Quarterly financial report

Fourth quarter and full year RESULTS 2018

CRÉDIT AGRICOLE S.A.

Disclaimer

The financial information for the fourth quarter and full-year 2018 for Crédit Agricole S.A. and the Crédit Agricole Group comprises this quarterly financial report, and the attached presentation and press release, available at https://www.credit-agricole.com/en/finance/finance/financial-publications.

This report may include prospective information on the Group, supplied as information on trends. This data does not represent forecasts within the meaning of European Regulation 809/2004 of 29 April 2004 (chapter 1, article 2, §10).

This information was developed from scenarios based on a number of economic assumptions for a given competitive and regulatory environment. Therefore, these assumptions are by nature subject to random factors that could cause actual results to differ from projections.

Likewise, the financial statements are based on estimates, particularly in calculating market value and asset impairment.

Readers must take all these risk factors and uncertainties into consideration before making their own judgement.

Applicable standards and comparability

The figures presented for the twelve-month period ending 31 December 2018 have been prepared in accordance with IFRS as adopted in the European Union and applicable at that date, and with prudential regulations currently in force. The Statutory Auditor's audit work on the financial consolidated statements is underway.

Note: The scopes of consolidation of the Crédit Agricole S.A. and Crédit Agricole Groups have not changed materially since the registration with the AMF, the French Financial Market Authority , of the 2017 Registration Document and related update version A01 including all regulatory information about Crédit Agricole Group.

The sum of values contained in the tables and analyses may differ slightly from the total reported due to rounding.

The income statements contained in this report show non-controlling interests with a minus sign such that the line item "net income" is the mathematical addition of the line item "net income" and the line item "non-controlling interests".

On 1 January 2017, Calit was transferred from Specialised financial services (Crédit Agricole Leasing & Factoring) to Retail banking in Italy. No pro forma data have been prepared in relation to historical data.

Since 3 July 2017, Pioneer Investments has been included in the scope of consolidation of Crédit Agricole Group as a subsidiary of Amundi. No pro forma data have been prepared in relation to historical data. Pioneer Investments' integration costs in both the first and second quarters of 2017 have been restated in specific items, which differs from the treatment applied in both publications made previously. Underlying net income Group share for these two quarters has therefore been adjusted.

Since 26 September 2017, Banque Saudi Fransi has been excluded from the scope of consolidation of Crédit Agricole Group further to the disposal of a majority of the holding (16.2% out of the 31.1% held prior to disposal). This subsidiary was consolidated using the equity method into the Large customers division. No pro forma data have been prepared in relation to historical data.

Since 21 December 2017, Cassa di Risparmio (CR) di Cesena, CR di Rimini and CR di Miniato have been included in the scope of consolidation of Crédit Agricole Group as subsidiaries of Crédit Agricole Italy. No pro forma data have been prepared in relation to historical data. On 22 September 2018, these three entities were merged with Crédit Agricole Italy.

Since 26 December 2017, Crédit Agricole S.A.'s stake in CACEIS has increased from 85% to 100%, further to the acquisition of the 15% stake in the company held by Natixis before that date.

Since 3 May 2018, Banca Leonardo has been included in the scope of consolidation of Crédit Agricole Group as a subsidiary of Indosuez Wealth Management. No pro forma data have been prepared in relation to historical data.

Content

Press release:
Q4 and FY-2018: Very good results, solid and balanced

Crédit Agricole S.A.

Stated net income[1]	Stated net revenues	Fully-loaded CET1 ratio
Q4: €1,008m	**Q4: €4,853m**	**11.5%**
x2.6 Q4/Q4	+4.3% Q4/Q4	stable in Q4, well above the MTP target (11%)
2018: €4,400m	**2018: €19,736m**	
+20.6% 2018/2017	+5.9% 2018/2017	

- **Less favourable environment in Q4**, primarily for activities related to financial markets
- **High underlying net income**[2] with further strong growth: **Q4 €1,067m**, +21.6% Q4/Q4; **2018**: **€4,405m**, +12.2% 2018/2017
- **2018 ROTE**[2] **12.7%; earnings per share**[2]**: Q4** €0.33, **+24.2% Q4/Q4**; **2018** €1.39, **+13.8% 2018/2017**;
- **Dividend** proposed at the Shareholders' Meeting **increased by +9.5%** 2018/2017 to **€0.69**
- **High level of activity and income for all the Group's business divisions in 2018**, despite the unfavourable market impact in Q4 on asset management and market activities
- **Good cost control:** positive jaws effect[2] excluding SRF[3] > 1pp 2018/2017, in most business lines; C/I ratio[2] improved by 0.7pp 2018/2017 to 62.1%
- **Cost of credit risk still very low and declining**: 23bp[4] (-6bp Q4/Q4); provision for non-specific legal risk of €75m in Q4
- **2019 MTP**[5] **objectives already reached** for **NI**, **ROTE** and **CET1**; **new 2022 MTP** to be presented on **6 June 2019**

Crédit Agricole Group*

Stated net income[1]	Stated net revenues	Fully-loaded CET1 ratio
Q4: €1,571m	**Q4: €8,110m**	**15.0%**
+70.3% Q4/Q4	+0.8% Q4/Q4	up 10bp in Q4
2018: €6,844m	**2018: €32,839m**	550bp above the P2R[6]
+4.7% 2018/2017	+2.3% 2018/2017	

- **Sharp increase in stated net income** linked to a favourable base effect, in particular the tax surcharge in Q4-17
- **2018 underlying**[2] **net income**[1]**: €6,849m, -3.8% 2018/2017** after a sharp increase in the SRF[3], a negative scope effect and a slight increase in the cost of risk ; Q4 : €1,626m, -3.9% Q4/Q4
- **Cost of risk still at a very low level,** at 18 bp[4]
- **Regional Banks (IFRS):** negative impact of portfolio valuations in Q4 and a sharp rise in the cost of risk due to collective provision write-backs in 2017, but increase in business revenues and stabilisation of interest revenues

** Crédit Agricole S.A. and Regional banks at 100%*

This press release comments on the results of Crédit Agricole S.A. and those of Crédit Agricole Group, which comprises the Crédit Agricole S.A. entities and the Crédit Agricole Regional banks, which own 56.3% of Crédit Agricole S.A. Please see from p. 91 onwards for details of specific items which, after restatement for the various related intermediary balances, are used to calculate underlying results. A reconciliation between the stated income statement and the underlying income statement can be found from p. 93 onwards for Crédit Agricole Group and from p. 91 onwards for Crédit Agricole S.A.

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1 *Net income Group share*
2 *Underlying, excluding specific items. see p. 91 and following pages for more details on specific items and p. 89 for the ROTE calculation*
3 *Contribution to the Single Resolution Fund (SRF)*
4 *Average over last four rolling quarters, annualised*
5 *Medium Term Plan; the MTP 2020 was published in March 2016 and set financial targets until 2019.*
6 *According to pro forma P2R for 2019 of 9.5% as notified by the ECB (excl. countercyclical buffers)*

Crédit Agricole S.A.

Excellent results reflecting strong growth in 2018 and in Q4

- **MTP targets achieved a year ahead of schedule: Underlying 2018 NI of €4.4bn** (+12.2% 2018/17), **underlying ROTE[7] of 12.7%** *(objectives: €4.2bn and >10%, respectively)*;
- **Presentation of new 2022 Medium-Term Plan on 6 June 2019;**
- **Strong 2018/2017 growth:** +12.2% (EPS +13.9%), with a positive contribution from all the divisions;
- **Q4: Underlying net income of over €1bn** (€1,067m, +21.6% Q4/Q4) despite an unfavourable environment for activities related to financial markets (Asset management, CIB/Capital Markets) ;

Confirmed cost control

- **2018/17**: further **improvement in operational efficiency:** jaws effect >+1pp, further 0.7pp improvement in the underlying C/I ratio, excluding the SRF;
- **Q4**: tight control at +0.8% despite the scope effect of the three Italian banks, underlying C/I ratio 65.9%

Further improvement in credit quality

- Sharp **decline in the cost of credit risk** -23.4% 2018/17 and -26.6% Q4/Q4; cost of risk relative to outstandings: 23bp (-6bp 2018/17), decrease in the NPL ratio (2.8%, -0.4pp Dec./Dec.), rise in the coverage ratio (74.3%, +7pp Dec./Dec.);
- Q4: non-specific provision for legal risk -€75m (Corporate Centre)

Financial solidity: CET1 ratio 11.5%, dividend of €0.69 per share paid in cash

- **Fully-loaded CET1 ratio 11.5%**, above the MTP target of 11%, stable in Q4;
- Capital generation through retained earnings: +14bp, but impact of the **decline in OCI reserves**: -13bp;
- Risk-weighted assets stable at end-September, offsetting regulatory effects.

Crédit Agricole S.A.'s Board of Directors, chaired by Dominique Lefebvre, met on 13 February 2019 to examine the financial statements for the fourth quarter and full year 2018.

In fourth quarter 2018, stated net income reached 1,008 million euros, up sharply (x2.6) compared to fourth quarter 2017 (387 million euros), which notably saw the effects of the Finance Act in France, namely a corporate tax surcharge (-256 million euros, net of the refund of the dividend tax) and a revaluation of deferred taxes to take account of the expected decrease in corporate income tax rate in France and in the United States (-128 million euros).

There are few **specific items** for the quarter, which had a **limited negative effect of -59 million euros on net income**. These primarily involve a fine imposed by the Italian competition authority (AGCM) on FCA Bank[8], with an impact on the Group this quarter of -67 million euros, which factors in the previous provisions booked to settle a dispute; the other specific items are far smaller amounts and partially offset each other (see the detail on p. 92). **In the fourth quarter of 2017**, specific items were much more substantial, particularly due to the effects of the measures planned under the 2018 Finance Act in France referred to above: these had an impact on net income of **-490 million euros**, of which -403 million euros related to tax adjustments. Also of note during the quarter was the recognition of negative goodwill linked to the consolidation of the three Italian banks, in the amount of +312 million euros (+408 million euros before non-controlling interests) which was offset by the impairment of all goodwill on the Polish entities in the amount of -222 million euros. Other specific items recorded for the quarter include the integration costs of Pioneer and the three Italian banks (total impact of -54 million euros on net income), the penalty associated with the Cheque Image Exchange (-58 million euros) and specific recurring accounting items[9] comprising the rest for -65 million euros.

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[7] See calculation of ROTE p. 89 annualised rate calculated without restating IFRIC21 charges, taking into account AT1 coupons deducted directly from Group net equity; RONE of the divisions and business lines calculated using the same method

[8] See press release published on 9 January 2019

[9] DVA (Debit Valuation Adjustment), loan portfolio hedges, home purchases savings plan, see details p.92

Excluding these specific items, **underlying net income** for fourth quarter 2018 came to **1,067 million euros, an increase of +21.6%** compared with fourth quarter 2017.

Underlying earnings per share came to 0.33 euros, an increase of **+24.2%** compared with fourth quarter 2017. **Tangible net book value per share** (not adjusted, excluding OCI reserves, before deduction of the dividend) came to **12.0 euros per share**, up **+6.8% compared to end-December 2017** and an increase of +7.2% on 1 January 2018 (including the IFRS9 impact of -0.04 euros per share), of which **+3.1% in fourth quarter 2018**.

Table 1. Crédit Agricole S.A. – stated and underlying results, Q4-2018 and Q4-2017

€m	Q4-18 stated	Q4-17 stated	Var. Q4/Q4 stated	Q4-18 underlying	Q4-17 underlying	Var. Q4/Q4 underlying
Revenues	**4,853**	**4,651**	+4.3%	**4,814**	**4,810**	+0.1%
Operating expenses excl. SRF	(3,213)	(3,268)	(1.7%)	(3,175)	(3,150)	+0.8%
SRF	-	-	n.m.	-	-	n.m.
Gross operating income	**1,641**	**1,384**	**+18.6%**	**1,640**	**1,659**	**(1.2%)**
Cost of risk	(246)	(335)	(26.6%)	(246)	(335)	(26.6%)
Cost of legal risk	(75)	-	n.m.	(75)	-	n.m.
Equity-accounted entities	7	50	(85.3%)	74	69	+7.2%
Net income on other assets	56	13	x 4.2	56	16	x 3.4
Change in value of goodwill	-	186	(100.0%)	-	0	(100.0%)
Income before tax	**1,383**	**1,299**	**+6.5%**	**1,450**	**1,410**	**+2.8%**
Tax	(222)	(703)	(68.4%)	(221)	(387)	(42.9%)
Net income from discont'd or held-for-sale ope.	(0)	(23)	n.m.	(0)	(23)	n.m.
Net income	**1,161**	**573**	**x 2**	**1,229**	**1,000**	**+22.9%**
Non-controlling interests	(154)	(186)	(17.4%)	(162)	(123)	+31.9%
Net income Group Share	**1,008**	**387**	**x 2.6**	**1,067**	**878**	**+21.6%**
Earnings per share (€)	**0.31**	**0.09**	**x 3.3**	**0.33**	**0.26**	**+24.2%**
Cost/Income ratio excl.SRF (%)	**66.2%**	**70.2%**	**-4.1 pp**	**65.9%**	**65.5%**	**+0.4 pp**

The strong growth of underlying net income was achieved despite a **much less favourable environment** than in fourth quarter 2017 and in the first three quarters of 2018, especially for the activities related to capital markets, and in particular for Asset and Wealth management and for Capital markets & investment banking. These are the only business lines that saw their contribution decline compared to fourth quarter 2017. The other business lines more than offset this under-performance, thanks to **excellent underlying revenues**, **very positive jaws effects** in most of the business lines less sensitive to the market environment and the **decline of the cost of credit risk** in all financing business lines. The Large customers division benefited from net provision write-backs as it did in the previous two quarters. It should be noted that the Group decided to recognise a non-specific legal provision of 75 million euros in fourth quarter 2018 booked in the corporate centre. The strong pick-up in growth between income before tax and net income group share, in both stated and underlying figures, is attributable to a **sharp decrease in tax expense** in stated figures owing mostly to the non-recurring tax surcharge which had affected the fourth quarter of 2017 and was classified as a specific item, and in underlying figure thanks to a higher share of the revenue generated in countries other than France with a lower tax rate and to the different effects of tax consolidation recognised in the fourth quarter but relating to the whole of the 2018 fiscal year.

Due to their negligible impact on net income, the scope and foreign exchange effects are not provided in detail this quarter. However, it should be noted that the acquisition of the three Italian banks, which were consolidated only in late December 2017, produced a scope effect on revenue, expenses and provisions which could not, however, be calculated after the merger of the legal entities in the third quarter of 2018.

An analysis of the fourth quarter 2018 income statement is provided below.

Standing at 4,814 million euros, **underlying revenues** were stable (+0.1%) thanks to the good resistance of business lines vulnerable to the unfavourable market environment and the growth of other business lines, in particular Insurance (+6.0%), Retail banking in Italy (+17.5%, primarily related to the effect of the integration of the three banks), other international retail banking (+7.2%), Leasing & factoring (+7.8%) and Consumer finance (+1.7%). Asset Management and Capital Markets and Investment Banking were the two business lines most affected by the market environment. Amundi saw a decline in revenue of -18.2%/-134 million euros compared to the fourth quarter of 2017, due mainly to the sharp drop in performance fees (-75.1%/-61 million euros) and financial income (change of -50 million euros), with asset management fees also declining, albeit more modestly, by -2.9%. Capital Markets and Investment Banking, operating mostly on the bond markets, in advisory and in equity origination, saw a decline of -29,3% in its revenues on the back of contracting credit volumes (bond issues in euros[10] falling -12%), more satisfactory on foreign exchange and swaps, and a squeeze on customer margins. Also of particular note is the very negative impact of FVA (Fair Value Adjustment). In contrast, the Large customers division's Financing activities saw virtually no change in their revenues (-0.7%) despite the high comparison base in fourth quarter 2017, with the last quarter of 2018 closing out an excellent year for these activities (revenue up +7.6% compared to 2017) as well as for Commercial Banking and Structured Finance. LCL saw a slight drop in its revenues compared to fourth quarter 2017 of -0.6%/-5 million euros, virtually unchanged excluding renegotiation and early repayment fees, but including impairments of some equity interests, excluding which revenues would have been up.

Notable activity developments among the business lines in the fourth quarter include:

- **a further upward trend in the lending activity of Retail banking in the Group's domestic markets**, with continuing growth in loans to businesses for LCL compared to 31 December 2017 (+11%) and home loans: +6.6% for LCL and +10% for CA Italia; note that this last figure is like-for-like since the outstandings of the three Italian banks acquired in late 2017 had already been consolidated at 31 December 2017; since their integration, these banks have been recording sharp sequential increases in their loan origination; the number of new home loans granted was up +29% in the fourth quarter compared to the third quarter and doubled compared to the first quarter;
- the **net inflows** of the Asset Gathering & Insurance division were **uneven** for the quarter: although the Retirement & Savings segment of the Insurance business line recorded strong net inflows, up compared to the previous quarters, at +2.1 billion euros, including +1.3 billion euros/62% in unit-linked policies (69% over the full year 2018), Wealth Management was more modest at +0.6 billion euros and, significantly, Asset Management recorded net outflows of -6.5 billion euros, due primarily to institutional customers, while Retail reported positive net inflows of +0.5 billion euros ; this net outflow was due to a particularly adverse environment in all markets this quarter, reflected in a market effect in assets under management of -43.7 billion euros in the last three months of the year, completely erasing the effects of the excellent net inflows reported by Amundi throughout 2018, namely +42.0 billion euros, including +36.3 billion euros in medium-long term assets; the Insurance business also continued its very strong growth (+7.9%) in Property & casualty policies, with total policies outstanding having increased +5.4% year-on-year, for net growth of 700,000 policies;
- the **excellent growth reported by Specialised Financial Services**: Consumer finance surpassed +10 billion euros in origination of managed outstandings in every quarter of 2018, including +11.2 billion euros in the fourth quarter. As a result, managed outstandings rose +7.2% compared to end-December 2017, to 88.5 billion euros, driven by automotive partnerships (+11.2%) and Group networks. Consolidated gross financial leasing outstandings were up +3.1% for the same period, to 14.6 billion euros, driven in particular by a +10% increase internationally; factored turnover grew by +4.1% year-on-year in fourth quarter 2018;

[10] All international investment grade issues in € - worldwide - bookrunner (Source: Refinitiv 31/12/2018)

- a high **level of activity in CIB/Financing activities,** with a sharp increase in Commercial banking driven by activity on all product lines and a sustained level of activity in Structured Finance in line with previous quarters; it should be noted again this quarter that this good performance did not translate into an increase in risk-weighted assets, which have decreased compared to end-September, excluding one regulatory change[11], thanks to good syndication activity and risk transfer: applying its Distribute to Originate model; Financing recorded an average primary syndication rate of 39% in the last 12 months, stable versus 2017 and up +13 percentage points compared to 2013, the year in which it ramped up this policy.

Of note since the last quarterly publication is the extension of the partnership between Agos and Banco BPM, giving Agos access to the distribution of consumer credit within the Banca Popolare di Milano network, which merged with Banco Popolare to create Banco BPM, the third largest bank in the country. A distribution agreement with the entire Banco BPM network for a period of 15 years is expected to be signed when this agreement is finalised before 30 September 2019.

Details of the other highlights are provided in the section of this press release on Crédit Agricole Group.

Stable revenues in a less favourable environment in the fourth quarter are combined with **tight control of costs**, which registered an underlying increase of only **+0.8%** compared to fourth quarter 2017. Note that this increase of +25 million euros between the two periods is more than accounted for by the Corporate Centre, whose costs rose by +68 million euros between the two periods given the investments in payment and information systems, additional costs that were mostly charged back as Corporate Centre revenue to other business lines. Underlying operating expenses of the Group's business lines were down -1.5% despite the scope effect of the three Italian banks and the provisions for "Macron grants" (15 million euros in all for the Crédit Agricole S.A. group). All the business lines played a role in the decrease except for Retail Banking due to CA Italia, which bore the brunt of the scope effect of the three banks.

The fall in **underlying gross operating income** was therefore limited to **-1.2%** compared to fourth quarter 2017. The **underlying cost/income ratio** stood at **65.9%**.

The **cost of risk** declined sharply, **down -26.6%** compared to fourth quarter 2017 to a very low level (246 million euros versus 335 million euros in fourth quarter 2017). This decline came almost entirely from businesses exposed to credit risk (only LCL and Leasing & Factoring were up slightly, by +8 million euros and +2 million euros, respectively). Retail banking in Italy continued on a downward trend (-14.0%) and CIB/Financing is again in a situation of net provision write-back in Buckets 1 and 2 (IFRS9) while provisions for specific risks are at a very low level. This reflects a further improvement in credit risk indicators (NPL ratio, coverage ratio) in all the vulnerable businesses. Crédit Agricole S.A. group's **cost of risk relative to outstandings**[12] fell -6 basis points compared to fourth quarter 2017, to 23 basis points. It remains stable quarter-on-quarter for LCL (17 basis points) and Consumer finance (118 basis points), but continued its decline for Retail banking in Italy (CA Italia, 67 basis points). Crédit Agricole S.A. group's NPL ratio is down -0.4 point at 2.8% compared to end December 2017 and the coverage ratio is up +7.0 points at 74.3%.

It was decided this quarter to recognise a non-specific **provision for legal risk** in the Corporate Centre in the amount of **75 million euros**.

[11] *See the comments on solvency on p. 76.*
[12] *Average cost of credit risk over the last four rolling quarters, annualised*

The underlying contribution of **equity-accounted entities** rose by +7.2% to 74 million euros and reflects the sharp increase in profitability of automotive partnerships in Consumer finance and the Asset management joint ventures in Asia.

Net income from asset disposals reached 56 million euros this quarter compared to just 16 million euros in fourth quarter 2017, mainly at LCL: +47 million euros from the disposal of two operating buildings.

Underlying pre-tax income[13] before discontinued operations and non-controlling interests increased by +2.8% to 1,450 million euros. By contrast, income tax charge fell sharply by -42.9%, notably as a result of the adjustment of annual tax rates in the last quarter of the year and a stronger than expected increase in revenues in countries with lower taxes than those in France. **Underlying net income before non-controlling interests therefore rose +22.9%. Non-controlling interests** increased by +31.9% or +39 million euros, mainly attributable to Corporate Centre in connection with the effect in 2017 of a newly consolidated subsidiary (Fireca) with an accumulation of losses, offset in part by the buy-back of non-controlling interests in CACEIS last December. **Underlying net income therefore increased by +21.6%** compared to fourth quarter 2017 to **1,067 million euros**.

Stated net income **for full-year 2018** amounted to 4,400 million euros, compared to 3,649 million euros in 2017, an increase of +20.6%.

Specific items in full-year 2018 had a negative impact of just **-5 million euros** on stated net income. The fourth quarter items already mentioned above more than cancelled out the impact of those in the first nine months of 2018, namely a positive impact of +54 million euros, including the adjustment of negative goodwill recognised at the time of acquisition of the three Italian banks totalling +66 million euros, -14 million euros for the costs of integrating Pioneer (-30 million euros before tax and non-controlling interests) and recurring volatile accounting items for +3 million euros (+2 million euros before tax). **Specific items for full-year 2017** had an impact of -€276 million euros on net income. In contrast to the aforementioned numerous negative specific items in the fourth quarter of 2017, the specific items for the first nine months of 2017 had an impact on net income of +214 million euros. These comprised the share of the liability management operations for +26 million euros (+39 million euros before tax), the impact of the disposal of BSF for +114 million euros and of Eurazeo for +107 million euros, recurring volatile accounting items, namely issuer spread for -69 million euros (-121 million euros before tax), DVA for -39 million euros (-61 million euros before tax), loan portfolio hedges in the Large customers division for -34 million euros (-53 million euros before tax) and provisions for home purchase savings plans for +166 million euros (+256 million euros before tax). The detail for the two periods can be found on p. 92.

Since 1 January 2018 and the transition to IFRS9, the impact of issuer spread on the fair value of liabilities has been recognised directly under equity, without any impact on prudential capital. This effect in Group share terms amounts to +193 million euros for fourth quarter 2018 and +397 million euros for full-year 2018.

Excluding these specific items, **underlying net income** rose by **+12.2%** versus full-year 2017 to **4,405 million euros, beating the target set out in the Strategic Ambition 2020 Medium-Term Plan (4.2 billion euros), which it has reached one year ahead of schedule**.

Underlying earnings per share came to 1.39 euros, an increase of **+13.8%** compared with full-year 2017.

Crédit Agricole S.A.'s Board of Directors will make a proposal to the General Shareholder's Meeting of 21 May 2019 for the payment of an all-cash **dividend per share of 0.69 euro**, which is higher than the minimum level of 0.60 euro per share set in the third quarter of 2016 and **+9.5% higher** that the dividend paid for 2017. **The dividend pay-out ratio stands at 50% of both stated earnings per share and underlying earnings per share**.

Underlying **ROTE[14]** (return on tangible equity) reached **12.7% in full-year 2018**, a significant increase of +1.6 percentage point compared to 2017, thanks to improvements in most business lines.

[13] See p. 92 for more details on specific items related to Crédit Agricole S.A.
[14] See details on the calculation of the ROTE (return on tangible equity) and business lines' RONE (return on normalised equity) on p. 89

Table 2. Crédit Agricole S.A. – stated and underlying results, 2018 and 2017

€m	2018 stated	2017 stated	Var. 2018/2017 stated	2018 underlying	2017 underlying	Var. 2018/2017 underlying
Revenues	**19,736**	**18,634**	+5.9%	**19,694**	**18,772**	+4.9%
Operating expenses excl.SRF	(12,287)	(11,961)	+2.7%	(12,228)	(11,785)	+3.8%
SRF	(301)	(242)	+24.5%	(301)	(242)	+24.5%
Gross operating income	**7,147**	**6,431**	**+11.1%**	**7,165**	**6,745**	**+6.2%**
Cost of risk	(1,002)	(1,307)	(23.4%)	(1,002)	(1,307)	(23.4%)
Cost of legal risk	(80)	(115)	(30.8%)	(75)	(115)	(34.8%)
Equity-accounted entities	256	728	(64.9%)	323	523	(38.3%)
Net income on other assets	89	6	x 15.5	89	14	x 6.5
Change in value of goodwill	86	186	(54.1%)	-	0	(100.0%)
Income before tax	**6,496**	**5,929**	**+9.6%**	**6,500**	**5,859**	**+10.9%**
Tax	(1,466)	(1,733)	(15.4%)	(1,471)	(1,433)	+2.7%
Net income from discont'd or held-for-sale ope.	(3)	20	n.m.	(3)	20	n.m.
Net income	**5,027**	**4,216**	**+19.2%**	**5,026**	**4,447**	**+13.0%**
Non-controlling interests	(627)	(568)	+10.5%	(620)	(521)	+18.9%
Net income Group Share	**4,400**	**3,649**	**+20.6%**	**4,405**	**3,925**	**+12.2%**
Earnings per share (€)	**1.39**	**1.12**	**+23.4%**	**1.39**	**1.22**	**+13.8%**
Cost/Income ratio excl.SRF (%)	**62.3%**	**64.2%**	**-1.9 pp**	**62.1%**	**62.8%**	**-0.7 pp**

This performance reflects the healthy revenue growth throughout the year, good cost control and the falling cost of risk.

Underlying revenues increased by +**4.9%** compared to 2017. The Large Customers division suffered in the fourth quarter due to a more adverse market environment; the decline was primarily concentrated this quarter and in Capital markets and investment banking, where underlying revenues fell by -16.1%/-378 million euros in full year 2018 compared to 2017. At -0.4% or -13 million euros, LCL's underlying revenues were virtually unchanged due to negative impacts in equity revaluations in the fourth quarter. All other Group businesses saw increases in their revenues, which in some cases was very significant: Asset management +11.1%, Wealth Management +7.5%, Retail banking in Italy +13.4% (these three businesses benefited from a scope effect), Insurance +9.3%, Leasing and factoring +5.7%, CIB/Financing +7.6%.

Underlying operating expenses increased by **+3.8%**, excluding the contribution to the Single Resolution Fund (SRF), which increased by a significant +24.5% to 301 million euros in 2018 versus 242 million euros in 2017 (mostly in the first half of both periods). Thanks to the positive jaws effect of +1.1 percentage point, the **underlying cost/income ratio excluding the SRF improved by 0.7 percentage point** to **62.1%**.

The cost of credit risk, excluding non-specific legal provisions, fell **-23.4%/-306 million euros** compared to 2017. This drop is primarily due to the Large customers division (impact of +267 million euros before tax between the two periods), net write-backs for the business line in 2018 (+64 million euros) compared to net provisions (-203 million euros) in 2017, especially for Financing (impact of +285 million euros). The contribution changes of the other activities more or less cancelled each other out: slight increase for Specialised Financial Services (+6.1%/+27 million euros) and LCL (+7.5%/+15 million euros), but a decrease for International Retail Banking (-16.7%/-72 million euros), both in Italy and in the other regions.

It should be noted that the group decided to recognise a non-specific legal provision of 75 million euros in 2018 (in the fourth quarter) versus 115 million euros in 2017.

The **-38.3%/-200 million euros** decrease in underlying net income from **equity-accounted entities** can be explained by the **deconsolidation of BSF and to a lesser extent of Eurazeo,** in the amount of -249 million euros. After restatement for this item, growth was recorded in the Asset management and Consumer finance joint ventures. It should be noted that the equity-accounted entities contributed just 7% to underlying net income compared with 13% in 2017 (and almost one third in 2015). The increase in the share of fully consolidated income was a significant step in simplifying Crédit Agricole S.A. and in improving its cash control, enabling better coverage of dividends.

Underlying pre-tax income increased by **+10.9%,** to **6,500 million euros**. **Tax charge** increased by **+2.7%** due to stronger than expected growth in pre-tax income in countries with lower tax rates. Net income increased by +13.0%, while the stronger increase in **non-controlling interests** (**+18.9%**), notably attributable to the sharp increase in Amundi's contribution after the integration of Pioneer, brought growth in **underlying net income to +12.2%**, at **4,405 million euros**.

Stripping out the substantial increase in the SRF, net income rose +12.8%.

In fourth quarter 2018, Crédit Agricole S.A.'s solvency remained very solid, with a **fully-loaded Common Equity Tier 1 (CET1)[15] ratio of 11.5% at 31 December 2018**, **stable compared to 30 September 2018 despite the adverse effect of the declining market on OCI reserves[16] (-13 basis points)**. This effect virtually offset the quarter's capital generation (+14 basis points), after the deduction of coupons on additional Tier 1 securities accrued during the quarter and the factoring in of the dividend of 0.69 euros per share to be proposed to the upcoming General Shareholders' Meeting on 21 May. At **307 billion euros**, the stability of **risk-weighted assets** this quarter conceals unfavourable regulatory changes of +4 billion euros/-15 basis points, linked to the initial effects of the targeted review of internal models (TRIM) by the single supervisor for 1 billion euros/-3 basis points and the early introduction of Basel 4 regarding non-financial operational risks[17] (compulsory standard method), for 3 billion euros/-12 basis points. Excluding these two regulatory impacts, risk-weighted assets linked to business decreased. Turning to market risk, VaR[18] remained virtually stable this quarter at an average of 5.1 million euros versus an average of 4.9 million euros in the third quarter of 2018.

The phased-in **leverage ratio**[19] was **4.0%** at end-December 2018 as defined in the Delegated Act adopted by the European Commission. The intra-quarter leverage ratio amounted to 3.7% in the fourth quarter of 2018.

Crédit Agricole S.A.'s average **LCR ratio** over twelve months stood at **133.3%[20]** at end-December 2018, i.e. higher than the Medium-Term Plan target of over 110%.

For 2018 as a whole, Crédit Agricole S.A. issued 14.1 billion euros in medium-term debt instruments, i.e. 2.1 billion euros more than the annual financing plan (118%). It raised the equivalent of 7.3 billion euros in senior preferred debt (uncollateralised) and collateralised senior debt and the equivalent of 6.8 billion euros in Tier 2 and senior non-preferred debt, the latter amounting to 5.2 billion euros.

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[15] *Including full year 2018 retained earnings.*

[16] *Other comprehensive income, which recognises the unrealised capital gains and losses on securities (booked via equity)*

[17] *Review of the non-financial operational risk models resulting in an increase in operational risk weighted assets. This increase constitutes a step in the implementation of the finalisation of Basel 3 (Basel 4), which in the future will authorise only the standard method.*

[18] *Value at risk, calculated over one day with a confidence interval of 99%*

[19] *The leverage ratio amounts to 4.2% at this date subject to the issue by the ECB of an authorisation to exempt exposures linked to the centralisation of deposits with the Caisse des Dépôts et Consignations to take account of Judgement T-758/16 of the General Court of the European Union of 13 July 2018.*

[20] *LCR Ratio (Liquidity Coverage Ratio) on a 12 months average ; numerator and denominator of the ratio respectively amounted to 174.1 billion euros and 130.6 billion euros for Crédit Agricole S.A.*

Philippe Brassac, Chief Executive Officer, commented on the fourth-quarter and full-year 2018 results and activity of Crédit Agricole S.A. as follows: *"In 2018, Crédit Agricole S.A.'s business lines surpassed the main objectives of the Medium-Term Plan one year ahead of schedule. This is proof of the strength of its universal banking model, which is the foundation of a strong, sustainable relationship. The Group is well equipped to handle the rising uncertainty, which was witnessed in the fourth quarter with a much more unfavourable market backdrop. This strength and the progress made together with the Regional Banks on the Group's customer project are assets for the next Medium-Term Plan, which will be unveiled on 6 June at Crédit Agricole S.A.'s Evergreen Campus."*

Crédit Agricole Group

Credit Agricole Group's stated net income for 2018 totalled 6.8 billion euros, up +4.7% compared to 2017. Adjusted for specific items, in particular the exceptional tax surcharge in France in 2017, stated net income was still 6.8 billion euros, down -3.8%. The excellent level of customer acquisition throughout the year, especially for Retail Banking in France and in Italy (1.8 million in new business relationships) and continued cross-selling efforts have offset the negative effects of prolonged low interest rates, weak economic growth in Europe and an unfavourable market environment in the fourth quarter, to deliver underlying revenue growth. Growth investments and especially the increase in the contribution to the Single Resolution Fund (SRF) and the cost of risk compared to a low comparison base in 2017 account for the slight decrease in pre-tax income and underlying net income (-3.8%). The Regional Banks confirm the stabilisation of their revenues but their net income suffered from the effects of the market environment on their portfolio revenue and a virtual tripling of their cost of risk compared to the write-backs of collective provisions in 2017. The same trends were seen throughout the quarter for the Group and Regional Banks, intensified by more difficult underlying revenue generation due to the market environment. Financial solidity further appreciated in the fourth quarter with an improvement in the fully-loaded CET1 ratio of +0.1 percentage point to 15.0%, 550 basis points above the regulator's requirements[21].

In line with the "Strategic Ambition 2020" Medium-Term Plan (MTP), the Group's stable, diversified and profitable business model drove organic growth in all its business lines, largely through synergies between the specialised business lines and the retail networks, and ensured a high level of operating efficiency while generating leeway to invest in development.

For the whole of 2018, the following highlights must be taken into account:

- the integration of the **three Italian banks** acquired at the end of 2017 – CR Rimini, CR Cesena, CR San Miniato – was completed with the merger of each of the legal entities with CA Italia and the migration of their IT systems; cost optimisation and cross-selling efforts have begun to have a positive impact and the year-on-year increase in revenue of the new entity now surpasses that of the costs in the fourth quarter, while the falling cost of risk is confirmed;
- The first full year of the integration of **Pioneer** following its acquisition by Amundi on 3 July 2017 generated **110 million euros in cost synergies**, i.e. 63% of the revised target of 175 million euros by 2020 and most of the integration costs, i.e. 192 million euros, were recognised in 2017 and 2018; this integration allowed Amundi to better withstand the unfavourable market environment in the fourth quarter;
- **CA Assurances (CAA)** delivered on its **new strategy to expand its distribution network** to its international partners outside the Crédit Agricole Group by signing **two international bancassurance partnership agreements**: the first with **Credito Valtellinese** ("Creval", 1 million customers) in Italy, achieved by the acquisition by CAA of 100% in Creval's insurance brokerage firm, an exclusive 15-year distribution agreement for the savings and death & disability products of CA Vita, a wholly-owned subsidiary of CAA, and the purchase of a 5% stake in the capital of Creval; second, the strengthening of its property & casualty insurance partnership with the Portuguese bank Novo Banco in order to increase its stake in the jointly-owned subsidiary GNB Seguros from 50% to 75% by acquiring the 25% stake held by the Portuguese insurance company Seguradoras Unidas;
- **CA Consumer Finance (CACF)** announced a **partnership** with the Spanish banking group, **Bankia** (8.1 million customers), to form a joint venture in Spain which will expand CACF's European presence and provide Bankia's customers with personal finance products designed by CACF; again, in the Consumer finance business line, Agos also renewed and extended its partnership with Banco BPM, which going forward will give it access to the distribution of consumer credit within the Banca Popolare di Milano network, merged with Banco Popolare to create Banco BPM, the third-

[21] *According to pro forma P2R for 2019 of 9.5% as notified by the ECB (excl. countercyclical buffer)*

largest bank in the country; a 15-year distribution agreement with the entire Banco BPM network is expected to be signed with the closing of this agreement before 30 September 2019;

- In **Wealth Management**, the acquisition of a 94.1% stake in the private Italian bank, **Banca Leonardo**, was finalised on 3 May; it brought in 5.1 billion euros in assets under management to this business line;
- **S&P Global Ratings** upgraded its **senior long-term credit rating** for the Group and its main subsidiaries by one notch on 19 October from A to **A+,** with a **stable outlook**, having factored in the improvement in the Group's risk profile and its resilience capacity, despite the less favourable environment for its activities;
- the results of the **EBA (European Banking Authority) stress tests** published on 2 November show a solid Group financial position and solid business lines, with Crédit Agricole Group's **CET1 ratio at 10.2%** even in an adverse scenario**, remaining well above the required SREP level** of 9.5% without ever hitting the distribution restriction level;
- Concerning the **litigation matter with OFAC**, the US authorities (United States Attorney's Office for the District of Columbia and District Attorney of the County of New York) decided on 19 October 2018 to **cease the pursuit of criminal sanctions** which had been deferred for three years in line with the deferred prosecution agreement signed between CACIB and said authorities in October 2015; the authorities acknowledged that **CACIB has fulfilled all the obligations required of it under such agreements,** which have now expired; the US authorities thus acknowledged the improvements in compliance implemented by CACIB, which remains fully committed to strengthening its procedures and internal controls to ensure compliance with international economic sanctions;

In 2018, stated net income increased +4.7% to 6,844 million euros. The comparison base of stated net income in 2017 was impacted by some very substantial specific items amounting to -587 million euros in net income, of which -671 million linked to heavy non-recurring tax expenses in the fourth quarter of 2017, -83 million in integration costs for Pioneer and the three Italian banks, -123 million in liability management costs of the Group and the Regional Banks, -98 million in Cheque Image Exchange fines, -153 million in changes in issuer spread and, offsetting this, +131 million in changes in goodwill (negative goodwill of the three Italian banks net of the impairment of goodwill in Poland) and +205 million in capital gains on the disposal of BSF and Eurazeo. The other items almost entirely offset each other. For 2018 as a whole, specific items were offset, resulting in a net impact on net income of only -5 million euros (see the detail of specific items for all periods on p. 91.

Excluding these specific items, **underlying net income** for 2018 was down **-3.8%** compared to 2017, and **-2.4% excluding the very sharp rise in the SRF** (+36.2% to 389 million euros). It should be noted that while a calculation on a like-for-like basis is no longer possible after the merger of the legal entities of the three Italian banks, the scope effect on growth over the full year is negative: the sales and de-consolidations of BSF and Eurazéo led to a loss in contribution to net income of +203 million euros, while the contribution of Pioneer to be reintegrated (consolidated only in the second half of 2017) had a positive impact on year-on-year growth of just +75 million euros, and the three Italian banks and Banca Leonardo, in their first year of consolidation, are not yet making a significant positive contribution.

Underlying revenues increased by **+1.5%**, **underlying operating expenses excluding the SRF** rose **+2.7%,** and the **cost of credit risk** (excluding non-specific legal provisions of 115 million euros in 2017 and 75 million euros in 2018 allocated to the fourth quarter) rose **+6.8%. Underlying income before tax** was therefore **down slightly by +3.3%** to 10,123 million euros while underlying net income fell -3.8% to 6,849 million euros.

Table 3. Crédit Agricole Group – stated and underlying results, 2018 and 2017

€m	2018 stated	2017 stated	Var. 2018/2017 stated	2018 underlying	2017 underlying	Var. 2018/2017 underlying
Revenues	**32,839**	**32,108**	+2.3%	**32,813**	**32,315**	+1.5%
Operating expenses excl.SRF	(21,065)	(20,626)	+2.1%	(21,006)	(20,450)	+2.7%
SRF	(389)	(285)	+36.2%	(389)	(285)	+36.2%
Gross operating income	**11,385**	**11,197**	**+1.7%**	**11,418**	**11,580**	**(1.4%)**
Cost of risk	(1,640)	(1,536)	+6.8%	(1,640)	(1,536)	+6.8%
Cost of legal risk	(80)	(115)	(30.8%)	(75)	(115)	(34.8%)
Equity-accounted entities	266	732	(63.7%)	333	527	(36.9%)
Net income on other assets	87	5	x 17.2	87	16	x 5.6
Change in value of goodwill	86	186	(54.1%)	-	0	(100.0%)
Income before tax	**10,105**	**10,470**	**(3.5%)**	**10,123**	**10,472**	**(3.3%)**
Tax	(2,733)	(3,479)	(21.5%)	(2,743)	(2,912)	(5.8%)
Net income from discont'd or held-for-sale ope.	(3)	20	n.m.	(3)	20	n.m.
Net income	**7,369**	**7,010**	**+5.1%**	**7,377**	**7,580**	**(2.7%)**
Non-controlling interests	(525)	(474)	+10.6%	(527)	(457)	+15.5%
Net income Group Share	**6,844**	**6,536**	**+4.7%**	**6,849**	**7,123**	**(3.8%)**
Earnings per share (€)	**64.1%**	**64.2%**	**-0.1 pp**	**64.0%**	**63.3%**	**+0.7 pp**

In fourth quarter 2018, Crédit Agricole Group's **stated net income** came to **1,571 million euros** versus 922 million euros in fourth quarter 2017, +70.3% year-on-year.

There were few **specific items** this quarter and the net effect on net income was limited: **-55 million euros in net income.** They include the costs of integrating Pioneer Investments into Amundi and the three Italian banks into CA Italia, which came to -21 million euros (-38 million euros before tax and non-controlling interests), a further provision of -67 million euros to cover a fine imposed by the Italian competition authority (in equity-accounted entities) and the net balance of recurring volatile accounting items of +33 million euros. **In fourth quarter 2017**, specific items had a negative impact of -770 million euros on net income, of which -671 million euros related to very substantial non-recurring tax expense, -57 million euros in costs relating to the integration of Pioneer and the three Italian banks, -98 million euros in Cheque Image Exchange fines, -62 million euros in variations of issuer spread and +131 million euros in changes in goodwill (the negative goodwill of the three Italian banks, net of the impairment of goodwill in Poland). The other items were almost completely offset (see the detail of specific items for all periods on p. 17).

Excluding these specific items, **underlying net income**[22] **was 1,626 million euros**, down -3.9% versus fourth quarter 2017.

[22] *Underlying, excluding specific items. See p. 91 and following pages for more details on specific items*

Table 4. Crédit Agricole Group – stated and underlying results, Q4-18 and Q4-17

€m	Q4-18 stated	Q4-17 stated	Var. Q4/Q4 stated	Q4-18 underlying	Q4-17 underlying	Var. Q4/Q4 underlying
Revenues	**8,110**	**8,045**	+0.8%	**8,064**	**8,235**	(2.1%)
Operating expenses excl.SRF	(5,478)	(5,459)	+0.3%	(5,440)	(5,342)	+1.8%
SRF	-	-	n.m.	-	-	n.m.
Gross operating income	**2,632**	**2,586**	**+1.8%**	**2,624**	**2,893**	**(9.3%)**
Cost of risk	(499)	(423)	+18.0%	(499)	(423)	+18.0%
Cost of legal risk	(75)	-	n.m.	(75)	-	n.m.
Equity-accounted entities	10	49	(78.9%)	77	68	+13.1%
Net income on other assets	48	5	x 8.9	48	8	x 5.7
Change in value of goodwill	-	186	(100.0%)	-	0	(100.0%)
Income before tax	**2,116**	**2,404**	**(12.0%)**	**2,175**	**2,547**	**(14.6%)**
Tax	(416)	(1,294)	(67.9%)	(412)	(704)	(41.4%)
Net income from discont'd or held-for-sale ope.	(0)	(23)	(99.9%)	(0)	(23)	(99.9%)
Net income	**1,700**	**1,087**	**+56.4%**	**1,763**	**1,821**	**(3.2%)**
Non-controlling interests	(130)	(165)	(21.4%)	(137)	(129)	+6.4%
Net income Group Share	**1,571**	**922**	**+70.3%**	**1,626**	**1,692**	**(3.9%)**
Earnings per share (€)	**67.5%**	**67.9%**	**-0.3 pp**	**67.5%**	**64.9%**	**+2.6 pp**

In the fourth quarter, **underlying revenues decreased by -2.1%** compared to the fourth quarter of 2017, coming out at 8,064 million euros. While the scope of Crédit Agricole S.A. is stable (see above), the decline posted for the Group as a whole is attributable to the unfavourable effect of the market environment on the investment portfolios of the Regional Banks. By contrast, their customer business revenues rose +2.2%, confirming the turning point identified in the third quarter of 2018.

Underlying operating expenses excluding the contribution to the SRF saw a modest increase of **+1.8%** compared to fourth quarter 2017, owing mainly to the change in the scope of consolidation of Crédit Agricole S.A. with the integration of the three Italian banks, and, with respect to the Regional Banks, to growth investments and "Macron grants"[23] (45 million euros, i.e. a total of 60 million euros for the whole Crédit Agricole Group). The **underlying cost/income ratio** stood at **67.5%**. Underlying **gross operating income** decreased by **-9.3%** compared to fourth quarter 2017.

The **cost of credit risk** rose sharply by +18.0% to 499 million euros versus 423 million euros in fourth quarter 2017. This rise is solely attributable to the Regional Banks, which had recorded write-backs of collective provisions in the third quarter of 2017 ahead of the transition to IFRS 9. However, at 14 basis points, the cost of risk relative to outstandings is very low for the Regional Banks. Crédit Agricole Group's **cost of credit risk relative to outstandings** remained low, at **18 basis points**[24], stable compared to fourth quarter 2017 and third quarter 2018. Crédit Agricole Group's NPL ratio is down -0.3 point at 2.4% compared to end December 2017 and the coverage ratio is up +4.8 points at 84.8%.

It should be noted that the group decided to recognise a non-specific legal provision of 75 million euros in 2018 (in the fourth quarter) versus 115 million euros in 2017.

Net income from asset disposals reached 48 million euros this quarter compared to just 8 million euros in fourth quarter 2017, mainly at LCL: +47 million euros from the disposal of two operating facilities.

[23] *Extraordinary bonuses decided by the government that can be paid, subject to a fiscal cap, to employees of French companies and are exempt from tax and social security contributions for both the employee and the employer.*

[24] *Average cost of credit risk over the last four rolling quarters, annualised*

Adding the contribution from equity-accounted entities, which increased by +13.1%/+9 million euros to 77 million euros, and despite the positive contribution from these three last items, **underlying pre-tax income fell by -14.6%** compared to fourth quarter 2017, to 2,175 million euros.

