UPDATE OF THE REGISTRATION DOCUMENT

2017

CRÉDIT AGRICOLE CIB
FINANCIAL REVIEW AT 30 JUNE 2018

CRÉDIT AGRICOLE
CORPORATE & INVESTMENT BANK

CONTENTS

UPDATE OF THE REGISTRATION DOCUMENT

2017

CRÉDIT AGRICOLE CIB

FINANCIAL REVIEW AT 30 JUNE 2018

AUTORITÉ DES MARCHÉS FINANCIERS

AMF

1 FINANCIAL REVIEW OF OPERATIONS FOR THE FIRST HALF OF 2018

1. CRÉDIT AGRICOLE CIB BUSINESS REVIEW AND FINANCIAL RESULTS

1.1 ECONOMIC AND FINANCIAL ENVIRONMENT

FIRST HALF 2018: SYNCHRONISED GROWTH ACCELERATION IS A THING OF THE PAST

Despite the tightening of US financing conditions, rising oil prices and the upsurge of protectionism in the United States, no downturn in the economic cycle is imminent. So far, we have not seen any of the imbalances that traditionally accompany very strong growth, most notably inflation and external imbalances. Such imbalances usually foreshadow a downturn. Price formation methods (particularly the closer than ever before link between the fall in the unemployment rate and wage growth) are changing under the influence of structural factors and are contributing to low levels of inflation. The deep scars left by the 2008 financial crisis are also why the true imbalances may not yet be visible, particularly in the form of inflation. With the notable exceptions of the United States and Germany, most economies are still not running at full capacity. Although imbalances are not obvious and the end of the cycle is not an imminent threat, synchronised growth acceleration is well and truly over. Growth remains robust in the United States while in the eurozone it is resilient after temporarily losing steam and is expected to stabilise in the emerging mosaic.

In the United States, first quarter growth of only +2% (annualised quarter-on-quarter) was disappointing. The disappointment was mainly due to the slower progress of consumption (+0.9%, i.e. a contribution of 0.6 percentage points). Not only net exports but residential investment and housing stock put a damper on growth while non-residential investment made a substantial contribution (1.3 percentage points). However, leading indicators (notably with respect to household spending) are very strong. The labour market is robust: job creation continues at a strong pace, which has allowed the unemployment rate to fall to an historically low level (3.8% in May, i.e. the lowest rate since April 2000, and 4% in June, but this was due to a slight rise in the labour force participation rate, which stands at 62.9%). Purchasing power is benefiting from a comfortable increase in hourly wages (+2.7%) and will be boosted further by tax cuts. These factors are also encouraging business investment which, supported by a very favourable demand outlook, is recovering. Lastly, industrial output jumped +0.5% in June and mineral production increased +1.2%, exceeding the peak reached in December 2014. After temporarily settling down, year-on-year GDP growth bounced back in the second quarter to an annual rate of nearly +4% as inflation accelerated. Driven by an unfavourable base effect, headline inflation reached 2.9% in June (its highest level since December 2011 and, for the 10th consecutive month, was above the Federal Reserve's 2% inflation target). At 2.3% year-on-year, core inflation is also on the way up.

In the eurozone, growth stalled in first quarter 2018 (an annual rate of +2.5% after reaching +2.8% at the end of 2017) against a backdrop of inventory drawdowns (the re-stocking process proved to be excessive) and temporary disruptions (strikes, bad weather and tax reform in France). However, there are some highly encouraging signals suggesting that any weakness is only temporary. Households and businesses alike continue to strengthen their balance sheets while maintaining dynamic spending patterns. A rise in payroll and disposable income (+3% year-on-year) sustained household consumption patterns in first quarter 2018 at the expense of a slight drop in the savings ratio (to 12%), but, nonetheless, allowed investment spending to pick up and the investment rate to increase (to 9%). Despite accelerating credit growth (+2.9% year-on-year), debt continued to fall (58% of GDP). For non-financial corporations, the rebound in EBITDA was not enough to prevent a slight decline in margins. This is not detrimental to higher investment growth (the investment ratio has risen to 23.1%). Furthermore, although the latest confidence and economic climate indicators have stopped rising, they have settled at high levels. The unemployment rate (8.3% in May) continues to tumble since peaking in late 2013 (12%) and inflation is inching up very slowly. In June, headline inflation climbed to 2%, primarily due to rising energy prices (up +8% year-on-year). However, core inflation has fallen back to 0.9%. The unevenness inside the eurozone is considerable. In fact, Spain (2.3% over one year), France (2.3%) and Germany (2.1%) are now all over 2% while Italy (1.4%) still lags behind.

Turning to the financial markets, so far they have "digested" the strong acceleration in nominal growth and US monetary tightening thanks to expectations of a (modest) surge in inflation. The Federal Reserve has raised its key interest rates by +25 basis points seven times since December 2015 (including two hikes in the first quarter, bringing the Fed Funds rate to 2% in early June) and is currently engaged in a process of "quantitative tightening" (gradual reduction of its balance sheet). 10-year sovereign bond yields (standing at 2.85% in early July) recovered by only +40 basis points during the first quarter, causing the interest rate curve to flatten. Meanwhile, the European Central Bank (ECB) has extended its quantitative easing programme until December 2018 (date on which it will terminate outright purchases) while reducing its monthly purchases of sovereign bonds (from 30 billion euros to 15 billion euros starting in September 2018). Core European rates have not been hurt, despite the implementation of a monetary policy that is slowly but surely becoming less accommodative. After rising to nearly 0.8% in late February (posting a rise of +35 basis points in two months), 10-year German yields started falling again, reaching a low of 0.25% at the peak of the Italian political crisis. They have been moving up again but remain very low (0.35% in early July). Meanwhile, the concerns raised by the US offensive against Chinese products and the escalation of the trade war (the economic consequences of which are difficult to evaluate) are the main reasons why the dollar is rising against Asian currencies (in particular), emerging currencies and the euro. At 1.15 against the US the dollar in early July, the euro had fallen by only -3.5% in the first half of the year.

1.2 CONSOLIDATED RESULTS

CONDENSED CONSOLIDATED INCOME STATEMENT

in € million	Underlying CIB	Non-recurring(1)	CIB	Wealth Management	Corporate Center	CA-CIB	Change H1/H1 Underlying CIB	Change H1/H1 Underlying CIB at constant rate
Net Banking Income	**2,381**	**35**	**2,416**	**417**	**-**	**2,833**	**-3%**	1%
Operating expenses	(1,387)	-	(1,387)	(347)	-	(1,734)	3%	6%
Gross Operating Income	**994**	**35**	**1,029**	**70**	**-**	**1,099**	**-10%**	**-4%**
Cost of risk(2)	(19)	-	(19)	1	-	(18)	-92%	
Share of net income of equity-accounted entities	1	-	1	-	-	1	-99%	
Pre-tax income	**976**	**35**	**1,011**	**71**	**-**	**1,082**	**-3%**	
Corporate income tax	(274)	(9)	(283)	(21)	-	(304)	7%	
Net income	**702**	**26**	**728**	**50**	**-**	**778**	**-7%**	
Non-controlling interests	(1)	-	(1)	5	-	4	0%	
Net income, Group Share	**703**	**26**	**729**	**45**	**-**	**774**	**-7%**	

(1) Restated for loan hedges and DVA impacts under NBI for €20 million and €15 million in 2018, -€40 million and -€71 million in 2017.
(2) Including general legal provisions for -€40 million in 2017.

The market environment for the first half of 2018 is still complex with a variety of concerns such as fears of trade tensions between the USA and China and the lack of progress on Brexit.

In Europe, monetary hardening continued, notably with Quantitative Easing being stopped at the end of 2018, equity markets are up with a return to volatility, and at the end of the period the 10Y Bund/Italian BTP spread registered a strong increase after the Italian elections.

In the US, the Fed's key interest rates increased, and credit spreads increased significantly, notably reflecting the political and economic situation between the US and China.

In Asia, the Bank of Japan has repeated that it would be maintaining its expansionist monetary policy.

In this context, revenues from the underlying CIB were stable at constant prices. Revenues from financing activities rose 10% at constant prices with commercial activity in a good position and a concentration of major deals. Revenue from capital market activities was down 7% at constant prices, in an unfavourable market environment for certain Fixed Income activities. Investment banking activities rose, driven by dynamic commercial activity.

Charges rose 6% at constant prices, of which 2% in connection with organic growth, plus specific elements such as the rise of the contribution to the SRF and the integration of the headcount from the Crédit Agricole S.A. Banking Services Department.

Excluding the SRF and at constant rates, the operating coefficient of the underlying CIB was 51.5%.

Gross operating income was €994 million at current rates.

The cost of risk decreased significantly and stood at a low level under the effect of a low specific cost of risk and the withdrawal from the balance sheet of certain counterparties.

Share of net income of equity accounted entities was almost zero. The first half of 2017 included the share of Banque Saudi Fransi for €127 million.

Net income Group share of underlying CIB was €703 million at current rates. Excluding BSF, net income Group share rose 12%.

Net income Group share of CACIB was €774 million at current rate.

1.3 RESULTS BY BUSINESS LINE

FINANCING ACTIVITIES

in € million	H1-18 underlying (1)	H1-17 Underlying (1)	Change H1/H1 underlying	Change H1/H1 Underlying at constant rate
Net Banking Income	**1,256**	**1,208**	**4%**	**10%**
Operating expenses	(528)	(496)	6%	10%
Gross Operating Income	**728**	**712**	**2%**	**9%**
Cost of risk(2)	(4)	(214)	nm	
Share of net income of equity-accounted entities	1	129	nm	
Pre-tax income	**725**	**627**	**16%**	
Corporate income tax	(201)	(135)	49%	
Net income	**524**	**492**	**7%**	
Net income, Group Share	**525**	**493**	**6%**	

(1) Restated for loan hedges under NBI for €20 million in 2018 and -€40 million in 2017
(2) Including general legal provisions for -€20 million in 2017.

Revenue from financing activities was up 10% at constant rates, driven both by structured finance activities and commercial banking.

The progression of structured finance revenue was driven major deals despite difficult margin conditions for certain sectors (Real Estate, Energy). At constant rates, revenue from structured finance grew 3%.

Crédit Agricole CIB is still the world leader in aeronautical finance (source: *Air Finance Journal*) and has become world number five in project finance (source: *Thomson Financial*).

Revenue from commercial banking is up 11% at constant prices, driven by the Banking Transaction and Global Trade activities. The progression in Private Equity Financing Solutions and the Supply Chain continue, and a recent addition is the revenue from the integration of the Crédit Agricole S.A. Correspondent Banking activity. In addition, the upturn in the oil price is having a favourable impact on the activities of Global Commodities Finance. In Debt Optimisation and Distribution activities, revenues from acquisition finance are increasing thanks to two major operations, significant bilateral loans have been put in place over the period and CACIB is improving its positioning on syndicated loans, despite a shrinking market and was ranked 2nd as bookrunner for syndicated finance for Corporates in the EMEA zone (source: *Thomson Financial*).

The operating coefficient was 42%, at the same level as in the first half of 2017.

The cost of risk reached a low level under the effect of a low specific cost of risk and the withdrawal from the balance sheet of certain counterparties.

Share of net income of equity accounted entities was almost zero. The first half of 2017 included the share of Banque Saudi Fransi for €127 million.

The Net income Group share contribution of financing activities was €525 million, up 6% compared with the first half of 2017, under the combined effect of a progression in revenues from the business lines and a low level of cost of risk.

CAPITAL MARKETS AND INVESTMENT BANKING

in € million	H1-18 underlying (1)	H1-17 Underlying (1)	Change H1/H1 underlying	Change H1/H1 Underlying at constant rate
Net Banking Income	**1,125**	**1,251**	**-10%**	**-7%**
Operating expenses	(859)	(854)	1%	3%
Gross Operating Income	**266**	**397**	**-33%**	**-29%**
Cost of risk(2)	(15)	(13)	nm	
Pre-tax income	**251**	**384**	**-35%**	
Corporate income tax	(73)	(122)	-40%	
Net income	**178**	**262**	**-32%**	
Net income, Group Share	178	262	-32%	

(1) Restated for current DVA impacts under NBI for €15 million in 2018 and -€71 million in 2017.
(2) Including general legal provisions for -€20 million in 2017.

In an unfavourable market environment at the start of 2018, having a negative effect on the revenue of capital markets and despite a marked upturn in the second quarter, revenue from capital markets and investment banking was down 7% at constant rates.

Fixed Income activities have suffered increased pressure on margins since the start of the year, leading to a slowdown in commercial activity in rates and credit. Securitisation and foreign exchange, for their part, registered good performances.

Crédit Agricole CIB is ranked top in Europe as bookrunner for private European placements (source: Dealogic), No. 2 worldwide as bookrunner on Green bonds (source: Bloomberg) and 1st worldwide as bookrunner on supranational bond issues (*source: Thomson Financial)*.
The investment bank's revenue progressed under the effect of a good commercial dynamic in the Strategic Equity Transactions and Structured and Financial Solutions activities, and a buoyant M&A market.
Crédit Agricole CIB is ranked 3rd bookrunner in France for global equity issues (source: Thomson Financial)
The net income Group share contribution of capital markets and investment banking was €178 million.

WEALTH MANAGEMENT

in € million	H1-18	H1-17	Change H1/H1	Change H1/H1 at constant rate
Net Banking Income	**417**	**386**	**8%**	**12%**
Operating expenses	(347)	(301)	15%	17%
Gross Operating Income	**70**	**85**	**-18%**	**-8%**
Cost of risk	1	2	-50%	
Pre-tax income	**71**	**88**	**-19%**	
Corporate income tax	(21)	(19)	11%	
Net income	**50**	**69**	**-28%**	
Non-controlling interests	5	7	-29%	
Net income, Group Share	**45**	**62**	**-27%**	

Wealth Management revenue registered growth of 12% at constant exchange rates. The progression reflects a good commercial dynamic and includes the positive contribution of various external growth acquisitions for about €30 million. Excluding currency variances and changes in scope, revenue grew by €7 million.

At constant rates, charges increased by 17% and include spending linked to the enlarged scope. Excluding currency variances and changes in scope, charges were up by €1.6 million, with the strengthening of the compliance teams.

At the end of June 2018, assets under management totalled €126 billion, up €14.6 billion compared with the end of June 2017.

CORPORATE CENTER

in € million	H1-18	H1-17	Change H1/H1
Net Banking Income	**-**	**(161)**	**nm**
Gross Operating Income	**-**	**(161)**	**nm**
Pre-tax income	**-**	**(161)**	**nm**
Corporate income tax	-	48	nm
Net income	**-**	**(113)**	**nm**
Net income, Group Share	**-**	**(113)**	**nm**

At the end of June 2017, the NBI of the Corporate Centre consisted solely of the impact of the issuer spread which reflected the development of own credit spreads on our issues. At the end of June 2018, with IFRS 9 implementation, the impact of the issuer spread was now registered in equity and amounted for €173 million for 2018 first half-year.

2. RELATED-PARTY TRANSACTIONS

The main transactions entered into with related parties are described in the general framework to the interim condensed consolidated financial statements at 30 June 2018.

3. RECENT TRENDS AND OUTLOOKS (2018 SCENARIO)

The United States continues to post robust economic growth. This growth shows no sign of weakening, fuelled by household consumption and the resumption of investment. However, it is also "overstimulated" by a substantial but untimely budget plan. As mature as the cycle may be, galvanised by tax cuts introduced while the economy is running at full throttle, it has yet to peak. And imbalances, which usually herald the end of the cycle, have not yet worsened. Although growth is above its potential (1.8%-2%) and the unemployment rate (3.8% vs. a high of 10% in October 2009…) is below its "equilibrium level" (according to the Federal Reserve, full employment is achieved once the unemployment rate reaches 4.5%), inflation is slowly picking up. But it is speeding up. Moreover, the Federal Reserve is keeping watch and will obviously seek to ensure an orderly slowdown. The US cycle has had a remarkable run. The current cycle has already accumulated 107 months of uninterrupted growth and stacks up well against the records of 106 months in the 1960s and 119 months in the 1990s. If this growth continues until June 2019, the current expansionary cycle, which took hold in June 2009, will be the longest on record.

However, the cycle is going to come up against the tightening of financing conditions. It is going to be faced with constant monetary tightening, which should propel the Fed Funds rate over its natural level of 2.9% by late 2019. Tight monetary policy followed by a flat interest rate curve is a symptom thought to signal a substantial risk of recession. Moreover, growth will automatically weaken once fiscal stimulus is phased out. The contribution to growth of tax legislation, estimated at +0.8 and +0.6 percentage points in 2018 and 2019, respectively, is expected to be virtually zero by 2020. After reaching +3% in 2018 and +2.9% in 2019, the growth rate will fall below its potential in 2020. 2020 is the year of cyclical downturn and one in which a recession cannot be ruled out.

In the eurozone, the first quarter slowdown prompted many questions to which overly pessimistic, not to mention alarming, answers were given. Caused by less buoyant exports, this brief stutter does not herald an early end to the growth cycle. It is not likely to encounter the same supply constraints, especially in terms of labour. Labour pressures are unlikely to derail growth. Growth is slowing down and is being threatened by external factors. In addition to monetary tightening in the United States, there is also the risk of trade war escalation, which is something to be feared. Given the likelihood of retaliation (which is nonetheless expected to be moderate out of necessity, given the losses it would cause to the warring parties apart from the United States), estimating the potential costs of a war, the extent of which is unknown, would be an overly ambitious exercise. A trade war would obviously hurt growth. However, prior to any escalation, the harm done to trust which could potentially alter investment decisions is something we can start worrying about now.

After reaching +2.6% in 2017, our scenario revises eurozone growth to the downside (+2.2% in 2018, then +2% in 2019) to factor in the jolt of the first quarter and a riskier environment, but with no broad-based downturn in the European economic cycle. Meanwhile, the French economy, after having experienced a period of acceleration in 2017 (+2.3%, largely driven by fast-rising investment expenditure), is now in an expansionary phase: the forecast is for continuing robust growth of +1.8% and +1.7%, respectively, in 2018 and 2019.

Europe is not yet really affected by the disarray in the United States, which, for the most part, has been most apparent from a financial standpoint. On the other hand, the combination of an "appreciating dollar, rising US interest rates and growing fears over protectionism" has raised the financial pressure on emerging countries.

Within the emerging mosaic, most currencies have suffered a setback, interest rates are feeling upward pressure and credit spreads are widening. Although growth has so far put up a good fight in most emerging countries and is acting as a buffer against pressures originating from the markets, overall it is losing some of its momentum. We are expecting a very gradual slowdown to +4.6% in 2018 and +4.5% in 2019; after +4.7% in 2017, average growth should be satisfactory but nothing to crow about.

Continuation of very strong economic growth in the United States in 2018 and 2019, a slight downturn in the eurozone, and moderate deceleration in the emerging countries: a "narrative" that is still untroubled albeit surrounded by significant risks, among which the most formidable are the escalation of protectionism and, more broadly, a reconsideration of multilateral relations. Moreover, our risk-weighted scenario assumes that the price of oil will remain high (with the average price of Brent at $75/barrel in 2018 vs. $54 in 2017) and volatile, but is prevented from spiking assuming that Saudi Arabia, the producer of last resort, can act as the guarantor of oil price equilibrium. Finally, the last key ingredient: our scenario hinges on a gradual and orderly rise in interest rates.

The determined Fed is forging ahead with monetary tightening with a view to a soft landing and the restoration of its latitude. At a rate of +25 basis points per hike, we expect two increases in the Fed Funds rate in 2018 and three more in 2019, bringing it to 3.25%, above its "natural" level. The ECB is committed to an ever so gradually less flexible policy. The ECB is not expected to raise its rates any time before September 2019. After the commitment made by the ECB in June, risk is slanted more toward a further delayed rate hike. A scenario of very gradual tightening is taking shape: a +15 basis point hike in the deposit rate in September 2019, a +25 basis point increase in all three key interest rates in December 2019 (i.e. the end of negative deposit rates, which will be raised to 0% to achieve a refinancing rate of 0.25%). Considering the growth rate, US long rates are low. For now, powerful reactive forces are preventing a sharp correction. The same might be said of the eurozone. Core interest rates will recover only very slowly. Our forecast puts US and German 10-year rates at 3% and 0.60%, respectively, by late 2018. French credit spreads will remain virtually unchanged at 30 basis points.

Lastly, after having abandoned the dollar in favour of the euro, the markets, prompted by yield spread and risk aversion caused by the increasingly protectionist stance of the United States, the consequences of which we cannot begin to predict, are showing more appetite for the dollar. Using a theoretical yardstick, the dollar appears to be less expensive than the euro, the pound and the yen. As a result, we expect a very slight (and most likely “rocky”) appreciation of the euro (to around $1.20 by the end of 2018).

WITH REGARDS TO CRÉDIT AGRICOLE CIB

The CACIB business lines registered a good performances in the first half, in a complex market environment. Activity in the second half is expected to continue in the same way, traditionally incorporating an unfavourable seasonal effect.

In Financing Activities, commercial banking activities are expected to continue to be in a good position, driven by the rise in the oil price, the progression of the syndicated loan market and by Private Equity funds financing. Structured finance revenues are expected to return to normal levels, following the exceptional transaction registered in the first half.

Capital markets and Investment banking were driven by good commercial dynamism and significant deals notably in investment banking (M&A and SET), whilst being subject to strong pressure on Fixed Income margins. The outlook for the second half depends on the calming of global commercial tensions, volumes of issues and the presence of significant deals.

4. STATEMENT REGARDING RISKS

4.1 STATEMENT OF ADEQUACY OF THE RISK MANAGEMENT FRAMEWORK

In compliance with article 435-1-e of Regulation (EU) No. 575/2013 and on the basis of all information provided during 2017, the Board of Directors considered during their 9 February 2018 meeting that the risk management framework implemented by Crédit Agricole CIB is appropriate considering the bank.s profile and strategy.

4.2 CONCISE STATEMENT ON RISKS

General principles of the concise statement on risks are described on pages 164 to 166 of the 2017 Registration document.

5. RISK FACTORS

The Crédit Agricole CIB Group is exposed to the following main risks:

• credit risks ;

• market risks ;

•asset and liability management – structural financial risks (global interest rate risks, foreign-exchange risks, liquidity and financing risk);

• operational risks, legal risks and non-compliance risks

The organisation, the principles and the tools for management and monitoring of risks are described in detail in the 2017 Registration document, in the chapter dedicated to risk factors (page 167 to 195).

The risks description and main changes that occurred in the first half of 2018 are presented below, excluding the sovereign risks which are presented in the note 6.4 of the financial statements.

5.1 CREDIT RISKS

Principles, methodologies and devices of credit risk measurement are given from pages 168 to 178 of the 2017 Registration document.

SCOPE

The credit risk scope includes commercial commitments excluding derivatives and securities portfolios.
It should be noted that exposures with the counterparties belonging to Credit Agricole S.A. Group are not reported in the below tables.
At 30 June 2018, the breakdown by geographical zone and by economic sector of loans granted to customers and banks by Credit Agricole CIB group, net of Export Credit Guarantees (excluding UBAF) amount to €317 billion stable compared to 31 December 2017, are split as follows:

BREAKDOWN OF COUNTERPARTY RISKS BY GEOGRAPHICAL ZONE

Breakdown in percentage	30.06.2018	31.12.2017
Western European countries (excluding France)	29.8%	29.7%
France	21.2%	25.6%
North America	19.1%	17.8%
Asia (excluding Japan)	12.2%	11.7%
Japan	7.6%	6.0%
Africa and Middle-East	4.9%	4.8%
Latin America	3.0%	2.6%
Europe (excluding Western Europe and France)	2.2%	1.7%
Western Europe and France)	0.0%	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 counterparty risks by geographical zone is globally stable despite a decrease of commitments with Banque de France offset by a significant increase of our deposits at the Bank of Japan. Also note an increase of commitments with FED in the North America area.

BREAKDOWN OF COUNTERPARTY RISKS BY ECONOMIC SECTOR

Breakdown in percentage	30.06.2018	31.12.2017
Banks	17.1%	16.6%
Miscellaneous	17.0%	17.4%
Of which securitisation	9.7%	10.6%
Oil & Gas	10.5%	9.9%
Real estate	5.2%	5.3%
Other financial activities (non-banks)	4.9%	3.7%
Electricity	4.5%	4.0%
Aeronautic/Aerospatial	4.0%	6.8%
Heavy industry	3.7%	3.4%
Automotive	3.4%	3.1%
Shipping	3.4%	3.5%
Telecom	3.0%	2.9%
Construction	3.0%	3.2%
Production & distribution of consumer goods	2.7%	2.9%
Other industries	2.7%	2.6%
Other transport	2.5%	2.7%
Insurance	2.5%	2.2%
Healthcare and pharmaceuticals	2.1%	2.2%
Food-processing industry	1.9%	1.8%
IT/Technology	1.6%	2.1%
Non-commercial services/Public sector/Local authorities	1.4%	1.2%
Tourism, hotels and restaurants	1.4%	1.4%
Media and publishing	0.7%	0.7%
Wood, paper and packaging	0.4%	0.2%
Utilities	0.4%	0.5%
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).

The breakdown of counterparty risk by economic sector is globally stable with a significant increase of the exposure in banking sector driven by the deposits at the central banks. The part of the Aeronautic sector has decreased as a result of the end of the acquisition of Zodiac by Safran.

EXPOSURE OF LOANS AND RECEIVABLES BY ECONOMIC AGENT

The breakdown of depreciated loans and receivables by economic agent is presented in note 6.3 of the financial statements.

COST OF RISK

The cost of risk of Crédit Agricole CIB and its main movements are presented in note 4.9 of the consolidated financial statements.

APPLICATION OF THE IFRS 9 STANDARD

The principles used to calculate expected credit loss (ECL) are described in the accounting policies and principles (Credit Risk section) which include, in particular, the market inputs, assumptions and estimation techniques used.

The 2017 Registration Document ("Risk Factors: Credit Risk") contains a description of the credit risk management system based on three major components:

- a standardised measurement system which is now used to estimate expected losses;
- a process for monitoring commitments which is also used to determine a significant deterioration;
- mechanisms for reducing risk which enable all collateral and personal guarantees to be included in the calculation of ECL.

As such, in order to calculate expected credit loss in the next 12 months and for the remaining life, as well as to determine whether the credit risk of financial instruments has increased significantly since the initial recognition, the Group draws mainly on data used as part of the regulatory calculation system (internal rating system, calculation of guarantees and loss given defaults).

Two distinct types of forward-looking macroeconomic information are used when estimating expected loss: central forward-looking information, used to ensure the homogeneity of the macroeconomic vision for all group entities, and local forward-looking information, which can be used to adjust the parameters of the central scenario to take into account specific local characteristics.

Centrally, the Group draws on forward-looking macroeconomic scenarios produced by Crédit Agricole SA's Economic department (ECO).

The economic outlook is reviewed each quarter by the IFRS 9 Coordination Committee which brings together the main Group entities as well as any departments of Crédit Agricole SA. that are involved in the IFRS9 process.

No changes have been made to the economic parameters of central forward-looking information over the period.

ECL figures on 01/01/2018 and on 30/06/2018 are available on pages 73, 95 and 96 of Crédit Agricole CIB’s interim condensed consolidated financial statements at 30 June 2018.

5.2 MARKET RISKS

The management framework and the methodology of measurement and supervision of market risks are disclosed on pages 178 to 184 of the 2017 Registration document.

RISK MANAGEMENT

› METHODOLOGY AND MEASUREMENT SYSTEM

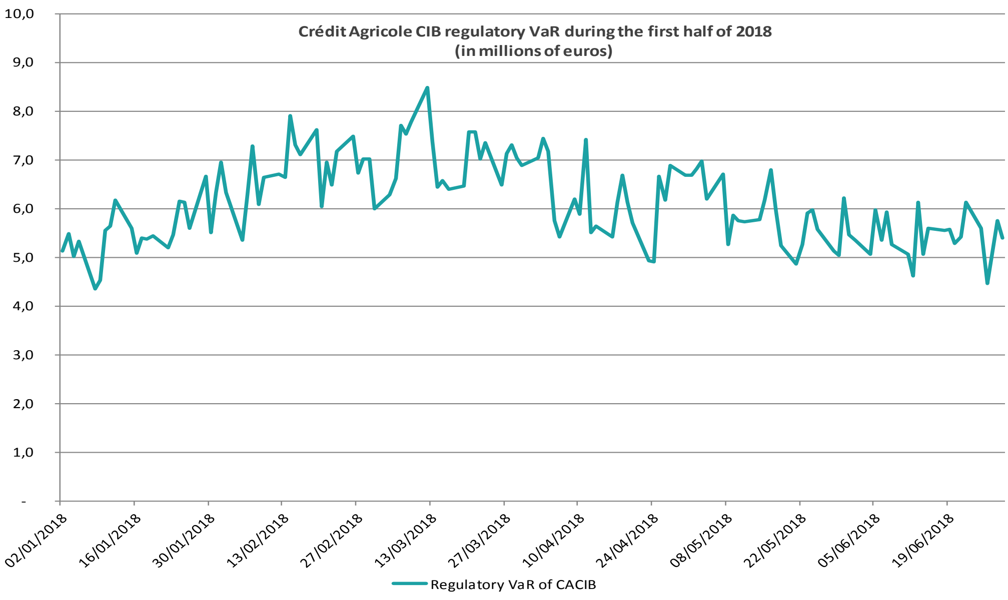
The VaR measurement methodologies were not subject to changes during the first half of 2018.

EXPOSURE (VALUE AT RISK)

› CRÉDIT AGRICOLE CIB REGULATORY VAR DURING THE FIRST HALF OF 2018

€ million	29/06/2018	Minimum	Maximum	Average	29/12/2017
Rates VaR	2	2	4	3	3
Equity VaR	3	2	3	2	2
Foreign Exchange VaR	2	1	5	2	2
Commodities VaR	0	0	0	0	0
Credit VaR	4	3	5	4	5
Netting VaR	- 5	- 4	- 9	- 6	- 6
Credit Agricole CIB	**5**	**4**	**8**	**6**	**5**

› DAILY CHANGE IN CRÉDIT AGRICOLE CIB VAR



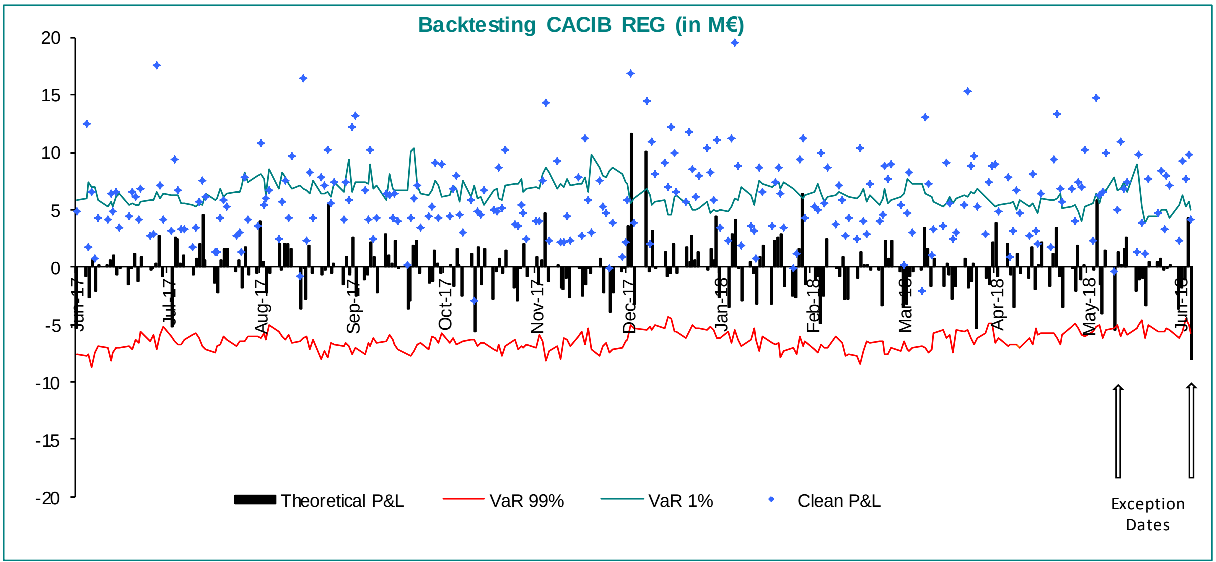
At the end of the first semester 2018, the amount of regulatory VaR is € 5.4 million.

During this first semester, the regulatory VaR remains within a range tighter than the one of 2017, the maximum value of €8.5 million being attained on 12 March 2018.

Despite a return of volatility on the markets, primarly on peripheral debts and emerging countries, the levels of risks remain controlled and low. The average regulatory VaR during this semester has decreased compared to last year's average, with a value of 6.1 million against 8 million for 2017.

Furthermore, two exceptions to the Backtesting compared to the real P&L (theoritical P&L being the daily P&L excluding reserves and new operations) has been noticed during the semester representing the only two exceptions on one rolling year.

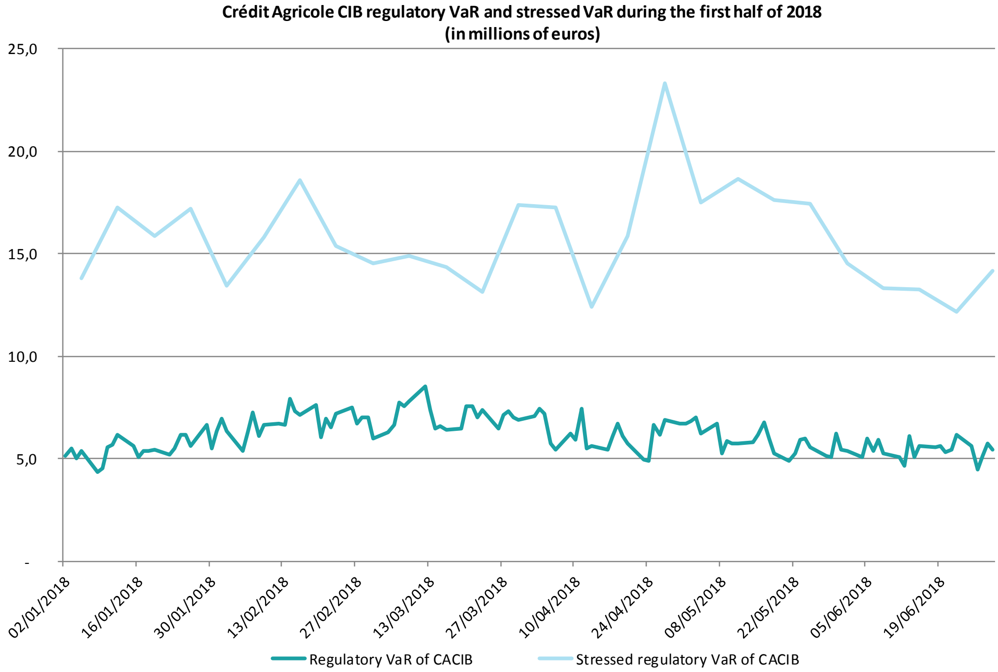
› VaR BACKTESTING



SVaR EXPOSITION

› CREDIT AGRICOLE CIB STRESSED REGULATORY VAR DURING THE FIRST HALF OF 2018

In accordance with the regulatory requirements, the SVaR (Stressed Value at Risk) is produced on a weekly basis. The stressed VaR has not changed significantly during the first half of 2018.



During the first half of the year, the stressed VaR/VaR ratio remains within a range between 1.8 and 3.4 which is similar to the second half of 2017. At the end of June 2018, the stressed VaR/VaR ratio is 2.6.

› CHANGE IN STRESSED VAR (99 %, ONE DAY)

€ million	29/06/2018	Minimum	Average	Maximum	29/12/2017
Stressed VaR	14	12	16	23	14

OTHER INDICATORS

› CAPITAL REQUIREMENTS RELATED TO IRC (INCREMENTAL RISK CHARGE)

€ million	29/06/2018	Minimum	Average	Maximum	29/12/2017
IRC	331	173	217	331	172

› CAPITAL REQUIREMENTS RELATED TO CVA

€ million	29/06/2018	Minimum	Average	Maximum	29/12/2017
CVA	203	180	199	211	181

› CAPITAL REQUIREMENTS RELATED TO PRUDENT VALUATION

€ million	29/06/2018	Minimum	Average	Maximum	29/12/2017
Prudent Valuation	809	532	673	809	532
Market only	354	315	333	354	315

5.3 ASSET AND LIABILITY MANAGEMENT – STRUCTURAL FINANCIAL RISK

The organisation, the framework and follow up of asset and liability management are described on pages 187 to 190 of the 2017 Registration document. There were no significant changes.

GLOBAL INTEREST-RATE RISKS

Crédit Agricole CIB exposure has not significantly changed during the first half of 2017.

Interest rate gaps at 30 June 2018 are detailed as follows and show an exposure of the Bank to a decrease of interest rates:

€ billion	0-1 an	1-5 ans	5-10 ans
Average gap US dollar	+1.7	0.08	-0.15
Average gap Euro	+0.3	0.6	0.15

LIQUIDITY RISK

The methodological principles, management and follow up of liquidity risks have not significantly changed since 31 December 2017.

At end-June 2018, the numerator of the LCR ratio (including the HQLA securities portfolio, cash and Central Bank deposits, excluding mandatory reserves), calculated as an average over 12 months, stood at 103 billion euros for Crédit Agricole CIB. The denominator of the ratio (representing net cash outflows), calculated as an average over 12 months, stood at 87 billion euros for Crédit Agricole CIB. In compliance with the regulator's request, this information is now published quarterly from 31 March 2018. The average LCR ratios over 12 months of Crédit Agricole CIB stood at 119% at end-June 2018. Credit Institutions are subject to a threshold for this ratio, set at 100% from 1 January 2018.

EXCHANGE-RATE RISK

The management policy, the follow up and the control of the exchange-rate risk have not significantly changed over the first half of 2018.

RATE AND CHANGE RISKS

Within the framework of managing its financial risks, Credit 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 3 types of hedging (fair value hedge, cash flow hedge and investment net of foreign currencies hedge) are described in the 2016 Registration document, on page 191.

Regarding cash flow hedge, according to IFRS 7, future interests related to balance sheet items under cash flow hedge strategy are detailed, by maturity, in the table below:

	30.06.2017		
€ billion	> 1 year to ≤ 5 years	> 5 years	Total
Hedged cash flows to receive	125	212	336
Hedged cash flows to pay			

5.4 OPERATIONAL RISKS

Management and monitoring systems of operational risks are described in the 2017 Registration document, on page 191 and have not changed since 31 December 2017.

5.5 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 2016 Registration Document. The cases presented below are those that have evolved since 22 March 2017, the date on which Registration Document No D. 17-0208 was filed with the AMF.

Any legal risks outstanding at 31 December 2017 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.

No change has happened in the first half year of 2018. In the third quarter of 2018, Crédit Agricole CIB received a request for arbitration filed by Banque Saudi Fransi as specified below in the paragraph of Banque Saudi Fransi.

EXCEPTIONAL EVENTS AND DISPUTES

› OFFICE OF FOREIGN ASSETS CONTROL (OFAC)

In October 2015, Crédit Agricole Corporate and Investment Bank (Crédit Agricole CIB) and its holding 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 is subject to regular reviews to evaluate its effectiveness, including a review by an independent consultant appointed by NYDFS for a term of one year and annual reviews by an independent consultant approved by the Federal Reserve.

› EURIBOR/LIBOR AND OTHER INDICES

Crédit Agricole CIB and its holding 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 holding 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 €114,654,000 for participating in a cartel in euro interest rate derivatives. Crédit Agricole S.A. and Crédit Agricole CIB are challenging this decision and have asked the European Court of Justice to overturn it.

Additionally, the Swiss competition authority, COMCO, is conducting an investigation into the market for interest rate derivatives, including the Euribor, with regard to Crédit Agricole S.A. and several Swiss and international banks. Moreover, in June 2016 the

South Korean competition authority (KFTC) decided to close the investigation launched in September 2015 into Crédit Agricole CIB and the Libor index on various currencies, Euribor and Tibor indices. The KFTC investigation into certain foreign exchange derivatives (ABS-NDF) is ongoing.

