2018

REGISTRATION DOCUMENT

CRÉDIT AGRICOLE
CORPORATE & INVESTMENT BANK

CONTENTS

2018

REGISTRATION DOCUMENT

CRÉDIT AGRICOLE
CORPORATE & INVESTMENT BANK

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

The original French version of the registration document was filed with the French Financial Markets Authority (Autorité des Marchés Financiers, AMF) on 05 april 2019, in accordance with Article 212-13 of the AMF's General Regulations. It may be used in support of a financial transaction if accompanied by a transaction note approved by the AMF. This document was prepared by the issuer and its signatory is liable for its content.

A WHOLE BANK JUST FOR YOU

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

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

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

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

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

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

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

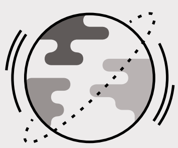
It actively addresses environmental and social issues by supporting progress and change.

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

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

#1
Bancassurer in Europe
Provider of financing to the French economy
European asset manager

51 M customers



47 countries

141 000 employees

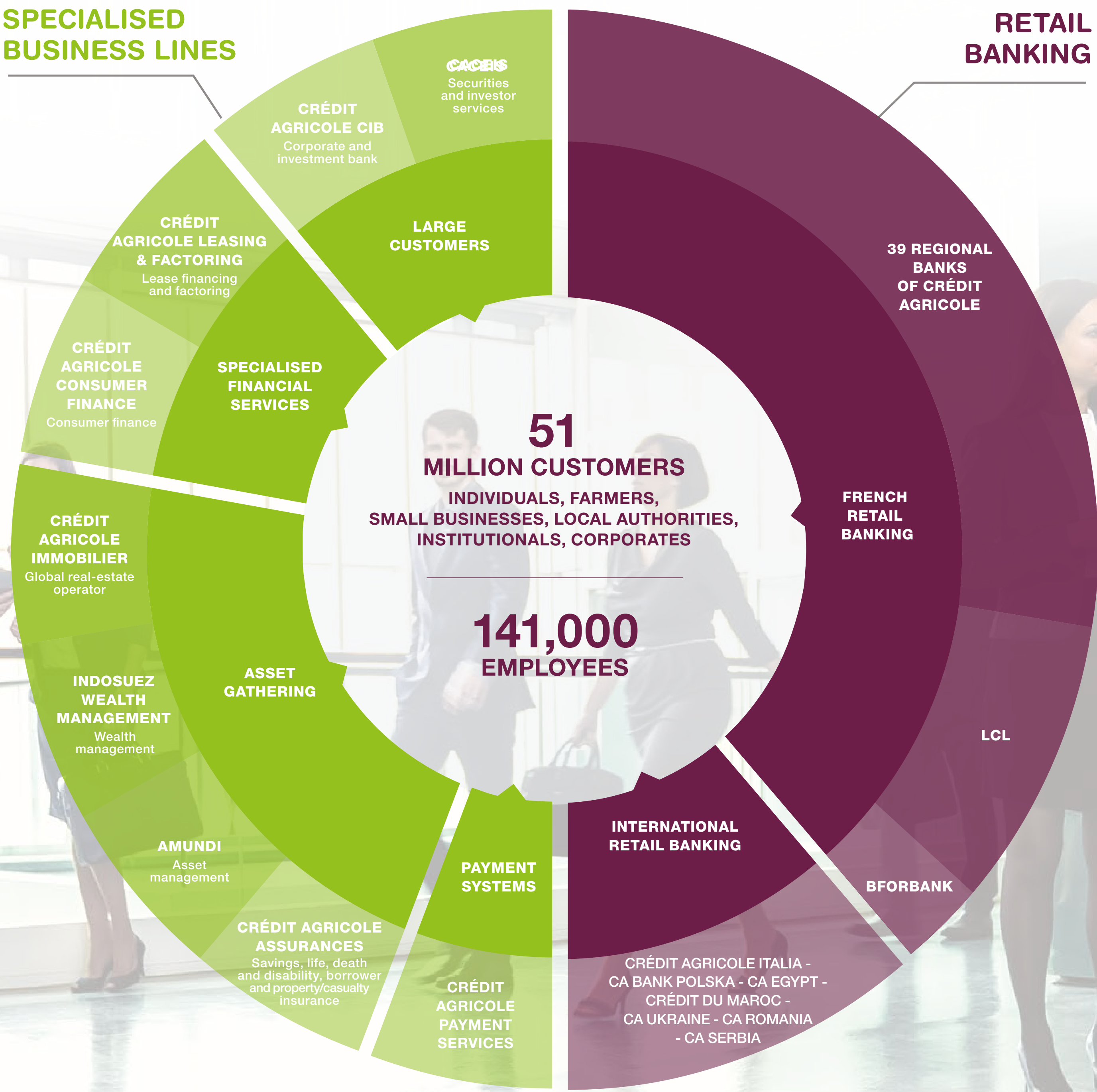
GROUP ORGANISATION

More than 10 million mutual shareholders underpin Crédit Agricole's cooperative organisational structure. They own the capital of the **2,432 Local Banks** in the form of mutual shares and they elect their representatives each year. **More than 30,000 directors** work in their best interests.

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

The Regional Banks are cooperative regional banks that offer their customers a comprehensive range of products and services. Their sounding board is the Fédération Nationale du Crédit Agricole, where the Group's strategic vision and policies are discussed.

The Regional Banks together own, via **SAS Rue La Boétie,** the majority (56.3%) of the share capital of **Crédit Agricole S.A.** Working with its specialist subsidiaries, Crédit Agricole S.A. coordinates the various business lines' strategies in France and abroad.



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

OUR BUSINESS MODEL:
TO BE YOUR TRUSTED PARTNER

OUR RESOURCES

A HIGHLY DIVERSE STAFF

11,544	43%	57%
including 3,219 in private banking	women	international

AN EXTENSIVE INTERNATIONAL NETWORK

37 LOCATIONS

17	9	8	3
Europe	Asia-Pacific	Americas	Africa Middle East

RECOGNISED EXPERTISE

Project financing	Real-asset financing	Bond issues
Green and social bonds	Syndicated loans	Advisory and discretionary management

STRONG VALUES

Strong CSR commitments	Long-term support for our clients on real-economy projects

AN AFFILIATION WITH A STRONG BANKING GROUP

15%	€20.4bn
for the Group's CET1	in Crédit Agricole CIB equity

SATISFACTORY LONG-TERM RATINGS

S&P	Moody's	Fitch
A+	A1	A+
Stable, 19/10/2018	Positive, 05/07/2018	Stable, 04/12/2018

OUR VALUE CREATION

OUR ROLE

Supporting our clients' asset-backed financing projects

Meeting their cash management and global business needs

Arranging syndicated loans

Offering risk hedging, financing, and investment solutions involving the market or private investors

Advising our clients in their balance sheet issues

Supporting our clients in managing, structuring, protecting, and transferring their wealth

OUR AMBITIONS
(2020 STRATEGIC AMBITION)

Being the preferred, committed partner of our clients for the long term

Strengthening our presence with financial institutions

Supporting companies with which we have a close relationship

Maintaining our leading position in structured financing

Rounding out our service offering with cash flow products (especially cash management)

Providing flexibility for investment and innovation

Optimising our scarce resources to better support our clients

A sound, responsible, committed bank to serve clients of the Crédit Agricole group (financial institutions, corporates, mid-caps) by relying on its strong expertise in corporate, market, and investment banking and wealth management as well as its extensive client coverage and moderate risk policy.

OUR ACHIEVEMENTS WITH OUR STAKEHOLDERS

Clients

4,085 Clients
(in Corporate and Investment Banking)

2,228
Corporate clients

1,857
Financial institution clients

€123bn
in wealth management assets

€208bn
in real-asset financing

AWARDS

SSA SRI Deal of the Year
Société du Grand Paris
(GlobalCapital)

Best Sovereign Euro Deal of the Year
Republic of Portugal
(GlobalCapital)
State of Qatar

SRI Green Bond House of the Year
(IFR Awards)

Sovereign Bond of the Year
(GlobalCapital)

Best Bank Award
CFM Indosuez Wealth Management in Monaco
(Global Finance)

Employees

COMMITMENT AND RESPONSIBILITY

84%
of employees are proud to work for Crédit Agricole CIB

79%
recommend Crédit Agricole CIB as a good employer

72%
feel that they have a good work/life balance

243,244
HOURS OF TRAINING

COMMUNITY-MINDED PHILANTHROPY

With the "Solidaires" programme, we financially support our employees who volunteer for organisations

ACTIVE POLICY FOR YOUNG PEOPLE AND WORK/STUDY PARTICIPANTS

(533 work/study contracts, 102 VIE participants)

Crédit Agricole Group

SOLID FINANCIAL RESULTS…

NBI
€5,276m

Net income group share
€1,479m

Contribution to CASA net income group share (30%)
€1,380m

…AND A MODERATE RISK PROFILE

VaR of
€5.1m

STRONG GROUP SYNERGIES

We use our foreign exchange and interest rate expertise to serve Crédit Agricole Group and its clients

We are active contributors to improving the Group's operational performance

We have successfully pooled our expertise within the Key Accounts division to support Private Equity Funds

Civil society

ENERGY TRANSITION FINANCING

€43bn
in financing

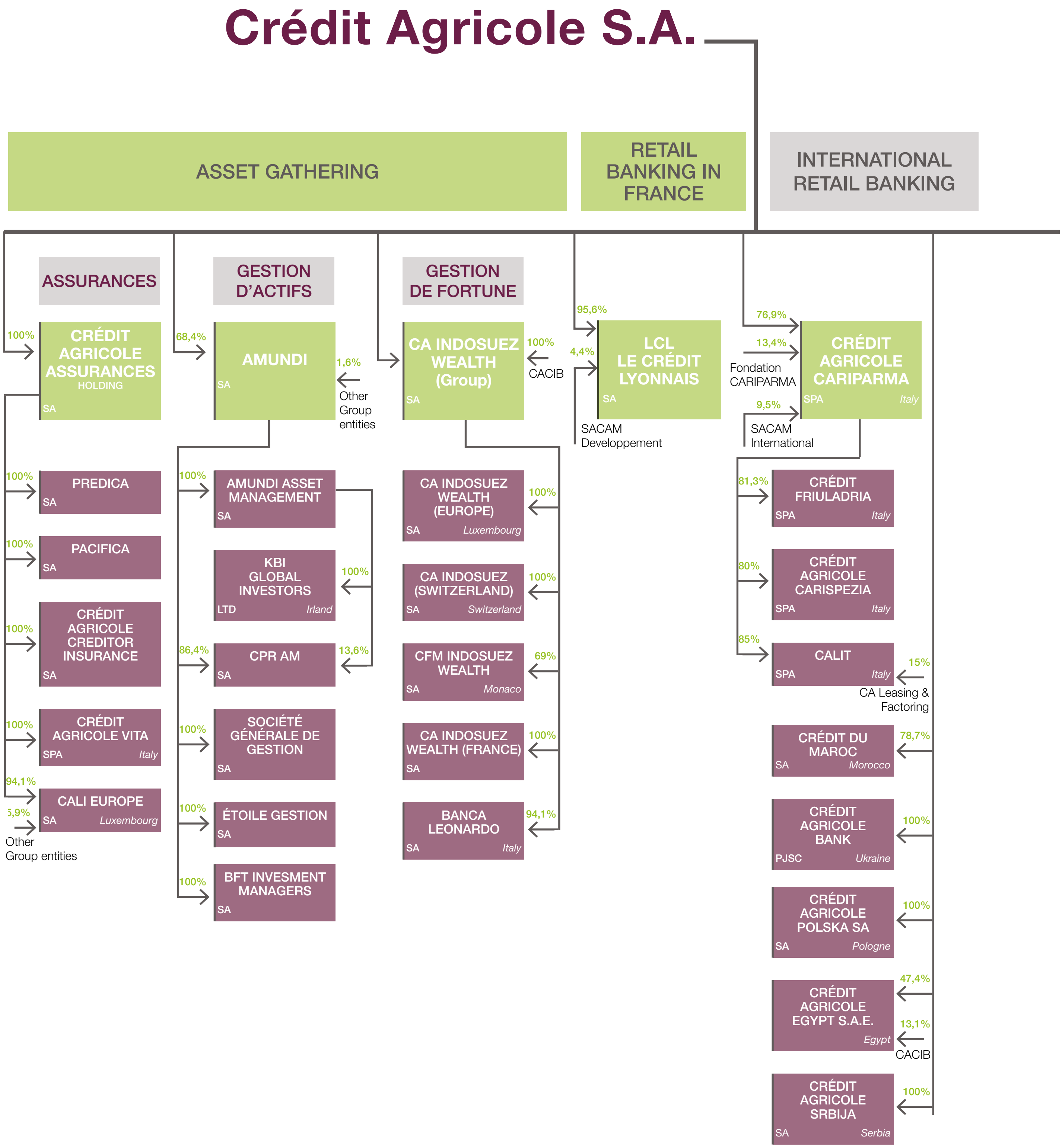
100% OF CORPORATE CLIENTS AWARDED A CSR SCORE

AN INNOVATIVE APPROACH TO SERVE OUR CLIENTS AND EMPLOYEES

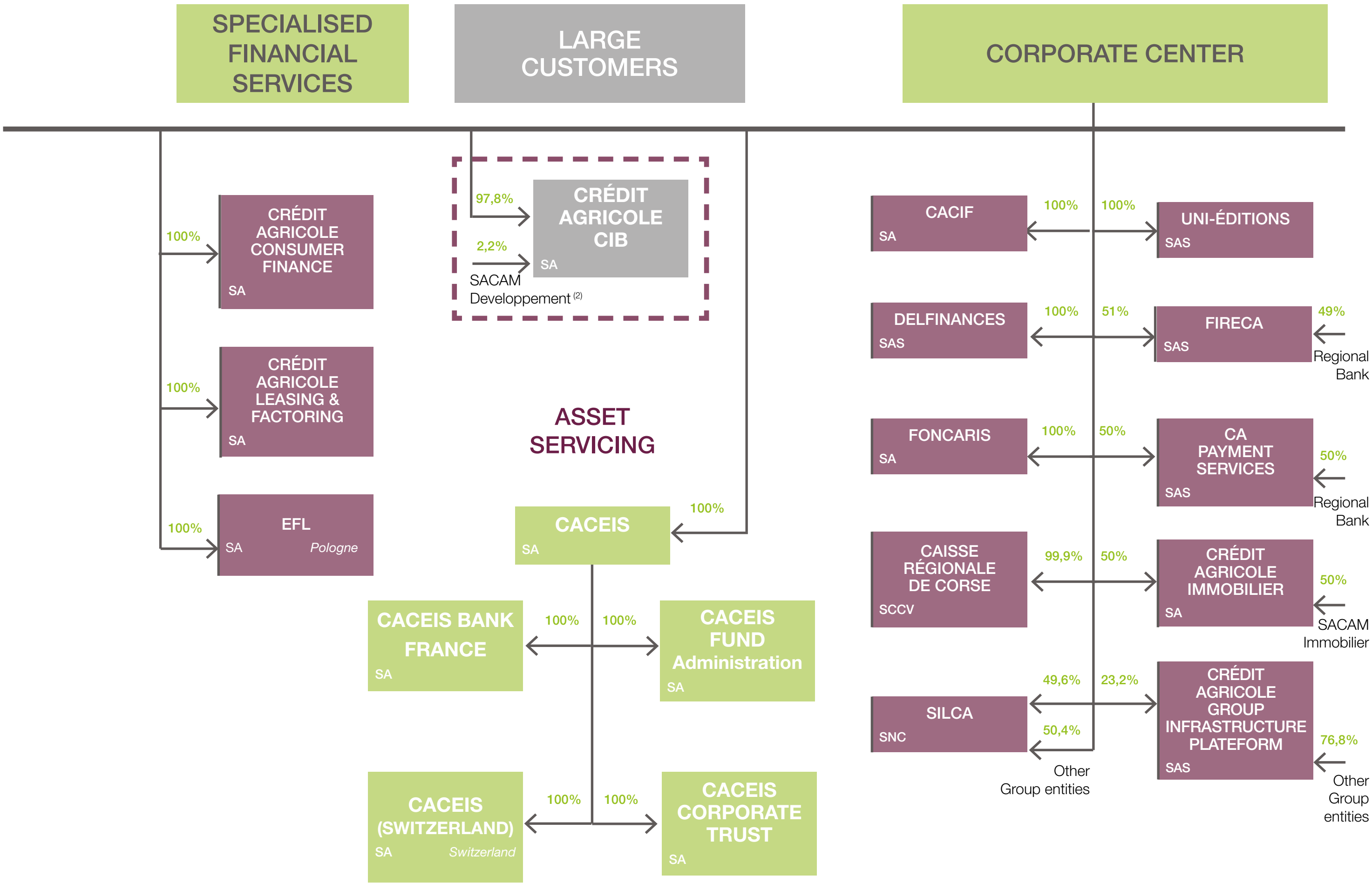
We are partners, and in some case also minority shareholders, of Fintech, to develop blockchain in our activities.

We support our employees in their innovation pursuits up to the successful conclusion of their projects

We have launched a digital transformation of the experience for our bank's clients


Crédit Agricole S.A.
ASSET GATHERING
RETAIL BANKING IN FRANCE
INTERNATIONAL RETAIL BANKING
ASSURANCES
GESTION D'ACTIFS
GESTION DE FORTUNE
100%
CRÉDIT AGRICOLE ASSURANCES HOLDING SA
68,4%
AMUNDI SA
1,6%
Other Group entities
CA INDOSUEZ WEALTH (Group) SA
100%
CACIB
95,6%
4,4%
LCL LE CRÉDIT LYONNAIS SA
SACAM Developpement
76,9%
13,4%
Fondation CARIPARMA
9,5%
SACAM International
CRÉDIT AGRICOLE CARIPARMA SPA Italy
100%
PREDICA SA
100%
PACIFICA SA
100%
CRÉDIT AGRICOLE CREDITOR INSURANCE SA
100%
CRÉDIT AGRICOLE VITA SPA Italy
94,1%
CALI EUROPE SA Luxembourg
5,9%
Other Group entities
100%
AMUNDI ASSET MANAGEMENT SA
KBI GLOBAL INVESTORS LTD Irland
100%
86,4%
CPR AM SA
13,6%
100%
SOCIÉTÉ GÉNÉRALE DE GESTION SA
100%
ÉTOILE GESTION SA
100%
BFT INVESMENT MANAGERS SA
CA INDOSUEZ WEALTH (EUROPE) SA Luxembourg
100%
CA INDOSUEZ (SWITZERLAND) SA Switzerland
100%
CFM INDOSUEZ WEALTH SA Monaco
69%
CA INDOSUEZ WEALTH (FRANCE) SA
100%
BANCA LEONARDO SA Italy
94,1%
81,3%
CRÉDIT FRIULADRIA SPA Italy
80%
CRÉDIT AGRICOLE CARISPEZIA SPA Italy
85%
CALIT SPA Italy
15%
CA Leasing & Factoring
CRÉDIT DU MAROC SA Morocco
78,7%
CRÉDIT AGRICOLE BANK PJSC Ukraine
100%
CRÉDIT AGRICOLE POLSKA SA SA Pologne
100%
CRÉDIT AGRICOLE EGYPT S.A.E. Egypt
47,4%
13,1%
CACIB
CRÉDIT AGRICOLE SRBIJA SA Serbia
100%

at 31 december 2018 (% interest)[1]



Financial transactions between Crédit Agricole S.A. and its subsidiaries are subjected to reglemented agreement, as the case may be, that are mentioned in the statutory auditors' special report.

Internal mechanisms of Crédit Agricole Group (in particular between Crédit Agricole S.A. and the Regional Banks) are detailed in the registration document of Crédit Agricole S.A., in the paragraph "Internal financing mechanisms", in introduction of the consolidated financial statements.

(1) Direct % interest held by Crédit Agricole S.A. and its subsidiaries.

(2) Owned by Crédit Agricole Group.

MESSAGE
from the Chairman and the Chief Executive Officer

Crédit Agricole Group's results for 2018 are very satisfactory and demonstrate the strength of our universal banking model. All business lines contributed to these results, in spite of a difficult economic environment in the markets. The Large Clients division accounts for nearly 35% of Crédit Agricole S.A.'s net result.

Through its daily commitment, in France and abroad, to serve large and medium-size companies and financial institutions, Crédit Agricole CIB is actively involved in Crédit Agricole's universal approach to financing the economy. Being a universal bank also means supporting our clients to provide answers to the great challenges of our times together. Among these, climate change is without a doubt one of the main challenges. Thanks to its long-standing experience, Crédit Agricole CIB has become a global leader in financing large environmental infrastructures throughout the world and issuing green bonds. Its pioneering position in this area also puts Crédit Agricole CIB at the heart of international climate discussions and allows it to introduce standardization initiatives and develop best practices.

For the next medium-term plan which will be announced on June 6th, we would like to amplify our Client Project by aiming for excellence in our relationships. We will place particular emphasis on helping our clients with their environmental issues by offering practical and suitable solutions for the energy transition. Finally, we want to develop and improve the technical and relationship skills of our employees who are in daily contact with our clients.

I know that Crédit Agricole CIB's expertise will be essential for the whole Group, in particular in the field of climate finance. I also know that the mobilization of all our members of staff is a strategic asset that will allow us to provide practical answers to all these challenges together.

PHILIPPE BRASSAC

Chairman of Crédit Agricole CIB's Board of Directors

Crédit Agricole S.A. Chief Executive Officer

In 2018, Crédit Agricole CIB achieved satisfactory results and maintained its positions in a challenging market. Commercial momentum was strong in most of its business lines, particularly in structured finance and commercial banking. Market activities experienced a particularly unfavourable environment in the fourth quarter and investment banking was adversely affected by a lacklustre market. Costs remained under control and this year's results benefited from a lower cost of risk with reversals of provisions recorded over three consecutive quarters. Crédit Agricole CIB's net income group share reached EUR 1.5 billion, a 7% increase compared to the previous year.

In 2018, we received many awards for our leading positions in project, transport, infrastructure, export and climate finance. These various awards confirm Crédit Agricole CIB's commercial prowess and are the result of a coordinated commercial approach.

Our business model is relevant: it is long-term and strong and makes us more resilient against market volatility. It is built around key guidelines that steer our daily actions: supporting our clients over the long term, financing the real economy, affirming clear values in terms of social and environmental responsibility and finally, maintaining a moderate risk profile.

In the coming years, we plan to stay on this course while adapting to the changes in our businesses triggered by new regulatory constraints that will reduce banks' profitability and by the digitalization of products and services that are already transforming our industry. To meet these major challenges, we will continue to focus on our clients, supporting them as best we can with their financing and investment needs. We will also adapt our organization and our product offering in the changing environment, while controlling our cost base and thus our profitability.

Going forward we will drive agility with determination and make the necessary adjustments required to make Crédit Agricole CIB the trusted partner of the corporate and financial institution clients of the Crédit Agricole group throughout the world. Every day our teams make the commitment to fulfil this mission.

JACQUES RIPOLL

Crédit Agricole CIB Chief Executive Officer

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PRESENTATION OF CRÉDIT AGRICOLE CIB

1 CONTENTS

Income statement highlights

€ million	31.12.2018 Crédit Agricole CIB	31.12.2018 Underlying CIB[1]	31.12.2017 Crédit Agricole CIB	31.12.2017 Underlying CIB [1]	31.12.2016 Crédit Agricole CIB	31.12.2016 Underlying CIB [1]
Net banking income	**5,276**	**4,409**	4,999	4,587	4,936	4,427
Gross operating income	**1,955**	**1,799**	1,814	2,027	1,856	1,902
Net income Group Share [2]	**1,479**	**1,372**	1,156	1,284	1,182	1,226

(1) Restated for loan hedges and impact of DVA running in NBI and tax in 2018, 2017 and 2016, restated for gains on the disposal of BSF as a proportion of equity method (EM) net income in 2017 and restated for exceptional tax in 2017.
(2) Including legal provisions in cost of risk in 2017 and 2016.

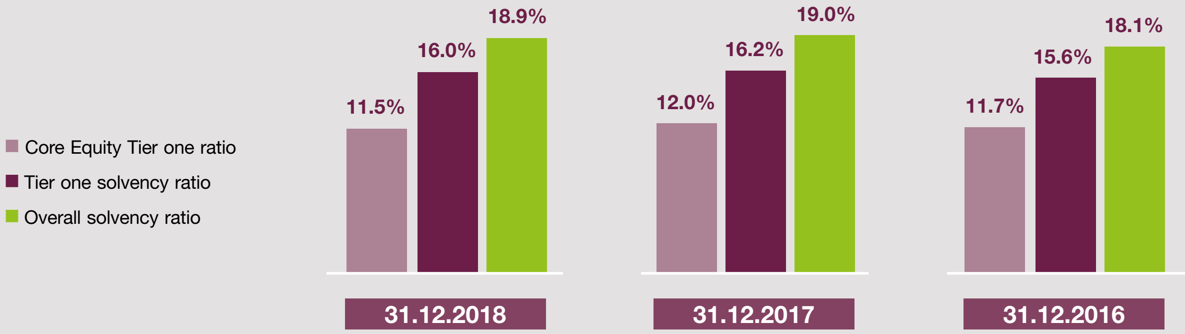
Balance sheet

€ billion	31.12.2018	31.12.2017	31.12.2016
Total assets	**511.7**	488.6	524.3
Gross loans to customers	**136.6**	138.1	139.0
Assets under management (in Wealth Management)	**122.8**	118.3	110.0

Financial structure

€ billion	31.12.2018	31.12.2017	31.12.2016
Shareholder's (including income)	**20.3**	18.9	19.5
Tier one capital	**19**	18.2	19.2
Basel III risk-weighted assets	**118.9**	112.0	123.2

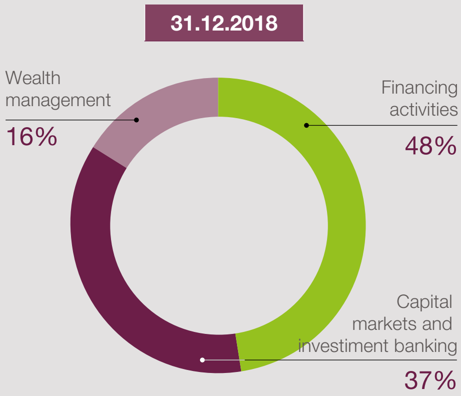
Solvency ratio

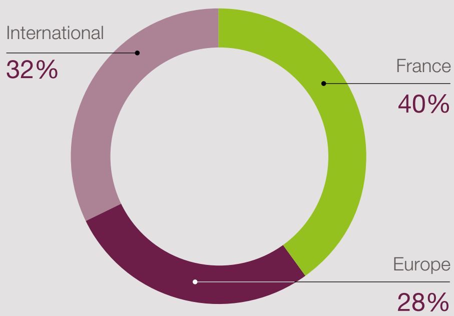


Ratings

	Short-term	Long-term	Last rating action
Moody's	Prime-1	A1 [positive outlook]	5 july 2018
Standard & Poor's	A-1	A+ [Stable outlook]	19 october 2018
Fitch Ratings	F1	A+ [Stable outlook]	4 december 2018

Distribution of net banking income





BREAKDOWN OF REVENUES BY BUSINESS LINES (1)

	31.12.2017	31.12.2016
Financing activities	43%	43%
Capital markets and investment banking	43%	42%
Wealth management	14%	14%

(1) Restated for loan hedges and impact of DVA running in NBI and tax in 2018, 2017 and 2016, restated for gains on the disposal of BSF as a proportion of equity method (EM) net income in 2017 and restated for execptional tax in 2017.

BREAKDOWN OF NET BANKING INCOME BY GEOGRAPHICAL AREA

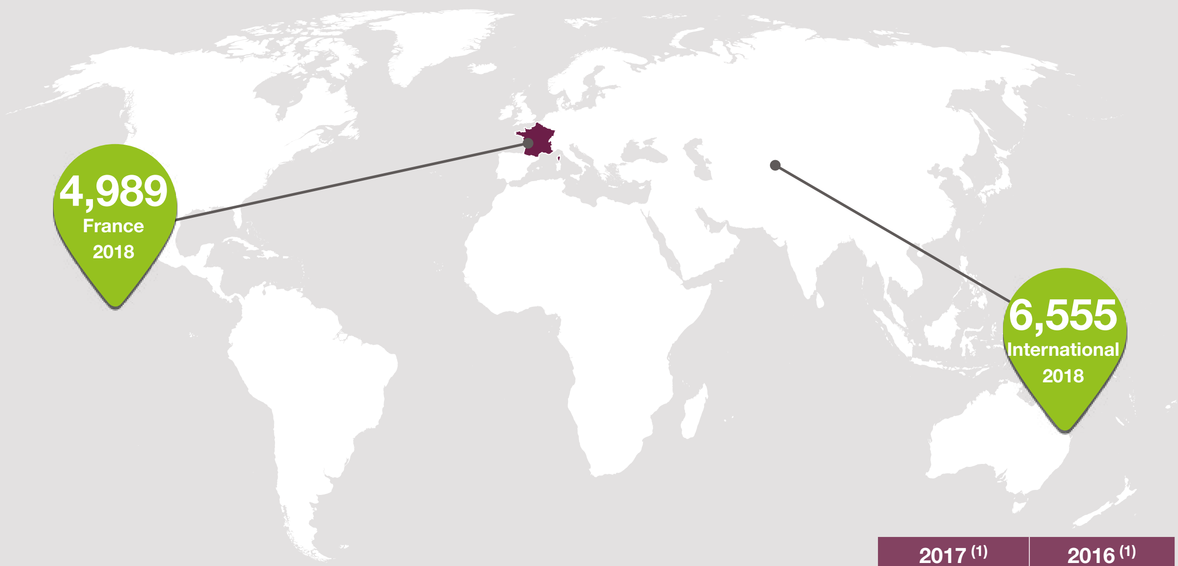
	31.12.2017	31.12.2016
France	36%	31%
Europe	29%	29%
International	35%	41%

Headcount at end of period

FULL-TIME EQUIVALENT

■ FRANCE □ INTERNATIONAL

Total at 31.12.2018 (1)
11,544



	2017 (1)	2016 (1)
France	4,499	4,298
International	6,202	5,869
Total	**10,701**	**10,167**

(1) Wealth management contributes to 3 219 in 2018, 3 014 in 2017 et 2 772 in 2016.

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1. COMPANY HISTORY

1863	Creation of **Crédit Lyonnais**
1875	Creation of ***Banque de l'Indochine***
1894	Creation of **the first "*Sociétés de Crédit Agricole*"**, later entitled Caisses Locales ("Local Banks")
1920	Creation of ***Office National de Crédit Agricole, that became the Caisse Nationale de Crédit Agricole*** (CNCA) in 1926
1945	**Nationalisation** of Crédit Lyonnais
1959	Creation of ***Banque de Suez***
1975	Merger of Banque de Suez and Union des Mines with Banque d'Indochine to form the ***Banque Indosuez***
1988	CNCA becomes a public limited company owned by Regional Banks and employees **("Mutualisation")**
1996	**Acquisition of Banque Indosuez** by Crédit Agricole one of the world's top 5 banking groups, to create **international investment banking arm**
1997	The Caisse nationale de Crédit Agricole consolidates within **Crédit Agricole Indosuez** its existing international, capital markets and corporate banking activities
1999	**Privatisation** of Crédit Lyonnais
2001	CNCA changes its name to **Crédit Agricole S.A.** and goes public on 14 December 2001
2003	Successful **mixed takeover bid** on Crédit Lyonnais by Crédit Agricole S.A.
2004	Creation of **Calyon**, the new brand and corporate name of the Crédit Agricole Group's financing and investment banking business, through a partial transfer from Crédit Lyonnais to Crédit Agricole Indosuez
06-feb-10	Calyon changes its name and becomes **Crédit Agricole Corporate and Investment Bank**

2. HIGHLIGHTS 2018

2018 was characterised in particular by the rise in political risks which have weighed on economic prospects: trade war between the United States and China, uncertainties on the outcome of Brexit, risk of budgetary slippage in Italy. In France, the social climate became more tense in the last quarter (demonstrations by "gilets jaunes" affecting the country's growth, which will be revised down from 0.4% to 0.2%). The financial markets had a very volatile year with negative performance on all asset classes (bonds or equities, conservative funds, diversified funds etc.) notably due to the rise in rates in the United States and the reduction in the size of central banks' balance sheets.

In this context, the Bank reported a 4.3%[(1)] fall in revenues year on year, punished in particular by its capital markets and investment banking activities, which suffered from adverse market conditions and continuing conservative risk profiles. Financing activities continue to grow with a good level of activity in all businesses.

Regarding the financing activities, Crédit Agricole CIB confirmed its position as a leader in aircraft financing [(2)] and moved from 7th to 4th place worldwide in project financing [(3)].

In capital markets, the Bank is positioned top of the global rankings on supranational issues and gained 2.4 points of market share compared with 2017 [(4)], carrying out significant operations, notably for the People's Republic of China.

Regarding investment banking, Crédit Agricole CIB is ranked 5th in mergers and acquisitions in France [(5)] reflecting sustained activity throughout the year for M&A.

In addition, Crédit Agricole CIB confirmed its position in green financing and rose to number 1 worldwide as book-runner on Green Bonds (6). In 2018, the bank led over 50 benchmark bond issues, including issues by La Poste, Prologis, Inter American Development Bank, ICBC and Bank of China. It also managed the first issue of green bonds by the Kingdom of Belgium, the first issue of social bonds by a company (Danone), and the first Euro Medium Term Notes (EMTN) programme for Société du Grand Paris.

In accordance with "Strategic Ambition 2020", Crédit Agricole's medium-term plan, the Bank has strengthened the Group's growth momentum by implementing a joint project with CA Italia in order to target Mid-Corporates in Italy and the development of Crédit Agricole CIB's Client Relationship Management tool in international retail banking. In addition, one of the initiatives of the Large Customers division regarding the development of Private Equity funds was successful in 2018. Crédit Agricole CIB also re-asserted its ambitions in terms of external growth with the acquisition of Banca Leonardo.

Regarding the long-term improvement of industrial efficiency at the Group level, the Bank was the main contributor to various projects: taking over the processes and workforce of the Bank Services Division (DSB), previously part of Crédit Agricole S.A, and the IT Services Management (MSI) activity by Global IT.

Crédit Agricole CIB always strives to best meet the expectations of its customers. International Trade and Transaction Banking services were expanded in order to cover all customer requirements following the takeover of Correspondent Banking activities.

(1) Underlying CIB
(2) Source: Air Finance Journal
(3) Source: Thomson Financial
(4) Source: Thomson Financial
(5) Source: Thomson Financial
(6) Source: Bloomberg

3. CRÉDIT AGRICOLE CIB'S BUSINESS LINES

3.1 FINANCING ACTIVITIES

Structured finance

- Aircraft and rail financing
- Shipping financing
- Real estate and hotels
- ...

Commercial Banking

- Cash management
- Transactional commodity finance
- Syndicated loans
- International trade financing
- ...

3.2 CAPITAL MARKETS AND INVESTMENT BANKING

Global Markets Divisions

- Credit
- Interest rate derivates
- Structuring and product development
- Foreign exchange
- ...

Treasury division

- Short term liquidity management
- Bank short term refinancing

Investment Banking

- Advisory activities related to stocks and securities issuance
- Structuring and selling transactions involving equity derivatives
- Activities dedicated to mergers and acquisitions
- Tailored-made financing transaction

3.3 WEALTH MANAGEMENT

3.1 FINANCING ACTIVITIES

The Financing activities combine Structured Finance and Commercial Banking. The underlying net banking income [(1)] is €2,487 million for 2018 which represents 56.4% of CIB underlying net banking income [(1)].

Structured finance

At 31 December 2018, Structured Finance business lines' underlying [(1)] net banking income is €1,232 million for FY2018, which represents 49.5% of Financing activities underlying [(1)] net banking income.

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

The Structured Financing business is historically a strong point of Credit Agricole CIB with global top 5 rankings in certain products.

SFI strives to maintain excellence in the quality of services delivered and to optimise consumption of RWA and liquidity whilst improving the rotation of assets and diversifying distribution channels.

ASSET FINANCE GROUP

◆ Aircraft and rail financing

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

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

◆ Shipping financing

Crédit Agricole CIB has been financing ships for French and foreign ship-owners for thirty years and acquired solid expertise and a worlwide reputation.This business line supports a modern and diversified fleet of over 1,100 ships to an international clientele of ship-owners.

◆ Real estate and hotels

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

ENERGY & INFRASTRUCTURE GROUP

◆ Natural resources, infrastructure and power

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

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

The business operates worldwide, in a dozen of regional excellence centers.

GLOBAL FINANCE SPONSORS GROUP

◆ Acquisition finance

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

The team operates in Europe and in Asia.

◆ Global Telecom, Media & Technology

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

Commercial Banking

At 31 December 2018, Commercial Banking business line's underlying [(1)] net banking income is €1,255 million for FY2018, which represents 50.5% of Financing activities underlying net banking income [(1)] .

INTERNATIONAL TRADE & TRANSACTION BANKING (ITB)

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

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

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

The Bank also provides transactional commodity finance which offers funding solutions and secure payments related to short-term flows of commodities and semi-finished products. Our clients are

(1) Restated for loan hedges and debt value adjustment (DVA) impacts for €23 million and €22 million, respectively.

major international producers and traders operating in the commodity markets, particularly energy (oil, derivatives, coal and biofuel), metals, soft and certain agricultural commodities.

CLIENT COVERAGE & INTERNATIONAL NETWORK (CIN)

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

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

The CIN division has a team dedicated to green banking which helps the bond issuing and financing businesses to structure transactions in compliance with CSR commitments. Credit Agricole CIB is a global leader in the green bonds market.

DEBT OPTIMISATION & DISTRIBUTION (DOD)

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

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

The DOD business line is a driving force in the distribution of syndicated loans with a view to optimising Crédit Agricole CIB's balance sheet.

The DOD business line is the starting point of new initiatives in terms of distribution: new asset class, new distribution channels including the partnership with CA Group Regional Banks.

3.2 CAPITAL MARKETS AND INVESTMENT BANKING

This business includes capital markets, as well as investment banking and the underlying (1) net banking income is €1,922 million for 2018, which represents 43.6% of CIB underlying (1) net banking income

Global Markets Division

At 31 December 2018, Global Markets Division business line's underlying net banking income (1) is €1,427 million, which represents 74.3% of Capital Markets and Investment Banking underlying net banking income (1).

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

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

Global Markets Division (GMD) is organised around:

- a Global Markets Trading Division, with the following product lines: Forex exchange activities, Rates activities (linear and non-linear products) and Credit activities;
- a Global Markets Sales Division (GMS) including structuration activities and the eBusiness team;
- debt origination (Debt Capital Markets);
- securitisation;
- a Chief Operating Officer (COO) team Office, including Permanent Control, Collateral Management, and Scare Ressources Management.

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

Treasury division

At 31 December 2018, Treasury business line's underlying net banking income (1) is €212 million, which represents 11% of Capital Markets and Investment Banking underlying net banking income (1).

The Treasury business line hierarchically reports to the Chief Financial Officer via Execution Management and functionally to the head of Global Markets division.

In 2018 the Crédit Agricole CIB and Crédit Agricole S.A. Treasury businesses joined forces to form a pooled team. The Treasury business now manages the liquidity risk of the Group whilst respecting the regulatory constraints in which the two legal entities operate.

The Treasury business ensures the sound and prudent daily management of the Bank's short-term liquidity, in accordance with the methods decided in the Asset & Liability Management Committees, in accordance with internal and external constraints (short term liquidity ratios, regulatory ratios, reserves).

The organisation of the Treasury business around 5 liquidity centres worldwide (Paris, London, New York, Hong Kong and Tokyo), 17 local Treasury departments and a central hub for private banking enables the short-term financing requirements of the Bank and of the recycling of liquidity surpluses to be continually optimised, in particular by central bank replacement.

This geographical location enables access to wide-ranging and diversified short-term financing, complementing the long-term refinancing provided by ALM.

The Treasury business also manages a portfolio of high quality liquid assets (HQLA).

The Treasury business is responsible for the Bank's short-term issuance programmes (New CP / CD / ECP etc.) and also for the process for contributing to the Euribor, Libor, CNHbor and Hibor indices.

(1) Restated for loan hedges and debt value adjustment (DVA) impacts for for €23 million and €22 million, respectively.

Investment Banking

At 31 December 2018, Investment banking business line's underlying (1) net banking income is €283 million for FY2018, which represents 14.7% of Capital Markets and Investment banking underlying net banking income (1). Investment banking business involves "all equity and long-term" financing activities for corporate clients of Crédit Agricole CIB and has four main segments:

PRIMARY EQUITY CAPITAL MARKETS

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

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

STRATEGIC EQUITY TRANSACTION

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

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

GLOBAL CORPORATE FINANCE

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

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

STRUCTURED AND FINANCIAL SOLUTIONS (SFS)

The Structured and Financial Solutions business line offers Crédit Agricole CIB's large customers tailored solutions with high added value in support of their complex financing operations. In particular, it makes it possible to find alternative financing solutions for traditional banking operations and *capital market* solutions.

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

3.3 WEALTH MANAGEMENT

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

Since 2012, Wealth Management has been part of an entirely globalised and cross-functional organisation. This enables the best combination of the teams' know-how, and use of their synergies together in order to improve proximity to, and the experience of, an increasingly international clientele.

Indosuez Wealth management continues its digital transformation, with a view to consolidating the quality of its services, strengthening its efficiency and offering its clients excellence whilst respecting its values.

In France, the partnership which links Indosuez France and the regional banks (Caisses) is based on complementary approaches, and is a distinct advantage when it comes to satisfying the evolving expectations of wealthy clients of the Crédit Agricole group.

2

ECONOMIC, SOCIAL AND ENVIRONMENTAL INFORMATION

2 SOMMAIRE

ENERGY TRANSITION

64%

OF RENEWABLE ENERGY
in the financing of electricity generation in terms of number of projects in 2018

43.3

BILLION EUROS
in transactions related to the energy transition in 2018

HUMAN RESOURCES

43%

OF WOMEN
among the worldwide employees of Crédit Agricole CIB

72%

EMPLOYEES
consider having a good work/life balance.

COMPLIANCE

THE COMPLIANCE TRAINING SYSTEM CONSISTS OF

18

E-LEARNING TRAININGS
(8 general trainings and 10 dedicated trainings)

14

NEW MODULES
deployed in 2017 and 2018

1. OUR CSR STRATEGY: PROGRESSIVE ACTIONS DRIVEN BY EMPLOYEES' INVOLVEMENT

Some of the information not included in this document can be found in the Crédit Agricole CIB Corporate Social Responsibility (CSR) policy, which is published on the Bank's website. There you will find details about Crédit Agricole CIB's approach, its financing and investment policies and their implementation, the protection of customer interests and respect for ethics in business, its undertakings and actions as a responsible and committed employer, the management of the impacts of the Bank's operations and its policy on charities, sponsorship and supporting university research.

The following pages focus on the actions taken in 2018.

Although the developments below illustrate, for Crédit Agricole CIB, the implementation of the Crédit Agricole Group S.A. Vigilance Plan and the group's non-financial performance, this chapter is neither a report on the implementation of the Vigilance Plan, nor a declaration on the non-financial performance, both of which are presented in the Crédit Agricole S.A. registration document.

1.1 OUR APPROACH

Crédit Agricole CIB

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

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

The Bank has entered into stringent societal commitments which cover three priority areas: the fight against climate change, preservation of biodiversity and respect for human rights.

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

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

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

Indosuez Wealth Management

Built and structured within a Business Line CSR Committee, the CSR strategy of Indosuez Wealth Management, a wholly-owned subsidiary of Crédit Agricole CIB, is based on 3 main pillars: Human Resources, Client / Product and institutional, or "social economy". The initiatives in place are reviewed and discussed at Business Line CSR Committee meetings, held every six months. The work is carried out within three working parties sponsored by a member of the Business Line Management Committee and involves employees from each of the Indosuez Wealth Management entities and the CSR representatives of these entities.

In line with the intention expressed by Crédit Agricole S.A. and the Group's commitment to the principles of the United Nations Global Compact, the Wealth Management division is working to embed sustainable development values at the heart of its business lines by way of a pragmatic approach which builds on the specific achievements made to date.

Furthermore, in each Indosuez Wealth Management entity (France, Monaco, Luxembourg and Switzerland), the CSR Managers are supported by a community of FReD contributors who play an active role in implementing action plans.

1.2 GOVERNANCE STRENGTHENED BY EMPLOYEES' INVOLVEMENT

Governance

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

The Sustainable Development division, which reports to the Corporate Secretary, proposes and coordinates Crédit Agricole CIB's sustainable development actions with the bank's business lines and support functions.

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

The CERES committee met four times in 2018 to discuss issues such as: the review of transactions signed-off during the year and the approval of ratings according to the Equator Principles, the monitoring of sensitive transactions, approval of draft sector-wide policies prior to their presentation to the Strategies and Portfolio Committee, and the presentation of work carried out as part of the FReD plans.

In 2018, the CERES Committee specifically reviewed 43 transactions before they were sent to the Credit Committee, given their importance and the sensitivity of the potential environmental or social impacts identified. Its recommendations led in two instances to a decision not to pursue a commercial opportunity and in sixteen instances to impose special environmental and social risk management conditions.

Employees at the heart of the implementation

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

Client managers and senior bankers are responsible for analysing environmental and social challenges related to their client portfolio. Whenever necessary, they call on the Sustainable Development team, and submit the most complex transactions from an environmental or social point of view to the CERES committee.

The gradual incorporation of sustainable development priorities into our operations (widening the scope of application of the Equator Principles, sector wide CSR policies, scoring of corporate clients, etc.) and our decision to make employees a central part of the strategy has led the Bank to step up training for employees to raise their awareness of CSR matters. The action plan aimed at strengthening the CSR culture, implemented in 2017, was extended in 2018 to international entities.

Significant Events in 2018

Roll-out of **CSR** in **Nordic countries** and **sharing best practices**

The Nordic countries are recognised as being very advanced in the area of sustainable development and CSR. The preservation of the environment is deep-rooted in these countries, which are pioneers in several social and societal areas (such as gender equality, promotion of diversity and prevention and treatment of disabilities). It was therefore perfectly natural that Crédit Agricole branches in Sweden and Finland implemented and strengthened Crédit Agricole CIB's CSR policy locally, with a view to making it a global project, helping to mobilise people internally and also in relation to external stakeholders.

An initial part of the policy consists of actions aimed at reducing the direct environmental footprint of branches (energy consumed, fleet of vehicles, elimination of plastic).

Several initiatives to engage with various stakeholders (clients, students, chamber of commerce, administration etc.) have also been organised in relation to societal issues, with the Bank suggesting solutions.

Implementation of these initiatives has been facilitated thanks to the creation of a local CSR team and an ad hoc committee.

1.3 AN APPROACH FOCUSING ON ONGOING PROGRESS AND LISTENING TO OUR STAKEHOLDERS

The FReD approach

Crédit Agricole CIB and CA Indosuez Wealth Management are fully involved in the Crédit Agricole Group's FReD progress driven approach. For each participating entity, the process intended to strengthen CSR within the Group consists in 12 action plans focused on three key areas involving clients (Fides), employees (Respect) and the environment (Demeter). Specific and measurable objectives are defined for each plan, and the overall aim is to make yearly progress at an average rate of 1.5 levels on a four level progression scale (plans implemented before 2017 retain their five level scale).

In 2018, the average level of progress recorded by the 12 action plans of Crédit Agricole CIB was 1.75, comparable to the level reached in 2017.

In 2018, the average level of progress recorded by the action plans of the Indosuez Wealth Management Group was 1.69.

Relationships with stakeholders

We believe that listening to stakeholders is a basis for ongoing progress. Several meetings with non-governmental organisations took place in 2018. Crédit Agricole CIB also actively participated, in various forums, particularly the European Economic and Social Committee and in several days dedicated to climate finance in November 2018 in Paris.

Continuing the work started in 2017 as part of the Equator Principles association; Crédit Agricole CIB also played an active role in the process of revising the Equator Principles announced in November 2017, in particular by managing a working party on standards applicable to projects in developed countries.

2. PROMOTING AN ETHICAL CULTURE

The Crédit Agricole CIB group has adopted the Crédit Agricole group's approach to positioning ethics as one of its priorities. It promotes group initiatives which aim to exceed regulatory standards and establish an ethical culture.

2.1 DEVELOPING AN ETHICAL DIMENSION IN BUSINESS

The mission of the Compliance function is to contribute to the activities and transactions of the Bank and its employees respect legislation and regulations, internal and external rules, and the professional and ethical standards in banking and finance applicable to the Crédit Agricole CIB group's activities.

The code of conduct

En 2014, Crédit Agricole CIB launched several initiatives to strengthen the compliance and ethical culture. This initial work gave Crédit Agricole CIB, in 2015, a code of conduct consisting of a common foundation of 7 principles intended to align behaviours with the Bank's values and thus guide employees on a daily basis.

More recently, the Crédit Agricole CIB group joined the Crédit Agricole group approach by adopting the Group Ethical Charter. This year Crédit Agricole CIB reviewed its code of conduct to take account of and set out all of the themes of the Ethical Charter, and the Wealth Management business line has written and distributed its own code of conduct. These codes of conduct aim to:

- assert our principles and ethical values;
- engage with our clients and group partners.

Training of directors and managers

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

Members of the Crédit Agricole CIB Board of Directors are thus trained in compliance issues on a yearly basis. In 2018, Board members were made aware of recent regulatory developments, particularly in relation to international sanctions, measures to combat money laundering and the financing of terrorism, competition law and measures to fight corruption. At the same time, compliance training courses were also made available, with summaries of the main issues in the area.

The Holding company of the Wealth Management business line, although not subject to the requirements of the authorities, has applied the system proposed by Crédit Agricole S.A. Group. Consequently every year members of the Board of Directors of the Holding company are trained in compliance issues.

Deploying a responsible compliance policy.

FIGHTING CORRUPTION

The Crédit Agricole CIB group applies, at the highest level, a zero tolerance policy for any unethical behaviour in general, and any risk of corruption in particular. This policy illustrates the group's long-standing commitment to business ethics, a key element of its corporate social responsibility policy. It fits well with the compliance and financial security programmes of the Crédit Agricole Group, aiming to ensure transparency and loyalty to customers, to contribute to the integrity of financial markets and to combat money laundering and fraud.

The group's commitment to fighting corruption is reflected in the BS 10500 certification obtained in 2016, and then the award to the Crédit Agricole Group in 2017 of the ISO 37001 international standard for its anti-corruption system. The latter recognises its determination and the quality of its corruption prevention programme. It proves that corruption risks have been correctly identified and analysed and that the programme has been designed to limit these various risks, applying the best international practices. This certification covers all the business lines and support functions of the Crédit Agricole CIB group.

Against the backdrop of increased legal obligations for fighting corruption, in 2018 Crédit Agricole CIB initiated an action plan in order to implement "the measures aimed at preventing and detecting corrupt practise", as referred to in article 17 of the so-called Sapin 2 law of 9 December 2016 on transparency, fighting corruption and the modernisation of the economy. Existing systems for fighting corruption have been strengthened by the implementation of the recommendations of the French Anti-corruption Agency (AFA).

The Group has implemented specific governance to develop the behaviours to be adopted in order to avoid any lapses in probity. Crédit Agricole CIB has thus written and distributed an anti-corruption code of conduct.

PREVENTING FRAUD AND CYBER CRIME

Crédit Agricole CIB continues to strengthen its systems for preventing internal and external fraud, against the backdrop of increased frequency and growing complexity of fraud, particularly through cyber crime.

Correspondents of the anti-fraud division within the business lines and support functions are regularly trained in risk elements. Warning and vigilance messages are sent to all employees, primarily via the Crédit Agricole CIB Intranet site. Targeted prevention actions are undertaken to advise and support employees in their choices and to help them to reconcile issues relating to ethics, professional behaviour, objectives and obligations. These actions enable a culture of probity to permeate all levels of the company; the controls and procedures associated with any lapses provide an appropriate management of any behaviours which may harm, directly or indirectly, clients, the bank and its employees.

FIGHTING MONEY LAUNDERING AND THE FINANCING OF TERRORISM

The Compliance Department of the Crédit Agricole S.A. group is responsible for the implementation by the group as a whole of a financial security system, consisting of a set of measures aimed at fighting money laundering and the financing of terrorism, as well as ensuring compliance with international sanctions.

The Crédit Agricole Group has taken into account the requirements of the transposition into French law of the fourth European directive 2015/849, approved by the European Parliament on 20 May 2015, on preventing the use of the financial system for money laundering and the financing of terrorism. A risk mapping was done and implemented by all the Group's business lines, within the framework of the vigilance system adapted to the level of the identified risk, both when entering into relationship and during the entire business relationship.

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

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

Despite the computer tools available, human vigilance remains essential so all employees exposed to these risks are periodically trained in the fight against money laundering and the financing of terrorism, and compliance with international sanctions.

REPORTING COMPLIANCE MALFUNCTIONS

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

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

The centralisation of malfunctions through the reporting process, described in a specific governance text, makes it possible to measure, at the highest level of the company, the Crédit Agricole CIB group's exposure to the non-compliance risk. Therefore, when an employee reasonably establishes the existence of a malfunction in the field of compliance, he must tell his supervisor who informs the operational heads and the Compliance, Permanent Control and Legal functions depending on the subject. The system is completed by a whistleblowing mechanism allowing any employee, if they find an abnormality in the treatment of a malfunction which they consider is due to a deficiency of, or pressure exercised by, their manager, or if they think they are being submitted to pressure, active or passive, that may lead them to cause a dysfunction or to conceal it, to inform their compliance manager and/or, if they so wish, their manager's direct superior of the situation. In 2018, the Crédit Agricole CIB group participated in the project to strengthen the whistleblowing system by deploying, as a pilot entity, a new tool which allows employees to report alerts in a confidential and secure manner. This tool also enables the confidentiality of the facts reported, any people involved and conversations which may occur between the whistle-blower and the officer responsible for processing the alert, to be ensured.

The state of the dysfunction is monitored by the Global Compliance Department which will submit it to the Compliance Management Committee.

SPREADING THE COMPLIANCE CULTURE

The Crédit Agricole S.A. Compliance Department has developed a training programme covering Compliance issues. This programme has been delivered by human resources to all Crédit Agricole CIB Group employees.

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

A continuous training action plan, which mostly involves e-learning, improves employee awareness of all Compliance and Financial Security issues, which are constantly changing.

MANAGEMENT OF ACTIVITIES AND PRODUCTS DISTRIBUTED

The Crédit Agricole CIB group designs and distributes new products, activities and services for its customers, in a secure manner thanks to the implementation of a management system for this process called "NAP Committee" (New Activities / New Products). Any new product, activity or service must go through the NAP process so that all support functions can analyse them. In this way, any product, activity or service envisaged is approved by an NAP committee whose decision is based on an analysis of all risks and a confirmation of its compliance with regulations as well as the group's strategy.

The NAP committee process also involves a CSR analysis and the systematic provision of a legal and compliance opinion.

Implementing a transparent lobbying policy

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

As a result of the entry into force of the Sapin II Law, Crédit Agricole CIB Group introduced a system in 2017 to bring its Directors and interest representatives into line with the reporting obligations.

2.2 SERVING CLIENTS

Protecting clients and their interests is central to Crédit Agricole CIB's concerns. In this regard, the group does everything it can to protect its clients' data and listen to their opinions.

Protecting data

Protecting data and using it correctly, in the interests of clients, the Bank, its employees and partners have always been major concerns for the Crédit Agricole CIB group.

In 2017 the group adopted the Crédit Agricole Group's Charter on the "Use of Personal Data", then the following year adapted its system in France and abroad in accordance with the General Data Protection Regulations which came into force in May 2018.

Another strong sign of this commitment is Crédit Agricole CIB's deployment, during an initial stage in France, of its NSU (New Solutions and Uses) system. This system aims to pro-actively manage the risks (compliance, legal, IT security and operations risks) associated with the implementation of new data solutions or new uses of data. It offers all Business Lines and Support Functions a secure framework for the digital transformation, innovation and the use of new technologies.

Ensuring quality relationships

One of the principles of the Crédit Agricole CIB group is to develop long-term relationships with its clients based on trust and transparency.

In this regard, Crédit Agricole CIB has implemented a secure process for starting these relationships and managing the sale of market-badsed products. The protection of customers is based on a complete customer classification system which not only involves applying the MiFID rules applicable in the European Economic Area, but also worldwide after an internal process called " Internal suitability rating ". This system forms part of the sales process, in particular so that the financial instruments offered to customers are in line with their risk awareness.

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

In addition, to support its clients' evolving needs, the Bank has set up an NAP (New Activities and Products) system which ensures that products and activities are appropriate to the customer profile. Finally, in order to meet the new product governance obligations imposed by MiFID 2, in early 2018 Crédit Agricole CIB set up a taxonomy for all products handled by the Bank with its customers, and in parallel with the NAP system, a new MiFID 2 product files committee was set up with a view to systematically defining, prior to any transaction, the target market for each of the new products offered by Crédit Agricole CIB to its customers.

Complaints

The Bank constantly strives to improve its customer protection measures by continuing to finetune its complaints follow-up system. These complaints have to be systematically recorded, communicated to a Complaint Correspondent appointed in each department of the Bank, then replied to within ten days and processed within two months.

2.3 TAX POLICY

The Crédit Agricole CIB Group monitors the commitments made by the Crédit Agricole S.A. Group in the area of prevention of the risk of tax fraud by its customers, prospects or suppliers, since tax practices represent an important element of corporate social responsibility. In this regard, the Crédit Agricole CIB Group ensures compliance with all countries' fiscal regulations (ETNC, FATCA, AEOI, etc.). It also provides no help or encouragement to customers, prospects and suppliers with infringing tax laws and regulations, nor does it facilitate or support transactions where tax efficiency is based on the non-disclosure of facts to the tax authorities. In this regard, the Crédit Agricole CIB Group relies on a system to prevent facilitating tax fraud which is incorporated into the fraud and corruption prevention system.

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

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

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

Being responsible along the entire chain

A governance document describes the procurement function's general operating principles at Crédit Agricole CIB, within the framework of Crédit Agricole S.A. Group's Procurement Business Line. These rules apply to all purchases made by Crédit Agricole CIB units. This document emphasises the need to include, to the extent possible, a company from the disability friendly sector in the list of subcontractors and suppliers. The MUST RSE (MUST CSR) programme applied to purchases made by Crédit Agricole Group has made it possible to manage legal, financial and reputational risks by applying best practices in order to forge balanced relationships with suppliers. A number of achievements have been made as a result of this programme, namely:

- adding a clause to our contracts which provides for the referral to a mediator from the Crédit Agricole S.A. Group, in the event of disagreements relating to the execution of a contract between a supplier and the internal decision-maker, should both parties fail to find a solution internally. The option of using a Group mediator is to prevent the disagreement escalating into a dispute or court action;
- adding a sustainable development appendix to our contracts to reiterate the Group's commitments in this area and the expectations that we have of our suppliers;
- obtaining from third-party service providers CSR ratings on our suppliers and prospects during consultations or calls for tender.

In addition, the centralisation and processing of supplier invoices in an electronic workflow brought improvements in our suppliers' invoice payment chain and faster invoice processing times.

All the buyers have had training on the issue of human rights in the value chain.

The Indosuez Wealth Management group is continuing its policy launched in 2016 consisting of a "Responsible Purchasing" governance and policy which is clear, homogeneous and in line with the Crédit Agricole Group S.A. strategy.

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

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3. INCORPORATING CLIMATE CHANGE PRIORITIES

This year, as in 2016 and in 2017, the steps taken to integrate climate change challenges are presented according to the five "Main-streaming Climate Action within Financial Institutions" principles signed at the COP21 climate conference in Paris by a group of multilateral, development and commercial banks, which included Crédit Agricole.

These five principles provide encouragement to:

- **pursue a climate friendly strategy;**
- **managing climate risks;**
- **promote smart climate objectives;**
- **improve climate related results;**
- **report on climate action.**

3.1 PURSUING A CLIMATE FRIENDLY STRATEGY

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

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

This policy was published in 2017 in the document presenting our CSR policy "Crédit Agricole CIB, a useful and responsible Corporate and Investment Bank".

This policy reflects the high level of involvement of the decision-making bodies and is part of the various commitments of the Crédit Agricole Group and its corporate and investment bank in this area since the adoption of the Climate Principles in 2008.

The policy includes:

- ambitious objectives in terms of financing the energy transition,
- realistic but demanding support for our customers in this transformation, which must be a gradual one,
- major efforts to measure and manage our indirect carbon footprint, and a renewed commitment to managing our direct footprint.

Significant Events in 2018

CSR sector policies
and **fossil fuels**

Crédit Agricole CIB revised its CSR sector policy in the area of oil and shale gas in April 2018. This revision aims to exclude the financing of fossil fuels associated with excessive fugitive methane emissions.

This development completes the general policy of withdrawing finance from coal-related activities (begun in 2015 and completed in 2016) and from the worst performing fossil fuels in energy terms and those which are most dangerous for the environment (oil sands, extra-heavy oil, oil projects in the Arctic etc.) published in 2017.

3.2 MANAGING OUR CLIMATE RISKS

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

- by evaluating the carbon footprint caused by its financing and investment portfolio and defining the sector wide policies for sectors which account for a large proportion of this footprint (over 80% of this footprint on a cumulative basis);
- by seeking to identify the materiality of the climate risks and by gradually introducing additional analyses for customers appearing to present the highest risk.

Measuring and mapping climate challenges

Since 2011, Crédit Agricole CIB has used a procedure to calculate greenhouse gas emissions said to be financed by a financial institution. The procedure was developed at its request by the Chair in Quantitative Finance and Sustainable Development at Paris Dauphine University and École Polytechnique. This innovative P9XCA methodology has, since 2014, been recommended for corporate and investment banks in the financial sector guide to "Conducting a greenhouse gas emissions audit" published by the Agency for Environment and Energy Management, the Observatory on Corporate Social Responsibility and the Bilan Carbone Association.

It enables Crédit Agricole CIB to calculate, without multiple counting, the order of magnitude of the emissions financed and map them according to sector and geographical location. Greenhouse gas emissions are allocated to economic players according to their capacity (and their economic interest) to reduce them according to an allocation described "by issue" as opposed to the usual allocation "by scope" (see sectoral guide). This methodology gives us a sectoral and geographical mapping of the carbon issue which has guided the choice of sectors of the bank for the development of sectoral CSR policies and has been used in methodologies and calculations linked to the transition climate risk presented below.

Certain methodological adjustments were made in 2018 in parallel with the revision of emission factors. These changes are presented in part 3.4 (see box).

Furthermore, mapping of the challenges linked to physical climate risk is under way, combining sector based and geographical vulnerability indices.

Scenario and materiality of climate risks

In line with the recommendations of the Task force on Climate-related Financial Disclosures (TCFD), sensitivity to climate risks was assessed in 2017 within the framework of various scenarios.

The four scenarios tested in 2017 stand out due to the scope of the mitigation measures and the gradual nature of their implementation. These scenarios identify three timescales: short term (before 2020); medium term (From 2020 to 2030) and long term (after 2030). They are outlined briefly below.

Each scenario led to a climate trajectory and to a carbon price level in line with the scope of the mitigation measures. Research has therefore been carried out into the potential impact on the profitability of companies which are Investment Banking clients both as regards the physical climate risk and the transitional climate risk.

Regarding the physical risk, the average potential impact on the added value of companies has been considered to directly reflect the impact of global warming on global revenues as generally estimated (without taking into account, at this stage, the different impacts according to sector and country).

For the transitional risk, the potential vulnerability of companies was assessed using the emissions allocated to the economic players in the sectors and countries defined in P9XCA (in the by challenge version) and correlated with their added value. Valued at the carbon price selected for each scenario, these emissions make it possible to provide an initial economic assessment of the carbon challenge for each macro sector and country. Based on several studies concluding that a controlled energy transition would not damage growth (see below), it was believed that the carbon challenge would impact companies differently depending on their ability to anticipate and therefore the rate of progress to implement measures to adapt to this risk.

These calculations are by necessity approximate but provide insight into the orders of magnitude and make it possible to compare the potential impacts on sectors and countries depending on the scenarios and time-scales used. The calculations show the transitional climate risk in the "sudden progress" scenario as the main medium-term risk, while underlining the strong increase in the physical climate risk over time, notably in the scenario involving no new mitigation measures.

They also provide an initial macroeconomic insight into climate risks by highlighting the main risk areas (sectors and countries) according to the various scenarios and time-scales. For the medium-term transitional risk, identified as the main potential risk, a complementary microeconomic approach has been developed which seeks to differentiate it at individual counterparty level.

Transition risk index

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

An OECD study published in May 2017, "Investing in Climate, Investing in Growth", concluded that a controlled energy transition is favourable to the economic growth of the G20 countries, backing up the conclusions of a study by the French Environment and Energy Management Agency (ADEME) in 2016 (An electricity mix from 100% renewable sources? Technical summary and macroeconomic evaluation summary) for France. It would seem, therefore, that the impact of the energy transition will not necessarily be negative for economic players. Rather, it will be important to be able to identify the winners and the losers in this major change.

The potential impact of the energy transition on the financial performance of a company would therefore seem to depend on both the potential sensitivity of the company to the transition (due to its business sector and geographical location) and its ability to manage the transition (level of anticipation and strategy).

The economic player's potential sensitivity to the transition challenge depends on how much pressure it is under. This, in turn, depends on the extent to which it operates independently of the measures it puts in place.

It is a measure of the extent of the potential positive or negative impact of the energy transition for the economic player, which can be described as a combination of two factors: the extent to which the challenges will affect the sector, based on the sector's carbon intensity; and the importance the country in question places on reducing greenhouse gas emissions.

The ability to manage the transition challenge determines whether or not the economic player has the right strategy and has taken the right measures to enable it to gain from the energy transition. It seems to us that this level of "maturity" should be assessed relative to the business sector, across all geographical locations.

A medium-term transition risk index has therefore been calculated since 2017 for the Bank's corporate customer groups using a combination of three factors:

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

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

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

Reducing climate risks

The CSR sector policies are the first line tool for managing environmental and social risks, particularly the transitional climate risk. These policies cover the macrosectors of energy and transport, which account for over 80% of the carbon footprint caused by our finance. In particular, the policies on fossil fuels do not usually include transactions relating to activities which seem the least compatible with the developments expected in light of the energy transition and thus potentially the most risky as regards the transitional climate risk.

The transitional risk index completes this approach by making it possible to identify customers for which additional analyses seem necessary in view of their exposure to the transition risk and management of this risk. This approach applies to all sectors and all countries.

3.3 PROMOTING SMART CLIMATE OBJECTIVES

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

Crédit Agricole CIB actively contributes to meeting this objective:

- by developing its financing of climate-friendly projects and green bond projects, with a view to structuring increased new financings of USD 60 billion between December 2015 and the end of 2018, to €100 billion by 2020;
- and to seek relevant partnerships.

Project finance

Financing renewable energies is an integral part of Crédit Agricole CIB's strategy, and the Bank is a leading provider of such project financing. The Bank first entered this sector in 1997 by financing the first wind farms, and in 2008 it financed a solar energy project in Spain. The Project Finance business line has financed a total of 435 wind farms generating more than 24,000 MW and 1,006 solar farms representing almost 9,000 MW in installed capacity (including 993 photovoltaic plants for 8,300 MW and 13 solar thermal power plants for 650 MW).

Green bonds and Sustainability bonds

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

Committed to this market since 2010, with the creation of a dedicated team, Sustainable Banking, Crédit Agricole CIB is consolidating its leading position as an arranger on the Green bonds, Social bonds and Sustainability bonds market on a global scale, and is arranging numerous transactions on its own account (see following part).

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

- the first green bond to disclose estimated social and environmental impacts (KfW);
- the first topical covered issue ever made (Munich Hypothekenbank);
- the first green Pfandbrief (Berlin Hyp);
- the first social covered bond (Kutxabank);
- the first transaction involving a property company (Unibail Rodamco);
- the first asset backed green bond transaction (Toyota);
- the first euro denominated green high yield bond (Abengoa);
- the first green bond for an Italian issuer (Hera);
- the first green bond for a Mexican issuer (Nacional Financiera);
- the first green bond for a Finnish issuer (MuniFin);

- the first green bond for a Korean issuer and the first asset backed green bond transaction in Asia (Hyundai Capital Services);
- the first green bond for a Chinese issuer outside the domestic market and largest ever green bond issue (Bank of China);
- the first green bond in the private sector in India (Axis Bank);
- the first social bond benchmark for a Dutch issue (BNG);
- the first Social Bond for a corporate issuer (Danone);
- the first US dollar-denominated climate awareness bond by the European Investment Bank;
- the inaugural green bond benchmark transactions for Nordic Investment Bank, the French Development Agency, Lloyds Bank and BNG Bank;
- the structuring of the first Green Bond programme offering different options: covered Pfandbrief and senior unsecured (Berlin Hyp);
- the first Green Bond of a major sovereign issuer for the French Republic;
- and several issues for French public authorities (Île-de-France regional authority, Essonne departmental authority) or other European regions (issue of sustainability bond by Land NRW, first thematic issue by a German region).

The Green bond, Social bond and Sustainability bond markets continued to grow in 2018, with highlights including the inaugural issue by the Kingdom of Belgium, the second major sovereign issuer of Green Bonds after France, with the support of Crédit Agricole CIB which participated in the structuring.

2018 was also marked by the announcement of the European Commission's Action Plan for Sustainable Finance aiming to support the development of responsible finance, including the Green Bond market. The first phase in 2018 was based on the work of the Technical Expert Group (TEG). The manager from the Crédit Agricole CIB Sustainable Banking team is a member of the TEG and represents the European Association of Cooperative Banks.

Finally, Crédit Agricole CIB remains committed to governance of the Green Bond, Social Bond and Sustainability Bond markets. The Bank is a founding member of the Green Bond Principles and an active member of the Executive Committee of this financial market initiative. The Bank is also behind the Social Bond Principles, the governance of which has been incorporated into that of the Green Bond Principles.

In a determined effort to support the development of this market and educate all parties, in 2018 the Bank either organised or participated in numerous international green bond and sustainability bond events, particularly in Asia in Tokyo and Hong Kong.

Liquidity green supporting factor

To support its business lines in this area, Crédit Agricole CIB enables climate change projects to benefit from more favourable internal costs for accessing funds. This makes it possible to offer attractive conditions to investors, thus increasing the amount of responsible finance.

Indosuez Wealth Management

As part of its socially responsible investment policy in Wealth Management, Indosuez Wealth Management has created a "Carbon Impact" rating and selects specific thematic funds ("Low Carbon", energy transition etc.).

3.4 IMPROVING OUR CLIMATE RESULTS

Since 2011, in addition to the standard greenhouse gas (GHG) calculations shown in the "Limiting our direct environmental footprint" section, an estimation of the Bank's financing and investment carbon footprint is now in place, using the P9XCA methodology.

This calculation showed an indirect carbon footprint about one thousand times higher than the total operating emissions estimated for Crédit Agricole CIB, reflecting the carbon intensity of activities financed and corresponding to the Bank's active role in the financing of the world economy.

The calculation made every year from 2011 to 2017 with the original emission factors shows a falling trend. Since annual variations were considered weak in relation to the precision of the calculation, it was decided to only publish annually the order of magnitude found, namely 100 Mt equivalent of CO2. In 2018, all of the parameters were updated, leading to new emission factors and certain adjustments in methodology. The new order of magnitude, on the basis of the amounts outstanding at 31 December 2018, was 60 Mt equivalent of CO2, i.e. a carbon intensity in the order of 250 t of CO2 per million euros of financing. The main factors explaining this development are presented in the box below.

Significant Events in 2018

Updating of the P9XCA emission factors

The emission factors are down overall by in the order of 30% in 7 years with strong regional and sectoral dispersion. The reduction is thus in the order of 60% for strongly growing economies such as China and India and very slightly up for Japan.

Changes in emission factors are the result of the combination of several factors:

- a rise in national emissions (average rise of 12%)
- economic growth superior to the rise of emissions (77% on average)
- an evolution of the Debt + Equity / Added value ratio (+20% on average)

Whilst greenhouse gas emissions have continued to grow globally, the carbon intensity of the economy does appear to be improving and the average fall of the carbon intensity per euro of financing is 30%.

At the methodological level, the question of a partial allocation of emissions to consumption has been considered. The development of a differentiated offer in terms of carbon content (energy classes in the home, electric cars etc.) could justify such a development. However, the complexity of the subject and the absence of reliable data which can be used at a global level have contributed to the current convention (of allocating all global emissions to production activities) being maintained.

Since the Debt + Equity / Added value ratio has been unstable over time, the average of this ratio for the period 2008-2015 was chosen. This was the main methodological adjustment made when emission factors were updated.

The CSR sector policies and the transition risk index help both reduce the climate risks of Crédit Agricole CIB (see above) and improve climate related results. The transition risk index makes it possible to develop a generalised consideration of this matter across all sectors and countries. Reflecting the positioning of each customer as regards the energy transition, this approach appears to be both more precise and more relevant than one that is only based on successive sector based exclusions.

While it may seem difficult to measure the alignment of the Bank's operations with the Paris climate agreement or a particular climate scenario, given the number and variety of operations and customers, good climate finance performance bears witness to the positive work done by Crédit Agricole CIB in this area.

In terms of number of loans, renewable energy represented over 64% of electricity generation project finance in 2018.

In 2018, Crédit Agricole CIB also arranged USD 48.1 billion in Green Bonds, Social Bonds and Sustainability Bonds for its major clients. The Bank received recognition for the fifth consecutive year (2014, 2015, 2016, 2017 and 2018) from Global Capital for its Green Bond origination efforts and was named «SRI Bond House of the year» by the IFR review in 2015, 2016, 2017 and 2018.

Crédit Agricole CIB arranged 43.3 billion euros billion in transactions relating to the energy transition in 2018. The target in structuring €100 billion in new climate related financing by the end of 2020, an objective announced at the COP23 climate conference has then been exceeded, the aggregate amount since the end of 2015 currently stands at 114.3 billion euros at December 31, 2018. The Bank's success on the Green and Sustainability Bonds market in 2016 and the end of 2018 was one of the major factors in achieving this objective.

3.5 REPORTING ON OUR CLIMATE ACTION

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

Crédit Agricole CIB is nevertheless making major efforts in terms of transparency by publishing its environmental and social evaluation and exclusion criteria in its sector wide CSR policies and presenting its climate risk assessment approach and tools. In a spirit of Corporate Social Responsibility, this transparent approach meets the recommendations of TCFD and the requirements of Article 173 of the law on energy transition for green growth.

Crédit Agricole CIB encourages its customers to also engage in this transparency approach. This is embodied in the Equator Principles, which contain an obligation for customers to publish certain information. This is also true of the Green Bond Principles, which aim to increase transparency on the market by encouraging issuers to regularly publish their reporting on fund allocation and on environmental and social impact measures for financed projects.

Talks are underway intended to further improve the Bank’s reporting on climate action.

4. HELPING OUR CLIENTS TO MEET THEIR SOCIAL, ENVIRONMENTAL AND SOLIDARITY RELATED CHALLENGES

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

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

4.1 OFFERING DEDICATED FUNDS TO FINANCE ENVIRONMENTAL PROJECTS: GREEN NOTES

Concept - Description

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

In 2018, Crédit Agricole put in place a "Green Bond Framework" to serve as a common framework for all the Group's issuing entities, including Crédit Agricole CIB, for their respective Green Bond issues. This framework, which enabled Crédit Agricole S.A. to successfully launch its €1 billion inaugural issue of Green Bonds on 28 November 2018, is set to replace, from 2019 onwards, the existing Crédit Agricole CIB Green Notes Framework.

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

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

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

The implementation of the Green Bond Principles is described on the Bank's website (www.ca-cib.com).

Second opinion

Since April 2015 the Crédit Agricole CIB Green Notes have benefited from a second opinion from the extra-financial ratings agency Sustainalytics. Sustainalytics experts approved the methods used to select the projects to be included in the Green portfolio, as well as the relevance of the chosen sectors to climate change prevention.

Inventory

GREEN NOTES OUTSTANDINGS

At 31 December 2018, the amount outstanding of Green Notes and similar debt products issued by Crédit Agricole CIB enabling the financing of green loans according to the eligibility criteria defined below, was €1,864 billion.

Issue date	Maturity (years)	Currency	Amount in currency (million)	Equivalent amount in € million
08/07/2013	7	BRL	0.9	0.2
24/09/2013	7	JPY	5,410.0	43.0
06/03/2014	5	JPY	120.0	1.0
29/05/2014	5	JPY	331.0	2.6
24/07/2014	18	EUR	30.0	30.0
29/07/2014	5	JPY	100.0	0.8
28/10/2014	5	INR	1,650.0	20.7
18/11/2014	5	USD	15.0	13.1
25/11/2014	5	MXN	350.0	15.6
25/11/2014	5	AUD	32.0	19.7
28/11/2014	5	USD	16.9	14.8
28/11/2014	5	NZD	23.0	13.5
28/11/2014	4	AUD	57.9	35.7
10/12/2014	5	USD	10.0	8.7
19/12/2014	5	INR	1,050.0	13.2
23/02/2015	5	INR	1,250.0	15.7
26/02/2015	4	IDR	32,000.0	1.9
16/04/2015	5	USD	20.0	17.5
20/10/2015	4	TRY	114.0	18.8
06/11/2015	4	EUR	10.2	10.2
28/01/2016	3	INR	110.0	1.4
31/03/2016	10	EUR	11.4	11.4
02/06/2016	10	EUR	0.5	0.5
02/06/2016	5	AUD	64.2	39.6
03/06/2016	3	BRL	578.9	130.3
20/06/2016	10	EUR	0.5	0.5
21/06/2016	12	EUR	2.3	2.3
24/06/2016	4	AUD	49.1	30.3
24/06/2016	4	NZD	36.0	21.1
28/06/2016	4	BRL	10.0	2.3
29/06/2016	3	BRL	3.3	0.7
29/06/2016	3	INR	470.0	5.9
28/07/2016	3	INR	500.0	6.3
09/09/2016	11	EUR	12.0	12.0
13/10/2016	4	INR	65.0	0.8
17/11/2016	4	INR	65.0	0.8
18/11/2016	11	EUR	5.0	5.0
29/11/2016	11	EUR	5.0	5.0
09/12/2016	3	INR	445.0	5.6
14/12/2016	4	INR	65.0	0.8
16/12/2016	11	EUR	10.0	10.0
28/12/2016	10	EUR	5.6	5.6
30/12/2016	10	EUR	0.6	0.6
23/01/2017	10	EUR	5.0	5.0
30/01/2017	3	BRL	3.6	0.8
30/01/2017	3	RUB	5346.0	67.1
03/02/2017	10	EUR	1.2	1.2
27/02/2017	3	INR	445.0	5.6
08/03/2017	10	JPY	500.0	4.0
29/03/2017	15	EUR	8.0	8.0
27/04/2017	10	EUR	0.5	0.5
28/04/2017	10	EUR	0.7	0.7
24/05/2017	10	EUR	0.5	0.5
29/06/2017	5	IDR	50,000.0	3.0

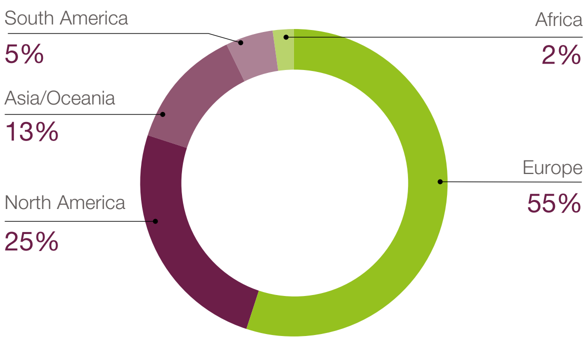
Issue date	Maturity (years)	Currency	Amount in currency (million)	Equivalent amount in € million
12/07/2017	5	USD	120.0	104.8
26/07/2017	3	TRY	6.4	1.1
27/07/2017	4	BRL	6.0	1.4
29/09/2017	4	TRY	322.0	53.1
29/09/2017	4	MXN	165.0	7.3
13/10/2017	12	EUR	2.9	2.9
19/10/2017	10	USD	25.0	21.8
30/10/2017	12	EUR	1.0	1.0
30/10/2017	3	INR	291.0	3.6
21/11/2017	5	USD	88.0	76.9
04/12/2017	12	EUR	5.9	5.9
13/12/2017	7	EUR	1.0	1.0
21/12/2017	4	INR	87.0	1.1
29/12/2017	12	EUR	8.8	8.8
11/01/2018	8	EUR	3.0	3.0
30/01/2018	3	TRY	290.0	47.9
26/02/2018	8	EUR	65.0	65.0
27/02/2018	3	TRY	9.5	1.6
27/02/2018	3	INR	440.0	5.5
28/02/2018	12	EUR	1.0	1.0
09/03/2018	8	EUR	1.0	1.0
13/03/2018	10	EUR	1.0	1.0
16/03/2018	8	EUR	1.0	1.0
20/03/2018	3	INR	180.0	2.3
05/04/2018	8	EUR	0.5	0.5
06/04/2018	10	EUR	0.5	0.5
10/04/2018	12	EUR	1.0	1.0
10/04/2018	12	EUR	1.0	1.0
23/04/2018	6	EUR	70.0	70.0
23/04/2018	6	EUR	10.0	10.0
30/04/2018	5	EUR	4.0	4.0
09/05/2018	10	USD	10.0	8.7
18/05/2018	6	EUR	0.9	0.9
18/05/2018	2	GBP	0.2	0.2
25/05/2018	5	USD	5.3	4.7
11/06/2018	10	EUR	2.5	2.5
18/06/2018	8	JPY	2,000.0	15.9
21/06/2018	3	INR	440.0	5.5
28/06/2018	4	USD	0.8	0.7
29/06/2018	5	USD	0.9	0.8
05/07/2018	10	JPY	3,000.0	23.8
11/07/2018	5	EUR	2.8	2.8
12/07/2018	3	USD	6.5	5.7
17/07/2018	10	USD	5.0	4.4
20/07/2018	7	SEK	10.0	1.0
20/07/2018	7	SEK	10.0	1.0
25/07/2018	10	USD	10.0	8.7
30/07/2018	4	USD	1.2	1.0
08/08/2018	3	INR	354.0	4.4
10/08/2018	10	EUR	0.3	0.3
21/08/2018	6	EUR	0.5	0.5
29/08/2018	5	USD	4.9	4.3
19/09/2018	8	EUR	30.0	30.0
19/09/2018	10	EUR	30.0	30.0
21/09/2018	7	USD	1.0	0.9
25/09/2018	3	USD	90.2	78.8
27/09/2018	3	NOK	3.0	0.3
27/09/2018	5	SEK	31.0	3.0
27/09/2018	5	SEK	5.3	0.5
28/09/2018	10	JPY	1,500.0	11.9
28/09/2018	5	USD	0.6	0.5

Issue date	Maturity (years)	Currency	Amount in currency (million)	Equivalent amount in € million
28/09/2018	3	USD	0.8	0.7
28/09/2018	2	USD	1.6	1.4
28/09/2018	5	GBP	4.5	5.0
03/10/2018	3	USD	375.0	327.5
04/10/2018	7	JPY	130.0	1.0
08/10/2018	10	EUR	0.5	0.5
19/10/2018	10	USD	5.0	4.4
25/10/2018	8	EUR	1.0	1.0
30/10/2018	1	USD	1.8	1.6
30/10/2018	3	USD	3.6	3.2
30/10/2018	6	USD	2.0	1.7
31/10/2018	7	USD	17.6	15.4
01/11/2018	4	IDR	20,000.0	1.2
01/11/2018	7	JPY	50.0	0.4
01/11/2018	7	JPY	100.0	0.8
12/11/2018	5	SEK	69.0	6.7
12/11/2018	5	SEK	7.1	0.7
12/11/2018	6	SEK	39.8	3.9
23/11/2018	10	EUR	2.6	2.6
23/11/2018	5	SEK	10.0	1.0
05/12/2018	7	SEK	10.0	1.0
07/12/2018	12	EUR	5.0	5.0
11/12/2018	5	EUR	10.0	10.0
11/12/2018	12	EUR	3.8	3.8
12/12/2018	5	EUR	5.0	5.0
14/12/2018	10	EUR	2.0	2.0
18/12/2018	6	SEK	31.4	3.1
18/12/2018	5	SEK	24.1	2.4
18/12/2018	5	SEK	6.5	0.6
20/12/2018	10	EUR	0.5	0.5
20/12/2018	5	USD	17.2	15.0
20/12/2018	5	AUD	56.8	35.0
21/12/2018	7	SEK	30.0	2.9
27/12/2018	12	EUR	80.0	80.0

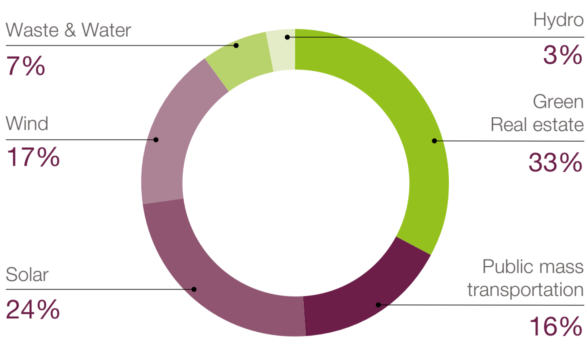
BREAKDOWN OF THE PORTFOLIO

As of 31 December 2018, the breakdown of the green portfolio is as follows. It is well diversified, both geographically and sectorially, in line with Crédit Agricole CIB's conviction that the transition to a greener economy will involve numerous industrial sectors, around the world.

Breakdown by region



Breakdown by sector



4.2 ADVISING OUR CUSTOMERS ON SOCIAL AND ENVIRONMENTAL PROJECTS

Since 2010, the Sustainable Banking team has been supporting customers with social or environmental projects in line with the four areas of excellence selected by Crédit Agricole Group: farming and food production, housing, health and the ageing population and the energy and environment economy.

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

Crédit Agricole CIB has thus supported, during the course of 2018, some of its customers in the financing of their environmental and/or social projects thanks to a new offer of dedicated loans, Green Loans and ESG-Indexed Loans. Green Loans are loans used to finance environmental projects based on the same principles as Green Bonds. Given that Crédit Agricole CIB was involved in the governance of Green Bonds and the drafting of Green Bond Principles, the Bank participated in the launch of the Green Loan Principles of the Loan Market Association which state the principles for structuring this new type of operation:

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

Crédit Agricole CIB has also developed ESG-Indexed Loans which are loans whose margin is indexed on the ESG (Environmental, Social and Governance) performance of the issuer.

4.3 PROMOTING SOCIALLY RESPONSIBLE INVESTMENT (SRI) IN WEALTH MANAGEMENT

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

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

Indosuez Wealth (Group) has drawn up a precise action plan according to the following principles:

- rollout of customer portfolio SRI ratings to all entities;
- raising awareness amongst marketing professionals and customers about the SRI rating of portfolios;
- creating a "Carbon Impact" rating;
- selecting thematic funds (low carbon, energy transition, etc.);
- offering Green Bonds.

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

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

Consideration of sustainable development issues

CLIMATE CHANGE

Please refer to Section 3: "Incorporating climate change issues" for details of how this issue is factored in.

BIODIVERSITY PROTECTION

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

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

Since 2016, Crédit Agricole CIB has been mapping the sectors and geographical regions which are most exposed to water access and pollution issues. Crédit Agricole CIB has included this new criteria of analysis in its CSR scoring system described below.

OTHER ACTIONS TO PROMOTE HUMAN RIGHTS

Crédit Agricole CIB fully endorses the values of the United Nations Global Compact, of which Crédit Agricole is a signatory. This particularly concerns human rights and labour standards. Crédit Agricole S.A. has signed several specific charters in addition to these general principles, including the Diversity Charter in 2008, the Human Rights Charter in 2009 and the Responsible Purchasing Charter in 2010.

Actions concerning employees are covered in “ Developing people and the social ecosystem” and those concerning sub-contractors and suppliers are discussed in “ Promoting an ethical culture”.

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

Since 2016, Crédit Agricole CIB maps the sectors and geographical regions which are most exposed to risks of human rights violations in both their own operations and within their supply chains. Crédit Agricole CIB has included this new criteria of analysis in its CSR scoring system described below.

In 2018 Crédit Agricole CIB actively participated in the review of the Equator Principles (a continuation of work started in 2017) and presented recommendations to the General Meeting of the Equator Principles Association in October 2018.

Assessing and managing the risks arising from the environmental and social impacts of financing

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

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

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

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

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

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

The Equator Principles

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

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

Statistics

18 finance packages for projects (1) were signed in 2018 and were ranked into category A, B and C of the International Finance Corporation. At 31 December 2018, 406 projects in the portfolio had been ranked. The classification of projects breaks down as follows:

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

The 2018 breakdown by sector and region is as follows:

	Category A	Category B	Category C
Total	**6**	**12**	
Sector			
Mining	2		
Infrastructure		2	
Oil & Gas	3	3	
Energy	1	7	
Of which renewable energies	1	2	
Other			
Region			
North America	2	2	
Latin America	1	1	
Asia & Pacific	1	3	
Europe	2	5	
Middle East & Africa		1	
Country designation			
Designated	3	9	
Non-Designated	3	3	
Independent review			
Yes	6	12	
No			

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

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

At 31 December 2018, there were 21 Project-Related Corporate Loans (PRCL) in the portfolio. Three PRCLs were signed [1] in 2018 and ranked as category A, B or C, as follows:

- 2 projects classified as A;
- 1 project classified as B;
- No projects were classified as C.

The sector-specific and geographic distributions are as follows:

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

CSR sector policies

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

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

Sensitivity analysis

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

Customer CSR scoring

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

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

This scoring system is evolving following the service contract signed with a non-financial rating agency. The tests conducted in 2016 and 2017 on the use of ratings from this agency led to a CSR scoring system being introduced in 2018 with three due diligence levels: light, standard and reinforced. These three levels of due diligence are described on the Bank's website.

(1) In accordance with the agreement entered into by the Equator Principles ssociation (project closed).

5. DEVELOPING PEOPLE AND THE SOCIAL ECOSYSTEM

SOCIAL RESPONSIBILITY

Social indicators

METHODS

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

Concerned entities are those with employees that are consolidated within Credit Agricole CIB.

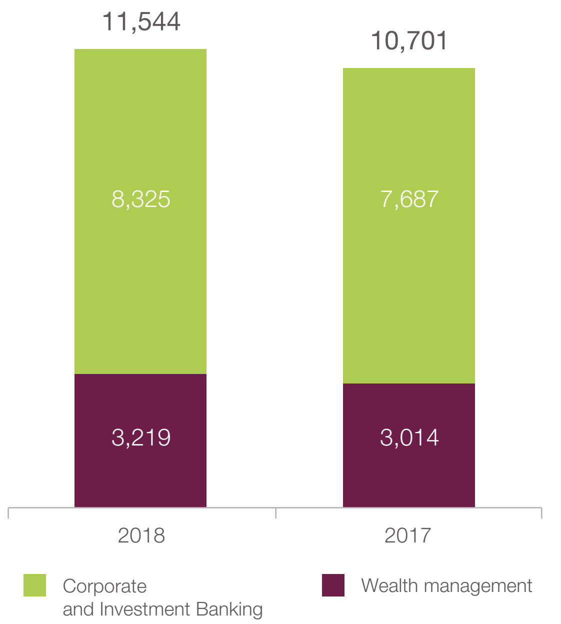
Unless otherwise stated, the population in question is that of "active"employees. Being "active" implies:

- a legal component in the form of a "standard" permanent or temporary contract of employment (or similar for foreign entities);
- being on the payroll and at work on the last day of the period concerned;
- working hours of 50% fulltime equivalent (FTE) and higher.

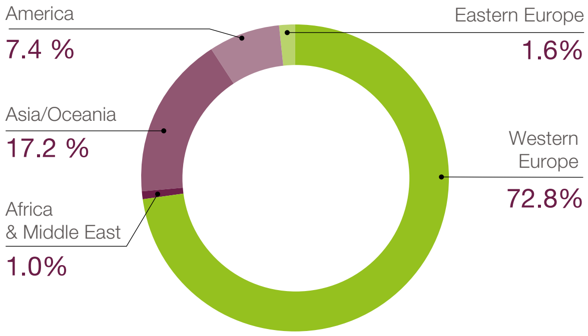
The scope of the employees covered (as a percentage of "Full-time Equivalent" or FTE at the end of the year) is presented for each table below.

KEY FIGURES

Headcount by business line: (in FTE: Full-time Equivalent)



Headcount by region



▶ Headcount by type of contract (in FTE: Full-time equivalent)

	2018			2017		
	France	Outside France	Total	France	Outside France	Total
Permanent staff	4,943	6,383	11,326	4,454	6,090	10,544
Contractors	46	172	218	45	112	157
Total active staff	4,989	6,555	11,544	4,499	6,202	10,701
Permanent staff on extended leave of absence	66	16	82	121	21	142
Total	**5,055**	**6,571**	**11,626**	**4,620**	**6,223**	**10,843**

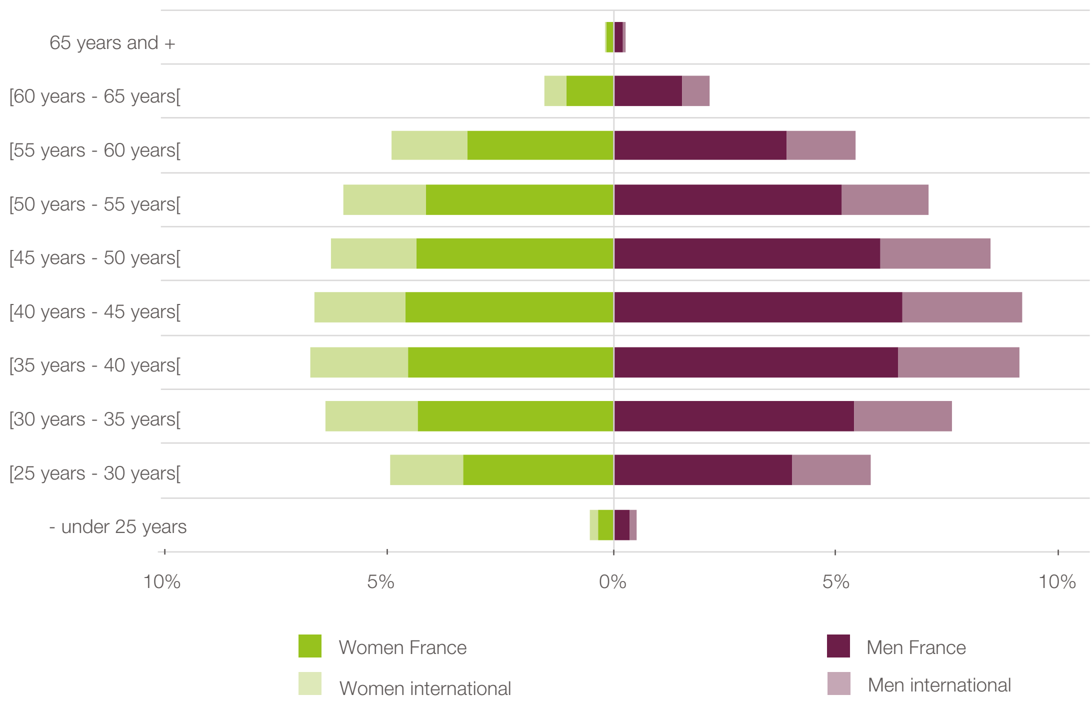
▶ Breakdown of permanent staff in France by gender

	2018		2017	
In %	Women	Men	Women	Men
Staff in France	46.8	53.2	46.4	53.6
Business scope in France		**100%**		**100%**

▶ Breakdown of permanent staff in France by gender and category

	2018		2017	
In %	Managers	Non-managers	Managers	Non-managers
Staff in France	92.4	7.6	90.8	9.2
Of which women (in %)	87.7	12.3	84.8	15.2
Of which men (in %)	96.6	3.4	96.0	4.0
Business scope in France		**100%**		**100%**

▶ Age structure at 31 December 2018



▶ Breakdown by age

	2018			2017		
	France	Outside France	Total	France	Outside France	Total
Average age	43 years and 1 month	43 years and 2 months	43 years and 2 months	42 years and 5 months	42 years and 10 months	42 years and 7 months

The average age of Crédit Agricole CIB Group employees is 43 years and 2 months old, 43 years and 1 month old for France and 43 years and 2 months old for the international business.

▶ Forecasts of employees reaching the age of 65 in France over the next 10 years

	2018	
	Number	%
65 years old in "n"	19	0.4
65 years old in "n"+1	13	0.3
65 years old in "n"+2	21	0.4
65 years old in "n"+3	32	0.6
65 years old in "n"+4	66	1.3
65 years old in "n"+5	88	1.7
65 years old in "n"+6	97	1.9
65 years old in "n"+7	119	2.3
65 years old in "n"+8	113	2.2
65 years old in "n"+9	100	2.0
65 years old in "n"+10	128	2.5
Total	**796**	**15.7**

▶ Promotions in France

	2018			2017		
	Women	Men	Total	Women	Men	Total
Promotion in the non-manager category	14	7	21	11	4	15
Promotion from non-manager to Manager	44	14	58	34	14	48
Promotion in the manager category	124	171	295	97	162	259
Total	182	192	374	142	180	322
%	48.7	51.3	100.0	44.1	55.9	100.0
Business scope in France			**99%**			**99%**

▶ Number of permanent staff recruited by geographical region

	Number of permanent staff recruit [1]		2018	2017
In number	Wealth Management	CIB	Total	Total
France	33	354	387	375
Western Europe	261	145	406	410
Central & Eastern Europe		21	21	7
Africa		8	8	3
Asia & Pacific	80	236	316	252
Middle East		9	9	5
Americas	17	106	123	98
Total 2018	**391**	**879**	**1,270**	
Total 2017	**333**	**817**		**1,150**
Business scope			**100%**	**100%**

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

▶ Proportion of part-time staff

	2018			2017		
	Managers	Non-managers	Total	Managers	Non-managers	Total
Part-time staff	396	93	**489**	352	96	448
Part-time staff as % of total	8.5	24.2	**9.7**	8.5	22.9	9.8
Women as % of part-time staff			**90.8**			91.1
Business scope in France			**100%**			**99%**

PRIORITY 1: ENCOURAGING AND PROMOTING EMPLOYEE DEVELOPMENT AND EMPLOYABILITY

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

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

Employee induction and integration

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

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

During their first year within the Bank, new arrivals are also invited to take part in an induction event to gain a better understanding of the interaction between the Bank's different business lines and to meet their peers who have recently joined Crédit Agricole CIB teams. In 2018, two editions were organised: one in Paris for 250 employees in France and one in New York for 90 new-comers in the Americas region. Since its inception in 2016, more than 1,200 participants have taken part in this integration event.

Depending on their location and business line, new hires may also be required to participate in specific integration programmes.

As part of its digitisation policy, in 2018 Crédit Agricole CIB deployed a new onboarding procedure giving employees access to their digital HR documents from both personal and professional equipment. And in order to facilitate the search for information, the new HR intranet in France has a chatbot which answers questions on leave and absences.

Developing and promoting the employees through a professional career path put together jointly by the employee, his or her manager and human resources manager

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

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

In 2018, in order to strengthen employee commitment to the Crédit Agricole CIB Code of Conduct, its 7 principles were included amonst the skills assessed for all emplolyees, in France and abroad.

In France, following the example of other entities of the Group, Crédit Agricole CIB used a professional interview form in which employees and managers must address wishes in the area of mobility and training. There are now three distinct forms to be completed: assessment, professional interview and target-setting.

Within the framework of this worldwide campaign in 2018, 99% of the annual assessments between employees and managers have been realised.

Two other systems complete these campaigns at Crédit Agricole CIB:

- the Cross Feedback tool, an effective assessment tool for the most cross functional positions by providing objective feedback from the people with whom the employee is in daily contact. This tool helps to promote better cooperation between the Bank's teams and to develop a culture based on feedback. This is a constructive approach which focuses on the work of an employee during the past year. In 2018, 1,311 employees received individual Cross Feedback;
- the 360° questionnaire, an evaluation tool for senior executives, allows the members of the Management Committee and their N-1 to be appraised by their N+1, their peers and their N-1.

ENCOURAGING EMPLOYEES TO TAKE CONTROL OF THEIR TRAINING

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

The HRE-Learning global training portal, launched in 2016 and accessible to all employees throughout the year, currently offers over 900 digital modules. This portal encourages employees to take ownership of their training and represents a veritable invitation to curiosity. In order to promote this digital training offer, in May 2018 Crédit Agricole CIB organised its 1st Learning Week in France. Almost 1,000 employees came to meet the training teams and participated in fun presentations of the portal: a quiz, a 7-minute digital stop-over and personal advice. In the wake of this success, this event was deployed in other locations. 120 employees participated in Hong Kong in July and 70 in London in October.

This digital training, focusing on vital business skills and the knowledge expected of employees, is offered in addition to the classroom sessions also offered.

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

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

Training policy

	2018 (12 months)	2017 (11 months) (1)
Number of employees trained		
France	5,143	4,825
International	7,232	5,560
Total	**12,375**	**10,385**
Business scope	**94%**	**98%**
Number of training hours		
France	114,634	87,521
International	128,610	105,807
Total	**243,244**	**193,328**
Business scope	**94%**	**98%**

(1) December is not a representative month.

Training themes

Number of hours	2018 (12 months)				2017 (11 months) (1)	
Themes	Total	%	Of which France	Of which international	Total	%
Knowledge of Crédit Agricole S.A.	4,395	1.8	1,073	3,322	5,381	2.8
Personnel and business management	16,705	6.9	10,406	6,299	11,310	5.9
Banking, law, economics	32,306	13.3	13,352	18,954	20,691	10.7
Insurance	158	0.1	0	158	668	0.3
Financial management (accounting, tax, etc.)	17,962	7.4	8,318	9,644	15,857	8.2
Risks	10,891	4.5	8,542	2,349	6,640	3.4
Compliance	40,522	16.7	9,498	31,024	29,019	15.0
Method, organisation and quality	9,743	4.0	7,787	1,956	5,273	2.7
Purchasing, Marketing, Distribution	2,293	0.8	1,419	874	2,213	1.2
IT, Networks, Telecommunications	7,582	3.1	4,080	3,502	7,600	3.9
Foreign languages	43,505	17.9	10,993	32,512	54,462	28.2
Office systems, business-specific software, new technology	7,279	3.0	3,385	3,894	7,216	3.7
Personal development and communication	38,261	15.7	28,301	9,960	20,769	10.7
Health and safety	8,485	3.5	6,625	1,860	3,656	1.9
Human rights and the environment	949	0.4	69	880	725	0.4
Human resources	2,208	0.9	786	1,422	1,848	1.0
Total	**243,244**	**100.0**	**114,634**	**128,610**	**193,328**	**100.0**
Business scope in France			**94%**			**98%**

(1) December is not a representative month.

The most common training areas within the Crédit Agricole CIB Group:
- Language training takes first place with 17.9% of the training plan hours;
- Compliance training is second with 16.7% of the hours;
- Personal development and communication training are third place with 15.7% of the plan.

ENCOURAGING INTERNAL MOBILITY TO ENHANCE CAREER PROSPECTS FOR EMPLOYEES

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

My Jobs is a dedicated internal mobility portal which is available to Crédit Agricole CIB in France and worldwide. It lists all of the job vacancies in corporate and investment banking and the Crédit Agricole S.A. Group. In addition, Crédit Agricole CIB uses different systems to support employees in their mobility approaches: mobility committees, events and workshops, individual support and digital pathways. These initiatives also create a more cross disciplinary approach and develop the mobility culture.

Thus, in October 2018 Crédit Agricole CIB offered its employees in France a Mobility Week. This event centred on a conference and workshops on self-knowledge and talks by stands with HR and business line operational staff. During the week mobility support tools were presented to over 500 employees who benefited from customised advice on their professional plans and CV.

In addition, the Déclic Mobilité programme, launched in 2017 with a consultancy specialising in professional support, continued in 2018 offering 55 employees the opportunity to discuss their mobility plans and to get them underway. The system combines an individual interview with group sessions encouraging people to share their experiences.

Finally, in November 2018 Crédit Agricole CIB deployed a digital pathway created in partnership with the start-up Jobmaker. This 7-stage procedure suggests work to do and video advice. Its flexible format allows employees to progress at their own pace as they reflect on and build their professional plans. At the end of this course, the employee can share the summary of their thoughts with their HR manager during a dedicated interview.

IDENTIFYING AND DEVELOPING TALENTS

At Crédit Agricole CIB, the members of the Management Committee, managers and Human Resources have been working to identify and manage talent for several years now.

Part of the Crédit Agricole S.A. Group policy, it aims to retain and develop the capabilities of employees with potential and to ensure succession plans for strategic positions at the Bank.

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

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

In 2018, 65 Rising Talents took part in the fourth My Way programme in France and worldwide. This programme brings together the employee, his or her manager and HR manager to discuss the employee's development plan and career path.

Indosuez Wealth Management also offered the My Way programme to 22 Rising Talents from its different locations.

A new leadership development programme, the Global Development Programme, was rolled out at Crédit Agricole CIB in 2018. About a hundred employees from 15 countries met in Paris for two days of training on leadership with internationally-renowned speakers. This programme also aimed to encourage networking between participants.

Crédit Agricole CIB has also launched a new format for its Strategic Leadership programme aimed at employees who are members of Cercle 2. This training is structured in 3 one-day modules: "Authentic Leadership", "Coaching master-class" and "5 conversations". In total, 33 managers participated in the programme this year.

Promoting and managing employees with respect and responsibility

In a complex and constantly changing environment, it is vital that the Crédit Agricole CIB strategy is properly disseminated. The managers play a key role in implementing the strategy at all levels of the Bank, mobilising the teams and developing the skills of their employees. Since 2012, Crédit Agricole CIB has therefore deployed the Management Academy, a training programme for all managers in France and worldwide, which aims to develop a shared managerial culture. Since 2017, a new concept of the Management Academy, structured around three levels of expertise, has been proposed to the managers of Crédit Agricole CIB. The first level, Novice Learner is open to all employees who then have free access to digital modules on managerial topics via the Bank's international training portal. The second and third levels, Expert Learners and Master Learners, combine digital and classroom training modules focused on four skill sets: relational intelligence, mobilising people, implementing strategy and steering action. These levels are addressed respectively to new managers, operational managers, experienced managers and senior managers.

In France in 2018, 55 sessions were held and over 450 managers attended a Management Academy training session. Similar sessions have also been rolled out at Crédit Agricole CIB's main locations abroad.

PRIORITY 2: GUARANTEEING EQUALITY AND PROMOTING DIVERSITY

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

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

Crédit Agricole CIB also holds mandatory training courses in some of its locations to promote diversity and prevent discrimination, such as in Germany and India.

Gender equality at work

PROPORTION OF WOMEN

	2018		2017	
In %	%	Business scope	%	Business scope
Among all employees	43.8	100%	43.6	100%
Among permanent contract staff	42.1	100%	38.4	100%
Of the Executive Committee of CACIB	4 of 6	100%	5 of 18	100%
Of management levels 1 and 2 * of CACIB	18.1	100%	18.5	100%
Of the top 10% highest-earning employees in each subsidiary (fixed compensation)	19.3	98%	19.6	98%

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

DEVELOPING GENDER EQUALITY AT WORK

Convinced that diversity is the key to promoting performance and innovation, for several years now the Bank has been implementing a proactive diversity policy. In order to identify the main issues and measure the effectiveness of its actions, Crédit Agricole CIB monitors gender distribution indicators throughout the year. Following the steps taken by the Bank's Management Committee, which met in July 2016 during a special seminar dedicated to diversity and performance issues, in 2017 the members of Crédit Agricole CIB's Executive Committee set a number of diversity related goals to be met between now and the end of 2019 within their respective business lines.

As part of its career management and diversity policy, in September 2018 the Bank launched the 2nd edition of its global mentoring programme in France and worldwide. This aims to support 44 employees, the mentees, identified by the business lines, in their professional development and to help them to become more visible. This programme allows mentees to exchange and benefit from the experience of mentors, members of the Executive Committees and Business Line Management Committees, in a confidential and caring environment. This year, the programme became more international with 20 mentor-metee duos from outside France compared with 10 in 2017. A digital training and a classroom workshop were offered in France to support the mentors. In 2019, participants selected will be asked to share their feedback in mid-programme workshops.

Indosuez Wealth Management for its part has set up a mentoring system for women. 7 female employees were supported in their development by members of the Management Committee in 2018.

Crédit Agricole CIB also supports the networks to promote diversity, created by female employees, such as CWEEN launched in 2008 in India, Potentielles in France, Crédit Agricole CIB Women's Network (CWN) in New York in 2010, SPRING in London in 2015, RISE in Hong Kong in 2016, WING in Tokyo in 2017, CARE in South Korea, MORE in Taiwan and Gulf Women's Network launched in Dubaï in 2018. This year has also seen diversity networks launch voluntary mentoring initiatives.

Crédit Agricole CIB also implements at its various locations leadership programmes for its female employees. In 2018, 60 women took part in the "Leadership au féminin" [Women Leadership Programme] training in France. Worldwide, the 2nd edition of the Women Leadership Programme, which took place over two days, brought together in London and Paris 12 female employees from the EMEA region. A pilot session for 15 women from the Asia-Pacific region also took place in July in Hong Kong. The Eve seminar, offering the opportunity to meet other attendees from other major groups and share experiences, was offered to 8 Crédit Agricole CIB employees in France and Asia.

Finally, as every year, Diversity Week was held in France and abroad. This event allowed employees to attend conferences and awareness workshops. The 2018 edition saw initiatives proposed in Paris, New York, Hong Kong, Tokyo, Dubai, London, Frankfurt, Madrid and Milan.

HELPING EMPLOYEES FIND A BETTER WORK/LIFE BALANCE

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

The teleworking agreement signed in France in late 2015 has enabled Crédit Agricole CIB to offer this new working practice. At 31 December 2018, almost 850 employees were teleworking one day a week, even two days in some cases.

An international roll-out of this initiative is also being considered. In London, teleworking was implemented in 2018 and it will be implemented very soon in New York.

Indosuez Wealth Management has been offering teleworking since 2017 in France and will soon extend the possibility to Switzerland, Luxembourg and Monaco.

As part of its policy to promote gender equality, Crédit Agricole CIB is also running parenting initiatives in France and worldwide. In France in 2018 some 28 female employees attended workshops on the topic of finding a balance between work and motherhood. In Hong Kong, maternity leave increased from 12 to 16 weeks.

Convinced that the donation of rest days is deeply embedded in the Bank's values and social issues, Crédit Agricole CIB has set up a system for donating rest days to colleagues. A collective agreement was concluded in mid-2017, unanimously signed by the unions. While the legal scheme is currently authorised only to provide care for a child who is seriously ill, Crédit Agricole CIB plans to extend the donation of rest days to the employee's spouse or partner in a civil partnership and also considers the situation of employees' dependent parents or grandparents. In 2018, 41 days were allocated to employees under this programme and the "Solidarity Days Bank" (for collecting donations) had 157 days available at 31 December.

In France, Crédit Agricole CIB also offers its employees, both in Paris and in the regions, 41 nursery places in partnership with the Babilou network of nurseries, and 30 nursery places in the Petits Chaperons Rouges nursery near the SQY Park campus. All these nursery places are allocated according to social criteria.

Equality of backgrounds and origins

YOUTH RECRUITMENT POLICY

Crédit Agricole CIB has an active policy to promote the professional integration of young people in France and worldwide. This is reflected in the work placements at its different locations and by the ongoing workstudy training offered in France.

In 2018, Crédit Agricole CIB welcomed 400 new interns and 180 new work-study trainees in France, as well as 102 VIEs in its international subsidiaries.

All job offers are published on the Crédit Agricole CIB and Crédit Agricole Group job sites. They are also published on specialist recruitment sites and on Job Teaser, a recruitment platform in schools and universities. After having applied online, the candidates for internships, work-study contracts, VIEs or permanent contracts for young graduates must sit and pass online logic tests before being invited for interview.

In some of its locations, Crédit Agricole CIB offers students the possibility of joining the Bank through dedicated pathways which may involve internships lasting from 10 weeks to 2 years. This is the case for example in New York, Hong Kong and Frankfurt.

Through its internships, work-study placements and VIE positions, Crédit Agricole CIB identifies the best potential employees. In 2018, almost 50% of the junior permanent staff positions in France were filled by young people from this pool.

In addition, in accordance with Group policy, Crédit Agricole CIB participates in numerous activities promoting the diversity of the recruited profiles. In this context, the Bank has renewed its partnership with Handiformafinance, initiated by the French Management Association (AFG), which offers disabled people the chance to train for back-office jobs in markets, whilst also studying for a degree from Université Paris Ouest Nanterre in “Back & Middle Office Financial Asset Management”. In May, Crédit Agricole CIB was also present at the ESSEC Open Employment Forum to meet candidates with disabilities.

EMPLOYEE INVOLVEMENT IN SCHOOLS AND UNIVERSITIES IN FRANCE AND WORLDWIDE

The Bank ensures a strong presence in schools and universities to promote its business lines and global network of expertise and to meet future employees. In 2018, more than one hundred initiatives were deployed in France and internationally. Beyond the forums, Crédit Agricole CIB holds more targeted events such as conferences, case studies, after works and trading rooms visits.

Close to 100 managers and employees join the HR teams during these events to share their experience with students and to receive applications for the various positions to be filled. In 2018, the Bank continued to promote its employer brand abroad by stepping up its presence at schools and universities in Europe, Asia and the United States.

The Bank is setting up educational partnerships both in France and worldwide. In 2018, Crédit Agricole CIB continued its efforts to support the financial associations of engineering and business schools as well as universities, particularly by financing some of their events and projects.

Trainees and workstudy trainees in France

Trainees and work-study trainees in France (average monthly Full-Time Equivalent)	2018	2017
Work-study trainees	262	234
Trainees	153	169
% of scope covered	**100%**	**100%**

Employment and integration of people with disabilities

Since 2005, Crédit Agricole S.A. Group in France has been actively promoting the employment of people with disabilities through job retention and awareness initiatives and also through recruitment from the sheltered and disability friendly sectors. The fifth agreement, signed in January 2017, is a logical continuation of the efforts made over the previous twelve years and covers all of the Group’s entities.

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

Preventative health and disability awareness events are organised throughout the year. They aim to inform employees about the different illnesses and to offer better support for employees with disabilities. The theme of the Disability Employment Week, held at the Bank’s offices in France from 19 to 23 November 2018, was “Invisible Disability”. An awareness-raising leaflet on the theme was distributed and hearing tests were offered to over 140 employees. Three collective intelligence and creativity workshops also allowed 30 employees to come together to reflect on how to change how disability is perceived.

In addition to its direct initiatives to raise awareness about the employment of people with disabilities, Crédit Agricole CIB delegates services to the sheltered and disability friendly employment sector (“*Entreprises Adaptées*” and “*Établissements et Services d’Aide par le Travail*”) in particular for the maintenance of printers.

A compensation policy based on equality

GENERAL PRINCIPLES

The wage policy is key to Crédit Agricole Group’s strategic human resources management. Crédit Agricole CIB’s remuneration policy is based on principles of fairness, performance incentives in line with risk management and the sharing of the Company’s values. This policy is deployed taking into account the economic, social and competitive context of the markets in which the Bank operates, as well as applicable legal and regulatory obligations.

Crédit Agricole CIB places a great importance on the principle of equal treatment at work. Provisions can be made locally to reduce possible gender wage gaps, for example as in France under the agreement on gender equality at work.

EMPLOYEE BENEFITS

As a responsible employer that cares about the well-being of its employees, Crédit Agricole CIB promotes a large range of employee benefits worldwide. The Bank takes particular care to ensure that its employee benefits are:

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

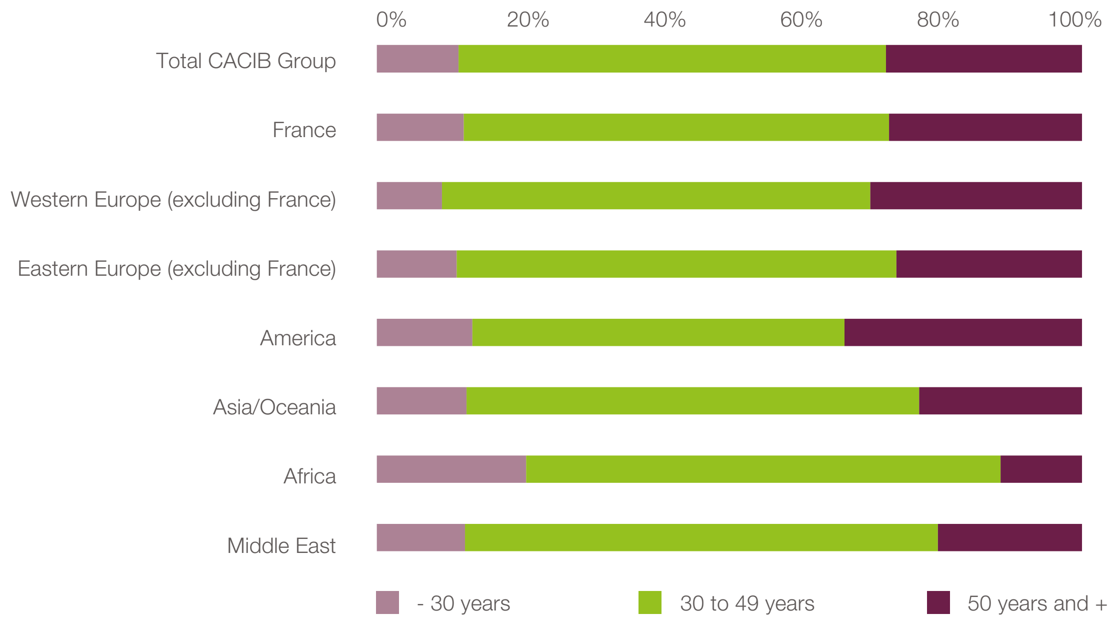
The Bank contributes to the funding of health cover programmes in many countries in order to offer its employees access to health care. Crédit Agricole CIB also places significant importance on protecting the families of employees who die or are absent from work, and fully funds the schemes implemented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

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

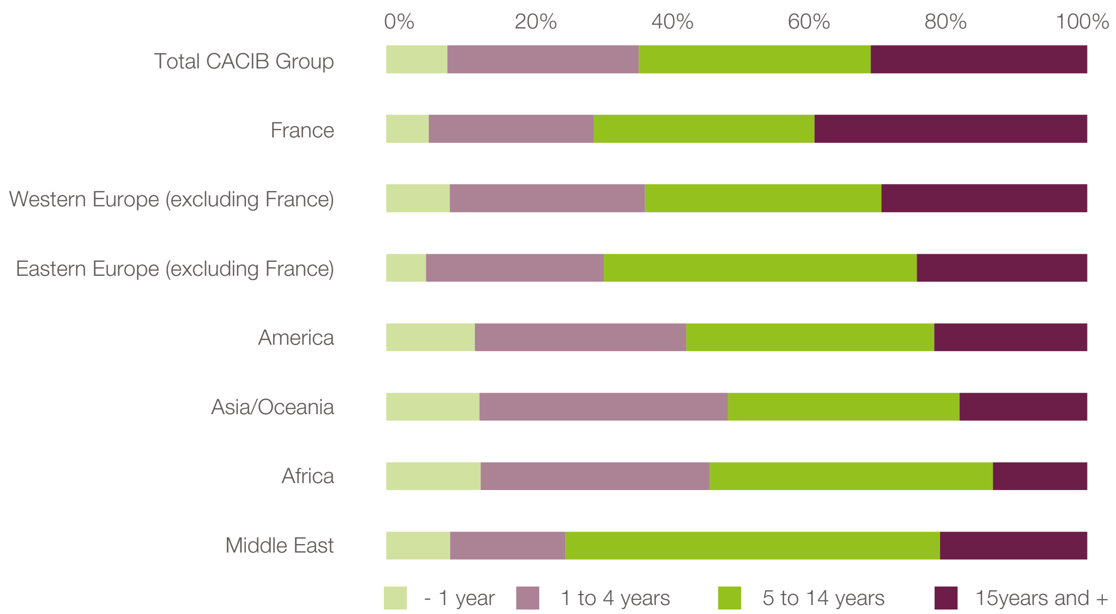
Through its employee savings schemes, employees share in the Company's results and performance. Since 2016, the profit sharing agreement in France has incorporated the Bank's CSR indicator, FReD, to take account of the joint commitment of the Company and its employees to the success of the CSR policy. Worldwide, employees are regularly offered the opportunity to share in capital increase operations. In 2018, this programme covered 11 countries in which Crédit Agricole CIB is located.

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

Permanent staff by age in the Crédit Agricole CIB Group



Permanent staff by length of service in the Crédit Agricole CIB Group



Departures of permanent staff by reason

	2018				2017			
	France	International	Total	%	France	International	Total	%
Resignation	106	569	675	72.4	83	418	501	67.1
Retirement and early retirement	33	63	96	10.4	21	74	95	12.7
Redundancy	7	91	98	10.5	8	91	99	13.3
Death	2	4	6	0.6	0	4	4	0.5
Other reasons	37	20	57	6.1	30	18	48	6.4
Total	**185**	**747**	**932**	**100.0**	**142**	**605**	**747**	**100.0**
Business scope				**100%**				**100%**

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

	2018			2017		
	Total amount (in thousands of euros)	Number of beneficiairies	Average amount (euros)	Total amount (in thousands of euros)	Number of beneficiairies	Average amount (euros)
Employee profit sharing	833	362	2,301	1,805	520	3,471
Incentive plans	28,261	5,344	5,288	24,304	5,201	4,673
Employees savings plan top-up	13,367	5,359	2,494	11,984	4,837	2,478
Total	**42,461**			**38,093**		
Business scope in France			**99%**			**99%**

▶ Annual fixed salary grid

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

In euros	2018	2017
Managers		
Men	6,620	6,467
Women	5,014	4,932
Overall	**5,906**	**5,803**
Non-managers		
Men	2,829	2,816
Women	2,897	2,851
Overall	**2,881**	**2,843**
Total		
Men	**6,490**	**6,321**
Women	**4,753**	**4,615**
Overall	**5,676**	**5,530**
Business scope in France	**99%**	**100%**

▶ Absenteeism in France, in calendar days

	2018							2017		
	Managers		Non-managers		Total		Average number of absence days per employee	Total		Average number of absence days per employee
	Women	Men	Women	Men	Number of days	%		Number of days	%	
Illness	15,203	10,071	3,149	1,449	29,872	40.7	6.0	25,140	43.1	5.6
Accident in the workplace and during travel	414	737	14	214	1,379	1.9	0.3	896	1.5	0.2
Maternity/Paternity/Breastfeeding	24,465	3,618	1,514	805	30,402	41.4	6.1	22,254	38.2	4.9
Authorised leave	4,612	2,472	900	485	8,469	11.5	1.7	8,184	14.0	1.8
Other	1,057	1,391	580	257	3,285	4.5	0.7	1,791	3.2	0.4
Total	45,751	**18,289**	**6,157**	**3,210**	**73,407**	**100.0**	**14.8**	**58,265**	**100.0**	**12.9**
Business scope in France							**99%**			**100%**

PRIORITY 3: IMPROVING THE QUALITY OF LIFE IN THE WORKPLACE

Providing employees with a working environment and working conditions that ensure their health and safety

Crédit Agricole CIB considers quality of life in the workplace as a driver of fulfilment and performance and as being essential to its effectiveness. The Bank provides employees in France and abroad with training in stress prevention, including on its HRE-Learning portal at the Management Academy and Diversity Academy. In France, any courses in this area requested during appraisal sessions or at other times of the year by employees and managers are systematically approved. In 2018, 134 employees took part in the training on "Finding the balance between pressure and efficiency" and 85 managers took part in the training on "Your and your employees' stress".

To fight against psychosocial risks, Crédit Agricole CIB provides an anonymous and confidential psychological support service to employees in France with a tollfree number. Since 1 December 2018, the Bank has also been offering the services of Responsage, an organisation which specialises in supporting family members who are carers, by providing advice and guidance on all procedures related to the status of family-member carer. Offered in the form of a confidential and free telephone platform, Responsage helps more generally with all social issues that every employee may encounter in their personal life. The employees may also share any observations they have with the Human Resources Department, including their own HR manager. As part of the efforts to prevent psychosocial risks, Crédit Agricole CIB encourages all those concerned within the Company to play an active role and report any difficulties that might be encountered by employees (senior management, managers, workplace health unit, social workers, human resources, employee representatives and employees).

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

PRIORITY 4: PROMOTING EMPLOYEE COMMITMENT AND SOCIAL DIALOGUE

The Group promotes dynamic and constructive social dialogue with its employees and their representatives. This commitment, which plays a vital role in the smooth running of the Bank, can take several different forms: direct discussions, social surveys and questionnaires, information disseminated continuously on Group events and its strategy in France and worldwide, the use of collaborative tools and responsible social dialogue.

The social climate within the Group is the result of an ongoing dialogue between management, employees and their representatives, when in place locally, while respecting the values fostered by the Group.

Maintaining an active and responsible social dialogue with employee representatives

Crédit Agricole CIB keeps a watchful eye on the deployment of a constructive social dialogue, which facilitates the conclusion of a certain number of collective agreements each year, carrying real commitments that reflect the Bank's social policy.

In 2018, social dialogue remained very dynamic in France, with evidence that both Crédit Agricole CIB and employee representatives are keen to negotiate agreements capable of reconciling the Bank's interests with those of employees. Collective agreements concluded in 2018 covered the following themes:

- wage agreements, incentive plans and employee savings schemes;
- agreement on the Time Savings Account in order to make access to it more flexible for employees;
- agreement to extend mandates in order to give management and employer-employee representatives the time needed to discuss the introduction of the single body, the Social and Economic Committee, intended to replace, after the next professional elections in April 2019, the Works Council, staff delegates and the Health, Safety and Working Conditions Committee;
- agreements relating to support for activity transfers as part of projects involving other entities of the Crédit Agricole Group (substitution agreement, method agreement and transition agreements), with a view to involving all stakeholders in discussions and to guarantee, globally, the rights of employees affected by these transactions.

This desire for dialogue with all stakeholders on structural projects was also evident in London where 9 staff representatives were elected and trained to lead a consultation after Brexit. The dialogue involving these staff representatives, human resources and the business lines is expected to continue once the consultation has concluded.

Number of agreements signed during the year in France by subject

	2018	2017
Salary and related	5	4
Training	0	0
Staff representation bodies	1	0
Employment	2	0
Working time	6	0
Diversity and professional equality	0	0
Other	4	10
Total	**18**	**14**
Business scope in France	**99%**	**99%**

Disseminating and sharing information with employees to enable debate and endorsement

Conference calls and management meetings are held regularly in France and simultaneously broadcast abroad to enable managers to meet the members of Crédit Agricole CIB's Executive Management. Some 1,000 executives are invited to these meetings and conference calls, which are organised for every quarterly publication of results and throughout the year for strategic topics. Participants are invited to ask questions in advance on an anonymous basis, and Executive Management then answers them during its presentations.

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

Furthermore, conferences called "Inside Meetings" are regularly held for all employees in France and cover a broad range of topics: strategy, news, company culture, sponsorship actions, the challenges of sustainable development, etc. These events provide an opportunity to learn more and to share information during the question and answer sessions at the end of the presentations.

Encouraging schemes to increase participation and self-expression by employees

In parallel to these regular occasions, a number of other activities encouraging the participation of employees were implemented at Crédit Agricole CIB in 2018.

Crédit Agricole CIB and Indosuez Wealth Management participated in the Crédit Agricole Group's Commitment and Recommendation Index survey, sent to all their employees worldwide, from 18 September to 9 October 2018. At Crédit Agricole CIB, this initiative fits in with commitment surveys continued since 2015 and allows us to assess the positive development of results. This year, the Crédit Agricole CIB Commitment and Recommendation Index rose by one point over 2017, with 73% of favourable answers to the 21 questions in the survey. The results of this survey will identify initiatives that, in line with the nine global action plans developed in 2016, will further strengthen the Company's commitment and performance.

6. PROMOTING THE ECONOMIC, CULTURAL AND SOCIAL DEVELOPMENT OF THE HOST COUNTRY

6.1 DIRECT AND INDIRECT IMPACTS

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

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

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

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

6.2 EMPLOYEES' INVOLVEMENT IN SOLIDARITY INITIATIVES

Crédit Agricole CIB actively encourages the commitment of its employees to social causes in the fields of social solidarity and inclusion. To this end, in 2018 the Bank renewed its "Solidaires by Crédit Agricole CIB" programme.

"Coups de pouce" ["Giving a helping hand"] programmes

Through its "Coups de pouce" programmes, the Bank provides financial support for charitable projects to which employees are personally committed. The designated fields of activity are social solidarity, social inclusion, the environment, education and health in France and abroad. In 2018, the "Coups de pouce" supported 26 projects in France, 8 in the United Kingdom, 2 in Singapore and 1 in China. In total, since 2013, 247 charitable projects supported by employees have been supported by the Bank (including 74 outside France).

In 2018, the Works Council provided, on an exceptional basis, financial support to the programme. It asked employees to vote for one of the Jury's five favourite charitable projects. The two projects which received the most votes (780 in total) received an additional subsidy.

Volunteer work with the bank's partner charities

During regular events or one-off assignments, employees shared some very rewarding moments in the service of the cause of public interest. These experiences, organised in a number of countries where Crédit Agricole CIB operates, give employees opportunities to engage with and help charities to present their projects to other Bank employees. In 2018, the events focused on various areas of activity: assisting charities working in the fields of education or combating illness, activities to preserve the environment, solidarity activities for the underprivileged (humanitarian, reconstruction, etc.) and, in particular:

- in France, employees who gave their time to hold sporting events such as the Financial Community Telethon. The 2018 edition brought together 12 entities of the Crédit Agricole S.A. Group who did sponsored runs or walks for the AFM-Téléthon; over 360 runners and 40 volunteers from the Group joined forces for the Téléthon during an evening marked by effort and solidarity;
- for the first time in 2018, Crédit Agricole CIB, Crédit Agricole S.A., CA Assurances and CACEIS joined forces for "Giving Tuesday", a day dedicated to generosity, celebrating giving in all its forms. Collections and sales of goodies for partner charities were organised in ten or so campuses all over France;
- as part of the Solidaires programme, since 2015 Crédit Agricole CIB Hong Kong has provided support to the Enfants du Mékong NGO in various projects to train Cambodian students in the professional environment (economics, time management, communication and management). The Bank has expanded this partnership to offer Paris based employees with the opportunity to go on a voluntary mission to Centre Christophe Mérieux in Phnom Penh. After four years of training, the first chapter of the Crédit Agricole CIB Hong Kong story in Cambodia has been concluded. In total 29 volunteers from Crédit Agricole CIB Hong Kong travelled to Phnom Penh. Previously, almost 100 employees worked for several months on the preparation of effective educational materials. Crédit Agricole Hong Kong also gave its first training session in Cebu, in the Philippines, after several months of training in which almost 30 Crédit Agricole CIB and Indosuez Wealth Management employees participated;
- In the United Kingdom, as part of the partnership with Enfants du Mékong, the Global Markets Division (GMD) has set up a pilot scholarship programme in London extended to two deserving students from Centre Christophe Mérieux to allow them to improve their English language skills and discover the world of finance as part of "job shadowing" with volunteer GMD employees;
- In the United States, in partnership with the New York Cares Association, New York employees donate their time, especially on two designated days, one of which is called "New York Cares Day for Schools", when a school in the East Village in need of a helping hand is spruced up; Crédit Agricole CIB New York also organised a Young Entrepreneurs Workshop in collaboration with the EdeYouth charity. Employees helped young people in foster families, group homes and single-parent families in all communities to acquire practical skills through relevant training programmes with an emphasis on the development of self awareness, self esteem and personal progress;

- In India, Crédit Agricole CIB supports Action Against Hunger in the fight against malnutrition in Mumbai. Here, employees from Crédit Agricole CIB Mumbai helped NGO workers demonstrate the importance of sanitation and hygiene and to measure improvements in the health of children from the slums. Specifically, they distributed wash kits with booklets containing basic notions on cleanliness;
- following the earthquake and tsunami which hit the Indonesian island of Sulawesi in September 2018, Crédit Agricole CIB Asia-Pacific launched an internal fund-raising campaign. The Bank committed to matching employees' donations. Given the urgency of the situation and the huge needs on the ground, Crédit Agricole CIB Asia-Pacific decided to go beyond this promise, contributing two dollars for every dollar donated by employees.

For Indosuez Wealth Management, 2018 was also very eventful:

- launch of the Solidarity@Indosuez programme in Europe which capitalises on employees' talents and know-how in several areas, particularly through the "Congé solidaire®" [solidarity leave], with the support of the Planète Urgence charity. A pilot partnership was concluded between Planète Urgence and the four European entities, supporting the implementation of projects where people are in financially and socially vulnerable situations, and projects relating to natural environments which are being destroyed or which are under threat (improving adults' skills, social and educational support for young people, and protection and appreciation of biodiversity);
- the 2018 edition of of the Citizen Days in Switzerland and Monaco, volunteer programmes in which employees give their time and skills to partner charities working in environmental and social sectors, in lieu of a day's work. 26 projects were chosen in 2018 in which over 200 employees from Indosuez Switzerland and Azqore collaborated. At CFM Indosuez, 95 participants, i.e. one quarter of employees, took turns throughout 2018 to bring to life 16 projects created with the seven Monaco associations supported;
- CFM Indosuez employees collected almost €5,000 for the Children & Future charity at the No Finish Line 2018 (NFL) event which took place from 10 to 18 November, covering over 3,000 kilometres, with the employer donating one euro for every kilometre covered. Children & Future aims to promote children's rights worldwide, implementing or supporting projects which will improve their lives in the areas of health, education, hygiene and nutrition;
- Indosuez Luxembourg employees collected toys for Wiltgen 4 Children, benefiting vulnerable, poor and disabled children. The beneficiary charities in 2018 were the Luxembourg Red Cross, Du Pain pour Chaque Enfant, Fondation Pro Familia, Kannerschlass, SIPO, Solidarité Jeunes, Stëmm vun der Strooss and TABA Walferdange. 8 m3 of toys were collected in 2018, 20% more than in 2017;
- three hives were installed in the spring on the terrace roof of the 6^{th} floor of Indosuez France in Paris. The presence of these 100, 000 bees on the roof helps improve employees' awareness of the need to preserve this endangered species.

6.3 CULTURAL SPONSORSHIP

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

- In Paris, at the quai Branly–Jacques Chirac museum, the Bank, which was awarded the "Grand Mécène" [Grand Patron] status by the state in 2017, supported the "Hells and Ghosts of Asia" exhibition.
- A sponsor of the Grand Palais, Crédit Agricole CIB supported the "Artists and Robots" exhibition. An internal competition was organised, with free tickets to the exhibition for 150 employees.
- "Les Arts Florissants", the choir and orchestra directed by William Christie, performed at the Paris national Opera in Jephtha, an oratorio in three acts. This event was organised on behalf of Crédit Agricole CIB, the sponsor, which was thus able to invite its clients.
- This year the Abbaye aux Dames youth orchestra (JOA) launched an appeal for finance through Commeon, the crowd-funding platform specialising in sponsorship. Crédit Agricole CIB matched the amount collected on the platform euro for euro. It was a complete success, with the JOA meeting over 100% of its targets: these funds enabled the young musicians to make an album of Haydn's works, directed by Raphaël Pidoux, an internationally renowned cellist. Following this, the youth orchestra performed at Le Beffroi de Montrouge in a concert exclusively for the Bank's employees.
- The 2018/2019 season is special for the Paris National Opera which in 2019 is celebrating the 350^{th} anniversary of the creation of the Royal Academy of Music. It is in this context that Crédit Agricole CIB is forming a partnership with this institution. During this anniversary year the Bank is particularly supporting two leading productions of the 2018/2019 season: La Dame aux Camélias, a ballet choreographed by John Neumeier and La Traviata by Giuseppe Verdi, produced by Simon Stone. In order to mark this partnership, 200 invitations for a backstage visit to the Paris opera-house (masterclass, sessions, dress rehearsals, etc.) were offered to employees. Private access arrangements also enabled Crédit Agricole CIB to invite its clients during a performance of the ballet La Dame aux Camélias. With a view to promoting French culture and excellence, the Bank is supporting international tours by the Paris National Opera: two concerts of the Opera's Academy have thus been produced in Beijing and Shanghai.

6.4 LINKS WITH SCHOOLS AND SUPPORT FOR UNIVERSITY RESEARCH

- Crédit Agricole CIB ensures a strong presence in schools, particularly through the "Capitaines d'école" system led by Crédit Agricole S.A. (see the "Developing people and the societal ecosystem" section in the social report).
- Since 2006, Crédit Agricole CIB has also been a partner of the Chair of Quantitative Finance and Sustainable Development at Paris Dauphine University and École Polytechnique. This multidisciplinary project, supported from its inception by Crédit Agricole CIB, is unique in that it brings together specialists in quantitative finance, mathematics and sustainable development. One research area studied by this Chair since 2010 involves the quantification of indirect impacts of the financing and investment activities, particularly greenhouse gas emissions induced by the activities of the Bank's clients.
- One of the solid achievements of this research is the P9XCA methodology referred to previously. Crédit Agricole CIB has played an important role in disseminating this work to other financial institutions. In 2014, the Bank took an active role in the sector approach recommended by French organisations promoting corporate social responsibility (ORSE, ADEME and ABC). This approach seeks to produce a practical guide listing the methodologies and tools to help the various financial stakeholders (banks, insurance companies, asset managers) assess their direct and indirect GHG emissions.
- A new PhD, overseen by the Chair, was undertaken in 2018 on the subject of the climate risks which could affect banks, particularly in relation to the assessment of scenarios and country risk.

7. LIMITING OUR DIRECT ENVIRONMENTAL FOOTPRINT

7.1 BUILDING MANAGEMENT PROCESS AND THE CARBON FOOTPRINT

Certification of buildings

In Île-de-France, 2/3 of employees work from the Montrouge campus and 1/3 on the Saint-Quentin-en-Yvelines campus. Following the transfer of several activities of Crédit Agricole S.A. to the Crédit Agricole CIB group in 2018 (over 700 employees), Evergreen employees now occupy 4 buildings (Eole, Terra, Silvae, Aqua), with Eole housing over 3,000 employees. Employees currently occupy four buildings on the Saint-Quentin-en-Yvelines campus (Provence, Champagne, Languedoc, Alsace).

On the Montrouge campus, the buildings are certified "HQE Operation" and the company restaurant achieved 3rd place in the rankings of the CUBE 2020 competition for efficient buildings, making 34% savings on CO2 emissions compared with 2017. In Saint-Quentin-en-Yvelines, the Champagne and Provence buildings are certified as "BBC (low consumption building) Renovation".

Outside France, which covers almost 120 locations, Canada achieved BOMA certification and premises in Belgium are Valideo-certified.

Reducing greenhouse gas emissions in the fight against climate change

The Crédit Agricole Group's Medium-term 2020 Plan has set the objective of reducing Greenhouse Gas (GHG) emissions by 15%, measured by the carbon totals at 2020 and covering the 13 entities involved in the Group's FReD approach. Crédit Agricole CIB is therefore logically part of this commitment. The baseline year selected was 2014. To achieve the objective, the reductions include all items related to energy, transport, inputs, and fixed assets.

The results of the carbon footprint assessment carried out at the end of 2014 at the head office and certain significant international entities were examined in 2017 to propose areas for improvement in order to reach the goal as quickly as possible. The approach committed to is part of a long term trend since, overall, total carbon emissions in 2014 were down by about 16.7% compared with the assessment made in 2012.

In the 2014 financial year, the three most "energy intensive" items for a total of 82.8% were business travel, energy and fixed assets, for 32%, 27.1% and 23.7% respectively.

2018 was an opportunity to focus attention, and indeed act, on these significant items, reducing the electricity consumption of buildings, reducing business travel (mainly the use of air transport) or restructuring working time.

In addition to the quantitative actions chosen, regular actions to raise awareness of both good day-to-day habits and better use of work tools should help to consolidate the reduction objective.

Indosuez Wealth Management supports the commitment to combat global warming made by the Crédit Agricole group, which has put in place action plans aimed at limiting greenhouse gas (GHG) emissions linked to both the operation of the company (direct impacts) and business lines (indirect impacts). After various measures to "de-carbon" investors' portfolios, develop green bonds and withdraw from the financing of coal mines or coal-fired power stations, Indosuez Wealth Management entered a new phase in the reduction of its direct emissions with the setting of a new objective. It is within the framework of an action initiated in 2016 and measured in FReD that Indosuez Wealth Management, in Monaco, France, Luxembourg and Switzerland, and in collaboration with the other entities of the Crédit Agricole Group (FReD scope) worked to reduce its GHG emissions.

Carbon balance sheets have been produced in order to detect the priority areas for action.

Assessment of operational greenhouse gas emissions and offsetting

Lastly, Crédit Agricole CIB offset 23,770 tonnes of CO2 equivalent by cancelling Verified Carbon Units (VCU) certificates corresponding to dividends received in 2018 in connection with its investment in the Livelihoods Fund. This carbon investment fund provides investors with carbon credits, which have a major social impact and help to promote biodiversity. The Fund also finances largescale projects in the areas of reforestation, sustainable agriculture and clean energy generation. These projects are implemented for and by deprived rural agricultural communities in developing countries in Asia, Africa and Latin America.

The certificates received with respect to 2018 relate to five projects: mainly Hifadhi in Kenya (manufacture and distribution of stoves reducing the consumption of wood, 60,000 stoves distributed, 300,000 beneficiaries expected and 1,600,000 tonnes of CO^2 saved over ten years), but also Tiipaalga in Burkina Faso (combating desertification and increasing food security by training women in the manufacture of stoves enabling a reduction of up to 60% in the consumption of wood in a region threatened by desertification, with ten year objectives of 30,000 families equipped with 150,000 beneficiaries and 689,000 tonnes of CO^2 prevented), ITYF in Peru (combating deforestation and improving the health of 30,000 families in the Andes with 150,000 beneficiaries and a million tonnes of CO^2 avoided in 14 years), VI Kenya (a sustainable milk cycle with 30,000 farmers on Mount Elgon with the objective of doubling farmers' revenue whilst avoiding a million tonnes of CO^2) and finally Nature Environment & Wildlife Society (NEWS) in India (16 million mangroves in order to protect rural communities, 4,500 hectares restored, 250,000 beneficiaries and 700,000 tonnes of CO^2 avoided over 20 years).

In 2018 CFM Indosuez Wealth Management implemented its ninth voluntary carbon compensation campaign following the renewal of its carbon compensation contract which consists of financing a project which helps prevent greenhouse gas emissions. This finance is carried out through the purchase of carbon credits. Employees were invited to vote for the project of their choice and the 62% participation rate reflects employee interest in the issues and impacts of this transaction. The CLEAN WATER project aiming to provide access to drinking water for local people in Malawi garnered the majority of votes.

7.2 POLLUTION AND WASTE MANAGEMENT

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

Several actions have been implemented to reduce environmental impacts on the campuses of Montrouge and Saint-Quentin-en-Yvelines: zero phytosanitary products, sorting and recycling of waste (paper/card, tins, plastic, ordinary industrial waste and maintenance waste), eco-products for interior maintenance, and limitation of food waste (display, self-service for fruit and vegetables). Actions to raise awareness amongst employees are also regularly organised (energy saving, waste management).

On a worldwide scale, data collection on recycling could still be improved. |In addition, action plans have been implemented in the various Crédit Agricole CIB entities, particularly in Europe and Asia.

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

In addition, Indosuez Wealth Management in Luxembourg has also chosen to strengthen the "Green IT" policy by including energy performance criteria in the choice of computer equipment. This process will be incorporated into the purchasing procedure, and may be extended to other places.

7.3 SUSTAINABLE USE OF RESOURCES

Energy

The indicators relate to consumption of electricity and gas.

Energy	Electricity	Gas
Consumption (kWh)	97,033,395	15,218,888
% change y-o-y	+ 17.5%	+ 29%
Surface area (m2)	310,695	153,517
Ratio (kWh/m2/year)	312	99
% change y-o-y	+ 21.7%	+ 40%

NB: Given the significant changes in the scope reported this year as compared to the previous year (year in which Crédit Agricole CIB relocated to the Paris region) any analysis of the variances in consumption is meaningless.

ELECTRICITY

Crédit Agricole CIB has been tracking the electricity consumption of all Crédit Agricole CIB Group entities, including Indosuez Wealth Management entities, data centres and remote sites in the Paris region. Over a total surface area of 310,000 m^2, electricity consumption was reported on for almost 305,000 m^2, constituting a 98% coverage ratio.

For Crédit Agricole CIB in the Paris region, the buildings in Montrouge and Saint-Quentin-en-Yvelines consume 100% "green" electricity, meaning that it is generated by renewable sources of energy. Actions are regularly implemented to limit consumption (e.g.: replacement of lighting in the carpark of the Champagne building with LEDs, taking account of public holidays, and installation of a double flow AHU in the Provence building). In London, the Nordic countries and Brazil, the electricity consumed is also 100% "green".

GAS

Crédit Agricole CIB reports on the consumption of gas of all Crédit Agricole CIB Group entities, including those of Indosuez Wealth Management.

For Crédit Agricole CIB Ile-de-France, actions are regularly implemented in order to limit consumption (e.g.: improvement in building management systems).

HEAT OR STEAM NETWORKS AND URBAN NETWORK

This source of heating is mainly used in North America, Russia and Luxembourg.

Water consumption

With regard to Crédit Agricole CIB in Montrouge, the Éole and Terra buildings are equipped with a rainwater recovery system and use water saving machines for cleaning the floors. In London, an environmental charter was established at the end of 2018 in order to minimise water use.

Paper

Crédit Agricole CIB is continuing actions which aim to reduce paper consumption. These include the sending of electronic greetings cards, encouraging printing on both sides or the use of digital documents.

7.4 TRAVEL FOOTPRINT

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

Company Travel Plan

Despite continuing efforts to control the travel footprint in 2018, there was a significant increase (+17%) in miles covered under the heading of business travel by train or plane between 2017 and 2018, linked to the strong rise in staff numbers.

On the campuses in Montrouge and Saint-Quentin-en-Yvelines, actions taken to raise the awareness of employees include, among others: replacement of electric bicycles, incentives for carpooling with reserved parking spaces and video-conference equipment to reduce travel.

Mobility Plan

In compliance with its obligations, on the one hand, under the Energy Transition Act and the filing of a Mobility Plan and, on the other hand, under the objectives set by the Crédit Agricole Group to reduce its greenhouse gas emissions, Crédit Agricole CIB actively participated in the launching, monitoring and completion of work covered in the Mobility Plan.

In France, commuting accounts for approximately 6% of Crédit Agricole CIB's carbon footprint.

A steering committee with representatives from eight Crédit Agricole Group entities present on the campuses of Evergreen and St Quentin was created in February 2017. A call for tender was launched and two service providers were chosen. With the help of one service provider, various works were carried out throughout 2018, 12,000 employees were surveyed and there were two dialogue workshops, all with a view to better understanding expectations in the area of travel. Various actions were then suggested and approved in the Group CSR Committee: discussions on teleworking, developing the use of the bicycle now that Montrouge council is creating cycle paths, introduction of a car-pooling application (a call for tender for the six entities will be launched in 2019 to choose a provider for the car-sharing application).

In addition, Indosuez Wealth Management in Luxembourg has implemented various initiatives:

- free subscriptions for employees to bicycles provided by the Luxembourg city authority;
- tightening of environmental criteria for the choice of leasing vehicles (maximum emissions reduced from 150 g CO^2 eq/km to 110 g CO^2 eq/km);
- encouraging, by raising awareness, the use of video-conferencing;
- training in eco-driving;
- setting up a car-pooling platform;
- awareness of the use of tablets during sales appointments, in order to limit the printing of customer forms.

3

CORPORATE GOVERNANCE

3 SOMMAIRE

Executive Committee of Credit Agricole CIB on 31 december 2018.

1

CHIEF EXECUTIVE OFFICER

1

DEPUTY CHIEF EXECUTIVE OFFICER

3

DEPUTY GENERAL MANAGER

10

HEADS OF BUSINESS LINES AND SUPPORT FUNCTIONS

The board of Directors

7

BOARD MEETINGS
in 2018

4

SPECIALISED COMMITTEES

- Audit Committee
- Risks Committee
- Compensation Committee
- Appointments and Governance Committee

93.3%

ATTENDANCE
at the meetings in 2018

1. BOARD OF DIRECTORS REPORT ON CORPORATE GOVERNANCE

To the shareholders,

Pursuant to the last paragraph of Article L. 225-37 of the French Commercial Code, this report was prepared by the Board of Directors as a supplement to the management report. It presents the information which is required under Articles L. 225-37, L. 225-37-2 to L. 225-37-5 of the French Commercial Code especially the information concerning the composition of the management bodies (Executive Management and Board of Directors), and the conditions for preparing and organising the Board's work, its committees and remuneration.

It was prepared on the basis of the work of the Board of Directors and its committees, the Secretary to the Board of Directors, the Human Resources Department and the procedures and documentation on internal governance existing inside the Company.

This report was previously presented to the Appointments and governance Committee and to the Compensation Committee with respect to the sections which are covered by their respective areas of expertise. It was approved by the Board of Directors at its meeting on 11 February 2019.

As a preliminary, you are reminded that Crédit Agricole Corporate and Investment Bank (Crédit Agricole CIB) applies the AFEP-MEDEF Corporate Governance Code, revised in June 2018. This document is available online on the following sites:

http://www.afep.com or http://www.medef.com/fr/

1.1 STRUCTURE OF THE CORPORATE GOVERNANCE

1.1.1 Separation of the functions of Chairman of the Board of Directors and Chief Executive Officer

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

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

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

Mr Philippe Brassac was appointed as the Chairman of the Board of Directors from 20 May 2015. The Board of Directors meeting on 9 May 2016 renewed his mandate for his term of office as a Director, i.e. up to the end of the Ordinary General Meeting which rules on the financial statements for the 2018 financial year.

In accordance with Article 15 of the Company's Articles of Association, the Chairman of the Board of Directors organises and directs the Board's work and ensures that the Company's bodies function correctly and that the Directors are able to perform their missions. In general, the Chairman possesses all the powers attributed to him by the legislation in force.

Information on the composition of the Executive Management is available at point 1.1.4 of this report.

1.1.2 Composition of the Board of Directors

PROVISIONS IN THE ARTICLES OF ASSOCIATION

The Company's Articles of Association stipulate that the Board of Directors is composed of between 6 and 20 Directors: at least six appointed by the General Meeting of Shareholders and two elected by the employees in accordance with Articles L. 225-27 to L. 225-34 of the French Commercial Code.