The drop in underlying tax charge (-41.4%) and the absence of contribution from discontinued operations (which was negative in fourth quarter 2017) moderated the downward trend of **underlying net income, which declined -3.9% to 1,626 million euros.**

The **Regional Banks** continue to pursue the universal customer-focused banking model. **Customer savings**, standing at 692 billion euros, rose **+2.7%** year on year. This growth was driven by the solid growth in **on-balance sheet deposits**: outstandings of 434 billion euros at the end of December 2018, **+5.0%** year-on-year. Growth continued to be driven by demand deposits (+8.6% year-on-year) and Livret A deposit accounts (+9.9%). **Off-balance sheet deposits** (258 billion euros) fell by just **-1.0%**, attributable to a difficult market environment in the fourth quarter which impacted the amount of securities held on behalf of customers (-8.2% versus December 2017). Life insurance assets under management rose +1.9%, driven by growth in multi-fund life insurance policies (+3 billion euros, +1.8%) and unit-linked contracts (share of unit-linked contracts in assets under management +6.1% compared to December 2017).

Loans outstanding rose by **+6.7%** versus 31 December 2017 to 487 billion euros. The growth of loans outstanding was underpinned by all credit categories: home loans (+7.8% versus 31 December 2017), loans to businesses (+10.4%) and consumer credit (+8.5%).

These improvements are associated with winning new customers, i.e. **more than 1.3 million net new customers relationship since the beginning of the year**, including BforBank. The launch of EKO in December 2017, an entry-level banking offer common across all Regional Banks, made it possible to attract new prospects (70% of the relationship input) and nearly 80,000 customers have opened an account since its launch, i.e. 8% of new accounts opened over the period, in line with the customer segment specifically targeted by the offer: 37% of the new relationships were formed online.

This commercial performance made a significant contribution to growth in Crédit Agricole S.A.'s business lines, which distribute a large number of products as the Group’s main distribution network and the leading Retail Banking network in France.

For full-year 2018, the contribution to Crédit Agricole Group’s **underlying net income** from the Regional banks came to **2,403 million euros**, a decrease of **-21.9%** compared to 2017. This drop is due to the fall in underlying revenues of -1.9%, primarily attributable to the lesser performance of investment portfolio income of the Regional banks and the low interest rate environment; their underlying revenues saw a more moderate decline of -0.9% compared to 2017. Operating expenses excl. SRF, climbed to +2.0% from +1.5%, mainly as the result of the “Macron grants” (45 million euros). This increase is attributable to growth investments. The underlying cost/income ratio excluding SRF came out at 66.3% for the period. Lastly, the cost of risk nearly tripled year-on-year, i.e. +416 million euros, reflecting substantial write-backs of collective provisions in 2017 in anticipation of the transition to IFRS9. The cost of risk relative to outstandings remains at a very low level, reflecting a stable non-performing loan ratio of 2% relative ot total gross customer loans and a coverage ratio of 100%. Underlying income before tax declined by -19.2% to 3,688 million euros and underlying net income group share declined by -21.9%.

In fourth quarter 2018, the Regional Banks' contribution to **underlying net income was 537 million euros**, **down -29.7%** compared to fourth quarter 2017. This fall is attributable to the adverse market conditions that impacted underlying revenues, which fell -4.0% compared to fourth quarter 2017. However, customer business revenues rose +2.2%; the same base effect was seen on the cost of risk as the one for the whole year (substantial write-backs of collective provisions in 2017 linked to the transition to IFRS 9).

The performance of the other Crédit Agricole Group business lines is described in detail in the section of this report on Crédit Agricole S.A.

Over the quarter, Crédit Agricole Group further improved its financial solidity, with a **fully-loaded common equity Tier 1 (CET1) ratio[25] of 15.0%**, up by **+0.1 percentage point** compared to end-September 2018. This ratio provides a substantial buffer of 550 basis points above the SREP/P2R threshold applicable to Crédit Agricole Group as of 1 January 2019, set at 9.5% by the ECB.

The **TLAC ratio** was **21.4%** at 31 December 2018, **excluding eligible senior preferred debt**, up slightly from end-September 2018 (21.2%) and up compared to end-December 2017 (20.6%). This ratio is 190 basis points above the minimum requirement excluding the countercyclical buffer for 2019 of 19.5%, without taking into account senior preferred debt that is eligible at 2.5% of risk-weighted assets based on the regulatory calculation. The TLAC ratio target of 22% by 2019, excluding eligible senior preferred debt, has been confirmed, with a CET1 ratio target of 15.5% to 16% and 6% to 6.5% for senior non-preferred debt, Tier 2 and additional Tier 1 instruments. The Group **issued the equivalent of 6.8 billion euros in Tier 2 and senior non-preferred debt** in 2018.

The **MREL ratio** was circa **12.4%** at 31 December 2018, of which **8.4% excluding eligible senior preferred debt**. Crédit Agricole Group was notified on 8 June 2018 of the immediately applicable minimum required level including eligible senior preferred debt. Crédit Agricole Group complied with this minimum level at 31 December 2018.

The **phased-in leverage ratio[26]** came to **5.4%**, **stable** compared to end-September 2018.

Crédit Agricole Group's **liquidity position** is solid. The Group's banking cash balance sheet, at 1 238 billion euros at 31 December 2018, shows a **surplus of stable funding resources over long-term applications of funds of more than of 100 billion euros**, which is the Medium-Term Plan target. The surplus of stable funds finances the HQLA (High Quality Liquid Assets) securities portfolio generated by the LCR (Liquidity Coverage Ratio) requirement for customers and customer-related activities. These securities (109 billion euros) cover short-term debt net from central banks deposits more than three times over. The **liquidity reserves**, which include capital gains and discounts on securities portfolios, stood at **272 billion euros** at 31 December 2018.

Crédit Agricole Group issuers **raised the equivalent of 34.1 billion euros of medium- and long-term debt** in 2018, versus just over 36.1 billion euros for the whole of 2017. Moreover, Crédit Agricole Group placed 4.4 billion euros in bonds with its retail banking networks (the Regional banks, LCL and CA Italia). **Crédit Agricole S.A.** raised a total of 14.1 billion euros in 2018, representing 41% of the total issuance of all the Group's issuers, thus **exceeding its issuance programme for 2018 by 2.1 billion euros**.

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Dominique Lefebvre, Chairman of SAS Rue La Boétie and Chairman of Crédit Agricole S.A.'s Board of Directors, commented on the Group's 2018 results and activity as follows:

"In 2018, Crédit Agricole Group continued to serve its clients, providing solutions to all on a day-to-day basis, in a spirit of inclusion and customer focus. With a growing number of new customers across all regions of operation, the group has shown that its range of products and services is in line with customer needs. In the face of a highly uncertain environment, the group demonstrated unwavering financial strength and high-quality results, which are the rewards of a strategy that has proven its relevance. This profitability and strength afford the group the opportunity to support all stakeholders. We are the leading provider of financing for the French economy, the number one provider of personal protection insurance in France and the largest asset manager in Europe. We support the economy, entrepreneurship and innovation, working closely with people, their projects and the regions where they work. We aim to promote inclusive finance through tailored, affordable solutions and services, and are committed to supporting the energy transition."

[25] *Including full year 2018 retained earnings.*

[26] *The leverage ratio amounts to 5.6% subject to the issue by the ECB of an authorisation to exempt exposures linked to the centralisation of deposits with the Caisse des Dépôts et Consignations to take account of Judgement T-758/16 of the General Court of the European Union of 13 July 2018.*

Corporate social and environmental responsibility

Crédit Agricole S.A. confirms its position as the leading arranger of green bonds

According to the Dealogic ranking, Crédit Agricole CIB confirmed its position as the world's leading bookrunner for green, social and sustainable bonds. In China, the bank has participated in 80% of issues of Chinese green bonds worldwide since January 2017. With a market share of 6.9% in 2018, Crédit Agricole CIB, committed for years to green financing, was once again recognised as the world leader. In 2019, CACIB will contribute to strengthening the growing trend of these instruments in combating climate change.

In addition, Crédit Agricole complemented its global leadership in green bonds in late 2018, with an initial issue of 1 billion euros to finance its energy transition commitments. This Crédit Agricole S.A. issue, structured by Crédit Agricole CIB, created a framework to allow the refinancing of projects supporting climate protection provided by all the entities of the Group who signed throughout France and its territories and worldwide.

Energy transition

Five years after the creation of FEIH (*Futures Energies Investissements Holding*), held 50/50 by Engie and Crédit Agricole Assurances tripled its original portfolio and reached 1.5 GW in solar and wind capacity in France. CAA is reinforcing its position in energy transition infrastructure, a sector in which it is the leading institutional investor in France.

Equal opportunity and the social integration of youth

As part of its social commitment, Crédit Agricole opens its doors to the students of the Educational Priority Network, ("REP+" or "REP") to allow them to find a high-quality internship. Jointly led by the Regional Banks, Crédit Agricole S.A. and the Fédération Nationale du Crédit Agricole, this effort is part of a strategy of social, financial and digital integration. Its aim is to welcome 750 students in their final year of middle school (aged 14) into the Educational Priority Network institutions. This represents 5% of the national effort by private sector companies urged by the Government. The first interns were welcomed to the Montrouge campus in January 2019 by the Crédit Agricole S.A. teams.

Economic and financial environment

Overview of 2018

Despite tighter monetary and financial conditions in the US, the latter's protectionist approach to trade, a highly volatile oil price (which registered an increase on average over the year[27]) and political and geopolitical tensions, the global economy continued to progress at a steady pace. This dynamic trend did not give rise to imbalances (inflation and external deficits) usually fuelled by strong growth and which traditionally signal an imminent downturn. Price formation (previously the close link between falling unemployment and rising wages) was transformed by structural factors (expansion of the tertiary sector, "uberisation" of the economy, increased competition), hence inflation remained low. The depth of the 2008 financial crisis was also a factor hindering the development of patent imbalances, notably in the form of inflation. However, the synchronous acceleration of growth in the major zones disappeared. Growth in the US remained strong, but there were signs of a gradual weakening in the Eurozone, and further still in emerging countries.

The United States continued to register a steady pace of high economic growth (2.8% after 2.2% in 2017) driven by household consumption, the recovery, albeit disappointing, in investment, and "over-stimulation" by a substantial but equally untimely budget plan. Fiscal stimulus measures added +0.8 percentage points of growth in 2018 (with estimated additional growth in 2019 of +0.6 percentage points). Bolstered by tax savings at a time when the economy operated at full capacity, the cycle, although mature, had yet to peak. The current cycle, which started in June 2009, has already seen 114 consecutive months of growth, versus records of 106 months and 119 months in the early 1960s and 1990s respectively. Although growth surpassed its potential rate (2%) and unemployment (3.7% versus a peak of 10% in October 2009) fell below the equilibrium level (according to the Federal Reserve, at a rate of 4.5% the economy is at full employment), headline inflation did not rise significantly (annual average of 2.4% after 2.1% in 2017). The Federal Reserve continued its cycle of monetary tightening. It introduced four 25bp rate hikes in its policy rate, bringing it to 2.50% at the end of 2018. Since the start of monetary tightening in December 2015, the Fed Funds rate has increased by 225bp. The Federal Reserve also continued quantitative tightening (a gradual reduction in its balance sheet). This more restrictive approach led to a significant rise in short term rates, incorporating continued monetary tightening (2-year sovereign yields rose by 75bp over the year, reaching 2.65% at year-end). Despite a period slightly above 3%, long rates did not "overreact". Without any clear inflation risk or strong inflationary anticipations, and profiting from bouts of strong aversion to risk, they increased by only around 30 basis points over the year to just 2.8% at the end of December, leading to a marked flattening of the yield curve.

In the Eurozone, growth dipped in the first quarter of 2018 (2.5% year-on-year after 2.7% at the end of 2017) on foot of destocking (the restocking process had proved excessive) and temporary disruptions such as strikes, weather effects, and the timing effect of tax measures in France. This decline raised several questions to which exaggeratedly pessimistic if not alarming responses were frequently given, even though the fundamentals remained solid, suggesting it was a temporary phenomenon. Households and businesses alike continued to consolidate their financial positions while also maintaining strong expenditure. Growth in wages and disposable income underpinned household consumption (at the cost of a slight fall in the savings rate) while good profit trends enabled an acceleration of investment expenditure and an increase in the investment rate. Anticipations were that economic growth would evolve gradually closer to its potential rate (estimated at 1.5%), therefore still a normal trajectory, i.e. slowing from an annual rate of 2.8% at its 2017 peak to 2.2% in spring 2018. After the summer, the slowdown amplified and despite the publication of positive data, surveys revealed a deterioration in sentiment. Threats of protectionism by Donald Trump created a climate of uncertainty and a wait-and-see approach that was not conducive to investment. In the meantime, the appointment of a populist government in Italy created fresh shock waves in Europe. The ramp-up of trade tension and the Italian political crisis weighed

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[27] *At the start of 2018, the Brent price stood at 67 US dollars a barrel, and peaked at 86 dollars in early October before plummeting to 53 dollars at the end of December. Over the first nine months, the increase was fuelled by production cuts by OPEC, a collapse in production in Venezuela and the return of US sanctions on Iranian oil exports. A temporary halt in production cuts by OPEC and Russia combined with a sharp increase in production in the US sparked a tumble in the price during the last quarter of 2018. On average Brent reached 71 dollars a barrel over the year (versus 54 dollars a barrel in 2017).*

heavily on Europe's financial markets. GDP fell to 1.6% year-on-year in the third quarter after 2.2% in the second quarter. Temporary factors linked to new European standards caused disruption in the automotive sector, but a catch-up is expected. Despite such jolts, exaggerated fears of a possible drastic and imminent downturn in the cycle and weaker foreign demand, growth had the potential to reach 1.9% in 2018 versus 2.6% in 2017: a commendable rate that would not fuel inflation (1.6% after 1.5% in 2017). The European Central Bank (ECB) thus prolonged its quantitative easing programme until December 2018 (after which it said it would discontinue its net purchases) while reducing the monthly amount of its sovereign security purchases (from 30 billion euros to 15 billion euros starting in September 2018). Despite monetary tightening in the US and the implementation of a gradually less accommodative monetary policy, core European rates did not suffer. After increasing to nearly 0.8% at the end of February (rising by 35 basis points in two months), German 10-year yields began to fall again, reaching a low of 0.25% at the height of the Italian political crisis. After small spikes while remaining weak, they moved back to 0.2% at the end of December, taking advantage of a surge in aversion to risk caused by US protectionist policies as well as uncertainties around the extent of the economic slowdown (actual data and announcements). French and Italian yields evolved in line with internal political developments: at the end of December the spread between French yields and the Bund was close to 45bp, i.e. 10-15bp more than before the start of the "yellow vest" crisis, while the spread in relation to Italian yields tightened to less than 260bp versus a peak of 320bp at end-November during the height of the contentious budget negotiations with the European Commission. After strong losses in December, both the European and US equity markets registered a decline over the year (Eurostoxx 50 and S&P 500 down by nearly -15% and -8.5% respectively). Finally, although it is generally deemed undervalued but exposed to bouts of risk aversion, the euro depreciated by nearly -5% against the US dollar in 2018.

Recent trends and outlook

The risks on the horizon are numerous, with various origins and varying consequences and probabilities of occurrence: a trade war and more generally protectionism and doubts around multilateralism, a slowdown in China, the winding down of fiscal stimulus in the US, Brexit, and social and political tension in Europe, France in particular. Although we don't underestimate the uncertainties, we believe economic growth in 2019 will slow down rather than collapse, but we are nevertheless maintaining prudent assumptions. First-of-all we expect the Chinese-US trade war to continue despite recent rumours of a possible hiatus. The US and China's announced agreement at the G20 summit to allow further negotiations for ninety days before threatened tariff increases by the US from 10% to 25% on 200 billion dollars of products imported from China and efforts by China to increase imports from the US is but a temporary truce. It cannot be seen as a prelude to a resolution of the trade conflict between the two sides given their entrenched positions. That said, the US is likely to keep this war confined to China without targeting other victims, such as the European Union. Our scenario also factors in an adjustment of Saudi Arabia's oil supply in line with the market, which will partly offset continued strong production in the US: this would allow the oil price to remain at around 70 US dollars a barrel, but there is a risk of high volatility. The varying degrees of economic slowdown already evident in 2019 come therefore against the backdrop of this trade war and "well behaving" oil prices. While the Eurozone is struggling to catch its breath, Japan is having trouble bolstering domestic demand, Chinese growth is expected to disappoint (in the early part of the year at any rate) despite the government stimulus plan, and the US is likely to see another year of strong growth.

The current cycle, which started in June 2009, is the longest in **US** history. After peaking at close to 3% in 2018, US growth is starting to slow. But it is likely to remain above potential (2%) at close to 2.6% in 2019. Spontaneous forces (from the production investment cycle notably) are nevertheless fading and monetary and fiscal stimulus are being wound down. As a result, corporate investment should be weaker in 2019. And the outlook for an improvement in housing investment is gloomy. At the end of 2019, when the fiscal stimulus that propelled the cycle well beyond its natural high over two years almost comes to an end, a new more restrictive monetary policy and ongoing US-Chinese trade tensions are likely to herald the end of a period of exceptionally strong and lasting growth. The risk of a recession hangs in 2020.

In the Eurozone, while growth is being underpinned by an accommodative monetary policy and the budgetary policy, still strong fundamentals signal the maturing of the cycle, although no change is imminent yet. Fears around the strength of growth have changed in nature. The concerns about supply constraints that appeared at the cycle peak at end-2017 have faded. The latter are no longer capable of causing an erosion in margins that would spark a sudden downturn. However, new worries, as revealed in less positive surveys, have emerged which contrast with the good results borne out in the actual data. These are mainly exogenous (and have been raised before), weighing on the outlook for growth in external demand and investment, and suggest a more marked slowdown in growth than would naturally be expected. Our scenario factors in a weakening of growth (1.9% in 2018 followed by 1.6% in 2019, close to its potential level of 1.5%) mainly attributable to growing uncertainties, leading in turn to more cautious investment trends. **In France**, growth should remain close to its 2018 level (1.6% after 1.5% in 2018). The implementation in early 2019 of measures to stimulate purchasing power should underpin household consumption and push growth up by +0.2 percentage point in 2019. However, given the deterioration in economic indicators and growing uncertainty, we have revised down slightly our anticipations for investment and exports. Although we cannot rule out further social unrest, our projection assumes a relative easing of demonstrations by the “yellow vest” movement in 2019. **In the United Kingdom**, after Parliament's rejection on 15 January of the withdrawal agreement signed by Theresa May and the European Union, the country's economic outlook is highly uncertain. An extension of negotiations beyond 29 March seems increasingly likely if the European Union is in favour. Optimists believe an orderly Brexit is still possible with support from the UK Parliament. However, a no-deal scenario if nothing is done to avoid it by 29 March also looks more likely the nearer the withdrawal date comes. This environment is weighing on the confidence of UK investors and consumers but is not impacting the overall scenario for the Eurozone.

In Japan, the outlook remains gloomy. In December 2018, the “Abenomics” programme of policies reached its seventh year in operation. Exports continue to stimulate growth, while private consumption lags behind. The latter will be further aggravated by a VAT increase scheduled for 2019. After reaching nearly 0.7% in 2018, growth is expected at just 0.6% in 2019.

Finally, after a difficult year in 2018 that saw the **emerging** financial markets (foreign exchange markets in particular) in turmoil, economic growth in those countries is likely to continue slowing to roughly 4.1% after reaching around 4.4% in 2018. 2019 looks very uncertain both in terms of growth and the markets, particularly given that China could be a specific source of volatility in the early part of the year. Like other emerging countries, **China** suffered a slowdown, which its specific efforts to reduce its debt are amplifying. In 2019, against the backdrop of a trade war, the negative impact on external trade from the imposition of higher trade tariffs by the US will materialise. Since China had ramped up its exports in anticipation of the threatened tariff increases in January 2019, exports could slow in early 2019. Policy makers have thus far responded to the decline with a series of budgetary and monetary measures and moves to stimulate credit. But they have been careful not to overreact and aggravate the internal debt problem. Before those stimulus measures fully take effect, activity could dip during the initial months and raise concerns of an aggravation of the economic slowdown. Over full year 2019, however, growth could edge close to 6.4%, registering just a small and painless decline in relation to 2018 (around 6.6%).

Monetary policy in 2019 is likely to be prudent in light of the slowdown while inflation, which would normally be reaching the end of its cycle, is not likely to show any obvious signs of change, such is the distended nature of the link between wages and prices. In the US, while headline inflation has fallen on average (from 2.4% to 1.8%), inflation as measured by the central bank (expected at 2.1%) is likely to largely surpass the target level. Given the downward revision to the Fed Funds target rate (2.75%) in particular, the Federal Reserve can pursue monetary tightening at its ease. As it is more dependent on economic data, and thus more uncertain, US monetary policy is only likely to be tightened around the end of 2019. We are projecting two 25bp increases in the Fed Funds rate, bringing it to 3% at the end of 2019. Where the ECB is concerned, the end of its quantitative easing programme (end of its net purchases under the Expanded Asset Purchase Programme since January 2019) signals just the beginning of normalisation. This preliminary stage does not in any way signify that monetary policy will become much less accommodative. Although the ECB says it is confident that inflation will recover, convergence with the 2% target seems highly uncertain. The prospects for a recovery are tenuous: headline inflation (1.6% at end-2018 and core inflation of 1%) could decrease in 2019 (1.2% at end-2019 and core inflation of 1%) and fall as low as 0.6%/0.7% at the end of the summer. With inflation low and under control, and few traditional tools to hand, the ECB is left somewhat helpless. In addition to its commitment to keep interest rates low for a long period (even if a symbolic increase in the deposit rate from -0.40% to -0.25% is possible mid-way through the year), the ECB could announce a new series of LTRO in March, which would come into effect in June. The Eurozone economy is still in need of an accommodative monetary policy.

The end of the cycle looks like it will not bring with it unmanageable inflationary pressures; the central banks remain prudent; monetary tightening, whether actual measures or just announcements, will be gradual; and finally, several economic and political uncertainties that could cause a drastic surge in risk aversion are obscuring the horizon. Risky assets (equities, corporate bonds, emerging markets) are thus more vulnerable. This context is nevertheless conducive to a very modest rise in long-term risk-free rates, but accompanied by high volatility. Our scenario factors in US and German 10-year rates close to 3.3% and 0.6% respectively at the end of 2019. As regards the risk premiums offered by French and Italian sovereign bonds in relation to the Bund, we put these at close to 30bp and 240bp respectively at the end of 2019.

Crédit Agricole S.A.

Consolidated results

In the fourth quarter of 2018, stated net income Group share came to 1,008 million euros.

There are few **specific items** for the quarter, which had a **limited negative effect of -59 million euros on net income Group share**. They notably include a fine notified by the Italian competition authority (AGCM) to FCA Bank (see p. 109 for information on this dispute and p. 115 for the press release published on 9 January 2019), with an impact on the Group of -67 million euros during the quarter, which factors in previous provisions recorded in relation to this dispute. The other specific items for the quarter were less material: they include the integration costs of Pioneer at Amundi in the amount of -27 million euros (-14 million euros before tax and non-controlling interests), the integration costs of the three Italian banks for -6 million euros (-11 million euros before tax and non-controlling interests), and a net balance of +28 million euros under net income Group share from recurring volatile accounting items, namely the DVA (Debt Valuation Adjustment, i.e. gains and losses on financial instruments related to changes in the Group's issuer spread) in the amount of +11 million, loan portfolio hedges of the Large customers division for +12 million euros, and changes in the home purchase saving plan provision of +5 million euros. **In the fourth quarter of 2017**, specific items were much more substantial, notably due to the measures planned under the 2018 finance act in France: these had an impact on net income Group share of **-490 million euros**, of which -384 million euros relating to tax adjustments, i.e. -326 million euros related to the exceptional corporate tax charge in France, -128 million euros related to the adjustment of future tax rates in France and the US, as well as +69 million euros from the refund of the 3% tax on dividend payments. Also of note during the quarter was the recognition of negative goodwill linked to the consolidation of the three Italian banks, in the amount of +312 million euros (+408 million euros before non-controlling interests) which was offset by the impairment of all goodwill on the Polish entities in the amount of -222 million euros. Other specific items recorded for the quarter include the integration costs of Pioneer and the three Italian banks (total impact of -54 million euros on net income Group share), the impact of changes in the issuer spread (-62 million euros), the penalty associated with the Cheque Image Exchange (-58 million euros) and changes in the home purchase saving plan provisions (+3 million euros), with miscellaneous items comprising the rest (-25 million euros).

Excluding these specific items, **underlying net income Group share** for fourth quarter 2018 came to **1,067 million euros, an increase of +21.6%** compared with the fourth quarter of 2017.

Underlying earnings per share came to 0.33 euros, an increase of **+24.2%** compared with the fourth quarter of 2017.

Table 5. Crédit Agricole S.A. - Stated and underlying results, Q4-18 and Q4-17

€m	Q4-18 stated	Q4-17 stated	∆ Q4/Q4 stated	Q4-18 underlying	Q4-17 underlying	∆ Q4/Q4 underlying
Revenues	**4,853**	**4,651**	+4.3%	**4,814**	**4,810**	+0.1%
Operating expenses excl.SRF	(3,213)	(3,268)	(1.7%)	(3,175)	(3,150)	+0.8%
SRF	-	-	n.m.	-	-	n.m.
Gross operating income	**1,641**	**1,384**	**+18.6%**	**1,640**	**1,659**	**(1.2%)**
Cost of risk	(246)	(335)	(26.6%)	(246)	(335)	(26.6%)
Cost of legal risk	(75)	-	n.m.	(75)	-	n.m.
Equity-accounted entities	7	50	(85.3%)	74	69	+7.2%
Net income on other assets	56	13	x 4.2	56	16	x 3.4
Change in value of goodwill	-	186	(100.0%)	-	0	(100.0%)
Income before tax	**1,383**	**1,299**	**+6.5%**	**1,450**	**1,410**	**+2.8%**
Tax	(222)	(703)	(68.4%)	(221)	(387)	(42.9%)
Net income from discont'd or held-for-sale ope.	(0)	(23)	n.m.	(0)	(23)	n.m.
Net income	**1,161**	**573**	**x 2**	**1,229**	**1,000**	**+22.9%**
Non controlling interests	(154)	(186)	(17.4%)	(162)	(123)	+31.9%
Net income Group Share	**1,008**	**387**	**x 2.6**	**1,067**	**878**	**+21.6%**
Earnings per share (€)	**0.31**	**0.09**	**x 3.3**	**0.33**	**0.26**	**+24.2%**
Cost/Income ratio excl.SRF (%)	**66.2%**	**70.2%**	**-4.1 pp**	**65.9%**	**65.5%**	**+0.4 pp**

Underlying revenues reached 4,814 million euros, a slight **(+0.1%)** increase in relation to the fourth quarter of 2017. Except for a sharp improvement in the Corporate centre, the business divisions recorded a decrease of -2.5%, mainly attributable to the Capital markets and Asset management businesses which were sensitive to the considerably less favourable market environment in the fourth quarter of 2018 than in the same quarter of the previous year or the previous three quarters of 2018. The other businesses show stable activity if not strong growth, most notably Specialised financial services (+2.9%) and International retail banking (+14.1%, thanks notably to the impact of the consolidation of the three Italian banks as well as very strong organic growth in Italy and at the other operations), the Insurance businesses (+6.0%) and the Asset servicing activity (+10.8%).

Underlying operating expenses increased by **+0.8%** in relation to the fourth quarter of 2017 but remained **under control**, notably for the business divisions, whose costs decreased by -1.5% despite the scope impact from the three Italian banks. The business divisions thus show a slightly negative jaws effect of -1 percentage point, which is a good performance given the environment during the quarter.

The **underlying cost of credit risk showed a decrease of -26.6%** to 246 million euros versus 335 million euros in the fourth quarter of 2017. The cost of credit risk relative to outstandings[28] was 23 basis points versus 29 basis points in the fourth quarter of 2017, well below the Medium-Term Plan (MTP) assumption of 50 basis points.

The **underlying contribution from equity-accounted entities** (excluding the FCA Bank fine) **increased by +7.2% (+5 million euros)** to **74 million euros** in the fourth quarter of 2018, reflecting a strong underlying performance by the Consumer finance (in particular FCA Bank and GAC Sofinco in China) and Asset management (in China and India in particular) joint ventures.

The **underlying tax charge decreased sharply** (-42.9% in relation to the fourth quarter of 2017) to 221 million euros while underlying pre-tax income increased by +2.8% (2.6% excluding the contribution from equity-accounted entities). The **underlying effective tax rate** stood at **16.1%**, down by nearly 13 points in relation to the fourth quarter of 2017, notably as a result of the adjustment of annual tax rates in the final quarter of the year and of a stronger increase in pre tax results in countries with lower tax rate than in France.

Thus, **underlying net income before non-controlling interests rose by +22.9%** compared to the fourth quarter of 2017. Non-controlling interests rose at a similar pace (+31.3%/+39 million euros) thanks to the good performance of the International retail banking and Consumer finance subsidiaries in 2018 and the first-time consolidation of the loss-making subsidiary Fireca in the Corporate centre in 2018.

[28] *Average loan loss reserves over last four rolling quarters, annualised*

Underlying net profit increased by **+21.6%** to **1,067 million euros**.

In **full-year 2018**, stated net income reached 4,400 million euros, compared with 3,649 million euros in full-year 2017, representing an increase of +20.6%.

Specific items in full-year 2018 had a negative impact of just **-5 million euros** on stated net income. The fourth quarter items already mentioned above more than offset the impact of those in the first nine months of 2018, namely a positive impact of +54 million euros, including the adjustment of negative goodwill recognised at the time of acquisition of the three Italian banks totalling +66 million euros, -14 million euros for the costs of integrating Pioneer Investments (-30 million euros before tax and non-controlling interests) and recurring volatile accounting items for +3 million euros (+2 million euros before tax).

Specific items for full-year 2017 had an impact of -€276 million euros on net income. In contrast to the aforementioned numerous negative specific items in the fourth quarter of 2017, the specific items for the first nine months of 2017 had an impact on net income of +114 million euros. These comprised the share of the liability management operations for +26 million euros (+39 million euros before tax), the impact of the disposal of BSF for +99 million euros and of Eurazeo for +103 million euros, recurring volatile accounting items, namely issuer spread for -131 million euros (-216 million euros before tax), DVA for -42 million euros (-66 million euros before tax), loan portfolio hedges in the Large customers division for -36 million euros (-57 million euros before tax) and provisions for home purchase savings plans for +143 million euros (+221 million euros before tax).

Since 1 January 2018 and the transition to IFRS9, the impact of issuer spread on the fair value of liabilities has been recognised directly under equity, without any impact on prudential capital. This effect in Group share terms amounts to +193 million euros for the fourth quarter of 2018 and +397 million euros for full-year 2018.

Excluding these specific items, **underlying net income Group share** rose by **+12.2%** versus full-year 2017 to **4,405 million euros, beating the target set out in the Strategic Ambition 2020 Medium-Term Plan (4.2 billion euros), which it has thus reached one year ahead of schedule**.

Underlying earnings per share came to 1.39 euros, an increase of **+13.8%** compared with 2017.

Crédit Agricole S.A.'s Board of Directors will make a proposal to the General Shareholder's Meeting of 21 May 2019 for the payment of an all-cash **dividend per share of 0.69 euro**, which is higher than the minimum level of 0.60 euro per share set in the third quarter of 2016 and **+9.5% higher** that the dividend paid for 2017. **The dividend pay-out ratio stands at 50% of both stated and underlying earnings per share**.

Underlying **ROTE**[29] (return on tangible equity) reached **12.7% in full-year 2018**, a significant increase of +1.6 percentage points compared to 2017, thanks to improvements in most business lines.

[29] *See details on the calculation of the ROTE (return on tangible equity) and business lines' RONE (return on normalised equity) on p. 89.*

Table 6. Crédit Agricole S.A. - Stated and underlying results, 2018 and 2017

€m	2018 stated	2017 stated	∆ 2018/2017 stated	2018 underlying	2017 underlying	∆ 2018/2017 underlying
Revenues	**19,736**	**18,634**	+5.9%	**19,694**	**18,772**	+4.9%
Operating expenses excl.SRF	(12,287)	(11,961)	+2.7%	(12,228)	(11,785)	+3.8%
SRF	(301)	(242)	+24.5%	(301)	(242)	+24.5%
Gross operating income	**7,147**	**6,431**	**+11.1%**	**7,165**	**6,745**	**+6.2%**
Cost of risk	(1,002)	(1,307)	(23.4%)	(1,002)	(1,307)	(23.4%)
Cost of legal risk	(80)	(115)	(30.8%)	(75)	(115)	(34.8%)
Equity-accounted entities	256	728	(64.9%)	323	523	(38.3%)
Net income on other assets	89	6	x 15.5	89	14	x 6.5
Change in value of goodwill	86	186	(54.1%)	-	0	(100.0%)
Income before tax	**6,496**	**5,929**	**+9.6%**	**6,500**	**5,859**	**+10.9%**
Tax	(1,466)	(1,733)	(15.4%)	(1,471)	(1,433)	+2.7%
Net income from discont'd or held-for-sale ope.	(3)	20	n.m.	(3)	20	n.m.
Net income	**5,027**	**4,216**	**+19.2%**	**5,026**	**4,447**	**+13.0%**
Non controlling interests	(627)	(568)	+10.5%	(620)	(521)	+18.9%
Net income Group Share	**4,400**	**3,649**	**+20.6%**	**4,405**	**3,925**	**+12.2%**
Earnings per share (€)	**1.39**	**1.12**	**+23.4%**	**1.39**	**1.22**	**+13.8%**
Cost/Income ratio excl.SRF (%)	**62.3%**	**64.2%**	**-1.9 pp**	**62.1%**	**62.8%**	**-0.7 pp**

Underlying revenues rose by **nearly one billion euros to 19,694 million euros, +4.9%** in relation to 2017. Growth was boosted by the impact of acquisitions carried out in 2017, namely Amundi's acquisition of Pioneer (positive impact equal to +394 million euros corresponding to Pioneer's revenues in the first-half 2017 before integration) and the acquisition of the three Italian banks by Crédit Agricole Italia (equivalent to +111 million euros in first-half 2018, impact not calculated for second-half 2018 because the legal entities were merged with CA Italia). Even if we exclude these scope effects, underlying revenues would still have increased, albeit to a lesser degree.

Underlying operating expenses remained well controlled, rising by +3.8% or +443 million euros to 12,228 million euros excluding SRF. This increase can mainly be attributed to the scope effect, i.e. +255 million euros related to Pioneer (figure for first-half 2017 before integration) and +97 million euros related to the three Italian banks in the first half of 2018 only (impact not calculated for the second half). The contribution to the Single Resolution Fund increased substantially to 301 million euros, i.e. +24,5% compared to 2017, concentrated in the first two quarters of 2017 and 2018.

The **underlying cost of credit risk fell by -23.4%** to 1,002 million euros, compared with 1,307 million euros in full-year 2017, excluding **non-specific provisions for legal risk** of 75 million euros for 2018 and recorded in the fourth quarter, and 115 million euros for 2017 and recorded in the first quarter of 2017 (40 million euros) and the third quarter of 2017 (75 million euros).

The **underlying contribution from equity-accounted entities** decreased by **-38.3%** between 2017 and 2018 due to the sale of the full stake owned in Eurazeo and the partial sale of BSF, which contributed a total of 203 million euros in 2017. **At constant scope**, the contribution of equity-accounted entities increased by **+18.0%**, attributable mainly to the excellent performance of Amundi's joint ventures in Asia and to the automotive partnerships in Consumer finance.

Underlying pre-tax income before discontinued operations and non-controlling interests increased by **+10.9%** to 6,500 million euros. The underlying tax charge amounted to 1,471 million euros in 2018, an increase of +2.7% in relation to 2017. The **underlying effective tax rate** (excluding the contribution of equity-accounted entities, already subject to tax, and non-specific legal provisions which are not deductible) decreased to 23.8% in 2018 compared with 26.8% in 2017.

These developments combined led to an increase in underlying net income before non-controlling interests of +13.0% in relation to 2017. **Non-controlling interests** rose by +18.9%, essentially due to the decrease in the Group's stake in Amundi from 74.1% to 68.5% in the second quarter of 2017 and the strong growth in this subsidiary's profit, largely attributable to the scope effect related to Pioneer. This effect accounts for half of the increase in non-controlling interests, with the remainder attributable to growth in profitability of the Italian retail banking (CA Italia) and Consumer finance (Agos) subsidiaries, despite the disappearance of non-controlling interests in CACEIS since their buyback at the end of 2017.

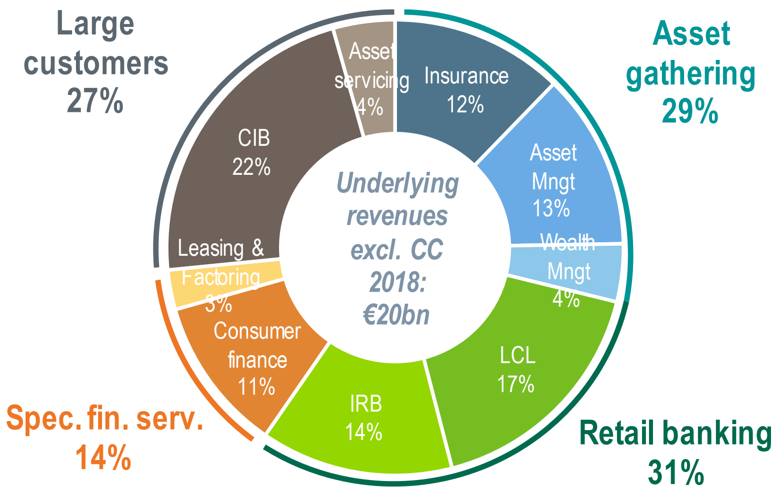
Underlying net profit increased by **+12.2%** to **4,405 million euros**.

Results by business line – Crédit Agricole S.A.

Crédit Agricole S.A.'s stable, diversified and profitable customer-focused universal banking model has a low risk profile that guarantees a high level of recurring net income.

The following is a breakdown of underlying revenues and net income excluding the Corporate centre for 2018:

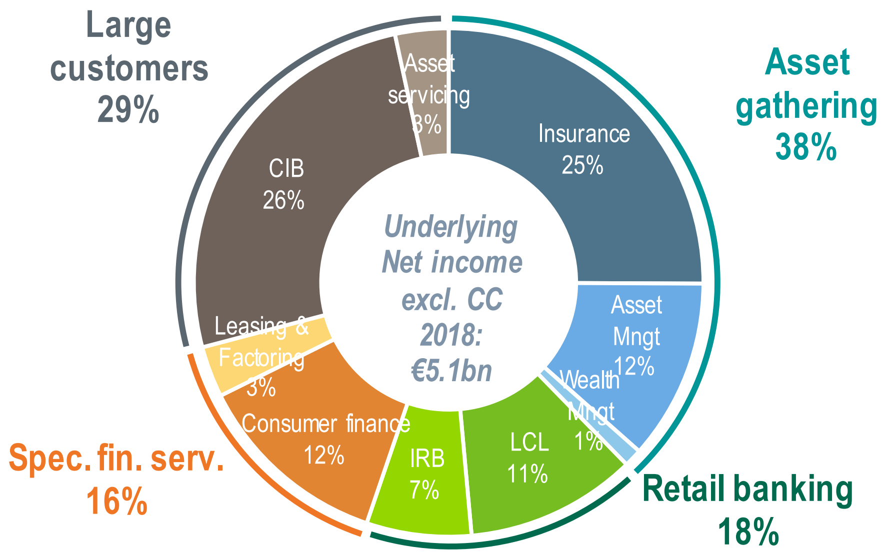
Table 7. Crédit Agricole S.A. - Total underlying revenues, excl.Corporate centre, 2018



AG: Asset Gathering, including Insurance; RB: Retail Banking; SFS: Specialised Financial Services; LC: Large Customers; CIB: Corporate & Investment banking; CC: Corporate centre

Underlying revenues excluding Corporate centre in full year 2018: 20036 million euros, +3.4% compared to 19369 million euros in full year 2017

Table 8. Crédit Agricole S.A. - Underlying Net income Group share, excl.Corporate centre, 2018



AG: Asset Gathering, including Insurance; RB: Retail Banking; SFS: Specialised Financial Services; LC: Large Customers; CIB: Corporate & Investment banking; CC: Corporate centre

Underlying net income excluding Corporate centre in full year 2018: 5137 million euros, +6.6% compared to 4819 million euros in full year 2017

No business line represents more than 26% of underlying net income Group share excluding the Corporate centre, and no business division represents more than 40%. The largest contributor is Asset gathering with 38%, which comprises business lines with strong commercial momentum requiring little capital for their organic growth.

The following sections discuss the activity and results of each of Crédit Agricole S.A.'s business lines.

Asset gathering (AG)

This core business encompasses insurance (Crédit Agricole Assurances), Asset management (Amundi) and Wealth management (Indosuez Wealth Management).

The integration costs of Pioneer Investments are classified as specific items in the financial statements for the fourth quarter of 2018 in the amount of -27 million euros pre-tax (-14 million euros in net income), and for the fourth quarter of 2017, -77 million euros pre-tax (-32 million euros in net income). The tax impacts of the revaluation of deferred tax assets (-48 million euros), the corporate tax surcharge (-104 million euros) and the dividend tax refund (+38 million euros) were also reclassified as specific items in the fourth quarter of 2017.

In full-year 2018, integration costs amounted to -56 million euros before tax (-29 million euros in net income), classified as specific items. Specific items for full-year 2017 also include integration costs for the period in the amount of -135 million euros before tax (-60 million euros in net income) and non-recurring tax impacts in the amount of -114 million euros.

Underlying net income is therefore higher than stated net income for the four periods under consideration.

Table 9. Asset gathering (AG) - Contribution to results, stated and underlying, Q4-18 and 2018

€m	Q4-18 stated	Q4-18 underlying	∆ Q4/Q4 underlying	2018 stated	2018 underlying	∆ 2018/2017 underlying
Revenues	**1,470**	**1,470**	(5.8%)	**5,778**	**5,778**	+9.8%
Operating expenses excl.SRF	(724)	(697)	(7.5%)	(2,833)	(2,777)	+8.0%
SRF	-	-	n.m.	(3)	(3)	+22.9%
Gross operating income	**746**	**773**	**(4.1%)**	**2,941**	**2,998**	**+11.4%**
Cost of risk	(22)	(22)	(7.1%)	(17)	(17)	(31.0%)
Equity-accounted entities	10	10	+15.4%	47	47	+43.8%
Net income on other assets	(1)	(1)	n.m.	(3)	(3)	n.m.
Income before tax	**733**	**760**	**(4.5%)**	**2,969**	**3,025**	**+11.9%**
Tax	(176)	(181)	+14.5%	(774)	(789)	+35.9%
Net income Group Share	**498**	**512**	**(6.6%)**	**1,908**	**1,937**	**+2.2%**
Cost/Income ratio excl.SRF (%)	**49.2%**	**47.4%**	**-0.9 pp**	**49.0%**	**48.1%**	**-0.8 pp**

Activity

At 31 December 2018, assets under management of this business division stood at 1,879.2 billion euros. Two very different event sequences underpinned the modest growth generated by it in 2018 (+0.6%/+11.6 billion euros). Over the first nine months of 2018, assets under management increased by +66.8 billion euros thanks to strong net inflows (+58.5 billion euros), a scope effect of +5.1 billion euros linked to the acquisition by Indosuez Wealth Management of Banca Leonardo, and limited positive market and currency effects (+3.3 billion euros). Conversely, in the last quarter of 2018, there was a much less favourable market environment, which had a strong impact leading to an overall negative market and currency effect of -51.4 billion euros. Net inflows is negative at -3.9 billion euros (of which -6.5 billion euros for Amundi).

Assets under management after elimination of double counting amounted to **1,587.4 billion euros** at 31 December 2018, a slight decrease of -0.3% in relation to 31 December 2017.

Table 10. Asset gathering - assets under management after elimination of double counting										
€bn	Dec. 16	Mar. 17	Jun. 17	Sept. 17	Dec. 17	Mar. 18	Jun. 18	Sept. 18	Dec. 18	∆ Dec./Dec.
Asset management – Amundi	1,082.7	1,127.7	1,121.4	1,400.0	1,426.2	1,452.4	1,466.4	1,475.2	1,425.1	(0.1%)
Savings/retirement	268.8	271.6	274.0	276.1	278.6	280.3	282.6	285.6	285.2	+2.4%
Wealth management	152.4	155.5	155.5	157.5	162.8	162.3	171.8	173.6	168.9	+3.7%
Assets under management - Total	1,503.9	1,554.8	1,550.9	1,833.6	1,867.6	1,895.0	1,920.8	1,934.5	1,879.2	+0.6%
AuM excl. double counting	**1,231.6**	**1,284.2**	**1,277.2**	**1,559.1**	**1,591.9**	**1,602.7**	**1,626.9**	**1,640.4**	**1,587.4**	**(0.3%)**

Results

In the fourth quarter of 2018, stated net income for the business division amounted to 498 million euros, an increase of +24.1%. **Underlying net income** amounted to **512 million euros**, a decrease of **-6.6%**.

Within this business division, the **Insurance** business line recorded a **+1.9%** increase in underlying net income thanks to a +6.0% increase in revenues and a net decrease in operating expenses (-12.2%); **Asset management** saw a decrease in its contribution of **-17.9%** on the back of very unfavourable market conditions in the fourth quarter of 2018 which significantly impacted its performance fees and financial income; **Wealth management** also saw a decrease in its contribution over the same period of **-76.3%**, impacted by market conditions, a wait-and-see approach by investors and high development and integration costs.

In 2018, the business division's stated net income Group share came to 1,908 million euros, an increase of +10.9% compared with 2017. **Underlying net income** amounted to **1,937 million euros, an increase of +2.2%/+41 million euros**. The scope effect came to +70 million euros, equivalent to what Pioneer's contribution would have been in the first half of 2017 had it been integrated on 1 January of that year rather than 3 July 2017. By contrast, net income Group share in 2017 included a capital gain on the sale of the reinsurance subsidiary CARE for 30 million euros, which was not restated in specific items, and had a negative impact on growth in the activity's net income.

Asset gathering contributed **38%** of Crédit Agricole S.A.'s **underlying net income Group share of the business divisions** (excluding the Corporate centre) in 2018 and **29% of underlying revenues also excluding the Corporate centre**.

At 31 December 2018, **capital allocated** to the business division was **8.5 billion euros**, of which 2.0 billion euros for Asset gathering (Asset management and Wealth management) and 6.6 billion euros for Insurance. The business division's **risk-weighted assets** totalled **23.9 billion euros**, of which 13.3 billion euros for Asset and Wealth management and 10.6 billion euros for Insurance.

These risk-weighted assets are calculated taking into account the “Switch” guarantee, which allowed Crédit Agricole S.A. Group to save 34 billion euros in risk-weighted assets in the prudential treatment of the Insurance business line, but which cuts about -50 million euros per quarter from its net income.

Underlying return on normalised equity (**RoNE**) was **25.2%** in 2018, compared to 22.8% in 2017.

Insurance (CA Assurances)

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

There were no specific item included in the accounts for the fourth quarter and full-year 2018; income for the fourth quarter of 2017 included tax impacts related to the revaluation of deferred taxes in the amount of -40 million euros and the corporation tax surcharge of -79 million euros.