Concerning the two class actions in the United States of America in which Crédit Agricole S.A. and Crédit Agricole CIB have been named since 2012 and 2013 along with other financial institutions, both as defendants in one (“Sullivan” for the Euribor) and only Crédit Agricole S.A. as defendant for the other (“Lieberman” for Libor), the “Lieberman” class action is at the preliminary stage that consists in the examination of its admissibility; proceedings are still suspended before the US District Court of New York State. Concerning the “Sullivan” class action, Crédit Agricole S.A. and Crédit Agricole CIB introduced a motion to dismiss the applicants’ claim. The US District Court of New York State upheld the motion to dismiss regarding Crédit Agricole S.A. and Crédit Agricole CIB in first instance. This decision is subject to appeal.

Since 1 July 2016, Crédit Agricole S.A. and Crédit Agricole CIB, together with other banks, are also party to a new class action suit in the United States (“Frontpoint”) relating to the SIBOR (Singapore Interbank Offered Rate) and SOR (Singapore Swap Offer Rate) indices. Crédit Agricole S.A. and Crédit Agricole CIB have filed a motion to dismiss. The New York Federal Court, ruling in first instance, granted this request last August 18th, in favor of Crédit Agricole S.A. and Crédit Agricole CIB. Following federal procedure which allows them to do so, the plaintiffs modified the terms of their action to refer the case to the judge again. As a consequence, Crédit Agricole S.A. and Crédit Agricole CIB have submitted a new motion to dismiss, which must be examined by the New York Federal Court soon.

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 Corporate and Investment Bank (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 702.84 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.

› BANQUE SAUDI FRANSI

Crédit Agricole Corporate Investment Bank (Crédit Agricole CIB) has received a Request for Arbitration submitted by Banque Saudi Fransi (BSF) before the International Chamber of Commerce (ICC). The dispute relates to the performance of a Technical Services Agreement between BSF and Crédit Agricole CIB that is no longer in force. On 7 August 2018, BSF quantified its claim at SAR 1,011,670,654.00, the equivalent of about €232 million and reserved the right to submit additional claims. Crédit Agricole CIB totally denies BSF’s allegations and claim.

› BONDS SSA

Several regulators have demanded information to Crédit Agricole S.A. and to Crédit Agricole CIB for inquiries relating to activities of different banks involved on Bonds SSA market (Supranational, Sub-Sovereign and Agencies). Crédit Agricole CIB is included with other banks in various consolidated class actions before the United States District Court for the Southern District of New York. Crédit Agricole S.A. and Crédit Agricole CIB are included with other banks in two class actions filed in Canada, one before the Ontario Superior Court of Justice and the other before the Federal Court. Through the cooperation with these regulators, Crédit Agricole CIB proceeded to internal inquiries to gather the required information. 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.

› O’SULLIVAN

On November 9, 2017, a group of individuals, (or their families or estates), who claimed to have been injured or killed in attacks in Iraq filed a complaint against several banks including Crédit Agricole S.A., and its subsidiary Crédit Agricole Corporate and Investment Bank (Crédit Agricole CIB), in US Federal District Court in New York.

The Complaint alleges that Crédit Agricole S.A., Crédit Agricole CIB, and other defendants conspired with Iran and its agents to violate US sanctions and engage in transactions with Iranian entities in violation of the US Anti-Terrorism Act and the Justice Against Sponsors of Terrorism Act. Specifically, the lawsuit alleges that Crédit Agricole S.A., Crédit Agricole CIB, and other defendants processed US dollar transactions on behalf of Iran and Iranian entities in violation of sanctions administered by the US Treasury Department’s Office of Foreign Assets Control, which allegedly enabled Iran to fund terrorist organizations that, as is alleged, attacked plaintiffs. The plaintiffs are seeking an unspecified amount of compensatory damages.

Crédit Agricole S.A., Crédit Agricole CIB, and other defendants plan to move to dismiss the Complaint.

› BINDING AGREEMENTS

Crédit Agricole S.A. does not depend on any industrial, commercial or financial patent, license or contract.

5.6 NON-COMPLIANCE RISKS

A new compliance structure was set up within CACIB on 1 July 2018. The department is now based on 3 vertical operating divisions organised by type of compliance risk and on 4 transverse functions.

The 3 operating divisions are:

- the Financial Security (SF) division in charge of the Bank’s overall system for the identification, mapping, prevention, control and reporting of risks related to financial crime, as well as money laundering and the fight against the financing of terrorism, obligations in terms of embargoes and freezing of assets, and external corruption. The SF division ensures the processing and control of financial security alerts at the head office and also intervenes as a last resort in high-risk situations (embargoes),
- the Business Compliance division in charge of the Bank’s overall system for activities requiring compliance with internal and external standards, such as those related to the detection and prevention of market abuse, anti-competitive practices, as well as the identification, prevention and management of conflicts of interest and related controls. Global Business Compliance also ensures that the Bank's activities comply with Article 313-4 of the “AMF General Regulations”,
- the Fight against Fraud and Corruption division in charge of the system for the prevention and detection of risks of corruption and fraud, as well as the Bank’s compliance with provisions of the Sapin II Law, the Foreign Corrupt Practices Act (FCPA) and the Bribery Act in the United Kingdom.

The 4 transverse functions are:

- the General Secretariat function in charge of governance and controls, as well as compliance reports and cross-functional subjects involving the compliance function, such as the coordination and presentation to General Management of compliance notices concerning risk strategies, individual risk taking, compliance training, internal communications with the function, and the budget and compliance notices regarding sector strategies for the CERES Committee, which assesses environmental and social risk,
- the Change Management function in charge of change management related to compliance, digital transformation and the steering of compliance projects,
- the International function, responsible for ensuring the exchange of compliance best practices and the coordination of Local Compliance Officers (LCOs), as well as aligning standards within compliance teams and providing training for all compliance employees across the Bank’s sites. The International function is the entry point for compliance management for all compliance partners in the network,
- the Data and Processing function in charge of the management of non-compliance risks related to data processing (including the protection of personal data). The Data and Processing team is headed up by CACIB’s Data Protection Officer.

The Third Party Division, which also covers the management of the FATCA/AEOI teams, reports directly to the CACIB Director of Compliance.

Apat from the new structure of compliance, the system of management, monitoring and control of non-compliance risk described in the 2017 Registration document, page 194 to 195, hasn’t known any significant evolution since 31 December 2017.

6. UPDATE OF CRÉDIT AGRICOLE CIB GROUP PILLAR 3

Basel III Pillar 3 disclosures

(EU) Regulation No 575/2013 of the European Parliament and the Council 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. Crédit Agricole CIB Group's risk management system and exposure levels are presented in this section as well as in the "Risk factors" section.

1. MANAGEMENT OF REGULATORY CAPITAL

1.1 SCOPE OF APPLICATION OF THE CAPITAL REQUIREMENTS FOR THE PURPOSES OF REGULATORY SUPERVISION

Tightening up the regulatory framework, the Basel III agreements have enhanced the quality and level of regulatory capital required and have added new risk categories to the regulatory framework. The legislation concerning the regulatory prudential requirements applicable to credit institutions and investment firms was published in the Official Journal of the European Union on 26 June 2013 (Directive 2013/36/EU, known as "CRD 4", transposed notably by Order No 2014-158 of 20 February 2014 and Regulation "CRR") and entered into force on 1 January 2014, in accordance with the transitional provisions specified in the legislation.

Under the CRR/CRD 4 regime, three solvency ratios are calculated:

- 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 until 1 January 2018 (and until 1 January 2022 for hybrid instruments). See "Transitional provisions".

Two other ratio groups are added to this system:

- the leverage ratio;
- the resolution ratios.

Each of these ratios shows the relationship between a regulatory capital amount to a risk exposure. The definitions and calculations are set forth in the following sections. The minimum requirements applicable to Crédit Agricole CIB are met.

1.2 SUPERVISION

Credit institutions and certain approved investment activities referred to in Annex 1 to Directive 2004/39/EC are subject to solvency and large exposure ratios on an individual and, where applicable, "sub-group" basis.

The French Regulatory and Resolution Supervisory Authority (Autorité de contrôle prudentiel et de résolution - ACPR) has agreed that certain Group subsidiaries qualify for this exemption on an individual basis, under the terms set forth in Article 7 of the CRR. In that regard, the ACPR has provided Crédit Agricole CIB with an exemption on an individual basis.

The transition to sole supervision by the European Central Bank on 4 November 2014 did not call into question the individual exemptions previously granted by the ACPR.

1.3 REGULATORY SUPERVISION 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. Information on these entities as well as their consolidation method for accounting purposes are presented in the notes to the consolidated financial statements at 30 June 2018.

DIFFERENCE BETWEEN THE ACCOUNTING AND THE REGULATORY SCOPE OF CONSOLIDATION

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 • Investments in credit institutions	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 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 CET1.
ABCP securitisation entities	Full consolidation	Risk-weighting of equity-accounted amount and commitments made on these entities (liquidities facilities and letters of credit).

1.4 SOLVENCY RATIOS

SOLVENCY RATIO NUMERATOR (SEE PART 1.5 "DEFINITION OF CAPITAL")

Basel 3 defines three levels of capital:

- Common Equity Tier 1 (CET1);
- Tier 1 capital, which consists of Common Equity Tier 1 and Additional Tier 1 capital (AT1);
- Total capital, consisting of Tier 1 capital and Tier 2 capital.

SOLVENCY RATIO DENOMINATOR (SEE PART 2 "COMPOSITION AND CHANGES IN RISK WEIGHTED ASSETS")

Basel 3 defines several types of risk: credit risks, market risks and operational risks, which give rise to risk weighted asset calculations. These are discussed in Part 2, below.

Pursuant to Regulation (EU) no. 575/2013 of 26 June 2013, two approaches are used to measure exposure to credit risk:

- the standardised approach, which is based on external credit ratings and fixed weightings for each Basel exposure class;
- the Internal Ratings Based approach (IRB), which is based on the bank's own internal rating system.

There are two subsets of the IRB approach:

- 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 use all their internal estimates of risk components: probability of default, loss given default, exposures given default, maturity.

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 and 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. At 30 June 2018, only the United Kingdom, Hong Kong, Norway, Sweden, Czech Republic, Iceland and Slovakia had defined a countercyclical buffer. France, for its part, announced the introduction of a 0.25% buffer from 30 June 2019 onwards. The increments above apply at the end of the 12-month advance notice period.

These buffers must be covered by CET1.

MINIMUM REQUIREMENTS ON THE BASIS OF INFORMATION KNOWN AT THE END OF JUNE 2018

1 January...	2014	2015	2016	2017	2018	2019
Common Equity Tier 1	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% to 2.5%)			0.00%	0.03%	0.08%	0.00%
Systemic risk buffer (0% to 5%)			0.00%	0.00%	0.00%	0.00%

[1] The EAD is the amount in the event of default. It encompasses balance sheet assets plus a proportion of off-balance sheet commitments.

DETAILS OF THE COUNTERCYCLICAL BUFFER CALCULATION AT 30 JUNE 2018

30.06.2018 *(in millions of euros)*	General credit exposures		Trading book exposure		Securitisation exposure		Own funds requirements					Countercyclical capital buffer rate (in %) 30.06.2018	Countercyclical capital buffer rate forecast (in %) 30.06.2019
	Standard approach	IRB approach	Sum of long and short position of trading book	Value of trading book exposure for internal models	Standard approach	IRB approach	General credit exposure	Trading book exposure	Securitisation exposure	Total	Breakdown by country (in %)		
Hong kong	297	2,903	-	-	-	-	56	-	-	56	0.956%	1.25%	0.01%
Iceland	-	-	-	-	-	-	-	-	-	-	0.000%	1.25%	0.00%
Norway	-	678	-	-	-	-	12	-	-	12	0.212%	1.50%	0.00%
Czech Republic	-	98	-	-	-	-	2	-	-	2	0.036%	0.50%	0.00%
Slovakia	-	17	-	-	-	-	1	-	-	1	0.014%	0.50%	0.00%
Sweden	29	1,696	-	-	-	30	55	-	-	55	0.941%	2.00%	0.02%
France	5,179	33,262	210	2,152	167	10,988	1,344	189	125	1,658	28.402%	0.00%	0.00%
Other countries *	3,365	133,052	-	-	1,449	27,457	3,694	-	359	4,053	69.436%	0.00%	0.00%
Total	**8,870**	**171,706**	**210**	**2,152**	**1,616**	**38,475**	**5,164**	**189**	**484**	**5,837**	100.000%	0.00%	0.03%

**For which no countercyclical buffer has been defined by the competent authority*

CRÉDIT AGRICOLE CIB GROUP'S TOTAL CAPITAL REQUIREMENT, INCLUDING BUFFERS KNOWN AT THE END OF JUNE 2018

1 January...	2014	2015	2016	2017	2018
CET1 + buffer	4.00%	4.50%	5.13%	5.78%	6.46%
T1 + buffer	5.50%	6.00%	6.63%	7.28%	7.96%
T1 + T2 + buffer	8.00%	8.00%	8.63%	9.28%	9.96%

MINIMUM REQUIREMENTS OF PILLAR 2

Crédit Agricole CIB was notified by the European Central Bank (ECB) in 2017 of the new minimum capital requirements following the results of the Supervisory Review and Evaluation Process (SREP).

Since 2017, the ECB has developed the methodology used, dividing the prudential requirement into two parts:

- a Pillar 2 Requirement (P2R). This requirement applies to all levels of equity capital and must be made up entirely of common equity Tier 1 capital; non-compliance with this requirement leads automatically to distribution restrictions (super-subordinated debt coupons, dividends, variable remunerations). Consequently, this requirement is public;
- Pillar 2 Guidance (P2G). At this stage, this requirement is not public.

Crédit Agricole CIB must respect a minimum consolidated CET1 ratio (including the Pillar 1, Pillar 2R and the capital conservation buffer) of 7.96% (phased in), i.e. 8.58% fully loaded from 1 January 2018.

1.5 DEFINITION OF CAPITAL

1.5.1 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 the point 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 5.75%. The instruments may be converted into shares or written down. Payments must be completely 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 since 2015 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 5.75%.

Crédit Agricole CIB Group's phased-in CET1 ratio was 10.7% at 30 June 2018. They accordingly represent a capital buffer of €6 billion relative to the loss absorption thresholds.

At 30 June 2018, 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 40% (threshold for the 2018 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 €1.8 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 30 JUNE 2018

Issuer	Date of issue	Amount of issue (in millions)	Currency	Dates of Call	Compensation	Step-up (Y /N)	Regulatory treatment	Eligible under CRD4 (Y/N)	Coupon suspension conditions	Write down condition	Regulatory amount at 30/06/2018 (in millions of euros)[1]	Regulatory amount at 31/12/2017 (in millions of euros)(1)
Deeply subordinated notes												
Crédit Agricole CIB	21/12/2005	85	USD	01/01/2016 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	73	71
Crédit Agricole CIB	28/09/2007	1,000	USD	01/01/2018 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	856	834
Crédit Agricole CIB	28/09/2007	590	EUR	01/01/2018	Euribor12M+190 bps 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
Crédit Agricole CIB	19/03/2004	500	USD	01/01/2014 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	428	417
Crédit Agricole CIB	04/05/2004	470	USD	01/01/2014 then annually	6,48% then as from du 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	403	392
Crédit Agricole CIB	16/11/2015	600	EUR	23/12/2020 then quarterly	Euribor3M+679,5 bps	N	NA	Y	At issuer'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	16/11/2015	600	EUR	23/12/2022 puis trimestriel	Euribor3M+670,5 bps	N	NA	Y	At issuer'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	16/11/2015	600	EUR	23/12/2025 then quarterly	Euribor3M+663 bps	N	NA	Y	At issuer'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	09/06/2016	720	USD	23/06/2026 then quarterly	Libor3M+686 bps	N	NA	Y	At issuer'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	617	601
Crédit Agricole CIB	27/06/2018	500	EUR	27/06/2028 then quarterly	Euribor3M+535 bps	N	NA	Y	At issuer'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	500	
Preferred shares (equivalent to deeply subordinated notes)												
Indosuez Holdings II S.C.A	22/12/1993	80	USD	22/12/2008 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		69	67
Total											**4,745**	**4,772**

(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 €1,829 million.

NB : the totality of Tier 1 is eligible for grandfathering up to the step-up date for innovative securities or up to the deadline for recognition stipulated in the regulations.

1.5.2 Tier 2 capital

This includes:

- subordinated debt instruments which must have a minimum maturity of 5 years. Incentives for early redemption are prohibited.
- 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;
- 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.

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 50% threshold of ineligible Tier 1 instruments;
- 40% of the CRD IV ineligible Tier 2 stock at 31 December 2012.

UNDATED SUBORDINATED DEBT

Issuer	Date of issue	Amount of issue (in millions)	Currency	Dates of Call	Compensation	Step-up (Y /N)	Regulatory treatment	Eligible under CRD4 (Y/N)	Regulatory amount at 30/06/2018 (€ million)	Regulatory amount at 31/12/2017 (€ million)
Crédit Agricole CIB	12/08/1998	30	EUR	12.08.2003 then any time	Euribor3M+55 bps	N	T2	N	30	30
Total									**30**	**30**

SUBORDINATED LOANS

Issuer	Date of issue	Amount of issue (in millions)	Maturity date	Currency	Dates of Non-Call	Compensation	Step-up (Y /N)	Regulatory treatment	Eligible under CRD4 (Y/N)	Regulatory amount at 30/06/2018 (€ million)	Regulatory amount at 31/12/2017 (€ million)
Crédit Agricole CIB	26/03/2015	1,700	15/03/2025	USD	15.03.2020 then quarterly	Libor3M+252 bps	N	T2	Y	1,456	1,418
Crédit Agricole CIB	20/06/2016	750	20/06/2026	EUR		Libor3M+255 bps	N	T2	Y	750	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	500
Crédit Agricole CIB	13/02/2018	250	14/02/2028	EUR		Euribor3M + 111 bps	N	T2	Y	250	-
										2,956	**2,668**

1.5.3 Transitional provisions

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 components.

There have not been any phased-in elements of CET1 since 1 January 2018, only the hybrid debt instruments still benefit from a transitional period until 1 January 2022. You will recall that the hybrid debt instruments that were eligible for 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 for the grandfathering clause. Under this clause, these instruments are gradually excluded over an eight-year period, with a 10% reduction each year. In 2018, 40% of the global inventories declared at 31 December 2012 is recognised, and then 30% in 2019, 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.

1.5.4 Simplified prudential capital as at 30 June 2018

SOLVENCY RATIOS

(in millions of euros)	30.06.2018 Phased-in	30.06.2018 Fully loaded	31.12.2017 Phased-in	31.12.2017 Fully loaded
Capital and reserves Group share [1]	15,317	15,317	15,267	15,355
(+) Tier 1 capital in accordance with French Prudential Supervisory and Resolution Authority stipulations (shareholder advance)	-	-	-	-
(+) Minority interests	107	107	96	-
(-) Prudent valuation	(761)	(761)	(532)	(532)
(-) Deductions of goodwill and other intangible assets	(1,272)	(1,272)	(1,219)	(1,219)
(-) Deferred tax assets that rely on future profitability not arising from temporary differences after deduction of the associated tax liabilities	(63)	(63)	(44)	(55)
(-) Shortfall in adjustments for credit risk relative to expected losses under the internal ratings-based approach deducted from the CET1	(7)	(7)	(6)	(6)
(-) Amount exceeding the exemption threshold for CET1 instruments of financial stakes in which the institution owns a significant holding and of the deductible deferred tax assets that rely on future profitability arising from temporary differences[2]	(254)	(254)	-	-
CET1 instruments held by financial sector entities in which the credit institution has a significant investment	1,558	1,558	1,307	1,307
The deductible deferred tax assets that rely on future profitaility arising from temporary differences	375	375	211	211
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	1,304	1,304	1,343	1,343
(-) Transparent treatment of UCITS	(9)	(9)	(8)	(8)
Transitional adjustments and other deductions applicable to CET1 capital	(272)	(272)	(105)	(105)
COMMON EQUITY TIER 1 (CET1)	**12,787**	**12,787**	**13,449**	**13,429**
Equity instruments eligible as AT1 capital	2,935	2,935	2,435	2,435
Ineligible AT1 equity instruments qualifying under grandfathering clause	1,829	-	2,346	-
Tier 1 or Tier 2 instruments of entities operating mainly in the insurance sector in which the institution has a significant investment deducted from Tier 1 capital	-	-	-	-
Transitional adjustments, other deductions and minority interests	(19)	(19)	(35)	(35)
ADDITIONAL TIER 1 CAPITAL	**4,745**	**2,917**	**4,746**	**2,401**
TIER 1 CAPITAL	**17,532**	**15,704**	**18,195**	**15,830**
Equity instruments and subordinated borrowings eligible as Tier 2 capital	2,956	2,956	2,668	2,668
Ineligible equity instruments and subordinated borrowings	30	-	30	-
Surplus provisions relative to expected losses eligible under the internal ratings≤ based approach and general credit risk adjustments under the standardised approach[3]	356	356	390	390
Tier 2 instruments of entities operating mainly in the insurance sector in which the institution has a significant investment deducted from Tier 2 capital	-	-	-	-
Transitional adjustments, other deductions and minority interests	-	-	26	-
TIER 2 CAPITAL	**3,342**	**3,312**	**3,114**	**3,058**
TOTAL CAPITAL	**20,874**	**19,015**	**21,309**	**18,888**
TOTAL RISK WEIGHTED ASSETS	**119,410**	**119,410**	**112,004**	**112,004**
CET1 RATIO	10.7%	10.7%	12.0%	12.0%
TIER 1 RATIO	14.7%	13.2%	16.2%	14.1%
TOTAL CAPITAL RATIO	17.5%	15.9%	19.0%	16.9%

(1) This line is detailed in the table below "Reconciliation of accounting and regulatory capital".

The fully loaded Common Equity Tier 1 (CET1) capital stood at €12.8 billion at 30 June 2018, down by €0.6 billion compared with end 2017.

The events which impacted the CET1 during the first half of 2018 relate to the currency effect of €0.1 billion, the payment in the form of group AT1 dividend coupons of -€0.1 billion, the rise in reserves on equity capital shares at fair value by non-recyclable equity of €0.2 billion, and the impact of the first application of IFRS9 of -€0.2 billion. The CET1 was also impacted by the rise in the deduction under the prudent valuation (-€0.2 billion) and that implemented for the surpassing of the excess of the instruments of CACIB's financial holdings portfolio, mainly due to the rise of the carrying amount of BSF (-€0.3 billion); it was also impacted by the deduction of irrevocable payment commitments taken out within the framework of the creation of the Deposits Guarantee Fund (-€0.1 billion).

You will recall that since 1 January 2018, there are no longer transitional arrangements applied to elements of CET1.

Fully loaded Tier 1 capital amounted to €15.7 billion at 30 June 2018 and was €0.1 billion lower than that of 31 December 2017, whilst the phased-in amount was €17.5 billion, down €0.7 billion compared with 31 December 2017. This includes the CET1 capital described above and the Additional Tier 1 (AT1) capital, which underwent the following changes:

- the hybrid securities included in Tier 1 capital eligible for Basel III amounted to €2.9 billion, up €0.5 billion compared with the first half of 2018;
- the entire stock prior to 1 January 2014 was ineligible on a fully loaded basis. Phased-in, the grandfathering provisions make it possible to maintain an amount of debt corresponding to a maximum of 40% of the stock at 31 December 2012. The amount of these grandfathered securities has fallen mainly as a result of the currency effect and the amortisation of the grandfathered stock: the amount of the residual stock benefiting from the grandfathering provisions was, at 30 June 2018, slightly below the maximum recognised base, despite the reduction of the latter;

Fully loaded Tier 2 capital, at €3.3 billion, was up by €0.2 billion compared with 31 December 2017;

- the hybrid securities included in Tier 2 capital eligible for Basel III amounted to €3 billion, up €0.3 billion;
- surplus provisions relative to expected losses eligible under the internal ratings-based approach and general credit risk adjustments including tax effects under the standardised approach came to €0.4 billion at 30 June 2018, stable compared with 31 December 2017.

In all, fully loaded total capital at 30 June 2018 stood at €19 billion, or €0.1 billion lower than at 31 December 2017. Phased-in total capital amounted to €20.9 billion, down €0.4 billion compared with 31 December 2017.

1.5.5 Changes in regulatory capital in the first half of 2018

(in millions of euros)	Phased-in 30.06.2018 vs 31.12.2017
Common Equity Tier 1 capital at 31.12.2017	**13,449**
Capital increase and reserves (including dividend payment in shares)	125
Capital repayment [(1)]	-
Accounting attributable net income/loss for the year before dividend	774
Expected dividend distribution	(774)
Exceptional dividend distribution	-
Advance dividend paid	-
Unrealised capital gains and losses on available-for-sale securities and other unrealised capital and gains and losses	(65)
Prudent valuation	(229)
Minority interests	11
Change in goodwill and other intangible assets	(53)
Insufficiency of credit risk adjustments relative to expected losses using the internal rating approach deducted CET1	(1)
Regulatory adjustments	(451)
COMMON EQUITY TIER 1 CAPITAL AT 30.06.2018	**12,787**
Additional Tier 1 capital at 31.12.2017	**4,746**
Issues	500
Redemptions	-
Regulatory adjustments	(501)
ADDITIONAL TIER 1 CAPITAL AT 30.06.2018	**4,745**
TIER 1 CAPITAL	**17,532**
Tier 2 capital at 31.12.2017	**3,114**
Issues and foreign currency impact on the debt stock [(2)]	288
Redemptions and foreign currency impact on the debt stock	-
Regulatory adjustments including amortisation [(3)]	(60)
Tier 2 capital at 30.06.2018	**3,342**
TOTAL CAPITAL AT 31.12.2017	**20,874**

(1) Capital repayment : shareholder advance

(2) Change is related to foreign currency impacts

(3) Tier 2 instruments are subject to a haircut during the 5 years prior to their maturity date

1.5.6 Reconciliation of accounting and regulatory capital

	30.06.2018		31.12.2017	
(in millions of euros)	**Phased-in**	**Fully loaded**	**Phased-in**	**Fully loaded**
EQUITY, GROUP SHARE (CARRYING AMOUNT)	**19,102**	**19,102**	**18,940**	**18,940**
Dividend payable on current year's income	-	-	(937)	(937)
Advance dividend paid	-	-	-	-
Payment of an exceptional dividend	-	-	(300)	(300)
First half of 2018 net income not taken into account in regulatory capital	(774)	(774)	-	-
Filtered unrealised gains/(losses) on change in own credit risk on structured products	200	200	322	322
Filtered unrealised gains/(losses) on change in own credit risk on derivatives	(158)	(158)	(235)	(235)
Filtered unrealised gains/(losses) on cash flow hedges	-	-	(13)	-
Transitional regime applicable to unrealised gains/(losses)	(107)	(107)	(75)	-
AT1 instruments included in equity (carrying amount)	(2,935)	(2,935)	(2,435)	(2,435)
Other regulatory adjustments	(10)	(10)	-	-
Capital and reserves Group share	**15,317**	**15,317**	**15,267**	**15,355**
Minority interests (carrying amount)	107	107	96	-
(-) preferred shares	-	-	-	-
(-) items not recognised under regulatory framework	-	-	-	-
Minority interests	-	-	-	-
Other equity instruments	-	-	-	-
Deductions of goodwill and other intangible assets	(1,272)	(1,272)	(1,219)	(1,219)
Deferred tax assets that rely on future profitability not arising from temporary differences	(63)	(63)	(44)	(55)
Shortfall in adjustments for credit risk relative to expected losses under the internal ratings-based approach deducted from the CET1	(7)	(7)	(6)	(6)
Amount exceeding the exemption threshold for CET1 instruments of financial stakes in which the institution owns a significant holding and of the deductible deferred tax assets that rely on future profitability arising from temporary differences	(254)	(254)	-	-
(-) Transparent treatment of UCITS	(9)	(9)	(8)	(8)
Advance prudent valuation	(761)	(761)	(532)	(532)
Transitional adjustments on amounts exceeding exemption limits of CET1 instruments on financial sector entities	-	-	-	-
Other CET1 components	(272)	(272)	(105)	(105)
TOTAL CET1	**12,787**	**12,787**	**13,449**	**13,429**
AT1 equity instruments (including preferred shares)	4,764	2,935	4,781	2,435
Tier 1 or Tier 2 instruments of financial-sector entities in which the institution holds a significant investment deducted fromTier 1 capital	-	-	-	-
Transitional adjustments, other deductions and minority interests	(19)	(19)	(35)	(35)
Other components of Tier 1 capital	-	-	-	-
Total Additional Tier 1	**4,745**	**2,917**	**4,746**	**2,401**
TOTAL TIER 1	**17,532**	**15,704**	**18,195**	**15,830**
Tier 2 equity instruments	2,986	2,956	2,699	2,668
Surplus provisions relative to expected losses eligible under the internal ratings≤ based approach	356	356	356	356
General credit risk adjustments under the standardised approach	-	-	35	35
Tier 2 instruments of entities operating mainly in the insurance sector in which the institution has a significant investment deducted from Tier 2 capital	-	-	-	-
Transitional adjustments, other deductions and minority interests	-	-	26	-
Other Tier 2 items	-	-	-	-
TOTAL TIER 2	**3,342**	**3,312**	**3,114**	**3,058**
Ownership interests and investments in insurance companies	-	-	-	-
TOTAL CAPITAL	**20,874**	**19,015**	**21,309**	**18,888**

1.6 OTHER RATIOS

1.6.1 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.

The implementation under Pillar 1 is delayed, and could be done as part of its implementation in CRR2.

A requirement for a two-level leverage ratio is advocated by the Basel Committee: it could be 3% for non-G-SIBs, and at a level of 3% plus half of the entity's systemic risk buffer for G-SIBs.

The leverage ratio is defined as the Tier 1 capital divided by the exposure measure, i.e. balance sheet and off-balance sheet assets after certain restatements of derivatives, intragroup transactions, securities financing transactions, items deducted from the numerator, and off-balance-sheet items.

At 30 June 2018, Crédit Agricole CIB's leverage ratio stood at 3.13% on a phased-in Tier 1 basis.

SUMMARY OF THE RECONCILIATION BETWEEN ACCOUNTING ASSETS AND EXPOSURES FOR THE PURPOSES OF THE LEVERAGE

(in millions of euros)		Applicable Amount
1	Total assets as per published financial statements	514,787
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	(8,734)
3	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the leverage ratio total exposure measure in accordance with Article 429(13) of Regulation (EU) No 575/2013)	-
4	Adjustments for derivative financial instruments	(81,501)
5	Adjustments for securities financing transactions (SFTs)	37,049
6	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	117,389
EU-6a	(Adjustment for intragroup exposures excluded from the leverage ratio total exposure measure in accordance with Article 429 (7) of Regulation (EU) No 575/2013)	(13,259)
EU-6b	(Adjustment for exposures excluded from the leverage ratio total exposure measure in accordance with Article 429 (14) of Regulation (EU) No 575/2013)	-
7	Other adjustments	(2,494)
8	**LEVERAGE RATIO TOTAL EXPOSURE MEASURE**	**563,236**

DESCRIPTION OF THE PROCEDURES USED TO MANAGE THE RISK OF EXCESSIVE LEVERAGE

The leverage ratio is not sensitive to risk factors and, on this basis, it is considered to be a measurement that supplements the solvency and liquidity risk management system (solvency ratio/resolution ratio) already limiting the size of the balance sheet. Within the framework of monitoring excessive leverage, controls at Group level set limits on the size of the balance sheet for some businesses that are considered as volatile.

DESCRIPTION OF FACTORS WHICH HAD AN IMPACT ON THE LEVERAGE RATIO DURING THE PERIOD TO WHICH THE LEVERAGE RATIO REPORTED BY THE INSTITUTION RELATES

The leverage ratio was impacted by the fall in phased-in equity capital explained in Section 1.5 and also by the progression in exposures mainly on the Repos activity and financing amounts outstanding.

LEVERAGE RATIO – JOINT STATEMENT

(in millions of euros)		CRR Leverage ratio exposures
On-balance sheet exposures (excluding derivatives and SFTs)		
1	On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	277,356
2	(Asset amounts deducted in determining Tier 1 capital)	(2,494)
3	**Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets) (sum of lines 1 and 2)**	**274,863**
Derivative exposures		
4	Replacement cost associated with all derivatives transactions (ie net of eligible cash variation margin)	14,452
5	Add-on amounts for PFE associated with all derivatives transactions (mark-to-market method)	30,241
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	5,304
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	(19,636)
8	(Exempted CCP leg of client-cleared trade exposures)	-
9	Adjusted effective notional amount of written credit derivatives	12,304
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	(9,648)
11	**Total derivative exposures (sum of lines 4 to 10)**	**33,017**
SFT exposures		
12	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	204,464
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	(56,892)
14	Counterparty credit risk exposure for SFT assets	3,656
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)**	**151,227**
Other off-balance sheet exposures		
17	Off-balance sheet exposures at gross notional amount	192,031
18	(Adjustments for conversion to credit equivalent amounts)	(74,642)
19	**Other off-balance sheet exposures (sum of lines 17 to 18)**	**117,389**
Exempted exposures in accordance with Article 429(7) and (14) of Regulation (EU) No 575/2013 (on and off balance sheet)		
EU-19a	(Intragroup exposures (solo basis) exempted in accordance with Article 429(7) of Regulation (EU) No 575/2013 (on and off balance sheet))	(13,259)
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**	**17,654**
21	**Total leverage ratio total exposure measure (sum of lines 3, 11, 16, 19, EU-19a and EU-19b)**	**563,236**
Leverage ratio		
22	**Leverage ratio**	**3.13%**
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	-

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 dropped by 0.55 bps since the beginning of 2018.

1.6.2 Resolution ratios

MREL RATIO

The MREL ratio (Minimum Requirement for own funds and Eligible Liabilities) is defined in the European Bank Recovery and Resolution directive (BRRD) published on 12 June 2014 to be applied from 1 January 2015 (except the provisions on the internal bail-in and the MREL applicable in 2016).

More generally, the BRRD sets out a framework for the resolution of banks throughout the European Union, aiming to equip the resolving authorities with joint instruments and powers to prevent banking crises, preserve financial stability and reduce the exposure of tax-payers to losses.

The MREL ratio corresponds to a minimum requirement for capital and eligible commitments which must be available in order to absorb losses in the event of resolution. This minimum requirement is calculated as the amount of equity capital and eligible commitments expressed as a percentage of the total of liabilities and equity capital of the establishment. In this calculation, total liabilities takes into account the full recognition of the compensation rights applicable to derivatives. The following are eligible for MREL: prudential equity capital, subordinated securities with a residual maturity of over a year (including those not eligible prudentially and the discounted part of Tier 2), non-preferred senior debts with a residual maturity of over a year (in June Crédit Agricole CIB issued $580 million at 5 years ahead of the entry into force of the MREL requirements and taking into account the growth of the balance sheet) and certain preferred senior debts with residual maturities of over a year. The preferred senior debt eligible for MREL is subject to the assessment of the Unique Resolution Council (CRU).

The MREL ratio serves to calibrate an eligible liabilities requirement and does not prejudice debts which would effectively be called on to suffer losses in the case of resolution.

In the first half of 2018, the Crédit Agricole group was notified by the CRU of its MREL requirement, already applicable at the consolidated level and respected by the Group. This requirement may potentially change when set annually by the CRU, and also as part of the development of the European regulatory framework. The Crédit Agricole group is keeping its target of maintaining this ratio above 8%, which in the event of resolution would enable use of the unique resolution fund (pending the decision of the resolution authority) before applying the principle of internal bail-in for preferred senior debts, enabling the creation of an additional layer of protection for preferred senior investors.

The first MREL decisions at the individual level by the CRU, which will be binding on Crédit Agricole CIB, are not expected prior to 2019. This objective defined by the resolution authority may be different from the objective set for the Group.

TLAC RATIO

This ratio, the details of which have been specified in a term sheet published on 9 November 2015, was drawn up on the request of the G20 by the Financial Stability Board (FSB). The FSB thus defined the calculation of a ratio aiming to estimate the appropriateness of the capacities of systemic banks (G-SIBs) to absorb losses and recapitalise. This new ratio for Total Loss Absorbing Capacity (TLAC), which will be transposed at the European level in the CRR regulations and will come into force from 2019, will provide the resolution authorities with the means of assessing whether the G-SIBs have sufficient capacity to absorb losses, before and during the resolution. Consequently, the resolution authorities will be able to implement an ordered resolution strategy, which minimises the impacts on financial stability, guarantees the continuity of the critical economic functions of the G-SIBs, and limits demands on tax-payers.

According to the TLAC term sheet, included in the legislative proposal of the European Commission for amendments to the CRR regulation published on 23 November 2016, and currently being discussed by the European Commission, Parliament and Council, the minimum level of the TLAC ratio corresponds to twice the minimum prudential demands (i.e. the maximum between 6% of the lever ratio denominator and 16% of the weighted risks), and prudential buffers applicable from 1 January 2019 onwards, then the maximum between 6.75% of the lever ratio denominator and 18% of the weighted risks (then addition of prudential buffers) from 1 January 2022 onwards. This minimum level can be raised by the resolution authorities through the MREL requirement (see previous point).

This ratio will apply to the establishments with systemic importance, therefore to the Crédit Agricole group. Crédit Agricole CIB, however, is not subject to it, as it is not classified as a G-SIB by the FSB.

The elements capable of absorbing the losses are share capital, subordinated securities and debts for which the Resolution Authority can apply internal bail-in.

Once transposed into European law, the Crédit Agricole group must respect a minimum TLAC ratio of 19.5% (including a capital conservation buffer of 2.5% and a G-SIB buffer of 1%) from 1 January 2019 onwards, then of 21.5% from 1 January 2022 onwards. The Crédit Agricole group is aiming to meet these TLAC requirements without including preferred eligible senior debt, pending changes in risk-weighted assets. At 30 June 2018, the ratio of TLAC to weighted assets was estimated at 20.6% for the Crédit Agricole group, not taking into account the preferred eligible senior debts.

2. COMPOSITION AND CHANGES IN RISK-WEIGHTED ASSETS

2.1 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.

2.1.1 Overview of risk-weighted assets (RWA) by type of risk (OV1)

Credit risk, market risk and operational risk-weighted assets amounted to €119.4 billion as of 30 June 2018 compared to €112.0 billion at 31 December 2017.

		RWA		Minimum capital requirements
	(in millions of euros)	30.06.2018	31.12.2017	30.06.2018
1	**Credit risk (excluding CCR)**	**65,362**	**59,914**	**5,228**
2	Of which the standardised approach	10,555	8,800	844
3	Of which the foundation IRB (FIRB) approach	-	-	-
4	Of which the advanced IRB (AIRB) approach	53,736	50,141	4,299
5	Of which equity IRB under the simple risk-weighted approach or the IMA	1,054	956	84
	Of witch Other non credit obligation assets	17	17	1
6	**CCR**	**14,410**	**12,859**	**1,153**
7	Of which mark to market	3,391	2,309	271
8	Of which original exposure	-	-	-
9	Of which the standardised approach	-	-	-
10	Of which internal model method (IMM)	8,182	8,039	655
11	Of which risk exposure amount for contributions to the default fund of a CCP	296	249	24
12	Of which CVA	2,541	2,262	203
13	**Settlement risk**	**2**	**1**	**-**
14	**Securitisation exposures in the banking book (after the cap)**	**6,013**	**6,056**	**481**
15	Of which IRB approach	1,302	1,552	104
16	Of which IRB supervisory formula approach (SFA)	795	634	64
17	Of which internal assessment approach (IAA)	2,478	2,684	198
18	Of which standardised approach	1,438	1,186	115
19	**Market risk**	**12,911**	**10,875**	**1,033**
20	Of which the standardised approach	5,357	5,145	429
21	Of which IMA	7,554	5,730	604
22	**Large exposures**	**-**	**-**	**-**
23	**Operational risk**	**17,459**	**19,046**	**1,397**
24	Of which basic indicator approach	-	-	-
25	Of which standardised approach	303	184	24
26	Of which advanced measurement approach	17,156	18,862	1,372
27	**Amounts below the thresholds for deduction (subject to 250% risk weight)**	**3,253**	**3,253**	**260**
28	**Floor adjustment Bâle I**	**-**	**-**	**-**
29	**Total**	**119,410**	**112,004**	**9,551**

2.1.2 Changes in risk-weighted assets

The table below shows Crédit Agricole CIB's RWA change over first half of 2018.

