WORKING EVERY DAY IN THE INTEREST OF OUR CUSTOMERS AND SOCIETY

Quarterly financial report

RESULTS

4th quarter and Year 2019

CRÉDIT AGRICOLE S.A.

Disclaimer

Financial information on Crédit Agricole S.A. and Crédit Agricole Group for the fourth quarter and full year period 2019 comprises this presentation and the attached press release and quarterly financial report which are available on the website https://www.credit-agricole.com/en/finance/finance/financial-publications.

This presentation may include prospective information on the Group, supplied as information on trends. This data does not represent forecasts within the meaning of EU delegated regulation 2019/980 of March 14, 2019 (chapter 1, article 1, d).

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 2019 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 Crédit Agricole S.A. and Crédit Agricole Group have not changed materially since the Crédit Agricole S.A. 2018 Registration Document and its 2018 A.01 update (including all regulatory information about Crédit Agricole Group) were filed with the AMF (French Financial Markets Authority).

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

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. Historical data have not been restated on a proforma basis.

Since 30 September 2019, KAS Bank has been included in the scope of consolidation of Crédit Agricole Group as a subsidiary of CACEIS. SoYou has also been included in the scope of consolidation as a joint-venture with between Crédit Agricole Consumer Finance and Bankia. Historical data have not been restated on a proforma basis.

Since 23 December 2019, CACEIS and Santander Securities Services (S3) have merged their operations. As of said date, Crédit Agricole S.A. and Santander respectively hold 69.5% and 30.5% of the capital of CACEIS.

Content

Press release:
Results for the fourth quarter and full year 2019
Historic level for annual results

Crédit Agricole S.A.

Underlying revenues[1]	Underlying net income[2]	Underlying ROTE
Q4: €5,184m	**Q4: €1,318m**	**11.9%**
+7.7% Q4/Q4	+23.5% Q4/Q4	CET1 ratio
2019: €20,339m	**2019: €4,582m**	**12.1%**
+3.3% 2019/2018	+4.0% 2019/2018	+0.4 pp Dec./Sept., well above the MTP target

- **Stated net income up sharply,** in Q4: €1,661m (+64.9% Q4/Q4) and in 2019: €4,844m (+10.1% 2019/2018);
- Favourable decision by the French Council of State on Emporiki (+€1,038m) and partial impairment of goodwill on LCL (-€611m) classified as specific items (for a total of +€343 m in net income Group share Q4-2019, compared to -€59m in Q4-2018);
- **Underlying income[1] up in the quarter (+23.5% Q4/Q4) and the year (+4.0% 2019/2018), historic level in 2019;**
- **High profitability: Underlying ROTE[3]** 2019: **11.9%;**
- **Underlying EPS: Q4 2019: €0.42, +28.1% Q4/Q4, 2019: €1.39** +0.1% 2019/2018 **(+2.9% excluding foreign exchange impact on the AT1 coupons in Q3 2019**);
- **Dividend proposed at the General Meeting up +1.4% 2019/2018 at €0.70;**
- **Positive contribution of all business lines** to the annual growth in results; **underlying revenues up** (+7.7% Q4/Q4 and +3.3% 2019/2018), in a more positive market context in 2019. Return of the cost of credit risk to a normal level (32 basis points[4])
- **Significantly positive jaws (+5.5 pp Q4/Q4) and improvement in the underlying cost/income ratio** excluding ratio SRF[5] (from -3.4 pp to 62.6% in Q4 and from -1.1 pp to 61.0% in 2019);
- **CET1 ratio up by +0.4 pp** in Q4 **to 12.1%**, enabling an initial 35% dismantling of the Switch mechanism in Q1-2020, which is anti-dilutive for Crédit Agricole S.A.; **Decline in risk-weighted assets in the business lines in Q4-2019.**

Crédit Agricole Group*

Underlying revenues[1]	Underlying net income[2]	CET1 ratio
Q4: €8,602m	**Q4: €1,986m**	**15.9%**
+6.7% Q4/Q4	+22.1% Q4/Q4	+0.4 pp Dec./Sept.
2019: €33,790m	**2019: €7,191m**	+6.2 pp above SREP[6]
+3.0% 2019/2018	+5.0% 2019/2018	

- **Stated net income Group share[2] for Q4: €2,186m,** +39.2% Q4/Q4 (2019: €7,198m, +5.2% 2019/2018);
- **Regional Banks:** increase of the underlying net income Group share[1] (+26.6% Q4/Q4, +8.1% 2019/2018), cost of risk at 10 bp[4].
- **First implementation of the Group project** €9 billion in Group revenue synergies (+€0.3 billion), dynamic customer acquisition in France and Italy (1 800 000 individuals and entrepreneurs), international development of business lines (Amundi, CACF, CAA, CACEIS) through signing or strengthening of partnerships.

** Crédit Agricole S.A. and 100% of Regional Banks.*

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 55.9% of Crédit Agricole S.A. Please see p.89 onwards of this press release for details of specific items, which are restated in the various indicators to calculate underlying income. A reconciliation between the stated income statement and the underlying income statement can be found from p.90 onwards for Crédit Agricole Group and from p.93 onwards for Crédit Agricole S.A.

[1] *In this press release, the term "underlying" refers to intermediary balances adjusted for the specific items described on p.87 onwards*
[2] *Net income Group share*
[3] *Underlying, excluding specific items, see p.87 onwards for more details on specific items and p.85 for the calculation of the ROTE*
[4] *Average over last four rolling quarters, annualised*
[5] *Contribution to Single Resolution Funds (SRF)*
[6] *Based on the 9.7% SREP requirement (including countercyclical buffer)*

Crédit Agricole S.A.

Strong increase in underlying quarterly net income Group share

- **Sharp increase in reported results:** Q4-2019: €1,661m, +64.9% Q4/Q4; 2019: €4,844 m, +10.1% 2019/2018. Favourable decision by the French Conseil d'Etat on Emporiki (+€1,038m) and partial impairment of goodwill on LCL (-€611m) classified as specific items (for a total of +€343m in net income Group share Q4-2019, compared to -€59m in Q4-2018);
- Underlying net income[1] up in the quarter (1 318 m€, +23.5% Q4/Q4) and over the year (4 582 m€, +4.0% 2019/2018), an historic level for underlying net income Group share in 2019 (€4,582m).

Profitability at a high level: Underlying ROTE at 11.9%

Dividend up +1.4% 2019/2018, to €0.70

- **Underlying EPS**: Q4-2019: €0.42, +28.1% Q4/Q4; 2019: €1.39, +0.1% 2019/2018 (+2.9% excluding foreign exchange impact on AT1 coupons in Q3-2019);
- **Performance and regularity of the dividend:** dividend proposed at the General Meeting up +1.4% 2019/2018 to €0.70 (distribution policy confirmed).

Strong commercial activity in all business lines

- Record net inflows in **Asset management**, positive market effect; premium income up +7.7% in property and casualty and +8.7% in personal protection in 2019;
- Strong **customer acquisition** in **Retail banking** in France and Italy (1 800 000 individuals and entrepreneurs in 2019), dynamic growth in savings and loans (+6.7% Dec./Dec. in France and Italy in the retail networks);
- High **business production** in **consumer finance** (+4.0% of outstandings under management Dec./Dec.), **leasing** production at its highest level since 2014;
- Dynamic commercial activity in **capital markets**, in a market environment that became more favourable in 2019; high level of activity in **structured finance**; increase in assets under custody and administration in **asset servicing**.

Positive contribution of the business lines to income growth in 2019

- **Underlying revenues up** (+7.7% Q4/Q4 and +3.3% 2019/2018);
- **Significantly positive jaws** (+5.5 pp Q4/Q4), improvement in the underlying cost/income ratio excluding SRF[7] (by -3.4 pp to 62.6% in Q4 and -1.1 pp to 61.0% in 2019) despite development investments in the Asset gathering business line;
- **Decline in risk-weighted assets in business lines** Q4-2019 (-2.0% Dec./Sept.), thanks to securitisation transactions in corporate and investment banking, without calling into question the level of activity;
- **Return of the cost of credit risk to a normal level** (32 basis points).

Financial strength: CET1 ratio at 12.1% (+0.4 pp Dec/Sept), allowing for a partial dismantling of 35% of the Switch mechanism in Q1-2020, accretive for CAsa

Group project and MTP 2022

Implementation of the Group project and MTP initiated, strengthening of business line partnerships

- Group **revenue synergies** at €9 billion, up €0.3 billion, mainly driven by insurance;
- **Customer project**: growth of the net promoter score of Regional Banks and LCL, launch of innovative offerings, intensification of digital customer relations, 500,000 customers met as part of the *Trajectoires Patrimoine* initiative;
- **Human-centric project**: Crédit Agricole Group is ranked first in financial services in France for diversity by the Financial Times;
- **Societal project**: Crédit Agricole S.A. issued a €1 billion Green bond, and Crédit Agricole Home Loan SFH issued a €1.25 billion Green covered bond;
- International development of business lines *via* **partnerships** (CACEIS Santander, CACEIS KAS Bank, CAA Abanca, CACF BBPM, CACF Bank, CAC FCA Bank, Amundi Sabadell, Amundi Bank of China)

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[7] *Contribution to Single Resolution Funds (SRF)*

Crédit Agricole S.A.'s Board of Directors, chaired by Dominique Lefebvre, met on 13 February 2020 to examine the financial statements for the fourth quarter and full year 2019.

In the fourth quarter of 2019, stated net income Group share reached €1,661 million, versus €1,008 million in the fourth quarter of 2018. The **specific items** recorded this quarter generated a **positive net impact of +€343 million on net income Group share**. For the record, they had a limited negative impact of -€59 million in the fourth quarter of 2018.

Excluding these specific items, **underlying net income Group share** for fourth quarter 2019 came to **€1,318 million**, a strong increase of **+23.5%** compared to fourth quarter 2018.

Underlying earnings per share stood at €0.42 in the fourth quarter of 2019, up **+28.1%** compared to fourth quarter 2018.

Table 1. Crédit Agricole S.A. - Stated and underlying results, Q4-19 and Q4-18

In €m	Q4-19 stated	Q4-18 stated	Var Q4/Q4 stated	Q4-19 underlying	Q4-18 underlying	Var Q4/Q4 underlying
Revenues	**5,119**	**4,853**	+5.5%	**5,184**	**4,814**	+7.7%
Operating expenses excl.SRF	(3,260)	(3,213)	+1.5%	(3,244)	(3,175)	+2.2%
SRF	(0)	-	n.m.	(0)	-	n.m.
Gross operating income	**1,859**	**1,641**	**+13.3%**	**1,940**	**1,640**	**+18.3%**
Cost of risk	(340)	(246)	+38.0%	(340)	(246)	+38.0%
Cost of legal risk	-	(75)	(100.0%)	-	(75)	(100.0%)
Equity-accounted entities	76	7	x 10.3	76	74	+2.6%
Net income on other assets	14	56	(74.7%)	20	56	(63.7%)
Change in value of goodwill	(589)	-	n.m.	-	-	n.m.
Income before tax	**1,021**	**1,383**	**(26.2%)**	**1,697**	**1,450**	**+17.1%**
Tax	847	(222)	n.m.	(219)	(221)	(1.0%)
Net income from discont'd or held-for-sale ope.	(46)	(0)	n.m.	(0)	(0)	n.m.
Net income	**1,821**	**1,161**	**+56.8%**	**1,479**	**1,229**	**+20.4%**
Non controlling interests	(160)	(154)	+4.0%	(161)	(162)	(0.6%)
Net income Group Share	**1,661**	**1,008**	**+64.9%**	**1,318**	**1,067**	**+23.5%**
Earnings per share (€)	**0.54**	**0.31**	**+75.5%**	**0.42**	**0.33**	**+28.1%**
Cost/Income ratio excl.SRF (%)	**63.7%**	**66.2%**	**-2.5 pp**	**62.6%**	**65.9%**	**-3.4 pp**

Activity

Commercial activity was buoyant in Crédit Agricole SA's business lines, in the fourth quarter of 2019 as well as over the full year 2019, in a persistently difficult interest rate environment, but against a backdrop of gradually improving market conditions

The business lines of Crédit Agricole S.A. once again enjoyed excellent activity this quarter, be it in lending, customer savings or protection of assets and individuals. Customer equipment increased, reflecting the potential for organic growth through revenue synergies of the Group's Universal Customer-focused Banking model.

- **In Savings/Retirement**, outstandings (savings, retirement and death & disability) reached €304 billion, up +6.6% compared to December 2018, of which 22.8% are unit-linked, up +1.8 percentage points year-on-year. Premium income reached €6.0 billion for fourth quarter 2019 (down -12.0% compared to fourth quarter 2018), as a result of a decrease in total net inflows of -€1.1 billion compared to fourth quarter 2018 to €1.0 billion. Net inflows were entirely unit-linked, with unit-linked contracts accounting for 33.4% of gross inflows in fourth quarter 2019, up +4.4 percentage points compared to fourth quarter 2018 and +4.2 percentage points compared to the previous quarter. For several years, Crédit Agricole Assurances has been adapting its strategy to the low interest rate environment and has significant flexibility with regard to this situation. The average rate of return on euro contract assets reached 2.46% in 2019 and the stock of Policyholder Participation Reserve (PPE) reached €10.8 billion at the end of December 2019, an increase of +€948 million compared to December 2018, thanks to the maintenance of the spread between the return on assets and the return on liabilities. The PPE reached 5.2% of outstanding euro-denominated contracts, a level of coverage that is higher than the average for the French market. The solvency of Crédit Agricole Assurances is at a comfortable level (263% and 188% excluding the new rules for the integration of the PPE). Crédit Agricole Assurances also continues to adopt measures to encourage unit-linked underwriting.

- **In Property and Casualty insurance**, Crédit Agricole Assurances continued to outperform the French market, with premium growth of +6.7% in the fourth quarter of 2019, driven by continued strong growth in France (+6.9%) and Italy (+1.6%). Pacifica recorded a net increase of +115,000 contracts over the quarter, reaching nearly 14.1 million contracts at end-December 2019. The equipment rate for individual customers[8] grew in the LCL network (25.0% at end-December 2019, i.e. a +1.1 percentage point increase since December 2018) and the Regional Banks network (40.7% at end-December 2019, i.e. a +1.5 percentage point increase since December 2018), as well as in CA Italia (15.4% at end-December 2019, i.e. a +1.7 percentage point increase since December 2018). The combined ratio is well managed at 95.9%, slightly in increase of +0.4 percentage point year-on-year, due to the weather events in the second half of the year. In **Death & disability/Creditor/Group**, revenues reached nearly €1,024 million in the fourth quarter of 2019, up +9.1% compared to the same period in 2018, driven by growth in all three business segments.

- **Asset management (Amundi)** recorded record net inflows this quarter, at +€76.8 billion, driven by medium to long-term assets (€82.4 billion), thanks to the excellent performance of medium to long-term retail asset inflows in Retail (+€69.9 billion) including +€66.7 billion for Joint Ventures, driven by India (+€61.4 billion) and +€3.2 billion for third-party distributors. Medium to long-term inflows for institutional and corporate investors were up +€12.5 billion, driven by all segments. Assets under management reached €1,653 billion at end-December 2019, up +16.0% compared to end-December 2018, despite continuing uncertainty in the global environment.

- **Retail banking** is still showing strong sales momentum, with high rates of credit growth, particularly in France for LCL (up +8.2% compared to end-December 2018), thanks to home loans (+9.2%), the small businesses market (+11.4%) and corporates (+3.3%), but also in Italy for CA Italia (+2.6%), driven by loans to individuals (+4.9%) and corporates (+4.3%). Renegotiations of housing loans have increased for the past two quarters at LCL (€1.0 billion in outstandings respectively in the third quarter and the fourth quarter 2019), but remain well below the high point of the fourth quarter 2016 (€5.2 billion). LCL's inflows increased year-on-year (+7.6%), driven by on-balance sheet deposits (+8.6%, including +7.8% for passbooks and +11.7% for demand deposits) but also by off-balance sheet deposits (+6.0%) thanks to life insurance (+5.5%). Inflows were up in Italy (+4.9%), thanks to strong growth in off-balance sheet deposits (+8.8%) and a slight increase in on-balance sheet deposits (+1.6%). Net customer acquisition is still buoyant at LCL (+52,000 individual and SME and small business customers since the beginning of the year, and +17,000 customers of LCL Essentiel since its launch in April), and at CA Italia (+33,000 individual customers[9] since the beginning of the year). Equipment rates continued to increase steadily, with growth of +6.6% in comprehensive auto/home/health contracts and +4.6% in premium cards at LCL, and a +25% increase in the number of property and casualty insurance policies at CA Italia year-on-year

- **In the Specialised financial services business line**, new business production in the fourth quarter of 2019 was €11.5 billion and continued its upward trend (+3.3% compared to the fourth quarter of 2018) with a strong contribution from the Regional Banks and LCL (+12.9% and +7.6%, respectively). Assets under management totalled €92 billion up +4.0% year-on-year. Consolidated outstandings were also up (+3.6%) to €34.8 billion. CAL&F's activity is buoyant, both in factoring and in leasing. Commercial factoring production has been rising sharply since the fourth quarter of 2018 (+119% to €4.9 billion) both in France (+144% to €3 billion) and abroad (+87% to €1.8 billion). Commercial leasing reached its highest level since 2014 (€1.8 billion, a +9.3% increase from fourth quarter 2018).

- Activity in the **Large customers business line** was good overall, with revenues up in the fourth quarter of 2019 (+20.7% compared to the fourth quarter of 2018) and over the full year 2019 (+6.5%). Underlying

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

[9] Active customers

revenues from Capital markets and investment banking increased sharply (+54.7% compared to the fourth quarter of 2018), driven by strong commercial activity across almost all product lines, with market conditions that became more favourable after a low fourth quarter 2018. Despite the absence of major transactions, structured finance recorded a good performance this quarter (+7.2%), while revenues in commercial banking were penalized (-2.3%) by the downturn in the syndicated EMEA loans market (-10% year-on-year)[10]. Nevertheless, the business line has maintained its leading position (number 2) in EMEA syndicated loans[11]. Lastly, Asset servicing (CACEIS) posted record levels of assets under custody (€3,879 billion at end-December 2019, up +47.3% year-on-year) and assets under administration (€2,047 billion, up +21.0% year-on-year) in this quarter, thanks in particular to the consolidation of Kas Bank (+€196 billion AuC and +€142 billion AuA), Santander Securities Services ("S3") (+€654 billion AuC and +€12 billion AuA), and also to good commercial dynamism and a positive market effect (+€395 billion AuC and +€201 billion AuA at a constant scope).

International development of business lines *via* partnerships.

In keeping with the strategy outlined at the presentation of the Group's Medium-Term Plan on 6 June 2019, Amundi and CACEIS continued their policy of non-Group partnerships in Europe and Asia this quarter.

- Following the announcement on 17 April of the agreement between Crédit Agricole S.A. and **Santander** of a merger of their institutional custody and asset servicing activities, on 23 December the two entities announced the completion of the merger between CACEIS and Santander Securities Services ("S3") to create a leading player at the European level. The new entity retains the name CACEIS, and will be held by Crédit Agricole S.A. and Santander for 69.5% and 30.5%, respectively. It will combine the activities of CACEIS and Santander Securities Services ("S3") in Spain and Latin America (Brazil, Mexico and Colombia). This new entity, with €3,879 billion in assets under custody and €2,047 billion of assets under administration at the end of December 2019, will benefit from the increase in its critical size and a strengthened competitive positioning, thanks to a broader geographic presence stemming from the growth of high-potential countries (Latin America and Asia).
- On 20 December 2019, Amundi and **BOC Wealth Management, a subsidiary of Bank of China**, announced that they had received the approval from the China Banking and Insurance Regulatory Commission to create an asset management joint venture. The aim is to launch the activity in the second half of 2020.
- On 21 January 2020, Amundi also announced that it is entering into a 10-year strategic partnership with **Banco Sabadell** for distributing asset management products in the Banco Sabadell network in Spain. Amundi will also acquire 100% of Sabadell Asset Management, the asset management subsidiary of Banco Sabadell, the fifth largest player on the Spanish market with a 6% market share and €22 billion in assets under management, for a cash purchase price of €430 million. The transaction is expected to be completed in the third quarter of 2020 and would make Amundi the fourth largest player on the Spanish market.

Besides these operations, **the following transactions were announced since the beginning of 2019**:

- **KAS Bank** was consolidated in the CACEIS financial statements as at 30 September 2019 following CACEIS' friendly public takeover bid, launched on 26 July for all of the share capital of KAS Bank. This confirmed CACEIS' pan-European ambitions by strengthening its position in the Netherlands and its capabilities to serve the customer base of insurance companies and pension funds; this acquisition will create value thanks to its strong potential for synergies.
- On 28 June 2019, CA Consumer Finance signed a final agreement with **Banco BPM** (Italy's third-largest bank) to strengthen their global partnership, expanding their commercial relationship to the entire Banco BPM branch network, including the acquisition of Profamily's banking business, and extending it for 15 years. On 19 July 2019, CACF also signed an agreement with **Fiat Chrysler Automobiles** (FCA) to extend their 50/50 joint venture until 31 December 2024. The third quarter saw the first consolidation of SoYou resulting from the partnership signed between CA Consumer Finance and **Bankia** on

[10] *Thomson Reuters on the EMEA zone*
[11] Source: Refinitiv

7 March 2018. On 10 October 2019, the joint venture was approved by the Spanish Ministry of Economy to operate as a financial credit institution.

- On 8 July, Crédit Agricole Assurances and **Abanca** signed a partnership agreement to create a non-life insurance company for the Spanish and Portuguese markets over a 30-year period. The agreement provides for the creation of a 50/50-owned joint venture that will offer the market innovative products based on technological solutions and a differentiated customer experience. The alliance will combine Abanca's knowledge of the customer base with the expertise developed by Crédit Agricole Assurances in the European insurance market. The European Commission approved the creation of a joint venture on 28 October 2019.

Moreover, during 2019, Crédit Agricole Corporate & Investment Bank completed the disposal of a 10.9% holding in the capital of the **Bank of Saudi Fransi** (BSF) to a consortium led by Ripplewood and to the Olayan Saudi Investment Company. This disposal was completed in two stages: the disposal of a first block of 4.9% on 29 April 2019 followed by the disposal of a second block of 6.0% on 21 November 2019 after the exercise of the right to purchase attached to the disposal of the first block . At 31 December 2019, Crédit Agricole CIB still holds 4.0% of the share capital of the BSF.

Results

The **specific items** recorded this quarter generated a **positive net impact of €343 million** on net income Group share. They include the favourable decision of France's Council of State (*Conseil d'Etat*) on the tax treatment dispute regarding the Emporiki securities in the amount of +€1,038 million, the costs of integration and acquisition by CACEIS of Santander and Kas Bank (respectively -€15 million in operatingl expenses/-€11 million in net income Group share, and -€6 million in net income on other assets/-€5 million in net income Group share), a reclassification of held-for-sale operations of -€46 million under income from held-for-sale operations. The acquisition of Kas Bank by CACEIS resulted in badwill of +€22 million and the goodwill of LCL was partially impaired for -€611 million. To this is can be added the recurring accounting volatility items with a limited net negative effect of -€44 million on net income Group share, namely DVA (Debt Valuation Adjustment, i.e. gains and losses on financial instruments related to changes in the Group's issuer spread), plus the Funding Valuation Adjustment (FVA) portion associated with the change in the issuer spread, which is not hedged, totalling -€4 million, the hedge on the Large customers loan book for -€11 million, and the change in the provision for home purchase savings plans for -€29 million. In the fourth quarter 2018, specific items had a **limited net loss effect of -€59 million on net income Group share**, and included in particular the fine of -€67 million imposed by the Italian competition authority (AGCM) on FCA Bank. The other elements were less significant: -€27 million (-€14 million in net income Group share) Pioneer integration costs at Amundi, the integration costs of the three Italian banks of -€11 million (-€6 million in net income Group share), offset by a net profit of +€28 million in net income Group share from the recurring volatile accounting items, namely the DVA (Debt Valuation Adjustment, i.e. gains and losses on financial instruments linked to changes in the Group's issuer spread) for +€11 million, the hedging of the Large customers loan book for +€12 million, and changes in provisions for home purchase savings plans for +€5 million.

The business lines performed strongly in the fourth quarter of 2019. **Underlying net income Group share** of business lines[12] increased by +12.8%. This strong increase is explained in particular by the Large customers and Asset gathering business lines. The former posted a very good performance this quarter (+30.1% at €408 million), driven by capital markets. Its contribution increased despite the reversal of the cost of risk in the business line and the increase in operating expenses related to the integration of new partnerships in asset servicing. The Asset gathering business line had a strong quarter (+13.8% at €583 million), illustrated by a solid contribution from insurance and by high profitability in asset management. In Retail Banking, gross operating income rose sharply (+6.7% to €525 million), and the cost of risk continued to fall at CA Italia. The Specialised financial services business line posted resilient gross operating income (+1.8% at €341 million) thanks to good cost control.

[12] *Excluding the Corporate Centre.*

In fourth quarter 2019, **underlying revenues** totalled €5,184 million (+7.7%). This rapid growth was driven by dynamic commercial activity across all businesses, in particular within the Large customers business line (+20.7%) in market conditions that became more favourable over the course of the year. The increase in revenues was also strong in the Asset gathering business line (+10.4%) with record inflows for Amundi, dynamic unit-linked assets and a better performance than the French property and casualty insurance market. The Retail banking business line continues to grow in terms of customer acquisition and business. Interest revenues held up well, despite the low interest rate environment both in France and internationally. Volume effect helped therefore to maintain the net interest margin, even in the low interest rates context. For all of the business lines (excluding the Corporate Centre), underlying revenues were up +8.4% this quarter.

These positive revenue trends were accompanied by **good cost control**. **Underlying operating expenses** showed a controlled increase of **+2.2%** compared to fourth quarter 2018. This enabled **significantly positive jaws** of +5.5 percentage points. Expenses nevertheless continued to rise in the business lines (+3.3% between the fourth quarter of 2018 and the fourth quarter of 2019), in particular for those that are growing their activities**.** In particular, the Asset gathering business line showed an increase in expenses reflecting the development in international insurance activity and corporate P&C projects (this effect is cumulative with a base effect on insurance compared to the fourth quarter 2018). In Asset management, the increase in expenses can be explained by the increase in variable compensation (linked to solid performance), and by one-off costs linked to strategic projects. Large customers posted a sharply improved cost/income ratio on corporate and investment banking (-9.1 percentage points over the period) and Asset servicing made investments to support recent partnerships and customer acquisition (FTEs and IT costs). Retail Banking posted cost income ratio improvements for LCL (-1.7 percentage points in fourth quarter 2019 and for the year) and CA Italia (-0.7 percentage points in fourth quarter 2019/-0.5 percentage points for the year) thanks to positive jaws. The Specialised financial services business line recorded good cost control over the period. The **underlying cost/income ratio** stood at 62.6% for fourth quarter 2019 for Crédit Agricole S.A., **an improvement** of +3.4 percentage points over the period.

Underlying gross operating income therefore strongly increased, by **+18.3%** compared to the fourth quarter of 2018.

Cost of risk increased by +38.0%/-€94 million, to -€340 million versus -€246 million in fourth quarter 2018, mainly due to a return to a normal level of the cost of credit risk in Corporate and Investment Banking, which reported net reversals of provisions for +€28 million in fourth quarter 2018, while it reported net provisions of -€55 million (i.e., a -€83 million variation) in this quarter. For the same reason, we are seeing a return to normal levels in the **cost of risk on consolidated outstandings[13] for fourth quarter 2019. It stood at 32 basis points**, up +9 basis points versus fourth quarter 2018 and up +3 basis points versus the previous quarter, but it remained low. The other three business lines that contributed the most to the cost of risk show contrasting variations, albeit of very limited magnitude. LCL thus posted a +2.7% increase in the cost of risk, to -€64 million, but its cost of risk relative to outstandings remained low at 17 basis points (stable compared to the previous quarter). CA Italia was down -4.0%, with the cost of risk on outstandings continuing to improve, standing at 57 basis points (compared to 67 points in the fourth quarter 2018 and 59 points in the third quarter 2019); lastly, Crédit Agricole Consumer Finance recorded a +40.6% increase in the cost of risk to €115 million compared to the fourth quarter 2018, with a cost of risk on outstandings that also rose to 128 basis points. This remains, however, in the 120-130 basis points range, and well below the Medium-Term Plan's assumption of 160 basis points.

The contribution of **equity-accounted entities** is up **+2.6%**, at €76 million, reflecting, in particular, the good performance of the Joint-Ventures in asset management for the quarter, thanks to India.

Net income from other assets was **€20 million**, as a result of a one-off real estate transaction in Wealth management. **Underlying income[14] before tax, discontinued operations and non-controlling interests thus increased by +17.1%** to €1,697 million. The **underlying effective tax rate** was **13.5%**, a low level, down-2.6 percentage points compared to fourth quarter 2018, as a result in particular of a favourable decision on a tax dispute at Crédit Agricole Corporate and Investment Bank. The underlying tax charge was therefore down -1.0%

[13] *Average loan loss reserves over the last four rolling quarters, annualised*
[14] *See p.88 for more details on specific items related to Crédit Agricole S.A.*

to €219 million. The effective tax rate is not representative on a quarterly basis, at end-2019 it amounted to 24.4% (vs 23.8% in 2018). The **underlying net income before non-controlling interests was up by +20.3%**.

Net income attributable to non-controlling interests was stable (-**0.6%**) at €161 million.

Underlying net income Group share increased by **+23.5%** versus fourth quarter 2018, to **€1,318 million**.

Over the whole of 2019, stated net income Group share amounted to €4,844 million, compared to €4,400 million in 2018, an increase of +10.1%.

Specific items in 2019 had an impact of +€262 million on stated net income Group share. In addition to the fourth quarter items already mentioned above, items for the first nine months of 2019 had a **limited net negative impact of -€81 million on net income Group share**; they included recurring volatile accounting items such as the Debt Valuation Adjustment (DVA, i.e. gains and losses on financial instruments related to changes in the Group's issuer spread), plus the portion of the Funding Value Adjustment (FVA) associated with the change in the issuer spread, which is not hedged, amounting to -€11 million, the hedge on the Large customers loan book for -€20 million, and the change in the provision for home purchase savings schemes in the amount of -€50 million. **Specific items in 2018** had a limited negative impact of **-€5 million** on stated net income Group share. Compared to the fourth quarter 2018 items already mentioned above, they had an impact of +€54 million for the first nine months of 2018, i.e. the adjustment of negative goodwill recognised at the time of acquisition of the three Italian savings banks of +€66 million, the Pioneer integration costs of -€14 million (-€30 million before tax and non-controlling interests), the integration costs of the three Italian banks for +€5 million (+€9 million before tax and non-controlling interests), the ECB fine of -€5 million, as well as recurring specific items, namely the DVA for +€5 million, hedges of the Large customers loan books for +€4 million and the changes in provisions for home purchase savings plans for -€7 million.

Excluding these specific items, **underlying net income Group share reached €4,582 million**, up **+4.0%** compared to 2018.

Underlying earnings per share amounted to €1.39 per share, up (**+0.1%**) compared to 2018 but up +2.9% excluding foreign exchange impact on AT1 coupons in third quarter 2019.

Annualised **ROTE**[15] (return on tangible equity Group share excluding intangibles) net of annual coupons on Additional Tier 1 securities reached **11.9% in 2019**, lower than the financial year 2018 (12.7%).

[15] *See details on the calculation of the business lines' ROTE (return on tangible equity) and RONE (return on normalised equity) on p.85*

Table 2. Crédit Agricole S.A. - Stated and underlying results, 2019 and 2018

In €m	2019 stated	2018 stated	Var 19/18 stated	2019 underlying	2018 underlying	Var 19/18 underlying
Revenues	**20,153**	**19,736**	+2.1%	**20,339**	**19,694**	+3.3%
Operating expenses excl.SRF	(12,421)	(12,286)	+1.1%	(12,405)	(12,227)	+1.5%
SRF	(340)	(302)	+12.5%	(340)	(302)	+12.5%
Gross operating income	**7,392**	**7,147**	**+3.4%**	**7,594**	**7,165**	**+6.0%**
Cost of risk	(1,256)	(1,002)	+25.5%	(1,256)	(1,002)	+25.5%
Cost of legal risk	-	(80)	(100.0%)	-	(75)	(100.0%)
Equity-accounted entities	352	256	+37.6%	352	323	+9.0%
Net income on other assets	54	89	(39.5%)	60	89	(32.5%)
Change in value of goodwill	(589)	86	ns	-	-	ns
Income before tax	**5,952**	**6,496**	**(8.4%)**	**6,749**	**6,500**	**+3.8%**
Tax	(456)	(1,466)	(68.9%)	(1,559)	(1,471)	+6.0%
Net income from discont'd or held-for-sale ope.	(38)	(3)	ns	8	(3)	ns
Net income	**5,458**	**5,027**	**+8.6%**	**5,198**	**5,026**	**+3.4%**
Non controlling interests	(614)	(627)	(2.1%)	(616)	(620)	(0.7%)
Net income Group Share	**4,844**	**4,400**	**+10.1%**	**4,582**	**4,405**	**+4.0%**
Earnings per share (€)	**1.48**	**1.39**	**+6.9%**	**1.39**	**1.39**	**+0.1%**
Cost/Income ratio excl.SRF (%)	**61.6%**	**62.3%**	**-0.6 pp**	**61.0%**	**62.1%**	**-1.1 pp**

For the year 2019, business line results were up +4.0%, thanks to growth in activity of all business lines and to controlled growth in expenses (positive jaws of +1.8 percentage points), and despite the cost of risk returning to a normal level. With regard to the negative result of the Corporate Centre division (-€813 million, compared to -€731 million in 2018), the “structural” contribution improved by +€72 million to -€881 million in 2019, mainly due to an improvement in the contribution from the activities and functions of Crédit Agricole S.A.’s corporate centre: At the same time, the other items contributed positively in the amount of +€68 million in full year 2019, a clear decrease compared to full year 2018 (+€222 million).

Underlying revenues were up **+3.3%** compared to 2018, with a positive contribution to this growth of all business lines except Specialised financial services. Consumer finance is evolving in an environment of strong competitive pressure in France over the period, and the good performance of the automotive partnerships is equity-accounted. Leasing and factoring posted higher revenues, supported by very buoyant business. Revenues from the Large customers business line increased sharply (+6.5%), due to the sales momentum in all business activities, in market conditions that have become more favourable in 2019.

Underlying operating expenses increased slightly, by **+1.5%**, excluding SRF contributions. This control of expenses led to **positive jaws** of +1.8 percentage points over the period. In the business lines alone, the increase amounted to +2.0%, centring mainly on the Asset gathering and Large customers business lines, which saw their expenses increase in line with the development of their activities. The **underlying cost/income ratio excluding SRF was 61.0%,** including IFRIC21 expenses in the first quarter, an improvement of 1.1 percentage points compared to 2018.

Lastly, the **cost of credit risk** showed an increase of +25.5%/-€254 million compared to 2018, to -€1,256 million. This increase is mainly due to the Large customers business line (which reported a risk charge of -€160 million at end-December 2019, compared to a net reversal of +€64 million at end-December 2018), and Financing activities in particular, stemming from a progressive return to a normal level in the cost of risk and to the one-off charges reported in the period.

Financial solidity

At end-December 2019, the solvency of Crédit Agricole S.A. remains at a high level, with a **Common Equity Tier 1 (CET1) ratio of 12.1%**, **up +0.4 percentage point compared to end-September 2019**. This increase is specifically explained by the significant positive impact of +32 basis points related to the favourable outcome of the tax treatment dispute regarding the Emporiki equity investments generating a gain in income of +€1,038 million, this profit will be allocated in its entirety to financing the partial dismantling of 35% of the Switch guarantee as early as the first quarter 2020 (expected impact of approximately -40 basis points on the CET1 ratio). Excluding this impact the ratio remained broadly stable for the quarter: generation of capital (+16 basis points, including a dividend provision of €0.23 for the quarter, bringing the dividend to €0.70 for the 2019 financial year) and a significant decline in risk-weighted assets (+18 basis points) offset the decline in OCI reserve (-10 basis points) in the context of rising interest rates, as well as other impacts (merger of CACEIS and Santander for -5 basis points, additional sale of BSF shares for +8 basis points, regulatory for -8 basis points).

Risk-weighted assets totalled €324 billion at end-December 2019 and fell sharply in the fourth quarter of 2019 (-€6.6 billion/-2.0%), notably due to securitisation transactions in corporate and investment banking and a decline in the equity-accounted value of insurance investments. (-€3.1 billion).

The phased-in **leverage ratio** was **4.2%** at end-December 2019. The intra-quarter average measure of phased-in leverage ratio[16] stood at 3.9% in the fourth quarter of 2019.

Crédit Agricole S.A.'s average LCR (Liquidity Coverage Ratio) over 12 months stood at 131.6%[17] at end-December 2019, which is higher than the target level of around 110% set out in the Medium-Term Plan.

At the end of December 2019, Crédit Agricole S.A. had realised 97% of its medium-to-long-term market funding programme for the year. The bank raised the equivalent of €16.4 billion, of which €10.1 billion equivalent of senior preferred debt and senior secured debt, and €4.5 billion equivalent of senior non-preferred debt and €1.8 billion equivalent of Tier 2 debt. The 2020 programme is set at €12 billion, including around €5 to €6 billion of TLAC eligible debt (Tier 2 debt or senior non-preferred debt). At end of January 2020, 22% of the funding plan was completed.

Note that in 2019 Crédit Agricole S.A. carried out:

- a senior non-preferred Green Bond issue for €1 billion (included in the amounts above).
- a CAHL SFH senior secured Green Bond issue for an amount of €1.25 billion (included in the amounts above).
- a senior preferred Panda Bond issue in the amount of CNY 1 billion (included in the amounts above).

An AT1 instrument was also issued for €1.1 billion equivalent in February 2019 (not included in the funding plan).

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Philippe Brassac, Chief Executive Officer, commented on the fourth quarter 2019 and full year 2019 results and activity of Crédit Agricole S.A. as follows: « *Underlying net income of Crédit Agricole S.A. is up +23.5% this quarter, and +4.0% for the year. All business lines contributed to this annual growth, thanks to dynamic commercial activity, which resulted in a net gain of 370,000 individual customers and entrepreneurs in France and Italy this year; revenue synergies reached €9 billion within the Group, demonstrating our organic growth potential. Lastly, the business lines of Credit Agricole S.A., in particular asset management, asset servicing and consumer finance, have been actively participating in European consolidation by signing or strengthening*

[16] *Intra-quarter leverage refers to the average of the end of month exposures for the first two months of said quarter.*

[17] *The ratio's numerator and denominator stand at €189.3 billion and €143.8 billion, respectively, for Crédit Agricole S.A.*

partnerships in France, Italy and Spain. The growth of our profitability is robust. It is driven as much by the dynamism of revenues as by the improvement in operational efficiency, without impeding investment in the development of our business lines. And it is done by controlling risk-weighted assets and keeping the cost of risk low. Our financial solidity continues to strengthen: the CET1 ratio of Crédit Agricole S.A. reached 12.1%, making an initial dismantling of Switch possible in 2020 and securing our distribution policy of 50% in cash. The dividend was up +1.4% in 2019 to €0.70 per share, demonstrating the performance and the regularity of our distribution policy."

Crédit Agricole Group

In the fourth quarter, underlying net income Group share of Crédit Agricole Group was €1,986 million, up +22.1% compared to fourth quarter 2018. For full year 2019, underlying net income Group share of the Crédit Agricole Group was €7,191 million, an increase of +5.0% compared to 2018.

The Group's performance this year is on based the implementation of the three pillars of the Group Project. With regard to the Customer Project, the customer net promoter score at LCL and the Regional Banks increased (by +8 points and +5 points), innovative offerings were launched (EKO, LCL *Essentiel*, *Je suis entrepreneur,* Yapla), the digital relationship was enhanced, and 500,000 customers were met as part of *Trajectoires Patrimoine*. Customer capture reached 1 800 000 individual and entrepreneur customers in France and Italy over the year 2019, and net customer capture reached 370 000. With regard to the Human-centric Project, the Crédit Agricole Group was ranked first in financial services in France in terms of diversity by the Financial Times. Lastly, in respect to the Societal Project, a €1 billion Green bond was issued by Crédit Agricole S.A. in October 2019, and a €1.25 billion Green covered bond was issued by Crédit Agricole Home Loan SFH in November 2019.

The contribution of the Regional Banks to the underlying net income Group share was up +26.6% in fourth quarter 2019. Underlying revenues of the Regional Banks increased as well (+5.7%). **Underlying operating expenses** were up +1.8% compared to fourth quarter 2018, corresponding to continued IT investments under the Group's Project and Medium-Term Plan. The underlying **cost/income ratio** improved compared to fourth quarter 2018 (-2.6 percentage points) to 66.7%.

The Group's underlying revenues reached €33,790 million in 2019, up +3.0% year-on-year, reflecting the strength of the Universal customer-focused banking model, stable and diversified, and which generates organic growth in all the business lines, thanks in particular to revenue synergies between specialised business lines and distribution networks. Underlying operating expenses excluding SRF are well controlled (+1.7% increase in 2019), while incorporating IT investments in the Regional Banks and investments to develop Crédit Agricole S.A.'s business lines, especially in the Asset gathering business line. Positive jaws of 1.3 percentage points were recorded this year. Underlying cost/income ratio excluding SRF improved by -0.8 percentage point compared to 2018, reaching 63.2% this year and reflecting the Group's high level of operational efficiency.

The cost of risk on outstandings of the Regional Banks was still low (10 basis points, after 14 basis points at end-2018). Furthermore, the **NPL ratio** was down (1.87% vs 2% at end-2018) and the **NPL coverage ratio** remained high (99.1%). **The Group's cost of credit risk increased by +7.1% in 2019, as a result of the reversal of the cost of risk in corporate and investment banking, but it remained very low, and the coverage ratio was 82.6%.**

The Group's Common Equity Tier 1 ratio was 15.9% at end-December 2019, an increase of +0.4 percentage point compared to end-September 2019, more than 6.2 percentage points above the required regulatory level[18].

The Group's performance can in particular be explained in particular by the implementation of the three pillars of its Group Project, which underpins its *Raison d'Etre*, "Working every day in the interests of customers and society": the Customer Project, the Human-centric Project and the Societal Project.

[18] *Under the SREP requirement at 9.7% (including countercyclical buffer); €32 billion higher than the threshold for triggering distribution restrictions.*

Customer Project

The Group embarked upon the implementation of its Group Project and MTP launched in June 2019. Concrete actions were initiated ton foster **excellence in customer relations**, which is at the heart of the Customer Project. All Group business lines were organised around customer satisfaction, as evidenced by the net promoter score (NPS), which has grown significantly since the end of 2018: +8 at LCL and +5 for the Regional Banks in the individual customers' segment. Crédit Agricole Assurances also ranked No. 1 in automotive and home claims management by "*Que Choisir"* magazine in its January 2020 issue. A zero-defect culture was been instilled within the entities with the designation of 70 Customer Champions, voice of the customer, in all business lines, for the resolution of pain-points and the creation of fluid customer journey. A plan to address pain-points was already launched and 25 priority actions have been identified. Lastly, the Group continues to support its customers by proposing innovative offerings adapted to their needs. This is illustrated by "*Trajectoires Patrimoine"*: this new approach to providing advice offers a global and dynamic vision of customers' assets, enabling them to choose the best possible options for developing and protecting them from the very first euro. Since its launch at the beginning of 2019, more than 500,000 customers were supported as part of this initiative.

The Group continues to adapt its offerings to new uses in order to become a **leading digital bank**. More than 127,000 customers have subscribed to "EKO", Crédit Agricole's entry-level banking offering launched at the end of 2017. The "*LCL Essentiel"* banking offering, launched in April 2019 to meet the specific needs of young urban workers, attracted more than 20,000 customers. New tailor-made offerings will continue to be rolled out, including the Globe-Trotter offering for young people aged 18 to 30 who travel, which has been launched in February 2020. The multi-channel relationship also intensified, the number of customers contacted within the Regional Banks has increased (+1.9 percentage points since 2018), as has the number of customers using our mobile applications: +6 percentage points for the LCL mobile application since the end of 2018, and +4 percentage points for the "*MaBanque"* application. For the third year in a row the LCL mobile application was voted best mobile application by the meilleurebanque.com comparison site, and Crédit Agricole's digital performance was rewarded in 2019 with the Group's D-rating moving up to BBB under its digital transformation.

