UPDATE A01

OF THE 2016 REGISTRATION DOCUMENT

CRÉDIT AGRICOLE GROUP FINANCIAL STATEMENTS 2016

GROUPE CRÉDIT AGRICOLE

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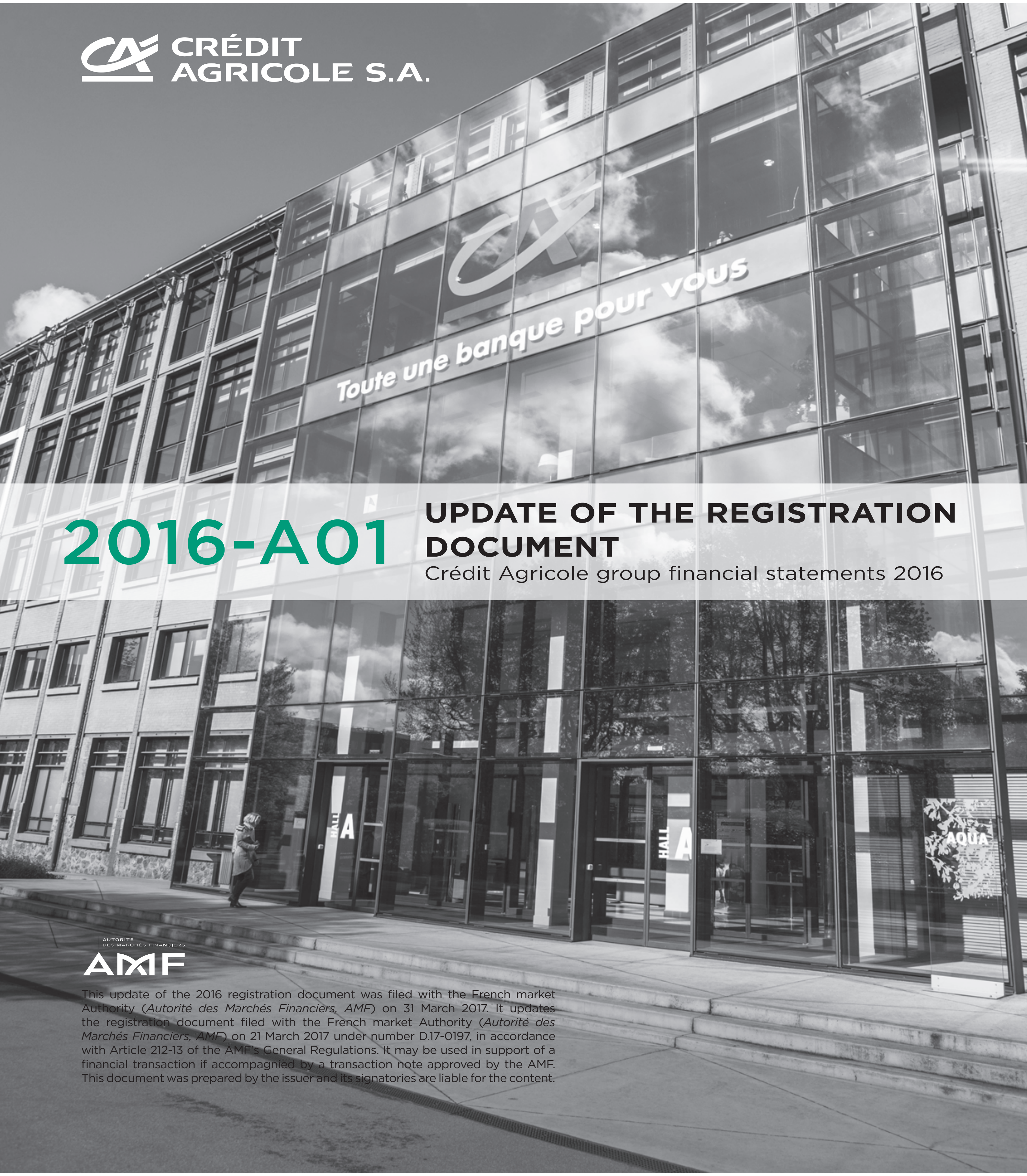
This update document supplements the information published in Crédit Agricole S.A.'s Registration Document in respect of heading 7 “Organisation Chart”, sub-heading 7.1 “Description of the Group", of Annexe 1 to EC Regulation 809/2004, as set out in the cross-reference table on pages 538 to 540 of the 2016 Registration Document.

It presents the 2016 financial information for the Crédit Agricole Group

CRÉDIT AGRICOLE S.A.



2016-A01

UPDATE OF THE REGISTRATION DOCUMENT

Crédit Agricole group financial statements 2016

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

This update of the 2016 registration document was filed with the French market Authority (*Autorité des Marchés Financiers, AMF*) on 31 March 2017. It updates the registration document filed with the French market Authority (*Autorité des Marchés Financiers, AMF*) on 21 March 2017 under number D.17-0197, in accordance with Article 212-13 of the AMF's General Regulations. It may be used in support of a financial transaction if accompagnied by a transaction note approved by the AMF. This document was prepared by the issuer and its signatories are liable for the content.

CRÉDIT AGRICOLE GROUP PROFILE

A whole bank just for you

Thanks to its **universal customer-focused banking model** – based on close cooperation between its retail banks and its specialised business lines – reaffirmed by its new "A whole bank just for you" brand signature, Crédit Agricole helps its customers to realise all their personal and business projects. It does so by offering them an extensive range of services consisting of day-to-day banking, loans, savings products, insurance, asset management, real estate, leasing and factoring, corporate and investment banking, issuer and investor services.

Serving **52 million customers**(1) **worldwide**, it also stands out on account of its distribution model, multi-channel customer-focused banking, and the efforts of its **138,000 employees**, who make Crédit Agricole the Customer Relationship-based bank.

Built on its strong cooperative and mutual foundations and led by its **9.3 million mutual shareholders** and almost **31,000 directors** of its Local and Regional Banks, Crédit Agricole's organisational model gives it stability and staying power. It also draws its strength from its values of transparency, customer focus, accountability and openness to the world and from local communities, which it has cultivated over 120 years.

Crédit Agricole's Corporate Social Responsibility policy lies at the heart of its identity as a helpful and responsive bank over the long term. It is reflected in its products and services and informs the actions of all its business lines. It is a key factor contributing to overall performance and a powerful innovation driver.

Crédit Agricole Group extends its leadership year after year. It is the number one provider of financing to the French economy(2) and the number one insurer in France(3). It is also the first bancassurer in Europe(4), the first European asset manager(5) and the world's second-largest provider of green financing(6).

A presence in
50 **countries**

138,000
employees in France and abroad

52 million
customers worldwide

No. 1
bancassurer in Europe

No. 1
European asset manager

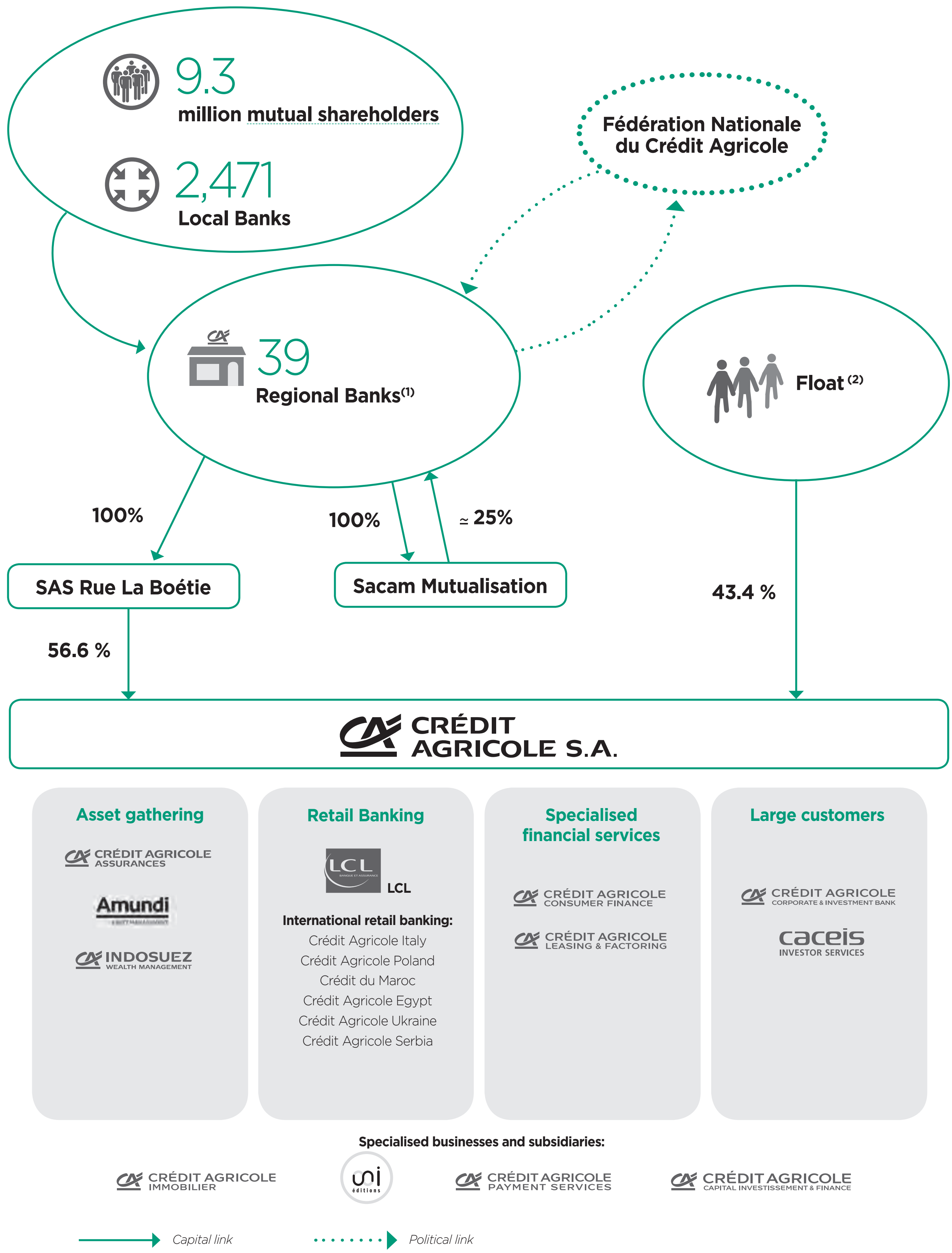
No. 2
The world's second-largest provider of green financing