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

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

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

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

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

▶ Changes to the composition of the Board in 2018

Directors	Term of office ended on	Renewal	Appointment
Jacques BOYER			AGM 4 May 2018
Bertrand CORBEAU		AGM 4 May 2018	
Elisabeth EYCHENNE	30 January 2018*		
Olivier GAVALDA			AGM 4 May 2018
François IMBAULT	AGM 4 May 2018		
Jean-Pierre PAVIET	AGM 4 May 2018		
Catherine POURRE		AGM 4 May 2018	
Odet TRIQUET			AGM 4 May 2018

**Resigned effective 30 January 2018*

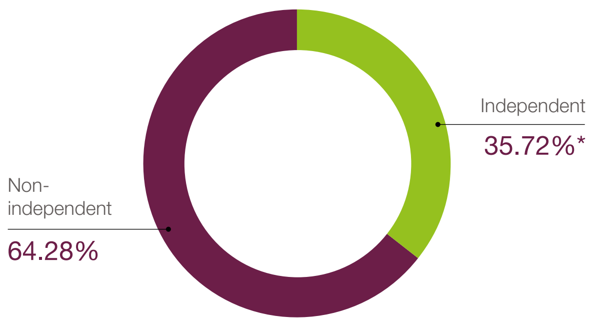
The average age of directors on the Crédit Agricole CIB Board of Directors is 57 years.

Directors and Non-voting Directors at 31 December 2018

Directors/Non-voting directors at 31 December 2018	Date of first appointment	Date of last appointment	End of the current term of office	Chairman or Member of a Committee
Philippe BRASSAC (Chairman of the Board of Directors)	23 February 2010 (1)	9 May 2016	AGM 2019	
Jean de Dieu BATINA (5)	8 November 2017		2020	Member of the Compensation Committee
Jacques BOYER	4 May 2018		AGM 2021 (3)	Member of the Audit Committee
Audrey CONTAUT (5)	8 November 2017		2020	
Bertrand CORBEAU	9 May 2016 (1)	4 May 2018	AGM 2021	
Marie-Claire DAVEU	30 April 2014	4 May 2017	AGM 2020	Chairwoman of the Risk Committee Member of the Audit Committee and of the Appointments and Governance Committee
Claire DORLAND CLAUZEL	9 May 2016		AGM 2019	Chairwoman of the Appointments and Governance Committee Member of the Audit Committee and the Compensation Committee
Olivier GAVALDA	4 May 2018		AGM 2019 (4)	
Nicole GOURMELON	9 May 2016		AGM 2019	Member of the Risk Committee
Françoise GRI	4 May 2017		AGM 2020	Member of the Risk Committee
Luc JEANNEAU	4 May 2017		AGM 2020	Member of the Compensation Committee and of the Appointments and Governance Committee
Anne-Laure NOAT	30 April 2014	4 May 2017	AGM 2020	Chairwoman of the Audit Committee and the Compensation Committee Member of the Risk Committee
Catherine POURRE	4 May 2017	4 May 2018	AGM 2021	Member of the Audit Committee and the Risk Committee
François THIBAULT	11 May 2010	9 May 2016	AGM 2019	Member of the Risk Committee
Odet TRIQUET	4 May 2018		AGM 2021	
Jean-Pierre VAUZANGES	5 November 2013 (1)	4 May 2017	AGM 2020	Member of the Audit Committee
Paul CARITE (Non-voting Director)	9 February 2018 (2)		2021	
Jacques DUCERF (Non-voting Director)	9 May 2016 (2)		2019	

(1) Co-option by the Board of Directors.
(2) Appointment by the Board of Directors in accordance with Article 17 of the Articles of Association.
(3) Given that Jacques Boyer has reached the age limit for Directors (Article 10 paragraph 2 of the Articles of Association), his term as director will expire at the 2019 Shareholders' Meeting.
(4) Mr Gavalda was appointed for the remainder of the term of his predecessor (who resigned).
(5) Directors elected by the employees.

INDEPENDENT DIRECTORS ON THE BOARD OF DIRECTORS (IN ACCORDANCE WITH THE RECOMMENDATIONS OF THE AFEP-MEDEF CODE)



** Percentage calculated according to recommendation 8.3 of the AFEP-MEDEF Code.*

Upon recommendations of the Appointments and Governance Committee, the Board of Directors reviewed the list of Independent Directors at its meeting of February 11, 2019. Following the appointments, there were five Independent Directors on 31 December 2018: Mesdames Daveu, Dorland Clauzel, Gri, Noat and Pourre.

The proportion of Independent Directors on the Board of Directors on 31 December 2018 amounted to more than a third of the Directors appointed by the General Meeting of Shareholders. It conforms with the Recommendation No. 8.3 of the AFEPMEDEF Code which states that at least one third of the Directors appointed by the General Meeting of Shareholders in companies, whose capital is held by a majority shareholder, must be Independent Directors.

The composition of the Board of Directors reflects the Crédit Agricole Group's wish for chairmen or chief executive officers of regional branches of Crédit Agricole to be represented on the Boards of Directors of some of Crédit Agricole S.A.'s subsidiaries. These Directors who come directly from the Crédit Agricole S.A. Group are not considered to be independent because of their functions inside the Group.

Table of Independent Directors (AFEP-MEDEF criteria)

N.B.:
✓ indicates that the criterion is respected
x indicates that the criterion is not respected

31 December 2018 (and reviewed on 11 February 2019)	Criterion[(1)]	Criterion[(2)]	Criterion[(3)]	Criterion[(4)]	Criterion[(5)]	Criterion[(6)]	Criterion[(7)]	Possibilities [(8) (b)]
Madame DAVEU	✓	✓	✓	✓	✓	✓	✓	
Madame DORLAND CLAUZEL	✓	✓	✓	✓	✓	✓	✓	
Madame GRI	x*	✓	✓	✓	✓	✓	✓	*(*) Criterion 1: Mrs Gri is also: An Independent Director of Crédit Agricole S.A.. Her position was examined by the Appointments and Governance Committee and the Board of Directors which, pursuant to 8 b) below decided that Mrs Gri could be considered as independent.*
Madame NOAT	✓	✓	✓	✓	✓	✓	✓	
Madame POURRE	x*	✓	✓	✓	✓	✓	✓	*(*) Criterion 1: Mrs Pourre is also: An Independent Director of Crédit Agricole S.A.. Her position was examined by the Appointments and Governance Committee and the Board of Directors which, pursuant to 8 b) below decided that Mrs Pourre could be considered as independent.*

(1) see § 8.5.1 of the AFEP-MEDEF Code
Is not currently nor has been in the last five years:
- an employee or Executive Corporate Officer of the Company;
- an employee, Executive Corporate Officer or Director of a company consolidated by the Company;
- an employee, Executive Corporate Officer or Director of the parent company of the Company or of a company consolidated by that parent company.

(2) see §8.5.2 of the AFEP-MEDEF Code
Is not a Corporate Officer of a company in which the Company, directly or indirectly, acts as a Director or in which an employee designated as such or a Corporate Officer of the Company (currently or in the last five years) is a Director.

(3) see §8.5.3 of the AFEP-MEDEF Code
Is not a client, supplier, corporate banker, investment banker or advisor:
- who plays a significant role in the Company or its Group;
- or for whom the Company or its Group represents a significant proportion of business.

(4) see §8.5.4 of the AFEP-MEDEF Code
Has no close family relationship with a corporate officer.

(5) see §8.5.5 of the AFEP-MEDEF Code
Has not been an auditor of the Company in the last five years.

(6) see §8.5.6 of the AFEP-MEDEF Code
Has not been a Director of the Company for more than 12 years. The loss of the status of independent director occurs on the anniversary of the 12 years.

(7) see §8.6 of the AFEP-MEDEF Code
A non-executive Corporate Officer may not be deemed an independent if he or she receives variable compensation in cash or in the form of shares or any other compensation related to the performance of the Company or Group.

(8) Possibilities:

(a) Directors representing major shareholders in the Company or its parent company may be deemed independents providing that the shareholders do not participate in the control of the Company. However, should the shareholder own more than 10% of the capital or voting rights, the Board, based on a report by the Appointments and Governance Committee, must systematically query the Director's independence, taking into account the Company's ownership structure and the existence of a potential conflict of interest (cf §8.7 of the AFEP-MEDEF Code);

(b) The Board of Directors may take the view that a Director who fulfils the aforementioned criteria should not be deemed independent because of his or her particular situation or that of the Company, given the Company's ownership structure or for any other reason. Conversely the Board may consider that a Director although not satisfying the above criteria is however independent (cf §8.4 last paragraph of the AFEP-MEDEF Code).

The position of the two Independent Directors (Mrs Gri and Mrs Pourre) was examined with respect to the first criterion.

Mrs Gri and Mrs Pourre are Directors of Crédit Agricole S.A.. The Appointments and Governance Committee and the Board of Directors considered that this situation reflected Crédit Agricole S.A.'s desire for the Chairwomen of its Audit Committee and Risk Committee to play a special role vis-a-vis its subsidiaries to ensure continuity in their mission and that this situation was unlikely to jeopardise their independence.

The situation of five Independent female Directors was examined with regards to the third criterion.

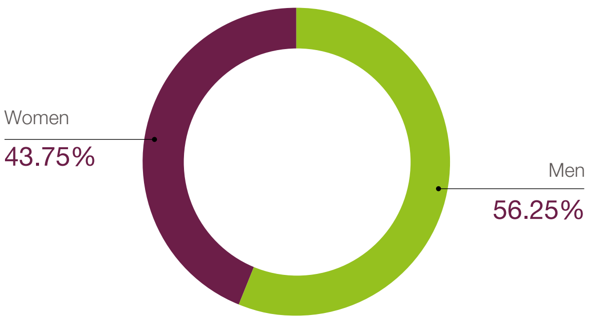
The Appointments and Governance Committee and the Board of Directors noted that the companies in which the five Directors hold functions or corporate mandates do not have any commercial dealings with the Company, are not considered to be suppliers or significant advisers of the Company, or that the commercial NBI realised by Crédit Agricole S.A. with these entities is insignificant and unlikely to jeopardise their independence. This review was performed in particular for the Kering Group, Albioma and Ponant (Mrs Daveu), for Eurogroup Consulting (Mrs Noat), for Edenred, WNS Services and 21 Centrale Partner (Mrs Gri) and for SEB and Bénéteau (Mrs Pourre).

The Appointments and Governance Committee and the Board of Directors also noted that their respective positions in these companies did not mean that they were involved in, or had direct business dealings with, Crédit Agricole CIB.

1.1.3 Diversity within the Board of Directors and the governing bodies of Crédit Agricole CIB

1.1.3.1 DIVERSITY WITHIN THE BOARD OF DIRECTORS

◆ Balanced representation of men and women on the Board of Directors



At 31 December 2018, the Board of Directors had seven female members (43.75%), six of whom were appointed by the General Meeting, i.e. 42.85% of the Directors appointed by the Shareholders' General Meeting.

In accordance with Article 435[2 c] of EU Regulation No. 575/2013 and Article L. 511-99 of the French Monetary and Financial Code, the Appointments and Governance Committee reviewed the objective of a balance between the genders on the Board of Directors, and the policy required to achieve it.

Pursuant to Article L. 225-17 of the French Commercial Code, there must be a balanced representation of women and men on the Board of Directors. In accordance with Article L. 225-18-1 of the French Commercial Code, this balanced representation on the Board of Directors of Crédit Agricole CIB must result in at least a 40% proportion for each sex.

The Appointments and Governance Committee also noted that the proportion of women among the Directors appointed by the General Shareholders' Meeting of Crédit Agricole Corporate and Investment Bank was 42.85%. The Bank has an objective of maintaining this ratio at 40% minimum for each sex. The policy developed involves actively seeking suitable high-quality candidates – both men and women – in order to ensure that this ratio is respected if the members of the Board of Directors changes, whilst ensuring complementarity between the Directors' careers, experiences and skills.

◆ Diversity policy within the Board of Directors

In keeping with its Social Responsibility policy, Crédit Agricole CIB aims to promote diversity at all levels, particularly among members of its Board of Directors.

To this end, when considering new appointments, the Board of Directors takes diversity into account to ensure a sufficient range of qualities and skills allowing a variety of points of view relevant to the decision-making process.

Priority is given to the candidate's ability to maintain a complementarity in career paths, experiences and skills within the Board of Directors, in particular by taking into account their knowledge of the banking sector as defined by the guidelines of the EBA (EBA/GL/2017/12 of 21 March 2018), the ECB Guide dated May 2018 relative to the fit and proper evaluation, or any other text which would replace or supplement them.

The Appointments and Governance Committee and the Board of Directors have no policy concerning the age limit of the members of the Board since priority is given to examining their experience and competence. For this reason, the legal and regulatory requirements naturally lead to the selection of candidates with recognized skills and experience in accordance with the applicable texts.

The search to find the best director candidates will be done in particular by gathering suggestions from the members of the Board and the Crédit Agricole Group.

This approach aims to ensure that the composition of the Board of Directors reflects the shareholding structure of Crédit Agricole CIB, which is more than 99% owned by Crédit Agricole Group companies, as well as to attract directors with diversified and complementary profiles in terms of training, skills and professional experience while respecting the legal minimum proportions in terms of gender equality (40% representation for each sex) and the number of Independent Directors (1/3 of board members) pursuant to the AFEP-MEDEF Code.

It is noted that the Board of Directors of Crédit Agricole CIB, in accordance with the provisions of Articles L.225-27 et seq. of the French Commercial Code, must have at least two directors elected by the employees and that Article 17 of the Articles of Association permit the appointment of one or several non-voting directors. These provisions help to enhance diversity within the Board of Directors.

Mrs Audrey Contaut and Mr Jean de Dieu Batina were elected as Directors to represent the employees in accordance with Articles L. 225-27 et seq. of the French Commercial Code and Article 9 of the Company's Articles of Association.

Messrs Jacques Ducerf and Paul Carite were appointed as Non-voting Directors by the Board of Directors, respectively on 9 May 2016 and on 9 February 2018, both for a period of three years in accordance with the provisions of article 17 of the Company's Articles of Association to support the development of Crédit Agricole CIB's relations with the Regional Banks, particularly with regard to the monitoring of Intermediate Size Enterprises (ISE).

All Directors of the Company are of French nationality.

1.1.3.2 DIVERSITY WITHIN THE DECISION-MAKING BODIES

Convinced that diversity is a real driver of performance and innovation, Crédit Agricole CIB for several years now been following a proactive diversity policy. It is within this context in particular that the Bank actively participates in the Crédit Agricole Group's Diversity Plan launched in 2016.

In order to identify the main issues and measure the effectiveness of its diversity policy, Crédit Agricole CIB monitors gender distribution indicators throughout the year. In 2016, all senior executives set quantitative targets for the demographics of their business to be achieved by the end of 2019.

At December 31, 2018, women comprised 43% of the global workforce and 31.4% of Crédit Agricole CIB managers. Women accounted for 18.1% and 25%, respectively of members of the managerial circles 1 and 2 (principal managers) and the Executive Committee of the Bank. Moreover, in terms of gender diversity within the top 10% of high-level positions of responsibility, the results show that the feminization of circle 1, comprising 25 people, is around 16%.

In addition, the three main areas of the professional gender equality agreement renewed in France in 2016 for a period of 3 years are: to ensure balanced job recruitment and equal pay, train employees in, and raise their awareness of, the principles of professional equality and non-discrimination, support women in the promotion of their careers particularly on their return to work after maternity leave.

Crédit Agricole CIB also deploys several awareness-raising and support initiatives in its various establishments (Diversity Week, dedicated training courses, mentoring program, return from maternity leave workshops, etc.), which can be found on page 50.

Finally, under the terms of Article L. 225-37-1 of the French Commercial Code, the Board of Directors deliberates annually on Crédit Agricole CIB's policy in the area of equal pay and opportunity and the implementation of the gender equality plan. During these deliberations it examines the results achieved in the Bank's various businesses, particularly in management circles.

1.1.4 Composition of the Executive Management and limitations on the Chief Executive Officer's powers

Composition of the Executive Management at 31 December 2018

	1st Appointment	Last renewal	End of term of office
Jacques RIPOLL (1) Chief Executive Officer	1 November 2018		Indefinite
François MARION Deputy Chief Executive Officer	18 May 2016	1 November 2018	Indefinite

(1) Jean-Yves Hocher took his retirement and stepped down as the Company's Chief Executive Officer on 1 November 2018.

The Chief Executive Officer and Deputy Chief Executive Officers are also the effective senior corporate executives within the meaning of the French Monetary and Financial code and the regulations which apply to credit institutions.

On 18 June 2018, Mr Jacques Prost stepped down as Deputy Chief Executive Officer to take up other positions within the Crédit Agricole Group. Mr Régis Monfront became Deputy General Manager on 11 July 2018 following the end of his term as Deputy Chief Executive Officer at Crédit Agricole CIB.

LIMITATIONS ON THE POWERS OF THE CHIEF EXECUTIVE OFFICER

The limitations on the Chief Executive Officer's powers are specified below, as well as in the presentation of the powers of the Board of Directors at point 1.2.2.

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

These rules of procedures also stipulate that the Chief Executive Officer is required to refer all significant projects concerning the Company's strategic decisions, or that may affect or alter its financial structure or scope of activity, to the Board of Directors, requesting instructions. In addition, as mentioned in the "Powers of the Board of Directors" at point 1.2.2, as a purely internal limitation that is not binding on third parties, the Chief Executive Officer is required to obtain prior authorisation from the Board of Directors or its Chairman before entering into certain types of transactions.

1.2 FUNCTIONING, PREPARATION AND ORGANISATION OF THE BOARD OF DIRECTORS' WORK

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

1.2.1 Mode and frequency of the Board of Directors

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

1.2.2 Powers of the Board of Directors

The powers of the Board of Directors are listed in Article L. 225-35 of the French Commercial Code and are detailed in the Board's rules of procedures. Within the framework of the mission entrusted to it by law and by banking regulations, and in view of the powers vested in the Executive Management, the Board of Directors defines strategy and the Company's general policies. It approves, as necessary and as proposed by the Chief Executive Officer and/or the Deputy Chief Executive Officer, the resources, structures and plans allocated for the implementation of the general strategies and policies it has defined. The Board rules all the questions connected with the Company's administration submitted to it by the Chairman and the Chief Executive and by its specialised committees or on any other question which is submitted to it.

In addition to the aforementioned powers and those conferred upon it by law and the rules of procedures, it decides on the proposal of the Chief Executive Officer and/or the Deputy Chief Executive Officer:

- all external growth and downsizing operations by way of:
  - the creation, acquisition or disposal of any subsidiaries or equity investments (excluding entities created for one or more specific transactions);
  - the opening or closure of any branch abroad;
  - the acquisition, disposal, exchange or integration of new businesses or parts of businesses;
- likely to lead to an investment or disposal that may amount to more than €50 million;
- or the provision of collateral to guarantee the Company's commitments (except for financial market transactions), when the guarantee concerns Company assets with a value of more than €50 million.

In addition, on the proposal by the Chief Executive Officer and/or the Deputy Chief Executive Officer, the Board authorises the purchase or sale of real estate made in the name or on behalf of the Company, when the amounts of these transactions exceed €30 million.

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

1.2.3 Referral procedure, information procedure and terms of the Board's intervention – Conflicts of Interest

In order to enable the Secretary of the Board of Directors to prepare the Board meetings, an internal governance document sets out the conditions of intervention of and the means of referral to the Board. This document notably stipulates the conditions under which the head office or branch departments must inform the Secretary, within the scope of the schedule for the Board's meetings, of the points which are liable to be added to the draft agenda for each meeting as well as the information documents. The draft agenda is then sent for approval to the Chairman of the Board of Directors.

The Board of Directors' rules of procedures specify the roles of the Board's committees. They also contain a reminder of the principles and best practices for corporate governance that help to raise the quality of the work undertaken by the Board of Directors, including the provision of the information necessary for the Directors to usefully contribute to the issues entered into the agenda, the obligations of confidentiality, and the obligations and recommendations regarding privileged information and conflicts of interest, the details of which are restated in section 1.3.3 "Ethics, conflicts of interest, and privileged information".

The Board of Directors, in accordance with Articles L. 225-38 et seq. of the French Commercial Code, authorises related party agreements prior to their signature. The Directors and Managers concerned by the agreement do not take part in the voting. Information relating to the 2018 agreements (new agreements, concluded and authorised, as well as those entered into previously which continued in 2018) is sent to the Statutory Auditors, who will present their special report to the General Meeting of Shareholders. This report is provided on page 464 of the Registration Document. At its meeting on 11 February 2019, the Board reviewed the related-party agreements entered into previously and still in force in 2018, in accordance with the provisions of Article L. 225-40-1 of the French Commercial Code.

1.2.4 Activities of the Board of Directors in 2018

The Board of Directors met seven times during the 2018 financial year.

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

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

CONCERNING BUSINESS AND STRATEGY

The Board of Directors reviewed the quarterly presentation on the Company's commercial activity, as well as presentations of the 2018 budget, the 2019 budget and the 2022 plan.

The Board was informed of transactions concerning certain international subsidiaries and holdings and reorganization operations at Group level.

In addition, it approved the provisions put in place by Crédit Agricole CIB to comply with MIFID2 requirements.

CONCERNING THE FINANCIAL STATEMENTS, THE FINANCIAL POSITION AND THE DEALINGS WITH THE STATUTORY AUDITORS

In accordance with regulatory requirements, the Board of Directors approved the corporate and consolidated financial statements for the 2017 financial year and examined the half-yearly and quarterly results during 2018. The Chairman of the Audit Committee presented a report on the work of the Audit Committee each time the Board of Directors examined these financial statements, and the Statutory Auditors informed the Board of their observations.

CONCERNING RISKS AND INTERNAL CONTROL

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

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

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

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

The following were also presented to the Board of Directors:

- the annual report by the head of Compliance on Investment Services (RCSI);
- a report on the implementation of the law regulating banking activities (SRAB law) and the Volcker rule;
- the 2019 audit plan;
- communications from the supervisory authorities, the answers provided and the actions implemented to address the observations made;
- Code of conduct, anticorruption Code and and the Charter “Work behavior”.

The Board of Directors also approved:

- updates to the risk appetite and the related statement;
- the liquidity risk management and control system and the procedures, systems and tools for measuring this risk as well as the emergency liquidity plan;
- the list of major risks and the stress tests programme;
- on a quarterly basis, the Company's risk strategies approved by the Strategy and Portfolio Committee (CSP) and the Group Risks Committee (CRG);
- a review of the criteria and thresholds used to define significant incidents detected by the internal control procedures which remain unchanged compared to last year;
- the statement on the adequacy of the risk control mechanism and the quality of information given to the Board;
- the ICAAP and ILAAP statements;
- the declaration of the fight against modern slavery in the Modern Slavery Act 2015.

CONCERNING GOVERNANCE, COMPENSATION AND HUMAN RESOURCES

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

- reviewed its composition as well as that of the specialised committees;
- put forward the appointments of new members of the Board and the renewal of various others at the Shareholders' Meeting;
- reviewed the composition of the Executive Management and appointed executive directors;
- reviewed the qualification of Independent Directors within the scope of the criteria in the AFEP-MEDEF Code;
- performed a self-assessment of the functioning of the Board of Directors and examined the self-assessment of the individual and collective skills of the members of the Board;
- examined the readjustment of the estimated time required to carry out various functions within the Board and the time that each Director can devote to his duties;
- acknowledged the policy adopted by the Appointments and Governance Committee in terms of the balanced representation of men and women within its membership;
- approved a diversity policy for the Board of Directors.

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

- approved the compensation of the members of Executive Management;
- defined the principles and criteria for determining the compensation of Executive Corporate Officers for 2018 which is submitted to the general Meeting for its approval;
- examined the conditional rights the Executive Corporate Officers have under the defined-benefit pension commitments;
- determined the distribution of directors' fees;
- approved the budget for the variable compensation of the employees;
- approved the Company's compensation policy;
- examined the report required by the French Prudential Supervision Authority presenting information regarding the Company's compensation policy and practices;
- acknowledged the social audit and the international workforce statistics;
- reviewed the methodology for determining identified staff and the results concerning this group;
- deliberated on the Company's policies on gender equality and equal pay.

It approved the terms of the Corporate Governance report, the terms of the management report, in particular the information on CSR, approved the agenda and the resolutions of the annual Ordinary General Meeting and the terms of its report to this General Meeting.

It was informed of the appointment of the new Director of risks and permanent control.

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

CONCERNING RELATED-PARTY AGREEMENTS

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

- a memorandum of understanding on the organisation of the reconciliation of certain infrastructure and IT production activities within a new CA-GIP entity signed between Crédit Agricole S.A., Crédit Agricole CIB, and other entities of the group:
- a partnership agreement concerning the rules of governance of CA-GIP, the organisation of partner relations, the conditions that the parties intend to respect in the event of transfer of all or part of their stake in the capital of CA-GIP;
- a guarantee agreement in favour of CA-GIP in connection with the merger of SILCA concerning the representations and warranties granted by the partners to CA-GIP and the respective rights and obligations of the parties in the event of breach or inaccuracy of one or more of these statements;
- the regulated commitments made by Crédit Agricole S.A. to Mr Jacques Ripoll, Chief Executive Officer.
- the regulated commitments entered into by Crédit Agricole CIB on behalf of Mr François Marion, Deputy Chief Executive Officer, concerning the agreement relating to the suspension of his employment contract and pension commitments.

The details of these agreements are presented by the Statutory Auditors in their special report in chapter 8 of this Registration Document.

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

1.2.5 Assessment of the skills and functioning of the Board of Directors

ASSESSMENT OF THE COLLECTIVE AND INDIVIDUAL SKILLS OF THE DIRECTORS

The Appointments and Governance Committee carried out an assessment of the collective and individual skills of Directors based on a self-assessment in November 2018. The findings of this assessment presented to the Board show that:

- all the skill areas, both banking and non-banking, are covered;
- the Board has extensive expertise in the following areas: banking activities, financial markets, legal and regulatory requirements, bank governance, risks, management, corporate management, human resources/ compensation, interpretation of financial information, strategic planning;
- the Board's international experience could be further strengthened at the time of future appointments.

ASSESSMENT OF THE FUNCTIONING OF THE BOARD OF DIRECTORS

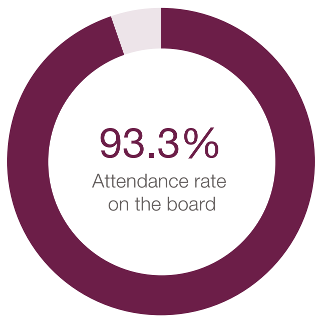
A self-assessment of the performance of the Board of Directors was conducted during the fourth quarter of 2018, based on an individual questionnaire consisting of 62 questions sent to each Board member. The questions concerned in particular: the organisation of the Board, its operation, its composition and the quality of relationships within it, the work of the various Board committees, and the training and information provided for the Directors. The self-assessment was administered by the Appointments and Governance Committee and presented to the Board.

The responses helped to:

- establish a certain number of strong points:
  - the organisation of the Council (method of document transmission, completeness of information and quality of the minutes);
  - the composition of the Board of Directors and the quality of relationships (balance of relations between the Board on the one hand and the Chairman or the General Management on the other hand);
  - the work of the different Committees of the Board (quality of feedback on work communicated to the Board, availability of contacts in particular);
- highlight the progress made in 2018 in certain areas, such as document-transmission deadlines and the functioning of the Board in terms of strategy.

The guidelines adopted by the Board for 2019 following the self-assessment of the functioning of the Board include the continuation of efforts undertaken in terms of the knowledge and sharing of Crédit Agricole CIB's strategy, the training of new directors and synthesis of topics to allow more time for discussion.

Attendance rate at Board meetings Board of directors



The average attendance rate for members of the Board of Directors including those whose terms of office expired during the year is 93.3% for all Board meetings in 2018.

Average attendance rate of Directors comprising the Board

	Number of Board meetings which the Director should have attended in 2018	Number of Board meetings which the Director attended in 2018	Attendance rate
Philippe BRASSAC	7	7	100.00%
Jean de Dieu BATINA	7	7	100.00%
Jacques BOYER (2)	5	5	100.00%
Audrey CONTAUT	7	6	85.7%
Bertrand CORBEAU	7	5	71.4%
Marie-Claire DAVEU	7	7	100.00%
Claire DORLAND CLAUZEL	7	7	100.00%
Olivier GAVALDA (2)	5	5	100.00%
Nicole GOURMELON	7	7	100.00%
Françoise GRI	7	6	85.7%
François IMBAULT (1)	2	2	100.00%
Luc JEANNEAU	7	7	100.00%
Anne-Laure NOAT	7	7	100.00%
Jean Pierre PAVIET (1)	2	2	100.00%
Catherine POURRE	7	6	85.7%
François THIBAULT	7	7	100.00%
Odet TRIQUET (2)	5	4	80.00%
Jean-Pierre VAUZANGES	7	5	71.4%

(1) The term of office of Messrs Imbault and Paviet expired on 4 May 2018
(2) Messrs. Boyer, Gavalda and Triquet were appointed as directors by the Ordinary General Meeting of 4 May 2018.

1.2.6 Training for Directors

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

In addition to the programme established for new Directors, training measures for all Directors continued in 2018. A seminar for Directors held in June 2018 provided an opportunity for a better understanding of the expectations of the Bank's customers by meeting the top management of two of Crédit Agricole CIB's biggest customers to improve the knowledge of the Bank's activities and strategy. A technical training session devoted to compliance (international sanctions, anti-money laundering / terrorism financing, competition law, anti-corruption) and innovation (contribution of innovation in terms of detection and risk control) was held in December 2018. Directors also benefit from permanent access to an e-learning programme offering various courses on the theme of compliance.

In addition, in accordance with the provisions of Articles L. 225-30-2 and R. 225-34-3 of the French Commercial Code, the Board of Directors, at its meeting on 13 December 2018, determined the training to be followed by the employee Directors in 2019.

Finally, if judged opportune, a Director can receive individual training especially on taking up new functions on the Board or its committees.

1.2.7 Specialised committees of the Board of Directors

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

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

These specialised committees assist the Board of Directors in its duties and in preparing for discussions. They may, for example, conduct studies or submit opinions or recommendations to the Board.

The committees interact where appropriate to ensure consistency in their work. Each committee reports on its work to the Board of Directors so that members can be fully informed when participating in discussions.

Each committee carries out the missions that are assigned by the law and the regulations in force, as well as by the rules of procedures of the Board of Directors and meets periodically and as necessary, in order to review any subject within its jurisdiction. The committee can request access to all the information it deems relevant to perform its mission.

Each committee bases its work mainly on the summary information provided by the departments and on the interviews or meetings that it holds with Company people deemed useful for the performance of its missions; if it so wishes, these interviews or meetings can be held without the presence of the Executive Management. After informing the Chairman of the Board of Directors, and in order to report to the Board of Directors, the committee can have any studies required to assist the Board's deliberations drawn up at the Company's costs, after verifying the objectivity of the expert selected.

AUDIT COMMITTEE

◆ Composition of the audit committee at 31 december 2018

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

MEMBERS AT 31 DECEMBER 2018

- Mrs Anne-Laure Noat, Independent Director, Chairwoman of the Committee;
- Monsieur Jacques Boyer, Director;
- Mrs Claire Dorland Clauzel, Independent Director;
- Mrs Marie-Claire Daveu, Independent Director;
- Mrs Catherine Pourre, Independent Director;
- Mr Jean-Pierre Vauzanges, Director.
- Monsieur Boyer was appointed member of the Audit Committee by the Board of Directors on 4 May 2018.

In accordance with the AFEP-MEDEF Code (§15.1), the proportion of Independent Directors is equal to two thirds.

A short biography is available in section 1.3 of this Registration Document.

◆ Missions of the audit committee

The committee meets at least quarterly.

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

EXTRACT FROM THE RULES OF PROCEDURES OF THE BOARD OF DIRECTORS

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

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

To monitor the process of compiling financial information:

It monitors the process for preparing the financial information and if necessary makes recommendations to guarantee the integrity of this information. It checks the relevance and performance of the accounting principles adopted by the Company to prepare the parent company's financial statements and the consolidated financial statements.

To review the corporate and consolidated financial statements

It examines the draft corporate and consolidated annual, half-yearly and quarterly financial statements, before submission to the Board of Directors.

To review and monitor the effectiveness of the internal control and risk management systems relating to financial and accounting information:

It examines and monitors, without its independence being impaired, the effectiveness of the internal control and risk management systems, regarding the procedures related to the preparation and treatment of accounting and financial information. In this, it makes an assessment of the quality of the internal control, proposes complementary actions if and as necessary, monitors the work of the teams who are responsible for internal control, including internal audit.

3

To monitor the independence and objectivity of the Statutory Auditors Approves the provision by the Statutory Auditors of the services mentioned in Article L. 822-11-2 of the French Commercial Code:

in accordance with the legal provisions and regulations applicable:

- *to conduct the selection procedure when appointing the Statutory Auditors and makes a recommendation for the attention of the Board of Directors on their renewal or appointment;*
- *to ensure compliance by the Statutory Auditors on the conditions of independence defined by the French Commercial Code and tracks all related issues. Where applicable, in consultation with the former, it determines measures to preserve their independence;*
- *to approve the provision by the Statutory Auditors of the services mentioned in Article L. 822-11-2 of the French Commercial Code.*

To monitor the fulfilment of the Statutory Auditors' mission:

it monitors how the Statutory Auditors perform their mission, and in particular examines their work programme, their findings and recommendations; it receives their additional annual report on the results of the statutory audit of the financial statements;

It takes account of the findings and conclusions of the Statutory Auditors Audit Council (Haut conseil du Commissariat aux comptes) if controls are carried out in accordance with the provisions of the French Commercial Code.

The committee can make any recommendation concerning its missions and powers.

It may review all questions particularly of a financial or accounting nature that are submitted to it by the Chairman of the Board of Directors or Chief Executive Officer.

It reports on the performance of its duties to the Board of Directors."

Activities of the Audit Committee during 2018

The Audit Committee met seven times during 2018, including three joint sessions with the Risk Committee.

Each committee meeting was preceded by a conference call with the Finance Department. Certain situations relating to the financial statements or the missions of the Statutory Auditors were able to be clarified during telephone discussions. Specific phone conversations were held with the Statutory Auditors.

During these meetings, the committee examined:

- the quarterly, interim and yearly consolidated corporate financial statements;
- the work of the Statutory Auditors as well as the missions "outside financial audit" they performed;
- the 2018 and 2019 budgets;
- information published in the Registration Document;
- the documents and information expected by the committee in accordance with Article 241 of the Decree of 3 November 2014 on internal control.

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

The attendance rate of the members of the Audit Committee in 2018 was 93.87%.

Attendance rate of the members comprising the Audit Committee

	Number of Audit Committee meetings which each member should have attended in 2018	Number of Audit Committe meetings which each member attended in 2018	Attendance rate
Jacques BOYER (1)	4	4	100.00%
Marie-Claire DAVEU	7	7	100.00%
Claire DORLAND CLAUZEL	7	6	85.7%
Anne-Laure NOAT	7	6	85.7%
Jean-Pierre PAVIET (2)	3	3	100.00%
Catherine POURRE	7	6	85.7%
Jean-Pierre VAUZANGES	7	7	100.00%

(1) Mr Boyer was appointed a member of the Committee by the Board on 4 May 2018.
(2) Mr Paviet was not reappointed as a Director at the Annual General Meeting on 4 May 2018.

RISK COMMITTEE

Composition of the risk committee at 31 december 2018

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

MEMBERS AT 31 DECEMBER 2018

- Mrs Marie-Claire Daveu, Independent Director, Chairwoman of the committee,
- Mrs Nicole Gourmelon, Director,
- Mrs Françoise Gri, Independent Director,
- Mrs Anne-Laure Noat, Independent Director,
- Mrs Catherine Pourre, Independent Director.
- Mr François Thibault, Director;

Mr François THIBAULT was appointed Committee member by the Board of Directors on 4 May 2018.

Missions of the risk committee

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

EXTRACT FROM THE RULES OF PROCEDURES OF THE BOARD OF DIRECTORS

"The main missions of the Risk Committee are the following:

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

3

Activities of the Risk Committee during 2018

The Risk Committee met seven times during 2018, including three joint sessions with the Audit Committee.
During these meetings, the committee examined:

- the risk position (quarterly review);
- liquidity (quarterly review);
- the emergency plan and the liquidity monitoring mechanism;
- the Company's risk appetite;
- risk strategies (quarterly review);
- the main legal issues (quarterly review);
- compliance reviews, including implementation of the OFAC remediation plan (quarterly review);
- the periodic control missions, including the 2019 audit plan;
- internal control review (half-yearly review);
- a report on the implementation of the law regulating banking activities and the Volcker rule;
- a summary of the work on the harmonised ICAAP and ILAAP and related declarations;
- update on the implementation of MIFID 2;
- presentation of climate risks;
- update on the impacts of Basel IV;
- the declaration of the adequacy of the risk management mechanisms set up.

In the course of preparing the work of the Audit and Risks Committees, several meetings were held:

- four conference calls with directors, executive management and the other Bank departments;
- ten preparatory meetings with directors, executive management and the other bank departments;

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

The attendance rate of the members of the Risks Committee in 2018 was 91.83%.

Attendance rate of the members comprising the Risks Committee

	Number of Risks Committee meetings which each member should have attended in 2018	Number of Risks Committe meetings which each member attended in 2018	Attendance rate
Marie-Claire DAVEU	7	7	100.00%
Nicole GOURMELON	7	6	85.7%
Françoise GRI	7	7	100.00%
Anne-Laure NOAT	7	5	71.42%
Jean-Pierre PAVIET (1)	3	3	100.00%
Catherine POURRE	7	6	85.7%
François THIBAULT (2)	4	4	100.00%

(1) Mr Paviet was not reappointed as a Director at the Annual General Meeting on 4 May 2018.
(2) Mr Thibault was appointed a member of the Committee by the Board on 4 May 2018.

During their joint sessions, the Audit Committee and the Risk Committee also examined:

- the Annual Report on Internal Control and Risk Measurement and Monitoring 2017 (RACI) and the 2018 half-yearly information on Internal Control (ISCI);
- the 2018 stress-test programme and the list of major risks;
- the presentation of the Information Systems Department;
- an update on personal-data processing;
- the criteria and thresholds applicable to significant incidents;
- regulatory provisions relative to ILAAP and ICAAP and supplement on the Risk Framework;
- the 2019 budget;
- the mechanism set up by the Company to conform with MIFID2;

APPOINTMENTS AND GOVERNANCE COMMITTEE

Composition of the Appointments Committee and Governance Committee at 31 December 2018

The Appointments and Governance Committee is composed of at least two Directors.

MEMBERS AT 31 DECEMBER 2018

- Mrs Claire Dorland Clauzel, Independent Director, Chairwoman of the committee;
- Mrs Marie-Claire Daveu, Independent Director;
- Mr Luc JEANNEAU, Director

Mr Luc Jeanneau was appointed member of the Appointments and Governance Committee on 4 May 2018 The Appointments and Governance Committee therefore has a majority of Independent Directors in accordance with the provisions of the AFEP-MEDEF Code (§16.1).

The Chief Executive Officer and the Secretary of the Board are invited to the meetings of this committee.

Duties of the Appointments and Governance Committee

EXTRACT FROM THE RULES OF PROCEDURES OF THE BOARD OF DIRECTORS

"The principle missions of the Appointments and Governance Committee are:

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

Actions of the Appointments and Governance Committee during 2018

The Appointments and Governance Committee met six times during 2018.

At its meetings, the committee:

- examined the candidatures and reappointments of Directors in anticipation of the General Meeting and the candidature for the new risk and Permanent Control Officer;
- examines the candidature of the new Chief Executive Officer and the proposal for the reappointment of the Deputy Chief Executive Officer.
- determined the objective and policy in terms of balanced representation of men and women on the Board of Directors as well as diversity;
- examined the qualification of independent administrator, and the change in the composition of the Board of Directors and its committees;
- examined the updated rules of procedures of the Board of Directors;
- examined the Directors' training programme for 2018, the proposed training courses for employed Directors and the annual seminar program;

- organised the self-assessment of the Board for 2018 and of the individual and collective skills of Directors. He analysed and synthesised the results of the self-assessments in order to determine and submit the actions to be taken to the Board of Directors;
- readjusted its proposal for assessing the time required to perform the various functions on the Board of Directors and made an annual assessment of the time spent by each director in the exercise of their mandate;
- checked, in accordance with Article L. 511-101 of the French Monetary and Financial Code, that the Board of Directors was not dominated by one person or by a group of people in conditions that could be detrimental to the Company's interests;

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

The attendance rate of the members of the Appointments and Governance Committee in 2018 was 87.49%.

Attendance rate of the members of the Appointments and Governance Committee

	Number of Appointments and Governance Committee meetings which each member should have attended in 2018	Number of Appointments and Governance Committe meetings which each member attended in 2018	Attendance rate
Marie-Claire DAVEU	6	5	83.33%
Claire DORLAND CLAUZEL	6	6	100.00%
François IMBAULT (1)	3	2	66.66%
Luc JEANNEAU (2)	3	3	100.00%

(1) Mr Imbault was not reappointed as a Director at the Annual General Meeting on 4 May 2018.
(2) Mr Jeanneau was appointed a member of the Committee by the Board on 4 May 2018.

3

COMPENSATION COMMITTEE

Composition of the compensation committee at 31 december 2018

The rules of procedures of the Board of Directors stipulate that the Compensation Committee is composed of at least four Directors and includes a Director representing the employees, and one Director in common with the Risks Committee.

MEMBERS AT 31 DECEMBER 2018

- Mrs Anne-Laure Noat, Independent Director, Chairwoman of the committee;
- Mr Jean de Dieu Batina, Director elected by the employees;
- Mrs Claire Dorland Clauzel, Independent Director;
- Mr Luc JEANNEAU, Director

Mr Luc Jeanneau was appointed member of the Compensation Committee on 4 May 2018

This committee, chaired by an Independent Director, has a total of four Directors, including two Independent Directors, a Director representing employees and a Director of the Crédit Agricole Group. This committee has a majority of Independent Directors in accordance with the provisions of the AFEP-MEDEF Code (Recommendations No. 14.1 and 17.1).

The Compensation Committee's duties fall within the framework of the Group's compensation policy. With a view to harmonising Crédit Agricole S.A.'s compensation policies, the Group Human Resources Director or his or her representative, as well as the Chairman of the Board of Directors and the Chief Executive Officer of Crédit Agricole S.A., are invited to the meetings of the Compensation Committee. An overall monitoring of the compensation policy applicable across all Crédit Agricole Group S.A. entities is carried out within Crédit Agricole S.A. This follow-up is presented to the Board of Directors of Crédit Agricole S.A. and includes proposals for the principles used to determine the amounts of variable remuneration, the examination of the impact of the risks and the capital requirements inherent to the activities concerned, as well as an annual review, by the Compensation Committee of the Crédit Agricole S.A. Board, of compliance with regulatory provisions and professional standards on compensation.

Missions of the compensation Committee

EXTRACT FROM THE RULES OF PROCEDURES OF THE BOARD OF DIRECTORS

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

It makes recommendations to the Board including:

- *the total amount of Directors' fees allocated to the members of the Board of Directors, to be submitted to the General Meeting of Shareholders for approval;*
- *the distribution of these Directors' fees among the members of the Board of Directors;*
- *ordinary and exceptional compensation, defined in Article 14 of the Articles of Association as "Directors' compensation" paid to the members of the Board of Directors, its Chairman and its Vice-Chairmen.*
- *At least annually, it reviews:*
- *the principles of the Company's compensation policy;*
- *the compensation, allowances, benefits in kind granted first to the Chief Executive Officer, and then to the Deputy CEOs on the proposal of the CEO;*
- *the principles of variable compensation of all employees of the Company including those identified personnel defined in compliance with European regulations, as well as the members of Executive Management (composition, base, ceiling, conditions, form and payment date) and the total amount paid as variable compensation; the Compensation Committee is informed of the breakdown of this total at individual level, beyond a threshold proposed by Executive Management and subject to approval by the Board of Directors.*

It also carries out the following:

- *it ensures that the compensation system takes into account any type of risk and liquidity and equity levels and that the* *overall compensation policy is consistent, that it promotes sound and effective risk management and that it is consistent with the business strategy, objectives, corporate values as well as the Company's long-term interests;*

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

Activities of the Compensation Committee during 2018

The Compensation Committee met five times during 2018.

These meetings focused primarily on the following matters:

- determination of the total variable compensation budget;
- examination of the compensation of executive corporate officers, setting the criteria used to determine compensation and benefits in kind, review conditional rights and performance conditions relating to the retirement plans for corporate officers;
- examination of the compensation of managers of control functions;
- Annual review of the Group's compensation policy;
- review of the reports required by law presenting the information on the compensation policy and practices inside the Company;
- review of the part of the management report and draft resolutions concerning compensation to be presented to the Shareholders' General Meeting;

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

The attendance rate of the members of the Compensation Committee in 2018 was 76.66%.

Attendance rate of members comprising the Compensation Committee

	Number of Compensation Committee meetings which each member should have attended in 2018	Number of Compensation Committe meetings which each member attended in 2018	Attendance rate
Jean de Dieu BATINA	5	5	100.00%
Claire DORLAND CLAUZEL	5	3	60.00%
François IMBAULT (1)	2	2	100.00%
Luc JEANNEAU (2)	3	3	100.00%
Anne-Laure NOAT	5	5	100.00%

(1) Mr Imbault was not reappointed as a Director at the Annual General Meeting on 4 May 2018.
(2) Mr Jeanneau was appointed a member of the Committee by the Board on 4 May 2018.

1.3 OTHER INFORMATION CONCERNING CORPORATE OFFICERS

1.3.1 List of the functions and mandates held by the Executive Corporate Officers at 31 December 2018

MEMBER OF THE EXECUTIVE MANAGEMENT

Jacques RIPOLL

Main office within Crédit Agricole CIB in 2018: **Chief Executive Officer**
Business address: 12, place des États-Unis – CS 70052-92547 Montrouge Cedex

› **BORN IN 1966**

NATIONALITY

French

› **BRIEF BIOGRAPHY**

A graduate of the Ecole Polytechnique, Jacques Ripoll joined Société Générale in 1991 in the General Inspectorate, and moved to the Equity Derivatives department in 1998. He became head of sales and trading for European equities in 2003, and Director of Strategy for the bank between 2006 and 2009. He then joined the Executive Committee of Société Générale in charge of four business lines: Asset Management, Private Banking, Investor Services and Newedge.

In 2013, Jacques Ripoll moved to Banco Santander as Head of Investment Banking for the United Kingdom. In 2015, he was appointed Senior Executive Vice President of the Santander Group in charge of investment banking worldwide.

On 1 November 2018 he was appointed Chief Executive Officer of Crédit Agricole CIB, and he also became Deputy General Manager of Crédit Agricole S.A. responsible for the Large Customers division, for Corporate and Investment banking, Wealth Management (CA Indosuez Wealth Group) and services for institutional investors and businesses (CACEIS).

DATE OF FIRST APPOINTMENT

2018

END OF TERM OF OFFICE

Indefinite term of office

Does not hold any shares in the Company

› **OFFICES HELD AT 31 DECEMBER 2018**

In companies of Crédit Agricole Group

- Deputy General Manager: Crédit Agricole S.A. – Member of the Management Committee and the Executive Committee
- Chairman: CACEIS; CACEIS Bank

In companies outside Crédit Agricole Group and whose shares are admitted for trading on a regulated market

—

In other companies outside Crédit Agricole Group

- Director: Beyond Ratings

› **OFFICES HELD DURING LAST FIVE YEARS**

In companies of Crédit Agricole Group

—

In companies outside Credit Agricole Group

- Groupe Santander:
  - Senior Executive Vice President in charge of worldwide investment bank (2015-2017)
  - Head of investment banking in the United Kingdom (2013-2015)

François MARION

Main office within Crédit Agricole CIB in 2018: **Deputy Chief Executive Officer**

Business address: 12, place des États-Unis – CS 70052-92547 Montrouge Cedex

› BRIEF BIOGRAPHY

A graduate of HEC, François Marion spent a significant part of his career within Crédit Agricole Indosuez, first at Banque Indosuez, which he joined in 1983, in the Control and Audit function, then in 1985 in New York, where he was responsible for all banking support functions. In 1992, he was appointed Chief Operating Officer for all of the Group's Asia-Pacific units. In 1997, he returned to Paris, where he was responsible for all financial control, budgeting and strategic planning at Crédit Agricole Group Indosuez, becoming a member of the Executive Committee and Director of Systems and Operations in 1999. From June 2004, he was appointed Chief Executive Officer of Crédit Agricole Investor Services. He became Chairman of the Management Committee of CACEIS upon its creation in 2005, then its Chief Executive Officer in 2009. He has been Deputy Chief Executive Officer of Crédit Agricole CIB since 18 May 2016.

› BORN IN 1958

NATIONALITY

French

DATE OF FIRST APPOINTMENT

2016

END OF TERM OF OFFICE

Indefinite term of office

Does not hold any shares in the Company

› OFFICES HELD AT 31 DECEMBER 2018

In companies of Crédit Agricole Group

- Permanent representative of Crédit Agricole CIB: Director of LESICA (SAS)
- Non-voting Director: CA-GIP

In companies outside Crédit Agricole Group whose shares are admitted for trading on a regulated market

—

In other companies outside Crédit Agricole Group

- Chairman and Chief Executive **Officer**: SICOVAM Holding
- Director: Euroclear PLC

› OFFICES HELD DURING LAST FIVE YEARS

In companies of Crédit Agricole Group

- Chief Executive Officer: CACEIS (2016)

In companies outside Crédit Agricole Group

—

BOARD OF DIRECTORS

Philippe BRASSAC

Office held in Crédit Agricole CIB in 2018: **Chairman of the Board of Directors**
Business address: 12, place des États-Unis 92127 Montrouge Cedex France

› BORN IN 1959

NATIONALITY

French

› BRIEF BIOGRAPHY

A graduate of the Paris Graduate School of Economics, Statistics and Finance (ENSAE), Philippe Brassac joined Crédit Agricole du Gard in 1982. He held several executive offices there before being appointed, in 1994, Deputy General Manager of Crédit Agricole des Alpes-Maritimes, now Crédit Agricole Provence Côte d'Azur. In 1999, he joined Caisse Nationale de Crédit Agricole as Director of relations with Regional Banks. In 2001, he was appointed Chief Executive Officer of Crédit Agricole Provence Côte d'Azur. In 2010, he also became Secretary General of the Fédération Nationale du Crédit Agricole (FNCA) and Deputy Chairman of the Board of Directors of Crédit Agricole S.A.. In May 2015, he was appointed Chief Executive Officer of Crédit Agricole S.A.

DATE OF FIRST APPOINTMENT

2010

END OF TERM OF OFFICE

Indefinite term of office

Does not hold any shares in the Company

› OFFICES HELD AT 31 DECEMBER 2018

In companies of Crédit Agricole Group

- Chief Executive Officer of Crédit Agricole S.A.
- Chairman: LCL
- Director: Fondation du Crédit Agricole Pays de France

In companies outside Crédit Agricole Group and whose shares are admitted for trading on a regulated market

–

In other companies outside Crédit Agricole Group

- Member of the Executive Committee of the French Banking Federation

› OFFICES HELD DURING LAST FIVE YEARS

In companies of Crédit Agricole Group

- Corporate Secretary: FNCA (2015)
- Board member: FNCA (2015)
- Chief Executive Officer: *Caisse régionale* Provence Côte d'Azur (2015)
- Director and Deputy Chairman: Crédit Agricole S.A. (2015), SAS Rue La Boétie (2015)
- Director: LCL (2015), Fédération régionale du CAM (2015), SCI CAM (2015), ADICAM (2015)
- Chairman: Sofipaca *Gestion* and Sofipaca (2015), SACAM *Développement* (2015)
- Chief Executive Officer: SACAM International (2015)
- Chief Executive Officer and Director: SACAM Participations (2015)

In companies outside Crédit Agricole Group

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3

Jean de Dieu BATINA

Office held in Crédit Agricole CIB in 2018**: Director representing employees**

Member of the Compensation Committee

Business address: 12, place des États-Unis – CS 70052-92547 Montrouge Cedex

› BORN IN 1962

NATIONALITY

French

DATE OF FIRST APPOINTMENT

2017

END OF TERM OF OFFICE

2020

Does not hold any shares in the Company

› BRIEF BIOGRAPHY

With a PhD in Economics from the University of Paris 2, a post-graduate degree (DEA) in Econometrics and Finance, a degree from ESSEC (Strategic Marketing Certificate), Jean de Dieu Batina began his career within the Crédit Agricole Group at Crédit Agricole Assurances-Prédica, as head of Economic, Statistical and Commercial Research, then at Indosuez at the Corporate Secretary – Information Centre, and at the Banking Operations Department. He joined Crédit Agricole CIB firstly in Cash Management, then with the Foreign Delegations Network, before moving to International Business Solutions.

› OFFICES HELD AT 31 DECEMBER 2018

In companies of Crédit Agricole Group

—

In companies outside Crédit Agricole Group whose shares are admitted for trading on a regulated market

—

In other companies outside Crédit Agricole Group

—

› OFFICES HELD DURING LAST FIVE YEARS

In companies of Crédit Agricole Group

—

In companies outside Crédit Agricole Group

—

Jacques BOYER

Office held in Crédit Agricole CIB in 2018: **Director**

Member of the Audit Committee

Business address: CRCAM du Languedoc- avenue de Montpelliéret – Maurin – 34977 LATTES – France

› **BORN IN 1953**

NATIONALITY

French

DATE OF FIRST APPOINTMENT

2018

END OF TERM OF OFFICE

2019

Holds one share in the Company

› BRIEF BIOGRAPHY

Manager of a wine producing company in the Languedoc for many years, Jacques Boyer joined the Crédit Agricole S.A Group since 1977.

After serving as Vice-Chairman of the Caisse Regional du Midi, Jacques Boyer became Chairman of the Crédit Agricole Regional Bank in Languedoc in 2011. At the same time, he has numerous responsibilities and positions within the Crédit Agricole Group and holds several offices within Group subsidiaries.

› OFFICES HELD AT 31 DECEMBER 2018

In companies of Crédit Agricole Group

- Chairman: CRCAM du Languedoc
- Director: Consumer Finance; Crédit Agricole Immobilier SCICAM; SACAM Participation; SAS Rue la Boétie
- Member of the Management Committee: GIE GECAM

In companies outside Crédit Agricole Group whose shares are admitted for trading on a regulated market

–

In other companies outside Credit Agricole Group

- Director: Groupe AGRICA; AGRICA Gestion; CCPMA *Prévoyance*; Section professionnelle AGRICA Retraite AGIRC; Section professionnelle AGRICA Retraite ARRC
- Manager: SARL Jacques Boyer, SCEA Jacques et Francoise Boyer, JBH Holding

› OFFICES HELD DURING LAST FIVE YEARS

In companies of Crédit Agricole Group

–

In companies outside Crédit Agricole Group

–

3

Audrey CONTAUT

Office held in Crédit Agricole CIB in 2018: **Director**
(Director representing employees)

Business address: 12, place des États-Unis – CS 70052-92547 Montrouge Cedex – France

› **BORN IN 1992**

NATIONALITY

French

DATE OF FIRST APPOINTMENT

2017

END OF TERM OF OFFICE

2020

Does not hold any shares in the Company

› BRIEF BIOGRAPHY

A graduate of ESC School of Commerce Troyes, Audrey Contaut began her career at Crédit Agricole CIB in March 2015, when she joined OPC (Operation & Country COOs), first as a Back-Office Derivatives and Payments manager then as a Back-Office Equity Division & Collateral Derivatives Payments manager. Since November 2018, Audrey Contaut has been a KYC analyst for RPC (Risk and Permanent Control).

› OFFICES HELD AT 31 DECEMBER 2018

In companies of Crédit Agricole Group

—

In companies outside Crédit Agricole Group whose shares are admitted for trading on a regulated market

—

In other companies outside Crédit Agricole Group

—

› OFFICES HELD DURING LAST FIVE YEARS

In companies of Crédit Agricole Group

—

In companies outside Crédit Agricole Group

—

Bertrand CORBEAU

Office held in Crédit Agricole CIB in 2018: **Director**
Business address: 12, place des États-Unis- 92127 Montrouge Cedex – France

› **BORN IN 1959**

NATIONALITY

French

DATE OF FIRST APPOINTMENT

2016

END OF TERM OF OFFICE

2021

Holds one share in the Company

› BRIEF BIOGRAPHY

A graduate of the Institut technique de Banque, the Institut national de Marketing and the INSEAD business school, Bertrand Corbeau has spent his entire career at Crédit Agricole, first at Crédit Agricole de la Mayenne in 1981 then at the Anjou-Mayenne and the Anjou and Maine Regional Banks, as Commercial Director. In 2003, he joined Crédit Agricole in Franche-Comté as Deputy General Manager. In 2006, he was called to take up the same position at Crédit Agricole de Val-de-France. He became Chief Executive Officer of Crédit Agricole in Franche-Comté in 2007. In 2010, he was appointed Chief Executive Officer of the *Fédération nationale du Crédit Agricole*, remaining in this position until 2016. He was appointed Deputy General Manager of Crédit Agricole S.A. responsible for the Development, Client and Innovation business, on 4 April 2016 and is a member of the Executive Committee.

› OFFICES HELD AT 31 DECEMBER 2018

In companies of Crédit Agricole Group

- Deputy General Manager of Crédit Agricole S.A.
- Chairman: UNI-MEDIAS, Commission gestion provisoire de la Caisse régionale de Corse
- Director: FIRECA, PACIFICA, PREDICA,CA payment Services
- Member of the Supervisory Board: CARD, CAIT

In companies outside Credit Agricole Group whose shares are admitted for trading on a regulated market

—

In other companies outside Crédit Agricole Group

—

› OFFICES HELD DURING LAST FIVE YEARS

In companies of Crédit Agricole Group

- CEO of FNCA, SACAM Participations, CA village de l'innovation
- Director: ACBA CA, GEFOCAM, BFORBANK, SACAM Participations, CA Indosuez Wealth (France) (2017), CA Indosuez Wealth (Group) (2017), CA Immobilier (2017), IFCAM (2018)
- Non-voting Director: PACIFICA, PREDICA
- Permanent representative of FNCA – Director: Crédit Agricole Store, GECAM (GIE)
- Non-voting Director: SCI CAM

In companies outside Crédit Agricole Group

—

Marie-Claire DAVEU

Office held in Crédit Agricole CIB in 2018: **Director**

Chairwoman of the Risk Committee – Member of the Audit Committee - Member of the Appointments and Governance Committee

Business address: 40, rue de Sèvres – 75007 Paris – France

› BORN IN 1971

NATIONALITY

French

› BRIEF BIOGRAPHY

Graduate of Institut national agronomique Paris-Grignon (1995), École nationale de génie rural des eaux et forêts (1997) with a Master of Advanced Studies (DESS) in Public Administration (Université Paris-Dauphine – 1997), Marie-Claire Daveu began her career as a high-ranking civil servant within the Départemental directorate for agriculture and forestry of La Manche, before moving to the Ministry of Urban Planning and Environment. In 2004, she became Cabinet Director at the Ministry for Ecology and Sustainable Development. From 2005 to 2007, she was head of Sustainability at the Sanofi-Aventis Group. From 2007 to 2012, she was Cabinet Director first within the Ministry of State in charge of Ecology, then Ministry of State in charge of strategic studies and the digital economy before joining the Ministry of Ecology, Sustainable Development, Transport and Housing. Since 2012, she has been head of Sustainability and International Institutional Affairs at the Kering Group and a member of the Executive Committee.

DATE OF FIRST APPOINTMENT

2014

END OF TERM OF OFFICE

2020

Holds one share in the Company

› OFFICES HELD AT 31 DECEMBER 2018

In companies of Crédit Agricole Group

—

In companies outside Credit Agricole Group whose shares are admitted for trading on a regulated market

- Member of the Executive Committee (Director of Sustainable Development and international institutional business): Kering
- Director: ALBIOMA S.A. Compagnie du Ponant

In other companies outside Crédit Agricole Group

—

› OFFICES HELD DURING LAST FIVE YEARS

In companies of Crédit Agricole Group

- Member of the Supervisory Board: SAFT Groupe S.A.(2018)

In companies outside Crédit Agricole Group

—

Claire DORLAND CLAUZEL

Office held in Crédit Agricole CIB in 2018: **Director**

Chairwoman of the Appointments and Governance Committee – Member of the Audit Committee
Member of the Compensation Committee

Business address: 12, place des États-Unis - CS 70052 - 92547 Montrouge Cedex – France

› BORN IN 1954

NATIONALITY

French

› BRIEF BIOGRAPHY

Holder of a Master's degree in history from Université Paris Sorbonne and a Doctorate from Institut de Géographie, and a graduate of École Nationale d'Administration (1988 "Montaigne" cohort), Claire Dorland Clauzel began her career at the Ministry of Agriculture before joining the Ministry of Economy and Finance, Treasury Department, in 1988. She was appointed Deputy head of Finance for the Usinor Group from 1993 to 1995 and became Cabinet Director of the Director of the Treasury in 1995. In 1998, she joined AXA as head of Audit and Control of AXA France, where she was also a member of the Executive Committee. She was appointed Chief Executive Officer of AXA France Support in 2000 before becoming head of Communication, Branding and Sustainability of the AXA Group and a member of the Executive Committee in 2003. In 2008, she joined the Michelin Group as head of Communications and Branding. From 2014 to 2018, she was Head of Brands, External Relations and Maps and Guides of the Michelin Group; she was also Head of Sustainable Development from 2017 to 2018 and member of the Executive Committee. Since 2018, she has been joint-director of a vineyard.

DATE OF FIRST APPOINTMENT

2016

END OF TERM OF OFFICE

2019

Holds one share in the Company

› OFFICES HELD AT 31 DECEMBER 2018

In companies of Crédit Agricole Group

—

In companies outside Crédit Agricole Group whose shares are admitted for trading on a regulated market

—

In other companies outside Crédit Agricole Group

- Manager: SCI La Tuilière

› OFFICES HELD DURING LAST FIVE YEARS

In companies of Crédit Agricole Group

- Member of the Executive Committee: (Director of Branding and External Relations): Michelin group (2018)
- Director: Union des annonceurs, Union des fabricants (2018)

In companies outside Crédit Agricole Group

—

Olivier GAVALDA

Office held in Crédit Agricole CIB in 2018: **Director**

Business address: CRCAM Paris Ile de France- 26, quai de la Rapée – 75596 PARIS Cedex – France

› **BORN IN 1963**

NATIONALITY

French

DATE OF FIRST APPOINTMENT

2016

END OF TERM OF OFFICE

2019

Holds one share in the Company

› BRIEF BIOGRAPHY

Olivier Gavalda holds a Master's degree in Econometrics and a DESS Arts and Métiers in organisation / computer science and has spent his entire career at Crédit Agricole. In 1988 he joined Crédit Agricole du Midi where he was Organisation Project Manager, then Branch Manager, then Training Manager and finally Head of Marketing. In 1998, he joined Crédit Agricole in Ile-de-France as Regional Manager. In 2002, he was appointed Deputy General Manager of Crédit Agricole Sud Rhône-Alpes responsible for Development and Human Resources. On 1 January 2007, he was appointed Chief Executive Officer of Crédit Agricole in Champagne Bourgogne. In March 2010, Olivier Gavalda became Head of the Regional Banks Division within Crédit Agricole S.A. In 2015, he was appointed Deputy General Manager responsible for the Development, Client and Innovation Division of Crédit Agricole S.A. Since 4 April 2016, he has been Chief Executive Officer of the Crédit Agricole Paris and Paris Region Regional Bank division.

› OFFICES HELD AT 31 DECEMBER 2018

In companies of Crédit Agricole Group

- Chief Executive Officer: CRCAM Paris Ile-de-France.
- Chairman: Crédit Agricole SRBIJA
- Director: CA Payement Services; Crédit Agricole Capital Investissement et Finances; CAMCA; Crédit Agricole Technologie et Service;

In companies outside Crédit Agricole Group whose shares are admitted for trading on a regulated market

—

In other companies outside Crédit Agricole Group

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› OFFICES HELD DURING LAST FIVE YEARS

In companies of Crédit Agricole Group

- Deputy General Manager: Crédit Agricole S.A. (2016)
- Chairman: GIE Cartes bancaires (2016)
- Director: Prédica (2015); Pacifica (2015)

In companies outside Crédit Agricole Group

—

Nicole GOURMELON

Office held in Crédit Agricole CIB in 2018: **Director**
Member of the Risk Committee
Business address: CRCAM Atlantique Vendée- Route de Paris la garde – 44949 Nantes Cedex 9

› **BORN IN 1963**

NATIONALITY

French

DATE OF FIRST APPOINTMENT

2016

END OF TERM OF OFFICE

2019

Holds one share in the Company

› BRIEF BIOGRAPHY

A graduate of the *Institut technique de Banque*, Nicole Gourmelon has spent all of her career at the Crédit Agricole Group. She held several executive positions at *Caisse régionale du Finistère* from 1982 to 1998, before joining *Caisse régionale de Charente Périgord* in 1999 as head of Business Development, Corporate Affairs, Marketing and Client Communication. From 2002 to 2004, she was head of Finance, Strategic Marketing and Communication for the *Caisse régionale d'Aquitaine*, then Deputy General Manager of the *Caisse régionale de Normandie* from 2004 to 2008. She was Deputy General Manager of PREDICA from 2009 to 2010 before being appointed Chief Executive Officer of *Caisse régionale de Normandie* in 2011. She also holds various positions and responsibilities within the national bodies of the Crédit Agricole Group as a member of Committees and in several Group subsidiaries Since January 1, 2019, she has held the position of Director General of Regional Banks *Atlantique-Vendée*.

› OFFICES HELD AT 31 DECEMBER 2018

In companies of Crédit Agricole Group

- Chief Executive Officer: CRCAM de Normandie, Sofinormandie
- Chairwoman: PACIFICA
- Permanent representative:
- CRCAM Normandie: Chairwoman UNEXO,
- Director Britline
- SACAM Développement – Director LCL,
- SACAM Participations – Director PREDICA
- Director: CA Assurances

In companies outside Crédit Agricole Group whose shares are admitted for trading on a regulated market

—

In other companies outside Crédit Agricole Group

- Director: Normandie Attractivité

› OFFICES HELD DURING LAST FIVE YEARS

In companies of Crédit Agricole Group

- Chairwoman: CA Immobilier Normandie (2016),
- Director: Credit Agricole Egypt (2016), CAMCA Insurance (2016), CAMCA Courtage (2016), ADICAM (2017)

In companies outside Crédit Agricole Group

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3

Françoise GRI

Office held in Crédit Agricole CIB in 2018: **Director**
Member of the Risk Committee
Business address: 12, place des Etats Unis – 92127 Montrouge Cedex – France

› BORN IN 1957

NATIONALITY

French

DATE OF FIRST APPOINTMENT

2017

END OF TERM OF OFFICE

2020

Holds one share in the Company

› BRIEF BIOGRAPHY

A graduate of the National School of Computer Science and Applied Mathematics of Grenoble, Françoise Gri began her career within the IBM group in 1981 and became Chairwoman and Chief Executive Officer of IBM France in 2001. In 2007, she joined Manpower and held the position of Chairwoman and Chief Executive Officer of the French subsidiary, before becoming Executive Vice President of the Southern Europe area of ManpowerGroup (2011). An accomplished leader with extensive international experience, she then joined the Pierre & Vacances-Center Parcs Group as Chief Executive Officer (2012-2014). An Independent Director, she has expertise in the fields of IT and corporate social responsibility.

› OFFICES HELD AT 31 DECEMBER 2018

In companies of Crédit Agricole Group

- Independent Director: Crédit Agricole S.A. (Chairwoman: Risk Committee, Risk Committee in the United States; Member: Audit Committee, Strategy and CSR Committee, Compensation Committee)

In companies outside Crédit Agricole Group whose shares are admitted for trading on a regulated market

- Independent Director: Edenred SA, WNS Services (member of the Audit Committee)

In other companies outside Crédit Agricole Group

- Manager F. Gri Conseil
- Independent Director: 21 centrale Partners, Ecole Audencia

› OFFICES HELD DURING LAST FIVE YEARS

In companies of Crédit Agricole Group

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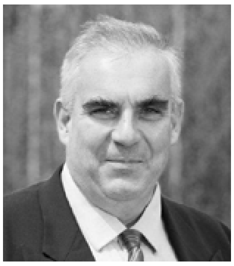
In companies outside Credit Agricole Group

- Chief Executive Officer: Pierre et Vacances-Center Parcs Group (2014)
- Chairwoman of the Board of Directors: Viadeo (2016)
- Deputy Chairwoman: Institut de l’entreprise (2015)
- Member: *Haut Comité du Gouvernement d’Entreprise*; MEDEF Ethics Committee (2016); Institut français du tourisme (2015)



Luc JEANNEAU

Office held in Crédit Agricole CIB in 2018: **Director**
Member of the Compensation Committee and the Appointments and Governance Committee
Business address: CRCAM Atlantique Vendée - Route de Paris la Garde – 44949 Nantes cedex 9

› BORN IN 1961

NATIONALITY

French

DATE OF FIRST APPOINTMENT

2017

END OF TERM OF OFFICE

2020

Holds one share in the Company

› BRIEF BIOGRAPHY

Luc Jeanneau has been at the head of a farming business on the island of Noirmoutier since 1985. In 1990, he became Director of the Crédit Agricole Local Bank in Noirmoutier, then, in 1993, Director of Caisse Régionale de la Vendée, and Director of Caisse Régionale Atlantique Vendée, where he has acted as Deputy Chairman in 2010. He has been its Chairman since 1 April 2011. At the same time he holds various positions and responsibilities within the Crédit Agricole Group, in particular as a member of the Group's commissions or committees, and holds several offices within the Group's subsidiaries.

› OFFICES HELD AT 31 DECEMBER 2018

In companies of Crédit Agricole Group

- Chairman: CRCAM Atlantique-Vendée
- Vice-Chairman: CAMCA Mutuelle; CAMCA Assurance Réassurance
- Director: Local bank de Noirmoutier; SAS Rue la Boetie SACAM Participation; ADICAM, SCI CAM;
- Member of the Supervisory Board: CAMCA Courtage
- Member of the Executive Committee: GIE GECAM
- Member of the Management Board: SACAM Mutualisation

In companies outside Crédit Agricole Group whose shares are admitted for trading on a regulated market

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In other companies outside Credit Agricole Group

- Manager: EARL Les Lions
- Director: Coopérative des producteurs de noirmoutier; *Comité interprofessionnel de la pomme de terre*; Felcoop Coopérative
- Chairman: Association des Saveurs de l'Ile de Noirmoutier

› OFFICES HELD DURING LAST FIVE YEARS

In companies of Crédit Agricole Group

- Director: CAMCA Vie (2016), AMUNDI (Member of the Audit Committee) (2015), SACAM Assurances Caution

In companies outside Credit Agricole Group

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Anne-Laure NOAT

Office held in Crédit Agricole CIB in 2018: **Director**

Chairwoman of the Audit Committee and the Compensation Committee
and member of the Risk Committee

Business address: Europgroup Consulting- Tour Vista – 52/54 quai de Dion Bouton – 92800 Puteaux – France

› BORN IN 1964

NATIONALITY

French

› BRIEF BIOGRAPHY

An agronomic engineer and graduate of Institut national agronomique Paris Grignon (1983) and the ESSEC business school (1988), Anne-Laure Noat began her career at Crédit Lyonnais in Japan in 1988. She joined Eurogroup Consulting in 1990 where she has been a partner since 2000, head of development of the Transportation sector, and associate HRD since September 2012 and a member of the EXCOM since 2018. She develops Eurogroup Consulting's business in the transportation and logistics sectors, notably as regards industry policy, strategic projects and industrial and managerial performance. She also specialises in corporate governance consulting: corporate-function performance (legal, communication, HR), business strategy, forward management of jobs and skills, steering and management control, change management and corporate project deployment and is in charge of the Responsible Company and Economy practice.

DATE OF FIRST APPOINTMENT

2014

END OF TERM OF OFFICE

2020

Holds one share in the Company

› OFFICES HELD AT 31 DECEMBER 2018

In companies of Crédit Agricole Group

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In companies outside Crédit Agricole Group and whose shares are admitted for trading on a regulated market

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In other companies outside Crédit Agricole Group

- Partner and member of EXCOM: Eurogroup Consulting France
- Chairwoman: DDS SAS (subsidiary of Eurogroup Consulting), NEW DDS SAS (subsidiary of Eurogroup Consulting)
- Chairwoman of the HR and Business Committee of *Union Internationale des Transports Publics* and a member of the Policy Board

› OFFICES HELD DURING LAST FIVE YEARS

In companies of Crédit Agricole Group

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In companies outside Credit Agricole Group

- Chairwoman: Association AgroParis Tech Alumni
- Director: Uniagro; AgroParis Tech (EPC SCP), *La maison des ingénieurs agronomes* (2018)
- Member: Board of ParisTech Alumni

Catherine POURRE

Office held in Crédit Agricole CIB in 2018: **Director**
Mfember of the Audit Committee and the Risk Committee
Business address: 12, place des Etats Unis – 92127 Montrouge Cedex – France

› **BORN IN 1957**

NATIONALITY

French

DATE OF FIRST APPOINTMENT

2017

END OF TERM OF OFFICE

2021

Holds one share in the Company

› BRIEF BIOGRAPHY

A graduate of the ESSEC business school and a Certified Accountant, with a degree in business law from the Catholic University of Paris, Catherine Pourre has extensive experience in audit and organisation consulting, particularly as a partner at PricewaterhouseCoopers (1989-1999) then at Cap Gemini Ernst & Young France, where she became Executive Director in 2000. She joined Unibail-Rodamco from 2002 as Deputy General Manager. She carried out various executive management functions as member of the Executive Committee then member of the Management Board. She is currently a corporate officer within various companies in France and Luxembourg.

› OFFICES HELD AT 31 DECEMBER 2018

In companies of Credit Agricole Group

- Director: Crédit Agricole S.A. (Chairwoman of the Audit Committee, Member of the Risk Committee)

In companies outside Crédit Agricole Group and whose shares are admitted for trading on a regulated market

- Permanent representative of Fonds Stratégique de Participation: Director SEB (Chairwoman of the Control Committee)
- Member of the Supervisory Board (member of Audit Committee and the Compensation Committee): Bénéteau

In other companies outside Crédit Agricole group

- Manager of CPO Services (Lux)
- Member: Board Women Partners, Royal Ocean Racing Club, association Class 40 (Treasurer)

› OFFICES HELD DURING LAST FIVE YEARS

In companies of Crédit Agricole Group

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In companies outside Credit Agricole Group

- Deputy Chief Executive Officer: Unibail Management (2014)
- Director: Neopost (member of Audit Committee and chairwoman of Compensation Committee)
- Chairwoman: *Union Nationale pour la Course au Large* (UNCL) (2015)
- Member of the Board of Directors: Unibail-Rodamco Management BV (2015)

François THIBAULT

Office held in Crédit Agricole CIB in 2018: **Director**
Member of the Risk Committee
Business address: CRCAM Centre Loire- 8 allée des Collèges – 18000 Bourges

› BRIEF BIOGRAPHY

An agricultural engineer, farmer and viticulturist by profession, François Thibault is a long-standing elected member of Crédit Agricole's working bodies. Chairman of the Cosne-sur-Loire (Nièvre) Local Bank from 1991 to 1996, when he became Director, later Chairman, of Caisse régionale Centre Loire. He also holds several responsibilities within the Group's national bodies in particular, as the Chairman of Federal Committees and within specialised subsidiaries.

› BORN IN 1955

NATIONALITY

French

DATE OF FIRST APPOINTMENT

2010

END OF TERM OF OFFICE

2019

Holds one share in the Company

› OFFICES HELD AT 31 DECEMBER 2018

In companies of Crédit Agricole Group

- Chairman: CRCAM Centre Loire; CAMCA, CAMCA Courtage, SAS Centre Loire Expansion,
- Director: Crédit Agricole S.A. (Member: Strategy and CSR Committee, Risk Committee), Car Centre,

In companies outside Crédit Agricole Group and whose shares are admitted for trading on a regulated market

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In other companies outside Credit Agricole Group

- Partner: of Gaec Thibault, GFA Villargeau d'en Haut, GFA de Montour, SCI Loire and Fontbout
- Director: CNMCCA

› OFFICES HELD DURING LAST FIVE YEARS

In companies of Crédit Agricole Group

- Chairman: Carcentre (GIE) (2014), SAS Pleinchamp (2016), Foncaris (2016)
- Director: CA Bank Polska (2016)

In companies outside Credit Agricole Group

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Odet TRIQUET

Office held in Crédit Agricole CIB in 2018: **Director**

Business address: CRCAM Touraine Poitou- 18 rue Salvador Allende – 86 008 POITIERS cedex

› **BORN IN 1962**

NATIONALITY

French

DATE OF FIRST APPOINTMENT

2018

END OF TERM OF OFFICE

2021

Holds one share in the Company

› BRIEF BIOGRAPHY

Odet Triquet has been running a farm specializing in cereals and goat farming since 1989. He joined the Crédit Agricole Group in 1992 as a director of the Crédit Agricole regional bank in Civray. He became its Chairman in 1997, The same year he became a director of the Crédit Agricole regional banks in Touraine and Poitou. He was appointed Vice-Chairman of the Regional bank in 2000 and then Chairman in March 2012. He also holds several responsibilities within the Group's national bodies in particular, on Federal Committees and within Group subsidiaries.

› OFFICES HELD AT 31 DECEMBER 2018

In companies of Crédit Agricole Group

- Chairman: CRCAM Touraine Poitou
- Director: GIE CAR Centre, BFORBANK (Member of the Audit Committee), FIRECA.
- Member of the Management Board: CA Titres

In companies outside Crédit Agricole Group whose shares are listed on a regulated market

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In other companies outside Crédit Agricole Group

- Director: CCPMA Prévoyance; *Réunion d'information commune (Groupe AGRICA* and *AGRICA Gestion;*
- Co-manager: GAEC *des Panelières*

› OFFICES HELD DURING LAST FIVE YEARS

In companies of Crédit Agricole Group

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In companies outside Crédit Agricole Group

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Jean-Pierre VAUZANGES

Office held in Crédit Agricole CIB in 2018: **Director**

Member of the Audit Committee

Business address: CRCAM Ile-et-Vilaine- 4, rue Louis Braille – 35136 Saint-Jacques de La Lande – France

› **BORN IN 1957**

NATIONALITY

French

DATE OF FIRST APPOINTMENT

2013

END OF TERM OF OFFICE

2020

Holds one share in the Company

› BRIEF BIOGRAPHY

A civil engineer specialising in maritime engineering with a Master's degree in general physics and a graduate of the INSEAD business school, Jean-Pierre Vauzanges began his career as a design engineer at Chantiers du Nord et de la Méditerranée. In 1995, he joined AGF Group as Deputy General Manager of Mondial Assistance France, becoming Chief Executive Officer two years later, then Chairman at the same time as being appointed Chairman of GTS Télé-assistance. In 2002, he was headhunted by Groupama where he worked in management roles in Normandy, then in Rhône-Alpes-Auvergne. He joined the Crédit Agricole Group in 2004 as Deputy General Manager of Pacifica in charge of operations and was appointed Chairman of the Eurofactor Management Board in 2007. He then joined the Crédit Agricole S.A. Executive Committee in September 2008 to take over the Regional Banks business. In 2010, he became Chief Executive Officer of Caisse régionale de Charente-Périgord, then, in 2014, he became Chief Executive Officer of Caisse régionale d'Ille-et-Villaine.

› OFFICES HELD AT 31 DECEMBER 2018

In companies of Crédit Agricole Group

- Chief Executive Officer: CRCAM d'Île-et-Vilaine
- Director: Uni Medias; *Fondation Credit Agricole solidarité développement*

In companies outside Crédit Agricole Group whose shares are admitted for trading on a regulated market

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In other companies outside Credit Agricole Group

- Chairman: SGAPS, AGRICA PRÉVOYANCE
- Director Groupe AGRICA; Agrica retraite AGRICA gestion; AGIRC; CCPMA Prévoyance; HLM de la Rance

› OFFICES HELD DURING LAST FIVE YEARS

In companies of Crédit Agricole Group

- Chief Executive Officer: Caisse régionale de Crédit Agricole Mutuel Charente-Périgord
- Chairman: Prédica (SAS), ANCD (2016), Square achat (SAS) (2018)
- Member of the Executive Committee: SACAM Fireca
- Permanent representative of CRCAM Charente-Périgord: Grand Sud-Ouest Capital
- Director: CA Services; CA Technologies; Pleinchamp PACIFICA (2016), Crédit Agricole Assurances (2016), CAMCA Assurances (2016), CAMCA Réassurance (2016), CAMCA Vie (2016), CA Serbie (2016), CAMCA Mutuelle (2016), CAMCA Courtage (2015)

In companies outside Credit Agricole Group

Permanent representative of CRCAM Charente-Perigord: Charente Perigord Expansion (2014)

- Director: AGRICA CCMA Prévoyance

Paul CARITE

Office held in Crédit Agricole CIB in 2018: Non-voting **Director**

Business address: CRCAM Sud Méditerranée – 30, rue Pierre Bretonneau – 66832 Perpignan

› **BORN IN 1961**

NATIONALITY

French

DATE OF FIRST APPOINTMENT

2018

END OF TERM OF OFFICE

2021

Holds one share in the Company

› BRIEF BIOGRAPHY

Paul Carite graduated from Toulouse Business School and began his career in 1986 at Société Générale. He joined the Crédit Agricole du Lot et Garonne in 1991 where he was appointed Head of Corporate Market Services, IAA and Public Corporations. He then moved to the Crédit Agricole Regional Bank of Gironde as Director of the Corporate Market Services, Public Bodies, Agriculture and Professionals. Between 2001 and 2005, Paul Carite was Director of Business and Private Management and then Director of Distribution for Crédit Agricole Regional Bank of Aquitaine. In 2006, he became Director of the Corporate Bank for LCL, then became a member of the Executive Committee responsible for the Corporate Bank and its cash management businesses. In 2011, he became Chief Executive Officer of the Guadeloupe Regional Bank. Since 2016, Paul Carite has been the Chief Executive Officer of the Crédit Agricole Mutuel Sud Méditerranée Regional Bank.

› OFFICES HELD AT 31 DECEMBER 2018

In companies of Crédit Agricole Group

- Chief Executive Officer: CRCAM Sud Méditerranée
- Director: CAAGIS (Chairman of the Audit Committee), FONCARIS (Member of the Commitments Committee), Crédit Agricole d'Egypt (member of Audit Committee and Risk Committee), IFCAM, NEXECUR
- Member of the Supervisory Committee: SOFILARO

In companies outside Crédit Agricole Group whose shares are admitted for trading on a regulated market

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In other companies outside Credit Agricole Group

- Director: S.A Indépendant du Midi

› OFFICES HELD DURING LAST FIVE YEARS

In companies of Crédit Agricole Group

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In companies outside Crédit Agricole Group

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Jacques DUCERF

Office held in Crédit Agricole CIB in 2018: Non-voting **Director**

Business address: CRCAM Centre Est- 1 rue Pierre de Truchis de Lays – 69410 Champagne au Mont d'Or – France

› **BORN IN 1952**

NATIONALITY

French

DATE OF FIRST APPOINTMENT

2016

END OF TERM OF OFFICE

2019

Does not hold any shares in the Company

› BRIEF BIOGRAPHY

Graduate of the ESLSCA business school (1974), Jacques Ducerf has been Chairman of the Ducerf Group, a family-run group specialising in timber, since 1993. In 2000, he became Director of the Crédit Agricole Local Bank in Charolles, then, in 2011, Chairman of the Saône-et-Loire delegation. He has been the Chairman of Caisse régionale de Crédit Agricole Centre Est since 2013. He also holds several responsibilities within the Group's national bodies in particular, on Federal Committees and within Group subsidiaries.

› OFFICES HELD AT 31 DECEMBER 2018

In companies of Crédit Agricole Group

- Chairman: CRACM Centre-Est, Délégation de Saône et Loire, FONCARIS
- Director: Caisse locale de Charolles, BFT Investment Managers, CARIPARMA

In companies outside Crédit Agricole Group and whose shares are admitted for trading on a regulated market

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In other companies outside Crédit Agricole Group

- Chairman: Groupe Ducerf
- Conseil Banque de France à Mâcon

› OFFICES HELD DURING LAST FIVE YEARS

In companies of Crédit Agricole Group

- Chairman: *Fédération des Caisses régionales de Bourgogne-Franche Comté*

In companies outside Credit Agricole Group

- Chairman: Euroforest
- Deputy Chairman: Fédération nationale du bois

1.3.2 Shares held by the Directors

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

1.3.3 Ethics, conflicts of interest, and privileged information

In accordance with the Rules of Procedure of the Board of Directors, in the performance of their duties, directors and members of the Executive Management are bound by a number of rules, including the Rules of Procedure of the Board (see article 3 partially reproduced below).

EXTRACT FROM THE RULES OF PROCEDURES OF THE BOARD OF DIRECTORS, ARTICLE 3

"Directors ensure that the principles and best corporate governance practices set out in this article are respected, in particular to promote the quality of the work of the Board of Directors.

[..]

Directors endeavour to preserve, in all circumstances, their independence and freedom of judgement, decision and action. They must remain impartial and not let themselves be influenced by any element outside the corporate interest that is their duty to defend;

They undertake to inform the Board of any change in their personal or professional situation that could call into question the conditions of their appointment relating in particular to their reputation, availability or independence of mind.

They make all recommendations they believe could improve the operating procedures of the Board. They collectively endeavour to ensure that the tasks of the Board of Directors are carried out efficiently and smoothly.

They act in good faith and do not take any initiative that could harm the interests of the Company or other group entities. They alert the Board to any information in their possession that would not be in the interests of the Company. They are bound by a duty to express their questions and opinions In the event of disagreement, they ensure that these are explicitly recorded in the minutes of the deliberations.

In addition, they inform the Board of any potential conflict of interest situation, including potential ones, in which they could be exposed directly or indirectly. They abstain from participating in decision-making on such matters.

In general, directors are bound by the obligations applicable to them in accordance with the French Monetary and Financial Code and the General Regulations of the French financial markets authority (Autorité des Marchés Financiers, AMF), notably regarding the use and disclosure of confidential and/or privileged information and conflicts of interest.

Directors respect the total confidentiality of the information they receive or which is exchanged during the discussions in which they participate within the framework of the Board of Directors or its Committees, as well as the confidentiality of the decisions taken.

For the record, members of the Board of Directors must abstain from using privileged information, on their own behalf or on behalf of others, either directly or indirectly, to acquire or sell, or attempt to acquire or sell financial instruments to which this information relates as long as the information has not been made public. In particular, if in the exercise of their office as director they obtain privileged information on the Company, they are prohibited from using such information to carry out, or have a third party carry out, any transactions in the Company's financial instruments.

Since directors hold information on the financial results of the Company and, consequently, indirectly on Crédit Agricole S.A., in accordance with the rules of the Crédit Agricole Group SA, they must limit any transactions in Crédit Agricole S.A. securities to each six-week period following the publication of the annual, half-yearly and quarterly results, as long as they are not privy to any inside information during these periods.

In addition, the Company could prohibit trading in any Crédit Agricole S.A. financial instruments, including during authorised periods, as well as in any financial instruments that would be the subject of privileged information within the framework of the meetings of the Board of Directors or one of its Committees (strategic operations, acquisition operations, creation of joint ventures, etc.).

Directors are required to declare to the Conflicts Management Group within the Compliance Department of the Company, on behalf of themselves and all persons closely related to them, all transactions carried out on any financial instruments, except those issued by or linked to the Company or to Crédit Agricole S.A., that they believe may create a potential conflict of interest or contain confidential information that may be qualified as privileged and acquired in the course of their duties as a director of the Company.

Moreover, when directors are no longer in a position to perform their duties in accordance with the provisions of this article due to their own action or for any other reason including the rules of the Company in which they carry out their duties, they must inform the Chairman of the Board of Directors, seek solutions to remedy the situation and, failing that, take the personal consequences from carrying out their duties."

To Crédit Agricole CIB's knowledge, there is no potential conflict of interest between the duties of members of the Board of Directors and Management Board with respect to Crédit Agricole CIB and their private interests.

Crédit Agricole CIB's Board of Directors and Management Board include Corporate Officers of companies (including Crédit Agricole Group companies- regional Banks of Crédit Agrcole or Crédit Agricole S.A.) with which Crédit Agricole CIB has commercial relationships. This may be a source of potential conflicts of interest.

This composition, as mentioned previously, results from the desire to reflect the capital structure of Crédit Agricole CIB, over 99% of which is controlled by the Crédit Agricole Group. For your information Crédit Agricole CIB is affiliated with the Crédit Agricole network and that Crédit Agricole S.A. acts as a central entity in accordance with the provisions of article L511-31 of the Monetary and Financial Code.

There is no service contract that binds the members of the administrative or management bodies to Crédit Agricole CIB or to any of its subsidiaries and that provides for the granting of benefits under this agreement.

To the best of the Company's knowledge, to date, no convictions for fraud, bankruptcy, receivership or liquidation have been filed in the last five years against any member of the administrative bodies or the management of Crédit Agricole CIB.

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Has knowledge of the society, no member of Crédit Agricole CIB's administrative or management bodies has been prevented by a court from acting in that capacity or from intervening in a management or executive capacity in the activities of a listed company during the last five years.

1.3.4 Transactions carried out on the securities of the Company

The Company shares were not listed on a regulated market, provisions of Article L. 621-18-2 of the French Monetary and Financial Code are not applicable to the Company accordingly.

For 2018, the Company has no knowledge of the existence of transactions conducted on their own account by the persons referred to in Article L. 621-18-2 of the French Monetary and Financial Code and relating to debt securities of the Company or related derivatives or other financial instruments.

Information on the ownership structure at 31 December 2018 is provided in Note 6.17 to the consolidated financial statements on pages 383 and 384.

1.3.5 Conventions referred to in Article L. 225-37-4-2° of the French Commercial Code

In accordance with the provisions of Article L. 225-37-4-2° of the French Commercial Code, to the best of the Company's knowledge, no agreement has been reached, directly or by any intermediary during 2018 financial year, between:

- the Chief Executive Officer, one of the Deputy Chief Executive Officers, one of the Directors or one of the shareholders holding a fraction of the voting rights greater than 10% of Crédit Agricole CIB and;
- another company in which Crédit Agricole CIB owns, directly or indirectly, more than half of the share capital,

except in cases where agreements relating to current transactions exist and have been concluded under normal conditions.

1.4 COMPENSATION POLICY

1.4.1 General principle underlying the compensation policy

Crédit Agricole CIB has established a responsible compensation policy that aims to reflect its values while respecting the interests of all the stakeholders, be they employees, clients or shareholders.

In light of the specific characteristics of its business lines, its legal entities, and national and international legislation, Crédit Agricole CIB strives to develop a compensation system that provides its employees with a competitive reward relative to its market benchmark in order to attract and retain the talent it needs. Benchmarking exercises against other financial groups are regularly carried out for this purpose.

Compensation awards, particularly variable ones, aim to reward individual and group performance over time while promoting sound and effective risk management.

The compensation policy's objective is to compensate employees fairly and appropriately based on their contribution to Crédit Agricole CIB's success and the levels of service and performance provided to clients. Consequently, the compensation policy has been built to avoid conflicts of interest and moreover to ensure that employees do not put their own interests or those of Crédit Agricole CIB before those of their clients.

The Crédit Agricole CIB compensation policy contributes to compliance with the risk appetite statement and framework approved by its governing bodies.

The Crédit Agricole CIB compensation policy is also part of a highly regulated environment that is specific to the banking sector. In general, Crédit Agricole CIB ensures the compliance of its compensation policy with the national, European and international legal and regulatory environment in effect. In particular, it complies with the provisions of the following regulations:

- Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013, transposed in the French Monetary and Financial Code by Order No 2014-158 of 20 February 2014 ("CRD IV Directive");
- French Law No 2013-672 of 26 July 2013 on the separation and regulation of banking activities ("French Banking Law");
- the Rule introduced by Section 13 of the Bank *Holding Company Act*, pursuant to Section 619 of the *Dodd–Frank Wall Street Reform and Consumer Protection* Act ("Volcker Rule");
- Directive 2014/65/EU of the European Parliament and Council and regulation 600-2014 of the European Parliament and Council of 15 May 2014, transposed into the French Monetary and Financial Code by Ordinance no. 2016-827 of 23 June 2016 and the delegated regulation 2017/565 of 25 April 2016 of the European Commission ("MIFIDII").

The compensation policy was approved by the meeting of the Crédit Agricole CIB Board of Directors on 31 October 2018.

1.4.2 Total compensation

The total compensation paid to employees of the Crédit Agricole CIB Group comprises the following elements:

- fixed compensation;
- annual individual variable compensation;
- collective variable compensation;
- long-term variable compensation;
- supplementary pension and health insurance plans;
- benefits in kind and other fringe benefits.

All or part of this package may be offered to each employee, according to their level of responsibility, skills, performance and location.

A - FIXED COMPENSATION

Fixed compensation rewards employees for the responsibilities entrusted to them, as well as the competencies used to exercise them, in a manner that is consistent with the specificities of each business line in their local market.

These responsibilities are defined by a remit and contributions, an echelon within the organisation and a profile of expected skills and experience.

Fixed compensation is determined in proportions such that it is possible to not award variable compensation in the event of insufficient performance.

Employees' fixed compensation is increased according to changes in their responsibilities and their proficiency in their role, which is assessed through the annual performance appraisal on the basis of the fulfilment of objectives and contributions to the role.

When an employee is given a new role, the change in responsibilities is taken into account when determining the fixed compensation.

Fixed compensation is made up of the base salary, as well as of any other stable, recurring compensation component that is not performance-based in any way.

B - ANNUAL INDIVIDUAL VARIABLE COMPENSATION

Variable compensation is directly linked to individual and collective annual performance. Individual performance is assessed based on the achievement of qualitative and quantitative targets set at the start of the financial year and includes an assessment of the way in which the employee acts in the client's interest. In general terms, respect for internal and external procedures and rules is a key criteria for assessing performance.

Collective performance is based on the determination of a firm wide envelope which is then broken down by business activity. This envelope is defined in a way which does not limit the capacity of Crédit Agricole CIB to strengthen its equity capital as required. It takes all risks into account, including liquidity risk, as well as the cost of capital, in compliance with regulatory principles.

Variable compensation is made up of the bonus, as well as of any other individual compensation component linked to performance, including guaranteed variable compensation.

◆ 1 - Composition of compensation pools

Crédit Agricole CIB's total envelope for variable compensation is determined according to its capacity to fund its bonuses (the Contribution) and by setting a pay-out ratio.

The Contribution is determined using the following formula, on the basis of the standard accounting definitions:

Net Banking Income (NBI) – direct and indirect expenses excluding bonuses – cost of risk – cost of capital before taxes;

NBI are calculated net of liquidity costs.

The cost of risk is understood to be the provisions for default

Cost of capital, used to take into account the return on equity specific to an activity, is calculated by applying the following formula:

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- average risk weighted assets (RWA) x Capital supply rate (target Tier 1 ratio) x ß (coefficient measuring the market risk of an activity and enabling an adjustment to the Tier 1 ratio according to the capital requirements of the business line).

Once the financing capacity has been determined, Crédit Agricole CIB defines a pay-out ratio, which depends on:

- the approved budgets at the start of the financial year;
- the practices of competing companies in comparable business lines.

2 - Individual compensation allocations

Bonuses are funded with envelopes allocated for each business line. The individual allocation to employees is decided in a discretionary manner by the line management on the basis of an overall assessment of their individual and collective performance, taking into account quantitative and qualitative considerations.

In order to prevent any risk of conflict of interests and disregard for the client's interests, there is no direct and automatic link between the level of an employee's commercial and financial results and the level of his/her variable compensation.

The decision-making process for individual bonus awards takes into account employees' behaviour that is non-compliant with rules and procedures as well as risk limits, within the framework of the rules and methods defined by Crédit Agricole CIB. Decisions affecting individual variable compensation for employees with noted high-risk behaviour are subject to annual review by Executive Management.

In certain cases, other variable compensation components are awarded in addition to the bonus, as is the case for senior executives.

3 - Guaranteed variable compensation

Awarding guaranteed variable compensation is only authorised for recruitments and for a duration that cannot exceed one year. On recruitment, the variable compensation allocated by the previous employer and definitively lost when the employment contract ends may also be allocated.

Retention bonuses may exceptionally be granted for a pre-determined period of time in certain specific cases (for example, in the event of the restructuring, winding-up or transfer of a business line).

Guaranteed variable compensation awards are subject to the applicable payment rules for the performance year and may lead to deferred payment.

4 - Limitation on variable compensation

A variable compensation award in respect of a performance year is limited to the amount of the fixed compensation for all employees. This cap may be raised each year to twice the amount of the fixed compensation by decision of the General Meeting of Crédit Agricole CIB.

5 - Payment conditions for the variable compensation

Above a certain threshold, the variable compensation is broken down into a non-deferred portion and a portion deferred in thirds over a three-year period.

The deferred portion vests over a period of three years as follows: 1/3 in year N+1, 1/3 in year N+2 and 1/3 in year N+3 relative to the awarding year (N), subject to meeting the vesting conditions:

- performance conditions;
- presence condition;
- compliance with the internal rules and risk limits.

The deferred variable compensation and part of the non-deferred variable compensation are allocated in the form of Crédit Agricole S.A. shares or equity-linked instruments.

If it is discovered, within 5 years after the payment, that a beneficiary: (i) is partly or fully responsible for significant losses to the detriment of Crédit Agricole CIB or its clients or (ii) is responsible for a serious breach of the internal or external rules and procedures, Crédit Agricole CIB reserves the right, subject to any local law in force, to demand the return of all or part of the sums already paid.

Any hedging or insurance strategy that seeks to limit the scope of the risk alignment provisions contained in the compensation system is prohibited.

Identified staffs are subjected to a specific system.

6 - Variable compensation of employees whose activities are subject to a mandate (french banking law, volcker rule, etc.)

Variable compensation is awarded so as not to reward or encourage prohibited trading activities, but may reward the generation of revenue or the supply of services to clients and therefore must comply with internal policies and procedures, including the Volcker rule compliance manual.

Among other things, individual performance bonuses are based on an assessment of the attainment of pre-defined, individual and collective targets, which are set for employees in strict compliance with the terms of the mandate managed.

Quarterly checks are carried out by the Risk Management Department and by the Market Activities Department to ensure that the terms of office are correctly applied.

During the end of year assessments, the management assesses the performance of employees in light of the targets set at the start of the year, including compliance with trading mandates. This assessment takes into account conduct that is not compliant with internal rules and procedures, and in particular noncompliance with mandates.

7 - Variable compensation program for the control functions

In order to prevent potential conflicts of interests, the compensation of control function personnel is set independently of the compensation of the personnel employed by the business lines for which they validate or review the operations. The objectives set for control function personnel and the budgets used to determine their variable compensation must not take into account the criteria concerning the results and economic performances of the business area that they monitor. Their variable compensation envelops as well as their individual award will be defined according to market practices.

The Crédit Agricole CIB Compensation Committee, as part of its remits, ensures compliance with the principles for determining the compensation of the risk and compliance managers.

C – COLLECTIVE VARIABLE COMPENSATION

In addition, for many years, it has been Crédit Agricole CIB's policy to share its results and performance collectively with its employees. For this purpose, a collective variable compensation system (discretionary and mandatory profit sharing) has been set up in France. Similar systems that provide all members of staff with a share of the results have been set up within certain entities abroad.

D - LONG-TERM VARIABLE COMPENSATION

This component of variable compensation unifies, motivates and increases loyalty. It complements the annual variable compensation mechanism by rewarding the long-term collective performance of the Group.

It is composed of differentiated systems according to the level of responsibility in the Company:

- "employee" shareholdings open to all employees;
- long-term compensation in share-linked cash and/or cash subject to performance conditions based on economic, financial and social criteria defined in line with the long-term strategy of the Crédit Agricole S.A. Group. It is reserved for Senior Executives and key Group executives.

E - RETIREMENT, DEATH AND DISABILITY, HEALTH

Depending on the country and market practices, Crédit Agricole CIB promotes a wide range of employee benefits allowing:

- support in creating retirement income or savings;
- a minimum level of basic financial protection to employees and their families.

F - BENEFITS IN KIND AND OTHER FRINGE BENEFITS

In some cases, the total compensation also includes benefits in kind. These are mainly:

- the allocation of a company car according to the position held;
- the granting of benefits to cover additional living costs for mobile workers.

These elements may be supplemented according to country by various plans aimed at providing a stimulating work environment and a work-life balance.

1.4.3 Governance of the compensation policy

Crédit Agricole CIB's compensation policy is reviewed annually by its Executive Management, on the basis of a proposal by the Human Resources Department and in accordance with Crédit Agricole S.A. Group's compensation policy guidelines. The compensation policy is approved by the Board of Directors, on the recommendation of the Compensation Committee.

In accordance with Group policy principles, the Human Resources Department links Control functions to risk analysis in the management of compensation, particularly as regards definition of identified staff, compliance with regulatory standards and monitoring of high-risk behaviour.

The Group's Internal Audit performs an annual and independent audit of the implementation of the compensation policy.

1.4.4 Compensation of identified staff

Consistent with the Group's general principles, the compensation policy applicable to identified staff is part of a strict regulatory environment (CRD4) that imposes requirements in the structure of their compensation.

The category of identified staff includes employees who, by virtue of the positions held, are likely to have a significant impact on the risk exposure of Crédit Agricole CIB.

The determination of employees as identified staff is made through a joint process between Crédit Agricole CIB and Crédit Agricole S.A. and between Human Resources functions and various Control functions. This process is reviewed annually.

Furthermore, Crédit Agricole CIB's entities outside France may be subject to more stringent local regulations.

A - SCOPE

Within Crédit Agricole CIB, the following, in particular, are included within the scope of the identified staff:

- corporate officers and executives;
- managers of the main business activities;
- managers of the control functions;
- employees who have a significant credit risk commitment capacity;
- employees with substantial powers to take market risks;
- employees who have significant total compensation;
- and, on the proposal of the Risk Management Department, the Compliance Department or the Human Resources Department, and by decision of Executive Management, any employee likely to have significant impact on the risk exposure of Crédit Agricole CIB.

Moreover, employees may also be deemed to be risk-takers at subsidiary level under local regulations.

B - ADJUSTMENTS MADE TO THE COMPENSATION POLICY FOR IDENTIFIED STAFF

◆ 1 - Rules for the compensation of identified staff

Pursuant to its regulatory obligations, the main features of Group compensation policy for identified staff are:

- as for all employees, the amounts and distribution of variable compensation must not impair the institutions' ability to strengthen their equity as required;
- as for all employees, the variable component may not exceed 100% of the fixed component. Nevertheless, each year, the General Meeting of Shareholders can vote to apply a higher maximum ratio provided that the total variable component never exceeds 200% of each employee's fixed component;
- as for all employees, a portion of the variable compensation is deferred over three years and is acquired in tranches subject to performance conditions. The proportion to be deferred is, however, higher for identified staff;
- as for all employees, a portion of the variable compensation is paid in Crédit Agricole S.A. shares or instruments linked to the Crédit Agricole S.A. share. The proportion paid in instruments is, however, higher for identified staff;
- the vesting of each deferred tranche is followed by a six-month lock-up period. Part of the non-deferred compensation is also subject to a six months holding period.

◆ 2 – Deferred vesting rules

Individual variable compensation comprises two separate parts:

- Short-term, non-deferred variable compensation;
- Long-term, deferred and conditional variable compensation that represents 40% to 60% of the total individual variable compensation.

The system set up promotes staff members' involvement in the medium-term performance of Crédit Agricole CIB and risk control.

In practice, due to the proportionality principle, members of staff for whom the variable share of compensation is below a threshold defined at Group level are excluded from the scope of the deferred vesting rules, unless otherwise required by local regulators in the countries where Crédit Agricole CIB does business.

The deferred portion varies depending on the total variable compensation awarded for the financial year. The higher the variable compensation, the higher the deferred portion of the total variable compensation.

The vesting conditions are as follows: vesting in thirds over three years following the allocation and subject to the same vesting conditions (presence, performance, risks).

In the interests of consistency and alignment with the overall performance of the Company, a deferred variable compensation system also applies to Crédit Agricole CIB employees who do not fall in the category of identified staff.

3 - Payments in securities or equivalent instruments

For identified staff, payment in shares or equivalent instruments represents:

- the total deferred portion of the variable compensation;
- up to 10% of the non-deferred variable compensation.

Accordingly, at least 50% of the variable compensation of identified staff is awarded in shares or equivalent instruments.

Payments are made at the end of a holding period, in accordance with the regulations. This holding period, which is defined at the Crédit Agricole S.A. Group level, is six months.

Any hedging or insurance strategy that seeks to limit the scope of the risk alignment provisions contained in the compensation system is prohibited.

1.4.5 Compensation of senior executives-executive corporate officers

The compensation policy applicable to management and Executive and non-Executive Corporate Officers and Executive Corporate Officers of Crédit Agricole CIB falls within the framework of the compensation policy for management at Crédit Agricole S.A..

A – GENERAL COMPENSATION PRINCIPLES

The compensation policy for the members of Crédit Agricole CIB's Executive Management is approved by the Board of Directors on the basis of a proposal by the Compensation Committee. This policy is reviewed annually by the Board of Directors in order to take into account changes in the competitive environment and context.

It is consistent with the compensation policy applicable to all Crédit Agricole S.A. Group's executive managers. This principle makes it possible to bring together the Group's major stakeholders around common, shared criteria.

In addition, the compensation of members of Crédit Agricole CIB's Executive Management complies with:

- the regulatory framework defined by the Monetary and Financial Code and the Decree of 3 November 2014 on internal controls in credit institutions and investment firms, which transposes in France the European provisions on compensation of staff identified who are Executive Corporate Officers;
- the recommendations and principles of the Corporate Governance Code for Listed Companies updated in June 2018 ("AFEP-MEDEF Code");
- the provisions of Law No 2015-990 of 6 August 2015 on economic growth, activity and equal opportunities and of Article L. 225-42-1 of the French Commercial Code on the vesting of conditional annual supplementary defined-benefit rights.

Pursuant to a proposal by the Compensation Committee, each year the Board of Directors reviews the compensation components for members of the Executive Management, with the principal objective of recognising long-term performance.

B – FIXED COMPENSATION

Pursuant to a proposal of the Crédit Agricole CIB Compensation Committee, the Board of Directors establishes the fixed compensation of Crédit Agricole CIB's Executive Management, taking into account:

- the scope of the activities under their responsibility;
- practices in the market and the compensation paid to persons holding similar positions. On an ongoing basis, with the assistance of specialised firms, studies are conducted at the Group level on the positioning of the compensation of the Company's Executive Corporate Officers compared to other companies in the financial sector in order to ensure the consistency of the compensation principles and levels.

In accordance with the AFEP-MEDEF Code recommendations (paragraph 23.2.2), a review will be carried out on the fixed compensation of Executive Corporate Officers only after relatively long maturities, unless a change in the scope of the supervisory duties justifies a re-examination of the fixed compensation.

When a new Executive Corporate Officer is appointed, his or her compensation will be determined by the Board of Directors, either in accordance with the principles and criteria approved by the General Meeting or in accordance with the existing practices for officers exercising similar functions, adapted where applicable when the person takes up new functions or a new office with no equivalent in respect of the preceding period..

C - VARIABLE COMPENSATION

1 – Annual variable compensation

Each year, the Board of Directors, on the recommendation of the Compensation Committee and subject to the approval of the General Meeting, determines the amount of the variable compensation due for the financial year ended 31 December for each of the Executive Corporate Officers.

The variable compensation policy for the members of Executive Management is specifically aimed at:

- linking compensation levels with actual long-term performance;
- linking the interests of management with those of the Group by including financial and non-financial performance.

For each member of Executive Management, the annual performance bonus is based 50% on quantifiable criteria and 50% on qualitative criteria, thereby combining recognition of overall performance with a balance between financial and manage real performance. At the recommendation of the Compensation Committee, the Board of Directors approves the quantifiable and qualitative criteria proposed.

The performance bonus may reach the target level in the event of achieving all the financial and nonfinancial objectives and may reach the maximum level in the event of exceptional performance. The target and maximum levels are expressed as a percentage of the fixed salary and are defined by the Board of Directors for each member of Crédit Agricole CIB's Executive Management.

A Long-Term Incentive can be added to this bonus for Executive Managers of the Crédit Agricole S.A. Group, in order to encourage sustainable performance beyond the financial results and strengthen its relationship with compensation, with a special focus on the impact on society. It is awarded following managerial assessment and is an integral part of the variable compensation subject to the approval of the Board of Directors.

In accordance with the AFEP-MEDEF Code (paragraph 23.2.3), the variable compensation is capped and may not exceed the maximum levels set out in the compensation policy.

◆ 2 - Vesting conditions for the annual variable compensation

The deferred part of the annual variable compensation, which can represent 40% to 60% of the amount awarded, is paid in the form of instruments indexed on the performance of the Crédit Agricole S.A. share, the vesting of which depends on three targets being met: one linked to performance, a second depends on service within the Group and a third on the absence of risky behaviour.

The performance condition in the Crédit Agricole CIB deferred plan is linked to the attainment of a Net Income target by Crédit Agricole CIB.

The performance condition in the long-term incentive plan for directors of the Crédit Agricole S.A. group itself depends on three targets:

1. the intrinsic financial performance of Crédit Agricole S.A., defined as Crédit Agricole S.A. operating income growth;
2. the relative performance of the Crédit Agricole S.A. share compared with a composite index of European banks;
3. the societal performance of Crédit Agricole S.A. measured by the FReD index.

For each criterion, vesting may vary from 0% to 120%. Each criterion accounts for one-third of the achievement of the performance condition. For each year, the achievement of the performance condition is the average percentage vested for each criterion, which is capped at 100%.

The non-deferred portion of the total annual variable compensation, which can represent 40% to 60%, is paid in part at the award date (subject to the approval of the General Meeting) and in part after a six-month holding period, this latter part being indexed to changes in the Crédit Agricole S.A. share price.

D - STOCK OPTIONS – FREE SHARES GRANTED

No Crédit Agricole S.A. stock options have been allocated to Executive Corporate Officers since 2006.

No bonus shares were awarded to Executive Corporate Officers in 2018.

E - OTHER COMMITTMENTS

◆ 1 - Retirement

Within Crédit Agricole CIB, there is an additional closed pension regime, the incremental rights of which are only acquired when the beneficiary finishes their career at Crédit Agricole CIB and are expressed as a percentage of a base called the reference salary which is equal to the average of the last three years of fixed compensation plus the average of the gross bonuses awarded over the last thirty six months (the average of the bonuses being limited to half of the last fixed salary). This defined-benefit pension scheme, enforced by unilateral company decision pursuant to Article L. 911-1 of the French Social Security Code, is subject to management outsourced to a body governed by the French Insurance Code. Funding for the outsourced assets is carried out as necessary by premiums fully funded by the employer and subject to the 24% contribution laid down by Article L. 137-11 of the French Social Security Code.

The benefit of this supplementary pension scheme, which was subject to the regulated agreements procedure and the details of which appear in the Statutory Auditors' special report for the 2016 and 2018 financial year, was taken into account by Crédit Agricole CIB Boards of Directors in the determination of the total compensation of the Executive Corporate Officers. It potentially benefits Messrs François Marion, Deputy Chief Executive Officer, and Régis Monfront, Deputy Chief Executive Officer until 11 July 2018.

With regard to the other Crédit Agricole CIB Executive Corporate Officers with an employment contract with Crédit Agricole S.A., namely: Mr Jean-Yves Hocher, Chief Executive Officer until 31 October 2018; Mr Jacques Ripoll, Chief Executive Officer since 1 November 2018 and Monsieur Jacques Prost, Deputy Chief Executive Officer until 17 June 2018; they potentially benefit from the common supplementary pension regime for directors of the Crédit Agricole group which Crédit Agricole CIB did not join.

Crédit Agricole S.A. joined this regime in January 2010 with the introduction of its pension regulations adopted by a collective bargaining agreement in accordance with article L. 911-1 of the French Social Security Code.

The scheme currently implemented within Crédit Agricole S.A. is a combination of a defined-contribution plan and a defined-benefit plan wherein the rights are determined after the rights paid under the defined-contribution plan:

- contributions to the defined-contribution plan equal 8% of the gross monthly salary capped at eight times the social security cap (of which 3% paid by the Executive Corporate Officer);
- on the condition that the beneficiary is a Corporate Officer or an employee when exercising his pension entitlements, additional entitlements under the defined-benefit plan for each year of service represent 1.20% of the reference compensation, capped at 36% of the reference compensation.

In any case, on liquidation, the total pension income is capped, for all company pension regimes and basic and complementary obligatory regimes, at 70% of the reference compensation by application of the additional pension regulation for senior executives of Crédit Agricole S.A.

The rights established within the group prior to the effective date of the existing regulation are maintained and are cumulative where appropriate with the rights arising from the application of the existing regulation, especially for the calculation of the paid rent cap.

The reference salary is defined as the average of the three highest gross annual compensations received during the last 10 years of activity within Crédit Agricole entities, including both fixed compensation and variable compensation, the latter being taken into account up to a ceiling of 60% of fixed compensation.

This defined contribution supplementary pension scheme meets the recommendations of the AFEP-MEDEF Code and the provisions of law no. 2015-990 of 6 August 2015 for growth, activity and equality of economic opportunities and of article L. 225-42-1 of the French Commercial Code, regarding the vesting of annual conditional rights in defined contributions supplementary pension schemes:

- the group of potential beneficiaries is substantially broader than Executive Corporate Officers alone;
- minimum length of service: five years (the Code requires only two years of service);
- progressivity rate: proportional to the length of service capped at 120 quarters (30 years) with a vesting rate of between 0.125% and 0.30% per quarter validated, i.e. between 0.5% and 1.2% per annum (vs 3% maximum required);
- estimated supplementary pension below the aforementioned ceiling of 45% of fixed and variable compensation due in respect of the reference period;
- obligation for the beneficiary to be a Corporate Officer or a Senior Executive employee when exercising their pension entitlements.

This pension defined-benefit plan is subject to a management outsourced to a body governed by the Insurance Code. Funding for the outsourced assets is carried out by annual premiums fully funded by the employer and submitted to the 24% contribution laid down by Article L. 137-11 of the French Social Security Code.

◆ 2 – Severance payment

No severance payment due or likely to be due in the event of termination or change of function is expected for the corporate officers of Crédit Agricole CIB. Otherwise, that will be the subject of the regulated conventions procedure.

◆ 3 – Non-competition clause

There are no plans for non-compete clauses for Executive Corporate Officers.

Otherwise, these would be subject to a regulated agreements procedure.

Details relating to a non-compete clause put in place by Crédit Agricole S.A. as part of the employment contract and which will not be financially supported by Crédit Agricole CIB are given in the section concerning Jacques Ripoll.

F - OTHER BENEFITS OF THE EXECUTIVE CORPORATE OFFICERS

Executive Corporate Officers benefit from health cover, life and disability cover and a car benefit.

No other benefits are awarded to Executive Corporate Officers.

INDIVIDUAL COMPENSATIONS OF EXECUTIVE CORPORATE OFFICERS

◆ Mr. Jean-Yves Hocher – Chief executive officer from 1 january 2018 to 31 october 2018

▶ Table 1 – Compensation, shares and stock awarded to Executive Corporate Officers of Crédit Agricole CIB

In euros (gross amounts)	2017	2018
Compensation awarded in respect of the financial year(1)	1,109,347	922,989
Value of options awarded during the year(2)		
Value of free shares awarded during the year(2)		

(1) The compensation shown in this table was awarded for the year indicated for the period corresponding to the term of office. The detailed tables below distinguish between compensation awarded for a particular year and compensation received during the year, in his capacity as corporate officer.

(2) No Crédit Agricole S.A. stock options were awarded to corporate officers in 2017 and 2018. No employee performance share plan has been set up within Crédit Agricole S.A. or Crédit Agricole CIB.

▶ Table 2 – Summary table of gross compensation amounts

In euros	2017		2018	
Jean-Yves Hocher Chief executive officer from 1 january 2018 to 31 october 2018	Amount awarded for 2017 at the expense of Crédit Agricole S.A.	Amount paid for 2017 at the expense of Crédit Agricole S.A.	Amount awarded for 2018 at the expense of Crédit Agricole S.A.	Amount paid for 2018 at the expense of Crédit Agricole S.A.
Fixed compensation	550,000	550,000	458,333	458,333
Non-deferred variable compensation paid in cash	218,480	197,120	181,480	218,480
Non-deferred variable compensation indexed to the Crédit Agricole S.A. share price	54,620	62,093	45,370	46,427
Deferred and conditional variable compensation index-linked to the share price of Crédit Agricole S.A.	273,100	357,477	226,850	272,543
Extraordinary compensation				
Director's fees				
Benefits in kind	13,147	13,147	10,956	10,956
Total	**1,109,347**	**1,179,837**	**922,989**	**1,006,739**

▶ Table 2 bis - Details of the amounts of the deferred variable compensation vested and paid

		Vesting in 2017			Vesting in 2018		
In euros	Value per share at award	Amount awarded	Amount vested	Amount paid (1)	Amount awarded	Amount vested	Amount paid (2)
Plan awarded in 2014 for 2013	€11.37	89,994	89,994	118,793			
Plan awarded in 2015 for 2014	€12.86	91,396	91,396	106,934	91,409	91,409	85,010
Plan awarded in 2016 for 2015	€9.67	85,000	85,000	131,750	85,000	85,000	105,400
Plan awarded in 2017 for 2016	€11.94				82,133	82,133	82,133
Total		**266,390**	**266,390**	**357,477**	**258,542**	**258,542**	**275,543**

(1) The share price at the payment date is €15.01 for the deferred variable compensation vested in 2017.
(2) The share price at the payment date is €11.97 for the deferred variable compensation vested in 2018.

Mr Jean-Yves Hocher was Chief Executive Officer of Crédit Agricole CIB from 1 December 2010 to 31 October 2018.

With effect from 1 September 2015, Mr Jean-Yves Hocher's corporate office as Deputy Chief Executive Officer of Crédit Agricole S.A. came to an end, leading to the reinstatement of his employment contract, which had been suspended throughout his term of office.

Concomitantly with this reinstatement, it was decided, with the agreement of the latter, that his compensation would be fully borne by Crédit Agricole S.A. from this date onwards. This change was approved by the Crédit Agricole CIB Board of Directors on 29 October 2015. Thus, since 1 September 2015, Mr Jean-Yves Hocher has acted as Chief Executive Officer of Crédit Agricole CIB free of charge.

His compensation has therefore been determined by Crédit Agricole S.A. with respect to his employment contract with Crédit Agricole S.A. and reported for information purposes to the Board of Directors of Crédit Agricole CIB.

Crédit Agricole CIB continues to cover only the portion of the variable compensation awarded for periods prior to 1 September 2015.

FIXED COMPENSATION

For the 2018 financial year, Mr Jean-Yves Hocher benefited from fixed compensation of €458,333 (€550,000 on an annual basis), as part of his Crédit Agricole S.A. employment contract.

VARIABLE COMPENSATION

Variable compensation awarded in 2019 for 2018

Given the achievement of financial and non-financial objectives, the amount of the variable compensation for the 2018 financial year awarded to Mr Jean-Yves Hocher was accordingly approved by Crédit Agricole S.A. at €453,700.

This compensation breaks down as follows:

- €181,480 paid from month of March 2019;
- €45,370 indexed on the Crédit Agricole S.A. share price and paid in September 2019;
- €226,850 awarded in instruments linked to the Crédit Agricole S.A. share price, whose final vesting is subject to the conditions set out in the regulations governing the Crédit Agricole S.A. plan (presence, performance, risks).

Deferred and conditional variable compensation vested in 2018 (for prior financial years)

In respect of the deferred variable compensation for prior years, €258,542 was vested in 2018 by Mr Jean-Yves Hocher for an amount equal, at the payment date, to €272,543 after indexing the Crédit Agricole S.A. share price (share price as at the payment date: €11.97).

This amount includes:

- at the first tranche of the deferred variable compensation awarded in 2017 for 2016, vested in its entirety, i.e. €82,133 (share price as at the award date: €11.94);
- at the second tranche of the deferred variable compensation awarded in 2016 for 2015, vested in its entirety, i.e. €85,000 (share price as at the award date: €9.67);
- at the third tranche of the deferred variable compensation awarded in 2015 for 2014, vested in its entirety, i.e. €91,409 (share price as at the award date: €12.86).

EXTRAORDINARY COMPENSATION

No extraordinary compensation was awarded or paid for the 2018 financial year.

DIRECTORS' FEES

Mr Jean-Yves Hocher waived receipt of Directors' fees in respect of his positions in the Crédit Agricole S.A. Group companies.

SEVERANCE PAYMENT

No severance benefit was paid to Jean-Yves Hocher during the financial year.

Commitments made by Crédit Agricole S.A., but for which Crédit Agricole CIB has incurred no financial obligation, were made in connection with Mr Jean-Yves Hocher's employment contract with that company.

If his employment contract is subsequently terminated, Mr JeanYves Hocher will receive a severance payment, calculated on a base corresponding to twice the annual gross compensation (excluding benefits in kind) received during the 12 months preceding the termination of his contract, including any other indemnity and, in particular, traditional redundancy pay and any possible non-competition payments.

NON-COMPETITION CLAUSE

No non-competition clause provided for Mr Jean-Yves Hocher in connection with its mandate.

SUPPLEMENTARY PENSION SCHEME

No supplementary pension amount is payable to Mr Jean-Yves Hocher in respect of the exercise of his office during the 2018 financial year.

Mr Jean-Yves Hocher is a beneficiary of the supplementary pension scheme for Crédit Agricole Executive Managers, which supplements the collective and mandatory retirement pension and death and disability schemes in connection with his work contract with Crédit Agricole S.A..

The estimated total of the supplementary pension entitlements, taken together with estimated pensions from the compulsory retirement schemes:

- trigger the application of the cap of 70% of the reference compensation on the closing date, for all schemes, in accordance with the supplementary pension regulations;
- is less than the contractual cap of sixteen times the annual Social Security cap.

The uncertain entitlements under the defined-benefit supplementary pension scheme are subject to continued employment conditions at retirement and are estimated on the basis of 29 years and 6 months of service recorded on 31 October 2018. At 31 October 2018, there was no increase in the estimated conditional entitlements (expressed as a percentage of the benchmark compensation).

Mr Jean-Yves Hocher's annual and conditional individual supplementary pension entitlements as at 31 October 2018 break down as:

- a life annuity under a defined-contribution supplementary pension, estimated at €9,000 gross;
- a life annuity under a defined-benefit supplementary pension, estimated at €496,000 gross.

BENEFITS IN KIND

During his term of office, Mr Jean-Yves Hocher was provided with accommodation and a chauffeur-driven car. These benefits were treated as in-kind benefits for tax purposes in accordance with current regulations.

INDIVDUALS COMPENSATIONS OF EXECUTIVE CORPORATE OFFICERS

Mr. Jacques Ripoll - Chief executive officer from 1 november 2018

Table 1 - Compensation, shares and stock awarded to Executive Corporate Officers of Crédit Agricole CIB

In euros (gross amounts)	2017	2018
Compensation awarded in respect of the financial year (1)		307,667
Value of options awarded during the year (2)		
Value of free shares awarded during the year (2)		

(1) The compensation shown in this table was awarded for the year indicated for the period corresponding to the term of office. The detailed tables below distinguish between compensation awarded for a particular year and compensation received during the year, in his capacity as corporate officer.

(2) No Crédit Agricole S.A. stock options were awarded to corporate officers in 2017 and 2018. No employee performance share plan has been set up within Crédit Agricole S.A.or Crédit Agricole CIB.

Table 2 – Summary table of gross compensation amounts

In euros	2017		2018	
M. Jacques Ripoll Chief executive officer from 1 november 2018	Amount awarded for 2017 at the expense of Crédit Agricole S.A.	Amount paid for 2017 at the expense of Crédit Agricole S.A.	Amount awarded for 2018 at the expense of Crédit Agricole S.A.	Amount paid for 2018 at the expense of Crédit Agricole S.A.
Fixed compensation			166,667	166,667
Non-deferred variable compensation paid in cash			42,300	
Non-deferred variable compensation indexed to the Crédit Agricole S.A. share price			14,100	
Deferred and conditional variable compensation index-linked to the share price of Crédit Agricole S.A.			84,600	
Extraordinary compensation				
Director's fees				
Benefits in kind				
Total			**307,667**	**166,667**

Mr Jacques Ripoll has been Crédit Agricole CIB Chief Executive Officer since 1 November 2018.

The Board of Directors of Crédit Agricole CIB on 31 October 2018 decided that the position of Crédit Agricole CIB Chief Executive Officer should be unpaid. His compensation is therefore determined by Crédit Agricole S.A. for his employment contract with that company and is reported for information purposes to the Board of Directors of Crédit Agricole CIB.

FIXED COMPENSATION

For the 2018 financial year, Mr Jacques Ripoll benefited from fixed compensation of €166,667 (€1,000,000 on an annual basis), as part of his Crédit Agricole S.A. employment contract.

VARIABLE COMPENSATION

Variable compensation awarded in 2019 for 2018

Given the achievement of financial and non-financial objectives, the variable compensation amount for the 2018 financial year awarded to Mr Jacques Ripoll was accordingly approved by Crédit Agricole S.A. at €141,000.

This compensation breaks down as follows:

- €42,300 paid from the month of March 2019;
- €14,100 indexed on the Crédit Agricole S.A. share price and paid in September 2019;
- €84,600 awarded in instruments linked to the Crédit Agricole S.A. share price, whose final vesting is subject to the conditions set out in the regulations governing the Crédit Agricole S.A. plan (presence, performance, risks).

EXTRAORDINARY COMPENSATION

No extraordinary compensation was awarded or paid for the 2018 financial year.

DIRECTORS' FEES

Mr Jacques Ripoll waived receipt of Directors' fees in respect of his positions in the Crédit Agricole S.A. Group companies.

SEVERANCE PAYMENT

In connection with his corporate office with Crédit Agricole CIB, Mr Jacques Ripoll is not entitled to any severance pay that will or may be owed in the event his position is terminated or changed.

NON-COMPETITION CLAUSE

In the event of the effective termination of his employment contract with Crédit Agricole S.A., Mr Ripoll may be bound by a non-compete clause for a maximum of one year from the contract termination date. This commitment was duly authorised by the Board Meeting of 31 October 2018 under the terms of article L225-42-1 of the French Commercial Code.

SUPPLEMENTARY PENSION SCHEME

No supplemental pension amount is payable to Mr Jacques Ripoll in respect of the 2018 financial year.

Mr Jacques Ripoll is a beneficiary of the supplementary pension scheme for Crédit Agricole Executive Managers, which supplements the collective and mandatory retirement pension and death and disability schemes in connection with his work contract with Crédit Agricole S.A..

The estimated total of the supplementary pension entitlements, taken together with estimated pensions from the compulsory retirement schemes:

- trigger the application of the cap of 70% of the reference compensation on the closing date, for all schemes, in accordance with the supplementary pension regulations;
- is below the contractual cap of ten times the Social Security annual cap.

As this comes under the defined-benefit plan, the annual vesting of entitlements is conditional on Crédit Agricole CIB's performance conditions, in accordance with Article L. 225-42-1 of the French Commercial Code as amended by Law No 2015-990 of 6 August 2015. The annual vesting of Mr Ripoll's entitlements is therefore subject, in accordance with the Board of Directors' decision of 31 October 2018, to a performance condition corresponding to Crédit Agricole CIB achieving at least 50% of the Net Income, Group Share target for Corporate and Investment Banking (CIB) activities as adjusted:

- the positive or negative effects of the Mark to Market valuation of loan hedges for CPM and Debt Valuation Adjustment (DVA);
- the effects of the initial application of the new CVA, DVA and FVA rules;
- impairment of goodwill.

This condition is deemed met if Crédit Agricole CIB does not achieve this target due to an adverse market environment similarly affecting Crédit Agricole CIB's competitors.

The Board of Directors on 21 March 2019 validated the achievement of the performance condition for the 2018 financial year.

The uncertain entitlements under the defined-benefit supplementary pension scheme are subject to continued employment conditions at retirement and are estimated on the basis of 0 years and 4 months of service recorded on the closing date.

Mr Jacques Ripoll's annual and conditional individual supplementary pension entitlements as at 31 December 2018 break down as:

- a life annuity under a defined-contribution supplementary pension, estimated at €0 gross;
- a life annuity under a defined-benefit supplementary pension, estimated at €6,000 gross.

BENEFITS IN KIND

The Company provides Mr Jacques Ripoll with a chauffeur-driven car. This benefit is treated as an in-kind benefit for tax purposes in accordance with current regulations.

◆ Mr. François Marion – Deputy chief executive officer

▶ Table 1 - Compensation, shares and stock awarded to Executive Corporate Officers of Crédit Agricole CIB

In euros (gross amounts)	2017	2018
Compensation awarded in respect of the financial year (1)	766,028	776,028
Value of options awarded during the year (2)		
Value of free shares awarded during the year (2)		

(1) The compensation shown in this table was awarded for the year indicated for the period corresponding to the term of office. The detailed tables below distinguish the compensation awarded for a particular year and the compensation received during the year, in his capacity as corporate officer.
(2) No Crédit Agricole S.A. stock options were awarded to corporate officers in 2017 and 2018. No employee bonus share plan has been set up within Crédit Agricole CIB.

▶ Table 2 - Summary table of gross compensation amounts

In euros	2017		2018	
François Marion Deputy Chief Executive Officer	Amount awarded	Amount paid	Amount awarded (2)	Amount paid
Fixed compensation	380,000	380,000	380,000	380,000
Non-deferred variable compensation paid in cash	190,000	113,380	195,000	190,000
Non-deferred variable compensation indexed to the Crédit Agricole S.A. share price	38,000	29,925	39,000	32,300
Deferred and conditional variable compensation index-linked to the share price of Crédit Agricole S.A.	112,000		101,000	33,457
Conditional Long-term incentive index-linked to the share price of Crédit Agricole S.A.	40,000		55,000	
Extraordinary compensation				
Director’s fees (1)				
Benefits in kind	6,028	6,028	6,028	6,028
Total	**766,028**	**529,333**	**776,028**	**641,785**

(1) Only the Directors’ fees paid by the companies referred to in Article L. 225-37-3, paragraph 2, of the French Commercial Code are shown here.
(2) Amounts set by Crédit Agricole CIB Board of Directors subject to the approval of the General Meeting of 7 May 2019.

▶ Table 2 bis - Details of the amounts of the deferred variable compensation vested and paid

In euros	Value per share at award	Vesting in 2017			Vesting in 2018		
		Amount awarded	Amount vested	Amount paid (1)	Amount awarded	Amount vested	Amount paid (2)
Plan awarded in 2017 for 2016	€11.94				33,457	33,457	33,457
Total					**33,457**	**33,457**	**33,457**

(1) The share price at the payment date is €15.01 for the deferred variable compensation vested in 2017.
(2) The share price at the payment date is €11.97 for the deferred variable compensation vested in 2018.

Mr François Marion has been Deputy Chief Executive Officer since 18 May 2016. His mandate was renewed by the Board of Directors on 31 October 2018.

FIXED COMPENSATION

For the 2018 financial year, Mr François Marion received annual fixed compensation of €380,000. This compensation was set by the Board of Directors of Crédit Agricole CIB on 9 May 2016, on the recommendation of the Compensation Committee, and has not changed since.

VARIABLE COMPENSATION

Variable compensation awarded in 2019 for 2018

At its meeting of 11 February 2019, the Board of Directors of Crédit Agricole CIB, on the recommendation of the Compensation Committee of 5 February 2019, assessed the attainment of targets and set the amount of the variable compensation for Mr François Marion, in respect of the 2018 financial year, subject to the approval of the General Meeting of Crédit Agricole CIB of 7 May 2019.

In light of the principles and criteria for determining, distributing and granting the elements of compensation approved by the Crédit Agricole CIB General Meeting of 4 May 2018, the target achievement rate (50% of which corresponds to quantifiable criteria and 50% to individual criteria) was set at 110%.

The variable compensation for the 2018 financial year of Mr François Marion is made up of a performance bonus of €335,000 (110% of the target) the awarding of which depends on the attainment of targets, and long-term incentive plan awarded on the basis of management assessment of €55,000, i.e. a total of €390,000.

The variable compensation may only be paid following the approval of the General Meeting of Crédit Agricole CIB of 7 May 2019.

Total variable compensation for the 2018 financial year breaks down as follows:

- €195,000 paid from May 2019 upon approval by the Crédit Agricole CIB General Meeting of 7 May 2019.
- €39,000 indexed on the performance of the Crédit Agricole S.A. share price and paid in September 2019;
- €101,000 deferred and subject to the conditions set out in the regulations of the Crédit Agricole CIB plan.
- €55,000 deferred and subject to the conditions set out in the regulations of the Crédit Agricole S.A. plan.

Deferred and conditional variable compensation vested in 2018 (for prior financial years).

Under the deferred variable compensation of previous years, €33,457 was vested in 2018 by Mr François Marion for an equivalent amount on the date of payment of €33,457 after indexation on the Crédit Agricole S.A. share price (value of the share on payment: €11.97).

This amount includes:

- at the first tranche of the deferred variable compensation awarded in 2017 for 2016, vested in its entirety, i.e. €33,457 (share price as at the award date: €11.94);

EXTRAORDINARY COMPENSATION

No extraordinary compensation was awarded or paid for the 2018 financial year.

DIRECTORS' FEES

Mr François Marion did not receive any Directors' fees from Crédit Agricole S.A. or companies controlled by Crédit Agricole CIB as of 31 December 2018 within the meaning of Article L. 233-16 of the French Commercial Code.

SEVERANCE PAYMENT [1]

In connection with his corporate office with Crédit Agricole CIB, Mr François Marion is not entitled to any severance pay that will or may be owed in the event his position is terminated or changed.

NON-COMPETITION CLAUSE

No non-competition clause provided for Mr François Marion in connection with its mandate.

SUPPLEMENTARY PENSION SCHEME

No supplementary pension amount is payable to Mr François Marion in respect of the 2018 financial year.

Mr François Marion benefits from a supplementary pension scheme from Crédit Agricole CIB (closed scheme), which has been subject to the regulated agreements procedure and whose details are presented in the special report of the Statutory Auditors for the 2018 financial year.

As regards the defined-benefit pension plan, Mr François Marion has at least 15 years' service and had already reached the maximum applicable replacement ratio before the renewal of his corporate office as Deputy Chief Executive Officer. Consequently, his renewed term of office does not entail any new conditional rights (supplementary replacement ratio) as defined in paragraphs 2, 7 and 8 of Article L. 225-42-1 as amended by Law No 2015-990 of 6 August 2015. There is therefore no requirement to make the payment of his supplementary pension scheme conditional on his performance and paragraphs 2, 7 and 8 of Article L. 225-42-1, as amended by Law No 2015-990 of 6 August 2015, do not apply given that no new conditional rights apply to his renewed term of office.

The uncertain entitlements under the defined-benefit supplementary pension scheme are subject to continued employment conditions at retirement and are estimated on the basis of 35 years of service recorded on the closing date. At 31 December 2018, there was no increase in the estimated conditional entitlements (expressed as a percentage of the benchmark compensation) as compared to 31 December 2017.

On this basis, the provisions of Article L. 225-42-1 of the French Commercial Code, modified by Law No 2015-990 of 6 August 2015 on economic growth, activity and equal economic opportunities, which limits any increase in these conditional rights to 3% per annum, were thus respected.

Mr François Marion's annual individual pension entitlements as at 31 December 2018 break down as:

- a life annuity under a defined-contribution supplementary pension, estimated at €3,000 gross;
- a life annuity under a defined-benefit supplementary pension, estimated at €166,000 gross.

BENEFITS IN KIND

The company provides Mr François Marion with a car. This benefit is treated as an in-kind benefit for tax purposes in accordance with current regulations.

(1) As Deputy Chief Executive Officer, Mr François Marion is not concerned by the Afep-Medef Code recommendations on the termination of Executive Corporate Officers' employment contracts, which apply only to the Chairman, Chairman and Chief Executive Officer, and CEO in companies with a Board of Directors.

◆ Mr. Régis Monfront - Deputy chief executive officer until 11 july 2018

▶ Table 1 - Compensation, shares and stock awarded to Executive Corporate Officers of Crédit Agricole CIB

In euros (gross amounts)	2017	2018
Compensation awarded in respect of the financial year (1)	716,866	373,699
Value of options awarded during the year (2)		
Value of free shares awarded during the year (2)		

(1) The compensation shown in this table was awarded for the year indicated for the period corresponding to the term of office. The detailed tables below distinguish the compensation awarded for a particular year and the compensation received during the year, in his capacity as corporate officer.
(2) No Crédit Agricole S.A. stock options were awarded to corporate officers in 2017 and 2018. No employee bonus share plan has been set up within Crédit Agricole CIB.

▶ Table 2 - Summary table of gross compensation amounts

In euros	2017		2018	
Régis Monfront Deputy Chief Executive Officer until 11 july 2018	Amount awarded	Amount paid	Amount awarded(2)	Amount paid
Fixed compensation	380,000	380,000	200,075	200,075
Non-deferred variable compensation paid in cash	165,000	155,000	85,000	165,000
Non-deferred variable compensation indexed to the Crédit Agricole S.A. share price	33,000	39,060	17,000	28,050
Deferred and conditional variable compensation index-linked to the share price of Crédit Agricole S.A.	117,000	149,829	60,000	123,794
Conditional Long-term incentive index-linked to the share price of Crédit Agricole S.A.	15,000		8,000	
Extraordinary compensation				
Director's fees (1)				
Benefits in kind	6,866	6,866	3,624	3,624
Total	**716,866**	**730,755**	**373,699**	**520,544**

(1) Only the Directors' fees paid by the companies referred to in Article L. 225-37-3, paragraph 2, of the French Commercial Code are shown here.
(2) Amounts set by Crédit Agricole CIB Board of Directors subject to the approval of the General Meeting of 7 May 2019.

▶ Table 2 bis - Details of the amounts of the deferred variable compensation vested and paid

In euros	Value per share at award	Vesting in 2017			Vesting in 2018		
		Amount awarded	Amount vested	Amount paid (1)	Amount awarded	Amount vested	Amount paid (2)
Plan awarded in 2014 for 2013	€11.37	35,202	35,202	46,467			
Plan awarded in 2015 for 2014	€12.86	38,001	38,001	44,462	38,001	38,001	35,341
Plan awarded in 2016 for 2015	€9.67	38,000	38,000	58,900	38,000	38,000	47,120
Plan awarded in 2017 for 2016	€11.94				41,333	41,333	41,333
Total		**111,203**	**111,203**	**149,829**	**117,334**	**117,334**	**123,794**

(1) The share price at the payment date is €15.01 for the deferred variable compensation vested in 2017.
(2) The share price at the payment date is €11.97 for the deferred variable compensation vested in 2018.

Mr Régis Monfront has been the Deputy Chief Executive Officer of Crédit Agricole CIB since 15 December 2011 and completed his term on 11 July 2018.

FIXED COMPENSATION

Mr Régis Monfront received fixed compensation of €200,075 (€380,000 on an annual basis) in respect of the corporate office held at Crédit Agricole CIB until 11 July 2018. This compensation was set by the Board of Directors of Crédit Agricole CIB on 1 August 2013 on the proposal of the Compensation Committee and remained unchanged until the end of his term of office.

VARIABLE COMPENSATION

Variable compensation awarded in 2019 for 2018

At its meeting of 11 February 2019, the Crédit Agricole CIB Board of Directors, on the recommendation of the Compensation Committee on 5 February 2019, reviewed the achievement of objectives and approved the amount of Mr Régis Monfront's variable compensation for the 2018 financial year, subject to the approval of the Crédit Agricole CIB General Meeting of 7 May 2019.

In light of the principles and criteria for setting, distributing and granting elements of compensation approved by the Crédit Agricole CIB General Meeting of 4 May 2018, the target achievement rate (50% of which corresponds to quantifiable criteria and 50% to individual criteria) was set at 99%.

The amount of variable compensation for Mr Régis Monfront for the corporate office held at Crédit Agricole CIB until 11 July 2018 consists of a performance bonus of €162,000 and long-term incentive plan of €8,000 i.e. a total of €170,000. The variable compensation may only be paid following the approval of the General Meeting of Crédit Agricole CIB of 7 May 2019.

The total variable compensation for the corporate office held at Crédit Agricole CIB until 11 July 2018 breaks down as follows:

- €85,000 paid from May 2019 upon approval by the Crédit Agricole CIB General Meeting of 7 May 2019;
- €17,000 indexed on the Crédit Agricole S.A. share price and paid in September 2019;
- €60,000 deferred and subject to the conditions set out in the regulations of the Crédit Agricole CIB plan.

- €8,000 deferred and subject to the conditions set out in the regulations of the Crédit Agricole S.A. plan.

Deferred and conditional variable compensation vested in 2018 (for prior financial years).

As deferred variable compensation for prior years, €117,334 was vested in 2018 in favour of Mr Régis Monfront for an amount equivalent to €123,794 on the payment date after indexing to the Crédit Agricole S.A. share price (share price as at the payment date: €11.97).

This amount includes:

- at the first tranche of the deferred variable compensation awarded in 2017 for 2016, vested in its entirety, i.e. €41,333 (share price as at the award date: €11.94);
- at the second tranche of the deferred variable compensation awarded in 2016 for 2015, vested in its entirety, i.e. €38,000 (share price as at the award date: €9.67);
- at the third tranche of the deferred variable compensation awarded in 2015 for 2014, vested in its entirety, i.e. €38,001 (share price as at the award date: €12.86).

EXTRAORDINARY COMPENSATION

In respect of the corporate office held at Crédit Agricole CIB until 11 July 2018, no exceptional compensation was awarded or paid to Mr Régis Monfront.

DIRECTORS’ FEES

Mr Régis Monfront did not receive any Directors’ fees from Crédit Agricole S.A. or companies controlled by Crédit Agricole CIB as of 31 December 2018 within the meaning of Article L. 233-16 of the French Commercial Code.

SEVERANCE PAYMENT (1)

In respect of the corporate office held at Crédit Agricole CIB until 11 July 2018, Mr Régis Monfront did not benefit from any severance payment that is or may be owed in the event his position is terminated or changed.

NON-COMPETITION CLAUSE

No non-competition clause provided for M.Régis Monfront in connection with its mandate.

SUPPLEMENTARY PENSION SCHEME

No additional pension benefit was due to Mr Régis Monfront in respect of the corporate office held at Crédit Agricole CIB until 11 July 2018.

In respect of the corporate office held at Crédit Agricole CIB until 11 July 2018, Mr Régis Monfront benefited from the Crédit Agricole CIB additional pension scheme (closed scheme), which was subject to the regulated agreements procedure and the details of which are presented in the special report of the Statutory Auditors for the 2016 financial year.

As regards the defined-benefit pension plan, Mr Régis Monfront already has at least fifteen years service and had already reached the maximum applicable replacement ratio prior to the renewal in 2016 of his term of office as Deputy Chief Executive Officer ending on 11 July 2018. Consequently, the term of office held until 11 July 2018 will not bring new conditional entitlements (additional replacement rates) as referred to in paragraphs 2, 7 and 8 of article L. 225-42-1 modified by law 2015-990 of 6 August 2015. The implementation of the additional pension regulation with any performance condition and paragraphs 2, 7 and 8 of article L. 225-42-1 modified by law no. 2015-990 of 6 August 2015 are not applied if new conditional entitlements are not vested over the period of the renewed term of office.

The uncertain entitlements under the defined-benefit supplementary pension scheme are subject to continued employment conditions at retirement and are estimated on the basis of 36 years and 7 months of service recorded on 11 July 2018. On this date, there was no increase in the estimated conditional entitlements (expressed as a percentage of the benchmark compensation).

On this basis, the provisions of Article L. 225-42-1 of the French Commercial Code, modified by Law No 2015-990 of 6 August 2015 on economic growth, activity and equal economic opportunities, which limits any increase in these conditional rights to 3% per annum, were thus respected.

Mr Régis Monfront’s annual individual pension entitlements estimated as at 11 July 2018 break down as:

- a life annuity under a defined-contribution supplementary pension, estimated at €5,000 gross;
- a life annuity under a defined-benefit supplementary pension, estimated at €164,000 gross.

BENEFITS IN KIND

In respect of the corporate office held at Crédit Agricole CIB until 11 July 2018, Mr Régis Monfront was provided with a company car. This benefit is treated as an in-kind benefit for tax purposes in accordance with current regulations.

(1) As Deputy Chief Executive Officer, Mr Régis Monfront is not concerned by the Afep-Medef Code recommendations on the termination of Executive Corporate Officers' employment contracts, which apply only to the Chairman, Chairman and Chief Executive Officer, and CEO in companies with a Board of Directors.

◆ Mr. Jacques Prost - Deputy chief executive officer until 17 june 2018

▶ Table 1 - Compensation, shares and stock awarded to Executive Corporate Officers of Crédit Agricole CIB

In euros (gross amounts)	2017	2018
Compensation awarded in respect of the financial year (1)	956,644	425,768
Value of options awarded during the year (2)		
Value of free shares awarded during the year (2)		

(1) The compensation shown in this table was awarded for the year indicated for the period corresponding to the term of office. The detailed tables below distinguish the compensation awarded for a particular year and the compensation received during the year, in his capacity as corporate officer.
(2) No Crédit Agricole S.A. stock options were awarded to corporate officers in 2017 and 2018. No employee bonus share plan has been set up within Crédit Agricole CIB.

▶ Table 2 - Summary table of gross compensation amounts

In euros	2017		2018	
Jacques Prost Deputy Chief Executive Officer until 17 june 2018	Amount awarded	Amount paid	Amount awarded(2)	Amount paid
Fixed compensation	450,000	450,000	207,142	207,142
Non-deferred variable compensation paid in cash	200,000	192,500	89,000	200,000
Non-deferred variable compensation indexed to the Crédit Agricole S.A. share price	50,000	59,850	21,500	42,500
Deferred and conditional variable compensation index-linked to the share price of Crédit Agricole S.A.	165,000	193,100	74,500	214,745
Conditional Long-term incentive index-linked to the share price of Crédit Agricole S.A.	85,000		30,000	
Extraordinary compensation				
Director's fees (1)				
Benefits in kind	6,644	6,644	3,626	3,626
Total	**956,644**	**902,094**	**425,768**	**668,015**

(1) Only the Directors' fees paid by the companies referred to in Article L. 225-37-3, paragraph 2, of the French Commercial Code are shown here.
(2) Amounts set by Crédit Agricole CIB Board of Directors subject to the approval of the General Meeting of 7 May 2019.

▶ Table 2 bis - Details of the amounts of the deferred variable compensation vested and paid

		Vesting in 2017			Vesting in 2018		
In euros	Value per share at award	Amount awarded	Amount vested	Amount paid (1)	Amount awarded	Amount vested	Amount paid (2)
Plan awarded in 2014 for 2013	€11.37	16,742	16,742	22,100			
Plan awarded in 2015 for 2014	€12.86	66,666	66,666	78,000	66,679	66,679	62,012
Plan awarded in 2016 for 2015	€9.67	60,000	60,000	93,000	60,000	60,000	74,400
Plan awarded in 2017 for 2016	€11.94				78,333	78,333	78,333
Total		**143,408**	**143,408**	**193,100**	**205,012**	**205,012**	**214,745**

(1) The share price at the payment date is €15.01 for the deferred variable compensation vested in 2017.
(2) The share price at the payment date is €11.97 for the deferred variable compensation vested in 2018.

Mr Jacques Prost was Deputy Chief Executive Officer from 26 August 2013 and ended his term on 17 June 2018.

FIXED COMPENSATION

Mr Jacques Prost received fixed compensation of €207,142 (€450,000 on an annual basis) in respect of the corporate office held at Crédit Agricole CIB until 17 June 2018. This compensation was set by the Board of Directors of Crédit Agricole CIB on 9 May 2016 on the proposal of the Compensation Committee and remained unchanged until the end of his term of office.

VARIABLE COMPENSATION

Variable compensation awarded in 2019 for 2018

At its meeting of 11 February 2019, the Board of Directors of Crédit Agricole CIB, on the recommendation of the Compensation Committee of 5 February 2019, assessed the attainment of targets and set the amount of the variable compensation for Mr Jacques Prost, in respect of the 2018 financial year, subject to the approval of the General Meeting of Crédit Agricole CIB of 7 May 2019.

In light of the principles and criteria for setting, distributing and granting elements of compensation approved by the Crédit Agricole CIB General Meeting of 7 May 2019, the target achievement rate (50% of which corresponds to quantifiable criteria and 50% to individual criteria) was set at 112.5%.

The amount of variable compensation for Mr Jacques Prost for the corporate office held at Crédit Agricole CIB until 17 June 2018 consists of a performance bonus of €185,000 and long-term incentive plan of €30,000 i.e. a total of €215,000. The variable compensation may only be paid following the approval of the General Meeting of Crédit Agricole CIB of 7 May 2019.

The total variable compensation breaks down as follows:

- €89,000 paid from May 2019 upon approval by the Crédit Agricole CIB General Meeting of 7 May 2019;
- €21,500 indexed on the Crédit Agricole S.A. share price and paid in September 2019;
- €74,500 deferred and subject to the conditions set out in the regulations of the Crédit Agricole CIB plan.
- €30,000 deferred and subject to the conditions set out in the regulations of the Crédit Agricole S.A. plan (Long-term Incentive Plan).

Deferred and conditional variable compensation vested in 2018 (for prior financial years).

As deferred variable compensation for prior years, €205,012 was vested in 2018 in favour of Mr Jacques Prost, in his capacity as corporate officer, for an amount equivalent to €214,745 on the payment date after indexing to the Crédit Agricole S.A. share price (share price as at the payment date: €11.97).

This amount includes:

- at the first tranche of the deferred variable compensation awarded in 2017 for 2016, vested in its entirety, i.e. €78,333 (share price as at the award date: €11.94);
- at the second tranche of the deferred variable compensation awarded in 2016 for 2015, vested in its entirety, i.e. €60,000 (share price as at the award date: €9.67);
- at the third tranche of the deferred variable compensation awarded in 2015 for 2014, vested in its entirety, i.e. €66,679 (share price as at the award date: €12.86).

EXTRAORDINARY COMPENSATION

In respect of the corporate office held at Crédit Agricole CIB until 17 June 2018, no exceptional compensation was awarded or paid to Mr Jacques Prost.

