with gains and losses arising from exchange rate differences on transactions during the period, are taken to the income statement.

Monetary receivables and payables, along with forward foreign exchange contracts that appear as foreign-currency off-balance sheet commitments, are translated at the market rate in force at the balance-sheet date or at the market rate on the nearest previous date.

Capital funds allocated to branches, fixed assets in offices abroad and long term investment securities and equity investments bought in foreign currencies against euros are translated into euros at the transaction date. A provision may be booked if there is a permanent deterioration in the exchange rate affecting Crédit Agricole CIB’s foreign equity interests.

At each reporting date, forward foreign exchange transactions are measured at the relevant forward exchange rate. Recognised gains or losses are taken to the income statement under “Gains or losses on trading book - Gains (losses) on foreign currency transactions and similar financial instruments”.

Pursuant to the implementation of Part 7 “Recognition of Foreign Currency Transactions” of Book II “Special Transactions” of ANC Regulation 2014-07 of 26 November 2014, Crédit Agricole CIB has instituted multi-currency accounting to enable it to monitor its currency position and to measure its exposure to foreign exchange risk.

Crédit Agricole CIB's aggregate operating exposure to foreign currency was €2.47 billion at 31 December 2016 compared to €1.16 billion at 31 December 2015.

› 1.9.1 SPOT AND FORWARD FOREIGN EXCHANGE CONTRACTS

At each period end, spot foreign exchange contracts are valued at the spot exchange rate of the currency concerned.

Forward foreign exchange transactions categorised as trading transactions are recognised at market value using the forward rate applicable to the remaining period of the contract. Recorded net gains or losses are entered in the income statement under "Net gain/(loss) from trading portfolios foreign exchange and similar financial instruments".

Net gains and losses on forward foreign exchange transactions that are categorised as spot exchange transactions in connection with loans and borrowings, are recognised on a prorate basis over the period of the contracts.

› 1.9.2 CURRENCY FUTURES AND OPTIONS

Currency futures and options are used for trading purposes as well as to hedge specific transactions.

Contracts concluded for trading purposes are stated at market value, and the corresponding gains or losses are taken to the income statement.

Gains or losses, realised or unrealised, resulting from the mark-to-market valuation of specific hedging contracts are recognized symmetrically to the hedged transaction.

▶ 1.10 CONSOLIDATION OF FOREIGN BRANCHES

Branches keep separate accounts that comply with the accounting rules in force in the countries in which they are based.

At each reporting date, the branches' balance sheets and income statements are adjusted according to French accounting rules, translated into euros and integrated with the accounts of their head office after the elimination of intra-group transactions.

The rules for translation into euros are as follows:
- balance sheet items are translated at the closing rate;
- expenses paid and income received are recorded at the exchange rate on the transaction date, whereas accrued income and expenses are translated at the closing rate.

Gains or losses resulting from this translation are recorded on the balance sheet under "Accruals, prepayments and sundry assets" or "Accruals, deferred income and sundry liabilities".

▶ 1.11 OFF-BALANCE SHEET COMMITMENTS

Off-balance sheet items mainly reflect the unused portion of financing commitments and guarantee commitments given and received.

A charge is booked to provisions for commitments given if there is a probability that calling in the commitment will result in a loss for Crédit Agricole CIB.

Reported off-balance sheet items do not mention foreign exchange transactions or commitments on forward financial instruments. Similarly, they do not include commitments received concerning treasury bonds, similar securities and other securities pledged as collateral.

However, details of these items are provided in Note 18 (Outstanding foreign exchange transactions) and Note 19 (Transactions in financial futures).

▶ 1.12 EMPLOYEE PROFIT-SHARING AND INCENTIVE PLANS

Employee profit-sharing and incentive plans are recognised in the income statement under "Employee expenses" in the year in which the employees' rights are earned.

▶ 1.13 POST-EMPLOYMENT BENEFITS

› 1.13.1 RETIREMENT AND EARLY RETIREMENT BENEFITS-DEFINED BENEFIT PLANS

Since 1 January 2013, Crédit Agricole CIB has applied ANC recommendation 2013-02 of 7 November 2013 relating to the measurement and recognition of retirement and similar benefits obligations, such recommendation having then been repealed and incorporated in section 4 of chapter II of part III of ANC Regulation 2014-03 of 5 June 2014.

In application of this regulation, Crédit Agricole CIB sets aside reserves to cover its liabilities for retirement and similar benefits falling within the category of defined-benefit plans.

These obligations are stated on the basis of actuarial, financial and demographic assumptions, and following the Projected Unit Credit method. This method consists in booking a charge for each period of service, for an amount corresponding to employee's vested benefits for the period. This charge is calculated based on the discounted future benefit.

Crédit Agricole CIB has decided to recognize actuarial gains and losses immediately to profit and loss, as a consequence the amount of the reserve is equal to:
- the present value of the obligation to provide the defined benefits at the reporting date, calculated in accordance with the actuarial method recommended by the regulation;
- less the fair value of any plan assets. These assets may be in the form of an eligible insurance policy. In the event that 100% of the obligation is fully covered by such a policy, 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).

› 1.13.2 PENSION PLANS-DEFINED CONTRIBUTION PLANS

There are various mandatory pension plans to which employers contribute. The funds 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 provide all the benefits corresponding to the services rendered by staff during the current and previous years.

As a consequence, Crédit Agricole CIB has no liability in this respect other that the contributions to be paid for the year ended.

The amount of the contributions with respect to these pension plans is recognised under "employee expenses".

▶ 1.14 EXTRAORDINARY INCOME AND EXPENSES

These comprise income and expenses that are extraordinary in nature and relate to transactions that do not form part of Crédit Agricole CIB's ordinary activities.

▶ 1.15 INCOME TAX CHARGE

The tax charge or the tax income appearing in the income statement is the income tax payable, including the impact of the 3.3% additional social contribution on profits, as well as the tax provisions of the reporting period.

Crédit Agricole CIB is 100%-owned, directly or indirectly, by Crédit Agricole Group and is an integral part of the Crédit Agricole Group tax consolidation group. Crédit Agricole CIB is head of the Crédit Agricole CIB sub-group, formed with its consolidated subsidiaries.

Pursuant to 2016 tax consolidation agreement, Crédit Agricole CIB sub-group deficit until 31 December 2015 was the object of a compensation from Crédit Agricole S.A. within the limit of the integrated individual tax loss amount of Crédit Agricole CIB.

A 2016 tax consolidation agreement adjustment provides compensation from Crédit Agricole S.A. for the tax loss generated across all Crédit Agricole CIB sub-group subsidiaries with effect from 1 January 2016 and a monetization of the reported tax loss of Crédit Agricole CIB sub-group at this date.

The net income for the period includes the impact of this adjusted agreement and integrates:

i. a compensation for the 2016 sub-group tax loss;

ii. a monetization of the sub-group tax loss carryforwards prior to 1 January 2016;

iii. a tax provision corresponding to Crédit Agricole S.A. compensated tax loss, but always due, as individuals, by the subsidiaries of the sub-group towards Crédit Agricole CIB.

Given that the legislative intent when introducing the tax credit for competitiveness and employment (*Crédit d'Impôts pour la Compétitivité et l'Emploi* - CICE) was to reduce employee expenses, Crédit Agricole CIB chose to recognise the CICE (Article 244, quarter C of the French General Tax Code) as a reduction in employee expenses rather than a tax reduction.

NOTE 2: LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS - ANALYSIS BY REMAINING MATURITY

	31.12.2016							31.12.2015
€ million	≤ 3 months	> 3 months ≤ 1 year	> 1 year ≤ 5 years	> 5 years	Total principal	Accrued interest	Total	Total
Loans and receivables:								
Demand	2,685				2,685	1	2,686	4,430
Time	9,779	2,875	3,701	743	17,098	104	17,202	14,675
Pledged securities								
Securities bought under repurchases agreements	35,707	4,813			40,520	6	40,526	34,448
Subordinated debt	164	97	289	98	648		648	640
Total	**48,335**	**7,785**	**3,990**	**841**	**60,951**	**111**	**61,062**	**54,193**
Impairment					(361)	(66)	(427)	(460)
Net carrying amount [(1)]					**60,590**	**45**	**60,635**	**53,733**

(1) Among related parties, the main counterparty is Crédit Agricole S.A. (€9,172 million at 31 December 2016 and €6,604 million at 31 December 2015).

NOTE 3: LOANS AND RECEIVABLES DUE FROM CUSTOMERS

▶ 3.1 ANALYSIS BY REMAINING MATURITY

	31.12.2016							31.12.2015
€ million	≤ 3 months	> 3 months ≤ 1 year	> 1 year ≤ 5 years	> 5 years	Total principal	Accrued interest	Total	Total
Trade receivables	1,140	929	1,349	56	3,474	2	3,476	3,145
Other customer loans [(1)]	15,248	9,335	47,066	20,790	92,439	457	92,896	89,380
Securities bought under repurchases agreements	43,889	3,913	330		48,132	50	48,182	68,138
Current accounts in debit	749				749	2	751	1,051
Impairment					(1,768)	(235)	(2,003)	(1,557)
Net carrying amount					**143,026**	**276**	**143,302**	**160,157**

(1) Subordinated loans granted to customers amount to €644 million at 31 December 2016 compared to €326 million at 31 December 2015.

▶ 3.2 GEOGRAPHIC ANALYSIS

€ million	31.12.2016	31.12.2015
France (including overseas departements and territories)	27,396	27,141
Other EU countries	38,521	36,094
Rest of Europe	4,169	4,453
North America	24,121	42,594
Central and South America	17,119	20,373
Africa and Middle-East	7,028	5,681
Asia and Pacific (excl. Japan)	12,881	12,910
Japan	12,940	12,039
Supranational organisations	619	
Total principal	144,794	161,285
Accrued interest	511	429
Impairment	(2,003)	(1,557)
Net carrying amount	**143,302**	**160,157**

▶ 3.3 DOUBTFUL LOANS, BAD DEBTS AND IMPAIREMENT LOSSES: GEOGRAPHICAL ANALYSIS

	31.12.2016					
€ million	Gross outstandings	O/W doubtful loans and receivables	O/W bad debts	Impairment of doubtful loans and receivables	Impairments of bad debts	Coverage %
France (including overseas departements and territories)	27,396	191	170	(102)	(151)	69.80%
Other EU countries	38,521	890	543	(348)	(173)	36.41%
Rest of Europe	4,169	84	198	(56)	(124)	63.64%
North America	24,121	528	3	(43)	(3)	8.73%
Central and South America	17,119	213	312	(14)	(283)	56.59%
Africa and Middle-East	7,028	146	368	(51)	(248)	58.16%
Asia and Pacific (excl. Japan)	12,881	399	186	(92)	(80)	29.43%
Japan	12,940					
Supranational organisations	619					
Accrued interest	511	143	94	(141)	(94)	99.36%
Net carrying amount	**145,305**	**2,594**	**1,874**	**(847)**	**(1,156)**	**44.83%**

	31.12.2015					
€ million	Gross outstandings	O/W doubtful loans and receivables	O/W bad debts	Impairment of doubtful loans and receivables	Impairments of bad debts	Coverage %
France (including overseas departements and territories)	27,141	189	144	(154)	(97)	75.50%
Other EU countries	36,094	987	301	(301)	(133)	33.75%
Rest of Europe	4,453	65	24	(28)	(15)	49.01%
North America	42,594	178	3	(48)	(2)	27.76%
Central and South America	20,373	26	314	(2)	(268)	79.26%
Africa and Middle-East	5,681	86	233	(11)	(197)	65.09%
Asia and Pacific (excl. Japan)	12,910	128	240	(50)	(59)	29.47%
Japan	12,039					
Supranational organisations						
Accrued interest	429	137	55	(137)	(55)	100.00%
Net carrying amount	**161,714**	**1,796**	**1,314**	**(731)**	**(826)**	**50.08%**

▶ 3.4 ANALYSIS BY CUSTOMER TYPE

	31.12.2016				
€ million	Gross outstandings	O/W doubtful loans and receivables	O/W bad debts	Impairment of doubtful loans and receivables	Impairments of bad debts
Individual customers	901				
Farmers	673				
Other small businesses	649				
Financial institutions	25,139	3	333	(3)	(132)
Corporates	112,545	2,444	1,434	(701)	(917)
Local authorities	4,887	4	13	(2)	(13)
Other customers					
Accrued interest	511	143	94	(141)	(94)
Carrying amount	**145,305**	**2,594**	**1,874**	**(847)**	**(1,156)**

	31.12.2015				
€ million	Gross outstandings	O/W doubtful loans and receivables	O/W bad debts	Impairment of doubtful loans and receivables	Impairments of bad debts
Individual customers	988				
Farmers	605				
Other small businesses					
Financial institutions	28,087	192	150	(3)	(136)
Corporates	128,365	1,466	1,095	(590)	(621)
Local authorities	3,240	1	14	(1)	(14)
Other customers					
Accrued interest	429	137	55	(137)	(55)
Carrying amount	**161,714**	**1,796**	**1,314**	**(731)**	**(826)**

NOTE 4: TRADING, SHORT-TERM INVESTMENT, LONG-TERM INVESTMENT AND MEDIUM-TERM PORTFOLIO SECURITIES

	31.12.2016					31.12.2015
€ million	Trading securities	Short-term investment securities	Medium-term portfolio securities	Long-term investment securities	Total	Total
Treasury Bills and similar securities	12,955	9,864			22,819	26,182
O/W residual net premium		(67)			(67)	(32)
O/W residual net discount		191			191	215
Accrued interest		50			50	56
Impairment		(1)			(1)	(1)
Net carrying amount	**12,955**	**9,913**			**22,868**	**26,237**
Bonds and other fixed income securities [(1)]						
Issued by public bodies	468	2,458			2,926	4,066
Other issuers	3,617	13,933		882	18,432	18,253
O/W residual net premium		(8)		(16)	(24)	(23)
O/W residual net discount		180			180	186
Accrued interest		87			87	92
Impairment		(135)		(147)	(282)	(288)
Net carrying amount	**4,085**	**16,343**		**735**	**21,163**	**22,123**
Equities and other equity variable-income securities	6,175	36	159		6,370	5,373
Accrued interest						
Impairment		(10)	(66)		(76)	(61)
Net carrying amount	**6,175**	**26**	**93**		**6,294**	**5,312**
Total	**23,215**	**26,282**	**93**	**735**	**50,325**	**53,672**
Estimated value	23,215	26,673	159	735	50,782	54,179

(1) Subordinated loans in the portfolio amount to €36 million at 31 December 2016 compared to €38 million at 31 December 2015.