Top 3 in consumer finance in Europe

(1) Scope of French and international retail banking, Crédit Agricole Consumer Finance and Crédit Agricole Bank Polska consumer finance customers.
(2) Based on the value of outstanding deposits and loans as of 31/12/2016 (source: Bank, French retail banking).
(3) In terms of premium income. Sources: l'Argus de l'assurance published on the 16 December 2016 and La Tribune de l'assurance published on the 16 November 2016.
(4) In terms of premium income. Source: l'Argus de l'assurance published on the 16 December 2016, data at end-2015.
(5) No. 1 of all management companies who have their main Office in Europe (Source: IPE "Top 400 Asset managers" published in June 2016, based on assets under management at December 2015).
(6) Source: Crédit Agricole.

Group organisation (at 31 December 2016)

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



(1) *The Caisse Régionale de la Corse, which is 99.9% owned by Crédit Agricole S.A., is a shareholder in Sacam Mutualisation.*
(2) *See details, p. 10 of this document.*

Key figures

Business at 31 December 2016

(in billions of euros)	**31/12/2016**
Total assets	**1,722.8**
Gross customer loans	**870.1**
Customer deposits[1]	**940.2**

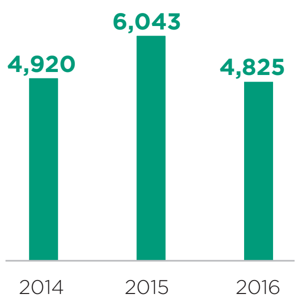
(1) *Including debt instruments.*

Trends in earnings

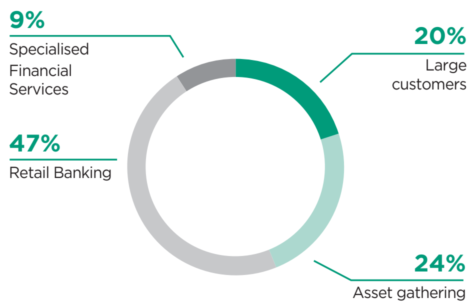
Condensed **income statement**

(in millions of euros)	**2014 stated**	**2015**	**2016**
Revenues	30,243	31,836	**30,427**
Gross operating income	11,065	12,001	**10,201**
Net income	5,279	6,431	**5,172**
Net income Group share	4,920	6,043	**4,825**

Net income Group share
(in millions of euros)



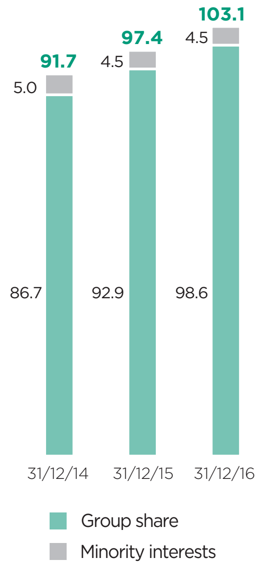
Business line contribution to net income Group share [1]



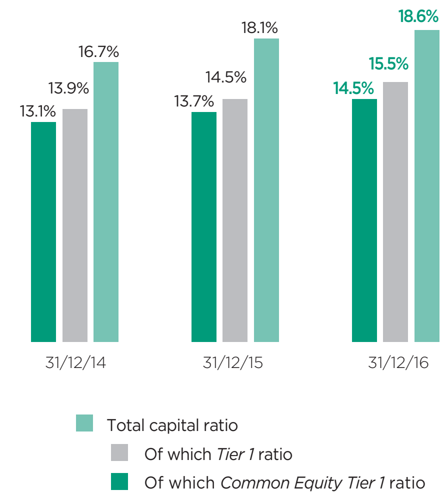
(1) *Excluding Corporate Centre and the impact of accounting items (CVA/DVA/FVA, loan hedges, own debt and provision for litigations).*

Financial structure

Total equity
(in billions of euros)



Fully Loaded **solvency** ratios
(as a percentage)



Credit ratings at 15 March 2017

Ratings	Standard & Poor's	Moody's	FitchRatings	DBRS
Counterparty long-term/ short-term	N/A	Aa3(cr)/P-1(cr)	N/A	N/A
Long-term senior debt	A	A1	A	A (high)
Outlook/Watch list	Stable outlook	Stable outlook	Positive outlook	Positive outlook
Short-term debt	A-1	Prime-1	F1	R-1 (middle)
Date of latest rating	02/12/2015	19/07/2016	07/06/2016	30/09/2016
Rating granted	Affirmation of LT/ST notes; outlook changed to stable	Improvement in LT ratings; outlook changed from positive to stable; short-term ratings affirmed	Affirmation of LT/ST ratings; positive outlook unchanged	Affirmation of LT/ST ratings; outlook changed from stable to positive

Presence in the CSR indexes

FTSE4Good

Member 2013/2014 STOXX ESG LEADERS INDICES

EURONEXT vigeo

Our unique model as a universal customer-focused bank

Simplification of the Group's capital structure

In 2016, the Crédit Agricole Group simplified its capital structure.

At the time of its IPO, in 2001, in order to list an entity that could reflect the French retail banking activity exercised by the Regional Banks, Crédit Agricole S.A. had acquired Cooperative Investment Certificates (*Certificats Coopératifs d'Investissement* – CCI) and Cooperative Associate Certificates (*Certificats Coopératifs d'Associé* – CCA), representing 25% of the capital of each Regional Bank, at a time when the Regional Banks were the majority shareholder of Crédit Agricole S.A. The transaction announced at the beginning of 2016 put an end to Crédit Agricole S.A.'s ownership of 25% of the capital of each Regional Bank by transferring the CCIs and CCAs held by Crédit Agricole S.A. to a new company, Sacam Mutualisation, owned by the Regional Banks. Validated by the Boards of Directors of the Regional Banks and of Crédit Agricole S.A., this €18.5 billion intragroup reclassification was carried out in the summer of 2016.

The transaction clarifies the ties between Crédit Agricole S.A. and the Regional Banks. It improves the quantity and quality of the capital of Crédit Agricole S.A. (immediate achievement of the 2016 Medium-Term Plan target CET1 ratio of 11%), and allows it to offer shareholders a full cash dividend as of the end of 2016. This transaction allows the Regional Banks to pool their results to a greater extent, and to take advantage the value they create. Members and holders of CCIs/CCAs will see the cooperative model, from which they benefit, reinforced. The transaction is also consistent with the expectations of the banking supervisor.

A UNIQUE UNIVERSAL CUSTOMER-FOCUSED BANKING MODEL

The Regional Banks, France's leading retail banking network, play a central role within the Group and in the strategy it implements. They form the core of the universal customer-focused banking model, which is based on recognised know-how in the distribution of all the financial products and services developed by specialised business lines to all types of customers in the Group's retail banking operations in France and internationally.

This model underscores Crédit Agricole Group's commitment to serving all of its customers and to covering the full breadth of their financial and wealth management needs, namely: payment instruments, insurance, savings management, financing, real estate and international support.