(in millions of euros)	31.12.2017	Foreign exchange	Organic change	Total variation 2018	30.06.2018
Credit risk	82,083	840	6,117	6,957	89,040
of witch CVA	2,262	-	279	279	2,541
Market risk	10,875	-	2,036	2,036	12,911
Operational risk	19,046	-	(1,587)	(1,587)	17,459
TOTAL	**112,004**	**840**	**6,566**	**7,406**	**119,410**

Risk-weighted assets stand at €119.4 billion, increasing by €7.4 billion over the first half of 2018.

This change is essentially explained by:

- the appreciation of the USD against the EUR in the amount of €0.8 billion
- an organic change of +€6.6 billion, resulting mainly from :
  - an increase in organic credit and counterparty risk excluding CVA (+€5.8 billion)
  - an increase in market risks (+€2 billion)
  - a decrease in operational risk (-€1.6 billion)

2.2 CREDIT AND COUNTERPARTY RISK

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);
- exposures given default (EGD): the amount of 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 hereafter (2.2.1) ; followed by a more detailed examination of credit risk (2.2.2) by type of regulatory method: standard method (page 231) and IRB method (page 233). Counterparty risk is examined on part 2.2.3, followed by a section devoted to risk reduction techniques for credit and counterparty risk (2.2.4).

2.2.1 General presentation of credit and counterparty risk

2.2.1.1 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.

GROSS EXPOSURE, EXPOSURE AT DEFAULT (EAD) TO TOTAL RISK (CREDIT, COUNTERPARTY, DILUTION, SETTLEMENT) AT 30 JUNE 2018

30.06.2018	Standardised				IRB				Total				
(in billions of euros)	Gross exposure [1]	Gross exposure afrer CRM [2]	EAD	RWA	Gross exposure [1]	Gross exposure afrer CRM [2]	EAD	RWA	Gross exposure [1]	Gross exposure afrer CRM [2]	EAD	RWA	Capital requirem ent
Central governments or central banks	1,292	1,292	1,239	996	72,386	80,503	78,721	869	73,677	81,795	79,960	1,866	149
Institutions	20,072	33,598	33,308	1,612	71,710	75,873	70,701	6,819	91,782	109,471	104,009	8,431	674
Corporates	23,104	9,477	5,744	4,946	241,540	223,000	174,094	56,033	264,644	232,477	179,837	60,979	4,878
Retail customers	839	839	794	614	12,865	12,867	12,867	512	13,704	13,706	13,660	1,126	90
Loans to individuals	839	839	794	614	12,737	12,737	12,737	502	13,577	13,577	13,531	1,117	89
o/w secured by real estate assets									-	-	-	-	-
o/w revolving									-	-	-	-	-
o/w other	839	839	794	614	12,737	12,737	12,737	502	13,577	13,577	13,531	1,117	89
Loans to small and medium businesses					129	129	129	9	129	129	129	9	1
o/w secured by real estate assets									-	-	-	-	-
o/w other					129	129	129	9	129	129	129	9	1
Shares	209		209	217	1,588		1,588	4,308	1,797	-	1,797	4,525	362
Securitisations	1,930		1,930	1,438	37,690		37,690	4,574	39,620	-	39,620	6,012	481
Assets other than credit obligation	3,395		3,395	3,245	17		17	17	3,412	-	3,412	3,262	261
TOTAL	**50,841**	**45,206**	**46,619**	**13,069**	**437,795**	**392,243**	**375,676**	**73,131**	**488,636**	**437,449**	**422,295**	**86,201**	**6,896**

(1) Initial gros exposure.

(2) Gross exposure after credit risk mitigation (CRM).

GROSS EXPOSURE, EXPOSURE AT DEFAULT (EAD) TO TOTAL RISK (CREDIT, COUNTERPARTY, DILUTION, SETTLEMENT) AT 31 DECEMBER 2017

31.12.2017	Standardised				IRB				Total				
(in billions of euros)	Gross exposure [1]	Gross exposure afrer CRM [2]	EAD	RWA	Gross exposure [1]	Gross exposure afrer CRM [2]	EAD	RWA	Gross exposure [1]	Gross exposure afrer CRM [2]	EAD	RWA	Capital requirem ent
Central governments or central banks	1,018	1,018	985	573	67,664	74,960	72,975	968	68,682	75,978	73,960	1,541	123
Institutions	17,417	31,248	30,787	1,141	72,285	77,089	73,339	6,274	89,702	108,338	104,126	7,415	593
Corporates	22,522	8,572	4,985	4,273	229,504	212,752	157,643	52,051	252,027	221,324	162,629	56,323	4,506
Retail customers	828	828	827	647	12,481	12,483	12,483	441	13,309	13,311	13,310	1,089	87
Loans to individuals	828	828	827	647	12,361	12,361	12,361	434	13,189	13,189	13,188	1,082	87
o/w secured by real estate assets	-	-	-	-	-	-	-	-	-	-	-	-	-
o/w revolving	-	-	-	-	-	-	-	-	-	-	-	-	-
o/w other	828	828	827	647	12,361	12,361	12,361	434	13,189	13,189	13,188	1,082	87
Loans to small and medium businesses	-	-	-	-	122	122	122	7	122	122	122	7	1
o/w secured by real estate assets	-	-	-	-	-	-	-	-	-	-	-	-	-
o/w other	-	-	-	-	122	122	122	7	122	122	122	7	1
Shares	182		155	164	1,677		1,563	4,209	1,859		1,717	4,373	350
Securitisations	1,616		1,616	1,186	38,497		38,475	4,870	40,113		40,091	6,056	484
Assets other than credit obligation	2,903		2,903	2,758	17		17	17	2,920		1,919	2,775	222
TOTAL	**46,486**		**42,257**	**10,742**	**422,126**		**356,494**	**68,829**	**468,612**		**398,752**	**79,571**	**6,366**

(1) Initial gros exposure.

(2) Gross exposure after credit risk mitigation (CRM).

BREAKDOWN OF EXPOSURES BY RESIDUAL MATURITY

	30.06.2018		31.12.2017	
	Total		Total	
(in millions of euros)	RWA	EFP	RWA	EFP
Settlement/delivery risk	2		1	
Total	**2**		**1**	**-**

2.2.1.2 Default exposures and value adjustments

QUALITY OF CREDIT EXPOSURES BY CATEGORY OF EXPOSURES AND INSTRUMENT (CR1-A)

	30.06.2018	Gross carrying values of			
	(in millions of euros)	Defaulted exposures	Non-defaulted exposures	Provisions / Impairment	Net values
1	Central governments or central banks	85	72,301	28	72,357
2	Institutions	375	71,335	393	71,317
3	Corporates	3,631	237,909	2,758	238,781
4	Of which: Specialised lending	1,234	56,442	802	56,875
5	Of which: SMEs	14	526	9	532
6	Retail	118	12,747	18	12,847
7	Secured by real estate property	-	-	-	-
8	SMEs	-	-	-	-
9	Non-SMEs	-	-	-	-
10	Qualifying revolving	-	-	-	-
11	Other retail	118	12,747	18	12,847
12	SMEs	14	114	-	127
13	Non-SMEs	104	12,633	18	12,720
14	Equity	-	286	-	286
15	**Total IRB approach 30.06.2018**	**4,209**	**394,578**	**3,199**	**395,588**
	Total IRB approach 31.12.2017	**5,063**	**377,247**	**3,582**	**378,728**
16	Central governments or central banks	-	1,244	-	1,244
17	Regional governments or local authorities	-	43	-	43
18	Public sector entities	-	1	-	1
19	Multilateral development banks	-	6	-	6
20	International organisations	-	-	-	-
21	Institutions	-	20,063	1	20,062
22	Corporates	-	22,387	9	22,378
23	Of which: SMEs	-	321	-	321
24	Retail	-	814	-	814
25	Of which: SMEs	-	-	-	-
26	Secured by mortgages on immovable property	-	202	-	202
27	Of which: SMEs	-	16	-	16
28	Exposures in default	499	-	84	415
29	Items associated with particularly high risk	-	-	-	-
30	Covered bonds	-	-	-	-
31	Claims on institutions and corporates with a short-term	-	-	-	-
32	Collective investments undertakings	-	47	-	47
33	Equity exposures	-	209	-	209
34	Other exposures	-	3,395	-	3,395
35	**Total standardised approach 30.06.2018**	**499**	**48,412**	**94**	**48,817**
	Total standardised approach 31.12.2017	**363**	**44,507**	**143**	**44,727**
36	**TOTAL 30.06.2018**	**4,708**	**442,990**	**3,293**	**444,404**
	TOTAL 31.12.2017	**5,427**	**421,754**	**3,725**	**423,456**

AGE OF EXPOSURES IN DEFAULT (CR1-C)

30.06.2018 (in millions of euros)		Gross carrying values of: Defaulted exposures	Gross carrying values of: Non-defaulted exposures	Provisions and depreciation	Net values
1	**EUROPE**	**2,450**	**277,714**	**1,861**	**278,303**
2	France	963	137,907	768	138,101
3	United-Kingdom	172	34,693	235	34,630
4	Germany	20	16,888	27	16,881
5	Luxembourg	69	16,130	3	16,196
6	Switzerland	12	13,525	89	13,448
7	Italy	393	11,164	169	11,388
8	Netherlands	258	7,863	92	8,029
9	Spain	168	7,567	132	7,604
10	Ireland	37	5,007	14	5,030
11	Sweden	79	4,325	22	4,382
12	Others (EUROPE)	279	22,645	310	22,614
13	**ASIA & OCEANIA**	**434**	**79,950**	**146**	**80,237**
14	Japan	35	31,561	10	31,586
15	Singapore	14	10,317	8	10,323
16	South Korea	23	7,072	7	7,088
17	Honk-kong	18	7,484	17	7,485
18	China	37	6,325	2	6,360
19	India	50	5,141	73	5,119
20	Others (ASIA & OCEANIA)	257	12,050	29	12,276
21	**NORTH AMERICA**	**110**	**60,069**	**364**	**59,815**
22	UNITED-STATES	73	55,134	364	54,843
23	Others (North America)	37	4,935	-	4,972
24	**CENTRAL & SOUTH AMERICA**	**633**	**11,596**	**288**	**11,941**
25	**AFRICA AND MIDDLE EAST**	**1,081**	**13,662**	**634**	**14,108**
26	**TOTAL 30.06.2018**	**4,708**	**442,990**	**3,293**	**444,404**
27	**TOTAL 31.12.2017**	**5,427**	**421,754**	**3,725**	**423,456**

NON-PERFORMING AND FORBORNE EXPOSURES (CR1-D)

30.06.2018 (in millions of euros)		Gross carrying values: ≤ 30 days	> 30 days ≤ 60 days	> 60 days ≤ 90 days	> 90 days ≤ 180 days	> 180 days ≤ 1year	> 1year
1	Loans	1,291	374	33	284	107	626
2	Debt Securities	-	-	-	-	-	-
3	Total exposures	1,291	374	33	284	107	626

NON-PERFORMING AND FORBORNE EXPOSURES (CR1-E)

30.06.2018 (in millions of euros)		Gross carrying amount of performing and non-performing exposures	Of which performing but past due >30 days and <=60 days	of which performing forborne	Of which non-performing	Of which non-performing: Of which: defaulted	Of which non-performing: of which: impaired	Of which non-performing: of which: forborne	Accumulated impairment and provisions and negative fair value adjustments due to credit risk: On performing exposures	On performing exposures: of which: forborne	On non-performing exposures	On non-performing exposures: of which: forborne	Collaterals and financial guarantees received: On non-performing exposures	Collaterals and financial guarantees received: of which: forborne exposures
10	Debt securities	31,367	-	11	55	50	50	-	(6)	-	(3)	-	-	-
20	Loans and advances	193,264	408	1,971	4,009	3,757	3,757	2,204	(598)	(158)	(2,267)	(964)	880	1,971
30	Off-balance sheet exposures	263,081	-	274	631	606	-	40	309	17	168	16	3	21

Information relating to non-performing and renegotiated exposures includes the gross carrying amount, related impairments, provisions and valuation adjustments associated thereto, as well as the value of collateral and financial guarantees received.

CHANGE OF BALANCE OF ADJUSTMENTS FOR GENERAL AND SPECIFIC CREDIT RISKS (CR2-A)

30.06.2018 *(in millions of euros)*		Accumulated specific credit risk adjustment	Accumulated general credit risk adjustment
1	**Opening balance**	**2,985**	**-**
2	Increases due to origination and acquisition	254	-
3	Decreases due to derecognition	(365)	-
4	Changes due to change in credit risk (net)	222	-
5	Changes due to modifications without derecognition (net)	(7)	-
6	Changes due to update in the institution's methodology for estimation (net)	-	-
7	Decrease in allowance account due to write-offs	(259)	-
8	Other adjustments	41	-
9	**Closing balance** (1)	**2,871**	**-**
10	Recoveries of previously written-off amounts recorded directly to the statement of profit or loss	(61)	-
11	Amounts written-off directly to the statement of profit or loss	25	-

(1) Differences in total provisions between CR2-A, CR1-A and CR1-C tables are mainly due to divergences in scope. Impairment of fixed assets and equity investments and provisions for guarantee commitments given are only included in the CR1-A and CR1-C.

2.2.2 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 30 June 2018 were as follows:

- Union des Banques Arabes et Françaises (UBAF);
- Crédit Agricole CIB Miami;
- Crédit Agricole CIB Brazil;
- Crédit Agricole CIB Canada;
- Banca Leonardo ;
- 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.

2.2.2.1 Exposure to credit risk using the standard approach

STANDARDISED APPROACH – EXPOSURE TO CREDIT RISK AND EFFECTS OF CREDIT RISK MITIGATION (CRM) AT 30 JUNE 2018 (CR4)

	30.06.2018 Exposure classes	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	(in millions of euros)	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Central governments or central banks	1,183	62	1,183	31	991	81.63%
2	Regional governments or local authorities	-	43	-	21	-	
3	Public sector entities	-	1	-	-	-	
4	Multilateral developments banks	-	6	-	3	2	66.67%
5	International organisations	-	-	-	-	-	
6	Institutions	4,796	689	18,323	404	876	4.68%
7	Corporate	15,876	6,099	2,343	2,394	4,097	86.49%
8	Retail	731	83	731	37	576	75.00%
9	Secured by mortgages on immovable property	202	-	202	-	101	50.00%
10	Exposure in default	209	-	209	-	217	103.83%
11	Higher-risk categories	354	61	354	30	434	113.02%
12	Covered bonds	-	-	-	-	-	
13	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	
14	Collective investment undertakings	-	-	-	-	-	
15	Equity	47	-	47	-	16	34.04%
16	Other items	3,395	-	3,395	-	3,245	95.58%
17	**Total**	**26,794**	**7,043**	**26,787**	**2,921**	**10,555**	35.53%

STANDARDISED APPROACH – EXPOSURE TO CREDIT RISK AND EFFECTS OF CREDIT RISK MITIGATION (CRM) AT 31 DÉCEMBER 2017 (CR4)

	31.12.2017 Exposure classes	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	(in millions of euros)	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Central governments or central banks	950	23	950	11	568	59.11%
2	Regional governments or local authorities	-	42	-	21	-	0.00%
3	Public sector entities	-	1	-	0	-	0.00%
4	Multilateral developments banks	-	4	-	2	1	49.45%
5	International organisations	-	-	-	-	-	0.00%
6	Institutions	3,733	614	17,251	468	591	3.33%
7	Corporate	15,588	6,130	2,067	2,249	3,753	86.97%
8	Retail	783	9	783	8	593	75.00%
9	Secured by mortgages on immovable property	154	25	154	12	83	50.00%
10	Exposure in default	155	-	155	-	164	105.82%
11	Higher-risk categories	241	11	241	6	274	111.05%
12	Covered bonds	-	-	-	-	-	0.00%
13	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	0.00%
14	Collective investment undertakings	-	-	-	-	-	0.00%
15	Equity	44	-	44	-	15	34.05%
16	Other items	2,903	-	2,903	-	2,758	95.01%
17	**Total**	**24,552**	**6,858**	**24,548**	**2,776**	**8,800**	32.21%

STANDARD APPROACH - EXPOSURES BY ASSET CLASS AND BY RISK WEIGHTING COEFFICIENT AT 30 JUNE 2018 (CR5)

	30.06.2018 Exposure classes *(in millions of euros)*	Risk weight																	
		0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1250%	Others	Deducted	Total	o/w unrated
1	Central governments or central banks	784	-	-	-	-	-	2	-	-	52	-	-	-	-	-	375	1,214	1,214
2	Regional governments or local authorities	21	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	21	21
3	Public sector entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Multilateral developments banks	-	-	-	-	-	-	3	-	-	-	-	-	-	-	-	-	3	3
5	International organisations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Institutions	15,784	714	-	-	1,518	-	341	-	-	335	35	-	-	-	-	-	18,727	18,182
7	Corporate	-	-	-	-	495	-	524	-	-	3,683	35	-	-	-	-	-	4,737	3,101
8	Retail	-	-	-	-	-	-	-	-	768	-	-	-	-	-	-	-	768	768
9	Secured by mortgages on immovable property	-	-	-	-	-	-	202	-	-	-	-	-	-	-	-	-	202	202
10	Equity exposure	-	-	-	-	-	-	-	-	-	204	-	6	-	-	-	(1)	209	209
11	Exposure in default	-	-	-	-	-	-	-	-	-	284	100	-	-	-	-	-	384	384
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	9	-	-	5	13	-	15	-	-	3	2	-	-	-	-	-	47	47
16	Other items	106	-	-	-	55	-	-	-	-	3,234	-	-	-	-	-	-	3,395	3,395
17	**TOTAL**	**16,704**	**714**	**-**	**5**	**2,082**	**-**	**1,087**	**-**	**768**	**7,796**	**172**	**6**	**-**	**-**	**-**	**374**	**29,709**	**27,528**

STANDARD APPROACH - EXPOSURES BY ASSET CLASS AND BY RISK WEIGHTING COEFFICIENT AT 31 DECEMBER 2017 (CR5)

	31.12.2017	Risk weight																	
	Exposure classes *(in millions of euros)*	0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1250%	Others	Deducted	Total	o/w unrated
1	Central governments or central banks	697	-	-	-	-	-	25	-	-	28	-	-	-	-	-	211	961	950
2	Regional governments or local authorities	21	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	21	21
3	Public sector entities	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0	0
4	Multilateral developments banks	0	-	-	-	-	-	2	-	-	-	-	-	-	-	-	-	2	2
5	International organisations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Institutions	15,313	798	-	-	1,237	-	114	-	-	229	28	-	-	-	-	-	17,719	17,459
7	Corporate	-	-	-	-	461	-	425	-	-	3,392	38	-	-	-	-	-	4,316	2,846
8	Retail	-	-	-	-	-	-	-	-	791	-	-	-	-	-	-	-	791	791
9	Secured by mortgages on immovable property	-	-	-	-	-	-	167	-	-	-	-	-	-	-	-	-	167	167
10	Equity exposure	-	-	-	-	-	-	-	-	-	149	-	6	-	-	-	-	155	155
11	Exposure in default	-	-	-	-	-	-	-	-	-	192	55	-	-	-	-	-	247	247
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	7	-	-	-	27	-	2	-	-	9	0	-	-	-	-	-	44	44
16	Other items	133	-	-	-	15	-	-	-	-	2,755	-	-	-	-	-	-	2,903	2,903
17	**TOTAL**	**16,172**	**798**	**-**	**-**	**1,739**	**-**	**734**	**-**	**791**	**6,754**	**120**	**6**	**-**	**-**	**-**	**211**	**27,325**	**25,584**

2.2.2.2 Quality of exposures using the internal ratings-based approach

EXPOSURE TO CREDIT RISK BY PORTFOLIO AND BY BRACKET OF PROBABILITY OF DEFAULT (PD) AT 30 JUNE 2018 (CR6)

FOLLOWING PRUDENTIAL PORTFOLIOS FOR ADVANCED INTERNAL RATINGS-BASED APPROACH

(in millions of euros)	PD Scale	Original on-balance sheet gross exposure	Off-balance sheet exposures pre CCF	Average CCF	EAD post CRM and post-CCF	Average PD	Number of obligors	Average LGD	Average maturity	RWA	RWA density	EL	Value adjust-ments and provisions
	0,00 à < 0,15	59,683	1,359	66.07%	69,370	0.01%	0.00%	1.29%	620	142	0.21%	-	-
	0,15 à < 0,25	568	-	31.73%	1,115	0.16%	0.00%	10.00%	916	101	9.07%	-	-
	0,25 à < 0,50	338	-	0.00%	338	0.30%	0.00%	34.14%	406	116	34.40%	-	-
	0,50 à < 0,75	754	207	75.00%	304	0.60%	0.00%	10.00%	753	47	15.35%	-	-
Central governments and central banks	0,75 à < 2,50	304	535	57.02%	54	1.27%	0.00%	48.59%	1,215	67	123.93%	-	-
	2,50 à < 10,00	630	348	73.16%	57	5.00%	0.00%	59.65%	1,410	134	2.3374	2	-
	10,00 à < 100,00	95	4	89.14%	18	12.62%	0.00%	88.63%	1,247	82	465.41%	2	-
	100,00 (défaut)	85	-	0.00%	32	100.00%	0.00%	45.00%	1,432	3	10.70%	16	-
	Sous-total	**62,457**	**2,454**	65.29%	**71,288**	0.06%	0.00%	1.74%	**626**	**692**	0.97%	**21**	**28**
	0,00 à < 0,15	36,504	3,779	84.74%	43,071	0.02%	0.00%	8.38%	555	1,114	2.59%	2	-
	0,15 à < 0,25	643	325	44.67%	549	0.16%	0.00%	39.31%	628	201	36.56%	-	-
	0,25 à < 0,50	1,479	597	44.78%	1,331	0.30%	0.00%	43.62%	479	521	39.18%	1	-
	0,50 à < 0,75	1,326	792	42.98%	925	0.60%	0.00%	56.32%	111	447	48.30%	2	-
Institutions	0,75 à < 2,50	1,041	1,079	39.84%	876	1.09%	0.00%	42.12%	344	593	67.76%	3	-
	2,50 à < 10,00	35	119	20.94%	26	5.00%	0.00%	81.21%	378	67	253.99%	1	-
	10,00 à < 100,00	4	35	25.60%	12	14.45%	0.00%	71.81%	535	51	412.03%	1	-
	100,00 (défaut)	374	1	51.74%	372	100.00%	0.00%	45.01%	621	-	0.00%	387	-
	Sous-total	**41,405**	**6,726**	74.12%	**47,163**	0.86%	0.00%	11.64%	**541**	**2,994**	6.35%	**397**	**393**
	0,00 à < 0,15	59,683	1,359	66.07%	69,370	0.01%	0.00%	1.29%	620	142	0.21%	-	-
	0,15 à < 0,25	568	-	31.73%	1,115	0.16%	0.00%	10.00%	916	101	9.07%	-	-
	0,25 à < 0,50	338	-	0.00%	338	0.30%	0.00%	34.14%	406	116	34.40%	-	-
	0,50 à < 0,75	754	207	75.00%	304	0.60%	0.00%	10.00%	753	47	15.35%	-	-
Corporates - Other	0,75 à < 2,50	304	535	57.02%	54	1.27%	0.00%	48.59%	1,215	67	123.93%	-	-
	2,50 à < 10,00	630	348	73.16%	57	5.00%	0.00%	59.65%	1,410	134	233.74%	2	-
	10,00 à < 100,00	95	4	89.14%	18	12.62%	0.00%	88.63%	1,247	82	465.41%	2	-
	100,00 (défaut)	85	-	0.00%	32	100.00%	0.00%	45.00%	1,432	3	10.70%	16	-
	Sous-total	**62,457**	**2,454**	65.29%	**71,288**	0.06%	0.00%	1.74%	**626**	**692**	0.97%	**21**	**28**
	0,00 à < 0,15	36,504	3,779	84.74%	43,071	0.02%	0.00%	8.38%	555	1,114	2.59%	2	-
	0,15 à < 0,25	643	325	44.67%	549	0.16%	0.00%	39.31%	628	201	36.56%	-	-
	0,25 à < 0,50	1,479	597	44.78%	1,331	0.30%	0.00%	43.62%	479	521	39.18%	1	-
	0,50 à < 0,75	1,326	792	42.98%	925	0.60%	0.00%	56.32%	111	447	48.30%	2	-
Corporates - SME	0,75 à < 2,50	1,041	1,079	39.84%	876	1.09%	0.00%	42.12%	344	593	67.76%	3	-
	2,50 à < 10,00	35	119	20.94%	26	5.00%	0.00%	81.21%	378	67	253.99%	1	-
	10,00 à < 100,00	4	35	25.60%	12	14.45%	0.00%	71.81%	535	51	412.03%	1	-
	100,00 (défaut)	374	1	51.74%	372	100.00%	0.00%	45.01%	621	-	0.00%	387	-
	Sous-total	**41,405**	**6,726**	74.12%	**47,163**	0.86%	0.00%	11.64%	**541**	**2,994**	6.35%	**397**	**393**
	0,00 à < 0,15	2,276	1,772	44.26%	9,735	0.03%	0.00%	5.93%	1,323	275	2.83%	-	-
	0,15 à < 0,25	7,399	2,019	60.05%	8,879	0.16%	0.00%	10.24%	1,349	998	11.24%	1	-
	0,25 à < 0,50	9,813	2,546	62.92%	9,757	0.30%	0.00%	13.52%	1,231	1,810	18.55%	4	-
	0,50 à < 0,75	7,627	3,235	46.99%	7,458	0.60%	0.00%	12.04%	1,239	1,640	21.99%	5	-
Corporates - Specialised Lending	0,75 à < 2,50	10,266	3,423	53.15%	9,408	1.12%	0.00%	13.26%	1,254	2,992	31.81%	14	-
	2,50 à < 10,00	1,718	94	51.90%	1,033	5.00%	0.00%	10.53%	1,211	409	39.65%	5	-
	10,00 à < 100,00	1,702	190	75.31%	1,408	15.52%	0.00%	22.19%	1,131	1,611	114.40%	50	-
	100,00 (défaut)	1,198	30	75.17%	1,178	100.00%	0.00%	42.89%	1,174	60	5.06%	418	-
	Sous-total	**41,999**	**13,309**	53.14%	**48,855**	3.37%	0.00%	12.03%	**1,272**	**9,796**	20.05%	**498**	**802**
	0,00 à < 0,15	10,779	-	0.00%	10,779	0.09%	0.00%	4.93%		127	1.18%	-	-
	0,15 à < 0,25	1,232	-	0.00%	1,232	0.21%	0.00%	29.52%		158	12.80%	1	-
	0,25 à < 0,50	482	-	0.00%	482	0.60%	0.00%	31.36%		114	23.68%	1	-
	0,50 à < 0,75	-	-	0.00%	-	0.00%	0.00%	0.00%		-	0.00%	-	-
Retail - Qualifying revolving	0,75 à < 2,50	30	-	0.00%	30	1.60%	0.00%	25.20%		8	27.50%	-	-
	2,50 à < 10,00	110	-	0.00%	110	10.90%	0.00%	48.56%		91	83.14%	5	-
	10,00 à < 100,00	1	-	72.83%	1	20.00%	0.00%	52.45%		1	123.88%	-	-
	100,00 (défaut)	104	-	0.00%	104	100.00%	0.00%	42.66%		2	2.31%	13	-
	Sous-total	**12,737**	**-**	72.83%	**12,737**	0.95%	0.00%	8.70%		**502**	3.94%	**21**	**18**
	0,00 à < 0,15	78	-	0.00%	78	0.09%	0.00%	7.29%		1	1.79%	-	-
	0,15 à < 0,25	29	-	0.00%	31	0.21%	0.00%	14.16%		2	6.48%	-	-
	0,25 à < 0,50	5	-	0.00%	5	0.60%	0.00%	57.38%		2	48.41%	-	-
	0,50 à < 0,75	-	-	0.00%	-	0.00%	0.00%	0.00%		-	0.00%	-	-
Retail - Other non-SME	0,75 à < 2,50	-	-	0.00%	-	1.60%	0.00%	17.77%		-	22.47%	-	-
	2,50 à < 10,00	2	-	0.00%	2	11.90%	0.00%	60.47%		2	105.98%	-	-
	10,00 à < 100,00	-	-	0.00%	-	0.00%	0.00%	0.00%		-	0.00%	-	-
	100,00 (défaut)	14	-	0.00%	14	100.00%	0.00%	6.99%		2	12.42%	-	-
	Sous-total	**127**	**-**	0.00%	**129**	11.00%	0.00%	10.93%		**9**	7.32%	**-**	**-**
Total (all portfolios)		**222,285**	**123,936**	56.51%	**284,324**	1.64%	0.00%	19.17%		**53,736**	18.90%	**2,590**	**3,199**

EXPOSURE TO CREDIT RISK BY PORTFOLIO AND BY BRACKET OF PROBABILITY OF DEFAULT (PD) AT 31 DECEMBER 2017 (CR6)

FOLLOWING PRUDENTIAL PORTFOLIOS FOR ADVANCED INTERNAL RATINGS-BASED APPROACH

(in millions of euros)	PD Scale	Original on-balance sheet gross exposure	Off-balance sheet exposures pre CCF	Average CCF	EAD post CRM and post-CCF	Average PD	Number of obligors	Average LGD	Average maturity	RWA	RWA density	EL	Value adjust-ments and provisions
Central governments and central banks	0,00 à < 0,15	55,093	987	63.24%	63,423	0.00%	0.00%	1.12%	-	74	0.12%	0	-
	0,15 à < 0,25	72	-	54.35%	531	0.16%	0.00%	10.00%	-	59	11.18%	0	-
	0,25 à < 0,50	1,227	100	55.15%	1,466	0.30%	0.00%	15.74%	-	229	15.60%	1	-
	0,50 à < 0,75	686	294	75.00%	284	0.60%	0.00%	10.00%	-	44	15.58%	0	-
	0,75 à < 2,50	304	551	74.48%	43	1.21%	0.00%	47.28%	-	52	121.72%	0	-
	2,50 à < 10,00	129	163	74.06%	19	5.00%	0.00%	60.00%	-	43	233.72%	1	-
	10,00 à < 100,00	616	187	70.03%	58	12.18%	0.00%	67.55%	-	208	360.02%	5	-
	100,00 (défaut)	88	-	0.00%	21	100.00%	0.00%	45.00%	-	3	14.47%	15	-
	Sous-total	**58,215**	**2,282**	63.08%	**65,845**	0.06%	0.00%	1.68%	-	**713**	1.08%	**22**	**44**
Institutions	0,00 à < 0,15	39,889	3,864	92.99%	48,144	0.02%	0.00%	7.54%	-	1,105	2.29%	1	-
	0,15 à < 0,25	720	230	44.81%	574	0.16%	0.00%	40.90%	-	206	35.83%	0	-
	0,25 à < 0,50	1,366	652	33.36%	1,198	0.30%	0.00%	45.33%	-	424	35.41%	1	-
	0,50 à < 0,75	1,478	768	36.03%	1,024	0.60%	0.00%	50.97%	-	505	49.29%	2	-
	0,75 à < 2,50	705	687	50.33%	651	1.10%	0.00%	33.22%	-	373	57.23%	2	-
	2,50 à < 10,00	20	71	24.21%	7	5.00%	0.00%	50.79%	-	11	166.59%	0	-
	10,00 à < 100,00	18	52	23.62%	17	15.47%	0.00%	60.88%	-	56	324.19%	1	-
	100,00 (défaut)	371	2	29.30%	366	100.00%	0.00%	45.03%	-	0	0.01%	383	-
	Sous-total	**44,566**	**6,326**	81.57%	**51,981**	0.77%	0.00%	10.25%	-	**2,679**	5.15%	**392**	**389**
Corporates - Other	0,00 à < 0,15	19,201	54,422	48.87%	45,025	0.04%	0.00%	35.28%	-	6,546	14.54%	7	-
	0,15 à < 0,25	6,217	16,497	48.12%	12,994	0.16%	0.00%	45.03%	-	4,901	37.72%	8	-
	0,25 à < 0,50	8,955	14,162	50.73%	13,552	0.30%	0.00%	43.44%	-	7,542	55.65%	16	-
	0,50 à < 0,75	6,525	7,067	51.67%	6,751	0.60%	0.00%	44.74%	-	4,781	70.82%	15	-
	0,75 à < 2,50	7,631	9,683	51.97%	9,479	1.04%	0.00%	49.52%	-	9,052	95.50%	39	-
	2,50 à < 10,00	855	528	53.63%	667	5.00%	0.00%	40.99%	-	850	127.47%	12	-
	10,00 à < 100,00	1,027	2,658	41.33%	1,586	14.82%	0.00%	39.86%	-	2,575	162.39%	71	-
	100,00 (défaut)	2,169	894	55.53%	2,480	100.00%	0.00%	45.54%	-	419	16.88%	1,611	-
	Sous-total	**52,579**	**105,910**	49.31%	**92,534**	3.21%	0.00%	40.39%	-	**36,666**	39.62%	**1,779**	**2,509**
Corporates - SME	0,00 à < 0,15	5	3	20.00%	6	0.03%	0.00%	51.15%	-	0	6.78%	0	-
	0,15 à < 0,25	1	1	82.46%	2	0.17%	0.00%	39.42%	-	0	25.09%	0	-
	0,25 à < 0,50	0	1	57.63%	1	0.30%	0.00%	47.64%	-	0	67.74%	0	-
	0,50 à < 0,75	17	3	73.36%	19	0.60%	0.00%	46.46%	-	12	63.45%	0	-
	0,75 à < 2,50	57	281	43.81%	113	1.18%	0.00%	42.88%	-	98	86.55%	1	-
	2,50 à < 10,00	19	12	83.80%	28	5.00%	0.00%	43.66%	-	37	128.44%	1	-
	10,00 à < 100,00	29	11	76.19%	20	17.53%	0.00%	40.58%	-	32	161.06%	1	-
	100,00 (défaut)	25	14	49.31%	32	100.00%	0.00%	45.03%	-	1	2.24%	3	-
	Sous-total	**153**	**327**	49.25%	**221**	17.32%	0.00%	43.60%	-	**181**	81.68%	**6**	**3**
Corporates - Specialised Lending	0,00 à < 0,15	2,268	1,453	50.39%	9,538	0.02%	0.00%	5.47%	-	252	2.64%	0	-
	0,15 à < 0,25	7,953	1,768	64.85%	8,771	0.16%	0.00%	9.49%	-	928	10.58%	1	-
	0,25 à < 0,50	10,384	2,841	59.63%	10,882	0.30%	0.00%	12.60%	-	1,868	17.17%	4	-
	0,50 à < 0,75	6,040	2,644	60.53%	6,064	0.60%	0.00%	10.97%	-	1,334	22.00%	4	-
	0,75 à < 2,50	10,174	3,270	50.22%	9,308	1.13%	0.00%	14.85%	-	3,279	35.22%	15	-
	2,50 à < 10,00	1,650	276	72.55%	1,065	5.00%	0.00%	11.95%	-	483	45.36%	6	-
	10,00 à < 100,00	1,552	194	74.92%	1,367	15.06%	0.00%	19.42%	-	1,274	93.22%	35	-
	100,00 (défaut)	1,258	24	79.80%	1,241	100.00%	0.00%	38.30%	-	44	3.54%	510	-
	Sous-total	**41,280**	**12,470**	57.34%	**48,235**	3.50%	0.00%	11.70%	-	**9,461**	19.61%	**576**	**510**
Retail - Qualifying revolving	0,00 à < 0,15	10,563	-	0.00%	10,563	0.09%	0.00%	8.34%	-	200	1.89%	1	-
	0,15 à < 0,25	1,220	-	0.00%	1,220	0.20%	0.00%	20.51%	-	107	8.80%	1	-
	0,25 à < 0,50	292	-	0.00%	292	0.60%	0.00%	38.98%	-	83	28.32%	1	-
	0,50 à < 0,75	-	-	0.00%	-	0.00%	0.00%	0.00%	-	-	0.00%	-	-
	0,75 à < 2,50	31	0	100.00%	31	1.60%	0.00%	25.80%	-	9	30.50%	0	-
	2,50 à < 10,00	67	-	0.00%	67	12.80%	0.00%	29.84%	-	33	49.38%	3	-
	10,00 à < 100,00	1	0	50.00%	1	20.00%	0.00%	52.38%	-	1	123.74%	0	-
	100,00 (défaut)	188	-	0.00%	188	100.00%	0.00%	46.76%	-	1	0.49%	13	-
	Sous-total	**12,361**	**0**	72.83%	**12,361**	1.64%	0.00%	10.91%	-	**434**	3.51%	**18**	**13**
Retail - Other non-SME	0,00 à < 0,15	62	-	0.00%	62	0.08%	0.00%	8.72%	-	1	1.90%	0	-
	0,15 à < 0,25	29	-	0.00%	31	0.21%	0.00%	15.35%	-	2	7.09%	0	-
	0,25 à < 0,50	12	-	0.00%	12	0.60%	0.00%	17.01%	-	2	14.36%	0	-
	0,50 à < 0,75	-	-	0.00%	-	0.00%	0.00%	0.00%	-	-	0.00%	-	-
	0,75 à < 2,50	0	-	0.00%	0	1.60%	0.00%	32.99%	-	0	42.36%	0	-
	2,50 à < 10,00	15	-	0.00%	15	13.09%	0.00%	6.98%	-	2	13.74%	0	-
	10,00 à < 100,00	-	-	0.00%	-	0.00%	0.00%	0.00%	-	-	0.00%	-	-
	100,00 (défaut)	1	-	0.00%	1	100.00%	0.00%	74.98%	-	0	1.32%	-	-
	Sous-total	**120**	**-**	0.00%	**122**	1.21%	0.00%	12.34%	-	**7**	6.01%	**0**	-
Total (all portfolios)		**209,274**	**127,316**	53.57%	**271,299**	1.97%	0.00%	18.77%	-	**50,141**	18.48%	**2,792**	**3,468**

2.2.2.3 Credit derivatives used for hedging at 30 June 2018

EFFECT OF CREDIT DERIVATIVES ON RISK-WEIGHTED ASSETS (CR7)

30.06.2018 *(in millions of euros)*		Pre-credit derivatives RWAs	Actual RWAs
1	**Exposures under FIRB**		
2	Central governments and central banks	-	-
3	Institutions	-	-
4	Corporates – SMEs	-	-
5	Corporates – Specialised lending	-	-
6	Corporates – Other	-	-
7	**Exposures under AIRB**		
8	Central governments and central banks	4	1
9	Institutions	18	18
10	Corporates – SMEs	4,398	2,819
11	Corporates – Specialised lending	16	16
12	Corporates – Other	-	-
13	Retail – Secured by real estate SMEs	-	-
14	Retail – Secured by real estate non-SMEs	-	-
15	Retail – Qualifying revolving	-	-
16	Retail – Other SMEs	-	-
17	Retail – Other non-SMEs	-	-
18	Equity IRB	-	-
19	Other non credit obligation assets	-	-
20	**TOTAL**	**4,436**	**2,854**

2.2.2.4 Changes of RWA between 31 December 2017 and 30 June 2018

RISK-WEIGHTED ASSET (RWA) CASH FLOWS FOR CREDIT RISK EXPOSURES USING THE INTERNAL RATING APPROACH (CR8)

30.06.2018 *(in millions of euros)*		RWA amounts	Capital requirements
1	**RWAs as at the end of the previous reporting period**	**53,916**	**4,313**
2	Asset size	2,931	234
3	Asset quality	409	33
4	Model updates	-	-
5	Methodology and policy	-	-
6	Acquisitions and disposals	-	-
7	Foreign exchange movements	695	56
8	Other	-	-
9	**RWAs as at the end of the reporting period**	**57,950**	**4,636**

2.2.3 Counterparty risk

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.