› BANKING BOOK

Crédit Agricole CIB (S.A.) owns sovereign debts of Spain.

Net positive exposure amounts to €1,039 million.

It is the only net active exposure on PIIGS.

4.1 RECLASSIFICATION

Crédit Agricole CIB carried out reclassifications of securities on 1 october 2008 as permitted by CRC Regulation 2008-17. Information about these reclassifications is provided below. There were no additional reclassifications of securities from 2009 to 2016.

› RECLASSIFICATION: TYPE, REASON, AMOUNT

	Book value 31.12.2016	Estimated market value at 31.12.2016
	Total reclassified assets	
From trading to investment securities	80	80

Trading securities transferred to investment securities correspond to securities that, at the transfer date, can no longer be traded on an active market and for which Crédit Agricole CIB has changed its investment intention, which is now to hold the financial assets for the foreseeable futur or until maturity. The inactive nature of the market is assessed primarily on the basis of a significant reduction in the trading volume and level of activity, and/or significant disparity in available prices over time and between various market operators.

› CONTRIBUTION TO INCOME OF TRANSFERRED ASSETS SINCE RECLASSIFICATION

The contribution from assets transferred to net income for the year since the date of reclassification comprises all profits, losses, income and expenses recognises in the income statement and other comprehensive income or expenses.

Pre-tax impact on 2009 earnings since reclassification (Assets reclassified before 2009)

	Cumulative impact at 31.12.2015		2016 Impact		Cumulative impact at 31.12.2016	
	Recognized income and expenses	If the asset had been kept in its original category (change in fair value)	Recognized income and expenses	If the asset had been kept in its original category (change in fair value)	Recognized income and expenses	If the asset had been kept in its original category (change in fair value)
From trading to investment securities	(110)	(111)	4	4	(106)	(107)

4.2 BREAKDOWN OF LISTED AND UNLISTED SECURITIES BETWEEN FIXED INCOME AND VARIABLE-INCOME SECURITIES

	31.12.2016				31.12.2015			
€ million	Bonds and other fixed income securities	Treasury bills and similar items	Equities and other variable income securities	Total	Bonds and other fixed income securities	Treasury bills and similar items	Equities and other variable income securities	Total
Listed securities	20,509	21,348	6,200	48,057	21,379	25,385	5,204	51,968
Unlisted securities	849	1,472	170	2,491	940	797	169	1,906
Accrued interest	87	49		136	92	56		148
Impairment	(282)	(1)	(76)	(359)	(288)	(1)	(61)	(350)
Net carrying amount	**21,163**	**22,868**	**6,294**	**50,325**	**22,123**	**26,237**	**5,312**	**53,672**

4.3 TREASURY BILLS, BONDS AND OTHER FIXED-INCOME SECURITIES - ANALYSIS BY RESIDUAL MATURITY

	31.12.2016							31.12.2015
€ million	≤ 3 months	> 3 months ≤ 1 year	> 1 year ≤ 5 years	> 5 years	Total principal	Accrued interests	Total	Total
Bonds and other fixed income securities								
Gross amount	2,406	6,520	8,553	3,879	21,358	87	21,445	22,411
Imapirment							(282)	(288)
Net carrying amount	**2,406**	**6,520**	**8,553**	**3,879**	**21,358**	**87**	**21,163**	**22,123**
Treasury bills and similar items								
Gross amount	6,007	3,731	6,583	6,499	22,820	49	22,869	26,238
Impairment							(1)	(1)
Net carrying amount	**6,007**	**3,731**	**6,583**	**6,499**	**22,820**	**49**	**22,868**	**26,237**

4.4 TREASURY BILLS, BONDS AND OTHER FIXED-INCOME SECURITIES - ANALYSIS BY GEOGRAPHICAL ZONE

€ million	31.12.2016	31.12.2015
France (including overseas departements and territories)	12,787	17,186
Other EU countries	16,932	17,421
Other european countries	760	441
North America	2,140	2,756
Central and South America	418	651
Africa and Middle-East	86	95
Asia and Pacific (excl. Japan)	4,443	4,614
Japan	6,532	5,269
Supranational organisations	80	68
Total principal	44,178	48,501
Accrued interest	136	148
Impairment	(283)	(289)
Net carrying amount	**44,031**	**48,360**

NOTE 5: EQUITY INVESTMENTS AND SUBSIDIARIES

Company	Currency	Share capital	Premiums reserves and retained earnings before appropriation of earnings	Percentage of share capital owned	Carrying amounts of securities owned	Loans and receivables outstanding granted by the Company and not yet paid back	Guarantees and other commitments given by the Company	NBI or revenue (ex VAT) for the year ended (from audited financial statements of 2015)	Net income for the year ended	Dividends received by the Company during the financial year
		In million of original currency units	*iIn million of original currency units*	*In %*	*In million of €*	*In million of original currency units*	*In million of original currency units*	*In million of original currency units*	*In million of original currency units*	*In million of €*
I - Detailed information on investments whose gross carrying amount exceeds 1% of Crédit Agricole CIB's share capital										
A - Subsidiaries (more than 50% owned by Crédit Agricole CIB)										
Banco CA Brasil SA	BRL	684	109	75.49	192		USD 50	900	41	6
CACIB Algérie s.p.a	DZD	10,000	195	99.99	97			948	465	3
CA GLOBAL PARTNERS Inc	USD	723	40	100.00	535			5	1	
CA INDOSUEZ WEALTH (GROUP)	EUR	2,650	135	99.99	2,650	CHF 1,585		4	(17)	53
CACIB (China) Limited	CNY	3,199	409	100.00	348	CNY 464 EUR 134	CNY 5,173	316	142	17
CACIB Global Banking	EUR	145	130	100.00	286				(2)	
CASA BV	JPY	31,616	5,604	100.00	138			6,987	1,453	27
CLIFAP	EUR	110	3	100.00	113					
MERISMA SAS	EUR	1 150	(47)	100.00	1,102	EUR 107				
Subtotal (1)					5,461					
B - Banking affiliates (10 and 50% owned by Crédit Agricole CIB)										
BANQUE SAUDI FRANSI	SAR	12	15	31.11	411		EUR 1	5	4	46
Subtotal (2)					411					
II - General information relating to other subsidiaries and affiliates										
A - Subsidiaries not covered in I. above (3)					386					
a) French subsidiaries (aggregate)					131					
b) Foreign subsidiaries (aggregate)					255					
B - Affiliates not covered in I. above (4)					159					
a) French affiliates (aggregate)					57					
b) Foreign affiliates (aggregate)					102					
Total associates (1) + (2) + (3) + (4)					**6,417**					

▶ 5.1 ESTIMATED VALUE OF EQUITY INVESTMENTS

€ million	31.12.2016 Net carrying amount	31.12.2016 Estimated value	31.12.2015 Net carrying amount	31.12.2015 Estimated value
Investments in subsidiaries and affiliates				
Unlisted securities	6,872	7,462	7,127	7,704
Listed securities				
Advances available for consolidation				
Accrued interest				
Impairment	(1,105)		(1,144)	
Net carrying amount	**5,767**	**7,462**	**5,983**	**7,704**
Equity investments and other long-term investment securities				
Equity investments				
Unlisted securities	312	186	237	110
Listed securities	485	2,377	485	2,068
Advances available for consolidation				
Accrued interest			4	
Impairment	(156)		(158)	
Sub-total of equity investments	641	2,563	568	2,178
Other long term equity investments				
Unlisted securities	13	15	15	17
Listed securities				
Advances available for consolidation				
Accrued interest				
Impairment	(4)		(4)	
Sub-total of long term equity investments	9	15	11	17
Net carrying amount	**650**	**2,578**	**579**	**2,195**
Total of equity investments	**6,417**	**10,040**	**6,562**	**9,899**

As regards listed securities, the market value shown in the above table is the quoted price of the shares on their trading market at 31 December. It may not be representative of the realisable value of the securities.

€ million	31.12.2016 Net carrying amount	31.12.2015 Net carrying amount
Total gross value		
Unlisted securities	7,198	7,379
Listed securities	485	485
Total	**7,683**	**7,864**

NOTE 6: MOVEMENTS IN FIXED ASSETS

€ million	31.12.2015	Change in scope	Merger	Increase (acquisitions)	Decrease (disposals, maturity)	Translation difference	Other movements	31.12.2016
Equity investments								
Gross amount	722				(3)		79	798
Impairment	(158)				1		1	(156)
Other long-term equity investment								
Gross amount	15				(2)			13
Impairment	(4)			(1)				(5)
Subtotal	**575**			**(1)**	**(4)**		**80**	**650**
Investments in subsidiaries and affiliates								
Gross amount	7,127				(114)	10	(151)	6,872
Impairment	(1,144)			(29)	64	4		(1,105)
Advances available for consolidation								
Gross amount								
Impairment								
Accrued interest	4						(4)	
Net carrying amount	**6,562**			**(30)**	**(54)**	**14**	**(75)**	**6,417**
Intangible assets	139			14	(31)	1		123
Gross amount	545			56	(32)			569
Depreciation	(406)			(42)	1	1		(446)
Property, plant and equipment	118			(1)	(15)		(1)	101
Gross amount	793			31	(169)			655
Depreciation	(675)			(32)	154		(1)	(554)
Net carrying amount	**257**			**13**	**(46)**	**1**	**(1)**	**224**

NOTE 7: ACCRUALS, PREPAYMENTS AND SUNDRY ASSETS

€ million	31.12.2016	31.12.2015
Other asset (1)	65,354	64,930
Financial options bought	30,823	37,750
Collective management of Livret de Développement Durable (LDD) saving account securities		
Miscellaneous debtors (2)	33,528	26,922
Settlement accounts	1,003	258
Due from shareholders - Unpaid capital		
Accruals and prepayments	192,792	202,333
Items in course of transmission	12	1,429
Adjustement accounts	192,341	199,730
Accrued income	115	198
Prepaid expenses	211	216
Unrealised losses and deferred losses on financial instruments	10	3
Bond issue and redemption premiums		
Other accrual prepayments and sundry assets	103	757
Net carrying amount	**258,146**	**267,263**

(1) Amounts shown are net of impairment and include accrued interests.

(2) Including €1,076 million for the tax consolidation debt to Crédit Agricole S.A., and €55 million for the contribution to the Resolution and Guarantee Fund paid in the form of a deposit.
This deposit is usable by the Resolution and Guarantee Fund, at any time and without conditions, to finance an intervention.

NOTE 8: IMPAIRMENT LOSSES DEDUCTED FROM ASSETS

€ million	31.12.2015	Depreciation charges	Reversals and utilisations	Translation differences	Other movements	31.12.2016
Cash, money-market and interbank items	460	1	(42)	8		427
Loans and receivables due from customers	1,557	828	(375)	17	(24)	2,003
Securities transactions	350	14	(25)	1	19	359
Participating interests and other long-term investments	1,306	30	(65)	(4)	(1)	1,266
Other	70	41	(30)		1	82
Total	**3,743**	**914**	**(537)**	**22**	**(5)**	**4,137**

NOTE 9: DUE TO CREDIT INSTITUTIONS - ANALYSIS BY REMAINING MATURITY

€ million	31.12.2016							31.12.2015
	≤ 3 months	> 3 months ≤ 1 year	> 1 year ≤ 5 years	> 5 years	Total principal	Accrued interest	Total	Total
Accounts and overdrafts								
Demand	5,587				5,587	1	5,588	4,386
Time	12,474	5,384	20,902	3,562	42,322	89	42,411	47,443
Pledged securities								
Securities sold under repurchase agreements	14,358	2,407			16,765	16	16,781	29,484
Carrying amount (1)							**64,780**	**81,313**

(1) Of which €23,724 million at 31 December 2016 compared to €27,349 million at 31 December 2015 with Crédit Agricole S.A..