Table 11. Insurance - Contribution to results, stated and underlying, Q4-18 and 2018

€m	Q4-18 stated	Q4-18 underlying	∆ Q4/Q4 underlying	2018 stated	2018 underlying	∆ 2018/2017 underlying
Revenues	**667**	**667**	+6.0%	**2,451**	**2,451**	+9.3%
Operating expenses	(172)	(172)	(12.2%)	(694)	(694)	(6.6%)
Income before tax	**493**	**493**	**+13.9%**	**1,753**	**1,753**	**+16.9%**
Tax	(122)	(122)	x 2	(454)	(454)	+90.8%
Net income from discont'd or held-for-sale ope.	(0)	(0)	n.m.	(1)	(1)	n.m.
Net income Group Share	**369**	**369**	**+1.9%**	**1,288**	**1,288**	**+0.6%**
Cost/Income ratio excl.SRF (%)	**25.9%**	**25.9%**	**-5.4 pp**	**28.3%**	**28.3%**	**-4.8 pp**

Activity

In the fourth quarter of 2018, Crédit Agricole Assurances made **revenue** of 8.5 billion euros versus 7.5 billion euros in the fourth quarter of 2017, an increase of **+13.9%**. All of the Crédit Agricole Assurances activities together showed good growth, with an acceleration in relation to the first nine months of the year: over full-year 2018, the business line's total turnover reached 33.5 billion euros, a year-on-year increase of +10.1%.

In Savings/Retirement, premium income amounted to 6.8 billion euros in the fourth quarter of 2018 (+15.3% compared to the fourth quarter of 2017). Crédit Agricole Assurances continued to steadily diversify its product mix in favour of unit-linked contracts: **the proportion of unit-linked contracts in gross inflows** in the fourth quarter of 2018 was 28.9% (down -1 percentage point versus the fourth quarter of 2017, attributable to a more difficult market environment and a prudent approach by savers despite high savings levels). **Net inflows** in savings/retirement amounted to **+2.1 billion euros** in the fourth quarter of 2018, showing steady growth over the previous six quarters. This total consists of **+1.3 billion euros in UL** contracts (versus +1.0 billion euros in the fourth quarter of 2017) and +0.8 billion euros in euro-denominated contracts (versus +0.1 billion euros in the fourth quarter of 2017). Although they are still lower than UL contracts, the recovery in net inflows of euro-denominated contracts has remained steady over four quarters. In **full-year 2018**, revenue for this activity reached 25.6 billion, an **increase of +10.9%** versus 2017, with strong trends in the international activities (notably +24.6% in Italy). This strong growth was evident in **net inflows of both UL contracts**, which reached +5.05 billion euros in 2018 (**up +15.7%** versus 2017) and **euro-denominated contracts**, which reached +2.25 billion euros (versus a net outflow in 2017 of -0.09 billion). The proportion of UL contracts therefore reached 69%, for total net inflows over the year of 7.3 billion euros, representing 2.6% of outstandings at the start of the period, the highest level in at least three years.

Table 12. Savings/Retirement: net inflows (€bn)

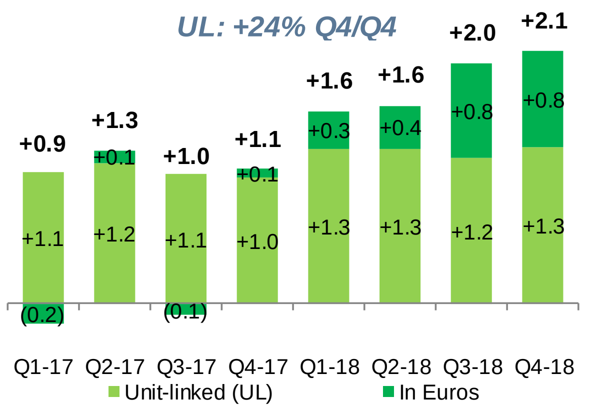
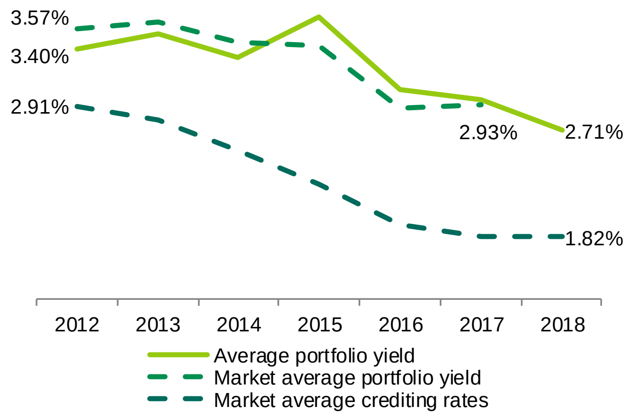


Table 13. Savings/Retirement: return of assets and policyholders yields (%)



** Scope CAA; ** Source ACPR; *** Source ACPR and Estimates CAA 2018*

Assets under management continued to grow, reaching **285.2 billion euros**[30] at end-December 2018, a year-on-year increase of **+2.4%**, driven mainly by growth of +2.9% in euro-denominated assets despite much more challenging markets in the third and fourth quarters of 2018. At the end of December 2018, **UL contracts** accounted for **21.0%** of assets under management, a decrease of -0.4 percentage point in relation to end-December 2017, with the challenging market environment in the fourth quarter of 2018 generating a negative market effect of a little bit more than -3 billion euros.

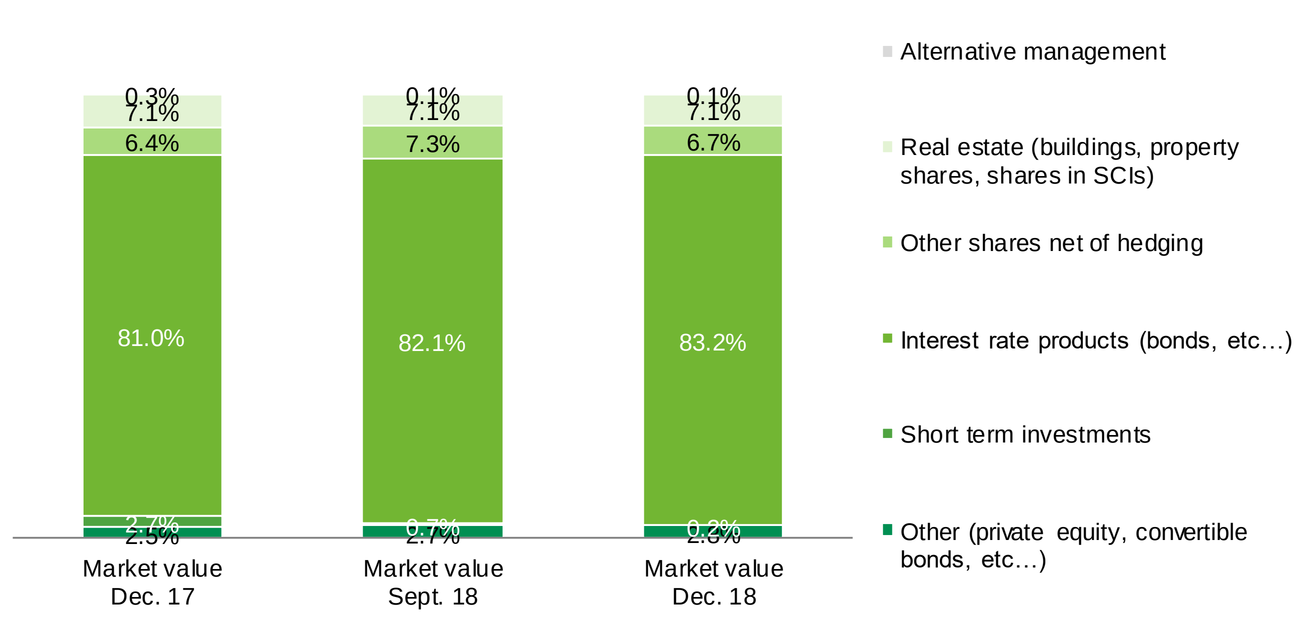
The average rate of return on assets was 2.71% for 2018, reflecting the good quality of Crédit Agricole Assurances' investment portfolio.

Table 14. Insurance - Savings/Retirement: assets under management

€bn	Dec. 16	Mar. 17	Jun. 17	Sept. 17	Dec. 17	Mar. 18	Jun. 18	Sept. 18	Dec. 18	Δ Dec./Dec.
Unit-linked	52.5	55.1	56.9	58.1	59.7	60.2	61.2	61.8	59.9	+0.4%
In Euros	216.3	216.5	217.1	218.0	219.0	220.1	221.4	223.8	225.3	+2.9%
Total	**268.8**	**271.6**	**274.0**	**276.1**	**278.6**	**280.3**	**282.6**	**285.6**	**285.2**	**+2.4%**
Share of unit-linked	*19.5%*	*20.3%*	*20.8%*	*21.0%*	*21.4%*	*21.5%*	*21.7%*	*21.7%*	*21.0%*	*(0.4pp)*

[30] *Savings/retirement/death & disability assets under management*

Table 15. Insurance: Breakdown of investments (excl. Unit-linked contracts)



At the end of December 2018, the **Policyholder Participation Reserve (PPE)** rose to **9.8 billion euros** (versus 1 billion euros in 2012 and 8.9 billion euros at end-2017), resulting in strong coverage, at 4.7% of outstanding euro-denominated contracts, equivalent to several years of rates paid to policyholders based on the rates paid in 2016 and 2017. This coverage is higher than the average on the French market.

Table 16. Protection of individuals and assets: premium income (€bn)

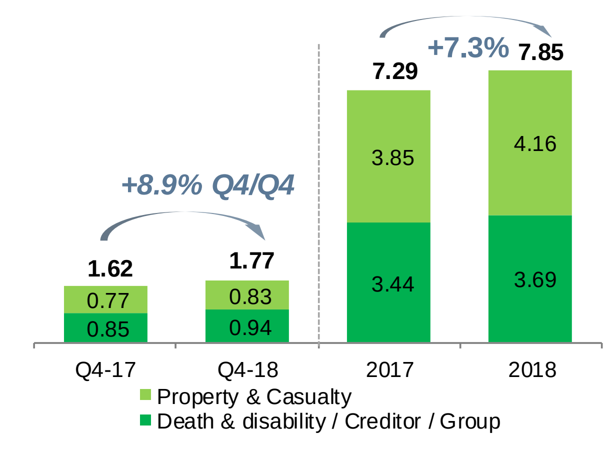
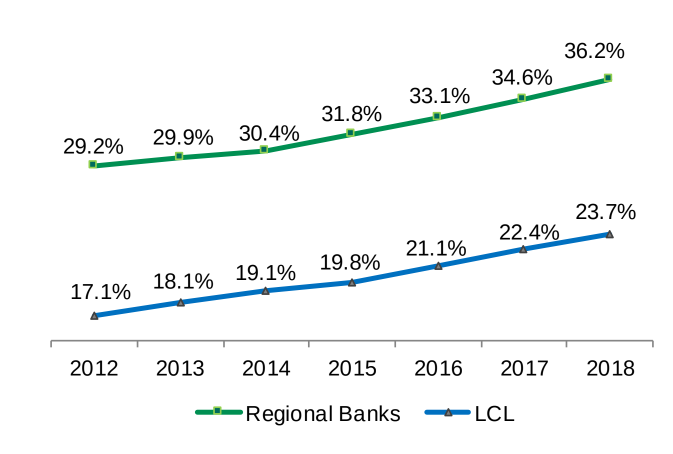


Table 17. Protection of individuals ans assets: Equipment rate in retail distributors (%)



In **personal and property protection** (property & casualty, death & disability, creditor and group insurance), premium income increased by +8.9% versus the fourth quarter of 2017 to 1.8 billion euros. Over full-year 2018, the business division's total income reached 7.9 billion euros, a year-on-year increase of +7.3%.

In **property & casualty insurance**, Crédit Agricole Assurances continued to enjoy steady growth, both in France and abroad. It was up **+7.9%** compared with the fourth quarter of 2017 to 831 million euros, recording **new additional contracts of +100,000** over the quarter, and reaching **more than 13.4 million contracts** at the end of December 2018. As in previous quarters, premium income posted above-market growth in France in the fourth quarter. **In full-year 2018**, premium income rose by a sharp **+8.2%**, particularly in France thanks to Pacifica, which outperformed the market, reaching 4.2 billion euros, with new additional contracts of **approximately 700,000 in 2018,** and good control of the termination rate. The **growth in equipment rates** among individual clients[31] in LCL networks (23.7% at end-December 2018, up over +5 percentage points in five years and +1.3 percentage points in 2018) and the Regional banks networks (36.2% at end-December 2018, up more than +6 percentage points in five years, with +1.6 percentage point in 2018) demonstrated exceptional business momentum, but also the potential for considerably higher growth.

In the **Death & Disability/Creditor/Group segment**, premium income totalled 938 million euros in the **fourth quarter of 2018** versus 854 million euros in the fourth quarter of 2017, a year-on-year increase of **+9.8%**. This growth was driven by an increase in all three activity segments. Creditor insurance registered a net increase in premium income of +13% in the fourth quarter of 2018. Group insurance showed continued good momentum, with premium income increasing by more than +32% between the fourth quarter of 2017 and the fourth quarter of 2018. In full-year **2018**, total premium income for these three segments reached 3.7 billion euros, an increase of **+7.1%**, driven by creditor insurance (+8.4% versus full-year 2017) and group insurance (+35%).

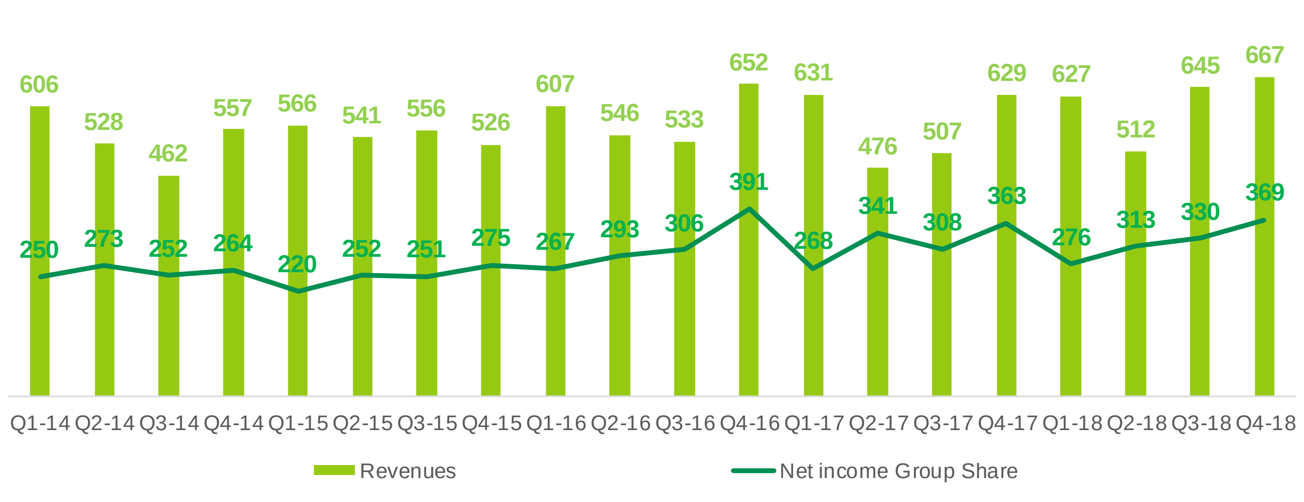
Partnerships

In 2018, Crédit Agricole Assurances reaffirmed its strategy of developing partnerships with external banking groups, which enable to strengthen its presence abroad.

In July 2018, Crédit Agricole Assurances announced a partnership with the Italian bank Credito Valtellinese in the life-insurance sector. The partnership is effective since 20 December 2018 and was marked by the launch of a first multi-support life-insurance policy from 28 January 2019. In October 2018, Crédit Agricole Assurance and Seguradores Unidas announced an agreement, effective since 21 December 2018, for the purchase of a stake of 25% within GNB Seguros, which increases Crédit Agricole Assurances' share within GNB Seguros from 50% to 75%. The remaining share of 25% is still kept by Portuguese banking group Novo Banco.

Results

Table 18. Insurance: Underlying Revenues and Net attributable income



[31] *Equipment rate: percentage of individual banking clients holding at least one insurance product (Pacifica estimates). Scope: auto, home, health, life accidents and legal protection insurance.*

In the fourth quarter of 2018, Crédit Agricole Assurances made **net income** of 369 million euros, an increase of **+1.9%** in relation to the fourth quarter of 2017.

Revenues totalled 667 million euros, up **+6.0%** compared to the fourth quarter of 2017 which was a particularly low baseline for comparison. In life assurance, thanks to Crédit Agricole Assurances' solid balance sheet, it was able to withstand market risks and continue paying attractive remuneration to its policyholders while also increasing revenue for shareholders. Crédit Agricole Assurances' fourth-quarter revenues thus reflect an increase in the recognition level of investment margin and a limited improvement in its Policyholder Participation Reserve (PPE) of 0.4 billion euros.

Operating expenses decreased by a significant -12.2% in relation to the fourth quarter of 2017 at 172 million euros. They benefited from a favourable comparison base, with non-recurring IT depreciation expenses of -32 million euros having been recorded in the fourth quarter of 2017. Excluding this non-recurring impact, operating expenses rose by +4.8%, mainly attributable to the ongoing expansion of the Crédit Agricole Assurances Group. Note that operating expenses include a provision for variable employee remuneration in the context of tax-free compensation exempt of social security contributions ("Macron grants" measure) in the amount of 0.9 million euros. The **cost/income ratio** was **25.9%** in the fourth quarter of 2018.

At 122 million euros, the tax charge in the fourth quarter of 2018 was substantially higher than in the fourth quarter of 2017, which had a very low comparison base (61 million euros). At 24.8%, the effective tax rate in the fourth quarter of 2018 is close to that for the full year. It shows a significant increase in relation to the fourth quarter of 2017 (14.1%), when the rate was low after restatement for specific items, the corporate income tax surcharge and the revaluation of deferred taxes.

In 2018, the Insurance business line's **stated net income Group share** came to **1,288 million euros**, an increase of +10.9% compared with 2017. After excluding specific tax items recorded in the fourth quarter of 2017, **underlying net income** increased by **+0.6%**. After restatement for net income from discontinued operations or held for sale operations (capital gain of 30 million euros on the sale of CARE in the second quarter of 2017), the change was +3.0%.

Revenues came out at 2,451 million euros in 2018, a year-on-year **increase of +9.3%**. The increase in life assurance can notably be attributed to an increase in the recognition level of investment margin (this rate was particularly low in 2017) and a relatively favourable comparison base (negative impact of the exceptional tax in France in the fourth quarter of 2017). In non-life insurance, the **combined ratio** remained under control at **95.5%** at end-December 2018, showing an improvement of 1.3 percentage point in relation to end-December 2017 despite adverse weather events in 2018 (hail, flooding).

Operating expenses reached 694 million euros, a decrease of **-6.6%** compared with 2017. They decreased by -2.4% after excluding non-recurring IT depreciation expenses of -32 million euros in the fourth quarter of 2017. The **cost/income ratio** came to **28.3%**, an improvement of 4.8 percentage points compared to 2017.

The Insurance business division represents **25%** of Crédit Agricole S.A.'s **underlying net income Group share** of the business lines (excluding the Corporate centre) in 2018 and **12% of their underlying revenue.**

At 31 December 2018, **capital allocated** to Insurance was **6.6 billion euros** and **risk-weighted assets** totalled **10.6 billion euros**.

These risk-weighted assets are calculated taking into account the "Switch" guarantee, which allowed Crédit Agricole S.A. Group to save 34 billion euros in risk-weighted assets in the prudential treatment of the Insurance business line, but which cuts about -50 million euros per quarter from its net income.

Asset management (Amundi)

Asset management comprises the results of Amundi, a subsidiary owned 70.0% by Crédit Agricole Group, including 68.4% held by Crédit Agricole S.A.

At the time of Amundi's 1.4 billion euros rights issue at end-March 2017, Crédit Agricole Group sold some of its preferential subscription rights to reduce its percentage interest, which was 75.7% before that date, including 74.1% held by Crédit Agricole S.A. The reduction in percentage interest is effective as of the second quarter of 2017. A slight dilution (-0.1 percentage point) occurred in the third quarter of 2018 owing to the issue of share capital reserved for Amundi employees.

The financial statements for the fourth quarter of 2018 include a full contribution from Pioneer Investments, UniCredit's asset management company, which was acquired on 3 July 2017. However, although the fourth-quarter 2017 financial statements included a full contribution, the financial statements for full-year 2017 integrate Pioneer only in the second half of the year.

The integration costs related to this acquisition are categorised as specific items. These expenses amounted to -27 million euros before tax (-14 million euros in net income) in the fourth quarter of 2018 and -56/-29 million euros in full-year 2018 (-77 million euros and -32 million euros in the fourth quarter of 2017 and -135/-60 million euros in full-year 2017, respectively). A restatement of the different tax impacts was also included in the fourth quarter of 2017 for a total of +5 million euros. Underlying net income is therefore higher than stated net income for these four periods.

The specific items used to reconcile stated and underlying amounts and changes for the fourth quarter and full-year 2018 and comparable data for 2017 are detailed in the appendix on p. 99.

Table 19. Asset management - Contribution to results, stated and underlying, Q4-18 and 2018

€m	Q4-18 stated	Q4-18 underlying	∆ Q4/Q4 underlying	2018 stated	2018 underlying	∆ 2018/2017 underlying
Revenues	**600**	**600**	(18.2%)	**2,504**	**2,504**	+11.1%
Operating expenses excl.SRF	(360)	(333)	(13.6%)	(1,416)	(1,359)	+14.0%
SRF	-	-	n.m.	(1)	(1)	+12.5%
Gross operating income	**240**	**267**	**(23.4%)**	**1,087**	**1,144**	**+7.8%**
Cost of risk	(13)	(13)	+64.0%	(11)	(11)	(15.3%)
Equity-accounted entities	10	10	+15.2%	47	47	+43.8%
Tax	(54)	(60)	(40.5%)	(297)	(311)	(6.1%)
Net income	**183**	**204**	**(17.9%)**	**827**	**869**	**+16.1%**
Non controlling interests	(58)	(64)	(18.0%)	(266)	(279)	+20.6%
Net income Group Share	**125**	**139**	**(17.9%)**	**561**	**590**	**+14.1%**
Cost/Income ratio excl.SRF (%)	**60.0%**	**55.5%**	**+3.0 pp**	**56.5%**	**54.3%**	**+1.4 pp**

Activité

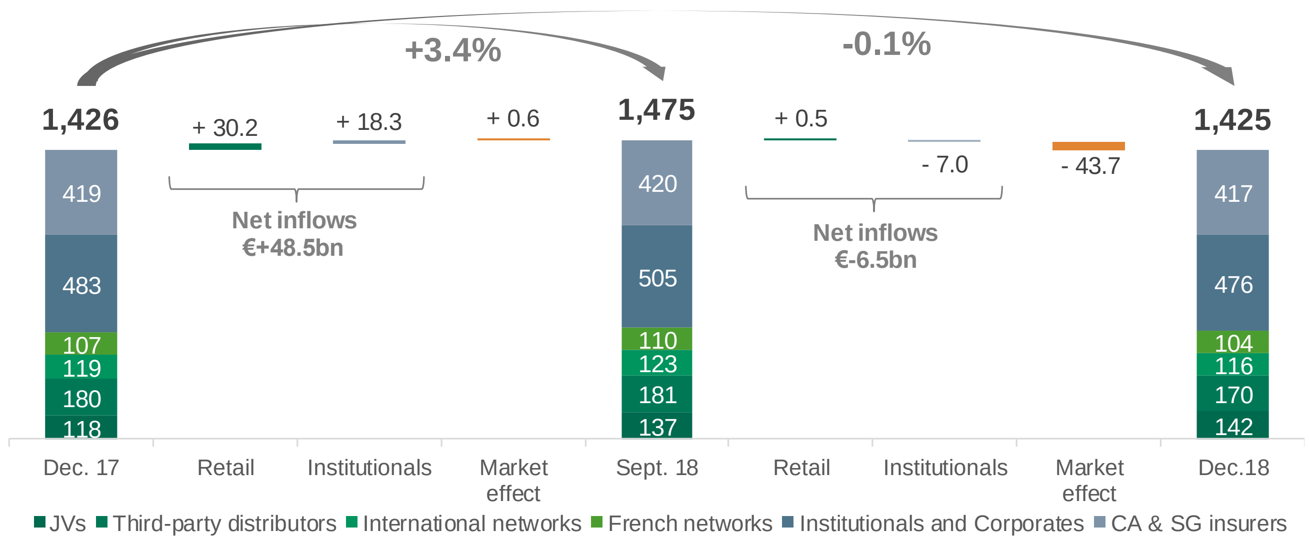
Amundi had **assets under management**[32] of **1,425 billion euros** at end-December 2018, almost no change in relation to end-December 2017 (-0.1%). Yet behind this virtual year-on-year stability were contrasting trends between the first nine months and the fourth quarter of 2018. During the former, net inflows continued to show strong growth to +48.5 billion euros, with a limited market effect of +0.6 billion euros.

In contrast, the **fourth quarter of 2018** was significantly impacted by a much more difficult market environment. Amundi registered a very negative market effect over the quarter of -43.7 billion euros and net outflows of -6.5 billion euros, which breaks down as slightly positive net inflows of +0.5 billion euros in its **Retail** segment (versus +14.2 billion euros in the fourth quarter of 2017) and net outflows of -7.0 billion euros in the **Institutional** segment (versus -1.1 billion euros in the fourth quarter of 2017). By asset class, **medium- to long-term assets** showed net outflows of -5.9 billion euros in the fourth quarter of 2018 compared with net inflows of +10.4 billion euros in the fourth quarter of 2017.

[32] *Assets managed, advised and distributed including 100% of AuM and inflows of Asian JVs, except Wafa in Morocco, for which AuM and inflows are reported on a proportional consolidation basis.*

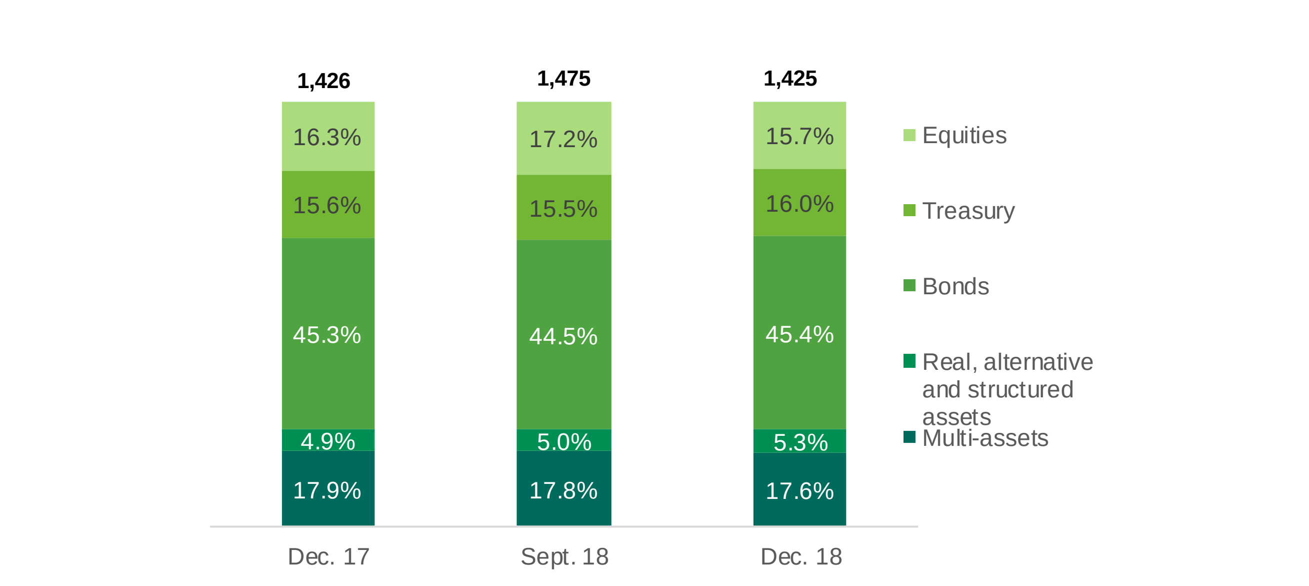
In **full-year 2018**, Amundi registered resilient activity with net inflows of **+42.0 billion euros**, of which **+30.7 billion euros** in the **Retail** segment and +**11.4 billion euros** in the **Institutional** segment; **medium- to long-term assets** showed net inflows of **+36.3 billion euros**, and were stable in relation to end-2017 despite a substantial negative market effect.

Table 20. Asset management - Assets under managements(1) (€bn)



(1)Assets managed, advised and distributed including 100% of AuM and inflows of Asian JVs. For Wafa in Morocco, AuM are reported on a proportional consolidation basis.

Table 21. Asset management - Assets under managements(1), breakdown by asset class (€bn)



(1) Assets managed, advised and distributed including 100% of AuM and inflows of Asian JVs. For Wafa in Morocco, AuM are reported on a proportional consolidation basis.

Results

In the fourth quarter of 2018, Amundi's stated net income was 125 million euros, a decrease of -11.5% in relation to the fourth quarter of 2017. Amundi's **underlying net income** was **139 million euros**, down **-17.9%** compared to the fourth quarter of 2017.

Revenues totalled 600 million euros in the fourth quarter of 2018, a **decrease of -18.2%** compared to the fourth quarter 2017. In the context of the market decline observed in the fourth quarter of 2018, management revenues showed resilience, registering a relatively small decline of -2.9% versus the fourth quarter of 2017, but performance fees (-75.1%/-61 million euros in relation to the fourth quarter of 2017) and financial income (-17 million euros in the fourth quarter of 2018 versus +33 million euros in the same period of 2017, or -50 million euros year-on-year) showed a marked decline on the back of a difficult comparison base due to positive market trends at the end of 2017.

Underlying operating expenses came out at **-333 million euros** in the fourth quarter of 2018, down by a sharp -13.6% in relation to the fourth quarter of 2017, thanks to synergies achieved on the integration of Pioneer, primarily in relation to staff costs. The estimate for cost synergies has been updated, with **175 million euros now expected in 2020** versus an initial target of 150 million euros. 110 million euros, or 63% of this updated target, were achieved in 2018. The **underlying cost/income ratio** for the quarter stood at **55.5%**, a deterioration of 3.1 percentage points in relation to the fourth quarter of 2017.

The **contribution of equity-accounted entities**, including the earnings of Amundi's joint ventures in Asia, totalled 10 million euros, an **increase of +15.2%** in relation to the fourth quarter of 2017.

The **tax charge** in the fourth quarter of 2018 came to 59 million euros, a sharp decrease (**-41.4%** versus fourth quarter 2017), thanks to the combined impact of a lower tax rate in the US and changes in the geographical mix.

In full-year 2018, underlying net income Group share was **590 million euros,** an increase of **+14.1%** compared with full-year 2017. **Revenues** came out at 2,504 million euros, an increase of **+11.1%**, and a decrease of -5.5% at constant scope[33]. **Underlying operating expenses** came to 1,359 million euros, an increase of **+14.0%** and a decrease of -6.1% at constant scope[33]. Full-year 2018 includes a contribution to the Single Resolution Fund (SRF) of 1 million euros, which was the same in 2017.

Equity-accounted entities recorded a sharp increase in their contribution to 47 million euros (**+43.8%** versus 2017), driven notably by the joint ventures in India and China.

At constant scope[33], underlying net income was stable (-0.4%) compared with 2017.

The **underlying cost/income ratio excluding SRF** amounted to **54.4%**, a 1.5 point[44] deterioration in relation to 2017, reflecting the impact of the integration of Pioneer, which had a higher cost/income ratio than Amundi prior to the acquisition (underlying cost income ratio of 51.2% in the first half of 2017).

Asset management contributed **12%** of Crédit Agricole S.A.'s **underlying net income Group share of the business lines** (excluding the Corporate centre) in 2018 and **13% of their underlying revenue.**

[33] *Combined contributions to underlying income of Amundi and Pioneer taking into account the amortisation of distribution agreements in 2017.*

Wealth management (CA Indosuez Wealth Management)

The Wealth management business line reflects the results of CA Indosuez Wealth (group), a wholly-owned subsidiary of Crédit Agricole Corporate & Investment Bank (CACIB), which itself owns 100% of its subsidiaries CA Indosuez (Switzerland) SA, CA Indosuez Wealth (France) and CA Indosuez Wealth (Europe) along with 70% of CFM Indosuez Wealth in Monaco and, since 3 May 2018, 94.1% of Banca Leonardo in Italy.

There were no specific items in the fourth quarter or full-year 2018 financial statements. The underlying profit of the Wealth management business division is equal to that which was stated for the four periods.

Table 22. Wealth management - Contribution to results, stated and underlying, Q4-18 and 2018

€m	Q4-18 stated	Q4-18 underlying	∆ Q4/Q4 underlying	2018 stated	2018 underlying	∆ 2018/2017 underlying
Revenues	**203**	**203**	+2.9%	**822**	**822**	+7.5%
Operating expenses excl.SRF	(191)	(191)	+11.5%	(723)	(723)	+13.9%
SRF	-	-	n.m.	(2)	(2)	+32.4%
Gross operating income	**12**	**12**	**(54.1%)**	**97**	**97**	**(24.5%)**
Cost of risk	(8)	(8)	(49.8%)	(5)	(5)	(51.6%)
Income before tax	**4**	**4**	**(72.9%)**	**92**	**92**	**(25.4%)**
Tax	1	1	(82.1%)	(24)	(24)	x 2.1
Net income	**4**	**4**	**(74.3%)**	**68**	**68**	**(39.1%)**
Net income Group Share	**4**	**4**	**(76.3%)**	**59**	**59**	**(40.3%)**
Cost/Income ratio excl.SRF (%)	**94.1%**	**94.1%**	**+7.3 pp**	**87.9%**	**87.9%**	**+5.0 pp**

Activity

The assets under management referred to in the activity figures only include those of the Indosuez Wealth Management group. As a reminder, LCL's private banking customer assets amounted to 46.1 billion euros at end-December 2018, up +3.6% compared with end-December 2017.

The results generated by LCL's private banking business are booked by LCL.

Wealth management's **assets under management** increased by **+3.8%** year-on-year to **122.8 billion euros** at end-December 2018, an increase of +4.5 billion euros. This substantial increase was notably due to the acquisition of Banca Leonardo in Italy in the second quarter of 2018, which brought in +5.1 billion euros, and to organic growth, with net inflows of +3.0 billion euros in 2018. However, there was a negative market effect of -3.6 billion euros.

In the **fourth quarter of 2018**, the division recorded **net outflows of -0.2 billion euros** on the back of a difficult market environment, and a negative market effect of -4.4 billion euros.

Table 23. Wealth management - breakdown of assets under management

€bn	Dec. 16	Mar. 17	Jun. 17	Sept. 17	Dec. 17	Mar. 18	Jun. 18	Sept. 18	Dec. 18	∆ Dec./Dec.
LCL Private Banking	42.4	43.0	43.5	44.1	44.5	44.2	45.2	46.1	46.1	+3.6%
CAI Wealth Management	110.0	112.6	112.0	113.5	118.3	118.1	126.6	127.4	122.8	+3.8%
Of which France	*28.4*	*29.5*	*30.0*	*30.5*	*30.8*	*31.2*	*31.8*	*32.1*	*30.6*	(0.6%)
Of which International	*81.6*	*83.1*	*82.0*	*83.0*	*87.5*	*86.9*	*94.8*	*95.3*	*92.2*	+5.3%
Total	**152.4**	**155.5**	**155.5**	**157.5**	**162.8**	**162.3**	**171.8**	**173.6**	**168.9**	**+3.7%**

Results

In the fourth quarter of 2018, net income Group share was down sharply to **4 million euros** versus 17 million euros in the fourth quarter of 2017. The increase in **revenue** of **+2.9%** between the two periods did not compensate for the sharp increase in **operating expenses** (**+11.5%** versus the fourth quarter of 2017). This can mainly be attributed to high development expenses (integration of activities acquired in 2017 and 2018) and additional regulatory projects.

In full-year 2018, the Wealth Management business line's **net income** was **59 million euros**, down **-40.3%** compared to 2017, for the same reasons.

Wealth management contributed 1**%** of Crédit Agricole S.A.'s **underlying net income Group share of the business lines** (excluding the Corporate centre) in 2018 and 4% of their underlying revenue.

Retail banking in France (LCL)

For Crédit Agricole S.A., Retail banking in France includes only the results of its subsidiary LCL, of which it owns 95.6%. The results of Crédit Agricole's Regional banks have been excluded from the Crédit Agricole S.A. scope since the beginning of 2016.

The changes in the home purchase saving plan provision are classified as a specific recurring item in LCL's financial statements. In the fourth quarter of 2018, this change had an impact of +1 million euros on revenues and +1 million euros on net income. In the fourth quarter of 2017, a provision reversal of +2 million euros was recognised in revenues and of +1 million euros in net income. The home purchase saving plan provision for 2018 represented -1 million euros in revenues and -1 million euros in net income, versus +65 million euros and +40 million euros, respectively, in 2017.

Table 24. Retail banking in France (LCL) - Contribution to results, stated and underlying, Q4-18 and 2018

€m	Q4-18 stated	Q4-18 underlying	∆ Q4/Q4 underlying	2018 stated	2018 underlying	∆ 2018/2017 underlying
Revenues	**842**	**841**	(0.6%)	**3,433**	**3,434**	(0.4%)
Operating expenses excl.SRF	(597)	(597)	(2.6%)	(2,363)	(2,363)	(2.6%)
SRF	-	-	n.m.	(28)	(28)	+87.7%
Gross operating income	**245**	**244**	**+4.7%**	**1,043**	**1,044**	**+3.8%**
Cost of risk	(63)	(63)	+13.7%	(220)	(220)	+7.5%
Net income on other assets	47	47	x 8.1	50	50	x 8.6
Income before tax	**230**	**229**	**+24.3%**	**873**	**874**	**+8.3%**
Tax	(87)	(87)	x 2.2	(288)	(288)	+36.8%
Net income	**142**	**142**	**(2.3%)**	**584**	**584**	**(2.0%)**
Net income Group Share	**136**	**135**	**(1.9%)**	**558**	**558**	**(1.5%)**
Cost/Income ratio excl.SRF (%)	**70.9%**	**71.0%**	**-1.5 pp**	**68.8%**	**68.8%**	**-1.6 pp**

Activity

LCL continued to acquire new customers and sustain the momentum built up over the course of the year in equipping its clients. It registered +364,000 new customer relationships in 2018. The stock of premium cards saw a year-on-year increase of +5.9% year-on-year, while the stock of Home-Car-Health insurance policies was up +77,000 contracts, i.e. +8.9%. The equipment rate for the different insurance products continued to rise steadily.

Table 25. LCL - Customer savings (€bn)*

Customer savings (€bn)*	Dec. 16	Mar.17	Jun. 17	Sept. 17	Dec. 17	Mar.18	Jun. 18	Sept. 18	Dec. 18	∆ Dec./Dec.
Securities	9.4	9.7	10.2	10.0	10.0	9.7	9.9	9.9	8.7	(13.4%)
Mutual funds and REITs	10.8	10.7	10.4	10.4	10.2	9.5	9.4	9.2	9.0	(11.7%)
Life insurance	59.0	59.4	60.0	60.2	60.6	60.6	61.2	61.1	60.1	(0.8%)
Off-balance sheet savings	**79.3**	**79.9**	**80.5**	**80.5**	**80.8**	**79.8**	**80.5**	**80.2**	**77.8**	**(3.8%)**
Demand deposits	39.4	39.2	42.0	43.5	45.0	43.2	45.5	47.2	48.6	+8.0%
Home purchase savings plans	9.1	9.4	9.4	9.4	9.4	9.6	9.6	9.6	9.6	+1.8%
Bonds	3.6	3.5	3.5	3.5	3.5	3.5	3.5	4.0	4.3	+22.9%
Passbooks*	34.6	36.2	36.5	37.3	36.3	37.8	37.2	37.4	39.4	+8.8%
Time deposits	13.1	12.7	12.5	12.4	12.2	11.8	11.8	11.9	12.2	(0.1%)
On-balance sheet savings	**99.8**	**101.0**	**103.9**	**106.1**	**106.4**	**106.0**	**107.7**	**110.1**	**114.1**	**+7.3%**
TOTAL	**179.1**	**180.8**	**184.5**	**186.7**	**187.2**	**185.8**	**188.2**	**190.3**	**191.9**	**+2.5%**

Passbooks o/w (€bn)*	Dec. 16	Mar.17	Jun. 17	Sept. 17	Dec. 17	Mar.18	Jun. 18	Sept. 18	Dec. 18	∆ Dec./Dec.
Livret A	*7.8*	*8.1*	*8.3*	*8.4*	*8.4*	*8.7*	*8.9*	*9.0*	*9.1*	+8.2%
LEP	*1.1*	*1.1*	*1.1*	*1.1*	*1.1*	*1.1*	*0.9*	*0.9*	*1.0*	(11.0%)
LDD	*7.7*	*7.8*	*7.9*	*7.9*	*7.8*	*7.9*	*8.0*	*8.0*	*7.9*	+2.0%

* Including liquid company savings

Total customer savings grew by **+2.5%** year-on-year to **191.9 billion euros** at end-December 2018. Balance sheet deposits grew by +7.3% to 114.1 billion euros at end-December 2018, underpinned by the SMEs market (+6.9 billion euros, of which +3.7 billion in the fourth quarter of 2018). Off-balance sheet savings amounted to 77.8 billion euros, and were negatively impacted by the decline in the stock markets.

Loans outstanding posted a year-on-year increase of **+8%** to **120.0 billion euros** at end-December 2018. Home loans outstanding surpassed 75 billion euros (63% of total loans), showing strong growth of +7% year-on-year at end-December 2018. Origination volumes returned to a high level while early repayments were stabilised at around 1 billion euros per quarter. Consumer credit outstanding grew by +6% while loans to small businesses and SMEs consolidated their growth in the second half of the year, reaching +10% and +11% year-on-year respectively at end-December 2018.

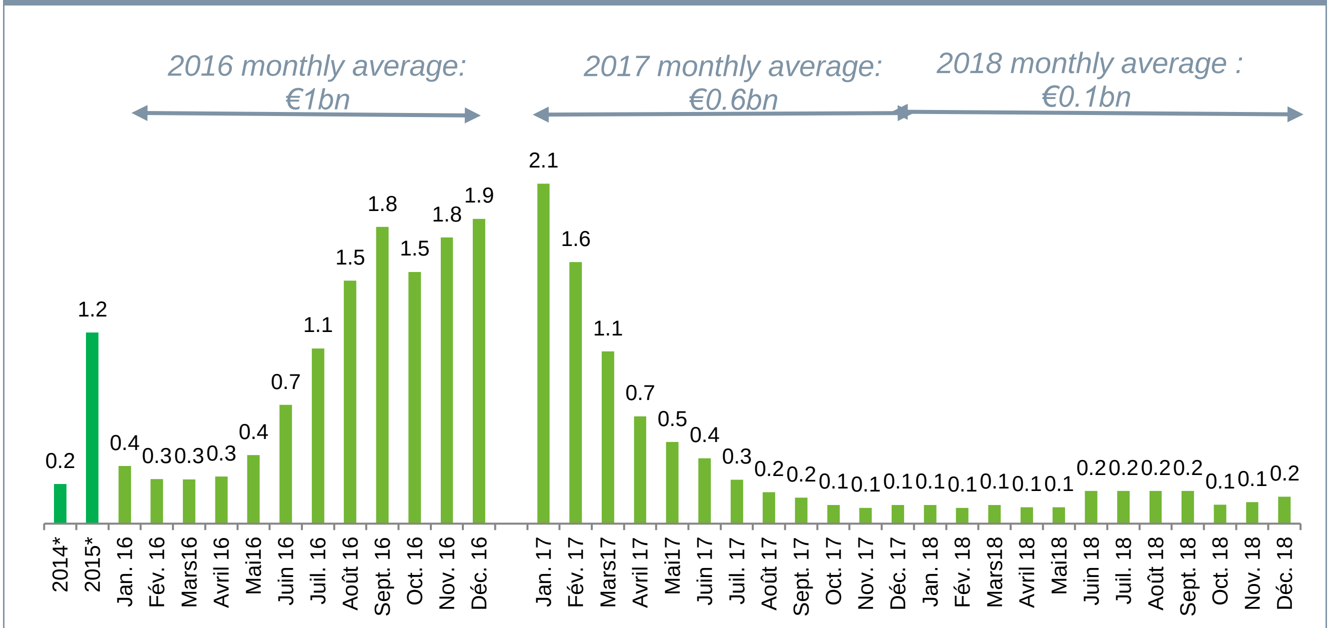
Table 26. Retail banking in France (LCL) - Loans outstandings

Loans outstanding (€bn)	Sept. 16	Dec. 16	Mar.17	Jun. 17	Sept. 17	Dec. 17	Mar.18	Jun. 18	Sept. 18	Dec. 18	∆ Dec./Dec.
SMEs	17.8	18.4	19.1	19.6	20.0	20.8	20.8	21.6	22.5	23.2	+11.1%
Small businesses	11.4	11.6	11.9	12.2	12.4	12.6	12.9	13.2	13.5	13.8	+9.7%
Consumer credit	6.7	6.9	6.9	6.9	7.0	7.1	7.1	7.2	7.3	7.6	+6.4%
Home loans	64.4	65.9	67.8	70.1	70.6	70.8	71.0	71.9	73.8	75.4	+6.6%
TOTAL	**100.2**	**102.7**	**105.7**	**108.8**	**110.0**	**111.4**	**111.8**	**113.8**	**117.0**	**120.0**	**+7.8%**

In the French market, the average interest rate on new fixed-rate home loans[34] was 1.43% in the fourth quarter of 2018, down -5 basis points compared to the first quarter of 2018 and down -7 basis points compared to the fourth quarter of 2017. As a result, new loans had an adverse effect on the interest margin, since they replaced maturing loans that had been granted at higher interest rates. Nevertheless, the strong origination momentum reported for home loans in the second half of the year (+40% compared to the first half of 2018) helped to offset this ongoing negative rate effect.

Renegotiation volumes in the fourth quarter of 2018 represented 0.4 billion euros. After a continuous decline between January and October 2017, loan renegotiations started to stabilise since the third quarter of 2017 at a low level. Lastly, early repayment volumes have remained at around 1 billion euros since the fourth quarter of 2017.

Table 27. LCL - Monthly renegotiated outstandings, 2014-2018 (€bn)



[34] *Source: Credit Logement monthly observatory*

Results

Underlying net income Group share came to **135 million euros** in the fourth quarter of 2018, a decrease of **-1.9%** versus the fourth quarter of 2017, attributable to the sharp increase in the tax charge, which more than doubled in relation to a low comparison base in the fourth quarter of 2017. Underlying gross operating income increased by +4.7% thanks to a positive jaws effect and a resulting further improvement in the cost/income ratio. Of particular note over the quarter is the recognition of a capital gain on the disposal of real estate assets of +47 million euros under "Net income on other assets" and an increase in the cost of risk, which nevertheless remains low.

Underlying revenues totalled 841 million euros, a slight decrease of -0.6% compared to the fourth quarter of 2017. Note the decline in renegotiation and early repayment fees to 4 million euros in the fourth quarter of 2018 from 8 million euros in the same quarter of 2017. Excluding these fees, underlying revenues remained stable in relation to the fourth quarter of 2017.

The low interest rate environment continued to be restrictive but interest income continued to stabilise for the second quarter in a row and the volume effect offset the negative margin effect, which **confirmed a turning point after several years of declining interest income**. **Net interest income** was also impacted over the quarter by negative security revaluations.

