UNIVERSAL REGISTRATION DOCUMENT **2019**

CRÉDIT AGRICOLE
CORPORATE & INVESTMENT BANK

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UNIVERSAL REGISTRATION DOCUMENT **2019**

AUTORITÉ DES MARCHÉS FINANCIERS

AMF

The Universal Registration Document has been filed on 27th March 2020 with AMF, as competent authority under Regulation (UE) 2017/1129, without prior approval pursuant to Article 9 of the said regulation.

The Universal Registration Document may be used for the purposes of an offer of securities to the public or an admission of securities to trading on a regulated market if completed by a securities note and, if applicable, a summary and any amendments to the Universal Registration Document. The whole is approved by the AMF in accordance with Regulation (EU) 2017/1129.

CRÉDIT AGRICOLE GROUP'S RAISON D'ÊTRE

WORKING EVERY DAY IN THE INTEREST OF OUR CUSTOMERS AND SOCIETY

Crédit Agricole's end purpose,
is to be a trusted partner to all its customers:

Its solid position and the diversity of its expertise enable CA to offer all its customers ongoing support on a daily basis and for their projects in life, in particular by helping them to guard against uncertainties and to plan for the long term.

CA is committed to seeking out and protecting its customers interests in all it does. It advises them with transparency, loyalty and pedagogy.

It places human responsibility at the heart of its model : it is committed to helping all its customers benefit from the best technological practices, while guaranteeing them access to competent, available local teams that can ensure all aspects of the customer relationship.

Proud of its cooperative and mutualist identity
and drawing on a governance representing its customers, Crédit Agricole:

Supporting the economy, entrepreneurship and innovation in France and abroad: it is naturally committed to supporting its regions.

It takes intentional action in societal and environment fields, by supporting progress and transformations.

It serves everyone: from the most modest to the wealthiest households, from local professionals to large international companies.

This is how Crédit Agricole demonstrates its usefulness and availability to its customers, and the commitment of its 142,000 employees to excellence in customer relations and operations.

10th	1st	1st	1st	1st
bank worldwide	cooperative worldwide	bank in France	insurer in France	European asset manager

ABOUT CRÉDIT AGRICOLE

The Crédit Agricole Group includes Crédit Agricole S.A., as well as all of the Regional Banks and Local Banks and their subsidiaries.

10.5 M
MUTUAL SHAREHOLDER WHO HOLD MUTUAL SHARES IN
2,417
LOCAL BANKS

39
REGIONAL BANKS
Jointly holding the majority of Crédit Agricole S.A.'s share capital [1]

100% / ≃ 25%
Sacam Mutualisation

Political link
Fédération Nationale du Crédit Agricole (FNCA)

55.9%

FLOAT

32.4%
INSTITUTIONAL INVESTORS

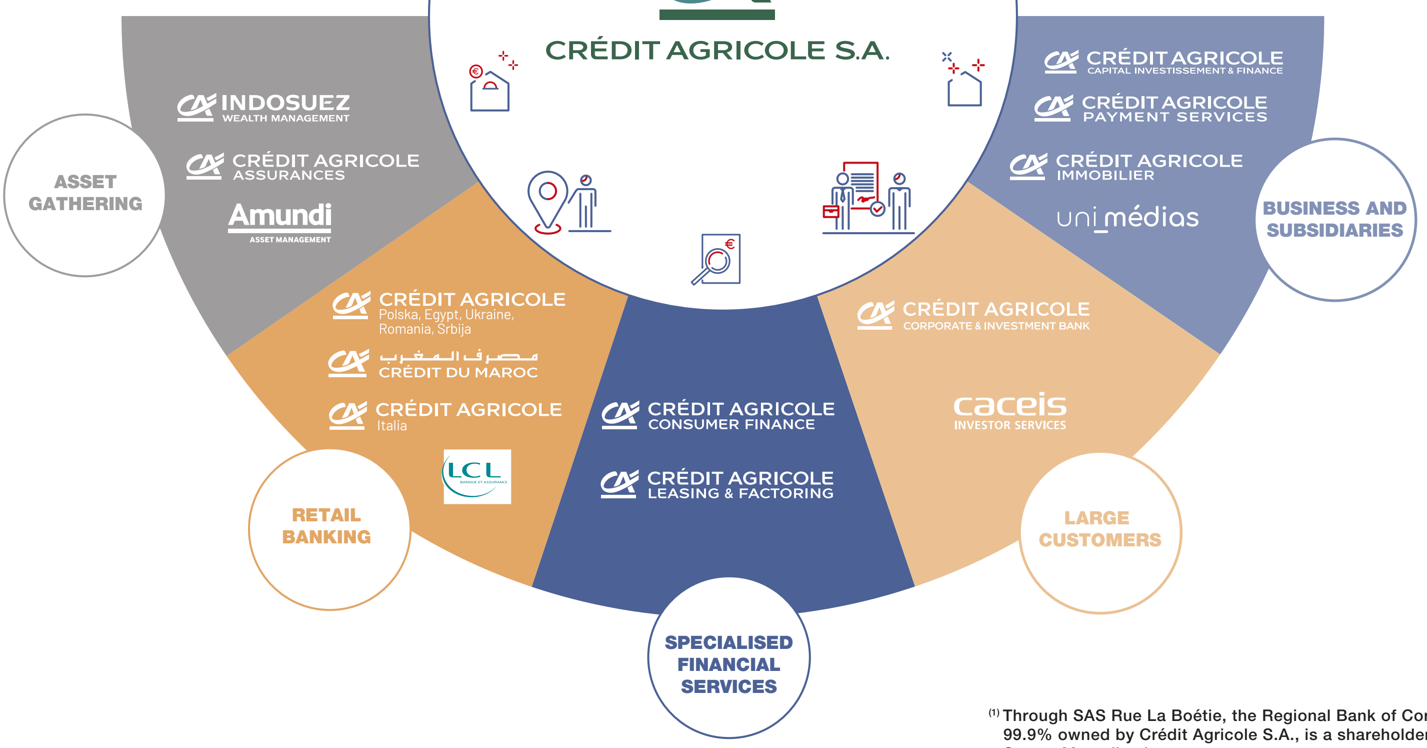
7.0%
INDIVIDUAL SHAREHOLDERS

4.7%
EMPLOYEE SHARE OWNERSHIP PLANS (ESOP)

NS [2]
TREASURY SHARES

44.1%

CRÉDIT AGRICOLE S.A.



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

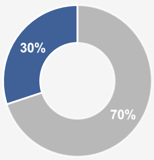
OUR BUSINESS MODEL:

OUR STRATEGIC CHOICES

A CORPORATE AND INVESTMENT BANK...

GENERATING MORE REVENUES from corporates than financial institutions,…

Distribution of 2019 commercial revenues by client segment

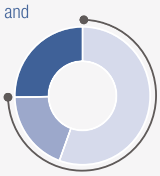


Financial institutions
Corporates

…with more FINANCING ACTIVITIES than pure Capital Markets ones…

Distribution of 2019 commercial revenues by solution type

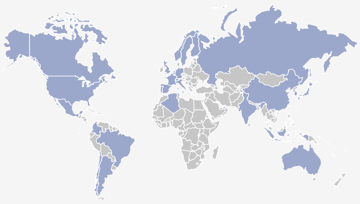
Hedging, investment and advisory solutions 28%



Financing solutions 72%

Capital markets financing
Structured finance and commercial bank

…and which has DEVELOPED a strong & coordinated INTERNATIONAL NETWORK



Wide international presence with more than **30** markets covered

A WEALTH MANAGEMENT

... PROPOSING A TAILOR-MADE APPROACH that enables each of our customers to manage, protect and transmit their wealth as closely as possible to their aspirations

€132 BILLION
assets under management wealth management

OUR RESOURCES

AN AFFILIATION WITH A STRONG BANKING GROUP

15.9%
for the Group's CET1

22.1 Md€
in Crédit Agricole CIB equity

RECOGNISED EXPERTISE

- **Historical franchise in value added financing activities:** shipping, infra, real estate,…
- Project financing
- Real-asset financing
- Bond issues
- Green and social bonds
- Syndicated loans
- Advisory and discretionary management

STRONG VALUES

- Leader in sustainable finance activities and a desire for increasing commitment : strong CSR commitments
- Long-term support for our clients on real-economy projects
- Our employees: our key asset

A HIGHLY DIVERSE STAFF

11,524
including 3,169 in private banking

44%
women

57%
international

SATISFACTORY LONG-TERM RATINGS

S&P	Moody's	Fitch
A+	Aa3	A+
Stable, 18/10/2019	Stable, 19/09/2019	Stable, 20/11/2019

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
- **Advising** our clients in their balances sheet issues
- **Supporting** our clients in managing,structuring, protecting, and transferring their wealth

OUR AMBITIONS
(2022 STRATEGIC AMBITION)

Strong ambitions aligned with the project Crédit Agricole Group:

- be the reference bank for sustainable banking
- have an embedded digital and innovation strategy through an ambitious data plan
- put employees at the core of the client strategy in line with the Group's DNA
- implement a realistic growth strategy with ambitious financial targets
- Strengthen our advisory capacity in asset structuring, asset allocation and discretionary management mandates to help our clients in the construction and transfer of their assets.

facilitate our customers' business

OUR ACHIEVEMENTS WITH OUR STAKEHOLDERS

Clients

4,020 Clients
(in Corporate and Investment Banking)

2,200
Corporate clients

1,820
Financial institution clients

€217bn
in real-asset financing

AWARDS

★ **Best Trade Finance Bank in Western Europe**
(Global Trade Review)

★ **SRI Green Bond House of the Year-** (IFR Awards)

★ **Global Bank of the Year -** (Infrastructure Investor)

★ **MTN Dealer of the Year -** (MTN-I)

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

Employees

COMMITMENT AND RESPONSIBILITY

86%
of employees are proud to work for Crédit Agricole CIB

82%
recommend Crédit Agricole CIB as a good employer

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

127,035
HOURS OF TRAININGS IN 2019

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
(end of period)

255
work/study contracts

165
VIE

Crédit Agricole Group

SOLID FINANCIAL RESULTS…

NBI
€5,459m

Net income group share
€1,553m

Contribution to CASA net income group share (33%)
€1,502m

…AND A MODERATE RISK PROFILE

Average VaR of
€7m

STRONG GROUP SYNERGIES

Civil society

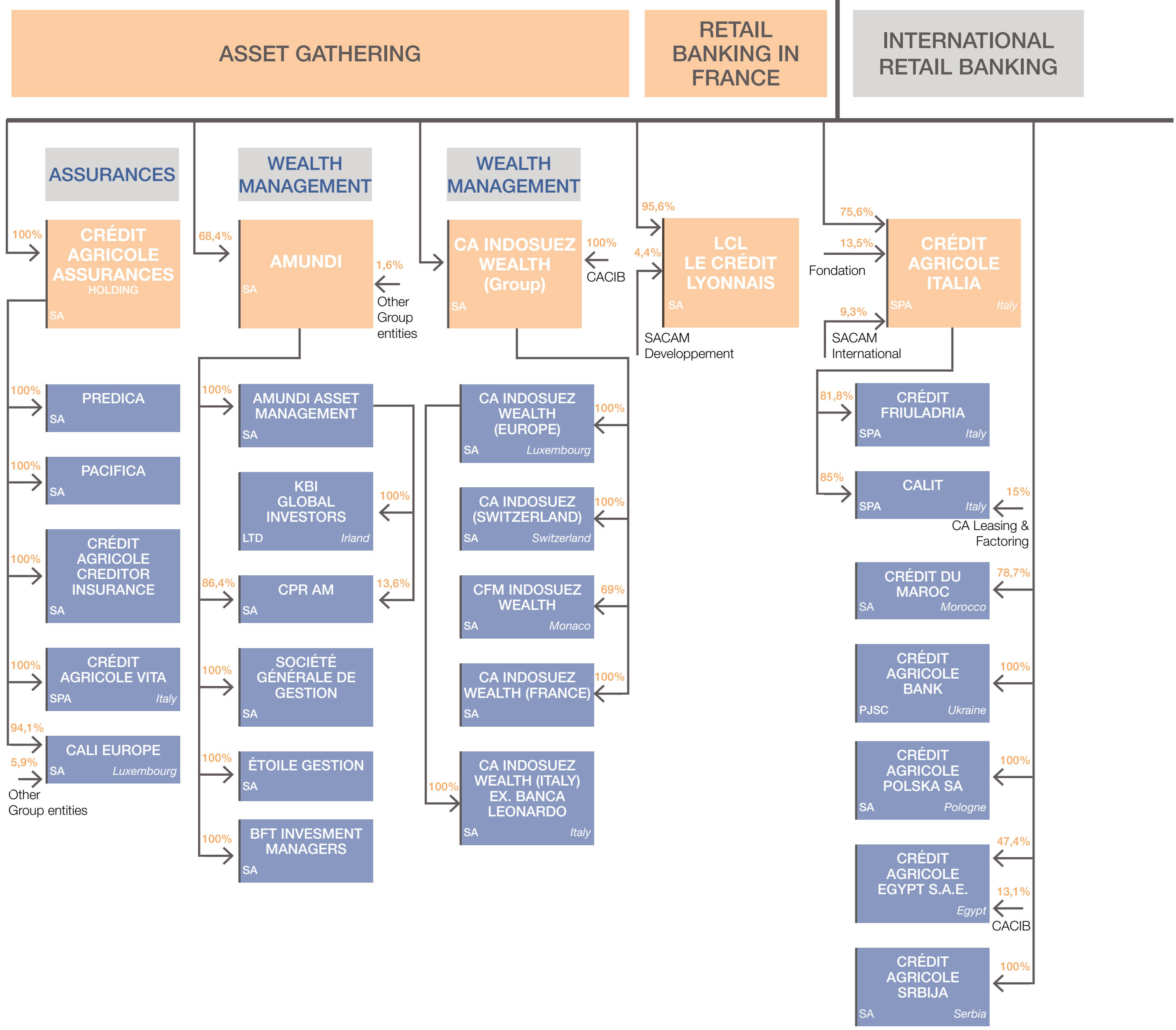
MUTUAL ENRICHMENT with the Village by CA START-UPS

2ND BOOKRUNNER ON GREEN, social and sustainable obligations

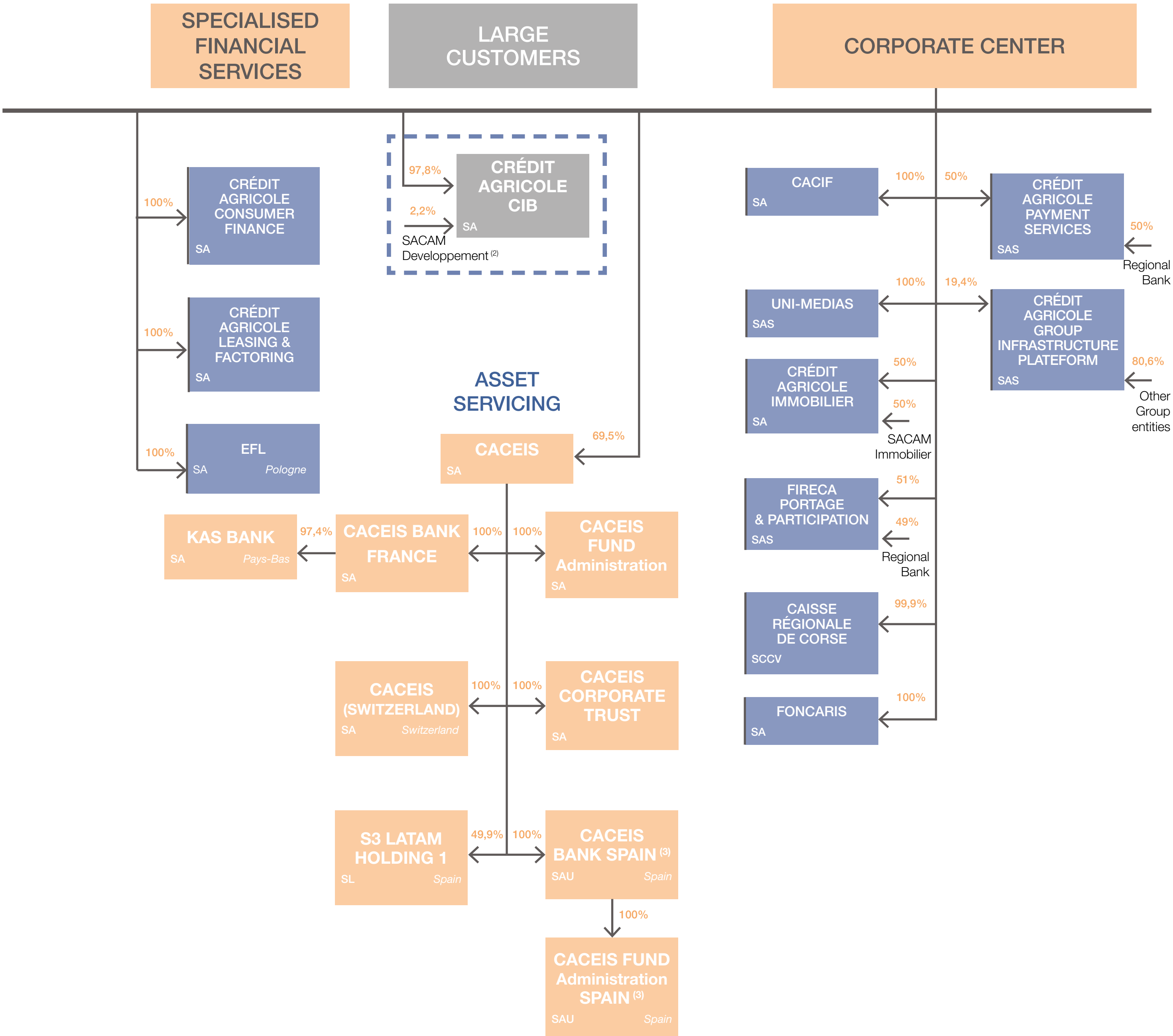
100 % OF CORPORATE CLIENTS AWARDED A CSR SCORE

AN INNOVATIVE APPROACH IN SERVICE TO OUR CUSTOMERS:
strengthening Customer Relations and their relevance

Crédit Agricole S.A.



at 31 December 2019 (% 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 Universal 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.

(3) These two entities have been renamed at the beginning of January 2020. At 31.12.2019, they were named « Santander Securities Services Spain » and « Santander Fund Administration Spain ».

MESSAGE
from the Chairman and the Chief Executive Officer

In June 2019, Crédit Agricole Group announced a new medium-term plan, "Ambitions 2022". It is a demanding plan based on our mission "Working every day in the interest of our customers and society". This new plan revolves around three major pillars: a Customer Project aiming to reach excellence in our relationships, a Human Project focusing on the responsibility of the Group's employees, and a Societal Project based on our commitments in terms of social inclusion and the energy transition.

Today, the unprecedented crisis that we are experiencing is for each one of us a reminder of our duty to act in a responsible way. The duty of Banks is clearly to fulfil their crucial role, which is to support the economy and its various players.

Crédit Agricole Group, the 10th largest banking group worldwide, will stand by its clients to help them overcome this crisis whose economic impacts will be significant.

Crédit Agricole CIB, our corporate and investment bank, is and will remain available to accompany its clients everywhere in the world.

It is our mission. It is shared by all the Group's employees, and more than ever, I am convinced it will guide us in the future.

PHILIPPE BRASSAC

Chairman of Crédit Agricole CIB's Board of Directors
Crédit Agricole S.A. Chief Executive Officer

With its corporate and investment banking (CIB) and wealth management activities, Crédit Agricole CIB announced strong results for the fiscal year 2019. The Corporate and Investment Bank's revenues reached 4.7 billion euros (a significant increase of +7% compared with 2018). Wealth Management revenues are stable at 825 million euros with assets under management up 9.3 billion euros to 132.2 billion euros at year-end 2019.

In June 2019, Crédit Agricole Group announced its new medium-term plan, "Ambitions 2022". In line with these announcements Crédit Agricole CIB defined its new strategic plan which aims to pursue its business plan focused on its clients and the real economy, by leveraging on its expertise and social commitments.

The major crisis we are experiencing today with the COVID-19 pandemic will have significant impacts on the world economy and therefore on our clients. True to its commitments and values, Crédit Agricole CIB will be there to help them overcome this crisis. More than ever alongside its clients all over the world - medium size companies and large corporates - Crédit Agricole CIB will serve them every day with all the skills of its employees and their full commitment.

JACQUES RIPOLL

Crédit Agricole CIB Chief Executive Officer

1

PRESENTATION OF CRÉDIT AGRICOLE CIB

1

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Income statement highlights

€ million	31.12.2019 Crédit Agricole CIB	31.12.2019 Underlying CIB [1]	31.12.2018 Crédit Agricole CIB	31.12.2018 Underlying CIB [1]	31.12.2017 Crédit Agricole CIB	31.12.2017 Underlying CIB [1]
Net banking income	**5,459**	**4,700**	5,276	4,409	4,999	4,587
Gross operating income	**2,037**	**2,010**	1,955	1,799	1,814	2,027
Net income Group Share	**1,553**	**1,497**	1,479	1,372	1,156	1,284

[1] *Restated for loan hedges and impact of DVA on NBI and tax in 2019, 2018 and 2017, restated for gains on disposal of BSF as a proportion of equity method (EM) net income and restated for exceptional tax in 2017.*

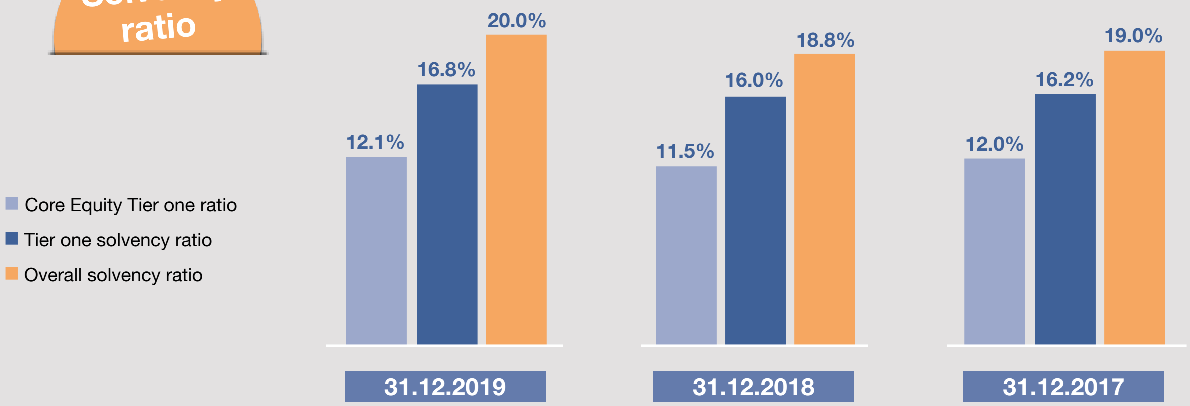
Balance sheet

€ billion	31.12.2019	31.12.2018	31.12.2017
Total assets	**552.7**	511.7	488.6
Gross loans to customers	**146.1**	136.6	138.1
Assets under management (in Wealth Management)	**132.2**	122.8	118.3

Financial structure

€ billion	31.12.2019	31.12.2018	31.12.2017
Shareholder's (including income)	**22**	20.3	18.9
Tier one capital	**20.2**	19	18.2
Basel III risk-weighted assets	**120.5**	118.9	112.0

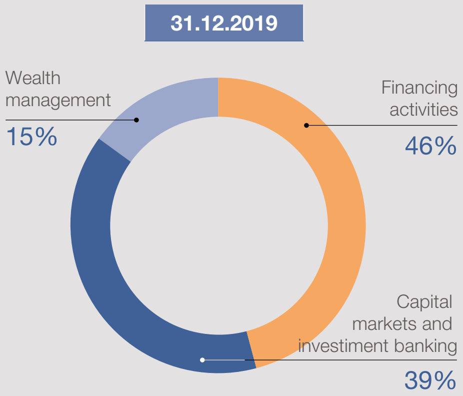
Solvency ratio

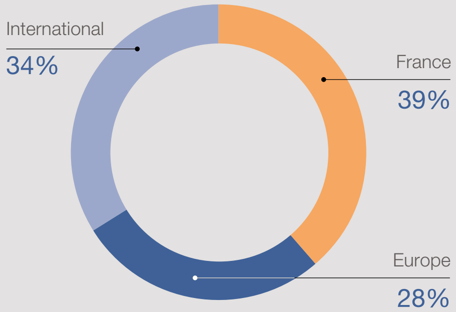


Ratings

	Short-term	Long-term	Last rating action
Moody's	Prime-1	Aa3 [Stable outlook]	19 September 2019
Standard & Poor's	A-1	A+ [Stable outlook]	18 October 2019
Fitch Ratings	F1	A+ [Stable outlook]	20 November 2019

Breakdown of net banking income





BREAKDOWN OF REVENUES BY BUSINESS LINES [1]

	31.12.2018	31.12.2017
Financing activities	48%	43%
Capital markets and investment banking	37%	43%
Wealth management	16%	14%

[1] Restated for loan hedges and impact of DVA on NBI and tax in 2019, 2018 and 2017, restated for gains on disposal of BSF as a proportion of equity method (EM) net income and restated for exceptional tax in 2017.

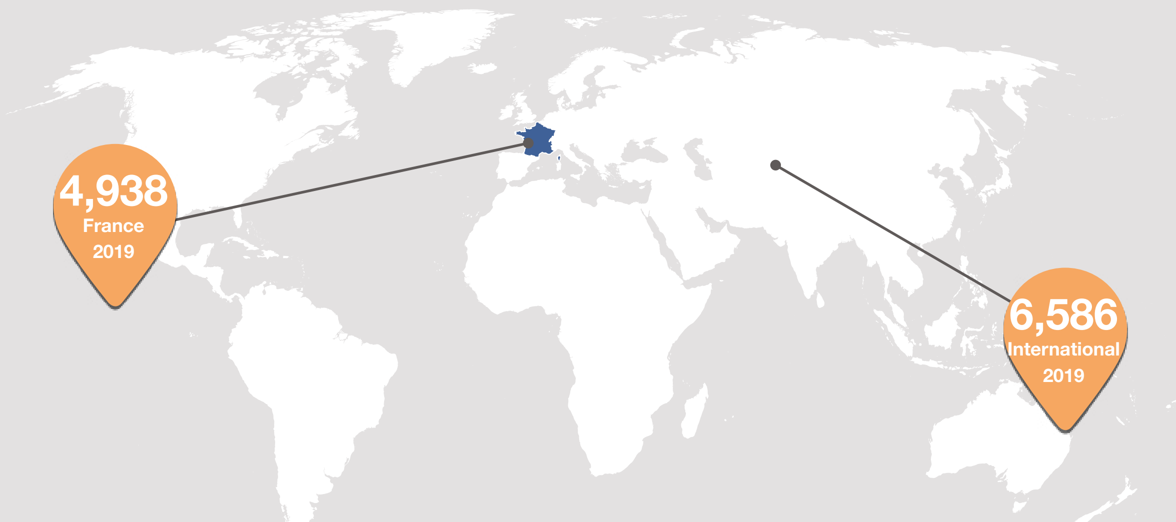
BREAKDOWN OF NET BANKING INCOME BY GEOGRAPHICAL AREA

	31.12.2018	31.12.2017
France	40%	36%
Europe	28%	29%
International	32%	35%

Headcount at end of period

FULL-TIME EQUIVALENT

Total at 31.12.2019 [1]
11,524



	2018 [1]	2017 [1]
France	4,989	4,499
International	6,555	6,202
Total	**11,544**	**10,701**

[1] Wealth management contributes to 3,169 in 2019, 3,219 in 2018 and 3,014 in 2017.

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. 2019 HIGHLIGHTS

In 2019, the year was marked by an accommodating ECB policy and anchoring of rates to a very low level for an indefinite period. Consequently, the banks' profitability has begun to suffer the effects of negative rates. Regarding the global macro-economic outlook, the trade war between the United States and China continued into 2019, with the formalisation of a partial Sino-American trade agreement. In addition, the saga of Brexit continued over the year and its finalisation was accelerated in early 2020, which saw the beginning of detailed negotiations on the future partnership between the United Kingdom and the European Union. In France, the year ended with social movements leading to a slowdown in household consumption over the last quarter. Overall, France's growth slowed in 2019 to 1.2% after hitting 1.7% in 2018.

Despite the tensions and uncertainties in the global economic outlook, financial markets, for their part, experienced growth over 2019, with very low implicit volatility.

In this context, the bank recorded 7% growth in income between 2018 and 2019. Revenue growth is driven by the appreciation of the dollar against the euro and the very good performance of all the market and investment banking businesses. Furthermore, the financing activities maintained high levels of revenue, gaining market shares and remaining in 2nd place on syndication activities in EMEA. On capital markets and investment banking activities, Crédit Agricole CIB moved up three places and ranked 1st worldwide in all agencies bonds (+1.2 market shares compared to 2018). Furthermore, M&A activities remain stable in an unfavourable market environment (European market falling by 25% and French market falling by 37%).

Following the publication of Crédit Agricole S.A.'s Medium Term Plan on 6 June 2019, Crédit Agricole CIB set out its strategic priorities, which were presented to investors and analysts at the Investor Workshop on 11 December 2019. In particular, Crédit Agricole CIB reaffirmed its strategic positioning, a distinctive and profitable business model resulting from three major strategic choices:

- Generate more revenue with companies than with financial institutions,
- With more financing activities than pure capital market activities,
- And having developed a strong and coordinated international network.

In addition, Crédit Agricole CIB has set ambitious financial targets for its 2022 trajectory, with annual revenue growth by +3% (notably driven by capital markets and investment activities - with a focus on repo activities, which are low RWA consuming), controlled organic cost growth covered by savings plans (+1.3% average annual growth excluding SRF) and a cost/income ratio under 55%, a normalised cost of risk in line with our historical level and RWAs that are strictly monitored through active management (synthetic securitisations in a context of strong Basel IV regulatory constraints). Thanks to all these elements, the Crédit Agricole CIB profitability, measured by the Return on Normalised Equity (RoNE) will be organically improving (RoNE > 10% in 2022).

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] was €2,524 million for 2019 which represents 53.7% of CIB underlying net banking income [1].

Structured finance

At 31 December 2019, the Structured Finance business lines' underlying net banking income [1] was €1,226 million for the year as a whole, which represents 48.6% of the underlying net banking income [1] of Financing activities.

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 Crédit 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 worldwide 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 centres.

JV LEVERAGE

In 2019 the Acquisition finance, Telecoms and DCM/High Yield teams were combined to better serve the private equity fund and Corporate clientele, basing their development on an important driver. In collaboration with investment banking, they offer services for all stages of their development: raising capital, bank debt and bond debt, acquisition of target companies, buying and selling consulting, IPOs, interest rate products. Crédit Agricole CIB has been advising and financing Telecom, Media & Technology companies and private equity funds for over thirty years.

Commercial Banking

At 31 December 2019, the Commercial Banking business line's underlying net banking income [1] was €1,298 million for the year as a whole, which represents 51.4% of the underlying net banking income [1] Financing activities.

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

(1) Restated for loan hedges and debt valuation adjustment (DVA) impacts, -€44 million and -€21 million, respectively.

GENERAL COVERAGE: CIB

In 2019 the Corporate Coverage, Specialist SFI Coverage and FI Coverage divisions were merged within the CIB hub. The CIB hub 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.

A dedicated green banking team helps the bond issuing and financing business 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 net banking income [(1)] was €2,176 million for 2019, which represents 46.3% of CIB underlying net banking income [(1)].

Global Markets Division

At 31 December 2019, the Global Markets Division business line's underlying net banking income[(1)] was €1,681 million for the year as a whole, which represents 77.3% of Capital Markets and Investment Banking's 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 18 trading floors, including five liquidity centres 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:

- Financing & Funding Solutions which encompasses Securitisation Vehicles and Global Credit (comprising the Debt Capital Market (DCM) origination, syndication, trading credit and credit sales teams)
- Hedging & Investment Solutions which encompasses sales to financial institutions, Trading activities in two areas (Macro and Non-Linear) covering a variety of underlying products (foreign exchange, interest rates and Non-Linear), structuring activities and a dedicated Research team.

And three cross-functional support roles:

- global Chief Operating Officer (COO) who monitors various elements across all functions (financial indicators, IT projects and processes, operational risk and implementation of the business line strategy);
- the cross-functional unit which manages rare resources, Onboarding, Transaction Management, Clearing and the regulatory watch;
- the Transformation unit which supports the business line with its upgrades and technological challenges.

- Equity Solutions, supervised jointly with GIB within CIB, offers structured solutions based on equity derivatives and liquid equity financing, namely employee shareholding, management, employee profit sharing and treasury share transactions and financing backed by listed securities. Equity Solutions includes managing positions and market making, primarily for convertibles.

Treasury division

At 31 December 2019, the Treasury business line's underlying net banking income [(1)] was €210 million for the year as a whole, which represents 9.7% of the underlying net banking income [(1)] of Capital Markets and Investment Banking.

The Treasury business line hierarchically reports to the Chief Financial Officer via Execution Management and functionally depending on the site, either at the SCO, the CFO, or the local division managers.

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).

(1) Restated for loan hedges and debt valuation adjustment (DVA) impacts, -€44 million and -€21 million respectively.

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 and CNHbor.

Investment Banking

At 31 December 2019, the Investment banking business line's underlying net banking income [(1)] was €284 million for the year as a whole, which represents 13% of the underlying net banking income [(1)] of Capital Markets and Investment Banking. 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.

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. With a subtle combination of excellence, experience and expertise, and a global vision, our teams offer them simple and sustainable solutions adapted to each situation.

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.

Constantly striving to offer its clients an excellent, more effective service which is in keeping with its values, Indosuez Wealth Management pursues its digital transformation with the creation of a global digital Innovation and Transformation subsidiary which will help it digitalise its offerings and processes and improve the Client journey.

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.

(1) Restated for loan hedges and debt valuation adjustment (DVA) impacts, -€44 million and -€21 million respectively.

2 ECONOMIC, SOCIAL AND ENVIRONMENTAL INFORMATION

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ENERGY TRANSITION

85%

OF RENEWABLE ENERGY
in the financing of electricity generation in terms of number of projects in 2019

42.9

BILLION EUROS
arranged green bonds in 2019

HUMAN RESOURCES

44.4%

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

22

E-LEARNING TRAININGS
(9 general trainings and 13 dedicated trainings)

8

NEW MODULES
deployed in 2019

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 2019.

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. Universal Registration Document.

1.1 OUR APPROACH

Crédit Agricole CIB

In 2019 the Crédit Agricole Group put together its new "2022 Ambitions" project with a view to establishing its social utility as an essential component of its activities, business lines and processes. This strategic plan is three-dimensional, comprising a Client Project, a People Project and a Societal Project.

The Crédit Agricole CIB strategy fully embraces this approach. 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 three main pillars: People, Clients/Products and Societal. Each is steered by a manager who works in close collaboration with the local CSR Managers. The initiatives in place are reviewed and discussed at Business Line CSR Committee meetings, held every six months.

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 Private Banking 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.

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 seven times in 2019 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, a review of the governance documents and implementation of the vigilance plan.

In 2019, the CERES Committee specifically reviewed 46 transactions before they were sent to the Credit Committee, given their importance and the sensitivity of the potential environmental or social impacts identified. In 13 instances its recommendations led to special environmental and social risk management requirements being put in place.

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 reinforcing the CSR culture, implemented in 2017, continues to be deployed with an objective to incorporate the CSR aspects into operations. This resulted in new initiatives such as the business line workshops for employees to enhance their knowledge of technical subjects specific to certain business lines.

Significant Events in 2019

Skills Sponsorship

for startups

Startup Mission sees Bank employees being seconded temporarily to Village by CA startups. We created this original skills sponsorship programme when we realised that startups may need the skills and experience of large groups at key phases of their development and at the same time Bank employees have to face the challenges of changing working methods and tools. Their four-week immersion in the startups provides the Bank employees with an alternative to traditional training to help them adopt an agile, startup mindset.

Since Startup Mission launched late 2018, 20 employees have offered their know-how free of charge to assist Village by CA startups in areas such as artificial intelligence, deploying an HR strategy and raising funds.

Startup Mission was launched after an employee idea gathering campaign in 2018.

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 2019, the average level of progress recorded by the 12 action plans of Crédit Agricole CIB was 1.7, comparable to the level reached in 2017 and 2018.

In 2019, the average level of progress recorded by the action plans of the Indosuez Wealth Management Group was 1.6.

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Relationships with stakeholders

Crédit Agricole CIB believes that listening to its stakeholders is the way forward. It held several meetings with NGOs in 2019.

Continuing the work started in 2017 as part of the Equator Principles association; Crédit Agricole CIB also continued to play 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. This culminated in publication of the fourth version of the Equator Principles in November 2019.

In late 2019 Crédit Agricole CIB joined the steering Committee of the Mainstreaming Climate Action within Financial Institutions initiative.

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 compliance of activities and operations of the Bank and its staff with laws and regulations in force, 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

In 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. As a result, in 2018 it reviewed its Code of Conduct to take into account and devise all the topics of its Ethics Charter. This Code of Conduct aims to:

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

Indosuez Wealth Management circulated its Code of Conduct which translates the commitments of the global Crédit Agricole Ethics Charter into practical action. Published on the intranet and websites, this Code of Conduct promotes the values of close relationships, responsibility and solidarity and also sets out guidelines on behaviour towards clients, all stakeholders, employees, suppliers and contractors.

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 2019 the Board Members' attention was drawn to recently regulatory changes, international sanctions in particular. At the same time, a certain number of compliance courses are made available to them so that they can have access to summary information on compliance issues.

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 AGAINST 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, renewed in 2019 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 practice", 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 wrote and circulated an anti-corruption Code of Conduct which was accompanied by in person training for people in positions which could be exposed to corruption risks.

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 CIB 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 CIB 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. Crédit Agricole CIB devised a system and aligned it to the specific nature of its clientele, its business and its network outside France. 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 INCIDENTS

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 incident occurs, Crédit Agricole CIB has specific procedures in place to ensure that these incidents 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 incidents 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 an incident related to compliance concerns, 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 whistleblower and the officer responsible for processing the alert, to be ensured. In 2019 the tool was extended to all Crédit Agricole CIB entities and made available on the website.

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 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.

To reinforce the risk culture at Indosuez Wealth Management, an initiative entitled "Supporting the Relationship Managers with compliance values" is underway. This initiative involves compliance training for Relationship Managers as soon as they are hired.

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 a 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 Group policy.

As a result of the entry into force of the Sapin II Law, Crédit AgricoleCIB 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 CIB 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-based 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.

The Bank relies on its NAP process to ensure its new products/new activities are in line with the client 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.

In line with its global strategy, 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 only, selection of customers living in these countries).

Being responsible along the entire chain

A governance document, updated in 2019, describes the procurement function's general operating principles at Crédit Agricole CIB Group, 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.

3. INCORPORATING THE CHALLENGES OF CLIMATE CHANGE

This year, as in 2016, 2017 and in 2018, 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

The Crédit Agricole CIB climate policy reflects the different climate challenges identified:

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

The policy was published in 2017 in the document setting out our CSR policy "Crédit Agricole CIB, a useful and responsible Corporate and Investment Bank" and is reinforced by the Crédit Agricole Group Climate strategy published in June 2019.

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 2019

The Group's New Climate Strategy

In June 2019 Crédit Agricole Group published a Climate strategy aligned with the Paris agreement. It provides for a progressive reallocation of financing and investment portfolios to make green finance one of the group's growth drivers.

The policy will be backed by innovative governance (three new Committees: a Societal Project Committee, a Monitoring Committee and a Scientific Committee), revised guidelines (through sector-specific CSR policies) and new tools (an energy transition rating for clients, for instance).

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.

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 sector impact (the sector’s carbon intensity) and how committed the country is to reducing its 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.

Significant Events in 2019

A **New Tool:** The **Transition Rating**

In 2019 Crédit Agricole CIB helped progress the development of the new transition rating mentioned in the Climate Strategy published in June 2019.

Intended to offer support and promote dialogue with our clients, the transition rating will measure the extent of a client's commitment and ability to adapt its economic model to the challenges posed by the energy transition and climate change.

It will supplement the client's financial rating and provide additional information for client analysis, gradually from 2020 onwards.

2

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 doubling the size of its Green Bonds portfolio by 2022;
- 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 funding business line has financed in total more than 31,000 MW of installed wind farm capacity and over 10,500 MW of installed solar panel capacity.

Green Bonds, Green Loans, Sustainability-Linked Bonds, Sustainability-Linked Loans

Green Bonds have been instrumental in steering the bonds markets towards climate change financing and helped to create a link between the market products and the infrastructures required for the energy transition. Investors are given precise information on the projects financed by these bonds and their social impacts and environmental benefits. A growing number of investor clients value this information and the additional commitment by issuers.

Green Loans have developed along the same principles of transparency and the link between the financial income/financial products and the assets required for the energy transition.

Sustainability-Linked Bonds and Sustainability-Linked Loans are financial income/financial products whose cost is indexed against the issuer's environmental performance. This new climate finance development was particularly marked in 2019, with over €60 billion of Sustainability-Linked Loans structured and the first issues of Sustainability-Linked Bonds (see below).

Committed to the development of climate finance since 2010, with its own dedicated Sustainable Banking team, Crédit Agricole CIB has confirmed its leading position as arranger on the Green Bonds, Social Bonds and Sustainability Bonds market worldwide and helps its clients structure ambitious and innovative environmental transactions.

In 2019 Crédit Agricole CIB was involved in the following transactions:

- Chile's first Green Bond issue: Crédit Agricole CIB advised Chile which became the first sovereign Green Bond issuer on the American continent in June 2019. Crédit Agricole CIB helped it structure its Green Bond Framework and also acted as bookrunner for the first Euro issue (€861 million, maturity 12 years).
- Transition Bond for AXA: Crédit Agricole CIB issued the first transition bond issued by a commercial bank to the value of €100 million in the form of a private placement subscribed by AXA IM on behalf of the AXA Group. Crédit Agricole CIB will allocate an amount equivalent to the bond proceeds to a range of loans for projects to support the environmental transition of high-carbon sectors such as vessels powered by liquefied natural gas (LNG), energy efficiency projects in the industry, and gas assets in countries where energy production is currently highly dependent on gas.
- The first Sustainability-Linked Bond: Crédit Agricole CIB acted as consultant for Enel's issue of the very first Sustainability-Linked Bond. With this new financing instrument, the funds are not used specifically to finance environmental projects, contrary to Green Bonds, but the coupon is indexed to the issuer's non-financial performance. The September 2019 Enel issue was for $1.5 billion with a maturity of five years. The coupon of this issue will be increased by 0.25% if Enel does not meet its target of 55% renewable energies in its energy mix by the end of 2021.
- The first Sustainability-Linked Loan in the Telecom sector: Crédit Agricole CIB helped to finance the Revolving Credit Facility (€1.5 billion), the margin of which is now indexed to Nokia meeting its target of reducing its own greenhouse gas emissions by 41% and those of its products by 75% between 2014 and 2030. Its targets have been confirmed by the Science Based Target initiative (SBTi) which helps companies to map out how they will reduce their greenhouse gas emissions to meet the objectives of the Paris Agreement.

In 2019 the Technical Expert Group (TEG) also published its recommendations in line with the European Commission's Action Plan for Sustainable Finance aimed at supporting the growth of responsible financing, including the Green Bonds market. The manager from the Crédit Agricole CIB Sustainable Banking team is a member of the TEG and represents the European Association of Cooperative Banks. He was involved in drawing up the European Green Bonds Standard (GBS).

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.

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.

Successfully applied for many years within Crédit Agricole CIB, it is intended to roll it out to other Crédit Agricole Group entities.

Indosuez Wealth Management

As part of its business plan, and in line with its socially responsible investment policy in Private Banking, Indosuez Wealth Management intends to grow its green finance.

Thanks to the work it has already undertaken, it has been able to organise green finance events for clients and can anticipate its first ESG discretionary mandate in 2020.

The Indosuez Objectif Terre themed fund, managed by Indosuez Gestion, was launched in 2019. Investors can invest in the securities of companies who are seeking to meet the challenges of climate change in two main areas: global warming and the preservation of natural resources.

At the end of 2019, eight "green" products were added to Indosuez's range of structured products, most issued by Crédit Agricole CIB.

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 order of magnitude, on the basis of the amounts outstanding at 31 December 2019, was 60 Mt equivalent of CO_2, i.e. a carbon intensity in the order of 250 t of CO_2 per million euros of financing.

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 85% of electricity generation project finance in 2019.

In 2019, Crédit Agricole CIB arranged USD 59 billion in Green Bonds, Social Bonds and Sustainability Bonds for its major clients. The Bank received recognition for the sixth consecutive year (2014, 2015, 2016, 2017, 2018 and 2019) from Global Capital for its Green Bonds origination efforts and, as in 2015, 2016, 2017 and 2018, was named "ESG Bond House of the year" by the prestigious IFR review.

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.

In line with Crédit Agricole Group's commitments in its climate policy published in June 2019, between now and 2021 Crédit Agricole CIB will question the corporate clients involved about their carbon exit plan.

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

Crédit Agricole's "Green Notes" issued on the basis of the Group's Green Bond Framework benefit from a second opinion by the extra-financial rating agency Vigeo Eiris. Vigeo Eiris expers approved the relevance and soundness of the Group's Green Bond Framework, the methodology used to select the projects to be included in the green portfolio as well as its alignment with the Green Bond Principles.

Inventory

GREEN NOTES OUTSTANDINGS

At 31 December 2019, 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 of the Group's Green Bond Framework, was €2.089 billion.

Issue date	Maturity (years)	Currency	Amount in currency (million)	Equivalent amount in € million
08/07/2013	09/07/2020	BRL	1	0.2
24/09/2013	24/09/2020	JPY	5,410	44
23/02/2015	24/02/2020	INR	1,250	5
02/06/2016	02/06/2021	AUD	64	40
24/06/2016	18/06/2020	AUD	49	31
24/06/2016	18/06/2020	NZD	36	22
28/06/2016	24/01/2020	BRL	10	1
09/09/2016	09/09/2027	EUR	12	12
13/10/2016	14/04/2020	INR	65	1
17/11/2016	18/11/2020	INR	65	1
18/11/2016	18/11/2027	EUR	5	5
29/11/2016	29/11/2027	EUR	5	5
14/12/2016	15/12/2020	INR	65	1
16/12/2016	16/12/2027	EUR	10	10
30/01/2017	30/01/2020	BRL	4	1
30/01/2017	30/01/2020	RUB	5,346	67
27/02/2017	28/02/2020	INR	445	6
29/03/2017	29/03/2032	EUR	8	8
27/04/2017	27/04/2027	EUR	1	1
24/05/2017	24/05/2027	EUR	1	1
29/06/2017	30/06/2022	IDR	50,000	2
12/07/2017	12/07/2022	USD	120	99
26/07/2017	27/07/2020	TRY	6	1
27/07/2017	28/07/2021	BRL	6	1
29/09/2017	29/09/2021	TRY	322	48
29/09/2017	29/09/2021	MXN	165	8
30/10/2017	30/10/2020	INR	291	3
21/11/2017	21/11/2022	USD	88	79
21/12/2017	22/12/2021	INR	87	1
30/01/2018	29/01/2021	TRY	290	43
26/02/2018	08/06/2026	EUR	65	40
26/02/2018	08/06/2026	EUR	65	40
26/02/2018	08/06/2026	EUR	65	40
27/02/2018	01/03/2021	TRY	10	1
27/02/2018	26/02/2021	INR	440	6
28/02/2018	01/03/2021	TRY	7	1
09/03/2018	09/03/2026	EUR	1	1
13/03/2018	13/03/2028	EUR	1	1
16/03/2018	16/03/2026	EUR	1	1
20/03/2018	22/03/2021	INR	180	2
05/04/2018	07/04/2026	EUR	1	1
06/04/2018	06/04/2028	EUR	1	1
11/06/2018	12/06/2028	EUR	3	3
18/06/2018	18/06/2026	JPY	2,000	16
21/06/2018	22/06/2021	INR	440	6
21/06/2018	23/06/2025	SEK	13	1
05/07/2018	05/07/2028	JPY	3,000	25
11/07/2018	30/06/2023	EUR	3	3
20/07/2018	20/07/2025	SEK	10	1
08/08/2018	09/08/2021	INR	354	4
10/08/2018	10/08/2028	EUR	0	0.3
17/08/2018	17/08/2026	EUR	1	1
17/08/2018	17/08/2023	EUR	1	1
21/08/2018	21/08/2024	EUR	1	1

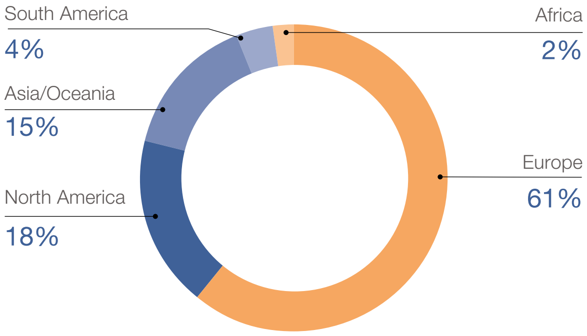
Issue date	Maturity (years)	Currency	Amount in currency (million)	Equivalent amount in € million
25/09/2018	27/09/2021	USD	90	81
27/09/2018	27/09/2021	NOK	3	0.3
27/09/2018	27/09/2023	SEK	31	3
27/09/2018	27/09/2023	SEK	5	1
28/09/2018	29/09/2028	JPY	1,500	12
28/09/2018	30/06/2023	GBP	4	5
03/10/2018	03/10/2021	USD	375	335
08/10/2018	09/10/2028	EUR	1	1
31/10/2018	31/10/2025	USD	18	11
01/11/2018	02/11/2022	IDR	20,000	1
01/11/2018	04/11/2025	JPY	50	0
01/11/2018	04/11/2025	JPY	100	1
12/11/2018	13/11/2023	SEK	69	7
12/11/2018	12/11/2024	SEK	40	4
23/11/2018	23/11/2023	SEK	10	1
11/12/2018	11/12/2030	EUR	4	4
18/12/2018	18/12/2024	SEK	31	3
18/12/2018	18/12/2023	SEK	24	2
20/12/2018	10/01/2029	EUR	1	1
20/12/2018	20/12/2023	AUD	57	35
20/12/2018	20/12/2023	USD	17	15
21/12/2018	22/12/2025	SEK	30	3
27/12/2018	27/12/2030	EUR	85	85
09/01/2019	23/01/2023	PLN	69	16
22/01/2019	22/01/2031	EUR	4	4
13/02/2019	13/02/2025	SEK	19	2
19/02/2019	20/02/2024	AUD	84	52
19/02/2019	20/02/2024	NZD	53	32
21/02/2019	22/02/2023	IDR	19,000	1
26/02/2019	25/02/2022	INR	286	4
15/03/2019	15/03/2029	EUR	1	1
20/03/2019	21/06/2027	EUR	30	28
20/03/2019	21/06/2027	EUR	30	28
21/03/2019	21/03/2025	SEK	13	1
21/03/2019	21/03/2024	SEK	20	2
27/03/2019	26/04/2023	PLN	35	8
04/04/2019	04/04/2024	USD	1	1
23/04/2019	19/04/2024	EUR	1	1
25/04/2019	25/04/2031	EUR	210	210
25/04/2019	25/04/2020	HKD	200	23
06/05/2019	06/05/2026	SEK	10	1
07/05/2019	07/05/2025	SEK	13	1
07/05/2019	07/05/2024	SEK	10	1
07/05/2019	07/05/2024	SEK	5	0.5
27/05/2019	26/04/2027	EUR	1	1
03/06/2019	03/06/2025	SEK	13	1
03/06/2019	03/06/2024	SEK	5	0.5
07/06/2019	30/06/2029	EUR	1	1
14/06/2019	14/06/2027	EUR	30	4
20/06/2019	20/06/2025	EUR	4	4
10/07/2019	25/10/2029	EUR	30	2
10/07/2019	25/10/2029	EUR	30	2
17/07/2019	17/07/2025	SEK	5	1
17/07/2019	17/07/2024	SEK	6	1
19/07/2019	16/08/2022	PLN	30	7
30/07/2019	30/07/2021	TRY	17	3
30/07/2019	31/07/2024	TRY	15	2
02/08/2019	02/08/2027	EUR	30	1
06/08/2019	06/08/2024	JPY	50	0.4
07/08/2019	08/08/2024	ZAR	20	1
08/08/2019	09/08/2024	MXN	17	1

Issue date	Maturity (years)	Currency	Amount in currency (million)	Equivalent amount in € million
13/09/2019	06/09/2024	EUR	0	0.3
26/09/2019	26/09/2029	USD	10	9
03/10/2019	03/10/2024	EUR	0	0.3
07/10/2019	13/12/2029	EUR	30	30
07/10/2019	13/12/2029	EUR	30	30
08/10/2019	23/09/2024	EUR	1	1
11/10/2019	11/10/2027	EUR	2	2
18/10/2019	18/10/2024	EUR	1	1
24/10/2019	24/10/2024	USD	1	0.4
24/10/2019	23/10/2024	JPY	100	1
25/10/2019	08/11/2027	EUR	1	1
29/10/2019	29/10/2024	SEK	15	1
31/10/2019	15/10/2026	EUR	1	1
31/10/2019	30/10/2029	EUR	1	1
31/10/2019	30/10/2029	EUR	0	0.3
31/10/2019	30/10/2029	EUR	0	0.3
04/11/2019	29/12/2023	EUR	30	30
14/11/2019	17/11/2025	TRY	9	1
14/11/2019	17/11/2025	TRY	12	2
15/11/2019	29/10/2029	EUR	2	2
20/11/2019	12/11/2024	EUR	0	0.3
20/11/2019	22/11/2027	EUR	3	3
20/11/2019	10/01/2030	EUR	1	1
20/11/2019	10/01/2030	EUR	1	1
25/11/2019	30/12/2029	EUR	1	1
25/11/2019	25/11/2024	JPY	70	1
26/11/2019	25/11/2024	SEK	10	1
04/12/2019	05/12/2022	USD	2	2
05/12/2019	05/12/2022	USD	16	14
06/12/2019	06/12/2024	EUR	1	1
10/12/2019	12/12/2022	EUR	2	2
11/12/2019	12/12/2022	USD	7	6
12/12/2019	13/12/2027	TRY	8	1
12/12/2019	13/12/2029	TRY	23	3
12/12/2019	13/12/2034	ZAR	75	5
12/12/2019	12/12/2022	EUR	20	12
12/12/2019	12/12/2022	USD	20	4
12/12/2019	12/12/2022	EUR	3	3
12/12/2019	12/12/2034	AUD	25	16
13/12/2019	13/12/2024	EUR	1	1
13/12/2019	13/12/2021	EUR	2	2
13/12/2019	13/12/2022	EUR	1	1
16/12/2019	16/12/2022	EUR	1	1
17/12/2019	17/12/2024	SEK	10	1
17/12/2019	17/12/2024	EUR	1	1
18/12/2019	15/04/2030	EUR	30	30
18/12/2019	15/04/2030	EUR	30	30
18/12/2019	18/12/2024	EUR	4	4
19/12/2019	04/12/2026	EUR	1	1
19/12/2019	19/12/2024	EUR	20	1
19/12/2019	19/12/2022	EUR	20	1
19/12/2019	19/12/2022	USD	1	1
20/12/2019	21/12/2026	EUR	1	1
23/12/2019	22/12/2025	EUR	1	1
23/12/2019	23/12/2024	EUR	1	1
23/12/2019	23/12/2022	USD	20	1
24/12/2019	27/12/2021	USD	3	2
27/12/2019	27/12/2023	MXN	70	3
27/12/2019	28/12/2022	USD	2	2
30/12/2019	29/12/2020	USD	2	2
30/12/2019	03/01/2022	EUR	12	12

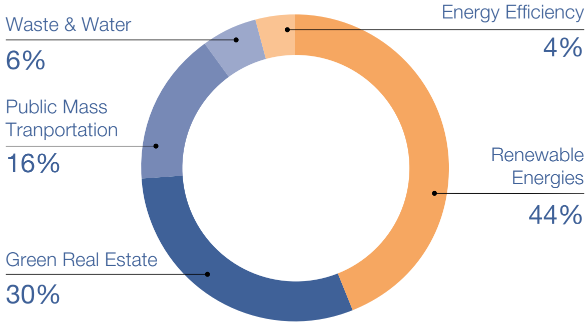
BREAKDOWN OF THE PORTFOLIO

As of 31 December 2019, 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 has thus supported, during the course of 2019, 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 Sustainability-Indexed Loans. Green Loans are loans used to finance environmental projects based on the same principles as Green Bonds.

Crédit Agricole CIB has also developed Sustainability-Indexed Loans which are loans whose margin is indexed on the issuer's environmental performance.

4.3 PROMOTING SOCIALLY RESPONSIBLE INVESTMENT (SRI) IN PRIVATE BANKING

In line with its Private Banking CSR policy more generally, Indosuez Wealth Management has drawn up an action plan aimed essentially at meeting the following targets:

- CSR awareness for clients;
- introduction of a range of ESG mandates and funds;
- creation of a socially responsible financing and investment offering;
- inclusion of an ISR rating in eligible client portfolios.

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). Green Finance is one of its business priorities. One of its aims is to offer its clients a bona fide "green offering", i.e. a range of financial income/financial products which really does invest in projects which support the growth of opportunities in worthy areas such as the environment, society, development and solidarity.

Work has begun on the launch of an ESG mandate. The Indosuez Objectif Terre fund, managed by Indosuez Gestion, to combat global warming and preserve natural resources, has been launched.

At the end of 2019, eight "green" products were added to Indosuez's range of structured products, most issued by Crédit Agricole CIB.

The aim is to create and enhance a catalogue of common, standardised products for all entities.

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 criterion 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 criterion of analysis in its CSR scoring system described below.

In 2019 Crédit Agricole CIB continued to play an active part in the review of the Equator Principles (a continuation of work started in 2017) and the new version of the principles was approved by the association's General Meeting in November 2019.

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

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

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

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

Environmental and social risks are first assessed and managed by the account manager. Account managers are backed by a network of local correspondents, who provide the necessary support in each regional Project Finance structuring centre and remain in constant communication with a 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, Private Banking 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

30 finance project loans have been signed [(1)] in 2019 and were ranked into category A, B and C of the International Finance Corporation. At 31 December 2019, 411 projects in the portfolio had been ranked. The classification of projects breaks down as follow

- 38 projects classified as A, 8 of them in 2019;
- 317 were classified as B, 22 of them in 2019;
- and 56 projects classified as C, none of them in 2019.

The 2019 breakdown by sector and region is as follows:

	Category A	Category B	Category C
Total	**8**	**22**	
Sector			
Mining			
Infrastructure	1	7	
Oil & Gas	5	2	
Energy	2	13	
Of which renewable energies	1	10	
Others			
Region			
North America	1	8	
Latin America	2	2	
Asia & Pacific	2	5	
Europe	1	6	
Middle East & Africa	2	1	
Country designation			
Designated	1	18	
Non-Designated	7	4	
Independent review			
Yes	8	22	
No			

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

At 31 December 2019, there were 24 Project-Related Corporate Loans (PRCL) in the portfolio. Four PRCLs were signed [(1)] in 2019 and ranked as category A, B or C, as follows:

- no projects were classified as A;
- 4 were 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		**4**	
Sector			
Mining			
Infrastructure			
Oil & Gas		1	
Energy			
Others		3	
Region			
North America			
Latin America		4	
Asia & Pacific			
Europe/Middle East/Africa			
Country designation			
Designated			
Non-Designated		4	
Independent review			
Yes		4	
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 cribbed 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 association (project closed).

5. DEVELOPING PEOPLE AND THE SOCIAL ECOSYSTEM

5.1 SOCIAL RESPONSIBILITY

Social indicators

METHODS

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

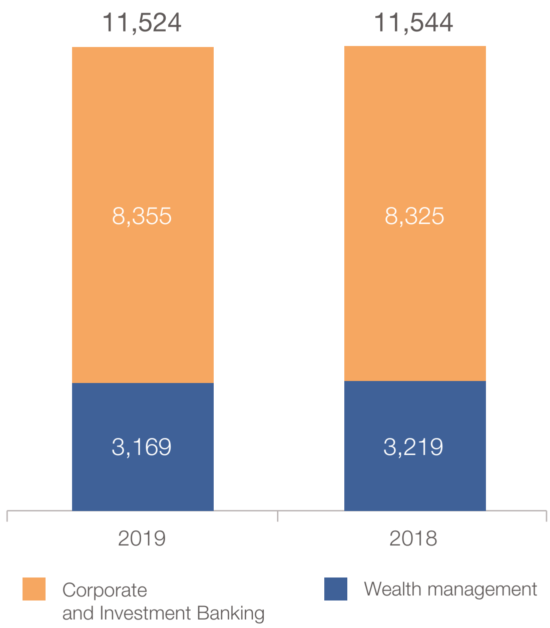
Concerned entities are those with employees that are consolidated within Credit Agricole CIB.

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

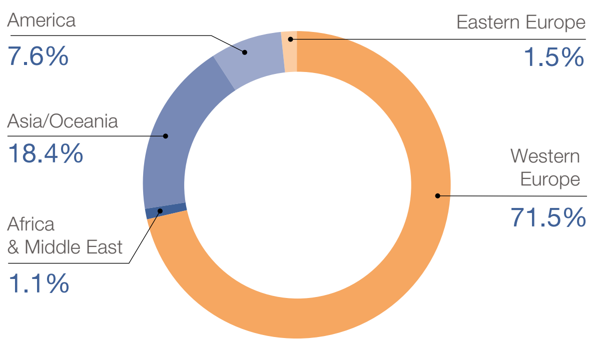
- a legal component in the form of a "standard" permanent or temporary contract of employment (or similar for foreign entities);
- being on the payroll and at work on the last day of the period concerned;
- the scope of the employees covered (as a percentage of "Fulltime Equivalent" or FTE at the end of the year) is presented for each table below.

KEY FIGURES

Headcount by area of activity (FTE: Full-Time Equivalent)



Headcount by region



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

	2019			2018		
	France	Outside France	Total	France	Outside France	Total
Permanent staff	4,902	6,373	11,275	4,943	6,383	11,326
Contractors	36	213	249	46	172	218
Total active staff	4,938	6,586	11,524	4,989	6,555	11,544
Permanent staff on extended leave of absence	62	24	86	66	16	82
Total	**5,000**	**6,610**	**11,610**	**5,055**	**6,571**	**11,626**

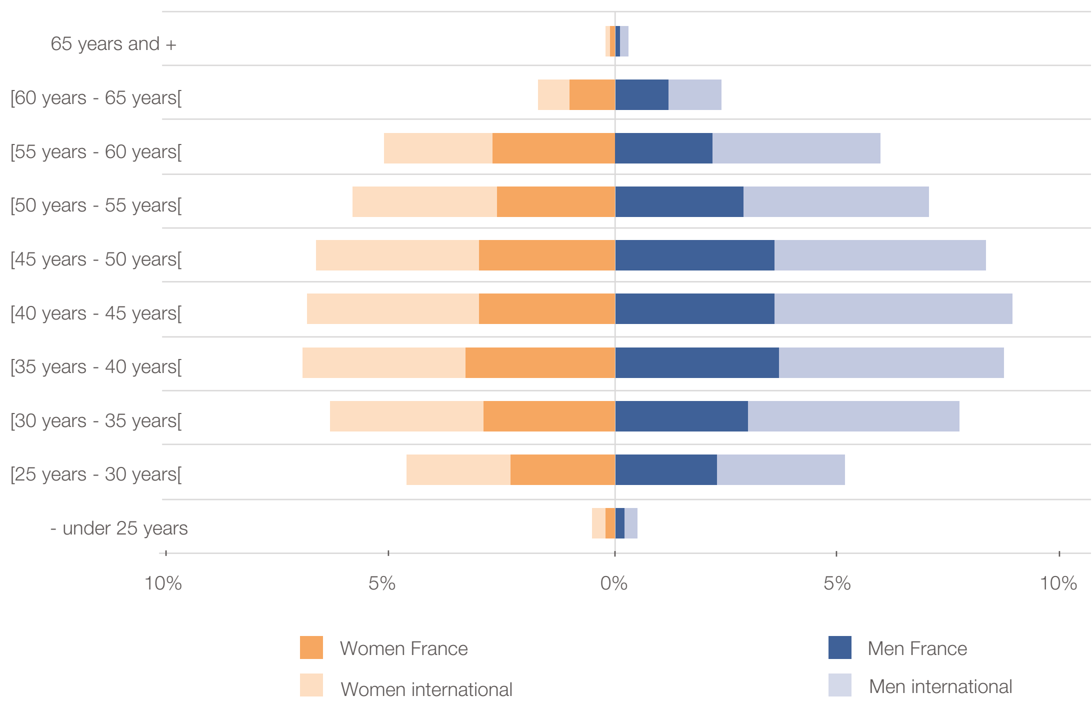
Breakdown of permanent staff in France by gender

	2019		2018	
In %	Women	Men	Women	Men
Staff in France	48.1	51.9	46.8	53.2
Business scope in France		**100%**		**100%**

Breakdown of permanent staff in France by gender and status

	2019		2018	
In %	Managers	Non-managers	Managers	Non-managers
Staff in France	93.6	6.4	92.4	7.6
Of which women (in %)	89.4	10.6	87.7	12.3
Of which men (in %)	97.4	2.6	96.6	3.4
Business scope in France		**100%**		**100%**

Age structure at 31 December 2019



Breakdown by age

	2019			2018		
	France	Foreign	Total	France	Foreign	Total
Average age	43 years and 1 month	43 years and 2 months	43 years and 2 months	43 years and 1 month	43 years and 2 months	43 years and 2 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

	2019	
	Number	%
65 years old in "n"	17	0.3
65 years old in "n"+1	17	0.3
65 years old in "n"+2	27	0.5
65 years old in "n"+3	44	0.9
65 years old in "n"+4	79	1.6
65 years old in "n"+5	82	1.6
65 years old in "n"+6	111	2.2
65 years old in "n"+7	109	2.2
65 years old in "n"+8	91	1.8
65 years old in "n"+9	120	2.4
65 years old in "n"+10	122	2.4
Total	**819**	**16.3**

Promotions in France

	2019			2018		
	Women	Men	Total	Women	Men	Total
Promotion in the non-manager category	5	6	11	14	7	21
Promotion from non-manager to Manager	30	11	41	44	14	58
Promotion in the manager category	68	120	188	124	171	295
Total	103	137	240	182	192	374
%	42.9	57.1	100.0	48.7	51.3	100.0
Business scope in France			**99%**			**99%**

Number of permanent staff recruited by geographical region

	Number of permanent staff recruit [1]		2019	2018
In number	Wealth Management	CIB	Total	Total
France	46	319	365	387
Western Europe	168	127	295	406
Central & Eastern Europe		17	17	21
Africa		1	1	8
Asia & Pacific	64	253	317	315
Middle East		10	10	9
Americas	17	101	118	123
Total 2018	**295**	**828**	**1,123**	
Total 2017	**391**	**879**		**1,270**
Business scope			**99%**	**100%**

[1] *Including trainees, work-study trainees and temporary and temporary staff.*

Proportion of part-time staff

	2019			2018		
	Managers	Non-managers	**Total**	Managers	Non-managers	Total
Part-time staff	394	76	**470**	395	93	489
Part-time staff as % of total	8.4	23.7	**9.4**	8.5	24.2	9.7
Women as % of part-time staff			**91.3**			90.8
Business scope in France			**99%**			**100%**

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 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. Three Induction Days were organised in 2019, once in Paris for 340 employees of the European, African & Middle East region and twice in Asia-Pacific, in Hong Kong and Singapore for 230 new hires of the region. Since its inception in 2016, more than 1,800 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, Crédit Agricole CIB offers a new onboarding procedure giving employees online access to their digital HR documents from both personal and professional computers. And in order to facilitate the search for information, the HR intranet in France has a chatbot which answers questions on leave, absences and withholding tax.

Develop and value employees by offering them a professional pathway which they put together with their manager and HR 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.

Within the framework of this worldwide campaign in 2019, 99% of the annual assessments between employees and managers have been realised. In 2019 all employees in France with at least six years' service with Crédit Agricole CIB were given a Recap Professional Interview to take stock of how they were progressing, with a focus on training and career development.

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 2019, 1,372 employees received individual Cross Feedback;
- the 360° questionnaire, an evaluation tool for senior executives, allows the members of the Executive 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 4,000 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 June 2019 Crédit Agricole CIB organised a second Learning Week in France. Some 550 employees came to meet up with the Training teams. It was an opportunity to promote the new portal offering launched in 2019, which includes 7Speaking for language learning, the change management module and the Vodeclic Windows 10 training courses. In the wake of this success, this event was deployed in other locations. 100 employees attended a Learning Day in Hong Kong in February. In 2019 Crédit Agricole CIB also took advantage of the summer break to invite employees to Escales Digitales (literally digital stopovers) to improve their behavioural skills. 969 employees were educated about their professional relationships and network in a connected world.

This digital offering, 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.

To meet business line challenges, two changes were made in 2019. The Coverage Academy: the 10 days training is no longer available only to corporate bankers but also to financial institution bankers to encourage exchange and cross-selling. The general inspection training now offers the same programme to all teams in all locations to ensure better integration of new hires and offer the inspectors professional training in new skills areas.

Moreover, in 2019 Crédit Agricole CIB rolled out an anti-harassment and anti-discrimination model to step up its mutual respect, dignity and well-being commitments. This digital course has educated 9,237 Bank employees about these topics. In the United Kingdom and Taiwan, classroom sessions were held to prevent unacceptable behaviour.

As part of its new 2022 Medium Term Plan, in 2019 Indosuez Wealth Management launched its Digital Academy, one of the drivers of its "*Tous acteurs de la transformation*" ambition to get everyone involved in the digital transformation. It aims to make employees responsible for their own training by offering them a new experience and new ways of learning using online training tools.

Training policy

	2019	2018
Number of employees trained		
France	6,000	5,143
International	6,828	7,232
Total	**12,828**	**12,375**
Business scope	**97%**	**94%**
Number of training hours		
France	141,345	114,634
International	146,722	128,610
Total	**288,067**	**243,244**
Business scope	**97%**	**94%**

Training themes

Number of hours	2019				2018	
Themes	Total	%	Of which France	Of which international	Total	%
Knowledge of Crédit Agricole S.A.	5,400	1.9	916	4,484	4,395	1.8
Personnel and business management	16,478	5.7	10,267	6,211	16,705	6.9
Banking, law, economics	33,746	11.7	15,320	18,426	32,306	13.3
Insurance	2,153	0.7	1,875	278	158	0.1
Financial management (accounting, tax, etc.)	14,719	5.1	11,948	2,771	17,962	7.4
Risks	6,340	2.2	4,303	2,037	10,891	4.5
Compliance	81,131	28.2	27,874	53,257	40,522	16.7
Method, organisation and quality	12,254	4.3	9,534	2,720	9,743	4.0
Purchasing, Marketing, Distribution	1,361	0.4	751	610	2,293	0.8
IT, Networks, Telecommunications	8,270	2.9	4,441	3,829	7,582	3.1
Foreign languages	46,753	16.2	14,259	32,494	43,505	17.9
Office systems, business-specific software, new technology	8,487	2.9	3,168	5,319	7,279	3.0
Personal development and communication	35,603	12.4	25,193	10,410	38,261	15.7
Health and safety	11,246	3.9	9,174	2,072	8,485	3.5
Human rights and the environment	2,171	0.8	1,612	559	949	0.4
Human resources	1,955	0.7	710	1,245	2,208	0.9
Total	**288,067**	**100.0**	**141,345**	**146,722**	**243,244**	**100.0**
Business scope in France			**97%**			**94%**

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

- compliance training takes first place with 28.2% of the training plan hours;
- language training is second with 16.2% of the hours;
- personal development and communication training are third place with 12.4% of the plan.

PROMOTING MOBILITY AND CROSS DISCIPLINARY APPROACH TO ENHANCE CAREER PROSPECTS FOR EMPLOYEES

Crédit Agricole CIB encourages internal mobility to enable all its employees to progress in the Bank and Crédit Agricole Group, thereby giving them an advantage over external candidates.

MyJobs is a dedicated internal mobility portal which is available to Crédit Agricole CIB in France and worldwide. It lists all of the job vacancies in corporate and investment banking and the Crédit Agricole S.A. Group. 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.

In October 2019 Crédit Agricole CIB held a second edition of its Mobility Week in France. This event centred on a conference, a workshop on the art of pitching and the opportunity to talk with HR and operational staff at the stands. During the Mobility Week, tools were presented to over 400 employees who benefited from customised advice on their professional plans and CV.

The Déclic Mobilité programme, launched in 2017 with a consultancy specialising in professional support, continued in 2019. Since its inception it has offered 115 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.

In 2019 at its international sites Crédit Agricole CIB also deployed a digital pathway created in partnership with the startup 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.

To promote its cross-disciplinary approach and skills development, the Bank launched the Startup Mission programme which offers employees a one-month immersion in a Village by CA startup to share their expertise and discover new working methods. There is a system in place to match the skills of the volunteer employees with the needs of the startups. Already 20 employees have had a taste of the Startup Mission since its launch late 2018. The results are very positive for the participants, who are immersed in an agile, cutting-edge environment, for the startups who benefit from the skills-based sponsorship and for Crédit Agricole CIB who also gains from the exchange.

IDENTIFYING AND DEVELOPING TALENTS TO PREPARE FOR THE FUTURE

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

In 2019, 53 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.

The Global Development Programme, a leadership development programme launched in 2018, held its third day in June 2019. It gathered around 100 employees in Paris for a day of negotiation training given by subject experts, some of them former RAID members. The Global Development Programme also aims to promote exchange and networking among the participants who came from 14 different countries.

Crédit Agricole CIB also continued to roll out its Strategic Leadership programme for Circle 2 employees. This training is structured in 3 one-day modules: "Authentic Leadership", "Coaching master-class" and "5 conversations". In total, 24 managers participated in the programme this year.

Initiatives for high-potential employees are also offered locally, by region or country. In May 2019, 50 employees from 9 countries in Asia-Pacific came together for two training days in Hong Kong as part of the Moving Beyond Leadership Development programme. In Germany an inter-entity talent programme was also created in 2019 to strengthen collaboration at Crédit Agricole Group level.

Promoting and embracing respectful management methods that develop employee 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 2019, 50 sessions were held and over 430 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.

2

Gender equality at work

PROPORTION OF WOMEN

	2019		2018	
In %	%	Business scope	%	Business scope
Among all employees	44.5	100%	43.8	100%
Among permanent contract staff	45.4	99%	42.1	100%
Of the Executive Committee of CACIB	1 on 8	100%	4 on 16	100%
Of management Circles 1 and 2 * of CACIB	17.9	100%	18.1	100%
Of the top 10% highest-earning employees in each subsidiary (fixed compensation)	20.8	98%	19.3	98%

[1] The managerial Circles 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.

As part of its career management and diversity policy, in September 2019 the Bank launched the 3rd edition of its global mentoring programme in France and worldwide. This aims to support 53 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 25 mentor/mentee duos from outside France compared with 20 in 2018 and 10 in 2017. A digital training and a classroom workshop were offered in France to support the mentors. In 2020, participants selected will be asked to share their feedback in mid-programme workshops.

Crédit Agricole CIB also supports the networks 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 Dubai 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 2019, 48 women took part in the "Leadership au féminin" (Feminine Leadership) training in France. Worldwide, the 3rd edition of the Women Leadership Programme, which took place over two days, brought together 13 female employees from the EMEA region. A third day was also offered to the women who had taken part in the first two editions of the programme bringing together 19 employees in November 2019 in Paris. The Eve seminar, offering the opportunity to meet attendees from other major companies and share experiences, was offered to 16 Crédit Agricole CIB employees in France and Asia. To foster gender equality and equal opportunities issues, in 2019 the market activities department continued to roll out its Ellevate Programme to give some 20 female employees tips on how to grow their potential and make a bigger impact. In Italy a seven-day assertiveness and efficiency course for women was run in 2019.

Finally, as every year, Diversity Week was held in France and abroad. This event allowed employees to attend conferences and awareness workshops. The 2019 edition saw initiatives proposed in Paris, New York, Hong Kong, Tokyo, Dubai, London, Frankfurt, Madrid and Milan.

In 2019 Indosuez Wealth Management launched a global gender equality action plan centred around several topics: developing feminine potential and the networks, giving women a voice, career and succession planning and compensation. Indicators were identified to measure the impact of these initiatives.

HELPING EMPLOYEES FIND A BETTER WORK/LIFE BALANCE

To help its employees find a good work/life balance following the move of the headquarter in France, 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 2019, almost 1,000 employees were teleworking one day a week, even two days in some cases.

Teleworking is gradually being introduced worldwide, with London, New York and Frankfurt coming on board in 2019. Other sites are going to consider how they can introduce it in 2020.

As part of its policy to promote gender equality, Crédit Agricole CIB is also running parenting initiatives in France and worldwide. In France in 2019 some 36 female employees attended workshops on the topic of finding a balance between work and motherhood. Maternity leave increased from 14 to 16 weeks in Japan and the paternity and adoption leave conditions were improved in Japan, Hong Kong and Dubai.

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 in France. 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. In 2019, 20 days were allocated to employees under this programme and the "Solidarity Days Bank" (for collecting donations) had 113 days available at 31 December.

In France, Crédit Agricole CIB also offers its employees, 40 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. Crédit Agricole CIB also offers its employees casual childcare arrangements in over 220 creches for children from four months to three years, still run in partnership with the Babilou network.

Equality of backgrounds and origins

YOUTH RECRUITMENT POLICY

In 2019 Crédit Agricole CIB continued to grow its employer brand and online presence, targeting mainly students and young graduates. After LinkedIn and Twitter, Crédit Agricole CIB now has career pages on the JobTeaser and Dogfinance social media to post news and illustrations of what life is like at the company.

The Bank 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 work-study training offered in France.

In 2019, Crédit Agricole CIB welcomed 392 new interns and 203 new work-study trainees in France, as well as 102 VIEs in its international subsidiaries. It also took part in the Crédit Agricole trainee programme for school pupils in the "*troisième*" grade (14/15 years olds), welcoming 25 to the Evergreen and SQY Park campuses in 2019. Almost all the business lines got tutors on board to support the pupils who spent one week finding out about financing and investment activities and the day-to-day life of the departments.

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 JobTeaser, 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 2019, 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". Also this year Crédit Agricole CIB joined forces with the HEC and ESCP finance clubs to launch a "Women in finance" mentoring programme whereby the mentors (Bank employees) help the students from these schools to think about their future career.

EMPLOYEE INVOLVEMENT IN SCHOOLS AND UNIVERSITIES

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 2019, more than one hundred initiatives were deployed in France and internationally. Beyond the career fairs, 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 2019, 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 2019 Crédit Agricole CIB entered a new partnership with HEC to create the first Corporate Initiative in mergers-acquisitions: the M&A certificate. The Bank also 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)	2019	2018
Work-study trainees	277	262
Trainees	182	153
% of scope covered	**100%**	**100%**

Employment and integration of people with disabilities

Since 2005, the 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, organised this year in conjunction with the Crédit Agricole Group at the Bank's offices in France from 18 to 22 November 2019, was "Invisible Disability". On this occasion, diabetes screening was offered to over 350 Crédit Agricole CIB employees who also received dietary advice from the occupational health department. Twenty employees were invited to challenge their preconceptions about disability at two performances by the actors from La Belle Boîte company.

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. In 2019 the medical expenses system was expanded to cover opposite-sex and same-sex partners in Hong Kong. In Japan some employee benefits were also opened up to employees' partners, both same sex and opposite sex.

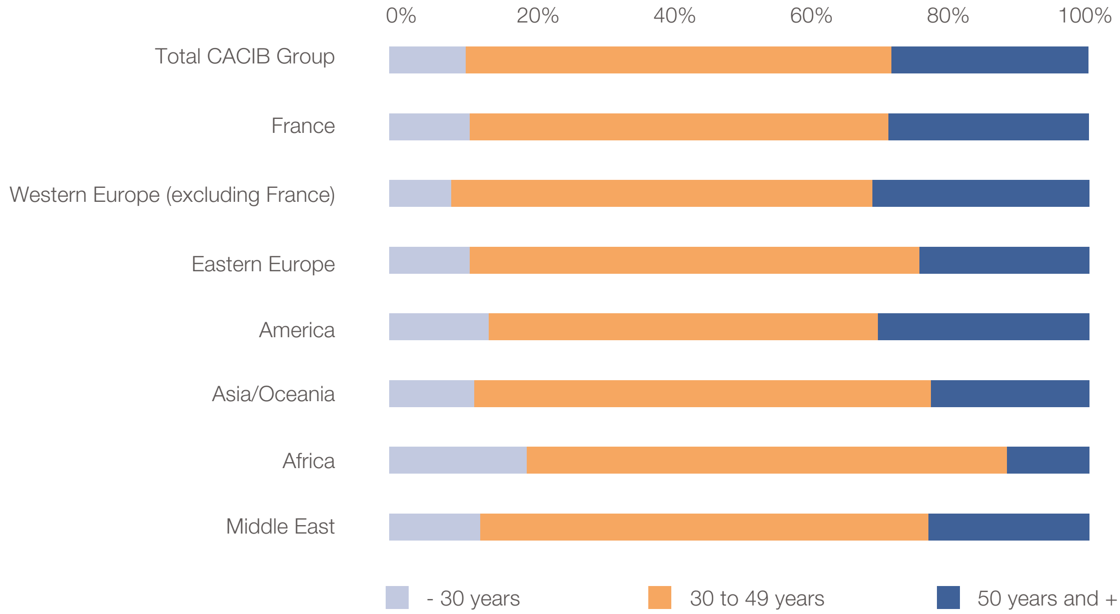
Crédit Agricole CIB was a forerunner for retirement planning in many countries with its employer assisted savings plan. In France, Spain, Italy, the United Kingdom and the United States, this type of scheme has been in place for over 20 years.

Through its employee savings schemes, employees share in the Bank's results and performance. Worldwide, employees are regularly offered the opportunity to share in capital increase operations. In 2019, this programme covered 8 countries in which Crédit Agricole CIB is located.

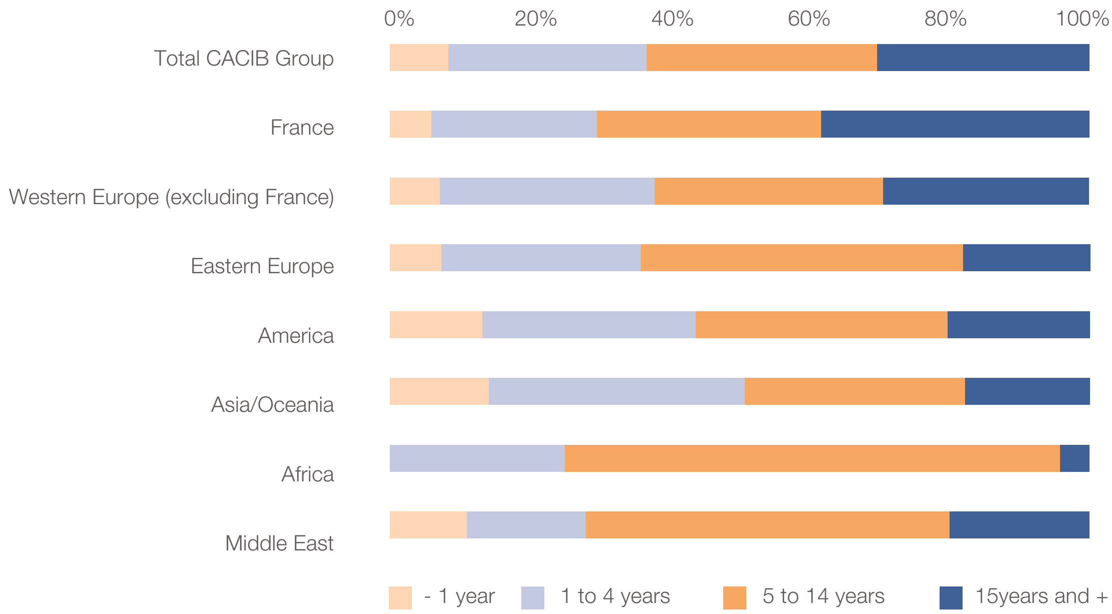
Employees on international positions are granted special company benefits appropriate to the particular origin/host country combination.

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 Bank and its employees to the success of the CSR policy.

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

	2019				2018			
	France	International	Total	%	France	International	Total	%
Resignation	122	456	578	57.5	106	569	675	72.4
Retirement and early retirement	62	102	164	16.3	33	63	96	10.4
Redundancy	12	147	159	15.8	7	91	98	10.5
Death	0	5	5	0.5	2	4	6	0.6
Other reasons	48	51	99	9.9	37	20	57	6.1
Total	**244**	**761**	**1,005**	**100.0**	**185**	**747**	**932**	**100.0**
Business scope				**99%**				**100%**

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

	2019			2018		
	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	1,699	537	3,163	833	362	2,301
Incentive plans	29,809	5,962	5,000	28,261	5,344	5,288
Employees savings plan top-up	16,094	5,620	2,864	13,367	5,359	2,494
Total	**47,602**			**42,461**		
Business scope in France			**99%**			**99%**

Annual fixed salary grid in France

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

In euros	2019	2018
Managers		
Men	6,637	6,620
Women	5,055	5,014
Overall	**5,910**	**5,906**
Non-managers		
Men	2,908	2,829
Women	2,949	2,897
Overall	**2,940**	**2,881**
Total		
Men	**6,539**	**6,490**
Women	**4,834**	**4,753**
Overall	**5,719**	**5,676**
Business scope in France	**99%**	**99%**

▶ Absenteeism in France, in calendar days

	2019							2018		
	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	17,793	7,691	3,805	954	30,243	46.4	6.1	29,872	40.7	6.0
Accident in the workplace and during travel	784	224	51	0	1,059	1.6	0.2	1,379	1.9	0.3
Maternity/Paternity/Breastfeeding	19,811	1,534	3,463	19	24,827	38.1	5.0	30,402	41.4	6.1
Authorised leave	3,890	2,661	611	83	7,245	11.1	1.5	8,469	11.5	1.7
Other	693	1,067	91	10	1,861	2.8	0.4	3,285	4.5	0.7
Total	**42,971**	**13,177**	**8,021**	**1,066**	**65,235**	**100.0**	**13.2**	**73,407**	**100.0**	**14.8**
Business scope in France							**99%**			**99%**

PRIORITY 3: IMPROVING THE QUALITY OF LIFE IN THE WORKPLACE

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

Crédit Agricole CIB considers quality of life in the workplace as a driver of fulfilment and performance and as being essential to its effectiveness. In 2019 Crédit Agricole CIB adopted a work behaviour charter to raise awareness prevent and combat unacceptable behaviour such as discrimination, sexist behaviour, moral or sexual harassment and violence at work. The charter is also intended to provide a common framework for identifying and handling these situations in the different locations. There was also an initiative to raise employee awareness of these matters with 9,237 employees taking a digital training course.

The Bank provides employees in France and abroad with training in stress prevention, including on its HRE-Learning portal into 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 2019, 49 employees took part in the training on “Finding the balance between pressure and efficiency” and 32 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. 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, free screening, blood donating, advice on ergonomics, nutrition workshops and relaxation sessions. The Health Days in the United States and Germany were attended by 150 employees. In France and the United States 800 employees took advantage of the flu vaccination programme and 149 attended free first-aid courses.

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 news 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.

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 2019.

Crédit Agricole CIB and Indosuez Wealth Management participated in the Crédit Agricole Group’s Engagement and Recommendation Index survey, sent to all their employees worldwide, from 17 September to 8 October 2019. At Crédit Agricole CIB, this initiative fits in with commitment surveys continued since 2015 and allows to assess the positive development of results. In 2019 Crédit Agricole CIB achieved its highest response rate since 2015, 67%. The results of the 2019 long-form survey show that Crédit Agricole CIB’s Engagement and Recommendation index remains stable with 73% favourable. The employees were asked to respond to six new questions linked to the 2022 Medium-Term Plan, specifically its Human Project. The results will enable the Bank to identify the initiatives which further increase company performance and commitment to help it attain the ambitions of its new strategic plan.

Maintaining an active and responsible social dialogue with employee representatives

On 31 July 2019 the Crédit Agricole S.A. Group entered into an international framework agreement with the UNI Global Union which lays the foundations of the social pact which recognises at global level the right to freedom of association and collective bargaining and the prioritisation of social dialogue which supports the Group's growth and performance.

In France, the Crédit Agricole S.A. Group sealed its commitment to its social pact through an agreement mapping out the employee representative path to create an environment that is likely to encourage employee engagement and investment in the role.

Fully subscribing to the Group approach, Crédit Agricole CIB is keen on maintaining effective and constructive social dialogue so that each year it can enter collective agreements that contain genuine commitments which reflect the Bank's social policy.

Taking advantage of the creation of the Social and Economic Committee (CSE) in France, which brings together the employee representative bodies, senior management and the unions decided to build a new social architecture to reflect the Bank's organisation and promote effective, constructive and responsible exchange. The aim is to improve the quality of social dialogue through a shared vision of the strategic topics debated by this single body, which in turn has been clarified in advance by work undertaken by the commissions.

To foster better exchange and facilitate the sharing of information, Crédit Agricole CIB offers elected representatives training on the banking environment and has provided all the unions with access to a new dedicated social dialogue digital platform.

Alongside the creation and establishment of this new body, collective agreements were entered into with employee representatives encompassing the dynamic of the social dialogue and the desire to align the interests of the Bank with those of its employees. In 2019 most of the collective agreements were on the topic of compensation and employee benefits and brought improvements to the current systems (wage agreements, employee savings scheme, the change of PERCO to PERCOL, etc.).

Number of agreements signed during the year in France by subject

	2019	2018
Salary and related	12	5
Training	0	0
Staff representation bodies	4	1
Employment	0	2
Working time	0	6
Diversity and professional equality	0	0
Other	5	4
Total	**21**	**18**
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 Committee. 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 Committee then answers them during its presentations.

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

Furthermore, conferences called InsideMeeting 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.

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 2019 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 2019, the "*Coups de pouce*" supported 20 projects in France, 8 in the United Kingdom and 3 in Singapore. In total, since 2013, 258 charitable projects supported by employees have been supported by the Bank (including 85 outside France).

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 2019, 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 2019 edition brought together 12 entities of the Crédit Agricole S.A. Group who did sponsored runs or walks for the AFM-*Téléthon*; runners from the Group did a total of 3,275 laps of the stadium and some 30 volunteers joined forces for the *Téléthon* during an evening marked by effort and solidarity;
- in 2019, for the second time, Crédit Agricole CIB and the Crédit Agricole S.A. entities at the Montrouge and Saint-Quentin-en-Yvelines campuses joined forces for "Giving Tuesday", a day dedicated to generosity, celebrating giving in all its forms. Collections and sales were organised on behalf of the bank's partner charities;
- in the United Kingdom, as part of the partnership with *Enfants du Mékong*, the Global Markets Division (GMD) continued its scholarship programme in London, enabling two deserving students from *Centre Christophe Mérieux* 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 once again donated their time this year for two community action days. On "New York Cares Day" they joined the movement to spruce up a community park in Upper West Side and on "New York Cares Day for Schools" employees joined forces with friends and families to smarten up an elementary school in Chinatown;
- Crédit Agricole CIB New York also organised a series of volunteer missions to support The Bowery Mission Soup Kitchen, an organisation which has for generations been providing food, beds, clothing and medical care to the needy of New York;
- in Hong Kong, Crédit Agricole CIB has been supporting the "Goodman Interlink Magic Mile Charity Ramp Run" since it launched in 2011. This year again bank employees trained teams to take part in the run which involves walking or running the 15-floor cargo ramp (1 mile). The money raised was donated to the Fred Hollows Foundation to help fund a major eye care project in western China's Gansu region.

For Indosuez Wealth Management, 2019 was also very eventful:

- in Monaco, CFM Indosuez Wealth Management signed the national energy transition agreement and entered into a partnership with the Oceanographic museum;

- since 2012 the Fondation Indosuez in France, under the auspices of the Fondation de France, has been involved in concrete charitable initiatives to support vulnerable people. Almost 70 associations have thus benefited from skills sponsorship and donations of professional time by one third of staff. If they wish, employees can donate two days per year to the public good;
- Indosuez Wealth Management will fund '*Congé Solidaire*®' [solidarity leave] to allow its employees to offer their knowledge to further a mission run by its partner the *Planète Urgence association*;
- for eight years in Switzerland and three in Monaco, Indosuez Wealth Management employees have been giving their time and skills to partner charities working in environmental and social sectors as part of the CITIZEN DAYS volunteer programme. In 2019, 180 Swiss employees helped to support 17 projects and almost 20% of Monaco employees worked on the 15 projects selected in that country;
- since 2016 CFM Indosuez has worked alongside AMADE Mondiale to support access to education in Burundi;
- on World Children's Day on 20 November 2019, Indosuez Luxembourg employees collected toys for vulnerable, poor and disabled children.

2

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:

- a sponsor of the *Grand Palais*, Crédit Agricole CIB supported the 2019 Moon exhibition "*La Lune, un voyage réel aux voyages imaginaires*" (The Moon, from real trip to imaginary trips). A conference was held at the Bank's head office and more than 150 employees visited the exhibition at an evening opening. During the Paris Air show, a private viewing was laid on for clients in the aeronautical industry;
- in 2019 Crédit Agricole CIB sponsored the international tour of the Paris Opera, inviting its clients to the ballet when it toured Abu Dhabi, Singapore and Shanghai. In France the Bank sponsored the new production of Verdi's *La Traviata* directed 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.) for various performances were offered to employees. The Bank also held a private performance of *La Traviata* for its key clients;
- as part of its support of the *Abbaye aux Dames*, employees were given the opportunity to visit a photographic exhibition of the work of violin and viola maker Yann Besson and to attend a concert by In Bocca al Lupo during the Fête de la Musique;
- in Hong Kong, Crédit Agricole CIB has for many years supported the festival run by "Le French May", a not-for-profit organisation which promotes cultural exchanges between Hong Kong and France. The festival has made its name as one of the largest cultural events in Asia. In 2019 the bank supported a concert by Philippe Entremont & the City Chamber Orchestra of Hong Kong, organising for the occasion a reception for its clients;
- in London Crédit Agricole CIB is a Corporate Member of the National Gallery, registered as a charitable organisation. The museum houses one of the most important collections of painting in the world. Through our partnership with the National Gallery our employees can visit major exhibitions and we can arrange private visits for our clients.

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 IMPACT

7.1 BUILDINGS AND CARBON FOOTPRINT MANAGEMENT PROCESS

Certification of buildings

The buildings on the Montrouge campus have “HQE *Exploitation*” (High environmental quality - operations) certification and at Saint-Quentin-en-Yvelines, the Champagne and Provence buildings are certified as “BBC (low consumption building) Renovation”.

Several of our international sites have certification. Jakarta “BCA Green Mark”, Montreal “BOMA” and Bruxelles “Valideo”, for instance.

Reducing greenhouse gas emissions in the fight against climate change

The Crédit Agricole Group’s Medium-term 2020 Plan 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 was therefore logically part of this commitment. The baseline year selected was 2014. To achieve the objective, the reductions included all items related to energy, transport, inputs, and fixed assets.

In 2018 and 2019 we were able to focus considerations and even take action on the most energy intense key items which are business travel, energy and fixed assets.

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.

Assessment of operational greenhouse gas emissions and offsetting

Lastly, Crédit Agricole CIB offset 29,205 tonnes of CO_2 equivalent by cancelling Verified Carbon Units (VCU) certificates corresponding to dividends received in 2019 in connection with its investment in the Livelihoods Fund. The Carbon Investment Fund Livelihoods gives investors 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 2019 relate to five projects: Hifadhi (which means maintain in Swahili) 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), 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 over 10 years), VI Agroforestry in 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 Yagasu in Indonesia’s North Sumatra (restoration of the mangroves to revitalise coastal villages and encourage new mangrove-based activities, 18 million trees planted, 5,000 hectares restored, 20,000 beneficiaries and 2 million tonnes of CO_2 prevented over 20 years).