2.2.3.1 Analysis of the exposure to counterparty risks (CRR)

ANALYSIS OF THE EXPOSURE TO COUNTERPARTY RISKS (CRR) BY TYPE OF APPROACH

30.06.2018	Standard				IRB				Total			
(in millions of euros)	Gross exposure	EAD	RWA	CR	Gross exposure	EAD	RWA	CR	Gross exposure	EAD	RWA	CR
Central governments and central banks					7,475	7,433	177	14	7,475	7,433	177	14
Institutions	14,577	14,577	732	59	23,578	23,538	3,825	306	38,155	38,115	4,557	365
Corporates	410	403	344	27	21,226	21,087	6,495	520	21,636	21,490	6,838	547
Retail Customers												
Shares												
Securitisations												
Other non credit-obigation assets												
TOTAL	**14,987**	**14,980**	**1,076**	**86**	**52,279**	**52,058**	**10,497**	**840**	**67,266**	**67,038**	**11,573**	**926**

(1) Gross exposure before CRM (Credit Risk Mitigation).

(2) Gross exposure after CRM (Credit Risk Mitigation).

31.12.2017	Standard				IRB				Total			
(in millions of euros)	Gross exposure	EAD	RWA	CR	Gross exposure	EAD	RWA	CR	Gross exposure	EAD	RWA	CR
Central governments and central banks	0	0	0	0	7,167	7,130	256	20	7,167	7,130	256	20
Institutions	13,066	13,066	549	44	21,393	21,538	3,594	288	34,459	34,423	4,143	331
Corporates	256	251	206	16	16,795	16,653	5,743	459	17,041	16,905	5,949	476
Retail Customers	0	0	0	0	0	0	0	0	0	0	0	0
Shares	0	0	0	0	0	0	0	0	0	0	0	0
Securitisations	0	0	0	0	0	0	0	0	0	0	0	0
Other non credit-obigation assets	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL	**13,322**	**13,317**	**755**	**60**	**45,345**	**45,141**	**9,593**	**767**	**58,667**	**58,458**	**10,348**	**828**

(1) Gross exposure before CRM (Credit Risk Mitigation).

(2) Gross exposure after CRM (Credit Risk Mitigation).

STANDARD APPROACH - EXPOSURE TO COUNTERPARTY RISK USING THE STANDARD METHOD BY REGULATORY PORTFOLIO AND BY WEIGHTING OF RISKS AT 30 JUNE 2018 (CCR3)

30.06.2018	Risk weight													
Exposure classes *(in millions of euros)*	0.0%	2.0%	4.0%	10.0%	20.0%	35.0%	50.0%	70.0%	75.0%	100.0%	150.0%	Autres	Total Exposure to credit risk	o/w unrated
Central governments or central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Regional governments or local authorities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public sector entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Multilateral developments banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-
International organisations	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Banks (Institutions)	64	12,471	-	-	1,935	-	22	-	-	85	-	-	14,577	14,511
Corporate	-	-	-	-	30	-	73	-	-	299	1	-	403	214
Retail	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Default	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other items	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL	**64**	**12,471**	**-**	**-**	**1,965**	**-**	**95**	**-**	**-**	**384**	**1**	**-**	**14,980**	**14,724**

STANDARD APPROACH - EXPOSURE TO COUNTERPARTY RISK USING THE STANDARD METHOD BY REGULATORY PORTFOLIO AND BY WEIGHTING OF RISKS AT 31 DECEMBER 2017 (CCR3)

31.12.2017	Risk weight													
Exposure classes *(in millions of euros)*	0.0%	2.0%	4.0%	10.0%	20.0%	35.0%	50.0%	70.0%	75.0%	100.0%	150.0%	Others	Total Exposure to credit risk	o/w unrated
Central governments or central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Regional governments or local authorities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public sector entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Multilateral developments banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-
International organisations	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Banks (Institutions)	35	11,673	-	-	1,286	-	28	-	-	44	-	-	13,066	13,010
Corporate	-	-	-	-	21	-	58	-	-	173	-	-	251	101
Retail	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Default	-	-	-	-	-	-	-	-	-	-	0	-	0	0
Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other items	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL	**35**	**11,673**	**-**	**-**	**1,306**	**-**	**86**	**-**	**-**	**217**	**0**	**-**	**13,317**	**13,111**

EXPOSURE TO COUNTERPARTY RISK BY PORTFOLIO AND BY BRACKET OF PROBABILITY OF DEFAULT (PD) AT 30 JUNE 2018, FOLLOWING PRUDENTIAL PORTFOLIOS FOR THE ADVANCED INTERNAL RATINGS-BASED APPROACH (CCR4)

30.06.2018 *(en millions d'euros)*	**PD scale**	**EAD post-CRM**	**average PD**	**Average LGD**	**Average maturity**	**RWA**	**RWA density**
Central governments and central banks	0.00 to <0.15	7,061	0.01%	1.14%	1,012	17	0.24%
	0.15 to <0.25	78	0.16%	10.00%	916	7	9.05%
	0.25 to <0.50	155	0.30%	34.14%	406	33	20.95%
	0.50 to <0.75	78	0.60%	10.00%	753	17	21.18%
	0.75 to <2.50	101	0.98%	45.61%	1,105	102	1.00734
	2.50 to <10.00	-	0.00%	0.00%		-	0.00%
	10.00 to <100.00	1	19.77%	75.90%	722	2	260.44%
	100.00 (Default)	-	0.00%	0.00%		-	0.00%
	Sub-total	**7,475**	0.04%	2.62%	**996**	**177**	2.37%
Institutions	0.00 to <0.15	19,102	0.04%	13.83%	781	1,415	7.41%
	0.15 to <0.25	1,672	0.16%	39.31%	628	602	35.99%
	0.25 to <0.50	1,628	0.30%	43.62%	479	890	54.66%
	0.50 to <0.75	531	0.60%	56.32%	111	439	82.75%
	0.75 to <2.50	687	0.87%	43.39%	449	396	57.58%
	2.50 to <10.00	12	5.00%	81.21%	378	33	273.86%
	10.00 to <100.00	19	19.99%	50.28%	1,108	50	264.39%
	100.00 (Default)	-	0.00%	0.00%		-	0.00%
	Sub-total	**23,651**	0.12%	19.48%	**725**	**3,825**	16.17%
Corporates - Other	0.00 to <0.15	11,456	0.04%	36.38%	766	1,303	11.38%
	0.15 to <0.25	1,796	0.16%	42.87%	944	691	38.46%
	0.25 to <0.50	2,337	0.30%	45.24%	975	1,218	52.14%
	0.50 to <0.75	1,499	0.60%	44.93%	899	955	63.72%
	0.75 to <2.50	1,498	0.99%	45.90%	1,210	1,311	87.50%
	2.50 to <10.00	72	5.00%	47.40%	890	79	1.09104
	10.00 to <100.00	97	15.79%	42.93%	717	232	239.05%
	100.00 (Default)	2	100.00%	45.11%	842	-	6.16%
	Sub-total	**18,759**	0.31%	39.61%	**855**	**5,790**	30.87%
Corporates - SME	0.00 to <0.15	53	0.03%	48.18%	1,098	8	15.96%
	0.15 to <0.25	1	0.16%	40.69%	405	-	31.79%
	0.25 to <0.50	4	0.30%	49.63%	726	2	56.74%
	0.50 to <0.75	4	0.60%	45.95%	825	4	81.39%
	0.75 to <2.50	29	1.68%	39.07%	1,168	33	110.84%
	2.50 to <10.00	4	5.00%	39.36%	1,362	6	159.22%
	10.00 to <100.00	3	18.87%	35.91%	449	7	211.77%
	100.00 (Default)	-	100.00%	45.03%	462	-	25.88%
	Sub-total	**99**	1.65%	44.71%	**1,069**	**60**	60.39%
Corporates - Specialised lending	0.00 to <0.15	655	0.06%	12.11%	1,227	49	7.44%
	0.15 to <0.25	601	0.16%	10.24%	1,349	74	12.38%
	0.25 to <0.50	474	0.30%	13.52%	1,231	115	24.23%
	0.50 to <0.75	285	0.60%	12.04%	1,239	86	30.06%
	0.75 to <2.50	182	0.97%	12.82%	1,242	45	24.68%
	2.50 to <10.00	47	5.00%	10.53%	1,211	12	25.81%
	10.00 to <100.00	118	18.77%	28.90%	1,062	264	222.90%
	100.00 (Default)	6	100.00%	42.89%	1,174	-	0.00%
	Sub-total	**2,368**	1.49%	12.80%	**1,253**	**645**	27.22%
TOTAL		**52,352**	0.24%	24.03%	**-**	**10,497**	20.05%

EXPOSURE TO COUNTERPARTY RISK BY PORTFOLIO AND BY BRACKET OF PROBABILITY OF DEFAULT (PD) AT 31 DECEMBER 2017, FOLLOWING PRUDENTIAL PORTFOLIOS FOR THE ADVANCED INTERNAL RATINGS-BASED APPROACH (CCR4)

31.12.2017 *(in millions of euros)*	PD scale	EAD post-CRM	average PD	Average LGD	Average maturity	RWA	RWA density
Central governments and central banks	0.00 to <0.15	6,776	0.01%	1.05%	1,069	15	0.23%
	0.15 to <0.25	36	0.16%	10.00%	1,251	2	6.91%
	0.25 to <0.50	140	0.30%	15.74%	495	15	10.69%
	0.50 to <0.75	36	0.60%	10.00%	642	6	16.39%
	0.75 to <2.50	169	0.97%	46.48%	1,333	189	111.48%
	2.50 to <10.00	-	0.00%	0.00%	-	-	0.00%
	10.00 to <100.00	10	19.98%	50.66%	1,652	28	274.80%
	100.00 (Default)	-	0.00%	0.00%	-	-	0.00%
	Sub-total	**7,167**	0.07%	2.56%	**1,064**	**256**	3.57%
Institutions	0.00 to <0.15	17,419	0.04%	12.58%	784	1,314	7.54%
	0.15 to <0.25	1,550	0.16%	40.90%	651	600	38.73%
	0.25 to <0.50	1,287	0.30%	45.33%	447	790	61.36%
	0.50 to <0.75	671	0.60%	50.97%	167	526	78.42%
	0.75 to <2.50	409	0.84%	31.81%	742	241	58.85%
	2.50 to <10.00	4	5.00%	50.79%	737	9	224.04%
	10.00 to <100.00	53	19.48%	38.15%	1,489	114	214.28%
	100.00 (Default)	0	100.00%	45.03%	631	0	59.31%
	Sub-total	**21,393**	0.14%	18.24%	**736**	**3,594**	16.80%
Corporates - Other	0.00 to <0.15	7,897	0.04%	38.42%	830	969	12.27%
	0.15 to <0.25	1,528	0.16%	45.03%	965	642	42.05%
	0.25 to <0.50	1,986	0.30%	43.44%	952	1,157	58.26%
	0.50 to <0.75	1,047	0.60%	44.74%	871	726	69.35%
	0.75 to <2.50	1,200	0.94%	49.95%	1,120	1,066	88.79%
	2.50 to <10.00	81	5.00%	40.99%	789	95	117.85%
	10.00 to <100.00	130	16.93%	40.95%	748	278	212.89%
	100.00 (Default)	19	100.00%	45.54%	887	2	12.29%
	Sub-total	**13,888**	0.52%	41.37%	**889**	**4,935**	35.53%
Corporates - SME	0.00 to <0.15	53	0.03%	48.06%	1,210	9	16.98%
	0.15 to <0.25	0	0.17%	39.42%	668	0	38.90%
	0.25 to <0.50	6	0.30%	47.64%	1,216	4	60.08%
	0.50 to <0.75	3	0.60%	46.46%	781	2	80.31%
	0.75 to <2.50	36	1.59%	44.28%	1,140	39	106.81%
	2.50 to <10.00	4	5.00%	43.66%	1,260	7	163.15%
	10.00 to <100.00	3	19.22%	39.74%	499	6	245.97%
	100.00 (Default)	0	100.00%	45.03%	1,200	-	0.00%
	Sub-total	**106**	1.58%	46.32%	**1,158**	**67**	63.06%
Corporates - Specialised lending	0.00 to <0.15	752	0.06%	10.84%	1,309	57	7.62%
	0.15 to <0.25	734	0.16%	9.49%	1,363	97	13.28%
	0.25 to <0.50	584	0.30%	12.60%	1,242	129	22.09%
	0.50 to <0.75	271	0.60%	10.97%	1,328	80	29.41%
	0.75 to <2.50	250	1.00%	13.90%	1,221	64	25.69%
	2.50 to <10.00	52	5.00%	11.95%	1,234	15	28.03%
	10.00 to <100.00	138	18.11%	20.24%	1,314	299	216.93%
	100.00 (Default)	10	100.00%	38.30%	1,143	-	0.00%
	Sub-total	**2,791**	1.57%	11.70%	**1,302**	**741**	26.55%
TOTAL		**45,345**	0.34%	22.49%	**870**	**9,593**	21.15%

RISK-WEIGHTED ASSET (RWA) CASH FLOWS FOR COUNTERPARTY RISK EXPOSURES (CRR) USING THE INTERNAL RATING APPROACH (MMI) (CCR7)

30.06.2018			
	(in millions of euros)	RWA amounts	Capital requirements
1	**RWAs as at the end of the previous reporting period**	**8,039**	**643**
2	Asset size	617	49
3	Credit quality of counterparties	(96)	(8)
4	Model updates (IMM only)	-	-
5	Methodology and policy (IMM only)	-	-
6	Acquisitions and disposals	-	-
7	Foreign exchange movements	(377)	(30)
8	Other	-	-
9	**RWAs as at the end of the current reporting period**	**8,182**	**655**

2.2.3.2 CVA

CAPITAL REQUIREMENT WITH REGARD TO CREDIT VALUATION ADJUSTMENT AT 30 JUNE 2018 AND 31 DECEMBER 2017 (CCR2)

		30.06.2018		31.12.2017	
	(in millions of euros)	EAD post-CRM	RWA	EAD post-CRM	RWA
1	Total portfolios subject to the Advanced CVA capital charge	15,109	2,088	16,122	1,907
2	(i) VaR component (including the 3×multiplier)	-	19	-	18
3	(ii) Stressed VaR component (including the 3×multiplier)	-	148	-	135
4	All portfolios subject to the Standardised CVA capital charge	13,532	454	8,603	356
EU4	Based on the original exposure method	-	-	-	-
5	**Total subject to the CVA capital charge**	**28,641**	**2,541**	**24,726**	**2,262**

2.2.4 Credit and counterparty risk mitigation techniques

2.2.4.1 Credit risk mitigation techniques

CREDIT DERIVATIVES USED FOR HEDGING AT 30 JUNE 2018

EXPOSURES TO CREDIT DERIVATIVES (CCR6)

30.06.2018	Credit derivative hedges		
(in millions of euros)	Protection bought	Protection sold	Other credit derivatives
Notionals	**-**	**-**	**-**
Single-name credit default swaps	4,419	-	-
Index credit default swaps	-	-	-
Total return swaps	-	-	-
Credit options	-	-	-
Other credit derivatives	-	-	-
TOTAL NOTIONALS	**4,419**	**-**	**-**
Fair values	**-**	**-**	**-**
Positive fair value (asset)	139	-	-
Negative fair value (liability)	(4)	-	-

2.2.4.2 Counterparty risk mitigation techniques

Counterparty risk mitigation techniques are described under "Risk Factors – Credit Risk – Use of Credit Derivatives" in the 2017 registration document.

2.2.5 Equity exposures in the banking book

INTERNAL RATINGS – AMOUNT OF GROSS EXPOSURES AND EXPOSURE AT DEFAULT USING THE INTERNAL RATING METHOD AS OF 30 JUNE 2018 (CR10)

30.06.2018 Categories *(in million of euros)*	On-balance sheet amount	Off-balance sheet amount	Risk weight	Exposure amount	RWAs	Capital requirements
Exchange-traded equity exposures	1	-	190%	1	2	-
Private equity exposures	4	-	290%	4	12	1
Other equity exposures	281	-	370%	281	1,040	83
TOTAL	**286**	**-**		**286**	**1,054**	**84**

INTERNAL RATINGS – AMOUNT OF GROSS EXPOSURES AND EXPOSURE AT DEFAULT USING THE INTERNAL RATING METHOD AS OF 31 DECEMBER 2017 (CR10)

31.12.2017 Categories *(in million of euros)*	On-balance sheet amount	Off-balance sheet amount	Risk weight	Exposure amount	RWAs	Capital requirements
Exchange-traded equity exposures	11	-	190.00%	3	7	1
Private equity exposures	7	-	290.00%	7	20	2
Other equity exposures	358	-	370.00%	251	929	74
TOTAL	**376**	**-**		**262**	**956**	**76**

2.3 MARKET RISK

2.3.1 Methodology for measuring and controlling market risk under the standard and internal models approaches

2.3.1.1 Risk weighted assets using the standard method

RISK WEIGHTED ASSETS USING THE STANDARD METHOD (MR1)

	30.06.2018		31.12.2017	
(in millions of euros)	RWA	Capital requirement	RWA	Capital requirement
Futures and forwards	**5,262**	**421**	**5,026**	**402**
Interest rate risk (general and specific)	153	12	115	9
Risk on shares (general and specific)	-	-	-	-
Currency risk	5,092	407	4,911	393
Commodities risk	17	1	-	-
Options	**95**	**8**	**119**	**9**
Simplificated approach	-	-	-	-
Delta-plus method	-	-	-	-
Scenarios based approach	15	1	24	2
Securitisation	80	6	95	8
TOTAL	**5,357**	**429**	**5,145**	**412**

2.3.1.2 Exposures using the internal model approach

RISK WEIGHTED ASSETS AND CAPITAL REQUIREMENT

MARKET RISK IN THE INTERNAL MODEL APPROACH (MR2-A)

		30.06.2018		31.12.2017	
	(in millions of euros)	RWA	Capital requirement	RWA	Capital requirement
1	**VaR (higher of values a and b)**	**911**	**73**	**1,056**	**84**
(a)	Previous day's VaR (VaRt-1)		17		17
(b)	Average of the daily VaR on each of the preceding sixty business days (VaRavg) x multiplication factor (mc)		73		84
2	**SVaR (higher of values a and b)**	**2,505**	**200**	**2,523**	**202**
(a)	Latest SVaR (sVaRt-1)		45		44
(b)	Average of the SVaR during the preceding sixty business days (sVaRavg) x multiplication factor (ms)		200		202
3	**Incremental risk charge -IRC (higher of values a and b)**	**4,138**	**331**	**2,152**	**172**
(a)	Most recent IRC value (incremental default and migration		331		114
(b)	Average of the IRC number over the preceding 12 weeks		215		172
4	**Comprehensive Risk Measure – CRM (higher of values a,**	**-**	**-**	**-**	**-**
(a)	Most recent risk number for the correlation trading portfolio		-		-
(b)	Average of the risk number for the correlation trading portfolio over the preceding 12-weeks		-		-
(c)	8 % of the own funds requirement in SA on most recent risk number for the correlation trading portfolio		-		-
5	**TOTAL**	**7,554**	**604**	**5,730**	**458**

VALUES RESULTING FROM USE OF INTERNAL MODELS

VALUE OF TRADING BOOK USING THE INTERNAL MODEL APPROACH (IMA) : VAR (MR3)

	(in millions of euros)	30.06.2018	31.12.2017
1	**VaR (10 days, 99 %)**		
2	Maximum value	24	26
3	Mean value	18	21
4	Minimum value	14	16
5	End of period value	17	17
6	**VaR in stressed period (10 days, 99 %)**		
7	Maximum value	74	64
8	Mean value	50	50
9	Minimum value	39	43
10	End of period value	45	44
11	**Capital requirement in line with IRC (99,9 %)**		
12	Maximum value	255	339
13	Mean value	165	132
14	Minimum value	99	88
15	End of period value	255	88
16	**Capital requirement in line with CRM (99,9 %)**		
17	Maximum value	-	-
18	Mean value	-	-
19	Minimum value	-	-
20	End of period value	-	-
21	Floor (standard measure method)	-	-

2 INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2018

Examined by the Board of Directors at its meeting of 1 August 2018

The interim condensed consolidated financial statements consist of the general framework, the consolidated financial statements and the notes to the consolidated financial statements.

1. GENERAL FRAMEWORK

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 RELATED PARTIES

Parties related to Crédit Agricole CIB are companies of the Crédit Agricole S.A. Group, companies of the Crédit Agricole CIB Group that are fully or proportionately consolidated, and the 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)	30.06.2018
Assets	
Loans and advances	10,116
Derivatives financial instruments held for trading	19,798
Liabilities	
Accounts and deposits	21,957
Derivatives financial instruments held for trading	18,770
Subordinated debts	4,859
Preferred shares	
Financing and guarantee commitments	
Other guarantees given	1,209
Counter-guarantees received	2,968
Other guarantees received	
Refinancing agreements received	

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 10.
Transactions realised 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.
As at 30 June 2018, the non-netted and off-balance sheet outstandings reported by CACIB and its affiliates UBAF and Elipso are:

Outstandings (€ million)	30.06.2018
Assets	
Loans and advances	
Derivatives financial instruments held for trading	3
Liabilities	
Accounts and deposits	1
Derivatives financial instruments held for trading	11
Financing and guarantee commitments	
Other guarantees given	
Counter-guarantees received	

2. CONSOLIDATED FINANCIAL STATEMENTS

2.1 INCOME STATEMENT

In millions of euros		Notes	30.06.2018	31/12/2017	30.06.2017
Interest and similar income		4.1	3,051	5,570	3,021
Interest and similar expenses		4.1	(1,878)	(2,963)	(1,644)
Fee and commission income		4.2	829	1,557	816
Fee and commission expenses		4.2	(311)	(484)	(261)
Net gains (losses) on financial instruments at fair value through profit or loss		4.3	1,074	1,064	527
Net gains (losses) on held-for-trading assets/liabilities			927		
Net gains (losses) on other financial assets/liabilities at fair value through profit or loss			147		
Net gains (losses) on financial instruments at fair value through other comprehensive income		4.4	50		
Net gains (losses) on debt instruments at fair value through other comprehensive income that may be reclassified subsequently to profit or loss			2		
Remuneration of equity instruments measured at fair value through other comprehensive income that will not be reclassified subsequently to profit or loss (dividends)			48		
Net gains (losses) on available-for-sale financial assets				255	159
Net gains (losses) arising from the derecognition of financial assets at amortised cost		4.5			
Net gains (losses) arising from the reclassification of financial assets at amortised cost to financial assets at fair value through profit or loss					
Net gains (losses) arising from the reclassification of financial assets at fair value through other comprehensive income to financial assets at fair value through profit or loss					
Income on other activities		4.6	42	45	18
Expenses on other activities		4.6	(24)	(45)	(63)
Reclassification of net gains (losses) of designated financial assets applying the overlay approach					
Revenues			**2,833**	**4,999**	**2,573**
Operating expenses		4.7	(1,693)	(3,094)	(1,604)
Depreciation, amortisation and impairment of property, plant & equipment and intangible assets		4.8	(41)	(91)	(47)
Gross operating income			**1,099**	**1,814**	**922**
Cost of risk		4.9	(18)	(330)	(225)
Operating income			**1,081**	**1,484**	**697**
Share of net income (loss) of equity-accounted entities			1	277	129
Net gains (losses) on other assets		4.10		18	1
Change in value of goodwill		6.7			
Pre-tax income			**1,082**	**1,779**	**827**
Income tax charge			(304)	(614)	(189)
Net income from discontinued operations					
Net income			**778**	**1,165**	**638**
Non-controlling interests			4	9	6
NET INCOME GROUP SHARE			**774**	**1,156**	**632**
Earnings per share [1]	*(in euros)*	6.10	2.37	3.39	1.88
Diluted earnings per share [1]	*(in euros)*	6.10	2.37	3.39	1.88

[1] Corresponds to income including net income from discontinued operations.

2.2 NET INCOME AND OTHER COMPREHENSIVE INCOME

In millions of euros	Notes	30/06/2018	31/12/2017	30/06/2017
Net income		**778**	**1,165**	**638**
Actuarial gains and losses on post-employment benefits	4.11	29	67	(8)
Other comprehensive income on financial liabilities attributable to changes in own credit risk	4.11	173	-	-
Other comprehensive income on equity instruments that will not be reclassified to profit or loss	4.11	321	-	-
Pre-tax other comprehensive income on items that will not be reclassified to profit or loss excluding equity-accounted entities	**4.11**	**523**	**67**	**(8)**
Pre-tax other comprehensive income on items that will not be reclassified to profit or loss on equity-accounted entities	**4.11**	**-**	**-**	**-**
Income tax related to items that will not be reclassified to profit or loss excluding equity-accounted entities	**4.11**	**(130)**	**(38)**	**(11)**
Income tax related to items accounted that will not be reclassified to profit or loss on equity-accounted entities	**4.11**	**-**	**-**	**-**
Net other comprehensive income on items that will not be reclassified to profit or loss on equity-accounted entities on discontinued operations	**4.11**	**-**	**-**	**-**
Other comprehensive income on items that will not be reclassified subsequently to profit or loss	**4.11**	**393**	**29**	**(19)**
Gains and losses on translation adjustments	4.11	84	(548)	(298)
Gains and losses on available-for-sale assets			(298)	
Other comprehensive income on debt instruments that may be reclassified to profit or loss	4.11	(7)	-	-
Gains and losses on hedging derivative instruments	4.11	(121)	(224)	(154)
Reclassification of net gains (losses) of designated financial assets applying the overlay approach	4.11	-	-	-
Pre-tax other comprehensive income on items that may be reclassified to profit or loss excluding equity-accounted entities	**4.11**	**(44)**	**(1,070)**	**(581)**
Pre-tax other comprehensive income on items that may be reclassified to profit or loss on equity-accounted entities, Group Share	**4.11**	**(1)**	**(357)**	**(164)**
Income tax related to items that may be reclassified to profit or loss excluding equity-accounted entities	**4.11**	**48**	**124**	**88**
Income tax related to items that may be reclassified to profit or loss on equity-accounted entities	**4.11**	**-**	**-**	**-**
Net other comprehensive income on items that may be reclassified to profit or loss on equity-accounted entities on discontinued operations	**4.11**	**-**	**-**	**-**
Other comprehensive income on items that may be reclassified subsequently to profit or loss	**4.11**	**3**	**(1,303)**	**(657)**
OTHER COMPREHENSIVE INCOME NET OF INCOME TAX	**4.11**	**396**	**(1,274)**	**(676)**
NET INCOME AND OTHER COMPREHENSIVE INCOME		**1,174**	**(109)**	**(38)**
Of which Group share		1,168	(112)	(41)
Of which non-controlling interests		6	3	3

2.3 BALANCE SHEET - ASSETS

In millions of euros	Notes	30.06.2018	01/01/2018	31/12/2017
Cash, central banks		34,406	32,604	32,604
Financial assets at fair value through profit or loss	6.1-6.4	250,051	238,304	237,001
Advances in associates' current accounts		249,596	237,896	
Other financial instruments at fair value through profit or loss		455	408	
Hedging derivative Instruments		1,178	1,095	1,101
Financial assets at fair value through other comprehensive income	3.1-6.2-6.4	13,795	18,443	
Debt instruments at fair value through other comprehensive income that may be reclassified to profit or loss		12,062	16,992	
Equity instruments at fair value through other comprehensive income that will not be reclassified to profit or loss		1,733	1,451	
Available-for-sale financial assets				27,304
Financial assets at amortised cost	3.1-6.3-6.4	183,633	169,051	
Loans and receivables due from credit institutions		23,829	26,244	26,269
Loans and receivables due from customers		131,251	119,603	135,039
Debt securities		28,553	23,204	
Revaluation adjustment on interest rate hedged portfolios		4	17	17
Held-to-maturity financial assets				
Current and deferred tax assets		1,064	1,289	1,104
Accruals, prepayments and sundry assets		29,043	26,587	26,587
Non-current assets held for sale and discontinued operations				
Deferred participation benefits				
Investments in equity-accounted entities				
Investment property		1	1	1
Property, plant and equipment	6.6	341	339	339
Intangible assets	6.6	262	233	233
Goodwill	6.7	1,009	987	987
TOTAL ASSETS		**514,787**	**488,950**	**488,586**

2.4 BALANCE SHEET - LIABILITIES

In millions of euros	Notes	30.06.2018	01/01/2018	31/12/2017
Central banks		2,564	1,585	1,585
Financial liabilities at fair value through profit or loss	6.1	242,909	237,177	237,171
Financial liabilities held for trading	6.1	217,945	212,687	
Financial liabilities designated at fair value through profit or loss	6.1	24,964	24,490	
Hedging derivative Instruments		1,263	999	1,005
Financial liabilities at amortised cost	6.5	215,800	198,940	
Due to credit institutions	6.5	54,251	44,002	44,002
Due to customers	6.5	110,022	106,960	106,960
Debt securities	6.5	51,527	47,977	47,977
Revaluation adjustment on interest rate hedged portfolios		(3)	27	27
Current and deferred tax liabilities		1,758	1,765	1,588
Accruals, deferred income and sundry liabilities		24,730	22,634	22,634
Liabilities associated with non-current assets held for sale and discontinued operations				
Insurance compagny technical reserves		9	10	10
Provisions	6.8	1,690	1,739	1,434
Subordinated debt	6.9	4,853	5,148	5,148
Total Liabilities		**495,573**	**470,024**	**469,541**
Equity		**19,214**	**18,926**	**19,045-**
Equity - Group share		**19,102**	**18,821**	**18,940**
Share capital and reserves		12,360	11,860	11,860
Consolidated reserves		5,872	7,259	5,775
Other comprehensive income		96	(298)	149
Other comprehensive income on discontinued operations				
Net income (loss) for the year		774		1,156
Non-controlling interests		**112**	**105**	**105**
TOTAL EQUITY AND LIABILITIES		**514,787**	**488,950**	**488,586**

2.5 CHANGE IN SHAREHOLDERS' EQUITY

	Group share										Non-controlling interests					
	Share and capital reserves					Other comprehensive income						Other comprehensive income				
In millions of euros	Share capital	Share premium and consolidated reserves [1]	Elimination of treasury shares	Other equity instruments	Total capital and consolidated reserves	Other comprehensive income on items that may be reclassified to profit and loss	Other comprehensive income on items that will not be reclassified to profit and loss	Total other comprehensive income	Net income	Total equity	Capital, associated reserves and income	Other comprehensive income on items that may be reclassified to profit and loss	Other comprehensive income on items that will not be reclassified to profit and loss	Total other comprehensive income	Total equity	Total consolidated equity
Equity at 1st January 2017	**7,852**	**7,936**	**-**	**2,277**	**18,065**	**1,751**	**(334)**	**1,417**	**-**	**19,482**	**102**	**9**	**1**	**10**	**162**	**19,594**
Capital increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in treasury shares held	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Remuneration of undated deeply subordinated notes at 1st semester 2017	-	-	-	(85)	(85)	-	-	-	-	(85)	-	-	-	-	-	(85)
Dividends paid in 1st semester 2017	-	(241)	-	-	(241)	-	-	-	-	(241)	(10)	-	-	-	(10)	(251)
Dividends received from Regional Banks and subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Impact of acquisitions/disposals on non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes due to share-based payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes related to transactions with shareholders	-	(241)	-	(85)	(326)	-	-	-	-	(326)	(10)	-	-	-	(10)	(336)
Changes in other comprehensive income	-	-	-	-	-	(490)	(19)	(509)	-	(509)	-	(3)	-	(3)	(3)	(512)
Of which other comprehensive income on equity instruments that will not be reclassified to profit or loss reclassified to consolidated reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Of which other comprehensive income attributable to changes in own credit risk reclassified to consolidated reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of changes in equity-accounted entities	-	-	-	-	-	(164)	-	(164)	-	(164)	-	-	-	-	-	(164)
Net income for 1st semester 2017	-	-	-	-	-	-	-	-	632	632	6	-	-	-	6	638
Other variations	-	(3)	-	-	(3)	-	-	-	-	(3)	-	-	-	-	-	(3)
Equity at 30 june 2017	**7,852**	**7,692**	**-**	**2,192**	**17,736**	**1,097**	**(353)**	**744**	**632**	**19,112**	**98**	**6**	**1**	**7**	**105**	**19,217**
Capital increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in treasury shares held	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Remuneration of undated deeply subordinated notes at 2nd semester 2017	-	-	-	(85)	(85)	-	-	-	-	(85)	-	-	-	-	-	(85)
Dividends paid in 2nd semester 2017	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends received from Regional Banks and subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Impact of acquisitions/disposals on non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes due to share-based payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes related to transactions with shareholders	-	-	-	(85)	(85)	-	-	-	-	(85)	-	-	-	-	-	(85)
Changes in other comprehensive income	-	-	-	-	-	(450)	48	(402)	-	(402)	-	(3)	-	(3)	(3)	(405)
Of which other comprehensive income on equity instruments that will not be reclassified to profit or loss reclassified to consolidated reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Of which other comprehensive income attributable to changes in own credit risk reclassified to consolidated reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of changes in equity-accounted entities	-	-	-	-	-	(193)	-	(193)	-	(193)	-	-	-	-	-	(193)
Net income for 2nd semester 2017	-	-	-	-	-	-	-	-	524	524	3	-	-	-	3	527
Other variations	-	(16)	-	-	(16)	-	-	-	-	(16)	-	-	-	-	-	(16)
Equity at 31 December 2017	**7,852**	**7,676**	**-**	**2,107**	**17,635**	**454**	**(305)**	**149**	**1,156**	**18,940**	**101**	**3**	**1**	**4**	**105**	**19,045**
Appropriation of 2017 net income	-	1,156	-	-	1,156	-	-	-	(1,156)	-	-	-	-	-	-	-
Equity at 1st January 2018	**7,852**	**8,832**	**-**	**2,107**	**18,791**	**454**	**(305)**	**149**	**7,298**	**18,940**	**101**	**3**	**1**	**4**	**105**	**19,045**
Impacts of new accounting standards [1]	-	328	-	-	328	36	(483)	(447)	-	(119)	-	-	-	-	-	(119)
Equity at 1 January 2018 Restated	**7,852**	**9,160**	**-**	**2,107**	**19,119**	**490**	**(788)**	**(298)**	**7,298**	**18,821**	**101**	**3**	**1**	**4**	**105**	**18,926**
Capital increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in treasury shares held	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of equity instruments [2]	-	-	-	500	500	-	-	-	-	500	-	-	-	-	-	500
Remuneration of undated deeply subordinated notes at 1st semester 2018 [3]	-	-	-	(84)	(84)	-	-	-	-	(84)	-	-	-	-	-	(84)
Dividends paid in 1st semester 2018 [4]	-	(1,236)	-	-	(1,236)	-	-	-	-	(1,236)	(8)	-	-	-	(8)	(1,244)
Dividends received from Regional Banks and subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Impact of acquisitions/disposals on non-controlling interests [5]	-	(52)	-	-	(52)	-	-	-	-	(52)	9	-	-	-	9	(43)
Changes due to share-based payments	-	0	-	-	0	-	-	-	-	0	0	-	-	-	0	0
Changes related to transactions with shareholders	-	(1,288)	-	416	(872)	-	-	-	-	(872)	1	-	-	-	1	(871)
Changes in other comprehensive income	-	-	-	-	-	3	392	395	-	395	-	1	1	2	2	397
Of which other comprehensive income on equity instruments that will not be reclassified to profit or loss reclassified to consolidated reserves	-	-	-	-	-	-	42	42	-	42	-	-	-	-	-	42
Of which other comprehensive income attributable to changes in own credit risk reclassified to consolidated reserves	-	-	-	-	-	-	10	10	-	10	-	-	-	-	-	10
Share of changes in equity-accounted entities	-	-	-	-	-	(1)	-	(1)	-	(1)	0	-	-	-	0	(1)
Net income for 1st semester 2018	-	-	-	-	-	-	-	-	774	774	4	-	-	-	4	779
Other variations [6]	-	(15)	-	-	(15)	-	-	-	-	(15)	-	-	-	-	-	(15)
EQUITY AT 30 JUNE 2018	**7,852**	**7,857**	**-**	**2,523**	**18,232**	**492**	**(396)**	**96**	**774**	**19,102**	**106**	**4**	**2**	**6**	**112**	**19,214**

[1] Details of the impact on equity related to the application of IFRS 9 are presented in the note "Impact on equity of the application of IFRS 9 at 1 January 2018".

[2] AT1 issuance of Crédit Agricole CIB subscribed by Crédit Agricole S.A. for € 500 million

[3] Interest payment on AT1 for -€84 million

[4] Dividend payment for -€1 236 million to Crédit Agricole S.A

[5] Liquidation of the Bahamas security for -€34 million, transfers of activities from Crédit Agricole S.A. to Crédit Agricole CIB for -€10 million and loss on SNC Surville BAIL securities for -€8 million

[6] Other variances relate exclusively to reimbursement of balancing payments on issuer spread

2.6 CASH FLOW STATEMENT

The cash flow statement is presented using the indirect method.

Operating activities are the Crédit Agricole CIB Group'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 in the available-for-sale financial assets portfolio.

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.

In millions of euros	Notes	30.06.2018	31.12.2017	30.06.2017
Pre-tax income		**1,082**	**1,779**	**827**
Net depreciation and impairment of property, plant & equipment and intangible assets	4.8	41	91	47
Impairment of goodwill and other fixed assets	6.16	-	-	-
Net depreciation charges to provisions		31	290	254
Share of net income (loss) of equity-accounted entities		(1)	(277)	(129)
Net income (loss) from investment activities		-	(11)	(3)
Net income (loss) from financing activities		86	172	88
Other movements		(840)	(571)	(648)
Total non-cash and other adjustment items included in pre-tax income		**(683)**	**(306)**	**(391)**
Change in interbank items		10,068	8,075	(733)
Change in customer items		(9,517)	237	2,804
Change in financial assets and liabilities		(2,023)	5,728	11,416
Change in non-financial assets and liabilities		(120)	933	(3,068)
Dividends received from equity-accounted entities		-	92	29
Tax paid		(62)	325	888
Net change in assets and liabilities used in operating activities		(1,653)	15,390	11,336
Cash provided (used) by discontinued operations		-	-	-
Total net cash flows from (used by) operating activities (A)		**(1,255)**	**16,863**	**11,772**
Change in equity investments [1]		(12)	1,276	17
Change in property, plant & equipment and intangible assets		(68)	(166)	(68)
Cash provided (used) by discontinued operations		-	-	-
Total net cash flows from (used by) investment activities (B)		**(79)**	**1,110**	**(51)**
Cash received from (paid to) shareholders [2]		(827)	(421)	(336)
Other cash provided (used) by financing activities [3]		34	380	(824)
Cash provided (used) by discontinued operations		-	-	-
Total net cash flows from (used by) financing activities (C)		**(793)**	**(41)**	**(1,160)**
Impact of exchange rate changes on cash and cash equivalent (D)		**647**	**(1,464)**	**(857)**
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENT (A + B + C + D)		**(1,480)**	**16,468**	**9,704**
Cash and cash equivalents at beginning of period		**32,101**	**15,633**	**15,634**
Net cash accounts and accounts with central banks *		31,008	16,898	16,899
Net demand loans and deposits with credit institutions **		1,093	(1,265)	(1,265)
Cash and cash equivalents at end of period		**30,621**	**32,101**	**25,335**
Net cash accounts and accounts with central banks *		31,833	31,008	24,915
Net demand loans and deposits with credit institutions **		(1,212)	1,093	420
NET CHANGE IN CASH AND CASH EQUIVALENTS		**(1,480)**	**16,468**	**9,701**

** Consisting of the net balance of the "Cash, central banks" item, excluding accrued interest and including cash of entities reclassified as discontinued operations.*

*** Consisting of the balance of the "Non doubtful current accounts in debit" and "Non doubtful overnight accounts and advances" items as detailed in Note 6.3 and the "Current accounts in credit" and "Overnight accounts and deposits" items as detailed in Note 6.5 (excluding accrued interest and including Crédit Agricole internal transactions).*

[1] This line shows the net effects on cash of acquisitions and disposals of equity investments. This is mainly the effect of the entry of Banca Leonardo into the scope of consolidation for -€27 million.