DIRECTORS' FEES

Mr Jacques Prost did not receive any Directors' fees from Crédit Agricole S.A. or companies controlled by Crédit Agricole CIB as of 31 December 2018 within the meaning of Article L. 233-16 of the French Commercial Code.

SEVERANCE PAYMENT [(1)]

In respect of the corporate office held at Crédit Agricole CIB until 17 June 2018, Mr Jacques Prost did not benefit from any severance payment that is or may be owed in the event his position is terminated or changed.

NON-COMPETITION CLAUSE

No non-competition clause provided for M.Jacques Prost in connection with its mandate.

SUPPLEMENTARY PENSION SCHEME

No additional pension benefit was due to Mr Jacques Prost in respect of the corporate office held at Crédit Agricole CIB until 17 June 2018.

Mr Jacques Prost is a beneficiary of the supplementary pension scheme for Crédit Agricole Executive Managers, which supplements the collective and mandatory retirement pension and death and disability schemes that were subject to the regulated agreements procedure, the details of which are set forth in the Statutory Auditors' special report for the 2016 financial year.

As this comes under the defined-benefit plan, the annual vesting of entitlements is conditional on Crédit Agricole CIB's performance conditions, in accordance with Article L. 225-42-1 of the French Commercial Code as amended by Law No 2015-990 of 6 August 2015. The annual vesting of Mr Prost's entitlements is therefore subject, in accordance with the Board of Directors decision of 2 November 2016, to a performance condition corresponding to Crédit Agricole CIB achieving at least 50% of the Net Income Group Share target for Corporate and Investment Bank (CIB) activities as adjusted:

- the positive or negative effects of the Mark to Market valuation of loan hedges for CPM and Debt *Valuation Adjustment* (DVA);
- the effects of the initial application of the new CVA, DVA and FVA rules;
- impairment of goodwill.

This condition is deemed met if Crédit Agricole CIB does not achieve this target due to an adverse market environment similarly affecting Crédit Agricole CIB's competitors.

The Board of Directors meeting on 11 February 2019 validated the achievement of the performance condition for the 2018 financial year.

The uncertain entitlements under the defined-benefit supplementary pension scheme are subject to continued employment conditions at retirement and are estimated on the basis of four years and ten months of service recorded on 17 June 2018, corresponding to 5.1% of the reference compensation at 31 December 2018, giving an increase in the conditional entitlements of +0.6% compared to the 2017 financial year.

This ensures compliance with the provision of Article L. 225-42-1 of the French Commercial Code, as amended by Law No 2015-990 of 6 August 2015 on economic growth, activity and equal opportunities, limiting the annual increase in conditional rights to 3%.

Mr Jacques Prost's annual and conditional individual pension entitlements as at 17 June 2018 break down as:

- a life annuity under a defined-contribution supplementary pension, estimated at €5,000 gross;
- a life annuity under a defined-benefit supplementary pension, estimated at €35,000 gross.

BENEFITS IN KIND

In respect of the corporate office held at Crédit Agricole CIB until 17 June 2018, Mr Jacques Prost was provided with a company car. This benefit is treated as an in-kind benefit for tax purposes in accordance with current regulations.

(1) As Deputy Chief Executive Officer, Mr Jacques Prost is not concerned by the Afep-MEDEF Code recommendations on the termination of Executive Corporate Officers' employment contracts, which apply only to the Chairman, Chairman and Chief Executive Officer, and CEO in companies with a Board of Directors.

OTHER COMPENSATION PAID BY CRÉDIT AGRICOLE S.A. IN CONNECTION WITH THE OFFICE OF CHIEF EXECUTIVE OFFICER OF THAT COMPANY

◆ Mr. Philippe Brassac – Chairman of the board of directors of Crédit Agricole CIB since 20 may 2015

Mr Philippe Brassac, Chairman of the Board of Directors, waived his right to Directors' fees as of 20 May 2015 and for the duration of his term of office. Neither does he receive from Crédit Agricole CIB any compensation or benefits of any nature whatsoever.

The information set out here below concerns the office of the Chief Executive Officer of Crédit Agricole S.A.

▶ Table 1 - Compensation, shares and stock awarded to Executive Corporate Officers of Crédit Agricole CIB

In euros (gross amounts)	2017	2018
Compensation awarded in respect of the financial year (1)	2,020,744	2,214,767
Value of options awarded during the year (2)		
Value of free shares awarded during the year (2)		

(1) The compensation shown in this table was awarded for the year indicated for the period corresponding to the term of office. The detailed tables below distinguish between compensation awarded for a particular year and compensation received during the year.
(2) No Crédit Agricole S.A. stock options were awarded to corporate officers in 2017 and 2018. No employee bonus share plan has been set up within Crédit Agricole CIB.

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▶ Table 2 - Summary table of gross compensation amounts

In euros	2017		2018	
Philippe Brassac Chairman of the Board of Directors since 20 May 2015 (compensation paid to Mr Philippe Brassac by Crédit Agricole S.A. in respect of his role as Chief Executive Officer of Crédit Agricole S.A.)	Amount awarded	Amount paid	Amount awarded	Amount paid
Fixed compensation	900,000	900,000	1,025,269	1,025,269
Non-deferred variable compensation paid in cash	312,540	295,620	346,740	312,540
Non-deferred variable compensation indexed to the Crédit Agricole S.A. share price	104,180	124,161	115,580	88,553
Deferred and conditional variable compensation index-linked to the share price of Crédit Agricole S.A.	625,080	179,800	93,480	340,920
Extraordinary compensation				
Director's fees (1)				
Benefits in kind	78,944	78,944	33,698	33,698
Total	**2,020,744**	**1,578,525**	**2,214,767**	**1,800,980**

(1) Amounts set by Crédit Agricole S.A. Board of Directors subject to the approval of the General Meeting of Crédit Agricole S.A. of 21 May 2019.

▶ Table 2 bis - Details of the amounts of the deferred variable compensation vested and paid

In euros	Value per share at award	Vesting in 2017			Vesting in 2018		
		Amount awarded	Amount vested	Amount paid (1)	Amount awarded	Amount vested	Amount paid (2)
Plan awarded in 2016 for 2015	€9.67	116,000	116,000	179,800	116,000	116,000	143,840
Plan awarded in 2017 for 2016	€11.94				197,080	197,080	197,080
Total		**116,000**	**116,000**	**179,800**	**313,080**	**313,080**	**340,920**

(1) The share price at the payment date is €15.01 for the deferred variable compensation vested in 2017.
(2) The share price at the payment date is €11.97 for the deferred variable compensation vested in 2018.

ITEMS OF COMPENSATION OF MR PHILIPPE BRASSAC AS CHIEF EXECUTIVE OFFICER OF CRÉDIT AGRICOLE S.A.

FIXED COMPENSATION

Mr Philippe Brassac receives annual fixed compensation of €1,100,000. This compensation was set at the Crédit Agricole S.A. Board of Directors meeting of 13 February 2018 and approved by the General Meeting of 16 May 2018 and has not been changed since then.

VARIABLE COMPENSATION

Variable compensation awarded in 2019 for 2018

At its meeting of 13 February 2019, the Board of Directors of Crédit Agricole S.A., on the recommendation of the Compensation Committee, set the amount of the variable compensation for Mr Philippe Brassac in respect of the 2018 financial year, subject to the approval of the General Meeting of Crédit Agricole S.A. of 21 May 2019.

In light of the principles and criteria for determining, distributing and granting elements of compensation approved by the General Meeting of Crédit Agricole CIB of 21 May 2019, the amount of the variable compensation for Mr Philippe Brassac, in respect of the 2018 financial year, was set at €1,155,800, giving a target achievement rate of 112.7%, equivalent to 112.7% of his benchmark fixed compensation.

This compensation breaks down as follows:

- €346,740 paid in June 2019;
- €115,580 indexed on the Crédit Agricole S.A. share price and paid in September 2019;
- €693,480 subjected to the conditions laid down on the regulation of the Crédit Agricole S.A. plan.

Deffered variable compensation vested in 2018 (table 2 bis above)

With respect to the deferred variable compensation in previous years, €313,080 were vested by Mr Philippe Brassac for an amount equivalent to €340,920 on the payment date, following index-linking to the Crédit Agricole S.A. share price. This amount includes:

- the first year's payment of the deferred variable compensation awarded in 2017 for 2016. For this tranche, €197,080 were granted, at a share price of €11.94 on the date of granting;
- the second year's payment of the deferred variable compensation awarded in 2016 for 2015. For this tranche, €116,000 was granted, at a share price of €9.67 on the grant date;

EXTRAORDINARY COMPENSATION

No extraordinary compensation was awarded or paid for the 2018 financial year.

DIRECTORS' FEES

Mr Philippe Brassac has waived his right to receive Directors' fees in connection with his terms of office as Director of Crédit Agricole S.A. Group companies for the full duration of his term of office.

SEVERANCE PAYMENT

No severance benefit was paid to Mr Philippe Brassac during the financial year. In the event of the termination of his position by Crédit Agricole S.A., under the conditions authorised by the Board on 19 May 2015 and approved by the General Meeting on 19 May 2016, Mr Philippe Brassac will be paid compensation for termination of contract.

NON-COMPETITION CLAUSE

In the event of termination of his position as Chief Executive Officer, on whatever grounds, Mr Brassac may be bound by a non-competition clause for a period of one year from the date of termination, as authorised by the Board on 19 May 2015 and approved by the General Meeting on 19 May 2016.

SUPPLEMENTARY PENSION SCHEME

No supplemental pension amount is payable to Mr Philippe Brassac in respect of the 2018 financial year.

As a Corporate Officer of Crédit Agricole S.A., Mr Philippe Brassac continues to be a member of the supplementary pension schemes in place for the Group's Senior Executives, in addition to the collective and mandatory pension and death & disability schemes.

The additional annuity paid by these schemes will be reduced, where appropriate, so that the annual aggregate annuity taken together with the annuities of all Group defined-contribution schemes and other mandatory schemes does not exceed 16 times the annual Social Security cap as of the date of liquidation.

Since the Board of Directors of Crédit Agricole S.A. on 19 May 2015 approved Mr Philippe Brassac's participation in the supplementary pension schemes of the Crédit Agricole S.A. Group, prior to the publication date of Law No 2015-990 of 6 August 2015 on economic growth, activity and equal opportunities, the provisions of Article L. 225-42-1 of the French Commercial Code subjecting the annual vesting of supplementary pension entitlements to meeting performance conditions do not apply. His participation was also duly approved under the terms of Article L. 225-42-1, paragraph 1, of the French Commercial Code by the Board of Directors of Crédit Agricole CIB.

In accordance with the provisions of Article L. 225-37-3 of the French Commercial Code, as amended in the framework of Law No 2015-990 of 6 August 2015 on economic growth, activity and equal economic opportunities, Mr Philippe Brassac's annual and conditional individual supplementary pension entitlements as at 31 December 2018 break down as:

- a life annuity under a defined-contribution supplementary pension, estimated at €5,000 gross;
- a life annuity under a defined-benefit supplementary pension, estimated at €519,000 gross.

The estimated total of these supplementary pension entitlements, taken together with estimated pensions from mandatory retirement schemes, triggers the application of the contractual cap of 16 times the annual social security cap as of the closing date, for all schemes.

The uncertain entitlements under the defined-benefit supplementary pension scheme are subject to continued employment conditions at retirement and are estimated on the basis of thirty-six (36) years of service recorded in the reporting period, corresponding to 34% of the reference compensation at 31 December 2018, representing zero increase in conditional entitlements in comparison with the 2017 financial year.

On this basis, the provisions of Article L. 225-42-1 of the French Commercial Code, modified by Law No 2015-990 of 6 August 2015 on economic growth, activity and equal economic opportunities, which limits any increase in these conditional rights to 3% per annum, were thus respected.

The published estimated amounts are the gross amounts before taxes and social security charges applicable at the closing date, particularly income tax payable by individuals and supplementary contributions of 7% and 14%, payable by the beneficiary, which are deducted from the life annuities payable under the defined benefit supplementary pension scheme.

BENEFITS IN KIND

Since the end of May 2018, Mr Philippe Brassac has no longer benefited from benefits in kind, which have been incorporated into his fixed salary.

Table	**3**	Directors' fees received by members of the Board of Directors of Crédit Agricole CIB (see 1.4.6 page 131).
Table	**4**	Stock options granted in the 2018 financial year to Executive Corporate Officers by Crédit Agricole CIB. No stock options were awarded to Executive Corporate Officers in 2018.
Table	**5**	Stock options exercised by Executive Corporate Officers in 2018. No Crédit Agricole S.A. stock options were exercised by Executive Corporate Officers in 2018.
Table	**6**	Performance shares awarded to Executive Corporate Officers in 2018. No performance share plan has been set up by Crédit Agricole CIB.
Table	**7**	Performance shares made available in 2018 for Executive Corporate Officers. Not applicable. No performance share plan has been set up by Crédit Agricole CIB.
Table	**8**	History of stock options granted. Not applicable.
Table	**9**	History of performance shares granted. Not applicable.
Table	**10**	Summary of multi-annual variable compensation received by each Executive Corporate Officer. Not applicable.

▶ Table 11 - Employment contract/supplementary pension scheme/severance payment/ non-competition clause indemnity

Corporate officers	Employment contract		Supplementary pension scheme		Indemnities or benefits that will or may be owed in the event of termination or change in office		Indemnity under a non-competition clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Philippe Brassac Chairman of the Board of Directors Term of office started: 20 May 2015	X with Crédit Agricole S.A. (contract suspended)		X		X with Crédit Agricole S.A.		X with Crédit Agricole S.A.	
Jean-Yves Hocher Chief Executive Officer Term of office started: 1 December 2010 Term of office ended: 31 October 2018	X with Crédit Agricole S.A. (re-activated 01.09.2015)		X with Crédit Agricole S.A. (in respect of his employment contract with Crédit Agricole S.A.)		X with Crédit Agricole S.A. (in respect of his employment contract with Crédit Agricole S.A.)			X
Jacques Ripoll Chief Executive Officer Term of office started: 1 November 2018	X with Crédit Agricole S.A.		X with Crédit Agricole S.A. (in respect of his employment contract with Crédit Agricole S.A.)			X	X with Crédit Agricole S.A. (in respect of his employment contract with Crédit Agricole S.A.)	
François Marion Deputy Chief Executive Officer Term of office started: 18 May 2016	X with Crédit Agricole CIB (contract suspended)		X			X		X
Régis Monfront Deputy Chief Executive Officer Term of office started: 15 December 2011 Term of office ended: 11 July 2018	X with Crédit Agricole CIB (contract suspended)		X			X		X
Jacques Prost Deputy Chief Executive Officer Term of office started: 26 August 2013 Term of office ended: 17 June 2018	X with Crédit Agricole S.A. (contract suspended)		X			X		X

COMPENSATION ITEMS OWED OR GRANTED FOR THE 2017 FINANCIAL YEAR TO EACH OF THE COMPANY'S EXECUTIVE CORPORATE OFFICERS AND SUBJECT TO SHAREHOLDER APPROVAL

In accordance with the provisions of Article L. 225-100 of the French Commercial Code, amended by Law No 2016-1691 of 9 December 2016 in relation to transparency, the fight against corruption and modernisation of the economy, and in view of the vote of the General Meeting of 4 May 2018 on the compensation policy envisaged for the financial year ended 31 December 2018, the fixed, variable and extraordinary elements comprising the total compensation and benefits of all kinds, in respect of the previous year ended 31 December, paid or granted to Executive Corporate Officers of Crédit Agricole CIB are subject to shareholder approval:

- the fixed portion;
- the annual variable portion and, where necessary, the multiannual variable part, together with the objectives that contribute to the determination of this variable portion;
- extraordinary compensation;
- stock options, bonus shares and any other long-term items of compensation;
- benefits linked to taking up or terminating office;
- the increase in conditional annual supplementary defined benefit pension rights mentioned in Article L. 137-11 of the French Social Security Code granted to the Executive Corporate Officers of Crédit Agricole CIB;
- benefits of all types.

Consequently, the General Meeting of 7 May 2019 is asked to approve the elements of compensation owed or awarded in respect of 2018 to each Executive Corporate Officer of Crédit Agricole CIB:

- Mr Philippe Brassac;
- Mr Jean-Yves Hocher;
- Mr Jacques Ripoll;
- Mr François Marion;
- Mr Régis Monfront;
- Mr Jacques Prost;

◆ Compensation items owed or granted in respect of the 2018 financial year to mr philippe brassac, chairman of the board of directors submitted for shareholder approval

Mr Philippe Brassac, Chairman of the Board of Directors, waived his right to Directors' fees as of 20 May 2015 and for the duration of his term of office. Neither does he receive from Crédit Agricole CIB any compensation or benefits of any nature whatsoever.

Thus, as regards Mr Philippe Brassac, no element of compensation owed or granted in respect of the 2018 financial year will be submitted for the approval of the General Meeting.

◆ Compensation items owed or granted in respect of the 2018 financial year to Mr Jean-Yves Hocher, Chief Executive Officer until 31 october 2018, submitted for shareholder approval

Mr Jean-Yves Hocher carried out his office of Chief Executive Officer without payment from 1 September 2015 to 31 October 2018 (inclusive). Over this period, Mr Jean-Yves Hocher did not receive any compensation or benefits, of any kind whatsoever, from Crédit Agricole CIB.

Thus, as regards Mr Jean-Yves Hocher, no element of compensation owed or granted in respect of the 2018 financial year will be submitted for the approval of the General Meeting.

◆ Compensation items owed or granted in respect of the 2018 financial year to Mr Jacques Ripoll, Chief Executive Officer since 1 november, submitted for shareholder approval

Mr Jacques Ripoll carried out his office of Chief Executive Officer without payment from 1 November 2018. Consequently, since that date, Mr Jacques Ripoll has not received any compensation or benefits, of any kind whatsoever, from Crédit Agricole CIB.

Thus, as regards Mr Jacques Ripoll, no element of compensation owed or granted in respect of the 2018 financial year will be submitted for the approval of the General Meeting.

For information purposes, it is recalled that the regulated commitments benefitting Mr Jacques Ripoll are borne by Crédit Agricole S.A. under his employment contract.

COMPENSATION ITEMS OWED OR GRANTED IN RESPECT OF THE 2018 FINANCIAL YEAR TO MR FRANÇOIS MARION, DEPUTY CHIEF EXECUTIVE OFFICER, SUBMITTED FOR SHAREHOLDER APPROVAL

Compensation items owed or awarded in respect of the financial year ended, subject to shareholder approval

	Amounts or book value	Description
Fixed compensation	€380,000	Mr François Marion receives gross fixed annual compensation of €380,000. This compensation was set by the Board of Directors of Crédit Agricole CIB on 9 May 2016, on the recommendation of the Compensation Committee, and has not changed since.
Annual variable compensation	€390,000	At its meeting of 11 February 2019, the Board of Directors of Crédit Agricole CIB, on the recommendation of the Compensation Committee of 5 February 2019, assessed the attainment of targets and set the amount of the variable compensation for Mr François Marion, in respect of the 2018 financial year, subject to the approval of the General Meeting of Crédit Agricole CIB of 7 May 2019. The target achievement rate, 50% of which corresponds to quantifiable criteria and 50% to individual criteria, was set at 110%. In light of the principles and criteria for determining, allocating and distributing compensation items approved by the General Meeting of Crédit Agricole CIB of 4 May 2018, the amount of the variable compensation for Mr François Marion, in respect of the 2018 financial year, consists of a performance bonus of €335,000 and a Long-Term Incentive of €55,000, amounting to a total sum of €390,000. The variable compensation may only be paid following the approval of the General Meeting of Crédit Agricole CIB of 7 May 2019.
Extraordinary compensation	No payment	Mr François Marion did not receive any extraordinary compensation for 2018.
Stock options, performance shares or any other long-term compensation	No payment	Mr François Marion was not granted any stock options or performance shares or any other element of long-term compensation for 2018.
Director's fees	No payment	Mr François Marion did not receive any Directors' fees from Crédit Agricole S.A. or from companies controlled by Crédit Agricole CIB as of 31 December 2018 within the meaning of Article L. 233-16 of the French Commercial Code.
Benefits in kind	€6,028	The company paid a benefit in kind in the form of a car. This benefit is treated as an in-kind benefit for tax purposes in accordance with current regulations.

Components of compensation owed or awarded during the past financial year on which a General Meeting will vote or has voted in accordance with the procedure governing related-party agreements and commitments

	Amounts	Description
Severance payment	No payment	In connection with his corporate office with Crédit Agricole CIB, Mr François Marion is not entitled to any severance pay that is or may be owed in the event his position is terminated or changed.
Compensation for non-competition clause	No payment	Mr François Marion is not subject to any non-competition clause in connection with his corporate office at Crédit Agricole CIB.
Supplementary pension scheme	No payment	Mr François Marion benefits from a (closed) Crédit Agricole CIB supplementary pension scheme. The benefit of these commitments was authorised by the Board of Directors of Crédit Agricole CIB on 2 November 2016 and was approved by the General Meeting of 4 May 2018, in accordance with the procedure governing related-party agreements. These commitments were once again authorised by the Board of Directors on 31 October 2018.

COMPENSATION ITEMS OWED OR GRANTED IN RESPECT OF THE 2018 FINANCIAL YEAR TO MR RÉGIS MONFRONT, DEPUTY CHIEF EXECUTIVE OFFICER UNTIL 11 JULY 2018, SUBMITTED FOR SHAREHOLDER APPROVAL

Compensation items owed or awarded during the term of office until 11 july 2018 subject to shareholder approval

	Amounts in respect of corporate office held until 11 July 2018	Description
Fixed compensation	€200,075	Mr Régis Monfront received fixed compensation of €200,075 in respect of the corporate office held at Crédit Agricole CIB until 11 July 2018. This compensation (€380,000 in annual basis) was set by the Board of Directors of Crédit Agricole CIB on 1 August 2013 on the proposal of the Compensation Committee and remained unchanged until the end of his term of office.
Annual variable compensation	€170,000	At its meeting of 11 February 2019, the Crédit Agricole CIB Board of Directors, on the recommendation of the Compensation Committee on 5 February 2019, reviewed the achievement of objectives and approved the amount of Mr Régis Monfront's variable compensation in respect of his corporate office held until 11 July 2018, subject to the approval of the Crédit Agricole CIB General Meeting of 7 May 2019. The target achievement rate, 50% of which corresponds to quantifiable criteria and 50% to individual criteria, was set at 99%. In light of the principles and criteria for determining, distributing and granting elements of compensation approved by Crédit Agricole CIB's General Meeting of 4 May 2018, the amount of variable compensation approved in respect of the corporate office held by Mr Régis Monfront until 11 July 2018 consists of a performance bonus of €162,000 and a Long-Term Incentive of €8,000, i.e. a total amount of €170,000. The variable compensation may only be paid following the approval of the General Meeting of Crédit Agricole CIB of 7 May 2019.
Extraordinary compensation	No payment	In respect of the corporate office held at Crédit Agricole CIB until 11 July 2018, Mr Régis Monfront received no exceptional compensation.
Share options, performance shares or any other long term compensation element	No payment	In respect of the corporate office held at Crédit Agricole CIB until 11 July 2018, Mr Régis Monfront was not awarded any options or performance shares or any other kind of long term compensation.
Director's fees	No payment	Mr Régis Monfront did not receive any Directors' fees from Crédit Agricole S.A. or companies controlled by Crédit Agricole CIB in respect of his office held until 11 July 2018, as of 31 December 2018, within the meaning of Article L. 233-16 of the French Commercial Code.
Benefits in kind	€3,624	The company paid a benefit in kind in the form of a car. This benefit is treated as an in-kind benefit for tax purposes in accordance with current regulations.

Components of compensation owed or awarded during the term of office until 11 july 2018 on which a General Meeting will vote or has voted in accordance with the procedure governing related-party agreements and commitments

	Amounts in respect of corporate office held until 11 July 2018	Description
Severance payment	No payment made	In respect of the corporate office held at Crédit Agricole CIB until 11 July 2018, Mr Régis Monfront did not benefit from any severance payment that is or may be owed in the event his position is terminated or changed.
Compensation for non-competition clause	No payment made	In respect of the corporate office held at Crédit Agricole CIB until 11 July 2018, Mr Régis Monfront was not subject to a non-compete clause.
Supplementary pension scheme	No payment	In respect of the corporate office held at Crédit Agricole CIB until 11 July 2018, Mr Régis Monfront benefited from a Crédit Agricole CIB (closed) supplementary pension scheme. The benefit of these commitments was authorised by the Board of Directors of Crédit Agricole CIB at its meeting of 2 November 2016 and was approved by the General Meeting of 4 May 2018, in accordance with the procedure governing related-party agreements.

COMPENSATION ITEMS OWED OR GRANTED IN RESPECT OF THE 2018 FINANCIAL YEAR TO MR JACQUES PROST, DEPUTY CHIEF EXECUTIVE OFFICER UNTIL 17 JUNE 2018, SUBMITTED FOR SHAREHOLDER APPROVAL

▶ Compensation items owed or awarded during the term of office since 17 june 2018 subject to shareholder approval

	Amounts or accounting valuation in respect of the corporate office held until 17 June 2018	Description
Fixed compensation	€207,142	Mr Jacques Prost received fixed gross compensation of €207,142 in respect of the corporate office held at Crédit Agricole CIB until 17 June 2018. This compensation (€450,000 in annual basis) was set by the Board of Directors of Crédit Agricole CIB on 9 May 2016 on the proposal of the Compensation Committee and remained unchanged until the end of his term of office.
Annual variable compensation	€215,000	At its meeting of 11 February 2019, the Crédit Agricole CIB Board of Directors, on the recommendation of the Compensation Committee on 5 February 2019, reviewed the achievement of objectives and approved the amount of Mr Jacques Prost's variable compensation in respect of his corporate office held until 17 June 2018, subject to the approval of the Crédit Agricole CIB General Meeting of 7 May 2019. The target achievement rate, 50% of which corresponds to quantifiable criteria and 50% to individual criteria, was set at 112.5%. In light of the principles and criteria for determining, distributing and granting elements of compensation approved by Crédit Agricole CIB's General Meeting of 4 May 2018, the amount of variable compensation approved in respect of the corporate office held by Mr Jacques Prost until 17 June 2018 consists of a performance bonus of €185,000 (subject to the vesting conditions of the Crédit Agricole CIB regulations) and a Long-Term Incentive of €30,000 (subject to the vesting conditions of the Crédit Agricole S.A. regulations), i.e. a total amount of €215,000. The variable compensation may only be paid following the approval of the General Meeting of Crédit Agricole CIB of 7 May 2019.
Extraordinary compensation	No payment	In respect of the corporate office held at Crédit Agricole CIB until 17 June 2018, Mr Jacques Prost received no exceptional compensation.
Share options, performance shares or any other long term compensation element	No payment	In respect of the corporate office held at Crédit Agricole CIB until 17 June 2018, Mr Jacques Prost was not awarded any options or performance shares or any other kind of long term compensation.
Director's fees	No payment	Mr Jacques Prost did not receive any Directors' fees from Crédit Agricole S.A. or from companies controlled by Crédit Agricole CIB as of 31 December 2018 within the meaning of Article L. 233-16 of the French Commercial Code.
Benefits in kind	€3,627	The company paid a benefit in kind in the form of a car. This benefit is treated as an in-kind benefit for tax purposes in accordance with current regulations.

▶ Components of compensation owed or awarded during the term of office until 17 june 2018 on which a General Meeting will vote or has voted in accordance with the procedure governing related-party agreements and commitments

	Amounts in respect of the corporate office held until 17 June 2018	Description
Severance payment	No payment made	In respect of the corporate office held at Crédit Agricole CIB until 17 June 2018, Mr Jacques Prost did not benefit from any severance payment that is or may be owed in the event his position is terminated or changed.
Compensation for non-competition clause	No payment made	In respect of the corporate office held at Crédit Agricole CIB until 17 June 2018, Mr Jacques Prost was not subject to a non-compete clause.
Supplementary pension scheme	No payment	In respect of the corporate office held at Crédit Agricole CIB until 17 June 2018, Mr Jacques Prost benefited from a supplementary pension scheme for directors of Crédit Agricole S.A., complementing the collective and obligatory pension and health schemes. The benefit of these commitments was authorised by the Board of Directors of Crédit Agricole CIB at its meeting of 2 November 2016 and was approved by the General Meeting of 4 May 2018, in accordance with the procedure governing related-party agreements.

PRINCIPLES AND CRITERIA FOR DETERMINING, DISTRIBUTING AND ALLOCATING THE FIXED, VARIABLE, AND EXCEPTIONAL ITEMS CONSTITUTING THE TOTAL COMPENSATION AND BENEFITS OF ALL KINDS DUE FOR THE 2019 FINANCIAL YEAR TO ALL EXECUTIVE CORPORATE OFFICERS OF THE COMPANY IN RESPECT OF THEIR OFFICES, SUBJECT TO SHAREHOLDER APPROVAL

Pursuant to Law No 2016-1691 of 9 December 2016 on transparency, the fight against corruption and the modernisation of the economy, the principles and criteria for determining, distributing and allocating the fixed, variable and extraordinary elements constituting the total compensation and benefits, of any nature, for the 2018 financial year for all Executive Corporate Officers of the Company in respect of their corporate offices (hereinafter the "items of compensation") must be submitted for approval by the shareholders.

The General Meeting to be held on 7 May 2019 will be asked to approve the principles and criteria for determining, distributing and allocating the items constituting the compensation due for the 2019 financial year for all Executive Corporate Officers of Crédit Agricole CIB in respect of their corporate offices

- Mr Philippe Brassac;
- Mr Jacques Ripoll;
- Mr François Marion.

Appointement of a new executive corporate officer

For the appointment of a new Executive Corporate Officer, his or her compensation will be determined by the Board of Directors in accordance with the principles and criteria approved by the General Meeting, either in line with existing practices for the fulfilment of functions of the same type, adapted as necessary if this person exercises new duties, or a new office with no equivalent in respect of the preceding period.

Principles for determining the items comprising the compensation of the chairman of the board of the directors

The Board of Directors has decided to allocate the budget for Directors' fees as follows: a gross amount of €3,000 per meeting is allocated to each Board member for attending meetings. An additional annual flat gross amount of €20,000 is allocated to the Chairman of the Board.

Mr Philippe Brassac, Chairman of the Board of Directors, waived his right to Directors' fees as of 20 May 2015 and for the duration of his term of office. Neither does he receive from Crédit Agricole CIB any compensation or benefits of any nature whatsoever.

Principles for determining the items comprising the compensation of the Chief Executive Officer

The elements of compensation for the Chief Executive Officer are determined by the Board of Directors, having consulted with and/or received proposals from the Compensation Committee, in accordance with the principles set out by the Compensation Policy of the Crédit Agricole CIB Group and with the applicable legal and regulatory provisions.

The office of the Chief Executive Officer has been executed without payment since 1 November 2018. Since that date, Mr Jacques Ripoll has not received any compensation or benefits, of any kind whatsoever, from Crédit Agricole CIB.

Principles for determining the items comprising the compensation of the deputy chief executive officers of Crédit Agricole CIB

The items of compensation for the Deputy Chief Executive Officers are determined by the Board of Directors, having consulted with and/or received proposals from the Compensation Committee, in accordance with the principles set out by the Compensation Policy of the Crédit Agricole CIB Group and with the applicable legal and regulatory provisions.

The amount of the annual fixed compensation of the Deputy Chief Executive Officers is decided by the Board of Directors acting on a proposal of the Compensation Committee, taking a number of factors into account:

- the scope of responsibilities of the Executive Corporate Officers;
- industry practices and the compensation packages for the same or similar functions in other major listed companies. Therefore, studies are conducted regularly, with the assistance of specialist firms, to look into the positioning of the compensation of the Company's Deputy Chief Executive Officers compared to other companies in the financial sector in order to ensure the consistency of the principles and levels of compensation.

The variable compensation policy applicable to Deputy Chief Executive Officers falls within the framework of the compensation policy for management at Crédit Agricole S.A.. Pursuant to the principles set out in the compensation policy approved by the Board of Directors in 2019, the Board of Directors defines the criteria for setting the annual performance bonus of Deputy Chief Executive Officers and the targets to be met.

It should be noted that the variable compensation granted to Executive Corporate Officers is subject to very strict rules as required by current banking regulations.

Criteria and conditions for granting items of variable compensation to deputy chief executive officers

For each member of Executive Management, the annual performance bonus is based 50% on quantifiable criteria and 50% on qualitative criteria, thereby combining recognition of overall performance with a balance between financial and manage real performance. At the recommendation of the Compensation Committee, the Board of Directors approves the quantifiable and qualitative criteria proposed.

- The quantifiable criteria are based on implementation of the Net Banking Income budget, Cost Control budget, Net Income Group share budget and the Risk Weighted Assets budget, within the *scope of* Crédit Agricole CIB (CIB) and that of the consolidated Crédit Agricole S.A. Group. They are the same for all Deputy Chief Executive Officers.
- The qualitative criteria are set individually and allow grading of:
  - societal value creation: measures social responsibility, respect for values above and beyond statutory obligations, impact on the environment, relationship with partners, ethics, etc.;
  - value creation for internal or external clients: measures satisfaction with services delivered and advice given;
  - managerial value creation: measures the capacity to attract, develop and retain employees.

The performance bonus may reach the target level in the event of achieving all the financial and nonfinancial objectives and may reach the maximum level in the event of exceptional performance. The target and maximum levels are expressed as a percentage of the fixed salary and are defined by the Board of Directors for each member of Crédit Agricole CIB's Executive Management.

Long-Term Incentive can be added to this bonus for Executive Managers of the Crédit Agricole S.A. Group, in order to encourage sustainable performance beyond the financial results and strengthen its relationship with compensation, with a special focus on the impact on society. It is awarded following managerial assessment and is an integral part of the variable compensation subject to the approval of the Board of Directors.

The payment of elements of variable and extraordinary compensation to the Deputy Chief Executive Officers in respect of the current financial year (2019) is, in any event, subject to the approval of the Ordinary General Meeting that will take place in 2020, of all the elements of compensation for each Deputy Chief Executive Officer in question.

ALLOCATION AND DISTRIBUTION CRITERIA FOR ITEMS OF COMPENSATION OF THE DEPUTY CHIEF EXECUTIVE OFFICERS

<table>
<tr><th></th><th>Description</th></tr>
<tr><td>Fixed compensation</td><td>The amount of the annual fixed compensation of the Deputy Chief Executive Officers takes into consideration:
▪ the scope of responsibility;
▪ industry practices and the compensation packages for the same or similar functions in other major listed companies. With the assistance of specialist firms, studies are conducted regularly to look into the positioning of the compensation of the Company's Executive Corporate Officers compared to other companies in the financial sector in order to ensure the consistency of the compensation principles and levels.
It is envisaged that the fixed compensation of the Deputy Chief Executive Officers will only be reviewed on a relatively long-term basis, unless a change of the supervisory scope of the role justifies a review. There are no plans to change the fixed compensation in 2019.
For information purposes, the date of the last review of the fixed compensation was:
<table><tr><th></th><th>Last revision date</th></tr><tr><td>François Marion</td><td>9 May 2016</td></tr></table></td></tr>
<tr><td>Variable compensation</td><td>For each Deputy Chief Executive Officer, the annual performance bonus is based 50% on quantifiable criteria and 50% on qualitative criteria.
The quantifiable criteria set by the Board of Directors at its meeting of 11 February 2019, are the following: Implementation of the Net Banking Income budget, Cost Control budget, Net Income, Group share budget and the Risk Weighted Assets budget, within the scope of Crédit Agricole CIB (CIB) and that of the consolidated Crédit Agricole S.A. scope. They are the same for all Deputy Chief Executive Officers.
The qualitative criteria are set individually for each Deputy Chief Executive Officer and allow grading of:
▪ societal value creation: measures social responsibility, respect for values above and beyond statutory obligations, impact on the environment, relationship with partners, ethics, etc.;
▪ value creation for internal or external clients: measures satisfaction with services delivered and advice given;
▪ managerial value creation: measures the capacity to attract, develop and retain employees.
The performance bonus may reach the target level in the event of achieving all the financial and nonfinancial objectives and may reach the maximum level in the event of exceptional performance. The targets and caps, based on the fixed compensation, are as follows:
<table><tr><th></th><th>Target</th><th>Cap</th></tr><tr><td>François Marion</td><td>80%</td><td>130%</td></tr></table>
A Long-Term Incentive can be added to this bonus for Executive Managers of the Crédit Agricole S.A. Group, in order to encourage sustainable performance beyond the financial results and strengthen its relationship with compensation, with a special focus on the impact on society. It is awarded following managerial assessment and is an integral part of the variable compensation subject to the approval of the General Meeting.</td></tr>
<tr><td>Multi-annual variable compensation</td><td>The Deputy Chief Executive Officers do not benefit from a multi-annual variable compensation system for the 2019 financial year.</td></tr>
<tr><td>Extraordinary compensation</td><td>There are currently no plans to grant the Deputy Chief Executive Officers any extraordinary compensation in connection with the 2019 financial year.</td></tr>
<tr><td>Stock options, performance shares or any other long-term compensation</td><td>The Deputy Chief Executive Officers do not benefit from stock option plans or performance shares for the 2019 financial year.</td></tr>
<tr><td>Director's fees</td><td>The Deputy Chief Executive Officers do not receive Directors' fees from Crédit Agricole S.A. or other companies controlled by Crédit Agricole CIB in respect of 2019 financial year within the meaning of Article L 233-16 of the French Commercial Code.</td></tr>
<tr><td>Benefits in kind</td><td>The Deputy Chief Executive Officers enjoy the use of a company car. This benefit is treated as an in-kind benefit for tax purposes in accordance with current regulations.</td></tr>
<tr><td>Supplementary pension scheme</td><td>As part of the commitments authorised by the Board of Directors and approved by the General Meeting, the Deputy Chief Executive Officers may benefit from a supplementary pension scheme, supplementary to the collective and mandatory pension and health plans. Otherwise, that will be the subject of the regulated conventions procedure.
<table><tr><td>François Marion</td><td>Eligible for supplementary pension of Crédit Agricole CIB</td></tr></table></td></tr>
<tr><td>Severance payments</td><td>The Deputy Chief Executive Officers, with respect to their terms of office, do not benefit from severance payments that are or may be due upon termination or a change in office; Otherwise, that will be the subject of the regulated conventions procedure.</td></tr>
<tr><td>Non-compensation clause</td><td>The Deputy Chief Executive Officers do not benefit from compensation pursuant to a non-competition clause in respect of their corporate offices. Otherwise, that will be the subject of the regulated conventions procedure.</td></tr>
</table>

1.4.6 Directors' fees and other compensation paid to members of the Board of Directors of Crédit Agricole CIB

DIRECTORS' FEES IN 2018

The amounts of the Directors' fees received by the members of the Company's Board of Directors in connection with the offices they held in 2018 with Crédit Agricole Corporate and Investment Bank are shown below.

The amounts of the Directors' fees paid by Crédit Agricole S.A. to the Directors in connection with their offices in said company are also provided.

In euros	DIrector's fees (1) paid by Crédit Agricole CIB	Director's fees paid by Crédit Agricole CIB in 2017	Director's fees paid by Crédit Agricole S.A.	Total 2018
Philippe BRASSAC (4)				
Jean de Dieu BATINA	17,850	1,905		17,850
Jacques BOYER (6)	19,740			19,740
Audrey CONTAUT (2)	14,904	2,535		14,904
Bertrand CORBEAU (4)				
Marie-Claire DAVEU	55,020	27,840		55,020
Claire DORLAND CLAUZEL	34,860	19,473		34,860
Olivier GAVALDA (6)	10,500			10,500
Nicole GOURMELON	28,560	19,050		28,560
Françoise GRI	28,770	13,335	94,850	123,620
François IMBAULT (7)	6,300	12,912		6,300
Luc JEANNEAU	16,800	7,620		16,800
Anne-Laure NOAT	47,950	29,210		47,950
Jean-Pierre PAVIET (7)	15,750	28,575	11,200	26,950
Catherine POURRE (3)	44,472	27,300	79,526	123,998
François THIBAULT	23,940	9,525	54,461	78,401
Odet TRIQUET (6)	8,400			8,400
Jean Pierre VAUZANGES	28,770	19,050		28,770
Paul CARITE (5)	8,400			8,400
Jacques DUCERF	12,600	9,525		12,600

(1) After deductions from amounts owed to individual beneficiaries resident in France: income tax prepayment (12.8%) and social contributions (17.20%).
(2) Ms. Contaut did not receive her attendance fees, which were paid to her union organisation.
(3) After deduction from the amounts due under applicable provisions in the country of residence.
(4) Mr Brassac has waived his Directors' fees since 20 May 2015.
Mr. Corbeau waived his Directors' fees for the duration of his term of office.
(5) Non-voting Director since 21 March 2018.
(6) Director since 4 May 2018.
((7) Director until 4 May 2018.

In 2018, Mr Bertrand Corbeau, Director, was an employee of Crédit Agricole S.A. The remuneration paid to him in 2018, it being specified that he did not receive any remuneration from Crédit Agricole CIB, amounted to €814,042 (including fixed compensation of €480,000, variable compensation of €314,241 and benefits in kind of €19,801).

TOTAL BUDGET FOR DIRECTORS' FEES IN 2018

The Ordinary General Meeting of Shareholders of Crédit Agricole Corporate and Investment Bank set a maximum total annual budget of €700,000 for Directors' fees.

RULES GOVERNING THE DISTRIBUTION OF DIRECTORS' FEES IN 2018

The distribution process of the Directors' fees is mainly based on the compensation of the effective participation in meetings and on the required availability for certain missions.

◆ Meetings of the Board of Directors

A gross amount of €3,000 per meeting is allocated to each Board member for attending meetings. An additional annual flat gross amount of €20,000 is allocated to the Chairman of the Board.

Non-voting Directors receive the same compensation as Directors which is paid out of the overall budget.

◆ Meetings of the Board of Directors specialised Committees

The rules on the distribution of Directors' fees that were in force during 2018 are described in the table below.

	Chairman	Member
Committee Compensation	Annual flat amount: €6,000	Annual flat amount: €4,500
Committee Appointments and Governance Committee	Annual flat amount: €4,500	Annual flat amount: €4,500
Audit Committee	Annual flat amount: €25,000	€3,300 per meeting with an annual cap of €23,500
Risk Committee	Annual flat amount: €30,000	€3,300 per meeting with an annual cap of €23,500

1.5 SUMMARY TABLE OF THE RECOMMENDATIONS OF THE AFEP-MEDEF CODE REVISED IN JUNE 2018 WHICH WERE NOT FOLLOWED AND THUS EXCLUDED

At 31 December 2018

Background:

- the Company is more than 99%-owned by the Crédit Agricole Group (Crédit Agricole S.A. owns more than 97% of the Company's shares);
- the Company's governance is therefore in line with that of the Crédit Agricole Group.
- The composition of the Board and its committees reflects the corporate governance system, under which Board positions in certain Group subsidiaries are assigned to the Chairmen or Chief Executive Officers of regional branches of the Crédit Agricole Group.

AFEP-MEDEF Code recommendations	Comments
10. Board meetings and Committee meetings 10.3 It is recommended that a meeting be organised every year without the presence of the Executive Management members.	The compensation, objectives and performance of the Deputy Chief Executive Officers are reviewed and discussed by the Compensation Committee at meetings which these Executive Management members do not attend. In addition, the presentation of the Compensation Committee's conclusions to the Board of Directors and the Board's deliberations thereon are made without the presence of the Deputy Chief Executive Officers, which is permit for the Board to discuss the way in which the Executive Management members perform their duties. It is recalled that the mandate of Chief Executive Officer within Crédit Agricole CIB is an honorary appointment.
19. Each director must personally own a minimum number of shares, relative to the amount of attendance fees allocated.	Article 10 of the Company's Articles of Association provides that directors appointed by the General Meeting must hold one share in the company.
21. Termination of the employment contract if an employee becomes a Corporate Officer 21.1 It is recommended that when an employee becomes an executive officer of the Company, the employment contract binding the employee to the company or to a company in the Group be suspended either by conventional termination or by resignation. 21.2 This recommendation applies to the Chairman, the Chief Executive Officer, and Managing Directors in companies with a Board of Directors.	Mr Jacques Ripoll is a member of the Executive Committee and the Deputy General Manager of Crédit Agricole S.A., in charge of the Large Customer segment. As such, he manages the Bank's corporate and investment activities and oversees the wealth management activities and services for institutional investors and businesses. It is in this context that he has an employment contract with Crédit Agricole S.A. which was renewed.
22. Obligation to share ownership by Executive Corporate Officers The Board of Directors sets a minimum amount of shares that Corporate Officers must keep in registered form until they relinquish their appointments. This decision will be reviewed at least with each renewal of their mandate.	The Company's shares are not offered to the public and are not listed for trading on a regulated market. More than 99% of the capital is also held by the Crédit Agricole Group. Neither the Chairman of the Board, the Chief Executive Officer or the Deputy Chief Executive Officer holds any shares in the Company.

1.6 PROCEDURES FOR SHAREHOLDER PARTICIPATION IN GENERAL SHAREHOLDER MEETINGS

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

"SECTION V - GENERAL MEETINGS"

ART. 19 - COMPOSITION - NATURE OF MEETINGS

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

Duly constituted Shareholders' Meetings represent all shareholders.

Decisions taken in Shareholders' Meetings in accordance with laws and regulations in force are binding on all shareholders. A Shareholders' Meeting is deemed extraordinary if any decisions relate to a change in the Articles of Association. All other meetings are deemed ordinary.

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

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

ART. 20 - MEETINGS

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

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

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

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

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

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

ART. 21 ORDINARY GENERAL MEETING

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

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

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

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

It appoints the Statutory Auditors.

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

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

ART. 22 - EXTRAORDINARY GENERAL MEETING

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

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

1.7 CAPITAL STRUCTURE OF THE COMPANY AND OTHER INFORMATION UNDER L.225-37-5 OF THE FRENCH COMMERCIAL CODE

Capital structure

At 31 December 2018, the Company's share capital consisted of 290,801,346 ordinary shares with a par value of €27 each, giving a share capital of €7,851,636,342. The shares are more than 97%-owned by Crédit Agricole S.A. and more than 99%-owned by the Crédit Agricole Group. The Company's shares have not been offered to the public and are not listed for trading on a regulated market.

There is no employee shareholding scheme in the Company nor a holder of securities with special control rights or vote rights.

To the Company's knowledge, there are no shareholder agreements that may result in restrictions on the transfer of shares and the exercise of voting rights.

There is no agreement regarding allowances for Board of Director's members and employees in case of resignation or dismissal without real and serious cause or in case of job termination in a context of a public offering to buy or a public offering to exchange.

The Board of Directors' powers are described in section 1.2.2. The conditions for transferring Company shares and the rules relating to the appointment and to the replacement of Board members result from the provisions of the Articles of Association as explained below. Any change in the Article of Associations is under the authority of the Ordinary General Meeting (Article 22 of the Article of Associations, as reminded in section 1.6).

Extracts from the Company's Articles of Association

.../...

ART. ART. 7 – FORM OF SHARES - TRANSFER AND TRANSMISSION OF SHARES

7a. Form of shares

The shares must be registered in a pure nominative account with the issuing company.

7b. Transfer and assignment of shares

I. Transfers of shares for the benefit of spouses, ascendants and descendants are free.

I. The same applies to transfers to a person appointed Director, within the limit of the number of shares required for the exercise of his function, as well as transfers in favour of Crédit Agricole S.A. and any company under its control, within the meaning of Article L. 233-3 I & II of the French Commercial Code.

II. Except in the cases referred to in I. above, no natural or legal person ("the transferee") may become a shareholder of the Company or the holder of a dismembered right in respect of any share or right arising therefrom, in any manner ("the transfer"), if it has not been previously approved by the Chairman of the Board of Directors, under the conditions set out below:

1. The request for approval of the transferee is notified to the Company by an extrajudicial act or by registered letter with acknowledgement of receipt, indicating the transferee's surname, first names and address, the number of shares that are planned to be assigned, as well as the price offered and the conditions of the sale. Approval is granted either by way of a notification, or through the failure to reply within three months of the request. The approval decision is made by the Chairman. No justification will be given for the decision, and refusals may never give rise to a legal claim.

The transferor is informed of the decision, within fifteen days of receipt of the notification, by registered letter with acknowledgement of receipt.

In case of refusal, the transferor will have ten days from receipt to make known, using the same means, whether he waives his proposed transfer or not.

2. In the event that the transferor does not waive his proposed transfer, the Chairman is obliged, within three months from the notification of the refusal, to have the shares acquired, either by shareholders or by third parties or, with the consent of the transferor, by the Company for the purpose of reducing the capital.

For this purpose, the Chairman will notify the shareholders of the proposed sale, by registered letter, inviting each to indicate the number of shares he or she wants to acquire.

The purchase offers are sent by the shareholders to the Chairman, by registered letter with acknowledgement of receipt, within ten days of the notification they have received. The distribution between the shareholders purchasing the offered shares is made by the Chairman, in proportion to their participation in the capital and within the limit of their requests.

3. If no request for purchase is sent to the Chairman within the above time limit, or if the requests do not concern all of the shares, the Chairman may have the available shares purchased by third parties.
4. With the transferor's approval, the shares may also be purchased by the Company. The Chairman requests this approval by registered letter with acknowledgement of receipt to which the transferor must respond within ten days following its receipt.

If the transferor approves, on the proposal of the Chairman, the Board of Directors convenes an Extraordinary General Meeting of Shareholders to decide on the repurchase of the shares by the Company and the corresponding reduction of the share capital. This notice must be given early enough to respect the three-month period below.

In all cases of purchase or repurchase mentioned above, the price of the shares is set as indicated in paragraph 6 below.

5. If all of the shares are not purchased or repurchased within three months from the notification of the refusal of approval, the transferor may realize the sale for the benefit of the original transferee, for all the shares sold, notwithstanding any partial purchase offers that may have been made. This time limit of three months may be extended by order of the President of the Commercial Court, without appeal, at the request of the Company, the transferor shareholder and the transferee, duly summoned.
6. In the event that the shares offered are purchased by shareholders or third parties, the Chairman shall notify the transferor of the surname, first names and domicile of the purchaser(s).

Failing agreement between the parties, the price of the shares shall be determined under the conditions provided for in Article 1843-4 of the French Civil Code.

Fees for experts shall be shared equally between the buyer and the seller.

7. Within eight days of the determination of the price, a notice is sent to the transferor, by registered letter with acknowledgement of receipt, requesting that he make known, within fifteen days of

receipt of said notice, whether he waives the transfer or, if not, informs him to proceed to the registered office to pay this price, which is not interest-bearing, and sign the movement order. If the transferor does not appear within the fifteen-day period referred to above, or does not notify the Company within this period of his renunciation, the transfer on behalf of the purchaser(s) takes place automatically following the order from the Chairman of the Board of Directors or a specially mandated person, with effect from the date of this transfer.

8. The provisions of this article generally apply to any means of ownership transfer, whether free of charge, for value, over-the counter or otherwise, even if the transfer takes place via public tender by virtue of a judicial, private, voluntary or forced decision. They are applicable in the event of incorporation, partial asset transfer, merger or demerger or transfer of all assets.
9. The approval clause, which is the subject of this article, also applies to the transfer of the allocation rights in the event of a capital increase by incorporation of reserves, profits or share premiums. It also applies in the event of transfer of the subscription right to a capital increase in cash or an individual waiver of the subscription right in favour of persons named.

In either case, the right of approval and the repurchase conditions stipulated in this article apply to the subscribed shares, and the time limit given to the Chairman to notify the third-party subscriber whether or not he accepts it as shareholder is three months from the date of final completion of the capital increase.

In case of repurchase, the price of the shares shall be determined under the conditions provided for in Article 1843-4 of the French Civil Code.

10. In case of allocation of Company shares, following the division of a company owning these shares, allocations to persons who are not already shareholders shall be subject to the approval set down in this article.

Consequently, any planned attribution to persons other than shareholders must be the object of a request for approval by the liquidator of the company under the conditions set out in paragraph 1 above. In the absence of notification to the liquidator of the Chairman's decision, within three months of the request for approval, this approval shall be considered acquired.

In case of refusal to approve certain beneficiaries, the liquidator may, within thirty days of the notification of the refusal of approval, modify the attributions in such a way as to present only approved beneficiaries.

In the event that no beneficiary is approved, as in the case where the liquidator has not modified his sharing project within the above time limit, the shares allocated to the nonapproved shareholders must be bought or repurchased from the company in liquidation, under the conditions set out under paragraphs 2 to 4 above. In the absence of purchase or repurchase of all shares, the object of the refusal of approval, within the time limit set down in paragraph 5 above, the sharing can be realized according to the presented project.

III. Transfers of shares by succession or in case of liquidation of community of property between spouses are free.

ART. 8 – RIGHTS AND OBLIGATIONS RELATED TO SHARES

Each share entitles the holder thereof to a proportionate ownership right in the assets of the Company and in the proceeds after liquidation equal to the pro rata portion of the registered capital represented by such share, taking into account, if applicable, the amortised and unamortised capital, or the paid up and unpaid capital, of the nominal amount of the shares and the rights of the shares of different categories.

All shares which represent or will represent part of the share capital will be included as share capital for tax purposes. Thus, all duties and taxes which, for whatever reason, may become payable by certain holders upon distribution of capital, either during the existence of the Company or at liquidation, will be allocated among all shares representing capital at the time of such distribution or distributions, with the result that, after taking into account the unredeemed nominal value of the shares to the extent of their respective rights, all present or future shares will confer upon the holders thereof the same effective benefits and the right to receive the same net amounts.

3 Whenever it is necessary to possess a certain number of shares in order to exercise a right, the isolated securities or those less than the required amount do not confer any rights against the Company; it shall be up to holders that do not possess such number to group together and, if necessary, to purchase or sell the requisite number of securities.

ART 9. - COMPOSITION OF THE BOARD OF DIRECTORS

The Company is administered by a Board of Directors composed of six to twenty Directors: at least six appointed by the General Meeting of Shareholders in accordance with the provisions of Article L. 225-18 of the French Commercial Code or any subsequent text and two elected by the employees in accordance with the provisions of Articles L. 225-27 to L. 225-34 of the French Commercial Code or any subsequent text.

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

where applicable, the non-voting Director(s) appointed in accordance with Article 17 below;

one member of the Works Council designated by the said council.

1. Directors appointed by the General Meeting of Shareholders

These Directors are appointed, renewed and dismissed under the legal and regulatory conditions in force.

Their term of office is three years. However, the Director appointed to replace another whose term of office has not expired shall remain in office only for the remainder of his predecessor's term of office.

In the event of the vacancy of one or more directorships as a result of death, resignation, or other cases provided for by law, replacement by co-optation shall take place under the conditions provided for by the regulations and legislation in force.

2. Directors elected by the employees

Their number is fixed at two: one is elected by managerial and similar employees; the other by the other employees.

In any case, their number may not exceed one third of the Directors appointed by the General Meeting.

They are elected under the terms and conditions set by the legal and regulatory provisions in force or, failing this, by the Chief Executive Officer after consulting with the Company's representative unions.

These two Directors are elected for a period expiring on the same day:

- either at the end of the Annual General Meeting of Shareholders held for the third calendar year following that of their election;
- or at the end of the electoral process organized during this third calendar year if this process is carried out after the Meeting.

In the event of a vacancy due to death, resignation, revocation or termination of the employment contract of a Director elected by the employees, the vacant seat is filled in accordance with the legal and regulatory provisions and his substitute takes office immediately. In the absence of a substitute capable of performing the duties, a new election shall be held within three months.

In any case, the duration for which a Director elected by the employees is appointed is limited to the period remaining until the date on which his employment contract terminates.

ART. 10 - OTHER REQUIREMENTS RELATED TO THE DIRECTORS

During his term of office, each Director appointed by the General Meeting of Shareholders must own at least one share.

Any Director reaching the age of sixty-five is deemed to have retired from office at the end of the Annual General Meeting that follows the date of the birthday in question.

However, the term of office of a Director appointed by the General Meeting of Shareholders may be renewed for a maximum of five subsequent one-year periods, provided the total number of Directors aged 65 or over does not exceed at any time one third of the total number of Directors in office. If the number of Directors is not exactly divisible by three, the third is calculated by rounding up.

.../...

ART. 15 – CHAIRMAN OF THE BOARD OF DIRECTORS

The Board of Directors elects a Chairman from among its members, whose term of office it determines, without exceeding the duration of his term as Director.

The Board of Directors may elect one or multiple Deputy Chairmen from among its members, whose term of office it also determines, without exceeding the duration of their terms as Directors.

He organizes and guides the work of this body, about which he reports to the General Meeting. He sees to the proper functioning of the Company's corporate bodies and ensures, in particular, that the Directors are able to fulfil their mission.

In general, the Chairman is vested with all the powers attributed to him by the legislation in force.

By way of derogation from the provisions of Article 10, paragraph 2, of these Articles of Association, the age limit for the exercise of the functions of Chairman of the Board of Directors is set at 67 years, except in the case where the Chairman also assumes the functions of the Company's Chief Executive Officer.

He benefits from the provisions of Article 10, paragraph 3.

1.8 INFORMATION ON THE DELEGATIONS CONCERNING CAPITAL INCREASES

At 31 December 2018, no delegation has been granted by the General Meeting to the Board of Directors regarding capital increases.

The Board of Directors

2. COMPOSITION OF THE EXECUTIVE COMMITTEE

THE COMPOSITION OF CRÉDIT AGRICOLE CORPORATE AND INVESTMENT BANK'S EXECUTIVE COMMITTEE AT 31 DECEMBER 2018 WAS AS FOLLOWS:

■ Jacques RIPOLL	Chief Executive Officer
■ François MARION	Deputy Chief Executive Officer
■ Jean-François BALAŸ	Deputy General Manager
■ Isabelle GIROLAMI	Deputy General Manager
■ Régis MONFRONT	Deputy General Manager
■ Alexandra BOLESLAWSKI	Risk & Permanent Control
■ Olivier BELORGEY	Finance
■ Martine BOUTINET	Human Resources
■ Éric CHEVRE	Global Compliance
■ Hélène COMBE-GUILLEMET	Global Investment Banking
■ Frédéric COUDREAU	Global IT
■ Bertrand HUGONET	Corporate Secretary & Communication
■ Éric LECHAUDEL	Operations & Country COOs
■ Jamie MABILAT	Debt Optimisation & Distribution
■ Jacques de VILLAINES	Structured Finance

SINCE 11 FEBRUARY 2019, AS A RESULT OF CHANGES IN GOVERNANCE, EXECUTIVE COMMITTEE AND MANAGEMENT COMMITTEE ARE CONSTITUTED AS FOLLOWS:

◆ Executive Committee

■ Jacques RIPOLL	Chief Executive Officer
■ François MARION	Deputy Chief Executive Officer
■ Jean-François BALAŸ	Deputy General Manager
■ Isabelle GIROLAMI	Deputy General Manager
■ Olivier BELORGEY	Finance
■ Didier GAFFINEL	Global Coverage and Investment Banking
■ Alexandra BOLESLAWSKI	Risk & Permanent Control

THE MANAGEMENT COMMITTEE IS COMPOSED OF THE EXECUTIVE MANAGEMENT AND ALSO INCLUDES:

◆ Management Committee

▪ Régis MONFRONT	Senior Coverage & Investment Banking officer
▪ Marc-André POIRIER	SRO America
▪ Michel ROY	SRO Asia-Pacific
▪ Thierry SIMON	SRO Middle-East - Africa
▪ Frank SCHÖNHERR	SCO Germany
▪ Ivana BONNET	SCO Italy
▪ Daniel PUYO	SCO UK
▪ Bertrand HUGONET	Corporate Secretary & Communication
▪ Jamie MABILAT	Debt Optimisation & Distribution
▪ Julian HARRIS	Debt restructuring & Advisory Services
▪ Eric CHEVRE	Global Compliance
▪ Hélène COMBE-GUILLEMET	Global Investment Banking
▪ Frédéric COUDREAU	Global IT
▪ Pierre GAY	Global Markets Division
▪ Martine BOUTINET	Human Resources
▪ Arnaud CHUPIN	General Inspection
▪ Laurent CHENAIN	International Trade & Transaction Banking
▪ Bruno FONTAINE	Legal
▪ Eric LECHAUDEL	Operations & Country COOs
▪ Jacques de VILLAINES	Structured Finance

4

2018 BUSINESS REVIEW AND FINANCIAL INFORMATION

4 SOMMAIRE

5.3
B€

NET BANKING INCOME

N°1
WORLDWIDE

ON SUPRANATIONAL BONDS ISSUES (1)

(1) As bookrunner, worldwide end of 2018 . Source: Renitiv N5.

N°4
WORLDWIDE

IN PROJECT FINANCING (1)

(1) As mandated arranger by volume in 2018. Source: Refinitiv X02.

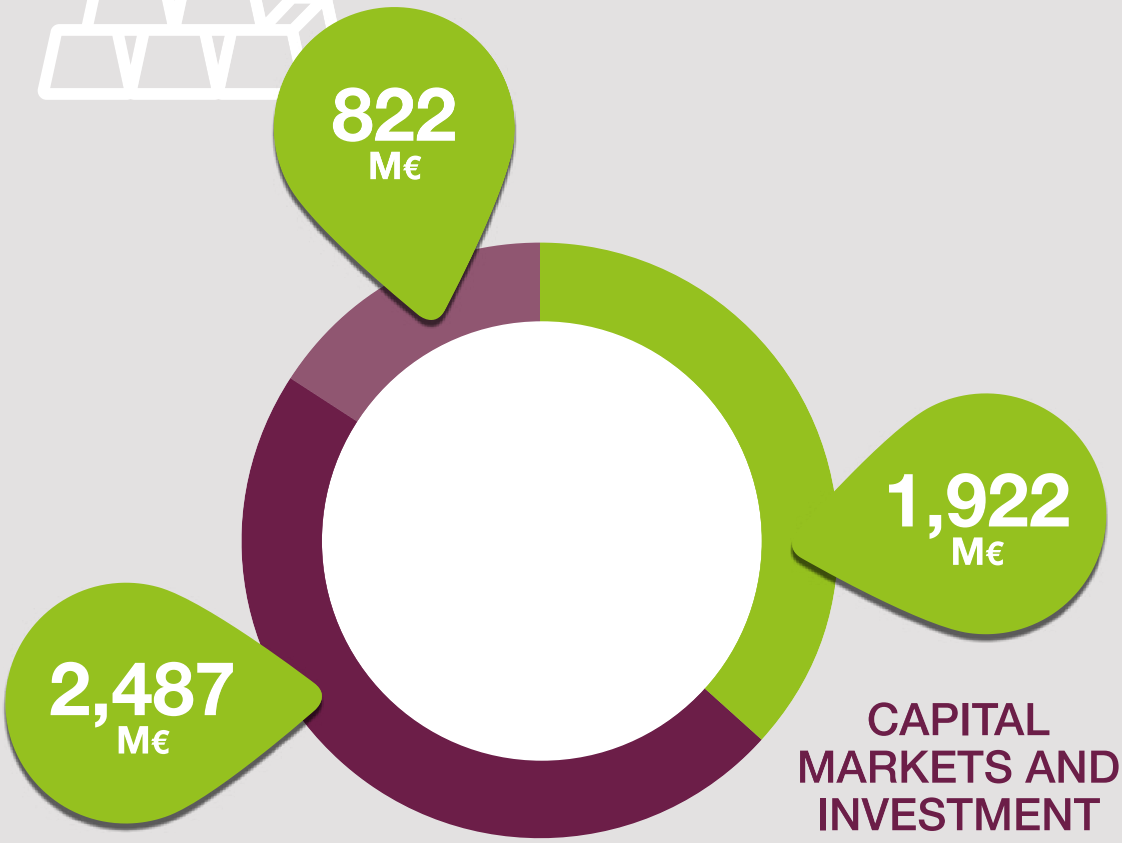
122.8
B€

ASSETS UNDER MANAGEMENT
(WEALTH MANAGEMENT)

UNDERLYING (1) NBI BY BUSINESS LINE IN 2018

IN € MILLION

WEALTH MANAGEMENT



CAPITAL MARKETS AND INVESTMENT BANKING

FINANCING ACTIVITIES

(1) Restated from loan hedges and DVA running impact.

1. CRÉDIT AGRICOLE CIB GROUP'S BUSINESS REVIEW AND FINANCIAL INFORMATION

1.1 PRESENTATION OF CRÉDIT AGRICOLE CIB GROUP'S FINANCIAL STATEMENTS

Changes to accounting policies

Pursuant to EC Regulation 1606/2002, the consolidated financial statements were prepared in accordance with IAS/IFRS standards and IFRIC interpretations applicable at 31 December 2018 as adopted by the European Union (the carve-out version) and using certain dispensations of IAS 39 as regards macro-hedge accounting.

The standards and interpretations are identical to those used and described in the Group financial statements at 31 December 2017.

They have been supplemented by the provisions of those IFRS as endorsed by the European Union at 31 December 2018 and that must be applied in 2018 for the first time.

Changes in consolidation scope

Changes in scope between 1 January and 31 December 2018 were as follows:

COMPANIES FIRST-TIME CONSOLIDATED IN 2018

The following company entered the scope of consolidation:

- Banca Leonardo S.p.A.
- CFM Indosuez Conseil en Investissement
- CFM Indosuez Gestion
- CFM Indosuez Conseil en Investissement, Succursale de Noumea
- Azqore
- Azqore Singapore Branch SA
- Crédit Agricole CIB Transactions
- FCT La Route Avance

COMPANIES DECONSOLIDATED IN 2018

The following companies went out of the scope of consolidation:

- CLTR
- Igasus LLC

1.2 ECONOMIC AND FINANCIAL ENVIRONMENT

Overview of 2018

Despite tighter monetary and financial conditions in the US, the latter's protectionist approach to trade, a highly volatile oil price (which registered an increase on average over the year1) and political and geopolitical tensions, the global economy continued to progress at a steady pace. This dynamic trend did not give rise to imbalances (inflation and external deficits) usually fuelled by strong growth and which traditionally signal an imminent downturn. Price formation (previously the close link between falling unemployment and rising wages) was transformed by structural factors (expansion of the tertiary sector, "uberisation" of the economy, increased competition), hence inflation remained low. The depth of the 2008 financial crisis was also a factor hindering the development of patent imbalances, notably in the form of inflation. However, the synchronous acceleration of growth in the major zones disappeared. Growth in the US remained strong, but there were signs of a gradual weakening in the Eurozone, and further still in emerging countries.

The United States continued to register a steady pace of high economic growth (2.8% after 2.2% in 2017) driven by household consumption, the recovery, albeit disappointing, in investment, and "over-stimulation" by a substantial but equally untimely budget plan. Fiscal stimulus measures added +0.8 percentage points of growth in 2018 (with estimated additional growth in 2019 of +0.6 percentage points). Bolstered by tax savings at a time when the economy operated at full capacity, the cycle, although mature, had yet to peak. The current cycle, which started in June 2009, has already seen 114 consecutive months of growth, versus records of 106 months and 119 months in the early 1960s and 1990s respectively. Although growth surpassed its potential rate (2%) and unemployment (3.7% versus a peak of 10% in October 2009) fell below the equilibrium level (according to the Federal Reserve, at a rate of 4.5% the economy is at full employment), headline inflation did not rise significantly (annual average of 2.4% after 2.1% in 2017). The Federal Reserve continued its cycle of monetary tightening. It introduced four 25bp rate hikes in its policy rate, bringing it to 2.50% at the end of 2018. Since the start of monetary tightening in December 2015, the Fed Funds rate has increased by 225bp. The Federal Reserve also continued quantitative tightening (a gradual reduction in its balance sheet). This more restrictive approach led to a significant rise in short term rates, incorporating continued monetary tightening (2-year sovereign yields rose by 75bp over the year, reaching 2.65% at year-end). Despite a period slightly above 3%, long rates did not "overreact". Without any clear inflation risk or strong inflationary anticipations, and profiting from bouts of strong aversion to risk, they increased by only around 30 basis points over the year to just 2.8% at the end of December, leading to a marked flattening of the yield curve.

In the Eurozone, growth dipped in the first quarter of 2018 (2.5% year-on-year after 2.7% at the end of 2017) on foot of destocking (the restocking process had proved excessive) and temporary dis-

(1) At the start of 2018, the Brent price stood at 67 US dollars a barrel, and peaked at 86 dollars in early October before plummeting to 53 dollars at the end of December. Over the first nine months, the increase was fuelled by production cuts by OPEC, a collapse in production in Venezuela and the return of US sanctions on Iranian oil exports. A temporary halt in production cuts by OPEC and Russia combined with a sharp increase in production in the US sparked a tumble in the price during the last quarter of 2018. On average Brent reached 71 dollars a barrel over the year (versus 54 dollars a barrel in 2017).

ruptions such as strikes, weather effects, and the timing effect of tax measures in France. This decline raised several questions to which exaggeratedly pessimistic if not alarming responses were frequently given, even though the fundamentals remained solid, suggesting it was a temporary phenomenon. Households and businesses alike continued to consolidate their financial positions while also maintaining strong expenditure. Growth in wages and disposable income underpinned household consumption (at the cost of a slight fall in the savings rate) while good profit trends enabled an acceleration of investment expenditure and an increase in the investment rate. Anticipations were that economic growth would evolve gradually closer to its potential rate (estimated at 1.5%), therefore still a normal trajectory, i.e. slowing from an annual rate of 2.8% at its 2017 peak to 2.2% in spring 2018. After the summer, the slowdown amplified and despite the publication of positive data, surveys revealed a deterioration in sentiment. Threats of protectionism by Donald Trump created a climate of uncertainty and a wait-and-see approach that was not conducive to investment. In the meantime, the appointment of a populist government in Italy created fresh shock waves in Europe. The ramp-up of trade tension and the Italian political crisis weighed heavily on Europe's financial markets. GDP fell to 1.6% year-on-year in the third quarter after 2.2% in the second quarter. Temporary factors linked to new European standards caused disruption in the automotive sector, but a catch-up is expected. Despite such jolts, exaggerated fears of a possible drastic and imminent downturn in the cycle and weaker foreign demand, growth had the potential to reach 1.9% in 2018 versus 2.6% in 2017: a commendable rate that would not fuel inflation (1.6% after 1.5% in 2017). The European Central Bank (ECB) thus prolonged its quantitative easing programme until December 2018 (after which it said it would discontinue its net purchases) while reducing the monthly amount of its sovereign security purchases (from 30 billion euros to 15 billion euros starting in September 2018). Despite monetary tightening in the US and the implementation of a gradually less accommodative monetary policy, core European rates did not suffer. After increasing to nearly 0.8% at the end of February (rising by 35 basis points in two months), German 10-year yields began to fall again, reaching a low of 0.25% at the height of the Italian political crisis. After small spikes while remaining weak, they moved back to 0.2% at the end of December, taking advantage of a surge in aversion to risk caused by US protectionist policies as well as uncertainties around the extent of the economic slowdown (actual data and announcements). French and Italian yields evolved in line with internal political developments: at the end of December the spread between French yields and the Bund was close to 45bp, i.e. 10-15bp more than before the start of the "yellow vest" crisis, while the spread in relation to Italian yields tightened to less than 260bp versus a peak of 320bp at end-November during the height of the contentious budget negotiations with the European Commission. After strong losses in December, both the European and US equity markets registered a decline over the year (Eurostoxx 50 and S&P 500 down by nearly 15% and 8.5% respectively). Finally, although it is generally deemed undervalued but exposed to bouts of risk aversion, the euro depreciated by nearly 5% against the US dollar in 2018.

1.3 CONSOLIDATED NET INCOME

Condensed consolidated income statement

▶ 2018

€ million	Underlying CIB(1)	Non-recurring (1)	Stated CIB	Private Banking	Corporate Center	Underlying CIB Change 2018/2017	CACIB	Underlying CIB Change 2018/2017 at constant rate
Net Banking Income	**4,409**	**45**	**4,454**	**822**		**(4%)**	**5,276**	**(2%)**
Operating expenses	(2,610)		(2,610)	(711)		+2%	(3,321)	+3%
Gross Operating Income	**1,799**	**45**	**1,844**	**111**		**(11%)**	**1,955**	**(9%)**
Cost of risk	60		60	(5)			55	
Pre-tax income	**1,859**	**45**	**1,904**	**106**	**(0)**	**(2%)**	**2,010**	**(1%)**
Corporate income tax	(489)	(11)	(500)	(29)	4	(20%)	(525)	(17%)
Net income	**1,370**	**34**	**1,404**	**77**	**4**	**+7%**	**1,485**	**+10%**
Non-controlling interests	(2)		(2)	8			6	+5%
Net income, Group Share	**1,372**	**34**	**1,406**	**69**	**4**	**+7%**	**1,479**	**+10%**

(1) Restated from loan hedges and DVA running impact on NBI for respectively € 23m, € 22m in 2018.

▶ 2017

€ million	Underlying CIB (1)	Non-recurring (1)	CIB	Private Banking	Corporate Center (2)	CACIB
Net Banking Income	**4,587**	**(133)**	**4,454**	**765**	**(220)**	**4,999**
Operating expenses	(2,560)		(2,560)	(625)		(3,185)
Gross Operating Income	**2,027**	**(133)**	**1,894**	**140**	**(220)**	**1,814**
Cost of risk (3)	(319)		(319)	(11)		(330)
Share of net income of equity-accounted entities	175	102	277			277
Gain/losses on other assets	12		12	6		18
Pre-tax income	**1,895**	**(31)**	**1,864**	**135**	**(220)**	**1,779**
Corporate income tax	(611)	(49)	(660)	(15)	61	(614)
Net income	**1,284**	**(80)**	**1,204**	**120**	**(159)**	**1,165**
Non-controlling interests	(2)		(2)	11		9
Net income, Group Share	**1,286**	**(80)**	**1,206**	**109**	**(159)**	**1,156**

(1) Restated for loan hedges and debt value adjustment (DVA) impacts on NBI for -€57 million and -€76 million, respectively, for gains on the disposal of BSF as a proportion of equity method (EM) net income for +€102 million and for tax (exceptional for -€95 million and net income tax effect on DVA and loan hedges of +€46 million) in 2017.
(2) Including a debt revaluation for -€220 million in NBI.
(3) Including legal provisions for -€115 million in 2017.

The market environment is 2018 remained challenging, affected by a variety of political and commercial events.

In Europe, the ECB's and BoE's monetary policies reflected the end of quantitative easing. The future of the Eurozone remains the primary uncertainty with Brexit and the Italian budget.

In the United States, buoyed by growth expectations, the Fed maintained its rate increase policy by raising the prime rate to 2.5%.

In Asia, the trade war between China and the U.S.A. fierce at the start, seemed to have settled down by year end.

Against this background, underlying CIB revenues fell -4% (-2% at constant rates). Revenue from financing activities rose +8% (+10% at constant rates) with good performance from all business lines and a concentration of major deals. Revenue from capital markets and investment banking fell -16% (-15% at constant rates) in an unfavourable market environment for certain fixed income activities and with lower volumes in investment banking compared to the good levels in 2017.

Expenses rose +2% (3% at constant rates), largely due to organic growth, information technology expenditures and the integration of headcount from Credit Agricole S.A.'s Banking Services Department.

Excluding the SRF (up 11%), the cost/income ratio of the underlying CIB came through at 55.1% in 2018.

Gross operating income was €1,799 million at current rates.

The cost of risk was sharply reduced as a result of a low cost of specific risk following the derecognition of a number of loans and net reversals in buckets 1 and 2.

The share of net income from equity accounted entities was zero, whereas 2017 included €175 million from the share in the Saudi Fransi Bank.

Net income, Group share, was €1,372 million, up 7%. Excluding BSF, net income, Group share, rose 21%.

1.4 RESULTS BY BUSINESS LINES

Financing activities

€ million	2018[1]	2017[1]	Change 2018/2017	Change 2018/2017 at constant rate
Net Banking Income	2,487	2,309	+8%	+10%
Operating expenses	(994)	(945)	+5%	+7%
Gross Operating Income	**1,493**	**1,364**	**+9%**	**+15%**
Cost of risk	82	(260)	ns	
Share of net income of equity-accounted entities		175	ns	
Gain/losses on other assets		12	ns	
Pre-tax income	**1,575**	**1,291**	**+22%**	
Corporate income tax	(415)	(431)	(4%)	
Net income	**1,160**	**860**	**+35%**	
Non-controlling interests	(2)	(1)	+100%	
Net income, Group Share	**1,162**	**861**	**+35%**	

(1) - Restated for loan hedges in NBI for €+23 million and €-57 million for 2018 and 2017, respectively, from gains on disposals of BSF for +€102 million as a proportion of EM net income and taxes (exceptional for €-95 million and tax effect on loan hedges of €+20 million).

- Including legal provisions for -€57.5 million for 2017.

Revenue from financing activities was up 8% (10% at constant exchange rates), driven both by structured finance activities and commercial banking.

The increase in revenue from structured finance was essentially driven by major deals in the Telecoms and Energy sectors. Crédit Agricole CIB is still the global leader in aeronautics financing [(1)] and has risen three places to become the world's 4th largest project finance provider [(2)].

Commercial banking revenue rose thanks to both export finance, international trade financing and cash management activities (International Trade & Transaction Banking), and corporate lending activities and distribution (Debt Optimisation and Distribution).

In International Trade and Transaction Banking (ITB), strong performance came from Private Equity Financing Solutions in partnership with CACEIS and the rise in oil prices had a positive impact on Global Commodities Finance. Trade performed very strongly, as did revenue from consolidation of the Correspondent Banking activity of Crédit Agricole S.A. Debt Optimisation and Distribution activities were also well-positioned, thanks to acquisition finance including two major transactions and the securing of key bilateral loans. Crédit Agricole CIB has improved its positioning on syndicated loans, rising from 4th place to 2nd place [(3)] in syndicated finance to Corporates in the EMEA region.

The operating coefficient was 40%, at the same level as 2017.

The cost of risk was sharply reduced as a result of a low cost of specific risk following the derecognition of a number of loans, and net reversals in buckets 1 and 2.

The share of net income from equity accounted entities was zero, whereas 2017 included €127 million from the share in the Saudi Fransi Bank under financing activities.

The contribution to net income, Group Share was €1,162 million, a 35% rise compared to 2017 thanks to the combined effect of an increase in revenue from the business lines and a recovery in cost of risk.

(1) Source: Air Finance Journal.
(2) As mandated arranger by volume in 2018. Source: Refinitiv X02.
(3) As bookrunner – Source Refinitiv T78.

Capital Markets and Investment Banking

€ million	Under-lying 2018 (1)	Under-lying 2017 (1)	Change 2018 2017	Change 2018/2017 at constant rate
Net Banking Income	1,922	2,278	(16%)	(15%)
Operating expenses	(1,616)	(1,615)		+1%
Gross Operating Income	**306**	**663**	**(54%)**	**(52%)**
Cost of risk	(22)	(59)	(63%)	
Pre-tax income	**284**	**604**	**(53%)**	
Corporate income tax	(74)	(180)	(59%)	
Net income	**210**	**424**	**(50%)**	
Non-controlling interests		(1)	ns	
Net income, Group Share	**210**	**425**	**(51%)**	

(1) - Not including the DVA impact on net banking income for €+22 million for 2018 and €-76 million for 2017.
- Including legal provisions for -€57.5 million for 2017.

Revenue from Capital Markets and Investment Banking fell -16% (-15% at constant exchange rates).

In a difficult environment since the start of the year, revenue from the Fixed Income business fell, despite rising trading volumes, except in credit. The Rates business continued to suffer from decreasing margins. Credit suffered both from conditions unfavourable to issues, a deterioration which worsened in the fourth quarter, and a high comparative basis in 2017 which had good primary and secondary market revenue. Securitisation and foreign exchange performed well.

In 2018, Crédit Agricole CIB ranked first worldwide in the supra-national issues [1], gaining 2.4 market share points compared to 2017. In the field of green financing, Crédit Agricole CIB is still the world leader in the Green bonds [2] market.

Investment Banking revenue fell, particularly on M&A activities, despite the high level of business. Volumes in Equity Capital Markets were also lower than in 2017, resulting in decreased revenue. Strategic Equity Transactions suffered from unfavourable market conditions, particularly in the last quarter, despite buoyant trading activity, while Structured Finance Solutions performed well.

Crédit Agricole CIB was ranked 3rd place [3] in France in equity issues and gained 3.6 market share points.

The contribution to net income Group share of the Capital markets and investment banking amounted to 210 million euros.

Wealth Management

€ million	2018	2017	Change 2018 2017	Change 2018/2017 at constant rate
Net Banking Income	822	765	+7%	+9%
Operating expenses	(711)	(625)	+14%	+16%
Gross Operating Income	**111**	**140**	**(21%)**	
Cost of risk	(5)	(11)	(55%)	
Gain/losses on other assets		6	ns	
Pre-tax income	**106**	**135**	**(21%)**	
Corporate income tax	(29)	(15)	+93%	
Net income	**77**	**120**	**(36%)**	
Non-controlling interests	8	11	(27%)	
Net income, Group Share	**69**	**109**	**(37%)**	

Wealth Management revenues registered growth of 7% (9% at constant rates). This increase came from the positive contribution of various external growth acquisitions.

Expenses rose 14% (16% at constant rates) and include the costs associated with the expanded scope of consolidation and the strengthening of compliance teams.

At 31 December 2018 AUM in wealth management were €122,8 billion, up €4.5 billion (+3.8%) compared to 31 December 2017, primarily due to the acquisition of Banca Leonardo in Italy, which contributed €5.1 billion, and to organic growth, with net inflows of €3.0 billion in 2018. Offset against that, the market effect was a negative €3.6 billion.

Corporate Center

€ million	2018	2017	Change 2018/2017
Net Banking Income		(220)	ns
Corporate income tax	4	61	ns
Net income, Group Share	**4**	**(159)**	**ns**

At 31 December 2017, the Corporate Centre business line consists solely of the impact of changes in the issuer spread of Crédit Agricole CIB issues and reflected the credit spread evolution on our issues accounted in fair value.

At 31 December 2018, with the implementation of IFRS9, the impact of changes in the issuer spread is now accounted in Equity and stands at € 367 million for the year.

(1) As bookrunner - source: Refinitiv (N5).
(2) As bookrunner - source: bloomberg.
(3) As bookrunner - source: Refinitiv.

1.5 CRÉDIT AGRICOLE CIB CONSOLIDATED BALANCE SHEET

Assets

€ billion	31.12.2018	01.01.2018
Cash, central banks	46.5	32.6
Financial assets at fair value through profit or loss (excluding repurchase agreements)	132.1	144.8
Hedging derivative Instruments	1.0	1.1
Financial assets at fair value through other comprehensive income	11.4	18.4
Financial assets at amortised cost	180.1	167.4
Current and deferred tax assets	1.1	1.3
Repurchase agreements	109.9	95.2
Accruals, prepayments and sundry assets	27.9	26.6
Property,plant, equipment and intangible assets	0.7	0.6
Goodwill	1.0	1.0
Total assets	**511.7**	**489.0**

At 31 December 2018, Crédit Agricole CIB had total assets of €511.7 billion, up by €22.7 billion compared to 1 January 2018. The impact of US Dollar exchange rates is +€5 billion and that of the Yen is +€2 billion. The main variances concern the following items.

MONEY MARKET AND INTERBANK ITEMS

Crédit Agricole CIB has access to all major international liquidity centres and is very active in the largest financial markets (Paris, New York, London and Tokyo), which enables it to optimise its interbank lending and borrowing within the Group.

FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS

Financial assets and liabilities at fair value through profit or loss were down by €12.7 billion and €11.1 billion respectively over the period. On the asset side, they consist mainly in the positive fair value of interest rate derivatives and of the portfolio of securities held for trading, while on the liabilities side they reflect the negative value of derivatives and securities sold short. The fall in outstandings was essentially due to the drop in mark-to-market value of derivatives (€13.8 billion on the assets side and €16 billion on the liabilities side), particularly on interest rate derivatives.

SECURITIES BOUGHT OR SOLD UNDER REPURCHASE AGREEMENTS

The repo activities are largely concentrated in Paris, which accounted for 68% of securities purchased and 64% of securities sold under repurchase agreements. The increase in securities received and given under repurchase agreements in 2018 comes mainly from the increase in trading activities by Crédit Agricole CIB Paris and Crédit Agricole CIB New York.

The main transactions entered into with related parties are disclosed in the consolidated financial statements for the year ended 31 December 2018, in the “General framework - related parties” section.

Liabilities

€ billion	31.12.2018	01.01.2018
Central banks	0.9	1.6
Financial liabilities at fair value through profit or loss (excluding repurchase agreements)	158.9	170.0
Hedging derivative Instruments	1.0	1.0
Financial liabilities at amortised cost	220.0	196.4
Repurchase agreements	78.3	69.9
Current and deferred tax liabilities	2.0	1.8
Accruals, deferred income and sundry liabilities	23.5	22.6
Provisions	1.7	1.7
Subordinated debt	5.0	5.1
Equity - Group share	18.8	18.8
Non-controlling interests	0.1	0.1
Net income (loss) for the year	1.5	
Total liabilities and equity	**511.7**	**489.0**

ACCRUAL AND DEFERRED INCOME AND SUNDRY ASSETS AND LIABILITIES

Accruals, deferred income and sundry assets and liabilities consist mainly of security deposits on market and brokerage transactions.

SHAREHOLDERS' EQUITY GROUP SHARE

The Group share of shareholders' equity (excluding net income for the period) was €18.8 billion, down by €1.1 billion compared with the figure at 31 December 2017. This change results essentially from the payment of dividends (€1.2 billion), an AT1 issue (€1.0 billion) and the payment of interest on the AT1 issue (€0.2 billion).

1.6 RECENT TRENDS AND OUTLOOK

2019 outlook

The risks on the horizon are numerous, with various origins and varying consequences and probabilities of occurrence: a trade war and more generally protectionism and doubts around multilateralism, a slowdown in China, the winding down of fiscal stimulus in the US, Brexit, and social and political tension in Europe, France in particular. Although we don't underestimate the uncertainties, we believe economic growth in 2019 will slow down rather than collapse, but we are nevertheless maintaining prudent assumptions. First-of-all we expect the Chinese-US trade war to continue despite recent rumours of a possible hiatus. The US and China's announced agreement at the G20 summit to allow further negotiations for ninety days before threatened tariff increases by the US from 10% to 25% on 200 billion dollars of products imported from China and efforts by China to increase imports from the US is but a temporary truce. It cannot be seen as a prelude to a resolution of the trade conflict between the two sides given their entrenched positions. That said, the US is likely to keep this war confined to China without targeting other victims, such as the European Union. Our scenario also factors in an adjustment of Saudi Arabia's oil supply in line with the market, which will partly offset continued strong production in the US: this would allow the oil price to remain at around 70 US dollars a barrel, but there is a risk of high volatility. The varying degrees of economic slowdown already evident in 2019 come therefore against the backdrop of this trade war and "well behaving" oil prices. While the Eurozone is struggling to catch its breath, Japan is having trouble bolstering domestic demand, Chinese growth is expected to disappoint (in the early part of the year at any rate) despite the government stimulus plan, and the US is likely to see another year of strong growth.

The current cycle, which started in June 2009, is the longest in US history. After peaking at close to 3% in 2018, US growth is starting to slow. But it is likely to remain above potential (2%) at close to 2.6% in 2019. Spontaneous forces (from the production investment cycle notably) are nevertheless fading and monetary and fiscal stimulus are being wound down. As a result, corporate investment should be weaker in 2019. And the outlook for an improvement in housing investment is gloomy. At the end of 2019, when the fiscal stimulus that propelled the cycle well beyond its natural high over two years almost comes to an end, a new more restrictive monetary policy and ongoing US-Chinese trade tensions are likely to herald the end of a period of exceptionally strong and lasting growth. The risk of a recession hangs in 2020.

In the Eurozone, while growth is being underpinned by an accommodative monetary policy and the budgetary policy, still strong fundamentals signal the maturing of the cycle, although no change is imminent yet. Fears around the strength of growth have changed in nature. The concerns about supply constraints that appeared at the cycle peak at end-2017 have faded. The latter are no longer capable of causing an erosion in margins that would spark a sudden downturn. However, new worries, as revealed in less positive surveys, have emerged which contrast with the good results borne out in the actual data. These are mainly exogenous (and have been raised before), weighing on the outlook for growth in external demand and investment, and suggest a more marked slowdown in growth than would naturally be expected. Our scenario factors in a weakening of growth (1.9% in 2018 followed by 1.6% in 2019, close to its potential level of 1.5%) mainly attributable to growing uncertainties, leading in turn to more cautious investment trends. In France, growth should remain close to its 2018 level (1.6% after 1.5% in 2018). The implementation in early 2019 of measures to stimulate purchasing power should underpin household consumption and push growth up by +0.2 percentage point in 2019. However, given the deterioration in economic indicators and growing uncertainty, we have revised down slightly our anticipations for investment and exports. Although we cannot rule out further social unrest, our projection assumes a relative easing of demonstrations by the "yellow vest" movement in 2019. In the United Kingdom, after Parliament's rejection on 15 January of the withdrawal agreement signed by Theresa May and the European Union, the country's economic outlook is highly uncertain. An extension of negotiations beyond 29 March seems increasingly likely if the European Union is in favour. Optimists believe an orderly Brexit is still possible with support from the UK Parliament. However, a no-deal scenario if nothing is done to avoid it by 29 March also looks more likely the nearer the withdrawal date comes. This environment is weighing on the confidence of UK investors and consumers but is not impacting the overall scenario for the Eurozone.

In Japan, the outlook remains gloomy. In December 2018, the "Abenomics" programme of policies reached its seventh year in operation. Exports continue to stimulate growth, while private consumption lags behind. The latter will be further aggravated by a VAT increase scheduled for 2019. After reaching nearly 0.7% in 2018, growth is expected at just 0.6% in 2019.

Finally, after a difficult year in 2018 that saw the emerging financial markets (foreign exchange markets in particular) in turmoil, economic growth in those countries is likely to continue slowing to roughly 4.1% after reaching around 4.4% in 2018. 2019 looks very uncertain both in terms of growth and the markets, particularly given that China could be a specific source of volatility in the early part of the year. Like other emerging countries, China suffered a slowdown, which its specific efforts to reduce its debt are amplifying. In 2019, against the backdrop of a trade war, the negative impact on external trade from the imposition of higher trade tariffs by the US will materialise. Since China had ramped up its exports in anticipation of the threatened tariff increases in January 2019, exports could slow in early 2019. Policy makers have thus far responded to the decline with a series of budgetary and monetary measures and moves to stimulate credit. But they have been careful not to overreact and aggravate the internal debt problem. Before those stimulus measures fully take effect, activity could dip during the initial months and raise concerns of an aggravation of the economic slowdown. Over full year 2019, however, growth could edge close to 6.4%, registering just a small and painless decline in relation to 2018 (around 6.6%).

Monetary policy in 2019 is likely to be prudent in light of the slowdown while inflation, which would normally be reaching the end of its cycle, is not likely to show any obvious signs of change, such is the distended nature of the link between wages and prices. In the US, while headline inflation has fallen on average (from 2.4% to 1.8%), inflation as measured by the central bank (expected at 2.1%) is likely to largely surpass the target level. Given the downward revision to the Fed Funds target rate (2.75%) in particular, the Federal Reserve can pursue monetary tightening at its ease. As it is more dependent on economic data, and thus more uncertain, US monetary policy is only likely to be tightened around the end of 2019. We are projecting two 25bp increases in the Fed Funds rate, bringing it to 3% at the end of 2019. Where the ECB is concerned, the end of its quantitative easing programme (end of its net purchases under the Expanded Asset Purchase Programme since January 2019) signals just the beginning of normalisation. This preliminary stage does not in any way signify that monetary policy will become much less accommodative. Although the ECB says it is confident that inflation will recover, convergence with the 2% target seems highly uncertain. The prospects for a recovery are tenuous: headline inflation (1.6% at end-2018 and core inflation of 1%) could decrease in 2019 (1.2% at end-2019 and core inflation of 1%) and fall as low as 0.6%/0.7% at the end of the summer. With inflation low and under control, and few traditional tools to hand, the ECB is left somewhat helpless. In addition to its commitment to keep interest rates low for a long period (even if a symbolic increase in the deposit rate from -0.40% to -0.25% is possible mid-way through the year), the ECB could announce a new series of LTRO in March, which would come into effect in June. The Eurozone economy is still in need of an accommodative monetary policy.

The end of the cycle looks like it will not bring with it unmanageable inflationary pressures; the central banks remain prudent; monetary tightening, whether actual measures or just announcements, will be gradual; and finally, several economic and political uncertainties that could cause a drastic surge in risk aversion are obscuring the horizon. Risky assets (equities, corporate bonds, emerging markets) are thus more vulnerable. This context is nevertheless conducive to a very modest rise in long-term risk-free rates, but accompanied by high volatility. Our scenario factors in US and German 10-year rates close to 3.3% and 0.6% respectively at the end of 2019. As regards the risk premiums offered by French and Italian sovereign bonds in relation to the Bund, we put these at close to 30bp and 240bp respectively at the end of 2019.

2019 outlook for Crédit Agricole CIB

Net income, Group Share grew markedly compared with 2017: revenue was characterised by a good level of activity in Financing activities and a significant fall in Market activities in an unfavourable environment, particularly in the credit businesses.

Expenses are under control. The cost of risk registered a net upturn over the year.

Against this backdrop, apart from the average annual growth rate of revenue from Capital Markets and Investment Banking, all targets in the Ambition 2020 Medium Term Plan published in March 2016 were exceeded.

On 6 June 2019 the new Crédit Agricole Group Strategic Medium Term Plan will be announced. This will include general guidance for Crédit Agricole CIB's activities for the next four years. Credit Agricole CIB will continue to aim to be the preferred partner, committed over the long term with its customers, in a global approach with the Crédit Agricole Group.

2. INFORMATION ON THE FINANCIAL STATEMENTS OF CRÉDIT AGRICOLE CIB (S.A.)

2.1 CONDENSED BALANCE SHEET OF CRÉDIT AGRICOLE CIB (S.A.)

Assets

€ billion	31.12.2018	31.12.2017
Interbank and similar transactions	139.0	122.5
Customer transactions	162.0	145.3
Securities transactions	30.1	30.9
Accruals, prepayments and sundry assets	143.6	156.6
Non-current assets	6.7	6.5
Total assets	**481.4**	**461.8**

Liabilities

€ billion	31.12.2018	31.12.2017
Interbank and similar transactions	74.7	74.8
Customer accounts	167.7	138.8
Debt securities in issue	43.3	40.5
Accruals, deferred income and sundry liabilities	170.2	183.0
Impairment and subordinated debt	11.6	10.7
Fund for General Banking Risks		0.1
Shareholders' equity (excl. FGBR)	13.9	13.9
Total Liabilities and shareholders' equity	**481.4**	**461.8**

Crédit Agricole CIB (S.A.) had total assets of €481.4 billion at 31 December 2018, up €19.6 billion compared with 31 December 2017.

Money market and interbank items

Interbank assets increased by €16.5 billion (13.4%), with variances of +€13.0 billion in deposits with central banks, +€2.6 billion in treasury bills and +€0.8 billion in receivables from credit institutions (including -€7.7 billion on accounts, long-term loans and demand loans and +8.6 billion on pledged securities).

Interbank liabilities fell -€0.1 billion (-0.1%) including -€0.7 billion less to central banks and +€0.6 billion more debts to credit institutions (i.e. +€3.6 billion more on term and sight accounts and borrowings and -€3 billion less on securities sold under repurchase agreements.

Customer transactions

Assets and liabilities on customer transactions increased by €16.7 billion (+11.5%) and €28.9 billion (+20.9%) respectively.

On the assets side, the increase came from trade receivables for €1.6 billion (+39.0%), €9.2 billion in customer loans (+10.5%) and €6.0 billion in securities under repurchase agreements (+11.0%)

On the liabilities side, current accounts, repurchase agreements and other debts rose by €5.4 billion (+21.8%), €11.3 billion (+23.4%) and €12.3 billion (+18.7%) respectively.

Portfolio securities and debts represented by a security

Securities transactions on the asset side decreased by €0.8 billion (-2.7%). This decrease is due to a €3.3 billion fall in equities and other variable-income securities, mainly on the trading securities portfolio, which was partially offset by a €2.5 billion rise in fixed-income bonds.

Debt instruments rose by €2.8 billion (+7.0%). This increase was due to both negotiable debt securities (+€1.4 billion) and bonds (+€1.4 billion).

Accrual and deferred income and miscellaneous assets and liabilities

This item principally records the fair value of derivative instruments. As a reminder, these are covered in “Financial assets and liabilities at fair value” in the consolidated financial statements.

The decrease in “Accruals, deferred income and sundry assets and liabilities”, was €12.9 billion, both on the assets side (-8.3%) and the liabilities side (-7%).

“Other assets” and “Other liabilities” which decreased by €5.9 billion and €0.8 billion, respectively, are mainly comprised of premiums on conditional derivative instruments and sundry debtors and creditors.

On the assets side, financial options bought and miscellaneous debtors fell by €3.8 billion and €2.5 billion, respectively.

Accrual and deferred income, mainly the fair value of the derivative instruments, fell by €7 billion on the assets side and €12.1 billion on the liabilities side.

Provisions and subordinated debt

Provisions were stable at €3.2 billion, and subordinated debt rose €0.8 billion (+11.1%), essentially on debt in euros (€0.7 billion rise).

Non-current assets

Non-current assets rose very slightly, by €0.2 billion. These break down into €6.4 billion in equity investments and other long-term investment securities and €0.3 billion of property, plant and equipment and intangible assets.

Accounts payable by due date: Crédit Agricole CIB (S.A.)

Under article L. 441-6-1 of the French Commercial Code, companies whose parent company financial statements are certified by a Statutory Auditor are required to disclose in their management report the net amounts due to supplier by due date, in accordance with the terms and conditions set out in article D4 41-4 of Decree no. 2008-1492.

	31.12.2018				31.12.2017			
		> 30 days				> 30 days		
€ thousands	≤ 30 days	≤ 60 days	> 60 days	**Total**	≤ 30 days	≤ 60 days	> 60 days	**Total**
Accounts payable	7,676	10,569	(132)	**18,113**	4,903	7,763	3,872	**16,538**

The median payment period for accounts payable at Crédit Agricole CIB is 32 days. Crédit Agricole CIB had outstanding payables of €18.1 million at 31 December 2018, compared with €16.5 million at 31 December 2017

Information on suppliers payment delays by Crédit Agricole CIB Paris

Invoices received that have been late in payment during the financial year

	31.12.2018					
		≥ 1 days	> 30 days	> 60 days		
€ thousands	0 jour	≤ 30 days	≤ 60 days	≤ 90 days	> 90 days	**Total (1 day and more)**
Number of invoices concerned	18,895	8,702	2,467	917	943	**13,029**
Aggregate amount of the invoices concerned excl. VAT	318,113	272,991	60,304	23,428	50,600	**407,323**
Percentage of the total amount of invoices received during the year, excl. VAT	43.85%	37.63%	8.31%	3.23%	6.98%	

Invoices received and not paid at the closing date whose payment term has expired

	31.12.2018					
		≥ 1 jour	> 30 days	> 60 days		
€ thousands	0 jour	≤ 30 days	≤ 60 days	≤ 90 days	> 90 days	**Total (1 day and more)**
Number of invoices concerned	1,001	153	15	2		**170**
Aggregate amount of the invoices concerned excl. VAT	10,966	1,736	51	3		**1,790**
Percentage of the total amount of invoices received during the year, excl. VAT	85.97%	13.61%	0.40%	0.03%		

Accounts receivable information

Compliance with the contractual terms and conditions of accounts receivable is monitored as part of the bank's risk management loans and receivable due from customers are detailed in note 3.1 of the parent company financial statement.

Informations on inactiv bank accounts

Under Articles L. 312-19 and L. 312.20 of the French Monetary and Financial Code, issued by the Law No 2014-617 of 13 June 2014 relative to unclaimed assets on inactive bank accounts, named Law Eckert which came into force on 1 January 2016, every credit institution is required to publish annual information on inactive bank accounts. At end 2018, Crédit Agricole CIB S.A. registers 10 inactive bank accounts for a total of assets estimated to €222,525.52.

At the end of the 2018 financial period, a total amount of €5,280.95 has been transferred to the Caisse des Dépôts et Consignations related to one identified inactive bank accounts in Crédit Agricole CIB books.

2.2 CONDENSED INCOME STATEMENT OF CRÉDIT AGRICOLE CIB (S.A.)

€ million	31.12.2018	31.12.2017
Net Banking Income	3,814	4,587
Operating expenses	(2,447)	(2,341)
Gross operating income	**1,367**	**2,246**
Cost of risk	195	(300)
Net Operating Income	**1,562**	**1,946**
Net gain/(loss) on fixed assets	20	1,181
Pre-tax income	**1,582**	**3,127**
Corporate income tax	(415)	(514)
Net allocation to FGBR and regulated provisions	105	
Net income	**1,272**	**2,613**

Net banking income for the 2018 financial year reached € +3.8 billion, €0.7 billion higher than at 31 December 2017.

This fall in the net banking income is partially due to an error being corrected impacting the 2017 net income by +€416 million. It related to a regularisation of the staggering of up-front fees, received and paid, relating to the purchase and sale of CDS recognised as hedging, over the course of several prior financial years.

General operating expenses, excluding amortisation and provisions, increased by €106 million (+4.8%).

In view of these factors, gross operating income decreased by €0.8 billion, to €1.4 billion at 31 December 2018.

The cost of risk was €+195 million in 2018 compared to -€300 million in 2017.

Net gain on fixed assets was €20 million in 2018. As a reminder, the 2017 net income was mainly comprised (in the amount of €1,215 million) of gains on disposals of Banque SAUDI FRANSI securities.

100% owned by Crédit Agricole S.A. , whether directly or indirectly, Crédit Agricole CIB is part of the tax consolidation group constituted by Crédit Agricole S.A. and is head of the Crédit Agricole CIB tax sub-group constituted with the member subsidiaries of the tax consolidation group.

The “Income tax charge” for 2018 was €0.4 billion.

The final part of the income statement, the €105 million provision for general banking costs and risks, was fully reversed during 2018.

Crédit Agricole CIB (S.A.) recorded net income of €1.3 billion in 2018, compared to €2.6 billion in 2017.

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2.3 FIVE-YEAR FINANCIAL SUMMARY

Items	2014		2015		2016		2017		2018	
Share capital at year-end (€)	EUR	7,254,575,271	EUR	7,327,121,031	EUR	7,851,636,342	EUR	7,851,636,342	EUR	7,851,636,342
Number of shares issued		268,687,973		271,374,853		290,801,346		290,801,346		290,801,346
Total results of realized transactions (in € million)										
Gross revenue (excl.Tax)	EUR	8,178	EUR	7,808	EUR	7,306	EUR	9,470	EUR	11,138
Profit before tax, amortization and reserves	EUR	48	EUR	770	EUR	1,223	EUR	3,017	EUR	1,004
Corporate income tax	EUR	(77)	EUR	(45)	EUR	279	EUR	(514)	EUR	(415)
Profit after tax, amortization and reserves	EUR	1,318	EUR	434	EUR	682	EUR	2,613	EUR	1,272
Amount of dividends paid	EUR	999	EUR	899	EUR	983	EUR	1,236	EUR	489
Earning per share (€)										
Profit after tax, before amortization and reserves		(1) 0.46		(2) 2.70		(3) 5.34		(4) 8.61		(5) 2.72
Profit after tax, amortization and reserves		(1) 4.90		(2) 1.62		(3) 2.42		(4) 8.98		(5) 4.37
Dividend per share	EUR	3.72	EUR	3.34	EUR	3.38	EUR	4.25	EUR	1.68
Staff										
Number of employees		(6) 6,241		(6) 6,222		(6) 6,473		(6) 6,768		(6) 7,371
Wages and salaries paid during the financial year (in € million)	EUR	942	EUR	961	EUR	1,000	EUR	1,014	EUR	1,037
Employee benefits and social contributions (in € million)	EUR	276	EUR	283	EUR	304	EUR	323	EUR	347
Payroll taxes (in € million)	EUR	39	EUR	39	EUR	35	EUR	39	EUR	42

(1) Calculation based on the number of shares issued excluding treasury stock at end of the 2014 financial year, i.e. 268,687,973 securities.

(2) Calculation based on the weighted average number of ordinary shares outstanding during the period, i.e. 268,791,031 securities.

(3) Calculation based on the weighted average number of ordinary shares outstanding during the period, i.e. 281,517,355 securities.

(4) Calculation based on the number of shares issued excluding treasury stock at the end of the 2017 financial year, i.e. 290,801,346 securities.

(5) Calculation based on the number of shares issued excluding treasury stock at the end of the 2018 financial year, i.e. 290,801,346 securities.

(6) Average number of employees.

2.4 RECENT CHANGES IN SHARE CAPITAL

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

Date and type of transaction	Amount of share capital (€)	Number of shares
Share capital at 31.12.2014	**7,254,575,271**	**268,687,973**
18.12.2015		
Capital increase by the issue of shares for cash	72,545,760	2,686,880
Share capital at 31.12.2015	**7,327,121,031**	**271,374,853**
27.05.2016		
Capital increase by partial payment of the dividend in shares	52,236,414	1,934,682
27.06.2016		
Capital increase by the issue of shares for cash	472,278,897	17,491,811
Share capital at 31.12.2016	**7,851,636,342**	**290,801,346**
Share capital at 31.12.2017	**7,851,636,342**	**290,801,346**
Share capital at 31.12.2018	**7,851,636,342**	**290,801,346**

2.5 INFORMATION ON CORPORATE OFFICERS

Disclosures relating to the compensation, terms of office and functions of corporate officers pursuant to Article L. 225-37-2 of the French Commercial Code are provided in the "Corporate Governance" section on pages 64 to 138.

Trading in the Company's shares by Corporate Officers: a paragraph concerning the information that may be required under the terms of Article L. 621-18-2 of the French Monetary and Financial Code and Article 223-26 of the General Regulations of the French Financial Markets Authority (AMF) appears on page 103 and 104 of this Registration Document.

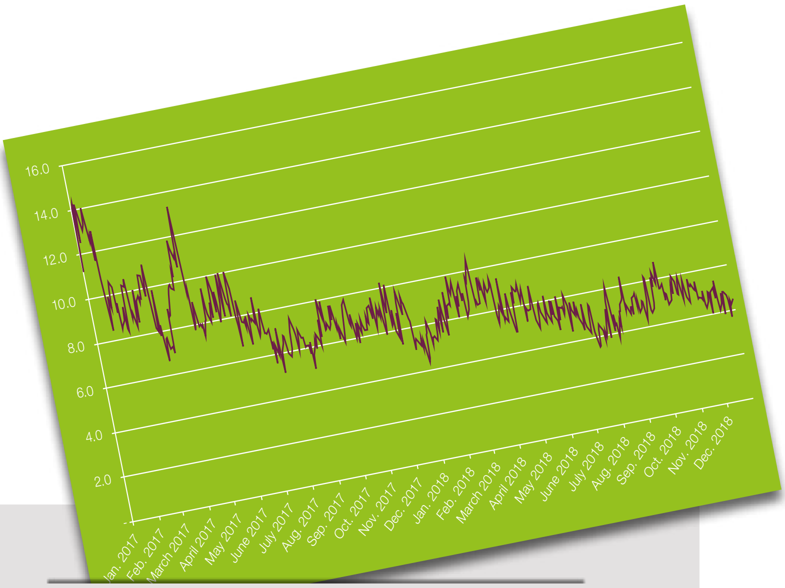
2.6 INFORMATION RELATING TO THE ARTICLE L. 225-102-1 OF THE FRENCH COMMERCIAL CODE (CODE DE COMMERCE) DEALING WITH THE GROUP'S SOCIOENVIRONMENTAL IMPLICATIONS

Economic, social and environmental information of Crédit Agricole CIB group are presented in Chapter 2 of this Registration Document.

5

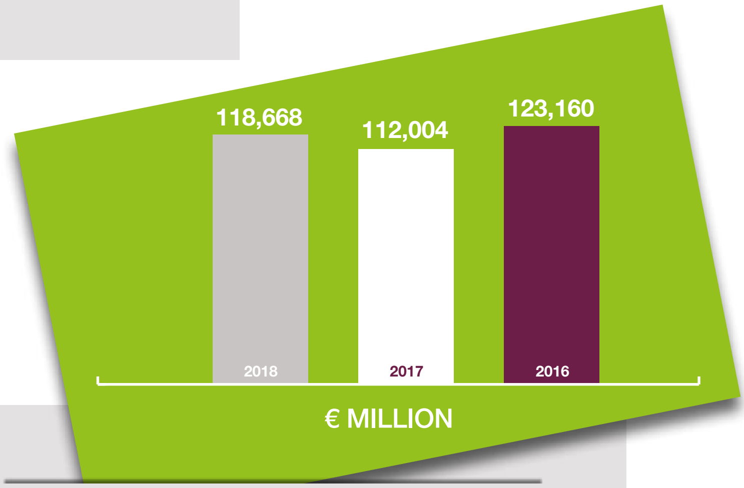
RISKS AND PILLAR 3

5 SOMMAIRE



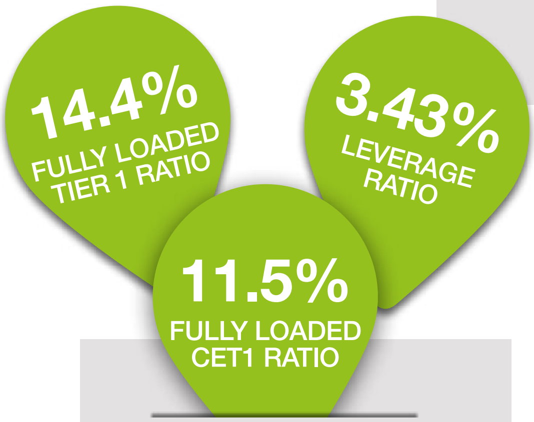
2017-2018 REGULATORY VaR OF CRÉDIT AGRICOLE CIB

€ MILLION



CHANGES IN RISK-WEIGHTED ASSETS

FULLY LOADED BASEL III



REGULATORY RATIO

1. RISK FACTORS

This chapter of the Registration Document sets out the main types of risks to which Crédit Agricole CIB is exposed, as well as certain risks related to holding securities of Crédit Agricole CIB. Other parts of this chapter discuss Crédit Agricole CIB's risk appetite and the policies employed to manage risks. The information on the management of Crédit Agricole CIB's risks is presented in accordance with IFRS 7, relating to disclosures on financial instruments.

A. OVERVIEW OF RISKS TO WHICH CRÉDIT AGRICOLE CIB IS SUBJECT

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

- Risks relating to the environment in which Crédit Agricole CIB operates: risks related to the macroeconomic environment, market conditions and the legislative and regulatory framework applicable to the Group and its activities.
- Credit and counterparty risk: risk of losses arising from a default by a counterparty leading to that counterparty's inability to meet its commitments to Crédit Agricole CIB. The counterparty may be a financial institution, a supranational entity or agency, a corporate body, a government, an investment fund, or a natural person. The largest clients fall into the category of large multinational or major financial institution. Credit risk arises in relation to the activities carried out by Crédit Agricole CIB with these counterparties, which are mainly based on debt-related businesses and include lending, as well as, trading and distribution of capital markets products such as derivatives, repurchase and securities lending transactions, debt instruments and structured transactions and any settlement activities in relation to the above.
- Financial risks: risk of losses on market positions arising from changes in various financial markets (interest rates, equities and commodity prices, credit spreads, currency effect and volatility), as well as the risk of not having the necessary resources to meet commitments (liquidity risk). Market risk arises particularly in connection with the offer of investment products and services to corporate customers and financial institutions as well as market making activity for certain market segments and activities.
- Operational risks and related risks: risk of losses resulting primarily from the unsuitability or failure of processes, systems or people in charge of transaction processing, as well as risks relating to external events such as floods, fires, windstorms, earthquakes or terrorist attacks.

Related risks include legal and compliance risk arising from Crédit Agricole CIB's exposure to civil or criminal proceedings, non-compliance risk relating to failure to comply with regulations and legislation governing Crédit Agricole CIB's banking and financial activities, and related reputational risk that may arise in cases of non-compliance with legal or regulatory obligations, or with ethical standards.

- Other risks relating to Crédit Agricole CIB's activities: includes risks relating to the bank's strategy and competition.

The remainder of this part of the registration document discusses each of the categories of risks discussed above as applied to Crédit Agricole CIB's activities, indicating (to the extent applicable) where quantitative information relating to such risks can be found in this document.

Within each category, the risks that Crédit Agricole CIB currently considers to be most significant, based on an assessment of likelihood of occurrence and potential impact, are presented first. However, even a risk that is currently considered to be less important could have a significant impact on Crédit Agricole CIB if it were to materialise in the future.

B. RISKS RELATING TO THE ENVIRONMENT IN WHICH CRÉDIT AGRICOLE CIB OPERATES

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

The businesses of Crédit Agricole CIB are sensitive to changes in the financial markets and more generally to economic conditions in France, Europe and the rest of the world. In the year ended 31 December 2018, 40% of Crédit Agricole CIB's revenues were generated in France, 20% in Europe (excluding France), 15% in North America and 11% in Asia and Oceania (excluding Japan). A deterioration in economic conditions in the markets where the Crédit Agricole CIB operates could have some or all of the following impacts:

- Adverse economic conditions could affect the business and operations of customers, resulting in an increased rate of default on loans and receivables as well as other products traded with customers.
- A decline in market prices of bonds, shares and commodities could impact many of the businesses of the Crédit Agricole CIB.
- Macro-economic policies adopted in response to actual or anticipated economic conditions could have unintended effects, and are likely to impact market parameters such as interest rates and foreign exchange rates, which in turn could affect the businesses of the Crédit Agricole CIB that are most exposed to market risk.
- Perceived favourable economic conditions generally or in specific business sectors could result in asset price bubbles,

which could in turn exacerbate the impact of corrections when conditions become less favourable.

- A significant economic disruption (such as the global financial crisis of 2008 or the European sovereign debt crisis of 2011) could have a severe impact on all of the activities of the Crédit Agricole CIB, particularly if the disruption is characterised by an absence of market liquidity that makes it difficult to sell certain categories of assets at their estimated market value or at all.

European markets may be affected by a number of factors, including continuing uncertainty resulting from the decision of the United Kingdom to leave the European Union, political activism in France, uncertain political and economic conditions in Italy and leadership changes in Germany. Markets in the United States may be affected by factors such as trade policy or a tendency towards political stalemate, which has resulted in government shutdowns and affected credit and currency markets globally. Asian markets could be impacted by factors such as slower than expected economic growth rates in China or by geopolitical tensions on the Korean peninsula. Share prices have recently experienced significant volatility and could fall if economic conditions deteriorate, or if the market perceives that they are likely to deteriorate. Credit markets and the value of fixed income assets could be adversely affected if interest rates were to rise as the European Central Bank, the Federal Reserve Bank and other central banks continue to scale back the extraordinary support measures they put in place in response to recent adverse economic conditions. The price of oil has been particularly volatile in recent months, and could be impacted by unpredictable geopolitical factors in regions such as the Middle East and Russia.

More generally, increased volatility of financial markets could adversely affect Crédit Agricole CIB's trading and investment positions in the debt, currency, commodity and equity markets, as well as its positions in other investments. Severe market disruptions and extreme market volatility have occurred in recent years and may occur again in the future, which could result in significant losses for Crédit Agricole CIB. Such losses may extend to a broad range of trading and hedging products, including swaps, forward and future contracts, options and structured products. Volatility of financial markets makes it difficult to predict trends and implement effective trading strategies.

It is difficult to predict when economic or market downturns will occur, and which markets will be most significantly impacted. If economic or market conditions in France or elsewhere in Europe, or global markets more generally, were to deteriorate or become more volatile, Crédit Agricole CIB's operations could be disrupted, and its business, results of operations and financial condition could be adversely affected.

Crédit Agricole CIB's profitability and financial condition may be impacted by either the continuation or the end of the current low interest rate environment.

In recent years, global markets have been characterised by low interest rates. If the low interest rate environment continues, Crédit Agricole CIB's profitability may be affected. During periods of low interest rates, interest rate spreads tend to tighten, and Crédit Agricole CIB may be unable to lower funding costs sufficiently to offset reduced income from lending at lower market interest rates. An environment of persistently low interest rates can have the effect of flattening the yield curve in the market more generally, which could reduce the premiums generated by Crédit Agricole CIB and its affiliates from their funding activities and negatively affect their profitability and financial condition. A flattening yield curve can also influence financial institutions to engage in riskier activities in an effort to earn the desired level of returns, which can increase overall market risk and volatility.

On the other hand, the end of a period of prolonged low interest rates carries risks. In this respect, the U.S. Federal Reserve has increased interest rates in recent months (although it recently announced it would pause its policy of interest rate increases), and the ECB ended its asset purchase programme in December 2018 (although it recently announced it would maintain its interest rate guidance and interest rates would stay at current levels through the summer of 2019). If market interest rates were to rise, a portfolio featuring significant amounts of lower interest loans and fixed income assets as a result of an extended period of low interest rates would be expected to decline in value. If Crédit Agricole CIB's hedging strategies are ineffective or provide only a partial hedge against such a change in value, Crédit Agricole CIB could incur losses. Moreover, any rate increase that is sharper or more rapid than expected could threaten economic growth in the European Union, the United States and elsewhere. On the lending side, this could cause stress in loan and bond portfolios possibly leading to an increase in non-performing exposures and defaults. More generally, the ending of accommodative monetary policies may lead to severe corrections in certain markets or assets (e.g., non-investment grade corporate and sovereign borrowers, certain sectors of equities and real estate) that particularly benefitted from the prolonged low interest rate and high liquidity environment, and such corrections could potentially be contagious to financial markets generally, including through substantially increased volatility.

Crédit Agricole CIB operates in a highly regulated environment, and its profitability and financial condition could be significantly impacted by ongoing legislative and regulatory changes.

A variety of regulatory and supervisory regimes apply to Crédit Agricole CIB and its subsidiaries in each of the jurisdictions in which they operate. Non-compliance with such regimes could lead to significant intervention by regulatory authorities and fines, public reprimand, reputational damage, enforced suspension of operations or, in extreme cases, withdrawal of authorisation to operate. In addition, Crédit Agricole CIB's ability to expand its business or to pursue certain existing activities may be limited by regulatory constraints.

Legislation and regulations have recently been enacted or proposed with a view to introducing a number of changes, some permanent, in the global financial environment. While the objective of these measures is to avoid a recurrence of the global financial crisis, the new measures have changed substantially, and may continue to change, the environment in which Crédit Agricole CIB and other financial institutions operate.

The measures that have been or may be adopted include more stringent capital and liquidity requirements (particularly for large global institutions and groups such as the Crédit Agricole Group), taxes on financial transactions, limits or taxes on employee compensation over specified levels, limits on the types of activities that commercial banks can undertake (particularly proprietary trading and investment and ownership in private equity funds and hedge funds), ring-fencing requirements relating to certain activities, restrictions on the types of entities permitted to conduct swaps activities, restrictions on certain types of activities or financial products such as derivatives, mandatory write-downs or conversions into equity of certain debt instruments, enhanced recovery and resolution regimes, revised risk-weighting methodologies, periodic stress testing and the creation of new and strengthened regulatory bodies. Some of the new measures adopted after the financial crisis are already the subject of proposed modifications, impacting the predictability of the regulatory regimes to which Crédit Agricole CIB is subject.

As a result of some of these measures, Crédit Agricole CIB has reduced the scope of certain activities in order to allow it to comply with the new requirements, particularly in the area of wealth management. These measures have also increased compliance costs and are likely to continue to do so.

C. CREDIT AND COUNTERPARTY RISKS

Crédit Agricole CIB is exposed to the credit risk of other parties.

Crédit Agricole CIB is exposed to the creditworthiness of its customers and counterparties. Credit risk impacts Crédit Agricole CIB's consolidated financial statements when a counterparty is unable to honour its obligations and when the book value of these obligations in the bank's records is positive. The counterparty may be a bank, a financial institution, an industrial or commercial enterprise, a government and its various entities, an investment fund or a natural person. If the level of counterparty defaults increases compared to recent historically low levels, Crédit Agricole CIB may have to record significant charges for possible bad and doubtful debts, affecting its profitability.

While Crédit Agricole CIB seeks to reduce its exposure to credit risk by using risk mitigation techniques such as collateralisation, obtaining guarantees or entering into credit derivatives and netting agreements, it cannot be certain that these techniques will be effective to offset losses resulting from counterparty defaults that are covered by these techniques. Moreover, Crédit Agricole CIB is exposed to the risk of default by the party providing the credit risk coverage (such as a counterparty on a derivative trade) or to the risk of loss of value of any collateral. In addition, only a portion of Crédit Agricole CIB's overall credit risk is covered by these techniques. Accordingly, Crédit Agricole CIB has significant exposure to the risk of counterparty default.

A deterioration in the quality of corporate debt obligations could adversely impact Crédit Agricole CIB's results of operations.

The credit quality of corporate obligors has started to experience a significant deterioration in recent months, resulting primarily from increased economic uncertainty and, in certain sectors, the risks associated with trade policies of major economic powers. The risks are exacerbated by the recent practice by which lending institutions have reduced the level of covenant protection in their loan documentation, making it more difficult for lenders to intervene at an early stage to protect assets and limit the risk of default. If the current trends towards deterioration in credit quality continue, Crédit Agricole CIB may be required to record asset impairment charges or to mark down the value of its corporate debt portfolio, which would in turn impact Crédit Agricole CIB's profitability and financial condition.

[Please see paragraph [2.4 of this chapter] for quantitative information on the credit quality of Crédit Agricole CIB's portfolios.]

The soundness and conduct of other financial institutions and market participants could adversely affect Crédit Agricole CIB.

Crédit Agricole CIB's ability to engage in funding, investment and derivatives transactions could be adversely affected by the soundness of other financial institutions or market participants. Financial services institutions are interrelated as a result of trading, clearing, counterparty, funding or other relationships. As a result, defaults by, or even rumours or questions about, one or more financial services institutions, or the loss of confidence in the financial services industry generally, may lead to market-wide liquidity contractions and could lead to further losses or defaults. Crédit Agricole CIB has exposure to many counterparties in the financial industry, including brokers and dealers, commercial banks, investment banks, mutual and hedge funds, and other institutional clients with which it regularly executes transactions. Many of these transactions expose Crédit Agricole CIB to credit risk in the event of default or financial distress. In addition, Crédit Agricole CIB's credit risk may be exacerbated when the collateral held by it cannot be liquidated or is liquidated at prices not sufficient to recover the full amount of the loan or derivative exposure due to it.

[Please see note [3.1.3](chapter 6) to the consolidated financial statements for quantitative information on Crédit Agricole CIB's exposure to credit institutions.]

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

Crédit Agricole CIB is subject to the risk that certain events may have a disproportionately large impact on a particular industrial sector to which Crédit Agricole CIB is significantly exposed. As of 31 December 2018, 81% of Crédit Agricole CIB's financing and guarantee commitments were made with "Large Companies" and 15% with "credit institutions". If these or other sectors that represent a significant share of Crédit Agricole CIB's portfolio were to experience adverse conditions, Crédit Agricole CIB's profitability and financial condition could be adversely affected.

[Please see paragraph [3.4.2.1 of this chapter] for quantitative information on the sectors represented in Crédit Agricole CIB's commercial lending portfolio.]

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

Crédit Agricole CIB is subject to country risk, meaning the risk that economic, financial, political or social conditions in a given country in which it operates will affect its financial interests. Crédit Agricole CIB monitors country risk and takes it into account in the fair value adjustments and cost of risk recorded in its financial statements. However, a significant change in political or macroeconomic environments may require it to record additional charges or to incur losses beyond the amounts previously written down in its financial statements. As of 31 December 2018, 28% of the Crédit Agricole CIB's financing and guarantee commitments was represented by counterparts in France, 28% by counterparts in the other EU countries and 21% in North America. Adverse conditions that particularly affect these countries would have a significant impact on Crédit Agricole CIB. In addition, Crédit Agricole CIB has significant exposures in countries outside the OECD, which are subject to risks that include political instability, unpredictable regulation and taxation, expropriation and other risks that are less present in more developed economies.

[Please see paragraphs [3.4.2.1 of this chapter] for quantitative information relating to Crédit Agricole CIB's geographical exposures.]

Any significant increase in charges for loan losses or changes in Crédit Agricole CIB's estimate of the risk of loss in its loan and receivables portfolio could adversely affect its results of operations and financial condition.

In connection with its lending activities, Crédit Agricole CIB periodically establishes asset impairment charges, whenever necessary, to reflect actual or potential losses in respect of its loan and receivables portfolio, which are recorded in its profit and loss account under "cost of risk". Crédit Agricole CIB's overall level of such asset-impairment charges is based upon its assessment of prior loss experience, the volume and type of lending being conducted, industry standards, past due loans, economic conditions and other factors related to the recoverability of various loans, or scenario-based statistical methods applicable collectively to all relevant assets. Although Crédit Agricole CIB seeks to establish an appropriate level of asset-impairment charges, its lending businesses may cause it to have to increase their charges for loan losses in the future as a result of increases in non-performing assets or for other reasons, such as deteriorating market conditions or factors affecting particular countries or industry sectors. Any significant increase in charges for loan losses or a significant change in Crédit Agricole CIB's estimate of the risk of loss inherent in its portfolio of non-impaired loans, as well as the occurrence of loan losses in excess of the charges recorded with respect thereto, could have an adverse effect on Crédit Agricole CIB's results of operations and financial condition.

Crédit Agricole CIB is subject to counterparty risk in connection with its market activities.

Crédit Agricole CIB could incur losses from counterparty defaults in connection with its securities, foreign exchange, commodities and other market activities. When Crédit Agricole CIB holds portfolios of debt securities, including in connection with its market-making activities, it is subject to the risk of a deterioration in the credit quality of the issuer, or of a default in payment. In connection with its trading activities, Crédit Agricole CIB is at risk in case a counterparty fails to perform its obligations to settle trades. Crédit Agricole CIB's derivatives activities are also subject to the risk of counterparty default, as well as significant uncertainties relating to the amounts due in connection with a default. While Crédit Agricole CIB often obtains collateral or uses setoff rights to address these risks, these may not be sufficient to protect it fully, and Crédit Agricole CIB may suffer significant losses as a result of defaults by major counterparties.

D. FINANCIAL RISKS

Crédit Agricole CIB is exposed to risks associated with changes in market prices and volatility with respect to a wide number of financial markets.

Crédit Agricole CIB's businesses are materially affected by conditions in the financial markets, which in turn are impacted by current and anticipated future economic conditions in France, Europe and in the other locations around the world where Crédit Agricole CIB operates. Adverse changes in market, economic or geopolitical conditions could create a challenging operating environment for financial institutions. In particular, the risks to which Crédit Agricole CIB is exposed include fluctuations in interest rates, securities prices, foreign exchange rates, the specific yield premium on bond issuances and the prices of oil, precious metals and other commodities.

Crédit Agricole CIB uses a "value at risk" (VaR) model, which represents the potential future loss with a 99% confidence interval, to quantify its exposure to potential losses from market risks, and also performs stress testing with a view to quantifying its potential exposure in extreme scenarios, as described and quantified in paragraphs [2.4.2 of this chapter]. However, these techniques rely on statistical methodologies based on historical observations, which may turn out to be unreliable indicators of future market conditions. Accordingly, Crédit Agricole CIB's exposure to market risk in extreme scenarios could be greater than the exposures predicted by its quantification techniques.

Significant interest rate changes could adversely affect Crédit Agricole CIB's consolidated revenues or profitability.

The amount of net interest income earned by Crédit Agricole CIB during any given period significantly affects its overall consolidated revenues and profitability for that period. Interest rates are highly sensitive to many factors beyond Crédit Agricole CIB's control. Changes in market interest rates could affect the interest rates charged on interest-earning assets differently than the interest rates paid on interest-bearing liabilities. Any adverse change in the yield curve could cause a decline in Crédit Agricole CIB's net interest income from its lending activities. In addition, increases in the interest rates at which short-term funding is available and maturity mismatches may adversely affect Crédit Agricole CIB's profitability.

Crédit Agricole CIB's hedging strategies may not prevent losses.

If any of the variety of instruments and strategies that Crédit Agricole CIB uses to hedge its exposure to various types of risk in its businesses are not effective, Crédit Agricole CIB may incur losses. Many of its strategies are based on historical trading patterns and correlations. For example, if Crédit Agricole CIB holds a long position in an asset, it may hedge that position by taking a short position in an asset where the short position has historically moved in a direction that would offset a change in the value of the long position. Crédit Agricole CIB may only be partially hedged, however, or these strategies may not be fully effective in mitigating its risk exposure in all market environments or against all types of risk in the future. Unexpected market developments may also reduce the effectiveness of Crédit Agricole CIB's hedging strategies. In addition, the manner in which gains and losses resulting from certain ineffective hedges are recorded may result in additional volatility in Crédit Agricole CIB's reported earnings.

Crédit Agricole CIB may generate lower revenues during market downturns.

Financial and economic conditions affect the number and size of transactions for which Crédit Agricole CIB provides securities underwriting, financial advisory and other investment banking services. Crédit Agricole CIB's revenues, which include fees from these services, are directly related to the number and size of the transactions in which it participates and can thus be significantly affected by market downturns.

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

The carrying value of Crédit Agricole CIB's securities and derivatives portfolios and certain other assets, as well as its own debt, in its balance sheet is adjusted as of each financial statement date. The valuation adjustments include a component that reflects the credit risk inherent in Crédit Agricole CIB's own debt. Most of the adjustments are made on the basis of changes in fair value of the assets or liabilities during an accounting period, with the changes recorded either in the income statement or directly in shareholders' equity. Changes that are recorded in the income statement, to the extent not offset by opposite changes in the fair value of other assets, affect its consolidated revenues. All fair value adjustments affect shareholders' equity and, as a result, its capital adequacy ratios. The fact that fair value adjustments are recorded in one accounting period does not mean that further adjustments will not be necessary in subsequent periods.

Crédit Agricole CIB may suffer losses in connection with its holdings of equity securities.

Equity securities held by Crédit Agricole CIB could decline in value, causing Crédit Agricole CIB to record losses. Crédit Agricole CIB bears the risk of a decline in value of equity securities in connection with its market-making and trading activities, mainly with respect to listed equity securities, in its private equity business, and in connection with transactions in which it acquires strategic participations in a company with a view to exercising control and influencing the management policies of the issuer. In the case of strategic participations, Crédit Agricole CIB's degree of control may be limited, and any disagreement with other shareholders or with management may adversely impact the ability of Crédit Agricole CIB to influence the policies of the relevant company. If Crédit Agricole CIB's equity securities decline in value significantly, Crédit Agricole CIB may be required to record fair value adjustments or asset impairment charges in its consolidated financial statements, which could negatively impact its results of operations and financial condition.

Protracted market declines can reduce liquidity in the markets, making it harder to sell assets and possibly leading to material losses.

In some of Crédit Agricole CIB's businesses, protracted market movements, particularly asset price declines, can reduce the level of activity in the market or reduce market liquidity. These developments can lead to material losses if Crédit Agricole CIB cannot close-out deteriorating positions in a timely way. This may especially be the case for assets Crédit Agricole CIB holds for which there are not very liquid markets to begin with. Assets that are not traded on stock exchanges or other public trading markets, such as derivatives contracts between banks, may have values that Crédit Agricole CIB calculates using models other than publicly-quoted prices. Monitoring the deterioration of prices of assets like these is difficult and could lead to losses that Crédit Agricole CIB did not anticipate.

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

Crédit Agricole CIB is exposed to the risk that the maturity, interest rate or currencies of its assets might not match those of its liabilities. The timing of payments on many of Crédit Agricole CIB's assets is uncertain, and if Crédit Agricole CIB receives lower revenues than expected at a given time, it might require additional funding in order to meet its obligations on its liabilities. While Crédit Agricole CIB imposes strict limits on the gaps between its assets and its liabilities as part of its risk management procedures, it cannot be certain that these limits will be fully effective to eliminate potential losses arising from asset and liability mismatches.

[Please see paragraph [2.6 of this chapter] for quantitative information relating to liquidity risk and asset and liability management.]

E. OPERATIONAL RISKS AND RELATED RISKS

Crédit Agricole CIB's risk management policies, procedures and methods may leave it exposed to unidentified or unanticipated risks, which could lead to material losses.

Crédit Agricole CIB's risk management techniques and strategies may not be fully effective in mitigating its risk exposure in all types of market environments or against all types of risk, including risks that it fails to identify or anticipate. Furthermore, the risk management procedures and policies used by Crédit Agricole CIB do not guarantee effective risk reduction in all market configurations. These procedures may not be effective against certain risks, particularly those that Crédit Agricole CIB has not previously identified or anticipated. Some of the qualitative tools and metrics used by Crédit Agricole CIB for managing risk are based upon its use of observed historical market behaviour. It applies statistical and other tools to these observations to assess its risk exposures. These tools and metrics may fail to predict future risk exposures. These risk exposures could, for example, arise from factors it did not anticipate or correctly evaluate in its statistical models or from unprecedented market movements. This would limit its ability to manage its risks and affect its results. Crédit Agricole CIB's losses could therefore be significantly greater than those anticipated based on historical measures. In addition, certain of the processes that Crédit Agricole CIB uses to estimate risk exposure are based on subjective and complex judgments that could lead to assessments that prove inaccurate. While no material issue has been identified to date, risk management systems are also subject to the risk of operational failure, including fraud.

Future events may be different from those reflected in the management assumptions and estimates used in the preparation of Crédit Agricole CIB's financial statements, which may cause unexpected losses in the future.

Pursuant to IFRS rules and interpretations in effect as of the date of this Registration Document, Crédit Agricole CIB is required to use certain estimates in preparing its financial statements, including accounting estimates to determine loan loss impairment charges, reserves related to future litigation, and the fair value of certain assets and liabilities, among other items. Should Crédit Agricole CIB's determined values for such items prove substantially inaccurate, or if the methods by which such values were determined are revised in future IFRS rules or interpretations, Crédit Agricole CIB may experience unexpected losses.

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

Crédit Agricole CIB is subject to cyber risk, which is the risk caused by a malicious and/or fraudulent act, perpetrated digitally in an effort to manipulate data (personal, banking, technical or strategic data), processes and users, with the aim of causing material losses to companies, their employees, partners and customers. Cyber risk has become a top priority in the field of operational risks. A company's data assets are exposed to new, complex and evolving threats, which could have material financial and reputational impacts on all companies, and specifically those in the banking sector. Given the increasing sophistication of criminal enterprises behind cyber-attacks, regulatory and supervisory authorities have begun highlighting the importance of risk management in this area.

As with most other banks, Crédit Agricole CIB relies heavily on communications and information systems to conduct its business. Any failure or interruption or breach in security of these systems could result in failures or interruptions in its customer relationship management, general ledger, deposit, servicing, financing and capital market operations. If, for example, Crédit Agricole CIB's information systems failed, even for a short period of time, it would be unable to serve in a timely manner certain customers' needs and could thus lose their business. Likewise, a temporary shutdown of its information systems, even though it has back-up recovery systems and contingency plans, could result in considerable costs required for information retrieval and verification. Crédit Agricole CIB cannot provide assurances that such failures or interruptions will not occur or, if they do occur, that they will be adequately addressed. The occurrence of any failures or interruptions could have a material adverse effect on its financial condition and results of operations.

Crédit Agricole CIB is also exposed to the risk of an operational failure or interruption of one of its clearing agents, foreign exchange markets, clearing houses, custodians or other financial intermediaries or external service providers that it uses to execute or facilitate its securities transactions. As its interconnectivity with its customers grows, Crédit Agricole CIB may also become increasingly exposed to the risk of operational failure of its customers' information systems. Crédit Agricole CIB's communications and information systems, and those of its customers, service providers and counterparties, may also be subject to malfunctions or interruptions resulting from cybercrime or cyber terrorism. Crédit Agricole CIB cannot guarantee that malfunctions or interruptions in its systems or in those of other parties will not occur or, if they do occur, that they will be adequately resolved.

Crédit Agricole CIB is exposed to the risk of paying significant damages or fines as a result of legal, arbitration or regulatory proceedings.

Crédit Agricole CIB and its affiliates have in the past been, and may in the future be, subject to significant legal proceedings (including class action lawsuits), arbitrations and regulatory proceedings. When determined adversely to Crédit Agricole CIB, these proceedings can result in significant awards of damages, fines and penalties. Legal and regulatory proceedings to which Crédit Agricole CIB has been subject involve issues such as collusion with respect to the manipulation of market benchmarks, violation of international sanctions, inadequate controls and other matters. While Crédit Agricole CIB, in many cases, has substantial defences, even where the outcome of a legal or regulatory proceeding is favourable, Crédit Agricole CIB may incur substantial costs and have to devote substantial resources to the defending its interests.

[Please see [paragraph 2.8 (Litigation and exceptional events) of this chapter] for information regarding ongoing judicial, arbitration and regulatory proceedings to which Crédit Agricole CIB is subject.]

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

The international scope of Crédit Agricole CIB's operations exposes it to risks inherent in foreign operations, including the need to comply with multiple and often complex laws and regulations applicable to activities in each of the countries involved, such as local banking laws and regulations, internal control and disclosure requirements, data privacy restrictions, European, U.S. and local antimoney laundering and anticorruption laws and regulations, international sanctions and other rules and requirements. Violations of these laws and regulations could harm the reputation of Crédit Agricole CIB, result in litigation, civil or criminal penalties, or otherwise have a material adverse effect on its business.

Despite the implementation and improvement of procedures designed to ensure compliance with these laws and regulations, there can be no assurance that all employees or contractors of Crédit Agricole CIB will follow its policies or that such programs will be adequate to prevent all violations. It cannot be excluded that transactions in violation of Crédit Agricole CIB's policies may be identified, potentially resulting in penalties. Crédit Agricole CIB does not have direct or indirect majority voting control in certain entities with international operations, and in those cases

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its ability to require compliance with its policies and procedures may be even more limited.

Damage to Crédit Agricole CIB's reputation could have a negative impact on Crédit Agricole CIB's business.

Crédit Agricole CIB's business depends in large part on the maintenance of a strong reputation for compliance and ethical behaviour. If Crédit Agricole CIB were to become subject to legal proceedings or adverse publicity relating to compliance or similar issues, Crédit Agricole CIB's reputation could be affected, resulting in an adverse impact on its business. These issues include inappropriately dealing with potential conflicts of interest, legal and regulatory requirements, competition issues, ethical issues, money laundering laws, information security policies and sales and trading practices. Crédit Agricole CIB's reputation could also be damaged by an employee's misconduct, or fraud or embezzlement by financial intermediaries. Any damage to Crédit Agricole CIB's reputation might lead to a loss of business that could impact its earnings and financial position. Failure to address these issues adequately could also give rise to additional legal risk, which might increase the number of litigation claims and expose Crédit Agricole CIB to fines or regulatory sanctions.

F. OTHER RISKS RELATED TO CRÉDIT AGRICOLE CIB'S ACTIVITIES

Crédit Agricole CIB may not reach the targets in its Medium-Term Plan.

On March 9, 2016, the Crédit Agricole Group announced its mediumterm plan, Strategic Ambition 2020 (the "MediumTerm Plan"). The MediumTerm Plan contemplates a number of initiatives, including a business customer strategy for Crédit Agricole CIB focused on (i) reinforcing the weight of financial institutions, (ii) maintaining leadership in structured finance, (iii) strengthening the support to the development of the mid-corp segment and (iv) focusing selectively on growth in the corporate sector.

The Medium-Term Plan includes a number of financial targets relating to revenues, expenses, net income and capital adequacy ratios, among other things. These financial targets were established primarily for purposes of internal planning and allocation of resources, and are based on a number of assumptions with regard to business and economic conditions. The financial targets do not constitute projections or forecasts of anticipated results. The actual results of Crédit Agricole CIB are likely to vary (and could vary significantly) from these targets for a number of reasons, including the occurence of one or more of the risk factors described elsewhere in this section.

The plan's success depends on a very large number of initiatives (both significant and modest in scope) within different Crédit Agricole CIB business lines. While many of these could be successful, it is unlikely that all targets will be met, and it is not possible to predict which objectives will and will not be achieved. The Medium Term Plan also contemplates significant investments, but if the objectives of the plan are not met, the return on these investments will be less than expected.

If Crédit Agricole CIB does not meet the targets of its Medium Term Plan, its financial condition and results of operations could be adversely affected.

Adverse events may affect several of Crédit Agricole CIB's businesses simultaneously.

While each of Crédit Agricole CIB's principal activities are subject to risks specific to them and are subject to different market cycles, it is possible that adverse events could affect several of Crédit Agricole CIB's activities at the same time. In such event, Crédit Agricole CIB might not achieve the benefits that it otherwise would hope to do through the diversification of its activities. For example, adverse macroeconomic conditions could impact Crédit Agricole CIB in multiple ways, by increasing default risk in its lending activities, causing a decline in the value of its securities portfolios and reducing revenues in Crédit Agricole CIB's commission-generating activities. Where an event adversely affects multiple activities, the impact on Crédit Agricole CIB's results of operations and financial condition could be particularly significant.

Crédit Agricole CIB is subject to risks associated with climate change.

While Crédit Agricole CIB's activities generally are not exposed directly to climate change risks, Crédit Agricole CIB is subject to a number of indirect risks that could be significant. When Crédit Agricole CIB lends to businesses that conduct activities that produce significant quantities of greenhouse gases, Crédit Agricole CIB is subject to the risk that more stringent regulations or limitations on the borrower's activities may adversely impact its credit quality, causing Crédit Agricole CIB to suffer losses on its loan portfolio. Crédit Agricole CIB also conducts activities relating to trading of emissions allowances, and it could suffer losses due to adverse movements in prices for such allowances. As the transition to a more stringent climate change environment accelerates, Crédit Agricole CIB will have to adapt its activities appropriately in order to achieve its strategic objectives and to avoid suffering losses.

Crédit Agricole CIB must maintain high credit ratings, or its business and profitability could be adversely affected.

Credit ratings have a significant impact on the liquidity of Crédit Agricole CIB. A downgrade in credit ratings could adversely affect the liquidity and competitive position of Crédit Agricole CIB, increase borrowing costs, limit access to the capital markets, trigger obligations in Crédit Agricole CIB's covered bond program or under certain bilateral provisions in some trading, derivative and collateralised financing contracts or adversely affect the market value of its Notes.

Crédit Agricole CIB's cost of obtaining long-term unsecured funding from market investors is directly related to its credit spreads (the amount in excess of the interest rate of government securities of the same maturity that is paid to debt investors), which in turn depend to a certain extent on their credit ratings. Increases in credit spreads can significantly increase Crédit Agricole CIB's cost of funding. Changes in credit spreads are continuous, market-driven, and subject at times to unpredictable and highly volatile movements. Credit spreads are also influenced by market perceptions of issuer creditworthiness. In addition, credit spreads may be influenced by movements in the cost to purchasers of credit default swaps referenced to Crédit Agricole CIB's debt obligations, which are influenced both by the credit quality of those obligations and by a number of market factors that are beyond the control of Crédit Agricole CIB.

Crédit Agricole CIB faces intense competition.

Crédit Agricole CIB faces intense competition in all financial services markets and for the products and services it offers. The European financial services markets are relatively mature, and the demand for financial services products is, to some extent, related to overall economic development. Competition in this environment is based on many factors, including the products and services offered, pricing, distribution systems, customer service, brand recognition, perceived financial strength and the willingness to use capital to serve client needs.

In addition, new and more competitive rivals (including those utilising innovative technology solutions), which may be subject to separate or more flexible regulation, or other requirements relating to prudential ratios, could also enter the market. Technological advances and the growth of e-commerce have made it possible for non-bank institutions to offer products and services that traditionally were banking products, and for financial institutions and other companies to provide electronic and Internet-based financial solutions, including electronic securities trading. These new players exert downward price pressure on Crédit Agricole CIB's products and services and can succeed in winning market share in areas that have been historically stable and dominated by traditional financial institutions. In addition, new applications, particularly in payment processing and retail banking, new currencies, such as bitcoin, and new technologies facilitating transaction processing, such as blockchain, have been gradually transforming the financial sector and the ways in which customers consume banking services. It is difficult to predict the effects of the emergence of such new technologies, the regulatory framework for which is still being defined, but their increased use may transform the competitive landscape of the banking and financial industry. Crédit Agricole CIB must therefore strive to maintain its competitiveness in France and in the other major markets in which it operates by adapting its systems and strengthening its technological footprint to maintain its current market share and level of results.

Crédit Agricole CIB's ability to attract and retain qualified employees is critical to the success of its business and failure to do so may materially affect its performance.

Crédit Agricole CIB's employees are its most important resource and, in many areas of the financial services industry, competition for qualified personnel is intense. Crédit Agricole CIB's results depend on its ability to attract new employees and to retain and motivate its existing employees. Crédit Agricole CIB's ability to attract and retain qualified employees could potentially be impaired by legislative and regulatory restrictions on employee compensation in the financial services industry. Changes in the business environment may cause Crédit Agricole CIB to move employees from one business to another or to reduce the number of employees in certain of its businesses. This may cause temporary disruptions as employees adapt to new roles and may reduce Crédit Agricole CIB's ability to take advantage of improvements in the business environment. In addition, current and future laws (including laws relating to immigration and outsourcing) may restrict Crédit Agricole CIB's ability to move responsibilities or personnel from one jurisdiction to another. This may impact its ability to take advantage of business opportunities or potential efficiencies.

Statutory write down or conversion powers under EU and French laws relating to bank recovery and resolution may adversely affect holders of securities issued by the Crédit Agricole Group

The European Bank Recovery and Resolution Directive ("BRRD") and the single resolution mechanism ("Single Resolution Mechanism"), as transposed into French law by a decree-law dated 20 August 2015 (l'ordonnance n°2015-1024 du 20 août 2015 portant diverses dispositions d'adaptation de la législation au droit de l'Union Européenne en matière financière), each of which is the subject of pending modification proposals at the European level, provide resolution authorities with the power to "bail in" capital instruments and eligible liabilities of an issuing institution such as Crédit Agricole CIB, meaning writing them down or (except in the case of shares) converting them to equity or other instruments, if resolution proceedings are initiated in respect of the issuing institution.

As a general matter, a resolution procedure may be initiated in respect of an institution if (i) it or the group to which it belongs is failing or likely to fail, (ii) there is no reasonable prospect that another measure would avoid such failure within a reasonable time period, and (iii) a resolution measure is required (a) to ensure the continuity of critical functions, (b) to avoid a significant adverse effect on the financial system, (c) to protect public funds by minimising reliance on extraordinary public financial support, and (d) to protect client funds and assets, in particular those of depositors.

If an issuing institution is failing or likely to fail (and there is no reasonable prospect that another measure would avoid such failure within a reasonable time period) or if the issuing institution or the group to which it belongs requires extraordinary public support, resolution authorities must write down capital instruments such as shares or convert such instruments (excluding shares) into equity before initiating resolution procedure. If such a resolution procedure is commenced thereafter, the resolution authority may decide to exercise the bail-in power in respect of any remaining capital instruments (i.e., capital instruments (including shares) whose nominal amount has not been fully written down or capital instruments (excluding shares) that have not been converted to equity at the beginning of a resolution procedure), as well as other eligible liabilities issued by the relevant institution (i.e., subordinated debt instruments, senior non-preferred debt instruments and finally senior preferred debt instruments) in reverse order of seniority, excluding certain limited categories of liabilities.

As the Central Body of the Crédit Agricole Network (which includes primarily Crédit Agricole S.A., the Regional Banks, the Local Banks and Crédit Agricole CIB and BforBank, as affiliated members (the "Crédit Agricole Network")), Crédit Agricole S.A. must implement the financial solidarity mechanism provided for in Article L.511-31 of the French Code monétaire et financier in order to mobilise the equity of the affiliated members of the Crédit Agricole Network to maintain the liquidity and solvency of both the Crédit Agricole Network and each of its members, including Crédit Agricole CIB. If those measures prove insufficient, and the conditions related to the commencement of a resolution procedure as described above are met, the resolution authority's exercise of its resolution powers could result in the write-down or full or partial conversion of capital instruments and eligible liabilities issued by Crédit Agricole S.A..

In addition, the BRRD provides resolution authorities with broader powers to implement other resolution measures, which may include, among other things, the sale of the institution's business to a third party or a bridge institution, the separation of assets, the replacement or substitution of the institution as obligor in respect of debt instruments, modifications to the terms of debt instruments (including altering the maturity and/or the amount of interest payable and/or imposing a temporary suspension on payments) and discontinuing the listing and admission to trading of financial instruments.

If the financial condition of the Crédit Agricole Group or Crédit Agricole S.A. deteriorates, or is perceived to deteriorate, the exercise of bail-in powers and other resolution measures by the resolution authority as described above could accelerate the decline of the market value of the shares and other securities of Crédit Agricole S.A..

2. RISK MANAGEMENT

2.1 CONCISE STATEMENT ON RISKS

Statement prepared in compliance with Article 435(1)(f) of Regulation (EU) No 575/2013.

Crédit Agricole CIB has learned from the 2007/2008 crisis and has considerably reduced its risk appetite, primarily by suspending or cutting back on some of its market activities. Its strategic guidelines and management and control systems have therefore been scaled in such a way as to maintain a controlled risk profile which is adapted to well thought out commercial ambitions, a still uncertain economic climate and greater regulation.

The Board of Directors approved Crédit Agricole CIB's risk appetite for the first time on 30 July 2015. It is updated regularly and at least annually by the Board to ensure that it remains consistent with the financial objectives of Crédit Agricole CIB and that it reflects the regulatory constraints, in particular Pillar II. The 2018 risk appetite was approved by the Board on 9 February 2018.

2.1.1 Risk appetite framework

CRÉDIT AGRICOLE GROUP APPROACH AND RISK LEVELS

In accordance with the Group's approach, Crédit Agricole CIB expresses its risk appetite qualitatively as well as quantitatively based on key indicators, the most significant of which are broken down into several risk levels:

- appetite is used for managing normal everyday risk. It is expressed in budget targets for solvency and liquidity, and in operational limits for market and counterparty risks, any breach of which is immediately flagged up and then resolved by Executive Management;
- tolerance is used for exceptional management of an increased level of risk. Any breach of tolerance thresholds triggers an immediate report both to the Group Risk Management Department (DRG) and to the Chairman of the Crédit Agricole CIB Board of Directors Risk Committee which is then, if necessary, referred up to the Board of Directors;
- capacity is the maximum risk that Crédit Agricole CIB could theoretically take on without infringing its operational or regulatory constraints.

ROLE OF THE BOARD OF DIRECTORS

Crédit Agricole CIB's risk appetite must be approved by its Board of Directors, following a proposal by Executive Management and after it has been examined by the Board of Directors Risk Committee. Crédit Agricole CIB's risk profile is examined on a regular basis (at least quarterly) by the Risk Committee and by the Board of Directors to ensure that it is still compliant with the risk appetite which has been defined and, where necessary, the risk appetite should be adjusted to be in keeping with changes to the economic climate, regulatory constraints and with Crédit Agricole CIB's commercial and financial goals.