Indosuez group has adopted a number of different measures to reduce its environmental footprint and its CO_2 emissions. For example CFM Indosuez has committed to reducing the CO_2 emissions of its company cars and has created an awareness campaign to help make this happen. 2019 also saw the 10th voluntary carbon offsetting campaign.

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). Action taken over the last three years has reduced global waste production by more than 25%.

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 (e.g. restricting single-use plastic).

Crédit Agricole CIB subscribes to the Group's "2022 Ambitions" strategic plan which aims to completely eradicate the use of plastic cups, bottles and containers at the Saint-Quentin-en-Yvelines and Montrouge campuses:

plastic cups were banned on 1 January 2020 and employees have been supplied with reusable mugs and glasses;

in the first six months of 2020 this will extend to plastic bottles and containers in the cafeterias, which will be replaced by returnable glass bottles and containers.

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).

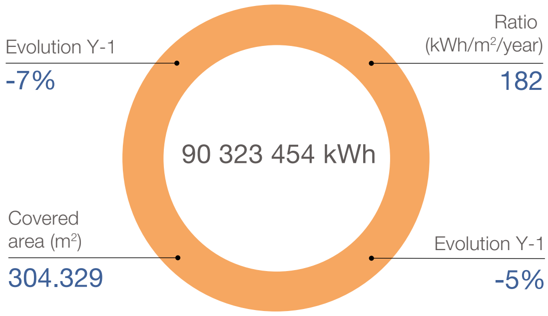
In addition, Indosuez Wealth Management in France has also chosen to strengthen the "Green IT" policy by including energy performance criteria in the choice of photocopying equipment. This process will be incorporated into the purchasing procedure and extended to other places.

7.3 SUSTAINABLE USE OF RESOURCES

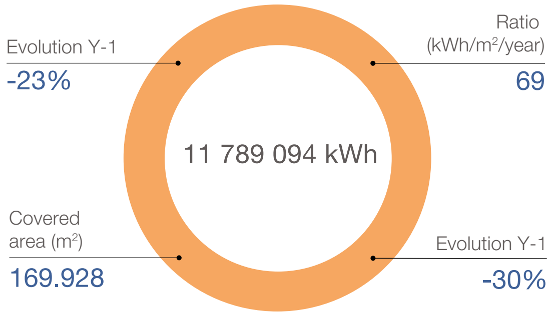
Energy

The indicators relate to consumption of electricity and gas:

▶ **Electricity in Kwh**



▶ **Gas in Kwh**



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 304,000 m2, electricity consumption was reported on for almost 297,000 m2, constituting a 97.50% 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. Almost 18% of electricity consumption worldwide is "green" (London, Madrid, Brazil, Nordic countries, etc.) and regular action is taken to limit consumption. For example, in Russia mercury light bulbs have been replaced by LEDs. In Austria power to computers and servers is switched off each evening and the heating is turned off outside working hours.

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, regular action is taken to reduce consumption which fell by almost 30% compared to 2018.

HEAT OR STEAM NETWORKS AND URBAN NETWORK

This source of heating is mainly used in North America, Russia and Luxembourg. On a like-for-like basis, consumption fell by 7%.

Water consumption

With regard to Crédit Agricole CIB in Montrouge, the Eole 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. In 2019 consumption fell by around 20% to almost 32 tonnes of paper. At our international offices (Singapore for example) action was taken to promote paperless transactions.

Indosuez Wealth Management produces paper consumption reports and some of the results are circulated to employees as part of an awareness mission.

Action taken includes the digitisation of CFM Indosuez secondment orders and expenses, replacement of photocopiers and printers to reduce paper consumption and printing in France.

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 2019, there was a significant decrease of around 20% of the miles covered for business travel by train and plane between 2018 and 2019.

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.

Efforts continued in 2019, including the introduction of a car share app.

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

- Indosuez Luxembourg launched its Mobility Plan covering parking space allocation and the reimbursement of public transport season tickets;
- Azqore increased its number of subscriptions to city bikes (provided by the Bank) and ran a season ticket campaign for Luxembourg public transport (40% contribution by the Bank).

The group encourages the use of videoconferencing.

3

CORPORATE GOVERNANCE

3

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Executive Committee of Credit Agricole CIB on 31 December 2019

The board of Directors

6

BOARD MEETINGS
in 2019

4

SPECIALISED COMMITTEES

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

91.7%

ATTENDANCE
at the meetings in 2019

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 notably the information which is required under Articles L. 225-37, L. 225-37-4 and L. 225-37-5 of the French Commercial Code and the article L.621-18-3 of the French Monetary and Financial Code, in particular, the information concerning the composition of the management bodies (Executive Management and Board of Directors), the conditions for preparing and organising the work of the Board and its Committees and compensation.

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 12 February 2020.

As a preliminary, you are reminded that Crédit Agricole Corporate and Investment Bank (Crédit Agricole CIB) applies the AFEP-MEDEF Corporate Governance Code, in June 2018 revised in January 2020[1].

This document is available online on the following sites: http://www.afep.com or http://www.medef.com/fr/

(1) References to the AFEP-MEDEF Code in this document, refer to the revised version in January 2020.

1.1 ORGANISATION OF THE CORPORATE GOVERNANCE BODIES

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 (see Section 8 of the Universal Registration Document) and in accordance with the provisions of 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 French *société anonyme* (public limited company) governed by a Supervisory Board and Management Board to a French *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 7 May 2019 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 2021 financial year.

In accordance with Article 15 of the Company's Articles of Association (see Section 8 of the Universal Registration Document), the Chairman of the Board of Directors organises and directs the Board's work and ensures that the Company's bodies function correctly and, in particular, 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 OF THE ARTICLES OF ASSOCIATION

The Company's Articles of Association (see Section 8 of the Universal Registration Document) stipulate that the Board of Directors must consist of between six and twenty 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 Social and Economic Committee designated by said committee.

Changes to the composition of the Board in 2019

Directors	Term of office ended on	Renewal	Appointment
Philippe BRASSAC		GM 7 May 2019	
Jacques BOYER		GM 7 May 2019	
Paul CARITE			GM 7 May 2019
Claire DORLAND CLAUZEL		GM 7 May 2019	
Olivier GAVALDA		GM 7 May 2019	
Nicole GOURMELON	GM 7 May 2019		
Laurence RENOULT			GM 7 May 2019
François THIBAULT		GM 7 May 2019	
Jean-Pierre VAUZANGES	GM 7 May 2019*		

** Resigned effective 7 May 2019*

At 31 December 2019, the average age of Directors on the Crédit Agricole CIB Board of Directors was 57.

Directors and Non-voting Directors at 31 December 2019

Directors/Non-voting Directors at 31 December 2019	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]	7 May 2019	GM 2022	
Jean de Dieu BATINA [5]	8 November 2017		2020	Member of the Compensation Committee
Jacques BOYER	4 May 2018	7 May 2019	GM 2020 [3]	Member of the Audit Committee
Paul CARITE	7 May 2019 [4]		GM 2020	Member of the Risks Committee
Audrey CONTAUT [5] [6]	8 November 2017		2020	
Bertrand CORBEAU	9 May 2016 [1]	4 May 2018	GM 2021	
Marie-Claire DAVEU	30 April 2014	4 May 2017	GM 2020	Chairwoman of the Risks Committee Member of the Audit Committee and of the Appointments and governance Committee
Claire DORLAND CLAUZEL [3]	9 May 2016	7 May 2019	GM 2022	Chairwoman of the Appointments and governance Committee Member of the Audit and Compensation Committees
Olivier GAVALDA	4 May 2018	7 May 2019	GM 2022	Member of the Audit Committee
Françoise GRI	4 May 2017		GM 2020	Member of the Risks Committee
Luc JEANNEAU	4 May 2017		GM 2020	Member of the Compensation Committee and of the Appointments and governance Committee
Anne-Laure NOAT	30 April 2014	4 May 2017	GM 2020	Chairwoman of the Audit and Compensation Committees Member of the Risks Committee
Laurence RENOULT	7 May 2019		GM 2022	
Catherine POURRE	4 May 2017	4 May 2018	GM 2021	Member of the Audit Committee and Risks Committee
François THIBAULT	11 May 2010	7 May 2019	GM 2022	Member of the Risks Committee
Odet TRIQUET	4 May 2018		GM 2021	
Jacques DUCERF (Non-voting Director)	9 May 2016 [2]	7 May 2019	2022	
Christian ROUCHON (Non-voting Director)	7 May 2019 [2]		2022	

[1] *Co-opted by the Board of Directors.*

[2] *Appointed by the Board of Directors in accordance with Article 17 of the Articles of Association.*

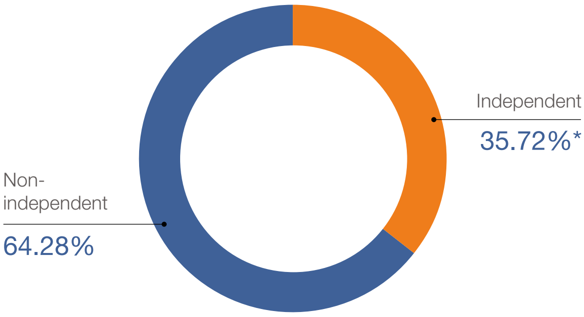
[3] *Given that Mrs Claire Dorland Clauzel and Mr Jacques Boyer have reached the age limit for Directors (Article 10 paragraph 2 of the Articles of Association), their term as directors will expire at the 2020 General Meeting.*

[4] *The General Meeting of 7 May 2019 decided, in application of Article 9 of the Articles of Association, to appoint Mr Paul Carite as a Director for the remainder of the term of office of Mr Jean-Pierre Vauzanges, i.e. up to the end of the General Meeting called to rule on the financial statements for the year closed on 31 December 2019.*

[5] *Director elected by the employees.*

[6] *In application of Article L. 225-34 of the French Commercial Code and given the results of the 2017 electoral process, Mr Lahouari Naceur succeeds Mrs Audrey Contaut as a Director elected by the non-management salaried employee body as at 1 January 2020.*

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



* *Percentage calculated according to Recommendation 9.3 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 12 February 2020. Following the appointments, there were five Independent Directors on 31 December 2019: Mesdames Daveu, Dorland Clauzel, Gri, Noat and Pourre.

The proportion of Independent Directors on the Board of Directors on 31 December 2019 amounted to more than a third of the Directors appointed by the General Meeting of Shareholders. It conforms with the Recommendation No. 9.3 of the AFEP-MEDEF 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)

NB:
✓ indicates that the criterion was met,
x indicates that the criterion was not met

31 December 2019 (revised on 12 February 2020)	Criterion [1]	Criterion [2]	Criterion [3]	Criterion [4]	Criterion [5]	Criterion [6]	Criterion [7]	Possibilities [(8) b]
Mrs DAVEAU	✓	✓	✓	✓	✓	✓	✓	
Mrs DORLAND CLAUZEL	✓	✓	✓	✓	✓	✓	✓	
Mrs 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.*
Mrs NOAT	✓	✓	✓	✓	✓	✓	✓	
Mrs 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 § 9.5.1 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 § 9.5.2 of the AFEP-MEDEF Code
Is not an Executive 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 an Executive Corporate Officer of the Company (currently or in the last five years) is a Director.

[3] see § 9.5.3 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 § 9.5.4 of the AFEP-MEDEF Code
Has no close family relationship with a Corporate Officer.

[5] see § 9.5.5 of the AFEP-MEDEF Code
Has not been a Statutory Auditor of the Company in the last five years.

[6] see § 9.5.6 of the AFEP-MEDEF Code
Has not been a Director of the Company for more than 12 years. Loss of Independent Director status occurs on the 12th anniversary.

[7] see § 9.6 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 §9.7 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 §9.4 last paragraph of the AFEP-MEDEF Code).

The situation 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 Risks 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.

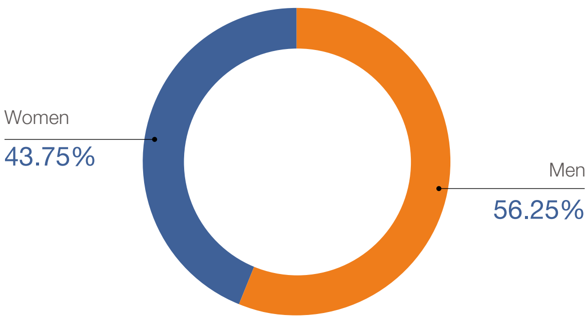
The Appointments and governance Committee and the Board of Directors noted that the companies in which the five Directors hold functions or corporate mandates do not have any commercial dealings with the Company, are not considered to be suppliers or significant advisers of the Company, or that the commercial NBI realised by Crédit Agricole CIB with these entities is insignificant and unlikely to jeopardise their independence. The review was performed for the Kering Group, Albioma and Compagnie du Ponant (Mrs Daveu), for Eurogroup Consulting (Mrs Noat), for Edenred and WNS Services (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 during the 2019 financial year.

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 2019, 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 100% 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.

Note 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 (see Section 8 of the Universal Registration Document) of the Company allows for the appointment of one or more Non-voting Directors. These provisions help to enhance diversity within the Board of Directors.

Mrs Audrey Contaut (1) 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 (see Section 8 of the Universal Registration Document).

Messrs Jacques Ducerf and Christian Rouchon were appointed as Non-voting Directors by the Board of Directors, respectively the first on May 9, 2016 and then renewed as of May 7, 2019 and the second named on May 7, 2019 for a period of three years each in accordance with the provisions of Article 17 of the Company's Articles of Association (see Section 8 of the Universal Registration Document) 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.

1.1.3.1 DIVERSITY WITHIN THE DECISION-MAKING BODIES

Convinced that diversity is a real driver of performance and innovation, Crédit Agricole CIB has for several years now been following a proactive diversity policy.

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.

At 31 December 2019, women comprised 44.4% of the global workforce and 32.5% of Crédit Agricole CIB managers. Women accounted for 18% and 12.5%, 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 8%.

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. Negotiations for a new agreement are in progress.

Crédit Agricole CIB also deploys several awareness-raising and support initiatives at its various locations (Diversity Week, dedicated training courses, mentoring programme, return from maternity leave workshops, etc.), which can be found on page 49.

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 Executive Management at 31 December 2019

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

The Chief Executive Officer and Deputy Chief Executive Officer 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.

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 General 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) In application of Article L. 225-34 of the French Commercial Code and given the results of the 2017 electoral process, Mr Lahouari Naceur will succeed Mrs Audrey Contaut as a Director elected by the non-management salaried employee body as of 1 January 2020.

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

The functioning and preparation and organisation of the work of the Board of Directors comply with the laws and regulations currently in force, the Company's Articles of Association (see Section 8 of the Universal Registration Document), the rules of procedure applicable to the Board of Directors and internal directives.

1.2.1 Mode and frequency of the Board of Directors

The Articles of Association (see Section 8 of the Universal Registration Document) 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 procedure 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 (Article 11 of the Articles of Association - see Section 8 of the Universal Registration Document) and that, in accordance with the law, the proceedings do not concern the preparation and approval of the annual separate and consolidated financial statements or the 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, compliance, 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 directly or indirectly concerned by the agreement do not take part in the deliberations and the voting. Information relating to the 2019 agreements (new agreements, concluded and authorised, as well as those entered into previously which continued in 2019) is sent to the Statutory Auditors, who will present their special report to the General Meeting of Shareholders. This report is presented on page 440 of the Universal Registration Document.

At its meeting on 12 February 2020, the Board reviewed the related-party agreements entered into previously and still in force in 2019, 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 2019

The Board of Directors met six times during the 2019 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 was given a quarterly presentation on the Company's commercial activity, as well as presentations on the 2019 budget, the 2020 budget and the 2022 Medium-Term Plan.

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 2018 financial year and examined the half-yearly and quarterly results during 2019. The Chairwoman 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 report on internal control (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 2020 audit plan;
- communications from the supervisory authorities, the answers provided and the actions implemented to address the observations made;
- the updating of the Anti-corruption Code.

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;
- internal control reports (corporate and consolidated) dedicated to the fight against money laundering and the financing of terrorism.

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 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 and the independence, potential conflicts of interest, reputation and good character of the Directors;
- 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;
- reviewed the reason for being and the Articles of Association of the Crédit Agricole Group;
- 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 2019 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;
- 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 Risk and Permanent Control and of the new Compliance Director and the Anti-corruption referent.

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:

- an agreement on the disposal of Visa Inc Class C preferred shares in light of the grouping of the lines held by various entities of the Group at Crédit Agricole CIB;
- the regulated commitments taken by Crédit Agricole S.A. for the benefit of Mr Philippe Brassac, Chief Executive Officer of Crédit Agricole S.A. and Chairman of the Board of Directors of Crédit Agricole CIB under Article L. 225-42-1 of the French Commercial Code abrogated by the order 2019-1234 of 27 November 2019.

Details of regulated agreements falling within the scope of the new regulations modify by the Order 2019-1234 of 27 November 2019 is presented by the Statutory Auditors in their special report in Chapter 8 of the Universal 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 2019.

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 undertaken in October 2019. 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.

ASSESSMENT OF THE FUNCTIONING OF THE BOARD OF DIRECTORS

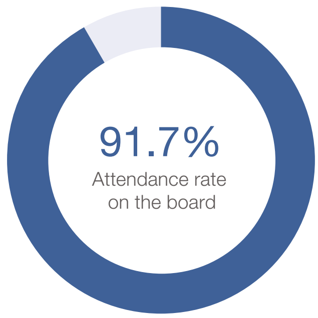
A self-assessment of the performance of the Board of Directors was conducted during 2019, based on an individual questionnaire consisting of 62 questions sent to each Board member. The questions concerned in particular: the organisation of the Board, its operation, its composition and the quality of 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:
  - about the organisation of the Board (relevance of the agenda and completeness of information);
  - about the composition of the Board and the quality of relationships (balanced relationship between the Board, on the one hand, and the Chairman or the General Management on the other hand, information transparency, collective effectiveness and spirit of collegiality);
  - about the functioning of the Board (in terms of risk, internal control, account preparation and compensation);
  - about the work done by the Board's different Committees (quality of feedback on work communicated to the Board, availability of contacts in particular);
- highlighting the progress made in 2019 on certain points such as the response to requests for additional information and the functioning of the Board in terms of strategy.

The guidelines adopted by the Board for 2020 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 of Directors' meetings



The average attendance rate of members at Board of Directors' meetings, including members whose term of office expired during the year, was 91.7% for all Board meetings in 2019.

3

Attendance rate of Directors comprising the Board

	Number of Board meetings which the Director should have attended in 2019	Number of Board meetings which the Director attended in 2019	Attendance rate
Philippe BRASSAC	6	6	100.00%
Jean de Dieu BATINA	6	6	100.00%
Jacques BOYER	6	6	100.00%
Paul CARITE	4	4	100.00%
Audrey CONTAUT [3]	6	6	100.00%
Bertrand CORBEAU	6	3	50.00%
Marie-Claire DAVEU	6	6	100.00%
Claire DORLAND CLAUZEL	6	6	100.00%
Olivier GAVALDA	6	6	100.00%
Nicole GOURMELON [1]	2	2	100.00%
Françoise GRI	6	6	100.00%
Luc JEANNEAU	6	5	83.33%
Anne-Laure NOAT	6	6	100.00%
Catherine POURRE	6	5	83.33%
Laurence RENOULT [2]	4	4	100.00%
François THIBAULT	6	5	83.33%
Odet TRIQUET	6	6	100.00%
Jean-Pierre VAUZANGES [1]	2	1	50.00%

[1] *The term of office of Mrs Gourmelon and Mr Vauxzanges ended on 7 May 2019.*

[2] *Mrs Renoult was appointed as a Director by the Ordinary General Meeting of 7 May 2019.*

[3] *In application of Article L. 225-34 of the French Commercial Code, Mr Lahouari Naceur will succeed Mrs Audrey Contaut as a Director elected by the non-management salaried employee body as of 1 January 2020.*

1.2.6 Training for Directors

A procedure established in 2013 to welcome new Directors consists of a welcome booklet, which includes the main documents covering the governance and social bodies of the Company, its strategy and its budget, the Universal Registration Document and the activity report of the previous year. When a new Director first joins the Board, meetings meetings can be organised 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, newly appointed directors benefit from training organised by the Crédit Agricole S.A. Group on governance and compliance issues.

In addition to the programme established for new Directors, training measures for all Directors continued during financial year 2019. A seminar for Directors held in November 2019 provided an opportunity to gain 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 and to improve knowledge of the Bank's activities and strategy, in particular, within the context of the 2022 Medium-Term Plan. A technical training session devoted to a presentation on the PACTE law, the ICAAP, recent regulatory changes (focus on international sanctions) and the Repo market was held in October 2019. 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 2019, determined the training to be followed by the employee Directors in 2020.

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 Risks 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 2019

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 2019

- Mrs Anne-Laure Noat, Independent Director, Chairwoman of the committee;
- Mr Jacques Boyer, Director;
- Mrs Marie-Claire Daveu, Independent Director;
- Mrs Claire Dorland Clauzel, Independent Director;
- Mr Olivier Gavalda, Director;
- Mrs Catherine Pourre, Independent Director.

In accordance with the AFEP-MEDEF Code (§16.1), Independent Directors account for two-thirds of members.

A short biography is available in section 1.3 of this Universal 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 PROCEDURE OF THE BOARD OF DIRECTORS, ARTICLE 1.2.2.4

"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.

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 make 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."

3

◆ Activities of the Audit Committee during 2019

The Audit Committee met seven times during 2019, including three joint sessions with the Risks 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 2019 and 2020 budgets;
- the information published in the Universal 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 of these meeting were submitted to the Board of Directors.

The attendance rate of Audit Committee members was 91.16% in 2019.

▶ Attendance rate of Audit Committee members

	Number of Audit Committee meetings which each number should have participate in 2019	Number of Audit Committee meetings which each member attended in 2019	Attendance rate
Jacques BOYER	7	7	100.00%
Marie-Claire DAVEU	7	6	85.71%
Claire DORLAND CLAUZEL	7	7	100.00%
Olivier GAVALDA [1]	4	4	100.00%
Anne-Laure NOAT	7	7	100.00%
Catherine POURRE	7	6	85.71%
Jean-Pierre VAUZANGES [2]	3	2	66.67%

[1] Mr Gavalda was appointed a member of the Committee by the Board on 7 May 2019.
[2] Mr Vauzanges was not reappointed as a Director at the Ordinary General Meeting of 7 May 2019.

RISKS COMMITTEE

◆ Composition of the Risks Committee at 31 December 2019

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 2019

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

Mr Paul Carite was appointed a member of this Committee by the Board on 7 May 2019.

◆ Missions of the Risks Committee

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

EXTRACT FROM THE RULES OF PROCEDURES OF THE BOARD OF DIRECTORS, ARTICLE 1.2.2.3

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

To advise the Board of Directors on the overall strategy of the Bank and on risk appetite and to assist it with the implementation of the strategy by the Executive Managers and the head of the Risk Management Department:

- *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 compa-

tible 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 information 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."

Activities of the Risks Committee in 2019

The Risks Committee met seven times during 2019, 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 2020 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;
- the declaration on the suitability of the risk management mechanisms implemented.

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

- twenty-four meetings with directors, executive management and the other Bank departments;
- two meetings with the Executive Management of Crédit Agricole CIB and one of the Bank's subsidiaries.

The minutes of each of these meetings were submitted to the Board of Directors.

The attendance rate of the Risks Committee members in 2019 was 86.39%.

3

Attendance rate of the members comprising the Risks Committee

	Number of Risks Committee meetings which each member should have attended in 2019	Number of Risks Committee meetings which each member attended in 2019	Attendance rate
Marie-Claire DAVEU	7	6	85.71%
Paul CARITE [1]	4	4	100.00%
Nicole GOURMELON [2]	3	1	33.33%
Françoise GRI	7	7	100.00%
Anne-Laure NOAT	7	7	100.00%
Catherine POURRE	7	6	85.71%
François THIBAULT	7	7	100.00%

[1] *Mr Paul Carite was appointed a member of this Committee by the Board on 7 May 2019.*
[2] *Mrs Gourmelon was not reappointed as a Director at the Ordinary General Meeting of 7 May 2019.*

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

- the 2018 annual report on internal control (RACI) and the 2019 half-year information on internal control (ISCI);
- the 2019 stress-test programme and the list of major risks;
- the criteria and thresholds applicable to significant incidents;
- the regulatory provisions relative to ILAAP and ICAAP and risk appetite;
- the 2020 budget;
- the risk appetite statement;
- the summary risk appetite statement;
- internal control reports (corporate and consolidated) dedicated to the fight against money laundering and the financing of terrorism.

APPOINTMENTS COMMITTEE AND GOVERNANCE COMMITTEE

Composition of the Appointments Committee and Governance Committee at 31 December 2019

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

MEMBERS AT 31 DECEMBER 2019

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

The Appointments and governance Committee therefore has a majority of Independent Directors in accordance with the provisions of the AFEP-MEDEF Code (§17.1).

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, ARTICLE 1.2.2.1

"The main missions of the Appointments and governance Committee are:

- *to assist the Board 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, to the Board of Directors;*
- *to recommend to the Board of Directors candidates for the position 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 2019

The Appointments and governance Committee met six times during 2019.

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 and the new head of Compliance;
- determined the objective and policy in terms of balanced representation of men and women on the Board of Directors as well as diversity;
- reviewed the qualifications of Independent Directors and changes in the composition of the Board of Directors and its Committees;
- examined the updates to the Articles of Association and to the rules of procedure of the Board of Directors;
- examined the Directors' training programme for 2019, the proposed training courses for employed Directors and the annual seminar program;
- organised the self-assessment of the Board for 2019 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 of these meetings were submitted to the Board of Directors.

The attendance rate of the members of the Appointments and governance Committee in 2019 was 94.44%.

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 2019	Number of Appointments and governance Committee meetings which each member attended in 2019	Attendance rate
Marie-Claire DAVEU	6	5	83.33%
Claire DORLAND CLAUZEL	6	6	100.00%
Luc JEANNEAU	6	6	100.00%

COMPENSATION COMMITTEE

Composition of the Compensation Committee at 31 December 2019

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 2019

- 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.

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. The Committee has a majority of Independent Directors in accordance with the provisions of the AFEP-MEDEF Code (Recommendations No. 15.1 and 18.1).

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 compensation, 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, ARTICLE 1.2.2.2

"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 with 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, pension commitments and financial entitlements granted to the Chief Executive Officer, and to the Deputy General Managers 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 allocated as part of this 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 account of all types of risks and that the levels of liquidity and equity and the overall compensation policy is consistent, that it promotes healthy and effective risk management and that it conforms to the financial strategy, to the goals, to Company values and to the long-term interests of the Company;*
- *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 the 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 2019

The Compensation Committee met three times during 2019.

These meetings focused primarily on the following matters:

- determination of the overall 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 of these meeting were submitted to the Board of Directors.

The attendance rate of the Compensation Committee members was 100% in 2019.

▶ Attendance rate of members of the Compensation Committee

	Number of Compensation Committee meetings which each member should have attended in 2019	Number of Compensation Committee meetings which each member attended in 2019	Attendance rate
Jean de Dieu BATINA	3	3	100.00%
Claire DORLAND CLAUZEL	3	3	100.00%
Luc JEANNEAU	3	3	100.00%
Anne-Laure NOAT	3	3	100.00%

1.3 OTHER INFORMATION ABOUT THE CORPORATE OFFICERS

1.3.1 List of the functions and mandates held by the Executive Corporate Officers at 31 December 2019

MEMBER OF THE EXECUTIVE MANAGEMENT

Jacques RIPOLL

Main office held at Crédit Agricole CIB: **Chief Executive Officer**
Business address: 12, place des États-Unis - CS 70052 - 92547 Montrouge Cedex - France

› **BORN IN 1966**

NATIONALITY

French

› **BRIEF BIOGRAPHY**

A graduate of 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 2019**

In companies of Crédit Agricole Group

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

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: AROP

› **OFFICES HELD DURING THE PAST FIVE YEARS**

In companies of Crédit Agricole Group

—

In companies outside Crédit 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)
  - Director: Beyond Ratings (2019)

François MARION

Main office held at Crédit Agricole CIB: **Deputy Chief Executive Officer**

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

› BORN IN 1958

NATIONALITY

French

› 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.

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 2019

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 and 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 THE PAST 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 at Crédit Agricole CIB: **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

2022

SENIORITY ON THE BOARD OF DIRECTORS

> 9 years

Does not hold any shares in the Company

› OFFICES HELD AT 31 DECEMBER 2019

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

- Vice-chairman and member the Executive Committee of the French Banking Federation

› OFFICES HELD DURING THE PAST FIVE YEARS

In companies of Crédit Agricole Group

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

In companies outside Crédit Agricole Group

—

3

Jean de Dieu BATINA

Office held at Crédit Agricole CIB: **Director**
(Director representing the employees)

Member of the Compensation Committee

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

› **BORN IN 1962**

NATIONALITY

French

DATE OF FIRST APPOINTMENT

2017

END OF TERM OF OFFICE

2020

SENIORITY ON THE BOARD OF DIRECTORS

> 2 years

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 in the Banking Operations Department. He joined Crédit Agricole CIB in Cash Management, then moved to the Foreign Delegations Network, before moving to International Business Solutions.

› OFFICES HELD AT 31 DECEMBER 2019

In companies of Crédit Agricole Group

—

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

—

In other companies outside Crédit Agricole Group

—

› OFFICES HELD DURING THE PAST FIVE YEARS

In companies of Crédit Agricole Group

—

In companies outside Crédit Agricole Group

—

Jacques BOYER

Office held at Crédit Agricole CIB: **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

2020

SENIORITY ON THE BOARD OF DIRECTORS

> 1 year

Does not hold any shares 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 2019

In companies of Crédit Agricole Group

- Chairman: CRCAM du Languedoc
- Director: CA Consumer Finance; Crédit Agricole Immobilier; SACAM Participations; SAS Rue la Boétie
- Member of the Management Committee: GIE GECAM
- Member of the Board of Directors: SCI CAM

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: Groupe AGRICA; AGRICA Gestion; CCPMA Prévoyance; CAMARCA
- Manager: SARL Jacques Boyer, SCEA Jacques et Francoise Boyer, JBH Holding

› OFFICES HELD DURING THE PAST FIVE YEARS

In companies of Crédit Agricole Group

—

In companies outside Crédit Agricole Group

—

Paul CARITE

Office held at Crédit Agricole CIB: **Director**

Member of the Risk Committee

Business address: CRCAM Sud Méditerranée - 30, rue Pierre Bretonneau - 66832 Perpignan - France

› **BORN IN 1961**

NATIONALITY

French

› 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.

DATE OF FIRST APPOINTMENT

2019

END OF TERM OF OFFICE

2020

SENIORITY ON THE BOARD OF DIRECTORS

< 1 year

Does not hold any shares in the Company

› OFFICES HELD AT 31 DECEMBER 2019

In companies of Crédit Agricole Group

- Chief Executive Officer: CRCAM Sud Méditerranée
- Director: FONCARIS (Member of the Commitments Committee), Crédit Agricole d'Égypte (Chairman of the Audit Committee and Risk Committee), NEXECUR SAS, CACIF
- Member of the Supervisory Committee: SOFILARO

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: S.A. Indépendant du Midi

› OFFICES HELD DURING THE PAST FIVE YEARS

In companies of Crédit Agricole Group

- Director: CAAGIS (Chairman of the Audit Committee) (2017), IFCAM (2019))

—

In companies outside Crédit Agricole Group

—

Audrey CONTAUT*

Office held at Crédit Agricole CIB: **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

SENIORITY ON THE BOARD OF DIRECTORS

> 2 years

Does not hold any shares in the Company

› BRIEF BIOGRAPHY

A graduate of the 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. Audrey Contaut has been a KYC analyst within the GRM (Global Referential Management) group since 2018.

› OFFICES HELD AT 31 DECEMBER 2019

In companies of Crédit Agricole Group

—

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

—

In other companies outside Crédit Agricole Group

—

› OFFICES HELD DURING THE PAST FIVE YEARS

In companies of Crédit Agricole Group

—

In companies outside Crédit Agricole Group

—

** Mrs Audrey Contaut resigned from her position as a salaried director with effect 1 January 2020. She was replaced by Mr Lahouari Naceur as of that date.*

Bertrand CORBEAU

Office held at Crédit Agricole CIB: **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

SENIORITY ON THE BOARD OF DIRECTORS

> 3 years

Does not hold any shares 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 national du Crédit Agricole where he remained 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 2019

In companies of Crédit Agricole Group

- Deputy General Manager: Crédit Agricole S.A.
- Chairman: UNI-MEDIAS, CRCAM Corse; La Fabrique by CA
- Director: FIRECA, PACIFICA, PREDICA, CA payment Services
- Member of the Supervisory Board: CARD, CAIT

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

—

In other companies outside Crédit Agricole Group

—

› OFFICES HELD DURING THE PAST FIVE YEARS

In companies of Crédit Agricole Group

- Chief Executive Officer 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 at Crédit Agricole CIB: **Director**
Chairwoman of the Risk Committee-Member of the Audit Committee and of the Appointments and Governance Committee
Business address: 40, rue de Sèvres 75007 Paris France

› BORN IN 1971

NATIONALITY

French

› BRIEF BIOGRAPHY

A 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 Departmental 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. She was Cabinet Director from 2007 to 2012, first with the Ministry of State in charge of Ecology, then the 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

SENIORITY ON THE BOARD OF DIRECTORS

> 5 years

Does not hold any shares in the Company

› OFFICES HELD AT 31 DECEMBER 2019

In companies of Crédit Agricole Group

—

In companies outside Crédit Agricole Group and 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 THE PAST FIVE YEARS

In companies of Crédit Agricole Group

—

In companies outside Crédit Agricole Group

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

Claire DORLAND CLAUZEL

Office held at Crédit Agricole CIB: **Director**

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

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

› **BORN IN 1954**

NATIONALITY

French

› BRIEF BIOGRAPHY

A holder of a Master's degree in history from Université Paris Sorbonne and a Doctorate from the Institut de Géographie, and a graduate of the École Nationale d'Administration (1988 "Montaigne" cohort), Claire Dorland Clauzel joined 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

2020

SENIORITY ON THE BOARD OF DIRECTORS

> 3 years

Does not hold any shares in the Company

› OFFICES HELD AT 31 DECEMBER 2019

In companies of Crédit Agricole Group

—

Dans des sociétés extérieures au groupe Crédit Agricole dont les actions sont admises sur un marché réglementé

—

In other companies outside Crédit Agricole Group

- Manager: SCI La Tuilière
- Chairwoman: CEI (Centre Echange Internationaux)

› OFFICES HELD DURING THE PAST FIVE YEARS

In companies of Crédit Agricole Group

—

In companies outside Crédit Agricole Group

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

Olivier GAVALDA

Office held at Crédit Agricole CIB: **Director**
Member of the Audit Committee
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

2018

END OF TERM OF OFFICE

2022

SENIORITY ON THE BOARD OF DIRECTORS

> 1 year

Does not hold any shares in the Company

› BRIEF BIOGRAPHY

Olivier Gavalda holds a Master's degree in Econometrics and a DESS Arts and Métiers in organisation/computer science. He 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 2019

In companies of Crédit Agricole Group

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

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

—

In other companies outside Crédit Agricole Group

—

› OFFICES HELD DURING THE PAST 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) GIE Coopernic

In companies outside Crédit Agricole Group

—

› **BORN IN 1957**

NATIONALITY

French

DATE OF FIRST APPOINTMENT

2017

END OF TERM OF OFFICE

2020

SENIORITY ON THE BOARD OF DIRECTORS

> 2 years

Does not hold any shares in the Company

Françoise GRI

Office held at Crédit Agricole CIB: **Director**

Member of the Risk Committee

Business address: 12, place des États-Unis - 92127 Montrouge Cedex - France

› BRIEF BIOGRAPHY

A graduate of the National School of Computer Science and Applied Mathematics of Grenoble, Françoise Gri began her career with the IBM Group in 1981 and became Chair 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). She is an Independent Director with expertise in the fields of IT and corporate social responsibility.

› OFFICES HELD AT 31 DECEMBER 2019

In companies of Crédit Agricole Group

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

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

- Independent Director: Edenred S.A., WNS Services

In other companies outside Crédit Agricole Group

- Manager Gri Conseil
- Chairwoman of the Supervisory Board: INSEEC U

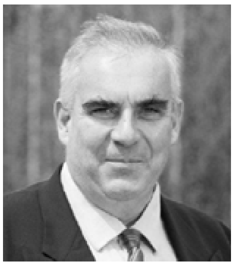
› OFFICES HELD DURING THE PAST FIVE YEARS

In companies of Crédit Agricole Group

–

In companies outside Crédit Agricole Group

- Chairwoman of the Board of Directors: Viadeo (2016)
- Deputy Chairwoman: Institut de l'entreprise (2015)
- Member: High Committee for Corporate Governance; MEDEF Ethics Committee (2016); Institut français du tourisme (2015)
- Independent Director: 21 centrale Partners (2019)
- Director: Ecole Audencia (2019)



› BORN IN 1961

NATIONALITY

French

DATE OF FIRST APPOINTMENT

2017

END OF TERM OF OFFICE

2020

SENIORITY ON THE BOARD OF DIRECTORS

> 2 years

Does not hold any shares in the Company

Luc JEANNEAU

Office held at Crédit Agricole CIB: **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 - France

› 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 2019

In companies of Crédit Agricole Group

- Chairman: CRCAM Atlantique-Vendée;
- Vice-Chairman: CAMCA Mutuelle; CAMCA Assurance Réassurance;
- Director: Caisse locale de Noirmoutier; SAS Rue la Boétie; SACAM Participations; ADICAM,
- Member of the Supervisory Board: CAMCA Courtage
- Member of the Executive Committee: GIE GECAM
- Member of the Management Board: SACAM Mutualisation
- Member of the Board of Directors: SCI CAM
- Office member: FNCA

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

—

In other companies outside Crédit 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 THE PAST 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 Crédit Agricole Group

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3

Anne-Laure NOAT

Office held at Crédit Agricole CIB: **Director**

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

Business address: Eurogroup 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 the Institut National Agronomique Paris Grignon (1983) and the ESSEC business school (1988), Anne-Laure Noat began her career at Crédit Lyonnais in Japan in 1988. She joined Eurogroup Consulting in 1990 where she has been a partner since 2000, 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 transport 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, 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

SENIORITY ON THE BOARD OF DIRECTORS

> 5 years

Does not hold any shares in the Company

› OFFICES HELD AT 31 DECEMBER 2019

In companies of Crédit Agricole Group

—

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

—

In other companies outside Crédit Agricole Group

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

› OFFICES HELD DURING THE PAST FIVE YEARS

In companies of Crédit Agricole Group

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In companies outside Crédit Agricole Group

- Chairwoman: DDS SAS (Eurogroup Consulting subsidiary) (2019)
- La maison des ingénieurs agronomes (2018))

Catherine POURRE

Office held at Crédit Agricole CIB: **Director**
Member of the Audit Committee and the Risk Committee
Business address: 12, place des États-Unis - 92127 Montrouge Cedex - France

› **BORN IN 1957**

NATIONALITY

French

DATE OF FIRST APPOINTMENT

2017

END OF TERM OF OFFICE

2021

SENIORITY ON THE BOARD OF DIRECTORS

> 2 years

Does not hold any shares 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 2019

In companies of Crédit 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: Royal Ocean Racing Club, Class 40 Association (Treasurer)

› OFFICES HELD DURING THE PAST FIVE YEARS

In companies of Crédit Agricole Group

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In companies outside Crédit Agricole Group

- Director: Neopost (member of the Audit Committee and Chairwoman of Compensation Committee) (2018)
- Chairwoman: Union Nationale pour la Course au Large (UNCL) (2015)
- Member of the Board of Directors: Unibail-Rodamco Management BV (2015)
- Member/Board Women Partners (2019)

Laurence RENOULT

Office held at Crédit Agricole CIB: **Director**

Business address: CRCAM Val de France – 1, rue Daniel Boutet – 28002 Chartres Cedex - France

› **BORN IN 1968**

NATIONALITY

French

› BRIEF BIOGRAPHY

Laurence Renoult is a graduate of the Institut National Agronomique Paris Grignon and of the l'Institut Technique de Banque. She joined Crédit Agricole Pyrénées-Gascogne in 1993, where she held a number of different management positions in several areas, then became head of Sales, Marketing & Communication and a member of the Executive Committee of the Caisse régionale. In 2007, she was in charge of developing retail and mutualists at the FNCA. She continued her career at the Banque de Gestion Privée Indosuez in 2009 as Deputy General Manager. Laurence Renoult was also Deputy General Manager, then Chief Executive officer of the Caisse régionale Provence Côte-d'Azur in 2011. She has held a number of positions at Groupe Crédit Agricole and was, notably, a member of the Finance & Risk Commission and of the Agriculture & Agribusiness Committee of the Fédération Nationale du Crédit Agricole. Laurence Renoult has been Chief Executive Officer of the Caisse régionale de Crédit Agricole Val de France since 2015.

DATE OF FIRST APPOINTMENT

2019

END OF TERM OF OFFICE

2022

SENIORITY ON THE BOARD OF DIRECTORS

< 1 year

Does not hold any shares in the Company

› OFFICES HELD AT 31 DECEMBER 2019

In companies of Crédit Agricole Group

- Chief Executive Officer: CRCAM Val de France
- Director: CAF (Chairwoman of the Audit and Accounts Committee, Member of the Risk Committee); LCL (Member of the Appointments Committee); GIE Carcentre; Crédit Agricole Home Loan SFH (Member of the Risk Committee);

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

- Member of the Chamber of Commerce and Industry Loire et Cher

› OFFICES HELD DURING THE PAST FIVE YEARS

In companies of Crédit Agricole Group

- Chairwoman: SAS PCA IMMO (2015)
- Director: Deltager (2015)
- Chief Executive Officer: Créazur SAS (2015);
- Interim Chief Executive Officer: Caisse Provence Cote d'Azur (2015)
- Deputy General Manager: Caisse Provence Cote d'Azur (2015)

In companies outside Crédit Agricole Group

—

François THIBAULT

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

› **BORN IN 1955**

NATIONALITY

French

DATE OF FIRST APPOINTMENT

2010

END OF TERM OF OFFICE

2022

SENIORITY ON THE BOARD OF DIRECTORS

> 9 years

Does not hold any shares in the Company

› 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.

› OFFICES HELD AT 31 DECEMBER 2019

In companies of Crédit Agricole Group

- Chairman: CRCAM Centre Loire; CAMCA, CAMCA Courtage, SAS Centre Loire Expansion;
- Director: Crédit Agricole S.A. (Member: Strategic and CSR Committee, Risk Committee), Car Centre, SACAM Centre;
- Bureau member: FNCA

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

- Shareholder: Gaec Thibault, GFA Villargeau d'en Haut, GFA de Montour, SCI Loire et Fontbout

› OFFICES HELD DURING THE PAST FIVE YEARS

In companies of Crédit Agricole Group

- Chairman: SAS Pleinchamp (2016), Foncaris (2016)
- Director: CA Bank Polska (2016); CNMCCA (2019)

In companies outside Crédit Agricole Group

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3

Odet TRIQUET

Office held at Crédit Agricole CIB: **Director**

Business address: CRCAM Touraine Poitou - 18 rue Salvador Allende - 86008 Poitiers Cedex - France

› BRIEF BIOGRAPHY

Odet Triquet has been running a farm specialising 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.

› BORN IN 1962

NATIONALITY

French

DATE OF FIRST APPOINTMENT

2018

END OF TERM OF OFFICE

2021

SENIORITY ON THE BOARD OF DIRECTORS

> 1 year

Does not hold any shares in the Company

› OFFICES HELD AT 31 DECEMBER 2019

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 and whose shares are admitted for trading 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 THE PAST 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 at Crédit Agricole CIB: **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

› BRIEF BIOGRAPHY

A graduate of the ESLSCA business school (1974), Jacques Ducerf has been Chairman of the Ducerf Group, a family-run business 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.

DATE OF FIRST APPOINTMENT

2016

END OF TERM OF OFFICE

2022

SENIORITY ON THE BOARD OF DIRECTORS

> 3 years

Does not hold any shares in the Company

› OFFICES HELD AT 31 DECEMBER 2019

In companies of Crédit Agricole Group

- Chairman: CRACM Centre-Est, Délégation de Saône et Loire, FONCARIS
- Director: Caisse locale de Charolles, BFT Investment Managers, Crédit Agricole ITALIA

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

—

In other companies outside Crédit Agricole Group

- Chairman: Groupe Ducerf,
- Banque de France advisor in Mâcon

› OFFICES HELD DURING THE PAST FIVE YEARS

In companies of Crédit Agricole Group

- Chairman: Fédération des Caisses régionales de Bourgogne-Franche Comté (2016)

In companies outside Crédit Agricole Group

- Chairman: Euroforest (2016)

Christian ROUCHON

Office held at Crédit Agricole CIB: **Non-voting Director**

Business address: CRCAM Sud Rhône Alpes – 15/17 rue Paul Claudel – 38100 Grenoble - France

› BORN IN 1960

NATIONALITY

French

DATE OF FIRST APPOINTMENT

2019

END OF TERM OF OFFICE

2022

SENIORITY ON THE BOARD OF DIRECTORS

< 1 year

Does not hold any shares in the Company

› BRIEF BIOGRAPHY

Christian Rouchon joined the Crédit Agricole Group in 1988 as head of Accounting and Finance at the Caisse Régionale de la Loire, then at the Caisse Régionale Loire Haute-Loire in 1991, before becoming Financial Director in 1994. He was appointed Information Systems Director of the Caisse Régionale Loire Haute-Loire in 1997. In 2003, he was appointed Deputy General Manager responsible for operations at the Caisse Régionale des Savoie before joining the Caisse Régionale Sud Rhône-Alpes in September 2006 as the Deputy General Manager responsible for development. He became Chief Executive Officer six months later, i.e. in April 2007. 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 2019

In companies of Crédit Agricole Group

- Chief Executive Officer: Caisse régionale du Crédit Agricole Sud Rhône Alpes
- Director: Square Habitat Sud Rhône Alpes; BforBank; Crédit Agricole Home Loan SFH; Amundi (Chairman of the Risk Committee and Audit Committee)
- Non-voting member: Sep Sud Rhône Alpes société du CA

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

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› OFFICES HELD DURING THE PAST FIVE YEARS

In companies of Crédit Agricole Group

- Director: CA-Chèques (2018)
- Chairman: COPIL OFI (2017)
- Chairman of the Board of Directors: SAS Capida (2015); BforBank (2017); Crédit Agricole Home Loan SFH (2017)
- Chairman of the Financial Organisation Committee, Rapporteur of the Finance and Risk Committee, Member of the Projet Entreprise et Patrimonial Committee and of the Rates Committee (2018): FNCA

In companies outside Crédit Agricole Group

- Vice-Chairman: ANCD (2016)

1.3.2 Shares held by the Directors

The Directors appointed by the General Meeting of Shareholders do not hold any shares in Crédit Agricole CIB

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 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 complied with, in particular to promote the quality of the Board of Directors' work.

[..]

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, which it 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.

Directors make all recommendations they believe could improve the operating procedures of the Board. They endeavour, collectively with the other members of the Board, 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 Regulation 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 about the Company, they are prohibited from using such information to carry out, or have a third party carry out, any transactions on 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 can 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."

EXCERPT OF BOARD RULES AND REGULATIONS, ARTICLE 4

"[...] Members of Executive management and Non-voting directors commit to complying the provisions of CACIB rules and regulations that are applicable to them, including the provisions related to conflicts of interest or privileged / confidential information of which they would be aware."

To Crédit Agricole CIB's knowledge, there is no potential conflict of interest between the duties of members of the Board of Directors and the 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 - the regional Banks of Crédit Agricole 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, 100% 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 L. 511-31 of the Monetary and Financial Code.

There is no service contract directly binding the members of the Board of Directors or Executive Management to Crédit Agricole

CIB or to any of its subsidiaries which 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 Board of Directors or Executive Management of Crédit Agricole CIB.

To the best of the Company's knowledge, 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 (art. L.621-18-2 of the French Monetary and Financial Code)

Given that the Company's shares are not listed on a regulated market, the provisions of Article L. 621-18-2 of the French Monetary and Financial Code regarding this category of securities are not applicable to the Company.

For 2019, 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 2019 is provided in Note 6.17 to the consolidated financial statements on pages 351 and 352.

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 2019 financial year, between:

- the Chief Executive Officer, the Deputy Chief Executive Officer, 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 holds, directly or indirectly, more than half of the capital, unless they are agreements on current transactions executed 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 Crédit Agricole CIB policy may be subject to local adaptations in order to comply with the requirements of national regulations (if these last are more restrictive than Group policy). If necessary, these adaptations must be subject to consultation between the Head of the subsidiary, the control functions, the Human Resources Department of the subsidiary and the Human Resources Department of Crédit Agricole CIB.

The compensation policy was approved by the meeting of the Crédit Agricole CIB Board of Directors 13 December 2019.

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:

- 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 2019.

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 Mr François Marion, Deputy Chief Executive Officer.

With regard to the other Crédit Agricole CIB Executive Corporate Officers with an employment contract with Crédit Agricole S.A., namely: Mr Jacques Ripoll, Chief Executive Officer since 1 November 2018; he potentially benefits 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.

A non-compete clause put in place by Crédit Agricole S.A. for Mr Jacques Ripoll as part of its employment contract which will not be financially supported by Crédit Agricole CIB.

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.

1.4.6 Remunerations paid to members of the Board of Directors of Crédit Agricole CIB, in accordance with the article of L. 225-45 of French Commercial Code

In accordance with the provisions of the French PACTE law related to the growth and transformation of companies passed on 22 May 2019, the term "director's fees" ("*jetons de présence*" in French) was removed from rules in force where it appeared or was replaced by the term "remuneration" when it proved necessary. As a result, part 1.4.6 of this Universal Registration Document now has a new terminology.

TOTAL BUDGET OF REMUNERATIONS IN 2019 FOR MEMBERS OF THE BOARD OF DIRECTORS

The Ordinary General Meeting of Shareholders of Crédit Agricole Corporate and Investment Bank set a maximum total annual budget of €700,000 for remunerations.

The Board of Directors does not grant any exceptional remuneration for assignments or mandates entrusted to directors (Article L. 225-46 of the French Commercial Code).

RULES GOVERNING THE DISTRIBUTION OF REMUNERATIONS IN 2019 FOR MEMBERS OF THE BOARD OF DIRECTORS

The distribution process of the remunerations is mainly based on the compensation of the effective participation in meetings and on availibility 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 Committes

The rules on the distribution of remuneration that were in force during 2019 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	€3,000 per meeting with an annual cap of €23,500

1.5 SUMMARY TABLE OF THE RECOMMENDATIONS OF THE AFEP-MEDEF CODE WHICH WERE NOT FOLLOWED AND THUS EXCLUDED

1.5.1 At 31 December 2019

Background:

- the Company is 100%-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 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
11. Board meetings and Committee meetings 11.3 It is recommended that a meeting be held each year without the Executive Corporate Officers.	The compensation, objectives and performance of the Deputy Chief Executive Officer are reviewed and discussed by the Compensation Committee at meetings which this Executive Management member does 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 his presence, which enables the Board to discuss the way in which the deputy Chief Executive Officer performs his duties. It is recalled that the mandate of Chief Executive Officer within Crédit Agricole CIB is an honorary appointment.
20. Directors must hold shares on their own behalf and own a minimum number of shares, which is significant with respect to the directors' fees allocated.	The Company's shares are not offered to the public and are not listed for trading on a regulated market. The Crédit Agricole Group holds 100% of the capital.
22. Termination of the employment contract if an employee becomes a Corporate Officer 22.1 It is recommended that when an employee becomes an Executive Corporate Officer of the company that the employment contract binding them to the Company or to a Company of the Group be ended, either by contract termination or resignation. 22.2 This recommendation is applicable to the Chairman, the Chairman and Chief Executive Officer and the Chief Executive Officer of 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 within this context that he has an employment contract with Crédit Agricole S.A.
23. Obligation of the Corporate Officers to hold shares The Board of Directors sets a minimum number of shares that Executive Corporate Officers must keep in registered form until the end of 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. The Crédit Agricole Group holds 100% of the capital.

1.6 PROCEDURES FOR SHAREHOLDER ATTENDANCE AT THE GENERAL MEETING

The procedures for participating in Shareholders' Meetings are set out in section V of the Company's Articles of Association (see section 8 of the Universal Registration Document). 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 following articles of Association of the Company "Article 19 - Composition - Nature of Meetings", "Article 20 - Meetings", "Article 21 - Ordinary General Meetings" and "Article 22 - Extraordinary General Meetings"

1.7 STRUCTURE OF THE COMPANY'S CAPITAL AND OTHER INFORMATION PROVIDED FOR IN ARTICLE L.225-37-5 OF THE FRENCH COMMERCIAL CODE

Capital structure

At 31 December 2019, 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 100%-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 are no employee shareholding schemes at the Company and no securities holders with special control or voting rights.

To the Company's knowledge, there are no shareholder agreements that may result in restrictions on the transfer of shares or the exercise of voting rights.

There are no agreements regarding allowances for Board of Directors' members or 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 (articles 7 and 9 of Articles of Association). All changes to the Articles of Association are of the competence of the Extraordinary General Meeting (Article 22 of the Articles of Association reproduced in section 8 of the Universal Registration Document).

1.8 INFORMATION ON DELEGATIONS FOR CAPITAL INCREASES

At 31 December 2019, no delegations had been granted by the General Meeting to the Board of Directors for capital increases.

The Board of Directors

2. COMPOSITION OF THE EXECUTIVE COMMITTEE AND THE MANGEMENT COMMITTEE

THE COMPOSITION OF THE CRÉDIT AGRICOLE CORPORATE AND INVESTMENT BANK'S EXECUTIVE COMMITTEE AT 31 DECEMBER 2019 WAS AS FOLLOWS:

Jacques RIPOLL	Chief Executive Officer
François MARION	Deputy Chief Executive Officer
Jean-François BALAŸ	Deputy General Manager
Olivier BELORGEY	Finance
Didier GAFFINEL	Global Coverage and Investment Banking
Pierre GAY	Global Markets Division
Anne-Catherine ROPERS	Human Resources
Stéphane DUCROIZET	Risk & Permanent Control

AS AT 31 DECEMBER 2019, THE MANAGEMENT COMMITTEE CONSISTED OF THE EXECUTIVE COMMITTEE AND:

◆ Management Committee

■ Régis MONFRONT	Senior Coverage & Investment Banking officer
■ Marc-André POIRIER	SRO Americas
■ Michel ROY	SRO Asia-Pacific
■ Thierry SIMON	SRO Middle-East – Africa
■ Frank SCHÖNHERR	SCO Germany
■ Ivana BONNET	SCO Italy
■ Hubert REYNIER	SCO UK
■ Bertrand HUGONET	Corporate Secretary & Communication
■ Jamie MABILAT	Debt Optimisation & Distribution
■ Julian HARRIS	Debt restructuring & Advisory Services
■ Martine BOUTINET*	Global Compliance
■ Hélène COMBE-GUILLEMET	Global Investment Banking
■ Frédéric COUDREAU	Global IT
■ Arnaud D'INTIGNANO	Global Markets Division
■ Thomas SPITZ	Global Markets Division
■ Arnaud CHUPIN	Head of Internal Audit
■ Laurent CHENAIN	International Trade & Transaction Banking
■ Bruno FONTAINE	Legal
■ Éric LECHAUDEL	Operations & Country COOs
■ Jacques de VILLAINES	Structured Finance

**As of 1 January 2020, Mrs Martine Boutinet moved to another position within the Crédit Agricole Group.*

4

2019 BUSINESS REVIEW AND FINANCIAL INFORMATION

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€5.5 B

NET BANKING INCOME

N°1 WORLDWIDE

ON *ALL AGENCIES BONDS* (1)

(1) Source Refinitif N6.

N°2 IN EMEA

IN SYNDICATED FINANCE ACTIVITIES (1)

(1) As Bookrunner - Source: Refinitif R17.

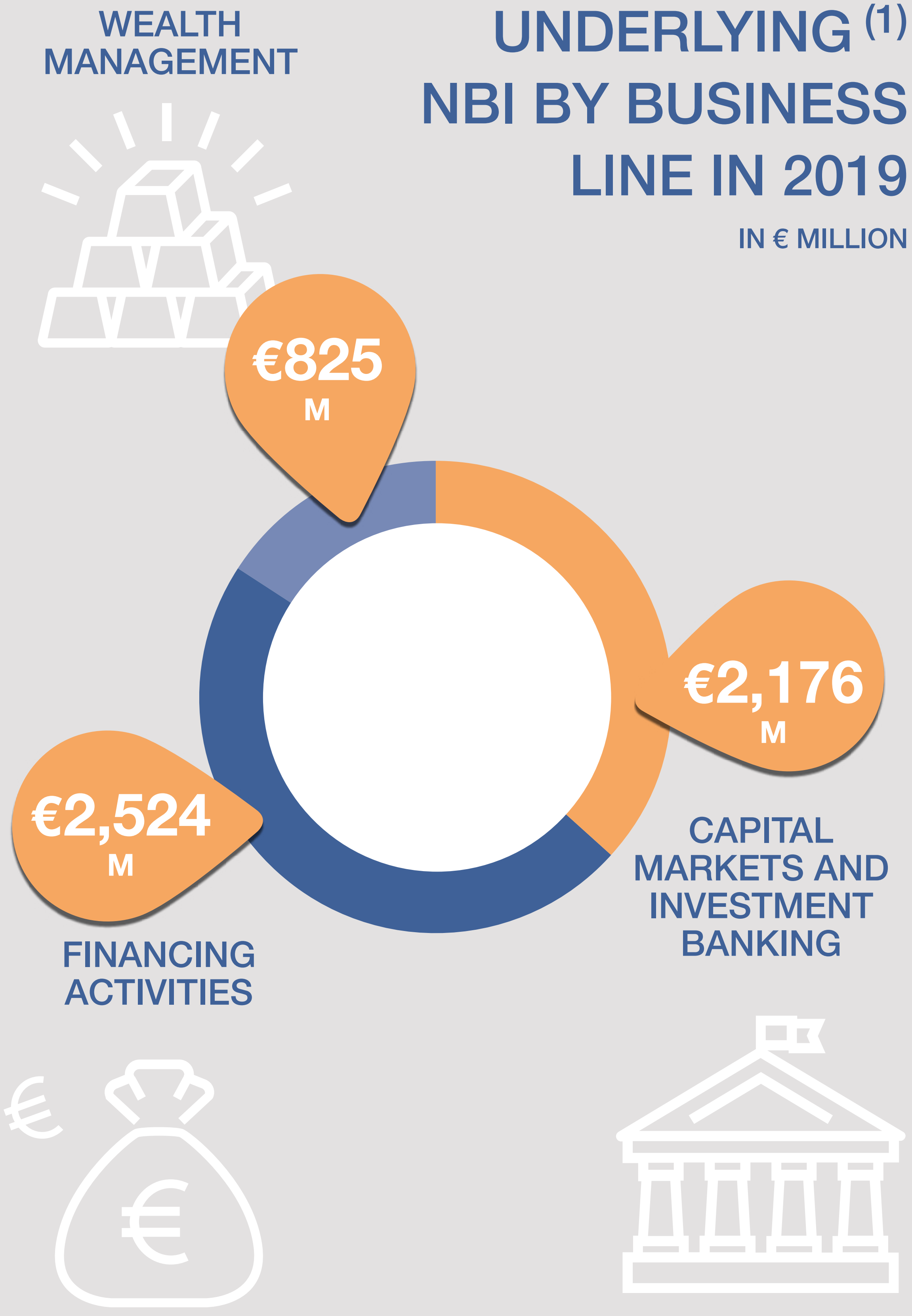
€132.2 B

ASSETS UNDER MANAGEMENT

(WEALTH MANAGEMENT)

UNDERLYING (1) NBI BY BUSINESS LINE IN 2019

IN € MILLION



(1) Restated from loan hedges and DVA running impact.

1. CRÉDIT AGRICOLE CIB GROUP'S BUSINESS REVIEW AND FINANCIAL INFORMATION

1.1 OVERVIEW OF CRÉDIT AGRICOLE CIB GROUP'S FINANCIAL STATEMENTS

Changes to accounting policies

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.

The standards and interpretations are the same as those applied and described in the Group's financial statements at 31 December 2018.

They have been supplemented by the provisions of those IFRS as endorsed by the European Union at 31 December 2019 and that must be applied in 2019 for the first time.

Changes in consolidation scope

Changes in scope between 1 January 2019 and 31 December 2019 were as follows:

COMPANIES FIRST-TIME CONSOLIDATED IN 2019

The following company entered the scope of consolidation:

- Sufinair B.V.
- Sinefinair B.V.
- Crédit Agricole CIB Finance Luxembourg S.A.
- FCT CFN DIH

COMPANIES DECONSOLIDATED IN 2019

The following companies went out of the scope of consolidation:

- IPFO
- Crédit Agricole CIB Financial Prod. (Guernesey)
- Indosuez Holding SCA II
- Indosuez Management Luxembourg II
- Island Refinancing Srl
- Crédit Agricole CIB (Luxembourg)

1.2 ECONOMIC AND FINANCIAL ENVIRONMENT

Overview of 2019

In a climate of strong uncertainty, growth continued to slow down, marked by the poor performance of productive investments and global trade

In 2019, the global economic cycle continued its slowdown from its recent peak in 2017 (3.8%). Global growth has reached 2.9% (after 3.6% in 2018), its slowest pace since the rebound following the global financial crisis of 2008/2009. This slowdown is obviously the result of strong trends affecting, albeit unevenly, all countries and specific factors for each economy or sector. In addition to the general trends amplifying the cyclical and structural slowdowns already at work (major developed economies and China) some weaknesses are specific to certain major emerging countries (Brazil, India, Mexico, Russia). Some industrial sectors, such as the automotive industry, have been penalized by regulatory changes (new emission standards). These specific shocks have remained limited and have had little impact on the services or construction sectors.

Looking beyond the specifics, Sino-US trade tensions (effective trade barriers, but also concerns regarding sectors and countries likely to constitute new targets) and the climate of uncertainty have clearly weighed on the outlook for demand, the incentive to invest and, more generally, on business climate. In a more "anxiety-provoking" economic environment, the most notable slowdown was recorded by productive investments, while household consumption, overall, held up well.

Businesses have revised their investment outlooks downwards and household consumption of durable goods declined slightly. Faced with less engagement or more uncertain demand, businesses eventually adjusted their production. Global trade, which is more sensitive to investment and consumption of durable goods, weakened further. Global trade in goods and services grew by just 1.1% in 2019, after increasing 3.6% and 5.7% in 2018 and 2017, respectively. This decline to almost 1% can be compared to the average annual rate recorded between 2010 and 2018, which was close to 5% (3.8% for global GDP). However, very accommodative and largely pre-emptive monetary policies (see below) as well as favourable financial terms helped cushion the slowdown and ultimately contribute to the resilience of the labour market. Job creation, gradual wage increases, still contained inflation and gains in purchasing power have supported confidence and household spending.

A common trend towards deceleration but national characteristics conditioned by the degree of exposure to global trade and the industrial sector

In the United States, the year 2019 ended with annualised quarterly growth of 2.1%, supported by net exports (contraction of imports) as consumer spending slowed, inventories weighed on growth and business fixed capital investment contracted for the third consecutive quarter. For the year as a whole, growth declined from 2.9% to 2.3%, but remained above the estimated potential rate of close to 2%. Domestic demand remained the main driver, with strong contributions from household consumption (1.8 percentage points) and public expenditure (0.4 points), but a marked decline in productive investment (0.2 points) and a negative contribution from foreign trade (-0.2 points). Although the economy is at full employment (with an unemployment rate of 3.5% at the end of 2019), inflation remained moderate. The Federal Reserve's preferred index (PCE, Personal Consumption Expenditures) rose by 1.4% in the fourth quarter of 2019 (annualised quarterly change), under the 2% inflation target. After averaging 2.1% in 2018, PCE inflation for the year reached 1.4%.

In China, the factors that led to a slow and natural slowdown in growth (tertiarisation, ageing, increased propensity to save, decline in the pace of job creation) were compounded by urban job losses and the trade dispute with the United States. The pace of growth slowed at the end of the year, bringing average growth for 2019 to 6.1%, its lowest level since 1990. Private and public consumption provided the bulk (60%) of the expansion, while the contribution of productive investment declined (1.9 percentage points, its lowest contribution since 2000) and that of foreign trade remained positive (0.7 points).

In the United Kingdom, 2019 was undeniably dominated by the Brexit saga. Lengthy parliamentary negotiations led to a stalemate involving three postponements of the Brexit date (initially set for 31 March 2019). What was at stake? Major divisions within Theresa May's minority government and the unpopularity of her "backstop" on the Irish border. After the European elections in May, in which the Conservative Party suffered a heavy defeat, Mrs May was forced to resign as Prime Minister. Her successor Boris Johnson renegotiated the "backstop" with the EU and managed to push Labour into an early general election in mid-December. This election resulted in a historic victory for the Conservatives over Labour, which was disadvantaged by an overly left-wing and anti-business policy.

In a context of global slowdown, uncertainty about Brexit weighed on British growth, which also proved more volatile. While household consumption held up well thanks to a fully employed labour market, private investment suffered particularly badly and recorded the worst growth rate in the G7 countries. For 2019 as a whole, growth is expected to average 1.3% on an annual basis, the same figure as in 2018, thanks to a favourable carry-over effect boosted by significant stockpiling ahead of the first exit date of 31 March 2019.

In the euro zone, growth in 2019 was first disappointing and then reassuring. Disappointing because the rebound expected in the first half of the year after the manufacturing recession of late 2018 did not materialise. Reassuring because, although it failed to rebound, activity nevertheless stabilised in the second half of the year, avoiding a "recessionary" spiral. The resilience of domestic demand, both private consumption and investment, limited the contagion from industry to the services sector. Although job creation did slow, it still led to a fall in the unemployment rate (7.4% at the end of 2019 after 7.8% at the end of 2018). The ECB's preventive action was effective: it has made it possible to maintain favourable financing conditions, limit the appreciation of the euro and, ultimately, support confidence. The fiscal impulse has been less significant, but greater than in the past in countries with room for manoeuvre. Below its potential rate (estimated at 1.3%) and still unable to revive inflation, which is still well below the ECB's target (1.2% and 1% for total and core inflation respectively), GDP growth would have reached 1.1% (after 1.9% in 2018): an overall result covering significant disparities between countries depending, in particular, on their degree of exposure to global trade and industry. The disappointing performances of Germany (0.6%) and Italy (0.2%), which are more industrial and open, contrast with the stronger growth recorded by France (1.2%).

After 1.7% in 2018, French growth reached 1.2% thanks to robust domestic demand. Household consumption accelerated (+1.2% in 2019 compared with 0.9% in 2018), supported by fiscal measures to support purchasing power, announced following the "yellow vests" protest movement and the Great National Debate in the spring. Low inflation and very dynamic job creation also contributed to the dynamic purchasing power gains (+2.1% over the year). The unemployment rate thus fell from an average of 8.7% in 2018, to an average of 8.3% in 2019. Investment by non-financial businesses also remained very dynamic and even accelerated, increasing by 4.1% over the year. Businesses thus benefited from an environment of low interest rates but also from temporary effects such as the switch from CICE to lower charges, which boosted profits and supported investment (and job creation). After an exceptionally positive contribution to growth in 2018, foreign trade made a negative contribution to growth in 2019. Indeed, while buoyant domestic demand supported imports, exports suffered from international uncertainties and the crisis in the manufacturing sector, particularly in Europe.

The implementation of accommodative monetary policies conducive to lower interest rates cushioned the economic slowdown while allowing equity markets to perform well

Against a background of low inflation, central banks reacted aggressively and largely pre-emptively to the downturn in activity. The main central banks of advanced countries (including the US Federal Reserve and the European Central Bank, ECB) but also those of the major emerging markets lowered their key interest rates.

The Federal Reserve made three pre-emptive cuts in the Fed Funds rate from July to October (-75 basis points – bp – bringing the rate to 1.75%). In September, following a downward revision of growth forecasts accompanied by a downside risk due to a high degree of uncertainty, "dangerously" low inflation, and a drop in market expectations, the ECB once again mobilised all its monetary easing tools: Forward Guidance (rates that will remain at their current level or even lower as long as inflation does not converge "firmly" towards their target), drop in the deposit rate to -0.5%, introduction of a tiering system to relieve the banks. The ECB also reactivated its bond purchase programme (Quantitative Easing) at a monthly rate of 20 billion euros, from 1 November for an indefinite period and relaxed the conditions for TLTRO III.

In addition to monetary accommodation, 2019 ended with hopes for a trade agreement between the United States and China, which resulted in a stock market boom at the expense of the safest assets. 10-year US and German government bond yields rose sharply to end the year at 1.90% and -0.20%, while equities obviously benefited from the prevailing enthusiasm. Annual growth in the most representative markets reached nearly 15% (MSCI, emerging markets) and peaked at 29% (S&P 500).

As abruptly as the increases in US and German interest rates were at the end of 2019, their respective drops nonetheless reached nearly 75 and 40 basis points (bp) over the past year, due to very accommodating preventative monetary policies that fail to reactivate inflation: growth will have remained satisfactory, or even sustained for a low inflation period. The ECB's policy will have failed to accelerate inflation, raise interest rates and the slope of the curve. On the other hand, success is clear if it can be judged by the tightening of risk premiums in the so-called "peripheral countries", of which Spain and Italy are good examples. Their spreads against the Bund narrowed from 50 bp and 90 bp, respectively, to 65 bp and 160 bp, while the French premium (30 bp at the end of 2019) fell by 15 bp.

1.3 CONSOLIDATED NET INCOME

Condensed consolidated income statement

2019

€ million	Underlying CIB [1]	Non-recurring [1]	Stated CIB	Private Banking	Corporate Center	CA-CIB	Underlying CIB Change 2019/2018	Underlying CIB Change 2019/2018 at constant rate
Net Banking Income	**4,700**	**(65)**	**4,635**	**825**	**(1)**	**5,459**	**+7%**	**+4%**
Operating expenses	(2,690)	0	(2,690)	(729)	(3)	(3,422)	+3%	+2%
Gross Operating Income	**2,010**	**(65)**	**1,945**	**96**	**(4)**	**2,037**	**+12%**	**+8%**
Cost of risk	(156)		(156)	(9)		(165)		
Share of net income of equity-accounted entities	4		4			4		
Gain/losses on other assets	19		19	32		51		
Pre-tax income	**1,877**	**(65)**	**1,812**	**119**	**(4)**	**1,927**	**+1%**	**-2%**
Corporate income tax	(380)	16	(364)	(20)	29	(355)	-22%	-26%
Net income	**1,497**	**(49)**	**1,448**	**99**	**25**	**1,572**	**+9%**	**+7%**
Non-controlling interests	0	0	0	19	0	19	ns	
Net income, Group Share	**1,497**	**(49)**	**1,448**	**80**	**25**	**1,553**	**+9%**	**+7%**

[1] *Restated from loan hedges and DVA running impact on NBI for respectively -€44 million, -€21 million in 2019.*

2018

€ million	Underlying CIB [1]	Non-recurring [1]	Stated CIB	Private Banking	Corporate Center	CA-CIB
Net Banking Income	**4,409**	**45**	**4,454**	**822**	**0**	**5,276**
Operating expenses	(2,610)		(2,610)	(711)	0	(3,321)
Gross Operating Income	**1,799**	**45**	**1,844**	**111**	**0**	**1,955**
Cost of risk	60		60	(5)	(0)	55
Share of net income of equity-accounted entities						
Gain/losses on other assets						
Pre-tax income	**1,859**	**45**	**1,904**	**106**	**(0)**	**2,010**
Corporate income tax	(489)	(11)	(500)	(29)	4	(525)
Net income	**1,370**	**34**	**1,404**	**77**	**4**	**1,485**
Non-controlling interests	(2)	0	(2)	8	0	6
Net income, Group Share	**1,372**	**34**	**1,406**	**69**	**4**	**1,479**

[1] *Restated from loan hedges and DVA running impact on NBI for respectively +€23 million, +€22 million in 2018.*

The market environment in the second half of 2019 remained complex with a variety of concerns such as a slowdown in the global economy, trade disputes between the United States and China, the effects of Brexit and more generally concerns related to geopolitical risk.

In Europe, the ECB continued its accommodating monetary policy in the bond market in 2019, key rates continued to remain at an extremely low level, which should continue until sustainable return to inflation according to the ECB.

Accordingly, the yield on most sovereign bonds is close to zero.

In the United States, the Fed lowered its interest rates three times in a row in the second half of 2019, the last of which fell to 1.75% on 30 October 2019 (versus 2.50% at the end of December 2018). In addition, the last quarter of 2019 was marked by bond yields, which increased in harmony with the equity markets. The US dollar remained relatively stable over the second half of 2019 with a Euro - Dollar parity of close to 1.10 Dollar.

Against this background, underlying CIB revenues rose by +7% at current exchange rates compared to 2018. The increase in income was mainly due to the increase in revenue from capital markets and investment banking (+13% at current rates), driven by the good performance of Fixed Income activities, notably showing an out-performance in credit and interest rate activities and to a lesser extent in financing activities (+1% at current prices).

Expenses rose 3% at current rates (+2% at constant rates). This increase was mainly linked to the human resources and IT investments deployed in 2019.

Excluding the SRF, the cost/income ratio of the underlying CIB came through at 53.8% in 2019.

Gross operating income was €2,010 million at current rates.

The cost of risk was up (normalisation), driven by a specific file, and partially offset by reversals on a few files.

Net income Group share is €1,553 million.

1.4 RESULTS BY BUSINESS LINE

Financing activities

€ million	Under-lying 2019*	Under-lying 2018*	Change 2019/2018	Change 2019/2018 at con-stant rate
Net Banking Income	2,524	2,487	+1%	(1%)
Operating expenses	(1,040)	(994)	+5%	+3%
Gross Operating Income	**1,484**	**1,493**	**(1%)**	**(6%)**
Cost of risk	(132)	82	ns	
Share of net income of equity-accounted entities	4	0	ns	
Gain/losses on other assets	15	0	ns	
Pre-tax income	**1,371**	**1,575**	**(13%)**	
Corporate income tax	(258)	(415)	(38%)	
Net income	**1,113**	**1,160**	**(4%)**	
Non-controlling interests	(2)	(2)	(18%)	
Net income, Group Share	**1,115**	**1,162**	**(4%)**	

** Not including the DVA impact on net banking income for -€44 million for 2019 and +€23 million for 2018.*

Revenue from financing activities was up +1% at current rates, the increase in revenue from structured finance activities and International Trade and Transaction Banking is masked by the decline in revenue from Debt Optimisation and Distribution activities.

Structured finance activities have been diverse, with high production levels. The Acquisition Finance, Oil & Gas and Real Estate sectors performed particularly strongly. At constant rates, revenue from structured finance grew 7%.

Debt Optimisation and Distribution slowed due to a lack of major deals compared to the previous year. Activity remains at a good level despite a decline in the global syndicated loan market. Crédit Agricole CIB has maintained its positioning on syndicated loans by remaining in the 2nd place[(1)] in syndicated finance activities in the EMEA region.

Revenues from the International Trade and Transaction Banking activity increased with continued growth in the Private Equity Financing Solutions activity in partnership with CACEIS, the development of the Supply chain activity, the growth of the Export portfolio by good new production levels in 2019. The decline in barrel cost had a positive impact on Global Commodities Finance.

Corporate banking contributed €1,115 million to net income, Group share, down 4% compared to 2018, particularly due to the normalisation of the cost of risk in 2019.

Capital markets and investment banking

€ million	Under-lying 2019*	Under-lying 2018*	Change 2019/2018	change 2019/2018 at constant rate
Net Banking Income	2,176	1,922	+13%	+11%
Operating expenses	(1,650)	(1,616)	+2%	+1%
Gross Operating Income	**526**	**306**	**+72%**	**+59%**
Cost of risk	(24)	(22)	+8%	
Gain/losses on other assets	4	0	ns	
Pre-tax income	**506**	**284**	**+78%**	
Corporate income tax	(122)	(74)	+65%	
Net income	**384**	**210**	**+83%**	
Non-controlling interests	2	0	ns	
Net income, Group Share	**382**	**210**	**+82%**	

** Not including the DVA impact on net banking income for -€21 million for 2019 and +€22 million for 2018.*

Revenues from capital markets rose by +15% compared to 2018 at current rates, driven by the solid performance of fixed income activities, in a context of an accommodating ECB policy favourable to credit and interest rate activities. Indeed, interest rate activities benefited from sustained activity, in particular on euro swaps and Secured Funding, which had an excellent fourth quarter. Crédit recorded a very good performance over the year linked on the one hand to good primary and secondary market revenue, and on the other hand to a comparative basis in 2018, which had been impacted by reduced commercial activity due to conditions unfavourable to issues. Foreign exchange activities performed well, particularly in Asia, thanks to good commercial activity, while revenues from securitisation activities fell slightly compared to last year, but rose slightly, net of cost of risk.

In 2019, Crédit Agricole CIB moved up by three places and ranked first worldwide in all agencies bonds[(2)] gaining 1.2 market share points compared to 2018.

Revenues from investment banking remained stable. M&A activities remained stable in a less favourable market environment than last year. The European M&A market was down 25%[(3)] and 37%[(4)] in France between 2019 and 2018. Equity Capital Markets recorded a fall in market volumes.

Capital markets and investment banking contributed €382 million to net income, Group share, up 82% compared to 2018.

(1) As Bookrunner - Source: Refinitiv R17
(2) Source Refinitiv N6
(3) Source Refinitiv N6
(4) Source Refinitiv

Wealth Management

€ million	2019	2018	Change 2019/2018	Change 2019/2018 at constant rate
Net Banking Income	825	822	+0%	(1%)
Operating expenses	(729)	(711)	+3%	+1%
Gross Operating Income	**96**	**111**	**(13%)**	**(14%)**
Cost of risk	(9)	(5)	+74%	
Gain/losses on other assets	32	0	ns	
Pre-tax income	**119**	**106**	**+13%**	
Corporate income tax	(20)	(29)	(31%)	
Net income	**99**	**77**	**+29%**	
Non-controlling interests	19	8	ns	
Net income, Group Share	**80**	**69**	**+16%**	

Wealth Management revenues remained stable at current rates, and down 1% at constant rates. The positive impacts of external growth acquisitions offset the major drop in external downsizing transactions. Excluding currency variances and changes in scope, revenue fell by €23 million.

At current rates, expenses rose 3% (1% at constant rates). Some of these expenses relate to the increased scope and digital initiatives, and have been offset by the impact of the cost-cutting plan.

At the end of December 2019, assets under management totalled €132.2 billion, up €9.3 billion compared with the end of December 2018, mainly due to a market effect with the rise in stock market indices.

Corporate Centre

€ million	2019	2018	Change 2019/2018
Net Banking Income	(1)	0	ns
Operating expenses	(3)	0	ns
Gross Operating Income	**(4)**	**0**	**ns**
Corporate income tax	29	4	ns
Net income, Group Share	**25**	**4**	**ns**

The "Corporate Centre" division includes the various impacts not attributable to the other divisions.

4

1.5 CRÉDIT AGRICOLE CIB'S CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets

€ billion	31.12.2019	31.12.2018
Cash, central banks	58.3	46.5
Financial assets at fair value through profit or loss (excluding repurchase agreements)	144.3	132.1
Hedging derivative Instruments	1.6	1.0
Financial assets at fair value through other comprehensive income	9.6	11.4
Financial assets at amortised cost (excluding repurchase agreements)	196.3	180.1
Current and deferred tax assets	1.1	1.1
Repurchase agreements	106.6	109.9
Accruals, prepayments and sundry assets	32.5	27.9
Property,plant, equipment and intangible assets	1.4	0.7
Goodwill	1.0	1.0
Total assets	**552.7**	**511.7**

At 31 December 2019, Crédit Agricole CIB had total assets of €552.7 billion, up by €41 billion compared to 31 December 2018. The impact of US dollar exchange rates is +€4 billion and that of the Yen is +€1.5 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 increased by €12.2 billion and €17.4 billion respectively over the period. On the asset side, they consist mainly in the positive fair value of interest rate derivatives and of the portfolio of securities held for trading, while on the liabilities side they reflect the negative value of derivatives and securities sold short. The increase in outstandings was essentially due to the drop in long-term rates (+€9.2 billion on the assets side and the liabilities side), particularly on interest rate derivatives and a rise in the performance of securities instruments (+€8 billion).

FINANCIAL ASSETS AND LIABILITIES AT AMORTISED COST

The increase in financial assets and liabilities at amortised cost came, for the assets, mainly from financing activities for liabilities, the increase is explained in part by the commercial efforts to raise deposits on ordinary items and term loans and on debt securities negotiable on treasury operations in London and New York.

Liabilities

€ billion	31.12.2019	31.12.2018
Central banks	1.8	0.9
Financial liabilities at fair value through profit or loss (excluding repurchase agreements)	179.3	158.9
Hedging derivative Instruments	1.3	1.0
Financial liabilities at amortised cost (excluding repurchase agreements)	232.9	220.0
Repurchase agreements	77.6	78.3
Current and deferred tax liabilities	2.4	2.0
Accruals, deferred income and sundry liabilities	28.6	23.5
Provisions	1.4	1.7
Subordinated debt	5.0	5.0
Equity - Group share	20.5	18.8
Non-controlling interests	0.1	0.1
Net income (loss) for the year	1.5	1.5
Total liabilities and equity	**552.7**	**511.7**

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. The increase in these items is explained by the decrease in rates.

EQUITY - GROUP SHARE

Equity - Group share (excluding profit (loss) for the period) was €20.5 billion, up by €1.7 billion compared with the figure at 31 December 2018. This change results essentially from the payment of dividends (€0.5 billion), an AT1 issue (€0.7 billion) and the payment of interest on the AT1 issue (€0.3 billion).

1.6 RECENT TRENDS AND OUTLOOK

2020 outlook

The following events in relation to the coronavirus pandemic took place after the financial statements approval by the board of directors:

Even before the outbreak of coronavirus, the climate of anxiety and productive investment that was already in decline were contributing to reduced growth, although there was no indication that a fall was imminent

As a result of the signature of the so-called "phase 1" agreement, the Sino-American trade conflict no longer seemed destined to escalate in the near future. While it did offer hope for a truce in the tariff war, it did not immunise against a shift in tensions onto other sensitive issues and did not presume a lasting peace in Sino-American relations. In fact, the agreement between the United States and China covers many subjects: trade in goods, particularly agricultural and food products[1](1), intellectual property, technology transfers, financial services, an end to exchange rate "manipulation", and a forum for resolving conflicts. While ambitious (the additional imports to which China has committed itself are substantial), this agreement does not address the thorny issues of Chinese subsidies and, more broadly, Chinese state-sponsored capitalism.

In addition, the risk of a "Brexit without a trade agreement" threatened to replace the risk of a "no-deal Brexit". Following the United Kingdom's exit from the European Union on 31 January, the British would like to see the details of their future partnership with the European Union (including a free trade agreement) defined by the end of the year 2020. Subjecting the negotiations to such an ambitious timetable will generate doubts about the quality of the future relationship.

Therefore, although there was the possibility for political and geopolitical tensions and uncertainty to ease temporarily, they were unlikely to disappear permanently and were likely to weigh on investment behaviour

Some initial signs seemed to indicate that the decline in the manufacturing sector (based in particular on an improvement in the automotive sector) and in world trade may have bottomed out. The services sector continued to expand as a result of strong consumer spending, boosted by continued sustained growth in wages. Finally, while productive investment had demonstrated resilience, it was showing signs of slow deceleration:

deceleration based on uncertainty about future demand, stemming from concerns about global trade, rather than from a typical degeneration of the cycle. After several years of low investment, companies in the Eurozone, in particular, were preparing to face the slowdown without excess capacity, as evidenced by a capacity utilization rate that was in decline, yet still remained high. Companies appeared cautious, not responding to the erosion of their margins either by abruptly halting their capital spending or by drastically reducing employment.

Without being able to rely on productive investment or global trade, which is more sensitive to growth in investment than growth in consumption, sustained growth depended on households. The labour market continued to adjust to varying speeds and the decline in job creation was not yet reflected in a significant rise in the unemployment rate. There was an expectation that consumption would also be boosted by the slight increase in wages and purchasing power gains sustained by inflation that was still very moderate. While household consumption provided hopes of a slowdown rather than a collapse in growth, there was nevertheless a fine balance between employment, wages and corporate margins.

This relatively encouraging observation had been made before the coronavirus pandemic began to spread beyond China

The pandemic, its impact on Chinese growth (a drop in domestic demand) and global growth (a decline in Chinese demand, tourist flows, disruption of value chains) and its geographical spread imply a significant downward revision of growth forecasts. Given the spread of the pandemic, its consequences become even more difficult to assess and result in a series of firm assumptions, including the one formulated upstream of our central scenario: that the spread of the pandemic will be contained in the second quarter. Given the uncertainties surrounding the development of the pandemic as well as measures to limit the spread of infection, this central scenario is accompanied by a downside risk.

Assuming that China has passed the peak of the pandemic (the number of new cases, which has already fallen sharply both within and outside Hubei, is not expected to settle into a sustainable upward trend), growth is expected to undergo a very violent downturn in the first quarter, then a slow recovery followed by a substantial rebound. At the expense of their aim to reduce domestic debt, the Chinese authorities have both the will and the means to stimulate a revival in economic activity (reducing interest rates and bond reserves, significantly increasing bank credit, infrastructure expenditure, etc.). By implementing aggressive and purportedly effective budgetary and monetary support, the rebound in growth for the second half of the year would enable it to achieve an annual average of around 5.3%.

Our scenario assumed a reduction in US growth of around 1.6%: a downturn that is already being felt, driven by the already well-established decline in investment and the lack of public spending support. Even though the pandemic is not yet compelling the United States to "go slow", the impact of the coronavirus leads to the prospect that growth may not exceed 1.3%. In the Eurozone, although confidence indicators have recovered, suggesting sustained activity in services and construction while the industrial sector appeared to be wavering, the pandemic is expected to slash our already conservative growth forecast of 1% by almost seven tenths of a percentage point. The "China effect" alone (via exports and disruption to supply chains) results in a growth reduction of around 0.2 points. However, the impact of the pandemic now affecting Europe (shutdown and/or slowdown of activity, reduced consumption, of services in particular, and a wait-and-see attitude) is generating additional losses that are estimated at between 0.5 and 1 points of growth, varying by country. At this stage, there is nothing to suggest a combined European budgetary response. The risk is that responses will remain essentially national, being limited in the countries under pressure (France, Italy, Spain, Portugal), and more generous in Germany and the Netherlands.

1 The United States has decided to waive an additional tax (mainly on consumer goods) and to halve the 15% tariff imposed in September on $120 billion in imports from China.

The rest of the duties already in place (25% on $250 billion) will not decrease. Approximately 65% of US imports from China are still taxed. As a reminder, in 2018, US imports of

Chinese goods and services totalled $540 billion and $18 billion, respectively. China, for its part, has committed to import an additional $200 billion in goods and services from the United States in 2020-2021, compared with 2017 when US exports of goods and services to China were $190 billion.

While the depressive impact of the coronavirus pandemic on business activity is primarily caused by falling demand, underlying inflation is expected to remain low. It is expected to be 1.7% in the United States and 1.2% in the Eurozone on an average annual basis. The decline in Chinese demand has already strongly contributed to a fall in commodity prices, including the price of oil: at $40 per barrel, the price of Brent has already fallen by almost

40% since the beginning of the year. Despite expectations of an upturn in activity in the second half of 2020 (particularly industrial activity in China), oil prices were already at risk of being impacted by excessive supply. Given the crisis between Russia and Saudi Arabia and the unexpected end of the OPEC+ agreement aimed at reducing production, there is an obvious risk of long-term low prices. Overall inflation could therefore remain well below the central banks' inflation targets in the US and especially in Europe.

Even before the coronavirus pandemic broke out, the major central banks, undertaking strategic reviews of their own respective policies, were still tempted by monetary easing, which is crucial

Given the specific economic consequences of the coronavirus pandemic (including a fall in demand associated with containment measures and reduced transnational mobility, difficulties with supplies and cash flow), the purpose of monetary easing may not be to stimulate economic activity so much as to appease the financial markets and limit self-fulfilling phenomena. Since the beginning of the year, a strong trend towards risk aversion has contributed to a decline in risk-free rates (over two months, US and German 10-year sovereign yields have fallen by 120 basis points to 0.70% and 55 basis points to -0.70%, respectively). The main equity markets recorded sharp falls (around 14% for the Eurostoxx 50 and the CAC 40).

In an attempt to curb risk aversion, the Federal Reserve acted with urgency, announcing a surprise reduction of 50 basis points in the Fed Funds rate (target rate of 1-1.25%). This is the first inter-meeting decision the Federal Reserve has taken since the 50-basis-point reduction in October 2008. This proactive, precautionary course of action did not succeed in curbing the concerns of the markets. Our scenario assumes the Federal Reserve will provide additional easing of a further 50 basis points (split into two reductions of 25 basis points each). Although there is still room for manoeuvre, it could even make the first reduction as early as March, if financial terms continue to tighten. The ECB, on the other hand, has limited room for manoeuvre. Even before growth prospects deteriorated so rapidly, our scenario included a potential drop in the deposit rate of 10 basis points, an extension of quantitative easing, an increase in the holding limit from 33% to 50%, and the continuation of forward guidance. This arrangement may be supplemented by an increase in the proportion of corporate securities purchased under the Corporate Sector Purchase Programme as part of the quantitative easing measures, and the granting of Targeted Longer-Term Refinancing Operations (TLTROs) on more favourable terms in order to encourage banks to lend and, in particular, to support SMEs.

Once again, everything is contributing to keeping core long-term rates extremely low: risk aversion, unprecedented uncertainty and lack of visibility, strong economic slowdowns accompanied by downside risks, and pain-free rates of inflation

Our scenario includes long-term (10-year) sovereign rates, which, having reached their troughs before the summer, are expected to recover timidly, reaching 1.25% and -0.55% in December 2020 for the United States and Germany, respectively. Despite less favourable growth prospects, the equity markets, supported by very low risk-free rates, which are expected to remain as such for some time, continued to hold up well. Since the coronavirus pandemic broke out, triggering a powerful wave of risk aversion, there has been a considerable slump in the equity markets (registering falls ranging from almost 7% for the S&P 500 index up to 14% for the Eurostoxx and CAC 40 indexes over two months). Despite its highly preventative nature, coming prior to a marked downgrading of the US macroeconomic inflation and employment indicators, the unexpected easing from the Federal Reserve has not succeeded in stemming the concerns of the markets. The equity markets may struggle for as long as the markets lack a minimum of clarity about the depth and duration of the crisis (assuming the lower part of a growth curve develops in the shape of a "U"). Their recovery, a pillar of the wealth effect, is an essential component of a scenario of a very sharp decline in growth with no deterioration into recession.

Only the Bank of Japan, which knows the collateral damage of excesses, will not be tempted. Once again, everything is contributing to keeping core long-term rates low: materialisation of economic slowdowns, painless inflation, accommodative monetary policies, and a climate marked by proven or latent risks. Our scenario assumes long (10-year) sovereign rates at 1.60% and -0.45% in December 2020 for the United States and Germany, respectively. This will not serve to displease the risk premiums of the "peripheral" bond markets and the equity markets: their resilience will determine the wealth effect and household consumption, an essential ingredient in a scenario of slowdown rather than a collapse in growth.

CACIB outlook for 2020

Net income, Group share, grew markedly compared with 2018 (+9% at current rates): revenue was characterised by good growth in capital markets banking driven by fixed income activities and the maintenance of a good level of activity in corporate banking.

Expenses are under control. Normalisation of the cost of risk over the year; it is recorded as a net expense

In this context, results in terms of NBI, RWA consumption and return on equity are above the trajectory defined in the new 2022 Medium Term Plan. Furthermore, on 6 June 2019, Crédit Agricole Group's new Medium Term Strategic Plan was announced and on 11 December 2019 Crédit Agricole CIB presented its Investor Workshop with ambitious, realistic and well-balanced objectives aligned with its integrated, distinctive and profitable business model.

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.

The outlook for 2020 remains dependent on political and geopolitical tensions calming down as well as the current N-Coronavirus V pandemic, but it is too early to quantify its impact.

1.7 ALTERNATIVE PERFORMANCE MEASURES (APM)- ARTICLE 223-1 OF THE AMF'S GENERAL REGULATION

Alternative Perfomrnace Measures	Definition	Reason for use
Cost/Income ratio	Ratio indicating the share of NBI (Net Banking Income) used pour to cover operating expenses (business operating expenses). It is calculated by dividing operating expenses by NBI.	Measure of operational efficiency in the banking sector.
Underlying Net Banking Income (Underlying CIB)	Net Banking Income excluding exceptional items. Details of exceptional items are provided in the table hereafter.	Measure of Crédit Agrcicole CIB's NBI excluding items that do not reflect the underlying operating performance or non-recurring items of a significant amount.
Underlying Net income, Group Share	Underlying Net income, Group Share excluding exceptional items. Details of exceptional items are provided in the table hereafter.	Measure of Crédit Agrcicole CIB's net icome excluding items that do not reflect the underlying operating performance or non-recurring items of a significant amount.
Assets under management	All assets under management by Indosuez Wealth Management.	Measures operating activity not reflected in consolidated financial statements and corresponding to portfolio assets marketed by Indosuez Wealth Management, whether managed, advised or delegated to an external manager.

Key Exceptional Elements

€ million	2019	2018
Net Banking Income		
Loan hedges	(44)	23
DVA	(21)	22
Total pre-tax exceptional items	**(65)**	**45**
Total exceptional items after tax	**(49)**	**34**

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	31.12.2019	31.12.2018
Interbank and similar transactions	147.6	139.0
Customer transactions	178.4	162.0
Securities transactions	38.9	30.1
Accruals, prepayments and sundry assets	153.5	143.6
Non-current assets	6.7	6.7
Total assets	**525.1**	**481.4**

Liabilities

€ billion	31.12.2019	31.12.2018
Interbank and similar transactions	75.0	74.7
Customer accounts	176.5	167.8
Debt securities in issue	47.8	43.3
Accruals, deferred income and sundry liabilities	198.6	170.1
Impairment and subordinated debt	12.4	11.6
Fund for General Banking Risks		
Shareholders' equity (excl. FGBR)	14.8	13.9
Total Liabilities and shareholders' equity	**525.1**	**481.4**

At 31 December 2019, Crédit Agricole CIB (S.A.) had total assets of €525.1 billion, up by €43.7 billion compared to 31 December 2018.

Money market and interbank items

Interbank assets increased by €8.6 billion (+6.2%), with variances of +€12.6 billion in deposits with central banks, +€5.5 billion in treasury bills and -€9.5 billion in receivables from credit institutions (including -€2.7 billion on accounts, long-term loans and demand loans and -€6.7 billion on pledged securities).

Interbank liabilities increased by €0.3 billion (+0.4%) including +€0.9 billion more to central banks and -€0.6 billion more debts to credit institutions (i.e. +€1.7 billion more on term and sight accounts and borrowings and -€2.3 billion less on securities sold under repurchase agreements).

Customer transactions

Assets and liabilities on customer transactions increased by €16.4 billion (+10.1%) and €8.7 billion (+5.2%) respectively.

On the assets side, the increase came from trade receivables and other customer loans for €11.9 billion (+11.6%), and €4.5 billion in securities under repurchase agreements (+7.5%)

On the liabilities side, current accounts, repurchase agreements and other debts rose by €4.1 billion (+13.5%), €2.4 billion (+3.1%) and €2.3 billion (+3.8%) respectively.

Portfolio securities and debts represented by a security

Securities transactions on the asset side increased by €8.8 billion (+29.2%). This increase comes from equities and variable income securities for +€5.7 billion, mainly on the trading portfolio, but also from fixed income bonds for +€3.1 billion.

Debt instruments rose by €4.5 billion (+10.4%). This increase was due to both negotiable debt securities (+€3.1 billion) and bonds (+€1.5 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 increase in “Accruals, deferred income and sundry assets and liabilities”, was €9.9 billion on the assets side (+6.9%) and €28.5 billion on the liabilities side (+16.7%).

“Other assets” and “Other liabilities” which increased by €6 billion and €20.9 billion, respectively, are mainly comprised of premiums on conditional derivative instruments, sundry debtors and creditors and debts on securities borrowed.