Innovation is finally placed at the heart of Crédit Agricole's strategy: 547 start-ups currently assisted by Villages by CA; the network currently consists of 33 Villages By CA in France and Italy, with four new Villages created in 2019. La "Fabrique By CA" (the Group's fintech start-up studio) also launched two platforms in 2019, to offer a wide range of banking and non-banking services: *Je suis entrepreneur* for establishing companies, ranging from the choice of location to securing business plans, including financing simulations, and Yapla, dedicated to the management of associations.

In this context, the Group's customer capture is very dynamic both in France and in Italy, with 1 800 000 new individual and entrepreneur[19] customers in 2019 and 370 000 net additional customers in 2019, of which 280,000 are individual customers.

Human-centric Project

As part of the Group's Human Project, the **management is being transformed to** increase accountability. As of January 2020, 53% of the managers of Crédit Agricole S.A. were trained in managerial transformation. Circular assessments (180°) were set up at CA Italia and Amundi. In order to adopt **shorter decision-making chain**, to increase employee engagement and autonomy and to ensure greater customer proximity, the number of management layers at Crédit Agricole Payment Services was reduced. "Remote work" agreements were also rolled out in 80% of the Group's entities by the end of 2019.

In order to strengthen **social dialogue**, an international framework agreement was signed on 31 July, with, as a first concrete measure, paid maternity leave of 16 weeks for all female employees outside France. The Group's gender **diversity** policy was also expanded this year, with 23.5% women on the Crédit Agricole S.A. Executive Committee (up +17 points compared to 2018), and 28% of women in the decision-making bodies of Crédit Agricole S.A. entities at the end of 2019 (up +5 points compared to 2018). Lastly, in terms of social diversity,

[19] *LCL/CA Italia: includes professionals – Regional Banks: includes professionals, farmers, small businesses and associations*

100% of Crédit Agricole S.A. Group entities welcomed 300 Year 10 school children on their work experience placements.

These actions are recognised by **VIGEO**, which raised the rating of Crédit Agricole in 2019, indicating that the Group is one of the most attractive companies in Europe. With its A1 ranking, the Group is ranked among the top 2% of the 5,000 companies evaluated by VIGEO, and is fourth out of 31 banks in the banking industry. Lastly, Crédit Agricole Group was ranked first among financial services in France in terms of diversity, in the Diversity Leaders 2020 ranking in the **Financial Times**.

Societal Project

Governance

As part of the Group's climate strategy, a Scientific Committee is in the final stages of being set up. This Committee, which brings together climate experts and scientists from outside Crédit Agricole Group, is responsible for conducting the scientific work needed to guide and implement the Group's climate strategy. It feeds into the decisions of the Corporate Project Committee.

As part of the transition rating implemented this year, Crédit Agricole will request its large corporate customers to provide a detailed plan, by 2021, for the withdrawal of their industrial mining and thermal coal production assets within the 2030/2040 timeframe, depending on the location of their assets. As a tool for dialogue and decision-making, this transition rating complements the financial rating and enriches the customer analysis file. The consolidation of the transition ratings will enable us to identify more precisely the potential effects of climate change on our financing portfolios and to develop climate stress tests for 2050, aligned with different types of scenarios.

Sustainable finance

Unifergie – a subsidiary of Crédit Agricole Leasing & Factoring – The “Nord de France” Regional Bank, and Crédit Agricole CIB, participated in the refinancing of the French asset portfolio of Boralex, a Canadian company that develops, builds and operates renewable power generation facilities in North America and Europe. Approximately 50% of its capacity is in wind farms in France. Boralex carried out an operation involving the refinancing of 57 wind farms and 2 photovoltaic plants and the construction of 4 additional wind farms over the next two years, for a total capacity of more than 1,014 MW, corresponding to the annual consumption of 500,000 households. The transaction, totalling more than €1.1 billion, is the largest refinancing of a portfolio of renewable energy assets in France.

Crédit Agricole Home Loan SFH, the housing finance company subsidiary wholly owned by Crédit Agricole S.A., issued a Green covered bond for €1.25 billion over 10 years. The funds will be allocated to the refinancing of the Regional Banks' and LCL's energy-efficient housing loans that reduce carbon emissions. This inaugural green issue reinforces the Group's presence in capital markets dedicated to financing the energy transition, and highlights the role of the Regional Banks and LCL in promoting low-energy residential real estate.

LCL has introduced its first full range of investments in the fight against global warming. This range consists of equity or bond funds of companies that reduce their CO2 emissions, reinforced by a carbon offsetting mechanism.

Credit Agricole S.A. issued in October 2019 a Green Bond with a nominal size of €1 billion and a tenor of 6 years.

Furthermore, Crédit Agricole CIB structured in 2019 more than €42.9 billion green bonds.

Inclusive finance

Crédit Agricole CIB played a leading role at the global level in the arrangement of the Social Bonds, by participating in the structuring of more than €3.7 billion in Social Bonds in 2019, representing a market share of more than 30%, and even more than 40% of the European issuers' market (source: Dealogic).

Amundi pursues the target defined in 2018 of doubling Amundi Finance et Solidarité's solidarity funds outstanding loans in the next three years. At the same time, the business line is paving the way for a similar offering on a European scale. The objective is to be able to offer a vehicle in the future in the social enterprises of European countries where the Crédit Agricole Group and Amundi are particularly present.

Group results

In the fourth quarter of 2019, Crédit Agricole Group's **stated net income Group share** was **€2,186 million**, versus €1,571 million in fourth quarter 2018. The **specific items** recorded this quarter generated a **positive net impact of +€200 million on net income Group share**.

Excluding these specific items, the **underlying net income Group share**[20] was **€1,986 million**, up +22.1% compared to fourth quarter 2018.

Table 3. Credit Agricole Group - Stated and underlying results, Q4-19 and Q4-18

In €m	Q4-19 stated	Q4-18 stated	Var Q4/Q4 stated	Q4-19 underlying	Q4-18 underlying	Var Q4/Q4 underlying
Revenues	**8,399**	**8,110**	+3.6%	**8,602**	**8,064**	+6.7%
Operating expenses excl.SRF	(5,582)	(5,478)	+1.9%	(5,566)	(5,440)	+2.3%
SRF	-	-	n.m.	-	-	n.m.
Gross operating income	**2,818**	**2,632**	**+7.1%**	**3,035**	**2,624**	**+15.7%**
Cost of risk	(494)	(499)	(1.0%)	(494)	(499)	(1.0%)
Cost of legal risk	-	(75)	(100.0%)	-	(75)	(100.0%)
Equity-accounted entities	83	10	x 8	83	77	+7.5%
Net income on other assets	15	48	(69.2%)	21	48	(56.1%)
Change in value of goodwill	(642)	-	n.m.	-	-	n.m.
Income before tax	**1,780**	**2,116**	**(15.9%)**	**2,646**	**2,175**	**+21.6%**
Tax	587	(416)	n.m.	(525)	(412)	+27.4%
Net income from discont'd or held-for-sale ope.	(46)	(0)	x 1768.1	(0)	(0)	x 8.1
Net income	**2,320**	**1,700**	**+36.5%**	**2,120**	**1,763**	**+20.3%**
Non controlling interests	(134)	(130)	+3.7%	(134)	(137)	(2.1%)
Net income Group Share	**2,186**	**1,571**	**+39.2%**	**1,986**	**1,626**	**+22.1%**
Cost/Income ratio excl.SRF (%)	**66.5%**	**67.5%**	**-1.1 pp**	**64.7%**	**67.5%**	**-2.7 pp**

In fourth quarter 2019, **underlying revenues** increased by **+6.7%** compared to fourth quarter 2018, to €8,602 million, and by **+7.3%** for the business lines excluding the Corporate Centre. This growth was driven by the underlying revenues of the Large customers business line, up +20.7%/+€244 million, of the Regional Banks, up +5.7%/+€185 million over the period, and of the Asset gathering business line, up +10.4%/+€153 million. Underlying revenues in the Specialised financial services business line fell by -2.6%/- €18 million, but it should be remembered that the results of the automotive partnerships are equity-accounted. International retail banking posted underlying revenues up +1.3%.

Underlying operating expenses were **up +2.3%** compared to the fourth quarter of 2018, in connection with IT investments in the Regional Banks under the Medium-Term Plan, and investments in the development of the Crédit Agricole S.A. business lines, especially Asset gathering and Large customers. The **underlying cost/income ratio excluding SRF stood at 64.7%, a clear improvement of 2.7 percentage points** compared to the fourth quarter of 2018. Operating efficiency continues to improve, with a significantly positive jaws effect of +4.4 percentage points.

Underlying **gross operating income** thus increased to €3,035 million compared to fourth quarter 2018 (+15.7%).

The **cost of credit risk** is stable (-1.0%) at -€494 million, versus -€499 million in fourth quarter 2018. This change stems in particular from the Large customers business line, where the cost of credit risk is returning to a normal level, with net charges of -€55 million, compared to net reversals of +€26 million that were recorded in the fourth quarter of 2018. The **cost of risk on outstandings**[21] of Crédit Agricole Group stood at **20 basis points,** up +2 basis points from fourth quarter 2018, but still at a low level, below the Medium-Term Plan assumption of 25 basis points.

[20] *Underlying, excluding specific items. See p.88 and onwards for more details on specific items.*
[21] *Average loan loss reserves over the last four rolling quarters, annualised*

By incorporating the contribution from equity-accounted entities, which was up by +7.5% from €77 million to €83 million as a result of the strong performance of the asset management joint ventures (in India in particular), the **underlying pre-tax income was €2,646 million**, up +21.6% compared to fourth quarter 2018.

The underlying **tax charge was up +27.4%** from fourth quarter 2018, showing an increase of +0.9 percentage points in the underlying tax rate, from 19.6% to 20.5%. Accordingly, underlying net income before non-controlling interests was up +20.3% and underlying net income Group share was up +22.1% compared to the fourth quarter of 2018.

Specific items had **a net positive impact of +€200 million on net income Group share this quarter.** They include the favourable decision of France's *Conseil d'Etat* on the tax treatment dispute regarding the Emporiki securities in the amount of +€1,038 million, the costs of integration and acquisition by CACEIS of Santander and Kas Bank (respectively -€15 million in operating expenses/-€11 million in net income Group share, and -€6 million in net income on other assets/-€5 million in net income Group share), a reclassification of held-for-sale operations of -€46 million under income from held-for-sale operations. The acquisition of Kas Bank by CACEIS generated a badwill of +€22 million and LCL's goodwill was partially impaired in the amount of -€664 million. Lastly, recurring volatile accounting items such as the DVA (Debt Valuation Adjustment, i.e. gains and losses on financial instruments related to changes in the Group's issuer spread), amounting to -€4 million in net income Group share, hedges on the Large customers loan book for -€12 million, and the changes in provisions for home purchase savings plans in the amount of -€119 million are also to be included.

In fourth quarter 2018, specific items had a negative impact of -€55 million on net income Group share, including -€14 million from Pioneer Investments integration costs (-€27 before tax and non-controlling interests), -€7 million from the integration costs of the three Italian banks (-€11 before tax and non-controlling interests), -€67 million for the FCA Bank fine, and, lastly, +€33 million in net income Group share from recurring volatile accounting items, namely the DVA in the amount of +€11 million and the hedges on the Large customers' loan book in the amount of +€13 million and the changes in the provision for home purchase savings plans in the amount of +€9 million.

For full year 2019, the **underlying net income Group share** was up (**+5.0%/+€342 million)** compared with 2018, to **€7,191 million**. The increase in the cost of credit risk (-€117 million) is attributable to the return of the cost of risk in corporate and investment banking to a normal level. The increase in the tax charge (-€202 million) remained below the strong increase in gross operating income (+€575 million).

Underlying **revenues** were up **+3.0%** and **underlying operating expenses excluding the Single Resolution Fund (SRF)** remained under tight control, at **+1.7%**. The Group thus posted positive jaws of +1.3 percentage points over the year.

Table 4. Credit Agricole Group - Stated and underlying results, 2019 and 2018

In €m	2019 stated	2018 stated	Var 19/18 stated	2019 underlying	2018 underlying	Var 19/18 underlying
Revenues	**33,297**	**32,839**	+1.4%	**33,790**	**32,813**	+3.0%
Operating expenses excl.SRF	(21,386)	(21,064)	+1.5%	(21,371)	(21,005)	+1.7%
SRF	(426)	(389)	+9.4%	(426)	(389)	+9.4%
Gross operating income	**11,485**	**11,385**	**+0.9%**	**11,993**	**11,418**	**+5.0%**
Cost of risk	(1,757)	(1,640)	+7.1%	(1,757)	(1,640)	+7.1%
Cost of legal risk	-	(80)	(100.0%)	-	(75)	(100.0%)
Equity-accounted entities	356	266	+33.9%	356	333	+7.0%
Net income on other assets	36	87	(59.0%)	42	87	(51.8%)
Change in value of goodwill	(642)	86	n.m.	-	-	n.m.
Income before tax	**9,478**	**10,105**	**(6.2%)**	**10,634**	**10,123**	**+5.0%**
Tax	(1,737)	(2,733)	(36.5%)	(2,945)	(2,743)	+7.4%
Net income from discont'd or held-for-sale ope.	(38)	(3)	n.m.	8	(3)	n.m.
Net income	**7,704**	**7,369**	**+4.5%**	**7,697**	**7,377**	**+4.3%**
Non controlling interests	(506)	(525)	(3.5%)	(506)	(527)	(4.0%)
Net income Group Share	**7,198**	**6,844**	**+5.2%**	**7,191**	**6,849**	**+5.0%**
Cost/Income ratio excl.SRF (%)	**64.2%**	**64.1%**	**+0.1 pp**	**63.2%**	**64.0%**	**-0.8 pp**

Regional Banks

At end-December 2019, customer acquisition in the **Regional Banks** was very buoyant, with +1 300 000 new individual customers and entrepreneurs since the start of the year, and a net increase of +264 000 customers of which 185,000 were individual customers. The momentum in the commercial development of the Regional Banks significantly contributed to growth in Crédit Agricole S.A.'s business lines, of which the Regional Banks, the leading retail banking network in France, are the prime partners in Retail Banking, demonstrating the strength of the Group's Universal customer-focused banking model. Customer's equipment continues to increase: the stock of premium cards for individual customers rose +9% between December 2018 and December 2019, the stock of property and personal insurance policies increased by +4.4%, and outstandings in consumer credits increased by +7.3%.

Outstanding loans grew **+6.7%** compared to end-December 2018. This growth was driven by home loans (+7.6%) and business loans (+6%).

Customer assets rose **+5.9%** year-on-year, driven by on-balance sheet deposits (+6.3%), notably demand deposits (+11.3%). Off-balance sheet deposits rose by 5.2% year-on-year, driven by life insurance assets (+5.3%).

The contribution of the Regional Banks to Crédit Agricole Group's **underlying net income Group share** came to **€680 million**, a sharp increase of **+26.6%** compared to the fourth quarter of 2018.

At **€3,413 million, underlying revenues** were up (+5.7%) compared to the fourth quarter of 2018. This increase is explained by a positive market effect on the investment portfolio and by a good level of commissions, offsetting the pressure on interest revenues.

Operating expenses were up **+1.8%** compared to fourth quarter 2018, mainly reflecting the continued IT investments under the Group's Medium-Term Plan. The underlying cost/income ratio thus was 66.7%, a decrease of -2.6 percentage points.

Cost of risk recorded a significant decrease in fourth quarter 2019, to -€155 million compared to fourth quarter 2018 (-37.9%). It represents 10 basis points on outstandings[22] (compared to 14 basis points in the fourth quarter

[22] *Relative to consolidated outstandings, calculated on an average annualised basis over four rolling quarters.*

of 2018), and remains at a low level. Furthermore, the NPL ratio was down to 1.87% (versus 2% at end-2018) and the NPL coverage ratio remained high at 99.1%.

Over 2019, the contribution of the Regional Banks **to underlying net income Group share** was **€2,597 million**, an increase of **+8.1%**.

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

Financial solidity

Over the quarter, Crédit Agricole Group maintained a high level of financial solidity, with a **Common Equity Tier 1 (CET1) ratio of 15.9%**, up **+0.4 percentage point** compared to end-September 2019. This ratio provides a substantial buffer of 6.2 percentage points in relation to the SREP requirement applicable to Crédit Agricole Group, set at 9.7% by the ECB (including the countercyclical buffer).

The MREL ratio is estimated at 33% of risk-weighted assets at 31 December 2019. It stood at 22.6% without including eligible preferred senior debt, up 120 basis points over the year. The target under the Crédit Agricole Group's Medium-Term Plan is to achieve a subordinated MREL ratio (excluding eligible senior preferred debt) of 24-25% of risk-weighted assets by 2022. **Expressed as a percentage of the institution's total liabilities and own funds, after certain prudential restatements (Total Liabilities Own Funds – TLOF), the MREL ratio stood at 8.5% at 31 December 2019, excluding eligible senior preferred debt.** This is in line with the Medium-Term Plan target of maintaining this ratio above 8% of TLOF, a level which would enable recourse to the Single Resolution Fund, subject to the decision of the Resolution Authority.

The TLAC ratio requirements have been applicable since 27 June 2019, when European Regulation CRR2 (Capital Requirement Regulation 2) came into force. **At 31 December 2019, the Crédit Agricole Group's TLAC ratio stood at 22.6% of RWA and 7.6% of leverage risk exposure (LRE), excluding eligible senior preferred debt**. The TLAC ratio increased by 40 basis points compared to 30 September 2019 due to a stronger CET1 (tax gain in relation to Emporiki) and to the issuance of senior non-preferred Green debt in October. It increased by 120 basis points year-on-year. The TLAC ratios for Crédit Agricole Group at 31 December 2019 remain much higher than the CRR2/CRDV requirements[23], by 2.9 percentage points for risk-weighted assets and 1.6 percentage point for LRE, respectively.

The **phased-in leverage ratio** came to **5.7%** at end-December 2019.

The liquidity position of Crédit Agricole Group is solid. The Group's banking cash balance sheet, at €1,331 billion at 31 December 2019, showed a **surplus of stable funding sources over stable assets of €126 billion**, up €8 billion compared to end-September 2019 and **in line with the target under the Medium-Term Plan (over €100 billion)**. The surplus of stable resources finances the HQLA (High Quality Liquid Assets) securities portfolio generated by the LCR (Liquidity Coverage Ratio) requirement for customer or customer-related activities. These securities (€108 billion) covered more than five times the short-term debt net of Central Bank deposits.

The liquidity reserves, which include capital-gains and haircuts on the securities portfolio, **stood at €298 billion at 31 December 2019**. The Group's average LCR ratio over 12 months stood at 128.8%[24] at end-December 2019, exceeding the Medium-Term Plan target of around 110%.

At end-December 2019, the Group's main issuers raised the equivalent of €38.4 billion in medium-to-long-term debt on the markets, 43% of which was issued by Crédit Agricole S.A. In addition, €3.9 billion was placed in Crédit Agricole Group's retail banking networks (Regional Banks, LCL and CA Italia) and other external networks, or borrowed from supranational organisations at end-December 2019.

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[23] *With the entry into force of CRR2, the Crédit Agricole Group must meet the following TLAC requirements at all times: 16% of risk-weighted assets, plus the combined buffer requirement according to CRDV (including a 2.5% capital conservation buffer, a 1% systemic buffer and a 0.20% countercyclical buffer at 31 December 2019); and 6% of leverage risk exposure.*

[24] *The ratio's numerator and denominator stand at €223.2 billion and €173.3 billion, respectively, for the Crédit Agricole Group.*

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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 fourth quarter 2019 and full year 2019 results and business as follows: *"In 2019, all the Group's business lines continued to expand, both in France and abroad. In line with our Raison d'Etre 'Working every day in the interest of our customers and society' formulated at the presentation of our Medium-Term Plan in June, customer satisfaction has improved in all segments. We have strengthened our relationship with our customers, notably through the "Trajectoires patrimoine" initiative, which has enabled us to meet 500,000 customers, and we have launched innovative offerings such as EKO, "LCL Essentiel", and "Je suis entrepreneur". The Group's 142,000 employees are committed to serving customers. I am proud of Crédit Agricole Group being ranked first in the French financial services sector in terms of diversity by the Financial Times, and that we are stepping up our societal commitment, both in terms of inclusive finance, with the issue of €3.7 billion in social bonds by Crédit Agricole CIB, and the growth of nearly 26% in Amundi's social impact outstandings, and in terms of green finance, with the definition of an ambitious climate strategy, and this year's issues of Green bonds and Green covered bonds".*

Economic and financial environment

Overview of 2019

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Recent trends and 2020 outlook

There is currently nothing to suggest an imminent fall in growth, but a climate of continuing anxiety and already declining productive investment are contributing to its slowdown.

The Sino-American trade conflict, the first source of uncertainty, no longer seems destined to escalate inexorably in the near future, thanks to the signature of the so-called "phase 1" agreement. The agreement between the United States and China covers many issues: trade in goods, particularly agricultural and food products[25], intellectual property, technology transfers, financial services, an end to exchange rate "manipulation", and a forum for resolving conflicts. While ambitious (the additional imports to which China has committed itself are substantial), this agreement obviously does not cover the issues of Chinese subsidies and, more broadly, Chinese state-sponsored capitalism. While it does offer hope for a pause in the tariff war, it does not immunise against a shift in tensions on other sensitive issues and does not in any way prejudge a lasting pacification of Sino-American relations.

In addition, following their exit from the European Union on 31 January, the British wish to see the details of the future partnership with the European Union (including a free trade agreement) defined by the end of 2020. Subjecting the negotiations to such an ambitious timetable will generate doubts about the quality of the future relationship. The risk of a "Brexit without a trade agreement" will replace the risk of a "no-deal Brexit". Finally, the Coronavirus epidemic and its impact on Chinese growth (drop in domestic demand) and global growth (decline in Chinese demand, tourist flows, disruption of value chains) are now a major source of concern.

Political and geopolitical tensions and uncertainty may therefore ease temporarily, but they are unlikely to disappear permanently and will continue to weigh on investment behaviour.

There are some preliminary signs that the decline in both the manufacturing sector and world trade may have bottomed out. While this was partly due to an improvement in the automotive sector, this encouraging finding was made before the coronavirus epidemic isolated China for an as yet unknown length of time. The services sector continues to expand thanks to strong consumer spending, boosted by continued sustained wage growth. Finally, while productive investment has shown resilience, it is now on the verge of a downturn. Justified by uncertainty about future demand, largely stemming from concerns about world trade, the downturn is both strangely "premature" and still contained. Premature in that it is not the result of a classic degeneration of the cycle, contained in that it is not yet widespread and violent. In addition to the United States, the eurozone, which is fragmented according to countries' exposure to global trade and manufacturing, provides a good illustration. After several years of low investment, companies are preparing for the slowdown without excess capacity, as evidenced by a declining but still high capacity utilisation rate, and seem to be waiting, not responding to the erosion of their margins either by abruptly halting their capital spending or by drastically reducing employment.

Neither productive investment nor global trade, which is more sensitive to the growth of investment than to that of consumption, will be needed to sustain growth: growth will clearly depend on households.

The labour market continues to adjust at varying speeds and the decline in job creation has not yet translated into a significant rise in the unemployment rate. Consumption should also be boosted by slightly rising wages and purchasing power gains sustained by still very moderate inflation. Underlying inflation will remain low, while without a surge in oil demand or an extension of the OPEC+ agreement to reduce output, oil prices are likely to suffer from excess supply. Without renewed tensions in the Middle East and without significant military action hitting an oil facility, prices could be stuck below $60 as early as the second half of 2020.

While household consumption offers hope for a slowdown rather than a collapse in growth, the balance between employment, wages and corporate margins is nevertheless delicate. In an uncertain climate, faced with slowing productivity gains and eroding margins, will companies be able to withstand a severe cost adjustment for long resulting in a reduction in employment? If companies do not make this painful adjustment for growth, equity markets may well start to revise their earnings prospects downwards.

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[25] The United States decided to scrap new tariffs (primarily on consumer goods) and to halve the duties (of 15%) imposed in September on $120 billion of Chinese imports. The rest of the tariffs already in place (25% on $250 billion) will not decrease. Approximately 65% of US imports from China will remain covered by tariffs. As a reminder, in 2018, US imports of Chinese goods and services reached $540 billion and $18 billion, respectively. China, for its part, has committed to import an additional $200 billion in goods and services from the United States in 2020–2021, compared with 2017 when US exports of goods and services to China were $190 billion.

Our scenario assumes that U.S. growth will slow to 1.6%. This decline (below potential) will be accompanied by a continued modest level of inflation (1.9% in December 2020, year-on-year), driven by the already well underway decline in investment and the lack of public spending support. In the eurozone, where confidence indices are picking up at the very beginning of the year, signalling sustained activity in services and construction while the industrial sector appears unsteady, our scenario is for growth close to 1.1% coupled with inflation (1.1% at the end of the year) still well below its target. Finally, Chinese growth has been revised slightly downwards to reach only 5.7% in 2020: a limited erosion thanks to the implementation of offensive fiscal and monetary support.

While the major central banks have undertaken strategic reviews of their respective policies, the temptation of monetary easing will therefore remain strong.

After reacting very quickly and well in advance of the slowdown, and then opting for the "pause mode", the Federal Reserve should end up succumbing to the temptation of easing: our scenario assumes a further preventative cut in the Fed Funds rate, limited to 25 basis points in 2020. The ECB will not be able to resist: no rate increase (or even a 10 basis point drop in the deposit rate, as incorporated in our 2020 forecasts), an extension of Quantitative Easing with an increase in the holding limit from 33% to 50%, forward guidance. The Bank of England will do the same. Only the Bank of Japan, which knows the collateral damage of excess, will not be tempted.

Once again, everything is contributing to keeping core long-term rates low: materialisation of economic slowdowns, painless inflation, accommodative monetary policies, and a climate marked by proven or latent risks. Our scenario retains sovereign long-term (10-year) rates at 1.75% and -0.45% in December 2020 for the United States and Germany, respectively. This will not displease the risk premiums of the "peripheral" bond markets and the equity markets: their resilience will determine the wealth effect and household consumption, an essential ingredient in a scenario of slowdown rather than a collapse in growth.

Crédit Agricole S.A.

Consolidated results

Stated net income Group share in fourth quarter 2019 reached €1,661 million compared to €1,008 million in fourth quarter 2018, up 64.9%.

The **specific items** recorded this quarter generated **a positive net impact of +€343 million** on net income Group share. This includes the favourable decision of the *Conseil d'Etat* on the dispute over the tax treatment of Emporiki shares for +€1,038 million, the costs of the integration and acquisition by CACEIS of Santander and KAS Bank (-€15 million in operational expenses/-€11 million in net income Group share, and -€6 million in net income on other assets/-€5 million in net income Group share, respectively), a reclassification of held-for-sale operations for -€46 million in income on activities in the process of disposal. The acquisition of KAS Bank by CACEIS resulted in a badwill of +€22 million and the goodwill of LCL was partially impaired for -€611 million. To this is added the recurring accounting volatility items with a limited net negative effect of -€44 million on net income Group share, namely DVA (Debt Valuation Adjustment, i.e. gains and losses on financial instruments related to changes in the Group's issuer spread), plus the Funding Valuation Adjustment (FVA) portion associated with the change in the issuer spread, which is not hedged, totalling -€4 million, the hedge on the Large customers loan book for -€11 million, and the change in the provision for home purchase savings for -€29 million. In the fourth quarter 2018, specific items had a **limited net loss effect of -€59 million on net income Group share**, and included in particular the fine of -€67 million imposed by the Italian competition authority (AGCM) on FCA Bank. The other elements were less significant: -€27 million (-€14 million in net income Group share) for Pioneer integration costs at Amundi, the integration costs of the three Italian banks of -€6 million (-€11 million in net income Group share), offset to a net profit following the sale for +€28 million in net income Group share of recurring accounting volatility items, namely DVA (Debt Valuation Adjustment, i.e. gains and losses on financial instruments linked to changes in the Group's issuer spread) for +€11 million, the hedging of the loan book in Large Customer Accounts for +€12 million, and changes in provisions for home purchase savings plans for +€5 million.

Excluding these specific items, **underlying net income Group share** for fourth quarter 2019 came to **€1,318 million**, an increase of **+23.5%** compared with fourth quarter 2018 at €1,067 million. This strong increase is explained in particular by the Asset gathering and Large Customers business lines. The former posted very good performance this quarter driven by capital markets. Its contribution rose despite the reversal of the cost of risk in the business line and the integration of new partnerships in asset servicing. The Asset gathering business line had a strong quarter, illustrated by a solid contribution from insurance and high profitability in asset management. In Retail banking, gross operating income rose sharply and the cost of risk continued to fall at CA Italia. The Specialised financial services business line posted resilient gross operating income thanks to good cost control.

Underlying earnings per share amounted to €0.42 per share, an increase of **+28.1%** compared with fourth quarter 2018.

Table 5. Crédit Agricole S.A. - Stated and underlying results, Q4-19 and Q4-18

€m	Q4-19 stated	Q4-18 stated	∆ Q4/Q4 stated	Q4-19 underlying	Q4-18 underlying	∆ Q4/Q4 underlying
Revenues	**5,119**	**4,853**	+5.5%	**5,184**	**4,814**	+7.7%
Operating expenses excl.SRF	(3,260)	(3,213)	+1.5%	(3,244)	(3,175)	+2.2%
SRF	(0)	-	n.m.	(0)	-	n.m.
Gross operating income	**1,859**	**1,641**	**+13.3%**	**1,940**	**1,640**	**+18.3%**
Cost of risk	(340)	(246)	+38.0%	(340)	(246)	+38.0%
Cost of legal risk	-	(75)	(100.0%)	-	(75)	(100.0%)
Equity-accounted entities	76	7	x 10.3	76	74	+2.6%
Net income on other assets	14	56	(74.7%)	20	56	(63.7%)
Change in value of goodwill	(589)	-	n.m.	-	-	n.m.
Income before tax	**1,021**	**1,383**	**(26.2%)**	**1,697**	**1,450**	**+17.1%**
Tax	847	(222)	n.m.	(219)	(221)	(1.0%)
Net income from discont'd or held-for-sale ope.	(46)	(0)	n.m.	(0)	(0)	n.m.
Net income	**1,821**	**1,161**	**+56.8%**	**1,479**	**1,229**	**+20.3%**
Non controlling interests	(160)	(154)	+4.0%	(161)	(162)	(0.6%)
Net income Group Share	**1,661**	**1,008**	**+64.9%**	**1,318**	**1,067**	**+23.5%**
Earnings per share (€)	**0.54**	**0.31**	**+75.5%**	**0.42**	**0.33**	**+28.1%**
Cost/Income ratio excl.SRF (%)	**63.7%**	**66.2%**	**-2.5 pp**	**62.6%**	**65.9%**	**-3.4 pp**

Underlying revenues were up sharply **(+7.7%)** compared to fourth quarter 2018, totalling €5,184 million. Excluding the Corporate Centre, revenues for the business lines were up +8.4%. This reflects a dynamic activity over the period, particularly in the Large Customer business line (+20.7%), with a commercial momentum in all businesses in market conditions that became more favourable over the year, in the Asset gathering business line (+10.4%), with record inflows for Amundi and dynamic unit-linked assets under management and a better performance than the French property and casualty insurance market, in the Retail banking business line (+2%), with continued growth in loans and inflows both in France and internationally, and a net interest margin that held up thanks to the volume effect despite a low interest rate environment. The Specialised financial services business line experienced contrasting revenue trends for factoring and leasing, which recorded very buoyant activity, and for consumer finance, which is evolving in a context of strong competitive pressure. The commercial development of its automotive joint ventures generates income that is accounted according to the equity method, and which is therefore not included in the underlying revenues.

The underlying **operating expenses** registered a moderate increase of **+2.2%** compared to fourth quarter 2018 and remained **under control**. As a result, there was a significantly positive jaws in the fourth quarter at +5.5 percentage points. The underlying cost/income ratio improved 3.4 percentage points during the period, to 62.6%.

The **underlying cost of credit risk** returned to a normal level at **€340 million, up +38%** compared to fourth quarter 2018, mainly due to a reversal in the cost of risk in the Large Customers division (charges in the amount of -€55 million in fourth quarter 2019 after net reversals of +€26 million over the same period in 2018). Consequently, the cost of credit risk relative to outstandings[26] was 32 basis points, versus 23 basis points in fourth quarter 2018.

The underlying **share of income from equity-accounted entities** was **up +2.6%**, to **€76 million** in fourth quarter 2019.

The **underlying tax charge was slightly down -1%** compared to fourth quarter 2018, to €219 million, while **underlying income before tax increased by +17.1%.** The **underlying effective tax rate** was **13.5%**, a low level, down-2.6 percentage points compared to fourth quarter 2018, as a result in particular of a favourable decision on a tax dispute at Crédit Agricole Corporate and Investment Bank. The underlying tax charge was therefore down -1.0% to €219 million. The effective tax rate is not representative on a quarterly basis, at end-2019 it amounted to 24.4% (vs 23.8% in 2018).

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

Accordingly, **underlying net income before non-controlling interests was up +20.3%** compared to the fourth quarter 2018. The non-controlling interests were stable at -0.6%/-€1 million.

Underlying net income Group share increased by **+23.5%** to **€1,318 million**.

Over the whole of 2019, stated net income Group share amounted to €4,844 million, compared with €4,400 million in 2018, an increase of +**10.1%**.

Specific items in 2019 had an impact of +€262 million on stated net income Group share. In addition to the fourth quarter items already mentioned above, items for the first nine months of 2019 had a **limited net negative impact of -€81 million on net income Group share**; they included only recurring accounting volatility items such as the Debt Valuation Adjustment (DVA, i.e. gains and losses on financial instruments related to changes in the Group's issuer spread), plus the portion of the Funding Value Adjustment (FVA) associated with the change in the issuer spread, which is not hedged, amounting to -€11 million, the hedge on the Large customers loan book for -€20 million, and the change in the provision for home purchase savings schemes in the amount of -€50 million. **Specific items in 2018** had a limited negative impact of **-€5 million** on stated net income Group share. Compared to the fourth quarter 2018 items already mentioned above, they had an impact of +€56 million for the first nine months of 2018, i.e. the adjustment of badwill recognised at the time of acquisition of the three Italian savings banks of +€66 million, the Pioneer integration costs of -€14 million (-€30 million before tax and minority interests), the integration costs of the three Italian banks for +€5 million (+€9 million before tax and non-controlling interests), the ECB amendment for -€5 million, as well as recurring specific items, namely the DVA for +€5 million (+€8 million before tax), hedges of the loan books of the Large customers business line for +€4 million (+€6 million before tax) and the changes in provisions for home purchase savings plans for -€7 million (-€11 million before tax).

Excluding these specific items, **underlying net income Group share** increased by **+4.0%** compared to 2018, to **€4,582 million**. All business lines contributed to the annual growth in earnings. The change in the contribution of the Corporate Centre was penalised by a high first half of 2018, due to the volatility of certain items recorded in this division. The underlying net income Group share of the business lines (excluding the Corporate Centre) therefore increased over 2019 (+5.0%). Moreover, the underlying effective tax rate rose by +0.6 percentage point over the period, to 24.4%, due in particular to lower capital gains outsourcing at Crédit Agricole Assurances, while underlying pre-tax income rose by +3.8% year on year. Lastly, the 2019 financial year also signals a return to a normalised cost of risk in financing activities, after net reversals in 2018.

Underlying earnings per share for 2019 amounted to €1.39 per share, stable (**+0.1%)** compared to 2018. Excluding forex effect on AT1 coupons on the third quarter of 2019, the increase is +2.9%.

Underlying **RoTE**[27] (return on tangible equity, Group share, excluding intangibles) reached **11.9% in**, in line with the new 2022 Medium-Term Plan commitments (>11% in 2022).

[27] *See details on the calculation of the business lines' ROTE (return on tangible equity) and RONE (return on normalised equity) on p. 85.*

Table 6. Crédit Agricole S.A. - Stated and underlying results, 2019 and 2018

€m	2019 stated	2018 stated	∆ 2019/2018 stated	2019 underlying	2018 underlying	∆ 2019/2018 underlying
Revenues	**20,153**	**19,736**	+2.1%	**20,339**	**19,694**	+3.3%
Operating expenses excl.SRF	(12,421)	(12,286)	+1.1%	(12,405)	(12,227)	+1.5%
SRF	(340)	(302)	+12.5%	(340)	(302)	+12.5%
Gross operating income	**7,392**	**7,147**	**+3.4%**	**7,594**	**7,165**	**+6.0%**
Cost of risk	(1,256)	(1,002)	+25.5%	(1,256)	(1,002)	+25.5%
Cost of legal risk	-	(80)	(100.0%)	-	(75)	(100.0%)
Equity-accounted entities	352	256	+37.6%	352	323	+9.0%
Net income on other assets	54	89	(39.5%)	60	89	(32.5%)
Change in value of goodwill	(589)	86	n.m.	-	-	n.m.
Income before tax	**5,952**	**6,496**	**(8.4%)**	**6,749**	**6,500**	**+3.8%**
Tax	(456)	(1,466)	(68.9%)	(1,559)	(1,471)	+6.0%
Net income from discont'd or held-for-sale ope.	(38)	(3)	n.m.	8	(3)	n.m.
Net income	**5,458**	**5,027**	**+8.6%**	**5,198**	**5,026**	**+3.4%**
Non controlling interests	(614)	(627)	(2.1%)	(616)	(620)	(0.7%)
Net income Group Share	**4,844**	**4,400**	**+10.1%**	**4,582**	**4,405**	**+4.0%**
Earnings per share (€)	**1.48**	**1.39**	**+6.9%**	**1.39**	**1.39**	**+0.1%**
Cost/Income ratio excl.SRF (%)	**61.6%**	**62.3%**	**-0.6 pp**	**61.0%**	**62.1%**	**-1.1 pp**

Underlying revenues increased by **+3.3%** compared to 2018, and were €20,339 million. Excluding the Corporate Centre, growth in the business lines was more marked at +3.5%. Asset gathering posted a +5.2% increase in revenues, while the Large customers and Retail banking business lines posted growth of respectively +6.5% and +1.9%. The Specialised financial services business line, which conducts part of its business through joint ventures and generating earnings under equity accounted income rather than under revenues, saw its revenues decline by -1.9%.

Underlying operating expenses remained well controlled and rose +1.5% to €12,405 million excluding contribution to the Single Resolution Fund. **The jaws for the year was positive at 1,8 percentage point.** The underlying cost/income ratio excluding SRF is on a positive trend, improving by 1.1 percentage point to 61.0%.

The **underlying cost of credit risk was up +25.5%**, to €1,256 million compared to €1,002 million at the end of 2018, stemming from a return to normal cost of risk levels in corporate and investment banking. Overall, it remains at a low level (32 basis points on outstandings at end-December 2019) and well below the assumption of 40 basis points defined in the Medium-Term Plan. The rate of NPL loans also remains very low at **3.2%** and the NPL coverage ratio (including collective provisions) reached **70.1%** at end-December 2019.

The **underlying share of net income from equity-accounted entities** showed an increase of **+9.0%** for the financial year 2019, thanks in particular to the good performance of the automotive partnerships in consumer finance.

Underlying income before tax was up **(+3.8%)** to €6,749 million. The underlying tax charge amounted to €1,559 million in 2019, i.e. +6.0% compared to 2018. The **underlying effective tax rate** (excluding the contribution of equity-accounted entities, as they are already subject to tax) increased to 24.4% at end-December 2019, compared to 23.8% at end-December 2018.

These developments combined led to an increase in underlying net income before non-controlling interests of +3.4% compared to 2018. The **non-controlling interests** are stable (-0.7%).

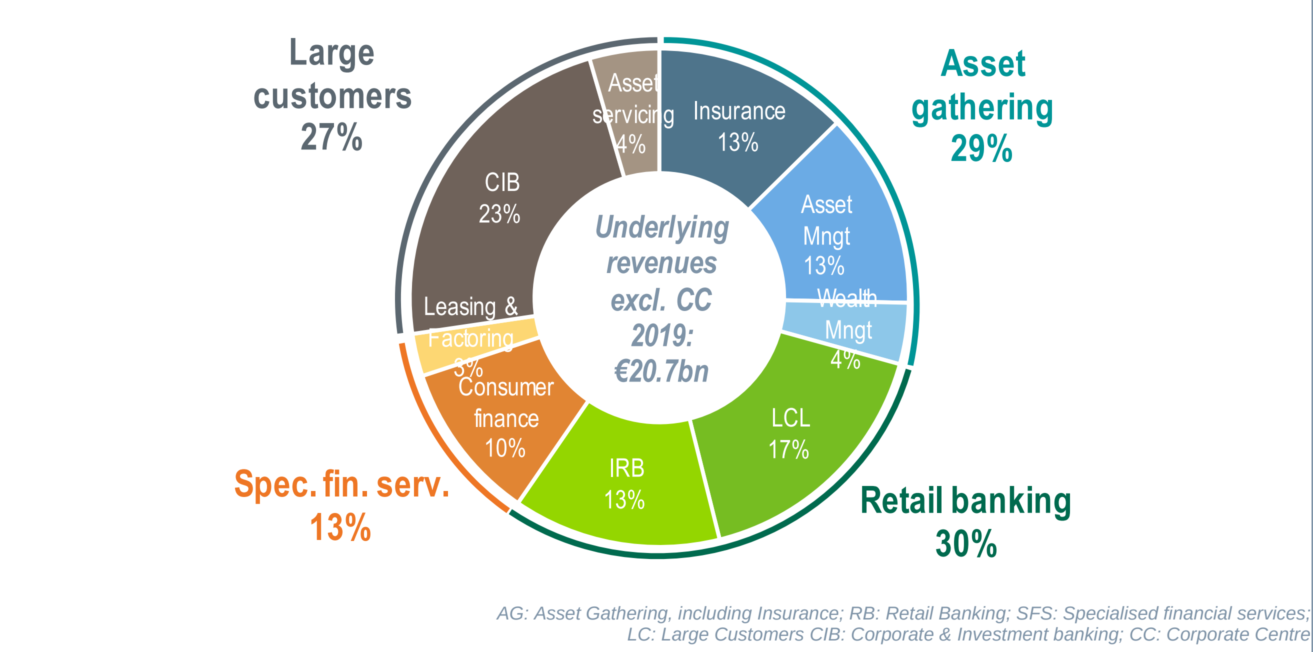
Underlying net income Group share increased by **+4.0%** to **€4,582 million**.

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.