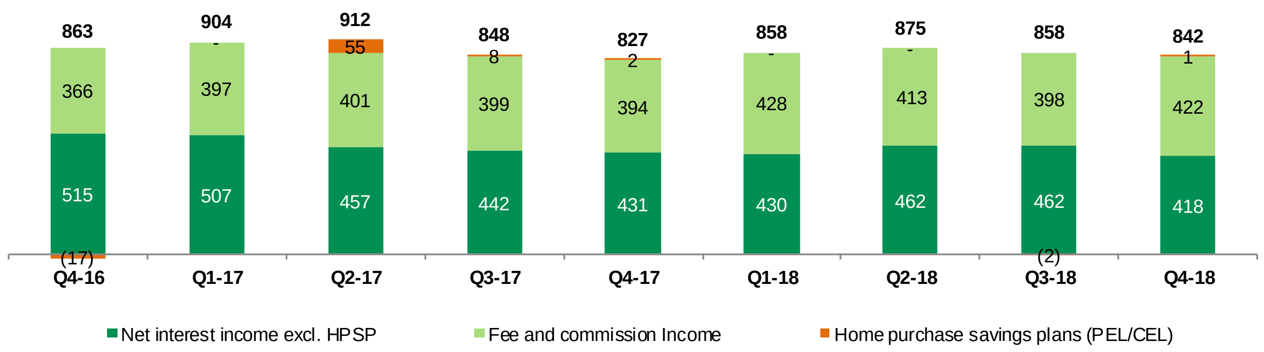
Fees and commissions reached a high level during the quarter, increasing by +1.7% in relation to the same quarter in 2017, thanks to positive trends in all segments. It was notably driven by payment instruments (strong trends in electronic banking activities) and non-life insurance which offset the impact of the market environment on securities. Fees and commissions contributed nearly 50% of underlying revenues during the quarter.

Table 28. LCL - Changes in detailed revenues (€bn)

Revenues (€m)	Q4-16	Q1-17	Q2-17	Q3-17	Q4-17	Q1-18	Q2-18	Q3-18	Q4-18	∆ Q4/Q4
Net interest income	**498**	**507**	**512**	**449**	**433**	**430**	**462**	**460**	**419**	**(3.1%)**
Home purchase savings plans (PEL/CE	*(17)*	*-*	*55*	*8*	*2*	*-*	*-*	*(2)*	1	
Net interest income excl. HPSP	***515***	***507***	***457***	***442***	***431***	***430***	***462***	***462***	***418***	**(2.8%)**
Fee and commission Income	**366**	**397**	**401**	**399**	**394**	**428**	**413**	**398**	**422**	**+7.1%**
- Securities	*34*	*34*	*37*	*31*	*40*	*33*	*35*	*31*	*26*	(35.4%)
- Insurance	*137*	*155*	*151*	*149*	*160*	*162*	*155*	*147*	*155*	(2.7%)
- Account management and payment instruments	*194*	*208*	*213*	*219*	*194*	*233*	*223*	*220*	*241*	**+24.0%**
TOTAL	**863**	**904**	**912**	**848**	**827**	**858**	**875**	**858**	**842**	**+1.7%**
TOTAL excl. HPSP	**880**	**904**	**857**	**841**	**825**	**858**	**875**	**860**	**841**	**+1.9%**

** Excluding adjustment of funding costs*

Table 29. LCL - Changes in revenues (€bn)



Operating expenses excluding the SRF continued to decrease across all sections, reaching 598 million euros in the fourth quarter of 2018, down **-2.6%** compared to the fourth quarter of 2017. Note that operating expenses include a provision for variable employee remuneration in the context of tax-free compensation exempt of social security contributions ("Macron grants" measures) in the amount of 8.8 million euros. The **underlying cost/income ratio** for the quarter was **71%**, an **improvement of 1.5 percentage point** year-on-year.

The **cost of risk** came to 63 million euros in the fourth quarter of 2018, up **+13.7%** compared to the fourth quarter of 2017, still at a very low level (17 basis points on outstandings[35]). Provisions booked according to IFRS9 on Bucket 1 and 2 exposures represented a net charge of 7 million euros. The impaired loan ratio fell to 1.53% at end-December 2018, compared with 1.71% at end- December 2017, and the coverage ratio was 90.5%, including collective provisions.

A capital gain was recorded under **Net income on other assets** of +47 million euros related to the sale of two buildings over the quarter. LCL is implementing a strategy involving the sale of part of its operating real estate assets, which will continue over the next few quarters, albeit for smaller amounts. The amount related to these disposals in the fourth quarter is comparable in absolute value to that recorded for the revaluation of securities and other non-recurring items under revenue, such that the balance of both items more or less had a neutral impact on net income.

Pre-tax income increased by +24.3% in the fourth quarter of 2018 versus the fourth quarter of 2017. The tax charge returned to a normalised rate in 2018 after a low rate in 2017.

Over 2018, underlying net income reached **558 million euros**, a decrease of just -1.5% versus 2017 despite a sharp increase in the contribution to the Single Resolution Fund - SRF (+87.7%/+13 million euros versus the fourth quarter of 2017), the decrease over that period of loan renegotiation and early repayment fees (-78 million euros), and the return to a more standard effective tax rate (from 26.1% to 33.0%). The **underlying cost/income ratio excluding the SRF** was **68.8%, an improvement of 1.6 percentage points** versus the same period in 2017, thanks to a positive jaws effect over the full year: underlying revenues were almost stable at -0.4%/-13 million euros while underlying operating expenses decreased by -2.6% over the full year and in the fourth quarter. As a result, gross operating income increased by +3.8% and the cost of risk over the full-year increased (+7.5%) in proportion to loan outstandings, while remaining low overall.

LCL contributed **11%** of Crédit Agricole S.A.'s **underlying net income Group share of the business lines** (excluding the Corporate centre) in 2018 and **17% of their underlying revenue.**

At 31 December 2018, **capital** allocated to LCL stood at **4.7 billion euros** (14% of the total) and **risk-weighted assets** were **49.6 billion euros** (16% of the total).

LCL's underlying return on normalised equity (**RoNE**) was **11%** in 2018, compared to 12.3% in 2017.

[35] *Average loan loss reserves over last four rolling quarters, annualised*

International retail banking (IRB)

International retail banking encompasses the local banking networks in Italy, grouped under the name "Gruppo Bancario Crédit Agricole Italia" (hereafter referred to as "CA Italia"), notably Cariparma, Friuladria and Carispezia, and now the three banks acquired in late December 2017, namely Cassa di Risparmio (CR) di Cesena, CR di San Miniato and CR di Rimini, as well as all of the Group's retail banks abroad, mainly Crédit Agricole Poland (wholly-owned[36]), Crédit Agricole Ukraine (wholly-owned[36]), Crédit Agricole Egypt (60.2%[36]), and Crédit du Maroc (78.7%[36]).

It should be noted that the legal merger of the three banks with Cariparma has been completed since September 2018.

The only specific item in the financial statements for the fourth quarter of 2018 relates to the integration costs of the three Italian banks, which had an impact of -6 million euros on net income (-11 million euros on operating expenses). In full-year 2018, these costs had an impact of -1 million euros on net income (-2 million euros on operating expenses). For the record, a reversal was recognised on this same nature of adjustment in the second quarter of 2018. In the fourth quarter of 2017, integration costs of -24 million euros were recognised on net income (-41 million euros under operating expenses and -3 million euros on net income on other assets). In full-year 2017, the impact was -26 million euros on net income (-41 million euros under operating expenses and -8 million euros on net income on other assets).

Table 30. International retail banking (IRB) - Contribution to results, stated and underlying, Q4-18 and 2018

€m	Q4-18 stated	Q4-18 underlying	∆ Q4/Q4 underlying	2018 stated	2018 underlying	∆ 2018/2017 underlying
Revenues	**704**	**704**	+14.1%	**2,732**	**2,732**	+10.1%
Operating expenses excl.SRF	(467)	(456)	+11.6%	(1,716)	(1,714)	+13.8%
SRF	-	-	n.m.	(22)	(22)	x 2.1
Gross operating income	**237**	**248**	**+18.8%**	**994**	**996**	**+3.2%**
Cost of risk	(84)	(84)	(19.7%)	(358)	(358)	(16.7%)
Net income on other assets	14	14	n.m.	14	14	n.m.
Income before tax	**167**	**178**	**+72.9%**	**650**	**652**	**+22.7%**
Tax	(39)	(43)	+39.0%	(185)	(186)	+12.0%
Net income from discont'd or held-for-sale ope.	-	-	n.m.	-	-	n.m.
Net income	**127**	**135**	**+87.6%**	**465**	**467**	**+27.5%**
Non controlling interests	(32)	(33)	+60.5%	(124)	(125)	+17.5%
Net income Group Share	**96**	**102**	**+98.5%**	**341**	**342**	**+31.6%**
Cost/Income ratio excl.SRF (%)	**66.4%**	**64.8%**	**-1.4 pp**	**62.8%**	**62.7%**	**+2.0 pp**

In the fourth quarter of 2018, the **underlying net income** of this business line stood at **102 million euros**, an increase of **+98.5%** compared to the fourth quarter of 2017, mainly driven by growth in gross operating income (+18.8% versus the fourth quarter of 2017) thanks to a jaws effect positive now, notably at CA Italia, and thanks to an improvement in credit quality (a -19.7% decline in the cost of risk compared to the same period in 2017). Also of note is the realisation of a capital gain over the quarter on the disposal of real estate assets at Crédit du Maroc in the amount of +14 million euros. The **underlying cost/income ratio** for the quarter was 64.8%, up 1.4 points year-on-year. **Excluding CA Italia's contribution to the Italian deposit guarantee fund** (-18 million euros in the fourth quarter of 2018 versus -16 million euros in the fourth quarter of 2017), the underlying cost/income ratio for the quarter was **62.2%.**

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

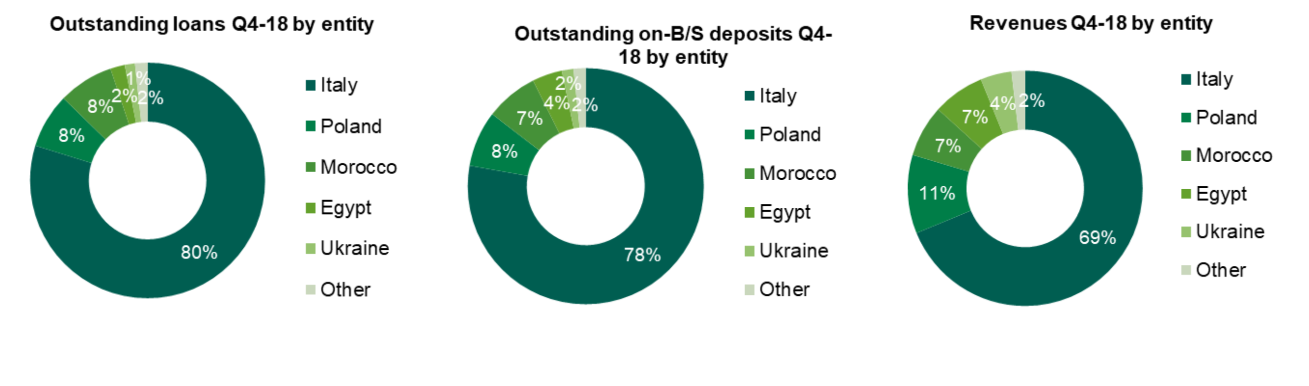
[36] Percentage owned at 31 December 2018

In full-year 2018, underlying net income reached **342 million euros**, an increase of +31.6% versus 2017, thanks once again to a fall in the cost of risk (-16.7% versus the same period in 2017) and the recognition of a capital gain on the disposal of real estate assets at Crédit du Maroc, as mentioned above. The **underlying cost/income ratio excluding the SRF** was **62.7%**, a deterioration of 2 points versus 2017, notably reflecting the integration of the three Italian banks since the end of 2017, and despite the fact that their operational efficiency improved during 2018.

International retail banking contributed **7%** of Crédit Agricole S.A.'s **underlying net income Group share** of the business lines (excluding the Corporate centre) **in 2018** and **14% of their underlying revenue**.

At 31 December 2018, **capital allocated** to the International Retail banking division was **3.8 billion euros** (11% of the total allocation); and **risk-weighted assets** stood at **40.2 billion euros** (13% of the total).

Table 31. International Retail Banking - Geographical breakdown



Italy, the Group's second largest domestic market after France, accounted for between two-thirds (revenues) and four-fifths (loans and on-balance sheet deposits) of this business, followed by Poland and Morocco. Although CA Italia is 76.9% owned by the Group, it accounted for 51% of the division's underlying net income.

Retail banking in Italy (IRB Italy)

Retail banking in Italy includes the networks of Gruppo Bancario Crédit Agricole Italia ("CA Italia"), which operates under the Crédit Agricole, Cariparma, Friuladria and Carispezia brands, as well as the three banks (Cassa di Risparmio – CR) di Cesena, di Rimini and di San Miniato, acquired in late December 2017. The legal merger of these three banks with CA Italia was completed at the end of September 2018.

The only specific item in the financial statements for the fourth quarter of 2018 relates to the integration costs of the three Italian banks, which had an impact of -6 million euros on net income (-11 million euros on operating expenses). In full-year 2018, these costs had an impact of -1 million euros on net income (-2 million euros on operating expenses). For the record, a reversal was recognised on this same nature of adjustment in the second quarter of 2018. In the fourth quarter of 2017, integration costs of -24 million euros were recognised on net income (-41 million euros under operating expenses and -3 million euros on net income on other assets). In full-year 2017, the impact was -26 million euros on net income (-41 million euros under operating expenses and -8 million euros on net income on other assets).

Table 32. Retail banking in Italy (IRB Italy) - Contribution to results, stated and underlying, Q4-18 and 2018

€m	Q4-18 stated	Q4-18 underlying	∆ Q4/Q4 underlying	2018 stated	2018 underlying	∆ 2018/2017 underlying
Revenues	**485**	**485**	+17.5%	**1,885**	**1,885**	+13.4%
Operating expenses excl.SRF	(332)	(320)	+16.6%	(1,192)	(1,190)	+19.2%
SRF	-	-	n.m.	(22)	(22)	x 2.1
Gross operating income	**153**	**164**	**+19.2%**	**671**	**673**	**+3.1%**
Cost of risk	(64)	(64)	(14.0%)	(275)	(275)	(12.3%)
Income before tax	**89**	**100**	**+58.9%**	**396**	**398**	**+18.4%**
Tax	(25)	(28)	+34.0%	(126)	(127)	+12.1%
Net income from discont'd or held-for-sale ope.	-	-	n.m.	-	-	n.m.
Net income	**64**	**72**	**+71.4%**	**269**	**271**	**+21.5%**
Non controlling interests	(17)	(19)	+58.7%	(75)	(75)	+20.2%
Net income Group Share	**47**	**52**	**+76.6%**	**195**	**196**	**+22.0%**
Cost/Income ratio excl.SRF (%)	**68.4%**	**66.1%**	**-0.5 pp**	**63.3%**	**63.1%**	**+3.0 pp**

Activity

Business momentum was strong against an uncertain backdrop, with instability on the financial markets in the fourth quarter of 2018. As a reminder, the integration of the three banks acquired at the end of 2017 was finalised at end- September 2018, after which a gradual improvement of business activity was recorded for the three banks on all market segments.

There was an acceleration of customer acquisition with almost 140,000 new customer relationships in 2018.

Total customer savings decreased by **-2.3%** from 31 December 2017, reaching 74.3 billion euros at the end of December 2018, excluding assets under custody. As a reminder, inflow data for the three acquired banks were integrated from the end of 2017 at their consolidation date, the change therefore is no longer distorted by a scope effect.

Off-balance sheet customer savings held up well against a backdrop of market instability over the year. They reached 33.7 billion euros at the end of December 2018, excluding assets under custody, remaining **stable** versus 31 December 2017. Excluding market effect, off-balance sheet customer savings are up. **Balance sheet deposits** amounted to 40.6 billion euros at end-December 2018, down **-4.2%** versus 31 December 2017 due to the continuation of measures implemented since the previous quarter to reduce volatile resources that generate high costs, notably among SMEs clients.

Loans outstanding stood at **42.2 billion euros** at end-December 2018, stable (**-0.1%)** in relation to end-December 2017. Note that in 2018, CA Italia sold 1.4 billion euros of non-performing loans (around 26% of its gross non-performing loans portfolio). Excluding these disposals, loans outstanding are up +2.9% reflecting a very positive momentum. The Italian home loan market shows a moderate growth, and CA Italia has continued to outperform the market for several quarters. Accordingly, at the end-December 2018, home loan outstandings showed a year-on-year increase of +10% versus growth of +1%[37] for the Italian market. The three banks acquired also reported good business growth, with an increase of +29% in the number of new home loans in the fourth quarter of 2018 relative to third quarter 2018 after +26% in the third quarter versus the second quarter (seasonal effect) and +61% in the second quarter versus the first quarter. This growth doubled in the fourth quarter versus the first quarter of 2018, which was also the first quarter in which the three banks were integrated.

Note that demand for SMEs loans was weaker in the fourth quarter of 2018 due to a decline in economic confidence indicators and uncertainties around the international economic environment.

Table 33. IRB Italy - Customer savings and loans outstandings

Cariparma (€bn)	Dec. 16	March 17*	June 17	Sept. 17	Dec. 17***	Mar. 18***	June 18***	Sept 18***	Déc 18***	∆ Déc/Déc****
Total loans outstanding	**34.7**	**37.2**	**37.7**	**37.1**	**42.3**	**43.1**	**42.9**	**42.1**	**42.2**	**(0.1%)**
o/w retail customer loans	16.5	17.2	17.5	17.6	22.6	22.9	22.1	20.0	20.3	(10.0%)
o/w SMEs and small businesses	15.6	15.0	15.0	14.8	14.9	15.0	15.5	16.7	16.6	+11.9%
o/w Large corporates	2.4	2.9	3.1	2.8	2.8	3.1	3.2	3.3	3.2	+14.5%
On-balance sheet customer assets**	**34.5**	**34.3**	**34.1**	**34.1**	**42.4**	**42.1**	**42.2**	**40.9**	**40.6**	**(4.3%)**
Off-balance sheet customer assets***	**28.1**	**28.9**	**29.4**	**30.0**	**33.7**	**33.6**	**33.9**	**34.3**	**33.7**	**+0.2%**
Total assets (€bn)	**62.6**	**63.2**	**63.5**	**64.2**	**76.1**	**75.7**	**76.1**	**75.3**	**74.3**	**(2.3%)**

* including intergration of Calit for €1.9bn

** pro forma the reclassification in Q3-16 of financial clients deposits from on-B/S deposits to market funding

*** excluding assets under custody

****incl. acquisition of the 3 Italian savings banks starting 21/12/2017 (€6,9bn B/S customer assets, €3,9bn off B/S customer assets, €4,7bn loans outstanding)

Résultats

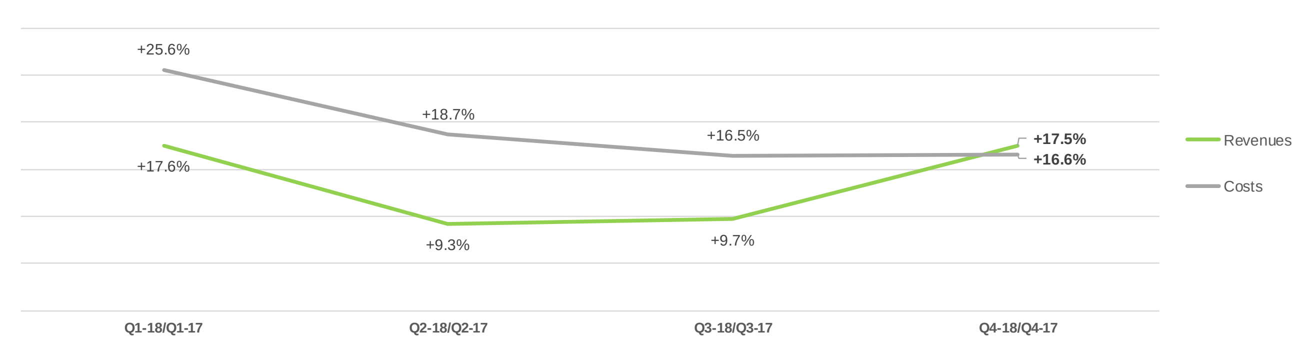
In the fourth quarter of 2018, IRB Italy's **underlying net income** was **52 million euros,** an increase of **+76.6%** versus the fourth quarter of 2017. This change includes the scope effect related to the three banks acquired at end-December 2017. Since the finalisation of the legal mergers at end-September 2018, it is no longer possible to isolate their scope effect.

Revenues reached 485 million euros, an increase of **+17.5%** compared with the fourth quarter of 2017. This is in line with the growth target for the franchise of 20% thanks to the acquisition. It is the highest level of revenues generated during the year, reflecting the successful integration of the three banks. The strength of net interest income and fees and commissions during the quarter is of note given the market context.

Underlying operating expenses totalled 320 million euros, an increase of **+16.6% (+45 million euros)** compared to the fourth quarter of 2017. This is in line with revenues growth over the quarter, and even reflects a slightly positive jaws effect for the first time since integration, signalling a gradual improvement in the operational efficiency of the three banks.

[37] *Source: ABI (Italian Banking Association)*

Table 34. Retail banking in Italy (IRB Italy) - Year-on-year growth in revenues and costs, by quarter



The programme to streamline the cost base will continue after finalisation of the merger of the three banks at end-September 2018. We note a positive jaws effect over the quarter, for the first time since the three banks were integrated at end-December 2017. The **underlying cost/income ratio** for the quarter was **66.1%**, up by 0.5 point versus the fourth quarter of 2017. Excluding CA Italia's contribution to the Italian deposit guarantee fund (-18 million euros in the fourth quarter of 2018 versus -16 million euros in the fourth quarter of 2017, the increase related to the scope effect), the underlying cost/income ratio for the quarter was **62.4%.**

The **cost of risk** stood at 64 million euros in the fourth quarter of 2018, **down significantly -14%** versus the fourth quarter of 2017, despite the increase in the scope. Provisions pursuant to IFRS9 for Bucket 1 and 2 exposures amounted to a net reversal of 25 million euros. The **cost of risk relative to outstandings** was 67 basis points[38], down **-25 basis points year-on-year** (92 basis points in the fourth quarter of 2017) and -6 basis points compared with the third quarter of 2018. The sharp decline since the integration of the three banks at end-December 2017 reflects an improvement in the portfolio quality across the entire scope and the favourable risk exposure of the three banks after pre-cleaning prior to acquisition. The **impaired loans ratio was 8.4%** versus 11.5% at end-December 2017, attributable to **disposals of 1.4 billion euros of non-performing loans** in 2018 (445 million euros in the second quarter, 700 million euros in the third quarter and 230 million euros in the fourth quarter), representing 26% of IRB Italy's gross non-performing loans portfolio. The **coverage ratio** increased for the same reason (sale of non-performing loans with a low probability of recovery and therefore high coverage) to **60%** versus 50.1% at end-December 2017.

In 2018, the business division's underlying net income Group share came to **196 million euros**, an increase of **+22%** compared with 2017. It includes a contribution to the Single Resolution Fund (SRF) of -22 million euros, which more than doubled versus the same period in 2017, and a contribution to the Italian deposit guarantee fund of -18 million euros (up by 2 million euros in 2018). The **cost/income ratio excluding these two items** came to **62.2%**, down 3.1 percentage points, primarily due to the consolidation of the three banks.

CA Italia's underlying return on normalised equity (**RoNE**) was **9,5%** in 2018, compared to 9% in 2017.

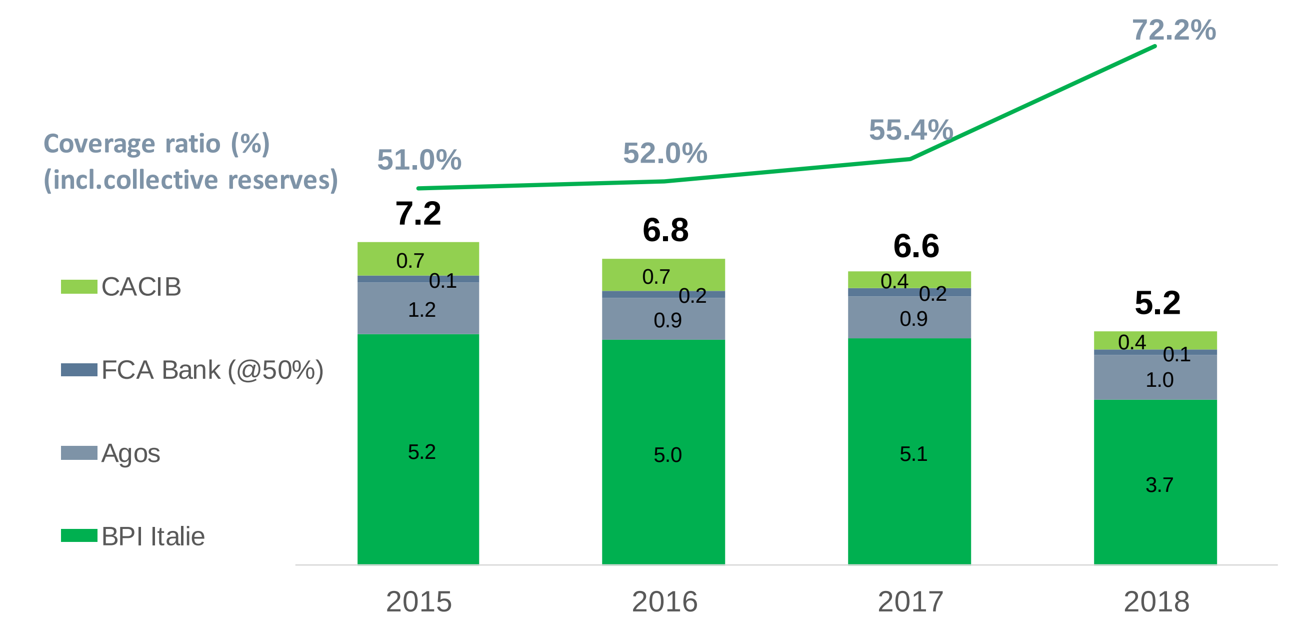
[38] *Average loan loss reserves over the last four rolling quarters, annualised*

Crédit Agricole Group in Italy

In full-year 2018, **net income Group share** for all of the Crédit Agricole S.A. entities in Italy amounted to **573 million euros.** This represents 13**%** of Crédit Agricole S.A.'s **underlying net income Group share** of the business lines.

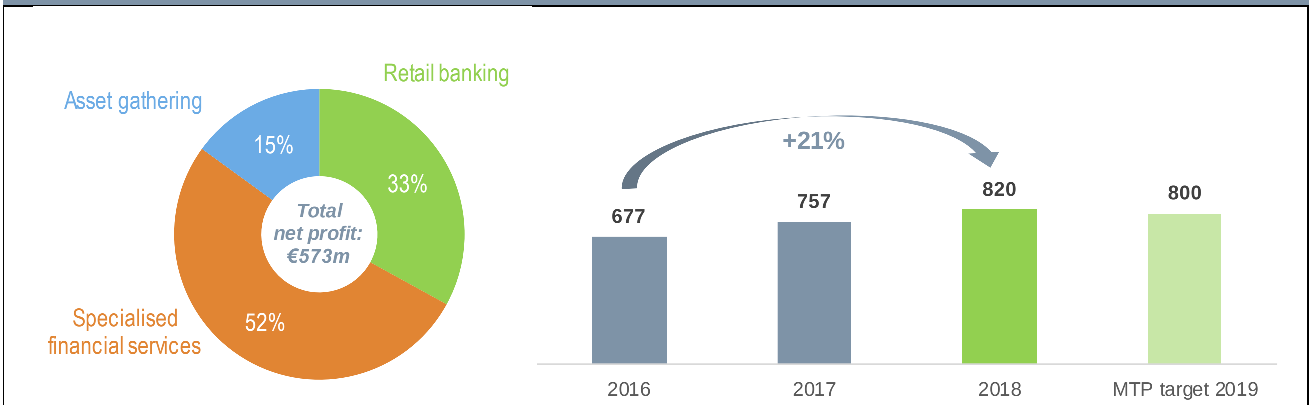
Loans outstanding amounted to **67 billion euros** at the end of December 2018, +3% year-on-year, including the scope effect (integration of Pioneer, the three banks acquired and Banca Leonardo), while deposits and customer funds amounted to **250 billion euros** on the same basis.

Table 35. Group in Italy – Gross NPL (€bn) and coverage ratio



Intra-group revenue synergies have increased significantly since the launch of the Medium-Term Plan (+ 21% since 2016) to reach **820 million euros** and thus exceed the initial target of 800 million euros; thanks to the optimization of purchasing and digital innovation, all business lines contributed to this optimisation.

Table 36. Group in Italy – Breakdown by business lines to net income and synergies



Other International retail banking (Other IRB)

There were no specific items in the fourth quarter of 2018 or 2017 or in full-year 2018 or 2017. Underlying net income is therefore the same as that stated for these four periods. The currency effect is modest in the fourth quarter relative to the same period in 2017, but is slightly negative (depreciation over the year of the main currencies in the region versus the euro).

Table 37. Other International retail banking (Other IRB) - Contribution to results, stated and underlying, Q4-18 and 2018

€m	Q4-18 stated	Q4-18 underlying	∆ Q4/Q4 underlying	2018 stated	2018 underlying	∆ 2018/2017 underlying
Revenues	**220**	**220**	+7.2%	**847**	**847**	+3.3%
Operating expenses	(136)	(136)	+1.4%	(524)	(524)	+3.2%
Gross operating income	**84**	**84**	**+18.2%**	**323**	**323**	**+3.5%**
Cost of risk	(19)	(19)	(34.3%)	(83)	(83)	(28.4%)
Net income on other assets	14	14	n.m.	14	14	n.m.
Income before tax	**78**	**78**	**+94.8%**	**255**	**255**	**+30.0%**
Tax	(15)	(15)	+49.5%	(59)	(59)	+11.8%
Net income	**64**	**64**	**x 2.1**	**196**	**196**	**+36.7%**
Non controlling interests	(14)	(14)	+62.9%	(50)	(50)	+13.5%
Net income Group Share	**49**	**49**	**x 2.3**	**146**	**146**	**+47.0%**
Cost/Income ratio excl.SRF (%)	**61.9%**	**61.9%**	**-3.6 pp**	**61.9%**	**61.9%**	**-0.1 pp**

Activity

International retail banking excluding Italy (Other IRB) continued to deliver strong business momentum and a strong financial performance in the quarter.

Total on- and off-balance sheet assets increased by **+9.9%**[39] between end-December 2017 and end-December 2018 to 13.3 billion euros. **Balance sheet deposits** totalled 11.6 billion euros at end-December 2018, a year-on-year increase of **+10%[39].** This growth was primarily driven by sharp increases in Egypt (+23%[39]), Ukraine (+17%[39]) and Serbia (+16%[39]). **Loans** outstanding stood at 10.7 billion euros at end-December, a year-on-year increase of **+6.5%[39]**.

The surplus of deposits over loans was stable at 1.5 billion euros at end-December 2018.

Table 38. Other IRB - Customer savings and loans outstandings

IRB Others (€bn)	Dec. 16	March 17*	June 17	Sept. 17	Dec. 17***	Mar. 18***	June 18***	Sept 18***	Déc 18***	∆ Déc/Déc****
Total loans outstanding	**9.9**	**10.0**	**10.0**	**9.9**	**10.0**	**9.9**	**10.2**	**10.7**	**10.7**	**+7.4%**
o/w retail customer loans	5.1	5.1	5.1	5.1	5.1	5.2	5.2	5.3	5.4	+4.8%
o/w SMEs and small businesses	1.0	1.2	0.8	0.8	0.8	0.8	0.9	0.9	0.9	+19.5%
o/w Large corporates	3.7	3.7	4.0	3.9	3.9	4.0	4.2	4.3	4.4	+11.1%
On-balance sheet customer assets	**10.8**	**10.7**	**10.6**	**10.5**	**10.7**	**10.5**	**10.9**	**11.4**	**11.6**	**+8.5%**
Off-balance sheet customer assets	**1.2**	**1.3**	**1.3**	**1.3**	**1.3**	**1.5**	**1.5**	**1.6**	**1.7**	**+26.3%**
Total assets (€bn)	**12.0**	**12.0**	**11.9**	**11.8**	**12.0**	**12.0**	**12.5**	**13.0**	**13.3**	**+10.5%**

[39] *Excluding currency effect*

Results

In the fourth quarter of 2018, **net income Group share** of the Other IRB was **49 million euros**. It more than doubled in relation to the fourth quarter of 2017 (**x2.2** at constant exchange rates), thanks mainly to good growth in gross operating income and the continuous decline of the cost of risk.

Revenues rose by +7.2% compared to the fourth quarter of 2017, reaching 220 million euros, **+6.6%** excluding the currency effect. This is the highest level of revenue made during 2018.

Operating expenses rose by a slight +1.4% over the same period (+**1.4%** excluding the currency effect). The **underlying cost/income ratio** was **61.9%**, an improvement of 3.6 points over the period.

The **cost of risk** fell by a sharp -34.3% over the same period to -19 million euros.

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

By country:

- **Egypt** saw a sharp increase in revenues (+14%[40] year-on-year) with a low cost of risk; net income Group share increased by **+5%**[40] versus the fourth quarter of 2017;
- **Poland** saw good operational trends year-on-year but a negative comparison base for the cost of risk versus the fourth quarter of 2017 (recognition of a capital gain linked to a disposal of NPLs) led to a decrease in net income Group share of -28%[40] at constant exchange rates;
- **Ukraine** maintained a very good level of growth thanks to rising revenues (+22% year-on-year[40]) and a very low cost of risk; net income Group share was up +49% at constant exchange rate;
- **Crédit du Maroc** continued to significantly reduce its cost of risk (-67%[40] year-on-year), and recorded a capital gain over the quarter of +14 billion euros on the sale of real estate assets. It multiplied by six its net income Group share, at constant exchange rates.

In 2018, the business division's underlying net income Group share came to **146 million euros**, an increase of +**47%** in relation to 2017. The **cost/income ratio** was stable at **61.9%**.

This business now accounts for more than 3% of Crédit Agricole S.A.'s underlying net income Group share, and just under 3% excluding the Corporate centre.

[40] *Excluding currency effect*

Specialised financial services (SFS)

Specialised financial services includes the Consumer finance (CA Consumer Finance – CACF) and leasing and factoring (CA Leasing & Factoring – CAL&F) activities. It should be noted that Crédit Agricole Leasing Italie (Calit) was transferred from CAL&F to IRB Italy as of 1 January 2017. This transfer has no effect on comparisons of 2018 and 2017.

The financial statements for the fourth quarter of 2018 include an additional provision recorded by FCA Bank (a 50%-owned subsidiary of CACF and FCA) to cover a fine imposed by the Italian competition authority. The impact in the fourth quarter amounts to 67 million euros on the contribution from the equity-accounted entities of the Consumer Finance business line.

Table 39. Specialised financial services (SFS) - Contribution to results, stated and underlying, Q4-18 and 2018

€m	Q4-18 stated	Q4-18 underlying	∆ Q4/Q4 underlying	2018 stated	2018 underlying	∆ 2018/2017 underlying
Revenues	**690**	**690**	+2.9%	**2,769**	**2,769**	+1.7%
o/w CACF	*548*	*548*	*+17%*	*2,204*	*2,204*	*+0.8%*
o/w CAL&F	*142*	*142*	*+7.8%*	*564*	*564*	*+5.7%*
Operating expenses excl.SRF	(356)	(356)	(4.3%)	(1,363)	(1,363)	(2.2%)
SRF	-	-	n.m.	(17)	(17)	+19.9%
Gross operating income	**335**	**335**	**+11.8%**	**1,389**	**1,389**	**+5.7%**
Cost of risk	(99)	(99)	(3.1%)	(467)	(467)	+6.1%
Equity-accounted entities	(2)	65	+11.3%	187	254	+5.4%
Income before tax	**233**	**300**	**+17.5%**	**1,110**	**1,177**	**+5.7%**
Tax	(40)	(40)	(41.1%)	(244)	(244)	(10.4%)
Net income	**194**	**261**	**+50.1%**	**866**	**933**	**+11.0%**
Net income Group Share	**154**	**221**	**+53.8%**	**738**	**805**	**+11.4%**
o/w CACF	*112*	*179*	*+62.1%*	*572*	*639*	*+9.3%*
o/w CAL&F	*42*	*42*	*+26.4%*	*167*	*167*	*+20.2%*
Cost/Income ratio excl.SRF (%)	**51.5%**	**51.5%**	**-3.9 pp**	**49.2%**	**49.2%**	**-2.0 pp**

In the fourth quarter of 2018, **underlying net income Group share** of the Specialised financial services (SFS) business division came to **221 million euros**, a **sharp increase of +53.8%** versus fourth quarter 2017 thanks to an +11.8% increase in gross operating income as a result of a substantial positive jaws effect (difference of +7.2 percentage points between revenue growth and growth in operating expenses excluding SRF) and an +11.3% increase for the equity-accounted entities, combined with a slight decrease in the cost of risk (-3.1%) and a more significant decrease (-41.1%) in the tax charge.

The **cost/income ratio** for the quarter amounted to **51.5%**, **an improvement of 3.9 percentage points** in relation to the fourth quarter of 2017.

In full-year 2018, underlying net income Group share reached **805 million euros**, an increase of **+11.4%** versus 2017, linked notably to a decrease in operating expenses excluding SRF of -2.2% and an increase in the contribution from equity-accounted entities of +5.4%. There was also a substantial jaws effect of nearly +4 points (revenue growth of +1.7%). This gave rise to a **cost/income ratio excluding SRF** of **49.2%** in 2018, an **improvement of 2 percentage points** in relation to 2017. Note there was a sharp increase of nearly +19.9% in the SRF charge in 2018 to 17 million euros.

Specialised financial services contributed **16%** of Crédit Agricole S.A.'s **underlying net income Group share** of the business lines (excluding the Corporate centre) in 2018 and **14%** of **underlying revenues** on the same basis.

At 31 December 2018, **capital allocated** to the Specialised financial services division was **5.1 billion euros** (15% of the total allocation), and **risk-weighted assets** stood at **53.6 billion euros** (17% of the total).

Consumer finance (CACF)

The Consumer Finance (CACF) business line consists of the parent company, CA Consumer Finance – CACF, which operates in France under the trade name Sofinco, as well as its 61%-owned Italian subsidiary, Agos (the remaining capital is held by Banco BPM), Creditplus in Germany, Credibom in Portugal, CACF NL in the Netherlands, and the joint ventures created with car manufacturers, FCA Bank (with Fiat Chrysler Automotive, 50% owned by CACF and 50% by FCA) and GAC-Sofinco in China (with Guangzhou Automobile Group, 50% owned by CACF and 50% by GAC), and the banking partner, Wafasalaf in Morocco (49% owned by Sofinco and 51% by Attijariwafa Bank).

The financial statements for the fourth quarter of 2018 include an additional provision recorded by FCA Bank (a 50%-owned subsidiary of CACF and FCA) to cover a fine imposed by the Italian competition authority. The impact in the fourth quarter amounts to 67 million euros on the contribution from the equity-accounted entities.

Table 40. Consumer credit (CACF) - Contribution to results, stated and underlying, Q4-18 and 2018

€m	Q4-18 stated	Q4-18 underlying	∆ Q4/Q4 underlying	2018 stated	2018 underlying	∆ 2018/2017 underlying
Revenues	**548**	**548**	+1.7%	**2,204**	**2,204**	+0.8%
Operating expenses excl.SRF	(284)	(284)	(7.0%)	(1,078)	(1,078)	(3.4%)
SRF	-	-	n.m.	(10)	(10)	+12.3%
Gross operating income	**264**	**264**	**+13.1%**	**1,117**	**1,117**	**+5.1%**
Cost of risk	(82)	(82)	(6.1%)	(413)	(413)	+5.7%
Equity-accounted entities	(2)	65	+11.3%	187	254	+5.4%
Income before tax	**180**	**247**	**+20.5%**	**892**	**959**	**+5.2%**
Tax	(28)	(28)	(43.1%)	(192)	(192)	(7.7%)
Net income	**151**	**218**	**+55.5%**	**699**	**766**	**+9.1%**
Non controlling interests	(40)	(40)	+31.6%	(128)	(128)	+8.3%
Net income Group Share	**112**	**179**	**+62.1%**	**572**	**639**	**+9.3%**
Cost/Income ratio excl.SRF (%)	**51.8%**	**51.8%**	**-4.9 pp**	**48.9%**	**48.9%**	**-2.1 pp**

Activity

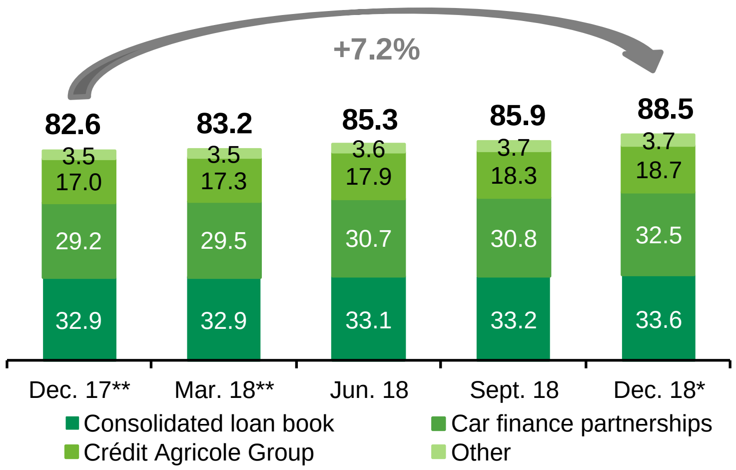
CACF's business performance in the fourth quarter of 2018 continued on a positive trajectory. **Total loan origination** came to 11.2 billion euros, an increase of **+6.1%** versus the fourth quarter of 2017, driven by partnerships in the automotive sector (+15.4% versus fourth quarter 2017).

Gross managed outstandings grew by **+7.2%** between December 2017 and December 2018, reaching 88.5 billion euros. Managed outstandings with the entities of the Crédit Agricole Group networks (+10.0%) and the automotive partnerships (+11.2%) showed a sharp increase, in line with the increase in origination.

The fourth quarter was impacted by the joint venture with Bankia (Spain's fourth bank). The launching of the commercial activity should be done at the end of the second quarter 2019.

Furthermore, several partnerships have been renewed during the fourth quarter 2018, such as the reinforcement of the partnership with Banco BPM (Italy's third largest bank) which involved a 15-year extension to the business relationship and to all Banco BPM branch networks, or even between Agos and Uniero and Honda Moto. CACF has launched Visa cards with Avios (loyalty programme incorporating British Airways, Iberia, Vueling and Aer Lingus). FCA bank its joint-venture with Fiat Chrysler Automobiles, regained the short-term car leaser WinRent.

Table 41. Consumer credit (CACF) - Gross managed loans (€bn) (1/2)



(*) Geographical breakdown: 38% in France, 30% in Italy and 32% in other countries
(**)Disposals of non-performing loans: €260m in Q4-17, €60m in Q1-18

Table 42. Consumer credit (CACF) - Gross managed loans (2/2)

(€bn)	Dec. 16	Mar. 17	Jun. 17	Sept. 17	Dec. 17	Mar. 18	Jun. 18	Sept. 18	Dec. 18	Δ Dec./Dec.
Consolidated loan book	32.4	32.4	32.6	32.7	32.9	32.9	33.1	33.2	33.6	+2.1%
Car finance partnerships	25.1	26.6	27.5	27.8	29.2	29.5	30.7	30.8	32.5	+11.4%
Crédit Agricole Group	15.3	15.6	16.2	16.4	17.0	17.3	17.9	18.3	18.7	+9.9%
Other	4.5	4.4	4.5	3.5	3.5	3.5	3.6	3.7	3.7	+6.9%
Total	**77.2**	**79.0**	**80.8**	**80.4**	**82.6**	**83.2**	**85.3**	**85.9**	**88.5**	**+7.2%**
O/w Agos (total managed loan book)	*15.2*	*15.4*	*15.5*	*14.5*	*14.4*	*14.5*	*14.6*	*14.6*	*14.7*	*+2.3%*

Results

In the fourth quarter of 2018, **underlying net income Group share** totalled **179 million euros**, an **increase of +62.1%** compared to the fourth quarter of 2017, thanks to a decrease of the cost of risk and the tax charge, as well as an increase of equity-accounted entities.

FCA Bank (50%-owned subsidiary of CACF and FCA), has seen a total fine of 178.9 million euros imposed by the Italian competition authority. CACF set aside the amount of the fine representing its share of FCA Bank (50%). The net effect of the provision previously set aside (67 million euros), was accounted in the fourth-quarter financial statements.

Net revenue reached 548 million euros, up **+1.7%** compared to the fourth quarter of 2017 coupled with solid growth of the activity. **Operating expenses excluding the SRF** decreased by **-7.0%** compared to the fourth quarter of 2017. The **cost/income ratio excluding SRF** came to **51.8%,** an improvement of 4.9 percentage points versus the fourth quarter of 2017 and a particularly low level for a fourth quarter but higher than the cost/income ratio for the full year (48,9%) due to the usual seasonal effect at the year-end.

The **cost of risk** show a decrease of -6.1% versus the fourth quarter of 2017, thanks mainly to provision reversals related to methodologies' effects at Agos notably. The **cost of risk relative to outstandings**[41] was **118 basis points**, i.e. +**8 basis points** compared to the fourth quarter of 2017.

[41] *Average loan loss reserves over the last four rolling quarters, annualised*

The contribution of equity-accounted entities increased by +11.3% to 65 million euros (exluding the provision booked in the fourth quarter 2018 for 67 million euros) in the quarter versus the fourth quarter of 2017 thanks to further strong performances by the automotive joint ventures, FCA Bank in Europe and GAC-Sofinco in China.

In full-year 2018, the business division's net income Group share came to **639 million euros**, an increase of **+9.3%** in relation to 2017. The slight increase in the cost of risk (+5.7%) somewhat offset the increase in underlying gross operating income (+5.1%) linked to a very positive jaws effect of over +4 points: revenues increased by +0.8% while operating expenses excluding SRF decreased by -3.4%. The contribution to the Single Resolution Fund (SRF) in 2018 was 10 million euros, an increase of +12.3% in relation to 2017. The **cost/income ratio excluding SRF** came to **48.9%**, an **improvement of 2.1 percentage points** compared to 2017. The decrease in the underlying tax charge of -7.7% helped to boost the operating performance and bring growth in net income Group share to +9.3%.

Leasing & factoring (CAL&F)

Crédit Agricole Leasing & Factoring (CAL&F) encompasses the leasing business for corporate clients (finance leases of assets and property) and factoring services.

Crédit Agricole Leasing Italy (Calit) was transferred from SFS to IRB Italy as of 1 January 2017. This transfer does not affect comparisons of 2018 with 2017.

Specific items were included in the 2017 fourth-quarter statements which take into account the revaluation of deferred taxes in the amount of +37 million euros (decrease in the provisional tax rate pursuant to the French finance act, applied to the stock of deferred tax liabilities). However, there were no specific items in the accounts for the remainder of 2017, the fourth quarter of 2018 or full-year 2018.

Table 43. Leasing & factoring (CAL&F) - Contribution to results, stated and underlying, Q4-18 and 2018

€m	Q4-18 stated	Q4-18 underlying	∆ Q4/Q4 underlying	2018 stated	2018 underlying	∆ 2018/2017 underlying
Revenues	**142**	**142**	+7.8%	**564**	**564**	+5.7%
Operating expenses excl.SRF	(72)	(72)	+8.1%	(285)	(285)	+3.0%
SRF	-	-	n.m.	(7)	(7)	+31.3%
Gross operating income	**70**	**70**	**+7.5%**	**272**	**272**	**+8.0%**
Cost of risk	(17)	(17)	+14.9%	(53)	(53)	+9.3%
Income before tax	**54**	**54**	**+5.6%**	**219**	**219**	**+7.9%**
Tax	(11)	(11)	(35.4%)	(52)	(52)	(19.4%)
Net income	**42**	**42**	**+27.3%**	**167**	**167**	**+20.5%**
Non controlling interests	0	0	(94.4%)	(0)	(0)	n.m.
Net income Group Share	**42**	**42**	**+26.4%**	**167**	**167**	**+20.2%**
Cost/Income ratio excl.SRF (%)	**50.5%**	**50.5%**	**+0.1 pp**	**50.5%**	**50.5%**	**-1.3 pp**

Activity

There was broad activity growth in the fourth quarter of 2018.