Accrual and deferred income, mainly the fair value of the derivative instruments, rose by €3.9 billion on the assets side and €7.5 billion on the liabilities side.

Provisions and subordinated debt

Provisions were stable at €3.2 billion, and subordinated debt rose €0.8 billion (+9.1%), essentially on debt in euros (€0.6 billion rise).

Fixed assets

Non-current assets are stable at €6.7 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.

	31.12.2019				31.12.2018			
€ thousands	≤ 30 days	> 30 days ≤ 60 days	> 60 days	**Total**	≤ 30 days	> 30 days ≤ 60 days	> 60 days	**Total**
Accounts payable	14,585	62	21	**14,669**	7,676	10,569	(132)	**18,113**

The median payment period for accounts payable at Crédit Agricole CIB is 31 days. Crédit Agricole CIB had outstanding payables of €14.7 million at 31 December 2019, compared with €18.1 million at 31 December 2018.

Information on payment delays by Crédit Agricole CIB suppliers

Invoices received with late payment from Crédit Agricole CIB Paris' suppliers

	31.12.2019					
€ thousands	0 day	≥ 1 day ≤ 30 days	> 30 days ≤ 60 days	> 60 days ≤ 90 days	> 90 days	**Total (1 day and more)**
Number of invoices concerned	21,812	7,694	2,182	932	1,510	**12,318**
Aggregate amount of the invoices concerned excl. VAT	467,881	258,345	89,097	39,200	30,717	**414,359**
Percentage of the total amount of invoices received during the year, excl. VAT	53.03%	29.28%	10.10%	4.10%	3.48%	

Invoices received and not paid at the closing date whose payment term has expired

	31.12.2019					
€ thousands	0 day	≥ 1 day ≤ 30 days	> 30 days ≤ 60 days	> 60 days ≤ 90 days	> 90 days	**Total (1 day and more)**
Number of invoices concerned	900	63	13		7	**83**
Aggregate amount of the invoices concerned excl. VAT	8,815	589	52		18	**659**
Percentage of the total amount of invoices received during the year, excl. VAT	93.05%	6.21%	0.55%		0.19%	

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 2019, Crédit Agricole CIB S.A. recorded 104 inactive bank accounts for a total amount estimated at €19,592,740.95.

At the end of the 2019 financial year a total amount of €430.94 was transferred to the Caisse des Dépôts et Consignations related to one identified inactive bank account in Crédit Agricole CIB books.

2.2 CONDENSED INCOME STATEMENT OF CRÉDIT AGRICOLE CIB (S.A.)

€ million	31.12.2019	31.12.2018
Net Banking Income	3,944	3,814
Operating expenses	(2,558)	(2,447)
Gross operating income	**1,386**	**1,367**
Cost of risk	(352)	195
Net Operating Income	**1,034**	**1,562**
Net gain/(loss) on fixed assets	728	20
Pre-tax income	**1,762**	**1,582**
Corporate income tax	(433)	(415)
Net allocation to FGBR and regulated provisions		105
Net income	**1,329**	**1,272**

Net banking income for the 2019 financial year reached +€3.9 billion, €130 million higher than at 31 December 2018.

General operating expenses, excluding amortisation and provisions, increased by €110 million (+4.5%).

In view of these factors, gross operating income increased by €20 million, to €1.4 billion at 31 December 2019.

The cost of risk was -€352 million in 2019 compared to +€195 million in 2018.

Net income on fixed assets was €728 million in FY 2019. The net income of €705 million was mainly comprised of gains on disposals of Banque SAUDI FRANSI securities.

100% owned by Crédit Agricole S.A. (CASA), whether directly or indirectly, Crédit Agricole CIB (CACIB) is part of the tax consolidation group constituted by CASA and is head of the CACIB tax sub-group constituted with the member subsidiaries of the tax consolidation group.

The “income tax charge” for 2019 was €433 million.

Crédit Agricole CIB (S.A.) recorded net income of +€1.33 billion in 2019, compared to +€1.27 billion in 2018.

2.3 FIVE-YEAR FINANCIAL SUMMARY

Items	2015		2016		2017		2018		2019	
Share capital at year-end (€)	EUR	7,327,121,031	EUR	7,851,636,342	EUR	7,851,636,342	EUR	7,851,636,342	EUR	7,851,636,342
Number of shares issued		271,374,853		290,801,346		290,801,346		290,801,346		290,801,346
Total results of realized transactions (in € million)										
Gross revenue (excl.Tax)	EUR	7,808	EUR	7,306	EUR	9,470	EUR	11,138	EUR	12,554
Profit before tax, amortization and reserves	EUR	770	EUR	1,223	EUR	3,017	EUR	1,004	EUR	1,895
Corporate income tax	EUR	(45)	EUR	281	EUR	(514)	EUR	(415)	EUR	(433)
Profit after tax, amortization and reserves	EUR	434	EUR	682	EUR	2,613	EUR	1,272	EUR	1,329
Amount of dividends paid	EUR	899	EUR	983	EUR	1,236	EUR	489	EUR	445
Earning per share (€)										
Profit after tax, before amortization and reserves		[1] 2,70		[2] 5,34		[3] 10,38		[4] 2,72		[5] 5,66
Profit after tax, amortization and reserves		[1] 1,62		[2] 2,42		[3] 8,98		[4] 4,37		[5] 4,57
Dividend per share	EUR	3,34	EUR	3,38	EUR	4,25	EUR	1,68	EUR	1,53
Staff										
Number of employees		[6] 6,222		[6] 6,473		[6] 6,768		[6] 7,371		[6] 7,410
Wages and salaries paid during the financial year (in € million)	EUR	961	EUR	1,000	EUR	1,014	EUR	1,037	EUR	1,081
Employee benefits and social contributions (in € million)	EUR	283	EUR	304	EUR	323	EUR	347	EUR	338
Payroll taxes (in € million)	EUR	39	EUR	34	EUR	39	EUR	42	EUR	41

[1] *Calculation based on the weighted average number of ordinary shares outstanding during the period, i.e. 268,791,031 securities.*
[2] *Calculation based on the weighted average number of ordinary shares outstanding during the period, i.e. 281,517,355 securities.*
[3] *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.*
[4] *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.*
[5] *Calculation based on the number of shares issued excluding treasury stock at the end of the 2019 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 31.12.2015	**7,327,121,031**	**271,374,853**
27/05/2016		
Capital increase by the issue of shares for cash	52,236,414	1,934,682
27/06/2016		
Capital increase by partial payment of the dividend in shares	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**
Share capital at 31.12.2019	**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 62 to 111.

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 101 and 102 of this Universal 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 Universal Registration Document.

5

RISKS AND PILLAR 3

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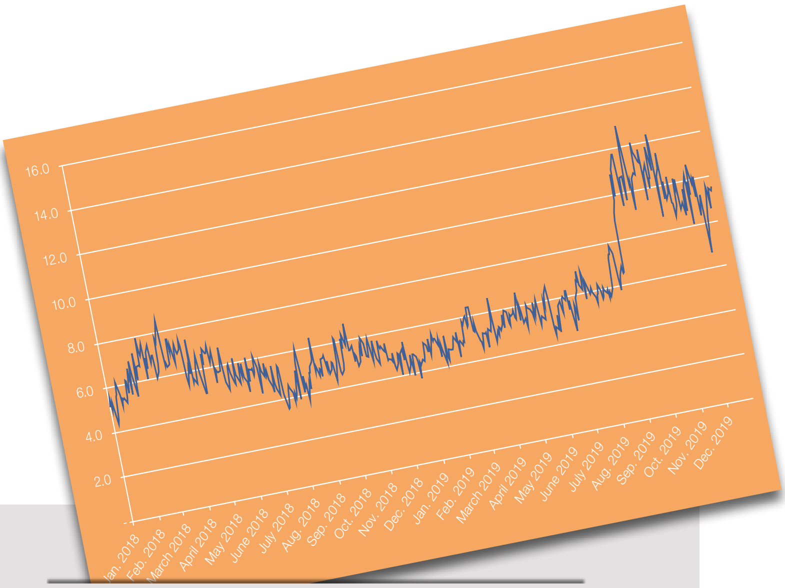
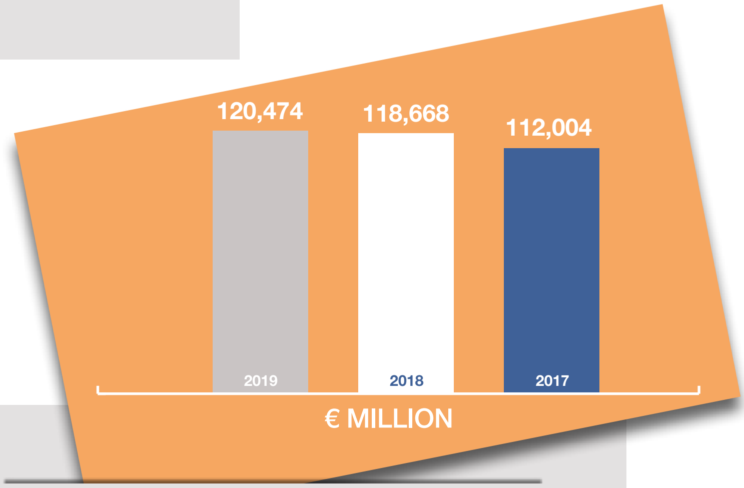


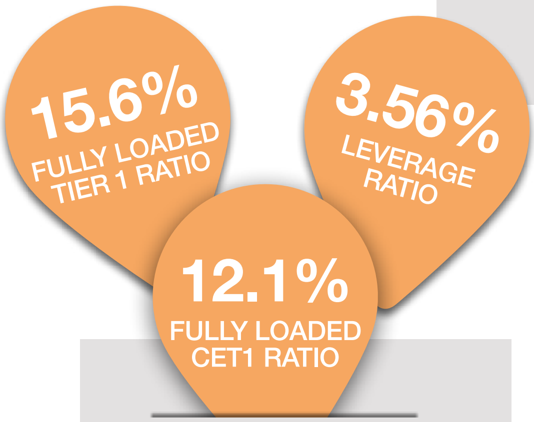
2018-2019 REGULATORY VaR OF CRÉDIT AGRICOLE CIB

€ MILLION



CHANGES IN RISK-WEIGHTED ASSETS

FULLY LOADED BASEL III



REGULATORY RATIO IN 2019

1. RISK FACTORS

This part of the Universal Registration Document sets out the main types of risks to which Crédit Agricole CIB is exposed, as well as certain risks related to holding Crédit Agricole CIB securities. Other parts of this chapter discuss Crédit Agricole CIB 's risk appetite and the policies employed to manage these 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.

The main types of risks specific to Crédit Agricole CIB's activity are presented below and are expressed through risk-weighted assets or other indicators when risk-weighted assets are not appropriate.

Risks specific to Crédit Agricole CIB 's business are presented in this section under the following categories: (i) credit risks and counterparty risks, (ii) financial risks, (iii) operational risks and associated risks,(iv) risks related to the environment in which Crédit Agricole CIB operates and related to strategy, and (v) risks related to the affiliation mechanism to Crédit Agricole network.

Within each of the five categories, 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.

1. CREDIT AND COUNTERPARTY RISKS

◆ A - Crédit Agricole CIB is exposed to the credit risk of its counterparties

Credit risk is defined as the probability that borrowers or counterparties will default on their obligations to the bank in accordance with agreed terms. The assessment of the probability of default and the recovery rate of a loan or receivable in the event of default is an essential element in the assessment of credit quality.

The risk of insolvency of its customers and counterparties is one of the main risks to which Crédit Agricole CIB is exposed. Credit risk impacts Crédit Agricole CIB 's consolidated financial statements when counterparties are unable to honour their obligations and when the carrying amount of these obligations in the bank's records is positive. Counterparties may be banks, financial institutions, industrial or commercial enterprises, governments and their various entities, investment funds. The level of counterparty defaults may increase compared to recent historically low levels; Crédit Agricole CIB may be required to record significant charges and provisions for possible bad and doubtful loans, affecting its profitability.

Crédit Agricole CIB seeks to reduce its exposure to credit risk by using risk mitigation techniques such as collateralisation, obtaining guarantees, entering into credit derivatives and entering into netting contracts. 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.

As at 31 December 2019, the amounts of risk-weighted assets (RWA) related to credit risks, except those related to securitization (covered in §C), was of €66.2 billion, equal to 55% of total risk-weighted assets.

[Please refer to paragraph 3.4.1.1 of Chapter 5 (Risk-weighted assets by type of risks) on page 211 of the 2019 Universal Registration Document.]

◆ B- Crédit Agricole CIB is exposed to the counterparty risk in connection with its market activities

Counterparty risk is the manifestation of credit risk in connection with market transactions, investments and/or settlements. In connection with its trading activities, Crédit Agricole CIB is at risk in case a counterparty fails to perform its obligation to settle trades. 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.

The amount of this risk varies over time with changes in market parameters affecting the potential future value of the transactions concerned. RWAs related to this risk amounted to €17 billion as at 31 December 2019.

[Please refer to paragraph 3.4.1.1 of Chapter 5 (Risk-weighted assets by type of risks) on page 211 of the 2019 Universal Registration Document.]

◆ C - Crédit Agricole CIB is exposed to the credit risk in connection with its securitization transactions in the banking book

Credit Agricole CIB is exposed to the credit risk in connection with its securitization transactions on behalf of clients. Crédit Agricole CIB (through Global Markets Division) acts as originator and sponsor for its Corporate or Financial institutions clients.

RWAs related to this risk amounted to €7.3 billion as at 31 December 2019.

[Please refer to paragraph 3.4.1.1 of Chapter 5 (Risk-weighted assets by type of risks) on page 211 of the 2019 Universal Registration Document;]

◆ D - Any significant increase in provisions 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 position

In connection with its lending activities, Crédit Agricole CIB periodically recognises doubtful loan expenses, whenever necessary, to reflect actual or potential losses in respect of its loan and receivables portfolio, which are recognised in profit or loss account under "cost of risk". Credit Agricole CIB's cost of risk amounted for 2019 to -€165 million. Crédit Agricole CIB's overall level of such asset impairment provisions is based upon its assessment of prior loss experience, the volume and type of lending being conducted, industry standards, economic conditions and other factors related to the recoverability of various loans, or scenario-based statistical methods applicable collectively to all relevant assets. Crédit Agricole CIB seeks to establish an appropriate level of provisions, however its lending businesses may cause it to have to increase its provisions for doubtful loans 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 industries (see §E for Corporate, §F for financial institutions), sectors (see §G) and countries (see §H). Any significant increase in provisions for doubtful loans 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 position.

Crédit Agricole CIB's net values amounted to €503 billion as at 31 December 2019.

[Please refer to paragraph 3.4.2.1.3 (Table CR1-A) on page 221 of Pillar 3 of Crédit Agricole CIB at end 2019.]

◆ E - A deterioration in the quality of corporate could adversely impact Crédit Agricole CIB's results of operations

The credit quality of corporate borrowers could experience a deterioration, primarily from increased economic uncertainty and, in certain sectors, the risks associated with trade policies of major economic powers. The risks could be exacerbated by the recent practice by which lending institutions have reduced the level of covenant protection in their loan documentation, making it more difficult for lenders to intervene at an early stage to protect assets and limit the risk of non-payment. If a trend towards deterioration in credit quality were to appear, Crédit Agricole CIB may be required to record asset impairment charges or to write off the value of its corporate debt portfolio, which would in turn impact Crédit Agricole CIB 's profitability and financial position.

As at 31 December 2019, Crédit Agricole CIB's net values to Corporates amounted to €297 billion (of which €4 billion in default) and provisioned for nearly €2.6 billion.

[Please refer to paragraph 3.4.2.1.3 (Table CR1-A) on page 221 of Pillar 3 of Crédit Agricole CIB at end 2019.]

◆ F - 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 financing, investment and derivative transactions could be adversely affected by the soundness of other financial institutions or market participants. Financial services institutions are interrelated as a result of trading, clearing, counterparty, funding or other relationships. As a result, defaults by, or even rumours or questions about, one or more financial services institutions, or the loss of confidence in the financial services industry generally, may lead to market-wide liquidity contractions and could lead to further losses or defaults. 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 customers 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 Crédit Agricole CIB cannot be disposed of or is liquidated at prices not sufficient to recover the full amount of the loan or derivative exposure due to it.

As at 31 December 2019, the total amount of Crédit Agricole CIB's net values to institutions counterparties was €90 billion, of which €420 million in default and provisioned for €397 million.

[Please refer to paragraph 3.4.2.1.3 (Table CR1-A) on page 221 of Pillar 3 of Crédit Agricole CIB at end 2019.]

◆ G - Crédit Agricole CIB may be adversely affected by events impacting sectors to which it has significant exposure

Crédit Agricole CIB's exposures are very diversified thanks to its corporate and investment banking activities. However, Crédit Agricole CIB is subject to the risk that certain events may have a disproportionately large impact on a particular industrial sector to which it is significantly exposed. For example, energy sector borrowers are subject to risks relating to volatility in energy prices. As at 31 December 2019, the three major sectors of the bank's exposure were Finance and insurance sector excluding central governments and central banks with €143 billion accounting for 28% of total exposures, manufacturing sector with €68 billion representing 14% of total exposures and transport and storage sector with €32 billion accounting for 6% of the total exposures.

[Please refer to paragraph 3.4.2.1.3 (Table CRB-D) on page 219 of Pillar 3 of Crédit Agricole CIB at end 2019.]

◆ H - 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 specifically exposed in absolute value to the country risk for France, the United States and Japan. Considering all sectors, Crédit Agricole CIB's exposures amounted respectively to €147 billion, €63 billion and €46 billion, accounting respectively for 29%, 13% and 9% of the total exposures.

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. 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 refer to paragraph 3.4.2.1.3 (Table CR1-C) on page 222 of Pillar 3 of Crédit Agricole CIB at end 2019.]

2. FINANCIAL RISKS

Financial risks cover essentially liquidity risk, market risk, foreign-exchange risk, risk of holding equities, issuer's risk and global interest rate risk.

◆ A - Crédit Agricole CIB could face liquidity risks

Liquidity risk is the risk that the bank may not be able to honour its commitments or unwind or offset a position within a given period of time and at a reasonable cost, due to market conditions or factors specific to the bank. It reflects the risk of not being able to meet net cash outflows, including those related to collateral requirements, over all horizons from short to long term. This specific risk can be assessed in particular through Liquidity Coverage Ratio – LCR, which analyses the coverage of net cash outflows in a 30-day stress scenario.

The Group primary objective in managing liquidity is to ensure that it has sufficient resources to meet its requirements in the event of any type of severe, prolonged liquidity crisis. As at 31 December 2019, Crédit Agricole CIB's LCR the prudential ratio to ensure the short-term resilience of the liquidity risk profile) was 119% greater than the regulatory minimum of 100%, and greater than the goal of 110% under the medium-term Plan.

In some of Crédit Agricole CIB's business activities, notably its market activities, it is possible that protracted market movements, particularly asset price declines, reduce the level of activity in the market or reduce market liquidity. Such developments can lead to material losses if Crédit Agricole CIB cannot close out deteriorating positions in a timely manner. This may especially be the case of assets held by Crédit Agricole CIB that are not very liquid 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.

◆ B - Crédit Agricole CIB is exposed to risks associated with changes in market prices and volatility with respect to a wide number of market parameters

Market risk is the risk of loss of value caused by an unfavourable change in prices or market parameters. Market parameters include, but are not limited to, exchange rates, prices of marketable securities and commodities (whether the price is directly quoted or obtained by reference to a similar asset), the price of derivatives on a regulated market, as well as all parameters that may be derived from market quotations such as interest rates, credit spreads, volatilities or implied correlations or other similar parameters.

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 regions 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 therefore highly exposed include fluctuations in interest rates, security prices, foreign exchange rates, the specific yield premium on a bond issue and the prices of oil, precious metals and other commodities.

Risk-weighted assets specific to this risk amounted to €8.2 billion as at 31 December 2019.

Crédit Agricole CIB uses a "Value at Risk" (VaR) model to quantify its exposure to potential losses related to market risks. VaR of Crédit Agricole CIB as at 31 December 2019 was €10 million.

It also carries out stress tests in order to quantify its potential exposure in extreme scenarios, as described and quantified in paragraph 2.5.2 (Methodology for measuring and managing market risks – Indicators) in Chapter 5 (Risks and Pillar 3) on pages 172-174 of the 2019 Universal Registration Document. 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.

[Please refer to paragraph 3.4.1.1 of Chapter 5 (Risk-weighted assets by type of risks) on page 211 of the 2019 Universal Registration Document] and to paragraph 2.5.2 (Methodology for measuring and managing market risks – Indicators) in Chapter 5 (Risks and Pillar 3) on pages 172 of the 2019 Universal Registration Document.]

◆ C - Any significant change in foreign exchange rate could adversely affect Crédit Agricole CIB's consolidated revenues or profitability

The foreign exchange risk is the financial risk associated with an unfavourable change in exchange rates on the foreign exchange market. 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. These positions are not fully covered. The Group's policy for managing structural foreign exchange positions aims at achieving two main goals: i/ regulatory (by way of exception) to protect the Group's solvency ratio against currency fluctuations; ii/ proprietary interests, to reduce the risk of loss of value for the assets under consideration. The unhedged part is subject to structural foreign exchange risk.

Any unfavourable change in exchange rates will affect unhedged assets value and may deteriorate Crédit Agricole CIB's profitability.

◆ D - Crédit Agricole CIB may suffer losses in connection with strategic holdings and long term holdings equity

Equity securities held by Crédit Agricole CIB could decline in value, causing losses for Crédit Agricole CIB, requiring to record fair value adjustments or recognise asset impairment charges in its consolidated financial statements, which could negatively impact its results of operations and financial position. 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 entity.

As at 31 December 2019, the prudential value of Crédit Agricole CIB's long term holdings of equities was around €1.1 billion, of which Bank Saudi Fransi and Crédit Agricole Egypt.

◆ E - Adjustments to the carrying amount 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 amount of Crédit Agricole CIB's securities and derivatives portfolios and certain other assets, as well as that of its own debt, in its balance sheet are adjusted as at each financial statement date. Most of the adjustments are made on the basis of changes in fair value of the assets or liabilities of Crédit Agricole CIB during an accounting period, with the changes recorded either in the income statement or directly in shareholders' equity. The fact that fair value adjustments are recognised in one accounting period does not mean that further adjustments will not be necessary in subsequent periods.

As at 31 December 2019, the gross outstanding debt securities held by Crédit Agricole CIB were close to €37 billion. Accumulated impairments and reserves and negative fair value adjustments due to credit risk were €38 million.

[Please refer to paragraph 3.4.2.1.4 (Default exposure and carrying amount adjustments) Table CR1-E of Chapter 5 (Risks and Pillar 3) on page 223 of the 2019 Universal Registration Document for quantitative information on the carrying amount adjustments undertaken by Crédit Agricole CIB.]

◆ F - Any significant change in interest rate could adversely affect Crédit Agricole CIB's consolidated revenues or profitability

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.

Crédit Agricole CIB's exposure to overall interest rate risk on customer transactions is limited given the major part of loans and deposits being at variable rates.

The interest rate risk mainly comes from capital, investments, modelling of current accounts and from maturities below 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.

3. OPERATIONAL RISKS AND ASSOCIATED RISKS

Operational risk is the risk of loss resulting from faulty or inadequate internal processes (particularly those involving staff and IT systems) or from external events, whether deliberate, accidental or natural (floods, fires, earthquakes, terrorist attacks, etc.). Operational risk includes fraud, human resource risks, legal and reputational risks, compliance risks, tax risks, information systems risks, providing of inappropriate financial services (conduct risk), risks of failure of business processes including credit processes, or the use of a model (model risk), as well as potential financial consequences related to the management of reputational risk. Risk-weighted assets specific to this risk amounted to €21.2 billion as at 31 December 2019.

Over the period 2017 to 2019, Crédit Agricole CIB 's operational risk incidents were divided as follows: the "Execution, delivery and process management" category represents 50% of the operational loss, the "customers, products, commercial practices" category represents 22% of the operational loss, and the "internal fraud" category accounts for 18% of the operational loss. Other operational risk incidents can be broken down into employment and safety practice (7%), external fraud (2%), and business disruptions and system failures (1%).

[Please refer to paragraph 3.4.1.1 of Chapter 5 (Risk-weighted assets by type of risks) on page 211 of the 2019 Universal Registration Document as well as paragraph 2.7 of the "Risk management" section in Chapter 5 (Risk and Pillar 3) on page 179 of 2019 Universal Registration Document.]

◆ A - 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/ insurance, technical or strategic data), processes and users, with the aim of causing material losses to companies, their employees, partners and customers. Cyber risk has become a top priority in the field of operational risks. A company's data assets are exposed to new, complex and evolving threats which could have material financial and reputational impacts on all companies, and specifically on banking institutions. 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 throughout the Group to conduct its business. Any failure or interruption or breach in security of these systems could result in failures or interruptions in its customer relationship management, general ledger, deposit, servicing and/or loan organisation systems. 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 business opportunities. Likewise, a temporary shutdown of the information systems of Crédit Agricole CIB, 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 an adverse effect on its financial position 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 failures or interruptions resulting from cybercrime or cyber terrorism. Crédit Agricole CIB cannot guarantee that failures 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. Over the period 2017 to 2019, operational losses due to the risk of business disruptions and system failures accounted for 1% of operational losses.

◆ B - Crédit Agricole CIB is exposed to the credit risk of fraud

The mission of the Compliance function is to protect the bank, its employees and its customers, in particular by combating financial crime and more particularly by preventing money laundering, terrorist financing and fraud.

The highest level of governance is invested in matters of combating financial crime.

In a context of increasing attempts at external fraud and of more complex operating methods (notably via cybercrime), the main challenges now lie in the proactivity of banking players. Fraud prevention thus aims to protect the interests of the Bank and protect customers. The fraud prevention system has been deployed in all Crédit Agricole CIB since 2018. An organization with a Compliance/Fraud and Corruption Prevention business line in all Crédit Agricole Group's subsidiaries is in place. Actions have been continued to control the risks of fraud in terms of steering the system, prevention and detection. Tools have been deployed to combat fraud in means of payment and fraudulent transfers. The awareness component is also essential to multiply vigilance measures.

Over the period 2017-2019, the breakdown of Crédit Agricole CIB's operational loss due to fraud amounted to around 20% of the total operational losses.

◆ C - Crédit Agricole CIB is exposed to the risk of paying higher compensation for damages or fines as a result of legal, arbitration or regulatory proceedings

Crédit Agricole CIB has in the past been, and may in the future be, subject to significant legal proceedings (including class action lawsuits), arbitrations and regulatory proceedings. When determined adversely to Crédit Agricole CIB, these proceedings can result in awards of high 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 ultimately favourable, Crédit Agricole CIB may incur substantial costs and have to devote substantial resources to defending its interests.

Organised as a business line, the Legal Affairs Department has two main objectives: to control legal risk, which can give rise to disputes and liabilities, whether civil, disciplinary or criminal, and to provide the legal support needed by entities to enable them to carry out their activities. Crédit Agricole CIB had no costs for legal risk for financial year 2019. Litigation provisions amounted to €389 million at end 2019.

[Please refer to paragraph 3.9 (Changes in legal risks) in Chapter 5 (Risks and Pillar 3) on pages 180-182 of the Universal Registration Document for further information concerning ongoing legal, arbitration or administrative proceedings in which Crédit Agricole CIB is involved, and to Note 6.15 Provisions of the consolidated financial statements of Chapter 6 (consolidated financial statements) on pages 347-349 of the 2019 Universal Registration Document for further information concerning ongoing legal, arbitration or administrative proceedings in which Crédit Agricole CIB is involved.]

◆ D - 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 where Crédit Agricole CIB is active, such as local banking laws and regulations, internal control and disclosure requirements, data privacy restrictions, European, U.S. and local anti-money laundering and anti-corruption laws and regulations, international sanctions and other rules and requirements. Violations of these laws and regulations could harm the reputation of Crédit Agricole CIB, result in litigation, civil or criminal penalties, or otherwise have a material adverse effect on its business.

To illustrate, in October 2015, Crédit Agricole CIB and its parent company Crédit Agricole S.A. reached agreements with the US federal and New York State 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 federal and New York State authorities in connection with their investigations, have agreed to pay a total penalty in the amount of $787.3 million (i.e. €692.7 million).

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 programmes 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 furthermore does not have direct or indirect majority voting control in certain entities with international operations, and in those cases its ability to require compliance with its policies and procedures may be even more limited.

At end-2019, Crédit Agricole CIB had operations in 37 countries. This includes the parent entity, its subsidiaries and their branches. It does not include held-for-sale and discontinued operations, nor any entities consolidated using the equity method. Note that at end-2019, 66% of the net banking revenues (excluding intercompany accounting elimination) of Crédit Agricole CIB came from its two main locations (France and Europe).

[Please refer to Chapter 6 (consolidated financial statements) on page 328 of the 2019 Universal Registration Document for quantitative information on the geographical breakdown of the revenues of Crédit Agricole CIB.]

4. RISKS RELATING TO THE ENVIRONMENT IN WHICH CRÉDIT AGRICOLE CIB OPERATES AND ITS STRATEGY

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

The businesses of Crédit Agricole CIB are specifically and significantly exposed to changes in the financial markets and to the development of the economic conditions in France, Europe and the rest of the world. In the financial year ended 31 December 2019, 39% of Crédit Agricole CIB's revenues were generated in France, 28% in Europe, 34% in the rest of the world. A deterioration in economic conditions in the markets where Crédit Agricole CIB operates could have one or several of the following impacts:

- adverse economic conditions would affect the business and operations of customers of Crédit Agricole CIB, which could decrease revenues and increase the rate of default on loans and other receivables;
- a decline in the prices of bonds, equities and commodities could impact a significant portion of the business of Crédit Agricole CIB, including in particular trading, investment banking and asset management revenues;
- macro-economic policies adopted in response to actual or anticipated economic conditions could have unintended effects, and are likely to impact market parameters such as interest rates and foreign exchange rates, which in turn could affect the businesses of 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 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;

In relation to this, in the current context of modest global growth and very accommodative monetary policies, a deterioration in economic conditions would increase the difficulties and failures of businesses and the unemployment rate could start rising again, increasing the probability of customer default. The heightened uncertainty could have a strong negative impact on the valuation of risky assets, on the currencies of countries in difficulty, and on the price of commodities.

- The Covid-19 pandemic is expected to have significant negative impacts on the world economy, which would worsen if the pandemic were not contained quickly. It leads to supply and demand shocks, resulting in a marked slowdown in activity, due to the impact of containment measures on consumption and the distrust of economic agents, as well as production difficulties, supply chain disruptions in some sectors; and slower investment. The result would be a marked drop in growth, or even technical recessions in several countries. These consequences would impact the activity of the counterparties of the banks and, in turn, of the banks themselves. Crédit Agricole CIB, which announced support measures for its corporate customers during the crisis, expects impacts on its revenues, as well as on its cost of risk (taking into account in particular the pro-cyclical effects of accounting rules), and therefore on its result. The extent and duration of these impacts are impossible to determine at this stage.
- A deterioration in the global landscape, would lead to further easing of monetary policies, combined with higher risk aversion leading to prolonged maintenance of very low interest rates, at least in the core countries (including Germany and France).
- The political and geopolitical context – more conflictual and tenser – induces greater uncertainty and increases the overall level of risk. This can lead, in the event of rising tensions or the materialisation of latent risks, to some major market movements and weigh on economies: trade war, Brexit, tensions in the Middle East, social or political crises, around the world, etc.
- In Italy, a political crisis, against the backdrop of already low growth and high public debt, would have a negative impact on confidence and the economy, and could also cause a rise in interest rates and in the cost of refinancing for the government and the banks. It could also lead to losses on the sovereign portfolios of banks and insurers.
- In France, there could also be a significant drop in confidence in the event of a more marked deterioration of the social context which could lead households to consume less and save more as a precaution, and companies to delay investments, which could be harmful to growth and to the quality of private debt, which has increased more than in the rest of Europe.
- The very low level of interest rates leads investors, seeking yield, to move towards riskier assets; it leads to the formation of bubbles in financial assets and in certain real estate markets. It also leads private customers and governments to go into debt and debt levels are sometimes very high. This increases the risks in the event of a market downturn.

It is difficult to predict when economic or financial 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 significantly more volatile, Crédit Agricole CIB's operations could be disrupted, and its business, results of operations and financial position could as a result experience a material adverse effect.

◆ B - Crédit Agricole CIB operates in a highly regulated environment, and its profitability and financial position could be significantly impacted by ongoing legal and regulatory changes

A variety of regulatory and supervisory regimes apply to Crédit Agricole CIB in each of the jurisdictions in which Crédit Agricole CIB operates.

To illustrate, such regulations pertain to, in particular:

- regulatory and supervisory requirements applicable to credit institutions, including prudential rules on capital adequacy and minimum capital and liquidity requirements, risk diversification, governance, restrictions on the acquisition of holdings and compensation (CRR and CRD4);
- rules applicable to banking turnaround and resolution (BRRD);
- regulations governing financial instruments (including Bonds), as well as rules relating to financial information, disclosure and market abuse (MAR);
- monetary, liquidity, interest rate and other policies of central banks and regulatory authorities;
- regulations governing certain types of transactions and investments, such as derivatives, securities financing and money market funds (EMIR);
- regulations of market infrastructures, such as trading platforms, central counterparties, central securities depositories and securities settlement systems;
- tax and accounting legislation, as well as rules and procedures relating to internal control, risk management and compliance;
- the regulations applicable to the disclosure of information relating to sustainable finance (with in particular the declaration of extra-financial performance).

In addition, Crédit Agricole CIB is supervised by the ECB, and contributes to Crédit Agricole Group recovery plan submitted each year, in accordance with applicable regulations.

Failure to comply with these regulations could have significant consequences for Crédit Agricole CIB: significant intervention by regulatory authorities and fines, international sanctions, public reprimand, reputational damage, enforced suspension of operations or, in extreme cases, withdrawal of authorisation to operate. In addition, regulatory constraints could significantly limit the ability of Crédit Agricole CIB to expand its business or to pursue certain existing activities.

Furthermore, some legal and regulatory measures have come into force in recent years or could be adopted or amended with a view to introducing or reinforcing a number of changes, some permanent, in the global financial environment. While the objective of these measures is to avoid a recurrence of the global financial crisis, the new measures have changed substantially, and may continue to change, the environment in which 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 Crédit Agricole S.A.), tax on financial transactions, caps or tax on employee compensation over specified levels, limits on the types of activities that commercial banks can undertake (particularly proprietary trading and investment and ownership in private equity funds and hedge funds), ring fencing requirements relating to certain activities, restrictions on the types of entities permitted to conduct swaps activities, restrictions on certain types of activities or financial products such as derivatives, mandatory write-downs or conversions into equity of certain debt instruments, enhanced recovery and resolution regimes, revised risk-weighting methodologies (particularly with respect to insurance businesses), periodic stress testing and the creation of new and strengthened regulatory bodies. Some of the new measures adopted after the financial crisis are expected to be modified, impacting the predictability of the regulatory regimes to which Crédit Agricole CIB is subject.

As a result of some of these measures, Crédit Agricole CIB was compelled to reduce the size of certain of its activities in order to comply with the new requirements created by them. These measures have also increased compliance costs and are likely to continue to do so. In addition, some of these measures may also significantly increase Crédit Agricole CIB's funding costs, particularly by requiring Crédit Agricole CIB to increase the portion of its funding consisting of capital and subordinated debt, which carry higher costs than senior debt instruments.

In addition, the general political environment has evolved unfavourably for banks and the financial industry, resulting in additional pressure on legislative and regulatory bodies to adopt more stringent regulatory measures, despite the fact that these measures can have adverse consequences on lending and other financial activities, and on the economy. Because of the continuing uncertainty regarding the new legal and regulatory measures, it is not possible to predict what impact they will have on Crédit Agricole CIB but it could be very material.

◆ C - Crédit Agricole CIB may not achieve the targets set out in its medium-term Plan

On 6 June 2019, Crédit Agricole S.A. announced its medium-term plan up to 2022 (the "medium-term Plan").

On 11 December 2019, Crédit Agricole CIB detailed the MTP for its corporate and investment banking activities. 2022 MTP provides several initiatives, of which a distinctive and profitable business model resulting from three major strategic choices (i) to generate more revenues from Corporate than Financial Institutions, ii) with more Financing activities than pure Capital Markets ones and iii) based on a strong and coordinated international network, as well as being in line with the Crédit Agricole Group's Project trajectory.

2022 MTP includes a number of financial targets relating to revenues, expenses, net income and capital adequacy ratios. 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 materialisation of one or more of the risk factors described elsewhere in this section.

As an example, Crédit Agricole CIB plans, at the end of 2022, to achieve revenues of around 5 billion euros, to have a cost of risk between 20 and 25 basis points, RWA at a level of €123 billion. The plan's success depends on a very large number of initiatives (some significant and modest in scope) within Crédit Agricole CIB. The medium-term Plan also provides for 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 fails to achieve the targets of its medium-term Plan, its financial position and results of operations could be materially adversely affected.

◆ D - 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 have a significant impact. 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 could have a material adverse impact on 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 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.

With the medium-term Plan and its climate strategy, the Group is committed to completely moving away from thermal coal by 2030, in the European Union and OECD countries, and by 2040 in the rest of the world.

Crédit Agricole CIB has committed to finance one out of three renewable energy projects; to develop a range of green leasing products, double the size of the green loan portfolio to €13 billion of outstanding loans; to strengthen the Green Liquidity factor. Attribution of a transition rating to each large corporate customer is on the way and the integration of ESG criteria in 100% of financing to large corporates and gradually to SMEs.

◆ E - Crédit Agricole CIB along with its parent company Crédit Agricole S.A., must maintain high credit ratings, or their business and profitability could be adversely affected

Credit ratings have an important 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 hedged bond programme or under certain bilateral provisions in some trading, derivative and collateralised financing contracts, or adversely affect the market value of the bonds.

Crédit Agricole CIB's cost of obtaining long-term unsecured funding from market investors, is directly related to their credit spreads (the amount in excess of the interest rate of government securities of the same maturity that is paid to debt investors), which in turn depend to a certain extent on their credit ratings. Increases in credit spreads can significantly increase 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 Crédit Agricole CIB creditworthiness. In addition, credit spreads may be influenced by movements in the acquisition cost of credit default swaps indexed to Crédit Agricole CIB's debt securities, which are influenced both by the credit quality of those securities, and by a number of market factors that are beyond the control of Crédit Agricole CIB.

The three rating agencies solicited by the Group found that the outlook is stable, guaranteeing the stability of the Group's rating. To reiterate, the Group's ratings according to Moody's, S&P Global Ratings and Fitch Ratings are Aa3, A+ and A+, respectively.

5. RISKS RELATED TO THE AFFILIATION MECHANISM TO CRÉDIT AGRICOLE NETWORK.

◆ A - If any member of the Crédit Agricole Network encounters future financial difficulties, Crédit Agricole S.A. would be required to mobilise the resources of the Crédit Agricole Network (including its own resources) to support such member

Crédit Agricole S.A. is the central body of the Crédit Agricole Network, consisting of Crédit Agricole S.A., the Regional Banks and the Local Banks, pursuant to Article R. 512-18 of the French Monetary and Financial Code, as well as of the affiliate members Crédit Agricole CIB and BforBank (the “Network”).

Under the legal internal financial solidarity mechanism enshrined in Article L. 511-31 of the French Monetary and Financial Code (CMF), Crédit Agricole S.A. as the central body must take all measures necessary to ensure the liquidity and solvency of each institution member of the Network, as well as the Network as a whole. As a result, each member of the Network benefits from and contributes to this internal financial solidarity. The general provisions of the French Monetary and Financial Code are transposed into internal provisions setting out the operational measures required for this legal mechanism for internal financial solidarity. More specifically, they have established a Fund for bank Liquidity and Solvency Risks (fonds pour risques bancaires de liquidité et de solvabilité – FRBLS) designed to enable Crédit Agricole S.A. to fulfil its role as central body by providing assistance to any Network member that may be experiencing difficulties.

Although Crédit Agricole S.A. is not currently aware of circumstances likely to require recourse to the FRBLS to support a member of the Network, there can be no assurance that it will not be necessary to use the Fund in future. In such a case, if the resources of the FRBLS were to be insufficient, Crédit Agricole S.A., under its tasks as corporate centre, will be required to make up the shortfall by mobilising its own resources and, where appropriate, those of the other members of the Network, of which Crédit Agricole CIB.

As a result of this obligation, if a member of the Network would face major financial difficulties, the event underlying these financial difficulties could impact the financial position of Crédit Agricole CIB and that of the other members of the Network that are relied upon for support under the financial solidarity mechanism. In the extreme case where this situation would result in commencing a resolution procedure for the Group or the judicial liquidation of a member of the Network, the mobilisation of the resources of Crédit Agricole S.A. and, as the case may be, of the other members of the Network in support of the entity that initially suffered the financial difficulty, could impact, first, the equity instruments in any type (CET1, AT1, Tier 2, including Bonds) and, second, if the loss proved to be greater than the amount of the equity instruments, the liabilities constituting commitments eligible for internal bail-out, including non-preferred senior and preferred senior preferred securities and other debt of similar rank, in accordance with the terms and conditions provided for by law and applicable contractual provisions. In such case, the bearers and creditors concerned could lose all or part of their investment.

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.

This model has proven its resilience since 2011 by generating sustainable profitability, with recurring revenue, while retaining little exposure to market volatility. The risk profile is low, as it is based on a conservative approach.

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 2019 risk appetite was approved by the Board on 11 February 2019.

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 reported to Executive Management for a decision, within the designated committees or bodies, depending on the indicator;
- 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 CACIB 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 page 35). 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 2019

At 31 December 2019, the overall risk profile of CA-CIB for the risks listed below was below the tolerance level approved by its Board of Directors

GLOBALLY MANAGED RISKS: SOLVENCY AND LIQUIDITY

SOLVENCY

Key solvency risk indicators include:

- the Risk-Weighted Assets (RWA) calculated using regulatory methods;
- the economic capital originating from the "Internal Capital Adequacy Assessment Process" (ICAAP – see page 203).

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 2019, Crédit Agricole CIB's regulatory RWAs stood at €120.5 billion (see page 197) 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. The LCR, however, 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 2019, 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

CREDIT

Crédit Agricole CIB's Corporate and Investment Banking is based on debt-related business: credit risk is therefore central to its activities and is by far the greatest risk. Like Crédit Agricole CIB's competitors, CIB customers are often large multinationals or major financial institutions which by their very nature, in addition to individual creditworthiness issues, generate a concentration risk in this area. This risk should however be put into perspective by viewing the Crédit Agricole Group as a whole. The refocusing strategy applied since the financial crisis slightly reduced the number of counterparties and geographical sites, and therefore resulted in a relative increase in the portfolio concentration.

However, the Bank is still active in a large number of countries and economic sectors, thus benefiting from the positive effect of sectoral and geographical diversification. This effect is measured and monitored under ICAAP.

On the other hand, Crédit Agricole CIB's Wealth Management (WM) business line generates few credit risks, as the majority of its services are Lombard loans which are secured against collateral such as: cash, securities, life insurance contracts, etc.

Therefore, Crédit Agricole CIB's risk appetite is defined in accordance with four 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 "underwriting risk for corporate customers", whose thresholds are defined according to the credit quality of the borrower, which limits the temporary credit risk incurred by CACIB for any corporate group during an underwriting transaction on debt instruments (CIB only);
- the proportion of unsecured credit (Wealth Management only).

At 31 December 2019, all four 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. Crédit Agricole CIB has put in place a resilient model based on a balanced business model in which capital markets activities are part of the continuity of financing activities with a diversified client portfolio. The Bank also suspended its own-account activities and, under the French Banking Law (LBF), was not required to set up an ad-hoc subsidiary. Finally, the Bank's Treasury Department is responsible for the sound and prudent management of cash, as required under the LBF.

Crédit Agricole CIB has retained its appetite for market risks in its CIB activities, when such risks are adopted by supplying corporate customers and financial institutions with the investment products and services that they require (including some structured products), and by assuming its role as a market maker for certain market segments and instruments. Wealth Management on the other hand is only exposed to a very low level of market risks.

Therefore, Crédit Agricole CIB's market risk appetite is defined in accordance with two key indicators:

- maximum one-day loss within a confidence interval of 99%, or Value-at-Risk ("VaR" see definition and calculation method on page 171); and
- adverse and extreme stress (see definition and calculation method on page 172), to understand maximum loss in theoretical extreme market conditions which systematically contradict the Bank's positions.

At 31 December 2019, these indicators were below the Bank's tolerance threshold, with a VaR of €10 million (see page 172).

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:

- the share of the cost of operational risk in net income; and
- major operational risk incidents.

At 31 December 2019, 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 2019, these indicators were below the tolerance thresholds.

REPUTATIONAL RISKS

At 31 December 2019, 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 substantial 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 seven 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), Operational Risk Management (MRO), and Validation of Regulatory Models on Market Activities (VRM);
- 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;
- the operational risk managers at the Head Office report to the Operational Risk Management 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 Chief Executive Officer.

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:

- on an annual basis, the Internal Control Report (formerly the RACI) for the previous year and the Half-Yearly Information on Internal Control (ISCI) as at 30 June of the current year;
- a report on risk management and the main exposure areas each quarter, and specific reports as and when needed.
- On the advice of the Risk Committee, the Board approves the Bank's risk appetite, the stress test programme and the list of major risks, and, on a quarterly basis, the risk strategies and policies decided by the SPC (Strategy and Portfolio Committee) or the GRC (Group Risk Committee).

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 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 identify as far upstream as possible potential deteriorations in our customers' risk profile and implement preventive actions for our exposures whenever possible.

CONTROL OF SENSITIVE CASES

The control of sensitive cases is ensured by a dedicated department. 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.

CRÉDIT 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, it examines counterparties that show signs of deterioration or a need to arbitrate between several Group entities, 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.);
- the Standards and Methods Committee (CNM) chaired by the Crédit Agricole S.A. Head of Risk Management and Permanent Control, to which Crédit Agricole CIB submits for approval any proposal for a new method or an existing method for measuring or classifying Basel II risks before their application within Crédit Agricole CIB;
- 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

The internal control system is defined within the Crédit Agricole Group as the set of systems to control activities and risks of all kinds and ensure the legality, security and efficiency of operations, in accordance with the reference texts set forth in the paragraph below. Crédit Agricole CIB, a wholly-owned subsidiary of the Crédit Agricole Group, follows the requirements of French and international regulations and the rules enacted 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 exercise of banking and financial activities (compendium prepared by the *Banque de France* and the C.C.L.R.F.);
- the General Regulations of the French Financial Markets Authority (*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 2019-24 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).

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 Deputy 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, Operational Risk Management, Compliance, Fraud Prevention, Legal and, depending on the matters under discussion, the heads of other Bank units.

The committee met four times in 2019.

Internal Control Committees have also been set up in several subsidiaries and branches, both in France and abroad. These Committees ensure the decentralised implementation of the Order of 3 November 2014. They enable the Internal Control functions at the Head Office (RPC, CPL, LGL, IGE) to be involved in the operation of Internal Control within a given scope and alert its manager as a matter of priority in the event of any anomalies and then highest corporate governance in the event of non-resolution.

In addition, an umbrella Permanent Control Committee, chaired by the Chief Executive Officer, 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 Operational Risk Management, the head of Global Compliance, the head of Legal Functions and the head of Group Internal Audit.

The Head of Group Risk Management (DRG) Operational Risk and Permanent Control at Crédit Agricole S.A. may sit in on all meetings. This committee met as often as planned in 2019: two face to face committees and two online committees.

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 in 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 (Operational Risk Managers of Departments, which report to RPC, credit or market risk control, accounting control, compliance control).

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 can be integrated into automated transaction processing systems, are identified and updated based on operational risk mapping (now called Risk and Control Self-Assessment).

The results of the controls are formalised through control sheets and centralised in the RPC Operational Risk Management OLIMPIA tool. They are summarised in periodic reports at the appropriate hierarchical level (in the network and at the head office) and, on a consolidated basis, to the Head of Permanent Control and to the umbrella 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.

The OLIMPIA tool now covers all operational risk issues: collection of incidents and losses, provision of essential outsourced services, Risk and Control Self-Assessment, Supervisory Controls. It will be supplemented in 2019 by a Reporting module to make better use of available data and provide documented analysis to the Bank's governance.

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 (RCI).

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 Departments of the Bank. It is the Departments themselves that 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 "2^{nd} 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 "2^{nd} level" which is added to the 2^{nd} degree status.

The second level, second 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 2^{nd} degree, 1^{st} 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 1^{st} degree control when there is no 2^{nd} degree, 1^{st} 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, the centralised computing library in 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 operational components to have a single, unchanging identifier for each transaction with our clients;
- Extension to new counterparties (Sept 2019 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 to address a strong increase in data volumes and significant complexity of market risk indicators;
- Compliance vis-à-vis regulation of BCBS 239 principles with the introduction of a new Market Risks Operating Model;
- the Fundamental Review of the Trading Book (FRTB), which applies to the trading portfolio, with an initial deliverable covering the FRTB-Standardised Approach in 2020.

◆ 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

Prior framework of 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 once 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 scenarios; VaR measurements are produced with a 1% probability of daily occurrence; stress scenarios include general stresses (historicals, hypotheticals and adverses) and specifics 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 2019, projects on regulatory themes continued i.e. roll-out of a Market Risks ecosystem meeting the requirements of the Fundamental Trading Book Review and compatible with BCBS 239 requirements, managed jointly with the Masai project.

◆ Operational risk

Operational risk management relies mainly on a network of Permanent Control correspondents coordinated by RPC/MRO.

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, RPC/MRO 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 the relevant departments.

Operational risk mapping is now called Risk and Control Self-Assessment. It covers all Departments at the head office, international network and subsidiaries and is reviewed annually. Together with the compliance and legal functions, the RPC takes into account non-compliance risks and legal risks.

RPC Operational Risk Management also monitors French and international regulations concerning capital market activities (Volcker Rule, French Banking Act) and information system security (Information Systems Risk Pilot).

◆ Provision of essential outsourced services (P.S.E.E.)

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.

PERMANENT CONTROL OF ACCOUNTING AND FINANCIAL INFORMATION

Permanent accounting 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 data preparation and processing methods, limiting operational risks with respect to Crédit Agricole CIB's commitments regarding published information;
- prevention of fraud, corruption and accounting irregularities.

In response to these objectives, Crédit Agricole CIB applied the Crédit Agricole Group's recommendations in this area.

The Risk Management Department is responsible for permanent second-degree, second-level (2.2) and consolidated second-degree, second-level (2.2.C) control of accounting and financial information, while the Finance Department is responsible for second-degree, first-level control (see Finance Department). For second-degree, second-level control (2.2), the Risk Management Department:

- ensures that the key accounting indicators defined by Crédit Agricole S.A. are adapted to the environment of a Corporate and Investment Bank, deployed in a consistent manner and listed in Crédit Agricole CIB's operational risk management tool for the Crédit Agricole CIB 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;
- performs document controls in accordance with a control plan validated annually by Finance's Internal Control Committee;
- reports and monitors operational incidents related to accounting and finance;
- annually updates the operational risk maps with the Finance Department teams.

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 items are presented monthly to the Group's Permanent Financial Control Committee, quarterly to the Finance Department's Internal Control Committee and annually to the Senior Permanent Control Committee in the presence of Executive Management.

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).

◆ 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.

As regards credit risk, the LGD Project Finance, LGD Banks, PD Corporate and PD Real Estate Professionals credit models were re-calibrated in 2019; prior notification to the European Central Bank (ECB) was given before the implementation of these new models in our information systems. In addition, all PD and LGD models were back tested in 2019, and the results of this work will be presented to the Crédit Agricole CIB Executive Committee in the first half of 2020 and then to the Crédit Agricole S.A. Standards and Methodology Committee. In addition, benchmarking of our internal ratings was performed on the Low Default Portfolio perimeters (Large Corporates, Banks and Sovereigns) with respect to external agency ratings and ratings of other European banks participating 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 ones aim to measure our risks as accurately as possible and to keep pace with the regulatory changes required of 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:

In 2020, the RCP/MRP teams will continue to work on bringing internal models into line with the guidelines published by EBA (IRB Repair).

◆ 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 2019.

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).

ACCOUNTING DATA

Crédit Agricole CIB closes its results 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.

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 ensures the same balance at the Crédit Agricole CIB level of consolidation.

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 FINANCE DEPARTMENT'S ACCOUNTING AND FINANCIAL INFORMATION CONTROL SYSTEM

The Finance Department provides second-degree, first-level supervision of the permanent control system for accounting and financial information on a worldwide basis to ensure adequate coverage of major accounting risks that may affect the quality of accounting and financial information.

At the Head Office, the work involved in the preparation and control of accounting and financial information is formalised and reviewed with the Permanent Control Department through the quarterly rating of 2.2 indicators on the one hand and through the thematic control plan based on documents defined annually.

In the entities, the accounting teams rate the key accounting indicators defined by the Risk Department in the Crédit Agricole CIB operational risk management tool every quarter. Their ratings are subject to spot checks by the Risk Management Department locally and/or at the Head Office.

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. Where necessary, 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.

Finally, the Finance Department, as delegated by the Audit Committee, approves non-audit services. 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.

As part of the annual review of the Group's risk strategy, the RTIG limits were reviewed by the Group Risk Committee on 18 April 2019, and the 2018 limits on fixed-rate risk and the NPV (Net Present Value) limit for basis risk were maintained. Internal gap limits for interest rate and basis risk positions in the main currencies other than the euro and the dollar were implemented.

As regards the control system, the RTIG management unit is split into a unit in charge of measuring risk and definition of risk hedges and a unit in charge of executing the hedges defined by the Capital Markets Department.

LIQUIDITY RISK

The management of liquidity risk within the Crédit Agricole CIB Group has been placed under the responsibility of the Supervision Department, which reports to the Asset-Liability Management 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-/long-term liquidity transformation gap for all currencies and for the main currencies.

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 2019 in liquidity risk management are the following:

- the strengthening of the collection mechanism that matches the coverage;
- the extension of the management perimeter to a hedging level of 98%;
- strengthening the governance of portfolio management with the HQLA Committee at the CA Group level;
- the review and formalisation of liquidity contingency plans for CACIB group entities;
- the strengthening of the liquidity stress mechanism with, in particular, the validation of the new stress standard for the main currencies as well as the continued improvement of 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 2019, the Legal function continued to improve its permanent control and legal risk monitoring system, in particular through the following actions:

- update of its Permanent Control KIT, which identifies the key processes of the Legal Function at the Head Office and is intended for Legal Function Permanent Control Correspondents outside France;
- update of its operational risk mapping;
- update of its control plan, including a review of the level of risk control for the supervision of the Bank's external advisers to take into account the strengthening of operational controls;
- follow-up on the recommendations of Group Control particularly those resulting from the 2019 Audit of the Legal Function in New York;
- update of its Governance Texts;
- replacement of the dedicated tool for legal models made available to the Bank by the Legal Function and enrichment of the document base, particularly at the international level;
- continuation of the Innovation project, which is one of the five pillars of the 2022 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. In this context, two units dedicated to the handling of information security and business continuity issues are formed, one within ISS (Information Systems Security) and the other within the Operations & Country COOs (OPC) division: 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 (Information Systems Security Policies), coordinates maintenance of a suitable security level, ensures correct implementation of DRP (Disaster Recovery Plan) systems, management of environments enabling identity control and authorisation management standards, definition of security standards, security scans and audits. ISS also acts as an IT security manager on behalf of Crédit Agricole S.A. on environments that serve Crédit Agricole S.A., in relation with the CISO (Chief Information Security Officer) 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.

2019 saw the end of the initial three-year CARS programme (Crédit Agricole Renforcement de la Sécurité, in English Crédit Agricole Security Strenghtening, CA Group programme). The main regulatory components have been completed and certified. There are still a number of additional topics that will be dealt with in 2020, such as the deployment of administration networks at CACIB's major sites.

The main achievements can be summarised as follows:

- continued deployment of the new tool for monitoring level 1 and 2.1 controls, international scope;
- audits and penetration tests of all application resources of the CACIB group exposed to the Internet;
- deployment of Internet access containerisation tool for back office payment populations;
- deployment of encryption tools at workstations;
- deployment of a secure management tool for employee passwords on workstations;
- continued deployment of protection of generic accounts with high privileges by using specialized dedicated equipment for management of access codes and managing of privileges escalation;
- continuation of the DLP (Data Leak Prevention) project, implementation of end point, Europe and France region;
- raising awareness of employees systematically;
- Crisis management exercise involving all of the Bank's local information system security coordinators, international sites, IT and managers;
- reminders of security rules, Phishing drills (all departments, all users in France), cyber-attack management drills, etc.;
- monitoring of indicators allowing to control accesses to databases of sensitive applications (ACPR recommendations for IT security) via permanent control plans;
- re-certification campaigns for all access by all employees by managers (100% of accesses to sensitive applications recertified, around 600 applications);
- continued deployment of strong authentication (token and certificate holding access cards) on the payment applications perimeter;
- deployment of technical account management Workflow tools to manage requests and life cycle of the accounts;
- deployment of a new identity and authentication management platform to replace the former architecture (Usignon).

The year 2020 will see the finalisation of the second necessary component for compliance with French regulations and the monitoring of the CARS plan initiated by the Group at the beginning of 2017 and completed in 2019. As also mentioned above, the strengthening of the main CACIB administration networks will be studied and gradually implemented at the four major CACIB sites in 2020.

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. Annual tests make it possible to verify Crédit Agricole CIB's capacity to take over 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 2019 at the head office focused on:

- testing the solution for connecting remotely to address the Extreme BCP scenario (2 200 simultaneous remote access users during transportation strikes);
- employee awareness-raising sessions on BCP;
- an e-learning tool on BCP;
- production tests on fall-back sites for a day for all activities concerned (participation of 260 employees);
- a review of the sizing of the fall-back system through the BIA (Business Analysis Impact) campaign;
- IT recovery tests with the stoppage of one Datacentre, recovery on the emergency DC, and end-to-end processes (X 9), to ensure the correct functioning of all the applications associated with these processes;
- the end of the deployment of the new crisis communication tool at Crédit Agricole CIB (Send Word Now) to all Group entities;
- continuing tests on market activities on the new dedicated site.

Internationally:

- 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 2019. 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 2020 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.);
- to upgrade of the BCP system of HKG and South Korea sites;
- to homogenise BIA (Business Impact Analysis) processes, particularly on the criticality of activities and applications;
- to continue awareness-raising and communication actions involving all of the Bank’s employees;
- to review the system to test the IT Backup Plan in partnership with GIT, notably with the improvement of our backup solutions in response to scenarios of Software Unavailability of the IS (ILSI) and Mass Unavailability of Workstations (IMPT);
- to draw lessons on the Covid-19 crisis management in order to improve the answer to scenario such as pandemic risk / employee unavailability.

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 163 audit personnel, 66 of whom were based at head office at the end of 2019.

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 it controls, which guarantees his 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 2019 financial year, the GI’s missions involved various entities and units in France and abroad through monograph-type missions (of one entity or subsidiary), reviews of business lines and thematic or cross-functional missions, including IT and regulatory audits. Group Control also carries out specific missions at the request of Crédit Agricole CIB’s Executive Management, its Risk Committee or the Group Control Department.

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 makes it possible to record the progress of action plans between two semi-annual follow-ups.

Ad hoc committee meetings to follow up on the recommendations by business line were also held in 2019 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 the 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.

If the risk has deteriorated significantly since the date that a commitment was established, the impairment policy under IFRS 9 provides for an increase in the hedging of the commitment in the form of a provision.

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

Crédit Agricole Group	A+	A	B+	B	C+	C	C-	D+	D	D-	E+	E	E-
Indicative Moody's rating equivalent	Aaa	Aa1/Aa2	Aa3/A1	A2/A3	Baa1	Baa2	Baa3	Ba1	Ba2	Ba3	B1/B2	B3	Caa/Ca/C
Indicative Standard & Poors' rating equivalent	AAA	AA+/AA	AA-/A+	A/A-	BBB+	BBB	BBB-	BB+	BB	BB-	B+/B	B-	CCC/CC/C

METHODOLOGIES 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 late 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 (Probability of default) 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 the very 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 2019 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.

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 2.4.4 "Credit risk mitigation 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 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:

- The determination of acceptable exposure limits in terms of country risk is performed during country strategy reviews based on the assessment of the degree of vulnerability of the portfolio to the materialisation of 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 6.7 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 noncleared 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 2019. 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).

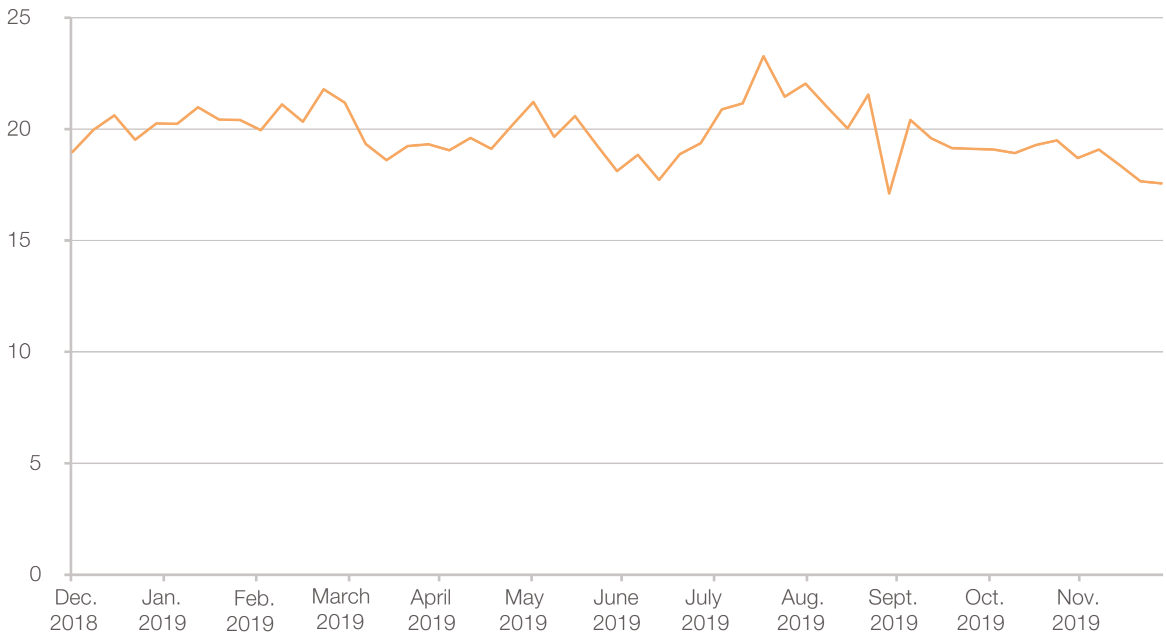
Credit risk on these market transactions is managed following rules set by the Group. The policy on setting counterparty risk limits is as described in "Credit risk management General principles of risk taking" on page 158. The techniques used by Crédit Agricole CIB to reduce counterparty risk on market transactions are described in "Credit risk mitigation mechanisms" on pages 244 to 245.

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 11.2 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 2019.

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.

2.4.3 Commitment monitoring procedures

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, Loan syndication risk 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;
- breaches 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. If the forbearance measure results in a reduction of 1% or more in the present value of the restructured outstandings calculated at the original effective interest rate, it is classified as an "emergency restructuring", a reason for a Basel default. Outstanding amounts are no longer reported as having been the subject of a forbearance measure after it was verified during an annual review or an ad hoc credit committee meeting 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 along with regulatory changes, and they include the incorporation of European Banking Authority Guidelines No. 2016-07 at the end of 2019.

STRESS SCÉNARII

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 a 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 mitigation 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".

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 collateralization 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).

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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 2019, outstanding protection purchased in the form of credit derivatives amounted to €6.4 billion (€3.7 billion at 31 December 2018). The notional amount of the short positions was nil (the same at 31 December 2018).

Crédit Agricole CIB trades credit derivatives with around ten top-tier investment grade, competent and regulated banks as counterparties. Moreover, 62% of these derivatives are processed through a clearing house (54% at 31 December 2018), which acts as an guarantor of these credit risk hedging transactions. Bilateral transactions (i.e. processed outside the clearing house) are conducted with investment grade counterparties (9 counterparties at 31 December 2019), 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 3.2.2 to the consolidated financial statements "Derivative instruments: total commitments" (on page 312).

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 financial statements.

As at 31 December 2019, Crédit Agricole CIB 's maximal exposure in credit and counterparty risk amounted to €617 billion compared to €609 billion as at 31 December 2018.

CONCENTRATIONS

◆ Breakdown of counterparty risk by geographical area (including bank counterparties)

At 31 December 2019, loans granted by Crédit Agricole CIB net of Export Credit Guarantees and excluding UBAF (i.e. €372 billion compared to €338 billion at 31 December 2018) are broken down by geographic area as follows:

Breakdown in %	31.12.2019	31.12.2018	31.12.2017
Other Western European countries	29.0%	29.8%	29.70%
France	21.2%	21.2%	25.60%
North America	18.2%	18.4%	17.80%
Asia (Excl. Japan)	10.9%	11.1%	11.70%
Japan	11.0%	10.1%	6.00%
Middle-East and Africa	4.9%	4.9%	4.80%
Latin America	2.8%	2.6%	2.60%
Other European countries	2.1%	2.0%	1.70%
Others and supranational	0.0%	0.0%	0.00%

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 2018. It should be noted, however, the increase in the share of commitments in Japan, which can be explained by our deposit activity with the Japanese central bank. The share of commitments in France remained stable despite a significant increase over the Banque de France and large-scale transactions involving Prime clients in the health and telecommunications sectors.

◆ Breakdown of risks by business sector (including bank counterparties)

At 31 December 2019, loans granted by the Crédit Agricole CIB Group, net of export credit guarantees (excluding UBAF), totalled €372 billion (€410 billion gross), versus €338 billion in 2018.

It is broken down by business sector as follows:

Breakdown in %	31.12.2019	31.12.2018	31.12.2017
Banks	21.12%	18.77%	16.60%
Miscellaneous	17.13%	17.82%	17.40%
Of which securitisation	9.97%	10.21%	10.60%
Oil & Gas	9.46%	9.11%	9.90%
Other financial activities	5.53%	5.40%	3.70%
Real estate	4.73%	4.99%	5.30%
Electricity	4.18%	4.76%	4.00%
Aeronautic/Aerospatial	3.84%	4.21%	6.80%
Heavy industry	3.46%	3.35%	3.40%
Automotive	2.81%	3.21%	3.10%
Shipping	2.90%	3.10%	3.50%
Telecom	3.32%	3.13%	2.90%
Construction	2.49%	2.79%	3.20%
Insurance	2.08%	2.63%	2.20%
Other industrues	2.54%	2.50%	2.60%
Other transport	2.36%	2.39%	2.70%
Production & Distribution of consumer goods	2.60%	2.45%	2.90%
IT/Technology	2.37%	2.19%	2.10%
Healthcare and pharmaceuticals	1.91%	1.72%	2.20%
Food-processing industry	1.48%	1.67%	1.80%
Tourism, hotels and restaurants	1.18%	1.38%	1.40%
Non-commercial services Public sector/Local authorities	1.23%	1.08%	1.20%
Media and publishing	0.56%	0.59%	0.70%
Utilities	0.42%	0.42%	0.50%
Wood, paper and packaging	0.28%	0.30%	0.20%
Total	**100,00 %**	**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 largescale 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 2019, our exposures increased significantly: they represented €32 billion versus €27 billion at the end of December 2018 for the Bank of Japan; they represented €17.5 billion compared with €9.5 billion at the end of December 2018 for the Banque de France;
- the Miscellaneous segment is largely composed by securitisation transactions, mainly liquidity facilities granted to securitisation programs financed through conduits (see section 4.3 "Securitisation" of Pillar 3); these outstandings rose in 2019.

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 (Reserved-based Lending), 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 affecting the sector (2016), our clients showed stable economic performance and our portfolio recorded good post-crisis resilience. A strengthened monitoring is still in place in a context of significative fall of prices during 2020 first quarter. Framed 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 has been the focus of special attention since the end of 2018 and is focused mainly on large manufacturers, with limited development in the automotive supplier sector;
- the current position of the "Shipping" segment is the result of Crédit Agricole CIB's expertise and background in mortgage financing for ships, which it provides to its international ship-owning clientele. After 10 difficult years, maritime shipping is showing signs of moderate recovery, depending on the sub-sectors. With this in mind, Crédit Agricole CIB has pursued 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 amounted to €206.3 billion as at 31 December 2019.

Concentrations of top ten counterparties (customers)

In terms of commitments, excluding export credit guarantees, these accounted for 6.46% of Crédit Agricole CIB's total exposure at 31 December 2019, stable compared to 31 December 2018 (6.65%).

Quality of portfolios exposed to credit risk

At 31 December 2019, performing loans to customers amounted to €368 billion of net outstanding loans. Their ratings broke down as follows:

Breakdown in %	31.12.2019	31.12.2018	31.12.2017
AAA (A+)	22.1%	18.9%	16.40%
AA (A)	4.4%	5.1%	4.70%
A (B+ et B)	28.7%	30.3%	32.30%
BBB (C+ à C-)	33.2%	33.0%	32.70%
BB (D+ à D-)	8.9%	9.7%	9.70%
B (E+)	0.5%	0.7%	0.90%
On watch (E et E-)	1.0%	0.9%	1.50%

Source: risk data (excluding UBAF, on- and off-balance-sheet commercial commitments of customers and banks, net of export credit guarantees).

In 2019, 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 88% of the portfolio versus 87% in 2018, 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

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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 entities can be summarised as follows: despite a slowdown, growth remained strong and above potential in the United States in 2019, notwithstanding a slight downward revision. In the euro area, growth continues to be consolidated. In 2020, the United States is expected to slow down, with the corollary that this will spread to all of Europe. Nevertheless, no major inflationary risk or bond tensions are anticipated. The gradual monetary tightening is less severe than expected in the United States. Long-term rates are not recovering markedly. In the Euro zone, the rise in core long-term rates, which remain very low, is slower than expected.

◆ Impairment 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 €686.2 million at 31 December 2019.

◆ Country risk policy

2019 ended on a slightly positive note with an easing of the US/China trade dispute and an upward revision of world growth by the IMF to 3.3% in 2020. China's growth slowed to a 10-year low of 6.0% in 2019, compared to 6.5% in 2018. Against this backdrop, the bank's activity in emerging countries expanded nicely. During the year, seven countries saw their rating fall and six saw it rise.

◆ Outlook 2020

In 2019, the year was marked by major social protests in emerging countries (Chile, Hong Kong, Iraq, Lebanon) that led to the fall of the presidents in office in some cases (Bolivia, Algeria, Sudan). The main central banks resumed their expansionary policy of lowering rates, thereby stimulating activity. Continued low rates are expected to further increase the already high level of global indebtedness to 226% of GDP in 2018, according to the IMF. It should be noted that some countries, in Africa in particular, have taken on debt on the bond markets at a worrisome level. Foreign currency debt exposes emerging countries, especially the most fragile, to significant volatility. The uncertain external environment and declining aggregate demand are weighing on these countries, which are often dependent on their exports. World trade is no longer expected to play a positive role in growth in 2020 and should at best remain neutral. The US/China lull should not hide the long-term tensions between the two powers. Oil prices are expected to remain stable despite heightened geopolitical tensions in the Gulf. 2020 is opening with an increased geopolitical risk both in Asia (Hong Kong, Taiwan) and in the MENA region (Iran/US, Iran/Saudi Arabia, Libya, Strait of Hormuz). 2020 is also an election year, notably in the United States, which may lead to significant political decisions by the Trump administration. Other elections have been or will be held in various countries (Taiwan, Israel, Hong Kong, South Korea).

However, the ongoing 2019 N-Coronavirus V pandemic is expected to affect all of the above factors, but it is too early to quantify its impact.

In this potentially more uncertain environment, Crédit Agricole CIB will maintain an active presence with its local and international customers to support them in their business development, both inside and outside France, by ensuring obedience to the compliance rules in force and adopting a prudent and selective approach.

◆ Evolution of exposure to emerging economies

At December 31, 2019, CACIB outstandings for countries with a rating below “B”, excluding downgraded Western European countries (Italy, Spain, Portugal, Greece, Cyprus and Iceland) amounted to €56.7 billion, up 35% from the end of 2018. Emerging countries represent only 13.2% of CACIB’s total portfolio (€437 billion). The concentration of outstandings in countries with a rating below “B”, excluding downgraded Western European countries, remained stable compared with the end of 2018, with 82% of the portfolio concentrated in nine countries. The portfolio for the country scope concerned remains highly concentrated on two regions: Asia and the Middle East and North Africa, representing 70% of this portfolio.

Lastly, at 31 December 2019, the share of investment grade countries (between D+ and B) remained stable at 70% of CACIB’s outstandings in emerging countries in the scope in question, leaving the share of non-investment grade countries in the scope in question in the overall CACIB portfolio at just 4%.

◆ Asia

Asia is still the region with the highest exposure, with outstanding amounts of €20 billion, or 37% 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 30% of emerging outstanding amounts, or €17.2 billion, a 25% increase in comparison to the previous year. The strategy is to concentrate on a few countries and counterparties and on short operations with significant amounts while sharply reducing peripheral countries and counterparties. The main exposures are concentrated in Saudi Arabia, the United Arab Emirates and Qatar.

◆ Latin America

This region accounts for 15% of the emerging markets portfolio, or €8.4 billion, up 29% compared to 2018. The portfolio is still focused primarily on Brazil and Mexico. Exposures for Bolivia are non-existent and marginal for Argentina.

◆ Central & Eastern Europe

The share of the Central and Eastern Europe region increased by 47% compared to the previous year, with an outstanding amount of €8.2 billion, or 14% of the portfolio, mainly concentrated in Russia.

◆ Sub-Saharan Africa

At the end of December 2019, this region accounted for 3% of the trade portfolio concerned, or €2 billion, half of which was concentrated in South Africa and Ghana.

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 risks, 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;
- Share price changes
  Crédit Agricole CIB's equity risk is mainly 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 or 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.

Market risk control system

SCOPE OF INTERVENTION

The scope of Market Risk Department's intervention mainly concerns all the trading portfolios of the entities consolidated in the Crédit Agricole CIB financial statements as subsidiaries or branches in France and abroad; the main business lines are: Credit and Rates, Volatilities and Currencies, Equities.

MCR is also in charge of monitoring market risk within the Treasury and the Credit Portfolio Management (CPM) Department, whose dual mission is to manage Crédit Agricole CIB's macro counterparty risk and minimise the cost of capital for the banking book.

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:

- Market Activity Monitoring, which is responsible for:
  - the daily validation of the results, 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 quarterly reconciliation between the MCR result and accounting 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 IPV (Independent Price Valuation) team, notably tasked with validating valuation parameters and mapping observability;
  - the MRA (Market Risks Analytics) team responsible for validating pricing models;
  - the teams in charge of the Internal Quantitative Model:
    - the Econometrics team, tasked with the historical series used in risk measurements;
    - the Methodologies team, tasked with methodologies for market risk measurement;
    - the Stress Models and CCR (Credit & Counterparty Risks) team, tasked with methodological and regulatory subjects related to market activities;
  - the International Consolidation team, whose main mission is to produce the consolidated information for the department;
  - the Regulatory Oversight team;
- the COO (Chief Operational Officer) and his team coordinate Group-wide issues:
  - projects, new activities, budgets, reports and committees.

MARKET RISK DECISION AND MONITORING COMMITTEE

The entire 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 framework;
- 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 appetite 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, of Treasury and Foreign Exchange, the heads of the Finance Department and ALM and the heads of Market Risk.

SIGNIFICANT EVENTS IN 2019 WHICH HAD AN IMPACT ON THE MARKET RISK SCOPE

Crédit Agricole CIB continued to work on the deployment of its new Market Risk ecosystem.

The implementation of the new system includes the following elements: implementation of data management principles, centralisation of valuation methods, industrialisation, audit trails and market risk analysis and control measures.

Following the ECB 2017 Targeted Review of Internal Models (TRIM) regarding the review of internal models, Crédit Agricole CIB is, in the context of the calculation of capital requirements for market risk, authorised to continue the use of its value-at-risk (VaR) models, the stressed value-at-risk models (SVaR), the models for additional risk of default and migration (IRC) and models for counterparty credit risk (CCR) and to extend the initial margin model in the internal models.

The authorisation is accompanied by obligations to be fulfilled in 2019 and 2020, which are reported to the ECB on a quarterly basis.

In addition, throughout the year, Crédit Agricole CIB was audited for various aspects by regulators (PRA, FED, HKMA, etc.). During the summer, market risks were sought out by the ECB in the context of surveys on subjects relating to the regulatory Trading Book, the ICAAP (Internal Capital Adequacy Assessment Process) and aspects of the Fundamental Review of the Trading Book. Crédit Agricole CIB responded in a timely manner during the summer period.

2.5.2 Market risk measurement and management methodology

VALUE AT RISK (VAR)

VaR is calculated on daily frequency on all positions. It represents the potential loss with a 99% confidence interval and a one day horizon. 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 2019

Graph No. 1 (see page 170) shows the evolution in Crédit Agricole CIB's VaR for the regulatory scope in 2018-2019.

In 2019, the regulatory VaR averaged €7 million (up from the average €5.6 million reported in 2018) and ranged between a lower limit of €4.2 million and an upper limit of €13 million.

During 2019, Crédit Agricole CIB's Regulatory VaR remained moderate until September, when intense shocks were observed on the long-term pillars of the euro yield curve. These shocks, once integrated into the historical VaR, mechanically increased the VaR level.

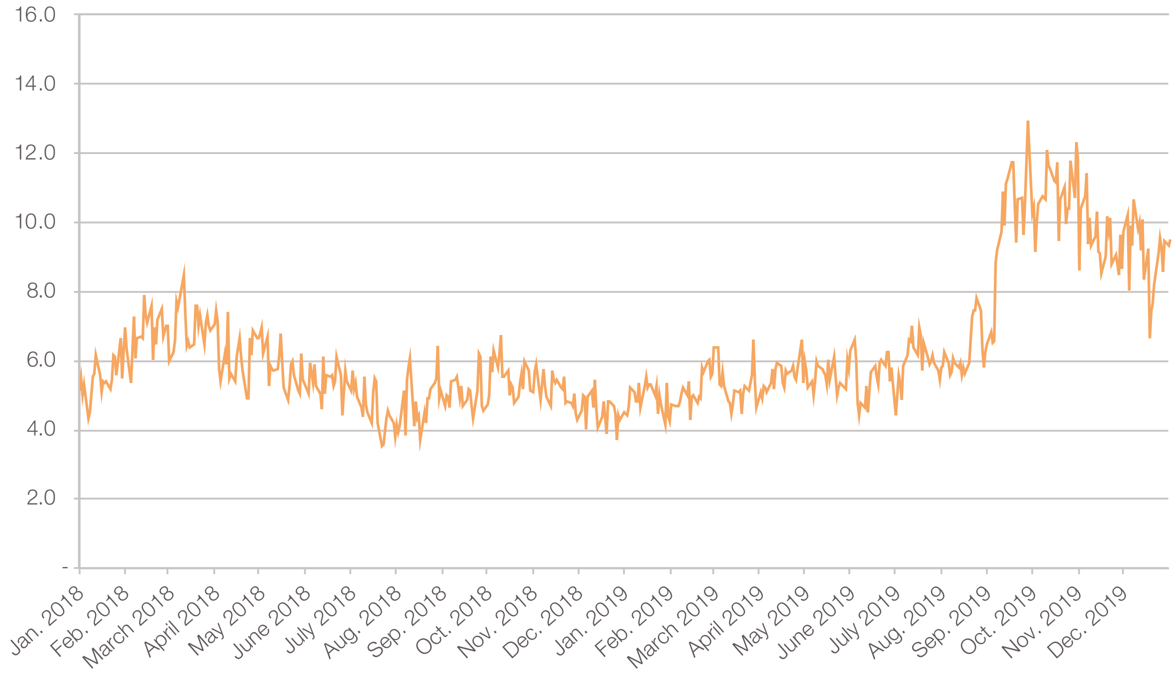
Graph No. 2 (see page 170) shows the evolution of the quarterly averages of the regulatory VaR and other VaRs for each of Crédit Agricole CIB's business lines since 1 January 2018.

All Crédit Agricole CIB activities are based on internal model, except a very few products still based on standard methodology.

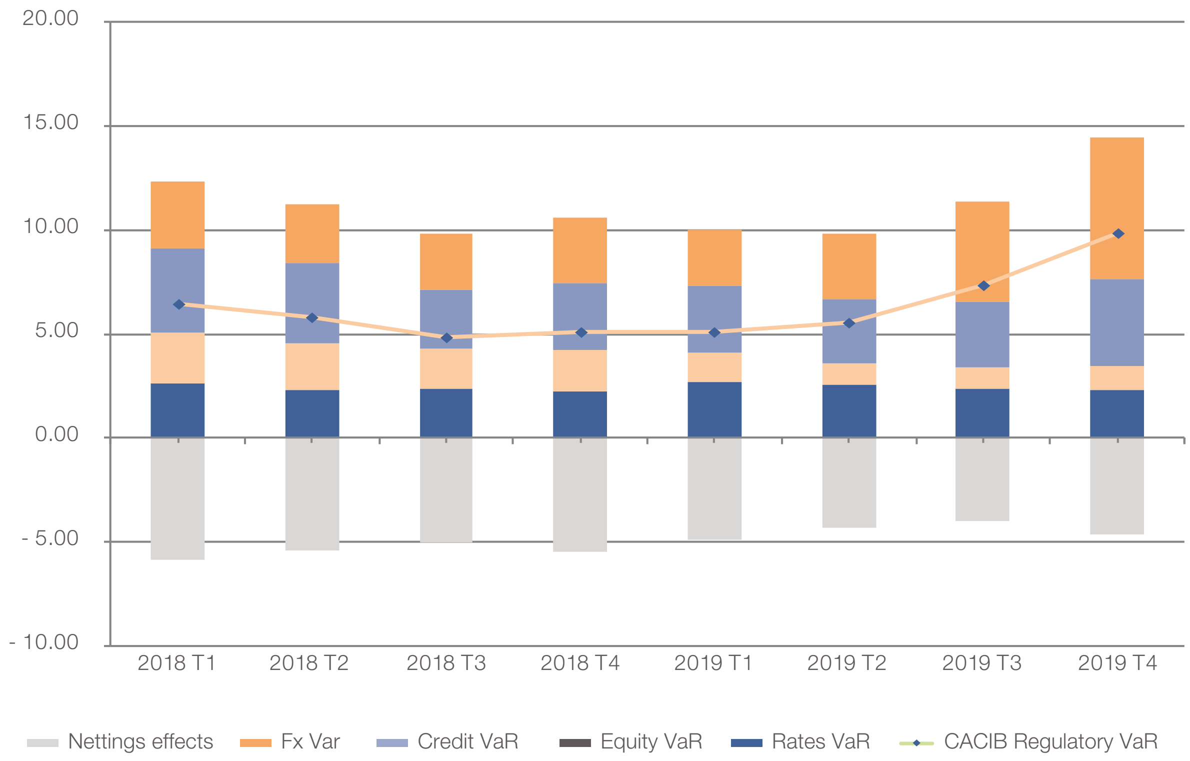
▶ **Change in regulatory VaR**

	31.12.2019				31.12.2018			
€ million	Minimum	Average	Maximum	End of year	Minimum	Average	Maximum	End of year
Total VaR	4	7	13	10	4	6	8	5
Netting Effect	(2)	(4)	(7)	(6)	(4)	(5)	(8)	(6)
Rates VaR	2	4	9	6	2	3	4	3
Equity VaR	1	1	2	1	1	2	3	2
Fx VaR	1	2	5	4	1	2	5	3
Credit VaR	2	3	5	4	2	3	5	2

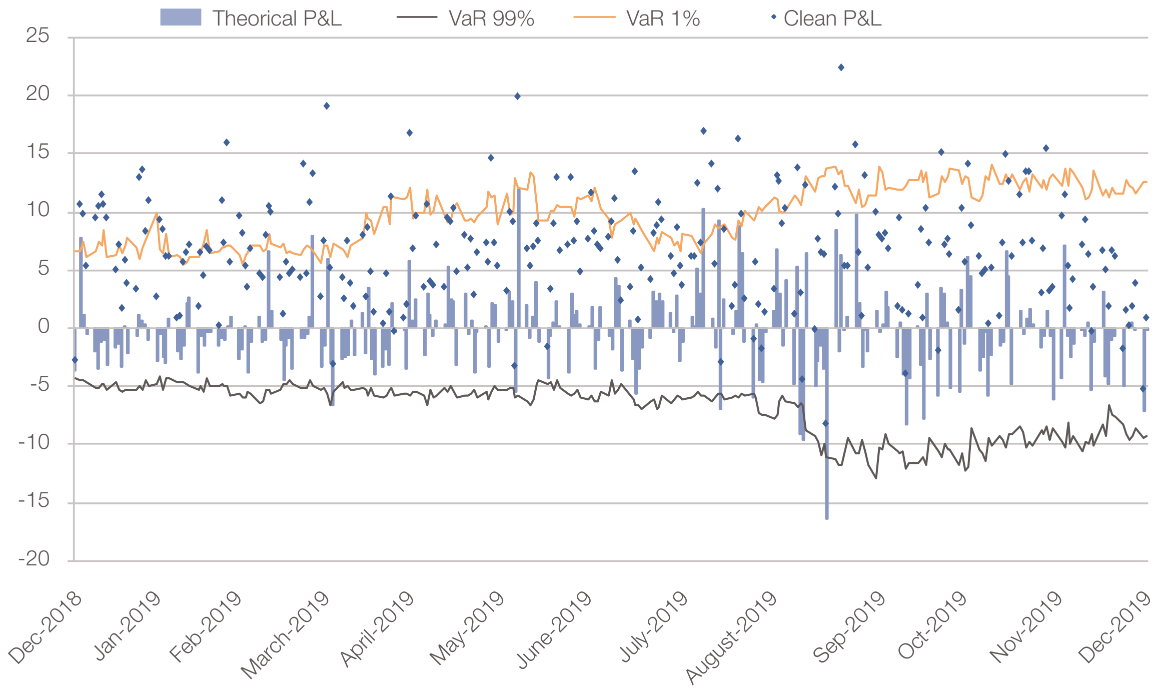
Graph 1: Crédit Agricole CIB regulatory VaR over the period 2018-2019 (€ million)



Graph 2: Evolution of quarterly averages of the regulatory VaR and the VaR by product line over the period 2018-2019 (€ million)



Graph 3: Backtesting of Crédit Agricole CIB regulatory VaR in 2019 (€ million)



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 P&L (daily results exluding reserves) on the one hand and with the daily theoretical P&L (daily results restated for reserves and new trades) on the other.

At the end of December 2019, over a rolling one-year period, there were six backtesting exceptions with a theoretical loss greater than the VaR (excluding new trades). The concentration of exceptions around the months of August and September is linked to the hedging book for counterparty risks on market transactions.

CAPITAL REQUIREMENTS RELATED TO THE VaR

At 31 December 2019, the capital requirements related to the VaR amounted to €139 million.

€ million	31.12.2019	Minimum	Maximum	Average	31.12.2018
VaR	139	61	148	91	64

STRESSED REGULATORY VaR STATISTICS

If the historical data used to calculate VaR shocks originate in a sluggish market situation, i.e. low volatility, 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 2019, the Stressed VaR period covers the period November 2007 to November 2008.

CHANGE IN STRESSED REGULATORY VAR IN 2019

Graph No. 4 (below) shows the changes in Crédit Agricole CIB's stressed regulatory VaR over the 2018-2019 period.

The Stressed VaR in 2019, on average, was €18 million, slightly above 2018's but with a narrower 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.

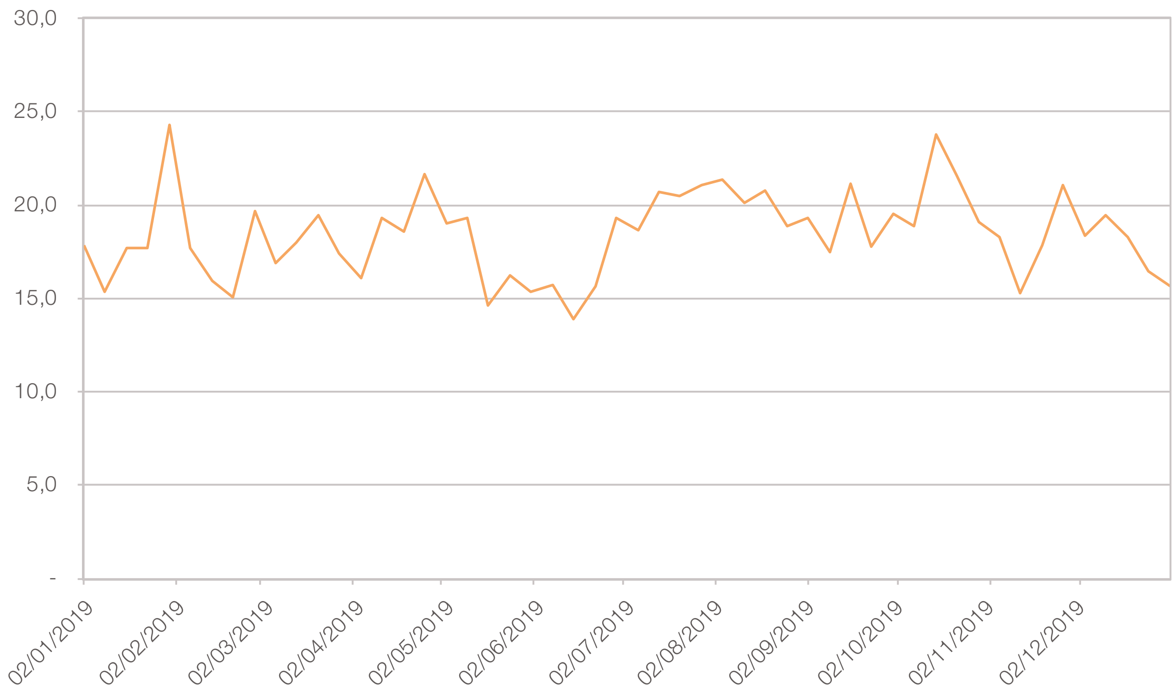
	31.12.2019				31.12.2018			
€ million	Minimum	Average	Maximum	End of year	Minimum	Average	Maximum	End of year
Stressed regulatory VaR	14	18	24	16	11	16	25	19
Regulatory VaR	4	7	13	10	4	6	8	5

CAPITAL REQUIREMENTS RELATED TO THE STRESSED VaR

At 31 December 2019, the capital requirements related to the stressed VaR amounts to €267 million.

€ million	31.12.2019	Minimum	Maximum	Average	31.12.2018
Stressed VaR	267	220	292	250	250

▶ **Graph 4: Stressed regulatory VaR 1 day, 99% confidence interval (€ million)**



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 (unpredictable or non-modelable in the VaR) 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 bankruptcy 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 of futures prices and rising volatility in the commodities market, flattening interest rate curves, slide in the US Dollar relative to other currencies, and widening of credit spreads).

3. Two so-called contrasting approaches (one decennial scenario and one extreme scenario) 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 decennial" approach, assessing the impact of large scale and unfavorable 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 during which the bank suffered from the events before reacting is around ten days. The measured losses under this scenario are supervised 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 decennial adverse stress in order to simulate rarer but nevertheless possible events. Shocks simulated under extreme adverse stress are about twice as hard as those in the decennial adverse stress. Their impact on the stress result can be significantly more severe for non-linear products with an optional component.

These indicators are also subject to a limit set in agreement with Crédit Agricole S.A..

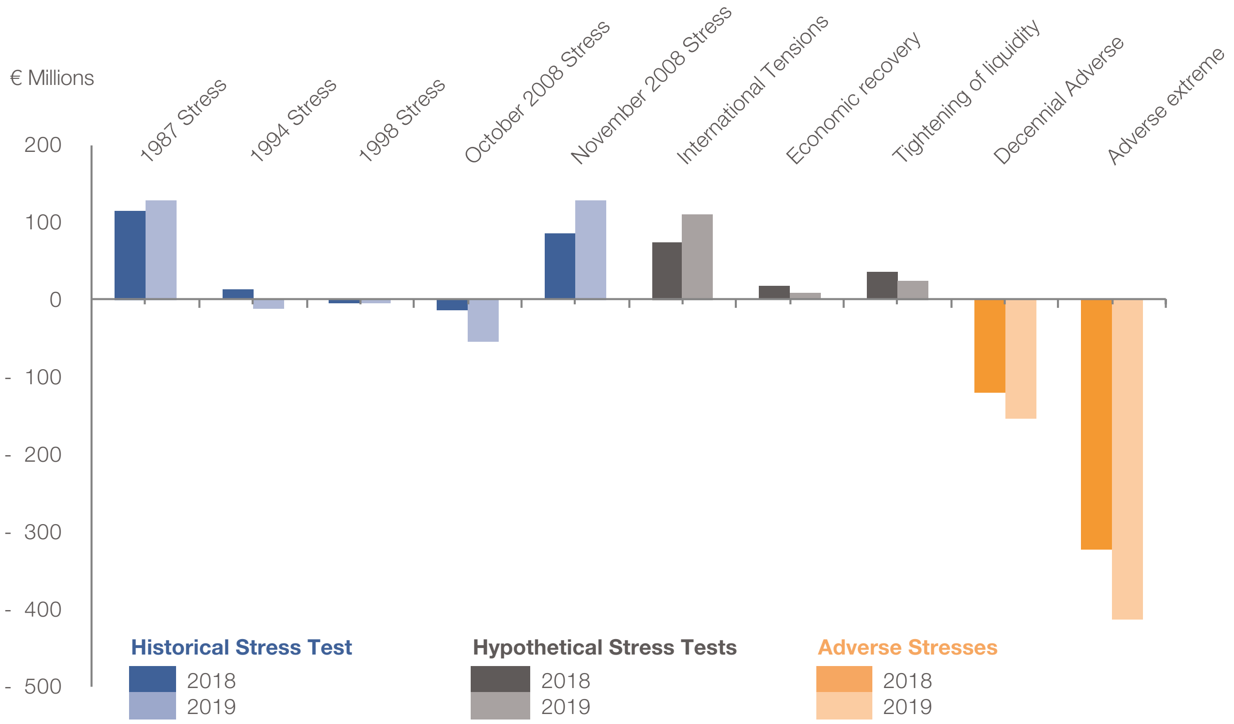
Overall stresses are calculated on a weekly basis and presented to the Crédit Agricole CIB Market Risk Committee once a month.

Meanwhile, specific stress scenarios are developed for each business line. They are produced on weekly basis. These specific scenarios make it possible to analyse the associated risks of the different business lines.

Regularly stresses are set up in anticipation of *ad-hoc* market events: Brexit, French elections, etc.

Graph No. 5 below shows the comparison of the evolution of stress scenarios in 2018 and 2019.

Graph 5: 2018 and 2019 average values of stress scenarios (€ million)



Between 2018 and 2019, decennial adverse and extreme adverse stresses increased. On average, they rose from €120 million and €323 million in 2018 to €154 million and €413 million in 2019, respectively. The increase in extreme adverse stress is mainly related to interest rate activities. The stress levels (excluding CVA) observed in 2019 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 directive (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 shocks 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 pricers. These values show a distribution, from which a 99.9% quantile calculation makes it possible to obtain the IRC.

At the end of December 2019, the capital requirements related to the IRC totalled €148 million.

€ million	31.12.2019	Minimum	Maximum	Average	31.12.2018
IRC	148	133	216	164	200

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 2019.

€ million	31.12.2019	Minimum	Maximum	Average	31.12.2018
Standard CRD 3 method	5	5	5	5	5

CAPITAL REQUIREMENTS RELATED TO PRUDENT VALUATION

In the framework of CRD IV, the Basel III Committee requires the implementation of a complementary prudential measure (Prudent Valuation) to the accounting market valuation 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 accounting 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 One.

The calculation of valuation adjustments based on regulatory requirements had an impact of €746 million for Crédit Agricole CIB (including €348 million for market risks) on capital at the end of December 2019.