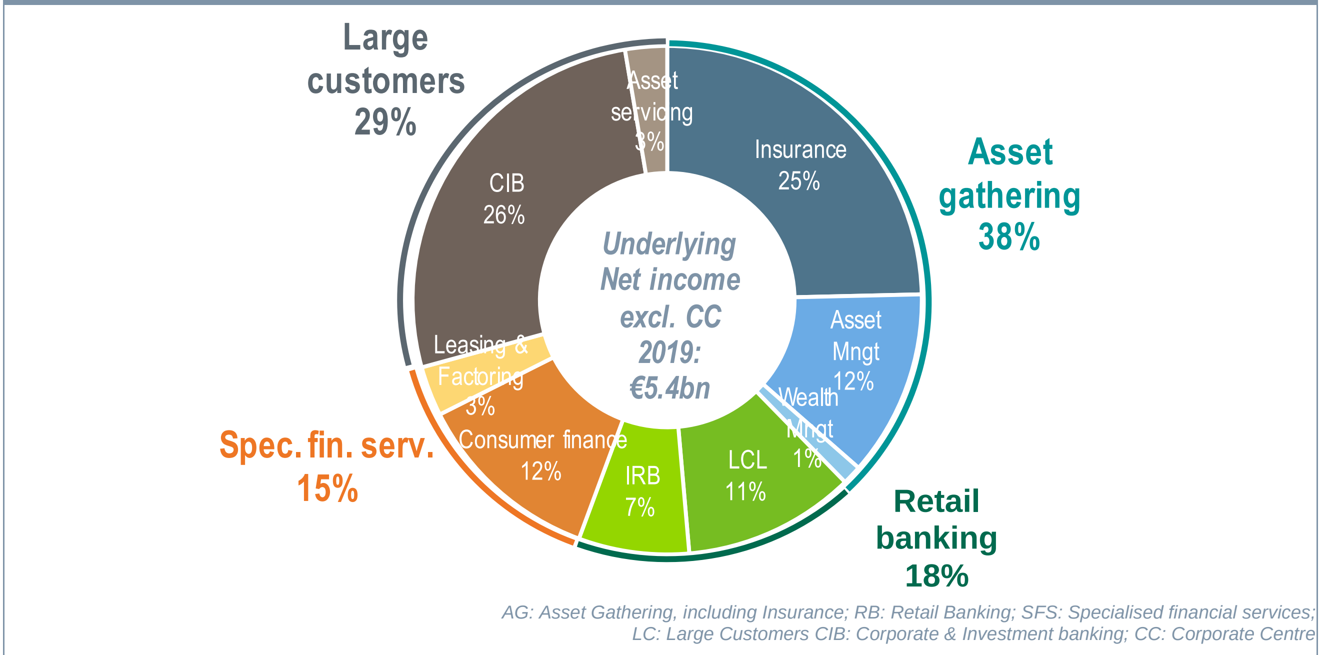
The following chart shows a breakdown of underlying revenues and net income Group share (excluding the Corporate Centre) for the year:

Table 7. Crédit Agricole S.A. - Total underlying revenues, excl.Corporate centre, 2019



Underlying revenues excluding Corporate centre in first nine months 2019: €20,746 million, +3.5% compared to €20,036 million in 2018

Table 8. Crédit Agricole S.A. - Underlying Net income Group share, excl.Corporate centre, 2019



Crédit Agricole S.A. - Ratings at 10/02/20

No business line represents more than 25% of underlying net income excluding Corporate Centre, and no core business more than 40%. The largest contributor is Asset gathering, at 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 Credit Agricole S.A.'s business lines.

Asset gathering (AG)

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

Table 9. Asset gathering (AG) - Contribution to results, stated and underlying, Q4-19 and 2019

€m	Q4-19 stated	Q4-19 underlying	∆ Q4/Q4 underlying	2019 stated	2019 underlying	∆ 2019/2018 underlying
Revenues	**1,623**	**1,623**	+10.4%	**6,078**	**6,078**	+5.2%
Operating expenses excl.SRF	(746)	(746)	+7.0%	(2,896)	(2,896)	+4.3%
SRF	-	-	n.m.	(7)	(7)	x 2.2
Gross operating income	**877**	**877**	**+13.4%**	**3,174**	**3,174**	**+5.9%**
Cost of risk	(5)	(5)	(76.5%)	(19)	(19)	+13.9%
Equity-accounted entities	14	14	+37.2%	46	46	(2.9%)
Net income on other assets	11	11	n.m.	32	32	n.m.
Income before tax	**896**	**896**	**+17.9%**	**3,233**	**3,233**	**+6.9%**
Tax	(224)	(224)	+23.3%	(881)	(881)	+11.7%
Net income Group Share	**583**	**583**	**+13.8%**	**2,034**	**2,034**	**+5.0%**
Cost/Income ratio excl.SRF (%)	**46.0%**	**46.0%**	**-1.4 pp**	**47.7%**	**47.7%**	**-0.4 pp**

Activity

In the fourth quarter 2019, outstandings rose to €92.6 billion, up +4.5%. More specifically, net inflows totalled €75.6 billion, supplemented by a positive market and currency effect of €17.0 billion.

At 31 December 2019, the business line's assets under management totalled €2,141 billion, a year-on-year increase of +13.9%. Net inflows reached €117.9 billion for the year 2019, driven by record inflows in asset management and a good level of inflows in insurance.

Over the year **2019** the market downturn contributed very positively to the evolution of assets under management (market and foreign exchange impact at +€143.8 billion over the period, including +€120.5 billion for Amundi).

Outstandings excluding double counting amounted to **€1,794.8 billion** at 31 December 2019, up +13.1% vs. 31 December 2018.

Table 10. Asset gathering - assets under management after elimination of double counting

€bn	Dec. 17	Mar. 18	Jun. 18	Sept. 18	Dec. 18	Mar. 19	Jun. 19	Sept. 19	Dec. 19	∆ Dec./Dec.
Asset management – Amundi	1,426.2	1,452.4	1,466.4	1,475.2	1,425.1	1,476.5	1,486.8	1,562.9	1,653.4	+16.0%
Savings/retirement	278.6	280.3	282.6	285.6	285.2	292.3	297.3	301.3	304.2	+6.6%
Wealth management	162.8	162.3	171.8	173.6	168.9	177.0	180.0	184.2	183.4	+8.6%
Assets under management - Total	1,867.6	1,895.0	1,920.8	1,934.5	1,879.2	1,945.8	1,964.1	2,048.4	2,141.0	+13.9%
AuM excl. double counting	**1,591.9**	**1,602.7**	**1,626.9**	**1,640.4**	**1,587.4**	**1,641.9**	**1,652.6**	**1,727.8**	**1,794.7**	**+13.1%**

Results

In the **fourth quarter 2019** the business line's contribution to its underlying net income Group share was up **+13.8%** at €583 million.

Within the business line, the **Insurance** business posted a further increase in net income Group share of **+4.2%** in the underlying perspective, with gross operating income up +4.5%. Revenues were up +6.5% and operating expenses were up +12.3% due to a base effect in the fourth quarter of 2018 and a punctual acceleration of the investments made to support the business's international development. The **Asset Management** business contribution was up sharply, by **+26.8%**, with a significant increase in gross operating income of +25.5% (revenues up +17.1% and expenses excluding SRF up +10.4%) and a strong contribution from equity-accounted entities (+37.3%) as well as higher taxes (+42.4%). **Wealth Management** posted a **5.4-fold** increase in its contribution over the same period, compared to a particularly low fourth quarter 2018. In this quarter the business benefited from market improvement, return of investors, and expenses were down -3.5% stemming from the cost savings plan.

For the full year 2019, the business line's contribution to the underlying net income Group share increased +5.0% compared to the same period in 2018 and was €2,034 million.

Asset Gathering contributed **38% of Crédit Agricole S.A.'s underlying net income Group share of the business lines** (excluding the Corporate Centre division) in 2019 and **29% of underlying revenues excluding the Corporate Centre**.

At 31 December 2019, **capital allocated** to the business line amounted to **€8.9 billion**, of which €1.0 billion to Asset Management, €0.5 billion to Wealth Management and €7.3 billion to Insurance. The business line's **risk-weighted assets** totalled **€31.1 billion**, of which €10.4 billion for Asset Management, €5.1 billion for Wealth Management and €15.6 billion for Insurance.

Risk-weighted assets are calculated net of the effect of the "Switch" guarantee, allowing the Crédit Agricole S.A. Group to save €34 billion in risk-weighted assets on the prudential treatment of the Insurance business line, but generating a negative impact of around -€50 million per quarter on the net income Group share (i.e. around -€75 million per quarter booked in revenues). These impacts are before the 35% partial dismantling announced for the first quarter 2020.

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, death and disability/creditor group and property and casualty insurance.

As no specific items were recognised in the financial statements for the fourth quarter of 2019 and 2018, or in the statements for 2019 or 2018, the underlying income of the Insurance business is equal to the stated income for both periods.

Table 11. Insurance - Contribution to results, stated and underlying, Q4-19 and 2019

€m	Q4-19 stated	Q4-19 underlying	∆ Q4/Q4 underlying	2019 stated	2019 underlying	∆ 2019/2018 underlying
Revenues	**711**	**711**	+6.5%	**2,617**	**2,617**	+6.8%
Operating expenses	(194)	(194)	+12.3%	(754)	(754)	+8.6%
Income before tax	**516**	**516**	**+4.8%**	**1,864**	**1,864**	**+6.3%**
Tax	(131)	(131)	+7.0%	(541)	(541)	+19.0%
Net income Group Share	**385**	**385**	**+4.2%**	**1,329**	**1,329**	**+3.2%**
Cost/Income ratio excl.SRF (%)	**27.3%**	**27.3%**	**+1.4 pp**	**28.8%**	**28.8%**	**+0.5 pp**

Activity

In fourth quarter 2019, Crédit Agricole Assurances posted a **premium income** of €7.9 billion, down **-7.6%** compared to fourth quarter 2018 due to lower inflows in the euro fund in savings/retirement. Property and personal protection shows a good momentum. At end-December 2019, total premium income was €37.0 billion, an increase of +10% compared to the full year 2018.

In Savings/Retirement, premium income amounted to €6.0 billion in the fourth quarter 2019 (-12% compared to the fourth quarter 2018). The quarter was marked by net inflows entirely in unit-linked products, demonstrating the success of the new inflow policy of Crédit Agricole Assurances : a global wealth advice including personalized savings proposals tailored to the needs of savers, while leaving them free to choose their own decision. Total inflows reached €1.0 billion, down €1.1 billion compared to fourth quarter 2018. UL contracts accounted for 33.4% of gross inflows in fourth quarter 2019, up +4.4 percentage points compared to fourth quarter 2018 and +4.2 percentage points compared to the previous quarter. For the year **2019**, savings and retirements premium income reached €28.5 billion, recording an **increase of +11%** compared to 2018 and driven by strong momentum in both France and international business.

In addition, Crédit Agricole Assurances has **adapted its strategy to the new rate environment**, in particular by implementing incentivising measures for unit-linked policies. Crédit Agricole Assurances continues to fund its **Policyholder Participation Reserve (PPE)**[28], which was **€10.8 billion** at 31 December 2019 (+€1 billion compared to December 2018)**,** or 5.2% of outstanding contracts in euros, which represents several years of rates paid to policyholders (based on the rates paid in 2018 and 2019) and which represents a level of hedging that exceeds the French market average. This increase is made possible by the maintenance of the spread between the return on assets and the return on liabilities over the year 2019. The average rate of return on assets reached 2.46% for the year 2019, i.e. a level still significantly above the average guaranteed minimum rate (0.28% at the end of 2019).

Finally, Crédit Agricole Assurances is continuing to diversify its product mix by developing property and casualty insurance and personal protection.

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

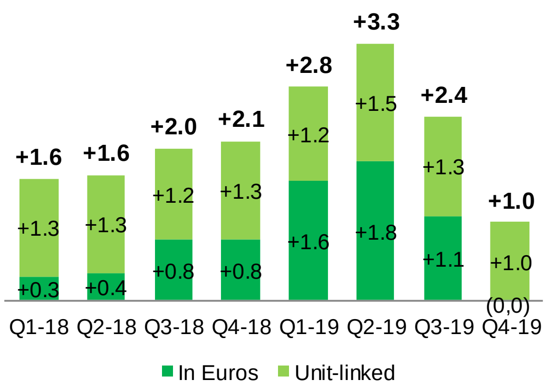
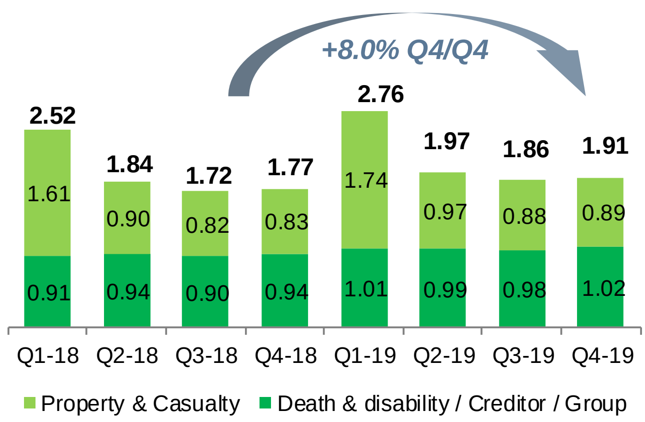


Table 13. **Protection of individuals ans assets: premium income (€bn)**



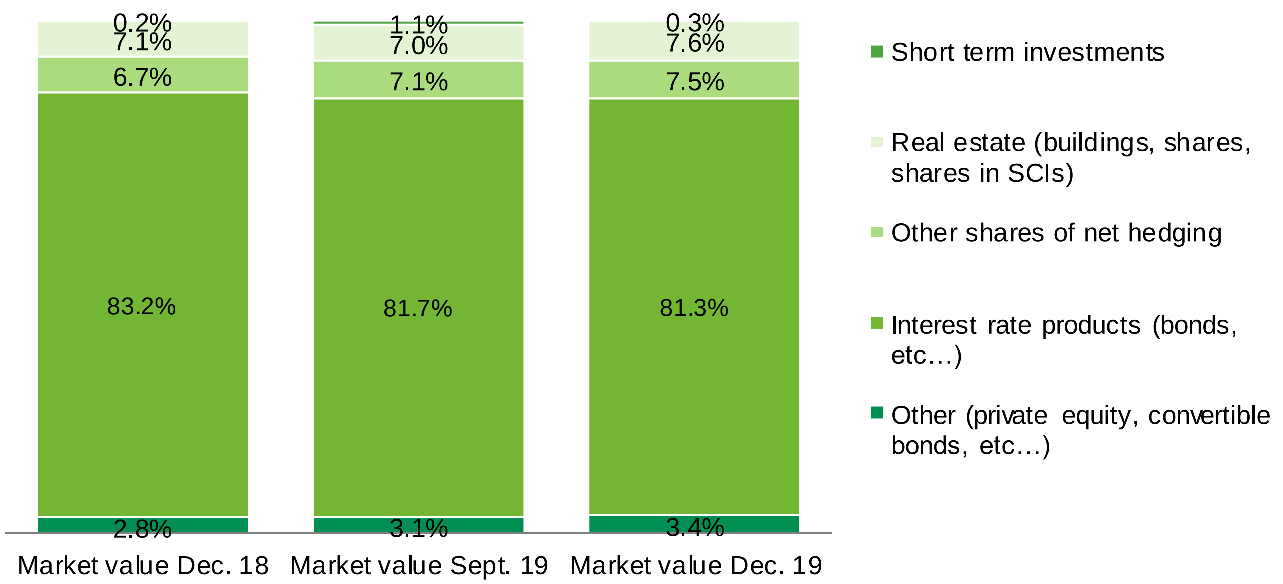
Assets under management continued to expand and stood at **€304 billion**[29] at end-December 2019, an increase of **+6.6%** year-on-year. Unit-linked assets amount to €69 billion and are up +15.7% compared to end-December 2018, and euro outstandings amount to nearly €235 billion (+4.2%). At end-December 2019, **unit-linked contracts** represented **22.8%** of assets under management, up +1.8 percentage points compared to end-December 2018.

[28] *Scope: Life insurance France (Predica + Spirica)*
[29] *Savings/retirement/death & disability assets under management*

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

€bn	Dec. 17	Mar. 18	Jun. 18	Sept. 18	Dec. 18	Mar. 19	Jun. 19	Sept. 19	Dec. 19	Δ Dec./Dec.
Unit-linked	59.7	60.2	61.2	61.8	59.9	63.7	65.9	67.4	69.3	+15.7%
In Euros	219.0	220.1	221.4	223.8	225.3	228.6	231.4	234.0	234.8	+4.2%
Total	**278.6**	**280.3**	**282.6**	**285.6**	**285.2**	**292.3**	**297.3**	**301.4**	**304.2**	**+6.6%**
Share of unit-linked	*21.4%*	*21.5%*	*21.7%*	*21.7%*	*21.0%*	*21.8%*	*22.2%*	*22.4%*	*22.8%*	*+1.8pp*

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



Crédit Agricole Assurances continued to grow well in **property and personal protection,** both in France and abroad. As a result, premium income increased by **+6.7%** (6.9% in France and +1.6% in Italy) compared to fourth quarter 2018. Property and casualty insurance recorded a **net contribution of around +115,000 contracts** over the quarter, to reach **nearly 14.1 million contracts at end-December 2019**. The termination rate remains under control despite the Hamon Act[30]. **Over the year 2019**, premium income grew strongly by **+8%** to €4.5 billion, driven by both France (+8%) and the international subsidiaries (+5%). The **strong growth in equipment rates** of individual customers[31] in the LCL network (25.0% at end-December 2019, a +1.1 point increase since December 2018), in the Regional Banks network (40.7% at end-December 2019, up +1.5 point since December 2018) and within CA Italia (15.4% at end-December 2019, a +1.7 point increase since December 2018) illustrates excellent business momentum as well as the continued potential for sizeable growth in the Group's customer equipment rates.

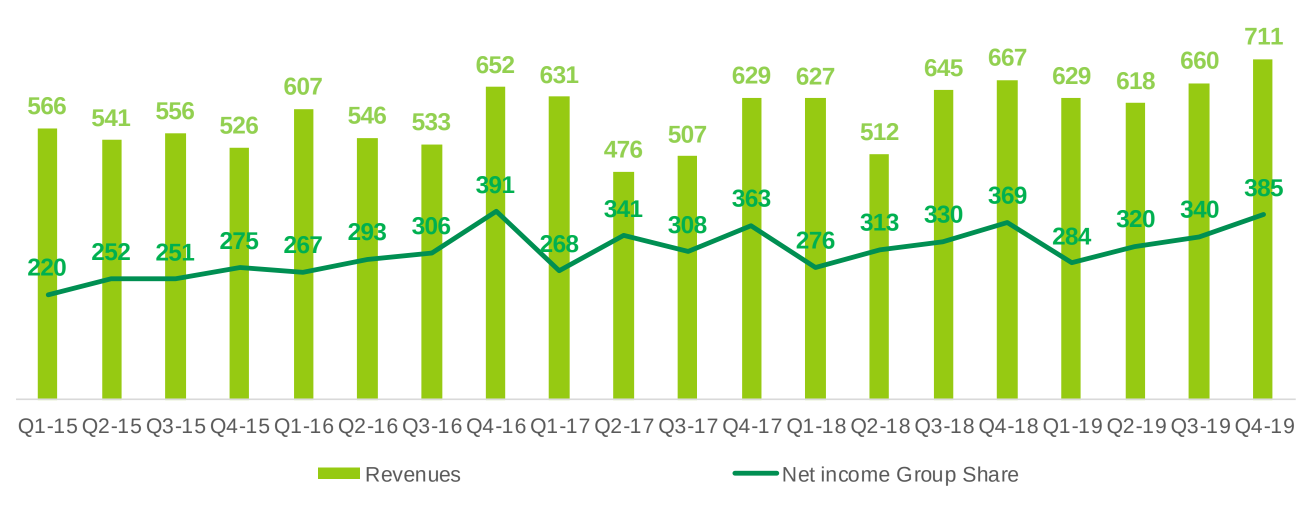
Premium income of **Death & disability / Creditor / Group** reached nearly €1,024 million in fourth quarter 2019, up +9.1% compared to the same period in 2018. For the year 2019, revenues increased by +9%, or +€322 million, to €4.0 billion compared to 2018. This increase was driven by the growth in all three business segments. Credit insurance recorded an excellent +11% increase in quarterly premium income, compared to the fourth quarter of 2018, to €650 million, driven by the strong performance of mortgage lending. Group insurance and personal risk maintained solid momentum.

[30] *Under the Hamon Act, a property and casualty insurance contract may be terminated at any point over the term of the contract, and not only at the anniversary date.*

[31] *Equipment rate: percentage of individual banking clients holding at least one insurance product (Pacifica estimates) for both Regional banks and LCL. Scope: auto, home, health, life accidents and legal protection insurance. For CA Italia, percentage of clients holding at least one insurance product commercialized by CA Assicurazioni, non-life insurance subsidiary of Crédit Agricole Assurances.*

Results

Table 16. Insurance: Underlying Revenues and Net attributable income



In fourth quarter 2019, Crédit Agricole Assurances posted **net income Group share** of €385 million, a **+4.2%** increase over fourth quarter 2018.

Revenues totalled €711 million, up **+6.5%** compared to fourth quarter 2018. The combined ratio for **Property and casualty insurance** is well managed despite freeze/hail and drought in 2019. It rose slightly by +0.4 percentage points year-on-year, to 95.9%[32].

Operating expenses recorded an increase compared to fourth quarter 2018 of +12.3%, reaching €194 million. This one-time increase is mainly due to a base effect in the fourth quarter 2018 and the result of investments made to support the development of international business. The **cost/income ratio** stood at **27.3%**, an increase by +1.4 percentage point compared to fourth quarter 2018.

Gross operating income amounted to €517 million in the fourth quarter 2019, a slight increase of +4.5% compared to fourth quarter 2018. At €131 million, the **tax** charge for fourth quarter 2019 was up +7.0% compared to fourth quarter 2018, when the tax charge was €122 million. This marginal increase is due to an unfavourable base effect.

In 2019, the Insurance business's **net income Group share** was **€1,329 million**, an increase of **+3.2%** compared to 2018. Revenues amounted to €2,617 million, up **+6.8%**, operating expenses amounted to €754 million (+8.6%), and the **cost/income ratio** for the year 2019 was **28.8%, a slight increase of +0.5 point** compared to 2018.

Insurance contributed **25% of Crédit Agricole S.A.'s underlying net income Group share of the business lines** (excluding the Corporate Centre) for 2019 and **13% to their underlying revenues.**

At 31 December 2019, **capital allocated** to Insurance was **€7.3 billion** and **risk-weighted assets** totalled **€15.6 billion**.

Risk-weighted assets are calculated net of the effect of the "Switch" guarantee, allowing the Crédit Agricole S.A. Group to save €34 billion in risk-weighted assets on the prudential treatment of the Insurance business line, but generating a negative impact of around -€50 million per quarter on the net income Group share. These impacts are before the 35% partial dismantling announced for the first quarter 2020.

[32] *Ratio (claims + operating expenses + commissions) to premium income, net of reinsurance, Pacifica scope*

Asset management (Amundi)

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

Since the third quarter 2017, the financial statements have included the full contribution of Pioneer, UniCredit's asset management company, which was acquired on 3 July 2017.

As of the first quarter of 2019, consolidation costs associated with this acquisition are no longer recognised as specific items. In first-quarter 2018, these consolidation costs amounted to -€9 million before tax, i.e. -€4 million in net income Group share. In second quarter 2018, the amounts were -€8 million and -€4 million, respectively. In third quarter 2018, the net income Group share amounts were -€12 million and -€6 million, respectively. In the fourth quarter 2018 these costs amounted to -€27 million before tax, i.e. -€14 million in net income Group share and -€56/-€29 million in full-year 2018.

No specific items were recognised in the financial statements for the fourth quarter 2019 or for all of 2019.

The specific items on the income statement used to calculate the transition from stated amounts to underlying amounts are detailed in the notes on p.96.

Table 17. Asset management - Contribution to results, stated and underlying, Q4-19 and 2019

€m	Q4-19 stated	Q4-19 underlying	∆ Q4/Q4 underlying	2019 stated	2019 underlying	∆ 2019/2018 underlying
Revenues	**702**	**702**	+17.1%	**2,636**	**2,636**	+5.3%
Operating expenses excl.SRF	(368)	(368)	+10.4%	(1,402)	(1,402)	+3.1%
SRF	-	-	n.m.	(3)	(3)	x 2.3
Gross operating income	**335**	**335**	**+25.5%**	**1,231**	**1,231**	**+7.6%**
Cost of risk	(4)	(4)	(72.3%)	(11)	(11)	(4.9%)
Equity-accounted entities	14	14	+37.3%	46	46	(2.9%)
Tax	(85)	(85)	+42.4%	(326)	(326)	+4.8%
Net income	**260**	**260**	**+27.5%**	**941**	**941**	**+8.3%**
Non controlling interests	(83)	(83)	+29.0%	(302)	(302)	+8.5%
Net income Group Share	**176**	**176**	**+26.8%**	**638**	**638**	**+8.2%**
Cost/Income ratio excl.SRF (%)	**52.3%**	**52.3%**	**-3.2 pp**	**53.2%**	**53.2%**	**-1.1 pp**

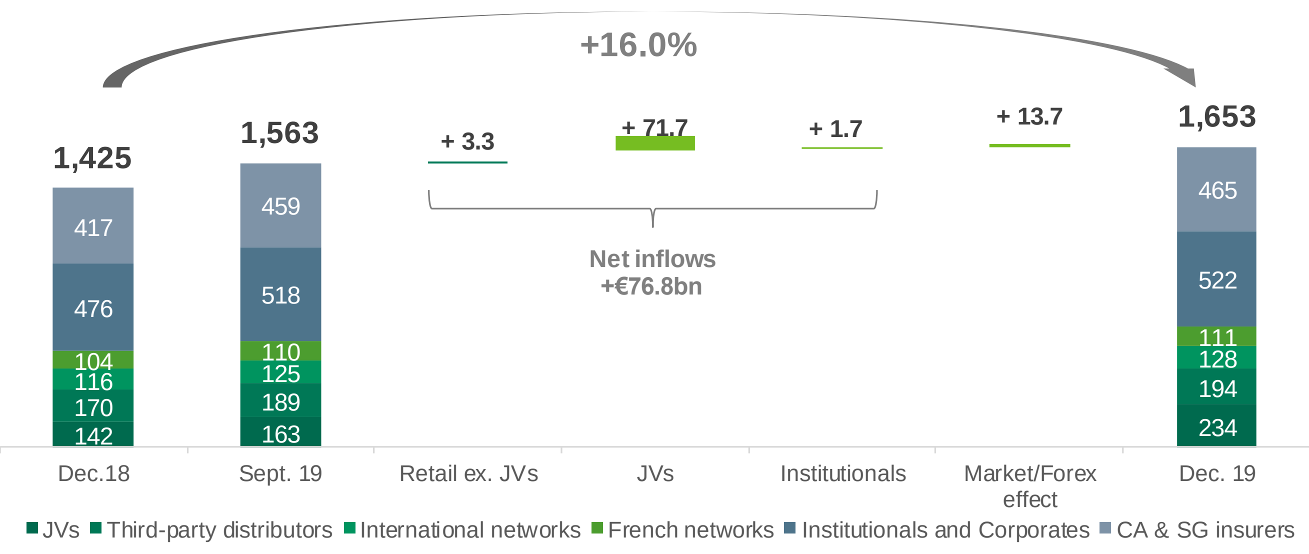
Activity

Amundi posted **assets under management**[33] of **€1,653 billion** at end-December 2019, up +16% compared to end-December 2018, despite the still uncertain global environment.

Net inflows increased by +€108 billion for the year 2019. The **fourth quarter 2019** was marked by record net inflows of +€76.8 billion, driven by medium- and long-term assets (+€82.4 billion). The good performance of medium- and long-term assets is explained by the excellent performance of retail inflows in Joint Ventures (+€71.7 billion), including €59.4 billion for the JV in India, as well as third party distributors (+€3.1 billion). The Indian JV's good performance is included in the income of the equity-accounted entities.

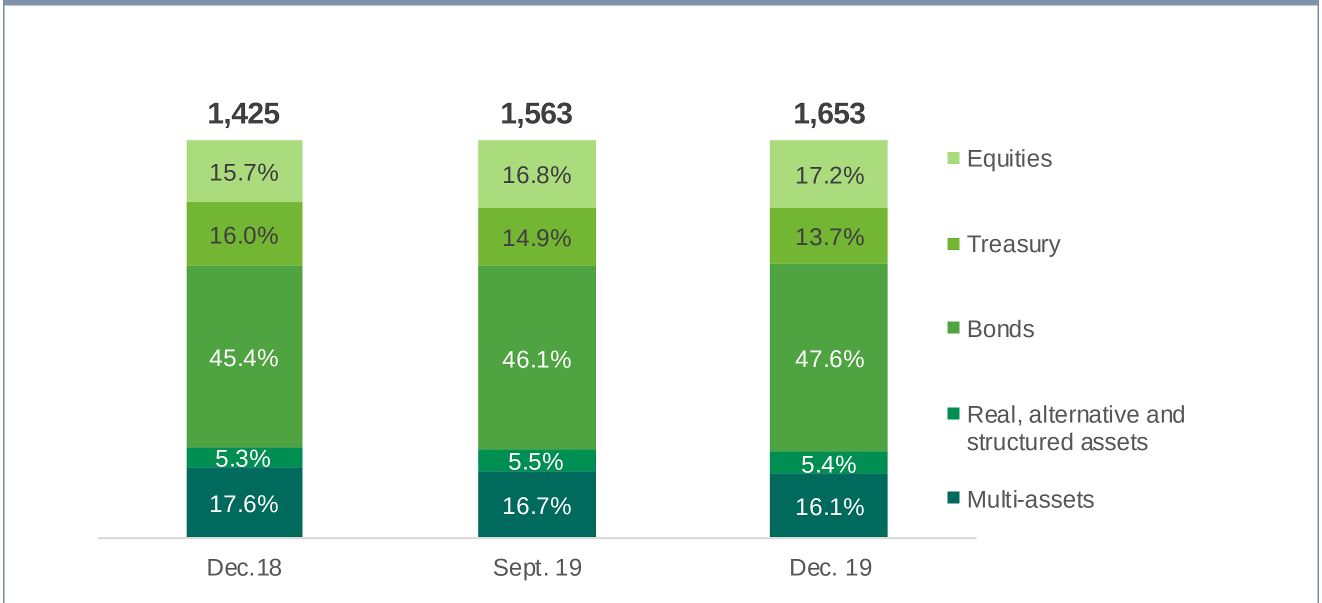
[33] *Assets managed, advised and distributed including 100% of AuM and inflows of Asian JVs, except Wafa in Morocco, for which AuM and inflows are reported on a proportional consolidation basis*

Table 18. 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 19. 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 fourth quarter 2019 the **Asset management** business recorded a contribution in increase of +26,8% with €176 million, with gross operating income up +25.5%, high contribution from equity-accounted entities (up +37.3%) and an increase in taxes (+42.4%).

Revenues increased by +17.1% in fourth quarter 2019, compared to fourth quarter 2018, to €702 million. With markets recovered in 2019, management fees held up well in a context of strong pressure on margins and increased by +0.9% compared to fourth quarter 2018. The good growth in management revenues is mainly the result of a strong increase in performance fee and commission income (x4 compared to fourth quarter 2018, at €85 million compared to €21 million in fourth quarter 2018, thanks to the good market environment). After 2018, which was marked by negative returns due to significant market declines, financial income generated €10 million in revenues this quarter.

Underlying operating expenses were **-€368 million** in the fourth quarter 2019, up +10.4% compared to the fourth quarter 2018, marked by the creation of a new JV with Bank of China and the acquisition of Sabadell Asset Management activities. These development investments were financed by recurring savings related to the integration of Pioneer. The **underlying cost/income ratio** stood at **52.3%, an improvement of +3.2 percentage points** compared to fourth quarter 2018.

The contribution of equity-accounted entities (€14 million) to the net income Group share of Amundi was up sharply by +37.3%, mainly as a result of the operational performance in India. It should be noted that the tax rate was up (+42.4%) compared to the fourth quarter 2018, in line with business activity.

For the full year 2019, the **underlying net income Group share** was **€638 million**, up **+8.2%** over 2018. **Revenues** totalled €2,636 million, up +5.3% compared to the same period in 2018. **The underlying operating expenses ex SRF** reached €1,402 million, and were slightly up over the period (+3.1%). The year 2019 includes a contribution to the Single Resolution Fund (SRF) of €3 million, compared to €1 million for 2018.

The **contribution of the equity-accounted entities**, which includes in particular the income of the Amundi joint ventures in Asia, is **slightly down -2.9%** compared to 2018, due to an economic downturn in activity in China at the beginning of the year, despite solid operational performance in India and Korea.

Asset management contributed by **12%** to the **underlying net income Group share of the Crédit Agricole S.A. business lines** (excluding the Corporate Centre division) in 2019 and **13%** of their **underlying revenues**.

At 31 December 2019, **capital allocated** to Asset management was **€1.0 billion** and **risk-weighted assets** totalled **€10.4 billion**.

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 (Crédit Agricole CIB), which itself owns 100% of its subsidiaries CA Indosuez (Switzerland) S.A., CA Indosuez Wealth (France), CA Indosuez Wealth (Italy) and CA Indosuez Wealth (Europe), 70% of CFM Indosuez Wealth in Monaco.

As no specific items were recognised in the financial statements for fourth quarters and 2018 and 2019, the underlying income of the Wealth Management business is equal to the stated income for both periods.

Table 20. Wealth management - Contribution to results, stated and underlying, Q4-19 and 2019

€m	Q4-19 stated	Q4-19 underlying	∆ Q4/Q4 underlying	2019 stated	2019 underlying	∆ 2019/2018 underlying
Revenues	**210**	**210**	+3.2%	**824**	**824**	+0.2%
Operating expenses excl.SRF	(185)	(185)	(3.5%)	(740)	(740)	+2.4%
SRF	-	-	n.m.	(4)	(4)	x 2.1
Gross operating income	**25**	**25**	**x 2.1**	**80**	**80**	**(17.8%)**
Cost of risk	(1)	(1)	(84.5%)	(10)	(10)	+76.6%
Income before tax	**35**	**35**	**x 8.8**	**102**	**102**	**+11.2%**
Tax	(8)	(8)	n.m.	(15)	(15)	(37.7%)
Net income	**27**	**27**	**x 6.1**	**87**	**87**	**+28.3%**
Net income Group Share	**21**	**21**	**x 5.4**	**66**	**66**	**+12.9%**
Cost/Income ratio excl.SRF (%)	**88.1%**	**88.1%**	**-6.1 pp**	**89.8%**	**89.8%**	**+1.9 pp**

Activity

The *assets under management referred to in business figures only include those of the Indosuez Wealth Management group. As a reminder, LCL's private banking customer assets amounted to*

€51.3 billion at end-December 2019, up +11.2% compared with end-December 2018. The results generated by LCL's private banking business are recognised under LCL.

CA Indosuez Wealth Management saw its **assets under management** increase by **+7.6%** year-on-year (+€9.3 billion) to **€132.1 billion** at end-December 2019, close to the all-time high of end-September 2019, driven by a positive market and foreign exchange impact of €10.5 billion). The year 2019 benefited from the market rebound, which helped to restore good growth in outstandings.

Overall, assets under management in Wealth Management stood at €183.4 billion at end-December 2019, up +8.6% year-on-year.

Table 21. Wealth management - breakdown of assets under management

€bn	Dec. 17	Mar. 18	Jun. 18	Sept. 18	Dec. 18	Mar. 19	Jun. 19	Sept. 19	Dec. 19	Δ Dec./Dec.
LCL Private Banking	44.5	44.2	45.2	46.1	46.1	48.4	49.6	50.6	51.3	+11.2%
CAI Wealth Management	118.3	118.1	126.6	127.4	122.8	128.6	130.4	133.6	132.1	+7.6%
Of which France	*30.8*	*31.2*	*31.8*	*32.1*	*30.6*	*31.9*	*32.7*	*32.9*	*33.3*	+8.8%
Of which International	*87.5*	*86.9*	*94.8*	*95.3*	*92.2*	*96.7*	*97.6*	*100.7*	*98.9*	+7.3%
Total	**162.8**	**162.3**	**171.8**	**173.6**	**168.9**	**177.0**	**180.0**	**184.2**	**183.4**	**+8.6%**

Results

In fourth quarter 2019, **net income Group share** multiplied by 5.4 at **€21 million**, compared to €4 million in fourth quarter 2018. The recovery in activity and the rise in financial markets contributed to the +3.2% increase in revenues over the period.

Expenses were down as a result of the savings plan, resulting in gross operating income more than doubling to €25 million.

For the full year 2019, the Wealth Management business line's **net income Group share** was **€66 million**, up **+12.9%** compared to the same period in 2018.

Wealth management contributed **1% of Crédit Agricole S.A.'s business lines underlying net income Group share** (excluding the Corporate Centre division) over 2019 and **4% of their underlying income.**

At 31 December 2019, **capital allocated** to Wealth management was **€0.5 billion** and **risk-weighted assets** totalled **€5.1 billion**.

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 change in the provision for home purchase savings plans is classified as a recurring specific item in LCL's financial statements. In the fourth quarter of 2019, this item had an impact of -€12 million on revenues and -€8 million on net income Group share. In the fourth quarter of 2018, the provision accounted for +€1 million on revenues and +€1 million on net income Group share. Over the year 2019, the provision for home purchase savings plans represented -€31 million in revenues and -€20 million in net income Group share, versus -€1 million and -€1 million, respectively, in the same period of 2018.

The specific items on the income statement used to calculate the transition from stated amounts to underlying amounts are detailed in the notes on *p.96.*

Table 22. Retail banking in France (LCL) - Contribution to results, stated and underlying, Q4-19 and 2019

€m	Q4-19 stated	Q4-19 underlying	∆ Q4/Q4 underlying	2019 stated	2019 underlying	∆ 2019/2018 underlying
Revenues	**851**	**863**	+2.7%	**3,457**	**3,488**	+1.6%
Operating expenses excl.SRF	(598)	(598)	+0.2%	(2,340)	(2,340)	(1.0%)
SRF	0	0	n.m.	(32)	(32)	+13.2%
Gross operating income	**254**	**266**	**+8.9%**	**1,086**	**1,117**	**+7.0%**
Cost of risk	(64)	(64)	+2.7%	(217)	(217)	(1.2%)
Net income on other assets	1	1	(97.7%)	2	2	(96.5%)
Income before tax	**191**	**203**	**(11.4%)**	**870**	**901**	**+3.2%**
Tax	(53)	(57)	(34.8%)	(274)	(285)	(1.3%)
Net income	**138**	**146**	**+3.0%**	**596**	**617**	**+5.6%**
Net income Group Share	**132**	**139**	**+3.0%**	**570**	**589**	**+5.6%**
Cost/Income ratio excl.SRF (%)	**70.2%**	**69.2%**	**-1.7 pp**	**67.7%**	**67.1%**	**-1.7 pp**

Activity

LCL continues to grow with a gross customer capture of +360,000 individuals and small businesses, i.e. a net growth of the customer base of +40,000 individuals and +12,000 small businesses since the beginning of the year. LCL launched its new "LCL essentiel" offering in April 2019 and registered 17,000 new clients at end-December. The inventory of premium cards increased by +4.6% over 2019, and that of Home-Car-Health insurance policies was up by +62,000, or +6.6%, for the same period. The equipment rate for property and casualty insurance products remained on a favourable trend, with an increase of 1.1 pp for the year 2019.

Table 23. LCL - Customer savings (€bn)

Customer savings (€bn)*	Dec. 17	Mar.18	Jun. 18	Sept. 18	Dec. 18	Mar.19	Jun. 19	Sept. 19	Dec. 19	∆ Dec./Dec.
Securities	10,0	9,7	9,9	9,9	8,7	10,1	10,2	10,1	10,5	20,5%
Mutual funds and REITs	10,2	9,5	9,4	9,2	9,0	8,7	8,5	8,5	8,5	-5,2%
Life insurance	60,6	60,6	61,2	61,1	60,1	61,5	62,7	63,1	63,4	5,5%
Off-balance sheet savings	**80,8**	**79,8**	**80,5**	**80,2**	**77,8**	**80,3**	**81,4**	**81,8**	**82,4**	**6,0%**
Demand deposits	45,0	43,2	45,5	47,2	48,6	48,3	51,2	52,3	54,2	11,7%
Home purchase savings plans	9,4	9,6	9,6	9,6	9,6	9,8	9,8	9,8	9,8	1,8%
Bonds	3,5	3,5	3,5	4,0	4,3	4,5	4,1	4,5	4,6	5,8%
Passbooks*	36,3	37,8	37,2	37,4	39,4	40,7	40,9	42,0	42,5	7,8%
Time deposits	12,2	11,8	11,8	11,9	12,2	11,9	12,2	12,5	12,9	5,5%
On-balance sheet savings	**106,4**	**106,0**	**107,7**	**110,1**	**114,1**	**115,2**	**118,1**	**121,2**	**124,0**	**8,6%**
TOTAL	**187,2**	**185,8**	**188,2**	**190,3**	**191,9**	**195,5**	**199,5**	**202,9**	**206,4**	**7,6%**
Passbooks* o/w (€bn)	**Dec. 17**	**Mar.18**	**Jun. 18**	**Sept. 18**	**Dec. 18**	**Mar.19**	**Jun. 19**	**Sept. 19**	**Dec. 19**	**∆ Dec./Dec.**
Livret A	*8,4*	*8,7*	*8,9*	*9,0*	*9,1*	*9,5*	*9,8*	*9,9*	*9,9*	+8,9%
LEP	*1,1*	*1,1*	*0,9*	*0,9*	*1,0*	*1,0*	*0,9*	*1,0*	*1,0*	+1,0%
LDD	*7,8*	*7,9*	*8,0*	*8,0*	*7,9*	*8,2*	*8,2*	*8,2*	*8,2*	+3,0%

Total customer savings grew by **+7.6%** year-on-year to €206.4 billion at end-December 2019. On-balance sheet deposits grew by +8.6% to €124.0 billion, driven by demand deposits (+11.7%) and passbooks (+7.8%). Off-balance sheet deposits increased by +6.0% to €82.4 billion at end-December, mainly driven by life insurance (+5.5%).

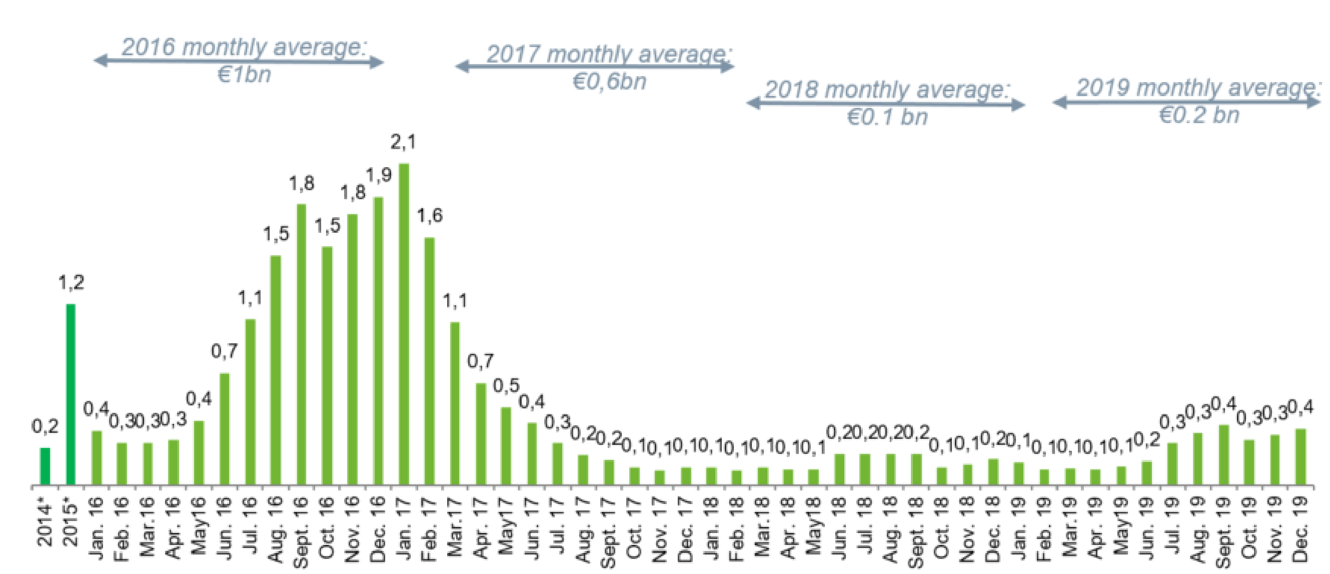
Loans outstanding posted a year-on-year increase of **+8.2** for a total of €129.8 billion at end-December 2019. Home loans outstandings totalled €82.4 billion (63% of total loans outstandings) and grew by +9.2% in 2019. Outstanding loans to small businesses also posted a strong performance, up +11.4% in 2019.