RISK APPETITE, SPECIFIC RISK STRATEGIES AND SECTOR POLICIES

Every business line, country or significant sector of the Bank defines periodically a risk strategy that is specific to it and consistent with its financial objectives and its competitive positioning. These risk strategies are approved by the Strategies and Portfolios Committee (CSP) chaired by the Executive Management and, if necessary, by the Group Risk Committee (CRG) chaired by the Executive Management of Crédit Agricole S.A. for risk strategies which the shareholder wishes to authorise at its level, and then lastly, in compliance with the Ministerial Order of 3 November 2014, by the Board of Directors.

Crédit Agricole CIB has also introduced Corporate Social Responsibility (CSR) sector policies in cooperation with the Group as a whole to manage the reputational risks stemming from the social and environmental impacts of its activities. These policies set out analysis criteria for these specific risks, which may cause Crédit Agricole CIB not to complete a transaction which displays (or in some cases does not display) certain (required or excluded) characteristics in certain sectors such as armaments, nuclear or coal (see paragraph 4.4 of the chapter 2). Much like the specific risk strategies, these sector policies are approved by the Strategy and Portfolio Committee (CSP) and then by the Board of Directors.

Ultimately, Crédit Agricole CIB's risk appetite therefore comprises the following five components which form a coherent whole and incorporate the Bank's commercial strategy:

i. the overall risk strategy

ii. the dashboard of key indicators broken down into three risk levels, monitored quarterly;

iii. this concise statement;

iv. the specific risk strategies (updated periodically);

v. the sector policies.

TYPES OF RISK: OWN RISKS AND IMPOSED RISKS

In order to meet its commercial and financial goals, Crédit Agricole CIB selects the majority of its own risks: counterparty risks, market risks and liquidity risks are taken on intentionally to generate income and profit. Therefore, Crédit Agricole CIB defines its appetite by ensuring that risks are in proportion with its commercial strategy and financial objectives, taking into account its previous performance, competitive position and the current economic cycle, while ensuring that all regulatory requirements (particularly those related to solvency and liquidity) are met.

Other risks such as operational and certain non-compliance risks are essentially imposed, although the implementation of protective measures and control systems helps to limit these risks and their potential consequences. The Bank has no appetite for these risks. The Bank's appetite is therefore expressed through certain control and watch list indicators, whose purpose is to reduce the impact of these risks to a bare and tolerated minimum.

2.1.2 Overall risk profile at 31 December 2018

At 31 December 2018, the consolidated risk profile of Crédit Agricole CIB was below the tolerance level approved by its Board of Directors.

2.1 GLOBALLY-MANAGED RISKS: SOLVENCY AND LIQUIDITY

SOLVENCY

Key solvency risk indicators include:

- the Risk-Weighted Assets (RWA) calculated using regulatory methods;
- the economic capital originating from the “Internal Capital Adequacy Assessment Process” (ICAAP - see paragraph 3.2 of this chapter);

The regulatory RWAs are used to calculate nearly all of Crédit Agricole CIB’s risks: credit risks, market risks and operational risks. This key indicator fully expresses the overall quantity of risk that the Bank is willing to take on (appetite), does not wish to exceed under any circumstances (tolerance), and the maximum risk in accordance with the regulatory constraints (capacity).

At 31 December 2018, Crédit Agricole CIB’s regulatory RWAs stood at €118.7 billion (see paragraph 3.1.6.4 of this chapter) and were below the Bank’s tolerance threshold.

The internal economic capital requirements are calculated using stricter methodologies than the regulatory approaches. This calculation considers risks not included in Pillar 1, and quantifies them using in-house methodologies. The internal economic capital requirements of Crédit Agricole CIB are below its tolerance level.

LIQUIDITY

Key liquidity risk indicators include:

- resistance periods for short-term liquidity stress;
- the Stable Funding Position (PRS); and
- the Liquidity Coverage Ratio (LCR).

Short-term liquidity stress is applied based on crisis scenarios that Crédit Agricole CIB believes that it could face should an event affect the Group (idiosyncratic crisis), the whole of the inter bank market (systemic crisis), or a combination of the two (global crisis).

The stable funding position, defined as a long-term surplus of resources over long term assets, aims to protect business lines from the consequences of market stress.

LCR came into force on 31 October 2015. This ratio requires the Bank to retain sufficient unencumbered High-Quality Liquid Assets (HQLA) that can be converted into cash easily and immediately, on private markets, assuming a liquidity crisis lasting 30 calendar days.

At 31 December 2018, all of these indicators were compliant with the Bank’s tolerance in this area. Note that the LCR percentage of 119% far exceeds the regulatory requirement of 100%.

RISKS SPECIFICALLY MANAGED WITHIN THE CORPORATE AND INVESTMENT BANKING (CIB) AND WEALTH MANAGEMENT BUSINESS LINES

CRÉDIT

Crédit Agricole CIB’s Corporate and Investment Banking is based on debt-related business: credit risk is therefore central to its activities and is by far the greatest risk. Like Crédit Agricole CIB’s competitors, CIB customers are often large multinationals or major financial institutions which by their very nature, in addition to individual creditworthiness issues, generate a concentration risk in this area. This risk should however be put into perspective by viewing the Crédit Agricole Group as a whole. The refocusing strategy applied since the financial crisis slightly reduced the number of counterparties and geographical sites, and therefore resulted in a relative increase in the portfolio concentration. However the Bank is still active in a large number of countries and economic sectors, thus benefiting from the positive effect of sectoral and geographical diversification. This effect is measured and monitored under ICAAP.

On the other hand, Crédit Agricole CIB’s Wealth Management (WM) business line generates few credit risks, as the majority of its services are Lombard loans which are secured against collateral such as: cash, securities, life insurance contracts, etc.

Therefore, Crédit Agricole CIB’s risk appetite is defined in accordance with three key indicators:

- expected losses (EL) within one mid-cycle year for all of its exposures using the internal ratings-based approach (IRBA), with the exception of exposures at default (separate thresholds for CIB and Wealth Management);
- unexpected losses due to the sudden and simultaneous default of several investment grade counterparties (CIB only);
- the proportion of unsecured credit (Wealth Management only).

At 31 December 2018, all three indicators were below the Bank’s tolerance thresholds.

MARKET RISKS

A series of refocusing and adaptation plans have reduced Crédit Agricole CIB’s market activity and the resulting risk. This redimensioning plan followed the response to the financial crises of 2007-2008, and then 2011, and the choice to discontinue activities which were deemed to be non-strategic or below their critical size. Thus, Crédit Agricole CIB disposed of its European (Cheuvreux) and Asian (CLSA) equity brokers, together with its 50% stake in Newedge Group (derivatives brokerage). It also ceased its commodity-related activities and gave up its market-making role for credit derivatives. The Bank also suspended its own-account activities and, under the French Banking Law (LBF), was not required to set up an ad-hoc subsidiary. Finally, the Bank’s Treasury Department is responsible for the sound and prudent management of cash, as required under the LBF.

Crédit Agricole CIB has retained its appetite for market risks in its CIB activities, when such risks are adopted by supplying corporate customers and financial institutions with the investment products and services that they require (including some structured products), and by assuming its role as a market maker for certain market segments and instruments. Wealth Management on the other hand is only exposed to a very low level of market risks.

Therefore, Crédit Agricole CIB’s market risk appetite is defined in accordance with two key indicators:

- maximum one-day loss within a confidence interval of 99%, or Value-at-Risk (“VaR” - see definition and calculation method in paragraph 2.5.2 of this chapter); and
- adverse and extreme stress (see definition and calculation method on page 196, to understand maximum loss in theoretical extreme market conditions which systematically contradict the Bank’s positions.

At 31 December 2018, these indicators were below the Bank’s tolerance, with a VaR of €4.5 million (see paragraph 2.5.2 of this chapter).

IMPOSED OPERATIONAL RISKS

Crédit Agricole CIB's imposed operational risks are defined in accordance with two key indicators, while setting specific thresh olds for the CIB and Wealth Management business lines:

- total operational losses observed during the year; and
- major operational risk incidents.

At 31 December 2018, these indicators were compliant with the Bank's operational risk tolerance.

LEGAL AND NON-COMPLIANCE RISKS

Crédit Agricole CIB has no appetite for legal and non-compliance risks. However, any banking activity which generates income may lead to administrative or disciplinary sanctions in the event of a failure to comply with the rules relating to this activity, whether they be laws, regulations, professional or ethical standards, or even instructions from the Bank's managers. Crédit Agricole CIB manages the non-compliance risk situations inherent to income generation by measuring the proportion of activities performed:

- with the most risky customers from a financial security viewpoint;
- for the most complex products on the market.

Specific thresholds are set out for CIB and Wealth Management according to the methods they respectively use to classify financial security or suitability risks, and to references appropriate to their business activities (commercial income or managed assets).

At 31 December 2018, these indicators were below the tolerance thresholds.

REPUTATIONAL RISKS

At 31 December 2018, Crédit Agricole CIB was not exposed to any reputational risk and was compliant with its CSR sector policies.

2.2 ORGANISATION OF THE RISK FUNCTION

The Risk Management and Permanent Control (RPC) Department is in charge of the supervision and permanent control of risks across the whole Crédit Agricole CIB Group's scope of internal control. It carries out second-level supervision and permanent control of credit risks, market risks, country and portfolios risks, operational risks and accounting risks.

The organisation of Crédit Agricole CIB's Risk Management and Permanent Control function is integrated into the Crédit Agricole S.A. Group's Risk Management and Permanent Control business line.

Risk management is delegated to Crédit Agricole CIB under formally adopted subsidiarity and delegation principles.

Within this framework, the RPC regularly reports its major risks to Crédit Agricole S.A.'s Group Risk Management Department, and has Crédit Agricole S.A.'s Group Risk Committee (CRG) approve those cases which exceed its authorised limits as well as subs tantial risk strategies at the Crédit Agricole S.A. Group level.

2.2.1 Global organisation

The RPC is based on a global organisation with the following attributes:

- all risk management tasks and business lines, whatever their nature or location, are grouped together within one division. This division has four decision-making and management departments, each specialised in one business sector, and six other cross-functional departments dedicated to supervision and control:

1. The specialised decision-making and management departments for each business activity:

- Markets: Market and Counterparty Risk (MCR);
- Credit: Sectors, Corporates and Structured (SCS), Financial Institutions, Sovereigns and Countries (FSP), Sensitive Cases and Impairment (ASD).

2. The cross-functional departments dedicated to supervision and control:

- Supervision: Portfolio Models and Risk (MRP), Central Management (MGC), Staff and Risk Culture (EMC), Architecture and Project Management (APM).
- Control: Credit Administration and Monitoring (CAM) and Permanent Control, Operational Risk and Corporate Secretary (GPO), and Validation of Regulatory Models on Market Activities.

- All of Crédit Agricole CIB's local and regional RPC managers within the international network report directly to the managers at the RPC head office;
- permanent controllers at head office report functionally to the Operational Risk and Permanent Control Department;
- Crédit Agricole CIB's head of Risk Management and Permanent Control reports hierarchically to Crédit Agricole S.A.'s head of Group Risks;
- Crédit Agricole CIB's head of Risk Management and Permanent Control (who is a member of the Executive Committee) reports functionally to Crédit Agricole CIB's Executive Management.

2.2.2 Governance and general management of activities

INFORMATION ON THE CRÉDIT AGRICOLE CIB GOVERNANCE BODIES

The Risk Committee of the Board and the Crédit Agricole CIB Board of Directors receives:

- the Internal Control Report (formerly RACI) each year;
- a report on risk management and the main exposure areas each quarter, and specific reports as and when needed.

OVERALL MANAGEMENT OF THE ACTIVITIES

DEFINITION OF THE RISK PROFILE AND RISK STRATEGIES

A member of the Executive Management is at the head of the Strategy and Portfolio Committee (CSP). Its main missions are:

- to ensure that the Bank's global strategy is consistent with its capacity to take risks, to set guidelines that will become specific operational rules, notably such as risk strategies, and to work on alert and Business Watch topics;
- the CSP also oversees each location/country, each business line/major sector within a specific risk strategy, giving the main development guidelines for each business; it also decides on the main risk budgets for the global portfolio.

DECISION-MAKING PROCESS

The decision-making process within Crédit Agricole CIB is ensured by dedicated committees:

- business and geographical committees are in charge of retail financing within the limits granted to each manager;
- the most significant files are reviewed by the Counterparties Risk Committee (CRC) which is chaired by a member of Executive Management. The Crédit Agricole S.A. Group Risk Management Division (DRG) is systematically a member of this committee and receives all the files; the cases with an amount higher than the limits granted to Crédit Agricole CIB are presented for decision to the Crédit Agricole S.A. Executive Management, after hearing the Group Risk Management Division (DRG);
- the Market Risk Committee (CRM), which is also chaired by a member of Executive Management, monitors market exposures twice a month. The CRM sets the limits and does controls on compliance accordingly.

ANTICIPATION OF COUNTERPARTY DETERIORATION

Anticipation of the potential deterioration of counterparties is addressed under:

- monthly Early Warning meetings, scheduled by the Business Watch function attached to the Central Management Department, which aim to identify early signs of potential deterioration of counterparties hitherto considered sound. After a review of the information gathered, these meetings are intended to draw the most appropriate operational consequences from the review, depending on whether its conclusions are positive (signs ultimately considered innocuous or benign, not justifying at this stage a challenge to the customer) or negative (confirmation of concern necessarily resulting in a reduction of our risk exposure);
- early detection by means of ongoing monitoring of portfolios and sub-portfolios to detect counterparties demonstrating various weak or strong alert signals identified from information passed on by the risk teams and front office staff, data obtained from internal databases and market information;
- stress scenarios, performed to enable measurement of the impact of a shock on a portfolio or sub portfolio (for application of Pillar 2 of Basel II) and to identify the sectors/segments requiring provisions.

The objective is to anticipate as early as possible, in order to act upstream of a deteriorating situation. Preventive measures are likely to be more effective and less costly than initiatives which begin later on.

CONTROL OF SENSITIVE CASES

The control of sensitive cases is ensured by a dedicated team. Debts that are under special supervision or classified as in default are revised quarterly.

OPERATIONAL MANAGEMENT BODIES

In addition to the committees in charge of risks (CRC and CRM), risk management reports are also regularly presented to the following Executive Management bodies:

- the Crédit Agricole CIB Executive Committee, with debates and discussions dedicated to risk management;
- the Internal Control Committee which is responsible for monitoring market and counterparty limits, controlling operational risks and following-up recommendations from internal and external audit bodies;
- the top-level Permanent Control Committee, which approves the functions assigned to Permanent Control, examines the Permanent Control systems of the Business Lines or branches, as well as cross-functional problems. It also supervises management of Crédit Agricole CIB Group's operational risks.

CREDIT AGRICOLE S.A. RISK MANAGEMENT PROCESS

Crédit Agricole CIB is part of the Crédit Agricole S.A. risk process which is structured around the following bodies:

- the Group Risk Committee is chaired by the Crédit Agricole S.A. Chief Executive Officer. Crédit Agricole CIB mainly presents to the committee its one off approval requests, its main risk strategies, its budgets and commitments on emerging countries, the corporate significant outstandings, individual exposures, the sensitive cases, the limits as well as the market risk situation;
- the Risk Monitoring Committee which belongs to the CRG. Chaired by the Crédit Agricole S.A. Chief Executive Officer, this committee reviews counterparties which show signs of deterioration or a need of arbitrage between entities of the Group;
- the Standards and Methodology Committee (CNM) chaired by the Crédit Agricole S.A. Head of Risk and Permanent Controls to which Crédit Agricole CIB submits any proposed or existing methodology as regards Basel risk qualification or measurement prior to application within Crédit Agricole CIB, as well as, more broadly, points of attention of any kind likely to impact the Group's risk profile, net income or solvency (risk factors linked to a sector of the economy, country, product category, business activity, regulatory change, etc.);
- finally, the Crédit Agricole S.A. Group Risk Department is a permanent member of the Crédit Agricole CIB Internal Control Committee (CCI).

2.3 INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES

2.3.1 Definition of the internal control system

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

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

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

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

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

2.3.2 Reference documents relating to internal control

2.3.2.1 LAWS AND REGULATIONS

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

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

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

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

MAIN INTERNAL REFERENCE DOCUMENTS

The main internal reference documents are:

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

ORGANISATION OF THE INTERNAL CONTROL SYSTEM

◆ Basic principles

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

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

These principles are supplemented by:

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

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

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

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

◆ Monitoring of the process

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

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

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

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

The committee met four times in 2018.

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

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

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

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

The Head of Group Risk Management (DRG) - Operational Risk and Permanent Control at Crédit Agricole S.A. may sit in on all meetings. The committee met four times in 2018.

In addition to the permanent control committees established in the head office departments, local committees have been established in the subsidiaries and branches in France and abroad. These are held monthly (outside of months when a CCI is being held), either face to face or online.

◆ Role of the supervisory body: Board of Directors

The Board of Directors decides on strategy and controls the implementation of oversight by the Executive Directors. It approves and regularly reviews the Bank's risk appetite and risk strategies. It is notified of the organisation, work and results of internal control, and of the main risks facing the Bank.

The Board of Directors refers to four specialised committees to carry out its missions: the Audit Committee, the Risk Committee, the Appointments and Governance Committee and the Compensation Committee. The main responsibilities of the Board and its Committees are listed below and described in further detail on chapter 3, paragraph 1.2.4:

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

◆ Role of the Executive Directors: Executive Management

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

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

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

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

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

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

◆ Scope and consolidated organisation of Crédit Agricole CIB's internal control systems

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

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

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

In 2018, the Crédit Agricole CIB governance document was updated to take into account the new Group Procedural Memo on the organisation of internal control (see above, "Main Internal Reference Documents"). This document will introduce the notion of "Consolidated Supervision Scope", by defining its rules for determining supervision and governance information procedures.

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

◆ General presentation

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

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

Permanent control is carried out as follows:

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

By derogation, the permanent controllers of corporate centres and support functions of the headquarters functionally report to the RPC. This derogation, granted by Crédit Agricole S.A., will come to an end on 31 March 2019, when they will report to RPC hierarchically, and functionally to the corporate centres and support functions.

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

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

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

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

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

Since 2016, the Qualitative aspect of the ICAAP (Internal Capital Adequacy and Assessment Process) has been fully included within the annual report on internal control (RACI). Further, the SCOPE standard control plan underwent a full review, and in 2018 we introduced a new mapping module in the OLIMPIA tool.

For 2019, in addition to continuing the ICAAP work (methodology, governance, etc.) we will introduce a new 2.2 controls plan module, as well as a module to monitor the Action Plans in OLIMPIA. It is envisaged that the governance documents will be updated after the hierarchical reporting of the permanent controllers at head office.

◆ Detailed presentation

FIRST-DEGREE CONTROLS

They are performed in a hierarchical environment where the technical actions which are the subject of the control are carried out. The definition of these controls and the analysis of their results is first and foremost the responsibility of management of the scope where they are applied, the "4 eyes" principle.

Permanent, first degree controls are applied to the tasks carried out by all business lines and support functions of the Bank. It is the business line or support function themselves which define them and implement them whilst delegating responsibility to the operational players of their scopes.

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

SECOND-DEGREE, FIRST-LEVEL CONTROLS

They are performed in a hierarchical environment which is independent from that where the action being audited was carried out.

Hence the "2nd degree" description. They are applied to situations considered to be sufficiently sensitive to require, as a result of regulation or a management decision, a segregation of tasks in the implementation phase, or an independent perspective.

In certain configurations, permanent level 2.1 controls may be activated in the absence of permanent level 1 controls.

SECOND-DEGREE, SECOND-LEVEL CONTROLS

They are performed in a hierarchical environment which is independent from that where the action being audited was carried out, hence the "2nd degree" description.

They are performed by specialist audit agents who are detached from any operational mandate under the control scope or any other scope, except for that which aims to enable the operation of their own tools. This operational independence is reflected in the suffix "2nd level" which is added to the 2nd degree status.

The 2nd level, 2nd degree controls (or, more frequently referred to as "2.2") apply to different situations:

- Performing final controls and analysis on the basis of results from level 2.1 controls. This is part of a chain of permanent controls including the three pillars.
- Checking the quality of a specialised 2nd degree, 1st level control relating to aggregated elements or a set of processes, if the risk represented by these elements or these processes is considered sufficiently sensitive.
- In the case of an unexpected audit or when there is an incident, check the quality of a 1st degree control when there is no 2nd degree, 1st level control.

The systematic "triplication" of permanent control (levels 1, 2.1 and 2.2) is not standard and must be justified by the level of risk of the action. Neither should a level 2.2 control compensate for the absence of a level 1 or 2.1 control in situations where one or the other should normally exist, except for in very exceptional cases (closure of a unit, unexpected absence of someone, user back-up plan etc.).

RISK AND PERMANENT CONTROL DEPARTMENT

The roles and responsibilities in risk management are outlined in the section above, "Organisation of the Risk function".

◆ Risk projects

Project RC 3.0:

The Counterparty Risk 3.0 programme is managed by the APM (Architecture & Project Management) team, a project team which reports to the "Risk and Permanent Control" Department of Crédit Agricole CIB. This programme meets the objective of significantly and continuously improving the counterparty risk control mechanism, while meeting new regulatory requirements.

A Financial and Strategic Steering committee, chaired by the Head of the Risk Department, brings together risk department managers, representatives of the business lines concerned and from IT, and monitors the projects selected:

- The Anacredit (ANAlytical CREdit Data Set) project: European analytic database on credits which concerns all financial institutions in the Euro zone as part of the Single Supervisory Mechanism (SSM).
- The aim of the RADaR project is to provide users with a single platform containing all counterparty risk data and to incorporate PRISM into the RADaR ecosystem, using the standard GIT.
- SDP Upgrade: project to improve the counterparty risks transaction database by processing the obsolescence of some technical components and improving the ergonomics of some modules to decrease operational risk.
- The STI project aims to introduce the first operational components to have a single, unchanging identifier for each transaction with our clients.
- Extension to new counterparties (Sept 2018 lot) affected by the introduction of margin requirements on derivatives transactions not offset centrally (Margin Requirements Project).

MASAI FRTB Project:

Project led by RPC and sponsored by GMD and RPC, aims to bring in:

- A new market risks ecosystem based on Big Data technology in response to a strong increase in data volumes and significant complexity of market risk indicators
- Compliance vis-à-vis regulation of BCBS239 principles with the introduction of a new Market Risks Operating Model and FRTB regulation.

◆ Credit risk

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

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

Credit decisions are made using risk strategies defined for each major scope (country, business line, sector) specifying the major guidelines (target client group, types of products authorised, overall budgets and unit amounts envisaged, etc.) within which each geographic entity or business line must focus its activity.

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

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

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

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

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

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

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

◆ Country risks

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

◆ Market risks

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

- the New Activity or New Product Committees, organised by business line, allow the Market Risk teams, among others, to pre-approve business developments;
- the Market Risk Committee (CRM), which meets twice a month, coordinates the whole market risk management system and approves the market risk limitations;
- the Liquidity Risk Committee (CRL) ensures the implementation of Group standards for monitoring liquidity risk at operational level;
- the Pricers Validation Committee reviews the pricers approved during the year.

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

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

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

In 2018, projects on regulatory themes continued i.e. roll-out of a Market Risks ecosystem meeting the requirements of the Fundamental Trading BookReview and compatible with BCBS 239 requirements, managed jointly with the Masai project.

Operational risks

Operational risk management relies mainly on a network of Permanent Control correspondents coordinated by the RPC.

Operational risks are monitored for each business line, subsidiary and each region, which ensure the reporting of losses and incidents, as well as their analysis, by Internal Control Committees.

In addition to actual losses, the operational risk scorecard methodology takes into account provisions, specifically for legal disputes since the end of 2013 and tax disputes since the end of 2015.

Each quarter, the RPC produces an operational risk scorecard showing movements in operational risk-related costs and associated key events.

Remedial action following significant incidents is monitored closely, in conjunction with business lines and support functions.

The operational risk map covering all business lines at head office, the international network and subsidiaries is revised every year. Together with the compliance and legal functions, the RPC takes into account non-compliance risks and legal risks.

In 2016, several specialists were recruited to the head office, in order to take into account French and international regulations concerning capital markets (Volcker rule, French banking law) and IT system security (Information System Risk control). In the past year, the extreme risk scenarios (see Group Advanced Measurement Approach) that could affect Crédit Agricole CIB have also been updated, to take account of the major events of the year. In 2018, we continued developing an integrated solution to monitor operational risks, the OLIMPIA tool, including mapping of operational risks and reflecting work to identify Crédit Agricole CIB's main processes and the expected developments of organisational standards.

Provision of essential outsourced services (PSEE)

Any service or operational task classed as essential must meet certain monitoring requirements defined as part of a procedure that in particular sets forth the way in which outsourcing decisions are taken, the elements to be included in the contract and the supervision procedures to ensure that all associated risks are managed and that the service runs smoothly.

A dedicated governance (Outsourcing Committee) keeps track of the services, at Executive Management level, complemented by specialist monitoring in the areas most affected by outsourcing (computing and back-office).

In addition, a review of all essential services, including a report on service quality (i.e. analysis of the main incidents and dysfunctions), and contract compliance is presented to the top-level Permanent Control Committee.

For 2019, beyond the deployment of the new integrated IT solution (see "Operational risks" paragraph), several actions are still expected to strengthen the organisation and fine-tune the methodology in order to improve the quality of the monitoring and consolidated reporting, in connection with the completion of projects conducted at Group level.

PERMANENT CONTROL OF ACCOUNTING AND FINANCIAL INFORMATION

The objectives of the permanent control of accounting and financial information are to provide adequate protection against major accounting risks that may damage the quality of the accounting and financial information.

Crédit Agricole CIB applied the Crédit Agricole Group's recommendations in this area. Thus, the Permanent Accounting Control of the Risk Management Department ensures the permanent control of the last level of accounting and financial information (second-degree, second-level control (2.2) and consolidated second-degree, second-level control (2.2.C). In this regard, it has the following tasks:

- production in the Group tool of degree 2.2 compatible control indicators of all Crédit Agricole CIB Group entities and 2.2.C degree indicators on a consolidated basis;
- production of 2.2 control indicators for essential outsourced accounting services provided by Crédit Agricole CIB for other entities of the Crédit Agricole Group;
- drafting of an Accounting and Financial Information Scoreboard for the Crédit Agricole CIB Group for the year ended 31 December of the previous year, thus assessing the proper functioning of the accounting control system for the published financial information. The Accounting Control and Financial ensures the implementation of action plans if needed. This Scoreboard is presented to Crédit Agricole CIB's Executive Management within the framework of its top-level Permanent Control Committee. Accounting control indicators and their evolutions are presented, at least twice a year before this same Committee;
- ad hoc controls of all information within the scope of Permanent Accounting Control and of all publishable financial information;
- thematic on-the-spot and document controls: an annual control plan is defined. This plan is validated during a top-level Permanent Control Committee meeting. The summary and conclusions of

these thematic controls are presented each year during the June and December top-level Permanent Control Committee meetings.

In 2018, the specific controls carried out related to:

i. the biannual review of dormant (inactive) accounts - clients and charts of accounts, of Crédit Agricole CIB France;

ii. second-degree, second-level annual review of second-degree, first-level accounting controls.

◆ Regulatory capital requirements

Within the framework of Basel II regulations, Crédit Agricole CIB uses an approach based on internal models approved by the regulator for calculating capital requirements with respect to Credit and market risks as well as operational risk.

These patterns are part of the risk management device of Crédit Agricole CIB, they are monitored and reviewed on a regular basis to ensure their effective performance and use.

Concerning the credit risk, the LGD project finance, LGD Banks, PD and LGD funds and RW bad debts credit models were re-calibrated during 2018. Prior notification was sent to the European Central Bank (ECB) before implementation of these models in our information systems. Moreover, all PD and LGD models were backtested during 2018. The results of this work will be presented to the Crédit Agricole CIB Executive Committee in the first quarter of 2019 and then to the Crédit Agricole S.A. Standards and Methodologies Committee. Further, our internal scores were benchmarked for the Low Default Portfolio (Large Corporates, Banks and Sovereigns) and in relation to the ratings of external agencies and those of other European banks involved in the annual RWA benchmarking exercise organised by the European Banking Authority (EBA).

It should be noted that the changes to our existing models and the development of new models are intended first to measure our risks as accurately as possible, and second to accompany the regulatory changes that apply to banks.

Correct application of the Basel system is regularly monitored by a Basel Requirements Review Committee. In 2019, the RCP/MRP teams will continue to work on:

i. the Basel text published on 7 December 2017 on the usage constraints of the internal models.

ii. The preparation of the ECB audit referred to as TRIM (Targeted Review of Internal Models) on credit risk.

◆ The Finance Department: control system for accounting and financial information, global interest rate and liquidity risks

ROLES AND RESPONSIBILITIES FOR THE PREPARATION AND PROCESSING OF ACCOUNTING AND FINANCIAL INFORMATION

In accordance with the Group's current rules, the roles and organisational principles of the Finance Department's functions are described in an organisational memo updated in 2018.

Within the Finance Department of Crédit Agricole CIB, Group Financial Control is in charge of drawing up the financial statements (the individual accounts of Crédit Agricole CIB, the consolidated financial statements for the Crédit Agricole CIB Group, and regulatory statements for the Company and for the Group). The Department is also responsible for giving Crédit Agricole S.A. all of the data needed to prepare the consolidated accounts of the Crédit Agricole Group.

The Finance Departments of the entities that fall within the scope of consolidation are responsible for drawing up their own financial statements by local and international standards. They operate within the framework of the instructions and controls of the Head Office's Finance Department.

PROCEDURES FOR THE PREPARATION AND PROCESSING OF ACCOUNTING AND FINANCIAL INFORMATION

The organisation of IT procedures and systems used for the preparation and processing of accounting and financial information is provided in procedure manuals and in an accounting risks mapping updated annually. The Finance Department also oversees the consistency of the architecture of the financial and accounting information systems and ensures the monitoring of the major projects in which they are involved (accounting, regulatory, prudential, liquidity). 2018 saw the start of production of the Base Mondiale Finance which centralises the accounting and financial information of subsidiaries and branches to produce the consolidated financial statements of the Crédit Agricole CIB Group.

ACCOUNTING DATA

Crédit Agricole CIB closes its accounts monthly. Parent company and consolidated financial statements are established using the Crédit Agricole Group's accounting standards, which are circulated by Crédit Agricole S.A.'s Accounting and Consolidation Department. The accounting treatment of complex instruments and transactions undergoes prior analysis by the Accounting Standards unit of Crédit Agricole CIB's Finance Department. Since 1 January 2018, the Crédit Agricole CIB Group has been preparing its financial statements in accordance with IFRS 9. The procedure for preparing the financial statements under this new framework and the effects of first-time application have been reviewed by the Statutory Auditors

Each Crédit Agricole CIB Group entity produces a consolidation package which is used to populate the general Crédit Agricole Group system managed by Crédit Agricole S.A. Group Financial Control issues quarterly closing instructions to the Finance Departments of Crédit Agricole CIB entities to define the reporting schedules and to specify certain accounting treatments and the type of information to be collected over the period, particularly with a view to preparing the notes to the consolidated financial statements.

MANAGEMENT DATA

Most financial information published by Crédit Agricole CIB is based on accounting data and on management data.

All management data is checked to ensure that it has been properly reconciled with the accounting data and that it complies with the management standards set by the governance bodies.

Each entity reconciles the main items of its management results with the intermediate income statement balances produced from accounting data. Group Financial Control checks that the sum of business-line results equals the sum of entity results, which must in turn be equal to the Crédit Agricole CIB Group's consolidated results. This check is made easier by the fact that the analytical unit (profit centre) is integrated within the entities' accounting information system.

Management data are prepared using calculation methods that ensure they are comparable over time. When published data are not extracted directly from accounting information, the sources and definition of calculation methods are generally mentioned to facilitate understanding.

DESCRIPTION OF THE PERMANENT ACCOUNTING CONTROL SYSTEM FOR ACCOUNTING AND FINANCIAL INFORMATION IN THE FINANCE DEPARTMENT

The Finance Department ensures the second-degree, first-level supervision of the permanent accounting and financial information control system worldwide. To do so, a dedicated permanent control team independent from the financial statements' production teams is made up.

Accounting permanent controls are intended to provide adequate protection against the major accounting risks that may damage the quality of accounting and financial information in terms of:

- compliance of the data with laws, regulations and Crédit Agricole Group standards;
- reliability and accuracy of the data, allowing a true and fair view of the results and financial condition of Crédit Agricole CIB and entities within its scope of consolidation;
- security of the data preparation and processing methods, limiting operational risks with respect to Crédit Agricole CIB's commitments regarding published information;
- prevention of fraud and accounting irregularities.

To meet these objectives, the Finance Department:

- has deployed the key accounting indicators defined by Crédit Agricole S.A. uniformly across all accounting departments of Crédit Agricole CIB's head office, branches and subsidiaries;
- consults the Group's branches and main subsidiaries quarterly via an accounting certification questionnaire in which the Heads of Finance commit to adhere to accounting standards;
- examines documents based on a control plan validated by the Internal Control Committee and coordinated with that of the Risk Management Department;
- conducts an annual review of the mapping of accounting risks.

The conclusions of their work as well as the proactive monitoring of recommendations issued by the regulator and Group Control and Audit enable the Permanent Control to define any remedial measures needed to strengthen, as necessary, the system for preparing and processing accounting and financial information.

All of these elements are presented on a quarterly basis in Internal Control Committee of the Finance Department.

The permanent control of accounting and financial information also applies to the information produced by Crédit Agricole CIB on behalf of Group entities (Crédit Agricole S.A. and LCL).

RELATIONS WITH THE STATUTORY AUDITORS

In accordance with French professional standards, the Statutory Auditors examine significant accounting choices and implement procedures they deem appropriate on published financial and accounting information:

- audit of the parent company and consolidated financial statements;
- limited review of the interim consolidated financial statements;
- review of all published financial information.

As part of their statutory assignment, the Statutory Auditors submit the conclusions of their work to Crédit Agricole CIB's Audit Committee and Board of Directors. They also point out the significant weaknesses of the internal control concerning the procedures relating to the production and treatment of the accounting and financial information.

Since 2016, in the context of implementing audit reform, the Finance Department, on delegation by the Audit Committee, approves any services other than the audit. The fees paid to the Statutory Auditors and the auditors' independence are discussed quarterly during Audit Committee meetings.

FINANCIAL COMMUNICATION

Crédit Agricole CIB contributes to Crédit Agricole S.A. financial communication's reports published for shareholders, investors, analysts or rating agencies. The financial and accounting information for the CIB activities of Crédit Agricole CIB in those reports is prepared by the financial communication section of the Finance Department. It is consistent with that used internally and validated by the Statutory Auditors and presented to the supervisory body of Crédit Agricole CIB.

GLOBAL INTEREST RATE RISK

To measure the global interest-rate risk, Crédit Agricole CIB uses the statistical-gap method, by calculating an interest-rate gap, and draws up stress scenarios. The interest-rate gaps and the results of the stress tests are presented to the ALM Committee which decides on the management and/or hedging measures to be taken.

The tool which automates RTIG processing and completes the "Balance Sheet Clean Up" process now relies on the Base Mondiale Finance.

LIQUIDITY RISK

The management of liquidity risk within the Crédit Agricole CIB Group has been placed under the responsibility of the Finance Department's Asset-Liability Management (ALM) section, which reports to the ALM Committee.

The existing system for management and control of the risks of illiquidity, availability and prices mainly concerns:

- the resilience to financial crises in systemic, idiosyncratic and global risk scenarios over 12 months, 3 months and 1 month;
- the exposure to short-term market refinancing (short-term limit);
- the concentration of long-term refinancing maturities;
- the medium and long-term liquidity gap for all currencies and US dollar liquidity.

Crédit Agricole CIB has a liquidity risk management platform linked to the Bank's accounting data, which measures regulatory liquidity ratios and Internal Liquidity Model indicators.

The main advances made during 2018 in liquidity risk management are the following:

- Improved prospective monitoring of the Business Lines' liquidity consumption
- Updating of the 2019-2022 liquidity trajectory as part of the Medium-Term Plan
- Continuing to improve the reliability of the daily LCR signal

Regarding liquidity, the Permanent Control procedure of Crédit Agricole CIB is similar to that of the Group. The minimum control indicators are the same and apply to all major processes in the same way.

◆ "Global Compliance" department

The roles and organisation of compliance are outlined below in part 8. Non-compliance risks.

◆ "Legal" department

The Legal Department's main duties include managing legal risk within Crédit Agricole CIB in accordance with the Decree of 3 November 2014, and providing the necessary support to business lines and support functions to enable them to operate with minimal legal risk, the mandate and monitoring of the relations with the Bank's external legal consultants and the implementation of an alert system in case of a negative or qualified opinion (opinion issued in terms of market transactions by which the Legal function discourages completion of the market transaction in question and indicates the legal risks taken by the Bank if this opinion is not taken into account).

The Head of Crédit Agricole CIB's Legal Department reports back on the work of the Legal Function to the Group's Legal Head and functionally to the Deputy Chief Executive Officer of the Bank responsible for Support Functions.

The Head of the Legal Department has hierarchical or functional authority, as the case may be, over head office legal officers and the legal officers of Crédit Agricole CIB Group entities, and over local legal officers.

The Legal Function's (LGL) permanent control and legal risk management system fall within the framework defined by Crédit Agricole CIB and Crédit Agricole S.A.

The Legal Function contributes to ensure that the Bank's business activities and operations comply with the applicable laws and regulations. It performs permanent controls on legal risks arising from Crédit Agricole CIB's activities, products, services and transactions, along with the operational risks generated by the Legal function itself.

It also provides legal consultations to Business Lines and Support Functions, involvement in legal negotiations of transactions, legal watch operations, staff training, standard contract modelling, legal policies and procedures issuing, the collaboration to decision-making bodies and procedures as required by the Bank's governance rules. The Legal function systematically takes part in the process of approving new products and activities and in major lending decisions.

In 2018, the Legal function continued to improve its permanent control and legal risk monitoring system, in particular through the following actions:

- updating of the permanent control KIT for Permanent Control correspondents in the Legal function abroad;
- updating of its operational risk mapping, with the extension of some processes identified by the Legal Function to the Private Banking activities;
- updating of its control plan, with a review of controls on external legal costs and the implementation of controls on Private Banking activities;
- Integration of Private Banking activities (see update of the operational risk mapping and the plan for control and participation of the Wealth Management legal head in the Executive, Internal Control and Permanent Control committees of the Legal Function);
- Implementation of the latest extant recommendations, issued during the audit on the Legal Function which took place in early 2015;
- Completion of the project to aggregate and automate performance and management indicators, quantitative and qualitative, produced monthly for the Management of LGL and of the Bank and of the Group's Legal Head.
- Extension of the production of these indicators to the work of legal experts reporting to the Legal Manager of the EMEA regional centre;
- Completion of the roll-out in all countries of the EMEA regional centre and in Brazil of the MMS/E-Billing tool to manage files and external legal costs;
- Creation of a legal team responsible for advising the Bank globally on penalties and financial crime;
- Recruitment of specialist legal experts on the Paris-London platform responsible for advising the Bank on competition law;
- Continuation of the Innovation project, which is one of the five pillars of the 2020 MTP for the Legal Function.

◆ Information System Security and Business Continuity Plan

The protection of the IT system and ability to overcome a large-scale accident are essential to defending the interests of Crédit Agricole CIB. Two units dedicated to processing issues related to information security and business continuity have therefore been set up; one within ISS (Information Systems Security), and the other in the Operations & Country COOs (OPC) department: BCP (Business Continuity Plan).

In order to fulfil their permanent control missions, they rely on a network of correspondents in France and abroad.

ISS CHANNEL

As regards information security, ISS determines the governance, rules (Safety of Information Systems Policies), coordinates maintenance of a suitable security level, ensures correct implementation of ISP systems, management of environments enabling identity control and authorisation management standards, definition of safety standards, safety scans and audits. ISS also acts as an IT safety manager on behalf of Crédit Agricole S.A. on environments that serve Crédit Agricole S.A., in relation with the CISO of that entity. Moreover, systems and applications connected to the Internet and internal servers vulnerable to fraud are covered by special, large-scale verifications. ISS also co-ordinates periodic reviews of employees' access rights to sensitive applications.

2018 mainly saw the continuation of the implementation of the Information System Safety master plan, called CARS Crédit Agricole CIB. This plan includes all the initiatives to boost security specific to Crédit Agricole CIB, as well as the CA Group's initiative in response to the critical Expected Results of the CARS plan.

The main achievements can be summarised as follows:

- Introduction of new tools to monitor level 1 and 2.1 controls
- DRP tests with end-to-end application validations (fictitious transaction)
- Improvement of our anti-Phishing capabilities on internet communication channels (advanced analysis of emails),
- Default locking of USB ports (with exceptional opening process)
- Continued securing of shared storage space for computer files;
- Protection of generic accounts with high privileges by using specialist equipment for firewalling access codes and managing the raising of privileges;
- continuation of the DLP (Data Leak Prevention) project, roll-out throughout the Asia region, on messaging, web and endpoint channels
- Raising awareness of employees
- Crisis management exercise involving all of the Bank's local information system security officers;
- Reminders of security rules, Phishing drills (all departments, all users in France), cyber attack management drills, etc.,
- Monitoring of MARLY 31 indicators (ACPR recommendations for IT security) via permanent control plans.

- Re-certification campaigns for all access by all employees by managers (100%)
- Deployment of strong authentication for New York Windows sessions, deployment underway for integration in Swift (completion in March 2019)
- Introduction of a new platform to manage the identities and authentication to replace the former architecture

2019 will see completion of the CARS plan initiated by the Group in early 2017. This plan includes the regulatory aspect to which Crédit Agricole CIB is subject in France, for which the implementation date is 31/12/2019. Additional actions will also be determined in 2019 for implementation in 2020 for Crédit Agricole CIB, mainly to improve the main administration networks. This plan will also integrate the Financial and Strategic Steering of international regulatory sites concerning ISS. The deployment of DLP solutions will continue with a view to finalising the Europe region, including France.

BCP

In business continuity matters, the BCP Division defines the governance and business continuity policies for the entire Group. For the head office, the BCP Division introduces redundancy to ensure business recovery within the time required by the business lines in the event of an incident. It acts to support its correspondents in the international network to ensure the introduction of business continuity systems according to standards defined at head office. Yearly tests check Crédit Agricole CIB's recovery capacity both in France and internationally.

The goals of these systems are to ensure employee security, by adopting special protective measures, and to ensure the continuity of the Bank's essential activities. An annual assessment makes it possible to verify the effectiveness of the business continuity system. The BCP Division reports on Crédit Agricole CIB's level of security to a quarterly committee which is chaired by the Deputy Chief Executive Officer responsible for Support functions.

The main achievements in 2018 at the head office focused on:

- testing the solution for connecting remotely to address the Extreme BCP scenario (232 testers registered);
- employee awareness-raising sessions (x 15) on BCP – in total almost 600 people took part;
- production tests on fall-back sites for a day for all activities concerned
- a review of the sizing of the fall-back system through the BIA campaign;
- IT recovery tests with the stoppage of one Datacentre, recovery on the emergency DC, and end-to-end processes (X 7), to ensure the correct functioning of all the applications associated with these processes
- Introduction of a new crisis communication tool at Crédit Agricole CIB (Send Word Now) in all Group entities
- Continuing tests on market activities on the new dedicated site.

Abroad:

- review and monitoring of local BCP systems, participation in local tests, awareness-raising initiatives;
- scenario simulation exercises involving local crisis cells;
- continuation of the cross BCP study (in the event of inaccessibility of the production and fall-back sites) between Paris and London on the part of market activities and extension of the cross BCP on the other sites for vital activities;
- redesign of the control flags.
- increased tests during "production" days
- introduction of remote access solutions in an increasing number of entities in the international network

In terms of outsourcing projects (outsourcing, cloud, etc.), BCP is involved in defining and validating the service providers' backup solutions.

- No major incident took place in 2018. Like each year, some minor incidents led teams to activate the BCP: snowstorms in Paris and NY, network incident in Spain, hurricane or typhoon alerts elsewhere.

The main objectives for 2019 will be:

- To continue the Cross BCP study at the entity level, including head office
- To adapt the BCP system to market activities according to the evolution and scale of activities in France (Brexit effect, medium-term strategy, etc.);
- The upgrade of the BCP system of HKG market activities;
- homogenisation of BIA (Business Impact Analysis) processes, particularly on the criticality of activities and applications
- continued awareness and communication actions involving all of the Bank's employees
- Review of the system to test the IT Backup Plan in partnership with GIT, particularly with the improvement of our backup solutions in response to scenarios of Software Unavailability of the IS (ILSI) and Mass Unavailability of Workstations (IMPT).

THIRD DEGREE CONTROLS

◆ Periodic control

The Group Control and Audit performs periodic control of Crédit Agricole CIB within all entities falling under its consolidated supervision perimeter. The Group had 159 audit personnel, 76 of whom were based at head office at the end of 2018.

As a third line of defence, the Group Control and Audit:

- carries out a diagnostic on the control mechanisms referred to in Article 13 of the decree of 3 November 2014 above, and on those ensuring the reliability and accuracy of the financial, management and operational information of the areas audited,
- ensure that the actual risk level is controlled (identification, recording, control, hedging), particularly credit, market and exchange rate risks, liquidity, global interest rate-risk, intermediation risk, payment-delivery risk, and of the various components of operational risk, including the risk of internal or external fraud, the risk of discontinuation of operations, legal and non-compliance risk and those newly mentioned in the aforementioned decree (basis risk, dilution risk, securitisation risk, systemic risk, model risk and excessive leverage risk),
- ensure compliance of the transactions,
- ensure procedures are followed,
- ensure correct implementation of the corrective measures decided upon,
- assess the quality and effectiveness of operations.

Crédit Agricole CIB's Group Control and Audit is part of the Internal Audit Business Line (LMAI) of the Crédit Agricole S.A. Group. Therefore the Crédit Agricole CIB Group Control and Audit reports directly to the Crédit Agricole S.A. Group Control and Audit and functionally to the Crédit Agricole CIB Deputy Chief Executive Officer. The Group Control and Audit benefits from unrestricted access to the Crédit Agricole CIB Executive Management and the Risk and Audit Committees of the Board of Directors. Moreover, Group Control and Audit has no responsibility or authority over the activities they control, which guarantees their independence.

To do its work, Group Control and Audit is structured into global business lines. The IGE are based at head office and some international entities and/or subsidiaries. All Crédit Agricole CIB internal audit teams report hierarchically to Group Control and Audit, unless prohibited by local legislation or regulations, in which case the local internal audit is functionally supervised by IGE.

IGE is divided into three teams, the Managers of which report directly to Group Control and Audit: a global Audit team, a Methods and Support team and a manager for relationships with supervisors and control authorities.

During the 2018 financial year, Internal Audit missions pertained to various entities and units in France and abroad through specific mission (concerning an entity or subsidiary), business line reviews and missions of the thematic or cross-departmental type, including IT and regulatory audits. Group Control and Audit also carries out specific missions at the request of Crédit Agricole CIB's Executive Management, its Risk Committee or Group Internal Audit.

Auditing work essentially stems from the annual audit plan set using an updated risk mapping approach as well as information provided by the Chief Executive Officer, the other control functions, the Crédit Agricole CIB statutory auditors, the risk and audit committees of the Board of Directors, as well as the objectives of the Executive Management in terms of internal control and the instructions of the Board of Directors. Group Control and Audit submits the annual audit plan to the approval of the Chief Executive Officers of Crédit Agricole CIB and of the Crédit Agricole Group Control and Audit, and for the approval of the Risk and Audit Committees of the Board of Directors. The audit plan is then presented to the Board of Directors and the Internal Control Committee.

For work with a global scope or that whose conclusions are deemed globally relevant, a summary is sent to the Chairman of the Crédit Agricole CIB Board of Directors, the Executive Management of Crédit Agricole CIB and the Crédit Agricole Group Control and Audit. A summary of the main conclusions of the audit reports is presented to the Risk Committee and the Crédit Agricole CIB Board of Directors by the Group Control and Audit or its representative, and to the Board of Directors and/or the internal control committees of the controlled departments, as relevant.

The work of the Group Control and Audit or any external control audit is subject to a formalised system following recommendations. The progress made in implementing the recommendations is monitored by the Group Control and Audit:

- At least twice a year during half yearly monitoring work,
- During thematic monitoring of audit assignments, or as part of investigations conducted as part of a planned audit,
- On the request of the department undergoing the audit via an “open counter” process, in close partnership with its permanent Controller. This process enables the progress of the action plans between two half-yearly audits to be recorded.

Ad hoc committee meetings to follow up on the recommendations by business line were also held in 2018 in the presence of Executive Management, Internal Audit, the head of the department, business line or support function, along with its permanent controller. They aim to review the state of progress of implementation of the most sensitive recommendations.

The results of the follow-up of the recommendations are presented to Crédit Agricole CIB's Internal Control Committee. If necessary, this process leads the Internal Auditor to exercise his duty to alert the Board of Directors pursuant to Article 26 b) of the Decree of 3 November 2014.

In accordance with the organisational arrangements shared with the entities of the Crédit Agricole Group, described above, and with the arrangements and procedures within Crédit Agricole CIB, the Board of Directors, the Executive Management and Crédit Agricole CIB's relevant units are given detailed information about the internal control and risk exposure, the progress made in these areas, and the state of implementation of the adopted remedial measures, as part of an ongoing improvement approach. This information is contained in the Annual report on internal control, risk measurement and risk supervision, but also in regular reporting documents covering business activities, risk and control.

2.4 CREDIT RISKS

A credit risk occurs when a counterparty is unable to fulfil its obligations and when the book value of these obligations in Crédit Agricole CIB Group's records is positive. The counterparty may be a bank, an industrial or commercial corporate, a government or government entity, an investment fund or an individual.

The exposure may be a loan, debt security, deed of property, performance exchange contract, guarantees given, unused confirmed commitment or market transactions. The risk also includes the settlement risk inherent in any transaction entailing an exchange of cash or physical goods outside a secure settlement system.

2.4.1 Objectives and policy

Risk-taking in Crédit Agricole CIB is done through the definition of risk strategies approved by the Strategy and Portfolio Committee (CSP), chaired by Executive Management. The risk strategies are set for each country, business/product line or sector carrying a significant risk for the Bank within the scope of control of Crédit Agricole CIB. They aim to define the principal risk guidelines and to establish the risk budgets within which each business line or geographical entity must conduct its activities, and cover: industrial sectors included (or excluded), type of counterparty, nature and duration of transactions and activities or authorised product types, category or intensity of risks incurred, existence and value of guarantees, overall portfolio volume, definition of individual and overall risk level, diversification criteria.

By establishing a risk strategy for each scope deemed significant by Crédit Agricole CIB, the Bank is able to define its risk appetite and quality criteria for the commitments that it subsequently makes. It also prevents from excessive concentrations and it leads to a risk diversification of the portfolio profile.

Concentration risks are managed by using specific indicators for certain portfolios that are taken into account when granting loans (individual concentration grid). Concentrations are then monitored a posteriori for the affected portfolios, by analysing the quantitative measure assigned to this use, based on the Bank's internal model.

Finally, an active portfolio management is done within Crédit Agricole CIB to reduce main concentration risks and also to optimise its uses of shareholders' equity. The FIN/EXM uses market instruments such as credit derivatives or securitisation mechanisms to reduce and diversify counterparty risks. The management of credit risk using derivatives is based on the purchase of credit derivatives on single exposures (see "Information under Pillar 3 Basel III" Credit risk - Use of credit derivatives section). Use of the securitisation mechanism is described in the "Information under Pillar 3 Basel III" Securitisation section. Similarly, credit syndication with external banks and the attempt to hedge risks (credit insurance, derivatives, MRPA etc.) are other solutions which could be used to mitigate concentrations.

In particular, with respect to counterparty risk on market transactions, the group's policy on credit reserves constitution is twofold. On sound clients, a credit valuation adjustment ("CVA risk assessment") is recorded and consists in a generic provisioning, as for credit risk. Conversely, on defaulted counterparties, an individual provision is sized in accordance with the derivative instrument situation, taking into account the CVA amount already provisioned prior to the default.

In case of default, the depreciation is assessed in accordance with the same principles as those governing the credit risk provisioning policy: expected loss amount depending on the derivative instrument rank in the waterfall, taking into account the CVA process, with two possible outcomes: either derivatives are left in place (CVA or individual provision), or they are terminated (individual write-off).

2.4.2 Credit risk management

GENERAL PRINCIPLES OF RISK-TAKING

Credit decisions depend on the upstream risk strategies that are defined above.

Limits are set for all counterparties and groups of counterparties, in order to control the amount of commitments, whatever the type of counterparty (corporate, sovereign, banks, financial institutions, local authorities, SPVs, etc.). Authorisations vary according to the quality of the risk, assessed by an internal rating of the counterparty. The credit decision must form part of the formally approved risk strategies.

Second level controls on compliance with limits are performed by the "Risk and Permanent Control" Department, supplemented by a process for monitoring individual and portfolio risks, notably to detect any deterioration in the quality of counterparties and Crédit Agricole CIB's commitments as early as possible.

Where the risk is substantiated, a collective and specific impairment policy is put into effect.

New transactions are approved according to a decision-making process based on two front office signatures, one from a collaborator authorised to make such a request and the other from a delegate empowered to make a credit decision.

The decision is supported by an independent opinion by the RPC approved by an authorised RPC signatory and must take Basel II parameters into account, including the internal rating of the counterparty and the predictive Loss Given Default (LGD) attributed to the proposed transactions. A calculation of ex ante profitability must also be included in the credit file. In the event that the risk management team's opinion is negative, the decision making power is passed up to Front Office delegate who chairs the immediate higher committee.

Comparison between internal ratings and the rating agencies

Groupe Crédit Agricole	A+	A	B+	B	C+	C	C-	D+	D	D-	E+	E	E-
Indicative Moody's rating equivalent	Aaa	Aa1/Aa2	Aa3/A1	A2/A3	Baa1	Baa2	Baa3	Ba1	Ba2	Ba3	B1/B2	B3	Caa/Ca/C
Indicative Standard & Poors' rating equivalent	AAA	AA+/AA	AA-/A+	A/A-	BBB+	BBB	BBB-	BB+	BB	BB-	B+/B	B-	CCC/CC/C

MÉTHODOLOGIES AND SYSTEMS TO MEASURE AND EVALUATE RISK

Internal rating system

The internal rating system covers all methods, procedures and controls used to calculate credit risk, borrower ratings and loss given default figures for all of our exposures.

In 2007, Crédit Agricole CIB received authorisation from the French Regulatory and Resolution Supervisory Authority (ACPR) to use its internal credit risk rating system to calculate regulatory capital requirements.

The methods used cover all types of counterparty and combine quantitative and qualitative criteria. They are devised using the expertise of the various financing activities within Crédit Agricole CIB, or within the Crédit Agricole Group if they cover customers shared by the whole Group. The rating scale has 15 notches. It has been established on the basis of a segmentation of risk so as to provide a uniform view of default risk over a full business cycle. The scale comprises 13 ratings (A+ to E-) for counterparties that are not in default (including 3 ratings for counterparties that have been placed under watch) and 2 ratings (F and Z) for counterparties that are in default.

The relevance of ratings and reliability of data used are secured by a process of initial validation and maintenance of internal models, based on a structured and documented organisation applied to the Group and involving the entities, the Risk and Permanent Control Department and the Audit-Inspection business line.

All internal models used by Crédit Agricole CIB were the subject of a presentation to the Standards and Methodology Committee (CNM) for approval before internal validation by the Control and Audit function. They were also the subject of a validation by the ACPR on 1 January 2008. Furthermore, each change in the internal model is now subject to an audit by the validation team within the Group Risk Management Department before being presented to the CNM for approval.

Corporates' internal rating is followed according to a system common to Crédit Agricole Group; guaranteeing a uniform rating throughout the Group and enabling to share backtesting work for common customers.

Crédit Agricole CIB has ensured that the risk parameters required by Basel II, allowing the calculation of capital requirements, are used as part of the Bank's internal management. They are used by all people involved in the process of granting loans and measuring and monitoring credit risks.

The data used for granting loans and determining ratings is monitored every two months by a Basel Requirements Review Committee. This committee, coordinated by the Risk Management Department and representatives of all business lines take part in it, monitors a set of indicators concerning the quality of the data used for rating purposes, as well as the calculation of other Basel II parameters when granting loans, such as loss given default (LGD), credit conversion factor (CCF), risk reduction factor (RRF), etc. The committee helps business lines apply Basel II requirements and, if necessary, to take remedial action when discrepancies arise. It provides important help in checking that the Basel II system is used properly by the business lines.

◆ Backtesting

Backtesting aims to ensure the robustness, performance and predictive power of the Bank's internal models over time. This exercise also helps detecting significant changes in the structure and behaviour of portfolios and clients. It then leads to adjustment decisions adjustment, or even recast, of models in order to take into account these new structural elements.

On the backtesting of PD parameter, the following analyses are carried out:

- consistency between observed "through the cycle" (TTC) default rates and the master scale PDs (based on the calculation of a confidence interval around the TTC default rate);
- analysis of defaults (including discriminating power and more qualitative analysis in the case of low default portfolios (LDP));
- stability of ratings over time (both in terms of distribution of the portfolio's ratings and of one-year transitions of the portfolio's ratings);
- analysis of the model parameters (analysis of variables involved in determining ratings, correlations, changes to various intermediate ratings, etc.).

The main goal of the LGD backtesting performed is to regularly compare for all LGD models in IRBA:

- predictive LGDs: LGDs assigned by the internal model to transactions that constitute the Crédit Agricole CIB portfolio, on a given date;
- and the historic LGDs:
  - LGDs derived from recovery histories following default, for closed and open files whose maturity is in excess of the maximum recovery period;
  - LGDs calculated using recovery histories following default and estimated future recoveries, for open files whose maturity is below the maximum recovery period.

The risk horizon set by the regulator is one year; the predicted LGDs associated with the transactions should therefore be compared, one year prior to default, with the historic LGDs.

The nature of LGD models and the volume of defaults being different for each LGD scope, LGD backtesting studies are adapted to each scope. At least, the LGD backtesting of a scope will compare the predictive and historical LGD quantitatively and or qualitatively according to volume.

There are three main types of LGD scopes detailed as follows:

- the scope of specialised financing: concerning the financing of assets (Aeronautics, Real Estate/Hotels, Rail and Shipping), predictive LGD is obtained from a theoretical model based on the diffusion of asset values, unlike project financings, transactional trading and structured commodities, for which predictive LGD is obtained from a grid specific to each model and based on the quality of the sponsor, the asset liquidity, the goods' claim phases or the final buyer;
- the scope of unsecured corporate, bank and sovereign financing: the predictive LGD is obtained using an LGD grid specific to each scope (corporate, bank, insurance, etc.) involving third-party variables such as the business sector, the level of turnover, the risk country, etc.;
- the scope of secured corporate, bank and sovereign financing: the predictive LGD is obtained by applying Risk Reduction Factors to the part covered by a personal guarantee or by collateral and using the unsecured LGD grids for the non-covered part.

As such, the backtesting of default rates performed on Crédit Agricole CIB's Large customer portfolio in 2018 underlines the relevance of the PD models. The one-year estimated PD is confirmed by the default rates actually observed over the period in question, even greater.

	Estimated PD	Observed default rate
Corporates	1.01%	0.82%
Banks	0.77%	0.12%

For models under its responsibility, Crédit Agricole CIB reports back to the Group annually on the backtesting results, through the Validation Technique Committee on the one hand and the CNM on the other, thus confirming the proper application of the selected statistical methods and the validity of the results. The summary document recommends, where necessary, appropriate corrective measures (methodology review, recalibration, training effort, control recommendations, etc.).

CREDIT RISK MEASUREMENT

The measurement of credit risk exposures includes both drawn facilities and confirmed unutilised facilities. To measure counterparty risk on capital markets transactions, Crédit Agricole CIB uses an internal method for estimating the underlying risk of derivative financial instruments such as swaps and structured products.

Counterparty risks on capital market activities are assessed for potential risk linked to fluctuations in the market value of derivative instruments for the remainder of their life. This is determined according to the nature and remaining maturity of agreements, based on a statistical observation of changes to underlyings. When the netting and collateralisation agreements with the counterparty allow, counterparty risk is measured for the portfolio net of eligible collateral. This method is used for the internal management of counterparty risks.

To reduce exposure to counterparty risks, the Corporate and Investment business enters into netting and collateralisation agreements with its counterparties (see part 2.4 "Credit risk reduction mechanism").

The figures concerning credit risks are presented in paragraph 2.4.5 of this chapter and seq. in note 3 of the consolidated financial statements.

PORTFOLIO AND CONCENTRATION RISKS

Decision-making and individual risk monitoring within Crédit Agricole CIB are backed up by a portfolio risk monitoring system that enables the Group to assess counterparty risks for its overall portfolio and for each of the constituent sub-portfolios, according to a breakdown by business line, sector, geographic zone, or any delineation that brings out specific risk characteristics in the overall portfolio.

In principle, portfolio reviews are conducted yearly on each significant scope in order to check that the portfolio is consistent with the risk strategy in force, to assess the various segments of the portfolio against one another and against any aspects of the operating environment or external factors that may be influencing them.

Different tools were implemented to detect any concentration deemed to be excessive for the entire portfolio, sub portfolios or at a unit level:

- unit concentration scales were implemented to give reference points according to the nature, the size, the rating and the geographic area of the counterparty. They are used in the granting process, and subsequently applied periodically to certain portfolios to detect concentrations which may later appear excessive;
- regular monitoring, ad hoc analysis and, when needed, recommendations for action are regularly carried out and provided for sectoral and geographical concentrations. Concentration risks can be taken into account to analyse the risk strategies of the business lines or geographic entities;
- information is fed back to the Executive Management when necessary on the concentration status of the portfolio;

Crédit Agricole CIB uses credit risk modelling tools and in particular an internal portfolio model that calculates risk indicators such as: average loss, volatility of potential losses and economic capital. Average loss and volatility figures enable Crédit Agricole CIB to anticipate the average risk-related cost in its portfolio, and changes therein. Economic capital is an additional measurement of Basel II regulatory capital, to the extent that it allows a more detailed view of the portfolio through a correlation model and parameters calibrated using internal data bases.

The internal portfolio model also takes into account the impact of protection (Credit Default Swaps, securitisations) purchased by Crédit Agricole CIB's Credit Portfolio Management unit. Finally, it measures the effects of concentration and diversification within our portfolio. These effects are studied based on individual and geo-sectorial criteria.

Stress scenarios are the final type of counterparty risk assessment tool. They are regularly produced to estimate the impact of economic scenarios (central, adverse) on some or all parts of the portfolio.

SECTOR RISKS

Crédit Agricole CIB's portfolio is analysed by major industrial sector at regular intervals. Risks within each sector in terms of commitments, level of risk (expected loss, economic capital) and concentration are examined.

Concentration is assessed on two levels: idiosyncratic and geosectorial. These analyses can be more or less deepened according to the analyst's needs.

Meanwhile, the economic and financial risks of each significant sector are analysed and leading indicators of deterioration are monitored.

Specific stress scenarios are also prepared when necessary for instance during the strategic review of an entity of the Bank.

In the light of these various analyses, measures to diversify or protect sectors at risk of deterioration are recommended.

COUNTRY RISKS

Country risk is the risk that economic, financial, political, legal or social conditions of a foreign country will affect the Bank's financial interests. It does not differ in nature from "elementary" risks (credit, market and operational risks). It constitutes a set of risks resulting from the Bank's vulnerability to a specific political, social, macroeconomic and financial environment.

The system for assessing and monitoring country risk within Crédit Agricole CIB is based on an internal rating model. Internal country ratings are based on criteria relating to the financial soundness of the government, the banking system and the economy, ability and willingness to pay, governance and political stability.

The limits set at the end of 2011 for all countries with a sufficiently high volume of business, in line with procedures which are more or less stringent depending on the country's rating, were introduced in early 2013: country limits are set on an annual basis for "non investment grade" rated countries and are reviewed every two years for countries with higher ratings.

In addition, the Bank performs scenario analysis to test adverse macroeconomic and financial assumptions, which give an inter grated overview of the risks to which it may be exposed in situations of extreme tension.

The Group manages and controls its country risks according to the following principles:

- acceptable country risk exposure limits are determined through reviews of country strategies, in accordance with an evaluation of the portfolio's vulnerability to the country risk. This degree of vulnerability is determined by the type and structure of transactions, the quality of counterparties and the term of commitments. These exposure limits may be reviewed more frequently if developments in a particular country make this necessary. These strategies and limits are validated depending on the issues in terms of risks by Crédit Agricole CIB's Strategy and Portfolio Committee (CSP) or Country Risk Committee (CRP) and by Crédit Agricole S.A.'s Risk Committee (CRG) as well as by Crédit Agricole CIB's Board of Directors;
- country risk is maintained on a regular basis through the production and quarterly updating of ratings for each country in which the Group is exposed. Specific events may cause ratings to be adjusted apart from this schedule;

The unit in charge of country risk within the Risk and Permanent Control Department must issue an opinion on transactions whose size, maturity or degree of country risk could potentially affect the quality of the portfolio;

- country risk exposure is monitored and controlled in both quantitative (amount and term of exposure) and qualitative (portfolio vulnerability) terms through specific and regular reports on all country exposures.

Sovereign risk exposures are detailed in Note 6.9 to the consolidated financial statements.

COUNTERPARTY RISK ON MARKET TRANSACTIONS

Derivatives and repo transactions carried out by Crédit Agricole CIB as part of its capital market activities generate a risk of credit by the transaction counterparties. Crédit Agricole CIB uses internal methods to estimate the current and potential risk inherent in derivative financial instruments, taking a net portfolio approach for each client:

- current risk corresponds to the sum owing by the counterparty in the event of instantaneous default;
- potential future risk is the estimated maximum value of Crédit Agricole CIB's exposure within a given confidence interval.

The methodology used is based on "Monte Carlo" type simulations, enabling the risk of change over derivatives' remaining maturity to be assessed on the basis of statistical modelling of the change in underlying market parameters.

The model also takes into account various risk mitigation factors, linked to set-off and collateralisation contracts negotiated with counterparties during the pretransaction documentation phase. It also includes exchanges of collateral on the initial margin for non-cleared derivatives, in accordance with the thresholds in force.

Situations of specific risk of unfavourable correlations (risk that an exposure to a derivative is positively correlated with the counterparty's probability of default as a result of a legal link between this counterparty and the underlying of the derivative) are monitored regularly to identify and integrate such risks in the exposure measurement as recommended by regulations. Situations of general risk of unfavourable correlations (risk that market conditions have a correlated effect on a counterparty's credit quality and derivative exposures with this counterparty) are monitored by means of ad hoc exercises in 2018. The internal model is used to manage internal limits on transactions with each counterparty and to calculate Basel II Pillar 2 economic capital via the average risk profile (Expected Positive Exposure) using a global portfolio approach.

As allowed by the regulatory framework, the French Regulatory and Resolution Supervisory Authority (ACPR) authorised Crédit Agricole CIB as of 31 March 2014 to use the internal model method to calculate its capital requirements in respect of counterparty risk. This method uses the model described above to determine Effective Expected Positive Exposure (EEPE) and is applied to all derivatives. The same method is used to calculate credit exposure at default for capital requirement purposes to address the risk of credit value adjustment.

Crédit Agricole CIB uses the standard approach for the calculation of regulatory capital requirements in respect of counterparty risk on repo transactions and derivative transactions by its subsidiaries and the derivative transactions with the central counterparties (CCP).

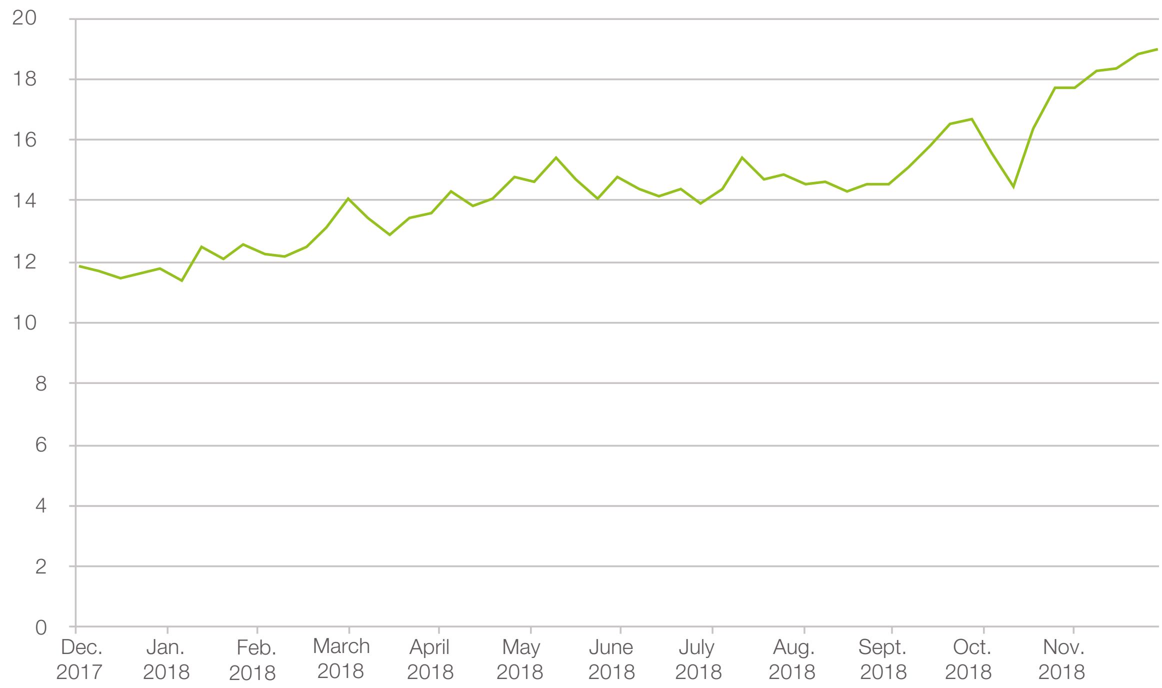
Credit risk on these market transactions is managed following rules set by the Group. The policy on setting counterparty risk limits is as described in "Credit risk management General principles of risk taking" on page 181. The techniques used by Crédit Agricole CIB to reduce counterparty risk on market transactions are described in "Credit risk mitigation mechanisms" on pages 268 to 269.

Crédit Agricole CIB includes a credit valuation adjustment (CVA) in its calculation of the fair value of derivative assets. This value adjustment is described in Note 1.2 to the consolidated financial statements under accounting principles and policies and Note 10.2 on information about financial instruments measured at fair value.

The graphs below show the change in the CVA VaR and the stressed CVA VaR in 2018.

CVA VaR: 99% confidence interval, 1 day (€ million)

Stressed CVA VaR: 99% confidence interval, 1 day (€ million)



The gross positive fair value of contracts as well as the benefits coming from compensations and securities held, and net exposure on derivatives, after the compensation and the securities' effects, are detailed in Note 6.9 to the consolidated financial statements concerning the compensation of financial assets.

5

2.4.3 Commitments monitoring system

MONITORING SYSTEM

The first-degree controls on compliance with the conditions that accompany a credit decision are carried out by the Front Office. The Risk Management and Permanent Controls division is in charge of second level controls.

Commitments are supervised for this purpose, and portfolio business is monitored constantly in order to identify at an early stage any assets that could deteriorate. The aim is to adopt practical initiatives as early as possible so as to protect the Bank's interests.

Commitments monitoring methods

The main methods used in this monitoring are:

- day-to-day controls on credit decision compliance, in terms of amount and maturity date, for commercial transactions as well as capital market transactions, for all types of counterparty and all categories of counterparty risk encountered (risk of change, delivery, issuer, cash, intermediation, initial margin and default funds with clearing houses for the capital market scope, risk of investment and late payment for the financing scope, etc.);
- the presentation of detected anomalies at the committee meetings to which the business lines and specialised RPC decision making and management departments contribute;
- overruns are monitored and may give rise to corrective measures and/or special monitoring with the business lines. The frequency of these committee meetings varies depending on the scope: bimonthly for the market transactions scope and quarterly for the financing transactions scope;
- communication to Executive Management of a monthly summary and a quarterly presentation to the Internal Control Committee on anomalies for the market scope.

A permanent monitoring of portfolio businesses

Several bodies ensure the permanent monitoring of portfolio businesses, to detect any possible deterioration or any risk concentration problem as early as possible:

- monthly "Early warning" meetings are held, which endeavour, by various means, to identify early signs of potential deterioration in loans which are healthy but deemed sensitive, in order to reduce or cover the risk exposure;
- quarterly reviews of major risks are performed, regardless of the quality of borrowers concerned;
- a regular search of excessive unit, sector and geographic concentrations is carried out;
- a risk situation is established for counterparty risks on market transactions (variation risk calculated under normal and stressed market conditions), issuer risks, risks on bond repos, credit guarantee risks on credit derivatives. Reports on risk management relating to the unfavourable correlation risk on credit derivatives, equity derivatives, mandatory repos and equity loans and borrowing are produced. These mappings are presented and analysed in the committees dedicated to such matters.

These steps lead to:

- changes in internal ratings of counterparties which are, when needed, classified as “sensitive cases”;
- practical decisions to reduce or cover at-risk commitments;
- possible transfers of loans and receivables to the specialised recovery unit.

◆ Identification of forbearance measures

Since 2014, Crédit Agricole CIB has identified in its information systems the outstanding amounts that have been the subject of a “forbearance” measure, as defined in Annex V of Implementing Regulation 680/2014 of the European Commission as amended. A pre-identification is made first, during the loan approval process, when Crédit Agricole CIB studies the clients’ requests for credit restructuring. Once the forbearance measure has actually been implemented, the outstanding amounts subject to the forbearance measure are declared as such, regardless of their internal rating or their prudential treatment. In the same way, they are no longer declared as such once it is ascertained, as part of the approval process (annual or ad hoc review), that they meet the exit conditions defined in the aforementioned regulation.

Outstanding amounts subject to a forbearance measure are reported in Note 3.1 to the consolidated financial statements. A forbearance measure indicates a significant deterioration in credit risk under IFRS 9. The accounting principles that apply to these outstanding amounts are specified in Note 1.3 to the consolidated financial statements.

SENSITIVE CASE MONITORING AND IMPAIRMENT

Sensitive cases, whether cases “under Special Supervision” or bad debts, are managed on a daily basis within the entities, and enhanced surveillance is carried out on a regular basis.

This review takes the form of quarterly sensitive case committees chaired by the Risk and Permanent Control Manager - Sensitive Cases and Impairment, which carry out an open examination to classify these cases as sensitive cases and determine whether they should be transferred to a specialised team (DAS or UGAM for shipping financing) and the appropriate level of specific impairment which is reported to general management, which must validate it before being transferred to Crédit Agricole S.A.

The definition of default adopted complies with the provisions of European Regulation No. 575/2013 of 26 June 2013. Stringent default identification processes and procedures have been put in place on these bases. These are updated in line with regulatory changes.

STRESS SCENARIOS

Credit stress tests are devised to assess the potential impact the Bank may face (in terms of loss, provisioning and capital) in the event of a serious deterioration in the economic and financial environment.

There are three types of stress test categories:

- the first aims to reflect the impact of a macroeconomic deterioration affecting the whole portfolio in terms of cost of risk, regulatory capital requirements and impact on the solvency ratio. Such scenario is mandatory in order to comply with the needs of a strengthened prudential supervision required by the Pillar 2 of Basel II. Since 2014, this has been led by the ECB and the EBA, with the aim of testing the financial solidity of the banks and/or the banking system as a whole. Since 2016, the results of the regulatory stress tests are taken into account in the calibration of capital requirements under Pillar 2;
- the second takes the form of budget simulations and aims to stress the central budget of the bank on the basis of an economic scenario communicated by Crédit Agricole S.A. in the budget process;
- the third involves targeted stress tests on a particular sector or geographical zone that constitutes a risk homogeneous group. This type of stress test is performed on a case by case basis as part of the management of risk strategies. It provides an insight into losses and/or capital requirements in the event that an adverse scenario defined for the specific needs of the year should materialise; thus, the selected strategy and notably the amount of the requested budgets may be challenged as regards the creditworthiness of the portfolio to date, the impact of economic situations potentially adverse to the portfolio in question may also be taken into account. Sensitivity tests may be performed in addition to these stress tests.

2.4.4 Credit risk reduction mechanism

COLLATERAL AND GUARANTEES RECEIVED

Crédit Agricole CIB requires guarantees and collateral from a significant number of its counterparties to reduce its risks, either on financing or market transactions.

The principles for accepting under Basel II, taking into account and managing guarantees and collateral are defined by the Crédit Agricole Group’s Standards and Methodology Committee.

This common framework ensures a consistent approach across the Group’s various entities. The committee documents aspects including the conditions for prudential use, valuation and revaluation methods and all credit risk mitigation techniques used within the Crédit Agricole CIB Group. Crédit Agricole CIB then devises its own operational procedures and arrangements for the detailed management of these guarantees and collateral.

Commitments given and received are presented in Note 8 to the consolidated financial statements.

USE OF NETTING AGREEMENTS

With the implementation of the recommendations of the Basel Committee along with the CRD IV European Directive on regulatory capital, the French Regulatory and Prudential Supervisory Authority (ACPR) requires that several conditions have to be strictly respected in order to trigger a close-out netting within the framework of determining the regulatory shareholder’s equity of a financial institution.

These conditions include: Crédit Agricole CIB obtaining recent written and reasoned legal opinions as well as proceedings “in order to ensure at any time the validity of the novation settlement or the netting agreement in the event that applicable regulations are revised”.

The close-out netting is defined as the possibility, in the event of default by the counterparty (including in the event of bankruptcy procedures), to terminate ongoing transactions in advance and to be able to calculate a net balance of the reciprocal obligations, according to a calculation method stipulated in the contract.

Thus, the close-out netting is an anticipated termination compensation mechanism which can be separated in three steps:

- early termination of transactions under a "master" agreement in the case of a default or changes in circumstance;
- determination of the market value (positive or negative) of each transaction at the date of termination (and the valuation, when appropriate, of the collateral);
- calculation and payment of the net single termination balance including the valuation of the terminated transactions, all collateral and outstanding amounts due (by the party liable for the net amount).

Collateral (or collateralisation) represents a financial guarantee mechanism used in OTC markets, which allows securities or cash to be transferred, as security or as a transfer of full ownership, during the period of the hedged transactions. In case of default by either party, the collateral will be included in the calculation of the net balance of reciprocal obligations resulting from the master agreement that has been signed with the counterparty.

The implementation of the close-out netting and collateralisation mechanism is analysed in each country according typology of contract, counterparty and product. Countries are classified as either A or B.

Countries classified as A are those where the laws and regulation are deemed to provide sufficient certainty for the recognition and effective implementation of the close-out netting and collateralisation mechanisms, including in the event of bankruptcy of the counterparty. Conversely, countries classified as B are those where there is a risk that these mechanisms are not recognised or for which there is no legal opinion.

The conclusions of these analyses and the proposals of classification by countries are displayed for endorsement within the framework of the Netting and Collateral Policy Committee (or PNC Committee).

USE OF CREDIT DERIVATIVES

The Bank uses credit derivatives and a range of risk transfer instruments, including securitisation, in managing its banking book (see Basel III Pillar 3 disclosures).

At 31 December 2018, outstanding protection purchased in the form of credit derivatives amounted to €3.7 billion (€5 billion at 31 December 2017). The notional amount of the short positions was nil (the same at 31 December 2017).

Crédit Agricole CIB trades credit derivatives with around ten top-tier investment grade, competent and regulated banks as counterparties. Moreover, 54% of these derivatives are processed through a clearing house (38% at 31 December 2017), which acts as an guarantors of these credit risk hedging transactions. Bilateral transactions (i.e. processed outside the clearing house) are conducted with investment grade counterparties (9 counterparties as of 31 December 2018), which are competent and regulated, located in France, the United Kingdom or the United States and acting as guarantors of these credit risk hedging operations. The bank monitors any concentration of risks on these hedging providers outside the clearing house, applying notional limits per banking counterparty, set and reviewed annually by the Crédit Agricole CIB Risk Control Department.

These credit derivative transactions, carried out as part of the credit risk mitigation measures, are subject to an adjustment calculation under Prudent Valuation, to cover market risk concentration.

The notional amounts of credit derivative outstandings are specified in Note 3.2 to the consolidated financial statements "Derivative instruments: total commitments" (on page 345).

2.4.5 Exposures

MAXIMUM EXPOSURE TO CREDIT RISK

The maximum exposure to an institution's credit risk is the net carrying amount of loans and receivables and debt and derivative instruments before netting and collateral agreements. This is shown in note 3.1 of the consolidated financial statements.

At 31 December 2018, Crédit Agricole CIB's maximum exposure to credit and counterparty risk stood at €609 billion, the same level at 31 December 2017.

CONCENTRATIONS

◆ Breakdown of counterparty risk by geographical area (including bank counterparties)

At 31 December 2018, loans granted by Crédit Agricole CIB net of Export Credit Guarantees and excluding UBAF (i.e. €338 billion compared to €307 billion at 31 December 2017) are broken down by geographic area as follows:

Breakdown in %	31.12.2018	31.12.2017	31.12.2016
Other Western European countries	29.8%	29.7%	30.1%
France	21.2%	25.6%	21.8%
North America	18.4%	17.8%	20.9%
Asia (Excl. Japan)	11.1%	11.7%	12.2%
Japan	10.1%	6.0%	4.5%
Middle-East and Africa	4.9%	4.8%	5.3%
Latin America	2.6%	2.6%	3.7%
Other European countries	2.0%	1.7%	1.6%
Others and supranational	0.0%	0.0%	0.1%

Source: risk data (excluding UBAF, on- and off-balance-sheet commercial commitments of customers and banks, net of export credit guarantees).

The breakdown of loans and receivables as well as commitments given to customers and credit institutions by geographical area is provided in Note 3.1 to the consolidated financial statements.

The overall balance of the portfolio in terms of distribution between different geographical areas is stable overall compared to 2017. It should be noted, however, that the increase in the share of commitments in North America can be explained by large-scale transactions involving quality customers in the telecommunications and energy sectors. The decline in outstanding amounts for France and the rise for Japan is explained by our deposit activity with central banks.

◆ Breakdown of risks by business sector (including bank counterparties)

At 31 December 2018, loans granted by the Crédit Agricole CIB Group, net of export credit guarantees (excluding UBAF), totalled €338 billion (€356 billion gross), versus €307 billion in 2017.

It is broken down by business sector as follows:

Breakdown in %	31.12.2018	31.12.2017	31.12.2016
Banks	18.77%	16.60%	11.60%
Miscellaneous	17.82%	17.40%	17.40%
Of which securitisation	10.21%	10.60%	10.60%
Oil & Gas	9.11%	9.90%	11.40%
Other financial activities	5.40%	3.70%	3.20%
Real estate	4.99%	5.30%	5.80%
Electricity	4.76%	4.00%	4.60%
Aeronautic/Aerospatial	4.21%	6.80%	4.90%
Heavy industry	3.35%	3.40%	4.50%
Automotive	3.21%	3.10%	3.70%
Shipping	3.10%	3.50%	4.60%
Telecom	3.13%	2.90%	2.90%
Construction	2.79%	3.20%	3.50%
Insurance	2.63%	2.20%	2.10%
Other industrues	2.50%	2.60%	2.70%
Other transport	2.39%	2.70%	2.80%
Production & Distribution of consumer goods	2.45%	2.90%	2.70%
IT/Technology	2.19%	2.10%	2.30%
Healthcare and pharmaceuticals	1.72%	2.20%	2.60%
Food-processing industry	1.67%	1.80%	1.90%
Tourism, hotels and restaurants	1.38%	1.40%	1.40%
Non-commercial services	1.08%	1.20%	1.30%
Public sector/Local authorities			
Media and publishing	0.59%	0.70%	0.80%
Utilities	0.42%	0.50%	0.60%
Wood, paper and packaging	0.30%	0.20%	0.70%
Total	**100%**	**100%**	**100%**

Source: risk data (excluding UBAF, on- and off-balance-sheet commercial commitments of customers and banks, net of export credit guarantees).

The overall balance of the portfolio, in terms of the breakdown between the different sectors, remains globally stable from one year to the next. The changes reflect the bank's intention, on the one hand, to reduce exposure in certain fragile sectors such as the shipping sector and, on the other hand, to support clients in large-scale exceptional transactions, especially in the telecommunications sector. The following specific developments are noteworthy:

- the increase in our commitments on banks is largely related to our deposit activity with central banks, particularly in Japan. At 31 December 2018, our exposure to the Bank of Japan increased significantly: it represented €27 billion versus €10.5 billion at the end of December 2017;
- more than half of the exposures of the "Miscellaneous" segment is comprised of securitisations (mainly liquidity facilities granted to securitisation programmes financed through our conduits) (see section 4.3 "Securitisation" of Pillar 3); these outstandings remained stable in 2018. The other commitments involve clients with highly diversified businesses (mainly wealth management and financial holding companies);
- the "Oil & Gas" sector is the main component of the "Energy" exposure. This segment brings together a diverse range of underlying assets, companies and financing types, such as RBL, trade and project finance which are usually secured by assets. Most of the exposure in the oil sector relates to players that are structurally less sensitive to the drop in oil prices (public sector companies, large international companies, transportation/storage/refinery companies). Conversely, customers focused in exploration/production, and those dependent on industry investment levels (ancillary oil services) are the most sensitive to market conditions. After a severe crisis in the sector, our clients are now showing stable economic performance and our portfolio is proving good post-crisis resilience. Constrained by a risk strategy and given the price volatility, we have a very selective approach to the "Oil & Gas" sector and any new significant transaction is subject to an in-depth credit and CSR risk analysis when necessary;
- the "Electricity" sector is another component of the "Energy" exposure but has its own characteristics, and no contagion with the sensitive oil and gas segments. Half of our exposure is accounted for by major integrated or diversified groups;
- our exposure to the "Real Estate" sector is stable due in particular to a strong portfolio turnover in both primary and secondary sectors and the weakening of the US dollar. This portfolio mainly consists of specialised financings of quality assets granted to real estate investment professionals. Other corporate-based financing is mainly granted to major real estate companies and is often accompanied by interest rate hedges. The balance of Crédit Agricole CIB's commitments includes guarantees issued on behalf of leading French property developers and interest rate hedges for social housing market participants (mainly public-sector agencies) in France;
- "Aeronautics" sector financings involve either asset financing of very high-quality assets, or the financing of major, world leading, manufacturers;
- the "Automotive" portfolio, which has been the focus of special attention since the end of 2018, is also focused mainly on large manufacturers, with limited development in the automotive supplier sector;
- the current position of the "Shipping" segment is the result of Crédit Agricole CIB's expertise and background in mortgage financing for ships, which it provides to its international shipowning clientele. After 9 difficult years, maritime shipping is showing signs of moderate recovery, depending on the sub-sectors. With this in mind, Crédit Agricole CIB is pursuing the strategy of gradually reducing our exposure since 2011. However, our portfolio is relatively well protected thanks to its diversification (financing of oil tankers, gas carriers and off-shore facilities, cargo ships, container ships, cruise ships, etc.), and by the quality of its financing structure for ships, secured by mortgage loans;
- the "Heavy Industry" sector mainly includes large global companies in the steel, metals and chemicals sectors. In this sector, commitments to the Coal segment have significantly decreased, in line with Crédit Agricole Group's CSR policy;
- the "Telecom" sector has commitments on operators and suppliers. This segment includes some LBO commitments but mainly consists of corporate lending;
- the "Production and distribution of consumer goods" sector includes mainly large French retailers with a global footprint. Their ratings remain strong despite the competitive environment in which they operate.

Breakdown of outstanding loans and receivables by customer type

The concentrations of loans and receivables by type of borrower and commitments given to credit institutions and customers are presented in Note 3.1.3 of the consolidated financial statements.

Outstanding loans and receivables amount to €191 billion at 31 December 2018. They mainly break down between large business clients and credit institutions (70% and 14% respectively, at 31 December 2018).

Concentrations of top ten counterparties (customers)

In terms of commitments, excluding export credit guarantees, these accounted for 6.65% of Crédit Agricole CIB's total exposure at 31 December 2018, a decrease compared to 31 December 2017 (10.5%). This is explained by a €7,100 million guarantee issued on behalf of the AMF, intended to cover the settlement of the Zodiac shares contributed to Safran at the end of the takeover bid. This exposure was reduced following the completion of Safran's initial public tender offer period for Zodiac shares, the completion of the settlement on 13 February 2018, which reduced the guarantee issued to the AMF.

Quality of portfolios exposed to credit risk

At 31 December 2018, performing loans to customers amounted to €335 billion of net outstanding loans. Their ratings broke down as follows:

Breakdown in %	31.12.2018	31.12.2017	31.12.2016
AAA (A+)	18.9%	16.4%	12.2%
AA (A)	5.1%	4.7%	4.1%
A (B+ et B)	30.3%	32.3%	30.9%
BBB (C+ à C-)	33.0%	32.7%	37.1%
BB (D+ à D-)	9.7%	9.7%	10.8%
B (E+)	0.7%	0.9%	1.0%
On watch (E et E-)	0.9%	1.5%	1.8%

Source: risk data (excluding UBAF, on- and off-balance-sheet commercial commitments of customers and banks, net of export credit guarantees).

In 2018, the quality of the portfolio continued to improve, with an increase in the share of AAA and AA ratings. The share of investment grade ratings increased slightly and accounts for 87% of the portfolio versus 86% in 2017, which reflects the good quality of the portfolio.

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.

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.

For the construction of the central forward-looking, the Group relies on 4 prospective macroeconomic scenarios drawn up by Crédit Agricole S.A.'s Economic Research Department (ECO), which are weighted according to their expected probability of occurrence. The baseline scenario, which is based on budget assumptions, is supplemented by three other scenarios (adverse, moderate adverse and favourable). Quantitative models for assessing the impact of macroeconomic data on the evolution of ECL are also used in internal and regulatory stress tests.

The economic variables are updated quarterly and relate to the factors affecting the Group's main portfolios (for example: Change in French and Euro zone countries' GDP, unemployment rate in France and Italy, household investment, oil prices, etc.).

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 S.A. that are involved in the IFRS 9 process.

The baseline scenario used in the central forward looking forecasting models of the Group and its subsidiaires can be summarised as follows: the strong and synchronised recovery ends in 2018. In 2019, performances across major economic areas are contrasted with a still very sustained growth in the United States. Performance is satisfactory (above the potential pace) in the Euro zone but already slowing down. US growth will slow down more sharply in 2020 as the effects of the fiscal stimulus fade and past rate hikes gradually dampen the economy. After a little less than 3% in 2018, it should fall below 2% in 2020. The US monetary tightening ends in 2020. In the Euro zone, growth should slow gradually to around 1.5% in 2020. While inflationary pressure remains very limited, the European Central Bank is maintaining a generally accommodating monetary policy. Despite a context of multiple uncertainties, particularly political and geopolitical, we are expecting a steady slowdown without any major disruptions.

Impairement and risk hedging policy

Accounting standard IFRS 9 came into effect on 1 January 2018, replacing IAS 39. It specifies the new accounting classification rules for financial assets, redefines the model and principles of credit risk impairment of financial assets, specifies the methods for recognising the effects of credit risk on liabilities, and finally details the new hedge accounting methods.

INDIVIDUALLY IMPAIRED ASSETS

The breakdown of impaired loans and receivables due from credit institutions and customers by type of borrower and geographic area is presented in Note 3.1 of the consolidated financial statements. These financial statements specify impairment on doubtful and irrecoverable loans and receivables.

ECL BUCKET 1 & 2

Impairment for credit risk under the new IFRS 9 standard differs from the collective provisions of the old IAS 39 standard by the following three main concepts:

- a wider scope of calculation: the impairment applies to all asset transactions recognised at amortised cost or at fair value through equity;
- a different impairment philosophy: while provisioning under IAS 39 was based on recognised losses, impairment under IFRS 9 must be estimated on the basis of losses expected from

the date of origination. The measurement of this impairment is called Expected Credit Loss (ECL);
- the ECL estimate must be made with credit risk parameters that incorporate the bank's outlook on the evolution of the economy and its impact on the portfolio. IFRS 9 thus introduces the concept of Forward Looking;
- a mechanism for allocating healthy exposures to two distinct risk categories known as Buckets 1 and 2: a healthy exposure whose risk deterioration from the beginning is deemed significant will be placed in Bucket 2 resulting in impairment calculated over a horizon equal to the contractual residual duration of the transaction. Conversely, when the degradation is considered insignificant, the exposure is placed in Bucket 1 and impairment is calculated over a risk horizon of 1 year.

The amount of ECL Buckets 1 and 2 is €863 million at 31 December 2018.

Country risk policy

The general context in late 2018 and 2019 is bleak, marked by trade tensions between the US and China, a deterioration in economic activity, a decline in trade, uncertainty about oil prices, a higher cost of borrowing in a tense geopolitical environment. Taking advantage of the economic upturn at the beginning of 2018, the bank's activity in emerging markets has grown.

In 2018, the Bank reviewed its strategies and limits for 41 countries in which it serves its customers, as well those of its 20 business lines and sectors. It also reviewed 21 country portfolios and 17 business lines, and updated its country and sovereign ratings quarterly.

Outlook for 2019

A less buoyant environment in the second half of 2018 was reflected in the IMF and World Bank's reduced growth projections: 3.5% in 2019 and 3.6% in 2020 corresponding to 2% for developed countries and 4.2% for emerging economies. This ongoing global slowdown is mainly related to the slowdown of the Chinese economy, which is the main marker of the global economy and the direct cause of the decline in consumption and investment. In this regard, the overall decline in imports from emerging countries during 2018 is noteworthy.

Geographically, Asia and Central and Eastern Europe are expected to continue to experience a relatively good level of activity, while Latin America, the Middle East and Africa will experience slower growth.

Other issues of concern: global debt (public and private) estimated at 220% of global GDP, up 60% over the past 10 years, and geopolitical tensions with an increased risk of sanctions, which could lead to significant economic and social consequences fueled by a stagnant living standards for the middle classes and worsening inequalities promoting populism.

Nevertheless, we believe that growth should remain positive in the coming year, at a less certain level, but sufficient to expect an attractive business environment.

In this potentially more uncertain environment, Crédit Agricole will continue to actively support its local and international clients in order to assist them with expanding their business both locally and abroad, in compliance with the regulations in force.

Evolution of exposure to Emerging economies

Commercial lending at 31 December 2018 in countries rated below "B", excluding downgraded countries in Western Europe (Italy, Spain, Portugal, Greece, Cyprus and Iceland) amounted to €42 billion (including the share in the UBAF), an increase by 12% compared to the end of 2017, due in part to the Euro/USD exchange rate and to the rise in outstanding loans in Central and Eastern Europe and Latin America. In US dollars, the portfolio in the scope of reference increased by 7% in comparison with the figure at the end of 2017.

The concentration of outstandings to countries with lower than a 'B' rating, excluding downgraded countries in Western Europe and UBAF, remained stable relative to the end of 2017, with 98% of Crédit Agricole CIB's portfolio concentrated on 33 countries, of which 12 accounted for 87% of the total.

In 2018, excluding downgraded countries in Western Europe, the portfolio breakdown by country category remained stable, with the share of the portfolio with "Investment Grade" status remaining at 70%. The portfolio for the country scope concerned remains highly concentrated on two regions: Asia and the Middle East and North Africa, representing 68% of this portfolio.

Asia

Asia is still the region with the highest exposure, with outstanding amounts of €14.5 billion, or 35% of the commercial exposure for the corresponding country scope. This amount has remained stable relative to the previous year, while the portfolio is still highly concentrated on China and India.

Middle-East and North Africa

The Middle East and North Africa is the second-largest exposure of the scope under review with 33% of outstanding amounts, or €13.8 billion, a 3% increase in comparison to the previous year. The main exposures are concentrated in Saudi Arabia, the United Arab Emirates and Qatar.

Latin America

This region represents 15.5% of the portfolio for the corresponding country scope, or €6.5 billion, a decrease of 17% from the previous year, mainly due to the reduction in outstandings in Brazil. The portfolio is still focused primarily on Brazil and Mexico.

Central & Eastern Europe

The share of Central and Eastern Europe has increased slightly when compared to the previous year, with an outstanding amount of €5.5 billion, or 13% of the portfolio, mainly concentrated in Russia.

Sub-Saharan Africa

At the end of December 2018, this region represented 4% of the commercial portfolio for the corresponding country scope, or €1.6 billion, a decrease of 11% on the previous year. More than half of this relates to South Africa.

2.5 MARKET RISKS

Market Risks are managed within the Market and Counterparty Risks Department (MCR). This department is responsible for identifying, measuring and monitoring market liquidity and counterparty risks on market transactions. These are defined as the risks of potential loss to which Crédit Agricole CIB is exposed through market positions it holds, depending on the fluctuation of the different market parameters, as well as the independent valuation of the results.

For example, relevant market risks for Crédit Agricole CIB include the following, which are potential losses related to:

- Interest rates variation

  These risks are considered in detail: maturity, underlying interest rate indices, currencies;
- Equity prices variation

  Crédit Agricole CIB's equity risk is focused on big European corporates (financing, equity investment guarantee, the running of company savings schemes, convertible issues, loans and borrowing) and EMTN on equity indices;
- Deterioration in credit quality

  Through its market-making activity for the main OECD sovereign debt issues and its customers' bond issues; Crédit Agricole CIB is exposed to changes in the risk premium on securities in which it deals;
- Changes in exchange rates

  Crédit Agricole CIB's activity on behalf of our investor and corporate clients exposes us to currency market fluctuations.

  On the other hand, its presence in many countries leads to structural foreign exchange positions, managed within the framework of the Asset-Liability Committees;
- Price volatility

  The market value of some derivative products changes depending on the volatility of the underlying, rather than in relation to the market's volatility. These risks are subject to specific limits.

2.5.1 Market risk control system

SCOPE OF INTERVENTION

The scope of management's intervention mainly concerns all the trading portfolios of the entities consolidated in Crédit Agricole CIB's accounts - subsidiaries or branches - in France and abroad; the main business lines are: Credit and Rates, Volatility and Foreign Exchange, Equities.

MCR is also in charge of monitoring market risk within the Credit Portfolio Management (CPM) Department, whose dual mission is to manage Crédit Agricole CIB's macro counterparty risk and minimise the banking book's cost of capital.

MCR ORGANISATION AND MISSIONS

The organisation of the MCR Department complies with regulatory standards and developments in market activity.

The basic principles guiding the MCR's organisation and operations are:

- the independence of the Risk function in relation to the operational departments (Front Offices) and the other functional departments (Back Offices, Middle Offices, Finance);
- an organisation that simultaneously ensures appropriate and specialised treatment for each type of market activity and the consistent application of methodologies and practices, regardless of where the activity is being performed or its accounting location.

These different missions are distributed as follows:

- activity monitoring, which is responsible for:
  - the daily validation of management results and market and liquidity risk indicators for all activities governed by market risk limits,
  - controlling and validating market parameters in an independent environment from the Front Office.

  Lastly, through joint responsibility with the Finance Department, it participates in the monthly reconciliation between the management result and reported result;
- risk management monitors and controls market risks for all product lines, specifically:
  - establishing sets of limits, monitoring breaches and reestablishing compliance with the limits, and monitoring significant changes in results, which are notified to the Market Risk Committee,
  - analysing risks carried by product line,
  - second-level validation of risks and monthly reserves;
- cross-functional teams round out this system by ensuring the harmonisation of methods and treatment among product lines. They combine the following functions:
  - the team responsible for validating pricing models,
  - the team in charge of the internal model (VaR, stressed VaR, stress scenarios, IRC, etc.),
  - the Market Data Management team, which performs controls on independent market data,
  - the International Consolidation team, whose main mission is to produce the consolidated information for the department;
- the COO (Chief Operational Officer) and his team coordinate Group-wide issues: projects, new activities, budgets, reports and committees.

DECISION AND MONITORING COMMITTEE OF MARKET RISK

The entire mechanism is placed under the authority of a set of committees:

- the Group Risk Committee (Crédit Agricole S.A.) sets overall limits in regard to the Group's risk appetite;
- the Strategies & Portfolios Committee (Crédit Agricole CIB) validates the strategic guidelines and the acceptable risk constraints, in line with the Group and Bank's risk policy. This Committee, chaired by Crédit Agricole CIB's General Management, includes, among others, a member representing Crédit Agricole S.A.'s Risk Management Department, Risk Managers for Market Activities and Front-Office representatives of Market Activities;
- the Market Risk Committee (Crédit Agricole CIB) grants limits to the operating divisions within the framework of the allocations set by the Strategies & Portfolios Committee and ensures compliance with the monitoring indicators, specific management rules and defined limits. This Committee, chaired by Crédit Agricole CIB's General Management, is composed of a member representing Crédit Agricole S.A.'s Risk Management Department, the Risk Managers of Market Activities and the Front-Office representatives of Market Activities;

- the Liquidity Risk Committee (Crédit Agricole CIB) monitors and analyses liquidity risks and their evolution. It ensures compliance with monitoring indicators, specific management rules and defined limits and the proper application of Group standards. It also serves as the Liquidity Emergency Plan Committee in the event of a crisis. Chaired by the General Management, the CRL includes the Head of Group Financial Risks, the head of the Group Treasury, the heads of GMD, the Treasury and Foreign Exchange, the heads of the Finance Department and ALM and the Market Risk heads.

SIGNIFICANT EVENTS IN 2018 WHICH HAD AN IMPACT ON THE MARKET RISK SCOPE

Crédit Agricole CIB continued its work on rolling out a Market Risk ecosystem to meet the requirements of the Fundamental Review of the Trading Book that is also compatible with BCBS 239.

Following the latest recommendations of the Basel Committee, the ECB sent a provisional timetable for the implementation of the Fundamental Review of the Trading Book for European banks with entry into force in 2023 at the earliest.

In this context, the implementation of the market risk system in the new MASAI FRTB ecosystem, according to the BCBS239 principles, has been prioritised over the 2018-2020 period. It includes the following elements: implementation of data management principles, centralisation of valuation methods, production of market risk metrics and systems for the analysis and control of those metrics.

Following the ECB 2017 Targeted Review of Internal Models (TRIM) regarding the review of internal models, Crédit Agricole CIB is authorised to continue the use of its VaR models, the stressed value-at-risk models (SVaR) as well as the models for additional risk of default and migration (IRC) for the calculation of capital requirements for market risks.

This authorisation carries with it obligations that must be met in 2019 and 2020, which will be the subject of a quarterly progress report with the ECB.

2.5.2 Market risk measurement and management methodology

VALUE AT RISK (VaR)

VaR is calculated daily on all positions. It represents the potential future loss with a 99% confidence interval. Since VaR does not recognise extreme market conditions, it should not be confused with the concept of maximum loss. Stressed VaR and stress scenarios are used in addition to this system in order to measure these extreme risks.

CHANGE IN REGULATORY VaR IN 2018

Graph n° 1 (see page 193) shows the change in Crédit Agricole CIB's VaR for the regulatory scope in 2017-2018.

In 2018, the regulatory VaR averaged €5.6 million (significantly lower than the average €8 million reported in 2017) and ranged between a lower limit of €3.5 million and an upper limit of €8.5 million.

During 2018, Crédit Agricole CIB's Regulatory VaR remained moderate, which showed a control of the risk profile despite a return of some volatility and an acceleration at the end of the period.

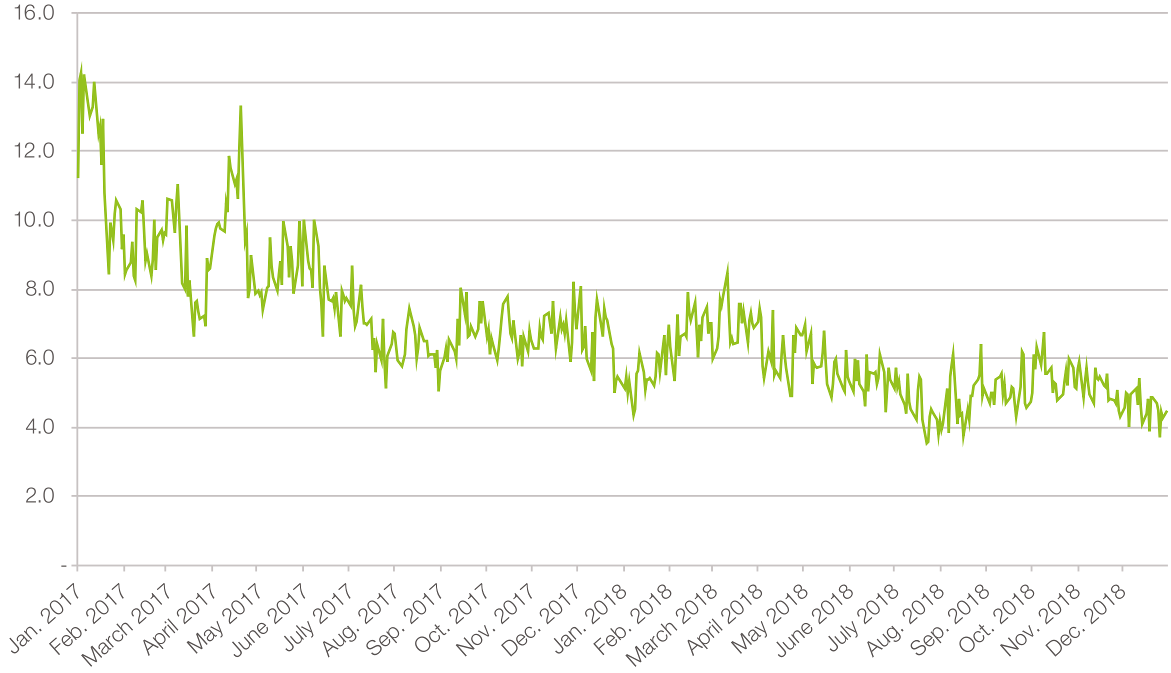
Graph n°2 (see page 193) shows the evolution of the quarterly averages of the regulatory VaR and other VaRs for each of Crédit Agricole CIB's business lines since 1 January 2017.

All Crédit Agricole CIB activities are based on internal model, except a very few products still based on standard methodology.

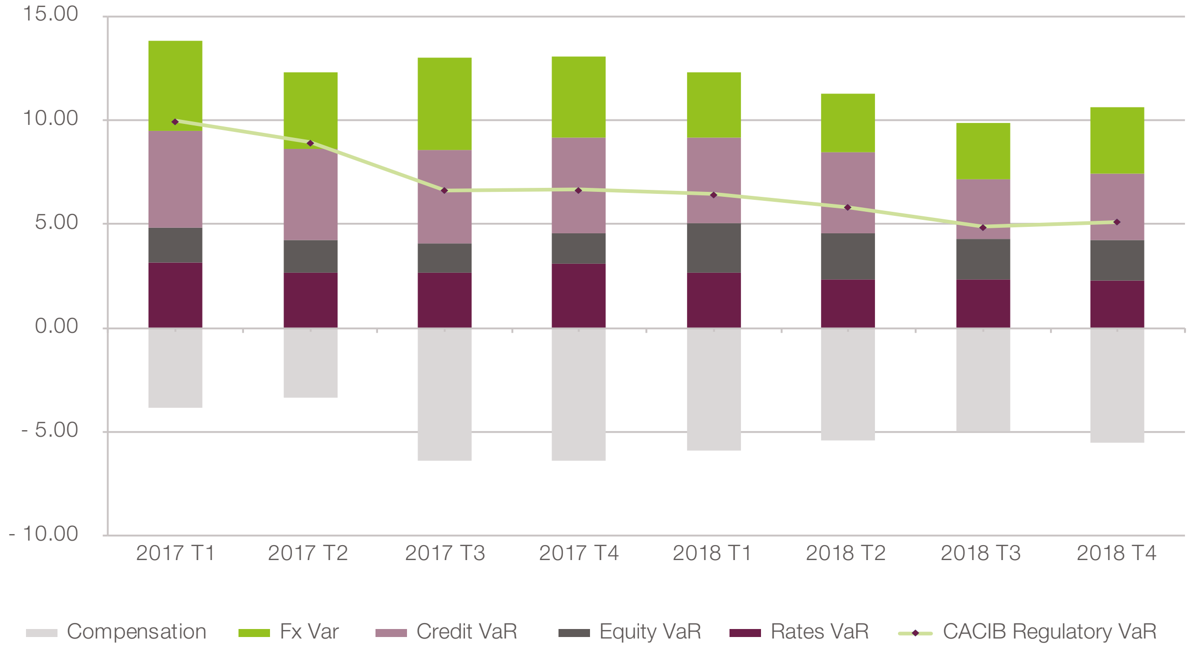
▶ Change in regulatory VaR

	31.12.2018				29.12.2017			
€ million	Minimum	Average	Maximum	End of year	Minimum	Average	Maximum	End of year
Total VaR	4	6	8	5	5	8	14	5
Netting	(4)	(5)	(8)	(6)	(0.4)	(5)	(9)	(6)
Rates VaR	2	3	4	3	3	4	6	3
Equity VaR	1	2	3	2	1	2	3	2
Fx VaR	1	2	5	3	2	3	6	2
Credit VaR	2	3	5	2	3	5	7	5

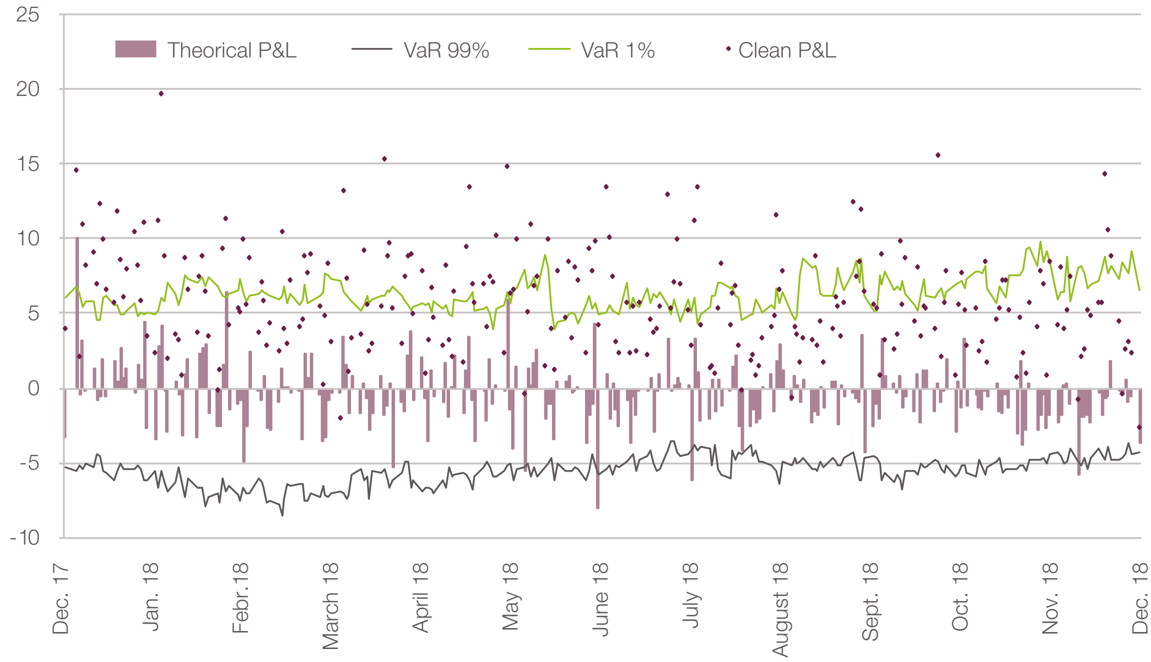
Graph 1: Crédit Agricole CIB regulatory VaR over the period 2017-2018 (in million of euros)



Graph 2: Evolution of quarterly averages of the regulatory VaR and the VaR by product line over the period 2017-2018 (in million of euros)



Graph 3: Backtesting of Crédit Agricole CIB regulatory VaR for the year 2018 (in million of euros)



VaR Backtesting (graph N° 3)

The VaR backtesting method for the Crédit Agricole CIB regulatory scope compares daily VaR amounts with the so-called clean or actual daily P&L (excluding reserves) on the one hand and with the theoretical P&L (restated for reserves and new trades) on the other.

At the end of December 2018, over a rolling one-year period, there were four backtesting exceptions with a theoretical loss greater than the VaR (excluding daily trades).

CAPITAL REQUIREMENTS RELATED TO THE STRESSED VaR

At 31 December 2018, the capital requirements related to the VaR amounts to €64 million.

€ million	31.12.18	Minimum	Maximum	Average	29.12.17
VaR	64	61	85	72	84

STRESSED REGULATORY VaR STATISTICS

If the historical data used to calculate VaR shocks originate in low volatility market situations, the resulting VaR will have a low level. To compensate for this pro-cyclical bias, the regulator introduced the stressed VaR.

Stressed VaR is calculated using the “initial” VaR model for a confidence interval of 99% and a one day horizon, and over a period of stress that corresponds to the most severe period for the most significant risk factors. At the end of 2018, the Stressed VaR period covers the period December 2007 to December 2008.

CHANGE IN STRESSED REGULATORY VaR IN 2018

Graph No 4 (overleaf) shows the changes in Crédit Agricole CIB's stressed regulatory VaR over the 2017-2018 period.

The VaR Stressed 2018 average is €16 million, close to that of 2017 but with a wider range of variation, as shown in the table of statistics below, which show the continuation of a prudent management policy of Crédit Agricole CIB.

The following table compares the data for stressed regulatory VaR with that of regulatory VaR.

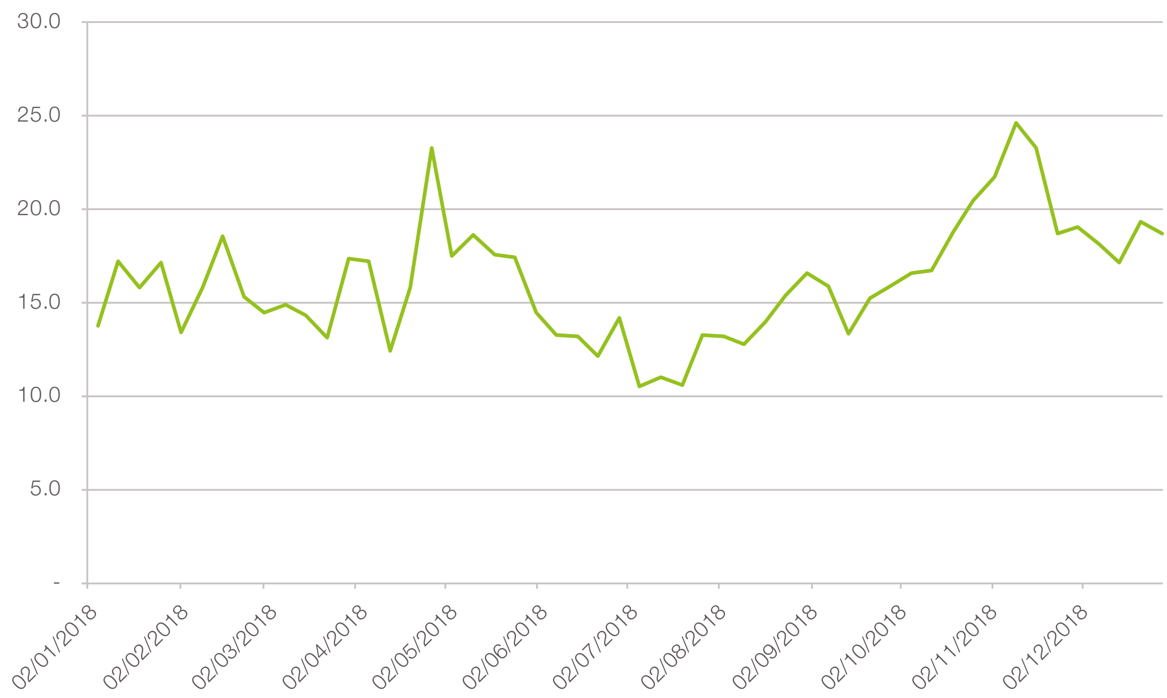
	31.12.2018				29.12.2017			
€ million	Minimum	Average	Maximum	End of year	Minimum	Average	Maximum	End of year
Stressed regulatory VaR	11	16	25	19	11	15	22	14
Regulatory VaR	4	6	8	5	5	8	14	5

CAPITAL REQUIREMENTS RELATED TO THE STRESSED VaR

At 31 December 2018, the capital requirements related to the stressed VaR amounts to €250 million.

€ million	31.12.18	Minimum	Maximum	Average	29.12.17
Stressed VaR	250	166	250	202	202

▶ **Graph 4: Stressed regulatory VaR, 99% confidence interval, 1 day (in million of euros)**



STRESS TESTS

Stress tests were developed to assess the ability of financial institutions to withstand a shock to their activities. This shock may be economic (economic downturn for example) or geopolitical (conflict between countries).

To satisfy regulatory requirements and complete its VaR measurements, Crédit Agricole CIB thus applies stress scenarios to its market activities in order to determine the impact of particularly strong (and unpredictable or difficult to categorise) disruptions on the value of its accounts. These scenarios are developed using three complementary approaches:

1. Historical approaches, which replicate the impact of major past crises on the current portfolio. The following historical scenarios were used:
   - 1994 crisis: bond crisis scenario;
   - 1998 crisis: credit market crisis scenario, which assumes an equity market downturn, sharp interest rate hikes and declines in emerging country currencies;
   - 1987 crisis: stock market crash scenario;
   - October 2008 crisis and November 2008 crisis (these latter two scenarios reproduce the market conditions following the insolvency of the investment bank Lehman Brothers).
2. Hypothetical scenarios, which anticipate plausible shocks and are developed in collaboration with economists. The hypothetical scenarios are:
   - economic recovery (rising equity and commodity markets, strong increase in short term interest rates and appreciation of the US Dollar, and tightening of credit spreads);
   - tightening of liquidity (sharp increase in short-term rates, widening of credit spreads, equity market decline);

- a scenario representing economic conditions in a situation of international tensions between China and the United States (increased volatility and falling equity markets, decline in future prices and rising volatility in the commodities market, flattening yield curves, slide in the US Dollar relative to other currencies, and widening of credit spreads).

3. Two so-called contrasting approaches (one ten-year and one extreme) which consist in adapting assumptions to simulate the most severe situations depending on the structure of the portfolio when the scenario is calculated:
   - a so called "adverse ten-year" approach, assessing the impact of large scale and adverse market movements for each activity individually. The calibration of the shocks is such that the scenario has a probability of occurrence about once every ten years and the initial period before the Bank reacts to the events is around ten days. The measured losses under this scenario are controlled through a limit;
   - a so-called "extreme adverse" approach that measures the impact of market shocks of greater intensity and for a period greater than the adverse ten year stress in order to simulate rare but nevertheless possible events. Shocks simulated under extreme adverse stress are about twice as hard as those in the adverse ten-year stress. Their impact on the stress result can be significantly more severe for non-linear products with an option component.

These indicators are also subject to a limit set in agreement with Crédit Agricole S.A..

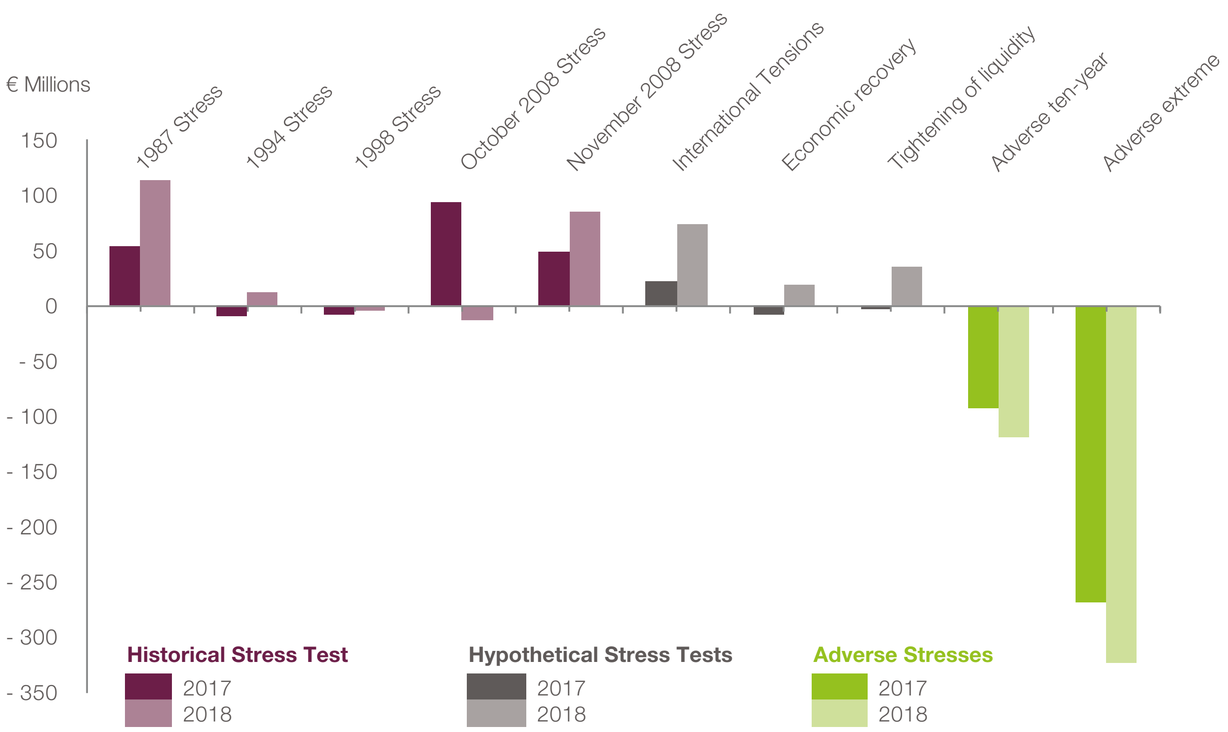
Overall stresses are calculated on a weekly basis and presented to the Crédit Agricole CIB Market Risk Committee twice a month.

Meanwhile, specific stress scenarios are developed for each business line. They are produced weekly. These scenarios make it possible to analyse the specific risks of the various business lines more effectively.

Regularly stress is put in place in anticipation of ad-hoc market events: Brexit, French elections ...

Graph 5 below shows the comparison of the evolution of stress scenarios in 2017 and 2018.

Graph 5: 2017 and 2018 average values of stress scenarios (in million of euros)



Between 2017 and 2018, adverse ten-year and extreme adverse stresses increased. On average, they rose from €92 million and €268 million in 2017 to €120 million and €323 million in 2018, respectively. The increase in extreme stress at the end of the year is mainly related to interest rate and foreign exchange activities. The stress levels (excluding CVA) observed in 2018 are generally far below the limits.

2.5.3 Other Indicators

The VaR measurement is combined with a complementary or explanatory set of indicators, most of which include limits:

- the sets of limits enable specific control of risks. Reproduced for each activity and mandate, they specify the authorised products, maximum maturities, maximum positions and maximum sensitivities; they also include a system of loss alerts;
- other analytical indicators are used by Risk Management. They include in particular notional indicators in order to reveal unusual transactions;
- in accordance with CRD III (entry into force on 31 December 2011), Crédit Agricole CIB has established specific default risk measurements on credit portfolios.

CAPITAL REQUIREMENTS RELATED TO THE IRC

The Incremental Risk Charge (IRC) is an additional capital requirement on so called linear credit positions (i.e. excluding credit correlation positions), required by the regulator in CRD III following the subprime crisis.

The purpose of the IRC is to quantify unexpected losses caused by credit events affecting issuers, i.e. defaults or rating migrations (both upgrades and downgrades). In other words, the IRC recognises two risk measures:

1. Default risk (potential gains and losses due to the default of the issuer);
2. Migration risk, which represents potential gains and losses following a migration of the issuer's credit rating and the impact of related spreads.

The IRC is calculated with a confidence interval of 99.9% over a one year risk horizon using Monte Carlo simulations.

The simulated default and credit migration scenarios are then valued using Crédit Agricole CIB pricing models. These values show a distribution, from which a 99.9% quantile calculation makes it possible to obtain the IRC.

At the end of December 2018, the capital requirements related to the IRC totalled €200 million.

€ million	31.12.2018	Minimum	Maximum	Average	29.12.2017
IRC	200	173	331	230	172

STANDARD CRD 3 METHOD REQUIREMENTS

Standard CRD 3 is an additional capital requirement for issuer risk not covered by the IRC and the CRM (Comprehensive Risk Measure). The final measure required by the supervisory authorities is the standard method for securitisation positions in the trading book.

The capital requirement in connection with the standard method was €5 million at 31 December 2018.

€ million	31.12.2018	Minimum	Maximum	Average	29.12.2017
Standard CRD 3 method	5	5	9	7	8

CAPITAL REQUIREMENTS RELATED TO PRUDENT VALUATION

In the framework of CRD IV, the Basel III Committee requires the implementation of a prudential measure (Prudent Valuation) at the carrying amount based on the market price for all positions in Trading Book and Banking Book recognised at fair value with a 90% confidence interval.

Prudent Valuation is broken down into nine additional valuation adjustments: market price uncertainty, close-out costs, model risk, concentrated positions, unearned credit spreads, investing and funding costs, early termination, future administrative costs and operational risks. All of these various categories are then aggregated and deducted from Common Equity Tier 1.

The calculation of valuation adjustments based on regulatory requirements had an impact of €840 million for Crédit Agricole CIB (including €394 million for market risks) on capital at the end of December 2018.

2.6 ASSET AND LIABILITY MANAGEMENT - STRUCTURAL FINANCIAL RISKS

Financial Management policies of Crédit Agricole CIB are defined by the Asset and Liability Management Committee in close coordination with Crédit Agricole S.A., which approves the main lines in the area of financial risks through the Group Risks Committee (CRG).

This committee is chaired by the Deputy Chief Executive Officer in charge of Finance. The committee includes the members of the Executive Committee, the heads of Finance, of Treasury, a representative of the Crédit Agricole S.A. Finance Division and representatives of the Crédit Agricole S.A. and Crédit Agricole CIB Market Risk Management.

It is lead by Crédit Agricole CIB's Head of Financial and Strategic Financial and Strategic Steering. It meets quarterly and it is the decision-making body for the Group Asset and Liability Management policy. It intervenes either in direct management or in supervision and in general coordination for the areas of Asset and Liability Management that are formally delegated to foreign branches and subsidiaries.

The Finance Department (via the Financial and Strategic Steering Department) is responsible for implementing the decisions of the Asset-Liability Management Committee.

Financial Risk Management includes the monitoring and the supervision of interest-rate risks (excluding trading activities), structural and operational foreign exchange risks and liquidity risks of Crédit Agricole CIB in France and abroad. It particularly includes direct management of equity and long-term financing positions.

The cost of Financial Risk Management is reinvoiced to the business lines according to their contribution to risks.

2.6.1 Global interest rate risks

Global interest rate risk or interest rate risk on the banking book of a financial institution is the risk incurred when a change in interest rates occurs, as a result of all balance sheet and off-balance sheet transactions, except transactions subject to market risk.

OBJECTIVES AND POLICY

Global interest-rate risk management aims to protect commercial margins against rate variations and to ensure a better stability over time of the equity and long-term financing components' intrinsic value.

The intrinsic value and the interest margin are linked to the sensitivity in the interest rate variation of the net present value and in cash flow variation of the financial instruments in the on and off balance sheet. This sensitivity arises when assets and liabilities have different maturities and dates for interest-rate refixing.

RISK MANAGEMENT

Each operating entity manages its exposure under the control of its own Asset and Liability Management Committee in charge of ensuring compliance with the Group limits and standards.

The Headquarters' Financial and Strategic Steering Department - as part of its coordination and oversight mission - and the Counterparty and Market Risks that participate in the Local Committees ensure the consistency of methods and practices within the Group as well as the monitoring of the limits allocated to each of its entities.

The Group's overall interest rate risk exposure is presented to Crédit Agricole CIB's Assets and Liabilities Management Committee. This committee:

- examines consolidated positions which are determined at the end of each quarter;
- ensures that Crédit Agricole CIB complies with its limits;
- decide on management measures based on propositions made by the Financial and Strategic Steering Department.

METHOD

Crédit Agricole CIB uses the gap method (fixed rate) to measure its global interest rate risk.

This consists of determining maturity schedules and interest rates for all assets, liabilities and hedging derivatives at fixed or adjustable interest rates:

- until the adjustment date for adjustable rate items;
- until the contractual date for fixed rate items;
- and using model based conventions for items without a contractual maturity.

The gap measurement includes the rate hedging effect on fair value and cash flow hedges.

EXPOSURES

Crédit Agricole CIB's exposure to overall interest rate risk on customer transactions is limited given the rate matching rule for each customer financing with the Treasury.

The interest rate risk mainly comes from capital, investments, modelling of unpaid liabilities, and from maturities under one year of the banking book's Treasury activities.

The Group is mainly exposed to the Euro zone and, to a lesser extent US Dollar, interest rate variation.

Crédit Agricole CIB manages its exposure to interest rate risk within the framework of exposure limits in terms of gaps and net present value (NPV) for all currencies defined by Crédit Agricole S.A..

Interest rate gaps measure the surplus or deficit of fixed rate resources. Conventionally, a positive gap represents an exposure to a risk of falling interest rates during the period.

The results of these measurements at 31 December 2018 reflect that Crédit Agricole CIB is exposed to a fall in interest rates.

€ billion	0-1 year	1-5 years	5-10 years
Average gap US dollar	+ 0.62	(0.39)	+ 0.13
Average gap Euro	+ 0.34	+ 0.38	+ 0.17

In terms of net banking income sensitivity for the first year, Crédit Agricole CIB could lose €42 million of revenues in case of a long-term 200-basis-point decrease in interest rates, i.e. a 0.76% sensitivity for a reference net banking income of €5,560 million in 2018.

Based on these same sensitivity calculations, the net present value of the loss incurred in the next ten years in the event of an adverse 200 basis point movement in the yield curve equals 0.47%, i.e. €105 million of the Group's prudential capital.

In addition, the income impacts of eight stress scenarios (five historical and three hypothetical) regarding the interest rate gap are measured on a quarterly basis and reported to the Asset and Liability Management Committee.

The scenarios are those used by Crédit Agricole CIB's Treasury Department:

- the historical scenarios include: a major equity market crash (Black Monday in 1987); a surge in interest rates (bond crash in 1994); a sharp increase in issuer spreads (rise in credit spreads in 1998); the 2008 financial crisis linked to the US mortgage market (two scenarios);
- the hypothetical scenarios are based on: the assumption of an economic recovery (rise of the equity market, rates in general, the USD spot rate and oil and a decrease in issuer spreads); a liquidity crisis following the Central Bank's decision to increase its key rates; frictions in international relations as a result of stalled business relationships between China and the United States (increase in US rates, collapse of the US equity market, widening of credit spreads and depreciation of the US Dollar compared to other currencies, especially the euro).

Simulations are made using the sensitivity of Crédit Agricole CIB's interest-rate mismatch. Sensitivity is defined as the gain or loss arising from a 2% change in interest rates. This sensitivity is calculated in EUR and USD. The calculation is based on average outstandings.

The shocks contained in these scenarios are calculated on a 10-day basis, according to Crédit Agricole CIB's stress scenario methodology. Sensitivity is "shocked" in various ways. The result of a stress test corresponds to the net present value of changes in the scenario's characteristics.

The application of stress scenarios highlights relatively limited impacts since the net present value of the maximum potential loss incurred represents €41 million that is 0.18% of shareholders' equity, and 0.74% of revenues at 31 December 2018.

INTERNAL CAPITAL REQUIREMENT ASSESSMENT

A measurement of the Pillar 2 capital requirement assessment is carried out to assess currency risks taking into account:

- a change in the economic value resulting from the application of a set of internal scenarios;
- one-year net interest margin driven by interest rate shocks.

2.6.2 Foreign Exchange Risks

The foreign exchange risk is the financial risk associated with an unfavourable change in exchange rates on the foreign exchange market. It is primarily assessed by measuring net residual exposure, taking into account gross foreign exchange positions and hedging and differentially between structural and operational foreign exchange risk.

STRUCTURAL EXCHANGE-RATE RISK

The Group's structural foreign exchange risk results from its other than temporary investments in assets denominated in foreign currencies, mainly the equity of its foreign operating entities, whether they result from acquisitions, transfers of funds from head office or the capitalisation of local earnings.

In most cases, the Group's policy is to borrow the currency in which the investment is made in order to immunise that investment from currency risk. These borrowings are documented as investment hedging instruments. In certain cases, and particularly for less liquid currencies, the investment leads to the purchase of the currency concerned; the currency risk is then hedged with forward operations if possible.

Overall, the Group's main gross structural foreign exchange positions are denominated in US dollars, in US dollar linked currencies (mainly Middle Eastern and some Asian currencies), in sterling and in Swiss franc.

The Group's policy for managing structural foreign exchange positions aims at achieving two main goals:

- regulatory (by way of exception) to protect the Group's solvency ratio against currency fluctuations; for this purpose, unhedged structural currency positions will be scaled so as to equal the proportion of risk weighted assets denominated in the currencies concerned and unhedged by other types of equity in the same currency;
- in relation to assets, to reduce the risk of loss of value for the assets under consideration.

Structural foreign exchange risk hedging is centrally managed and implemented on the recommendations of the Structural Exchange Rate Committee and decisions of the Bank's Asset and Liability Management Committee.

Crédit Agricole CIB's structural currency positions are also included with those of Crédit Agricole S.A., which are presented four times a year to its Assets and Liabilities Committee, chaired by Crédit Agricole S.A.'s Chief Executive Officer. They are also presented once a year to the Group Risk Committee.

OPERATIONAL FOREIGN EXCHANGE RISK

The Bank is further exposed to operational exchange rate positions on its foreign currency income and expenses, both at head office and in its foreign operations.

The Group's general policy is to limit net operational exchange rate positions as far as possible by periodically hedging them, usually without prior hedging of earnings not yet generated except if they have a high probability and a high risk of impairment.

The management of operational foreign exchange positions depends, according to their level of importance, on the annual Crédit Agricole Group Risk Committee or the Crédit Agricole CIB Asset and Liability Management Committees.

The different foreign currencies' contributions to the balance sheet are detailed in Note 3.2 "Market risks" of the consolidated financial statements.

2.6.3 Liquidity and financing risk

The Crédit Agricole CIB Group is, like all credit institutions, exposed to the risk of not having sufficient funds to honour its commitments. This risk could for example be realised in the event of a mass withdrawal of customer or investor deposits or during a confidence crisis or even a general liquidity crisis in the market (access to interbank, monetary and bond markets).

OBJECTIVES AND POLICY

Crédit Agricole CIB's first goal in terms of managing its liquidity is to always be able to cope with any prolonged, high-intensity liquidity crises.

The Crédit Agricole CIB Group is part of the Crédit Agricole Group's scope when it comes to liquidity risk management and uses a system for managing, measuring and containing its liquidity risk that involves maintaining liquidity reserves, organising its funding activities (limitations on short-term funding, staggered scheduling of long-term funding, diversifying sources of funding) and balanced growth in the assets and liabilities sides of its balance sheet. A set of limits, indicators and procedures aims to ensure that this system works correctly.

This internal approach incorporates compliance with all local regulations on liquidity.

RISK MANAGEMENT

At Crédit Agricole CIB, responsibility for liquidity risk management is shared by several departments:

- the Financial and Strategic Steering Department manages liquidity risks (framing liquidity needs, anticipating regulatory changes, formalising financing plan, etc.);
- the Execution Management department carries out market transactions in accordance with the instructions of the Financial and Strategic Steering Department and the Financing Plan validated by the Scarce Resources Committee;
- the Risk Department is in charge of validating the system and monitoring compliance with the rules and limits.

Governance

Crédit Agricole CIB Group's Rare Resources Committee defines and follows the asset-liability management policy. Together with the Management Committee, it makes up the executive governance body and sets all the operational limits for Crédit Agricole CIB. It is a decision-making body for tracking the raising of MLT funds and monitoring short and long-term limits.

The Liquidity Risk Committee ensures the implementation of Group standards for monitoring liquidity risk at the operational level; It validates the methodologies used, establishes limits on the liquidity risk indicators specific to Crédit Agricole CIB, monitors the limits and thresholds for alerts and, if applicable, approves proposals for managing overruns. It also serves as the Liquidity Emergency Plan Committee in the event of a crisis.

Operational Steering

The Financial and Strategic Steering Department manages rare liquidity resources within a framework constrained by the regulations, the group's standards and the defined budget trajectory. Liquidity risk management is part of the level of risk appetite validated by the Crédit Agricole CIB Board of Directors. This department is responsible for Steering and monitoring liquidity risk, anticipating regulatory changes and, where applicable, related hedging requirements, planning issuance programs and invoicing liquidity to the consuming business lines.

The Execution Management department is responsible for the operational management of liquidity refinancing.

The treasury ensures the day-to-day management of Crédit Agricole CIB Group's short-term refinancing, the coordination of issuance spreads and the management of the Treasury's liquid assets portfolio. Within each cost centre, the local Treasurer is responsible for managing funding activities within the allocated limits. He reports to the Crédit Agricole CIB Treasurer and the local Assets and Liabilities Committee. He is also responsible for ensuring compliance with all local regulations applicable to short-term liquidity.

The operational management of medium and long-term refinancing is delegated to ALM Execution, in charge of monitoring the long-term liquidity raised by the Bank's market desks, the monitoring of issuance programs and the control of consistency in issuance prices.

2018 REFINANCING CONDITIONS

In addition to traditional sources of short-term liquidity, Crédit Agricole CIB actively diversifies its sources of financing by implementing a policy whereby it maintains diversified access to these markets via multi-format issue programmes (Commercial Paper/ Certificate of Deposit) and intended for various geographical areas (New York, London, Tokyo, Australia, Hong Kong, etc.).

Crédit Agricole CIB's long-term liquidity resources are primarily sourced from interbank loans and various debt security issues.

Crédit Agricole CIB uses its Euro Medium Term Notes (EMTN) programs. At 31 December 2018, amounts issued under EMTN programs represent approximately €27.5 billion.

The issues made as part of these programmes in order to meet the needs of Crédit Agricole CIB's international and domestic customers are "structured" issues, i.e. the coupon that is paid and/or the amount that is reimbursed upon maturity includes a component that is linked to one or more market indices (equity, interest rate, exchange rate or commodity). Likewise, some issues are known as credit linked notes i.e. the reimbursement is reduced in the event of default of a third party defined contractually at the time of the issue.

Crédit Agricole CIB also still holds two Covered Bonds issued by Crédit Agricole S.A. and backed by Crédit Agricole CIB's export credit loans.

Maintenance of a well-balanced balance sheet in 2018

In 2018, Crédit Agricole CIB continued to strengthen its balance sheet structure by increasing the volume of stable funding through customers deposits.

PROCESS

Crédit Agricole CIB's liquidity management and control system is structured around several risk indicators, the definition and control of which are the subject of standards approved by the governance bodies of Crédit Agricole CIB and Crédit Agricole Group:

- short-term indicators comprising mainly stress scenario simulations (all currencies and the dollar) the aim of which is to regulate the liquidity risk based on the tolerance levels defined by the Group; short-term debt facilitating regulation of the maximum amount of short-term net market financing; the measurement of static and dynamic gaps and the monitoring of diversification indicators;
- medium to long-term indicators serving as a means to move towards one year for all currencies as well as the major currencies; concentration of the maturities of MLT refinancing sources for the main currencies, the aim of which is to allow for a renewal at maturity without excessive demand on the market;
- balance sheet indicators, including the stable funding position, defined as the long-term sources surplus over long-term assets, which aim to protect business lines from reliance on refinancing on the money market.

The system also incorporates regulatory indicators:

- the purpose of the Liquidity Coverage Ratio (LCR) is to ensure that the banks have access to a reserve of High-Quality Liquid Assets to cover the cash outflows in the event of a 30 day liquidity crisis. The Bank establishes its measurement on a consolidated basis. A minimum of 100% compliance with this ration is required as from 1 January 2018. Crédit Agricole CIB already manages its LCR beyond 100%. It stands at an average of 117% in 2018;
- additional liquidity analysis reports called Additional Liquidity Monitoring Metric (ALMM) attached to the LCR,
- the Net Stable Funding Ratio (NSFR), whose calculation procedures are described in a publication by the Basel Committee dated October 2014, compares the stock of liabilities with an effective or potential maturity of at least one year to assets with

similar effective or potential maturity. Each year, the defining of the NSFR includes assigning a weighting to each item in the balance sheet reflecting its potential to have a maturity of more than one year. To date, some weightings are still under discussion and European regulations have not yet fully defined this ratio, which will be the subject of a subsequent regulatory framework.

The liquidity risk associated with securitisation activities is monitored by the business lines in charge, but also centrally by the Market Risk and Asset and Liability Management (ALM) Departments. The impact of these activities is incorporated into the Internal Liquidity Model indicators mainly the stress scenarios, liquidity ratios and liquidity gaps. The management of liquidity risk at Crédit Agricole CIB is described in more detail in the paragraph "Liquidity and financing risk" of the Risk Factors part of this section.

2.6.4 Interest rate risk and foreign exchange risk hedges

Within the framework of managing its financial risks, Crédit Agricole CIB uses instruments (interest rate swaps and forex transactions) for which a hedging relation is established based on the management intention that is followed.

The Note 3.4 to the Group consolidated financial statements presents the market values and notional amounts of derivative financial instruments held for hedging.

FAIR VALUE HEDGES

The aim is to protect the intrinsic value of fixed-rate financial assets and liabilities that are sensitive to changes in interest rates, by hedging them with instruments that are also at fixed rate. When hedging takes place through derivatives (swaps), the derivatives are termed fair value hedge derivatives.

The hedges performed by the Finance Department in charge of Asset and Liability Management relate to the outstanding amounts of unpaid client deposits in Wealth Management, which are treated as fixed rate financial liabilities.

CASH FLOW HEDGES

The second aim is to protect interest margin so that interest flows generated by variable rate assets financed by fixed rate liabilities (working capital in particular) are not affected by the future fixing of interest rates on these items.

When the required neutralisation takes place through derivatives (swaps), these derivatives are termed cash flow hedge derivatives.

According to IFRS 7, future interests related to balance sheet items under cash flow hedge strategy are detailed below, by maturity.

€ million	> 1 year to ≤ 5 years	> 5 years	Total
Hedged cash flows to receive	133	205	338
Hedged cash flows to pay			

IFRS Documentation of hedges under IFRS

The hedging relationships of macro-hedges managed by the Finance Department in charge of Asset and Liability Management are documented from the outset and verified quarterly by carrying out prospective and retrospective tests.

For this purpose, hedged items are classified by maturity, using the characteristics of contracts or, for items without contractual maturities (such as demand deposits), runoff models based on each product's behaviour. The comparison between this maturity schedule and that of the derivative instrument allows the efficiency of the hedging to be assessed.

FOREIGN EXCHANGE NET INVESTMENT HEDGING

The instruments used to manage structural foreign exchange risk are classified as hedges of net investments in foreign currencies. The effectiveness of these hedges is quarterly documented.

2.6 OPERATIONAL RISKS

Operational risk is the risk of loss resulting from shortcomings in internal procedures or information systems, human error or external events that are not linked to a credit, market or liquidity risk.

2.6.1 Operational risk management

The Risk and Permanent Control Department is responsible for supervising the system, and it is overseen by the Management Board through the operational risk section of Crédit Agricole CIB's Internal Control Committee.

GOVERNANCE

Operational risk management specifically relies on a network of permanent controllers, who also perform the functions of operational risk managers, covering all Group subsidiaries and business lines, and who are supervised by the Risk Management and Permanent Controls division.

The system is monitored by Internal control committees under the authority of each entity's management. Head office Control functions are invited to the meetings of these committees.

IDENTIFICATION AND ASSESSMENT OF QUALITATIVE RISKS

In accordance with principles in force within the Crédit Agricole S.A. Group, Crédit Agricole CIB's Risk and Permanent Control Department implemented a qualitative and quantitative system designed to identify, assess, prevent and monitor operational risk, as required by the Basel II reform.

The operational risk mapping process is applied to all Group entities. These risk maps allow Crédit Agricole CIB to supervise the most sensitive processes and to draw up control plans. They are annually updated.

DETECTION OF OPERATIONAL LOSSES AND REPORTING OF SIGNIFICANT INCIDENTS

A unified procedure for loss detection and for reporting significant incidents has been set up across the whole scope of Crédit Agricole CIB. The data required by the internal model for calculating the economic capital allocation, in accordance with the Basel II advanced method, are consolidated into a single database that provides historical data for a rolling six year period.

CALCULATION AND ALLOCATION OF ECONOMIC CAPITAL

Capital requirements are calculated annually at the Crédit Agricole CIB level, based on historical loss data together with risk scenarios.

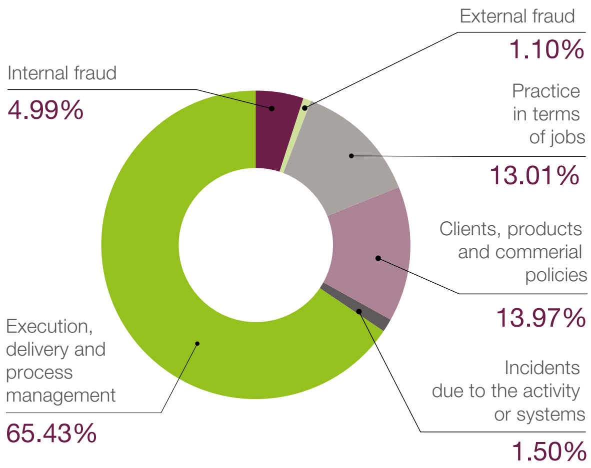
Capital requirement is calculated using the internal AMA methodology (Advanced Measurement Approach) of Crédit Agricole Group applied on Crédit Agricole CIB's scope. This model has been validated at the end of 2007 by the French Regulatory and resolution supervisory authority (ACPR).

PRODUCTION OF OPERATIONAL SCORECARDS

The Risk Management and Permanent Controls Department produces a quarterly operational risk scorecard, highlighting key events and movements in costs related to these risks. These scorecards provide global confirmation of the main sources of risks: litigation with customers and management of processes (including those relating to market transactions) which determine the priorities of preventative or remedial action plans.

EXPOSURES

The graph below provides the breakdown of the operational losses by nature over the 2016-2018 period.



INSURANCE AND RISK COVERAGE

Crédit Agricole CIB has broad insurance coverage of its insurable operating risks in accordance with guidelines set by its parent company, Crédit Agricole S.A., with the aim of protecting its balance sheet and its income statement.

Crédit Agricole CIB is covered by all Group policies taken out by Crédit Agricole S.A. from major high risk insurers, for risks including: fraud, all risk securities (or theft), operating loss, professional civil liability, operational liability, Executive and non Executive Corporate Officers' civil liability and property damage (buildings and IT, third-party claims for buildings with the greatest exposure to this risk).

In addition, Crédit Agricole CIB, like all the Crédit Agricole S.A. Group's business-line subsidiaries, manages smaller risks itself. High-frequency and low intensity risks that cannot be insured on satisfactory financial terms are retained in the form of deductibles or are pooled within the Crédit Agricole S.A. Group by one of the Crédit Agricole Group's insurance companies.

This general framework may vary according to local regulations and the specific requirements of countries in which the Crédit Agricole CIB Group operates. It is generally complemented by local insurance.

2.7 LEGAL RISKS

The main legal and tax proceedings outstanding for Crédit Agricole CIB and its fully consolidated subsidiaries are described in the section on "Legal risks" in the chapter on "Risk factors and Pillar 3" of the 2017 Registration Document. The cases presented below are those that have evolved since 23 March 2018, the date on which Registration Document No D. 18-0176 was filed with the AMF.

Any legal risks outstanding at 31 December 2018 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, see Note 6.15 of consolidated financial statements.

To date, to the best of Crédit Agricole CIB's knowledge, there is no other governmental, judiciary or arbitration proceeding (or any proceeding known by the Company, in abeyance or that threatens it) that could have or has had, within the previous 12 months, any substantial effect on the financial situation or the profitability of the Company and/or the Group.

2.7.1 Exceptional Events and Disputes

OFFICE OF FOREIGN ASSETS CONTROL (OFAC)

In October 2015, Crédit Agricole Corporate and Investment Bank (Crédit Agricole CIB) and its 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 Crédit Agricole S.A. and Crédit Agricole CIB. The agreement with the Office of Foreign Assets Control (OFAC) of the US Department of the Treasury is with Crédit Agricole CIB. Crédit Agricole CIB also entered into separate deferred prosecution agreements (DPAs) with the United States Attorney's Office for the District of Columbia (USAO) and the District Attorney of the County of New York (DANY), the terms of which are three years. On 19 October 2018, the two dispute suspension agreements with USAO and DANY expired at the end of the three-year period, after Crédit Agricole CIB fulfilled all of its obligations thereunder.

Crédit Agricole is continuing to strengthen its internal procedures and compliance programs with the international sanctions regulations, and will continue to cooperate fully with the US Federal and New York State authorities, as well as with the European Central Bank, the Prudential Control and Resolution Authority and all regulators throughout its global 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 parent company Crédit Agricole S.A., as contributors to several interbank rates, have received requests for information from various authorities as part of investigations concerning, on the one hand, the determination of the LIBOR rate (London Interbank Offered Rates) on several currencies, the EURIBOR (Euro Interbank Offered Rate) rate and certain other market indices, and on the other hand transactions related to 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 investigation into certain currency derivatives (ABS-NDF) was closed by the KFTC, according to a decision notified to Crédit Agricole CIB on 20 December 2018.

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

Since 1 July 2016, Crédit Agricole S.A. and Crédit Agricole CIB, together with other banks, are also party to a new class action suit in the United States ("Frontpoint") relating to the SIBOR (Singapore Interbank Offered Rate) and SOR (Singapore Swap Offer Rate) indices. After accepting a first motion to dismiss presented by Crédit Agricole S.A. and Crédit Agricole CIB, the Federal Court of New York, ruling on a new claim by the plaintiffs, dismissed the claims against Crédit Agricole S.A. in the Frontpoint action, on the grounds that it had not contributed to the indices concerned. On the other hand, the Court considered, taking into account recent developments in case law that its jurisdiction could apply to Crédit Agricole CIB, as well as to all the banks that are members of the SIBOR index panel. The allegations contained in the SIBOR/USD and SOR suit have also been dismissed by the court, so only the SIBOR/Singapore Dollar Index is taken into account. On 26 December 2013, the plaintiffs filed a new complaint seeking to reintroduce the alleged manipulations of the SIBOR and SOR indices that affected the transactions in US dollars in the Frontpoint action. Crédit Agricole CIB, along with the other defendants, will oppose this new suit and has filed a new motion to challenge the court's jurisdiction in the matter.