2.6 ASSET AND LIABILITY MANAGEMENT - STRUCTURAL FINANCIAL

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 led 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 risk

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;
- decides on management measures based on propositions made by the Financial and Strategic Steering Department.

METHOD

Crédit Agricole CIB uses the (fixed-rate) gas method according to the Crédit Agricole Group Standard reference to measure its overall 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 2019 reflect that Crédit Agricole CIB is exposed to a fall in interest rates.

In billions of euros	0-1 year	1-5 years	5-10 years
Average gap US dollar	- 3.82	- 0.17	+ 0,00
Average gap Euro	-0.02	+ 0.89	+ 0.36

In terms of net banking income sensitivity for the first year, Crédit Agricole CIB could lose €50 million of revenues in case of a 200-basis-point decrease in interest rates, i.e. a 0.90% sensitivity for a reference net banking income of €5,611 million in 2019.

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 1.04%, i.e. €252 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 €60 million that is 0.25% of shareholders' equity, and 1.08% of revenues at 31 December 2019.

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.

At 31 December 2019, the estimated internal capital requirement for interest rate risk is €17 million.

2.6.2 Foreign exchange risk

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 FOREIGN EXCHANGE 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 foreign exchange 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 foreign exchange 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;
- at 31 December 2019 the immunisation ratio of the CET 1 solvency ratio for the US dollar and related currencies block was 80%.
- proprietary interests, 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 "Foreign exchange risk".

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 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 programmes 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 programmes and the control of consistency in issuance prices.

2019 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) programmes. At 31 December 2019, amounts issued under EMTN programmes represented approximately €26.2 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 2019

In 2019, 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 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. A minimum of 100% compliance with this ratio is required as from 1 January 2018. It stands at an average of 116% in 2019;
- additional liquidity analysis reports called Additional Liquidity Monitoring Metric (ALMM) attached to the LCR;
- the Net Stable Funding Ratio (NSFR), whose calculation procedures were initially 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 i.e. in the balance sheet reflecting its potential to have a maturity of more than one year. The final text of the NSFR, which was integrated into the banking package in CRR2, was adopted by the European Parliament on 14 May 2019. The NSFR will become binding in Q2 2021.

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.

2.6.4 Interest rate risk and foreign exchange risk hedges

Within the framework of managing its financial risks, Credit Agricole CIB uses instruments (interest-rate swaps and forex transactions) for which a hedging relation is established based on the management intention that is followed.

The 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, by maturity, in the table below..

	At 31.12.2019		
€ million	> 1 year < 5 years	> 5 years	Total
Cash flow hedged (To be received)		64	64
Cash flow hedged (to be paid)	137		137

◆ IFRS documentation of fair value and cash flow hedges

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.

2.7 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.

2.7.1 Operational risk management

The Risk and Permanent Control/Operational Risk Management 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 relies mainly on a network of ORMs (Operational Risk Management) that cover all the Group's subsidiaries and business lines.

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 Risk and Control Self-Assessment process applies 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 quarterly at the Crédit Agricole CIB level, based on historical loss data together with risk scenarios.

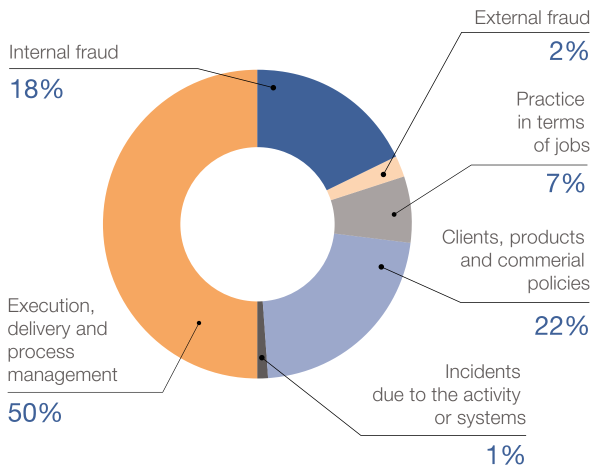
Capital requirement is calculated using the internal AMA methodology (Advanced Measurement Approach) of Crédit Agricole Group applied on Crédit Agricole CIB's scope. This model has been validated at the end of 2007 by the French Regulatory and resolution supervisory authority (ACPR).

PRODUCTION OF OPERATIONAL SCORECARDS

RPC MRO produces a quarterly operational risk scorecard that highlights significant events and changes in the cost of those 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 2017-2019 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: cyber risk, 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.

2.8 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 2018 Registration Document. The cases presented below are those that have evolved since 5 April 2019, the date on which Registration Document no D. 19-0277 was filed with the AMF.

Any legal risks outstanding at 31 December 2019 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. They are mentioned in Note 6.15 of the 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.

2.8.1 Litigation and exceptional events

OFFICE OF FOREIGN ASSETS CONTROL (OFAC)

In October 2015, Crédit Agricole S.A. and its subsidiary Crédit Agricole Corporate and Investment Bank (Crédit Agricole CIB) reached agreements with the US and New York authorities that had been conducting investigations regarding US dollar transactions with countries subject to US economic sanctions. The events covered by this agreement took place between 2003 and 2008.

Crédit Agricole CIB and Crédit Agricole S.A., which cooperated with the US and New York authorities in connection with their investigations, have agreed to pay a total penalty amount of $787.3 million (i.e. €692.7 million). The payment of this penalty has been allocated to the pre-existing reserve that had already been taken and, therefore, has not affected the accounts for the second half of 2015.

The agreements with the Board of Governors of the Federal Reserve System (Fed) and the New-York State Department of Financial Services (NYDFS) are with CASA and Crédit Agricole CIB. The agreement with the Office of Foreign Assets Control (OFAC) of the US Department of the Treasury is with Crédit Agricole CIB. Crédit Agricole CIB also entered into separate deferred prosecution agreements (DPAs) with the United States Attorney's Office for the District of Columbia (USAO) and the District Attorney of the County of New York (DANY), the terms of which are three years. On 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 programmes 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 programme 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 statement of objection 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. On 14 June 2019, the plaintiffs appealed this decision.

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 SA and Crédit Agricole CIB, the New York Federal District Court, ruling on a new request by the plaintiffs, excluded

Crédit Agricole SA 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, objected to this new complaint at the hearing held on 2 May 2019 before the New York Federal District Court. On July 26, 2019, the Federal Court granted the defendants' motion to dismiss. The plaintiffs filed a notice of appeal on August 26, 2019.

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) had received in 2018 a request for arbitration submitted by Banque Saudi Fransi (BSF) before the International Chamber of Commerce (ICC). The dispute related to the performance of a technical services agreement between BSF and Crédit Agricole CIB that is no longer in force. BSF had quantified its claim at SAR 1,023,523,357, the equivalent of about € 242 million. Crédit Agricole CIB and BSF have recently entered into an agreement effectively ending the ICC arbitration proceedings. This agreement has no significant impact on Crédit Agricole CIB's Financial Statements.

BONDS SSA

Several regulators requested information to Crédit Agricole S.A. and to Crédit Agricole CIB for investigations 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 issued a response on 29 March 2019, followed by an oral hearing on 10-11 July 2019.

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. A judgment issued on 30 September 2019 dismissed the class action for lack of jurisdiction of Southern District Court of the New York.

On 7 February 2019, another class action was filed against CACIB and the other defendants named in the class action already pending before the United States District Court for the Southern District of New York.

On 11 July 2018, Crédit Agricole S.A. and Crédit Agricole CIB were notified with other banks of a class action filed in Canada, before the Ontario Superior Court of Justice. Another class action, not notified to date, would have been filed before the Federal Court of Canada. It is not possible at this stage to predict the outcome of these investigations, proceedings or class actions or the date on which they will end.

O'SULLIVAN AND TAVERA

On 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. On 28 March 2019, the Court granted defendants' motion to dismiss. On 22 April 2019, the plaintiffs filed a motion to amend their complaint. Defendants submitted an opposition to that motion on 20 May 2019 and plaintiffs filed a reply on 10 June 2019.

INTERCONTINENTAL EXCHANGE, INC. ("ICE")

On January 15, 2019 a class action ("Putnam Bank") 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 ("Livonia") 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.

On March 4, 2019, a third class action ("Hawaï Sheet Metal Workers retirement funds") was filed against the same banks in the same courtand consolidated with the two previous actions on April 26 2019.

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On July 1st, 2019, the plaintiffs filed a "Consolidated Class Action Complaint". On August 30, 2019, the Defendants filed a motion to dismiss against this consolidated complaint.

BINDING AGREEMENTS

Crédit Agricole Corporate and Investment Bank (Crédit Agricole CIB) does not depend on any industrial, commercial or financial patent, license or contract.

2.9 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.

2.9.1 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 noncompliance 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 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 2019, 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 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 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 Corporate Secretary ensures the supervision, coordination and reporting related to the compliance control system.

    The General Secretary is also in charge of assisting the

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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 and is chaired by the Deputy Chief Executive Officer of Crédit Agricole CIB. 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 2019, 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 2019, and notably:

- taking into account regulatory developments with the continuation of the ongoing projects, in particular, Benchmark MIFID II, Sapin II, 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, ongoing work to strengthen the fight against corruption and tax evasion, strengthening the whistleblowing system through a tool deployed in all entities that allows employees to escalate alerts in a confidential and secure manner;
- the development of new tools and solutions based on artificial intelligence to respond in an innovative way to challenges and needs with regard to business and support function compliance;
- the mobilisation of teams with regard to international sanctions remediation;
- supporting the Bank's Executive Management in its actions to foster a Compliance culture with the organisation of the fifth 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.

Basel III
Pillar 3 disclosures

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3. Basel III Pillar 3 disclosures

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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** introduces new standards for financial disclosure to the market; the latter is more detailed in terms of regulatory capital components and risk assessments, both for the regulations applied and the business during the period.

Crédit Agricole CIB Group has chosen to disclose its Pillar 3 Prudential information in a separate section from its Risk Factors in order to isolate the items that meet the regulatory publication requirements.

The 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 ICAAP is developed in accordance with the interpretation of the main regulatory texts specified below (Basel agreements, guidelines of the European Banking Authority, prudential expectations of the European Central Bank). More specifically, it includes:

- governance of 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 2019 Universal Registration Document);
- the management of economic capital (see Part 3.2 "Management of economic capital");
- a qualitative ICAAP that formalizes in particular the major areas for risk management improvement.

ICAAP is also an integrated process that interacts with the Group's other strategic processes (ILAAP: Internal Liquidity Adequacy and Assessment Process, risk appetite, budget process, recovery plan, risk identification, etc.).

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 Universal Registration Document).

Key metrics at group level - Credit Agricole Group		31.12.2019 in €m
	Available own funds (amounts)	
1	Common Equity Tier 1 (CET1) capital	14,613
2	Tier 1 capital	20,184
3	Total capital	24,035
	Risk-weighted exposure amounts	
4	Total risk-weighted exposure amount	120,474
	Capital ratios (as a percentage of risk-weighted exposure amount)	
5	Common Equity Tier 1 ratio (%)	12.1%
6	Tier 1 ratio (%)	16.8%
7	Total capital ratio (%)	20.0%
	Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)	
EU 7a	Additional CET1 SREP requirements (%)	1.50%
EU 7b	Additional AT1 SREP requirements (%)	n/a
EU 7c	Additional T2 SREP requirements (%)	n/a
EU 7d	Total SREP own funds requirements (%)	1.50%
	Combined buffer requirement (as a percentage of risk-weighted exposure amount)	
8	Capital conservation buffer (%)	2.50%
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	n/a
9	Institution specific countercyclical capital buffer (%)	0.19%
EU 9a	Systemic risk buffer (%)	n/a
10	Global Systemically Important Institution buffer (%)	n/a
EU 10a	Other Systemically Important Institution buffer (%)	n/a
11	Combined buffer requirement (%)	2.69%
EU 11a	Overall capital requirements (%)	8.69%
12	CET1 available after meeting the total SREP own funds requirements (%)	3.44%
	Leverage ratio	
13	Leverage ratio total exposure measure	571,522
14	Leverage ratio (%)	3.56%
	Additional own funds requirements to address risks of excessive leverage (as a percentage of leverage ratio total exposure amount)	
EU 14a	Additional CET1 leverage ratio requirements (%)	n/a
EU 14b	Additional AT1 leverage ratio requirements (%)	n/a
EU 14c	Additional T2 leverage ratio requirements (%)	n/a
EU 14d	Total SREP leverage ratio requirements (%)	n/a
EU 14e	Applicable leverage buffer	n/a
EU 14f	Overall leverage ratio requirements (%)	n/a
	Liquidity Coverage Ratio	
15	Total high-quality liquid assets (HQLA) (Weighted value - average)	94,981
16	Total net cash outflows (adjusted value)	80,838
17	Liquidity coverage ratio (%)	117%
	Net Stable Funding Ratio	
18	Total available stable funding	150,555
19	Total required stable funding	190,843
20	NSFR ratio (%)	79%

3.1 MONITORING OF THE REGULATORY CAPITAL

3.1.1 Applicable regulatory framework

Tightening up the regulatory framework, Basel 3 agreements enhanced the quality and level of regulatory capital required and added new risk categories to the regulatory framework. In addition, a specific regulatory framework. allowing an alternative to bank default, was introduced following the 2008 financial crisis.

The legislation concerning the regulatory requirements applicable to credit institutions and investment firms was published in the Official Journal of the European Union on 26 June 2013 (Capital Requirements Directive 2013/36/EU, known as “CRD4”, transposed notably by French Order No. 2014-158 of 20 February 2014 and the Capital Requirements Regulation. known as “CRR”, Regulation 575/2013) entered into force on 1 January 2014, in accordance with the transitional provisions specified in the legislation.

The European Bank Recovery and Resolution Directive (known as BRRD, Directive 2014/59/EU) was published on 12 June 2014 with effective date 1 January 2015 and the European Single Resolution Mechanism Regulation (known as SRMR, Regulation 806/2014) was published on 30 July 2014 with effective date

1st January 2016, in accordance with the transitional provisions of the texts.

On 7 June 2019 four texts constituting the banking package were published in the Official Journal of the European Union for gradual implementation by the end of June 2021:

- BRRD 2: Directive (EU) 2019/879 of the European Parliament and of the Council of 20 May 2019 amending Directive 2014/59/EU
- SRMR 2: Regulation (EU) 2019/877 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 806/2014
- CRD 5: Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May, 2019 amending Directive 2013/36/EU
- CRR 2: Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 575/2013

The BRRD 2 and CRD 5 Directives will be transposed into French law. Regulations CRR 2 and SRMR 2 entered into force 20 days after their publication. i.e. on 27 June 2019 (although not all the provisions are immediately applicable).

In the CRR 2/CRD 4 regime (pending the transposition of CRD 5), four levels of capital requirements are calculated:

- the Common Equity Tier 1 (CET1) ratio;
- the Tier 1 (T1) ratio;
- the total capital ratio;
- the leverage ratio.

These ratios are calculated in a phased-in approach with the goals of gradually managing the transition: on the one hand, from the Basel II calculation rules to the Basel III rules (the transitional provisions have been applied to all equity capital until 1st January 2018 and apply to hybrid debt instruments until 1st January 2022) and, on the other, the eligibility criteria defined by CRR 2 (until 28 June 2025).

A ratio is already added to this process with the aim of assessing the adequacy of the capacities to absorb losses and to recapitalise systemic banks (G-SIB). This Total Loss Absorbing Capacity (TLAC) ratio completes the Minimum Requirement for Own Funds and Eligible Liabilities (MREL) resolution ratio defined in BRRD. The CACIB Group does not have any requirement specific to TLAC or MREL, however as a subsidiary of the Crédit Agricole Group it contributes to these ratios and enters into the monitoring and steering process set up by the Group .

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 Control and Resolution Authority (ACPR) has accepted that certain subsidiaries of the Group may benefit from an individual exemption under the conditions specified by Article 7 of the CRR Regulation. 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.

3.1.3 Regulatory supervision scope

Difference between the accounting and the regulatory scope of consolidation

Entities consolidated for accounting purposes, but excluded from the regulatory scope of consolidation of credit institutions on a consolidated basis predominantly comprise ad hoc entities that are equity-accounted for regulatory purposes. 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 2019.

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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 by full integration	Full consolidation generating capital requirements for the subsidiary's operations.
Jointly held subsidiaries with a financial activity	Equity method	Proportional consolidation.
Subsidiaries with an insurance activity	Consolidation by full integration	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 held for sale	Deduction of CET1, AT1 and T2 instruments in entities where the ownership interest is less than 10%, above an exemption limit of 10% of CET1.
ABCP (Asset-backed commercial paper) securitisation vehicles	Full consolidation	Risk-weighting of equity-accounted amount and commitments made on these entities (liquidities facilities and letters of credit).

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 to set various risk thresholds used for risk appetite.

Capital planning is submitted to various governance bodies and is communicated to the competent authorities, either in the context of regular discussions or for special transactions (such as authorization requests).

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 ratio 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. They are outlined below.

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

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

There are two subsets of the IRB approach:

- the “Foundation Internal Ratings-Based” approach, under which institutions may use exclusively their own default probability estimates;
- the “Advanced Internal Ratings-Based” approach, under which institutions use all their internal estimates of risk components: probability of default, loss given default, exposures given default, maturity.

MINIMUM REQUIREMENTS OF PILLAR 1

Requirements under Pillar 1 are governed by Regulation (EU) No. 575/2013 of the European Parliament and Council of 26 June 2013 (CRR). The regulator also fixes, on a discretionary basis, the minimum requirements, within the framework of 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:

- 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 were also come into force. Concerning French exposure, the High Council for Financial Stability (HCSF) was raised 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 2019 stands at 0.187%. It will reach 0.24% at the end of June 2020, in particular to take into account the doubling of the French countercyclical buffer starting from 2 April 2020.

These buffers must be covered by CET1.

▶ Minimum requirements on the basis of information known at the end of December 2019

1st January…	2014	2015	2016	2017	2018	2019	2020
CET1	4.00%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
T1	5.50%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
T1 + T2	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%

◆ 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 guidance is not public.

At 31 December 2019, Crédit Agricole CIB must respect a minimum consolidated CET1 ratio (including the Pillar 1, Pillar 2 R and the equity capital conservation buffer and the counter-cyclical buffer) of at least 8.69%.

COMBINED BUFFER REQUIREMENTS AND DISTRIBUTION RESTRICTION THRESHOLD

The regulations provide for the establishment of capital buffers which are gradually being implemented:

- 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 institution 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 institution 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 buffers for systemic risk (0 to 3% in general, up to 5% after agreement from the European Commission, and more exceptionally above that figure); for Global Systemically Important Banks (G-SIB, between 0% and 3.5%); or for other systemically important institutions (O-SII, between 0% and 2%). These buffers are not cumulative, and in general, with some exceptions, the highest applies. Only the Crédit Agricole Group is a G-SIB and has a buffer of 1% since 1 January 2019, phased-in at 0.75% in 2018. Crédit Agricole CIB is not subject to such requirements.

These buffers entered into force in 2016 and must be covered by Common Equity Tier 1 capital. The capital conservation buffer and the systemic risk buffers were applied on an annual incremental basis until 2019 (75% of the buffer required in 2018; 100% in 2019).

At the end of June 2019, countercyclical buffers for Hong Kong, Iceland, Lithuania, Norway, the Czech Republic, the United Kingdom, Slovakia and Sweden were activated by the appointed national authorities. In the second half of 2019, countercyclical buffers were also come into force in France, Bulgaria, Denmark, Luxembourg and Ireland. As for French exposures, the High Council for Financial Stability (HCFS) raised the rate to 0.25% from 1 July 2019 and will raised to 0.50% from 2 April 2020.

Given the exposure of the Group in these countries, the countercyclical buffer rate for the Group on 31 December 2019 stands at 0.19%. It should reach 0.25% at 30 June 2020, taking into account the raising of the French buffer rate as from 2 April 2020.

CET1 should cover those buffers.

5

(1) EAD (exposure at default) is the exposure amount in the event of default. It encompasses balance sheet assets plus a proportion of off-balance sheet commitments.

Details of the calculation of the countercyclical buffer at the end of December 2019

	31.12.2019												
	General credit exposures		Trading book exposure		Securitisation exposure		Own funds requirements						
€ 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	Securi-tisation exposure	Total	Breakdown by country (in %)	Countercy-clical capital buffer rate (in %) 31.12.2019	Countercy-clical capital buffer rate forecast (in %) 31.12.2020 [2]
Germany	12	9,464				2,498	199		25	224	3.504%		0.01%
Norway		1,310					31			31	0.492%	0.01%	0.01%
Sweden	38	1,574				14	44		1	45	0.691%	0.02%	0.02%
Hong kong	565	3,821					111			111	1.734%	0.04%	0.04%
Iceland													
Czech Republic		167					4			4	0.066%		
Denmark		524					8			8	0.126%		
United Kingdom	310	14,753				1,495	361		18	379	5.919%	0.06%	0.06%
Lituania		1									0.001%		
Slovakia		1									0.001%		
Bulgaria		22					1			1	0.008%		
Ireland	6	3,740				69	85		1	86	1.338%	0.01%	0.01%
France	5,761	38,005	140	1,849		11,618	968	159	133	1,260	19.702%	0.05%	0.10%
Other countries [1]	5,584	137,707			503	28,269	4,037		434	4,471	69.903%		
Total	12,264	201,625	140	1,849	503	41,465	5,650	159	587	6,396	100.000%	0.19%	0.24%

[1] For which no countercyclical buffer has been defined by the competent authority

[2] The countercyclical capital buffer rate projected at 31 December 2020 is calculated by using the buffer rates by country known to date and applicable no later than in twelve months and the breakdown of capital requirements by country as at 31 December 2019 based on the decisions known to date.

Countercyclical buffer requirements (in millions of euros) (CCYB2)

Countercyclical buffer requirement	31.12.2019	31.12.2018
Total risk exposure	120,474	118,668
Institution-specific countercyclical buffer (%)	0.188%	0.105%
Institution-specific countercyclical buffer (in million of euros)	**227**	**125**

Summarised

Combined buffer requirement	31.12.2019	31.12.2018
Phased capital conservation buffer	2.50%	1.88%
Phased systemic buffer		
Countercyclical buffer	0.19%	0.11%
Combined buffer requirement	**2.69%**	**1.99%**

The transposition of Basel regulations into European law (CRD 4) introduced a mechanism for distribution restriction that applies to dividends, AT1 instruments and variable remuneration. The principle of the Maximum Distributable Amount (MDA), the maximum amount that a bank is allowed to dedicate on distributions, is intended to restrict distributions where they would result in non-compliance with the combined buffer requirement.

The distance to the MDA triggering threshold is the lowest of the respective distances to the SREP requirements in CET1, Tier 1 equity capital and total equity capital.

	CET1 SREP requirement	Tier 1 SREP requirement	Overall capital SREP requirement
Pillar 1 minimum requirement	4.50%	6.00%	8.00%
Pillar 2 requirement (P2R)	1.50%	1.50%	1.50%
Capital Conservation buffer	2.50%	2.50%	2.50%
Countercyclical buffer	0.19%	0.19%	0.19%
SREP requirement (a)	8.69%	10.19%	12.19%
31.12.19 Phased-in solvancy ratios (b)	**12.13%**	**16.75%**	**19.95%**
Distance to SREP requirement (b-a)	344 pb	656 pb	776 pb
Distance to MDA trigger threshold	**344 pb (€4 bn)**		

On 31 December 2019, Crédit Agricole CIB posted a buffer of 344 basis points above the MDA trigger, i.e. approximately €4 billion in CET1 capital.

5

Overall capital requirement

Finally, after taking into account the requirements under Pillar 1, those under Pillar 2 and the overall capital buffer requirement, the SREP capital requirement is as follows:

SREP own funds requirement	31.12.2019	31.12.2018
Pillar 1 minimum CET1 requirement	4.50%	4.50%
Additional Pillar 2 requirement (P2R)	1.50%	1.50%
Combined buffer requirement	2.69%	1.96%
CET1 requirement	**8.69%**	**7.96%**
AT1	1.50%	1.50%
Tier 2	2.00%	2.00%
Overall capital requirement	**12.19%**	**11.46%**

As of 31 December 2019, Crédit Agricole CIB Group must therefore comply with a minimum CET1 ratio of 8.69%. This level includes the requirements under Pillar 1, Pillar 2 P2R, the capital conservation buffer and the countercyclical buffer (based on the decisions known to date).

The notification received by the Crédit Agricole S.A. in December 2019 confirmed these requirements.

Pillar 2 adjustments

The following tables and items take into account adjustments made as part of Pillar 2 in accordance with the request of the European Central Bank; these currently only relate to the prudential deduction of irrevocable payment commitments relating to the Single Resolution Fund (SRF) and the Deposit and Resolution Guarantee Fund (FGDR).

As such, compared to the regulatory declarations made under Pillar 1, an additional deduction of €140 million was made on CET1; consequently, the risk-weighted assets were adjusted downwards by €140 million as at 31 December 2019.

3.1.6 Definition of capital

3.1.6.1 CATEGORY 1 (TIER 1) EQUITY 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, income net of tax after dividend payments as well as accumulated other comprehensive income, including unrealized capital gains and losses on financial assets held to collect and sell purposes and conversion differences;
- eligible non-controlling interests, which are partially derecognised, or even excluded, depending on whether or not the subsidiary is an eligible credit institution; this partial derecognition corresponds to the excess of the amount of equity capital required to cover the subsidiary's capital requirements; it applies to each tier of equity capital;
- deductions, which mainly include the following items:
  - CET1 instruments under the liquidity contract and buyback programmes;
  - intangible assets, including start-up costs and goodwill;
  - the prudent valuation (prudent valuation defined by the prudential regulations which involves the adjustment of the amount of assets and liabilities measured at fair value according to a prudential method which aims to deduct any possible value corrections) ;
  - deduction of Deferred Tax Assets (DTAs) that rely on future profitability arising from tax loss carry forwards;
  - deduction of negative amounts resulting from a deficit in provisions compared to expected losses (EL) ;
  - deduction of instruments of the CET1 held in financial investments less than or equal to 10% (minor investments) beyond an exemption limit of 10% of CET1 equity 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 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 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%);
  - adjustments requested by the supervisor with regard to Pillar 2 (irrevocable payment commitments relating to the Single Resolution Fund and to the Deposit and Resolution Guarantee Fund).

The CRR 2 Regulation adds eligibility criteria; in particular in the case where instruments issued by an institution established in the European Union are subject to third country law, these must include a bail-in clause in order to be fully eligible. These provisions apply to each category of capital instruments (CET1, AT1, Tier 2).

◆ Additional Tier 1 capital (AT1)

ADDITIONAL TIER 1 CAPITAL ELIGIBLE UNDER BASEL III ON A FULLY LOADED BASIS

This includes:

- additional category 1 (Additional Tier 1 or capital AT1) eligible under Basel 3, which consists of undated debt instruments without any redemption incentive or obligation (in particular step-up features).

  AT1 instruments are subject to a bail-in mechanism triggered when the CET1 ratio is below a threshold that must be set at no lower than 5.125%. Instruments may be converted into equity or suffer a reduction in their nominal value. Payments must be totally flexible: no automatic remuneration mechanisms and/or suspension of coupon payments at the Issuer's discretion are permitted.

At 31 December 2019, the CET1 ratio of Crédit Agricole CIB was 12.1%. Thus, the CET1 equity capital represented a capital buffer of €8.4 billion relative to loss absorption thresholds.

At 31 December 2019, there was no applicable restriction on the payment of coupons.

- direct deductions of AT1 instruments (including market making);
- deductions of investments in financial-sector entities related to this tier;
- AT1 capital components or other deductions (including AT1-eligible non-controlling interests).

ADDITIONAL TIER 1 EQUITY 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 equity capital eligible under CRR 2 (AT1);
- additional Tier 1 capital instruments eligible for CRR issued between 1 January 2014 and 27 June 2019;
- a fraction of the non-eligible Tier 1 CRR issued before January 1, 2014, equal to the lower of:
  - the regulatory amount of ineligible Tier 1 instruments at the end of the reporting period (after any calls, redemptions, etc.);
  - 30% (threshold for 2019) of the Tier 1 stock at 31 December 2012, which stood at €4,691 million, or a maximum recognizable amount of €1,407 million.

The amount of Tier 1 capital exceeding the prudential threshold is integrated into phased-in Tier 2 capital, up to the regulatory capital threshold applicable to Tier 2 capital.

Deeply subordinated notes and preferred shares at 31 December 2019

Issuer	Issue date	Amount of issue (in millions)	Currency	Dates of Call	Compensation	Step-up (Y/N)	Regulatory treatment	Eligible under CRD4 (Y/N)	Coupon suspension conditions	*Write down condition*	Regulatory amount at 31.12.2019 € million [1]	Regulatory amount at 31.12.2018 € million [1]
Deeply subordinated notes												
Crédit Agricole CIB	21/12/2005	85	USD	01/01/2016 then annually	Libor 12M+ 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	76	74
Crédit Agricole CIB	28/09/2007	1,000	USD	01/01/2018 then annually	Libor 12M+ 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	893	872
Crédit Agricole CIB	19/03/2004	500	USD	01/01/2014 then annually	5.81% then as from 01/01/2014 Libor12M+ 170bps	N	T1	N	Reduction that may lead to non-payment of interest in the event of insufficient earnings	Occurrence of a regulatory event	447	436
Crédit Agricole CIB	04/05/2004	[2] 470	USD	01/01/2014 then annually	6.48% then as from 01/01/2014 Libor12M+ 156 bps	N	T1	N	Reduction that may lead to non-payment of interest in the event of insufficient earnings	Occurrence of a regulatory event	179	410
Crédit Agricole CIB	16/11/2015	600	EUR	23/12/2020 then quarterly	Euribor 3M+ 679.5 bps	N	NA	Y	At issuer's or supervisor's discretion; subject to limitations applied in the event of non- compliance with CACIB's overall requirements	Occurrence of a regulatory event	600	600
Crédit Agricole CIB	16/11/2015	600	EUR	23/12/2022 then quarterly	Euribor 3M+ 670.5 bps	N	NA	Y		Occurrence of a regulatory event	600	600
Crédit Agricole CIB	16/11/2015	600	EUR	23/12/2025 then quarterly	Euribor 3M+ 663 bps	N	NA	Y		Occurrence of a regulatory event	600	600
Crédit Agricole CIB	09/06/2016	720	USD	23/06/2026 then quarterly	Libor 3M+ 686 bps	N	NA	Y		Occurrence of a regulatory event	643	628
Crédit Agricole CIB	27/06/2018	500	EUR	27/06/2028 then quarterly	Euribor3M+ 535 bps	N	NA	Y		Occurrence of a regulatory event	500	500
Crédit Agricole CIB	24/09/2018	500	EUR	24/09/2028 then quarterly	Euribor3M+ 485 bps	N	NA	Y		Occurrence of a regulatory event	500	500
Crédit Agricole CIB	26/02/2019	470	USD	8/26/2024	Euribor3M+ 475 bps	N	NA	Y	At issuer's or supervisor's discretion; subject to limitations applied in the event of non- compliance with CACIB's overall requirements	Occurrence of a regulatory event	420	
Crédit Agricole CIB	18/06/2019	300	EUR	6/18/2024	Euribor3M+ 488 bps	N	NA	Y	At issuer's or supervisor's discretion; subject to limitations applied in the event of non- compliance with CACIB's overall requirements	Occurrence of a regulatory event	300	
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	Libor 6M+ 230 bps	N	T1	N	Reduction that may lead to non-payment of interest in the event of insufficient earnings			70
Total											**5,757**	**5,291**

[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 €1 407 million.

[2] This shares issue was partially reimbursed of $270 millions during the first half of 2019.

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.

3.1.6.2 TIER 2 CAPITAL (TIER 2)

This includes:

- subordinated debt instruments, which must have a minimum maturity of five years; they must not carry any early repayment incentives; these instruments are subject to a haircut during the five-year period prior to their maturity date;
- grandfathering as presented for the phased-in AT1 debt above;
- directly held Tier 2 instruments (including market making);
- the surplus provisions relative to expected eligible losses determined in accordance with the internal ratings approach, limited to 0.6% of risk-weighted assets under IRB;
- deductions of investments in financial-sector entities related to this tier, predominantly in the insurance sector (since most subordinated banking receivables are not eligible);
- any deduction of eligible holding instruments issued by systemically important institutions (To avoid double accounting of commitments to meet the requirements of the TLAC ratio, systemically important institutions must deduct their holdings of eligible commitment instruments issued by other systemically important institutions; these holdings must first be deducted from the institution's eligible commitments, then where they are insufficient, Tier 2 capital instruments);
- Tier 2 capital components or other deductions (including Tier 2 eligible non-controlling interests).
- The Tier 2 amount taken in the fully-loaded ratios corresponds to the Tier 2 equity capital instruments eligible for CRR No. 575/2013 as amended by CRR No. 2019/876 (CRR 2).

During the transitional phase, the amount of Tier 2 capital used in the ratios corresponds to:

- CRR 2 eligible Tier 2;
- additional Tier 2 CRR eligible capital instruments issued between 1 January 2014 and 27 June 2019;
- a fraction of the Tier 2 non-eligible CRR issued before 1 January, 2014, equal to the lower of:
  - regulatory ineligible Tier 2 securities at the closing date and, as applicable, the remainder of Tier 1 securities exceeding the 30% threshold (threshold for 2019) of ineligible Tier 1 securities;
  - 30% (threshold for 2019) of the non-eligible CRR Tier 2 stock at 31 December 2012; the non-eligible CRR Tier 2 stock at 31 December 2012 stood at €680 million, or a maximum recognisable amount of €204 million.

To facilitate readability, the tables of perpetual subordinated securities, equity investments redeemable at 31 December 2019 are presented in Pillar 3, available on the website: https://www.credit-agricole.com/finance/finance/publications-financieres.

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 31.12.2019 € million	Regulatory capital amount 31.12.2018 € 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 notes

Issuer	Date of issue	Amount of issue (€ million)	Currency	Call dates	Compensation	Step-up (Y/N)	Regulatory treatment	CRD4 eligibility (Y/N)	Issuer	Regulatory capital amount 31.12.2019 € million	Regulatory capital amount 31.12.2018 € million
Emprunts subordonnés											
Crédit Agricole CIB	26/03/2015	1700	15/03/2025	USD	15/03/2020 then quaterly	Libor 3M+ 252 bps	N	T2	Y	1,519	1,483
Crédit Agricole CIB	20/06/2016	750	20/06/2026	EUR		Euribor 3M+ 255 bps	N	T2	Y	750	750
Crédit Agricole CIB	07/11/2016	500	07/11/2026	EUR	07/11/2021 then quaterly	Euribor 3M+ 212,2 bps	N	T2	Y	500	500
Crédit Agricole CIB	13/02/2018	250	14/02/2028	EUR		Euribor 3M+ 111 bps	N	T2	Y	250	250
Crédit Agricole CIB	25/03/2019	250	25/03/2029	EUR		Euribor 3M+ 168,35 bps	n	T2	y	250	
Total										**3,269**	**2,983**

3.1.6.3 TRANSITIONAL PROVISIONS

To facilitate compliance by credit institutions with the CRR2/CRD4 (pending transposition of CRD 5), less stringent transitional provisions have been provided for, notably with the progressive introduction of new prudential treatment of equity capital components.

All these transitional provisions ended on 1st January 2018, with the exception of those concerning hybrid debt instruments, which will end on 1st January 2022.

Hybrid debt instruments included in equity capital eligible for Basel III, and which are no longer eligible for inclusion due to the new regulations coming into force, under certain conditions may be eligible under the acquired rights clause; any instrument issued after 31 December 2011 and not complying with the CRR regulations was excluded as from 1st January 2014; instruments whose issue date was earlier may, under certain conditions, be subject to grandfather clauses. Under this clause, these instruments are gradually excluded over an eight-year period, with a 10% reduction each year. In 2014, 80% of the global inventories declared at 31 December 2012 were recognised, then 70% in 2015, etc. The derecognised portion may be included in the lowest tier of equity capital (from AT1 to Tier 2, for example) if it satisfies the corresponding criteria.

CRR 2 has come to complement these provisions by introducing a grandfathering clause: non-eligible instruments issued between 1st January 2014 and 27 June 2019 remain eligible under phase-in until 28 June 2025.

3.1.6.4 SIMPLIFIED PRUDENTIAL CAPITAL AS AT 31 DECEMBER 2019

▶ Solvency ratios

	31.12.2019		31.12.2018	
€ million	Phased-in	Fully loaded	Phased-in	Fully loaded
Capital and reserves Group share [1]	17,103	17,103	16,165	16,165
(+) Tier 1 capital in accordance with French Prudential Supervisory and Resolution Authority stipulations (shareholder advance)				
(+) Eligible minority interests [1]	96	96	112	112
(-) Prudent valuation	(746)	(746)	(840)	(840)
(-) Deductions of goodwill and other intangible assets	(1,407)	(1,407)	(1,327)	(1,327)
(-) Deferred tax assets that rely on future profitability not arising from temporary differences	(17)	(17)	(26)	(26)
(-) Shortfall in adjustments for credit risk relative to expected losses under the internal ratings-based approach and EI equity	(11)	(11)	(7)	(7)
(-) 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	189	189	1,478	1,478
The deductible deferred tax assets that rely on future profitaility arising from temporary differences	366	366	344	344
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	1,461	1,461	1,379	1,379
(-) Transparent treatment of UCITS	(6)	(6)	(9)	(9)
Transitional adjustments and other deductions applicable to CET1 capital	(398)	(398)	(282)	(282)
COMMON EQUITY TIER 1 (CET1)	**14,613**	**14,613**	**13,686**	**13,686**
Equity instruments eligible as AT1 capital	4,149	4,149	3,435	3,435
Ineligible AT1 capital instruments qualifying under grandfathering clause	1,407		1,863	
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				
Other Tier 1 components	14	14	(7)	(7)
ADDITIONAL TIER 1 CAPITAL	**5,570**	**4,163**	**5,291**	**3,428**
TIER 1 CAPITAL	**20,184**	**18,776**	**18,977**	**17,114**
Equity instruments and subordinated borrowings eligible as Tier 2 capital	3,269	3,269	2,983	2,983
Ineligible equity instruments and subordinated borrowings	209		30	
Surplus provisions relative to expected losses eligible under the internal ratings-based approach and general credit risk adjustments under the standardised approach(3)	365	365	380	380
Tier 2 instruments of entities operating mainly in the insurance sector in which the institution has a significant investment deducted from Tier 2 capital				
Other Tier 2 components	8			
TIER 2 CAPITAL	**3,851**	**3,634**	**3,394**	**3,364**
TOTAL CAPITAL	**24,035**	**22,410**	**22,371**	**20,477**
TOTAL RISK WEIGHTED ASSETS	**120,474**	**120,474**	**118,668**	**118,668**
CET1 RATIO	12.1%	12.1%	11.5%	11.5%
TIER 1 RATIO	16.8%	15.6%	16.0%	14.4%
TOTAL CAPITAL RATIO	20.0%	18.6%	18.9%	17.3%

[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.

The Common Equity Tier 1 (CET1) capital stood at €14.6 billion at 31 December 2019, up by €0.9 billion compared with end 2018.

Events that affected the CET1 during 2019 primarily concerned the currency effect of +€0.1 billion, the retained earnings for 2019 of +€1 billion, the payment of the Group's AT1 coupons as dividends of -€0.2 billion, the decrease in the deduction as a prudent evaluation (+€0.1 billion) and of that made for exceeding the exemption limit of Crédit Agricole CIB portfolio of financial investment instruments, despite the partial disposal of the investment in the BSF (-€0.1 billion) as well as by the increased deductions of goodwill and intangible assets (-€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 €18.1 billion at 31 December 2019 and was €1.7 billion higher than that of 31 December 2018, whilst the phased-in amount was €20.2 billion, up by €1.2 billion compared with 31 December 2018. 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 €4.1 billion, up €0.7 billion over 2019;
- 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 30% 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 2019, 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 €3.6 billion, was up by €0.3 billion compared with 31 December 2018:

- the hybrid securities included in Tier 2 capital eligible for Basel III amounted to €3.3 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 December 2019, stable compared with 31 December 2018.

In all, fully loaded total capital at 31 December 2019 stood at €22.4 billion, or €1.9 billion lower than at 31 December 2018. Phased-in total capital amounted to €24 billion, up €1.9 billion compared with 31 December 2018.

3.1.6.5 CHANGES IN REGULATORY EQUITY CAPITAL IN 2019

	Phased-in
€ million	**31.12.2019 vs 31.12.2018**
Common Equity Tier 1 capital at 31/12/2018	**13,686**
Increase in share capital and reserves (including dividend payment in shares)	(54)
Capital repayment [1]	
Income of the year before dividend distribution	1,553
Expected dividend	(511)
Exceptional dividend distribution	
Advance dividend payment	
Unrealised capital gains and losses on available-for-sale securities and other unrealised capital gain and losses	(65)
Prudent valuation	94
Minority interests	(16)
Change in goodwill and other intangible assets	(80)
Shortfall in adjustments for credit risk relative to expected losses under the internal ratings-based approach deducted CET1	(5)
Regulatory adjustments [2]	12
COMMON EQUITY TIER 1 CAPITAL AT 31/12/2019	**14,613**
Additional Tier 1 capital at 31/12/2018	**5,291**
Issues	714
Redemptions	
Regulatory adjustments	(434)
ADDITIONAL TIER 1 CAPITAL AT 31/12/2019	**5,570**
TIER 1 CAPITAL AT 31/12/2019	**20,184**
Tier 2 capital at 31/12/2018	**3,394**
Issues and foreign currency impacts on debt stock	464
Redemptions and foreign currency impacts on debt stock	
Regulatory adjustments including amortisation [3]	(7)
TIER 2 CAPITAL AT 31/12/2019	**3,851**
TOTAL CAPITAL AT 31/12/2019	**24,035**

[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

	31.12.2019		31.12.2018	
€ million	Phased-in	Fully loaded	Phased-in	Fully loaded
EQUITY, GROUP SHARE (CARRYING AMOUNT) [1]	**22,033**	**22,033**	**20,308**	**20,308**
Expected dividend payment on result of year Y				
Advance dividend paid				
Payment on exceptional dividend				
Net income not taken into account in regulatory capital	(511)	(511)	(489)	(489)
Filtered unrealised gains/(losses) on change in own credit risk on structured products	136	136	71	71
Filtered unrealised gains/(losses) on change in own credit risk on derivatives	(310)	(310)	(163)	(163)
Filtered unrealised gains/(losses) on cash flow hedges				
Transitional regime applicable to unrealised gains/(losses)	(96)	(96)	(112)	(112)
AT1 instruments included in equity (carrying amount)	(4,149)	(4,149)	(3,435)	(3,435)
Other regulatory adjustments			(15)	(15)
Capital and reserves Group share	**17,103**	**17,103**	**16,165**	**16,165**
Minority interests (carrying amount)	96	96	112	112
(-) items not recognised under regulatory framework				
(-) preferred shares				
Minority interests				
Other equity instruments				
Deductions of goodwill and other intangible assets	(1,407)	(1,407)	(1,327)	(1,327)
Deferred tax assets that rely on future profitability not arising from temporary differences	(17)	(17)	(26)	(26)
Shortfall in adjustments for credit risk relative to expected losses under the internal ratings-based approach deducted from the CET1	(11)	(11)	(7)	(7)
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			(100)	(100)
(-) transparent treatment of UCITS	(6)	(6)	(9)	(9)
Advance prudent valuation	(746)	(746)	(840)	(840)
Amount exceeding the exemption threshold for CET1 instruments of financial stakes in which the institution owns a significant holding and of the deductible deferred tax assets that rely on future profitability arising from temporary differences				
Other CET1 components	(398)	(398)	(282)	(282)
TOTAL CET1	**14,613**	**14,613**	**13,686**	**13,686**
AT1 equity instruments (including preferred shares)	5,557	4,149	5,298	3,435
Tier 1 or Tier 2 instruments of financial-sector entities in which the institution holds a significant investment deducted fromTier 1 capital				
Transitional adjustments, other deductions and minority interests	14	14	(7)	(7)
Other components of Tier 1 capital				
Total Additional Tier 1	**5,570**	**4,163**	**5,291**	**3,428**
TOTAL TIER 1	**20,184**	**18,776**	**18,977**	**17,114**
Tier 2 equity instruments	3,478	3,269	3,014	2,983
Surplus provisions relative to expected losses eligible under the internal ratings-based approach	365	365	380	380
General credit risk adjustments under the standardised approach				
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	8			
Other Tier 2 items				
TOTAL TIER 2	**3,851**	**3,634**	**3,394**	**3,364**
Ownership interests and investments in insurance companies				
TOTAL CAPITAL	**24,035**	**22,410**	**22,371**	**20,477**

[1] *The impact of transitional adjustments is included in the phased-in figures.*

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3.1.7 Other ratios

3.1.7.1 LEVERAGE RATIO

The objective of the leverage ratio is to help preserve financial stability by acting as a safety net to complement risk-based capital requirements and by limiting the accumulation of excessive leverage in times of economic recovery. It was defined by the Basel Committee in the context of the Basel 3 agreements and transposed into European law via Article 429 CRR, amended by Delegated Act 62/2015 of 10, October 2014 and published in the Official Journal of the European Union on 18 January 2015.

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

Since the publication of European Regulation CRR 2 in the Official Journal of the European Union on 27 June 2019, the leverage ratio has become a minimum Pillar 1 requirement applicable as from 28 June 2021.

As of 1 January 2015, publication of the lever ratio is mandatory at least once a year; institutions can choose to publish a fully loaded ratio or a phased-in ratio. 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.

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)	315,615
2	(Asset amounts deducted in determining Tier 1 capital)	(2,599)
3	**TOTAL ON-BALANCE SHEET EXPOSURES (EXCLUDING DERIVATIVES, SFTS AND FIDUCIARY ASSETS) (SUM OF LINES 1 AND 2)**	**313,016**
Derivative exposures		
4	Replacement cost associated with all derivatives transactions (ie net of eligible cash variation margin)	14,179
5	Add-on amounts for PFE associated with all derivatives transactions (mark-to-market method)	32,057
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	4,586
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	(23,706)
8	(Exempted CCP leg of client-cleared trade exposures)	
9	Adjusted effective notional amount of written credit derivatives	14,844
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	(6,099)
11	**TOTAL DERIVATIVE EXPOSURES (SUM OF LINES 4 TO 10)**	**35,861**
SFT exposures		
12	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	221,127
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	(110,611)
14	Counterparty credit risk exposure for SFT assets	2,660
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)**	**113,176**
Other off-balance sheet exposures		
17	Off-balance sheet exposures at gross notional amount	206,239
18	(Adjustments for conversion to credit equivalent amounts)	(83,397)
19	**OTHER OFF-BALANCE SHEET EXPOSURES (SUM OF LINES 17 TO 18)**	**122,842**
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))	(13,373)
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		

€ million		CRR Leverage ratio exposures
20	Tier 1 capital	20,324
21	**TOTAL LEVERAGE RATIO TOTAL EXPOSURE MEASURE (SUM OF LINES 3, 11, 16, 19, EU-19A AND EU-19B)**	**571,522**
Leverage ratio		
22	Leverage ratio	3.56%
Choice on transitional arrangements and amount of derecognised fiduciary items		
EU-23	Choice on transitional arrangements for the definition of the capital measure	Transitional
EU-24	Amount of derecognised fiduciary items in accordance with Article 429(11) of Regulation (EU) NO 575/2013	

Summary 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	545,017
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	
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)	(83,026)
5	Adjustments for securities financing transactions (SFTs)	2,662
6	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	122,842
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)	(13,373)
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	(2,599)
8	**Leverage ratio total exposure measure**	**571,522**

The qualitative elements (LRQua) required by the Implementing Regulation (EU) 2016/200 dated 15 February 2016 are the following.

Breakdown of balance sheet exposures (excluding derivatives, SFTs and exempted exposures) (LRSPL)

€ million		CRR Leverage ratio exposures
EU-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	301,959
EU-2	Trading book exposures	34,687
EU-3	Banking book exposures, of which:	267,273
EU-4	Covered bonds	
EU-5	Exposures treated as sovereigns	89,732
EU-6	Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	2,416
EU-7	Institutions	24,051
EU-8	Secured by mortgages of immovable properties	252
EU-9	Retail exposures	13,951
EU-10	Corporate	113,287
EU-11	Exposures in default	3,931
EU-12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	19,652

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 financing amounts outstanding.

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 ACPR, the resolution authority, believes that the Single Point of Entry (SPE) resolution strategy, is the most appropriate for the Crédit Agricole Group. Pursuant to this strategy, Crédit Agricole S.A. in its capacity as the Central Body of the Crédit Agricole Network, would be the “single point of entry” if a resolution procedure were commenced in respect of the Crédit Agricole Group. The MREL ratio corresponds to the minimum requirement of own funds and eligible liabilities in order to absorb losses in the event of resolution. It is calculated as the amount of own funds and eligible liabilities expressed as a percentage of the institution’s total liabilities and capital, after certain regulatory adjustments (Total Liabilities and Own Funds, TLOF) or expressed as Risk Weighted Assets (RWA). 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 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 2018, the Single Resolution Board (SRB) notified Crédit Agricole Group of its first consolidated MREL requirement, which was already applicable and has been met by the Group since then. This requirement could potentially change when the ratio for the year is set by the SRB and in connection with the changes in the European regulatory framework. The MREL Policy, published by the SRB in January 2019, describes the general framework that will apply to requirements set by the SRB later in 2019, including a subordinated MREL requirement (in which senior debt instruments will generally be excluded, consistent with TLAC standards). The objective of Crédit Agricole Group is to achieve, by the end of 2022, a subordinated MREL ratio (excluding potentially eligible preferred senior debt) of 24-25% of RWAs and to maintain the subordinated MREL ratio above 8% of the TLOF. This level would enable recourse to the Single Resolution Fund (subject to the decision of the resolution authority) before applying the bail-in to preferred senior debt, creating an additional layer of protection for investors in preferred senior debt. The MREL decisions at the individual level by the CRU, which will be binding on Crédit Agricole CIB, are expected in 2020. This objective defined by the resolution authority may be different from the objective set for the Group.

TLAC Ratio

The ratio, whose modalities were indicated in a Term Sheet published on 9 November 2015, was established by the Financial Stability Board (FSB) at the request of the G20. The FSB defined the calculation of a ratio aimed at estimating the adequacy of the bail-in and recapitalization capacities of global systemically important banks (G-SIB). This Total Loss Absorbing Capacity (TLAC) ratio provides resolution authorities with the means to assess whether G-SIB have sufficient bail-in and recapitalization capacity before and during 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. It applies to global systemically important financial institutions, and therefore to 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 that could absorb losses consist of equity, subordinated notes and debts to which the resolution authority can apply the bail-in. The TLAC ratio requirement was transposed into European Union law

via CRR2 and is applicable since 27 June 2019. As from that date, at all times Crédit Agricole Group must comply with the

following requirements:

- TLAC ratio above 16% of risk-weighted assets (RWA), plus – in accordance with CRD 5 – a combined buffer requirement (including, for Crédit Agricole Group, a capital conservation buffer of 2.5%, a G-SII buffer of 1% and the countercyclical buffer). Considering the combined buffer requirement, Crédit Agricole Group will have to adhere to a TLAC ratio of above 19.5% (plus the countercyclical buffer) ƒƒ
- TLAC ratio of above 6% of the Leverage Ratio Exposure (LRE). As 1 from January 2022, the minimum TLAC ratio requirements will increase to 18% of risk-weighted assets – plus the combined buffer requirement at that date – and 6.75% of the leverage ratio exposure.

3.1.8 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 Control and Resolution Authority (ACPR) has accepted that certain subsidiaries of the Group may benefit from individual exemption, or, where applicable, on a sub-consolidated basis under in the conditions specified by Article 7 of the CRR Regulation. In that regard, the ACPR has provided Crédit Agricole CIB with an exemption on an individual basis.

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

3.2 MANAGEMENT OF ECONOMIC CAPITAL

3.2.1 Overall process

In order to assess and continuously maintain adequate equity capital to cover the risks to which it is exposed, Crédit Agricole CIB complements the measurement of regulatory capital requirements (Pillar 1) by a measure of economic capital needs, which is based on the risk identification process and an internal valuation 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 more adverse scenarios on the level of risk and on 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 ECB's regulatory requirements for the ICAAP and ILAAP of November 2018, as well as the consistent collection of information on this subject.

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 list of major risks is updated annually and approved:

- credit risks;
- financial risks, including in particular market risks;
- and the financial risks in the banking book (exchange rate, issuer);
- operational risks; and
- other risks, including activity risk;
- 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.

5

▶ Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories (LI1)

	31.12.2019						
			Carrying values of items				
€ billions	Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the securitisation framework	Subject to the market risk framework	Not subject to capital requirements or subject to deduction from capital
ASSETS							
Cash, central banks	58	58	58				
Available-for-sale financial assets	249	250		223		145	
Other financial assets at fair value through profit or loss	1	1	1				
Hedging derivative instruments	2	1		1			
Accounted debt's instruments at fair value through recyclable own funds	9	9	7		2		
Accounted own funds' instruments at fair value through non recyclable own funds	1	1	1				
Loans and receivables due from credit institutions	16	16	16	1			
Loans and receivables due from customers	144	144	144	0			
Held-to-maturity financial assets	38	27	27				
Revaluation adjustment on interest rate hedged portfolios							
Deferred tax assets	1	1	1				
Accruals, prepayments and sundry assets		33	29	4			
Non-current assets held for sale							
Deferred participation benefits							
Investments in equity-accounted entities							
Investment property							
Property, plant and equipment	1	1	1				
Intangible assets							
Goodwill	1	1					1
TOTAL ASSETS	**553**	**545**	**285**	**230**	**2**	**145**	**1**
LIABILITIES							
Central banks	2	2					2
Available-for-sale financial liabilities	225	225		75			150
Financial liabilities at fair value through options	30	27					27
Hedging derivative instruments	1	1					1
Due to credit institutions	44	48		2			46
Due to customers	133	152		1			151
Debt securities	57	31					31
Revaluation adjustment on interest rate hedged portfolios							
Current and deferred tax liabilities	3	2	2				
Accruals, deferred income and sundry liabilities	29	29	5				24
Liabilities associated with non-current assets held for sale							
Insurance company technical reserves							
Provisions	1	2					2
Subordinated debt	5	5					5
Total liabilities	**531**	**523**	**7**	**78**			**438**
TOTAL EQUITY	**22**	**22**					**22**
of which equity - group share	**22**	**22**					**22**
of which share capital and reserves	14	14					14
of which consolidated reserves	7	7					7
Other comprehensive income							
Other comprehensive income on non-current assets held for sale and discontinued operations							
Net income/(loss) for the year	2	2					2
of which Non-controlling interests							
TOTAL EQUITY AND LIABILITIES	**553**	**545**	**7**	**78**			**460**

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.

Main sources of differences between carrying and regulatory amounts of exposures (LI2)

		31.12.2019				
			Items subject to :			
€ billion		TOTAL	Credit risk framework	Counterparty credit risk framework	Securitisation framework	Market risk framework [1]
1	**Asset carrying value amount under the scope of regulatory consolidation (as per template EU LI1)** [2]	**545**	**285**	**230**	**2**	**145**
2	Liabilities carrying value aount under the regulatory scope of consolidation (as per template EU LI1)	84	7	78		
3	**Total net amount under the regulatory scope of consolidation**	**461**	**278**	**152**	**2**	**145**
4	Off-balance-sheet amounts [3]	252	78		38	
5	Differences in valuations					
6	Differences in netting rules	(117)		(117)		
7	Difference due to consideration of provisions	3	3			
8	Differences due to the use of credit risk mitigation techniques (CRMs)	(11)	(11)			
9	Differences due to credit conversion factors	(66)				
10	Differences due to Securitisation with risk transfer					
11	Other adjustments	47	13	34		
12	**Exposure amount considered for regulatory purposes**	**470**	**360**	**69**	**40**	

[1] Exposures related to market risk include the exposures subject to the calculation of counterparty risk on the derivatives.
[2] The "Total" column includes the assets deductible from the prudential capital.
[3] In line item "Off-balance sheet amounts", the amounts shown in the Total column, which relates to exposures pre-CCF, do not equal the sum of the amounts shown in the remaining columns, as these are post-CCF.

3.3 NOTES TO THE REGULATORY CAPITAL REQUIREMENTS

▶ Description of the differences between the scopes of consolidation (LI3: entity by entity) (1)

Name of entity	Accounting consolidation method	Regulatory consolidation method			Description of entity
		Full consolidation	Proportional integration	Equity method	
UBAF	MEE		X		FINANCIAL AND INSURANCE ACTIVITIES - financial services activities, except insurance and pension funds
CAIRS Assurance S.A.	Globale			X	FINANCIAL AND INSURANCE ACTIVITIES - Insurance
Atlantic Asset Securitization LLC	Globale			X	FINANCIAL AND INSURANCE ACTIVITIES - Financial services activities, except insurance and pension funds
LMA SA	Globale			X	FINANCIAL AND INSURANCE ACTIVITIES - Financial services activities, except insurance and pension funds
Héphaïstos EUR FCC	Globale			X	FINANCIAL AND INSURANCE ACTIVITIES - Financial services activities, except insurance and pension funds
Héphaïstos GBP FCT	Globale			X	FINANCIAL AND INSURANCE ACTIVITIES - Financial services activities, except insurance and pension funds
Héphaïstos USD FCT	Globale			X	FINANCIAL AND INSURANCE ACTIVITIES - Financial services activities, except insurance and pension funds
Héphaïstos Multidevises FCT	Globale			X	FINANCIAL AND INSURANCE ACTIVITIES - Financial services activities, except insurance and pension funds
Eucalyptus FCT	Globale			X	FINANCIAL AND INSURANCE ACTIVITIES - Financial services activities, except insurance and pension funds
Pacific USD FCT	Globale			X	FINANCIAL AND INSURANCE ACTIVITIES - Financial services activities, except insurance and pension funds
Shark FCC	Globale			X	FINANCIAL AND INSURANCE ACTIVITIES - Financial services activities, except insurance and pension funds
Vulcain EUR FCT	Globale			X	FINANCIAL AND INSURANCE ACTIVITIES - Financial services activities, except insurance and pension funds
Vulcain Multi-Devises FCT	Globale			X	FINANCIAL AND INSURANCE ACTIVITIES - Financial services activities, except insurance and pension funds
Vulcain USD FCT	Globale			X	FINANCIAL AND INSURANCE ACTIVITIES - Financial services activities, except insurance and pension funds
Pacific EUR FCC	Globale			X	FINANCIAL AND INSURANCE ACTIVITIES - Financial services activities, except insurance and pension funds
Pacific IT FCT	Globale			X	FINANCIAL AND INSURANCE ACTIVITIES - Financial services activities, except insurance and pension funds
Triple P FCC	Globale			X	FINANCIAL AND INSURANCE ACTIVITIES - Financial services activities, except insurance and pension funds
ESNI (compartiment Crédit Agricole CIB)	Globale			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	Globale			X	FINANCIAL AND INSURANCE ACTIVITIES - Financial services activities, except insurance and pension funds
TSUBAKI ON (FCT)	Globale			X	FINANCIAL AND INSURANCE ACTIVITIES - Financial services activities, except insurance and pension funds
TSUBAKI OFF (FCT)	Globale			X	FINANCIAL AND INSURANCE ACTIVITIES - Financial services activities, except insurance and pension funds
La Route Avance	Globale			X	FINANCIAL AND INSURANCE ACTIVITIES - Financial services activities, except insurance and pension funds
FCT CFN DIH	Globale			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 2019

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		31.12.2019	
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
2	Retained earnings		
3	Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards)	6,906	6,906
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)	96	96
5a	Independently reviewed interim profits net of any foreseeable charge or dividend	1,042	1,042
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**17,468**	**17,468**
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	Additional value adjustments (negative amount)	(746)	(746)
8	Intangible assets (net of related tax liability) (negative amount)	(1,407)	(1,407)
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)	17)	(17)
11	Fair value reserves related to gains or losses on cash flow hedges	(310)	(310)
12	Negative amounts resulting from the calculation of expected loss amounts	(11)	(11)
13	Any increase in equity that results from securitised assets (negative amount)	(244)	(244)
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	136	136
15	Defined-benefit pension fund assets (negative amount)		
16	Direct and indirect holdings by an institution of own CET1 instruments (negative amount)		
17	Holdings of the CET1 instruments of financial sector entities where those entities have reciprocal cross with the institution designed to inflate artificially the own funds of the institution (negative amount)		
18	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above the 10% threshold and net of eligible short positions) (negative amount)		
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		
20	Empty set in the EU	(154)	(154)
20a	Exposure amount of the following items which qualify for a RW of 1,250%, where the institution opts for the deduction alternative	(6)	(6)
20b	of which: qualifying holdings outside the financial sector (negative amount)	(6)	(6)
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	(96)	(96)
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)		

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€ million		31.12.2019	
Numbering (phased-in)		Phased-in	Fully loaded
26b	Amount to be deducted from or added to Common Equity Tier 1 capital with regard to additional filters and deductions required pre CRR	(96)	(96)
27	Qualifying AT1 deductions that exceed the AT1 capital of the institution (negative amount)		
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**(2,855)**	**(2,855)**
29	**Common Equity Tier 1 (CET1) capital**	**14,613**	**14,613**
Additional Tier 1 (AT1) capital: instruments			
30	Capital instruments and the related share premium accounts	4,149	4,149
31	of which: classified as equity under applicable accounting standards	4,149	4,149
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	1,407	
	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**	**5,557**	**4,149**
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	14	14
42	Qualifying T2 deductions that exceed the T2 capital of the institution (negative amount)		
43	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**	**14**	**14**
44	**Additional Tier 1 capital (AT1)**	**5,570**	**4,163**
45	**Tier 1 capital (T1=CET1 + AT1)**	**20,184**	**18,776**
Tier 2 (T2) capital: instruments and provisions			
46	Capital instruments and the related share premium accounts	3,269	3,269
47	Amount of qualifying items referred to in Article 484 (5) and the related share premium accounts subject to phase out from T2	209	
	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	365	365
51	**Tier 2 (T2) capital: regulatory adjustments**	**3,843**	**3,634**
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)		

€ million		31.12.2019	
Numbering (phased-in)		Phased-in	Fully loaded
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)	8	
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	8	
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**	**8**	
58	**Tier 2 (T2) capital**	**3,851**	**3,634**
59	**Total capital (TC=T1 + T2)**	**24,035**	**22,410**
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)	1,387	
	Of which: CET1 instruments of financial sector entities not deducted from CET1 (Regulation (EU) no. 575/2013 residual amounts)	472	
	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)	915	
	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	120,474	120,474
Capital ratios and buffers			
61	**Common Equity Tier 1 (as a percentage of risk exposure amount)**	**12.13%**	**12.13%**
62	**Tier 1 (as a percentage of risk exposure amount)**	**16.75%**	**15.59%**
63	**Total capital (as a percentage of risk exposure amount)**	**19.95%**	**18.60%**
64	Institution specific buffer requirement (CET1 requirement in accordance with Article 92 (1) (a) plus capital conservation and countercyclical buffer requirements, plus systemic buffer, plus the systemically important institution buffer (G-SII or O-SII buffer), expressed as a percentage of risk exposure amount)		
65	of which: capital conservation buffer requirement		
66	of which: countercyclical buffer requirement		
67	of which: systemic risk buffer requirement		
67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer		
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)		
69	[non relevant in EU regulation]		
70	[non relevant in EU regulation]		
71	[non relevant in EU regulation]		
Amounts below the thresholds for deduction (before risk weighting)			
72	Direct and indirect holdings of the capital of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	1,256	1,256
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)	1,461	1,461
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 (3) are met)	366	366

€ million		31.12.2019	
Numbering (phased-in)		Phased-in	Fully loaded
Applicable caps on the inclusion of provisions in Tier 2			
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	373	373
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)	366	366
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	365	365
Grandfathered equity instruments (applicable between 1 January 2013 and 1 January 2022 only)			
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	1,407	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	(8)	
84	Current cap on T2 instruments subject to phase out arrangements	232	
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 Summary of risk-weighted assets

The global solvency ratio, displayed in the prudential ratios table, is equal to the ratio between the total capital and the sum of the risk weighted exposures on credit, market and operational risks.

The capital requirements detailed below by type of risk, method and exposure category (for credit risk) correspond to 8% (regulatory minimum) of the weighted exposures (average risk equivalent) displayed in the prudential ratios table.

3.4.1.1 RISK-WEIGHTED ASSETS BY TYPE OF RISK (OV1)

Credit risk, market risk and operational risk-weight assets amounted to €120.5 billion as of 31 December 2019 compared to €118,7 billion at 31 December 2018.

		RWA		Minimum capital requirements
	€ million	31.12.2019	31.12.2018	31.12.2019
1	**Credit risk (excluding CCR)**	**66,217**	**64,290**	**5,297**
2	Of which the standardised approach	12,472	10,598	998
3	Of which the foundation IRB (FIRB) approach			
4	Of which the advanced IRB (AIRB) approach	51,235	52,607	4,099
5	Of which equity IRB under the simple risk-weighted approach or the IMA	2,494	1,068	200
	Of witch Other non credit obligation assets	17	17	1
6	**Counterparty credit risk (CCR)**	**17,017**	**15,391**	**1,361**
7	Of which mark to market	4,320	3,671	346
8	Of which original exposure			
9	Of which the standardised approach			
10	Of which internal model method (IMM)	8,990	8,363	719
11	Of which risk exposure amount for contributions to the default fund of a CCP	301	229	24
12	Of which CVA	3,405	3,128	272
13	**Settlement risk**	**15**	**7**	**1**
14	**Securitisation exposures in the banking book (after the cap)**	**7,336**	**6,393**	**587**
15	Of which IRB approach	919	946	74
16	Of which IRB supervisory formula approach (SFA)	940	1,151	75
17	Of which internal assessment approach (IAA)	3,149	2,857	252
18	Of which standardised approach	327	1,439	26
	Of which new regulatory framework securitisation originated since 01/01/2019	2,001		160
19	**Market risk**	**8,239**	**7,768**	**659**
20	Of which the standardised approach	1,296	1,346	104
21	Of which IMA	6,930	6,421	554
	Of which new regulatory framework securitisation originated since 01/01/2019	13		1
22	**Large exposures**			
23	**Operational risk**	**21,178**	**21,376**	**1,694**
24	Of which basic indicator approach			
25	Of which standardised approach	482	391	39
26	Of which advanced measurement approach	20,695	20,985	1,656
27	**Amounts below the thresholds for deduction (subject to 250% risk weight)**	**473**	**3,444**	**38**
28	**Floor adjustment Bâle I**			
29	**TOTAL**	**120,474**	**118,668**	**9,638**

3.4.1.2 CHANGES IN RISK-WEIGHTED ASSETS

The table below shows Crédit Agricole CIB's Group RWA change over 2019.

€ million	31.12.2018	Foreign exchange	Organic change	Total variation 2019	31.12.2019
Credit risk	89,524	999	520	1,519	91,043
of witch CVA	3,128		277	277	3,405
Market risk	7,768		486	486	8,254
Operational risk	21,376		(198)	(198)	21,178
Total	**118,668**	**999**	**807**	**1,806**	**120,474**

Risk-weighted assets stand at €120.5 billion, increasing by €1.8 billion over the year.

This change is essentially explained by:

- The USD appreciation compared to EUR for €1 billion;
- an organic change of +€0.8 billion, resulting mainly from:
  - an increase in organic credit and counterparty risk excluding CVA (+€0.2 billion);
  - higher market risk (+€0.5 billion);
  - a slight decrease in the operational risk (-€0.2 billion);
  - an increase of credit risk related to CVA (+€0.3 billion).

3.4.2 Credit and counterparty risks

Definitions:

- probability of default (PD): the probability that a counterparty will default within a period of one year;
- loss given default (LGD): the ratio between the loss incurred upon counterparty default and the amount of the exposure at the time of default;
- gross exposures: the amount of exposure (onand 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 (onand 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 of the change in credit and counterparty risk is presented followed by a more detailed point on the credit risk in Part II, by type of prudential method: in standard type of method and in IRB method. The counterparty risk is treated in Part III followed by Part IV devoted to credit and counterparty risk mitigation mechanisms.

3.4.2.1 GENERAL PRESENTATION OF THE 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 2019 and at 31 December 2018.

The 17 exposure classes under the standardised approach are grouped together to ensure the presentation aligns with the IRB exposures.

Gross exposure, exposure at default (EAD) to total risk (credit, counterparty, dilution, settlement) at 31 December 2019

	31.12.2019												
	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 require-ment
Central governments or central banks	1,137	1,137	1,090	972	97,581	107,920	105,852	972	98,718	109,057	106,943	1,944	156
Institutions	18,087	35,453	34,984	925	72,099	76,776	73,528	6,491	90,185	112,229	108,512	7,416	593
Corporates	28,721	11,222	7,235	6,700	269,253	243,771	187,380	55,897	297,974	254,993	194,615	62,597	5,008
Retail customers	932	931	864	660	13,268	13,271	13,271	520	14,199	14,202	14,134	1,179	94
Loans to individuals	932	931	864	660	13,145	13,148	13,148	513	14,077	14,079	14,012	1,173	94
o/w secured by real estate assets													
o/w revolving													
o/w other	932	931	864	660	13,145	13,148	13,148	513	14,077	14,079	14,012	1,173	94
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	324		324	326	1,135		958	2,967	1,460		1,282	3,293	263
Securitisations	503		503	327	39,802		39,802	5,008	40,305		40,305	5,335	427
Assets other than credit obligation	3,842		3,842	3,555	17		17	17	3,858		3,858	3,572	286
TOTAL	**53,545**	**48,743**	**48,841**	**13,465**	**493,154**	**441,738**	**420,808**	**71,871**	**546,699**	**490,481**	**469,649**	**85,335**	**6,827**

[1] *Initial gros exposure.*
[2] *Gross exposure after credit risk mitigation (CRM).*

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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 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 require-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 gros exposure.*
[2] *Gross exposure after credit risk mitigation (CRM).*

Total net amount and average exposure (CRB-B)

Total net amount exposure is €503 billion on 31 December 2019 of which 89% are subject to a regulatory treatment based on internal ratings.

€ million		31.12.2019 Net value of exposures at the end of the period	31.12.2019 Average net exposures over the period [1]	31.12.2018 Net value of exposures at the end of the period	31.12.2018 Average net exposures over the period [2]
1	Central governments or central banks	97,552	89,196	83,261	75,919
2	Institutions	71,702	75,841	66,954	69,036
3	Corporates	266,725	259,227	246,592	238,740
4	Of which: Specialised lending	64,547	63,044	58,212	56,505
5	Of which: SMEs	788	732	880	669
6	Retail	13,249	13,362	13,069	12,835
7	Secured by real estate property				
8	SMEs				
9	Non-SMEs				
10	Qualifying revolving				
11	Other retail	13,249	13,362	13,069	12,835
12	SMEs	122	123	122	124
13	Non-SMEs	13,127	13,239	12,948	12,711
14	Equity	946	426	290	295
15	**Total IRB approach**	**450,175**	**438,051**	**410,167**	**396,825**
16	Central governments or central banks	1,091	1,062	1,112	1,096
17	Regional governments or local authorities	45	45	44	43
18	Public sector entities	1	1	1	1
19	Multilateral development banks	21	13	6	7
20	International organisations				
21	Institutions	18,000	19,156	19,288	20,027
22	Corporates	27,786	26,619	26,615	23,509
23	Of which: SMEs	169	179	281	300
24	Retail	916	809	817	736
25	Of which: SMEs				
26	Secured by mortgages on immovable property	188	223	211	209
27	Of which: SMEs	3	11	16	17
28	Exposures in default	390	376	477	368
29	Items associated with particularly high risk	325	81		
30	Covered bonds				
31	Claims on institutions and corporates with a short-term credit assessment				
32	Collective investments undertakings	18	25	46	46
33	Equity exposures	324	274	206	194
34	Other exposures	3,842	3,962	3,321	3,384
35	**Total standardised approach**	**52,947**	**52,645**	**52,144**	**49,619**
36	TOTAL	503,121	490,696	462,311	446,444

[1] The 2019 average is calculated on the basis of data recorded at the end of each quarter 2019.
[2] The 2018 average is calculated on the basis of data recorded at the end of each quarter 2018.

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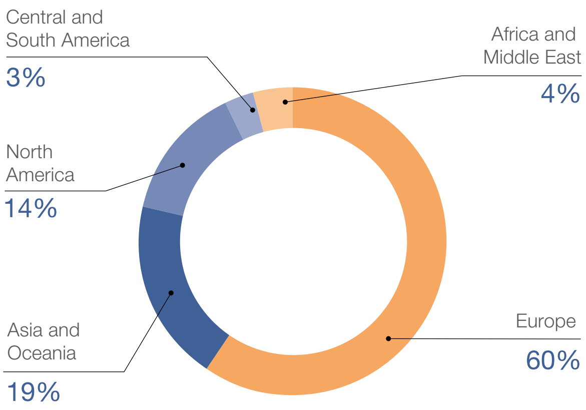
◆ 3.4.2.1.2 Exposures by geographic area

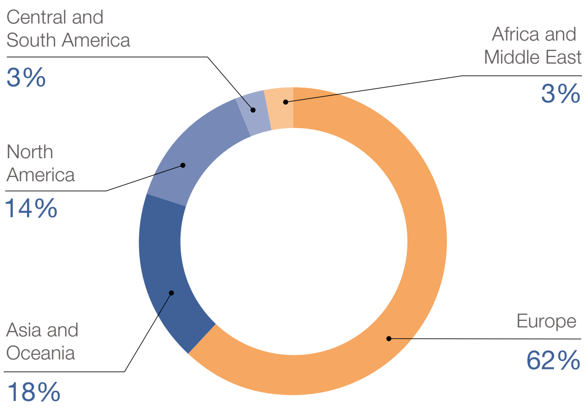
The breakdone is done on the total amount of exposures per geographical zone on the scope of the Credit Agricole CIB group excluding securitisation transactions and “Assets other than credit obligations”.

At 31 December 2019, this amount was €503 billion (€462 billion at 31 December 2018 for the same scope).

▶ At 31 December 2019



▶ At 31 December 2018



Geographic breakdown of exposures (CRB-C)

	31.12.2019																					
	EUROPE										ASIA AND OCEANIA						NORTH AMERICA		CENTRAL AND SOUTH AMERICA		AFRICA AND MIDDLE EAST	TOTAL
€ million	France	United-Kingdom	Germany	Luxembourg	Switzerland	Italy	Netherlands	Spain	Ireland	Others	Japan	Singapore	Hong Kong	China	India	Others	United-States	Others	Cayman Islands	Others		
Central governments or central banks	24,996	3,061	2,512	1,311	1,288	314	111	1,321	237	4,833	33,537	1,452	1,289	720	362	2,842	8,825	1,692		785	6,065	97,552
Institutions	35,148	5,475	1,139	2,635	3,638	1,235	1,357	1,280	494	2,463	2,096	395	984	2,763	1,288	1,978	1,844	237		194	5,061	71,702
Corporates	54,691	16,909	11,216	11,598	8,299	10,307	7,929	5,361	4,487	19,385	8,595	6,272	5,895	1,858	3,188	14,935	49,961	3,970	5,177	8,183	8,508	266,725
Retail	2,493	320	17	903	876	167	22	447		3,828	178	1,078	753	223	20	707	9	46		218	944	13,249
Equity	77	59	2	28	28	2		25		5	6		16				208		4	49	436	946
Total IRB approach 31.12.2019	**117,405**	**25,824**	**14,887**	**16,476**	**14,129**	**12,025**	**9,419**	**8,435**	**5,218**	**30,513**	**44,412**	**9,197**	**8,937**	**5,564**	**4,858**	**20,461**	**60,846**	**5,945**	**5,182**	**9,428**	**21,014**	**450,175**
Total IRB approach 31.12.2018	**108,810**	**26,444**	**15,035**	**15,138**	**13,883**	**12,729**	**7,662**	**6,763**	**5,045**	**29,420**	**38,457**	**9,007**	**6,295**	**5,038**	**3,669**	**19,321**	**56,180**	**4,986**	**4,394**	**6,779**	**15,112**	**410,167**
Central governments or central banks	269	25	28	11	56	216		13		5	57	5	2		28	45	192	2		78	59	1,091
Regional governments or local authorities																		45				45
Public sector entities																1						1
Multilateral development banks																					21	21
International organisations																						
Institutions	3,972	9,252	535		24	180	13	18		18	1,077	4	318	41	296	333	1,091	4		226	598	18,000
Corporates	22,345	367	3	248	160	575		292		157	23	489	622		1	317	645	598	132	690	124	27,786
Retail	4				2	447		1		4							3	24		422	10	916
Secured by mortgages on immovable property	136							46									7					188
Exposures in default	306	5				26		44					6								4	390
Items associated with particularly high risk	325																					325
Covered bonds																						
Claims on institutions and corporates with a short-term credit assessment																						
Collective investments undertakings	18																					18
Equity exposures	192					11	68		6	43	1						3			1		324
Other exposures	2,480	70	10	54	436	79		40		193	19	14	130	71	9	14	193	1		24	4	3,842
Total standardised approach 31.12.2019	**30,045**	**9,720**	**575**	**313**	**678**	**1,532**	**81**	**453**	**6**	**421**	**1,176**	**511**	**1,078**	**113**	**334**	**710**	**2,133**	**674**	**132**	**1,442**	**818**	**52,947**
Total standardised approach 31.12.2018	**33,831**	**8,567**	**432**	**76**	**604**	**939**	**50**	**373**		**321**	**644**	**423**	**622**	**15**	**204**	**445**	**2,239**	**475**		**1,203**	**682**	**52,144**
TOTAL 31.12.2019	**147,450**	**35,544**	**15,462**	**16,789**	**14,807**	**13,557**	**9,500**	**8,888**	**5,223**	**30,934**	**45,588**	**9,709**	**10,014**	**5,677**	**5,192**	**21,171**	**62,980**	**6,618**	**5,314**	**10,870**	**21,833**	**503,121**
TOTAL 31.12.2018	**142,641**	**35,011**	**15,467**	**15,213**	**14,487**	**13,668**	**7,712**	**7,136**	**5,045**	**29,741**	**39,101**	**9,431**	**6,917**	**5,052**	**3,872**	**19,766**	**58,420**	**5,462**	**4,394**	**7,982**	**15,794**	**462,311**

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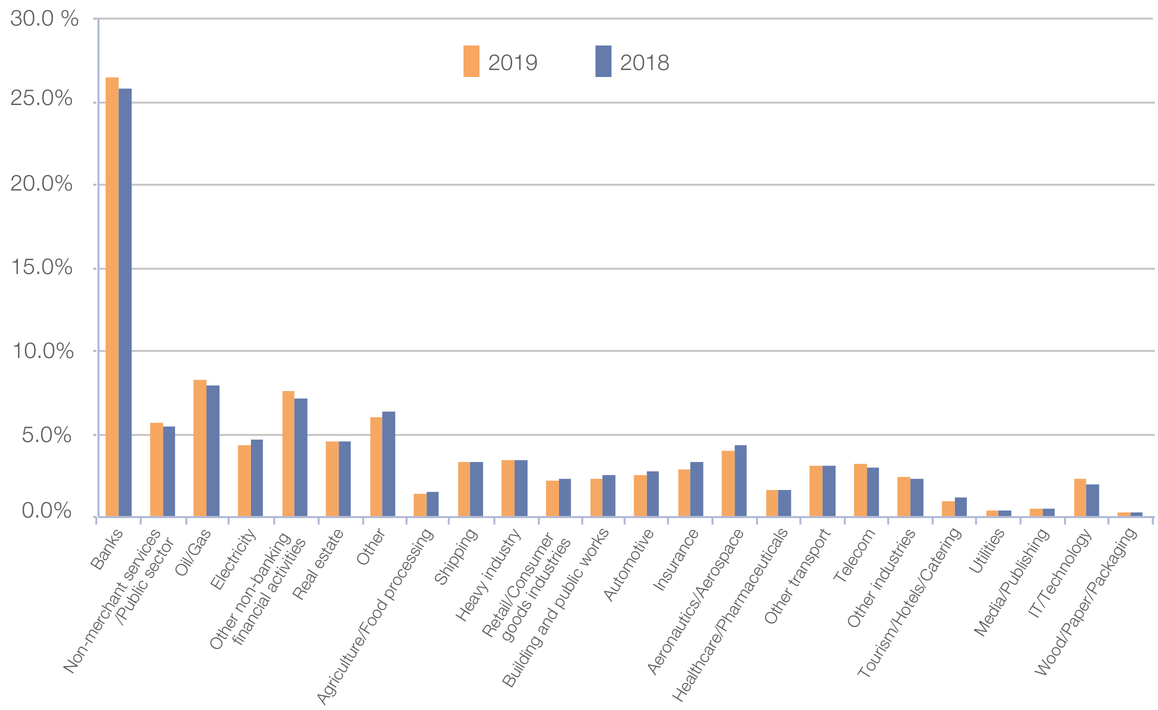
3.4.2.1.3 Exposure by business sector

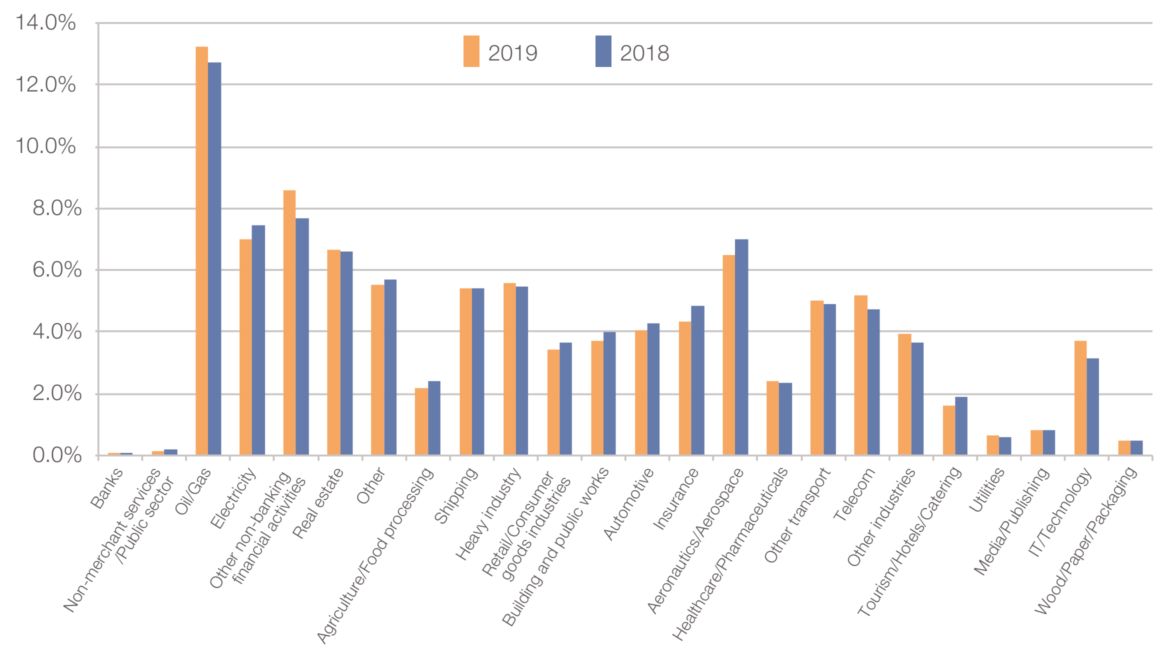
The total amount of exposures of the Crédit Agricole CIB group is broken down per sector of activity excluding securitisation transactions and adjustments that are not directly assignable to an activity sector.

At 31 December 2019, this amount was €442 billion (€409 billion at 31 December 2018 for the same scope).

Breakdown of exposures by business sector - Overall scope



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 14% of total exposures at the end of 2019.

Concentration of exposures by type of industry or counterparty (CRB-D)

	31.12.2019																						
€ million	Agriculture, forestry and fishing	Mining and quarrying	Manufacturing	Production and distribution	Construction	Wholesale trade	Retail trade	Transport and storage	Accommodation and food service activities	Information and communication	Education and Instruction-Training	Real estate activities	Finance and Insurance	Company Management financial participations	Professional, scientific and technical activities	Administrative and support service activities	Public administration and defence, compulsory social security	Human health services and social work activities	Other personal services outside public administration	Private persons	Arts, entertainment and recreation	Other services	Total
Central governments or central banks					4			118				11	74,336				22,357	713	13				97,522
Institutions			42	48	11		235	24	1	2	1	404	67,672	6		66	2,400	46	3		10	731	71,702
Corporates	570	19,947	67,473	22,535	7,647	19,290	5,631	31,377	3,036	19,057	174	15,511	38,518	7,076	2,142	1,447	148	3,630	33	59	736	686	266,725
Retail			14	4	4	18	4			4		1,259	1,418	167	25			3	39	10,289			13,249
Equity		9				6		13		16		36	562	42	3		1	2		21		235	946
Total IRB approach	**570**	**19,956**	**67,529**	**22,587**	**7,666**	**19,314**	**5,871**	**31,532**	**3,037**	**19,080**	**175**	**17,221**	**182,506**	**7,292**	**2,169**	**1,513**	**24,907**	**4,394**	**88**	**10,369**	**746**	**1,652**	**450,174**
Central governments or central banks													430				142					519	1,091
Regional governments or local authorities																	45						45
Public sector entities													1										1
Multilateral development banks													21										21
International organisations																							
Institutions													17,490									509	18,000
Corporates	140	162	818	17	367	554	8	248	169	61		7,223	17,390	64	17	1	0	14		47	171	313	27,786
Retail			9										27							880			916
Secured by mortgages on immovable property												181									7		188
Exposures in default		1	10	1	2	7						3	3	2						31		330	390
Items associated with particularly high risk												325											325
Covered bonds																							
Claims on institutions and corporates with a short-term credit assessment																							
Collective investments undertakings																						18	18
Equity exposures				43				21				77	16									168	324
Other exposures																						3,841	3,842
Total standardised approach	140	163	837	61	369	561	8	268	169	61		7,810	35,380	66	17	1	186	14		958	178	5,699	52,947
TOTAL	**710**	**20,119**	**68,366**	**22,648**	**8,035**	**19,875**	**5,879**	**31,800**	**3,207**	**19,141**	**175**	**25,030**	**217,886**	**7,358**	**2,186**	**1,514**	**25,093**	**4,408**	**88**	**11,328**	**924**	**7,351**	**503,121**

Breakdown of exposures by residual maturity (CRB-E)

		31.12.2019					
		Net value of exposures					
€ million		On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total
1	Central governments or central banks	60,017	16,485	13,936	6,623	491	97,552
2	Institutions	3,371	44,004	12,217	11,767	343	71,702
3	Corporates	3,140	100,897	127,369	33,065	2,254	266,725
4	Retail				13,152	97	13,249
5	Equity					946	946
6	**Total IRB approach**	**66,529**	**161,386**	**153,522**	**64,607**	**4,131**	**450,175**
7	Central governments or central banks	337	227	7	1	519	1,091
8	Regional governments or local authorities			45			45
9	Public sector entities		1				1
10	Multilateral development banks		21				21
11	International organisations						
12	Institutions	244	8,295	5,389	3,674	398	18,000
13	Corporates	138	20,559	6,230	748	111	27,786
14	Retail	377	472	66			916
15	Secured by mortgages on immovable property		16	7	166		188
16	Exposures in default	10	51	2	19	308	390
17	Items associated with particularly high risk		99	221	6		325
18	Covered bonds						
19	Claims on institutions and corporates with a short-term credit assessment						
20	Collective investments undertakings					18	18
21	Equity exposures					324	324
22	Other exposures					3,842	3,842
23	**Total standardised approach**	**1,106**	**29,741**	**11,967**	**4,614**	**5,519**	**52,947**
24	**TOTAL**	**67,634**	**191,127**	**165,489**	**69,220**	**9,651**	**503,121**

Default exposures and value adjustments

Credit quality of exposures by type of exposure and instrument (CR1-A)

€ million		31.12.2019			
		Gross carrying values of			
		Defaulted exposures	Non-defaulted exposures	Provisions / Impairment	Net values
1	Central governments or central banks	117	97,464	29	97,552
2	Institutions	420	71,678	397	71,702
3	Corporates	4,070	265,183	2,527	266,725
4	Of which: Specialised lending	1,219	63,899	571	64,547
5	Of which: SMEs	2	793	6	788
6	Retail	116	13,152	18	13,249
7	Secured by real estate property				
8	SMEs				
9	Non-SMEs				
10	Qualifying revolving				
11	Other retail	116	13,152	18	13,249
12	SMEs	14	109		122
13	Non-SMEs	102	13,043	18	13,127
14	Equity		946		946
15	**Total IRB approach 31.12.2019**	**4,723**	**448,423**	**2,972**	**450,175**
	Total IRB approach 31.12.2018	**3,711**	**409,460**	**3,004**	**410,167**
16	Central governments or central banks		1,091		1,091
17	Regional governments or local authorities		45		45
18	Public sector entities		1		1
19	Multilateral development banks		21		21
20	International organisations				
21	Institutions		18,000		18,000
22	Corporates		27,787	1	27,786
23	Of which: SMEs		169		169
24	Retail		916		916
25	Of which: SMEs				
26	Secured by mortgages on immovable property		188		188
27	Of which: SMEs		3		3
28	Exposures in default	484		94	390
29	Items associated with particularly high risk		325		325
30	Covered bonds				
31	Claims on institutions and corporates with a short-term credit assessment				
32	Collective investments undertakings		18		18
33	Equity exposures		324		324
34	Other exposures		3,842		3,842
35	**Total standardised approach 31.12.2019**	**484**	**52,558**	**95**	**52,947**
	Total standardised approach 31.12.2018	**573**	**51,676**	**104**	**52,144**
36	**TOTAL 31.12.2019**	**5,207**	**500,981**	**3,067**	**503,121**
	TOTAL 31.12.2018	**4,284**	**461,135**	**3,108**	**462,311**

Exposures in default amounted to €5,2 billion as at 31 December 2019, up 22% compared to 31 December 2018. They represent 1% of the total gross exposures compared to 0,9% at the end of 2018. The total amount of provisions/impairments fell by €0,04 billion compared to the end of 31 December 2018.

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

		31.12.2019			
		Gross carrying values of			
€ million		Defaulted exposures	Non-defaulted exposures	Provisions / Impairment	Net values
1	Agriculture, forestry and fishing	69	699	58	710
2	Mining and quarrying	335	19,838	54	20,119
3	Manufacturing	325	68,201	161	68,366
4	Production and distribution	79	22,621	52	22,648
5	Construction and water supply	314	7,885	165	8,035
6	Wholesale trade	107	19,852	84	19,875
7	Retail trade	333	5,628	82	5,879
8	Transport and storage	1,607	30,516	323	31,800
9	Accommodation and food service activities	176	3,129	99	3,206
10	Information and communication	28	19,113		19,141
11	Education		175		175
12	Real estate activities	198	24,897	64	25,030
13	Finance and insurance companies	1,090	217,394	598	217,886
14	Financial holding companies	205	7,330	176	7,358
15	Professional, scientific and technical activities		2,186		2,186
16	Administrative and support service activities	8	1,514	8	1,514
17	Public administration and defence, compulsory social security	117	24,990	14	25,093
18	Human health services and social work activities	60	4,348		4,408
19	Other personal services		88		88
20	Private persons	131	11,196		11,328
21	Arts, entertainment and recreation	23	915	14	924
22	Other services		8,465	1,115	7,351
23	**TOTAL 31.12.2019**	**5,207**	**500,981**	**3,067**	**503,121**

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

		31.12.2019			
		Gross carrying values of			
€ million		Defaulted exposures	Non-defaulted exposures	Provisions and depreciation	Net values
1	**EUROPE**	**2,385**	**297,436**	**1,436**	**298,385**
2	France	906	147,196	651	147,450
3	United-Kingdom	135	35,557	148	35,544
4	Luxembourg	54	16,768	34	16,789
5	Germany	74	15,472	84	15,462
6	Switzerland	14	14,885	91	14,807
7	Italy	360	13,378	181	13,557
8	Netherlands	177	9,323		9,500
9	Spain	226	8,745	83	8,888
10	Others (EUROPE)	439	36,112	164	36,388
11	**ASIA & OCEANIA**	**341**	**97,123**	**112**	**97,352**
12	Japan		45,600	12	45,588
13	Singapore	24	9,693	8	9,709
14	Honk-kong	16	10,019	20	10,014
15	China	29	5,676	28	5,677
16	India		5,194	2	5,192
17	Others (ASIA & OCEANIA)	272	20,941	42	21,172
18	**NORTH AMERICA**	**854**	**69,267**	**522**	**69,598**
19	UNITED-STATES	802	62,668	490	62,980
20	Others (North America)	52	6,599	32	6,618
21	**CENTRAL & SOUTH AMERICA**	**567**	**15,979**	**362**	**16,185**
22	Cayman Islands		5,314		5,314
23	Others (Central & South America)	567	10,665	362	10,871
24	**AFRICA AND MIDDLE EAST**	**1,060**	**21,407**	**634**	**21,833**
25	**TOTAL 31.12.2019**	**5,207**	**500,981**	**3,067**	**503,121**
26	**TOTAL 31.12.2018**	**4,284**	**461,135**	**3,108**	**462,311**

Age of exposures on watchlist (CR1-D)

		31.12.2019					
		Gross carrying values					
€ million		≤ 30 days	> 30 days ≤ 60 days	> 60 days ≤ 90 days	> 90 days ≤ 180 days	> 180 days ≤ 1 year	> 1 year
1	Loans	719	299	7	303	71	362
2	Debt Securities	914	348				
3	Total exposures	1,633	647	7	303	71	362

		31.12.2018					
		Gross carrying values					
€ million		≤ 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

The share of exposures in default for 30 days or more represents 75% at 31 December 2019 and 60% at 31 December 2018 of the total exposures in default.

Non-performing and restructured exposures (CR1-E)

	31.12.2019												
	Gross carrying amount of performing and non-performing exposures							Accumulated impairment and provisions and negative fair value adjustments due to credit risk				Collaterals and financial guarantees received	
				Of which non-performing				On performing exposures		On non-performing exposures			
€ million		Of which performing but past due >30 days and <= 60 days	of which performing forborne		Of which: defaulted	of which: impaired	of which: forborne		of which: forborne		of which: forborne	On non-performing exposures	of which: forborne exposures
Debt securities	36,640	358	12	86	80	80		(20)		(18)			
Loans and advances	221,901	283	1,360	3,950	3,934	3,934	2,183	(450)	(64)	(2,191)	(888)	933	1,530
Off-balance sheet exposures	252,037		84	966	966		13	(227)	(9)	(216)	(7)	122	24

	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	
				Of which non-performing				On performing exposures		On non-performing exposures			
€ million		Of which performing but past due >30 days and <= 60 days	of which performing forborne		Of which: defaulted	of which: im-paired	of which: forborne		of which: forborne		of which: forborne	On non-performing exposures	of which: forborne exposures
Debt securities	28,973		11	84	79	79		(6)		(17)			
Loans and advances	203,693	557	1,611	3,870	3,669	3,669	2,056	(596)	(121)	(2,166)	(887)	867	1,652
Off-balance sheet exposures	257,318		92	365	339		26	(277)	(4)	(96)	(6)	2	33

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.