Table 24. Retail Banking in France (LCL) - Loans outstandings

Loans outstanding (€bn)	Dec. 17	Mar.18	Jun. 18	Sept. 18	Dec. 18	Mar.19	Jun. 19	Sept. 19	Dec. 19	∆ Dec./Dec.
SMEs	20,8	20,8	21,6	22,5	23,2	23,5	24,1	24,5	23,9	+3,3%
Small businesses	12,6	12,9	13,2	13,5	13,8	14,2	14,6	15,0	15,4	+11,4%
Consumer credit	7,1	7,1	7,2	7,3	7,6	7,4	7,6	7,8	8,1	+7,0%
Home loans	70,8	71,0	71,9	73,8	75,4	76,9	78,3	80,4	82,4	+9,2%
TOTAL	**111,4**	**111,8**	**113,8**	**117,0**	**120,0**	**122,0**	**124,6**	**127,8**	**129,8**	**8,2%**

After a period of stability, the volume of renegotiations has been rising for two quarters, reaching €1.0 billion this quarter, after €1.0 billion in the previous quarter. However, volumes remain well below the high point of €5.2 billion at the fourth quarter 2016. At the same time, the volume of early repayments was €1.2 billion compared to approximately €1.3 billion in the previous quarter.

Table 25. LCL - Monthly renegotiated outstandings, 2014-2019 (€bn)



Results

Underlying net income Group share for fourth quarter 2019 stands at **€139 million**, up **+3.0%** year-on-year, driven by growth in underlying gross operating income. **Underlying gross operating income increased by +8.9% thanks to positive jaws.** The underlying cost/income ratio excluding SRF continued to improve compared to the fourth quarter 2018, by +1.7 percentage points, to 69.2%.

Underlying revenues increased by **+2.7%** compared to fourth quarter 2018, at €863 million.

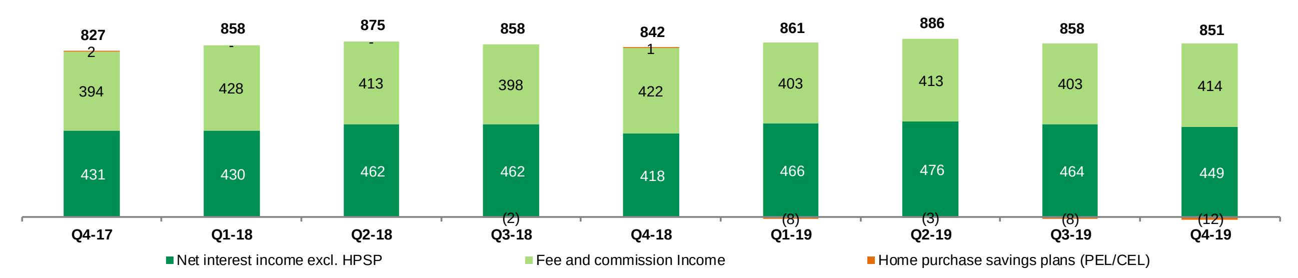
Despite an economic environment marked by persistently low interest rates, net interest income continued to rise (+7.4%, excluding PEL/CEL home purchase saving plans and accounts), thanks to a positive loan volume impact, which offsets the negative impact of low interest rates.

Fees and commission income was down -1.9% compared to the fourth quarter of 2018, to €414 million. The recovery in fee and commission income for securities (+14.6%) failed to offset the decline in fee and commission income for the management of service accounts and payment instruments (-3.6%) and insurance fee and commission income (-2.1%), which have been penalised by the impact of the measures taken for fragile customers and an increase in claims.

Table 26. LCL - Changes in detailed revenues (€bn)

Revenues (€m)	Q4-17	Q1-18	Q2-18	Q3-18	Q4-18	Q1-19	Q2-19	Q3-19	Q4-19	∆ Q4/Q4
Net interest income	**433**	**430**	**462**	**460**	**419**	**458**	**473**	**456**	**437**	**+4,3%**
Home purchase savings plans (PEL/CEL)	*2*	-	-	(2)	1	(8)	(3)	(8)	(12)	N.S.
Net interest income excl. HPSP	***431***	***430***	***462***	***462***	***418***	***466***	***476***	***464***	***449***	**+7,4%**
Fee and commission Income	**394**	**428**	**413**	**398**	**422**	**403**	**413**	**403**	**414**	**(1,9%)**
- Securities	*40*	*33*	*35*	*31*	*26*	*28*	*26*	*21*	*30*	+14,6%
- Insurance	*160*	*162*	*155*	*147*	*155*	*167*	*158*	*153*	*152*	(2,1%)
- Account management and payment instruments	*194*	*233*	*223*	*220*	*241*	*208*	*228*	*228*	*232*	(3,6%)
TOTAL	**827**	**858**	**875**	**858**	**842**	**861**	**886**	**858**	**851**	**1,2%**
TOTAL excl. HPSP	**825**	**858**	**875**	**860**	**841**	**869**	**889**	**867**	**863**	**+2,7%**

Table 27. LCL - Changes in revenues (€bn)



Operating expenses were €598 million in the fourth quarter 2019, a slight increase of **+0.2%** compared to fourth quarter 2018.

Cost of risk was -€64 million in fourth quarter 2019, increasing slightly by +2,7% compared to the fourth quarter 2018. Cost of risk on outstandings[34] remained **low, at 17 basis points**. The doubtful loans rate remained at 1.8% at end-December 2019 and the coverage ratio was 74.1% including collective provisions.

Taxes decreased by -34.8% accounting for €57 million in the fourth quarter 2019, corresponding to a normalisation of taxes after the negative basis effect recorded during the fourth quarter 2018.

After-tax income was up +3.0% in fourth quarter 2019 compared to fourth quarter 2018.

[34] *Relative to consolidated outstandings, calculated on an average annualised basis over four rolling quarters.*

For all of 2019, underlying net income Group share was **€589 million**, up +5.6% as a result of a revenue growth of +1.6%, a decrease of -1.0% in underlying operating expenses excluding SRF, and a -1.2% decline in the cost of risk.

Underlying **gross operating income** increased by +7.0% and the underlying cost/income ratio excluding SRF was 67.1%, an improvement of +1.7 percentage points compared to 2018, thanks to positive jaws.

Despite the ongoing difficulties within the interest rate environment, **RONE and CoEx objectives to 2022 are reconfirmed.**

LCL contributed **11% of Crédit Agricole S.A.'s underlying net income Group share of the business lines** (excluding the Corporate Centre division) over 2019 and **17% of their underlying revenues.**

At 31 December 2019, the **capital** allocated to LCL stood at **€4.9 billion** (13% of the total allocations) and **risk-weighted assets** were **€51.8 billion** (16% of the total).

International retail banking (IRB)

International retail banking encompasses the retail banking in Italy includes the networks of Gruppo Bancario Crédit Agricole Italia ("CA Italia"), namely CA Cariparma, CA Friuladria and CA Carispezia brands (legally merged with CA Italia in July 2019), as well as the three banks (Cassa di Risparmio – CR in Cesena, Rimini and San Miniato) acquired in late December 2017, and then merged with CA Italia, as well as all of the Group's retail banks abroad, mainly Crédit Agricole Poland (wholly owned[35]), Crédit Agricole Ukraine (wholly owned[35]), Crédit Agricole Egypt (60.2%[35]), and Crédit du Maroc (78.7%[35]).

Table 28. International retail banking (IRB) - Contribution to results, stated and underlying, Q4-19 and 2019

€m	Q4-19 stated	Q4-19 underlying	∆ Q4/Q4 underlying	2019 stated	2019 underlying	∆ 2019/2018 underlying
Revenues	**713**	**713**	+1.2%	**2,796**	**2,796**	+2.3%
Operating expenses excl.SRF	(454)	(454)	(0.6%)	(1,731)	(1,731)	+1.0%
SRF	(0)	(0)	n.m.	(22)	(22)	+1.5%
Gross operating income	**259**	**259**	**+4.5%**	**1,042**	**1,042**	**+4.6%**
Cost of risk	(78)	(78)	(6.6%)	(335)	(335)	(6.5%)
Income before tax	**184**	**184**	**+3.5%**	**710**	**710**	**+8.8%**
Tax	(49)	(49)	+13.0%	(199)	(199)	+7.3%
Net income from discont'd or held-for-sale ope.	(46)	(0)	n.m.	(46)	(0)	n.m.
Net income	**90**	**136**	**+0.4%**	**465**	**511**	**+9.4%**
Non controlling interests	(31)	(31)	(6.3%)	(132)	(132)	+5.6%
Net income Group Share	**59**	**104**	**+2.6%**	**333**	**379**	**+10.8%**
Cost/Income ratio excl.SRF (%)	**63.6%**	**63.6%**	**-1.2 pp**	**61.9%**	**61.9%**	**-0.8 pp**

In the fourth quarter 2019, underlying net income Group share from international retail banking stood at **€104 million**, up **+2.6%** compared to fourth quarter 2018, mainly driven by growth in gross operating income of +4.5% (+2.4% for IRB Italy and +8.7% for other International retail banking) and the lower cost of risk of -6.6% at CA Italia (-4.0%) and other International retail banking (-15.4%) compared to fourth quarter 2018. The **underlying cost/income ratio** for the quarter stood at 63.6%, an improvement of 1.2 percentage point compared to the same period in 2018.

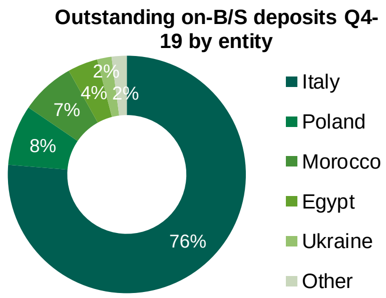
For the year 2019, net income Group share was **€379 million**, also up +10.8% compared to the year 2018, again as a result of an increase of +4.6% in gross operating income and a decrease of -6.5% in the cost of risk, resulting in pre-tax income of €710 million, up +8.8% compared to 2018. The **cost/income ratio excluding SRF** for the period remains at **61.9%**, representing a slight improvement of 0.8 percentage point compared to the full year 2018. This improvement in operational efficiency is reflected both in Italy (0.5 percentage point improvement in the cost/income ratio) and in other international retail banks (1.5 percentage point improvement).

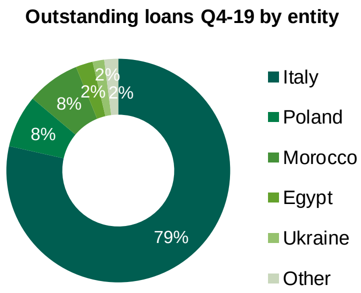
International retail banking contributed **7% of Crédit Agricole S.A.'s underlying net income Group share** of the business lines (excluding the Corporate Centre division) **in 2019** and **13% of their underlying revenues**.

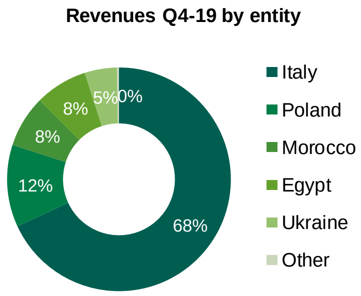
At 31 December 2019, **capital allocated** to the International Retail banking business line was **€4.0 billion** (11% of the total allocation), and **risk-weighted assets** stood at **€41.6 billion** (13% of the total).

[35] *Percentage owned at 31 December 2019*

Table 29. International Retail Banking - Geographical breakdown







Retail banking in Italy (IRB Italy)

Retail banking in Italy includes the networks of Gruppo Bancario Crédit Agricole Italia ("CA Italia"), namely CA Cariparma, CA Friuladria and CA Carispezia brands (legally merged with CA Italia in July 2019), as well as the three banks (Cassa di Risparmio – CR in Cesena, Rimini and San Miniato) acquired in late December 2017, and then merged with CA Italia. They all operate under the brand Crédit Agricole.

In the fourth quarter of 2019, and over the full year 2019, no specific items are recorded. In fourth quarter 2018, the item classified as specific to IRB Italy concerns the integration costs of the three Italian banks, with a negative impact on net income Group share of -€6 million (-€11 million in operating expenses). In 2018, these items represented -€1 million in net income Group share (-€2 million in operating expenses). As a reminder, in the second quarter 2018, a reversal was recorded on this same type of restatement.

The specific items on the income statement used to calculate the transition from stated amounts to underlying amounts are detailed in the notes on p.97.

Table 30. Retail banking in Italy (IRB Italy) - Contribution to results, stated and underlying, Q4-19 and 2019

€m	Q4-19 stated	Q4-19 underlying	∆ Q4/Q4 underlying	2019 stated	2019 underlying	∆ 2019/2018 underlying
Revenues	**485**	**485**	+0.2%	**1,883**	**1,883**	(0.1%)
Operating expenses excl.SRF	(317)	(317)	(0.9%)	(1,180)	(1,180)	(0.8%)
SRF	(0)	(0)	n.m.	(22)	(22)	+1.5%
Gross operating income	**168**	**168**	**+2.4%**	**681**	**681**	**+1.1%**
Cost of risk	(62)	(62)	(4.0%)	(251)	(251)	(8.7%)
Income before tax	**106**	**106**	**+6.4%**	**429**	**429**	**+7.9%**
Tax	(33)	(33)	+16.9%	(134)	(134)	+5.3%
Net income	**73**	**73**	**+2.3%**	**296**	**296**	**+9.1%**
Non controlling interests	(20)	(20)	+2.0%	(80)	(80)	+6.1%
Net income Group Share	**54**	**54**	**+2.4%**	**216**	**216**	**+10.3%**
Cost/Income ratio excl.SRF (%)	**65.4%**	**65.4%**	**-0.7 pp**	**62.7%**	**62.7%**	**-0.5 pp**

Activity

Commercial activity of CA Italia continues to be solid and its growth remains above the market, in a context of subdued economic growth.

Thus, **total customer savings** increased by +4.9% compared to 31 December 2018, accounting for €77.9 billion, excluding securities under custody, thanks to strong off-balance sheet deposits (+8.9%), outperforming the market (+6.8%[36]). On-balance sheet deposits grew by +1.6% to €41.2 billion at 31 December 2019.

[36] *Source: Estimation Prometeia Dec. 19*

Loans outstanding reached **€43.3 billion** at the end of December 2019. It recorded sustained growth, +2.6% compared to December 2018, still above market growth (+0.3%[37]), driven by loans to individuals (+4.9% year-on-year) and loans to corporates and SMEs (+4.3% year-on-year).

Gross customer capture reached +116,000 individual customers in 2019. Thus, net customer base is up + 33,000 individual active clients in 2019. The number of customers with property and casualty insurance products is rapidly improving: CA Italia recorded a +25% increase in the number of policies in 2019, while the equipment rate[38] improved by +1.7 percentage point over 1 year.

Table 31. IRB Italy - Customer savings and loans outstandings

CA Italy (€bn)	Dec. 17**	Mar. 18**	June 18**	Sept 18**	Déc 18**	Mar. 19**	June 19**	Sept. 19**	Dec. 19**	∆ Dec./Dec.
Total loans outstanding	**42,3**	**43,1**	**42,9**	**42,1**	**42,2**	**42,5**	**43,0**	**43,4**	**43,3**	**+2,6%**
o/w retail customer loans	22,6	22,9	22,1	20,0	20,3	20,5	20,8	21,1	21,3	+4,9%
o/w small businesses loans	6,7	6,7	7,0	8,0	7,9	7,5	7,5	7,5	7,5	(5,1%)
o/w corporates loans, including SMEs	10,9	11,4	11,7	12,0	11,9	12,4	12,6	12,7	12,4	+4,3%
On-balance sheet customer assets**	**42,4**	**42,1**	**42,2**	**40,9**	**40,6**	**39,8**	**40,6**	**40,9**	**41,2**	**+1,6%**
Off-balance sheet customer assets***	**33,7**	**33,6**	**33,9**	**34,3**	**33,7**	**34,5**	**35,2**	**35,8**	**36,7**	**+8,8%**
Total assets (€bn)	**76,1**	**75,7**	**76,1**	**75,3**	**74,3**	**74,3**	**75,7**	**76,7**	**77,9**	**+4,9%**

* 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

Results

In fourth quarter 2019, IRB Italy's **net income Group share** was **€54 million**, an increase of **+2.4%** compared to fourth quarter 2018.

Revenues totalled €485 million, stable **(+0.2%)** compared to fourth quarter 2018. The increase in fee and commission income, +3.1% compared to the fourth quarter 2018, particularly on managed savings (+10.2% compared to the fourth quarter 2018) offsets the decline in interest revenues (-4.0% compared to the fourth quarter 2018).

Operating expenses remained well under control at €317 million, down compared to the fourth quarter of 2018. These two variations combined led CA Italia to generate positive jaws of +1.1 percentage points over the quarter.

Thanks to this good level of operational efficiency, the **underlying cost/income ratio** for the quarter improved by +0.7 percentage points to **65.4%** compared to fourth quarter 2018.

Cost of risk was -€62 million in fourth quarter 2019, **down -4.0%** compared to fourth quarter 2018. **Cost of risk/outstandings** stood at 57 basis points[39], **down -10 basis points year-on-year** and -2 basis points compared to third quarter 2019. The **rate of non-performing loans stood at 7.8%** compared to 8.4% at end-December 2018. The **coverage ratio** remained stable at **59.4%**, versus 60% at end-December 2018.

In 2019, the **net income Group share** of the business line was **€216 million**, an increase of **+10.3%** compared with 2018. It should be noted that during this period there was a contribution to the Single Resolution Fund (SRF) of -€22 million, up slightly +1.5% compared to the same period in 2018. The 2019 underlying **cost/income ratio** excluding SRF stood at **62.7%**, an improvement of -0.5 percentage points compared to 2018.

Crédit Agricole Group in Italy

Net income Group share for all Crédit Agricole S.A. entities in Italy amounted to **€645 million in** 2019, up +12% compared to 2018. They contributed by **14.3% to the underlying net income Group share** of the Crédit Agricole S.A. core businesses.

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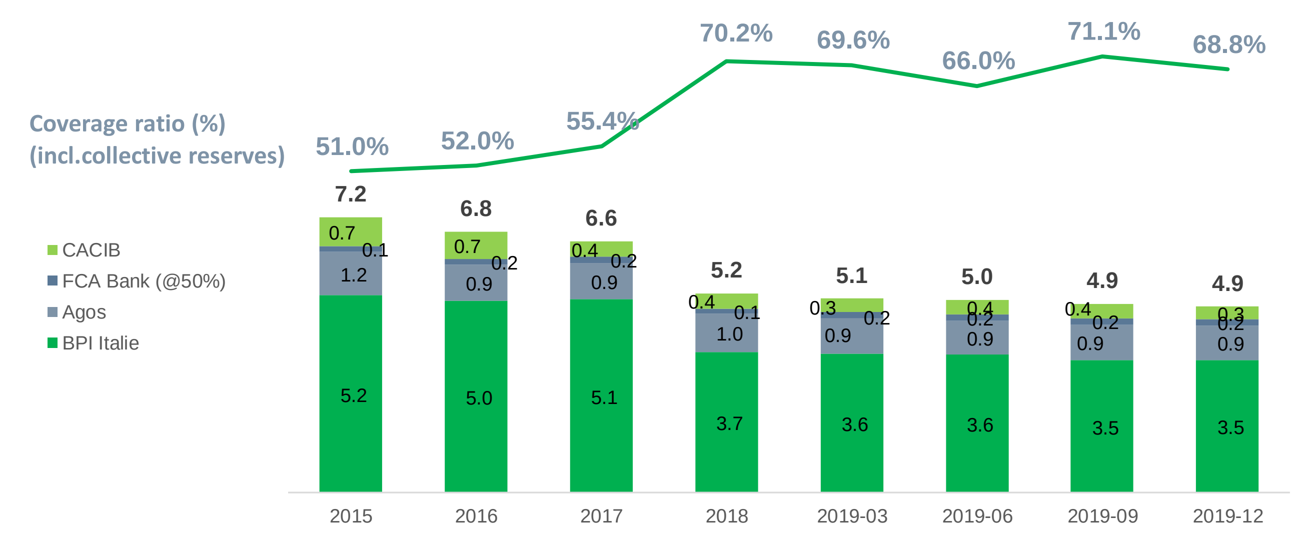
[37] Source: Abi, Dec. 19

[38] Number of clients with at least one property and casualty insurance policy

[39] Average over the last four quarters of provisions on outstanding loans, annualised

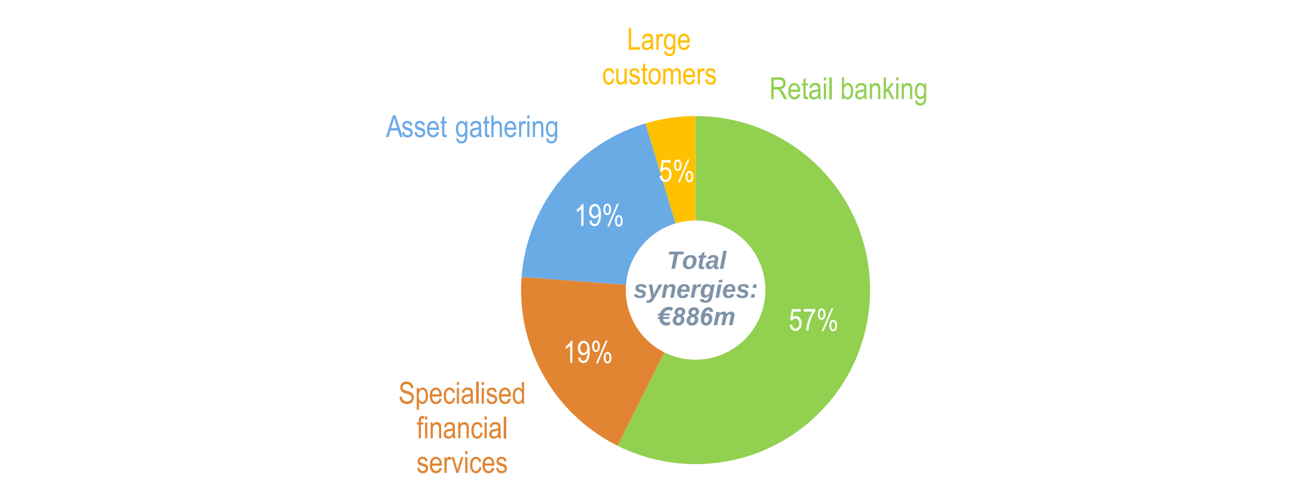
Loans outstanding amounted to **€76 billion** at the end of December 2019, while customer deposits and funds grew to **€261billion**.

Table 32. Group in Italy – Gross NPL (€bn) and coverage ratio



Intra-group revenue synergies increased over the year (+8% since 2018) to **€886 million**, thanks to the strengthening of cross-selling and to different transversal strategic projects, with all businesses contributing to this optimisation.

Table 33. Groupe in Italy - synergies



Other international retail banking (Other IRB)

In fourth quarter 2019, the -€46m reclassification of assets held-for-sale was posted to specific items. There were no specific items in fourth quarter 2018 nor full year 2018.

Table 34. Other International retail banking (Other IRB) - Contribution to results, stated and underlying, Q4-19 and 2019

€m	Q4-19 stated	Q4-19 underlying	∆ Q4/Q4 underlying	2019 stated	2019 underlying	∆ 2019/2018 underlying
Revenues	**227**	**227**	+3.4%	**913**	**913**	+7.7%
Operating expenses	(136)	(136)	+0.2%	(552)	(552)	+5.2%
Gross operating income	**91**	**91**	**+8.7%**	**361**	**361**	**+11.9%**
Cost of risk	(16)	(16)	(15.4%)	(83)	(83)	+1.1%
Net income on other assets	3	3	(75.4%)	2	2	(83.1%)
Income before tax	**78**	**78**	**(0.3%)**	**280**	**280**	**+10.2%**
Tax	(16)	(16)	+5.5%	(66)	(66)	+11.4%
Net income	**17**	**62**	**(1.7%)**	**169**	**215**	**+9.8%**
Non controlling interests	(12)	(12)	(17.5%)	(52)	(52)	+5.0%
Net income Group Share	**5**	**51**	**+2.8%**	**117**	**163**	**+11.4%**
Cost/Income ratio excl.SRF (%)	**59.9%**	**59.9%**	**-1.9 pp**	**60.4%**	**60.4%**	**-1.5 pp**

Activity

International retail banking excluding Italy (Other IRB) continued to grow during this quarter, thanks to an acceleration in commercial activity in various entities and improved operational efficiency.

Total on- and off-balance sheet deposits increased by **+13.4%** to €15.0 billion between end-December 2018 and end-December 2019. **On-balance sheet deposits** reached €12.8 billion at end-December 2019, up **+5.3%**[40] compared with 2018. This growth was driven in particular by strong increases in on-balance sheet deposits in Poland (+10.2%[40]).

Loans outstanding were €11.9 billion at end-December 2019, up **+6.6%**[40] compared with end-December 2018, driven by Egypt (+13.2%[44]), Ukraine (+4.5%[40]) and Poland (+4.6%[40]).

The surplus of deposits over loans amounted to €1.5 billion at end-December 2019.

Gross customer capture in 2019 reached 398,000 clients, with an increase in customer base of 76,000 clients over the year.

Table 35. Other IRB - Customer savings and loans outstandings

IRB Others (€bn)	Dec. 17**	Mar. 18**	June 18**	Sept 18**	Déc 18**	Mar. 19**	June 19**	Sept. 19**	Dec. 19**	∆ Dec./Dec.
Total loans outstanding	**10.0**	**9.9**	**10.2**	**10.7**	**10.714**	**11.0**	**11.5**	**11.8**	**11.9**	**+10.7%**
o/w retail customer loans	5.1	5.2	5.2	5.3	5.4	5.7	5.6	5.8	5.9	+9.0%
o/w SMEs and small businesses	0.8	0.8	0.9	0.9	0.9	0.9	1.1	1.1	1.1	+14.6%
o/w Large corporates	3.9	4.0	4.2	4.3	4.4	4.2	4.7	5.0	4.9	+11.2%
On-balance sheet customer assets	**10.7**	**10.5**	**10.9**	**11.4**	**11.6**	**11.8**	**12.2**	**12.7**	**12.8**	**+10.6%**
Off-balance sheet customer assets	**1.3**	**1.5**	**1.5**	**1.6**	**1.7**	**1.8**	**2.1**	**2.1**	**2.2**	**+33.4%**
Total assets (€bn)	**12.0**	**12.0**	**12.5**	**13.0**	**13.3**	**13.6**	**14.3**	**14.8**	**15.0**	**+13.4%**

Results

In fourth quarter 2019, other IRB **net income Group share** was **€51 million,** a +2.8% increase from the fourth quarter of 2018. This good level of profitability is made possible by an increase in gross operating income (+8.7%) and a further decrease in the cost of risk (-15.4%). The increase in net income is nevertheless limited given the base effect, with the gain on disposal of land recorded in Q4-18 with an impact of €10m on net income for Q4-18

Revenues rose +3.4% compared with the fourth quarter of 2018, to €227 million.

[40] *Excluding exchange rate effect*

Operating expenses remained stable, up +0.2% over the same period, and other IRB again posted positive jaws of 3.2 percentage points. The underlying **cost/income ratio** stood at **59.9%**, an improvement of 1.9 percentage points compared with the fourth quarter of 2018.

The **cost of risk** fell sharply this quarter, to -€16 million (-15.4% compared with the same period in 2018).

By country:

- **Poland's** gross operating income increased by +39% (excluding exchange rate effects) compared with the fourth quarter of 2018. Its net income Group share was up +69% (excluding exchange rate effects) compared with the same period, due to the strong sales momentum and cost control;
- **Egypt's** cost of risk on outstandings remained moderate, at 16 basis points[41] and RONE reached 41%;
- **Ukraine** posted record results, that kept growing steadily (+42% excluding exchange rate effects compared with the fourth quarter of 2018);
- **Crédit du Maroc** posted revenues up +5% (excluding exchange rate effects).

In 2019, the business line's **underlying net income Group share** came to **€163 million**, an increase of +**11.4%** compared with 2018. Restated for the exchange rate effects, net income Group share would have increased by +2.0%[40]. **The underlying cost/income ratio** improved by 1.5 percentage points to **60.4%**. This business line achieved constant profitability with an underlying RoNE (Return on Normalised Equity) of 19.3% for the first nine months of 2019.

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

Specialised financial services (SFS)

Specialised financial services includes consumer credit (CA Consumer Finance) and leasing and factoring activities (CA Leasing & Factoring – CAL&F).

Table 36. Specialised financial services (SFS) - Contribution to results, stated and underlying, Q4-19 and 2019

€m	Q4-19 stated	Q4-19 underlying	∆ Q4/Q4 underlying	2019 stated	2019 underlying	∆ 2019/2018 underlying
Revenues	**672**	**672**	(2.6%)	**2,716**	**2,716**	(1.9%)
o/w CACF	*523*	*523*	*(4.6%)*	*2,144*	*2,144*	*(2.7%)*
o/w CAL&F	*149*	*149*	*+5.1%*	*572*	*572*	*+14%*
Operating expenses excl.SRF	(331)	(331)	(6.8%)	(1,343)	(1,343)	(1.4%)
SRF	(0)	(0)	n.m.	(18)	(18)	+4.3%
Gross operating income	**341**	**341**	**+1.8%**	**1,354**	**1,354**	**(2.5%)**
Cost of risk	(127)	(127)	+28.9%	(497)	(497)	+6.6%
Equity-accounted entities	65	65	+0.2%	295	295	+16.2%
Income before tax	**278**	**278**	**(7.4%)**	**1,152**	**1,152**	**(2.1%)**
Tax	(40)	(40)	+0.2%	(233)	(233)	(4.4%)
Net income	**238**	**238**	**(8.6%)**	**919**	**919**	**(1.5%)**
Net income Group Share	**213**	**213**	**(3.6%)**	**815**	**815**	**+1.2%**
o/w CACF	*159*	*159*	*(11.1%)*	*644*	*644*	*+0.9%*
o/w CAL&F	*54*	*54*	*+28.2%*	*171*	*171*	*+2.5%*
Cost/Income ratio excl.SRF (%)	**49.3%**	**49.3%**	**-2.2 pp**	**49.5%**	**49.5%**	**+0.3 pp**

In fourth quarter 2019, the **underlying net income Group share** of the Specialised Financial Services (SFS) business line was €213 million, a decrease of -3.6% compared with the fourth quarter of 2018. **Revenues** were down (-2.6%), caused by heightened competitive pressure in consumer finance, particularly in France, but **gross operating income** was up (+1.8%) due to a significant decrease in operating expenses (-6.8% excluding SRF contributions). The **cost of risk** increased particularly as a result of the update of the parameters of Crédit Agricole Consumer Finance's provisioning models (+28.9%), but remained low with an average cost of risk on outstandings (84 bp) below the Medium-Term Plan stabilisation assumption (90–100 bp). Lastly, the **contribution of equity-accounted entities**, including primarily Crédit Agricole Consumer Finance's automotive partnerships, was stable (+0.2%). The **cost/income ratio** excluding SRF for the quarter stood at 49.3%, a decrease of 2.2 percentage points from the fourth quarter of 2018.

In 2019, the underlying **net income Group share** of the Specialised Financial Services business line was **€815 million**, an **increase of +1.2% compared with 2018**. **Gross operating income** was down (-2.5%) due to the drop in revenues and despite a decrease in expenses which generated a jaws of -53 bp over the year. The weighting of the contribution of **equity-accounted entities** in income was up (+16.2%) and the **cost/income ratio** excluding SRF was **49.5%, stable compared to 2018** (+0.3 percentage point).

Specialised Financial Services contributed **15% of the underlying net income Group share** of Crédit Agricole S.A.'s business lines (excluding the Corporate Centre) **in 2019** and **13% of their underlying revenues** (excluding the Corporate Centre).

At 31 December 2019, the **capital allocated** to the Specialised Financial Services business line was **€5.2 billion** (14% of total allocated capital); **risk-weighted assets** were **€54.8 billion** (17% of the total).

Consumer finance (CA Consumer Finance)

The consumer finance business line includes parent company CA Consumer Finance (CACF), which operates in France under the Sofinco brand name, and its 61%-owned subsidiary Agos in Italy (the remaining share capital is held by Banco BPM), Creditplus in Germany, Credibom in Portugal, CACF NL in the Netherlands, and its joint ventures with auto manufacturers, namely FCA Bank (with Fiat Chrysler Automotive, 50/50 owned by CACF and FCA) and GAC-Sofinco in China (with Guangzhou Automobile Group, 50/50 owned by CACF and GAC), and banking partnerships, Wafasalaf in Morocco (49%-owned by CACF and 51%-owned by Attijariwafa Bank) and SoYou in Spain, (51%-owned by CACF and 49%-owned by Bankia).

No specific items were recorded in the fourth quarter financial statements for 2019. In 2018, the fourth quarter financial statements included an additional provision recorded by FCA Bank (a 50/50 subsidiary of CACF and FCA) to cover a fine imposed by Italy's competition authority. The impact of the contributions from the consumer finance equity-accounted entities totalled €67 million.

The specific items in the income statement used to reconcile stated amounts and changes with underlying amounts and changes are detailed in the Notes on page 98.

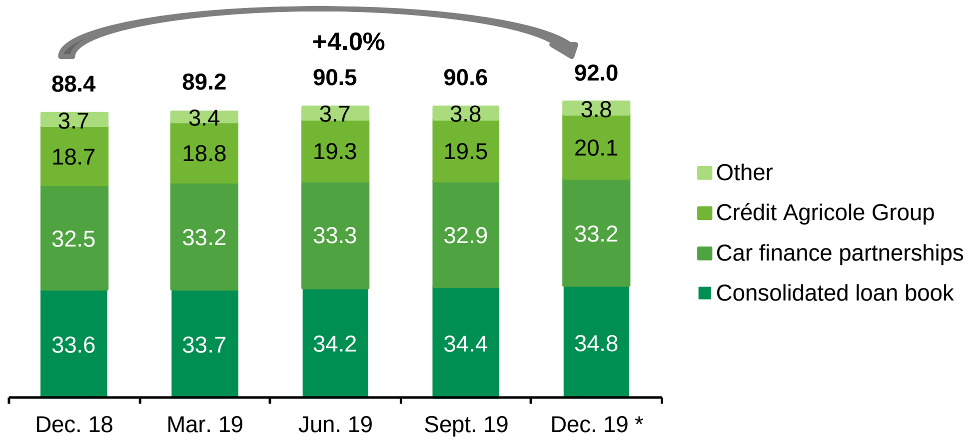
Table 37. Consumer credit (CACF) - Contribution to results, stated and underlying, Q4-19 and 2019

€m	Q4-19 stated	Q4-19 underlying	∆ Q4/Q4 underlying	2019 stated	2019 underlying	∆ 2019/2018 underlying
Revenues	**523**	**523**	(4.6%)	**2,144**	**2,144**	(2.7%)
Operating expenses excl.SRF	(261)	(261)	(7.9%)	(1,057)	(1,057)	(1.8%)
SRF	(0)	(0)	n.m.	(11)	(11)	+5.2%
Gross operating income	**261**	**261**	**(1.1%)**	**1,076**	**1,076**	**(3.7%)**
Cost of risk	(115)	(115)	+40.6%	(451)	(451)	+9.0%
Cost of legal risk	-	-	n.m.	-	-	n.m.
Equity-accounted entities	65	65	+0.2%	295	295	+16.2%
Net income on other assets	(1)	(1)	+57.9%	(0)	(0)	n.m.
Change in value of goodwill	-	-	n.m.	-	-	n.m.
Income before tax	**210**	**210**	**(14.7%)**	**920**	**920**	**(4.0%)**
Tax	(26)	(26)	(6.9%)	(172)	(172)	(10.5%)
Net income from discont'd or held-for-sale ope.	-	-	n.m.	-	-	n.m.
Net income	**184**	**184**	**(15.7%)**	**749**	**749**	**(2.3%)**
Non controlling interests	(25)	(25)	(36.5%)	(104)	(104)	(18.4%)
Net income Group Share	**159**	**159**	**(11.1%)**	**644**	**644**	**+0.9%**
Cost/Income ratio excl.SRF (%)	**50.0%**	**50.0%**	**-1.8 pp**	**49.3%**	**49.3%**	**+0.5 pp**

Activity

New business production in the fourth quarter of 2019 was **€11.5 billion** and continued to **trend higher** (+3.3% compared with the fourth quarter of 2018) with a **strong contribution from the Regional Banks and LCL** (+12.9% and +7.6%, respectively). Against this backdrop, **assets under management** totalled **€92 billion** and thus **increased** by +4% over the year. Consolidated outstandings were also up (+3.6%) to €34.8 billion.

Table 38. Consumer credit (CACF) - Gross managed loans (€bn) (1/2)



(*) *Geographical breakdown: 38% in France, 30% in Italy and 32% in other countries.*

Table 39. Consumer credit (CACF) - Gross managed loans (2/2)

(€bn)	Dec. 17	Mar. 18	Jun. 18	Sept. 18	Dec. 18	Mar. 19	Jun. 19	Sept. 19	Dec. 19 *	∆ Dec./Dec.
Consolidated loan book	32.9	32.9	33.1	33.2	33.6	33.7	34.2	34.4	34.8	+3.6%
Car finance partnerships	*29.2*	*29.5*	*30.7*	*30.8*	*32.5*	*33.2*	*33.3*	*32.9*	*33.2*	+2.4%
Crédit Agricole Group	17.0	17.3	17.9	18.3	18.7	18.8	19.3	19.5	20.1	+7.6%
Other	*3.5*	*3.5*	*3.6*	*3.7*	*3.7*	*3.4*	*3.7*	*3.8*	*3.8*	+4.3%
Total	**82.6**	**83.2**	**85.3**	**85.9**	**88.4**	**89.2**	**90.5**	**90.6**	**92.0**	**+4.0%**
O/w Agos (total managed loan book)	*13.8*	*13.9*	*13.9*	*13.8*	*13.9*	*13.9*	*14.4*	*14.4*	*14.6*	*5.1%*

Results

In fourth quarter 2019, underlying **net income Group share** was €159 million, down -11.1% compared with fourth quarter 2018. **Revenues** amounted to €523 million, down -4.6% from fourth quarter 2018, as was **gross operating income** (-1.1%), in the context of heightened competitive pressure in France. **Operating expenses** on the other hand decreased significantly over the period (-7.9% to €261 million), specifically in relation to the cost savings plan in place in France. The **cost of risk** increased by 40.6% particularly as a result of the update of the parameters of provisioning models, but remained low with an average cost of risk on outstandings (128 bp) below the Medium-Term Plan stabilisation assumption (<160 bp). Lastly, the **contribution of equity-accounted entities** to net income Group share was stable compared to the fourth quarter of 2018 (+0.2%). The **cost/income ratio** excluding SRF decreased (-1.8 points) to 50%.

Over 2019, underlying **net income Group share** was **€644 million**, **up +0.9%**, attributable to the good performance of the **equity-accounted entities** (up +16.2% to €295 million) and to the decrease in **operating expenses** excluding SRF (-1.8% to €1,057 million). Against this backdrop, the **cost/income ratio** excluding SRF was **49.3%**, **stable compared to 2018** (+0.5 percentage point).

Leasing & factoring (CAL&F)

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

No specific items were recorded in the fourth quarter financial statements neither for 2019 or 2018.

Table 40. Leasing & factoring (CAL&F) - Contribution to results, stated and underlying, Q4-19 and 2019

€m	Q4-19 stated	Q4-19 underlying	∆ Q4/Q4 underlying	2019 stated	2019 underlying	∆ 2019/2018 underlying
Revenues	**149**	**149**	+5.1%	**572**	**572**	+1.4%
Operating expenses excl.SRF	(70)	(70)	(2.6%)	(286)	(286)	+0.4%
SRF	(0)	(0)	n.m.	(8)	(8)	+3.2%
Gross operating income	**80**	**80**	**+13.0%**	**278**	**278**	**+2.5%**
Cost of risk	(12)	(12)	(28.6%)	(47)	(47)	(12.3%)
Cost of legal risk	-	-	n.m.	-	-	n.m.
Equity-accounted entities	-	-	n.m.	-	-	n.m.
Net income on other assets	0	0	n.m.	0	0	x 21.1
Change in value of goodwill	-	-	n.m.	-	-	n.m.
Income before tax	**68**	**68**	**+26.1%**	**232**	**232**	**+6.1%**
Tax	(13)	(13)	+18.0%	(61)	(61)	+18.1%
Net income from discont'd or held-for-sale ope.	-	-	n.m.	-	-	n.m.
Net income	**54**	**54**	**+28.3%**	**171**	**171**	**+2.4%**
Non controlling interests	(0)	(0)	n.m.	(0)	(0)	(16.7%)
Net income Group Share	**54**	**54**	**+28.2%**	**171**	**171**	**+2.5%**
Cost/Income ratio excl.SRF (%)	**46.8%**	**46.8%**	**-3.7 pp**	**50.0%**	**50.0%**	**-0.5 pp**

Activity

The fourth quarter of 2019 was marked by an **excellent level of activity** with **new business production in factoring growing sharply** since the fourth quarter of 2018 (+119% to €4.9 billion) both in **France** (+144% to €3 billion) and **abroad** (+87% to €1.8 billion). Against this backdrop, **factored revenues** increased over the period (+0.6% to €20.6 billion).

Furthermore, **lease financing** reached its **highest level since 2014** (€1.8 billion, a +9.3% increase from fourth quarter 2018). **Leasing outstandings** totalled **€15 billion, up +3.1%** over the year.

Table 41. Leasing & Factoring (CAL&F) - Leasing book and factored receivables

(€bn)	Dec. 17	Mar. 18	Jun. 18	Sept. 18	Dec. 18	Mar. 19	Jun. 19	Sept. 19	Dec. 19	∆ Dec./Dec.
Leasing portfolio	14.2	14.3	14.3	14.3	14.6	14.7	14.8	14.7	15.1	+3.1%
incl. France	*11.7*	*11.8*	*11.8*	*11.8*	*11.9*	*11.9*	*11.9*	*11.9*	*12.1*	+1.9%
Factored turnover	19.6	18.4	19.6	18.0	20.5	18.9	20.6	18.7	20.6	+0.6%
incl. France	*13.1*	*11.9*	*12.9*	*11.6*	*13.5*	*12.2*	*13.7*	*12.4*	*14.0*	+3.7%

Results

In fourth quarter 2019, CA Leasing & Factoring (CAL&F)'s **net income Group share** was €54 million, up +28.2% compared with fourth quarter 2018. **Revenues** rose over the same period (+5.1% to €149 million), due to a **sharp increase in new lease financing**, among other things. **Operating expenses** were down (-2.6% to €70 million) and **gross operating income** was €80 million, up +13%. The **cost of risk** declined (-28.6% to €12 million), as a result of, among other things, the update of the provisioning parameters. The **cost/income ratio** excluding SRF stood at 46.8%, a decrease of 3.7 percentage points compared with fourth quarter 2018.

Over 2019, **net income Group share** was **€171 million**, an **increase of +2.5% from 2018** and the **cost/income ratio** excluding SRF stood at **50%**, **stable compared to 2018** (-0.5 percentage point).