All of these services and skills are offered in a close relationship based on the Group's local banks in France (Regional Banks, LCL) and internationally (Crédit Agricole Cariparma, CA Bank Polska, Crédit du Maroc, CA Egypt, CA Ukraine and CA Serbia). The contacts maintained by employees and elected representatives of Local and Regional Banks in the field ensure good knowledge of customers and their problems throughout their lives. This understanding of the expectations and needs of customers, together with the size of the Group's networks, enable Crédit Agricole S.A.'s specialised business lines to constantly improve their offerings and their competitiveness.

With its specialised subsidiaries (insurance, asset management, real estate, wealth management, corporate and investment banking, financial services for institutional investors, specialised financing, payment instruments), the Group can offer comprehensive and customised solutions to all its customers, in good times and bad times, within the framework of an enduring relationship.

The increase in customer take-up is both a means of encouraging loyalty and a vector for revenue growth, through the synergies developed between retail banking and the specialised business lines. Crédit Agricole Group's new Medium-Term Strategic Plan, "Strategic Ambition 2020", drawn up jointly by the Regional Banks and Crédit Agricole S.A. and unveiled in March 2016, has reinforced the implementation of this model.

THE BUSINESS LINES OF CRÉDIT AGRICOLE GROUP AT 1 JANUARY 2017

Retail banking

Regional Banks

MISSION: with a presence in all areas, the 39 Regional Banks, co-operative entities and fully-fledged banks, help customers realise their plans: individuals, high net worth customers, farmers, small businesses, corporates, the public sector and the social economy.

OUR OFFERING: an advisory approach based on a full range of products and services, accessible in agencies or remotely, designed to cover the needs of our customers in our areas of banking (payment, savings, financing, equity financing, international), insurance (property & casualty and death & disability) and property (in particular advice and valuation of property assets, property administration, lease management).

KEY FIGURES:

21 million individual customers

9.3 million mutual shareholders

21.8% (1) credit market share

LCL

MISSION: a French retail banking network with a strong presence in urban areas, LCL provides banking and insurance solutions tailored to the needs of its customers: individual customers, small businesses, SMEs, high net worth customers and private banking.

OUR OFFERING: a full range of banking, insurance, asset and wealth management and payment management products and services. A truly Local Bank thanks to its presence throughout France. Reinforced access its services: customer relationship centres, Internet, tablet and mobile apps.

KEY FIGURES:

Loans outstanding €103 billion (*including* €**65.9** *billion in home loans)*

Total deposits €179 billion

6 million individual customers

International retail banking

MISSION: Crédit Agricole's international retail banks are primarily located in Europe (Italy, Poland, Serbia, Romania, Ukraine), and in selected countries of the Mediterranean basin (Morocco, Egypt), where they serve individual and corporate customers (SMEs and large corporates), mainly in the agriculture and food processing sector.

OUR OFFERING: Crédit Agricole's International retail banks provide through their branches and online, a tailored range of banking products (payment instruments, loans, saving products) and insurance, particularly jointly with the Group's other business lines (CAA, Amundi, CAL&F, CACIB etc.).

KEY FIGURES:

Loans outstanding €44.6 billion

On-balance sheet deposits €45.3 billion

70,000 agricultural and food processing customers

Asset gathering

Insurance

MISSION: as the largest insurer in France[1], Crédit Agricole Assurances builds on its pioneer spirit and expertise to provide its customers with tailored solutions that adapt to their current and future needs in terms of health, retirement, death & disability and long-term care risks.

OUR OFFERING: a full and competitive range, tailored to customers' needs in terms of savings/retirement, death & disability/creditor/group and property & casualty insurance, backed by the efficiency of one of the largest banking networks in Europe.

KEY FIGURES:

Gross revenues €30.8 billion

Assets under management Savings/retirement: €268.8 billion

No. 1 insurance group in France[2]

Asset management

MISSION: Amundi is its customers' trusted partner, developing tailor-made investment solutions for its 100 million individual customers and designing made-to-measure, innovative, high performance products for its 1,000 institutional customers.

OUR OFFERING: with operations in more than 30 countries, Amundi offers a full range of products covering all asset classes: active management (equities, bonds and diversified portfolios), passive management (ETFs, index-linked and Smart Beta), real and alternative asset management (property, private debt, infrastructures and private equity) and also cash and structured products.

KEY FIGURES:

Assets under management: €1,083 billion

N°. 1 European asset management company[3]

Presence in more than 30 countries

Wealth management

MISSION: Indosuez Wealth Management comprises Crédit Agricole Group's wealth management activities in Europe (without LCL), the Middle East, Asia-Pacific and the Americas. Renowned for both its human and resolutely international dimension, it has a presence in 14 countries worldwide.

OUR OFFERING: we offer a tailored approach allowing individual customers to manage, protect and transfer their assets in a manner which best fits their aspirations. Embracing a global vision, our teams offer expert advice and first class services.

KEY FIGURES:

Assets under management[4] €110 billion

2,800 employees

Presence in 14 countries

(1) Source Banque de France – donnée à fin septembre 2016.

(2) Source: L'Argus de l'assurance (16 December 2016) and La Tribune de l'assurance (16 November 2016).

(3) Source: No. 1 in terms of assets under management of all management companies who have their main registered office in mainland Europe Source IPE "Top 400 asset managers" published in June 2016 based on assets under management as at December 2015.

(4) Without LCL Private Banking and without Regional Banks and private banking activities within international retail banking.

Specialised financial services

Consumer finance

MISSION: a key player in consumer finance in Europe, Crédit Agricole Consumer Finance offers its customers and partners a range of flexible, responsible solutions, tailored to their needs. Customer satisfaction is a strategic priority, particularly through investment in digital.

OUR OFFERING: a full and multi-channel range of financing and insurance solutions and services available online, in CACF branches, in the banks with which it works and at its distribution and automotive partners.

KEY FIGURES:

Outstandings managed €77.2 billion

including €15.7 billion for the Group's retail banks

Presence in 21 countries

Leasing and factoring

MISSION: CAL&F provides solutions for businesses of all sizes for their investment plans and the management of their trade receivables, through its offering of lease financing and factoring services in France and Europe.

OUR OFFERING: in lease financing, CAL&F offers financing solutions to meet property and equipment investment and renewal requirements. In factoring, CAL&F provides trade receivable financing and management solutions for corporates, both for their day-to-day operations and for their expansion plans.

KEY FIGURES:

Outstandings under management €20.1 billion (*of which* 22% *abroad*)

16.9%(1) Factoring market share

11.8%(1) Property lease financing market share

(1) End of September 2016.

Large customers

Corporate and investment banking

MISSION: Crédit Agricole CIB is Crédit Agricole Group's corporate and investment bank, serving corporates and financial institutions, in France and internationally, thanks to its network in the main countries of Europe, the Americas, Asia-Pacific and the Middle East.

OUR OFFERING: products and services in investment banking, structured finance, international trade finance and commercial banking, capital market activities and syndication, and its known worldwide "green" finance expertise.

KEY FIGURES:

N°. 1 bookrunner - aircraft financing worldwide (Air Finance)

1/3 of all issues of Green, Social and Sustainability Bonds worldwide are structured by CACIB (Company source)

Presence in 32 countries

Asset servicing

MISSION: CACEIS, a specialist back-office banking group, supports management companies, institutional investors, banks, sovereign asset funds, brokers and companies in the execution of their orders, including custody and management of their financial and physical assets.

OUR OFFERING: asset servicing solutions throughout the full life cycle of investment products and for all asset classes: execution, clearing, custody, fund administration, middle-office solutions, forex, stock lending and borrowing, fund distribution support and services to issuers.

KEY FIGURES:

Assets under administration €1,568 billion

Assets under custody €2,522 billion

Assets deposited €964 billion

Specialised businesses and subsidiaries

Crédit Agricole Immobilier
€833 million annual fees
1,832 homes sold
3.2 million sq. m. under management at end-2016

Crédit Agricole Capital Investissement & Finance (Idia CI, Sodica CF)
€1.3 billion assets under management
16 transactions completed

Payment Systems & Services
Leader in France with 30% of the payments market
9.9 billion transactions processed in 2016

Uni-Éditions
11 magazines, 10 million readers(1)
Number 1 family, healthcare and art of living magazine publisher(1)

(1) Source: Office de Justification de la Diffusion, OJD, January 2017.

RETAIL BANKING

Regional Banks

Business and organisation

Crédit Agricole Regional banks are co-operative entities and fully fledged banks that have a leading position in all areas of the retail banking market in France: ranked in the top tier for individuals *(source: Sofia 2016*), small businesses *(source: Pépites CSA* 2015-2016), farmers *(source: Adéquation* 2016), SMEs (*source: TNS Sofres 2015)* and employer associations (*source: CSA 2015).*

Building on the Group's business lines, they market a range of products and services covering the financial and wealth management needs of their customers, namely payment instruments, insurance, savings, financing, equity financing, real estate and international support.

They have a network of more than 7,000 branches, backed up by nearly 6,000 in-store servicing points on the premises of small retailers, and provide their customers with a comprehensive remote banking system.