▶ Credit quality of restructured exposures (Template 1)

		31.12.2019							
		Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated imparment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forbone exposures	
			Non-performing forbone						
	€ million	Performing forbone		Of which defaulted	of which impaired	On performing forbone exposures	On non-performing forbone exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
1	**Loans and advances**	**1,360**	**2,183**	**2,133**	**2,133**	**(64)**	**(888)**	**1,530**	
2	Centralbanks								
3	Generalgovernments	19	4	3	3	(1)	(3)		
4	Creditinstitutions		51	51	51		(26)		
5	Otherfinancialcorporations		18	18	18		(16)		
6	Non-financialcorporations	1,341	2,094	2,058	2,058	(63)	(843)	1,515	
7	Households		16	2	2			15	
8	**Debt Securities**	**12**							
9	**Loan commitments given**	**84**	**13**	**13**	**13**	**(9)**	**(7)**	**24**	
10	**TOTAL**	**1,455**	**2,196**	**2,146**	**2,146**	**(73)**	**(895)**	**1,554**	

		31.12.2018							
		Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated imparment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forbone exposures	
			Non-performing forbone						
	€ million	Performing forbone		Of which defaulted	of which impaired	On performing forbone exposures	On non-performing forbone exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
1	**Loans and advances**	**1,611**	**2,056**	**2,011**	**1,999**	**(121)**	**(887)**	**1,652**	
2	Centralbanks								
3	Generalgovernments	14	6	6	6	(1)	(4)		
4	Creditinstitutions		51	51	51		(25)		
5	Otherfinancialcorporations		132	132	132		(76)		
6	Non-financialcorporations	1,590	1,854	1,809	1,809	(120)	(782)	1,638	
7	Households	7	14	14	3			14	
8	**Debt Securities**	**11**							
9	**Loan commitments given**	**92**	**26**	**26**	**26**	**(4)**	**(6)**	**33**	
10	**TOTAL**	**1,714**	**2,083**	**2,037**	**2,025**	**(125)**	**(893)**	**1,685**	

▶ Restructurations Quality (Template 3)

	31.12.2019									
	Gross carrying amount/nominal amount									
	Performing exposures			Non-performing exposures						
€ million	Total	Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days	Total	Unlikely to pay that are not past-due or past-due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due >1 year ≤ 5 years	Past due > 5 years	Of which defaulted
Loans and advances	217,951	217,668	283	3,950	1,786	365	180	661	958	3,934
Central banks	58,671	58,671								
General governments	8,637	8,637		105	36			47	23	105
Credit institutions	15,948	15,948		504	322	80			102	504
Other financial corporations	5,354	5,354		383	22				360	383
Non-financial corporations	117,362	117,079	283	2,834	1,365	283	161	575	449	2,834
Of which SMEs										
Households	11,979	11,979		124	41	1	18	39	25	108
Debt Securities	36,554	36,196	358	86	83				3	80
Central banks	2,032	2,032								
General governments	17,031	17,031		2	2					
Credit institutions	7,354	7,354		1					1	1
Other financial corporations	7,324	6,967	358	57	57					53
Non-financial corporations	2,812	2,812		26	23				3	26
Off-balance sheet exposures	251,071			966						
Central banks	7,499									
General governments	13,017			17						
Credit institutions	33,168			19						
Other financial corporations	44,561									
Non-financial corporations	150,247			927						
Households	2,579			3						
TOTAL	**505,576**	**253,864**	**641**	**5,002**	**1,869**	**365**	**180**	**661**	**962**	**4,014**

Credit category of restructured exposures (Template 4)

€ million	31.12.2019														
	Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-off	Collateral and financial guarantees received	
	Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions					
		Of which bucket 1	Of which bucket 2		Of which bucket 2	Of which bucket 3		Of which bucket 1	Of which bucket 2		Of which bucket 2	Of which bucket 3		On performing exposures	On non-performing exposures
Loans and advances	**217,951**	**207,566**	**10,075**	**3,950**		**3,934**	**(450)**	**(180)**	**(270)**	**(2,191)**		**(2,191)**			**933**
Central banks	58,671	58,671					(7)	(7)							
General governments	8,637	8,510	127	105		105	(7)	(6)	(1)	(28)		(28)			77
Credit institutions	15,948	15,937	11	504		504	(7)	(7)		(391)		(391)			
Other financial corporations	5,354	5,342	13	383		383	(12)	(11)		(335)		(335)			
Non-financial corporations	117,362	107,169	9,883	2,834		2,834	(414)	(146)	(268)	(1,424)		(1,424)			856
Of which: SMEs															
Households	11,979	11,937	42	124		108	(3)	(2)	(1)	(14)		(14)			
Debt Securities	**36,554**	**36,153**	**358**	**86**		**80**	**(20)**	**(11)**	**(10)**	**(18)**		**(18)**			
Central banks	2,032	2,032													
General governments	17,031	17,031		2			(6)	(6)							
Credit institutions	7,354	7,351		1		1	(3)	(3)		(1)		(1)			
Other financial corporations	7,324	6,943		57		53	(11)	(2)	(10)						
Non-financial corporations	2,812	2,797		26		26				(17)		(17)			
Off-balance sheet exposures	**251,071**	**244,534**	**6,503**	**966**		**966**	**(227)**	**(101)**	**(126)**	**(216)**		**(216)**			**122**
Central banks	7,499	7,499													
General governments	13,017	12,774	243	17		17	(1)	(1)	(1)						9
Credit institutions	33,168	33,110	24	19		19	(2)	(2)		(1)		(1)			
Other financial corporations	44,561	44,560					(3)	(3)							
Non-financial corporations	150,247	144,014	6,233	927		927	(219)	(95)	(124)	(214)		(214)			113
Households	2,579	2,577	3	3		3	(1)	(1)	(1)						
TOTAL	**505,576**	**488,253**	**16,936**	**5,002**		**4,980**	**(697)**	**(292)**	**(405)**	**(2,425)**		**(2,425)**			**1,054**

Change in balance of specific credit risk adjustments (CR2-A)

		31.12.2019	31.12.2018
€ million		Accumulated specific credit risk adjustment	
1	**Opening balance**	**2,780**	**2,985**
2	Increases due to origination and acquisition	296	271
3	Decreases due to derecognition	(515)	(426)
4	Changes due to change in credit risk (net)	345	282
5	Changes due to modifications without derecognition (net)		13
6	Changes due to update in the institution's methodology for estimation (net)		
7	Decrease in allowance account due to write-offs	(255)	(417)
8	Other adjustments	6	70
9	**Closing balance** [1]	**2,656**	**2,780**
10	Recoveries of previously written-off amounts recorded directly to the statement of profit or loss	(108)	(103)
11	Amounts written-off directly to the statement of profit or loss	46	52

[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 stock of default and impaired loans and debt securities (RC2-B)

		31.12.2019	31.12.2018
€ million		Gross carrying value defaulted exposures	
1	**Opening balance**	**3,748**	**3,977**
2	Loans and debt securities that have defaulted or impaired since the last reporting period	933	248
3	Returned to non-defaulted status	(48)	(22)
4	Amounts written off	(431)	(214)
5	Other changes	(187)	(241)
6	**Closing balance**	**4,014**	**3,748**

3.4.2.2 CREDIT RISKS

Since the end of 2007, the ACPR has authorised Crédit Agricole CIB Group to use internal rating systems to calculate regulatory capital requirements as regards credit risk for most of its scope. In addition, the ACPR has since 1 January 2008 authorised Crédit Agricole CIB Group's main entities to use the Advanced Measurement Approach (AMA) to calculate their regulatory capital requirements for operational risk. The Group's other entities use the standardised approach, in accordance with regulations.

The main Crédit Agricole CIB Group subsidiaries or portfolios still using the standardised method for measuring credit risk at 31 December 2019 were as follows:

- Union des Banques Arabes et Françaises (UBAF);
- Crédit Agricole CIB Miami;
- Crédit Agricole CIB Brazil;
- Crédit Agricole CIB Canada;
- CA Indosuez Wealth Italy S.P.A;
- 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 roll-out 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.

5

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 (simile Basel I).

Exposure categories treated by standard method are classified according to the counterparty type and financial product type in one of the 17 categories set out in Article 112 of Regulation (EU) 575/2013 of 26 June 2013. The weightings applied to these same outstandings are calculated in accordance with Articles 114 to 134 of said regulation.

For exposure categories "Central governments and central banks" and "Institutions", the Crédit Agricole S.A. Group decided, in standardised approach, to use the Moody's assessments to evaluate the risk.

Hence, when the rating agency's assessment of the counterparty credit is known, it is used to determine the applicable weighting. With regard to counterparties of the "Institutions" or "Corporate" exposure categories whose credit assessment is not known, the weighting applied is determined taking into account the credit assessment of the central authority in whose jurisdiction this counterparty is constituted, pursuant to the provisions of Articles 121 and 122 of the aforementioned regulation.

With regard to exposures on banking portfolio debt instruments, the rule used consists in applying the issuer's weighting rate. This rate is determined in accordance with the risks described in the preceding paragraph.

Standardised approach - Exposure to credit risk and effects of credit risk mitigation (CRM) at 31 December 2019 (CR4)

		31.12.2019					
		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	1,044	47	1,044	23	972	91.10%
2	Regional governments or local authorities		45		22		
3	Public sector entities		1				
4	Multilateral developments banks	21		21		21	100.00%
5	International organisations						
6	Institutions	5,000	681	22,060	583	635	2.80%
7	Corporate	20,545	6,769	3,782	2,447	5,718	91.80%
8	Retail	799	117	798	50	636	75.00%
9	Secured by mortgages on immovable property	188		188		94	50.00%
10	Equity	324		324		326	100.62%
11	Exposure in default	385	4	84	1	123	144.71%
12	Higher-risk categories	195	130	195	64	389	150.19%
13	Covered bonds						
14	Institutions and corporates with a short-term credit assessment						
15	Collective investment undertakings	18		18		2	11.11%
16	Other items	3,842		3,842		3,555	92.53%
17	**TOTAL**	**32,362**	**7,794**	**32,356**	**3,191**	**12,472**	**35.09%**

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	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%**

▶ Standard approach - Exposures by asset class and by risk weighting coefficient at 31 December 2019 (CR5)

€ million		31.12.2019																
		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	647						1			45	8					366	1,067	1,067
2	Regional governments or local authorities	22																22	22
3	Public sector entities																		
4	Multilateral developments banks										21							21	21
5	International organisations																		
6	Institutions	20,593	1,002			558		20			423	47						22,643	22,491
7	Corporate					144		811			5,251	22						6,228	4,758
8	Retail									848								848	848
9	Secured by mortgages on immovable property							188										188	188
10	Equity exposure										324		1					324	324
11	Exposure in default										9	76						85	85
12	Items associated with particularly high risk											259						259	259
13	Covered bonds																		
14	Claims on institutions and corporate with a short-term credit assessment																		
15	Claims in the form of CIU	9			4	4		1										18	18
16	Other items	160				158					3,524							3,842	3,842
17	**TOTAL**	**21,431**	**1,002**		**4**	**864**		**1,022**		**848**	**9,596**	**412**	**1**				**366**	**35,547**	**33,924**

▶ 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**

◆ Quality of exposures using the internal ratings-based approach

Credit exposures are classified by counterparty type and financial product type, based on the seven exposure classes shown in the table below and set out in Article 147 of Regulation (EU) 575/2013 of 26 June 2013 on capital requirements applicable to credit institutions and investment firms:

- the "Central government and central banks" exposure category, other than exposures on central governments and central bank, combines exposures on certain regional and local authorities or on public sector entities which are treated like central governments as well as certain multilateral development banks and international organisations;
- the "Institutions" class comprises exposure to credit institutions and investment firms, including those recognised in other countries. This category also includes certain exposures on regional and local governments, public-sector entities and multilateral development banks that are not considered as central governments;
- the "Corporates" class is divided into large corporates and small and medium-sized businesses, which are subject to different regulatory treatments;
- the "Retail customers" class distinguishes between mortgage loans, revolving credits, other credits to individuals and other loans to very small businesses and self-employed professionals;
- the "Equity" class comprises exposures that convey a residual, subordinated claim on the assets or income of the issuer or have a similar economic substance;
- the "Securitisation" exposure category includes exposures to securitisation operations or structures, including those resulting from interest rate or exchange rate derivatives, independently of the institution's role (whether it is the originator, sponsor or investor);
- the "Other assets that do not correspond to credit obligations" class mainly includes non-current assets and accruals.

5

EXPOSURE TO CREDIT RISK BY PORTFOLIO AND RANGE OF PROBABILITY OF DEFAULT (PD) AT 31 DECEMBER 2019 (CR6)

▶ Following prudential portfolios for advanced internal ratings-based approach

€ million	2019											
PD scale	Original on-balance sheet gross exposure	Off-balance sheet exposures pre CCF	Average CCF	EAD post CRM and post-CCF	Average PD	Number of obligors	Average LGD	Average maturity	RWA	RWA density	Expected loss	Value adjustments and provisions
Central governments and central banks												
0.00 to < 0.15	85,427	2,155	63.23%	97,940			1.56%	580	289	0.30%		
0.15 to < 0.25	1,110	10	64.96%	1,789	0.16%		9.91%	829	155	8.64%		
0.25 to < 0.50	17		0.00%	17	0.30%		10.00%	651	3	14.94%		
0.50 to < 0.75	678	213	75.00%	425	0.60%		10.00%	602	64	15.14%		
0.75 to < 2.50	609	595	75.02%	86	0.95%		45.71%	760	84	97.64%		
2.50 to < 10.00	726	99	71.63%	52	5.00%		59.60%	1,295	118	228.29%	2	
10.00 to < 100.00	122	214	75.63%	28	16.13%		78.70%	1,299	131	458.57%	4	
100.00 (Default)	100	17	75.00%	27	100.00%		45.00%	1,481	3	10.46%	15	
Sub-total	**88,789**	**3,304**	**63.63%**	**100,364**	**0.05%**		**1.85%**	**586**	**846**	**0.84%**	**22**	**29**
Institutions												
0.00 to < 0.15	36,439	3,238	87.68%	44,402	0.03%		7.64%	634	970	2.18%	1	
0.15 to < 0.25	2,058	466	52.83%	764	0.16%		36.58%	761	278	36.38%	1	
0.25 to < 0.50	598	963	38.76%	924	0.30%		38.28%	551	346	37.46%	1	
0.50 to < 0.75	228	1,048	26.31%	493	0.60%		47.10%	505	310	62.92%	1	
0.75 to < 2.50	285	680	45.53%	408	1.05%		31.07%	820	311	76.17%	2	
2.50 to < 10.00		123	22.20%	27	5.00%		82.81%	297	82	303.12%	1	
10.00 to < 100.00		23	31.28%	6	12.41%		70.17%	468	26	410.73%	1	
100.00 (Default)	401	20	20.20%	405	100.00%		45.01%	595	12	3.02%	386	
Sub-total	**40,010**	**6,561**	**75.14%**	**47,430**	**0.91%**		**9.69%**	**634**	**2,336**	**4.93%**	**393**	**397**
Corporates - Other												
0.00 to < 0.15	24,489	53,991	53.64%	52,955	0.04%		34.89%	757	7,289	13.76%	8	
0.15 to < 0.25	11,849	19,098	46.28%	17,752	0.16%		43.10%	822	5,938	33.45%	11	
0.25 to < 0.50	10,192	17,412	48.85%	14,479	0.30%		45.94%	871	7,072	48.84%	16	
0.50 to < 0.75	7,643	9,320	57.56%	9,164	0.60%		46.29%	823	6,450	70.38%	20	
0.75 to < 2.50	9,717	11,398	55.75%	10,092	1.11%		47.62%	927	8,475	83.97%	40	
2.50 to < 10.00	605	440	46.06%	249	5.00%		52.83%	1,081	414	166.12%	5	
10.00 to < 100.00	1,055	1,654	33.76%	850	15.54%		35.93%	654	1,390	163.44%	40	
100.00 (Default)	1,882	898	31.27%	1,986	100.00%		45.39%	899	292	14.68%	1,507	
Sub-total	**67,432**	**114,209**	**51.82%**	**107,528**	**2.23%**		**40.15%**	**807**	**37,318**	**34.71%**	**1,647**	**1,950**
Corporates - SME												
0.00 to < 0.15	44	1	72.93%	45	0.06%		45.81%	1,037	11	25.57%		
0.15 to < 0.25	29		0.00%	32	0.16%		49.98%	1,338	19	59.98%		
0.25 to < 0.50	7	3	46.94%	9	0.30%		49.86%	622	4	47.45%		
0.50 to < 0.75	6	345	20.38%	44	0.60%		51.08%	432	32	71.14%		
0.75 to < 2.50	126	94	52.89%	151	1.53%		32.86%	907	96	63.87%	1	
2.50 to < 10.00	16	3	59.65%	10	5.00%		44.42%	693	13	131.32%		
10.00 to < 100.00	21	2	83.76%	22	17.76%		36.98%	584	37	168.16%	1	
100.00 (Default)	2		36.28%	2	100.00%		45.00%	433		0.00%	4	
Sub-total	**252**	**448**	**30.63%**	**315**	**2.93%**		**40.20%**	**861**	**213**	**67.62%**	**7**	**6**
Corporates - Specialised Lending												
0.00 to < 0.15	2,097	1,511	55.65%	10,424	0.03%		7.31%	1,327	409	3.93%		
0.15 to < 0.25	8,127	2,003	63.82%	10,619	0.16%		10.23%	1,312	1,192	11.23%	2	
0.25 to < 0.50	10,783	4,208	59.55%	11,405	0.30%		11.11%	1,268	1,866	16.36%	4	
0.50 to < 0.75	10,011	2,757	51.42%	9,486	0.60%		12.01%	1,171	2,132	22.47%	7	
0.75 to < 2.50	11,548	4,905	49.81%	10,201	1.10%		13.45%	1,242	3,328	32.63%	15	
2.50 to < 10.00	1,030	67	48.95%	865	5.00%		14.22%	1,241	444	51.34%	6	

€ million	2019											
PD scale	Original on-balance sheet gross exposure	Off-balance sheet exposures pre CCF	Average CCF	EAD post CRM and post-CCF	Average PD	Number of obligors	Average LGD	Average maturity	RWA	RWA density	Expected loss	Value adjustments and provisions
10.00 to < 100.00	1,569	40	73.00%	907	13.94%		13.16%	1,059	608	67.04%	18	
100.00 (Default)	1,170	26	79.17%	1,142	100.00%		40.58%	1,068	23	2.00%	395	
Sub-total	**46,335**	**15,517**	**56.16%**	**55,049**	**2.79%**		**11.50%**	**1,258**	**10,002**	**18.17%**	**447**	**571**
Retail - Qualifying revolving												
0.00 to < 0.15	10,554			10,554	0.09%		6.58%	365	156	1.48%	1	
0.15 to < 0.25	1,891			1,894	0.21%		21.78%	367	171	9.04%	1	
0.25 to < 0.50	495			495	0.60%		36.71%	365	151	30.55%	1	
0.50 to < 0.75												
0.75 to < 2.50	41		72.83%	41	1.60%		15.87%	365	7	16.39%		
2.50 to < 10.00	62			62	10.34%		30.34%	365	22	35.51%	2	
10.00 to < 100.00					19.97%		50.99%	365		120.44%		
100.00 (Default)	102			102	100.00%		32.73%	587	6	5.54%	15	
Sub-total	**13,145**		**72.83%**	**13,148**	**0.91%**		**10.15%**	**367**	**513**	**3.90%**	**20**	**18**
Retail - Other non-SME												
0.00 to < 0.15	89			89	0.09%		9.57%	365	2	1.87%		
0.15 to < 0.25	14			14	0.21%		30.01%	365	2	13.08%		
0.25 to < 0.50	4			4	0.60%		25.57%	365	1	21.57%		
0.50 to < 0.75												
0.75 to < 2.50	1			1	1.60%		7.91%	365		10.15%		
2.50 to < 10.00	2			2	12.79%		72.95%	365	2	140.63%		
10.00 to < 100.00												
100.00 (Default)	14			14	100.00%		74.81%	365		0.04%		
Sub-total	**122**			**122**	**11.47%**		**19.73%**	**365**	**7**	**5.46%**		
Total	**256,085**	**140,039**	**55.02%**	**323,956**	**1.40%**		**17.73%**	**772**	**51,235**	**15.82%**	**2,536**	**2,972**

5

EXPOSURE TO CREDIT RISK BY PORTFOLIO AND RANGE OF PROBABILITY OF DEFAULT (PD) AT 31 DECEMBER 2018 (CR6)

▶ Following prudential portfolios for advanced internal ratings-based approach

€ million	2018											
PD scale	Original on-balance sheet gross exposure	Off-balance sheet exposures pre CCF	Average CCF	EAD post CRM and post-CCF	Average PD	Number of obligors	Average LGD	Average maturity	RWA	RWA density	Expected loss	Value adjust-ments and provi-sions
Central governments and central banks												
0.00 to < 0.15	68,908	2,890	66.98%	81,026	0.01%		1.40%	614	227	0.28%		
0.15 to < 0.25	453		64.06%	1,166	0.16%		10.00%	1,031	116	9.99%		
0.25 to < 0.50	378			378	0.30%		9.98%	404	36	9.52%		
0.50 to < 0.75	775	214	75.00%	323	0.60%		10.00%	559	47	14.65%		
0.75 to < 2.50	296	490	75.00%	45	1.24%		46.88%	1,331	58	127.73%		
2.50 to < 10.00	685	315	73.86%	82	5.00%		59.76%	1,459	140	171.06%	2	
10.00 to < 100.00	84	108	76.34%	26	12.41%		77.60%	1,126	104	402.17%	3	
100.00 (Default)	78		0.00%	31	100.00%		45.00%	1,367		1.04%	17	
Sub-total	**71,657**	**4,017**	**66.96%**	**83,077**	**0.06%**		**1.72%**	**620**	**729**	**0.88%**	**22**	**25**
Institutions												
0.00 to < 0.15	31,788	4,215	81.80%	37,672	0.03%		8.83%	611	961	2.55%	1	
0.15 to < 0.25	889	492	46.90%	576	0.16%		39.17%	747	258	44.77%		
0.25 to < 0.50	789	1,165	39.05%	1,139	0.30%		42.29%	529	437	38.33%	1	
0.50 to < 0.75	404	712	44.30%	565	0.60%		52.66%	425	383	67.74%	1	
0.75 to < 2.50	842	1,087	41.53%	856	0.96%		39.16%	543	628	73.41%	3	
2.50 to < 10.00	47	87	20.81%	21	5.00%		74.74%	326	56	267.61%	1	
10.00 to < 100.00	95	24	27.69%	100	19.48%		39.01%	1,639	229	228.88%	7	
100.00 (Default)	377		0.00%	377	100.00%		45.01%	625		0.00%	394	
Sub-total	**35,230**	**7,782**	**69.99%**	**41,306**	**1.02%**		**11.84%**	**609**	**2,952**	**7.15%**	**409**	**400**
Corporates - Other												
0.00 to < 0.15	24,852	52,546	54.10%	52,004	0.04%		35.57%	729	7,385	14.20%	8	
0.15 to < 0.25	10,376	15,404	56.69%	16,316	0.16%		43.58%	965	5,996	36.75%	10	
0.25 to < 0.50	7,098	16,847	48.19%	11,779	0.30%		49.51%	959	6,306	53.53%	14	
0.50 to < 0.75	7,763	8,947	59.28%	9,490	0.60%		45.76%	919	6,758	71.21%	21	
0.75 to < 2.50	8,218	11,041	56.02%	10,562	1.10%		45.60%	1,109	9,757	92.38%	43	
2.50 to < 10.00	495	636	55.96%	304	5.00%		50.28%	773	418	137.67%	6	
10.00 to < 100.00	944	1,731	36.17%	951	15.54%		41.71%	1,005	1,590	167.12%	49	
100.00 (Default)	1,575	283	43.77%	1,580	100.00%		45.12%	843	11	0.72%	1,310	
Sub-total	**61,322**	**107,434**	**53.84%**	**102,987**	**1.94%**		**40.65%**	**854**	**38,221**	**37.11%**	**1,460**	**1,794**
Corporates - SME												
0.00 to < 0.15	6	4	20.00%	6	0.06%		46.61%	1,443	2	24.78%		
0.15 to < 0.25	2		100.00%	2	0.16%		47.34%	662		30.11%		
0.25 to < 0.50	3	3	54.78%	4	0.30%		47.60%	1,104	3	60.56%		
0.50 to < 0.75	20	142	75.85%	36	0.60%		35.76%	623	17	48.13%		
0.75 to < 2.50	127	247	49.36%	217	1.33%		36.02%	1,056	160	73.78%	1	
2.50 to < 10.00	10	1	63.61%	10	5.00%		38.42%	1,134	10	108.87%		
10.00 to < 100.00	51	163	75.10%	161	19.65%		45.90%	1,626	164	101.40%	4	
100.00 (Default)	7		84.72%	8	100.00%		45.05%	402		0.00%	4	
Sub-total	**227**	**558**	**60.44%**	**443**	**9.67%**		**40.11%**	**1,224**	**356**	**80.32%**	**9**	**7**
Corporates - Specialised Lending												
0.00 to < 0.15	1,764	1,419	51.18%	9,198	0.03%		5.49%	1,354	259	2.81%		
0.15 to < 0.25	8,036	2,429	68.05%	10,219	0.16%		9.73%	1,350	1,046	10.24%	1	
0.25 to < 0.50	10,573	2,943	63.51%	10,421	0.30%		12.23%	1,313	1,801	17.28%	4	
0.50 to < 0.75	8,274	2,683	45.15%	7,961	0.60%		11.62%	1,286	1,736	21.81%	5	
0.75 to < 2.50	10,506	3,679	57.63%	9,774	1.12%		14.37%	1,280	3,234	33.09%	15	
2.50 to < 10.00	1,301	161	40.18%	1,036	5.00%		15.65%	1,121	559	53.97%	8	

€ million	2018											
PD scale	Original on-balance sheet gross exposure	Off-balance sheet exposures pre CCF	Average CCF	EAD post CRM and post-CCF	Average PD	Number of obligors	Average LGD	Average maturity	RWA	RWA density	Expected loss	Value adjust-ments and provi-sions
10.00 to < 100.00	1,672	241	59.39%	1,127	15.74%		19.58%	1,111	1,134	100.60%	35	
100.00 (Default)	1,195	29	78.00%	1,159	100.00%		41.97%	1,093	62	5.39%	421	
Sub-total	**43,320**	**13,584**	**57.21%**	**50,896**	**3.14%**		**11.73%**	**1,304**	**9,832**	**19.32%**	**489**	**761**
Retail - Qualifying revolving												
0.00 to < 0.15	10,832			10,832	0.09%		6.30%		162	1.49%	1	
0.15 to < 0.25	1,308			1,308	0.21%		25.57%		145	11.05%	1	
0.25 to < 0.50	525			525	0.60%		35.53%		138	26.35%	1	
0.50 to < 0.75												
0.75 to < 2.50	38		72.83%	38	1.60%		24.90%		11	28.52%		
2.50 to < 10.00	117			117	12.34%		28.15%		43	36.64%	3	
10.00 to < 100.00					20.00%		51.69%			122.10%		
100.00 (Default)	143			143	100.00%		31.09%		10	6.67%	14	
Sub-total	**12,964**		**72.83%**	**12,964**	**1.24%**		**9.79%**		**508**	**3.92%**	**20**	**17**
Retail - Other non-SME												
0.00 to < 0.15	85			85	0.09%		7.75%		2	1.79%		
0.15 to < 0.25	14			14	0.21%		33.48%		2	14.60%		
0.25 to < 0.50	6			6	0.60%		68.21%		4	57.56%		
0.50 to < 0.75												
0.75 to < 2.50	1			1	1.60%		30.03%			38.21%		
2.50 to < 10.00	1			1	12.47%		57.69%		1	101.73%		
10.00 to < 100.00												
100.00 (Default)	14			14	100.00%		6.19%			2.30%		
Sub-total	**122**			**122**	**11.68%**		**13.91%**		**9**	**7.44%**		
Total	**224,843**	**133,375**	**56.38%**	**291,795**	**1.47%**		**19.06%**		**52,607**	**18.03%**	**2,409**	**3,004**

PD and average LGD by exposure category and geographic area at 31 December 2019

		31.12.2019	
		IRBA Method	
Exposure category	Geographic risk area	PD	LGD
Central governments and central banks	AFRICA AND MIDDLE EAST	0.24%	18.67%
	NORTH AMERICA	0.01%	0.50%
	ASIA-PACIFIC (EXCLUDING JAPAN)	0.30%	18.67%
	OTHERS	2.98%	37.75%
	EASTERN EUROPE	0.16%	10.00%
	WESTERN EUROPE (EXCLUDING ITALY)	2.12%	35.17%
	FRANCE (INCLUDING OVERSEAS TERRITORIES)	3.23%	35.17%
	ITALY	0.11%	5.50%
	JAPAN	0.79%	23.00%
Institutions	AFRICA AND MIDDLE EAST	1.12%	30.00%
	NORTH AMERICA	3.13%	22.86%
	ASIA-PACIFIC (EXCLUDING JAPAN)	3.01%	30.00%
	OTHERS	3.82%	43.13%
	EASTERN EUROPE	0.67%	34.17%
	WESTERN EUROPE (EXCLUDING ITALY)	3.01%	38.33%
	FRANCE (INCLUDING OVERSEAS TERRITORIES)	3.82%	38.33%
	ITALY	1.16%	30.00%
	JAPAN	1.12%	30.00%
Corporates	AFRICA AND MIDDLE EAST	2.78%	38.00%
	NORTH AMERICA	3.24%	15.23%
	ASIA-PACIFIC (EXCLUDING JAPAN)	3.01%	15.90%
	OTHERS	3.04%	24.43%
	EASTERN EUROPE	0.52%	45.00%
	WESTERN EUROPE (EXCLUDING ITALY)	3.01%	19.11%
	FRANCE (INCLUDING OVERSEAS TERRITORIES)	2.63%	16.02%
	ITALY	3.82%	15.63%
	JAPAN	3.51%	13.70%
Retail	OTHERS	7.81%	37.86%
	WESTERN EUROPE (EXCLUDING ITALY)	2.57%	44.83%
	FRANCE (INCLUDING OVERSEAS TERRITORIES)	3.29%	44.00%
	ITALY	20.00%	53.00%

Credit derivatives used for hedging at 31 December 2019

Effect of credit derivatives on risk-weighted assets (CR7)

	31.12.2019	
€ million	Pre-credit derivatives RWAs	Actual RWAs
Exposures under Foundation IRB		
Central governments and central banks		
Institutions		
Corporates – SMEs		
Corporates – Specialised lending		
Corporates – Other		
Exposures under Advanced IRB		
Central governments and central banks	3	
Institutions	5	3
Corporates – SMEs	5,947	3,539
Corporates – Specialised lending	8	8
Corporates – Other		
Retail – Secured by real estate SMEs		
Retail – Secured by real estate non-SMEs		
Retail – Qualifying revolving		
Retail – Other SMEs		
Retail – Other non-SMEs		
Equity IRB		
Other non credit obligation assets		
TOTAL	**5,963**	**3,550**

Change in RWA between 31.12.2018 and 31.12.2019

Risk-weighted asset (RWA) cash flows for credit risk exposures using the internal rating approach (CR8)

	31.12.2019	
€ million	RWA	Capital requirements
RWAs as at the end of the previous reporting period (31/12/2018)	**57,882**	**4,631**
Asset size	(605)	(48)
Asset quality	985	79
Model updates		
Methodology and policy		
Acquisitions and disposals		
Foreign exchange movements	874	70
Other		
RWAs as at the end of the reporting period (31/12/2019)	**59,135**	**4,731**

◆ Results of backtesting for 2019

The backtesting system is described in the « Risk Management » part on page 158.

These ex-post controls are performed through the cycle on historical data covering as long as period as possible. The following tables show the backtesting results for 2019 in repect of probability of default (PD) and loss given default (LGD) modes.

▶ Ex-posts controls of the probability of default (PD) by portfolio (CR9) at 31 December 2019

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		0.01%	90	101		
	0.15 to < 0.25	0.16%	0.16%	5	7		
	0.25 to < 0.50	0.30%	0.30%	9	7		
	0.50 to < 0.75	0.60%	0.60%	8	7		
	0.75 to < 2.50	1.20%	1.45%	18	15		
	2.50 to < 10.00	5.00%	5.00%	4	7		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%**
Local 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		
	0.15 to < 0.25	0.16%	0.16%	619	752		
	0.25 to < 0.50	0.30%	0.30%	753	575		
	0.50 to < 0.75	0.60%	0.60%	561	409		
	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		
	10.00 to < 100	19.45%	12.00%	18	17		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		0.03%
	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		
	0.15 to < 0.25	0.16%	0.16%	254	309		
	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		0.26%
	0.75 to < 2.50	1.17%	1.09%	322	356		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%**

Portfolio	Estimated LGD (%)	LGD excluding prudence factor
Sovereigns	45%	32%
Local authorities	IRBF approach	IRBF approach
Financial institutions [1]	53%	60%
Corporates	45%	38%
Specialised lending	26%	23%

[1] *Recalibrated model, pending validation.*

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.

◆ Analysis of the exposure to counterparty risks (CRR)

▶ Analysis of the exposure to counterparty risks (CCR) by type of approach

	31.12.2019											
	Standard				IRB				Total			
€ million	Gross exposure	EAD	RWA	CR	Gross exposure	EAD	RWA	CR	Gross exposure	EAD	RWA	CR
Central governments and central banks	1	1			5,489	5,489	126	10	5,489	5,489	126	10
Institutions	12,318	12,318	267	21	25,528	26,098	4,155	332	37,846	38,416	4,423	354
Corporates	472	472	399	32	25,059	24,489	8,363	669	25,531	24,961	8,762	701
Retail Customers												
Shares												
Securitisations												
Other non credit-obigation assets												
TOTAL	**12,791**	**12,791**	**666**	**53**	**56,076**	**56,076**	**12,644**	**1,012**	**68,867**	**68,867**	**13,311**	**1,065**

	31.12.2018											
	Standard				IRB				Total			
€ million	Gross exposure	EAD	RWA	CR	Gross exposure	EAD	RWA	CR	Gross exposure	EAD	RWA	CR
Central governments and central banks					7,612	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												
Shares												
Securitisations												
Other non credit-obigation assets												
TOTAL	**13,100**	**13,092**	**1,148**	**92**	**54,663**	**54,433**	**10,885**	**871**	**67,763**	**67,525**	**12,034**	**963**

◆ Counterparty risk by type or approach

▶ Analysis of the exposure to counterparty risks by type of approach (CCR1)

	31.12.2019						
€ million	Notional	Replacement cost/current market value	Potential future credit exposure	EEPE	Multiplier	EAD post CRM	RWAs
Mark to market							
Original exposure							
Standardised approach							
IMM (for derivatives and SFTs)				24,257	1.55	37,599	8,990
Of which securities financing transactions							
Of which derivatives and long settlement transactions				24,257	1.55	37,599	8,990
Of which from contractual cross- product netting							
Financial collateral simple method (for SFTs)							
Financial collateral comprehensive method (for SFTs)						14,954	2,617
VaR for SFTs							
TOTAL							**13,049**

◆ 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 2019 (CCR3)

€ million	31.12.2019												
Exposure classes	0.0%	2.0%	4.0%	10.0%	20.0%	35.0%	50.0%	70.0%	75.0%	100.0%	150.0%	Other	Total Exposure to credit risk	o/w unrated
Central governments or central banks	1													
Regional governments or local authorities														
Public sector entities														
Multilateral developments banks														
International organisations														
Banks (Institutions)		12,278			20		4			16			12,318	12,313
Corporate							147			325			472	196
Retail														
Default														
Institutions and corporates with a short-term credit assessment														
Other items														
TOTAL	**1**	**12,278**			**21**		**150**			**341**			**12,791**	**12,511**

▶ Exposure to counterparty risk using the standard method by regulatory portfolio and by risk-weighting at 31 December 2018 (CCR3)

€ million	31.12.2018												
Exposure classes	0.0%	2.0%	4.0%	10.0%	20.0%	35.0%	50.0%	70.0%	75.0%	100.0%	150.0%	Other	Total Exposure to credit risk	o/w unrated
Central governments or central banks														
Regional governments or local authorities														
Public sector entities														
Multilateral developments banks														
International organisations														
Banks (Institutions)	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 by the advanced method

Exposure to counterparty risk by portfolio and by range of probability of default (PD) at 31 December 2019, following prudential portfolios for the advanced internal ratings-based approach (CCR4)

€ million	31.12.2019					
PD scale	EAD post-CRM	average PD	Average LGD	Average maturity	RWA	RWA density
Central governments and central banks						
0.00 to <0.15	5,053	0.01%	1.33%	1,121	14	0.28%
0.15 to <0.25	255	0.16%	9.91%	829	20	7.95%
0.25 to <0.50	46	0.30%	10.00%	651	4	9.62%
0.50 to <0.75	80	0.60%	10.00%	602	14	17.36%
0.75 to <2.50	49	1.34%	46.91%	1,002	57	117.28%
2.50 to <10.00						
10.00 to <100.00	6	20.00%	67.81%	1,543	16	255.15%
100.00 (Default)						
Sub-total	**5,489**	**0.06%**	**2.40%**	**1,096**	**126**	**2.29%**
Institutions						
0.00 to <0.15	21,015	0.04%	12.17%	638	1,551	7.38%
0.15 to <0.25	2,146	0.16%	36.58%	761	825	38.44%
0.25 to <0.50	1,530	0.30%	38.28%	551	778	50.87%
0.50 to <0.75	626	0.60%	47.10%	505	587	93.77%
0.75 to <2.50	780	0.84%	23.93%	979	306	39.28%
2.50 to <10.00	38	5.00%	82.81%	297	95	252.36%
10.00 to <100.00	6	17.65%	50.14%	538	13	207.60%
100.00 (Default)						
Sub-total	**26,140**	**0.11%**	**16.92%**	**647**	**4,155**	**15.90%**
Corporates - Other						
0.00 to <0.15	10,712	0.04%	34.20%	740	1,338	12.49%
0.15 to <0.25	2,260	0.16%	43.10%	822	1,017	45.00%
0.25 to <0.50	2,674	0.30%	45.94%	871	1,101	41.19%
0.50 to <0.75	2,501	0.60%	46.29%	823	1,443	57.68%
0.75 to <2.50	2,143	0.99%	45.87%	880	1,694	79.03%
2.50 to <10.00	63	5.00%	52.83%	1,081	87	137.95%
10.00 to <100.00	865	19.71%	30.02%	377	964	111.46%
100.00 (Default)	69	100.00%	45.39%	899	26	37.63%
Sub-total	**21,287**	**1.39%**	**39.12%**	**775**	**7,670**	**36.03%**
Corporates - SME						
0.00 to <0.15	55	0.03%	47.46%	460	11	19.60%
0.15 to <0.25	3	0.16%	49.98%	1,338	1	41.66%
0.25 to <0.50		0.30%	49.86%	622		54.48%
0.50 to <0.75	3	0.60%	51.08%	432	2	76.00%
0.75 to <2.50	28	1.62%	31.80%	901	35	124.67%
2.50 to <10.00	3	5.00%	44.42%	693	5	167.58%
10.00 to <100.00	3	13.78%	25.35%	511	7	248.32%
100.00 (Default)						0.00%
Sub-total	**95**	**1.09%**	**42.33%**	**629**	**61**	**64.33%**
Corporates - Specialised lending						
0.00 to <0.15	665	0.06%	11.80%	1,225	42	6.27%
0.15 to <0.25	933	0.16%	10.23%	1,312	150	16.06%
0.25 to <0.50	620	0.30%	11.11%	1,268	98	15.84%
0.50 to <0.75	481	0.60%	12.01%	1,171	95	19.76%
0.75 to <2.50	427	0.95%	12.59%	1,239	147	34.45%
2.50 to <10.00	16	5.00%	14.22%	1,241	5	28.67%
10.00 to <100.00	98	14.73%	14.39%	1,045	86	87.30%
100.00 (Default)	22	100.00%	40.58%	1,068	11	47.78%
Sub-total	**3,263**	**1.50%**	**11.64%**	**1,246**	**633**	**19.40%**
TOTAL	**56,273**	**0.67%**	**23.61%**	**777**	**12,644**	**22.47%**

▶ Expositions au risque de contrepartie par portefeuille et par fourchette de probabilité de défaut (PD), portefeuilles prudentiels suivants pour l'approche Notation interne Avancée au 31 décembre 2018 (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						
10.00 to <100.00	5	19.85%	56.70%	1,139	12	264.80%
100.00 (Default)						
Sub-total	**7,612**	**0.04%**	**2.03%**	**1,037**	**125**	**1.64%**
Institutions						
0.00 to <0.15	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%

Collateral

Impact of netting and collateral on exposure values (CCR5-A)

		31.12.2019				
€ million		Gross positive fair value or net carrying amount	Netting benefits	Netted current credit exposure	Collateral held	Net credit exposure
1	Derivatives	212,939	181,842	31,089	1,298	29,791
2	SFTs	25,021	21,363	3,658	1,769	1,889
3	Cross-product netting					
4	**TOTAL**	**237,960**	**203,205**	**34,747**	**3,067**	**31,680**

Change in RWA under the internal models method (IMM) between 31.12.2018 and 31.12.2019

Risk-weighted asset (RWA) cash flows for counterparty risk exposures (CCR) using the internal rating approach (MMI) (CCR7)

		31.12.2019	
€ million		RWA	Exigences minimales de Fonds Propres
1	**RWAs as at the end of the previous reporting period**	**8,363**	**669**
2	Asset size	852	68
3	Credit quality of counterparties	(125)	(10)
4	Model updates (IMM only)		
5	Methodology and policy (IMM only)		
6	Acquisitions and disposals		
7	Foreign exchange movements	112	9
8	Other	(213)	(17)
9	**RWAs as at the end of the current reporting period**	**8,990**	**719**

Central Counterparty (CCP) Exposures

Central Counterparty (CCP) Exposures (CCR8)

		31.12.2019	
€ million		EAD post CRM	RWA
1	**Expositions aux QCCP (total)**		**549**
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	12,278	246
3	(i) OTC derivatives	9,002	180
4	ii) Exchange-traded derivatives	147	3
5	(iii) SFTs	3,129	63
6	(iv) Netting sets where cross-product netting has been approved		
7	Segregated initial margin	3,160	
8	Segregated initial margin	151	3
9	Prefunded default fund contributions	347	301
10	Alternative calculation of own funds requirements for exposures		
11	**Exposures to non-QCCPs (total)**		
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which		
13	(i) OTC derivatives		
14	ii) Exchange-traded derivatives		
15	(iii) SFTs		
16	(iv) Netting sets where cross-product netting has been approved		
17	Segregated initial margin		
18	Segregated initial margin		
19	Prefunded default fund contributions		
20	Unfunded default fund contributions		

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 2019 and 31 December 2018 (CCR2)

		31.12.2019		31.12.2018	
€ million		EAD post-CRM	RWA	EAD post-CRM	RWA
1	Total portfolios subject to the Advanced CVA capital charge	16,681	2,706	15,852	2,510
2	(i) VaR component (including the 3×multiplier)		20		22
3	(ii) Stressed VaR component (including the 3×multiplier)		197		179
4	All portfolios subject to the Standardised CVA capital charge	15,284	699	16,641	618
EU4	Based on the original exposure method				
5	**Total subject to the CVA capital charge**	**31,965**	**3,405**	**32,493**	**3,128**

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3.4.2.5 RISK MITIGATION TECHNIQUES APPLIED TO CREDIT AND COUNTERPARTY RISK

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.

Exposures under the advanced approach (RC3)

	31.12.2019					31.12.2018				
€ million	Exposures unsecured – Carrying amount	Exposures to be secured	Exposures secured by collateral	Exposures secured by financial guarantees	Exposures secured by credit derivatives	Exposures unsecured – Carrying amount	Exposures to be secured	Exposures secured by collateral	Exposures secured by financial guarantees	Exposures secured by credit derivatives
Total loans	142,952	78,949	57,846	4,771	16,332	125,741	77,952	62,136	3,814	12,002
Total debt securities	36,640					28,973				
Total exposures	**179,592**	**78,949**	**57,846**	**4,771**	**16,332**	**154,714**	**77,952**	**62,136**	**3,814**	**12,002**
Of which defaulted										

3.4.2.6 RISK MITIGATION TECHNIQUES APPLIED TO CREDIT RISK

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

	31.12.2019		
	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+[negative]

[1] *Rating given to EPIC Bpifrance.*

3.4.2.7 RISK MITIGATION TECHNIQUES APPLIED TO COUNTERPARTY RISK

Credit derivatives used for hedging at 31 December 2019

Credit derivatives used for hedging purposes are described under “Risk management - Credit Risk - Use of Credit Derivatives”.

Exposures to credit derivatives (CCR6)

	31.12.2019		
	Credit derivative hedges		
€ million	Protection bought	Protection sold	Other credit derivatives
Notionals			
Single-name credit default swaps	6,430		
Index credit default swaps			
Total return swaps			
Credit options			
Other credit derivatives			
TOTAL NOTIONALS	**6,430**		
Fair values			
Positive fair value (asset)			
Negative fair value (liability)	(244)		

3.4.2.8 SECURITISATION TRANSACTIONS

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

3.4.2.9 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 2019 (CR10)

	31.12.2019					
	Categories					
€ million	On-balance sheet amount	Off-balance sheet amount	Risk weight	Exposure amount	RWAs	Capital requirements
Exchange-traded equity exposures			190%			
Private equity exposures	436		290%	436	1 265	101
Other equity exposures	510		370%	332	1 229	98
TOTAL	**946**			**768**	**2 494**	**200**

5

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		190.00%	1	2	
Private equity exposures	4		290.00%	4	13	1
Other equity exposures	285		370.00%	285	1,053	84
TOTAL	**290**			**290**	**1,068**	**85**

3.4.3 Securitisation vehicles

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

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 Private Debt Solutions team, which reports both to the Execution Management department within the Finance Department and to the Debt Optimisation and Distribution department. 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 2019

As part of portfolio financing management, the Execution Management teams set up two synthetic securitisation transactions with private investors. The first transaction, for a period of 5 years, concerned a portfolio of €2.5 billion Crédit Agricole CIB corporate loans. The second, for a period of 9 years, concerned a portfolio of €450 million LBO (leveraged buy-out) loans by the bank. This transaction is the first synthetic securitisation carried out on this class of assets and opens up new distribution opportunities for these loans. These two transactions are secured by cash collateral equal to the amount of the risk guaranteed.

◆ 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 2019, there were four active consolidated multi-seller vehicles (LMA, Atlantic, La Fayette and ITU), structured by the Group on behalf of third parties. LMA, Atlantic, La Fayette and ITU are 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 €27 billion at 31 December 2019 (€24 billion at 31 December 2018).

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 2019 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 €37 billion at 31 December 2019 (€32 billion at 31 December 2018).

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 2019 (€2 billion at 31 December 2018).

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

◆ 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. The grandfather clause period in the new regulations governing securitisation is closed as from 1 January 2020. The new weighting approaches have entirely come into force, namely:

- the "SEC IRBA" regulatory formula method: This approach is mainly based on the regulatory weighting of the underlying portfolio of receivables and on the attachment point of the tranche.
- "SEC-SA" Standard Method: similarly to the SEC-IBRA approach, this approach is based on the weighting of the portfolio of underlying receivables (but under the standardised approach) and mainly take account of the attachment point's historical performances.
- method based on "SEC-IBRA" external ratings: this approach is based on the ratings provided by the public external rating agencies approved by the Committee of European Supervisors. 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).

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:

- 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.

Credit decisions impose on the transactions, which are reviewed at least on an annual basis by these same committees, different limits as the acquired portfolio changes (levels for late payments, losses, concentration by sector or geographic area, dilution of loans and receivables or the periodic valuation of assets by independent experts, etc.) the non-respect of which may result in a tightening of the structure or the early amortisation of the transaction.

These credit decisions also include, in liaison with the Bank's other Credit Committees, an assessment focusing on the risk generated by the recipients of the receivables and the possibility of substituting the manager by a new one in the event of mismanagement of those receivables.

Like all credit decisions, these decisions include aspects of compliance and "country risk".

The entity Ester Finance Titrisation recognised impaired receivables (Bucket 3) of €322.5 million at 31 December 2019, and impairments of €20.9 million. Net of impairments, the total amount of securitised assets within this entity was €17.04 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.

◆ Accounting policies

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.

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).

3.4.3.4 2019 ACTIVITY SUMMARY

Crédit Agricole CIB's securitisation activity in 2019 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 2019, Crédit Agricole CIB had no premature repayment of a securitisation transaction. Furthermore, Crédit Agricole CIB had no securitisation transactions for which it provided implicit support in 2019.

3.4.3.5 EXPOSURES

Exposure at default of securitisation transactions in the banking book that generate RWA

Securitisation exposures in IRB and STD banking book (SEC1) / R TITRI 1

		31.12.2019								
		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**	**13,907**	**6,335**	**20,242**	**17,732**		**17,732**	**995**		**995**
2	Residential real estate loans				24		24	26		26
3	Commercial real estate loans				5		5			
4	Credit card loans									
5	Leasing				2,768		2,768	9		9
6	Loans to corporates and SMEs		5,007	5,007				460		460
7	Personal loans				3,183		3,183	53		53
8	Trade receivables	13,907		13,907	7,164		7,164	231		231
9	Other		1,328	1,328	4,587		4,587	215		215
10	**Re-securitisation**	**1,329**	**7**	**1,336**						
11	**TOTAL 31.12.2019**	**15,237**	**6,342**	**21,578**	**17,732**		**17,732**	**995**		**995**
	TOTAL 31.12.2018	**15,947**	**7,485**	**23,432**	**21,066**		**21,066**	**809**		**809**

Exposure at default of securitisation transactions by weighting method

€ million	Securitised EAD				
Underlying	SFA	IAA	RBA	Standard	Total
Securitisation	**7,691**	**28,082**	**2,693**	**503**	**38,969**
Residential real estate loans			51		51
Commercial real estate loans			5		5
Credit card loans					
Leasing		2,198	490	89	2,777
Loans to corporates and SMEs	5,007		460		5,467
Personal loans		2,695	526	15	3,237
Trade receivables	130	21,132		40	21,302
Other	2,555	2,057	1,160	359	6,130
Re-securitisation			**1,336**		**1,336**
Total 31.12.2019	**7,691**	**28,082**	**4,029**	**503**	**40,305**
Total 31.12.2018	**9,355**	**29,567**	**4,377**	**2,008**	**45,307**

Exposure at default of securitisation transactions broken down by accounting classification on- or off-balance sheet

€ million	EAD Securitised at 31.12.2019		
Underlying Asset	On BalanceSheet	Off BalanceSheet	Total
Securitisation	**880**	**38,089**	**38,969**
Residential real estate loans		51	51
Commercial real estate loans		5	5
Credit card loans			
Leasing	89	2,688	2,777
Loans to corporates and SMEs		5,467	5,467
Personal loans		3,236	3,237
Trade receivables	70	21,232	21,302
Other	720	5,410	6,130
Re-securitisation	**1,329**	**7**	**1,336**
TOTAL	**2,209**	**38,096**	**40,305**

Securitised exposures in banking book and associated regulatory capital requirements – Bank acting as IRB and STD originator or sponsor (SEC3)

		31.12.2019																
		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**	**37,202**	**397**	**327**	**10**	**1,374**	**29,841**	**7,607**	**488**	**1,374**	**3,351**	**722**	**316**	**529**	**268**	**58**	**25**	**42**
2	Traditional securitisation	30,909	397	327	5	1,330	29,841	1,309	488	1,330	3,351	134	316	313	268	11	25	25
3	Of which securitisation	30,909	397	327	5	1	29,841	1,309	488	1	3,351	134	316	3	268	11	25	
4	Of which retail underlying	3,205	2				3,207				243			1	20			
5	Of which wholesale	27,703	395	327	5		26,634	1,309	488		3,108	134	316	3	248	11	25	
6	Of which re-securitisation					1,329				1,329				310				25
7	Of which senior					1,329				1,329				310				25
8	Of which non-senior																	
9	Synthetic securitisation	6,294			4	44		6,298		44		589		215		47		17
10	Of which securitisation	6,294			4	37		6,298		37		589		214		47		17
11	Of which retail underlying																	
12	Of which wholesale	6,294			4	37		6,298		37		589		214		47		17
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)

		31.12.2019																
		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**	**428**	**66**	**501**			**934**	**47**	**15**		**403**	**3**	**10**		**32**		**1**	
2	Traditional securitisation	428	66	501			934	47	15		403	3	10		32		1	
3	Of which securitisation	428	66	501			934	47	15		403	3	10		32		1	
4	Of which retail underlying		66	14			65		15		5		10		0		1	
5	Of which wholesale	428		487			869	47			398	3			32			
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																	

◆ 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)

		31.12.2019								
		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**							**178**		**178**
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							178		178
10	**Re-securitisation**							**19**		**19**
11	**TOTAL 31.12.2019**							**197**		**197**
	TOTAL 31.12.2018							**226**		**226**

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	31.12.2019			31.12.2018		
Risk weighting tranche	Long Positions	Short Positions	Capital requirement	Long Positions	Short Positions	Capital requirement
EAD subject to weighting						
7 - 10% weightings				60		
12 - 18% weightings	138		1	113		
20 - 35% weightings	34			29		
40 - 75% weightings	5					
100% weightings	1					
150% weightings						
200% weightings						
225% weightings						
250% weightings						
300% weightings						
350% weightings						
420% weightings						
500% weightings						
650% weightings						
750% weightings						
850% weightings						
1250 weightings	19		3	24		5
Internal valuation approach	**197**		**5**	**226**		**5**
Supervisory Formula Approach						
Transparency Approach						
NET TOTAL OF DEDUCTIONS OF EQUITY						
1250% / Positions deducted from capital						
TOTAL TRADING PORTFOLIO	**197**		**5**	**226**		**5**

CAPITAL REQUIREMENTS RELATIVE TO SECURITISATIONS HELD OR ACQUIRED IN THE TRADING BOOK

▶ Capital requirements relative to securitisations held or acquired in the trading book

	31.12.2019				31.12.2018			
€ million	Long Positions	Short Positions	Total weighted positions	Capital requirement	Long Positions	Short Positions	Total weighted positions	Capital requirement
Weighted EAD	**197**		**21**	**5**	**226**		**26**	**5**
Securitisation	178		2	1	201		2	1
Resecuririsation	19		19	3	24		24	4
Deductions								

3.4.4 Market risks

3.4.4.1 MARKET RISK MEASUREMENT AND MANAGEMENT METHODOLOGY

The methodologies for measuring and supervising market risks in internal models are described in the Part "Risk management – Market risks – Methodology for measuring and supervising market risks".

3.4.4.2 SETTLEMENT/DELIVERY RISK IN 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 – Methodology for measuring and supervising market risks".

3.4.4.3 EXPOSURE TO THE TRADING BOOK'S MARKET RISK

◆ Risk weighted assets using the standard method

▶ Risk weighted assets using the standard method (MR1)

	31.12.2019		31.12.2018	
€ million	RWA	Capital requirement	RWA	Capital requirement
Futures and forwards	**1,250**	**100**	**1,247**	**100**
Interest rate risk (general and specific)	81	6	136	11
Risk on shares (general and specific)				
Currency risk	1,154	92	1,108	89
Commodities risk	15	1	4	
Options			**31**	**2**
Simplificated approach				
Delta-plus method				
Scenarios based approach			31	2
Securitisation	59	5	68	5
TOTAL	**1,309**	**105**	**1,346**	**108**

◆ Exposures using the internal model approach

RISK-WEIGHTED ASSETS AND EQUITY CAPITAL REQUIREMENTS

▶ Market risk in the internal model approach (MR2-A)

		31.12.2019		31.12.2018	
€ million		RWA	Minimum capital requirement	RWA	Minimum capital requirement
1	**VaR (higher of values a and b)**	**1,743**	**139**	**798**	**64**
(a)	Previous day's VaR (VaRt-1)		30		14
(b)	Average of the daily VaR on each of the preceding sixty business days (VaRavg) x multiplication factor (mc)		139		64
2	**SVaR (higher of values a and b)**	**3,337**	**267**	**3,121**	**250**
(a)	Latest SVaR (sVaRt-1)		50		59
(b)	Average of the SVaR during the preceding sixty business days (sVaRavg) X multiplication factor (ms)		267		250
3	**Incremental risk charge -IRC (higher of values a and b)**	**1,849**	**148**	**2,502**	**200**
(a)	Most recent IRC value (incremental default and migration risks section 3 calculated)		65		193
(b)	Average of the IRC number over the preceding 12 weeks		148		200
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**	**6,930**	**554**	**6,421**	**514**

VALUES RESULTING FROM THE USE OF INTERNAL MODELS

▶ Value of trading book using the internal model approach (IMA) (MR3)

	€ million	31.12.2019	31.12.2018
1	**VaR (10 days, 99%)**		
2	Maximum value	**39**	**21**
3	Mean value	31	16
4	Minimum value	21	12
5	End of period value	30	14
6	**VaR in stressed period (10 days, 99%)**		
7	Maximum value	75	78
8	Mean value	59	62
9	Minimum value	48	53
10	End of period value	50	59
11	**Capital requirement in line with IRC (99.9%)**		
12	Maximum value	300	236
13	Mean value	114	154
14	Minimum value	47	85
15	End of period value	50	149
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)		

3.4.4.4 BACK TESTING OF THE VAR (MR4) METHOD

The Backtesting process of the VaR model (Value at Risk) which controls the relevance of the model, and the results of this Backtesting are present in Part 5 - Risk Management - of the document..

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 risk

3.4.6.1 METHODOLOGY FOR CALCULATING EQUITY CAPITAL BY THE ADVANCED METHOD

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 RISK MITIGATION TECHNIQUES APPLIED TO THE OPERATIONAL RISK

The insurance techniques used to reduce operational risk are described under “Risk management – Operational risks Insurance and risk coverage”, page 179.

3.5 ENCUMBERED ASSETS

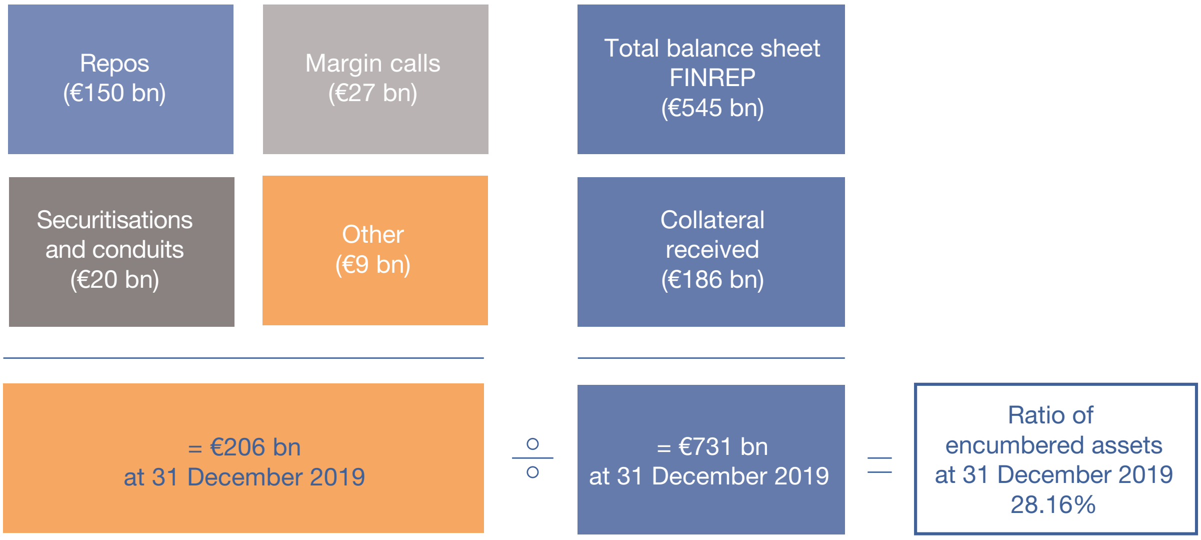
Crédit Agricole CIB monitors and manages the level of its assets pledged as collateral. At 31 December 2019, the ratio of encumbered assets to total assets was 28.16%.

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 totaled €150 billion against €78 billion in December 2018, of which €142 billion in securities received as collateral and reused (composed of sovereign debt in the proportion of 98%) out of €206 billion of collateral received. The strong increase compared to 31 December 2018 mainly came from the un-netting of Repos (methodological change applied since 30 September 2019);
- margin calls: margin calls represent outstandings of €27 billion, primarily in connection with the OTC derivatives activity.

▶ Use of encumbered assets and collateral received



▶ Assets (1)

		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**	**58,071**	**4,122**			**491,052**	**43,763**		
020	Demand loans					56,915			
030	**Equity instruments**	**2,292**		**2,292**		**5,506**		**5,309**	
040	**Debt securities**	**4,242**	**3,811**	**4,243**	**3,812**	**51,083**	**40,002**	**52,527**	**42,466**
050	of which: covered bonds					841	824	841	825
060	of which: asset-backed securities					1,687	758	1,687	758
070	of which: issued by general governments	3,379	3,362	3,379	3,363	27,942	27,568	32,874	31,367
080	of which: issued by financial corporations	445	234	445	234	16,700	7,456	13,619	7,456
090	of which: issued by non-financial corporations	214	99	214	99	4,823	1,551	4,823	1,551
100	**Loans and receivables other than demand loans**	**22,366**	**621**			**235,511**	**3,232**		
110	of which: mortgage loans					3,179			
120	**Other assets**	**27,098**				**141,316**			

(1) On a quaterly basis, mediane of the 4 end of period values over the previous 12 month period.

Collateral received [(1)]

€ million		Fair value of encumbered collateral received or own debt securities issued	of which notionally eligible EHQLA and HQLA	Unencumbered – Fair value of collateral received or own debt securities issued available for encumbrance	of which notionally eligible EHQLA and HQLA
		010	030	040	060
130	**Collateral received by the reporting institution**	**109,102**	**97,793**	**44,167**	**28,278**
140	**Loans on demand**				
150	**Equity instruments**	**713**		**2,596**	
160	**Debt securities**	**108,390**	**97,793**	**33,495**	**28,278**
170	of which: covered bonds	871	814	1,276	1,251
180	of which: asset-backed securities			978	644
190	of which: issued by general governments	96,260	88,557	17,363	15,152
200	of which: issued by financial corporations	6,639	4,360	8,814	6,675
210	of which: issued by non-financial corporations	3,877	2,628	1,999	1,961
220	**Loans and advances other than loans on demand**				
230	**Other collateral received**			**7,578**	
240	**Own debt securities issued other than own covered bonds or asset-backed securities**				
250	**Total assets, collateral received and own debt securities issued**	**167,174**	**101,915**		

Encumbered assets/Securities received and associated liabilities [(1)]

€ million		Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and ABSs encumbered
		010	030
010	**Carrying amount of selected financial liabilities**	**243,683**	**166,683**
020	Derivatives	115,588	26,607
040	Deposits	131,257	139,825
090	Debt securities issued	501	501

(1) On a quaterly basis, mediane of the 4 end of period values over the previous 12 month period.

3.6 LIQUIDITY COVERAGE RATIO

3.6.1 Quantitative information

Scope of consolidation (solo/consolidated)		Total unweighted value (average)				Total weighted value (average)			
€ million		31.12.2019	30.09.2019	30.06.2019	31.03.2019	31.12.2019	30.09.2019	30.06.2019	31.03.2019
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)					108,045	109,253	103,223	103,848
Cash-outflows									
2	Retail deposits and deposits from small business customers, of which:	11,062	10,814	10,342	10,218	1,646	1,614	1,551	1,523
3	Stable deposits								
4	Less stable deposits	11,062	10,814	10,342	10,218	1,646	1,614	1,551	1,523
5	Unsecured wholesale funding	128,939	127,875	112,573	112,934	73,604	74,391	68,879	71,606
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	18,158	16,456	11,617	11,503	4,540	4,114	2,904	2,876
7	Non-operational deposits (all counterparties)	101,744	102,669	9,286	91,172	60,027	61,526	58,811	58,471
8	Unsecured debt	9,038	8,750	7,164	10,259	9,038	8,750	9,529	10,259
9	Secured wholesale funding					11,151	10,352	6,216	5,704
10	Additional requirements	120,487	119,337	107,459	107,211	30,812	30,537	29,500	30,102
11	Outflows related to derivative exposures and other collateral requirements	7,276	6,859	5,906	6,946	4,244	4,302	5,496	6,465
12	Outflows related to loss of funding on debt products								
13	Credit and liquidity facilities	113,211	112,478	101,553	100,265	26,568	26,235	24,004	23,637
14	Other contractual funding obligations	25,445	23,659	26,217	22,920	1,129	1,190	974	798
15	Other contingent funding obligations	47,792	47,360	42,398	42,676	773	334	397	404
16	**TOTAL CASH OUTFLOWS**					**119,116**	**118,417**	**109,882**	**110,137**
Cash-inflows									
17	Secured lending (eg reverse repos)	132,981	128,641	100,053	92,606	6,434	5,967	4,577	4,673
18	Inflows from fully performing exposures	23,381	22,257	20,313	19,386	17,977	16,789	16,446	15,959
19	Other cash inflows	1,498	1,606	2,187	2,105	1,498	1,606	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**	**157,861**	**152,504**	**122,553**	**114,097**	**25,910**	**24,362**	**23,210**	**22,737**
EU-20a	**Fully exempt inflows**								
EU-20b	**Inflows Subject to 90% Cap**								
EU-20c	**Inflows Subject to 75% Cap**	**147,307**	**144,258**	**115,718**	**105,833**	**25,910**	**24,362**	**23,210**	**22,737**
									Total adjusted value
21	Liquidity buffer					108,045	109,253	103,223	103,848
22	Total net cash flows					93,206	94,056	86,672	87,400
23	Liquidity Coverage Ratio (%)					115.92%	116.16%	119.00%	118.82%

5

3.6.2 Qualitative information

Concentration of funding 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.
Derivative exposures and potential 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 mismatch 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.
A description of the degree of centralisation of 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 items in the LCR calculation that are not captured in the LCR disclosure template but that the institution considers relevant for its liquidity profile	In addition to the LCR surplus observed at 31 December 2019, Crédit Agricole CIB has nonHQLA reserves that can be made liquid on the market and reserves that can be mobilized in Central banks, including €2,2 billion in eligible receivables as of 31 December 2019.

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 TABLES

▶ EDTF Cross-reference table

			2019 Universal Registration Document			
		Recommendation	Manage-ment report and other	Risk factors and Risk management	Pillar 3	Consolidated financial statements
Introduction	1	Cross-reference table			P. 260	
	2	Risk terminology and management, key parameters used		P. 134 to 184	P. 213 and P. 227 to 236	P. 276 to 292, 294 to 321
	3	Presentation of main risks and/or emerging risks		P. 134 to 184		P. 294 to 321
	4	New solvency regulatory framework and Group targets		P. 176 to 178	P. 188 to 193	
Governance and risk management strategy	5	Organisation of risk control and management	P. 76 to 82	P. 144 to 157		
	6	Risk management strategy and implementation	P. 76 to 82	P. 134 to 184, P. 148 to 157	P. 190 to 205	
	7	Risk mapping by business line				
	8	Governance and management of internal credit and market stress testing		P. 144 to 146, P. 162 to 163	P. 188	
Capital Requirements and risk-weighted assets	9	Minimal capital requirements			P. 190 to 193	
	10a	breakdown of composition of capital			P.197 to 199	
	10b	reconciliation of the balance sheet and prudential balance sheet and accounting equity and regulatory			P. 189 to 199, 204	
	11	Changes in regulatory capital			P. 197 to 199	
	12	capital trajectory and CRD 4 ratio objectives			P. 190 to 205	
	13	Risk-weighted assets by type of risk			P. 211 to 227	
	14	Risk-weighted assets and capital requirements by method and type of exposure			P. 211 to 227	
	15	Credit risk exposure by category and internal ratings		P. 157 to 161, 165	P. 213 to 246	
	16	Changes in risk-weighted assets by type of risk			P. 211 to 212	
	17	Description of backtesting models and their reliability		P. 158 and 169 to 171	P. 237	
Liquidity	18	Liquidity management		P. 176 to 178	P. 257 to 258	
	19	Encumbered assets			P. 255 to 256	
	20	Breakdown of financial assets and liabilities by contractual maturity				P. 314 to 316, 354
	21	Management of liquidity and funding risk		P. 176 to 178	P. 257 to 258	
Market risks	22 to 24	Market risk measurement		P. 168 to 174	P. 253 to 254	P. 276 to 292, P. 284 to 313, P. 360 to 369
	25	Market risk management techniques		P. 168 to 174		
Credit risk	26	Maximum exposure, breakdown and diversification of credit risks		P. 157 to 167	P. 213 to 246	P. 294 to 321
	27 and 28	Provisioning and risk hedging policy		P. 166 to 167		P. 276 to 292, 325
	29	derivative instruments: notional,counterparty risk, offsetting		P. 157 to 167, P. 166 to 167, P. 163, P. 178	P. 238 to 246	P. 285, P. 310 to 314, P. 343 to 344, P. 363
	30	Credit risk mitigation mechanisms		P. 163	P. 244 to 245	P. 359
Operational and legal risks	31	Other risks: insurance sector, operational, legal, IT systems, business continuity plans	P. 76 to 82	P 134 to 143, P. 175 to 182		
	32	Stated risks and on-going actions with respect to operational and legal risks		P 179 to 184		P. 349 to 351

Pillar 3 cross-reference table (CRR AND CRD IV)

Article CRR	Theme	2019 Universal Registration Document	Pages
90 (CRD IV)	Return on assets	Undisclosed information	
435 (CRR)	1. Risk management objectives and policies	Presentation of Committees – Corporate governance Organisation of the Risk function Risk Committee	P. 76 to 82 P. 144 to 147
436 (a) (b)	2. Scope of application	Financial statements Note 11.2 Pillar 3	P.189, 204 and 206 P. 372 to 375
436 (c) (d) (e) (CRR)	2. Scope of application	Information not published	
437 (CRR)	3. Own funds	Reconciliation of accounting and regulatory capital Deeply subordinated notes and preferred shares	P. 199 P. 195 to 196
438 (CRR)	4. Capital requirements	Risk weighted assets by type of risk and evolution	P. 211 to 212
439 (CRR)	5. Exposure to counterparty credit risk	Overview - Exposure by type of risk Credit risk Counterparty risk	P. 213 to 245
440 (CRR)	6. Capital buffers	Pillar 1 and 2 minimum capital requirements and exposures by geographic area	P. 190 to 191 P. 216 to 217
441 (CRR)	7. Indicators of global systemic importance	N/A	
442 (CRR)	8. Credit risk adjustments	credit and counterparty risk mitigation techniques	P. 221 to 227
443 (CRR)	9. Encumbered assets	Encumbered assets	P. 255 to 256
444 (CRR)	10. Use of ECAIs	Insurance providers	P. 244 to 255
445 (CRR)	11. Exposure to market risk	Exposure to the trading book's market risk	P. 253 to 254
446 (CRR)	12. Operational risk	Operational risk	P. 179 and 254
447 (CRR)	13. Exposures in equities not included in the trading book	Exposures to equities included in the banking book	P. 213 to 214, P. 245 to 246
448 (CRR)	14. Exposures to interest rate risk on positions not included in the trading book	Global interest rate risk – Risk management	P. 154, 175 to 176 and P. 254
449 (CRR)	15. Exposure to securitisation positions	Securitisation - Pillar 3	P. 246 to 252
450 (CRR)	16. Compensation policy	Compensation policy - Corporate governance (chapter. 3)	P. 105 to 111 and P. 258
451 (CRR)	17. Leverage	Leverage ratio	P. 200 to 202
452 (CRR)	18. Use of the IRB Approach for credit risk	Credit risk under IRB approach	P. 231 to 237
453 (CRR)	19. Use of credit risk mitigation techniques	Credit risk mitigation mechanism	P. 163, P. 244 to 245
454 (CRR)	20. Use of the Advanced Measurement approaches for operational risk	Operational risk	P. 179 and 254
455 (CRR)	21. Use of internal market risk models	Exposures capital requirements under the internal models approach	P. 253 to 254

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CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2019

Approved by the Board of Directors on February 12th 2020 and submitted for approval by the Ordinary General Meeting of 4th May 2020

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€1,553 M

NET INCOME GROUP SHARE

€22,147 M

TOTAL EQUITY

€5,459 M

NET BANKING INCOME

€552,743 M

TOTAL ASSETS

123

NUMBER OF CONSOLIDATED ENTITIES

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

1. GENERAL BACKGROUND

1.1 LEGAL PRESENTATION OF CRÉDIT AGRICOLE CORPORATE AND INVESTMENT BANK

CORPORATE NAME

Crédit Agricole Corporate and Investment Bank.

TRADING NAMES

Crédit Agricole Corporate and Investment Bank - Crédit Agricole CIB - CACIB.

ADDRESS OF THE 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).

LEI CODE (*LEGAL ENTITY IDENTIFIER*)

1VUV7VQFKUOQSJ21A208.

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			WEALTH MANAGEMENT
	EUROPE	**ASIA**	**AMERICA**	
BRANCHES	▪ GERMANY ▪ BELGIUM ▪ SPAIN ▪ FINLAND ▪ ITALY ▪ UNITED KINGDOM ▪ SWEDEN **AFRICA/ MIDDLE EAST** ▪ ABU DHABI ▪ DUBAI	▪ SOUTH KOREA ▪ HONG-KONG ▪ INDIA ▪ JAPAN ▪ SINGAPORE ▪ TAIWAN	▪ UNITED STATES ▪ CANADA	▪ MIAMI
	EUROPE	**ASIA/ PACIFIC**	**AMERICA**	
SUBSIDIARIES/INVESTMENTS	▪ 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 [4.0%]	▪ 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%]	▪ BANCO CRÉDIT AGRICOLE BRAZIL [100%] ▪ CRÉDIT AGRICOLE SECURITIES (USA) INC. [100%]	▪ 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%]

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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)	31.12.2019
Assets	
Loans and advances	7,619
Derivatives financial instruments held for trading	22,361
Liabilities	
Accounts and deposits	18,959
Derivatives financial instruments held for trading	22,269
Subordinated debts	4,982
Preferred shares	
Financing and guarantee commitments	
Other guarantees given	1,054
Counter-guarantees received	2,408
Other guarantees received	
Refinancing agreements received	

The outstandings on loans and unsettled accounts represent the cash flow between Crédit Agricole CIB and Crédit Agricole Group.

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 any potential 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 13.

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 2019, the non-netted and off-balance sheet outstandings reported by Crédit Agricole CIB and its affiliates UBAF and Elipso are:

Outstandings (€ million)	31.12.2019
Assets	
Loans and advances	
Derivatives financial instruments held for trading	1
Liabilities	
Accounts and deposits	5
Derivatives financial instruments held for trading	14
Financing and guarantee commitments	
Other guarantees given	29
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	31.12.2019	31.12.2018
Interest and similar income	4.1	6,984	6,215
Interest and similar expenses	4.1	(4,288)	(3,758)
Fee and commission income	4.2	1,547	1,581
Fee and commission expenses	4.2	(708)	(624)
Net gains (losses) on financial instruments at fair value through profit or loss	4.3	1,832	1,774
Net gains (losses) on held for trading assets/liabilities		3,503	540
Net gains (losses) on other financial assets/liabilities at fair value through profit or loss		(1,671)	1,234
Net gains (losses) on financial instruments at fair value through other comprehensive income	4.4	88	92
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)		87	92
Net gains (losses) arising from the derecognition of financial assets at amortised cost	4.5	(17)	(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	79	94
Expenses on other activities	4.6	(58)	(97)
Revenues		**5,459**	**5,276**
Operating expenses	4.7	(3,226)	(3,235)
Depreciation, amortisation and impairment of property, plant & equipment and intangible assets	4.8	(196)	(86)
Gross operating income		**2,037**	**1,955**
Cost of risk	4.9	(165)	55
Operating income		**1,872**	**2,010**
Share of net income of equity-accounted entities		4	
Net gains (losses) on other assets	4.10	51	
Change in value of goodwill	6.7		
Pre-tax income		**1,927**	**2,010**
Income tax charge	4.11	(355)	(525)
Net income from discontinued operations			
Net income		1,572	1,485
Non-controlling interests	6.18	19	6
NET INCOME GROUP SHARE		**1,553**	**1,479**
Earnings per share (in euros) [1]	6.17	4.46	4.44
Diluted earnings per share (in euros) [1]	6.17	4.46	4.44

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

2.2 NET INCOME AND OTHER COMPREHENSIVE INCOME

€ million	Notes	31.12.2019	31.12.2018
Net income		**1,572**	**1,485**
Actuarial gains and losses on post-employment benefits	4.12	(90)	52
Other comprehensive income on financial liabilities attributable to changes in own credit risk [1]	4.12	(67)	368
Other comprehensive income on equity instruments that will not be reclassified to profit or loss [1]	4.12	36	264
Pre-tax other comprehensive income on items that will not be reclassified to profit or loss excluding equity-accounted entities	4.12	**(121)**	**684**
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	**45**	**(262)**
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 on entities 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	**(76)**	**422**
Gains and losses on translation adjustments	4.12	129	148
Other comprehensive income on debt instruments that may be reclassified to profit or loss	4.12	3	(40)
Gains and losses on hedging derivative instruments	4.12	229	(109)
Pre-tax other comprehensive income on items that may be reclassified to profit or loss excluding equity-accounted entities	4.12	361	(1)
Pre-tax other comprehensive income on items that may be reclassified to profit or loss on equity-accounted entities, Group Share	4.12	**(3)**	**(1)**
Income tax related to items that may be reclassified to profit or loss excluding equity-accounted entities	4.12	**(80)**	**47**
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 on entities from discontinued operations	4.12		
Other comprehensive income on items that may be reclassified subsequently to profit or loss net of income tax	4.12	**278**	**45**
OTHER COMPREHENSIVE INCOME NET OF INCOME TAX	4.12	**202**	**467**
NET INCOME AND OTHER COMPREHENSIVE INCOME		**1,774**	**1,952**
Of which Group share		1,757	1,951
Of which non-controlling interests		17	1

[1] Amount of items that will not be reclassified in profit and loss transferred to reserves. (see Note 4.12).

2.3 BALANCE SHEET - ASSETS

€ million	Notes	31.12.2019	31.12.2018
Cash, central banks	6.1	58,257	46,538
Financial assets at fair value through profit or loss	3.1 - 6.2 - 6.6 - 6.7	249,790	240,774
Financial assets held for trading		249,068	240,560
Other financial instruments at fair value through profit or loss		722	214
Hedging derivative Instruments	3.1 - 3.2 - 3.4	1,550	965
Financial assets at fair value through other comprehensive income	3.1 - 6.4 - 6.6 - 6.7	9,641	11,362
Debt instruments at fair value through other comprehensive income that may be reclassified to profit or loss		8,883	9,700
Equity instruments at fair value through other comprehensive income that will not be reclassified to profit or loss		758	1,662
Financial assets at amortised cost	3.1 - 3.3 - 6.5 - 6.6 - 6.7	197,440	181,371
Loans and receivables due from credit institutions		15,996	19,172
Loans and receivables due from customers		143,864	134,302
Debt securities		37,580	27,897
Revaluation adjustment on interest rate hedged portfolios		1	2
Current and deferred tax assets [1]	6.10	1,117	1,145
Accruals, prepayments and sundry assets	6.11	32,541	27,862
Non-current assets held for sale and discontinued operations			
Investments in equity-accounted entities	6.12		
Investment property		1	1
Property, plant and equipment [1]	6.13	999	356
Intangible assets [1]	6.13	362	301
Goodwill	6.14	1,044	1,025
TOTAL ASSETS		**552,743**	**511,702**

[1] *See note 12 "Impacts of accounting changes or other events" on the impacts of the first-time application of IFRS 16 Leases at 1 January 2019.*

2.4 BALANCE SHEET - LIABILITIES

€ million	Notes	31.12.2019	31.12.2018
Central banks	6.1	1,812	877
Financial liabilities at fair value through profit or loss	6.2	254,776	234,880
Held for trading financial liabilities		224,789	208,156
Financial liabilities designated at fair value through profit or loss		29,987	26,724
Hedging derivative Instruments	3.2 - 3.4	1,334	1,067
Financial liabilities at amortised cost		235,289	222,353
Due to credit institutions	3.3 - 6.8	44,646	47,302
Due to customers	3.1 - 3.3 - 6.8	133,352	123,510
Debt securities	3.2 - 3.3 - 6.8	57,291	51,541
Revaluation adjustment on interest rate hedged portfolios		37	5
Current and deferred tax liabilities [1]	6.10	2,393	1,959
Accruals, prepayments and sundry liabilities [1]	6.11	28,543	23,487
Liabilities associated with non-current assets held for sale and discontinued operations			
Insurance compagny technical reserves		8	10
Provisions [2]	6.15	1,422	1,679
Subordinated debt	6.16	4,982	4,959
Total Liabilities		**530,596**	**491,276**
Equity		**22,147**	**20,426**
Equity - Group share		**22,032**	**20,308**
Share capital and reserves		13,574	12,860
Consolidated reserves		6,527	5,795
Other comprehensive income		378	174
Other comprehensive income on discontinued operations			
Net income (loss) for the year		1,553	1,479
Non-controlling interests		**115**	**118**
TOTAL LIABILITIES AND EQUITY		**552,743**	**511,702**

[1] *See note 12 "Impacts of accounting changes or other events" on the impacts of the first-time application of IFRS 16 Leases at 1 January 2019.*

[2] *Impacts of the first-time application of IFRIC 23 on the reclassification of provisions for fiscal risks relating to income taxes under "Current and deferred tax liabilities".*

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2.5 STATEMENT OF CHANGES IN EQUITY

	Group share						
	Share and capital reserves					Other comprehensive income	
€ million	Share capital	Share premium and consolidated reserves	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 2018 Publised	**7,852**	**8,832**		**2,107**	**18,791**	**454**	**(305)**
Impacts of new accounting standards		328			328	36	(483)
Equity at 1st January 2018	**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 Regional Banks and subsidiaries							
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							
Other variations		48			48		
Equity at 31 December 2018	**7,852**	**7,886**		**2,917**	**18,655**	**536**	**(362)**
Appropriation of 2018 net income		1,479			1,479		
Equity at 1st January 2019	**7,852**	**9,365**		**2,917**	**20,134**	**536**	**(362)**
Impacts of new accounting standards							
Equity at 1st January 2019 Restated	**7,852**	**9,365**		**2,917**	**20,134**	**536**	**(362)**
Capital increase							
Changes in treasury shares held							
Issuance of equity instruments				714	714		
Remuneration of undated deeply subordinated notes				(257)	(257)		
Dividends paid in 2019		(489)			(489)		
Dividends received from Regional Banks and subsidiaries							
Impact of acquisitions/disposals on non-controlling interests		(1)			(1)		
Changes due to share-based payments							
Changes due to transactions with shareholders		**(490)**		**457**	**(33)**		
Changes in other comprehensive income		**32**			**32**	**282**	**(75)**
Of which other comprehensive income on equity instruments that will not be reclassified to profit or loss reclassified to consolidated reserves		42			42		(42)
Of which other comprehensive income attributable to changes in own credit risk reclassified to consolidated reserves		(7)			(7)		7
Share of changes in equity-accounted entities						(3)	
Net income for 2019							
Other variations		(32)			(32)		
EQUITY AT 31 DECEMBER 2019	**7,852**	**8,875**		**3,374**	**20,101**	**815**	**(437)**

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 subsequently to profit or loss net of income tax	Other comprehensive income on items that will not be reclassified subsequently to profit or loss net of income tax	Total other comprehensive income	Total equity	Total consolidated equity
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**
	(1,479)							
174		**20,308**	**119**	**2**	**(3)**	**(1)**	**118**	**20,426**
174		**20,308**	**119**	**2**	**(3)**	**(1)**	**118**	**20,426**
		714						714
		(257)						(257)
		(489)	(8)				(8)	(497)
		(1)	(8)				(8)	(9)
		(33)	**(16)**				**(16)**	**(49)**
207		**239**		**(1)**	**(1)**	**(2)**	**(2)**	**237**
(42)								
7								
(3)		(3)						(3)
	1,553	**1,553**	**19**				**19**	**1,572**
		(32)	(4)				(4)	(36)
378	**1,553**	**22,032**	**118**	**1**	**(4)**	**(3)**	**115**	**22,147**

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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 "fair value through profit or loss" or "fair value through non-recylcable equity" sections.

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	31.12.2019	31.12.2018
Pre-tax income		**1,927**	**2,010**
Net depreciation and impairment of property, plant & equipment and intangible assets		196	86
Impairment of goodwill and other fixed assets			
Net addition to provisions		218	(19)
Share of net income of equity-accounted entities		(4)	
Net income (loss) from investment activities		(52)	
Net income (loss) from financing activities		242	188
Other movements		(265)	(56)
Total non-cash and other adjustment items included in pre-tax income		**335**	**199**
Change in interbank items		696	5,536
Change in customer items		(2,783)	(592)
Change in financial assets and liabilities		8,091	1,935
Change in non-financial assets and liabilities		105	(371)
Dividends received from equity-accounted entities		1	
Tax paid		(324)	(203)
Net change in assets and liabilities used in operating activities		5,786	6,305
Cash provided (used) by discontinued operations			
Total net cash flows from (used by) operating activities (A)		**8,048**	**8,514**
Change in equity investments [1]		980	(7)
Change in property, plant & equipment and intangible assets		(226)	(159)
Cash provided (used) by discontinued operations			
Total net cash flows from (used by) investment activities (B)		**754**	**(166)**
Cash received from (paid to) shareholders [2]		(40)	(422)
Other cash provided (used) by financing activities [3]		1,497	824
Cash provided (used) by discontinued operations			
Total net cash flows from (used by) financing activities (C)		**1,457**	**402**
Impact of exchange rate changes on cash and cash equivalent (D)		**1,153**	**1,298**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENT (A + B + C + D)		**11,412**	**10,048**
Cash and cash equivalents at beginning of period		**42,150**	**32,101**
Net cash accounts and accounts with central banks *		45,647	31,008
Net demand loans and deposits with credit institutions **		(3,497)	1,093
Cash and cash equivalents at end of period		**53,564**	**42,149**
Net cash accounts and accounts with central banks *		56,438	45,646
Net demand loans and deposits with credit institutions **		(2,874)	(3,497)
NET CHANGE IN CASH AND CASH EQUIVALENTS		**11,414**	**10,048**

[1] This line includes net impacts of acquisitions and disposals of consolidated equity investments on cash. It mostly refers to the effect of the disposal of BSF securities for €965 million.

[2] For 2019, this amount includes the payment of Crédit Agricole CIB dividends to Crédit Agricole S.A. for -€450 million, an AT1 issue by Crédit Agricole CIB subscribed by Crédit Agricole S.A. for +€714 million and a payment of interest under the AT1 issue of -€257 million.

[3] This line mainly records the issue of the SNP debt (Senior non-Preferred) by Crédit Agricole CIB S.A. for €1,812 million, exercise of the TSS call subscribed by Crédit Agricole S.A. London for -€232 million, AT2 issues for €250 million as well as interest payment for -€192 million.

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

*** Consisting of the balance of "Performing current accounts in debit" and "Performing overnight accounts and advances" as detailed in Note 6.3 and "Current accounts in credit" and "Overnight accounts and advances" as detailed in Note 6.5 (excluding accrued interest).*

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3. 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 2019 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 2018.

They have been supplemented by the provisions of those IFRS as endorsed by the European Union at 31 December 2019 and that must be applied in 2019 for the first time.

They cover the following:

Standards, amendments or interpretations	Date published by the European Union	Applicable in the Group	Date of first-time application: financial years from
IFRS 16 "Leases" Replacement of IAS 17 on lease accounting and related interpretations (IFRIC 4 "Determining Whether an Arrangement Contains a Lease", SIC 15 "Operating Leases – Incentives" and SIC 27 "Evaluating the Substance of Transactions" in the Legal Form of a Lease).	31 October 2017 (EU 2017/1986)	Yes	1 January 2019
Amendment to IFRS 9 "Financial Instruments" Options for early prepayment with negative penalty	22 March 2018 (EU 2018/498)	Yes	1 January 2019 [1]
Interpretation of IFRIC 23 "Uncertainty over Income Tax Treatments" Clarifications to IAS 12 "Income Taxes"	24 October 2018 (EU 2018/1595)	Yes [2]	1 January 2019
Improvements to IFRS cycle 2015-2017: - IAS 12 "Income taxes" - IAS 23 "Borrowing Costs" - IFRS 3/IFRS 11 "Business Combinations"	15 March 2019 (EU 2019/412)	 Yes Yes Yes	 1 January 2019 1 January 2019 1 January 2019
Amendment to IAS 28 "Investments in Associates and Joint Ventures" Clarifications for investors on the accounting of long-term interests granted to an associate/joint venture	11 February 2019 (EU 2019/237)	Yes	1 January 2019
Amendment to IAS 19 "Employee benefits" Clarifications on the consequences of a regime modification, reduction or liquidation on determining the cost of services rendered and the net interest	14 March 2019 (EU 2019/402)	Yes	1 January 2019

[1] The Group decided to apply the amendment to IFRS 9 early from 1 January 2018.
[2] The Group has applied the IFRIC 23 rule "Uncertainty over income tax treatments" to establish its consolidated financial statements for 2019 exercice. As a consequence of this rule, Crédit Agricole CIB reclassified provisions for tax related uncertainties to income under "Current and deferred tax liabilities" in the balance sheet.

For its accounts from 1st January 2019, Crédit Agricole CIB Group publishes, for the first time, its IFRS financial statements under IFRS 16 Leases (see Chapter 1.2 "Accounting principles and methods").

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).

The main change made by IFRS 16 relates to accounting for lessees. IFRS 16 calls 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 of use.

For the first application of IFRS 16, the Group Crédit Agricole CIB decided to apply the modified retrospective method without restatement of comparative information for 2019 in accordance with paragraph C5(b) of IFRS 16. In line with this approach, for contracts previously classified as operating leases pursuant to IAS 17, at 1 January 2019, the Group reported lease liabilities equal to the value updated for remaining lease payments and an asset for the right of use equal to the amount of the lease liability adjusted for any lease payments in advance or to be made which were reported in the statement of financial position immediately prior to the date of first application.

For leases previously classified as finance leases, Crédit Agricole CIB reclassified the carrying amount of the lease asset and the liability reported according to IAS 17 immediately prior to the date of first application as right of use (property, plant and equipment) and lease liabilities (other liabilities) on the date of first application.

The application of IFRS 16 has not had a significant impact on net income and equity.

On the date of transition, the Group chose to apply the following simplification measures proposed by the standard:

- no adjustment for leases whose residual maturity on the date of application is less than twelve months;
- in accordance with the IFRIC update of March 2019 as well as the AMF recommendation 2019-13, the Group has not taken into account the decision of the IFRS IC of 26/11/2019 relating to the determination of the duration of IFRS16 lease in the financial statements at 31 December 2019, so as to have the time necessary for analysing the accounting consequences of this decision during fiscal year 2020. As a result, the accounting policies and methods of the annual financial statements at 31 December 2019 have not been impacted;
- no adjustment for leases whose underlying asset is of low value;
- adjustment of the righ of use in the amount reported at 31 December 2018 in the statement of financial position as provision for loss-making contracts;
- exclusion of the initial direct costs of the right of use valuation.

The Group also decided not to reassess whether a contract is or contains a lease on the date of transition. For contracts entered into prior to the date of transition, the Group has applied IFRS 16 to contracts identified as leases pursuant to IAS 17 and IFRIC 4.

The discount rate used for the calculation of the right of use and the lease liability is the marginal debt ratio on the initial date of application of IFRS 16, based on the residual term of the contract on 1 January 2019.

The right of use recorded on the date of first application essentially concern property leases (offices buildings).

Furthermore, 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 of publication by the European Union	Applicable in the Group	Date of first-time mandatory application: financial years from
Amendment to references to the Conceptual Framework in IFRS standards	6 December 2019 (UE 2019/2075)	Yes	1 January 2020
IAS 1/IAS 8 Presentation of the financial statements Definition of materiality	10 December 2019 (UE 2019/2104)	Yes	1 January 2020
Amendment to IFRS 9, IAS 39 and IFRS 7 Financial instruments Reform of benchmark interest rates	15 January 2020 (UE 2020/34)	Yes	1 January 2020 [1]

[1] The Group decided to apply the amendment to IFRS 9, IAS 39 and IFRS 7 Financial instruments on the reform of benchmark interest rates early from 1 January 2019.

The standards and interpretations published by IASB at 31 December 2019, 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 2019.

This concerns IFRS 17 in particular.

IFRS 17 Insurance Contracts published in May 2017 will replace IFRS 4. The Exposure Draft of the IASB amending IFRS 17 published in June 2019 recommended postponing its application date by one year, i.e. to 1 January 2022.

IFRS 17 defines new principles in terms of valuation, recognition of liabilities under insurance contracts and the assessment of their profitability, as well as in terms of presentation. In 2017 and 2018, a framework for the implementation project was carried out to identify the issues and impacts of the standard for the Group's insurance subsidiaries. During 2019, the analysis and implementation preparation work continued.

In addition, an amendment to an existing standard, published by the IASB, is also waiting to be adopted by the European Union: it is the amendment to IFRS 3 Business combinations (with possibility of early application).

IBOR REFORM

The Crédit Agricole Group, as a user of critical interest rates indexes, is highly aware of the importance of benchmarks indexes and the challenges relating to their developments, which are taking place within the framework of the ongoing reforms.

The "Benchmarks" project of the Crédit Agricole Group steers the transition of benchmark indexes for the Group and ensures that the entities comply with the BMR (Benchmark Regulation). It was launched within Group entities to prepare all businesses and support customers in the transitions to the new benchmark rates.

It has been organised to review and analyse the impacts of the reform. A cartography identifies, in particular, all of the exposures and contracts so as to estimate Crédit Agricole Group's consolidated exposure to the reform.

The Group's hedging relationships are exposed to the following main indexes:

- EONIA
- Critical benchmarks defined in the BMR: Euribor, USD Libor, GBP Libor, JPY Libor, CHF Libor, EUR Libor, Weber, Stibor and Hibor

Considering the items available to date, for Eonia contracts, the period of uncertainty about the future of this index should end on 3 January 2022. For other indexes, the various works in progress do not, at this stage, make it possible to establish an application end date.

At 31 December 2019, this cartography shows a nominal amount of hedging instruments impacted by the reform of €153 billion.

The Group will apply the amendments to IFRS 9 published by the IASB on 26 September 2019 as long as the uncertainties about the future of the indexes will impact the amounts and maturities of interest flows.

1.2 Accounting policies and principles

1.2.1 USE OF ASSESSMENTS AND ESTIMATES IN THE PREPARATION OF THE FINANCIAL STATEMENTS

Estimates made to establish 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:

- activities in domestic and international markets;
- fluctuations in interest and exchange rates;
- the economic and political climate in certain industries or countries; and
- changes in regulation 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;
- impairment of loans and debt securities at amortised cost or at fair value through other comprehensive income with transfer to profit and loss;
- provisions;
- goodwill impairment;
- deferred tax assets;
- valuation of equity-accounted entities;
- deferred profit-sharing.

The procedures for the use of assessments or estimates are described in the relevant sections below.

1.2.2 FINANCIAL INSTRUMENTS (IFRS 9, IAS 32 AND IAS 39)

◆ 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 cash 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 IFRS 9 as endorsed by the European Commission, including financial assets held by the Group's insurance entities.

The IFRS 9 Standard defines the principles relating to the classification and measurement of financial instruments, the credit risk impairment and hedge accounting, excluding macro-hedging transactions.

However, Crédit Agricole CIB uses the option of not applying the IFRS 9 general model of hedging. All of the hedging relationships therefore are treated according to IAS 39, pending future provisions relating to macro-hedging.

◆ Conventions for measuring financial assets and liabilities

INITIAL MEASUREMENT

When first recognised, financial assets and liabilities are measured 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 measurement.

SUBSEQUENT MEASUREMENT

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 measured at their fair value.

The amortised cost corresponds to the amount at which the financial asset or financial liability is measured when first recognised, including the transaction costs directly attributable to their acquisition or issuance, minus principal repayments, plus or minus the aggregate depreciation calculated using the effective interest (EIR) 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 (EIR) 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 classified in the balance sheet in accounting categories which determine their accounting treatment and subsequent method of measurement. These financial assets are classified in one of the three following categories:

- financial assets at fair value through profit and loss;
- financial assets at amortised cost;
- financial assets at fair value through other comprehensive income.

The criteria for classification and measurement of financial assets depend on the nature of the financial asset, and its classification as:

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

DEBT INSTRUMENT

The classification and measurement of a debt instrument depend on two combined criteria: the business model defined at portfolio level and the analysis of the contractual characteristics determined for each debt instrument except when using 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 business models:

- The *collect 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. However, sales of financial assets with a collect business model are strictly restricted;
- The *collect and sale 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 *other/sale model*, the main objective of which is to dispose of the assets.

When the strategy that the management follows to manage financial assets corresponds neither to the collect model nor to the collect and sale model, these financial assets are classified in a portfolio, whose business model is other/sale. It concerns the portfolios which are held for the purpose of collecting cash via disposals, portfolios the performance of which is 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 when the payment of interests 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 is fixed or variable.