Large Customers (CIB and Asset Servicing)

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

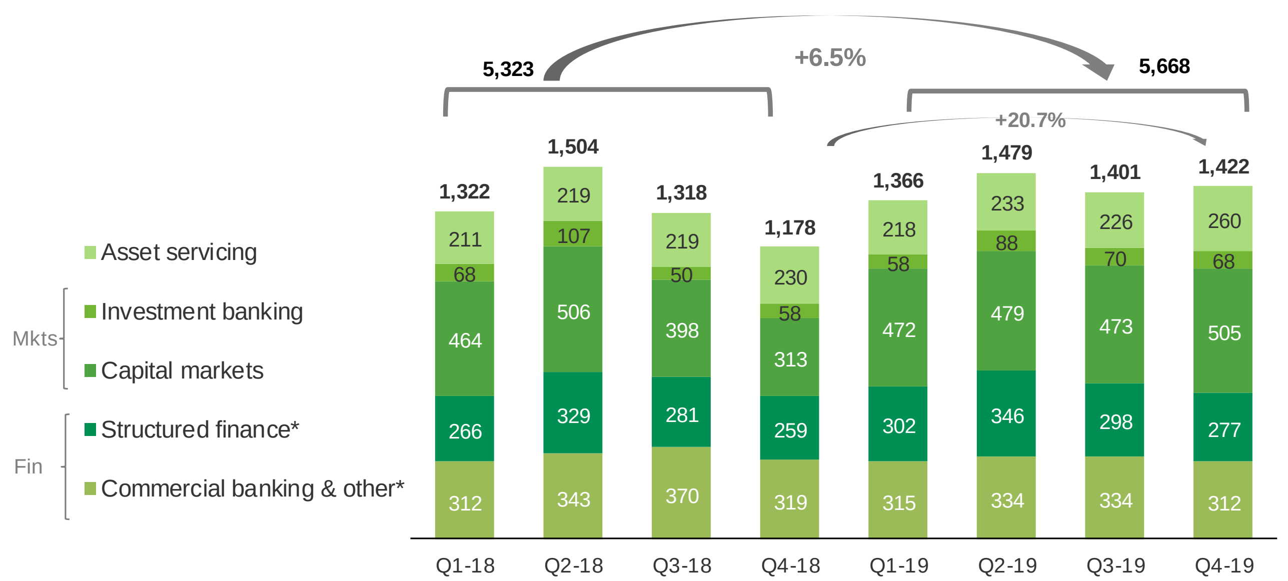
Table 42. Large customers (LC) - Contribution to results, stated and underlying, Q4-19 and 2019

€m	Q4-19 stated	Q4-19 underlying	∆ Q4/Q4 underlying	2019 stated	2019 underlying	∆ 2019/2018 underlying
Revenues	**1,401**	**1,422**	+20.7%	**5,603**	**5,668**	+6.5%
Operating expenses excl.SRF	(902)	(887)	+9.1%	(3,321)	(3,305)	+4.3%
SRF	0	0	n.m.	(177)	(177)	+4.6%
Gross operating income	**499**	**536**	**+46.7%**	**2,105**	**2,185**	**+10.1%**
Cost of risk	(55)	(55)	n.m.	(160)	(160)	n.m.
Net income on other assets	7	13	n.m.	6	12	(10.5%)
Income before tax	**476**	**497**	**+27.5%**	**1,978**	**2,042**	**(1.0%)**
Tax	(67)	(79)	+11.9%	(407)	(431)	(20.1%)
Net income	**409**	**418**	**+30.9%**	**1,570**	**1,612**	**+5.8%**
Net income Group Share	**399**	**408**	**+30.1%**	**1,538**	**1,579**	**+5.6%**
o/w Corporate & Investment Banking	*356*	*372*	*+38.0%*	*1,388*	*1,435*	*+8.6%*
o/w Asset servicing	*43*	*36*	*(18.0%)*	*150*	*143*	*(17.6%)*
Cost/Income ratio excl. SRF (%)	**64.4%**	**62.4%**	**-6.7 pp**	**59.3%**	**58.3%**	**-1.2 pp**

Underlying: restated for accounting impacts (loan portfolio hedges, DVA), see p.99.

Activity

Table 43. Large customers - underlying revenues by business line



Underlying: Restated for accounting impacts (loan portfolio hedges, DVA), see p. 99.
A transfer of portfolios between Commercial banking and Structured finance was completed in the second quarter of 2019, a proforma statement was made on the historical series.
(*) A transfer of portfolios between Commercial Banking and Structured Finance was completed in Q2-19, a proforma statement was made on the historical series

Results

In fourth quarter 2019, the Large Customers division's stated net income Group share was **€399 million**, up +18.5% compared to fourth quarter 2018.

In fourth quarter 2019, **specific items**[42] had a net impact of -€9 million on net income Group share, specifically:

- DVA (*Debt Valuation Adjustment*), -€6 million in revenues and -€4 million in net income Group share, recognised under CIB/Capital Markets and Investment Banking;
- loan portfolio hedges, in the amount of -€16 million in revenues and
  -€11 million in net income Group share, recognised under CIB/Financing activities;
- the cost of consolidating Santander/KAS Bank, -€15 million in expenses and -€11 million in net income Group share, recognised under Asset Servicing activities;
- the Santander/KAS Bank acquisition cost, -€6 million in net gains/losses on other assets and -€5 million in net income Group share, recognised under Asset Servicing activities;
- the KAS Bank negative goodwill, €22 million in changes in goodwill and in net income Group share, recognised under Asset Servicing activities.

As a reminder, the total net impact of specific items in fourth quarter 2018 (including DVA and loan portfolio hedges) was €23 million in net income Group share.

Excluding specific items, underlying **net income Group share** for the Large Customers division amounted to **€408 million**, up **+30.1%** compared with fourth quarter 2018. Underlying net income Group share benefited from the good performance of the capital markets and investment banking and equity activities as well as from the steady performance of the financing activities. The decline in the contribution of Asset Servicing activities (-18%) stems mainly from the increase in expenses related to new customer acquisition.

Underlying revenues rose sharply by +20.7% from fourth quarter 2018, due to the excellent performance of the capital markets and investment banking and equity (up respectively +61.4% and +18.5% from fourth quarter 2018), good business momentum in structured finance (+7.2% from fourth quarter 2018) and a slightly decrease performance in commercial banking while keeping its leading position in syndicated loans (number 2 in EMEA region)[43].

Underlying **operating expenses** increased this quarter by +9.1%, but not as significantly as underlying revenues which generated positive jaws of +117 basis points. The underlying **cost/income ratio** stood at 62.4%, an improvement of 6.7 percentage points compared with fourth quarter 2018.

The **cost of credit risk** is still in a normalisation phase, posting a net provision of -€55 million in fourth quarter 2019 compared with a net reversal of provision of +€26 million in fourth quarter 2018.

Tax was up +11.9% this quarter compared with fourth quarter 2018, due in particular to corporate and investment banking. This rise is related to more favourable effects in fourth quarter 2018.

Over 2019, the **specific items** in the income statement include primarily DVA, loan portfolio hedges (with an impact of -€65 million on revenues and of -€47 million on net income Group share), as well as the specific items noted above for the fourth quarter. As a reminder, 2018 had as specific items only DVA and loan portfolio hedges, with an impact of €45 million on revenues and of €33 million on net income group share. The table detailing the transition from stated results to underlying results is provided in the notes on page 99.

The 2019 underlying net income Group share was **€1,579 million**, up **+5.6%** compared with 2018. **Underlying revenues** increased by +6.5% compared with 2018. Operating expenses excluding SRF were up by +4.3% compared with 2018. At the same time however, the cost of risk, which returned to a normal level in Corporate and investment banking, posted a charge of -€160 million for 2019 compared with a net reversal of +€64 million for 2018. As a reminder, 2018 included capital gains on the disposal of the CACEIS business in North America (€14 million). Lastly, the contribution to SRF increased by +4.6%. The **underlying cost/income ratio excluding SRF** improved by -1.2 percentage points to **58.3%** for 2019.

[42] For details of the specific items for the third quarter and first nine months of 2019, as well as for the same periods in 2018, see p. 86
[43] Refinitiv R17

The Large Customers business line contributed **29%** of Crédit Agricole S.A.'s **underlying net income Group share** of the business lines (excluding the Corporate Centre) in **2019** and **27% of their underlying revenues**.

At 31 December 2019, the **regulatory capital allocated** to the Large Customers division was **€11.4 billion**, of which €6.6 billion for Financing activities, €3.8 billion for Capital markets and investment banking and equity, and €0.9 billion for Asset Servicing.

The division's **risk-weighted assets** totalled **€119.6 billion**, of which €69.8 billion for Financing activities, €40.1 billion for Capital markets and investment banking and equity and €9.7 billion for Asset servicing. Risk-weighted assets (€119.6 billion) are stable compared to December 2018, but down compared September 2019 (-3%), thanks to optimization actions done by Corporate and investment banking (synthetic securitizations -€1.7 billion, disposal of Banque Saudi Fransi -€1.1 billion). The ratio of underlying revenues over average risk-weighted assets has nevertheless increased by 66 basis points compared with fourth quarter 2018.

RoNE (return on normalised equity) of the Corporate and investment banking alone stood at 12.4% in 2019, stable compared with 2018.

Corporate and investment banking (CIB)

The specific items on the income statement used to calculate the transition from stated amounts and changes to underlying amounts and changes for fourth quarter and full year 2019, as well as for the same periods in 2018, are detailed in the notes on p. 99.

Table 44. Corporate & investment banking (CIB) - Contribution to results, stated and underlying, Q4-19 and 2019

€m	Q4-19 stated	Q4-19 underlying	∆ Q4/Q4 underlying	2019 stated	2019 underlying	∆ 2019/2018 underlying
Revenues	**1,141**	**1,163**	+22.6%	**4,667**	**4,731**	+6.5%
Operating expenses excl.SRF	(685)	(685)	+6.1%	(2,595)	(2,595)	+3.0%
SRF	0	0	n.m.	(161)	(161)	+4.2%
Gross operating income	**456**	**478**	**+57.6%**	**1,911**	**1,975**	**+11.5%**
Cost of risk	(55)	(55)	n.m.	(155)	(155)	n.m.
Equity-accounted entities	3	3	n.m.	4	4	x 11
Net income on other assets	13	13	n.m.	16	16	n.m.
Income before tax	**418**	**439**	**+33.4%**	**1,775**	**1,840**	**+0.4%**
Tax	(52)	(58)	+6.1%	(355)	(372)	(22.9%)
Net income	**366**	**382**	**+38.8%**	**1,420**	**1,468**	**+8.8%**
Non controlling interests	(10)	(10)	+73.9%	(32)	(33)	+15.1%
Net income Group Share	**356**	**372**	**+38.0%**	**1,388**	**1,435**	**+8.6%**
Cost/Income ratio excl. SRF (%)	**60.0%**	**58.9%**	**-9.1 pp**	**55.6%**	**54.8%**	**-1.8 pp**

Underlying: restated for accounting impacts (DVA, loan portfolio hedges), see p. 90

Activitiy

This quarter, Corporate and investment banking recorded excellent levels of activity with a sharp increase of +22.6% in underlying revenues, and with revenues generated this quarter in the amount of €1,163 million. Capital markets and investment banking and equity revenues rose sharply, due to the sales momentum in all business activities and thanks to market conditions that became more favourable after a low fourth quarter 2018. Due to solid performance in credit, rates and forex, commercial activity was strong in capital markets (+61.4%) and also in investment banking and equity (+18.5%). Compared with the third quarter, revenues of investment banking and equity are stable, and capital markets experienced a firm recovery with a +6.7% increase, providing a less pronounced seasonality in the full year. Despite the absence of major deals, structured finance posted strong performance (+7.2%) while revenues in commercial banking (-2.3%) were penalized by a sluggish EMEA syndicated loans market (-10% year-on-year[44]), even though it maintained its leading position (number 2) in this market[45].

Corporate and investment banking ranked 2nd in Aircraft financing (Worldwide), 2nd in Project finance (EMEA), 2nd in Issuance of bonds in EUR and in USD (France) and 2nd in Green bonds (Worldwide).

Results

In the fourth quarter of 2019, Corporate and investment banking's stated net income Group share was €356 million. Excluding the specific items cited above, **underlying net income Group share** was **€372 million**, up **+38.0%** compared with fourth quarter 2018.

Underlying revenues totalled €1,163 million, a sharp increase of **+22.6%** over fourth quarter 2018, due to the good results of the Capital markets and investment banking activities and equity (+54.7%) as well as to the slight increase in revenues for Financing activities (+2.0%).

Operating expenses excluding SRF contributions totalled €685 million in fourth quarter 2019, an increase of **+6.1%** over fourth quarter 2018. The increase of expenses is mainly due to tax effect, staff costs and, lastly, a foreign exchange impact. The increase in expenses is still moderate compared to the increase in revenues (+22.6%) resulting in positive jaws of 16.50 percentage points. As a result, the **underlying cost/income ratio** stood at **58.9%**, a sharp improvement of 9.1 percentage points from fourth quarter 2018.

The **cost of credit risk** posted net provisions of -€55 million this quarter, while posting a net reversal in fourth quarter 2018 (+€28 million). The **cost of risk/outstandings**[46] ratio for Financing activities averaged **12 basis points** annually over four rolling quarters.

Taxes were up +6.1% compared with fourth quarter 2018 at +€58 million. This increase can in particular be attributed to favourable impacts in Q4-18.

Corporate and investment banking's **underlying net income Group share** comprises the **Financing Activities'** contribution, in the amount of **€250 million** (compared with €273 million in fourth quarter 2018, a decrease of -8.2%) and **Capital Markets and Investment Banking's** contribution in the amount of **€122 million** (compared with -€3 million in fourth quarter 2018).

The 2019 **underlying net income Group share of Corporate and investment banking** was **€1,435 million**, up **+8.6%** compared with full year 2018. **Revenues** rose between the two periods (+6.5%) and **non-SRF operating expenses** posted a moderate increase (+3.0%). As a reminder, full year 2019 includes a contribution to the Single Resolution Fund (SRF) of €161 million, up +4.2% from the same period in 2018. The **underlying cost/income ratio excluding SRF for 2019** was **54.8%**, a year-on-year improvement of 1.8 percentage points.

[44] Thomson Reuters, in the EMEA region as at 30 September 2019
[50] *Credit syndication in EMEA zone 2019, bookrunner (Refinitiv)*
[46] *Relative to consolidated outstandings, calculated on an average annualised basis over four rolling quarters.*

Financing activities

Table 45. Financing activities - Contribution to results, stated and underlying, Q4-19 and 2019

€m	Q4-19 stated	Q4-19 underlying	∆ Q4/Q4 underlying	2019 stated	2019 underlying	∆ 2019/2018 underlying
Revenues	**573**	**589**	+1.9%	**2,474**	**2,518**	+1.5%
Operating expenses excl.SRF	(277)	(277)	+14.9%	(1,016)	(1,016)	+5.1%
SRF	0	0	n.m.	(45)	(45)	(2.6%)
Gross operating income	**296**	**312**	**(7.4%)**	**1,413**	**1,457**	**(0.8%)**
Cost of risk	(58)	(58)	n.m.	(132)	(132)	n.m.
Equity-accounted entities	3	3	n.m.	4	4	x 11
Net income on other assets	13	13	n.m.	14	14	n.m.
Income before tax	**254**	**270**	**(23.7%)**	**1,299**	**1,343**	**(13.4%)**
Tax	(10)	(14)	(81.4%)	(240)	(251)	(38.5%)
Net income	**244**	**256**	**(8.2%)**	**1,060**	**1,092**	**(4.4%)**
Non controlling interests	(5)	(5)	(7.6%)	(22)	(23)	(5.2%)
Net income Group Share	**239**	**250**	**(8.2%)**	**1,037**	**1,069**	**(4.4%)**
Cost/Income ratio excl. SRF (%)	**48.3%**	**47.1%**	**+5.3 pp**	**41.1%**	**40.3%**	**+1.4 pp**

For **structured financing** activity, the level of production remained satisfactory in fourth quarter 2019. Year-on-year, growth was concentrated in real estate and maritime assets (an increase of +8%). Moreover, under the Distribute to Originate model, Financing activities recorded an **average primary payout ratio over the past twelve months** of **41%**, up +2 points over fourth quarter 2018 and +15 percentage points over 2013, the year in which this policy was intensified.

Major deals completed by financing activities during the quarter were:

Thus, over fourth quarter 2019, **structured finance revenues** totalled **€277 million**, an increase of **+7.2%** over fourth quarter 2018.

In **commercial banking**, Crédit Agricole Corporate and Investment Bank confirmed its leadership position and this quarter came second in EMEA region syndication[47]. Crédit Agricole Corporate and Investment Bank posted an increase in revenues from its corporate loans and distribution activities (Debt Optimisation & Distribution) against the backdrop of a eurozone syndicated loan market down -10%. Export financing, international trade finance and cash management (International Trade & Transaction Banking) remained unchanged from fourth quarter 2018, with a drop in exports offset by an increase in other business lines. Accordingly, overall, **commercial banking underlying revenues** were **€312 million**, a slight drop of **-2.3%** from fourth quarter 2018.

In fourth quarter 2019, Financing activities as a whole delivered stated net income Group share of €239 million. Excluding specific items, such as loan portfolio hedges of -€11 million, **underlying net income Group share** was **€250 million**, a **decline of -8.2%**.

For the full year 2019, underlying net income Group share totalled **€1 billion**, a **decrease of -4.4%** compared with the same period in 2018. The **underlying cost/income ratio excluding SRF** was **40.3%**, a slight deterioration of 1.4 percentage points over one year.

Capital markets and investment banking

[47] *2019 EMEA syndicated loans, bookrunner (Source: Refinitiv)*

Table 46. Capital markets & investment banking - Contribution to results, stated and underlying, Q4-19 and 2019

€m	Q4-19 stated	Q4-19 underlying	∆ Q4/Q4 underlying	2019 stated	2019 underlying	∆ 2019/2018 underlying
Revenues	**568**	**574**	+54.7%	**2,192**	**2,213**	+12.7%
Operating expenses excl.SRF	(408)	(408)	+0.8%	(1,579)	(1,579)	+1.8%
SRF	-	-	n.m.	(116)	(116)	+7.1%
Gross operating income	**160**	**166**	**n.m.**	**498**	**519**	**+70.8%**
Cost of risk	4	4	(61.0%)	(24)	(24)	+8.3%
Net income on other assets	-	-	n.m.	2	2	n.m.
Income before tax	**164**	**170**	**n.m.**	**476**	**497**	**+76.4%**
Tax	(42)	(44)	n.m.	(115)	(121)	+62.9%
Net income	**122**	**126**	**n.m.**	**361**	**376**	**+81.2%**
Non controlling interests	(4)	(4)	n.m.	(10)	(10)	x 2.3
Net income Group Share	**117**	**122**	**n.m.**	**351**	**366**	**+80.2%**
Cost/Income ratio excl. SRF (%)	**71.8%**	**71.1%**	**-38.0 pp**	**72.0%**	**71.3%**	**-7.7 pp**

In fourth quarter 2019, underlying revenues for capital markets (FICC only) excluding DVA amounted to €505 million, a sharp increase of **+61.4%** over one year in a context of gradually improving market conditions. This quarter was characterised by a very solid performance on cash, credit, rates and foreign exchange and less seasonality in revenues. Credit activities continued to perform well in all sectors, in line with previous quarters, with the signing of several important mandates. The good performance of foreign exchange was driven by all activities, and in particular benefited from the volatility linked to the unstable political and economic environment between China and the United States, the crises in Hong Kong and Brexit, and in the continuity of the good commercial activity of third quarter 2019. **VaR** increased during the quarter from €7.4 million in the third quarter of 2019 to €9.8 million in the fourth quarter of 2019, but remains low. Capital markets confirmed their solid positioning in most rankings, and notably ranked second on euro[48] and dollar bond issuance.

Investment Banking's revenues improved (+18.5%) with a stable volume of activity between the fourth quarter of 2019 and the fourth quarter of 2018, but with significant transactions over the period of 2019, despite a shrinking European M&A market at its lowest in France.

The major mandates won by Capital Markets and Investment Banking in fourth quarter 2019 were:

In fourth quarter 2019, **Capital Markets and Investment Banking and equity** as a whole posted stated net income Group share of €117 million. Restated for specific elements, namely DVA in the amount of -€4 million, **underlying net income Group share** stood at **€122 million**. As a reminder, **underlying net income Group share** was negative (-€3 million) in fourth quarter 2018.

In 2019, underlying net income Group share totalled **€366 million**, a sharp **increase of +80.2%** compared with the same period in 2018. These results include a contribution to the Single Resolution Fund (SRF) of -€116 million, an increase of +7.1% compared to 2018. **The underlying cost/income ratio excluding SRF** stood at **71.3%** over the period, an improvement of 7.7 percentage points.

[48] *Refinitiv N1 – worldwide, bookrunner by volume as of 31 December 2019*

Asset servicing (CACEIS)

The financial statements for fourth quarter and full year 2019 include, under specific items: the KAS Bank/Santander Securities Services integration costs, with an impact on both fourth quarter 2019 and full year 2019 of -€15 million in expenses and -€11 million in net Income Group share; the KAS Bank/ Santander Securities Services acquisition costs with an impact on both fourth quarter 2019 and full year 2019 of -€6 million in gains/losses on other assets and -€5 million in net income Group share; and the KAS bank badwill, with an impact on both fourth quarter 2019 and full year 2019 of €22 million, both in changes in goodwill and in net income Group share. There were no specific items in the financial statements for fourth quarter 2018 or full year 2018.

The specific items in the income statement used to reconcile stated amounts and changes with underlying amounts and changes for fourth quarter and full year 2019 as well as for the same periods in 2018 are detailed in the Notes on *p. 99.*

Table 47. Asset servicing - Contribution to results, stated and underlying, Q4-19 and 2019

€m	Q4-19 stated	Q4-19 underlying	∆ Q4/Q4 underlying	2019 stated	2019 underlying	∆ 2019/2018 underlying
Revenues	**260**	**260**	+13.1%	**937**	**937**	+6.6%
Operating expenses excl.SRF	(217)	(202)	+20.4%	(726)	(711)	+9.1%
SRF	0	0	n.m.	(16)	(16)	+8.6%
Gross operating income	**42**	**58**	**(6.9%)**	**195**	**210**	**(1.3%)**
Cost of risk	(0)	(0)	(91.3%)	(4)	(4)	n.m.
Income before tax	**58**	**58**	**(4.7%)**	**202**	**202**	**(12.2%)**
Tax	(15)	(21)	+31.0%	(52)	(59)	+4.2%
Net income	**43**	**36**	**(18.0%)**	**150**	**143**	**(17.6%)**
Net income Group Share	**43**	**36**	**(18.0%)**	**150**	**143**	**(17.6%)**
Cost/Income ratio excl. SRF (%)	**83.7%**	**77.8%**	**+4.8 pp**	**77.5%**	**75.9%**	**+1.8 pp**

Activity

CACEIS' activities continued to grow, resulting in **fourth quarter 2019** in record levels of assets under custody and administration owing not only to the consolidation of KAS Banks and Santander Securities Services ("S3") in the third quarter 2019 and fourth quarter 2019, respectively, but also to a solid sales momentum at constant scope effect, and to a positive market effect. **Assets under custody** totalled **€3,879 billion** at end-December 2019, up **+47.3% (+€1,246 billion)** year-on-year and up **+23.4% (+€735 billion)** from end-September 2019. Note that of the additional €1,246 billion in assets at end-December 2019, €196 billion came from KAS Bank and €654 billion from S3. The balance (+€395 billion) is linked to both a solid sales momentum in the CACEIS scope and to a positive market effect. **Assets under administration** totalled **€2,047 billion**, up **+21.0% (+€355 billion)** over one year, with €142 billion contributed by KAS Bank and €12 billion by Santander Fund Administration. Excluding these new entities, the increase was +€201 billion. Compared with the previous quarter, **assets under administration** grew **by +1.2% (+€24 billion)** and **assets under custody** grew **by +23.4% (+€735 billion).**

S3 was consolidated at 31 December 2019 in the CACEIS accounts, with no impact on income for this quarter, following the signing of a Master Agreement relating to the merger of the custody and asset servicing activities of Santander and Crédit Agricole S.A. Note that Crédit Agricole S.A. and Santander own 69.5% and 30.5% respectively of the new entity. The first impact in revenues of **KAS Bank** over this quarter was €20 million in revenues; the impact on net income Group share was marginal at around -€0.1 million.

Table 48. Asset servicing - Outstandings

€bn	Dec. 17	Mar. 18	Jun. 18	Sept. 18	Dec. 18	Mar. 19	Jun. 19	Sept. 19	Dec. 19	∆ Dec./Dec.
Assets under custody (AuC)	2,656	2,605	2,631	2,702	2,633	2,776	2,874	3,144	3,879	+47.3%
Assets under administration (A	1,762	1,768	1,776	1,786	1,692	1,778	1,819	2,023	2,047	+21.0%

Results

In fourth quarter 2019, underlying net income Group share of Asset Servicing was **€36 million**, **down -18.0%** from fourth quarter 2018. **Gross operating income** stood at **€58 million**, down -6.9**%** compared to fourth quarter 2018, and was related to the +20.4% increase in expenses.

Revenues increased by **+13.1**% (+€33 million) compared with fourth quarter 2018 to **€260 million**, thanks to the strong business growth and the increase in net fee and commission income and net interest margin, but also to KAS Bank's positive impact of €20 million. **Underlying operating expenses** were **€202 million**, **up by €34 million** from fourth quarter 2018. This increase was related mainly to expenses linked to business development projects.

For the full year 2019, underlying net income Group share was **€143 million, down-17.6% from 2018.** Excluding the integration and acquisition costs of KAS Bank and S3 (-€16 million) and the KAS Bank badwill (+€22 million), the decrease in net income Group share was **-13.8%** between the two periods. As a reminder, full year 2018 includes a capital gain from disposal of CACEIS North America (CNA) for €14 million (third quarter 2018). **Underlying gross operating income** fell slightly (-1.3%) to **€210 million**. **Revenues** increased by **+6.6%** in connection with the activities and the solid performance of treasury which benefited from an increase in volumes, as well as KAS Bank (+€20 million in revenues for the sole fourth quarter). **Underlying operating expenses excluding the SRF contributions** increased by **+9.1%** over the same period due to personnel and IT expenses dedicated to supporting new customer onboardings. The SRF contributions in turn increased by +8.6%. The **cost/income ratio excluding SRF** was **75.9%**, **down 1.8 point**.

Corporate Centre (CC)

The Corporate Centre includes three types of activities.

- *it acts as Crédit Agricole S.A.'s corporate centre, and is responsible for asset and liability management and for the management of debt related to acquisitions of subsidiaries and equity investments, as well as the net effects of Crédit Agricole S.A.'s group tax consolidation arrangements;*
- *the results of the private equity business and various other Crédit Agricole S.A. Group companies (including CA Immobilier, Uni-médias, Foncaris, etc.);*
- *the results of resource pooling companies carrying out specific activities on behalf of the Group and its subsidiaries: IT production (CAGIP), payment activities (CAPS) and operation of the property portfolio (SCI);*
- *The Corporate Centre also includes other elements, notably the technical and volatile impacts related to intragroup transactions.*

The financial statements for fourth quarter 2019 include several specific items for a total impact of +€406 million in net income Group share, which concern the positive impact linked to the favourable decision of France's Council of State (Conseil d'Etat) on the tax treatment dispute regarding the Emporiki securities in the amount of +€1,038 million, the negative impact linked to the impairment of goodwill recognised for LCL in the amount -€611 million, as well as the -€21 million home purchase savings plan provision booked by Crédit Agricole S.A. In fourth quarter 2018, the only specific item was also the home-purchase savings plan provision (+€6 million in revenues, impact on net income Group share of +€4 million).

The specific items in the income statement used to reconcile stated amounts and changes with underlying amounts and changes in fourth quarter and full year 2019 as well as for the same periods in 2018 are detailed in the Notes on p. 99.

Table 49. Corporate centre (CC) - Contribution to results, stated and underlying, Q4-19 and 2019

€m	Q4-19 stated	Q4-19 underlying	∆ Q4/Q4 underlying	2019 stated	2019 underlying	∆ 2019/2018 underlying
Revenues	**(141)**	**(109)**	+57.6%	**(497)**	**(407)**	+19.3%
Operating expenses excl.SRF	(229)	(229)	(10.6%)	(789)	(789)	(6.3%)
SRF	(0)	(0)	n.m.	(83)	(83)	+34.3%
Gross operating income	**(370)**	**(338)**	**+3.9%**	**(1,369)**	**(1,279)**	**+2.7%**
Cost of risk	(10)	(10)	+86.0%	(28)	(28)	x 6.3
Equity-accounted entities	(5)	(5)	n.m.	6	6	(70.8%)
Net income on other assets	(8)	(8)	x 2.6	12	12	(10.7%)
Change in value of goodwill	(611)	-	n.m.	(611)	-	n.m.
Income before tax	**(1,004)**	**(361)**	**(11.4%)**	**(1,991)**	**(1,290)**	**(0.1%)**
Tax	1,278	229	+14.1%	1,539	470	(18.2%)
Net income	**274**	**(132)**	**(36.2%)**	**(452)**	**(820)**	**+14.4%**
Non controlling interests	2	2	n.m.	7	7	n.m.
Net income Group Share	**276**	**(130)**	**(40.1%)**	**(445)**	**(813)**	**+11.1%**
Cost/Income ratio excl.SRF (%)	**-162.3%**	**-209.9%**	**+160.1 pp**	**-158.8%**	**-193.8%**	**+53.1 pp**

Underlying: Restated for specific elements, see p. 99

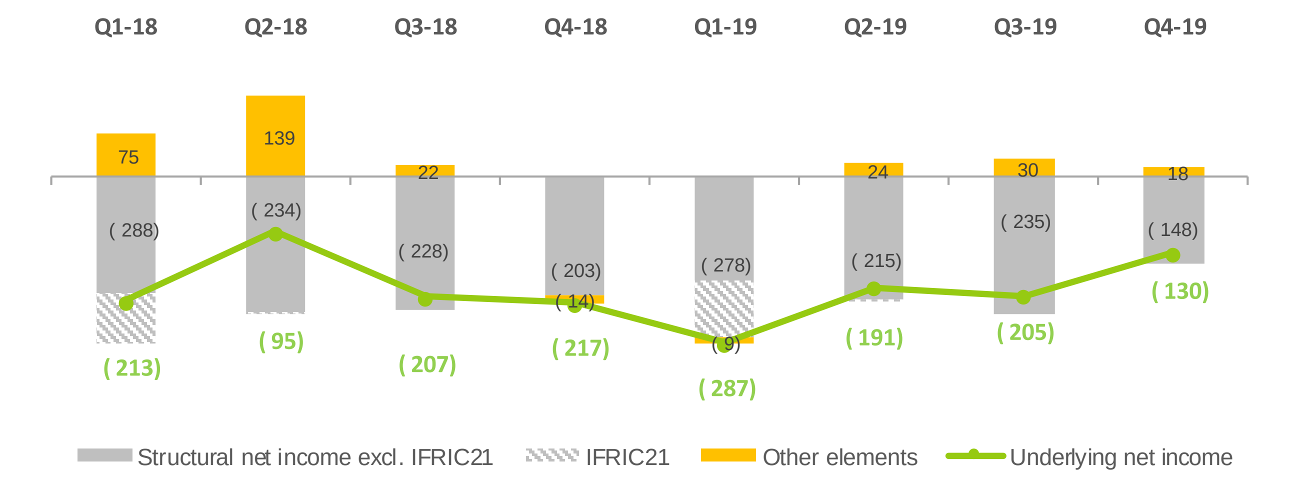
Excluding those specific items, the division's **underlying net income Group share** was a **loss of -€130 million**, which represents a significant improvement of +€87 million over fourth quarter 2018.

An analysis of the negative contribution of the Corporate Centre looks at both the "structural" contribution and other items. The "Structural" contribution includes three types of activities:

- the activities and the role of the corporate centre of Crédit Agricole S.A. corporate entity. The negative contribution totalled -€156 million in fourth quarter 2019, a significant improvement (-37.9%) compared with fourth quarter 2018 (-€251 million) thanks to the continuous decrease in the cost of debt;
- the businesses that are not part of the business lines, such as CACIF (Private equity) and CA Immobilier: their contribution was down in fourth quarter 2019 (+€15 million, -€39 million compared with fourth quarter 2018); The decrease can be attributed to a transaction recorded by CACIF in fourth quarter 2018 in relation to NEOEN's IPO (a positive impact of +€46 million in net income Group share);
- the Group's support functions: fourth quarter 2019 recorded a negative impact of -€7 million, slightly lower than fourth quarter 2018 (-€5 million). Their contribution, however, remains essentially nil over a rolling 12-month period, as their services are reinvoiced to the other Group business line.

The significant improvement in this business line can also be attributed to a positive base effect of the contribution of "other items" which recorded a positive impact of +€18 million in fourth quarter 2019 (versus -€14 million in fourth quarter 2018).

Table 50. CC: Quarterly change in underlying net income



€m	Q4-19	Q4-18	∆ Q4/Q4	2019	2018	∆ 2019/2018
Net income Group share underlying	**(130)**	**(217)**	**+87**	**(813)**	**(731)**	**(81)**
Of which structural net income	**(148)**	**(203)**	**+55**	**(881)**	**(953)**	**+72**
- Balance sheet & holding Crédit Agricole S.A.	(156)	(251)	+95	(937)	(1 054)	+117
- Other activities (CACIF, CA Immobilier, etc.)	15	53	(39)	51	119	(69)
- Support functions (CAPS, CAGIP, SCI)	(7)	(5)	(2)	5	(19)	+24
Of which other elements of the division	**18**	**(14)**	**+32**	**68**	**222**	**(154)**

In full year 2019, **underlying net income Group share** was **-€813 million** (versus -€731 million in full year 2018). This included a contribution of -€83 million to the Single Resolution Fund, up +34.3% from full year 2018.

The "structural" contribution improved by +€72 million to reach -€881 million in full year 2019, mainly due to an improvement in the contribution from the activities and functions of Crédit Agricole S.A.'s corporate centre (the negative contribution decreased by €117 million between the two periods).

At the same time, the other items contributed positively in the amount of +€68 million in full year 2019, a clear decrease compared to full year 2018 (+€222 million).

At 31 December 2019, **risk-weighted assets** were **€24.9 billion and allocated capital was €2.4 billion.**

Crédit Agricole Group

Consolidated results

Table 51. Crédit Agricole Group - Stated and underlying results, Q4-19 and Q4-18

€m	Q4-19 stated	Q4-18 stated	∆ Q4/Q4 stated	Q4-19 underlying	Q4-18 underlying	∆ Q4/Q4 underlying
Revenues	**8,399**	**8,110**	+3.6%	**8,602**	**8,064**	+6.7%
Operating expenses excl.SRF	(5,582)	(5,478)	+1.9%	(5,566)	(5,440)	+2.3%
SRF	-	-	n.m.	-	-	n.m.
Gross operating income	**2,818**	**2,632**	**+7.1%**	**3,035**	**2,624**	**+15.7%**
Cost of risk	(494)	(499)	(1.0%)	(494)	(499)	(1.0%)
Cost of legal risk	-	(75)	(100.0%)	-	(75)	(100.0%)
Equity-accounted entities	83	10	x 8	83	77	+7.5%
Net income on other assets	15	48	(69.2%)	21	48	(56.1%)
Change in value of goodwill	(642)	-	n.m.	-	-	n.m.
Income before tax	**1,780**	**2,116**	**(15.9%)**	**2,646**	**2,175**	**+21.6%**
Tax	587	(416)	n.m.	(525)	(412)	+27.4%
Net income from discont'd or held-for-sale ope.	(46)	(0)	x 1768.1	(0)	(0)	x 8.1
Net income	**2,320**	**1,700**	**+36.5%**	**2,120**	**1,763**	**+20.3%**
Non controlling interests	(134)	(130)	+3.7%	(134)	(137)	(2.1%)
Net income Group Share	**2,186**	**1,571**	**+39.2%**	**1,986**	**1,626**	**+22.1%**
Cost/Income ratio excl.SRF (%)	**66.5%**	**67.5%**	**-1.1 pp**	**64.7%**	**67.5%**	**-2.7 pp**

In fourth quarter 2019, Crédit Agricole Group's stated **net income Group share** was **€2,186 million** versus €1,571 million in fourth quarter 2018, up +39.2%.

Specific items had **a net positive impact of +€200 million on net income Group share this quarter.** They include the favourable decision of France's *Conseil d'Etat* on the tax treatment dispute regarding the Emporiki securities in the amount of +€1,038 million, the costs of integration and acquisition by CACEIS of Santander and KAS Bank (respectively -€15 million in general expenses/-€11 million in net income Group share, and -€6 million in net income on other assets/-€5 million in net income Group share), a reclassification of held-for-sale operations of -€46 million under income from held-for-sale operations. The acquisition of KAS Bank by CACEIS generated negative goodwill of +€22 million and LCL's goodwill was partially impaired in the amount of -€664 million. Lastly, recurring volatile accounting items such as the DVA (Debt Valuation Adjustment, i.e. gains and losses on financial instruments related to changes in the Group's issuer spread), amounting to -€4 million, hedges on the Large customers loan book for -€12 million, and the changes in the provision for home purchase savings plans in the amount of -€119 million are also to be included.

In fourth quarter 2018, specific items had a negative impact of -€55 million on net income Group share, including -€14 million from Pioneer Investments integration costs (-€27 before tax and non-controlling interests), -€7 million from the integration costs of the three Italian banks (-€11 before tax and non-controlling interests), -€67 million for the FCA Bank fine, and, lastly, +€33 million in net income Group share from recurring volatile accounting items, namely the DVA in the amount of +€11 million and the hedges on the Large customers' loan book in the amount of +€13 million and the changes in the provision for home purchase savings plans in the amount of +€9 million.

Excluding specific items[49], **underlying net income Group share** stood at **€1,986 million**, up +22.1% year-on-year.

At €8,602 million this quarter, **underlying net revenues** posted an increase of **+6.7%**, driven mainly by Asset gathering (+10.4%), Large customers (+20.7%) and Retail Banking (+5.1%). **Underlying operating expenses** were up **+2.3%** compared with fourth quarter 2018, in particular due to the IT investments planned in the Group's Medium-Term Plan at the Regional Banks level, with the occasional acceleration of investments made by Crédit Agricole Assurances for the development of its activities, particularly internationally. (this effect is cumulative with

[49] See p. 80 for more details on Crédit Agricole Group specific items

a base effect on this business line compared with fourth quarter 2018). In asset management, the increase in expenses can be explained by the increase in variable compensation (linked to solid performance), and one-off costs linked to strategic projects. Lastly, Asset servicing made investments to support recent partnerships and the acquisition of new customers (FTE and IT costs). Accordingly, the jaws were very positive at +4,4 percentage points compared with fourth quarter 2018.

At -€494 million versus -€499 million in fourth quarter 2018, the **cost of credit risk** was unchanged at **-1.0%.** The return to normal of the cost of risk in corporate and investment banking (net charges of -€55 million while net reversals were recorded for +€28 million in fourth quarter 2018) was offset by the marked decline in that of the Regional Banks over the period (net charges of -€155 million versus -€250 million in fourth quarter 2018). The **cost of risk on outstandings**[50] of Crédit Agricole Group stood at **20 basis points,** up +2 basis points from fourth quarter 2018, but still at a low level, below the Medium-Term Plan assumption of 25 basis points.

The **underlying contribution of equity-accounted entities**, at +€83 million, increased by **+7.5%/+€6 million** compared with fourth quarter 2018, in connection with the sharp growth of the asset management JVs over the period (notably due to India).

Underlying pre-tax income rose to €2,646 million, a **+21.6%** increase from fourth quarter 2018. The **underlying tax charge was up +27.4%** from fourth quarter 2018, showing a slight increase of +0.9 percentage points in the underlying tax rate, from 19.6% to 20.5%. Accordingly, underlying net income before non-controlling interests was up +20.3% and **underlying net income Group share increased by +22.1% compared with fourth quarter 2018.**

Table 52. Crédit Agricole Group - Stated and underlying results, 2019 and 2018

€m	2019 stated	2018 stated	∆ 2019/2018 stated	2019 underlying	2018 underlying	∆ 2019/2018 underlying
Revenues	**33,297**	**32,839**	+1.4%	**33,790**	**32,813**	+3.0%
Operating expenses excl.SRF	(21,386)	(21,064)	+1.5%	(21,371)	(21,005)	+1.7%
SRF	(426)	(389)	+9.4%	(426)	(389)	+9.4%
Gross operating income	**11,485**	**11,385**	**+0.9%**	**11,993**	**11,418**	**+5.0%**
Cost of risk	(1,757)	(1,640)	+7.1%	(1,757)	(1,640)	+7.1%
Cost of legal risk	-	(80)	(100.0%)	-	(75)	(100.0%)
Equity-accounted entities	356	266	+33.9%	356	333	+7.0%
Net income on other assets	36	87	(59.0%)	42	87	(51.8%)
Change in value of goodwill	(642)	86	n.m.	-	-	n.m.
Income before tax	**9,478**	**10,105**	**(6.2%)**	**10,634**	**10,123**	**+5.0%**
Tax	(1,737)	(2,733)	(36.5%)	(2,945)	(2,743)	+7.4%
Net income from discont'd or held-for-sale ope.	(38)	(3)	n.m.	8	(3)	n.m.
Net income	**7,704**	**7,369**	**+4.5%**	**7,697**	**7,377**	**+4.3%**
Non controlling interests	(506)	(525)	(3.5%)	(506)	(527)	(4.0%)
Net income Group Share	**7,198**	**6,844**	**+5.2%**	**7,191**	**6,849**	**+5.0%**
Cost/Income ratio excl.SRF (%)	**64.2%**	**64.1%**	**+0.1 pp**	**63.2%**	**64.0%**	**-0.8 pp**

For full year 2019, the **underlying net income Group share** was up (**+5.0%/+€342 million)** compared with 2018, to **€7,191 million**. The increase in the cost of credit risk (-€117 million) is attributable to the return of the cost of risk in corporate and investment banking to a normal level. The increase in the tax charge (-€202 million) remained below the strong increase in gross operating income (+€575 million).

Underlying **revenues** were up **+3.0%** and **operating expenses excluding the Single Resolution Fund (SRF)** remained under tight control, at **+1.7%.** Accordingly**,** the Group posted a positive jaws of +1,3 percentage point over the year.

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

The cost of credit risk posted a +7.1% increase excluding non-specific provisions for legal risks. The doubtful loans ratio remained stable at a very low level of 2.5% and the coverage ratio (including collective provisions) was 82.6% at end-December 2019.

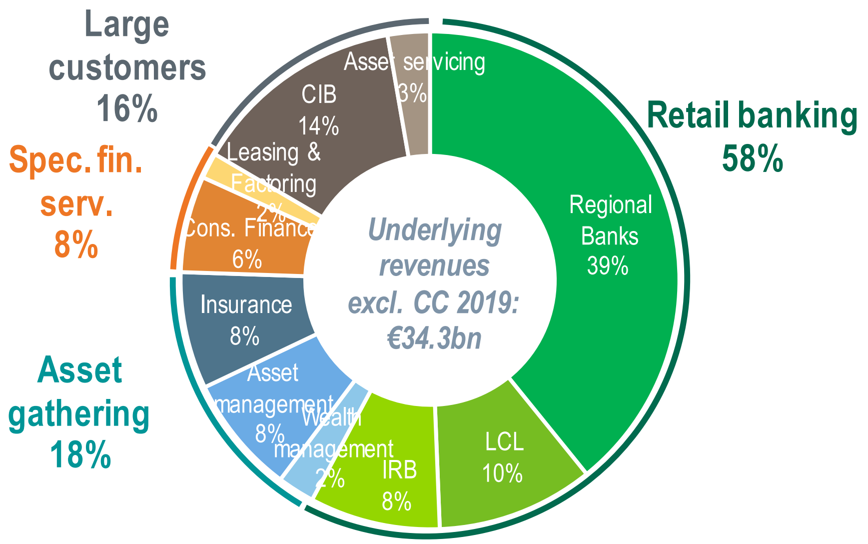
The effective tax rate amounted to 28.7% on the period, versus 28.0% at end-2018.