NOTE 10: DUE TO CUSTOMERS

10.1 ANALYSIS BY REMAINING MATURITY

€ million	31.12.2016							31.12.2015
	≤ 3 months	> 3 months ≤ 1 year	> 1 year ≤ 5 years	> 5 years	Total principal	Accrued interest	Total	Total
Current accounts in credit	21,920				21,920	8	21,928	18,155
Other accounts due to customers	51,757	8,216	4,186	1,592	65,751	95	65,846	72,892
Securities sold under repurchase agreements	37,392	701		60	38,153	14	38,167	36,282
Carrying amount							**125,941**	**127,329**

10.2 ANALYSIS BY GEOGRAPHICAL ZONE

€ million	31.12.2016	31.12.2015
France (including overseas departements and territories)	23,036	21,446
Other EU countries	33,606	31,956
Rest of Europe	2,672	3,060
North America	27,918	41,973
Central and South America	12,238	7,507
Africa and Middle-East	3,172	3,552
Asia and Pacific (excl. Japan)	12,272	11,338
Japan	10,696	6,156
Supranational organisations	214	216
Total principal	125,824	127,204
Accrued interest	117	125
Carrying amount	**125,941**	**127,329**

▶ 10.3 ANALYSIS BY CUSTOMER TYPE

€ million	31.12.2016	31.12.2015
Individuals customers	624	649
Farmers	1	44
Other small businesses	3	
Financial institutions	27,348	25,051
Corporates	79,838	92,509
Local authorities	17,799	8,889
Other customers	211	62
Total principal	**125,824**	**127,204**
Accrued interest	117	125
Carrying amount	**125,941**	**127,329**

NOTE 11: DEBT SECURITIES - ANALYSIS BY REMAINING MATURITY

	31.12.2016							31.12.2015
€ million	≤ 3 mois	> 3 mois ≤ 1 an	> 1 an ≤ 5 ans	> 5 ans	Total principal	Accrued interests	Total	Total
Interest-bearing notes	96				96		96	92
Money-market instruments								
Negotiable debt securities:	15,427	10,032	8,115	7,752	41,326	20	41,346	45,835
Issued in France	880	4,645	8,064	7,752	21,341		21,341	22,798
Issued abroad	14,547	5,387	51		19,985	20	20,005	23,037
Bonds								
Other debt instruments								
Carrying amount					**41,422**	**20**	**41,442**	**45,927**

NOTE 12: ACCRUALS, DEFERRED INCOME AND SUNDRY LIABILITIES

€ million	31.12.2016	31.12.2015
Other liabilities (1)	80,465	85,628
Counterparty transactions (trading securities)	19,277	22,076
Liabilities relating to stock lending transactions	6,259	4,798
Optional instruments sold	32,699	40,356
Miscellaneous creditors	21,375	18,131
Settlement accounts	844	267
Payments in process	11	
Other		
Accruals and deferred income	197,699	203,134
Items in course of transmission	250	528
Adjustment accounts	194,167	198,476
Unearned income	1,218	1,172
Accrued expenses	1,485	1,422
Unrealised gains and deferred gains on financial instrument	88	37
Other accruals prepayments and sundry assets	491	1,499
Carrying amount	**278,164**	**288,762**

(1) Amounts include accrued interests.

NOTE 13: PROVISIONS

€ million	31.12.2015	Changes in scope	Depreciation charges	Reversals, amount used	Translation differences	Other movements	31.12.2016
Country risks	585			(97)	16		504
Financing commitment execution risks	26		45	(37)	1		35
Employee retirement and similar benefits	230		79	(28)	1		282
Financial instruments	1						1
Litigations and others [(1)]	355		178	(91)		(3)	439
Other provisions [(2)]	1,305		1,434 [(3)]	(349)	17	3	2,410
Carrying amount	**2,502**		**1,736**	**(602)**	**35**		**3,671**

(1) Including:
- *tax disputes: €132 million;*
- *customer litigation: €297 million;*
- *social litigation: €10 million.*

(2) Including for CACIB Paris at 31 December 2016:
- *sector risks: €836 million;*
- *other risks and expenses: €1,566 million.*

(3) Including provisions of the reporting period:
- *provision for tax related to tax consolidation for € 776 million;*
- *provision for tax credit for €139 million;*
- *provision for net negative situation on subsidiaries for €277 million.*

▶ TAX AUDITS

› CREDIT AGRICOLE CIB PARIS TAX AUDIT

Crédit Agricole CIB is currently the object of an audit of accounts covering years 2013, 2014 and 2015. An adjustment notice suspending the limitation period was received late 2016. Crédit Agricole CIB is challenging the proposed adjustments. A provision has been recognised to cover the estimated risk.

› CRÉDIT AGRICOLE CIB MILAN AND LONDON TAX AUDIT REGARDING TRANSFER PRICING

Following audits, Crédit Agricole CIB Milan and London respectively received adjustment notices for 2005 to 2011, 2003 to 2006 and 2008 from the Italian and UK tax authorities regarding transfer pricing. Crédit Agricole CIB challenged the proposed adjustments. At the same time, the case has been referred to the competent French-Italian and French-British authorities for all years. A provision was recognised to cover the estimated risk.

▶ REGULATORY INVESTIGATIONS AND INFORMATION REQUESTS

› OFFICE OF FOREIGN ASSETS CONTROL (OFAC)

In October 2015, Crédit Agricole Corporate and Investment Bank (Crédit Agricole CIB) and its parent company Crédit Agricole S.A. 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 (Federal Reserve) 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. The USAO and DANY have agreed to take no further action against Crédit Agricole CIB, CASA, or any of Crédit Agricole CIB's subsidiaries or affiliates regarding the conduct subject to this investigation if Crédit Agricole CIB complies with its obligations under the DPAs.

Within the framework of the implementation of these agreements, 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 regarding this matter, 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 will be subject to regular reviews to evaluate its effectiveness, including a review by an independent consultant who will be appointed by NYDFS for a term of one year and annual reviews by an independent consultant approved by the Federal Reserve.

› EURIBOR/LIBOR AND OTHERS INDICES

Crédit Agricole Corporate and Investment Bank (Crédit Agricole CIB) and its parent company Crédit Agricole S.A., 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 CIB and its parent company Crédit Agricole S.A. 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 million 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 Crédit Agricole CIB along with 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 KFTC investigation into certain foreign exchange derivatives (ABS-NDF) is ongoing.

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 are defendants in one (“Sullivan” for the Euribor) and only Crédit Agricole S.A. as defendant for the other (“Lieberman” for the Libor) are still at the preliminary stage of consideration of admissibility.

“Lieberman” class action is currently suspended for procedural reasons in front of the US District Court of New York State. For the “Sullivan” class action, Crédit Agricole S.A. and Crédit Agricole CIB have filed a motion to dismiss.

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. Crédit Agricole S.A. and Crédit Agricole CIB have filed a motion to dismiss.

These class actions are civil actions in which the plaintiffs claim that they are victims of the methods used to set the Euribor, Libor, SIBOR and SOR rates, and seek repayment of the sums they allege were unlawfully received, as well as damages and reimbursement of costs and fees paid.

› BONDS SSA

Several regulators have demanded information to Crédit Agricole CIB for inquiries relative to activities of different banks involved on Bonds SSA market (Supranational, Sub-Sovereign and Agencies). Crédit Agricole S.A. and Crédit Agricole CIB are included with other banks in various consolidated class actions before the United States District Court for the Southern District of New York. Through the cooperation with these regulators, Crédit Agricole CIB has been proceeding to intern inquiries to gather the required information. This work will continue in 2017. It is not possible at this stage to predict the outcome of these investigations or class actions or the date on which they will end.

NOTE 14: SUBORDINATED DEBT - ANALYSIS BY REMAINING MATURITY (IN CURRENCY OF ISSUE)

	31.12.2016					31.12.2015
€ million	≤ 3 months	> 3 months ≤ 1 year	> 1 year ≤ 5 years	> 5 years	Total	Total
Fixed-term subordinated debt			550	2,862	3,412	2,105
Euro			550	1,250	1,800	550
Other EU currencies						
Dollar				1,612	1,612	1,555
Yen						
Other currencies						
Undated subordinated debt				5,128	5,128	4,574
Euro				2,421	2,421	2,421
Other EU currencies						
Dollar				2,707	2,707	2,153
Yen						
Other currencies						
Participating securities and loans						
Total principal			550	7,990	8,540	6,679
Accrued interest					84	73
Carrying amount					**8,624**	**6,752**

Expenses related to subordinated debts amount to -€281 million at 31.12.2016 compared to -€152 million at 31.12.2015.

NOTE 15: CHANGE IN EQUITY (BEFORE APPROPRIATION)

	Shareholders' equity							
€ million	Share capital	Legal reserves	Statutory reserves	Sahre premiums, reserves and revaluation adjustments	Retained earnings	Regulated provisions	Net income	Total equity
Balance at 31 December 2014	**7,254**	**515**		**927**	**1,737**		**1,318**	**11,751**
Dividends paid in respect of 2015					(1,787)			(1,787)
Increase/decrease	73			81				154
2015 net income							434	434
Appropriation of 2014 parent company net income		66			1,252		(1,318)	
Net charges/write-backs								
31 December 2015	**7,327**	**581**		**1,008**	**1,202**		**434**	**10,552**
Dividends paid in respect of 2016					(853)			(853)
Increase/decrease	525			585				1,110
2016 net income							682	682
Appropriation of 2015 parent company net income		22			412		(434)	
Net charges/write-backs								
31 December 2016	**7,852**	**603**		**1,593**	**761**		**682**	**11,491**

At 31 December 2016, share capital comprised 290,801,346 shares with a value of €27 each.

NOTE 16: ANALYSIS OF THE BALANCE SHEET BY CURRENCY

	31.12.2016		31.12.2015	
€ million	Assets	Liabilities	Assets	Liabilities
Euro	365,133	353,335	341,710	337,502
Other EU currencies	13,756	20,515	4,501	8,657
Dollar	62,650	88,255	170,089	162,232
Yen	65,018	48,773	28,485	37,455
Other currencies	28,971	24,650	20,696	19,635
Total	**535,528**	**535,528**	**565,481**	**565,481**

NOTE 17: TRANSACTIONS WITH SUBSIDIARIES AND AFFILIATES, AND EQUITY INVESTMENTS

€ million	31.12.2016	31.12.2015
Loans and receivables	35,033	26,370
Credit and other financial institions	16,117	12,674
Customers	17,094	8,890
Bonds and other fixed income securities	1,822	4,806
Debt	55,324	55,333
Credit and financial institutions	33,202	35,732
Customers	13,112	12,120
Debt securities and subordinated debts	9,010	7,481
Commitments given	54,559	49,372
Financing commitments given to credit institutions	760	632
Financing commitments given to customers	35,377	31,144
Guarantee given to credit and other financial institutions	9,002	8,884
Guarantees given to customers	3,035	4,240
Securities acquired with repurchase options	422	56
Other commitments given	5,963	4,416

NOTE 18: NON-SETTLED FOREIGN EXCHANGE TRANSACTIONS AND AMOUNTS PAYABLE IN FOREIGN CURRENCIES

	31.12.2016		31.12.2015	
€ million	To be received	To be delivered	To be received	To be delivered
Spot foreign-exchange transactions	110,432	110,415	109,534	109,458
Foreign currencies	99,170	99,340	99,560	100,456
Euro	11,262	11,075	9,974	9,002
Forward currency transactions	237,739	234,979	190,110	188,925
Foreign currencies	205,297	201,268	154,402	152,120
Euro	32,442	33,711	35,708	36,805
Foreign currency denominated loans and borrowings	3,164	2,854	299	1,291
Total	**351,336**	**348,248**	**299,943**	**299,674**

NOTE 19: TRANSACTIONS ON FORWARD FINANCIAL INSTRUMENTS

	31.12.2016			31.12.2015		
€ million	Hedging transactions	Other transactions	Total (2)	Hedging transactions	Other transactions	Total
Futures and forwards	**4,991**	**14,549,199**	**14,554,190**	**5,355**	**14,748,051**	**14,753,406**
Exchange-traded (1)	1,503	7,664,823	7,666,326	239	7,617,857	7,618,096
Interest-rate futures		7,658,901	7,658,901		7,611,422	7,611,422
Currency forwards		259	259		605	605
Equity and stock index instruments						
Other futures	1,503	5,663	7,166	239	5,830	6,069
Over-the-counter (1)	3,488	6,884,376	6,887,864	5,116	7,130,194	7,135,310
Interest rate swaps	67	2,795,337	2,795,404	129	3,149,388	3,149,517
Fx swaps	3,421	3,586,704	3,590,125	4,987	3,542,877	3,547,864
FRA		8,784	8,784		40,389	40,389
Equity and stock index instruments		18,237	18,237		18,605	18,605
Other futures		475,314	475,314		378,935	378,935
Options	**5,502**	**1,917,193**	**1,922,695**	**9,074**	**2,546,714**	**2,555,788**
Exchange-traded		107,899	107,899		102,814	102,814
Exchange traded interest rate futures						
Bought		73,579	73,579		44,243	44,243
Sold		26,692	26,692		53,330	53,330
Equity and stock index instruments						
Bought		3,109	3,109		2,523	2,523
Sold		2,740	2,740		2,581	2,581
Currency futures						
Bought		628	628		66	66
Sold		1,151	1,151		71	71
Other futures						
Bought						
Sold						
Over-the counter	5,502	1,809,294	1,814,796	9,074	2,443,900	2,452,974
Interest rate swap options						
Bought		410,434	410,434		643,455	643,455
Sold		384,648	384,648		332,446	332,446
Other interest rate forwards						
Bought		272,199	272,199		391,937	391,937
Sold		304,580	304,580		346,851	346,851
Equity and stock index instruments						
Bought		1,522	1,522		1,689	1,689
Sold		1,917	1,917		1,937	1,937
Currency futures						
Bought		180,041	180,041		271,187	271,187
Sold		201,098	201,098		208,744	208,744
Other futures						
Bought		136	136		85	85
Sold		131	131		76	76
Credit derivative						
Bought	5,481	26,437	31,918	8,976	122,959	131,935
Sold	21	26,151	26,172	98	122,534	122,632
Total	**10,493**	**16,466,392**	**16,476,885**	**14,429**	**17,294,765**	**17,309,194**

(1) The amounts started under futures and forwards correspond to aggregate long and short positions (interest rate swaps and Fx swaps) or to aggregate purchases and sales of contracts (other contracts).