[2] For the first half of 2018, this amount includes the payment of Crédit Agricole CIB dividends to Crédit Agricole S.A. for -€1,203 million, an AT1 issue by Crédit Agricole CIB subscribed by Crédit Agricole S.A. for €500 million and a payment of interest under the AT1 issue of -€84 million.

[3] This line mainly records the issue of the TSS call subscribed by CASA London of -€590 million, the bond loan with CASA of €497 million, the increase of the subordinated debt at Crédit Agricole S.A. of €250 million and the payment of interest of -€123 million

3. EFFECTS OF THE APPLICATION OF IFRS 9 AT 1 JANUARY 2018

3.1 TRANSITION FROM THE BALANCE SHEET AT 31 DECEMBER 2017 TO 1 JANUARY 2018

The following tables present the financial Assets and Liabilities affected by the implementation of IFRS 9 at 1 January 2018.

Financial assets

Financial assets		31.12.2017	01.01.2018											
		IAS 39	Reclassifications in accordance with IFRS 9											
				Financial assets at fair value through profit or loss						Financial assets at fair value through other comprehensive income		Financial assets at amortised cost		
					Other financial instruments at fair value through profit or loss									
In millions of euros		Carrying amount in accordance with IAS 39	Central banks	Held-for-trading financial assets	Equity instruments	Debt instruments that do not meet the conditions of the "SPPI" test	Assets backing unit-linked contracts	Financial assets designated at fair value through profit or loss	Derivative hedging instruments	Debt instruments at fair value through other comprehensive income that may be reclassified to profit or loss	Equity instruments at fair value through other comprehensive income that will not be reclassified to profit or loss	Loans and receivables due from credit institutions	Loans and receivables due from customers	Debt securities
IAS 39	Central banks	32,591	32,591											
	Financial assets at fair value through profit or loss	238,102		236,864	-	144	-	-	1,095	-	-	-	-	-
	Held-for-trading financial assets	236,858		236,864					(6)					
	Financial assets designated at fair value through profit or loss [1]	144				144								
	Hedging derivative instruments	1,101							1,101					
	Available-for-sale financial assets	27,304			96	30				16,992	1,452			8,734
	Loans and receivables due from credit institutions	26,268										26,268		
	Loans and receivables due from customers	135,039		1,032		261							119,253	14,493
	Held-to-maturity financial assets													
	Carrying amount determined in accordance with IAS 39	**459,306**												
	Restatement of carrying amount in accordance with IFRS 9			**-**		**(122)**				**(0)**		**(24)**	**349**	**(24)**
01.01. 2018	**Carrying amount in accordance with IFRS 9**		**32,591**	**237,896**	**96**	**312**	**-**	**-**	**1,095**	**16,992**	**1,452**	**26,244**	**119,603**	**23,204**

[1] Reclassifications related to financial assets designated at fair value through profit or loss break down as follows

In millions of euros	IAS 39 Carrying amount in accordance with IAS 39	Reclassifications in accordance with IFRS 9 Of which financial assets reclassified out of financial assets designated at fair value through profit or loss in accordance with IFRS 9 Reclassifications as required by IFRS 9	Reclassification elected by the entity
Financial assets designated at fair value through profit or loss	**144**	**144**	
Debt instruments	144	144	
Equity instruments			

Financial liabilities

	In millions of euros	IAS 39 Carrying amount in accordance with IAS 39	Reclassifications in accordance with IFRS 9 Financial liabilities at fair value through profit or loss Held-for-trading financial liabilities	Financial liabilities designated at fair value through profit or loss	Hedging derivative instruments	Financial liabilities at amortised cost Due to credit institutions	Due to customers	Debt securities	Liabilities associated with non-current assets held for sale and discontinued activities
IAS 39	Financial liabilities at fair value through profit or loss	238,175	212,687	24,489	999	-	-	-	
	Held-for-trading financial liabilities	212,681	212,687						
	Financial liabilities designated at fair value through profit or loss [1]	24,489		24,489					
	Hedging derivative instruments	1,005			999				
	Due to credit institutions	44,002				44,002			
	Due to customers	106,960					106,960		
	Debt securities	47,977						47,977	
	A TRADUIRE								
	Carrying amount determined in accordance with IAS 39	**437,115**							
	Restatement of carrying amount in accordance with IFRS 9								
01.01.2018	**Carrying amount in accordance with IFRS 9**		**212,687**	**24,489**	**999**	**44,002**	**106,960**	**47,977**	

[1] Reclassifications related to financial liabilities designated at fair value through profit or loss break down as follows:

In millions of euros	IAS 39 Carrying amount in accordance with IAS 39	Reclassement au titre d'IFRS 9 Of which financial liabilities reclassified out of financial liabilities designated at fair value through profit or loss in accordance with IFRS 9 Reclassifications as required by IFRS 9	Reclassification elected by the entity
Financial liabilities designated at fair value through profit or loss	**24,489**		

3.2 TRANSITION BETWEEN IMPAIRMENT OR PROVISIONS CONSTITUTED UNDER IAS 39 AND CORRECTIONS OF VALUE FOR LOSSES CONSTITUTED UNDER IFRS 9

Pursuant to the application of IFRS 9 at 1 January 2018, the procedures for provisioning change significantly. The following table presents the transition from liability impairment or provisions recognised at 31 December 2017 (under the provisions of IAS 39) to the amount of value correction for losses recognised at 1 January 2018 (under the provisions of IFRS 9):

		31.12.2017	01.01.2018									
			IFRS 9 - Impairment reclassifications									
				Financial assets at fair value through profit or loss				Financial assets at fair value through other comprehensive income		Financial assets at amortised cost		
					Other financial assets at fair value through profit or loss							
In millions of euros		IAS 39 - Amount of impairment	Central banks	Held-for-trading financial assets	Equity instruments	Debt instruments that do not meet the conditions of the "SPPI" test	Financial assets designated at fair value through profit or loss	Debt instruments at fair value through other comprehensive income that may be reclassified to profit or loss	Equity instruments at fair value through other comprehensive income that will not be reclassified to profit or loss	Loans and receivables due from credit institutions	Loans and receivables due from customers	Debt securities
Impairment in accordance with IAS 39	Central banks	-	-									
	Available-for-sale financial assets	(243)		-	(34)	(50)	-	(3)	(156)	-	-	-
	Loans and receivables due from credit institutions	(383)		-	-	-	-	-		(383)		-
	Of which finance leases	-										
	Loans and receivables due from customers	(3,076)		-	-	(185)	-	-			(2,891)	-
	Of which finance leases	-										
	Held-to-maturity financial assets	-		-	-	-	-	-				-
	Amount of impairment determined in accordance with IAS 39	**(3,702)**										
	Restatement of impairment in accordance with IFRS 9		**-**	**-**	**34**	**235**	**-**	**(5)**	**156**	**(24)**	**349**	**-**
	Of which restatement of assets reclassified out of the fair value through profit or loss category in accordance with IAS 39		-	-	-	-	-	-	-	-	-	-
	Of which restatement of assets reclassified out of the available-for-sale category in accordance with IAS 39		-	-	34	50	-	(5)	156	-	-	-
	Of which restatement of assets reclassified out of the loans and receivables category in accordance with IAS 39		-	-	-	185	-	-	-	(24)	-	-
	Of which restatement of assets reclassified out of the held-to-maturity category in accordance with IAS 39		-	-	-	-	-	-	-	-	-	-
01.01.2018	**Amount of impairment in accordance with IFRS 9**		**-**	**-**	**-**	**-**	**-**	**(8)**	**-**	**(407)**	**(2,542)**	**-**

Provisions for off-balance sheet commitments	31.12.2017	Restatement of provisions in accordance with IFRS 9	01.01.2018
In millions of euros	IAS 39 - Amount of provisions		IFRS 9 - Amount of provisions
Financing commitments	115	255	370
Guarantee commitments	106	51	157
Amount of provisions	**221**	**306**	**527**

The breakdown between collective impairment and individual impairment under IAS 39 at 31 December 2017 is the following:

Breakdown of impairment of financial assets in accordance with IAS 39	31.12.2017	
In millions of euros	Collective impairment	Individual impairment
Amount of impairment in accordance with IAS 39	**(951)**	**(2,751)**

The breakdown of impairment by impairment stages (or buckets) under IFRS 9 at 1 January is the following:

Financial assets	01.01.2018		
In millions of euros	Bucket 1	Bucket 2	Bucket 3
Financial assets at fair value through other comprehensive income	(5)		(3)
Loans and receivables due from credit institutions			
Loans and receivables due from customers			
Debt securities	(5)		(3)
Financial assets at amortised cost	(134)	(493)	(2,323)
Loans and receivables due from credit institutions	(24)		(383)
Loans and receivables due from customers	(108)	(493)	(1,940)
Debt securities	(2)		
Total	**(139)**	**(493)**	**(2,326)**

Off-balance sheet commitments	01.01.2018		
In millions of euros	Bucket 1	Bucket 2	Bucket 3
Financing commitments	48	207	115
Guarantee commitments	10	41	106
Total	**58**	**248**	**221**

3.3 FINANCIAL ASSETS THAT WERE RECLASSIFIED DUE TO THE APPLICATION OF IFRS 9

	30.06.2018				
	Recognition in accordance with IFRS 9		Recognition in accordance with IFRS 9 if the reclassification had not occurred		
In millions of euros	Carrying amount	Interest revenues (expenses) recognised	Fair value	Gain (loss) recognised in net profit or loss	Gain (loss) recognised in other comprehensive income
Financial assets at fair value through profit or loss reclassified into financial assets at fair value through other comprehensive income					
Debt instruments at fair value through other comprehensive income that may be reclassified to profit or loss					
Equity instruments at fair value through other comprehensive income that will not be reclassified to profit or loss					
Financial assets at fair value through profit or loss reclassified into financial assets at amortised cost					
Loans and receivables due from credit institutions					
Loans and receivables due from customers					
Debt securities					
Financial assets at fair value through other comprehensive income reclassified into financial assets at amortised cost	3,880	24	3,881	24	32
Loans and receivables due from credit institutions					
Loans and receivables due from customers					
Debt securities	3,880	24	3,881	24	32
Total	**3,880**	**24**	**3,881**	**24**	**32**

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

In millions of euros	Impact of 1st application of IFRS 9 at 1 january 2018 [1]		
	Consolidated Shareholders' equity	Equity - Group share	Equity - Non-controlling interests
Equity at 31/12/2017 - IAS 39	**19,045**	**18,940**	**105**
Impacts on reserves	**328**	**328**	**(0)**
Revaluation related to own credit risk on liabilities designated at fair value through profit or loss	331	331	
Reclassification from Available-for-sale assets to fair value through profit or loss (including cancellation of impairment where applicable; in the case of fair value hedges, reclassification unhedged portion only)	9	8	0
Reclassification from Available-for-sale assets to fair value through other comprehensive income that will not be reclassified to profit or loss : impact of cancellation of lasting impairment (where applicable)	95	95	
Reclassification from Available-for-sale financial assets to financial assets at fair value through other comprehensive income that will not be reclassified to profit or loss : reclassification of fair value of the hedged portion (where applicable)	-		
Reclassification from amortised cost to fair value through profit or loss (including acquisition costs remaining to be amortised; in the case of fair value hedges, reclassification unhedged portion only)	(117)	(117)	-
Assets (to fair value through profit or loss)	(117)	(117)	
Liabilities (to fair value through profit or loss)	-		
Reclassification from fair value through profit or loss to fair value through other comprehensive income that may be reclassified to profit or loss	-		
Reclassification from fair value through profit or loss to amortised cost (including fees and commissions remaining to be amortised)	-		
Assets (from fair value through profit or loss - by type or designated)	-		
Liabilities (from fair value through profit or loss - designated)	-		
Impacts on termination of hedges excluding fair value hedges	-		
Recognition of expected credit losses (on financial assets, assets within the field of application of IAS 17 and IFRS 15, off-balance sheet commitments)	11	11	(0)
Reclassification of equity instruments designated at fair value through profit or loss to fair value through other comprehensive income that will not be reclassified to profit or loss	-		
Impact of changes on financial assets/liabilities measured at amortised cost	-		
Effect of reclassification of designated financial assets applying the overlay approach on insurance activity	-		
Reserves excluding equity-accounted entities	**328**	**328**	**(0)**
Reserves on equity-accounted entities	**-**		
Reserves on discontinued operations	**-**		
Impacts on other comprehensive income on items that may be reclassified to profit or loss	**36**	**36**	**0**
Reclassification from Available-for-sale assets to fair value through profit or loss (in the case of fair value hedges, reclassification unhedged portion only)	(8)	(8)	1
Reclassification from Available-for-sale assets to amortised cost (in the case of fair value hedges, reclassification unhedged portion only)	(16)	(16)	
Reclassification from amortised cost to fair value through other comprehensive income that may be reclassified to profit or loss (in the case of fair value hedges, reclassification unhedged portion only)	(0)	(0)	
Reclassification of equity instruments from Available-for-sale assets to fair value through other comprehensive income that will not be reclassified to profit or loss	56	56	(1)
Reclassification from fair value through profit or loss to fair value through other comprehensive income that may be reclassified to profit or loss	-		
Impacts on termination of hedges excluding fair value hedges	-		
Recognition of expected credit losses on financial assets at fair value through other comprehensive income that may be reclassified to profit or loss	4	3	0
Effect of reclassification of designated financial assets applying the overlay approach on insurance activity	-		
Other comprehensive income on items that may be reclassified to profit or loss (net of income tax) excluding equity-accounted entities	**36**	**36**	**0**
Other comprehensive income on items that may be reclassified to profit or loss (net of income tax) on equity-accounted entities	**-**		
Other comprehensive income on items that may be reclassified to profit or loss from discontinued operations	**-**		
Impact on other comprehensive income on items that will not be reclassified to profit or loss	**(483)**	**(483)**	**0**
Revaluation related to own credit risk on liabilities designated at fair value through profit or loss	(331)	(331)	
Reclassification of equity instruments from Available-for-sale assets to fair value through other comprehensive income that will not be reclassified to profit or loss	(152)	(152)	0
Reclassification of equity instruments designated at fair value through profit or loss to fair value through other comprehensive income that will not be reclassified to profit or loss	-		
Other comprehensive income on items that will not be reclassified to profit or loss (net of income tax) excluding equity-accounted entities	**(483)**	**(483)**	**0**
Other comprehensive income on items that will not be reclassified to profit or loss (net of income tax) on equity-accounted entities	**-**		
Other comprehensive income on items that will not be reclassified to profit or loss from discontinued operations	**-**		
Total - Impact on equity due to initial application of IFRS9	**(119)**	**(119)**	**(0)**
Equity at 01/01/2018 - IFRS 9 Standard	**18,926**	**18,821**	**105**

[1] *Amounts net of income tax*

4. NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 : GROUP ACCOUNTING POLICIES AND PRINCIPLES, ASSESSMENTS AND ESTIMATES APPLIED

1.1 Applicables standards and comparability

The condensed interim consolidated financial statements of Crédit Agricole CIB for the period ended 30 June 2018 were prepared and are presented in accordance with IAS 34 (Interim Financial Reporting), which defines the minimum information content and sets out the recognition and measurement principles that must be applied in an interim financial report.

The standards and interpretations used to prepare the condensed interim consolidated financial statements are identical to those used by Crédit Agricole group in preparing the consolidated financial statements for the year ended 31 December 2017. Those statements were prepared, pursuant to EC Regulation No. 1606/2002, in accordance with IAS/FRS Standards and IFRIC interpretations as adopted by the European Union ("*carve out*" version), and therefore some provisions regarding the application of IAS 39 in relation to macro-hedging were not applied.

They have been supplemented by the provisions of IFRS, as endorsed by the European Union on 30 June 2018, which must be applied for the first time in 2018.

Standards, amendments or interpretations	Date of publication by the European Union	Date of first time mandatory application: financial years from	Applicable in the Group
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
Amendment to IFRS 4 Insurance Contracts / IFRS 9 Financial Instruments Optional approaches for insurance undertakings to manage the gap between the application of IFRS 9 and IFRS 4	3 November 2017 (EU 2017/1988)	1 January 2018	Yes
IFRS 15 Revenue from contracts with customers Replacing IAS 11 on the recognition of construction contracts and IAS 18 on the recognition of revenue	22 September 2016 (EU 2016/1905)	1 January 2018	Yes
Amendment to IFRS 15 “Revenue from contracts with customers” Clarifications to IFRS 15	31 October 2017 (EU 2017/1987)	1 January 2018	Yes
Improvements of IFRS cycle 2014-2016: - IFRS 12 Information to supply on the interests held in other entities - IAS 28 Investments in associates and joint ventures - IFRS 1 First adoption of international standards on financial information	7 February 2018 (EU 2018/182)	1 January 2017 1 January 2018 1 January 2018	Yes Yes No
Amendment to IFRS 2 Categorisation and assessment of transactions whose payment is based on shares Clarifications to IFRS 2	26 February 2018 (EU 2018/289)	1 January 2018	Yes
Amendment to IAS 40 Investment property Clarification of the transfer principle, incoming or outgoing, of the investment property category	14 March 2018 (EU 2018/400)	1 January 2018	Yes
IFRIC 22 Transactions in foreign currencies and advance consideration Clarifications to IAS 21 Effects of changes in foreign exchange rates	3 April 2018 (UE 2018/519)	1 January 2018	Yes

For its accounts from 1 January 2018, Crédit Agricole CIB Group published, for the first time, its IFRS financial statements under IFRS 9 *Financial Instruments* and IFRS 15 *Revenue from contracts with customers* (see Section 1.2 Accounting principles and methods).

IFRS 9 *Financial Instruments* replaces IAS 39 *Financial Instruments: recognition and measurement.* It sets new principles governing the classification and measurement of financial instruments, impairment of credit risk and hedge accounting, excluding macro-hedging transactions.

IFRS 9 is applied retrospective with a mandatory effective date of 1 January 2018 by adjusting the opening balance sheet on the date of first-time application, with no restatement of the 2017 comparative financial statements. Consequently, the assets and liabilities relating to Financial instruments 2017 are recognised and measured applying IAS 39 as described in the accounting policies and principles presented in the 2017 financial statements.

IFRS 15 *Revenue from contracts with customers* replaces IAS 11 *Construction contracts*, IAS 18 *Revenue*, and all the interpretations linked to IFRIC 13 *Customer loyalty programmes*, IFRIC 15 *Agreements for the construction of real estate*, IFRIC 18 *Transfers of assets from customers* and SIC 31 *Revenue - Barter transactions involving advertising services*.

For the first application of the IFRS 15 standard, the Crédit Agricole CIB Group chose the modified retrospective method without comparing with the level of the 2017 financial year. The application of IFRS 15 has not had a significant impact on net income and equity.

Incidentally, as long as the early application of standards and interpretations adopted by the European Union is optional for a period, the Group does not apply them, unless otherwise stated.

This in particular applies to:

Standards, amendments or interpretations	Date published by the European Union	Date of first time mandatory application: financial years from	Applicable in the Group
Amendment to IFRS 9 Financial Instruments **Prepayment options with penalty**	22 March 2018 (EU 2018/498)	1 January 2019 (1)	Yes
IFRS 16 Leases **Replacing IAS 17 on the recognition of leases**	31 October 2017 (EU 2017/1986)	1 January 2019	Yes

(1) The Group chose early application of the amendment to IFRS 9 from 1 January 2018

IFRS 16 “Leases” will replace IAS 17 and all related interpretations (IFRIC 4 “Determining Whether an Arrangement Contains a Lease”, SIC 15 “Operating Leases – Incentives” and SIC 27 “Evaluating the Substance of Transactions” in the Legal Form of a Lease). It will apply to reporting periods beginning 1 January 2019.

The main change made by IFRS 16 relates to accounting for lessees. IFRS 16 will call for a model in respect of lessees that recognises all leases on the balance sheet, with a lease liability on the liability side representing commitments over the life of the lease and on the asset side, an amortisable right-to-use.

The Crédit Agricole CIB Group has taken action to implement IFRS 16 within the necessary timeframe, incorporating the accounting, finance, risk and purchasing functions. An initial study of the impact of the implementation of the Standard in the Group was conducted in the second half of 2017. At this stage of the project, the Group remains fully engaged in defining and choosing the structuring options related to the interpretation of the Standard and the works to adapt IT systems involving work on finance tools specifications. All of this work is continuing in 2018 and will include, in the second half, the costing of impacts on the basis of the financial statements at 31 December 2017.

The standards and interpretations published by the IASB at 30 June 2018, but not yet adopted by the European Union, are not applied by the Group. They will become mandatory only as of the date planned by the European Union and have not been applied by the Group at 30 June 2018.

This concerns IFRS 17 in particular:

IFRS 17 *Insurance Contracts* will replace IFRS 4. It will apply to reporting periods beginning 1 January 2021, provided that it is adopted by the European Union. It defines new principles in terms of valuation, the recognition of contingent liabilities under insurance contracts and the appraisal of their profitability, as well as in terms of presentation.

A study of the impact of the implementation of the Standard in the Crédit Agricole CIB Group is in the process of being carried out.

Based on current analysis, Crédit Agricole CIB does not expect any significant impacts on its net income.

In addition, several amendments and an interpretation to existing standards have been published by IASB, without any major issue for the Group, which will apply subject to their adoption by the European Union. This relates, on the one hand, to amendments to IAS 12 *Income Taxes,* IAS 23 *Borrowing Costs*, IFRS 3/IFRS 11 *Business Combinations*, IAS 19 *Employee Benefits* and IAS 28 *Investments in Associates and Joint Ventures* applicable as of 1 January 2019. In addition, it relates to the interpretation of IFRIC 23 *Uncertain Fiscal Positions* applicable as of 1 January 2019.

The condensed interim consolidated financial statements are designed to update the information contained in Crédit Agricole CIB consolidated financial statements for the year ended 31 December 2017 and should be read in conjunction with the latter. As a result, only the most material information regarding the change in Crédit Agricole CIB financial position and performance is mentioned in these interim financial statements.

By their nature, estimates have been made to prepare the consolidated financial statements. These estimates are based on certain assumptions and involve risks and uncertainties as to their actual achievement in the future. Accounting estimates which require assumptions are used mainly for valuations carried out for financial instruments valued at their fair value, the valuation of equity-accounted companies, pension plans and other similar future benefits and stock option plans, impairment of non-recoverable loans, provisions, goodwill impairment and deferred tax assets.

1.2 Accounting policies and principles

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

Definitions

The IAS 32 Standard defines a financial instrument as a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity, namely a contract representing the rights or obligations to receive or pay liquidities or other financial assets.

Derivative instruments are financial assets or liabilities the value of which evolves in line with that of an underlying asset, which require little or no initial investment, and the settlement of which occurs at a future date.

Financial assets and liabilities are treated in the financial statements in accordance with IAS 9 as endorsed by the European Commission, including for financial assets held by the Group insurance entities.

The IFRS 9 Standard defines the principles relating to the categorisation and valuation of financial instruments, the depreciation of credit risks and hedge accounting, excluding macro-hedging operations.

We note, however, that Crédit Agricole CIB uses the option of not applying the IFRS 9 general model of hedging. All of the hedging relationships therefore come under IAS 39, pending future provisions relating to macro-hedging.

Conventions for valuing financial assets and liabilities

Initial valuation

When first recognised, the financial assets and liabilities are valued at their fair value as defined by IFRS 13.

The fair value as defined by IFRS 13 corresponds to the price which would be received for the sale of an asset or paid for the transfer of a liability during a normal transaction between market participants, on the main market or on the most beneficial market, on the date of the valuation.

Subsequent valuation

When first recognised, financial assets and financial liabilities are measured according to their classification, either at amortised cost based on the effective interest rate method, or at their fair value as defined by IFRS 13. For derivative instruments, they are always valued at their fair value.

The amortised cost corresponds to the amount at which the financial asset or financial liability is valued when first recognised, including the transaction costs directly attributable to their acquisition or issue, minus principal repayments, plus or minus the aggregate depreciation calculated using the effective interest method for any difference (discount or premium) between the initial amount and the amount at maturity. In the case of a financial asset, the amount is adjusted if necessary for losses of value.

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, over a shorter period, to obtain the net carrying amount of the financial asset or financial liability.

Financial assets

Classification and measurement of financial assets

The non-derivative financial assets (debt or equity instruments) are entered on the balance sheet in accounting categories which determine their accounting treatment and subsequent method of valuation. These financial assets are ranked in one of the three following categories:

- financial assets at fair value through profit or loss;
- financial assets at amortised cost;
- financial assets at fair value by equity capital.

The criteria for classification and measurement of financial assets depend on the nature of the financial asset, and which ones are categorised as:

- debt instruments (i.e. loans and fixed- or determinable-income securities); or
- equity instruments (i.e. shares).

Debt instruments

The categorisation and valuation of a debt instrument depends on two combined criteria: the management model and the analysis of the contractual characteristics except for the use of the fair value option

- **The three business models**:

The business model is representative of the strategy followed by Crédit Agricole CIB for the management of its financial assets, with a view to attaining its objectives. The business model is specified for a portfolio of assets and does not constitute an intention on a case by case basis for an isolated asset.

We distinguish three management models:

- the collection only model where the intention is to collect the contractual cash flows over the life of the asset; this model does not systematically involve holding all assets until their contractual maturity. There is, however, a strict framework for asset sales;
- the mixed model, where the objective is to collect the cash flows over the life of the asset and to sell it. In this model, both the sale of financial assets and the collection of the cash flows are essential; and
- the pure disposal model, the main objective of which is to dispose of the assets.

It concerns the portfolios which are held for the purpose of collecting cash via disposals, portfolios the performance of which has appreciated on the basis of their fair value and portfolios of financial assets held for trading.

- **The contractual terms (the Solely Payments of Principal and Interest [SPPI] test):**

The SPPI test combines a set of criteria, examined cumulatively, to establish whether contractual cash flows meet the characteristics of simple financing (principal repayments and interest payments on the remaining amount of principal due).

The test is satisfied when financing gives a right only to the repayment of principle and where the payment of interest reflects the time value of money, the credit risk associated with the instrument, the other costs and risks of a classic loan contract and a reasonable margin, whether the interest rate be fixed or variable.

In simple financing, interest represents the cost of the passage of time, the price of credit and liquidity risk over the period, and other components related to the cost of carrying the asset (e.g. administrative costs).

In some cases, when qualitative analysis of this nature does not allow a conclusion to be made, quantitative analysis (or benchmark testing) is carried out. This additional analysis consists of comparing the contractual cash flows of the asset under review with the cash flows of a benchmark asset.

If the difference between the cash flows of the financial asset and the benchmark asset is considered immaterial, the asset is deemed to be simple financing.

Moreover, specific analysis is conducted when the financial asset is issued by special purpose entities establishing a differentiated order of payment among the holders of the financial assets by contractually linking multiple instruments and creating concentrations of credit risk (“tranches”).

Each tranche is assigned a rank of subordination that specifies the order of distribution of cash flows generated by the structured entity.

In this case, the SPPI test requires an analysis of the characteristics of the contractual cash flows of the asset concerned and of the underlying assets according to the "look through" approach and of the credit risk borne by the tranches subscribed compared with the credit risk of the underlying assets.

The accounting method of the debt instruments resulting from the qualification of the management model combined with the "SPPI" test can be presented in the form of the diagram, below:

Debt instruments		Management model		
		Collection only	**Mixed**	**Pure disposal**
SPPI test	**Satisfied**	Cost amortised	Fair value by recyclable equity	Fair value by result
	Not satisfied	Fair value by result	Fair value by result	Fair value by result

- Debt instruments at amortised cost

Debt instruments are valued at the amortised cost if they are eligible for the collection model and if they respect the SPPI test.

They are registered on the date of settlement / delivery and their initial valuation also includes coupons accrued and transaction costs.

This category of financial assets is subject to depreciation under the conditions described in the specific paragraph "Provisions for credit risk".

- Debt instruments at fair value by recyclable equity

Debt instruments are assessed at fair value by recyclable equity if they are eligible for the mixed model and if they respect the SPPI test.

They are registered on the trading date and their initial valuation also includes coupons accrued and transaction costs.

Amortisation of any premiums or discounts and transaction costs on fixed-income securities is recognised in the income statement using the effective interest rate method.

These financial assets are subsequently valued at their fair value and the variations in fair value are entered under recyclable equity against the outstanding account (excluding interest incurred accounted for in profit and loss using the effective interest rate method).

In the case of a disposal, these variations are transferred to profit or loss.

This category of financial instruments is subject to depreciation under the conditions described in the specific paragraph "Provisions for credit risk" (without this affecting the fair value on the balance sheet).

- Debt instruments at fair value by profit or loss

Debt instruments are valued at fair value by profit or loss in the following circumstances:

- the instruments are placed in portfolios made up of financial assets held for trading or the main objective of which is disposal;

Financial assets held for trading are assets acquired or generated by the company mainly with a view to short term sale or which are part of a portfolio of instruments jointly managed with a view to generating a profit linked to short term price fluctuations or arbitrage. Although contractual cash flows are received during the time during which Crédit Agricole CIB holds the assets, the receipt of these contractual cash flows is not essential but accessory.

- Debt instruments which do not respect the criteria of the SPPI test. Notably the case of UCITS;
- Financial instruments in portfolios, for which the entity opts for fair value valuation in order to reduce an accounting treatment difference in the income statement. In this case, it is a categorisation at fair value through profit and loss.

Financial assets at fair value through profit or loss are initially entered at fair value, excluding transaction costs (directly entered under profit or loss) and including coupons incurred.

They are subsequently valued at their fair value and the variations in fair value are entered under profit and loss, net banking income, against the outstanding account.

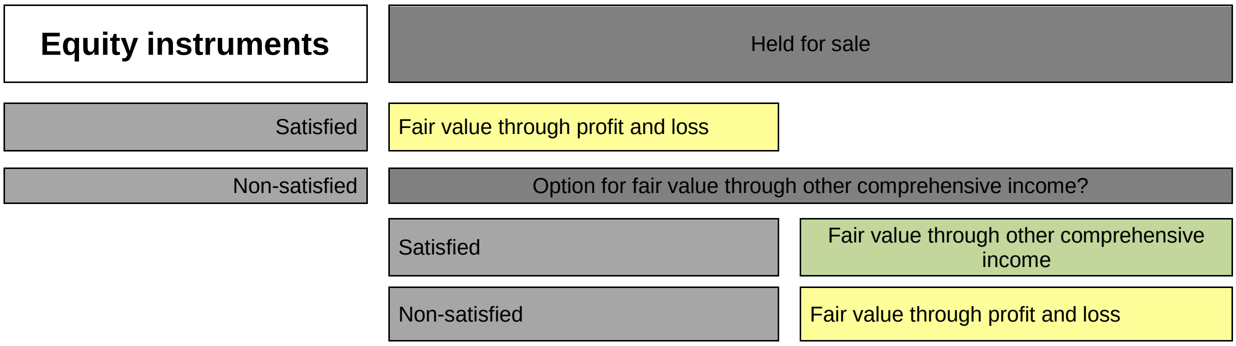
This category of financial assets is not subject to depreciation.

Debt instruments at fair value by profit or loss by nature are recorded on the date of settlement / delivery.

Debt instruments at fair value by profit or loss as an option are entered on the date of trading.

- Equity instruments

Equity instruments are by default entered at fair value by profit or loss, except as an irrevocable option for a categorisation at fair value by non-recyclable equity, providing these instruments are not held-for-trading.



- Capital instruments at fair value by profit or loss

Financial assets at fair value through profit or loss are initially entered at fair value, excluding transaction costs (directly entered under profit or loss). They are entered on the settlement / delivery date.

They are subsequently valued at their fair value and the variations in fair value are entered under profit and loss, net banking income (revenues), against the outstanding account.

This category of financial assets is not subject to depreciation.

- Capital instruments at fair value by non-recyclable equity (as irrevocable option)

The irrevocable option to enter equity instruments at fair value by non-recyclable equity is taken at the transactional level (line by line) and is applied from the initial date of accounting. These securities are registered on the trading date.

Initial fair value includes securities trading costs.

During subsequent valuations, the variations in fair value are accounted in non-recyclable equity. If sold, these variations are not recycled under profit or loss, the income from the sale is entered under equity.

Only dividends are recognised in profit or loss.

Reclassification of financial assets

In the case of a significant change of economic model in the management of financial assets (new activity, acquisition of entities, sale or discontinuation of a significant activity), a reclassification of these financial assets is necessary. The reclassification applies to the total financial assets of the portfolio from the date of reclassification.

In the other cases, the management model remains unchanged for the existing financial assets. If a new management model is identified, it is applied from then on to the new financial assets, re-grouped in a new management portfolio.

Temporary acquisition and disposal of securities

Temporary disposals of securities (loans of securities, securities delivered under repurchase agreements) do not generally meet derecognition requirements.

Securities lent or sold under repurchase agreements remain on the balance sheet. In the case of securities sold under repurchase agreements, the amount collected, representing the debt vis-à-vis the transferee, is entered under balance sheet liabilities by the transferor.

Securities borrowed or bought under repurchase agreements are not recognised on the balance sheet of the transferee.

In the case of securities purchased under resale agreements, a receivable vis-à-vis the transferor is entered on the balance sheet of the transferee against 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.

The 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.

Derecognition of financial assets

Financial assets (or a group of financial assets) are fully or partially derecognised:

- when the contractual rights to the cash flows from the financial asset expire;

- or when they are transferred or are deemed to have been transferred because they belong de facto to one or more beneficiaries and when the near totality 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.

Financial assets renegotiated for commercial reasons without financial difficulties of the counterparty and with the aim of developing or keeping a commercial relationship are derecognised at the date of the renegotiation. The new loans granted to clients are entered on this date at their fair value on the renegotiation date. The subsequent accounting treatment depends on the management model and the SPPI test.

Subsidies from the state are entered under profit or loss under the heading Interest and Related Income and spread over the lifespan of the corresponding loans, in accordance with IAS 20.

Financial liabilities

Classification and measurement of financial liabilities

Financial liabilities are classified on the balance sheet in the following two accounting categories:

- financial liabilities at fair value through profit or loss, by nature or option;
- financial liabilities at amortised cost.

Financial liabilities at fair value through profit and loss by nature

Financial instruments issued mainly with a view to being bought in the short term, instruments which are part of a portfolio of identified financial instruments which are managed together and which present indications of recent short term profit taking, and derivatives are valued at fair value by nature.

The variations in fair value of this portfolio are entered against the income statement.

Financial liabilities at fair value through profit or loss

Financial liabilities which meet one of the three criteria defined by the standard may be valued at fair value by profit or loss: for hybrid issues including one or several separable embedded derivatives, with a view to reducing or eliminating accounting treatment distortion, or in the case of groups of managed financial liabilities, the performance of which is measured at fair value.

This option is irrevocable and must apply to the initial accounting date of the instrument.

During subsequent valuations, these financial liabilities are valued at fair value against profit or loss for the variations of fair value not linked to the own credit risk and against non-recyclable equity for variations in value linked to own credit risk except if this exacerbates accounting mismatch.

Crédit Agricole CIB's structured issues are classified as financial liabilities designated at fair value through profit or loss. These liabilities are part of portfolios of assets and liabilities that are managed at fair value and whose performance is measured on the basis of fair value.

In accordance with IFRS 13, their recognition at fair value includes the changes in the Group's issuer credit risk.

Financial liabilities at amortised cost

All the other liabilities meeting the definition of a financial liability (excluding derivatives) are valued at the amortised cost.

These liabilities are initially measured at fair value (including transaction income and costs) and subsequently at amortised cost using the effective interest method.

Reclassification of financial liabilities

The initial classification of financial liabilities is irrevocable. No subsequent reclassification is authorised.

Only cases of re-qualification (debt instrument versus equity capital) may occur.

Distinction between liabilities and equity

Securities are classed as debt instruments or equity instruments based on the economic substance of the contractual terms.

A financial liability is a debt instrument if it includes a contractual obligation to:

- remit cash, another financial asset or a variable number of equity instruments to another entity; or
- to exchange financial assets and liabilities with another entity under potentially unfavourable conditions.

An equity instrument is a non-reimbursable financial instrument 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.

Derecognition and modification of financial liabilities

A financial liability is fully or partially derecognised:

- when it expires; or
- when quantitative and qualitative analyses suggest it has undergone a substantial change following restructuring.

A substantial modification of an existing financial liability must be entered as an extinguishing of the initial financial liability and the accounting of a new financial liability (novation). Any differential between the carrying amount of the liability extinguished and the new liability will be immediately recorded in the income statement.

If the financial liability is not derecognised, the original effective interest rate is kept. A discount / premium is entered immediately on the income statement with the date of the modification and then is subject to a staggering at the original EIR over the residual life span of the instrument.

Provisioning for credit risk

Field of application

In accordance with IFRS 9, Crédit Agricole CIB enters a value correction for the Expected Credit Losses (ECL) on the following amounts:

- the financial assets of debt instruments entered at the amortised cost or at fair value by recyclable equity (loans and receivables, debt securities);
- the financing commitments which are not valued at fair value through profit or loss;
- guarantee commitments under IFRS 9 and which are not measured at fair value through profit or loss;
- rental receivables under IAS 17; and
- trade receivables generated by transactions under IFRS 15.

Equity capital instruments (at fair value by profit or loss or at fair value by non-recyclable OCI) are not concerned by impairment arrangements.

Equity capital instruments (at fair value by profit or loss or at fair value by non-recyclable OCI) are not concerned by impairment arrangements.

The derivative instruments and the other fair value instruments against profit or loss are subject to a counterparty risk calculation which is not covered by the ECL model. This calculation is described in Section 5 "Risk factors and Pillar 3" of the Crédit Agricole CIB Registration Document.

Credit risk and provisioning stages

The credit risk is defined as the risk of losses linked to the default of a counterparty making it unable to meet its commitments vis-à-vis the Group.

The credit risk provisioning process has three stages (Buckets*)*:

- first stage (Bucket 1): upon initial recognition of the financial instrument (credit, debt security, guarantee, etc.), the entity recognises the credit losses expected over 12 months;
- second stage (Bucket 2): if the quality of credit deteriorates significantly for a given transaction or portfolio, the entity accounts for the expected losses at maturity;
- third stage (Bucket 3): 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. Subsequently, if the conditions for classifying the financial instruments in Bucket 3 are no longer respected, the financial instruments are re-classified in Bucket 2, then in Bucket 1 according to the subsequent improvement of the quality of credit risk.

Definition of default

The definition of default for the ECL provisioning requirements is identical to that used in management and for the calculations of regulatory ratios. A debtor is, therefore, considered to be in default when at least one of the following conditions has been met:

- a payment is generally more than ninety 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.

The definition of "default" is applied uniformly to all financial instruments, unless information becomes available indicating that another definition is more appropriate for a particular financial instrument.

An amount in default (Bucket 3) is said to be impaired when one or more events have occurred which have a negative effect on future estimated cash flows of this financial asset. The impairment indications of a financial asset include the observable data relating to the following events:

- significant financial difficulties of the issuer or borrower;
- a breach of an agreement, such as a default or late payment;
- the awarding, by the lenders to the borrower, for economic or contractual reasons linked to the financial difficulties of the borrower, of one or several favours which the lenders would not have envisaged in other circumstances;
- the increasing probability of bankruptcy or of the financial restructuring of the borrower;
- the disappearance of an active market for the financial asset due to financial difficulties;
- the purchase or the creation of a financial asset with a large discount, which reflects the credit losses suffered.