Results 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 breakdown of underlying net income Group Share[51] excluding the Corporate Centre division is as follows:

Table 53. Crédit Agricole Group - Total underlying revenues, excl.Corporate centre, 2019

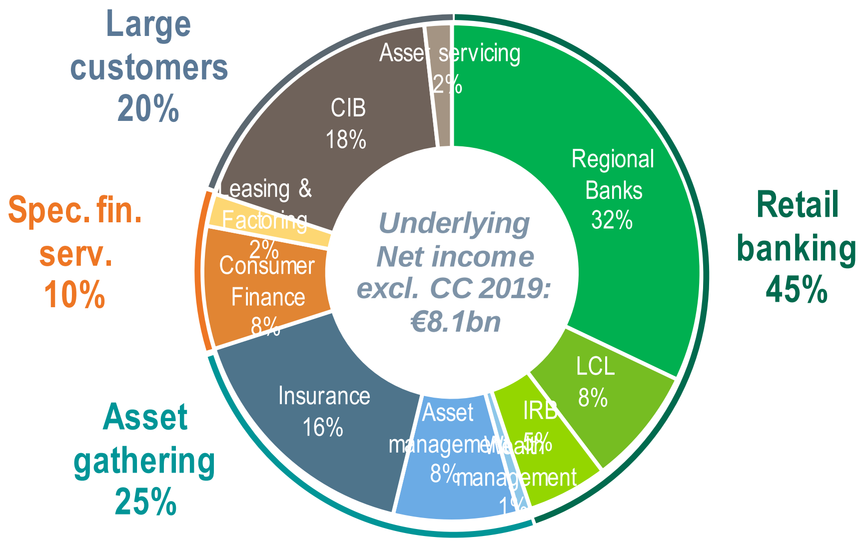


AG: Asset Gathering, including Insurance; RB: Retail Banking; RB: Regional banks; SFS: Specialised financial services; LC: Large Customers CIB: Corporate & Investment banking; CC: Corporate Centre

2019 underlying Net income Group Share[51] excluding the Corporate Centre: €34,253 million, +3.2% compared with 33,186 in 2018

Retail banking was the top contributor, representing 58% of underlying revenues in 2019 (excluding the Corporate Centre), including 39% from the Regional Banks.

Table 54. Crédit Agricole Group - Underlying Net income, excl. Corp. centre, 2019s



AG: Asset Gathering, including Insurance; RB: Retail Banking; RB: Regional banks; SFS: Specialised financial services; LC: Large Customers CIB: Corporate & Investment banking; CC: Corporate Centre

2019 underlying Net income Group Share[51] excluding the Corporate Centre in 2019: €8,095 million, +5.8% compared with 7,649 in 2018.

Retail banking was again the top contributor, representing 45% of underlying net income Group share (excluding the Corporate Centre) in 2019, including 32% from the Regional Banks.

[51] See p. 80 for more details on Crédit Agricole Group specific items

Regional Banks

Activity

In fourth quarter 2019, **customer savings** totalled €732.6 billion (up +5.9% from fourth quarter 2018) with an increase in **on-balance sheet** deposits (+6.3% to €461.3 billion), driven in particular by demand deposits (+11.3% to €165.6 billion). **Off-balance sheet** deposits (€271.3 billion) also increased by +5.2% over the same period with a significant increase in life insurance assets under management (+5.3%) which totalled €200.2 billion.

Loans outstanding were also up +6.7% compared with fourth quarter 2018 (€520.1 billion) notably with a sharp increase in **home loans** (+7.6%, 319.6 billion in outstandings) and **loans granted to businesses** (+6%, 83.3 billion in outstandings).

This **increase** is related among other things to the **growth of the net customer base** (+264,000 additional customers in full year 2019, including 185,000 individual customers) and to **an improvement in customer equipment** (+9% of premium cards for individual customers, +4.4% in the number of property and personal insurance policies, +7.3% in consumer finance outstanding, totalling €21.6 billion).

Table 55. Regional banks - Loans and customer assets outstandings

Customer assets (€bn)*	Dec. 17	Mar. 18	Jun. 18	Sept. 18	Dec. 18	Mar. 19	Jun. 19	Sept. 19	Dec. 19	Δ Dec./Dec.
Securities	46.2	45.8	46.6	46.7	44.2	44.7	43.8	44.7	45.2	+2.5%
Mutual funds and REITs	27.6	26.8	26.6	25.7	23.7	25.3	25.7	25.6	25.9	+9.4%
Life insurance	186.7	187.8	189.1	189.6	190.2	194.7	196.5	197.9	200.2	+5.3%
Off-balance sheet assets	**260.5**	**260.4**	**262.3**	**262.0**	**258.0**	**264.7**	**266.1**	**268.2**	**271.3**	**+5.2%**
Demand deposits	137.0	135.6	142.4	144.4	148.8	149.7	155.6	159.0	165.6	+11.3%
Home purchase savings schemes	99.8	100.4	100.7	101.0	103.2	103.7	104.0	104.4	106.6	+3.3%
Passbook accounts	123.2	125.6	126.9	128.8	131.0	133.9	135.7	137.8	139.8	+6.8%
Time deposits	53.3	52.6	52.0	52.1	51.0	51.1	51.1	50.7	49.3	(3.3%)
On-balance sheet assets	**413.3**	**414.2**	**422.0**	**426.3**	**434.0**	**438.4**	**446.4**	**451.8**	**461.3**	**+6.3%**
TOTAL	**673.8**	**674.7**	**684.3**	**688.3**	**691.9**	**703.1**	**712.5**	**720.1**	**732.6**	**+5.9%**

NB: Change in method in March: recognition of life insurance policies purchased from non-Group providers

Passbooks, o/w (€bn)	Dec. 17	Mar. 18	Jun. 18	Sept. 18	Dec. 18	Mar. 19	Jun. 19	Sept. 19	Dec. 19	Δ Dec./Dec.
Livret A	40.6	41.9	42.7	43.5	44.6	46.3	47.4	48.3	49.0	+10.0%
LEP	12.2	12.1	12.0	12.0	12.2	11.7	11.0	11.1	11.3	(7.0%)
LDD	30.6	30.9	31.0	31.1	31.5	31.9	32.2	32.4	32.6	+3.7%
Mutual shareholders passbook account	8.8	8.8	9.0	9.2	9.3	9.5	9.6	9.8	9.9	+7.1%

** including customer financial instruments*

Loans outstanding (€bn)	Dec. 17	Mar. 18	Jun. 18	Sept. 18	Dec. 18	Mar. 19	Jun. 19	Sept. 19	Dec. 19	Δ Dec./Dec.
Home loans	275.6	279.6	285.0	291.3	296.9	300.2	306.2	313.2	319.6	+7.6%
Consumer credit	18.5	18.7	19.2	19.5	20.1	21.7	20.6	20.8	21.6	+7.3%
SMEs	71.2	73.2	73.9	76.4	78.5	77.4	79.3	81.6	83.3	+6.0%
Small businesses	20.6	21.0	21.2	21.4	21.7	22.0	22.3	22.6	23.1	+6.4%
Farming loans	38.1	38.5	39.2	39.3	38.6	39.2	40.2	40.7	39.8	+3.2%
Local authorities	32.8	31.7	31.6	31.2	31.5	32.0	32.5	32.3	32.8	+4.1%
TOTAL	**456.7**	**462.6**	**470.2**	**479.1**	**487.4**	**492.5**	**501.1**	**511.2**	**520.1**	**+6.7%**

Results

***Specific items** in fourth quarter 2019 included an addition to home purchase savings plan provisions of -€137 million under revenues (-€90 million under net income Group share). For the full year 2019, these totalled -€307 million under revenues (-€201 million under net income Group share) with the same type of restatement. In fourth quarter 2018, specific items included a reversal in the amount of €4 million under net income Group share. In full year 2018, an addition of -€10 million was posted to net income Group share.*

The specific items in the income statement used to reconcile stated amounts and changes with underlying amounts and changes are detailed in the Notes on page 100.

Table 56. Regional Banks - Contribution to results, stated and underlying, Q4-19 and 2019

€m	Q4-19 stated	Q4-19 underlying	∆ Q4/Q4 underlying	2019 stated	2019 underlying	∆ 2019/2018 underlying
Revenues	**3,276**	**3,413**	+5.7%	**13,117**	**13,424**	+2.8%
Operating expenses excl.SRF	(2,276)	(2,276)	+1.8%	(8,836)	(8,836)	+2.1%
SRF	-	-	n.m.	(86)	(86)	(1.3%)
Gross operating income	**1,000**	**1,137**	**+14.6%**	**4,196**	**4,502**	**+4.4%**
Cost of risk	(155)	(155)	(37.9%)	(498)	(498)	(21.5%)
Income before tax	**848**	**984**	**+33.3%**	**3,703**	**4,010**	**+8.7%**
Tax	(257)	(304)	+51.0%	(1,307)	(1,413)	+9.9%
Net income Group Share	**590**	**680**	**+26.6%**	**2,396**	**2,597**	**+8.1%**
Cost/Income ratio excl.SRF (%)	**69.5%**	**66.7%**	**-2.6 pp**	**67.4%**	**65.8%**	**-0.5 pp**

Table 57. Regional Banks – detail of fees and commissions, from Q4-17 to Q4-19

€m	Q4-17	Q1-18	Q2-18	Q3-18	Q4-18	Q1-19	Q2-19	Q3-19	Q4-19	∆ Q4/Q4
Services and other banking transactions	161	209	203	184	206	210	200	201	205	(0.8%)
Securities	72	75	73	64	64	63	61	58	67	+4.6%
Insurance	720	789	606	593	755	854	636	626	736	(2.5%)
Account management and payment instruments	505	520	548	534	530	519	535	536	530	+0.1%
Net fees & commissions from other customer activi	90	89	91	97	103	90	98	102	110	+7.0%
TOTAL[(1)]	**1,549**	**1,683**	**1,520**	**1,473**	**1,658**	**1,736**	**1,529**	**1,523**	**1,648**	**(0.6%)**

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

In fourth quarter 2019, the contribution to **underlying net income Group share** of the Regional Banks was €680 million, up +26.6% from fourth quarter 2018. **Underlying revenues** were up (+5.7%) and totalled €3,413 million notably due to a positive market effect on the investment portfolio and a solid resilience of commissions which offset the pressure on interest revenues. **Operating expenses** were up +1.8% compared with fourth quarter 2018, corresponding to continued IT investments under the Group's Medium-Term Plan. Lastly, **cost of risk** was down over the period (-37.9%) with cost of risk on outstandings still low (10 bp vs 14 bp at end-2018). The **cost/income ratio** decreased compared with fourth quarter 2018 (-2.6 percentage points) to 66.7%. Furthermore, the **non-performing loans (NPL) ratio** was down (1.87% vs 2% at end-2018) and the **coverage ratio** remained high (99.1%).

For the full year 2019, **underlying net income Group share** was **€2,597 million**, **up +8.1%** and the **cost/income ratio** excluding SRF stood at 65.8%**, stable** from 2018 (-0.5 percentage point).

Financial structure

Solvency

Crédit Agricole S.A.

At end-**December 2019**, Crédit Agricole S.A.'s financial strength remained high and was reflected in its **CET1** ratio, which stood at **12.1%, up +0.4 percentage point compared with end-September 2019**.

This quarter, it benefited from a significant positive impact of +32 basis points attributable to the favourable outcome of the tax treatment dispute regarding the Emporiki shares generating a gain in income of +€1,038 million; this benefit will be fully devoted to finance the partial unwinding of 35% of the Switch guarantee from first quarter 2020[52] (expected impact of approximately -40 basis points on the CET1 ratio), which will have an accretive impact on net income Group share in the amount of +€58 million in 2020 and +€70 million on a full-year basis.

Excluding this favourable impact, the ratio was up +10 basis points compared to 30 September 2019, due to various items as follows:

- +16 basis points from **retained earnings** for the quarter (+39 basis points in stated results, excluding the impact of the unwinding of the Emporiki dispute and -24 basis points in dividend distribution and AT1 coupons). It includes a dividend provision of €0.23 per share, corresponding to a dividend provision of €0.70 for full year 2019, which the Board of Directors will recommend to the next General Shareholders' Meeting on 13 May 2020;
- -10 basis points from a negative impact[53] on the **OCI reserves on securities portfolios**, in the context of rising rates in fourth quarter 2019 and which at end-December 2019 represented 51 basis points of the CET1 ratio;
- +18 basis points in relation to the significant decrease in the business lines' risk-weighted assets (including the foreign exchange impact for +3 basis points) over the quarter (-€5.0 billion);
- -10 basis points in other items, which include notably the effect of M&A transactions, i.e. the strategic combination of CACEIS and Santander Securities Services (-5 basis points), the additional disposal of the BSF shares (+8 basis points) as well as the regulatory impacts (for -8 basis points).

Risk-weighted assets amounted to **€324 billion** at end-December 2019, down -€5.6 billion/-2.0% from end-September 2019. The decrease is attributable to the following items:

- -€5.0 billion related to the organic change of the business lines over the period: a net decrease at CACEIS and securitisation transactions carried out by the CIB;
- -€3.1 billion related to the decrease in value of the insurance companies: impairment of the securities portfolio in OCI (Other Comprehensive Income) reserves in the context of rising interest rates in the amount of -€2.2 billion and the income for the period, net of an interim dividend, in the amount of -€0.9 billion;
- -€0.7 billion related to the net impact of the M&A transactions carried in fourth quarter 2019: +€0.8 billion in relation to the combination of CACEIS and Santander, offset by the impact of the additional disposal of the BSF shares in the amount of -€1.6 billion;
- besides, some regulation impacts generated an increase of risk-weighted assets of +€2.3 billion over the quarter, mainly due to changes in weighting of operational risks.

The **phased-in Tier one ratio** stood at **13.7**% at 31 December 2019 and the phased-in total capital ratio stood at **17.5%**.

[52] See press release published on 15 January 2020

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

Lastly, Crédit Agricole S.A.'s **phased-in leverage ratio** stood at **4.2%** at end-December 2019. The intra-quarter average measure of phased-in leverage ratio, which refers to the average of end-of-month measures for the first two months of this second quarter was **3.9%.**

Table 58. Credit Agricole SA: solvency (in euros Bn)

Credit Agricole SA: solvency (in euros Bn)	Fully-loaded		Phased-in	
	31/12/19	*31/12/18*	*31/12/19*	*31/12/18*
EQUITY - GROUP SHARE	**62.9**	**58.8**	**62.9**	**58.8**
(-) Expected dividend	(2.0)	(2.0)	(2.0)	(2.0)
(-) AT1 instruments accounted as equity	(5.1)	(5.0)	(5.1)	(5.0)
Eligible minority interests	4.4	3.7	4.4	3.7
(-) Prudential filters	(1.6)	(1.6)	(1.6)	(1.6)
o/w : Prudent valuation	*(0.9)*	*(1.2)*	*(0.9)*	*(1.2)*
(-) Deduction of goodwills and intangible assets	(18.7)	(17.9)	(18.7)	(17.9)
Deferred tax assets that rely on future profitability excluding those arising from temporary differences	(0.1)	(0.2)	(0.1)	(0.2)
Shortfall in adjustments for credit risk relative to expected losses under the internal ratings-based approach	(0.2)	(0.1)	(0.2)	(0.1)
Amount excedding thresholds	0.0	0.0	0.0	0.0
Other CET1 components	(0.4)	(0.3)	(0.4)	(0.3)
COMMON EQUITY TIER 1 (CET1)	**39.2**	**35.4**	**39.2**	**35.4**
Additionnal Tier 1 (AT1)	3.5	5.0	5.1	6.8
TOTAL TIER 1	**42.7**	**40.4**	**44.3**	**42.1**
Tier 2	12.1	12.4	12.2	12.6
TOTAL CAPITAL	**54.8**	**52.7**	**56.5**	**54.7**
RWAs	**323.7**	**306.9**	**323.7**	**306.9**
CET1 ratio	**12.1%**	**11.5%**	**12.1%**	**11.5%**
Tier 1 ratio	**13.2%**	**13.1%**	**13.7%**	**13.7%**
Total capital ratio	**16.9%**	**17.2%**	**17.5%**	**17.8%**

Crédit Agricole Group

At **end-December 2019,** Crédit Agricole Group had a **CET1 ratio** of **15.9%**, up +0.4 percentage point compared with end-September 2019. The change stems from the following items:

- +24 basis points resulting from the quarter's retained earnings;
- -2 basis points negative impact [54]on the **OCI reserves on securities portfolios**, which at end-December 2019 represented 25 basis points of the fully loaded CET1 ratio;
- +4 basis points related to the good control on risk-weighted assets in business lines, specifically due to a decrease in risk-weighted assets at CACEIS and to securitisation transactions carried out by the CIB that helped offsetting the risk-weighted asset growth in Retail banking, with Regional Banks having posted a +€2.9 billion increase in in fourth quarter 2019;
- +2 basis points in other items, including, among other things, the net impact of CACEIS' combination with Santander and of the additional disposal of BSF shares;
- lastly, +19 basis points related to the positive outcome of the dispute on the tax treatment of the Emporiki shares which had generated a gain in income in the amount of +€1,038 million. This is a long-term impact on the Crédit Agricole Group's CET1 ratio.

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

At 15.9%, this ratio offers a substantial buffer of +6.2 percentage points over the 2019 SREP requirement of 9.7% (including the countercyclical capital buffer at 31 December 2019) and exceeds by €32 billion the threshold triggering distribution restrictions.

The **phased-in Tier one ratio** stood at **16.8%** at 31 December 2019 and the phased-in total capital ratio stood at **19.3%.**

Lastly, Crédit Agricole Group's **phased-in leverage ratio** stood at **5.7%** at end-December 2019. The intra-quarter average phased-in leverage ratio, which refers to the average of end of month measures for the first two months of this third quarter was **5.4%**. The **fully loaded leverage ratio** was **5.6%**.

Table 59. Credit Agricole Group: solvency (in euros Bn)

	Fully-loaded		Phased-in	
	31/12/19	31/12/18	31/12/19	31/12/18
EQUITY - GROUP SHARE	**115.0**	**106.7**	**115.0**	**106.7**
(-) Expected dividend	(1.1)	(1.1)	(1.1)	(1.1)
(-) AT1 instruments accounted as equity	(5.1)	(5.0)	(5.1)	(5.0)
Eligible minority interests	3.5	2.7	3.5	2.7
(-) Prudential filters	(2.1)	(2.1)	(2.1)	(2.1)
o/w : Prudent valuation	*(1.4)*	*(1.7)*	*(1.4)*	*(1.7)*
(-) Deduction of goodwills and intangible assets	(19.4)	(18.6)	(19.4)	(18.6)
Deferred tax assets that rely on future profitability excluding those arising from temporary differences	(0.1)	(0.2)	(0.1)	(0.2)
Shortfall in adjustments for credit risk relative to expected losses under the internal ratings-based approach	(0.4)	(0.4)	(0.4)	(0.4)
Amount excedding thresholds	0.0	0.0	0.0	0.0
Other CET1 components	(1.1)	(1.0)	(1.1)	(1.0)
COMMON EQUITY TIER 1 (CET1)	**89.1**	**81.0**	**89.1**	**81.0**
Additionnal Tier 1 (AT1)	3.5	5.0	5.1	6.8
TOTAL TIER 1	**92.6**	**86.0**	**94.2**	**87.8**
Tier 2	13.3	13.2	13.5	13.5
TOTAL CAPITAL	**105.9**	**99.2**	**107.7**	**101.3**
RWAs	**559.0**	**541.8**	**559.0**	**541.8**
CET1 ratio	**15.9%**	**15.0%**	**15.9%**	**15.0%**
Tier 1 ratio	**16.6%**	**15.9%**	**16.8%**	**16.2%**
Total capital ratio	**18.9%**	**18.3%**	**19.3%**	**18.7%**

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

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 Global Systemically Important Banks (G-SIBs). This Total Loss Absorbing Capacity (TLAC) ratio provides resolution authorities with the means to assess whether G-SIBs have sufficient bail-in and recapitalisation capacity before and during resolution. It applies to Global Systemically Important Banks, and therefore to Crédit Agricole Group.

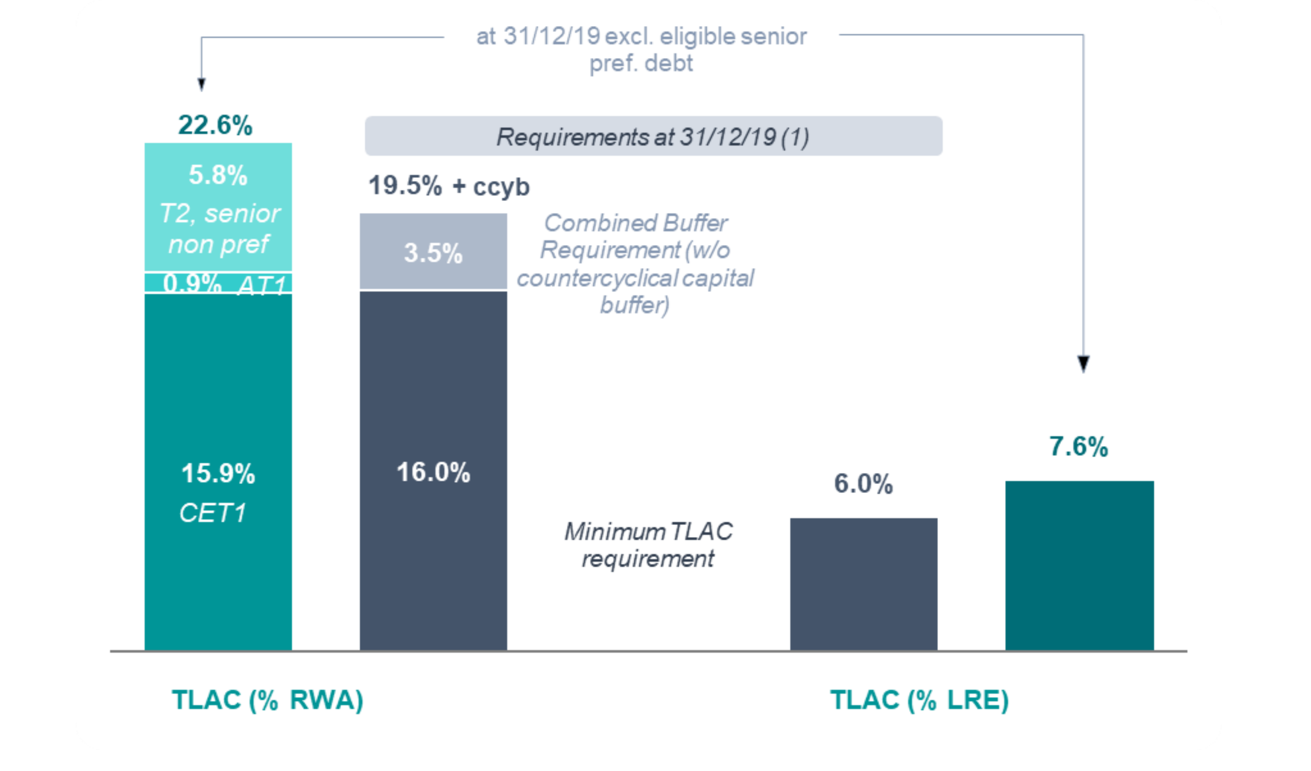
The elements that could absorb losses consist of equity, subordinated notes and debts to which the Resolution Authority can apply the bail-in.

The TLAC ratio requirement has been transposed into European Union law *via* CRR2 and has been applicable since 27 June 2019. As from that date, Crédit Agricole Group must comply with the following requirements at all times:

- a TLAC ratio above 16% of risk-weighted assets (RWA), plus – in accordance with CRD V – a combined buffer requirement (including, for Crédit Agricole Group, a capital conservation buffer of 2.5%, a G-SIB buffer of 1% and the countercyclical buffer). Considering the combined buffer requirement, Crédit Agricole Group will have to adhere to a TLAC ratio of above 19.5% (plus the countercyclical buffer)
- a TLAC ratio of above 6% of the Leverage Ratio Exposure (LRE).

As from 1 January 2022, the minimum TLAC ratio requirements will increase to 18% of risk-weighted assets – plus the combined buffer requirement at that date – and 6.75% of the leverage ratio exposure.

Table 60. Crédit Agricole Group - TLAC ratio at 31/12/19



(1) *According to CRDV, the combined buffer requirement (CBR) stacking on top of the TLAC requirement as % of RWAs includes a 2.5% capital conservation buffer, a 1% G-SIB buffer and a countercyclical capital buffer; the latter is set at 0.20% for Credit Agricole Group as at 31/12/19 and will reach 0.38% by the end of 2020 based on decisions known as of today.*

Table 61. Crédit Agricole Group - TLAC requirements at resolution group level

		31/12/19 in €bn
1	Total Loss Absorbing Capacity (TLAC)	126.5
2	Total risk-weighted assets (RWA)	559.0
3	**TLAC (as a percentage of risk-weighted assets, RWA)**	**22.6%**
4	Leverage exposure measure (LRE)	1,657.5
5	**TLAC (as a percentage of leverage exposure, LRE)**	**7.6%**
6a	Does the subordination exemption in the antepenultimate paragraph of Section 11 of the FSB TLAC Term Sheet apply?	No
6b	Does the subordination exemption in the penultimate paragraph of Section 11 of the FSB TLAC Term Sheet apply?	No
6c	If the capped subordination exemption applies, the amount of funding issued that ranks pari passu with Excluded Liabilities and that is recognised as external TLAC, divided by funding issued that ranks pari passu with Excluded Liabilities and that would be recognised as external TLAC if no cap was applied (%)	N/A

At 31 December 2019, **Crédit Agricole Group's TLAC ratio** stood at **22.6% of RWAs and 7.6% of leverage ratio exposure, excluding eligible senior preferred debt**. The TLAC ratio increased by 40 basis points compared with 30 September 2019 due to a stronger CET1 (tax gain in relation to Emporiki) and to the issuance of senior non-preferred Green debt in October. It exceeded the required 19.5% of RWA (according to CRR2/CRDV, plus, at 31 December 2019, the countercyclical buffer of 0.20%) and 6% of the leverage ratio exposure, respectively, despite the fact that it was possible at that date to include up to 2.5% RWA in eligible senior preferred debt.

Achievement of the TLAC ratio is supported by an **annual TLAC debt issuance programme of around €5 to €6 billion in the wholesale market.** At 31 December 2019, €6.7 billion has been issued globally of which €6.3 billion in the market; the amount of Crédit Agricole Group senior non-preferred debt taken into account in the computation of the TLAC ratio was €18.2 billion. Year-on-year, the TLAC ratio rose by 120 basis points, also in relation to the stronger CET1 (increase of the CET1 ratio from 15% to 15.9%)

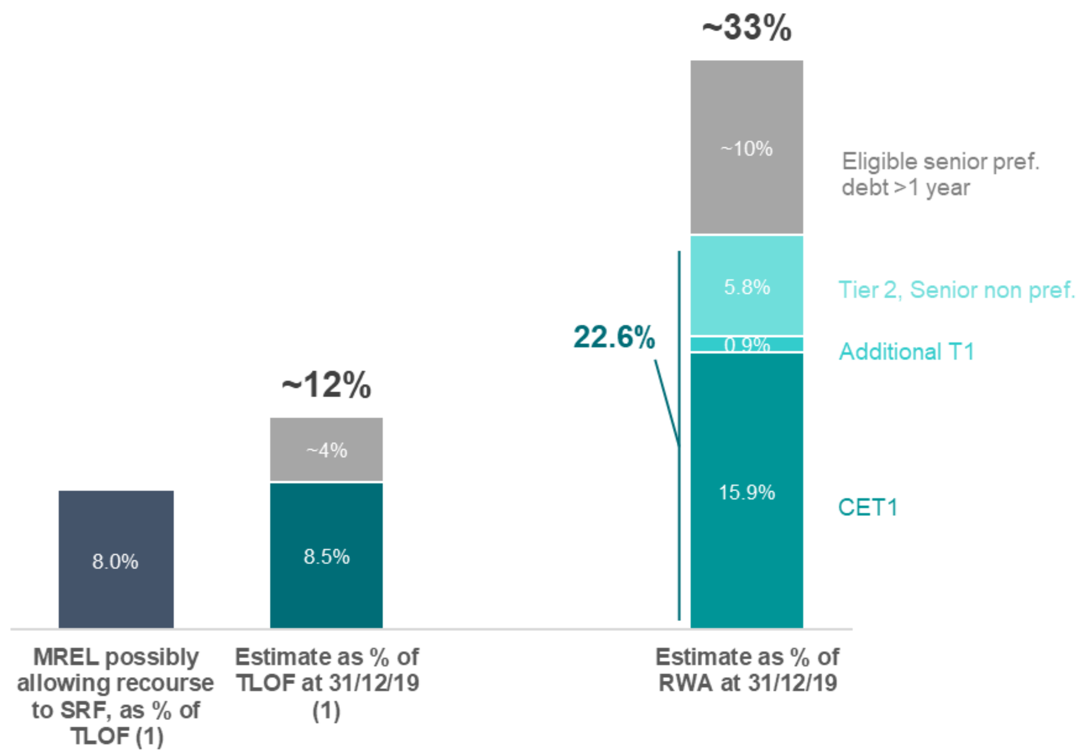
MREL

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 of providing the resolution authorities with shared instruments and powers to pre-emptively tackle banking crises, preserve financial stability and reduce taxpayer 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 system. Accordingly, Crédit Agricole S.A., as the central body of Crédit Agricole Group, would be this single point of entry in the event of a resolution of the Crédit Agricole Group.

The MREL ratio corresponds to the minimum requirement of own funds and eligible liabilities in order to absorb losses in the event of resolution. It is calculated as the amount of own funds and eligible liabilities expressed as a percentage of the institution's total liabilities and own funds, after certain prudential adjustments (TLOF), or expressed as risk-weighted assets (RWA). 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 62. Crédit Agricole Group - MREL ratio at 31/12/19



(1) Calculation based on the currently applicable BRRD. MREL eligible liabilities issued by all entities of the Group are included. Recourse to SRF subject to the decision of the Resolution Authority.

In 2018, the Single Resolution Board notified Crédit Agricole Group of its first consolidated MREL requirement, which was already applicable and has been met by the Group since that time. This requirement could potentially change when the ratio for the year is set by the SRB and in connection with the changes in the European regulatory framework. The MREL Policy, published by the SRB in January 2019, describes the general framework that shall apply to requirements set by the SRB in 2020, including a subordinated MREL requirement (from which senior debt will generally be excluded in line with the TLAC standards).

Crédit Agricole Group's objective is to reach a subordinated MREL ratio (excluding eligible senior preferred debt) of 24-25% of the RWA by the end of 2022 and to maintain the subordinated MREL ratio above 8% TLOF. This level would enable recourse to the Single Resolution Fund (subject to the decision of the resolution authority) before applying the bail-in to senior preferred debt, creating an additional layer of protection for investors in senior preferred debt.

At 31 December 2019, **Crédit Agricole Group posted an estimated MREL ratio of 12% of TLOF** (total liabilities and own funds, equivalent to the prudential balance sheet after netting of derivatives) **and 8.5% excluding eligible senior preferred debt.** Expressed as a percentage of risk-weighted assets, Crédit Agricole Group's estimated MREL ratio was approximately **33%. It was 22.6% excluding eligible senior preferred debt** at end-December 2019, up 120 basis points over the year**.**

Maximum Distributable Amount (MDA) trigger

The transposition of Basel regulations into European law (CRD IV) has established a restriction mechanism of the distributions which is applicable to dividends, AT1 instruments and variable compensation. The Maximum Distributable Amount (MDA, the maximum sum a bank is allowed to allocate to distributions) principle aims to place limitations on distributions in the event the latter were to result in non-compliance with combined buffer requirements.

The distance to the MDA trigger is the lowest of the respective distances to the SREP requirements in CET1 capital, Tier 1 capital and total capital.

At 31 December 2019, **Crédit Agricole Group** posted a buffer of **565 basis points above the MDA trigger, i.e. €32 billion in CET1 capital**.

At 31 December 2019, **Crédit Agricole S.A.** posted a buffer of **345 basis points above the MDA trigger, i.e. €11 billion in CET1 capital**.

Table 63. Credit Agricole Group - Maximum Distributable Amount (MDA) trigger threshold

	CET1	Tier 1	Total capital
31/12/19 Phased-in solvency ratios	**15.9%**	**16.8%**	**19.3%**
Distance to SREP requirement	**623 bps**	**565 bps**	**607 bps**

The lowest of the 3 buffers is the distance to MDA trigger threshold

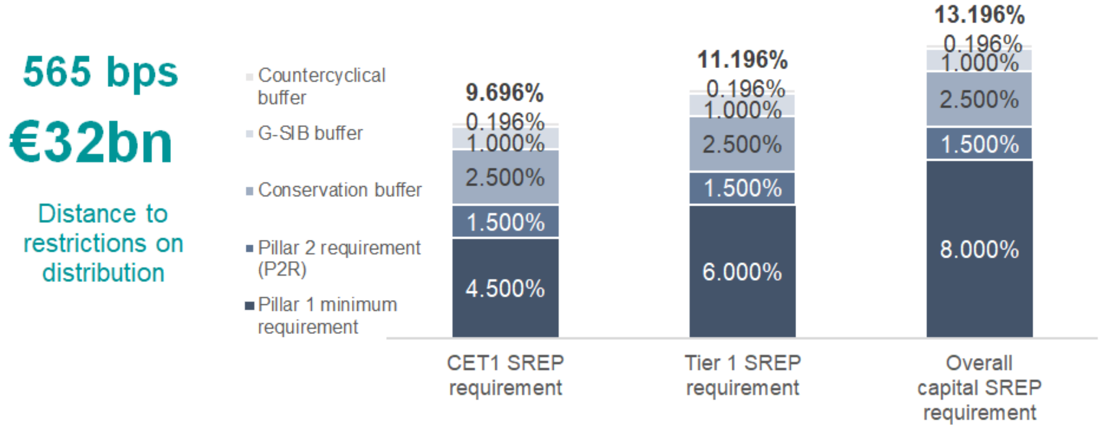
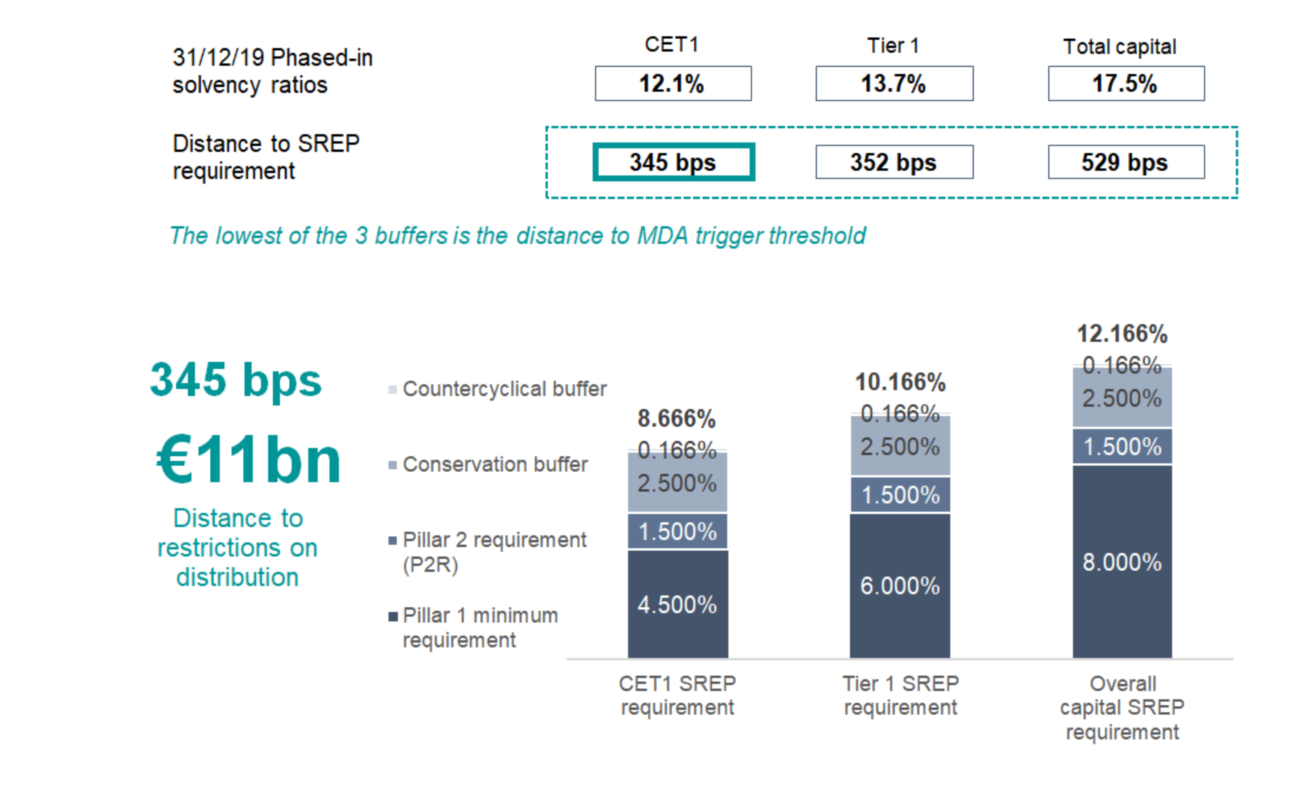


Table 64. Credit Agricole S.A. - Maximum Distributable Amount (MDA) trigger threshold



The Pillar 2 Guidance (P2G) is not included because actual or potential failure to meet this recommendation has no impact on distributed amounts.

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 and whose 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 prudential 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. Deferred taxes, fair value impacts, collective impairments, short-selling transactions and other assets and liabilities were netted for a total of €64 billion at end-December 2019. Similarly, €84 billion euros in repos/reverse repos were eliminated insofar as these outstandings reflect the activity of the securities desk carrying out securities borrowing and lending operations that offset each other. Other nettings calculated in order to build the cash balance sheet relate to derivatives, margin calls, adjustment/settlement/liaison accounts and to non-liquid securities held by the Corporate and investment banking business line, included in the "Customer-related trading assets" section, for an amount totalling €151 billion at end-December 2019.

It should be noted that deposits centralised with CDC are not netted in order to build the cash balance sheet; the amount of centralised deposits (€55 billion at end-December 2019) is booked to assets under "Customer-related trading assets" and to liabilities under "Customer-related funds".

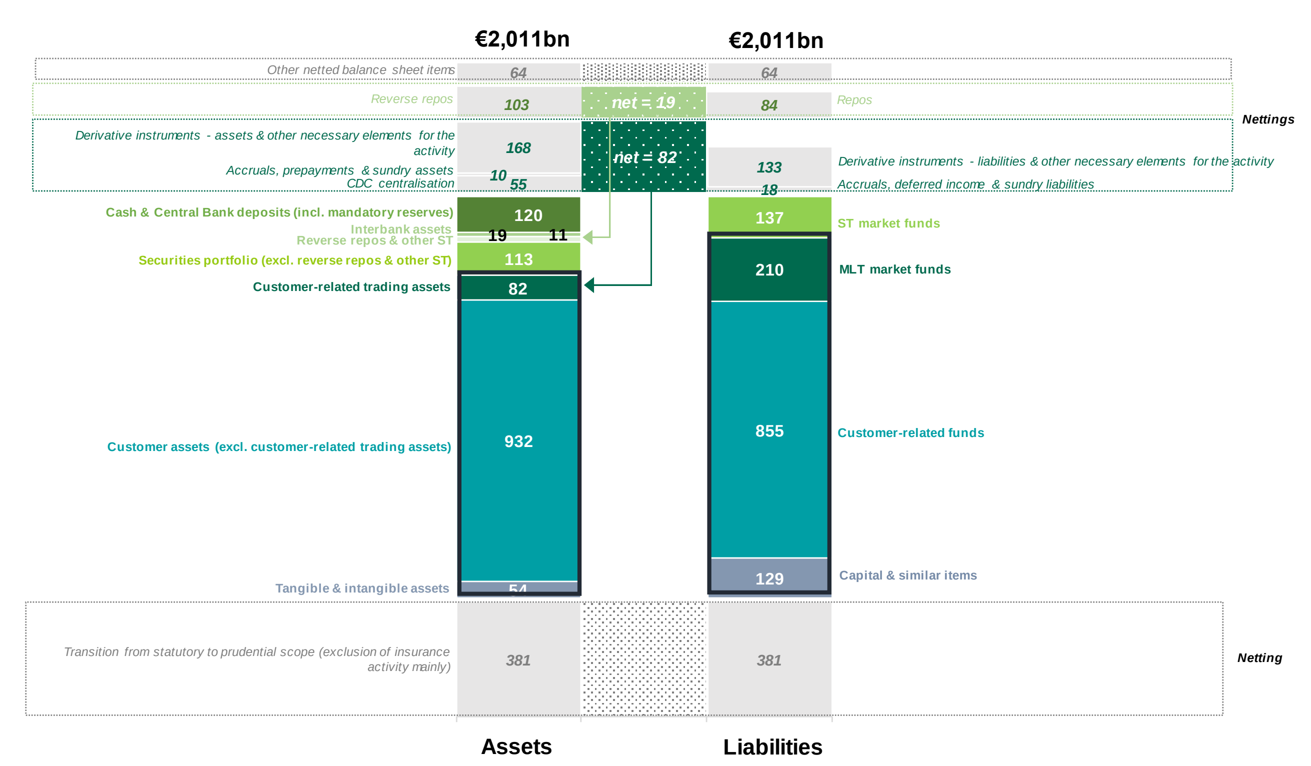
In a final stage, other restatements reassign outstandings that accounting standards allocate to one section, when they are economically related to another. As such, senior issues placed through the banking networks as well as financing by the European Investment Bank, the Caisse des Dépôts et Consignations 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-related funds".

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

Medium/long-term repos are also included in "Long term market funds".

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

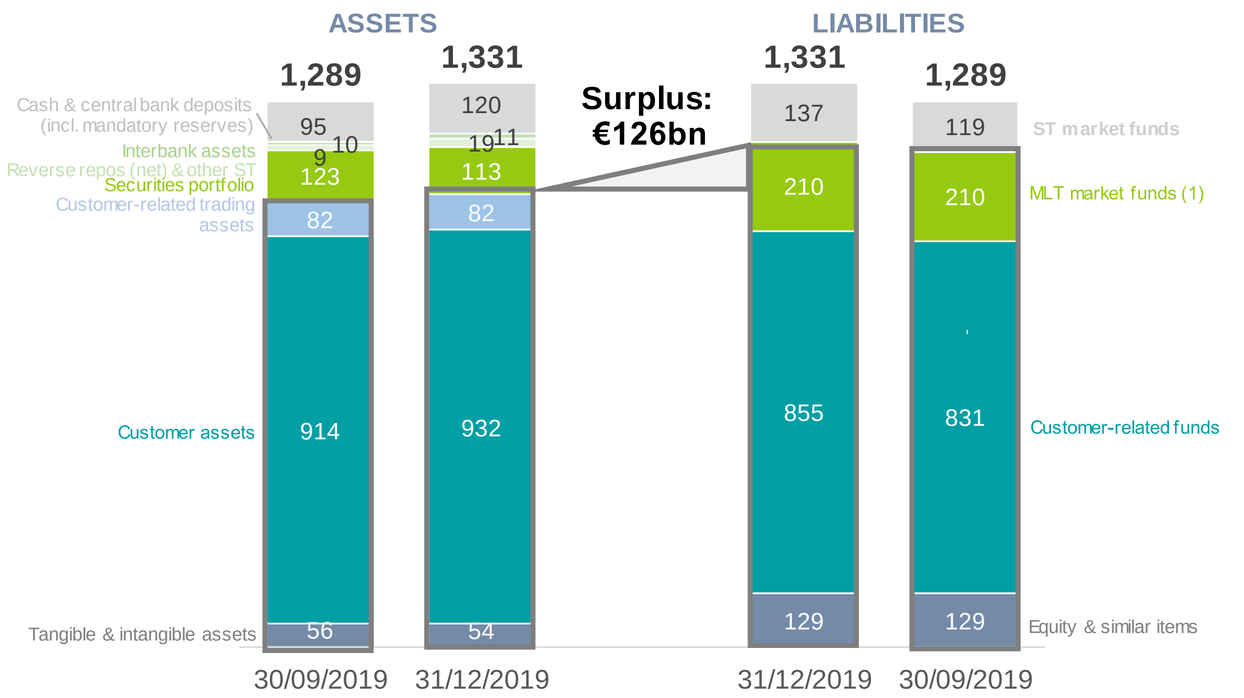
Table 65. Crédit Agricole Group - Construction of the banking cash balance sheet at 31/12/19



The liquidity position of Crédit Agricole Group is solid. Standing at €1,331 billion at 31 December 2019, the Group's banking cash balance sheet shows a **surplus of stable funding resources over stable application of funds of €126 billion**, up €8 billion compared to September 2019 and up €11 billion compared to December 2018.