These class actions are civil actions in which the plaintiffs claim that they are victims of the methods used to set the Euribor, Libor, SIBOR and SOR rates, and seek repayment of the sums they allege were unlawfully received, as well as damages and reimbursement of costs and fees paid.

BANQUE SAUDI FRANSI

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

SSA BONDS

Crédit Agricole S.A. and Crédit Agricole CIB have received requests for information from various regulators, in connection with investigations relating to the activities of a number of banks participating in the secondary market of SSA (Supranational, Sub-Sovereign and Agencies) US dollar-denominated bonds. As part of its cooperation with these regulators, Crédit Agricole CIB conducted internal investigations to gather the required information available. On 20 December 2018, the European Commission sent a statement of charges to several banks, including Crédit Agricole S.A. and Crédit Agricole CIB, in the context of its investigation into a possible infringement of European competition law on the secondary bond market of SSA US dollar-denominated bonds. Crédit Agricole S.A. and Crédit Agricole CIB have acknowledged the charges and will reply to them.

Crédit Agricole CIB is included with other banks in a putative consolidated class action before the United States District Court for the Southern District of New York. As the plaintiffs failed to establish sufficient loss, this action was dismissed by a decision of 29 August 2018, which nevertheless gave them the possibility of remedying it. On 7 November 2018, the plaintiffs filed an amended complaint. Crédit Agricole CIB and the other defendants filed "motions to dismiss" the suit.

On 7 February 2019, another class action against Crédit Agricole CIB and the defendants summoned in the group action already in progress was filed before the U.S Federal Court for the Southern District of New York.

On 11 July 2018, Crédit Agricole S.A. and Crédit Agricole-CIB received notification, along with other banks, of a class action filed in Canada before the Federal Court. Another action, not yet notified, was filed on the same day before the Ontario Superior Court of Justice. At this stage, it is not possible to know the outcome of these investigations, proceedings or group actions nor the date on which they will end.

O'SULLIVAN AND TAVERA

On 9 November 2017, a number of people (or their family members or executors) who claim to have been the victims of attacks in Iraq, have summoned several banks including Crédit Agricole Corporate and Investment Bank (Crédit Agricole CIB) and its parent company Crédit Agricole S.A., before the Federal District Court of New York ("O 'Sullivan I").

On 29 December 2018, the same group of people, joined 57 new plaintiffs, initiated a separate legal proceeding against the same defendants ("O'Sullivan II").

On 21 December 2018, a different group of people also initiated a separate legal proceeding against the same defendants ("Tavera").

The three suits claim that Crédit Agricole S.A., Crédit Agricole CIB and the other defendants conspired with Iran and its agents to violate US sanctions and entered into transactions with Iranian entities in violation of the US Anti-Terrorism Act and Justice Against Sponsors of Terrorism Act. In particular, they argue that Crédit Agricole S.A., Crédit Agricole CIB and the other defendants allegedly transacted in US dollar transactions for Iran and Iranian entities in violation of sanctions imposed by the US Treasury Department's Office of Foreign Assets Control, which would have allowed Iran to finance terrorist organisations which, it is alleged, would be the perpetrators of the aforementioned attacks. The plaintiffs are seeking an unspecified amount of compensatory damages.

On 2 March 2, 2018, Crédit Agricole CIB and other defendants filed a motion to dismiss the plaintiffs' claims in the "O'Sullivan I" proceeding.

INTERCONTINENTAL EXCHANGE , INC. (" ICE ")

On 15 January 2019, a class action was commenced before the US Federal Court Southern District of New York against Intercontinental Exchange, Inc. ("ICE") and many banks, including Crédit Agricole S.A. and Crédit Agricole CIB. This action was brought by plaintiffs who claim to have invested in financial products indexed on ICE's USD LIBOR. They accuse the banks of having agreed, since February 2014, to set the index artificially low and to have thus achieved illegal profits.

On 31 January 2019, a similar action was filed before the US Federal Court Southern District of New York against a number of banks including Crédit Agricole S.A. and Crédit Agricole CIB. On 1 February 2019 these two actions were consolidated..

BINDING AGREEMENTS

Crédit Agricole CIB is not dependent on any patent, license or industrial, commercial or financial supply contract.

2.8 NON-COMPLIANCE RISKS

Non-compliance risk is defined as the risk of judicial, administrative or disciplinary sanction, significant financial loss or damage to reputation, which arises from non-compliance with the provisions relating to banking and financial activities, be they legislative, regulatory, professional or ethical in nature, or instructions from the executive body, in particular pursuant to the guidelines of the supervisory body.

A compliance control system, which is part of Crédit Agricole CIB Group's permanent control system, ensures control of these risks.

2.8.1 Prevention and control of non-compliance risks

Non-compliance risk control within the Crédit Agricole CIB Group is carried out by the Compliance Department. The purpose of the Compliance function is to:

- protect Crédit Agricole CIB against any potentially harmful or unlawful external actions: fight against fraud and corruption, prevention of money laundering, fight against terrorism financing, obligations in the fields of assets freeze and embargoes, etc.;
- protect the Bank's reputation in the markets as well as its clients' interests against violations of the internal ethical standards and failures to meet the professional obligations to which Crédit Agricole CIB Group and its employees are subject (insider dealing, price manipulation, dissemination of false information, conflicts of interest, failure to advise, etc.) as well as against internal or mixed fraud and internal corruption.

For this purpose, the Compliance Department:

- provides any useful advice and assists its employees and executive managers by giving them advice and training in the field of compliance;
- defines and organises the compliance control mechanism (governance system, compliance risk mapping, governance texts, monitoring and controlling systems both for the Head Office and for entities within the scope of consolidated internal control in France and internationally);
- carries out or makes carried out necessary a priori or a posteriori controls, depending on the activity, and in particular monitors transactions conducted by the Bank for its own account or for its customers;
- organises, in collaboration with the Risks and Permanent Control Department, the escalation of information on possible incidents of compliance and ensures the rapid implementation of the necessary corrective measures;
- manages the relationships with regulatory and market supervision authorities;
- provides the necessary reporting on the quality of the mechanism and the level of compliance risks to Crédit Agricole S.A.'s Executive Management, Board of Directors, and Compliance Department, as well as to French and foreign authorities and regulators.

The non-compliance risks control system is designed to guard against the risks of non-compliance with laws, regulations and internal standards, particularly in relation to investment services, client protection, the prevention of money laundering and terrorism financing, compliance with international sanctions and internal and external fraud prevention. Specific operational management and monitoring resources are used: staff training, adoption of written internal rules, dedicated tools, permanent compliance controls, fulfilment of declaration obligations to regulatory authorities, etc.

The Compliance Management Committee oversees the non-compliance risk management system and ensures its relevance and effectiveness to guarantee an adequate level of security. At the same time, the Head of Compliance regularly informs Crédit Agricole CIB's governance and Crédit Agricole S.A.'s Compliance Department of the non-compliance risks incurred by the Bank.

Crédit Agricole CIB Group's compliance function is part of the Crédit Agricole S.A. Group's compliance business line. The Crédit Agricole CIB Group's Compliance business line includes all compliance teams at the head office and local managers of the international network and their teams. In order to develop the integration and guarantee the independence of this function, the hierarchical and functional links are as follows:

- the Head of Compliance reports hierarchically to the Head of Compliance of Crédit Agricole S.A. and functionally to the Chief Executive Officer of Crédit Agricole CIB;
- the Local Compliance Officers of Crédit Agricole CIB's CIB report hierarchically to the International Compliance Officer and functionally to the Senior Country Officer. In some cases specifically approved by the Director of Compliance (Crédit Agricole CIB Dubai, Crédit Agricole CIB Americas, Crédit Agricole CIB Brazil and Crédit Agricole CIB Russia), the local system provides for Local Compliance Officers to functionally report to the local Legal and Compliance Officer;
- the Compliance Manager of the Wealth Management business reports hierarchically to the Compliance Director of Crédit Agricole CIB and functionally to the Managing Director of Private Banking.

In 2018, the Compliance business line continued and intensified its actions to strengthen its resources in terms of profiles and expertise and adapting its processes.

The Crédit Agricole CIB Compliance organisation therefore revolves around two complementary axes:

- a geographical system guaranteeing compliance by each entity with the Bank's global compliance rules, as well as laws, regulations and local professional standards, under the responsibility of the LCO (Local Compliance Officer) who performs the tasks at local level.
- the Compliance Department at the headquarters consists of 3 operational divisions organised by type of compliance risk, and 4 cross-divisional functions, with global responsibility for their respective areas of compliance, and a central point of entry both at the headquarters level and at the Crédit Agricole CIB's CIB entities:
  - of Global Business Compliance, responsible for the system for compliance by businesses with internal and external standards, such as detection and prevention of market abuse, anticompetitive behaviour and identification, prevention and management of conflicts of interest and related controls. In addition, Business Compliance is responsible for the compliance of the business lines within the meaning of the AMF general regulations, Article 313-4;
  - of Financial Security, responsible for the Bank's overall system for identification, mapping, prevention, control and reporting of risk related to financial crime: prevention of money laundering, combat against the financing of terrorism, obligations on embargoes and freezing of assets, as well as external

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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 fight against fraud and corruption, in charge of the prevention and detection of corruption and fraud risks within the Bank;
- the General Secretary, in charge of coordinating cross-divisional topics involving the Compliance function: governance, reporting, coordination of regulatory monitoring, interactions with regulators, compliance training strategy and HR topics. The General Secretary is also in charge of Crédit Agricole CIB's Internal Control and Permanent Control of the Compliance function and ensures the supervision, coordination and reporting related to the conformity control system.

  The General Secretary is also in charge of assisting the Bank's General Management in the decision-making bodies by issuing an opinion covering all non-compliance risks on the files submitted to it (for example, compliance notices issued by the Bank's main credit committees);
- the Data & Processing team, in charge of managing the risks of non-compliance related to data processing (including the protection of personal data);
- the Change Management team, in charge of change management within Compliance, the digital transformation and the management of Compliance projects;
- International, in charge of exchanging the best practices within Compliance, to ensure the coordination of the Local Compliance Officers (LCOs), to align the standards within the teams and to deploy training for all CPL employees in all locations.

Compliance at the CA Indosuez Wealth (Group) holding, which is responsible for overseeing and coordinating the entities of the *Banque Privée* (wealth management), is organised around three separate areas ("Regulatory Compliance", Financial Security and Fight against Fraud and Corruption), thus reinforcing the key role Compliance plays in the governance of the Business Line. These three departments report to the *Banque Privée* (wealth management) Compliance Officer.

The Compliance function's main governance body is the Compliance Management Committee, which includes the Legal (LGL), Finance (FIN), Permanent Control and Risks (RPC) and Crédit Agricole CIB Periodic Control (GIA) functions. The Compliance Department of Crédit Agricole S.A. is also a permanent member of this committee. Furthermore, the Compliance Department is responsible for governance of the NAP system and chairs the top-level New Activities and Products (NAP) Committee of Crédit Agricole CIB.

In 2018, the Crédit Agricole CIB Compliance Department continued to provide support and advice to the Bank's Executive Management and business lines.

Furthermore, the Compliance Department has launched various projects and initiatives to continue improving its organisation, tools and processes and increase its resources. The aim is to increase its effectiveness in dealing with regulatory changes and the expectations of regulators, and in general to foster a compliance culture within all of the Bank's business processes.

Within this framework, a number of projects and initiatives to reinforce the governance of the system and the management of compliance risks were carried out in 2018, and notably:

- taking into account regulatory developments with the continuation of the ongoing projects, in particular, MIFID II, Sapin II, General Data Protection Regulation, etc.;
- implementing overall plans to strengthen the non-compliance risk management system (beyond purely local initiatives) with the continuation of work on the NAP system, the launch of work to strengthen the fight against corruption and tax evasion, strengthening the whistleblowing system through a new tool that allows employees to escalate alerts in a confidential and secure manner;
- the mobilisation of the teams on the international sanctions remediation plan (in particular, on the priority areas): governance, the self-assessment exercise in the OFAC sanctions risk management system, the deployment of system projects in flow filtering;
- supporting the Bank's Executive Management in its actions to foster a Compliance culture with the organisation of the third edition of the Compliance Awards event, which seeks to recognise and reward efforts to build a Compliance culture, as well as the teams whose day-to-day work helps to protect the Bank and its clients.

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Basel III
Pillar 3 disclosures

5 SOMMAIRE

3. Basel III Pillar 3 disclosures

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.

Basel III is based on three pillars:

- **Pillar 1** determines the minimum capital requirements and the level of ratios according to the current regulatory framework;
- **Pillar 2** completes the regulatory approach with the quantification of a capital requirement covering the major risks to which the Bank is exposed, based on the methodologies specific to it (see part 3.2: "Management of economic capital");
- **Pillar 3** establishes new standards for financial communication to the market; this must be more detailed concerning the components of regulatory capital and the evaluation of risks, both at the level of the applicable regulations and the activity over the period.

The Crédit Agricole CIB Group has chosen to disclose information concerning Pillar 3 in a section separate from the section dealing with risk factors, in order to isolate the items satisfying the prudential requirements in terms of publication.

The principal aim of managing the Group's solvency is to assess its share capital and at all times ensure that the Group has sufficient capital to cover the risks to which it is or might be exposed in view of its business activities, thus ensuring the Group's access to financial markets under the desired conditions.

To achieve this objective, the Group applies the Internal Capital Adequacy and Assessment Process (ICAAP).

The internal ICAAP process was developed according to an interpretation of the principal regulatory requirements listed below (Basel agreements, European Banking Authority guidelines, European Central Bank prudential rules). These include:

- governance of capital management, adapted to the specificities of the Crédit Agricole CIB group's subsidiaries, and enabling centralised and coordinated monitoring at the Group level;
- measurement of regulatory share capital requirements (Pillar 1);
- measurement of economic capital requirements, which is based on the process of identification of risks and quantification of the capital requirements according to an internal approach (Pillar 2);
- management of regulatory share capital requirements based on forecast, short and medium term, measurements, consistent with the budget forecast on the basis of a central macroeconomic scenario;
- the control of ICAAP stress tests, which aim to simulate the destruction of capital after three years of an adverse economic scenario (see chapter 5 – Risk Management, paragraph: "Different types of stress tests" in the 2018 Registration Document);
- the management of economic capital (see part 3.2 "Management of economic capital");
- and a qualitative ICAAP that stipulates the areas for improvement in terms of risk management.

The ICAAP is also an integrated process that strongly interacts with the other strategic processes of the Group (ILAAP: Internal Liquidity Adequacy and Assessment Process, risk appetite, budgetary process, recovery plan, identification of risks, etc).

Other than solvency, Crédit Agricole CIB also manages the leverage and resolution ratios (MREL & TLAC) on its own behalf or on behalf of its contribution to the Crédit Agricole group.

Lastly, key solvency ratios are an integral part of the risk appetite system applied within the Group (described in chapter 5 – Risk management – in the Registration document).

3.1 MANAGEMENT OF REGULATORY CAPITAL

3.1.1 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 the subject of a "phased" calculation intended to gradually manage the transition between the Basel II calculation rules and those of Basel III. Since 1 January 2018, the transitional treatments have expired, with the exception of those related to hybrid debt instruments, which remain until 1 January 2022. 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 Group are met.

3.1.2 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.

3.13 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. In addition, entities consolidated for accounting purposes using the proportional method at 31 December 2013 and now consolidated under the equity method for accounting purposes, in accordance with IFRS 11, continue to be consolidated proportionally for prudential 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 31 December 2018.

▶ Differences in the treatment of equity investments between the accounting and prudential scopes

Type of investment	Accounting treatment	Fully loaded Basel III regulatory capital treatment
Subsidiaries with a financial activity	Consolidation through 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	Consolidation through 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	Equity investments 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.
Vehicles for the securitisation of the ABCP activity	Full consolidation	Risk-weighting of equity-accounted amount and commitments made on these entities (liquidities facilities and letters of credit).

▶ Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories (LI1)

	31.12.2018						
			Carrying values of items				
€ billion	Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the securitisation framework	Subject to the market risk framework	Not subject to capital requirements or subject to deduction from capital
	a	b	c	d	e	f	g
Assets							
Cash, central banks	47	47	47				
Financial assets at fair value through profit or loss	241	241		220		128	
Other financial assets at fair value through profit or loss							
Hedging derivative instruments	1	1		1			
Financial assets at fair value through own funds	10	11	7		3		

	31.12.2018						
			Carrying values of items				
€ billion	Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the securitisation framework	Subject to the market risk framework	Not subject to capital requirements or subject to deduction from capital
	a	b	c	d	e	f	g
Accounted own funds' instruments at fair value through non recyclable own funds	2	2	2				
Loans and receivables due from credit institutions	19	19	18	1			
Loans and receivables due from customers	134	135	134				
Held-to-maturity financial assets	28	18	18				
Revaluation adjustment on interest rate hedged portfolios							
Deferred tax assets	1	1	1				
Accruals, prepayments and sundry assets	28	28	22	6		2	
Non-current assets held for sale							
Deferred participation benefits							
Investments in equity-accounted entities							
Investment property							
Property, plant and equipment							
Intangible assets							
Goodwill	1	1					1
Total assets	**512**	**504**	**251**	**227**	**3**	**130**	**1**
Liabilities							
Central banks	1	1					1
Available-for-sale financial liabilities	208	208		76			132
Financial liabilities at fair value through options	27	27					27
Hedging derivative instruments	1	1					1
Due to credit institutions	47	48		2			46
Due to customers	124	142		1			141
Debt securities	52	25					25
Revaluation adjustment on interest rate hedged portfolios							
Current and deferred tax liabilities	2	2	2				
Accruals, deferred income and sundry liabilities	23	23	4				19
Liabilities associated with non-current assets held for sale							
Insurance company technical reserves							
Provisions	2	2					2
Subordinated debt	5	5					5
Total liabilities	**491**	**483**	**6**	**78**			**399**
Equity	**20**	**20**					**20**
Equity, Group share	**20**	**20**					**20**
Share capital and reserves	13	13					13
Consolidated reserves	6	6					6
Other comprehensive income							
Other comprehensive income on non-current assets held for sale and discontinued operations							
Net income/(loss) for the year	1	1					1
Non-controlling interests							
Total equity and liabilities	**512**	**504**	**6**	**78**			**419**

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

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3.1.4 Overall process

Capital planning

Regulatory capital is controlled under a planning process called capital planning.

Capital planning is intended to provide projections of equity capital and the use of scarce resources (risk weighted assets and balance sheet) over the horizon of the Medium Term Plan underway on the scope of consolidation of the Crédit Agricole CIB group and on its contribution to the Crédit Agricole group, in order to prepare trajectories of solvency (CET1, Tier 1 and total capital), leverage and resolution (MREL and TLAC) ratios.

It applies the budgetary elements of the financial trajectory, including projected structural transactions, accounting and prudential regulatory developments and model effects applied to risk bases. It also translates the issuance policy (subordinated debt and debt eligible for TLAC) and the distribution policy with regard to the capital structure objectives defined to be consistent with the strategy of the Group.

It determines the margins for manoeuvre within which the Group can grow, It also enables compliance with the various prudential requirements and the distribution restriction threshold to be verified, and is used to calculate the maximum distributable amount as defined by the CRR for Additional Tier 1 debt. It is also used for setting the various risk thresholds adopted for the risk appetite.

The capital planning is presented to various governance bodies and is communicated to the competent authorities, either in the context of regular exchanges or for specific transactions (for example, requests for authorisation).

Governance

The Scarce Ressources Committee meets each quarter, chaired by the Deputy Chief Executive Officer in charge of finance, and including the head of risk management, the head of financial control, the head of cash management and financing, and representatives of Crédit Agricole S.A.

The main tasks of this committee are:

- review the short and medium term projections of the Crédit Agricole CIB group in matters of solvency, leverage and resolution;
- validate the structural assumptions affecting solvency in coherence with the medium-term plan;
- set the rules for the management and allocation of capital within the group between the various business lines of the bank;
- decide the liability management operations (management of subordinated debt);
- discuss subjects relative to economic capital;
- obtain news concerning supervision and regulation;
- study relevant problems concerning subsidiaries;
- prepare any decisions to be submitted to the Board of Directors.

3.1.5 Solvency ratios

Solvency ratios numerator (see part 3.1.6 "Definition of capital")

Basel III 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 ratios denominator (see part 3.4 "Composition and changes in risk weighted assets")

Basel III defines several types of risk: credit risks, market risks and operational risks, which give rise to risk weighted asset calculations. These are discussed hereafter.

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 OF PILLAR 1

Pillar 1 requirements are governed by Regulation (EU) 575/2013 of the European Parliament and of the Council on 26 June 2013 (CRR). The regulator sets additional minimum requirements in a discretionary manner through Pillar 2.

Minimum requirements of Pillar 1

Capital ratios before buffers: the minimum phased-in CET1 requirement is 4.5%. The minimum phased-in Tier 1 requirement is 6% and the minimum phased-in total capital requirement stood at 8%.

Capital buffers are added to these ratios, to be applied progressively:

- the capital conservation buffer (2.5% of risk weighted assets in 2019);
- the countercyclical buffer (rate in principle within a range of 0 to 2.5%), the buffer at the Group level being an average weighted by the values exposed to relevant risk (EAD [(1)]) for the buffers defined at the level of each country where the Group operates; when the rate of a countercyclical buffer is calculated at the level of one of the countries of operation, the date of application is no more than 12 months after the date of publication, except in the case of exceptional circumstances;
- 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.

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

At the end of 2018, countercyclical buffers on Hong Kong, Iceland, Norway, the Czech Republic, the United Kingdom, Slovakia and Sweden were recognised by the High Council for Financial Stability (HCSF). In 2019, countercyclical buffers on France, Lithuania and Denmark will also come into force. Concerning French exposure, the High Council for Financial Stability (HCSF) will bring this rate to 0.25% from the date of entry into force on 1 July 2019. Given the exposure of the Group in these countries, the countercyclical buffer rate for the Group on 31 December 2018 stands at 0.10%. It will reach 0.21% at the end of June 2019, in particular to take into account the entry into force of the French countercyclical buffer on 1 July 2019.

These buffers must be covered by CET1.

▶ Minimum requirements on the basis of information known at the end of december 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%	0.11%	(1) 0.21%
Systemic risk buffer (0% to 5%)			0.00%	0.00%	0.00%	0.00%

(1) Estimate from 1 July 2019, taking into account the announcement of the HCSF concerning the establishment of a buffer on France.

▶ Details of the calculation of the countercyclical buffer at the end of december 2018

	31.12.2018													
	General credit exposures		Trading book exposure		Securitisation exposure		Own funds requirements					Countercyclical capital buffer rate (in %) 31.12.2018	Countercyclical capital buffer rate forecast (in %) 31.12.2019
€ million	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 %)		
Norway		720					16			16	0.260%	2.00%	0.01%
Sweden	30	1,690				27	68			68	1.089%	2.00%	0.02%
Hong Kong	345	3,597					84			84	1.333%	1.88%	0.03%
Iceland												1.25%	
Czech Republic		67					2			2	0.029%	1.00%	
United Kingdom	237	12,804				1,644	322		12	334	5.290%	1.00%	0.05%
Lituania		1									0.001%	0.50%	
Slovakia		13									0.006%	1.25%	
France	5,906	40,345	203	2,502	221	12,874	1,417	216	140	1,773	28.145%		
Other countries[1]	3,999	131,845			1,787	30,356	3,666		359	4,025	63.869%		
Total	**10,517**	**191,082**	**203**	**2,502**	**2,008**	**44,901**	**5,575**	**216**	**511**	**6,302**	**100.000%**		**0.105%**

(1) 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 december 2018

1er janvier…	2014	2015	2016	2017	2018
CET1 + buffer	4.00%	4.50%	5.13%	5.78%	6.49%
T1 + buffer	5.50%	6.00%	6.63%	7.28%	7.99%
T1 + T2 + buffer	8.00%	8.00%	8.63%	9.28%	9.99%

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.

On 31 December 2018, Crédit Agricole CIB must respect a minimum consolidated CET1 ratio (including the Pillar 1, Pillar 2R and the capital conservation buffer) of 7.98% (phased in), i.e. 8.6% fully loaded.

3.1.6 Definition of capital

3.1.6.1 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,
  - the prudent valuation (prudent valuation defined by the prudential regulations: adjustment of the amount of assets and liabilities measured at fair value according to a prudential method and deducting any value corrections),
  - deduction from the CET1 of Deferred Tax Assets (DTAs) that rely on future profitability arising from tax loss carryforwards,
  - deduction from the CET1 of negative amounts resulting from a deficit in provisions compared to expected losses (EL),
  - deduction from the CET1 of instruments of the CET1 held in financial investments less than or equal to 10% beyond an exemption limit of 10% of CET1 capital; the elements not deducted are taken into account in the risk weighted assets (variable weighting according to the types of instruments and the Basel method),
  - deduction from the CET1 of deferred tax assets dependent on future profits related to time differences beyond an exemption limit of 17.65% of CET1 capital; this exemption, applied after application of a first exemption of 10% of CET1, is common with the non-deducted share of the instruments of CET1 held in financial investments greater than 10%; the elements not deducted are taken into account in the risk weighted assets (weighting at 250%),
  - the deduction from the CET1 of instruments of CET1 held in financial investments greater than 10% (significant investments) beyond an exemption limit of 17.65% of CET1 capital; this exemption, applied after application of a first exemption of 10% of CET1, is common with the non-deducted share of deferred tax assets dependent on future profits related to time differences; the elements not deducted are taken into account in the risk weighted assets (weighting at 250%),
  - deductions pursuant to the Single Resolution Fund and the Deposit Guarantee and Resolution Fund.

Since 1 January 2018, the Group has applied the IFRS 9 standard on financial instruments. As this standard is applied retrospectively, the impact related to the new principles concerning the classification and valuation of financial instruments and impairment from credit risk were fully taken into account in the Group's capital.

◆ 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 11.5% at 31 December 2018. They accordingly represent a capital buffer of €6.8 billion relative to the loss absorption thresholds.

At 31 December 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, equal to the minimum of the actual amount of ineligible Tier 1 instruments on the date of closure (post amortisation, any calls, redemptions, etc.), of 40% (threshold for the 2018 financial year) of the stock of Tier 1 existing on 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.

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Deeply subordinated notes and preferred shares at 31 december 2018

Issuer	Issue date	Amount of issue (in million)	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 31.12.2018 (in million of euros)(1)	Regulatory amount at 31.12.2017 (in million 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	74	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	872	834
Crédit Agricole CIB	28/09/2007	590	EUR	01/01/2018	Euribor12M +190bps then as from 01/01/2018 Libor12M +290bps	O	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 Libor 12M+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	436	417
Crédit Agricole CIB	04/05/2004	470	USD	01/01/2014 then annually	6,48% then as from 01/01/2014 Libor 12M+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	410	392
Crédit Agricole CIB	16/11/2015	600	EUR	23/12/2020 then quarterly	Euribor3M +679.5 bps	N	NA	O	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 then quarterly	Euribor3M +670.5 bps	N	NA	O	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

Issuer	Issue date	Amount of issue (in million)	Cur-rency	Dates of Call	Compensa-tion	Step-up (Y /N)	Regulatory treatment	Eligible under CRD4 (Y/N)	Coupon suspension conditions	Write down condition	Regulatory amount at 31.12.2018 (in million of euros)(1)	Regulatory amount at 31.12.2017 (in million of euros)(1)
Deeply subordinated notes												
Crédit Agricole CIB	16/11/2015	600	EUR	23/12/2025 then quarterly	Euribor3M +663 bps	N	NA	0	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	0	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	628	601
Crédit Agricole CIB	27/06/2018	500	EUR	27/06/2028 then quarterly	Euribor3M +535 bps	N	NA	0	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	
Crédit Agricole CIB	29/09/2018	500	EUR	24/09/2028 then quarterly	Euribor3M +485 bps	N	NA	0	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		70	67
Total											**5,291**	**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.

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3.1.6.2 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 notes

Issuer	Date of issue	Amount of issue (€ million)	Currency	Call dates	Compensation	Step-up (Y/N)	Regulatory treatment	CRD4 eligibility (Y/N)	Regulatory capital amount 31.12.2018 € million	Regulatory capital amount 31.12.2017 € million
Undated subordinated notes										
Crédit Agricole CIB	12/08/1998	30	EUR	12/08/2003 then at any time	Euribor3M, +55,bps	N	T2	N	30	30
Total									**30**	**30**

Subordinated loans

Issuer	Date of issue	Amount of issue (€ million)	Maturity	Currency	Non-call dates	Compensation	Step-up (Y/N)	Regulatory treatment	CRD IV eligibility	Regulatory capital amount 31.12.2018 € million	Regulatory capital amount 31.12.2017 € million
Subordinated loans											
Crédit Agricole CIB	26/03/2015	1,700	15/03/2025	USD	15/03/2020 then quarterly	Libor3M +252 bps	N	T2	Y	1,483	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	
Total										**2,983**	**2,668**

3.1.6.3 TRANISTIONAL 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 component.

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.

3.1.6.4 SIMPLIFIED PRUDENTIAL CAPITAL AS AT 31 DECEMBER 2018

Solvency ratios

	31.12.2018		31.12.2017	
€ million	Phased-in	Fully loaded	Phased-in	Fully loaded
Capital and reserves Group share (1)	16,165	16,165	15,267	15,355
(+) Tier 1 capital in accordance with French Prudential Supervisory and Resolution Authority stipulations (shareholder advance)				
(+) Minority interests (1)	112	112	96	
(-) Prudent valuation	(840)	(840)	(532)	(532)
(-) Deductions of goodwill and other intangible assets	(1,327)	(1,327)	(1,219)	(1,219)
(-) Deferred tax assets that rely on future profitability not arising from temporary differences after deduction of the associated tax liabilities	(26)	(26)	(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)	(100)	(100)		
CET1 instruments held by financial sector entities in which the credit institution has a significant investment	1,478	1,478	1,307	1,307
The deductible deferred tax assets that rely on future profitaility arising from temporary differences	344	344	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	1,379	1,379	1,343	1,343
(-) Transparent treatment of UCITS	(9)	(9)	(8)	(8)
Transitional adjustments and other deductions applicable to CET1 capital	(282)	(282)	(105)	(105)
Common equity tier 1 (CET1)	**13,686**	**13,686**	**13,449**	**13,429**
Equity instruments eligible as AT1 capital	3,435	3,435	2,435	2,435
Ineligible AT1 equity instruments qualifying under grandfathering clause	1,863		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	(7)	(7)	(35)	(35)
Additional Tier 1 capital	**5,291**	**3,428**	**4,746**	**2,401**
Tier 1 capital	**18,977**	**17,114**	**18,195**	**15,830**
Equity instruments and subordinated borrowings eligible as Tier 2 capital	2,983	2,983	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	380	380	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	**3,394**	**3,364**	**3,114**	**3,058**
Total capital	**22,371**	**20,477**	**21,309**	**18,888**
Total risk weighted assets	**118,668**	**118,668**	**112,004**	**112,004**
CET 1 ratio	11.5%	11.5%	12.0%	12.0%
Tier 1 ratio	16.0%	14.4%	16.2%	14.1%
Total capital ratio	18.9%	17.3%	19.0%	16.9%

(1) This line is detailed in the table below showing the reconciliation of accounting and regulatory capital.
(2) This line includes the transitional adjustment for exceeding the ceiling on CET1 instruments of entities in the financial sector in which the establishment holds a major stake.

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The Common Equity Tier 1 (CET1) capital stood at €13.7 billion at 31 December 2018, up by €0.3 billion compared with end 2017.

The events that affected the CET1 during 2018 concerned the foreign exchange effect for + €0.2 billion, the retained earnings from 2018 for +€1 billion, the payment in the form of dividends of coupons of AT1 of the group for -€0.2 billion, the drop in reserves on equity securities at fair value through other comprehensive income that cannot be reclassified for +€0.1 billion, as well as the impact of the first application of IFRS 9 for -€0.2 billion. The CET1 was also affected by the increase in the deduction pursuant to the prudent valuation (-€0.3 billion) and that made for exceeding the exemption on for instruments of Crédit Agricole CIB's financial holdings portfolio, mainly due to the increase in the book value of the BSF (-€0.1 billion), as well as by the increase in deductions of goodwill and intangible assets (-€0.1 billion), notably following the acquisition of Banca Leonardo and lastly deductions of irrevocable payment commitments subscribed when setting up the deposit 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 €17.1 billion at 31 December 2018 and was €1.3 billion higher than that of 31 December 2017, whilst the phased-in amount was €19 billion, up by €1.1 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 €3.5 billion, up €1 billion over 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 decreased mainly due to the foreign exchange impact and the depreciation of the "grandfathered" stock: at 31 December 2018, the amount of the residual inventory benefiting from grandfathering was slightly higher than the maximum possible basis, despite the latter having been reduced;

Fully loaded Tier 2 capital, at €3,4 billion, was up by €0,3 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 31 June 2018, stable compared with 31 December 2017.

In all, fully loaded total capital at 31 December 2018 stood at €20,5 billion, or €1,6 billion lower than at 31 December 2017. Phased-in total capital amounted to €22,4 billion, up €1,1 billion compared with 31 December 2017.

3.1.6.5 CHANGES IN REGULATORY CAPITAL IN 2018

€ million	Phased-in 31.12.2018 vs 31.12.2017
Core Tier 1 Capital at 31.12.2017	**13,449**
Increase in share capital and reserves (including dividend payment in shares)	127
Capital repayment (1)	
Income for the year before dividend distribution	1,479
Expected dividend distribution	(489)
Exceptional dividend distribution	
Advance dividend paid	
Unrealised capital gains and losses on available-for-sale securities and other unrealised capital gains and losses	(204)
Prudent valuation	(308)
Minority interests	16
Change in goodwill and other intangible assets	(108)
Insufficiency of credit risk adjustments relative to expected losses using the internal rating approach deducted CET1	(1)
Regulatory adjustments (2)	(275)
Tier 1 capital at 31.12.2018	**13,686**
Additional Tier 1 capital at 31.12.2017	**4,746**
Issues	1,000
Redemptions	
Regulatory adjustments	(455)
Additional Tier 1 capital at 31.12.2018	**5,291**
Tier 1 capital	**18,977**
Additional capital at 31.12.2017	**3,114**
Issues and foreign currency impacts on debt stock (2)	315
Redemptions and foreign currency impacts on debt stock	
Regulatory adjustments including amortisation (3)	(35)
Tier 2 capital at 31.12.2018	**3,394**
Total capital at 31.12.2018	**22,371**

(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-year period prior to their maturity date.

3.1.6.6 RECONCILIATION OF ACCOUNTING AND REGULATORY CAPITAL

	31.12.2018		31.12.2017	
€ million	Phased-in	Fully loaded	Phased-in	Fully loaded
Equity, Group share (accounting amount) [(1)]	**20,308**	**20,308**	**18,940**	**18,940**
Dividend payable on current year's income			(937)	(937)
Advance dividend paid				
Payment of an exceptional dividend			(300)	(300)
2018 net income not taken into account in regulatory capital	(489)	(489)		
Unrealised gains/losses on change in own credit risk on structured filtered products	71	71	322	322
Unrealised gains/losses on change in own credit risk on filtered derivatives	(163)	(163)	(235)	(235)
Unrealised gains/losses on filtered cash flow hedges			(13)	
Transitional treatment of unrealised gains and losses	(112)	(112)	(75)	
AT1 instruments included in reported shareholders' equity	(3,435)	(3,435)	(2,435)	(2,435)
Other regulatory adjustments	(15)	(15)		
Shareholders' equity, Group share	**16,165**	**16,165**	**15,267**	**15,355**
Reported minority interests [(1)]	112	112	96	
(-) Preferred shares				
(-) Items not recognised for regulatory purposes				
Minority interests				
Other equity instruments				
Deductions of goodwill and other intangible assets	(1,327)	(1,327)	(1,219)	(1,219)
Deferred tax assets dependent on future profitability and not arising from temporary differences	(26)	(26)	(44)	(55)
Insufficient adjustments for credit risk in relation to expected loss under the internal ratings-based approach, deducted from CET1	(7)	(7)	(6)	(6)
Amount exceeding exemption limit on CET1 instruments held by financial sector entities in which the institution owns a significant investment and deductible deferred tax assets dependent on future profitability and arising from temporary differences	(100)	(100)		
(-) Transparent treatment of UCITS	(9)	(9)	(8)	(8)
Advance prudent valuation	(840)	(840)	(532)	(532)
Transitional adjustments on amounts exceeding exemption limits of CET1 instruments of financial sector entities				
Other CET1 items	(282)	(282)	(105)	(105)
Total CET1	**13,686**	**13,686**	**13,449**	**13,429**
AT1 equity instruments (including preferred shares)	5,298	3,435	4,781	2,435
Tier 1 or Tier 2 instruments of financial sector entities in which the institution owns a significant investment deducted from Tier 1				
Basel III transitional adjustments and deductions	(7)	(7)	(35)	(35)
Other Tier 1 items				
Total Additionnal Tier 1	**5,291**	**3,428**	**4,746**	**2,401**
Total Tier 1	**18,977**	**17,114**	**18,195**	**15,830**
Tier 2 equity instruments	3,014	2,983	2,699	2,668
Excess provisions relative to expected loss eligible under internal ratings approach	380	380	356	356
General credit risk adjustments using the standard approach			35	35
Tier 2 instruments of entities mainly from the insurance sector in which the institution owns a significant investment, deducted from Tier 2				
Transitional adjustments and deductions			26	
Other Tier 2 items				
Total Tier 2	**3,394**	**3,364**	**3,114**	**3,058**
Ownership interests and investments in insurance companies				
Total capital	**22,371**	**20,477**	**21,309**	**18,888**

(1) Information covered by the auditors' opinion.

3.1.7 Other ratios

3.1.7.1 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 31 December 2018, Crédit Agricole CIB's leverage ratio stood at 3.41% on a phased-in Tier 1 basis.

▶ Summary of the reconciliation between accounting assets and exposures for the purposes of the leverage (LR-SUM T)

€ million		Applicable Amount
1	Total assets as per published financial statements	511,702
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	(7,871)
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	(76,757)
5	Adjustments for securities financing transactions (SFTs)	27,628
6	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	118,516
EU-6a	(Adjustment for intragroup exposures excluded from the leverage ratio total exposure measure in accordance with Article 429 (paragraph 7) of Regulation (EU) No 575/2013)	(13,513)
EU-6b	(Adjustment for exposures excluded from the leverage ratio total exposure measure in accordance with Article 429 (paragraph 14) of Regulation (EU) No 575/2013)	
7	Other adjustments	(2,587)
8	**Leverage ratio total exposure measure**	**557,118**

The qualitative elements (LRQua) required by the Implementing Regulation (EU) 2016/200 dated 15 February 2016 are the following.

◆ 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 use few risk-weighted assets.

◆ Description of factors which had an impact on the leverage ratio during the period to which the leverage ratio reported by the institution relates.

The leverage ratio was impacted by the increase in phased-in equity capital explained in Section 3.1.6.4 and also by the progression in exposures mainly on the Repos activity and financing amounts outstanding

Leverage ratio: Joint statement (LRCOM-T)

€ million		CRR Leverage ratio exposures
On-balance sheet exposures (excluding derivatives and SFTs)		
1	On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	278,931
2	(Asset amounts deducted in determining Tier 1 capital)	(2,587)
3	**Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets) (sum of lines 1 and 2)**	**276,344**
Derivative exposures		
4	Replacement cost associated with all derivatives transactions (ie net of eligible cash variation margin)	14,089
5	Add-on amounts for PFE associated with all derivatives transactions (mark-to-market method)	28,290
EU-5a	Exposure determined under Original Exposure Method	
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	6,133
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	(19,991)
8	(Exempted CCP leg of client-cleared trade exposures)	
9	Adjusted effective notional amount of written credit derivatives	12,699
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	(8,920)
11	**Total derivative exposures (sum of lines 4 to 10)**	**32,300**
SFT exposures		
12	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	198,071
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	(61,224)
14	Counterparty credit risk exposure for SFT assets	6,624
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)**	**143,472**
Other off-balance sheet exposures		
17	Off-balance sheet exposures at gross notional amount	198,566
18	(Adjustments for conversion to credit equivalent amounts)	(80,050)
19	**Other off-balance sheet exposures (sum of lines 17 to 18)**	**118,516**
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))	(13,513)
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	18,977
21	**Total leverage ratio total exposure measure (sum of lines 3, 11, 16, 19, EU-19a and EU-19b)**	**557,118**
Leverage ratio		
22	Leverage ratio	3.41%
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	

€ million		CRR Leverage ratio exposures
EU-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	269,774
EU-2	Trading book exposures	7,910
EU-3	Banking book exposures, of which:	261,864
EU-4	Covered bonds	
EU-5	Exposures treated as sovereigns	72,639
EU-6	Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	1,203
EU-7	Institutions	21,852
EU-8	Secured by mortgages of immovable properties	395
EU-9	Retail exposures	13,663
EU-10	Corporate	104,191
EU-11	Exposures in default	3,859
EU-12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	44,061

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 0.25 bps since the beginning of 2018.

3.1.7.2 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 (Crédit Agricole CIB issued in 2018 $630 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 this regulation has been 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 31 December 2018, the TLAC to risk-weighted assets ratio is estimated at 21.2% for Crédit Agricole Group, excluding eligible preferred senior debt.

3.2 MANAGEMENT OF ECONOMIC CAPITAL

3.2.1 Overall process

For the purpose of having at all times adequate share capital to cover the risks to which it is (or may be) exposed, Crédit Agricole CIB supplements the measurement of regulatory capital requirements (Pillar 1) with the measurement of economic capital requirements, based on the process of risk identification and a valuation using an internal approach (Pillar 2).

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

- the programme of stress tests – to introduce a forward-looking view of the impact of the scenarios that are more unfavourable to the level of risk and the solvency of Crédit Agricole CIB;
- as well as controlling the capital requirements through capital planning, capital allocation and the control of profitability.

The implementation, and also the updating of the ICAAP process, is the responsibility of each institution.

Economic capital is controlled in accordance with an interpretation of the principal regulatory requirements:

- the Basel agreements;
- CRD 4 via its transposition into French regulations by the Decree of 3 November 2014;
- the European Banking Authority guidelines;
- and the regulatory requirements for ICAAP and ILAAP and the consistent collection of information in this respect.

Crédit Agricole CIB applies the standards and methods defined by the Crédit Agricole Group and is careful to ensure that the process for the measurement of economic capital requirements is subject to appropriate organisation and governance.

3.2.2 Economic capital requirement

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

The process for the identification of major risks aims, during an initial step, to record, as comprehensively as is possible, all of the risks likely to impact the balance sheet, income statement, regulatory ratios or the reputation of a particular entity or of Crédit Agricole CIB overall and to classify them into categories and sub-categories, using the same terms as those used for the whole of the Crédit Agricole Group. In a second step, the objective is to assess the importance of these risks systematically and comprehensively in order to identify the major risks.

The process of identifying risks combines several sources: an internal analysis based on information collected from the risk function and other control functions; and a supplement through external data. It was approved by the Board of Directors.

For each of the major risks identified, the economic capital requirement is quantified as follows:

- the risk measurements already made in Pillar 1 are reviewed and, where applicable, supplemented with economic capital requirements;
- the risks absent from Pillar 1 are subject to a specific calculation for economic capital requirements, based on internal approaches;
- in general terms, the measurements of economic capital requirements are made with a calculation horizon of one year and a quantile (probability of a default occurring), the level of which is defined on the basis of the Crédit Agricole Group's appetite for risk in terms of external ratings.

Specific governance within Crédit Agricole CIB ensures the consistency of all methodologies for measuring economic capital requirements.

The measurement of economic capital is supplemented by a latest estimate for the current year, consistent with forecast capital requirements at the same date, in such a way as to take into account the effects of the principal regulatory reforms that can be foreseen.

All major risks listed during the risk identification process are taken into account for assessing the economic capital requirement on 31 December 2018. Crédit Agricole CIB measures in particular: interest rate risk on the banking book, issuer risk, business risk and strategic risk, credit risk and liquidity price risk.

At 31 December 2018, all economic capital requirements are covered by internal capital.

In addition to the quantitative aspect, the Group's approach also relies on a qualitative component supplementing the measurement of economic capital requirements with indicators of the business lines' exposure to risk and their permanent controls. The qualitative component meets three objectives:

- assessment of the risk management and control policy for the entities within the scope of deployment according to different areas, this assessment is a part of the risk identification policy;
- if necessary, the identification and formalisation of areas for improvement of the risk control and permanent control system, in a formal action plan per entity;
- identification of any items that have not been correctly analysed by the quantitative ICAAP measurements.

3.3 NOTES TO REGULATORY CAPITAL REQUIREMENTS

Description of the differences between the scopes of consolidation (entity by entity) (1)

Name of entity	Accounting consolidation method	Regulatory consolidation method			Description of entity
		Full consoli-dation	Proportional integration	Equity method	
UBAF	MEE		X		Financial and insurance activities - financial services activities, except insurance and pension funds
CAIRS Assurance S.A.	Overall			X	Financial and insurance activities - insurance
Atlantic Asset Securitization LLC	Overall			X	Financial and insurance activities - financial services activities, except insurance and pension funds
LMA SA	Overall			X	Financial and insurance activities - financial services activities, except insurance and pension funds
Héphaïstos EUR FCC	Overall			X	Financial and insurance activities - financial services activities, except insurance and pension funds
Héphaïstos GBP FCT	Overall			X	Financial and insurance activities - financial services activities, except insurance and pension funds
Héphaïstos USD FCT	Overall			X	Financial and insurance activities - financial services activities, except insurance and pension funds
Héphaïstos Multidevises FCT	Overall			X	Financial and insurance activities - financial services activities, except insurance and pension funds
Eucalyptus FCT	Overall			X	Financial and insurance activities - financial services activities, except insurance and pension funds
Pacific USD FCT	Overall			X	Financial and insurance activities - financial services activities, except insurance and pension funds
Shark FCC	Overall			X	Financial and insurance activities - financial services activities, except insurance and pension funds
Vulcain EUR FCT	Overall			X	Financial and insurance activities - financial services activities, except insurance and pension funds
Vulcain Multi-Devises FCT	Overall			X	Financial and insurance activities - financial services activities, except insurance and pension funds
Vulcain USD FCT	Overall			X	Financial and insurance activities - financial services activities, except insurance and pension funds
Pacific EUR FCC	Overall			X	Financial and insurance activities - financial services activities, except insurance and pension funds
Pacific IT FCT	Overall			X	Financial and insurance activities - financial services activities, except insurance and pension funds
Triple P FCC	Overall			X	Financial and insurance activities - financial services activities, except insurance and pension funds
ESNI (compartiment Cédit Agricole CIB)	Overall			X	Financial and insurance activities - auxiliary activities in financial services and insurance
Elipso Finance S.r.l	MEE		X		Financial and insurance activities - financial services activities, except insurance and pension funds
La Fayette Asset Securitization LLC	Overall			X	Financial and insurance activities - financial services activities, except insurance and pension funds
TSUBAKI ON (FCT)	Overall			X	Financial and insurance activities - financial services activities, except insurance and pension funds
TSUBAKI OFF (FCT)	Overall			X	Financial and insurance activities - financial services activities, except insurance and pension funds
La Route Avance	Overall			X	Financial and insurance activities - financial services activities, except insurance and pension funds

(1) The scope of consolidation is fully described in note 11 to the consolidated financial statements.

Composition of capital at 31 december 2018

The table below is presented under the format of Annex IV and VI of Commission Implementing Regulation No 1423/103 of 20 December 2013. In order to simplify matters, the headings used below are those of in Annex VI, namely the phased-in headings.

€ million		31.12.2018	
Numbering (phased-in)		Phased-in	Fully loaded
Common Equity Tier 1 (CET1) capital: instruments and reserves			
1	Capital instruments and the related share premium accounts	9,425	9,425
	Of which: Crédit Agricole S.A. shares	9,425	9,425
	Of which: Regional Banks' mutual shares (CCI/CCA)		
	Of which: Local Banks' mutual shares		
2	Retained earnings		
3	Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards)	5,970	5,970
3a	Fund for general banking risk		
4	Amount of qualifying items referred to in Article 484(3) and the related share premium accounts subject to phase out from CET1		
	Public sector capital injections grandfathered until 1 January 2018		
5	Minority interests (amount allowed in consolidated CET1)	112	112
5a	Independently reviewed interim profits net of any foreseeable charge or dividend	990	990
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**16,496**	**16,496**
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	Additional value adjustments (negative amount)	(840)	(840)
8	Intangible assets (net of related tax liability) (negative amount)	(1,327)	(1,327)
9	Empty set in the EU		
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38(3) are met) (negative amount)	(26)	(26)
11	Fair value reserves related to gains or losses on cash flow hedges	(163)	(163)
12	Negative amounts resulting from the calculation of expected loss amounts	(7)	(7)
13	Any increase in equity that results from securitised assets (negative amount)	(180)	(180)
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	71	71
15	Defined-benefit pension fund assets (negative amount)	(15)	(15)
16	Direct and indirect holdings by an institution of own CET1 instruments (negative amount)		
17	Holdings of the CET1 instruments of financial sector entities where those entities have reciprocal cross with the institution designed to inflate artificially the own funds of the institution (negative amount)		
18	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above the 10% threshold and net of eligible short positions) (negative amount)		
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	(100)	(100)
20	CET1 items or deductions - other	(103)	(103)
20a	Exposure amount of the following items which qualify for a RW of 1,250%, where the institution opts for the deduction alternative	(9)	(9)
20b	Of which: qualifying holdings outside the financial sector (negative amount)	(9)	(9)
20c	Of which: securitisation positions (negative amount)		
20d	Of which: free deliveries (negative amount)		
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38(3) are met) (negative amount)		
22	Amount exceeding the 15% threshold (negative amount)		
23	Of which: direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities		
24	Empty set in the EU		
25	Of which: deferred tax assets arising from temporary differences		
25a	Losses for the current financial year (negative amount)		
25b	Foreseeable tax charges relating to CET1 items (negative amount)		
26	Regulatory adjustments applied to Common Equity Tier 1 in respect of amounts subject to pre-CRR treatment	(112)	(112)

€ million		31.12.2018	
Numbering (phased-in)		Phased-in	Fully loaded
26a	Regulatory adjustments relating to unrealised gains and losses pursuant to Articles 467 and 468		
	Of which: unrealised gains (phase out)		
	Of which: unrealised losses (phase out)		
	Of which: unrealised gains linked to exposures to central administrations (phase out)		
	Of which: unrealised losses linked to exposures to central administrations (phase out)		
26b	Amount to be deducted from or added to Common Equity Tier 1 capital with regard to additional filters and deductions required pre CRR	(112)	(112)
27	Qualifying AT1 deductions that exceed the AT1 capital of the institution (negative amount)		
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**(2,811)**	**(2,811)**
29	**Common Equity Tier 1 (CET1) capital**	**13,686**	**13,686**
Additional Tier 1 (AT1) capital: instruments			
30	Capital instruments and the related share premium accounts	3,435	3,435
31	Of which: classified as equity under applicable accounting standards	3,435	3,435
32	Of which: classified as liabilities under applicable accounting standards		
33	Amount of qualifying items referred to in Article 484 (4) and the related share premium accounts subject to phase out from AT1	1,863	
	Public sector capital injections grandfathered until 1 January 2018		
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties		
35	Of which: instruments issued by subsidiaries subject to phase out		
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	**5,298**	**3,435**
Additional Tier 1 (AT1) capital: regulatory adjustments			
37	Direct and indirect holdings by an institution of own AT1 instruments (negative amount)		
38	Holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)		
39	Direct and indirect holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above the 10% threshold and net of eligible short positions) (negative amount)		
40	Direct and indirect holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above the 10% threshold and net of eligible short positions) (negative amount)		
41	Regulatory adjustments applied to Additional Tier 1 in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out as prescribed in Regulation (EU) No 575/2013 (i.e. CRR residual amounts)		
41a	Residual amounts deducted from Additional Tier 1 capital with regard to deduction from Common Equity Tier 1 capital during the transitional period pursuant to Article 472 of Regulation (EU) No 575/2013		
41b	Residual amounts deducted from Additional Tier 1 capital with regard to deduction from Tier 2 capital during the transitional period pursuant to Article 475 of Regulation (EU) No 575/2013		
41c	Amount to be deducted from or added to Additional Tier 1 capital with regard to additional filters and deductions required pre-CRR	(7)	(7)
42	Qualifying T2 deductions that exceed the T2 capital of the institution (negative amount)		
43	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**	**(7)**	**(7)**
44	**Additional Tier 1 capital (AT1)**	**5,291**	**3,428**
45	**Tier 1 capital (T1=CET1 + AT1)**	**18,977**	**17,114**
Tier 2 (T2) capital: instruments and provisions			
46	Capital instruments and the related share premium accounts	2,983	2,983
47	Amount of qualifying items referred to in Article 484 (5) and the related share premium accounts subject to phase out from T2	30	
	Public sector capital injections grandfathered until 1 January 2018		
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties		
49	Of which: instruments issued by subsidiaries subject to phase out		
50	Tier 2 (T2) capital before regulatory adjustments	380	380

€ million		31.12.2018	
Numbering (phased-in)		Phased-in	Fully loaded
51	**Tier 2 (T2) capital: regulatory adjustments**	**3,394**	**3,364**
Tier 2 (T2) capital: regulatory adjustments			
52	Direct and indirect holdings by an institution of own T2 instruments and subordinated loans (negative amount)		
53	Holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)		
54	Direct and indirect holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above the 10% threshold and net of eligible short positions) (negative amount)		
54a	Of which new holdings not subject to transitional arrangements		
54b	Of which holdings existing before 1 January 2013 and subject to transitional arrangements		
55	Direct and indirect holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)		
56	Regulatory adjustments applied to Tier 2 in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out as prescribed in Regulation (EU) No 575/2013 (i.e. CRR residual amounts)		
56a	Residual amounts deducted from Tier 2 capital with regard to deduction from Common Equity Tier 1 capital during the transitional period pursuant to Article 472 of Regulation (EU) No 575/2013		
56b	Residual amounts deducted from Tier 2 capital with regard to deduction from Additional Tier 1 capital during the transitional period pursuant to Article 475 of Regulation (EU) No 575/2013		
56c	Amount to be deducted from or added to Tier 2 capital with regard to additional filters and deductions required pre-CRR		
57	**Total regulatory adjustments to Tier 2 (T2) capital**		
58	**Tier 2 (T2) capital**	**3,394**	**3,364**
59	**Total capital (TC=T1 + T2)**	**22,371**	**20,477**
59a	**Risk weighted assets in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out as prescribed in Regulation (EU) No 575/2013 (i.e. CRR residual amounts)**	4,307	
	Of which: CET1 instruments of financial sector entities not deducted from CET1 (Regulation [EU] No 575/2013 residual amounts)	3,446	
	Of which: Deferred tax assets that rely on future profitability and arising from temporary differences not deducted from CET1 (Regulation [EU] No 575/2013 residual amounts)	861	
	Of which: AT1 instruments of financial sector entities not deducted from AT1 (Regulation [EU] No 575/2013 residual amounts)		
	Of which: Tier 2 instruments of financial sector entities not deducted from Tier 2 (Regulation [EU] No 575/2013 residual amounts)		
60	**Total risk weighted assets**	**118,668**	**118,668**
Capital ratios and buffers			
61	**Common Equity Tier 1 (as a percentage of risk exposure amount)**	**11.53%**	**11.53%**
62	**Tier 1 (as a percentage of risk exposure amount)**	**15.99%**	**14.42%**
63	**Total capital (as a percentage of risk exposure amount)**	**18.85%**	**17.26%**
64	Institution specific buffer requirement (CET1 requirement in accordance with Article 92 (a) plus capital conservation and countercyclical buffer requirements, plus systemic buffer, plus the systemically important institution buffer (G-SII or O-SII buffer), expressed as a percentage of risk exposure amount)		
65	Of which: capital conservation buffer requirement		
66	Of which: countercyclical buffer requirement		
67	Of which: systemic risk buffer requirement		
67a	Of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer		
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)		
69	[non relevant in EU regulation]		
70	[non relevant in EU regulation]		
71	[non relevant in EU regulation]		

€ million		31.12.2018	
Numbering (phased-in)		Phased-in	Fully loaded
Amounts below the thresholds for deduction (before risk weighting)			
72	Direct and indirect holdings of the capital of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	367	367
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	1,379	1,379
74	Empty set in the EU		
75	Deferred tax assets arising from temporary differences (amount below 10% threshold, net of related tax liability where the conditions in Article 38 are met)	344	344
Amounts below the thresholds for deduction (before risk weighting)			
76	Credit risk adjustments included in Tier 2 in respect of exposures subject to standardized approach (prior to the application of the cap)		
77	Cap on inclusion of credit risk adjustments in T2 under standardized approach	380	380
78	Credit risk adjustments included in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	344	344
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	380	380
Applicable caps on the inclusion of provisions in Tier 2			
80	Current cap on CET1 instruments subject to phase out arrangements		
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)		
82	Current cap on AT1 instruments subject to phase out arrangements	1,876	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)		
84	Current cap on T2 instruments subject to phase out arrangements	315	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)		

3.4 COMPOSITION AND CHANGES IN RISK-WEIGHTED ASSETS

3.4.1 Capital requirements by type of risk

3.4.1.1 OVERVIEW OF RISK-WEIGHTED ASSETS (RWA) BY TYPE OF RISK (OV1)

Credit risk, market risk and operational risk-weighted assets amounted to €118.7 billion as of 31 December 2018 compared to €112.0 billion at 31 December 2017.

		RWA		Minimal capital requirements
	€ million	31.12.2018	31.12.2017	31.12.2018
1	**Credit risk (excluding counterparty credit risk) (CCR)**	**64,290**	**59,914**	**5,143**
2	of which standardised approach (SA)	10,598	8,800	848
3	of which the foundation IRB (FIRB) approach			
4	of which the advance IRB (AIRB) approach	52,607	50,141	4,209
5	of which Equity IRB under the Simple risk- weight or the internal models approach	1,068	956	85
	of which Other non credit obligation assets	17	17	1
6	**Counterparty credit risk**	**15,391**	**12,859**	**1,231**
7	of which Marked to market	3,671	2,309	294
8	of which original exposure			
9	of which standardised approach for counterparty credit risk			
10	of which internal model method (IMM)	8,363	8,039	669
11	of which: Risk exposure amount for contributions to the default fund of a CCP	229	249	18
12	of which: CVA	3,128	2,262	250
13	**Settlement risk**	**7**	**1**	**1**
14	**Securitisation exposures in banking book (after cap)**	**6,393**	**6,056**	**511**
15	of which IRB ratings-based approach (RBA)	946	1,552	76
16	of which IRB Supervisory Formula Approach (SFA)	1,151	634	92
17	of which Internal assessment approach (IAA)	2,857	2,684	228
18	of which Standardised approach (SA)	1,439	1,186	115
19	**Market risk**	**7,768**	**10,875**	**621**
20	of which standardised approach (SA)	1,346	5,145	108
21	of which internal model approaches (IM)	6,421	5,730	514
22	**Large exposures**			
23	**Operational risk**	**21,376**	**19,046**	**1,710**
24	of which Basic Indicator Approach			
25	of which Standardised Approach	391	184	31
26	of which Advanced Measurement Approach	20,985	18,862	1,679
27	**Amounts below the thresholds for deduction (subject to 250% risk weight)**	**3,444**	**3,253**	**276**
28	**Floor adjustment**			
29	**Total**	**118,668**	**112,004**	**9,493**

3.4.1.2 CHANGES IN RISK-WEIGHTED ASSETS

The table below shows Crédit Agricole CIB's Group RWA change over 2018.

€ million	31.12.2017	Currency effect	Organic change	2018 total change	31.12.2018
Credit risk	82,083	1,400	6,041	7,441	89,524
Of which CVA	2,262		866	866	3,128
Market risk	10,875		(3,107)	(3,107)	7,768
Operational risk	19,046		2,330	2,330	21,376
Total	**112,004**	**1,400**	**5,264**	**6,664**	**118,668**

Risk-weighted assets stand at €118.7 billion, increasing by €6.7 billion over 2018.

This change is essentially explained by:

- the appreciation of the USD against the EUR in the amount of €1.4 billion;
- an organic change of +€5.3 billion, resulting mainly from:
  - an increase in organic credit and counterparty risk excluding CVA (+€6.1 billion)
  - lower market risk (-€3.1 billion);
  - an increase in operational risk (+€2.3 billion) in anticipation of Basel IV on operational non-financial risks: mandatory standard method.

3.4.2 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.

In part I, a general view is presented of the evolution of credit and counterparty risk, followed by a more detailed examination of the credit risk in part II, by type of prudential method: according to the standard method and the IRB method. Counterparty risk is dealt with in part III, followed by part IV devoted to techniques for reducing credit and counterparty risk.

3.4.2.1 GENERAL PRESENTATION OF CREDIT AND COUNTERPARTY RISK

◆ 3.4.2.1.1 Exposure by type of risk

The table below presents the exposure of the Crédit Agricole CIB Group to overall risk (credit, counterparty, dilution and settlement/delivery) by category of exposure, for the standard approaches and internal ratings at 31 December 2018 and at 31 December 2017.

The standard 17 exposure categories are grouped in order to ensure a consistent presentation with the IRB exposures.

▶ Gross exposure, exposure at default (EAD) to total risk (credit, counterparty, dilution, settlement) at 31 december 2018

	31.12.2018												
	Standardised				IRB				Total				
€ million	Gross expo-sure (1)	Gross exposure afrer CRM (2)	EAD	RWA	Gross expo-sure (1)	Gross exposure afrer CRM (2)	EAD	RWA	Gross expo-sure (1)	Gross exposure afrer CRM (2)	EAD	RWA	Capital re-quire-ment
Central governments or central banks	1,160	1,160	1,111	915	83,286	93,141	90,656	853	84,446	94,301	91,767	1,768	141
Institutions	19,296	36,758	36,332	1,525	67,354	70,224	66,176	6,768	86,650	106,982	102,507	8,293	663
Corporates	27,428	9,855	6,196	5,360	249,154	227,727	176,311	55,354	276,582	237,582	182,507	60,714	4,857
Retail customers	838	838	794	612	13,087	13,087	13,086	517	13,925	13,925	13,881	1,130	90
Loans to individuals	838	838	794	612	12,964	12,964	12,964	508	13,803	13,803	13,759	1,120	90
o/w secured by real estate assets													
o/w revolving													
o/w other	838	838	794	612	12,964	12,964	12,964	508	13,803	13,803	13,759	1,120	90
Loans to small and medium businesses					122	122	122	9	122	122	122	9	1
o/w secured by real estate assets													
o/w other					122	122	122	9	122	122	122	9	1
Shares	206		206	207	1,668		1,668	4,512	1,874		1,874	4,719	378
Securitisations	2,008		2,008	1,439	43,299		43,299	4,954	45,307		45,307	6,393	511
Assets other than credit obligation	3,321		3,321	3,127	17		17	17	3,337		3,337	3,144	251
Total	**54,256**	**48,611**	**49,968**	**13,186**	**457,864**	**404,179**	**391,211**	**72,975**	**512,120**	**452,790**	**441,180**	**86,161**	**6,893**

(1) Initial gross 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				
€ million	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 requirement
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		2,919	2,775	222
Total	**46,486**	**41,667**	**42,257**	**10,742**	**422,126**	**377,284**	**356,494**	**68,829**	**468,612**	**418,951**	**398,752**	**79,571**	**6,366**

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

▶ Settlement/delivery risk in the trading book

As settlement/delivery risk for the trading book has become insignificant, the table is no longer presented.

▶ Total net amount and average exposure (CRB-B)

€ million		31.12.2018		31.12.2017	
		Net value of exposures at the end of the period	Average net exposures over the period (1)	Net value of exposures at the end of the period	Average net exposures over the period (2)
1	Central governments or central banks	83,261	75,919	67,620	64,772
2	Institutions	66,954	69,036	71,907	65,413
3	Corporates	246,592	238,740	226,472	224,609
4	Of which: Specialised lending	58,212	56,505	56,032	57,937
5	Of which: SMEs	880	669	583	785
6	Retail	13,069	12,835	12,468	10,201
7	Secured by real estate property				
8	SMEs				
9	Non-SMEs				
10	Qualifying revolving				
11	Other retail	13,069	12,835	12,468	10,201
12	SMEs	122	124	120	79
13	Non-SMEs	12,948	12,711	12,348	10,123
14	Equity	290	295	262	353
15	**Total IRB approach**	**410,167**	**396,825**	**378,728**	**365,347**
16	Central governments or central banks	1 112	1 096	972	1 265
17	Regional governments or local authorities	44	43	42	10
18	Public sector entities	1	1	1	1
19	Multilateral development banks	6	7	4	5
20	International organisations				
21	Institutions	19 288	20 027	17 413	21 401
22	Corporates	26 615	23 509	21 970	22 070
23	Of which: SMEs	281	300	316	347
24	Retail	817	736	792	814
25	Of which: SMEs				
26	Secured by mortgages on immovable property	211	209	179	240
27	Of which: SMEs	16	17	23	27
28	Exposures in default	477	368	253	247
29	Items associated with particularly high risk				
30	Covered bonds				
31	Claims on institutions and corporates with a short-term credit assessment				
32	Collective investments undertakings	46	46	44	51
33	Equity exposures	206	194	155	155
34	Other exposures	3 321	3 384	2 903	2 802
35	**Total standardised**	**52,144**	**49,619**	**44,727**	**49,062**
36	**Total**	**462,311**	**446,444**	**423,456**	**414,409**

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

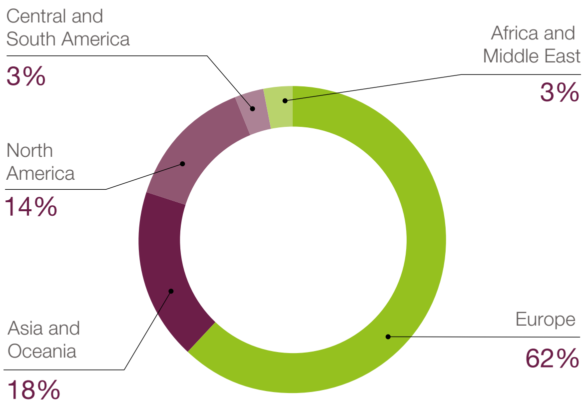
The total net exposure amounted to €462.3 billion at 31 December 2018, of which 89% is subject to a prudential treatment based on internal ratings.

◆ 3.4.2.1.2 Exposures by geographic area

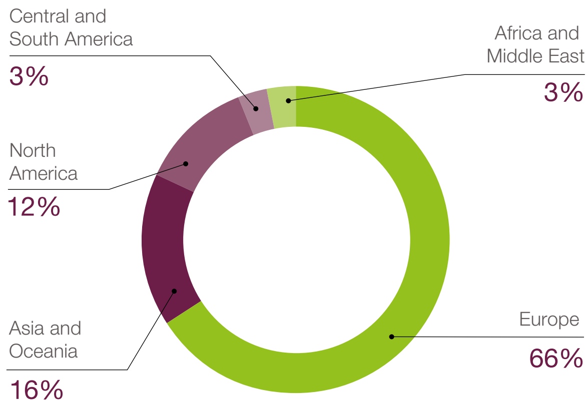
The breakdown is done on the total amount of exposures per geographical zone on the scope of the Crédit Agricole CIB group excluding securitisation transactions and “Assets other than credit obligations”.

At 31 December 2018, this amount was €462 billion (€423 billion at 31 December 2017 for the same scope).

▶ At 31 december 2018



▶ At 31 december 2017



Geographic breakdown of exposures (CRB-C)

		31.12.2018							
		EUROPE							
	€ million	France	United-Kingdom	Germany	Luxembourg	Switzerland	Italy	Netherlands	Spain
1	Central governments or central banks	20,109	3,344	1,823	2,118	1,257	159	40	627
2	Institutions	31,702	4,747	1,096	1,269	5,203	1,261	1,808	651
3	Corporates	54,644	18,065	12,094	10,699	6,383	10,944	5,796	5,113
4	Retail	2,210	275	22	1,025	1,009	363	17	347
5	Equity	145	13		27	32	1		25
6	**Total IRB approach 31.12.2018**	**108,810**	**26,444**	**15,035**	**15,138**	**13,883**	**12,729**	**7,662**	**6,763**
	Total IRB approach 31.12.2017	**123,186**	**23,871**	**17,233**	**12,595**	**11,216**	**10,273**	**7,599**	**7,023**
7	Central governments or central banks	463	15	10	1	41	213	4	17
8	Regional governments or local authorities								
9	Public sector entities								
10	Multilateral development banks								
11	International organisations								
12	Institutions	7,456	8,128	410	0	26	179	25	30
13	Corporates	22,833	387	11	40	151	104	20	239
14	Retail	1				1	294		1
15	Secured by mortgages on immovable property	14					64		46
16	Exposures in default	412	6				39		2
17	Items associated with particularly high risk								
18	Covered bonds								
19	Claims on institutions and corporates with a short-term credit assessment								
20	Collective investments undertakings	46							
21	Equity exposures	191					14		
22	Other exposures	2,413	31	1	35	385	32		38
23	**Total standardised approach 31.12.2018**	**33,831**	**8,567**	**432**	**76**	**604**	**939**	**50**	**373**
	Total standardised approach 31.12.2017	**27,088**	**9,201**	**589**	**40**	**611**	**246**	**51**	**399**
24	**Total 31.12.2018**	**142,641**	**35,011**	**15,467**	**15,213**	**14,487**	**13,668**	**7,712**	**7,136**
	Total 31.12.2017	**150,274**	**33,071**	**17,822**	**12,634**	**11,827**	**10,520**	**7,650**	**7,422**

The portfolio has significant geographic diversification. Almost 38% of exposure is outside Europe, mainly in North America and Asia.

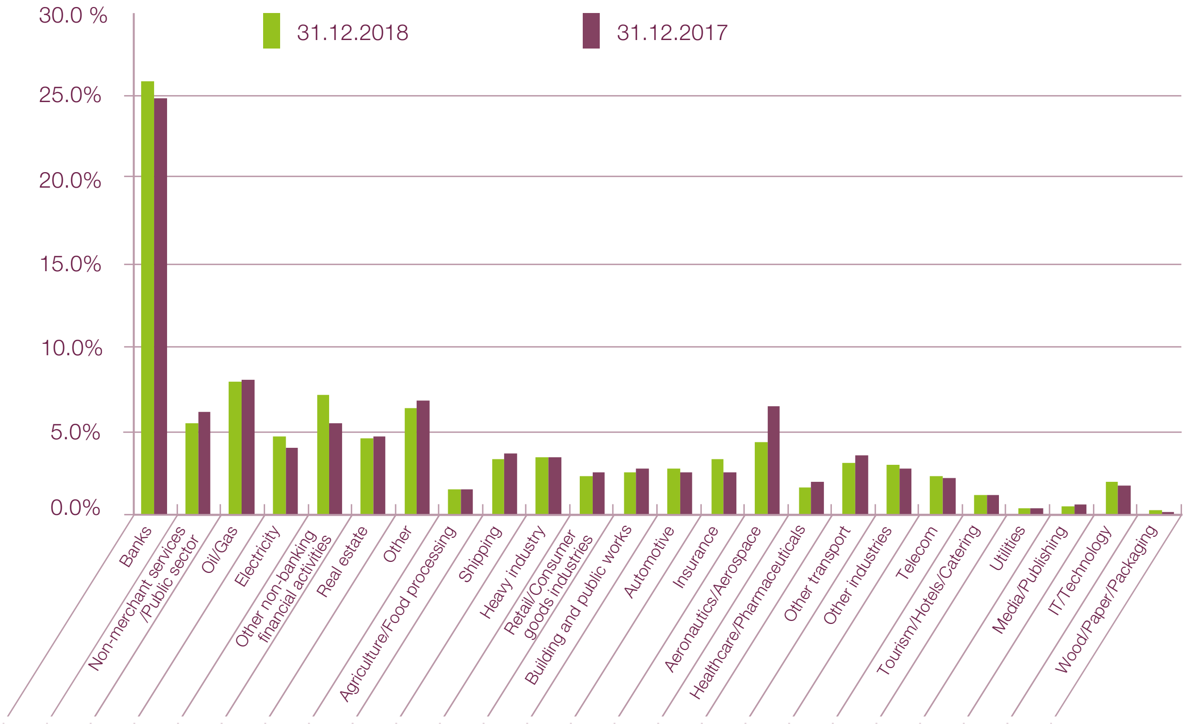
31.12.2018												
EUROPE		ASIA AND OCEANIA						NORTH AMERICA		CENTRAL AND SOUTH AMERICA	AFRICA AND MIDDLE EAST	TOTAL
Ireland	Others	Japan	Singapore	South Korea	Honk-kong	China	Others	United-states	Others			
1,337	6,227	29,477	1,339	552	1,030	859	2,012	6,827	1,113	70	2,941	**83,262**
557	2,328	1,368	220	1,133	845	2,187	2,474	2,402	304	562	4,836	**66,953**
3,150	17,378	7,470	6,109	5,089	3,572	1,751	10,918	46,923	3,533	10,327	6,635	**246,592**
	3,468	137	1,339	0	845	241	809	11	36	214	700	**13,069**
	20	5			3		2	18				**290**
5,045	**29,420**	**38,457**	**9,007**	**6,775**	**6,295**	**5,038**	**16,215**	**56,180**	**4,986**	**11,173**	**15,112**	**410,167**
4,948	**24,638**	**22,481**	**9,073**	**6,112**	**5,540**	**5,184**	**15,963**	**44,499**	**4,623**	**10,418**	**12,248**	**378,724**
	6	55	5	28	6	5	41	130		4	69	**1,112**
									44			**44**
				1								**1**
											6	**6**
	36	565	22	101	70	7	259	1,259	3	164	546	**19,288**
0	213	20	389	187	490	1	14	540	414	514	50	**26,615**
	2		0					3	15	500	1	**817**
	12				37			38				**211**
0			0		9			0		2	7	**477**
												46
	0							1				**206**
	52	3	7	8	10	2	11	269	0	19	3	**3,321**
0	**321**	**644**	**423**	**324**	**622**	**15**	**325**	**2,239**	**475**	**1,203**	**682**	**52,144**
0	**356**	**648**	**158**	**183**	**440**	**19**	**359**	**2,195**	**179**	**1,413**	**555**	**44,732**
5,045	**29,741**	**39,101**	**9,431**	**7,099**	**6,917**	**5,052**	**16,540**	**58,420**	**5,462**	**12,376**	**15,794**	**462,311**
4,948	**24,994**	**23,128**	**9,231**	**6,295**	**5,980**	**5,203**	**16,322**	**46,694**	**4,803**	**11,832**	**12,804**	**423,456**

3.4.2.1.3 Exposure by business sector

The total amount of exposures of the Crédit Agricole CIB group is broken down per sector of activity excluding securitisation transactions and adjustments that are not directly assignable to an activity sector.

At 31 December 2018, this amount was €409 billion (€381 billion at 31 December 2017 for the same scope).

Breakdown of exposures by business sector - Overall scope



A breakdown of the loan portfolio by economic business sector offers a good level of risk diversification, resulting from the risk management strategy set by the Group.

Breakdown of exposures by business sector - Corporates portfolio

The Corporate portfolio also offers a satisfactory level of diversification: in this scope, none of the sectors represent more than 13% of total exposures at the end of 2018.

3.4.2.1.4 Breakdown of exposures by residual maturity

The breakdown of exposures by residual maturity and financial instruments is available on an accounting basis in Note 3.3 “Liquidity and financing risk” of the Notes to the consolidated financial statements.

3.4.2.1.5 Default exposures and value adjustments

Quality of credit exposures by category of exposures and instrument (CR1-A)

		31.12.2018			
		Gross carrying values of			
	€ million	Defaulted exposures	Non-defaulted exposures	Provisions / Impairment	Net values
1	Central governments or central banks	78	83,208	25	83,261
2	Institutions	380	66,974	400	66,954
3	Corporates	3,097	246,057	2,562	246,592
4	Of which: Specialised lending	1,230	57,743	761	58,212
5	Of which: SMEs	8	879	7	880
6	Retail	157	12,930	17	13,069
7	Secured by real estate property				
8	SMEs				
9	Non-SMEs				
10	Qualifying revolving				
11	Other retail	157	12,930	17	13,069
12	SMEs	14	108		122
13	Non-SMEs	143	12,822	17	12,948
14	Equity		290		290
15	**Total IRB approach 31.12.2018**	**3,711**	**409,460**	**3,004**	**410,167**
	Total IRB approach 31.12.2017	**5,063**	**377,247**	**3,582**	**378,728**
16	Central governments or central banks		1,112		1,112
17	Regional governments or local authorities		44		44
18	Public sector entities		1		1
19	Multilateral development banks		6		6
20	International organisations				
21	Institutions		19,288		19,288
22	Corporates		26,624	9	26,615
23	Of which: SMEs		281		281
24	Retail		817		817
25	Of which: SMEs				
26	Secured by mortgages on immovable property		211		211
27	Of which: SMEs		16		16
28	Exposures in default	573		95	477
29	Items associated with particularly high risk				
30	Covered bonds				
31	Claims on institutions and corporates with a short-term credit assessment				
32	Collective investments undertakings		46		46
33	Equity exposures		206		206
34	Other exposures		3,321		3,321
35	**Total standardised approach 31.12.2018**	**573**	**51,676**	**104**	**52,144**
	Total standardised approach 31.12.2017	**363**	**44,507**	**143**	**44,727**
36	**Total 31.12.2018**	**4,284**	**461,135**	**3,108**	**462,311**
	Total 31.12.2017	**5,427**	**421,754**	**3,725**	**423,456**

Exposures in default amounted to €4.2 billion as at 31 December 2018, down 21% compared to 31 December 2017. They represent 1.3% of the total gross exposures compared to 1.5% at the end of 2017. The total amount of provisions/impairments fell by €0.6 billion compared to the end of December 2017, particularly as a result of the reduction in exposures in default.

5

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

		31.12.2018			
		Gross carrying values of			
€ million		Defaulted exposures	Non-defaulted exposures	Provisions / Impairment	Net values
1	EUROPE	2,154	285,714	1,748	286,120
2	France	935	142,409	702	142,641
3	United-kingdom	148	35,078	215	35,011
4	Germany	18	15,496	47	15,467
5	Luxembourg	67	15,150	3	15,213
6	Switzerland	13	14,568	94	14,487
7	Italy	470	13,401	203	13,668
8	Netherlands	56	7,668	12	7,712
9	Spain	159	7,117	141	7,136
10	Ireland	59	5,009	22	5,045
11	Others (europe)	229	29,818	309	29,740
12	Asia & oceania	407	83,846	113	84,140
13	Japan	33	39,074	6	39,101
14	Singapore	18	9,422	9	9,431
15	South korea	21	7,081	3	7,099
16	Hong Kong	25	6,902	11	6,917
17	China	33	5,021	1	5,052
18	Others (asia & oceania)	277	16,346	83	16,540
19	North america	96	64,083	298	63,881
20	United-states	57	58,660	297	58,420
21	Others (north america)	39	5,423	1	5,461
22	Central & south america	556	12,120	300	12,376
23	Africa and middle east	1,072	15,372	650	15,794
24	**Total 31.12.2018**	**4,284**	**461,135**	**3,108**	**462,311**
25	**Total 31.12.2017**	**5,427**	**421,754**	**3,725**	**423,456**

Age of exposures on watchlist (CR1-D)

€ million		31.12.2018					
		Gross carrying values					
		≤ 30 days	> 30 days ≤ 60 days	> 60 days ≤ 90 days	> 90 days ≤ 180 days	> 180 days ≤ 1 year	> 1 year
1	Loans	1,466	521	54	540	42	689
2	Debt securities						
3	Total exposures	1,466	521	54	540	42	689

€ million		31.12.2017					
		Gross carrying values					
		≤ 30 days	> 30 days ≤ 60 days	> 60 days ≤ 90 days	> 90 days ≤ 180 days	> 180 days ≤ 1 year	> 1 year
1	Loans	40	7				
2	Debt securities						
3	Total exposures	40	7				

The share of exposures in default for 30 days or more represents 60% at 31 December 2018 and 100% at 31 December 2017 of the total exposures in default.

▶ Non-performing and restructured exposures (CR1-E)

	31.12.2018				
	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	
€ million					Of which: defaulted
10 Debt securities	28,973		11	84	79
20 Loans and advances	203,693	557	1,611	3,870	3,669
30 Off-balance sheet exposures	257,318		92	365	339

	31.12.2017				
	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	
€ million					Of which: defaulted
10 Debt securities	30,000	194		248	195
20 Loans and advances	183,379	1,522	2,414	4,342	4,183
30 Off-balance sheet exposures	230,457		435	980	968

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.

31.12.2018							
Gross carrying amount of performing and non-performing exposures		Accumulated impairment and provisions and negative fair value adjustments due to credit risk				Collaterals and financial guarantees received	
On performing exposures		On performing exposures		On non-performing exposures			
Of which: impaired	Of which: forborne		Of which: forborne		Of which: forborne	On non-performing exposures	Of which: forborne exposures
79		(6)		(17)			
3,669	2,056	(596)	(121)	(2,166)	(887)	867	1,652
	26	277	4	96	6	2	33

31.12.2017							
Gross carrying amount of performing and non-performing exposures		Accumulated impairment and provisions and negative fair value adjustments due to credit risk				Collaterals and financial guarantees received	
On performing exposures		On performing exposures		On non-performing exposures			
Of which: impaired	Of which: forborne		Of which: forborne		Of which: forborne	On non-performing exposures	Of which: forborne exposures
248				(207)			
4,183	2,405	(953)	(281)	(2,362)	(1,099)	1,081	2,281
	46		27	221	3	21	53

▶ Credit quality of restructured exposures (5A)

		31.12.2018									
		All forborne exposures					Impairment, provisions and value adjustments				Collateral and financial guarantees received on forborne exposures
							Performing forborne exposures		Non-performing forborne exposures		
	€ million		of which: performing past-due	of which non-performing	of which: impaired	of which: defaulted		of which: value adjust-ments		of which: value adjust-ments	
1	**Debt securities (including at amortised cost and fair value)**	**11**									
2	Central banks										
3	General governments										
4	Credit institutions										
5	Other financial corporations										
6	Non-financial corporations	11									
7	**Loans and advances (including at amortised cost and fair value)**	**3,668**		**2,056**	**1,999**	**2,011**	**(121)**		**(887)**		**1,652**
8	Central banks										
9	General governments	20		6	6	6	(1)		(4)		
10	Credit institutions	51		51	51	51			(25)		
11	Other financial corporations	132		132	132	132			(76)		
12	Non-financial corporations	3,444		1,854	1,809	1,809	(120)		(782)		1,638
12.1	Of which: Small and Medium-sized Enterprises										
12.2	Of which: Loans collateralised by commercial immovable property										
13	Households	21		14	3	14					14
13.1	Of which: Loans collateralised by residential immovable property	15		14	3	14					14
13.2	Of which: Credit for consumption										
14	**Debt instruments other than hft**	**3,679**		**2,056**	**1,999**	**2,011**	**(121)**		**(887)**		**1,652**
15	**Loan commitments given**	**118**		**26**	**26**	**26**	**(4)**		**(6)**		**33**
16	**Total exposures with forbearance measures**	**3,797**		**2,083**	**2,025**	**2,037**	**(125)**		**(893)**		**1,685**

Changes in the stock of specific credit risk adjustments (CR2-A)

€ million		31.12.2018		31.12.2017	
		Accumulated specific credit risk adjustment	Accumulated general credit risk adjustment	Accumulated specific credit risk adjustment	Accumulated general credit risk adjustment
1	Opening balance	2,985		2,841	1,371
2	Increases due to origination and acquisition	271		666	27
3	Decreases due to derecognition	(426)		(278)	(319)
4	Changes due to change in credit risk (net)	282		(456)	
5	Changes due to modifications without derecognition (net)	13			
6	Changes due to update in the institution's methodology for estimation (net)			(229)	(112)
7	Decrease in allowance account due to write-offs	(417)			
8	Other adjustments	70		10	
9	Closing balance (1)	2,780		2,554	967
10	Recoveries of previously written-off amounts recorded directly to the statement of profit or loss	(103)		(102)	
11	Amounts written-off directly to the statement of profit or loss	52		518	

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

Changes in the stock of defaulted and impaired loans and debt securities (RC2-B)

€ million		31.12.2018
		Gross carrying value defaulted exposures
1	Opening balance	3,977
2	Loans and debt securities that have defaulted or impaired since the last reporting period	248
3	Returned to non-defaulted status	(22)
4	Amounts written off	(214)
5	Other changes	(241)
6	Closing balance	3,748

3.4.2.2 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.

◆ 3.4.2.2.1 Exposure to credit risk using the standard approach

CREDIT ASSESSMENT USING THE STANDARD APPROACH

From now on, the Group uses external credit rating agency assessments to calculate its weighted exposures in standardised approach. The remaining exposures are subject to fixed weightings (simili Basel I).

▶ Standardised approach - Exposure to credit risk and effects of credit risk mitigation (CRM) at 31 december 2018 (CR4)

		31.12.2018					
		Exposure classes					
		Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	€ million	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	1,060	52	1,060	26	911	83.89%
2	Regional governments or local authorities		44		22		
3	Public sector entities		1				
4	Multilateral developments banks		6		3	3	100.00%
5	International organisations						
6	Banks (Institutions)	5,950	625	23,078	538	703	2.98%
7	Corporate	19,890	6,346	2,760	2,352	4,427	86.60%
8	Retail	733	83	733	39	580	75.13%
9	Secured by mortgages on immovable property	211		211		105	49.76%
10	Equity	206		206		207	100.49%
11	Exposure in default	470	7	470	3	520	109.94%
12	Higher-risk categories						
13	Covered bonds						
14	Institutions and corporates with a short-term credit assessment						
15	Collective investment undertakings	46		46		15	32.61%
16	Other items	3,321		3,321		3,127	94.16%
17	Total	31,887	7,165	31,885	2,984	10,598	30.39%

Standardised approach - Exposure to credit risk and effects of credit risk mitigation (CRM) at 31 december 2017 (CR4)

		31.12.2017					
		Exposure classes					
		Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
€ million		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				0.00%
4	Multilateral developments banks		4		2	1	49.45%
5	International organisations						0.00%
6	Banks (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	Equity	155		155		164	105.82%
11	Exposure in default	241	11	241	6	274	111.05%
12	Higher-risk categories						0.00%
13	Covered bonds						0.00%
14	Institutions and corporates with a short-term credit assessment						0.00%
15	Collective investment undertakings	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 31 december 2018 (CR5)

€ million		31.12.2018																	
		Risk weight																	
	Exposure classes	0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1250%	Others	Deducted	Total credit exposures amount	o/w unrated
1	Central governments or central banks	691						2			49						344	1,086	1,086
2	Regional governments or local authorities	22																22	22
3	Public sector entities																		
4	Multilateral developments banks										3							3	3
5	International organisations																		
6	Institutions	20,889	639			1,688		125			245	30						23,616	23,354
7	Corporate					205		1,055			3,838	14						5,112	3,470
8	Retail									773								773	773
9	Secured by mortgages on immovable property							211										211	211
10	Equity exposure										205		1					206	206
11	Exposure in default										379	94						473	473
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	10			4	11		17			4							46	46
16	Other items	108				107					3,106							3,321	3,321
17	**Total**	**21,720**	**639**		**4**	**2,011**		**1,410**		**773**	**7,828**	**138**	**1**				**344**	**34,868**	**32,965**

▶ Standard approach - Exposures by asset class and by risk weighting coefficient at 31 december 2017 (CR5)

€ million		31.12.2017																	
		Risk weight																	
	Exposure classes	0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1250%	Others	Deducted	Total credit exposures amount	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																		
4	Multilateral developments banks							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							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**

◆ 3.4.2.2.2 Exposures to credit risk under internal ratings-based approach

Credit exposures are classified by counterparty type and financial product type, based on the seven exposure classes shown in the table below and set out in Article 147 of Regulation (EU) 575/2013 of 26 June 2013 on capital requirements applicable to credit institutions and investment firms:

- the exposure category "Central governments and central banks", in addition to exposures on governments and central banks, groups exposures on certain regional and local authorities or on public-sector entities, which are treated as central administrations, and certain multilateral development banks and international organisations;
- the "Institutions" class comprises exposure to credit institutions and investment firms, including those recognised in other countries. This category also includes certain exposures on regional and local governments, public-sector entities and multilateral development banks that are not considered as central governments;
- the "Corporates" class is divided into large corporates and small and medium-sized businesses, which are subject to different regulatory treatments;
- the "Retail customers" class distinguishes between mortgage loans, revolving credits, other credits to individuals and other loans to very small businesses and self-employed professionals;
- the "Equity" class comprises exposures that convey a residual, subordinated claim on the assets or income of the issuer or have a similar economic substance;
- the "Securitisation" exposure category includes exposures to securitisation operations or structures, including those resulting from interest rate or exchange rate derivatives, independently of the institution's role (whether it is the originator, sponsor or investor);
- the "Other assets that do not correspond to credit obligations" class mainly includes non-current assets and accruals.

◆ 3.4.2.2.3 Quality of exposures using the internal ratings-based approach

OVERVIEW OF THE INTERNAL RATINGS-BASED SYSTEMS AND PROCEDURES

The internal ratings-based systems and procedures are presented in paragraph 2.4.2 of this chapter.

EXPOSURE TO CREDIT RISK BY PORTFOLIO AND BY RANGE OF PROBABILITY OF DEFAULT (PD) ON 31 DECEMBER 2018 (CR6)

▶ Following prudential portfolios for advanced internal ratings-based approach

€ million	PD scale	Original on-balance sheet gross exposure	Off-balance sheet exposures pre CCF	Average CCF	EAD post CRM and post-CCF	Average PD
Central governments and central banks						
	0.00 to < 0.15	68,908	2,890	66.98%	81,026	0.01%
	0.15 to < 0.25	453		64.06%	1,166	0.16%
	0.25 to < 0.50	378		0.00%	378	0.30%
	0.50 to < 0.75	775	214	75.00%	323	0.60%
	0.75 to < 2.50	296	490	75.00%	45	1.24%
	2.50 to < 10.00	685	315	73.86%	82	5.00%
	10.00 to < 100.00	84	108	76.34%	26	12.41%
	100.00 (Default)	78		0.00%	31	100.00%
	Sub-total	**71,657**	**4,017**	**66.96%**	**83,077**	**0.06%**
Institutions						
	0.00 to < 0.15	31,788	4,215	81.80%	37,672	0.03%
	0.15 to < 0.25	889	492	46.90%	576	0.16%
	0.25 to < 0.50	789	1,165	39.05%	1,139	0.30%
	0.50 to < 0.75	404	712	44.30%	565	0.60%
	0.75 to < 2.50	842	1,087	41.53%	856	0.96%
	2.50 to < 10.00	47	87	20.81%	21	5.00%
	10.00 to < 100.00	95	24	27.69%	100	19.48%
	100.00 (Default)	377		0.00%	377	100.00%
	Sub-total	**35,230**	**7,782**	**69.99%**	**41,306**	**1.02%**
Corporates - Other						
	0.00 to < 0.15	24,852.11	52,545.92	54.10%	52,004.33	0.04%
	0.15 to < 0.25	10,376.50	15,404.11	56.69%	16,316.30	0.16%
	0.25 to < 0.50	7,097.57	16,846.71	48.19%	11,779.26	0.30%
	0.50 to < 0.75	7,763.35	8,947.16	59.28%	9,489.95	0.60%
	0.75 to < 2.50	8,218.19	11,041.13	56.02%	10,562.18	1.10%
	2.50 to < 10.00	495.45	635.69	55.95%	303.64	5.00%
	10.00 to < 100.00	943.64	1,730.63	36.17%	951.38	15.54%
	100.00 (Default)	1,574.90	282.93	43.76%	1,579.58	100.00%
	Sub-total	**61,321.71**	**107,434.28**	**53.84%**	**102,986.62**	**1.94%**
Corporates - SME						
	0.00 to < 0.15	5.55	3.56	20.00%	6.21	0.06%
	0.15 to < 0.25	2.34	0.06	100.00%	1.64	0.16%
	0.25 to < 0.50	2.77	2.54	54.78%	4.16	0.30%
	0.50 to < 0.75	20.08	141.65	75.85%	35.57	0.60%
	0.75 to < 2.50	127.37	246.73	49.36%	216.70	1.33%
	2.50 to < 10.00	9.70	1.02	63.61%	9.64	5.00%
	10.00 to < 100.00	51.37	162.69	75.10%	161.41	19.64%
	100.00 (Default)	7.41	0.15	84.72%	7.53	100.00%
	Sub-total	**226.57**	**558.39**	**60.44%**	**442.86**	**9.67%**
Corporates - Specialised Lending						
	0.00 to < 0.15	1,764	1,419	51.18%	9,198	0.03%
	0.15 to < 0.25	8,036	2,429	68.05%	10,219	0.16%
	0.25 to < 0.50	10,573	2,943	63.51%	10,421	0.30%
	0.50 to < 0.75	8,274	2,683	45.15%	7,961	0.60%
	0.75 to < 2.50	10,506	3,679	57.63%	9,774	1.12%
	2.50 to < 10.00	1,301	161	40.18%	1,036	5.00%
	10.00 to < 100.00	1,672	241	59.39%	1,127	15.74%
	100.00 (Default)	1,195	29	78.00%	1,159	100.00%
	Sub-total	**43,320**	**13,584**	**57.21%**	**50,896**	**3.14%**

Number of obligors	Average LGD	Average maturity	RWA	RWA density	Expected loss	Value adjustments and provisions
	1.40%	614	227	0.28%		
	10.00%	1,031	116	9.99%		
	9.98%	404	36	9.52%		
	10.00%	559	47	14.65%		
	46.88%	1,331	58	127.73%		
	59.76%	1,459	140	171.06%	2	
	77.60%	1,126	104	402.17%	3	
	45.00%	1,367		1.04%	17	
	1.72%	**620**	**729**	**0.88%**	**22**	**25**
	8.83%	611	961	2.55%	1	
	39.17%	747	258	44.77%		
	42.29%	529	437	38.33%	1	
	52.66%	425	383	67.74%	1	
	39.16%	543	628	73.41%	3	
	74.74%	326	56	267.61%	1	
	39.01%	1,639	229	228.88%	7	
	45.01%	625		0.00%	394	
	11.84%	**609**	**2,952**	**7.15%**	**409**	**400**
	35.56%	729	7,385.22	14.20%	7.98	
	43.58%	965	5,996.44	36.75%	9.97	
	49.51%	959	6,305.91	53.53%	13.52	
	45.76%	919	6,757.54	71.21%	21.00	
	45.60%	1,109	9,756.80	92.37%	42.84	
	50.28%	773	418.04	137.67%	5.95	
	41.71%	1,005	1,589.98	167.12%	48.78	
	45.12%	843	11.40	0.72%	1,309.82	
	40.64%	**854**	**38,221.33**	**37.11%**	**1,459.85**	**1,793.82**
	46.61%	1,443	1.54	24.78%	0.00	
	47.34%	662	0.49	30.11%	0.00	
	47.60%	1,104	2.52	60.56%	0.01	
	35.76%	623	17.12	48.13%	0.07	
	36.02%	1,056	159.87	73.78%	0.89	
	38.42%	1,134	10.50	108.87%	0.18	
	45.90%	1,626	163.66	101.39%	3.99	
	45.05%	402	0.00	0.00%	3.79	
	40.11%	**1,224**	**355.70**	**80.32%**	**8.93**	**7.14**
	5.49%	1,354	259	2.81%		
	9.73%	1,350	1,046	10.24%	1	
	12.23%	1,313	1,801	17.28%	4	
	11.62%	1,286	1,736	21.81%	5	
	14.37%	1,280	3,234	33.09%	15	
	15.65%	1,121	559	53.97%	8	
	19.58%	1,111	1,134	100.60%	35	
	41.97%	1,093	62	5.39%	421	
	11.73%	**1,304**	**9,832**	**19.32%**	**489**	**761**

€ million	PD scale	Original on-balance sheet gross exposure	Off-balance sheet exposures pre CCF	Average CCF	EAD post CRM and post-CCF	Average PD
Retail - Qualifying revolving						
	0.00 to < 0.15	10,832		0.00%	10,832	0.09%
	0.15 to < 0.25	1,308		0.00%	1,308	0.21%
	0.25 to < 0.50	525		0.00%	525	0.60%
	0.50 to < 0.75			0.00%		0.00%
	0.75 to < 2.50	38		72.83%	38	1.60%
	2.50 to < 10.00	117		0.00%	117	12.34%
	10.00 to < 100.00			0.00%		20.00%
	100.00 (Default)	143		0.00%	143	100.00%
	Sub-total	**12,964**		**72.83%**	**12,964**	**1.24%**
Retail - Other non-SME						
	0.00 to < 0.15	85		0.00%	85	0.09%
	0.15 to < 0.25	14		0.00%	14	0.21%
	0.25 to < 0.50	6		0.00%	6	0.60%
	0.50 to < 0.75			0.00%		0.00%
	0.75 to < 2.50	1		0.00%	1	1.60%
	2.50 to < 10.00	1		0.00%	1	12.47%
	10.00 to < 100.00			0.00%		0.00%
	100.00 (Default)	14		0.00%	14	100.00%
	Sub-total	**122**		**0.00%**	**122**	**11.68%**
Total		**224,843**	**133,375**	**56.38%**	**291,795**	**1.47%**

Number of obligors	Average LGD	Average maturity	RWA	RWA density	Expected loss	Value adjustments and provisions
	6.30%		162	1.49%	1	
	25.57%		145	11.05%	1	
	35.53%		138	26.35%	1	
	0.00%			0.00%		
	24.90%		11	28.52%		
	28.15%		43	36.64%	3	
	51.69%			122.10%		
	31.09%		10	6.67%	14	
	9.79%		**508**	**3.92%**	**20**	**17**
	7.75%		2	1.79%		
	33.48%		2	14.60%		
	68.21%		4	57.56%		
	0.00%			0.00%		
	30.03%			38.21%		
	57.69%		1	101.73%		
	0.00%			0.00%		
	6.19%			2.30%		
	13.91%		**9**	**7.44%**		
	19.06%		**52,607**	**18.03%**	**2,409**	**3,004**

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

▶ Following prudential portfolios for advanced internal ratings-based approach

€ million	PD scale	Original on-balance sheet gross exposure	Off-balance sheet exposures pre CCF	Average CCF	EAD post CRM and post-CCF	Average PD
Central governments and central banks						
	0.00 to < 0.15	55,093	987	63.24%	63,423	0.00%
	0.15 to < 0.25	72		54.35%	531	0.16%
	0.25 to < 0.50	1,227	100	55.15%	1,466	0.30%
	0.50 to < 0.75	686	294	75.00%	284	0.60%
	0.75 to < 2.50	304	551	74.48%	43	1.21%
	2.50 to < 10.00	129	163	74.06%	19	5.00%
	10.00 to < 100.00	616	187	70.03%	58	12.18%
	100.00 (Default)	88		0.00%	21	100.00%
	Sub-total	**58,215**	**2,282**	**63.08%**	**65,845**	**0.06%**
Institutions						
	0.00 to < 0.15	39,889	3,864	92.99%	48,144	0.02%
	0.15 to < 0.25	720	230	44.81%	574	0.16%
	0.25 to < 0.50	1,366	652	33.36%	1,198	0.30%
	0.50 to < 0.75	1,478	768	36.03%	1,024	0.60%
	0.75 to < 2.50	705	687	50.33%	651	1.10%
	2.50 to < 10.00	20	71	24.21%	7	5.00%
	10.00 to < 100.00	18	52	23.62%	17	15.47%
	100.00 (Default)	371	2	29.30%	366	100.00%
	Sub-total	**44,566**	**6,326**	**81.57%**	**51,981**	**0.77%**
Corporates - Other						
	0.00 to < 0.15	19,201	54,422	48.87%	45,025	0.04%
	0.15 to < 0.25	6,217	16,497	48.12%	12,994	0.16%
	0.25 to < 0.50	8,955	14,162	50.73%	13,552	0.30%
	0.50 to < 0.75	6,525	7,067	51.67%	6,751	0.60%
	0.75 to < 2.50	7,631	9,683	51.97%	9,479	1.04%
	2.50 to < 10.00	855	528	53.63%	667	5.00%
	10.00 to < 100.00	1,027	2,658	41.33%	1,586	14.82%
	100.00 (Default)	2,169	894	55.53%	2,480	100.00%
	Sub-total	**52,579**	**105,910**	**49.31%**	**92,534**	**3.21%**
Corporates - SME						
	0.00 to < 0.15	5	3	20.00%	6	0.03%
	0.15 to < 0.25	1	1	82.46%	2	0.17%
	0.25 to < 0.50		1	57.63%	1	0.30%
	0.50 to < 0.75	17	3	73.36%	19	0.60%
	0.75 to < 2.50	57	281	43.81%	113	1.18%
	2.50 to < 10.00	19	12	83.80%	28	5.00%
	10.00 to < 100.00	29	11	76.19%	20	17.53%
	100.00 (Default)	25	14	49.31%	32	100.00%
	Sub-total	**153**	**327**	**49.25%**	**221**	**17.32%**
Corporates - Specialised Lending						
	0.00 to < 0.15	2,268	1,453	50.39%	9,538	0.02%
	0.15 to < 0.25	7,953	1,768	64.85%	8,771	0.16%
	0.25 to < 0.50	10,384	2,841	59.63%	10,882	0.30%
	0.50 to < 0.75	6,040	2,644	60.53%	6,064	0.60%
	0.75 to < 2.50	10,174	3,270	50.22%	9,308	1.13%
	2.50 to < 10.00	1,650	276	72.55%	1,065	5.00%
	10.00 to < 100.00	1,552	194	74.92%	1,367	15.06%
	100.00 (Default)	1,258	24	79.80%	1,241	100.00%
	Sub-total	**41,280**	**12,470**	**57.34%**	**48,235**	**3.50%**

Number of obligors	Average LGD	Average maturity	RWA	RWA density	Expected loss	Value adjustments and provisions
	1.12%		74	0.12%		
	10.00%		59	11.18%		
	15.74%		229	15.60%	1	
	10.00%		44	15.58%		
	47.28%		52	121.72%		
	60.00%		43	233.72%	1	
	67.55%		208	360.02%	5	
	45.00%		3	14.47%	15	
	1.68%		**713**	**1.08%**	**22**	**44**
	7.54%		1,105	2.29%	1	
	40.90%		206	35.83%		
	45.33%		424	35.41%	1	
	50.97%		505	49.29%	2	
	33.22%		373	57.23%	2	
	50.79%		11	166.59%		
	60.88%		56	324.19%	1	
	45.03%			0.01%	383	
	10.25%		**2,679**	**5.15%**	**392**	**389**
	35.28%		6,546	14.54%	7	
	45.03%		4,901	37.72%	8	
	43.44%		7,542	55.65%	16	
	44.74%		4,781	70.82%	15	
	49.52%		9,052	95.50%	39	
	40.99%		850	127.47%	12	
	39.86%		2,575	162.39%	71	
	45.54%		419	16.88%	1,611	
	40.39%		**36,666**	**39.62%**	**1,779**	**2,509**
	51.15%			6.78%		
	39.42%			25.09%		
	47.64%			67.74%		
	46.46%		12	63.45%		
	42.88%		98	86.55%	1	
	43.66%		37	128.44%	1	
	40.58%		32	161.06%	1	
	45.03%		1	2.24%	3	
	43.60%		**181**	**81.68%**	**6**	**3**
	5.47%		252	2.64%		
	9.49%		928	10.58%	1	
	12.60%		1,868	17.17%	4	
	10.97%		1,334	22.00%	4	
	14.85%		3,279	35.22%	15	
	11.95%		483	45.36%	6	
	19.42%		1,274	93.22%	35	
	38.30%		44	3.54%	510	
	11.70%		**9,461**	**19.61%**	**576**	**510**

€ million	PD scale	Original on-balance sheet gross exposure	Off-balance sheet exposures pre CCF	Average CCF	EAD post CRM and post-CCF	Average PD
Retail - Qualifying revolving						
	0.00 to < 0.15	10,563		0.00%	10,563	0.09%
	0.15 to < 0.25	1,220		0.00%	1,220	0.20%
	0.25 to < 0.50	292		0.00%	292	0.60%
	0.50 to < 0.75			0.00%		0.00%
	0.75 to < 2.50	31		100.00%	31	1.60%
	2.50 to < 10.00	67		0.00%	67	12.80%
	10.00 to < 100.00	1		50.00%	1	20.00%
	100.00 (Default)	188		0.00%	188	100.00%
	Sub-total	**12,361**		**72.83%**	**12,361**	**1.64%**
Retail - Other non-SME						
	0.00 to < 0.15	62		0.00%	62	0.08%
	0.15 to < 0.25	29		0.00%	31	0.21%
	0.25 to < 0.50	12		0.00%	12	0.60%
	0.50 to < 0.75			0.00%		0.00%
	0.75 to < 2.50			0.00%		1.60%
	2.50 to < 10.00	15		0.00%	15	13.09%
	10.00 to < 100.00			0.00%		0.00%
	100.00 (Default)	1		0.00%	1	100.00%
	Sub-total	**120**		**0.00%**	**122**	**1.21%**
Total		**209,274**	**127,316**	**53.57%**	**271,299**	**1.97%**

Number of obligors	Average LGD	Average maturity	RWA	RWA density	Expected loss	Value adjustments and provisions
	8.34%		200	1.89%	1	
	20.51%		107	8.80%	1	
	38.98%		83	28.32%	1	
	0.00%			0.00%		
	25.80%		9	30.50%		
	29.84%		33	49.38%	3	
	52.38%		1	123.74%		
	46.76%		1	0.49%	13	
	10.91%		**434**	**3.51%**	**18**	**13**
	8.72%		1	1.90%		
	15.35%		2	7.09%		
	17.01%		2	14.36%		
	0.00%			0.00%		
	32.99%			42.36%		
	6.98%		2	13.74%		
	0.00%			0.00%		
	74.98%			1.32%		
	12.34%		**7**	**6.01%**		
	18.77%		**50,141**	**18.48%**	**2,792**	**3,468**

▶ PD and average LGD by exposure category and geographic area at 31 december 2018 and 31 december 2017

		31.12.2018		31.12.2017	
		IRBA Method		IRBA Method	
Exposure category	Geographic risk area	PD	LGD	PD	LGD
Central governments and central banks	Africa and Middle East	0.19%	5.50%	0.19%	5.50%
	North America	0.02%	1.00%	0.01%	1.00%
	Asia and Oceania (excluding Japan)	0.30%	18.67%	0.30%	18.67%
	Other	3.38%	37.75%	3.16%	46.20%
	Eastern Europe	0.53%	27.50%	0.53%	45.00%
	Western Europe (excluding Italy)	2.01%	35.17%	0.53%	45.00%
	France (including overseas territories)	3.23%	35.17%	3.23%	35.17%
	Italy	0.12%	5.50%	0.12%	5.50%
	Japan	0.64%	23.00%	0.64%	23.00%
Institutions	Africa and Middle East	1.12%	30.00%	0.63%	30.00%
	North America	3.91%	30.00%	0.63%	22.86%
	Asia and Oceania (excluding Japan)	3.01%	30.00%	0.63%	22.86%
	Other	4.59%	44.50%	3.71%	38.33%
	Eastern Europe	0.36%	34.17%	0.53%	45.00%
	Western Europe (excluding Italy)	3.82%	38.33%	1.12%	38.33%
	France (including overseas territories)	3.82%	38.33%	3.82%	38.33%
	Italy	0.45%	30.00%	0.32%	30.00%
	Japan	1.12%	32.22%	0.61%	32.22%
Corporates	Africa and Middle East	2.78%	40.67%	0.63%	30.00%
	North America	3.24%	14.66%	0.63%	22.86%
	Asia and Oceania (excluding Japan)	3.24%	16.49%	0.63%	22.86%
	Other	2.95%	25.97%	3.71%	38.33%
	Eastern Europe	0.52%	45.00%	1.12%	38.33%
	Western Europe (excluding Italy)	2.81%	19.26%	1.12%	38.33%
	France (including overseas territories)	7.44%	16.25%	3.82%	38.33%
	Italy	3.01%	14.69%	0.32%	30.00%
	Japan	3.37%	16.95%	0.61%	32.22%
Retail customers	Asia and Oceania (excluding Japan)	0.00%	0.00%	0.63%	22.86%
	Other	1.75%	43.20%	3.71%	38.33%
	Western Europe (excluding Italy)	3.73%	45.29%	1.12%	38.33%
	France (including overseas territories)	3.29%	37.80%	3.82%	38.33%
	Italy	3.29%	56.00%	0.32%	30.00%

3.4.2.2.4 Credit derivatives used for hedging at 31 december 2018

OVERVIEW OF THE INTERNAL RATINGS-BASED SYSTEMS AND PROCEDURES

Effect of credit derivatives used as credit risk mitigation techniques (CRM) on risk weighted assets (RWA) by internal ratings method on 31/12/2018.

Effect of credit derivatives on risk-weighted assets (CR7)

		31.12.2018	
€ million		Pre-credit derivatives RWAs	Actual RWAs
1	**Exposures under Foundation IRB**		
2	Central governments and central banks		
3	Institutions		
4	Corporates – SMEs		
5	Corporates – Specialised lending		
6	Corporates – Other		
7	**Exposures under Advanced IRB**		
8	Central governments and central banks	3	
9	Institutions	16	16
10	Corporates – SMEs	4,283	2,982
11	Corporates – Specialised lending	1	1
12	Corporates – Other		
13	Retail – Secured by real estate SMEs		
14	Retail – Secured by real estate non-SMEs		
15	Retail – Qualifying revolving		
16	Retail – Other SMEs		
17	Retail – Other non-SMEs		
18	Equity IRB		
19	Other non credit obligation assets		
20	**Total**	**4,303**	**2,999**

3.4.2.2.5 Changes of RWA between 31 December 2017 and 31 December 2018

Risk-weighted asset (RWA) cash flows for credit risk exposures using the internal rating approach (CR8)

		31.12.2018	
€ million		RWA amounts	Capital requirements
1	**RWAs as at the end of the previous reporting period**	**53,916**	**4,313**
2	Asset size	2,769	222
3	Asset quality	35	3
4	Model updates		
5	Methodology and policy		
6	Acquisitions and disposals		
7	Foreign exchange movements	1,161	93
8	Other		
9	**RWAs as at the end of the reporting period**	**57,882**	**4,631**

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3.4.2.2.6 Results of backtesting for 2018

The backtesting system is described in the “Risk Management” part on page 182.

These ex-post controls are performed through the cycle on historical data covering as long a period as possible. The following tables show the backtesting results for 2018 in respect of the probability of default (PD) and loss given default (LGD) models.

IRB - Ex-post controls of the probability of default (PD) by portfolio (CR9) at 31 december 2018

Portfolio	PD scale (%)	Weighted average PD	Arithmetic average PD by obligors	Number of obligors: End of previous year	Number of obligors: End of year	Defaulted obligors in the year	Average historical annual default rate
Sovereigns							
	0 to < 0.15	0.00%	0.01%	90	101	0	0.00%
	0.15 to < 0.25	0.16%	0.16%	5	7	0	0.00%
	0.25 to < 0.50	0.30%	0.30%	9	7	0	0.00%
	0.50 to < 0.75	0.60%	0.60%	8	7	0	0.00%
	0.75 to < 2.50	1.20%	1.45%	18	15	0	0.00%
	2.50 to < 10.00	5.00%	5.00%	4	7	0	3.33%
	10.00 to < 100	12.02%	13.33%	12	12	1	4.52%
	Total	**0.22%**	**1.45%**	**146**	**156**	**1**	**0.42%**
Public authorities							
	0 to < 0.15						
	0.15 to < 0.25	0.16%	0.16%				
	0.25 to < 0.50	0.30%	0.30%				
	0.50 to < 0.75	0.60%	0.60%				
	0.75 to < 2.50						
	2.50 to < 10.00	5.00%	5.00%				
	10.00 to < 100						
	Total						
Financial institutions							
	0 to < 0.15	0.02%	0.02%	1,790	1,832	0	0.00%
	0.15 to < 0.25	0.16%	0.16%	619	752	0	0.00%
	0.25 to < 0.50	0.30%	0.30%	753	575	0	0.00%
	0.50 to < 0.75	0.60%	0.60%	561	409	0	0.00%
	0.75 to < 2.50	1.04%	1.10%	212	200	1	0.36%
	2.50 to < 10.00	5.00%	5.00%	23	19	0	0.00%
	10.00 to < 100	19.45%	12.00%	18	17	0	2.50%
	Total	**0.19%**	**0.29%**	**3,976**	**3,804**	**1**	**0.04%**
Corporates							
	0 to < 0.15	0.04%	0.04%	793	741	2	0.05%
	0.15 to < 0.25	0.16%	0.16%	455	451	0	0.03%
	0.25 to < 0.50	0.30%	0.30%	590	622	2	0.31%
	0.50 to < 0.75	0.60%	0.60%	487	473	1	0.38%
	0.75 to < 2.50	1.12%	1.23%	1,102	1,001	16	1.24%
	2.50 to < 10.00	5.00%	5.00%	101	109	5	2.34%
	10.00 to < 100	14.11%	16.81%	143	133	6	6.76%
	Total	**0.66%**	**1.30%**	**3,671**	**3,530**	**32**	**0.89%**
Specialised lending							
	0 to < 0.15	0.06%	0.06%	87	69	0	0.00%
	0.15 to < 0.25	0.16%	0.16%	254	309	0	0.00%
	0.25 to < 0.50	0.30%	0.30%	508	468	1	0.23%
	0.50 to < 0.75	0.60%	0.60%	209	206	0	0.26%
	0.75 to < 2.50	1.17%	1.09%	322	356	0	1.29%
	2.50 to < 10.00	5.00%	5.00%	79	46	5	0.81%
	10.00 to < 100	15.35%	14.61%	55	49	10	8.26%
	Total	**1.13%**	**1.10%**	**1,514**	**1,503**	**16**	**0.96%**

3.4.2.3 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.

◆ 3.4.2.3.1 Analysis of the exposure to counterparty risks (CRR)

▶ Analysis of the exposure to counterparty risks (CCR) by type of approach

	31.12.2018											
	Standard				IRB				Total			
€ million	Gross exposure	EAD	RWA	CR	Gross exposure	EAD	RWA	CR	Gross exposure	EAD	RWA	CR
Central governments or central banks					7,612	7,578	125	10	7,612	7,578	125	10
Institutions	12,712	12,712	818	65	24,342	24,870	3,816	305	37,054	37,582	4,634	371
Corporates	388	380	330	26	22,710	21,985	6,945	556	23,097	22,365	7,275	582
Retail customers												
Equities												
Securitisation												
Assets other than credit obligation												
Total	**13,100**	**13,092**	**1,148**	**92**	**54,663**	**54,433**	**10,885**	**871**	**67,763**	**67,525**	**12,034**	**963**

	31.12.2017											
	Standard				IRB				Total			
€ million	Gross exposure	EAD	RWA	CR	Gross exposure	EAD	RWA	CR	Gross exposure	EAD	RWA	CR
Central governments or central banks					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												
Equities												
Securitisation												
Assets other than credit obligation												
Total	**13,322**	**13,317**	**755**	**60**	**45,345**	**45,141**	**9,593**	**767**	**58,667**	**58,458**	**10,348**	**828**

Total gross exposure to counterparty risk stood at €67.8 billion on 31 December 2018 (in the form of derivative instruments for €45.7 billion and in the form of securities financing transactions for €22 billion).

◆ 3.4.2.3.2 Exposure to counterparty risk by the standard method

▶ Exposure to counterparty risk using the standard method by regulatory portfolio and by risk-weighting at 31 december 2018 (CCR3)

€ million	31.12.2018													
Regulatory portfolio	0.0%	2.0%	4.0%	10.0%	20.0%	35.0%	50.0%	70.0%	75.0%	100.0%	150.0%	Others	Exposure to counterparty risk	Of which unrated
Central governments or central banks														
Regional governments or local authorities														
Public sector entities														
Multilateral developments banks														
International organisations														
Banks (Institutions)	36	9,899			2,660		58			59			12,712	12,636
Corporate					1		98			281			380	197
Retail														
Default														
Institutions and corporates with a short-term credit assessment														
Other items														
Total	**36**	**9,899**			**2,661**		**156**			**340**			**13,092**	**12,832**

▶ Exposure to counterparty risk using the standard method by regulatory portfolio and by risk-weighting at 31 december 2017 (CCR3)

€ million	31.12.2017													
Regulatory portfolio	0.0%	2.0%	4.0%	10.0%	20.0%	35.0%	50.0%	70.0%	75.0%	100.0%	150.0%	Others	Exposure to counterparty risk	Of which 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														
Institutions and corporates with a short-term credit assessment														
Other items														
Total	**35**	**11,673**			**1,306**		**86**			**217**			**13,317**	**13,111**

3.4.2.3.3 Exposure to counterparty risk by the advanced method

Exposure to counterparty risk by portfolio and by range of probability of default (PD) at 31 december 2018, following prudential portfolios for the advanced internal ratings-based approach (CCR4)

€ million	31.12.2018					
PD scale	EAD post-CRM	Average PD	Average LGD	Average maturity	RWA	RWA density
Central governments and central banks						
0.00 to < 0.15	7,201	0.01%	1.29%	1,050	18	0.25%
0.15 to < 0.25	172	0.16%	10.00%	1,031	14	7.89%
0.25 to < 0.50	106	0.30%	9.98%	404	9	8.92%
0.50 to < 0.75	74	0.60%	10.00%	559	12	16.70%
0.75 to < 2.50	54	1.19%	45.70%	1,333	59	110.76%
2.50 to < 10.00		0.00%	0.00%			0.00%
10.00 to < 100.00	5	19.85%	56.70%	1,139	12	264.80%
100.00 (Default)		0.00%	0.00%			0.00%
Sub-total	**7,612**	**0.04%**	**2.03%**	**1,037**	**125**	**1.64%**
Institutions						
0.00 to < 0.15	20,275	0.03%	11.30%	627	1,361	6.71%
0.15 to < 0.25	1,887	0.16%	39.17%	747	716	37.94%
0.25 to < 0.50	1,362	0.30%	42.29%	529	772	56.66%
0.50 to < 0.75	474	0.60%	52.66%	425	420	88.63%
0.75 to < 2.50	838	0.81%	31.04%	773	270	32.21%
2.50 to < 10.00	12	5.00%	74.74%	326	34	293.57%
10.00 to < 100.00	113	19.99%	35.50%	1,738	242	213.94%
100.00 (Default)	3	100.00%	45.01%	625	1	24.78%
Sub-total	**24,964**	**0.19%**	**16.53%**	**635**	**3,816**	**15.29%**
Corporates - Other						
0.00 to < 0.15	12,321	0.04%	34.47%	693	1,342	10.89%
0.15 to < 0.25	1,957	0.16%	43.58%	965	972	49.69%
0.25 to < 0.50	2,152	0.30%	49.51%	959	1,004	46.65%
0.50 to < 0.75	1,893	0.60%	45.76%	919	1,175	62.05%
0.75 to < 2.50	1,527	1.07%	46.42%	1,119	1,281	83.92%
2.50 to < 10.00	80	5.00%	50.28%	773	106	132.98%
10.00 to < 100.00	197	19.03%	44.23%	845	513	260.88%
100.00 (Default)	2	100.00%	45.12%	843	1	55.21%
Sub-total	**20,129**	**0.42%**	**39.04%**	**802**	**6,395**	**31.77%**
Corporates - SME						
0.00 to < 0.15	63	0.03%	47.06%	1,296	13	21.43%
0.15 to < 0.25	3	0.16%	47.34%	662	1	38.33%
0.25 to < 0.50	3	0.30%	47.60%	1,104	2	58.27%
0.50 to < 0.75	2	0.60%	35.76%	623	1	83.37%
0.75 to < 2.50	29	1.33%	34.91%	1,039	31	105.99%
2.50 to < 10.00	2	5.00%	38.42%	1,134	3	175.04%
10.00 to < 100.00	1	19.44%	45.56%	1,596	1	211.00%
100.00 (Default)		100.00%	45.05%	402		12.79%
Sub-total	**102**	**0.94%**	**43.37%**	**1,186**	**53**	**51.60%**
Corporates - Specialised lending						
0.00 to < 0.15	587	0.06%	9.99%	1,317	36	6.17%
0.15 to < 0.25	409	0.16%	9.73%	1,350	58	14.18%
0.25 to < 0.50	421	0.30%	12.23%	1,313	98	23.33%
0.50 to < 0.75	291	0.60%	11.62%	1,286	68	23.48%
0.75 to < 2.50	226	0.96%	14.04%	1,232	73	32.31%
2.50 to < 10.00	25	5.00%	15.65%	1,121	8	32.55%
10.00 to < 100.00	104	14.28%	18.61%	1,121	155	149.00%
100.00 (Default)	5	100.00%	41.97%	1,093		0.00%
Sub-total	**2,068**	**1.29%**	**11.64%**	**1,296**	**496**	**24.01%**
Total	**54,875**	**0.30%**	**22.59%**		**10,885**	**19.84%**

Exposure to counterparty risk by portfolio and by range of probability of default (PD) at 31 December 2017, following prudential portfolios for the advanced internal ratings-based approach (CCR4)

€ million	31.12.2017					
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)		100.00%	45.03%	631		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		0.17%	39.42%	668		38.90%
0.25 to < 0.50	6	0.30%	47.64%	1,216	4	60.08%
0.50 to < 0.75	3	0.60%	46.46%	781	2	80.31%
0.75 to < 2.50	36	1.59%	44.28%	1,140	39	106.81%
2.50 to < 10.00	4	5.00%	43.66%	1,260	7	163.15%
10.00 to < 100.00	3	19.22%	39.74%	499	6	245.97%
100.00 (Default)		100.00%	45.03%	1,200		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%**

◆ 3.4.2.3.4 Changes to RWA by the internal rating approach (IMM) between 31.12.2017 and 31.12.2018

▶ Risk-weighted asset (RWA) cash flows for counterparty risk exposures (CCR) using the internal rating approach (MMI) (CCR7)

		31.12.2018	
€ million		RWA amounts	Capital requirements
1	**RWAs as at the end of the previous reporting period**	**8,039**	**643**
2	Asset size	(879)	(70)
3	Credit quality of counterparties	490	39
4	Model updates (IMM only)		
5	Methodology and policy (IMM only)		
6	Acquisitions and disposals		
7	Foreign exchange movements	996	80
8	Other	(282)	(23)
9	**RWAs as at the end of the current reporting period**	**8,363**	**669**

3.4.2.4 CVA

CRD 4 introduced a new capital charge to reflect Credit Valuation Adjustment (CVA) volatility, a valuation adjustment on assets known as CVA Risk, whose purpose is to recognise credit events affecting our counterparties in the valuation of OTC derivatives. As such, CVA is defined as the difference between the valuation without default risk and the valuation that takes into account the probability of default of our counterparties. Under this directive, institutions use a supervisory formula ("standard method") or calculate their capital requirements using the internal model for counterparty risk and the advanced approach ("CVA VaR") for specific interest rate risk. The CVA requirement under the advanced approach is calculated on the basis of anticipated positive exposures on OTC derivatives transactions vis-à-vis "Financial institutions" counterparties excluding intragroup transactions. Under this scope, the system used to estimate the capital requirements is the same as the one used to calculate the market VaR for the specific interest rate risk.

▶ Capital requirement with regard to credit valuation adjustment (CVA) at 31 december 2018 and 31 december 2017 (CCR2)

		31.12.2018		31.12.2017	
€ million		EAD post-CRM	RWA	EAD post-CRM	RWA
1	Total portfolios subject to the Advanced CVA capital charge	15,852	2,510	16,122	1,907
2	(i) VaR component (including the 3×multiplier)		22		18
3	(ii) Stressed VaR component (including the 3×multiplier)		179		135
4	All portfolios subject to the Standardised CVA capital charge	16,641	618	8,603	356
EU4	Based on the original exposure method				
5	**Total subject to the CVA capital charge**	**32,493**	**3,128**	**24,725**	**2,262**

5

3.4.2.5 CREDIT AND COUNTERPARTY RISK MITIGATION TECHNIQUES

Definitions:

- collateral: a security interest giving the Bank the right to liquidate, keep or obtain title to certain amounts or assets in the event of default or other specific credit events affecting the counterparty, thereby reducing the credit risk on an exposure;
- personal guarantee: undertaking by a third party to pay the sum due in the event of the counterparty's default or other specific credit events, therefore reducing the credit risks on an exposure.

Standardised

	31.12.2018				31.12.2017			
		Risk mitigation amount				Risk mitigation amount		
€ million	Total exposure amount	Personal guarantees and credit derivatives	Collateral	Total collateral	Total exposure amount	Personal guarantees and credit derivatives	Collateral	Total collateral
Central governments or central banks	1,160				1,018			
Institutions	19,296				17,417			
Corporates	27,428	580	17,132	17,712	22,522	474	13,521	13,995
Total	**47,883**	**580**	**17,132**	**17,712**	**40,957**	**474**	**13,521**	**13,995**

IRB

	31.12.2018				31.12.2017			
		Risk mitigation amount				Risk mitigation amount		
€ million	Total exposure amount	Personal guarantees and credit derivatives	Collateral	Total collateral	Total exposure amount	Personal guarantees and credit derivatives	Collateral	Total collateral
Central governments or central banks	83,286	3,493	40	3,532	67,664	2,580	11	2,592
Institutions	67,354	2,564	556	3,120	72,285	662	1,346	2,008
Corporates	249,154	44,231	37,126	81,357	229,504	38,410	38,029	76,439
Total	**399,794**	**50,288**	**37,722**	**88,009**	**369,453**	**41,652**	**39,386**	**81,038**

3.4.2.6 CREDIT RISK MITIGATION TECHNIQUES

Collateral management system

The main categories of collateral taken by the Bank are described under "Risk management – Credit Risk – Collateral and Guarantees Received".

When a credit is granted, collateral is analysed specifically to assess the value of the asset, its liquidity, volatility and the correlation between the value of the collateral and the quality of the counterparty financed. Regardless of collateral quality, the first criterion in the lending decision is always the borrower's ability to repay sums due from cash flow generated by its operating activities, except for specific trade finance transactions.

For financial collateral, a minimum exposure coverage ratio is usually included in loan contracts, with readjustment clauses. Financial collateral is revalued according to the frequency of margin calls and the variability of the underlying value of the financial assets transferred as collateral or quarterly, as a minimum.

The minimum coverage ratio (or the haircut applied to the value of the collateral under Basel II) is determined by measuring the pseudo-maximum deviation of the value of the securities on the revaluation date. This measurement is calculated with a 99% confidence interval over a time horizon covering the period between each revaluation, the period between the default date and the date on which asset liquidation starts, and the duration of the liquidation period. This haircut also applies for currency mismatch risk when the securities and the collateralised exposure are denominated in different currencies. Additional haircuts are applied when the size of the stock position necessitates a block sale or when the borrower and the issuer of the collateral securities belong to the same risk group.

Other types of asset may also be pledged as non recourse financial assets. This is notably the case for certain activities such as asset financing for aircrafts, shipping, real estate or commodities.

INSURANCE PROVIDERS

Two main types of guarantee are generally used (excluding intragroup guarantees):

- export credit insurance taken out by the Bank;
- unconditional payment guarantees.

The main personal guarantee providers (excluding credit derivatives) are export credit agencies, most of which fall under sovereign risk and have an investment grade rating. The major ones are BPI (France), Sace S.p.A. (Italy), Euler Hermes (Germany) and Korea Export Insurance (Korea).

▶ **Financial health of export credit agencies – Available ratings of rating agencies**

	31.12.2018		
	Moody's	Standard & Poor's	Fitch Ratings
	Long term rating [outlook]	Long term rating [outlook]	Long term rating [outlook]
Bpifrance Financement	Aa2 [stable]	Unrated	(1) AA [stable]
Euler Hermès S.A.	Aa3 [stable]	AA [stable]	Unrated
Sace S.p.A.	Unrated	Unrated	BBB+ [stable]

(1) Rating given to EPIC Bpifrance.

Credit derivatives used for hedging at 31 december 2018

Credit derivatives used for hedging purposes are described under "Risk management - Credit Risk - Use of Credit Derivatives",

▶ **Exposures to credit derivatives (CCR6)**

	31.12.2018		
	Credit derivative hedges		
€ million	Protection bought	Protection sold	Other credit derivatives
Notionals			
Single-name credit default swaps	3,727		
Index credit default swaps			
Total return swaps			
Credit options			
Other credit derivatives			
Total notionals	**3,727**		
Fair values			
Positive fair value (asset)	107		
Negative fair value (liability)	(4)		

3.4.2.7 SECURITISATION TRANSACTIONS

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

3.4.2.8 EQUITY EXPOSURES IN THE BANKING BOOK

Equity investments owned by Crédit Agricole CIB Group outside the trading book are made up of securities "that give residual and subordinated rights to the assets or income of the issuer or that are of a similar economic nature".

It mainly concerns:

- listed and non-listed shares and units in investment funds;
- implicit options in bonds that are convertible, redeemable or exchangeable for shares;
- options on shares;
- deeply subordinated securities.

The objective pursued in the context of non-consolidated equity investments is the management intention (financial assets at fair value through profit/loss or on option, financial assets available for sale, investments held until maturity, loans and receivables) as described in note 1.3 to the financial statements "Accounting methods and principles".

The accounting techniques and valuation methods used are described in note 1.3 to the financial statements "Accounting policies and principles".

▶ **Internal ratings - Amount of gross exposures and exposure at default using the internal rating method as of 31 December 2018 (CR10)**

	31.12.2018					
	Categories					
€ million	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	13	1
Other equity exposures	285		370%	285	1,053	84
Total	**290**			**290**	**1,068**	**85**

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					
€ million	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**

Equity exposures using the internal rating method mainly reflects securities portfolio non consolidated. Their total amount in Crédit Agricole CIB's balance sheet is €290 million at 31 December 2018 compared to €376 million at 31 December 2017.

3.4.3 Securitisation

3.4.3.1 DEFINITIONS OF SECURITISATION TRANSACTIONS

Crédit Agricole CIB Group carries out securitisation transactions as an originator, sponsor or investor in accordance with the Basel III criteria.

The securitisation transactions listed below are transactions as defined in Directive 2013/36/EU (CRD 4) and Regulation (EU) 575/2013 of 26 June 2013 (CRR), in force as from 1 January 2014. The directive and regulations incorporate into European law the international Basel III reforms (issued in December 2010) introducing, among other things, new requirements for bank solvency and oversight of liquidity risk. These texts are supplemented by the regulation (EU) 2017/2402 from the European Parliament and Council of 12 December 2017, creating a general framework for securitisation and a specific framework for simple, transparent and standardised securitisation, and regulation 2017/2401 modifies the applicable calculation securitisations formulae for the solvency ratio.

They cover transactions or structures under which the credit risk associated with an exposure or pool of exposures is sub-divided into tranches and which have the following features:

- payments made as part of the transaction or the structure depend on the performance of the exposure or the basket of exposures;
- the subordination of tranches determines how losses are allocated over the life of the transaction or structure.

Securitisation transactions include:

- conventional securitisation: securitisation involving the transfer of the economic interest of the securitised exposures through the transfer of ownership of these exposures from the initiator to a securitisation entity or through a sub-compartment of a securitisation entity, in which the securities issued do not represent payment obligations for the initiator;
- synthetic securitisations: a securitisation in which the transfer of risk is done via the use of credit derivatives or guarantees and in which the securitised exposures remain exposures for the initiator.

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

- the securitisation exposures for which the Group is considered to be the originator;
- positions in which the Group is an investor;
- positions in which the Group is a sponsor;
- securitisation swap positions (currency or interest rate hedges) made on behalf of securitisation vehicles.

It should be noted that most securitisation transactions on behalf of European customers involve Ester Finance Titrisation, a wholly owned credit institution subsidiary of Crédit Agricole CIB, which finances the purchase of receivables as both sponsor and, through Ester Finance Titrisation, originator of these securitisation transactions.

3.4.3.2 PURPOSE AND STRATEGY

3.4.3.2.1 Proprietary securitisation activities

Crédit Agricole CIB's activities to transfer risk through proprietary securitisation are as follows:

ACTIVE MANAGEMENT OF THE FINANCING PORTFOLIO

In addition to the use of credit derivatives (see "Risk factors and Pillar 3", section Credit risks - Used of credit derivatives), this activity consists of using securitisation to manage the credit risk in the corporate financing portfolio, optimising the allocation of equity, reducing the concentration of outstanding loans to corporates, freeing up resources to contribute to the renewal of the banking portfolio (in the framework of the Distribute to Originate model) and optimising the profitability of shareholders' funds. This activity is managed by the Execution Management teams within the Financial Department of Crédit Agricole CIB. The supervisory formula approach is used to calculate the weighted exposures on proprietary securitisations. In this activity, the Bank does not systematically purchase insurance on all tranches, as the management goal is to cover some of the most risky financing portfolio tranches whilst keeping part of the overall risk.

NEW SECURITISATIONS CARRIED OUT BY CRÉDIT AGRICOLE CIB IN 2018

In the context of managing the financing portfolio, the Execution Management teams set up a synthetic securitisation transaction of a portfolio of $2 billion of assets in international trade and in emerging countries in March 2018, with the IFC of the World Bank group, replacing a securitisation of the same type that matured in 2017. In this transaction, Crédit Agricole CIB undertakes to reallocate the capital released of $510 million in new social financings in the emerging countries, and in accordance with the 2017 Social Bonds Principles. Also, the Execution Management Team set up a second synthetic securitisation transaction at the end of October 2018, on a portfolio of €2 billion in assets from another business line of Crédit Agricole CIB, with a private investor. This transaction is secured by cash collateral equal to the amount of the risk guaranteed.

◆ 3.4.3.2.2 Securitisation transactions carried out on behalf of customers as arranger/ sponsor, intermediary or originator

Securitisation transactions on behalf of customers within Global Markets activities allow Crédit Agricole CIB to raise funds or manage a risk exposure on behalf of its customers. When carrying out these activities, Crédit Agricole CIB can act as an originator, sponsor/ arranger or investor:

- as a sponsor/arranger, Crédit Agricole CIB structures and manages securitisation programmes that refinance assets of the Bank's customers, mainly via Asset Backed Commercial Paper (ABCP) conduits, namely LMA in Europe, Atlantic and La Fayette in the United States, and ITU in Brazil. These specific entities are protected against the bankruptcy of Crédit Agricole CIB, but have been consolidated by the Group since the entry into force of IFRS 10 on 1 January 2014. The liquidity facilities protect investors from credit risk and guarantee the liquidity of the conduits;
- as an investor, the Group invests directly in certain securitisation exposures and is a liquidity provider or counterparty of derivative exposures (currency or interest rate swaps for example);
- as an arranger, sponsor or originator, Crédit Agricole CIB carries out securitisation transactions on behalf of its customers. At 31 December 2018, there were four active consolidated multiseller vehicles (LMA, Atlantic, La Fayette and ITU), structured by the Group on behalf of third parties. LMA, Atlantic, La Fayette and ITU are ABCP fully supported programmes. This ABCP conduits activity finances the working capital requirements of some of the Group's customers by backing short-term financing with traditional assets, such as commercial or financial receivables. The amount of the assets held by these vehicles and financed through the issuance of marketable securities amounted to €24 billion at 31 December 2018 (€24 billion at 31 December 2017).

The default risk on the assets held by these vehicles is borne by the sellers of the underlying receivables through credit enhancements or by insurers for certain types of risk, upstream of the ABCP transactions, for which Crédit Agricole CIB bears the risk through liquidity facilities.

ACTIVITIES CARRIED OUT AS A SPONSOR

The conduits activity was sustained throughout 2018 and the newly securitised outstandings mainly relate to commercial and financial loans.

It should be noted that for part of this conduits activity, Crédit Agricole CIB acts as the originator insofar as the structures involve the entity Ester Finance Titrisation, which is a consolidated Group entity.

The amount committed to liquidity facilities granted to LMA, Atlantic, La Fayette and ITU as sponsor was €32 billion at 31 December 2018 (€32 billion at 31 December 2017).

ACTIVITIES CARRIED OUT AS AN INVESTOR

As part of its sponsor activities, the Group can grant guarantees and liquidity facilities to securitisation vehicles or act as counterparty for derivatives in securitisation transactions involving special purpose vehicles. These transactions typically involve currency swaps granted to ABCP conduits and interest rate swaps for certain ABS issues. These activities are recorded in the banking book as investor activities.

Moreover, Crédit Agricole CIB may be called upon to directly finance on its balance sheet some securitisation transactions on behalf of its customers (mainly aeronautic or vehicle fleet financing transactions) or provide support through a liquidity facility to an issue carried out by special purpose entities not part of the Bank (SPV or ABCP program not sponsored by the Bank). In this case, Crédit Agricole CIB is deemed to be an investor. This activity represented a commitment of €2 billion at 31 December 2018 (€2 billion at 31 December 2017).

INTERMEDIATION TRANSACTIONS

Crédit Agricole CIB participates in the structuring and in the placement of securities backed by client asset pools and intended to be placed with investors.

In this business, the Bank retains a relatively low risk insofar as it sometimes contributes back-up lines to the vehicles that issue the securities or holds a share of the securities issued.

3.4.3.3 RISK MONITORING AND RECOGNITION

◆ 3.4.3.3.1 Risk monitoring

Risk management related to securitisation transactions follows the rules established by the Group and depends on whether the assets are recognised in the banking book (credit and counterparty risk) or trading book (market and counterparty risk).

The development, scaling and targeting of securitisation transactions are periodically reviewed by Portfolio Strategy Committees specific to those activities and the respective countries, as well as by the Group Risks Committees.

Risks on securitisation transactions are measured against the capacity of the assets transferred to financing vehicles to generate sufficient flows to cover the costs, mainly financial, of these vehicles.

Crédit Agricole CIB's securitisation exposures are treated using the IRB-securitisation approach, i.e.:

- regulatory formula approach: in residual cases where there are neither public external ratings nor any possibility of applying the IAA method for exposures with no public external rating.
- method based on the ratings-based approach (RBA) for exposures with a public external rating (directly or inferred) from an agency approved by the Committee of European Banking Supervisors (CEBS). The external agencies used are Standard & Poor's, Moody's, Fitch Ratings and Dominion Bond Rating Services (DBRS);
- internal assessment approach (IAA): the Bank's internal rating method approved by the Crédit Agricole S.A. Standards and Methods Committee for the principal asset classes (including trade receivables and outstanding loans on vehicles) providing that there is no agency rating for the exposure under consideration.

In accordance with the regulations, Crédit Agricole CIB's internal evaluation approaches replicate the public methods used by external ratings agencies. These contain the following two elements:

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- a quantitative component that assesses the rate of increase in transactions compared to historical performance as well as the potential risk of commingling generated by the transaction;
- a qualitative component that supplements the quantitative approach and facilitates an assessment of, among other things, the quality of the structures or even the reports.

The internal rating methods apply to securitisation of trade receivables, auto loans and dealer inventory financing.

As regards the stress simulation parameters, these depend on the rating of the securitisations and securitised underlyings. For example, for an AA equivalent rating (S&P scale), the default risk stress simulation parameter is approximately 2.25 for trade receivable transactions, generally 3 for automobile loan securitisations, and dealer inventory financing securitisations, the credit stress simulation is composed of several elements including a degradation of three ratings on the car manufacturer's rating.

It should be noted that beyond the needs of prudential calculations, the internal ratings are used as part of the origination process to assess the profitability of transactions.

Lastly, concerning the internal models framework, an independent unit within the Crédit Agricole Group is tasked with the validation of the internal methodologies. In addition, regular audits are conducted by the Group Control and Audit Department to ensure the relevance of the internal methodologies. Backtesting and stress test exercises are also regularly implemented by the modelling teams;

These ratings include all the types of risk implied by securitisation transactions: intrinsic risks on loans and receivables (insolvency of the borrower, payment delays, dilution, offsetting of receivables) or risks on the structuring of transactions (legal risks, risks related to the settlement channels for loans and receivables, risks related to the quality of the information periodically supplied by the administrator of transferred loans and receivables, other risks related to the transferor, etc.).

These critically examined ratings are only a tool for making decisions pertaining to these transactions; such decisions are taken by Credit Committees at various levels.

From 01/01/2019, a new regulation covering securitisation is applicable. It provides for a change in the hierarchy of approaches to calculating RWA, and an increase in weightings.

The implementation of this new regulation was finalised in the bank's rating tools.

Credit decisions impose on the transactions, which are reviewed at least on an annual basis by these same committees, different limits as the acquired portfolio changes (levels for late payments, losses, concentration by sector or geographic area, dilution of loans and receivables or the periodic valuation of assets by independent experts, etc.) the non-respect of which may result in a tightening of the structure or the early amortisation of the transaction.

These credit decisions also include, in liaison with the Bank's other Credit Committees, an assessment focusing on the risk generated by the recipients of the receivables and the possibility of substituting the manager by a new one in the event of mismanagement of those receivables.

Like all credit decisions, these decisions include aspects of compliance and "country risk".

On 31 December 2018, the entity Ester Finance Titrisation had impaired receivables of €383.9 million and impairments of €38.9 million. Net of impairments, the total amount of securitised assets within this entity was €17.1 billion.

The liquidity risk associated with securitisation activities is monitored by the business lines in charge, but also centrally by the Market Risks Department and the Control Department. The impact of these activities is incorporated into the Internal Liquidity Model indicators mainly the stress scenarios, liquidity ratios and liquidity gaps. The management of liquidity risk at Crédit Agricole CIB is described in more detail in the paragraph "Liquidity and financing risk" of the Risk Factors part of this section.

The management of foreign exchange risk with respect to securitisation activities is not different from that of the Group's other assets. As regards interest rate risk management, securitised assets are refinanced through special purpose vehicles according to rules for matching interest rates closely to those of the other assets.

For assets of discontinuing activities, each transfer of position is first approved by Crédit Agricole CIB's Market Risk Department.

3.4.3.3.2 Accounting policies

As part of securitisation transactions, Crédit Agricole CIB carries out a derecognition test with regard to IFRS 9 (the criteria for which are listed in Note 1.3 on accounting policies and principles of the consolidated financial statements).

In the case of synthetic securitisations, the assets are not derecognised, as they remain under the control of the institution. The assets continue to be recognised according to their original classification and valuation method (see Note 1.3 on Accounting policies and principles of the consolidated financial statements for the classification and valuation of financial assets).

Moreover, investments in securitisation instruments (cash or synthetic) are recognised on the basis of their classification and their associated valuation (see Note 1.3 on Accounting policies and principles of the consolidated financial statements for the classification and valuation of financial assets).

Securitisation positions can be classified into the following accounting categories:

- "financial assets at amortised cost": these securitisation exposures are measured following initial recognition at amortised cost based on the effective interest rate and may, if necessary, be impaired;
- "financial assets at fair value through comprehensive income that may be reclassified to profit or loss": these securitisation exposures are remeasured at their fair value on the closing date and the variances in fair value are recognised in gains (losses) accounted in other comprehensive income that may be reclassified to profit or loss;
- "financial assets at fair value through profit or loss": these securitisation exposures are remeasured at fair value on the closing date and any changes in fair value are recognised through profit or loss under "Net gains/(losses) on financial instruments at fair value through profit or loss".

Gains on disposals of securitisation positions are recognised to profit/loss in accordance with the rules for the original category of the positions sold.

3.4.3.4 2018 ACTIVITY SUMMARY

Crédit Agricole CIB's securitisation activity in 2018 was marked by:

- support for the development of the public ABS market in the United States and in Europe. Crédit Agricole CIB structured and organised the placement (as arranger and bookrunner) of a significant number of primary ABS issues on behalf of its large "Financial Institutions" customers, notably in the automobile and consumer finance sectors;
- in the ABCP conduits market, Crédit Agricole CIB maintained its position amongst the leaders in both the European and US markets. It renewed and initiated new securitisation transactions involving commercial and financial receivables on behalf of its customers, mostly corporates, while ensuring a favourable risk profile borne by the Bank. Crédit Agricole CIB's strategy of focusing on customer financing is appreciated by investors and is reflected in still competitive financing terms.

At 31 December 2018, Crédit Agricole CIB did not have any early-redemption securitisation transactions. Nor did it provide implicit support for any Crédit Agricole securitisation programmes in 2018.

3.4.3.5 EXPOSURES

3.4.3.5.1 Exposure at default of securitisation transactions in the banking book that generate RWA

Securitisation exposures in IRB and STD banking book (SEC1)

		31.12.2018								
		Bank acts as originator			Bank acts as sponsor			Banks acts as investor		
€ million		Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total
1	Securitisation	14,649	7,478	22,127	21,066		21,066	809		809
2	Residential real estate loans				41		41	5		5
3	Commercial real estate loans				15		15			
4	Credit card loans				74		74			
5	Leasing				3,112		3,112	12		12
6	Loans to corporates and SMEs		6,177	6,177				404		404
7	Personal loans	150		150	4,008		4,008	57		57
8	Trade receivables	14,499		14,499	7,390		7,390	121		121
9	Other		1,301	1,301	6,425		6,425	210		210
10	**Re-securitisation**	**1,298**	**7**	**1,305**						
11	**Total 31.12.2018**	**15,947**	**7,485**	**23,432**	**21,066**		**21,066**	**809**		**809**
	Total 31.12.2017	**13,289**	**4,096**	**17,385**	**21,290**		**21,290**	**1,412**	**3**	**1,416**

Exposure at default of securitisation transactions by weighting method

€ million	EAD Securities				
Underlying	SFA	IAA	RBA	Standard	Total
Securitisation	9,355	29,567	3,072	2,008	44,002
Residential real estate loans			46		46
Commercial real estate loans			15		15
Credit card loans				74	74
Leasing		2,977	57	91	3,125
Loans to corporates and SMEs	6,177		404		6,581
Personal loans		2,875	509	831	4,215
Trade receivables	197	21,672		140	22,009
Other	2,980	2,043	2,041	872	7,936
Re-securitisation			1,305		1,305
Total 31.12.2018	**9,355**	**29,567**	**4,377**	**2,008**	**45,307**
Total 31.12.2017	**5,949**	**27,675**	**4,852**	**1,616**	**40,091**

Exposure at default of securitisation transactions broken down by accounting classification on- or off-balance sheet

€ million	EAD Securities at 31.12.2018		
Underlying	On balance sheet	Off balance sheet	Total
Securitisation	**1,926**	**42,076**	**44,002**
Residential real estate loans		46	46
Commercial real estate loans		15	15
Credit card loans	48	26	74
Leasing	91	3,034	3,125
Loans to corporates and SMEs		6,581	6,581
Personal loans	782	3,434	4,215
Trade receivables	140	21,870	22,009
Other	866	7,070	7,936
Re-securitisation	**1,298**	**7**	**1,305**
Total	**3,224**	**42,082**	**45,307**

Securitised exposures in banking book and associated regulatory capital requirements – Bank acting as IRB and STD issuer or agent (SEC3)

		31.12.2018																
		Exposure values (by RW bands)					Exposure values (by regulatory approach)				RWA (by regulatory approach)				Capital charge after cap			
	€ million	≤ 20%	> 20% to 50%	> 50% to 100%	> 100% to < 1,250%	1,250%	IRB RBA (including IAA)	IRB SFA	SA/ SSFA	1,250%	IRB RBA (including IAA)	IRB SFA	SA/ SSFA	1,250%	IRB RBA (including IAA)	IRB SFA	SA/ SSFA	1,250%
1	**Total exposures**	**41,283**	**286**	**1,479**	**100**	**1,350**	**31,849**	**9,303**	**1,995**	**1,350**	**3,127**	**706**	**1,429**	**758**	**250**	**57**	**114**	**61**
2	Traditional securitisation	33,848	286	1,479	100	1,301	31,849	1,868	1,995	1,301	3,127	186	1,429	314	250	15	114	25
3	Of which securitisation	33,848	286	1,479	100	3	31,849	1,868	1,995	3	3,127	186	1,429	34	250	15	114	3
4	Of which retail underlying	3,453	70	650	100		3,381		892		264		722		21		58	
5	Of which wholesale	30,395	216	828		3	28,468	1,868	1,103	3	2,862	186	707	34	229	15	57	3
6	Of which re-securitisation					1,298				1,298				280				22
7	Of which senior					1,298				1,298				280				22
8	Of which non-senior																	
9	Synthetic securitisation	7,435				49		7,435		49		520		445		42		36
10	Of which securitisation	7,435				43		7,435		43		520		444		42		36
11	Of which retail underlying																	
12	Of which wholesale	7,435				43		7,435		43		520		444		42		36
13	Of which re-securitisation					7				7				1				
14	Of which senior					7				7				1				
15	of which non-senior																	

▶ **Securitised exposures in banking book and associated regulatory capital requirements – Bank acting as IRB and STD investor (SEC4)**

	31.12.2018																
	Exposure values (by RW bands)					Exposure values (by regulatory approach)				RWA (by regulatory approach)				Capital charge after cap			
€ million	≤ 20%	> 20% to 50%	> 50% to 100%	> 100% to < 1 250%	1,250,%	IRB RBA (including IAA)	IRB SFA	SA/ SSFA	1 250%	IRB RBA (including IAA)	IRB SFA	SA/ SSFA	1,250%	IRB RBA (including IAA)	IRB SFA	SA/ SSFA	1,250%
1 Total exposures	**365**	**3**	**441**			**787**	**9**	**13**		**358**	**1**	**10**	**4**	**29**		**1**	
2 Traditional securitisation	365	3	441			787	9	13		358	1	10	4	29		1	
3 Of which securitisation	365	3	441			787	9	13		358	1	10	4	29		1	
4 Of which retail underlying	49		13			49		13		4		10				1	
5 Of which wholesale	316	3	428			738	9			354	1		4	28			
6 Of which re-securitisation																	
7 Of which senior																	
8 Of which non-senior																	
9 Synthetic securitisation																	
10 Of which securitisation																	
11 Of which retail underlying																	
12 Of which wholesale																	
13 Of which re-securitisation																	
14 Of which senior																	
15 of which non-senior																	

◆ 3.4.3.5.2 Exposure at default of securitisation transactions in the trading book that generate RWA

EXPOSURE AT DEFAULT OF SECURITISATION TRANSACTIONS BY ROLE

▶ **Securitisation exposures in trading book (SEC2)**

		31.12.2018								
		Bank acts as originator			Bank acts as sponsor			Banks acts as investor		
€ million		Sub-total	Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total	Synthetic	Traditional
1	Securitisation							201		201
2	Residential real estate loans									
3	Commercial real estate loans									
4	Credit card loans									
5	Leasing									
6	Loans to corporates and SMEs									
7	Personal loans									
8	Trade receivables									
9	Other							201		201
10	Re-securitisation							24		24
11	**Total 31.12.2018**							**226**		**226**
	Total 31.12.2017							**96**		**96**

SECURITISATION EXPOSURES RETAINED OR ACQUIRED IN THE TRADING BOOK BY APPROACH AND BY WEIGHTING

▶ Securitisation exposures retained or acquired in the trading book by approach and by weighting

€ million	31.12.2018			31.12.2017		
Risk weighting tranche	Long Positions	Short Positions	Capital requirement	Long Positions	Short Positions	Capital require-ment
EAD subject to weighting						
7-10% weightings	60			35		
12-18% weightings	113					
20-35% weightings	29			5		
40-75% weightings						
100% weightings				4		
150% weightings						
200% weightings						
225% weightings						
250% weightings				4		
300% weightings						
350% weightings						
420% weightings				4		
500% weightings						
650% weightings						
750% weightings						
850% weightings						
1,250% weightings	24		5	45		7
Internal valuation approach	**226**		**5**	**96**		**8**
Supervisory Formula Approach						
Transparency Approach						
Net total of deductions of equity						
1,250% / Positions deducted from capital						
Total trading portfolio	**226**		**5**	**96**		**8**

CAPITAL REQUIREMENTS RELATIVE TO SECURITISATIONS HELD OR ACQUIRED IN THE TRADING BOOK

▶ Capital requirements relative to securitisations held or acquired in the trading book

	31.12.2018				31.12.2017			
€ million	Long Positions	Short Positions	Total weighted positions	Capital requirement	Long Positions	Short Positions	Total weighted positions	Capital requirement
Weighted EAD	226		26	5	96		48	8
Securitisation	201		2	1	65		17	3
Resecuritisation	24		24	4	31		31	5
Deductions								

3.4.4 Market risks

3.4.4.1 METHODOLOGY FOR MEASURING AND SUPERVISING MARKET RISKS IN INTERNAL MODELS

The methodologies for measuring and supervising market risks in internal models are described in the part “Risk management – Market risks – Market risk measurement and management methodology”.