With 21 million individual customers, the Regional Banks account for 23.3% of the household bank deposit market *(source: Banque de France, September 2016*).

Bank chosen by more than 83% of farmers for professional purposes *(source: Adéquation 2016*), they also continue to be the clear leader in personal banking (76%) *(source: Adéquation 2016).*

The Regional Banks are also market leader in small businesses for both private and professional services, with a 34% market *share (source: Pépites CSA 2015-2016*). The 3,800 small business advisers and Crédit Agricole experts support the ambitions of more than one million entrepreneurs every day.

Moreover, the Regional Banks are the leader in the SME market, with a commercial penetration rate of 36% (*source: TNS-Sofres 2015*). The 750 account representatives are the face of the bank in relating to its nearly 90,000 customers.

Finally, with some 200 specialised account representatives, they support local authorities and, more broadly, the local public sector and social economy.

2016

Significant events

- launch of the Customer Project with a new commercial positioning ("A whole bank just for you"), with its first initiative: the possibility of opening an account in less than 10 minutes using a tablet, in all the Regional Banks;
- home loan market share of 23.6% at end-September 2016 (*source Banque de France)*

2016 was marked by the Group's significant efforts on the Customer Project, announced in the medium-term plan "Strategic Ambition 2020", and which is based on three pillars: an organisation model, the universal customer-focused bank; a distribution model, the multi-channel retail bank; a relationship model, the customer-focused bank.

Amongst the achievements of the year are the increase in the number of products that can be fully subscribed online by the customer, the simplification of processes and the digitization of customer pathways, with, in particular, the widespread roll-out to all the Regional Banks of a paper-free start to the banking relationship, with the ability to open an account in less than 10 minutes using a tablet.

In the individual customer market, in savings, 2016 was notable for a sharp rise in household financial investments (+€19.8 billion in net inflows and an increase of €24.6 billion in outstanding amounts at end-2016). With interest rates at historic lows, demand deposits remained the leading product in terms of annual inflows: deposits outstanding (including cash deposit accounts linked to securities savings plans - PEA) totalled €120.8 billion (up 15.8% on the year). In bank savings, home purchase savings plans (PEL) proved popular, with net inflows on these remaining dynamic (+€4.7 billion), despite a slowdown caused by two new rate reductions in February and August. It should be noted that deposits on the Livret A passbook savings accounts picked up, with +€2 billion in inflows during 2016. In life insurance, premiums were stable in 2016 compared with 2015, at around €12 billion, with the share of unit-linked contracts increasing by +2.4% over the previous year.

In insurance, despite a poor economic climate for discretionary products, the number of policies in the portfolio rose by more than +5% to €8.6 million at end-2016. These results make Crédit Agricole Assurances the largest bancassurer in Europe (*source: Argus de l'Assurance 2016*).

In home loans, the Regional Banks have a market share in loans outstanding of 23.6% at end-September 2016, a +0.6 point increase compared to September 2015 (*source: Banque de France).* Home loans outstanding are up by +6.5% compared to 2015. With demand for home loans up by +43% compared to 2015, thewebsite "e-immobilier.credit-agricole.fr" confirmed its success. In 2016, production of consumer loans grew sharply by more than +17%, boosted by concerted efforts by the Regional Banks and a major national advertising campaign during UEFA's EURO 2016. Outstanding amounts, at €17 billion, were also very healthy, with a year-on-year rise of +9.3%.

Crédit Agricole consolidated its position as domestic leader in monetisation, with an increase of 404,000 cards on the individual market in 2016. This momentum was accompanied by an upgrading towards Premium cards (+91,000 cards in the year) and the expansion of the "contactless payment" functionality, which is now incorporated into 70% of cards. The Ma Carte application, launched in 2015, has now been downloaded 157,000 times.

The Compose-Your-Own Account (*Compte à Composer*) continued to grow, with 4.5 million contracts subscribed in 2016, an increase of +23%. Its focus is oriented towards the customer by adapting services to each customer's requirements, with an average of 2.4 additional modules being subscribed to supplement the base.

Lastly, in a context of rising tariffs, Crédit Agricole has been able to limit account fees to an average €14.80 at the Regional Banks compared to a market average of €22.30 *(source Sémaphore).*

In the high net worth customer market, the Regional Banks have retained their leading position (*source: Baromètre Clientèle Patrimoniale Ipsos 2016)*. In an ever more demanding and competitive climate, they developed wealth management advisory services with their customers, using Customer Relationship tools and, in particular, the wealth management overview. More than 40,000 new in-depth wealth management studies were conducted in 2016. Similarly, the target of 100,000 asset management support contracts (wealth management contracts and advisory wealth management agreements) was reached *(source: Amundi and Crédit Agricole Indosuez Wealth Management).* Lastly, the global approach to customer relations was enhanced by a new support tool for advisors, Centrissimmo, to help them discuss property and real estate with their customers.

The leading partner of **French farmers**, in 2016 Crédit Agricole was heavily involved in providing support for the livestock and crop farming sector. The Regional Banks thus processed 26,700 applications from farmers who are struggling, and wrote €1.3 billion in short-term loans and €666 million in medium-term loans between 1 June and 30 November 2016. With eight out of 10 farms financed by Crédit Agricole, the Regional Banks continued to support farmers in their development projects, using innovative financial tools such as the Projet Agri account. Launched in 2015 in partnership with the *Jeunes Agriculteurs* (Young Farmers), this savings plan offers preferential rate loans and has been very popular, with more than €111 million in deposits at end-2016. AgriManager, the leading serious game designed for agricultural training programmes, has now been listed by the Ministry of Agriculture and awarded a prize by Netexplo. After one year, the game has more than 5,500 players and 70 partner secondary schools, or nearly 8% of the agricultural education network. In terms of inflows, the five-year farming savings account (Compte Epargne Agricole) increased by 8%, with €1.6 billion in deposits, confirming its appeal for farmers as a product that safeguards their business. Lastly, with 11,500 new policies, the comprehensive farm insurance *Multirisque Agricoles* remains the leading product in the farming insurance range.

Based on a single dedicated organisation – with advisory bankers in the regions and centralised specialist business engineers - the Regional Banks confirmed their position as the leading finance partner for the **food-processing sector**. In 2016, they thus took part in around ten major national operations. As a reference bank in the food-processing sector, Crédit Agricole is continuing to develop partnerships, such as that set up with ANIA (Association Nationale des Industries Agro-Alimentaires), providing ways to share its expertise with more players in the industry.

In a **small business market** that is still expanding, 2016 was marked by the continuing development momentum driven by all Regional Banks, aiming to further strengthen Crédit Agricole's leadership in this market. This momentum was supported by a national advertising campaign on the theme of supporting entrepreneurs, strengthening partnerships between the Regional Banks and the project owners' support networks, and resulting in Crédit Agricole becoming the leading partner bank for the main support networks in 2016. The year also saw the successful launch of the *Prêt Lanceur Pro*, a financing offer with no guarantee commitment, designed for business creators, which financed 2,441 projects over 10 months. Small business loans have reached their highest level since 2008, with more than 148,000 projects financed for a total of €4.5 billion (+8% compared to 2015). The share of the financing market amounted to 25.3% over the medium-long term *(source: Banque de France, June 2016*). Deposits also performed well, with an annual increase of +4% at end-September 2016 *(source: BAFI, Predica, Amundi)* including €3 billion in deposits on small business savings accounts.

In the corporates market, the Regional Banks benefited from the upturn in investment by corporates (+3.9% in 2016) and strengthened their position in financing. New production of MLT loans grew by +6.7% compared to 2015, confirming the return of the trend that began in 2015. Equity financing activity was also buoyant, in a market that returned to growth, both in terms of business disposals/acquisitions and capital investment. The Group's support for capital investment was enhanced by the creation of two capital innovation funds designed to accompany start-ups, and the increase in the investment capacity of Crédit Agricole Régions Développement, targeted at helping the growth of mid-caps/SMEs. In payment flows and instruments, Crédit Agricole was the first French bank to propose an interbank invoice settlement offering with the launch of *SEPAmail e-facture*, a paper-free solution for managing invoices. Lastly, as a result of the Corporate Customer Relations initiative rolled out in 2015 and the significant efforts by the Regional Banks to better understand customer needs and provide appropriate solutions, the national strategic customer recommendation index (IRC) rating was positive *(source: Group marketing survey*).

With a reduction in public grants and an increase in social needs, **not-for-profit associations** are evolving in a tense environment. In this context, Crédit Agricole remains committed alongside the players in this market. Partnerships were also formed in 2016 with two major national Federations: in the healthcare and medico-social sector, the Union Nationale Interfédérale des œuvres et organismes privés non lucratifs sanitaires et sociaux (UNIOPSS), and in the education sector, the *Fédération Nationale des Organismes de Gestion des Etablissements de l'Enseignement Catholique* (FNOGEC).

