CRÉDIT AGRICOLE S.A.

Press release

Paris, 14 December 2011

Crédit Agricole: meeting the challenge

Capitalising on the market-leading position of its retail banks and associated business lines

Reinforcing its financial strength by achieving a Common Equity Tier 1 capital ratio of 10% in 2013

Focusing its strengths on serving the real economy

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The plan to reduce financing needs by €50bn by end-2012, asannounced on 28 September, had already achieved a €9bn reduction by end-October 2011

A new corporate and investment banking model focused on distribution and serving major clients

Exceptional write-downs of €2.5bn in Credit Agricole S.A.'s consolidated accounts with no impact on the Basel III Common Tier 1 Equity ratio. Against challenging market conditions the Crédit Agricole Group willpost a profit for 2011, despite Credit Agricole S.A. reporting a loss at the consolidated level.

Basel III Common Equity Tier 1 capital ratio of 10% for Crédit Agricole Group at end-2013

Crédit Agricole confirms its role as the leading financer of the French economy

In a turbulent economic and financial climate, reflected in particular by unprecedented regulatory reforms - with the timetable for application of Basel III brought forward and tougher regulatory requirements - Crédit Agricole is adapting to meet the challenge.

On 28 September 2011, Crédit Agricole S.A.'s Board of Directors announced a plan to adapt to the new climate, reflected primarily by a structural reduction in its use of capital, diversifying its sources of borrowing, enhancing the Group's capital adequacy and streamlining its business portfolios.

The Boards of Directors of the different entities concerned approved the measures that will enable the successful continuation of the business adaptation planand the adoption of a new corporate and investment banking model serving its major clients. In addition they have closely examined the various expected consequences expected from the plan, from a social, financial and accounting perspective. The plan will rigorously adhere to the social procedures of the different countries affected.

Crédit Agricole adapts to meet the challenge

Crédit Agricole's adaptation plan is twofold

1. **Structural reduction in financing requirements**

   Having reached a low of €103 billion at 30 September 2011, reserves are being built back up and already stood at €118 billion at 28 November 2011.

   As a reminder, on 28 September, Crédit Agricole also announced a programme for €12 billion of medium to long-term financing to be raised on the markets in 2012, as opposed to €22 billion in 2011.

2. **A new corporate and investment banking model for Crédit Agricole centred on distribution and serving major clients**

   Crédit Agricole's new CIB model is in line with its objective to reduce its financing needs by 15 to 18 billion euros, of which 9 billion euros by end 2011 and 75% in dollars. The new model is based on a strategy that aims to limit the size of the balance sheet:

   - Adaptation towards the model "originate to distribute": origination and structured financing, increase in bond solutions, increased development of syndication and securitisation, creation of early-stage partnerships with investors that could participate in syndications.
   - Increased advisory and execution capacity in investment banking and brokerage.

   This strategy is designed to serve the development of the Group's major clients, tailored to a new framework of bank disintermediation.

   Three ways of adapting have been defined: refocusing on major clients, geographical refocusing, with the closure of operations in 21 countries (CACIB will remain present in 32 countries representing 84% of global GDP) and a withdrawal from certain activities (equity derivatives and commodities).

CACIB will reduce its balance sheet assets, adapt its cost base to the reduction in balance sheet assets and adapt its business model in order to generate revenues in a restrictive environment:

- Reduction in balance sheet assets:

  - Reduction in use of capital of around €18 billion by end-2012, mainly in equity derivatives and financing activities.
  - Reduction in risk-weighted assets of over €30 billion between now and January 2013. This reduction relates to the cutback in operations, transfer of loans and portfolio disposals..

- Adaptation of the cost base and reduction in balance sheet assets: adjustments in target items (13% reduction in the headcount) and an additional plan to cut other costs by 10% (support functions, purchasing)
- Adaptation of the business model to generate revenues in a restrictive environment: support target clients, adapt prices to the new financing framework, increase the weighting of commission income in the revenue mix.

- **Measures adopted in financial services: consumer finance, leasing and factoring**

For Crédit Agricole Consumer Finance (CACF), four initiatives were actioned to reduce use of capital by around €8 billion, while also asserting CACF's position as a key player in the consumer finance market:

- The first three concern reducing outstandings by around €8 billion: like-for-like reduction in operations, transfers of receivables and disposal of operations.
- CACF will also diversify its sources of refinancing in the amount of €4-5 billion (not part of the plan).
- In the long term, 40% of the full-year impact on net banking income will be covered by cost cuts (adjustments in target items).

For Crédit Agricole Leasing & Factoring (CAL&F), the measures adopted aim to reduce client assets by around €1 billion at end-2012 by two means: disposals of operations and leasing portfolios, and cutting back on origination.

- **Measures adopted in retail banking:**

Crédit Agricole confirms its aim to reduce financing needs by €23 billion.

In retail banking in France, Crédit Agricole has opted for balanced development:

- Stepping up growth in customer deposits against the backdrop of a higher savings rate in France: refocusing new inflows on customer deposits (giving priority to client satisfaction, conquering new deposit markets and efforts to improve high net worth client activities).
- Steady growth in lending, against the backdrop of weaker demand, with prices taking account of the cost of liquidity.

In international retail banking, the strategies adopted are suited to local market conditions:

- Emporiki: enhanced efforts to boost deposits and continue to increase our market share in deposits, reduction in outstanding loans relating to natural amortisation.
- Caripama: growth in inflows, with refocusing on the customer and controlled growth in lending.