(2) Including €895,898 million with Crédit Agricole S.A. at 31 December 2016.

19.1 FORWARD FINANCIAL INSTRUMENTS - FAIR VALUE

€ million	31.12.2016			31.12.2015		
	Total fair value		Notional	Total fair value		Notional
	Assets	Liabilities	total	Assets	Liabilities	total
Interest rate instruments	130,676	133,089	11,935,223	149,927	151,213	12,608,737
Futures			2,058,325	1	2	1,873,278
F.R.A.	266	265	8,784	409	398	40,390
Interest rate swaps	101,381	102,008	8,395,981	115,070	113,819	8,887,282
Options de taux	23,128	24,224	895,354	26,816	27,917	1,069,000
Caps, Floors, Collars	5,901	6,591	576,779	7,631	9,077	738,787
Foreign currency instruments	15,569	15,691	3,973,300	12,970	12,409	4,033,288
Currency futures	12,617	13,315	3,590,383	8,489	8,672	3,548,747
Currency options	2,952	2,376	382,917	4,481	3,737	484,541
Other instruments	4,671	4,291	95,643	5,914	7,032	288,134
Equity and index derivatives	3,910	3,188	27,525	3,502	4,183	27,336
Precious metal derivatives	7		3,041		2	310
Commodity derivatives						
Credit derivatives	754	1,104	65,077	2,412	2,847	260,488
Sub-total	**150,915**	**153,071**	**16,004,166**	**168,811**	**170,654**	**16,930,159**
Forward currency transactions trading book	19,951	17,963	472,719	15,161	12,943	379,027
Forward currency transactions banking book				8		8
Sub-total	**19,951**	**17,963**	**472,719**	**15,169**	**12,943**	**379,035**
Total	**170,866**	**171,034**	**16,476,885**	**183,980**	**183,597**	**17,309,194**

19.2 FORWARD FINANCIAL INSTRUMENTS - NOTIONAL OUTSTANDING'S ANALYSIS BY REMAINING MATURITY

€ million	Over-the-counter			Exchange-traded			31.12.2016	31.12.2015
Notional amount outstanding	≤ 1 year	> 1 year ≤ 5 years	> 5 years	≤ 1 year	> 1 year ≤ 5 years	> 5 years	Total	Total
Interest rate instruments	1,092,588	1,420,511	1,662,950	3,164,432	2,562,135	2,032,607	11,935,223	12,608,737
Futures				1,612,492	445,826	7	2,058,325	1,873,278
FRA	8,748	36					8,784	40,390
Interest rate swaps	921,873	977,707	895,824	1,480,901	2,087,076	2,032,600	8,395,981	8,887,282
Interest rate options	86	161,696	633,300	71,039	29,233		895,354	1,069,000
Caps, floors and collars	161,881	281,072	133,826				576,779	738,787
Foreign currency and gold	2,692,049	957,316	321,898	2,037			3,973,300	4,033,288
Currency futures	2,435,863	862,555	291,706	259			3,590,383	3,548,747
Currency options	256,186	94,761	30,192	1,778			382,917	484,541
Other instruments	36,550	40,784	5,294	2,314	10,257	444	95,643	288,134
Equity and index derivatives	5,862	12,810	3,004	2,052	3,353	444	27,525	27,336
Precious metal derivatives	2,734	127		180			3,041	310
Commodity derivatives								
Credit derivatives	27,954	27,847	2,290	82	6,904		65,077	260,488
Sub-total	**3,821,187**	**2,418,611**	**1,990,142**	**3,168,783**	**2,572,392**	**2,033,051**	**16,004,166**	**16,930,159**
Forward currency transactions trading book	412,772	55,702	4,245				472,719	379,027
Forward currency transactions banking book								8
Sub-total	**412,772**	**55,702**	**4,245**				**472,719**	**379,035**
Total	**4,233,959**	**2,474,313**	**1,994,387**	**3,168,783**	**2,572,392**	**2,033,051**	**16,476,885**	**17,309,194**

19.3 FORWARD FINANCIAL INSTRUMENTS - COUNTERPARTY RISK

	31.12.2016		31.12.2015	
€ million	Market value	Potential credit risk	Market value	Potential credit risk
Risks regarding OECD governments, central banks and similar institutions	4,195	2,325	4,966	2,447
Risks regarding OECD financial institutions and similar	160,578	91,246	150,621	82,175
Risks on other counterparties	22,756	16,859	19,551	16,950
Total by counterparty type before netting agreements	187,529	110,430	175,138	101,572
Risks on:				
Interest rates, exchange rates and comodities contracts	185,389	105,176	173,354	89,696
Equity and index derivatives	2,140	5,254	1,784	11,876
Impact of netting agreements	123,803	43,186	142,830	51,472
Total after impact of netting agreements	**63,726**	**67,244**	**32,308**	**50,100**

Contracts between members of the network are not included, because they carry no risk.

NOTE 20: NET INTEREST AND SIMILAR INCOME

€ million	31.12.2016	31.12.2015
Interbank transactions	822	941
Customer transactions	3,062	2,844
Bonds and other fixed-income securities (see Note 21)	351	456
Debt securities	187	230
Other interest and similar income	78	98
Interest and similar income (1)	4,500	4,569
Interbank transactions	(1,076)	(1,454)
Customer transactions	(704)	(578)
Bonds and other fixed-income securities	(45)	(229)
Debt securities	(895)	(783)
Other interest and similar income	(328)	(397)
Interest and similar expense (2)	(3,048)	(3,441)
Net interest and similar income	**1,452**	**1,128**

(1) Including income with Crédit Agricole S.A. at 31 December 2016: €44 million.

(2) Including expenses with Crédit Agricole S.A. at 31 December 2016: €618 million.

NOTE 21: INCOME FROM SECURITIES

	Fixed Income securities		Variable-income securities	
€ million	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Investment in subsidiaries and affiliates, equity investments and other long-term equity investments			221	237
Short term investment securities and medium term portfolio securities	279	382	14	11
Long-term investment securities	72	74		
Other securities transactions				
Income from securities	**351**	**456**	**235**	**248**

NOTE 22: NET COMMISSION AND FEE INCOME

€ million	31.12.2016			31.12.2015		
	Income	Expense	Net	Income	Expense	Net
Interbank transactions	29	(101)	(72)	309	(391)	(82)
Customer transactions	576	(27)	549	405	(18)	387
Securities transactions	4	(55)	(51)	8	(60)	(52)
Foreign exchange transactions		(26)	(26)		(30)	(30)
Forward financial instruments and other off-balance sheet transactions	167	(145)	22	135	(139)	(4)
Financial services (see Note 22.1)	154	(37)	117	256	(4)	252
Total net fee and commission income (1)	**930**	**(391)**	**539**	**1 113**	**(642)**	**471**

(1)) Including net commissions with Crédit Agricole S.A. at 31 December 2016: €10 million.

22.1 BANKING AND FINANCIAL SERVICES

€ million	31.12.2016	31.12.2015
Net income from managing mutual funds and securities on behalf of customers	69	199
Net income from payment instruments	3	12
Other net financial services income (expense)	45	41
Financial services	**117**	**252**

NOTE 23: NET GAINS (LOSSES) ON TRADING BOOK

€ million	31.12.2016	31.12.2015
Gains (losses) on trading securities	415	20
Gains (losses) on forward financial instruments	1,030	1,801
Gains (losses) on foreign exchange and similar financial instruments	42	(168)
Net gains (losses) on trading book	**1,487**	**1,653**

NOTE 24: GAINS (LOSSES) ON SHORT TERM INVESTMENT PORTFOLIOS AND SIMILAR

€ million	31.12.2016	31.12.2015
Short term investment securities		
Impairment losses	(13)	(30)
Reversals of impairment losses	11	38
Net losses/reversals	(2)	8
Gains on disposals	106	67
Losses on disposals	(26)	(20)
Net gains (losses) on disposals	80	47
Net gain (losses) on short term investment securities	78	55
Medium term portfolio securities		
Impairment losses		
Reversals of impairment losses		
Net losses/reversals		
Gains on disposals		
Losses on disposals		
Net gains (losses) on disposals		
Net gain (losses) on medium term investment portfolio securities		
Net gain (losses) on short term investment portfolios and similar	**78**	**55**

NOTE 25: OPERATING EXPENSES

25.1 EMPLOYEE EXPENSES

€ million	31.12.2016	31.12.2015
Salaries	(964)	(907)
Social security expenses	(353)	(230)
Incentive plans	(24)	(22)
Employee profit-sharing		
Payroll-related tax	(35)	(39)
Total employee expenses	(1,376)	(1,198)
Charge-backs and reclassification of employee expenses	13	17
Net expenses (1)	**(1,363)**	**(1,181)**

(1) Including pension expenses at 31 December 2016: €79 million.
Including pension expenses at 31 December 2015: €55 million.

25.2 AVERAGE NUMBER OF HEADCOUNT

In number	31.12.2016	31.12.2015
Managers	3,422	3,309
Non-managers	384	445
Managers and non-managers of foreign branches	2,667	2,468
Total	**6,473**	**6,222**
Of which		
France	3,806	3,754
Foreign	2,667	2,468

25.3 OTHER ADMINISTRATIVE EXPENSES

€ million	31.12.2016	31.12.2015
Taxes other than on income or payroll-related	(188)	(200)
External services	(747)	(802)
Other administrative expenses	(125)	(129)
Total administrative expenses	(1,060)	(1,131)
Charge-backs and reclassification of employee expenses	71	74
Total	**(989)**	**(1,057)**

NOTE 26: COST OF RISK

€ million	31.12.2016	31.12.2015
Depreciation charges to provisions and impairment	(1,084)	(1,063)
Impairment on doubtful loans and receivables	(745)	(510)
Other depreciation and impairment losses	(339)	(553)
Reversal of provisions and impairment losses	798	1,303
Reverval of impairment losses on doubtful loans and receivables (1)	381	542
Other reversals of provisions and impairment losses (2)	417	761
Change in provisions and impairment	(286)	240
Losses on non-impaired bad debts	(94)	(90)
Losses on impaired bad debts	(216)	(538)
Recoveries on loans written off	60	96
Cost of risk	**(536)**	**(292)**

(1) Including €215 million on bad debts and doubtful loans at 31 December 2016.
(2) Including €14 million used to provisionned risk on the liabilities at 31 December 2016.

NOTE 27: NET GAIN (LOSSES) ON FIXED ASSETS

€ million	31.12.2016	31.12.2015
Financial investments		
Impairment losses		
Long-term investment securities		
Investments in subsidiaries and affiliates, equity investments and other long term equity investments	(30)	(612)
Reversals of impairments losses		
Long-term investment securities		
Investments in subsidiaries and affiliates, equity investments and other long term equity investments	65	98
Net losses/reversals	**35**	**(514)**
Long-term investment securities		
Investments in subsidiaries and affiliates, equity investments and other long term equity investments	35	(514)
Gains on disposals		
Long-term investment securities		(27)
Investments in subsidiaries and affiliates, equity investments and other long term equity investments	14	2
Losses on disposals		
Long-term investment securities		11
Investments in subsidiaries and affiliates, equity investments and other long term equity investments	(47)	(79)
Losses on receivables from equity investments		
Net gain (losses) on disposals	**(33)**	**(93)**
Long-term investment securities		(16)
Investments in subsidiaries and affiliates, equity investments and other long term equity investments	(33)	(77)
Net gain (losses)	**2**	**(607)**
Property, plant and equipment and intangible assets		
Disposal gains	1	3
Disposal losses		
Net gain (losses)	**1**	**3**
Net gain (losses) on fixed assets	**3**	**(604)**

NOTE 28: INCOME TAX CHARGE

€ million	31.12.2016	31.12.2015
Income tax charge (1)	279	(45)
Other tax		
Total	**279**	**(45)**

(1) As part of the tax integration, a tax income of €1,076 million to CASA was recognized at 31 December 2016. A tax provision of €776 million, corresponding to CASA compensated tax loss, but always due, as individuals, by the subsidiaries of the sub-group towards Crédit Agricole CIB, was also recognized at 31 December 2016.

NOTE 29: OPERATIONS IN NON-COOPERATIVE STATES OR TERRITORIES

As at 31 December 2016, Crédit Agricole CIB has no direct or indirect presence in non-cooperative states or territories within the meaning of Article 238-0 A of the French General Tax Code.