In the social housing sector, while nearly half of all social housing bodies are financed by Crédit Agricole *(source: Banque de France, June 2016)*, the Regional Banks are continuing to accompany ongoing changes in the sector. Over the 2012-2016 period, more than 20,000 homes in the social housing rental market received financing from Crédit Agricole in the form of regulated loan allocations (*Prêt Locatif Social, Prêt Locatif Intermédiaire* and *Prêt Social Location Accession)*.

For **local authorities**, where regional reforms in France brought in major changes in 2016, Crédit Agricole, once again a long-term partner, was very active in accompanying these changes. A noteworthy operation in 2016: CA-CIB and six Regional Banks participated in financing a major credit facility for the Nouvelle-Aquitaine region.

The presentation of business lines in 2016 for the other subsidiaries and divisions can be found on page 22 of the 2016 Registration Document.

1 MANAGEMENT REPORT

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1

OPERATING AND FINANCIAL INFORMATION

PRESENTATION OF CRÉDIT AGRICOLE GROUP FINANCIAL STATEMENTS

Crédit Agricole Group comprises 2,471 Local Banks, 39 Regional Banks, a central body “Crédit Agricole S.A.”, and their subsidiaries.

Crédit Agricole has a unified yet decentralised organisation structure. It is based on a three-tier structure, with the Local Banks grouped into the Regional Banks which, via SAS Rue La Boétie, own 56.6% of the share capital of Crédit Agricole S.A. (at 31 December 2016); the latter is listed on Euronext Paris, compartment A.

Crédit Agricole S.A. is the central body of Crédit Agricole’s network, which includes the 39 Regional Banks and Crédit Agricole Corporate and Investment Bank (which has been affiliated to it since 14 December 2011). In accordance with the French Monetary and Financial Code, Crédit Agricole S.A. ensures the cohesion of the Crédit Agricole’s network and sees to it that all affiliated lending institutions run smoothly. It also represents the Group vis-à-vis the banking authorities. It also ensures their compliance with all regulations and legislation governing them by exercising administrative, technical and financial control over them. It takes all necessary measures to guarantee the liquidity and solvency of both the network as a whole and of each of the institutions affiliated to it. It is responsible for the Group’s consistent development and works with its specialist subsidiaries to co-ordinate the various business lines’ strategies in France and abroad.

Crédit Agricole Group is a banking group with a central body as defined by the first banking directive of the European Union (EC 77/780), and prepares consolidated financial statements in accordance with Directive 86/635 in the capacity of reporting entity, as defined by European regulation 1606/2002, comprising a central body and its affiliates.

Changes in accounting policies and principles

Changes to accounting policies and principles are described in Note 1 to the consolidated financial statements for the year ended 31 December 2016.

Changes in the scope of consolidation

Changes in the scope of consolidation are described in Notes 2 and 12 to the consolidated financial statements for the year ended 31 December 2016.

ECONOMIC AND FINANCIAL ENVIRONMENT

2016 was rich in noteworthy events prompting significant volatility and contrasting trends in the financial markets, without fundamentally altering short-term trajectories in the various economies. 2015 had ended with a slowdown in global economic activity, with large disparities from one area to another: slower growth in China (a slowdown compounded by doubts as to its true extent), fragility in the United States, stagnation in emerging countries but faster growth in Europe. 2016 accordingly began in a feverish climate in the financial markets, against a background of concerns about the solidity of the banking system and more specifically the solvency of some Italian and German banks. Subsequently, two political shocks, both as dreaded they were unforeseen, namely Brexit and the election of Donald Trump, gave the markets a vigorous shake, provoking reactions that were both negative and positive. This was despite the fact that the economic, financial and political implications of these upheavals, both on the economies concerned and those of their partners, were and remain unknown. In early 2016, the outlines of the economic scenario were relatively simple to draw, particularly in the developed world: modest growth and an absence of inflation. But the financial markets feared an unfavourable scenario characterised by a pronounced slowdown in Chinese growth, the uncontrolled impairment of its currency, a fresh plunge in commodity prices, a slowdown in American growth, deflation in the Eurozone and, lastly, a slide by the emerging world into recession. These fears triggered a spike in risk aversion and prompted a desperate search for defensive assets. This resulted in lower yields on US and core Eurozone country debt, with the risk premiums paid by the so-called “peripheral” countries increasing as spreads in the credit markets widened. Significant declines were also registered across equity markets.

However, gradually reassured by the comforting message delivered by the central banks, the markets once again began to look upwards. This episode of market volatility in **the first part of 2016** did not fundamentally alter the overall economic picture. To counter financial turmoil and limit its potential to damage the real economy, the Federal Reserve (Fed) and the European Central Bank (ECB) modified their monetary policy strategies. The Fed and the ECB respectively opted for a more cautious and a more flexible policy: the former deferred the increase in the Fed Funds rate, while the latter took vigorous action in March (cutting its three policy rates, broadening the quantitative easing policy and implementing a new series of Targeted Longer-Term Refinancing Operations).

After the return of relative calm in the markets, two very decisive and profoundly unexpected political events upset **the second half of 2016**. First, at the end of June 2016, a majority of British voters came out in favour of the United Kingdom's exit from the European Union. Taken by surprise, the financial markets reacted strongly, shunning anything that carried the slightest hint of risk. The flight to safety further reduced interest rates on US, Japanese and German government bonds. But, with the exception of the impairment of the British pound, the correction was only short-lived. Then, in November 2016, American voters put Donald Trump into the White House. Turning a deaf ear to talk of geopolitical risks, and ignoring potential trade wars in an already fragile global economic environment, the markets were seduced by the prospect of accelerated growth, driven largely by promises of corporate tax cuts and infrastructure spending. The price of gold fell, equity markets rose, the dollar firmed appreciably, and long-term American and European bond yields tightened. Despite the financial turbulence and multiple uncertainties, the large developed economies have demonstrated resilience. The Eurozone's recovery, driven by strong domestic demand, has been confirmed. In the United States, growth has continued at a slightly slower pace: household consumption and residential investment have remained strong, but productive investment has not recovered, and foreign trade has contributed negatively to growth. Growth is estimated at 1.6% in the Eurozone and the United States alike in 2016. Lastly, in December 2016, the Fed began tightening its monetary policy (+25 basis point hike in the Fed Funds rate), while the ECB further relaxed its policy by opting to extend its quantitative easing policy.

The impact of Brexit

British voters' decision to take the United Kingdom out of the European Union (popularly termed Brexit) will undoubtedly have major consequences for the financial services industry in Europe, particularly in the United Kingdom. The Group remains committed to studying all such consequences, whether direct on the capacity of entities based in the United Kingdom to operate in the European Union or *vice versa*, or indirect on the smooth running of the British, European or even global economies and markets. The Group has all the European passports necessary to continue to operate all of its businesses and to serve all of its customers, regardless of the exit arrangements negotiated between the British government and the European Union. Its operations in the United Kingdom are relatively small in proportion to its business portfolio as a whole, and could be largely relocated if the conditions governing operations from the London platform were to change.

CRÉDIT AGRICOLE GROUP OPERATIONS AND CONSOLIDATED RESULTS

2015 income statement data are presented on a pro forma basis: transfer of CACEIS from Asset gathering to Large customers, transfer of Switch Insurance from the Corporate Centre to Insurance.

Moreover, as the amounts contained in the tables and comments below do not take into account the effects of rounding up or down, they may differ slightly from the amounts provided in the financial statements.

(in millions of euros)	2016 stated	2015 stated	Δ 2016/2015 stated	2016 underlying	2015 underlying	Δ 2016/2015 underlying
Revenues	**30,428**	**31,836**	**(4.4%)**	**31,314**	**31,325**	**(0.0%)**
Operating expenses	(20,226)	(19,835)	+2.0%	(20,134)	(19,835)	+1.5%
Gross operating income	**10,201**	**12,001**	**(15.0%)**	**11,179**	**11,490**	**(2.7%)**
Cost of credit risk	(2,312)	(2,531)	(23.7%)	(2,312)	(2,531)	(8.6%)
Cost of legal risk	(100)	(500)	n.m.	(100)	-	n.m.
Equity-accounted entities	499	475	+5.1%	499	475	+5.1%
Other gain or losses	(25)	(5)	n.m.	(25)	(5)	n.m.
Change in value of goodwill	(540)	-	n.m.	-	-	n.m.
Pre-tax income	**7,723**	**9,440**	**(18.2%)**	**9,241**	**9,429**	**(2.0%)**
Tax	(2,582)	(2,988)	(13.6%)	(2,565)	(2,857)	(10.2%)
Net income from discontinued or held-for-sale operations	31	(21)	n.m.	31	(21)	n.m.
Net income	**5,172**	**6,431**	**(19.6%)**	**6,707**	**6,551**	**+2.4%**
Minority interests	347	388	(10.7%)	355	387	(8.4%)
NET INCOME GROUP SHARE	**4,825**	**6,043**	**(20.1%)**	**6,353**	**6,164**	**+3.1%**