- **Intent to limit the impact on employment**

  The application of the adaptation plan measures will result in particular in job cuts in primarily two business lines - CIB and consumer finance, both in France and abroad. This is subject to approval by the employee representative bodies of the entities concerned. For CIB, this entails 550 jobs in France and around 1,200 in other countries. For consumer finance, this entails around 300 jobs in France and around 300 in other countries.

  The preferred option will be for staff transfers and job mobility, while voluntary redundancies will be looked on favourably. An agreement will be proposed to employee representatives in early 2012. A full support system encouraging transfers to new departments and new regions will be implemented, with best use made of the company's natural staff turnover in discussion with social representatives.

  The Crédit Agricole Group will actively continue to hire new staff in 2012, with more than 3,500 new recruits in France, primarily in retail banking, in addition to 3,000 staff to be hired on work-based training contracts.

- **Financial and accounting impact**

  In the fourth quarter of 2011:

  - The adaptation plan will have an impact on net income (Group share) of around -€500 million, with provisions set aside for all job adjustment measures and the impact on net banking income and the cost of risk resulting from the disposals of portfolios.Within the scope of the adaptation plan, goodwill write-downs will have an impact of -€1,300 million. The expected fall in earnings in 2011 and subsequent years has resulted in write-downs of goodwill, with an impact of -€1,053 million for CIB and -€247 million for leasing and factoring. This will not impact the Basel III capital adequacy ratio.
  - There will be other non-recurring effects with no cash impact or impact on the Basel III ratio relating to the severe deterioration in market conditions, representing around -€1,234million: impairment in the value of certain minority stakes accounted for under the equity method, representing a total of €981 million (-€617 million for Bankinter and -€364 million for BES), and goodwill write-downs on certain international subsidiaries, representing a total of -€253 million (-€191 million for Italy and -€62 million for Ukraine).

  Expected results for 2011:

  Under current market conditions, the Crédit Agricole Group will still post a profit, despite a consolidated loss from Crédite Agricole S.A. as a result of these factors and the deterioration in conditions in Q4 2011.. The Board of Directors will propose not paying a dividend at the general shareholders' meeting. As a reminder, the Crédit Agricole Group generated net income (Group share) of €3.3 billion over the first nine months of 2011.

  Financial and accounting impact of the adaptation plan in 2012:

  - In 2012, the adaptation plan will have an impact on net income (Group share) of -€470 million (impact of disposals of portfolios in terms of net banking income and cost of risk).
  - The net impact on capital employed of the measures being implemented for the investment bank an dfinancial services will be approximately -€23 billion (December 2012 compared to June 2011)

- Over the full year, the impact on net banking income (Group share) is estimated at -€250 million, with a reduction in recurring net banking income of around €700-750m, of which around 50% is covered by cost cuts.
- In the long term, the total impact on risk-weighted assets will be -€35bn (adaptation plan and disposals of portfolios).

Crédit Agricole is reasserting the major strategic decisions of the Group Strategic Plan and the Commitment 2014 plan:

- Priority given to universal customer-focused banking
- Stepping up focusing of CIB activities and financial services

However, the adaptation plan and the lack of visibility on the economic and financial climate have altered how the Commitment 2014 medium-term plan will be implemented and do not make it possible, at this point in time, to confirm its targets.

- **Capital adequacy: the Crédit Agricole Group will meet requirements in 2013**

Crédit Agricole stresses that the capital adequacy ratio is assessed by regulators and ratings agencies at the level of the Crédit Agricole Group.

The publication on 8 December 2011 of the results of stress tests performed by the EBA confirms that the Crédit Agricole Group does not have any additional capital requirement for June 2012.

The Crédit Agricole Group will present a Common Equity Tier 1 (CET1) capital ratio of 10% at end-2013:

- €60 billion reduction in risk-weighted assets for the Crédit Agricole Group S.A.
- Policy of maintaining the Crédit Agricole Group's results
- Crédit Agricole S.A. will systematically offer its shareholders the option of payment of the dividend in shares from 2012
- Treatment of insurance activities as a financial conglomerate and optimisation of the Crédit Agricole Assurances leverage ratio
- Strengthening of the Regional Banks' capital through the issuing of shares

After Achieving 9.23% in the EBA stress tests at end September 2011, the 10% objective by end 2013 takes into account the following:

- total basel iii impact excluding insurance: - 0.8 %
- conglomerate insurance: - 0.9 %
- retained profit and issuing of mutual shares: + 1.6 %
- adaptation plan: + 0.6 %
- methodological gains: + 0.6 %
- development of operations: - 0.3 %

Crédit Agricole S.A. is resolutely committed to carrying out its adaptation plan.

The Group will confirm its full capacity to capitalise on its internal flexibility and solidarity, founded on its mutualist structure.

- **Crédit Agricole: fully mobilised to serve its clients and the economy**

One year after the Group Strategic Plan, universal customer-focused banking has been reasserted as the Crédit Agricole Group's core business line. It closely combines retail banking and associated business lines such as asset management and insurance.

Retail banking and associated business lines represent a predominant share of the Group's revenues: approximately 80% of net banking income.

Crédit Agricole is continuing to play the role of the leading financer of the French economy, with outstanding loans of €477 billion, a year-on-year increase of 6.4% at end September.

Crédit Agricole is mobilised on a day-to-day basis to support the plans of the French people:

- 2,500 home loans granted to individuals each day
- 1,100 loan applications per day for small businesses and agricultural businesses
- 3,200 vehicles financed each day (cars, motorbikes, leisure vehicles)
- 4,800 household equipment loans granted each day
- 1,800 new car insurance policies each day
- 440 new individual health insurance policies each day

The Crédit Agricole Group has over 100,000 employees in France working daily to serve its clients.

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