It is not necessarily possible to isolate a particular event, the impairment of the financial asset could be the result of the combined effect of several events.

In the area of corporate accounts: the defaulting counterparty only returns to a healthy situation after complete regularisation of the delay noted and of the other elements triggering the default (lifting of the default for the parent company, lifting of an alert which caused the default, etc.).

In the retail banking area: the amounts in default only return to not being in default after complete settlement of outstanding payments.

The notion of ECL

ECL is defined as the weighted expected probable value of the discounted credit loss (principal and interest). It represents the present value of the difference between the contractual cash flows and the expected cash flows (including principal and interest).

The ECL approach aims to anticipate, as much as possible, accounting for expected credit losses.

Governance and measurement of ECL

The governance of the mechanism for measuring IFRS 9 parameters is based on the organisation put in place as part of the Basel mechanism. The Group Risks Department is responsible for defining the methodological framework and for the supervision of the mechanism for provisioning outstanding amounts.

The Group prioritises the internal ratings mechanism and the current Basel processes in order to generate the IFRS 9 parameters necessary for the calculation of ECL. The appreciation of the evolution of the credit risk is based on a model of anticipation of losses and extrapolating on the basis of reasonable scenarios. All the available, pertinent, reasonable and justifiable information, including forward looking information, must be used.

The formula includes the probability of default, loss given default and exposure at default parameters.

These calculations are broadly based on the internal models used as part of the regulatory framework, but with adjustments to determine an economic ECL. IFRS 9 recommends a Point in Time analysis while having regard to historical loss data and forward looking 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 methods of calculating ECL depend on the types of products: financial instruments and off-balance sheet instruments.

Credit losses expected for the next 12 months are a portion of the credit losses expected for the lifespan, and they represent cash flow deficiencies for the lifespan resulting from a default in the 12 months following the date of closing (or a shorter period if the expected lifespan of the financial instrument is lower than 12 months), weighted by the probability of a default.

The expected credit losses are discounted at the effective interest rate determined during the initial accounting of the financial instrument.

The IFRS 9 parameters are measured and updated according to the methodologies defined by the Group and thus make it possible to establish an initial level of reference, or shared base, for provisioning.

Backtesting of models and parameters used is carried out at least on a yearly basis.

Forward looking macro-economic data are taken into account in a methodological framework which is applicable on two levels:

- at the Group level in the determination of a shared framework for taking into account forward looking data in the projection of PD and LGD parameters regarding the amortisation of operations;
- at the level of each entity with regard to its own portfolios.

Significant deterioration of the credit risk

All Group entities must assess, for each financial instrument, the deterioration of the credit risk from inception to each closing date. This assessment of the evolution of the credit risk leads entities to classify their operations by class of risk (Buckets).

In order to assess significant deterioration, the Group has a process based on 2 levels of analysis:

- a first level based on relative and absolute rules and criteria applying to Group entities;
- a second level linked to the assessment by an expert, with local forward looking data, of the risk carried by each entity on its portfolios which may lead to an adjustment of the Group criteria for declassifying in Bucket 2 (switch of portfolio or sub-portfolio in ECL at maturity).

Every financial instrument, without exception, is monitored for significant deterioration. No contagion is required for the move from Bucket (1) to Bucket (2) of the financial instruments of the same counterparty. The monitoring of the significant deterioration must involve looking at the evolution of the credit risk of the principal debtor without taking into account the guarantee, including for operations benefiting from a shareholder guarantee.

Possible losses in respect of portfolios of small loans with similar characteristics may be estimated on a statistical basis rather than individually assessed.

In order to measure the significant deterioration of the credit risk from the initial accounting, it is necessary to recover the internal rating and PD (probability of default) at inception.

Inception is understood to be the trading date, when the entity becomes party to the contractual provisions of the financial instrument. For financing and guarantee commitments, inception is understood to be the date of irrevocable commitment.

For the scope without an internal rating model, the Crédit Agricole group chooses the absolute threshold of arrears above 30 days as the ultimate significant deterioration threshold and for classification in Bucket 2.

For amounts outstanding (with the exception of securities) for which internal ratings mechanisms have been built (in particular exposures monitored with authorised methods), the Crédit Agricole group considers that all information incorporated into the ratings mechanisms enables a more relevant assessment than just the criteria of arrears of over 30 days.

If the deterioration from inception ceases to be registered, the depreciation may be expressed as expected losses at 12 months (Bucket 1).

In order to compensate for the fact that certain factors or indicators of significant deterioration are not identifiable at the level of a financial instrument taken in isolation, the regulation authorises the assessment of the significant deterioration for portfolios, groups of portfolios or portions of portfolios of financial instruments.

The constitution of portfolios for an assessment of loans collectively assessed for impairment may result from common characteristics such as:

- type of instrument;
- credit risk rating (including the Basel II internal rating for entities with an internal ratings system);
- type of guarantee;
- date of initial accounting;
- term left until maturity;
- sector of activity;
- geographic location of the borrower;
- the value of the asset allocated as a guarantee in relation to the financial assets, if this has an effect on the probability of default (for example, in the case of loans only guaranteed by real security in certain countries, or on the financing ratio);
- the distribution channel, the object of the financing, etc.

The grouping of financial instruments for the purposes of assessing the credit risk variations on a collective basis may change over time, as new information becomes available.

For securities, Crédit Agricole CIB uses the approach which consists of applying an absolute level of credit risk, in accordance with IFRS 9, below which exposures are classified in Bucket 1 and provisions are made based on 12-month ECL.

The following rules will apply for the monitoring of the significant deterioration of securities:

- "Investment Grade" rated securities, at the date of closing, will be classified in Bucket 1 and provisioned on the basis of an ECL at 12 months;
- securities rated "Non-Investment Grade" (NIG), at the date of closing, must be monitored for significant deterioration, from inception and be classified in Bucket 2 (ECL at maturity) in the case of significant deterioration of the credit risk.

The relative deterioration must be assessed prior to the occurrence of a confirmed default (Bucket 3).

Restructuring due to financial difficulties

Debt instruments restructured due to financial difficulties are those for which the entity changed the initial financial terms (interest rate, maturity) for economic or legal reasons connected with the borrower's financial difficulties, in a manner that would not have been considered under other circumstances. It relates to all debt instruments, whatever the classification of the instrument according to the deterioration of the credit risk observed since the initial recognition.

In accordance with the definition of the EBA (European Banking Authority) specified in the risk factors section, loan restructuring corresponds to all of the modifications to one or more loan contracts, and to the refinancing granted due to the financial difficulties encountered by the client.

This notion of restructuring must be assessed at the level of the contract and not at the client level (no contagion).

The definition of loans and receivables restructured due to financial difficulties therefore involves two cumulative criteria:

- modifications to contract or refinancing of receivables;
- a client in a difficult financial situation.

Examples of the circumstances under which "modification of contract" apply:

- there is a difference, in favour of the borrower, between the modified contract and the conditions existing prior to the contract;
- the modifications made to the contract lead to more favourable conditions for the borrower concerned than other borrowers would have been able to obtain, at the same time, from a bank with a similar risk profile.

"Refinancing" refers to situations in which a new debt is granted to the client in order to enable them to totally or partially reimburse another debt whose contractual conditions they cannot accept due to their financial situation.

A loan restructuring (whether or not in default) indicates a presumption of the existence of a risk of confirmed loss (Bucket 3). The need to record an impairment on the restructured exposure must therefore be analysed accordingly (a restructuring does not systematically cause an impairment for losses and a default classification).

The qualification of "restructured receivable" is temporary.

As soon as the restructuring operation in the EBA sense has been carried out, the exposure maintains this status of "restructured" for a period of at least two years if the exposure was healthy at the time of the restructuring, or three years if the exposure was in default at the time of the restructuring. These periods are extended if certain events occur, covered by Group regulations (new incidents, for example).

In the absence of derecognition, 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 to the cost of risk.

The calculation of the restructuring discount is equal to the difference between:

- the carrying amount of the receivable;
- and the sum of future "restructured" flows, updated at the original effective interest rate.

In the case of the abandonment of part of the capital, this amount constitutes a loss to be entered under cost of risk.

When this discount is included, the share due to the effect of the passing of time is entered under NBI.

Uncollectibility

When a receivable is considered to be uncollectable, i.e. there is no longer any hope of recovering even part of it, the amount considered to be uncollectable is derecognised from the balance sheet and written off.

Decisions as to when to write off are taken on the basis of expert opinion. Crédit Agricole CIB Risks Department sets this period, depending on their knowledge of the activity. Before any write-off, a Bucket 3 provision will have to have been made (with the exception of assets at fair value through profit or loss).

For loans at amortised cost or at fair value by recyclable equity, the amount written off is entered under cost of risk for the principle and revenues for interest.

Financial instrument derivatives

Categorisation and evaluation

Derivative instruments are financial assets or liabilities categorised by default under derivative instruments held-for-trading unless they can be qualified as hedging derivatives.

They are entered on the balance sheet for their initial fair value on the trading date.

They are subsequently valued at their fair value.

On each closing date, the counterpart of changes in fair value of derivatives on the balance sheet is entered:

- under profit or loss if they are derivative instruments held for trading or fair value hedging;
- under equity if they are cash flow hedges or a net investment in an activity abroad, for the effective part of the hedge.

Hedge accounting

General background

In accordance with the Group decision, Crédit Agricole CIB does not apply the IFRS 9 "Hedge Accounting" section, in line with the option offered by the regulation. All hedging relationships are documented under IAS 39 rules, at latest up to the date of application of the text on macro fair value hedges, when it is adopted by the European Union. However, the eligibility of financial instruments for hedge accounting under IAS 39 takes into account the classification and valuation principles of the financial instruments of Standard IFRS 9.

Under IFRS 9, and given the hedging principles of IAS 39, debt instruments at amortised cost and at fair value by recyclable equity are eligible for fair value hedges and cash flow hedges.

Documentation

Hedging relationships must respect the following principles:

- 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, attributable to the risk(s) hedged and which may affect the profit or loss (for example, coverage of all or part of the variations in fair value due to the interest rate risk of a fixed rate loan);
- cash flow hedges aim to provide protection from an exposure to the variations in future cash flow of an asset or liability accounted for, or of a highly likely planned transaction, attributable to the risks hedged and which could (in the case of a transaction planned but not carried out) affect the profit or loss (for example, coverage of variations of all or part of future interest payments on a variable rate loan);
- hedges of net investments in a foreign operation are intended to provide protection from the risk of an adverse movement in the fair value arising from the foreign exchange risks associated with a foreign investment in a currency other than the Euro, the currency which Crédit Agricole CIB reports in.

Hedges must also meet the following criteria in order to be eligible for hedge accounting:

- the hedging instrument and the instrument hedged must be eligible;
- there must be formal documentation from inception, primarily including the individual identification and characteristics of the hedged item, the hedging instrument, the nature of the hedging relationship and the nature of the hedged risk; and
- 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. Namely:

- the Group documents these hedging relationships based on its gross position in derivative instruments and hedged items;
- the effectiveness of the hedging relationships is measured by maturity schedules.

Details of the Group risk management strategy and its application are in Section 5 "Risk Factors and Pillar 3".

Valuation

The accounting entry for the revaluation of the derivative at its fair value is carried out in the following manner:

- 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 recycled in the income statement when the hedged cash flows occur;
- hedging of net investments in a foreign activity: the change in value of the Derivative is recognised in the balance sheet through translation differences in the equity account and the inefficient 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 from then on:

- fair value hedges: only the hedging instrument continues to be revalued through profit or loss. The hedged item is wholly accounted for according to its classification. For debt instruments at fair value by recyclable equity, fair value variations after the end of the hedging relationship are entirely entered under equity. 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 a 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. This designation only applies to financial liabilities and non-financial contracts. Embedded derivatives must be accounted for separately from the host contract if the following three conditions are met:

- the hybrid contract is not measured at fair value through profit or loss;
- the embedded component taken separately from the host contract meets the definition 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.

The 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 described in Section 5 "Risk factors and Pillar 3".

Crédit Agricole CIB considers that the best evidence of fair value is quoted prices published in an active market.

In the absence of such prices, fair value is determined by the application of valuation techniques which maximise the use of pertinent observable data and minimise the use of non-observable data.

When a debt is valued at fair value through profit or loss (naturally or as an option), the fair value takes into account the issuer's own credit risk.

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 the fair value the assessment of counterparty risk for derivative assets (Credit Valuation Adjustment - 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 the Crédit Agricole Group, and DVA the expected losses due to Crédit Agricole Group from the perspective of the counterparty.

The CVA/DVA is calculated on the basis of an estimate of expected losses based on the probability of default and loss given default. The methodology used maximises the use of observable market inputs. It is based primarily on market data such as registered and listed CDS (or Single Name CDS) or index based CDS in the absence of listed CDS on the counterparty. In certain circumstances, historical default data may also be used.

Fair value hierarchy

The standard classifies fair value into three levels based on the observability of inputs used in valuation techniques.

Level 1: fair value corresponding to quoted prices (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. This applies primarily to shares and bonds listed in an active market (such as the Paris Stock Exchange, the London Stock Exchange, the New York Stock Exchange, etc.), units of investment funds listed in active markets and derivatives contracted in an organised market, especially futures contracts.

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

These data can be observed either directly (i.e. prices) or indirectly (derived from price data) and generally meet the following characteristics: they are non-entity-specific data that 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 margin earned on these structured financial instruments is generally recognised in profit or loss by spreading over the duration during which the parameters are considered 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 must be validated beforehand by an independent control. Fair value measurement notably includes both liquidity risk and counterparty risk.

Netting of financial assets and financial liabilities

In accordance with IAS 32, Crédit Agricole CIB pays an asset and a financial liability and has a net balance if and when it has a legally enforceable right to offset the amounts recognised and intends to settle the net amount or realise the asset and settle the liability simultaneously.

The derivative instruments and repos handled with clearing houses that meet the two criteria required by IAS 32 have been offset on the balance sheet.

Net gains or losses on financial instruments

Net gains (losses) on financial instruments at fair value through profit and loss

For financial instruments entered at fair value through profit or loss, this item includes the following income elements:

dividends and other revenues from equities and other variable income securities which are classified under financial assets at fair value through profit or loss;

changes in fair value of financial assets or liabilities at fair value through profit or loss;

gains and losses on disposal of financial assets at fair value through profit or loss; and

changes in fair value and the results of disposals or termination of derivative instruments that do not enter into a fair value or cash flow hedging relationship.

This heading also includes the inefficient portion of hedges.

Net gains (losses) on financial instruments at fair value through equity capital

For financial assets entered at fair value in equity, this item includes the following income elements:

dividends from equity instruments classified as financial assets measured at fair value by non-recyclable equity;

net gains (losses) on disposals and the profit or loss linked to the termination of the hedging relationship on debt instruments classified as financial assets at fair value by recyclable equity;

income on disposal or termination of instruments used for fair value hedges of financial assets at fair value by equity when the hedged element is disposed of.

Financing commitments and financial guarantees given

Financing commitments that are not designated as fair value through profit or loss or not treated as derivative instruments within the meaning of IFRS 9 are not recognised on the balance sheet. They are, however, covered by provisions in accordance with IFRS 9.

A financial guarantee contract is a contract which requires the issuer to make specified payments to reimburse the bearer for a loss suffered as a result of the default of a specified debtor who does not make a payment at maturity according to the initial conditions or those modified by a debt instrument.

Financial guarantee contracts are recognised at fair value initially then subsequently at the higher of:

the amount of the correction of value for losses determined according to the provisions of the Section "Impairment" of IFRS 9; or

the amount initially booked, less, where appropriate, the aggregate income entered according to the principles of IFRS 15 "Revenue from contracts with customers".

1.2.2 Revenue from contracts with customers (IFRS 15)

Fee and commission income and expenses are recognised in income based on the nature of the 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.

With regard to other kinds of commissions, the entry in the income statement must reflect the rate of transfer to the client of the control of the good or service sold:

the profit or loss of a transaction associated with a provision of services is entered under Commissions, during the transfer of control of the provision of the service to the client if it can be reliably estimated. This transfer may occur at the same rate as that at which the service is provided (ongoing service) or on a given date (one-off service).

- Commissions remunerating ongoing services (commissions on payment methods, for example) are entered under profit or loss depending on the degree of completion of the service provided.
- Commissions received or paid for the remuneration of one-off services are, for their part, entirely entered under profit or loss when the service is provided.

Commission to be paid or received pending the attainment of a performance target are entered for the amount for which it is highly likely that the revenue thus entered will not be subsequently subject to a significant downward adjustment once the uncertainty has been resolved. This estimate is updated at each closing. In practice, this condition has the effect of deferring the recording of certain performance commissions until the performance assessment period has passed, and until commissions are certain.

NOTE 2 : MAJOR STRUCTURAL TRANSACTIONS AND MATERIAL EVENTS DURING THE PERIOD

The scope of consolidation and changes to it are shown in detail at the end of the notes in Note 10 “Scope of consolidation at 30 June 2018”.

2.1 Application of the new IFRS 9

In accordance with the IFRS standards and amendments adopted by the European Union on 22 November 2016, 3 November 2017 and 22 March 2018, Crédit Agricole S.A. Group implemented the following provisions at 1 January 2018:

- application of IFRS 9 Financial instruments;
- early application of the amendment to Prepayment Features with Negative Compensation.

The regulatory provisions for the application of these texts to the Group's consolidated financial statements are presented in Note 1 "Group accounting policies and principles, assessments and estimates applied".

The impact of the first application of the new IFRS 9 standard, adopted with effect from 1 January 2018, is -€119 million on equity exclusively Group share.

The detailed impacts of the application of IFRS 9 as at 1 January 2018 are presented in the notes to the consolidated financial statements.

The changes in cost of risk under IFRS9 are not significant during for this semester.

2.2 Main changes in the scope of consolidation

ACQUISITION OF BANCA LEONARDO

On 3 May 2018, Indosuez Wealth Management finalised the acquisition of 94.1% of the share capital of Banca Leonardo, a leading independent wealth management company in Italy.

This purchase is part of Crédit Agricole's Medium-Term Plan “Strategic Ambition 2020”, which provides for targeted acquisitions for the Group's wealth management business. This is a milestone for Indosuez Wealth Management, enabling it to strengthen its presence in Europe by integrating an entity that operates in Crédit Agricole Group S.A.'s second domestic market.

In accordance with IFRS 3 (Revised), the balance sheet of Banca Leonardo, as at 3 May 2018, reflects the fair value of the assets acquired and the liabilities assumed by the Group, which totalled €1,298 million. On this basis, goodwill in the amount of €19 million was recorded on the assets side of the balance sheet.

The work to identify, classify and measure the assets and liabilities of the companies acquired may be finalised within twelve months of the acquisition.

2.3 Deposit Guarantee and resolution Fund and Single Resolution Fund

The Deposit Guarantee and Resolution Fund (FGDR) was created in 2013 by the Law on the Separation and Regulation of Banking Activities of 26 July 2013, and essentially takes over the tasks of the Deposit Guarantee Fund (FGD):

- management and implementation of deposit and security guarantee schemes in France. To this end, it has raised ex-ante contributions from French institutions;
- with regard to resolution: it acts as an intermediary between the French institutions and the Single Resolution Fund.

The Single Resolution Fund (SRF) was created in 2014. It is a supranational fund financed by eurozone member states, notably enabling the pooling of financial resources to be used for banking resolution.

The SRF will be gradually built up by contributions from national resolution funds for a period of eight years from 2016, to reach a target of at least 1% of the covered deposits of all approved credit institutions of the participating member states combined by 2023.

Having observed a strong increase in deposits in the participating member states, the SRF realised that it needed to review the contribution calculation, taking into account projection to 2023 of said deposits: this new methodology resulted in an increase in contributions in 2018. Expenses recorded at 30 June 2018 by Crédit Agricole CIB Group amount to -€157 million.

NOTE 3 : FINANCIAL MANAGEMENT, RISK EXPOSURE AND HEDGING POLICY

3.1 Credit risk

(see chapter on "Risk Factors - Credit Risk")

Value adjusments for losses during the period

Value adjustments for losses correspond to the impairment of assets and to provisions for off-balance sheet commitments recognised in net income (“Cost of risk”) relating to credit risk.

The different stages of impairment ('Performing assets' - Bucket 1 & Bucket 2 and 'Impaired assets' – Bucket 3) are presented in Note 1.2 "Accounting policies and principles" in the chapter on "Financial Instruments – Provision for Credit Risk".

The following tables present the closing balances of value adjustments for losses recognised under “Cost of risk”, by accounting category and type of instrument.

FINANCIAL ASSETS AT AMORTISED COST: DEBT SECURITIES

	Performing assets				Credit-impaired assets (Bucket 3)		Total		
	Assets subject to 12-month ECL (Bucket 1)		Assets subject to lifetime ECL (Bucket 2)						
In millions of euros	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount (a)	Loss allowance (b)	Net carrying amount (a) + (b)
Balance at 1 january 2018	**23,206**	**(2)**	**-**	**-**	**-**	**-**	**23,206**	**(2)**	**23,204**
Balance at 31 june 2018	**28,556**	**(3)**	**-**	**-**	**-**	**-**	**28,556**	**(3)**	**28,553**
Contractual amount outstanding of financial assets written off during the period, that are still subject to enforcement measures	-	-	-	-	-	-	-	-	-

FINANCIAL ASSETS AT AMORTISED COST: LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS

	Performing assets				Credit-impaired assets (Bucket 3)		Total		
	Assets subject to 12-month ECL (Bucket 1)		Assets subject to lifetime ECL (Bucket 2)						
In millions of euros	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount (a)	Loss allowance (b)	Net carrying amount (a) + (b)
Balance at 1 january 2018	**26,203**	**(24)**	**41**	**-**	**407**	**(383)**	**26,651**	**(407)**	**26,244**
Balance at 31 june 2018	**23,838**	**(34)**	**1**	**-**	**408**	**(386)**	**24,247**	**(420)**	**23,827**
Contractual amount outstanding of financial assets written off during the period, that are still subject to enforcement measures	-	-	-	-	-	-	-	-	-

FINANCIAL ASSETS AT AMORTISED COST: LOANS AND RECEIVABLES FROM CUSTOMERS

	Performing assets				Credit-impaired assets (Bucket 3)		Total		
	Assets subject to 12-month ECL (Bucket 1)		Assets subject to lifetime ECL (Bucket 2)						
In millions of euros	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount (a)	Loss allowance (b)	Net carrying amount (a) + (b)
Balance at 1 january 2018	**106,591**	**(108)**	**11,996**	**(494)**	**3,558**	**(1,940)**	**122,145**	**(2,542)**	**119,603**
Balance at 31 june 2018	**118,536**	**(139)**	**11,817**	**(430)**	**3,312**	**(1,846)**	**133,665**	**(2,415)**	**131,250**
Contractual amount outstanding of financial assets written off during the period, that are still subject to enforcement measures	-	-	-	-	-	-	-	-	-

FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME : DEBT SECURITIES

	Performing assets				Credit-impaired assets (Bucket 3)		Total	
	Assets subject to 12-month ECL (Bucket 1)		Assets subject to lifetime ECL (Bucket 2)					
In millions of euros	Carrying amount	Loss allowance	Carrying amount	Loss allowance	Carrying amount	Loss allowance	Carrying amount	Loss allowance
Balance at 1 january 2018	**16,992**	**(5)**	**-**	**-**	**-**	**(3)**	**16,992**	**(8)**
Balance at 31 june 2018	**12,062**	**(3)**	**-**	**-**	**-**	**(3)**	**12,062**	**(6)**
Contractual amount outstanding of financial assets written off during the period, that are still subject to enforcement measures	-	-	-	-	-	-	-	-

FINANCING COMMITMENTS

	Performing commitments				Provisioned commitments (Bucket 3)		Total		
	Commitments subject to 12-month ECL (Bucket 1)		Commitments subject to lifetime ECL (Bucket 2)						
In millions of euros	Amount of commitment	Loss allowance	Amount of commitment	Loss allowance	Amount of commitment	Loss allowance	Amount of commitment (a)	Loss allowance (b)	Net amount of commitment (a) + (b)
Balance at 1 january 2018	**109,536**	**(48)**	**4,753**	**(207)**	**441**	**(115)**	**114,730**	**(371)**	**114,359**
Balance at 31 june 2018	**124,959**	**(77)**	**4,285**	**(182)**	**159**	**(53)**	**129,403**	**(312)**	**129,091**

GUARANTEE COMMITMENTS

	Performing commitments				Provisioned commitments (Bucket 3)		Total		
	Commitments subject to 12-month ECL (Bucket 1)		Commitments subject to lifetime ECL (Bucket 2)						
In millions of euros	Amount of commitment	Loss allowance	Amount of commitment	Loss allowance	Amount of commitment	Loss allowance	Amount of commitment (a)	Loss allowance (b)	Net amount of commitment (a) + (b)
Balance at 1 january 2018	**49,412**	**(10)**	**3,112**	**(41)**	**523**	**(106)**	**53,047**	**(157)**	**52,890**
Balance at 31 june 2018	**41,930**	**(11)**	**3,823**	**(35)**	**446**	**(115)**	**46,199**	**(161)**	**46,038**

NOTE 4 : NOTES OF NET INCOME AND OTHER COMPREHENSIVE INCOME

4.1 Interest income and expenses

In millions of euros	30.06.2018
On financial assets at amortised cost	**2,728**
Interbank transactions	528
Crédit Agricole internal transactions	-
Customer transactions	2,079
Finance leases	2
Debt securities	119
On financial assets recognised at fair value through other comprehensive income	**91**
Interbank transactions	-
Customer transactions	-
Debt securities	91
Accrued interest receivable on hedging instruments	**231**
Other interest income	**1**
INTEREST AND SIMILAR INCOME [1]	**3,051**
On financial liabilities at amortised cost	**(1,649)**
Interbank transactions	(648)
Crédit Agricole internal transactions	-
Customer transactions	(667)
Finance leases	-
Debt securities	(251)
Subordinated debt	(83)
Accrued interest receivable on hedging instruments	**(193)**
Other interest expenses	**(36)**
INTEREST AND SIMILAR EXPENSES	**(1,878)**

[1] including €19 million on receivables impared (Bucket 3) at 30 June 2018.

€ million	31.12.2017	30.06.2017
Interbank transactions	1,053	550
Customer transactions	3,673	2,015
Accrued interest receivable on available-for-sale financial assets	381	182
Accrued interest receivable on hedging instruments	450	266
Other assimilated interests and income	13	8
Interest income (1)	**5,570**	**3,021**
Interbank transactions	(1,131)	(552)
Customer transactions	(942)	(611)
Debt securities in issue	(440)	(202)
Subordinated debt	(159)	(81)
Accrued interest payable on hedging instruments	(257)	(175)
Other interest expenses	(34)	(23)
Interest expenses	**(2,963)**	**(1,644)**

(1) Of which €32 million on receivables impaired individually at 30 June 2017, compared with €98 million at 31 December 2017.

4.2 Net fees and commissions

	30.06.2018			31.12.2017			30.06.2017		
In millions of euros	Produits	Charges	Net	Produits	Charges	Net	Produits	Charges	Net
Interbank transactions	22	(9)	13	20	(19)	1	5	(11)	(6)
Customer transactions	329	(74)	255	600	(113)	487	328	(59)	269
Securities transactions	17	(37)	(20)	39	(66)	(27)	22	(34)	(12)
Foreign exchange transactions	4	(24)	(20)	9	(37)	(28)	10	(20)	(10)
Derivative instruments and other off-balance sheet items	128	(76)	52	291	(115)	176	166	(72)	94
Payment instruments and other banking and financial services	188	(52)	136	321	(115)	206	158	(56)	102
Mutual funds management, fiduciary and similar operations	141	(39)	102	277	(19)	258	127	(9)	118
NET FEES AND COMMISSIONS	**829**	**(311)**	**518**	**1,557**	**(484)**	**1 073**	**816**	**(261)**	**555**

4.3 Net gains (losses) on financial instruments at fair value through profit or loss

In millions of euros	30.06.2018
Dividends received	287
Unrealised or realised gains (losses) on assets/liabilities held for trading	(129)
Realised gains (losses) on disposal of equity instruments at fair value through profit or loss	64
Realised gains (losses) on disposal of debt instruments that do not meet the conditions of the "SPPI" test	-
Net gains (losses) on assets backing unit-linked contracts	-
Unrealised or realised gains (losses) on assets/liabilities designated at fair value through profit or loss	(20)
Net gains (losses) on Foreign exchange transactions and similar financial instruments (excluding gains or losses on hedges of net investments in foreign operations)	872
Gains (losses) from hedge accounting	-
NET GAINS (LOSSES) ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS	**1,074**

€ million	31.12.2017	30.06.2017
Dividends received	325	261
Unrealised or realised gains(losses) on assets/liabilities at fair value through profit and loss	1,313	713
Unrealised or realised gains or losses on financial assets/liabilities designated as at fair value through profit and loss	(890)	(537)
Net gains (losses) on foreign exchange transactions and similar financial instruments (excluding gains or losses on hedges of net investments in foreign operations)	315	90
Gains (losses) from hedge accounting	1	0
Net gains (losses) on financial instruments at fair value through profit and loss	**1,064**	**527**

The impact of issuer spread was an expense of €222 million on revenues at 31 December 2017 versus an expense of €161 million at 30 June 2017.

Under IFRS 9, the Crédit Agricole CIB issuer spread is classified with effect from 1 January 2018 as Equity under Other comprehensive income on items that will not be reclassified subsequently to profit or loss.

Analysis of net gains (losses) from hedge accounting decomposes as follow:

	30.06.2018		
In millions of euros	Gains	Losses	Net
Fair value hedges	**470**	**(470)**	**-**
Changes in fair value of hedged items attributable to hedged risks	114	(355)	(241)
Changes in fair value of hedging derivatives (including termination of hedges)	355	(114)	241
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	**21**	**(21)**	**-**
Changes in fair value of hedged items	19	(2)	17
Changes in fair value of hedging derivatives	2	(19)	(17)
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	**490**	**(490)**	**-**

In millions of euros	31.12.2017 Gains	Losses	Net
Fair value hedges	**647**	**(646)**	**1**
Changes in fair value of hedged items attributable to hedged risks	440	(207)	233
Changes in fair value of hedging derivatives (including termination of hedges)	207	(439)	(232)
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	**31**	**(31)**	**-**
Changes in fair value of hedged items	29	(2)	27
Changes in fair value of hedging derivatives	2	(29)	(27)
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	**678**	**(677)**	**1**

In millions of euros	30.06.2017 Gains	Losses	Net
Fair value hedges	**736**	**(736)**	**-**
Changes in fair value of hedged items attributable to hedged risks	588	(148)	440
Changes in fair value of hedging derivatives (including termination of hedges)	148	(588)	(440)
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	**17**	**(17)**	**-**
Changes in fair value of hedged items	14	(3)	11
Changes in fair value of hedging derivatives	3	(14)	(11)
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	**753**	**(753)**	**-**

4.4 Net gains (losses) on financial instruments at fair value through other comprehensive income

In millions of euros	30.06.2018
Net gains (losses) on debt instruments at fair value through other comprehensive income that may be reclassified subsequently to profit or loss [1]	2
Remuneration of equity instruments measured at fair value through other comprehensive income that will not be reclassified subsequently to profit or loss (dividends)	48
Of which dividends on instruments derecognised during the period	-
NET GAINS (LOSSES) ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	**50**

[1] Excluding from the sale of impaired debt instruments (Bucket 3) mentioned in Note 4.9 "Cost of risk".

Net gains (losses) on available-for-sale financial assets at 31 December 2017 and at 30 June 2017

€ million	31.12.2017	30.06.2017
Dividends received	144	126
Realised gains or losses on available-for-sale financial assets (1)	126	37
Permanent impairment losses on equity investments	(2)	(3)
Gains (losses) on disposals of loans and receivables	(13)	(1)
Net gains/(losses) on available-for-sale financial assets	**255**	**159**

(1) Excluding realised gains or losses on permanently impaired fixed-income securities recognised as available-for-sale financial assets mentioned in Note 4.9 "Cost of risk".

4.5 Net gains (losses) from the derecognition of financial assets at amortised cost

(in millions of euros)	30.06.2018
Debt securities	3
Loans and receivables due from credit institutions	-
Loans and receivables due from customers	-
Gains arising from the derecognition of financial assets at amortised cost	**3**
Debt securities	-
Loans and receivables due from credit institutions	-
Loans and receivables due from customers	(3)
Losses arising from the derecognition of financial assets at amortised cost	**(3)**
NET GAINS (LOSSES) ARISING FROM THE DERECOGNITION OF FINANCIAL ASSETS AT AMORTISED COST [1]	**-**

[1] *Excluding realised gains or losses from the derecognition of impaired debt instruments (Bucket 3) mentioned in Note 4.9 "Cost of risk"*

4.6 Net income (expenses) on other activities

In millions of euros	30.06.2018	31.12.2017	30.06.2017
Gains (losses) on fixed assets not used in operations	-	-	-
Policyholder profit-sharing	-	-	-
Other net income from insurance activities	2	(1)	-
Change in insurance technical reserves	(2)	1	-
Net income from investment property	-	-	-
Other net income (expense)	18	-	(45)
INCOME (EXPENSE) RELATED TO OTHER ACTIVITIES	**18**	**-**	**(45)**

4.7 Operating expenses

In millions of euros	30.06.2018	31.12.2017	30.06.2017
Employee expenses	(1,038)	(1,939)	(968)
Taxes other than on income or payroll-related and regulatory contributions [1]	(186)	(244)	(198)
External services and other operating expenses	(469)	(911)	(438)
OPERATING EXPENSES	**(1,693)**	**(3,094)**	**(1,604)**

[1] Of which -€157 million recognised in relation to the Single Resolution Fund

4.8 Depreciation , amortisation and impairment of property, plant and equipment and tangible assets

In millions of euros	30.06.2018	31.12.2017	30.06.2017
Depreciation charges and amortisation	**(41)**	**(91)**	**(47)**
Property, plant and equipment	(21)	(46)	(24)
Intangible assets	(20)	(45)	(23)
Impairment losses (reversals)	**-**	**-**	**-**
Property, plant and equipment	-	-	-
Intangible assets	-	-	-
DEPRECIATION, AMORTISATION AND IMPAIRMENT OF PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS	**(41)**	**(91)**	**(47)**

4.9 Cost of risk of risk

In millions of euros	30.06.2018
Charges net of reversals to impairments on performing assets (Bucket 1 or Bucket 2)	**33**
Bucket 1 : Loss allowance measured at an amount equal to 12-month expected credit loss	**(70)**
Debt instruments at fair value through other comprehensive income that may be reclassified to profit or loss	1
Debt instruments at amortised cost	(42)
Commitments by signature	(29)
Bucket 2 : Loss allowance measured at an amount equal to lifetime expected credit loss	**103**
Debt instruments at fair value through other comprehensive income that may be reclassified to profit or loss	-
Debt instruments at amortised cost	69
Commitments by signature	34
Charges net of reversals to impairments on credit-impaired assets (Bucket 3)	**(77)**
Bucket 3 : Credit-iImpaired assets	**(77)**
Debt instruments at fair value through other comprehensive income that may be reclassified to profit or loss	-
Debt instruments at amortised cost	(103)
Commitments by signature	26
Other assets	(9)
Risks and expenses	14
Charges net of reversals to impairment losses and provisions	**(39)**
Realised gains (losses) on disposal of impaired debt instruments at fair value through other comprehensive income that may be reclassified to profit and loss	-
Realised gains (losses) on impaired debt instruments at amortised cost	-
Losses on non-impaired loans and bad debt	(25)
Recoveries on loans and receivables written off	41
recognised at amortised cost	41
recognised in other comprehensive income that may be reclassified to profit or loss	-
Discounts on restructured loans	-
Losses on commitments by signature	(3)
Other losses	(3)
Other gains	11
COST OF RISK	**(18)**

In millions of euros	31.12.2017	30.06.2017
Charges to provisions and impairment losses	**(902)**	**(386)**
Loans and advances	(548)	(305)
Other assets	(14)	(7)
Financing commitments	(200)	(32)
Risks and expenses	(140)	(42)
Reversals of provisions and impairment losses	**581**	**146**
Fixed income available-for-sale financial assets	33	20
Loans and advances	453	98
Other assets	14	17
Financing commitments	13	8
Risks and expenses	68	3
Net charges to reservals of impairment losses and provisions	**(321)**	**(240)**
Realised gains or losses on impaired fixed income available-for-sale financial assets	(1)	5
Bad debts written off-not impaired	(52)	(32)
Recoveries on bad debts written off	54	47
Other losses	(10)	(5)
Other profits	-	-
Cost of risk	**(330)**	**(225)**

4.10 Net gains (losses) on other assets

In millions of euros	30.06.2018	31.12.2017	30.06.2017
Property, plant & equipment and intangible assets used in operations	**-**	**7**	**-**
Gains on disposals	-	7	-
Losses on disposals	-	-	-
Consolidated equity investments	**-**	**11**	**1**
Gains on disposals	-	17	1
Losses on disposals	-	(6)	-
Net income (expense) on combinations	**-**	**-**	**-**
NET GAINS (LOSSES) ON OTHER ASSETS	**-**	**18**	**1**

4.11 Changes in other comprehensive income

Detail of incomes and expenses recorded during the period is introduced below :

Detail of other comprehensive income

In millions of euros	30.06.2018
Other comprehensive income on items that may be reclassified subsequently to profit or loss	
Gains and losses on translation adjustments	**84**
Revaluation adjustment of the period	-
Reclassified to profit or loss	-
Other variations	84
Other comprehensive income on debt instruments that may be reclassified to profit or loss	**-7**
Revaluation adjustment of the period	-4
Reclassified to profit or loss	-2
Other variations	-1
Gains and losses on hedging derivative instruments	**-121**
Revaluation adjustment of the period	-122
Reclassified to profit or loss	-
Other variations	1
Reclassification of net gains (losses) of designated financial assets applying the overlay approach	**-**
Revaluation adjustment of the period	-
Reclassified to profit or loss	-
Other variations	-
Pre-tax other comprehensive income on items that may be reclassified to profit or loss on equity-accounted entities	**-1**
Income tax related to items that may be reclassified to profit or loss excluding equity-accounted entities	**48**
Income tax related to items that may be reclassified to profit or loss on equity-accounted entities	**-**
Net other comprehensive income on items that may be reclassified to profit or loss on equity-accounted entities on discontinued operations	**-**
Other comprehensive income on items that may be reclassified subsequently to profit or loss	**3**
Other comprehensive income on items that will not be reclassified subsequently to profit or loss	
Actuarial gains and losses on post-employment benefits	29
Other comprehensive income on financial liabilities attributable to changes in own credit risk	**173**
Revaluation adjustment of the period	159
Reclassified to reserves	14
Other variations	-
Other comprehensive income on equity instruments that will not be reclassified to profit or loss	**321**
Revaluation adjustment of the period	246
Reclassified to reserves	53
Other variations	22
Other comprehensive income on items that will not be reclassified to profit or loss on equity-accounted entities	**-**
Income tax related to items that will not be reclassified excluding equity-accounted entities	**-130**
Income tax related to items that will not be reclassified on equity-accounted entities	**-**
Net other comprehensive income on items that will not be reclassified to profit or loss on equity-accounted entities on discontinued operations	**-**
Other comprehensive income on items that will not be reclassified subsequently to profit or loss	**393**
OTHER COMPREHENSIVE INCOME NET OF INCOME TAX	**396**
Of which Group share	394
Of which non-controlling interests	2