Crédit Agricole's reported net income Group share totalled €4,825 million in 2016. In addition to the usual accounting elements such as the issuer spread (-€102 million impact on net income Group share), debit valuation adjustments (-€25 million) and loan hedges (-€16 million), significant specific items affected net income Group share in the 2016 financial year:

- non-recurring impacts related to the simplification of the Group's capital structure, known as the Eureka operation: costs relating to the operation in the amount of -€27 million;
- expenses related to adjustments to refinancing costs at Crédit Agricole S.A. and LCL, *i.e.* -€448 million (in the first quarter of 2016) and -€197 million (third quarter of 2016) respectively;
- the capital gain of €337 million made on the disposal of Visa securities in the second quarter;
- provisions recorded for the restructuring of the LCL and Cariparma group networks, i.e. -€27 million (in the third quarter of 2016) and -€30 million (fourth quarter 2016) respectively;
- impairment of the goodwill recognised on the LCL group, explained in the press release issued on 20 January 2017, i.e. a negative impact of -€540 million for the Crédit Agricole S.A. Group, which is not tax deductible;
- an expense of -€453 million relating to the adjustment of deferred tax assets and liabilities, including -€301 million for the Regional Banks: the 2017 Budget has reduced the standard rate of corporate income tax in France from 34.4 % to 28.9 % from 2020, which requires deferred tax assets and liabilities maturing in or after that year to be revalued starting in 2016.

Excluding these specific items, underlying net income Group share was €6,353 million in 2016, an increase of +3.1 % compared with 2015.

These good underlying results were driven by strong commercial momentum in all of the Crédit Agricole Group's business lines and distribution networks, as well as the Regional Banks that distribute their products.

Activity was buoyant in all business lines:

- **The Retail banking** networks, particularly in France and Italy, delivered strong growth in lending and deposits: at the Regional Banks, home loans grew by +6.5 % year-on-year (+4.8 % for LCL), consumer credit by +9.3 % (+3 % for LCL), and demand deposits by +15.8 % (+15.3 % for LCL). Retail banking in Italy performed equally well, with home loans up +6.4 %, lending to large corporates up +3.7 % and off-balance sheet customer assets up +7.8 %;
- **the Insurance** business registered 661,000 new property & casualty insurance policies during the year, bringing the number of property & casualty insurance policies in force to 12 million at end-December. Life insurance assets rose by +3.5 % over one year to €269 billion at end-December 2016, with a sharp increase in the contribution of unit-linked business to new inflows in the fourth quarter (+27.1 % representing an increase of +7.8 points compared with the fourth quarter of 2015);
- **in the Asset management (Amundi),** assets under management grew by +9.9 % year-on-year to €1,083 billion, thanks chiefly to strong inflows of +€62.2 billion in 2016, including +€23.1 billion in the fourth quarter;
- **Specialised financial services** continued to grow, with new consumer credit up +9.4 % year-on-year in the fourth quarter;
- **Large customers** delivered a good performance in fixed-income, forex and credit business for the fourth consecutive quarter and investment banking remained buoyant; CA Corporate & Investment Bank ranks No. 1 bookrunner for French corporate bond issues with a 6% market share at end-December, an increase of +0.6 point compared with end-December 2015.

Organic growth was also boosted significantly in the fourth quarter by Amundi's agreement to acquire Pioneer Investments for €3.5 billion. This transaction perfectly matches the Group's strategy set out in the Medium-Term Plan, whereby the organic growth of the asset management business may be accelerated by value-creating acquisitions that meet Amundi's financial criteria (10% return on investment in three years) and Group's criteria. As part of the rights issue made by Amundi to finance the acquisition, Crédit Agricole Group has decided to reduce its holding in Amundi to 70 % (*versus* 75.6 % currently) by selling its subscription rights in order to improve Amundi's free float and share price.

Revenues amounted to €30,428 million at 31 December 2016, compared with €31,836 million at 31 December 2015. In 2016, this figure includes -€886 million of specific items, compared with +€511 million in 2015. Adjusted for these impacts, revenues were stable compared with 2015. Underlying retail banking revenues fell by -€1,194 million over the year, with the interest margin affected by low interest rate environments in France and Italy, and devaluations in Egypt and Ukraine. At the Regional Banks, 2016 also saw the negative impact of provisions on home purchase savings plans (-€203 million in 2016 compared with a reversal of +€1 million in 2015), as well as the effects of the operation to simplify the Group's structure (-€327 million). Underlying revenues from the Asset gathering business line were up +€127 million driven by the development of Amundi and Insurance. Specialised financial services underlying revenues continued to stabilise in 2016, against the backdrop of business development among automotive joint ventures. Underlying revenues from Large customers, restated for accounting changes, grew by +€277 million over the year. Lastly, the Corporate Centre reduced its negative underlying contribution by +€762 million in 2016.

Group operating expenses increaased slightly over the year (+2 %). Adjusted for provisions for the restructuring of retail banking networks in France and Italy, underlying **operating expenses** totalled €20,134 million, an increase of +1.5 % compared with 2015. This change reflects primarily IT investments carried out by the Regional Banks as part of the MTP. Other than these items, strict cost control in the other business lines should be mentioned. The Asset gathering division held its expenses stable. Specialised financial services implemented the investment programme set out in the medium-term plan unveiled on 9 March 2016 (over the year, the division's expenses increased by + €48 million). The Large customers division was impacted by non-recurring expenses relating mainly to the consolidation of real estate (+€51 million increase year-on-year). Lastly, Corporate Centre expenses increased by +€10 million over the year.

The **cost of risk** amounted to €2,412 million in 2016, compared with €3,031 million in 2015. Restated for litigation provisions (€500 million in 2015 and €100 million in 2016), the cost of risk remained moderate, representing 28 basis points of outstanding loans, compared with 30 basis points in 2015. It has fallen for eight consecutive quarters in Retail banking in Italy (93 basis points), but increased very slightly in Consumer Finance (140 basis points) due to tighter provisioning rules introduced following the recovery in activity and remained low both at LCL (17 basis points) and in the financing activities of the Large customer Business line (33 basis points), although in both cases it was up slightly on the very low 2015 comparison base.

The Group's impaired loans (excluding lease finance transactions with customers, Crédit Agricole internal transactions and accrued interest) edged up to €25.8 billion in 2016, representing 3 % of gross outstanding customer and interbank loans, the same level as 2015. At the end of the year, Agos Ducato sold €380 million in provisioned doubtful loans, having already sold €579 million in 2015 and €872 million in 2014. The ratio of impaired loans covered by specific reserves was 56.3 % *versus* 58 % at end-December 2015. Including collective provisions, the impaired loans coverage ratio was 80.5 % at 31 December 2016 (based on outstanding amounts before guarantees and collateral).

Underlying pre-tax income decreased by -2% to €9,241 million. The underlying tax charge fell by -10.2 % to €2,565 million, excluding the revaluation of deferred tax assets recorded in specific items.

The share of **net income of equity-accounted entities** was €499 million in 2016, an increase of +5% compared with 2015.

Crédit Agricole Group's **effective tax rate** was 27.42 % in 2016.

In full year 2016, stated net income Group share was €4,825 million. After adjustment for all specific items, underlying net income Group share increased by +3.1 % to €6,353 million.

Liquidity

Crédit Agricole Group's banking cash balance sheet totalled €1,085 billion at end-December 2016, compared with €1,058 billion at end-December 2015.

The surplus of long-term funding sources over long-term applications of funds was €111 billion at 31 December 2016. It exceeded the Medium Term Plan target of over €100 billion. It stood at €108 billion at 31 December 2015.

At 31 December 2016, liquidity reserves including valuation gains and haircuts related to the securities portfolio amounted to €247 billion, representing 305% of gross short-term debt, *versus* 257% at 31 December 2015. The LCR ratio of Crédit Agricole Group and of Crédit Agricole S.A. continued to exceed 110 % at end-December 2016.

In 2016, Crédit Agricole Group issuers raised €33.1 billion of senior and subordinated debt in the market. Moreover, €7.4 billion were placed by the Group in its retail networks. Crédit Agricole S.A. itself raised the equivalent of €12.2 billion of preferred senior debt and €2.9 billion of subordinated and senior non-preferred debt, of which a US dollar denominated Additional Tier 1 issue of €1.15 billion equivalent, completed at the beginning of 2016, and a €1.5 billion issue of senior non-preferred debt, completed in December 2016.