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

In some cases, when such qualitative analysis is not adequate to conclude, quantitative analysis (or Benchmark testing) is carried out. This additional analysis consists in 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 insignificant, 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 the credit risk borne by the tranches subscribed compared with the credit risk of the underlying assets.

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

▶ Debt instrument

		BUSINESS MODELS		
		COLLECT	COLLECT AND SALE	OTHER/ SALE
SPPI TEST	SATISFIED	Amortised cost	Fair value through other comprehensive income with transfer to profit and loss	Fair value through profit and loss
	NON-SATISFIED	Fair value through profit and loss	Fair value through profit and loss	Fair value through profit and loss (SPPI TEST N/A)

Debt instruments at amortised cost

Debt instruments are measured 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 measurement also includes accrued coupons 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.

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 through other comprehensive income with transfer to profit and loss

Debt instruments are measured at fair value through other comprehensive income with transfer to profit and loss if they are eligible for the collection and sale model and if they respect the "SPPI" test.

They are recorded on the trading date and their initial measurement also includes accrued coupons and transaction costs. Amortisation of any premiums or discounts and transaction costs on fixed-income securities is recognised in the income statement using the effective interest rate method.

These financial assets are subsequently measured at their fair value and the variations in fair value are recognised under other comprehensive income with transfer to profit and loss against the outstanding account (excluding incurred interest accounted for in profit and loss using the effective interest rate method).

In the case of a disposal, these variations are transferred to profit and 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 through profit and loss

Debt instruments are measured at fair value through profit and 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 measurement in order to reduce an accounting treatment difference in the income statement. In this case, it is a classification 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 recognised under profit and loss) and including coupons incurred.

They are subsequently measured at their fair value and the changes in fair value are recognised under profit and loss, Net Banking Income (NBI), against the outstanding account. Interests from these instruments are recognised under "Net gains (losses) on financial instruments at fair value through profit and loss.

This category of financial assets is not subject to impairment.

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

Debt instruments at fair value through profit and loss as an option are recorded on the trading date.

EQUITY INSTRUMENTS

Equity instruments are by default recognised at fair value through profit and loss, except as an irrevocable option for a classification at fair value through other comprehensive income with no transfer to profit and loss, providing these instruments are not held-for-trading.

Equity instruments at fair value through profit and loss

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

They are subsequently measured 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.

Equity instruments at fair value through other comprehensive income with no transfer to profit and loss (as irrevocable option)

The irrevocable option to recognise equity instruments at fair value through other comprehensive income with no transfer to profit and loss 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 measurements, the variations in fair value are accounted in other comprehensive income. If sold, these variations are not transferred to profit and loss, the income from the sale is recognised under other comprehensive income.

Only dividends are recognised in profit and 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 all 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 recognised 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 recognised 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 transactions (a managed operation, the performance of which is measured 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 of the risks and rewards of ownership in the financial asset are transferred.

In this case, 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 recognised on this date at their fair value on the renegotiation date. The subsequent accounting treatment depends on the business model and the "SPPI" test.

◆ 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 and 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 measured at fair value by nature.

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

FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT AND LOSS BY OPTION

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

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

During subsequent measurements, these financial liabilities are measured at fair value against profit and loss for changes in fair value not related to the issuer's own credit risk and against other comprehensive income with no transfer to profit and loss for changes in value related to the issuer's own credit risk, except if this distorts the accounting treatment.

Crédit Agricole CIB's structured issuances are classified as financial liabilities designated at fair value through profit and loss by option. 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 measured at amortised cost.

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

RECLASSIFICATION OF FINANCIAL LIABILITIES

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

DISTINCTION BETWEEN LIABILITIES AND EQUITY

The distinction between liabilities and equities is 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 immediately recognised in the income statement at the date of the modification and then is subject to a staggering at the original EIR over the residual lifespan of the instrument.

◆ Impairment / Provisioning for credit risk

SCOPE 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 recognised at amortised cost or at fair value through other comprehensive income with transfer to profit and loss (loans and receivables, debt securities);
- the financing commitments which are not measured at fair value through profit and loss;
- guarantee commitments under IFRS 9 and which are not measured at fair value through profit and loss;
- lease receivables under IFRS 16; and
- trade receivables generated by transactions under IFRS 15.

Equity instruments (at fair value through profit and loss or at fair value through other comprehensive income with no transfer to profit and loss) are not concerned by impairment arrangements.

Derivative instruments and other instruments at fair value through profit and 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".

CREDIT RISK AND IMPAIRMENT/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 significantly deteriorates 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.

An outstanding 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;
- granting, by the lenders to the borrower, for economic or contractual reasons related 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 incurred.

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

The defaulting counterparty only returns to a sound 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 expected credit loss "ECL"

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

The ECL approach aims at anticipating, as soon as possible, for the recognition of expected credit losses.

GOVERNANCE AND MEASUREMENT OF ECL

The governance of the mechanism for measuring IFRS 9 parameters is based on the organisation implemented 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 widely based on the internal models used as part of the regulatory framework when they exist, but with adjustments to determine an economic ECL. IFRS 9 recommends a *Point in Time* analysis while taking into account historical loss data and *Forward Looking* macro-economic data, whereas the regulatory perspective is analysed *Through The Cycle* for probability of default and *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.

Expected credit losses on the next 12 months are a portion of the expected credit losses on 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 recognition of the financial instrument.

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.

The ECL measurement methods take into account the assets pledged as guarantee and other credit enhancements that are part of the contractual terms and that the entity does not recognise separately. The estimate of expected insufficiency of cash flows from a guaranteed financial instrument reflects the amount and timing of recovery of the guarantees. In accordance with IFRS 9, guarantees and collateral taken into account do not impact the assessment of the significant deterioration in credit risk: it is based on the change in the credit risk on the debtor without taking the guarantees into account.

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

Prospective macro-economic data (*Forward Looking*) 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 transactions;
- 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, at each closing date the deterioration of the credit risk from inception. This assessment of the evolution of the credit risk leads entities to classify their transactions 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 related 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).

Significant deterioration is monitored for every financial instrument, without exception. 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 be performed with regards to the evolution of the credit risk of the principal debtor without taking into account the guarantee, including for transactions 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 an individual basis.

In order to measure the significant deterioration of the credit risk since the initial recognition, it is necessary to retrieve the internal rating and the PD (probability of default) upon inception.

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

For the scope without an internal rating model, the Crédit Agricole Group uses the absolute arrears threshold of more than 30 days as the ultimate threshold for significant deterioration and classification as Bucket 2.

For amounts outstanding (except for securities) for which internal rating mechanisms have been built (in particular exposures monitored with authorised methods), the Crédit Agricole Group considers that all information incorporated into the rating 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 impairment 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 an isolated financial instrument, the standard authorises the assessment of the significant deterioration of portfolios, groups of portfolios or portions of portfolios of financial instruments.

The constitution of portfolios for a collective assessment of impairment may result from common characteristics such as:

- type of instrument;
- credit risk rating;
- type of guarantee;
- date of initial recognition;
- 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 reunification of financial instruments for the purpose 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 in 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;
- *"Non-Investment Grade"* (NIG) rated securities , 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 related to 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 security, according to the deterioration of the credit risk observed since the initial recognition.

In accordance with the definition of the EBA (European Banking Authority) specified in the "Risk Factors" Chapter, receivables 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 receivables restructured due to financial difficulties therefore involves two cumulative criteria:

- Modifications of 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 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 situation.

Loan restructuring (sound or default) indicates a presumption of the existence of a risk of incurred loss (Bucket 3).

The need to constitute impairment on restructured exposure must therefore be analysed accordingly (restructuring does not systematically lead to impairment for an incurred loss and classification in default).

The qualification of "restructured receivable" is temporary.

As soon as the restructuring transaction according to the EBA has been carried out, the exposure maintains this status of "restructured" for a period of at least two years if the exposure was sound 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, provided 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 in cost of risk.

It is equal to the difference between:

- The carrying amount of the receivable;
- And the sum of theoretical future cash flows from the "restructured" loan, discounted at the initial effective interest rate (defined at the date of the financing commitment).

In the case of the abandonment of part of the principal, this amount constitutes a loss to be immediately recognised under cost of risk.

The discount recognised when a loan is restructured is recorded under cost of risk.

When this discount is reversed, the portion due to the effect of the passage of time is recognised under Net Banking Income.

NON-RECOVERABILITY

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

Decisions as to when to write off are taken on the basis of expert judgment. Each entity must then determine it, with its Risk Department, with regards to its business knowledge. Before any write-off, a Bucket 3 provision should be recognized (except for assets at fair value through profit and loss).

◆ Derivatives

CLASSIFICATION AND MEASUREMENT

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

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

They are subsequently measured at their fair value.

On each closing date, changes in fair value of derivatives on the balance sheet are recorded:

- Under profit and loss for derivative instruments held for trading or fair value hedging;
- Under OCI for cash flow hedging or a net investment in an activity abroad, for the effective part of the hedge.

HEDGE ACCOUNTING

General framework

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 standard. All hedging relationships are documented under IAS 39 rules, at latest up to the date of application of the text on macro hedge, 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 measurement principles of financial instruments under IFRS 9.

Under IFRS 9, and given the hedging principles of IAS 39, debt instruments at amortised cost and at fair value through other comprehensive income with transfer to profit and loss are eligible for fair value hedge and cash flow hedge.

Documentation

Hedging relationships must respect the following principles:

- Fair value hedge aims at providing 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 and loss (for example, hedge of all or part of the changes in fair value due to the interest rate risk of a fixed rate loan);
- Cash flow hedge aims at providing protection from an exposure to the variations in future cash flow of an asset or liability recognised, 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 and loss (for example, hedge of variations of all or part of future interest payments on a variable rate loan);
- Hedge of net investments in a foreign transaction aims at providing 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 Euro, the currency which Crédit Agricole CIB reports in.

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

- The hedging instrument and the instrument hedged must be eligible;
- There must be formal documentation from inception, primarily including the individual identification and characteristics of the hedged item, the hedging instrument, the nature of the hedging relationship and the nature of the hedged risk;
- The effectiveness of the hedge must be demonstrated, at inception and retrospectively, by testing at each reporting date.

For interest rate hedge for a portfolio of financial assets or financial liabilities, Crédit Agricole Group documents the hedging relationship for fair value hedge 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 Chapter 5 "Risk factors and Pillar 3".

Measurement

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

- Fair value hedge: 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 hedge: 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 accumulated through other comprehensive income are then transferred 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 against the account of translation differences in other comprehensive income and the inefficient portion of the hedge is recognised in the income statement.

When the conditions to benefit from hedge accounting are no longer met, the following accounting treatment must be applied from then on:

- Fair value hedge: only the hedging instrument continues to be remeasured through profit and loss. The hedged item is wholly accounted for according to its classification. For debt instruments at fair value through other comprehensive income with transfer to profit and loss, fair value variations after the end of the hedging relationship are entirely recognised in other comprehensive income. For hedged items measured at amortised cost, which were interest rate hedged, the re-measurement adjustment is amortised over the remaining life of those hedged items;
- Cash flow hedge: the hedging instrument is measured at fair value through profit and 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 and loss. For interest rate hedged instruments, profit and loss is affected according to the payment of interest. The remeasurement adjustment is therefore amortised over the remaining life of those hedged items;
- Hedge of a net investment in a foreign transaction: the amounts accumulated in other comprehensive income under the effective portion of the hedge remain in other comprehensive income while the net investment is held. The income is recorded once the net investment in a foreign transaction 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 and 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 when the management and risk monitoring strategy allow so 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 Chapter 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 measured at fair value through profit and loss (by nature or as an option), the fair value takes into account the issuer's own credit risk.

FAIR VALUE OF STRUCTURED ISSUANCES

In accordance with IFRS 13, Crédit Agricole CIB measures its structured issuances, recognised at fair value, by taking as a reference the issuer spread that specialist participants agree to receive to acquire new Group issuances.

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 Group, and DVA the expected losses due to Crédit Agricole Group from the perspective of the counterparty.

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

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.

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 and 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 and 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 and loss.

Valuation methodologies and models used for financial instruments that are disclosed within Level 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 offsetting 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 OR LOSSES ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS

For financial instruments recognised at fair value through profit and loss, this account 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 and loss;
- Changes in fair value of financial assets or liabilities at fair value through profit and loss;
- Gains and losses on disposal of financial assets at fair value through profit and loss;
- 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 OR LOSSES ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

For financial assets recognised at fair value through other comprehensive income, this account includes the following income elements:

- Dividends from equity instruments classified as financial assets measured at fair value through other comprehensive income with no transfer to profit and loss;
- 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 through other comprehensive income with transfer to profit and loss;
- Income on disposal or termination of instruments used for fair value hedge of financial assets at fair value through other comprehensive income when the hedged element is disposed of.

Given financing commitments and financial guarantees

Financing commitments that are not designated at fair value through profit and 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" Chapter 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".

1.2.3 PROVISIONS (IAS 37 AND 19)

Crédit Agricole CIB has identified all obligations (legal or tacit) 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 (excluding income taxes).

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 6.15 "Provisions".

1.2.4 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;
- post-employment benefits subdivided into the following two subcategories: defined-benefit schemes and defined-contribution schemes;

- other long-term employee benefits (long-service awards, variable compensation and compensation payable 12 months or more after the end of the period);
- job termination benefits.

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 Note7.4 "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 other comprehensive income with no transfer to profit and loss.

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 hedge these commitments. These may be represented by an eligible insurance policy. In the event that 100% of the obligation is hedged 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 that the contributions to be paid for the year ended.

OTHER LONG-TERM BENEFITS

Other 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.

1.2.5 SHARE-BASED PAYMENTS (IFRS 2)

IFRS 2 "Share-based payments" requires measurement 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.

In the accounts of Crédit Agricole CIB, payment plans based on the shares of Crédit Agricole S.A. and recognised according to IFRS 2 are only transactions settled in cash. The plans granted are measured at fair value mainly according to the Black & Scholes option pricing model. These plans are recognised as expense under Personnel costs against an expense debt account to be paid gradually over the vesting period, i.e. four years for all existing plans.

Subscriptions of shares offered to employees as part of the company savings plan also fall under the scope of IFRS 2. 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 issuance date multiplied by the number of shares issued.

A detailed description of the method of the plans allocated and the valuation methods can be found in Note 7.6 "Share-based payments".

1.2.6 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 due 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 payable 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 payable 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 payable. 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 eventual 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 classified as other financial instruments at fair value through other comprehensive income, the latent capital gains and losses are recognised against other comprehensive income. 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 corporate tax; the 12% share 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.

Under IFRS 16 leases, a deferred tax liability is recognised on the right of use and a deferred tax asset on the lease liability for the leases in which the Group is a lessee.

Current and deferred tax are 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.

Tax risks relating to income taxes give rise to the recognition of a current tax receivable or liability, when the probability of receiving the asset or paying the liability is considered more likely than unlikely.

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.

1.2.7 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 measured 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.

1.2.8 FOREIGN CURRENCY TRANSACTIONS (IAS 21)

On the reporting date, foreign-currency denominated monetary assets and liabilities are translated into euros, Crédit Agricole CIB Group's functional currency.

In accordance with IAS 21, a distinction is made between monetary items (e.g. debt instruments) and non-monetary items (e.g. equity instruments).

Foreign currency-denominated assets and liabilities are translated at the closing exchange rates. The resulting translation adjustments are recorded in the income statement. There are three exceptions to this rule:

- on debt instruments at fair value through other comprehensive income with transfer to profit and loss, the translation adjustment component calculated on the amortised cost is recognised in profit and loss; the additional amount is recorded under other comprehensive income with transfer to profit and loss;
- on elements designated as cash flow hedge or forming part of a net investment in a foreign exchange transaction are recognised in other comprehensive income with transfer to profit and loss for the effective part;
- for financial liabilities at fair value through profit and loss, translation adjustments linked to variations in fair value of own credit risk are recognised under other comprehensive income with no transfer to profit and loss.

Non-monetary items are treated differently depending on the accounting treatment of these items before translation:

- items at historical cost remain measured at the exchange rate on the transaction date (historical rate);
- items at fair value are converted 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 other comprehensive income if the gain or loss on the non-monetary item is recorded in other comprehensive income .

1.2.9 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 regards 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 recognised 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 recognised under profit and 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 recognised under profit and loss when the service is provided.

Commission to be paid or received pending the attainment of a performance target are recognised for the amount for which it is highly likely that the revenue thus recognised 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.

1.2.10 LEASES (IFRS 16)

The Group may be party to a lease in the capacity of lessor or lessee.

LEASES IN WHICH THE GROUP IS LESSOR

Lease operations are analysed according to their substance and financial reality. They are classified as finance leases or operating leases, as appropriate.

- Finance leases are treated similarly to the sale of a fixed asset to the lessee, financed by a loan from the lessor. The analysis of the economic substance of finance leases leads the lessor to:
  a) Remove the leased fixed asset from the balance sheet;
  b) Record a financial receivable on the client under "financial assets at amortised cost" at a value equal to the discounted value at the implicit rate of the contract for lease payments owed to the lessor under the lease, plus any residual non-guaranteed value owing to the lessor;
  c) Report deferred taxes due to time differences affecting the financial receivable and the net carrying amount of the leased fixed asset;
  d) Break down the proceeds from the lease payments into interest and repayment of principal.
- For operating leases, the lessor reports the leased properties as "property, plant and equipment" on the assets side of its balance sheet and records the lease proceeds in a linear way as "proceeds from other activities" on the income statement.

LEASES IN WHICH THE GROUP IS LESSEE

Lease transactions are reported on the balance sheet on the date of availability of the leased asset. The lessee records an asset representative of the right of use of the leased asset under property, plant and equipment for the estimated duration of the lease and a liability under the obligation to make lease payments under miscellaneous liabilities over this same duration.

The lease duration is the non-terminable duration of the lease, adjusted for lease extension options that the lessee is reasonably certain to make use of and termination options that the lessee is reasonably certain not to make use of.

In France, the duration used for commercial leases known as "3/6/9" leases is generally 9 years, with an initial non-terminable period of 3 years.

Lease liabilities are recorded for an amount equal to the discounted value of the lease payments over the duration of the contract. Rent payments include fixed rents, variable rents based on a rate or index and payments that the lessee expects to pay in respect of residual value guarantees, purchase options or early termination penalties. Variable rents which do not depend on an index or rate and non-deductible VAT on rents are not included in the liabilities calculation and are reported as general operating expenses.

The default discount rate applicable to calculate the right of use and the lease liability is the lessee's marginal debt ratio over the duration of the contract on the date of signature, when the implicit rate is not easy to determine. The marginal debt ratio takes the structure of the lease payment into account.

The lease expenses are broken down into interests and principal.

The asset right of use is measured at the initial value of the lease liability plus the direct initial costs, advance payments, remedial costs and less the lease incentives. It is amortised over the estimated duration of the lease.

Lease liabilities and the right of use can be adjusted in the event of modifications to the lease, re-estimation of the lease duration or review of the rents linked to application of indices or rates.

Deferred taxes are reported under time differences of rights of use and lessee lease liabilities.

In line with the exception provided for by the standard, short-term leases (initial duration of under twelve months) and leases on properties with a low new value are not included on the balance sheet, the corresponding lease expenses are recorded in a linear manner on the income statement with general operating expenses.

In accordance with the provisions of the standard, the Group does not apply IFRS 16 to leases of intangible assets.

1.2.11 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 income net of taxes on discontinued 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 and loss by nature.

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.

Non-controlling 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 issued by the subsidiary and not held by the Group.

The equity method consists in substituting for the value of shares, the Group's proportional share of the equity and income of the companies concerned.

The change in the carrying amount of these shares includes changes in goodwill.

In the event of incremental share purchases or partial disposals with continued joint control or significant influence, Crédit Agricole CIB recognises:

- in the case of an increase in the percentage of interest, additional goodwill;
- in the case of a reduction in the percentage of interest, a gain or loss on disposal/dilution in profit or loss.

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 FINANCIAL STATEMENTS OF FOREIGN OPERATIONS (IAS 21)

Financial statements of entities representing a "foreign operation" (subsidiary, branch, associate or joint venture) are translated into Euros in two steps:

- 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, including goodwill, are translated at the closing rate. Equity items, such as share capital or reserves, are translated at their historical exchange rate. Income and expenses included in the income statement are translated at the average exchange rate for the period. The resulting translation adjustments are recorded as specific equity. These translation differences are recognised in profit or loss in the event of discontinuation of foreign operations (transfer, capital repayment, liquidation, discontinuation of operations) or in the event of deconsolidation due to loss of control (even without transfer) when recognising profit of loss due to discontinuation or loss of control.

1.3.5 BUSINESS COMBINATIONS - GOODWILL

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).

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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, etc.).

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 CGUs 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 CGUs, 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 CGUs. 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.

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 2019 are shown in detail at the end of the notes in Note 13 “Scope of consolidation at 31 December 2019”.

2.1 Disposal of Banque Saudi Fransi

During the financial year, Crédit Agricole Corporate & Investment Bank realised the disposal of a 10.9% stake in the capital of Banque Saudi Fransi (BSF) a consortium led by Ripplewood Group.

This disposal was realised in two phases:

- The disposal of a first block of 4.9% took place on 29 April 2019 for a price of 31.50 Saudi Riyals (SAR) per share for a total amount of SAR 1.86 billion, or €444 million. The buyers were the investment company RAM Holdings I Ltd (an investment holding company controlled by Ripplewood Advisors LLC based in the United States) for 3.0% and Olayan Saudi Investment Company for 1.9%.
- The disposal of a second block of 6.0% took place on 21l November 2019 in favour of RAM Holdings I Ltd for a price of 30.00 Saudi Riyals (SAR) per share for a total amount of SAR 2.17 billion, or €522 million. This disposal followed the exercise of the stock options granted during the disposal of the first block, which could be exercised until December 2019.

The impact of these disposals were entered in the consolidated financial statements under equity. Crédit Agricole CIB continues to hold 4.0% stake of BSF’s capital and will assess the options of disposal of this residual investment in an opportunistic manner.

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 appear in the "Risk factors" chapter of the management report, as allowed under IFRS 7. The accounting breakdowns are presented in the financial statements.

3.1 Credit risk

(see Chapter on "Risk Management - 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 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 31 December 2018	**27,889**	**(4)**			**26**	**(14)**	**27,915**	**(18)**	**27,897**
Transfer between buckets during the period									
Transfer from Bucket 1 to Bucket 2									
Return from Bucket 2 to Bucket 1									
Transfer to Bucket 3 [1]									
Return from Bucket 3 to Bucket 2 / Bucket 1									
Total after transfer	**27,889**	**(4)**			**26**	**(14)**	**27,915**	**(18)**	**27,897**
Changes in gross carrying amounts and loss allowances	**9,181**	**(3)**	**358**	**(10)**	**(3)**	**(1)**	**9,536**	**(14)**	
New production : purchase, granting, origination… [2]	15,470	(15)	356	(14)			15,826	(29)	
Derecognition : disposal, repayment, maturity...	(9,344)	15	(139)	14	(4)		(9,487)	29	
Write-off									
Changes of cash flows resulting in restructuring due to financial difficulties									
Changes in models' credit risk parameters during the period		(3)						(3)	
Changes in model / methodology		1						1	
Changes in scope									
Other	3,055	(1)	141	(10)	1	(1)	3,197	(12)	
Total	**37,070**	**(7)**	**358**	**(10)**	**23**	**(15)**	**37,451**	**(32)**	**37,419**
Changes in carrying amount due to specific accounting assessment methods (with no significant impact on loss allowance) [3]	161						161		
Balance at 31 December 2019	**37,231**	**(7)**	**358**	**(10)**	**23**	**(15)**	**37,612**	**(32)**	**37,580**
Contractual amount outstanding of financial assets written off during the period, that are still subject to enforcement measures									

[1] Transfers to Bucket 3 correspond to stocks initially classified in Bucket 1, which during the year have been downgraded directly in Bucket 3, or in Bucket 2 and then in Bucket 3.

[2] Originations in Bucket 2 could include some originated loans in Bucket 1 reclassified in Bucket 2 during the period.

[3] Includes the variations of fair value adjustments of micro-hedged instruments, the variations relating to the use of the EIR method (notably the amortisation of premiums/discounts), the variations of the accretion of discounts on restructured loans (recovered as revenue over the remaining term of the asset).

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 31 December 2018	**19,101**	**(4)**	**55**		**411**	**(391)**	**19,567**	**(395)**	**19,172**
Transfer between buckets during the period	**(89)**				**89**	**(8)**		**(8)**	
Transfer from Bucket 1 to Bucket 2									
Return from Bucket 2 to Bucket 1									
Transfer to Bucket 3 [1]	(89)				89	(8)		(8)	
Return from Bucket 3 to Bucket 2 / Bucket 1									
Total after transfer	**19,012**	**(4)**	**55**		**500**	**(399)**	**19,567**	**(403)**	**19,164**
Changes in gross carrying amounts and loss allowances	**(3,167)**	**3**	**(43)**		**(1)**	**11**	**(3,211)**	**14**	
New production : purchase, granting, origination… [2]	8,813	(7)	10	(1)			8,823	(8)	
Derecognition : disposal, repayment, maturity...	(12,295)	12	(53)		(11)	1	(12,359)	13	
Write-off									
Changes of cash flows resulting in restructuring due to financial difficulties									
Changes in models' credit risk parameters during the period		(5)				17		12	
Changes in model / methodology		2		1				3	
Changes in scope									
Other	315	1			10	(7)	325	(6)	
Total	**15,845**	**(1)**	**12**		**499**	**(388)**	**16,356**	**(389)**	**15,967**
Changes in carrying amount due to specific accounting assessment methods (with no significant impact on loss allowance) [3]	28				1		29		
Balance at 31 December 2019	**15,873**	**(1)**	**12**		**500**	**(388)**	**16,385**	**(389)**	**15,996**
Contractual amount outstanding of financial assets written off during the period, that are still subject to enforcement measures									

[1] *Transfers to Bucket 3 correspond to stocks initially classified in Bucket 1, which during the year have been downgraded directly in Bucket 3, or in Bucket 2 and then in Bucket 3.*

[2] *Originations in Bucket 2 could include some originated loans in Bucket 1 reclassified in Bucket 2 during the period.*

[3] *Includes the variations of fair value adjustments of micro-hedged instruments, the variations relating to the use of the EIR method (notably the amortisation of premiums/ discounts), the variations of the accretion of discounts on restructured loans (recovered as revenue over the remaining term of the asset), and the variations of changes in related receivables.*

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 31 December 2018	**121,300**	**(144)**	**12,110**	**(434)**	**3,226**	**(1,756)**	**136,636**	**(2,334)**	**134,302**
Transfer between buckets during the period	**(651)**	**(6)**	**(144)**	**12**	**795**	**(273)**		**(267)**	
Transfer from Bucket 1 to Bucket 2	(725)	3	725	(19)				(16)	
Return from Bucket 2 to Bucket 1	552	(10)	(552)	12				2	
Transfer to Bucket 3 [1]	(479)	1	(364)	21	843	(276)		(254)	
Return from Bucket 3 to Bucket 2 / Bucket 1	1		47	(2)	(48)	3		1	
Total after transfer	**120,649**	**(150)**	**11,966**	**(422)**	**4,021**	**(2,029)**	**136,636**	**(2,601)**	**134,035**
Changes in gross carrying amounts and loss allowances	**11,789**	**(10)**	**(1,903)**	**152**	**(658)**	**236**	**9,228**	**378**	
New production : purchase, granting, origination… [2]	89,862	(121)	3,219	(134)			93,081	(255)	
Derecognition : disposal, repayment, maturity...	(77,339)	117	(5,159)	244	(416)	76	(82,914)	437	
Write-off					(264)	256	(264)	256	
Changes of cash flows resulting in restructuring due to financial difficulties									
Changes in models' credit risk parameters during the period		(7)				(103)		(110)	
Changes in model / methodology		(4)		44				40	
Changes in scope									
Other	(734)	5	37	(2)	22	7	(675)	10	
Total	**132,438**	**(160)**	**10,063**	**(270)**	**3,363**	**(1,793)**	**145,864**	**(2,223)**	**143,641**
Changes in carrying amount due to specific accounting assessment methods (with no significant impact on loss allowance) [3]	177		1		45		223		
Balance at 31 December 2019	**132,615**	**(160)**	**10,064**	**(270)**	**3,408**	**(1,793)**	**146,087**	**(2,223)**	**143,864**
Contractual amount outstanding of financial assets written off during the period, that are still subject to enforcement measures									

[1] Transfers to Bucket 3 correspond to stocks initially classified in Bucket 1, which during the year have been downgraded directly in Bucket 3, or in Bucket 2 and then in Bucket 3.

[2] Originations in Bucket 2 could include some originated loans in Bucket 1 reclassified in Bucket 2 during the period.

[3] Includes the variations of fair value adjustments of micro-hedged instruments, the variations relating to the use of the EIR method (notably the amortisation of premiums/discounts), the variations of the accretion of discounts on restructured loans (recovered as revenue over the remaining term of the asset).

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 31 December 2018	**9,700**	**(3)**				**(3)**	**9,700**	**(6)**
Transfer between buckets during the period								
Transfer from Bucket 1 to Bucket 2								
Return from Bucket 2 to Bucket 1								
Transfer to Bucket 3 [1]								
Return from Bucket 3 to Bucket 2 / Bucket 1								
Total after transfer	**9,700**	**(3)**				**(3)**	**9,700**	**(6)**
Changes in gross carrying amounts and loss allowances	**(819)**	**(1)**					**(819)**	**(1)**
Fair value revaluation during the period	71						71	
New production : purchase, granting, origination…[2]	1,649	(3)					1,649	(3)
Derecognition : disposal, repayment, maturity...	(2,680)	2					(2,680)	2
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	141						141	
Total	**8,881**	**(4)**				**(3)**	**8,881**	**(7)**
Changes in carrying amount due to specific accounting assessment methods (with no significant impact on loss allowance) [3]	2						2	
Balance at 31 December 2019	**8,883**	**(4)**				**(3)**	**8,883**	**(7)**
Contractual amount outstanding of financial assets written off during the period, that are still subject to enforcement measures								

[1] Transfers to Bucket 3 correspond to outstandings initially classified in Bucket 1, which during the year have been downgraded directly in Bucket 3, or in Bucket 2 and then in Bucket 3.

[2] Originations in Bucket 2 could include some outstandings originated in Bucket 1 reclassified in Bucket 2 during the period.

[3] 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 31 December 2018	125,869	(75)	3,517	(160)	34	(3)	129,420	(238)	129,182
Transfer between buckets during the period	**(777)**	**(5)**	**593**	**5**	**184**	**(14)**		**(14)**	
Transfer from Bucket 1 to Bucket 2	(1,119)	4	1,119	(4)					
Return from Bucket 2 to Bucket 1	472	(9)	(472)	9					
Transfer to Bucket 3 [1]	(130)		(54)		184	(14)		(14)	
Return from Bucket 3 to Bucket 2 / Bucket 1									
Total after transfer	**125,092**	**(80)**	**4,110**	**(155)**	**218**	**(17)**	**129,420**	**(252)**	**129,168**
Changes in commitments and loss allowances	**(14,585)**	**(4)**	**(1,059)**	**45**	**(7)**	**(11)**	**(15,651)**	**30**	
New commitments given [2]	53,174	(52)	654	(81)			53,828	(133)	
End of commitments	(69,526)	52	(1,773)	110	(149)	6	(71,448)	168	
Write-off									
Changes of cash flows resulting in restructuring due to financial difficulties									
Changes in models' credit risk parameters during the period		(7)				(17)		(24)	
Changes in model / methodology		5		20				25	
Changes in scope									
Other	1,767	(2)	60	(4)	142		1,969	(6)	
Balance at 31 December 2019	**110,507**	**(84)**	**3,051**	**(110)**	**211**	**(28)**	**113,769**	**(222)**	**113,547**

[1] *Transfers to Bucket 3 correspond to commitments initially classified in Bucket 1, which during the year have been downgraded directly in Bucket 3, or in Bucket 2 and then in Bucket 3.*

[2] *New commitments in Bucket 2 could include some commitments which originated in Bucket 1 reclassified in Bucket 2 during the period.*

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 31 December 2018	46,711	(14)	2,855	(28)	304	(92)	49,870	(134)	49,736
Transfer between buckets during the period	**(1,106)**	**(2)**	**553**	**8**	**553**	**(119)**		**(113)**	
Transfer from Bucket 1 to Bucket 2	(927)	1	927	(1)					
Return from Bucket 2 to Bucket 1	331	(3)	(331)	3					
Transfer to Bucket 3 [1]	(510)		(43)	6	553	(119)		(113)	
Return from Bucket 3 to Bucket 2 / Bucket 1									
Total after transfer	**45,605**	**(16)**	**3,408**	**(20)**	**857**	**(211)**	**49,870**	**(247)**	**49,623**
Changes in commitments and loss allowances	**3,288**		**(8)**	**4**	**(103)**	**23**	**3,177**	**27**	
New commitments given [2]	24,039	(8)	1,207	(16)			25,246	(24)	
End of commitments	(21,524)	11	(1,224)	18	(110)	17	(22,858)	46	
Write-off					(18)	1	(18)	1	
Changes of cash flows resulting in restructuring due to financial difficulties									
Changes in models' credit risk parameters during the period		(2)				7		5	
Changes in model / methodology				2				2	
Changes in scope									
Other	773		9		25	(2)	807	(2)	
Balance at 31 December 2019	**48,893**	**(16)**	**3,400**	**(16)**	**754**	**(188)**	**53,047**	**(220)**	**52,827**

[1] *Transfers to Bucket 3 correspond to commitments initially classified in Bucket 1, which during the year have been downgraded directly in Bucket 3, or in Bucket 2 and then in Bucket 3.*

[2] *New commitments in Bucket 2 could include some originated commitments in Bucket 1 reclassified in Bucket 2 during the period.*

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 offsetting 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.

Impaired assets 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)

	31.12.2019					
		Credit risk mitigation				
		Collateral held as security			Other credit enhancement	
€ million	Maximum exposure to credit risk	Financial instruments provided as collateral	Mortgages	Pledged securities	Guarantees	Credit derivatives
Financial assets at fair value through profit or loss (excluding equity securities and assets backing unit-linked contracts)	**242,531**		**3,327**	**1,798**	**79**	
Financial assets held for trading	242,168			1,769		
Debt instruments that do not meet the conditions of the “SPPI” test	363		3,327	29	79	
Financial assets designated at fair value through profit or loss						
Hedging derivative Instruments	**1,550**			**1,298**		
TOTAL	**244,081**		**3,327**	**3,096**	**79**	

	31.12.2018					
		Credit risk mitigation				
		Collateral held as security			Other credit enhancement	
€ million	Maximum exposure to credit risk	Financial instruments provided as collateral	Mortgages	Pledged securities	Guarantees	Credit derivatives
Financial assets at fair value through profit or loss (excluding equity securities and assets backing unit-linked contracts)	**237,896**		**1,906**	**472**	**35**	
Financial assets held for trading	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**	

Financial assets subject to impairment requirements

	31.12.2019					
		Credit risk mitigation				
		Collateral held as security			Other credit enhancement	
€ million	Maximum exposure to credit risk	Financial instruments provided as collateral	Mortgages	Pledged securities	Guarantees	Credit derivatives
Financial assets at fair value through other comprehensive income that may be reclassified to profit or loss	**8,883**					
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	**8,883**					
of which impaired assets at the reporting date						
Financial assets at amortised cost	**197,423**		**38,238**	**3,714**	**34,871**	**288**
of which impaired assets at the reporting date	1,735			30	244	
Loans and receivables due from credit institutions	**15,979**			**81**	**5,116**	
of which impaired assets at the reporting date	112				77	
Loans and receivables due from customers	**143,864**		**38,238**	**3,633**	**29,755**	**288**
of which impaired assets at the reporting date	1,614			30	168	
Debt securities	**37,580**					
of which impaired assets at the reporting date	9					
Total	**206,306**		**38,238**	**3,714**	**34,871**	**288**
of which impaired assets at the reporting date	1,735			30	244	

	31.12.2018					
		Credit risk mitigation				
		Collateral held as security			Other credit enhancement	
€ million	Maximum exposure to credit risk	Financial instruments provided as collateral	Mortgages	Pledged securities	Guarantees	Credit derivatives
Financial assets at fair value through other comprehensive income that may be reclassified to profit or loss	**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	

Off-balance sheet commitments subject to impairment requirements

	31.12.2019					
		Credit risk mitigation				
		Collateral held as security			Other credit enhancement	
€ million	Maximum exposure to credit risk	Financial instruments provided as collateral	Mortgages	Pledged securities	Guarantees	Credit derivatives
Guarantee commitments (Except internal transactions to the group Credit Agricole)	**52,827**			**211**	**2,442**	**784**
of which provisioned commitments at the reporting date	567			60	9	
Financing commitments (Except internal transactions to the group Credit Agricole)	**113,547**		**145**	**613**	**12,698**	**7,785**
of which provisioned commitments at the reporting date	184				51	
Total	**166,374**		**145**	**824**	**15,140**	**8,569**
of which provisioned commitments at the reporting date	751			60	61	

	31.12.2018					
		Credit risk mitigation				
		Collateral held as security			Other credit enhancement	
€ million	Maximum exposure to credit risk	Financial instruments provided as collateral	Mortgages	Pledged securities	Guarantees	Credit derivatives
Guarantee commitments (Except internal transactions to the group Credit Agricole)	**49,736**			**205**	**2,454**	**4**
of which provisioned commitments at the reporting date	213			24	9	
Financing commitments (Except internal transactions to the group Credit Agricole)	**129,182**		**101**	**334**	**11,735**	**4,409**
of which provisioned commitments at the reporting date	31				1	
Total	**178,918**		**101**	**539**	**14,189**	**4,413**
of which provisioned commitments at the reporting date	244			24	10	

A description of the assets held as collateral is presented in Note 9 “Financing and guarantee commitments and other guarantees”.

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 Universal Registration Document.

▶ Financial assets at amortised cost

		31.12.2019				31.12.2018			
		Carrying amount				Carrying amount			
		Performing assets				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	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%	156,271	3,492		159,763	120,857	5,284		126,141
	0.6% < PD ≤ 12%	17,196	4,439		21,635	35,536	5,670		41,206
	12% < PD < 100%		2,460		2,460		1,135		1,135
	PD = 100%			3,825	3,825			3,563	3,563
Total corporate customers		**173,467**	**10,391**	**3,825**	**187,683**	**156,393**	**12,089**	**3,563**	**172,045**
Non-corporate customers [2]	PD ≤ 0.5%	11,752	9		11,761	10,639	40		10,679
	0.5% < PD ≤ 2%	479	1		480	398	3		401
	2% < PD ≤ 20%	23	23		46	493	32		525
	20% < PD < 100%		9		9	366			366
	PD = 100%			107	107			100	100
Total non-corporate customers		**12,254**	**42**	**107**	**12,403**	**11,896**	**75**	**100**	**12,071**
Impairment		(170)	(280)	(2,196)	(2,646)	(151)	(433)	(2,161)	(2,745)
TOTAL		**185,551**	**10,153**	**1,736**	**197,440**	**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] 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 recyclable equity

		31.12.2019				31.12.2018			
		Carrying amount				Carrying amount			
		Performing assets				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	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%	8,806			8,806	9,572			9,572
	0.6% < PD ≤ 12%	77			77	128			128
	12% < PD < 100%								
	PD = 100%								
Total corporate customers		**8,883**			**8,883**	**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									
TOTAL		**8,883**			**8,883**	**9,700**			**9,700**

[1] Corporate clients include general government, credit institutions, central banks, financial firms and other non-financial businesses.
[2] Non-corporate clients correspond to professional clients, small businesses and households mainly related to the activity of the private bank.

Financing commitments

		31.12.2019				31.12.2018			
		Amount of commitment				Amount of commitment			
		Performing commitments				Performing commitments			
€ million	Credit risk rating grades	Commitments subject to 12 month ECL (Bucket 1)	Commitments subject to lifetime ECL (Bucket 2)	Provisioned commitment (Bucket 3)	Total	Commitments subject to 12 month ECL (Bucket 1)	Commitments subject to lifetime ECL (Bucket 2)	Provisioned commitment (Bucket 3)	Total
Corporate customers [1]	PD ≤ 0.6%	98,617	858		99,475	119,303	2,951		122,254
	0.6% < PD ≤ 12%	9,434	1,628		11,062	4,759	535		5,294
	12% < PD < 100%		560		560		30		30
	PD = 100%			209	209			34	34
Total corporate customers		**108,051**	**3,046**	**209**	**111,306**	**124,062**	**3,516**	**34**	**127,612**
Non-corporate customers [2]	PD ≤ 0.5%	2,292	1		2,293	1,809			1,809
	0.5% < PD ≤ 2%	165			165				
	2% < PD ≤ 20%	1			1				
	20% < PD < 100%		1		1				
	PD = 100%			3	3				
Total non-corporate customers		**2,458**	**2**	**3**	**2,463**	**1,809**			**1,809**
Provisions [3]		(85)	(109)	(28)	(222)	(76)	(160)	(3)	(239)
TOTAL		**110,424**	**2,939**	**184**	**113,547**	**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] *Non-corporate clients correspond to professional clients, small businesses and households 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

		31.12.2019				31.12.2018			
		Amount of commitment				Amount of commitment			
		Performing commitments				Performing commitments			
€ million	Credit risk rating grades	Commitments subject to 12 month ECL (Bucket 1)	Commitments subject to lifetime ECL (Bucket 2)	Provisioned commitment (Bucket 3)	Total	Commitments subject to 12 month ECL (Bucket 1)	Commitments subject to lifetime ECL (Bucket 2)	Provisioned commitment (Bucket 3)	Total
Corporate customers [1]	PD ≤ 0.6%	44,624	1,328		45,952	45,260	2,138		47,398
	0.6% < PD ≤ 12%	3,529	962		4,491	737	712		1,449
	12% < PD < 100%		1,109		1,109		4		4
	PD = 100%			755	755			305	305
Total corporate customers		**48,153**	**3,399**	**755**	**52,307**	**45,997**	**2,854**	**305**	**49,156**
Non-corporate customers [2]	PD ≤ 0.5%	699			699	713			713
	0.5% < PD ≤ 2%	38			38				
	2% < PD ≤ 20%	3			3				
	20% < PD < 100%								
	PD = 100%								
Total non-corporate customers		**740**			**740**	**713**			**713**
Provisions [3]		(16)	(16)	(188)	(220)	(14)	(27)	(92)	(133)
TOTAL		**48,877**	**3,383**	**567**	**52,827**	**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] *Non-corporate clients correspond to professional clients, small businesses and households 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

	31.12.2019				31.12.2018			
	Carrying amount				Carrying amount			
	Performing assets		Credit-impaired assets		Performing assets		Credit-impaired assets	
€ million	Assets subject to 12 month ECL (Bucket 1)	Assets subject to lifetime ECL (Bucket 2)	(Bucket 3)	Total	Assets subject to 12 month ECL (Bucket 1)	Assets subject to lifetime ECL (Bucket 2)	(Bucket 3)	Total
General administration	19,532	127	105	19,764	15,027	87	83	15,197
Central banks	2,140			2,140	2,327			2,327
Credit institutions	20,918	11	501	21,430	22,152	54	411	22,617
Large corporates	130,877	10,253	3,219	144,349	116,889	11,947	3,069	131,905
Retail customers	12,254	42	107	12,403	11,896	75	100	12,071
Impairment	(170)	(280)	(2,196)	(2,646)	(151)	(434)	(2,161)	(2,746)
TOTAL	**185,551**	**10,153**	**1,736**	**197,440**	**168,140**	**11,729**	**1,502**	**181,371**

Financial assets at fair value through recyclable equity, by customer type

	31.12.2019				31.12.2018			
	Carrying amount				Carrying amount			
	Performing assets		Credit-impaired assets		Performing assets		Credit-impaired assets	
€ million	Assets subject to 12 month ECL (Bucket 1)	Assets subject to lifetime ECL (Bucket 2)	(Bucket 3)	Total	Assets subject to 12 month ECL (Bucket 1)	Assets subject to lifetime ECL (Bucket 2)	(Bucket 3)	Total
General administration	5,966			5,966	5,714			5,714
Central banks	87			87				
Credit institutions	2,083			2,083	3,274			3,274
Large corporates	747			747	712			712
Retail customers								
TOTAL	**8,883**			**8,883**	**9,700**			**9,700**

Due to customers by customer type

€ million	31.12.2019	31.12.2018
General administration	21,194	13,493
Large corporates	90,146	89,691
Retail customers	22,012	20,326
TOTAL AMOUNT DUE TO CUSTOMERS	**133,352**	**123,510**

Financing commitments by customer type

	31.12.2019				31.12.2018			
	Amount of commitment				Amount of commitment			
	Performing commitments				Performing commitments			
€ million	Commitments subject to 12 month ECL (Bucket 1)	Commitments subject to lifetime ECL (Bucket 2)	Provisioned commitments (Bucket 3)	Total	Commitments subject to 12 month ECL (Bucket 1)	Commitments subject to lifetime ECL (Bucket 2)	Provisioned commitments (Bucket 3)	Total
General administration	2,581	214	17	2,812	3,943	1		3,944
Central banks	94			94	641			641
Credit institutions	8,426			8,426	20,382			20,382
Large corporates	97,529	2,832	192	100,553	99,096	3,515	34	102,645
Retail customers	1,878	3	3	1,884	1,809			1,809
Provisions [1]	(85)	(109)	(28)	(222)	(76)	(160)	(3)	(239)
TOTAL	**110,423**	**2,940**	**184**	**113,547**	**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.*

▶ **Guarantee commitments by customer type**

€ million	31.12.2019				31.12.2018			
	Amount of commitment				Amount of commitment			
	Performing commitments				Performing commitments			
	Commitments subject to 12 month ECL (Bucket 1)	Commitments subject to lifetime ECL (Bucket 2)	Provisioned commitments (Bucket 3)	Total	Commitments subject to 12 month ECL (Bucket 1)	Commitments subject to lifetime ECL (Bucket 2)	Provisioned commitments (Bucket 3)	Total
General administration	40	6		46	46	6		52
Central banks	510			510	568			568
Credit institutions	6,023	24	20	6,067	6,353	25		6,378
Large corporates	41,580	3,369	735	45,684	39,030	2,823	305	42,158
Retail customers	740			740	713			713
Provisions [1]	(16)	(16)	(188)	(220)	(14)	(27)	(92)	(133)
TOTAL	**48,877**	**3,383**	**567**	**52,827**	**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.*

3.1.4 CREDIT RISK CONCENTRATIONS BY GEOGRAPHICAL AREA

▶ **Financial assets at amortised cost by geographical area**

€ million	31.12.2019				31.12.2018			
	Carrying amount				Carrying amount			
	Performing assets				Performing assets			
	Assets subject to 12 month ECL (Bucket 1)	Assets subject to lifetime ECL (Bucket 2)	Credit-impaired assets (Bucket 3)	Total	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)	36,844	1,461	662	**38,967**	38,544	1,466	537	**40,547**
Other European Union countries	44,757	2,239	917	**47,913**	39,688	2,775	886	**43,349**
Other European countries	14,422	595	186	**15,203**	12,572	922	203	**13,697**
North America	32,074	944	390	**33,408**	30,156	854	121	**31,131**
Central and South America	9,369	1,209	685	**11,263**	8,699	1,573	708	**10,980**
Africa and Middle East	11,348	1,810	836	**13,994**	8,590	1,570	895	**11,055**
Asia-Pacific (ex. Japan)	30,341	1,690	256	**32,287**	24,151	2,716	313	**27,180**
Japan	5,317	485		**5,802**	4,738	288		**5,026**
Supranational organisations	1,249			**1,249**	1,152			**1,152**
Impairment	(170)	(280)	(2,196)	**(2,646)**	(151)	(434)	(2,161)	**(2,746)**
TOTAL	**185,551**	**10,153**	**1,736**	**197,440**	**168,139**	**11,730**	**1,502**	**181,371**

▶ Financial assets at fair value through recyclable equity, by geographic area

	31.12.2019				31.12.2018			
	Carrying amount				Carrying amount			
	Performing assets				Performing assets			
€ million	Assets subject to 12 month ECL (Bucket 1)	Assets subject to lifetime ECL (Bucket 2)	Credit-impaired assets (Bucket 3)	Total	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)	1,708			1,708	2,833			2,833
Other European Union countries	3,334			3,334	3,100			3,100
Other European countries	561			561	459			459
North America	1,873			1,873	1,357			1,357
Central and South America	77			77				
Africa and Middle East	66			66	28			28
Asia-Pacific (ex. Japan)	435			435	300			300
Japan	368			368	286			286
Supranational organisations	461			461	1,337			1,337
TOTAL	**8,883**			**8,883**	**9,700**			**9,700**

3.1.5 DEBTS DUE TO CUSTOMERS BY GEOGRAPHICAL AREA

€ million	31.12.2019	31.12.2018
France (including overseas departments and territories)	29,395	22,697
Other European Union countries	38,549	38,377
Other European countries	10,786	12,708
North America	14,031	13,669
Central and South America	4,081	3,899
Africa and Middle East	10,632	5,824
Asia-Pacific (ex. Japan)	12,712	12,630
Japan	13,162	13,622
Supranational organisations	4	84
TOTAL AMOUNT DUE TO CUSTOMERS	**133,352**	**123,510**

▶ Financing commitments by geographical area

	31.12.2019				31.12.2018			
	Amount of commitment				Amount of commitment			
	Performing commitments				Performing commitments			
€ million	Commitments subject to 12 month ECL (Bucket 1)	Commitments subject to lifetime ECL (Bucket 2)	Provisioned commitments (Bucket 3)	Total	Commitments subject to 12 month ECL (Bucket 1)	Commitments subject to lifetime ECL (Bucket 2)	Provisioned commitments (Bucket 3)	Total
France (including overseas departments and territories)	33,316	376	9	**33,701**	39,697	435	2	**40,134**
Other European Union countries	31,064	1,016	37	**32,117**	35,327	1,216	5	**36,548**
Other European countries	5,926	169	69	**6,164**	5,175	224	11	**5,410**
North America [1]	25,664	1,101	80	**26,845**	26,576	1,159	13	**27,748**
Central and South America	3,390	63	17	**3,470**	3,158	149		**3,307**
Africa and Middle East	3,652	211		**3,863**	4,955	131	3	**5,089**
Asia-Pacific (ex. Japan)	6,538	84		**6,622**	7,393	202		**7,595**
Japan	958	29		**987**	3,590			**3,590**
Supranational organisations								
Provisions [1]	(85)	(109)	(28)	**(222)**	(76)	(160)	(3)	**(239)**
TOTAL	**110,423**	**2,940**	**184**	**113,547**	**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.

Guarantee commitments by geographical area

	31.12.2019				31.12.2018			
	Amount of commitment				Amount of commitment			
	Performing commitments				Performing commitments			
€ million	Commitments subject to 12 month ECL (Bucket 1)	Commitments subject to lifetime ECL (Bucket 2)	Provisioned commitments (Bucket 3)	Total	Commitments subject to 12 month ECL (Bucket 1)	Commitments subject to lifetime ECL (Bucket 2)	Provisioned commitments (Bucket 3)	Total
France (including overseas departments and territories)	11,848	190	20	12,058	10,066	283	36	10,385
Other European Union countries	11,295	1,424	247	12,966	12,215	1,020	172	13,407
Other European countries	4,240	706		4,946	4,095	632		4,727
North America	10,242	635	397	11,274	9,821	312	24	10,157
Central and South America	1,057	1	29	1,087	1,344	18	31	1,393
Africa and Middle East	2,322	24	62	2,408	2,492	58	42	2,592
Asia-Pacific (ex. Japan)	6,414	234		6,648	5,122	298		5,420
Japan	1,475	185		1,660	1,555	233		1,788
Supranational organisations								
Provisions [1]	(16)	(16)	(188)	(220)	(14)	(27)	(92)	(133)
TOTAL	**48,877**	**3,383**	**567**	**52,827**	**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.*

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

	31.12.2019						
	Exchange-traded transactions			Over-the-counter transactions			
€ million	≤ 1 year	> 1 year up to ≤ 5 years	> 5 years	≤ 1 year	> 1 year up to ≤ 5 years	> 5 years	Total market value
Interest rate instruments				**872**	**26**	**8**	**906**
Futures							
FRAs							
Interest rate swaps				872	26	8	906
Interest rate options							
Caps - floors - collars							
Other options							
Currency				**111**	**2**		**113**
Currency futures				111	2		113
Currency options							
Other instruments				**36**			**36**
Other				36			36
Subtotal				**1,019**	**28**	**8**	**1,055**
Forward currency transactions				494	1		495
TOTAL FAIR VALUE OF HEDGING DERIVATIVES - ASSETS				**1,513**	**29**	**8**	**1,550**

	31.12.2018						
	Exchange-traded transactions			Over-the-counter transactions			
€ million	≤ 1 year	> 1 year up to ≤ 5 years	> 5 years	≤ 1 year	> 1 year up to ≤ 5 years	> 5 years	Total market value
Interest rate instruments				**605**	**72**	**28**	**705**
Futures							
FRAs							
Interest rate swaps				605	72	28	705
Interest rate options							
Caps - floors - collars							
Other options							
Currency				**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**

Hedging derivative instruments – fair value of liabilities

	31.12.2019						
	Exchange-traded transactions			Over-the-counter transactions			
€ million	≤ 1 year	> 1 year up to ≤ 5 years	> 5 years	≤ 1 year	> 1 year up to ≤ 5 years	> 5 years	Total market value
Interest rate instruments				**855**	**57**	**24**	**936**
Futures							
FRAs							
Interest rate swaps				855	57	24	936
Interest rate options							
Caps - floors - collars							
Other options							
Currency				**125**	**1**		**126**
Currency futures				125	1		126
Currency options							
Other instruments				**24**			**24**
Other				24			24
Subtotal				**1,004**	**58**	**24**	**1,086**
Forward currency transactions				248			248
TOTAL FAIR VALUE OF HEDGING DERIVATIVES - LIABILITIES				**1,252**	**58**	**24**	**1,334**

	31.12.2018						
	Exchange-traded transactions			Over-the-counter transactions			
€ million	≤ 1 year	> 1 year up to ≤ 5 years	> 5 years	≤ 1 year	> 1 year up to ≤ 5 years	> 5 years	Total market value
Interest rate instruments				**594**	**60**	**34**	**688**
Futures							
FRAs							
Interest rate swaps				594	60	34	688
Interest rate options							
Caps - floors - collars							
Other options							
Currency				**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**

▶ Derivative instruments held for trading – fair value of assets

	31.12.2019						
	Exchange-traded transactions			Over-the-counter transactions			
€ million	≤ 1 year	> 1 year up to ≤ 5 years	> 5 years	≤ 1 year	> 1 year up to ≤ 5 years	> 5 years	Total market value
Interest rate instruments	**9**	**2**		**3,138**	**23,163**	**64,786**	**91,098**
Futures [1]	2						2
FRAs [2]				3	44		47
Interest rate swaps				2,634	19,352	51,639	73,625
Interest rate options				43	2,357	11,869	14,269
Caps - floors - collars				458	1,410	1,278	3,146
Other options	7	2					9
Currency and gold				**4,212**	**3,072**	**2,959**	**10,243**
Currency futures				3,366	2,069	2,409	7,844
Currency options				846	1,003	550	2,399
Other instruments	**284**	**411**	**70**	**1,395**	**3,431**	**646**	**6,237**
Equity and index derivatives	284	411	70	1,120	3,307	276	5,468
Precious metal derivatives				43			43
Commodities derivatives							
Credit derivatives				36	99	54	189
Other				196	25	316	537
Subtotal	**293**	**413**	**70**	**8,745**	**29,666**	**68,391**	**107,578**
Forward currency transactions				8,591	1,108	52	9,751
TOTAL FAIR VALUE OF TRANSACTION DERIVATIVES - ASSETS	**293**	**413**	**70**	**17,336**	**30,774**	**68,443**	**117,329**

[1] Reclassification from exchange-traded derivatives to OTC derivatives.

	31.12.2018						
	Exchange-traded transactions			Over-the-counter transactions			
€ million	≤ 1 year	> 1 year up to ≤ 5 years	> 5 years	≤ 1 year	> 1 year up to ≤ 5 years	> 5 years	Total market value
Interest rate instruments	**687**	**1,460**	**2,207**	**3,070**	**22,673**	**51,374**	**81,471**
Futures [1]	674	1,458	2,207				4,339
FRAs [2]				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 and gold	**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**

Derivative financial instruments held for trading - fair value of liabilities

€ million	31.12.2019						
	Exchange-traded transactions			Over-the-counter transactions			
	≤ 1 year	> 1 year up to ≤ 5 years	> 5 years	≤ 1 year	> 1 year up to ≤ 5 years	> 5 years	Total market value
Interest rate instruments	**4**			**3,023**	**23,791**	**65,565**	**92,383**
Futures [1]	1						1
FRAs [1]				23			23
Interest rate swaps				2,659	19,940	50,946	73,545
Interest rate options				231	2,358	12,697	15,286
Caps - floors - collars				110	1,493	1,922	3,525
Other options	3						3
Currency and gold				**4,422**	**2,735**	**2,645**	**9,802**
Currency futures				3,498	2,214	2,353	8,065
Currency options				924	521	292	1,737
Other instruments	**160**	**382**	**102**	**641**	**2,012**	**272**	**3,569**
Equity and index derivatives	160	382	102	190	1,561	159	2,554
Precious metal derivatives				30	1		31
Commodities derivatives							
Credit derivatives				226	407	37	670
Other				195	43	76	314
Subtotal	**164**	**382**	**102**	**8,086**	**28,538**	**68,482**	**105,754**
Forward currency transactions				8,344	1,703	221	10,268
TOTAL FAIR VALUE OF TRANSACTION DERIVATIVES - LIABILITIES	**164**	**382**	**102**	**16,430**	**30,241**	**68,703**	**116,022**

[1] *Reclassification from exchange-traded derivatives to OTC derivatives.*

€ million	31.12.2018						
	Exchange-traded transactions			Over-the-counter transactions			
	≤ 1 year	> 1 year up to ≤ 5 years	> 5 years	≤ 1 year	> 1 year up to ≤ 5 years	> 5 years	Total market value
Interest rate instruments	**739**	**1,113**	**2,077**	**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 and gold	**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**

3.2.2 DERIVATIVE INSTRUMENTS: TOTAL COMMITMENTS

€ million	31.12.2019	31.12.2018
Interest rate instruments	**12,761,789**	**10,899,580**
Futures [1]	155,872	2,630,775
FRAs [1]	2,671,812	2,180
Interest rate swaps	8,377,037	6,885,811
Interest rate options	838,319	719,241
Caps - floors - collars	509,221	464,620
Other options	209,528	196,953
Currency and gold	**487,805**	**568,626**
Currency futures	275,236	281,767
Currency options	212,569	286,859
Other instruments	**108,420**	**82,446**
Equity and index derivatives	52,555	45,574
Precious metal derivatives	3,848	4,433
Commodities derivatives	10	5
Credit derivatives	25,089	29,196
Other	26,918	3,238
Subtotal	**13,358,014**	**11,550,652**
Forward currency transactions	2,032,064	1,817,503
TOTAL NOTIONAL AMOUNTS	**15,390,078**	**13,368,155**

[1] Reclassification from exchange-traded derivatives to OTC derivatives.

3.3 Liquidity and financing risk

(see Chapter on "Risk Management - Balance sheet management")

3.3.1 LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS AND DUE FROM CUSTOMERS BY RESIDUAL MATURITY

	31.12.2019					
€ 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 internal transactions)	10,577	3,883	494	1,428	5	16,387
Loans and receivables due from customers (of which finance leases)	54,982	19,256	53,572	18,277		146,087
Total	**65,559**	**23,139**	**54,066**	**19,705**	**5**	**162,474**
Impairment						**(2,614)**
TOTAL LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS AND FROM CUSTOMERS	**65,559**	**23,139**	**54,066**	**19,705**	**5**	**159,860**

	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 internal transactions)	9,701	3,281	2,544	4,042		19,568
Loans and receivables due from customers (of which 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**

Due to credit institutions and to customers by residual maturity

€ million	31.12.2019					
	≤ 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)	26,494	6,186	8,194	3,771	1	44,646
Due to customers	126,128	6,189	491	542	2	133,352
TOTAL AMOUNT DUE TO CREDIT INSTITUTIONS AND TO CUSTOMERS	**152,622**	**12,375**	**8,685**	**4,313**	**3**	**177,998**

€ million	31.12.2018					
	≤ 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**

Debt securities and subordinated debts

€ million	31.12.2019					
	≤ 3 months	> 3 months to ≤ 1 year	> 1 year to ≤ 5 years	> 5 years	Indefinite	Total
Debt securities						
Interest bearing notes						
Money-market securities						
Negotiable debt securities	36,712	15,238	1,270	1		53,221
Bonds	3,723		2	345		4,070
Other debt securities						
TOTAL DEBT SECURITIES	**40,435**	**15,238**	**1,272**	**346**		**57,291**
Subordinated debt						
Dated subordinated debt				3,274		3,274
Undated subordinated debt				1,708		1,708
Mutual security deposits						
Participating securities and loans						
TOTAL SUBORDINATED DEBT				**4,982**		**4,982**

€ million	31.12.2018					
	≤ 3 months	> 3 months to ≤ 1 year	> 1 year to ≤ 5 years	> 5 years	Indefinite	Total
Debt securities						
Interest bearing notes						
Money-market 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**

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.

	31.12.2019					
€ million	≤ 3 months	3 months up to ≤ 1 year	1 year up to ≤ 5 years	> 5 years	Indefinite	Total
Financial guarantees given	1	192	27	3		223

	31.12.2018					
€ million	≤ 3 months	3 months up to ≤ 1 year	1 year up to ≤ 5 years	> 5 years	Indefinite	Total
Financial guarantees given		100	9	1		110

The remaining contractual maturities of derivative instruments are shown in Note 3.2 “Market risk”.

3.4 Hedge accounting

(see Note 3.2 “Market risk” and Chapter “Risk factors – Balance sheet management” from the Universal Registration Document of Crédit Agricole S.A.)

3.4.1 FAIR VALUE HEDGE

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.

Cash-flow items hedged are principally floating-rate loans and deposits.

3.4.3 HEDGE OF A NET INVESTMENT IN FOREIGN CURRENCY

Les couvertures des investissements nets en devises modifient le risque inhérent aux fluctuations des taux de change liées aux participations dans les filiales en devise étrangères.

▶ **Hedging derivative instruments**

	31.12.2019			31.12.2018		
	Market value		Notional amount	Market value		Notional amount
€ million	Positive	Negative		Positive	Negative	
Fair value hedges	**698**	**1,112**	**102,761**	**498**	**809**	**71,040**
Interest rate	348	910	70,948	360	603	47,283
Foreign exchange	350	202	31,813	138	206	23,757
Other						
Cash flow hedges	**842**	**198**	**48,011**	**459**	**210**	**41,426**
Interest rate	558	25	17,775	345	84	18,597
Foreign exchange	248	149	30,112	68	61	22,689
Other	36	24	124	46	65	140
Hedges of net investments in foreign operations	**10**	**24**	**2,183**	**8**	**48**	**2,163**
TOTAL HEDGING DERIVATIVE INSTRUMENTS	**1,550**	**1,334**	**152,955**	**965**	**1,067**	**114,629**

3.4.4 DERIVATIVE INSTRUMENTS: ANALYSIS BY RESIDUAL MATURITY (NOTIONALS)

The breakdown of notionals values of derivative instruments is shown by remaining contractual maturity.

	31.12.2019						
	Exchange-traded			Over-the-counter			
€ million	≤ 1 year	> 1 year up to ≤ 5 years	> 5 years	≤ 1 year	> 1 year up to ≤ 5 years	> 5 years	Total notional
Interest rate instruments				**81,440**	**6,427**	**856**	**88,723**
Futures							
FRAs							
Interest rate swaps				81,440	6,426	856	88,722
Interest rate options							
Caps - floors - collars					1		1
Other options							
Currency instruments				**8,705**	**222**		**8,927**
Currency futures				8,705	222		8,927
Currency options							
Other instruments				**124**			**124**
Other				124			124
Subtotal				**90,269**	**6,649**	**856**	**97,774**
Forward currency transactions				55,160	21		55,181
TOTAL NOTIONAL OF HEDGING DERIVATIVES				**145,429**	**6,670**	**856**	**152,955**

	31.12.2018						
	Exchange-traded			Over-the-counter			
€ million	≤ 1 year	> 1 year up to ≤ 5 years	> 5 years	≤ 1 year	> 1 year up to ≤ 5 years	> 5 years	Total notional
Interest rate instruments				**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 instruments				**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 HEDGES

Hedging derivative instruments

	31.12.2019				31.12.2018			
	Carrying amount				Carrying amount			
€ million	Assets	Liabilities	Changes in fair value during the period (of which end of hedges during the period)	Notional Amount	Assets	Liabilities	Changes in fair value during the period (of which end of hedges during the period)	Notional Amount
Fair value hedges								
Regulated markets							**(1)**	
Interest rate							(1)	
Futures							(1)	
Options								
Foreign exchange								
Futures								
Options								
Other								
Over-the-counter markets	**612**	**1,104**	**(174)**	**97,009**	**454**	**788**	**103**	**65,980**
Interest rate	262	902	(329)	65,197	316	582	63	42,223
Futures	262	902	(329)	65,196	316	582	63	42,222
Options				1				1
Foreign exchange	350	202	155	31,812	138	206	40	23,757
Futures	350	202	155	31,812	138	206	40	23,757
Options								
Other								
Total Fair value microhedging	**612**	**1,104**	**(174)**	**97,009**	**454**	**788**	**102**	**65,980**
Fair value hedges of the interest rate exposure of a portfolio of financial instruments	86	8	33	5,752	44	21	(7)	5,060
TOTAL FAIR VALUE HEDGES	**698**	**1,112**	**(141)**	**102,761**	**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 or loss” on the income statement.

◆ Hedged items

▶ Micro-hedging

	31.12.2019				31.12.2018			
	Present hedges		Ended hedges		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)	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	**7,525**	**(146)**		**69**	**9,845**	**48**		**(48)**
Interest rate	7,525	(146)		71	9,795	48		(48)
Foreign exchange				(3)	50			
Other								
Debt instruments at amortised cost	**56,667**	**417**		**219**	**39,404**	**114**		**68**
Interest rate	44,059	417		323	23,562	110		(2)
Foreign exchange	12,608			(104)	15,843	4		70
Other								
Total fair value hedges on assets items	**64,192**	**270**		**288**	**49,249**	**162**		**20**
Debt instruments at amortised cost	**32,950**	**142**		**117**	**15,480**	**169**		**122**
Interest rate	14,014	131		67	8,320	70		(21)
Foreign exchange	18,935	11		50	7,160	99		143
Other								
TOTAL FAIR VALUE HEDGES ON LIABILITIES ITEMS	**32,950**	**142**		**117**	**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

	31.12.2019		31.12.2018	
€ million	Carrying amount	Accumulated fair value hedge adjustments to be adjusted for hedging remaining to be adjusted, on ended hedges	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		1		2
Total - Assets		**1**		**2**
Debt instruments at amortised cost	5,714	20	5,252	6
Total - Liabilities	**5,714**	**20**	**5,252**	**6**

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 or loss" on the income statement.

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▶ Gains (losses) from hedge accounting

	31.12.2019			31.12.2018		
	Net Income (Total Gains (losses) from hedge accounting)			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	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	(296)	295	(1)	55	(54)	1
Foreign exchange	155	(157)	(2)	40	(40)	
Other						
TOTAL	**(141)**	**138**	**(3)**	**95**	**(94)**	**1**

3.4.6 CASH FLOW HEDGES AND HEDGES OF NET INVESTMENTS IN FOREIGN OPERATION

▶ Hedging derivative instruments

	31.12.2019				31.12.2018			
	Carrying amount				Carrying amount			
€ million	Assets	Liabilities	Changes in fair value during the period (including termination of hedges during the period)	Notional amount	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	**298**	**140**	**235**	**27,509**	**90**	**70**	**(109)**	**20,033**
Interest rate	23		234	3,430	1		(109)	3,535
Futures	23		234	3,430	1		(109)	3,535
Options								
Foreign exchange	239	116	1	23,956	43	4		16,358
Futures	239	116	1	23,956	43	4		16,358
Options								
Other	36	24		124	46	65		140
Total Cash flow micro-hedging	**298**	**140**	**235**	**27,509**	**90**	**70**	**(109)**	**20,033**
Cash flow hedges of the interest rate exposure of a portfolio of financial instruments	536	25	(2)	14,345	344	84	(1)	15,062
Cash flow hedges of the foreign exchange exposure of a portfolio of financial instruments	9	33		6,157	25	56		6,332
Total Cash flow macro-hedging	**544**	**58**	**(2)**	**20,502**	**369**	**140**	**(1)**	**21,394**
Total Cash flow hedges	**842**	**198**	**233**	**48,011**	**459**	**210**	**(110)**	**41,426**
HEDGES OF NET INVESTMENTS IN FOREIGN OPERATIONS	**11**	**23**	**(2)**	**2,183**	**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.

Gains (losses) from hedge accounting

	31.12.2019			31.12.2018		
	Other comprehensive income on items that may be reclassified to profit and loss		Net income (Hedge accounting income or loss)	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	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	232			(110)		
Foreign exchange	1					
Commodities						
Other						
Total Cash flow hedges	**233**			**(110)**		
Hedges of net investments in foreign operations	**(2)**			**(17)**	**1**	
TOTAL CASH FLOW HEDGES AND HEDGES OF NET INVESTMENTS IN FOREIGN OPERATIONS	**231**			**(127)**	**1**	

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NOTE 4: NOTES ON NET INCOME AND OTHER COMPREHENSIVE INCOME

4.1 Interest income and expenses

€ million	31.12.2019	31.12.2018
On financial assets at amortised cost	**6,421**	**5,717**
Interbank transactions	1,029	1,024
Customer transactions	4,842	4,368
Debt securities	550	325
On financial assets recognised at fair value through other comprehensive income	**172**	**202**
Interbank transactions		
Customer transactions		
Debt securities	172	202
Accrued interest receivable on hedging instruments	**382**	**294**
Other interest income	**9**	**2**
INTEREST AND SIMILAR INCOME	**6,984**	**6,215**
On financial liabilities at amortised cost	**(4,093)**	**(3,514)**
Interbank transactions	(1,319)	(1,277)
Customer transactions	(1,547)	(1,357)
Debt securities	(1,035)	(707)
Subordinated debt	(192)	(173)
Accrued interest receivable on hedging instruments	**(159)**	**(228)**
Other interest expenses	**(36)**	**(16)**
INTEREST AND SIMILAR EXPENSES	**(4,288)**	**(3,758)**

4.2 Net fees and commissions

	31.12.2019			31.12.2018		
€ million	Gains	Losses	Net	Gains	Losses	Net
Interbank transactions	35	(24)	11	38	(19)	19
Customer transactions	567	(131)	436	650	(141)	509
Securities transactions	43	(98)	(55)	32	(76)	(44)
Foreign exchange transactions	10	(42)	(32)	7	(42)	(35)
Derivative instruments and other off-balance sheet items	259	(179)	80	212	(136)	76
Total amount of actuarial gains or losses recognised in other comprehensive income that will not be reclassified to profit and loss at 31/12/N-1	346	(135)	211	374	(106)	268
Mutual funds management, fiduciary and similar operations	287	(99)	188	268	(104)	164
TOTAL INCOME AND EXPENSES OF COMMISSIONS	**1,547**	**(708)**	**839**	**1,581**	**(624)**	**957**

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

€ million	31.12.2019	31.12.2018
Dividends received	359	313
Unrealised or realised gains (losses) on assets/liabilities held for trading	2,756	166
Unrealised or realised gains (losses) on equity instruments at fair value through profit or loss	23	66
Unrealised or realised gains (losses) on debt instruments that do not meet the conditions of the "SPPI" test	(7)	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 [1]	(1,651)	(244)
Net gains (losses) on Foreign exchange transactions and similar financial instruments (excluding gains or losses on hedges of net investments in foreign operations)	355	1,466
Gains (losses) from hedge accounting	(3)	1
NET GAINS (LOSSES) ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS	**1,832**	**1,774**

[1] Excluding spread of issuer credit for liabilities recognised at fair value through profit and loss on option concerned.

Analysis of net gains (losses) from hedge accounting:

	31.12.2019			31.12.2018		
€ million	Gains	Losses	Net	Gains	Losses	Net
Fair value hedges	**1,013**	**(1,015)**	**(2)**	**760**	**(759)**	**1**
Changes in fair value of hedged items attributable to hedged risks	593	(422)	171	329	(431)	(102)
Changes in fair value of hedging derivatives (including termination of hedges)	420	(593)	(173)	431	(328)	103
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	**45**	**(45)**		**18**	**(18)**	
Changes in fair value of hedged items	6	(39)	(33)	12	(5)	7
Changes in fair value of hedging derivatives	39	(6)	33	6	(13)	(7)
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	**1,058**	**(1,060)**	**(2)**	**778**	**(777)**	**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

€ million	31.12.2019	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]	1	
Remuneration of equity instruments measured at fair value through other comprehensive income that will not be reclassified subsequently to profit or loss (dividends)	87	92
NET GAINS (LOSSES) ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH OT HER COMPREHENSIVE INCOME	**88**	**92**

[1] Excluding the gains or losses on the disposal on impaired debt instruments (Bucket 3) mentioned in note 4.9 « Cost of risk».

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

€ million	31.12.2019	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	(17)	(4)
Losses arising from the derecognition of financial assets at amortised cost	**(17)**	**(4)**
NET GAINS (LOSSES) ARISING FROM THE DERECOGNITION OF FINANCIAL ASSETS AT AMORTISED COST [1]	**(17)**	**(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	31.12.2019	31.12.2018
Gains (losses) on fixed assets not used in operations		
Other net income from insurance activities		4
Change in insurance technical reserves	2	(4)
Other net income (expense)	19	(3)
INCOME (EXPENSE) RELATED TO OTHER ACTIVITIES	**21**	**(3)**

4.7 Operating expenses

€ million	31.12.2019	31.12.2018
Employee expenses	(2,106)	(2,069)
Taxes other than on income or payroll-related and regulatory contributions [1]	(232)	(208)
External services and other operating expenses	(888)	(958)
OPERATING EXPENSES	**(3,226)**	**(3,235)**

[1] Of which €164 million entered under the Single Resolution Fund (SRF) at 31 December 2019 compared with €157 million at 31 December 2018.

HONORAIRES DEFEES PAID TO STATUTORY AUDITORS

Operating expenses include the fees paid to Crédit Agricole CIB Statutory Auditors.

The breakdown of the fees recognised in 2019 by audit firm and by type of engagement is provided below:

◆ College of statutory auditors of credit agricole cib:

	Ernst & Young		Pricewaterhouse Coopers		
€ million	2019	2018	2019	2018	Total 2019
Independant audit, certification, review of parent company and consolidated financial statements	**5.8**	**5.7**	**5.3**	**5.7**	**11.1**
Issuer	3.4	3.4	2.6	2.8	6.0
Fully consolidated subsidiaries	2.4	2.2	2.7	3.0	5.1
Non audit services	**0.8**	**0.9**	**2.1**	**1.8**	**2.8**
Issuer	0.6	0.5	0.9	1.3	1.6
Fully consolidated subsidiaries	0.1	0.4	1.2	0.5	1.3
TOTAL	**6.6**	**6.6**	**7.4**	**7.5**	**14.0**

The total amount of fees of Ernst & Young, Statutory Auditor of Crédit Agricole CIB, on the consolidated income statement for the financial year is €2.2 million, including €1.8 million for certifying the accounts of Crédit Agricole CIB and its subsidiaries, and €0.4 million for non-audit services (comfort letters, findings after the 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 €2.2 million, including €1.9 million for certifying the accounts of Crédit Agricole CIB and its subsidiaries, and €0.3 million for non-audit services (comfort letters, findings after the agreed procedures).

◆ Other statutory auditors working for companies of the crédit agricole cib group, fully consolidated

	Mazars		KPMG		Deloitte		Autres		
In thousands of euros excluding taxes	2019	2018	2019	2018	2019	2018	2019 [1]	2018	Total 2019
Independant audit, certification, review of parent company and consolidated financial statements	**2**	**12**					**235**	**184**	**237**
Non audit services							5	5	5
TOTAL	**2**	**12**					**240**	**189**	**242**

[1] Of which €159 thousand assigned to the audit firm Auditeurs & Conseils Associés.

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

€ million	31.12.2019	31.12.2018
Depreciation and amortisation	**(196)**	**(86)**
Property, plant and equipment [1]	(152)	(45)
Intangible assets	(44)	(41)
Impairment losses (reversals)		
Property, plant and equipment		
Intangible assets		
DEPRECIATION, AMORTISATION AND IMPAIRMENT OF PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS	**(196)**	**(86)**

[1] Of which €110.7 million recognised for amortisation on the right-of-use at 31 December 2019.

4.9 Cost of risk

€ million	31.12.2019	31.12.2018
Charges net of reversals to impairments on performing assets (Bucket 1 or Bucket 2)	**198**	**93**
Bucket 1 : Loss allowance measured at an amount equal to 12 month expected credit loss	**(34)**	**(56)**
Debt instruments at fair value through other comprehensive income that may be reclassified to profit or loss	(1)	2
Debt instruments at amortised cost	(24)	(30)
Commitments by signature	(9)	(28)
Bucket 2 : Loss allowance measured at an amount equal to lifetime expected credit loss	**232**	**149**
Debt instruments at fair value through other comprehensive income that may be reclassified to profit or loss		
Debt instruments at amortised cost	166	84
Commitments by signature	66	65
Charges net of reversals to impairments on credit-impaired assets (Bucket 3)	**(343)**	**(39)**
Bucket 3 : Credit-impaired assets	**(343)**	**(39)**
Debt instruments at fair value through other comprehensive income that may be reclassified to profit or loss		
Debt instruments at amortised cost	(223)	(122)
Commitments by signature	(120)	83
Other assets	**(1)**	**(9)**
Risks and expenses	**(13)**	**5**
Charges net of reversals to impairment losses and provisions	**(159)**	**50**
Realised gains (losses) on disposal of impaired debt instruments at fair value through other comprehensive income that may be reclassified to profit or loss		
Realised gains (losses) on impaired debt instruments at amortised cost		
Losses on non-impaired loans and bad debt	(46)	(52)
Recoveries on loans and receivables written off	64	55
recognised at amortised cost	64	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	(38)	(9)
Other gains	14	15
COST OF RISK	**(165)**	**55**

4.10 Net gains (losses) on other assets

€ million	31.12.2019	31.12.2018
Property, plant & equipment and intangible assets used in operations	**38**	
Share of net income of equity-accounted entities	41	
Changes due to transactions with shareholders	(3)	
Consolidated equity investments	**13**	
Share of net income of equity-accounted entities	16	
Changes due to transactions with shareholders	(3)	
Net income (expense) on combinations		
NET GAINS (LOSSES) ON OTHER ASSETS	**51**	

4.11 Income tax charge

INCOME TAX CHARGE

€ million	31.12.2019	31.12.2018
Current tax charge	(299)	(520)
Deferred tax charge	**(55)**	(5)
TOTAL TAX CHARGE	**(355)**	**(525)**

RECONCILIATION OF THEORETICAL TAX RATE AND EFFECTIVE TAX RATE

AT 31 DECEMBER 2019

€ million	Base	Tax rate [1]	Tax
Pre-tax income, goodwill impairment, discontinued operations and share of net income of equity-accounted entities	1,923	34.43%	(662)
Impact of permanent differences		(5.63)%	109
Impact of different tax rates on foreign subsidiaries		(5.15)%	99
Impact of losses for the year, utilisation of tax loss carryforwards and temporary differences		0.22%	(4)
Rate change		0.06%	(1)
Impact of reduced tax rate		1.73%	(33)
Impact of other items		(7.15)%	137
EFFECTIVE TAX RATE AND TAX CHARGE		**18.45%**	**(355)**

[1] *The theoretical tax rate is the standard tax rate (including the additional social contribution) on taxable profits in France at 31 December 2019.*

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 and temporary differences		1.20%	(24)
Impact of reduced tax rate		(0.79)%	16
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.*

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	31.12.2019	31.12.2018
Other comprehensive income on items that may be reclassified subsequently to profit or loss net of income tax		
Gains and losses on translation adjustments	**129**	**148**
Revaluation adjustment of the period		
Reclassified to profit or loss		
Other changes	129	148
Other comprehensive income on debt instruments that may be reclassified to profit or loss	**3**	**(41)**
Revaluation adjustment of the period	1	(36)
Reclassified to profit or loss	(1)	(1)
Other changes	3	(4)
Gains and losses on hedging derivative instruments	**229**	**(109)**
Revaluation adjustment of the period	231	(111)
Reclassified to profit or loss		
Other changes	(2)	2
Pre-tax other comprehensive income on items that may be reclassified to profit or loss on equity-accounted entities	**(3)**	**1**
Income tax related to items that may be reclassified to profit or loss excluding equity-accounted entities	**(80)**	**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 on entities from discontinued operations		
Other comprehensive income on items that may be reclassified subsequently to profit or loss net of income tax	**278**	**46**
Other comprehensive income on items that will not be reclassified subsequently to profit or loss net of income tax		
Actuarial gains and losses on post-employment benefits	(90)	51
Other comprehensive income on financial liabilities attributable to changes in own credit risk	**(67)**	**368**
Revaluation adjustment of the period	(76)	350
Reclassified to reserves	9	18
Other changes		
Other comprehensive income on equity instruments that will not be reclassified to profit or loss	**36**	**264**
Revaluation adjustment of the period	113	170
Reclassified to reserves	(42)	71
Other changes	(35)	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	**45**	**(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	**(76)**	**421**
OTHER COMPREHENSIVE INCOME NET OF INCOME TAX	**202**	**467**
Of which Group share	204	472
Of which non-controlling interests	(2)	(4)

CHANGES IN OTHER COMPREHENSIVE INCOME AND RELATED TAX IMPACTS

	31.12.2018				Changes				31.12.2019			
€ million	Gross	Income tax charges	Net of income tax	Net of income tax of which Group Share	Gross	Income tax charges	Net of income tax	Net of income tax of which Group Share	Gross	Income tax charges	Net of income tax	Net of income tax of which Group Share
Other comprehensive income on items that may be reclassified subsequently to profit or loss												
Gains and losses on translation adjustments	352		352	352	129		129	129	481		481	481
Gains and losses on debt instruments at fair value through other comprehensive income that may be reclassified to profit or loss	30	(9)	21	21	3	1	4	4	33	(8)	25	25
Gains and losses on hedging derivative instruments	249	(83)	166	164	229	(81)	148	149	478	(164)	314	313
Other comprehensive income on items that may be reclassified to profit or loss excluding equity-accounted entities	**631**	**(92)**	**539**	**537**	**361**	**(80)**	**281**	**282**	**992**	**(172)**	**820**	**819**
Other comprehensive income on items that may be reclassified to profit or loss on equity-accounted entities	(1)		(1)	(1)	(3)		(3)	(3)	(4)		(4)	(4)
Other comprehensive income on items that may be reclassified subsequently to profit or loss	**630**	**(92)**	**538**	**536**	**358**	**(80)**	**278**	**279**	**988**	**(172)**	**816**	**815**
Actuarial gains and losses on post-employment benefits	(333)	65	(268)	(266)	(90)	7	(83)	(80)	(423)	72	(351)	(346)
Other comprehensive income on financial liabilities attributable to changes in own credit risk	(137)	41	(96)	(96)	(67)	19	(48)	(49)	(204)	60	(144)	(145)
Other comprehensive income on equity instruments that will not be reclassified to profit or loss	57	(58)	(1)		36	19	55	54	93	(39)	54	54
Other comprehensive income on items that will not be reclassified to profit or loss excluding equity-accounted entities	**(413)**	**48**	**(365)**	**(362)**	**(121)**	**45**	**(76)**	**(75)**	**(534)**	**93**	**(441)**	**(437)**
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	**(413)**	**48**	**(365)**	**(362)**	**(121)**	**45**	**(76)**	**(75)**	**(534)**	**93**	**(441)**	**(437)**
OTHER COMPREHENSIVE INCOME	**217**	**(44)**	**173**	**174**	**237**	**(35)**	**202**	**204**	**454**	**(79)**	**375**	**378**

	31.12.2017				01.01.2018				Changes				31.12.2018			
€ million	Gross	Income tax charges	Net of income tax	Net of income tax of which Group Share	Gross	Income tax charges	Net of income tax	Net of income tax of which Group Share	Gross	Income tax charges	Net of in-come tax	Net of income tax of which Group Share	Gross	Income tax charges	Net of income tax	Net of incom 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	204		204	204	148		148	148	352		352	352
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					70	(19)	51	51	(40)	10	(30)	(30)	30	(9)	21	21

	31.12.2017				01.01.2018				Changes				31.12.2018			
€ million	Gross	Income tax charges	Net of income tax	Net of income tax of which Group Share	Gross	Income tax charges	Net of income tax	Net of income tax of which Group Share	Gross	Income tax charges	Net of income tax	Net of income tax of which Group Share	Gross	Income tax charges	Net of income tax	Net of incom tax of which Group Share
Gains and losses on hedging derivative instruments	358	(120)	238	235	358	(120)	238	235	(109)	37	(72)	(71)	249	(83)	166	164
Other comprehensive income on items that may be reclassified to profit or loss excluding equity-accounted entities	**612**	**(155)**	**457**	**454**	**632**	**(139)**	**493**	**490**	**(1)**	**47**	**46**	**47**	**631**	**(92)**	**539**	**537**
Other comprehensive income on items that may be reclassified to profit or loss on equity-accounted entities									(1)		(1)	(1)	(1)		(1)	**(1)**
Other comprehensive income on items that may be reclassified to profit or loss on equity-accounted entities on discontinued operations																
Other comprehensive income on items that may be reclassified subsequently to profit or loss	**612**	**(155)**	**457**	**454**	**632**	**(139)**	**493**	**490**	**(2)**	**47**	**45**	**46**	**630**	**(92)**	**538**	**536**
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)	(385)	81	(304)	(305)	52	(16)	36	39	(333)	65	(268)	(266)
Other comprehensive income on financial liabilities attributable to changes in own credit risk					(505)	174	(331)	(331)	368	(133)	235	235	(137)	41	(96)	(96)
Other comprehensive income on equity instruments that will not be reclassified to profit or loss					(207)	55	(152)	(152)	264	(113)	151	152	57	(58)	(1)	
Other comprehensive income on items that will not be reclassified to profit or loss excluding equity-accounted entities	**(385)**	**81**	**(304)**	**(305)**	**(1,097)**	**310**	**(787)**	**(788)**	**684**	**(262)**	**422**	**426**	**(413)**	**48**	**(365)**	**(362)**
Other comprehensive income on items that will not be reclassified to profit or loss on equity-accounted entities																
Other comprehensive income on items that will not be reclassified to profit or loss on equity-accounted entities on discontinued operations																
Other comprehensive income on items that will not be reclassified subsequently to profit or loss	**(385)**	**81**	**(304)**	**(305)**	**(1,097)**	**310**	**(787)**	**(788)**	**684**	**(262)**	**422**	**426**	**(413)**	**48**	**(365)**	**(362)**
OTHER COMPREHENSIVE INCOME	**227**	**(74)**	**153**	**149**	**(465)**	**171**	**(294)**	**(298)**	**682**	**(215)**	**467**	**472**	**217**	**(44)**	**173**	**174**

6

NOTE 5: SEGMENT INFORMATION

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 includes the various impacts not attributable to the other divisions.

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.

	31.12.2019					
€ million	Financing activities	Captial markets and Investment banking	Total Corporate and Investment Banking	Wealth Management	Corporate Center	Crédit Agricole CIB
Revenues	**2,480**	**2,155**	**4,635**	**825**	**(1)**	**5,459**
Operating expenses	(1,040)	(1,650)	(2,690)	(729)	(3)	(3,422)
Gross operating income	**1,440**	**505**	**1,945**	**96**	**(4)**	**2,037**
Cost of risk	(132)	(24)	(156)	(9)		(165)
Share of net income of equity-accounted entities	4		4			4
Net gains (losses) on other assets	15	4	19	32		51
Change in value of goodwill						
Pre-tax income	**1,327**	**485**	**1,812**	**119**	**(4)**	**1,927**
Income tax charge	(247)	(117)	(364)	(20)	29	(355)
Net income from discontinued operations						
Net income	**1,080**	**368**	**1,448**	**99**	**25**	**1,572**
Non-controlling interests	(2)	2		19		19
NET INCOME GROUP SHARE	**1,082**	**366**	**1,448**	**80**	**25**	**1,553**

	31.12.2019					
€ million	Financing activities	Captial markets and Investment banking	Total Corporate and Investment Banking	Wealth Management	Corporate Center	Crédit Agricole CIB
Segment assets						
of which investments in equity-accounted entities						
of which goodwill			484	560		1,044
TOTAL ASSETS			**530,257**	**22,486**		**552,743**

(1) Structured Financial Solutions: complex financing of operations for large corporates.

€ million	31.12.2018					
	Financing activities	Captial markets and Investment banking	Total Corporate and Investment Banking	Wealth Management	Corporate Center[1]	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 equity-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 discontinued 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**

[1] *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".*

€ million	31.12.2018					
	Financing activities	Captial markets and Investment banking	Total Corporate and Investment Banking	Wealth Management	Corporate Center	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**

5.2 Segment information: geographical analysis

The geographical analysis of segment assets and results is based on the place where operations are booked for accounting purposes.

€ million	31.12.2019				31.12.2018			
	Net income Group Share	Of which Revenues	Segment assets	Of which goodwill	Net income Group Share	Of which Revenues	Segment assets	Of which goodwill
France (including overseas departments and territories)	597	2,105	362,067	474	485	2,126	341,160	474
Other European Union countries	361	1,127	30,471	142	176	1,046	26,472	137
Others	60	376	15,124	416	53	406	14,675	402
North America	164	862	61,445		447	806	55,933	
Central and South America	16	50	836	1	20	47	986	2
Africa and Middle East	42	57	1,882		33	63	2,801	
Asia-Pacific (ex. Japan)	222	665	30,049	11	164	566	25,189	10
Japan	91	217	50,869		101	216	44,486	
TOTAL	**1,553**	**5,459**	**552,743**	**1,044**	**1,479**	**5,276**	**511,702**	**1,025**

NOTE 6: NOTES TO THE BALANCE SHEET

6.1 Cash due from central banks

	31.12.2019		31.12.2018	
€ million	Assets	Liabilities	Assets	Liabilities
Cash	8		11	
Central banks	58,249	1,812	46,527	877
CARRYING AMOUNT	**58,257**	**1,812**	**46,538**	**877**

6.2 Financial assets and liabilities at fair value through profit or loss

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

€ million	31.12.2019	31.12.2018
Financial assets held for trading	249,068	240,560
Other financial instruments at fair value through profit or loss	722	214
Equity instruments	359	100
Debt instruments that do not meet the conditions of the “SPPI” test	363	114
Assets backing unit-linked contracts		
Financial assets designated at fair value through profit or loss		
CARRYING AMOUNT	**249,790**	**240,774**
Of which lent securities	615	2,852

FINANCIAL ASSETS HELD FOR TRADING

€ million	31.12.2019	31.12.2018
Equity instruments	**6,901**	**2,777**
Equities and other variable income securities	6,901	2,777
Debt securities	**18,398**	**19,447**
Treasury bills and similar securities	13,601	14,116
Bonds and other fixed income securities	4,754	5,326
Mutual funds	43	5
Loans and receivables	**106,440**	**110,184**
Loans and receivables due from credit institutions	61	191
Loans and receivables due from customers	893	1,374
Securities bought under repurchase agreements	105,486	108,619
Pledged securities		
Derivative instruments	**117,329**	**108,152**
CARRYING AMOUNT	**249,068**	**240,560**

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	31.12.2019	31.12.2018
Equities and other variable income securities	213	31
Non-consolidated equity investments	146	69
TOTAL EQUITY INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS	**359**	**100**

DEBT INSTRUMENTS THAT DO NOT MEET THE CONDITIONS OF THE SPPI TEST

€ million	31.12.2019	31.12.2018
Debt securities	**38**	**38**
Treasury bills and similar securities	2	
Bonds and other fixed income securities	27	30
Mutual funds	9	8
Loans and receivables	**325**	**76**
Loans and receivables due from credit institutions		
Loans and receivables due from customers	325	76
Securities bought under repurchase agreements		
Pledged securities		
TOTAL DEBT INSTRUMENTS THAT DO NOT MEET THE CONDITIONS OF THE "SPPI" TEST	**363**	**114**

FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

€ million	31.12.2019	31.12.2018
Held for trading financial liabilities	224,789	208,156
Financial liabilities designated at fair value through profit or loss	29,987	26,724
CARRYING AMOUNT	**254,776**	**234,880**

HELD-FOR-TRADING FINANCIAL LIABILITIES

€ million	31.12.2019	31.12.2018
Securities sold short	33,473	25,433
Securities sold under repurchase agreements	75,240	75,945
Debt securities	54	
Due to customers		
Due to credit institutions		
Derivative instruments	116,022	106,778
CARRYING AMOUNT	**224,789**	**208,156**

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

	31.12.2019				
€ million	Carrying amount	Difference between carrying amount and amount contractually required to pay at maturity	Accumulated amount of change in fair value attributable to changes in own credit risk	Amount of change in fair value during the period attributable to changes in own credit risk	Amount realised at derecognition [1]
Deposits and subordinated liabilities	3,993				
Debt securities	25,089	207	204	76	(9)
Other financial liabilities					
TOTAL	**29,082**	**207**	**204**	**76**	**(9)**

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

	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 attributable to changes in own credit risk	Amount of change in fair value during the period attributable to changes in own credit risk	Amount realised at derecognition [1]
Deposits and subordinated liabilities					
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.*

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.

FINANCIAL LIABILITIES FOR WHICH CHANGES ARE RECOGNISED THROUGH PROFIT OR LOSS

	31.12.2019			
€ million	Carrying amount	Difference between carrying amount and due on maturity	Accumulated amount of change in fair value attributable to changes in own credit risk	Amount of change in fair value during the period attributable to changes in own credit risk
Deposits and subordinated liabilities	905			
Debt securities				
Other financial liabilities				
TOTAL	**905**			

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

	31.12.2019			31.12.2018		
€ million	Carrying amount	Unrealised gains	Unrealised losses	Valeur au bilan	Gains latents	Pertes latentes
Debt instruments at fair value through other comprehensive income that may be reclassified to profit or loss	8,883	38	(5)	9,700	52	(22)
Equity instruments at fair value through other comprehensive income that will not be reclassified to profit or loss	758	202	(109)	1,662	160	(102)
TOTAL	**9,641**	**240**	**(114)**	**11,362**	**212**	**(124)**

DEBT INSTRUMENTS RECOGNISED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME THAT CAN BE RECLASSIFIED

	31.12.2019			31.12.2018		
€ million	Carrying amount	Unrealised gains	Unrealised losses	Valeur au bilan	Gains latents	Pertes latentes
Treasury bills and similar securities	2,064	15	(1)	1,576	11	
Bonds and other fixed income securities	6,819	23	(4)	8,124	41	(22)
Total Debt securities	**8,883**	**38**	**(5)**	**9,700**	**52**	**(22)**
Total Loans and receivables						
Total Debt instruments at fair value through other comprehensive income that may be reclassified to profit or loss	**8,883**	**38**	**(5)**	**9,700**	**52**	**(22)**
Income tax charge		(9)			(10)	1
OTHER COMPREHENSIVE INCOME ON EQUITY INSTRUMENTS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS (NET OF INCOME TAX)		**30**	**(5)**		**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

	31.12.2019			31.12.2018		
€ million	Carrying amount	Unrealised gains	Unrealised losses	Valeur au bilan	Gains latents	Pertes latentes
Equities and other variable income securities	476	33	(12)	38	31	(14)
Non-consolidated equity investments	282	169	(97)	1,624	129	(88)
Total Investments in equity instruments at fair value through other comprehensive income that will not be reclassified to profit or loss	**758**	**202**	**(109)**	**1,662**	**160**	**(102)**
Income tax charge		(47)	8		(66)	9
OTHER COMPREHENSIVE INCOME ON EQUITY INSTRUMENTS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS (NET OF INCOME TAX)		**155**	**(101)**		**94**	**(93)**

EQUITY INSTRUMENTS DERECOGNISED DURING THE PERIOD

€ million	31.12.2019			31.12.2018		
	Fair value at the date of derecognition	Cumulative gains realised [1]	Cumulative losses realised [1]	Fair value at the date of derecognition	Cumulative gains realised	Cumulative losses realised
Equities and other variable income securities	(1)		(4)	20	5	(5)
Non-consolidated equity investments	997	45	(4)	27	1	(73)
Total Investments in equity instruments	**996**	**45**	**(8)**	**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)		**45**	**(8)**		**6**	**(66)**

[1] Realised gains and losses are transferred to consolidated reserves at the moment of the derecognition of the instrument concerned.