In millions of euros	31/12/2017	30/06/2017
Other comprehensive income on items that may be reclassified subsequently to profit or loss		
Gains and losses on translation adjustments	**(548)**	**(298)**
Revaluation adjustment of the period	-	-
Reclassified to profit or loss	-	-
Other variations	(548)	(298)
Gains and losses on available-for-sale financial assets	**(298)**	**(129)**
Revaluation adjustment of the period	(166)	(99)
Reclassified to profit or loss	(115)	(27)
Other variations	(17)	(3)
Gains and losses on hedging derivative instruments	**(224)**	**(154)**
Revaluation adjustment of the period	(223)	(154)
Reclassified to profit or loss	-	-
Other variations	(1)	-
Other comprehensive income on items that will not be reclassified to profit or loss on equity-accounted entities	**(357)**	**(164)**
Income tax related to items that will not be reclassified excluding equity-accounted entities	**124**	**88**
Income tax related to items that will not be reclassified on equity-accounted entities	**-**	**-**
Net other comprehensive income on items that will not be reclassified to profit or loss on equity-accounted entities on discontinued operations	**-**	**-**
Other comprehensive income on items that may be reclassified subsequently to profit or loss	**(1,303)**	**(657)**
Other comprehensive income on items that will not be reclassified subsequently to profit or loss		
Actuarial gains and losses on post-employment benefits	67	(8)
Other comprehensive income on items that will not be reclassified to profit or loss on equity-accounted entities	-	-
Income tax related to items that will not be reclassified excluding equity-accounted entities	(38)	(11)
Income tax related to items that will not be reclassified on equity-accounted entities	-	-
Net other comprehensive income on items that will not be reclassified to profit or loss on equity-accounted entities on discontinued operations	-	-
Other comprehensive income on items that will not be reclassified subsequently to profit or loss	**29**	**(19)**
OTHER COMPREHENSIVE INCOME NET OF INCOME TAX	**(1,274)**	**(676)**
Of which Group share	(1,268)	(673)
Of which non-controlling interests	(6)	(3)

BREAKDOWN OF TAX IMPACTS RELATING TO OTHER COMPREHENSIVE INCOME

	01.01.2018				Changes				30.06.2018			
In millions of euros	Gross	Income tax charges	Net of income tax	Net of income tax of which Group Share	Gross	Income tax charges	Net of income tax	Net of income tax of which Group Share	Gross	Income tax charges	Net of income tax	Net of income tax of which Group Share
Other comprehensive income on items that may be reclassified subsequently to profit or loss												
Gains and losses on translation adjustments	204	-	204	204	84	-	84	83	288	-	288	287
A TRADUIRE												
Gains and losses on debt instruments at fair value through other comprehensive income that may be reclassified to profit or loss	70	(19)	51	51	(7)	2	(4)	(4)	63	(17)	47	47
Gains and losses on hedging derivative instruments	358	(120)	238	235	(121)	46	(76)	(76)	237	(74)	162	159
Reclassification of net gains (losses) of designated financial assets applying the overlay approach	-	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income on items that may be reclassified to profit or loss excluding equity-accounted entities	**632**	**(139)**	**493**	**490**	**(44)**	**48**	**4**	**3**	**588**	**(91)**	**497**	**493**
Other comprehensive income on items that may be reclassified to profit or loss on equity-accounted entities	-	-	-	-	(1)	-	(1)	(1)	(1)	-	(1)	(1)
Other comprehensive income on items that may be reclassified to profit or loss on equity-accounted entities on discontinued operations	-	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income on items that may be reclassified subsequently to profit or loss	**632**	**(139)**	**493**	**490**	**(45)**	**48**	**3**	**2**	**587**	**(91)**	**496**	**492**
Other comprehensive income on items that will not be reclassified subsequently to profit or loss												
Actuarial gains and losses on post-employment benefits	(385)	81	(304)	(305)	29	(8)	21	21	(356)	73	(283)	(284)
Other comprehensive income on financial liabilities attributable to changes in own credit risk	(505)	174	(331)	(331)	173	(67)	106	106	(332)	107	(225)	(225)
Other comprehensive income on equity instruments that will not be reclassified to profit or loss	(207)	55	(152)	(152)	321	(55)	266	265	114	-	114	113
Other comprehensive income on items that will not be reclassified to profit or loss excluding equity-accounted entities	**(1,097)**	**310**	**(787)**	**(788)**	**523**	**(130)**	**393**	**392**	**(574)**	**180**	**(394)**	**(396)**
Other comprehensive income on items that will not be reclassified to profit or loss on equity-accounted entities	-	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income on items that will not be reclassified to profit or loss on equity-accounted entities on discontinued operations	-	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income on items that will not be reclassified subsequently to profit or loss	**(1,097)**	**310**	**(787)**	**(788)**	**523**	**(130)**	**393**	**392**	**(574)**	**180**	**(394)**	**(396)**
OTHER COMPREHENSIVE INCOME	**(465)**	**171**	**(294)**	**(298)**	**478**	**(82)**	**396**	**394**	**13**	**89**	**102**	**96**

	31.12.2016				Changes				31.12.2017			
€ million	Gross	Income tax charges	Net of income tax	Net of income tax of which Group Share	Gross	Income tax charges	Net of income tax	Net of income tax of which Group Share	Gross	Income tax charges	Net of income tax	Net of income tax of which Group Share
Gains and losses accounted in other comprehensive income (non-recyclable)												
Actuarial gains and losses on post-employment benefits	(452)	119	(333)	(334)	67	(38)	29	29	(385)	81	(304)	(305)
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)	67	(38)	29	29	(385)	81	(304)	(305)
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)**	**67**	**(38)**	**29**	**29**	**(385)**	**81**	**(304)**	**(305)**
Gains and losses accounted in other comprehensive income (recyclable)												
Gains and losses on translation adjustments	752	-	752	752	(548)	-	(548)	(548)	204		204	204
Gains and losses on available-for-sale financial assets	348	(85)	263	260	(298)	50	(248)	(245)	50	(35)	15	15
Gains and losses on hedging derivative instruments	582	(194)	388	382	(224)	74	(150)	(147)	358	(120)	238	235
Gains and losses accounted in other comprehensive income (recyclable) excluding equity-accounted entities	1,682	(279)	1,403	1,394	(1,070)	124	(946)	(940)	612	(155)	457	454
Gains and losses accounted in other comprehensive income (recyclable) on equity-accounted entities	357	-	357	357	(357)	-	(357)	(357)			-	
Gains and losses accounted in other comprehensive income (recyclable)	**2,039**	**(279)**	**1,760**	**1,751**	**(1,427)**	**124**	**(1,303)**	**(1,297)**	**612**	**(155)**	**457**	**454**
Net gains and losses accounted in other comprehensive income	**1,587**	**(160)**	**1,427**	**1,417**	**(1,360)**	**86**	**(1 274)**	**(1,268)**	**227**	**(74)**	**153**	**149**

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 three business lines:

- the financing activities include the commercial banking business lines in France and abroad as well as the structured finance activities: project finance, aeronautics financing, shipping financing, acquisitions finance, real estate finance;
- capital markets and investment banking covers capital market activities (treasury, foreign exchange, interest-rate derivatives and debt markets) and investment banking activities (mergers and acquisitions 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 activities being discontinued are now included in the Capital markets and Investment banking activities.

- Crédit Agricole CIB is also active in wealth management through its locations in France, Belgium, Switzerland, Luxembourg, Monaco, Spain, Brazil and more recently in Asia with the acquisition in 2017 of CIC wealth management activities in Singapore and Hong Kong.

5.1 Operating segment information

Transactions between operating segments are effected at arm's length.

	30.06.2018					
In millions of euros	Financing activities	Captial markets and Investment banking	Total Corporate and Investment Banking	Wealth Management	Corporate Center	CACIB
Revenues	**1,276**	**1,140**	**2,416**	**417**	**-**	**2,833**
Operating expenses	**(528)**	**(859)**	**(1,387)**	**(347)**	**-**	**(1,734)**
Gross operating income	**748**	**281**	**1,029**	**70**	**-**	**1,099**
Cost of risk	(4)	(15)	(19)	1	-	(18)
Share of net income (loss) of equity-accounted entities	1	-	1	-	-	1
Net gains (losses) on other assets	-	-	-	-	-	-
Change in value of goodwill	-	-	-	-	-	-
Pre-tax income	**745**	**266**	**1,011**	**71**	**-**	**1,082**
Income tax charge	(206)	(77)	(283)	(21)	-	(304)
Net income from discontinued operations	-	-	-	-	-	-
Net income	**539**	**189**	**728**	**50**	**-**	**778**
Non-controlling interests	(1)	-	(1)	5	-	4
NET INCOME GROUP SHARE	**540**	**189**	**729**	**45**	**-**	**774**

Under IFRS 9, the Crédit Agricole CIB issuer spread is classified with effect from 1 January 2018 as equity under "Other comprehensive income on items that will not be reclassified to profit or loss".

	31.12.2017					
In millions of euros	Financing activities	Captial markets and Investment banking	Total Corporate and Investment Banking	Wealth Management	Corporate Center	CACIB
Revenues	**2,252**	**2,202**	**4,454**	**765**	**(220)**	**4,999**
Operating expenses	**(945)**	**(1,615)**	**(2,560)**	**(625)**	**-**	**(3,185)**
Gross operating income	**1,307**	**587**	**1,894**	**140**	**(220)**	**1,814**
Cost of risk	(260)	(59)	(319)	(11)	-	(330)
Share of net income (loss) of equity-accounted entities	277	-	277	-	-	277
Net gains (losses) on other assets	12	-	12	6	-	18
Change in value of goodwill	-	-	-	-	-	-
Pre-tax income	**1,336**	**528**	**1,864**	**135**	**(220)**	**1,779**
Income tax charge	(506)	(154)	(660)	(15)	61	(614)
Net income from discontinued operations	-	-	-	-	-	-
Net income	**830**	**374**	**1,204**	**120**	**(159)**	**1,165**
Non-controlling interests	(1)	(1)	(2)	11	-	9
NET INCOME GROUP SHARE	**831**	**375**	**1,206**	**109**	**(159)**	**1,156**

	30.06.2017					
In millions of euros	Financing activities	Captial markets and Investment banking	Total Corporate and Investment Banking	Wealth Management	Corporate Center	CACIB
Revenues	**1,168**	**1,180**	**2,348**	**386**	**(161)**	**2,573**
Operating expenses	**(496)**	**(854)**	**(1,350)**	**(301)**	**-**	**(1,651)**
Gross operating income	**672**	**326**	**998**	**85**	**(161)**	**922**
Cost of risk	(214)	(13)	(227)	2	-	(225)
Share of net income (loss) of equity-accounted entities	129	-	129	-	-	129
Net gains (losses) on other assets	-	-	-	1	-	1
Change in value of goodwill	-	-	-	-	-	-
Pre-tax income	**587**	**313**	**900**	**88**	**(161)**	**827**
Income tax charge	(121)	(97)	(218)	(19)	48	(189)
Net income from discontinued operations	-	-	-	-	-	-
Net income	**466**	**216**	**682**	**69**	**(113)**	**638**
Non-controlling interests	(1)	-	(1)	7	-	6
NET INCOME GROUP SHARE	**467**	**216**	**683**	**62**	**(113)**	**632**

NOTE 6 : NOTES TO THE BALANCE SHEET

6.1 Financial assets and liabilities at fair value through profit and loss

Financial assets at fair value through profit or loss

In millions of euros	30/06/2018
Advances in associates' current accounts	249,596
Other financial instruments at fair value through profit or loss	455
Equity instruments	112
Debt instruments that do not meet the conditions of the “SPPI” test	343
Assets backing unit-linked contracts	-
Financial assets designated at fair value through profit or loss	-
CARRYING AMOUNT	250,051
Of which lent securities	2,202

In millions of euros	31.12.2017
Financial assets held for trading	236,858
Financial assets designated at fair value through profit or loss	143
Carrying amount	237,001
Of which lent securities	884

Financial assets held for trading

In millions of euros	30/06/2018
Equity instruments	**3,947**
Equity and other variable income securities	3,947
Debt securities	**23,566**
Treasury bills and similar securities	17,531
Bonds and other fixed income securities	6,017
Mutual funds	18
Loans and receivables	**108,488**
Loans and receivables due from credit institutions	178
Loans and receivables due from customers	952
Securities bought under repurchase agreements	107,358
Pledged securities	-
Derivative instruments	**113,595**
CARRYING AMOUNT	249,596

In millions euros	31.12.2017
Equity instruments	**3,485**
Equities and other variable-income securities	3,485
Debt securities	**17,271**
Treasury bills and similar securities	12,653
Bonds and other fixed-income securities	4,618
Loans and advances	**95,155**
Loans and receivables due from customers	1,600
Securities bought under repurchase agreements	93,555
Derivative instruments	**120,947**
Carrying amount	**236,858**

Securities acquired under repurchase agreements include those that the entity is authorised to use as collateral.

Equity instruments at fair value through profit and loss

In millions of euros	30/06/2018
Equity and other variable income securities	46
Non-consolidated equity investments	66
TOTAL EQUITY INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS	**112**

Debt instruments not meeting the SPPI criteria

In millions of euros	30/06/2018
Debt securities	**172**
Treasury bills and similar securities	-
Bonds and other fixed income securities	163
Mutual funds	9
Loans and receivables	**171**
Loans and receivables due from credit institutions	-
Loans and receivables due from customers	171
Securities bought under repurchase agreements	-
Pledged securities	-
TOTAL DEBT INSTRUMENTS THAT DO NOT MEET THE CONDITIONS OF THE "SPPI" TEST	**343**

Financial assets designated at fair value through profit or loss

In millions of euros	30/06/2018
Loans and receivables	**-**
Loans and receivables due from credit institutions	-
Loans and receivables due from customers	-
Debt securities	**-**
Treasury bills and similar securities	-
Bonds and other fixed income securities	-
TOTAL FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS	**-**

In millions of euros	31.12.2017
Equity instruments	**-**
Equities and other variable-income securities	-
Debt securities	**141**
Treasury bills and similar securities	-
Bonds and other fixed-income securities	141
Loans and advances	**2**
Loans and receivables due from customers	-
Loans and receivables due from credit institutions	2
Carrying amount	**143**

Financial liabilities at fair value through profit and loss

In millions of euros	30/06/2018	31/12/2017
Financial liabilities held for trading	217,945	212,681
Financial liabilities designated at fair value through profit or loss	24,964	24,490
CARRYING AMOUNT	**242,909**	**237,171**

Financial liabilities held from trading

In millions of euros	30/06/2018	31.12.2017
Securities sold short	25,097	22,598
Securities sold under repurchase agreements	79,785	67,355
Debt securities	-	2
Due to customers	-	-
Due to credit institutions	-	-
Derivative instruments	113,063	122,726
CARRYING AMOUNT	**217,945**	**212,681**

Financial liabilities designated at fair value through profit or loss

Financial liabilities for which changes in issuer spread are recognised in other comprehensive income and will not be reclassified

	30/06/2018				
In millions of euros	Carrying amount	Difference between carrying amount and amount contractually required to pay at maturity	Accumulated amount of change in fair value attributable to changes in own credit risk	Amount of change in fair value during the period attributable to changes in own credit risk	Amount realised at derecogniion [1]
Deposits and subordinated liabilities	**-**	**-**	**-**	**-**	**-**
Deposits	-	-	-	-	-
Subordinated liabilities	-	-	-	-	-
Debt securities	**24,964**	**(12)**	**332**	**(159)**	**(15)**
Other financial liabilities	**-**	**-**	**-**	**-**	**-**
TOTAL	**24,964**	**(12)**	**332**	**(159)**	**(15)**

[1] *The amount realised upon derecognition is transferred to consolidated reserves.*

	31.12.2017	
In millions of euros	Fair value on the balance sheet	Difference between carrying amount and due on maturity
Debt securities	24,490	505
Total	**24,490**	**505**

Pursuant to IFRS 9, Crédit Agricole's Group calculates changes in fair value attributable to changes in own credit risk using a methodology that allows for them to be separated from changes in value attributable to changes in market conditions.

- Basis for calculating own credit risk

The source taken into account for the calculation of own credit risk may vary from one issuer to another. Within Crédit Agricole's Group, the source used is the change in its cost of market refinancing.

- Calculation of unrealised gains/losses on own credit adjustment (recognised in other comprehensive income)

The Crédit Agricole's Group preferred approach is based on the liquidity component of issues. All issues are replicated by a group of vanilla loans/borrowings. Changes in fair value attributable to changes in own credit risk of all issues therefore correspond to those of said loans. These are equal to the changes in fair value of the loan book caused by changes in the cost of refinancing.

- Calculation of realised gains/losses on own credit risk (recognised in consolidated reserves)

In the event of early repayment, the change in fair value attributable to changes in own credit risk remains in consolidated reserves.

6.2 Financial assets at fair value through other comprehensive income

In millions of euros	30/06/2018		
	Carrying amount	Unrealised gains	Unrealised losses
Debt instruments at fair value through other comprehensive income that may be reclassified to profit or loss	12,062	71	(7)
Equity instruments at fair value through other comprehensive income that will not be reclassified to profit or loss	1,733	229	(115)
TOTAL	**13,795**	**300**	**(122)**

Debt instruments recognized at fair value through other comprehensive income that can be reclassified

In millions of euros	30/06/2018		
	Carrying amount	Unrealised gains	Unrealised losses
Treasury bills and similar securities	2,778	19	(2)
Bonds and other fixed income securities	9,284	52	(5)
Total Debt securities	**12,062**	**71**	**(7)**
Loans and receivables due from credit institutions	-	-	-
Loans and receivables due from customers	-	-	-
Total Loans and receivables	**-**	**-**	**-**
Total Debt instruments at fair value through other comprehensive income that may be reclassified to profit and loss	**12,062**	**71**	**(7)**
Income tax charge		(17)	-
OTHER COMPREHENSIVE INCOME ON EQUITY INSTRUMENTS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS (NET OF INCOME TAX)		**54**	**(7)**

Equity instruments recognized at fair value through other comprehensive income that cannot be reclassified

Other comprehensive income on equity instruments that cannot be reclassified

In millions of euros	30/06/2018			
	Carrying amount	Unrealised gains	Unrealised losses	Unrealised gains/losses during the period
Equity and other variable income securities	44	14	(14)	(1)
Non-consolidated equity investments	1,689	215	(101)	247
Total Equity instruments at fair value through other comprehensive income that will not be reclassified to profit or loss	**1,733**	**229**	**(115)**	**246**
Income tax charge		(10)	9	(45)
OTHER COMPREHENSIVE INCOME ON EQUITY INSTRUMENTS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS (NET OF INCOME TAX)		**219**	**(106)**	**201**

Equity instruments derecognised during the period

In millions of euros	30.06.2018 Fair value at the date of derecognition	Cumulative gains realised [1]	Cumulative losses realised [1]
Equities and other variable-income securities	20		
Non-consolidated equity investments	18		(53)
Toatl investments in equity instruments	**38**		**(53)**
Income tax charge			11
Other comprhensive income on equity instruments that will not be reclassified to profit and loss (net of income tax) [1]			**(42)**

[1] Realised gains and losses are transferred to consolidated reserves.

Avalaible for sale financial assets at 31 december 2017

	31.12.2017		
In millions of euros	Carrying amount	Unrealised gains	Unrealised losses
Treasury bills and similar items	8,143	34	(4)
Bonds and other fixed-income securities	17,610	81	(23)
Equities and other variable-income securities	98	26	
Non-consolidated equity investments	1,453	78	(142)
Available-for-sale receivables			
Carrying amount of available-for-sale financial assets	**27,304**	**219**	**(169)**
Income tax charge		(41)	6
Gains and losses on available-for-sale financial assets recognized in other comprehensive income (net of income tax)		**178**	**(163)**

6.3 Financial assets at amortised cost

In millions of euros	30.06.2018
Loans and receivables due from credit institutions	23,829
Loans and receivables due from customers	131,251
Debt securities	28,553
CARRYING AMOUNT	183,633

Loans and receivables due from credit institutions

In millions of euros	30.06.2018
Credit institutions	
Loans and receivables	23,042
of which non doubtful current accounts in debit [1]	4,986
of which non doubtful overnight accounts and advances [1]	368
Pledged securities	-
Securities bought under repurchase agreements	1,191
Subordinated loans	-
Other loans and receivables	16
Gross amount	**24,249**
Impairment	(420)
Net value of loans and receivables due from credit institutions	**23,829**
Crédit Agricole internal transactions	
Current accounts	-
Term deposits and advances	-
Subordinated loans	-
Total Crédit Agricole internal transactions	**-**
CARRYING AMOUNT	23,829

[1] *These transactions are partly comprised of the item "Net demand loans and deposits with credit institutions" on the Cash Flow Statement*

€ million	31.12.2017
Credit institutions	**-**
Debt securities	**-**
Securities not traded in an active market	-
Loans and advances	**26,652**
Loans and receivables	25,926
o/w Performing current accounts in debit	2,844
o/w Performing overnight time accounts and advances	2,605
Securities bought under repurchase agreements	725
Subordinated loans	1
Other loans and receivables	-
Gross amount	**26,652**
Impairment	(383)
Carrying amount	**26,269**

Loans and receivables due from customers

In millions of euros	30.06.2018
Loans and receivables due from customers	
Trade receivables	17,585
Other customer loans	110,597
Pledged securities	-
Securities bought under repurchase agreements	1,145
Subordinated loans	100
Insurance receivables	-
Reinsurance receivables	-
Advances in associates' current accounts	142
Current accounts in debit	4,096
Gross amount	**133,665**
Impairment	(2,414)
Net value of loans and receivables due from customers	**131,251**
Finance leases	
Property leasing	-
Equipment leases, operating leases and similar transactions	-
Gross amount	**-**
Impairment	-
Net value of lease financing operations	**-**
CARRYING AMOUNT	**131,251**

€ million	31.12.2017
Customer	
Debt securities	-
Securities not traded in an active market	14,723
Loans and advances	-
Trade receivables	16,865
Other customer loans	100,645
Securities bought under repurchase agreements	937
Subordinated loans	100
Advances in associates current accounts	115
Current accounts in debit	4,730
Gross amount	**138,115**
Impairment	(3,076)
Net value of loans and receivables due from customers	**135,039**
Finance leases	
Property leasing	-
Gross amount	-
Carrying amount	**135,039**

Loans and receivables due from credit institutions and due from customers by customer type at 31 december 2017 (excluding Crédit Agricole internal transactions)

	31.12.2017				
€ million	Gross outstanding	O/W gross loans individually impaired	Individual impairment	Collective impairment	Total
General administration	4,711	86	(18)	(28)	4,665
Credit institutions	26,182	407	(383)	-	25,799
Central banks	469	-	-	-	469
Large corporates	123,590	3,643	(2,096)	(923)	120,571
Retail customers	9,815	203	(11)		9,804
Total – Loans and receivables due from credit institutions and due from customers(1)	**164,767**	**4,339**	**(2,508)**	**(951)**	**161,308**

(1) Of which restructured client receivables: €4,824 million in 2017.

Debt securities

In millions of euros	30.06.2018
Treasury bills and similar securities	7,900
Bonds and other fixed income securities	20,656
Total	**28,556**
Impairment	(3)
CARRYING AMOUNT	**28,553**

The item “Bonds and other fixed income securities” includes covered bonds type issuance

6.4 Exposure to sovereign risk

The scope of sovereign exposures recorded covers exposures to Governments, but does not include local authorities. Tax debt is excluded from these amounts.

Exposure to sovereign debt corresponds to an exposure net of impairment (carrying amount) presented both gross and net of hedging.

The Group’s significant exposure to sovereign risk is as follows:

Banking activity

30.06.2018	Exposures Banking activity net of impairment						
	Other financial instruments at fair value through profit or loss		Financial assets at fair value through other comprehensive income that may be reclassified to profit or loss	Financial assets at amortised cost	Total banking activity before hedging	Hedging	Total banking activity after hedging
In millions of euros	Held-for-trading financial assets	Other financial instruments at fair value through profit or loss					
Germany				1	1		1
Saudi Arabia	5			859	864		864
Austria				15	15		15
Belgium	679		141	161	981		981
Brazil	42			224	266		266
China	34			90	124		124
Spain			466	72	538		538
United States				572	572		572
Finland			28	43	71		71
France			1,778	2,034	3,812	(80)	3,732
Hong Kong	41			985	1,026		1,026
Italy				17	17		17
Japan				4,418	4,418		4,418
Luxembourg	4				4		4
Netherlands			104		104		104
Portugal							
Russia	1				1		1
Slovakia	5		20		25		25
Sweden	1			55	56		56
Venezuela				67	67		67
Total	**812**		**2,537**	**9,613**	**12,962**	**(80)**	**12,882**

	31.12.2017						
	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	-	8	-	-	**8**	-	**8**
Saudi Arabia	-	-	542	2	**542**	-	**542**
Belgium	-	432	-	-	**432**	-	**432**
Brasil	-	7	38	87	**45**	-	**45**
China	-	65	-	3	**65**	-	**65**
Spain	-	823	-	-	**823**	-	**823**
United States	-	-	-	617	**-**	-	**-**
France	-	2,378	1,435	-	**3,813**	(93)	**3,720**
Hong Kong	-	1,044	-	39	**1,044**	-	**1 044**
Italy	-	-	46	64	**46**	-	**46**
Japan	-	2,635	255	-	**2,890**	-	**2,890**
Portugal	-	-	-	8	**-**	-	**-**
Russia	-	8	-	5	**8**	-	**8**
Venezuela	-	-	4	-	**4**	-	**4**
Total	**-**	**7,400**	**2,320**	**825**	**9,720**	**(93)**	**9,627**

6.5 Financial liabilities at amortised cost

In millions of euros	30.06.2018
Due to credit institutions	54,251
Due to customers	110,022
Debt securities	51,527
CARRYING AMOUNT	**215,800**

DUE TO CREDIT INSTITUTIONS

In millions of euros	30.06.2018	31.12.2017
Credit institutions		
Accounts and borrowings	51,080	42,780
of which current accounts in credit [1]	4,714	3,142
of which overnight accounts and deposits [1]	1,854	1,215
Securities sold under repurchase agreements	3,171	1,222
CARRYING AMOUNT	**54,251**	**44,002**

[1] These transactions are partly comprised of the item "Net demand loans and deposits with credit institutions" on the Cash Flow Statement

DUE TO CUSTOMERS

In millions of euros	30.06.2018	31.12.2017
Current accounts in credit	40,879	40,114
Special savings accounts	160	150
Other amounts due to customers	67,047	65,335
Securities sold under repurchase agreements	1,936	1,361
Insurance liabilities	-	-
Reinsurance liabilities	-	-
Cash deposits received from cedants and retrocessionaires against technical insurance commitments	-	-
CARRYING AMOUNT	**110,022**	**106,960**

DEBT SECURITIES

In millions of euros	30.06.2018	31.12.2017
Interest bearing notes	-	-
Money-market securities	-	-
Negotiable debt securities	49,786	46,738
Bonds [1]	1,741	1,239
Other debt securities	-	-
CARRYING AMOUNT	**51,527**	**47,977**

[1] *Includes issues of Covered Bonds and issues of senior non-preferred bonds.*

6.6 Property, plant and equipment and intangible assets (excluding goodwill)

In millions of euros	31.12.2017	01.01.2018	Changes in scope	Increases (acquisitions)	Decreases (disposals and redemptions)	Translation adjustments	Other movements	30.06.2018
Property, plant & equipment used in operations								
Gross amount	1,130	1,130	8	21	(1)	9	-	**1,167**
Amortisation and impairment [1]	(791)	(791)	(7)	(21)	-	(6)	(1)	**(826)**
CARRYING AMOUNT	**339**	**339**	**1**	**-**	**(1)**	**3**	**(1)**	**341**
Intangible assets								
Gross amount	775	775	1	47	-	2	-	**825**
Amortisation and impairment	(542)	(542)	-	(20)	-	(1)	-	**(563)**
CARRYING AMOUNT	**233**	**233**	**1**	**27**	**-**	**1**	**-**	**262**

[1] *Including depreciation on fixed assets let to third parties.*

In millions of euros	01.01.2017	Changes in scope	Increases (acquisitions)	Decreases (disposals and redemptions)	Translation adjustments	Other movements	31.12.2017
Property, plant & equipment used in operations							
Gross amount	1,154	-	48	(10)	(60)	(2)	1,130
Amortisation and impairment [1]	(789)	-	(46)	8	38	(2)	(791)
CARRYING AMOUNT	**365**	**-**	**2**	**(2)**	**(22)**	**(4)**	**339**
Intangible assets							
Gross amount	659	-	125	2	(11)	-	775
Amortisation and impairment	(502)	-	(45)	-	5	-	(542)
CARRYING AMOUNT	**157**	**-**	**80**	**2**	**(6)**	**-**	**233**

[1] Including depreciation on fixed assets let to third parties.

6.7 Goodwill

In millions of euros	31.12.2017 GROSS	31.12.2017 NET	01.01.2018 GROSS	01.01.2018 NET	Increases (acquisitions) [(1)]	Decreases (Divestments)	Impairment losses during the period	Translation adjustments	Other movements	30.06.2018 GROSS	30.06.2018 NET
Corporate and Investment banking	654	484	654	484	-	-	-	-	-	654	484
Wealth Management	503	503	503	503	19	-	-	3	-	525	525
Other activities	-	-	-	-	-	-	-	-	-	-	-
Total	**1,157**	**987**	**1,157**	**987**	**19**	**-**	**-**	**3**	**-**	**1,179**	**1,009**

[(1)] The €19 million increase is driven by the acquisition of Banca Leonardo (cf. NOTE 2: major structural transactions and material events during the period)

As part of the interim accounts closing process and in accordance with Group principles, given the absence of objective indications of impairment, Goodwill was no subject to impairment tests at 30 June 2018.

6.8 Provisions

In millions of euros	31.12.2017	01.01.2018	Changes in scope	Depreciation charges	Reversals, amounts used	Reversals, amounts not used	Translation adjustments	Other movements	30.06.2018
Home purchase schemes risks	-	-	-	-	-	-	-	-	-
Execution risks of commitments by signature	221	527	-	269	-	(323)	4	-	477
Operational risks	1	1	-	-	-	-	-	-	1
Employee retirement and similar benefits	554	554	-	19	(22)	(4)	3	(8)	542
Litigation	607	607	2	50	(17)	(28)	3	-	617
Equity investments	2	2	-	-	-	-	-	-	2
Restructuring	1	1	-	-	-	-	-	-	1
Other risks	48	48	2	8	(2)	(6)	-	-	50
TOTAL	**1,434**	**1,740**	**4**	**346**	**(41)**	**(361)**	**10**	**(8)**	**1,690**

In millions of euros	31.12.2016	Changes in scope	Depreciation charges	Reversals, amounts used	Reversals, amounts not used	Translation adjustments	Other movements	31.12.2017
Home purchase schemes risks	-	-	-	-	-	-	-	-
Execution risks of commitments by signature	46	-	200	(3)	(13)	(9)	-	221
Operational risks	-	-	1	-	-	-	-	1
Employee retirement and similar benefits	669	-	38	(66)	(20)	(24)	(43)	554
Litigation	576	-	288	(97)	(157)	(3)	-	607
Equity investments	1	-	1	-	-	-	-	2
Restructuring	2	-	-	(1)	-	-	-	1
Other risks	77	-	13	(34)	(7)	(1)	-	48
TOTAL	**1,371**	**-**	**541**	**(201)**	**(197)**	**(37)**	**(43)**	**1,434**

6.9 Subordinated debt

In millions of euros	30.06.2018	30.06.2017
Dated subordinated debt [1]	2,957	2,670
Undated subordinated debt [2]	1,896	2,478
Mutual security deposits	-	-
Participating securities and loans	-	-
CARRYING AMOUNT	**4,853**	**5,148**

[1] Includes issues of dated subordinated notes "TSR".

[2] Includes issues of deeply subordinated notes "TSS" and undated subordinated notes "TSDI".

6.10 Equity

Ownership structure at June 30, 2018

At June 30, 2018, ownership of the Crédit Agricole CIB parent-company's capital and voting rights was as follows:

Ownership of Crédit Agricole CIB	Number of shares at 30/06/2018	% of the share capital	% of voting rights
Crédit Agricole S.A.	283,037,778	97.33%	97.33%
SACAM développement [1]	6,485,666	2.23%	2.23%
Delfinances [2]	1,277,888	0.44%	0.44%
Invididuals	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.

At 30 June 2018, Crédit Agricole CIB's share capital stood at €7,851,636,342 divided into 290,801,346 fully paid up ordinary shares each with a par value of €27.

Earnings per share

In millions of euros		30.06.2018	31.12.2017	30.06.2017
Net income Group share during the period	*(in millions of euros)*	774	1 156	632
Net income attributable to undated deeply subordinated securities	*(in millions of euros)*	(84)	(170)	(85)
Net income attributable to holders of ordinary shares	***(in millions of euros)***	**690**	**986**	**547**
Weighted average number of ordinary shares in circulation during the period		290,801,346	290,801,346	290,801,346
Weighted average number of ordinary shares for calculation of diluted earnings per share		290,801,346	290,801,346	290,801,346
BASIC EARNINGS PER SHARE	*(in euros)*	**2.37**	**3.39**	**1.88**
Basic earnings per share from ongoing activities	*(in euros)*	**2.37**	**3.39**	**1.88**
Basic earnings per share from discontinued operations	*(in euros)*			
DILUTED EARNINGS PER SHARE	*(in euros)*	**2.37**	**3.39**	**1.88**
Diluted earnings per share from ongoing activities	*(in euros)*	**2.37**	**3.39**	**1.88**
Diluted earnings per share from discontinued operations	*(in euros)*			

Net income attributable to subordinated and deeply subordinated securities corresponds to the issuance costs and interest accrued on subordinated and deeply subordinated Additional Tier 1 bond issues. This amount to -€84 million for the second quarter 2018.

Dividends

Dividend paid in respect of year	Net amount in € million
2014	1,000
2015	899
2016	983
2017	1,236

The Ordinary General Meeting of 4 May 2018 decided the distribution of €1,235,905,720.50 in respect of 2017 exercise.

Undated subordinated and deeply subordinated debt

The main issues of undated subordinated and deeply subordinated debt classified in shareholder's equity – Non controlling interests share are:

		Amount in currency at 31 december 2017	**Partial repurchases and redemptions**	**Amount in currency at 30 june 2018**	**Amount in euros at inception rate**
Issue date	**Currency**	*In millions of units*	*In millions of units*	*In millions of units*	*In millions of euros*
16/11/2015	EUR	1,800	-	1,800	1,800
09/06/2016	USD	720	-	720	617
27/06/2018	EUR	500		500	500
TOTAL		**3,020**		**3,020**	**2,917**

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

In millions of euros	30.06.2018	31.12.2017
Undated deeply subordinated notes		
Interest paid accounted as reserves	(84)	(170)
Changes in nominal amounts	-	-
Income tax savings related to interest paid to security holders recognised in net income	-	-
Issuance costs (net of tax)	-	-
Other	-	-
Undated subordinated notes		
Interest paid accounted as reserves	-	-
Changes in nominal amounts	-	-
Income tax savings related to interest paid to security holders recognised in net income	-	-
Issuance costs (net of tax)	-	-
Other	-	-

NOTE 7 : FINANCING AND GUARANTEE COMMITMENTS AND OTHER GUARANTEES

Financing and guarantee commitments and other guarantees include discontinued operations.

COMMITMENTS GIVEN AND RECEIVED

In millions of euros	30.06.2018	31.12.2017
Commitments given	**175,858**	**168,034**
Financing commitments	**129,403**	**114,729**
Commitments given to credit institutions	24,393	21,645
Commitments given to customers	105,010	93,084
Confirmed credit lines	81,680	86,309
Documentary credits	3,533	4,496
Other confirmed credit lines	78,148	81,813
Other commitments given to customers	23,330	6,775
Guarantee commitments	**46,455**	**53,305**
Credit institutions	6,468	6,429
Confirmed documentary credit lines	3,513	3,377
Other	2,955	3,052
Customers	39,987	46,876
Property guarantees	2,038	2,388
Other customer guarantees	37,949	44,488
Securities commitments	**-**	**-**
Securities to be delivered	-	-
Commitments received	**185,560**	**126,468**
Financing commitments	**29,457**	**13,638**
Commitments received from credit institutions	19,489	10,078
Commitments received from customers	9,968	3,560
Guarantee commitments	**129,383**	**112,830**
Commitments received from credit institutions	5,911	6,299
Commitments received from customers	123,472	106,531
Guarantees received from government bodies or similar institutions	21,689	19,227
Other guarantees received	101,783	87,304
Securities commitments		**-**
Securities to be received		-

FINANCIAL INSTRUMENTS GIVEN AND RECEIVED AS COLLATERAL

In millions of euros	30.06.2018	31.12.2017
Carrying amount of financial assets provided as collateral (including transferred assets)		
Securities and receivables provided as collateral for the refinancing structures (Banque de France, CRH, etc.)	38,081	34,628
Securities lent	2,202	884
Security deposits on market transactions	18,798	18,565
Other security deposits	-	-
Securities sold under repurchase agreements	84,892	69,938
TOTAL CARRYING AMOUNT OF FINANCIAL ASSETS PROVIDED AS COLLATERAL	**143,973**	**124,015**
Carrying amount of financial assets received in garantee		
Other security deposits	-	-
Fair value of instruments received as reusable and reused collateral		
Securities borrowed	7	7
Secutities bought under repurchase agreements	109,772	95,213
Securities sold short	25,090	22,594
TOTAL FAIR VALUE OF INSTRUMENTS RECEIVED AS REUSABLE AND REUSED COLLATERAL	**134,869**	**117,814**

RECEIVABLES PLEDGED AS COLLATERAL

During the first half of 2018, Crédit Agricole CIB deposited €3,172 million of receivables to Banque de France for its refinancing, compared to €3,117 million in 2017.

At 30 June 2018, 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 €135 billion at 30 June 2018 compared to €118 billion at 31 December 2017. 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 30 June 2018, or at 31 December 2017.

NOTE 8 : RECLASSIFICATION OF FINANCIAL INSTRUMENTS

Principles applied by Crédit Agricole CIB

Reclassifications are performed only under exceptional circumstances and following a decision by the Executive Management of the entity as a result of internal or external changes: significant changes in the entity's activity.

Reclassification performed by Crédit Agricole CIB.

In 2018, Crédit Agricole CIB did not carry out any reclassification pursuant to paragraph 4.4.1 of IFRS 9.

Reclassification of financial assets during prior financial years

Pursuant to the amendment to IAS 39 as published and adopted by the European Union on 15 October 2008, reclassifications were carried out as authorised by this amendment. Information on these and previous reclassifications is shown below.

Reclassifications carried out during prior financial years concern reclassifications from “Financial assets at fair value through profit or loss” to “Loans and receivables”.

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

	Total reclassified assets	
In millions of euros	Carrying amount 31.12.2017	Estimated market value at 31.12.2017
Financial assets at fair value through profit and loss reclassified as loans and receivables	78	72
Available-for-sale financial assets reclassified as loans and receivables	132	132
Total reclassified assets	**210**	**204**

Contribution of assets reclassified to profit and loss since the reclassification date

The contribution of the assets transferred to profit and loss at 31 December 2017, since the reclassification date, includes all gains, losses, income and expenses recognised in profit or loss and/or in other comprehensive income.

Analysis of the impact of the transferred assets:

	Assets reclassified before	
	Cumulative impact at 31.12.2017	
In millions of euros	Actual income and expense recognised	if asset had been retained in its former category (change in fair value)
Financial assets at fair value through profit and loss reclassified as loans and receivables	(36)	(122)
Available-for-sale financial assets reclassified as loans and receivables	21	21
Total reclassified assets	**(15)**	**(101)**

NOTE 9 : 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 Swap (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 or liabilities;
- transactions for which there are no reliable observable data.