3.4.4.2 RULES AND PROCEDURES FOR VALUING THE TRADING BOOK

The rules for valuing the various items in the trading book are presented in Note 1.3 “Accounting policies and principles” of the notes to the financial statements.

The valuation models are subject to a periodic examination as described in the part “Risk management – Market risks – Market risk measurement and management methodology”.

3.4.4.3 METHODOLOGY FOR MEASURING AND CONTROLLING MARKET RISK UNDER THE STANDARD AND INTERNAL MODELS APPROACHES

◆ 3.4.4.3.1 Risk weighted assets using the standard method

▶ Risk weighted assets using the standard method (MR1)

	31.12.2018		31.12.2017	
€ million	RWA	Capital requirement	RWA	Capital requirement
Futures and forwards	**1,247**	**100**	**5,026**	**402**
Interest rate risk (general and specific)	136	11	115	9
Risk on shares (general and specific)				
Currency risk	1,108	89	4,911	393
Commodities risk	4			
Options	**31**	**2**	**24**	**2**
Simplificated approach				
Delta-plus method				
Scenarios based approach	31	2	24	2
Securitisation	68	5	95	8
Total	**1,346**	**108**	**5,145**	**412**

◆ 3.4.4.3.2 Exposures using the internal model approach

RISK WEIGHTED ASSETS AND CAPITAL REQUIREMENT

▶ Market risk in the internal model approach (MR2-A)

		31.12.2018		31.12.2017	
	€ million	RWA	Capital requirement	RWA	Capital requirement
1	**VaR (higher of values a and b)**	**798**	**64**	**1,056**	**84**
(a)	Previous day’s VaR (VaRt-1)		14		17
(b)	Average of the daily VaR on each of the preceding sixty business days (VaRavg) x multiplication factor (mc)		64		84
2	**SVaR (higher of values a and b)**	**3,121**	**250**	**2,523**	**202**
(a)	Latest SVaR (sVaRt-1)		59		44
(b)	Average of the SVaR during the preceding sixty business days (sVaRavg) X multiplication factor (ms)		250		202
3	**Incremental risk charge -IRC (higher of values a and b)**	**2,502**	**200**	**2,152**	**172**
(a)	Most recent IRC value (incremental default and migration risks section 3 calculated)		193		114
(b)	Average of the IRC number over the preceding 12 weeks		200		172
4	**Comprehensive Risk Measure – CRM (higher of values a, b and c)**				
(a)	Most recent risk number for the correlation trading portfolio				
(b)	Average of the risk number for the correlation trading portfolio over the preceding 12 weeks				
(c)	Floor level				
5	**Total**	6,421	514	5,730	458

VALUES RESULTING FROM THE USE OF INTERNAL MODELS

Value of trading book using the internal model approach (IMA) (MR3)

	€ million	31.12.2018	31.12.2017
1	**VaR (10 days, 99%)**		
2	Maximum value	**21**	**26**
3	Mean value	16	21
4	Minimum value	12	16
5	End of period value	14	17
6	**VaR in stressed period (10 days, 99%)**		
7	Maximum value	78	64
8	Mean value	62	50
9	Minimum value	53	43
10	End of period value	59	44
11	**Capital requirement in line with IRC (99.9%)**		
12	Maximum value	236	339
13	Mean value	154	132
14	Minimum value	85	88
15	End of period value	149	88
16	**Capital requirement in line with CRM (99.9%)**		
17	Maximum value		
18	Mean value		
19	Minimum value		
20	End of period value		
21	Floor (standard measure method)		

3.4.5 Global interest rate risk

The type of interest rate risk, the main underlying assumptions adopted and the frequency of interest rate risk measurements are described under “Risk management - Global interest rate risks”.

3.4.6 Operational risks

3.4.6.1 ADVANCED MEASUREMENT APPROACH FOR CALCULATING CAPITAL

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 scope of application of the advanced and standard approaches and a description of the advanced approach methodology are provided under “Risk management – Operational risks – Methodology”.

3.4.6.2 INSURANCE TECHNIQUES FOR REDUCING OPERATIONAL RISK

The insurance techniques used to reduce operational risk are described under “Risk management – Operational risks Insurance and risk coverage”, page 202.

3.5 ENCUMBERED ASSETS

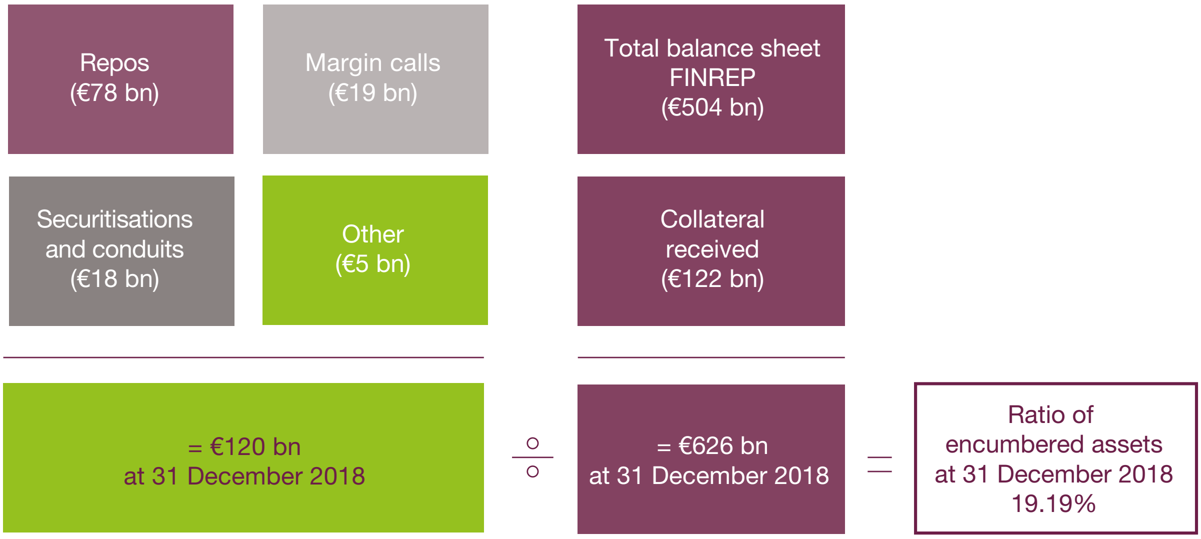
Crédit Agricole CIB monitors and manages the level of its assets pledged as collateral. At 31 December 2018, the ratio of encumbered assets to total assets was 19.19%.

On loans and receivables due from private customers, assets are pledged to obtain refinancing under advantageous conditions or to constitute reserves that can easily be made liquid if needed. Crédit Agricole CIB's policy seeks to diversify its refinancing in order to better withstand liquidity stresses that may affect given markets differently and to limit the number of assets pledged as collateral in order to conserve high-quality unencumbered assets that can be easily liquidated through existing channels in the event of stress.

The other sources of collateral are mainly pledged securities as well as cash (mainly on margin calls):

- repos: outstandings of encumbered assets and collateral received and reused in connection with repos totalled €78 billion, of which €75 billion in securities received as collateral and reused (composed of sovereign debt in the proportion of 86%) out of €120 billion of collateral received;
- margin calls: margin calls represent outstandings of €19 billion, primarily in connection with the OTC derivatives activity.

▶ Use of encumbered assets and collateral received



▶ Model A – Encumbered assets and non-encumbered assets

	Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
		of which notionally eligible EHQLA and HQLA		of which notionally eligible EHQLA and HQLA		of which notionally eligible EHQLA and HQLA		of which notionally eligible EHQLA and HQLA
€ million	010	030	040	050	060	080	090	100
010 Assets of the reporting institution	**45,016**	**1,280**			**458,814**	**44,319**		
020 Demand loans					54,325			
030 Equity instruments	**1,972**		**1,972**		**2,568**		**2,568**	
040 Debt securities	**1,353**	**646**	**1,353**	**646**	**47,034**	**40,535**	**47,034**	**40,535**
050 of which: covered bonds					1,018	979	1,018	979
060 of which: asset-backed securities					2,624	1,485	2,624	1,485
070 of which: issued by general governments	654	433	654	433	28,888	28,608	28,888	28,608
080 of which: issued by financial corporations	415	144	415	144	10,269	7,877	10,269	7,877
090 of which: issued by non-financial corporations	285	69	285	69	4,234	1,585	4,234	1,585
100 Loans and receivables other than demand loans	**23,084**	**634**			**233,706**	**3,785**		
110 of which: mortgage loans					3,131			
120 Other assets	**18,607**				**121,181**			

Model B – Sureties received

			Unencumbered	
	Fair value of encumbered collateral received or own debt securities issued		Fair value of collateral received or own debt securities issued available for encumbrance	
		of which notionally eligible EHQLA and HQLA		of which notionally eligible EHQLA and HQLA
€ million	010	030	040	060
130 Collateral received by the reporting institution	**75,107**	**62,285**	**47,168**	**34,664**
140 Loans on demand				
150 Equity instruments	**6**		**150**	
160 Debt securities	**75,101**	**62,285**	**34,667**	**34,664**
170 of which: covered bonds			3,109	3,109
180 of which: asset-backed securities			1,957	1,954
190 of which: issued by general governments	64,857	58,090	21,047	21,047
200 of which: issued by financial corporations	7,869	4,031	5,691	5,691
210 of which: issued by non-financial corporations	2,375	164	2,863	2,863
220 Loans and advances other than loans on demand				
230 Other collateral received			**12,351**	
240 Own debt securities issued other than own covered bonds or asset-backed securities				
250 Total assets, collateral received and own debt securities issued	**120,123**	**63,565**		

Model C – Sources of expenses encumbering the assets

	Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and ABSs encumbered
€ million	010	030
010 Carrying amount of selected financial liabilities	**202,879**	**120,123**
020 of which: Derivatives	102,575	18,607
040 of which: Deposits	100,304	101,516
090 of which: Debt securities issued		

3.6 LIQUIDITY COVERAGE RATIO

3.6.1 Quantitative information

Scope of consolidation: consolidated		Total unweighted value (average)				Total weighted value (average)			
€ million		31.12.2018	30.09.2018	30.06.2018	31.03.2018	31.12.2018	30.09.2018	30.06.2018	31.03.2018
Number of data points used in the calculation of averages		12	12	12	12	12	12	12	12
High-quality liquid assets									
1	Total high-quality liquid assets (HQLA)					103,541	102,306	103,223	103,848
Cash-outflows									
2	Retail deposits and deposits from small business customers, of which:	10,426	10,459	10,342	10,218	1,564	1,569	1,551	1,523
3	Stable deposits	0	0			0	0		
4	Less stable deposits	10,426	10,459	10,342	10,218	1,564	1,569	1,551	1,523
5	Unsecured wholesale funding	120,798	118,144	112,573	112,934	73,032	72,323	68,879	71,606
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	12,455	11,748	11,617	11,503	3,114	2,937	2,904	2,876
7	Non-operational deposits (all counterparties)	99,698	96,984	9,286	91,172	61,274	59,974	58,811	58,471
8	Unsecured debt	8,645	9,412	7,164	10,259	8,645	9,412	9,529	10,259
9	Secured wholesale funding					8,517	7,490	6,216	5,704
10	Additional requirements	112,003	109,218	107,459	107,211	29,178	29,289	29,500	30,102
11	Outflows related to derivative exposures and other collateral requirements	4,702	5,055	5,906	6,946	4,127	4,692	5,496	6,465
12	Outflows related to loss of funding on debt products								
13	Credit and liquidity facilities	107,301	104,163	101,553	100,265	25,051	24,596	24,004	23,637
14	Other contractual funding obligations	24,309	24,003	26,217	22,920	1,198	1,067	974	798
15	Other contingent funding obligations	45,010	43,662	42,398	42,676	325	368	397	404
16	**Total cash outflows**					**113,815**	**112,105**	**109,882**	**110,137**
Cash-inflows									
17	Secured lending (eg reverse repos)	114,225	108,608	100,053	92,606	5,159	5,058	4,577	4,673
18	Inflows from fully performing exposures	22,522	22,092	20,313	19,386	17,760	17,588	16,446	15,959
19	Other cash inflows	2,057	2,107	2,187	2,105	2,057	2,107	2,187	2,105
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)								
EU-19b	(Excess inflows from a related specialised credit institution)								
20	**Total cash inflows**	**138,804**	**132,807**	**122,553**	**114,097**	**24,976**	**24,753**	**23,210**	**22,737**
EU-20a	**Fully exempt inflows**								
EU-20b	**Inflows Subject to 90% Cap**								
EU-20c	**Inflows Subject to 75% Cap**	**133,127**	**125,929**	**115,718**	**105,833**	**24,976**	**24,753**	**23,210**	**22,737**
						Total adjusted value			
21	Liquidity buffer					103,541	102,306	103,223	103,848
22	Total net cash flows					88,838	87,353	86,672	87,400
23	Liqudity Coverage Ratio (%)					116.55%	117.12%	119.00%	118.82%

3.6.2 Qualitative information

Concentration of financing and liquidity sources	Crédit Agricole CIB implements an active policy of diversifying its sources of financing with a diversified market via multi-format issue programmes for various geographical areas.
Exposure to derivative instruments and possible collateral calls	The cash outflows relating to this item primarily reflect the contingent risk of increasing margin calls: - on derivative transactions in an adverse market scenario; - following a downgrade in the Crédit Agricole CIB Group's external rating.
Currency asymmetry in the LCR	Residual asymmetries, which can be observed in some currencies, are limited in size. Moreover, the surplus of high-quality liquid assets available in the major currencies can be easily converted to cover these needs, including in a crisis situation.
Description of the degree of centralisation of the liquidity management and interaction between the Group's units	The Treasury Department is responsible for the overall daily management of the Crédit Agricole CIB Group's short-term funding. Within each cost centre, the Treasurer is responsible for managing the funding activities within the allocated limits. He reports to the Crédit Agricole CIB Treasurer and the local Assets and Liabilities Committee. The Control department is responsible for supervising the requirements of the business lines and the overall supervision of liquidity risk within the risk framework validated by the Board of Directors. The operational management of long-term refinancing is delegated to the ALM/Execution department.
Other elements in the calculation of the LCR not considered in the LCR publication model but which the institution considers relevant for its liquidity profile	In addition to the LCR surplus observed at 31 December 2018, Crédit Agricole CIB has nonHQLA reserves that can be made liquid on the market and reserves that can be mobilized in Central banks, including €4.5 billion in eligible receivables as of 31 December 2018.

3.7 COMPENSATION POLICY

The information on the compensation policy required pursuant to EU Regulation 575-2013 (CRR) can be found in Chapter 3 of this Registration Document.

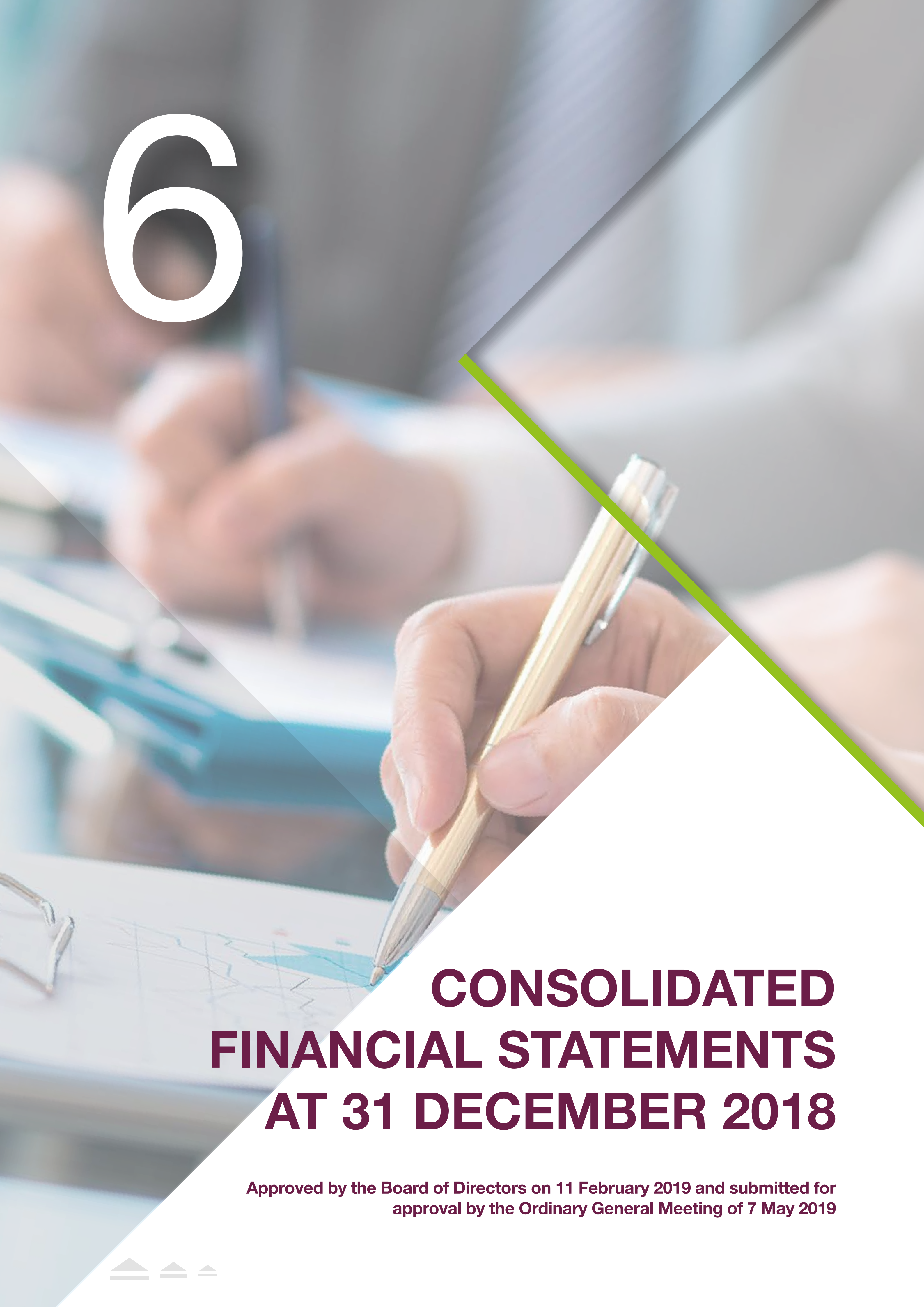
3.8 CROSS-REFERENCE TABLE

EDTF cross-reference table

			2018 Registration Document			
		Recommendation	Management report and other	Risk factors	Pillar 3	Consolidated financial statements
Introduction	1	Cross-reference table			P. 284	
	2	Risk terminology and management, key parameters used		P. 158 to 206	P. 233 and P. 248 to 259	P. 307 to 322, 324 to 351
	3	Presentation of main risks and/or emerging risks		P. 158 to 206		P. 324 to 351
	4	New solvency regulatory framework and Group targets		P. 199 to 201	P. 209 to 214	
Governance and risk management strategy	5	Organisation of risk control and management	P. 77 to 82	P. 167 to 169 P. 171 to 180		
	6	Risk management strategy and implementation	P. 77 to 82	P. 158 to 206, P. 171 to 180	P. 212 to 227	
	7	Risk mapping by business line				
	8	Governance and management of internal credit and market stress testing		P. 167 to 169, P. 186	P. 209	
Capital requirements and risk-weighted assets	9	Minimal capital requirements			P. 212 to 214	
	10a	Breakdown of composition of capital			P. 219 to 222	
	10b	Reconciliation of the balance sheet and prudential balance sheet and accounting equity and regulatory			P. 210 to 222, 227	
	11	Changes in regulatory capital			P. 219 to 222	
	12	Capital trajectory and CRD 4 ratio objectives			P. 212 to 227	
	13	Risk-weighted assets by type of risk			P. 232 to 247	
	14	Risk-weighted assets and capital requirements by method and type of exposure		P. 182	P. 232 to 247	
	15	Credit risk exposure by category and internal ratings		P. 180 to 184, 189	P. 234 to 270	
	16	Changes in risk-weighted assets by type of risk			P. 232	
	17	Description of backtesting models and their reliability		P. 182 and 192 to 194	P. 262	
Liquidity	18	Liquidity management		P. 199 to 201	P. 281 to 282	
	19	Encumbered assets			P. 279 to 280	
	20	Breakdown of financial assets and liabilities by contractual maturity				P. 345 to 347, 386
	21	Management of liquidity and funding risk		P. 199 to 201	P. 281 to 282	
Market risks	22 to 24	Market risk measurement		P. 191 to 197	P. 277 to 278	P. 307 to 322 P. 314 to 345 P. 392 to 403
	25	Market risk management techniques		P. 191 to 197		
Credit risk	26	Maximum exposure, breakdown and diversification of credit risks		P. 180 to 190	P. 234 to 270	P. 324 to 340
	27 and 28	Provisioning and risk hedging policy		P. 189 to 190		P. 307 to 322, 356
	29	Derivative instruments: notional, counterparty risk, offsetting		P. 180 to 190 P. 189 to 190 P. 187 P. 201	p.263 to 270	P. 315 P. 341 to 345 P. 375 to 376 P. 395
	30	Credit risk mitigation mechanisms		P. 186 to 187	P. 268 to 269	P. 390
Operational and legal risks	31	Other risks: insurance sector, operational, legal, IT systems, business continuity plans	P. 77 to 82	P 158 to 166 P. 202 to 206		
	32	Stated risks and on-going actions with respect to operational and legal risks		P 202 to 204		P. 381 to 383

Pillar 3 cross-reference table (CRR and CRD IV)

Article CRR	Theme	2018 Registration Document	Pages
90 (CRD IV)	Return on assets		
435 (CRR)	1. Risk management objectives and policies	Presentation of Committees - Corporate governance Organisation of the Risk function Risk Committee	P. 77 to 82 P. 167 to 169
436 (a) (b)	2. Scope of application	Financial statements Note 11.2 Pillar 3	P. 210 to 211 and 227 P. 405 to 407
436 (c) (d) (e) (CRR)	2. Scope of application	Information not published	
437 (CRR)	3. Own funds	Reconciliation of accounting and regulatory capital Deeply subordinated notes and preferredshares	P. 222 P. 216 to 217
438 (CRR)	4. Capital requirements	Risk weighted assets by type of risk and evolution	P. 232 to 233
439 (CRR)	5. Exposure to counterparty credit risk	Overview - Exposure by type of risk Credit risk Counterparty risk	P. 234 to 269
440 (CRR)	6. Capital buffers	Pillar 1 and 2 minimum capital requirements and exposures by geographic area	P. 213 to 214 P. 238 to 239
441 (CRR)	7. Indicators of global systemic importance	N/A	
442 (CRR)	8. Credit risk adjustments	Credit and counterparty risk mitigation techniques	P. 241 to 247
443 (CRR)	9. Encumbered assets	Encumbered assets	P. 279 to 280
444 (CRR)	10. Use of ECAIs	Insurance providers	P. 268 to 269
445 (CRR)	11. Exposure to market risk	Exposure to the trading book's market risk	P. 277to 278
446 (CRR)	12. Operational risk	Operational risk	P. 202 and 278
447 (CRR)	13. Exposures in equities not included in the trading book	Exposures to equities included in the banking book	P. 234 and 235 P. 269 and 270
448 (CRR)	14. Exposures to interest rate risk on positions not included in the trading book	Global interest rate risk - Risk management	P. 198 to 199 and P. 278
449 (CRR)	15. Exposure to securitisation positions	Securitisation - Pillar 3	P. 270 to 276
450 (CRR)	16. Compensation policy	Compensation policy - Corporate governance (chapter. 3)	P. 105 to 130 and P.282
451 (CRR)	17. Leverage	Leverage ratio	P. 223 to 225
452 (CRR)	18. Use of the IRB Approach for credit risk	Credit risk under IRB approach	P. 251 to 262
453 (CRR)	19. Use of credit risk mitigation techniques	Credit risk mitigation mechanism	P. 186 to 187 P. 268 to 269
454 (CRR)	20. Use of the Advanced Measurement approaches for operational risk	Operational risk	P. 202 and 278
455 (CRR)	21. Use of internal market risk models	Exposures capital requirements under the internal models approach	P. 277 to 278



6

CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2018

Approved by the Board of Directors on 11 February 2019 and submitted for approval by the Ordinary General Meeting of 7 May 2019

6 SOMMAIRE

€ 1,479 Million

NET INCOME GROUP SHARE

€ 20,426 Million

TOTAL EQUITY

€ 5,276 Million

NET BANKING INCOME

€ 511,702 Million

TOTAL ASSETS

123

NUMBER OF CONSOLIDATED ENTITIES

6

The 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

CORPORATE PURPOSE (ART. 3 of the Company's Articles of Association)

The Company's purpose, in France and abroad, is:

- to carry out all banking and financial operations, and notably:
  - the receipt of funds, the grant of loans, advances, credit, financing, guarantees, the implementation of deposits, payments, recoveries,
  - financial advice and particularly regarding financing, debt, subscription, issue, investment, acquisition, disposal, merger, restructuring,
  - the custody, management, purchase, sale, exchange, brokerage and arbitrage of all securities, company rights, financial products, derivatives, currencies, commodities, precious metals and other securities of any kind;
- the provision of all investment services and related services within the meaning of the French Monetary and Financial Code and any subsequent text;
- to create and participate in any businesses, groupings, companies from contributions, subscription, purchase of shares or company rights, merger, or in any other manner;
- to carry out all commercial, industrial, securities or real estate transactions connected directly or indirectly to any or all of the above purposes or all similar or related purposes;
- all for itself or on behalf of third parties or as a participating member, and in whatever form.

1.2 SYNTHETIC GROUP ORGANISATION

CORPORATE AND INVESTMENT BANKING

BRANCHES

EUROPE

- GERMANY
- BELGIUM
- SPAIN
- FINLAND
- ITALY
- LUXEMBOURG
- UNITED KINGDOM
- SWEDEN

AFRICA/ MIDDLE EAST

- ABU DHABI
- DUBAI

ASIA

- SOUTH KOREA
- HONG-KONG
- INDIA
- JAPAN
- SINGAPORE
- TAIWAN

AMERICA

- UNITED STATES
- CANADA

SUBSIDIARIES/INVESTMENTS

EUROPE

- ESTER FINANCE TITRISATION [100%]
- CRÉDIT AGRICOLE CIB AO RUSSIA [100%]
- KEPLER CHEUVREUX [15%]
- CRÉDIT AGRICOLE CIB AIRFINANCE S.A. [100%]

AFRICA/ MIDDLE EAST

- CRÉDIT AGRICOLE CIB ALGÉRIE SPA [100%]
- BSF [14,9%]

ASIA/ PACIFIC

- CRÉDIT AGRICOLE CIB AUSTRALIA LTD [100%]
- CRÉDIT AGRICOLE CIB CHINA LTD [100%]
- CA SECURITIES ASIA BV (TOKYO BRANCH) [100%]
- CA SECURITIES (ASIA) LTD (SEOUL BRANCH) [100%]
- CRÉDIT AGRICOLE ASIA SHIPFINANCE LTD [100%]

AMERICA

- BANCO CRÉDIT AGRICOLE BRASIL [100%]
- CRÉDIT AGRICOLE SECURITIES (USA) INC. [100%]

WEALTH MANAGE-MENT

BRANCHES

- MIAMI

SUBSIDIARIES/INVESTMENTS

- CA INDOSUEZ WEALTH (GROUP) [100%]
- CA INDOSUEZ WEALTH (FRANCE) AND SUBSIDIARIES [100%]
- CA INDOSUEZ (SWITZERLAND), SUBSIDIARIES AND BRANCHES [100%]
- CA INDOSUEZ WEALTH (EUROPE), SUBSIDIARIES AND BRANCHES [100%]
- CA INDOSUEZ WEALTH (BRAZIL) DTVM [100%]
- CFM INDOSUEZ WEALTH [70%]
- AZQORE [80%]

1.3 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)	31.12.2018
Assets	
Loans and advances	9,978
Derivatives financial instruments held for trading	19,161
Liabilities	
Accounts and deposits	19,705
Derivatives financial instruments held for trading	18,581
Subordinated debts	4,957
Preferred shares	
Financing and guarantee commitments	
Other guarantees given	1,256
Counter-guarantees received	2,895
Other guarantees received	
Refinancing agreements received	

The outstandings on loans and unsettled accounts represent the cash flow between Crédit Agricole CIB and Crédit Agricole S.A..

The outstandings of derivative instruments held for trading mainly represent Crédit Agricole Group interest rate hedging transactions arranged by Crédit Agricole CIB in the market.

Crédit Agricole CIB, which is 99.9% owned by Crédit Agricole Group since 27 December 1996, and some of its subsidiaries are part of Crédit Agricole S.A.'s tax consolidation group.

In this regard, Crédit Agricole S.A. compensates the Crédit Agricole CIB sub-group for its tax losses, which are charged against Credit Agricole Group's taxable income.

Relations between consolidated companies of Crédit Agricole CIB Group

A list of the Crédit Agricole CIB Group's consolidated companies can be found in Note 11.

Transactions 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 31 December 2018, the non-netted and off-balance sheet outstandings reported by Crédit Agricole CIB and its affiliates UBAF and Elipso are:

Outstandings (€ million)	31.12.2018
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	2
Counter-guarantees received	

Relations with senior management

Detailed information on senior management compensation is provided in Note 7.7 "Executive officers' compensation".

2. CONSOLIDATED FINANCIAL STATEMENTS

2.1 INCOME STATEMENT

€ million	Notes	31.12.2018	31.12.2017
Interest and similar income	4.1	6,215	5,570
Interest and similar expenses	4.1	(3,758)	(2,963)
Fee and commission income	4.2	1,581	1,557
Fee and commission expenses	4.2	(624)	(484)
Net gains (losses) on financial instruments at fair value through profit or loss	4.3	1,774	1,064
Net gains (losses) on held-for-trading assets/liabilities		540	
Net gains (losses) on other financial assets/liabilities at fair value through profit or loss		1,234	
Net gains (losses) on financial instruments at fair value through other comprehensive income	4.4	92	
Net gains (losses) on debt instruments at fair value through other comprehensive income that may be reclassified subsequently to profit or loss			
Remuneration of equity instruments measured at fair value through other comprehensive income that will not be reclassified subsequently to profit or loss (dividends)		92	
Net gains (losses) on available-for-sale financial assets			255
Net gains (losses) arising from the derecognition of financial assets at amortised cost	4.5	(1)	
Net gains (losses) arising from the reclassification of financial assets at amortised cost to financial assets at fair value through profit or loss			
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	94	45
Expenses on other activities	4.6	(97)	(45)
Revenues		**5,276**	**4,999**
Operating expenses	4.7	(3,235)	(3,094)
Depreciation, amortisation and impairment of property, plant & equipment and intangible assets	4.8	(86)	(91)
Gross operating income		**1,955**	**1,814**
Cost of risk	4.9	55	(330)
Operating income		**2,010**	**1,484**
Share of net income of equity-accounted entities			277
Net gains (losses) on other assets	4.10		18
Change in value of goodwill			
Pre-tax income		**2,010**	**1,779**
Income tax charge	4.11	(525)	(614)
Net income from discontinued operations			
Net income		**1,485**	**1,165**
Non-controlling interests	6.18	6	9
Net income group share		**1,479**	**1,156**
Earnings per share (1)	6.17	4.44	3.39
Diluted earnings per share (1)	6.17	4.44	3.39

(1) Corresponds to income including net income from discontinued operations.

2.2 NET INCOME AND OTHER COMPREHENSIVE INCOME

€ million	Notes	31.12.2018	31.12.2017
Net income		**1,485**	**1,165**
Actuarial gains and losses on post-employment benefits	4.12	52	67
Other comprehensive income on financial liabilities attributable to changes in own credit risk	4.12	368	
Other comprehensive income on equity instruments that will not be reclassified to profit or loss	4.12	264	
Pre-tax other comprehensive income on items that will not be reclassified to profit or loss excluding equity-accounted entities	4.12	**684**	**67**
Pre-tax other comprehensive income on items that will not be reclassified to profit or loss on equity-accounted entities	4.12		
Income tax related to items that will not be reclassified to profit or loss excluding equity-accounted entities	4.12	**(262)**	**(38)**
Income tax related to items accounted that will not be reclassified to profit or loss on equity-accounted entities	4.12		
Other comprehensive income on items that will not be reclassified to profit or loss from discontinued operations	4.12		
Other comprehensive income on items that will not be reclassified subsequently to profit or loss net of income tax	4.12	**422**	**29**
Gains and losses on translation adjustments	4.12	148	(548)
Gains and losses on available-for-sale financial assets			(298)
Other comprehensive income on debt instruments that may be reclassified to profit or loss	4.12	(40)	
Gains and losses on hedging derivative instruments	4.12	(109)	(224)
Pre-tax other comprehensive income on items that may be reclassified to profit or loss excluding equity-accounted entities	4.12	**(1)**	**(1,070)**
Pre-tax other comprehensive income on items that may be reclassified to profit or loss on equity-accounted entities, Group Share	4.12	**(1)**	**(357)**
Income tax related to items that may be reclassified to profit or loss excluding equity-accounted entities	4.12	**47**	**124**
Income tax related to items that may be reclassified to profit or loss on equity-accounted entities	4.12		
Other comprehensive income on items that may be reclassified to profit or loss from discontinued operations	4.12		
Other comprehensive income on items that may be reclassified subsequently to profit or loss of income tax	4.12	**45**	**(1,303)**
Other comprehensive income net of income tax	4.12	**467**	**(1,274)**
Net income and other comprehensive income		**1,952**	**(109)**
Of which Group share		1,951	(112)
Of which non-controlling interests		1	3

2.3 BALANCE SHEET - ASSETS

€ million	Notes	31.12.2018	01.01.2018	31.12.2017
Cash, central banks	6.1	46,538	32,604	32,604
Financial assets at fair value through profit or loss	3.1; 6.2; 6.6.6.7	240,774	238,304	237,001
Financial assets held for trading		240,560	237,896	
Other financial instruments at fair value through profit or loss		214	408	
Hedging derivative Instruments	3.1; 3.2; 3.4	965	1,095	1,101
Financial assets at fair value through other comprehensive income	3.1; 6.4; 6.6; 6.7	11,362	18,443	
Debt instruments at fair value through other compre-hensive income that may be reclassified to profit or loss		9,700	16,992	
Equity instruments at fair value through other com-prehensive income that will not be reclassified to profit or loss		1,662	1,451	
Available-for-sale financial assets				27,304
Financial assets at amortised cost	3.1; 3.3; 6.5; 6.6; 6.7	181,371	169,051	
Loans and receivables due from credit institutions		19,172	26,244	26,269
Loans and receivables due from customers		134,302	119,603	135,039
Debt securities		27,897	23,204	
Revaluation adjustment on interest rate hedged portfolios		2	17	17
Held-to-maturity financial assets				
Current and deferred tax assets	6.10	1,145	1,289	1,104
Accruals, prepayments and sundry assets	6.11	27,862	26,587	26,587
Non-current assets held for sale and discontinued operations				
Investments in equity-accounted entities	6.12			
Investment property		1	1	1
Property, plant and equipment	6.13	356	339	339
Intangible assets	6.13	301	233	233
Goodwill	6.14	1,025	987	987
Total assets		**511,702**	**488,950**	**488,586**

2.4 BALANCE SHEET – LIABILITIES & EQUITY

€ million	Notes	31.12.2018	01.01.2018	31.12.2017
Central banks	6.1	877	1,585	1,585
Financial liabilities at fair value through profit or loss	6.2	234,880	237,177	237,171
Financial liabilities held for trading		208,156	212,687	
Financial liabilities designated at fair value through profit or loss		26,724	24,490	
Hedging derivative Instruments	3.2; 3.4	1,067	999	1,005
Financial liabilities at amortised cost		222,353	198,940	
Due to credit institutions	3.3; 6.8	47,302	44,002	44,002
Due to customers	3.1; 3.3; 6.8	123,510	106,960	106,960
Debt securities	3.2; 3.3; 6.8	51,541	47,977	47,977
Revaluation adjustment on interest rate hedged portfolios		5	27	27
Current and deferred tax liabilities	6.10	1,959	1,765	1,588
Accruals, deferred income and sundry liabilities	6.11	23,487	22,634	22,634
Liabilities associated with non-current assets held for sale and discontinued operations				
Insurance compagny technical reserves		10	10	10
Provisions	6.15	1,679	1,739	1,434
Subordinated debt	6.16	4,959	5,148	5,148
Total Liabilities		**491,276**	**470,024**	**469,541**
Equity		**20,426**	**18,926**	**19,045**
Equity - Group share		**20,308**	**18,821**	**18,940**
Share capital and reserves		12,860	11,860	11,860
Consolidated reserves		5,795	7,259	5,775
Other comprehensive income		174	(298)	149
Other comprehensive income on discontinued operations				
Net income (loss) for the year		1,479		1,156
Non-controlling interests		**118**	**105**	**105**
Total liabilities and equity		**511,702**	**488,950**	**488,586**

2.5 STATEMENT OF CHANGES IN EQUITY

	Group share						
	Share and capital reserves					Other comprehensive income	
€ million	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
Equity at 1st January 2017	**7,852**	**7,936**		**2,277**	**18,065**	**1,751**	**(334)**
Capital increase							
Changes in treasury shares held							
Issuance of equity instruments							
Remuneration of undated deeply subordinated notes				(170)	(170)		
Dividends paid in 2017		(241)			(241)		
Impact of acquisitions/disposals on non-controlling interests							
Changes due to share-based payments							
Changes due to transactions with shareholders							
Changes in other comprehensive income		**(241)**		**(170)**	**(411)**		
Share of changes in equity-accounted entities						**(940)**	**29**
Net income for 2017							
Other changes		(19)			(19)		
Equity at 31 December 2017	**7,852**	**7,676**		**2,107**	**17,635**	**454**	**(305)**
Appropriation of 2017 net income		1,156			1,156		
Equity at 1st January 2018	**7,852**	**8,832**		**2,107**	**18,791**	**454**	**(305)**
Impacts of new accounting standards (1)		328			328	36	(483)
Equity at 1st January 2018 Restated	**7,852**	**9,160**		**2,107**	**19,119**	**490**	**(788)**
Capital increase							
Changes in treasury shares held							
Issuance of equity instruments				1,000	1,000		
Remuneration of undated deeply subordinated notes				(190)	(190)		
Dividends paid in 2018		(1,236)			(1,236)		
Dividends received from the Regional Banks							
Impact of acquisitions/disposals on non-controlling interests		(14)			(14)		
Changes due to share-based payments							
Changes due to transactions with shareholders		**(1,250)**		**810**	**(440)**		
Changes in other comprehensive income		**(72)**			**(72)**	**47**	**426**
Of which other comprehensive income on equity instruments that will not be reclassified to profit or loss reclassified to consolidated reserves		(60)			(60)		60
Of which other comprehensive income attributable to changes in own credit risk reclassified to consolidated reserves		(12)			(12)		12
Share of changes in equity-accounted entities						(1)	
Net income for 2018 (1)							
Other changes (2)		48			48		
Equity at 31 december 2018	**7,852**	**7,886**		**2,917**	**18,655**	**536**	**(362)**

(1) Consolidated reserves before elimination of treasury shares.
(2) 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".

Group share			Non-controlling interests					
Other comprehensive income				Other comprehensive income				
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
1,417		19,482	102	9	1	10	112	19,594
		(170)						(170)
		(241)	(10)				(10)	(251)
		(411)	(10)				(10)	(421)
(911)		(911)		(6)		(6)	(6)	(917)
	1,156	1,156	9				9	1,165
		(19)						(19)
149	1,156	18,940	101	3	1	4	105	19,045
	(1,156)							
149		18,940	101	3	1	4	105	19,045
(447)		(119)						(119)
(298)		18,821	101	3	1	4	105	18,926
			11				11	11
		1,000						1,000
		(190)						(190)
		(1,236)	(8)				(8)	(1,244)
		(14)	9				9	(5)
		(440)	12				12	(428)
473		401		(1)	(4)	(5)	(5)	396
60								
12								
(1)		(1)						(1)
	1,479	1,479	6				6	1,485
		48						48
174	1,479	20,308	119	2	(3)	(1)	118	20,426

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.

€ million	Notes	31.12.2018	31.12.2017
Pre-tax income		**2,010**	**1,779**
Net depreciation and impairment of property, plant & equipment and intangible assets		86	91
Impairment of goodwill and other fixed assets	6.14		
Net depreciation charges to provisions		(19)	290
Share of net income of equity-accounted entities			(277)
Net income (loss) from investment activities			(11)
Net income (loss) from financing activities		188	172
Other movements		(56)	(571)
Total non-cash and other adjustment items included in pre-tax income		**199**	**(306)**
Change in interbank items		5,536	8,075
Change in customer items		(592)	237
Change in financial assets and liabilities		1,935	5,728
Change in non-financial assets and liabilities		(371)	933
Dividends received from equity-accounted entities			92
Tax paid		(203)	325
Net change in assets and liabilities used in operating activities		6,305	15,390
Cash provided (used) by discontinued operations			
Total net cash flows from (used by) operating activities (A)		**8,514**	**16,863**
Change in equity investments (1)		(7)	1,276
Change in property, plant & equipment and intangible assets		(159)	(166)
Cash provided (used) by discontinued operations			
Total net cash flows from (used by) investment activities (B)		**(166)**	**1,110**

(1) This line includes net impacts of acquisitions and disposals of consolidated equity investments on cash. This mainly relates to the consolidation effect of Banca Leonardo for -€20 million and the conclusion of tax lease transactions in the Crédit Agricole CIB Spain entity for +€19.6 million..

€ million	Notes	31.12.2018	31.12.2017
Cash received from (paid to) shareholders [(2)]		(422)	(421)
Other cash provided (used) by financing activities [(3)]		824	380
Cash provided (used) by discontinued operations			
Total net cash flows from (used by) financing activities (C)		**402**	**(41)**
Impact of exchange rate changes on cash and cash equivalent (D)		**1,298**	**(1,464)**
Net increase/(decrease) in cash & cash equivalent (A + B + C + D)		**10,048**	**16,468**
Cash and cash equivalents at beginning of period		**32,101**	**15,633**
Net cash accounts and accounts with central banks [(4)]		31,008	16,898
Net demand loans and deposits with credit institutions [(5)]		1,093	(1,265)
Cash and cash equivalents at end of period		**42,149**	**32,101**
Net cash accounts and accounts with central banks [(4)]		45,646	31,008
Net demand loans and deposits with credit institutions [(5)]		(3,497)	1,093
Net change in cash and cash equivalents		**10,048**	**16,468**

(2) For 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 €1 billion and a payment of interest under the AT1 issue of -€190 million.

(3) This line mainly records the issue of the TSS call subscribed by Crédit Agricole S.A. London of -€590 million, the bond loan with Crédit Agricole S.A. of €1,350 million, the increase of the subordinated debt at Crédit Agricole S.A. of €250 million and the payment of interest of -€188 million.

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

(5) Consisting of the balance of the "Non doubtful current accounts in debit" and "Non doubtful overnight accounts and advances" items as detailed in Note 6.5 and the "Current accounts in credit" and "Overnight accounts and deposits" items as detailed in Note 6.8 (excluding accrued interest and including Crédit Agricole internal transactions);

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

3.1 TRANSITION FROM THE BALANCE SHEET FROM 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

		31.12.2017	01.01.2018			
		IAS 39	Reclassifications in accordance with IFRS 9			
				Financial assets at fair value through profit or loss		
€ million		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
IAS 39	Central banks	32,591	32,591			
	Financial assets at fair value through profit or loss	238,102		236,864		144
	Held-for-trading financial assets	236,858		236,864		
	Financial assets designated at fair value through profit or loss [1]	144				144
	Hedging derivative instruments	1,101				
	Available-for-sale financial assets [2]	27,304			96	30
	Loans and receivables due from credit institutions	26,268				
	Loans and receivables due from customers [3]	135,039		1,032		261
	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)**
01.01.2018	**Carrying amount in accordance with IFRS 9**		**32,591**	**237,896**	**96**	**312**

(1) Reclassifications related to financial assets designated at fair value through profit or loss break down as follows:

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

The reclassifications of financial assets designated at fair value through profit or loss correspond to the undated subordinated notes which can be converted into Orange shares not meeting “SPPI” criteria.

(2) The reclassification of assets available for sale into financial assets at amortised cost is part of the bank’s management of its liquidity portfolio.

(3) The reclassification of loans and receivables due from customers into financial assets held-for-trading corresponds to the end of bifurcated accounting in the section on financing forward transactions.

01.01.2018						
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		
Assets backing unit-linked contracts	Hedging derivative instruments	Debt instruments at fair value through other comprehensive income that may be reclassified to profit or loss	Equity instruments at fair value through other comprehensive income that will not be reclassified to profit or loss	Loans and receivables due from credit institutions	Loans and receivables due from customers	Debt securities
	1,095					
	(6)					
	1,101					
		16,992	1,452			8,734
				26,268		
					119,253	14,493
				(24)	**349**	**(24)**
	1,095	**16,992**	**1,452**	**26,244**	**119,603**	**23,204**

PASSIFS FINANCIERS

		31.12.2017	01.01.2018
			Reclassifications in accordance with IFRS 9
		IAS 39	Financial liabilities at fair value through profit or loss
€ million		Carrying amount in accordance with IAS 39	Held-for-trading financial liabilities
IAS 39	Financial liabilities at fair value through profit or loss	238,175	212,687
	Held-for-trading financial liabilities	212,681	212,687
	Financial liabilities designated at fair value through profit or loss (1)	24,489	
	Hedging derivative instruments	1,005	
	Due to credit institutions	44,002	
	Due to customers	106,960	
	Debt securities	47,977	
	Liabilities associated with non-current assets held for sale and discontinued operations		
	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**

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

	IAS 39	*Reclassifications in accordance with IFRS 9*	
		Of which financial liabilities reclassified out of financial liabilities designated at fair value through profit or loss in accordance with IFRS 9	
€ million	*Carrying amount in accordance with IAS 39*	*Reclassifications as required by IFRS 9*	*Reclassifications elected by the entity*
Financial liabilities designated at fair value through profit or loss	***24,489***		

01.01.2018					
Reclassifications in accordance with IFRS 9					
Financial liabilities at fair value through profit or loss		Financial liabilities at amortised cost			
Financial liabilities designated at fair value through profit or loss	Hedging derivative instruments	Due to credit institutions	Due to customers	Debt securities	Liabilities associated with non-current assets held for sale and discontinued operations
24,489	999				
24,489					
	999				
		44,002			
			106,960		
				47,977	
24,489	**999**	**44,002**	**106,960**	**47,977**	

3.2 TRANSITION BETWEEN IMPAIRMENTS 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
€ million		IAS 39 - Amount of impairment	Central banks	Held-for-trading financial assets
Impairment in accordance with IAS 39	Central banks			
	Available-for-sale financial assets	(243)		
	Loans and receivables due from credit institutions	(383)		
	Loans and receivables due from customers	(3,076)		
	Held-to-maturity financial assets			
	Amount of impairment determined in accordance with IAS 39	**(3,702)**		
	Restatement of impairment in accordance with IFRS 9			
	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			
	Of which restatement of assets reclassified out of the loans and receivables category in accordance with IAS 39			
	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**			

The collective provisions registered under IAS 39 show no significant difference compared with the provisions for expected losses entered under IFRS 9.

▶ Provisions sur engagements de hors bilan

	31.12.2017		01.01.2018
€ million	IAS 39 - Amount of provisions	Restatement of provisions in accordance with IFRS 9	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	
€ million	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:

01.01.2018							
IFRS 9 - Impairment reclassifications							
	Financial assets at fair value through profit or loss						
Other financial instruments at fair value through profit or loss			Financial assets at fair value through other comprehensive income		Financial assets at amortised cost		
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
(34)	(50)		(3)	(156)			
					(383)		
	(185)					(2,891)	
34	**235**		**(5)**	**156**	**(24)**	**349**	
34	50		(5)	156			
	185				(24)		
			(8)		**(407)**	**(2,542)**	

Financial assets

€ million	01.01.2018 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)**

Engagements hors bilan

€ million	01.01.2018 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

	31.12.2018				
	Recognition in accordance with IFRS 9		Recognition in accordance with IFRS 9		
€ million	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

	Impact of 1st application of IFRS 9 at 1 January 2018 (1)		
€ million	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 (A+B+C)	**328**	**328**	
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	
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	
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			
Reclassification of designated financial assets applying the overlay approach			
Reserves excluding equity-accounted entities (A)	**328**	**328**	
Reserves on equity-accounted entities (B)			
Reserves on discontinued operations (C)			
Impacts on other comprehensive income on items that may be reclassified to profit or loss (D+E+F)	**36**	**36**	
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)			
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	
Reclassification of designated financial assets applying the overlay approach			
Other comprehensive income on items that may be reclassified to profit or loss (net of income tax) excluding equity-accounted entities (D)	**36**	**36**	
Other comprehensive income on items that may be reclassified to profit or loss (net of income tax) on equity-accounted entities (E)			
Other comprehensive income on items that may be reclassified to profit or loss from discontinued operations (F)			
Impact on other comprehensive income on items that will not be reclassified to profit or loss (G+H+I)	**(483)**	**(483)**	
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)	
Reclassification of equity instruments designated at fair value through profit or loss to fair value through other comprehensive income that will not be reclassified to profit or loss			
Other comprehensive income on items that will not be reclassified to profit or loss (net of income tax) excluding equity-accounted entities (G)	**(483)**	**(483)**	
Other comprehensive income on items that will not be reclassified to profit or loss (net of income tax) on equity-accounted entities (H)			
Other comprehensive income on items that will not be reclassified to profit or loss from discontinued operations (I)			
Total - Impact on equity due to initial application of IFRS9	**(119)**	**(119)**	
Equity at 01/01/2018 - IFRS 9 Standard	**18 926**	**18 821**	**105**

(1) Amounts net of income tax.

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Detailed notes contents

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

1.1 Applicable standards and comparability

Pursuant to EC Regulation No. 1606/2002, the consolidated financial statements have been prepared in accordance with IAS/IFRS and IFRIC applicable at 31 December 2018 and as adopted by the European Union (carve-out version), by using certain exceptions in the application of IAS 39 on macro-hedge accounting.

This standard is available on the European Commission's website at the following URL address: https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting/financial-reporting_en.

The standards and interpretations are the same as those applied and described in the Group's financial statements at 31 December 2017.

They have been supplemented by the provisions of those IFRS as endorsed by the European Union at 31 December 2018 and that must be applied in 2018 for the first time.

They cover the following:

Standards, amendments or interpretations	Date published by the European Union	Date of first-time application: financial years from	Applicable in the Group
IFRS 9 Financial Instruments **Replacing IAS 39 - Financial Instruments: classification and measurement, impairment and hedge accounting**	22 November 2016 (EU 2016/2067)	1 January 2018	Yes
Amendment to IFRS 4 "Insurance Contracts"/ IFRS 9 "Financial Instruments" Optional approaches for insurance undertakings to manage the gap between the application of IFRS 9 and IFRS 4	3 November 2017 (EU 2017/1988)	1 January 2018	Yes
IFRS 15 "Revenue from contracts with customers" Replacing IAS 11 on the recognition of construction contracts and IAS 18 on the recognition of revenue	22 September 2016 (EU 2016/1905)	1 January 2018	Yes
Amendment to IFRS 15 "Revenue from Contracts with Customers" Clarifications to IFRS 15	31 October 2017 (EU 2017/1987)	1 January 2018	Yes
Improvements to IFRS cycle 2014-2016:			
- IFRS 12 "Disclosure of Interests in Other Entities"	7 February 2018 (EU 2018/182)	1 January 2017	Yes
- IAS 28 "Investments in Associates and Joint Ventures"		1 January 2018	Yes
- IFRS 1 "First-time Adoption of International Financial Reporting Standards"		1 January 2018	No
Amendment to IFRS 2 "Classification and Measurement of Share-based Payment Transactions" Clarifications to IFRS 2	26 February 2018 (EU 2018/289)	1 January 2018	Yes
Amendment to IAS 40 "Investment Property" Clarifications of the principle of transfer, entry to or exit from the Investment Property category	14 March 2018 (EU 2018/400)	1 January 2018	Yes
IFRIC 22 "Foreign Currency Transactions and Advance Consideration" Clarifications to IAS 21 "Effects of Changes in Foreign Exchange Rates"	3 April 2018 (EU 2018/519)	1 January 2018	Yes

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.

The application of the amendment to IFRS 12 Disclosure of interests in other entities, to IFRS 2 Classification and measurement of share-based payment transactions, to IAS 28 Investments in associates and joint ventures, and interpretation IFRIC 22 Foreign currency transaction and advance consideration, do not have major consequences for the Group.

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" Options for early redemption with negative penalty	22 March 2018 (EU 2018/498)	1 January 2019 (1)	Yes
IFRS 16 "Leases" Replacing IAS 17 on the recognition of leases	31 October 2017 (EU 2017/1986)	1 January 2019	Yes
IFRIC 23 Uncertainty over Income Tax Treatments Clarification of IAS 12 on measuring and recognising a tax asset or liability when there is uncertainty as to the application of tax legislation	23 October 2018 (EU 2018/1595)	1 January 2019	Yes

(1) The Group decided to apply the amendment to IFRS 9 early from 1 January 2018.

IFRS 16 "Leases" will 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.

Since 2017, the Crédit Agricole CIB Group has taken action to implement IFRS 16 within the necessary time-frame, 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 on the basis of the financial statements at 31 December 2016. All this work continued throughout 2018. The Group finalised the choice of structural options linked to the interpretation of the standard, chose the IT solutions needed to process the data for all of the Group's leases and in the second half estimated the cost impacts on the basis of the financial statements at 31 December 2017.

The Group will apply the modified retrospective method in accordance with paragraph C5(b) of IFRS 16 recognising the cumulative effect of the initial application on the date of transition (1 January 2019). Consequently, the Group does not expect IFRS 16 to have a material effect on its total equity. The Group has chosen to use the two exemptions suggested by the standard, relating to recognition, for the following leases:

- short-term leases;
- leases concerning low-value new assets.

The standards and interpretations published by IASB at 31 December 2018, but not yet adopted by the European Union, are not applied by the Group. They will become mandatory only as from the date planned by the European Union and have not been applied by the Group at 31 December 2018.

This concerns IFRS 17 in particular.

IFRS 17 Insurance Contracts will replace IFRS 4. During its meeting of 14 November 2018, the IASB decided to postpone its application date by one year, i.e. to 1 January 2022. 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. In 2017, a framework for the implementation project was carried out to identify the issues and impacts of the standard for the Group's insurance subsidiaries. This work continued in 2018.

In addition, several amendments have been published by the IASB, without any major issue for the Group, which will apply subject to their adoption by the European Union. This relates 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, and to an amendment to IAS 1/IAS 8 Presentation of Financial Statements applicable as of 1 January 2020.

1.2 Accounting policies and principles

Estimates made to draw up the financial statements are by their nature based on certain assumptions and involve risks and uncertainties as to whether they will be achieved in the future.

Future results may be influenced by many factors, including:

- activity in domestic and international markets;
- fluctuations in interest and exchange rates;
- the economic and political climate in certain industries or countries; and
- changes in regulations or legislation.

This list is not exhaustive.

Accounting estimates based on assumptions are principally used in the following assessments:

- financial instruments measured at fair value;
- investments in non-consolidated companies;
- retirement plans and other postemployment benefits;
- stock option plans;
- impairments of loans and of debt securities at amortised cost or at fair value through recyclable equity;
- provisions;
- goodwill impairment;
- deferred tax assets;
- deferred profit-sharing.

The procedures for the use of assessments or estimates are described in the relevant sections below.

1.2.1 FINANCIAL INSTRUMENTS (IFRS 9, IAS 32 AND 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 liquid 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 credit risk impairment 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 impairment losses (see paragraph "Provisioning for credit risk").

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 to manage its financial assets and achieve 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" or "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).

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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 priority 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 instrument**

		BUSINESS MODELS		
		COLLECTION ONLY	MIXED	SELLING ONLY
SPPI TEST	SATISFIED	Amortised cost	Fair value through other comprehensive income (items that can be reclassified)	Fair value trhough profit or loss
	NON SATISFIED	Fair value through profit or loss	Fair value through profit or loss	Fair value through profit or loss

Debt instruments at amortised cost

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

They are recorded 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 impairment 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 recorded 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 impairment under the conditions described in the specific paragraph "Provisions for credit risk" (without 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 changes in fair value are recognised under profit and loss, Net Banking Income (NBI), against the outstanding balance.

This category of financial assets is not subject to impairment.

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 recorded on the trading date.

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.

Equity instruments 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). They are entered on the settlement / delivery date.

They are subsequently valued at their fair value and the changes in fair value are recognised under profit and loss, Net Banking Income (NBI), against the outstanding account.

This category of financial assets is not subject to impairment.

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.

Securities sold and purchased under repurchase agreements are recognised at fair value through profit or loss when they are part of trading operations (a managed operation, the performance of which is valued on the basis of fair value), and otherwise at the amortised cost.

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 recorded 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 repurchased 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 (with the exception of certain hedging derivatives), and derivatives are valued at fair value through profit and loss.

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 changes in fair value not related to its own credit risk and against non-recyclable equity for changes in value related to its own credit risk, except if this distorts the accounting treatment.

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 recorded as an extinction 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 lifespan of the instrument.

◆ Provisioning for credit risk

FIELD OF APPLICATION

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

- 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.

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 Chapter 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 recognises 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 credit losses expected 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.

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

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 cash flows deemed recoverable (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 assessment of the evolution of the credit risk is based on a model of expected losses and extrapolation 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 reporting date (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 since the initial recognition, it is necessary to take account of the internal rating and the PD (probability of default) at the outset.

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 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;
- internal credit risk rating;
- 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. Thus, 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.

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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 repay another debt whose contractual conditions they cannot support due to their financial position.

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 portion due to the effect of the passage of time is entered under "Net banking income".

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. The Crédit Agricole CIB Risk Management department determines this, having regard to its business knowledge. 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 principal and "Net banking income" 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 CVA/DVA calculation 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 Crédit Agricole CIB Group, and DVA the expected losses due to Crédit Agricole CIB Group from the perspective of the counterparty.

The CVA/DVA is calculated on the basis of an estimate of expected losses based on the probability of default and loss given default. The methodology used maximises the use of observable market inputs. It is primarily based on market parameters such as registered and listed Credit Default Swaps (CDS) (or Single Name CDS) or proxy CDS.

COSTS AND BENEFITS RELATED TO THE FUNDING OF DERIVATIVES

The value of non-collateralised or partially collateralised derivative instruments incorporates a Funding Valuation Adjustment (FVA) that represents costs and benefits related to the financing of these instruments. This adjustment is measured based on positive or negative future exposure of transactions for which a cost of financing is applied.

FAIR VALUE HIERARCHY

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

Level 1: fair value corresponding to quoted prices (non-adjusted) in active markets

Level 1 is composed of financial instruments that are directly quoted in active markets for identical assets and liabilities that the entity can access at the measurement date. 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 spread 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.

The effect of this netting is presented in the table in Note 6.12 on the amendment to IFRS 7 on disclosures regarding the offsetting of financial assets and financial liabilities.

◆ 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 value correction for losses determined according to the provisions of the “Impairment” section of IFRS 9; or
- the amount initially recognised, less, where appropriate, the aggregate income recognised according to the principles of IFRS 15 “Revenue from contracts with customers”.

1.2.2 PROVISIONS (IAS 37 AND 19)

Crédit Agricole CIB has identified all obligations (legal or constructive) resulting from a past event for which it is probable that an outflow of resources will be required to settle the obligation, and for which the due date or amount of the settlement is uncertain but can be reliably estimated. These estimates are updated where applicable whenever there is a material impact.

For obligations other than those related to credit risk, Crédit Agricole CIB has set aside general provisions to cover:

- operational risks;
- employee benefits;
- financing commitment execution risks;
- liability claims and guarantees; and
- tax risks.

Certain estimates may be made to determine the amount of the following provisions:

- the reserve for operational risks, which although subject to examination for identified risks, requires Management to make assessments with regard to incident frequency and the potential financial impact; and
- the reserve for legal risks, which is based on Management’s best estimate in light of the information in its possession at the end of the reporting period.

Detailed information is provided in Note 6.18 “Provisions”.

1.2.3 EMPLOYEE BENEFITS (IAS 19)

In accordance with IAS 19, employee benefits are recorded in four categories:

- short-term employee benefits, including salaries, social security contributions, annual leave, profit-sharing and incentive plans and premiums, are defined as those which are expected to be settled within 12 months of the period in which the related services have been rendered;
- long-term employee benefits (long-service awards, variable compensation and compensation payable 12 months or more after the end of the period);
- employment contract termination benefits; and
- post-employment benefits, subdivided into the following two subcategories: defined-benefit schemes and defined-contribution schemes.

LONG-TERM EMPLOYEE BENEFITS

Long-term employee benefits are employee benefits other than post-employment benefits or termination benefits but not fully due to employees within 12 months after the end of the period in which the related services have been rendered.

These include, in particular, bonuses and other deferred compensation payable 12 months or more after the end of the period during which they have been granted, but which are not share-based.

The measurement method is similar to the one used by the Group for post-employment benefits with defined-benefit plans.

POST-EMPLOYMENT BENEFITS

Defined-benefit plans

At each reporting date, Crédit Agricole CIB Group sets aside reserves to cover its liabilities for retirement and similar benefits and all other employee benefits falling in the category of defined benefit plans.

In accordance with IAS 19, these commitments are stated based on a set of actuarial, financial and demographic assumptions, and in accordance with the projected unit credit method. This method consists in booking a charge for each period of service, for an amount corresponding to employee’s vested benefits for the period. This charge is calculated based on the discounted future benefit.

The calculations pertaining to the liabilities for retirement and other employee benefits are based on assumptions made by management with respect to the discount rate, staff turnover rate and probable increases in salary and social security costs. If the actual figures differ from the assumptions made, the retirement liability may increase or decrease in future years (see Note 7.4 “Post-employment benefits, defined benefit plans”).

The discount rates are determined based on the average term of the commitment, that is, the arithmetical average of the terms calculated between the valuation date and the payment date weighted by employee turnover assumptions.

The anticipated return on plan assets is also estimated by management. The returns are estimated on the basis of expected returns on fixed income securities, and notably bonds.

The expected return on plan assets is determined using discount rates applied to measure the defined benefit obligation.

In accordance with IAS 19 revised, Crédit Agricole CIB recognises all actuarial differences as gains or losses recognised directly in equity.

The amount of the provision is equal to:

- the present value of the obligation to provide the defined benefits at the end of the reporting period, calculated in accordance with the actuarial method recommended by IAS 19;
- if necessary, reduced by the fair value of the assets allocated to covering these commitments. These may be represented by an eligible insurance policy. In the event that 100% of the obligation is covered by a policy that exactly equals the expense amount payable over the period for all or part of a defined benefit plan, the fair value of the policy is deemed to be the value of the corresponding obligation, i.e. the amount of the corresponding actuarial liability.

Defined-contribution plans

There are various mandatory pension plans to which "employers" contribute. The funds are managed by independent organisations and the contributing companies have no legal or implied obligation to pay additional contributions if the funds do not have sufficient assets to provide all the benefits corresponding to the services rendered by staff during the current and previous years. As a consequence, Crédit Agricole CIB has no liability in this respect other than the contributions to be paid for the year ended.

1.2.4 SHARE-BASED PAYMENTS (IFRS 2)

IFRS 2 "Share-based payments" requires valuation of share-based payment transactions in the company's income statement and balance sheet. The standard applies to transactions carried out with employees, and more specifically:

- share-based payment transactions settled in equity instruments; and
- share-based payment transactions settled in cash.

The share-based payment plans initiated by Crédit Agricole CIB Group that are eligible for IFRS 2 are of both kinds.

The expenses related to the share award plans of Crédit Agricole S.A., as well as those related to share subscriptions are accounted for as follows:

- for equity-settled plans, under employee expenses, with a corresponding increase in consolidated reserves Group share, spread on a straight-line basis over the period of acquisition;
- for cash-settled plans, under employee expenses, with a corresponding increase in liabilities. These expenses are linearly spread over the vesting period (between three and four years) taking into account service and/or performance conditions. The fair value of the related liability is remeasured until its settlement to take into account the possible non-realisation of those conditions and the change in value of Crédit Agricole S.A. stock.

Crédit Agricole S.A. share subscriptions proposed to employees as part of the group Employee Share Ownership Plan is also governed by IFRS 2. Crédit Agricole CIB Group applies the treatment set out in the release issued by CNC on 21 December 2004, supplemented by the release issued by CNC on 7 February 2007. Shares may be offered to employees with a discount of no more than 20%. These plans have no vesting period but the shares are subject to a lock-up period of five years. The benefit granted to employees is measured as the difference between the fair value of the acquired share taking into account the lock-up period and the purchase price paid by the employee at the issue date multiplied by the number of shares issued.

1.2.5 CURRENT AND DEFERRED TAXES (IAS 12)

Crédit Agricole CIB is 99.9% owned by Crédit Agricole Group since 27 December 1996 and some of its subsidiaries are part of the tax consolidation Group of Crédit Agricole S.A..

In accordance with IAS 12, the income tax charge includes all income taxes, whether current or deferred.

The standard defines current tax liability as "the amount of income tax payable (recoverable) in respect of the taxable profit (tax loss) for a reporting period". Taxable income is the profit (or loss) for a given accounting period measured in accordance with the rules determined by the taxation authorities.

The applicable rates and rules used to measure the current tax liability are those in effect in each country where the Group's companies are established.

The current tax liability relates to any income due or that will become due, for which payment is not subordinated to the completion of future transactions, even if payment is spread over several years.

The current tax liability must be recognised as a liability until it is paid. If the amount that has already been paid for the current year and previous years exceeds the amount due for these years, the surplus must be recognised under assets.

Moreover, certain transactions carried out by the entity may have tax consequences that are not taken into account in measuring the current tax liability. IAS 12 defines the difference between the carrying amount of an asset or liability and its tax basis as a temporary difference.

This standard requires that deferred taxes be recognised in the following cases:

- a deferred tax liability should be recognised for any taxable temporary differences between the carrying amount of an asset or liability on the balance sheet and its tax base, unless the deferred tax liability arises from:
  - the initial recognition of goodwill,
  - the initial recognition of an asset or a liability in a transaction that is not a business combination and that does not affect either the accounting or the taxable profit (taxable loss) at the transaction date.
- a deferred tax asset should be recognised for any deductible temporary differences between the carrying amount of an asset or liability on the balance sheet and its tax base, insofar as it is deemed probable that a future taxable profit will be available against which such deductible temporary differences can be allocated.
- a deferred tax asset must also be recognised in order to carry forward tax losses and tax credits not allocated, to the extent that those sums can be offset against future taxable income.

The tax rates applicable in each country are used.

Deferred taxes are not discounted.

Taxable unrealised gains on securities do not generate any taxable temporary differences between the carrying amount of the asset and the tax base. As a result, deferred tax is not recognised on these gains. When the securities in question are categorised as other financial instruments at fair value through equity, the latent capital gains and losses are recognised against equity. The tax charge or saving effectively borne by the entity arising from these unrealised gains or losses is also reclassified as a deduction from these gains.

In France, all but 12% of long-term capital gains on the sale of equity investments, as defined by the General Tax Code, are exempt from tax as from the tax year commencing on 1 January 2007; the 12% of long term capital gains are taxed at the normally applicable rate. Accordingly, unrealised gains recognised at the reporting date generate a temporary difference requiring the recognition of deferred tax on this portion.

Current and deferred tax is recognised in net income for the year, unless the tax arises from:

- either a transaction or event that is recognised directly through other comprehensive income, during the same year or during another year, in which case it is directly debited or credited to other comprehensive income;
- or a business combination.

Deferred tax assets and liabilities are offset against each other if, and only if:

- the entity has a legally enforceable right to offset current tax assets against current tax liabilities; and
- the deferred tax assets and liabilities apply to income taxes assessed by the same tax authority:
  a) either on the same taxable entity,
  b) or for different taxable entities that intend either to settle current tax assets and liabilities on a net basis, or to settle their tax assets and liabilities at the same time during each future financial year in which it is expected that substantial deferred tax assets or liabilities will be paid or recovered.

When tax credits on income from securities portfolios and amounts receivable are effectively used to pay income tax due for the year, they are recognised under the same heading as the income with which they are associated. The corresponding tax charge is kept under the heading “Income tax charge” in the income statement.

However, given that the legislative intent when introducing the tax credit for competitiveness and employment (CICE) was to reduce employee expenses, Crédit Agricole CIB chose to recognise the CICE (Article 244 quater C of the French General Tax Code – CGI) as a reduction in employee expenses.

1.2.6 TREATMENT OF FIXED ASSETS (IAS 16, 36, 38 AND 40)

Crédit Agricole CIB Group applies component accounting for all of its property, plant and equipment. In accordance with the provisions of IAS 16, the depreciable amount takes account of the potential residual value of property, plant and equipment.

Land is measured at cost less any impairment losses.

Operating and investment properties and equipment are recorded at acquisition cost minus the depreciation and impairment accumulated over the period of use.

Purchased software is measured at purchase price minus accumulated depreciation and impairment losses since acquisition.

Proprietary software is measured at cost less accumulated depreciation and impairment losses since completion.

Apart from software, intangible assets are mainly assets acquired during a business combination resulting from contract law (e.g. distribution agreement). These were valued on the basis of corresponding future economic benefits or expected service potential.

Fixed assets are depreciated over their estimated useful lives.

The following components and depreciation periods have been adopted by the Crédit Agricole CIB Group following the application of component accounting for fixed assets. These depreciation periods are adjusted according to the type of asset and its location:

Component	Depreciation period
Land	Not depreciable
Structural works	30 to 80 years
Non-structural works	8 to 40 years
Plant and equipment	5 to 25 years
Fixtures and fittings	5 to 15 years
Computer equipment	4 to 7 years
Special equipment	4 to 5 years

Exceptional depreciation charges corresponding to tax-related depreciation and not to any real impairment in the value of the asset are eliminated in the consolidated financial statements.

1.2.7 FOREIGN CURRENCY TRANSACTIONS (IAS 21)

In accordance with IAS 21, a distinction is made between monetary items (e.g. debt instruments) and non-monetary items (e.g. equity instruments).

On the reporting date, foreign-currency denominated monetary assets and liabilities are translated into Crédit Agricole CIB Group’s functional currency on the closing date. The resulting translation adjustments are recorded in the income statement. There are three exceptions to this rule:

- on debt instruments at fair value by recyclable equity, the translation adjustment component calculated on the amortised cost is recognised in profit or loss; the additional amount is recorded under recyclable equity;
- translation adjustments on elements designated as cash flow hedges or forming part of a net investment in a foreign operation are recognised in recyclable equity.
- for financial liabilities at fair value through profit or loss, translation adjustments linked to variations in fair value of own credit risk are registered under non-recyclable equity

Non-monetary items are treated differently depending on the type of items:

- items at historical cost are measured at the exchange rate on the transaction date;
- items at fair value are measured at the exchange rate at the end of the reporting period.

The translation adjustments on non-monetary items are recognised:

- in the income statement if the gain or loss on the non-monetary item is recorded in the income statement;
- in non-recyclable equity if the gain or loss on the non-monetary item is recorded in non-recyclable equity.

1.2.8 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).
  a. 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.
  b. 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.

1.2.9 LEASES (IAS 17)

As required by IAS 17, leases are analysed in accordance with their substance and financial reality. They are classified as operating leases or finance leases.

Finance lease transactions are treated as an acquisition of a fixed asset by the lessee financed by a loan from the lessor.

In the lessor's financial statements, the analysis of the economic substance of the transactions results in the following:

- recognition of a financial receivable from the customer, which is amortised by the lease payments received;
- lease payments are broken down into interest and principal, known as financial amortisation;

In the lessee's financial statements, finance leases are restated such that they are recognised in the same way as if the asset had been purchased on credit, by recognising a financial liability, recording the purchased asset under assets and depreciating the asset.

In the income statement, the theoretical depreciation charge (the charge that would have been recognised if the asset had been purchased) and the finance expenses (incurred in connection with the financing) are recorded in the place of the lease payments.

For operating leases, the lessee recognises payments as expenses and the lessor records the corresponding income under rents, and the leased assets on its balance sheet.

1.2.10 NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (IFRS 5)

A non-current asset (or a disposal group) is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use.

For this to be the case, the asset (or disposal group) must be available for immediate sale in its present condition and its sale must be highly probable.

The relevant assets and liabilities are shown separately on the balance sheet under Non-current assets held-for-sale and discontinued operations and Liabilities associated with non-current assets held-for-sale and discontinued operations.

A non-current asset (or disposal group) classified as held for sale is measured at the lower of its carrying amount and fair value less costs of sale. A charge for impairment of unrealised gains is recognised in the income statement. Unrealised gains are no longer amortised when they are reclassified.

If the fair value of a disposal group less selling costs is under its carrying amount after impairment of non-current assets, the difference is allocated to other disposal group assets including the financial assets and is recognised under net income of held-for-sale operations.

A discontinued operation is a component that the Group has either disposed of, or is classified as held-for-sale, according to the following situations:

- it represents a main and different line of business or a geographical area;
- it is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or,
- it is a subsidiary acquired exclusively with a view to resale.

The following are disclosed on a separate line of the income statement:

- the profit or loss from discontinued operations until the date of disposal, net of tax;
- the gain or loss recognised on the disposal or on measurement to fair value less costs of sale of the assets and liabilities constituting the discontinued operations, net of tax.

1.3 Consolidation principles and methods (IFRS 10, IFRS 11 and IAS 28)

1.3.1 SCOPE OF APPLICATION

The consolidated financial statements include the financial statements of Crédit Agricole CIB and those of all companies over which, in compliance with IFRS 10, IFRS 11 and IAS 28, Crédit Agricole CIB exercises control, joint control or significant influence.

DEFINITIONS OF CONTROL

In compliance with international accounting standards, all entities under control, under joint control or under significant influence are consolidated, provided that they are not covered by the exclusions below.

Exclusive control over an entity is deemed to exist if Crédit Agricole CIB is exposed to or entitled to receive variable returns as a result of its involvement with the entity and if the power it holds over this entity allows it to influence these returns. Power in this context means substantive (voting or contractual) rights. Rights are considered substantive if the holder of the rights can in practice exercise them when decisions about the company's relevant activities are made.

Crédit Agricole CIB is deemed to control a subsidiary through voting rights when its rights give it the practical ability to direct the subsidiary's relevant activities. Crédit Agricole CIB generally controls the subsidiary when it holds, directly or indirectly through subsidiaries, more than half of the existing or potential voting rights of an entity, unless it can be clearly demonstrated that such holding does not allow directing relevant activities. Control is also deemed to exist where Crédit Agricole CIB holds half or less than half of the voting rights, including potential rights, in an entity but is able in practice to direct its relevant activities at its sole discretion, notably because of the existence of contractual arrangements, the size of its stake in the voting rights compared to those of other investors, or other reasons.

Control of a structured entity is not assessed on the basis of voting rights as these have no effect on the entity's returns. When assessing control, consideration is given not only to contractual arrangements in force but also to whether Crédit Agricole CIB was involved in creating the entity and what decisions it made at the time, what agreements were made at its inception and what risks are borne by Crédit Agricole CIB, any rights under agreements that give the investor the power to direct relevant activities in specific circumstances only and any other facts or circumstances that indicate the investor can direct the entity's relevant activities. Where a management mandate exists, the scope of the decision-making authority relating to the delegation of power to the manager and the remuneration to which the contractual arrangements entitles are analysed in order to determine whether the manager acts as an agent (delegated power) or principal (for his own account).

Thus, when decisions about the relevant activities of the entity need to be taken, the indicators to be analysed in order to define whether an entity acts as an agent or as the principal are the scope of the decision-making power delegated to the manager over the entity, the remunerations to which the contractual arrangements give entitlement, but also the substantive rights that may affect the decision-maker's capacity held by the other parties involved in the entity, and the exposure to the entity and the variability in returns from other interests held in the entity.

Joint control is deemed to exist when there is a contractual division of control over an economic activity. Decisions affecting the entity's relevant activities require unanimous agreement of the joint controllers.

In traditional entities, significant influence is defined as the power to influence but not control a company's financial and operational policies. Crédit Agricole CIB is presumed to have significant influence if it owns 20% or more of the voting rights in an entity, whether directly or indirectly through subsidiaries.

EXCLUSIONS FROM THE SCOPE OF CONSOLIDATION

In accordance with IAS 28, minority holdings held by entities for which the option provided in article 18 of this standard has been exercised are excluded from the scope of consolidation insofar as they are categorised as financial assets at fair value through profit or loss.

1.3.2 CONSOLIDATION METHODS

The methods of consolidation are respectively defined by IFRS 10 and IAS 28 revised. They depend on the type of control exercised by Crédit Agricole CIB over the entities that can be consolidated, regardless of activity or if they have legal entity status:

- full consolidation, for controlled entities, including entities with different financial statement structures, even if their business is not an extension of that of Crédit Agricole CIB;
- the equity method, for the entities over which Crédit Agricole S.A. exercises significant influence or joint control.

Full consolidation consists in substituting for the value of the shares each of the assets and liabilities carried by each subsidiary. The share of the minority interests in equity and income is separately identified in the consolidated balance sheet and income statement.

Minority interests correspond to the holdings that do not allow control as defined by IFRS 10 and incorporate the instruments that are shares of current interests and that give right to a proportional share of net assets in the event of liquidation and the other equity instruments issued by the subsidiary and not held by the Group.

The equity method consists of substituting for the value of shares, the Group's proportional share of the equity and income of the companies concerned.

The change in the carrying amount of these shares includes changes in goodwill.

In the event of incremental share purchases or partial disposals with continued joint control or significant influence, Crédit Agricole CIB recognises:

- in the case of an increase in the percentage of interest, additional goodwill;
- in the case of a reduction in the percentage of interest, a gain or loss on disposal/dilution in profit or loss.

1.3.3 ADJUSTMENTS AND ELIMINATIONS

Adjustments are made to harmonise the methods of valuing the consolidated companies.

The impact of Group internal transactions on the consolidated balance sheet and income statement is eliminated for fully consolidated entities.

Capital gains or losses arising from intra-Group asset transfers are eliminated; any potential lasting impairment resulting from an internal disposal is recognised.

1.3.4 TRANSLATION OF FOREIGN SUBSIDIARIES' FINANCIAL STATEMENTS (IAS 21)

The financial statements of subsidiaries denominated in foreign currencies are translated into euros in two stages:

- conversion, where applicable, of the local currency in the functional currency (the currency of the main economic environment in which the entity operates). The conversion is done as if the items were initially recognised in the functional currency (same conversion principles as for transactions in foreign currency);
- the functional currency is translated into euros, the currency in which the Group's consolidated financial statements are presented. Assets and liabilities are translated at the closing rate. Income and expenses included in the income statement are translated at the average exchange rate for the period. Translation adjustments for assets, liabilities and income statement items are recognised under a specific item in equity. These translation differences are recognised as income during the total or partial transfer of the entity. In the event of the sale of a subsidiary (exclusive control), the reclassification of equity as income takes place only in the event of a loss of control.

1.3.5 BUSINESS COMBINATIONS – GOODWILL (IFRS 3)

Business combinations are accounted for using the acquisition method in accordance with IFRS 3, except for business combinations under common control which are excluded from the field of application of IFRS 3. Pursuant to IAS 8, these transactions are entered at carrying amount using the pooling of interests method, with reference to US standard ASU805-50 which seems to comply with the IFRS general principles.

On the date of acquisition, the identifiable assets, liabilities and contingent liabilities of the acquired entity which satisfy the conditions for recognition set out in IFRS 3 are recognised at their fair value.

Notably, restructuring liabilities are only recognised as a liability of the acquired entity if, at the date of acquisition, the acquire is under an obligation to complete the restructuring.

Price adjustment clauses are recognised at fair value even if their application is not probable. Subsequent changes in the fair value of clauses if they are financial liabilities are recognised in the income statement. Only price adjustment clauses relating to transactions where control was obtained at the latest by 31 December 2009 may still be recorded against goodwill, because these transactions were accounted for under IFRS 3 pre-revision (2004).

The portion of holdings not allowing control that are shares of current interests giving rights to a share of the net assets in the event of liquidation may be measured, at the acquirer's choice, in two ways:

- at fair value on the date of acquisition;
- the share of the identifiable assets and liabilities of the acquired company revalued at fair value.

The option may be exercised at each acquisition.

The balance of interests not allowing control (equity instruments issued by the subsidiary and not held by the Group) should be recognised for its fair value on the date of acquisition.

The initial assessment of assets, liabilities and contingent liabilities may be revised within a maximum period of twelve months after the date of acquisition.

Some transactions relating to the acquired entity are recognised separately from the business combination. This applies primarily to:

- transactions that end an existing relationship between the acquired company and the acquiring company;
- transactions that compensate employees or shareholders of the acquired company for future services;
- transactions whose aim is to have the acquired company or its former shareholders repay expenses borne by the acquirer.

These separate transactions are generally recognised in the income statement at the acquisition date.

The consideration transferred on the occasion of a business combination (the acquisition costs) is valued as the total of the fair values transferred by the acquirer at the date of acquisition in exchange for control of the acquired entity (e.g. cash flow, equity instruments...).

The costs directly attributable to the business combination are recognised as expenses, separately from the business combination. If the transaction has a very strong probability of occurrence, they are recognised under the heading "Net gains (losses) on disposal of other assets", otherwise they are recognised under the heading "Operating expenses".

The difference between the cost of acquisition and interests that do not allow control and the net balance on the date of acquisition of acquired identifiable assets and liabilities taken over, valued at their fair value is recognised, when it is positive, in the assets side of the consolidated balance sheet, under the heading "Goodwill" when the acquired entity is fully consolidated and in the heading "Investments in equity-accounted entities" when the acquired company is consolidated using the equity method of accounting. Any negative goodwill is recognised immediately through profit or loss.

Goodwill is carried in the balance sheet at its initial amount in the currency of the acquired entity and translated at the closing rate at the end of the reporting period.

When control is taken by stages, the interest held before taking control is revalued at fair value through profit or loss at the date of acquisition and the goodwill is calculated once, using the fair value at the date of acquisition of acquired assets and liabilities taken over.

Goodwill is tested for impairment whenever there is objective evidence of a loss of value and at least once a year.

The choices and assumptions used in assessing the holdings that do not allow control at the date of acquisition may influence the amount of initial goodwill and any impairment resulting from a loss of value.

For the purpose of impairment testing, goodwill is allocated to the Group Cash Generating Units (CGUs) that are expected to benefit from the business combination. The CGUs have been defined within the Group's business lines as the smallest identifiable group of assets and liabilities functioning in a single business model. Impairment testing consists of comparing the carrying amount of each CGU, including any goodwill allocated to it, with its recoverable amount.

The recoverable amount of the CGU is defined as the higher of fair value diminished of selling costs and value in use. The value in use is the present value of the future cash flows of the CGU, as set out in medium-term business plans prepared by the Group for management purposes.

When the recoverable amount is lower than the carrying amount, a corresponding impairment loss is recognised for the goodwill allocated to the CGU. This impairment is irreversible.

In the case of an increase in the interest percentage of Crédit Agricole CIB in an entity already controlled exclusively, the difference between the cost of acquisition and the share of net assets acquired is recorded in the heading "Consolidated reserves - Group share". In the event of a decrease in the interest percentage of Crédit Agricole CIB in an entity that remains exclusively controlled, the difference between the sale price and the book value of the share of the divested position is also recognised directly in "Consolidated reserves - Group share". The expenses arising from these transactions are recognised in equity.

Crédit Agricole CIB Group has granted shareholders of certain fully consolidated subsidiaries an undertaking to acquire their holdings in these subsidiaries, at a price to be determined according to a predefined formula which takes account of future developments in their business. These undertakings are in substance put options granted to the minority shareholders, which in accordance with the provisions of IAS 32, means that the minority interests are treated as a liability rather than as shareholders' equity.

The accounting treatment of sale options granted to minority shareholders is as follows:

- when a sale option is granted to the minority shareholders of a fully consolidated subsidiary, a liability is recognised in the balance sheet; on initial recognition, the liability is measured at the estimated present value of the exercise price of the options granted. Against this liability, the share of net assets belonging to the minority shareholders concerned is reduced to zero and the remainder is deducted from equity;
- subsequent changes in the estimated value of the exercise price will affect the amount of the liability, offset by an adjustment to equity. Symmetrically, subsequent changes in the share of net assets due to minority shareholders are cancelled, offset in equity.

When there is a loss of control, the proceeds from the disposal are calculated on the entirety of the entity sold and any investment share kept is recognised in the balance sheet at its fair value on the date control was lost.

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

The scope of consolidation and changes at 31 December 2018 are shown in detail at the end of the notes in Note 10 "Scope of consolidation at 31 December 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.

2.2 Application of the new IFRS 15

IFRS 15, applicable from 1 January 2018, replacing IAS 18, aims to homogenise accounting principles relating to long-term manufacturing and construction contracts, IT services contracts and licenses and packaged sales of goods and services. It does not apply to revenue from financial instruments (IFRS 9), leases (see new standard IFRS 16 applicable from 1 January 2019) and revenue from insurance contracts (IFRS 17 applicable from 1 January 2022).

The accounting consequences of this new standard are limited for the Crédit Agricole group insofar as group practices in the area of accounting for commissions already respect this text.

The current rate of income recognition is in line with the requirements of IFRS 15, whether the service is provided at a point in time or over time. The variable components of commissions (such as asset management) are only entered when they are certain, as required by IFRS 15.

With regard to real estate development, there was a change in the recognition of the margin for "Off-Plan Sales" in 2017. In accordance with a provision of IAS 18 and best practice, a share of the margin is recognised before the start of works on the basis of the value of the land sold.

2.3 Main changes in the scope of consolidation

ACQUISITION OF BANCA LEONARDO

On 3 May 2018, Indosuez Wealth Management finalised the acquisition of 94.06% of the share capital of Banca Leonardo, a leading independent wealth management company in Italy, confirming the agreement concluded in November 2017.

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

In accordance with IFRS 3 (Revised), the balance sheet of Banca Leonardo, as at 3 May 2018, reflects the fair value of the assets acquired and the liabilities assumed by the Group, which totalled €1.14 billion. On this basis, goodwill in the amount of €22 million was recorded on the assets side of the balance sheet.

2.4 Banque Saudi Fransi dispute

Crédit Agricole Corporate and Investment Bank (Crédit Agricole CIB) has received a Request for Arbitration submitted by Banque Saudi Fransi (BSF) before the International Chamber of Commerce (ICC Geneva). 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 1.012 billion, the equivalent of about €232 million, and reserved the right to submit additional claims. The arbiters have been chosen and Crédit Agricole CIB, which completely refutes BSF's allegations and claim, filed its first response on 1 October. The tribunal convened a procedural hearing for the end of 2018 during which the rules governing the arbitration were discussed in detail. The procedural timetable is in the process of being set.

2.5 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. Charges entered at 31 December 2018 amount to -€157 million for the Crédit Agricole CIB group.

NOTE 3: FINANCIAL MANAGEMENT, RISK EXPOSURE AND HEDGING POLICY

The Department of Group Permanent Control and Risks (DRG) is responsible for the management of banking risks in Crédit Agricole CIB.

This department reports to the Chief Executive Officer and its brief is to ensure the management and permanent control of credit, financial and operational risks.

A description of these processes and commentary now appear in the "Risk factors" chapter of the management report, as allowed under IFRS 7. Nonetheless, the accounting breakdowns are still presented in the financial statements.

3.1 Credit risk

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

VALUE ADJUSTMENTS FOR LOSSES DURING THE PERIOD

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

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

The following tables present 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)						
€ million	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**
Transfer between buckets during the period									
Transfer from 12-month ECL (Bucket 1) to lifetime ECL (Bucket 2)									
Return to lifetime ECL (Bucket 2) from 12-month ECL (Bucket 1)									
Transfer to lifetime ECL impaired (Bucket 3)									
Return from lifetime ECL impaired (Bucket 3) to lifetime ECL (Bucket 2) / 12-month ECL (Bucket 1)									
Total after transfer	**23,206**	**(2)**					**23,206**	**(2)**	**23,204**
Changes in gross carrying amounts and loss allowances	**4,667**	**(2)**			**26**	**(14)**	**4,693**	**(16)**	
New financial assets: acquisition, granting, origination,… (1)	10,197	(3)					10,197	(3)	
Derecognition: disposal, repayment, maturity…	(6,312)	1					(6,312)	1	
Write-off									
Changes of cash flows resulting in restructuring due to financial difficulties									
Changes in models' credit risk parameters during the period									
Changes in model / methodology									
Changes in scope									
Transfers in non-current assets held for sale and discontinued operations									
Other	782				26	(14)	808	(14)	
Total	**27,873**	**(4)**			**26**	**(14)**	**27,899**	**(18)**	**27,881**
Changes in carrying amount due to specific accounting assessment methods (with no significant impact on loss allowance) (2)	16						16		
Balance at 31 december 2018	**27,889**	**(4)**			**26**	**(14)**	**27,915**	**(18)**	**27,897**
Contractual amount outstanding of financial assets written off during the period, that are still subject to enforcement measures									

(1) Originations in Bucket 2 could include some originated loans in Bucket 1 reclassified in Bucket 2 during the period

(2) Includes the variations of fair value adjustments of micro-hedged instruments, the variations relating to the use of the EIR method (notably the amortisation of premiums/discounts), the variations of the accretion of discounts on restructured loans (recovered as revenue over the remaining term of the asset), and the variations of changes in related receivables.

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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)						
€ million	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**
Transfer between buckets during the period	**33**		**(29)**		**(4)**				
Transfer from 12-month ECL (Bucket 1) to lifetime ECL (Bucket 2)									
Return to lifetime ECL (Bucket 2) from 12-month ECL (Bucket 1)	29		(29)						
Transfer to lifetime ECL impaired (Bucket 3)									
Return from lifetime ECL impaired (Bucket 3) to lifetime ECL (Bucket 2) / 12-month ECL (Bucket 1)	4				(4)				
Total after transfer	**26,236**	**(24)**	**12**		**403**	**(383)**	**26,651**	**(407)**	**26,244**
Changes in gross carrying amounts and loss allowances	**(7,129)**	**20**	**43**		**9**	**(8)**	**(7,077)**	**12**	
New financial assets: acquisition, granting, origination,… (1)	5,292	(31)	43				5,335	(31)	
Derecognition: disposal, repayment, maturity…	(12,734)	9			(3)		(12,737)	9	
Write-off					(1)	1	(1)	1	
Changes of cash flows resulting in restructuring due to financial difficulties									
Changes in models' credit risk parameters during the period						5		5	
Changes in model / methodology									
Changes in scope	210						210		
Transfers in non-current assets held for sale and discontinued operations									
Other	103	42			13	(14)	116	28	
Total	**19,107**	**(4)**	**55**		**412**	**(391)**	**19,574**	**(395)**	**19,179**
Changes in carrying amount due to specific accounting assessment methods (with no significant impact on loss allowance) (2)	(6)				(1)		(7)		
Balance at 31 december 2018	**19,101**	**(4)**	**55**		**411**	**(391)**	**19,567**	**(395)**	**19,172**
Contractual amount outstanding of financial assets written off during the period, that are still subject to enforcement measures									

(1) Originations in Bucket 2 could include some originated loans in Bucket 1 reclassified in Bucket 2 during the period
(2) Includes the variations of fair value adjustments of micro-hedged instruments, the variations relating to the use of the EIR method (notably the amortisation of premiums/ discounts), the variations of the accretion of discounts on restructured loans (recovered as revenue over the remaining term of the asset), and the variations of changes in related receivables.

Financial assets at amortised cost: loans and receivables due 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)						
€ million	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**	**(493)**	**3,558**	**(1,940)**	**122,145**	**(2,541)**	**119,604**
Transfer between buckets during the period	**(864)**		**634**	**(12)**	**230**	**(50)**		**(62)**	
Transfer from 12-month ECL (Bucket 1) to lifetime ECL (Bucket 2)	(1,259)	6	1,259	(23)				(17)	
Return to lifetime ECL (Bucket 2) from 12-month ECL (Bucket 1)	439	(8)	(439)	10				2	
Transfer to lifetime ECL impaired (Bucket 3)	(44)	2	(204)	1	248	(50)		(47)	
Return from lifetime ECL impaired (Bucket 3) to lifetime ECL (Bucket 2) / 12-month ECL (Bucket 1)			18		(18)				
Total after transfer	**105,727**	**(108)**	**12,630**	**(505)**	**3,788**	**(1,990)**	**122,145**	**(2,603)**	**119,542**
Changes in gross carrying amounts and loss allowances	**15,496**	**(36)**	**(535)**	**71**	**(572)**	**234**	**14,389**	**269**	
New financial assets: acquisition, granting, origination,… [(1)]	54,911	(90)	2,215	(188)			57,126	(278)	
Derecognition: disposal, repayment, maturity…	(40,879)	84	(2,880)	356	(210)	88	(43,969)	528	
Write-off					(418)	416	(418)	416	
Changes of cash flows resulting in restructuring due to financial difficulties									
Changes in models' credit risk parameters during the period		2		(16)		(233)		(247)	
Changes in model / methodology									
Changes in scope	271				38	(17)	309	(17)	
Transfers in non-current assets held for sale and discontinued operations									
Other	1,193	(32)	130	(81)	18	(20)	1,341	(133)	
Total	**121,223**	**(144)**	**12,095**	**(434)**	**3,216**	**(1,756)**	**136,534**	**(2,334)**	**134,200**
Changes in carrying amount due to specific accounting assessment methods (with no significant impact on loss allowance) [(2)]	77		15		10		102		
Balance at 31 december 2018	**121,300**	**(144)**	**12,110**	**(434)**	**3,226**	**(1,756)**	**136,636**	**(2,334)**	**134,302**
Contractual amount outstanding of financial assets written off during the period, that are still subject to enforcement measures									

(1) Originations in Bucket 2 could include some originated loans in Bucket 1 reclassified in Bucket 2 during the period.

(2) Includes the variations of fair value adjustments of micro-hedged instruments, the variations relating to the use of the EIR method (notably the amortisation of premiums/discounts), the variations of the accretion of discounts on restructured loans (recovered as revenue over the remaining term of the asset), and the variations of changes in related receivables.

Financial assets at fair value through equity: 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)					
€ million	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)**
Transfer between buckets during the period								
Transfer from 12-month ECL (Bucket 1) to lifetime ECL (Bucket 2)								
Return to lifetime ECL (Bucket 2) from 12-month ECL (Bucket 1)								
Transfer to lifetime ECL impaired (Bucket 3)								
Return from lifetime ECL impaired (Bucket 3) to lifetime ECL (Bucket 2) / 12-month ECL (Bucket 1)								
Total after transfer	**16,992**	**(5)**				**(3)**	**16,992**	**(8)**
Changes in gross carrying amounts and loss allowances	**(7,291)**	**2**					**(7,291)**	**2**
Fair value revaluation during the period	(85)						(85)	
New financial assets: acquisition, granting, origination,…	649	(1)					649	(1)
Derecognition: disposal, repayment, maturity…	(8,194)	3					(8,194)	3
Write-off								
Changes of cash flows resulting in restructuring due to financial difficulties								
Changes in models' credit risk parameters during the period								
Changes in model / methodology								
Changes in scope	124						124	
Transfers in non-current assets held for sale and discontinued operations								
Other	215						215	
Total	**9,701**	**(3)**				**(3)**	**9,701**	**(6)**
Changes in carrying amount due to specific accounting assessment methods (with no significant impact on loss allowance) (1)	(1)						(1)	
Balance at 31 december 2018	**9,700**	**(3)**				**(3)**	**9,700**	**(6)**
Contractual amount outstanding of financial assets written off during the period, that are still subject to enforcement measures								

(1) Includes the impacts of the use of the EIR method (notably the amortisation of premiums/discounts).

Financing commitments

	Performing commitments				Provisioned commitments (Bucket 3)		Total		
	Commitments subject to 12 month ECL (Bucket 1)		Commitments subject to lifetime ECL (Bucket 2)						
€ million	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	**109,566**	**(48)**	**4,753**	**(207)**	**441**	**(115)**	**114,760**	**(370)**	**114,390**
Transfer between buckets during the period	**(277)**	**(14)**	**276**	**12**		**(3)**	**(1)**	**(5)**	
Transfer from 12 month ECL (Bucket 1) to lifetime ECL (Bucket 2)	(799)	4	799	(6)				(2)	
Return to lifetime ECL (Bucket 2) from 12 month ECL (Bucket 1)	522	(18)	(523)	18			(1)		
Transfer to lifetime ECL impaired (Bucket 3)						(3)		(3)	
Return from lifetime ECL impaired (Bucket 3) to lifetime ECL (Bucket 2) / 12 month ECL (Bucket 1)									
Total after transfer	**109,289**	**(62)**	**5,029**	**(195)**	**441**	**(118)**	**114,759**	**(375)**	**114,384**
Changes in commitments and loss allowances	**16,580**	**(13)**	**(1,512)**	**35**	**(407)**	**115**	**14,661**	**137**	
New commitments given	48,146	(55)	771	(126)			48,917	(181)	
End of commitments	(34,218)	43	(2,365)	165	(339)	74	(36,922)	282	
Write-off					(42)	42	(42)	42	
Changes of cash flows resulting in restructuring due to financial difficulties									
Changes in models' credit risk parameters during the period						(1)		(1)	
Changes in model / methodology									
Transfers in non-current assets held for sale and discontinued operations									
Other	2,652	(1)	82	(4)	(26)		2,708	(5)	
Balance at 31 december 2018	**125,869**	**(75)**	**3,517**	**(160)**	**34**	**(3)**	**129,420**	**(238)**	**129,182**

▶ Guarantee commitments

	Performing commitments				Provisioned commitments (Bucket 3)		Total		
	Commitments subject to 12-month ECL (Bucket 1)		Commitments subject to lifetime ECL (Bucket 2)						
€ million	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**
Transfer between buckets during the period	**(364)**	**(2)**	**278**	**4**	**86**	**(31)**		**(29)**	
Transfer from 12 month ECL (Bucket 1) to lifetime ECL (Bucket 2)	(758)	1	758	(1)					
Return to lifetime ECL (Bucket 2) from 12 month ECL (Bucket 1)	473	(3)	(473)	3					
Transfer to lifetime ECL impaired (Bucket 3)	(81)		(7)	2	88	(31)		(29)	
Return from lifetime ECL impaired (Bucket 3) to lifetime ECL (Bucket 2) / 12-month ECL (Bucket 1)	2				(2)				
Total after transfer	**49,048**	**(12)**	**3,390**	**(37)**	**609**	**(137)**	**53,047**	**(186)**	**52,861**
Changes in commitments and loss allowances	**(2,337)**	**(2)**	**(535)**	**9**	**(305)**	**45**	**(3,177)**	**52**	
New commitments given	16,039	(11)	456	(19)			16,495	(30)	
End of commitments	(19,165)	11	(1,158)	28	(298)	90	(20,621)	129	
Write-off						1		1	
Changes of cash flows resulting in restructuring due to financial difficulties									
Changes in models' credit risk parameters during the period						(46)		(46)	
Changes in model / methodology									
Transfers in non-current assets held for sale and discontinued operations									
Other	789	(2)	167		(7)		949	(2)	
Balance at 31 december 2018	**46,711**	**(14)**	**2,855**	**(28)**	**304**	**(92)**	**49,870**	**(134)**	**49,736**

▶ **Impairment deducted from financial assets at 31 december 2017**

€ million	31.12.2016	Changes in scope	Depreciation	Reversals and utilisations	Translation adjust-ments	Other movements	31.12.2017
Loans and receivables due from credit institutions	431		1	(5)	(41)	(3)	383
Loans and receivables due from customers	3,686		664	(968)	(296)	(10)	3,076
Of which collective impairment	1,357		2	(297)	(111)		951
Finance leases							
Held-to-maturity securities							
Available-for-sale financial assets	311		3	(61)	(12)	2	243
Other financial assets	77		14	(35)	(5)	(16)	35
Total impairment of financial assets	**4,505**		**682**	**(1,069)**	**(354)**	**(27)**	**3,737**

3.1.1 MAXIMUM EXPOSURE TO CREDIT RISK

The maximum exposure to credit risk of an entity corresponds to the carrying amount, net of any loss of recorded value and not taking account of assets held as collateral or other credit enhancements (for example, offsetting agreements which do not meet the offset-ting conditions according to IAS 32).

The tables below present maximum exposures and the amount of assets held as collateral and other credit enhancement techniques which make it possible to reduce this exposure.

Assets impaired at the reporting date correspond to impaired assets (Bucket 3).

▶ **Financial assets not subject to impairment requirements (accounted at fair value through profit or loss)**

	31.12.2018					
		Credit risk mitigation				
		Collateral held as security			Other credit enhance-ment	
€ million	Maximum exposure to credit risk	Financial in-struments pro-vided as col-lateral	Mortgages	Pledged securities	Financial guarantees	Credit de-rivatives
Financial assets at fair value through profit or loss (exclud-ing equity securities and as-sets backing unit-linked con-tracts)	**237,896**		**1,906**	**472**	**35**	
Financial assets held for trad-ing	237,783			383		
Debt instruments that do not meet the conditions of the “SPPI” test	113		1,906	89	35	
Financial assets designated at fair value through profit or loss						
Hedging derivative Instruments	**965**			**506**		
Total	**238,861**		**1,906**	**978**	**35**	

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Financial assets subject to impairment requirements

	31.12.2018					
		Credit risk mitigation				
		Collateral held as security			Other credit enhance-ment	
€ million	Maximum exposure to credit risk	Financial in-struments provided as col-lateral	Mortgages	Pledged securities	Financial guarantees	Credit derivatives
Financial assets at fair value through other comprehen-sive income that may be re-classified to profit or loss	**9,700**					
of which impaired assets at the reporting date						
Loans and receivables due from credit institutions						
of which impaired assets at the reporting date						
Loans and receivables due from customers						
of which impaired assets at the reporting date						
Debt securities	**9,700**					
of which impaired assets at the reporting date						
Financial assets at amortised cost	**181,355**		**36,256**	**2,512**	**28,939**	**387**
of which impaired assets at the reporting date	1,502		674		204	
Loans and receivables due from credit institutions	**19,156**			**137**	**3,473**	
of which impaired assets at the reporting date	20				47	
Loans and receivables due from customers	**134,302**		**36,256**	**2,375**	**25,466**	**387**
of which impaired assets at the reporting date	1,469		674		157	
Debt securities	**27,897**					
of which impaired assets at the reporting date	12					
Total	**191,055**		**36,256**	**2,512**	**28,939**	**387**
of which impaired assets at the reporting date	1,502		674		204	

Engagements hors bilan soumis aux exigences de dépréciation

	31.12.2018					
		Credit risk mitigation				
		Collateral held as security			Other credit enhance-ment	
€ million	Maximum exposure to credit risk	Financial in-struments pro-vided as col-lateral	Mortgages	Pledged securities	Financial guarantees	Credit derivatives
Guarantee commitments	**49,736**			**205**	**2,454**	**4**
of which provisioned com-mitments at the reporting date	213			24	9	
Financing commitments	**129,182**		**101**	**334**	**11,735**	**4,409**
of which provisioned com-mitments at the reporting date	31				1	
Total	**178,918**		**101**	**539**	**14,189**	**4,413**
of which provisioned com-mitments at the reporting date	244			24	10	

A description of the assets held as collateral is presented in note 8. “Financing and guarantee commitments and other guarantees”.

◆ Maximum exposure to credit risk at 31 december 2017

An entity's maximum exposure to credit risk is the gross carrying amount, net of any offset amount and any recognised loss of value.

€ million	31.12.2017
Financial assets at fair value through profit or loss (excluding equity securities and assets backing unit-linked contracts)	233,516
Hedging derivative instruments	1,101
Available-for-sale financial assets (excluding equity securities)	25,753
Loans, receivables and security deposits due from credit institutions (excluding Crédit Agricole internal transactions)	40,532
Loans, receivables and security deposits due from customers	140,661
Exposure to on-balance sheet commitments (net of impairment losses)	**441,563**
Financing commitments given (excluding Crédit Agricole internal operations)	114,729
Financial guarantee commitments given (excluding Crédit Agricole internal operations)	53,047
Provisions - Financing commitments	(221)
Exposure to off-balance sheet financing commitments (net of provisions)	**167,555**
Maximum exposure to Credit Risk	**609,118**

Guarantees and other credit enhancements amount to:

€ million	31.12.2017
Loans and receivables due from credit institutions (excluding Crédit Agricole internal transactions)	2,216
Loans and receivables due from customers	70,405
Financing commitments given (excluding Crédit Agricole internal operations)	12,000
Guarantee commitments given (excluding Crédit Agricole internal operations)	1,881
Total	**86,502**

An analysis of risk by type of concentration provides information on diversification of risk exposure.

3.1.2 CONCENTRATIONS OF CREDIT RISK

The carrying amounts and commitments are presented net of impairment and provisions.

Exposure to credit risk by category of Credit risk

The categories of credit risk are presented by intervals of likelihood of default. The correspondence between the internal ratings and the intervals of likelihood of default is set out in the chapter "Risk factors and pillar 3 – Credit risk management" of the Crédit Agricole CIB reference document.

Financial assets at amortised cost

		31.12.2018			
		Carrying amount			
		Performing assets			
€ million	Credit risk rating grades	Assets subject to 12 month ECL (Bucket 1)	Assets subject to lifetime ECL (Bucket 2)	Credit-impaired assets (Bucket 3)	Total
Corporate customers [1]	PD ≤ 0,6%	120,857	5,284		126,141
	0,6% < PD ≤ 12%	35,536	5,670		41,206
	12% < PD < 100%		1,135		1,135
	PD = 100%			3,563	3,563
Total corporate customers		**156,393**	**12,089**	**3,563**	**172,045**
Non-corporate customers [2]	PD ≤ 0,5%	10,639	40		10,679
	0,5% < PD ≤ 2%	398	3		401
	2% < PD ≤ 20%	493	32		525
	20% < PD < 100%	366			366
	PD = 100%			100	100
Total non-corporate customers		**11,896**	**75**	**100**	**12,071**
Impairment		(151)	(433)	(2,161)	(2,745)
Total		**168,138**	**11,731**	**1,502**	**181,371**

(1) Corporate clients include general government, credit institutions, central banks, financial firms and other non-financial businesses
(2) The non-corporate clients correspond to professional clients, small businesses and households mainly related to the activity of the private bank.

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

		31.12.2018			
		Carrying amount			
		Performing assets			
€ million	Credit risk rating grades	Assets subject to 12 month ECL (Bucket 1)	Assets subject to lifetime ECL (Bucket 2)	Credit-impaired assets (Bucket 3)	Total
Corporate customers [1]	PD ≤ 0,6%	9,572			9,572
	0,6% < PD ≤ 12%	128			128
	12% < PD < 100%				
	PD = 100%				
Total corporate customers		**9,700**			**9,700**
Non-corporate customers [2]	PD ≤ 0,5%				
	0,5% < PD ≤ 2%				
	2% < PD ≤ 20%				
	20% < PD < 100%				
	PD = 100%				
Total non-corporate customers					**9,700**
Total		**9,700**			**9,700**

(1) Corporate clients include general government, credit institutions, central banks, financial firms and other non-financial businesses
(2) The non-corporate clients correspond to professional clients, small businesses and households mainly related to the activity of the private bank.

Financing commitments

		31.12.2018			
		Amount of commitment			
		Performing commitments			
€ million	Credit risk rating grades	Commitments subject to 12-month ECL	Commitments subject to lifetime ECL (Bucket 2)	Provisioned commitments (Bucket 3)	Total
Corporate customers [1]	PD ≤ 0,6%	(Bucket 1)	Commitments sub-ject to lifetime ECL		122,254
	0,6% < PD ≤ 12%	(Bucket 2)	535		5,294
	12% < PD < 100%		30		30
	PD = 100%			34	34
Total corporate customers		**124,062**	**3,516**	**34**	**127,612**
Non-corporate customers [2]	PD ≤ 0,5%	1,809			1,809
	0,5% < PD ≤ 2%				
	2% < PD ≤ 20%				
	20% < PD < 100%				
	PD = 100%				
Total non-corporate customers		**1,809**			**1,809**
Provisions [3]		**(76)**	**(160)**	**(3)**	**(239)**
Total		**125,795**	**3,356**	**31**	**129,182**

(1) Corporate clients include general government, credit institutions, central banks, financial firms and other non-financial businesses.
(2) The non-corporate clients correspond to professional clients, small businesses and husehold mainly related to the activity of the private bank.
(3) Expected or recorded losses in respect of off-balance sheet commitments are covered by provisions recognised as liabilities.

Guarantee commitments

		31.12.2018			
		Amount of commitment			
		Performing commitments			
€ million	Credit risk rating grades	Commitments subject to 12 month ECL	Commitments subject to lifetime ECL (Bucket 2)	Provisioned commitments (Bucket 3)	Total
Corporate customers [1]	PD ≤ 0,6%	45,260	2,138		47,398
	0,6% < PD ≤ 12%	737	712		1,449
	12% < PD < 100%		4		4
	PD = 100%			305	305
Total corporate customers		**45,997**	**2,854**	**305**	**49,156**
Non-corporate customers [2]	PD ≤ 0,5%	713			713
	0,5% < PD ≤ 2%				
	2% < PD ≤ 20%				
	20% < PD < 100%				
	PD = 100%				
Total non-corporate customers		**713**			**713**
Provisions [3]		**(14)**	**(27)**	**(92)**	**(133)**
Total		**46,696**	**2,827**	**213**	**49,736**

(1) Corporate clients include general government, credit institutions, central banks, financial firms and other non-financial businesses.
(2) The non-corporate clients correspond to professional clients, small businesses and husehold mainly related to the activity of the private bank.
(3) Expected or recorded losses in respect of off-balance sheet commitments are covered by provisions recognised as liabilities.

3.1.3 CREDIT RISK CONCENTRATIONS BY CUSTOMER TYPE

Financial assets at amortised cost by customer type

	31.12.2018			
	Carrying amount			
	Performing assets			
€ million	Assets subject to 12 month ECL (Bucket 1)	Assets subject to life time ECL (Bucket 2)	Credit-impaired assets (Bucket 3)	Total
General administration	15,027	87	83	15,197
Central banks	2,327			2,327
Credit institutions	22,152	54	411	22,617
Large corporates	116,889	11,947	3,069	131,905
Retail customers	11,896	75	100	12,071
Impairment	(151)	(434)	(2,161)	(2,746)
Total	**168,140**	**11,729**	**1,502**	**181,371**

Financial assets at fair value through recyclable equity, by customer type

	31.12.2018			
	Carrying amount			
	Performing assets			
€ million	Assets subject to 12 month ECL (Bucket 1)	Assets subject to lifetime ECL (Bucket 2)	Credit-impaired assets (Bucket 3)	Total
General administration	5,714			5,714
Central banks				
Credit institutions	3,274			3,274
Large corporates	712			712
Retail customers				
Total	**9,700**			**9,700**

Due to customers by customer type

€ million	31.12.2018	31.12.2017
General administration	13,493	12,768
Large corporates	89,691	76,673
Retail customers	20,326	17,518
Total amount due to customers	**123,510**	**106,960**

▶ Financing commitments by customer type

	31.12.2018			
	Amount of commitment			
	Performing commitments			
€ million	Commitments sub-ject to 12 month ECL (Bucket 1)	Commitments subject to lifetime ECL (Bucket 2)	Provisioned commitments (Bucket 3)	Total
General administration	3,943	1		3,944
Central banks	641			641
Credit institutions	20,382			20,382
Large corporates	99,096	3,515	34	102,645
Retail customers	1,809			1,809
Provisions (1)	(76)	(160)	(3)	(239)
Total	**125,795**	**3,356**	**31**	**129,182**

(1) Expected or recorded losses in respect of off-balance sheet commitments are covered by provisions recognised as liabilities.

▶ Garantee commitments by customer type

	31.12.2018			
	Amount of commitment			
	Performing commitments			
€ million	Commitments subject to 12 month ECL (Bucket 1)	Commitments subject to lifetime ECL (Bucket 2)	Provisioned commitments (Bucket 3)	Total
General administration	46	6		52
Central banks	568			568
Credit institutions	6,353	25		6,378
Large corporates	39,030	2,823	305	42,158
Retail customers	713			713
Provisions (1)	(14)	(27)	(92)	(133)
Total	**46,696**	**2,827**	**213**	**49,736**

(1) Expected or recorded losses in respect of off-balance sheet commitments are covered by provisions recognised as liabilities.

▶ Loans and receivables due from credit institutions and due from customers by type at 31 December 20177

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

(1)) Of which restructured outstandings for €4,824 million.

Commitments given to customers by customer type at 31 December 2017

€ million	31.12.2017
Financing commitments given to customers	
General administration	1,801
Large corporates	90,107
Retail customers	1,176
Total loan commitments	**93,084**
Guarantee commitments given to customers	
General administration	3
Large corporates	46,189
Retail customers	684
Total guarantee commitments	**46,876**

3.1.4 CREDIT RISK CONCENTRATIONS BY GEOGRAPHICAL AREA

Financial assets at amortised cost by geographical area

	31.12.2018			
	Carrying amount			
	Performing assets			
€ million	Assets subject to 12 month ECL (Bucket 1)	Assets subject to lifetime ECL (Bucket 2)	Credit-impaired assets (Bucket 3)	Total
France (including overseas departments and territories)	38,544	1,466	537	40,547
Other European Union coun-tries	39,688	2,775	886	43,349
Other European countries	12,572	922	203	13,697
North America	30,156	854	121	31,131
Central and South America	8,699	1,573	708	10,980
Africa and Middle East	8,590	1,570	895	11,055
Asia-Pacific (ex. Japan)	24,151	2,716	313	27,180
Japan	4,738	288		5,026
Supranational organisations	1,152			1,152
Impairment	(151)	(434)	(2,161)	(2,746)
Total	**168,139**	**11,730**	**1,502**	**181,371**

Financial assets at fair value through recyclable equity, by geographic area

	31.12.2018			
	Carrying amount			
	Performing assets			
€ million	Assets subject to 12 month ECL (Bucket 1)	Assets subject to lifetime ECL (Bucket 2)	Credit-impaired assets (Bucket 3)	Total
France (including overseas departments and territories)	2,833			2,833
Other European Union coun-tries	3,100			3,100
Other European countries	459			459
North America	1,357			1,357
Central and South America				
Africa and Middle East	28			28
Asia-Pacific (ex. Japan)	300			300
Japan	286			286
Supranational organisations	1,337			1,337
Total	**9,700**			**9,700**

3.1.5 DUE TO CUSTOMERS BY GEOGRAPHICAL AREA

€ million	31.12.2018	31.12.2017
France (including overseas departments and territories)	22,697	23,803
Other European Union countries	38,377	31,938
Other European countries	12,708	9,623
North America	13,669	12,257
Central and South America	3,899	5,012
Africa and Middle East	5,824	6,146
Asia-Pacific (ex. Japan)	12,630	10,359
Japan	13,622	7,584
Supranational organisations	84	238
Total amount due to customers	**123,510**	**106,960**

▶ Financing commitments by geographical area

	31.12.2018			
	Amount of commitment			
	Performing commitments			
€ million	Commitments sub-ject to 12 month ECL (Bucket 1)	Commitments subject to lifetime ECL (Bucket 2)	Provisioned commitments (Bucket 3)	Total
France (including overseas departments and territories)	39,697	435	2	40,134
Other European Union coun-tries	35,327	1,216	5	36,548
Other European countries	5,175	224	11	5,410
North America (1)	26,576	1,159	13	27,748
Central and South America	3,158	149		3,307
Africa and Middle East	4,955	131	3	5,089
Asia-Pacific (ex. Japan)	7,393	202		7,595
Japan	3,590			3,590
Supranational organisations				
Provisions (1)	(76)	(160)	(3)	(239)
Total	**125,795**	**3,356**	**31**	**129,182**

(1) Expected or recorded losses in respect of off-balance sheet commitments are covered by provisions recognised as liabilities.

▶ Garantee commitments by geographical area

	31.12.2018			
	Amount of commitment			
	Performing commitments			
€ million	Commitments sub-ject to 12 month ECL (Bucket 1)	Commitments subject to lifetime ECL (Bucket 2)	Provisioned commitments (Bucket 3)	Total
France (including overseas departments and territories)	10,066	283	36	10,385
Other European Union coun-tries	12,215	1,020	172	13,407
Other European countries	4,095	632		4,727
North America	9,821	312	24	10,157
Central and South America	1,344	18	31	1,393
Africa and Middle East	2,492	58	42	2,592
Asia-Pacific (ex. Japan)	5,122	298		5,420
Japan	1,555	233		1,788
Supranational organisations				
Provisions (1)	(14)	(27)	(92)	(133)
Total	**46,696**	**2,827**	**213**	**49,736**

(1) Expected or recorded losses in respect of off-balance sheet commitments are covered by provisions recognised as liabilities.

Loans and receivables due from credit institutions and due from customers by geographical area at 31 december 2017

	31.12.2017				
€ million	Gross out-standing	of which gross loans and receivables individually impaired	Individual impairment	Collective impairment	Total
France (including overseas de-partments and territories)	43,740	591	(300)	(88)	43,352
Other European Union countries	36,751	1,171	(508)	(274)	35,969
Other European countries	11,380	263	(185)	(65)	11,130
North America	24,873	151	(52)	(246)	24,575
Central and South America	11,567	963	(755)	(59)	10,753
Africa and Middle East	9,472	755	(553)	(100)	8,819
Asia-Pacific (excluding Japan)	23,751	426	(155)	(115)	23,481
Japan	3,233	19		(4)	3,229
Total loans and receivables due from credit institutions and due from customers	**164,767**	**4,339**	**(2,508)**	**(951)**	**161,308**

Commitments given to customers: geographical analysis at 31 december 2017

€ million	31.12.2017
Financing commitments given to customers	
France (including overseas departments and territories)	26,420
Other European Union countries	27,661
Other European countries	4,049
North America	19,524
Central and South America	5,689
Africa and Middle East	2,865
Asia-Pacific (excluding Japan)	5,900
Japan	976
Total financing Commitments	**93,084**
Guarantee commitments given to customers	
France (including overseas departments and territories)	17,410
Other European Union countries	11,185
Other European countries	3,286
North America	7,496
Central and South America	1,118
Africa and Middle East	794
Asia-Pacific (excluding Japan)	3,914
Japan	1,673
Total guarantee Commitments	**46,876**

3.2 Market risk

3.2.1 DERIVATIVE INSTRUMENTS: ANALYSIS BY REMAINING MATURITY

The breakdown of market values of derivative instruments is shown by remaining contractual maturity.

Hedging derivative instruments - Fair value of assets

	31.12.2018						
	Exchange-traded transactions			Over-the-counter transactions			
€ million	≤ 1 year	> 1 year to ≤ 5 years	> 5 years	≤ 1 year	> 1 year to ≤ 5 years	> 5 years	Total market value
Interest rate instruments				**605**	**72**	**28**	**705**
Futures							
FRAs							
Interest rate swaps				605	72	28	705
Interest rate options							
Caps - floors - collars							
Other options							
Currency instruments				**45**	**1**		**46**
Currency futures				45	1		46
Currency options							
Other instruments				**46**			**46**
Other				46			46
Subtotal				**696**	**73**	**28**	**797**
Forward currency transactions				168			168
Total fair value of hedging derivatives - Assets				**864**	**73**	**28**	**965**

	31.12.2017						
	Exchange-traded transactions			Over-the-counter transactions			
€ million	≤ 1 year	> 1 year to ≤ 5 years	> 5 years	≤ 1 year	> 1 year to ≤ 5 years	> 5 years	Total market value
Interest rate instruments				**625**	**14**	**8**	**647**
Futures							
FRAs							
Interest rate swaps				625	14	8	647
Interest rate options							
Caps - floors - collars							
Other options							
Currency and gold instruments				**132**	**12**		**144**
Currency futures				128	12		140
Currency options				4			4
Other instruments				**73**			**73**
Equity and index derivatives				73			73
Precious metals derivatives							
Commodity derivatives							
Credit derivatives							
Others							
Subtotal				**830**	**26**	**8**	**864**
Forward currency transactions				237			237
Total fair value of hedging derivatives - Assets				**1,067**	**26**	**8**	**1,101**

Hedging derivative instruments – fair value of liabilities

	31.12.2018						
	Exchange-traded transactions			Over-the-counter transactions			
€ million	≤ 1 year	> 1 year to ≤ 5 years	> 5 years	≤ 1 year	> 1 year to ≤ 5 years	> 5 years	Total market value
Interest rate instruments				**594**	**60**	**34**	**688**
Futures							
FRAs							
Interest rate swaps				594	60	34	688
Interest rate options							
Caps - floors - collars							
Other options							
Currency instruments				**85**			**85**
Currency futures				85			85
Currency options							
Other instruments				**65**			**65**
Other				65			65
Subtotal				**744**	**60**	**34**	**838**
Forward currency transactions				229			229
Total fair value of hedging derivatives - Liabilities				**973**	**60**	**34**	**1,067**

	31.12.2017						
	Exchange-traded transactions			Over-the-counter transactions			
€ million	≤ 1 year	> 1 year to ≤ 5 years	> 5 years	≤ 1 year	> 1 year to ≤ 5 years	> 5 years	Total market value
Interest rate instruments				**604**	**25**	**2**	**631**
Futures							
FRAs							
Interest rate swaps				603	25	2	630
Interest rate options							
Caps - floors - collars							
Other options				1			1
Currency and gold instruments				**140**	**7**		**147**
Currency futures				136	7		143
Currency options				4			4
Other instruments				**35**			**35**
Equity and index derivatives				35			35
Precious metals derivatives							
Commodity derivatives							
Credit derivatives							
Others							
Subtotal				**779**	**32**	**2**	**813**
Forward currency transactions				182	10		192
Total fair value of hedging derivatives - Liabilities				**961**	**42**	**2**	**1,005**

Derivative instruments held for trading – Fair value of assets

	31.12.2018						
	Exchange-traded transactions			Over-the-counter transactions			
€ million	≤ 1 year	> 1 year to ≤ 5 years	> 5 years	≤ 1 year	> 1 year to ≤ 5 years	> 5 years	Total market value
Interest rate instruments	**687**	**1,460**	**2,207**	**3,070**	**22,673**	**51,374**	**81,471**
Futures	674	1,458	2,207				4,339
FRAs				3			3
Interest rate swaps				2,451	18,934	39,316	60,701
Interest rate options				160	1,948	10,732	12,840
Caps - floors - collars				456	1,791	1,326	3,573
Other options	13	2					15
Currency	**29**			**3,997**	**2,483**	**2,703**	**9,212**
Currency futures	29			2,935	1,610	2,230	6,804
Currency options				1,062	873	473	2,408
Other instruments	**563**	**245**	**51**	**1,445**	**2,760**	**387**	**5,451**
Equity and index derivatives	563	245	51	833	2,759	349	4,800
Precious metal derivatives				30	1		31
Commodities derivatives							
Credit derivatives				528		35	563
Other				54		3	57
Subtotal	**1,279**	**1,705**	**2,258**	**8,512**	**27,916**	**54,464**	**96,134**
Forward currency transactions				10,813	1,156	49	12,018
Total fair value of transaction derivatives - Assets	**1,279**	**1,705**	**2,258**	**19,325**	**29,072**	**54,513**	**108,152**

	31.12.2017						
	Exchange-traded transactions			Over-the-counter transactions			
€ million	≤ 1 year	> 1 year to ≤ 5 years	> 5 years	≤ 1 year	> 1 year to ≤ 5 years	> 5 years	Total market value
Interest rate instruments	**175**	**1,022**	**1,812**	**8,237**	**23,131**	**60,675**	**95,052**
Futures	168	1,020	1,812				3,000
FRAs				258	95		353
Interest rate swaps				7,191	19,251	45,051	71,493
Interest rate options				148	1,638	14,242	16,028
Caps - floors - collars				640	2,147	1,382	4,169
Other options	7	2					9
Currency	**15**			**3,454**	**3,007**	**2,407**	**8,883**
Currency futures	3			3,039	2,027	1,605	6,674
Currency options	12			415	980	802	2,209
Other instruments	**86**	**221**	**49**	**1,256**	**1,722**	**300**	**3,634**
Equity and index derivatives	85	221	49	1,189	1,354	221	3,119
Precious metal derivatives	1			5		21	27
Commodities derivatives							
Credit derivatives				62	368	58	488
Subtotal	**276**	**1,243**	**1,861**	**12,947**	**27,860**	**63,382**	**107,569**
Forward currency transactions				11,502	1,762	114	13,378
Total fair value of transaction derivatives - Assets	**276**	**1,243**	**1,861**	**24,449**	**29,622**	**63,496**	**120,947**

Derivative instruments held for trading – Fair value of liabilities

	31.12.2018						
	Exchange-traded transactions			Over-the-counter transactions			
€ million	≤ 1 year	> 1 year to ≤ 5 years	> 5 years	≤ 1 year	> 1 year to ≤ 5 years	> 5 years	Total market value
Interest rate instruments	**739**	**1,113**	**2,077**	**3,197**	**23,377**	**50,961**	**81,464**
Futures	732	1,112	2,077				3,921
FRAs							
Interest rate swaps				2,914	19,892	38,098	60,904
Interest rate options				132	1,608	10,795	12,535
Caps - floors - collars				150	1,877	2,068	4,095
Other options	7	1		1			9
Currency	**103**			**3,492**	**2,229**	**2,299**	**8,123**
Currency futures	103			2,457	1,931	1,920	6,411
Currency options				1,035	298	379	1,712
Other instruments	**251**	**518**	**190**	**1,382**	**1,256**	**219**	**3,816**
Equity and index derivatives	251	518	190	502	1,174	178	2,813
Precious metal derivatives				40			40
Commodities derivatives							
Credit derivatives				760	82	41	883
Other				80			80
Subtotal	**1,093**	**1,631**	**2,267**	**8,071**	**26,862**	**53,479**	**93,403**
Forward currency transactions				11,442	1,917	16	13,375
Total fair value of transaction derivatives - Liabilities	**1,093**	**1,631**	**2,267**	**19,513**	**28,779**	**53,495**	**106,778**

	31.12.2017						
	Exchange-traded transactions			Over-the-counter transactions			
€ million	≤ 1 year	> 1 year to ≤ 5 years	> 5 years	≤ 1 year	> 1 year to ≤ 5 years	> 5 years	Total market value
Interest rate instruments	**136**	**799**	**1,396**	**8,832**	**25,486**	**60,638**	**97,287**
Futures	135	796	1,396				2,327
FRAs				263	89		352
Interest rate swaps				8,055	21,308	43,921	73,284
Interest rate options				115	1,686	14,576	16,377
Caps - floors - collars				397	2,403	2,141	4,941
Other options	1	3		2			6
Currency and gold instruments	**34**			**3,631**	**2,332**	**1,966**	**7,963**
Currency futures				2,860	2,052	1,414	6,326
Currency options	34			771	280	552	1,637
Other instruments	**93**	**189**	**59**	**784**	**1,582**	**255**	**2,962**
Equity and index derivatives	86	189	59	573	987	209	2,103
Precious metal derivatives	7			3	1	16	27
Commodities derivatives							
Credit derivatives and others				208	594	30	832
Subtotal	**263**	**988**	**1,455**	**13,247**	**29,400**	**62,859**	**108,212**
Forward currency transactions				11,855	2,578	81	14,514
Total fair value of transaction derivatives - Liabilities	**263**	**988**	**1,455**	**25,102**	**31,978**	**62,940**	**122,726**

3.2.2 DERIVATIVE INSTRUMENTS: TOTAL COMMITMENTS

€ million	31.12.2018	31.12.2017
Interest rate instruments	**10,899,580**	**11,022,373**
Futures	2,630,775	7,295,162
FRAs	2,180	670
Interest rate swaps	6,885,811	2,419,149
Interest rate options	719,241	704,976
Caps - floors - collars	464,620	450,851
Other options	196,953	151,565
Currency	**568,626**	**3,141,448**
Currency futures	281,767	2,709,103
Currency options	286,859	432,345
Other instruments	**82,446**	**84,110**
Equity and index derivatives	45,574	51,074
Precious metal derivatives	4,433	861
Commodities derivatives	5	
Credit derivatives	29,196	32,175
Other	3,238	
Subtotal	**11,550,652**	**14,247,931**
Forward currency transactions	1,817,503	976,784
Total notional amount	**13,368,155**	**15,224,715**

3.3 Liquidity and financing risk

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

3.3.1 LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS AND DUE FROM CUSTOMERS BY RESIDUAL MATURITY

	31.12.2018					
€ million	≤ 3 months	> 3 months to ≤ 1 year	> 1 year to ≤ 5 years	> 5 years	Indefinite	Total
Loans and receivables due from credit institutions (including Crédit Agricole inter-nal transactions)	9,701	3,281	2,544	4,042		19,568
Loans and receivables due from custom-ers (including finance leases)	49,667	14,679	51,183	21,106		136,635
Total	**59,368**	**17,960**	**53,727**	**25,148**		**156,203**
Impairment						**(2,729)**
Total loans and receivables due from credit institutions and from customers	**59,368**	**17,960**	**53,727**	**25,148**		**153,474**

	31.12.2017					
€ million	≤ 3 months	> 3 months to ≤ 1 year	> 1 year to ≤ 5 years	> 5 years	Indefinite	Total
Loans and receivables due from credit institutions (including Crédit Agricole inter-nal transactions)	13,303	9,031	2,300	2,018		26,652
Loans and receivables due from custom-ers (including finance leases)	56,270	14,535	45,893	21,417		138,115
Total	**69,573**	**23,566**	**48,193**	**23,435**		**164,767**
Impairment						**(3,459)**
Total loans and receivables due from credit institutions and from customers						**161,308**

Due to credit institutions and to customers by residual maturity

	31.12.2018					
€ million	≤ 3 months	> 3 months to ≤ 1 year	> 1 year to ≤ 5 years	> 5 years	Indefinite	Total
Due to credit institutions (including Crédit Agricole internal transactions)	24,157	7,188	11,547	4,410		47,302
Due to customers	101,109	12,195	9,588	618		123,510
Total amount due to credit institutions and to customers	**125,266**	**19,383**	**21,135**	**5,028**		**170,812**

	31.12.2017					
€ million	≤ 3 months	> 3 months to ≤ 1 year	> 1 year to ≤ 5 years	> 5 years	Indefinite	Total
Due to credit institutions (including Crédit Agricole internal transactions)	18,702	7,223	13,966	4,111		44,002
Due to customers	101,278	4,382	967	333		106,960
Total amount due to credit institutions and to customers	**119,980**	**11,605**	**14,933**	**4,444**		**150,962**

Debt securities and subordinated debt

	31.12.2018					
€ million	≤ 3 months	> 3 months to ≤ 1 year	> 1 year to ≤ 5 years	> 5 years	Indefinite	Total
Debt securities						
Interest bearing notes						
Interbank securities						
Negotiable debt securities	37,630	10,700	923	27		49,280
Bonds			1,662	599		2,261
Other debt securities						
Total debt securities	**37,630**	**10,700**	**2,585**	**626**		**51,541**
Subordinated debt						
Dated subordinated debt				2,989		2,989
Undated subordinated debt	1			1,969		1,970
Mutual security deposits						
Participating securities and loans						
Total subordinated debt	**1**			**4,958**		**4,959**

	31.12.2017					
€ million	≤ 3 months	> 3 months to ≤ 1 year	> 1 year to ≤ 5 years	> 5 years	Indefinite	Total
Debt securities						
Interest bearing notes						
Interbank securities						
Negotiable debt securities	37,051	9,424	233	30		46,738
Bonds			650	587	2	1,239
Other debt securities						
Total debt securities	**37,051**	**9,424**	**883**	**617**	**2**	**47,977**
Subordinated debt						
Dated subordinated debt				2,670		2,670
Undated subordinated debt	1			2,477		2,478
Mutual security deposits						
Participating securities and loans						
Total subordinated debt	**1**			**5,147**		**5,148**

3.3.2 FINANCIAL GUARANTEES AT RISK GIVEN BY EXPECTED MATURITY

The amounts presented correspond to the expected amount of the call of financial guarantees at risk, i.e. guarantees that have been impaired or are on a watch-list.

	31.12.2018					
€ million	≤ 3 months	> 3 months to ≤1 year	> 1 year to ≤ 5 years	> 5 years	Indefinite	Total
Financial guarantees given		100	9	1		110

	31.12.2017					
€ million	≤ 3 months	> 3 months to ≤ 1 year	> 1 year to ≤ 5 years	> 5 years	Indefinite	Total
Financial guarantees given		106	15			121

The remaining contractual maturities of derivative instruments are shown in Note 3.2 “Market risk”.

3.4 Hedge accounting

(See chapter “Risk factors – Balance sheet management”)

3.4.1 FAIR VALUE HEDGES

A fair value hedge modifies the risk caused by changes in the fair value of a fixed-rate financial instrument as a result of changes in interest rates. Fair value hedges transform fixed-rate assets or liabilities into floating-rate assets or liabilities.

The fair value hedges concern principally fixed-rate loans, securities, deposits and subordinated debt.

3.4.2 CASH FLOW HEDGES

A cash flow hedge modifies the risk related to variability in cash flows arising from floating-rate financial instruments.

Items hedged are principally floating-rate loans and deposits

3.4.3 HEDGE OF A NET INVESTMENT IN FOREIGN CURRENCY

A hedge of a net investment in foreign currency modifies the risk inherent in exchange rate fluctuations connected with foreign currency investments in subsidiaries.

Hedging derivative instruments

	31.12.2018			31.12.2017		
	Market value		Notional amount	Market value		Notional amount
€ million	Positive	Negative		Positive	Negative	
Fair value hedges	**498**	**809**	**71,040**	**566**	**827**	**31,937**
Interest rate	360	603	47,283	247	552	17,352
Foreign exchange	138	206	23,757	319	275	29,170
Other						
Cash flow hedges	**459**	**210**	**41,426**	**510**	**159**	**16,807**
Interest rate	345	84	18,597	400	79	16,001
Foreign exchange	68	61	22,689	73	35	159
Other	46	65	140	37	45	647
Hedges of net investments in foreign operations	**8**	**48**	**2,163**	**25**	**19**	**2,908**
Total hedging derivative instruments	**965**	**1,067**	**114,629**	**1,101**	**1,005**	**66,237**

3.4.4 DERIVATIVE INSTRUMENTS: ANALYSIS BY REMAINING MATURITY (NOTIONALS)

The breakdown of notionals values of derivative instruments is shown by remaining contractual maturity.

	31.12.2018						
	Exchange-traded transactions			Over-the-counter transactions			
€ million	≤ 1 year	> 1 year to ≤ 5 years	> 5 years	≤ 1 year	> 1 year to ≤ 5 years	> 5 years	Total notionnel
Interest rate instruments				**54,701**	**8,646**	**2,533**	**65,880**
Futures							
FRAs							
Interest rate swaps				54,701	8,646	2,532	65,879
Interest rate options							
Caps - floors - collars						1	1
Other options							
Currency				**8,911**	**139**		**9,050**
Currency futures				8,911	139		9,050
Currency options							
Other instruments				**140**			**140**
Other				140			140
Subtotal				**63,752**	**8,785**	**2,533**	**75,070**
Forward currency transactions				39,445	114		39,559
Total notional of hedging derivatives				**103,197**	**8,899**	**2,533**	**114,629**

Note "3.2 Market risk - Derivative instruments: Analysis by remaining maturity" presents the breakdown of market values of hedging derivatives by remaining contractual maturity.

3.4.5 FAIR VALUE HEDGE

Hedging derivative instruments

	31.12.2018			
	Carrying amount			
€ million	Assets	Liabilities	Changes in fair value during the period (including end of hedges during the period)	Notional Amount
Fair value hedges				
Exchange-traded			**(1)**	
Interest rate			(1)	
Futures			(1)	
Options				
Foreign exchange				
Futures				
Options				
Other				
Over-the-counter markets	**454**	**788**	**103**	**65,980**
Interest rate	316	582	63	42,223
Futures	316	582	63	42,222
Options				1
Foreign exchange	138	206	40	23,757
Futures	138	206	40	23,757
Options				
Other				
Total Fair value microhedging	**454**	**788**	**102**	**65,980**
Fair value hedges of the interest rate exposure of a portfolio of financial instruments	44	21	(7)	5,060
Total fair value hedges	**498**	**809**	**95**	**71,040**

Variations in the fair value of hedging derivatives are entered under “Net gains (losses) on financial instruments at fair value through profit and loss” on the income statement.

Hedged items

	31.12.2018			
	Present hedges		Ended hedges	
€ million	Carrying amount	of which accumulated fair value hedge adjustments	Accumulated fair value hedge adjustments to be adjusted for hedging remaining to be amortised	Fair value hedge adjustments during the period (including termination of hedges during the period)
Debt instruments at fair value through other comprehensive income that may be reclassified to profit or loss	**9,845**	**48**		**(48)**
Interest rate	9,795	48		(48)
Foreign exchange	50			
Other				
Debt instruments at amortised cost	**39,404**	**114**		**68**
Interest rate	23,562	110		(2)
Foreign exchange	15,843	4		70
Other				
Total fair value hedges on assets items	**49,249**	**162**		**20**
Debt instruments at amortised cost	**15,480**	**169**		**122**
Interest rate	8,320	70		(21)
Foreign exchange	7,160	99		143
Other				
Total fair value hedges on liabilities items	**15,480**	**169**		**122**

The fair value of hedged portions of financial instruments micro-hedged in fair value is recognised under the balance sheet item to which it belongs. The variations in fair value of the hedged portions of the financial instruments micro-hedged by fair value are recognised under "Net gains (losses) on financial instruments at fair value through profit and loss" on the income statement.

Macro-hedging

€ million	31.12.2018 Carrying amount	Accumulated fair value hedge adjustments to be adjusted for hedging remaining to be adjusted, on ended hedges
Debt instruments at fair value through other comprehensive income that may be reclassified to profit or loss		
Debt instruments at amortised cost		2
Total - Assets		**2**
Debt instruments at amortised cost	5,252	6
Total - Liabilities	**5,252**	**6**
Total hedge of the fair value of the interest rate risk exposure of a financial instruments portfolio	**5,252**	**8**

The fair value hedged portions of financial instruments micro-hedged in fair value is recognised under "Revaluation adjustment on interest rate hedged portfolios" on the balance sheet. The changes in fair value of the hedged portions of the financial instruments macro-hedged at fair value are recognised under "Net gains (losses) on financial instruments at fair value through profit and loss" on the income statement.

Gains (losses) from hedge accounting

	31.12.2018		
	Net Income (Total Gains (losses) from hedge accounting)		
€ million	Change in fair value of hedging derivatives (including termination of hedges)	Change in fair value of hedged items (including termination of hedges)	Hedge ineffectiveness portion
Interest rate	55	(54)	1
Foreign exchange	40	(40)	
Other			
Total	**95**	**(94)**	**1**

3.4.6 CASH FLOW HEDGES AND HEDGES OF NET INVESTMENTS IN FOREIGN OPERATION (NIH)

Hedging derivative instruments

	31.12.2018			
	Carrying amount			
€ million	Assets	Liabilities	Changes in fair value during the period (including termination of hedges during the period)	Notional amount
Exchange-traded				
Interest rate				
Futures				
Options				
Foreign exchange				
Futures				
Options				
Other				
Over-the-counter markets	**90**	**70**	**(109)**	**20,033**
Interest rate	1		(109)	3,535
Futures	1		(109)	3,535
Options				
Foreign exchange	43	4		16,358
Futures	43	4		16,358
Options				
Other	46	65		140
Total Cash flow micro-hedging	**90**	**70**	**(109)**	**20,033**
Cash flow hedges of the interest rate exposure of a portfolio of financial instruments	344	84	(1)	15,062
Cash flow hedges of the foreign exchange exposure of a portfolio of financial instruments	25	56		6,332
Total Cash flow macro-hedging	**369**	**140**	**(1)**	**21,394**
Total Cash flow hedges	**459**	**210**	**(110)**	**41,426**
Hedges of net investments in foreign operations	**8**	**48**	**(16)**	**2,163**

The variations in fair value of the hedging derivatives are entered under “Gains or losses recognised directly in equity” with the exception of the ineffective portion of the hedge which is recognised under “Net gains or losses on financial instruments at fair value through profit or loss” on the income statement.

6

Gains (losses) from hedge accounting

	31.12.2018		
	Other comprehensive income on items that may be reclassified to profit and loss		Net income (Hedge accounting income or loss)
€ million	Effective portion of the hedge recognised during the period	Amount reclassified from other comprehensive income into profit or loss during the period	Hedge ineffectiveness portion
Interest rate	(110)		
Foreign exchange			
Other			
Total Cash flow hedges	**(110)**		
Hedges of net investments in foreign operations	**(17)**	**1**	
Total cash flow hedges and hedges of net investments in foreign operations	**(127)**	**1**	

NOTE 4: NOTES ON NET INCOME AND OTHER COMPREHENSIVE INCOME

4.1 Interest income and expenses

€ million	31.12.2018
On financial assets at amortised cost	**5,717**
Interbank transactions	1,024
Customer transactions	4,368
Debt securities	325
On financial assets recognised at fair value through other comprehensive income	**202**
Interbank transactions	
Customer transactions	
Debt securities	202
Accrued interest receivable on hedging instruments	**294**
Other interest income	**2**
Interest and similar income (1)	**6,215**
On financial liabilities at amortised cost	**(3,514)**
Interbank transactions	(1,277)
Customer transactions	(1,357)
Debt securities	(707)
Subordinated debt	(173)
Accrued interest receivable on hedging instruments	**(228)**
Other interest expenses	**(16)**
Interest and similar expenses	**(3,758)**

(1) including €62 million on impaired receivables (Bucket 3) at 31 December 2018.

€ million	31.12.2017
Interbank transactions	1,053
Customer transactions	3,673
Accrued interest receivable on available-for-sale financial assets	381
Accrued interest receivable on held-to-maturity financial assets	
Accrued interest receivable on hedging instruments	450
Other interest income	13
Interests and similar income (1)	**5,570**
Interbank transactions	(1,131)
Customer transactions	**(942)**
Debt securities	**(440)**
Subordinated debt	**(159)**
Accrued interest receivable on hedging instruments	(257)
Other interest expense	(34)
Interests and similar expenses	**(2,963)**

(1) Of which €98 million on receivables impaired individually at 31 December 2017.

4.2 Net fees and commissions

€ million	31.12.2018			31.12.2017		
	Income	Expense	Net	Income	Expense	Net
Interbank transactions	38	(19)	19	20	(19)	1
Customer transactions	650	(141)	509	600	(113)	487
Securities transactions	32	(76)	(44)	39	(66)	(27)
Foreign exchange transactions	7	(42)	(35)	9	(37)	(28)
Derivative instruments and other off-balance sheet items	212	(136)	76	291	(115)	176
Payment instruments and other banking and financial services	374	(106)	268	321	(115)	206
Mutual funds management, fiduciary and similar operations	268	(104)	164	277	(19)	258
Net fees and commissions	**1,581**	**(624)**	**957**	**1,557**	**(484)**	**1,073**

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

€ million	31.12.2018
Dividends received	313
Unrealised or realised gains (losses) on assets/liabilities held for trading	166
Unrealised or realised gains (losses) on equity instruments at fair value through profit or loss	66
Unrealised or realised gains (losses) on debt instruments at fair value through profit or loss	6
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	(244)
Net gains (losses) on Foreign exchange transactions and similar financial instruments (excluding gains or losses on hedges of net investments in foreign operations)	1,466
Gains (losses) from hedge accounting	1
Net gains (losses) on financial instruments at fair value through profit or loss	**1,774**

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

The issuer spread impact was an expense of €222 million in Net Banking Income at 31 December 2017 versus an expense of €161 million at 30 June 2017 (including the termination payments in 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:

	31.12.2018			31.12.2017		
€ million	Gains	Losses	Net	Gains	Losses	Net
Fair value hedges	**760**	**(759)**	**1**	**647**	**(646)**	**1**
Changes in fair value of hedged items attributable to hedged risks	329	(431)	(101)	440	(207)	233
Changes in fair value of hedging derivatives (including termination of hedges)	431	(328)	103	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	**18**	**(18)**		**31**	**(31)**	
Changes in fair value of hedged items	12	(5)	7	29	(2)	27
Changes in fair value of hedging derivatives	6	(13)	(7)	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	**778**	**(777)**	**1**	**678**	**(677)**	**1**

The breakdown of gains (losses) from hedge accounting by type of relationship (fair value hedges, cash flow hedges etc.) is presented in note 3.4 “Hedge accounting”.

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

€ million	31.12.2018
Net gains (losses) on debt instruments at fair value through other comprehensive income that may be reclassified subsequently to profit or loss [(1)]	
Remuneration of equity instruments measured at fair value through other comprehensive income that will not be reclassified subsequently to profit or loss (dividends)	92
Of which dividends on equity instruments derecognised during the period	
Net gains (losses) on financial instruments at fair value through other comprehensive income	**92**

(1) Excluding realised gains or losses from 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

€ million	31.12.2017
Dividends received	144
Realised gains (losses) on available-for-sale financial assets [(1)]	126
Permanent impairment losses on equity investments	(2)
Gains (losses) on disposal of held-to-maturity financial assets and on loans and receivables	(13)
Net gains (losses) on available-for-sale financial assets	**255**

(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

€ million	31.12.2018
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	(4)
Losses arising from the derecognition of financial assets at amortised cost	**(4)**
Net gains (losses) arising from the derecognition of financial assets at amortised cost [(1)]	**(1)**

(1) Excluding 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

€ million	31.12.2018	31.12.2017
Other net income from insurance activities	4	(1)
Change in insurance technical reserves	(4)	1
Other net income (expense)	(3)	
Income (expense) related to other activities	**(3)**	

4.7 Operating expenses

€ million	31.12.2018	31.12.2017
Employee expenses	(2,069)	(1,939)
Taxes other than on income or payroll-related and regulatory contributions (1)	(208)	(244)
External services and other operating expenses	(958)	(911)
Operating expenses	**(3,235)**	**(3,094)**

(1) Of which €157 million entered under the Single Resolution Fund (SRF) at 31 December 2018 compared with €140 million at 31 December 2017.

FEES PAID TO STATUTORY AUDITORS

Operating expenses include the fees paid to Crédit Agricole CIB Statutory Auditors.

The breakdown of the fees recognised in 2018 by audit firm and by type of engagement is provided below:

◆ College of statutory auditors of credit agricole cib:

	Ernst & Young		Pricewaterhouse Coopers		
€ thousands (excluding VAT)	2018	2017	2018	2017	Total 2018
Independant audit, certification, review of parent company and consolidated financial statements	**5,666**	**6,220**	**5,743**	**5,993**	**11,409**
Issuer	3,423	3,663	2,791	3,031	6,214
Fully consolidated subsidiaries	2,243	2,557	2,952	2,962	5,195
Non audit services	946	1,385	1,772	1,239	2,718
Issuer	517	796	1,270	1,001	1,787
Fully consolidated subsidiaries	429	589	502	238	931
Total	**6,612**	**7,605**	**7,515**	**7,232**	**14,127**

The total amount of fees of Ernst & Young, Statutory Auditor of Crédit Agricole CIB, on the consolidated income statement for the financial year is €2.4 million, including €2 million for certifying the accounts of Crédit Agricole CIB and its subsidiaries, and €0.4 million for non audit services (comfort letters, agreed procedures).

The total amount of fees of PricewaterhouseCoopers Audit, Statutory Auditor of Crédit Agricole CIB, on the consolidated income statement for the financial year is €2.3 million, including €2.1 million for certifying the accounts of Crédit Agricole CIB and its subsidiaries, and €0.2 million for non audit services (comfort letters, agreed procedures, attestations, tax declarations compliance review, services in relation to environmental and social reporting, consultations, etc.).