This surplus of €126 billion, 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 is in line with the Medium Term Plan target of over €100 billion. The **ratio of stable resources over long term applications of funds was 111.8%**, up compared to the former quarter.

Table 66. Crédit Agricole Group - Cash balance sheet at 31/12/19

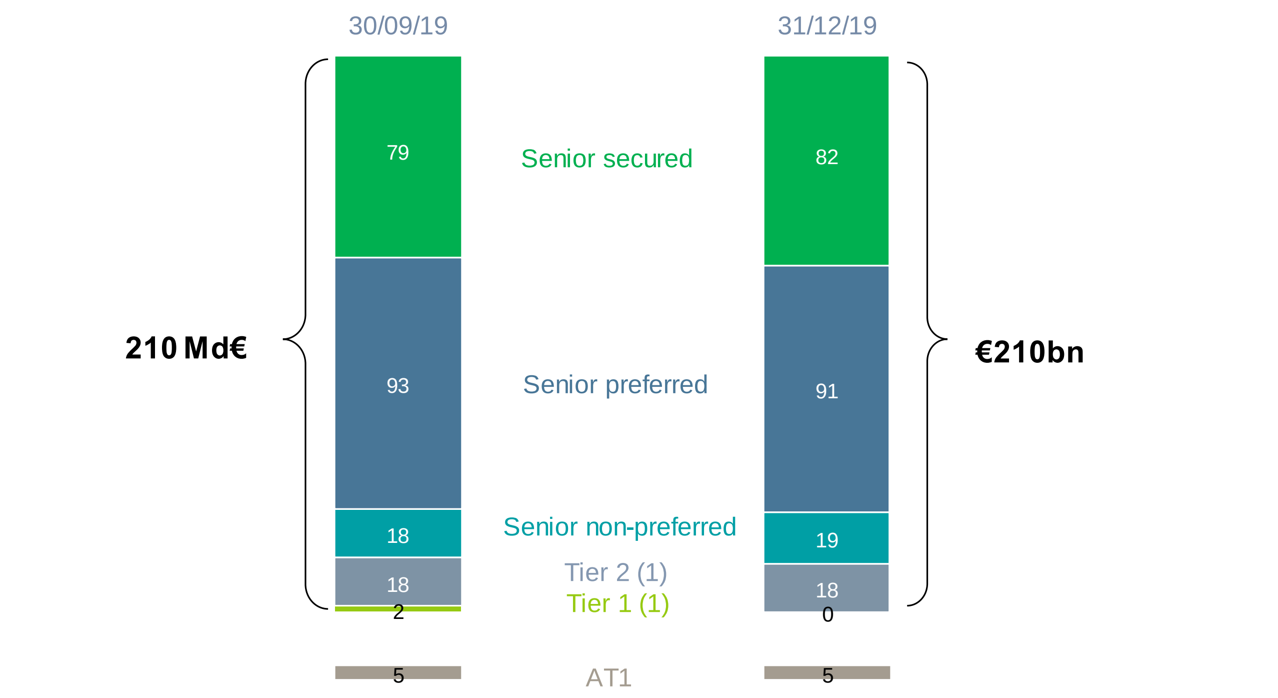


(1) LT market funds include T-LTRO drawings

Medium-to-long-term market funds amounted to €210 billion at 31 December 2019. They included senior secured debt of €82 billion, senior unsecured preferred debt of €91 billion, senior non-preferred debt of €19 billion and Tier 2 securities amounting to €18 billion.

Medium-to-long-term market funds were stable compared to end-September 2019.

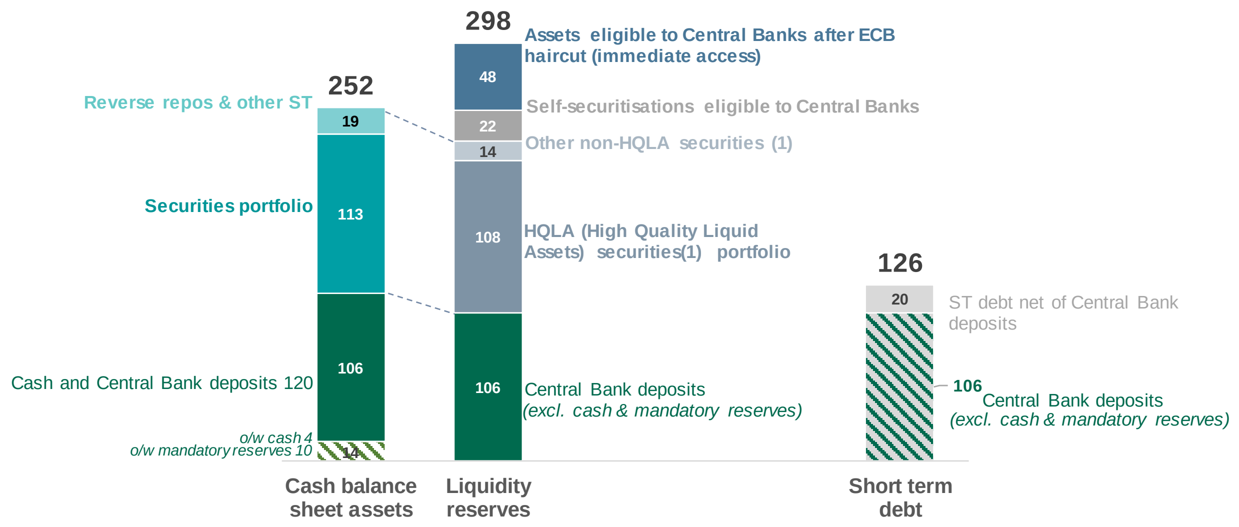
Table 67. Crédit Agricole Group - Breakdown of stock of medium- to long-term market funds at 31/12/19



(1) Notional amount

At 31 December 2019, the Group's liquidity reserves, marked-to-market and after haircuts, amounted to €298 billion, up by €26 billion compared with end-September 2019 and up by €26 billion compared with 31 December 2018. They covered short-term debt more than twice over and HQLA securities covered short-term debt net of Central Bank deposits more than five times over.

Table 68. Crédit Agricole Group - Liquidity reserves at 31/12/19



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

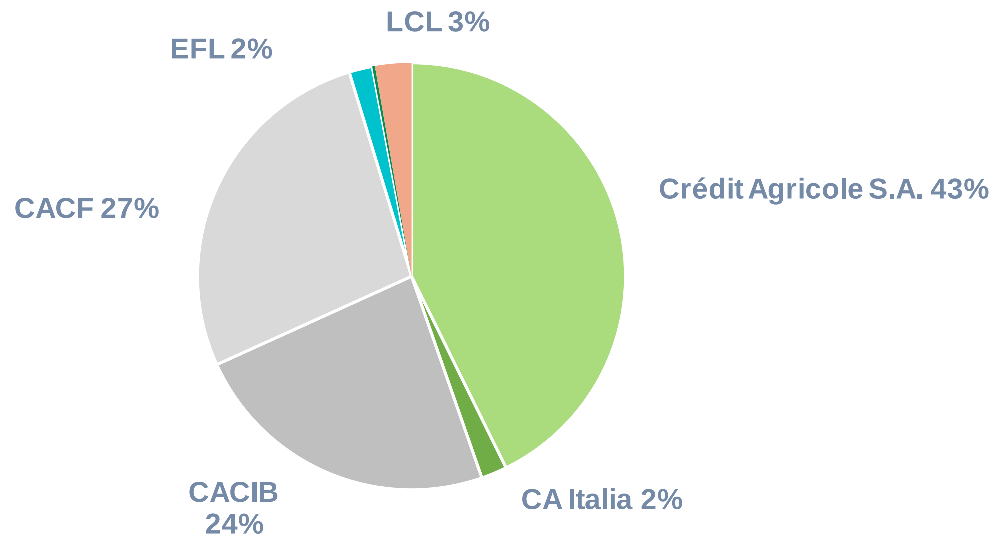
At end-December 2019, the numerator of the LCR ratio (including the HQLA securities portfolio, cash and Central Bank deposits, excluding mandatory reserves), calculated as an average over 12 months, stood respectively at €223.2 billion for Crédit Agricole Group and at €189.3 billion for Crédit Agricole S.A. The denominator of the ratio (representing net cash outflows), calculated as an average over 12 months, stood respectively at €173.3 billion for Crédit Agricole Group and at €143.8 billion for Crédit Agricole S.A.

The average LCR ratios over 12 months for Crédit Agricole Group and Crédit Agricole S.A. were respectively 128.8% and 131.6% at end-December 2019. 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 refinancing, with a very diversified access to markets in terms of investor base and products.

At 31 December 2019, the Group's main issuers raised the equivalent of €38.4 billion in medium-to-long-term debt on the markets, 43% of which was issued by Crédit Agricole S.A. In addition, €3.9 billion was placed in Crédit Agricole Group's retail banking networks (Regional Banks, LCL and CA Italia) and other external networks, or borrowed from supranational organisations at end-December 2019.

Table 69. Crédit Agricole Group - MLT market issues - Breakdown by issuer: €38.4bn at 31/12/19



As the Group's main issuer, Crédit Agricole S.A. raised the equivalent of €16.4 billion in medium-to-long-term debt on the markets, achieving 97% of its funding plan, with €10.1 billion equivalent of senior preferred and of senior secured debt and €6.3 billion equivalent of senior non-preferred and Tier 2 debt.

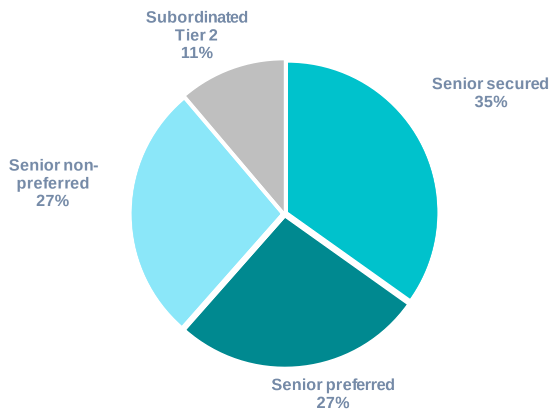
Note that in 2019 Crédit Agricole S.A. carried out:

- a senior non-preferred Green Bond issue for €1 billion (included in the amounts above).
- a CAHL SFH senior secured Green Bond issue for an amount of €1.25 billion (included in the amounts above).
- a senior preferred Panda Bond issue in the amount of CNY 1 billion (included in the amounts above).

An AT1 instrument was also issued for €1.1 billion equivalent in February 2019 (not included in the funding plan).

The MLT debt funding plan of Crédit Agricole S.A. on the wholesale markets in 2020 amounts to €12 billion, including around €5 to €6 billion equivalent of Tier 2 debt or senior non-preferred debt. At end of January 2020, 22% of the funding plan was completed.

Table 70. Crédit Agricole S.A. - MLT market issues - Breakdown by segment: €16.4bn at 31/12/19



Senior preferred (€4.4bn) & senior secured (€5.7bn) — **€10.1bn**
Average maturity: 8.7 years
Spread vs 3m Euribor: 36bp

Senior non-preferred (€4.5bn) & Tier 2 (€1.8bn) — **€6.3bn**
Average maturity: 7.9 years
Spread vs 3m Euribor: 128bp

Balance Sheet

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

Assets	31/12/2019	31/12/2018	Liabilities	31/12/2019	31/12/2018
Cash and Central banks	97.1	70.6	Central banks	2.2	1.1
Financial assets at fair value through profit or loss	404.3	372.1	Financial liabilities at fair value through profit or loss	241.9	225.9
Hedging derivative instruments	20.9	15.8	Hedging derivative instruments	20.5	16.2
Financial assets at fair value through other comprehensive income	272.3	265.0			
Loans and receivables due from credit institutions	100.9	97.2	Due to banks	102.3	96.0
Loans and receivables due from customers	913.5	854.7	Customer accounts	856.1	789.8
Debt securities	95.1	80.6	Debt securities in issue	213.4	198.2
Revaluation adjustment on interest rate hedged portfolios	11.7	8.3	Revaluation adjustment on interest rate hedged portfolios	10.5	7.9
Current and deferred tax assets	6.3	6.2	Current and deferred tax liabilities	4.0	2.4
Accruals, prepayments and sundry assets	44.4	44.3	Accruals and sundry liabilities	51.4	48.0
Non-current assets held for sale and discontinued operations	0.5	0.3	Liabilities associated with non-current assets held for sale	0.5	0.2
Deferred participation benefits	-	0.1			
Investments in equity affiliates	7.1	6.3	Insurance Company technical reserves	358.2	325.9
Investment property	7.3	7.0	Provisions	6.9	8.1
Property, plant and equipment	10.2	7.8	Subordinated debt	21.7	22.8
Intangible assets	3.4	2.4	Shareholder's equity	115.0	106.7
Goodwill	15.8	16.1	Non-controlling interests	6.6	5.5
Total assets	**2,011.0**	**1,854.8**	**Total liabilities**	**2,011.0**	**1,854.8**

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

Assets	31/12/2019	31/12/2018	Liabilities	31/12/2019	31/12/2018
Cash and Central banks	93.1	67.0	Central banks	1.9	0.9
Financial assets at fair value through profit or loss	399.5	365.5	Financial liabilities at fair value through profit or loss	243.4	228.1
Hedging derivative instruments	19.4	14.3	Hedging derivative instruments	13.3	12.1
Financial assets at fair value through other comprehensive income	261.3	253.6			
Loans and receivables due from credit institutions	438.6	413.0	Due to banks	144.7	132.0
Loans and receivables due from customers	395.2	369.5	Customer accounts	647.5	597.2
Debt securities	72.5	57.8	Debt securities in issue	201.0	184.5
Revaluation adjustment on interest rate hedged portfolios	7.1	6.4	Revaluation adjustment on interest rate hedged portfolios	9.2	6.6
Current and deferred tax assets	4.3	4.5	Current and deferred tax liabilities	3.8	2.4
Accruals, prepayments and sundry assets	38.3	38.0	Accruals and sundry liabilities	49.3	42.3
Non-current assets held for sale and discontinued operations	0.5	0.3	Liabilities associated with non-current assets held for sale	0.5	0.2
Deferred participation benefits	-	0.1			
Investments in equity affiliates	7.2	6.4	Insurance Company technical reserves	356.1	324.0
Investment property	6.6	6.4	Provisions	4.4	5.8
Property, plant and equipment	5.6	4.1	Subordinated debt	21.8	22.8
Intangible assets	3.2	2.3	Shareholder's equity	62.9	58.8
Goodwill	15.3	15.5	Non-controlling interests	7.9	6.7
Total assets	**1,767.6**	**1,624.4**	**Total liabilities**	**1,767.6**	**1,624.4**

Crédit Agricole S.A.

Breakdown of the share capital

Table 73. Crédit Agricole S.A. – breakdown of the capital

Breakdown of share capital	31/12/2019 Number of shares	31/12/2019 %	31/12/2018 Number of shares	31/12/2018 %
SAS Rue La Boétie	1,612,517,290	55.9%	1,612,517,290	56.3%
Treasury shares	435,000	0.0%	4,378,305	0.2%
Employees (company investment fund, ESOP)	134,900,173	4.7%	126,627,820	4.4%
Float	1,136,836,249	39.4%	1,122,913,741	39.2%
Total shares in issue (period end)	**2,884,688,712**		**2,866,437,156**	
Total shares in issue, excluding treasury shares (period end)	***2,884,253,712***		***2,862,058,851***	
Total shares in issue, excluding treasury shares (average number)	***2,873,414,500***		***2,853,704,584***	

Data per share and ROTE calculation

Table 74. Crédit Agricole S.A. – data per share and ROTE calculation

(€m)		Q4-19	Q4-18	2019	2018	∆ Q4/Q4	∆ 19/18
Net income Group share - stated		1,661	1,008	4,844	4,400	+64.9%	+10.1%
- Interests on AT1, including issuance costs, before tax		(105)	(127)	(587)	(443)	-17.3%	+32.5%
NIGS attributable to ordinary shares - stated	**[A]**	**1,556**	**881**	**4,257**	**3,957**	**+76.7%**	**+7.6%**
Average number shares in issue, excluding treasury shares (m)	[B]	2,883.5	2,863.0	2,873.4	2,853.7	+0.7%	+0.7%
Net earnings per share - stated	**[A]/[B]**	**0.54 €**	**0.31 €**	**1.48 €**	**1.39 €**	**+75.5%**	**+6.9%**
Underlying net income Group share (NIGS)		1,318	1,067	4,582	4,405	+23.5%	+4.0%
Underlying NIGS attributable to ordinary shares	**[C]**	**1,213**	**940**	**3,995**	**3,962**	**+29.0%**	**+0.8%**
Net earnings per share - underlying	**[C]/[B]**	**0.42 €**	**0.33 €**	**1.39 €**	**1.39 €**	**+28.1%**	**+0.1%**

(€m)		31/12/2019	31/12/2018
Shareholder's equity Group share		62,921	58,811
- AT1 issuances		(5,134)	(5,011)
- Unrealised gains and losses on OCI - Group share		(2,993)	(1,696)
- Payout assumption on annual results*		(2,019)	(1,975)
Net book value (NBV), not revaluated, attributable to ordin. sh.	**[D]**	**52,774**	**50,129**
- Goodwill & intangibles** - Group share		(18,011)	(17,843)
Tangible NBV (TNBV), not revaluated attrib. to ordinary sh.	**[E]**	**34,764**	**32,286**
Total shares in issue, excluding treasury shares (period end, m)	[F]	2,884.3	2,862.1
NBV per share , after deduction of dividend to pay (€)	**[D]/[F]**	**18.3 €**	**17.5 €**
+ Dividend to pay (€)	**[H]**	**0.70 €**	**0.69 €**
NBV per share , before deduction of dividend to pay (€)		**19.0 €**	**18.2 €**
TNBV per share, after deduction of dividend to pay (€)	**[G]=[E]/[F]**	**12.1 €**	**11.3 €**
TNBV per sh., before deduct. of divid. to pay (€)	**[G]+[H]**	**12.8 €**	**12.0 €**

(€m)		2019	2018
Net income Group share attributable to ordinary shares	[H]	4,257	3,957
Tangible NBV (TNBV), not revaluated attrib. to ord. sh. - avg***	[J]	33,525	31,120
Stated ROTE (%)	**[H]/[J]**	**12.7%**	**12.7%**
Underlying Net income attrib. to ord. shares (annualised)	[I]	3,995	3,962
Underlying ROTE (%)	**[I]/[J]**	**11.9%**	**12.7%**

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

Risk-weighted assets and capital allocation by business line

Table 75. Crédit Agricole S.A. – Basel 3 RWA and capital allocated to the business lines

€bn	Risk-weighted assets Dec. 2019	Risk-weighted assets Sept. 2019	Risk-weighted assets Dec. 2018	Capital Dec. 2019	Capital Sept. 2019	Capital Dec. 2018
Asset gathering	**31.1**	**34.2**	**23.9**	**8.8**	**10.1**	**8.5**
- Insurance ***	*15.6*	*18.7*	*10.6*	*7.3*	*8.6*	*6.6*
- Asset management	*10.4*	*10.2*	*9.6*	*1.0*	*1.0*	*1.6*
- Wealth Management	*5.1*	*5.3*	*3.7*	*0.5*	*0.5*	*0.3*
French Retail Banking (LCL)	**51.8**	**52.0**	**49.6**	**4.9**	**4.9**	**4.7**
International retail Banking	**41.6**	**41.6**	**39.7**	**4.0**	**4.0**	**3.8**
Specialised financial services	**54.8**	**54.7**	**53.6**	**5.2**	**5.2**	**5.1**
Large customers	**119.6**	**123.7**	**118.4**	**11.4**	**11.7**	**11.3**
- Financing activities	*69.8*	*71.5*	*71.2*	*6.6*	*6.8*	*6.8*
- Capital markets and investment	*40.1*	*41.3*	*38.7*	*3.8*	*3.9*	*3.7*
- Asset servicing	*9.7*	*10.9*	*8.6*	*0.9*	*1.0*	*0.8*
Corporate Centre	**24.9**	**24.0**	**21.7**	**2.4**	**2.3**	**2.1**
TOTAL	**323.7**	**330.2**	**306.9**	**36.6**	**38.2**	**35.4**

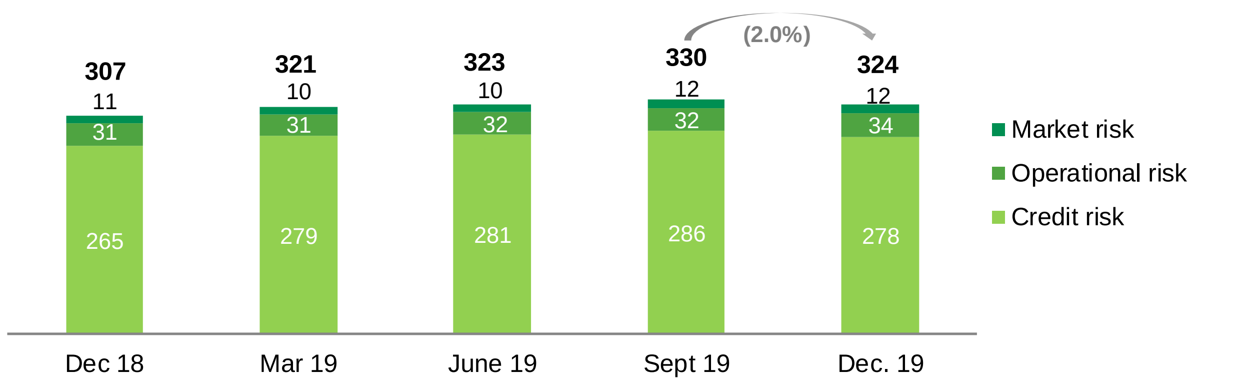
*Implementation at 02/01/2014 of the Switch gurantees transferring to the Regional Banks €34bn of RWAs related to Credit Agricole S.A.'s stake in Credit Agricole Assurances

**Solvency 2 requirements for the calculation of allocated capital of December 2019 and 2018 and September 2019

Methodology:

- **9.5% of RWAs** for each business line except Insurance
- **Insurance :** 80% of Solvency 2 capital requirements reduced by 9.5% of RWAs transferred by the Switch 2 guarantee to the Regional Banks

Table 76. Crédit Agricole S.A. – Basel 3 RWAs by type of risk



Appendices

Appendix 1 – Specific items

Crédit Agricole Group

Table 77. Crédit Agricole Group - Specific items, Q4-19 et Q4-18, 2019 et 2018

€m	Q4-19		Q4-18		2019		2018	
	Gross impact*	Impact on Net income	Gross impact*	Impact on Net income	Gross impact*	Impact on Net income	Gross impact*	Impact on Net income
DVA (LC)	(6)	(4)	15	11	(21)	(16)	22	16
Loan portfolio hedges (LC)	(16)	(12)	17	13	(44)	(32)	23	17
Home Purchase Savings Plans (LCL)	(12)	(8)	1	1	(31)	(20)	(1)	(1)
Home Purchase Savings Plans (CC)	(32)	(21)	6	4	(90)	(59)	(3)	(2)
Home Purchase Savings Plans (RB)	(137)	(90)	7	4	(307)	(201)	(15)	(10)
Total impact on revenues	**(202)**	**(135)**	**46**	**33**	**(493)**	**(329)**	**26**	**21**
Santander/Kas Bank integration costs (LC)	(15)	(11)	-	-	(15)	(11)	-	-
Pioneer integration costs (AG)	-	-	(27)	(14)	-	-	(56)	(29)
Integration costs 3 Italian banks (IRB)	-	-	(11)	(7)	-	-	(2)	(0)
Total impact on operating expenses	**(15)**	**(11)**	**(38)**	**(21)**	**(15)**	**(11)**	**(59)**	**(29)**
ECB fine (CC)	-	-	-	-	-	-	(5)	(5)
Total impact Non-allocated legal risk provisions	**-**	**-**	**-**	**-**	**-**	**-**	**(5)**	**(5)**
Fine to FCA Bank (SFS)	-	-	(67)	(67)	-	-	(67)	(67)
Total impact on equity affiliates	**-**	**-**	**(67)**	**(67)**	**-**	**-**	**(67)**	**(67)**
Impairment LCL goodwill (CC)	(664)	(664)	-	-	(664)	(664)	-	-
Badwill Kas Bank (LC)	22	22	-	-	22	22	-	-
Change of value of goodwill (CC)	-	-	-	-	-	-	86	74
Total impact on change of value of goodwill	**(642)**	**(642)**	**-**	**-**	**(642)**	**(642)**	**86**	**74**
Santander/Kas Bank acquisition costs (LC)	(6)	(5)	-	-	(6)	(5)	-	-
Total impact on Net income from other assets	**(6)**	**(5)**	**-**	**-**	**(6)**	**(5)**	**-**	**-**
Emporiki litigation (CC)	-	1,038	-	-	-	1,038	-	-
Total impact on tax	**-**	**1,038**	**-**	**-**	**-**	**1,038**	**-**	**-**
Reclassification of held-for-sale operations (IRB)	(46)	(46)	-	-	(46)	(46)	-	-
Total impact on Net income from discounted or held-for-sale operations	**(46)**	**(46)**	**-**	**-**	**(46)**	**(46)**	**-**	**-**
Total impact of specific items	(912)	200	(59)	(55)	(1,202)	6	(19)	(5)
Asset gathering	*-*	*-*	*(27)*	*(14)*	*-*	*-*	*(56)*	*(29)*
French Retail banking	*(149)*	*(98)*	*8*	*5*	*(338)*	*(222)*	*(16)*	*(10)*
International Retail banking	*(46)*	*(46)*	*(11)*	*(7)*	*(46)*	*(46)*	*(2)*	*(0)*
Specialised financial services	*-*	*-*	*(67)*	*(67)*	*-*	*-*	*(67)*	*(67)*
Large customers	*(22)*	*(10)*	*32*	*24*	*(65)*	*(42)*	*45*	*34*
Corporate centre	*(696)*	*353*	*6*	*4*	*(754)*	*315*	*78*	*67*

** Impact before tax and before minority interests*

Table 78. Crédit Agricole S.A. - Specific items, Q4-19 and Q4-18, 2019 and 2018

€m	Q4-19 Gross impact*	Q4-19 Impact on Net income	Q4-18 Gross impact*	Q4-18 Impact on Net income	2019 Gross impact*	2019 Impact on Net income	2018 Gross impact*	2018 Impact on Net income
DVA (LC)	(6)	(4)	15	11	(21)	(15)	22	16
Loan portfolio hedges (LC)	(16)	(11)	17	12	(44)	(32)	23	17
Home Purchase Savings Plans (FRB)	(12)	(8)	1	1	(31)	(20)	(1)	(1)
Home Purchase Savings Plans (CC)	(32)	(21)	6	4	(90)	(59)	(3)	(2)
Total impact on revenues	**(66)**	**(44)**	**39**	**28**	**(186)**	**(126)**	**41**	**30**
Santander/Kas Bank integration costs (LC)	(15)	(11)	-	-	(15)	(11)	-	-
Pioneer integration costs (AG)	-	-	(27)	(14)	-	-	(56)	(29)
3 Italian banks integration costs (IRB)	-	-	(11)	(6)	-	-	(2)	(1)
Total impact on operating expenses	**(15)**	**(11)**	**(38)**	**(20)**	**(15)**	**(11)**	**(59)**	**(30)**
ECB fine (CC)	-	-	-	-	-	-	(5)	(5)
Total impact Non-allocated legal risk provisions	**-**	**-**	**-**	**-**	**-**	**-**	**(5)**	**(5)**
FCA Bank fine (SFS)	-	-	(67)	(67)	-	-	(67)	(67)
Total impact on equity affiliates	**-**	**-**	**(67)**	**(67)**	**-**	**-**	**(67)**	**(67)**
Impairment LCL goodwill (CC)	(611)	(611)	-	-	(611)	(611)	-	-
Badwill Kas Bank (LC)	22	22	-	-	22	22	-	-
Change of value of goodwill (CC)(1)	-	-	-	-	-	-	86	66
Total impact on change of value of goodwill	**(589)**	**(589)**	**-**	**-**	**(589)**	**(589)**	**86**	**66**
Emporiki litigation (CC)	-	1,038	-	-	-	1,038	-	-
Total impact on tax	**-**	**1,038**	**-**	**-**	**-**	**1,038**	**-**	**-**
Santander/Kas Bank acquisition costs (LC)	(6)	(5)	-	-	(6)	(5)	-	-
Total impact on Net income on other assets	**(6)**	**(5)**	**-**	**-**	**(6)**	**(5)**	**-**	**-**
Reclassification of held-for-sale operations (IRB)	(46)	(46)	-	-	(46)	(46)	-	-
Total impact on Net income from discounted or held-for-sale	**(46)**	**(46)**	**-**	**-**	**(46)**	**(46)**	**-**	**-**
Total impact of specific items	*(722)*	*343*	*(66)*	*(59)*	*(843)*	*262*	*(4)*	*(5)*
Asset gathering	*-*	*-*	*(27)*	*(14)*	*-*	*-*	*(56)*	*(29)*
French Retail banking	*(12)*	*(8)*	*1*	*1*	*(31)*	*(20)*	*(1)*	*(1)*
International Retail banking	*(46)*	*(46)*	*(11)*	*(6)*	*(46)*	*(46)*	*(2)*	*(1)*
Specialised financial services	*-*	*-*	*(67)*	*(67)*	*-*	*-*	*(67)*	*(67)*
Large customers	*(22)*	*(9)*	*32*	*23*	*(65)*	*(40)*	*45*	*33*
Corporate centre	*(643)*	*406*	*6*	*4*	*(701)*	*368*	*78*	*59*

** Impact before tax and before minority interests*

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

Table 79. Crédit Agricole Group - Stated and underlying results, Q4-19 and Q4-18

€m	Q4-19 stated	Specific items	Q4-19 underlying	Q4-18 stated	Specific items	Q4-18 underlying	∆ Q4/Q4 stated	∆ Q4/Q4 underlying
Revenues	**8,399**	**(202)**	**8,602**	**8,110**	**46**	**8,064**	+3.6%	+6.7%
Operating expenses excl.SRF	(5,582)	(15)	(5,566)	(5,478)	(38)	(5,440)	+1.9%	+2.3%
SRF	-	-	-	-	-	-	n.m.	n.m.
Gross operating income	**2,818**	**(218)**	**3,035**	**2,632**	**8**	**2,624**	**+7.1%**	**+15.7%**
Cost of risk	(494)	-	(494)	(499)	-	(499)	(1.0%)	(1.0%)
Cost of legal risk	-	-	-	(75)	-	(75)	(100.0%)	(100.0%)
Equity-accounted entities	83	-	83	10	(67)	77	x 8	+7.5%
Net income on other assets	15	(6)	21	48	-	48	(69.2%)	(56.1%)
Change in value of goodwill	(642)	(642)	-	-	-	-	n.m.	n.m.
Income before tax	**1,780**	**(866)**	**2,646**	**2,116**	**(59)**	**2,175**	**(15.9%)**	**+21.6%**
Tax	587	1,112	(525)	(416)	(3)	(412)	n.m.	+27.4%
Net income from discont'd or held-for-sale ope.	(46)	(46)	(0)	(0)	-	(0)	x 1768.1	x 8.1
Net income	**2,320**	**200**	**2,120**	**1,700**	**(63)**	**1,763**	**+36.5%**	**+20.3%**
Non controlling interests	(134)	-	(134)	(130)	8	(137)	+3.7%	(2.1%)
Net income Group Share	**2,186**	**200**	**1,986**	**1,571**	**(55)**	**1,626**	**+39.2%**	**+22.1%**
Cost/Income ratio excl.SRF (%)	**66.5%**		**64.7%**	**67.5%**		**67.5%**	**-1.1 pp**	**-2.7 pp**

Table 80. Crédit Agricole Group - From stated to underlying results, 2019 and 2018

€m	2019 stated	Specific items	2019 underlying	2018 stated	Specific items	2018 underlying	∆ 2019/2018 stated	∆ 2019/2018 underlying
Revenues	**33,297**	**(493)**	**33,790**	**32,839**	**26**	**32,813**	+1.4%	+3.0%
Operating expenses excl.SRF	(21,386)	(15)	(21,371)	(21,064)	(59)	(21,005)	+1.5%	+1.7%
SRF	(426)	-	(426)	(389)	-	(389)	+9.4%	+9.4%
Gross operating income	**11,485**	**(508)**	**11,993**	**11,385**	**(32)**	**11,418**	**+0.9%**	**+5.0%**
Cost of risk	(1,757)	-	(1,757)	(1,640)	-	(1,640)	+7.1%	+7.1%
Cost of legal risk	-	-	-	(80)	(5)	(75)	(100.0%)	(100.0%)
Equity-accounted entities	356	-	356	266	(67)	333	+33.9%	+7.0%
Net income on other assets	36	(6)	42	87	-	87	(59.0%)	(51.8%)
Change in value of goodwill	(642)	(642)	-	86	86	-	n.m.	n.m.
Income before tax	**9,478**	**(1,156)**	**10,634**	**10,105**	**(19)**	**10,123**	**(6.2%)**	**+5.0%**
Tax	(1,737)	1,208	(2,945)	(2,733)	10	(2,743)	(36.5%)	+7.4%
Net income from discont'd or held-for-sale ope.	(38)	(46)	8	(3)	-	(3)	x 12.5	n.m.
Net income	**7,704**	**6**	**7,697**	**7,369**	**(8)**	**7,377**	**+4.5%**	**+4.3%**
Non controlling interests	(506)	-	(506)	(525)	3	(527)	(3.5%)	(4.0%)
Net income Group Share	**7,198**	**6**	**7,191**	**6,844**	**(5)**	**6,849**	**+5.2%**	**+5.0%**
Cost/Income ratio excl.SRF (%)	**64.2%**		**63.2%**	**64.1%**		**64.0%**	**+0.1 pp**	**-0.8 pp**

Appendix 3 – Crédit Agricole Group: income statement by business line

Table 81. Crédit Agricole Group: Contribution by business line - Q4-2019 & Q4-2018

	Q4-19 (stated)							
€m	RB	LCL	IRB	AG	SFS	LC	CC	Total
Revenues	**3,276**	**851**	**740**	**1,621**	**672**	**1,401**	**(163)**	**8,399**
Operating expenses excl. SRF	(2,276)	(598)	(478)	(746)	(331)	(902)	(251)	(5,582)
SRF	-	-	-	-	-	-	-	-
Gross operating income	**1,000**	**254**	**262**	**875**	**341**	**499**	**(414)**	**2,818**
Cost of risk	(155)	(64)	(77)	(5)	(127)	(55)	(10)	(494)
Cost of legal risk	-	-	-	-	-	-	-	-
Equity-accounted entities	2	-	-	14	65	3	-	83
Net income on other assets	1	1	3	11	(0)	7	(8)	15
Change in value of goodwill	-	-	-	-	-	22	(664)	(642)
Income before tax	**848**	**191**	**188**	**895**	**278**	**476**	**(1,096)**	**1,780**
Tax	(257)	(53)	(49)	(225)	(40)	(67)	1,277	587
Net income from discont'd or held-for-sale ope.	-	-	(46)	-	-	-	(0)	(46)
Net income	**590**	**138**	**93**	**670**	**238**	**409**	**181**	**2,320**
Non controlling interests	(0)	(0)	(25)	(85)	(25)	(1)	2	(134)
Net income Group Share	**590**	**138**	**69**	**585**	**213**	**408**	**184**	**2,186**

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

AG: Asset Gathering; RB: Retail Banking, SFS: Specialised Financial Services; LC: Large Customers; CC: Corporate Centre.

Table 82. Crédit Agricole Group. : Contribution by business line - stated - 2019 & 2018

	2019 (stated)							
€m	RB	LCL	IRB	AG	SFS	LC	CC	Total
Revenues	**13,117**	**3,457**	**2,898**	**6,061**	**2,716**	**5,601**	**(553)**	**33,297**
Operating expenses excl. SRF	(8,836)	(2,340)	(1,813)	(2,897)	(1,343)	(3,321)	(837)	(21,386)
SRF	(86)	(32)	(22)	(7)	(18)	(177)	(83)	(426)
Gross operating income	**4,196**	**1,085**	**1,063**	**3,157**	**1,354**	**2,103**	**(1,473)**	**11,485**
Cost of risk	(498)	(217)	(337)	(19)	(497)	(159)	(29)	(1,757)
Cost of legal risk	-	-	-	-	-	-	-	-
Equity-accounted entities	11	-	-	46	295	4	-	356
Net income on other assets	(6)	2	2	32	0	6	(1)	36
Change in value of goodwill	-	-	-	-	-	22	(664)	(642)
Income before tax	**3,703**	**870**	**728**	**3,215**	**1,152**	**1,976**	**(2,166)**	**9,478**
Tax	(1,307)	(274)	(201)	(879)	(233)	(407)	1,564	(1,737)
Net income from discontinued or held-for-sale operations	-	-	(46)	8	-	-	(0)	(38)
Net income	**2,396**	**596**	**481**	**2,345**	**919**	**1,569**	**(602)**	**7,704**
Non controlling interests	(0)	(0)	(105)	(309)	(104)	(0)	14	(506)
Net income Group Share	**2,396**	**596**	**375**	**2,035**	**815**	**1,569**	**(588)**	**7,198**

	2018 (stated)							
€m	RB	LCL	AG	IRB	SFS	LC	CC	Total
Revenues	**13,040**	**3,433**	**5,770**	**2,835**	**2,769**	**5,370**	**(377)**	**32,839**
Operating expenses excl. SRF	(8,657)	(2,363)	(2,833)	(1,790)	(1,362)	(3,169)	(890)	(21,064)
SRF	(87)	(28)	(3)	(22)	(18)	(170)	(62)	(389)
Gross operating income	**4,296**	**1,042**	**2,934**	**1,023**	**1,389**	**2,031**	**(1,329)**	**11,385**
Cost of risk	(634)	(220)	(17)	(359)	(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	(3)	14	1	14	13	87
Change in value of goodwill	-	-	-	-	-	-	86	86
Income before tax	**3,673**	**872**	**2,961**	**678**	**1,110**	**2,109**	**(1,299)**	**10,105**
Tax	(1,280)	(288)	(773)	(191)	(244)	(551)	594	(2,733)
Net income from discontinued or held-for-sale operations	-	(1)	(1)	-	(0)	-	-	(3)
Net income	**2,393**	**583**	**2,186**	**487**	**866**	**1,559**	**(705)**	**7,369**
Non controlling interests	(0)	0	(271)	(101)	(128)	2	(27)	(525)
Net income Group Share	**2,393**	**583**	**1,916**	**386**	**738**	**1,560**	**(732)**	**6,844**

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 detailed income statement

Table 83. Crédit Agricole S.A. - From stated to underlying results, Q4-19 and Q4-18

€m	Q4-19 stated	Specific items	Q4-19 underlying	Q4-18 stated	Specific items	Q4-18 underlying	∆ Q4/Q4 stated	∆ Q4/Q4 underlying
Revenues	**5,119**	**(66)**	**5,184**	**4,853**	**39**	**4,814**	+5.5%	+7.7%
Operating expenses excl.SRF	(3,260)	(15)	(3,244)	(3,213)	(38)	(3,175)	+1.5%	+2.2%
SRF	(0)	-	(0)	-	-	-	n.m.	n.m.
Gross operating income	**1,859**	**(81)**	**1,940**	**1,641**	**1**	**1,640**	**+13.3%**	**+18.3%**
Cost of risk	(340)	-	(340)	(246)	-	(246)	+38.0%	+38.0%
Cost of legal risk	-	-	-	(75)	-	(75)	(100.0%)	(100.0%)
Equity-accounted entities	76	-	76	7	(67)	74	x 10.3	+2.6%
Net income on other assets	14	(6)	20	56	-	56	(74.7%)	(63.7%)
Change in value of goodwill	(589)	(589)	-	-	-	-	n.m.	n.m.
Income before tax	**1,021**	**(677)**	**1,697**	**1,383**	**(66)**	**1,450**	**(26.2%)**	**+17.1%**
Tax	847	1,065	(219)	(222)	(1)	(221)	n.m.	(1.0%)
Net income from discont'd or held-for-sale ope.	(46)	(46)	(0)	(0)	-	(0)	n.m.	n.m.
Net income	**1,821**	**343**	**1,479**	**1,161**	**(67)**	**1,229**	**+56.8%**	**+20.3%**
Non controlling interests	(160)	1	(161)	(154)	8	(162)	+4.0%	(0.6%)
Net income Group Share	**1,661**	**343**	**1,318**	**1,008**	**(59)**	**1,067**	**+64.9%**	**+23.5%**
Earnings per share (€)	**0.54**	**0.12**	**0.42**	**0.31**	**(0.02)**	**0.33**	**+75.5%**	**+28.1%**
Cost/Income ratio excl. SRF (%)	**63.7%**		**62.6%**	**66.2%**		**65.9%**	**-2.5 pp**	**-3.4 pp**

Table 84. Crédit Agricole S.A. - From stated to underlying results, 2019 and 2018

€m	2019 stated	Specific items	2019 underlying	2018 stated	Specific items	2018 underlying	∆ 2019/2018 stated	∆ 2019/2018 underlying
Revenues	**20,153**	**(186)**	**20,339**	**19,736**	**41**	**19,694**	+2.1%	+3.3%
Operating expenses excl.SRF	(12,421)	(15)	(12,405)	(12,286)	(59)	(12,227)	+1.1%	+1.5%
SRF	(340)	-	(340)	(302)	-	(302)	+12.5%	+12.5%
Gross operating income	**7,392**	**(201)**	**7,594**	**7,147**	**(18)**	**7,165**	**+3.4%**	**+6.0%**
Cost of risk	(1,256)	-	(1,256)	(1,002)	-	(1,002)	+25.5%	+25.5%
Cost of legal risk	-	-	-	(80)	(5)	(75)	(100.0%)	(100.0%)
Equity-accounted entities	352	-	352	256	(67)	323	+37.6%	+9.0%
Net income on other assets	54	(6)	60	89	-	89	(39.5%)	(32.5%)
Change in value of goodwill	(589)	(589)	-	86	86	-	n.m.	n.m.
Income before tax	**5,952**	**(797)**	**6,749**	**6,496**	**(4)**	**6,500**	**(8.4%)**	**+3.8%**
Tax	(456)	1,103	(1,559)	(1,466)	5	(1,471)	(68.9%)	+6.0%
Net income from discont'd or held-for-sale ope.	(38)	(46)	8	(3)	-	(3)	n.m.	n.m.
Net income	**5,458**	**260**	**5,198**	**5,027**	**2**	**5,026**	**+8.6%**	**+3.4%**
Non controlling interests	(614)	2	(616)	(627)	(7)	(620)	(2.1%)	(0.7%)
Net income Group Share	**4,844**	**262**	**4,582**	**4,400**	**(5)**	**4,405**	**+10.1%**	**+4.0%**
Earnings per share (€)	**1.48**	**0.09**	**1.39**	**1.39**	**(0.00)**	**1.39**	**+6.9%**	**+0.1%**
Cost/Income ratio excl.SRF (%)	**61.6%**		**61.0%**	**62.3%**		**62.1%**	**-0.6 pp**	**-1.1 pp**

Appendix 5 – Crédit Agricole S.A.: results by business line

Table 85. Crédit Agricole S.A.: Contribution by business line - Q4-19 & Q4-18

	Q4-19 (stated)						
€m	AG	FRB (LCL)	IRB	SFS	LC	CC	Total
Revenues	**1,623**	**851**	**713**	**672**	**1,401**	**(141)**	**5,119**
Operating expenses excl. SRF	(746)	(598)	(454)	(331)	(902)	(229)	(3,260)
SRF	-	0	(0)	(0)	0	(0)	(0)
Gross operating income	**877**	**254**	**259**	**341**	**499**	**(370)**	**1,859**
Cost of risk	(5)	(64)	(78)	(127)	(55)	(10)	(340)
Cost of legal risk	-	-	-	-	-	-	-
Equity-accounted entities	14	-	-	65	3	(5)	76
Net income on other assets	11	1	3	(0)	7	(8)	14
Change in value of goodwill	-	-	-	-	22	(611)	(589)
Income before tax	**896**	**191**	**184**	**278**	**476**	**(1,004)**	**1,021**
Tax	(224)	(53)	(49)	(40)	(67)	1,278	847
Net income from discontinued or held-for-sale operations	-	-	(46)	-	-	(0)	(46)
Net income	**672**	**138**	**90**	**238**	**409**	**274**	**1,821**
Non controlling interests	(90)	(6)	(31)	(25)	(10)	2	(160)
Net income Group Share	**583**	**132**	**59**	**213**	**399**	**276**	**1,661**

	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**

AG: Asset Gathering; RB: Retail Banking, SFS: Specialised Financial Services; LC: Large Customers; CC: Corporate Centre.