3 STATUTORY AUDITOR'S REPORT ON THE PARENT-COMPANY FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2016

This is a free translation into English of the Statutory Auditors' report issued in the French language and is provided solely for the convenience of English speaking readers.

The Statutory Auditors' report includes information specifically required by French law in all audit reports, whether qualified or not, and this is presented below the opinion on the parent-company financial statements. This information includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the parent-company financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the parent-company financial statements.

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,

In compliance with the assignment entrusted to us by your General Meeting, we hereby report to you for the year ended 31 December 2016 on:

- the audit of Crédit Agricole CIB's parent-company financial statements as attached to this report;
- the justification of our assessments;
- the specific verifications and information required by law.

The parent-company financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I. OPINION ON THE PARENT-COMPANY FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance that the parent-company financial statements are free of material misstatement. An audit involves performing procedures, using sample techniques or other selection methods, to obtain audit evidence about the amounts and disclosures in the parent company financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2016 and of the results of its operations for the year then ended in accordance with French accounting principles.

Without qualifying our opinion, we draw your attention to Note 1 to the parent-company financial statements which mentions changes in the method of accounting and presentation of the accounts occurred during the financial year with the first application of Regulation ANC 2015-06 and its impact on the accounting treatment of the merger loss as described in Note 1.3 to the parent-company financial statements.

II. JUSTIFICATION OF OUR ASSESSMENTS

In accordance with the requirements of Article L. 823-9 of the French Commercial Code (*Code de commerce*) relating to the justification our assessments, we bring to your attention the following items:

- As indicated in Note 1, 3 and 8 to the parent company financial statements, the company books impairment reserves to cover credit risks relating which are inherent to its business activities. We have reviewed the arrangements put in place by the company to identify and evaluate these risks and to determine the amount of impairment it considers necessary, and we have verified that these accounting estimates were based on documented methods that complied with the principles described in Note 1 to the financial statements.
- As indicated in Note 1 to the parent company financial statements, your company uses internal models to the financial instruments' valuation based on unobservable data and to estimates of certain fair value adjustments of financial statements. Our work entailed reviewing the control system applied to the models used, the underlying assumptions and the methods for taking into account the risks associated with such instruments.
- As indicated in Note 1 to the parent company financial statements, equity investments, other long-term investments and investments in subsidiaries and affiliates are measured at their value in use. As part of our assessment of these estimates, we have examined the elements used in determining the value in use for the main operations.
- As indicated in Note 1 and 13 to the parent company financial statements, your company establishes provisions to cover the legal and tax risks to which it is exposed. We have examined the mechanism implemented by management to identify and evaluate these risks and to determine the necessary amount of provisions. We have also verified the appropriateness of the information given in Note 13 to the financial statements.

- As indicated in Note 1 and 13 to the parent company financial statements, you company establishes provisions to cover its retirement and similar benefit obligations. Our work entailed reviewing the data used, assessing the underlying assumptions and verifying that Note 1 and 13 to the parent company financial statements which shows the valuation principles of retirement and similar benefit obligations give appropriate information.

These assessments were made as part of our audit of the financial statements, taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. SPECIFIC VERIFICATIONS AND INFORMATION

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information provided in the management report of the Board of Directors, and in the documents addressed to the shareholders with respect to the financial position and the financial statements.

Concerning the information provided in accordance with the requirements of Article L. 225-102-1 of the French Commercial Code *(Code de Commerce*) related to compensations and benefits received by the Directors and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlling your Company or controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

Neuilly-sur-Seine and Paris-La Défense, 20 March 2017

The Statutory Auditors

PricewaterhouseCoopers Audit		ERNST & YOUNG et Autres	
Anik Chaumartin	**Emmanuel Benoist**	**Hassan Baaj**	**Valérie Meeus**

8 GENERAL INFORMATION

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1 INFORMATION ABOUT THE COMPANY

1.1 CORPORATE'S NAME

Crédit Agricole Corporate and Investment Bank.

1.2 REGISTERED OFFICE

12, place des États-Unis
CS 70052
92547 MONTROUGE CEDEX
France
Phone: +33 (0)1 41 89 00 00

Website: www.ca-cib.com

1.3 FINANCIAL YEAR

The company's financial year begins on 1 January and ends on 31 December each year.

1.4 DATE OF INCORPORATION AND DURATION

The Company was incorporated on 23 November 1973. Its term ends on 25 November 2064, unless the term is extended or the Company is wound up before that date.

1.5 LEGAL STATUS

Crédit Agricole Corporate and Investment Bank is a French société anonyme (joint stock Corporation) with a Board of Directors governed by ordinary company law, in particular the Second Book of the French Commercial Code (*Code de commerce*).

Crédit Agricole Corporate and Investment Bank is a credit institution approved in France and authorised to conduct all banking operations and provide all investment and related services referred to in the French Monetary and Financial Code (*Code Monétaire et Financier*). In this respect, Crédit Agricole CIB is subject to oversight by responsible supervisory authorities, particularly the French Prudential and Resolution Supervisory Authority (ACPR). In its capacity as a credit institution authorised to provide investment services, the Company is subject to the French Monetary and Financial Code, particularly the provisions relating to the activity and control of credit institutions and investment service providers.

Crédit Agricole CIB is affiliated, since December 2011, to the Crédit Agricole network, in the meaning of the French Monetary and Financial Code.

1.6 MATERIAL CONTRACTS

Crédit Agricole CIB has not entered into any material contracts conferring a significant obligation or commitment on the Crédit Agricole CIB Group, apart from those concluded within the normal conduct of its business.

1.7 RECENT TRENDS

Crédit Agricole CIB's perspectives have not suffered any significant deterioration since 31 December 2015, the date of its latest audited and published financial statements (see "Recent trends and outlook" section, page 156).

1.8 SIGNIFICANT CHANGES

Since the 10 February 2017 Board meeting that approved the 31 December 2016 financial statements, there has been no exceptional event or dispute likely to have a significant effect on the financial position, activity, results or assets of the Crédit Agricole CIB Company and Group.

1.9 AFFILIATION

Pursuant the Article R. 512-18 of the French Monetary and Financial Code (*Code Monétaire et Financier*), Crédit Agricole CIB has been affiliated with the Crédit Agricole network in 2011. As mentioned by the Article R. 512-18 of the French Monetary and Financial Code (*Code Monétaire et Financier*), the central organs of the credit institutions "have to deal with the cohesion of their network and to take care of their affiliated institutions' smooth functioning. To that purpose, they take all the necessary measures, notably to guarantee the liquidity and the solvability of each of these institutions as well as the whole network".

1.10 PUBLICLY AVAILABLE DOCUMENTS

The present document is available on:

http://www.ca-cib.com/group-overview/financial-information.htm

and on:

www.amf-france.org

The entire regulated information, as defined by the AMF (under Title II of Book II of the AMF General Regulation), is available on the website of the Company:

http://www.ca-cib.com/group-overview/financial-information.htm
> Regulated Information.

A copy of the Articles of association may be consulted at the registered office.

2 STATUTORY AUDITORS' SPECIAL REPORT ON RELATED PARTY AGREEMENTS AND COMMITMENTS

SHAREHOLDERS' MEETING TO APPROVE THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

STATUTORY AUDITORS' SPECIAL REPORT ON REGULATED AGREEMENTS AND COMMITMENTS

This is a free translation into English of the Statutory Auditors' report issued in the French language and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with French law and professional auditing standards applicable in France.

To the Shareholders,

In our capacity as the Company's Statutory Auditors, we hereby submit our report on regulated agreements and commitments.

It is our responsibility to inform you, on the basis of the information provided to us, of the characteristics, essential terms and interest for the Company of the agreements and undertakings of which we have been advised or that we identified in the course of our assignment, without commenting on their usefulness or appropriateness, and without seeking to identify any other such agreements and undertakings. It is your responsibility, in accordance with Article R. 225-31 of the French Commercial Code (*Code de commerce*), to assess the benefits resulting from these agreements and commitments prior to their approval.

In addition, we are required to inform you in accordance with Article R. 225-31 of the French Commercial Code (*Code de commerce*) concerning the implementation of the agreements and commitments already approved by the shareholders' meeting.

We have taken the steps we consider necessary to comply with professional code of the *Compagnie Nationale des Commissaires aux Comptes* (France's national association of Statutory Auditors) relating to this assignment. These steps consisted of verifying that the information provided to us is consistent with the underlying documents from which it was taken.

› AGREEMENTS AND COMMITMENTS SUBMITTED FOR APPROVAL TO THE SHAREHOLDERS' MEETING

Agreements and undertakings authorised during the year under review

In accordance with Article L. 225-40 of the French Commercial Code (*Code de commerce*), we have been advised of the following agreements and commitments which received an initial approval by your Board of Directors.

1. CRÉDIT AGRICOLE S.A., SHAREHOLDER OF YOUR COMPANY

Persons concerned

Mr Philippe Brassac, Mr François Thibault, Mr Jean-Louis Roveyaz and Mr François Veverka, Chairman and Directors of the Company, and Chief Executive Officer and Directors of Crédit Agricole S.A..

Nature and purpose

In 1996, Crédit Agricole S.A. signed a tax consolidation agreement with your Company, which was renewed on 22 December 2015 for the 2015-2019 period, for the purpose of establishing the relationship between Crédit Agricole S.A. on the one hand, and your Company and its consolidated subsidiaries on the other, and more particularly the breakdown of the corporate tax charge.

The tax consolidation agreement enabled your Company to benefit from the tax savings achieved by the Crédit Agricole Group in the amount of the individual income tax losses actually deducted by the Group. This agreement was modified on 15 November 2016 in order to account for the expansion of the monetisation, in favour of your Company, of the entirety of the losses of the consolidated sub-group Crédit Agricole CIB deducted by Crédit Agricole S.A. as the head of the tax group, including the tax loss carry-forwards of the sub-group for the years prior to 1 January 2016, already deducted by Crédit Agricole S.A..

Conditions

The amount of the compensation to be received in relation to the entire loss of the CACIB sub-group, recognised at 31 December 2016 under the terms of the agreement linking Crédit Agricole S.A. and your Company, is €1,076 million.

Interest of the agreement for the Company

Your Board of Directors justified this agreement as follows:

the main reason for this modification to the tax consolidation agreement is to expand the monetisation, heretofore limited solely to the individual losses of Crédit Agricole CIB, to the entire consolidated Crédit Agricole CIB sub-group, of which some subsidiaries, being party to boat leasing financing transactions, are faced with the interruption of these financing transactions by lessees prior to their maturity.

2. WITH MR PHILIPPE BRASSAC, CHAIRMAN OF THE BOARD OF DIRECTORS

Nature and purpose

At its meeting of 19 May 2015, the Crédit Agricole S.A. Board of Directors authorised, in favour of Mr Philippe Brassac, in his capacity as Chief Executive Officer of Crédit Agricole S.A., various undertakings that were in turn subject to approval by the shareholders of Crédit Agricole S.A. in accordance with the regulated agreements procedure. These undertakings were approved in conjunction with Mr Brassac's appointment as Chief Executive Officer of Crédit Agricole S.A. in view of his responsibilities as head of Crédit Agricole S.A. and the Crédit Agricole Group, as well as the specific positioning of the Chief Executive Officer of Crédit Agricole S.A. in respect of the Crédit Agricole Group.

Conditions

They relate to the following items:

1. Guarantee of the reactivation of his employment contract with Crédit Agricole S.A. on compensation conditions equivalent to those of the members of the Executive Committee (excluding corporate officers) in the event of the termination of the corporate office.
2. Pension scheme for all senior executives of the Crédit Agricole Group: Crédit Agricole S.A.'s pension schemes are a combination of a defined-contribution plan and a defined-benefit plan. The rights to the defined-benefit plan are determined after the rights paid under the defined-contribution plan:
   - contributions to the defined-contribution plan equal 8% of the gross monthly salary capped at eight times the social security cap (of which 3% paid by the Executive Corporate Officer);
   - on the condition that the beneficiary is a Corporate Officer or an employee when exercising his pension entitlements, additional entitlements under the defined-benefit plan for each year of service represent 1.20% of the reference salary, capped at 36% of the reference salary.

   In any event, on liquidation, total compensation is capped, taking into account all Company retirement plans and mandatory basic and complementary plans, at 16 times the annual social security cap as of that date, and 70% of the reference salary.

   The reference salary is defined as the average of the three highest gross annual compensations received during the last 10 years of activity within Crédit Agricole S.A. entities, including both fixed compensation and variable compensation, the latter being taken into account up to a ceiling of 60% of fixed compensation;
3. Payments in the event of the termination of his corporate office and his employment contract: in the event of termination of Mr Brassac's office as Chief Executive Officer of Crédit Agricole S.A.; his employment contract will be reinstated under compensation conditions equivalent to the average annual compensation paid to the members of the Executive Committee of Crédit Agricole S.A., excluding corporate officers, during the 12 months preceding the date of termination of his corporate office.

   In the event of the termination of his position by Crédit Agricole S.A., Mr Brassac shall receive a severance payment under the following conditions and in accordance with the AFEP/MEDEF Code.