◆ Other statutory auditors working for companies of the crédit agricole cib group, fully consolidated

	Mazars		KPMG		Deloitte		Other		
€ thousands (excluding VAT)	2018	2017	2018	2017	2018	2017	2018	2017	Total 2018
Independant audit, certification, review of parent company and consolidated financial statements	**12**	**12**		**75**		**41**	**184**	**213**	**196**
Non audit services							5	19	5
Total	**12**	**12**		**75**		**41**	**189**	**232**	**201**

4.8 Depreciation, amortisation and impairment of property, plant & equipment and intangible assets

€ million	31.12.2018	31.12.2017
Depreciation charges and amortisation	**(86)**	**(91)**
Property, plant and equipment	(45)	(46)
Intangible assets	(41)	(45)
Impairment losses (reversals)		
Property, plant and equipment		
Intangible assets		
Depreciation, amortisation and impairment of property, plant & equipment and intangible assets	**(86)**	**(91)**

4.9 Cost of risk

€ million	31.12.2018
Charges net of reversals to impairments on performing assets (Bucket 1 or Bucket 2)	**93**
Bucket 1: Loss allowance measured at an amount equal to 12-month expected credit loss	**(56)**
Debt instruments at fair value through other comprehensive income that may be reclassified to profit or loss	2
Debt instruments at amortised cost	(30)
Commitments by signature	**(28)**
Bucket 2: Loss allowance measured at an amount equal to lifetime expected credit loss	**149**
Debt instruments at fair value through other comprehensive income that may be reclassified to profit or loss	
Debt instruments at amortised cost	84
Commitments by signature	65
Charges net of reversals to impairments on credit-impaired assets (Bucket 3)	**(39)**
Bucket 3: Credit-impaired assets	**(39)**
Debt instruments at fair value through other comprehensive income that may be reclassified to profit or loss	
Debt instruments at amortised cost	(122)
Commitments by signature	83
Other assets	(9)
Risks and expenses	5
Charges net of reversals to impairment losses and provisions	**50**
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	(52)
Recoveries on loans and receivables written off	55
recognised at amortised cost	55
recognised in other comprehensive income that may be reclassified to profit or loss	
Discounts on restructured loans	
Losses on commitments by signature	(4)
Other losses	(9)
Other gains	15
Cost of risk	**55**

€ million	31.12.2017
Charge to provisions and impairment losses	**(902)**
Loans and receivables	(548)
Other assets	(14)
Financing commitments	(200)
Risks and expenses	(140)
Reversal of provisions and impairment losses	**581**
Fixed income available-for-sale financial assets	33
Loans and receivables	453
Other assets	14
Financing commitments	13
Risks and expenses	68
Net charge to reversal of impairment losses and provisions	**(321)**
Realised gains (losses) on impaired fixed income available-for-sale financial assets	(1)
Bad debts written off, not impaired	(52)
Recoveries on bad debts written off	54
Other losses	(10)
Other gains	
Cost of risk	**(330)**

4.10 Net gains (losses) on other assets

€ million	31.12.2018	31.12.2017
Property, plant & equipment and intangible assets used in operations		**7**
Gains on disposals		7
Losses on disposals		
Consolidated equity investments		**11**
Gains on disposals		17
Losses on disposals		(6)
Net income (expense) on combinations		
Net gains (losses) on other assets		**18**

6

4.11 Income tax charge

INCOME TAX CHARGE

€ million	31.12.2018	31.12.2017
Current tax charge	(520)	(549)
Deferred tax charge	**(5)**	(65)
Total tax charge	**(525)**	**(614)**

RECONCILIATION OF THEORETICAL TAX RATE AND EFFECTIVE TAX RATE

At 31 december 2018

€ million	Base	Tax rate [1]	Tax
Pre-tax income, goodwill impairment, discontinued operations and share of net income of equity-accounted entities	2,010	34.43%	(692)
Impact of permanent differences		(2.30)%	46
Impact of different tax rates on foreign subsidiaries		(4.61)%	93
Impact of losses for the year, utilisation of tax loss carryforwards		1.20%	(24)
Impact of reduced tax rate		(0.79)%	16
Impact of tax rate change			
Impact of other items		(1.67)%	36
Effective tax rate and tax charge		**26.12%**	**(525)**

(1) The theoretical tax rate is the standard tax rate (including the additional social contribution) on taxable profits in France at 31 December 2018.

At 31 december 2017

€ million	Base	Tax rate [1]	Tax
Pre-tax income, goodwill impairment, discontinued operations and share of net income of equity-accounted entities	1,502	34.43%	(517)
Impact of permanent differences		4.00%	(61)
Impact of different tax rates on foreign subsidiaries		(5.33)%	80
Impact of losses for the year, utilisation of tax loss carryforwards		2.86%	(43)
Impact of reduced tax rate		5.13%	(77)
Impact of other items		(0.03)%	4
Effective tax rate and tax charge		**40.79%**	**(614)**

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

4.12 Changes in other comprehensive income

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

Detail of other comprehensive income

€ million	31.12.2018
Other comprehensive income on items that may be reclassified subsequently to profit or loss of income tax	
Gains and losses on translation adjustments	**148**
Revaluation adjustment of the period	
Reclassified to profit or loss	
Other changes	148
Other comprehensive income on debt instruments that may be reclassified to profit or loss	**(41)**
Revaluation adjustment of the period	(36)
Reclassified to profit or loss	(1)
Other changes	(4)
Gains and losses on hedging derivative instruments	**(109)**
Revaluation adjustment of the period	(111)
Reclassified to profit or loss	
Other changes	2
Reclassification of net gains (losses) of designated financial assets applying the overlay approach	
Revaluation adjustment of the period	
Reclassified to profit or loss	
Other changes	
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	**47**
Income tax related to items that may be reclassified to profit or loss on equity-accounted entities	
Other comprehensive income on items that may be reclassified to profit or loss from discontinued operations	
Other comprehensive income on items that may be reclassified subsequently to profit or loss of income tax	**46**
Other comprehensive income on items that will not be reclassified subsequently to profit or loss net of income tax	

€ million	31.12.2018
Actuarial gains and losses on post-employment benefits	51
Other comprehensive income on financial liabilities attributable to changes in own credit risk	**368**
Revaluation adjustment of the period	350
Reclassified to reserves	18
Other changes	
Other comprehensive income on equity instruments that will not be reclassified to profit or loss	**264**
Revaluation adjustment of the period	170
Reclassified to reserves	71
Other changes	23
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	**(262)**
Income tax related to items that will not be reclassified on equity-accounted entities	
Other comprehensive income on items that will not be reclassified subsequently to profit or loss net of income tax	**421**
Other comprehensive income net of income tax	**467**
Of which Group share	472
Of which non-controlling interests	(4)

€ million	31.12.2017
Other comprehensive income on items that may be reclassified subsequently to profit and loss	
Gains and losses on translation adjustements	**(548)**
Revaluation adjustment of the period	
Reclassified to profit or loss	
Other variations	(548)
Gains and losses on available-for-sale financial assets	**(298)**
Revaluation adjustment of the period	(166)
Reclassified to profit or loss	(115)
Other variations	(17)
Gains and losses on hedging derivative instruments	**(224)**
Revaluation adjustment of the period	(223)
Reclassified to profit or loss	
Other variations	(1)
Pre-tax other comprehensive income on items that may be reclassified to profit and loss on equity-accounted entities	**(357)**
Income tax related to items that may be reclassified to profit and loss excluding equity-accounted entities	**124**
Income tax related to items that may be reclassified to profit and loss on equity-accounted entities	
Net other comprehensive income on Items that may be reclassified to profit and loss on equity-accounted entities on discontinued operations	
Other comprehensive income on items that may be reclassified subsequently to profit and loss, net of income tax	(1,303)
Other comprehensive income on items that will not be reclassified subsequently to profit and loss	
Actuarial gains and losses on post-employment benefits	67
Other comprehensive income on items that will not be reclassified to profit and loss on equity-accounted entities	
Income tax related to items that will not be reclassified excluding equity-accounted entities	(38)
Income tax related to items that will not be reclassified on equity-accounted entities	
Net other comprehensive income on Items that will not be reclassified to profit and loss on equity-accounted entities on discontinued operations	
Other comprehensive income on items that will not be reclassified subsequently to profit and loss, net of income tax	**29**
Other comprehensive income net of income tax	**(1,274)**
Of which Group share	(1,268)
Of which non-controlling interests	(6)

BREAKDOWN OF TAX IMPACTS RELATED TO OTHER COMPREHENSIVE INCOME

	31.12.2017			
€ million	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
Gains and losses on available-for-sale financial assets	50	(35)	15	15
Gains and losses on debt instruments at fair value through other comprehensive income that may be reclassified to profit or loss				
Gains and losses on hedging derivative instruments	358	(120)	238	235
Other comprehensive income on items that may be reclassified to profit or loss excluding equity-accounted entities	**612**	**(155)**	**457**	**454**
Other comprehensive income on items that may be reclassified to profit or loss on equity-accounted entities				
Other comprehensive income on items that may be reclassified subsequently to profit or loss	**612**	**(155)**	**457**	**454**
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)
Other comprehensive income on financial liabilities attributable to changes in own credit risk				
Other comprehensive income on equity instruments that will not be reclassified to profit or loss				
Other comprehensive income on items that will not be reclassified to profit or loss excluding equity-accounted entities	**(385)**	**81**	**(304)**	**(305)**
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 subsequently to profit or loss	**(385)**	**81**	**(304)**	**(305)**
Other comprehensive income	**227**	**(74)**	**153**	**149**

01.01.2018				Changes				31.12.2018			
Gross	Income tax charges	Net of income tax	Net of income tax of which Group Share	Gross	Income tax charges	Net of income tax	Net of income tax of which Group Share	Gross	Income tax charges	Net of income tax	Net of income tax of which Group Share
204		204	204	148		148	148	352		352	352
70	(19)	51	51	(40)	10	(30)	(30)	30	(9)	21	21
358	(120)	238	235	(109)	37	(72)	(71)	249	(83)	166	164
632	**(139)**	**493**	**490**	**(1)**	**47**	**46**	**47**	**631**	**(92)**	**539**	**537**
				(1)		(1)	(1)	(1)		(1)	(1)
632	**(139)**	**493**	**490**	**(2)**	**47**	**45**	**46**	**630**	**(92)**	**538**	**536**
(385)	81	(304)	(305)	52	(16)	36	39	(333)	65	(268)	(266)
(505)	174	(331)	(331)	368	(133)	235	235	(137)	41	(96)	(96)
(207)	55	(152)	(152)	264	(113)	151	152	57	(58)	(1)	
(1,097)	**310**	**(787)**	**(788)**	**684**	**(262)**	**422**	**426**	**(413)**	**48**	**(365)**	**(362)**
(1,097)	**310**	**(787)**	**(788)**	**684**	**(262)**	**422**	**426**	**(413)**	**48**	**(365)**	**(362)**
(465)	**171**	**(294)**	**(298)**	**682**	**(215)**	**467**	**472**	**217**	**(44)**	**173**	**174**

NOTE 5: SEGMENT REPORTING

Definition of business

The naming of Crédit Agricole CIB's business lines corresponds to the Definitions applied within the Crédit Agricole S.A. Group.

PRESENTATION OF BUSINESS LINES

Operations are broken down into four business lines.

- 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 the discontinued operations are now included in the Capital Markets and Investment Banking and Financing Activities businesses, and that the SFS activity [1] (Structured and Financial Solutions) has been transferred from Financing Activities to Capital Markets and Investment banking.

- 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;
- The Corporate Centre business line encompasses the impacts linked to the issuer spread.

5.1 Operating segment information

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

Segment assets are determined based on balance sheet elements for each operating segment.

	31.12.2018					
€ million	Financing activities	Capital markets and investment banking	Total CIB	Wealth management	Non-business activities	Crédit Agricole CIB
Revenues	**2,510**	**1,944**	**4,454**	**822**		**5,276**
Operating expenses	**(994)**	**(1,616)**	**(2,610)**	**(711)**		**(3,321)**
Gross operating income	**1,516**	**328**	**1,844**	**111**		**1,955**
Cost of risk	82	(22)	60	(5)		55
Share of net income of equi-ty-accounted entities						
Net gains (losses) on other assets						
Change in value of goodwill						
Pre-tax income	**1,598**	**306**	**1,904**	**106**		**2,010**
Income tax charge	(421)	(79)	(500)	(29)	4	(525)
Net income from discontin-ued operations						
Net income	1,177	**227**	**1,404**	**77**	**4**	**1,485**
Non-controlling interests	(2)		(2)	8		6
Net income group share	**1,179**	**227**	**1,406**	**69**	**4**	**1,479**

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

	31.12.2018					
€ million	Financing activities	Capital markets and investment banking	Total CIB	Wealth management	Non-business activities	Crédit Agricole CIB
Segment assets						
of which investments in equity-accounted entities						
of which goodwill			484	541		1,025
Total assets			**493,734**	**17,968**		**511,702**

	31.12.2017					
€ million	Financing activities	Capital markets and investment banking	Total CIB	Wealth management	Non-business activities	Crédit Agricole CIB
Revenues						
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 of equi-ty-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 discontin-ued 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**

	31.12.2017					
€ million	Financing activities	Capital markets and investment banking	Total CIB	Wealth management	Non-business activities	Crédit Agricole CIB
Segment assets						
of which investments in equity-accounted entities			277			277
of which goodwill			484	503		987
Total assets			**458,845**	**29,741**		**488,586**

5.2 Segment information: geographical analysis

The geographical analysis of segment assets and results is based on the place where operations are booked for accounting purposes.

	31.12.2018				31.12.2017			
€ million	Net income Group Share	Of which Revenues	Segment assets	Of which goodwill	Net income Group Share	Of which Revenues	Segment assets	Of which goodwill
France (including overseas departments and territo-ries)	485	2,126	341,160	474	255	1,786	338,946	474
Other European Union countries	176	1,046	26,472	137	29	1,000	23,288	115
Other European countries	53	406	14,675	402	72	454	13,315	386
North America	447	806	55,933		324	891	50,868	
Central and South Ameri-ca	20	47	986	2	8	63	987	2
Africa and Middle East	33	63	2,801		219	76	2,376	
Asia-Pacific (ex. Japan)	164	566	25,189	10	136	506	26,955	10
Japan	101	216	44,486		113	223	31,851	
Total	**1,479**	**5,276**	**511,702**	**1,025**	**1,156**	**4,999**	**488,586**	**987**

NOTE 6: NOTES TO THE BALANCE SHEET

6.1 Cash, central banks

	31.12.2018		31.12.2017	
€ million	Assets	Liabilities	Assets	Liabilities
Cash	11		13	
Central banks	46,527	877	32,591	1,585
Carrying amount	**46,538**	**877**	**32,604**	**1,585**

6.2 Financial assets and liabilities at fair value through profit or loss

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

€ million	31.12.2018
Financial assets held for trading	240,560
Other financial instruments at fair value through profit or loss	214
Equity instruments	100
Debt instruments that do not meet the conditions of the “SPPI” test	114
Assets backing unit-linked contracts	
Financial assets designated at fair value through profit or loss	
Carrying amount	**240,774**
Of which lent securities	2,852

€ million	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

HELD-FOR-TRADING FINANCIAL ASSETS

€ million	31.12.2018
Equity instruments	**2,777**
Equity and other variable income securities	2,777
Debt securities	**19,447**
Treasury bills and similar securities	14,116
Bonds and other fixed income securities	5,326
Mutual funds	5
Loans and receivables	**110,184**
Loans and receivables due from credit institutions	191
Loans and receivables due from customers	1,374
Securities bought under repurchase agreements	108,619
Pledged securities	
Derivative instruments	**108,152**
Carrying amount	**240,560**

€ million	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 OR LOSS

€ million	31.12.2018
Equity and other variable income securities	31
Non-consolidated equity investments	69
Total equity instruments at fair value through profit or loss	**100**

DEBT INSTRUMENTS NOT MEETING THE SPPI CRITERIA

€ million	31.12.2018
Debt securities	**38**
Treasury bills and similar securities	
Bonds and other fixed income securities	30
Mutual funds	8
Loans and receivables	**76**
Loans and receivables due from credit institutions	
Loans and receivables due from customers	76
Securities bought under repurchase agreements	
Pledged securities	
Total debt instruments that do not meet the conditions of the "sppi" test	**114**

FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

€ million	31.12.2017
Loans and receivables	
Loans and receivables due from credit institutions	
Loans and receivables due from customers	**141**
Debt securities	141
Treasury bills and similar securities	**2**
Bonds and other fixed income securities	2
Total financial assets designated at fair value through profit or loss	**143**

FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

€ million	31.12.2018	31.12.2017
Financial liabilities held for trading	208,156	212,681
Financial liabilities designated at fair value through profit or loss	26,724	24,490
Carrying amount	**234,880**	**237,171**

HELD-FOR-TRADING FINANCIAL LIABILITIES

€ million	31.12.2018	31.12.2017
Securities sold short	25,433	22,598
Securities sold under repurchase agreements	75,945	67,355
Debt securities		2
Debts due to customers		
Debts due to credit institutions		
Derivative instruments	106,778	122,726
Carrying amount	**208,156**	**212,681**

Detailed information on derivative instruments held-for-trading can be found in Note 3.2 on market risk, in particular on interest rates.

FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

◆ Financial liabilities for which changes in issuer spread are recognised in non-recyclable equity

	31.12.2018				
€ million	Carrying amount	Difference between carrying amount and amount contractually required to pay at maturity	Accumulated amount of change in fair value attributa-ble to changes in own credit risk	Amount of change in fair value during the period attributable to changes in own credit risk	Amount rea-lised at dere-cognition (1)
Deposits and subordinated liabilities					
Debt securities	26,724	138	138	(350)	(18)
Other financial liabilities					
Total	**26,724**	**138**	**138**	**(350)**	**(18)**

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

	31.12.2017	
€ million	Fair value on the balance sheet	Difference between book value and amount due at maturity
Debt securities		505
Total	**24,490**	**505**

Pursuant to IFRS 9, Crédit Agricole CIB calculates changes in fair value attributable to changes in own credit risk using a methodology that allows for these changes 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. In Crédit Agricole CIB, it is the variation in its market refinancing cost depending on the type of issue.

CALCULATION OF UNREALISED GAINS/LOSSES ON OWN CREDIT ADJUSTMENT (RECOGNISED IN OTHER COMPREHENSIVE INCOME)

Crédit Agricole CIB's 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)

Crédit Agricole CIB opts to transfer the change in fair value attributable to variations in own credit risk to consolidated reserves. When there is a total or partial early redemption, a calculation based on sensitivities is carried out. It consists of measuring the variation in fair value attributable to variations in own credit risk of a given issue as being the sum of the sensitivities to the credit spread multiplied by the variation in this spread between the issue date and that of the redemption.

6.3 Hedging derivative instruments

Detailed information is provided in Note 3.4 on “Hedging accounting”.

6.4 Financial assets at fair value through other comprehensive income

	31.12.2018		
€ million	Carrying amount	Unrealised gains	Unrealised losses
Debt instruments at fair value through other comprehensive in-come that may be reclassified to profit or loss	9,700	52	(22)
Equity instruments at fair value through other comprehensive income that will not be reclassified to profit or loss	1,662	160	(102)
Total	**11,362**	**212**	**(124)**

DEBT INSTRUMENTS RECOGNISED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME THAT CAN BE RECLASSIFIED

	31.12.2018		
€ million	Carrying amount	Unrealised gains	Unrealised losses
Treasury bills and similar securities	1,576	11	
Bonds and other fixed income securities	8,124	41	(22)
Total Debt securities	**9,700**	**52**	**(22)**
Total Loans and receivables			
Total Debt instruments at fair value through other comprehensive income that may be reclassified to profit and loss	**9,700**	**52**	**(22)**
Income tax charge		(10)	1
Other comprehensive income on debt instruments that will not be reclassified to profit or loss (net of income tax)		**42**	**(21)**

EQUITY INSTRUMENTS RECOGNISED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME THAT CANNOT BE RECLASSIFIED

▶ **Other comprehensive income on equity instruments that cannot be reclassified**

	31.12.2018			
€ million	Carrying amount	Unrealised gains	Unrealised losses	Unrealised gains/losses during the period
Equity and other variable income securities	38	31	(14)	(4)
Non-consolidated equity investments	1,624	129	(88)	174
Total Equity instruments at fair value through other comprehensive income that will not be reclassified to profit or loss	**1,662**	**160**	**(102)**	**170**
Income tax charge		(66)	9	(56)
Other comprehensive income on equity instruments that will not be reclassified to profit or loss (net of income tax)		**94**	**(93)**	**114**

EQUITY INSTRUMENTS DERECOGNISED DURING THE PERIOD

	31.12.2018		
€ million	Fair value at the date of derecognition	Cumulative gains realised (1)	Cumulative losses realise (1)
Equity and other variable income securities	20	5	(5)
Non-consolidated equity investments	27	1	(73)
Total Investments in equity instruments	**47**	**6**	**(78)**
Income tax charge			**12**
Other comprehensive income on equity instruments that will not be reclassified to profit or loss (net of income tax) (1)		**6**	**(66)**

(1) Realised gains and losses are transferred to consolidated reserves at the moment of the derecognition of the instrument concerned.

AVAILABLE-FOR-SALE FINANCIAL ASSETS AT 31 DECEMBER 2017

	31.12.2017		
€ million	Carrying amount	Unrealised gains	Unrealised losses
Treasury bills and similar securities	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 (1)	27,304	219	169
Income tax charge		(41)	(6)
Gains and losses on available-for-sale financial assets recognised in other comprehensive income (net of in-come tax)		**178**	**163**

(1) Of which €53 million impaired AFS fixed-income securities
€237 million related to impaired AFS variable income securities.
No guarantees received on impaired outstandings.
No significant i.e. less than 90 days past-due.

6.5 Financial assets at amortised cost

€ million	31.12.2018
Loans and receivables due from credit institutions	19,172
Loans and receivables due from customers	134,302
Debt securities	27,897
Carrying amount	**181,371**

LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS

€ million	31.12.2018
Credit institutions	
Loans and receivables	18,583
of which non doubtful current accounts in debit [1]	3,077
of which non doubtful overnight accounts and advances [1]	426
Pledged securities	
Securities bought under repurchase agreements	969
Subordinated loans	
Other loans and receivables	16
Gross amount	**19,568**
Impairment	(396)
Net value of loans and receivables due from credit institutions	**19,172**
Total Crédit Agricole internal transactions	
CARRYING AMOUNT	**19,172**

(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 receivables	**26,652**
Accounts and loans	25,926
of which performing current accounts in debit	2,844
of which performing overnight accounts and advances	2,605
Securities bought under repurchase agreements	725
Subordinated loans	1
Gross amount	**26,652**
Impairment	(383)
Carrying amount	**26,269**

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LOANS AND RECEIVABLES DUE FROM CUSTOMERS

€ million	31.12.2018
Loans and receivables due from customers	
Trade receivables	21,761
Other customer loans	109,730
Pledged securities	
Securities bought under repurchase agreements	336
Subordinated loans	100
Insurance receivables	
Reinsurance receivables	
Advances in associates' current accounts	137
Current accounts in debit	4,571
Gross amount	**136,635**
Impairment	(2,333)
Net value of loans and receivables due from customers	**134,302**
Finance leases	
Property leasing	
Equipment leases, operating leases and similar transactions	
Gross amount	
Impairment	
Net value of lease financing operations	
Carrying amount	**134,302**

€ million	31.12.2017
Loans and receivables due from customers	
Debt securities	**14,723**
Securities not traded in an active market	14,723
Loans and receivables	**123,392**
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	
Net value of lease financing operations	
Carrying amount	**135,039**

DEBT SECURITIES

€ million	31.12.2018
Treasury bills and similar securities	7,285
Bonds and other fixed income securities	20,629
Total	**27,914**
Impairment	(17)
Carrying amount	**27,897**

6.6 Transferred assets not derecognised or derecognised with on-going involvement

TRANSFERRED ASSETS NOT DERECOGNISED IN FULL AT 31 DECEMBER 2018

	Transferred assets but still fully recognised										
	Transferred assets					Associated liabilities					Assets and associated liabilities
€ million	Carrying amount	Of which securitisation (non-deconsolidating)	Of which securities sold/bought under repurchase agreements	Of which other	Fair value (1)	Carrying amount	Of which securitisation (non-deconsolidating)	Of which securities sold/bought under repurchase agreements	Of which other	Fair value (1)	Net fair value (1)
Financial assets held for trading	**10,488**		**10,488**		**10,488**	**10,137**		**10,137**		**10,137**	**350**
Equity instruments	1,665		1,665		1,665	1,609		1,609		1,609	55
Debt securities	8,823		8,823		8,823	8,528		8,528		8,528	295
Loans and receivables											
Other financial instruments at fair value through profit or loss											
Equity instruments											
Debt securities											
Loans and receivables											
Financial assets at fair value through other comprehensive income	**1,350**		**1,350**		**1,350**	**1,279**		**1,279**		**1,279**	**71**
Equity instruments											
Debt securities	1,350		1,350		1,350	1,279		1,279		1,279	71
Loans and receivables											
Financial assets at amortised cost	**626**		**626**		**626**	**605**		**605**		**605**	**21**
Debt securities	626		626		626	605		605		605	21
Loans and receivables											
Loans and receivables	**12,464**		**12,464**		**12,464**	**12,021**		**12,021**		**12,021**	**442**
Finance leases											
Total transferred assets	**12,464**		**12,464**		**12,464**	**12,021**		**12,021**		**12,021**	**442**

(1) In the event that the "guarantee of the other party to the agreement giving rise to the associated liabilities is limited to the transferred assets" (IFRS 7.42D. (D)).

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TRANSFERRED ASSETS NOT DERECOGNISED IN FULL AT 31 DECEMBER 2017

	Transferred assets still fully recognised									
	Transferred assets					Associated liabilities				
€ million	Carrying amount	Of which securisation (non-deconsolidating)	Of which securities bought under repurchase agreements	Of which other	Fair value (1)	Carrying amount	Of which securisation (non-deconsolidating)	Of which securities bought under repurchase agreements	Of which other	Fair value (1)
Held-for-trading	**13,318**		**13,318**		**13,318**	**12,866**		**12,866**		**12,866**
Equity instruments	177		177		177	177		177		177
Debt securities	13,141		13,141		13,141	12,689		12,689		12,689
Loans and advances										
Designated at fair value through profit and loss										
Equity instruments										
Debt securities										
Loans and advances										
Designated at fair value through equity	**2,065**		**2,065**		**2,065**	**1,956**		**1,956**		**1,956**
Equity instruments										
Debt securities	2,065		2,065		2,065	1,956		1,956		1,956
Loans and advances										
Financial assets at amortized cost										
Debt securities										
Loans and advances										
Total financial assets										
Finance leases										
Total transferred assets	**15,383**		**15,383**		**15,383**	**14,822**		**14,822**		**14,822**

(1) In the event that the "guarantee of the other party to the agreement giving rise to the associated liabilities is limited to the transferred assets" (IFRS 7.42D. (D)).

6.7 Exposure to sovereign risk

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

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

Crédit Agricole CIB's exposures to the sovereign risk are as follows:

BANKING ACTIVITY

	31.12.2018						
	Exposures Banking activity net of impairment						
	Other financial instruments at fair value through profit or loss						
€ million	Held-for-trading financial assets	Other financial instruments at fair value through profit or loss	Financial assets at fair value through other compre-hensive 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
Germany							
Saudi Arabia	8			880	888		888
Austria				15	15		15
Belgium	50		74	184	308	(2)	306
Brazil	381			211	592		592
China	6			19	25		25
Spain			332	52	384		383
United States	1,577			1,610	3,187		3,187
Finland							
France			899	1,860	2,759	(22)	2,737
Hong Kong	71			978	1,049		1,049
Ireland							
Italy	494				494		494
Japan	23			1,948	1,971		1,971
Luxembourg	5				5		5
Morrocco	18				18		18
Netherlands							
Portugal							
Russia	1		6		7		7
Slovakia	8		9		17		17
Sweden				66	66		66
Syria							
Turkey							
Ukraine							
Venezuela				59	59		59
Yemen							
Total	**2,642**		**1,320**	**7,882**	**11,844**	**(24)**	**11,819**

	31.12.2017						
	Exposures net of impairment						
	Of which banking portfolio						
€ million	Available for sale financial assets	Financial assets at fair value through profit or loss	Loans and receivables	Of which trading book (excluding derivatives)	Total banking activity before hedging	Hedging available for sale financial assets	Total banking activity after hedging
Germany		8			8		8
Saudi Arabia			542	2	542		542
Belgium		432			432		432
Brazil		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**

6.8 Financial liabilities at amortised cost

€ million	31.12.2018
Due to credit institutions	47,302
Due to customers	123,510
Debt securities	51,541
Carrying amount	**222,353**

DUE TO CREDIT INSTITUTIONS

€ million	31.12.2018	31.12.2017
Credit institutions		
Accounts and borrowings	45,525	42,780
of which current accounts in credit [1]	6,255	3,142
of which overnight accounts and deposits [1]	747	1,215
Securities sold under repurchase agreements	1,777	1,222
Total	**47,302**	**44,002**
Carrying amount	**47,302**	**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

€ million	31.12.2018	31.12.2017
Current accounts in credit	45,971	40,114
Special savings accounts	151	150
Other amounts due to customers	76,849	65,335
Securities sold under repurchase agreements	539	1,361
Insurance liabilities		
Reinsurance liabilities		
Cash deposits received from ceding and retroceding companies against technical insurance commitments		
Carrying amount	**123,510**	**106,960**

DEBT INSTRUMENTS

€ million	31.12.2018	31.12.2017
Interest bearing notes		
Money-market securities		
Negotiable debt securities	49,280	46,738
Bonds	2,261	1,239
Other debt securities		
Carrying amount	**51,541**	**47,977**

6.9 Information on the offsetting of financial assets and financial liabilities

OFFSETTING – FINANCIAL ASSETS

	31.12.2018					
	Offsetting effects on financial assets covered by master netting agreements and similar agreements					
				Other amounts that can be offset under given conditions		
€ million	Gross amounts of recognised financial assets before offsetting	Gross amounts of recognised financial liabilities set off in the financial statements	Net amounts of financial assets presented in the financial statements	Gross amounts of financial liabilities covered by master netting agreements	Amounts of other financial instruments received as collateral, including security deposits	Net amount after all offsetting effects
Derivatives	167,820	57,540	110,280	82,881	13,399	14,001
Reverse repurchase agreements	162,157	53,233	109,924	7,038	98,797	4,088
Total financial assets subjects to offsetting	**329,977**	**109,773**	**220,204**	**89,919**	**112,196**	**18,089**

	31.12.2017					
	Offsetting effects on financial assets covered by master netting agreements and similar agreements					
				Other amounts that can be offset under given conditions		
€ million	Gross amounts of recognised financial assets before offsetting	Gross amounts of recognised financial liabilities set off in the financial statements	Net amounts of financial assets presented in the financial statements	Gross amounts of financial liabilities covered by master netting agreements	Amounts of other financial instruments received as collateral, including security deposits	Net amount after all offsetting effects
Derivatives	198,318	75,436	122,882	100,433	8,470	13,979
Reverse repurchase agreements	124,864	29,647	95,217	12,096	82,542	579
Total financial assets subjects to offsetting	**323,182**	**105,083**	**218,099**	**112,529**	**91,012**	**14,558**

OFFSETTING – FINANCIAL LIABILITIES

	31.12.2018					
	Offsetting effects on financial assets covered by master netting agreements and similar agreements					
				Other amounts that can be offset under given conditions		
€ million	Gross amounts of recognised financial assets before offsetting	Gross amounts of recognised financial liabilities set off in the financial statements	Net amounts of financial assets presented in the financial statements	Gross amounts of financial liabilities covered by master netting agreements	Amounts of other financial instruments received as collateral, including security deposits	Net amount after all offsetting effects
Derivatives	166,420	57,540	108,880	82,881	24,052	1,947
Repurchase agreements	130,506	52,233	78,273	7,038	66,398	4,836
Total financial liabilities subject to offestting	**296,926**	**109,773**	**187,153**	**89,919**	**90,450**	**6,783**

	31.12.2017					
	Offsetting effects on financial assets covered by master netting agreements and similar agreements					
				Other amounts that can be offset under given conditions		
€ million	Gross amounts of recognised financial assets before offsetting	Gross amounts of recognised financial liabilities set off in the financial statements	Net amounts of financial assets presented in the financial statements	Gross amounts of financial liabilities covered by master netting agreements	Amounts of other financial instruments received as collateral, including security deposits	Net amount after all offsetting effects
Derivatives	200,127	75,436	124,692	100,433	13,948	10,311
Repurchase agreements	99,586	29,647	69,938	12,096	55,059	2,784
Total financial liabilities subject to offestting	**299,713**	**105,083**	**194,630**	**112,529**	**69,007**	**13,095**

6.10 Current and deferred tax assets and liabilities

€ million	31.12.2018	31.12.2017
Current tax	546	490
Deferred tax	599	614
Total current and deferred tax assets	**1,145**	**1,104**
Current tax	461	261
Deferred tax	1,498	1,327
Total current and deferred tax liabilities	**1,959**	**1,588**

Net deferred tax assets and liabilities break down as follows:

	31.12.2018	
€ million	Deferred tax assets	Deferred tax liabilities
Temporary timing differences - tax	**464**	**1,234**
Non-deductible accrued expenses	145	
Non-deductible for liabilities and charges	260	
Other temporary differences [1]	59	1,234
Deferred tax on reserves for unrealised gains or losses	**94**	**138**
Financial assets at fair value through other comprehensive income	12	79
Cash flow hedges	1	83
Gains and losses/Actuarial differences	40	(24)
Other comprehensive income attributable to changes in own credit risk	41	
Deferred tax on income and reserves	**40**	**126**
Total deferred tax	**598**	**1,498**

(1) The portion of deferred tax related to tax loss carryforwards is €30 million for 2018 compared to €43 million for 2017.

€ million	31.12.2017	
	Deferred tax assets	Deferred tax liabilities
Temporary timing differences - tax	**474**	**1,209**
Non-deductible accrued expenses	129	
Non-deductibles provisions for liabilities and charges	206	
Other temporary differences [(1)]	139	1,209
Deferred tax on reserves for unrealised gains or losses	**57**	**131**
Available-for-sale assets		39
Cash flow hedges	1	125
Gains and losses/Actuarial differences	56	(33)
Deferred tax on income and reserves	140	44
Offsets impacts	**(57)**	**(57)**
Total deferred tax	**614**	**1,327**

(1) The portion of deferred tax related to tax loss carryforwards is €43 million for 2017 compared to €50 million for 2016.

The deferred tax is netted on the balance sheet by level of fiscal integration.

In order to determine the level of deferred tax asset to be recognised, Crédit Agricole CIB takes into account, for each entity or fiscal group concerned, the applicable tax regime and the income projections made during budgeting.

6.11 Accruals, deferred income and sundry assets and liabilities

ACCRUALS, DEFERRED INCOME AND SUNDRY ASSETS

€ million	31.12.2018	31.12.2017
Other assets	**25,050**	**23,491**
Inventory accounts and miscellaneous	98	95
Sundry debtors	23,604	21,986
Settlement accounts	1,348	1,410
Other insurance assets		
Reinsurer's share of technical reserves		
Accruals and deferred income	**2,812**	**3,096**
Items in course of transmission	1,856	2,190
Adjustment and suspense accounts	316	207
Accrued income	371	303
Prepaid expenses	120	70
Other accrual prepayments and sundry assets	149	326
Carrying amount	**27,862**	**26,587**

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ACCRUALS, DEFERRED INCOME AND SUNDRY LIABILITIES

€ million	31.12.2018	31.12.2017
Other liabilities	**18,019**	**17,369**
Settlement accounts	1,287	1,387
Sundry creditors	16,732	15,982
Remaining payments to be made on securities		
Other insurance liabilities		
Regularisation accounts	**5,468**	**5,265**
Items in course of transmission	2,185	2,850
Adjustment and suspense accounts	759	93
Unearned income	312	280
Accrued expenses	2,076	1,957
Other accrual prepayments and sundry liabilities	136	85
Carrying amount	**23,487**	**22,634**

6.12 Joint ventures and associates

The market value shown in the table above is the quoted price of the shares on the market at 31 December 2018. This value may not be representative of the selling value since the value in use of equity-accounted entities may be different from the equity- accounted value determined pursuant to IAS 28. Investments in equity-accounted entities were subject to impairment tests using the same methodology as for goodwill, i.e. by using expected future cash flow estimates of the companies in question and by using the valuation parameters described in Note 6.14 "Goodwill".

FINANCIAL INFORMATION OF JOINT VENTURES AND ASSOCIATES

At 31 December 2018,

- the equity-accounted value of joint ventures was nil as it was fully impaired (same situation at 31 December 2017),
- the equity-accounted value of associates was nil following the partial sale of the BSF securities. This entity was deconsolidated as a result of the loss of significant influence following the sale, on 20 September 2017, of 16.2% of the shares held by Crédit Agricole CIB,
- Crédit Agricole CIB holds interests in two joint ventures.

Significant associates and joint ventures are presented in the table of note 6.12.1. These are the main joint ventures and associates that make up the "equity-accounted value in the balance sheet".

6.12.1 JOINT VENTURES AND ASSOCIATES: INFORMATION

	31.12.2018						
€ million	% of interest	Equity-accounted value	Share of market value	Dividends paid to Group's entities	Share of net income	Share of shareholders' equity (1)	Goodwill
Joint ventures							
Elipso	50.00%					(49)	
UBAF	47.01%					154	
Net carrying amount of investments in equity-accounted entities (Joint ventures)						**105**	
Associates							
Net carrying amount of investments in equity-accounted entities (Associates)							
Net carrying amount of investments in equity-accounted entities						**105**	

(1) Equity Group share in the financial statements of the joint venture or associate when the joint venture or associate is a sub-group.

	31.12.2017					
€ million	% of interest	Equity-accounted value	Share of market value	Dividends paid to Group's entities	Share of net income	Share of shareholders' equity (1)
Joint ventures						
FCA BANK	50.00%					(49)
UBAF	47.01%				2	153
Net carrying amount of investments in equity-accounted entities (Joint ventures)					**2**	**104**
Associates (2)						
Banque Saudi Fransi	14.90%			92	173	
Net carrying amount of investments in equity-accounted entities (Associates)				**92**	**173**	
Net carrying amount of investments in equity-accounted entities					**175**	**104**

(1) Equity Group share in the financial statements of the joint venture or associate when the joint venture or associate is a sub-group.
(2) Associates - The contribution of BSF to profit calculated under the equity method covers the period from 1 January 2017 to 20 September 2017, deconsolidation date following the disposal of a portion of its equity investment.

6.12.2 JOINT VENTURES AND ASSOCIATES: DETAILED INFORMATION

The summary financial information of the joint ventures and significant associates of Crédit Agricole CIB is presented below:

	31.12.2018			
€ million	Revenues	Net income	Total assets	Total Equity
Joint ventures				
Elipso		(1)	58	(99)
UBAF	43	3	1,962	329
Total	**43**	**2**	**2,020**	**230**

	31.12.2017			
€ million	Revenues	Net income	Total assets	Total Equity
Joint ventures				
Elipso	(44)	(44)	74	(98)
UBAF	53	(6)	1,695	326
Total	**9**	**(50)**	**1,769**	**228**

SIGNIFICANT RESTRICTIONS ON JOINT VENTURES AND ASSOCIATES

Crédit Agricole CIB is subject to the following restrictions:

◆ Regulatory constraints

The subsidiaries of Crédit Agricole CIB are subject to prudential regulation and regulatory capital requirements in their host countries. The minimum equity capital (solvency ratio), leverage ratio and liquidity ratio requirements limit the capacity of these entities to pay dividends or to transfer assets to Crédit Agricole CIB.

◆ Legal constraints

The subsidiaries of the Crédit Agricole CIB group are subject to legal provisions concerning the distribution of capital and distributable earnings. These requirements limit the ability of the subsidiaries to distribute dividends. In the majority of cases, these are less restrictive than the regulatory limitations mentioned above;

6.13 Property, plant & equipment and intangible assets (excluding goodwill)

€ million	31.12.2017	01.01.2018	Changes in scope	Increases (acquisitions)	Decreases (disposals and redemptions)	Translation adjustments	Autres mouvements	31.12.2018
Property, plant & equipment used in operations								
Gross amount	1,130	1,130	5	53	(33)	24		1,179
Amortisation and impairment [1]	(791)	(791)	(6)	(45)	33	(14)	(1)	(824)
Carrying amount	**339**	**339**		**8**		**11**	**(1)**	**356**
Intangible assets								
Gross amount	775	775		105	(1)	4		885
Amortisation and impairment	(542)	(542)		(42)	1	(1)		(584)
Carrying amount	**233**	**233**		**64**		**3**		**301**

(1) Including depreciation on fixed assets under operating leases.

€ million	31.12.2016	Changes in scope	Increases (acquisitions)	Decreases (disposals and redemptions)	Translation adjustments	Other movements	31.12.2017
Property, plant & equipment used in operations							
Gross amount	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 under operating leases.

6.14 Goodwill

€ million	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	31.12.2018 GROSS	31.12.2018 NET
Financing activities and investment banking	654	484	654	484						654	484
Wealth management	503	503	503	503	22			16		541	541
Other activities											
Total	**1,157**	**987**	**1,157**	**987**	**22**			**16**		**1,195**	**1,025**

(1) The €22 million increase is related to the acquisition of Banca Leonardo (see NOTE 2: major structural transactions and material events during the period).

€ million	31.12.2016 GROSS	31.12.2016 NET	Increases (acquisitions) (1)	Decreases (Divestments)	Impairment losses during the period	Translation adjustments	Other movements	31.12.2017 GROSS	31.12.2017 NET
Financing activities and investment banking	655	485				(1)		654	484
Wealth management	538	538				(35)		503	503
Other activities									
Total	**1,193**	**1,023**				**(36)**		**1,157**	**987**

Impairment tests were carried out on the goodwill, based on an assessment of the value in use of the CGUs to which it is attached. The determination of value in use was calculated by discounting the CGU's estimated future cash flows calculated from the medium-term plans developed for Group management purposes.

The following assumptions were used:

- estimated future flows: data forecasts compiled from projected four-year budgets as part of the updating of the Medium-Term Plan.

The projections of the business departments have been prepared on the basis of the October 2018 economic scenario, with the following assumptions:

  - a solid and more homogeneous growth in the euro zone, but with persistent levels of moderate inflation. The upturn in the long rates of core countries will be weaker than forecast due to a rise in risk aversion, in turn due to trade tensions and worries over the Italian budget policy;
  - US growth which remains at high levels but will reach a turning point in about 2020, whilst inflation continues to rise due to trade tensions and the rise in oil prices;
  - a contrasting situation with regard to the emerging countries: continuation of the slowdown in China, slight rise in Russian growth. A strong upturn in growth is forecast in Brazil and growth in India is expected to stabilise at levels slightly higher than current levels;
  - own funds allocated: 9.71% of risk weighted assets for the 2 CGUs (up 21 bp compared with 31 December 2017, due to the rise of contra-cyclical cushions applicable in certain countries);
  - perpetual growth rate: 2%. The perpetual growth rates at 31 December 2018 were identical to those used at 31 December 2017 and reflect the growth forecasts of Crédit Agricole CIB for the two CGUs;
  - discount rate: between 8.70% and 9,0%. The setting of discount rates at 31 December 2018 for all CGUs reflects the sustained fall in long-term interest rates observed in Europe and particularly in France for several years now, although this is counter-balanced by a rise in the risk premium for the banking sector. Overall, the rates used up compared with the end of 2017 for the 2 CGUs (between +13 bp and +23 bp), consistent with the rate assumptions used to create budgets and projections of entities.

The sensitivity tests on goodwill - Group share have only shown an impairment requirement on Corporate and Investment Banking:

- a variation of +50 basis points in the rate of allocation of own funds to the CGU would lead to an impairment in the order to €220 million of goodwill on the CGU Corporate and Investment Banking;
- a variation of +50 basis points of the discount rate would lead to a total impairment of goodwill on the CGU Corporate and Investment Banking;
- a variation of +100 basis points of the cost/income ratio during the final year would lead to an impairment in the order of €130 million of goodwill on the CGU Corporate and Investment Banking;
- a variation of +10 basis points of the cost of risk during the final year would lead to a total impairment of goodwill on the CGU Corporate and Investment Banking.

6.15 Provisions

€ million	31.12.2017	01.01.2018	Changes in scope	Additions	Reversals, amounts used	Reversals, amounts not used	Translation adjust-ments	Other movements	31.12.2018
Home purchase schemes risks									
Execution risks of com-mitments by signature	221	527		464	(43)	(584)	8		372
Operational risks	1	1		4					5
Employee retirement and similar benefits	554	554	(1)	35	(64)	(6)	10	(28)	500
Litigation	607	607	5	125	(39)	(37)	5	55	721
Equity investments	2	2						(1)	1
Restructuring	1	1							1
Other risks	48	48	2	41	(5)	(8)		1	79
Total	**1,434**	**1,740**	**6**	**669**	**(151)**	**(635)**	**23**	**27**	**1,679**

€ million	31.12.2016	Changes in scope	Additions	Reversals, amounts used	Reversals, amounts not used	Translation adjust-ments	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**

TAX AUDITS

◆ Crédit Agricole CIB Paris tax audit

After an audit of accounts covering years 2013, 2014 and 2015, adjustments were carried out on Crédit Agricole CIB as part of a proposed adjustment received at the end of December 2018. Crédit Agricole CIB is challenging the proposed adjustments. A provision has been recognised to cover the estimated risk.

◆ Merisma tax audit

Merisma, a Crédit Agricole CIB subsidiary, consolidated by Crédit Agricole S.A. Group for tax purposes, has been the object of tax adjustment notices for the financial years 2006 to 2010, plus surcharges for abuse of law.

Although still challenged, provisions have been set aside for the adjustments.

◆ Crédit Agricole CIB Milan and London tax audit regarding transfer pricing

Following tax audits, Crédit Agricole CIB Milan received proposals for adjustments for financial years 2005 to 2013 from the Italian tax authorities in the area of transfer prices. Crédit Agricole CIB challenged the proposed adjustments. At the same time, the case has been referred to the competent French-Italian authorities for all years. A provision was recognised to cover the estimated risk.

◆ CLSA Liability guarantee

In 2013 Crédit Agricole S.A. Group sold the CLSA entities to the Chinese group CITICS.

Following tax adjustments made to some CLSA entities in India and the Philippines, CITICS invoked the liability guarantee against Crédit Agricole S.A. Group. Reasoned arguments have been submitted challenging the adjustments. A provision was recognised to cover the estimated risk.

INQUIRIES AND REQUESTS FOR INFORMATION FROM REGULATORS

The main files related to surveys and request Regulatory information are:

◆ Office of Foreign Assets Control (OFAC)

In October 2015, Crédit Agricole S.A. and its subsidiary Crédit Agricole Corporate and Investment Bank (Crédit Agricole CIB) reached agreements with the US and New York authorities that had been conducting investigations regarding US dollar transactions with countries subject to US economic sanctions. The events covered by this agreement took place between 2003 and 2008.

Crédit Agricole CIB and Crédit Agricole S.A., which cooperated with the US and New York authorities in connection with their investigations, have agreed to pay a total penalty amount of $787.3 million (i.e. €692.7 million). The payment of this penalty has been allocated to the pre-existing reserve that had already been taken and, therefore, has not affected the accounts for the second half of 2015.

The agreements with the Board of Governors of the Federal Reserve System (Fed) and the New-York State Department of Financial Services (NYDFS) are with Crédit Agricole S.A. and Crédit Agricole CIB. The agreement with the Office of Foreign Assets Control (OFAC) of the US Department of the Treasury is with Crédit Agricole CIB. Crédit Agricole CIB also entered into separate deferred prosecution agreements (DPAs) with the United States Attorney's Office for the District of Columbia (USAO) and the District Attorney of the County of New York (DANY), the terms of which are three years. On October 19, 2018 the two deferred prosecution agreements with USAO and DANY ended at the end of the three year period, Crédit Agricole CIB having complied with all its obligations under the DPAs.

Crédit Agricole continues to strengthen its internal procedures and its compliance programs regarding laws on international sanctions and will continue to cooperate fully with the US and New York authorities with its home regulators, the European Central Bank and the French Regulatory and Resolution Supervisory Authority (ACPR), and with the other regulators across its worldwide network.

Pursuant to the agreements with NYDFS and the US Federal Reserve, Crédit Agricole's compliance program is subject to regular reviews to evaluate its effectiveness, including a review by an independent consultant appointed by NYDFS for a term of one year and annual reviews by an independent consultant approved by the Federal Reserve.

◆ Euribor/Libor and other indexes

Crédit Agricole S.A. and its subsidiary Crédit Agricole CIB, in their capacity as contributors to a number of interbank rates, have received requests for information from a number of authorities as part of investigations into: (i) the calculation of the Libor (London Interbank Offered Rates) in a number of currencies, the Euribor (Euro Interbank Offered Rate) and certain other market indices; and (ii) transactions connected with these rates and indices. These demands covered several periods from 2005 to 2012.

As part of its cooperation with the authorities, Crédit Agricole S.A. and its subsidiary Crédit Agricole CIB carried out investigations in order to gather the information requested by the various authorities and in particular the American authorities – the DOJ (Department of Justice) and CFTC (Commodity Future Trading Commission) – with which they are in discussions. It is currently not possible to know the outcome of these discussions, nor the date when they will be concluded.

Furthermore, Crédit Agricole CIB is currently under investigation opened by the Attorney General of the State of Florida on both the Libor and the Euribor.

Following its investigation and an unsuccessful settlement procedure, on 21 May 2014, the European Commission sent a notification of grievances to Crédit Agricole S.A. and to Crédit Agricole CIB pertaining to agreements or concerted practices for the purpose and/or effect of preventing, restricting or distorting competition in derivatives related to the Euribor.

In a decision dated 7 December 2016, the European Commission jointly fined Crédit Agricole S.A. and Crédit Agricole CIB €114,654,000 for participating in a cartel in euro interest rate derivatives. Crédit Agricole S.A. and Crédit Agricole CIB are challenging this decision and have asked the European Court of Justice to overturn it.

Additionally, the Swiss competition authority, COMCO, is conducting an investigation into the market for interest rate derivatives, including the Euribor, with regard to Crédit Agricole S.A. and several Swiss and international banks. Moreover, in June 2016 the South Korean competition authority (KFTC) decided to close the investigation launched in September 2015 into Crédit Agricole CIB and the Libor index on various currencies, Euribor and Tibor indices. The investigation into certain foreign exchange derivatives (ABS-NDF) has been closed by the KFTC according to a decision notified to Crédit Agricole CIB on 20 December 2018.

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

Since 1 July 2016, Crédit Agricole S.A. and Crédit Agricole CIB, together with other banks, are also party to a new class action suit in the United States ("Frontpoint") relating to the SIBOR (Singapore Interbank Offered Rate) and SOR (Singapore Swap Offer Rate) indices. After having granted a first motion to dismiss filed by Crédit Agricole S.A. and Crédit Agricole CIB, the New York Federal District Court, ruling on a new request by the plaintiffs, excluded Crédit Agricole S.A. from the Frontpoint case on the grounds that it had not contributed to the relevant indexes. The Court considered, however, taking into account recent developments in case law, that its jurisdiction could apply to Crédit Agricole CIB, as well as to all the banks that are members of the SIBOR index panel. The allegations contained in the complaint regarding the SIBOR/USD index and the SOR index were also rejected by the court, therefore the index SIBOR/Singapore dollar alone is still taken into account. On 26 December, the plaintiffs filed a new complaint aimed at reintroducing into the scope of the Frontpoint case the alleged manipulations of the SIBOR and SOR indexes that affected the transactions in US dollars. Crédit Agricole CIB, alongside the other defendants, will oppose the terms of this new complaint and has also filed a new motion to dismiss to contest the jurisdiction maintained against it

These class actions are civil actions in which the plaintiffs claim that they are victims of the methods used to set the Euribor, Libor, SIBOR and SOR rates, and seek repayment of the sums they allege were unlawfully received, as well as damages and reimbursement of costs and fees paid.

◆ Banque Saudi Fransi

Crédit Agricole Corporate Investment Bank (Crédit Agricole CIB) has received a Request for Arbitration submitted by Banque Saudi Fransi (BSF) before the International Chamber of Commerce (ICC). The dispute relates to the performance of a Technical Services Agreement between BSF and Crédit Agricole CIB that is no longer in force. On 7 August 2018, BSF quantified its claim at SAR 1,012 million, the equivalent of about €232 million and reserved the right to submit additional claims. Crédit Agricole CIB totally denies BSF's allegations and claim.

◆ Bonds SSA

Several regulators have demanded information to Crédit Agricole S.A. and to Crédit Agricole CIB for inquiries relating to activities of different banks involved in the secondary trading of Bonds SSA (Supranational, Sub-Sovereign and Agencies) denominated in American dollars. Through the cooperation with these regulators, Crédit Agricole CIB proceeded to internal inquiries to gather the required information available. On 20 December 2018, the European Commission issued a Statement of Objections to a number of banks including Crédit Agricole S.A. and Crédit Agricole CIB within its inquiry on a possible infringement of rules of European Competition law in the secondary trading of Bonds SSA denominated in American dollars. Crédit Agricole S.A. and Crédit Agricole CIB became aware of these objections and will issue a response.

Crédit Agricole CIB is included with other banks in a putative consolidated class action before the United States District Court for the Southern District of New York. That action was dismissed on 29 August 2018 on the basis that the plaintiffs failed to allege an injury sufficient to give them standing. However the plaintiffs have been given an opportunity to attempt to remedy that defect. The plaintiffs filed an amended complaint on 7 November 2018. Crédit Agricole CIB as well as the other defendants have filed motions to dismiss the amended complaint.

On 7 February 2019, another class action was filed against Crédit Agricole CIB and the other defendants named in the class action already pending before the United States District Court for the Southern District of New York.

On 11 July 2018, Crédit Agricole S.A. and Crédit Agricole CIB were notified with other banks of a class action filed in Canada, before the Ontario Superior Court of Justice. Another class action, not notified to date, would have been filed before the Federal Court of Canada. It is not possible at this stage to predict the outcome of these investigations, proceedings or class actions or the date on which they will end.

◆ O'Sullivan and Tavera

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

On December 29, 2018, the same group of individuals, together with 57 new plaintiffs, filed a separate action ("O'Sullivan II") against the same defendants.

On December 21, 2018, a different group of individuals filed a complaint ("Tavera") against the same defendants.

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

On 2 March 2018, Crédit Agricole CIB and other defendants filed a motion to dismiss the O' Sullivan I Complaint.

◆ Intercontinental Exchange, Inc. ("ICE")

On January 15, 2019 a class action was filed before a federal court in New-York (US District Court Southern District of New-York) against the Intercontinental Exchange, Inc. ("ICE") and a number of banks including Crédit Agricole S.A., Crédit Agricole CIB and Crédit Agricole Securities-USA. This action has been filed by plaintiffs who allege that they have invested in financial instruments indexed to the USD ICE LIBOR. They accuse the banks of having collusively set the index USD ICE LIBOR at artificially low levels since February 2014 and made thus illegal profits.

On January 31, 2019 a similar action has been filed before the US District Court Southern District of New-York, against a number of banks including Crédit Agricole S.A., Crédit Agricole CIB and Crédit Agricole Securities-USA. On February 1, 2019, these two class actions were consolidated for pre-trial purposes.

◆ Binding agreements

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

6.16 Subordinated debt

€ million	31.12.2018	31.12.2017
Dated subordinated debt	2,989	2,670
Undated subordinated debt	1,970	2,478
Carrying amount	**4,959**	**5,148**

SUBORDINATED DEBT ISSUES

The issue of subordinated debt plays a part in regulatory capital management while contributing to refinancing all of Crédit Agricole CIB's operations.

The Capital Requirements Regulation and Directive (CRD 4/CRR) define the conditions under which subordinated instruments qualify as regulatory capital and set out the terms and conditions of progressive disqualification between 1 January 2014 (effective date of CRD 4 and CRR) and 1 January 2022 of older instruments that do not meet these requirements.

All subordinated debt issuance, whether new or old, is likely to be subject to bail-in in certain circumstances, particularly in the event of resolution of the issuing bank, in accordance with the Order of 20 August 2015 containing various provisions adapting French legislation to EU law on financial matters, transposing the EU Directive of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms (the Recovery and Resolution Directive, or RRD).

6.17 Equity

OWNERSHIP STRUCTURE AT 31 DECEMBER 2018

At 31 December 2018, ownership of the capital and voting rights was as follows:

	At 31 December				
	2018			2017	2016
Crédit Agricole CIB's shareholders	Number of shares	% of the share capital	% of voting rights	% of the share capital	% of the share capital
Crédit Agricole S.A.	283,037,778	97%	97%	97%	97%
SACAM développement (1)	6,485,666	2%	2%	2%	2%
Delfinances (2)	1,277,888	0%	0%	0%	0%
Public	14	ns	ns	ns	ns
Total	**290,801,346**	**100%**	**100%**	**100%**	**100%**

(1) Owned by Crédit Agricole Group. (2) Owned by Crédit Agricole S.A. Group.

At 31 December 2018, Crédit Agricole CIB's share capital stood at 7,851,636,342 euros divided into 290,801,346 fully paid up ordinary shares each with a par value of €27.

EARNING PER SHARE

		31.12.2018	31.12.2017
Net income Group share during the period	*(€ million)*	1,479	1,156
Net income attributable to undated deeply subordinated securities	*(€ million)*	(190)	(170)
Net income attributable to holders of ordinary shares	*(€ million)*	**1,290**	**986**
Weighted average number of ordinary shares in circulation during the period		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
Basic earnings per share	*(in euros)*	**4.44**	**3.39**
Basic earnings per share from ongoing activities	*(in euros)*	**4.44**	**3.39**
Basic earnings per share from discontinued operations	*(in euros)*		
Diluted earnings per share	*(in euros)*	**4.44**	**3.39**
Diluted earnings per share from ongoing activities	*(in euros)*	**4.44**	**3.39**
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. The amount is –€190 million for the 2018 financial year.

DIVIDENDS

The dividend distribution policy, defined by the Board of Directors, is based on an analysis which takes account in particular of historical dividends, the financial position, and the results of the company.

The Board of Directors may propose in General Shareholder Meetings that part of distributable earnings be retained or appropriated to one or more reserve accounts. These reserves may receive any appropriations decided by the General Meeting, on the proposal of the Board of Directors, in particular with a view to the amortisation or reduction of the capital through the reimbursement or purchase of shares.

The balance of distributable earnings is attributed to shareholders in proportion to their shareholding in the Company as a dividend distribution.

In addition, the General Shareholder Meeting may decide to distribute sums deducted from distributable reserves.

However, excluding the case of a capital reduction, no distribution may be made to shareholders when shareholders' equity is, or would become following the distribution, less than the amount of the share capital increased by reserves prohibited from distribution by applicable laws.

The conditions for dividend payment approved by the General Shareholder Meeting are set by the latter or failing that, by the Board of Directors, and the payment must occur within the time period prescribed by the laws and regulations in force.

The General Shareholder Meeting called to approve the accounts for the year may grant to each shareholder, for all or part of the dividend being distributed, or for the interim dividends, a choice between payment of the final or interim dividends in cash or in shares.

Dividend paid in respect of year	Net amount in € million	Number of shares receiving dividend	Dividend per share
2014	1,000	268,687,973	(1) 3.72
		Interim: 268,687,973	Interim: (1) 2.93
2015	899	Remaining balance: 271,374,853	Remaining balance: (1) 0.41
			Total: (1) 3.34
		Interim: 290,801,346	Interim: (1) 2.55
2016	983	Remaining balance: 290,801,346	Remaining balance: (1) 0.83
			Total: (1) 3.38
2017	1,236	290,801,346	(1) 4.25
2018	489	290,801,346	(1) 1.68

(1) Dividend eligible for the discount defined in Article 158-3-2 of the French General Tax Code for individual shareholders domiciled in France.

For the 2018 financial year, the Board of Directors proposed to submit for approval to the General Meeting of Shareholders the distribution of €488,546,261.28.

APPROPRIATION OF NET INCOME AND DETERMINATION OF THE 2018 DIVIDEND

The proposed appropriation of net income is set out in the draft resolutions to be presented by the Board of Directors at Crédit Agricole CIB's General Meeting on 7 May 2018. The breakdown of appropriation is described below. The net income for the financial year ended 31 December 2018 amounts to € 1.272.001.927,45. The Board of Directors proposes that the General Meeting of Shareholders agree:

▶ Proposal for appropriation of net income (in euros):

Amount of net income at 31/12/2018	**1,272,001,927.45**
Appropriation of the net income at 31/12/2018	
to the legal reserve for (the legal reserve is thus 10% of the share capital)	17,096,127.88
to a special reserve (Art 238 bis AB paragraph 5 of the French general tax code) for	77,988.00
Balance of net income at 31/12/2018 after appropriation to reserves	**1,254,827,811.57**
Amount of retained earnings at 31/12/2018 (1)	**2,447,169,123.36**
Amount of distributable earnings	**3,701,996,934.93**
Distribution of the dividend deducted from balance of net income at 31/12/2018 after appropriation to reserves	**488,546,261.28**
Appropriation to retained earnings of the balance of net income after distribution of the dividend for	**766,281,550.29**

(1) Crédit Agricole CIB's retained earnings were positively impacted by €33,475,712.38 at 01/01/2018 following the transposition of the IFRS 9 provisioning model, used within the Crédit Agricole Group, into French accounting standards. This model involves impairment of performing loans according to the estimate of the expected credit losses and represents a change in accounting method.

UNDATED SUBORDINATED AND DEEPLY SUBORDINATED DEBT

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

					31.12.2018			
		Amount in currency at 31 december 2017	Partial repur-chases and redemptions	Amount in currency at 31 december 2018	Amount in euros at inception rate	Interests paid Group share	Issuance costs net of taxes	Shareholders' equity Group share
Issue date	Currency	(in million of units)	(in million of units)	(in million of units)	(in million of euros)	(in million of euros)	(in million of euros)	(in million of euros)
16/11/2015	EUR	1,800		1,800	1,800	(116)		
09/06/2016	USD	500		720	635	(56)		
25/06/2018	EUR			500	500	(13)		
19/09/2018	EUR			500	500	(6)		
Total					**3,435**	**(190)**		

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

€ million	31.12.2018	31.12.2017
Undated deeply subordinated notes		
Interest paid accounted as reserves	(190)	(170)
Evolution of nominals		
Income tax savings related to interest paid to security holders recognised in net income		
Issuance costs (net of tax) accounted as reserves		
Others		
Undated subordinated notes		
Interest paid accounted as reserves		
Evolution of nominals		
Income tax savings related to interest paid to security holders recognised in net income		
Issuance costs (net of tax) accounted as reserves		
Others		

6.18 Non-controlling interests

Non-controlling interests held by Crédit Agricole CIB are insignificant, except the Saudi Fransi Bank stake.

6.19 Breakdown of financial assets and financial liabilities by contractual maturity

The breakdown of balance sheet financial assets and liabilities is made according to contractual maturity date.

The maturities of derivative instruments held for trading and for hedging correspond to their date of contractual maturity.

Equities and other variable-income securities are by nature without maturity; they are classified as "Indefinite".

The revaluation adjustments on interest rate-hedged portfolios are considered to have an indefinite maturity, given the absence of defined maturity.

	31.12.2018					
€ million	≤ 3 months	> 3 months up to ≤ 1 year	> 1 year up to ≤ 5 years	> 5 years	Indefinite	Total
Cash, central banks	46,538					46,538
Financial assets at fair value through profit or loss	104,616	28,257	39,831	65,103	2,967	240,774
Hedging derivative Instruments	836	28	73	28		965
Financial assets at fair value through other comprehensive income	2,126	2,235	4,272	1,067	1,662	11,362
Financial assets at amortised cost	69,049	26,765	58,204	27,099	253	181,371
Revaluation adjustment on interest rate hedged portfolios	2					2
Total financial assets by maturity	**223,167**	**57,285**	**102,380**	**93,297**	**4,882**	**481,012**
Central banks	877					877
Financial liabilities at fair value through profit or loss	93,717	14,269	49,679	77,218	(4)	234,880
Hedging derivative Instruments	927	46	61	34		1,067
Financial liabilities at amortised cost	162,900	30,083	23,720	5,656	(6)	222,353
Subordinated debt	1			4,888	70	4,959
Revaluation adjustment on interest rate hedged portfolios	5					5
Total financial liabilities by maturity	**258,427**	**44,398**	**73,460**	**87,796**	**60**	**464,141**

	31.12.2017					
€ million	≤ 3 months	> 3 months up to ≤ 1 year	> 1 year up to ≤ 5 years	> 5 years	Indefinite	Total
Cash, central banks	32,604					32,604
Financial assets at fair value through profit or loss	97,893	24,168	40,622	70,833	3,485	237,001
Hedging derivative instruments	1,005	63	26	7		1,101
Available-for-sale financial assets	6,458	7,678	8,441	3,176	1,551	27,304
Loans ad receivables due from credit institutions	12,952	8,996	2,303	2,018		26,269
Loans and receivables due from customers	54,536	14,417	45,649	20,437		135,039
Value adjustment on interest rate risk hedged portfolios	17					17
Held-to-maturity financial assets						
Total financial assets bby maturity	**205,465**	**55,322**	**97,041**	**96,471**	**5,036**	**459,335**
Central banks	1,585					1,585
Financial liabilities at fair value through profit or loss	84,672	17,380	51,032	84,087		237,171
Hedging derivative instruments	900	61	42	2		1,005
Due to credit institutions	18,702	7,223	13,966	4,111		44,002
Due to customers	101,278	4,383	967	332		106,960
Debt securities	37,051	9,424	884	616	2	47,977
Subordinated debt	1			5,147		5,148
Value adjustment on interest rate risk hedged portfolios	27					27
Total financial liabilities by maturity	**244,216**	**38,471**	**66,891**	**94,295**	**2**	**443,875**

NOTE 7: EMPLOYEE BENEFITS AND OTHER COMPENSATION

7.1 Analysis of employee expenses

€ million	31.12.2018	31.12.2017
Salaries (1)	(1,550)	(1,459)
Contributions to defined-contribution plans	(74)	(63)
Contributions to defined-benefit plans	(29)	(32)
Other social security expenses	(335)	(310)
Profit-sharing and incentive plans	(32)	(29)
Payroll-related tax	(49)	(46)
Total employee expenses	**(2,069)**	**(1,939)**

(1) Including expenses relating to stock option plans for €58 million at 31 December 2018 compared to €56 million at 31 December 2017.

7.2 Average headcount

Average headcount	31.12.2018	31.12.2017
France	4,903	4,414
International	6,448	5,949
Total	**11,351**	**10,363**

7.3 Post-employment benefits, defined contribution plans

There are various mandatory pension plans to which employers contribute. The funds are managed by independent organisations and the contributing companies have no legal or implied obligation to pay additional contributions if the funds do not have sufficient assets to provide all the benefits corresponding to the services rendered by staff during the current and previous years. As a consequence, Crédit Agricole CIB has no liability in this respect other than the contributions to be paid.

Within Crédit Agricole CIB, there are several compulsory defined-contribution plans, the main ones being Agirc/Arrco, which are French supplementary retirement plans, notably supplemented by an "Article 83" type plan.

7.4 Post-employment benefits, defined-benefit plans

CHANGE IN ACTUARIAL LIABILITY

	31.12.2018			31.12.2017
€ million	Eurozone	Outside Eurozone	All Zones	All Zones
Actuarial liability at 31.12.2017	**238**	**1,487**	**1,725**	**1,851**
Translation adjustments		28	28	(108)
Cost of service rended during the period	11	32	43	45
Financial cost	3	25	28	30
Employee contributions		16	16	13
Benefit plan changes, withdrawals and settlement	(1)	4	3	(19)
Changes in scope	7		7	
Benefits paid (mandatory)	(9)	(62)	(71)	(102)
Taxes, administrative expenses, and bonuses				
Actuarial (gains)/losses arising from changes in demographic assumptions (1)	8	(13)	(5)	(15)
Actuarial (gains)/losses arising from changes in financial assumptions (1)		(57)	(57)	30
Actuarial liability at 31.12.2018	**257**	**1,460**	**1,716**	**1,725**

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

6

BREAKDOWN OF NET CHARGE RECOGNISED IN THE INCOME STATEMENT

	31.12.2018			31.12.2017
€ million	Eurozone	Outside Eurozone	All Zones	All Zones
Service cost	11	35	46	26
Income/expenses on net interests	3	3	6	6
Impact in profit and loss at 31.12.2018	**14**	**38**	**52**	**32**

BREAKDOWN OF NET GAINS AND LOSSES RECOGNISED DIRECTLY IN EQUITY (NON-RECYCLABLE)

	31.12.2018			31.12.2017
€ million	Eurozone	Outside Eurozone	All Zones	All Zones
Revaluation from net liabilities (from net assets)				
Total amount of actuarial gains or losses recognised in other comprehensive income that will not be reclassified to profit and loss at 31.12.2017	**104**	**313**	**417**	**452**
Translation adjustments		7	7	(24)
Actuarial gains/losses on assets		6	6	(58)
Actuarial (gains)/losses arising from changes in de-mographic assumptions	7	(13)	(6)	(15)
Actuarial (gains)/losses arising from changes in fi-nancial assumptions		(57)	(57)	30
Adjustment of assets restriction's impact				
Impact in other comprehensive income at 31.12.2018	**7**	**(57)**	**(50)**	**(67)**

CHANGE IN FAIR VALUE OF ASSETS

	31.12.2018			31.12.2017
€ million	Eurozone	Outside Eurozone	All Zones	All Zones
Fair value of assets at 31.12.2017	**16**	**1,246**	**1,262**	**1,296**
Translation adjustments		20	20	(85)
Interests on asset (income)		22	22	23
Actuarial gains/(losses)		(5)	(5)	58
Employer contributions		57	57	32
Employee contributions		16	16	13
Benefit plan changes, withdrawals and settlement				
Changes in scope				
Taxes, administrative expenses, and bonuses				
Benefits paid out under the benefit plan	(1)	(61)	(62)	(75)
Fair value of assets at 31.12.2018	**15**	**1,295**	**1,310**	**1,262**

NET POSITION

	31.12.2018			31.12.2017
€ million	Eurozone	Outside Eurozone	All Zones	All Zones
Closing actuarial liability	**257**	**1,460**	**1,717**	**(1,725)**
Impact of asset restriction				
Fair value of assets at end of period	(16)	(1,296)	(1,312)	1,263
Net position of assets/(liabilities) at end of period	**241**	**164**	**405**	**(462)**

DEFINED-BENEFIT PLANS: MAIN ACTUARIAL ASSUMPTIONS

	31.12.2018		31.12.2017	
In percent	Eurozone	Outside Eurozone	Eurozone	Outide Eurozone
Discount rate (1)	1.43%	1.90%	1.38%	1.69%
Actual return on plan assets and on reimbursement rights	2.28%	1.35%	8.82%	6.56%
Expected salary increase rates (2)	2.85%	2.11%	2.86%	2.10%
Rate of change in medical costs	4.60%	na	4.60%	0.00%

(1) The discount rates are determined depending on the average period of the commitment, meaning the arithmetic average of the periods calculated between the date of valuation and the date of payment weighted by staff turnover assumptions. The underlying item is the discount rate by reference to the iBoxx index.
(2) Depending on the populations concerned (managers or non-managers).

INFORMATION OF PLAN ASSETS: ALLOCATION OF ASSETS (1)

	Eurozone			Outside Eurozone			All Zones		
€ million	%	Amount	of which listed	%	Amount	of which listed	%	Amount	of which listed
Equities	7.84%	1,230	1,230	26.18%	339,362	339,362	25.96%	340,592	340,592
Bonds	63.88%	10,024	10,024	48.21%	624,853	624,855	48.39%	634,877	634,879
Property/Real estate	4.65%	730		11.80%	153,003		11.72%	153,733	
Other assets	23.63%	3,709		13.81%	178,988		13.93%	182,697	

Crédit Agricole CIB's policy on covering employee benefit obligations reflects local rules on funding post-employment benefits in countries with minimum funding requirements.

Overall, Crédit Agricole CIB covered 76.39% of its employee benefit obligations at 31 December 2018.

At 31 December 2018, the sensitivity analysis showed that:

- a 50 basis point increase in discount rates would reduce the commitment by -7.61%;
- a 50 basis point decrease in discount rates would increase the commitment by 8.66%.

7.5 Other employee benefits

Crédit Agricole CIB pays long service awards.

7.6 Share-based payments

7.6.1 STOCK OPTION PLAN

No new plan was implemented in 2018.

EMPLOYEE BONUS SHARE PLAN

No new plans were implemented in 2018.

CAPITAL INCREASE RESERVED FOR EMPLOYEES AND PENSIONERS OF THE CRÉDIT AGRICOLE GROUP

In 2018, Crédit Agricole S.A. offered employees and Group retirees the possibility of subscribing to a new capital increase reserved for them. This transaction, launched in France and 11 other countries, enabled over 18,589 subscribers worldwide to invest in Crédit Agricole group shares.

At the end of 2018, the percentage of share capital owned by employees and former employees of the Crédit Agricole S.A. Group was 4.4%.

DEFERRED VARIABLE COMPENSATION PAID IN SHARES OR IN CASH INDEXED TO THE SHARE PRICE

The deferred variable compensation plans implemented by the Crédit Agricole CIB Group in respect of 2018 are settled in cash indexed to the Crédit Agricole S.A. share price..

This deferred variable compensation is subject to continued employment and performance conditions. It is broken down into thirds which are payable in March 2020, March 2021 and March 2022.

The expense related to these plans is recognised in compensation expenses. It is spread on a straight-line basis over the vesting period to reflect continued employment, and a liability is recorded in employee expenses, the amount of which is subject to periodical revaluation through profit or loss until the settlement date, depending on the evolution of the Crédit Agricole S.A. share price and the vesting conditions (presence and performance conditions).

7.7 Executive compensation

Top Executives of Crédit Agricole CIB include all members of the Executive Committee and members of the Board of Directors of Crédit Agricole CIB.

The composition of the Executive Committee is detailed in the Corporate Governance chapter of this document.

The compensation paid and benefits granted to the members of the Executive Committee in 2018 were as follows:

- short-term benefits: €18.1 million for fixed and variable compensation (of which €3.08 million paid in share-indexed instruments), including social security expenses and benefits in kind;
- post-employment benefits at 31 December 2018: €18.5 million for end-of-career benefit commitments and the supplementary pension scheme put in place for the Group's Senior Executive Officers;
- other long-term benefits: the amount granted for long-term service awards was not material;
- employment contract termination benefits: no payments were made in 2018 for termination benefits;
- other share-based payment: not applicable.

Total Directors' fees paid to members of Crédit Agricole CIB's Board of Directors in 2018 in consideration for serving as Directors of Crédit Agricole CIB amounted to €0.42 million (net amount).

(1) Of which fair value of reimbursement rights.

NOTE 8: COMMITMENTS GIVEN AND RECEIVED AND OTHER GUARANTEES

Financing and guarantee commitments and other guarantees include discontinued operations.

COMMITMENTS GIVEN AND RECEIVED

€ million	31.12.2018	31.12.2017
Commitments given	**186,638**	**168,034**
Financing commitments	**129,421**	**114,729**
Commitments given to credit institutions	21,024	21,645
Commitments given to customers	108,397	93,084
Confirmed credit lines	92,653	86,309
Documentary credits	4,655	4,496
Other confirmed credit lines	87,998	81,813
Other commitments given to customers	15,744	6,775
Guarantee commitments	**50,172**	**53,305**
Credit institutions	7,248	6,429
Confirmed documentary credit lines	3,946	3,377
Other	3,302	3,052
Customers	42,924	46,876
Property guarantees	1,950	2,388
Other customer guarantees	40,974	44,488
Securities commitments	**7,045**	
Securities to be delivered	7,045	
Commitments received	**172,776**	**126,468**
Financing commitments	**17,054**	**13,638**
Commitments received from credit institutions	11,304	10,078
Commitments received from customers	5,750	3,560
Guarantee commitments	**145,351**	**112,830**
Commitments received from credit institutions	5,962	6,299
Commitments received from customers	139,389	106,531
Guarantees received from government bodies or similar institutions	24,366	19,227
Other guarantees received	115,023	87,304
Securities commitments	**10,371**	
Securities to be received	10,371	

FINANCIAL INSTRUMENTS GIVEN AND RECEIVED AS COLLATERAL

€ million	31.12.2018	31.12.2017
Carrying amount of financial assets provided as collateral (including trans-ferred assets)		
Securities and receivables provided as collateral for the refinancing structures (Banque de France, CRH, etc.)	38,021	34,628
Securities lent	2,852	884
Security deposits on market transactions	17,536	18,565
Other security deposits		
Securities sold under repurchase agreements	78,273	69,938
Total carrying amount of financial assets provided as collateral	**136,682**	**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	3	7
Secutities bought under repurchase agreements	109,920	95,213
Securities sold short	29,368	22,594
Total fair value of instruments received as reusable and reused col-lateral	**139,291**	**117,814**

RECEIVABLES PLEDGED AS COLLATERAL

In 2018, Crédit Agricole CIB deposited €2,566 million of receiv-ables to Banque de France for refinancing compared to €3,117 million in 2017.

At 31 December 2018, Crédit Agricole CIB used no refinancing lines from 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.

The guarantees held by Crédit Agricole CIB Group which it is allowed to sell or to use as collateral, amounted to €139 billion at 31 December 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 31 December 2018, nor at 31 December 2017.

NOTE 9: RECLASSIFICATIONS 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 Crédit Agricole CIB 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

During previous financial years Crédit Agricole CIB implemented reclassifications as permitted by the amendment to IAS 39 published and adopted by the European Union on 15 October 2008.

Information about these reclassifications is provided below.

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

	Assets reclassified before	
€ million	Carrying amount 31.12.2017	Estimated market value at 31.12.2017
Financial assets at fair value through profit or loss reclassified as loans and receivables	78	72
Available-for-sale financial assets reclassified as loans and receivables	132	132
Total reclassified assets	**210**	**204**

CONTRIBUTION OF ASSETS RECLASSIFIED TO PROFIT AND LOSS SINCE THE RECLASSIFICATION DATE

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

Analysis of the impact of the transferred assets:

	Assets reclassified before	
	Cumulative impact at 31.12.2017	
€ million	Actual income and expenses recognised	If asset had been retained in its former category (change in fair value)
Financial assets at fair value through profit or loss reclassi-fied as loans and receivables	(36)	(122)
Available-for-sale financial assets reclassified as loans and receivables	21	21
Total reclassified assets	**(15)**	**(101)**

NOTE 10: FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received at the sale of an asset or paid to transfer a liability in 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 underlying's 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;
- 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.

10.1 Fair value of financial assets and liabilities recognised at amortised cost

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

FINANCIAL ASSETS RECOGNISED AT COST AND MEASURED AT FAIR VALUE ON THE BALANCE SHEET

€ million	Value at 31.12.2018	Estimated fair value at 31.12.2018	Quoted prices in active markets for identical instruments Level 1	Valuation based on observable data Level 2	Valuation based on unobservable data Level 3
Financial assets not measured at fair value on bal-ance sheet					
Loans and receivables	**153,475**	**153,746**		**23,560**	**130,186**
Loans and receivables due from credit institutions	**19,172**	**19,162**		**18,854**	**308**
Current accounts and overnight loans	3,503	3,503		3,503	
Accounts and long-term loans	14,688	14,677		14,369	308
Pledged securities					
Securities bought under repurchase agreements	969	971		971	
Subordinated loans					
Other loans and receivables	12	11		11	
Loans and receivables due from customers	**134,303**	**134,584**		**4,706**	**129,878**
Trade receivables	21,717	21,735			21,735
Other customer loans	107,538	107,795			107,795
Pledged securities					
Securities bought under repurchase agreements	336	336		336	
Subordinated loans	99	99			99
Advances in associates' current accounts	137	137			137
Current accounts in debit	4,476	4,482		4,370	112
Debt securities	**27,897**	**27,970**	**15,339**	**8,154**	**4,477**
Treasury bills and similar securities	7,284	7,320	7,270		50
Bonds and other fixed income securities	20,613	20,650	8,069	8,154	4,427
Total financial assets of which fair value is disclosed	**181,372**	**181,716**	**15,339**	**31,714**	**134,663**

€ million	Value at 31.12.2017	Estimated fair value at 31.12.2017	Quoted prices in active markets for identical instruments Level 1	Valuation based on observable data Level 2	Valuation based on unobservable data Level 3
Financial assets not measured at fair value on balance sheet					
Loans and receivables	**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 long-term loans	20,094	20,094		20,094	
Pledged securities					
Securities bought under repurchase agreements	725	725		725	
Subordinated loans	1	1		1	
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
Pledged securities					
Securities bought under repurchase agreements	937	937		937	
Subordinated loans	100	100			100
Securities not listed on 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	
Debt securities					
Treasury bills and similar securities					
Bonds and other fixed Income securities					
Total financial assets of which fair value is disclosed	**161,308**	**161,193**		**34,534**	**126,659**

FINANCIAL LIABILITIES RECOGNISED AT AMORTISED COST AND MEASURED AT FAIR VALUE ON THE BALANCE SHEET

€ million	Value at 31.12.2018	Estimated fair value at 31.12.2018	Quoted prices in active markets for identical instruments Level 1	Valuation based on observable data Level 2	Valuation based on unobservable data Level 3
Financial liabilities not measured at fair value on balance sheet					
Due to credit institutions	**47,302**	**47,302**		**47,302**	
Current accounts and overnight loans	7,003	7,003		7,003	
Accounts and term deposits	38,522	38,522		38,522	
Pledged securities					
Securities sold under repurchase agreements	1,777	1,777		1,777	
Due to customers	**123,510**	**123,510**		**123,357**	**153**
Current accounts in credit	45,971	45,971		45,971	
Special savings accounts	151	151			151
Other amounts due to customers	76,849	76,849		76,847	2
Securities sold under repurchase agreements	539	539		539	
Debt securities	**51,541**	**51,548**		**51,548**	
Subordinated debt	**4,959**	**4,959**		**4,959**	
Total financial liabilities of which fair value is disclosed	**227,312**	**227,319**		**227,166**	**153**

€ million	Value at 31.12.2017	Estimated fair value at 31.12.2017	Quoted prices in active markets for identical instruments Level 1	Valuation based on observable data Level 2	Valuation based on unobservable data Level 3
Financial liabilities not measured at fair value on balance sheet					
Due to credit institutions	**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
Special savings accounts	150	150			150
Other amounts due to customers	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**

10.2 Information about financial instruments measured at fair value

ASSESSMENT OF THE COUNTERPARTY RISK ON DERIVATIVE INSTRUMENT ASSETS (CREDIT VALUATION ADJUSTMENT OR CVA), OF THE RISK OF NON-EXECUTION ON DERIVATIVE LIABILITIES (DEBT VALUATION ADJUSTMENT OR DVA OR OWN CREDIT RISK)

The adjustment of value in relation to the quality of the counterparty (Credit Value Adjustment – CVA) aims to include, in the valuation of derivative instruments, the credit risk associated with the counterparty (risk of non-payment of sums due in the event of default). This adjustment is calculated overall by counterparty according to the profile of transaction future exposures, minus any collateral. This adjustment is always negative and reduces the fair value assets of the financial instruments.

The adjustment in value relating to the own credit risk of our establishment (Debt Value Adjustment – DVA) aims to incorporate into the valuation of the derivative instruments the risk borne by our counterparties. This adjustment is calculated overall by counterparty according to the profile of transaction future exposures. This adjustment is always positive and reduces the fair value liability of the financial instruments.

The CVA/DVA is calculated on the basis of an estimate of expected losses based on the probability of default and loss given default. The methodology used maximises the use of observable market inputs. The likelihood of default is worked out from listed CDSs or proxy listed CDSs when they are considered to be sufficiently liquid.

◆ Valuation methods

financial instruments are valued by management information systems and checked by a team that reports to the Risk Management Department and is independent from the market operators.

Valuations are based on the 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.

Valuations are based on the use of:

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 value of the OTC derivatives the market value of the default risk (risk that amounts due to us are not repaid in the event of default or deterioration in creditworthiness) of our counterparties. This adjustment is calculated per counterparty based on the positive future exposure profiles of the trading portfolio (taking into account any netting or collateral agreements, where such exist) weighted by the probabilities of default and losses incurred in the event of default. The methodology 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 value of fully collateralised OTC derivatives the market value of the 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 by type of collateral contract on the basis of future negative exposure profiles of the trading portfolio weighted by probabilities of default (of Crédit Agricole S.A.) and the losses incurred in the event of default. The calculation aims to factor in the Margin Period of Risk (MPR, period of time between the occurrence of the Crédit Agricole S.A. default and the effective liquidation of all positions). The methodology used maximises the use of observable market inputs (use of the Crédit Agricole S.A. CDS to determine probabilities 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 value of non-collateralised, or imperfectly collateralised OTC derivatives the additional future funding costs and benefits based on Asset & Liabilities Management (ALM) costs. This adjustment is calculated by counterparty on the basis of future exposure profiles of the trading portfolio (taking account of the netting agreements and any collateral agreements) weighted by ALM funding spreads.

In the area of "cleared" derivatives, an FVA adjustment called IMVA (Initial Margin Value Adjustment) is calculated in order to take account of the costs and benefits of future funding of initial margins to be posted with the main clearing houses on derivatives until the maturity of the portfolio.

BREAKDOWN OF FINANCIAL INSTRUMENTS AT FAIR VALUE BY VALUATION MODEL

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

Financial assets measured at fair value

€ million	31.12.2018	Quoted prices in active markets for identical instruments Level 1	Valuation based on observable data Level 2	Valuation based on unobservable data Level 3
Financial assets held for trading	**240,560**	**24,825**	**211,402**	**4,333**
Loans and receivables due from credit institutions	191		191	
Loans and receivables due from customers	1,374			1,374
Securities bought under repurchase agreements	108,619		107,652	967
Pledged securities				
Held-for-trading securities	22,224	19,583	2,149	492
Treasury bills and similar securities	14,116	12,127	1,544	445
Bonds and other fixed income securities	5,326	4,682	597	47
Mutual funds	5		5	
Equity and other variable income securities	2,777	2,774	3	
Derivative instruments	108,152	5,242	101,410	1,500
Other financial instruments at fair value through profit or loss	**214**	**27**	**16**	**171**
Equity instruments at fair value through profit or loss	**100**	**2**	**13**	**85**
Equity and other variable income securities	31	2	13	16
Non-consolidated equity investments	69			69
Debt instruments that do not meet the conditions of the "SPPI" test	**114**	**25**	**3**	**86**
Loans and receivables due from credit institutions				
Loans and receivables due from customers	76			76
Debt securities	38	25	3	10
Treasury bills and similar securities				
Bonds and other fixed income securities	30	20		10
Mutual funds	8	5	3	
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 designated at fair value through equity	**11,362**	**10,859**	**175**	**328**
Equity instruments designated at fair value through non-recyclable equity	1,662	1,406		256
Equity and other variable income securities	38	4		34
Non-consolidated equity investments	1,624	1,402		222
Debt instruments at fair value through non-recyclable equity	9,700	9,453	175	72
Loans and receivables due from credit institutions				
Loans and receivables due from customers				
Debt securities	9,700	9,453	175	72
Treasury bills and similar securities	1,576	1,504		72
Bonds and other fixed income securities	8,124	7,949	175	
Hedging derivative Instruments	**965**		**965**	
Total financial assets measured at fair value	**253,101**	**35,711**	**212,558**	**4,832**
Transfers from Level 1: Quoted prices in active markets for identical instruments	75			75
Transfers from Level 2: Valuation based on observable data	455	(6)		461
Transfers from Level 3: Valuation based on unobservable data	116	8	108	
Total transfers to each level	**646**	**2**	**108**	**536**

Level 1 to Level 3 transfers mainly involve treasury bills.
Level 2 to Level 3 transfers mainly involve client repos and interest rate swaps.
Level 3 to Level 1 transfers mainly involve derivatives held for trading on foreign currencies and gold.
Level 3 to Level 2 transfers mainly involve unsubordinated debt securities and derivatives held for trading.

€ million	31.12.2017	Quoted prices in active markets for identical instruments Level 1	Valuation based on observable data Level 2	Valuation based on unobservable data Level 3
Financial assets held for trading	**236,858**	**23,115**	**210,732**	**3,011**
Loans and receivables due from customers	1,600			1,600
Securities bought under repurchase agreements	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 equity 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 or loss	141			141
Bonds and other fixed income securities	141			141
Equities and other equity variable income securities				
Loans and advances	**2**			**2**
Loans and advances 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 equity variable income securities	1,551	1,253	16	282
Hedging derivative 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

€ million	31.12.2018	Quoted prices in active markets for identical instruments Level 1	Valuation based on observable data Level 2	Valuation based on unobservable data Level 3
Financial liabilities held for trading	**208,156**	**29,802**	**173,984**	**4,370**
Securities sold short	25,433	24,811	403	219
Securities sold under repurchase agreements	75,945		73,621	2,324
Debt securities				
Due to credit institutions				
Due to customers				
Derivative instruments	106,778	4,991	99,960	1,827
Financial liabilities designated at fair value through profit or loss	**26,724**		**18,309**	**8,415**
Hedging derivative Instruments	**1,067**		**1,067**	
Total financial liabilities measured at fair value	**235,947**	**29,802**	**193,360**	**12,785**
Transfers from Level 1: Quoted prices in active markets for identical instruments				
Transfers from Level 2: Valuation based on observable data	811			811
Transfers from Level 3: Valuation based on unobservable data	395	10	385	
Total transfers to each level	**1,206**	**10**	**385**	**811**

Level 2 to Level 3 transfers mainly involve negotiable debt securities recognised at fair value through profit or loss option and interest rate swaps.
Level 3 to Level 1 transfers mainly involve trading derivatives.
Level 3 to Level 2 transfers mainly involve negotiable debt securities recognised at fair value through profit or loss option and trading 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 unobservable 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 at fair value through profit or loss.
Level 3 to level 2 transfers mainly involve negotiable debt securities recognised under the fair value option.

Financial instruments classified in level 1

Level 1 comprises all derivatives quoted in an active market (options, futures, etc.), regardless of their underlying (interest rate, exchange rate, precious metals, key stock indices), as well as equities and bonds quoted in an active market.

A market is 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 losses 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.

Thus, Level 2 therefore mainly comprises:

- 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 parameters 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 parameters.

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.

Thus, 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:

Unobservable income groups complex financial instruments, significantly exposed to the model risk or involving parameters considered to be unobservable.

All of these principles are mapped for observability in the three levels indicating the level chosen for each product, currency and maturity.

Level 3 mainly comprises:

- interest rate exposures or very long-dated currency swaps or swaps on emerging currencies;
- 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;

- 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;
- long-term interest rates / foreign exchange hybrid products of the Power Reverse Dual Currency type, or products whose underlying asset is a basket of foreign 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 and shares);
- CDOs based on corporate credit baskets. These are now insignificant;
- certain portfolios of complex derivatives on shares.

	Carrying amount (in million of euros)					
Instrument classes	Assets	Liabilities	Main product types comprising Level 3	Valuation technique used	Main unobservable inputs	Unobservable data interval
Interest rate derivatives	1,277	1,649	Long-dated cancellable products (cancellable zero coupon swaps)	Interest rate options valuation model	Forward volatility	
			Options on interest rate differentials		CMS correlations	0% / 100%
			Securitisation swaps	Prepayment modelling and discounted future cash flows	Prepayment rate	0% / 50%
			Long-dated hybrid interest rate/ exchange rate products (PRDC)	Interest rate/FX hybrid product valuation model	Interest rate/interest rate correlation	50% / 50%
					Interest rate/ FX correlation	-50% / 50%
			Multiple-underlying products (dual range, etc.)	Valuation models for instruments with multiple underlyings	FX/Equity correlation	-50% / 75%
					FX/FX correlation	-20% / 50%
					Interest rate/equity correlation	-25% / 75%
					Interest rate/interest rate correlation	-10% / 100%
					Interest rate/ FX correlation	-10% / 100%
Credit derivatives	10	15	CDOs indexed to corporate credit baskets	Correlation projection techniques and expected cash flow modelling	Default correlations	50% / 90%

NET CHANGES IN FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE ACCORDING TO LEVEL 3

▶ Financial assets measured at fair value according to level 3

		Held-for-trading financial assets					
				Financial assets held for trading			
€ million	Total	**Loans and receivables due from customers**	**Securities bought under repurchase agreement**	Treasury bills and similar items	Bonds and other fixed income securities	**Securities held for trading**	**Derivative instruments**
Opening balance (01.01.2018)	**3,542**	**1,571**			**132**	**132**	**1,279**
Gains or losses for the period [(1)]	100	49			1	1	(65)
Accounted in profit and loss	(63)	(6)			1	1	(65)
Accounted in other comprehensive income	164	55					
Purchases	1,823		617	445	2	447	717
Sales	(1,880)	(1,614)					
Issues							
Settlements	(514)				(56)	(56)	(453)
Reclassifications	1,368	1,368					
Changes associated with scope during the period	(27)						
Transfers	420		350		(31)	(31)	21
Transfers to level 3	535		350				106
Transfers out of level 3	(115)				(31)	(31)	(85)
Closing balance (31.12.2018)	**4,832**	**1,374**	**967**	**445**	**48**	**493**	**1,499**

(1) This balance includes the gains and losses of the period made on assets reported on the balance sheet at the reporting date, for the following amounts:

Gains/ losses for the period from level 3 assets held at the end of the period	***1***
Recognised in profit or loss	*(49)*
Recognised in other comprehensive income	*50*

Other financial instruments at fair value through profit or loss					**Financial assets at fair value through other comprehensive income**				
Equity instruments at fair value through profit or loss		**Debt instruments that do not meet the conditions of the "SPPI" test**			**Equity instruments at fair value through other comprehensive income that will not be reclassified to profit and loss**		**Financial assets designated at fair value through profit or loss**		
			Debt securities				Debt securities		
Equities and other variable income securities	Non-consolidated equity investments	**Loans and receivables due from customers**	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**
4	**58**	**85**	**154**	**154**	**57**	**181**	**(1)**	**22**	**21**
7	3	11	(15)	(15)	(4)	113			
7	3	11	(15)	(15)					
					(4)	113			
1		1				40			
(2)		(23)	(128)	(128)	(19)	(72)		(22)	(22)
			(1)	(1)		(5)	1		1
7						(34)			
	8					(1)	72		72
	8					(1)	72		72
17	**69**	**74**	**10**	**10**	**34**	**222**	**72**		**72**

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▶ Financial liabilities measured at fair value according to Level 3

		Financial liabilities held for trading							
€ million	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)]	8						(160)	168	
Recognised in profit or loss	8						(160)	168	
Recognised in other comprehensive income									
Purchases	3,000	220	2,324				456		
Sales	(2)						(2)		
Issues	2,696							2,696	
Settlements	(613)						(125)	(487)	
Reclassifications								(1)	
Changes associated with scope during the period									
Transfers	416						(74)	490	
Transfers to Level 3	811						128	683	
Transfers from Level 3	(395)						(202)	(193)	
Closing balance (31.12.2018)	**12,785**	**220**	**2,324**				**1,827**	**8,414**	

(1) This balance includes the gains and losses of the period made on liabilities reported on the balance sheet at the closing date, for the following amounts:

Gains/ losses for the period from level 3 assets held at the end of the period	***8***
Recognised in profit or loss	*8*
Recognised in other comprehensive income	

The fair value amount (and variance) on these products alone is not however representative. Indeed, these products are largely hedged by others, simpler and individually valued, using data considered as observable. The actual valuations (and their variances) of these hedged products, which are mainly symmetrical to those of the products measured on the basis of data considered to be unobservable, do not appear in the table of financial assets and liabilities measured at fair value according to level 3, above.

◆ Sensitivity analysis of financial instruments valued according to level 3

The use of unobservable parameters introduces uncertainty, which we have assessed below using a sensitivity calculation on instruments valued using these inputs.

SCOPE OF INTEREST RATE DERIVATIVES

On the scope of interest rate derivatives, two main factors are considered to be unobservable and likely to lead to the associated products being classified under level 3: the correlation and prepayment rates (i.e. early redemption).

Correlation

- Many instruments are sensitive to a correlation input. However, this parameter is not unique and there are many different correlation types, including:
- forward correlation between successive indices on the same currency - e.g. CMS 2 years / CMS 10 years;
- interest rate/interest rate correlation (different indices) - e.g. Libor USD 3 MILLION/Libor €3 MILLION;
- interest rate/FX correlation (or Quanto) - e.g. USD/JPY – USD;
- equity/equity correlation;
- equity/foreign exchange correlation;
- equity/interest rates correlation;
- FX/FX correlation.

Prepayment rate

- The prepayment rate is the rate of early repayment on securitisation portfolios, whether voluntary or involuntary (default). Exposure to this risk factor can stem from two types of sources: firstly, direct exposure to these asset classes and, secondly, certain so-called "securitisation" swaps, i.e. where changes in the nominal amount automatically adjust to the nominal amount of the underlying portfolio with no mark-to-market payment. The prepayment rate plays a significant part in their valuation.

CALCULATION OF IMPACT

With respect to correlation

- The results presented below have been obtained by applying different shocks depending on the nature of the risk factor:
- correlations between successive indices in the same currency (i.e. CMS correlations);
- cross-asset correlations (e.g. Equity/forex or IR/Equity) and between two interest rate curves in different currencies.
- The result of the stress is the equivalent of the sum of the absolute values obtained.

For each type of correlation, we have considered the absolute values by currency, maturity and book, thus making a cautious assumption. For the CMS correlations, we considered the various underlyings independently (e.g. 1y10y, 2y10y).

At 31 December 2018, the sensitivity to the parameters used in the models of interest rate derivatives was +/- €12 million.

The quantity expressed is a sensitivity for an assumption of normalised market variation which is not intended to measure the impact of extreme variations.

With respect to the prepayment rate

Direct exposure to assets comprising a prepayment risk concerns securitisations such as RMBS and CLO and mezzanine CDO tranches. These exposures are marginal. They can be taken into account through sensitivity to a 1 bp change in credit spreads. This sensitivity being very low (<€50,000/bp), exposure to the pre-payment rate is thus considered to be negligible.

The prepayment rate is not an observable market input and the valuation model used for the securitisation swaps is particularly conservative. The valuation used is defined as the lower of the valuation obtained using a very fast prepayment rate and using a very slow prepayment rate. A "normal" variance in the prepayment rate will therefore have no material impact on mark-to-market, no Day One thus being used for these products.

10.3 Estimated impact of inclusion of the margin at inception

€ million	31.12.2018	31.12.2017
Deferred margin at 1st January	**67**	**69**
Margin generated by new transactions during the period	26	20
Recognised in net income during the period		
Amortisation and cancelled / reimbursed / matured transactions	(32)	(22)
Profit-sharing and incentive plans		
Effects of inputs or products reclassified as observable during the period		
Deferred margin at the end of the period	**61**	**67**

The margin on the 1st day on market transactions coming under level 3 of fair value is reserved for on the balance sheet and recognised in profit or loss over time or when the non-observable parameters become observable.

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NOTE 11: SCOPE OF CONSOLIDATION AT 31 DECEMBER 2018

11.1 Information on the subsidiaries

11.1.1 RESTRICTIONS ON CONTROLLED ENTITIES

Crédit Agricole CIB is subject to the following restrictions:

◆ Regulatory constraints

The subsidiaries of Crédit Agricole CIB are subject to prudential regulation and regulatory capital requirements in their host countries. The minimum equity capital (solvency ratio), leverage ratio and liquidity ratio requirements limit the capacity of these entities to pay dividends or to transfer assets to Crédit Agricole CIB.

◆ Legal constraints

The subsidiaries of Crédit Agricole CIB are subject to legal provisions concerning the distribution of capital and distributable earnings. These requirements limit the ability of the subsidiaries to distribute dividends. In the majority of cases, these are less restrictive than the regulatory limitations mentioned above.

◆ Other constraints:

Certain subsidiaries of Crédit Agricole CIB must submit the preliminary agreement of their regulatory authorities for the payment of dividends.

11.1.2 SUPPORT FOR STRUCTURED ENTITIES UNDER GROUP CONTROL

Crédit Agricole CIB has contractual arrangements with some consolidated structured entities under Group control that equate to commitments to provide financial support.

To meet its funding needs Crédit Agricole CIB uses structured debt issuance vehicles to raise cash on financial markets. The securities issued by these entities are fully underwritten by Crédit Agricole CIB. At 31 December 2018, the outstanding volume of these issues was €27 billion.

As part of its third-party securitisation business, Crédit Agricole CIB provides liquidity lines to its ABCP conduits. At 31 December 2018, these liquidity lines totalled €35 billion.

11.2 Composition of the consolidation group

The scope of consolidation at 31 December 2018 is detailed as follows:

Crédit Agricole S.A. Group Scope of consolidation	(a)	Location	Country of incorporation if different from location	Nature of entity and control (b)	Consolidation method 31.12.2018	% of control 31.12.18	% of control 31.12.17	% interest 31.12.18	% interest 31.12.17
Parent company and its branches									
Crédit Agricole CIB S.A.		France		Parent company	Parent	100.00	100.00	100.00	100.00
Crédit Agricole CIB (Dubai)		United Arab Emirates	France	Branch	Full	100.00	100.00	100.00	100.00
Crédit Agricole CIB (Dubai DIFC)		United Arab Emirates	France	Branch	Full	100.00	100.00	100.00	100.00
Crédit Agricole CIB (Abu Dhabi)		United Arab Emirates	France	Branch	Full	100.00	100.00	100.00	100.00
Crédit Agricole CIB (South Korea)		South Korea	France	Branch	Full	100.00	100.00	100.00	100.00
Crédit Agricole CIB (Spain)		Spain	France	Branch	Full	100.00	100.00	100.00	100.00
Crédit Agricole CIB (India)		India	France	Branch	Full	100.00	100.00	100.00	100.00
Crédit Agricole CIB (Japan)		Japan	France	Branch	Full	100.00	100.00	100.00	100.00
Crédit Agricole CIB (Singapore)		Singapore	France	Branch	Full	100.00	100.00	100.00	100.00
Crédit Agricole CIB (United Kingdom)		United Kingdom	France	Branch	Full	100.00	100.00	100.00	100.00
Crédit Agricole CIB (Hong-Kong)		Hong-Kong	France	Branch	Full	100.00	100.00	100.00	100.00
Crédit Agricole CIB (United States)		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)		Sweden	France	Branch	Full	100.00	100.00	100.00	100.00
Crédit Agricole CIB (Italy)		Italy	France	Branch	Full	100.00	100.00	100.00	100.00
Crédit Agricole 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

Crédit Agricole S.A. Group Scope of consolidation	(a)	Location	Country of incorporation if different from location	Nature of entity and control (b)	Consolidation method 31.12.2018	% of control 31.12.18	% of control 31.12.17	% interest 31.12.18	% interest 31.12.17
Ester Finance Titrisation		France		Subsidiary	Full	100.00	100.00	100.00	100.00
Banca Leonardo S.p.A.	E3	Italy		Subsidiary	Full	94.16		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	S3	France		Subsidiary	Full		100.00		100.00
Igasus LLC	S3	United States		Subsidiary	Full		100.00		100.00
CFM Indosuez Conseil en Investissement	E1	France		Subsidiary	Full	70.13		68.96	
CFM Indosuez Gestion	E1	Monaco		Subsidiary	Full	70.13		67.58	
CFM Indosuez Conseil en Investissement, Branch de Noumea	E1	France	France	Branch	Full	70.13		68.96	
Insurance companies									
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.		Guernesey		Controlled structured entity	Full	99.90	99.90	99.90	99.90
Crédit Agricole CIB Financial Prod. (Guernsey) Ltd.		Guernesey		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 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

Crédit Agricole S.A. Group Scope of consolidation	(a)	Location	Country of incorporation if different from location	Nature of entity and control (b)	Consolidation method 31.12.2018	% of control		% interest	
						31.12.18	31.12.17	31.12.18	31.12.17
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		Joint-Venture	Equity	50.00	50.00	50.00	50.00
CACIB 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	80.00		80.00	
Azqore Singapore Branch SA	E2	Singapore	Switzerland	Branch	Full	80.00		80.00	
Crédit Agricole CIB Transactions	E1	France		Subsidiary	Full	100.00		100.00	
FCT La Route Avance	D5	France		Controlled structured entity	Full	100.00			

(a) Modification of scop

Inclusions (E) into the scope of consolidation

E1: breach of threshold
E2: creation
E3: acquisition (including controlling interests)

Subsidiary (S)

SS1: discontinuation of business (including dissolution and liquidation)
S2: sale to non-Group companies or deconsolidation following loss of control
S3: deconsolidated due to non-materiality
S4: merger or takeover
S5: transfer of all assets and liabilities

Other (D):

D1: change of company name
D2: change in consolidation method
D3: first time listed in the Note on scope of consolidation
D4: IFRS 5 entities
D5: inclusion into scope related to IFRS 10 application
D6: change in consolidation method in application of IFRS 11

(b)) Entity type and nature of control

Subsidiary
Branch
Controlled structured entity
Joint venture
Exclusions (S) from the scope of consolidation
Structured joint venture
Joint operation Associate
Structured associate

NOTE 12: INVESTMENTS IN NON-CONSOLIDATED COMPANIES AND STRUCTURED ENTITIES

12.1 Investments in non-consolidated companies

These shares registered at fair value through profit or loss or fair value by non-recyclable equity are variable-income securities that represent a significant portion of the capital of the companies that issued them, and are intended to be held on a long-term basis.

This item amounted to €1.624 billion at 31 December 2018.

In accordance with the option offered by Recommendation ANC 2016-01, the exhaustive list of non-consolidated controlled entities and of significant non-consolidated equity investments can be consulted on the Crédit Agricole CIB website at the following address: https://ca-cib.fr/nous-connaitre/elements-financiers/informations-reglementees

12.2 Information on non-consolidated structured entities

In accordance with IFRS 12, a controlled structured entity is an entity designed in such a way that the voting rights or similar rights are not the factor determining who controls the entity; this is notably the case when the voting rights only relate to administrative tasks and the relevant activities are managed through contractual agreements.

INFORMATION ON THE NATURE AND EXTENT OF INTERESTS HELD

At 31 December 2018, Crédit Agricole CIB and its subsidiaries had interests in certain non-consolidated structured entities, the main characteristics of which are presented below on the basis of their type of activity.

◆ Securitisation

Crédit Agricole CIB, is tasked with structuring securitisation vehicles through the purchase of trade or financial receivables. The vehicles fund such purchases by issuing multiple tranches of debt and equity investments, with repayment being linked to the performance of the assets in such vehicles.

Crédit Agricole CIB invests in and provides liquidity facilities to the securitisation vehicles it has sponsored on behalf of customers.

◆ Structured Finance

Crédit Agricole CIB is involved in special purpose asset acquisition entities. These entities may take the form of asset financing companies or lease financing companies. In structured entities, the financing is secured by the asset. The Group's involvement is often limited to the financing or to financing commitments.

◆ Sponsored entities

Crédit Agricole CIB sponsors structured entities in the following instances:

- Crédit Agricole CIB is involved in establishing the entity and that involvement, which is remunerated, is deemed essential for ensuring the proper completion of transactions;
- structuring takes place at the request of Crédit Agricole CIB and it is the main user thereof;
- Crédit Agricole CIB transfers its own assets to the structured entity;
- Crédit Agricole CIB is the manager;
- the name of a subsidiary or of the parent company of Crédit Agricole CIB is linked to the name of the structured entity or to the financial instruments issued by it.

Crédit Agricole CIB has sponsored its non-consolidated structured entities, in which it held no interest at 31 December 2018.

Gross income, mainly consisting of interest and commission in securitisation business lines from sponsored entities in which Crédit Agricole CIB held no interest at the close of the financial year amounted to €3 million at 31 December 2018.

INFORMATION ON THE RISKS RELATED TO THE INTERESTS HELD

◆ Financial support for structured entities

In 2018, Crédit Agricole CIB provided no financial support for non-consolidated structured entities.

At 31 December 2018, Crédit Agricole CIB had no intention to provide financial support for a non-consolidated structured entity.

Interests held in non-consolidated structured entities by type of business

The involvement of Crédit Agricole CIB in non-consolidated structured entities at 31 December 2018 and at 31 December 2017 is presented in the tables below for all categories of sponsored structured entities of material significance to Crédit Agricole CIB:

	31.12.2018							
	Securitisation vehicules				Structured finance (1)			
		Maximum loss				Maximum loss		
€ million	Carrying amount	Maximum exposure to losses	Guarantees received and other credit enhancements	Net exposure	Carrying amount	Maximum exposure to losses	Guarantees received and other credit enhancements	Net exposure
Financial assets at fair value through profit or loss	66	66		66	35	35		35
Financial assets at fair value through other comprehensive income					12	12		12
Financial assets at amortised cost	16,537	16,540	152	16,388	2,346	2,346		2,346
Total Assets recognised relating to non-consolidated structured entities	**16,603**	**16,606**	**152**	**16,454**	**2,393**	**2,393**		**2,393**
Equity instruments								
Financial liabilities at fair value through profit or loss	42			42	4			4
Liabilities	173				569			
Total Liabilities recognised relating to non-consolidated structured entities	**215**			**42**	**573**			**4**
Commitments given		5,483		5,483		1,445		1,445
Financing commitments		5,387		5,387		1,258		1,258
Guarantee commitments						187		187
Other		96		96				
Provisions for execution risks - commitments given								
Total Commitments (net of provision) to non-consolidated structured entities		**5,483**		**5,483**		**1,445**		**1,445**
Total Balance sheet relating to non-consolidated structured entities	**16,388**				**2,349**			

(1) Non-sponsored structured entities generate no specific risk related to the nature of the entity. Information concerning these exposures is set out in Note 3.1 "Credit risk" and Note " 3.2 "Market risk". These are investment funds in which the Group is not a manager, and structured financing entities in which the Group has only granted a loan.

	31.12.2017							
	Securitisation vehicules				Structured finance [1]			
		Maximum loss				Maximum loss		
€ million	Carrying amount	Maximum exposure to losses	Guarantees received and other credit enhancements	Net exposure	Carrying amount	Maximum exposure to losses	Guarantees received and other credit enhancements	Net exposure
financial assets held for trading	238	238		238	62	62		62
Financial assets designated at fair value through profit or loss								
Available-for-sale financial assets	212	212	22	190	743	743		743
Loans and receivables	20,438	20,438		20,438	2,593	2,593		2,593
Held to maturity finacial assets								
Total asets recognised relating to non-consolidated stuctured entities	**20,888**	**20,888**	**22**	**20,866**	**3,398**	**3,398**		**3,398**
Equity instruments issued								
Fiancial liabilities held for trading	133				18			
Finanical liabilities designated at fair value through profit or loss								
Liabilities	1,323				565			
Total liabilities recognises designated relating to non-consolidated structured entities	**1,456**				**583**			
Commitments given		**10,360**		**10,360**		**1,103**		**1,103**
Financing commitments		10,357		10,357		625		625
Guarantee commitments						478		478
Others		3		3				
Provisions for execution risks - commitments given								
Total commitments (net of provision) to non-consolidated structured entities		**10,360**		**10,360**		**1,103**		**1,103**
Total balance sheet relating to non-consolidated structured entities	**21,914**				**2,674**			

(1) Non-sponsored structured entities generate no specific risk related to the nature of the entity. Information concerning these exposures is set out in Note 3.1 "Credit risk" and Note "3.2 "Market risk". These are investment funds in which the Group is not a manager, and structured financing entities in which the Group has only granted a loan.

MAXIMUM EXPOSURE TO LOSS RISK

The maximum exposure to loss risk on financial instruments corresponds to the value recognised on the balance sheet, with the exception of option sale derivatives and credit default swaps for which the exposure corresponds to assets for the notional amount and to liabilities for the notional amount less the mark-to-market. The maximum exposure to loss risk on commitments given corresponds to the notional amount and the provision for commitments given in the amount recognised on the balance sheet.

NOTE 13: EVENTS SUBSEQUENT TO 31 DECEMBER 2018

There were no events after the reporting period.

5. STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English-speaking readers. This report includes information specifically required by European regulations or French law, such as information about the appointment of Statutory Auditors. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

OPINION

In compliance with the engagement entrusted to us by your Annual General Meetings, we have audited the accompanying consolidated financial statements of Crédit Agricole Corporate and Investment Bank for the year ended December 31, 2018.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group at 31 December 2018 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

BASIS FOR OPINION

AUDIT FRAMEWORK

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under these standards are further described in the "Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements" section of our report.

INDEPENDENCE

We conducted our audit engagement in compliance with the independence rules applicable to us, for the period from 1 January 2018 to the date of our report, and, in particular, we did not provide any non audit services prohibited by article 5 (1) of Regulation (EU) No 537/2014 or the French Code of Ethics for Statutory Auditors (*Code de déontologie de la profession de commissaire aux comptes*)

EMPHASIS OF MATTER

Without qualifying our opinion, we draw your attention to the change in accounting policy concerning the application as from 1 January 2018 of the new IFRS 9 "Financial instruments" presented in Note 1.1 "Applicable standards and comparability" and the paragraph "Financial instruments" in Note 1.2 "Accounting rules and procedures" as well as in the other notes to the consolidated financial statements presenting quantified data related to the impact of this change.

JUSTIFICATION OF ASSESSMENTS – KEY AUDIT MATTERS

In accordance with the requirements of articles L.823-9 and R.823-7 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgement, were the most significant in our audit of the consolidated financial statements, as well as how we addressed those risks.

These matters were addressed as part of our audit of the consolidated financial statements as a whole, and therefore contributed to the opinion we formed as expressed above. We do not provide a separate opinion on specific items of the consolidated financial statements.

LEGAL, TAX AND COMPLIANCE RISKS

Description of risk

Crédit Agricole Corporate and Investment Bank is subject to judicial proceedings or arbitration and a number of investigations and requests for regulatory information from different regulators. These concern in particular the Euribor/Libor and SSA Bonds matters with authorities from various countries (USA, UK, Switzerland) and the European Union.

A number of tax investigations are also ongoing in France and some of the countries in which the Group operates.

Deciding whether or not to recognize a provision and the amount of that provision requires the use of judgement, given that it is difficult to assess the outcome of disputes or the final tax impacts of certain structural transactions.

Given its sensitivity to these assumptions, thus constituting a significant risk of material misstatement in the financial statements, we deemed the measurement of provisions for legal, compliance and tax risks to be a key audit matter

The various ongoing investigations and requests for information (Euribor/ Libor, Bonds SSA and other indexes) are described in Note 6.15 to the consolidated financial statements.

How our audit addressed this risk

The risk of a significant outflow of funds concerns a limited number of matters that we monitor on a regular basis.

We gained an understanding of the procedure for measuring the risks and, where applicable, the provisions associated with these matters, through quarterly exchanges with management and in particular the Legal, Tax and Compliance departments of the Group and its main subsidiaries.

Our work consisted primarily in:

- examining the assumptions used to determine provisions based on available information (documentation prepared by the Legal department or legal counsel of Crédit Agricole Corporate and Investment Bank, correspondence from regulators and minutes of Legal Risks Committee meetings);
- gaining an understanding of the analyses and findings of the Bank's legal counsel and their responses to our requests for confirmation;
- as regards tax risks in particular, examining, with guidance from our specialists, the Company's responses submitted to the relevant authorities, as well as the risk estimates carried out by the bank;
- assessing, accordingly, the level of provisioning at 31 December 2018.

Lastly, we examined the related disclosures provided in the notes to the consolidated financial statements.

CREDIT RISK AND ESTIMATE OF EXPECTED LOSSES ON PERFORMING, UNDERPERFORMING AND NON-PERFORMING LOANS IN THE CONTEXT OF THE FIRST-TIME APPLICATION OF IFRS 9

◆ Description of risk

In accordance with IFRS 9, since 1 January 2018 the Crédit Agricole Corporate and Investment Bank Group recognises value adjustments in respect of expected credit losses (ECL) on loans that are performing (Bucket 1), underperforming (Bucket 2) or non-performing (Bucket 3).

Given the significant judgement exercised by management in determining such value adjustments and the changes resulting from the implementation of the new standard (adaptation of the operational mechanism for calculating ECL, new information systems, inputs, new control framework, etc.), we deemed the estimation of ECL and information published as an annex of performing and underperforming (Buckets 1 and 2) and nonperforming (Bucket 3) loans for financing granted to companies in the maritime and energy sectors, both at the date of the first-time application of the new standard and at 31 December 2018, to be a key audit matter, due to an uncertain economic environment, the complexity of identifying exposures where there is a risk of non-recovery and the degree of judgement needed to estimate recovery flows.

The impact of the first-time application the new accounting standard IFRS 9 in respect of impairment losses has been recognised in equity at 1 January 2018 in the amount of – €0.4 billion.

At 31 December 2018, value adjustments for expected losses on all eligible financial loans amounted to €3.1 billion of which:

- **€0.9 billion of value adjustments pertaining to performing and underperforming loans (€0.3 billion in Bucket 1 and €4.3 billion in Bucket 2);**
- **€2.2 billion of value adjustments pertaining to non-performing loans (Bucket 3).**

See the notes on the effects of the application of IFRS 9 at 1 January 2018 and Note 3.1 to the consolidated financial statements.

◆ How our audit addressed this risk

We examined the procedures implemented by the Risk Management department to categorise loans (Bucket 1, 2 or 3) and measure the amount of recorded ECL, in order to assess whether the estimates used were based on IFRS 9-compliant methods, and were appropriately documented and described in the notes to the consolidated financial statements.

We tested the key controls implemented by the main entities for the annual portfolio reviews, the updating of credit ratings, the identification of underperforming or non-performing loans and the measurement of impairment. We also familiarised ourselves with the main findings of the primary Group entities' specialised committees in charge of monitoring underperforming and non-performing loans.

- asked experts to assess the methods and measurements for the various ECL inputs and calculation models;
- examined the methodology used to identify significant increases in credit risk (SICR);
- tested the controls for the transfer of the data used to calculate ECL or the reconciliations between the bases used to calculate ECL and the accounting data;
- carried out independent ECL calculations on the basis of samples, compared the calculated amount with the recognized amount and examined the adjustments made by management where applicable;
- also assessed the analyses carried out by management on Crédit Agricole Corporate and Investment Bank's corporate bank's exposures with a deteriorated outlook;

Regarding individually calculated value adjustments in Bucket 3, we:

- examined the estimates used for Crédit Agricole Corporate and Investment Bank's impaired significant counterparties and, on the basis of a sample of credit files, examined the factors underlying the main assumptions used to assess the expected recovery flows, in particular with regard to valuing collateral;
- Lastly, we examined the disclosures regarding credit risk hedging provided in the notes to the consolidated financial statements, including with respect to the impacts of the first-time application of IFRS 9.

MEASUREMENT OF CERTAIN FINANCIAL ASSETS AND LIABILITIES CLASSIFIED IN LEVEL 3 OF THE FAIR VALUE HIERARCHY

Description of risk

Within the scope of its capital markets activities, Crédit Agricole Corporate and Investment Bank originates, structures, sells and trades derivative financial instruments, for corporates and financial institutions. Moreover, the issue of debt instruments, some of which are structured, to the Group's international and domestic customers contributes to the management of the bank's medium- and long-term refinancing.

- Derivative financial instruments are held for trading purposes and measured at fair value through profit or loss on the balance sheet.
- Structured issues are recognised in financial liabilities subject to the fair value through profit or loss option.

These instruments are classified in level 3 when their measurement requires the use of significant unobservable market inputs. We deemed the measurement of such instruments to be a key audit matter, as it requires judgement from management, in particular as regards:

- the categorisation of financial instruments according to the fair value hierarchy;
- the determination of inputs unsubstantiated by observable market data;
- the use of internal and non standard valuation models;
- the estimate of valuation adjustments designed to reflect uncertainties related to the models, the inputs used and counterparty and liquidity risks; and
- the analysis of any valuation differences with counterparties noted in connection with margin calls or the disposal of instruments.

Level 3 derivative financial instruments and structured issues are recorded in the balance sheet under financial assets and liabilities at fair value through profit or loss. At 31 December 2018, derivative financial instruments recorded in the balance sheet amounted to €1.5 billion in assets and €1.8 billion in liabilities.

Structured issues were recorded in the amount of €8.4 billion in financial liabilities subject to the fair value through profit or loss option. See notes 3.2, 6.2 and 10.2 to the consolidated financial statements.

How our audit addressed this risk

We gained an understanding of the processes and controls put in place by Crédit Agricole CIB to identify, measure and recognise derivative financial instruments and structured issues classified in level 3.

We examined certain key controls such as the independent verification of measurement inputs and the internal approval of valuation models by the Risk Management and Permanent Control department. We also examined the system governing the recognition of valuation adjustments and the accounting categorisation of financial products.

With the support of audit team experts, we carried out independent valuations, analysed those performed by the bank and examined the assumptions, inputs, methodologies and models used at 31 December 2018. We also assessed the main valuation adjustments recognised, as well as the justification provided by management for the main differences observed in margin calls and losses and/or gains in the event of the disposal of financial products.

SPECIFIC VERIFICATIONS

As required by legal and regulatory provisions and in accordance with professional standards applicable in France, we have also verified the information pertaining to the Crédit Agricole Corporate and Investment Bank Group presented in the Board of Directors' management report.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

APPOINTMENT OF THE STATUTORY AUDITORS

We were appointed Statutory Auditors of Crédit Agricole Corporate and Investment Bank by the General Meetings of Shareholders held on 30 April 2004 for PricewaterhouseCoopers Audit and on 20 May 1997 for Ernst & Young et Autres.

At 31 December 2018, PricewaterhouseCoopers Audit and Ernst & Young et Autres were in the fifteenth and the twenty-second consecutive year of their engagement, respectively.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for preparing consolidated financial statements giving a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and for implementing the internal control procedures it deems necessary for the preparation of consolidated financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting, unless it expects to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems, as well as, where applicable, any internal audit systems, relating to accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

RESPONSIBILITIES OF THE STATUTORY AUDITORS RELATING TO THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OBJECTIVE AND AUDIT APPROACH

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free of material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions taken by users on the basis of these consolidated financial statements.

As specified in article L.823-10-1 of the French Commercial Code, our audit does not include assurance on the viability or quality of the Company's management.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgement throughout the audit.

They also:

- identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtain an understanding of the internal control procedures relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the consolidated financial statements;
- assess the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;
- evaluate the overall presentation of the consolidated financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The Statutory Auditors are responsible for the management, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed thereon.

REPORT TO THE AUDIT COMMITTEE

We submit a report to the Audit Committee which includes, in particular, a description of the scope of the audit and the audit programme implemented, as well as the results of our audit. We also report any significant deficiencies in internal control that we have identified regarding the accounting and financial reporting procedures.

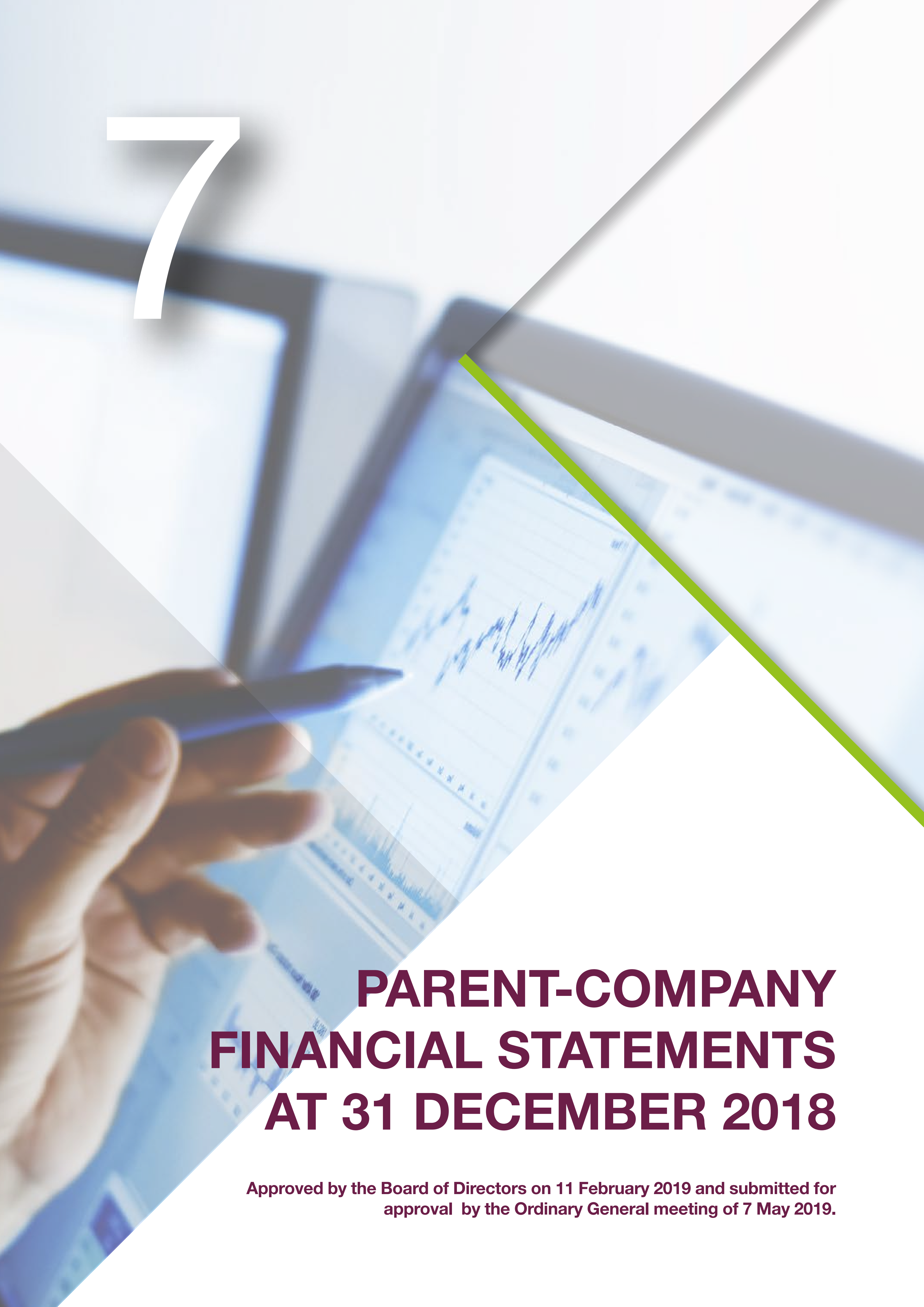
Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgement, were the most significant for the audit of the consolidated financial statements and which constitute the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in article 6 of Regulation (EU) No 537/2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit Committee.

Neuilly sur Seine and Paris, 01 april 2019

The Statutory Auditors
French original signed by:

PricewaterhouseCoopers Audit		ERNST & YOUNG and others	
Anik Chaumartin	**Laurent Tavernier**	**Olivier Durand**	**Matthieu Prechoux**



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PARENT-COMPANY FINANCIAL STATEMENTS AT 31 DECEMBER 2018

Approved by the Board of Directors on 11 February 2019 and submitted for approval by the Ordinary General meeting of 7 May 2019.

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CONTENTS

€ 1,272 M

NET INCOME

€ 3,814 M

NET BANKING INCOME

€ 481,393 M

TOTAL BALANCE SHEET

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1. CRÉDIT AGRICOLE CIB (S.A.) FINANCIAL STATEMENTS

1.1 ASSETS

€ million	Notes	31.12.2018	31.12.2017
Cash money market and interbank items		**138,980**	**122,528**
Cash due from central banks		42,183	29,175
Treasury bills ans similar securities	4; 4.2; 4.3; 4.4	25,772	23,167
Loans and receivables to credit institutions	2	71,025	70,186
Loans and receivables to customers	3.1; 3.2; 3.3; 3.4	**161,986**	**145,291**
Portfolio securities		**30,077**	**30,916**
Bonds and other fixed income securities	4; 4.2; 4.3; 4.4	25,572	23,119
Equities and other equity variables income securities	4; 4.2	4,505	7,797
Fixed assets		**6,731**	**6,527**
Equity investments and other long-term equity investments	5; 5.1; 6	591	570
Investments in subsidiaries and affiliates	5; 5.1; 6	5,846	5,729
Intangible assets	6	192	139
Property, plant and equipment	6	102	89
Treasury shares			
Accruals, prepayments and sundry assets		**143,619**	**156,550**
Other assets	7	43,177	49,103
Accruals and prepayments	7	100,442	107,447
Total assets		**481,393**	**461,812**

1.2 LIABILITIES

€ million	Notes	31.12.2018	31.12.2017
Cash money markets and interbank items		**74,687**	**74,790**
Due to central banks		873	1,585
Due to credit institutions	9	73,814	73,205
Due to customers	10.1; 10.2; 10.3	**167,764**	**138,770**
Debts securities	11	**43,282**	**40,464**
Accruals, deferred income and sundry liabilities		**170,158**	**183,064**
Other liabilities	12	68,953	69,758
Accruals and deferred income	12	101,205	113,306
Provisions and subordinated debt		**11,570**	**10,756**
Provisions	13	3,181	3,202
Subordinated debt	14	8,389	7,554
Fund for general banking risks (FGBR)			**105**
Equity (excluding FGBR)	15	**13,932**	**13,863**
Share capital		7,852	7,852
Share premium		1,573	1,573
Reserves		788	657
Revaluation adjustments			
Regulated provisions and investment subsidies			
Retained earnings (2)		2,447	1,168
Net income for the financial year (1)		1,272	2,613
Total equity and liabilities		**481,393**	**461,812**

(1) An error was corrected during the 2017 financial year. It relates to a regularisation of the staggering of up-front fees, received and paid, relating to the purchase and sale of CDS recognised as hedging, over the course of several prior financial years. Correcting this error has a positive effect of €416 million on the net income for the 2017 financial year, excluding the tax effect of this correction.

(2) The application of the new model for provisioning credit risk on healthy loans and receivables, intended to transpose the new credit risk provisioning model according to the IFRS 9 approach to estimating ELs represent an impact of +€33 million on opening shareholders' equity (retained earnings) at 1 January 2018.

1.3 OFF-BALANCE SHEET

€ million	31.12.2018	31.12.2017
Commitments given	**277,708**	**253,477**
Financing commitments	155,132	137,370
Commitments to credit institutions	21,511	20,074
Commitments to customers	133,621	117,296
Guarantee commitments (1)	65,413	64,183
Commitments to credit institutions	20,417	15,244
Commitments to customers	44,996	48,939
Commitments on securities (1)	18,026	17,559
Other commitments given (1)	39,137	34,365
Commitments received	**190,182**	**150,869**
Financing commitments	25,571	19,930
Commitments to credit institutions	16,918	14,540
Commitments to customers	8,653	5,390
Guarantee commitments	134,011	105,596
Commitments to credit institutions	7,372	6,119
Commitments to customers	126,639	99,477
Commitments on securities (2)	21,346	17,853
Other commitments received	9,254	7,490

(1) Including €8,231 million in commitments given to Crédit Agricole S.A. at 31.12.2018.
(2) Including €131 million in financing commitments received from Crédit Agricole S.A. at 31.12.2018.

Off-balance sheet items: Other information

Foreign exchange transactions and amounts payable in foreign currency: Note 18.

Transactions involving forward financial instruments: Notes 19; 19.1; 19.2 and 19.3

1.4 INCOME STATEMENT

€ million	Notes	2018	2017
Interest and similar income	20; 21	7,593	5,605
Interest and similar expenses	20	(6,814)	(4,365)
Income from variable-income securities	21	286	408
Fee and commission income	22; 22.1	925	947
Fee and commission expenses	22; 22.1	(406)	(346)
Net gain/(loss) on trading book	23	2,151	2,323
Net gain/(loss) on investment portfolios	24	12	(15)
Other banking income (1)		134	75
Other banking expenses (1)		(67)	(45)
Revenues		**3,814**	**4,587**
Operating expenses		**(2,383)**	**(2,272)**
Personnal costs	25.1; 25.2	(1,372)	(1,314)
Other operating expenses	25.3	(1,011)	(958)
Depreciation, amortization and impairement of property, plant and equipment and intangible assets		**(64)**	**(69)**
Gross operating income		**1,367**	**2,246**
Cost of risk	26	195	(300)
Net operating income		**1,562**	**1,946**
Net gain/(loss) on fixed assets	27	20	1,181
Pre-tax income on ordinary activities		**1,582**	**3,127**
Net extraordinary items		(0)	0
Income tax charge	28	(415)	(514)
Net allocation to FGBR and regulated provisions		105	0
Net income for the financial year		**1,272**	**2,613**

(1) An error was corrected during the 2017 financial year. It relates to a regularisation of the staggering of up-front fees, received and paid, relating to the purchase and sale of CDS recognised as hedging, over the course of several prior financial years. Correcting this error has a positive effect of €416 million on the net income for the 2017 financial year, excluding the tax effect of this correction..

2. NOTES TO THE PARENT-COMPANY FINANCIAL STATEMENTS

NOTE 1: ACCOUNTING POLICIES AND PRINCIPLES

Crédit Agricole CIB prepares its financial statements in accordance with the accounting principles applicable to banks in France.

The presentation of the financial statements of Crédit Agricole CIB complies with the provisions of ANC Regulation 2014-07 of 26 November 2014, which, for periods beginning on or after 1 January 2015, combines in a single regulation all accounting standards applicable to credit institutions, pursuant to established law.

Changes to accounting policies and the presentation of financial statements compared to the previous financial year concern the following:

Regulations	Date published by the French government	Date of first-time application: financial years from
ANC Regulation No. 2017-01 on the General Chart of Accounts regarding the accounting treatment of mergers.	30.12.2017	2018
ANC Regulation No. 2018-01 on changes in accounting policies and estimates and the correction of errors.	20.04.2018	2018

The application of these new regulations had no major impact on net income and the net position of Crédit Agricole CIB over the period.

At 1st January 2018, a change was made to the accounting policies, in the absence of any new ANC regulations.

This change corresponds to a new model of credit risk provisioning on healthy loans and receivables, intended to transpose the new credit risk provisioning model according to the IFRS 9 approach for estimating ELs.

The scope of application of this new provisioning model is outstanding loan amounts (excluding outstanding leasing amounts) as well as financing commitments and guarantee commitments.

As part of the IFRS 9 project, the Group took the decision in principle to align the rules it applies to determine the credit risk impairment in the individual financial statements in French standards with those used in the IFRS consolidated financial statements.

This alignment in principle remains compatible with the application of existing standards within the French framework:

- the principle of prudence, defined in Article L123-20 of the French Commercial Code and contained in Article 121-4 of regulation 2014-03 (PCG) naturally justifies provisioning, including on the basis of ELs;
- Article 1121-3 of regulation 2014-07 on provisions for liabilities (item 7) allows for provisions to be made, on the basis of “events that have occurred or are ongoing”, for loans and receivables which have undergone significant deterioration of their credit risk or which are high-risk;
- Article 323-6 of regulation 2014-03 (PCG) on the valuation of liabilities allows “future events” to be considered when estimating provisions (similar to the *forward-looking* component);
- finally, regulation 2018-01, which amends Regulation 2014-03, allows the company to change the accounting policy.

The impacts of this alignment are recorded in total opening equity.

1.1 Loans and financing commitments

Loans and receivables to credit institutions, Crédit Agricole CIB Group entities and customers are governed by Articles 2211-1 to 2251-13 (Part 2 “Accounting Treatment of Credit Risk” of Book II “Special Transactions”) of ANC Regulation 2014-07 of 26 November 2014.

They are presented in the financial statements according to their initial term or their nature:

- demand and time deposits for credit institutions;
- current accounts, time loans and advances for Crédit Agricole internal transactions;
- trade receivables and other loans and receivables to customers.

In accordance with regulations, the customers category also includes transactions with financial customers.

Subordinated loans and repurchase agreements (represented by certificates or securities) are included under the various categories of loans and receivables according to counterparty type (interbank, Crédit Agricole, customers).

Amounts receivable are recognised on the balance sheet at face value.

Pursuant to Article 213 1-1 of ANC Regulation 2014-07 of 26 November 2014, the fees and commissions received and the marginal transaction costs borne are deferred over the effective term of the loan and are thus included in the outstanding amount of the relevant loan.

Accrued interest is recognised on the balance sheet under the appropriate category of loans and advances and booked to the income statement as interest income.

Financing commitments recognised off-balance sheet represent irrevocable commitments to cash advances and guarantee commitments that have not resulted in fund movements.

Application of ANC regulation 2014-07 of 26 November 2014 leads the entity to recognise loans and receivables at risk of non-payment pursuant to the rules set out in the paragraphs below.

External and/or internal rating systems are used to help assess the level of credit risk.

Loans and financing commitments are broken down between loans and receivables considered healthy and those considered doubtful.

HEALTHY LOANS

Unless receivables are classified as doubtful, they are considered healthy and continue to be carried under their original classification.

CREDIT RISK PROVISIONS ON HEALTHY LOANS AND RECEIVABLES

Furthermore, without waiting for loans and receivables to become doubtful, and from the initial accounting date of the financial instruments, Crédit Agricole CIB also records, on the liabilities side of its balance sheet the expected credit losses over the coming twelve months (loans and receivables classified as healthy) and/or over the lifetime of the financial instrument when the credit quality of the loan or receivable has deteriorated significantly (loans and receivables classified as deteriorated).

Allocation to, and reversals of, credit risk provisions on healthy loans and receivables are recorded under cost of risk.

These provisions are determined as part of a specific monitoring process and are based on estimates reflecting the development of the credit risk level on the initial accounting date and the date the financial statements are prepared.

DOUBTFUL AND IRRECOVERABLE LOANS

Loans and receivables of all kinds, even those which are guaranteed, are classified as doubtful if they carry an identified credit risk arising from one of the following events:

- the loan or advance is at least three months in arrears;
- the borrower's financial position is such that an identified risk exists regardless of whether the loan or advance is in arrears;
- the bank and borrower are in legal proceedings.

For overdrafts, the age of the overdue amount is calculated as from the date on which the borrower has exceeded an authorised limit that the bank has brought to its attention, has been notified that the outstanding overdraft exceeds a limit set by the bank as part of its internal control procedures, or has drawn sums without an overdraft authorisation.

Subject to certain conditions, in lieu of the above criteria, the establishment may calculate the age of the overdue amount from the date on which the bank has issued a demand for total or partial repayment by the borrower.

Crédit Agricole CIB makes the following distinction between irrecoverable loans and doubtful loans:

◆ Doubtful loans

All doubtful loans which do not fall into the irrecoverable loans category are classified as doubtful loans.

◆ Irrecoverable loans

Irrecoverable loans are those for which the prospects of recovery are highly impaired and which are likely to be written off in time.

The classification as a doubtful loan and receivable may be abandoned once the credit risk has been definitively lifted and when regular payments have resumed for the amounts corresponding to the original contractual instalments. In this case, the loan or receivable is again carried in healthy loans and receivables.

IMPAIRMENT RESULTING FROM CREDIT RISK ON DOUBTFUL LOANS

Once a loan is classified as doubtful, an impairment loss is deducted by Crédit Agricole CIB from the asset in an amount equal to the probable loss. These impairment losses represent the difference between the carrying amount of the receivable and estimated future cash flows discounted at the applicable rate, taking into account the borrower's financial condition, its business prospects and any guarantees, after deducting the cost of enforcing such guarantees.

Probable losses in respect of off-balance sheet commitments are covered by provisions recognised as liabilities.

ACCOUNTING TREATMENT OF IMPAIRMENT LOSSES

Impairment provisions and reversals for non-recovery risks on doubtful loans and receivables are recorded in cost of risk, and the increase in the carrying amount resulting from the reversal of impairment losses as a result of the passage of time is recognised in the interest margin. In accordance with Article 2231-3 of ANC regulation 2014-07, the Group has chosen to record the increase in the carrying amount linked to the impairment reversal due to the passage of time under cost of risk.

WRITE-OFFS

Decisions as to when to write off are taken on the basis of expert opinion. Crédit Agricole CIB determines this in conjunction with its Risk Management department, having regard to its business knowledge.

Loans and receivables which have become irrecoverable are recorded as losses, and the corresponding impairments are reversed.

COUNTRY RISKS

Country risks (or risks on international commitments) consist of "the total amount of unimpaired loans, both on and off-balance sheet, carried by an institution directly or via hive-off vehicles, involving private or public debtors residing in the countries identified by the French Regulatory and Resolution Supervisory Authority (ACPR), or where settlement thereof depends on the position of public or private debtors residing in those countries" (French Banking Commission memo dated 24 December 1998).

Where these receivables are not classified as doubtful, they continue to be carried under their original classification. The amount of the "Country Risks" provisions recognised as a liability in the Crédit Agricole CIB balance sheet stood at €400 million at 31 December 2018, against €672 million at 31 December 2017.

RESTRUCTURED LOANS

These are loans to counterparties in financial difficulty, such that the credit institution alters their initial characteristics (term, interest rate, etc.) to allow the counterparties to honour the repayment schedule.

They consist of loans classified as doubtful and healthy loans at the date they are restructured.

Restructured loans do not include loans whose characteristics have been renegotiated on a commercial basis with counterparties not showing any insolvency problems:

the reduction of future flows granted to a counterparty, or the postponing of these flows as part of a restructuring, results in the recognition of a discount. It represents future loss of cash flow discounted at the original effective interest rate. It is equal to the difference between:

- the nominal value of the loans; and
- the sum of theoretical future cash flows from the restructured loan, discounted at the original effective interest rate (defined at the date of the financing commitment).

The discount recognised when a loan is restructured is recorded under cost of risk.

Loans restructured due to the debtor's financial position are rated in line with the Basel rules and are impaired according to the estimated credit risk. If, after a loan has returned to healthy status, the debtor again fails to meet the instalments, the restructured loans and receivables are immediately reclassified as doubtful.

At 31 December 2018, restructured loans and receivables held by Crédit Agricole CIB amounted to € 3,502 million, compared to €5,167 million at 31 December 2017.

1.2 Securities portfolio

The rules on recognition of securities transactions are defined by Articles 2311-1 to 2391-1 (Part 3 "Recognition of Securities Transactions" of Book II "Special Transactions") and Articles 2211-1 to 2251-13 (Part 2 "Accounting Treatment of Credit Risk" of Book II "Special Transactions") of ANC Regulation 2014-07 of 26 November 2014 for the determination of credit risk and the impairment of fixed income securities.

These securities are presented in the financial statements according to their asset class: treasury bills (treasury bonds and similar securities), bonds and other fixed income securities (negotiable debt securities and interbank market instruments) and equities and other variable-income securities.

They are classified in portfolios defined by regulation (trading, short term investment, long term investment, medium term portfolio, other long term equity investments and investments in subsidiaries and affiliates), depending on the initial intention for holding the securities as identified in the accounting IT system at the time they were acquired.

TRADING SECURITIES

These are securities that were originally:

- bought with the intention of selling them in the near future, or sold with the intention of repurchasing them in the near future;
- or held by the bank as a result of its market-making activity. The classification of these securities as trading securities depends on the effective turnover of the securities and on a significant trading volume taking into account market opportunities.

These securities must be tradable on an active market and resulting market prices must represent real transactions regularly undertaken in the market on an arm's length basis.

Trading securities also include:

- securities bought or sold as part of specialised management of the trading portfolio, including forward financial instruments, securities or other financial instruments that are managed collectively and on which there is an indication of recent short-term profit taking;
- securities on which there is a commitment to sell as part of an arbitrage transaction on an organised exchange for financial instruments or similar market.

Except as provided in accordance with Articles 2381-1 to 2381-5 (Part 3 "Recognition of Securities Transactions" of Book II "Special Transactions") of ANC Regulation 2014-07 of 26 November 2014, trading securities may not be reclassified into another accounting category. They continue to be presented and measured as trading securities until they are removed from the balance sheet after being sold, fully redeemed or written off.

Trading securities are recognised on the date they are purchased in the amount of their purchase price, excluding transaction expenses and including accrued interest.

Liabilities relating to securities sold short are recognised on the liabilities side of the seller's balance sheet in the amount of the selling price excluding incidental purchase costs.

At each period-end, securities are measured at the most recent market price. The overall amount of differences resulting from price changes is taken to profit and loss and recorded in "Net gain/(loss) on trading book".

AVALAIBLE FOR SALE SECURITIES

This category consists of securities that do not fall into any other category.

The securities are recorded at their purchase price, excluding incidental purchase costs.

◆ Bonds and other fixed income securities

These securities are recognised at acquisition cost including interest accrued at the acquisition date. The difference between the purchase price and the redemption value is spread over the remaining life of the security on an actuarial basis.

Income is recorded in the income statement under "Interest and similar income from bonds and other fixed income securities".

◆ Equities and other variable-income securities

Equities are recognised on the balance sheet at their purchase price including transaction expenses. The associated dividends are recorded as income under "Income from variable-income securities".

At each reporting date, short term investment securities are measured at the lesser acquisition cost and market value. If the current value of an item or a homogeneous set of securities (calculated from market prices at the reporting date, for example) is lower than its carrying amount, an impairment loss is recorded for the unrealised loss without being offset against any gains recognised on other categories of securities. Gains from hedging within the meaning of Article 2514-1 of ANC Regulation 2014-07 of 26 November 2014, in the form of purchases or sales of forward financial instruments, are factored in for the purposes of calculating impairment losses. Potential gains are not recorded.

Impairment intended to take into account counterparty risk and recognised under cost of risk is booked on fixed income securities as follows:

- in the case of listed securities, impairment is based on market value, which intrinsically reflects credit risk. However, if Crédit Agricole CIB has specific information on the issuer's financial position that is not reflected in the market value, a specific impairment loss is recorded;
- in the case of unlisted securities, impairment is recorded in the same way as on loans and receivables due from customers based on identified probable losses (see Note 1.1 Loans and financing commitments – Impairment resulting from identified credit risk).

Sales of securities are deemed to take place on a first-in, first-out basis.

Impairment charges, write-backs and disposal gains or losses on available-for-sale securities are recorded under "Net gain/(loss) from investment portfolios and similar". Income from equities and other variable-income securities is recorded on the income statement under "Income from variable-income securities".

LONG-TERM INVESTMENT SECURITIES

Long term investment securities are fixed income securities with a fixed maturity date that have been acquired or transferred to this category with the manifest intention of holding them until maturity.

This category only includes securities for which Crédit Agricole CIB has the necessary financial ability to continue holding them until maturity and that are not subject to any legal or other restriction that could interfere with its intention to hold them until maturity.

Long term investment securities are recognised at their purchase price, including acquisition costs and accrued interest.

The difference between the purchase price and the redemption price is spread over the remaining life of the security.

Impairment is not booked for long term investment securities if their market value falls below cost. On the other hand, if the impairment arises from a risk relating specifically to the issuer of the security, impairment is recorded under "Cost of risk", in accordance with Part 2 "Accounting Treatment of Credit Risk" of Book II "Special Transactions" of ANC Regulation 2014-07 of 26 November 2014; it is recorded in the "Cost of risk" item.

In the case of the sale or reclassification to another category of long term investment securities representing a material amount, the reporting entity is no longer authorised to classify securities previously bought or to be bought as long term investment securities during the current financial year and the two subsequent financial years, in accordance with Article 2341-2 of ANC Regulation 2014-07 of 26 November 2014.

MEDIUM-TERM PORTFOLIO SECURITIES

In accordance with Articles 2351-2 to 2352-6 (Part 3 "Recognition of Securities Transactions" of Book II "Special Transactions") of ANC Regulation 2014-07 of 26 November 2014, these securities are "investments made on a normal basis, with the sole aim of securing a capital gain in the medium term, with no intention of investing in the issuer's business on a long-term basis or taking an active part in its management".

Securities can only be included in this category if the activity is carried out to a significant extent and on an ongoing basis within a structured framework and gives the reporting entity a recurring return mainly in the form of capital gains on disposals.

Crédit Agricole CIB meets these conditions and some of its securities can be classified in this category.

Medium term portfolio securities are recorded at purchase price, including transaction expenses. They are recognised at the end of the reporting period at the lower of historical cost or value in use, which is determined on the basis of the issuer's general outlook and the estimated remaining time horizon for holding the securities.

For listed companies, value in use is generally the average quoted price over a sufficiently long period of time, depending on the estimated time horizon for holding the securities, to mitigate the impact of substantial fluctuations in stock prices.

Impairment losses are booked for any unrealised losses calculated for each line of securities, and are not offset against any unrealised gains. Unrealised losses are recorded under "Net gains or losses on short term investment portfolios" along with impairment losses and reversals on these securities.

Unrealised gains are not recognised.

INVESTMENTS IN SUBSIDIARIES AND AFFILIATES, EQUITY INVESTMENTS AND OTHER TERM EQUITY INVESTMENTS

- Investments in subsidiaries and affiliates are investments in companies that are under exclusive control and that are or are liable to be fully consolidated into a given group that can be consolidated.
- Equity investments are investments (other than investments in subsidiaries and affiliates), of which the long term ownership is judged beneficial to the reporting entity, in particular because it allows it to exercise influence or control over the issuer.
- Other long term equity investments consist of securities held with the intention of promoting long term business relations by creating a special relationship with the issuer, but with no influence on the issuer's management due to the small percentage of voting rights held.

Investments in subsidiaries and affiliates and equity investments are recognised at their purchase price, including transaction expenses, in accordance with CRC Regulation 2008-07.

Other long-term securities are recognised at purchase price, including transaction expenses.

At the reporting date, the value of these securities is measured individually, based on value in use, and they are recorded on the balance sheet at the lesser of their historical cost or value in use.

Value in use represents the price the reporting entity would be prepared to pay to acquire these securities if it had to buy them having regard to its reasons for holding them.

Value in use may be estimated on the basis of various factors such as the issuer's profitability and prospective profitability, its equity, the economic environment, the average share price in the preceding months or the mathematical value of the security.

When value in use is lower than historical cost, impairment losses are booked for these unrealised gains and are not offset against any unrealised gains.

Impairment losses and reversals and disposal gains or losses on these securities are recorded under "Net gains (losses) on fixed assets".

MARKET PRICE

The market price at which the various categories of securities are measured is determined as follows:

- securities traded on an active market are measured at the latest price;
- if the market on which the security is traded is not or no longer considered active or if the security is unlisted, Crédit Agricole CIB determines the likely value at which the security concerned would be traded using valuation techniques. Firstly, these techniques take into account recent transactions carried out in normal competition conditions. If required, Crédit Agricole CIB uses valuation techniques commonly used by market participants to price these securities, when it has been demonstrated that these techniques provide reliable estimates of prices obtained in actual market transactions.

RECORDING DATES

Crédit Agricole CIB records securities classified as long term investment securities on the settlement date. Other securities, regardless of type or classification, are recognised on the trading date.

SECURITIES SOLD/BOUGHT UNDER REPURCHASE AGREEMENTS

Securities sold under repurchase agreements are kept on the balance sheet. The amount received, representing the liability to the buyer, is recorded as a liability. Securities bought under repurchase agreements are not recorded on the balance sheet, but the amount paid, representing the receivable from the seller, is recorded as an asset on the balance sheet.

The corresponding income and expenses are taken to profit and loss on a prorate basis.

Securities sold under repurchase agreements are subject to the accounting principles corresponding to the portfolio from which they originate.

SECURITIES LOANED AND BORROWED

In the accounts of the lender, a receivable is recorded in the balance sheet representing the market price of the loaned securities on the date of the loan, in place of the loaned securities. At each period end, the receivable is valued using the rules applicable to loaned securities, including the recognition of accrued interest on available-for-sale securities and held-to-maturity securities. In the accounts of the borrower, the security is recorded as an asset under trading securities at the market price prevailing on the date the security was borrowed. A liability to the lender is recorded on the balance sheet under "Liabilities relating to stock lending transactions". At each period-end, securities are measured at the most recent market price.