The **leasing book** grew by **+3.1%** compared to 31 December 2017, driven by France, where the leasing book reached 11.9 billion euros, up +1.7% compared to 31 December 2017, and by strong growth in the international leasing book, which was up +9.9% to 2.7 billion euros.

Factored turnover rose by +4.1% relative to the fourth quarter of 2017, standing at 20.5 billion euros, driven both by growth in France (+2.5%) and internationally (+7.4%).

Cash in time, the factoring application for smartphones launched in 2017, had attracted 11,515 customers at the end of December 2018, with total factored turnover of 332.8 million euros and revenues of 6.9 million euros in 2018.

Table 44. Leasing & Factoring (CAL&F) - Leasing book and factored receivables

(€bn)	Dec. 16 *	Mar. 17	Jun. 17	Sept. 17	Dec. 17	Mar. 18	Jun. 18	Sept. 18	Dec. 18	Δ Dec./Dec.
Leasing portfolio	15.5	13.7	13.8	13.9	14.2	14.3	14.3	14.3	14.6	+3.1%
incl. France	*11.5*	*11.5*	*11.5*	*11.5*	*11.7*	*11.8*	*11.8*	*11.8*	*11.9*	*+1.7%*
Factored turnover	18.0	17.2	18.3	17.4	19.6	18.4	19.6	18.0	20.5	+4.1%
incl. France	*12.2*	*11.6*	*12.2*	*11.4*	*13.1*	*11.9*	*12.9*	*11.6*	*13.5*	*+2.5%*

** Contribution of Crédit Agricole Leasing Italy (CALIT) transferred in IRB-Italy business line*

Results

In the fourth quarter of 2018, CA Leasing & Factoring (CAL&F)'s **net income Group share** was **42 million euros**, an increase of **+26.4%** versus the fourth quarter of 2017.

Revenues totalled 142 million euros, up **+7.8%** compared to the same quarter of 2017.

Operating expenses excluding SRF came to **72 million euros**, up **+8.1%** as a result of IT costs (development and processing of "Cash in time" and modernisation of systems) and staff costs (profit-sharing and bonuses). At **50.5%**, the **cost/income ratio excluding SRF** for the quarter remained stable overall compared to the fourth quarter of 2017 (+0.1 percentage point).

In full-year 2018, net income Group share reached 167 million euros, an **increase of +20.2%** versus 2017 thanks to **revenue growth** (+5.7%) surpassing growth in expenses excluding SRF (+3.0%), which gave a jaws effect of nearly +3 points, and an improvement in the cost/income ratio excluding SRF of 1.3 percentage point. The contribution to the Single Resolution Fund (SRF) for 2018 was -7 million euros, an increase of +31.3% versus 2017.

Large customers (CIB and Asset Servicing)

The Large customers division includes the Capital Markets, Investment Banking, Structured Finance and Commercial Banking business lines housed within Crédit Agricole Corporate & Investment Bank (CACIB), as well as Asset Servicing, hosted within CACEIS.

Table 45. Large customers (LC) - Contribution to results, stated and underlying, Q4-18 and 2018

€m	Q4-18 stated	Q4-18 underlying	∆ Q4/Q4 underlying	2018 stated	2018 underlying	∆ 2018/2017 underlying
Revenues	**1,210**	**1,178**	(10.3%)	**5,368**	**5,323**	(2.4%)
Operating expenses excl.SRF	(813)	(813)	(0.3%)	(3,169)	(3,169)	+2.3%
SRF	-	-	n.m.	(170)	(170)	+21.8%
Gross operating income	**397**	**365**	**(26.6%)**	**2,030**	**1,984**	**(10.5%)**
Cost of risk	26	26	n.m.	64	64	n.m.
Net income on other assets	(0)	(0)	n.m.	14	14	+8.5%
Income before tax	**422**	**390**	**(17.2%)**	**2,108**	**2,062**	**(1.1%)**
Tax	(79)	(71)	(60.0%)	(550)	(539)	(18.8%)
Net income Group Share	**337**	**314**	**+10.9%**	**1,528**	**1,495**	**+8.8%**
o/w Corporate & Investment Banking	*293*	*270*	*+6.7%*	*1,354*	*1,321*	*+5.3%*
o/w Asset servicing	*44*	*44*	*+46.9%*	*174*	*174*	*+45.5%*
Cost/Income ratio excl. SRF (%)	**67.2%**	**69.0%**	**+6.9 pp**	**59.0%**	**59.5%**	**+2.7 pp**

Underlying: restated for accounting impacts (loan portfolio hedges, DVA), see p.92.

In the fourth quarter of 2018, the Large customers division reported net income Group share of **337 million euros**, up **+92.9%** compared to the fourth quarter of 2017.

Specific items[42] had an impact on net income of +23 million euros in the fourth quarter of 2018, as follows:

- DVA (*Debt Valuation Adjustment*, +15 million euros in revenues and +11 million euros in net income, recognised in CIB/CMIB (Capital Markets and Investment Banking);
- loan portfolio hedges (+17 million euros in revenues and +12 million euros in net income) recognised in CIB/Financing activities.

As a reminder, the specific items for the fourth quarter of 2017 included tax impacts linked to the corporate tax surcharge in France and deferred tax revaluation (-90 million euros under taxes and -87 million euros under net income) as well as an adjustment to the net capital gain on the sale of the stake in BSF (Banque Saudi Fransi) for -15 million euros, recognised in CIB/Financing activities. In the fourth quarter 2017, total net impact on net income Group share – including DVA and corverage of the loan portfolio – amounted to -108 million euros.

Excluding specific items, **underlying net income Group share** for the Large customers division amounted to **314 million euros**, an increase of **+10.9%** in relation to the fourth quarter of 2017. **Revenues** declined by -10.3% mainly due to an unfavourable market environment. **Operating expenses** remained stable, with the cost-income ratio deteriorating by 7 points versus the fourth quarter of 2017 to 69.0%. Growth in profit was mainly attributable to the cost of risk, which showed a net reversal of +26 million euros in the quarter versus a net charge of -37 million euros in the fourth quarter of 2017, and the sharp decrease in the tax charge, with the effective tax rate falling to 18.0% versus 37.5% in the fourth quarter of 2017. The decrease in non-controlling interests following the buyout of the CACEIS non-controlling interests at the end of 2017 also contributed to the sharp increase in profit.

[42] *For a breakdown of specific items in the fourth quarter and the full year 2018, as well as for the comparable period in 2017, see page 92*

The specific items related to the **full-year 2018 and 2017** are the same as those for the fourth quarters of 2018 and 2017 (loan portfolio hedges, DVA and tax items) with in addition for 2017 the partial sale of BSF. The impact of these before tax was +45 million euros in 2018 (+33 million euros under net income Group share) and -21 million euros in 2017 (-67 million euros under net income Group share).

In 2018, underlying net income Group share was **1,495 million euros,** an increase of **+8.8%/+121 million euros** compared with 2017. Full-year 2018 includes a contribution to the Single Resolution Fund (SRF) of 170 million euros, compared to 139 million euros in 2017, an increase of +21.8%/+31 million euros. During the period no non-specific provision for legal risk was recognised for the division although a provision of -115 million euros was booked in 2017. The **underlying cost/income ratio, excluding SRF,** came to **59.5%**, a decrease of 2.7 percentage points year-on-year due to the high basis of comparison linked to the excellent performance turned in by Capital Markets in the first half of 2017. The table reconciling stated results with underlying results is detailed in the appendix on p. 103.

The Large customers division contributed **29%** of Crédit Agricole S.A.'s **underlying net income Group share of the business lines** (excluding the Corporate centre) **in 2018** and **27% of their underlying revenue.**

At 31 December 2018, **capital allocated** to Large customers was **11.3 billion euros**, of which 6.8 billion euros for Financing activities, 3.7 billion euros for Capital markets and investment banking and 0.8 billion euros for Asset servicing.

Risk-weighted assets totalled **118.4 billion euros**, of which 71.2 billion euros for Financing activities, 38.7 billion euros for Capital markets and investment banking and 8.6 billion euros for Asset servicing.

Risk-weighted assets for **Corporate & investment banking alone** reached 109.8 billion euros, an increase of **+10.3% compared to end December 2017 and +2.7% compared to end-September 2018**. The growth over the year is mainly linked to the anticipation of Basel 4 on non financial operational risks that have to be measured following the standard method.

Organic RWA remain stable and business momentum is profitable: in Financing activities, **the revenue to average risk-weighted assets ratio for the period rose by +14 basis points compared to 2017.**

RONE (Return on Normalised Equity calculated on the basis of capital allocation) continued to increase, reaching **12.5%** versus 11.2% over full-year 2017, well above the minimum target in the Medium Term Plan of 11%, despite the deconsolidation of the stake in BSF which had a negative effect on RONE and had not been anticipated in the Medium Term Plan.

Corporate and investment banking (CIB)

The specific items used to reconcile stated and underlying amounts and changes for the fourth quarter and full-year 2018 and comparable data for 2017 are detailed in the appendix, p. 103.

Table 46. Corporate & investment banking (CIB) - Contribution to results, stated and underlying, Q4-18 and 2018

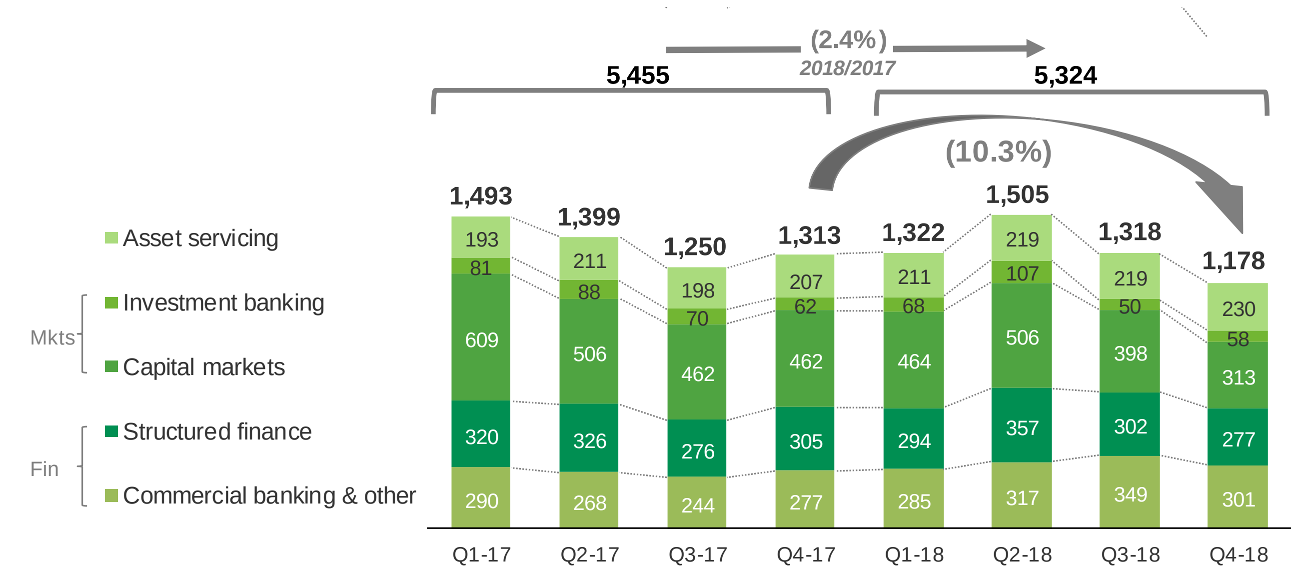
€m	Q4-18 stated	Q4-18 underlying	∆ Q4/Q4 underlying	2018 stated	2018 underlying	∆ 2018/2017 underlying
Revenues	**980**	**949**	(14.2%)	**4,490**	**4,444**	(4.3%)
Operating expenses excl.SRF	(646)	(646)	(1.6%)	(2,518)	(2,518)	+1.5%
SRF	-	-	n.m.	(155)	(155)	+11.6%
Gross operating income	**335**	**303**	**(32.6%)**	**1,817**	**1,772**	**(12.5%)**
Cost of risk	28	28	n.m.	61	61	n.m.
Income before tax	**361**	**329**	**(22.1%)**	**1,877**	**1,832**	**(3.3%)**
Tax	(62)	(54)	(67.0%)	(494)	(482)	(21.4%)
Net income	**299**	**275**	**+6.4%**	**1,383**	**1,350**	**+5.4%**
Non controlling interests	(6)	(6)	(6.6%)	(30)	(29)	+7.4%
Net income Group Share	**293**	**270**	**+6.7%**	**1,354**	**1,321**	**+5.3%**
Cost/Income ratio excl. SRF (%)	**65.8%**	**68.0%**	**+8.7 pp**	**56.1%**	**56.7%**	**+3.2 pp**

Underlying: Restated for accounting impacts (DVA, loan portfolio hedges), see p. 92

Activity

The capital markets activity suffered from a particularly difficult environment in the fourth quarter of 2018 while the investment banking market was gloomy. Investment banking was nevertheless underpinned by strong activity levels despite some volatile accounting items both in commercial banking and structured finance.

Table 47. Large customers - underlying revenues by division



Underlying: Restated for accounting impacts (loan portfolio hedges, DVA), see p. 92.

Results

In the fourth quarter of 2018, CIB's stated net income Group share was 293 million euros. Excluding the specific items mentioned above, **underlying net income Group share** was **270 million euros**, an increase of **+6.7%** compared to the fourth quarter of 2017.

Underlying revenues amounted to 949 million euros, a decrease of **-14.2%** compared to the fourth quarter of 2017, with the sustained level of activity in all Financing business lines failing to offset the decrease in revenues in Capital markets and Investment banking.

Operating expenses totalled 646 million euros in the fourth quarter of 2018, a decrease of **-1.6%** compared to the fourth quarter of 2017.

The **underlying cost/income ratio** was **68.0%**, an increase of 8.7 points versus the fourth quarter of 2017, with the decrease in expenses failing to offset the decrease in revenues.

The **cost of credit risk** showed a net reversal for the third quarter in a row at +28 million euros thanks to a low level of specific portfolio risks and net reversals with respect to Bucket 1 and 2 exposures. No unallocated legal provision was booked for this division over the quarter. The **cost of risk relative to outstandings**[43] for Financing therefore fell to a negative annual average of **-7 basis points** over four rolling quarters.

CIB's fourth-quarter **underlying net income Group share comprises the contribution from Financing activities** for **273 million euros (up +52.0%** versus fourth quarter of 2017) and from **Capital markets and investment banking** for **-3 million euros** (versus 73 million euros in the fourth quarter of 2017).

In full-year 2018, underlying net income Group share for Corporate and investment banking totalled **1,321 million euros**, up **+5.3%** versus 2017, mainly due to a sharp decline in the cost of credit risk, with a net reversal of +61 million euros over the period (versus a net charge of -203 million euros in 2017, excluding provisions for unallocated legal risks of -115 million euros). **Revenues** decreased by **-4.3%**/-202 million euros to 4,444 million euros. Full-year 2018 included a contribution to the Single Resolution Fund (SRF) of 155 million euros, an increase of +11.6% versus 2017. **Excluding the contribution to the SRF, operating expenses** were up **+1.5%** compared to 2017, at 2,518 million euros. The **underlying cost/income ratio excluding SRF came to 56.7%**, a decrease of 3.2 **percentage point**s year-on-year due notably to the excellent performance by Capital markets in the first half of 2017.

[43] *In relation to consolidated outstandings, average loan loss reserves over last four rolling quarters, annualised*

Financing activities

Table 48. Financing activities - Contribution to results, stated and underlying, Q4-18 and 2018						
€m	Q4-18 stated	Q4-18 underlying	∆ Q4/Q4 underlying	2018 stated	2018 underlying	∆ 2018/2017 underlying
Revenues	**595**	**578**	(0.7%)	**2,504**	**2,481**	+7.6%
Operating expenses excl.SRF	(241)	(241)	+1.4%	(967)	(967)	+4.5%
SRF	-	-	n.m.	(46)	(46)	+20.1%
Gross operating income	**354**	**337**	**(2.1%)**	**1,491**	**1,468**	**+9.4%**
Cost of risk	18	18	n.m.	82	82	n.m.
Income before tax	**371**	**353**	**+8.9%**	**1,573**	**1,550**	**+22.2%**
Tax	(79)	(75)	(46.8%)	(414)	(408)	(4.2%)
Net income	**291**	**279**	**+51.5%**	**1,159**	**1,142**	**+35.5%**
Non controlling interests	(6)	(6)	+30.8%	(25)	(24)	+35.4%
Net income Group Share	**285**	**273**	**+52.1%**	**1,135**	**1,118**	**+35.5%**
Cost/Income ratio excl. SRF (%)	**40.5%**	**41.7%**	**+0.9 pp**	**38.6%**	**39.0%**	**-1.2 pp**

In **structured financing,** CACIB moved up three places in the global ranking for project financing to fourth place at end-December 2018. Moreover, as part of its Distribute to Originate model, the Financing activities recorded an **average primary syndication rate of 39% in the last 12 months**, stable versus 2017 and +13 percentage points compared to end-2013, the year in which it ramped up this policy.

The main deals completed by Financing activities during the quarter were:

In **Commercial banking**, Debt Optimisation & Distribution posted growth with sustained activity over the fourth quarter. Export financing, international trade financing, cash management (International Trade & Transaction Banking) all benefited from continued strong client flows in Trade/Export, the increase in the oil price, and continued growth in investment fund financing in partnership with CACEIS.

In syndicated loans, CACIB confirmed its leadership in France and saw an increase in its ranking from fourth to second place in EMEA by number of transactions in 2018.

In the fourth quarter of 2018, **Structured finance revenues** totalled **277 million euros,** a decrease of **-9.3%** compared to the fourth quarter of 2017, despite a high level of activity over the quarter.

Underlying revenues of the Commercial banking activity amounted to **301 million euros**, an increase of **+8.9%** versus the fourth quarter of 2017, driven by good customer flows and strong performances across all product lines.

In the fourth quarter of 2018, Financing activities as a whole delivered stated net income Group share of 285 million euros. Save for specific items, namely loan portfolio hedges in the amount of +12 million euros, **underlying net income Group share** came to **273 million euros**, an **increase of +52.0%**.

In full-year 2018, net income Group share came to **1,118 million euros**, an increase of **+35.5%** compared to 2017. It includes a contribution to the Single Resolution Fund (SRF) of -46 million euros. **The underlying cost/income ratio excluding SRF** came to **39.0%**, an improvement of 1.2 percentage points year on year.

Capital markets and investment banking

Table 49. Capital markets & investment banking - Contribution to results, stated and underlying, Q4-18 and 2018

€m	Q4-18 stated	Q4-18 underlying	∆ Q4/Q4 underlying	2018 stated	2018 underlying	∆ 2018/2017 underlying
Revenues	**385**	**371**	(29.3%)	**1,985**	**1,963**	(16.1%)
Operating expenses excl.SRF	(404)	(404)	(3.3%)	(1,551)	(1,551)	(0.3%)
SRF	-	-	n.m.	(108)	(108)	+8.3%
Gross operating income	**(19)**	**(33)**	**n.m.**	**326**	**304**	**(55.6%)**
Cost of risk	10	10	n.m.	(22)	(22)	x 24.1
Income before tax	**(9)**	**(24)**	**n.m.**	**304**	**282**	**(55.0%)**
Tax	17	21	n.m.	(80)	(74)	(60.6%)
Net income	**8**	**(3)**	**n.m.**	**224**	**208**	**(52.6%)**
Non controlling interests	(0)	0	n.m.	(5)	(4)	(49.6%)
Net income Group Share	**7**	**(3)**	**n.m.**	**219**	**203**	**(52.7%)**
Cost/Income ratio excl. SRF (%)	**104.9%**	**109.0%**	**+29.3 pp**	**78.1%**	**79.0%**	**+12.5 pp**

In the fourth quarter of 2018, revenues from **Capital markets** (FICC only) excluding DVA came to 313 million euros, down **-32.2%** compared to the fourth quarter of 2017. Excluding FVA impact, revenues decreased by -24%. The Fixed Income, Forex, and Credit activities suffered from difficulties in monetising customer transactions in adverse market conditions and a continued very prudent risk profile (**the VaR** was contained and almost stable at an average of **5.1 million euros** over the quarter, versus 4.9 million euros on average over the third quarter). Sales activity excluding Credit increased amid ongoing tightening of margins over the quarter.

In 2018, CACIB was ranked global number one in supranational bond issuance and gained market share of 2.4 points versus 2017. In green financing, CACIB remained global leader in Green bonds[44].

Investment banking saw a decline over the quarter, with revenues of 58 million euros. Revenue growth in Equity Capital Market & Convertible Bonds and strong momentum in merger & acquisition consulting were overshadowed by low revenues in Strategic Equity Transactions amid difficult market conditions in the fourth quarter.

The major mandates won by Capital markets and investment banking in the fourth quarter of 2018 were as follows:

In the fourth quarter of 2018, Capital markets and investment banking's stated net income Group share was 7 million euros. Restated for specific elements, i.e. debt valuation adjustment in the amount of +14 million euros, **underlying net income Group share** came out at **-3 million euros**, versus 73 million euros in the fourth quarter of 2017.

In full-year 2018, it reached **203 million euros**, a **decrease of -52.7%** versus 2017. These results include a contribution to the Single Resolution Fund (SRF) of -108 million euros, up +8.3% compared to the same period in 2017. The **cost/income ratio excluding SRF** came out at **79.0%** for the period.

[44] *Source : Bloomberg 31/12/2018*

Asset servicing (CACEIS)

The specific items in the income statement used to reconcile stated and underlying amounts and changes for the fourth quarter and full-year 2018 and comparable data for 2017 are detailed in the appendix, p. 92. Specific items relate to Q4-17 only, in the amount of +4 million euros, relating to tax (reimbursement of the 3% tax on dividends).

Table 50. Asset servicing - Contribution to results, stated and underlying, Q4-18 and 2018

€m	Q4-18 stated	Q4-18 underlying	∆ Q4/Q4 underlying	2018 stated	2018 underlying	∆ 2018/2017 underlying
Revenues	**230**	**230**	+10.8%	**879**	**879**	+8.6%
Operating expenses excl.SRF	(168)	(168)	+4.9%	(651)	(651)	+5.5%
SRF	-	-	n.m.	(15)	(15)	x 33.5
Gross operating income	**62**	**62**	**+30.5%**	**213**	**213**	**+11.3%**
Cost of risk	(2)	(2)	n.m.	3	3	n.m.
Net income on other assets	-	-	n.m.	14	14	n.m.
Income before tax	**60**	**60**	**+27.1%**	**230**	**230**	**+20.4%**
Tax	(16)	(16)	+36.5%	(56)	(56)	+14.3%
Net income	**44**	**44**	**+24.0%**	**174**	**174**	**+22.6%**
Non controlling interests	(0)	(0)	(100.0%)	(0)	(0)	(100.0%)
Net income Group Share	**44**	**44**	**+46.9%**	**174**	**174**	**+45.5%**
Cost/Income ratio excl. SRF (%)	**73.0%**	**73.0%**	**-4.1 pp**	**74.1%**	**74.1%**	**-2.2 pp**

Activity

In the fourth quarter of 2018, CACEIS generated solid organic growth and thanks to strong commercial momentum it captured new customers across all of its core activities. However, that was not enough to offset a very negative market. **Assets under custody** therefore came to **2,633 billion euros** at the end of December 2018, a decrease of **-0.9%/-23 billion euros** year-on-year and **-69 billion euros** versus the previous quarter. At **1,692 billion euros**, **assets under administration** also declined, by **-4.0%/-70 billion euros** year-on-year and by **-94 billion euros** versus the previous quarter. The year-on-year decrease in assets under administration also reflects the outflow of -13 billion euros in assets in the second quarter of 2018 linked to the sale by CACEIS of its North American activities.

Table 51. Asset servicing - Outstandings

€bn	Dec. 16	Mar. 17	Jun. 17	Sept. 17	Dec. 17	Mar. 18	Jun. 18	Sept. 18	Dec. 18	∆ Dec./Dec.
Assets under custody	2,522	2,583	2,647	2,612	2,656	2,605	2,631	2,702	2,633	(0.9%)
Assets under administration	1,568	1,638	1,678	1,725	1,762	1,768	1,776	1,786	1,692	(4.0%)

Résults

In the fourth quarter of 2018, Asset servicing's **net income Group share** was **44 million euros,** an increase of **+46.9%** excluding specific items versus the fourth quarter of 2017. For the record, the increase in Crédit Agricole S.A.'s stake in CACEIS from 85% to 100% at the end of December 2017 resulted in the cancellation of non-controlling interests, which explains the sharper rise in net income Group share compared to the growth in net income before non-controlling interests (+24.0%).

Revenues increased by **+10.8%** in relation to the fourth quarter of 2017, reaching **230 million euros** thanks to growth in activity. Despite a negative market effect, net fees and commissions from custody, distribution and administration activities, income from cash management activities and net interest income were all higher. **Operating expenses** came in at **168 million euros**, **up +4.9%** compared to the fourth quarter of 2017 thanks to activity growth and investment by the business line. Excluding the reclassification of revenues as expenses related to re-invoicing in the amount of -3.5 million euros during the quarter, there was a smaller increase in expenses of +2.7% compared to the fourth quarter of 2017, while revenues increased by +8.7%.

In full-year 2018, net income Group share came to **174 million euros,** an **increase of +45.5%** excluding specific items versus 2017. Excluding the capital gain of 14 million euros on the disposal of CACEIS' North American activities recognised in 2018, net income Group share rose by +33.8% year-on-year. **Revenues** rose **+8.6%** owing to robust growth in client activities, higher market effects despite declining indices in the fourth quarter, and resilient treasury activities. **Expenses** increased by **+7.8%** over the same period and by +5.5% excluding the contribution to the SRF. The **cost/income ratio** excluding SRF and reclassification of revenues as operating expenses over full-year 2018 (-13.6 million euros) came to **73.4%**, an improvement of **2.9 points** year-on-year. Over the same period, the buyback of non-controlling interests at the end of 2017 led to a sharp acceleration of net income Group share compared to net income before deduction of non-controlling interests (+22.6%).

Corporate centre (CC)

The Corporate centre acts as Crédit Agricole S.A.'s central body and is responsible for asset and liability management, and management of debt related to acquisitions of subsidiaries and equity interests. It also includes:

- *results of private equity business and various other Crédit Agricole S.A. Group companies (UniÉditions, Foncaris, CA Immobilier, etc.);*
- *results of resource pooling companies and property operating companies and reorganisation activities involving business premises allocated to several divisions;*
- *net effects of Crédit Agricole S.A.'s group tax relief arrangements and the revaluation of structured debt issued by Crédit Agricole CIB.*

The financial statements for the fourth quarter of 2018 include the charge to the home purchase saving plan provision by Crédit Agricole S.A. This provision is the only specific item for the quarter (impact of +4 million euros on revenue and of +6 million euros on net income Group share). In the fourth quarter of 2017, specific items included the impact of the issuer spread in the amount of -62 million euros and an adjustment to the home purchase savings provision in the amount of +2 million euros.

The specific items in the income statement used to reconcile stated and underlying amounts and changes for the fourth quarter and full-year 2018 and comparable data for 2017 are detailed in the appendix, p. 104.

Table 52. Corporate centre (CC) - Contribution to results, stated and underlying, Q4-18 and 2018

€m	Q4-18 stated	Q4-18 underlying	∆ Q4/Q4 underlying	2018 stated	2018 underlying	∆ 2018/2017 underlying
Revenues	**(63)**	**(69)**	(65.1%)	**(344)**	**(341)**	(42.8%)
Operating expenses excl.SRF	(256)	(256)	+36.4%	(842)	(842)	+6.8%
SRF	-	-	n.m.	(62)	(62)	+1.9%
Gross operating income	**(319)**	**(325)**	**(15.7%)**	**(1,249)**	**(1,245)**	**(13.9%)**
Cost of risk	(5)	(5)	(59.8%)	(5)	(5)	(26.0%)
Cost of legal risk	(75)	(75)	n.m.	(80)	(75)	n.m.
Equity-accounted entities	1	1	(56.1%)	21	21	(72.1%)
Net income on other assets	(3)	(3)	+14.3%	13	13	n.m.
Change in value of goodwill	-	-	n.m.	86	-	n.m.
Income before tax	**(401)**	**(407)**	**+2.2%**	**(1,213)**	**(1,291)**	**(6.6%)**
Tax	199	201	x 2.4	576	575	+24.8%
Net income	**(202)**	**(206)**	**(34.2%)**	**(638)**	**(717)**	**(22.3%)**
Non controlling interests	(10)	(10)	n.m.	(35)	(15)	n.m.
Net income Group Share	**(213)**	**(217)**	**(24.3%)**	**(672)**	**(731)**	**(18.2%)**

Underlying: Restated for specific items (issuer spread prior to the application of IFRS9 from 1 January 2018, etc.), see p. 104

Excluding these specific items, **the Corporate centre made a net loss** of **-217 million euros**, showing an improvement of **+70million euros** compared with the fourth quarter of 2017.

Underlying revenues saw a loss of -69 million euros, an improvement of +129 million euros versus the fourth quarter of 2017, thanks notably to the capital gain generated by the IPO of NEOEN (+53 million euros) and the pooling of support functions (IT, payments, etc.). **Operating expenses excluding the contribution to the Single Resolution Fund** saw a substantial increase of +35.7%, reflecting in particular the investments made in IT systems and payments, offsetting the improvement in revenues.

In full-year 2018, the underlying net loss came to **-731 million euros,** an improvement of **-18.2%/+162 million euros** compared with 2017. This included a contribution to the SRF of 62 million euros, up slightly (+1.9%) compared to 2017.

At 31 December 2018, **risk-weighted assets** stood at **21.6 billion euros and allocated capital at 2.1 billion euros**.

Crédit Agricole Group

Consolidated results

Table 53. Crédit Agricole Group - Stated and underlying results, Q4-18 and Q4-17

€m	Q4-18 stated	Q4-17 stated	∆ Q4/Q4 stated	Q4-18 underlying	Q4-17 underlying	∆ Q4/Q4 underlying
Revenues	**8,110**	**8,045**	+0.8%	**8,064**	**8,235**	(2.1%)
Operating expenses excl.SRF	(5,478)	(5,459)	+0.3%	(5,440)	(5,342)	+1.8%
SRF	-	-	n.m.	-	-	n.m.
Gross operating income	**2,632**	**2,586**	**+1.8%**	**2,624**	**2,893**	**(9.3%)**
Cost of risk	(499)	(423)	+18.0%	(499)	(423)	+18.0%
Cost of legal risk	(75)	-	n.m.	(75)	-	n.m.
Equity-accounted entities	10	49	(78.9%)	77	68	+13.1%
Net income on other assets	48	5	x 8.9	48	8	x 5.7
Change in value of goodwill	-	186	(100.0%)	-	0	(100.0%)
Income before tax	**2,116**	**2,404**	**(12.0%)**	**2,175**	**2,547**	**(14.6%)**
Tax	(416)	(1,294)	(67.9%)	(412)	(704)	(41.4%)
Net income from discont'd or held-for-sale ope.	(0)	(23)	(99.9%)	(0)	(23)	(99.9%)
Net income	**1,700**	**1,087**	**+56.4%**	**1,763**	**1,821**	**(3.2%)**
Non controlling interests	(130)	(165)	(21.4%)	(137)	(129)	+6.4%
Net income Group Share	**1,571**	**922**	**+70.3%**	**1,626**	**1,692**	**(3.9%)**
Cost/Income ratio excl.SRF (%)	**67.5%**	**67.9%**	**-0.3 pp**	**67.5%**	**64.9%**	**+2.6 pp**

In the fourth quarter of 2018, Crédit Agricole Group's **stated net income Group share** came to 1,571 million euros versus 922 million euros in the fourth quarter of 2017.

Specific items had a limited net impact on net income Group share of -55 million euros over the quarter. These notably include a fine notified by the Italian competition authority (AGCM) to FCA Bank (see p. 109 for information on this dispute and the press release published on 9 January 2019 p. 115), with an impact on the Group of -67 million euros during the quarter, which factors in previous provisions recorded in relation to this dispute. The other specific items for the quarter were less material: they include the integration costs of Pioneer Investments at Amundi in the amount of -14 million euros (27 million before tax and non-controlling interests), the integration costs of the three Italian banks for -7 million euros (-11 million euros before tax and non-controlling interests), and a net balance of +33 million euros under net income Group share from recurring volatile accounting items, namely the DVA (*Debt Valuation Adjustment,* i.e. gains and losses on financial instruments related to changes in the Group's issuer spread) in the amount of +11 million euros, loan portfolio hedges of the Large customers division for +13 million euros, and changes in provisions for home purchase savings plans for +9 million euros.

In the fourth quarter of 2017, specific items had a much more significant impact on net income Group share, at -730 million euros, including -671 million euros related to taxation, comprising -407 million euros for the revaluation of deferred tax, -343 million euros for the corporation tax surcharge and +79 million euros for the reimbursement by the state of the dividend tax. The other items included, in order of materiality, the penalty associated with the Cheque Image Exchange concerning the retail banks in France and the Corporate centre in the amount of -98 million euros (in revenue, not deductible); costs related to the integration of Pioneer Investments amounting to -33 million euros; costs related to the acquisition of the three Italian banks in the amount of -26 million euros; an adjustment of the capital gains made on the sale of BSF in the amount of -15 million euros and of Eurazeo in the amount of -4 million; changes in goodwill of +353 million euros related to the three Italian banks and goodwill impairment of -222 million euros in relation to the Polish activity. The usual volatile accounting items had a net impact of -68 million euros on net income Group share, including -62 million euros for the revaluation of debt due to changes in the issuer spread, -2 million euros on loan portfolio hedges in the Large customers business division; the DVA (Debt Valuation Adjustment) had an impact of -4 million euros while the provisions for home purchase savings plans in Retail banking in France and the Corporate centre had an impact of +13 million euros.

Excluding specific items[45], **underlying net income Group share** stood at **1,626 million euros**, down **-3.9% year-on-year**.

At 8,064 million euros over the quarter, **underlying revenues** decreased by **-2.1%**.

Underlying operating expenses excluding the contribution to the SRF remained well controlled, showing an increase of **+1.8%** compared with the fourth quarter of 2017.

At 499 million euros compared to 423 million euros in the fourth quarter of 2017, the **cost of credit risk** rose by a sharp **+18.0%**. **This can notably be attributed to the retail banking regional networks**, which saw their cost of risk nearly triple to +164 million euros. The **cost of risk relative to outstandings[46]** of the Crédit Agricole Group came to **18 basis points**, stable compared to the fourth quarter of 2017, which was low, and well below the 35 basis points assumption in the Medium-Term Plan.

The **underlying** contribution of **equity-accounted entities** was 77 million euros, an increase of +13.1%/+9 million euros versus the fourth quarter of 2017, reflecting the strong performance of the Asset management and consumer credit joint ventures.

Underlying income before tax decreased by -14.6% versus the fourth quarter of 2017 to 2,175 million euros. The underlying **tax charge somewhat offset this decrease,** having also decreased by **-41.4%** versus the fourth quarter of 2017, giving a net decrease in the **underlying tax rate** of **-8.8 percentage points to 19.6%**.

As a result, underlying net profit before deduction of non-controlling interests decreased by -3.2% while **underlying net income Group share fell by -3.9%**.

Table 54. Crédit Agricole Group - Stated and underlying results, 2018 and 2017

€m	2018 stated	2017 stated	∆ 2018/2017 stated	2018 underlying	2017 underlying	∆ 2018/2017 underlying
Revenues	**32,839**	**32,108**	+2.3%	**32,813**	**32,315**	+1.5%
Operating expenses excl.SRF	(21,065)	(20,626)	+2.1%	(21,006)	(20,450)	+2.7%
SRF	(389)	(285)	+36.2%	(389)	(285)	+36.2%
Gross operating income	**11,385**	**11,197**	**+1.7%**	**11,418**	**11,580**	**(1.4%)**
Cost of risk	(1,640)	(1,536)	+6.8%	(1,640)	(1,536)	+6.8%
Cost of legal risk	(80)	(115)	(30.8%)	(75)	(115)	(34.8%)
Equity-accounted entities	266	732	(63.7%)	333	527	(36.9%)
Net income on other assets	87	5	x 17.2	87	16	x 5.6
Change in value of goodwill	86	186	(54.1%)	-	0	(100.0%)
Income before tax	**10,105**	**10,470**	**(3.5%)**	**10,123**	**10,472**	**(3.3%)**
Tax	(2,733)	(3,479)	(21.5%)	(2,743)	(2,912)	(5.8%)
Net income from discont'd or held-for-sale ope.	(3)	20	n.m.	(3)	20	n.m.
Net income	**7,369**	**7,010**	**+5.1%**	**7,377**	**7,580**	**(2.7%)**
Non controlling interests	(525)	(474)	+10.6%	(527)	(457)	+15.5%
Net income Group Share	**6,844**	**6,536**	**+4.7%**	**6,849**	**7,123**	**(3.8%)**
Cost/Income ratio excl.SRF (%)	**64.1%**	**64.2%**	**-0.1 pp**	**64.0%**	**63.3%**	**+0.7 pp**

Over full-year 2018, underlying net income Group share decreased more or less in line with fourth-quarter income, **at -3.8%** versus the same period of 2017, to **6,849 million euros**. This decrease (-273 million euros) is explained to a large extent by two items: the scope effect (-170 million euros due to the deconsolidation of BSF and Eurazeo, not fully offset by the integration of Pioneer and the three Italian banks) and the sharp rise in the contribution to SRF (-104 million euros).

Underlying **revenues** increased by **+1.5%**, while **operating expenses excluding the Single Resolution Fund (SRF)** remained under tight control at **+2.7%**. By contrast, the contribution to the SRF rose sharply to 389 million euros (+36.2%/+104 million euros) compared to full-year 2017. The **cost of credit risk** increased by just **+6.5%** excluding unallocated provisions for legal liabilities of 115 million euros in 2017.

[45] *See p. 91 for more details on Crédit Agricole Group specific items*

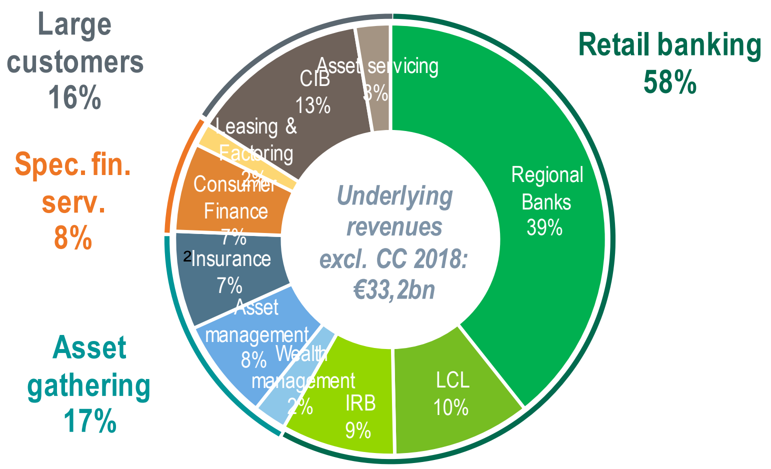
[46] *Average loan loss reserves over the last four rolling quarters, annualised*

Result by business line – Crédit Agricole Group

Crédit Agricole Group's diversified and profitable customer-focused universal banking model has a low risk profile that guarantees a high level of recurring net income.

The following diagram shows a breakdown of underlying net income Group share[47] by business line excluding the Corporate centre:

Table 55. Crédit Agricole Group - Total underlying revenues, excl.Corporate centre, 2018

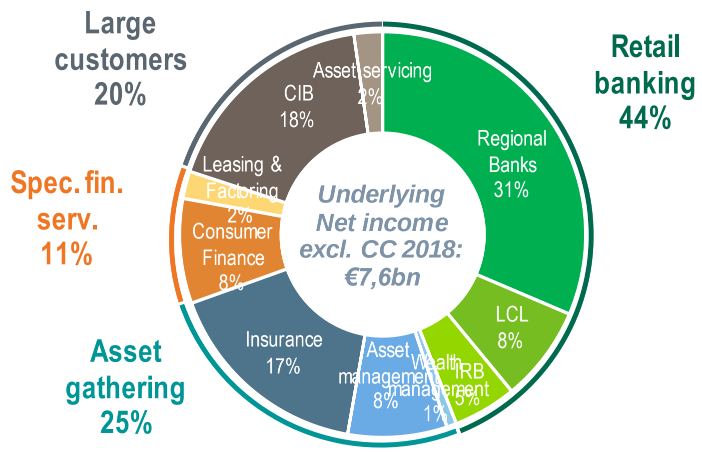


AG: Asset Gathering, including Insurance; RB: Retail Banking; SFS: Specialised Financial Services; LC: Large Customers; CIB: Corporate & Investment banking; CC: Corporate centre

Underlying revenues[47] excluding Corporate centre in the first nine months of 2018: 25,050 million euros, up +2.7% versus the same period in 2017.

Retail banking is the largest contributor, representing 58% of underlying revenues in 2018 (excluding Corporate centre), including 39% from the Regional banks.

Table 56. Crédit Agricole Group - Underlying Net income Group share, excl.Corporate centre, 2018



AG: Asset Gathering, including Insurance; RB: Retail Banking; SFS: Specialised Financial Services; LC: Large Customers; CIB: Corporate & Investment banking; CC: Corporate centre

Underlying net income[47] Group share excluding Corporate centre over the first nine months of 2018: 5,803 million euros, -4.0% versus the same period in 2017.

Retail banking was the largest contributor, representing 44% of underlying net income Group share (excluding Corporate centre) in 2018, including 31% from the Regional banks.

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[47] *See p. 91 for more details on Crédit Agricole Group specific items*

Regional banks

Activity

The Regional banks continue to pursue the universal customer-focused banking model.

Customer savings, standing at 691.9 billion euros, rose **+2.7%** year on year. This growth was driven by the solid growth in **on-balance sheet deposits**: outstandings of 434 billion euros at the end-December 2018, **+5%** year-on-year. Growth continued to be drive by demand deposits (+8.6% year-on-year) and Livret A deposit accounts (+9.9%). **Off-balance sheet deposits** (258 billion euros) fell by just **-1%**, attributable to a poor market environment in the fourth quarter which impacted the securities activity (-8.2% versus December 2017). Life insurance assets under management rose +1.9%, driven by growth in multi-fund life insurance policies (+3 billion euros, +1.8%) and unit-linked contracts (share of unit-linked contracts in assets under management +6.1% compared to December 2017).

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

Table 57. Regional banks - Loans and customer assets outstandings

Customer assets (€bn)*	Dec. 16	Mar. 17	June 17	Sept. 17	Dec. 17	Mar. 18	June 18	Sept 18	Déc 18	∆ Déc/Déc
Securities	44.6	45.1	45.3	46.3	46.2	45.8	46.6	46.7	44.2	(4.4%)
Mutual funds and REITs	27.8	27.8	27.7	27.9	27.6	26.8	26.6	25.7	23.7	(14.4%)
Life insurance	182.7	183.6	183.1	183.2	186.7	187.8	189.1	189.6	190.2	+1.9%
Off-balance sheet assets	**255.1**	**256.5**	**256.0**	**257.4**	**260.5**	**260.4**	**262.3**	**262.0**	**258.0**	**(1.0%)**
Demand deposits	120.8	121.7	126.8	131.9	137.0	135.6	142.4	144.4	148.8	+8.6%
Home purchase savings schemes	94.8	95.9	96.6	97.3	99.8	100.4	100.7	101.0	103.2	+3.4%
Passbook accounts	115.7	118.9	120.5	122.1	123.2	125.6	126.9	128.8	131.0	+6.4%
Time deposits	60.1	57.2	55.4	54.2	53.3	52.6	52.0	52.1	51.0	(4.4%)
On-balance sheet assets	**391.5**	**393.6**	**399.4**	**405.0**	**413.3**	**414.2**	**422.0**	**426.3**	**434.0**	**+5.0%**
TOTAL	**646.5**	**650.1**	**655.4**	**662.5**	**673.8**	**674.7**	**684.3**	**688.3**	**691.9**	**+2.7%**

Passbooks, o/w (€bn)	Dec. 16	Mar. 17	June 17	Sept. 17	Dec. 17	Mar. 18	June 18	Sept 18	Déc 18	∆ Déc/Déc
Livret A	36.8	38.0	38.9	39.8	40.6	41.9	42.7	43.5	44.6	+9.9%
LEP	12.2	12.1	12.1	12.0	12.2	12.1	12.0	12.0	12.2	+0.1%
LDD	29.9	30.2	30.4	30.4	30.6	30.9	31.0	31.1	31.5	+2.7%
Mutual shareholders passbook account	8.4	8.6	8.7	8.8	8.8	8.8	9.0	9.2	9.3	+3.9%

** including customer financial instruments*

Loans outstanding (€bn)	Dec. 16	Mar. 17	June 17	Sept. 17	Dec. 17	Mar. 18	June 18	Sept 18	Déc 18	∆ Déc/Déc
Home loans	254.9	259.6	264.1	269.8	275.6	279.6	285.0	291.3	296.9	+7.8%
Consumer credit	17.0	17.0	17.5	17.7	18.5	18.7	19.2	19.5	20.1	+8.5%
SMEs	66.0	68.0	67.9	69.4	71.2	73.2	73.9	76.4	78.5	+10.4%
Small businesses	19.9	20.0	20.5	20.5	20.6	21.0	21.2	21.4	21.7	+5.1%
Farming loans	37.6	38.3	39.1	39.2	38.1	38.5	39.2	39.3	38.6	+1.4%
Local authorities	34.1	33.0	32.9	32.7	32.8	31.7	31.6	31.2	31.5	(3.9%)
TOTAL	**429.5**	**435.9**	**442.1**	**449.3**	**456.7**	**462.6**	**470.2**	**479.1**	**487.4**	**+6.7%**

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

Results

*In the fourth quarter of 2018, **specific items** included a home purchase saving plan provision of +7 million euros in revenues (+4 million euros in net income). The restatement of these items for full-year 2018 came to -15 million euros in revenues (-10 million euros in net income). In the fourth quarter of 2017, the only specific item was related to the reversal of the home purchase saving plan provision for +15 million euros in revenues (+10 million euros in net income). In full-year 2017, specific items included a reversal of the home purchase saving plan provision of +220 million euros (+144 million euros in net income) and an adjustment on liability costs recognised in the second quarter of 2018 in the amount of -218 million euros in revenues (-148 million euros in net income).*

The specific items in the income statement used to reconcile reported amounts and changes with underlying amounts are detailed in the appendix on p 105.