6.5 Financial assets at amortised cost

€ million	31.12.2019	31.12.2018
Loans and receivables due from credit institutions	15,996	19,172
Loans and receivables due from customers	143,864	134,302
Debt securities	37,580	27,897
CARRYING AMOUNT	**197,440**	**181,371**

LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS

€ million	31.12.2019	31.12.2018
Credit institutions		
Loans and receivables	15,729	18,583
of which non doubtful current accounts in debit [1]	2,702	3,077
of which non doubtful overnight accounts and advances [1]	245	426
Pledged securities		
Securities bought under repurchase agreements	641	969
Subordinated loans		
Other loans and receivables	17	16
Gross amount	**16,387**	**19,568**
Impairment	(391)	(396)
Net value of loans and receivables due from credit institutions	**15,996**	**19,172**
Total Crédit Agricole internal transactions		
CARRYING AMOUNT	**15,996**	**19,172**

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

LOANS AND RECEIVABLES DUE FROM CUSTOMERS

€ million	31.12.2019	31.12.2018
Loans and receivables due from customers		
Trade receivables	17,889	21,761
Other customer loans	122,568	109,730
Pledged securities		
Securities bought under repurchase agreements	474	336
Subordinated loans	41	100
Insurance receivables		
Reinsurance receivables		
Advances in associates current accounts	134	137
Current accounts in debit	4,981	4,571
Gross amount	**146,087**	**136,635**
Impairment	(2,223)	(2,333)
Net value of loans and receivables due from customers	**143,864**	**134,302**
Finance leases		
Property leasing		
Equipment leases, operating leases and similar transactions		
Gross amount		
Impairment		
Net value of lease financing operations		
CARRYING AMOUNT	**143,864**	**134,302**

DEBT SECURITIES

€ million	31.12.2019	31.12.2018
Treasury bills and similar securities	7,900	7,285
Bonds and other fixed income securities	29,711	20,629
Total	**37,611**	**27,914**
Impairment	(31)	(17)
CARRYING AMOUNT	**37,580**	**27,897**

6.6 Transferred assets not derecognised or derecognised with on-going involvement

TRANSFERRED ASSETS NOT DERECOGNISED IN FULL AT 31 DECEMBER 2019

	Transferred assets but still fully recognised										Assets and associated liabilities
	Transferred assets					Associated liabilities					
€ million	Carrying amount	of which securi-tisation (non-decon-solidating)	of which securities sold/bought under repurchase agreements	of which other	Fair value	Carrying amount	of which securitisa-tion (non-deconsoli-dating)	of which securities sold/bought under repurchase agreements	of which other	Fair value [1]	Net fair value
Financial assets held for trading	**14,139**		**14,139**		**14,139**	**13,331**		**13,331**		**13,331**	**809**
Equity instruments	3,911		3,911		3,911	3,688		3,688		3,688	224
Debt securities	10,228		10,228		10,228	9,643		9,643		9,643	585
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	**799**		**799**		**799**	**755**		**755**		**755**	**44**
Equity instruments											
Debt securities	799		799		799	755		755		755	44
Loans and receivables											
Financial assets at amortised cost	**577**		**577**		**577**	**531**		**531**		**531**	**45**
Debt securities	577		577		577	531		531		531	45
Loans and receivables											
Total of financial assets at fair value through other comprehensive income	**15,515**		**15,515**		**15,515**	**14,617**		**14,617**		**14,617**	**898**
Finance leases											
TOTAL TRANSFERRED ASSETS	**15,515**		**15,515**		**15,515**	**14,617**		**14,617**		**14,617**	**898**

[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)).*

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	Carrying amount	of which securitisation (non-deconsolidating)	of which securities sold/bought under repurchase agreements	of which other	Fair value [1]	Net fair value
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											
Total of financial assets at fair value through other comprehensive income	**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)).*

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

	31.12.2019						
	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 comprehensive income that may be reclassified to profit or loss	Financial assets at amortised cost	Total banking activity before hedging	Hedging	Total banking activity after hedging
Germany							
Saudi Arabia				899	899		899
Argentina							
Austria	68			16	84		84
Belgium			73	234	307	(3)	304
Brazil	57		77	191	325		325
China	12		36		48		48
Egypt	1				1		1
Spain			864	51	915	(1)	914
United States	4,083		44	2,858	6,985		6,985
Finland				24	24		24
France			497	2,106	2,603	(25)	2,578
Greece							
Hong Kong	46			890	936		936
Iran							
Ireland	1				1		1
Italy		6		1	7		7
Japan				889	889		889
Latvia							
Luxembourg	31				31		31
Morocco	20				20		20
Holland							
Portugal							
United Kingdom							
Russia	1				1		1
Slovakia							
Slovenia							
Sweden				54	54		54
Syria							
Ukraine				54	54		54
Venezuela				43	43		43
Yemen							
Other sovereign countries	962		328	3,808	5,098	(320)	4,778
TOTAL	**5,282**	**6**	**1,919**	**12,118**	**19,325**	**(349)**	**18,976**

	31.12.2018						
	Exposures Banking activity net of impairment						
	Other financial instruments at fair value through profit or loss		Financial assets at fair value through other comprehensive income that may be reclassified to profit or loss	Financial assets at amortised cost	Total banking activity before hedging	Hedging	Total banking activity after hedging
€ million	Held-for-trading financial assets	Other financial instruments at fair value through profit or loss					
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
Greece							
Hong Kong	71			978	1,049		1,049
Ireland							
Italy	494				494		494
Japan	23			1,948	1,971		1,971
Latvia							
Luxembourg	5				5		5
Morocco	18				18		18
Holland							
Portugal							
United Kingdom							
Russia	1		6		7		7
Slovakia	8		9		17		17
Slovenia							
Sweden				66	66		66
Syria							
Ukraine							
Venezuela				59	59		59
Other sovereign countries							
TOTAL	**2,642**		**1,320**	**7,882**	**11,844**	**(24)**	**11,819**

6

6.8 Financial liabilities at amortised cost

€ million	31.12.2019	31.12.2018
Due to credit institutions	44,646	47,302
Due to customers	133,352	123,510
Debt securities	57,291	51,541
CARRYING AMOUNT	**235,289**	**222,353**

DEBTS DUE TO CREDIT INSTITUTIONS

€ million	31.12.2019	31.12.2018
Credit institutions		
Accounts and borrowings	43,006	45,525
of which current accounts in credit [1]	4,090	6,255
of which overnight accounts and deposits [1]	1,732	747
Securities sold under repurchase agreements	1,640	1,777
CARRYING AMOUNT	**44,646**	**47,302**

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

DEBTS DUE TO CUSTOMERS

€ million	31.12.2019	31.12.2018
Current accounts in credit	49,896	45,971
Special savings accounts	152	151
Other amounts due to customers	82,620	76,849
Securities sold under repurchase agreements	684	539
Insurance liabilities		
Reinsurance liabilities		
Cash deposits received from cedants and retrocessionaires against technical insurance commitments		
CARRYING AMOUNT	**133,352**	**123,510**

DEBTS SECURITIES

€ million	31.12.2019	31.12.2018
Interest bearing notes		
Money-market securities		
Negotiable debt securities	53,221	49,280
Bonds	4,070	2,261
Other debt securities		
CARRYING AMOUNT	**57,291**	**51,541**

6.9 Information on the offsetting of financial assets and financial liabilities

OFFSETTING – FINANCIAL ASSETS

	31.12.2019					
	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	119,217		119,217	111,747	7,284	185
Reverse repurchase agreements	169,501	62,900	106,601	9,791	96,665	144
TOTAL FINANCIAL ASSETS SUBJECT TO OFFSETTING	**288,718**	**62,900**	**225,818**	**121,538**	**103,949**	**329**

As at 31 December 2019, derivative instruments were not subject to accounting compensation within the meaning of IAS 32R, but to daily settlement (application of the mechanism known as “settlement to market”).

	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	52,233	109,924	7,038	98,797	4,088
TOTAL FINANCIAL ASSETS SUBJECT TO OFFSETTING	**329,977**	**109,773**	**220,204**	**89,919**	**112,196**	**18,089**

OFFSETTING – FINANCIAL LIABILITIES

	31.12.2019					
	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	117,362		117,362	109,978	7,290	94
Repurchase agreements	140,480	62,900	77,580	9,791	64,341	3,448
TOTAL FINANCIAL LIABILITIES SUBJECT TO OFFSETTING	**257,842**	**62,900**	**194,956**	**119,769**	**71,631**	**3,559**

As at 31 December 2019, derivative instruments were not subject to accounting compensation within the meaning of IAS 32R, but to daily settlement (application of the mechanism known as “settlement to market”).

	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 OFFSETTING	**296,926**	**109,773**	**187,153**	**89,919**	**90,450**	**6,783**

6.10 Current and deferred tax assets and liabilities

€ million	31.12.2019	31.12.2018
Current tax	528	546
Deferred tax	589	599
TOTAL CURRENT AND DEFERRED TAX ASSETS	**1,117**	**1,145**
Current tax [1]	891	461
Deferred tax	1,502	1,498
TOTAL CURRENT AND DEFERRED TAX LIABILITIES	**2,392**	**1,959**

[1] The item Current Tax Liabilities includes the effects of the first application of IFRIC 23: Uncertainty relating to tax treatment.

Crédit Agricole CIB took into account all of the information available at the time of the closing, including recent positive developments and the residual risks in arbitration proceedings abroad.

Net deferred tax assets and liabilities break down as follows:

	31.12.2019		31.12.2018	
€ million	Deferred Tax Assets	Deferred Tax Liabilities	Deferred Tax Assets	Deferred Tax Liabilities
Temporary timing differences - tax	**391**	**1,150**	**464**	**1,234**
Non-deductible accrued expenses	156		145	
Non-deductible for liabilities and charges	279		260	
Other temporary differences [1]	(44)	1,150	59	1,234
Deferred tax on reserves for unrealised gains or losses	**118**	**198**	**94**	**138**
Financial assets at fair value through other comprehensive income	8	51	12	79
Cash flow hedges	7	176	1	83
Gains and losses/Actuarial differences	43	(29)	40	(24)
Other comprehensive income attributable to changes in own credit risk	60		41	
Deferred tax on income and reserves	**80**	**154**	**40**	**126**
TOTAL DEFERRED TAX	**589**	**1,502**	**598**	**1,498**

[1] The portion of deferred tax related to tax loss carryforwards is €37 million for 2019, compared to €30 million for 2018.

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.

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 2014 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 has been 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 has been recognised to cover the estimated risk.

6.11 Accruals, deferred income and sundry assets and liabilities

ACCRUALS, DEFERRED INCOME AND SUNDRY ASSETS

€ million	31.12.2019	31.12.2018
Other assets	**29,412**	**25,050**
Inventory accounts and miscellaneous	152	98
Sundry debtors	27,872	23,604
Settlements accounts	1,388	1,348
Other insurance assets		
Reinsurer's share of technical reserves		
Accruals and deferred income	**3,129**	**2,812**
Items in course of transmission	2,171	1,856
Adjustment and suspense accounts	48	316
Accrued income	502	371
Prepaid expenses	102	120
Other accruals prepayments and sundry assets	306	149
CARRYING AMOUNT	**32,541**	**27,862**

ACCRUALS, DEFERRED INCOME AND SUNDRY LIABILITIES

€ million	31.12.2019	31.12.2018
Other liabilities	**22,141**	**18,019**
Settlements accounts	819	1,287
Sundry creditors	20,770	16,732
Liabilities related to trading securities		
Other insurance liabilities		
Lease liabilities [1]	552	
Other Commitments		
Accruals and deferred income	**6,402**	**5,468**
Items in course of transmission	2,901	2,185
Adjustment and suspense accounts	1,255	759
Unearned income	297	312
Accrued expenses	1,843	2,076
Other accruals prepayments and sundry assets	106	136
Carrying amount	**28,543**	**23,487**

[1] Right of use impact recognised in First Time Application of the IFRS 16 (see Note 1.1 "Applicable standards and comparability").

6

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 2019. This value may not be representative of the selling value since the value in use of equityaccounted entities may be different from the equity accounted value determined pursuant to IAS 28. Investments in equityaccounted 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 2019,

- the equityaccounted value of joint ventures was nil as it was fully impaired (same situation at 31 December 2018),
- 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 "equityaccounted value in the balance sheet".

6.12.1 JOINT VENTURES AND ASSOCIATES: INFORMATION

	31.12.2019						
€ 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							
UBAF	47.01%			1	4	155	
Elipso	50.00%					(53)	
Net carrying amount of investments in equity-accounted entities (Joint ventures)				**1**	**4**	**102**	
Associates							
Net carrying amount of investments in equity-accounted entities (Associates)							
NET CARRYING AMOUNT OF INVESTMENTS IN EQUITY-ACCOUNTED ENTITIES				**1**	**4**	**102**	

[1] *Equity Group share in the financial statements of the joint venture or associate when the joint venture or associate is a sub-group.*

	31.12.2018						
€ 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							
UBAF	47.01%					154	
Elipso	50.00%					(49)	
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.*

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:

	31.12.2019			
€ million	Revenues	Net Income	Total assets	Total equity
Joint ventures				
UBAF	52	9	1,865	329
Elipso	(7)	(8)	44	(106)
TOTAL	**45**	**1**	**1 909**	**223**

	31.12.2018			
€ million	Revenues	Net Income	Total assets	Total equity
Joint ventures				
UBAF	43	3	1,962	329
Elipso		(1)	58	(99)
TOTAL	**43**	**2**	**2,020**	**230**

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)

Property, plant & equipment used in operations include the rights to use fixed assets taken on lease as lessee from 1 January 2019 (see Note 1.1 "Applicable standards and comparability" - IFRS 16 Leases).

Depreciation and impairment of property, plant & equipment used in operations are presented including depreciation on fixed assets given as operating leases.

€ million	31.12.2018	01.01.2019 [1]	Changes in scope	Increases (acquisitions)	Decreases (disposals and redemptions)	Translation adjustments	Other movements	31.12.2019
Property, plant & equipment used in operations								
Gross amount	1,179	1,724		258	(275)	28		1,735
Depreciation and impairment	(824)	(827)		(152)	256	(13)		(736)
CARRYING AMOUNT	**356**	**897**		**106**	**(19)**	**15**		**999**
Intangible assets								
Gross amount	885	882		115	(353)	5		649
Depreciation and impairment	(584)	(582)		(44)	341	(2)		(287)
CARRYING AMOUNT	**301**	**300**		**71**	**(12)**	**3**		**362**

[1] Right of use impact recognised in First Time Application of the IFRS 16 (see Note 1.1 "Applicable standards and comparability").

€ million	31.12.2017	Changes in scope	Increases (acquisitions)	Decreases (disposals and redemptions)	Translation adjustments	Other movements	31.12.2018
Property, plant & equipment used in operations							
Gross amount	1,130	5	53	(33)	24		1,179
Depreciation and impairment	(791)	(6)	(45)	33	(14)	(1)	(824)
CARRYING AMOUNT	**339**		**8**		**11**	**(1)**	**356**
Intangible assets							
Gross amount	775		105	(1)	4		885
Depreciation and impairment	(542)		(42)	1	(1)		(584)
CARRYING AMOUNT	**233**		**64**		**3**		**301**

6.14 Goodwill

€ million	31.12.2018 GROSS	31.12.2018 NET	Increases (acquisitions)	Decreases (Divestments)	Impairment losses during the period	Translation adjustments	Other movements	31.12.2019 GROSS	31.12.2019 NET
Corporate and Investment banking	654	484						654	484
Wealth Management	541	541				14	5	560	560
Other activities									
TOTAL	**1,195**	**1,025**				**14**	**5**	**1,214**	**1,044**

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 CGUs' estimated future cash flows calculated from the medium-term plans developed for Group matnagement purposes.

The following assumptions were used:

- estimated future flows: data forecasts compiled from projected three-year budgets as part of the updating of the Medium-Term Plan.

The trade projections were developed from the scenario of September 2019, with the following assumptions:

- Euro zone: continued decline in growth, which is taking hold under its potential (depressed/unstable international environment justifying negative contribution from net exports and an erosion of confidence and therefore of productive investment, particularly in Germany and Italy; increase in precautionary savings). Weak growth, without inflation, accommodating monetary policies and general weakness in bond yields, long-term rates, which are sustainably settling in negative territory in Germany and France;
- USA: uncertainties, effects of the trade war and shrinking margins are leading companies to reduce their investment spending; marked slowdown in growth (technical recession in 2020); accommodating Fed monetary policy to prevent the recession from worsening. Moderate recovery from 2021;
- installation in an inflation-free soft global growth regime. Increase/extension of tensions between China and the United States and tense geopolitical climate. More accommodating monetary conditions than anticipated.
  - Equity allocated: 9.76% of risk weighted assets for the 2 CGUs (up 5 bp compared with 31 December 2018, due to the rise of contra-cyclical cushions applicable in certain countries);
  - perpetual growth rate: 2%. The perpetual growth rates at 31 December 2019 were identical to those used at 31 December 2018 and reflect the growth forecasts of CA CIB for the two CGUs;
  - discount rate: between 8.30% and 9.20%. The setting of discount rates at 31 December 2019 for all CGUs reflects the sustained fall in long-term interest rates observed in Europe and particularly in France for several years now. Overall, the rates used were down compared with the end of 2018, for the 2 CGUs (between -50 bp and -40 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 CGU, or the Wealth Management CGU:

- a variation of +50 basis points in the rate of allocation of own funds to the CGU would not led to an impairment;
- a variation of +50 basis points of the discount rate would not lead to an impairment;
- a variation of +100 basis points of the cost/income ratio during the final year would not lead to an impairment;
- a variation of +10 basis points of the cost of risk at year end would not lead to an impairment.

6.15 Provisions

€ million	31.12.2018	01.01.2019	Changes in scope	Depreciation charges	Reversals, amounts used	Reversals, amounts not used	Translation adjustments	Other movements	31.12.2019
Home purchase schemes risks									
Execution risks of commitments by signature	372	372		434	(1)	(372)	9		442
Operational risks	5	5		1	(5)				1
Employee retirement and similar benefits	501	501		37	(30)	(53)	6	56	517
Litigation [1]	721	415		16	(10)			(32)	389
Equity investments									
Restructuring	1	1		3		(1)			3
Other risks	79	79		7	(9)	(3)		(4)	70
TOTAL	**1,679**	**1,373**		**498**	**(55)**	**(429)**	**15**	**20**	**1,422**

See Notes 7.4 "Post-employment benefits" and 7.5 "Other employee benefits".

[1] Reclassification of provisions for fiscal risks relating to income taxes from "Provisions" to "Current and deferred tax liabilities" at 1 January 2019 for €306 millions.

€ million	31.12.2017	01.01.2018	Changes in scope	Depreciation charges	Reversals, amounts used	Reversals, amounts not used	Translation adjustments	Other movements	31.12.2018
Home purchase schemes risks									
Execution risks of commitments by signature	221	527		464	(43)	(583)	7		372
Operational risks	1	1		4					5
Employee retirement and similar benefits	554	554	(1)	35	(64)	(6)	11	(28)	501
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**	**152**	**634**	**23**	**27**	**1,679**

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 CASA and Crédit Agricole CIB. The agreement with the Office of Foreign Assets Control (OFAC) of the US Department of the Treasury is with Crédit Agricole CIB. Crédit Agricole CIB also entered into separate deferred prosecution agreements (DPAs) with the United States Attorney's Office for the District of Columbia (USAO) and the District Attorney of the County of New York (DANY), the terms of which are three years. On 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 programmes 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 programme 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 statement of objection 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. On 14 June 2019, the plaintiffs appealed this decision.

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 SA and Crédit Agricole CIB, the New York Federal District Court, ruling on a new request by the plaintiffs, excluded Crédit Agricole SA 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, objected to this new complaint at the hearing held on 2 May 2019 before the New York Federal District Court. On July 26, 2019, the Federal Court granted the defendants' motion to dismiss. The plaintiffs filed a notice of appeal on August 26, 2019.

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) had received in 2018 a request for arbitration submitted by Banque Saudi Fransi (BSF) before the International Chamber of Commerce (ICC). The dispute related to the performance of a technical services agreement between BSF and Crédit Agricole CIB that is no longer in force. BSF had quantified its claim at SAR 1,023,523,357, the equivalent of about € 242 million. Crédit Agricole CIB and BSF have recently entered into an agreement effectively ending the ICC arbitration proceedings. This agreement has no significant impact on Crédit Agricole CIB's Financial Statements..

Bonds SSA

Several regulators requested information to Crédit Agricole S.A. and to Crédit Agricole CIB for investigations 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 issued a response on 29 March 2019, followed by an oral hearing on 10-11 July 2019.

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. A judgment issued on 30 September 2019 dismissed the class action for lack of jurisdiction of Southern District Court of the New York.

On 7 February 2019, another class action was filed against CACIB and the other defendants named in the class action already pending before the United States District Court for the Southern District of New York.

On 11 July 2018, Crédit Agricole S.A. and Crédit Agricole CIB were notified with other banks of a class action filed in Canada, before the Ontario Superior Court of Justice. Another class action, not notified to date, would have been filed before the Federal Court of Canada. It is not possible at this stage to predict the outcome of these investigations, proceedings or class actions or the date on which they will end.

◆ O'Sullivan and Tavera

On 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. On 28 March 2019, the Court granted defendants' motion to dismiss. On 22 April 2019, the plaintiffs filed a motion to amend their complaint. Defendants submitted an opposition to that motion on 20 May 2019 and plaintiffs filed a reply on 10 June 2019.

◆ Intercontinental Exchange, Inc. ("ICE")

On January 15, 2019 a class action ("Putnam Bank") 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 ("Livonia") 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.

On March 4, 2019, a third class action ("Hawaï Sheet Metal Workers retirement funds") was filed against the same banks in the same courtand consolidated with the two previous actions on April 26, 2019.

On July 1st, 2019, the plaintiffs filed a "Consolidated Class Action Complaint". On August 30, 2019, the Defendants filed a motion to dismiss against this consolidated complaint.

◆ Binding agreements

Crédit Agricole Corporate and Investment Bank (Crédit Agricole CIB) does not depend on any industrial, commercial or financial patent, license or contract.

6.16 Subordinated debts

€ million	31.12.2019	31.12.2018
Dated subordinated debt	3,274	2,989
Undated subordinated debt	1,708	1,970
CARRYING AMOUNT	**4,982**	**4,959**

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 Shareholder's equity

OWNERSHIP STRUCTURE AT 31 DECEMBER 2019

At 31 December 2019, ownership of the capital and voting rights was as follows:

Crédit Agricole CIB's shareholders	Number of shares at 31.12.2019	% of the share capital	% of voting rights
Crédit Agricole S.A.	283,037,792	97.33%	97.33%
SACAM développement [1]	6,485,666	2.33%	2.33%
Delfinances [2]	1,277,888	0.44%	0.44%
TOTAL	**290,801,346**	**100%**	**100%**

[1] Owned by the Crédit Agricole Group.
[2] Owned by the Crédit Agricole S.A. Group.

At 31 December 2019, Crédit Agricole CIB's share capital stood at €7,851,636 thousand divided into 290,801,346 fully paid up ordinary shares each with a par value of €27.

EARNINGS PER SHARE

		31.12.2019	31.12.2018
Net income Group share during the period	*(€ million)*	1,553	1,479
Net income attributable to undated deeply subordinated securities	*(€ million)*	(257)	(190)
Net income attributable to holders of ordinary shares	*(€ million)*	**1,296**	**1,290**
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)*	4.46	4.44
Basic earnings per share from ongoing activities	*(in euros)*	**4.46**	**4.44**
Basic earnings per share from discontinued operations	*(in euros)*		
DILUTED EARNINGS PER SHARE (IN EUROS)	*(in euros)*	4.46	4.44
Diluted earnings per share from ongoing activities	*(in euros)*	**4.46**	**4.44**
Diluted earnings per share from discontinued operations	*(in euros)*		

Diluted earnings per share from discontinued operations 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 –€257 million for the 2019 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 share receiving dividend		Dividend per share	
2015	899	Advance:	268,687,973	Advance:	[1] 2.93
		Remaining balance:	271,374,853	Remaining balance:	[1] 0.41
				Total:	[1] 3.34
2016	983	Advance:	290,801,346	Advance:	[1] 2.55
		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
2019	512		290,801,346		[1] 1.76

[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 2019 financial year, the Board of Directors proposed to submit for approval to the General Meeting of Shareholders the distribution of €511,810,368.96.

APPROPRIATION OF NET INCOME AND DETERMINATION OF THE 2019 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 4 May 2020. The breakdown of appropriation is described below. The net income for the financial year ended 31 December 2019 amounts to €1,329,009,706.78. 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 31.12.2019	**1,329,009,706.78**
Appropriation of the net income at 31.12.2019	
to the legal reserve for (the legal reserve is thus 10% of the share capital)	
to a special reserve (Art 238 bis AB paragraph 5 of the French general tax code) for	77,988
Balance of net income at 31.12.2019 after appropriation to special reserve	**1,328,931,718.78**
Amount of retained earnings at 31.12.2019	**3,213,450,673.65**
Amount of distributable earnings	**4,542,382,392.43**
Distribution of the dividend deducted from balance of net income at 31/12/2019 after appropriation to special reserve	**511,810,368.96**
Appropriation to retained earnings of the balance of net income after distribution of the dividend for	**817,121,349.82**

UNDATED SUBORDINATED AND DEEPLY SUBORDINATED DEBT

The main issues of undated deeply subordinated debt classified in equity are:

					31.12.2019			
		Amount in currency at 31 December 2018	Partial repurchases and redemptions	Amount in currency at 31 December 2019	Amount in euros at inception rate	Interests paid Group share	Issuance costs net of taxes	Shareholders' equity Group share
Issue date	Currency	In millions of units	In millions of units	In millions of units	In millions of euros	In millions of euros	In millions of euros	In millions of euros
16/11/2015	EUR	1,800		1,800	1,800	(116)		
09/06/2016	USD	720		720	643	(61)		
25/06/2018	EUR	500		500	500	(23)		
19/09/2018	EUR	500		500	500	(25)		
26/02/2019	USD			470	420	(25)		
18/06/2019	EUR			300	300	(7)		
TOTAL					**4,163**	**(257)**		

The changes related to undated subordinated and deeply subordinated financial instruments impacting equity Group share are:

€ million	31.12.2019	31.12.2018
Undated deeply subordinated notes		
Interest paid accounted as reserves	(257)	(190)
Income tax savings related to interest paid to security holders recognised in net income	88	65

6.18 Non-controlling interests

Non-controlling interests held by Crédit Agricole CIB are insignificant, except the stakes of CFM and CA Indosuez Wealth Italy S.P.A..

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.

	31.12.2019					
€ million	≤ 3 months	> 3 months up to ≤ 1 year	> 1 year up to ≤ 5 years	> 5 years	Indefinite	Total
Cash, central banks	58,257					58,257
Financial assets at fair value through profit or loss	95,562	25,648	42,511	78,799	7,270	249,790
Hedging derivative Instruments	1,424	89	29	8		1,550
Financial assets at fair value through other comprehensive income	1,271	1,860	4,643	1,110	757	9,641
Financial assets at amortised cost	74,173	35,966	64,773	22,522	5	197,439
Revaluation adjustment on interest rate hedged portfolios	1					1
TOTAL FINANCIAL ASSETS BY MATURITY	**230,688**	**63,563**	**111,956**	**102,439**	**8,032**	**516,678**
Central banks	1,812					1,812
Financial liabilities at fair value through profit or loss	90,679	13,565	49,001	101,522	8	254,775
Hedging derivative Instruments	1,167	85	58	23		1,334
Financial liabilities at amortised cost	193,057	27,613	9,957	4,661	2	235,290
Subordinated debt				4,982		4,982
Revaluation adjustment on interest rate hedged portfolios	37					37
TOTAL FINANCIAL LIABILITIES BY MATURITY	**286,752**	**41,263**	**59,016**	**111,188**	**10**	**498,230**

	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**

NOTE 7: EMPLOYEE BENEFITS AND OTHER COMPENSATION

7.1 Analysis of employee expenses

€ million	31.12.2019	31.12.2018
Salaries [1]	(1,579)	(1,550)
Contributions to defined-contribution plans	(82)	(74)
Contributions to defined-benefit plans	(23)	(29)
Other social security expenses	(339)	(335)
Profit-sharing and incentive plans	(35)	(32)
Payroll-related tax	(48)	(49)
TOTAL EMPLOYEE EXPENSES	**(2,106)**	**(2,069)**

[1] *Including expenses relating to stock option plans for €51 million at 31 December 2019 compared to €58 million at 31 December 2018.*

7.2 Average headcount

Average number of employees	31.12.2019	31.12.2018
France	4,885	4,903
International	6,586	6,448
TOTAL	**11,471**	**11,351**

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

	31.12.2019			31.12.2018
€ million	Eurozone	Outside Eurozone	All Zones	All Zones
Actuarial liability at 31.12.2018	**257**	**1,460**	**1,717**	**1,725**
Translation adjustments		64	64	28
Cost of service rended during the period	10	32	42	43
Financial cost	3	28	31	28
Employee contributions		16	16	16
Benefit plan changes, withdrawals and settlement	(54)	2	(52)	3
Changes in scope	(2)		(2)	7
Benefits paid (mandatory)	(11)	(66)	(77)	(71)
Tax, administratives costs and bonuses				
Actuarial (gains)/losses arising from changes in demographic assumptions [1]	(3)	(27)	(30)	(5)
Actuarial (gains)/losses arising from changes in financial assumptions [1]	20	181	201	(57)
ACTUARIAL LIABILITY AT 31.12.2019	**220**	**1,690**	**1,910**	**1,717**

[1] *Of which actuarial gains/losses related to experience adjustment.*

BREAKDOWN OF NET CHARGE RECOGNISED IN THE INCOME STATEMENT

	31.12.2019			31.12.2018
€ million	Eurozone	Outside Eurozone	All Zones	All Zones
Service cost	(44)	35	(9)	46
Income/expenses on net interests	3	1	4	6
IMPACT IN PROFIT AND LOSS AT 31.12.2019	**(41)**	**36**	**(5)**	**52**

BREAKDOWN OF NET GAINS AND LOSSES RECOGNISED DIRECTLY IN EQUITY (NON-RECYCLABLE)

	31.12.2019			31.12.2018
€ million	Eurozone	Outside Eurozone	All Zones	All Zones
Revaluation from net liabilities (from net assets)				
Total amount of actuarial gains or losses recognised in OCI that will not be reclassified to profit and loss at 31.12.2018	**112**	**255**	**367**	**417**
Translation adjustments		11	11	7
Actuarial (gains)/losses on assets		(91)	(91)	6
Actuarial (gains)/losses arising from changes in demographic assumptions [1]	(3)	(27)	(30)	(6)
Actuarial (gains)/losses arising from changes in financial assumptions [1]	20	181	201	(57)
Adjustment of assets restriction's impact				
IMPACT IN OCI AT 31.12.2019	**17**	**74**	**91**	**(50)**

[1] *Of which actuarial gains/losses related to experience adjustment.*

CHANGE IN FAIR VALUE OF ASSETS

	31.12.2019			31.12.2018
€ million	Eurozone	Outside Eurozone	All Zones	All Zones
Fair value of assets at 31.12.2018	**15**	**1,295**	**1,310**	**1,262**
Translation adjustments		58	58	20
Interests on asset (income)		27	27	22
Actuarial gains/(losses)		91	91	(5)
Employer contributions	3	30	33	57
Employee contributions		16	16	16
Benefit plan changes, withdrawals and settlement				
Changes in scope				
Tax, administratives costs and bonuses				
Benefits paid out under the benefit plan	(3)	(65)	(67)	(62)
FAIR VALUE OF ASSETS AT 31.12.2019	**15**	**1,452**	**1,468**	**1,310**

NET POSITION

	31.12.2019			31.12.2018
€ million	Eurozone	Outside Eurozone	All Zones	All Zones
Closing actuarial liability	**220**	**1,690**	**1,910**	**1,717**
Impact of asset restriction				
Fair value of assets at end of period	(15)	(1,452)	(1,467)	(1,312)
NET POSITION OF ASSETS/(LIABILITIES) AT END OF PERIOD	**205**	**238**	**443**	**405**

DEFINED-BENEFIT PLANS: MAIN ACTUARIAL ASSUMPTIONS

	31.12.2019		31.12.2018	
In percent	Eurozone	Outside Eurozone	All Zones	All Zones
Discount rate [1]	0.98%	1.17%	1.43%	1.90%
Actual return on plan assets and on reimbursement rights	1.55%	8.93%	2.28%	1.35%
Expected salary increase rates [2]	0.63%	1.79%	2.85%	2.11%
Rate of change in medical costs	na	na	4.60%	na

[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	3.03%	465	465	24.15%	350,705	350,705	23.93%	351,170	351,170
Bonds	32.19%	4,937	4,937	50.86%	738,748	738,748	50.67%	743,685	743,685
Property/Real estate	2.24%	344		11.55%	167,733		11.45%	168,077	
Other assets	62.54%	9,592		13.44%	195,243		13.96%	204,835	

[1] Of which fair value of reimbursement rights.

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 76.83% of its employee benefit obligations at 31 December 2019.

At 31 December 2019, the sensitivity analysis showed that:

- a 50-basis point increase in discount rates would reduce the commitment by -7.16%;
- a 50-basis point decrease in discount rates would increase the commitment by 8.08%.

7.5 Other employee benefits

Crédit Agricole CIB pays long service awards.

7.6 Share-based payments

STOCK OPTION PLAN

No new plans were implemented in 2019.

EMPLOYEE BONUS SHARE PLAN

No new plans were implemented in 2019.

CAPITAL INCREASE RESERVED FOR EMPLOYEES AND PENSIONERS OF THE CRÉDIT AGRICOLE GROUP

In 2019, Crédit Agricole S.A. offered employees and Group retirees the possibility of subscribing to a new capital increase reserved for them. This transaction was launched in 10 coutnries where Crédit Agricole CIB locates.

DEFERRED VARIABLE COMPENSATION PAID IN SHARES OR IN CASH INDEXED TO THE SHARE PRICE

he deferred variable compensation plans implemented by the Crédit Agricole CIB Group in respect of 2019 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 2021, March 2022 and March 2023.

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 2019 were as follows:

- short-term benefits: €7.1 million for fixed and variable compensation (of which €0.97 million paid in share-indexed instruments), including social security expenses and benefits in kind;
- post-employment benefits at 31 December 2019: €9.5 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: a benefit is paid for an amount of €0.2 million ;
- other share-based payment: not applicable.

Total Directors' fees paid to members of Crédit Agricole CIB's Board of Directors in 2019 in consideration for serving as Directors of Crédit Agricole CIB amounted to €0.40 million (net amount).

6

(1) Of which fair value of reimbursement rights.

NOTE 8: LEASES

8.1 Leases in which the Group is lessee

The item “Property, plant & equipment used in operations” in the balance sheet is made up of owned assets and leased assets, which do not meet the definition of investment property.

€ million	31.12.2019
Owned property, plant & equipment	477
Right-of-use on lease contracts	522
Total Property, plant & equipment used in operations	**999**

Crédit Agricole CIB is also a lessee in the 1 to 3 year lease of computer equipment (photocopiers, computers, etc.). These are low value and/or short-term leases. Crédit Agricole CIB has chosen to apply the exemptions stipulated by IFRS 16 and to not recognise the right-to-use and lease liabilities on these leases in the balance sheet.

CHANGE IN ASSETS IN RESPECT OF THE RIGHT-TO-USE

Crédit Agricole CIB is lessee of several assets, including offices and computer equipment.

Information relating to leases in which Crédit Agricole CIB is a lessee are given below:

€ million	01.012019	Changes in scope	Increases (acquisitions)	Decreases (disposals)	Translation adjustments	Other movements	31.12.2019
Property/Real estate							
Gross amount	531		80	(4)	6		613
Depreciation and impairment	(2)		(105)	2			(105)
Total Property/Real estate	**529**		**(25)**	**(2)**	**6**		**508**
Equipment							
Gross amount	13		7	(1)			19
Depreciation and impairment			(6)				(5)
Total Equipment	**13**		**1**				**14**
Total Right-of-use	**542**		**(24)**	**(2)**	**6**		**522**

SCHEDULE OF LEASE LIABILITIES

	31.12.2019			
€ million	≤ 1 year	> 1 year up to ≤ 5 years	> 5 years	Total Lease liabilities
Lease liabilities	**112**	**339**	**102**	**553**

DETAILS OF LEASE INCOME AND EXPENSE

€ million	31.12.2019
Interest expense on lease liabilities	(9)
Total Interest and similar expenses (Revenues)	**(9)**
Expense relating to short-term leases	(8)
Expense relating to leases of low-value assets	(3)
Expense relating to variable lease payments not included in the measurement of lease liabilities	
Income from subleasing right-of-use assets	
Gains or losses arising from leaseback transactions	
Gains or losses arising from lease modifications	
Total Operating expenses	**(11)**
Depreciation for right-of-use	(111)
Total Depreciation and amortisation of property, plant & equipment	**(111)**
Total Expense and income on lease contracts	**(131)**

AMOUNTS OF CASH FLOWS FOR THE PERIOD

€ million	31.12.2019
Total Cash outflow for leases	**(118)**

8.2. Leases in which the Group is lessor

Crédit Agricole CIB offers its customers leasing activities in the form of leases, leases with purchase option, financial leasing, or long-term leases. Leases are classified as finance leases when the terms of the lease essentially transfer almost all of the inherent risks and benefits of the property to the lessee.

Other leases are classified as operating leases.

LEASE INCOME

€ million	31.12.2019
Finance leases	
Selling profit or loss	
Finance income on the net investment in the lease	
Income relating to variable lease payments	
Operating leases	**10**
Lease income	10

NOTE 9: FINANCING AND GUARANTEE COMMITMENTS AND OTHER GUARANTEES

Financing and guarantee commitments and other guarantees include discontinued operations.

COMMITMENTS GIVEN AND RECEIVED

€ million	31.12.2019	31.12.2018
Commitments given	**171,862**	**186,638**
Financing commitments	**113,769**	**129,421**
Commitments given to credit institutions	8,520	21,024
Commitments given to customers	105,249	108,397
Confirmed credit lines	95,584	92,653
Documentary credits	3,717	4,655
Other confirmed credit lines	91,867	87,998
Other commitments given to customers	9,665	15,744
Guarantee commitments	**53,328**	**50,172**
Credit institutions	6,857	7,248
Confirmed documentary credit lines	3,053	3,946
Other	3,804	3,302
Customers	46,471	42,924
Property guarantees	2,151	1,950
Other customer guarantees	44,320	40,974
Securities commitments	**4,765**	**7,045**
Securities to be delivered	4,765	7,045
Commitments received	**175,790**	**172,776**
Financing commitments	**4,087**	**17,054**
Commitments received from credit institutions	3,771	11,304
Commitments received from customers	316	5,750
Guarantee commitments	**167,147**	**145,351**
Commitments received from credit institutions	6,976	5,962
Commitments received from customers	160,171	139,389
Guarantees received from government bodies or similar institutions	25,313	24,366
Other guarantees received	134,858	115,023
Securities commitments	**4,556**	**10,371**
Securities to be received	4,556	10,371

FINANCIAL INSTRUMENTS GIVEN AND RECEIVED AS COLLATERAL

€ million	31.12.2019	31.12.2018
Carrying amount of financial assets provided as collateral (including transfered assets)		
Securities and receivables provided as collateral for the refinancing structures (Banque de France, CRH, etc.)	45,934	38,021
Securities lent	615	2,852
Security deposits on market transactions	23,372	17,536
Other security deposits		
Securities sold under repurchase agreements	77,580	78,273
TOTAL CARRYING AMOUNT OF FINANCIAL ASSETS PROVIDED AS COLLATERAL	**147,501**	**136,682**
Carrying amount of financial assets received in garantee		
Other security deposits		
Fair value of instruments received as reusable and reused collateral		
Securities borrowed	4	3
Secutities bought under repurchase agreements	121,730	109,920
Securities sold short	33,468	29,368
TOTAL FAIR VALUE OF INSTRUMENTS RECEIVED AS REUSABLE AND REUSED COLLATERAL	**155,203**	**139,291**

RECEIVABLES PLEDGED AS COLLATERAL

In 2019, Crédit Agricole CIB deposited €693 million of receivables to Banque de France for refinancing compared to €2,566 million in 2018.

At 31 December 2019, 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 €155 billion at 31 December 2019 compared to €139 billion at 31 December 2018. 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 2019, nor at 31 December 2018.

NOTE 10: RECLASSIFICATION OF FINANCIAL INSTRUMENTS

Principles applied by Crédit Agricole CIB

Reclassifications are performed only under exceptional circumstances and following a decision by the Executive Management of 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 2019, Crédit Agricole CIB did not carry out any reclassification pursuant to paragraph 4.4.1 of IFRS 9.

NOTE 11: 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.

Parameters for which no market information is available, or for which the available market information is considered insufficient, are regarded as unobservable. This qualification may call upon expert opinion. The information examined may include transactions actually concluded, firm or indicative quotations and information resulting from market consensus.

In some cases, market values are close to carrying amounts. This applies primarily to:

- assets or liabilities at variable rates for which interest rate changes do not have a significant influence on the fair value, since the rates on these instruments frequently adjust themselves to the market rates;
- short-term assets or liabilities where the redemption value is considered to be close to the market value;
- instruments executed on a regulated market for which the prices are set by the public authorities;
- demand assets or liabilities.

11.1 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 31.12.2019	Estimated fair value at 31.12.2019	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	159,860	160,576		20,825	139,751
Loans and receivables due from credit institutions	15,996	16,019		15,622	397
Current accounts and overnight loans	2,946	2,948		2,932	16
Accounts and long-term loans	12,395	12,409		12,028	381
Pledged securities					
Securities bought under repurchase agreements	641	647		647	
Subordinated loans					
Other loans and receivables	14	15		15	
Loans and receivables due from customers	143,864	144,557		5,203	139,354
Trade receivables	17,853	17,904			17,904
Other customer loans	120,457	121,093			121,093
Pledged securities					
Securities bought under repurchase agreements	474	475		475	
Subordinated loans	40	40			40
Advances in associates' current accounts	134	134			134
Current accounts in debit	4,906	4,911		4,728	183
Debt securities	37,580	37,680	18,198	1,665	17,817
Treasury bills and similar securities	7,898	7,939	7,939		
Bonds and other fixed income securities	29,682	29,741	10,259	1,665	17,817
TOTAL FINANCIAL ASSETS OF WHICH FAIR VALUE IS DISCLOSED	197,440	198,256	18,198	22,490	157,568

€ 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 balance 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

FINANCIAL LIABILITIES RECOGNISED AT AMORTISED COST AND MEASURED AT FAIR VALUE ON THE BALANCE SHEET

€ million	Value at 31.12.2019	Estimated fair value at 31.12.2019	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	**44,646**	**44,646**		**44,614**	**32**
Current accounts and overnight loans	5,822	5,822		5,822	
Accounts and term deposits	37,184	37,184		37,152	32
Pledged securities					
Securities sold under repurchase agreements	1,640	1,640		1,640	
Due to customers	**133,352**	**133,352**		**133,199**	**153**
Current accounts in credit	49,896	49,896		49,896	
Special savings accounts	152	152			152
Other amounts due to customers	82,620	82,620		82,619	1
Securities sold under repurchase agreements	684	684		684	
Debt securities	**57,291**	**57,305**		**57,305**	
Subordinated debt	**4,982**	**4,982**		**4,982**	
TOTAL FINANCIAL LIABILITIES OF WHICH FAIR VALUE IS DISCLOSED	**240,271**	**240,285**		**240,100**	**185**

€ 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**

11.2 Information about financial instruments measured at fair value

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.

Furthermore, and in accordance with IFRS 13 "Measurement of the fair value", Crédit Agricole CIB (CACIB) includes, in the calculation of the fair value of its OTC derivatives, various adjustments relating:

- to default or credit quality risk (Credit Valuation Adjustment/ Debit Valuation Adjustment);
- to the future financing costs and gains (Funding Valuation Adjustment);
- to the liquidity risk associated with the collateral (Liquidity 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 market data/price (the probability of default is in priority, directly deduced from listed CDS when they exist, listed CDS proxies, if any, 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 CACIB 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 methodology used maximises the use of market data/price (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 fair 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.

LVA ADJUSTMENT

The LVA (Liquidity Valuation Adjustment) is the positive or negative adjustment of valuation aimed at materialising both the absence of potential collateral payment for counterparties (Credit Support Annex), as well as the remuneration non-standard CSA.

The LVA thus materialises the gain or loss resulting from the costs additional liquidity. It is calculated on the scope of derivatives OTC with CSA.

BREAKDOWN OF FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH VALUATION MODEL

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

The observed transfers from Level 3 to Level 2 are the result of a review of observability mapping on derivatives (assets/liabilities) and liabilities at fair value on option. The impact was -€0.3 billion on the asset side and -€1.8 billion on the liability side.

The remainder of the transfers to assets and liabilities to and from Level 3 are a better identification of the fair value level of operations presented at 31/12/2018 of the following instruments on the balance sheet: securities bought under repurchase agreements, over-the-counter derivatives, treasury bills and issues at fair value on option. This amount equalled +€0.1 billion on the asset side and -€2.1 billion on the liability side.

Financial assets measured at fair value

€ million	31.12.2019	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	**249,068**	**23,558**	**219,745**	**5,765**
Loans and receivables due from credit institutions	61		61	
Loans and receivables due from customers	893			893
Securities bought under repurchase agreements	105,486		103,287	2,199
Pledged securities				
Held for trading securities	25,299	22,782	1,757	760
Treasury bills and similar securities	13,601	12,478	1,122	1
Bonds and other fixed income securities	4,754	3,956	633	165
Mutual funds	43	43		
Equities and other variable income securities	6,901	6,305	2	594
Derivative instruments	117,329	776	114,640	1,913
Other financial instruments at fair value through profit or loss	**722**	**203**	**18**	**501**
Equity instruments at fair value through profit or loss	**359**	**180**	**13**	**166**
Equities and other variable income securities	213	180	13	20
Non-consolidated equity investments	146			146
Debt instruments that do not meet the conditions of the “SPPI” test	**363**	**23**	**5**	**335**
Loans and receivables due from credit institutions				
Loans and receivables due from customers	325			325
Debt securities	38	23	5	10
Treasury bills and similar securities	2			2
Bonds and other fixed income securities	27	19		8
Mutual funds	9	4	5	
Financial assets designated at fair value through profit or loss				
Loans and receivables due from credit institutions				
Loans and receivables due from customers				
Debt securities				
Treasury bills and similar securities				
Bonds and other fixed income securities				
Financial assets at fair value through other comprehensive income	**9,641**	**9,304**	**110**	**227**
Equity instruments at fair value through other comprehensive income that will not be reclassified to profit or loss	**758**	**551**		**207**
Equities and other variable income securities	476	441		35
Non-consolidated equity investments	282	110		172
Debt instruments at fair value through other comprehensive income that may be reclassified to profit and loss	**8,883**	**8,753**	**110**	**20**
Loans and receivables due from credit institutions				
Loans and receivables due from customers				
Debt securities	8,884	8,754	110	20
Treasury bills and similar securities	2,065	2,065		
Bonds and other fixed income securities	6,819	6,689	110	20
Hedging derivative Instruments	**1,550**		**1,550**	
TOTAL FINANCIAL ASSETS MEASURED AT FAIR VALUE	**260,981**	**33,065**	**221,423**	**6,493**
Transfers from Level 1: Quoted prices in active markets for identical instruments	4,474		4,368	106
Transfers from Level 2: Valuation based on observable data	1,819	112		1,707
Transfers from Level 3: Valuation based on unobservable data	1,894	72	1,822	
TOTAL TRANSFERS TO EACH LEVEL	**8,187**	**184**	**6,190**	**1,813**

Level 1 to Level 2 transfers mainly involve the reclassification from exchange-traded derivatives to OTC derivatives.

Level 1 to Level 3 transfers involve bonds and other fixed-income securities.

Level 2 to Level 1 transfers mainly involve treasury bills and bonds and other fixed-income securities.

Level 2 to Level 3 transfers mainly involve securities bought under repurchases agreements from credit institutions and interest rate swaps.

Level 3 to Level 1 transfers mainly involve treasury bills.

Level 3 to Level 2 transfers mainly involve client securities bought under repurchase agreements and exchange-traded derivatives, of which -€0.3 billion relating to the review of observability mapping on derivatives.

€ 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	
Equities 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
Equities 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 at fair value through other comprehensive income	**11,362**	**10,859**	**175**	**328**
Equity instruments at fair value through other comprehensive income that will not be reclassified to profit or loss	**1,662**	**1,406**		**256**
Equities and other variable income securities	38	4		34
Non-consolidated equity investments	1,624	1,402		222
Debt instruments at fair value through other comprehensive income that may be reclassified to profit and loss	**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**

Transfers to assets to and from Level 3 are a better identification of the fair value level of operations presented at 31/12/2018 of the following instruments on the balance sheet: securities bought under repurchase agreements, over-the-counter derivatives and treasury bills. This amount equalled +€0.1 billion.

Financial liabilities measured at fair value

€ million	31.12.2019	Quoted prices in active markets for identical instruments: Level 1	Valuation based on observable data: Level 2	Valuation based on unobservable data: Level 3
Held for trading financial liabilities	**224,788**	**33,908**	**189,233**	**1,648**
Securities sold short	33,472	33,259	213	1
Securities sold under repurchase agreements	75,240		74,320	920
Debt securities	54		54	
Due to credit institutions				
Due to customers				
Derivative instruments	116,022	649	114,646	727
Financial liabilities designated at fair value through profit or loss	**29,987**		**22,471**	**7,515**
Hedging derivative Instruments	**1,334**		**1,334**	
TOTAL FINANCIAL LIABILITIES MEASURED AT FAIR VALUE	**256,109**	**33,908**	**213,038**	**9,163**
Transfers from Level 1: Quoted prices in active markets for identical instruments	4,024		4,024	
Transfers from Level 2: Valuation based on observable data	639	34		605
Transfers from Level 3: Valuation based on unobservable data	4,917	241	4,676	
TOTAL TRANSFERS TO EACH LEVEL	**9,580**	**275**	**8,700**	**605**

Level 1 to Level 2 transfers mainly involve the reclassification from exchange-traded derivatives to OTC derivatives.

Level 2 to Level 1 transferts involve short sales.

Level 2 to Level 3 transfers mainly involve securities sold under repurchase agreements to credit institutions.

Level 3 to Level 1 transfers mainly involve treasury bills sold short.

Level 3 to Level 2 transfers mainly involve client securities sold under repurchase agreements, negotiable debt securities recognised at fair value through profit or loss option and trading derivatives. Review of observability mapping on derivatives and liabilities at fair value per option amount to -€2.1 billion.

€ 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
Held for trading financial liabilities	**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**

Transfers to liabilities to and from Level 3 are a better identification of the fair value level of operations presented at 31/12/2018 of the following instruments on the balance sheet: over-the-counter derivatives and issues at fair value per option. This amount is equal to -€2.1 billion.

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 recognised 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);
- some structured products have quoted market prices on a continuous basis and are valued in a model subject to market consensus;
- 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.

All or part of 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 or if the transaction is terminated.

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 recognised 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 or equity/equity correlations 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.

The main exposures involved are:

- "path dependant" structured rate products, i.e. that their future flows depend on past trajectories followed by rate swaps. These products need the implementation of complex evaluation models;
- securitisation swaps generating an exposure to the prepayment rate. The prepayment rate is determined on the basis of historical data on similar portfolios. The assumptions and inputs used are checked regularly on the basis of actual prepayments;
- hybrid products: the flows of these products depend on the joint behaviour of two different types of underlying assets, namely rates, indices, exchange rates, credit spreads;
- CDOs based on corporate credit baskets. These are now insignificant;
- certain complex derivative products on shares.

NET CHANGES IN FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE ACCORDING TO LEVEL 3

▶ Financial assets measured at fair value according to Level 3

		Financial assets held for trading							Other financial instruments at fair value through profit or loss							Financial assets at fair value through other comprehensive income				
				Held-for-trading securities					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		
€ million	Total	Loans and receivables due from customers	Securities bought under repurchase agreements	Treasury bills and similar securities	Bonds and other fixed income securities	Equities and other variable income securities	Held-for-trading securities	Derivative instruments	Equity and other variable income securities	Non-consolidated equity investments	Loans and receivables due from customers	Treasury bills and similar securities	Bonds and other fixed income securities	Debt securities	Equities and other variable income securities	Non-consolidated equity investments	Treasury bills and similar securities	Bonds and other fixed income securities	Debt securities
Opening balance (01.01.2019)	**4,831**	**1,374**	**967**	**445**	**48**		**493**	**1,499**	**17**	**69**	**74**		**10**	**10**	**34**	**222**	**72**		**72**
Gains or losses during the period [1]	(267)	15	(4)		(5)		(5)	(305)	(1)	13	(16)	4	1	5	1	10		20	20
Recognised in profit or loss	(299)		(2)		(5)		(5)	(305)	(2)	13	(23)	4	1	5				20	20
Recognised in other comprehensive income	32	15	(2)						1		7				1	10			
Purchases	3,439	820	1,265		19	594	613	444	5		289					3			
Sales	(1,147)	(1,114)		1			1		(1)		(24)		(3)	(3)		(6)			
Issues																			
Settlements	(303)	(202)			(1)		(1)	(86)								(14)			
Reclassifications	70										18	2		2		50			
Changes associated with scope during the period	(49)									64	(16)	(4)		(4)		(93)			
Transfers [2]	(81)		(29)	(445)	104		(341)	361									(72)		(72)
Transfers to Level 3	1,813		937		104		104	772											
Transfers from Level 3	(1,894)		(966)	(445)			(445)	(411)									(72)		(72)
CLOSING BALANCE (31.12.2019)	**6,493**	**893**	**2,199**	**1**	**165**	**594**	**760**	**1,913**	**20**	**146**	**325**	**2**	**8**	**10**	35	172		20	20

[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	***(293)***
Recognised in profit or loss	*(304)*
Recognised in other comprehensive income	*11*

[2] The observed transfers from Level 3 to Level 2 on the asset side are the result, in the amount of -€0.3 billion, of a review of observability mapping on derivatives.

Transfers to assets to and from Level 3 are a better identification of the fair value level of operations presented at 31/12/2018 of the following instruments on the balance sheet: securities bought under repurchase agreements, over-the-counter derivatives and treasury bills. This amount is equal to +€0.1 billion.

▶ Financial liabilities measured at fair value according to Level 3

€ million	Total	Financial liabilities held for trading						Financial liabilities designated at fair value through profit or loss	Hedging derivative instruments
		Securities sold short	Securities sold under repurchase agreements	Debt securities	Due to credit institutions	Due to customers	Derivative Instruments		
Opening balance (01.01.2019)	**12,786**	**220**	**2,324**				**1,827**	**8,415**	
Gains or losses during the period [1]	(540)	(1)					(311)	(228)	
Recognised in profit or loss	(540)	(1)					(311)	(228)	
Recognised in other comprehensive income									
Purchases	586	23	488				74	1	
Sales									
Issues	3,446							3,446	
Settlements	(2,789)						(71)	(2,718)	
Reclassifications									
Changes associated with scope during the period	(14)							(14)	
Transfers [2]	(4,312)	(241)	(1,892)				(792)	(1,387)	
Transfers to Level 3	605		432				71	102	
Transfers from Level 3	(4,917)	(241)	(2,324)				(863)	(1,489)	
CLOSING BALANCE (31.12.2019)	**9,163**	**1**	**920**				**727**	**7,515**	

[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	***(540)***
Recognised in profit or loss	*(540)*
Recognised in other comprehensive income	

[2] The transfers observed from Level 3 to Level 2 on the liabilities side are the result, for -€2.1 billion, of a review of observability mapping on derivatives and liabilities at fair value per option.
Transfers to liabilities to and from Level 3 are a better identification of the fair value level of operations presented at 31/12/2018 of the following instruments on the balance sheet: over-the-counter derivatives and issues at fair value per option. This amount is equal to -€2.1 billion.

11.3 Estimated impact of inclusion of the margin at inception

€ million	31.12.2019	31.12.2018
Deferred margin at 1st January	**61**	**67**
Margin generated by new transactions during the period	36	26
Recognised in net income during the period		
Amortisation and cancelled / reimbursed / matured transactions	(24)	(32)
Effects of inputs or products reclassified as observable during the period	(7)	
DEFERRED MARGIN AT THE END OF THE PERIOD	**66**	**61**

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.

NOTE 12: IMPACT OF ACCOUNTING CHANGES AND OTHER EVENTS

Balance sheet-Assets

Impacts of IFRS 16 at 1 January 2019

€ million	01.01.2019 Restated	Impact IFRS 16	01.01.2019 Stated
Cash, central banks	46,538		46,538
Financial assets at fair value through profit or loss	240,774		240,774
Financial assets held for trading	240,560		240,560
Other financial instruments at fair value through profit or loss	214		214
Hedging derivative Instruments	965		965
Financial assets at fair value through other comprehensive income	11,362		11,362
Interests on reimbursement rights (income)	9,700		9,700
Equity instruments at fair value through other comprehensive income that will not be reclassified to profit or loss	1,662		1,662
Financial assets at amortised costs	181,371		181,371
Loans and receivables due from credit institutions	19,172		19,172
Loans and receivables due from customers	134,302		134,302
Debt securities	27,897		27,897
Revaluation adjustment on interest rate hedged portfolios	2		2
Current and deferred tax assets	1,265	120	1,145
Accruals, prepayments and sundry assets	27,862		27,862
Investment property	1		1
Property, plant and equipment	903	547	356
Intangible assets	300	(1)	301
Goodwill	1,025		1,025
TOTAL ASSETS	**512,368**	**666**	**511,702**

Balance sheet-Liabilities

Impacts of IFRS 16 at 1 January 2019

€ million	01.01.2019 Restated	Impact IFRS 16	01.01.2019 Stated
Central banks	877		877
Financial liabilities at fair value through profit or loss	234,880		234,880
Held for trading financial liabilities	208,156		208,156
Financial liabilities designated at fair value through profit or loss	26,724		26,724
Hedging derivative Instruments	1,067		1,067
Financial liabilities at amortised cost	222,353		222,353
Due to credit institutions	47,302		47,302
Due to customers	123,510		123,510
Debt securities	51,541		51,541
Revaluation adjustment on interest rate hedged portfolios	5		5
Current and deferred tax liabilities	2,079	120	1,959
Accruals, prepayments and sundry liabilities	24,037	550	23,487
Insurance compagny technical reserves	10		10
Provisions	1,675	(4)	1,679
Subordinated debt	4,959		4,959
Total Liabilities	**491,942**	**666**	**491,276**
Equity	**20,426**		**20,426**
Equity - Group share	20,308		20,308
Share capital and reserves	12,860		12,860
Consolidated reserves	5,795		5,795
Other comprehensive income	174		174
Other comprehensive income on discontinued operations			
Net income (loss) for the year	1,479		1,479
Non-controlling interests	118		118
TOTAL LIABILITIES AND EQUITY	**512,368**	**666**	**511,702**

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NOTE 13: SCOPE OF CONSOLIDATION AT 31 DECEMBER 2019

13.1 Information on the subsidiaries

13.1.1 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.

13.1.2 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 2019, the outstanding volume of these issues was €25 billion.

As part of its third-party securitisation business, Crédit Agricole CIB provides liquidity lines to its ABCP conduits. At 31 December 2019, these liquidity lines totalled €37 billion.

13.2 Composition of the consolidation group

Crédit Agricole CIB Group Scope of consolidation	(a)	Location	Country of incorporation if different from location	Nature of entity and control (b)	Consolidation method 31.12.2019	% of control 31.12.19	% of control 31.12.18	% interest 31.12.19	% interest 31.12.18
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)	S1	Luxembourg	France	Branch	Full		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 Brazil S.A.		Brazil		Subsidiary	Full	100	100	100	100
Crédit Agricole CIB Algeria Bank Spa		Algeria		Subsidiary	Full	100	100	100	100
Crédit Agricole CIB Australia Ltd.		Australia		Subsidiary	Full	100	100	100	100
Crédit Agricole CIB China Ltd.		China		Subsidiary	Full	100	100	100	100
Crédit Agricole CIB China Ltd. Chinese Branch		China		Branch	Full	100	100	100	100
Crédit Agricole CIB Services Private Ltd.		India		Subsidiary	Full	100	100	100	100
Crédit Agricole CIB AO		Russia		Subsidiary	Full	100	100	100	100
CA Indosuez Wealth (Europe)		Luxembourg		Subsidiary	Full	100	100	100	100
CA Indosuez Wealth (Europe - Spain)		Spain	Luxembourg	Branch	Full	100	100	100	100
CA Indosuez Wealth (Europe - Belgium)		Belgium	Luxembourg	Branch	Full	100	100	100	100
CA Indosuez Wealth (Europe - Italy)		Italy	Luxembourg	Branch	Full	100	100	100	100
CA Indosuez (Switzerland) S.A.		Switzerland		Subsidiary	Full	100	100	100	100
CA Indosuez (Switzerland) S.A. (Hong Kong)		Hong-Kong	Switzerland	Branch	Full	100	100	100	100
CA Indosuez (Switzerland) S.A. (Singapore)		Singapore	Switzerland	Branch	Full	100	100	100	100
CA Indosuez (Switzerland) S.A. Switzerland Branch		Switzerland		Branch	Full	100	100	100	100
CFM Indosuez Wealth		Monaco		Subsidiary	Full	70	70	69	69
CA Indosuez Finanziaria S.A.		Switzerland		Subsidiary	Full	100	100	100	100
UBAF		France		Joint-Venture	Equity	47	47	47	47
UBAF (Japan)		Japan	France	Joint-Venture	Equity	47	47	47	47
UBAF (South Korea)		South Korea	France	Joint-Venture	Equity	47	47	47	47
UBAF (Singapore)		Singapore	France	Joint-Venture	Equity	47	47	47	47
CA Indosuez Wealth (France)		France		Subsidiary	Full	100	100	100	100
CA Indosuez Gestion		France		Subsidiary	Full	100	100	100	100
Ester Finance Titrisation		France		Subsidiary	Full	100	100	100	100
CA Indosuez Wealth Italy S.P.A.	D1	Italy		Subsidiary	Full	100	94	100	94

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Crédit Agricole CIB Group Scope of consolidation	(a)	Location	Country of incorporation if different from location	Nature of entity and control (b)	Consolidation method 31.12.2019	% of control		% interest	
						31.12.19	31.12.18	31.12.19	31.12.18
Brokerage companies									
Crédit Agricole Securities (USA) Inc		United States		Subsidiary	Full	100	100	100	100
Credit Agricole Securities (Asia) Ltd		Hong Kong		Subsidiary	Full	100	100	100	100
Crédit Agricole Securities Asia Limited Séoul Branch (CASAL Séoul Branch)		South Korea		Branch	Full	100	100	100	100
Crédit Agricole Securities Asia BV (Tokyo)		Japan	Netherlands	Branch	Full	100	100	100	100
Investment companies									
CA Indosuez Wealth (Brazil) S.A. DTVM		Brazil		Subsidiary	Full	100	100	100	100
Compagnie Française de l'Asie (CFA)		France		Subsidiary	Full	100	100	100	100
Crédit Agricole CIB Air Finance S.A.		France		Subsidiary	Full	100	100	100	100
Crédit Agricole Securities Asia BV		Netherlands		Subsidiary	Full	100	100	100	100
Crédit Agricole Global Partners Inc.		United States		Subsidiary	Full	100	100	100	100
Crédit Agricole CIB Holdings Ltd.		United Kingdom		Subsidiary	Full	100	100	100	100
CA Indosuez Wealth (Groupe)		France		Subsidiary	Full	100	100	100	100
Doumer Finance S.A.S.		France		Subsidiary	Full	100	100	100	100
Fininvest		France		Subsidiary	Full	98	98	98	98
Fletirec		France		Subsidiary	Full	100	100	100	100
I.P.F.O.	S3	France		Subsidiary	Full		100		100
CFM Indosuez Conseil en Investissement		France		Subsidiary	Full	70	70	69	69
CFM Indosuez Gestion		Monaco		Subsidiary	Full	70	70	68	68
CFM Indosuez Conseil en Investissement, Branch de Noumea		New Caledonia	France	Branch	Full	70	70	69	69
Insurance companies									
CAIRS Assurance S.A.		France		Subsidiary	Full	100	100	100	100
Others									
Calixis Finance		France		Controlled structured entity	Full	100	100	100	100
Calliope srl		Italy		Controlled structured entity	Full	100	100	100	100
CLIFAP		France		Subsidiary	Full	100	100	100	100
Crédit Agricole Asia Shipfinance Ltd.		Hong-kong		Subsidiary	Full	100	100	100	100
Crédit Agricole CIB Finance (Guernsey) Ltd.		Guernsey		Controlled structured entity	Full	100	100	100	100
Crédit Agricole CIB Financial Prod. (Guernsey) Ltd.	S3	Guernsey		Controlled structured entity	Full		100		100
Crédit Agricole CIB Financial Solutions		France		Controlled structured entity	Full	100	100	100	100
Crédit Agricole CIB Global Banking		France		Subsidiary	Full	100	100	100	100
DGAD International SARL		Luxembourg		Subsidiary	Full	100	100	100	100
Indosuez Holding SCA II	S3	Luxembourg		Controlled structured entity	Full		100		100
Indosuez Management Luxembourg II	S3	Luxembourg		Controlled structured entity	Full		100		100
Island Refinancing Srl	S2	Italy		Controlled structured entity	Full		100		100
MERISMA		France		Controlled structured entity	Full	100	100	100	100
Sagrantino Italy srl		Italy		Controlled structured entity	Full	100	100	100	100
Benelpart		Belgium		Subsidiary	Full	100	100	97	97
Financière des Scarabées		Belgium		Subsidiary	Full	100	100	99	99
Lafina		Belgium		Subsidiary	Full	100	100	98	98
SNGI Belgium		Belgium		Subsidiary	Full	100	100	100	100
Sococlabecq		Belgium		Subsidiary	Full	100	100	98	98
TCB		France		Subsidiary	Full	99	99	97	97
Molinier Finances		France		Subsidiary	Full	100	100	97	97
SNGI		France		Subsidiary	Full	100	100	100	100
Sofipac		Belgium		Subsidiary	Full	99	99	96	96
Placements et réalisations immobilières (SNC)		France		Subsidiary	Full	100	100	97	97

Crédit Agricole CIB Group Scope of consolidation	(a)	Location	Country of incorporation if different from location	Nature of entity and control (b)	Consolidation method 31.12.2019	% of control		% interest	
						31.12.19	31.12.18	31.12.19	31.12.18
Crédit Agricole Leasing (USA) Corp.		United States		Subsidiary	Full	100	100	100	100
Crédit Agricole America Services Inc.		United States		Subsidiary	Full	100	100	100	100
CA Indosuez Wealth (Asset Management)		Luxembourg		Subsidiary	Full	100	100	100	100
Atlantic Asset Securitization LLC		United States		Controlled structured entity	Full	100	100		
LMA SA		France		Controlled structured entity	Full	100	100		
FIC-FIDC		Brazil		Controlled structured entity	Full	100	100	100	100
Héphaïstos EUR FCC		France		Controlled structured entity	Full	100	100		
Héphaïstos GBP FCT		France		Controlled structured entity	Full	100	100		
Héphaïstos USD FCT		France		Controlled structured entity	Full	100	100		
Héphaïstos Multidevises FCT		France		Controlled structured entity	Full	100	100		
Eucalyptus FCT		France		Controlled structured entity	Full	100	100		
Pacific USD FCT		France		Controlled structured entity	Full	100	100		
Shark FCC		France		Controlled structured entity	Full	100	100		
Vulcain EUR FCT		France		Controlled structured entity	Full	100	100		
Vulcain MultiDevises FCT		France		Controlled structured entity	Full	100	100		
Vulcain USD FCT		France		Controlled structured entity	Full	100	100		
Pacific EUR FCC		France		Controlled structured entity	Full	100	100		
Pacific IT FCT		France		Controlled structured entity	Full	100	100		
Triple P FCC		France		Controlled structured entity	Full	100	100		
ESNI (compartiment Crédit Agricole CIB)		France		Controlled structured entity	Full	100	100	100	100
Elipso Finance S.r.l		Italy		Joint-Venture	Equity	50	50	50	50
CACIB Pension Limited Partnership		United Kingdom		Controlled structured entity	Full	100	100	100	100
ItalAsset Finance SRL		Italy		Controlled structured entity	Full	100	100	100	100
Financière Lumis		France		Subsidiary	Full	100	100	100	100
Lafayette Asset Securitization LLC		United States		Controlled structured entity	Full	100	100		
Fundo A De Investimento Multimercado		Brazil		Controlled structured entity	Full	100	100	100	100
Tsubaki ON		France		Controlled structured entity	Full	100	100		
Tsubaki OFF		France		Controlled structured entity	Full	100	100		
Azqore		Switzerland		Subsidiary	Full	80	80	80	80
Azqore Singapore Branch SA		Singapore	Switzerland	Branch	Full	80	80	80	80
Crédit Agricole CIB Transactions		France		Subsidiary	Full	100	100	100	100

(a) Modification of scope

Inclusions (E) into the scope of consolidation

E1: Breach of threshold
E2: Creation
E3: Acquisition (including controlling interests)

Exclusions (S) from the scope of consolidation

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

F: Subsidiary
S: Branch
ESC: Controlled structured entity
Co-E: Joint venture
Co-ES: Exclusions (S) from the scope of consolidation
OC: Structured joint venture
EA: Joint operation Associate
EAS: Structured associate

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NOTE 14: INVESTMENTS IN NON-CONSOLIDATED COMPANIES AND STRUCTURED ENTITIES

14.1 Investments in non-consolidated companies

These shares registered at fair value through profit or loss or fair value through 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 €282 million at 31 December 2019 compared with to €1,624 million 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://www.ca-cib.com/about-us/financial-information/regulated-information

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 2019, 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 vehicles

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 2019.

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 €1.4 million at 31 December 2019.

INFORMATION ON THE RISKS RELATED TO THE INTERESTS HELD

◆ Financial support for structured entities

In 2019, Crédit Agricole CIB provided no financial support for non-consolidated structured entities.

At 31 December 2019, 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 2019 and at 31 December 2018 is presented in the tables below for all categories of sponsored structured entities of material significance to Crédit Agricole CIB:

	31.12.2019							
	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	9	9		9	20	20		20
Financial assets at fair value through other comprehensive income								
Financial assets at amortised cost	2,351	2,351		2,351	2,261	2,261		2,261
Total Assets recognised relating to non-consolidated structured entities	**2,360**	**2,360**		**2,360**	**2,281**	**2,281**		**2,281**
Equity instruments								
Financial liabilities at fair value through profit or loss								
Liabilities	128				492			
Total Liabilities recognised relating to non-consolidated structured entities	**128**				**492**			
Commitments given		1,608		1,608		1,380		1,380
Financing commitments		1,551		1,551		1,216		1,216
Guarantee commitments		57		57		164		164
Other								
Provisions for execution risks - commitments given								
Total Commitments (net of provision) to non-consolidated structured entities		**1,608**		**1,608**		**1,380**		**1,380**
Total Balance sheet relating to non-consolidated structured entities	**2,232**				**2,281**			

[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.

The identification of sponsored entities was reviewed in 2019 through a stricter application of the criteria of the Crédit Agricole Group. On a like-for-like basis, the balance sheet value of the assets at amortised cost at 31/12/2018 for the securitisation business would have been €2,537 million.

	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		**(0)**		**(0)**
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.

MAXIMUM EXPOSURE TO LOSSES

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 15: EVENTS SUBSEQUENT TO 31 DECEMBER 2019

There were no events after the reporting period.

4. STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

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 General Meeting of Shareholders, we have audited the accompanying consolidated financial statements of Crédit Agricole Corporate and Investment Bank for the year ended 31 December 2019.

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 2019 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

BASIS FOR OPINION

AUDIT FRAMEWORK

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under these standards are further described in the "Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements" section of our report.

INDEPENDENCE

We conducted our audit engagement in compliance with the independence rules applicable to us, for the period from 1 January 2019 to the date of our report, and, in particular, we did not provide any non-audit services prohibited by Article 5(1) of Regulation (EU) No 537/2014 or the French Code of Ethics *(Code de déontologie*) for Statutory Auditors.

EMPHASIS OF MATTER

Without qualifying our opinion, we draw your attention to the change in accounting policy concerning the application as from 1 January 2019 of IFRS 16 "Leases", as presented in Note 1.1 "Applicable standards and comparability" and the section "IFRS 16 Leases" of Note 1.2 "Accounting policies and principles", as well as in Notes 8 and 12 to consolidated financial statements presenting quantified data relating to the impact of the new standard.

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 certain countries where the Group operates.

Deciding whether to recognise a provision and the amount of that provision requires the use of judgement, given that it is difficult to assess the outcome of disputes or the uncertainties related to certain tax treatments, particularly as part of certain structural transactions.

The various ongoing judicial or arbitration proceedings, investigations and requests for information (Euribor/Libor, SSA Bonds and other indices), as well as tax proceedings, are presented in Notes 6.15 and 6.10, respectively, to the consolidated financial statements.

How our audit addressed this risk

We gained an understanding of the procedure implemented by management for measuring the risks resulting from these disputes and tax uncertainties and, where applicable, the associated provisions, notably through quarterly exchanges with management and, in particular, the Legal, Compliance and Tax 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 and Group entities, correspondence from regulators and minutes of Legal Risks Committee meetings);
- gaining an understanding of the analyses or 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 Group's responses submitted to the relevant authorities, as well as the risk estimates carried out by the Group;
- assessing, accordingly, the level of provisioning at 31 December 2019.

Lastly, we examined the related disclosures provided in the notes to the consolidated financial statements.

CREDIT RISK AND ESTIMATE OF EXPECTED CREDIT LOSSES ON PERFORMING, UNDERPERFORMING AND NON-PERFORMING LOANS

◆ Description of risk

In accordance with IFRS 9, since 1 January 2018 Crédit Agricole CIB 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 required in determining such value adjustments, we deemed their estimate to be a key audit matter, particularly for financing granted to companies in the maritime and energy sectors, due to an uncertain economic environment, the complexity of identifying exposures where there is a risk of non recovery and the degree of judgement needed to estimate recovery flows.

At 31 December 2019, ECL value adjustments on all eligible loans amounted to €3.1 billion (€2.7 billion recognised under assets), of which:

- **€678 million of value adjustments pertaining to performing and underperforming assets (€272 million in Bucket 1 and €406 million in Bucket 2);**
- **€2,415 million of value adjustments pertaining to nonperforming loans (Bucket 3).**

See Notes 3.1, 4.9 and 6.5 to the consolidated financial statements.

◆ How our audit addressed this risk

We examined the procedures implemented by the Risk Management department to categorise outstanding loans (Bucket 1, 2 or 3) and measure the amount of recorded value adjustments, in order to assess whether the estimates used were based on IFRS 9-compliant methods appropriately documented and described in the notes to the consolidated financial statements.

We tested the key controls implemented by the Group 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 Group's specialised committees in charge of monitoring underperforming and non-performing loans.

In addition, with regard to ECL value adjustments in Buckets 1 and 2, we:

- asked experts to assess the methods and measurements for the various value adjustment inputs and calculation models;
- assessed the analyses carried out by the Bank on economic sectors with a deteriorated outlook;
- reviewed the methodology used by management to identify significant increases in credit risk (SICR);
- tested the controls that we deemed to be of key importance in relation to 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 value adjustment calculations, compared the calculated amount with the recognised amount and examined the adjustments made by management where applicable.

Regarding individually calculated value adjustments in Bucket 3, we:

- examined the estimates used for impaired significant counterparties;
- based on a sample of impaired or non-impaired credit files, examined the factors underlying the main assumptions used to assess the expected recovery flows, in particular with regard to valuing collateral.

We examined the disclosures in relation to credit risk hedging provided in the notes to the consolidated financial statements.

RISK IN RELATION TO THE MEASUREMENT OF CERTAIN FINANCIAL ASSETS AND LIABILITIES CLASSIFIED IN LEVEL 3

◆ Description of risk

As part 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 hybrid, 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.
- Hybrid issues are recognised in financial liabilities subject to the fair value through profit or loss option.

These financial instruments are classified in level 3 when their measurement requires the use of significant unobservable market inputs. We deemed the measurement of these instruments to be a key audit matter, as it requires judgement from management, in particular as regards:

- the mapping of the observability of valuation inputs, in particular the identification of inputs unsubstantiated by observable market data;
- the use of internal and non-standard valuation models;
- the categorisation of financial instruments according to the fair value hierarchy;
- the estimate of valuation adjustments designed to reflect uncertainties related to the models, the inputs used and counterparty and liquidity risks;
- the analysis of any valuation differences noted in connection with margin calls or the disposal of instruments.

Derivative instruments are recorded in the balance sheet under financial assets and liabilities at fair value through profit or loss. At 31 December 2019, derivative instruments categorised in level 3 amounted to €1.9 billion in assets and €0.7 billion in liabilities.

Hybrid issues are recognised in financial liabilities subject to the fair value through profit or loss option. At 31 December 2019, they represented €29 billion in liabilities. See Notes 3.2, 6.2 and 11.2 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 Corporate and Investment Bank to identify, measure and recognise derivative financial instruments and hybrid issues classified in level 3.

We examined the controls that we deemed of key importance, particularly those performed by the Risk Management department, such as the review of the observability mapping, the independent verification of measurement inputs and the internal approval of valuation models. We also examined the system governing the recognition of valuation adjustments and the accounting categorisation of financial products.

With the support of our experts in the valuation of financial instruments, we carried out independent valuations, analysed those performed by the Bank and examined the assumptions, inputs, methodologies and models used at 31 December 2019. In particular, we examined the documentation concerning changes over the year in the observability mapping.

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 presented in the Group management report prepared by the Board of Directors.

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 2019, PricewaterhouseCoopers Audit and Ernst & Young et Autres were in the sixteenth and the twenty third consecutive year their engagement, respectively.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for preparing consolidated financial statements giving a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and for implementing the internal control procedures it deems necessary for the preparation of consolidated financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting, unless it expects to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems, as well as, where applicable, any internal audit systems, relating to accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors

RESPONSIBILITIES OF THE STATUTORY AUDITORS RELATING TO THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OBJECTIVE AND AUDIT APPROACH

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free of material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions taken by users on the basis of these consolidated financial statements.

As specified in Article L.823-10-1 of the French Commercial Code, our audit does not include assurance on the viability or quality of the Company's management.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgement throughout the audit. They also:

- identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of the internal control procedures relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the consolidated financial statements;
- assess the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report.

However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;

- evaluate the overall presentation of the consolidated financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The Statutory Auditors are responsible for the management, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed thereon.

REPORT TO THE AUDIT COMMITTEE

We submit a report to the Audit Committee which includes, in particular, a description of the scope of the audit and the audit programme implemented, as well as the results of our audit. We also report any significant deficiencies in internal control that we have identified regarding the accounting and financial reporting procedures.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgement, were the most significant for the audit of the consolidated financial statements and which constitute the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No 537/2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in Articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit Committee.

Neuilly-sur-Seine and Paris-La Défense, 18 March 2020

The Statutory Auditors
French original signed by:

PricewaterhouseCoopers Audit		ERNST & YOUNG and others	
Anik Chaumartin-Roesch	**Laurent Tavernier**	**Olivier Durand**	**Matthieu Préchoux**

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PARENT-COMPANY FINANCIAL STATEMENTS AT 31 DECEMBER 2019

Approved by the Board of Directors on 12 February 2020 and submitted for approval by the Ordinary General meeting of 4 May 2020.

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Year ended 31 December 2019 422

€1,329 M

NET INCOME

€3,944 M

NET BANKING INCOME

€525,082 M

TOTAL BALANCE SHEET

7

1. CRÉDIT AGRICOLE CIB (S.A.) FINANCIAL STATEMENTS

1.1 ASSETS

€ million	Notes	31.12.2019	31.12.2018
Cash money market and interbank items		**147,578**	**138,980**
Cash due from central banks		54,752	42,183
Treasury bills ans similar securities	4 - 4.2 - 4.3 - 4.4	31,300	25,772
Loans and receivables to credit institutions	2	61,526	71,025
Loans and receivables to customers	3.1 - 3.2 - 3.3 - 3.4	**178,388**	**161,986**
Portfolio securities		**38,893**	**30,077**
Bonds and other fixed income securities	4 - 4.2 - 4.3 - 4.4	28,684	25,572
Equities and other equity variables income securities	4 - 4.2	10,209	4,505
Fixed assets		**6,690**	**6,731**
Equity investments and other long-term equity investments	5 - 5.1 - 6	251	591
Investments in subsidiaries and affiliates	5 - 5.1 - 6	6,125	5,846
Intangible assets	6	224	192
Property, plant and equipment	6	90	102
Leasing and similar operations	6		
Treasury shares			
Accruals, prepayments and sundry assets		**153,533**	**143,619**
Other assets	7	49,159	43,177
Accruals and prepayments	7	104,374	100,442
Total assets		**525,082**	**481,393**

1.2 LIABILITIES

€ million	Notes	31.12.2019	31.12.2018
Cash money markets and interbank items		**74,970**	**74,687**
Due to central banks		1,788	873
Due to credit institutions	9	73,182	73,814
Due to customers	10.1 - 10.2 - 10.3	**176,522**	**167,764**
Debts securities	11.1 - 11.2	**47,839**	**43,282**
Accruals, deferred income and sundry liabilities		**198,561**	**170,158**
Other liabilities	12	89,835	68,953
Accruals and deferred income	12	108,726	101,205
Provisions and subordinated debt		**12,418**	**11,570**
Provisions	13	3,267	3,181
Subordinated debt	14	9,151	8,389
Fund for general banking risks (FGBR)			
Equity (excluding FGBR)	15	**14,772**	**13,932**
Share capital		7,852	7,852
Share premium		1,573	1,573
Reserves		805	788
Revaluation adjustments			
Regulated provisions and investment subsidies			
Retained earnings		3,213	2,447
Net income for the financial year		1,329	1,272
Total equity and liabilities		**525,082**	**481,393**

1.3 OFF-BALANCE SHEET

€ million	31.12.2019	31.12.2018
Commitments given	**304,244**	**277,708**
Financing commitments	**168,173**	**155,132**
Commitments to credit institutions	30,392	21,511
Commitments to customers	137,781	133,621
Guarantee commitments [1]	**71,582**	**65,413**
Commitments to credit institutions	23,181	20,417
Commitments to customers	48,401	44,996
Commitments on securities [1]	**18,082**	**18,026**
Other commitments given [1]	**46,407**	**39,137**
Commitments received	**202,956**	**190,182**
Financing commitments	**17,014**	**25,571**
Commitments to credit institutions	10,997	16,918
Commitments to customers	6,017	8,653
Guarantee commitments	**152,760**	**134,011**
Commitments to credit institutions	6,844	7,372
Commitments to customers	145,916	126,639
Commitments on securities [2]	**19,733**	**21,346**
Other commitments received	**13,449**	**9,254**

[1] *Including €5,676 million in commitments given to Crédit Agricole S.A. at 31.12.2019.*
[2] *Including €39 million in financing commitments received from Crédit Agricole S.A. at 31.12.2019.*

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	2019	2018
Interest and similar income	20 - 21	8,695	7,593
Interest and similar expenses	20	(8,056)	(6,814)
Income from variable-income securities	21	135	286
Fee and commission income	22 - 22.1	876	925
Fee and commission expenses	22 - 22.1	(480)	(406)
Net gain/(loss) on trading book	23	2,511	2,151
Net gain/(loss) on investment portfolios	24		12
Other banking income		337	134
Other banking expenses		(74)	(67)
Revenues		**3,944**	**3,814**
Operating expenses		**(2,497)**	**(2,383)**
Personnal costs	25.1 - 25.2	(1,458)	(1,372)
Other operating expenses	25.3	(1,039)	(1,011)
Depreciation, amortization and impairement of property, plant and equipment and intangible assets		**(61)**	**(64)**
Gross operating income		**1,386**	**1,367**
Cost of risk	26	(352)	195
Net operating income		**1,034**	**1,562**
Net gain/(loss) on fixed assets	27	728	20
Pre-tax income on ordinary activities		**1,762**	**1,582**
Net extraordinary items			
Income tax charge	28	(433)	(415)
Net allocation to FGBR and regulated provisions			105
Net income for the financial year		**1,329**	**1,272**

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.

1.1 Loans and financing commitments

Loans and receivables granted to credit institutions, Crédit Agricole 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 loans and deposits, term loans and time deposits granted to credit institutions;
- Current accounts, time loans and advances for Crédit Agricole internal transactions;
- Trade receivables and other loans and receivables granted 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).

Receivables are recognised on the balance sheet at their face value.

Pursuant to Article 2131-1 of ANC Regulation 2014-07 of 26 November 2014, fees received and marginal transaction costs borne due to the granting or acquisition of a loan are spread over the effective term of the loan and are thus included in the relevant outstanding.

Accrued interests are recognised on the balance sheet under the related accounts receivable against income statement.

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 November 26, 2014 leads Crédit Agricole CIB 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.

SOUND LOANS

Unless receivables are classified as doubtful, they are considered performing or underperforming and continue to be carried under their original classification.

CREDIT RISK PROVISIONS ON PERFORMING AND UNDERPERFORMING OUTSTANDING

According to its credit exposure, Crédit Agricole CIB recognises provisions on the liability side of its balance sheet to cover the credit risks expected over the forthcoming twelve months (loans qualified as performing) and/or over the lifetime of the loan as soon as the credit quality of the loan is significantly degraded (exposure qualified as underperforming).

These provisions are determined under a specific process of monitoring and are based on estimates translating the expected level of credit loss.

◆ The concept of "ECL" (Expected Credit Loss)

The ECL represents the present value of the difference between the contractual cash flows and the expected cash flows (including principal and interest).

The ECL approach aims at anticipating, as much as possible, accounting for expected credit losses.

◆ Governance and measurement of ECL

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

Crédit Agricole Group prioritises the internal ratings mechanism and the current Basel processes in order to generate the 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 wildely based on the internal models used as part of the regulatory framework, but with adjustments to determine an economic ECL.

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 procedures for calculating the ECL are to be assessed according to the types of products: loans and receivables due from customers and financing commitments.

Expected credit losses for the next 12 months are a portion of the expected credit losses on 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 exposure is lower than 12 months), weighted by the probability of a default.

Expected credit losses are discounted at the effective interest rate determined at the initial recognition of the financial instrument.

The provisioning parameters are measured and updated according to the methodologies defined by the Crédit Agricole 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.

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

- At the Crédit Agricole 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 transactions;
- At the level of each entity with regard to its own portfolios: Crédit Agricole CIB applies additional parameters to look forward on portfolios of loans and receivables due from customers and performing and underperforming financing commitments for which local economic and/or structural elements expose it to additional losses not covered by the scenarios defined at the Group level.

◆ Significant deterioration of the credit risk

Crédit Agricole CIB assesses, for each exposure, the deterioration of the credit risk from the origin at each date of closure. This assessment of the evolution of the credit risk leads entities to classify transactions by class of risk. The relative deterioration must be assessed prior to the occurrence of a confirmed default (doubtful exposure).

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

- a first level based on relative and absolute rules and criteria applying to Group entities;
- a second level specific to Crédit Agricole CIB related to the assessment, by expert opinion using additional forward looking parameters for which the local economic and/or structural elements expose it to additional losses not covered by the scenarios defined at the Group level, of the risk borne by each entity on its portfolios which may lead to an adjustment of the Group criteria for downgrading performing exposures to underperforming exposures (switch portfolio or sub-portfolio to ECL at maturity).

Significant deterioration is monitored for every financial instrument without exception. No contagion is required to transition the exposures of a given counterparty from performing to underperforming. 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 transactions 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 an individual basis.

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

Inception is understood as the trading date, when Crédit Agricole CIB becomes party to contractual credit terms. For financing and guarantee commitments, inception is understood to be the date of irrevocable commitment.

For the scope without any internal rating model, the Crédit Agricole group uses the absolute threshold of non-payment beyond 30 days as the ultimate threshold for significant degradation and classification as underperforming exposure.

For exposures evaluated using an internal rating system (particularly those monitored with advanced methods), the Crédit Agricole group considers that all of the information included in this system enables a more appropriate assessment than just the criteria of non-payment beyond 30 days

If deterioration since the inception ceases to be apparent, the provision may be reduced to the expected losses at 12 months (reclassification as performing exposure).

When certain factors or indicators of significant deterioration are not identifiable at the level of a standalone outstanding exposure , an assessment is made of the significant deterioration for portfolios, sets of portfolios or portions of portfolios of outstandings.

The constitution of portfolios for a collective assessment of loans' impairment may result from common characteristics such as:

- The type of outstanding;
- The credit risk rating;
- Type of guarantee;
- Date of initial recognition;
- 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 assessment of credit risk of a portfolio of loans on a collective basis may change if new information becomes available.

Allocations and reversals of provisions for credit risk on performing and underperforming exposures are booked as cost of risk.

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 seniority 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 seniority 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 downgraded and which are likely to be written off.

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 sound loans and receivables.

IMPAIRMENT RESULTING FROM CREDIT RISK ON DOUBTFUL OUTSTANDINGS

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 initial effective interest rate, taking into account the borrower's financial condition, its business prospects and any guarantees, after deduction of the cost of enforcing such guarantees.

Probable losses relating to off-balance sheet commitments are taken into account through provisions under liabilities in the balance sheet.

ACCOUNTING TREATMENT OF IMPAIRMENT LOSSES

Allocations and reversals of impairment for risk of non-collection of doubtful debt is recognised in cost of risk.

In accordance with Article 2231-3 of the regulation ANC 2014-07, the Group has chosen to recognise as interest margin the increase in the book value related to the reversal of impairment due to the passage of time.

WRITE-OFFS

Decisions as to when to write off are taken on the basis of expert opinion. Crédit Agricole CIB determines it 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) represent "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).

When these receivables are not classified as doubtful, they continue to be carried under their original classification. The amount of "*Country Risks*" provisions recognised as a liability in Crédit Agricole CIB balance sheet stands at €255 million at 31 December 2019, against €400 million at 31 December 2018.

RESTRUCTURED LOANS

These are loans granted to counterparties in such financial difficultythat the credit institution alters their initial characteristics (term, interest rate, etc.) to allow the counterparties to honour the repayment schedule.

They can be doubtful or sound at the restructuring date.

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 cash flows granted to a counterparty, or the postponing of these flows as part of a restructuring, results in the recognition of a discount. 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 a sound status, the debtor again fails to meet the repayment schedule, the restructured loans and receivables are immediately reclassified as doubtful.

The amount of restructured loans held by Crédit Agricole CIB stands at 5,840 million euros at 31 December 2019 against 3,502 million euros at 31 December 2018.

1.2 Securities portfolio

The recognition rules for 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 nature: 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 the portfolios specified by the regulations (transaction, investment, portfolio activity, fixed assets, other securities held for the long term, equity investments, shares in subsidiaries and affiliates) according to the management intention of the entity and the characteristics of the instrument at the time of subscription to the product.

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 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 for the amount of their purchase price, excluding transaction expenses and including accrued interests.

Liabilities relating to securities sold short are recognised on the liabilities side of the seller’s balance sheet for the amount of the selling price excluding incidental purchase costs.

At each closing date, 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”.

SHORT TERM INVESTMENT SECURITIES

This category consists of securities that do not fall into any other category.

The securities are recorded at their purchase price, excluding fees.

◆ Bonds and other fixed income securities

These securities are recognised at acquisition cost including accrued interests at 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 equity variable-income securities

Equities are recognised in the balance sheet at their purchase price excluding acquisition fees. The associated dividends are recorded as income under “Income from variable-income securities”.

Revenue from Undertakings for Collective Investment in Transferable Securities (UCITS) is recorded at the time of collection in the same section.

At each closing date, short-term investment securities are measured at the lowest between 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 recognised 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 2.1 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 and disposal gains or losses on short-term investment 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, excluding acquisition costs and including accrued interest.

The difference between the purchase price and the redemption price is spread over the remaining life of the security.

Impairment is not recognised 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.

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, excluding 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 SECURITIES HELD FOR THE LONG-TERM

- 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 are composed 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 in the balance sheet at the lowest 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/delivery 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 closing date, the receivable is measured using the rules applicable to loaned securities, including the recognition of accrued interests on short-term and long-term investment 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 closing date, 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 2019 Crédit Agricole CIB did not make this type of reclassification pursuant to regulation ANC 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 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 into account the potential remaining value of property, plant and equipment.

ANC Regulation 2015-06 changes the way in which technical merger losses are recognised on the balance sheet and monitored in the financial statements. Losses are no longer required to be comprehensively and systematically recognised under "Goodwill"; they must be recognised in the balance sheet depending on asset items to which they are allocated as "Other property, plant and equipment, intangible assets and financial assets, etc.". The loss is amortised, impaired and written off in the same way as the underlying asset.

The acquisition cost of fixed assets includes the purchase price plus any incidental expenses, namely expenses directly or indirectly incurred in connection with bringing the asset into service or "into inventory".

Land is 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 softwares, patents and licences are not amortised. They may be subject to impairment.

Fixed assets are impaired 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 remaining maturity 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 interests on these deposits are recognised in profit and loss under accrued interests.

1.5 Debt securities

Debt securities are presented according to their form: interest-bearing notes, interbank market instruments, negotiable debt securities, bonds and other debt securities, excluding subordinated securities, which are classified in liabilities under "Subordinated debt".

Accrued interests but not yet due are recognised in profit and loss under accrued interests.

Issuance or redemption premiums on bonds are amortised over the maturity period of each bond. The corresponding expense is recorded under "Interest and similar expenses on bonds and other fixed income securities".

Redemption premiums and issuance premiums for debt securities are amortised according to the actuarial amortisation method.

Crédit Agricole CIB also amortises borrowing expenses in its parent company's financial statements.

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 equity, 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.

On 31 December 2019, Crédit Agricole CIB no longer had any FGBR.

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 nature 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 in 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 CIB'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" of Article 2522-1 of ANC Regulation 2014-07)
- The 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 included 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.

For the instruments:

- In isolated open positions traded on organised or equivalent markets, all gains and losses (realised or unrealised) are recognised;
- In isolated open positions trading on over-the-counter markets, the expenses and incomes are recognised in profit and loss on a prorata basis. Furthermore, only potential unrealised losses are recognised through a provision. Realised gains and losses are recognised in profit (loss) at the time of settlement;
- Forming part of a transaction portfolio, all gains and losses (realised or unrealised) are recognised.

INTEREST RATE AND FOREIGN EXCHANGE TRANSACTIONS (SWAPS, FRAS, CAPS, FLOORS, COLLARS, SWAPTIONS)

Crédit Agricole CIB uses interest-rate and currency swaps mainly for the following purposes:

1. to hedge interest rate risks affecting one item or a set of homogeneous items;
2. to hedge and manage the group's overall interest rate risk, except for transactions described in [1] and [3];
3. 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. symmetrically to the recognition of income and expenses on the hedged item or set of items;
2. on a prorata basis, and unrealised gains and losses are not recognised;
3. at market value, adjusted through an 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.

Instruments cannot be reclassified between categories, except for transfers from category [2] to category [1] or [3] in the event of an interrupted hedging relationship. 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 Article 2525-3 of ANC regulation 2014-07 of 26 November 2014, Crédit Agricole CIB includes the counterparty risk evaluation on derivative assets in the market value of derivatives. For this reason, only derivatives recognised as isolated open positions and in transaction portfolios (respectively, derivatives classified according to categories a and d of Article 2522-1 of the aforementioned regulation) are subject to a calculation of counterparty risk on derivative assets (CVA - Credit Valuation Adjustment).