   Should Crédit Agricole S.A. be unable, upon termination of Mr Brassac's office as Chief Executive Officer of Crédit Agricole S.A., to offer him a position equivalent to or comparable with those currently exercised by the members of the Executive Committee of Crédit Agricole S.A., in the form of an offer at least two positions within three months, he shall be eligible, if the termination is at the initiative of Crédit Agricole S.A. and due to a change control or strategy, to a severance payment as follows:

   The severance payment shall be determined on the basis of twice the total gross annual compensation received for the calendar year preceding the year of termination of Mr Brassac's corporate office. It is agreed that this severance payment shall include any other compensation and, notably, the contractual dismissal compensation due under Mr Brassac's employment contract with Crédit Agricole S.A., the severance payment provided for in Article 10 of his suspended employment contract, any other severance payment due in any form and for any purpose whatsoever, and payment resulting from the application of the non-competition clause where appropriate.

   The payment of the severance compensation, the portion due under his employment contract excepted, is subject to the achievement of the budgetary objectives of the Crédit Agricole Group's business lines in the two years preceding the date of termination of the corporate office, based on the following indicators, which take into account organic growth and the cost of risk:
   - revenues from operational business lines (excluding Corporate Centre);
   - operating income from operational business lines (excluding Corporate Centre).

   In any event, it has been agreed between Mr Brassac and Crédit Agricole S.A. that in the event of actual payment of severance compensation, and should he be able at the time of the payment to claim a full pension, that he will not claim his pension before the end of a period of 12 months counted from the date of receipt of the severance payment. Otherwise, Mr Brassac would be required to waive the severance payment;
4. Non-competition clause: Mr Brassac is subject to a non-competition clause that forbids him from accepting employment in France with any company that engages in a business that competes with that of Crédit Agricole S.A.. This commitment is valid for one year from the termination of the employment contract. In exchange, he shall be paid monthly compensation equal to 50% of his last fixed compensation during the period of the undertaking. The accumulation of a severance payment and compensation under the non-competition clause is limited to two years of annual compensation.

   The Crédit Agricole S.A. Board of Directors reserves the right to release Mr Brassac from this obligation, in full or in part, when his employment ends.

Interest of the agreement for the Company

Your Board of Directors justified this agreement as follows:

these undertakings were made in conjunction with Mr Brassac's appointment as Chief Executive Officer of Crédit Agricole S.A. in view of his responsibilities as head of Crédit Agricole S.A. and the Crédit Agricole Group, as well as the specific positioning of the Chief Executive Officer of Crédit Agricole S.A. in respect of the Crédit Agricole Group.

The Board of Directors of Crédit Agricole S.A. authorised the preparation of an employment contract for Mr Philippe Brassac followed by the suspension of this employment contract for the duration of his corporate office as Chief Executive Officer of Crédit Agricole S.A.. The Board considered that maintaining (while suspending) his employment contract would avoid depriving Mr Brassac of rights he had gradually accumulated during his career as an employee in the Crédit Agricole Group (33 years' service), especially in terms of participation in Group plans, taking into account his operational experience as an officer who made a significant contribution to the Group's growth in recent years.

Since these commitments were authorised and approved by the Board and the shareholder's meeting of Crédit Agricole S.A. prior to the publication of Law No 2015-990 of 6 August 2015, the provisions of Article L. 225-42-1 of the French Commercial

Code (*Code de commerce*) resulting from said law (the annual vesting of supplementary pension entitlements to meeting performance conditions) do not apply.

These commitments were authorised, on an as-needed basis, by the Board of Directors of your Company upon the appointment on 30 July 2015 and the renewal on 9 May 2016 of Mr Philippe Brassac as Chairman of the Board of Directors. Their cost is not borne by your Company.

3. WITH MR FRANÇOIS MARION, DEPUTY CHIEF EXECUTIVE OFFICER

Nature and purpose

On 9 May 2016, at the time of the appointment of Mr François Marion as Deputy Chief Executive Officer effective 18 may 2016, and again on 2 November 2016, upon the renewal of his term of office, the Board of Directors authorised the various regulated agreements and commitments benefiting Mr Marion.

Conditions

These agreements and commitments relate to the following items:

- suspension of his employment contract with your Company for the duration of his corporate office and the reinstatement of said employment contract at the end of the term of office with the retention of all rights associated with this employment contract, as well as the recognition of the corporate office under the terms of the employment contract for the calculation of Mr Marion's rights that are dependent upon a condition or a certain number of years of service;
- retention of participation in the defined-benefit supplementary pension scheme applicable to his corporate office. During the term of his corporate office, Mr Marion receives the same compensation benefits and perquisites as the Company's senior executives, particularly pension schemes and the repayment of health and death & disability benefit costs. With regard to the pension scheme, the compensation - fixed and variable - allocated for the corporate office held within your Company will be taken into account in the annual calculation base according to the terms and conditions in force for the pension scheme in question, Mr Marion having already served the company for a minimum of fifteen years in compliance with the regulation on supplementary pension and the calculation of the associated rights.

Mr Marion having attained the maximum applicable replacement rate prior to his appointment as Deputy Chief Executive Officer, the term of the corporate office will not entail new conditional rights (additional replacement rate) as described in paragraphs 2, 7 and 8 of Article L. 225-42-1 of the French Commercial Code (*Code de commerce*), as amended by Law No 2015-990 of 6 August 2015. There are therefore no grounds to submit the application of the supplementary pension regulations to any performance conditions and the aforementioned paragraphs of Article L. 225-42-1 of the French Commercial Code are not applicable.

Interests of the agreements and commitments for the Company

Your Board of Directors justified these agreements and commitments as follows:

in view of Mr Marion's experience within the Company and the Crédit Agricole Group, the maintenance of his employment contract (while suspending it) as well as the years of service acquired under the terms of this contract will avoid any challenges to the rights that Mr Marion has gradually acquired over the course of his career as an employee of your Company and the Crédit Agricole Group (over 15 years of service).

4. WITH MR RÉGIS MONFRONT, DEPUTY CHIEF EXECUTIVE OFFICER

Nature and purpose

Upon the renewal of the corporate office of Mr Régis Monfront as Deputy Chief Executive Officer, the Board of Directors of your Company, during its meeting of 2 November 2016, re-authorised the regulated agreements and commitments undertaken for his benefit and already authorised by the Board of Directors of 21 February 2012, at the time of this appointment and the Board of Directors of 5 November 2013 at the time of the first renewal of his corporate office.

Conditions

These agreements and commitments relate to the following items:

- suspension of his employment contract with your Company for the duration of his corporate office and reinstatement of said contract at the end of the term of office with the retention of all rights associated with this employment contract. Upon the reinstatement of the employment contract, the term of the corporate office will be recognised under the terms and conditions of the employment contract for the calculation of Mr Monfront's rights that are dependent upon a condition or a certain number of years of service;
- participation of Mr Monfront in the defined-benefit supplementary pension scheme that is applicable to him under the terms and conditions of his corporate office. During the term of his corporate office, Mr Monfront receives the same compensation benefits and perquisites as the Company's senior executives, particularly pension schemes and the repayment of health and death & disability benefit costs. With regard to the pension scheme, the compensation - fixed and variable - allocated for the corporate office within your Company will be taken into account in the annual calculation base according to the terms and conditions in force for the pension scheme in question, with the specification that, for the calculation of his rights under the terms of the supplementary pension scheme, Mr Monfront has at least fifteen years' service and had already reached the maximum applicable replacement ratio before the renewal of his corporate office as Deputy Chief Executive Officer.

Consequently, his renewed term of office does not entail any new conditional rights (supplementary replacement ratio) as defined in paragraphs 2, 7 and 8 of Article L. 225-42-1 of the French Commercial Code (*Code de commerce*) as amended by Law No 2015-990 of 6 August 2015. There is therefore no requirement to make the payment of his supplementary pension scheme conditional on his performance and paragraphs 2, 7 and 8 of Article L. 225-42-1 of the French Commercial Code (*Code de commerce*) do not apply given that no new conditional rights apply to his term of office.

Interests of the agreements and commitments for the Company

Your Board of Directors justified these agreements and commitments as follows:

these related-party agreements and commitments were authorised by your Board of Directors in order to facilitate the retention of the rights that Mr Monfront has gradually acquired over the course of his career with your Company and the Crédit Agricole Group (over 15 years of service) by taking into account the experience he has used in the service of your Company for some years.

5. WITH MR JACQUES PROST, DEPUTY CHIEF EXECUTIVE OFFICER

Nature and purpose

Upon the renewal of the corporate office of Mr Jacques Prost as Deputy Chief Executive Officer, the Board of Directors of your Company, during its meeting of 2 November 2016, re-authorised the regulated agreements and commitments granted to him and already authorised by the Board of Directors of 1 August 2013, at the time of his appointment and the Board of Directors of 5 November 2013 at the time of the first renewal of his corporate office.

Conditions

These agreements and commitments relate to the following items:

- suspension of his employment contract with your Company for the duration of his corporate office and reinstatement of said contract at the end of the term of office with the retention of all rights associated with this employment contract. Upon the reinstatement of the employment contract, the term of the corporate office will be recognised under the terms and conditions of the employment contract for the calculation of Mr Prost's rights that are dependent upon a condition or a certain number of years of service;
- participation in the supplementary pension scheme that is applicable to him under the terms and conditions of his corporate office. During the term of his corporate office, Mr Prost receives the same compensation benefits and perquisites as the Company's senior executives, particularly pension schemes and the repayment of health and death & disability benefit costs. With regard to the pension scheme, the compensation - fixed and variable - allocated for the corporate office within your Company will be taken into account in the annual calculation base according to the terms and conditions in force for the pension scheme in question. As this involves the defined-benefit pension scheme, the annual vesting of entitlements is conditional on your Company's performance conditions, in accordance with Article L. 225-42-1 of the French Commercial Code (*Code de commerce*) as amended by Law No 2015-990 of 6 August 2015. The annual vesting of Mr Prost's rights will be subject to your Company achieving at least 50% of the net income Group share objective of the Corporate and Investment Banking business, adjusted by:
  - the positive or negative effects of the Mark to Market valuation of loan hedges for CPM and Debt Valuation Adjustment (DVA);
  - the effects of the initial application of the new rules pertaining to CVA (Credit Value Adjustment), DVA and FVA (Funding Value Adjustment);
  - impairment of goodwill.

  This condition is deemed met if your Company does not achieve this target due to an adverse market environment similarly affecting Crédit Agricole CIB's competitors.

Interests of the agreements and commitments for the Company

Your Board of Directors justified these agreements and commitments as follows:

these regulated agreements and commitments were authorised by your Board of Directors in order to facilitate the retention of the rights that Mr Prost has gradually acquired over the course of his career with your Company and the Crédit Agricole Group (over 15 years of service) by taking into account the experience he has used in the service of your Company for some years.

› AGREEMENTS AND UNDERTAKINGS NOT PREVIOUSLY AUTHORISED DURING THE YEAR UNDER REVIEW

In accordance with Article L. 225-42 of the French Commercial Code (*Code de commerce*), we inform you of the following agreements that were not previously authorised by your Board of Directors.

It is our responsibility to explain to you the circumstances causing the failure to follow the authorisation procedure.

Guarantee granted to the Corporate Officers

Corporate Officers involved

All members of the Board of Directors.

Nature and purpose

To enable your Company to assume the costs resulting from proceedings against all corporate officers, including directors, the Board of Directors, at its meeting of 20 December 2012, was asked to authorise the conclusion of a guarantee in favour of Directors, including the Chairman. It was put to the shareholders at the Ordinary General Meeting of 30 April 2013 in accordance with Article L. 225-42 of the French Commercial Code (*Code de commerce*), the Board having recused itself insofar as all directors were concerned.

Conditions

In view of the positions held by the directors within the Company, the Board was asked to authorise the amendment of the guarantee in their favour in order to bring the same degree of clarity as that authorised by the Board of Directors at its meeting of 30 July 2015 in favour of members of Executive Management.

Ms Claire Dorland Clauzel, Ms Élisabeth Eychenne and Ms Nicole Gourmelon, appointed as directors by the General Meeting of Shareholders of 9 May 2016, and Mr Bertrand Corbeau, coopted as director by your Company's Board of Directors at its meeting of 9 May 2016, are beneficiaries of this guarantee since this date.

Having found that all directors were concerned and that they could therefore not take part in the vote, the Board of Directors submits this agreement to the approval of the Ordinary General Meeting in accordance with Article L. 225-42 of the French Commercial Code (*Code de commerce*).

Interest of the agreement for the Company

Your Board of Directors justified these agreements and commitments as follows:

the purpose of this guarantee is to cover any risk of liability in legal or administrative proceedings against directors, notably in the United States, during the period set under the statute of limitations applicable to the claims in question, plus three months.

› AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE SHAREHOLDERS' MEETING

Agreements and commitments approved in prior years whose execution continued during the past year

In accordance with Article R. 225-30 of the French Commercial Code (*Code de commerce*), we were informed that the execution of the following agreements and commitments, already approved by the shareholders' meeting in prior years, was pursued during the past year.

1. WITH CRÉDIT AGRICOLE S.A., SHAREHOLDER OF YOUR COMPANY

Subscription for preferred shares or deeply subordinated notes.

Nature and purpose

Further to the merger of the Corporate and Investment Banking businesses of the Crédit Agricole and Crédit Lyonnais groups, Crédit Lyonnais made a partial asset transfer to Crédit Agricole Indosuez (now known as Crédit Agricole Corporate and Investment Bank).