Table 58. Regional banks - Contribution to results, stated and underlying, Q4-18 and 2018

€m	Q4-18 stated	Q4-18 underlying	∆ Q4/Q4 underlying	2018 stated	2018 underlying	∆ 2018/2017 underlying
Revenues	**3,235**	**3,228**	(4.0%)	**13,040**	**13,055**	(1.9%)
Operating expenses excl.SRF	(2,236)	(2,236)	+3.8%	(8,657)	(8,657)	+2.0%
SRF	-	-	n.m.	(87)	(87)	x 2
Gross operating income	**1,000**	**993**	**(18.1%)**	**4,296**	**4,311**	**(9.9%)**
Cost of risk	(250)	(250)	x 2.9	(634)	(634)	x 2.9
Income before tax	**745**	**738**	**(34.0%)**	**3,673**	**3,688**	**(19.2%)**
Tax	(204)	(202)	(43.2%)	(1,280)	(1,285)	(13.8%)
Net income	**541**	**537**	**(29.7%)**	**2,393**	**2,403**	**(21.9%)**
Net income Group Share	**541**	**537**	**(29.7%)**	**2,393**	**2,403**	**(21.9%)**
Cost/Income ratio excl.SRF (%)	**69.1%**	**69.2%**	**+5.3 pp**	**66.4%**	**66.3%**	**+2.6 pp**

In the fourth quarter of 2018, the Regional banks' contribution to **underlying net income Group share was 537 million euros**, **down -29.7%** compared to the fourth quarter of 2017. This decrease can be attributed to a poor market environment which impacted revenues and a base effect on the cost of risk (significant reversals of collective provisions in 2017 linked to the implementation of IFRS 9).

Underlying revenues decreased by -4% compared to the fourth quarter of 2017, coming out at **3,228 million euros**. The difficult market environment over the quarter and negative impacts from the investment portfolio weighed on the performance for the quarter. Excluding these effects, net interest income from customers activities are up +3.4% compared to the fourth quarter of 2017, of which an increase of +4.4% of fees and commissions. Interests revenues are up +2.3% compared to the fourth quarter of 2017, confirming the trend of stabilisation seen in the previous quarter.

Operating expenses registered an **increase of +3.8%**, mainly in line with IT investments included in the Group's Medium-Term Plan. Excluding Macron grants measures (-45 million euros), this increase amounts only to +1.7% versus the fourth quarter of 2017.

The **cost of risk remained low** at -250 million euros. The increase relative to the fourth quarter of 2017 is notably linked to lower reversals of collective provisions, which had been substantial in 2017 due to the implementation of IFRS 9. The cost of risk relative to outstandings amounted to 14 basis points. The NPL ratio remained stable at 2% and the coverage ratio stood at 100%.

Table 59. Regional banks – detail of fees and commissions, from Q4-16 to Q4-18

€m	Q4-16	Q1-17	Q2-17	Q3-17	Q4-17	Q1-18	Q2-18	Q3-18	Q4-18	∆ Q4/Q4
Services and other banking transactions	197	210	191	194	161	209	203	184	206	+27.7%
Securities	82	75	78	66	72	75	73	64	64	(11.2%)
Insurance	707	778	603	582	720	789	606	593	755	+4.9%
Account management and payment instrumen	512	515	535	513	505	520	548	534	530	+4.9%
Net fees & commissions from other customer	94	92	97	97	90	89	91	97	103	+13.8%
TOTAL (1)	**1,592**	**1,670**	**1,505**	**1,451**	**1,549**	**1,683**	**1,520**	**1,473**	**1,658**	**+7.0%**

(1) Revenues generated by the subsidiaries of the Regional Banks, namely fees and commisions from leasing and operating leasing transactions

In full-year 2018, underlying net income Group share came to **2,403 million euros**, a decrease of **-21.9%** in relation to 2017.

Financial structure

Solvency

Crédit Agricole S.A.

At **end-December 2018**, Crédit Agricole S.A. had a very sound financial structure which is reflected in its **fully-loaded CET1 ratio** of **11.5%, no change in relation to end-September 2018**. Changes over the quarter can be attributed to the following items:

- +14 basis points related to **retained earnings** for the quarter, including a dividend provision of 0.16 euro per share for the fourth quarter of 2018, and the proposal of a dividend of 0.69 euro per share by the board of directors at the next General Shareholder's Meeting of 21 May 2019;
- a negative impact of -13 basis points on **reserves booked under OCI**[48], which brought the impact on the fully-loaded CET1 ratio at end-December 2018 to 29 basis points;
- -15 basis points related to regulatory impacts, including a portion related to the TRIM (-3 basis points) and the anticipated impact of Basel 4 on non financial operational risks following an audit by the ECB (-12 basis points);
- +14 basis points related to various other movements, organic risk weighted assets remaining stable over the period.

In relation to 1 January 2018, taking into account the application as of that date of IFRS 9, i.e. an impact of -24 basis points, the CET1 ratio is stable at 11.5%. This stability can be attributed to the following:

- +63 basis points related to **retained earnings** for the year, taking into account the proposed dividend of 0.69 euro per share;
- -21 basis points related to the negative impacts of **reserves booked under OCI**[(48)];
- -23 basis points related to regulatory impacts;
- -15 basis points related to various other movements.

At 11.5%, the fully-loaded ratio is higher than Crédit Agricole S.A.'s target of 11% for end-2019, and offers a substantial buffer of +300 basis points above the SREP/P2R proforma threshlod applicable to Crédit Agricole SA as of 1 January 2019, set by the ECB at 8.5% (not factoring in the counter-cyclical buffer).

Risk-weighted assets stood at **307 billion euros** at end-December 2018, almost stable versus end-September 2018 (-0.1%), with an increase linked to the ECB audit partly offset by the impact of market valuations on our insurance activities and the positive outcome of a more favourable prudential treatment of structural foreign exchange positions approved by the ECB.

The impact on the fully-loaded CET1 ratio of the first-time application of IFRS 16 in 2019 has been estimated based on the financial statements at 31 December 2018 at -6 basis points.

The **phased-in total capital ratio** stood at **17.8%** at 31 December 2018.

Lastly, Crédit Agricole S.A.'s **phased-in leverage ratio** stood at **4.0%** at end-December 2018. The leverage ratio stands at 4.2% at this date subject to the issue by the ECB of an authorisation to exempt exposures linked to the centralisation of deposits with the Caisse des Dépôts et Consignations to take account of Judgement T-758/16 of the General Court of the European Union of 13 July 2018.

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[48] *Amount of unrealised OCI gains in CET1 capital after deduction of the impact of insurance reserves on risk-weighted assets*

The intra-quarter average measure of phased-in leverage ratio, which refers to the average of end of month measures for the first two month of this fourth quarter, stands at 3.7%.

Table 60. Crédit Agricole S.A. - Solvency

in €bn	Fully loaded		Phased in	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
EQUITY, GROUP SHARE (ACCOUNTING AMOUNT)	**58.8**	**58.1**	**58.8**	**58.1**
Expected dividend payment on result of year Y	(2.0)	(1.8)	(2.0)	(1.8)
Filtered unrealised gains / (losses) (issuer spread, cash flow hedge)	(0.2)	(0.1)	(0.2)	(0.1)
Transitional treatment of OCI unrealised gains and losses	0.0	(0.1)	0.0	(0.1)
AT1 instruments included in accounting equity	(5.0)	(5.0)	(5.0)	(5.0)
Other regulatory adjustments	(0.2)	(0.1)	(0.2)	(0.4)
CAPITAL AND RESERVES GROUP SHARE (REGULATORY AMOUNT)	**51.4**	**50.9**	**51.4**	**50.6**
Minority interests (after partial derecognition)	3.7	3.3	3.7	3.5
Prudent valuation	(1.2)	(0.7)	(1.2)	(0.7)
Deductions of goodwill and other intangible assets	(17.9)	(17.8)	(17.9)	(17.8)
Amount exceeding the exemption threshold for CET1 instruments of significant financial stakes either >10% or equity-accounted and for DTA carry-forward	0.0	(0.3)	0.0	(0.2)
Other regulatory adjustments*	(0.7)	(0.6)	(0.7)	(0.6)
COMMON EQUITY TIER 1 (CET1)	**35.4**	**34.8**	**35.4**	**34.8**
ADDITIONAL TIER 1 (AT1)	5.0	5.1	6.8	7.0
TOTAL TIER 1	**40.4**	**39.8**	**42.1**	**41.8**
TIER 2	12.4	11.9	12.6	12.5
TOTAL CAPITAL	**52.7**	**51.7**	**54.7**	**54.2**
RWAs	**306.9**	**296.4**	**306.9**	**296.4**
CET1 ratio	**11.5%**	**11.7%**	**11.5%**	**11.7%**
Tier 1 ratio	**13.1%**	**13.4%**	**13.7%**	**14.1%**
Total capital ratio	**17.2%**	**17.4%**	**17.8%**	**18.3%**

** DTA timing differences, expected loss, deduction of UCIT-owned financial institutions and other transitional adjustments*

Crédit Agricole Group

At the **end of December 2018**, Crédit Agricole Group had one of the strongest **fully-loaded CET1 ratios** in Europe at **15.0%,** +0.1 perccentage point change in relation to end-September 2018. The following elements cancelled each other out overall:

- +23 basis points resulting from the quarter's retained earnings;
- -5 basis points in net contribution of reserves booked under other comprehensive income[49] over the period;
- -25 basis points related to regulatory impacts, including a portion related to the TRIM and the anticipated impact of Basel 4 following an audit by the ECB;
- +11 basis points related to the change in risk-weighted assets and other miscellaneous effects.

In relation to 1 January 2018, taking into account the application as of that date of IFRS 9, i.e. an impact of -26 basis points, the CET1 ratio increased by +0.3 percentage points. This can be attributed to the following:

- +97 basis points related to **retained earnings** for the year, taking into account the proposed dividend of 0.69 euro per share;
- -10 basis points related to the negative impacts of **reserves booked under OCI**;
- -39 basis points related to regulatory impacts;

[49] *Amount of unrealised OCI gains in CET1 capital after deduction of the impact of insurance reserves on risk-weighted assets*

- -14 basis points related to various other movements.

At 15.0% this ratio provides a substantial buffer of +550 basis points above the SREP/P2R threshold applicable to Crédit Agricole Group as of 1 January 2019, set at 9.5% (excluding the counter-cyclical buffer) [50].

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

The **phased-in total capital ratio** stood at **18.7%** at 31 December 2018.

Lastly, Crédit Agricole Group's **phased-in leverage ratio** is stable at **5.4%** at end-December 2018. The leverage ratio stood at 5.6% at that date subject to the issue by the ECB of an authorisation to exempt exposures linked to the centralisation of deposits with the Caisse des Dépôts et Consignations to take account of Judgement T-758/16 of the General Court of the European Union of 13 July 2018. Its **fully-loaded leverage ratio** was **5.3%.**

The intra-quarter average measure of phased-in leverage ratio, which refers to the average of end of month measures for the first two month of this fourth quarter, stands at 5.2%.

Table 61. Crédit Agricole Group - Solvency

€bn	Fully-loaded		Phased-in	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
EQUITY, GROUP SHARE (ACCOUNTING AMOUNT)	**106.7**	**102.3**	**106.7**	**102.3**
Expected dividend payment on result of year Y	(1.1)	(1.0)	(1.1)	(1.0)
Filtered unrealised gains / (losses) (issuer spread, cash flow hedge)	(0.2)	(0.1)	(0.2)	(0.1)
Transitional treatment of OCI unrealised gains and losses	0.0	(0.1)	0.0	(0.1)
AT1 instruments included in accounting equity	(5.0)	(5.0)	(5.0)	(5.0)
Other regulatory adjustments	(0.3)	(0.3)	(0.3)	(0.8)
CAPITAL AND RESERVES GROUP SHARE (REGULATORY AMOUNT)	**100.1**	**95.8**	**100.1**	**95.3**
Minority interests (after partial derecognition)	2.7	2.4	2.7	2.5
Prudent valuation	(1.7)	(1.3)	(1.7)	(1.3)
Deductions of goodwill and other intangible assets	(18.6)	(18.4)	(18.6)	(18.4)
Amount exceeding the exemption threshold for CET1 instruments of significant financial stakes either >10% or equity-accounted and for DTA carry-forward	0.0	(0.3)	0.0	(0.2)
Other regulatory adjustments*	(1.5)	(0.6)	(1.5)	(0.5)
COMMON EQUITY TIER 1 (CET1)	**81.0**	**77.6**	**81.0**	**77.4**
ADDITIONAL TIER 1 (AT1)	5.0	**5.0**	6.8	6.9
TOTAL TIER 1	**86.0**	**82.6**	**87.8**	**84.3**
TIER 2	13.2	12.3	13.5	12.9
TOTAL CAPITAL	**99.2**	**94.9**	**101.3**	**97.2**
RWAs	**541.8**	**521.5**	**541.8**	**521.5**
CET1 ratio	**15.0%**	**14.9%**	**15.0%**	**14.8%**
Tier 1 ratio	**15.9%**	**15.8%**	**16.2%**	**16.2%**
Total capital ratio	**18.3%**	**18.2%**	**18.7%**	**18.6%**

** DTA timing differences, expected loss, deduction of UCIT-owned financial institutions and other transational adjustments*

Crédit Agricole Group's financial robustness is also reflected in its TLAC and MREL ratios..

[50] *Ratio 610 basis points above the threshold of Maximum Distributable Amount (MDA)*

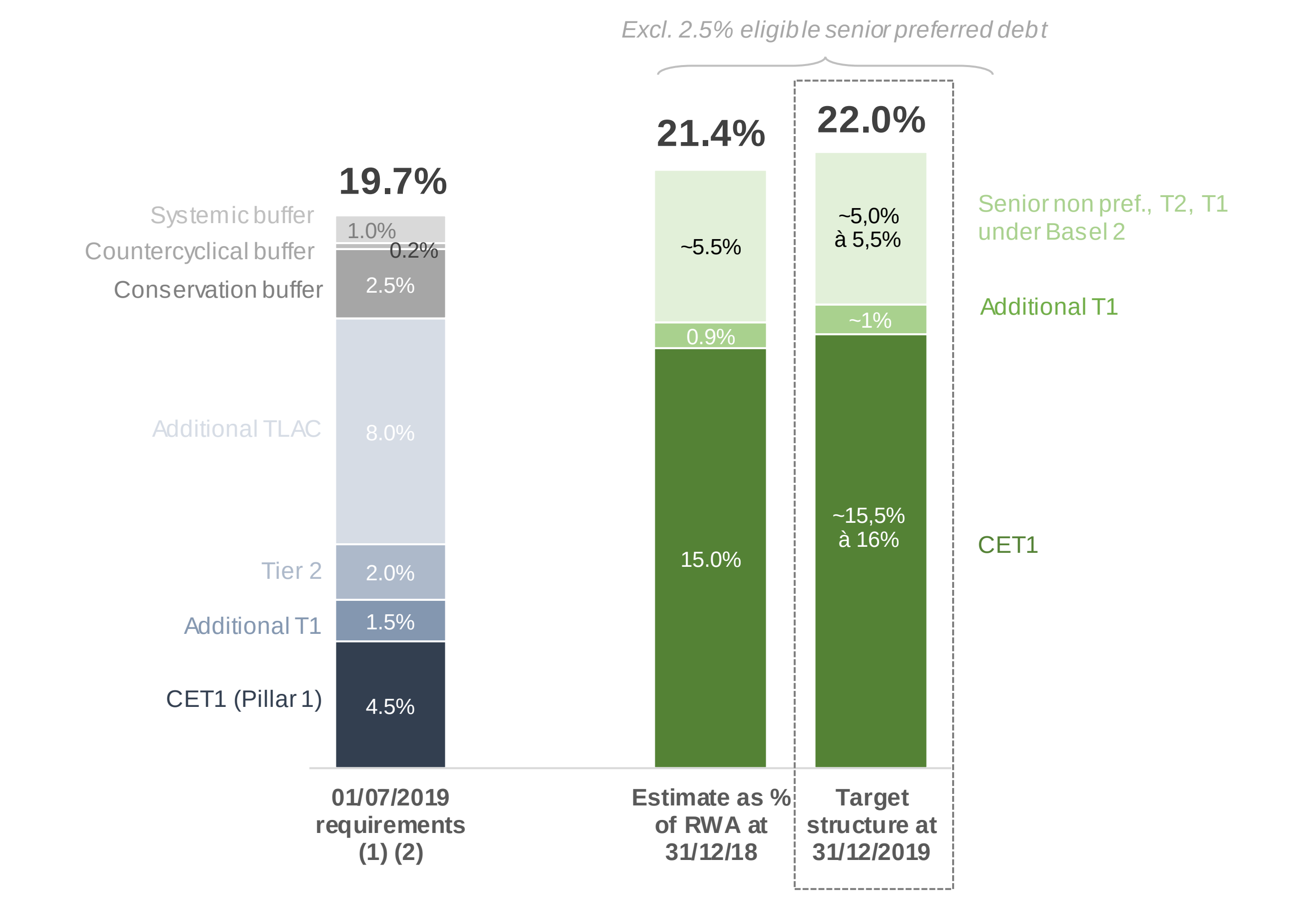
TLAC

The Financial Stability Board (FSB) has defined the calculation of a ratio aimed at estimating the adequacy of the bail-in and recapitalisation capacity of Globally Systemically Important banks (G-SIB). This new Total Loss Absorbing Capacity (TLAC) ratio, which will enter into force from 1 January 2019, will provide resolution authorities with the means to assess whether G-SIBs have sufficient bail-in and recapitalisation capacity before and during resolution.

The elements that could absorb losses consist of equity, subordinated notes and debts to which the Resolution Authority can apply the bail-in.

Once this regulation is enacted into European law, the Crédit Agricole Group will be expected to adhere to a TLAC ratio greater than 19.7% of RWA (including a conservation buffer of 2.5%, a countercyclical buffer expected to be 0.20% based on known decisions to date and a G-SIB buffer of 1%) on or after 1 July 2019, and then 21.5% excluding countercyclical buffer on or after 1 January 2022.

Table 62. Crédit Agricole Group - TLAC ratio at 31/12/18



(1) We assume that the current overall SREP level (Pillar 1, Pillar 2 and conservation buffer) will remain unchanged over the period. For the record, at least once a year the ECB conducts an analysis of SREP requirements and might impose further requirements at any time. This assumption should not be interpreted as any sort of guarantee of CET1 ratios and cushions expected in the future. It corresponds to the position of the EBA and the ECB, and to Crédit Agricole S.A.'s interpretation of the relevant texts. According to the FSB's final TLAC Term Sheet, the minimum required TLAC ratio will increase to 21.5% in 2022.

(2) Countercyclical buffer established at 0.02% on 01/01/19 (expected to be 0.20% at 01/07/19 based on known decisions to date)

At 31 December 2018, Crédit Agricole Group's TLAC ratio stood at 21.4% excluding eligible senior preferred debt. It is up compared to 30 September 2018. It is above the minimum 19.7% requirement starting on 1 July 2019 despite the fact that it will be possible from that date to include up to 2.5% of eligible senior preferred debt to meet this requirement.

The TLAC ratio target of 22% by the end of 2019, excluding eligible senior preferred debt, is confirmed, obtained thanks to a target CET1 ratio of 15.5%-16% and a portion of senior non-preferred debt and Tier 2 or Additional Tier 1 instruments representing 6% to 6.5% of risk-weighted assets. To reach this objective, an annual volume of TLAC debt of around 5 to 6 billion euros is expected to be issued in 2019.

The outstanding of senior non-preferred debt at Crédit Agricole Group level amounts to €13.5bn at 31 December 2018 versus to €7.6bn at 31 December 2017.

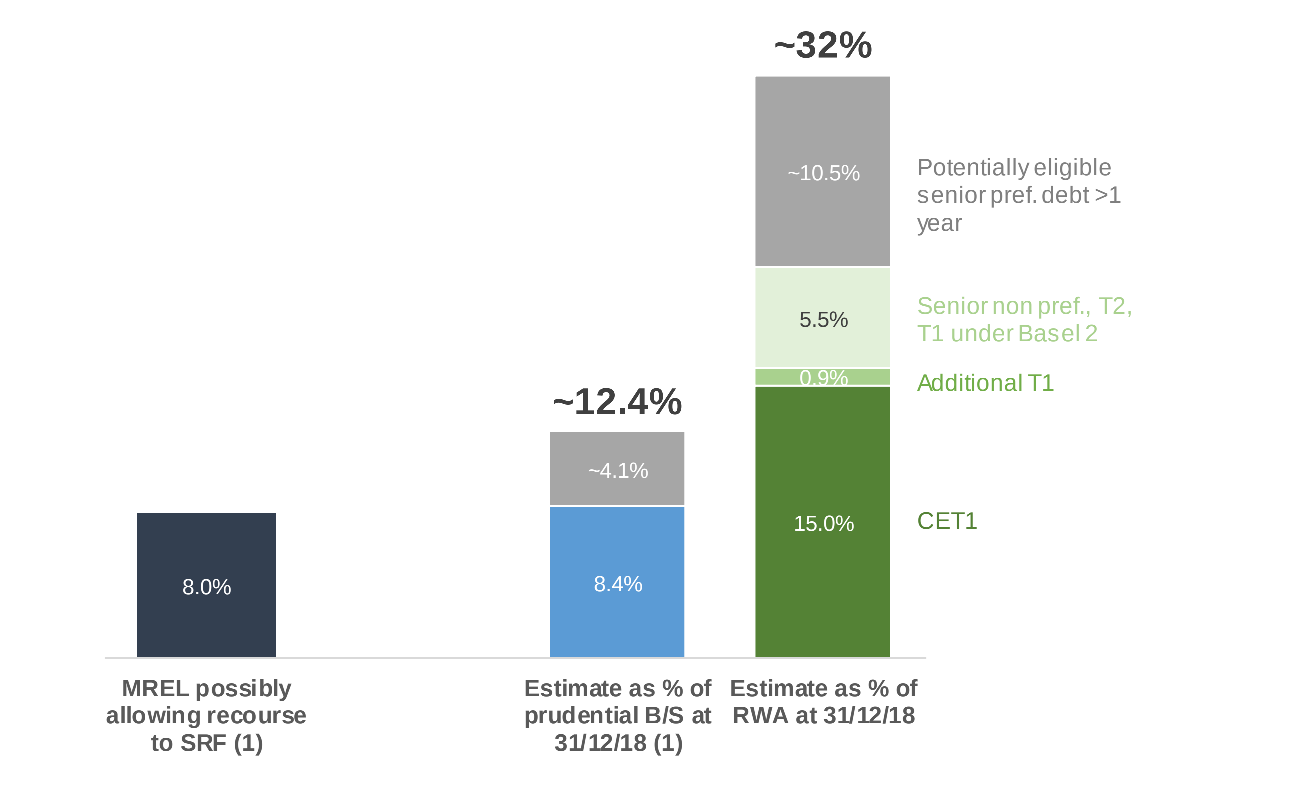
MREL

The MREL (Minimum Requirement for Own Funds and Eligible Liabilities) ratio is defined in the European "Bank Recovery and Resolution Directive" (BRRD). This Directive establishes a framework for the resolution of banks throughout the European Union, with the aim to provide resolution authorities with shared instruments and powers to pre-emptively tackle banking crises, preserve financial stability and reduce taxpayers' exposure to losses.

The ACPR, the national Resolution Authority, considers the Single Point of Entry (SPE) resolution strategy as the most appropriate for the French banking industry. As such, Crédit Agricole S.A., as the central body of Credit Agricole Group, would be this SPE in case a resolution of Credit Agricole Group would occur.

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. Regulatory capital, as well as subordinated notes, senior non-preferred debt instruments and certain senior preferred debt instruments with residual maturities of more than one year are eligible for the numerator of the MREL ratio.

Table 63. Crédit Agricole Group - MREL ratio at 31/12/18



(1) Estimate based on Crédit Agricole S.A.'s understanding of the texts; recourse to the SRF is subject to the decision of the Resolution Authority

In 2018, the Crédit Agricole Group was notified by the Single Resolution Board (SRB) regarding its consolidated MREL requirement, which is already applicable and is 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 does not apply at 31 December 2018 and defines the general framework which will apply to SRB's requirements that will be notified in the course of 2019.

On 31 December 2018, Crédit Agricole Group has an estimated MREL ratio of **ca. 12.4% of its prudential balance sheet, 8.4% excluding potentially eligible senior preferred debt.** The Crédit Agricole Group's objective of keeping this ratio above 8% excluding potentially eligible senior preferred debt remains unchanged. In the event of resolution, this 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 senior preferred debt.

Expressed as a percentage of RWA, the MREL ratio estimated by the Crédit Agricole Group would reach about **32%, 21.4% excluding potentially eligible senior debt.**

Maximum Distributable Amount (MDA) trigger point

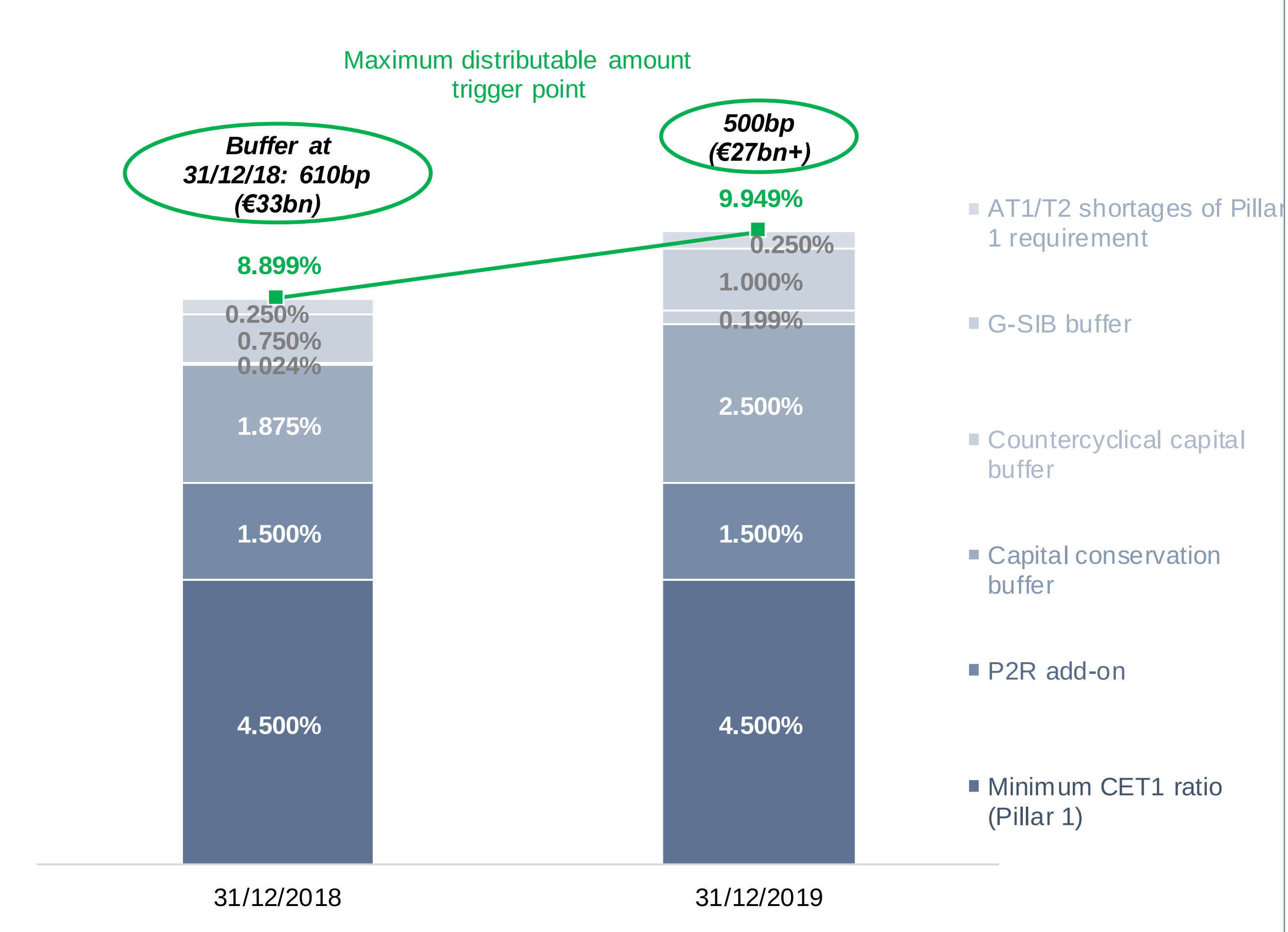
The enactment of the Basel regulations into European law (CRD IV) introduced a restriction mechanism of the distributions which is applicable to dividends, AT1 instruments and variable compensation. The Maximum Distributable Amount (MDA, maximum amount available for the distributions) limits by principle the distributions if these distributions would result in a failure to meet the combined buffer requirement.

The MDA distribution trigger is expressed as the CET1 capital requirement, plus any AT1 and Tier 2 shortages in relation to the Pillar 1 minimum capital requirement.

For Crédit Agricole Group as of 31 Décember 2018, the MDA trigger point stood at 8.9% of RWA or €48bn in CET1 capital. It is expected to reach 9.9% on 1 July 2019 (the date on which the French countercyclical buffer will be applied). With a CET1 ratio of 15% as of 31 December 2018, Crédit Agricole Group has a capital buffer of approximately 610 basis points above the MDA trigger point, or around €33bn in CET1 capital.

For Crédit Agricole SA as of 31 December 2018, the MDA trigger point stood at 7.9% of RWA or €24bn in CET1 capital. With a CET1 ratio of 11.5% as of 31 December 2018, Crédit Agricole SA has a capital buffer of approximately 360 basis points above the MDA trigger point, or around €11bn in CET1 capital.

Table 64. Crédit Agricole Group - Mandatory Distribution Restrictions trigger point



Based on CET1 regulatory capital and RWA at 31/12/2018. In our calculation, total SREP capital requirements (Pillar 1, Pillar 2 requirement (P2R), Capital buffers) include the countercyclical buffer, based on known decisions to date for Crédit Agricole Group. The Pillar 2 Guidance (P2G) is not taken into account, because failure to respect this (actual or probable) guidance has no automatic impact on distributions.

Liquidity and Funding

Liquidity is measured at Crédit Agricole Group level.

In order to provide simple, relevant and auditable information on the Group's liquidity position, the banking cash balance sheet's stable resources surplus is calculated quarterly.

The banking cash balance sheet is derived from Crédit Agricole Group's IFRS financial statements. It is based on the definition of a mapping table between the Group's IFRS financial statements and the sections of the cash balance sheet as they appear in the next table; their definition is commonly accepted in the market place. It relates to the banking scope, with insurance activities being managed in accordance with their own specific regulatory constraints.

Further to the breakdown of the IFRS financial statements in sections of the cash balance sheet, netting calculations are carried out. They relate to certain assets and liabilities that have a symmetrical impact in terms of liquidity risk. Such nettings were applied to deferred tax, the impact of fair value, collective impairments, short-selling transactions and other assets and liabilities for a total amount of 48 billion euros at the end of December 2018. Similarly, 87 billion euros in repos/reverse repos were eliminated insofar as these outstandings reflect the activity of the securities desk carrying out securities lending/borrowing operations that offset each other. Other nettings carried out for the construction of the cash balance sheet relate to derivatives, margin calls, adjustment/settlement/liaison accounts and to non-liquid securities held by the Corporate and investment bank (CIB), included in the "Customer-related trading assets" section, for an amount totalling 140 billion euros at end-December 2018.

It should be noted that the centralisation with the CDC is not netted in the construction of the cash balance sheet; the amount of centralised savings (49 billion euros at end-December 2018) is included in assets in "Customer trading assets" and in liabilities in "Customer deposits".

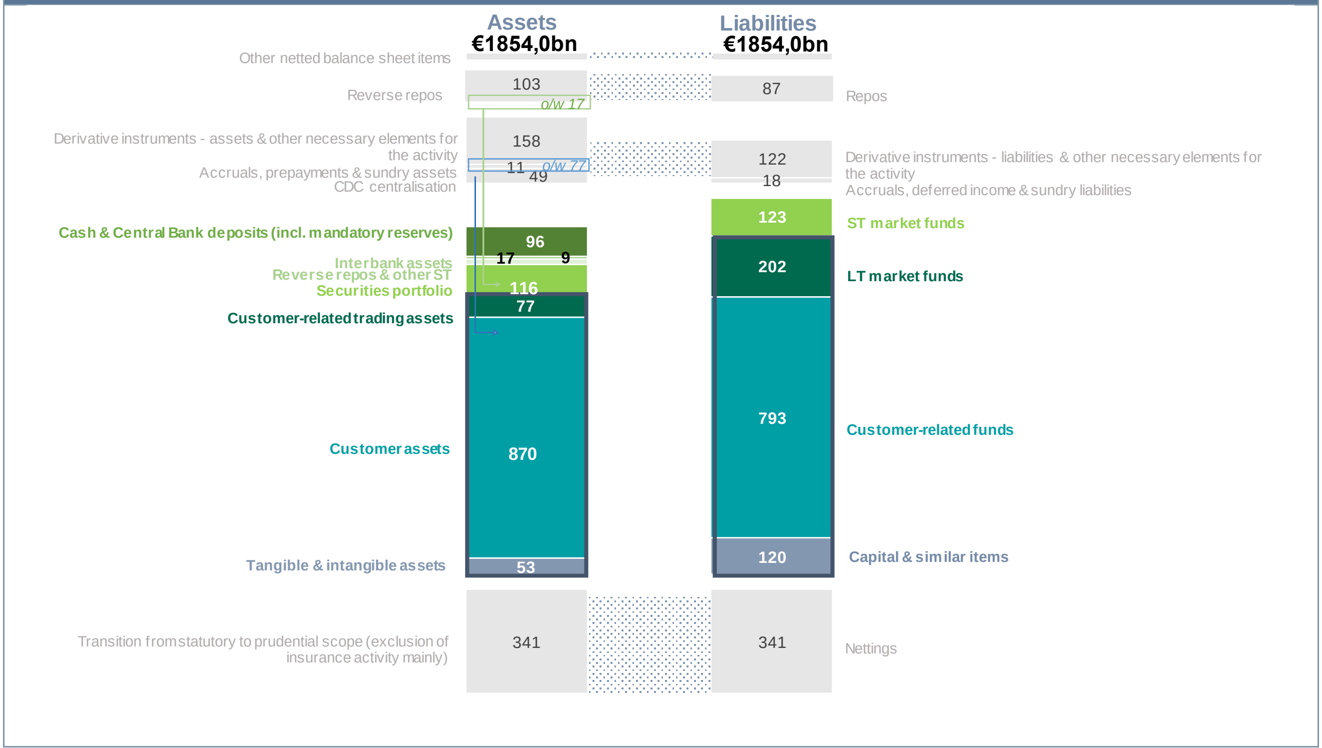
In a final stage, other restatements reassign outstandings that accounting standards allocate to one section, when they are economically related to another. As such, senior issues placed through the banking networks as well as financing by the European Investment Bank, the Caisse des Dépôts et Consignations and other refinancing transactions of the same type backed by customer loans, which accounting standards would classify as "Long-term market funds", are reclassified as "Customer deposits".

Note that for Central Bank refinancing operations, outstandings related to the TLTRO (Targeted Longer-Term Refinancing Operation) are included in "Long-term market funds". In fact, the new TLTRO II operations do not allow for early redemption at the ECB's option; given their four-year contractual maturity, they are deemed equivalent to long-term secured refinancing, identical in liquidity risk terms to a secured issue.

Medium to long-term repurchase agreement transactions (repos) are also included in "Long-term market funds".

Finally, the CIB's bank counterparties with which we have a commercial relationship are considered as customers in the construction of the cash balance sheet.

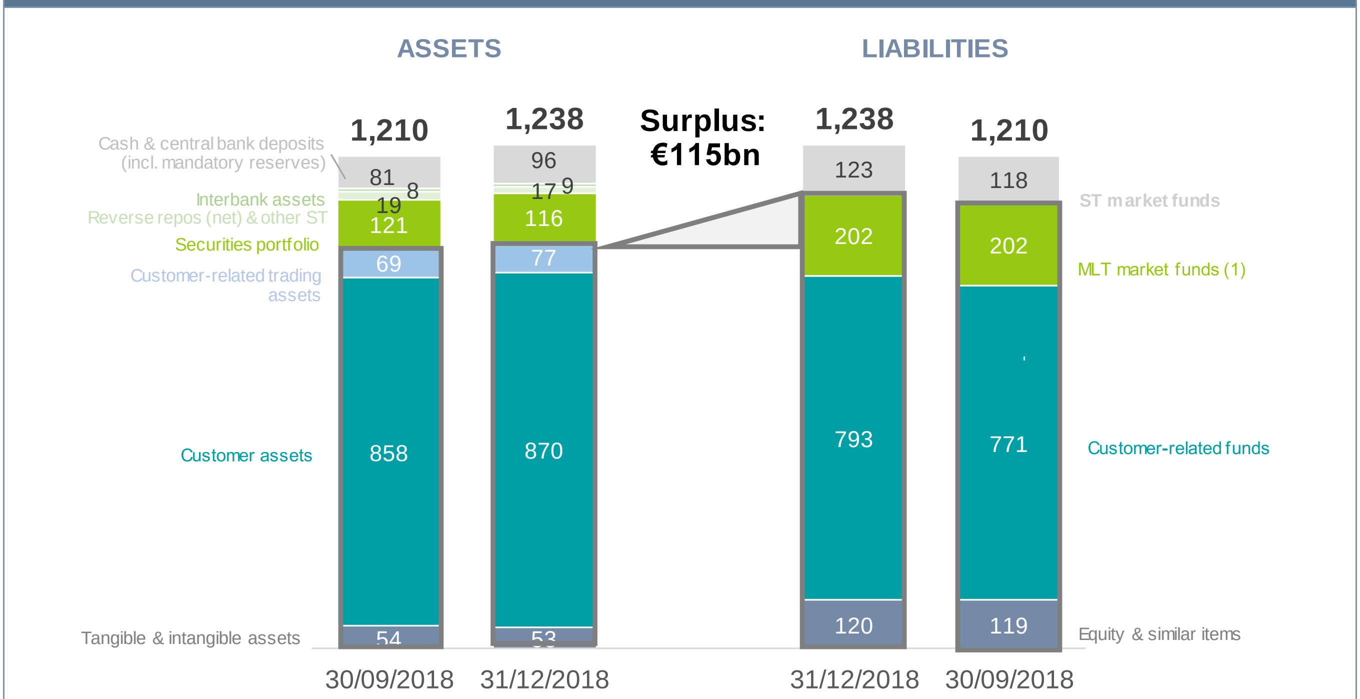
Table 65. Crédit Agricole Group - Construction of the banking cash balance sheet at 31.12.2018



The liquidity position of Crédit Agricole Group is solid. The Group's banking cash balance sheet, at 1,238 billion euros on 31 December 2018, shows a surplus of stable funding resources over stable application of funds of **115 billion euros**, up by 4 billion euros relative to September 2018, but down 7 by billion euros relative to December 2017.

The surplus of 115 billion euros, known as "stable resources position", allows the Group to cover the LCR deficit generated by long term assets and stable liabilities (customer, tangible and intangible assets, long-term funds, own funds). It exceeded the Medium-Term Plan target of over 100 billion euros. **At 111.5%, the ratio of stable resources over long-term applications of funds** is stable compared with the previous quarter.

Table 66. Crédit Agricole Group - Cash balance sheet at 31/12/18

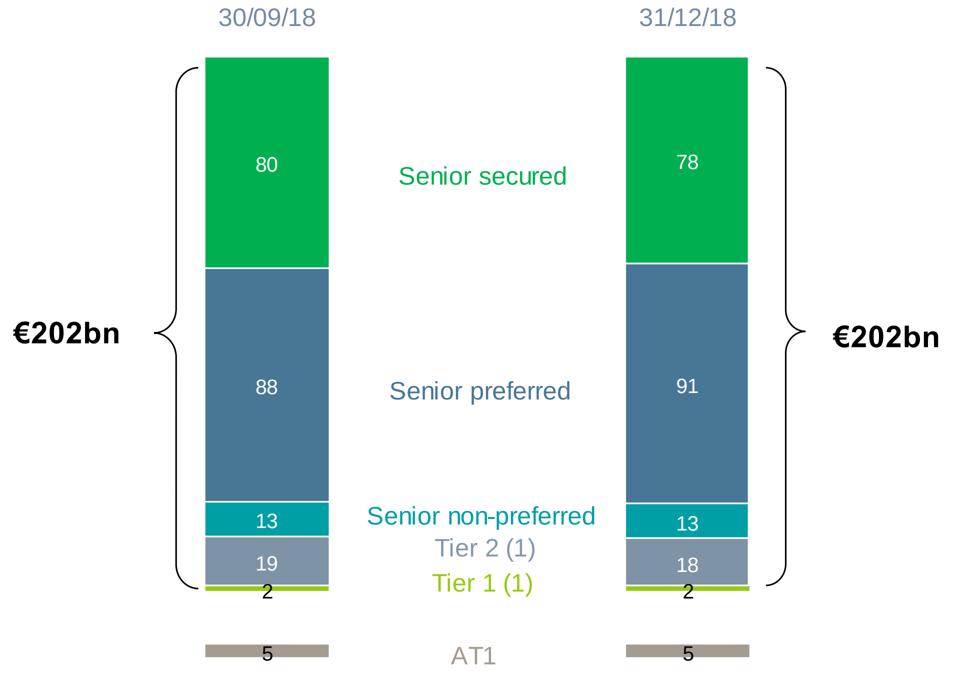


(1) LT market funds include T-LTRO drawings

Medium-to long term market funds outstanding amounted to 202 billion euros at 31 December 2018. They included senior secured debt of 78 billion euros, senior preferred (unsecured) debt of 91 billion euros, senior non-preferred debt of 13 billion euros, Tier 2 securities amounting to 18 billion euros and Tier 1 securities for 2 billion euros.

Medium-to long term market funds outstanding were stable compared to the end of September 2018. The stock of senior non-preferred debt issued to the market rose by 5.2 billion euros over one year.

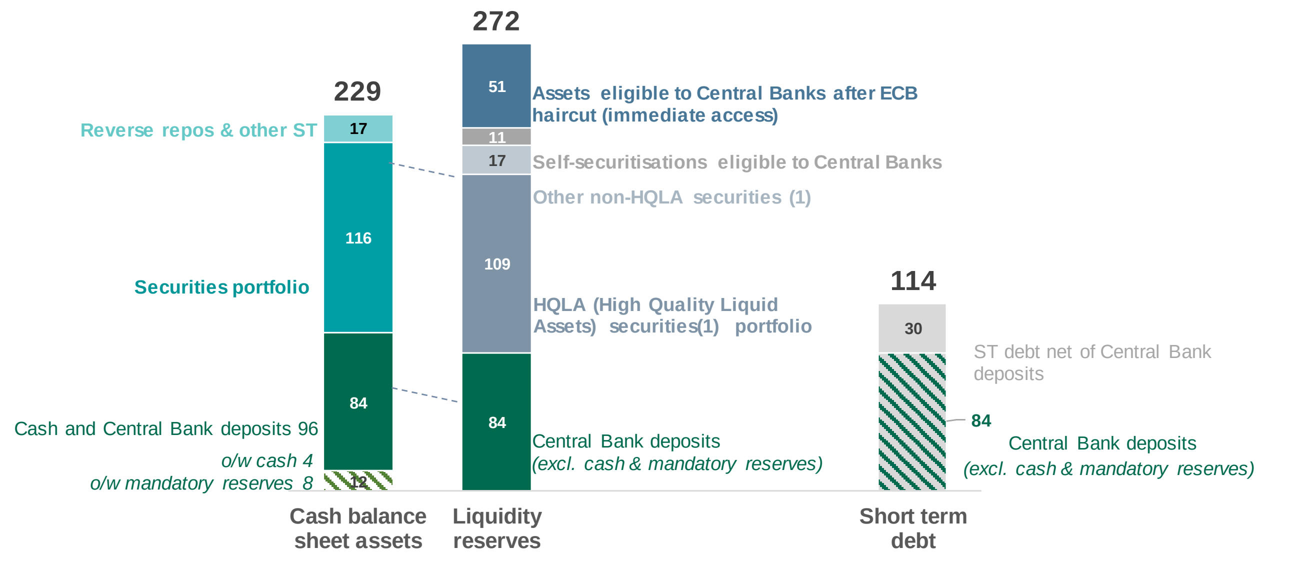
Table 67. Crédit Agricole Group - Breakdown of stock of medium- to long-term market funds at 31/12/18



(1) Notional amount

The Group's liquidity reserves, at market value and after haircuts, amounted to 272 billion euros at 31 December 2018, up by 10 billion euros compared with end-September 2018 and by 24 billion euros compared with 31 December 2017. They covered short term debt more than two times and HQLA securities covered more than three times over short-term debt net of Central Bank deposits.

Table 68. Crédit Agricole Group - Liquidity reserves at 31/12/18



(1) Available liquid market securities, at market value and after haircuts

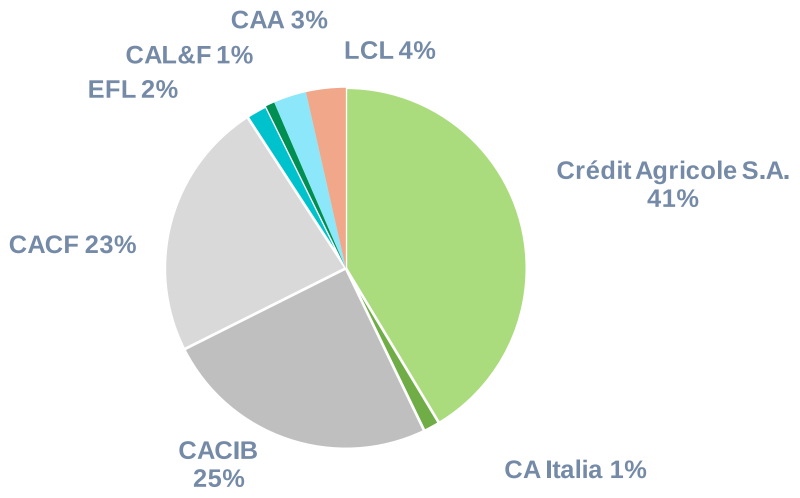
At end-December 2018, the numerator of the LCR ratio (including the HQLA securities portfolio, cash and Central Bank deposits, excluding mandatory reserves), calculated as an average over 12 months, stood respectively at 208.8 billion euros for Crédit Agricole Group and at 174.1 billion euros for Crédit Agricole S.A. The denominator of the ratio (representing net cash outflows), calculated as an average over 12 months, stood respectively at 156.6 billion euros for Crédit Agricole Group and at 130.6 billion euros for Crédit Agricole S.A.

The average LCR ratios over 12 months of Crédit Agricole Group and of Crédit Agricole S.A. stood at respectively 133.4% and 133.3% at end-December 2018. They exceeded the Medium-Term Plan target of around 110%. Credit Institutions are subject to a threshold for this ratio, set at 100% from 1 January 2018.

The Group continues to follow a prudent policy as regards medium-to long term funding, with a very diversified access to markets in terms of investor base and products.

At the end of December 2018, the Group’s main issuers raised 34.1 billion euros equivalent of medium-to long term debt on the markets up to the end of September 2018, of which 41% issued by Crédit Agricole S.A. (14.1 billion euros equivalent). This compares with 36.1 billion euros equivalent raised over the full year 2017. Besides, 4.4 billion euros were also placed in Crédit Agricole Group’s retail networks (Regional banks, LCL and CA Italia) or borrowed from supranational institutions in 2018.