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.

VALUATION ADJUSTMENT RELATED TO THE FINANCING 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.

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 measured 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 measurement 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, in the form of *Credit Default Swaps* (CDS). CDS concluded for trading purposes are measured at market value, and the corresponding gains or losses are taken to the income statement.

1.9 Foreign currency transactions

At each closing date, receivables and debts, as well as forward foreign exchange contracts shown as off-balance-sheet commitments denominated in foreign currencies, are translated at the exchange rate in force on the reporting date.

Income received and expenses paid are recognised at exchange rates on the day of the transaction. Accrued income and expenses not yet due are translated at the closing rates.

Assets in foreign currencies held long term, comprising allocations to branches, fixed assets, investment securities, subsidiaries' securities and equity investments in foreign currency financed in euros are translated at the exchange rates on the date of acquisition (historical). A provision may be recognised 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.

The overall amount of the operational foreign exchange position of Crédit Agricole CIB Paris stood at €1.93 billion on 31 December 2019 against €1.45 billion on 31 December 2018.

SPOT AND FORWARD FOREIGN EXCHANGE CONTRACTS

At each closing date, spot foreign exchange contracts are measured 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 recognised 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 measured 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 translated at the average rate of the period.

Gains or losses resulting from this translation are recorded in 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 given and received financing commitments and guarantee commitments.

An expense is recognised as provisions for given commitments 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 received commitments 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

COMMITMENTS CONCERNING RETIREMENT, EARLY RETIREMENT AND 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 measured 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, when 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 Subscription to shares offered to employees as part of the Company Savings Scheme

SUBSCRIPTIONS TO SHARES AS PART OF THE COMPANY SAVINGS SCHEME

Subscriptions to CASA shares offered to employees under the Company Savings Scheme, with a maximum discount of 20%, do not include a vesting period but may not be sold or transferred for 5 years. These subscriptions to shares are recognised in accordance with provisions relative to equity increases.

1.15 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.

1.16 Income tax charge

Generally, only tax that is payable is recognised in the parent company financial statements.

The tax expense or the tax income appearing in the income statement is the income tax due pursuant to the financial year, including the impact of the 3.3% additional social contribution on profits, as well as the tax provisions of the year.

Wholly owned, directly or indirectly, by the Crédit Agricole Group, Crédit Agricole CIB forms part of the tax consolidation group constituted by the Crédit Agricole Group and is the head of the Crédit Agricole CIB sub-group constituted with its subsidiary members of the tax consolidation.

Crédit Agricole CIB has signed a tax consolidation agreement with Crédit Agricole. 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

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

	31.12.2019							31.12.2018
€ million	≤ 3 months	> 3 months ≤ 1 year	> 1 year ≤ 5 years	> 5 years	Total principal	Accrued interest	Total	Total
Loans and receivables:								
Demand	2,167				2,167	1	2,168	2,665
Time	6,996	3,222	1,817	3,040	15,075	96	15,171	17,362
Pledged securities								
Securities bought under repurchases agreements	34,826	7,918	1,387		44,131	107	44,238	50,906
Subordinated debt				332	332		332	482
Total	**43,989**	**11,140**	**3,204**	**3,372**	**61,705**	**204**	**61,909**	**71,415**
Impairment					(320)	(63)	(383)	(390)
Net carrying amount [1]					**61,385**	**141**	**61,526**	**71,025**

(1) Among related parties, the main counterparty is Crédit Agricole S.A. €5,385 million at 31.12.2019 and €6,532 million at 31.12.2018.

NOTE 3: LOANS AND RECEIVABLES DUE FROM CUSTOMERS

3.1 Analysis by residual maturity

	31.12.2019							31.12.2018
€ million	≤ 3 months	> 3 months ≤ 1 year	> 1 year ≤ 5 years	> 5 years	Total principal	Accrued interest	Total	Total
Trade receivables	8,053	5,375	8,154	2,484	24,066	74	24,140	5,783
Other customer loans [1]	18,422	11,443	43,905	16,016	89,786	474	90,260	96,682
Securities bought under repurchases agreements								
Current accounts	50,789	8,955	4,824	205	64,773	39	64,812	60,281
in debit	968				968	3	971	831
Impairment					(1,544)	(251)	(1,795)	(1,591)
Net carrying amount					**178,049**	**339**	**178,388**	**161,986**

[1] Subordinated loans granted to customers amounted to €624 million at 31.12.2019 compared to €665 million at 31.12.2018.

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3.2 Analysis by geographic area

€ million	31.12.2019	31.12.2018
France (including overseas departements and territories)	32,943	37,474
Other EU countries	40,792	37,654
Rest of Europe	6,126	5,819
North America	26,196	23,105
Central and South America	21,429	18,530
Africa and Middle-East	10,360	7,553
Asia and Pacific (excl. Japan)	19,022	14,284
Japan	22,725	18,548
Supranational organisations		
Total principal	**179 593**	**162 967**
Accrued interest	590	610
Impairment	(1,795)	(1,591)
Net carrying amount	**178,388**	**161,986**

3.3 Doubtful loans, bad debts and impairment by geographic area

	31.12.2019					
€ 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)	32,943	311	149	(127)	(146)	59,35%
Other EU countries	40,792	694	140	(375)	(114)	58,63%
Rest of Europe	6,126	126	7	(38)	(7)	33,79%
North America	26,196	344		(168)		48,98%
Central and South America	21,429	209	302	(119)	(219)	66,14%
Africa and Middle-East	10,360	187	182	(25)	(167)	52,03%
Asia and Pacific (excl. Japan)	19,022	224	1	(38)	(1)	17,33%
Japan	22,725					
Supranational organisations						
Accrued interest	590	127	124	(127)	(124)	100,00%
Net carrying amount	**180,183**	**2,222**	**905**	**(1,017)**	**(778)**	**57,40%**

	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%**

3.4 Analysis by customer type

	31.12.2019				
€ 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	444				
Farmers					
Other small businesses					
Financial institutions	59,011	372	229	(206)	(194)
Corporates	109,722	1,687	496	(683)	(448)
Local authorities	9,648	36	56	(1)	(14)
Other customers	768				
Accrued interest	590	127	124	(127)	(124)
Carrying amount	**180,183**	**2,222**	**905**	**(1,017)**	**(778)**

	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)**

NOTE 4: TRADING, SHORT-TERM INVESTMENT, LONG-TERM INVESTMENT AND MEDIUM-TERM PORTFOLIO SECURITIES

	31.12.2019					31.12.2018
€ million	Trading securities	Short-term investment securities	Medium-term portfolio securities	Long-term investment securities	Total	Total
Treasury Bills and similar securities	**22,529**	**1,786**		**6,946**	**31,261**	**25,748**
O/W residual net premium		(9)			(9)	(20)
O/W residual net discount		64		59	123	138
Accrued interest	1	16		23	40	24
Impairment		(1)			(1)	
Net carrying amount	**22,530**	**1,801**		**6,969**	**31,300**	**25,772**
Bonds and other fixed income securities [1]						
Issued by public bodies	1,016	2,260		3,393	6,669	2,310
Other issuers	8,096	4,729		9,201	22,026	23,412
O/W residual net premium		(40)		(18)	(58)	(56)
O/W residual net discount		37		77	114	95
Accrued interest		48		53	101	92
Impairment		(33)		(79)	(112)	(241)
Net carrying amount	**9,112**	**7,004**		**12,568**	**28,684**	**25,572**
Equities and other equity variable-income securities	9,882	357	11		10,250	4,551
Accrued interest						
Impairment		(41)			(41)	(46)
Net carrying amount	**9,882**	**316**	**11**		**10,209**	**4,505**
Total	**41,524**	**9,121**	**11**	**19,537**	**70,193**	**55,849**
Estimated value	**41,524**	**9,274**	**20**	**20,288**	**71,106**	**57,078**

[1] Subordinated loans in the portfolio amount to €30 million at 31 December 2019 compared €43 million at 31 December 2018.

BANKING BOOK

Crédit Agricole CIB (S.A.) owns sovereign debts of Spain.

The net positive exposure amounts to €914 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 31.12.2018		2019 Impact		Cumulative impact at 31.12.2019	
€ 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	(99)	(100)			(99)	(100)

4.2 Breakdown of listed and unlisted securities between fixed income and variable-income securities

€ million	31.12.2019				31.12.2018			
	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	28,612	31,261	10,237	70,110	25,552	25,426	4,462	55,440
Unlisted securities	83		13	96	169	322	89	580
Accrued interest	101	40		141	92	24		116
Impairment	(112)	(1)	(41)	(154)	(241)		(46)	(287)
Net carrying amount	**28,684**	**31,300**	**10,209**	**70,193**	**25,572**	**25,772**	**4,505**	**55,849**

4.3 Treasury bills, bonds and other fixed-income securities - Analysis by residual maturity

€ million	31.12.2019							31.12.2018
	≤ 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	5,838	6,197	11,064	5,596	28,695	101	28,796	25,813
Imapirment							(112)	(241)
Net carrying amount	**5,838**	**6,197**	**11,064**	**5,596**	**28,695**	**101**	**28,684**	**25,572**
Treasury bills and similar items								
Gross amount	13,102	4,665	4,763	8,731	31,261	40	31,301	25,772
Imapirment							(1)	
Net carrying amount	**13,102**	**4,665**	**4,763**	**8,731**	**31,261**	**40**	**31,300**	**25,772**

4.4 Treasury bills, bonds and other fixed-income securities - Analysis by geographic area

€ million	31.12.2019	31.12.2018
France (including overseas departements and territories)	17,966	16,204
Other EU countries	17,808	12,978
Other european countries	1,621	2,930
North America	11,582	7,230
Central and South America	157	601
Africa and Middle-East	327	174
Asia and Pacific (excl. Japan)	5,361	5,415
Japan	3,247	4,137
Supranational organisations	1,887	1,800
Total principal	**59,956**	**51,469**
Accrued interest	141	116
Impairment	(113)	(241)
Net carrying amount	**59,984**	**51,344**

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	1,453	159	75	330		USD,28	864	44	8
CACIB Algérie s.p.a	DZD	10,000	239	100	97			952	430	7
CA GLOBAL PARTNERS Inc	USD	723	67	100	535			1	1	
CA PRIVATE BANKING	EUR	2,650	100	100	2,650	CHF 1 582		12	10	
CACIB (China) Limited	CNY	3,199	467	100	555	USD 30	CNY 7 073 EUR 3 USD 3 QAR 15	371	49	
CACIB Global Banking	EUR	145	128	100	270				(4)	
CASA BV	JPY	12,668	9,774	100	201	JPY 1		8,347	2,013	
MERISMA SAS	EUR	1,150	(48)	100	1,150	EUR 27				
Subtotal (1)					**5,788**					
B - Banking affiliates (10 and 50% owned by Crédit Agricole CIB)										
Subtotal (2)										
II - General information relating to other subsidiaries and affiliates										
A - Subsidiaries not covered in I. above (3)					**329**					
a) French subsidiaries (aggregate)					163					
b) Foreign subsidiaries (aggregate)					166					
B - Affiliates not covered in I. above (4)					**259**					
a) French affiliates (aggregate)					57					
b) Foreign affiliates (aggregate)					202					
Total associates (1) + (2) + (3) + (4)					**6,376**					

Note that BANQUE SAUDI FRANSI securities (% detention of 14.91% on 31.12.2018 for a value of €354 million) were sold of up to 10.91% in 2019. The remaining share, ie 4%, has been subjec to a transfer of category in "investment securities" for a value of €93 million.

5.1 Estimated value of equity investments

€ million	31.12.2019		31.12.2018	
	Net carrying amount	Estimated value	Net carrying amount	Estimated value
Investments in subsidiaries and affiliates				
Unlisted securities	7,605	8,410	7,408	7,773
Listed securities				
Advances available for consolidation				
Accrued interest	6			
Impairment	(1,486)		(1,566)	
Net carrying amount	**6,125**	**8,410**	**5,842**	**7,773**
Equity investments and other long-term investment securities				
Equity investments				
Unlisted securities	300	161	314	180
Listed securities	105	649	429	1,388
Advances available for consolidation				
Accrued interest	8			
Impairment	(171)		(160)	
Sub-total of equity investments	**242**	**810**	**583**	**1,568**
Other long term equity investments				
Unlisted securities	12	11	13	11
Listed securities				
Advances available for consolidation				
Accrued interest				
Impairment	(3)		(5)	
Sub-total of long term equity investments	**9**	**11**	**8**	**11**
Net carrying amount	**251**	**821**	**591**	**1,579**
Total of equity investments	**6,376**	**9,231**	**6,433**	**9,352**

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	31.12.2019	31.12.2018
	Net carrying amount	Net carrying amount
Total gross value		
Unlisted securities	7,917	7,735
Listed securities	105	429
Total	**8,022**	**8,164**

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NOTE 6: MOVEMENTS IN FIXED ASSETS

€ million	31.12.2018	Change in scope	Merger	Increase (acquisitions)	Decrease (disposals, maturity)	Translation difference	Other movements	31.12.2019
Equity investments								
Gross amount	743	(93)		1	(261)	15		405
Impairment	(160)			(13)	1		1	(171)
Other long-term equity investment								
Gross amount	13				(1)			12
Impairment	(5)				2			(3)
Subtotal	**591**	**(93)**		**(12)**	**(259)**	**15**	**1**	**243**
Investments in subsidiaries and affiliates								
Gross amount	7,408			246	(45)	(4)		7,605
Impairment	(1,566)			(10)	95	(1)	(4)	(1,486)
Advances available for consolidation								
Gross amount								
Impairment								
Accrued interest	**4**			**14**	**(4)**			**14**
Net carrying amount	**6,437**	**(93)**		**238**	**(213)**	**10**	**(3)**	**6,376**
Intangible assets	**192**			**118**	**(86)**		**(0)**	**224**
Gross amount	718			159	(86)	2	(336)	457
Depreciation	(526)			(41)		(2)	336	(233)
Property, plant and equipment	**102**			**6**	**(17)**	**1**	**(2)**	**90**
Gross amount	683			28	(26)	6	(233)	458
Depreciation	(581)			(22)	9	(5)	231	(368)
Net carrying amount	**294**			**124**	**(103)**	**1**	**(2)**	**314**

NOTE 7: ACCRUALS, PREPAYMENTS AND SUNDRY ASSETS

€ million	31.12.2019	31.12.2018
Other asset [1]	**49,159**	**43,177**
Financial options bought	20,942	18,186
Collective management of Livret de Développement Durable (LDD) saving account securities		
Miscellaneous debtors [2]	27,563	23,720
Settlement accounts	654	1,271
Due from shareholders - Unpaid capital		
Accruals and prepayments	**104,374**	**100,442**
Items in course of transmission		(37)
Adjustement accounts	103,555	99,984
Accrued income	550	160
Prepaid expenses	65	59
Unrealised losses and deferred losses on financial instruments		21
Bond issue and redemption premiums	5	
Other accrual prepayments and sundry assets	199	255
Net carrying amount	**153,533**	**143,619**

[1] *The amounts shown are net of impairment and include accrued interest.*
[2] *Including €132 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	31.12.2018	Scope changes	Mergers	Depreciation charges	Reversals and utilisations	Translation differences	Other movements	31.12.2019
Cash, money-market and interbank items	390			18	(32)	7		383
Loans and receivables due from customers	1,591			656	(449)	20	(23)	1,795
Securities transactions	287			39	(14)	4	(162)	154
Participating interests and other long-term investments	1,731			23	(98)	1	3	1,660
Other	12			4	(3)	3	147	163
Total	**4,011**			**740**	**(596)**	**35**	**(35)**	**4,155**

NOTE 9: DUE TO CREDIT INSTITUTIONS - ANALYSIS BY RESIDUAL MATURITY

	31.12.2019							31.12.2018
€ million	< 3 months	> 3 months < 1 year	> 1 year < 5 years	> 5 years	Total principal	Accrued interest	Total	Total
Accounts and overdrafts								
Demand	6,454				6,454	2	6,456	7,527
Time	24,924	6,614	9,786	6,053	47,377	195	47,572	44,835
Pledged securities								
Securities sold under repurchase agreements	16,661	1,309	1,143		19,113	41	19,154	21,452
Carrying amount [1]							**73,182**	**73,814**

[1] *Including €17,580 million at 31.12.2019 compared to €18,687 million at 31.12.2018 with Crédit Agricole S.A..*

NOTE 10: DUE TO CUSTOMERS

10.1 Analysis by residual maturity

	31.12.2019							31.12.2018
€ million	< 3 months	> 3 months < 1 year	> 1 year < 5 years	> 5 years	Total principal	Accrued interest	Total	Total
Current accounts in credit	34,157				34,157	15	34,172	30,098
Other accounts due to customers	68,054	5,921	3,530	2,637	80,142	127	80,269	77,869
Securities sold under repurchase agreements	61,867		139	3	62,009	72	62,081	59,797
Carrying amount							**176,522**	**167,764**

10.2 Analysis by geographic area

€ million	31.12.2019	31.12.2018
France (including overseas departements and territories)	36,668	32,748
Other EU countries	39,047	40,479
Rest of Europe	2,635	2,780
North America	52,084	42,744
Central and South America	13,934	18,845
Africa and Middle-East	6,628	3,529
Asia and Pacific (excl. Japan)	8,174	16,547
Japan	17,134	9,533
Supranational organisations	4	350
Total principal	**176,308**	**167,555**
Accrued interest	214	209
Carrying amount	**176,522**	**167,764**

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10.3 Analysis by customer type

€ million	31.12.2019	31.12.2018
Individuals customers	350	282
Farmers		22
Other small businesses		206
Financial institutions	83,017	44,573
Corporates	71,052	104,236
Local authorities	18,796	17,712
Other customers	3,093	524
Total principal	**176,308**	**167,555**
Accrued interest	214	209
Carrying amount	**176,522**	**167,764**

NOTE 11: DEBT SECURITIES

11.1 Analysis by residual maturity

	31.12.2019							31.12.2018
€ million	≤ 3 months	> 3 months ≤ 1 year	> 1 year ≤ 5 years	> 5 years	Total principal	Accrued interest	Total	Total
Interest-bearing notes	201				201		201	192
Money-market instruments								
Negotiable debt securities:	17,784	10,473	6,713	8,458	43,428	134	43,562	40,486
Issued in France	935	2,258	5,564	8,458	17,215	86	17,301	18,646
Issued abroad	16,849	8,215	1,149		26,213	48	26,261	21,840
Bonds			2,723	1,350	4,073	3	4,076	2,604
Other debt instruments								
Carrying amount					**47,702**	**137**	**47,839**	**43,282**

11.2 Bonds

	Outstanding schedule at 31.12.2019			Outstanding at 31.12.2019	Outstanding at 31.12.2018
€ million	≤ 1 year	> 1 year ≤ 5 years	> 5 years		
Euro		**2,070**	**1,350**	**3,420**	**1,710**
Fixed rate					
Variable rate		2,070	1,350	3,420	1,710
Other currencies		**653**		**653**	**892**
Fixed rate					7
Variable rate		653		653	885
Total principal		**2,723**	**1,350**	**4,073**	**2,602**
Fixed rate					7
Variable rate		2,723	1,350	4,073	2,595
Related payables		2	1	3	2
Accrued interest				**4,076**	**2,604**

NOTE 12: ACCRUALS, DEFERRED INCOME AND SUNDRY LIABILITIES

€ million	31.12.2019	31.12.2018
Other liabilities [1]	**89,835**	**68,953**
Counterparty transactions (trading securities)	33,317	22,543
Liabilities relating to stock lending transactions	14,821	10,056
Optional instruments sold	21,052	18,371
Miscellaneous creditors	20,444	16,756
Settlement accounts	201	1,202
Payments in process		25
Other		
Accruals and deferred income	**108,726**	**101,205**
Items in course of transmission	729	302
Adjustment accounts	105,324	98,941
Unearned income	412	434
Accrued expenses	2,164	1,227
Unrealised gains and deferred gains on financial instrument		20
Other accruals prepayments and sundry assets	97	281
Carrying amount	**198,561**	**170,158**

[1] *Amounts include accrued interests.*

NOTE 13: PROVISIONS

€ million	31.12.2018	Scope changes	Mergers	Depreciation charges	Reversals and utilisations	Transaction differences	Other mouvements	31.12.2019
Country risks	400			18	(169)	6		255
Financing commitment execution risks	93			334	(234)	5	181	379
Employee retirement and similar benefits	230	(2)		45	(58)		(3)	212
Financial instruments				1				1
Litigations and others [1]	734			210	(103)	3	(1)	843
Other provisions [2]	1,724	(1)		509	(483)	1	(173)	1,577
Carrying amount	**3,181**	**(3)**		**1,117**	**(1,047)**	**15**	**4**	**3,267**

[1] *Of which:*
- *tax disputes: €489 million*
- *customer litigation: €346 million*
- *social litigation: €8 million*

[2] *Including, for Crédit Agricole CIB Paris:*
- *other risks and expenses: €1,299 million*

Crédit Agricole CIB took into account all of the information available at the time of the closing, including recent positive developments and the residual risks in arbitration proceedings abroad.

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 2014 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) had received in 2018 a request for arbitration submitted by Banque Saudi Fransi (BSF) before the International Chamber of Commerce (ICC). The dispute related to the performance of a technical services agreement between BSF and Crédit Agricole CIB that is no longer in force. BSF had quantified its claim at SAR 1,023,523,357, the equivalent of about € 242 million. Crédit Agricole CIB and BSF have recently entered into an agreement effectively ending the ICC arbitration proceedings. This agreement has no significant impact on Crédit Agricole CIB's Financial Statements.

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.

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NOTE 14: SUBORDINATED DEBT - ANALYSIS BY RESIDUAL MATURITY (IN CURRENCY OF ISSUE)

	31.12.2019					31.12.2018
€ million	≤ 3 months	> 3 months ≤ 1 year	> 1 year ≤ 5 years	> 5 years	Total	Total
Fixed-term subordinated debt				**3,269**	**3,269**	**2,983**
Euro				1,750	1,750	1,500
Other EU currencies						
Dollar				1,519	1,519	1,483
Yen						
Other currencies						
Undated subordinated debt				**5,787**	**5,787**	**5,320**
Euro				3,130	3,130	2,830
Other EU currencies						
Dollar				2,657	2,657	2,490
Yen						
Other currencies						
Participating securities and loans						
Total principal				**9,056**	**9,056**	**8,303**
Accrued interest					95	86
Carrying amount					**9,151**	**8,389**

Expenses relating to subordinated debt amounted to €-443 million at 31.12.2019, compared to €-368 million at 31.12.2018.

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 2017	**7,852**	**637**		**1,593**	**1,168**		**2,613**	**13,863**
Dividends paid in respect of 2018					(1,236)			(1,236)
Increase/decrease					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**
Dividends paid in respect of 2019					(489)			(489)
Increase/decrease								
2019 net income							1,329	1,329
Appropriation of 2018 parent company net income		17			1,255		(1,272)	
Net charges/write-backs								
Balance at 31 December 2019	**7,852**	**785**		**1,593**	**3,213**		**1,329**	**14,774**

At 31 December 2018, the share capital comprised 290,801,346 shares with a par value of €27 each.

Retained earnings" includes reserves for a global amount to €267,850 under a reversal of tax commitments by CACIB during the liquidation of its Luxembourg branch in 2019.

NOTE 16: ANALYSIS OF THE BALANCE SHEET BY CURRENCY

	31.12.2019		31.12.2018	
€ million	Assets	Liabilities	Assets	Liabilities
Euro	241,654	254,443	225,573	215,882
Other EU currencies	21,316	28,573	18,288	33,517
Dollar	175,598	165,787	157,526	149,212
Yen	53,598	43,735	51,104	38,104
Other currencies	32,916	32,544	28,902	44,678
Total	**525,082**	**525,082**	**481,393**	**481,393**

NOTE 17: TRANSACTIONS WITH SUBSIDIARIES, AFFILIATES AND EQUITY INVESTMENTS

€ million	31.12.2019	31.12.2018
Loans and receivables	**39,287**	**32,990**
Credit and other financial institions	13,587	12,496
Customers	20,912	17,723
Bonds and other fixed income securities	4,788	2,771
Debt	**56,487**	**53,188**
Credit and financial institutions	27,324	27,100
Customers	15,073	14,591
Debt securities and subordinated debts	14,090	11,497
Commitments given	**67,260**	**51,986**
Financing commitments given to credit institutions	700	591
Financing commitments given to customers	46,282	27,292
Guarantee given to credit and other financial institutions	8,729	8,008
Guarantees given to customers	3,397	3,456
Securities acquired with repurchase options	599	6,265
Other commitments given	7,553	6,374

NOTE 18: NON-SETTLED FOREIGN EXCHANGE TRANSACTIONS AND AMOUNTS PAYABLE IN FOREIGN CURRENCIES

	31.12.2019		31.12.2018	
€ million	To be received	To be delivered	To be received	To be delivered
Spot foreign-exchange transactions	**137,887**	**137,855**	**126,034**	**126,052**
Foreign currencies	122,379	119,417	112,516	109,391
Euro	15,508	18,438	13,518	16,661
Forward currency transactions	**2,096,676**	**2,099,575**	**1,774,176**	**1,777,225**
Foreign currencies	1,650,811	1,682,860	1,396,438	1,410,018
Euro	445,865	416,715	377,738	367,207
Foreign currency denominated loans and borrowings	**271**	**289**	**418**	**827**
Total	**2,234,834**	**2,237,720**	**1,900,628**	**1,904,104**

NOTE 19: TRANSACTIONS ON FORWARD FINANCIAL INSTRUMENTS

	31.12.2019			31.12.2018		
€ million	Hedging transactions	Other transactions	Total (2)	Hedging transactions	Other transactions	Total
Futures and forwards	**125,677**	**15,820,344**	**15,946,021**	**118,637**	**13,641,439**	**13,760,076**
Exchange-traded [1]		**199,032**	**199,032**	**4,034**	**7,233,516**	**7,237,550**
Interest-rate futures		187,331	187,331		7,132,802	7,132,802
Currency forwards		5,737	5,737		82,572	82,572
Equity and stock index instruments		5,136	5,136		2,451	2,451
Other futures		828	828	4,034	15,691	19,725
Over-the-counter [1]	**125,677**	**15,621,312**	**15,746,989**	**114,603**	**6,407,923**	**6,522,526**
Interest rate swaps	59,686	8,438,734	8,498,420	41,560	2,429,697	2,471,257
Fx swaps	65,867	4,409,440	4,475,307	72,903	3,931,015	4,003,918
FRA		2,697,181	2,697,181		2,061	2,061
Equity and stock index instruments		46,118	46,118		38,247	38,247
Other futures	124	29,839	29,963	140	6,903	7,043
Options		**1,998,129**	**1,998,129**	**1,119**	**1,993,659**	**1,994,778**
Exchange-traded		**229,153**	**229,153**		**218,024**	**218,024**
Exchange traded interest rate futures						
Bought		181,574	181,574		183,862	183,862
Sold		27,953	27,953		13,089	13,089
Equity and stock index instruments						
Bought		7,471	7,471		7,572	7,572
Sold		10,016	10,016		9,456	9,456
Currency futures						
Bought		788	788		1,781	1,781
Sold		1,351	1,351		2,264	2,264
Other futures						
Bought						
Sold						
Over-the counter		**1,768,976**	**1,768,976**	**1,119**	**1,775,635**	**1,776,754**
Interest rate swap options						
Bought		396,417	396,417	554	352,423	352,977
Sold		441,933	441,933	58	367,643	367,701
Other interest rate forwards						
Bought		246,124	246,124	507	231,276	231,783
Sold		263,171	263,171		233,393	233,393
Equity and stock index instruments						
Bought		1,579	1,579		5,108	5,108
Sold		1,416	1,416		4,351	4,351
Currency futures						
Bought		175,318	175,318		257,738	257,738
Sold		207,623	207,623		283,283	283,283
Other futures						
Bought		372	372		175	175
Sold		560	560		156	156
Credit derivative						
Bought		25,918	25,918		26,943	26,943
Sold		8,545	8,545		13,146	13,146
Total	**125,677**	**17,818,473**	**17,944,150**	**119,756**	**15,635,098**	**15,754,854**

[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 €907,769 million with Crédit Agricole S.A. at 31 December 2019.

19.1 Forward financial instruments - Fair value

€ million	31.12.2019			31.12.2018		
	Total fair value			Total fair value		
	Assets	Liabilities	Notional total	Assets	Liabilities	Notional total
Interest rate instruments	**98,682**	**99,935**	**12,940,105**	**97,980**	**113,137**	**10,988,925**
Futures		1	187,331	530	529	2,630,775
FRA	85	61	2,697,181	1,383	1,059	2,061
Interest rate swaps	81,162	81,044	8,498,420	79,579	94,866	6,973,285
Interest rate options	14,284	15,296	1,047,878	12,893	12,581	917,628
Caps, floors and collars	3,151	3,533	509,295	3,595	4,102	465,176
Foreign currency and gold	**12,309**	**11,784**	**888,209**	**203,711**	**96,792**	**1,019,764**
Currency futures	9,779	9,903	483,742	36,020	39,545	380,899
Currency options	2,417	1,754	385,080	3,546	2,867	545,066
Futures	113	127	19,387	164,145	54,380	93,799
Other instruments	**6,345**	**3,737**	**137,921**	**8,806**	**8,143**	**134,374**
Equity and index derivatives	6,101	3,022	99,584	7,723	3,565	89,447
Precious metal derivatives	43	31	3,856	40	43	4,824
Commodity derivatives			19			14
Credit derivatives	201	684	34,462	1,043	4,535	40,089
Sub-total	**117,336**	**115,456**	**13,966,235**	**310,497**	**218,072**	**12,143,063**
Currency futures trading book	18,138	18,465	3,977,915	364,276	390,256	3,611,791
Currency futures banking book						
Sub-total	**18,138**	**18,465**	**3,977,915**	**364,276**	**390,256**	**3,611,791**
Total	**135,474**	**133,921**	**17,944,150**	**674,773**	**608,328**	**15,754,854**

19.2 Forward financial instruments - Notional outstanding's analysis by residual maturity

€ million	Over-the-counter			Exchange-traded			31.12.2019	31.12.2018
Notional amount outstanding	≤ 1 year	> 1 year ≤ 5 years	> 5 years	≤ 1 year	> 1 year ≤ 5 years	> 5 years	Total	Total
Interest rate instruments	**5,046,668**	**4,293,878**	**3,202,701**	**327,753**	**69,105**		**12,940,105**	**10,988,925**
Futures				129,962	57,369		187,331	2,630,775
FRA	2,101,987	595,194					2,697,181	2,061
Interest rate swaps	2,880,485	3,049,781	2,568,154				8,498,420	6,973,285
Interest rate options	229	335,016	503,106	197,791	11,736		1,047,878	917,628
Caps, floors and collars	63,967	313,887	131,441				509,295	465,176
Foreign currency and gold	**619,892**	**216,994**	**43,447**	**7,876**			**888,209**	**1,019,764**
Currency futures	326,011	137,326	20,405				483,742	380,899
Currency options	280,349	79,550	23,042	2,139			385,080	545,066
Futures	13,532	118		5,737			19,387	93,799
Other instruments	**27,872**	**47,982**	**38,616**	**13,325**	**8,960**	**1,166**	**137,921**	**134,374**
Equity and index derivatives	18,247	28,540	30,174	12,497	8,960	1,166	99,584	89,447
Precious metal derivatives	3,026	21		809			3,856	4,824
Commodity derivatives				19			19	14
Credit derivatives	6,599	19,421	8,442				34,462	40,089
Sub-total	**5,694,432**	**4,558,854**	**3,284,764**	**348,954**	**78,065**	**1,166**	**13,966,235**	**12,143,063**
Currency futures trading book	2,733,794	793,566	450,555				3,977,915	3,611,791
Currency futures banking book								
Sub-total	**2,733,794**	**793,566**	**450,555**				**3,977,915**	**3,611,791**
Total	**8,428,226**	**5,352,420**	**3,735,319**	**348,954**	**78,065**	**1,166**	**17,944,150**	**15,754,854**

19.3 Forward financial instruments - Counterparty risk

	31.12.2019		31.12.2018	
€ million	Market value	Potential credit risk	Market value	Potential credit risk
Risks regarding OECD governments, central banks and similar institutions	6,759	889	6,093	719
Risks regarding OECD financial institutions and similar	56,926	13,503	52,235	14,137
Risks on other counterparties	52,467	11,634	50,622	11,230
Total by counterparty type before netting agreements	**116,152**	**26,026**	**108,950**	**26,086**
Risks on:				
- Interest rates, exchange rates and comodities contracts	110,618	25,682	104,010	25,696
- Equity and index derivatives	4,423	343	3,698	390
Impact of netting agreements	**86,241**	**4,056**	**84,079**	**6,090**
Total after impact of netting agreements	**29,911**	**21,970**	**24,871**	**19,996**

NOTE 20: NET INTEREST AND SIMILAR INCOME

€ million	31.12.2019	31.12.2018
Interbank transactions	3,015	2,167
Customer transactions	4,834	4,717
Bonds and other fixed-income securities (see Note 21)	587	399
Debt securities	236	86
Other interest and similar income	23	224
Interest and similar income [1]	**8,695**	**7,593**
Interbank transactions	(3,301)	(2,830)
Customer transactions	(3,221)	(2,746)
Bonds and other fixed-income securities	(127)	(24)
Debt securities	(1,348)	(1,014)
Other interest and similar income	(59)	(200)
Interest and similar expense [2]	**(8,056)**	**(6,814)**
Net interest and similar income	**639**	**779**

[1] *Including income with Crédit Agricole S.A. at 31.12.219: €35 million.*
[2] *Including expenses with Crédit Agricole S.A. at 31.12.2019: €-843 million.*

NOTE 21: INCOME FROM SECURITIES

	Fixed Income securities		Variable-income securities	
€ million	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Investment in subsidiaries and affiliates, equity investments and other long-term equity investments			134	282
Short term investment securities and medium term portfolio securities	249	221	1	4
Long-term investment securities	338	178		
Other securities transactions				
Income from securities	**587**	**399**	**135**	**286**

NOTE 22: NET COMMISSION AND FEE INCOME

€ million	31.12.2019			31.12.2018		
	Income	Expense	Net	Income	Expense	Net
Interbank transactions	41	(98)	(59)	60	(104)	(44)
Customer transactions	550	(49)	501	611	(35)	576
Securities transactions	18	(103)	(85)	7	(69)	(62)
Foreign exchange transactions	1	(33)	(32)	4	(35)	(31)
Forward financial instruments and other off-balance sheet transactions	157	(183)	(26)	133	(135)	(2)
Financial services (see Note 22.1)	109	(14)	95	110	(28)	82
Total net fee and commission income [1]	**876**	**(480)**	**396**	**925**	**(406)**	**519**

(1) Including net commissions with Crédit Agricole S.A. at 31 December 2019: €22 million.

22.1 Banking and financial services

€ million	31.12.2019	31.12.2018
Net income from managing mutual funds and securities on behalf of customers	54	47
Net income from payment instruments	8	5
Other net financial services income (expense)	33	30
Financial services	**95**	**82**

NOTE 23: GAINS (LOSSES) ON TRADING BOOKS

€ million	31.12.2019	31.12.2018
Gains (losses) on trading securities	2,037	(297)
Gains (losses) on forward financial instruments	(398)	898
Gains (losses) on foreign exchange and similar financial instruments	872	1,550
Net gains (losses) on trading book	**2,511**	**2,151**

NOTE 24: GAINS (LOSSES) ON SHORT-TERM INVESTMENT PORTFOLIOS AND SIMILAR

€ million	31.12.2019	31.12.2018
Short term investment securities		
Impairment losses	(14)	(4)
Reversals of impairment losses	14	19
Net losses/reversals		**15**
Gains on disposals		65
Losses on disposals		(67)
Net gains (losses) on disposals		**(2)**
Net gain (losses) on short-term investment securities		**13**
Medium term portfolio securities		
Impairment losses		(1)
Reversals of impairment losses		
Net losses/reversals		**(1)**
Gains on disposals		
Losses on disposals		
Net gains (losses) on disposals		
Net gain (losses) on medium term investment portfolio securities		**(1)**
Net gain (losses) on short-term investment portfolios and similar		**12**

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NOTE 25: OPERATING EXPENSES

25.1 Employee expenses

€ million	31.12.2019	31.12.2018
Salaries	(1,050)	(994)
Social security expenses	(343)	(314)
Incentive plans	(31)	(27)
Employee profit-sharing		
Payroll-related tax	(41)	(42)
Total employee expenses	**(1,465)**	**(1,377)**
Charge-backs and reclassification of employee expenses	7	5
Net expenses [1]	**(1,458)**	**(1,372)**

(1) Including pension expenses at 31 December 2019: € -70 million.
Including pension expenses at 31 December 2018: € -89 million.

25.2 Average number of headcount

In number	31.12.2019	31.12.2018
Managers	4,247	4,212
Non-managers	244	298
Managers and non-managers of foreign branches	2,919	2,860
Total	**7,410**	**7,370**
Of which		
France	4,491	4,510
Foreign	2,919	2,860

25.3 Other administrative expenses

€ million	31.12.2019	31.12.2018
Taxes other than on income or payroll-related	(42)	(64)
External services	(1,100)	(1,027)
Other administrative expenses	(111)	(118)
Total administrative expenses	**(1,253)**	**(1,209)**
Charge-backs and reclassification of employee expenses	214	198
Total	**(1,039)**	**(1,011)**

NOTE 26: COST OF RISK

€ million	31.12.2019	31.12.2018
Depreciation charges to provisions and impairment	**(1,409)**	**(568)**
Impairment on doubtful loans and receivables	(637)	(377)
Other depreciation and impairment losses	(772)	(191)
Reversal of provisions and impairment losses	**1,310**	**1,146**
Reverval of impairment losses on doubtful loans and receivables [1]	456	742
Other reversals of provisions and impairment losses [2]	854	404
Change in provisions and impairment	**(99)**	**578**
Losses on non-impaired bad debts	(39)	(12)
Losses on impaired bad debts	(251)	(448)
Recoveries on loans written off	37	77
Cost of risk	**(352)**	**195**

[1] Including € 240 million on bad debts and doubtful loans at 31 December 2019.
[2] Including € 10 million used to provision risk on the liabilities at 31 December 2019.

NOTE 27: NET GAIN (LOSSES) ON FIXED ASSETS

€ million	31.12.2019	31.12.2018
Financial investments		
Impairment losses		
Long-term investment securities		
Investments in subsidiaries and affiliates, equity investments and other long term equity investments	(23)	(23)
Reversals of impairments losses		
Long-term investment securities		
Investments in subsidiaries and affiliates, equity investments and other long term equity investments	97	58
Net losses/reversals	**74**	**35**
Long-term investment securities		
Investments in subsidiaries and affiliates, equity investments and other long term equity investments	74	35
Gains on disposals		
Long-term investment securities		
Investments in subsidiaries and affiliates, equity investments and other long term equity investments	654	4
Losses on disposals		
Long-term investment securities		
Investments in subsidiaries and affiliates, equity investments and other long term equity investments	(7)	(19)
Losses on receivables from equity investments		
Net gain (losses) on disposals	**647**	**(15)**
Long-term investment securities		
Investments in subsidiaries and affiliates, equity investments and other long term equity investments	647	(15)
Net gain (losses)	**721**	**20**
Property, plant and equipment and intangible assets		
Disposal gains	8	
Disposal losses	(1)	
Net gain (losses)	**7**	
Net gain (losses) on fixed assets	**728**	**20**

NOTE 28: INCOME TAX CHARGE

€ million	31.12.2019	31.12.2018
Income tax charge [1]	(433)	(415)
Other tax		
Total	**(433)**	**(415)**

[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 €71 million to Crédit Agricole S.A. was recognised at 31 December 2019.

A net depreciation of tax provision of € 77 million, corresponding to Crédit Agricole S.A. compensated tax loss, but still due, as individuals, by the subsidiaries of the subgroup towards Crédit Agricole CIB, was also recognised at 31 December 2019.

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 2019

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 General Meeting of Shareholders, we have audited the accompanying financial statements of Crédit Agricole Corporate and Investment Bank for the year ended 31 December 2019.

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 at 31 December 2019 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 these standards are further described in the "Responsibilities of the Statutory Auditors relating to the audit of the 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 2019 to the date of our report, and, in particular, we did not provide any non-audit services prohibited by Article 5(1) of Regulation (EU) No 537/2014 or the French Code of Ethics (*Code de déontologie*) for Statutory Auditors.

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 financial statements, as well as how we addressed those risks.

These matters were addressed as part of our audit of the 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 financial statements

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RISK IN RELATION TO THE MEASUREMENT OF PROVISIONS FOR REGULATORY AND TAX DISPUTES

◆ Risk identified

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 certain countries where the Bank operates.

Deciding whether to recognise a provision and the amount of that provision requires the use of judgement, given that it is difficult to assess the outcome of disputes or the uncertainties related to certain tax treatments, particularly as part of certain structural transactions.

Given the degree of judgement required, the measurement of provisions for regulatory and tax disputes constitutes a significant risk of material misstatement in the financial statements, and we therefore deemed such measurement to be a key audit matter.

The various ongoing judicial or arbitration proceedings, investigations and requests for information (Euribor/Libor, SSA Bonds and other indices), as well as tax proceedings, are presented in Note 13 to the financial statements

◆ Our response

We gained an understanding of the procedure implemented by management for measuring the risks resulting from these disputes and tax uncertainties and, where applicable, the associated provisions, notably through quarterly exchanges with management and, in particular, the Bank's Legal, Compliance and Tax departments.

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 or 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 Bank'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 2019.

Lastly, we examined the related disclosures provided in the notes to the financial statements.

CREDIT RISK AND ESTIMATE OF EXPECTED CREDIT LOSSES ON PERFORMING, UNDERPERFORMING AND NON-PERFORMING LOANS

Risk identified

As part of its corporate and investment banking operations, the Company originates and structures financing for large corporate clients in France and abroad.

When a loan is non-performing, the probable loss is recognised through impairment, shown as a deduction from assets. The Company also recognises provisions in liabilities to cover credit risks that are not individually allocated, such as country risk provisions or sectoral provisions generally calculated based on IFRS 9 models for estimating expected credit losses (ECL).

Given the significant judgement required in determining such value adjustments, we deemed the estimate of provisions for and impairment of performing loans (collectively impaired) and non-performing loans (individually impaired) to be a key audit matter, particularly for financing granted to companies in the maritime and energy sectors, due to an uncertain economic environment, the complexity of identifying exposures where there is a risk of non recovery and the degree of judgement needed to estimate recovery flows.

> The financing granted is recorded under loans due from credit institutions and customer transactions. Impairment is recognised as a deduction from assets or as a liability and additions/reversals are recorded under cost of risk.
>
> Probable losses in respect of off-balance sheet commitments are covered by provisions recognised in liabilities.
>
> See Notes 3.3, 3.4 and 26 to the financial statements.

Our response

We examined the procedures implemented by the Risk Management department to categorise outstanding loans and measure the amount of recorded ECL 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 value adjustments. We also familiarised ourselves with the main findings of the Bank's specialised committees in charge of monitoring underperforming and non-performing loans.

Regarding collectively measured value adjustments, we:

- asked experts to assess the methods and measurements for the various ECL inputs and calculation models;
- assessed the analyses carried out by management on sectors with a deteriorated outlook;
- reviewed the methodology used to identify significant increases in credit risk;
- tested the controls that we deemed to be of key importance in relation to 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, compared the calculated amount with the recognised amount and examined the adjustments made by management where applicable.

Regarding individually calculated value adjustments, we:

- examined the estimates used for Crédit Agricole Corporate and Investment Bank's impaired significant counterparties;
- based on a sample of impaired or non-impaired 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 in relation to credit risk hedging provided in the notes to the financial statements.

RISK IN RELATION TO THE MEASUREMENT OF COMPLEX DERIVATIVE INSTRUMENTS

Risk identified

Crédit Agricole Corporate and Investment Bank originates, sells, structures and trades market products, including derivative financial instruments, for companies, financial institutions and major issuers.

These derivative financial instruments are recognised in accordance with the provisions of Title 5 "Forward financial instruments" of Book II "Specific transactions" of Regulation ANC 2014-07 of 26 November 2014.

In particular, transactions entered into for trading purposes are measured at market value and the corresponding gains and losses are taken to income.

These financial instruments are considered to be complex when their measurement requires the use of significant unobservable market inputs.

We deemed the measurement of these complex derivative financial instruments to be a key audit matter, as it requires judgement from management, particularly concerning:

- the determination of valuation inputs that are not observable on the market;
- 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;
- the analysis of any valuation differences with counterparties noted in connection with margin calls or the disposal of instruments.

Losses on forward financial instrument transactions amounted to €398 million at 31 December 2019.

See Notes 1.8, 19 and 23 to the financial statements.

Our response

We gained an understanding of the processes and controls put in place by Crédit Agricole Corporate and Investment Bank to identify, measure and recognise complex derivative financial instruments.

We examined certain controls that we deemed of key importance, performed notably by the Risk Management department, such as the independent verification of measurement inputs and the internal approval of valuation models. We also examined the system governing the recognition of valuation adjustments and the accounting categorisation of financial products.

With the support of our experts in the valuation of financial instruments, we carried out independent valuations, analysed those performed by the Bank and examined the assumptions, inputs, methodologies and models used at 31 December 2019.

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

In accordance with professional standards applicable in France, we have also performed the specific verifications required by French legal and regulatory provisions.

Information given in the management report and in the other documents provided to the shareholders with respect to the Company's financial position and the financial statements

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 provided to the shareholders with respect to the Company's financial position and the financial statements, with the exception of the following matter.

Concerning the fair presentation and the consistency with the financial statements of the disclosures provided in relation to the payment terms referred to in Article D.441-4 of the French Commercial Code, we have the following matter to report: as indicated in the management report, the disclosures do not include banking and related transactions as the Company considers that such disclosures are not within the scope of disclosures to be provided.

Report on Corporate Governance

We attest that the Board of Directors' report on corporate governance sets out the information required by Article L.225-37-4 of the French Commercial Code.

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 2019, PricewaterhouseCoopers Audit and Ernst & Young et Autres were in the sixteenth and the twenty third consecutive year of their engagement, respectively.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for preparing financial statements giving a true and fair view in accordance with French accounting principles, and for implementing the internal control procedures it deems necessary for the preparation of financial statements that are free of 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 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 financial statements were approved by the Board of Directors.

RESPONSIBILITIES OF THE STATUTORY AUDITORS RELATING TO 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 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 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 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 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 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 financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 financial statements and which constitute the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No 537/2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in Articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit Committee.

Neuilly-sur-Seine and Paris-La Défense, 18 March 2020

The Statutory Auditors
French original signed by:

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

GENERAL INFORMATION

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1. ARTICLES OF ASSOCIATION EFFECTIVE AT DECEMBER, 31 2019

TITLE I

CORPORATE FORM – REGISTERED NAME - CORPORATE PURPOSE - REGISTERED OFFICE – TERM

ARTICLE 1 – CORPORATE FORM

The Company is a joint stock company [French *Société Anonyme*] with a Board of Directors. It is governed by the laws and regulations that apply to credit institutions and to French *Sociétés Anonymes* and by the present Articles of Association.

ARTICLE 2 - REGISTERED NAME

The name of the Company is: "Crédit Agricole Corporate and Investment Bank".

ARTICLE 3 – CORPORATE PURPOSE

The purpose of the Company, in France and abroad, is:

- to enter into any banking transactions and any finance transactions, and more particularly:
  - to receive funds, grant loans, advances, credit, financing, guarantees, to undertake collection, payment, recoveries;
  - to provide advisory services in financial matters, and especially in matters of financing, indebtedness, subscription, issues, investment, acquisitions, transfers, mergers, restructurings;
  - to provide custodial, management, purchasing, sales, exchange, brokerage and arbitrage services with respect to all and any stocks, equity rights, financial products, derivatives, currencies, commodities, precious metals and in general all and any other securities of all kinds;
- to provide all and any investment services and related services as defined by the French Monetary and Financial Code and any subsequent legislation or regulation deriving therefrom;
- to establish and to participate in any ventures, associations, corporations, by way of subscription, purchase of shares or equity rights, merger or in any other way;
- to enter into transactions, either commercial or industrial, relating to securities or real estate, directly or indirectly related to any or all of the above purposes or to any similar or connected purposes;
- the foregoing, both on its own behalf and on behalf of third parties or as a partner and in any form whatsoever.

ARTICLE 4 - REGISTERED OFFICE

The registered office is at 12, Place des Etats-Unis - CS 70052 - 92547 Montrouge Cedex (France)

ARTICLE 5 – TERM

The Company's term of existence shall end on 25 November 2064, except in the event of early dissolution or extension of its life.

TITLE II

REGISTERED CAPITAL - SHARES

ARTICLE 6 – REGISTERED CAPITAL

The registered share capital of the Company is set at EUR 7,851,636,342.00 (seven billion, eight hundred and fifty-one million, six hundred and thirty-six thousand, three hundred and forty-two euros). The capital is divided into 290,801,346 (two hundred and ninety million, eight hundred and one thousand, three hundred and forty-six) fully paid-up shares, each with a nominal value of EUR 27 (twenty-seven euros).

ARTICLE 7 – FORM OF THE SHARES – ASSIGNMENT AND TRANSFER OF SHARES

7A. FORM OF THE SHARES

The shares must be registered in a pure nominative account at the issuing company.

7B. ASSIGNMENT AND TRANSFER OF SHARES

I. The assignment of shares for the benefit of spouses, ascendants and descendants is subject to no restriction.

The same shall apply to assignments for the benefit of Crédit Agricole S.A. and of any company placed under its control, under the terms of article L233-3 I & II of the French Commercial Code.

II. Except for cases mentioned under (I.) above, no private individual or legal entity (hereinafter the "Assignee") may become a shareholder of the Company or the holder of a right stripped from any share or any right derived therefrom in any manner whatsoever (hereinafter the "Assignment") if that person or entity has not been previously approved by the Chairman of the Board of Directors under the conditions set forth hereinbelow:

1°. The application for approval of the assignee shall be notified to the Company by extrajudicial instrument or by registered mail, return receipt requested, indicating the last name, first names and address of the assignee, the number of shares of which the assignment is envisaged, the price offered and the terms of sale. Approval shall be constituted either by notification thereof, or by the absence of such notification within a period of three months as from the date of the application.

The decision to approve shall be taken by the Chairman. No reasons need be given for that decision and in the event of a rejection this shall under no circumstances be justification for any claim.

The assignor shall be informed of the decision within fifteen days of receipt of the notification by registered mail, return receipt requested.

In the event of a rejection, the assignor shall have ten days from the date of receipt and in accordance with same procedure as above, to make it known whether or not he wishes to abandon the proposed assignment.

2°. If the assignor does not abandon the proposed assignment, the Chairman shall be bound, within a maximum period of three months from the date of notification of the rejection, to arrange for the acquisition of the shares either by existing shareholders or by third parties, or, with the consent of the assignor, by the Company with a view to reducing its share capital.

To that end, the Chairman shall inform the shareholders of the proposed assignment by registered mail, return receipt requested, inviting each to indicate the number of shares he wishes to acquire.

Offers to purchase shares shall be sent by shareholders to the Chairman by registered mail, return receipt requested, within ten days of the date of receipt of the notification. The allocation of the shares proposed for sale between the shareholders wishing to purchase them shall be determined by the Chairman in proportion to their respective holdings in the total share capital and up to the limit of their applications.

3°. If no application to purchase shares is sent to the Chairman within the above time limit or if the requests do not cover the total number of the shares, the Chairman may arrange for the available shares to be purchased by third parties.

4°. With the agreement of the assignor, the shares may also be purchased by the Company. The Chairman shall seek such agreement by registered mail, return receipt requested, to which the assignor must respond within ten days of receipt.

If this agreement is given, the Board of Directors shall, upon proposal by the Chairman, call an Extraordinary General Meeting of shareholders for the purpose of deciding upon the redemption of the shares by the Company and the corresponding reduction in share capital. The Notice of Meeting must be sent out sufficiently early to ensure that the three-month time limit is observed as stipulated below.

In all the cases of purchase or redemption described above, the price for the shares shall be set as indicated at point 6° below.

5°. If all the shares have not been purchased or redeemed within a period of three months from the date of the notification of rejection, the assignor may complete the sale to the initial assignee for the totality of the shares to be assigned, notwithstanding the offers of partial purchase that may have been made.

The three months period may be extended by a court injunction issued in summary proceedings by the President of the Commercial Court, and not subject to appeal, at the behest of the Company, with the assigning shareholder and the assignee being duly called to attend the hearing.

6°. In the event that the shares on offer are acquired by shareholders or third parties, the Chairman shall notify to the assignor the last name, first names and address of the purchaser(s).

Failing an agreement between the parties, the price for the shares shall be determined under the conditions set forth in Article 1843-4 of the French Code of Civil Law.

The cost of the expert valuation shall be borne equally by vendor and purchaser.

7°. Within eight days of the date of determination of the price, notification shall be sent to the assignor by registered mail, return receipt requested, indicating that he must, within fifteen days of the receipt of that notification, make it known whether he wishes to abandon the proposed assignment or, if not, attend the registered office to receive payment of the price, which shall not bear interest, and to sign the share transfer form. Failing attendance by the assignor within the above-mentioned time limit of fifteen days, or failing notification to the Company within that time limit of his intention to abandon the assignment, the assignment to the purchaser or purchasers shall be formalised on the instructions of the Chairman of the Board of Directors or a specifically authorised person, with effect from the date of the formalisation of said assignment.

8°. The provisions of the present article shall apply generally to all and any manner of transfer of ownership, whether free of charge or not, by private deed or in any other manner, even where the assignment is effected by public auction under a court order or following a private decision, and whether such assignment is voluntary or enforced. They shall apply in particular to contributions to corporate capital, partial contributions of assets, mergers, spin-offs (*scissions*) and general transfers of property.

9°. The approval provisions contained in the present Article shall also apply to the assignment of rights of allocation of shares in the event of an increase in share capital by means of an incorporation of reserve funds, profits or issue premiums. They shall further apply in the event of the assignment of share subscription rights associated with an increase in capital in cash or individual relinquishment of subscription rights in favour of designated beneficiaries.

In either of these cases, the approval and the conditions governing the redemption of shares stipulated in the present article shall apply to all shares subscribed, and the time allowed to the Chairman for the notification to third party subscribers of their acceptance or rejection as shareholders shall be three months as from the date of final completion of the increase in share capital.

Where the shares are redeemed, the price shall be equal to the value of the new shares as determined under the conditions set forth in Article 1843-4 of the Code of Civil Law.

10°. In the event of allocation of shares following the distribution of the assets of a company holding those shares, allocations to persons who are not already shareholders of the Company shall be subject to the approval procedure described herein.

Consequently, any proposal to allocate shares to persons other than existing shareholders shall give rise to an application for approval by the liquidator of the company under the provisions of paragraph 1° hereinabove.

Failing notification to the liquidator of the Chairman's decision within three months of the date of the application for approval, such application shall be deemed approved.

In the event of a refusal to approve certain proposed recipients of allocations, the liquidator may, within thirty days of the notification of such refusal, amend the allocations in order to submit only those recipients who are approved.

If all the proposed recipients are rejected, or if the liquidator has not amended his proposed distribution within the above-mentioned time limit, the shares allocated to the non-approved shareholders must be purchased or redeemed from the company in liquidation under the conditions set forth in paragraphs 2 to 4 above. Failing such purchase or redemption of the totality of the shares covered by the rejection, within the time limit stipulated at point 5° above, the distribution may be completed in accordance with the proposal submitted.

III. Transfer of ownership of shares through inheritance or related to the liquidation of a common property between spouses is subject to no restriction.

ARTICLE 8 - RIGHTS AND OBLIGATIONS ATTACHED TO SHARES

Each share confers, in the ownership of the Company's assets, the distribution of profits and the liquidation bonus, a right proportional to the number of existing shares, taking into account, where applicable, redeemed and non-redeemed, fully paid-up and partly paid-up capital, the nominal amount of the shares and the rights of other classes of shares.

All present and future shares in the capital shall invariably be treated equally with regard to tax liability. Consequently, all duties and taxes which, for whatever reason, may become payable solely in respect of certain shares further to their redemption, whether during the life of the Company or upon its liquidation, shall be spread over all the shares making up the capital at the time of such redemption, in a manner such that all the present or future shares shall confer upon their owners, taking account where applicable of their nominal and non-redeemed amount and of the rights of shares of other classes, the same actual advantages and right to receive the same net amount.

On each occasion that it may be necessary to hold more than one share in order to exercise any right, the ownership of a single share or of shares in a number less than that required shall confer no right with respect to the Company, it being the responsibility of the shareholders to arrange personally for the grouping and, where applicable, for the purchase or sale of the necessary number of shares.

TITLE III

MANAGEMENT OF THE COMPANY

ARTICLE 9 – MEMBERSHIP OF THE BOARD OF DIRECTORS

The Company shall be managed by a Board of Directors with between six and twenty members. At least six Directors shall be appointed by General Meetings of shareholders in accordance with the provisions of Article L. 225-18 of the French Commercial Code or any subsequent provision deriving therefrom, and two shall be elected by the salaried employees in accordance with the provisions of Articles L. 225-27 to L. 225-34 of the French Commercial Code or any subsequent provisions deriving therefrom.

The following persons may also attend Board meetings in an advisory capacity:

- if applicable, one or more censeurs (non-voting members of the Board) appointed in accordance with Article 17 below,
- one member of the Economic and Social Committee, appointed by said Committee.

1. DIRECTORS APPOINTED BY GENERAL MEETINGS OF SHAREHOLDERS

These Directors shall be appointed, renewed or removed in accordance with the legal and regulatory provisions in force.

Their term of office shall be three years. However, any Director appointed to replace another whose term of office has not expired shall hold office only for the remainder of his predecessor's term.

In the event of a vacancy or vacancies subsequent to death or resignation, or in other cases listed by law, such vacancies may be filled provisionally by co-optation under the conditions laid down by law and regulations in force.

2. DIRECTORS ELECTED BY EMPLOYEES

Two members shall be elected by the employees: one shall be elected by executive level staff (cadres), the other by the other categories of staff.

In any event, the number of members elected in this way may not exceed one-third of the members appointed by the General Meeting.

They shall be elected under the terms and in accordance with legal and regulatory provisions in force or, failing this, as determined by the Chief Executive Officer after consultation with the trade unions represented in the Company.

Both these Directors are elected for a term of office ending the same day:

- either at the close of the Annual Shareholders meeting held in the third calendar year following their election,
- or upon completion of the elections organized during this third calendar year when these take place after the annual shareholders meeting.

Where a seat falls vacant due to the death, resignation, removal or termination of the employment contract of a Director elected by employees, the vacancy shall be filled in accordance with the legal and regulatory provisions in force and the new Director shall take office immediately. If replacement proves impossible, elections for such member shall take place within three months.

In any event, the term for which a Director elected by employees may hold office shall be limited to the period remaining to run until the date on which his contract of employment ends.

ARTICLE 10 – OTHER PROVISIONS RELATIVE TO THE DIRECTORS

Any Director turning sixty five is automatically deemed to be resigning at the close of the annual General meeting of shareholders immediately following his/her sixty fifth birthday.

The term of office of a Director appointed by the shareholders in General meeting can however be exceptionally renewed from year to year up to a maximum five times, being specified that at no time can the number of directors aged over sixty five exceed one third of the total number of Directors. Should the total number of Directors not be precisely divisible by three, that third part will be rounded upward.

ARTICLE 11 - PROCEEDINGS OF THE BOARD OF DIRECTORS

The Board of Directors shall meet as often as is dictated by the Company's interest, and when called by its Chairman or at least one third of its members.

If applicable, the Chief Executive Officer may request the Chairman to call a meeting of the Board on a specific agenda. Any such request is binding upon the Chairman.

Meetings of the Board of Directors shall be held either at the registered office or at any other place indicated in the Notice of Meeting.

Notice of Meeting may be given by any means, even orally.

In order for decisions at such meetings to be valid, at least half of the Board's sitting members must be present.

Any member of the Board of Directors may grant a proxy to another member to represent him at a meeting of the Board. Each member may hold no more than one proxy at any given meeting.

The Board of Directors' internal rules may stipulate that for calculation of the quorum and majority, Directors who take part in a Board meeting using a remote telecommunications means such as video-conferencing, the type and conditions of use of such means being determined by reference to the regulations in force.

Decisions shall require a majority vote of those Directors present in person and by proxy. When voting ends in a tie, the Chairman shall cast the deciding vote.

The Directors, as well as any other person called to attend the meetings of the Board of Directors, shall be subject to an obligation of discretion in respect of the proceedings of the Board as well as in respect of information of a confidential nature or described as confidential by the Chairman of the Board.

ARTICLE 12 - ATTENDANCE REGISTER AND MINUTES OF MEETINGS OF THE BOARD OF DIRECTORS

A register of attendance shall be kept at the registered office and this shall be signed by the Directors attending each Board meeting.

The proceedings of the Board shall be recorded in minutes drawn up in accordance with the legal and regulatory provisions in force.

Such minutes shall be signed by the Chairman of the meeting and by at least one other Director. In the event that the Chairman of the meeting is unable to sign the minutes, they shall be signed by at least two Directors.

Production of a copy of, or an extract from the minutes of the meeting shall suffice as proof of the number of Directors in office and their presence or representation by proxy.

Copies of, or extracts from minutes of meetings shall be validly certified by the Chairman and Vice-Chairman of the Board, the Chief Executive Officer, or an authorised signatory duly empowered therefor.

During liquidation, such copies or extracts shall be certified by a single liquidator.

ARTICLE 13 - POWERS OF THE BOARD OF DIRECTORS

The Board of Directors shall determine the Company's business policies and ensure that they are duly implemented. Subject to the powers expressly allocated to General Meetings of shareholders and within the limits set by the corporate purpose, it shall consider any matter relating to the proper operation of the Company and shall take its decisions on any relevant issues during the course of its meetings.

The Board of Directors may carry out all checks and verifications it considers appropriate. The Chairman or the Chief Executive Officer of the Company shall be bound to provide each Director with all the information required in order to carry out his assigned tasks.

The Board may decide to set up committees to examine issues that the Board itself or its Chairman may submit to them. The Board shall determine the members and powers of such committees, and they shall act under the Board's responsibility.

Unless expressly assigned by law, the Board may grant those of its powers it chooses to any persons or committees it deems appropriate, by means of a special authorisation and for one or more specific purposes, with or without the possibility of sub-delegation.

The Board of Directors shall decide whether the general management of the Company shall be placed in the hands of the Chairman of the Board or the Chief Executive Officer.

In general terms, the Board of Directors is vested with all the powers granted to it under the laws in force.

ARTICLE 14 - REMUNERATION OF DIRECTORS

Directors may receive, in remuneration of their activity, by way of Directors' fees, a fixed annual sum, the amount of which shall be determined by an Ordinary General Meeting and shall remain applicable until otherwise decided.

The Board of Directors shall distribute the total amount of directors' fees between its members as it sees fit.

It may also itself allocate exceptional remuneration in respect of assignments or mandates entrusted to Directors. This remuneration shall be subject to the legal provisions that govern related party transactions.

In addition, the Chairman and the Vice-Chairman or Vice-Chairmen may receive remuneration in an amount to be determined by the Board of Directors.

ARTICLE 15 - CHAIRMAN OF THE BOARD

The Board of Directors shall elect the Chairman of the Board from amongst its members. The Board shall determine the length of his term of office, which may not exceed his term as a Director.

The Board of Directors may elect a Vice-Chairman or several Vice-Chairmen. It shall also determine the length of his/their term(s) of office, which may not exceed the length of his/their term(s) as Director(s).

The Chairman shall organise and coordinate the work of the Board and report on such activities to the General Meeting. He shall ensure that the Company's bodies operate satisfactorily and ensure, in particular, that the Directors are in a position to carry out their assignments.

In general terms, the Chairman shall be vested with all powers granted to him by the legislation in force.

As an exception to the provisions of Article 10 paragraph 2 of the present Articles of Association, the age limit for the performance of the duties of Chairman of the Board of Directors is set at 67, except where the Chairman also acts as Chief Executive Officer of the Company.

He shall benefit from the provisions of Article 10, paragraph 3.

ARTICLE 16 - GENERAL MANAGEMENT

The Chairman of the Board of Directors, or another individual appointed by the Board of Directors and having the title of Chief Executive Officer, shall be responsible for the general management of the Company.

Upon proposals by the Chief Executive Officer, the Board of Directors may appoint one or more individuals to assist the Chief Executive Officer, having the title of Deputy Chief Executive Officers.

1. CHIEF EXECUTIVE OFFICER

Within the limits set by the corporate purpose and subject to those powers expressly allocated by law to General Meetings and to the Board of Directors, the Chief Executive Officer shall be vested with the widest possible powers to act in the Company's name in all circumstances.

He shall represent the Company in its relations with third parties, especially with regard to legal proceedings.

Taking into account the corporate purpose, and in accordance with the law, sureties, endorsements and other guarantees in favour of third parties shall be granted by the Chief Executive Officer.

The Chief Executive Officer may decide to set up committees to examine issues that he shall submit to them for their opinion. He shall determine the members and powers of such committees.

The Chief Executive Officer may entrust those of his powers he chooses to any persons or committees he deems appropriate, by means of a special authorisation and for one or more specific purposes, with or without the possibility of sub-delegation of those same powers.

Where the Chief Executive Officer is a member of the Board of Directors, his term of office may not exceed his term of office as Director.

The age limit for Chief Executive Officers is set at sixty-five (65).

Where the Chairman of the Board of Directors is responsible for the general management of the Company, the provisions of this article shall apply to him.

2. DEPUTY CHIEF EXECUTIVE OFFICERS

The number of Deputy Chief Executive Officers is limited to a maximum of five.

When they are appointed, the scope and term of the powers of each Deputy Chief Executive Officer shall be set by the Board of Directors, in agreement with the Chief Executive Officer.

With regard to third parties, Deputy Chief Executive Officers shall benefit from the same powers as the Chief Executive Officer.

ARTICLE 17 - CENSEURS (NON-VOTING ADVISORY MEMBERS OF THE BOARD)

Upon proposal by the Chairman, the Board of Directors may appoint one or more legal entities or individuals as *censeurs* (non-voting advisory members of the Board).

Censeurs shall be appointed for a term of office that shall expire at the close of the first Board Meeting held after the Annual General

Meeting called during the third calendar year following the year in which they were appointed as such. Any *Censeur* reaching the age of seventy two is deemed to resign automatically at the close of the Board meeting immediately following his/her seventy second birthday.

Each *Censeur* may be removed from office at any time by the Board of Directors upon proposal by the Chairman.

Depending on the agenda, *Censeurs* are called to attend meetings of the Board of Directors and General Meetings of the shareholders, and may, if invited to do so by the Chairman, take part in the proceedings in an advisory capacity.

Censeurs may receive fees in an amount decided by the Board.

TITLE IV

COMPANY AUDITS

ARTICLE 18 – STATUTORY AUDITORS

An Ordinary General Meeting of shareholders shall appoint Statutory Auditors to carry out assigned tasks as specified in law, at the times and under the conditions provided by the legislation in force.

Statutory Auditors shall be eligible for reappointment.

They shall receive remuneration in an amount determined in accordance with the terms and conditions laid down in the laws and regulations in force.

TITLE V

GENERAL MEETINGS

ARTICLE 19 – COMPOSITION - NATURE OF MEETINGS

General Meetings shall be composed of all shareholders, regardless of the number of shares they may own.

Duly constituted General Meetings shall represent all shareholders. Resolutions passed in General Meetings in accordance with the laws and regulations in force shall be binding on all shareholders.

General Meetings shall be designated as Extraordinary General Meetings where their resolutions relate to an amendment of the Articles of Association; they shall be designated as Ordinary General Meetings in all other cases.

Special Meetings of shareholders may take place involving the owners of a specific class of shares, if any, to decide upon changes to the rights attached to the shares of such class.

Such Special Meetings of shareholders shall be called and proceed in the same manner as Extraordinary General Meetings.

ARTICLE 20 - MEETINGS

General Meetings shall be called in accordance with the provisions of the laws and regulations in force.

Meetings shall be held either at the Company's registered office or at any other place designated in the Notice of Meeting.

General Meetings shall be 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 appointed by the Chairman of the Board of Directors for that purpose. Failing this, the General Meeting may itself elect the chair of the meeting.

The agenda shall be determined by the author of the Notice of Meeting. Only proposals from the author of the Notice of Meeting or from the shareholders shall be included in the agenda.

Each shareholder in the Ordinary or Extraordinary General Meeting shall have a number of votes proportional to the fraction of the Company's capital corresponding to the shares he owns or represents, provided however that such shares are not deprived of the right to vote.

The Board of Directors may decide that shareholders taking part in the meeting via videoconferencing facilities or by some other means of remote telecommunications enabling them to be satisfactorily identified shall be deemed to be personally present at the meeting for the purposes of calculation of the quorum and the majority, provided however that the type and conditions of use of such means shall comply with the laws and regulations in force.

ARTICLE 21 - ORDINARY GENERAL MEETINGS

Ordinary General Meetings shall proceed in accordance with the quorum and majority rules as provided by the laws and regulations in force.

Shareholders shall be called each year to attend an Ordinary General Meeting.

The annual Ordinary General Meeting shall consider the report of the Board of Directors and the reports of the Statutory Auditors.

It shall discuss, approve or adjust the annual financial statements and the consolidated financial statements, if any, and shall determine the manner in which the net earnings for the financial year shall be allocated.

It shall appoint the auditors.

It shall consider any other proposals on the agenda which do not fall within the remit of Extraordinary General Meetings.

In addition to this Annual General Meeting, Ordinary General Meetings may be called in exceptional circumstances.

ARTICLE 22 - EXTRAORDINARY GENERAL MEETINGS

Extraordinary General Meetings shall proceed in accordance with the quorum and majority rules as provided by laws and regulations in force.

Extraordinary General Meetings may make all and any amendments to the Articles of Association.

ARTICLE 23 - MINUTES

The proceedings of General Meetings of shareholders shall be recorded in minutes drawn up on a special register or on numbered loose-leaf pages. Such minutes shall be signed by the shareholders who have been appointed as officers of the meeting.

Evidence to third parties of the proceedings of any General Meeting may be properly provided by copies or extracts duly certified as a true record by the Chairman of the Board of Directors, a Vice-Chairman of the Board of Directors, the Secretary of the Meeting, or a company officer duly empowered therefor by any one of the above-mentioned persons.

TITLE VI

COMPANY ACCOUNTS

ARTICLE 24 – FINANCIAL YEAR

The financial year shall begin on 1 January and end on 31 December.

ARTICLE 25 - ACCOUNTING DOCUMENTS

At the close of each financial year, the Board of Directors shall draw up a detailed statement of assets and liabilities and the annual financial statements and, in addition, shall prepare a report on the management of the Company in compliance with applicable legal and regulatory provisions.

ARTICLE 26 - ALLOCATION AND DISTRIBUTION OF PROFIT

I - NET EARNINGS IN THE FINANCIAL YEAR - STATUTORY RESERVE – DISTRIBUTABLE PROFIT

Those amounts laid down by the legislation in force shall be set aside from the net earnings for the financial year, from which shall be deducted any losses carried forward from previous years when applicable.

The balance, plus any profit carried forward from previous years, shall form the distributable profit.

II - ALLOCATION OF DISTRIBUTABLE PROFIT - DISTRIBUTION OF RESERVES

1. Retained earnings and creation of reserves

An Ordinary General Meeting may set aside from the distributable profit any amounts to be carried forward or to be allocated to one or more reserve funds. Such reserve fund or funds shall be available for allocation to any purpose determined by a General Meeting of shareholders as proposed by the Board of Directors and in particular for the redemption or reduction of the capital by way of reimbursement or redemption of shares.

2. Dividends

The balance of the distributable profit shall be distributed between the shareholders in proportion to their shares in the capital of the Company.

3. Distribution of Reserves

The General Meeting may resolve to distribute sums taken from reserve funds of which it may freely dispose. In such event, the corresponding resolution shall expressly designate the reserve funds from which the payments are to be made.

4. Limitations on distribution

With the exception of the case of a reduction in share capital, no distribution shall be made to the shareholders if the shareholders' equity is, or would subsequently thereto become, lower than the amount of share capital plus those reserves that, under the laws and regulations in force, may not be distributed.

5. Distribution of portfolio securities

An Ordinary General Meeting may, as proposed by the Board of Directors, decide to allocate, for the purpose of all and any distributions of profits or reserves, negotiable securities held in portfolio by the Company, subject to an obligation for the shareholders to effect groupings as may be necessary to obtain the desired number of securities thus allocated.

III – PAYMENT OF DIVIDENDS

The manner in which dividends decided by the General Meeting are to be paid out shall be specified by the General Meeting or, failing this, by the Board of Directors, but payment within the period set by the laws and regulations in force shall be mandatory.

The General Meeting called in order to approve the financial statements for the financial year may grant each shareholder, for all or part of any distributed final or interim dividend, an option for the payment of that final or interim dividend in cash or in shares.

TITLE VII

DISSOLUTION – LIQUIDATION

ARTICLE 27

Unless otherwise provided by the laws and regulations in force, at the end of the Company's term of existence or in the event of its earlier dissolution, a General Meeting of shareholders shall determine the method of liquidation and appoint one or more liquidators whose powers the Meeting shall determine.

2. INFORMATION ABOUT THE COMPANY

2.1 CORPORATE NAME

Crédit Agricole Corporate and Investment Bank.

2.2 REGISTERED OFFICE

12, place des États-Unis
CS 70052
92547 MONTROUGE CEDEX
France
Tel.: +33 (0)1 41 89 00 00
Website: www.ca-cib.com

2.3 FINANCIAL YEAR

The company's financial year begins on 1 January and ends on 31 December each year.

2.4 DATE OF INCORPORATION AND DURATION OF THE COMPANY

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.

2.5 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.

2.6 INVESTMENTS MADE BY CRÉDIT AGRICOLE CIB OVER THE PAST THREE YEARS

◆ Completed acquisitions

Date	Investments	Financing
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 significant investments in progress.

2.7 NEW PRODUCTS AND SERVICES

Crédit Agricole CIB has successfully launched an innovation in 2019 in the world of rates: CMS10Y10Y. This product allows investor to receive coupons indexed to interest rates swaps has 10y in 10y. This product is particularly interesting in the current context of rising negative but anticipated rates in the future.

Sold in the form of bond notes, this innovation Cr2dit Agricole has exceeded the 2 billion notional emissions on markets (of which more than a third were settled and sold by Crédit Agricole CIB).

Particularly interesting for Insurers, this product has in addition was syndicated for the first time by Crédit Agricole CIB in a green bond.

2.8 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.

2.9 RECENT TRENDS

Crédit Agricole CIB's perspectives have not suffered any significant deterioration since 31 December 2019, the date of its latest audited and published financial statements (see"Recent trends and outlook" section, pages 123 and 124).

2.10 SIGNIFICANT CHANGES

Events subsequent that are not likely to adjust accounts closed as of 31 December 2019.

The Covid-19 pandemic is expected to have significant negative impacts on the world economy, which would worsen if the pandemic were not contained quickly. It leads to supply and demand shocks, resulting in a marked slowdown in activity, due to the impact of containment measures on consumption and the distrust of economic agents, as well as production difficulties, supply chain disruptions in some sectors; and slower investment. The result would be a marked drop in growth, or even technical recessions in several countries. These consequences would impact the activity of the counterparties of the banks and, in turn, of the banks themselves. Crédit Agricole S.A., which announced support measures for its corporate and individual customers during the crisis, expects impacts on its revenues, as well as on its cost of risk (taking into account in particular the pro-cyclical effects of accounting rules), and therefore on its result. The extent and duration of these impacts are impossible to determine at this stage.

2.11 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 affiliated institutions" smooth functioning. To that purpose, they take all the necessary measures, notably to guarantee the liquidity and the solvability of each of these institutions as well as the whole network.

Thus, Crédit Agricole S.A., acting as the Central Body of the Crédit Agricole Network, reviews and manages credit and financial risks of its affiliates – notably for the Regional banks and Crédit Agricole CIB. This affiliation, being enshrined in the legislation, is stronger than a guarantee. Finally, the alignment of the issuer ratings of the Regional Banks and Crédit Agricole CIB with those of Crédit Agricole S.A. reflects the support mechanisms within the Group.

In this context, upon a resolution procedure of Crédit Agricole Group or a liquidation procedure of a member of the Crédit Agricole Network, the application of the resources of Crédit Agricole CIB to support the entity that initially experienced financial difficulties could affect firstly the full range of capital instruments of every category (CET1, AT1 and Tier2) and, subsequently, in the event the loss exceeds the combined amount of capital instruments, could also affect certain liabilities eligible for the purpose of bail-in, including senior non-preferred and senior preferred securities or other debt of a similar ranking, pursuant to the provisions of applicable law and the applicable terms and conditions.

On the other hand, in the case where Crédit Agricole CIB is the entity facing financial difficulties, the resources of the Crédit Agricole Network entities will be used to help Crédit Agricole CIB.

2.12 PUBLICLY AVAILABLE DOCUMENTS

The present document is available on the website:

https://www.ca-cib.com/about-us/financial-information/activity-reports-universal-registration-documents

and on the French Financial markets authority (*Autorité des Marchés Financiers*, AMF) website:

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:

https://www.ca-cib.com/about-us/financial-information/activity-reports-universal-registration-documents

> Regulated Information.

Articles of Association are available on pages 432 to 437 of this present document. A copy of these Articles of Association can also be obtained from Crédit Agricole CIB's Head Office and/or the French Trade and Companies Register (*Registre du Commerce et des Sociétés*).

3. STATUTORY AUDITORS' SPECIAL REPORT ON RELATED PARTY AGREEMENTS

ANNUAL GENERAL MEETING HELD TO APPROVE THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

To the Annual General Meeting of Crédit Agricole Corporate and Investment Bank,

In our capacity as Statutory Auditors of the Company, we hereby report to you on related party agreements.

It is our responsibility to report to shareholders, based on the information provided to us, on the main terms and conditions of the agreements that have been disclosed to us or that we may have identified as part of our engagement, as well as the reasons given as to why they are beneficial for the Company, without commenting on their relevance or substance or identifying any undisclosed agreements. Under the provisions of Article R.225-31 of the French Commercial Code (Code de commerce), it is the responsibility of the shareholders to determine whether the agreements are appropriate and should be approved.

Where applicable, it is also our responsibility to provide shareholders with the information required by Article R.225-31 of the French Commercial Code in relation to the implementation during the year of agreements already approved by the Annual General Meeting.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures consisted in verifying that the information given to us is consistent with the underlying documents.

AGREEMENTS TO BE SUBMITTED FOR THE APPROVAL OF THE ANNUAL GENERAL MEETING

Agreements authorised and entered into during the year

In accordance with Article L.225-40 of the French Commercial Code, we were informed of the following agreements entered into during the year and authorised in advance by the Board of Directors.

- **Agreement relating to the transfer of Visa Inc. class C preferred shares: grouping at Crédit Agricole CIB of the shares held by different entities of the Group for the purpose of hedgin**

PERSONS CONCERNED

Company Crédit Agricole S.A., shareholder; Mutual corporate officers: M. Brassac (CASA, LCL, CACIB), M. Ducerf (CACIB et CA Italia), Ms Gri, Ms Pourre, M. Thibault (CASA et CACIB) et Ms Renoult (CACIB et LCL).

NATURE AND PURPOSE

The price level reached by Visa Inc common shares has led us to consider hedging the shares in order to lock in the near €100 million capital gain generated by the Crédit Agricole Group on these shares since mid-2016. It is therefore planned to group together the Class C preferred shares held by several of the Crédit Agricole Group's entities in the books of the Company, which is in the best position to manage this hedge.

Due to its overall price within and outside France and in accordance with Article 2 of the Company's rules of procedure, this transaction was approved by the Board of Directors.

In addition, in view of the presence of common officers and Directors, these agreements fall within the scope of the related party agreements defined in Article L.225-38 of the French Commercial Code.

Although the discount level on the fair value recognised in the balance sheet for the transfer of the Visa securities to the Company is within the market range used by the European banks concerned, the exceptional and isolated nature of this transaction prevents it from being considered an ordinary transaction entered into on an arm's length basis which, in accordance with Article L.225-39, would have made it possible to exclude it from the scope of related party agreements.

TERMS AND CONDITIONS

Transactions involving Series C convertible preferred shares are highly regulated. They are only possible between banks already holding such securities or between subsidiaries fully controlled by a group within which there is a holding entity. Steps were taken to verify with Visa that, despite less than 100% ownership, the transactions planned by LCL, Crédit Agricole S.A., CA Bank Polska, CA Romania, CA Italia and Credibom with the Company were possible.

REASONS WHY THIS AGREEMENT IS BENEFICIAL FOR THE COMPANY

The Company bought the Class C Visa Inc securities at their fair value, which corresponded to the IFRS carrying amount of the securities within the Crédit Agricole Group entities. This IFRS carrying amount includes a discount approximately in the middle of the range defined by the European banks, in agreement with the Audit profession, in order to set the fair value of the Series C convertible preferred shares to be recognised in the entities' balance sheets.

Moreover, as it is an internal reclassification, this transaction is satisfactory for the Crédit Agricole Group insofar as it serves to lock-in the Group's capital gain, which has reached approximately €100 million since 2016.

Lastly, the Company is by nature in the best position to actively manage hedging through total return swaps (TRS), which will concurrently strengthen its expertise and its service offer in this area.

Agreements not authorised in advance

In accordance with Article L.225-42 of the French Commercial Code, we inform you of the following agreements that were not authorised in advance by the Board of Directors.

We are required to report to shareholders on the circumstances in which the authorisation procedure was not followed.

◆ Guarantee granted to the corporate officers

NATURE AND PURPOSE

This agreement concerns all members of the Board of Directors. To enable the Company to assume the costs resulting from proceedings against all corporate officers, including Directors, the Board of Directors, at its meeting of 20 December 2012, was asked to authorise the conclusion of a guarantee in favour of Directors, including the Chairman. The purpose of this guarantee is to cover any risk of liability in legal or administrative proceedings initiated 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. It was submitted to the shareholders for approval at the Ordinary General Meeting of 30 April 2013 based on the Statutory Auditors' special report on related party agreements, in accordance with Article L.225-42 of the French Commercial Code, the Board having recused itself insofar as all Directors were concerned by the vote.

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 authorise the amendment of the guarantee in favour of the Directors in order to give it the same degree of clarity as that authorised by the Board of Directors at its meeting of 30 July 2015 in favour of the members of the Executive Management.

Having noted that all Directors were concerned by the agreement and that they could therefore not take part in the vote, the Board of Directors submitted the agreement to the approval of the Ordinary General Meeting of 9 May 2016, based on a special report of the Statutory Auditors, in accordance with Article L.225-42 of the French Commercial Code.

Laurence Renoult and Paul Carite, appointed as Directors by the General Meeting of Shareholders on 7 May 2019, have been beneficiaries of this guarantee since the beginning of their term of office.

REASONS WHY THIS AGREEMENT IS BENEFICIAL FOR THE COMPANY

The 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 ALREADY APPROVED BY THE SHAREHOLDERS' MEETING

Agreements approved in prior years that remained in force during the year

In accordance with Article R.225-30 of the French Commercial Code, we were informed that the following agreements, approved by the Shareholders' Meeting in prior years, remained in force during the year ended 31 December 2019.

1.1. AGREEMENT WITH CRÉDIT AGRICOLE S.A., SHAREHOLDER OF THE 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 strengthen the Company's 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 redeemed in advance during the 2014 financial year. For the issue in the amount of US$ 470 million still outstanding in 2019, the total coupon due in respect of that year was US$ 9,273 million.

◆ b) Amendment of the tax consolidation agreement

NATURE AND PURPOSE

In 1996, Crédit Agricole S.A. signed a tax consolidation agreement with the Company, which was renewed on 22 December 2015 for the period 2015-2019 and amended on 15 November 2016. The purpose of the agreement is to govern relations between Crédit Agricole S.A., on the one hand, and the Company and its consolidated subsidiaries on the other, and in particular the allocation of the income tax expense and arrangements for monetising the losses of the Crédit Agricole CIB consolidated sub-group.

This agreement enables the Company to receive the tax saving made by the Crédit Agricole Group corresponding to all losses generated by the Crédit Agricole CIB consolidated sub-group, when that is the case, and offset by Crédit Agricole S.A. as head of the tax group.

TERMS AND CONDITIONS

The compensation to be received in relation to all losses generated by the Crédit Agricole CIB consolidated sub-group at 31 December 2019 under the agreement between Crédit Agricole S.A and the Company amounts to €5.4 million.

A new tax consolidation agreement will be entered into in 2020 between the Company and Crédit Agricole S.A. to cover the 2020-2024 period.

◆ c) Agreement relating to the payment of the Euribor fine

PERSONS CONCERNED

Philippe Brassac, Chief Executive Officer of Crédit Agricole S.A. and Chairman of the Board of Directors of Crédit Agricole CIB, François Thibault, Director of both Crédit Agricole S.A. and Crédit Agricole CIB, as well as, in the same capacity, François Veverka and 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 the Company and Crédit Agricole S.A., considered to be jointly and severally liable, to a fine of €114,654,000 after an investigation carried out by the Commission concluding that a cartel existed among seven banking institutions in relation to interest-rate derivatives in euros by agreeing on Euribor as the benchmark interest rate.

As soon as the Commission's judgement was delivered, Crédit Agricole announced that it would appeal the decision before the General Court of the European Union. An appeal was filed on 17 February 2017.

As the appeal did not stay the judgement, Crédit Agricole had to pay the full amount of the fine by 5 March 2017.

Within this context, it was provided that Crédit Agricole S.A. and the Company should enter into an agreement determining the conditions relating to the provisional payment of the fine, and 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 had been exhausted.

TERMS AND CONDITIONS

At its meeting held on 10 February 2017, the Board of Directors authorised the draft agreement between Crédit Agricole S.A. and Crédit Agricole CIB under which:

- in the period prior to the obtaining of a decision by a court of last instance having the force of res judicata, Crédit Agricole S.A. shall provisionally bear and pay the amount of €114,654,000 in respect of the penalty;
- the conditions of the breakdown of the final amount of the potential penalty shall be determined by mutual agreement between Crédit Agricole S.A. and the Company at a later date, following a decision by a court of last instance having the force of res judicata.

The agreement was authorised 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 the Company's Chief Executive Officer and that of Crédit Agricole S.A. The penalty was paid within the statutory time limit, i.e., before 5 March 2017.

◆ d) Business transfer agreement relating to the Banking Services Division

PERSONS CONCERNED

Philippe Brassac, Chief Executive Officer of Crédit Agricole S.A. and Chairman of the Board of Directors of Crédit Agricole CIB, Françoise Gri, Catherine Pourre and François Thibault, Directors of both Crédit Agricole S.A. and Crédit Agricole CIB, as well as, in the same capacity, 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, which aims to refocus Crédit Agricole S.A. on its core activities, Crédit Agricole S.A. and the Company agreed to transfer Crédit Agricole S.A.'s Banking Services Division (DSB) to the Company's Operations & Country COOs Division (OPC).

The operation took the form of a business transfer agreement including:

- a settlement and correspondent banking activity 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 internal and external customers of the Crédit Agricole Group;
- 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, the Board of Directors authorised the transfer of the DSB business, as described above, by means of a business transfer agreement effective 1 January 2018. Since that date, the Company has operated the acquired business with the human and material resources transferred.

However, for operational reasons and, in particular, information systems migration, the Company was not able to open accounts for DSB customers on the transfer date. Consequently, accounts opened by customers will continue to be administered by Crédit Agricole S.A. during a transition period and will be opened by the Company during and at the end of the transition period according to a schedule based on progress made in the work to be done by the Company, which is expected to be completed no later than 31 December 2020. During this transition period, Crédit Agricole S.A. will pass back to your company the results of the operations of the business transferred, received by Crédit Agricole S.A. from DSB customers. In parallel, all expenses, costs and liabilities incurred by Crédit Agricole S.A. in respect of the transferred business will be assumed by the Company.

The business transfer was granted and accepted in return for the payment of fifty-seven thousand euros (€57,000).

As the business transfer agreement is not a routine business transaction for Crédit Agricole S.A. or the Company and thus cannot be considered as an ordinary transaction entered into on an arm's length basis, it falls within the scope of a related party agreement governed by the provisions of Article L.225-38 of the French Commercial Code.

◆ e) Billing and collection mandate as part of the transfer of Crédit Agricole S.A.'s IT services management activities (MSI) to the Company

PERSONS CONCERNED

Philippe Brassac, Chief Executive Officer of Crédit Agricole S.A. and Chairman of the Board of Directors of Crédit Agricole CIB, Françoise Gri, Catherine Pourre and François Thibault, Directors of both Crédit Agricole S.A. and Crédit Agricole CIB, as well as, in the same capacity, 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. authorised the transfer of Crédit Agricole S.A.'s IT services management activities (MSI) to Global IT (GIT), which performs the same functions for the Company.

The transfer of the activity took effect on 1 January 2018.

The transfer itself does not constitute a related party agreement but, as part of this transaction, the 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 related party agreements. As such, this mandate was authorised by the Company's Board of Directors 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, on the basis of signed quotes. 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 given 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 and on behalf of the Company.

At the end of this transition period, the 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 transition period, regulatory changes and any other reorganisation of activities carried out within the Credit Agricole Group.

1.2 AGREEMENT WITH CRÉDIT LYONNAIS

◆ Agreement for the indemnification of Crédit Lyonnais

NATURE AND PURPOSE

The Corporate and Investment Banking business of Crédit Lyonnais was transferred to the Company on 30 April 2004 with retroactive effect from 1 January 2004 for accounting and tax purposes, except for outstanding short-, medium- or long-term commercial loans for which the Company preferred to defer the effective date until 31 December 2004 at the latest, mainly due to the time needed to complete their transfer.

To comply with the principle of retroactive effect from 1 January 2004, the Company undertook to indemnify Crédit Lyonnais for the counterparty risks relating to those loans from 1 January 2004.

TERMS AND CONDITIONS

The amount of the guarantee was €1.89 million at 31 December 2019. The amount of compensation due in respect of 2019 was €4,704.29, excluding taxes.

1.3 AGREEMENT WITH CRÉDIT AGRICOLE INDOSUEZ WEALTH (FRANCE), PREVIOUSLY NAMED CRÉDIT AGRICOLE INDOSUEZ PRIVATE BANKING

◆ Agreement for the subleasing of premises

NATURE AND PURPOSE

Under an irrevocable lease expiring in 2040, Crédit Agricole CIB is a tenant in the building located at 17, rue du Docteur Lancereaux in the 8th arrondissement of Paris; in order to group together the employees of Crédit Agricole Indosuez Wealth (France), formally known as Crédit Agricole Indosuez Private Banking, in this same building, a subleasing agreement with Crédit Agricole Indosuez Wealth (France) was authorised by the Board of Directors of Crédit Agricole CIB.

TERMS AND CONDITIONS

This agreement took effect on 1 July 2014 and includes an irrevocable commitment by Crédit Agricole Indosuez Wealth (France) 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 irrevocable lease commitment, the 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 November 2019, the Company paid a bill of €3,176.40 to waterproof the facade's roof. Through the effect of the indexation clause, the annual rent rebilled to the Company for the year 2019 amounted to €3,698,258.20, excluding taxes. As provided for by the subleasing agreement, Crédit Agricole Indosuez Wealth (France) has paid the entire rent since 1 July 2017.

1.4 AGREEMENT 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

◆ Shareholders' Agreement on the rules of governance of CA-GIP

PERSONS CONCERNED

Philippe Brassac, Chief Executive Officer of Crédit Agricole S.A and Chairman of the Board of Directors of Crédit Agricole CIB, Jacques Boyer, Olivier Gavalda, Luc Jeanneau, François Thibault, Nicole Gourmelon (until the end of her term of office as Director on the Board of Directors of Crédit Agricole CIB on 7 May 2019), Françoise Gri and Catherine Pourre, Chairmen and/or Directors of the companies concerned.

NATURE AND PURPOSE

At its meeting on 4 May 2018, the Company's Board of Directors authorised the signing of a Shareholders' Agreement pursuant to the above-mentioned Memorandum of Understanding.

Some of the parties agreed to set up a new company, CA-GIP, to lead 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 host, as from 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 CA-GIP provided for in the articles of incorporation;
- to organise their relationship 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 Chairmen and Directors, that the rules of governance described above do not reflect the intended division of capital between the Regional Banks and their subsidiaries (36%) and the Crédit Agricole S.A. Group (64%),it was considered that this Shareholders' Agreement constituted a related party agreement within the meaning of the provisions of the French Commercial Code.

TERMS AND 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 organises 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.

1.5 AGREEMENT WITH CRÉDIT AGRICOLE S.A., CRÉDIT AGRICOLE ASSURANCE SOLUTIONS, CRÉDIT LYONNAIS, CRÉDIT AGRICOLE 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

Philippe Brassac, Chief Executive Officer of Crédit Agricole S.A and Chairman of the Board of Directors of Crédit Agricole CIB, Jacques Boyer, Olivier Gavalda, François Thibault, Nicole Gourmelon, Françoise Gri and Catherine Pourre, Chairmen and/or Directors of the companies concerned.

NATURE AND PURPOSE

At its meeting of 21 November 2018, the Company's Board of Directors authorised 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 authorised the signing of the Memorandum of Understanding, the 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 would be the subject of a merger before the expiry of the liability warranties.

The purpose of the guarantee agreement authorised by the Board of Directors is to set out the representations and warranties granted by the guarantors (SILCA shareholders) for the benefit of Crédit Agricole - Group Infrastructure Platform in respect of the merger of SILCA with 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.

TERMS AND CONDITIONS

The main conditions of the SILCA Guarantee are as follows:

For a period of 36 months as from 1 January 2019, the Guarantors undertake, each in proportion to its share in the capital of SILCA 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 untruthfulness 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 CA-GIP due to the inaccuracy or untruthfulness of a representation relating to SILCA. The indemnification undertaking for damage suffered by CA-GIP 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 €10,000 (ten thousand euros) per claim has been set for a claim to be taken into account. The parties have not set any aggregate limit.

Neuilly-sur-Seine and Paris-La Défense, 18 March 2020

The Statutory Auditors
French original signed by:

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

4. RESPONSIBILITY STATEMENT

◆ PERSON REPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT

Jacques RIPOLL, Chief Executive Officer of Crédit Agricole CIB.

◆ RESPONSIBILITY STATEMENT

I hereby certify that, to my knowledge and after all due diligence, the information contained in the present Universal Registration document is true and accurate and conatins no omission likely to affect the import thereof.

I hereby certify that, to my knowledge, the consolidated financial statements for year ended 31 December 2019 have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, financial position and results of the Company and all entities included in the consolidated Group, and the yearly report provides a true and fair view of the important events of the current financial year, of the effect of such events on the Company's accounts, of the principal related party transactions, as well as a description of the main risks and principal uncertainties of this year.

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 verified the information relating to the financial situation and financial statements provided in this document and read the document as a whole.

Montrouge, 27th March 2020

The Chief Executive Officer of Crédit Agricole CIB
Jacques RIPOLL

5. STATUTORY AUDITORS

5.1 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.

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REGULATED INFORMATION WITHIN THE MEANING OF BY ARTICLE 221-1 OF THE AMF GENERAL REGULATION CONTAINED IN THIS UNIVERSAL REGISTRATION DOCUMENT

This Universal Registration Document, which is published in the form of an annual report, includes all components of the 2019 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.

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Pursuant to Articles 212-13 and 221-1 of the AMF General Regulation, this document also contains the following regulatory information:

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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.
Assets under management (1)	All assets under management by Indosuez Wealth Management
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.

(1) APM-Alternative Perfomance Measures (details on page 125 of this document).

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.3
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 (1)	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.

(1) APM-Alternative Perfomance Measures (details on page 125 of this document).

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 Banking Income underlying [(1)]	The underlying net banking income share represents the stated net income Group share from which specific items have been deducted (i.e. non-recurring or exceptional items).
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.

(1) APM-Alternative Perfomance Measures (details on page 125 of this document).

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.
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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