Solvency

At end-December 2016, Crédit Agricole Group's solvency was further strengthened: **the fully-loaded Common Equity Tier 1 ratio stood at 14.5** %, an improvement of +80 basis points compared with end-December 2015 and +10 basis points compared with end-September 2016. The improvement in 2016 stemmed chiefly from the inclusion in the calculation of the year's net income Group share after prudential adjustments (+89 basis points), the change in reserves for unrealised gains on available-for-sale financial assets (+3 basis points), and offset by the increase (-11 basis points) of risk-weighted assets to €521 billion at end 2016.

The phased-in total capital ratio stood at 19.3 % at 31 December 2016, stable compared with end-2015.

Lastly, Crédit Agricole Group's phased-in leverage ratio under the Delegated Act adopted by the European Commission was 5.7 %[(1)] at end-December 2016.

Operations and results by business segment

Crédit Agricole Group's businesses are housed in six business lines:

- French retail banking - Regional Banks;
- French retail banking – LCL;
- International retail banking (IRB);
- Asset gathering (AG);
- Specialised financial services (SFS);
- Large customers (LC);

plus the Corporate Centre.

The Group's business lines are described in Note 5 to the consolidated financial statements for the year ended 31 December 2016 – "Operating segment information". The organisation and activities are described in section 1 of the Crédit Agricole S.A. Registration Document.

CONTRIBUTION BY BUSINESS LINE TO CRÉDIT AGRICOLE GROUP'S NET INCOME GROUP SHARE

(in millions of euros)	**2016**	**2015 restated**
French retail banking – Regional Banks	2,789	3,589
French retail banking – LCL	287	594
International retail banking	278	259
Asset gathering	1,700	1,498
Specialised financial services	609	484
Large customers	1,284	845
Corporate Centre	(2,122)	(1,226)
TOTAL	**4,825**	**6,043**

(1) *As defined in the Delegated Act. Subject to ECB authorisation, assumption of non-exemption of exposures related to the centralisation of CDC deposits, in accordance with our understanding of information obtained from the ECB.*

1. French retail banking – Crédit Agricole Regional Banks

(in millions of euros)	2016 stated	2015 stated	Change 2016-2015 stated
Revenues	**13,627**	**14,493**	**(6.0%)**
Operating expenses	(8,375)	(8,177)	+3.2%
Gross operating income	**5,252**	**6,376**	**(17.6%)**
Cost of risk	(619)	(729)	(15.0%)
Share of net income of equity-accounted entities	6	23	(76%)
Net gains (losses) on other assets	27	(8)	n.m.
Income before tax	**4,666**	**5,662**	**(17.6%)**
Income tax charge	(1,877)	(2,071)	(9.4 %)
Net income	**2,789**	**3,591**	**(22.3%)**
NET INCOME GROUP SHARE	**2,789**	**3,589**	**(22.3%)**

Despite the low interest rates and lacklustre economic growth in France, the Regional Banks reported a good level of activity, adding to the growth seen in Crédit Agricole S.A.'s business lines.

Customer deposits totalled €646.6 billion at 31 December 2016, a rise of +4.0% year-on-year. This robust growth was driven by a strong increase in on-balance sheet deposits (more than €391 billion in deposits at end-December 2016, or + 6,1 % in the year), with off-balance sheet deposits (more than €255 billion in deposits) also posting growth (+0.9 %). On-balance sheet deposits continued to be driven by demand deposits (+15.8 % year-on-year) and home purchase savings plans (PEL) (+7.0 %). At the same time, insurance activities were dynamic during the year in both personal and property sectors.

(in billions of euros)	31/12/2016	31/12/2015	Change 2016-2015
Demand deposits	120.8	104.4	+15.8%
Passbook savings (1)	115.7	112.3	+3.1%
Home purchase savings	94.8	88.6	+7.0%
Term deposit accounts(2)	60.1	63.9	(5.8%)
Sub-total deposits	**391.5**	**369.1**	**+6.1%**
Life insurance	182.7	178.6	+2.3%
Securities (equities, bonds, negotiable debt securities, redeemable subordinated loans, CCI, etc.)(3)	44.6	42.9	+3.9%
Mutual funds(4) and REITs	27.8	31.3	(11.3%)
Sub-total off balance sheet resources	**255.1**	**252.9**	**+0.9%**
TOTAL OUTSTANDINGS(5)	**646.6**	**622.0**	**+4.0%**

(1) Passbook savings accounts, youth passbook accounts, "popular savings" plans and accounts (LEP), sustainable development passbook accounts and mutual shareholder passbook accounts.

(2) Including interest bearing notes, "popular savings" plans (Plan d'Epargne Populaire) and negotiable CDs for non-financial customers.

(3) Securities held by the securites centres in the Regional Banks' customer portfolios (excluding negotiable debt securities for non-financial and interbank customers).

(4) Including non-Group mutual funds.

(5) Excluding financial customers' investments.

Loan outstandings recorded a rise of +4.4 % compared with 31 December 2015, totalling €429.5 billion at 31 December 2016. This growth was driven primarily by the retail market, in home loans and consumer finance (up + 6.5 % and + 9.3 % respectively over the year). Loans to corporates/small businesses and farmers increased by + 2.8 % and + 1.6 % respectively.

Loan outstandings amounted to:

(in billions of euros)	31/12/2016	31/12/2015	Change 2016/2015
Home loans	254.9	239.4	+6.5%
Farming	37.6	37.0	+1.6%
Corporates and small businesses	85.9	83.5	+2.8%
Consumer finance	17.0	15.5	+9.3%
Local authorities	34.1	36.0	(5.1%)
TOTAL	**429.5**	**411.5**	**+4.4%**

For full year 2016, the Regional Banks' contribution to Crédit Agricole Group's net income was €2,789 million, compared with a contribution of €3,589 million at end-2015.

Revenues in 2016 were marked by the initial effects of the transaction simplifying the Group's equity structure (Eureka) for -€327 million (loss of the Switch 1 remuneration, following the unwinding on 1 July of this guarantee, cost of the loan set up with Crédit Agricole S.A. on 3 August for €11 billion). Furthermore, despite the growth in lending volumes, the net interest margin was also penalised in 2016 by loan renegotiations in a competitive environment that remained very intense. However, at the same time, fee and commission income rose by + 3.7 % over the year, reflecting in particular the dynamic growth in insurance activities (+5.5 % over 2016). Excluding both the effects of Eureka and Home purchase savings plan provisions, Regional Bank revenues totalled €14,157 million to post a slight decline of -2.3 % compared with end-2015.

Operating expenses were €8,375 million in 2016, an increase of +3.2% compared with 2015, mainly reflecting project and IT investment by the Regional Banks as part of the Medium-Term Plan The cost/income ratio was 61.3 %

Lastly, the cost of risk fell by - 15 % to €619 million in 2016, reflecting controlled risk management. The impaired loans ratio was 2.4% of gross outstandings at end-December 2016 (compared with 2.5% at 31 December 2015) and the coverage ratio of reserves to impaired loans was still above 100 % (101.7 % at 31 December 2016 compared to 102.6 % at 31 December 2015).

2. French retail banking – LCL

(in millions of euros)	2016 stated	2015 stated	∆ 2016/2015 stated
Revenues	**3,118**	**3,631**	**(14.1%)**
Operating expenses	(2,539)	(2,561)	(0.9%)
Gross operating income	**578**	**1,070**	**(45.9%)**
Cost of risk	(182)	(134)	+36.4%
Share of net income of equity-accounted entities	-	-	n.m.
Other gain or losses	1	(2)	n.m.
Change in value of goodwill	-	-	n.m.
Pre-tax income	**397**	**934**	**(57.5%)**
Income tax charge	(110)	(340)	(67.5%)
Net income from discontinued or held-for-sale operations	-	-	n.m.
Net income	**287**	**594**	**(51.7%)**
Non-controlling interests	-	-	-
NET INCOME GROUP SHARE	**287**	**594**	**(51.7%)**

Commercial activity was strong throughout 2016. The loan book was up sharply by +5.6 % over the year to €102.7 billion at end-December 2016. Home loans grew by +4.8 % over the year, consumer loans by +3.0 % and business loans by +8.1 %. Similarly, total customer assets grew by +2.3 % to €179.1 billion year-on-year. On-balance sheet deposits rose by +5.3 % to €99.8 billion at end-December 2016, driven by a +15.3 % increase in demand deposits. LCL continued to deliver an excellent performance in insurance products over the year as a whole. New property & casualty insurance business increased by +13 % over the year, while the number of contracts grew by +8 %.

Today's low interest rate environment, which was amplified after the vote in favour of Brexit in the second half, generated a specific wave of renegotiations. Over the full year, renegotiations and prepayments totalled €11.9 billion and €4.8 billion respectively in 2016, compared with €14.2 billion and €6.1 billion respectively in 2015.

In full year 2016, LCL's net income Group share was €287 million, down -51.7 % compared with 2015. It includes three specific items in 2016: a deferred tax charge in the fourth quarter for -€24 million, a provision of €41 million for branch network restructuring recognised in operating expenses in the second quarter of 2016 and a funding cost adjustment of -€300 million recognised in revenues in the third quarter of 2016.