Table 69. Crédit Agricole Group - MLT market issues Breakdown by issuer: €34,1bn at 31/12/18

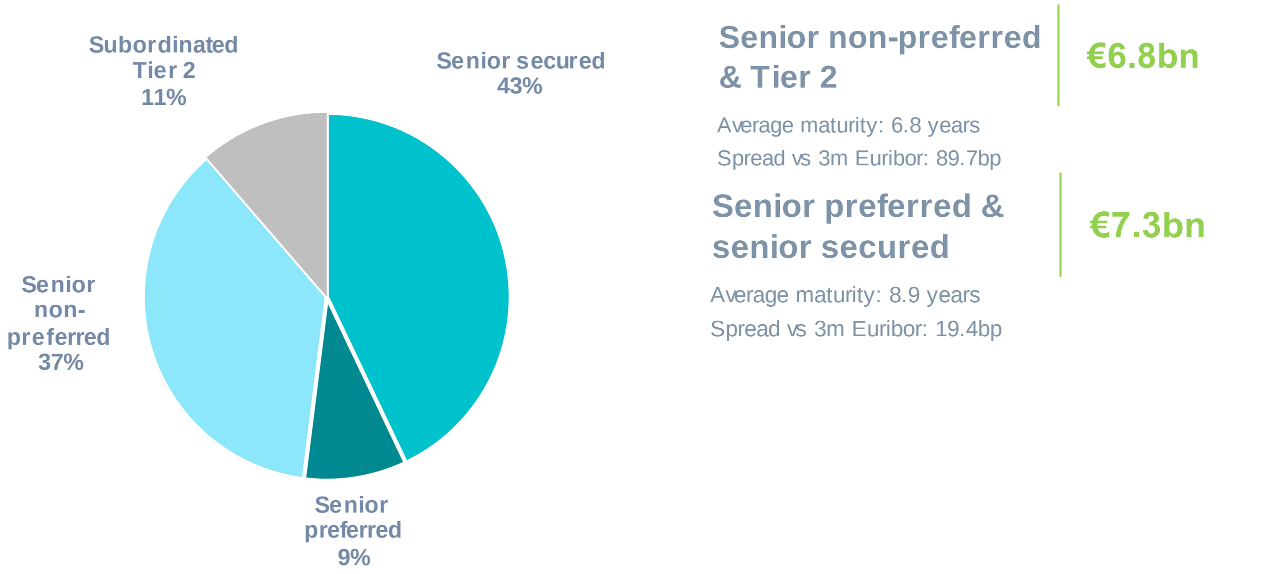


As the main issuer of the Group, Crédit Agricole S.A. raised the equivalent of 14.1 billion euros of medium-to-long-term debt on the markets through 2018, i.e. 2.1 billion euros more than its 2018 medium-to-long-term market funding programme which was thus 118% completed.

This figure is broken down as follows : 7.3 billion euros equivalent of senior preferred and of secured senior debt, as well as 6.8 billion euros equivalent of senior non-preferred and Tier 2 debt.

The medium-to-long-term market funding programme of Crédit Agricole S.A. for 2019 amounts to 17 billion euros, including around 5 to 6 billion euros of Tier 2 or of senior non-preferred debt.

Table 70. Crédit Agricole Group - MLT market issues Breakdown by segment: €14,1bn at 31/12/18



Balance sheet

Table 71. Crédit Agricole Group - Consolidated balance sheet (€bn)

Assets	31/12/2018	01/01/2018	31/12/2017	Liabilities	31/12/2018	01/01/2018	31/12/2017
Cash and Central banks	70,6	54,1	54,1	Central banks	1,1	3,4	3,4
Financial assets at fair value through profit or loss	372,1	372,1	320,3	Financial liabilities at fair value through profit or loss	225,9	225,6	225,6
Hedging derivative instruments	15,8	18,6	18,6	Hedging derivative instruments	16,2	17,2	17,2
Financial assets at fair value through other comprehensive income	265,0	269,2	-				
Available for sale financial assets	-	-	330,5				
Loans and receivables due from credit institutions	97,2	86,8	92,1	Due to banks	96,0	88,4	88,4
Loans and receivables due from customers	854,7	795,5	814,8	Customer accounts	789,8	732,4	732,4
Debt securities	80,6	74,0	-	Debt securities in issue	198,2	177,6	177,5
Revaluation adjustment on interest rate hedged portfolios	8,3	7,4	7,4	Revaluation adjustment on interest rate hedged portfolios	7,9	8,1	8,1
Held-to-maturity financial assets	-	-	39,1				
Current and deferred tax assets	6,2	6,2	5,6	Current and deferred tax liabilities	2,4	2,6	2,6
Accruals, prepayments and sundry assets	44,3	42,5	42,5	Accruals and sundry liabilities	48,0	45,8	45,8
Non-current assets held for sale and discontinued operations	0,3	0,5	0,5	Liabilities associated with non-current assets held for sale	0,2	0,4	0,4
Participations dans les entreprises mises en équivalence	0,1		-				
Investments in equity affiliates	6,3	5,0	5,1	Insurance Company technical reserves	325,9	324,1	322,1
Investment property	7,0	6,7	6,7	Provisions	8,1	6,9	6,4
Property, plant and equipment	7,8	7,6	7,6	Subordinated debt	22,8	25,5	25,5
Intangible assets	2,4	2,3	2,3	Shareholder's equity	106,7	101,2	102,3
Goodwill	16,1	16,0	16,0	Non-controlling interests	5,5	5,3	5,4
Total assets	**1 854,8**	**1 764,5**	**1 763,2**	**Total liabilities**	**1 854,8**	**1 764,5**	**1 763,2**

Table 72. Crédit Agricole S.A. - Consolidated balance sheet (€bn)

Assets	31/12/2018	01/01/2018	31/12/2017	Liabilities	31/12/2018	01/01/2018	31/12/2017
Cash and Central banks	67.0	50.8	50.8	Central banks	0.9	3.2	3.2
Financial assets at fair value through profit or loss	365.5	363.7	321.4	Financial liabilities at fair value through profit or loss	228.1	227.8	227.9
Hedging derivative instruments	14.3	16.4	16.4	Hedging derivative instruments	12.1	13.2	13.3
Financial assets at fair value through other comprehensive income	253.6	258.6	-				
Available for sale financial assets	-	-	307.1				
Loans and receivables due from credit institutions	413.0	388.7	394.1	Due to banks	132.0	125.6	125.6
Loans and receivables due from customers	369.5	341.1	360.1	Customer accounts	597.2	550.7	550.7
Debt securities	57.8	51.7	-	Debt securities in issue	184.5	163.8	163.7
Revaluation adjustment on interest rate hedged portfolios	6.4	6.0	6.0	Revaluation adjustment on interest rate hedged portfolios	6.6	6.6	6.6
Held-to-maturity financial assets	-	-	20.2				
Current and deferred tax assets	4.5	4.7	4.5	Current and deferred tax liabilities	2.4	3.3	3.5
Accruals, prepayments and sundry assets	38.0	36.2	36.2	Accruals and sundry liabilities	42.3	40.5	40.5
Non-current assets held for sale and discontinued operations	0.3	0.5	0.5	Liabilities associated with non-current assets held for sale	0.2	0.4	0.4
Investments in equity affiliates	0.1		-				
Investments in equity affiliates	6.4	5.1	5.2	Insurance Company technical reserves	324.0	322.5	320.4
Investment property	6.4	6.2	6.2	Provisions	5.8	4.9	4.4
Property, plant and equipment	4.1	4.2	4.2	Subordinated debt	22.8	25.4	25.4
Intangible assets	2.3	2.2	2.2	Shareholder's equity	58.8	57.1	58.1
Goodwill	15.5	15.4	15.4	Non-controlling interests	6.7	6.4	6.7
Total assets	**1,624.4**	**1,551.6**	**1,550.3**	**Total liabilities**	**1,624.4**	**1,551.6**	**1,550.3**

Crédit Agricole S.A.

Breakdown of share capital

Table 73. Crédit Agricole S.A. – Breakdown of share capital

	31/12/2018		31/12/2017		31/12/2017	
Breakdown of share capital	Number of shares	%	Number of shares	%	Number of shares	%
SAS Rue La Boétie	1,612,517,290	56.3%	1,611,969,963	56.6%	1,611,969,963	56.6%
Treasury shares	4,378,305	0.2%	2,146,133	0.1%	2,351,801	0.1%
Employees (company investment fund, ESOP)	126,627,820	4.4%	114,039,868	4.0%	98,146,525	3.4%
Float	1,122,913,741	39.2%	1,117,948,562	39.3%	1,133,636,237	39.8%
Total shares in issue (period end)	**2,866,437,156**		**2,846,104,526**		**2,846,104,526**	
Total shares in issue, excluding treasury shares (period end)	***2,862,058,851***		***2,843,958,393***		***2,843,752,725***	
Total shares in issue, excluding treasury shares (average numbe	***2,853,704,584***		***2,843,579,170***		***2,843,140,718***	

Data per share and ROTE

Table 74. Crédit Agricole S.A. – data per share

(€m)		2018	2017	∆ Q4/Q4	∆ 2018/2017
Net income Group share - stated		4,400	3,649	x 2.6	+20.6%
- Interests on AT1, including issuance costs, before tax		(443)	(454)	+1.2%	-2.5%
NIGS attributable to ordinary shares - stated	**[A]**	**3,957**	**3,194**	**x 3.4**	**+23.9%**
Average number shares in issue, excluding treasury shares (m)	[B]	2,853.7	2,843.6	+0.7%	+0.4%
Net earnings per share - stated	**[A]/[B]**	**1.39 €**	**1.12 €**	**x 3.3**	**+23.4%**
Dividend per share (€)		**-**	**0.63 €**	**n.m.**	**n.m.**
Underlying net income Group share (NIGS)		4,405	3,925	+21.6%	+12.2%
Underlying NIGS attributable to ordinary shares	**[C]**	**3,962**	**3,471**	**+25.0%**	**+14.2%**
Net earnings per share - underlying	**[C]/[B]**	**1.39 €**	**1.22 €**	**+24.2%**	**+13.8%**

(€m)		31/12/2018	01/01/2018
Shareholder's equity Group share		58,530	57,135
- AT1 issuances		(5,011)	(4,999)
- Unrealised gains and losses on OCI - Group share		(1,834)	(2,709)
- Payout assumption on annual results*		(1,975)	(1,802)
Net book value (NBV), not revaluated, attributable to ordin. sh.	**[D]**	**49,710**	**47,625**
- Goodwill & intangibles** - Group share		(17,774)	(17,672)
Tangible NBV (TNBV), not revaluated attrib. to ordinary sh.	**[E]**	**31,936**	**29,954**
Total shares in issue, excluding treasury shares (period end, m)	[F]	2,862.1	2,844.0
NBV per share , after deduction of dividend to pay (€)	**[D]/[F]**	**17.4 €**	**16.7 €**
+ Dividend to pay (€)	**[H]**	**0.69 €**	**0.63 €**
NBV per share , before deduction of dividend to pay (€)		**18.1 €**	**17.4 €**
TNBV per share, after deduction of dividend to pay (€)	**[G]=[E]/[F]**	**11.2 €**	**10.5 €**
TNBV per sh., before deduct. of divid. to pay (€)	**[G]+[H]**	**11.8 €**	**11.2 €**

** dividend proposed to the Board meeting to be paid*

*** including goodwill in the equity-accounted entities*

(€m)		2018	2017
Net income Group share attributable to ordinary shares	[H]	3,957	3,194
Tangible NBV (TNBV), not revaluated attrib. to ord. sh. - avg***	[J]	31,120	31,182
Stated ROTE (%)	**[H]/[J]**	**12.7%**	**10.2%**
Underlying Net income attrib. to ord. shares (annualised)	[I]	3,962	3,471
Underlying ROTE (%)	**[I]/[J]**	**12.7%**	**11.1%**

**** including assumption of dividend for the current exercise*

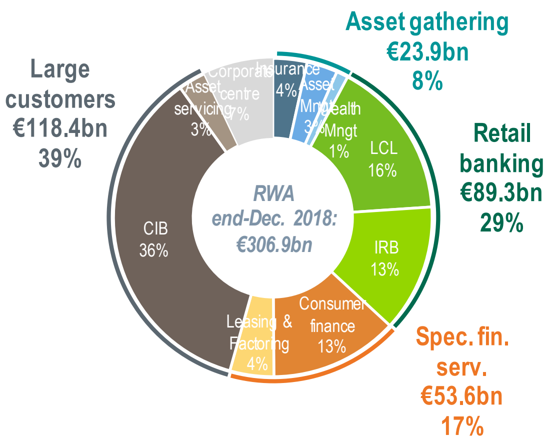
RWAs and capital allocation by business line

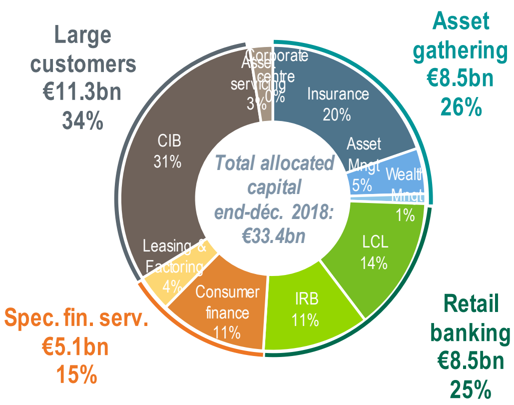
Table 75. Crédit Agricole S.A. – Fully loaded Basel 3 RWAs and capital allocation by business line

€bn	Dec 18	Sept 18	Dec 17	Dec 18	Sept 18
			Fully-loaded Basel 3		
French retail banking (LCL)	**49.6**	**46.8**	**44.1**	**4.7**	**4.4**
International retail banking	**39.7**	**40.2**	**38.7**	**3.8**	**3.8**
Asset gathering	**23.9**	**25.2**	**27.0**	**8.5**	**8.1**
- Savings management	*13.3*	*12.4*	*12.2*	*2.0*	*2.0*
*- Insurance****	*10.6*	*12.8*	*14.8*	*6.6*	*6.1*
Specialised financial services	**53.6**	**53.1**	**54.4**	**5.1**	**5.0**
Large customers	**118.4**	**117.1**	**108.2**	**11.3**	**11.1**
- Financing activities	*71.2*	*73.5*	*66.1*	*6.8*	*7.0*
- Capital markets and investment banking	*38.7*	*33.4*	*33.6*	*3.7*	*3.2*
- Asset servicing	*8.6*	*10.2*	*8.5*	*0.8*	*1.0*
Corporate Centre	**21.7**	**24.8**	**24.0**		
TOTAL	**306.9**	**307.3**	**296.4**		
o/w credit risk	*261.3*	*264.0*	*255.0*		
o/w Credit Valuation Adjustment (CVA) risk	*3.6*	*3.4*	*2.9*		
o/w market risk	*10.6*	*11.4*	*10.5*		
o/w operational risk	*31.4*	*28.5*	*28.0*		

* Implementation at 02/01/2014 of the Switch guarantees transferring to the Regional Banks €34bn of RWAs related to Crédit Agricole S.A.'s stake in Crédit Agricole Assurances

** Solvency 2 requirements as of 31/12/2017 for the calculation of allocated capital of December 2017 and June 2018; Solvency 2 requirements as of 31/12/2018 for the calculation of December 2018





Methodology :

- **9.5% of risk-weighted assets (RWAs)** for each business line except Asset gathering
- **Asset management:** 9.5% of RWAs, plus needs for Seed Money as well as stakes and investments
- **Insurance:** 80% of Solvency 2 capital requirements, reduced by 9.5% of RWAs transferred by the Switch 2 guarantee to the Regional banks

Appendix

Appendix 1 – Specific items

Crédit Agricole Group

Table 76. Crédit Agricole Group - Specific items, Q4-18 and Q4-17,2018 and 2017

€m	Gross impact*	Impact on NIGS	Gross impact*	Impact on NIGS	Gross impact*	Impact on NIGS	Gross impact*	Impact on NIGS
Issuer spreads (CC)	-	-	(104)	(62)	-	-	(249)	(153)
DVA (LC)	15	11	(5)	(4)	22	16	(66)	(43)
Loan portfolio hedges (LC)	17	13	(4)	(2)	23	17	(57)	(37)
Home Purchase Savings Plans (LCL)	1	1	2	2	(1)	(1)	65	43
Home Purchase Savings Plans (CC)	6	4	3	2	(3)	(2)	156	103
Home Purchase Savings Plans (RB)	7	4	15	10	(15)	(10)	220	144
Adjustment on liability costs (RB)	-	-	-	-	-	-	(218)	(148)
Liability management upfront payment (CC)	-	-	-	-	-	-	39	26
Check Image Exchange penalty	-	-	(98)	(98)	-	-	(98)	(98)
Total impact on revenues	**46**	**33**	**(190)**	**(152)**	**26**	**21**	**(207)**	**(164)**
Pioneer integration costs (AG)	(27)	(14)	(77)	(33)	(56)	(29)	(135)	(58)
Integration costs 3 Italian banks (IRB)	(11)	(7)	(41)	(24)	(2)	(0)	(41)	(24)
Total impact on operating expenses	**(38)**	**(21)**	**(117)**	**(57)**	**(59)**	**(29)**	**(176)**	**(83)**
ECB fine (CC)	-	-	-	-	(5)	(5)	-	-
Total impact Non-allocated legal risk provisions	**-**	**-**	**-**	**-**	**(5)**	**(5)**	**-**	**-**
Eurazeo sale (CC)	-	-	(4)	(4)	-	-	103	103
Disposal of BSF (LC)	-	-	(15)	(15)	-	-	102	102
Fine to FCA Bank (SFS)	(67)	(67)	-	-	(67)	(67)	-	-
Total impact on equity affiliates	**(67)**	**(67)**	**(19)**	**(19)**	**(67)**	**(67)**	**205**	**205**
Change of value of goodwill (CC)	-	-	186	131	86	74	186	131
Total impact on change of value of goodwill	**-**	**-**	**186**	**131**	**86**	**74**	**186**	**131**
Tax surcharge		-		(343)		-		(343)
3% dividend tax refund		-		79		-		79
Deferred tax revalorisation		-		(407)		-		(407)
Total impact on tax		**-**		**(671)**		**-**		**(671)**
CA Italy acquisition costs (IRB)	-	-	(3)	(2)	-	-	(11)	(6)
Total impact on Net income on other assets	**-**	**-**	**(3)**	**(2)**	**-**	**-**	**(11)**	**(6)**
Total impact of specific items	(59)	(55)	(143)	(770)	(19)	(5)	(2)	(587)
Asset gathering	*(27)*	*(14)*	*(77)*	*(153)*	*(56)*	*(29)*	*(135)*	*(178)*
French Retail banking	*8*	*5*	*(42)*	*(427)*	*(16)*	*(10)*	*8*	*(400)*
International Retail banking	*(11)*	*(7)*	*(44)*	*(26)*	*(2)*	*(0)*	*(51)*	*(30)*
Specialised financial services	*(67)*	*(67)*	*-*	*43*	*(67)*	*(67)*	*-*	*43*
Large customers	*32*	*24*	*(24)*	*(111)*	*45*	*34*	*(21)*	*(68)*
Corporate centre	*6*	*4*	*43*	*(95)*	*78*	*67*	*198*	*48*

** Impacts before tax and before minority interests*

Crédit Agricole S.A.

Table 77. Crédit Agricole S.A. - Specific items, Q4-18 and Q4-17,2018 and 2017

€m	Q4-18 Gross impact*	Q4-18 Impact on NIGS	Q4-17 Gross impact*	Q4-17 Impact on NIGS	2018 Gross impact*	2018 Impact on NIGS	2017 Gross impact*	2017 Impact on NIGS
Issuer spreads (CC)	-	-	(95)	(62)	-	-	(216)	(131)
DVA (LC)	15	11	(5)	(4)	22	16	(66)	(42)
Loan portfolio hedges (LC)	17	12	(4)	(2)	23	17	(57)	(36)
Home Purchase Savings Plans (FRB)	1	1	2	1	(1)	(1)	65	40
Home Purchase Savings Plans (CC)	6	4	3	2	(3)	(2)	156	103
Liability management upfront payment (CC)	-	-	-	-	-	-	39	26
Check Image Exchange penalty(1)	-	-	(59)	(58)	-	-	(59)	(58)
Total impact on revenues	**39**	**28**	**(158)**	**(123)**	**41**	**30**	**(138)**	**(100)**
Pioneer integration costs (AG)	(27)	(14)	(77)	(32)	(56)	(29)	(135)	(60)
3 Italian banks integration costs (IRB)	(11)	(6)	(41)	(22)	(2)	(1)	(41)	(22)
Total impact on operating expenses	**(38)**	**(20)**	**(117)**	**(54)**	**(59)**	**(30)**	**(176)**	**(82)**
ECB fine (CC)	-	-	-	-	(5)	(5)	-	-
Total impact Non-allocated legal risk provisions	**-**	**-**	**-**	**-**	**(5)**	**(5)**	**-**	**-**
Eurazeo sale (CC)	-	-	(4)	(4)	-	-	103	103
Disposal of BSF (LC)	-	-	(15)	(15)	-	-	102	99
FCA Bank fine (SFS)	(67)	(67)	-	-	(67)	(67)	-	-
Total impact on equity affiliates	**(67)**	**(67)**	**(19)**	**(19)**	**(67)**	**(67)**	**205**	**203**
Change of value of goodwill (CC)(2)	-	-	186	91	86	66	186	91
Total impact on change of value of goodwill	**-**	**-**	**186**	**91**	**86**	**66**	**186**	**91**
Tax surcharge	-	-	-	(326)	-	-	-	(326)
3% dividend tax refund	-	-	-	69	-	-	-	69
Deferred tax revaluation	-	-	-	(128)	-	-	-	(128)
Total impact on tax	**-**	**-**	**-**	**(384)**	**-**	**-**	**-**	**(384)**
CA Italy acquisition costs (IRB)	-	-	(3)	(2)	-	-	(8)	(4)
Total impact on Net income on other assets	**-**	**-**	**(3)**	**(2)**	**-**	**-**	**(8)**	**(4)**
Total impact of specific items	***(66)***	***(59)***	***(111)***	***(490)***	***(4)***	***(5)***	***70***	***(276)***
Asset gathering	***(27)***	***(14)***	***(77)***	***(147)***	***(56)***	***(29)***	***(135)***	***(176)***
French Retail banking	***1***	***1***	***(19)***	***(118)***	***(1)***	***(1)***	***44***	***(79)***
International Retail banking	***(11)***	***(6)***	***(44)***	***(23)***	***(2)***	***(1)***	***(49)***	***(26)***
Specialised financial services	***(67)***	***(67)***	***-***	***43***	***(67)***	***(67)***	***-***	***43***
Large customers	***32***	***23***	***(24)***	***(108)***	***45***	***33***	***(21)***	***(67)***
Corporate centre	***6***	***4***	***51***	***(136)***	***78***	***59***	***231***	***28***

** Impact before tax and before minority interests*

Appendix 2 –Crédit Agricole Group: stated and underlying income statement

Table 78. Crédit Agricole Group - Stated and underlying results, Q4-18 and Q4-17

€m	Q4-18 stated	Specific items	Q4-18 underlying	Q4-17 stated	Specific items	Q4-17 underlying	∆ Q4/Q4 stated	∆ Q4/Q4 underlying
Revenues	**8,110**	**46**	**8,064**	**8,045**	**(190)**	**8,235**	+0.8%	(2.1%)
Operating expenses excl.SRF	(5,478)	(38)	(5,440)	(5,459)	(117)	(5,342)	+0.3%	+1.8%
SRF	-	-	-	-	-	-	n.m.	n.m.
Gross operating income	**2,632**	**8**	**2,624**	**2,586**	**(307)**	**2,893**	**+1.8%**	**(9.3%)**
Cost of risk	(499)	-	(499)	(423)	-	(423)	+18.0%	+18.0%
Cost of legal risk	(75)	-	(75)	-	-	-	n.m.	n.m.
Equity-accounted entities	10	(67)	77	49	(19)	68	(78.9%)	+13.1%
Net income on other assets	48	-	48	5	(3)	8	x 8.9	x 5.7
Change in value of goodwill	-	-	-	186	186	0	(100.0%)	(100.0%)
Income before tax	**2,116**	**(59)**	**2,175**	**2,404**	**(143)**	**2,547**	**(12.0%)**	**(14.6%)**
Tax	(416)	(3)	(412)	(1,294)	(591)	(704)	(67.9%)	(41.4%)
Net income from discont'd or held-for-sale ope.	(0)	-	(0)	(23)	-	(23)	(99.9%)	(99.9%)
Net income	**1,700**	**(63)**	**1,763**	**1,087**	**(734)**	**1,821**	**+56.4%**	**(3.2%)**
Non controlling interests	(130)	8	(137)	(165)	(36)	(129)	(21.4%)	+6.4%
Net income Group Share	**1,571**	**(55)**	**1,626**	**922**	**(770)**	**1,692**	**+70.3%**	**(3.9%)**
Cost/Income ratio excl.SRF (%)	**67.5%**		**67.5%**	**67.9%**		**64.9%**	**-0.3 pp**	**+2.6 pp**
Net income Group Share excl. SRF	**1,571**	**(55)**	**1,626**	**922**	**(770)**	**1,692**	**+70.3%**	**(3.9%)**

Table 79. Crédit Agricole Group - From stated to underlying results, 2018 and 2017

€m	2018 stated	Specific items	2018 underlying	2017 stated	Specific items	2017 underlying	∆ 2018/2017 stated	∆ 2018/2017 underlying
Revenues	**32,839**	**26**	**32,813**	**32,108**	**(207)**	**32,315**	+2.3%	+1.5%
Operating expenses excl.SRF	(21,065)	(59)	(21,006)	(20,626)	(176)	(20,450)	+2.1%	+2.7%
SRF	(389)	-	(389)	(285)	-	(285)	+36.2%	+36.2%
Gross operating income	**11,385**	**(32)**	**11,418**	**11,197**	**(383)**	**11,580**	**+1.7%**	**(1.4%)**
Cost of risk	(1,640)	-	(1,640)	(1,536)	-	(1,536)	+6.8%	+6.8%
Cost of legal risk	(80)	(5)	(75)	(115)	-	(115)	(30.8%)	(34.8%)
Equity-accounted entities	266	(67)	333	732	205	527	(63.7%)	(36.9%)
Net income on other assets	87	-	87	5	(11)	16	x 17.2	n.m.
Change in value of goodwill	86	86	-	186	186	0	(54.1%)	(100.0%)
Income before tax	**10,105**	**(19)**	**10,123**	**10,470**	**(2)**	**10,472**	**(3.5%)**	**(3.3%)**
Tax	(2,733)	10	(2,743)	(3,479)	(567)	(2,912)	(21.5%)	(5.8%)
Net income from discont'd or held-for-sale ope.	(3)	-	(3)	20	-	20	n.m.	n.m.
Net income	**7,369**	**(8)**	**7,377**	**7,010**	**(569)**	**7,580**	**+5.1%**	**(2.7%)**
Non controlling interests	(525)	3	(527)	(474)	(18)	(457)	+10.6%	+15.5%
Net income Group Share	**6,844**	**(5)**	**6,849**	**6,536**	**(587)**	**7,123**	**+4.7%**	**(3.8%)**
Cost/Income ratio excl.SRF (%)	**64.1%**		**64.0%**	**64.2%**		**63.3%**	**-0.1 pp**	**+0.7 pp**

Appendix 3 –Crédit Agricole Group: consolidated income statement by business division

Table 80. Crédit Agricole Group: Contribution by divisions - Q4-2018 & Q4-2017

	Q4-18 (stated)							
€m	RB	LCL	IRB	AG	SFS	LC	CC	Total
Revenues	**3,235**	**841**	**730**	**1,469**	**690**	**1,210**	**(66)**	**8,110**
Operating expenses excl. SRF	(2,236)	(597)	(488)	(724)	(356)	(813)	(266)	(5,478)
SRF	-	-	-	-	-	-	-	-
Gross operating income	**1,000**	**244**	**243**	**745**	**335**	**397**	**(331)**	**2,632**
Cost of risk	(250)	(63)	(84)	(22)	(99)	26	(8)	(499)
Cost of legal risk	-	-	-	-	-	-	(75)	(75)
Equity-accounted entities	4	-	-	10	(2)	(1)	-	10
Net income on other assets	(9)	47	14	(1)	(0)	(0)	(3)	48
Change in value of goodwill	-	-	-	-	-	-	-	-
Income before tax	**745**	**229**	**173**	**732**	**233**	**422**	**(418)**	**2,116**
Tax	(204)	(87)	(41)	(175)	(40)	(79)	210	(416)
Net income from discont'd or held-for-sale ope.	-	-	-	(0)	-	-	-	(0)
Net income	**541**	**142**	**132**	**557**	**194**	**343**	**(208)**	**1,700**
Non controlling interests	0	0	(26)	(57)	(40)	1	(8)	(130)
Net income Group Share	**541**	**142**	**106**	**500**	**154**	**344**	**(216)**	**1,571**

	Q4-17 (stated)							
€m	RB	LCL	AG	IRB	SFS	LC	CC	Total
Revenues	**3,341**	**827**	**1,560**	**647**	**671**	**1,302**	**(303)**	**8,045**
Operating expenses excl. SRF	(2,153)	(613)	(830)	(470)	(372)	(816)	(206)	(5,459)
SRF	-	-	-	-	-	-	-	-
Gross operating income	**1,188**	**215**	**730**	**177**	**299**	**486**	**(509)**	**2,586**
Cost of risk	(86)	(55)	(24)	(104)	(102)	(37)	(14)	(423)
Cost of legal risk	-	-	-	-	-	-	-	-
Equity-accounted entities	2	-	9	-	58	(15)	(4)	49
Net income on other assets	(8)	6	4	(4)	(0)	10	(2)	5
Change in value of goodwill	-	-	-	0	-	-	186	186
Income before tax	**1,095**	**165**	**719**	**69**	**255**	**444**	**(343)**	**2,404**
Tax	(635)	(145)	(242)	(21)	(25)	(262)	36	(1,294)
Net income from discont'd or held-for-sale ope.	-	-	(8)	(0)	(15)	-	-	(23)
Net income	**460**	**20**	**468**	**48**	**216**	**182**	**(307)**	**1,087**
Non controlling interests	0	(0)	(63)	(12)	(30)	(6)	(54)	(165)
Net income Group Share	**460**	**20**	**405**	**36**	**186**	**176**	**(361)**	**922**

AG:Asset gathering; RB:Retail banking; SFS: Specialised financial services; LC:Large customers; CC: Corporate Centre

Table 81. Crédit Agricole Group. : Contribution by divisions - stated - 2018 & 2017

	2018 (stated)							
€m	RB	LCL	IRB	AG	SFS	LC	CC	Total
Revenues	**13,040**	**3,433**	**2,835**	**5,770**	**2,769**	**5,370**	**(377)**	**32,839**
Operating expenses excl. SRF	(8,657)	(2,363)	(1,790)	(2,833)	(1,363)	(3,169)	(890)	(21,065)
SRF	(87)	(28)	(22)	(3)	(17)	(170)	(62)	(389)
Gross operating income	**4,296**	**1,042**	**1,023**	**2,934**	**1,389**	**2,031**	**(1,329)**	**11,385**
Cost of risk	(634)	(220)	(359)	(17)	(467)	64	(8)	(1,640)
Cost of legal risk	-	-	-	-	-	-	(80)	(80)
Equity-accounted entities	12	-	-	47	187	0	19	266
Net income on other assets	(1)	50	14	(3)	1	14	13	87
Change in value of goodwill	-	-	-	-	-	-	86	86
Income before tax	**3,673**	**872**	**678**	**2,961**	**1,110**	**2,109**	**(1,299)**	**10,105**
Tax	(1,280)	(288)	(191)	(773)	(244)	(551)	594	(2,733)
Net income from discontinued or held-for-sale operations	-	(1)	-	(1)	(0)	-	-	(3)
Net income	**2,393**	**583**	**487**	**2,186**	**866**	**1,559**	**(705)**	**7,369**
Non controlling interests	(0)	0	(101)	(271)	(128)	2	(27)	(525)
Net income Group Share	**2,393**	**583**	**386**	**1,916**	**738**	**1,560**	**(732)**	**6,844**

	2017 (stated)							
€m	RB	LCL	AG	IRB	SFS	LC	CC	Total
Revenues	**13,277**	**3,491**	**5,255**	**2,594**	**2,721**	**5,328**	**(558)**	**32,108**
Operating expenses excl. SRF	(8,487)	(2,427)	(2,706)	(1,624)	(1,393)	(3,099)	(890)	(20,626)
SRF	(43)	(15)	(3)	(10)	(14)	(139)	(61)	(285)
Gross operating income	**4,746**	**1,049**	**2,546**	**960**	**1,314**	**2,089**	**(1,509)**	**11,197**
Cost of risk	(218)	(204)	(25)	(433)	(440)	(203)	(12)	(1,536)
Cost of legal risk	-	-	-	-	-	(115)	-	(115)
Equity-accounted entities	6	-	33	-	241	277	175	732
Net income on other assets	(5)	6	4	(7)	(1)	13	(4)	5
Change in value of goodwill	-	-	-	0	-	-	186	186
Income before tax	**4,529**	**851**	**2,559**	**520**	**1,114**	**2,060**	**(1,164)**	**10,470**
Tax	(1,772)	(338)	(647)	(159)	(230)	(709)	375	(3,479)
Net income from discontinued or held-for-sale operations	-	-	21	0	(1)	-	-	20
Net income	**2,758**	**513**	**1,933**	**361**	**883**	**1,352**	**(788)**	**7,010**
Non controlling interests	(0)	(0)	(209)	(80)	(118)	(21)	(47)	(474)
Net income Group Share	**2,757**	**513**	**1,724**	**281**	**766**	**1,331**	**(835)**	**6,536**

AG:Asset gathering; RB:Retail banking; SFS: Specialised financial services; LC:Large customers; CC: Corporate Centre

Appendix 4 – Crédit Agricole S.A. : stated and underlying income statement

Table 82. Crédit Agricole S.A. - From stated to underlying results, Q4-18 and Q4-17

€m	Q4-18 stated	Specific items	Q4-18 underlying	Q4-17 stated	Specific items	Q4-17 underlying	∆ Q4/Q4 stated	∆ Q4/Q4 underlying
Revenues	**4,853**	**39**	**4,814**	**4,651**	**(158)**	**4,810**	**+4.3%**	**+0.1%**
Operating expenses excl.SRF	(3,213)	(38)	(3,175)	(3,268)	(117)	(3,150)	(1.7%)	+0.8%
SRF	-	-	-	-	-	-	n.m.	n.m.
Gross operating income	**1,641**	**1**	**1,640**	**1,384**	**(275)**	**1,659**	**+18.6%**	**(1.2%)**
Cost of risk	(246)	-	(246)	(335)	-	(335)	(26.6%)	(26.6%)
Cost of legal risk	(75)	-	(75)	-	-	-	n.m.	n.m.
Equity-accounted entities	7	(67)	74	50	(19)	69	(85.3%)	+7.2%
Net income on other assets	56	-	56	13	(3)	16	x 4.2	x 3.4
Change in value of goodwill	-	-	-	186	186	0	(100.0%)	(100.0%)
Income before tax	**1,383**	**(66)**	**1,450**	**1,299**	**(111)**	**1,410**	**+6.5%**	**+2.8%**
Tax	(222)	(1)	(221)	(703)	(316)	(387)	(68.4%)	(42.9%)
Net income from discont'd or held-for-sale ope.	(0)	-	(0)	(23)	-	(23)	n.m.	n.m.
Net income	**1,161**	**(67)**	**1,229**	**573**	**(427)**	**1,000**	**x 2**	**+22.9%**
Non controlling interests	(154)	8	(162)	(186)	(64)	(123)	(17.4%)	+31.9%
Net income Group Share	**1,008**	**(59)**	**1,067**	**387**	**(490)**	**878**	**x 2.6**	**+21.6%**
Earnings per share (€)	**0.31**	**(0.02)**	**0.33**	**0.09**	**(0.17)**	**0.26**	**x 3.3**	**+23.8%**
Cost/Income ratio excl.SRF (%)	**66.2%**		**65.9%**	**70.2%**		**65.5%**	**-4.1 pp**	**+0.4 pp**
Net income Group Share excl. SRF	**1,833**	**(59)**	**1,892**	**387**	**(490)**	**878**	**x 4.7**	**x 2.2**

Table 83. Crédit Agricole S.A. - From stated to underlying results, 2018 and 2017

€m	2018 stated	Specific items	2018 underlying	2017 stated	Specific items	2017 underlying	∆ 2018/2017 stated	∆ 2018/2017 underlying
Revenues	**19,736**	**41**	**19,694**	**18,634**	**(138)**	**18,772**	**+5.9%**	**+4.9%**
Operating expenses excl.SRF	(12,287)	(59)	(12,228)	(11,961)	(176)	(11,785)	+2.7%	+3.8%
SRF	(301)	-	(301)	(242)	-	(242)	+24.5%	+24.5%
Gross operating income	**7,147**	**(18)**	**7,165**	**6,431**	**(314)**	**6,745**	**+11.1%**	**+6.2%**
Cost of risk	(1,002)	-	(1,002)	(1,307)	-	(1,307)	(23.4%)	(23.4%)
Cost of legal risk	(80)	(5)	(75)	(115)	-	(115)	(30.8%)	(34.8%)
Equity-accounted entities	256	(67)	323	728	205	523	(64.9%)	(38.3%)
Net income on other assets	89	-	89	6	(8)	14	x 15.5	x 6.5
Change in value of goodwill	86	86	-	186	186	0	(54.1%)	(100.0%)
Income before tax	**6,496**	**(4)**	**6,500**	**5,929**	**70**	**5,859**	**+9.6%**	**+10.9%**
Tax	(1,466)	5	(1,471)	(1,733)	(300)	(1,433)	(15.4%)	+2.7%
Net income from discont'd or held-for-sale ope.	(3)	-	(3)	20	-	20	n.m.	n.m.
Net income	**5,027**	**2**	**5,026**	**4,216**	**(230)**	**4,447**	**+19.2%**	**+13.0%**
Non controlling interests	(627)	(7)	(620)	(568)	(46)	(521)	+10.5%	+18.9%
Net income Group Share	**4,400**	**(5)**	**4,405**	**3,649**	**(276)**	**3,925**	**+20.6%**	**+12.2%**
Earnings per share (€)	**1.39**	**(0.00)**	**1.39**	**1.12**	**(0.10)**	**1.22**	**+23.3%**	**+13.7%**
Cost/Income ratio excl.SRF (%)	**62.3%**		**62.1%**	**64.2%**		**62.8%**	**-1.9 pp**	**-0.7 pp**

Appendix 5 – Crédit Agricole S.A. : consolidated income statement by business division

Table 84. Crédit Agricole S.A.: Contribution by divisions - Q4-18 & Q4-17

	Q4-18 (stated)						
€m	AG	FRB (LCL)	IRB	SFS	LC	CC	Total
Revenues	**1,470**	**842**	**704**	**690**	**1,210**	**(63)**	**4,853**
Operating expenses excl. SRF	(724)	(597)	(467)	(356)	(813)	(256)	(3,213)
SRF	-	-	-	-	-	-	-
Gross operating income	**746**	**245**	**237**	**335**	**397**	**(319)**	**1,641**
Cost of risk	(22)	(63)	(84)	(99)	26	(5)	(246)
Cost of legal risk	-	-	-	-	-	(75)	(75)
Equity-accounted entities	10	-	-	(2)	(1)	1	7
Net income on other assets	(1)	47	14	(0)	(0)	(3)	56
Change in value of goodwill	-	-	-	-	-	-	-
Income before tax	**733**	**230**	**167**	**233**	**422**	**(401)**	**1,383**
Tax	(176)	(87)	(39)	(40)	(79)	199	(222)
Net income from discontinued or held-for-sale operations	(0)	-	-	-	-	-	(0)
Net income	**558**	**142**	**127**	**194**	**343**	**(202)**	**1,161**
Non controlling interests	(60)	(6)	(32)	(40)	(6)	(10)	(154)
Net income Group Share	**498**	**136**	**96**	**154**	**337**	**(213)**	**1,008**

	Q4-17 (stated)						
€m	AG	FRB (LCL)	IRB	SFS	LC	CC	Total
Revenues	**1,560**	**827**	**617**	**671**	**1,305**	**(329)**	**4,651**
Operating expenses excl. SRF	(830)	(613)	(449)	(372)	(816)	(188)	(3,268)
SRF	-	-	-	-	-	-	-
Gross operating income	**730**	**215**	**168**	**299**	**489**	**(517)**	**1,384**
Cost of risk	(24)	(55)	(104)	(102)	(37)	(13)	(335)
Cost of legal risk	-	-	-	-	-	-	-
Equity-accounted entities	9	-	-	58	(15)	(1)	50
Net income on other assets	4	6	(4)	(0)	10	(3)	13
Change in value of goodwill	-	-	0	-	-	186	186
Income before tax	**719**	**165**	**60**	**255**	**447**	**(347)**	**1,299**
Tax	(242)	(144)	(19)	(25)	(263)	(9)	(703)
Net income from discontinued or held-for-sale operations	(8)	-	(0)	(15)	-	-	(23)
Net income	**468**	**21**	**41**	**216**	**184**	**(356)**	**573**
Non controlling interests	(67)	(1)	(12)	(30)	(9)	(67)	(186)
Net income Group Share	**401**	**20**	**28**	**186**	**174**	**(423)**	**387**

AG:Asset gathering; RB:Retail banking; SFS: Specialised financial services; LC:Large customers; CC: Corporate Centre

Table 85. Crédit Agricole S.A. : Contribution by divisions - 2018 & 2017

	2018 (stated)						
€m	AG	FRB (LCL)	IRB	SFS	LC	CC	Total
Revenues	**5,778**	**3,433**	**2,732**	**2,769**	**5,368**	**(344)**	**19,736**
Operating expenses excl. SRF	(2,833)	(2,363)	(1,716)	(1,363)	(3,169)	(842)	(12,287)
SRF	(3)	(28)	(22)	(17)	(170)	(62)	(301)
Gross operating income	**2,941**	**1,043**	**994**	**1,389**	**2,030**	**(1,249)**	**7,147**
Cost of risk	(17)	(220)	(358)	(467)	64	(5)	(1,002)
Cost of legal risk	-	-	-	-	-	(80)	(80)
Equity-accounted entities	47	-	-	187	0	21	256
Net income on other assets	(3)	50	14	1	14	13	89
Change in value of goodwill	-	-	-	-	-	86	86
Income before tax	**2,969**	**873**	**650**	**1,110**	**2,108**	**(1,213)**	**6,496**
Tax	(774)	(288)	(185)	(244)	(550)	576	(1,466)
Net income from discontinued or held-for-sale operations	(1)	(1)	-	(0)	-	-	(3)
Net income	**2,193**	**584**	**465**	**866**	**1,557**	**(638)**	**5,027**
Non controlling interests	(285)	(26)	(124)	(128)	(30)	(35)	(627)
Net income Group Share	**1,908**	**558**	**341**	**738**	**1,528**	**(672)**	**4,400**

	2017 (stated)						
€m	AG	FRB (LCL)	IRB	SFS	LC	CC	Total
Revenues	**5,263**	**3,492**	**2,482**	**2,721**	**5,332**	**(656)**	**18,634**
Operating expenses excl. SRF	(2,706)	(2,427)	(1,547)	(1,393)	(3,099)	(789)	(11,961)
SRF	(3)	(15)	(10)	(14)	(139)	(61)	(242)
Gross operating income	**2,555**	**1,050**	**924**	**1,314**	**2,094**	**(1,505)**	**6,431**
Cost of risk	(25)	(204)	(429)	(440)	(203)	(6)	(1,307)
Cost of legal risk	-	-	-	-	(115)	-	(115)
Equity-accounted entities	33	-	-	241	277	177	728
Net income on other assets	4	6	(12)	(1)	13	(4)	6
Change in value of goodwill	-	-	0	-	-	186	186
Income before tax	**2,567**	**851**	**483**	**1,114**	**2,065**	**(1,152)**	**5,929**
Tax	(647)	(338)	(152)	(230)	(710)	344	(1,733)
Net income from discontinued or held-for-sale operations	21	-	0	(1)	-	-	20
Net income	**1,942**	**513**	**331**	**883**	**1,355**	**(808)**	**4,216**
Non controlling interests	(222)	(25)	(97)	(118)	(48)	(58)	(568)
Net income Group Share	**1,720**	**488**	**234**	**766**	**1,307**	**(865)**	**3,649**

AG:Asset gathering; RB:Retail banking; SFS: Specialised financial services; LC:Large customers; CC: Corporate Centre

Appendix 6 – By business line: reconciliation between stated and underlying

In the fourth quarter and for the year of both 2018 and 2017, business lines of Asset gathering, French retail banking (LCL and Regional banks), International retail banking (Italy), Specialised Financial Services, Large customers and Corporate centre include specific elements.