In view of the above transaction, it was deemed necessary to increase your company shareholders' equity. Two issues of deeply subordinated notes in US dollars were performed in 2004. Crédit Agricole bought US$1,730 million of these notes.

Conditions

One of the issues for an amount of US$1,260 million was repaid early during the 2014 financial year. For the issue in the amount of US$470 million still outstanding during the year under review, the total coupon due in respect of 2016 was US$13.03 million.

2. WITH CRÉDIT LYONNAIS

Indemnity agreement by your company for Crédit Lyonnais

Nature and purpose

The Corporate and Investment Banking (CIB) business of Crédit Lyonnais was transferred to your Company on 30 April 2004 with effect from 1 January 2004 for accounting and tax purposes, except for short-, middle- or long-term outstanding commercial loans for which your Company favoured a deferred transfer at the latest on 31 December 2004, given the time needed to complete their transfer.

To comply with the principle of retroactive effect from 1 January 2004, your Company undertook to indemnify Crédit Lyonnais for counterparty risks relating to those loans from 1 January 2004.

Conditions

The amount of the guarantee was €2.01 million as of 31 December 2016. The amount of compensation due in respect of 2016 was €4,787.94.

3. WITH CRÉDIT AGRICOLE INDOSUEZ PRIVATE BANKING (RECENTLY RENAMED CRÉDIT AGRICOLE INDOSUEZ WEALTH FRANCE), A SUBSIDIARY OF YOUR COMPANY

Sub-leasing of premises agreement to this company

Nature and purpose

As part of the regrouping of employees of Crédit Agricole Indosuez Wealth France (formerly known as Crédit Agricole Indosuez Private Banking) in the building located at *17, rue du Docteur Lancereaux* in the 8th *arrondissement de Paris*, of which your Company is a lessee under a firm lease expiring in 2040, a subleasing agreement with Crédit Agricole Indosuez Private Banking was authorised by your Board of Directors at its meeting of 5 November 2013.

Conditions

This agreement took effect on 1 July 2014 and includes a firm commitment from Crédit Agricole Indosuez Private Banking for a lease term of 12 years and an annual rent identical to that of the main lease, initially set at €3.6 million. This contract also includes a franchise for 36 months' rent ending on 30 June 2017.

Development work began in 2014, for which your Company was committed. The total amount of work at the charge of the Company in 2016 was €5.21 million excluding tax.

4. MODIFICATION OF THE GUARANTEE GRANTED TO MEMBERS OF THE BOARD OF DIRECTORS

Nature and purpose

Your Board of Directors authorised on 20 December 2012 the issue by your Company of a guarantee in favour of all members of Executive Management to cover the risks they might encounter. Changes to this guarantee were approved by the Board of Directors at its meeting of 30 July 2015.

Conditions

The guarantee by your Company to the directors cover possible risks relative to their responsibility in case of administrative or judicial proceedings instituted against them, notably in the United States, during the period of time prescription applicable to claims, plus three months.

Neuilly-sur-Seine and Paris-La Défense, 20 March 2017

The Statutory Auditors

PricewaterhouseCoopers Audit		ERNST & YOUNG et Autres	
Anik Chaumartin	**Emmanuel Benoist**	**Hassan Baaj**	**Valérie Meeus**

3 PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT AND FOR AUDITING THE ACCOUNTS

Responsibility statement

I hereby certify that, to my knowledge and after all due diligence, the information contained in this Registration Document is true and accurate and contains no omissions likely to affect the import thereof.

I certify that, to my knowledge, the financial statements were prepared in accordance with applicable accounting principles and give a true and fair view of the assets, financial position and results of the company and all consolidated companies, and that the management report, of which the content is described in a cross-reference table in Chapter 8, gives a true and fair view of the business activities, results and financial position of the company and all consolidated companies, along with a description of the main risks and uncertainties they face.

I have obtained a letter from the statutory auditors, PricewaterhouseCoopers Audit et Ernst & Young et Autres, upon completion of their work in which they state that they have verified the information relating to the financial situation and financial statements provided in this document and read the document as a whole.

Montrouge, 22 March 2017

The Chief Executive Officer of Crédit Agricole CIB

Jean-Yves Hocher

4 STATUTORY AUDITORS

4.1 PRIMARY AND ALTERNATE STATUTORY AUDITORS

Primary statutory auditors	
Ernst & Young et Autres Member of the Ernst & Young network	PricewaterhouseCoopers Audit Member of the PricewaterhouseCoopers network
Member of the Versailles regional association of Statutory auditors Company represented by: Valérie Meeus and Hassan Baaj	Member of the Versailles regional association of Statutory auditors Company represented by: Anik Chaumartin and Emmanuel Benoist
Head office: 1-2, place des Saisons 92400 Courbevoie - PARIS-La Défense - France	Head office: 63, rue de Villiers 92200 NEUILLY-SUR-SEINE
Alternate statutory auditors	
Picarle et Associés	Mr Étienne Boris
Member of the Versailles regional association of Statutory auditors	Member of the Versailles regional association of Statutory auditors
Company represented by: Marc Charles	
Head office: 1-2, place des Saisons 92400 Courbevoie - PARIS-La Défense	63, rue de Villiers 92200 NEUILLY-SUR-SEINE

Length of statutory auditors' mandates	
Ernst & Young et Autres was renewed Statutory Auditor for six financial periods by the shareholders' meeting of 9 May 2012.	PricewaterhouseCoopers Audit was renewed Statutory Auditor for six financial periods by the shareholders' meeting of 9 May 2012.
Length of alternate auditors' mandates	
Picarle et Associés mandate as alternate auditors to Ernst & Young et Autres was renewed for a period of six financial periods by the shareholders' meeting of 9 May 2012.	Mr Pierre Coll's mandate as Alternate Auditor to PricewaterhouseCoopers Audit expired during the shareholders' meeting of 9 May 2012. Mr Étienne Boris has been appointed Alternate Auditor to PricewaterhouseCoopers Audit for a period of six financial periods by the shareholders' meeting of 9 May 2012.

5 CROSS-REFERENCE TABLE

The following table indicates the page references corresponding to the main information headings required by Regulation EC 809/2004 enacting the terms of the "Prospectus" Directive.

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In accordance with Article 28 of EC Regulation 809/2004 and Article 212-11 of the AMF's general Regulations, the following are incorporated for reference purposes: the consolidated financial statements for the period ended 31 December 2015 and the statutory auditors' report on the consolidated financial statements for the period ended 31 December 2015, 2015 financial situation and net income, and risk factors respectively presented on pages 203 to 283, 123 to 134 and 135 to 202 of Crédit Agricole CIB's 2015 registration document registered by the AMF on 17 March 2016 under number D.16-0159 and available on the Crédit Agricole CIB website (www.ca-cib.com).

Regulated information within the meaning of by Article 221-1 of the AMF General Regulation contained in this registration document	Page number
This registration document, which is published in the form of an annual report, includes all components of the 2016 annual financial report referred to in paragraph I of Article L. 451-1-2 of the *Code Monétaire et Financier* as well as in Article 222-3 of the AMF General Regulation.	
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▪ the analysis of the financial situation and 2016 results, and a description of main risks and doubts (Art. L. 225-100 and L. 225-100-2 of *Code de commerce*)	148 to 161 and 167 to 195
▪ social, environmental and societal information required by Article L. 225-102-1 of the *Code de Commerce*	14 to 53
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Pursuant to Articles 212-13 and 221-1 of the AMF General Regulation, this document also contains the following regulatory information:	
▪ Chairman's report on corporate governance and internal control and Statutory Auditors' report thereon	56 to 87
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▪ description of share buyback programmes	N/A
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GLOSSARY

OF THE MAIN TECHNICAL TERMS/ACRONYMS USED

ABS	Asset-Backed Securities: securities which represent a portfolio of financial assets (excluding mortgage loans) for which the cash flows are based on those of the underlying asset or asset portfolio.
ACPR	French Regulatory and Resolution Supervisory Authority: French banking supervisory body.
AFEP-Medef	*Association Française des Entreprises Privées - Mouvement des Entreprises de France* (Corporate governance code of reference for publicly traded companies).
AFS	Available For Sale.
ALM	Asset and Liability Management.
AMA	Advanced Measurement Approach.
AMF	French Financial markets authority *(Autorité des Marchés Financiers*, AMF).
Appetite for risk	Level of risk, by nature and business line, which the Group is willing to take in relation to its strategic objectives. Appetite for risk can be expressed using quantitative or qualitative criteria. Appetite for risk is one of the strategic steering tools available to the Group's management bodies.
AQR	Asset Quality Review includes regulatory risk evaluation, review of the quality of the actual assets and stress tests.
AT1	Additional Tier 1 capital.
Back-testing	Method used to check the relevance of models and the suitability of the VaR (Value at Risk) in light of the risks actually borne.
Basel I (agreements)	Regulatory mechanism established in 1988 by the Basel Committee, to ensure the solvency and stability of the international banking system by setting a minimum, standardised, international limit on the capital of banks. It introduced a minimum capital ratio out of a bank's total risks of 8%.
Basel II (agreements)	Regulatory mechanism intended to better identify and limit the risks of credit institutions. It mainly concerns the credit risk, market risks and operational risks of banks.
Basel III (agreements)	A reform of the banking regulatory standards which completes the Basel II agreements by improving the quality and increasing the minimum capital which institutions must hold. They also implement minimum requirements in terms of liquidity risk management (quantitative ratios), define measures to limit the procyclicality of the financial system (capital buffers which vary according to the economic cycle) and step up the requirements for institutions considered as systemically important.
BCBS	Basel Committee on Banking Supervision: institution made up of the governors of the central banks of the G20 countries responsible for strenghtening the global financial system and improving the effectiveness of regulatory checks and of cooperation between banking regulators.
Bookrunner	Bookrunner (in investment transactions).
Bps	Basis points.
CCF	Credit Conversion Factor.
CCI	Cooperative investment certificates *(Certificats Coopératifs d'Investissement)*.
CCP	Central Counterparty.
CDO	Collateralised Debt Obligations, or debt securities linked to a portfolio of assets which can be bank loans (mortgages) or bonds issued by companies. The payment of interest and the principal may be subordinated (creation of tranches).
CDPC	Credit Derivatives Products Companies (companies specialising in selling protection against credit default via credit derivatives).
CDS	Credit Default Swap: an insurance mechanism against credit risk in the form of a bilateral financial contract, in which a buyer of protection pays a periodic premium to a protection seller, who promises to offset the losses on a reference asset (sovereign debt securities, securities issued by financial institutions or companies) in the event of a credit event (bankruptcy, default, moratorium, restructuring).

CGU	Cash generating unit: the smallest asset group identifiable which generates cash inflows which are largely independent of those generated by sundry assets or asset groups, according to IAS 36. "According to IFRS, a company must define as many cash generating units (CGUs) as possible which comprise it, these CGUs must be largely independent in their transactions and the company must allocate its assets to each of these CGUs. It is at the level of these CGUs that impairment tests are carried out occasionally, if there is reason to believe that their value has fallen, or every year if they make up the goodwill."
CHSCT	Health, Safety and Working Conditions Committee.
CLOs	Collateralised Loan Obligation: credit derivative relating to a homogeneous portfolio of business loans.
CMBS	Commercial Mortgage-Backed Securities: debt security backed by a portfolio of assets made up of corporate mortgage loans.
CMS	Constant Maturity Swap: contract which enables a short-term interest rate to be exchanged for a longer term interest rate.
Collateral	Transferable asset or guarantee given, used to pledge repayment of a loan if the beneficiary of the loan is unable to meet their payment obligations.
Commodities	Commodities.
Common Equity Tier 1	Common Equity Tier 1 capital of the institution which mainly consist of the share capital, the associated share premiums and reserves, less regulatory deductions.
Common Equity Tier 1 ratio	Ratio between Common Equity Tier 1 capital and assets weighted by risk, according to CRD4/CRR rules. Common Equity Tier 1 capital has a stricter definition than under the former CRD3 rules (Basel II).
Cost/income ratio	Ratio calculated by dividing cost by revenues; it gives the proportion of revenues needed to cover costs.
Coverage	Client follow-up.
Covered bond	Collateralised bond: bond for which the redemption and payment of interest are ensured by income from a portfolio of high-quality assets which serves as a guarantee, often a portfolio of mortgage loans. The transferor institution is often manager of the payment of cash flows to the investors *(obligations foncières* in France, Pfandbriefe in Germany). This product is usually issued by financial institutions.
CPM	Credit Portfolio Management.
CR	Capital requirement, i.e. 8% of risk-weighted assets (RWA).
CRBF	*Comité de Réglementation Bancaire et Financière.*
CRD	Capital Requirement Directive: European directive on regulatory capital requirements.
CRD 3	European directive on capital requirements, incorporating the provisions of Basel II and 2.5, notably as regards market risk: improved consideration of default risk and rating migration risk in the trading book (tranched and non-tranched assets) and reduction of the procyclical nature of the value at risk.
CRD 4/ CRR (Capital Requirement Regulation)	Directive 2013/36/EU (CRD 4) and (EU) Regulation No 575/2013 (CRR) constitute the corpus of the texts transposing Basel III in Europe. They define European regulations on solvency ratios, major risks, leverage and liquidity and are completed by the technical standards of the European Banking Authority (EBA).
Credit and counterparty risk	Risk of losses arising from inability by the Group's clients, issuers or other counterparties to meet their financial commitments. Credit and counterparty risk includes the counterparty risk relating to market transactions and securitisation operations.
CRM	Comprehensive Risk Management: capital charge in addition to the IRC (Incremental Risk Charge) for the correlation portfolio of lending operations taking into account specific price risks (spread, correlation, recovery, etc.). CRM is a value at risk of 99.9% i.e. the highest risk obtained after eliminating 0.1% of the most unfavourable occurrences.
CRR	Capital Requirement Regulation (European regulation).
CSR	Corporate social (and environmental) responsibility.
CVA	The Credit Valuation Adjustment is the expectation of a loss linked to counterparty default and aims to take account of the fact that it may not be possible to recover the full market value of the transactions. The method for determining the CVA primarily relies on market parameters in line with the practices of market operators.
CVaR	Credit Value at Risk: maximum loss likely after elimination of 1% of the most unfavourable occurrences, used to set limits for each individual counterparty.
Derivatives	A financial instrument or contract whose value changes according to the value of an underlying asset, which may be financial (shares, bonds, foreign currencies,etc.) or non-financial (commodities, agricultural foodstuffs, etc.). This change may entail a multiplier effect (leverage). Derivatives may exist in the form of securities (warrants, certificates, structured EMTNs, etc.) or in the form of contracts (forwards, options, swaps, etc.). Listed derivative contracts are called futures.
DFA	The "Dodd-Frank Wall Street Reform and Consumer Protection Act", usually referred to as the "Dodd-Frank Act", is the US financial regulation law adopted in July 2010 in response to the financial crisis. The text is wide-ranging and covers many topics: the creation of a Financial Stability Oversight Council, treatmentof institutions of systemic importance, regulation of high-risk financial activities, limits on derivatives markets, improved monitoring of ratings agency practices, etc. The US regulators (Securities and Exchange Commission, Commodity Futures Trading Commission, etc.) are currently working on precise technical rules on these different areas.
DOJ	US Department of Justice.