RECLASSIFICATION OF SECURITIES

In accordance with Articles 2381-1 to 2381-5 (Part 3 "Recognition of Securities Transactions" of Book II "Special Transactions") of ANC Regulation 2014-07 of 26 November 2014, the following securities reclassifications are allowed:

- from "trading portfolio" to "long term investment portfolio" or "short term investment portfolio" in the case of exceptional market conditions or, for fixed income securities that are no longer tradable in an active market and if the entity has the intention and ability to hold the securities for the foreseeable future or until maturity;
- from "short term investment portfolio" to "long term investment portfolio" in the case of exceptional market conditions or for fixed income securities that are no longer tradable in an active market.

In 2018, Crédit Agricole CIB did not make any reclassifications as allowed by ANC Regulation 2014-07 of 26 November 2014.

1.3 Fixed assets

Crédit Agricole CIB applies ANC Regulation 2014-03 of 5 June 2014 relating to the depreciation, amortisation and impairment of assets.

Crédit Agricole CIB applies component accounting for all of its property, plant and equipment. In accordance with this method, the depreciable base takes account of the potential remaining value of property, plant and equipment. ANC Regulation 2015-06 changes the way in which technical merger losses are recognised on the balance sheet and monitored in the financial statements. Losses are no longer required to be comprehensively and systematically recognised under "Goodwill"; they must be recognised in the balance sheet depending on asset items to which they are allocated as "Other property, plant & equipment, intangible assets and financial assets, etc.". The loss is amortised, impaired and written off in the same way as the underlying asset.

The acquisition cost of fixed assets includes the purchase price plus any incidental expenses, namely expenses directly or indirectly incurred in connection with bringing the asset into service or "into inventory".

Land is recorded at acquisition cost.

Buildings and equipment are recorded at acquisition cost, less accumulated depreciation, amortisation and impairment losses since the time they were placed in service.

Purchased software is measured at purchase price less accumulated depreciation, amortisation and any impairment losses since acquisition.

Proprietary software is measured at cost less accumulated depreciation, amortisation and impairment losses booked since completion.

Intangible assets other than software, patents and licences are not amortised. They may be subject to impairment.

Fixed assets are depreciated over their estimated useful lives.

The following components and depreciation periods have been adopted by Crédit Agricole CIB following the application of component accounting for fixed assets. These depreciation periods are adjusted according to the type of asset and its location:

Component	Depreciation period
Land	Not depreciable
Structural works	30 to 80 years
Non-structural works	8 to 40 years
Plant and equipment	5 to 25 years
Fixtures and fittings	5 to 15 years
Computer equipment	4 to 7 years (accelerated or straight-line)
Special equipment	4 to 5 years (accelerated or straight-line)

Based on available information on the value of its fixed assets, Crédit Agricole CIB has concluded that impairment testing would not lead to any change in the existing depreciable base.

1.4 Amounts due to customers and credit institutions

Amounts due to credit institutions, to Crédit Agricole entities and to customers are presented in the financial statements according to their initial term or their nature:

- demand and time deposits for credit institutions;
- current accounts, time loans and advances for Crédit Agricole internal transactions;
- special savings accounts and other amounts due to customers (notably including financial customers).

Repurchase agreements (represented by certificates or securities) are included under these various headings, according to counterparty type.

Accrued interest on these deposits is recognised under accrued interest and taken to profit and loss.

1.5 Debt securities

Debt securities are presented according to their form: interest-bearing notes, interbank market instruments, negotiable debt securities and bonds, excluding subordinated securities, which are classified in liabilities under "Subordinated debt".

Accrued interest but not yet due is recognised under accrued interest and taken to profit and loss.

Issue or redemption premiums on bonds are amortised over the maturity period of each bond. The corresponding charge is recorded under "Interest and similar expenses on bonds and other fixed income securities".

Redemption premiums can be amortised in two ways:

- based on accrued interest on a prorata basis for bonds issued before 1st January 1993, or for those with a redemption premium of less than 10% of the issue price; or
- on an actuarial basis for debt issued after 1st January 1993 with a redemption premium of more than 10% of the issue price.

Crédit Agricole CIB also amortises borrowing expenses in its parent company's financial statements.

Fee and commission expenses on financial services paid to the Regional Banks are recognised as expenses under "Fee and commission expenses".

1.6 Provisions

Crédit Agricole CIB applies ANC Regulation 2014-03 of 5 June 2014 for the recognition and measurement of provisions.

Provisions include provisions relating to financing commitments, retirement and early retirement liabilities, litigation and various risks.

The provisions also include country risks. All these risks are reviewed quarterly.

Provisions are set aside for country risks following an analysis of the types of transactions, the term of commitments, their form (receivables, securities, market products) as well as country quality.

Crédit Agricole CIB partially hedges provisions on these foreign currency-denominated receivables by buying foreign currency, to limit the impact of changes in foreign exchange rates on provision levels.

1.7 Fund for general banking risk (FGBR)

In accordance with Fourth European Directive and CRBF Regulation 90-02 of 23 February 1990 as amended relating to capital, funds for general banking risks are constituted by Crédit Agricole CIB, at the discretion of its management, to meet any charges or risks relating to banking operations but whose incidence is not certain.

Provisions are released to cover any incidence or extinction of these risks during a given period.

1.8 Transactions on forward financial instruments and options

Hedging and market transactions on forward interest rate, foreign exchange or equity instruments are recorded in accordance with the provisions of Part 5 "Financial Futures" of Book II "Special Transactions" of ANC Regulation 2014-07 of 26 November 2014.

Commitments relating to these transactions are recorded off-balance sheet at the par value of the contracts: this amount represents the volume of pending transactions.

Gains or losses relating to these transactions are recorded on the basis of the type of instrument and the strategy used.

HEDGING TRANSACTIONS

Gains or losses realised on hedging transactions (category "b" Article 2522-1 of ANC Regulation 2014-07) are recorded on the income statement symmetrically with the recognition of income and expenses on the hedged item and under the same accounting heading.

Income and expenses relating to forward financial instruments used for hedging and managing Crédit Agricole S.A.'s overall interest rate risk (category "c" Article 2522-1 of ANC Regulation 2014-07) are recorded prorata temporis under "Interest and similar income (expenses) – Net gains (losses) on macro- hedging transactions". Unrealised gains and losses are not recorded.

MARKET TRANSACTIONS

Market transactions include:

- isolated open positions (category "a" Article 2522-1 of ANC Regulation 2014-07)
- specialised management of a trading portfolio (category "d" Article 2522 of ANC Regulation 2014-07);
- instruments negotiated on an organised, similar market, over the counter or includes in a trading portfolio – in the sense of the regulation ANC 2014-07.

They are measured in reference to their market value on the closing date.

If there is an active market, the instrument is stated at the quoted price on that market. In the absence of an active market, fair value is determined using internal valuation techniques and models.

When the instruments are valued at market value, this is determined:

- on the basis of available prices, if there is an active market;
- using internal methodologies and valuation models, if there is no active market.

INTEREST RATE AND FOREIGN EXCHANGE TRANSACTIONS (SWAPS, FRAS, CAPS, FLOORS, COLLARS AND SWAPTIONS)

Crédit Agricole CIB uses interest-rate and currency swaps mainly for the following purposes:

1. to maintain individual open positions in order, when possible, to take advantage of interest rate movements;
2. to hedge interest rate risks affecting one item or a set of homogeneous items;
3. to hedge and manage the group's overall interest rate risk, except for transactions described in [2] and [4];
4. to carry out specialist management of a trading portfolio consisting of interest-rate or currency swaps, other forward interest-rate instruments, debt instruments or similar financial transaction.

Income and expenses related to transactions mentioned in the above section are recognised in the income statement as follows:

1. on a prorata basis, and reserves are booked for unrealised losses;
2. symmetrically to the recognition of income and expenses on the hedged item or set of items;
3. on a prorata basis, and unrealised gains and losses are not recognised;
4. at market value, adjusted through a MTM adjustment to take into account counterparty risks and future administrative expenses related to these contracts.

Market value is determined by discounting future cash flows using the zero coupon method.

As a rule, instruments cannot be reclassified between categories, except for transfers from category [2] to category [1] or [4] in the event of an interrupted hedge. Transfers are recognised at the net book value of the instrument, which is then subject to the rules of the portfolio to which it is transferred.

Up-front and termination fees regarding interest rate or foreign exchange contracts are spread over the remaining maturity of the transaction or hedged item, except in the case of marked-to-market contracts, for which they are taken directly to the income statement.

COUNTERPARTY RISK ON DERIVATIVE INSTRUMENTS

In accordance with ANC Regulation 2014-07 of 26 November 2014, Crédit Agricole CIB makes a Credit Valuation Adjustment (CVA) to *the market value* of its derivative assets to reflect counterparty risk. For this reason, Credit Valuation Adjustments are only made to derivatives recognised as isolated open positions and as part of a trading portfolio (derivatives classified in categories “a” and “d” Article 2522-1 of the aforementioned regulation).

The CVA makes it possible to calculate counterparty losses expected by Crédit Agricole CIB.

The CVA is calculated on the basis of an estimate of expected losses based on the probability of default and loss given default. The methodology used maximises the use of observable market inputs.

It is based:

- primarily on market data such as registered and listed CDS (or Single Name CDS) or index-based CDS;
- in the absence of registered CDS on the counterparty, an approximation based on a basket of Single Name CDS of counterparties with the same rating operating in the same sector and located in the same area.

In certain circumstances, historical default data may also be used.

VALUE ADJUSTMENT RELATED TO DERIVATIVES’ FUNDING

In 2014, Crédit Agricole CIB has completed its financial instruments’ valuation measurement, taking into account good market practises:

The value of non-collateralised or partially collateralised derivative instruments incorporates a Funding Valuation Adjustment (FVA) *that represents* costs and benefits related to the financing of these instruments. This adjustment is measured based on positive or negative future exposure of transactions for which a cost of financing is applied.

OTHER INTEREST-RATE OR EQUITY TRANSACTIONS

Crédit Agricole CIB uses various instruments such as interest rate futures and equity derivatives for trading or specific hedging purposes.

Contracts concluded for trading purposes are stated at market value, and the corresponding gains or losses are taken to the income statement.

Gains or losses, realised or unrealised, resulting from the mark-to-market valuation of specific hedging contracts are spread over the maturity life of the hedged instrument.

CREDIT DERIVATIVES

Crédit Agricole CIB uses credit derivatives mainly for trading purposes, in form of Credit *Default Swaps* (CDS). CDS concluded for trading purposes are stated at market value, and the corresponding gains or losses are taken to the income statement.

1.9 Foreign currency transactions

Foreign currency-denominated assets and liabilities are translated at year-end exchange rates. The resulting gains and losses, together with gains and losses arising from exchange rate differences on transactions during the period, are taken to the income statement.

Monetary receivables and payables, along with forward foreign exchange contracts that appear as foreign-currency off-balance sheet commitments, are translated at the market rate in force at the balance-sheet date or at the market rate on the nearest previous date.

Capital funds allocated to branches, fixed assets in offices abroad and long term investment securities and equity investments bought in foreign currencies against euros are translated into euros at the transaction date. A provision may be booked if there is a permanent deterioration in the exchange rate affecting Crédit Agricole CIB’s foreign equity interests.

At each reporting date, forward foreign exchange transactions are measured at the relevant forward exchange rate. Recognised gains or losses are taken to the income statement under “Gains or losses on trading book - Gains (losses) on foreign currency transactions and similar financial instruments”.

Pursuant to the implementation of Part 7 “Recognition of Foreign Currency Transactions” of Book II “Special Transactions” of ANC Regulation 2014-07 of 26 November 2014, Crédit Agricole CIB has instituted multi-currency accounting to enable it to monitor its currency position and to measure its exposure to foreign exchange risk.

Crédit Agricole CIB Paris’ aggregate operating exposure to foreign currency was €1.45 billion at 31 December 2018, compared to €1.64 billion at 31 December 2017.

SPOT AND FORWARD FOREIGN EXCHANGE CONTRACTS

At each period end, spot foreign exchange contracts are valued at the spot exchange rate of the currency concerned. Forward foreign exchange transactions categorised as trading transactions are recognised at market value using the forward rate applicable to the remaining period of the contract. Recorded net gains or losses are entered in the income statement under “Net gain/(loss) from trading portfolios foreign exchange and similar financial instruments”. Net gains and losses on forward foreign exchange transactions that are categorised as spot exchange transactions in connection with loans and borrowings, are recognised on a prorate basis over the period of the contracts.

CURRENCY FUTURES AND OPTIONS

Currency futures and options are used for trading purposes as well as to hedge specific transactions. Contracts concluded for trading purposes are stated at market value, and the corresponding gains or losses are taken to the income statement.

Gains or losses, realised or unrealised, resulting from the mark-to-market valuation of specific hedging contracts are recognised symmetrically to the hedged transaction.

1.10 Consolidation of foreign branches

Branches keep separate accounts that comply with the accounting rules in force in the countries in which they are based.

At each reporting date, the branches' balance sheets and income statements are adjusted according to French accounting rules, converted into euros and integrated with the accounts of their head office after the elimination of intra-group transactions.

The rules for conversion into euros are as follows:

- balance sheet items are translated at the closing rate;
- income and expenses paid and received are recorded at the exchange rate on the transaction date, whereas accrued income and expenses are converted at the closing rate.

Gains or losses resulting from this translation are recorded on the balance sheet under "Accruals, prepayments and sundry assets" or "Accruals, deferred income and sundry liabilities".

1.11 Off-balance sheet commitments

Off-balance sheet items mainly reflect the unused portion of financing commitments and guarantee commitments given and received.

A charge is booked to provisions for commitments given if there is a probability that calling in the commitment will result in a loss for Crédit Agricole CIB.

Reported off-balance sheet items do not mention commitments on forward financial instruments or foreign exchange transactions. Similarly, they do not include commitments received concerning treasury bonds, similar securities and other securities pledged as collateral.

However, details of these items are provided in Note 18 (Outstanding foreign exchange transactions) and Note 19 (Transactions in financial futures).

1.12 Employee profit-sharing and incentive plans

Employee profit-sharing is recognised in the income statement in the financial year in which the employees' rights are earned, under "Employee expenses".

1.13 Post-employment benefits

RETIREMENT EARLY RETIREMENT BENEFITS-DEFINED BENEFIT PLANS

Since 1 January 2013, Crédit Agricole CIB has applied ANC recommendation 2013-02 of 7 November 2013 relating to the measurement and recognition of retirement and similar benefit obligations, such recommendation having then been repealed and incorporated in section 4 of chapter II of part III of ANC Regulation 2014-03 of 5 June 2014.

In accordance with this regulation, Crédit Agricole CIB sets aside provisions to cover its retirement and similar benefit obligations falling within the category of defined-benefit plans.

These obligations are stated on the basis of actuarial, financial and demographic assumptions, and in accordance with the projected unit credit method. This method consists in booking a charge for each period of service, for an amount corresponding to employee's vested benefits for the period. This charge is calculated based on the discounted future benefit.

Crédit Agricole CIB elected to immediately recognise the actuarial gains and losses in profit or loss, and accordingly the amount of the provision is equal to:

- the present value of the obligation to provide the defined benefits at the reporting date, calculated in accordance with the actuarial method advised by the regulation;
- less, where applicable, the fair value of plan assets. These may be represented by an eligible insurance policy. In the event that the obligation is fully covered by such a policy, the fair value of the policy is deemed to be the value of the corresponding obligation, i.e. the amount of the corresponding actuarial liability.

RETIREMENT PLANS- DEFINED-CONTRIBUTION PLANS

There are various mandatory pension plans to which employers contribute. The funds are managed by independent organisations and the contributing companies have no legal or implied obligation to pay additional contributions if the funds do not have sufficient assets to provide all the benefits corresponding to the services rendered by staff during the current and previous years.

As a consequence, Crédit Agricole CIB has no liability in this respect other that the contributions to be paid for the year ended.

The amount of contributions under the terms of these pension schemes is shown under "Employee expenses".

1.14 Extraordinary income and expenses

These comprise income and expenses that are extraordinary in nature and relate to transactions that do not form part of Crédit Agricole CIB's ordinary activities.

1.15 Income tax charge

The tax charge or the tax income appearing in the income statement is the income tax payable, including the impact of the 3.3% additional social contribution on profits, as well as the tax provisions of the reporting period.

Crédit Agricole CIB is 100%-owned, directly or indirectly, by Crédit Agricole Group and is an integral part of the Crédit Agricole Group tax consolidation group. Crédit Agricole CIB is head of the Crédit Agricole sub-group, formed with its consolidated subsidiaries.

Crédit Agricole CIB signed a tax consolidation agreement with Crédit Agricole S.A. Under the terms of the agreement, the deficits generated by all subsidiaries of the Crédit Agricole CIB sub-Group will be compensated by Crédit Agricole S.A.

When tax credits on income from securities portfolios and amounts receivable are effectively used to pay income tax due for the year, they are recognised under the same heading as the income with which they are associated. The corresponding tax charge is kept under the heading "Income tax charge" in the income statement.

Given that the legislative intent when introducing the tax credit for competitiveness and employment (Crédit d'Impôt pour la Compétitivité et l'Emploi – CICE) was to reduce employee expenses, Crédit Agricole CIB has chosen to recognise the CICE (Article 244 quater C of the French General Tax Code) as a reduction in employee expenses rather than a tax reduction.

NOTE 2: LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS - ANALYSIS BY RESIDUAL MATURITY

	31.12.2018							31.12.2017
€ million	≤ 3 months	> 3 months ≤ 1 year	> 1 year ≤ 5 years	> 5 years	Total principal	Accrued interest	Total	Total
Loans and receivables:								
Demand	2,664				2,664	1	2,665	4,886
Time	7,378	3,866	3,112	2,913	17,269	93	17,362	22,833
Pledged securities								
Securities bought under repurchases agreements	41,691	8,373	702		50,766	140	50,906	42,258
Subordinated debt	275			206	481	1	482	591
Total	**52,008**	**12,239**	**3,814**	**3,119**	**71,180**	**235**	**71,415**	**70,568**
Impairment					(328)	(62)	(390)	(382)
Net carrying amount (1)					**70,852**	**173**	**71,025**	**70,186**

(1) Among related parties, the main counterparty is Crédit Agricole S.A. (€6,532 million at 31.12.2018 and €12,970 million at 31.12.2017).

NOTE 3: LOANS AND RECEIVABLES DUE FROM CUSTOMERS

3.1 Analysis by residual maturity

	31.12.2018							31.12.2017
€ million	≤ 3 months	> 3 months ≤ 1 year	> 1 year ≤ 5 years	> 5 years	Total principal	Accrued interest	Total	Total
Trade receivables	2,022	1,670	2,025	62	5,779	4	5,783	4,161
Other customer loans (1)	16,411	11,018	46,765	21,972	96,166	516	96,682	87,466
Securities bought under repurchases agreements	47,785	8,857	3,552		60,194	87	60,281	54,316
Current accounts	828				828	3	831	1,163
in debit					(1,371)	(220)	(1,591)	(1,815)
Impairment					**161,596**	**390**	**161,986**	**145,291**
Net carrying amount								

(1) Subordinated loans granted to customers amounted to €665 million at 31.12.2018 compared to €643 million at 31.12.2017.

3.2 Analysis by geographic area

€ million	31.12.2018	31.12.2017
France (including overseas departements and territories)	37,474	31,959
Other EU countries	37,654	36,940
Rest of Europe	5,819	4,455
North America	23,105	22,463
Central and South America	18,530	14,739
Africa and Middle-East	7,553	6,193
Asia and Pacific (excl. Japan)	14,284	12,823
Japan	18,548	16,671
Supranational organisations		378
Total principal	**162 967**	**146 621**
Accrued interest	610	485
Impairment	(1,591)	(1,815)
Net carrying amount	**161,986**	**145,291**

3.3 Doubtful loans, bad debts and impairment by geographic area

	31.12.2018					
€ million	Gross outstandings	O/W doubtful loans and receivables	O/W bad debts	Impairment of doubtful loans and receivables	Impairments of bad debts	Coverage %
France (including overseas departements and territories)	37,474	20	233	(8)	(225)	92.09%
Other EU countries	37,654	509	306	(228)	(103)	40.61%
Rest of Europe	5,819	104	6	(46)	(6)	47.27%
North America	23,105	114	4	(25)	(4)	24.58%
Central and South America	18,530	264	281	(126)	(265)	71.74%
Africa and Middle-East	7,553	286	183	(87)	(180)	56.93%
Asia and Pacific (excl. Japan)	14,284	238	43	(36)	(32)	24.20%
Japan	18,548					
Supranational organisations						
Accrued interest	610	42	178	(42)	(178)	100.00%
Net carrying amount	**163,577**	**1,577**	**1,234**	**(598)**	**(993)**	**56.60%**

	31.12.2017					
€ million	Gross outstandings	O/W doubtful loans and receivables	O/W bad debts	Impairment of doubtful loans and receivables	Impairments of bad debts	Coverage %
France (including overseas departements and territories)	31,959	179	229	(62)	(188)	61.27%
Other EU countries	36,940	492	553	(257)	(143)	38.28%
Rest of Europe	4,455	90	131	(49)	(107)	70.59%
North America	22,463	54	68	(20)	(4)	19.67%
Central and South America	14,739	228	365	(86)	(308)	66.44%
Africa and Middle-East	6,193	94	334	(20)	(231)	58.64%
Asia and Pacific (excl. Japan)	12,823	92	315	(11)	(121)	32.43%
Japan	16,671	19				
Supranational organisations	378					
Accrued interest	485	67	141	(67)	(141)	100.00%
Net carrying amount	**147,106**	**1,315**	**2,136**	**(572)**	**(1,243)**	**52.59%**

3.4 Analysis by customer type

	31.12.2018				
€ million	Gross outstandings	O/W doubtful loans and receivables	O/W bad debts	Impairment of doubtful loans and receivables	Impairments of bad debts
Individual customers	528				
Farmers	254	12		(10)	
Other small businesses					
Financial institutions	33,726	3	320		(124)
Corporates	121,161	1,458	722	(543)	(677)
Local authorities	7,298	62	14	(3)	(14)
Other customers					
Accrued interest	610	42	178	(42)	(178)
Carrying amount	**163,577**	**1,577**	**1,234**	**(598)**	**(993)**

	31.12.2017				
€ million	Gross outstandings	O/W doubtful loans and receivables	O/W bad debts	Impairment of doubtful loans and receivables	Impairments of bad debts
Individual customers	790				
Farmers	283				
Other small businesses					
Financial institutions	29,982	4	316	(1)	(116)
Corporates	110,894	1,172	1,668	(500)	(975)
Local authorities	4,672	72	11	(4)	(11)
Other customers					
Accrued interest	485	67	141	(67)	(141)
Carrying amount	**147,106**	**1,315**	**2,136**	**(572)**	**(1,243)**

NOTE 4: TRADING, SHORT-TERM INVESTMENT, LONG-TERM INVESTMENT AND MEDIUM-TERM PORTFOLIO SECURITIES

	31.12.2018					31.12.2017
€ million	Trading securities	Short-term investment securities	Medium-term portfolio securities	Long-term investment securities	Total	Total
Treasury Bills and similar securities	**17,970**	**1,768**		**6,010**	**25,748**	**23,133**
O/W residual net premium		(20)		(0)	(20)	(55)
O/W residual net discount		71		67	138	161
Accrued interest		13		11	24	35
Impairment		(0)			(0)	(1)
Net carrying amount	**17,970**	**1,781**		**6,021**	**25,772**	**23,167**
Bonds and other fixed income securities (1)						
Issued by public bodies	449	550		1,310	2,310	2,405
Other issuers	6,692	7,515		9,205	23,412	20,910
O/W residual net premium		(40)		(16)	(56)	(23)
O/W residual net discount		51		44	95	128
Accrued interest		52		40	92	83
Impairment		(29)		(212)	(241)	(279)
Net carrying amount	**7,141**	**8,088**		**10,343**	**25,572**	**23,119**
Equities and other equity variable-income securities	4,354	144	53		4,551	7,861
Accrued interest						
Impairment		(38)	(8)		(46)	(64)
Net carrying amount	**4,354**	**106**	**45**		**4,505**	**7,797**
Total	**29,465**	**9,975**	**45**	**16,364**	**55,849**	**54,083**
Estimated value	**29,465**	**10,077**	**53**	**17,483**	**57,078**	**60,510**

(1) Subordinated loans in the portfolio amount to €43 million at 31 December 2018 compared €42 million at 31 December 2017.

BANKING BOOK

Crédit Agricole CIB (S.A.) owns sovereign debts of Spain.

The net positive exposure amounts to €384 million.

4.1 Reclassification

Crédit Agricole CIB carried out reclassifications of securities on 1 October 2008 as permitted by CRC Regulation 2008-17. At 31 December 2018, the balance sheet value is nil. The changes over the year are detailed below.

CONTRIBUTION TO INCOME OF TRANSFERRED ASSETS SINCE RECLASSIFICATION

The contribution from assets transferred to net income for the financial year since the date of reclassification comprises all profits, losses, income and expenses recognised in the income statement and other comprehensive income or expenses.

	Pre-tax impact on 2009 earnings since reclassification (Assets reclassified before 2009)					
	Cumulative impact at 31.12.2017		2018 Impact		Cumulative impact at 31.12.2018	
€ million	Recognized income and expenses	If the asset had been kept in its original category (change in fair value)	Recognized income and expenses	If the asset had been kept in its original category (change in fair value)	Recognized income and expenses	If the asset had been kept in its original category (change in fair value)
From trading to investment securities	(105)	(106)	6	6	(99)	(100)

4.2 Breakdown of listed and unlisted securities between fixed income and variable-income securities

	31.12.2018				31.12.2017			
€ million	Bonds and other fixed income securities	Treasury bills and similar items	Equities and other variable income securities	Total	Bonds and other fixed income securities	Treasury bills and similar items	Equities and other variable income securities	Total
Listed securities	25,552	25,426	4,462	55,440	22,816	21,631	7,719	52,166
Unlisted securities	169	322	89	580	499	1,502	142	2,143
Accrued interest	92	24		116	83	35		118
Impairment	(241)		(46)	(287)	(279)	(1)	(64)	(344)
Net carrying amount	**25,572**	**25,772**	**4,505**	**55,849**	**23,119**	**23,167**	**7,797**	**54,083**

4.3 Treasury bills, bonds and other fixed-income securities - Analysis by residual maturity

	31.12.2018							31.12.2017
€ million	≤ 3 months	> 3 months ≤ 1 year	> 1 year ≤ 5 years	> 5 years	Total principal	Accrued interests	Total	Total
Bonds and other fixed income securities								
Gross amount	5,485	5,810	9,753	4,673	25,721	92	25,813	23,398
Imapirment							(241)	(279)
Net carrying amount	**5,485**	**5,810**	**9,753**	**4,673**	**25,721**	**92**	**25,572**	**23,119**
Treasury bills and similar items								
Gross amount	11,762	4,451	2,509	7,026	25,748	24	25,772	23,168
Imapirment								(1)
Net carrying amount	**11,762**	**4,451**	**2,509**	**7,026**	**25,748**	**24**	**25,772**	**23,167**

4.4 Treasury bills, bonds and other fixed-income securities - Analysis by geographic area

€ million	31.12.2018	31.12.2017
France (including overseas departements and territories)	16,204	15,447
Other EU countries	12,978	15,246
Other european countries	2,930	647
North America	7,230	3,755
Central and South America	601	305
Africa and Middle-East	174	97
Asia and Pacific (excl. Japan)	5,415	4,647
Japan	4,137	5,363
Supranational organisations	1,800	941
Total principal	**51,469**	**46,448**
Accrued interest	116	118
Impairment	(241)	(280)
Net carrying amount	**51,344**	**46,286**

NOTE 5: EQUITY INVESTMENTS AND SUBSIDIARIES

Company	Share capital	Share capital	Premiums reserves and retained earnings before appropriation of earnings	Percentage of share capital owned	Carrying amounts of securities owned	Loans and receivables outstanding granted by the Company and not yet paid back	Guarantees and other commitments given by the Company	NBI or revenue (ex VAT) for the year ended (from audited financial statements of 2017)	Net income for the year ended	Dividends received by the Company during the financial year
		In million of original currency units	*In million of original currency units*	*In %*	*€ million*	*In million of original currency units*	*In million of original currency units*	*In million of original currency units*	*In million of original currency units*	*€ million*
I - Detailed information on investments whose gross carrying amount exceeds 1% of Crédit Agricole cib's share capital										
A - Subsidiaries (more than 50% owned by Crédit Agricole CIB)										
Banco CA Brasil S.A.	BRL	684	145	75.49	322		USD,28	418	13	4
CACIB Algérie s.p.a	DZD	10,000	236	99.99	97			692	70	1
CA GLOBAL PARTNERS Inc	USD	723	66	100.00	535			13	14	
CA PRIVATE BANKING	EUR	2,650	77	100.00	2,650	CHF 1583		17	155	133
CACIB (China) Limited	RMB	3,199	417	100.00	348	USD 60	CNY,7073 EUR,3 USD	371	26	
CACIB Global Banking	EUR	145	139	100.00	262				(12)	
CASA BV	JPY	13,429	2,884	100.00	180	JPY 1		13,817	6,072	
MERISMA SAS	EUR	1,150	(48)	100.00	1,107	EUR 107				
Subtotal (1)					**5,501**					
B - Banking affiliates (10 and 50% owned by Crédit Agricole CIB)										
BANQUE SAUDI FRANSI	SAR	12	19	14.91	354			7	4	55
Subtotal (2)					**354**					
II - General information relating to other subsidiaries and affiliates										
A - Subsidiaries not covered in I. above (3)					**412**					
a) French subsidiaries (aggregate)					192					
b) Foreign subsidiaries (aggregate)					221					
B - Affiliates not covered in I. above (4)					**165**					
a) French affiliates (aggregate)					54					
b) Foreign affiliates (aggregate)					111					
Total associates (1) + (2) + (3) + (4)					**6,433**					

5.1 Estimated value of equity investments

€ million	31.12.2018 Net carrying amount	31.12.2018 Estimated value	31.12.2017 Net carrying amount	31.12.2017 Estimated value
Investments in subsidiaries and affiliates				
Unlisted securities	7,408	7,773	7,330	7,519
Listed securities				
Advances available for consolidation				
Accrued interest				
Impairment	(1,566)		(1,601)	
Net carrying amount	**5,842**	**7,773**	**5,729**	**7,519**
Equity investments and other long-term investment securities				
Equity investments				
Unlisted securities	314	180	298	163
Listed securities	429	1,388	429	1,236
Advances available for consolidation				
Accrued interest				
Impairment	(160)		(165)	
Sub-total of equity investments	**583**	**1,568**	**562**	**1,399**
Other long term equity investments				
Unlisted securities	13	11	13	15
Listed securities				
Advances available for consolidation				
Accrued interest				
Impairment	(5)		(5)	
Sub-total of long term equity investments	**8**	**11**	**8**	**15**
Net carrying amount	**591**	**1,579**	**570**	**1,414**
Total of equity investments	**6,433**	**9,352**	**6,299**	**8,933**

As regards listed securities, the market value shown in the above table is the quoted price of the shares on their trading market at 31 December. It may not be representative of the realisable value of the securities.

€ million	31.12.2018 Net carrying amount	31.12.2017 Net carrying amount
Total gross value		
Unlisted securities	7,735	7,641
Listed securities	429	429
Total	**8,164**	**8,070**

NOTE 6: MOVEMENTS IN FIXED ASSETS

€ million	31.12.2017	Change in scope	Merger	Increase (acquisitions)	Decrease (disposals, maturity)	Translation difference	Other movements	31.12.2018
Equity investments								
Gross amount	727			29	(20)	3	4	747
Impairment	(165)				5			(160)
Other long-term equity investment								
Gross amount	13							13
Impairment	(5)							(5)
Subtotal	**570**			**29**	**(15)**	**3**	**4**	**591**
Investments in subsidiaries and affiliates								
Gross amount	7,330			150	(79)	0	7	7,408
Impairment	(1,601)			(23)	52	2	0	(1,570)
Advances available for consolidation								
Gross amount								
Impairment								
Accrued interest				**4**				**4**
Net carrying amount	**6,299**			**159**	**(40)**	**5**	**14**	**6,437**
Intangible assets	**139**			**114**	**(63)**	**2**		**192**
Gross amount	624			154	(63)	3		718
Depreciation	(485)			(40)		(1)		(526)
Property, plant and equipment	**89**			**15**	**(1)**		**(1)**	**102**
Gross amount	640			39	(3)	7		683
Depreciation	(551)			(24)	2	(7)	(1)	(581)
Valeur nette au bilan	**228**			**129**	**(64)**	**2**	**(1)**	**294**

NOTE 7: ACCRUALS, PREPAYMENTS AND SUNDRY ASSETS

€ million	31.12.2018	31.12.2017
Other asset (1)	**43,177**	**49,103**
Financial options bought	18,186	21,981
Collective management of Livret de Développement Durable (LDD) saving account securities		
Miscellaneous debtors (2)	23,720	26,221
Settlement accounts	1,271	901
Due from shareholders - Unpaid capital		
Accruals and prepayments	**100,442**	**107,447**
Items in course of transmission	(37)	165
Adjustement accounts	99,984	106,650
Accrued income	160	69
Prepaid expenses	59	42
Unrealised losses and deferred losses on financial instruments	21	13
Bond issue and redemption premiums		
Other accrual prepayments and sundry assets	255	508
Net carrying amount	**143,619**	**156,550**

(1) The amounts shown are net of impairment and include accrued interest.
(2) Including €104 million for the contribution to the Guarantee and Resolution Fund paid in the form of a security deposit. This deposit is usable by the Resolution and Guarantee Fund, at any time and without conditions, to finance an intervention.

NOTE 8: IMPAIRMENT LOSSES DEDUCTED FROM ASSETS

€ million	31.12.2017	Depreciation charges	Reversals and utilisations	Translation differences	Other movements	31.12.2018
Cash, money-market and interbank items	382	1	(7)	14		390
Loans and receivables due from customers	1,815	468	(706)	38	(24)	1,591
Securities transactions	344	3	(70)	6	4	287
Participating interests and other long-term investments	1,771	24	(59)	(2)	(3)	1,731
Other	40	14	(41)		(1)	12
Total	**4,352**	**510**	**(883)**	**56**	**(24)**	**4,011**

NOTE 9: DUE TO CREDIT INSTITUTIONS - ANALYSIS BY RESIDUAL MATURITY

	31.12.2018							31.12.2017
€ million	< 3 months	> 3 months < 1 year	> 1 year < 5 years	> 5 years	Total principal	Accrued interest	Total	Total
Accounts and overdrafts								
Demand	7,525				7,525	2	7,527	4,865
Time	19,772	8,120	12,230	4,561	44,683	152	44,835	43,859
Pledged securities								
Securities sold under repurchase agreements	19,808	477	1,102		21,387	65	21,452	24,481
Carrying amount (1)							**73,814**	**73,205**

(1) Including €18,687 million at 31.12.2018 compared to €21,439 million at 31.12.2017 with Crédit Agricole S.A..

NOTE 10: DUE TO CUSTOMERS

10.1 Analysis by residual maturity

	31.12.2018							31.12.2017
€ million	< 3 months	> 3 months < 1 year	> 1 year < 5 years	> 5 years	Total principal	Accrued interest	Total	Total
Current accounts in credit	30,082				30,082	16,	30,098	24,708
Other accounts due to customers	64,126	5,288	5,515	2,811	77,740	129	77,869	65,591
Securities sold under repurchase agreements	59,575	99	56	3	59,733	64	59,797	48,471
Carrying amount							**167,764**	**138,770**

10.2 Analysis by geographic area

€ million	31.12.2018	31.12.2017
France (including overseas departements and territories)	32,748	30,879
Other EU countries	40,479	35,218
Rest of Europe	2,780	3,111
North America	42,744	28,203
Central and South America	18,845	19,415
Africa and Middle-East	3,529	1,919
Asia and Pacific (excl. Japan)	16,547	9,880
Japan	9,533	9,046
Supranational organisations	350	238
Total principal	**167,555**	**137,909**
Accrued interest	209	861
Carrying amount	**167,764**	**138,770**

10.3 Analysis by customer type

€ million	31.12.2018	31.12.2017
Individuals customers	282	363
Farmers	22	
Other small businesses	206	
Financial institutions	44,573	37,688
Corporates	104,236	82,122
Local authorities	17,712	17,538
Other customers	524	198
Total principal	**167,555**	**137,909**
Accrued interest	209	861
Carrying amount	**167,764**	**138,770**

NOTE 11: DEBT SECURITIES

11.1 Analysis by residual maturity

	31.12.2018							31.12.2017
€ million	≤ 3 months	> 3 months ≤ 1 year	> 1 year ≤ 5 years	> 5 years	Total principal	Accrued interest	Total	Total
Interest-bearing notes	192				192		192	85
Money-market instruments								
Negotiable debt securities:	15,224	8,258	8,172	8,795	40,449	37	40,486	39,129
Issued in France	781	1,811	7,259	8,795	18,646		18,646	18,293
Issued abroad	14,443	6,447	913		21,803	37	21,840	20,836
Bonds			1,997	605	2,602	2	2,604	1,250
Other debt instruments								
Carrying amount					**43,243**	**39**	**43,282**	**40,464**

11.2 Bonds

	Outstanding schedule at 31.12.2018			Outstanding at 31.12.2018	Outstanding at 31.12.2017
€ million	≤ 1 year	> 1 year ≤ 5 years	> 5 years		
Euro		**1,110**	**600**	**1,710**	**1,250**
Fixed rate					
Variable rate		1,110	600	1,710	1,250
Other currencies		**887**	**5**	**892**	
Fixed rate		3	4	7	
Variable rate		884	1	885	
Total principal		**1,997**	**605**	**2,602**	**1,250**
Fixed rate		3	4	7	
Variable rate		1,994	601	2,595	1,250
Related payables		2		2	
Accrued interest				**2,604**	**1,250**

NOTE 12: ACCRUALS, DEFERRED INCOME AND SUNDRY LIABILITIES

€ million	31.12.2018	31.12.2017
Other liabilities (1)	**68,953**	**69,758**
Counterparty transactions (trading securities)	22,543	21,592
Liabilities relating to stock lending transactions	10,056	8,303
Optional instruments sold	18,371	22,974
Miscellaneous creditors	16,756	15,956
Settlement accounts	1,202	933
Payments in process	25	
Other		
Accruals and deferred income	**101,205**	**113,306**
Items in course of transmission	302	839
Adjustment accounts	98,941	110,338
Unearned income	434	536
Accrued expenses	1,227	1,495
Unrealised gains and deferred gains on financial instrument	20	10
Other accruals prepayments and sundry assets	281	88
Carrying amount	**170,158**	**183,064**

(1) Amounts include accrued interests.

NOTE 13: PROVISIONS

€ million	31.12.2017	Changes in scope	Depreciation charges	Reversals, amount used	Translation differences	Other movements	31.12.2018
Country risks	672		20	(97)	15	(210)	400
Financing commitment execution risks	197		90	(195)	1		93
Employee retirement and similar benefits	243		29	(57)		15	230
Financial instruments	1			(1)			
Litigations and others (1)	645		133	(50)	6		734
Other provisions (2)	1,444		221	(134)	17	176	1,724
Carrying amount	**3,202**		**493**	**(534)**	**39**	**(19)**	**3,181**

(1) Of which:
- *tax disputes: €380 million*
- *customer litigation: €343 million*
- *social litigation: €9 million*

(2) Including, for Crédit Agricole CIB Paris:
- *other risks and expenses: €1,221 million*

13.1 Tax Audits

CRÉDIT AGRICOLE CIB PARIS TAX AUDIT

After an audit of accounts covering years 2013, 2014 and 2015, adjustments were carried out on Crédit Agricole CIB as part of a proposed adjustment received at the end of December 2018. Crédit Agricole CIB is challenging the proposed adjustments. A provision has been recognised to cover the estimated risk.

CRÉDIT AGRICOLE CIB MILAN AND LONDON TAX AUDIT REGARDING TRANSFER PRICING

Following tax audits, Crédit Agricole CIB Milan received proposals for adjustments for financial years 2005 to 2013 from the Italian tax authorities in the area of transfer prices. Crédit Agricole CIB challenged the proposed adjustments. At the same time, the case has been referred to the competent French-Italian authorities for all years. A provision was recognised to cover the estimated risk.

13.2 Inquiries and requests for information from regulators

OFFICE OF FOREIGN ASSETS CONTROL (OFAC)

In October 2015, Crédit Agricole S.A. and its subsidiary Crédit Agricole Corporate and Investment Bank (Crédit Agricole CIB) reached agreements with the US and New York authorities that had been conducting investigations regarding US dollar transactions with countries subject to US economic sanctions. The events covered by this agreement took place between 2003 and 2008.

Crédit Agricole CIB and Crédit Agricole S.A., which cooperated with the US and New York authorities in connection with their investigations, have agreed to pay a total penalty amount of $787.3 million (i.e. €692.7 million). The payment of this penalty has been allocated to the pre-existing reserve that had already been taken and, therefore, has not affected the accounts for the second half of 2015.

The agreements with the Board of Governors of the Federal Reserve System (Fed) and the New-York State Department of Financial Services (NYDFS) are with Crédit Agricole S.A. and Crédit Agricole CIB. The agreement with the Office of Foreign Assets Control (OFAC) of the US Department of the Treasury is with Crédit Agricole CIB. Crédit Agricole CIB also entered into separate deferred prosecution agreements (DPAs) with the United States Attorney's Office for the District of Columbia (USAO) and the District Attorney of the County of New York (DANY), the terms of which are three years. On October 19, 2018 the two deferred prosecution agreements with USAO and DANY ended at the end of the three year period, Crédit Agricole CIB having complied with all its obligations under the DPAs.

Crédit Agricole continues to strengthen its internal procedures and its compliance programs regarding laws on international sanctions and will continue to cooperate fully with the US and New York authorities with its home regulators, the European Central Bank and the French Regulatory and Resolution Supervisory Authority (ACPR), and with the other regulators across its worldwide network.

Pursuant to the agreements with NYDFS and the US Federal Reserve, Crédit Agricole's compliance program is subject to regular reviews to evaluate its effectiveness, including a review by an independent consultant appointed by NYDFS for a term of one year and annual reviews by an independent consultant approved by the Federal Reserve.

EURIBOR/LIBOR AND OTHER INDEXES

Crédit Agricole CIB and its parent company Crédit Agricole S.A. , in their capacity as contributors to a number of interbank rates, have received requests for information from a number of authorities as part of investigations into: (i) the calculation of the Libor (London Interbank Offered Rates) in a number of currencies, the Euribor (Euro Interbank Offered Rate) and certain other market indices; and (ii) transactions connected with these rates and indices. These demands covered several periods from 2005 to 2012.

As part of its cooperation with the authorities, Crédit Agricole S.A. and its subsidiary Crédit Agricole CIB carried out investigations in order to gather the information requested by the various authorities and in particular the American authorities – the DOJ (Department of Justice) and CFTC (Commodity Future Trading Commission) – with which they are in discussions. It is currently not possible to know the outcome of these discussions, nor the date when they will be concluded.

Furthermore, Crédit Agricole CIB is currently under investigation opened by the Attorney General of the State of Florida on both the Libor and the Euribor.

Following its investigation and an unsuccessful settlement procedure, on 21 May 2014, the European Commission sent a notification of grievances to Crédit Agricole S.A. and to Crédit Agricole CIB pertaining to agreements or concerted practices for the purpose and/or effect of preventing, restricting or distorting competition in derivatives related to the Euribor.

In a decision dated 7 December 2016, the European Commission jointly fined Crédit Agricole S.A. and Crédit Agricole CIB €114,654,000 for participating in a cartel in euro interest rate derivatives. Crédit Agricole S.A. and Crédit Agricole CIB are challenging this decision and have asked the European Court of Justice to overturn it.

Additionally, the Swiss competition authority, COMCO, is conducting an investigation into the market for interest rate derivatives, including the Euribor, with regard to Crédit Agricole S.A. and several Swiss and international banks. Moreover, in June 2016 the South Korean competition authority (KFTC) decided to close the investigation launched in September 2015 into Crédit Agricole CIB and the Libor index on various currencies, Euribor and Tibor indices. The investigation into certain foreign exchange derivatives (ABS-NDF) has been closed by the KFTC according to a decision notified to Crédit Agricole CIB on 20 December 2018.

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

Since 1 July 2016, Crédit Agricole S.A. and Crédit Agricole CIB, together with other banks, are also party to a new class action suit in the United States ("Frontpoint") relating to the SIBOR (Singapore Interbank Offered Rate) and SOR (Singapore Swap Offer Rate) indices. After having granted a first motion to dismiss filed by Crédit Agricole S.A. and Crédit Agricole CIB, the New York Federal District Court, ruling on a new request by the plaintiffs, excluded Crédit Agricole S.A. from the Frontpoint case on the grounds that it had not contributed to the relevant indexes. The Court considered, however, taking into account recent developments in case law, that its jurisdiction could apply to Crédit Agricole CIB, as well as to all the banks that are members of the SIBOR index panel. The allegations contained in the complaint regarding the SIBOR/USD index and the SOR index were also rejected by the court, therefore the index SIBOR/Singapore dollar alone is still taken into account. On 26 December, the plaintiffs filed a new complaint aimed at reintroducing into the scope of the Frontpoint case the alleged manipulations of the SIBOR and SOR indexes that affected the transactions in US dollars. Crédit Agricole CIB, alongside the other defendants, will oppose the terms of this new complaint and has also filed a new motion to dismiss to contest the jurisdiction maintained against it

These class actions are civil actions in which the plaintiffs claim that they are victims of the methods used to set the Euribor, Libor, SIBOR and SOR rates, and seek repayment of the sums they allege were unlawfully received, as well as damages and reimbursement of costs and fees paid.

BANQUE SAUDI FRANSI

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

BONDS SSA

Several regulators have demanded information to Crédit Agricole S.A. and to Crédit Agricole CIB for inquiries relating to activities of different banks involved in the secondary trading of Bonds SSA (Supranational, Sub-Sovereign and Agencies) denominated in American dollars. Through the cooperation with these regulators, Crédit Agricole CIB proceeded to internal inquiries to gather the required information available. On 20 December 2018, the European Commission issued a Statement of Objections to a number of banks including Crédit Agricole S.A. and Crédit Agricole CIB within its inquiry on a possible infringement of rules of European Competition law in the secondary trading of Bonds SSA denominated in American dollars. Crédit Agricole S.A. and Crédit Agricole CIB became aware of these objections and will issue a response.

Crédit Agricole CIB is included with other banks in a putative consolidated class action before the United States District Court for the Southern District of New York. That action was dismissed on 29 August 2018 on the basis that the plaintiffs failed to allege an injury sufficient to give them standing. However the plaintiffs have been given an opportunity to attempt to remedy that defect. The plaintiffs filed an amended complaint on 7 November 2018. Crédit Agricole CIB as well as the other defendants have filed motions to dismiss the amended complaint.

On 7 February 2019, another class action was filed against Crédit Agricole CIB and the other defendants named in the class action already pending before the United States District Court for the Southern District of New York.

On 11 July 2018, Crédit Agricole S.A. and Crédit Agricole CIB were notified with other banks of a class action filed in Canada, before the Ontario Superior Court of Justice. Another class action, not notified to date, would have been filed before the Federal Court of Canada. It is not possible at this stage to predict the outcome of these investigations, proceedings or class actions or the date on which they will end.

O'SULLIVAN AND TAVERA

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

On December 29, 2018, the same group of individuals, together with 57 new plaintiffs, filed a separate action ("*O'Sullivan II*") against the same defendants.

On December 21, 2018, a different group of individuals filed a complaint ("*Tavera*") against the same defendants.

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

On 2 March 2018, Crédit Agricole CIB and other defendants filed a motion to dismiss the *O' Sullivan I* Complaint.

INTERCONTINENTAL EXCHANGE, INC. ("ICE")

On January 15, 2019 a class action was filed before a federal court in New-York (US District Court Southern District of New-York) against the Intercontinental Exchange, Inc. ("ICE") and a number of banks including Crédit Agricole S.A., Crédit Agricole CIB and Crédit Agricole Securities-USA. This action has been filed by plaintiffs who allege that they have invested in financial instruments indexed to the USD ICE LIBOR. They accuse the banks of having collusively set the index USD ICE LIBOR at artificially low levels since February 2014 and made thus illegal profits.

On January 31, 2019 a similar action has been filed before the US District Court Southern District of New-York, against a number of banks including Crédit Agricole S.A., Crédit Agricole CIB and Crédit Agricole Securities-USA. On February 1, 2019, these two class actions were consolidated for pre-trial purposes.

NOTE 14: SUBORDINATED DEBT - ANALYSIS BY RESIDUAL MATURITY (IN CURRENCY OF ISSUE)

	31.12.2018					31.12.2017
€ million	≤ 3 months	> 3 months ≤ 1 year	> 1 year ≤ 5 years	> 5 years	Total	Total
Fixed-term subordinated debt				**2,983**	**2,983**	**2,668**
Euro				1,500	1,500	1,250
Other EU currencies						
Dollar				1,483	1,483	1,418
Yen						
Other currencies						
Undated subordinated debt				**5,320**	**5,320**	**4,802**
Euro				2,830	2,830	2,421
Other EU currencies						
Dollar				2,490	2,490	2,381
Yen						
Other currencies						
Participating securities and loans						
Total principal				**8,303**	**8,303**	**7,470**
Accrued interest					86	84
Carrying amount					**8,389**	**7,554**

Expenses relating to subordinated debt amounted to €368 million at 31.12.2018, compared to €329 million at 31.12.2017.

NOTE 15: CHANGES IN EQUITY (BEFORE APPROPRIATION)

	Shareholder's equity							
€ million	Share capital	Legal reserves	Statutory reserves	Share premiums, reserves and revaluation adjustments	Retained earnings	Regulated provisions	Net income	Total equity
Balance at 31 December 2016	**7,852**	**603**		**1,593**	**761**		**682**	**11,491**
Dividends paid in respect of 2017					(241)			(241)
Increase/decrease								
2017 net income							2,613	2,613
Appropriation of 2016 parent company net income		34			648		(682)	
Net charges/write-backs								
Balance at 31 December 2017	**7,852**	**637**		**1,593**	**1,168**		**2,613**	**13,863**
Dividends paid in respect of 2018					(1,236)			(1,236)
Increase/decrease [(1)]					33			33
2018 net income							1,272	1,272
Appropriation of 2017 parent company net income		131			2,482		(2,613)	
Net charges/write-backs								
Balance at 31 December 2018	**7,852**	**768**		**1,593**	**2,447**		**1,272**	**13,932**

At 31 December 2018, the share capital comprised 290,801,346 shares with a par value of €27 each.

(1) The application of the new model for provisioning credit risk on healthy loans and receivables, intended to transpose the new credit risk provisioning model according to the IFRS 9 approach to estimating ELs represent an impact of +€33 million on opening shareholders' equity (retained earnings) at 1 January 2018.

NOTE 16: ANALYSIS OF THE BALANCE SHEET BY CURRENCY

	31.12.2018		31.12.2017	
€ million	Assets	Liabilities	Assets	Liabilities
Euro	225,573	215,882	251,052	237,273
Other EU currencies	18,288	33,517	22,833	33,411
Dollar	157,526	149,212	126,516	133,406
Yen	51,104	38,104	32,995	29,693
Other currencies	28,902	44,678	28,416	28,029
Total	**481,393**	**481,393**	**461,812**	**461,812**

NOTE 17: TRANSACTIONS WITH SUBSIDIARIES, AFFILIATES AND EQUITY INVESTMENTS

€ million	31.12.2018	31.12.2017
Loans and receivables	**32,990**	**43,741**
Credit and other financial institions	12,496	20,003
Customers	17,723	20,833
Bonds and other fixed income securities	2,771	2,905
Debt	**53,188**	**54,409**
Credit and financial institutions	27,100	30,572
Customers	14,591	14,117
Debt securities and subordinated debts	11,497	9,720
Commitments given	**51,986**	**53,490**
Financing commitments given to credit institutions	591	676
Financing commitments given to customers	27,292	36,649
Guarantee given to credit and other financial institutions	8,008	7,259
Guarantees given to customers	3,456	2,532
Securities acquired with repurchase options	6,265	833
Other commitments given	6,374	5,541

NOTE 18: NON-SETTLED FOREIGN EXCHANGE TRANSACTIONS AND AMOUNTS PAYABLE IN FOREIGN CURRENCIES

			Published version		Corrected version	
	31.12.2018		31.12.2017			
€ million	To be received	To be delivered	To be received	To be delivered	To be received	To be delivered
Spot foreign-exchange transactions	**126,034**	**126,052**	**106,325**	**106,450**	**147,934**	**147,978**
Foreign currencies	112,516	109,391	97,294	97,013	131,821	134,569
Euro	13,518	16,661	9,031	9,437	16,113	13,409
Forward currency transactions	**1,774,176**	**1,777,225**	**485,237**	**485,489**	**1,491,521**	**1,492,124**
Foreign currencies	1,396,438	1,410,018	389,555	391,099	1,131,356	1,140,051
Euro	377,738	367,207	95,682	94,390	360,165	352,073
Foreign currency denominated loans and borrowings	**418**	**827**	**4,005**	**3,975**	**4,141**	**4,794**
Total	**1,900,628**	**1,904,104**	**595,567**	**595,914**	**1,643,596**	**1,644,896**

The data published to 31/12/2017 only included branch data.

The corrected version covers the entire scope.

NOTE 19: TRANSACTIONS ON FORWARD FINANCIAL INSTRUMENTS

€ million	31.12.2018			31.12.2017		
	Hedging transactions	Other transactions	Total (2)	Hedging transactions	Other transactions	Total
Futures and forwards	118,637	13,641,439	13,760,076	5,457	13,382,216	13,387,673
Exchange-traded (1)	4,034	7,233,516	7,237,550	1,883	7,303,048	7,304,931
Interest-rate futures		7,132,802	7,132,802		7,285,516	7,285,516
Currency forwards		82,572	82,572		9,267	9,267
Equity and stock index instruments		2,451	2,451		989	989
Other futures	4,034	15,691	19,725	1,883	7,276	9,159
Over-the-counter (1)	114,603	6,407,923	6,522,526	3,574	6,079,168	6,082,742
Interest rate swaps	41,560	2,429,697	2,471,257	41	2,429,408	2,429,449
Fx swaps	72,903	3,931,015	4,003,918	3,533	2,654,028	2,657,561
FRA		2,061	2,061		670	670
Equity and stock index instruments		38,247	38,247		24,335	24,335
Other futures	140	6,903	7,043		970,727	970,727
Options	1,119	1,993,659	1,994,778	3,120	1,778,160	1,781,280
Exchange-traded		218,024	218,024		166,032	166,032
Exchange traded interest rate futures						
Bought		183,862	183,862		123,478	123,478
Sold		13,089	13,089		28,087	28,087
Equity and stock index instruments						
Bought		7,572	7,572		4,627	4,627
Sold		9,456	9,456		5,187	5,187
Currency futures						
Bought		1,781	1,781		1,812	1,812
Sold		2,264	2,264		2,833	2,833
Other futures						
Bought					3	3
Sold					5	5
Over-the counter	1,119	1,775,635	1,776,754	3,120	1,612,128	1,615,248
Interest rate swap options						
Bought	554	352,423	352,977		362,480	362,480
Sold	58	367,643	367,701		342,495	342,495
Other interest rate forwards						
Bought	507	231,276	231,783		218,634	218,634
Sold		233,393	233,393		232,349	232,349
Equity and stock index instruments						
Bought		5,108	5,108		1,269	1,269
Sold		4,351	4,351		16,404	16,404
Currency futures						
Bought		257,738	257,738		207,126	207,126
Sold		283,283	283,283		210,709	210,709
Other futures						
Bought		175	175		162	162
Sold		156	156		135	135
Credit derivative						
Bought		26,943	26,943	3,120	9,833	12,953
Sold		13,146	13,146		10,532	10,532
Total	119,756	15,635,098	15,754,854	8,577	15,160,376	15,168,953

(1) The amounts stated under futures and forwards correspond to aggregate long and short positions (interest rate swaps and interest rate swaptions) or to aggregate purchases and sales of contracts (other contracts).

(2) Including €757,673 million with Crédit Agricole S.A. at 31 December 2018.

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19.1 Forward financial instruments - Fair value

	31.12.2018			31.12.2017		
	Total fair value			Total fair value		
€ million	Assets	Liabilities	Notional total	Assets	Liabilities	Notional total
Instruments de taux d'intérêts	**97,980**	**113,137**	**10,988,925**	**95,099**	**97,357**	**11,023,158**
Futures	530	529	2,630,775			2,061,460
F.R.A.	1,383	1,059	2,061	353	352	670
Swaps de taux d'intérêts	79,579	94,866	6,973,285	74,549	75,687	7,653,505
Options de taux	12,893	12,581	917,628	16,028	16,377	856,540
Caps-floors-collars	3,595	4,102	465,176	4,169	4,941	450,983
Instruments de devises	**203,711**	**96,792**	**1,019,764**	**9,202**	**8,196**	**3,089,309**
Opérations fermes de change	36,020	39,545	380,899	6,765	6,413	2,657,562
Options de change	3,546	2,867	545,066	2,434	1,783	422,480
Futures	164,145	54,380	93,799	3		9,267
Autres Instruments	**8,806**	**8,143**	**134,374**	**3,363**	**2,776**	**85,759**
Dérivés sur actions & indices boursiers	7,723	3,565	89,447	2,840	1,911	52,812
Dérivés sur métaux précieux	40	43	4,824	26	27	824
Dérivés sur produits de base			14			
Dérivés de crédit	1,043	4,535	40,089	497	838	32,123
Sous-total	**310,497**	**218,072**	**12,143,063**	**107,664**	**108,329**	**14,198,226**
Opérations de change à terme/*Trading*	364,276	390,256	3,611,791	13,043	14,292	970,727
Opérations de change à terme/*Banking*						
Sous-total	**364,276**	**390,256**	**3,611,791**	**13,043**	**14,292**	**970,727**
Total général	**674,773**	**608,328**	**15,754,854**	**120,707**	**122,621**	**15,168,953**

19.2 Forward financial instruments - Notional outstanding's analysis by residual maturity

€ million	Over-the-counter			Exchange-traded			31.12.2018	31.12.2017
Notional amount outstanding	≤ 1 year	> 1 year ≤ 5 years	> 5 years	≤ 1 year	> 1 year ≤ 5 years	> 5 years	Total	Total
Interest rate instruments	**871,523**	**1,450,518**	**1,337,132**	**3,680,705**	**1,355,949**	**2,293,098**	**10,988,925**	**11,023,158**
Futures				2,071,673	751	558,351	2,630,775	2,061,460
FRA	1,765		296				2,061	670
Interest rate swaps	793,064	822,991	855,203	1,488,543	1,355,198	1,658,286	6,973,285	7,653,505
Interest rate options	1,355	498,229	221,094	120,489		76,461	917,628	856,540
Caps, floors and collars	75,339	129,298	260,539				465,176	450,983
Foreign currency and gold	**686,401**	**172,697**	**74,050**	**84,944**		**1,672**	**1,019,764**	**3,089,309**
Currency futures	241,479	115,515	22,537	1,368			380,899	2,657,562
Currency options	432,327	57,182	51,513	4,044			545,066	422,480
Futures	12,595			79,532		1,672	93,799	9,267
Other instruments	**44,172**	**15,782**	**35,216**	**22,585**	**1,684**	**14,935**	**134,374**	**85,759**
Equity and index derivatives	20,140	11,347	19,457	21,884	1,684	14,935	89,447	52,812
Precious metal derivatives	4,119	17		688			4,824	824
Commodity derivatives				14			14	
Credit derivatives	19,912	4,418	15,759				40,089	32,123
Sub-total	**1,602,096**	**1,638,997**	**1,446,398**	**3,788,234**	**1,357,633**	**2,309,705**	**12,143,063**	**14,198,226**
Currency futures trading book	2,602,419	382,064	627,308				3,611,791	970,727
Currency futures banking book								
Sub-total	**2,602,419**	**382,064**	**627,308**				**3,611,791**	**970,727**
Total	**4,204,515**	**2,021,061**	**2,073,706**	**3,788,234**	**1,357,633**	**2,309,705**	**15,754,854**	**15,168,953**

19.3 Forward financial instruments-counterparty risk

Derivatives represent a potential credit risk of €7,463 million at 31 December 2018 compared with €7,353 million at 31 December 2017, after taking into account the compensation effects.

NOTE 20: NET INTEREST AND SIMILAR INCOME

€ million	31.12.2018	31.12.2017
Interbank transactions	2,167	976
Customer transactions	4,717	3,412
Bonds and other fixed-income securities (see Note 21)	399	302
Debt securities	86	157
Other interest and similar income	224	758
Interest and similar income (1)	**7,593**	**5,605**
Interbank transactions	(2,830)	(1,709)
Customer transactions	(2,746)	(1,252)
Bonds and other fixed-income securities	(24)	(41)
Debt securities	(1,014)	(913)
Other interest and similar income	(200)	(450)
Interest and similar expense (2)	**(6,814)**	**(4,365)**
Net interest and similar income	**779**	**1,240**

(1) Including income with Crédit Agricole S.A. at 31.12.2018: €26 million.
(2) Including expenses with Crédit Agricole S.A. at 31.12.2018: €781 million.

NOTE 21: INCOME FROM SECURITIES

	Fixed Income securities		Variable-income securities	
€ million	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Investment in subsidiaries and affiliates, equity investments and other long-term equity investments			282	291
Short term investment securities and medium term portfolio securities	221	182	4	117
Long-term investment securities	178	120		
Other securities transactions				
Income from securities	**399**	**302**	**286**	**408**

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NOTE 22: NET COMMISSION AND FEE INCOME

€ million	31.12.2018			31.12.2017		
	Income	Expense	Net	Income	Expense	Net
Interbank transactions	60	(104)	(44)	40	(95)	(55)
Customer transactions	611	(35)	576	607	(17)	590
Securities transactions	7	(69)	(62)	6	(56)	(50)
Foreign exchange transactions	4	(35)	(31)		(30)	(30)
Forward financial instruments and other off-balance sheet transactions	133	(135)	(2)	178	(116)	62
Financial services (see Note 22.1)	110	(28)	82	116	(32)	84
Total net fee and commission income [(1)]	**925**	**(406)**	**519**	**947**	**(346)**	**601**

(1) Including net commissions with Crédit Agricole S.A. at 31 December 2018: €26 million.

22.1 Banking and financial services

€ million	31.12.2018	31.12.2017
Net income from managing mutual funds and securities on behalf of customers	47	54
Net income from payment instruments	5	5
Other net financial services income (expense)	30	25
Financial services	**82**	**84**

NOTE 23: GAINS (LOSSES) ON TRADING BOOKS

€ million	31.12.2018	31.12.2017
Gains (losses) on trading securities	(297)	349
Gains (losses) on forward financial instruments	898	1,439
Gains (losses) on foreign exchange and similar financial instruments	1,550	535
Net gains (losses) on trading book	**2,151**	**2,323**

NOTE 24: GAINS (LOSSES) ON SHORT TERM INVESTMENT PORTFOLIOS AND SIMILAR

€ million	31.12.2018	31.12.2017
Short term investment securities		
Impairment losses	(4)	(19)
Reversals of impairment losses	19	12
Net losses/reversals	**15**	**(7)**
Gains on disposals	65	35
Losses on disposals	(67)	(50)
Net gains (losses) on disposals	**(2)**	**(15)**
Net gain (losses) on short term investment securities	**13**	**(22)**
Medium term portfolio securities		
Impairment losses	(1)	(1)
Reversals of impairment losses		5
Net losses/reversals	**(1)**	**4**
Gains on disposals		3
Losses on disposals		
Net gains (losses) on disposals		**3**
Net gain (losses) on medium term investment portfolio securities	**(1)**	**7**
Net gain (losses) on short term investment portfolios and similar	**12**	**(15)**

NOTE 25: OPERATING EXPENSES

25.1 Employee expenses

€ million	31.12.2018	31.12.2017
Salaries	(994)	(969)
Social security expenses	(314)	(287)
Incentive plans	(27)	(24)
Employee profit-sharing		
Payroll-related tax	(42)	(39)
Total employee expenses	**(1,377)**	**(1,319)**
Charge-backs and reclassification of employee expenses	5	5
Net expenses [(1)]	**(1,372)**	**(1,314)**

(1) Including pension expenses at 31 December 2018: € -89 million.
Including pension expenses at 31 December 2017: € -83 million.

25.2 Average number of headcount

In number	31.12.2018	31.12.2017
Managers	4,212	3,690
Non-managers	298	338
Managers and non-managers of foreign branches	2,860	2,740
Total	**7,370**	**6,768**
Of which		
France	4,510	4,028
Foreign	2,860	2,740

25.3 Other administrative expenses

€ million	31.12.2018	31.12.2017
Taxes other than on income or payroll-related	(64)	(69)
External services	(1,027)	(880)
Other administrative expenses	(118)	(109)
Total administrative expenses	**(1,209)**	**(1,058)**
Charge-backs and reclassification of employee expenses	198	100
Total	**(1,011)**	**(958)**

NOTE 26: COST OF RISK

€ million	31.12.2018	31.12.2017
Depreciation charges to provisions and impairment	**(568)**	**(1,416)**
Impairment on doubtful loans and receivables	(377)	(702)
Other depreciation and impairment losses	(191)	(714)
Reversal of provisions and impairment losses	**1,146**	**1,511**
Reverval of impairment losses on doubtful loans and receivables [(1)]	742	738
Other reversals of provisions and impairment losses [(2)]	404	773
Change in provisions and impairment	**578**	**95**
Losses on non-impaired bad debts	(12)	(66)
Losses on impaired bad debts	(448)	(413)
Recoveries on loans written off	77	84
Cost of risk	**195**	**(300)**

(1) Including € 403 million on bad debts and doubtful loans at 31 December 2018.
(2) Including € 44 million used to provision risk on the liabilities at 31 December 2018.

NOTE 27: NET GAIN (LOSSES) ON FIXED ASSETS

€ million	31.12.2018	31.12.2017
Financial investments		
Impairment losses		
Long-term investment securities		
Investments in subsidiaries and affiliates, equity investments and other long term equity investments	(23)	(541)
Reversals of impairments losses		
Long-term investment securities		
Investments in subsidiaries and affiliates, equity investments and other long term equity investments (1)	58	511
Net losses/reversals	**35**	**(30)**
Long-term investment securities		
Investments in subsidiaries and affiliates, equity investments and other long term equity investments	35	(30)
Gains on disposals		
Long-term investment securities		9
Investments in subsidiaries and affiliates, equity investments and other long term equity investments (2)	4	1,219
Losses on disposals		
Long-term investment securities		(19)
Investments in subsidiaries and affiliates, equity investments and other long term equity investments	(19)	(3)
Losses on receivables from equity investments		
Net gain (losses) on disposals	**(15)**	**1,206**
Long-term investment securities		(10)
Investments in subsidiaries and affiliates, equity investments and other long term equity investments	(15)	1,216
Net gain (losses)	**20**	**1,176**
Property, plant and equipment and intangible assets		
Disposal gains		5
Disposal losses		
Net gain (losses)		**5**
Net gain (losses) on fixed assets	**20**	**1,181**

(1) In 2017 including a €477 million reversal of provisions for liabilities and charges for net negative situation.
(2) In 2017 including a gain of €1,215 million on the disposal of the Banque Saudi Fransi shares.

NOTE 28: INCOME TAX CHARGE

€ million	31.12.2018	31.12.2017
Income tax charge (1)	(415)	(514)
Other tax		
Total	**(415)**	**(514)**

(1) Crédit Agricole CIB is a member of the Crédit Agricole S.A. tax consolidation group. The tax agreement between Crédit Agricole CIB and its parent company enables it to transfer its tax deficits.
As a part of the tax consolidation agreement, a tax income of €1 million to Crédit Agricole S.A. was recognised at 31 December 2018.
A net depreciation of tax provision of € 116 million, corresponding to Crédit Agricole S.A. compensated tax loss, but still due, as individuals, by the subsidiaries of the sub-group towards Crédit Agricole CIB, was also recognised at 31 December 2018.

NOTE 29: OPERATIONS IN NON-COOPERATIVE STATES OR TERRITORIES

As at 31 December 2018, Crédit Agricole CIB has no direct or indirect presence in non-cooperative states or territories within the meaning of Article 238-0 A of the French General Tax Code.

3. STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2018

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English-speaking users.

This statutory auditors' report includes information required by European regulations and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to the shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

OPINION

In compliance with the engagement entrusted to us by your General Meeting of Shareholders, we have audited the accompanying financial statements of Crédit Agricole Corporate and Investment Bank for the year ended 31 December 2018.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 31 December 2018 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

BASIS FOR OPINION

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Statutory Auditors' Responsibilities for the Audit of the Financial Statements section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from 1 January 2018 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5 (1) of Regulation (EU) No 537/2014 or in the French Code of Ethics for Statutory Auditors (Code de déontologie de la profession de commissaire aux comptes).

EMPHASIS OF MATTER

Without qualifying our opinion, we draw your attention to the changes in accounting policy presented in Note 1 "Accounting rules and procedures" to the financial statements relating to:

- new ANC regulations or amendments to existing ANC regulations;
- the new credit risk provisioning model for performing loans, for use in the financial statements as from 1 January 2018 for the estimate of expected credit losses according to the new standard IFRS 9.

JUSTIFICATION OF ASSESSMENTS – KEY AUDIT MATTERS

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

TAX, LEGAL AND COMPLIANCE RISKS

Risk identified

Crédit Agricole Corporate and Investment Bank is subject to a number of investigations and requests for regulatory information from different regulators. These concern in particular the Euribor/ Libor and SSA Bonds matters with authorities from various countries (USA, UK and Switzerland) and the European Union.

A number of tax investigations are also ongoing in France and in certain countries where the Group operates.

Deciding whether or not to recognise a provision and the amount of that provision requires the use of judgement, given that it is difficult to assess the outcome of ongoing disputes or the final tax impacts of certain structural transactions

Given its sensitivity to these assumptions, thus constituting a significant risk of material misstatement in the financial statements, we deemed the measurement of provisions for tax, legal and compliance risks to be a key audit matter.

The various ongoing investigations and requests for information (Euribor/ Libor, SSA Bonds and other indices) are presented in Note 13.2 to the financial statements.

Our response

The risk of a significant outflow of funds concerns a limited number of matters that we monitor on a regular basis.

We gained an understanding of the procedure for measuring the risks and, where applicable, the provisions associated with these matters, notably through quarterly exchanges with management and in particular the Legal, Compliance and Tax departments of the Group.

Our work consisted primarily in:

- examining the assumptions used to determine provisions based on available information (documentation prepared by the Legal department or legal counsels of Crédit Agricole Corporate and Investment Bank, correspondence from regulators and minutes of Legal Risks Committee meetings);
- gaining an understanding of the analyses or findings of the bank's legal counsels and their responses to our requests for confirmation;
- as regards tax risks in particular, examining, with guidance from our specialists, the Group's responses submitted to the relevant authorities, as well as the risk estimates carried out by the bank;
- assessing, accordingly, the level of provisioning at 31 December 2018.

Lastly, we examined the related disclosures provided in the notes to the financial statements.

CREDIT RISK AND ESTIMATE OF EXPECTED LOSSES ON PERFORMING, UNDERPERFORMING AND NON-PERFORMING LOANS IN THE CONTEXT OF THE CHANGE IN ACCOUNTING POLICY AS OF 1 JANUARY 2018

◆ Risk identified

Within the scope of its corporate and investment banking operations, your Company originates and structures financing for large corporate clients in France and abroad.

When a loan is doubtful, the probable loss is taken into account through impairment recorded as a deduction from assets in the balance sheet. Losses are taken into account through provisions recorded as liabilities in the balance sheet. Furthermore, your Company also recognized provisions, as liabilities in its balance sheet, designed to cover client risks not affected individually such as provisions for country risk or sectoral provisions generally calculated based on the IFRS 9 models for the estimation of expected losses.

Given the significant judgment exercised by management in determining such value adjustments on the one hand, and the changes resulting from the change in accounting policy on the other (adaptation of the operational mechanism for calculating the impairment and provisions, new information systems, inputs, new control framework, etc.), we deemed the estimation of provisions for performing loans (impaired on a collective basis) and non-performing loans (impaired on an individual basis) for financing granted to companies in the maritime and energy sectors, both at the date of the first-time application of the change in accounting policy and at 31 December 2018, to be a key audit matter, due to an uncertain economic environment, the complexity of identifying exposures where there is a risk of non-recovery and the degree of judgment needed to estimate recovery flows.

The financing granted is recorded under loans and receivables to credit institutions and loans and receivables to customers. Impairment is recognized as a deduction from assets in the balance sheet or as a liability and provisions/reversals are recorded under cost of risk.

Probable losses relating to off-balance-sheet commitments are taken into account through provisions under liabilities in the balance sheet.

See Notes 1.1, 2, 3, 13 and 26 to the financial statements.

◆ Our response

We examined the procedures implemented by the Risk Management department to categorise loans and measure the amount of expected losses recorded, in order to assess whether the estimates used were based on methods correctly documented and described in the notes to the financial statements.

We tested the key controls implemented by the bank for the annual portfolio reviews, the updating of credit ratings, the identification of underperforming or non-performing loans and the measurement of impairment. We also familiarized ourselves with the main findings of the primary bank entities' specialized committees in charge of monitoring underperforming and non-performing loans.

Regarding impairment measured on a collective basis, we:

- asked experts to assess the methods and measurements for the various expected loss inputs and calculation models;
- examined the methodology used to identify significant increases in credit risk;
- tested the controls for the transfer of the data used to calculate expected losses or the reconciliations between the bases used to calculate expected losses and the accounting data;
- carried out independent expected loss calculations on the basis of samples, compared the calculated amount with the recognized amount and examined the adjustments made by management where applicable;
- also assessed the analyses carried out by management on Crédit Agricole Corporate and Investment Bank's corporate bank's exposures with a deteriorated outlook.

Regarding individually calculated value adjustments, we:

- examined the estimates used for Crédit Agricole Corporate and Investment Bank's non-performing significant counterparties and, on the basis of a sample of credit files,
- examined the factors underlying the main assumptions used to assess the expected recovery flows, in particular with regard to valuing collateral.

Lastly, we examined the disclosures regarding credit risk provided in the notes to the financial statements.

RISK ON THE MEASUREMENT OF DERIVATIVE INSTRUMENTS

◆ Risk identified

Your Company originates, structures, sells and trades market products, including derivative financial instruments, for companies, financial institutions and major issuers.

These derivative financial instruments are accounted for in accordance with the provisions of Title 5 "Financial futures" of Book II "Specific transactions" of Regulation ANC 2014-07 of 26 November 2014.

In particular, transactions entered into for trading purposes are marked to market, and any corresponding gains and losses are recognized in the profit and loss account.

These financial instruments are considered as complex when their valuation requires using of significant not observable market inputs.

We deemed the valuation of complex derivative financial instruments to be a key audit matter as it requires the exercise of judgment on the part of management, particularly concerning:

- the determination of valuation inputs that are not observable in the market for a single instrument;
- the use of internal and non-standard valuation models;
- the estimate of the main valuation adjustments to take into account counterparty or liquidity risks, for example;
- the analysis of any valuation differences with counterparties noted in connection with margin calls or the disposal of instruments.

The balance of financial future transactions in the profit and loss account is €898m as at 31 December 2018.
See Notes 1.8, 19 and 23.

◆ Our response

We gained an understanding of the processes and controls put in place by your Company to identify, measure and recognise derivative financial instruments.

We examined some key controls such as the independent validation of the valuation models and the independent verification of the measurement inputs by the Risk Management and Permanent Control department. We also examined the system governing the recognition of these instruments and their accounting categorisation.

With the support of audit team experts, we carried out independent valuations or analysed the valuations performed by your Company.

For valuations of complex derivative financial instruments using internal models and/or non-observable inputs, and we examined the assumptions, inputs, methodologies and models used on 31 December 2018 by your Company to estimate the main valuation adjustments and the justification by the Direction.

We also examined your Company's valuations in the light of the main differences observed in margin calls and the losses and/or gains in the event of the disposal of derivative financial instruments.

SPECIFIC VERIFICATIONS

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations.

Information given in the management report and in the other documents with respect to the financial position and the financial statements provided to the shareholders

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the Board of Directors' management report and in the other documents with respect to the financial position and the financial statements provided to the Shareholders, with the exception of the following matter.

Concerning the fair presentation and the consistency with the financial statements of the information relating to payment deadlines mentioned in Article D. 441-4 of the French Commercial Code (Code de commerce), we have the following matter to report: as indicated in the management report, this information does not include banking and related transactions as the Company considers that such information is not within the scope of the information to be provided.

Report on Corporate Governance

We attest that the Board of Directors' Report on Corporate Governance sets out the information required by Articles L. 225-37-3 and L. 225-37-4 of the French Commercial Code (Code de commerce).

Concerning the information given in accordance with the requirements of Article L. 225-37-3 of the French Commercial Code (Code de commerce) relating to remunerations and benefits received by the directors and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from controlling and controlled companies. Based on these procedures, we attest the accuracy and fair presentation of this information.

With respect to the information relating to items that your Company considered likely to have an impact in the event of a public purchase or exchange offer, provided pursuant to Article L. 225-37-5 of the French Commercial Code (Code de commerce), we have agreed these to the source documents communicated to us. Based on our work, we have no observations to make on this information.

Other information

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests has been properly disclosed in the management report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of Crédit Agricole Corporate and Investment Bank by the General Meetings of Shareholders held on 30 April 2004 for PricewaterhouseCoopers Audit and on 20 May 1997 for Ernst & Young et Autres.

At 31 December 2018, PricewaterhouseCoopers Audit and Ernst & Young et Autres were in the fifteenth and the twenty-second consecutive year of their engagement, respectively.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

STATUTORY AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Objectives and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (Code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements;
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit to the Audit Committee a report which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report any significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No 537/2014, confirming our independence within the meaning of the rules applicable in France as set out in particular in Articles L.822-10 to L.822-14 of the French Commercial Code (Code de commerce) and in the French Code of Ethics for Statutory Auditors (Code de déontologie de la profession de commissaire aux comptes). Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Neuilly sur Seine and Paris, 01 april 2019

The Statutory Auditors
French original signed by:

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

8

GENERAL INFORMATION

8 SOMMAIRE

How to download the PDF

of CACIB registration document?

2018

1 **GO**
TO *WWW.CA-CIB.COM*

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3 **CLICK**
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IN THE MIDDLE OF THE PAGE

4 **CLICK**
ON THE REGISTRATION
DOCUMENT COVER TO ACCESS
THE PDF FILE

1. INFORMATION ABOUT THE COMPANY

1.1 CORPORATE'S NAME

Crédit Agricole Corporate and Investment Bank.

1.2 REGISTERED OFFICE

12, place des États-Unis
CS 70052
92547 Montrouge Cedex
France
Tel.: +33 (0)1 41 89 00 00
Site internet: *www.ca-cib.fr*

1.3 FINANCIAL YEAR

The company's financial year begins on 1 January and ends on 31 December each year.

1.4 DATE OF INCORPORATION AND DURATION

The Company was incorporated on 23 November 1973. Its term ends on 25 November 2064, unless the term is extended or the Company is wound up before that date.

1.5 LEGAL STATUS

Crédit Agricole Corporate and Investment Bank is a French société anonyme (joint stock Corporation) with a Board of Directors governed by ordinary company law, in particular the Second Book of the French Commercial Code (Code de commerce).

Crédit Agricole Corporate and Investment Bank is a credit institution approved in France and authorised to conduct all banking operations and provide all investment and related services referred to in the French Monetary and Financial Code (Code Monétaire et Financier). In this respect, Crédit Agricole CIB is subject to oversight by responsible supervisory authorities, particularly the French Prudential and Resolution Supervisory Authority (ACPR). In its capacity as a credit institution authorised to provide investment services, the Company is subject to the French Monetary and Financial Code, particularly the provisions relating to the activity and control of credit institutions and investment service providers.

1.6 ACUISITIONS MADE BY CRÉDIT AGRICOLE CIB OVER THE PAST THREE YEARS

◆ Completed acquisitions

Date	Investments	Financing
19/10/2016	CFM Indosuez Wealth Management signed a cross-referral agreement with HSBC Private Bank to service HSBC customers in Monaco.	The acquisition was financed by own funds generated and retained during the year.
13/07/2017	Indosuez Wealth Management signs agreement for acquisition of Crédit Industriel et Commercial's private banking operations in Singapore and Hong Kong.	The acquisition was financed by own funds generated and retained during the year.
03/05/2018	Indosuez Wealth Management finalised the acquisition of 94.1% of the share of Banca Leonardo.	The acquisition was financed by own funds generated and retained during the year.

N.B.: we cannot disclose certain information about investment amounts without violating confidentiality agreements or revealing information to our rivals that could be detrimental to us.

◆ Acquisitions in progress and upcoming

Crédit Agricole CIB has no significant investments to come and identified at this stage, and any significant investments in progress.

1.7 NEW PRODUCTS AND SERVICES

Crédit Agricole CIB has developed Quantitative Investment Strategies relying on external index administrators to define the systematic investment rules that govern the custom indexes created. Strategy revolves around the creation of new indices and products from Fixed Income to Equity with targeted local markets in Europe and Asia – Pacific.

In this context, Crédit Agricole CIB collaborated with these index administrators during 2018, including focusing on the development of pool of indices for its green and sustainable offering. As an example, Crédit Agricole CIB has worked with MSCI to launch the MSCI Europe Select Green 50 5% Decrement Index which provides exposure to the performance of the top 50 companies in Europe that offer products and services contributing to an environmentally sustainable economy through efficient use of limited global natural resources.

1.8 MATERIAL CONTRACTS

Crédit Agricole CIB has not entered into any material contracts conferring a significant obligation or commitment on the Crédit Agricole CIB Group, apart from those concluded within the normal conduct of its business.

1.9 RECENT TRENDS

Crédit Agricole CIB's perspectives have not suffered any significant deterioration since 31 December 2018, the date of its latest audited and published financial statements (see "Recent trends and outlook" section, pages 149 and 150).

1.10 SIGNIFICANT CHANGES

Since 31 December 2018, there has been no significant change in the Group's financial or commercial situation has not occurred.

1.11 AFFILIATION

Pursuant the Article R. 512-18 of the French Monetary and Financial Code (Code Monétaire et Financier), Crédit Agricole CIB has been affiliated with the Crédit Agricole network in 2011. As mentioned by the Article R. 512-18 of the French Monetary and Financial Code (Code Monétaire et Financier), the central organs of the credit institutions "have to deal with the cohesion of their network and to take care of their affi liated institutions' smooth functioning. To that purpose, they take all the necessary measures, notably to guarantee the liquidity and the solvability of each of these institutions as well as the whole network".

1.12 PUBLICLY AVAILABLE DOCUMENTS

The present document is available on:

http://www.ca-cib.com/group-overview/financial-information.htm

and on:

www.amf-france.org

The entire regulated information, as defined by the AMF (under Title II of Book II of the AMF General Regulation), is available on the website of the Company:

http://www.ca-cib.com/group-overview/financial-information.htm
> Regulated Information.

A copy of the Articles of association may be consulted at the registered office.

2. STATUTORY AUDITORS' REPORT ON RELATED PARTY AGREEMENTS AND COMMITMENTS

ANNUAL GENERAL MEETING HELD TO APPROVE THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

To the General Meeting of Shareholders of Crédit Agricole Corporate and Investment Bank,

In our capacity as statutory auditors of your Company, we hereby present to you our report on related party agreements and commitments.

We are required to inform you, on the basis on the information provided to us, of the terms and conditions of those agreements and commitments indicated to us, or that we may have identified in the performance of our engagement, as well as the reasons justifying why they benefit the Company. We are not required to give our opinion as to whether they are beneficial or appropriate or to ascertain the existence of other agreements [and commitments]. It is your responsibility, in accordance with Article R. 225-31 of the French Commercial Code (Code de commerce), to assess the relevance of these agreements and commitments prior to their approval.

We are also required, where applicable, to inform you in accordance with Article R. 225-31 of the French Commercial Code (Code de commerce) of the continuation of the implementation, during the year ended 31 December 2018, of the agreements and commitments previously approved by the Annual General Meeting.

We performed those procedures which we deemed necessary in compliance with professional guidance issued by the French Institute of Statutory Auditors (Compagnie nationale des commissaires aux comptes) relating to this type of engagement. These procedures consisted in verifying the consistency of the information provided to us with the relevant source documents.

AGREEMENTS AND COMMITMENTS SUBMITTED FOR APPROVAL TO THE ANNUAL GENERAL MEETING

Agreements and undertakings authorised during the year under review

In accordance with Article L. 225-40 of the French Commercial Code (Code de commerce), we have been notified of the following related party agreements and commitments which received prior authorization from your Board of Directors.

1. WITH CRÉDIT AGRICOLE S.A., CRÉDIT AGRICOLE TECHNOLOGIES ET SERVICES, CRÉDIT AGRICOLE ASSURANCES SOLUTIONS, CA CONSUMER FINANCE, CRÉDIT AGRICOLE GROUP SOLUTIONS, CRÉDIT AGRICOLE PAYMENT SOLUTIONS, CRÉDIT LYONNAIS AND FÉDÉRATION NATIONALE DU CRÉDIT AGRICOLE

◆ A) Organization and merger of IT infrastructure and production activities within a new entity

PERSONS CONCERNED

Mr Philippe Brassac, Chief Executive Officer of Crédit Agricole S.A and Chairman of the Board of Directors of Crédit Agricole CIB, and Ms Nicole Gourmelon, Ms Françoise Gri, Ms Catherine Pourre, Mr Jacques Boyer, Mr Olivier Gavalda, Mr Luc Jeanneau and Mr François Thibault, Chairmen and/or Directors of the companies concerned.

NATURE AND PURPOSE

At its meeting on 4 May 2018, your Company's Board of Directors first authorized the implementation of the project relating to the transfer of some of the Crédit Agricole Group's IT infrastructure and production activities to a new entity, Crédit Agricole - Group Infrastructure Platform (CA-GIP), consisting of the creation of the latter by the signing of a Memorandum of Understanding, the articles of incorporation of Crédit Agricole - Group Infrastructure Platform, and a Shareholders' Agreement governing the relationships within this new entity.

Noting the existence of common corporate officers and directors, your Board of Directors authorized, under the conditions of Article L.225-38 of the French Commerial Code (Code de commerce), the signing of the Memorandum of Understanding whose purpose is to organize, between the various entities of the Crédit Agricole Group, the merging of certain IT infrastructure and production activities within the new entity.

To that end, the Memorandum of Understanding provides for all the steps and conditions necessary for the performance and successful completion of this operation, namely:

- the creation of the new entity Crédit Agricole - Group Infrastructure Platform and its principles of governance;
- the principles of the valuation and structuring of the various transfer operations to be performed;
- the invoicing rules that Crédit Agricole - Group Infrastructure Platform will apply to its clients.

CONDITIONS

A framework study carried out during the second half of 2016 confirmed the strategic and economic challenges of the project and laid down its fundamentals. A detailed study, carried out from March to September 2017, made it possible to define the conditions of the operation.

Following this study, the parties to the Memorandum of Understanding agreed to create a single Group IT infrastructure and production division. When it is formed, within Crédit Agricole – Group Infrastructure Platform, the new entity to be created in the form of an SAS (simplified joint-stock company), it will group together SILCA and the IT production activities of Crédit Agricole Technologies et Services, Crédit Agricole Corporate and Inventment Bank in France, Crédit Agricole Payment Services (contributed to SILCA as of 1 January 2018) and Crédit Agricole Assurances Solutions (the “Pôle Unique Infrastructure et Production du Groupe”). Subsequently, its role will be to host the IT production activities of the other Group entities.

The Memorandum of Understanding was signed on 8 June 2018.

REASONS JUSTIFYING WHY THE COMPANY BENEFITS FROM THIS AGREEMENT

Your Board of Directors gave the following reasons:

Within the framework of its medium-term plan entitled “Ambition Stratégique 2020”, the Crédit Agricole Group decided to implement a new client project in order to strengthen its growth dynamics and invest in the sustainable improvement of its industrial efficiency. These priorities and the unprecedented technological changes that accompany the digital revolution will lead all the Group’s entities to invest significantly over the long term in new standard IT practices.

The merging of some of the Group’s IT infrastructure and production activities is the most efficient way of carrying out these transformations under the best possible conditions of effectiveness, security, innovation and improvement of the economic performance. The project will also provide staff with the opportunity to increase their employability by evolving towards new value-added activities brought about by technological changes. The Memorandum of Understanding thus provides for all the steps and conditions necessary for the performance and successful completion of this strategic project.

◆ B) Shareholders’ Agreement on the rules of governance of CA-GIP

PERSONS CONCERNED

Mr Philippe Brassac, Chief Executive Officer of Crédit Agricole S.A and Chairman of the Board of Directors of Crédit Agricole CIB, Ms Nicole Gourmelon, Ms Françoise Gri, Ms Catherine Pourre, Mr Jacques Boyer, Mr Olivier Gavalda, Mr Luc Jeanneau and Mr François Thibault, Chairmen and/or Directors of the companies concerned.

NATURE AND PURPOSE

At its meeting on 4 May 2018, your Company’s Board of Directors authorized the signing of a Shareholders’ Agreement pursuant to the abovementioned Memorandum of Understanding.

Some of the parties agreed to set up a new company, Crédit Agricole - Group Infrastructure Platform, which leads the project concerning the merging of some of the Crédit Agricole group’s IT infrastructure and production activities.

This company was formed in order to acquire, as of 1 January 2019, SILCA and the IT production activities of Crédit Agricole Technologies et Services, Crédit Agricole Corporate and Investment Bank in France and Crédit Agricole Assurances Solutions. Its role is to host the IT production activities of other Crédit Agricole group entities. Together, the shareholder parties hold 100% of the share capital and voting rights of the company.

Within this context, the parties wished, through the Shareholders’ Agreement:

- to supplement the rules of governance of the company provided for in the articles of incorporation;
- to organize their relationships as shareholders;
- to determine the conditions that they intend to comply with in the event of the transfer of all or part of their stake in the company’s capital.

The Shareholders’ Agreement relating to Crédit Agricole - Group Infrastructure Platform notably lays down the following rules of governance specific to Crédit Agricole - Group Infrastructure Platform: a board of directors composed 50/50 of Regional banks and their subsidiaries or IT production entities and the Crédit Agricole S.A. group, with a Chairman of the company who is also chairman of the board of directors, appointed upon the proposal of the Regional banks and a Chief Executive Officer appointed upon the proposal of the Crédit Agricole S.A. group.

Noting, in addition to the presence of common corporate officers and directors, that the rules of governance described above do not reflect the division of the capital between the Regional banks and their subsidiaries (36%) and the Crédit Agricole S.A. group (64%), Crédit Agricole S.A. considered that this Shareholders’ Agreement constituted a regulated agreement within the meaning of the provisions of the French Commercial Code (Code de commerce).

CONDITIONS

The Shareholders’ Agreement specifies the rules of governance of Crédit Agricole - Group Infrastructure Platform, as concerns both the executive and the supervisory functions of the management body, as well as those of the subsidiary to be formed in accordance with the Memorandum of Understanding. In particular, it organizes the rules relating to the financing of the company and the transfer of securities, as well as any conditions of the exit of a shareholder and the conditions under which the company’s services will be provided.

The Shareholders’ Agreement was signed on 8 June 2018.

REASONS JUSTIFYING WHY THE COMPANY BENEFITS FROM THIS AGREEMENT

Your Board of Directors gave the following reasons:

As this concerns a structure whose role is solely internal to the Crédit Agricole Group, the Shareholders’ Agreement allows the shareholders of Crédit Agricole - Group Infrastructure Platform to determine:

- the special rules applying between them for the organization of their relationships within the company (governance, decision-making, etc.), beyond the sole criterion of the breakdown of capital;
- the way in which CA-GIP will be managed and financed,
- the conditions to comply with in the event of the sale of all or part of their stake in CA-GIP.

The Shareholders' Agreement also enables the creation of a group of shareholders belonging to the Crédit Agricole S.A. group, thus ensuring a unified approach to decision-making within CA-GIP whether by the Board of Directors or the General Meeting of Shareholders.

2. WITH CRÉDIT AGRICOLE S.A., CRÉDIT AGRICOLE ASSURANCES SOLUTIONS, CRÉDIT LYONNAIS, CA CONSUMER FINANCE, CRÉDIT AGRICOLE GROUP SOLUTIONS, CRÉDIT AGRICOLE – GROUP INFRASTRUCTURE PLATFORM AND SILCA

◆ SILCA guarantee agreement on the representations and warranties granted by the shareholders of SILCA for the benefit of CA-GIP, as well as the respective rights and obligations of the parties in the event of breach or inaccuracy of one or more of said representations

PERSONS CONCERNED

Mr Philippe Brassac, Chief Executive Officer of Crédit Agricole S.A and Chairman of the Board of Directors of Crédit Agricole CIB, Ms Nicole Gourmelon, Ms Françoise Gri, Ms Catherine Pourre, Mr Jacques Boyer, Mr Olivier Gavalda and Mr François Thibault, Chairmen and/or Directors of the companies concerned.

NATURE AND PURPOSE

At its meeting of 31 October 2018, your Company's Board of Directors authorized the signing of a guarantee agreement, the terms and conditions of which are described below.

At its meeting on 4 May 2018 during which it authorized the signing of the Memorandum of Understanding, your Company's Board of Directors was informed that the signatories would agree that the agreements for the contribution or divestment of business activities would provide for clauses guaranteeing assets and liabilities relating to management prior to the completion date and that, in the case of SILCA, a special mechanism must be studied insofar as this entity will be the subject of a merger before the expiry of the liability guarantees.

The purpose of the guarantee agreement authorized by your Board of Directors is to set out the representations and warranties granted by the guarantors for the benefit of Crédit Agricole - Group Infrastructure Platform in respect of the merger of SILCA with Crédit Agricole - Group Infrastructure Platform, as well as the respective rights and obligations of the parties in the event of breach or inaccuracy of one or more of said representations.

CONDITIONS

The main conditions of the SILCA Guarantee are as follows:

For a period of thirty-six months as from 1 January 2019, the Guarantors undertake, each in proportion to its share in the capital of SILCA as at the date of completion of the merger, to indemnify CA-GIP:

- for any increase in liabilities or any reduction in assets caused by or arising out of a fact or an event prior to 1 January 2019;
- any damage suffered by CA-GIP as a result of the inaccuracy or insincerity of a representation relating to the assets transferred within the framework of the merger;
- any damage suffered by CA-GIP following a third-party claim relating to acts prior to 1 January 2019 attributable to SILCA.

The period of thirty-six months is replaced by the statute of limitations concerning any damage suffered by Crédit Agricole – Group Infrastructure Platform due to the inaccuracy or insincerity of a representation relating to SILCA. The indemnity undertaking for damage suffered by Crédit Agricole – Group Infrastructure Platform relating to tax matters will expire at the end of a period of ten working days as from the expiry of the statute of limitations. A threshold of EUR 10,000 per claim is fixed for the taking into account of a claim. The parties have not set any aggregate limit.

The guarantee agreement was signed on 21 November 2018.

◆ Reasons justifying why the Company benefits from this agreement

YOUR BOARD OF DIRECTORS GAVE THE FOLLOWING REASONS:

As part of the project to merge the IT production activities of the Crédit Agricole Group already approved by the Board of Directors on 4 May 2018, the Memorandum of Understanding signed on 8 June 2018 between several group subsidiaries states that the Parties will include asset and liability guarantee clauses in the business divestiture or contribution agreements (Article 11.3.2).

In accordance with the Memorandum of Understanding, the parties agreed on the signing of the SILCA Guarantee with the shareholders of SILCA as the latter is to cease to exist after the completion of the merger. The signing of the SILCA Guarantee will result in the costs of any damage arising from the prior management of the SILCA business being borne by the entities that are shareholders of SILCA, according to the terms and conditions under the SILCA Guarantee. Indeed, as not all of the shareholders of CA-GIP are shareholders of SILCA, it was deemed inappropriate for such damage to be shared and its cost to be borne by all the shareholders of CA-GIP.

3. COMMITMENTS MADE TO THE CHIEF EXECUTIVE OFFICER

◆ Commitments made to Mr Jacques Ripoll, Chief Executive Officer

NATURE AND PURPOSE

Mr Jacques Ripoll was appointed Chief Executive Officer of your Company during the Board of Directors meeting held on 31 October 2018. He is bound by an employment contract with Crédit Agricole S.A. and is not entitled to any compensation by your Company in respect of his term of office as Chief Executive Officer.

Mr Jacques Ripoll's employment contract with Crédit Agricole S.A. is to be maintained since Mr Ripoll performs other duties within the Crédit Agricole Group in his capacity as Deputy Chief Executive Officer in charge of the Large Clients Division. In this capacity, he supervises other activities such as wealth management and services to institutional investors and corporates.

The costs of all the benefits and rights attached to the employment contract, including a supplementary pension scheme and non-competition clause, are borne exclusively by Crédit Agricole S.A. Under this employment contract, Mr Ripoll is a member of the supplementary pension scheme applicable to him and is entitled to the same benefits and additional compensation as Crédit Agricole S.A. Executive Managers, including the collective and mandatory pension, healthcare and life insurance plans. As regards the pension scheme, the fixed and variable remuneration allocated under the employment contract with Crédit Agricole S.A. will be taken into account in the annual calculation base in accordance with the current terms of the pension scheme concerned.

Under his employment contract with Crédit Agricole S.A., Mr Ripoll also benefits from:

- the supplementary pension scheme for Crédit Agricole Group Executive Managers
- a non-competition clause.

CONDITIONS

In application of paragraph 1 of Article L.225-42-1 of the French Commercial Code, the Board of Directors of your Company has, for all purposes, authorized regulated commitments made by Crédit Agricole S.A. for the benefit of Mr Ripoll pursuant to his employment contract.

These commitments relate to the following elements:

- defined-benefit pension commitments attached to Mr Ripoll's employment contract with Crédit Agricole S.A.
- The annual vesting of the rights will be subject to compliance with Crédit Agricole CIB performance conditions. The annual vesting of Mr Ripoll's rights will therefore be subject to the achievement by Crédit Agricole CIB of at least 50% of the targeted Net Profit Group Share of Corporate and Investment Banking (CIB) activities restated for:
  - the positive or negative impacts of the Mark to Market valuation of CPM loan hedges and Debt Valuation Adjustment (DVA),
  - the impacts of the first-time application of the new CVA, DVA and FVA rules,
  - goodwill impairment.

  It is specified that this condition will be deemed satisfied if your Company does not achieve this objective because of an adverse market environment affecting Crédit Agricole CIB's competitors in a similar way.
- the non-competition clause included in his employment contract.
- Mr Ripoll undertakes, after notification of the termination of his employment contract, whatever the cause, not to exercise, directly or indirectly, an activity for a competing company, for a maximum period of 12 months from the date of termination of the employment contract. In return for the non-compete obligation, special compensation equal to the fixed gross amount of 800,000 euros would be paid by Crédit Agricole S.A. in 12 monthly installments in accordance with the terms and conditions set out in the employment contract.

All of the commitments are part of the common supplementary pension scheme for Executive Managers of the Crédit Agricole S.A. Group:

The supplementary pension plans are a combination of a defined-contribution plan and an additional defined-benefit plan. The rights of the additional plan are determined after deduction of the rights paid under the defined-contribution plan. Contributions to the defined-contribution plan equal 8% of the gross monthly salary capped at eight times the Social Security cap. The additional rights of the defined-benefit plan are equal, subject to presence in the Company at the end of the plan, for each year of service, and according to the fixed end-of-career salary, referred to as the reference compensation, to 1.20% of the reference compensation plus the variable compensation (capped at 60% of the reference compensation). On the termination date, the total pension resulting from these plans and the compulsory pension schemes will be capped at ten times the annual Social Security cap at that date.

COMMITMENTS MADE TO THE DEPUTY CHIEF EXECUTIVE OFFICER

◆ Commitments made to Mr François Marion, Chief Executive Officer

NATURE AND PURPOSE

On 9 May 2016, when Mr François Marion was appointed Deputy Chief Executive Officer, with effect as of 18 May 2016, and again on 2 November 2016, upon the first renewal of his term of office, and on 31 October 2018, on the occasion of the second renewal of his term of office, the Board of Directors authorized various regulated commitments for the benefit of Mr Marion.

The Board of Directors considered that in view of Mr Marion's experience in the Company and the Crédit Agricole Group, the maintaining of his employment contract (while suspending it) and of his length of service accrued under this contract would avoid the calling into question of the rights that Mr Marion has gradually earned during his career as an employee with Crédit Agricole CIB and the Crédit Agricole Group (more than 15 years of service).

CONDITIONS

These commitments relate to the following elements:

- Suspension of his employment contract with the Company during the term of office and reactivation of this employment contract at the end of the term of office with all the rights attached to this employment contract being maintained, as well as the period of the term of office being taken into account in respect of the employment contract for the calculation of Mr Marion's rights that are dependent on a condition or level of length of service,
- Continuation of Mr Marion's affiliation with the Supplementary Defined-Benefit Scheme applicable to him under his corporate term of office. Mr Marion is entitled to the same benefits and additional compensation as the Company's senior executives, including the pension, healthcare and life insurance plans. With regard to the pension plan, the fixed and variable compensation allocated in respect of the corporate office within Crédit Agricole CIB will be taken into account in the annual calculation base according to the current terms and conditions of the pension plan concerned, Mr Marion already having at least fifteen years of service for the application of the supplementary retirement rules and the calculation of the related rights.

As Mr Marion had already reached the maximum applicable replacement rate prior to his appointment as Deputy Chief Executive Officer, the term of office will not entail any new conditional rights (additional replacement rate) as referred to in paragraphs 2, 7 and 8 of Article L.225-42-1 of the French Commercial Code. It is therefore not necessary to subject the implementation of the supplementary pension regulations to any performance condition and the aforementioned paragraphs of Article L.225-42-1 of the French Commercial Code shall not apply.

All the commitments are part of the common supplementary pension scheme:

At the time of payment, the amounts paid in respect of the basic and supplementary compulsory pension benefits for the entire career within and outside the Company are taken into account. The total amount of the pension payments received under the compulsory, additional and supplementary group plans may not exceed 50% of the reference salary. The rights arising from this differential-type plan are vested only when the beneficiary ends his career with Crédit Agricole CIB and is expressed as a percentage of a base, or reference salary, which is equal to the annual average of the last three fixed annual remuneration amounts augmented by the average of the gross bonuses awarded in the last thirty-six months, the average bonus being limited to half of the last fixed salary.

Agreements and undertakings not previously authorized

In accordance with Article L. 225-42 of the French Commercial Code (Code de commerce), we inform you of the following agreement that was not previously authorized by your Board of Directors.

It is our responsibility to explain to you the circumstances causing the failure to follow the authorization procedure.

GUARANTEE GRANTED TO THE CORPORATE OFFICERS

NATURE AND PURPOSE

This agreement concerns all members of the Board of Directors. To enable your Company to assume the costs resulting from proceedings against all corporate officers, including directors, the Board of Directors, at its meeting of 20 December 2012, was asked to authorize the conclusion of a guarantee in favour of directors, including the Chairman. It was submitted to the shareholders for approval at the Ordinary General Meeting of 30 April 2013 based on the Statutory Auditors' report on related party agreements, in accordance with Article L. 225-42 of the French Commercial Code (Code de commerce), the Board having recused itself insofar as all directors were concerned.

TERMS AND CONDITIONS

In view of the positions held by the directors within the Company, the Board was asked, at its meeting of 29 October 2015, to authorize the amendment of the guarantee in favour of the directors in order to give it the same degree of clarity as that authorized by the Board of Directors at its meeting of 30 July 2015 in favour of the members of the Executive Management.

Mr Odet Triquet, Mr Olivier Gavalda and Mr Jacques Boyer, apointed as directors by the General Meeting of Shareholders on 4 May 2018, have been beneficiaries of this guarantee since the beginning of their term of office.

Having noted that all directors were concerned and that they could therefore not take part in the vote, the Board of Directors submitted this agreement to the approval of the Ordinary General Meeting, in accordance with Article L. 225-42 of the French Commercial Code (Code de commerce).

REASONS JUSTIFYING WHY THE COMPANY BENEFITS FROM THIS AGREEMENT

Your Board of Directors justified these agreements and commitments as follows:

The purpose of this guarantee is to cover any risk of liability in legal or administrative proceedings against directors, notably in the United States, during the period set under the statute of limitations applicable to the claims in question, plus three months.

AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE SHAREHOLDER'S MEETING

In accordance with Article R. 225-30 of the French Commercial Code (Code de commerce), we were informed that the execution of the following agreements and commitments, already approved by the shareholders' meeting in prior years, was pursued during the past year.

1. WITH CRÉDIT AGRICOLE S.A., SHAREHOLDER OF YOUR COMPANY

A) Subscription for preferred shares or deeply subordinated notes

NATURE AND PURPOSE

Further to the merger of the Corporate and Investment Banking businesses of the Crédit Agricole and Crédit Lyonnais groups, Crédit Lyonnais made a partial asset transfer to Crédit Agricole Indosuez (now known as Crédit Agricole Corporate and Investment Bank).

In view of the above transaction, it was deemed necessary to increase your Company shareholders' equity. Two issues of deeply subordinated notes in US dollars were performed in 2004. Crédit Agricole S.A. bought US$1,730 million of these notes.

TERMS AND CONDITIONS

One of the issues for an amount of US$1,260 million was repaid early during the 2014 financial year. For the issue in the amount of US$470 million still outstanding during the year under review, the total coupon due in respect of 2018 was US$17 million.

B) Amendment of the tax consolidation agreement

NATURE AND PURPOSE

In 1996, Crédit Agricole S.A. signed a tax consolidation agreement with your Company, which was renewed on 22 December 2015 for the period 2015-2019. The purpose of the agreement is to govern relations between Crédit Agricole S.A., on the one hand, and your Company and itsconsolidated subsidiaries on the other, and in particular the allocation of the income tax charge and arrangements for monetising the losses of the Crédit Agricole CIB consolidated sub-group.

This agreement enables your Company to receive the tax saving made by Crédit Agricole Group corresponding to all losses generated by the Crédit Agricole CIB consolidated sub-group offset by Crédit Agricole S.A. as head of the tax group.

TERMS AND CONDITIONS

As the result of the Crédit Agricole CIB subgroup recorded at 31 December 2018 is a profit, the application of the tax consolidation agreement does not generate any tax savings on deficits and does not give rise to payment by Crédit Agricole S.A.

C) Agreement relating to the payment of the Euribor fine

PERSONS CONCERNED

Mr Philippe Brassac, Chief Executive Officer of Crédit Agricole S.A. and Chairman of the Board of Directors of Crédit Agricole CIB, Mr François Thibault, Director of Crédit Agricole S.A. and Crédit Agricole CIB, as well as, in the same capacity, Mr François Veverka and Mr Jean-Louis Roveyaz until the end of their terms of office as Directors on the Board of Directors of Crédit Agricole CIB on 4 May 2017.

NATURE AND PURPOSE

On 7 December 2016, the European Commission sentenced your Company and Crédit Agricole S.A., considered to be jointly and severally liable, to a fine of €114,654 million after an investigation carried out by the Commission concluding on the existence of a cartel among seven banking institutions on interest-rate derivatives in euros by agreeing on the determination of the reference rate Euribor.

As soon as the Commission's judgement was delivered, Crédit Agricole S.A. announced that it would appeal against the decision before the General Court of the European Union. The revocation motion was filed on 17 February 2017.

As the appeal did not stay the judgement, Crédit Agricole S.A. had to pay the full amount of the fine due before 5 March 2017.

Within this context, it was provided that Crédit Agricole S.A. and your Company should enter into an agreement determining the conditions relating to the provisional payment of the fine, so that the conditions of the breakdown between them of the final amount of the fine that may have to be paid would be decided after all European judicial remedies have been exhausted.

TERMS AND CONDITIONS

At its meeting held on 10 February 2017, the Board of Directors authorized the draft agreement between your Company and Crédit Agricole S.A. under the terms set out below:

- In the pending period prior to the obtaining of a court order having the force of res judicata being heard in a court of last instance, Crédit Agricole S.A. shall bear and pay the amount of €114,654,000 in respect of the penalty on a provisional basis;
- the terms of the breakdown of the final amount of the potential penalty will have to be agreed mutually between your Company and Crédit Agricole S.A. at a later date, once a decision having the authority of res judicata has been adopted.

The agreement was authorized in identical terms by the Board of Directors of Crédit Agricole S.A. on 20 January 2017.

In accordance with the delegation granted by their respective Boards, this agreement was signed on 27 February 2017 by your Company's CEO and Crédit Agricole S.A.'s Chief Executive Officer. The penalty was paid within the statuory time limit, i.e., before 5 March 2017.

◆ D) Business disposal agreement relating to the banking services department

PERSONS CONCERNED

Mr Philippe Brassac, Chief Executive Officer of Crédit Agricole S.A. and Chairman of the Board of Directors of Crédit Agricole CIB, Ms Françoise Gri, Ms Catherine Pourre and Mr François Thibault, directors of both Crédit Agricole S.A. and Crédit Agricole CIB, as well as, in the same capacity, Mr Jean-Pierre Paviet until the end of his term of office on 4 May 2018.

NATURE AND PURPOSE

In line with the "Strategic Ambition 2020" Medium-Term Plan, under which Crédit Agricole S.A. aims to refocus on its core business activities, Crédit Agricole S.A. and your Company agreed to transfer crédit Agricole S.A.'s Banking Services Department to your Company's Operations & Country COOs Department.

The operation took the form of a business disposal agreement including:

- ya settlement and correspondent banking activity (or "Correspondent Banking") consisting for the Banking Services Department in account management and the provision of services related to this account management (particularly electronic transfers, cheque clearing etc.) for Credit Agricole and non-Crédit Agricole clients;
- an account management activity for the regional banks and some of the other Credit Agricole Group credit institutions;
- a level 1 alerts treatment activity.

This transfer of activity excluded the management of certain accounts opened by regional banks with Crédit Agricole S.A. in its capacity as central body in accordance with the applicable regulations.

TERMS AND CONDITIONS

At its meeting of 12 December 2017, your Board of Directors authorized the transfer of ownership of the Banking Services Department as described above by means of a business disposal agreement effective 1 January 2018. As of that date, your Company has operated the business divested with the human and material resources transferred.

However, for operational reasons and, in particular, the migration of information systems, your Company was not able to open accounts for Banking Services customers on the transfer date. Consequently, accounts opened by customers will be administered by Crédit Agricole S.A. during a transition period and will be opened by your Company during and before the end of the transition period according to a schedule based on progress made in the work to be done by your Company, which is expected to be completed no later than 31 December 2020. During this transition period, Crédit Agricole S.A. will transfer back to your Company any income generated on the transactions of the transferred business that it receives from Banking Services customers. At the same time, all charges, costs and liabilities incurred by Crédit Agricole S.A. in respect of the transferred business will be borne by your Company.

The price of the business disposal was agreed at EUR 57,000.

As the business disposal agreement is not a routine business transaction for Crédit Agricole S.A. or your Company and thus cannot be considered as a transaction in the normal course of business at arm's length terms, it qualifies as a related-party agreement governed by the provisions of Article L.225-38 of the French Commercial Code.

◆ E) Biling and collection mandate within the scope of the transfer of Crédit Agricole S.A.'s IT services management activities (MSI) to Crédit Agricole CIB

PERSONS CONCERNED

Mr Philippe Brassac, Chief Executive Officer of Crédit Agricole S.A. and Chairman of the Board of Directors of Crédit Agricole CIB, Ms Françoise Gri, Ms Catherine Pourre and Mr François Thibault, directors of Crédit Agricole CIB and Crédit Agricole S.A., as well as, in the same capacity, Mr Jean-Pierre Paviet until the end of his term of office on 4 May 2018.

NATURE AND PURPOSE

At its meeting held on 12 December 2017, the Board of Directors of Crédit Agricole S.A. authorized the transfer of Crédit Agricole S.A.'s information technology activities (MSI) to Global IT (GIT) which performs the same assignments for the Crédit Agricole CIB scope.

The transfer of the divested activity is effective as of 1 January 2018.

The transfer itself does not constitute a regulated agreement but, within the context of this operation, your Company and Crédit Agricole S.A. set up a temporary billing and collection mandate which falls within the scope of paragraph 2 of Article L.225-38 of the French Commercial Code regarding regulated agreements. In this respect, this mandate was authorized by the Board of Directors of Crédit Agricole CIB at its meeting on 12 December 2017.

TERMS AND CONDITIONS

During a six- to twelve-month transition period starting from the MSI transfer date, certain Credit Agricole Group entities may benefit from MSI services, by means of signed quotations. Billing and collection services will be carried out by Crédit Agricole S.A. under a billing and collection mandate, which includes, in particular, Crédit Agricole S.A.'s warranty to your Company concerning the collection, from the entities benefiting from these services, of the amounts billed by Crédit Agricole S.A. in the name of and on behalf of your Company.

At the end of this transitional period, your Company may decide, if appropriate, to perform the services for these Group entities, through another Crédit Agricole Group entity, depending on the result of the services performed during the transitional period, regulatory changes and any other potential reorganization of activities carried out within the Credit Agricole Group.

2. WITH CRÉDIT LYONNAIS

◆ Agreement for the compensation of Crédit Lyonnais

NATURE AND PURPOSE

The Corporate and Investment Banking (CIB) business of Crédit Lyonnais was transferred to your Company on 30 April 2004 with retroactive effect from 1 January 2004 for accounting and tax purposes, except for short-, medium- or long-term outstanding commercial loans for which your Company preferred to defer the effective date until 31 December 2004 at the latest, given the time needed to complete their transfer.

To comply with the principle of retroactive effect from 1 January 2004, your Company undertook to indemnify Crédit Lyonnais for the counter- party risks relating to those loans from 1 January 2004.

TERMS AND CONDITIONS

The amount of the guarantee was €1.85 million as of 31 December 2018. The amount of compensation due in respect of 2018 was €4,445.21.

3. WITH CRÉDIT AGRICOLE INDOSUEZ PRIVATE BANKING (RECENTLY RENAMED CRÉDIT AGRICOLE INDOSUEZ WEALTH (FRANCE)), A SUBSIDIARY OF YOUR COMPANY

◆ Agreement for the subleasing of premises

NATURE AND PURPOSE

As part of the regrouping of employees of Crédit Agricole Indosuez Wealth France (formerly known as Crédit Agricole Indosuez Private Banking) in the building located at 17, rue du Docteur Lancereaux in the 8th arrondissement of Paris, of which your Company is a tenant under a firm lease expiring in 2040, a subleasing agreement with Crédit Agricole Indosuez Private Banking was authorized by your Board of Directors at its meeting of 5 November 2013.

TERMS AND CONDITIONS

This agreement took effect on 1 July 2014 and includes a firm commitment by Crédit Agricole Indosuez Private Banking for a lease term of 12 years and an annual rent identical to that of the main lease, initially set at €3.6 million.

In exchange for the firm lease commitment, your Company granted Crédit Agricole Indosuez Wealth (France) a 36-month rent-free period ending on 30 June 2017 and bore the cost of the refurbishment work for a maximum amount of €5.22 million excluding taxes and including fees.

In 2018, your Company did not bear the cose of any additional work. Through the effect of the indexation clause, the annual rent invoiced to your Company for the year 2018 amounts €3,62 million excluding taxes. As provided for by the subleasing agreement, Crédit Agricole Indosuez Wealth (France) has paid the full rent since 1 July 2017.

4. WITH THE CORPORATE OFFICERS

NATURE AND PURPOSE

This agreement concerns the Chief Executive Officer. To enable your Company to assume the costs resulting from proceedings against all corporate officers, including the Chief Executive Officer, the Board of Directors, at its meeting of 20 December 2012, was asked to authorize the conclusion of a guarantee in favour of the Chief Executive Officer.

TERMS AND CONDITIONS

In view of the duties performed by the Chief Executive Officer within the Company, the Board was asked to authorize the amendment of the guarantee in favour of the Chief Executive Officer relating to the corresponding scope of the duties peformed by the beneficiary and to the improved clarity of the letter.

In financial year 2018, Mr Jacques Ripoll, apointed as Chief Executive Officer, with effect as of 1 November 2018, has benefited from this guarantee since the beginning of his term of office.

Mr François Marion, whose term of office as Deputy Chief Executive Officer was renewed by the General Meeting of Shareholders on 31 October 2018, continues to benefit from this guarantee.

Neuilly-Sur-Seine and Paris-La Défense, 1st april 2019

The Statutory Auditors
French original signed by:

PricewaterhouseCoopers Audit

Anik Chaumartin **Laurent Tavernier**

ERNST & YOUNG and other

Olivier Durand **Matthieu Prechoux**

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

RESPONSIBILITY STATEMENT

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

I certify that, to my knowledge, the financial statements were prepared in accordance with applicable accounting principles and give a true and fair view of the assets, financial position and results of the company and all consolidated companies, and that the management report, of which the content is described in a cross-reference table in Chapter 8, gives a true and fair view of the business activities, results and financial position of the company and all consolidated companies, along with a description of the main risks and uncertainties they face.

I have obtained a letter from the statutory auditors, PricewaterhouseCoopers Audit et Ernst & Young et Autres, upon completion of their work in which they state that they have verified the information relating to the financial situation and financial statements provided in this document and read the document as a whole.

Montrouge, 04 april 2019

The Chief Executive Officer of Crédit Agricole CIB

Jacques Ripoll

4. STATUTORY AUDITORS

4.1 PRIMARY AND ALTERNATE STATUTORY AUDITORS

Primary statutory auditors	
Ernst & Young et Autres Member of the Ernst & Young network	PricewaterhouseCoopers Audit Member of the PricewaterhouseCoopers network
Member of the Versailles regional association of Statutory auditors Company represented by: 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 mandate of Picarle and Associés as alternate Statutory Auditor of Ernst & Young and Autres was not renewed by the General Meeting of Shareholders held on May 4, 2018, in accordance with the provisions of Article L 823-1 of the French Commercial Code and Article 18 of the articles of the society.	The mandate of Mr. Etienne Boris as alternate Statutory Auditor of PricewaterhouseCoopers Audit was not renewed by the General Meeting of Shareholders held on May 4, 2018, in accordance with the provisions of Article L. 823-1 of the French Commercial Code and Article 18 of the articles of the society.

5. CROSS-REFERENCE TABLE

The following table indicates the page references corresponding to the main information headings required by EC Regulation 809/2004 (annex I), enacting the terms of the “Prospectus” directive.

	Headings required under annex I of EC Regulation 809/2004	Page number
1.	Persons responsible	473
2.	Statutory Auditors	474
3.	Selected financial information	
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	3.2 Interim financial information	N.A.
4.	Risk factors	158 to 166,167 to 206, 324 to 351, 381 to 383
5.	Information about the issuer	
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	5.2 Investments	296 to 297, 323, 404 to 407, 462
6.	Business overview	
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	6.3 Exceptional factors	N.A.
	6.4 Extent to which issuer is dependent on patents or licenses, industrial, commercialor financial contracts	204
	6.5 Basis for any statements made by the issuer regarding its competitive position	16, 146 to 147
7.	Organisation structure	
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8.	Property, plant and equipment	
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	8.2 Description of any environmental issues that may affect the issuer’s utilisation ofproperty, plant & equipment	60 to 62
9.	Operating and f inancial Review	
	9.1 Financial position (1)	145 to 154, 293 to 297, 422 to 423
	9.2 Operating income (1)	145 to 154, 291 to 292, 423
10.	Capital resources	
	10.1 Information concerning the issuer’s capital resources	148, 209 to 231, 293 to 295, 383 to 384
	10.2 Explanation of the sources and amount of the issuer’s cash flows	296 to 297
	10.3 Information on borrowing requirements and funding structure	200, 345 to 347
	10.4 Information regarding any restrictions on the use of capital resources that have significantly affected, or could significantly affect, the issuer’s operations	212 to 231, 379, 404, 410
	10.5 Information regarding the anticipated sources of funds needed to fulfil commitments	152, 462
11.	Research and development, patents and licences	N.A.
12.	Information on trends	9, 149 to 150, 411, 463
13.	Profit forecasts or estimates	N.A.
14.	Administrative, management and supervisory bodies and Executive Management	
	14.1 Information about the members of the Board and management bodies	83 to 102
	14.2 Administrative, management and supervisory bodies and Executive Management conflicts of interests	103 to 104
15.	Compensation and benefits	
	15.1 Amount of compensation paid and benefits in kind	81 to 82, 105 to 131, 387 to 389, 445
	15.2 Total amounts set aside or accrued to provide pension, retirement or similar benefits	81 to 82, 105 to 131, 317 to 318, 381, 387 to 389, 431, 451

(1) In accordance with Article 28 of EC Regulation 809/2004 and Article 212–11 of the AMF’s General Regulations, the following are incorporated by reference:

- *the annual and consolidated financial statements for the year ended 31 December 2016 and the corresponding Statutory Auditors’ Reports, as well as the Group’s management report, appearing respectively on pages 357 to 387 and 262 to 353, on pages 388 to 389 and 354 to 355 and on pages 148 to 161 of the Crédit Agricole CIB Registration Document 2016 registered by the AMF on 22 March 2017 under number D.17-0208.*
- *the annual and consolidated financial statements for the year ended 31 December 2017 and the corresponding Statutory Auditors’ Reports, as well as the Group’s management report, appearing respectively on pages 363 to 392 and 271 to 353, on pages 393 to 397 and 354 to 358 and on pages 144 to 158 of the Crédit Agricole S.A. Registration Document 2017 registered by the AMF on 23 March 2018.*

	Headings required under annex I of EC Regulation 809/2004	Page number
16.	Functioning of administrative and governance bodies	
	16.1 Term of office expiry date	71, 83 to 102
	16.2 Information on service contracts between members of the administrative bodies and the issuer or one of their subsidiaries	103
	16.3 Information on the issuer's Audit and Compensation Committees	77 to 82
	16.4 Compliance with the current corporate governance regulations in the issuer's country of origin	67 et 132
17.	Employees	
	17.1 Number of employees and breakdown by main type of activity and by site	14, 44 to 45, 387, 451
	17.2 Investments in the issuer's share capital and stock options	318, 389
	17.3 Arrangements for employee profit-sharing in the issuer's capital	52
18.	Major shareholders	
	18.1 Shareholders owning more than 5% of the share capital or voting rights	134 to 138
	18.2 Existence of different voting rights for the issuer's main shareholders	134 to 136
	18.3 Control over the issuer	134 to 136
	18.4 Description of any arrangements, known to the issuer, the operation of which may at a subsequent date result in a change in control of the issuer	134 to 136
19.	Related-party transactions	290, 378 to 379, 446
20.	Financial information concerning the issuer's assets and liabilities, financial positions and profits and losses	
	20.1 Historical financial information(1)	288 to 458
	20.2 Pro forma financial information	N.A.
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	20.6 Interim financial information	N.A.
	20.7 Dividend policy	384
	20.8 Legal and arbitration proceedings	203 to 204, 462
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21.	Additional information	
	21.1 Share capital	134 to 136, 154, 288, 383
	21.2 Memorandum and Articles of Association	133 to 136, 288
22.	Material contracts	457
23.	Third party information and statement by experts and declarations of any interests	N.A.
24.	Publicly available documents	457
25.	Information on equity investments	289, 404 to 407, 437

N.A.: not applicable.

(1) In accordance with Article 28 of EC Regulation 809/2004 and Article 212–11 of the AMF's General Regulations, the following are incorporated by reference:

- *the annual and consolidated financial statements for the year ended 31 December 2016 and the corresponding Statutory Auditors' Reports, as well as the Group's management report, appearing respectively on pages 357 to 387 and 262 to 353, on pages 388 to 389 and 354 to 355 and on pages 148 to 161 of the Crédit Agricole CIB Registration Document 2016 registered by the AMF on 22 March 2017 under number D.17-0208.*
- *the annual and consolidated financial statements for the year ended 31 December 2017 and the corresponding Statutory Auditors' Reports, as well as the Group's management report, appearing respectively on pages 363 to 392 and 271 to 353, on pages 393 to 397 and 354 to 358 and on pages 144 to 158 of the Crédit Agricole S.A. Registration Document 2017 registered by the AMF on 23 March 2018.*

The sections of the registration documents for 31 December 31 2016 and 31 December 2017 not referred to above are either not applicable to investors or are covered in another part of this registration document.

REGULATED INFORMATION WITHIN THE MEANING OF BY ARTICLE 221-1 OF THE AMF GENERAL REGULATION CONTAINED IN THIS REGISTRATION DOCUMENT

This registration document, which is published in the form of an annual report, includes all components of the 2018 annual financial report referred to in paragraph I of Article L. 451-1-2 of the Code Monétaire et Financier as well as in Article 222-3 of the AMF General Regulation and the Ordinance 2017-1162 of 12/07/2017

Pursuant to Articles 212-13 and 221-1 of the AMF General Regulation, this document also contains the following regulatory information:

9

GLOSSARY

Of the main technical terms /acronyms used

9

A

ABS	Asset-Backed Securities: securities which represent a portfolio of financial assets (excluding mortgage loans) for which the cash flows are based on those of the underlying asset or asset portfolio.
ACPR	French Regulatory and Resolution Supervisory Authority: French banking supervisory body.
AFEP-Medef	*Association Française des Entreprises Privées - Mouvement des Entreprises de France* (Corporate governance code of reference for publicly traded companies).
AFS	Available For Sale.
ALM	Asset and Liability Management: management of the financial risks borne by an institution's balance sheet (interest rate, currency, liquidity) and its refinancing policy in order to protect the bank's asset value and/or its future profitability.
AMA	Advanced Measurement Approach.
AMF	French Financial markets authority *(Autorité des Marchés Financiers, AMF)*.
AQR	Asset Quality Review: includes regulatory risk evaluation, review of the quality of the actual assets and stress tests.
Asset encumbrance	Asset encumbrance corresponds to assets used to secure, collateralize or back up a credit facility for any type of transaction.
AT1	Additional Tier 1: capital eligible under Basel 3 made up of perpetual debt instruments without any redemption incentive or obligation. It is subject to a loss absorption mechanism where the CET1 ratio falls below a given threshold, fixed in their prospectus.

B

Back-testing	Method used to check the relevance of models and the suitability of the VaR (Value at Risk) in light of the risks actually borne.
Basel I (agreements)	Regulatory mechanism established in 1988 by the Basel Committee, to ensure the solvency and stability of the international banking system by setting a minimum, standardised, international limit on the capital of banks. It introduced a minimum capital ratio out of a bank's total risks of 8%.
Basel II (agreements)	Regulatory mechanism intended to better identify and limit the risks of credit institutions. It mainly concerns the credit risk, market risks and operational risks of banks.
Basel III (agreements)	Regulatory standards for banks, which replace the previous Basel 2 agreements by increasing the quality and quantity of the minimum capital that banks are required to hold against the risk they take. It also introduces minimum standards for liquidity risk management (quantitative ratios), defines measures attempting to curb the financial system's pro-cyclicality (capital buffers varying according to the economic cycle) and tightens the requirements on institutions considered as systemically important. In the European Union, these regulatory standards were introduced under Directive 2013/36/EU (CRD 4 – Capital Requirements Directive) and Regulation (EU) No. 575/2013 (CRR – Capital Requirements Regulation).
BCBS	Basel Committee on Banking Supervision: institution made up of the governors of the central banks of the G20 countries responsible for strenghtening the global financial system and improving the effectiveness of regulatory checks and of cooperation between banking regulators.
Benchmark rate	Interest rate set by a country's or currency zone's central bank to regulate economic activity. Principal tool in a central bank's arsenal for fulfilling its role of regulating economic activity: inflation, stimulation of growth.
Bookrunner	Bookrunner (in investment transactions).
Bps	Basis points.

C

Capital requirements	Regulatory capital requirements, amounting to 8% of the risk weighted assets (RWA).

CCF	Credit Conversion Factor.
CCP	Central Counterparty.
CDO	Collateralised Debt Obligations, or debt securities linked to a portfolio of assets which can be bank loans (mortgages) or bonds issued by companies. The payment of interest and the principal may be subordinated (creation of tranches).
CDPC	Credit Derivatives Products Companies (companies specialising in selling protection against credit default via credit derivatives).
CDS	Credit Default Swap: an insurance mechanism against credit risk in the form of a bilateral financial contract, in which a buyer of protection pays a periodic premium to a protection seller, who promises to offset the losses on a reference asset (sovereign debt securities, securities issued by financial institutions or companies) in the event of a credit event (bankruptcy, default, moratorium, restructuring).
CGU	Cash generating unit: the smallest asset group identifiable which generates cash inflows which are largely independent of those generated by sundry assets or asset groups, according to IAS 36. "According to IFRS, a company must define as many cash generating units (CGUs) as possible which comprise it, these CGUs must be largely independent in their transactions and the company must allocate its assets to each of these CGUs. It is at the level of these CGUs that impairment tests are carried out occasionally, if there is reason to believe that their value has fallen, or every year if they make up the goodwill."
CHSCT	Health, Safety and Working Conditions Committee.
CLO	Collateralised Loan Obligation: credit derivative relating to a homogeneous portfolio of business loans.
CMBS	Commercial Mortgage-Backed Securities: debt security backed by a portfolio of assets made up of corporate mortgage loans.
CMS	Constant Maturity Swap: contract which enables a short-term interest rate to be exchanged for a longer term interest rate.
Collateral	Transferable asset or guarantee given, used to pledge repayment of a loan if the beneficiary of the loan is unable to meet their payment obligations.
Common Equity Tier 1	Common Equity Tier 1 capital of the institution which mainly consist of the share capital, the associated share premiums and reserves, less regulatory deductions.
Common Equity Tier 1 ratio	Ratio between Common Equity Tier 1 capital and assets weighted by risk, according to CRD4/CRR rules. Common Equity Tier 1 capital has a stricter definition than under the former CRD3 rules (Basel II).
Corporate governance	Any mechanism that can be implemented to achieve transparency, equality between shareholders and a balance of powers between management and shareholders. These mechanisms encompass the methods used to formulate and implement strategy, the operation of the Board of Directors, the organisation framework between different governing bodies and the compensation policy for Directors and executive managers.
Cost/income ratio	The cost/income ratio is calculated by dividing operating expenses by revenues, indicating the proportion of revenues needed to cover operating expenses.
Cost of risk	The cost of risk reflects allocations to and reversals from provisions for credit and counterparty risk (loans, securities, and off-balance sheet commitments), as well as the corresponding losses not covered by provisions.
Coverage	Client follow-up.
Covered bond	Collateralised bond: bond for which the redemption and payment of interest are ensured by income from a portfolio of high-quality assets which serves as a guarantee, often a portfolio of mortgage loans. The transferor institution is often manager of the payment of cash flows to the investors (obligations foncières in France, Pfandbriefe in Germany). This product is usually issued by financial institutions.
CPM	Credit Portfolio Management.
CRBF	*Comité de Réglementation Bancaire et Financière.*
CRD	Capital Requirement Directive: European directive on regulatory capital requirements.
CRD 3	European directive on capital requirements, incorporating the provisions of Basel II and 2.5, notably as regards market risk: improved consideration of default risk and rating migration risk in the trading book (tranched and non-tranched assets) and reduction of the procyclical nature of the value at risk.
CRD 4/CRR (Capital Requirement Regulation)	Directive 2013/36/EU (CRD 4) and (EU) Regulation No 575/2013 (CRR) constitute the corpus of the texts transposing Basel III in Europe. They define European regulations on solvency ratios, major risks, leverage and liquidity and are completed by the technical standards of the European Banking Authority (EBA).
Credit and counterparty risk	Risk of losses arising from inability by the Group's clients, issuers or other counterparties to meet their financial commitments. Credit and counterparty risk includes the counterparty risk relating to market transactions and securitisation operations.

Credit Rating	Measurement of credit quality in the form of an opinion issued by a rating agency (Standard & Poor's, Moody's, Fitch Ratings, etc.). The rating may apply to a specific issuer (business, government, public-sector authority) and/or specific issues (bonds, securitised notes, secured bonds, etc.). The credit rating may influence an issuer's borrowing terms (interest rate it pays, its access to funding) and its market image (see Rating agency).
Credit spread	Actuarial margin (difference between a bond's yield to maturity and that on a risk-free borrowing with an identical maturity).
CRM	Comprehensive Risk Management: capital charge in addition to the IRC (Incremental Risk Charge) for the correlation portfolio of lending operations taking into account specific price risks (spread, correlation, recovery, etc.). CRM is a value at risk of 99.9% i.e. the highest risk obtained after eliminating 0.1% of the most unfavourable occurrences.
CRR	Capital Requirement Regulation (European regulation).
CSR	Corporate social (and environmental) responsibility.
CVA	The Credit Valuation Adjustment is the expectation of a loss linked to counterparty default and aims to take account of the fact that it may not be possible to recover the full market value of the transactions. The method for determining the CVA primarily relies on market parameters in line with the practices of market operators.
CVaR	Credit Value at Risk: maximum loss likely after elimination of 1% of the most unfavourable occurrences, used to set limits for each individual counterparty.

D

Derivatives	A financial instrument or contract whose value changes according to the value of an underlying asset, which may be financial (shares, bonds, foreign currencies,etc.) or non-financial (commodities, agricultural foodstuffs, etc.). This change may entail a multiplier effect (leverage). Derivatives may exist in the form of securities (warrants, certificates, structured EMTNs, etc.) or in the form of contracts (forwards, options, swaps, etc.). Listed derivative contracts are called futures.
DFA	The "Dodd-Frank Wall Street Reform and Consumer Protection Act", usually referred to as the "Dodd-Frank Act", is the US financial regulation law adopted in July 2010 in response to the financial crisis. The text is wide-ranging and covers many topics: the creation of a Financial Stability Oversight Council, treatmentof institutions of systemic importance, regulation of high-risk financial activities, limits on derivatives markets, improved monitoring of ratings agency practices, etc. The US regulators (Securities and Exchange Commission, Commodity Futures Trading Commission, etc.) are currently working on precise technical rules on these different areas.
Dilution	A transaction is described as "dilutive" when it reduces the portion of net asset value (e.g. net book value per share) or earnings (e.g. earnings per share) attributable to each share in the company.
Dividend	Portion of net income or reserves paid out to shareholders. The Board of Directors proposes the dividend to be voted on by shareholders at the Annual General Meeting, after the financial statements for the year ended have been approved.
DOJ	US Department of Justice.
Doubtful loan	Loan on which the borrower has fallen behind with the contractually agreed interest payments or capital repayments, or for which there is a reasonable doubt that this could occur.
DVA	The Debit Valuation Adjustment (DVA) is mirror opposite of the CVA and represents expected losses from the counterparty point of view on the liability of the financial instruments. It reflects the credit quality effect of the entity itself on the value of these instruments.

E

EAD	Exposure at Default: exposure of the Group in the event of counterparty default. The EAD includes exposures both on and off the balance sheet. Off-balance sheet exposures are converted into the balance sheet equivalent using internal or regulatory conversion factors (refinancing hypothesis).
EBA	European Banking Authority (EBA). The European Banking Authority was established on 24 November 2010, by a European regulation. In place since 1 January 2011 and based in London, it replaces the Committee of European Banking Supervisors (CEBS). This new authority has wide-ranging powers. It is responsible for harmonising regulations, ensuring coordination between national supervisory authorities and acting as mediator. The objective is to implement supervision at the European level without questioning the powers of national authorities for the day-to-day supervision of credit institutions.

ECB	European Central Bank.
EDTF	Enhanced Disclosure Task Force.
EL	Expected Loss is the likely loss given the quality of the transaction and of all the measures taken to mitigate the risk, such as collateral. It is obtained by multiplying the exposure at default (EAD) by the probability of default (PD) and by the loss given default (LGD).
EMEA	Europe, Middle East and Africa.
ESG	Environmental, social and governance.
EURIBOR	Euro Interbank Offered Rate: reference rate of the eurozone.

F

Fair value	Amount for which an asset could be exchanged or for which a liability could be settled between well-informed, consenting parties acting under normal market conditions.
FED	Federal Reserve System/Federal Reserve/Central Banks of the United States.
Finance, Technology (FinTech)	A FinTech is a non-banking company which uses information and communication technologies to deliver financial services.
Fides, Respect, Demeter (FReD)	Initiative to implement, manage and measure the progress made by the Corporate Social Responsibility (CSR) programme. FReD has three pillars with 19 commitments that aim to bolster trust (Fides), grow individuals and the corporate ecosystem (Respect) and protect the environment (Demeter). Every year since 2011, the FReD index has provided a measure of the progress made by the CSR programme being pursued by Crédit Agricole S.A. and its subsidiaries. PricewaterhouseCoopers conducts an annual audit of this index.
FSB	The aim of the Financial Stability Board (FSB) is to identify weaknesses in the global financial system and implement regulatory and supervision principles to ensure financial stability. It consists of governors, finance ministers and supervisory authorities of the G20 countries. Its primary objective is thus to coordinate the work of national financial authorities and international standards bodies at the international level to regulate and supervise financial institutions. Created at the G20 meeting in London in April 2009, the FSB is the successor of the Financial Stability Forum established in 1999 on G7's initiative.

G

GAAP	Generally Accepted Accounting Principles.
Goodwill	Amount by which the acquisition cost of a business exceeds the value of the net assets revalued at the time of acquisition. Every year, goodwill has to be tested for impairment, and any reduction in its value is recognised in the income statement.
Gross exposure	Exposure before taking into account provisions, adjustments and risk reduction techniques.
Gross Operating Income (GOI)	Calculated as revenues less operating expenses (general operating expenses, such as employee expenses and other administrative expenses, depreciation and amortisation).
Green Bonds	Bonds issued by an approved entity (business, local authority or international organisation) to finance an eco-friendly and/or sustainability-driven project or activity. These instruments are often used in connection with the financing of sustainable agriculture, the protection of ecosystems, renewable energy and organic farming.

H

Haircut	Percentage deducted from the market value of securities to reflect their value in a stress environment (counterparty risk or market stress risk). The size of the haircut reflects the perceived risk.
HQE	*Haute Qualité Environnementale* (high environmental quality).
High Quality Liquid Assets (HQLA)	Unencumbered high-quality liquid assets (see Asset encumbrance) that can be converted easily and immediately in private markets into cash in the event of a liquidity crisis.

I

IAS	International Accounting Standards.
IASB	International Accounting Standards Board.
ICAAP	Internal Capital Adequacy Assessment Process: process reviewed in Pillar II of the Basel agreement, via which the Group checks whether its capital is sufficient in light of all risks incurred.
IFRS	International Financial Reporting Standards.
Impaired loan	Loan which has been provisioned due to a risk of non-repayment.

Impairment	Accounting of a reduction in the value of an asset.
Institutional investors	Businesses, public-sector bodies and insurance companies involved in securities investment, for example, investing in the shares of listed companies. Pension funds and asset management and insurance companies come under this heading.
Investment grade	Long-term rating provided by an external agency and applicable to a counterparty or an underlying issue, ranging from AAA/Aaa to BBB-/Baa3. Instruments with ratings of BB+/Ba1 and below are considered as Non-Investment Grade.
IRB	Internal Rating-Based: approach based on the ratings used to measure credit risk, as defined by European regulations.
IRBA	Internal Rating Based Approach.
IRC	Incremental Risk Charge: capital charge required in consideration of rating change risk and the risk of issuer default over one year for debt instruments in the trading portfolio (bonds and CDS). The IRC is a value at risk of 99.9% i.e. the highest risk obtained after eliminating 0.1% of the most unfavourable occurrences.
ISP	Investment service providers.
Issuer spread	Actuarial margin representing the difference between the actuarial rate of return at which the Group can borrow and that of a risk-free loan of identical duration.

L

LBO	Leveraged Buy out.
LCR	Liquidity Coverage Ratio: this ratio aims to promote the short-term resilience of a bank's liquidity risk profile. The LCR requires banks to hold an inventory of risk-free assets that can be easily traded on the markets, to pay outgoing flows net of incoming flows for thirty crisis days, without support from the central banks.
Leverage ratio	Simple ratio which aims to limit the size of an institution's balance sheet. To do this, the leverage ratio brings together Tier 1 regulatory equity and balance-sheet/off-balance-sheet amounts, after the restatement of some items.
LGD	Loss Given Default: ratio between the loss incurred on an exposure in the event of counterparty default and the amount of the exposure at the time of default.
LIBOR	London Interbank Offered Rate.
Liquidity	For a bank, this means its ability to meet its short-term liabilities. When applied to an asset, this term refers to the possibility of buying or selling it quickly on a market with a limited reduction in value (haircut).

M

Market risk	Risk of loss of value of financial instruments arising from changes to market parameters, the volatility of these parameters and the correlations between these parameters. These parameters include exchange rates, interest rates, the prices of securities (shares, bonds) and commodities, derivative products and all other assets, such as property assets.
Market stress tests	To evaluate market risks, parallel to the internal VaR and SVaR model, the Group calculates a measurement of its risks using market stress tests, to take account of exceptional market disruption, using 26 historical scenarios, and 8 theoretical scenarios.
Mark-to-Market	Method which involves measuring a financial instrument at fair value based on its market price.
Mark-to-Model	Method which involves, in the absence of market prices, measuring a financial instrument at fair value using a financial model based on observable or non-observable data.
Mezzanine	Hybrid financing between equity and debt. In terms of ranking, mezzanine debt is subordinate to senior debt, but remains senior to common shares.
MiFID	Markets in Financial instruments directive.
Monoline	Insurance company participating in a credit enhancement operation, and which provides its guarantee by issuing debt securities (e.g.: securitisation transactions), to improve the rating of the issue.
MTP	Medium-term plan.

N

Net Banking Income (NBI) or revenues	Difference between banking income (interest income, fee income, capital gains from market activities and other income from banking operations) and banking expenses (interest paid by the bank on its funding sources, fee expenses, capital losses arising on market activities and other expenses incurred by banking operations).
Net book value (NVB)(1)	The net book value corresponds to the shareholders' equity share of the group from which the amount of the AT1 issues, the gains or losses in other comprehensive income and the draft dividend on annual results have been restated.
Net income Group share (NIGS)	Net income/(loss) for the financial year (after corporate income tax). Equal to net income less the share attributable to non-controlling interests in fully consolidated subsidiaries.
Net Income Group share underlying(1)	The underlying net income Group share represents the stated net income Group share from which specific items have been deducted (i.e. non-recurring or exceptional items).
NSFR	Net Stable Funding Ratio: this ratio is intended to encourage longer-term resilience by introducing additional incentives for banks to finance their operations from sources with a greater structural stability. This structural ratio for long-term liquidity over a period of one year is designed to give a viable structure to maturing assets and liabilities.

O

OFAC	Office of Foreign Assets Control.
Offsetting agreement	An agreement under which two parties to a financial contract (forward financial instrument), a securities loan or repurchase agreement, agree to offset their mutual loans and receivables pursuant to these contracts; the settlement of these only relates to a net offset balance, particularly in the event of default or termination. An overall offsetting agreement extends this mechanism to different families of transactions, which are governed by different framework agreements by way of a master agreement.
Operating income	Calculated as gross operating income less the cost of risk.
Operational risk (including accounting and environmental risk)	Risk of losses or penalties as a result of failures in internal procedures and systems, human error or external events.
OTC	Over-The-Counter.

P

Pricing	Setting a price.

R

Rating	Evaluation, by a financial ratings agency (Moody's, FitchRatings, Standard & Poor's), of the financial insolvency risk of an issuer (company, government or other state authority) or of a given transaction (bond issue, securitisation, covered bonds). The rating has a direct impact on the cost of raising funds.
Rating agency	A body which specialises in assessing the solvency of debt security issuers, i.e. their ability to honour their commitments (repay capital and interest within the contractual period).
Ratio Core Tier 1	Ratio between Core Tier 1 capital and risk-weighted assets according to the Basel II rules and their development referred to as Basel 2.5.
Resecuritisation	Securitisation of an exposure which has already been securitised where the risk associated with the underlying exposures has been divided into tranches and for which at least one of the underlying exposures is a securitised exposure.
Resolution	Shortened form of "resolution of crises and bank failures". In practice, two types of plan need to be drawn up for every European bank: 1) a preventative recovery plan prepared by the bank's senior managers, and 2) a preventative resolution plan put in place by the competent supervisory authority. Resolution occurs before bankruptcy of the bank, to plan its ordered dismantling and avoid systemic risk.
Risk Appetite	Level of risk that the Group is willing to assume in pursuit of its strategic objectives. It is determined by type of risk and by business line. It may be stated using either quantitative or qualitative criteria. Establishing the risk appetite is one of the strategic management tools available to the Group's governing bodies.

(1): APM indicator.

RMBS	Residential Mortgage Backed Securities: debt securities backed by an asset portfolio made up of residential mortgage loans.
RWA	Risk Weighted Assets: Assets and risk commitments (loans, etc.) held by a bank weighted by a prudential factor and based on the risk of loss and used, when added together, as the denominator for major solvency ratios.

S

SEC	US Securities and Exchange Commission (authority which controls the US financial markets).
Securitisation	Transfer of a credit risk (loan debts) to a body which issues, for this purpose, marketable securities subscribed by investors. This transaction may result in a transfer of loans and receivables (physical securitisation) or the transfer of the risks only (credit derivatives). Securitisation transactions can result in a subordination of securities (tranches).
SFEF	*Société de Financement de l'Économie Française* (French Financing Agency).
SFS	Specialised financial services.
SIFIs	Systemically Important Financial Institutions: the Financial Stability Board (FSB) coordinates all measures to reduce the moral hazards and risks of the global financial system posed by systemically important institutions (G-SIFI or Globally Systemically Important Financial Institutions or even GSIB - Global Systemically Important Banks). These institutions meet the criteria set out in the Basel Committee rules outlined in the document named "Global Systemically Important Banks: Assessment methodology and the additional loss absorbency requirement" and are identified in a list published in November 2011. This list is updated by the FSB every November. Institutions classified as GSIB will gradually have to apply increasing limits on the level of their share capital.
SMEs	Small and medium-sized enterprise.
Socially Responsible Investment (SRI)	Systematic and clearly documented incorporation of environmental, social and governance criteria in investment decisions.
***Société d'investissement à capital variable* (SICAV) – open-ended investment company**	A type of UCITS which enables investors to invest in a portfolio of financial assets without holding them directly and to diversify their investments. It manages a portfolio of stocks or other assets and may specialise in a specific market, an asset class, an investment profile, or a specific sector. From a tax perspective, a SICAV unit is like a share.
Solvency	Measures the ability of a business or an individual to repay its debt over the medium to long term. For a bank, solvency reflects its ability to cope with the losses that its risk profile is likely to trigger. Solvency analysis is not the same as liquidity analysis. The liquidity of a business is its ability to honour its payments in the normal course of its business, to find new funding sources and to achieve a balance at all times between its incomings and outgoings. For banks, solvency is governed by the CRD 4 Directive and CRR Regulation.
Spread	Actuarial margin (difference between the actuarial rate of return of a bond and that of a risk-free loan of identical duration).
Stress tests	Exercise to study the ramifications on banks' balance sheets, profit and loss and solvency in order to measure their ability to withstand these kinds of situations.
Structural interest rate and foreign exchange risks	Risk of losses or impairment on the Group's assets in the event of fluctuations in interest and exchange rates. Structural interest rate and foreign exchange risks are linked to commercial activity and own management operations.
Structured issue or structured product	Financial instrument combining a debt product and an instrument (such as an option) enabling exposure on all kinds of asset (shares, foreign currencies, rates, commodities). Instruments may include total or partial guarantee, of the capital invested. The term "structured product" or "structured issue" also refers to securities resulting from securitisation transactions, for which a ranking of bearers is organised.
Subordinated notes	Issues made by a company, the returns on and/or redemption of which are contingent upon an event (conditional upon payment of a dividend or achievement of an outcome).
SVaR	Stressed Value at Risk: identical to the VaR, the calculation method entails a "historical simulation" with "1-day" shocks and a 99% confidence interval. Unlike the VaR, which uses the 260 daily change scenarios over a rolling one-year period, Stressed VaR uses a historical one-year window corresponding to a period of significant financial stress.
Swap	Agreement between two counterparties to exchange one's assets or income from an asset for those of the other party's up to a given date.

T

Tier 1 Equity	Made up of Common Equity Tier 1 capital and Additional Tier 1 capital. The latter correspond to perpetual debt instruments without any redemption incentives, less regulatory deductions.
Tier 1 ratio	Ratio between Tier 1 capital and risk-weighted assets.
Tier 2 Equity	Additional capital mainly comprising subordinated securities less regulatory deductions.
Total capital ratio or solvency ratio	Ratio between total capital (Tier 1 and Tier 2) and risk-weighted assets.
Total Loss Absorbing Capacity (TLAC)	Designed at the G20's request by the Financial Stability Board. It aims to provide an indication of the loss-absorbing capacity and of the ability to raise additional capital of the systemically important banks (G-SIBs).
Transformation risk	This risk exists when assets are financed using resources with differing maturities. As a result of their traditional business of transforming resources with short maturities into longer term uses, banks are naturally affected by transformation risk, which itself entails liquidity risk and interest rate risk. Transformation is when assets have a longer maturity than liabilities and anti-transformation is when assets are financed by resources with a longer maturity.
Treasury shares	Portion owned by a company in its own share capital. Treasury shares have no voting rights attached and are not used to calculate profit per share.
TSDI (*Titres subordonnés à durée indéteminée* - Undated subordinated notes)	Undated subordinated notes have no specified maturity date, with redemption being at the behest of the issuer beyond a certain date.
TSS (*Titres super-subordonnés* - Deeply subordinated notes)	Undated subordinated issue giving rise to perpetual returns. Their perpetual maturity arises from the fact that they do not have a contractual redemption date, with redemption taking place at the option of the issuer. Should the issuer be liquidated, these notes are redeemed after all the other creditors have been repaid.

U

Undertakings for collective investment in transferable securities (UCITS)	An UCITS is a portfolio of negotiable securities (equities, bonds, etc.) managed by professionals (management companies) and held collectively by retail or institutional investors. There are two types of UCITS – SICAVs (open-ended investment companies) and FCPs (mutual investment funds).

V

VaR	Value at Risk: Synthetic indicator used to track on a day-to-day basis the market risks taken by the Group, particularly in its trading activities (VaR is calculated using a 99% on 10 days-confidence interval, over one day, in line with the regulatory internal model). Reflects the largest exposure obtained after eliminating 1% of the most unfavourable occurrences over a 1-year history.
Volatility	Volatility measures the scope of the fluctuations of the price of an asset and thus its risk. It corresponds to the standard deviation of the instantaneous profitability of the asset over a certain period.
VSB	Very small businesses.

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