Table 86. Asset management (Amundi) - From stated to underlying results, Q4-18 vs. Q4-17 and 2018 vs. 2017

€m	Q4-18 stated	Specific items	Q4-18 underlying	Q4-17 stated	Specific items	Q4-17 underlying	∆ Q4/Q4 stated	∆ Q4/Q4 underlying
Revenues	**600**	**-**	**600**	**734**	**-**	**734**	(18.2%)	(18.2%)
Operating expenses excl.SRF	(360)	(27)	(333)	(462)	(77)	(386)	(22.1%)	(13.6%)
SRF	-	-	-	-	-	-	n.m.	n.m.
Gross operating income	**240**	**(27)**	**267**	**271**	**(77)**	**348**	**(11.6%)**	**(23.4%)**
Cost of risk	(13)	-	(13)	(8)	-	(8)	+64.0%	+64.0%
Net income on other assets	0	-	0	(0)	-	(0)	n.m.	n.m.
Income before tax	**236**	**(27)**	**263**	**272**	**(77)**	**348**	**(13.0%)**	**(24.4%)**
Tax	(54)	6	(60)	(65)	35	(100)	(17.5%)	(40.5%)
Net income Group Share	**125**	**(14)**	**139**	**141**	**(28)**	**169**	**(11.5%)**	**(17.9%)**
Cost/Income ratio excl.SRF (%)	**60.0%**		**55.5%**	**63.0%**		**52.6%**	**-3.0 pp**	**+3.0 pp**

€m	2018 stated	Specific items	2018 underlying	2017 stated	Specific items	2017 underlying	∆ 2018/2017 stated	∆ 2018/2017 underlying
Revenues	**2,504**	**-**	**2,504**	**2,255**	**-**	**2,255**	+11.1%	+11.1%
Operating expenses excl.SRF	(1,416)	(56)	(1,359)	(1,328)	(135)	(1,192)	+6.6%	+14.0%
SRF	(1)	-	(1)	(1)	-	(1)	+12.5%	+12.5%
Gross operating income	**1,087**	**(56)**	**1,144**	**926**	**(135)**	**1,061**	**+17.5%**	**+7.8%**
Cost of risk	(11)	-	(11)	(13)	-	(13)	(15.3%)	(15.3%)
Net income on other assets	(0)	-	(0)	(1)	-	(1)	(91.3%)	(91.3%)
Income before tax	**1,123**	**(56)**	**1,180**	**944**	**(135)**	**1,080**	**+19.0%**	**+9.3%**
Tax	(297)	15	(311)	(279)	53	(332)	+6.4%	(6.1%)
Net income Group Share	**561**	**(29)**	**590**	**460**	**(57)**	**517**	**+22.0%**	**+14.1%**
Cost/Income ratio excl.SRF (%)	**56.5%**		**54.3%**	**58.9%**		**52.9%**	**-2.4 pp**	**+1.4 pp**

Table 87. Insurance - From stated to underlying results, Q4-18 vs. Q4-17 and 2018 vs. 2017

€m	Q4-18 stated	Specific items	Q4-18 underlying	Q4-17 stated	Specific items	Q4-17 underlying	∆ Q4/Q4 stated	∆ Q4/Q4 underlying
Revenues	**667**	**-**	**667**	**629**	**-**	**629**	+6.0%	+6.0%
Operating expenses excl.SRF	(172)	-	(172)	(197)	-	(197)	(12.2%)	(12.2%)
SRF	-	-	-	-	-	-	n.m.	n.m.
Gross operating income	**495**	**-**	**495**	**433**	**-**	**433**	**+14.3%**	**+14.3%**
Cost of risk	(1)	-	(1)	(0)	-	(0)	x 263.8	x 263.8
Net income on other assets	(1)	-	(1)	0	-	0	n.m.	n.m.
Income before tax	**493**	**-**	**493**	**433**	**-**	**433**	**+13.9%**	**+13.9%**
Tax	(122)	-	(122)	(180)	(119)	(61)	(32.0%)	x 2
Net income Group Share	**369**	**-**	**369**	**244**	**(119)**	**363**	**+51.6%**	**+1.9%**
Cost/Income ratio excl.SRF (%)	**25.9%**		**25.9%**	**31.2%**		**31.2%**	**-5.4 pp**	**-5.4 pp**

€m	2018 stated	Specific items	2018 underlying	2017 stated	Specific items	2017 underlying	∆ 2018/2017 stated	∆ 2018/2017 underlying
Revenues	**2,451**	**-**	**2,451**	**2,243**	**-**	**2,243**	+9.3%	+9.3%
Operating expenses excl.SRF	(694)	-	(694)	(743)	-	(743)	(6.6%)	(6.6%)
SRF	-	-	-	-	-	-	n.m.	n.m.
Gross operating income	**1,756**	**-**	**1,756**	**1,500**	**-**	**1,500**	**+17.1%**	**+17.1%**
Cost of risk	(0)	-	(0)	(0)	-	(0)	x 68.3	x 68.3
Net income on other assets	(3)	-	(3)	0	-	0	n.m.	n.m.
Income before tax	**1,753**	**-**	**1,753**	**1,500**	**-**	**1,500**	**+16.9%**	**+16.9%**
Tax	(454)	-	(454)	(357)	(119)	(238)	+27.2%	+90.8%
Net income Group Share	**1,288**	**-**	**1,288**	**1,161**	**(119)**	**1,280**	**+10.9%**	**+0.6%**
Cost/Income ratio excl.SRF (%)	**28.3%**		**28.3%**	**33.1%**		**33.1%**	**-4.8 pp**	**-4.8 pp**

Table 88. Retail banking in France (LCL) - From stated to underlying results, Q4-18 vs. Q4-17 and 2018 vs. 2017

€m	Q4-18 stated	Specific items	Q4-18 underlying	Q4-17 stated	Specific items	Q4-17 underlying	∆ Q4/Q4 stated	∆ Q4/Q4 underlying
Revenues	**842**	**1**	**841**	**827**	**(19)**	**846**	+1.7%	(0.6%)
Operating expenses excl.SRF	(597)	-	(597)	(613)	-	(613)	(2.6%)	(2.6%)
SRF	-	-	-	-	-	-	n.m.	n.m.
Gross operating income	**245**	**1**	**244**	**215**	**(19)**	**233**	**+14.2%**	**+4.7%**
Cost of risk	(63)	-	(63)	(55)	-	(55)	+13.7%	+13.7%
Net income on other assets	47	-	47	6	-	6	x 8.1	x 8.1
Income before tax	**230**	**1**	**229**	**165**	**(19)**	**184**	**+38.9%**	**+24.3%**
Tax	(87)	(0)	(87)	(144)	(105)	(39)	(39.4%)	x 2.2
Net income Group Share	**136**	**1**	**135**	**20**	**(118)**	**138**	**x 6.8**	**(1.9%)**
Cost/Income ratio excl.SRF (%)	**70.9%**		**71.0%**	**74.1%**		**72.4%**	**-3.2 pp**	**-1.5 pp**

€m	2018 stated	Specific items	2018 underlying	2017 stated	Specific items	2017 underlying	∆ 2018/2017	∆ 2018/2017 underlying
Revenues	**3,433**	**(1)**	**3,434**	**3,492**	**44**	**3,447**	(1.7%)	(0.4%)
Operating expenses excl.SRF	(2,363)	-	(2,363)	(2,427)	-	(2,427)	(2.6%)	(2.6%)
SRF	(28)	-	(28)	(15)	-	(15)	+87.7%	+87.7%
Gross operating income	**1,043**	**(1)**	**1,044**	**1,050**	**44**	**1,005**	**(0.7%)**	**+3.8%**
Cost of risk	(220)	-	(220)	(204)	-	(204)	+7.5%	+7.5%
Net income on other assets	50	-	50	6	-	6	x 8.6	x 8.6
Income before tax	**873**	**(1)**	**874**	**851**	**44**	**807**	**+2.5%**	**+8.3%**
Tax	(288)	0	(288)	(338)	(127)	(211)	(14.8%)	+36.8%
Net income Group Share	**558**	**(1)**	**558**	**488**	**(79)**	**567**	**+14.3%**	**(1.5%)**
Cost/Income ratio excl.SRF (%)	**68.8%**		**68.8%**	**69.5%**		**70.4%**	**-0.7 pp**	**-1.6 pp**

Table 89. Retail banking in Italy (IRB Italy) - From stated to underlying results, Q4-18 vs. Q4-17 and 2018 vs. 2017

€m	Q4-18 stated	Specific items	Q4-18 underlying	Q4-17 stated	Specific items	Q4-17 underlying	∆ Q4/Q4 stated	∆ Q4/Q4 underlying
Revenues	**485**	**-**	**485**	**412**	**-**	**412**	+17.5%	+17.5%
Operating expenses excl.SRF	(332)	(11)	(320)	(315)	(41)	(275)	+5.2%	+16.6%
SRF	-	-	-	-	-	-	n.m.	n.m.
Gross operating income	**153**	**(11)**	**164**	**97**	**(41)**	**138**	**+57.2%**	**+19.2%**
Cost of risk	(64)	-	(64)	(75)	-	(75)	(14.0%)	(14.0%)
Net income on other assets	0	-	0	(3)	(3)	(0)	n.m.	n.m.
Income before tax	**89**	**(11)**	**100**	**19**	**(44)**	**63**	**x 4.6**	**+58.9%**
Tax	(25)	4	(28)	(9)	12	(21)	x 2.8	+34.0%
Net income from discont'd or held-for-sale ope.	-	-	-	-	-	-	n.m.	n.m.
Net income	**64**	**(8)**	**72**	**10**	**(31)**	**42**	**x 6.2**	**+71.4%**
Non controlling interests	(17)	2	(19)	(4)	8	(12)	x 4.6	+58.7%
Net income Group Share	**47**	**(6)**	**52**	**7**	**(23)**	**30**	**x 7.1**	**+76.6%**
Cost/Income ratio excl.SRF (%)	**68.4%**		**66.1%**	**76.4%**		**66.6%**	**-8.0 pp**	**-0.5 pp**

€m	2018 stated	Specific items	2018 underlying	2017 stated	Specific items	2017 underlying	∆ 2018/2017 stated	∆ 2018/2017 underlying
Revenues	**1,885**	**-**	**1,885**	**1,662**	**-**	**1,662**	+13.4%	+13.4%
Operating expenses excl.SRF	(1,192)	(2)	(1,190)	(1,039)	(41)	(998)	+14.8%	+19.2%
SRF	(22)	-	(22)	(10)	-	(10)	x 2.1	x 2.1
Gross operating income	**671**	**(2)**	**673**	**612**	**(41)**	**653**	**+9.5%**	**+3.1%**
Cost of risk	(275)	-	(275)	(314)	-	(314)	(12.3%)	(12.3%)
Cost of legal risk	-	-	-	-	-	-	n.m.	n.m.
Equity-accounted entities	-	-	-	-	-	-	n.m.	n.m.
Net income on other assets	0	-	0	(11)	(8)	(3)	n.m.	n.m.
Change in value of goodwill	-	-	-	-	-	-	n.m.	n.m.
Income before tax	**396**	**(2)**	**398**	**288**	**(49)**	**336**	**+37.5%**	**+18.4%**
Tax	(126)	1	(127)	(99)	14	(113)	+27.0%	+12.1%
Net income from discont'd or held-for-sale ope.	-	-	-	-	-	-	n.m.	n.m.
Net income	**269**	**(2)**	**271**	**188**	**(35)**	**223**	**+43.1%**	**+21.5%**
Non controlling interests	(75)	0	(75)	(53)	9	(62)	+40.0%	+20.2%
Net income Group Share	**195**	**(1)**	**196**	**135**	**(26)**	**161**	**+44.3%**	**+22.0%**
Cost/Income ratio excl.SRF (%)	**63.3%**		**63.1%**	**62.5%**		**60.1%**	**+0.7 pp**	**+3.0 pp**

Table 90. Specialised financial services (SFS) - From stated to underlying results, Q4-18 vs. Q4-17 and 2018 vs. 2017

€m	Q4-18 stated	Specific items	Q4-18 underlying	Q4-17 stated	Specific items	Q4-17 underlying	∆ Q4/Q4 stated	∆ Q4/Q4 underlying
Revenues	**690**	**-**	**690**	**671**	**-**	**671**	+2.9%	+2.9%
Operating expenses excl.SRF	(356)	-	(356)	(372)	-	(372)	(4.3%)	(4.3%)
SRF	-	-	-	-	-	-	n.m.	n.m.
Gross operating income	**335**	**-**	**335**	**299**	**-**	**299**	**+11.8%**	**+11.8%**
Cost of risk	(99)	-	(99)	(102)	-	(102)	(3.1%)	(3.1%)
Equity-accounted entities	(2)	(67)	65	58	-	58	n.m.	+11.3%
Income before tax	**233**	**(67)**	**300**	**255**	**-**	**255**	**(8.7%)**	**+17.5%**
Tax	(40)	-	(40)	(25)	43	(67)	+59.7%	(41.1%)
Net income from discont'd or held-for-sale ope.	-	-	-	(15)	-	(15)	n.m.	n.m.
Net income	**194**	**(67)**	**261**	**216**	**43**	**174**	**(10.4%)**	**+50.1%**
Non controlling interests	(40)	-	(40)	(30)	-	(30)	+32.6%	+32.6%
Net income Group Share	**154**	**(67)**	**221**	**186**	**43**	**144**	**(17.3%)**	**+53.8%**
Cost/Income ratio excl.SRF (%)	**51.5%**		**51.5%**	**55.4%**		**55.4%**	**-3.9 pp**	**-3.9 pp**

€m	2018 stated	Specific items	2018 underlying	2017 stated	Specific items	2017 underlying	∆ 2018/2017 stated	∆ 2018/2017 underlying
Revenues	**2,769**	**-**	**2,769**	**2,721**	**-**	**2,721**	+1.7%	+1.7%
Operating expenses excl.SRF	(1,363)	-	(1,363)	(1,393)	-	(1,393)	(2.2%)	(2.2%)
SRF	(17)	-	(17)	(14)	-	(14)	+19.9%	+19.9%
Gross operating income	**1,389**	**-**	**1,389**	**1,314**	**-**	**1,314**	**+5.7%**	**+5.7%**
Cost of risk	(467)	-	(467)	(440)	-	(440)	+6.1%	+6.1%
Equity-accounted entities	187	(67)	254	241	-	241	(22.4%)	+5.4%
Income before tax	**1,110**	**(67)**	**1,177**	**1,114**	**-**	**1,114**	**(0.3%)**	**+5.7%**
Tax	(244)	-	(244)	(230)	43	(272)	+6.2%	(10.4%)
Net income from discont'd or held-for-sale ope.	(0)	-	(0)	(1)	-	(1)	n.m.	n.m.
Net income	**866**	**(67)**	**933**	**883**	**43**	**841**	**(1.9%)**	**+11.0%**
Non controlling interests	(128)	-	(128)	(118)	-	(118)	+8.7%	+8.7%
Net income Group Share	**738**	**(67)**	**805**	**766**	**43**	**723**	**(3.6%)**	**+11.4%**
Cost/Income ratio excl.SRF (%)	**49.2%**		**49.2%**	**51.2%**		**51.2%**	**-2.0 pp**	**-2.0 pp**

Table 91. Large customers (LC) - From stated to underlying results, Q4-18 vs. Q4-17 and 2018 vs. 2017

€m	Q4-18 stated	Specific items	Q4-18 underlying	Q4-17 stated	Specific items	Q4-17 underlying	∆ Q4/Q4 stated	∆ Q4/Q4 underlying
Revenues	**1,210**	**32**	**1,178**	**1,305**	**(9)**	**1,313**	(7.3%)	(10.3%)
Operating expenses excl.SRF	(813)	-	(813)	(816)	-	(816)	(0.3%)	(0.3%)
SRF	-	-	-	-	-	-	n.m.	n.m.
Gross operating income	**397**	**32**	**365**	**489**	**(9)**	**498**	**(18.8%)**	**(26.6%)**
Cost of risk	26	-	26	(37)	-	(37)	n.m.	n.m.
Cost of legal risk	-	-	-	-	-	-	n.m.	n.m.
Equity-accounted entities	(1)	-	(1)	(15)	(15)	(0)	(90.9%)	x 17.4
Net income on other assets	(0)	-	(0)	10	-	10	n.m.	n.m.
Change in value of goodwill	-	-	-	-	-	-	n.m.	n.m.
Income before tax	**422**	**32**	**390**	**447**	**(24)**	**471**	**(5.7%)**	**(17.2%)**
Tax	(79)	(8)	(71)	(263)	(87)	(176)	(70.1%)	(60.0%)
Net income from discont'd or held-for-sale ope.	-	-	-	-	-	-	n.m.	n.m.
Net income	**343**	**24**	**319**	**184**	**(111)**	**294**	**+86.8%**	**+8.5%**
Non controlling interests	(6)	(1)	(6)	(9)	3	(12)	(31.3%)	(51.2%)
Net income Group Share	**337**	**23**	**314**	**174**	**(108)**	**283**	**+92.9%**	**+10.9%**
Cost/Income ratio excl.SRF (%)	**67.2%**		**69.0%**	**62.5%**		**62.1%**	**+4.7 pp**	**+6.9 pp**

€m	2018 stated	Specific items	2018 underlying	2017 stated	Specific items	2017 underlying	∆ 2018/2017 stated	∆ 2018/2017 underlying
Revenues	**5,368**	**45**	**5,323**	**5,332**	**(123)**	**5,455**	+0.7%	(2.4%)
Operating expenses excl.SRF	(3,169)	-	(3,169)	(3,099)	-	(3,099)	+2.3%	+2.3%
SRF	(170)	-	(170)	(139)	-	(139)	+21.8%	+21.8%
Gross operating income	**2,030**	**45**	**1,984**	**2,094**	**(123)**	**2,217**	**(3.1%)**	**(10.5%)**
Cost of risk	64	-	64	(203)	-	(203)	n.m.	n.m.
Cost of legal risk	-	-	-	(115)	-	(115)	(100.0%)	(100.0%)
Equity-accounted entities	0	-	0	277	102	175	(99.9%)	(99.8%)
Net income on other assets	14	-	14	13	-	13	+8.5%	+8.5%
Change in value of goodwill	-	-	-	-	-	-	n.m.	n.m.
Income before tax	**2,108**	**45**	**2,062**	**2,065**	**(21)**	**2,086**	**+2.1%**	**(1.1%)**
Tax	(550)	(12)	(539)	(710)	(47)	(663)	(22.5%)	(18.8%)
Net income from discont'd or held-for-sale ope.	-	-	-	-	-	-	n.m.	n.m.
Net income	**1,557**	**34**	**1,524**	**1,355**	**(68)**	**1,423**	**+15.0%**	**+7.1%**
Non controlling interests	(30)	(1)	(29)	(48)	1	(49)	(38.2%)	(41.5%)
Net income Group Share	**1,528**	**33**	**1,495**	**1,307**	**(67)**	**1,374**	**+16.9%**	**+8.8%**
Cost/Income ratio excl.SRF (%)	**59.0%**		**59.5%**	**58.1%**		**56.8%**	**+0.9 pp**	**+2.7 pp**

Table 92. Corporate centre (CC) - From stated to underlying results, Q4-18 vs. Q4-17 and 2018 vs. 2017

€m	Q4-18 stated	Specific items	Q4-18 underlying	Q4-17 stated	Specific items	Q4-17 underlying	∆ Q4/Q4 stated	∆ Q4/Q4 underlying
Revenues	**(63)**	**6**	**(69)**	**(329)**	**(131)**	**(198)**	(80.9%)	(65.1%)
Operating expenses excl.SRF	(256)	-	(256)	(188)	-	(188)	+36.4%	+36.4%
SRF	-	-	-	-	-	-	n.m.	n.m.
Gross operating income	**(319)**	**6**	**(325)**	**(517)**	**(131)**	**(386)**	**(38.3%)**	**(15.7%)**
Cost of risk	(5)	-	(5)	(13)	-	(13)	(59.8%)	(59.8%)
Cost of legal risk	(75)	-	(75)	-	-	-	n.m.	n.m.
Equity-accounted entities	1	-	1	(1)	(4)	3	n.m.	(56.1%)
Net income on other assets	(3)	-	(3)	(3)	-	(3)	+14.3%	+14.3%
Change in value of goodwill	-	-	-	186	186	-	(100.0%)	n.m.
Income before tax	**(401)**	**6**	**(407)**	**(347)**	**51**	**(399)**	**+15.5%**	**+2.2%**
Tax	199	(2)	201	(9)	(94)	85	n.m.	x 2.4
Net income from discont'd or held-for-sale ope.	-	-	-	-	-	-	n.m.	n.m.
Net income	**(202)**	**4**	**(206)**	**(356)**	**(43)**	**(313)**	**(43.2%)**	**(34.2%)**
Non controlling interests	(10)	-	(10)	(67)	(94)	27	(84.3%)	n.m.
Net income Group Share	**(213)**	**4**	**(217)**	**(423)**	**(136)**	**(287)**	**(49.7%)**	**(24.3%)**
Cost/Income ratio excl.SRF (%)	**-406.4%**		**-370.0%**	**-57.0%**		**-94.7%**	**-349.4 pp**	**-275.3 pp**

€m	2018 stated	Specific items	2018 underlying	2017 stated	Specific items	2017 underlying	∆ 2018/2017	∆ 2018/2017 underlying
Revenues	**(344)**	**(3)**	**(341)**	**(656)**	**(59)**	**(597)**	(47.5%)	(42.8%)
Operating expenses excl.SRF	(842)	-	(842)	(789)	-	(789)	+6.8%	+6.8%
SRF	(62)	-	(62)	(61)	-	(61)	+1.9%	+1.9%
Gross operating income	**(1,249)**	**(3)**	**(1,245)**	**(1,505)**	**(59)**	**(1,446)**	**(17.1%)**	**(13.9%)**
Cost of risk	(5)	-	(5)	(6)	-	(6)	(26.0%)	(26.0%)
Cost of legal risk	(80)	(5)	(75)	-	-	-	n.m.	n.m.
Equity-accounted entities	21	-	21	177	103	74	(88.4%)	(72.1%)
Net income on other assets	13	-	13	(4)	-	(4)	n.m.	n.m.
Change in value of goodwill	86	86	-	186	186	-	(54.1%)	n.m.
Income before tax	**(1,213)**	**78**	**(1,291)**	**(1,152)**	**231**	**(1,383)**	**+5.3%**	**(6.6%)**
Tax	576	1	575	344	(116)	460	+67.3%	+24.8%
Net income from discont'd or held-for-sale ope.	-	-	-	-	-	-	n.m.	n.m.
Net income	**(638)**	**79**	**(717)**	**(808)**	**115**	**(922)**	**(21.1%)**	**(22.3%)**
Non controlling interests	(35)	(20)	(15)	(58)	(86)	29	(40.0%)	n.m.
Net income Group Share	**(672)**	**59**	**(731)**	**(865)**	**28**	**(894)**	**(22.3%)**	**(18.2%)**
Cost/Income ratio excl.SRF (%)	**-244.6%**		**-246.9%**	**-120.3%**		**-132.2%**	**-124.3 pp**	**-114.7 pp**

Table 93. Regional banks - From stated to underlying results, Q4-18 vs. Q4-17 and 2018 vs. 2017

€m	Q4-18 stated	Specific items	Q4-18 underlying	Q4-17 stated	Specific items	Q4-17 underlying	∆ Q4/Q4 stated	∆ Q4/Q4 underlying
Revenues	**3,235**	**7**	**3,228**	**3,341**	**(23)**	**3,364**	(3.2%)	(4.0%)
Operating expenses excl.SRF	(2,236)	-	(2,236)	(2,153)	-	(2,153)	+3.8%	+3.8%
SRF	-	-	-	-	-	-	n.m.	n.m.
Gross operating income	**1,000**	**7**	**993**	**1,188**	**(23)**	**1,211**	**(15.9%)**	**(18.1%)**
Cost of risk	(250)	-	(250)	(86)	-	(86)	x 2.9	x 2.9
Cost of legal risk	-	-	-	-	-	-	n.m.	n.m.
Equity-accounted entities	4	-	4	2	-	2	x 2.2	x 2.2
Net income on other assets	(9)	-	(9)	(8)	-	(8)	+2.5%	+2.5%
Change in value of goodwill	-	-	-	-	-	-	n.m.	n.m.
Income before tax	**745**	**7**	**738**	**1,095**	**(23)**	**1,119**	**(32.0%)**	**(34.0%)**
Tax	(204)	(2)	(202)	(635)	(280)	(355)	(67.9%)	(43.2%)
Net income from discont'd or held-for-sa	-	-	-	-	-	-	n.m.	n.m.
Net income	**541**	**4**	**537**	**460**	**(303)**	**764**	**+17.6%**	**(29.7%)**
Non controlling interests	0	-	0	0	-	0	(94.3%)	(94.3%)
Net income Group Share	**541**	**4**	**537**	**460**	**(303)**	**764**	**+17.5%**	**(29.7%)**
Cost/Income ratio excl.SRF (%)	**69.1%**		**69.2%**	**64.4%**		**64.0%**	**+4.7 pp**	**+5.3 pp**

€m	2018 stated	Specific items	2018 underlying	2017 stated	Specific items	2017 underlying	∆ 2018/2017 stated	∆ 2018/2017 underlying
Revenues	**13,040**	**(15)**	**13,055**	**13,277**	**(37)**	**13,313**	(1.8%)	(1.9%)
Operating expenses excl.SRF	(8,657)	-	(8,657)	(8,487)	-	(8,487)	+2.0%	+2.0%
SRF	(87)	-	(87)	(43)	-	(43)	x 2	x 2
Gross operating income	**4,296**	**(15)**	**4,311**	**4,746**	**(37)**	**4,783**	**(9.5%)**	**(9.9%)**
Cost of risk	(634)	-	(634)	(218)	-	(218)	x 2.9	x 2.9
Cost of legal risk	-	-	-	-	-	-	n.m.	n.m.
Equity-accounted entities	12	-	12	6	-	6	+97.9%	+97.9%
Net income on other assets	(1)	-	(1)	(5)	-	(5)	(69.4%)	(69.4%)
Change in value of goodwill	-	-	-	-	-	-	n.m.	n.m.
Income before tax	**3,673**	**(15)**	**3,688**	**4,529**	**(37)**	**4,566**	**(18.9%)**	**(19.2%)**
Tax	(1,280)	5	(1,285)	(1,772)	(281)	(1,491)	(27.8%)	(13.8%)
Net income from discont'd or held-for-sa	-	-	-	-	-	-	n.m.	n.m.
Net income	**2,393**	**(10)**	**2,403**	**2,758**	**(317)**	**3,075**	**(13.2%)**	**(21.9%)**
Non controlling interests	(0)	-	(0)	(0)	-	(0)	(18.7%)	(18.7%)
Net income Group Share	**2,393**	**(10)**	**2,403**	**2,757**	**(317)**	**3,075**	**(13.2%)**	**(21.9%)**
Cost/Income ratio excl.SRF (%)	**66.4%**		**66.3%**	**63.9%**		**63.7%**	**+2.5 pp**	**+2.6 pp**

Appendix 7 – Credit risk

Table 94. Crédit Agricole Group - Evolution of credit risk outstandings

€m	Dec. 17	IFRS9 FTA - 01/01/2018	Sept. 18	Dec. 18
Gross customer and interbank loans outstanding	908,490	904,078	953,702	971,769
of which: impaired loans	24,335	25,895	24,262	23,459
Loans loss reserves (incl. collective reserves)	19,463	21,779	20,806	19,893
Impaired loans ratio	2.7%	2.9%	2.5%	2.4%
Coverage ratio (excl. collective reserves)*	57.9%	61.2%	61.4%	61.2%
Coverage ratio (incl. collective reserves)*	80.0%	84.1%	85.8%	84.8%

Table 95. Crédit Agricole S.A. - Evolution of credit risk outstandings

€m	Dec. 17	IFRS9 FTA - 01/01/2018	Sept. 18	Dec. 18
Gross customer and interbank loans outstanding	448,465	441,800	469,607	479,313
of which: impaired loans	14,508	15,503	13,990	13,427
Loans loss reserves (incl. collective reserves)	9,763	11,341	10,485	9,974
Impaired loans ratio	3.2%	3.5%	3.0%	2.8%
Coverage ratio (excl. collective reserves)*	53.9%	58.0%	58.5%	57.6%
Coverage ratio (incl. collective reserves)*	67.3%	73.2%	74.9%	74.3%

Table 96. Regional banks (French GAAP) - Evolution of credit risk outstandings

€m	Dec. 17	IFRS9 FTA - 01/01/2018	Sept. 18	Dec. 18
Gross customer loans outstanding	444,333	455,241	477,608	485,938
of which: impaired loans	9,583	9,633	9,535	9,303
Loans loss reserves (incl. collective reserves)	9,609	9,739	9,664	9,275
Impaired loans ratio	2.2%	2.1%	2.0%	1.9%
Coverage ratio (excl. collective reserves)*	64.5%	64.4%	63.7%	64.4%
Coverage ratio (incl. collective reserves)*	100.3%	101.1%	101.4%	99.7%

Table 97. Crédit Agricole S.A. – Risk breakdown

By geographic region	Dec. 2018	Dec. 2017
France (excl. retail banking)	32%	33%
France (retail banking)	16%	17%
Western Europe (excl. Italy)	14%	14%
Italy	12%	13%
North America	8%	8%
Asia and Oceania excl. Japan	5%	5%
Africa and Middle-East	4%	4%
Japan	4%	3%
Eastern Europe	2%	2%
Central and South America	1%	1%
Other	-	-
Total	**100%**	**100%**

By business sector	Dec. 2018	Dec. 2017
Retail banking	27%	28%
Non-merchant service / Public sector / Local authorities	20%	17%
Energy	7%	7%
Other non banking financial activities	10%	7%
Banks	3%	6%
Real estate	4%	4%
Retail and consumer goods	2%	4%
Automotive	3%	3%
Others	3%	3%
Heavy industry	2%	2%
Aerospace	2%	2%
Construction	2%	2%
Food	2%	2%
Shipping	2%	2%
Other transport	1%	2%
Other industries	2%	2%
Telecom	2%	2%
Healthcare / pharmaceuticals	1%	1%
Insurance	1%	1%
Tourism / hotels / restaurants	1%	1%
IT / computing	2%	1%
Total	**100%**	**100%**

Table 98. Crédit Agricole S.A. – market risk exposures

Crédit Agricole SA - Market risk exposures

€m	VAR (99% - 1 day) 1st January to 31 December 2018				
	Minimum	Maximum	Average	**31 December**	31/12/2017
Fixed income	3	5	3	**3**	3
Credit	2	5	3	**2**	5
Foreign Exchange	1	5	2	**3**	2
Equities	1	3	2	**2**	2
Commodities	0	0	0	**0**	0
Mutualised VaR for Crédit Agricole S.A.	**4**	**9**	**6**	**5**	**6**

Crédit Agricole S.A.'s VaR (99% - 1 day) is computed by taking into account the impact of diversification betw een the Group's various entities
VaR (99% - 1 day) at 31/12/18 : €5m for Crédit Agricole S.A.

Appendix 8– Detail of net equity and subordinated debt

Table 99. Crédit Agricole S.A. – Equity and subordinated debts

€m	Group share	Non-controlling interests	Total	Subordinated debt
At 31 December 2017	58,056	6,650	64,706	25,421
IFRS9 first application	(921)	(220)	(1,141)	
Capital increase	229	-	229	
Dividends paid out in 2018	(1,802)	(353)	(2,155)	
Change in treasury shares held	(20)	-	(20)	
Issue of undated deeply subordinated Additional Tier 1 net of issuance costs	12	-	12	
Interests paid to the holders of the undated deeply subordinated Additional Tier 1	(443)	(13)	(456)	
Impact of acquisitions/disposals on non-controlling interests	(8)	9	1	
Change due to share-based payments	20	9	29	
Change in other comprehensive income	(644)	(32)	(676)	
Change in share of reserves of equity affiliates	9	-	9	
Result for the period	4,400	627	5,027	
Other	(77)	28	(49)	
At 31 December 2018	58,811	6,705	65,516	22,765

Development in legal risk

The main legal and tax proceedings outstanding at Crédit Agricole S.A. and its fully consolidated subsidiaries are described in the 2017 management report. The cases presented below are (i) those that have evolved since 21 March 2017, the date on which Registration Document no. D.18-0164 was filed with the AMF and (ii) the pending cases which have not evolved since that date.

Any legal risks outstanding at 31 December 2018 that could have a negative impact on the Group's net assets have been covered by adequate provisions, which correspond to Executive Management's best estimates, based on the information available to it, see Note 6.17 of Financial statements.

To date, to the best of Crédit Agricole S.A.'s knowledge, there is no other governmental, judiciary or arbitration proceeding (or any proceeding known by the Company, in abeyance or that threatens it) that could have or has had, in the previous 12 months, any substantial effect on the financial situation or the profitability of the Company and/or the Group.

Litigation and exceptional events

Strauss/Wolf/Faudem

US citizens and members of their families who were victims of terrorist attacks attributed to Hamas and committed in Israel between 2001 and 2004 have brought proceedings against Crédit Lyonnais and another bank before a New York court.

They claim that these banks gave support to terrorists as they each kept an account opened (in 1990 in the case of Crédit Lyonnais) by a charity providing aid to Palestinians. The plaintiffs allege that the account was used to transfer funds to Palestinian entities accused of financing Hamas. The plaintiffs, who have not put a figure on the damages they have suffered, are claiming compensation for « injury, anguish and emotional pain ».

As the matter and the proceedings currently stand, the plaintiffs have not provided proof that the charity was actually linked to terrorists, nor that Crédit Lyonnais was aware that its client could have been involved (if it were to be proven) in financing terrorism. The Court nonetheless demanded that this be demonstrated by the plaintiffs if they are to win their case. Crédit Lyonnais vigorously denies the plaintiffs' allegations.

Under a ruling made on 28 February 2013, the judge issued a Summary Judgement referring Crédit Lyonnais and the plaintiffs to a jury trial on the merits.

In February 2018, Crédit Lyonnais filed a new motion for a summary judgement based on a recent case-law so that the plaintiffs' claims can be dismissed without such a jury trial.

On January 2019 the plaintiffs tried to modify their briefs in order to add new plaintiffs before their action be time-barred. The judge refused this request and two new actions (Fisher and Miller) have been filed before the same court as the one in charge of the procedures Strauss /Wolf. They are similar to the pending actions, their legal analysis are identical and their result will depend on the outcome of the motion for a summary judgement filed by Crédit Lyonnais in February 2018.
From a procedural standpoint they will remain outstanding until then.

CIE case (Cheque Image Exchange)

In March 2008, LCL and Crédit Agricole S.A. and ten other banks were served notice of grievances on behalf of the Conseil de la concurrence i.e. the French Competition Council (now the Autorité de la concurrence).

They are accused of colluding to implement and apply interchange fees for cashing cheques, since the passage of the Cheque Image Exchange system, i.e. between 2002 and 2007. In the opinion of the Autorité de la concurrence, these fees constitute anti-competitive price agreements in the meaning of Articles 81 paragraph 1 of the treaty establishing the European Community and Article L. 420-1 of the French Commercial Code, and allegedly caused damage to the economy.

In their defense, the banks categorically refuted the anticompetitiveness of the fees and contested the legality of the proceedings.

In a decision published on 20 September 2010, the Autorité de la concurrence stated that the Cheque Image Exchange fee (CEIC) was anti-competitive by its very aim and that it artificially increased the costs borne by remitting banks, which resulted in an unfavourable impact on the prices of banking services. Concerning one of the fees for related services, the fee for cancellation of wrongly cleared transactions (AOCT), the Autorité de la concurrence called on the banks to revise their amount within six months of the notification of the decision.

The accused banks were sanctioned for an overall amount of €384.92 million.

LCL and Crédit Agricole were respectively sentenced to pay €20.7 million and €82.1 million for the CEIC and €0.2 million and €0.8 million for the AOCT.

All of the banks appealed the decision to the Paris Court of Appeal. By a decree of 23 February 2012, the Court overruled the decision, stating that the Autorité de la concurrence had not proven the existence of competition restrictions establishing the agreement as having an anti-competitive purpose.

The Autorité de la concurrence filed an appeal with the Supreme Court on 23 March 2012.

On 14 April 2015, the French Supreme Court (Cour de cassation) overruled the Paris Court of Appeal's decision dated 23 February 2012 and remanded the case to the Paris Court of Appeal with a change in the composition of the Court on the sole ground that the Paris Court of Appeal declared the UFC-Que Choisir and ADUMPE's interventions in the proceedings devoid of purpose without having considered their arguments.

The Supreme Court did not rule on the merits of the case and Crédit Agricole has brought the case before the Paris Court of Appeal.

The Paris Court of Appeal issued a decree on 21 December 2017. It confirmed the decision of the Autorité de la concurrence dated 20 September 2010 but reduced from euros 82 940 000 to euros 76 560 000 the sanction on Crédit Agricole. LCL's sanction remains unchanged, at an amount of 20,930,000 euros.

As well as the other banks parties to this procedure, LCL and Crédit Agricole filed an appeal with the Supreme Court.

Office of Foreign Assets Control (OFAC)

In October 2015, Crédit Agricole S.A. and its subsidiary Crédit Agricole Corporate and Investment Bank (Crédit Agricole CIB) reached agreements with the US and New York authorities that had been conducting investigations regarding US dollar transactions with countries subject to US economic sanctions. The events covered by this agreement took place between 2003 and 2008.

Crédit Agricole CIB and Crédit Agricole S.A., which cooperated with the US and New York authorities in connection with their investigations, have agreed to pay a total penalty amount of $787.3 million (i.e. €692.7 million). The payment of this penalty has been allocated to the pre-existing reserve that had already been taken and, therefore, has not affected the accounts for the second half of 2015.

The agreements with the Board of Governors of the Federal Reserve System (Fed) and the New-York State Department of Financial Services (NYDFS) are with CASA and Crédit Agricole CIB. The agreement with the

Office of Foreign Assets Control (OFAC) of the US Department of the Treasury is with Crédit Agricole CIB. Crédit Agricole CIB also entered into separate deferred prosecution agreements (DPAs) with the United States Attorney's Office for the District of Columbia (USAO) and the District Attorney of the County of New York (DANY), the terms of which are three years. On October 19, 2018 the two deferred prosecution agreements with USAO and DANY ended at the end of the three year period, Crédit Agricole CIB having complied with all its obligations under the DPAs.

Crédit Agricole continues to strengthen its internal procedures and its compliance programs regarding laws on international sanctions and will continue to cooperate fully with the US and New York authorities with its home regulators, the European Central Bank and the French Regulatory and Resolution Supervisory Authority (ACPR), and with the other regulators across its worldwide network.

Pursuant to the agreements with NYDFS and the US Federal Reserve, Crédit Agricole's compliance program is subject to regular reviews to evaluate its effectiveness, including a review by an independent consultant appointed by NYDFS for a term of one year and annual reviews by an independent consultant approved by the Federal Reserve.

Euribor/Libor and other indexes

Crédit Agricole S.A. and its subsidiary Crédit Agricole CIB, in their capacity as contributors to a number of interbank rates, have received requests for information from a number of authorities as part of investigations into: (i) the calculation of the Libor (London Interbank Offered Rates) in a number of currencies, the Euribor (Euro Interbank Offered Rate) and certain other market indices; and (ii) transactions connected with these rates and indices. These demands covered several periods from 2005 to 2012.

As part of its cooperation with the authorities, Crédit Agricole S.A. and its subsidiary Crédit Agricole CIB carried out investigations in order to gather the information requested by the various authorities and in particular the American authorities – the DOJ (Department of Justice) and CFTC (Commodity Future Trading Commission) – with which they are in discussions. It is currently not possible to know the outcome of these discussions, nor the date when they will be concluded.

Furthermore, Crédit Agricole CIB is currently under investigation opened by the Attorney General of the State of Florida on both the Libor and the Euribor.

Following its investigation and an unsuccessful settlement procedure, on 21 May 2014, the European Commission sent a notification of grievances to Crédit Agricole S.A. and to Crédit Agricole CIB pertaining to agreements or concerted practices for the purpose and/or effect of preventing, restricting or distorting competition in derivatives related to the Euribor.

In a decision dated 7 December 2016, the European Commission jointly fined Crédit Agricole S.A. and Crédit Agricole CIB €114,654,000 for participating in a cartel in euro interest rate derivatives. Crédit Agricole S.A. and Crédit Agricole CIB are challenging this decision and have asked the European Court of Justice to overturn it.

Additionally, the Swiss competition authority, COMCO, is conducting an investigation into the market for interest rate derivatives, including the Euribor, with regard to Crédit Agricole S.A. and several Swiss and international banks. Moreover, in June 2016 the South Korean competition authority (KFTC) decided to close the investigation launched in September 2015 into Crédit Agricole CIB and the Libor index on various currencies, Euribor and Tibor indices. The investigation into certain foreign exchange derivatives (ABS-NDF) has been closed by the KFTC according to a decision notified to Crédit Agricole CIB on 20 December 2018.

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

District Court of New York State upheld the motion to dismiss regarding Crédit Agricole S.A. and Crédit Agricole CIB in first instance. This decision is subject to appeal.

Since 1 July 2016, Crédit Agricole S.A. and Crédit Agricole CIB, together with other banks, are also party to a new class action suit in the United States (“Frontpoint”) relating to the SIBOR (Singapore Interbank Offered Rate) and SOR (Singapore Swap Offer Rate) indices. After having granted a first motion to dismiss filed by Crédit Agricole 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, 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.

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Banque Saudi Fransi

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

Bonds SSA

Several regulators have demanded information to Crédit Agricole S.A. and to Crédit Agricole CIB for inquiries relating to activities of different banks involved in the secondary trading of Bonds SSA (Supranational, Sub-Sovereign and Agencies) denominated in American dollars. Through the cooperation with these regulators, Crédit Agricole CIB proceeded to internal inquiries to gather the required information available. On 20 December 2018, the European Commission issued a Statement of Objections to a number of banks including Crédit Agricole S.A. and Crédit Agricole CIB within its inquiry on a possible infringement of rules of European Competition law in the secondary trading of Bonds SSA denominated in American dollars. Crédit Agricole S.A. and Crédit Agricole CIB became aware of these objections and will issue a response.

Crédit Agricole CIB is included with other banks in a putative consolidated class action before the United States District Court for the Southern District of New York. That action was dismissed on 29 August 2018 on the basis that the plaintiffs failed to allege an injury sufficient to give them standing. However the plaintiffs have been given an opportunity to attempt to remedy that defect**.** The plaintiffs filed an amended complaint on 7 November 2018. Crédit Agricole CIB as well as the other defendants have filed motions to dismiss the amended complaint.

On 7 February 2019, another class action was filed against CACIB and the other defendants named in the class action already pending before the United States District Court for the Southern District of New York.

On 11 July 2018, Crédit Agricole S.A. and Crédit Agricole CIB were notified with other banks of a class action filed in Canada, before the Ontario Superior Court of Justice. Another class action, not notified to date, would have been filed before the Federal Court of Canada. It is not possible at this stage to predict the outcome of these investigations, proceedings or class actions or the date on which they will end.

O'Sullivan and Tavera

On 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.

Italian Competition Authority

On 5 October 2018, CA Consumer Finance SA ("CACF") and its subsisidiary FCA Bank SpA owned at 50% received – together with several other banks and certain car manufacturers – a statement of objections from the Autorità Garante della Concorrenza e del Mercato (Italian Competition Authority).

It was alleged in this statement of objections that several banks offering financing solutions for vehicles commercialized by certain car manufacturers have restricted competition as a result of certain exchanges of information, in particular within two professional associations.

In a decision notified on 9 January 2019 the Autorità Garante della Concorrenza e del Mercato considered that FCA Bank SpA had participated in this alleged infringement and this infringement was also attributable to CACF. FCA Bank SpA has been fined 178.9 million euro. FCA Bank SpA and CACF are going to appeal against this decision.

Intercontinental Exchange, Inc. *("ICE")*

On January 15, 2019 a class action was filed before a federal court in New-York (US District Court Southern District of New-York) against the Intercontinental Exchange, Inc. ("ICE") and a number of banks including Crédit Agricole S.A., Crédit Agricole CIB and Crédit Agricole Securities-USA. This action has been filed by plaintiffs who allege that they have invested in financial instruments indexed to the USD ICE LIBOR. They accuse the banks of having collusively set the index USD ICE LIBOR at artificially low levels since February 2014 and made thus illegal profits.

On 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.

Crédit Agricole Consumer Finance Nederland B.V.

The conditions for the review of the interest rates of revolving loans marketed by Crédit Agricole Consumer Finance Nederland BV, a fully owned subsidiary of Crédit Agricole Consumer Finance SA, and its subsidiaries are the subject of borrowers' claims relating to the criteria for revising these rates and possible overpayments of interests.

On 21 January 2019, in 2 individual cases concerning two subsidiaries of Crédit Agricole Consumer Finance Nederland BV, the Appeals Committee of KIFID (the Financial Services Complaints Authority) in the Netherlands decided that in case the consumers had no or insufficient information on the specific factors that determine the interest rate, the individual interest rate needed to follow the movement of market interest rates on consumer loans.

Crédit Agricole Consumer Finance Nederland BV and its subsidiaries are analysing the impact of this decision on the concerned portfolios.

CACEIS Germany

CACEIS Germany learned from the Bavarian tax authorities that they intend to claim repayment of the dividend tax refunded to a number of its customers in 2010.

The Bavarian tax authorities would claim repayment of tax in the amount of 312 million euros, without prejudice to any potential interests. CACEIS Germany would strongly challenge this claim, should such claim be addressed to it.

Binding agreements

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

Other recent information

Press releases

Those press releases can be found on the following website:

https://www.credit-agricole.com/en/finance/finance/financial-press-releases

Press release of 28 November 2018

Climate finance: Crédit Agricole confirms its ranking as a world leader in green bonds with an inaugural issue of €1 billion to finance its energy transition commitments.

Press release of 30 November 2018

Crédit Agricole Consumer Finance and Banco BPM strengthen their partnership in consumer finance in Italy for the next 15 years.

Press release of 20 December 2018

Crédit Agricole SA and Crédit Agricole CIB confirm that they have received a statement of objections from the European Commission as part of its investigation into a suspected violation of antitrust rules on secondary market trading in Supranational, Sub-Sovereign and Agency (SSA) bonds dnominated in US dollars.

Crédit Agricole SA and Crédit Agricole CIB will take note of contents of the statement and issue a response.

Press release of 9 January 2019

Decision of the Italian competition authority against FCA Bank

Press release of 6 February 2019

CACEIS Germany update

Credit rating

Table 100. Crédit Agricole S.A. - Ratings at 31/12/18

Ratings	LT / ST Counterparty	Issuer / LT senior preferred debt	Outlook / Review	ST senior preferred debt	Last Issuer / Debt rating action	Rating action
S&P Global Ratings	AA-/A-1+ (RCR)	A+	Stable outlook	A-1	19/10/2018	LT ratings upgraded (1 notch); outlook changed to stable from positive; ST debt ratings confirmed
Moody's	Aa3/P-1 (CRR)	A1	Positive outlook	P-1	05/07/2018	Outlook changed to positive from stable; LT / ST ratings affirmed
Fitch Ratings	A+(DCR)	A+	Stable outlook	F1	04/12/2018	LT / ST ratings affirmed; outlook unchanged
DBRS	AA (high) / R-1 (high) (COR)	AA (low)	Stable outlook	R-1 (middle)	01/10/2018	LT / ST ratings affirmed; outlook unchanged

Glossary

Asset encumbrance

Asset encumbrance corresponds to assets used to secure, collateralise or back up a credit facility for any type of transaction.

Cost of risk

The cost of risk reflects allocations to and reversals from provisions for all banking risks, including credit and counterparty risk (loans, securities, off-balance sheet commitments) and operational risk (litigation), as well as the corresponding losses not covered by provisions.

Cost of risk/outstandings[51]

Calculated by dividing the cost of risk (over four quarters on a rolling basis) by outstandings (over an average of the past four quarters, beginning of the period).

Cost/income ratio

The cost/income ratio is calculated by dividing expenses by revenues, indicating the proportion of revenues needed to cover expenses.

CVA (Credit Valuation Adjustment)

Expected loss arising from the risk of a counterparty default which aims at building in the possibility that the full market value of instruments may not be recovered. The methodology used to determine the CVA is based largely on the same type of market parameters that market participants use.

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.

DVA Debit Valuation Adjustment

Symmetrical to the CVA and represents the expected loss from the counterparty's perspective on passive valuations of financial instruments. It reflects the impact of the entity's own credit risk on the valuation of these instruments.

EPS *Earnings Per Share*[51]

Net income Group share divided by the average number of shares in issue excluding Treasury shares. It indicates the portion of profit attributable to each share (not the portion of earnings paid out to each shareholder, which is the dividend). It may decrease, assuming the net income Group share remains unchanged, if the number of shares increases (see Dilution).

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 operating income (GOI)

Calculated as revenues less operating expenses (general operating expenses, such as employee expenses and other administrative expenses, depreciation and amortisation).

HPSP (Home Purchase Saving Plan)[51]

The Home Purchase Saving Plan provision represents the provision set up to serve the remuneration of attractive housing savings plans that serve high interest rate and can be closed in the short term by their holders

[51] *APM indicator*

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.

Loan Portfolio Hedges

The impact of loan portfolio hedges is based on market movements in credit risk hedging and the level of reserves linked to the market movements

NBV Net Book Value

The net book value corresponds to the shareholders' equity share of the group from which the amount of the AT1 issues, the AFS latent reserves and the draft dividend on annual results have been restated

NBV per share Net Book Value per share / NTBV per share Net Tangible Book Value per share[51]

One of the methods for calculating the value of a share. This represents the net equity Group share divided by the number of shares in issue at end of period.

Net tangible book value per share represents the tangible net equity Group share after ATI deduction, i.e. after deduction of the Group share in intangible assets and goodwill, divided by the number of shares in issue at end of period except shares held by the Group.

Net income Group share

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 attributable to common shares - stated[51]

The net income attributable to equity attributable to ordinary equity corresponds to the group share of which the interest on the AT1 debt has been deducted, including the pre-tax issue costs

Operating income

Calculated as gross operating income less the cost of risk.

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).

RoE - Return on Equity[51]

Indicator measuring the return on equity, calculated by dividing a company's net income by its equity.

RoTE - Return on Tangible Equity[51]

Measures the return on tangible equity (the bank's net assets restated to eliminate intangibles and goodwill).

Underlying net income[51]

The net income attributable to the underlying group corresponds to the net income attributable to the group from which specific items (ie non-recurring or exceptional items) have been restated.

TLAC (TLAC ratio) - Total Loss Absorbing Capacity

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) (see Chapter 5 on Risk factors, Risk management and Pillar 3/ Indicators and regulatory ratios).

Developments in governance

The composition of governance bodies will be updated in the 2018 Registration Document.

Financial Agenda & Contacts

Financial Agenda

- 15 May 2019 Publication of first quarter 2019 results
- 21 May 2019 Shareholders'meeting in Metz
- 24 May 2019 Ex dividend date
- 28 May 2019 Dividend payment date
- 6 June 2019 Presentation of the new MTP in Montrouge
- 2 August 2019 Publication of second quarter and first half 2019 results
- 8 November 2019 Publication of third quarter 2019 and first nine months results

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