DVA	The Debit Valuation Adjustment (DVA) is mirror opposite of the CVA and represents expected losses from the counterparty point of view on the liability of the financial instruments. It reflects the credit quality effect of the entity itself on the value of these instruments.
EAD	Exposure at Default: exposure of the Group in the event of counterparty default. The EAD includes exposures both on and off the balance sheet. Off-balance sheet exposures are converted into the balance sheet equivalent using internal or regulatory conversion factors (refinancing hypothesis).
EBA	European Banking Authority (EBA). The European Banking Authority was established on 24 November 2010, by a European regulation. In place since 1 January 2011 and based in London, it replaces the Committee of European Banking Supervisors (CEBS). This new authority has wide-ranging powers. It is responsible for harmonising regulations, ensuring coordination between national supervisory authorities and acting as mediator. The objective is to implement supervision at the European level without questioning the powers of national authorities for the day-to-day supervision of credit institutions.
ECB	European Central Bank.
EDTF	Enhanced Disclosure Task Force.
EL	Expected Loss is the likely loss given the quality of the transaction and of all the measures taken to mitigate the risk, such as collateral. It is obtained by multiplying the exposure at default (EAD) by the probability of default (PD) and by the loss given default (LGD).
EMEA	Europe, Middle East and Africa.
EURIBOR	Euro Interbank Offered Rate: reference rate of the eurozone.
Fair value	Amount for which an asset could be exchanged or for which a liability could be settled between well-informed, consenting parties acting under normal market conditions.
FED	Federal Reserve System/Federal Reserve/Central Banks of the United States.
FSB	The aim of the Financial Stability Board (FSB) is to identify weaknesses in the global financial system and implement regulatory and supervision principles to ensure financial stability. It consists of governors, finance ministers and supervisory authorities of the G20 countries. Its primary objective is thus to coordinate the work of national financial authorities and international standards bodies at the international level to regulate and supervise financial institutions. Created at the G20 meeting in London in April 2009, the FSB is the successor of the Financial Stability Forum established in 1999 on G7's initiative.
GAAP	Generally Accepted Accounting Principles.
Gross exposure	Exposure before taking into account provisions, adjustments and risk reduction techniques.
Haircut	Percentage deducted from the market value of securities to reflect their value in a stress environment (counterparty risk or market stress risk). The size of the haircut reflects the perceived risk.
HQE	*Haute Qualité Environnementale* (high environmental quality).
IAS	International Accounting Standards.
IASB	International Accounting Standards Board.
ICAAP	Internal Capital Adequacy Assessment Process: process reviewed in Pillar II of the Basel agreement, via which the Group checks whether its capital is sufficient in light of all risks incurred.
IFRS	International Financial Reporting Standards.
Impairment	Accounting of a reduction in the value of an asset.
Investment grade	Long-term rating provided by an external agency and applicable to a counterparty or an underlying issue, ranging from AAA/Aaa to BBB-/Baa3. Instruments with ratings of BB+/Ba1 and below are considered as Non-Investment Grade.
IRB	Internal Rating-Based: approach based on the ratings used to measure credit risk, as defined by European regulations.
IRBA	Internal Rating Based Approach.
IRC	Incremental Risk Charge: capital charge required in consideration of rating change risk and the risk of issuer default over one year for debt instruments in the trading portfolio (bonds and CDS). The IRC is a value at risk of 99.9% i.e. the highest risk obtained after eliminating 0.1% of the most unfavourable occurrences.
ISP	Investment service providers.
LBO	Leveraged Buyout.
LCR	Liquidity Coverage Ratio (ratio of liquidity at one month).
LCR ratio	Liquidity Coverage Ratio: this ratio aims to promote the short-term resilience of a bank's liquidity risk profile. The LCR requires banks to hold an inventory of risk-free assets that can be easily traded on the markets, to pay outgoing flows net of incoming flows for thirty crisis days, without support from the central banks.
Leverage ratio	Simple ratio which aims to limit the size of an institution's balance sheet. To do this, the leverage ratio brings together Tier 1 regulatory equity and balance-sheet/off-balance-sheet amounts, after the restatement of some items.
LGD	Loss Given Default: ratio between the loss incurred on an exposure in the event of counterparty default and the amount of the exposure at the time of default.
LIBOR	London Interbank Offered Rate.
Liquidity	For a bank, this means its ability to meet its short-term liabilities. When applied to an asset, this term refers to the possibility of buying or selling it quickly on a market with a limited reduction in value (haircut).

Market risk	Risk of loss of value of financial instruments arising from changes to market parameters, the volatility of these parameters and the correlations between these parameters. These parameters include exchange rates, interest rates, the prices of securities (shares, bonds) and commodities, derivative products and all other assets, such as property assets.
Market stress tests	To evaluate market risks, parallel to the internal VaR and SVaR model, the Group calculates a measurement of its risks using market stress tests, to take account of exceptional market disruption, using 26 historical scenarios, and 8 theoretical scenarios.
Mark-to-Market	Method which involves measuring a financial instrument at fair value based on its market price.
Mark-to-Model	Method which involves, in the absence of market prices, measuring a financial instrument at fair value using a financial model based on observable or non-observable data.
Mezzanine	Hybrid financing between equity and debt. In terms of ranking, mezzanine debt is subordinate to senior debt, but remains senior to common shares.
MiFID	Markets in Financial instruments directive.
Monoline	Insurance company participating in a credit enhancement operation, and which provides its guarantee by issuing debt securities (e.g.: securitisation transactions), to improve the rating of the issue.
MTP	Medium-term plan.
NSFR ratio	Net Stable Funding Ratio: this ratio is intended to encourage longer-term resilience by introducing additional incentives for banks to finance their operations from sources with a greater structural stability. This structural ratio for long-term liquidity over a period of one year is designed to give a viable structure to maturing assets and liabilities.
OFAC	Office of Foreign Assets Control.
Offsetting agreement	An agreement under which two parties to a financial contract (forward financial instrument), a securities loan or repurchase agreement, agree to offset their mutual loans and receivables pursuant to these contracts; the settlement of these only relates to a net offset balance, particularly in the event of default or termination. An overall offsetting agreement extends this mechanism to different families of transactions, which are governed by different framework agreements by way of a master agreement.
Operational risk (including accounting and environmental risk)	Risk of losses or penalties as a result of failures in internal procedures and systems, human error or external events.
OTC	Over-The-Counter.
Pricing	Setting a price.
Ratings	Evaluation, by a financial ratings agency (Moody's, FitchRatings, Standard & Poor's), of the financial insolvency risk of an issuer (company, government or other state authority) or of a given transaction (bond issue, securitisation, covered bonds). The rating has a direct impact on the cost of raising funds.
Ratings agency	A body which specialises in assessing the solvency of debt security issuers, i.e. their ability to honour their commitments (repay capital and interest within the contractual period).
Ratio Core Tier 1	Ratio between Core Tier 1 capital and risk-weighted assets according to the Basel II rules and their development referred to as Basel 2.5.
Resecuritisation	Securitisation of an exposure which has already been securitised where the risk associated with the underlying exposures has been divided into tranches and for which at least one of the underlying exposures is a securitised exposure.
RMBS	Residential Mortgage Backed Securities: debt securities backed by an asset portfolio made up of residential mortgage loans.
RWA	Risk Weighted Assets: outstanding amounts weighted by risks or assets weighted by risk; value of the exposure multiplied by its risk weighting.
SEC	US Securities and Exchange Commission (authority which controls the US financial markets).
Securitisation	Transfer of a credit risk (loan debts) to a body which issues, for this purpose, marketable securities subscribed by investors. This transaction may result in a transfer of loans and receivables (physical securitisation) or the transfer of the risks only (credit derivatives). Securitisation transactions can result in a subordination of securities (tranches).
SFEF	*Société de Financement de l'Economie Française* (French Financing Agency).
SFS	Specialised financial services.
SIFIs	Systemically Important Financial Institutions: the Financial Stability Board (FSB) coordinates all measures to reduce the moral hazards and risks of the global financial system posed by systemically important institutions (G-SIFI or Globally Systemically Important Financial Institutions or even GSIB - Global Systemically Important Banks). These institutions meet the criteria set out in the Basel Committee rules outlined in the document named "Global Systemically Important Banks: Assessment methodology and the additional loss absorbency requirement" and are identified in a list published in November 2011. This list is updated by the FSB every November. Institutions classified as GSIB will gradually have to apply increasing limits on the level of their share capital.
Spread	Actuarial margin (difference between the actuarial rate of return of a bond and that of a risk-free loan of identical duration).

Structural interest rate and foreign exchange risks	Risk of losses or impairment on the Group's assets in the event of fluctuations in interest and exchange rates. Structural interest rate and foreign exchange risks are linked to commercial activity and own management operations.
Structured issue or structured product	Financial instrument combining a debt product and an instrument (such as an option) enabling exposure on all kinds of asset (shares, foreign currencies, rates, commodities). Instruments may include total or partial guarantee, of the capital invested. The term "structured product" or "structured issue" also refers to securities resulting from securitisation transactions, for which a ranking of bearers is organised.
Subordinated securities	Debt securities which have a lower repayment priority compared to those of a senior creditor.
SVaR	Stressed Value at Risk: identical to the VaR, the calculation method entails a "historical simulation" with "1-day" shocks and a 99% confidence interval. Unlike the VaR, which uses the 260 daily change scenarios over a rolling one-year period, Stressed VaR uses a historical one-year window corresponding to a period of significant financial stress.
Swap	Agreement between two counterparties to exchange one's assets or income from an asset for those of the other party's up to a given date.
Tier 1 Equity	Made up of Common Equity Tier 1 capital and Additional Tier 1 capital. The latter correspond to perpetual debt instruments without any redemption incentives, less regulatory deductions.
Tier 1 ratio	Ratio between Tier 1 capital and risk-weighted assets.
Tier 2 Equity	Additional capital mainly comprising subordinated securities less regulatory deductions.
Total capital ratio or solvency ratio	Ratio between total capital (Tier 1 and Tier 2) and risk-weighted assets.
Transformation risk	This risk exists when assets are financed using resources with differing maturities. As a result of their traditional business of transforming resources with short maturities into longer term uses, banks are naturally affected by transformation risk, which itself entails liquidity risk and interest rate risk. Transformation is when assets have a longer maturity than liabilities and anti-transformation is when assets are financed by resources with a longer maturity.
Treasury shares	Portion owned by a company in its own share capital. Treasury shares have no voting rights attached and are not used to calculate profit per share.
VaR	Value at Risk: synthetic indicator which monitors the Group's day-to-day market risks, particularly its trading operations (VaR at 99% in accordance with the internal regulatory model). It corresponds to the greatest risk obtained after elimination of 1% of the most unfavourable occurrences over a historical year. Within the definition given above, it corresponds to the average between the second and third largest risks determined.
Volatility	Volatility measures the scope of the fluctuations of the price of an asset and thus its risk. It corresponds to the standard deviation of the instantaneous profitability of the asset over a certain period.

This document is printed using vegetable-based inks, on wood-free coated, acid-free, biodegradable paper, in accordance with ISO 9706, manufactured in France, in factories that conform with ISO 14001 and environmental standards.

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This registration document is available on the Crédit Agricole website (www.ca-cib.com)
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