CRÉDIT AGRICOLE S.A.

Press release

Montrouge, 20 January 2017

Goodwill impairment charge of 491 million euros recognised against LCL, 2016 dividend unchanged at 0.60 euro per share

This impairment charge will not affect Crédit Agricole S.A.'s solvency, liquidity or dividend policy, nor will it call into question the commitments made in its "Strategic Ambition 2020" Medium-Term Plan.

The current macro-economic and financial environment in which LCL operates, and in particular the low level of interest rates and resulting massive renegotiations of mortgage loans, has affected LCL's value in use, leading to the recognition of a goodwill impairment charge[1].

This impairment to be booked in the 2016 consolidated financial statements to be published on 15 February 2017, amounts to 491 million euros, which will have a direct impact on net income Group share. However, this charge will not affect the solvency of either Crédit Agricole S.A. or Crédit Agricole Group as goodwill is already fully deducted in the calculation of solvency ratios. Nor will it affect their liquidity, as the impairment charge does not result in an outflow of cash.

Neither will this impairment charge affect Crédit Agricole S.A.'s dividend policy: the Board of Directors confirms its intention to propose at the Annual General Meeting which will approve the 2016 results a dividend of 0.60 euro per share; this dividend was fully deducted from the CET1 capital base at 30 September 2016 (fully loaded CET1 ratio at 12.0% at this date). For 2017 onwards, the Board of Directors also confirms its intention to propose a dividend equal to 50% of Crédit Agricole S.A.'s attributable income per share and to not lower the dividend as compared to its 2016 level.

Excluding this impairment charge, Crédit Agricole S.A.'s underlying net income Group share for 2016 will be in line with the analysts' consensus[2] available at 19 January 2017. These results reflect both healthy commercial momentum in all business lines and the solidity of the universal customer-focused banking model.

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[1] In preparing its consolidated financial statements, Crédit Agricole S.A. performed the usual annual tests to measure the fair value of goodwill carried on its balance sheet. In accordance with IFRS, these tests are based on a comparison between the carrying amount of the goodwill and its value in use. Value in use is calculated on the basis of discounted future cash flows.
[2] Sources: Bloomberg, Thomson Reuters, IBES, consensus collected by Crédit Agricole S.A.

Finally, Crédit Agricole S.A. reasserts the financial targets set for 2019 underlying its “Strategic Ambition 2020” Medium Term Plan unveiled in March 2016:

- net income Group share in excess of 4.2 billion euros;
- fully-loaded CET1 ratio above or equal to 11%;
- RoTE above 10%.

These net income Group share and RoTE targets do not include the integration of Pioneer Investments, the effects of which are detailed in the press release published by the Group on 12 December 2016 describing the acquisition project of this company.

The final results for the fourth quarter and full year 2016 will be published on 15 February 2017. The financial documents presenting these results will be available on the website https://www.credit-agricole.com/en/finance/finance/blocs-finance/press-releases at 7 a.m. Paris time.

Crédit Agricole press contacts
Charlotte de Chavagnac 01 57 72 11 17 - charlotte.dechavagnac@credit-agricole-sa.fr
Alexandre Barat 01 43 23 07 31 – alexandre.barat@credit-agricole-sa.fr
All our press releases are available at https://www.credit-agricole.com/en
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