9.1 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

In millions of euros	Value at 30.06.2018	Estimated fair value at 30.06.2018	Quoted prices in active markets for identical instruments: Level 1	Valuation based on observable data: Level 2	Valuation based on unobservable data: Level 3
Financial assets not measured at fair value on balance sheet					
Loans and receivables	**155,080**	**155,390**		**30,420**	**124,970**
Loans and receivables due from credit institutions	**23,829**	**23,873**		**23,873**	
Current accounts and overnight loans	5,354	5,357		5,357	
Accounts and long-term loans	17,302	17,330		17,330	
Pledged securities					
Securities bought under repurchase agreements	1,191	1,204		1,204	
Subordinated loans					
Other loans and receivables	(18)	(18)		(18)	
Loans and receivables due from customers	**131,251**	**131,517**		**6,547**	**124,970**
Trade receivables	17,547	17,565		969	16,596
Other customer loans	108,325	108,564		438	108,126
Pledged securities					
Securities bought under repurchase agreements	1,145	1,145		1,145	
Subordinated loans	99	99			99
Insurance receivables					
Reinsurance receivables					
Advances in associates' current accounts	142	142			142
Current accounts in debit	3,993	4,002		3,995	7
Debt securities	**28,553**	**28,639**	**15,086**	**8,130**	**5,423**
Treasury bills and similar securities	7,899	7,955	7,431	524	-
Bonds and other fixed income securities	20,654	20,684	7,655	7,606	5,423
TOTAL FINANCIAL ASSETS OF WHICH FAIR VALUE IS DISCLOSED	**183,633**	**184,029**	**15,086**	**38,550**	**130,393**

€ million	Value at 31.12.2017	Estimated market value at 31.12.2017	Quoted prices in active markets for identical instruments: Level 1	Valuation based on observable data: Level 2	Valuation based on observable data: Level 3
Financial assets not measured at fair value on Balance Sheet					
Loans and receivables	**161,308**	**161,193**		**34,534**	**126,659**
Loans and receivables due from credit institutions	**26,269**	**26,269**		**26,269**	
Current accounts and overnight loans	5,449	5,449		5,449	
Accounts and term deposits	20,094	20,094		20,094	
Pledged securities					
Securities bought under repurchase agreements	725	725		725	
Subordinated loans	1	1		1	
Securities not traded in an active market					
Other loans and receivables					
Loans and receivables due from customers	**135,039**	**134,924**		**8,265**	**126,659**
Trade receivables	16,831	16,831		2,227	14,604
Other customer loans	97,864	97,749		461	97,288
Securities bought under repurchase agreements	937	937		937	
Subordinated loans	100	100			100
Securities not traded in an active market	14,552	14,552			14,552
Advances in associates current accounts	115	115			115
Current accounts in debit	4,640	4,640		4,640	
Held-to-maturity financial assets					
Total financial assets of which fair value is disclosed	**161,308**	**161,193**		**34,534**	**126,659**

Financial liabilities recognised at cost on the balance sheet and measured at fair value

In millions of euros	Value at 30.06.2018	Estimated fair value at 30.06.2018	Quoted prices in active markets for identical instruments: Level 1	Valuation based on observable data: Level 2	Valuation based on unobservable data: Level 3
Financial liabilities not measured at fair value on balance sheet					
Due to credit institutions	**54,251**	**54,251**	**-**	**54,251**	**-**
Current accounts and overnight loans	6,567	6,567	-	6,567	-
Accounts and term deposits	44,512	44,512	-	44,512	-
Pledged securities	-	-	-	-	-
Securities sold under repurchase agreements	3,172	3,172	-	3,172	-
Due to customers	**110,022**	**110,022**	**-**	**38,155**	**71,867**
Current accounts in credit	40,879	40,879	-	36,033	4,846
Special savings accounts	160	160	-	-	160
Other amounts due to customers	67,047	67,047	-	186	66,861
Securities sold under repurchase agreements	1,936	1,936	-	1,936	-
Insurance liabilities	-	-	-	-	-
Reinsurance liabilities	-	-	-	-	-
Cash deposits received from cedants and retrocessionaires against technical insurance commitments	-	-	-	-	-
Debt securities	**51,527**	**51,536**	**-**	**51,536**	**-**
Subordinated debt	**4,853**	**4,853**	**-**	**4,853**	**-**
TOTAL FINANCIAL LIABILITIES OF WHICH FAIR VALUE IS DISCLOSED	**220,653**	**220,662**	**-**	**148,795**	**71,867**

In millions of euros	Value at 31.12.2017	Value at 31.12.2017	Quoted prices in active markets for identical instruments: Level 1	Valuation based on observable data: Level 2	Valuation based on unobservable data: Level 3
Financial liabilities not measured at fair value on balance sheet					
Due to credit institutions	**44,002**	**44,002**	**-**	**44,002**	**-**
Current accounts and overnight loans	4,356	4,356	-	4,356	-
Pledged securities	38,424	38,424	-	38,424	-
Securities sold under repurchase agreements	1,222	1,222	-	1,222	-
Due to customers	**106,960**	**106,960**	**-**	**44,690**	**62,270**
Current accounts in credit	40,114	40,114	-	35,189	4,925
Other amounts due to customers	150	150	-	-	150
Securities sold under repurchase agreements	65,335	65,335	-	8,140	57,195
Securities sold under repurchase agreements	**1,361**	**1,361**	**-**	**1,361**	**-**
Debt securities	**47,977**	**47,976**	**-**	**47,976**	**-**
Subordinated debt	**5,148**	**5,148**	**-**	**5,148**	**-**
TOTAL FINANCIAL LIABILITIES OF WHICH FAIR VALUE IS DISCLOSED	**204,087**	**204,086**	**-**	**141,816**	**62,270**

9.2 Information about financial instruments measured at fair value

Breakdown of financial at fair value by valuation method

Amounts presented below include accruals and prepayments and are net of impairments.

Financial assets measured at fair value

In millions of euros	30.06.2018	Quoted prices in active markets for identical instruments: Level 1	Valuation based on observable data: Level 2	Valuation based on unobservable data: Level 3
Advances in associates' current accounts	**249,596**	**30 772**	**215 886**	**2 938**
Loans and receivables due from credit institutions	178	-	178	-
Loans and receivables due from customers	952	-	-	952
Securities bought under repurchase agreements	107,358	-	107 358	-
Pledged securities	-	-	-	-
Held-for-trading securities	27,513	26 822	620	71
Treasury bills and similar securities	17,531	17 188	343	-
Bonds and other fixed income securities	6,017	5 674	272	71
Mutual funds	18	18	-	-
Equity and other variable income securities	3,947	3 942	5	-
Derivative instruments	113,595	3 950	107 730	1 915
Other financial instruments at fair value through profit or loss	**455**	**36**	**38**	**381**
Equity instruments at fair value through profit or loss	**112**	**4**	**35**	**73**
Equity and other variable income securities	46	1	35	10
Non-consolidated equity investments	66	3	-	63
Debt instruments that do not meet the conditions of the “SPPI” test	**343**	**32**	**3**	**308**
Loans and receivables due from credit institutions	-	-	-	-
Loans and receivables due from customers	171	-	-	171
Debt securities	171	32	3	137
Treasury bills and similar securities	-	-	-	-
Bonds and other fixed income securities	163	26	-	137
Mutual funds	9	6	3	-
Assets backing unit-linked contracts	**-**	-	-	-
Treasury bills and similar securities	-	-	-	-
Bonds and other fixed income securities	-	-	-	-
Equity and other variable income securities	-	-	-	-
Mutual funds	-	-	-	-
Financial assets designated at fair value through profit or loss	**-**	-	-	-
Loans and receivables due from credit institutions	-	-	-	-
Loans and receivables due from customers	-	-	-	-
Debt securities	-	-	-	-
Treasury bills and similar securities	-	-	-	-
Bonds and other fixed income securities	-	-	-	-
Financial assets at fair value through other comprehensive income	**13,795**	**13 488**	**59**	**248**
Equity instruments at fair value through other comprehensive income that will not be reclassified to profit or loss	1,733	1 485	-	248
Equity and other variable income securities	44	12	-	32
Non-consolidated equity investments	1,689	1 473	-	216
Debt instruments at fair value through other comprehensive income that may be reclassified to profit and loss	12,062	12 003	59	-
Loans and receivables due from credit institutions	-	-	-	-
Loans and receivables due from customers	-	-	-	-
Debt securities	12,062	12 003	59	-
Treasury bills and similar securities	2,778	2 778	-	-
Bonds and other fixed income securities	9,284	9 225	59	-
Hedging derivative Instruments	**1,178**	**-**	**1 178**	**-**
TOTAL FINANCIAL ASSETS MEASURED AT FAIR VALUE	**265,023**	**44 297**	**217 160**	**3 566**
Transfers from Level 1: Quoted prices in active markets for identical instruments			-	2
Transfers from Level 2: Valuation based on observable data		-		10
Transfers from Level 3: Valuation based on unobservable data		-	77	
TOTAL TRANSFERS TO EACH LEVEL		**-**	**77**	**12**

Level 3 to Level 2 transfers mainly involve interest rate swaps and credit derivatives.

€ million	31.12.2017	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	**236,858**	**23,115**	**210,732**	**3,011**
Loans and receivables due from customers	1,600			1,600
Securities bought under repurchase agreement	93,555		93,555	
Securities held for trading	20,756	19,747	877	132
Treasury bills and similar securities	12,653	12,028	625	
Bonds and other fixed-income securities	4,618	4,235	251	132
Equities and other variable-income securities	3,485	3,484	1	
Derivative instruments	120,947	3,368	116,300	1,279
Financial assets designated at fair value through profit or loss	**143**			**143**
Loans and receivables due from credit institutions				
Securities designated at fair value through profit and loss	141			141
Bonds and other fixed-income securities	141			141
Equities and other variable-income securities				
Loans and advances	**2**			**2**
Loans and receivables due from customers	*2*			2
Available-for-sale financial assets	**27,304**	**26,471**	**532**	**301**
Treasury bills and similar securities	8,143	8,059	84	
Bonds and other fixed-income securities	17,610	17,159	432	19
Equities and other variable-income securities	1,551	1,253	16	282
Hedging derivatives instruments	1,101		1,101	
Total financial assets measured at fair value	**265,408**	**49,586**	**212,365**	**3,457**
Transfers from level 1: Quoted prices in active markets for identical instruments	119		119	
Transfers from level 2: Valuation based on observable data	115	21		94
Transfers from level 3: Valuation based on unobservable data	94	3	91	
Total transfers to each level	**328**	**24**	**210**	**94**

Level 1 to level 2 transfers involves AFS securities and bonds.
Level 2 to level 1 transfers involve shares.
Level 2 to level 3 transfers mainly involve interest rate swaps..
Level 3 to Level 2 mainly involves bonds.

Financial liabilities measured at fair value

In millions of euros	30.06.2018	Quoted prices in active markets for identical instruments: Level 1	Valuation based on observable data: Level 2	Valuation based on unobservable data: Level 3
Financial liabilities held for trading	**217,945**	**28,541**	**187,344**	**2,061**
Securities sold short	25,097	25,033	63	-
Securities sold under repurchase agreements	79,785	-	79,785	-
Debt securities	-	-	-	-
Due to credit institutions	-	-	-	-
Due to customers	-	-	-	-
Derivative instruments	113,064	3,508	107,496	2,060
Financial liabilities designated at fair value through profit or loss	**24,964**	**-**	**16,710**	**8,254**
Hedging derivative Instruments	**1,263**	**-**	**1,263**	**-**
TOTAL FINANCIAL LIABILITIES MEASURED AT FAIR VALUE	**244,172**	**28,541**	**205,317**	**10,314**
Transfers from Level 1: Quoted prices in active markets for identical instruments			-	-
Transfers from Level 2: Valuation based on observable data		-		154
Transfers from Level 3: Valuation based on unobservable data		-	178	
TOTAL TRANSFERS TO EACH LEVEL		**-**	**178**	**154**

Level 2 to level 3 transfers mainly involve negotiable debt securities recognised at fair value through profit or loss option.

Level 3 to level 2 transfers mainly involve negotiable debt securities recognised at fair value through profit or loss option.

€ million	31.12.2017	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	**212,681**	**25,045**	**185,904**	**1,732**
Securities sold short	22,598	22,372	226	
Securities sold under repurchase agreements	67,355		67,355	
Debt securities	2	2		
Derivative instruments	122,726	2,671	118,323	1,732
Financial liabilities designated at fair value through profit or loss	**24,490**		**18,942**	**5,548**
Hedging derivative instruments	**1,005**		**1,005**	
Total financial liabilities measured at fair value	**238,176**	**25,045**	**205,851**	**7,280**
Transfers from level 1: Quoted prices in active markets for identical instruments	3			3
Transfers from level 2: Valuation based on observable data	127			127
Transfers from level 3: Valuation based on unobservable data	2,171		2,171	
Total transfers to each level	**2,301**		**2,171**	**130**

Level 2 to level 3 transfers mainly involve negotiable debt securities recognised under the fair value option.

Level 3 to level 2 transfers mainly involve negotiable debt securities recognised under the fair value option.

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 Risks Department's quantitative teams.

The valuation produced for each instrument is a mid-market valuation, which does not take into account 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.

mark-to-market adjustments: these adjustments correct any potential variance between the midmarket valuations of an instrument obtained using internal valuation models and the associated inputs and the valuation obtained from external sources or market consensus data. These adjustments can be positive or negative;

bid/ask reserves: these adjustments 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.

- Reserves for parameters uncertainty incorporate any uncertainty that may exist in terms of on one or several parameters used.
- Reserves for model uncertainty incorporate any uncertainty that may exist because of the choice of model used.

In addition, in accordance with IFRS 13 "Fair value measurement", Crédit Agricole S.A. prices in to the fair value calculated for its OTC derivatives (i.e. those traded over the counter) various adjustments linked to the default risk and credit quality (Credit Valuation Adjustment, Debit Valuation Adjustment) and also to future funding costs and benefits (Funding Valuation Adjustment).

CVA ADJUSTMENT

The Credit Valuation Adjustment (CVA) is a mark-to-market adjustment that aims to price into the fair value of the OTC derivatives the market value of our counterparties' default risk (risk that amounts due to us are not repaid in the event of default or deterioration in creditworthiness). This adjustment is calculated per counterparty based on the positive future exposure of the trading portfolio (taking into account any netting or collateral agreements, where such exist) weighted by the probabilities of default by our counterparties and losses given default. The estimated methodology of the CVA used maximises the use of observable entry data (the probability of default is in priority, directly deduced from listed CDS, listed CDS proxies, or other credit instruments when they are judged sufficiently liquid). This adjustment is always negative and reduces the fair value of the OTC derivative assets held in the portfolio.

DVA ADJUSTMENT

The Debit Valuation Adjustment (DVA) is a mark-to-market adjustment that aims to price into the fair value of OTC derivatives the market value of our own default risk (potential losses to which Crédit Agricole S.A. may expose its counterparties in the event of default or a deterioration in its creditworthiness). This adjustment is calculated on the scope of the trading securities covered by a perfect/Golden Credit Support Annex (CSA) and based on the negative future exposure profiles of the trading portfolio weighted by the probability of default (by CASA) and the loss incurred given default. The calculation aims to factor in the Margin Period of Risk (MPR, which is calculated as the sum: "periodicity of the collateral contract" + "estimate of the time necessary for the liquidation of the portfolio"). The methodology for estimating the DVA used maximises the use of observable entry data (use of the CASA CDS to determine the probability of default). This adjustment is always positive and reduces the fair value of the OTC derivative liabilities held in the portfolio.

FVA ADJUSTMENT

The Funding Valuation Adjustment (FVA) is a mark-to-market adjustment that aims to price into the fair value of OTC derivatives the additional future funding costs and benefits based on Asset & Liabilities Management (ALM) costs. This adjustment is calculated based on the scope of the trading securities not covered by a Credit Support Index (CSA) or covered by an imperfect/Golden CSA and based on future (positive and negative) exposure profiles weighted by the spreads of ALM funding.

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 considered as executable and updated regularly are classified in level 1. This covers the bulk of the 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:

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 on either directly observable parameters (foreign exchange rates, interest rates) or inputs that can be derived from market prices of observable products (foreign exchange 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 are available.

FINANCIAL INSTRUMENTS CLASSIFIED IN LEVEL 3

Financial instruments classified in level 3 are those which do not meet the conditions for classification in level 1 or 2. They are therefore mainly financial instruments with a high model risk whose valuation requires substantial use of unobservable inputs.

The initial margin on all new transactions classified in level 3 is reserved at the date of initial recognition. It is reintegrated in the profit or loss account either spread over the period during which the inputs are considered to be unobservable or in full on the date when the inputs become observable.

Level 3 therefore mainly comprises:

- securities;

Level 3 securities mainly include:

  - unlisted shares or bonds for which no independent valuation is available,
  - ABSs and CLOs for which there are indicative independent quotes but 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:

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: 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: These 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 and 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 hybrid equity products, whose payoff depends on the relative performance of shares or indices in a basket (a basket which may sometimes include not just equities but other instruments such as indices or commodities). 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 derivative portfolios was transferred to an external counterparty on 31 December 2013

Net change in financial instruments measured at fair value according to Level 3

Financial assets measured at fair value according to Level 3

(in millions of euros)	Total	Held-for-trading financial assets					Other financial instruments at fair value through profit or loss					Financial assets at fair value through other comprehensive income				
		Loans and receivables due from customers	Held-for-trading securities			Derivative instruments	Equity instruments at fair value through profit or loss		Pledged securities			Equity instruments at fair value through other comprehensive income that will not be reclassified to profit and loss		Debt securities		
							Equity and other variable income securities	Non-consolidated equity investments	Loans and receivables due from customers	Equities and other variable income securities		Bonds and other fixed income securities	Equities and other variable income securities			
			Treasury bills and similar securities	Bonds and other fixed income securities	Held-for-trading securities					Bonds and other fixed income securities	Debt securities	Equities and other variable income securities	Non-consolidated equity investments	Treasury bills and similar securities	Bonds and other fixed income securities	Debt securities
Opening balance (01/01/2018)	**3,542**	**1,571**	**-**	**132**	**132**	**1,279**	**4**	**58**	**85**	**154**	**154**	**57**	**181**	**(1)**	**22**	**21**
Gains or losses during the period [1]	566	78	-	-	-	362	4	1	9	(15)	(15)	(10)	137	-	-	-
Recognised in profit or loss	392	31	-	-	-	362	4	1	9	(15)	(15)	-	-	-	-	-
Recognised in other comprehensive income	174	47	-	-	-	-	-	-	-	-	-	(10)	137	-	-	-
Purchases	658	215	-	2	2	433	2	2	-	-	-	4	-	-	-	-
Sales	(1,366)	(1,281)	-	-	-	-	-	-	-	(3)	(3)	(19)	(63)	-	-	-
Issues	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Settlements	(167)	-	-	(63)	(63)	(82)	-	-	(1)	-	-	-	-	1	(22)	(21)
Reclassifications	398	369	-	-	-	-	-	-	68	-	-	-	(39)	-	-	-
Changes associated with scope during the period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers	(65)	-	-	-	-	(77)	-	2	10	-	-	-	-	-	-	-
Transfers to Level 3	12	-	-	-	-	-	-	2	10	-	-	-	-	-	-	-
Transfers from Level 3	(77)	-	-	-	-	(77)	-	-	-	-	-	-	-	-	-	-
CLOSING BALANCE (30/06/2018)	**3,566**	**952**	**-**	**71**	**71**	**1,915**	**10**	**63**	**171**	**136**	**136**	**32**	**216**	**-**	**-**	**-**

[1] this balance includes the gains and losses of the period made on assets reported on the balance sheet at the closing date, for the following amounts:

Gains/ losses for the period from level 3 liabilities held at the end of the period	**430**
Recognised in profit or loss	377
Recognised in other comprehensive income	54

Financial liabilities measured at fair value according to Level 3

		Financial liabilities held for trading							
In millions of euros	Total	Securities sold short	Securities sold under repurchase agreements	Debt securities	Due to credit institutions	Due to customers	Derivative Instruments	**Financial liabilities designated at fair value through profit or loss**	**Hedging derivative instruments**
Opening balance (01.01.2018)	**7,280**	**-**	**-**	**-**	**-**	**-**	**1,732**	**5,548**	**-**
Gains or losses during the period [1]	-	-	-	-	-	-	-	-	-
Recognised in profit or loss	3,191	-	-	-	-	-	177	3,014	-
Recognised in other comprehensive income	-	-	-	-	-	-	-	-	-
Purchases	290	-	-	-	-	-	290	-	-
Sales	(42)	-	-	-	-	-	-	(42)	-
Issues	1,565	-	-	-	-	-	-	1 565	-
Settlements	-	-	-	-	-	-	-	-	-
Reclassifications	(346)	-	-	-	-	-	(83)	(263)	-
Changes associated with scope during the period	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-
Transfers to Level 3	154	-	-	-	-	-	-	154	-
Transfers from Level 3	(178)	-	-	-	-	-	(55)	(123)	-
CLOSING BALANCE (30.06.2018)	**10,314**	**-**	**-**	**-**	**-**	**-**	**2,060**	**8,254**	**-**

[1] this balance includes the gains and losses of the period made on liabilities reported on the balance sheet at the closing date, for the following amounts:

Gains/ losses for the period from level 3 liabilities held at the end of the period	**1,593**
Recognised in profit or loss	1,593
Recognised in other comprehensive income	-

9.3 Estimated impact of inclusion of the margin at inception

In millions of euros	30.06.2018	31.12.2017
Deferred margin at 1st January	**67**	**69**
Margin generated by new transactions during the period	16	20
Recognised in net income during the period	-	-
Amortisation and cancelled / reimbursed / matured transactions	(11)	(22)
Profit-sharing and incentive plans	-	-
Effects of inputs or products reclassified as observable during the period	-	-
DEFERRED MARGIN AT THE END OF THE PERIOD	**72**	**67**

NOTE 10 : SCOPE OF CONSOLIDATION AT 30 JUNE 2018

10.1 Composition of the consolidation group

Crédit Agricole CIB Group – Share of consolidation	(a)	Location	Country of incorporation if different from location	Nature of entity and control (b)	Consolidation method 30 June 2018	% control 30.06.2018	% control 31.12.2017	% interest 30.06.2018	% interest 31.12.2017
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 (Inde)		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 (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 (Germany)		Germany	France	Branch	Full	100,00	100,00	100,00	100,00
Crédit Agricole CIB (Sweden)		Suede	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)		Canada	France	Branch	Full	100,00	100,00	100,00	100,00
Banking and financial institutions									
Banco Crédit Agricole Brasil S.A.		Brasil		Subsidiary	Full	100,00	100,00	100,00	100,00
Crédit Agricole CIB Algeria 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 China Ltd. Chinese Branch		China		Branch	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)		Luxembourg		Subsidiary	Full	100,00	100,00	100,00	100,00
CA Indosuez Wealth (Europe - Spain)		Spain	Luxembourg	Branch	Full	100,00	100,00	100,00	100,00
CA Indosuez Wealth (Europe - Belgium)		Belgium	Luxembourg	Branch	Full	100,00	100,00	100,00	100,00
CA Indosuez Wealth (Europe - Italy)		Italy	Luxembourg	Branch	Full	100,00	100,00	100,00	100,00
CA Indosuez (Switzerland) S.A.		Switzerland		Subsidiary	Full	100,00	100,00	100,00	100,00
CA Indosuez (Switzerland) S.A. (Hong-Kong)		Hong Kong	Switzerland	Branch	Full	100,00	100,00	100,00	100,00
CA Indosuez (Switzerland) S.A. (Singapore)		Singapore	Switzerland	Branch	Full	100,00	100,00	100,00	100,00
CA Indosuez (Switzerland) S.A. Switzerland Branch		Switzerland		Branch	Full	100,00	100,00	100,00	100,00
CFM Indosuez Wealth		Monaco		Subsidiary	Full	70,13	70,13	68,96	68,96
CA Indosuez Finanziaria S.A.		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)		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
Banca Leonardo S.p.A.	E3	Italy		Subsidiary	Full	94,06	-	94,06	-
Brokerage companies									
Crédit Agricole Securities (USA) Inc		United States		Subsidiary	Full	100,00	100,00	100,00	100,00
Credit Agricole Securities (Asia) Ltd		Hong Kong		Subsidiary	Full	100,00	100,00	100,00	100,00
Crédit Agricole Securities Asia Limited Séoul Branch (CASAL Séoul Branch)		South Korea		Branch	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
Investment companies									
CA Indosuez Wealth (Brazil) S.A. DTVM		Brasil		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
Crédit Agricole CIB Holdings Ltd.		United Kingdom		Subsidiary	Full	100,00	100,00	100,00	100,00
CA Indosuez Wealth (Groupe)		France		Subsidiary	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
CLTR		France		Subsidiary	Full	-	100,00	-	100,00
Igasus LLC		United States		Subsidiary	Full	-	100,00	-	100,00
CFM Indosuez Conseil en Investissement		France		Subsidiary	Full	70,13	-	68,96	-
CFM Indosuez Gestion		Monaco		Subsidiary	Full	70,13	-	67,58	-
CFM Indosuez Conseil en Investissement, Succursale de Noumea		Nouvelle-Caledonie	France	Branch	Full	70,13	-	68,96	-
Assurances									
CAIRS Assurance S.A.		France		Subsidiary	Full	100,00	100,00	100,00	100,00
Others									
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	99,92	99,68	99,92	99,68

Crédit Agricole CIB Group Share of consolidation	(a)	Location	Country of incorporation if different from location	Nature of entity and control (b)	Consolidation method 30 June 2018	% control 30.06.2018	% control 31.12.2017	% interest 30.06.2018	% interest 31.12.2017
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
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
Benelpart		Belgium		Subsidiary	Full	100,00	100,00	97,40	97,40
Financière des Scarabées		Belgium		Subsidiary	Full	100,00	100,00	98,67	98,67
Lafina		Belgium		Subsidiary	Full	100,00	100,00	97,74	97,74
SNGI Belgium		Belgium		Subsidiary	Full	100,00	100,00	100,00	100,00
Sococlabecq		Belgium		Subsidiary	Full	100,00	100,00	97,74	97,74
TCB		France		Subsidiary	Full	98,70	98,70	97,40	97,40
Molinier Finances		France		Subsidiary	Full	99,99	99,99	97,12	97,12
SNGI		France		Subsidiary	Full	100,00	100,00	100,00	100,00
Sofipac		Belgium		Subsidiary	Full	98,58	98,58	96,02	96,02
Placements et réalisations immobilières (SNC)		France		Subsidiary	Full	100,00	100,00	97,40	97,40
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)		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	-	-
LMA SA		France		Controlled structured entity	Full	100,00	100,00	-	-
FIC-FIDC		Brasil		Controlled structured entity	Full	100,00	100,00	100,00	100,00
Héphaïstos EUR FCC		France		Controlled structured entity	Full	100,00	100,00	-	-
Héphaïstos GBP FCT		France		Controlled structured entity	Full	100,00	100,00	-	-
Héphaïstos USD FCT		France		Controlled structured entity	Full	100,00	100,00	-	-
Héphaïstos Multidevises FCT		France		Controlled structured entity	Full	100,00	100,00	-	-
Eucalyptus FCT		France		Controlled structured entity	Full	100,00	100,00	-	-
Pacific USD FCT		France		Controlled structured entity	Full	100,00	100,00	-	-
Shark FCC		France		Controlled structured entity	Full	100,00	100,00	-	-
Vulcain EUR FCT		France		Controlled structured entity	Full	100,00	100,00	-	-
Vulcain Multi-Devises FCT		France		Controlled structured entity	Full	100,00	100,00	-	-
Vulcain USD FCT		France		Controlled structured entity	Full	100,00	100,00	-	-
Pacific EUR FCC		France		Controlled structured entity	Full	100,00	100,00	-	-
Pacific IT FCT		France		Controlled structured entity	Full	100,00	100,00	-	-
Triple P FCC		France		Controlled structured entity	Full	100,00	100,00	-	-
ESNI (compartiment Crédit Agricole CIB)		France		Controlled structured entity	Full	100,00	100,00	100,00	100,00
Elipso Finance S.r.l		Italy		Structured Joint venture	Equity	50,00	50,00	50,00	50,00
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		France		Subsidiary	Full	100,00	100,00	100,00	100,00
Lafayette Asset Securitization LLC		United States		Controlled structured entity	Full	100,00	100,00	-	-
Fundo A De Investimento Multimercado		Brasil		Controlled structured entity	Full	100,00	100,00	100,00	100,00
Tsubaki ON		France		Controlled structured entity	Full	100,00	100,00	-	-
Tsubaki OFF		France		Controlled structured entity	Full	100,00	100,00	-	-
Azqore	E2	Switzerland		Subsidiary	Full	100,00	-	100,00	-

(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

Entity type and nature of control

Subsidiary

Controlled structured entity

Joing venture

Structured joint venture

Joint operation

Associate

Structured associate

Branch

NOTE 11 : EVENTS AFTER THE REPORTING PERIOD

Banque Saudi Fransi

Crédit Agricole Corporate Investment Bank (Crédit Agricole CIB) has received a Request for Arbitration submitted by Banque Saudi Fransi (BSF) before the International Chamber of Commerce (ICC). The dispute relates to the performance of a Technical Services Agreement between BSF and Crédit Agricole CIB that is no longer in force. On 7 August 2018, BSF quantified its claim at SAR 1,011,670,654.00, the equivalent of about €232 million and reserved the right to submit additional claims. Crédit Agricole CIB totally denies BSF's allegations and claim.

5. STATUTORY AUDITORS' REPORT ON THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENT

For the period from January 1 to June, 30, 2018

Statutory Auditors' Review Report on the Half-yearly Financial Information

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general meeting and in accordance with the requirements of article L. 451-1-2 III of the French Monetary and Financial Code ("Code monétaire et financier"), we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of Crédit Agricole Corporate and Investment Bank, for the period from January 1 to June 30, 2018 ;
- the verification of the information presented in the half-yearly management report.

These condensed half-yearly consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

1. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the condensed half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 - standard of the IFRSs as adopted by the European Union applicable to interim financial information.

Without qualifying the above conclusion, we draw your attention to the change in accounting method relating to the application as of January 1, 2018 of IFRS 9 "Financial Instruments" as described in note 1.1 "Applicable standards and comparability" and the paragraph "Financial instruments" of the note 1.2 "Accounting principles and methods", as well as in the other notes of the condensed half-yearly consolidated financial statements presenting figures relating to the impact of this change.

2. Specific verification

We have also verified the information presented in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review.

We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

Neuilly-sur-Seine et Paris-La Défense, the 9 August 2018

The statutory auditors

French original signed by

PricewaterhouseCoopers Audit		ERNST & YOUNG et Autres	
Anik Chaumartin	Laurent Tavernier	Olivier Durand	Matthieu Préchoux

3 COMPLEMENTARY INFORMATION

1. RATINGS

Ratings	Standard & Poor's	Moody's	FitchRatings
Long-term/short-term counterparty	A+/A-1 (RCR)	Aa3(cr)/P-1(cr)	A+(dcr)
Long-term senior unsecured debt	A	A1	A+
Outlook	Positive	Positive	Stable
Last rating action	10.25.2017	07.05.2018	12.14.2017
Rating action type	Outlook changed to positive from stable; LT/ST ratings affirmed	Outlook changed to positive from stable; LT / ST ratings affirmed	LT / ST ratings affirmed; outlook unchanged
Short-term debt	A-1	Prime-1	F1

2. OTHER INFORMATION REGARDING THE RECENT EVOLUTION OF THE BANK

COMPOSITION OF THE BOARD OF DIRECTORS AT 30 JUNE 2018

Chairman
M. Philippe Brassac

Directors
Mr Jean de Dieu BATINA**
Mr Jacques BOYER
Mrs Audrey CONTAUT**
Mr Bertrand CORBEAU
Mrs Marie-Claire DAVEU*
Mrs Claire DORLAND CLAUZEL*
Mr Olivier GAVALDA
Mrs Nicole GOURMELON
Mrs Françoise GRI*
Mr Luc JEANNEAU
Mrs Anne-Laure NOAT*
Mrs Catherine POURRE*
Mr François THIBAULT
Mr Odet TRIQUET
Mr Jean-Pierre VAUZANGES

Censeurs
Mr Paul CARITE
Mr Jacques DUCERF

* Independent Directors
**Directors representing employees

COMPOSITION OF THE EXECUTIVE MANAGEMENT AT 30 JUNE 2018

At 30 June 2018, the Executive management is as follows :

- Mr Jean-Yves Hocher – Chief Executive Officer
- Mr François Marion – Deputee Chief Executive Officer
- Mr Régis Monfront – Deputee Chief Executive Officer

Mr Jacques Prost has been Deputee Chief Executive Officer until 18 June 2018 and moved to other functions inside Crédit Agricole Group.

COMPOSITION OF THE RISK COMMITTEE AT 30 JUNE 2018

Mrs Marie-Claire Daveu, Chairman and independant Director
Mrs Nicole Gourmelon
Mrs Françoise Gri, independant Director
Mrs Anne-Laure Noat, independant Director
Mrs Catherine Pourre, independant Director
Mr François Thibault

COMPOSITION OF THE AUDIT COMMITTEE AT 30 JUNE 2018

Mrs Anne-Laure Noat, Chairman and independant Director
Mr. Jacques Boyer
Mrs Marie-Claire Daveu, independant Director
Mrs Claire Dorland Clauzel, independant Director
Mrs Catherine Pourre, independant Director
M. Jean-Pierre Vauzanges

COMPOSITION OF THE APPOINTMENTS' COMMITTEE AT 30 JUNE 2018

Mrs Claire Dorland Clauzel, Chairman and independant Director
Mrs Marie-Claire Daveu, independant Director
Mr. Luc Jeanneau

COMPOSITION OF THE COMPENSATION COMMITTEE AT 30 JUNE 2018

Mrs Anne-Laure Noat, Chairman and independant Director
Mr. Jean de Dieu Batina, Directors representing employees
Mrs Claire Dorland Clauzel, independant Director
Mr. Luc Jeanneau

COMPOSITION OF THE EXECUTIVE COMMITTEE AT 30 JUNE 2018

The composition of Crédit Agricole Corporate and Investment Bank's Executive committee at 30 June 2018 is as follows:

Mr. Jean-Yves HOCHER	Chief Executive Officer
Mr. François MARION	Deputy Chief Executive Officer
Mr. Régis MONFRONT*	Deputy Chief Executive Officer
Mr. Jean-François BALAŸ	Risk & Permanent Control
Mr. Olivier BELORGEY	Finance
Mrs Martine BOUTINET	Human Resources
Mrs Hélène COMBE-GUILLEMET	Global Investment Banking
Mr. Frédéric COUDREAU	Global IT
Mr. Eric Chèvre	Global Compliance
Mrs Isabelle GIROLAMI	Global Markets Division
Mr. Bertrand HUGONET	Corporate Secretary & Communication
Mr. Eric LECHAUDEL	Operations & Country COOS
Mr. Jamie MABILAT	Debt Optimisation & Distribution
Mrs Véronique McCARROLL	Strategy and Business Transformation
Mr. Thierry SIMON	International Trade & Transaction Banking
Mr. Jacques de VILLAINES	Structured Finance

*Mr. Régis Monfront : Client Coverage & International Network

3. BALANCED REPRESENTATION OF WOMEN AND MEN IN THE BOARD OF DIRECTORS

(ARTICLE 435 [2-C] OF EU REGULATION N°575/2013 AND ARTICLE L511-99 OF THE FRENCH MONETARY AND FINANCIAL CODE)

In accordance with the provisions of article L.511-99 of the French Monetary and Financial Code, the Appointments Committee, formed by the Board of Directors of Credit Agricole Corporate and Investment Bank, has considered the objective regarding the balanced representation of women and men on the Board of Directors as well as the policy to be implemented to achieve this goal.

It is reminded that under article L.225-17 of the French Commercial Code, the Board of Directors must be composed by seeking a balanced representation of women and men. Such balanced representation rests on a proportion which cannot be less than 40% for either sex in accordance with the provisions of article L.225-18 of the French Commercial Code.

The proportion of women amongst the Directors appointed by shareholder's General Meetings of Credit Agricole Corporate and Investment Bank is currently 43%. The Bank has an objective of maintaining this ratio at 40% minimum for each sex. The policy enunciated for this purpose involves particularly looking actively for suitable high quality candidates – both men and women – enabling 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 competence.

4 GÉNÉRAL INFORMATION

1. PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT AND FOR AUDITING THE ACCOUNTS

RESPONSABILITY STATEMENT

I hereby certify that, to my knowledge and after all due diligence, the information contained in this Update of the Registration Document is true and accurate and contains no omissions likely to affect the import thereof.

I certify that, to my knowledge, the half-year 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 half-year management report, gives a true and fair view of Of major events happened over the first six months of the exercise, of the impacts on the accounts, of major transactions between linked counterparts as well as a description of major risks and main uncertainties for the next remaining 6 months of the exercise.

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 update and read the update as a whole.

Montrouge, 10 August 2018

The Chief Executive Officer of Crédit Agricole CIB

Jean-Yves Hocher

2. STATUTORY AUDITORS

Primary statutory auditors	
Ernst & Young et Autres Member of the Ernst & Young network	PricewaterhouseCoopers Audit Member of the PricewaterhouseCoopers
Member of the Versailles regional association of Statutory auditors Company represented by: Olivier Durand et Matthieu Préchoux	Member of the Versailles regional association of Statutory auditors Company represented by: Anik Chaumartin and Laurent Tavernier
Head office: 1-2, place des Saisons 92400 Courbevoie - PARIS-La Défense - France	Head office: 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 4 May 2018.	PricewaterhouseCoopers Audit was renewed Statutory Auditor for six financial periods by the shareholders' meeting of 4 May 2018.

Length of alternate auditors' mandates
The shareholders' meeting of 4 May 2018 decided not to renew length of alternate auditors' mandates of Picarle et Associés and of M. Pierre Coll in accordance with Article L.823-1 of the Code de commerce.

3. 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.

Headings required by Regulation EC°809/2004 (Appendix XI)	**Page number in this document**	**Page number in the Registration Document**
1. Person responsible	156	408
2. Statutory auditors	157	409
3. Risk factors	13 to 22	167 to 195
		299 to 306
		and 326 to 327
4. Information about the issuer		
4.1. History and development of the issuer		3 to 13
5. Business overview		
5.1. Principal activities		14 to 18
5.2. Principaux markets		14 to 18
6. Organisational structure		
6.1. Brief description of the group and the issuer’s position within the Group		2 et 3
6.2. Dependence relationships within the Group	61	274, 4 and 5
7. Recent trends	10 and 11	154 to 155
8. Profit forecasts or estimates		N/A
9. Administrative, management and supervisory bodies		68 to 84
9.1. Information concerning members of the administrative and management bodies	151 and 152	85 to 133
9.2. Conflicts of interest in the administrative, management and supervisory bodies		106
10. Major shareholders	125	327
11. Financial information concerning the issuer’s assets and liabilities, financial position and profits and losses		
11.1. Historical financial information [(1)]	59 to 148	268 to 397
11.2 Financial statements	59 to 148	268 to 397
	148	354 to 358
11.3 Auditing of historical annual financial statements		& 393 to 397
	59	268 to 397
11.4 Dates of the most recent financial disclosures	59 to 148	N/A
11.5 Interim financial information	20 and 21	192, 193 & 402
11.6 Legal and arbitration proceedings		402
11.7 Significant change in the issuer’s financial or commercial position		402
12. Significant contracts		N/A
13. Third party information and statements by experts and declarations of any interest		401
14. Documents on display		

[(1)] In accordance with Article 28 of EC Regulation 809/2004 and Article 212-11 of the AMF’s general Regulations, the following are incorporated for reference purposes: the consolidated financial statements for the period ended 31 December 2017 and the statutory auditors’ report on the consolidated financial statements for the period ended 31 December 201, 2017 financial situation and net income, and risk factors respectively presented on pages 268 to 358, 144 to 158 and 167 to 195 of Crédit Agricole CIB’s 2017 registration document registered by the AMF on 23 March 2018 under number D.17-0208 and available on the Crédit Agricole CIB website (www.ca-cib.com).

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This registration document is available on the Crédit Agricole website (www.ca-cib.com) and on the *Autorité des Marchés Financiers* website in a French version (www.amf-france.org).

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