Table 86. Crédit Agricole S.A. : Contribution by business line - 2019 & 2018

	2019 (stated)						
€m	AG	FRB (LCL)	IRB	SFS	LC	CC	Total
Revenues	**6,078**	**3,457**	**2,796**	**2,716**	**5,603**	**(497)**	**20,153**
Operating expenses excl. SRF	(2,896)	(2,340)	(1,731)	(1,343)	(3,321)	(789)	(12,421)
SRF	(7)	(32)	(22)	(18)	(177)	(83)	(340)
Gross operating income	**3,174**	**1,086**	**1,042**	**1,354**	**2,105**	**(1,369)**	**7,392**
Cost of risk	(19)	(217)	(335)	(497)	(160)	(28)	(1,256)
Cost of legal risk	-	-	-	-	-	-	-
Equity-accounted entities	46	-	-	295	4	6	352
Net income on other assets	32	2	2	0	6	12	54
Change in value of goodwill	-	-	-	-	22	(611)	(589)
Income before tax	**3,233**	**870**	**710**	**1,152**	**1,978**	**(1,991)**	**5,952**
Tax	(881)	(274)	(199)	(233)	(407)	1,539	(456)
Net income from discontinued or held-for-sale operations	8	-	(46)	-	-	(0)	(38)
Net income	**2,360**	**596**	**465**	**919**	**1,570**	**(452)**	**5,458**
Non controlling interests	(326)	(27)	(132)	(104)	(32)	7	(614)
Net income Group Share	**2,034**	**570**	**333**	**815**	**1,538**	**(445)**	**4,844**

	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)	(1,362)	(3,169)	(842)	(12,286)
SRF	(3)	(28)	(22)	(18)	(170)	(62)	(302)
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**

AG: Asset Gathering; RB: Retail Banking, SFS: Specialised Financial Services; LC: Large Customers; CC: Corporate Centre.

Appendix 6 – By business line: stated and underlying detailed income statement

In fourth quarter and full year 2019 and in fourth quarter and full year 2018, the Asset Gathering, Retail Banking in France (LCL and Regional Banks), International retail banking, Specialised financial services, Large Customers and Corporate Centre business lines included specific items.

Table 87. Asset management (Amundi) - From stated to underlying results, Q4-19 vs. Q4-18 and 2019 vs. 2018

€m	Q4-19 stated	Specific items	Q4-19 underlying	Q4-18 stated	Specific items	Q4-18 underlying	∆ Q4/Q4 stated	∆ Q4/Q4 underlying
Revenues	**702**	**-**	**702**	**600**	**-**	**600**	+17.1%	+17.1%
Operating expenses excl.SRF	(368)	-	(368)	(360)	(27)	(333)	+2.1%	+10.4%
SRF	-	-	-	-	-	-	n.m.	n.m.
Gross operating income	**335**	**-**	**335**	**240**	**(27)**	**267**	**+39.6%**	**+25.5%**
Cost of risk	(4)	-	(4)	(13)	-	(13)	(72.3%)	(72.3%)
Net income on other assets	0	-	0	0	-	0	(45.2%)	(45.2%)
Income before tax	**345**	**-**	**345**	**236**	**(27)**	**263**	**+45.8%**	**+30.9%**
Tax	(85)	-	(85)	(54)	6	(60)	+58.2%	+42.4%
Net income Group Share	**176**	**-**	**176**	**125**	**(14)**	**139**	**+41.4%**	**+26.8%**
Cost/Income ratio excl.SRF (%)	**52.3%**		**52.3%**	**60.0%**		**55.5%**	**-7.7 pp**	**-3.2 pp**

€m	2019 stated	Specific items	2019 underlying	2018 stated	Specific items	2018 underlying	∆ 2019/2018 stated	∆ 2019/2018 underlying
Revenues	**2,636**	**-**	**2,636**	**2,504**	**-**	**2,504**	+5.3%	+5.3%
Operating expenses excl.SRF	(1,402)	-	(1,402)	(1,416)	(56)	(1,359)	(1.0%)	+3.1%
SRF	(3)	-	(3)	(1)	-	(1)	x 2.3	x 2.3
Gross operating income	**1,231**	**-**	**1,231**	**1,087**	**(56)**	**1,144**	**+13.2%**	**+7.6%**
Cost of risk	(11)	-	(11)	(11)	-	(11)	(4.9%)	(4.9%)
Net income on other assets	(0)	-	(0)	(0)	-	(0)	(90.5%)	(90.5%)
Income before tax	**1,267**	**-**	**1,267**	**1,123**	**(56)**	**1,180**	**+12.7%**	**+7.3%**
Tax	(326)	-	(326)	(297)	15	(311)	+10.0%	+4.8%
Net income Group Share	**638**	**-**	**638**	**561**	**(29)**	**590**	**+13.7%**	**+8.2%**
Cost/Income ratio excl.SRF (%)	**53.2%**		**53.2%**	**56.5%**		**54.3%**	**-3.4 pp**	**-1.1 pp**

Table 88. Retail banking in France (LCL) - From stated to underlying results, Q4-19 vs. Q4-18 and 2019 vs. 2018

€m	Q4-19 stated	Specific items	Q4-19 underlying	Q4-18 stated	Specific items	Q4-18 underlying	∆ Q4/Q4 stated	∆ Q4/Q4 underlying
Revenues	**851**	**(12)**	**863**	**842**	**1**	**841**	+1.2%	+2.7%
Operating expenses excl.SRF	(598)	-	(598)	(597)	-	(597)	+0.2%	+0.2%
SRF	0	-	0	-	-	-	n.m.	n.m.
Gross operating income	**254**	**(12)**	**266**	**245**	**1**	**244**	**+3.5%**	**+8.9%**
Cost of risk	(64)	-	(64)	(63)	-	(63)	+2.7%	+2.7%
Net income on other assets	1	-	1	47	-	47	(97.7%)	(97.7%)
Income before tax	**191**	**(12)**	**203**	**230**	**1**	**229**	**(17.0%)**	**(11.4%)**
Tax	(53)	4	(57)	(87)	(0)	(87)	(39.8%)	(34.8%)
Net income Group Share	**132**	**(8)**	**139**	**136**	**1**	**135**	**(3.0%)**	**+3.0%**
Cost/Income ratio excl.SRF (%)	**70.2%**		**69.2%**	**70.9%**		**71.0%**	**-0.7 pp**	**-1.7 pp**

€m	2019 stated	Specific items	2019 underlying	2018 stated	Specific items	2018 underlying	∆ 2019/2018	∆ 2019/2018 underlying
Revenues	**3,457**	**(31)**	**3,488**	**3,433**	**(1)**	**3,434**	+0.7%	+1.6%
Operating expenses excl.SRF	(2,340)	-	(2,340)	(2,363)	-	(2,363)	(1.0%)	(1.0%)
SRF	(32)	-	(32)	(28)	-	(28)	+13.2%	+13.2%
Gross operating income	**1,086**	**(31)**	**1,117**	**1,043**	**(1)**	**1,044**	**+4.1%**	**+7.0%**
Cost of risk	(217)	-	(217)	(220)	-	(220)	(1.2%)	(1.2%)
Net income on other assets	2	-	2	50	-	50	(96.5%)	(96.5%)
Income before tax	**870**	**(31)**	**901**	**873**	**(1)**	**874**	**(0.3%)**	**+3.2%**
Tax	(274)	11	(285)	(288)	0	(288)	(4.9%)	(1.3%)
Net income Group Share	**570**	**(20)**	**589**	**558**	**(1)**	**558**	**+2.2%**	**+5.6%**
Cost/Income ratio excl.SRF (%)	**67.7%**		**67.1%**	**68.8%**		**68.8%**	**-1.1 pp**	**-1.7 pp**

Table 89. International retail banking (IRB) - From stated to underlying results, Q4-19 vs. Q4-18 and 2019 vs. 2018

€m	Q4-19 stated	Specific items	Q4-19 underlying	Q4-18 stated	Specific items	Q4-18 underlying	∆ Q4/Q4 stated	∆ Q4/Q4 underlying
Revenues	**713**	**-**	**713**	**704**	**-**	**704**	+1.2%	+1.2%
Operating expenses excl.SRF	(454)	-	(454)	(467)	(11)	(456)	(3.0%)	(0.6%)
SRF	(0)	-	(0)	-	-	-	n.m.	n.m.
Gross operating income	**259**	**-**	**259**	**237**	**(11)**	**248**	**+9.4%**	**+4.5%**
Cost of risk	(78)	-	(78)	(84)	-	(84)	(6.6%)	(6.6%)
Cost of legal risk	-	-	-	-	-	-	n.m.	n.m.
Equity-accounted entities	-	-	-	-	-	-	n.m.	n.m.
Net income on other assets	3	-	3	14	-	14	(75.6%)	(75.6%)
Change in value of goodwill	-	-	-	-	-	-	n.m.	n.m.
Income before tax	**184**	**-**	**184**	**167**	**(11)**	**178**	**+10.4%**	**+3.5%**
Tax	(49)	-	(49)	(39)	4	(43)	+23.4%	+13.0%
Net income from discont'd or held-for-sale ope.	(46)	(46)	(0)	-	-	-	n.m.	n.m.
Net income	**90**	**(46)**	**136**	**127**	**(8)**	**135**	**(29.5%)**	**+0.4%**
Non controlling interests	(31)	-	(31)	(32)	2	(33)	(1.1%)	(6.3%)
Net income Group Share	**59**	**(46)**	**104**	**96**	**(6)**	**102**	**(38.9%)**	**+2.6%**
Cost/Income ratio excl.SRF (%)	**63.6%**		**63.6%**	**66.4%**		**64.8%**	**-2.7 pp**	**-1.2 pp**

€m	2019 stated	Specific items	2019 underlying	2018 stated	Specific items	2018 underlying	∆ 2019/2018 stated	∆ 2019/2018 underlying
Revenues	**2,796**	**-**	**2,796**	**2,732**	**-**	**2,732**	+2.3%	+2.3%
Operating expenses excl.SRF	(1,731)	-	(1,731)	(1,716)	(2)	(1,714)	+0.9%	+1.0%
SRF	(22)	-	(22)	(22)	-	(22)	+1.5%	+1.5%
Gross operating income	**1,042**	**-**	**1,042**	**994**	**(2)**	**996**	**+4.9%**	**+4.6%**
Cost of risk	(335)	-	(335)	(358)	-	(358)	(6.5%)	(6.5%)
Cost of legal risk	-	-	-	-	-	-	n.m.	n.m.
Equity-accounted entities	-	-	-	-	-	-	n.m.	n.m.
Net income on other assets	2	-	2	14	-	14	(83.3%)	(83.3%)
Change in value of goodwill	-	-	-	-	-	-	n.m.	n.m.
Income before tax	**710**	**-**	**710**	**650**	**(2)**	**652**	**+9.2%**	**+8.8%**
Tax	(199)	-	(199)	(185)	1	(186)	+7.7%	+7.3%
Net income from discont'd or held-for-sale ope.	(46)	(46)	(0)	-	-	-	n.m.	n.m.
Net income	**465**	**(46)**	**511**	**465**	**(2)**	**467**	**(0.1%)**	**+9.4%**
Non controlling interests	(132)	-	(132)	(124)	0	(125)	+6.0%	+5.6%
Net income Group Share	**333**	**(46)**	**379**	**341**	**(1)**	**342**	**(2.3%)**	**+10.8%**
Cost/Income ratio excl.SRF (%)	**61.9%**		**61.9%**	**62.8%**		**62.7%**	**-0.9 pp**	**-0.8 pp**

Table 90. Specialised financial services (SFS) - From stated to underlying results, Q4-19 vs. Q4-18 and 2019 vs. 2018

€m	Q4-19 stated	Specific items	Q4-19 underlying	Q4-18 stated	Specific items	Q4-18 underlying	∆ Q4/Q4 stated	∆ Q4/Q4 underlying
Revenues	**672**	**-**	**672**	**690**	**-**	**690**	(2.6%)	(2.6%)
Operating expenses excl.SRF	(331)	-	(331)	(356)	-	(356)	(6.8%)	(6.8%)
SRF	(0)	-	(0)	-	-	-	n.m.	n.m.
Gross operating income	**341**	**-**	**341**	**335**	**-**	**335**	**+1.8%**	**+1.8%**
Cost of risk	(127)	-	(127)	(99)	-	(99)	+28.9%	+28.9%
Equity-accounted entities	65	-	65	(2)	(67)	65	n.m.	+0.2%
Income before tax	**278**	**-**	**278**	**233**	**(67)**	**300**	**+19.2%**	**(7.4%)**
Tax	(40)	-	(40)	(40)	-	(40)	+0.2%	+0.2%
Net income from discont'd or held-for-sale ope.	-	-	-	-	-	-	n.m.	n.m.
Net income	**238**	**-**	**238**	**194**	**(67)**	**261**	**+23.0%**	**(8.6%)**
Non controlling interests	(25)	-	(25)	(40)	-	(40)	(36.4%)	(36.4%)
Net income Group Share	**213**	**-**	**213**	**154**	**(67)**	**221**	**+38.4%**	**(3.6%)**
Cost/Income ratio excl.SRF (%)	**49.3%**		**49.3%**	**51.5%**		**51.5%**	**-2.2 pp**	**-2.2 pp**

€m	2019 stated	Specific items	2019 underlying	2018 stated	Specific items	2018 underlying	∆ 2019/2018 stated	∆ 2019/2018 underlying
Revenues	**2,716**	**-**	**2,716**	**2,769**	**-**	**2,769**	(1.9%)	(1.9%)
Operating expenses excl.SRF	(1,343)	-	(1,343)	(1,362)	-	(1,362)	(1.4%)	(1.4%)
SRF	(18)	-	(18)	(18)	-	(18)	+4.3%	+4.3%
Gross operating income	**1,354**	**-**	**1,354**	**1,389**	**-**	**1,389**	**(2.5%)**	**(2.5%)**
Cost of risk	(497)	-	(497)	(467)	-	(467)	+6.6%	+6.6%
Equity-accounted entities	295	-	295	187	(67)	254	+57.8%	+16.2%
Income before tax	**1,152**	**-**	**1,152**	**1,110**	**(67)**	**1,177**	**+3.8%**	**(2.1%)**
Tax	(233)	-	(233)	(244)	-	(244)	(4.4%)	(4.4%)
Net income from discont'd or held-for-sale ope.	-	-	-	(0)	-	(0)	n.m.	n.m.
Net income	**919**	**-**	**919**	**866**	**(67)**	**933**	**+6.1%**	**(1.5%)**
Non controlling interests	(104)	-	(104)	(128)	-	(128)	(18.4%)	(18.4%)
Net income Group Share	**815**	**-**	**815**	**738**	**(67)**	**805**	**+10.4%**	**+1.2%**
Cost/Income ratio excl.SRF (%)	**49.5%**		**49.5%**	**49.2%**		**49.2%**	**+0.3 pp**	**+0.3 pp**

Table 91. Large customers (LC) - From stated to underlying results, Q4-19 vs. Q4-18 and 2019 vs. 2018

€m	Q4-19 stated	Specific items	Q4-19 underlying	Q4-18 stated	Specific items	Q4-18 underlying	∆ Q4/Q4 stated	∆ Q4/Q4 underlying
Revenues	**1,401**	**(22)**	**1,422**	**1,210**	**32**	**1,178**	+15.8%	+20.7%
Operating expenses excl.SRF	(902)	(15)	(887)	(813)	-	(813)	+10.9%	+9.1%
SRF	0	-	0	-	-	-	n.m.	n.m.
Gross operating income	**499**	**(37)**	**536**	**397**	**32**	**365**	**+25.6%**	**+46.7%**
Cost of risk	(55)	-	(55)	26	-	26	n.m.	n.m.
Net income on other assets	7	(6)	13	(0)	-	(0)	n.m.	n.m.
Income before tax	**476**	**(22)**	**497**	**422**	**32**	**390**	**+12.8%**	**+27.5%**
Tax	(67)	12	(79)	(79)	(8)	(71)	(14.9%)	+11.9%
Net income	**409**	**(10)**	**418**	**343**	**24**	**319**	**+19.2%**	**+30.9%**
Non controlling interests	(10)	0	(10)	(6)	(1)	(6)	+53.5%	+73.9%
Net income Group Share	**399**	**(9)**	**408**	**337**	**23**	**314**	**+18.5%**	**+30.1%**
Cost/Income ratio excl.SRF (%)	**64.4%**		**62.4%**	**67.2%**		**69.0%**	**-2.8 pp**	**-6.7 pp**

€m	2019 stated	Specific items	2019 underlying	2018 stated	Specific items	2018 underlying	∆ 2019/2018 stated	∆ 2019/2018 underlying
Revenues	**5,603**	**(65)**	**5,668**	**5,368**	**45**	**5,323**	+4.4%	+6.5%
Operating expenses excl.SRF	(3,321)	(15)	(3,305)	(3,169)	-	(3,169)	+4.8%	+4.3%
SRF	(177)	-	(177)	(170)	-	(170)	+4.6%	+4.6%
Gross operating income	**2,105**	**(80)**	**2,185**	**2,030**	**45**	**1,984**	**+3.7%**	**+10.1%**
Cost of risk	(160)	-	(160)	64	-	64	n.m.	n.m.
Cost of legal risk	-	-	-	-	-	-	n.m.	n.m.
Equity-accounted entities	4	-	4	0	-	0	x 11	x 11
Net income on other assets	6	(6)	12	14	-	14	(55.9%)	(10.5%)
Change in value of goodwill	22	22	-	-	-	-	n.m.	n.m.
Income before tax	**1,978**	**(65)**	**2,042**	**2,108**	**45**	**2,062**	**(6.2%)**	**(1.0%)**
Tax	(407)	23	(431)	(550)	(12)	(539)	(26.0%)	(20.1%)
Net income from discont'd or held-for-sale ope.	-	-	-	-	-	-	n.m.	n.m.
Net income	**1,570**	**(42)**	**1,612**	**1,557**	**34**	**1,524**	**+0.8%**	**+5.8%**
Non controlling interests	(32)	1	(33)	(30)	(1)	(29)	+8.6%	+15.1%
Net income Group Share	**1,538**	**(40)**	**1,579**	**1,528**	**33**	**1,495**	**+0.7%**	**+5.6%**
Cost/Income ratio excl.SRF (%)	**59.3%**		**58.3%**	**59.0%**		**59.5%**	**+0.2 pp**	**-1.2 pp**

Table 92. Corporate centre (CC) - From stated to underlying results, Q4-19 vs. Q4-18 and 2019 vs. 2018

€m	Q4-19 stated	Specific items	Q4-19 underlying	Q4-18 stated	Specific items	Q4-18 underlying	∆ Q4/Q4 stated	∆ Q4/Q4 underlying
Revenues	**(141)**	**(32)**	**(109)**	**(63)**	**6**	**(69)**	x 2.2	+57.6%
Operating expenses excl.SRF	(229)	-	(229)	(256)	-	(256)	(10.6%)	(10.6%)
SRF	(0)	-	(0)	-	-	-	n.m.	n.m.
Gross operating income	**(370)**	**(32)**	**(338)**	**(319)**	**6**	**(325)**	**+15.9%**	**+3.9%**
Cost of risk	(10)	-	(10)	(5)	-	(5)	+86.0%	+86.0%
Equity-accounted entities	(5)	-	(5)	1	-	1	n.m.	n.m.
Net income on other assets	(8)	-	(8)	(3)	-	(3)	x 2.6	x 2.6
Change in value of goodwill	(611)	(611)	-	-	-	-	n.m.	n.m.
Income before tax	**(1,004)**	**(643)**	**(361)**	**(401)**	**6**	**(407)**	**x 2.5**	**(11.4%)**
Tax	1,278	1,049	229	199	(2)	201	x 6.4	+14.1%
Net income	**274**	**406**	**(132)**	**(202)**	**4**	**(206)**	**n.m.**	**(36.2%)**
Non controlling interests	2	-	2	(10)	-	(10)	n.m.	n.m.
Net income Group Share	**276**	**406**	**(130)**	**(213)**	**4**	**(217)**	**n.m.**	**(40.1%)**
Cost/Income ratio excl.SRF (%)	**-162.3%**		**-209.9%**	**-406.4%**		**-370.0%**	**+244.1 pp**	**+160.1 pp**

€m	2019 stated	Specific items	2019 underlying	2018 stated	Specific items	2018 underlying	∆ 2019/2018	∆ 2019/2018 underlying
Revenues	**(497)**	**(90)**	**(407)**	**(344)**	**(3)**	**(341)**	+44.3%	+19.3%
Operating expenses excl.SRF	(789)	-	(789)	(842)	-	(842)	(6.3%)	(6.3%)
SRF	(83)	-	(83)	(62)	-	(62)	+34.3%	+34.3%
Gross operating income	**(1,369)**	**(90)**	**(1,279)**	**(1,249)**	**(3)**	**(1,245)**	**+9.6%**	**+2.7%**
Cost of risk	(28)	-	(28)	(5)	-	(5)	x 6.3	x 6.3
Net income on other assets	12	-	12	13	-	13	(10.7%)	(10.7%)
Income before tax	**(1,991)**	**(701)**	**(1,290)**	**(1,213)**	**78**	**(1,291)**	**+64.1%**	**(0.1%)**
Tax	1,539	1,069	470	576	1	575	x 2.7	(18.2%)
Net income Group Share	**(445)**	**368**	**(813)**	**(672)**	**59**	**(731)**	**(33.8%)**	**+11.1%**
Cost/Income ratio excl.SRF (%)	**-158.8%**		**-193.8%**	**-244.6%**		**-246.9%**	**+85.9 pp**	**+53.1 pp**

Table 93. Regional Banks - From stated to underlying results, Q4-19 vs. Q4-18 and 2019 vs. 2018

€m	Q4-19 stated	Specific items	Q4-19 underlying	Q4-18 stated	Specific items	Q4-18 underlying	∆ Q4/Q4 stated	∆ Q4/Q4 underlying
Revenues	**3,276**	**(137)**	**3,413**	**3,235**	**7**	**3,228**	+1.3%	+5.7%
Operating expenses excl.SRF	(2,276)	-	(2,276)	(2,236)	-	(2,236)	+1.8%	+1.8%
SRF	-	-	-	-	-	-	n.m.	n.m.
Gross operating income	**1,000**	**(137)**	**1,137**	**1,000**	**7**	**993**	**+0.1%**	**+14.6%**
Cost of risk	(155)	-	(155)	(250)	-	(250)	(37.9%)	(37.9%)
Cost of legal risk	-	-	-	-	-	-	n.m.	n.m.
Equity-accounted entities	2	-	2	4	-	4	(60.3%)	(60.3%)
Net income on other assets	1	-	1	(9)	-	(9)	n.m.	n.m.
Change in value of goodwill	-	-	-	-	-	-	n.m.	n.m.
Income before tax	**848**	**(137)**	**984**	**745**	**7**	**738**	**+13.7%**	**+33.3%**
Tax	(257)	47	(304)	(204)	(2)	(202)	+26.2%	+51.0%
Net income from discont'd or held-for-sale c	-	-	-	-	-	-	n.m.	n.m.
Net income	**590**	**(90)**	**680**	**541**	**4**	**537**	**+9.1%**	**+26.7%**
Non controlling interests	(0)	-	(0)	0	-	0	n.m.	n.m.
Net income Group Share	**590**	**(90)**	**680**	**541**	**4**	**537**	**+9.0%**	**+26.6%**
Cost/Income ratio excl.SRF (%)	**69.5%**		**66.7%**	**69.1%**		**69.2%**	**+0.4 pp**	**-2.6 pp**

€m	2019 stated	Specific items	2019 underlying	2018 stated	Specific items	2018 underlying	∆ 2019/2018 stated	∆ 2019/2018 underlying
Revenues	**13,117**	**(307)**	**13,424**	**13,040**	**(15)**	**13,055**	+0.6%	+2.8%
Operating expenses excl.SRF	(8,836)	-	(8,836)	(8,657)	-	(8,657)	+2.1%	+2.1%
SRF	(86)	-	(86)	(87)	-	(87)	(1.3%)	(1.3%)
Gross operating income	**4,196**	**(307)**	**4,502**	**4,296**	**(15)**	**4,311**	**(2.3%)**	**+4.4%**
Cost of risk	(498)	-	(498)	(634)	-	(634)	(21.5%)	(21.5%)
Cost of legal risk	-	-	-	-	-	-	n.m.	n.m.
Equity-accounted entities	11	-	11	12	-	12	(12.0%)	(12.0%)
Net income on other assets	(6)	-	(6)	(1)	-	(1)	x 3.8	x 3.8
Change in value of goodwill	-	-	-	-	-	-	n.m.	n.m.
Income before tax	**3,703**	**(307)**	**4,010**	**3,673**	**(15)**	**3,688**	**+0.8%**	**+8.7%**
Tax	(1,307)	106	(1,413)	(1,280)	5	(1,285)	+2.1%	+9.9%
Net income from discont'd or held-for-sale c	-	-	-	-	-	-	n.m.	n.m.
Net income	**2,396**	**(201)**	**2,597**	**2,393**	**(10)**	**2,403**	**+0.1%**	**+8.1%**
Non controlling interests	(0)	-	(0)	(0)	-	(0)	+61.9%	+61.9%
Net income Group Share	**2,396**	**(201)**	**2,597**	**2,393**	**(10)**	**2,403**	**+0.1%**	**+8.1%**
Cost/Income ratio excl.SRF (%)	**67.4%**		**65.8%**	**66.4%**		**66.3%**	**+1.0 pp**	**-0.5 pp**

Appendix 7 – Evolution of credit risk outstandings

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

€m	Dec. 18	Sept. 19	Dec. 19
Gross customer loans outstanding	874,156	918,060	932,487
of which: impaired loans	23,048	23,231	22,999
Loans loss reserves (incl. collective reserves)	19,475	19,394	18,990
Impaired loans ratio	2.6%	2.5%	2.5%
Coverage ratio (excl. collective reserves)	60.6%	59.8%	59.0%
Coverage ratio (incl. collective reserves)	84.5%	83.5%	82.6%

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

€m	Dec. 18	Sept. 19	Dec. 19
Gross customer loans outstanding	379,011	398,509	404,392
of which: impaired loans	13,016	13,056	13,133
Loans loss reserves (incl. collective reserves)	9,555	9,498	9,212
Impaired loans ratio	3.4%	3.3%	3.2%
Coverage ratio (excl. collective reserves)	56.4%	56.0%	54.8%
Coverage ratio (incl. collective reserves)	73.4%	72.7%	70.1%

Table 96. Regional Banks - Evolution of credit risk outstandings

€m	Dec. 18	Sept. 19	Dec. 19
Gross customer loans outstanding	495,083	519,521	528,081
of which: impaired loans	10,027	10,171	9,862
Loans loss reserves (incl. collective reserves)	9,916	9,892	9,776
Impaired loans ratio	2.0%	2.0%	1.9%
Coverage ratio (excl. collective reserves)	65.9%	64.7%	64.6%
Coverage ratio (incl. collective reserves)	98.9%	97.3%	99.1%

Since the first quarter of 2019, loans outstanding considered are only loans to customers, before impairment. Figures from previous years for impaired loans ratios and coverage ratios have been restated according the same methodology.

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

By geographic region	Dec. 19	Dec. 18
France (excl. retail banking)	32,2%	32,4%
France (retail banking)	16,3%	16,3%
Western Europe (excl. Italy)	13,7%	14,1%
Italy	12,3%	12,5%
North America	7,8%	7,9%
Asia and Oceania excl. Japan	5,3%	5,1%
Africa and Middle-East	3,8%	3,8%
Japan	4,7%	4,3%
Eastern Europe	2,5%	2,3%
Central and South America	1,4%	1,4%
Other	0,0%	0,0%
Total	**100,0%**	**100,0%**

By business sector	Dec. 19	Dec. 18
Retail banking	26,5%	27,0%
Non-merchant service / Public sector / Local authorities	21,1%	19,7%
Energy	7,3%	7,4%
Other non banking financial activities	10,5%	10,2%
Banks	3,1%	2,9%
Real estate	3,5%	3,6%
Retail and consumer goods	2,1%	2,3%
Automotive	3,4%	3,4%
Others	2,7%	3,0%
Heavy industry	2,3%	2,3%
Aerospace	1,8%	2,0%
Construction	1,9%	2,1%
Food	2,2%	2,3%
Shipping	1,8%	1,8%
Other transport	1,4%	1,4%
Other industries	1,9%	1,8%
Telecom	1,7%	1,6%
Healthcare / pharmaceuticals	1,1%	1,1%
Insurance	1,1%	1,5%
Tourism / hotels / restaurants	0,8%	0,9%
IT / computing	1,8%	1,5%
Total	**100,0%**	**100,0%**

Table 98. Crédit Agricole SA - Market risk exposures

Crédit Agricole SA - Market risk exposures					
€m	VAR (99% - 1 day) 1st January to 31th December 2019				
	Minimum	Maximum	Average	**31 December**	31/12/2018
Fixed income	2	9	4	**6**	3
Credit	2	5	3	**4**	2
Foreign Exchange	1	5	3	**3**	3
Equities	1	2	1	**1**	2
Commodities	0	0	0	**0**	0
Mutualised VaR for Crédit Agricole S.A.	**4**	**13**	**7**	**9**	**5**

Crédit Agricole S.A.'s VaR (99% - 1 day) is computed by taking into account the impact of diversification between the Group's various entities
VaR (99% - 1 day) at 31/12/19 : €9m for Crédit Agricole S.A.

Appendix 8 – Detail of net equity and subordinated debt

Table 99. Crédit Agricole S.A. - Equity and subordinated debt

€m	Group share	Non-controlling interests	Total	Subordinated debt
At 31 December 2018	**58,811**	**6,705**	**65,516**	**22,765**
Capital increase	151	-	151	
Dividends paid out in 2019	(1,976)	(376)	(2,352)	
Change in treasury shares held	43	-	43	
Issue of undated deeply subordinated Additional Tier 1 net of issuance costs	7	-	7	
Interests paid to the holders of the undated deeply subordinated Additional Tier 1	(471)	(27)	(498)	
Impact of acquisitions/disposals on non-controlling interests	-	-	-	
Change due to share-based payments	26	12	38	
Change in other comprehensive income	1,602	52	1,654	
Change in share of reserves of equity affiliates	(7)	(1)	(8)	
Result for the period	4,844	614	5,458	
Other	(110)	944	834	
At 31 December 2019	**62,920**	**7,923**	**70,843**	**21,797**

Developments in legal risk

The main legal and tax proceedings outstanding at Crédit Agricole S.A. and its fully consolidated subsidiaries are described in the 2018 management report.

With respect to the exceptional events and the litigations set out in this report and updated in the third quarter of 2019 in the A04 document, the new developments are mentioned:

- at the end of the last paragraph of the part relating to “CIE case (Cheque Image Exchange)”,
- at the end of the last paragraph of the part relating to “Crédit Agricole Consumer Finance Nederland B.V. ».

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.

On 31 March 2019 the court upheld in its entirety the “motion for summary judgment” filed by Crédit Lyonnais in February 2018. It considered that no reasonable jury could find in favour of the plaintiffs and dismissed all their claims. The plaintiffs appealed against this decision.

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.

On 29 January 2020 the French Supreme Court (Cour de cassation) overruled the Paris Court of Appeal's decision dated 21 December 2017 and referred the case to the same Court with a different composition on the ground that the Paris Court of Appeal had not characterized the existence of restrictions of competition by object.

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 statement of objection to Crédit Agricole S.A. and to Crédit Agricole CIB pertaining to agreements or concerted practices for the purpose and/or effect of preventing, restricting or distorting competition in derivatives related to the Euribor.

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

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

Concerning the two class actions in the United States of America in which Crédit Agricole S.A. and Crédit Agricole CIB have been named since 2012 and 2013 along with other financial institutions, both as defendants in one ("Sullivan" for the Euribor) and only Crédit Agricole S.A. as defendant for the other ("Lieberman" for Libor), the "Lieberman" class action is at the preliminary stage that consists in the examination of its admissibility; proceedings are still suspended before the US District Court of New York State. Concerning the"Sullivan" class action, Crédit Agricole S.A. and Crédit Agricole CIB introduced a motion to dismiss the applicants' claim. The US District Court of New York State upheld the motion to dismiss regarding Crédit Agricole S.A. and Crédit Agricole CIB in first instance. On 14 June 2019, the plaintiffs appealed this decision.

Since 1 July 2016, Crédit Agricole S.A. and Crédit Agricole CIB, together with other banks, are also party to a new class action suit in the United States ("Frontpoint") relating to the SIBOR (Singapore Interbank Offered Rate) and SOR (Singapore Swap Offer Rate) indices. After having granted a first motion to dismiss filed by Crédit Agricole SA and Crédit Agricole CIB, the New York Federal District Court, ruling on a new request by the plaintiffs, excluded Crédit Agricole SA from the Frontpoint case on the grounds that it had not contributed to the relevant indexes. The Court considered, however, taking into account recent developments in case law, that its jurisdiction could apply to Crédit Agricole CIB, as well as to all the banks that are members of the SIBOR index panel. The allegations contained in the complaint regarding the SIBOR/USD index and the SOR index were also rejected by the court, therefore the index SIBOR/Singapore dollar alone is still taken into account. On 26 December, the plaintiffs filed a new complaint aimed at reintroducing into the scope of the Frontpoint case the alleged manipulations of the SIBOR and SOR indexes that affected the transactions in US dollars. Crédit Agricole CIB, alongside the other defendants, objected to this new complaint at the hearing held on 2 May 2019 before the New York Federal District Court. On July 26, 2019, the Federal Court granted the defendants' motion to dismiss. The plaintiffs filed a notice of appeal on August 26, 2019.

These class actions are civil actions in which the plaintiffs claim that they are victims of the methods used to set the Euribor, Libor, SIBOR and SOR rates, and seek repayment of the sums they allege were unlawfully received, as well as damages and reimbursement of costs and fees paid.

Banque Saudi Fransi

Crédit Agricole Corporate Investment Bank (Crédit Agricole CIB) 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. BSF submitted its "Claimant's Memorial" on 21 June 2019 and reevaluated its claim at 1 023 523 357, 00 SAR in principal, the equivalent of about 242 million euros. Crédit Agricole CIB totally denies BSF's allegations and claim.

Bonds SSA

Several regulators requested information to Crédit Agricole S.A. and to Crédit Agricole CIB for investigations relating to activities of different banks involved in the secondary trading of Bonds SSA (Supranational, Sub-Sovereign and Agencies) denominated in American dollars. Through the cooperation with these regulators, Crédit Agricole CIB proceeded to internal inquiries to gather the required information available. On 20 December 2018, the European Commission issued a Statement of Objections to a number of banks including Crédit Agricole S.A. and Crédit Agricole CIB within its inquiry on a possible infringement of rules of European Competition law in the secondary trading of Bonds SSA denominated in American dollars. Crédit Agricole S.A. and Crédit Agricole CIB became aware of these objections and issued a response on 29 March 2019, followed by an oral hearing on 10-11 July 2019.

Crédit Agricole CIB is included with other banks in a putative consolidated class action before the United States District Court for the Southern District of New York. That action was dismissed on 29 August 2018 on the basis that the plaintiffs failed to allege an injury sufficient to give them standing. However the plaintiffs have been given an opportunity to attempt to remedy that defect. The plaintiffs filed an amended complaint on 7 November 2018. Crédit Agricole CIB as well as the other defendants have filed motions to dismiss the amended complaint. A judgment issued on 30 September 2019 dismissed the class action for lack of jurisdiction of Southern District Court of the New York.

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

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

O'Sullivan and Tavera

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

On December 29, 2018, the same group of individuals, together with 57 new plaintiffs, filed a separate action ("*O'Sullivan II*") against the same defendants.

On December 21, 2018, a different group of individuals filed a complaint (*"Tavera"*) against the same defendants.

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

On 2 March 2018, Crédit Agricole CIB and other defendants filed a motion to dismiss the *O' Sullivan I* Complaint. On 28 March 2019, the Court granted defendants' motion to dismiss. On 22 April 2019, the plaintiffs filed a motion to amend their complaint. Defendants submitted an opposition to that motion on 20 May 2019 and plaintiffs filed a reply on 10 June 2019.

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 appealed against this decision before the Administrative Regional Court (TAR) of Lazio. On 4 April 2019, the TAR of Lazio issued an interim relief order staying the execution of the obligation to pay the fine imposed on FCA Bank S.p.A. subject to the provision by FCA Bank S.p.A. of a guarantee covering the amount of the fine.

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

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

On January 31, 2019 a similar action ("Livonia") has been filed before the US District Court Southern District of New-York, against a number of banks including Crédit Agricole S.A., Crédit Agricole CIB and Crédit Agricole Securities-USA. On February 1, 2019, these two class actions were consolidated for pre-trial purposes.

On March 4, 2019, a third class action ("Hawaï Sheet Metal Workers retirement funds") was filed against the same banks in the same courtand consolidated with the two previous actions on April 26, 2019.

On July 1st, 2019, the plaintiffs filed a "Consolidated Class Action Complaint". On August 30, 2019, the Defendants filed a motion to dismiss against this consolidated complaint.

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 is considering the implementation of a compensation plan for the benefit of the borrowers during the year 2020 which will take into account the aforementioned decisions of KIFID.

CACEIS Germany

CACEIS Germany has received from the Bavarian tax authorities a claim for the repayment of the dividend tax refunded to a number of its customers in 2010.

This claim amounts to 312 million euros. It is accompanied by a demand for the payment of 148 million euros of interests (calculated at the rate of 6% per annum).

CACEIS Germany strongly challenge this claim that it finds to be totally unfounded.

CACEIS Germany filed an appeal against it and requested a stay of enforcement of the payment obligation pending a final decision on the substance.The stay of enforcement was granted for the payment of 148 million euros of interests and rejected for the repayment of the amount of 312 million euros. CACEIS appealed against the decision to reject. The rejection being enforceable, the sum of 312 million euros was paid by CACEIS which, given the ongoing appeal proceedings, recorded a claim for an equivalent amount in its accounts.

Binding agreements

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

Other recent information

Press releases

The presss releases mentionned hereunder can be found on the following website :

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

Press release as at 8 November 2019

The Conseil d'Etat has issued a decision recognising the deductibility of a charge incurred by Crédit Agricole S.A. in 2012 on the occasion of the disposal of the Greek bank Emporiki.

Press release as at 25 November 2019

Crédit Agricole CIB announces the completion of the disposal of a 6,0% stake in BSF to Ripplewood

Press release as at 5 December 2019

Crédit Agricole S.A. opens the Panda market for European GSIB banks with a 3 year CNY 1 billion benchmark bond

Press release as at 11 December 2019

Crédit Agricole CIB presents the details of its targets for 2022, which form part of the Group project and Crédit Agricole Group Medium Term Plan 2022.

Press release as at 12 December 2019

Unchanged ECB capital requirements for 2020

Press release as at 17 December 2019

Goodwill impairment charge of about €600million recognized against LCL, no impact on solvency ratios or the dividend

Press release as at 23 December 2019

Crédit Agricole S.A. and Santander announce the closing of the strategic combination of CACEIS and Santander Securities Services and the creation of a major global player

Press release as at 15 January 2020

Crédit Agricole S.A. unwinds 35% of the "Switch" guarantee mechanism

Press release as at 21 January 2020

Banco Sabadell and Amundi announce their strategic partnership in Spain alongside Amundi's acquisition of Sabadell Asset Management

Credit rating

Table 100. Crédit Agricole S.A. - Ratings at 10/02/20

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	18/10/2019	LT / ST ratings affirmed; outlook unchanged
Moody's	Aa2/P-1 (CRR)	Aa3	Stable outlook	P-1	19/09/2019	LT ratings upgraded (1 notch); outlook changed to stable from positive; ST debt ratings confirmed
Fitch Ratings	A+(DCR)	A+	Stable outlook	F1	20/11/2019	LT / ST ratings affirmed; outlook unchanged
DBRS	AA (high) / R-1 (high) (COR)	AA (low)	Stable outlook	R-1 (middle)	01/10/2019	LT / ST ratings affirmed; outlook unchanged

Glossary

Cost/income ratio

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

Cost of risk

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[55]

Calculated by dividing cost of risk (over four quarters on a rolling basis) by outstandings (over an average of the past four quarters, beginning of the period). Since the first quarter 2019, loans outstanding considered are only loans to customers, before impairment.

Impaired loans ratio[55]

This ratio compares the gross impaired customer loans to total gross customer loans outstanding.

Coverage ratio

This ratio compares the total loans loss reserves the gross impaired customer loans.

CVA (Credit Valuation Adjustment)

Expected loss arising from the risk of a counterparty default, factoring 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 (Debt Valuation Adjustment)

Symmetrical to the CVA, and representing 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.

Encumbered assets:

Encumbered assets are assets serving as collateral, sureties or credit enhancements for a transaction of any kind.

EPS (Earnings Per Share)

Net income Group share (excluding AT1 issues interests) divided by the average number of shares outstanding, excluding Treasury shares. EPS indicates the portion of profits attributable to each share (not the portion of earnings paid out to each shareholder, which is the dividend). It may decrease, assuming 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 measured 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

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

[55] *An alternative performance indicator.*

Issuer spread

The actuarial margin representing the difference between the actuarial rate of return at which the Group can borrow funds and the rate on risk-free loan with the same term.

Loan book hedge

The impact of loan hedges determines the value of market changes in credit risk hedges and the resulting level of reserves.

Net asset value per share - Net tangible asset value per share[56]

One of the methods for calculating the value of a share. NAV per share is net equity Group share restated from AT1 issues divided by the number of shares outstanding at the end of the period.

Net tangible assets per share is tangible net equity Group share, i.e. restated for intangible assets and goodwill, divided by the number of shares outstanding at the end of the period.

Net book value[57]

Net book value is net equity Group share, restated for AT1 issues, HTCS hidden reserves and proposed dividends on annual earnings.

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 ordinary shares[58] – stated

Net income Group share attributable to ordinary shares is calculated as net income Group share less interest on AT1 instruments, including issue costs before tax.

Operating income

Calculated as gross operating income less cost of risk.

Provision for home purchase savings plans

The provision set aside to pay interest on home purchase savings plans, offering an attractive rate and liable to be closed in the short term by the account-holders.

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)[59]

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

ROTE (Return on Tangible Equity)[60]61

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

TLAC (Total Loss Absorbing Capacity) ratio

Designed at the G20's request by the Financial Stability Board. It aims to provide an indication of the loss-absorbing capacity and the ability to raise additional capital of global systemically important banks (G-SIBs) (see Chapter 5 on Risk factors and Pillar 3/ Indicators and regulatory ratios).

[56] *An alternative performance indicator.*
[57] *An alternative performance indicator.*
[58] *An alternative performance indicator.*
[59] *An alternative performance indicator.*
[60] *An alternative performance indicator.*

Underlying net income Group share[61]

Underlying net income Group share is calculated as net income Group share restated for specific items (i.e. non-recurring or exceptional items).

[61] *An alternative performance indicator.*

Developments in governance

The composition of governance bodies will be updated in the 2019 Universal Registration Document.

Financial Agenda & Contacts

Financial agenda

- 6 May 2020 — Publication of first quarter 2020 results
- 13 May 2020 — Shareholders' meeting in Paris
- 6 August 2020 — Publication of second quarter and first half 2020 results
- 4 November 2020 — Publication of third quarter and nine months 2020 results

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