Reportable revenues for the full year amounted to €3,118 million, down -14.1% compared with 2015. Restated for the impact of the adjustment to the cost of refinancing (-€300 million), it posted a fall of -5.9 % compared with 2015, reflecting the impact of the low interest rate environment, which continued throughout the second half of 2016, post Brexit, and led to a new wave of renegotiations and early repayments.

Operating expenses were well controlled and amounted €2,539 million in 2016, a decrease of -0.9 % compared with 2015.

Cost of risk remained low at €182 million for the year (*versus* €134 million for 2015). It represents 17 basis points [1]of outstandings. This reflects a continued low level of risk in line with the past few quarters.

3. International retail banking - IRB

The International retail banking division recorded **net income Group share** of €278 million, compared with €259 million in 2015, an increase of +7.3 %.

(in millions of euros)	**2016 stated**	**2015 stated**	**Δ 2016/2015 stated**
Revenues	**2,610**	**2,725**	**(4.2%)**
Operating expenses	(1,622)	(1,598)	+1.5%
Gross operating income	**988**	**1,127**	**(12.3%)**
Cost of risk	(458)	(596)	(23.2%)
Share of net income of equity-accounted entities	-	-	n.m.
Other gain or losses	(1)	2	n.m.
Change in value of goodwill	-	-	n.m.
Pre-tax income	**529**	**533**	**(0.6%)**
Income tax charge	(165)	(172)	(4.0%)
Net income from discontinued or held-for-sale operations	(3)	(21)	(86.2%)
Net income	**361**	**340**	**+6.3%**
Non-controlling interests	83	81	+3.0%
NET INCOME GROUP SHARE	**278**	**259**	**+7.3%**

In Italy, the environment remains dominated by low interest rates, which is weighing on revenues, particularly the net interest margin. Cariparma proved resilient in this environment, thanks to its regional network concentrated in the north of the country, and continued its strong commercial performance. The normalisation of the cost of risk, which eased considerably over the year, was another big factor in the strong increase in profit.

Business momentum remained strong in the fourth quarter of 2016. Customer assets ended 2016 at €99.4 billion[2] a steep year-on-year increase of +4.3 %. Growth in off-balance sheet assets was particularly strong at +7.8% to €64.9 billion over the year. On-balance sheet deposits were down slightly by -1.6% over 12 months, amounting to €34.5 billion[2] at end-2016. Loans outstanding were up +2.9 % at end-December 2016 to €34.7 billion, while the Italian market as a whole declined. Loans outstanding increased by +6.4 % over the year and continued to be driven by home loans. In addition, loans to large corporates increased by +3.7% year-on-year, while loans to SMEs and small businesses declined by -0.4 % over the same period.

Revenues totalled €1,626 million in **2016**, a decline of -3.7 % compared with 2015. The interest margin was down in an environment of low interest rates, but was partially offset by strong lending volumes.

Stated operating expenses totalled €1,026 million. They were affected in 2016 by the cost of the Single Resolution Fund (SRF) for -€10 million in 2016 (-€8 million in 2015), the contribution to the deposit guarantee fund for -€11 million (-€6.4 million in 2015), the Italian rescue plan for -€24 million for 2016 (-€27 million for 2015) and the cost of the Cariparma Group's restructuring plan (-€51 million) recognised in the fourth quarter of 2016. Restated for these items, recurring operating expenses amounted to €940 million (including the SRF). The cost/income ratio[3] was 57.8% over 2016 as a whole.

(1) Relative to consolidated outstandings, calculated on an average annualised basis over four rolling quarters.

(2) Pro forma for reclassification in Q3-16 of financial clients deposits from on-balance sheet deposits to market funding.

(3) Current operating expenses (including SRF) divided by revenues.

The cost of risk was €303 million in 2016, a decline of -22.2 % compared with 2015. The cost of risk as a proportion of outstanding customer loans[1] was 93 basis points at the end of 2016, compared with 117 basis points a year earlier. After the disposal of a €10 million *sofferenze* portfolio in the fourth quarter of 2016 (€152 million of disposals in 2016 as a whole), the impaired loans ratio was 13.1 % at end-2016 (*versus* 13.8 % at end-2015) and the coverage ratio at 46.5% including collective reserves, *versus* 45.5 % in 2015. This progress was due to an improvement in the quality of IRB Italy's portfolio, with a further -37 % decrease in new defaults in 2016 compared to 2015.

Over 2016 as a whole, IRB Italy's reported net income Group share was €159 million, a decrease of -8.6 % compared with 2015, impacted by the Cariparma Group's restructuring plan for -€30 million in the fourth quarter of 2016.

International retail banking excluding Italy (Other IRB) also delivered strong business momentum and a sustained financial performance in 2016. When expressed in euros, though, the business line's performance was affected by negative currency effects, mainly due to a -23.4 % and -14.1 % depreciation respectively of the Egyptian and Ukrainian currencies year-on-year in 2016 *versus* 2015. On-balance sheet deposits totalled €10.8 billion at end-December 2016, an increase of +9.6 %[2] over the year. It was driven above all by strong increases in on-balance sheet deposits in Egypt (+47 %)[2] Ukraine (+37 %)[2] and Poland (+7 %)[2], with outstanding deposits remaining stable in Morocco. Again at constant exchange rates, total outstanding on- and off-balance sheet deposits increased by +11.5 %[2] year-on-year. Loans outstanding stood at €9.9 billion at end-December 2016, a year-on-year increase of +7.7 %[2] The surplus of deposits over loans was €1.6 billion at end-December 2016.

In 2016, reported revenues totalled €985 million, a drop of -5.0%.

Operating expenses totalled €596 million in 2016, compared with €623 million in 2015, down -4.3 %.

Cost of risk was down sharply in 2016 to -€156 million, a year-on-year decrease of -25.1 %, mainly due to Morocco and Ukraine.

Overall, IRB excluding Italy reported net income Group share of €119 million in 2016, a marked increase compared with 2015 (+40%). The cost/income ratio was stable at 60.6 % in 2016.

4. Asset gathering

(in millions of euros)	2016 stated	2015 stated	Δ 2016/2015 stated
Revenues	**4,741**	**4,614**	**+2.7%**
Operating expenses	(2,156)	(2,156)	+0.0%
Gross operating income	**2,585**	**2,458**	**+5.1%**
Cost of risk	(9)	(29)	(67.9%)
Equity-accounted entities	28	25	+12.7%
Other gain or losses	2	10	(80.8%)
Change in value of goodwill	-	-	n.m.
Pre-tax income	**2,606**	**2,464**	**+5.7%**
Tax	(772)	(844)	(8.6%)
Net income from discontinued or held-for-sale operations	23	3	x6.8
Net income	**1,857**	**1,623**	**+14.4%**
Non-controlling interests	157	125	+25.4%
NET INCOME GROUP SHARE	**1,700**	**1,498**	**+13.5%**

This business line encompasses asset management, insurance and wealth management.

At 31 December 2016, assets under management increased by +7.6% or €107 billion year-on-year. Net inflows totalled +€71 billion, (including +€62 billion for Amundi, +€8 billion for life insurance and +€1 billion for wealth management), i.e. 5% of opening assets under management, confirming the business line's strong momentum. On top of this robust commercial performance, the business line recorded a positive market and currency effect of +€22 billion and a positive scope effect of +€14 billion (acquisitions of KBI GI: for +€9 billion and CAI Investors: for +€5 billion). Assets under management thus totalled €1,503 billion at 31 December 2016. The division's net income Group share was up +13.5 % year-on-year (after the restatement of effects related to the activation of the Switch mechanism in Q2-2015 and the clawback in Q3-2015) at €1,700 million.

The division's cost/income ratio was 45.5 %.

(1) Relative to consolidated outstandings, calculated on an average annualised basis over four rolling quarters.

(2) Excluding foreign exchange impact. .

Crédit Agricole Assurances' result included a specific tax charge of -€80 million in 2016 relating to the revaluation of deferred tax assets due to the change in the tax rate from 2020 onwards.

The Insurance business line recorded premium income of nearly €30.8 billion in 2016, an increase of +1.2 % on the figure of €30.4 billion[1].

Revenues in the Savings/Retirement segment totalled nearly €24 billion, stable over the year (-0.3 %). Crédit Agricole Assurances is continuing its strategy of diversifying its product mix in favour of unit-linked products, as illustrated by the increase in the proportion of unit-linked contracts in gross inflows during the second half of 2016. Assets under management continued to grow, reaching €269 billion at end-December 2016 (+3.5 % year-on-year), driven chiefly by 6.7 % growth in unit-linked assets. At end-December 2016, UL contracts represented 19.5 % of total assets under management (up +0.5 point *versus* end-December 2015). Net inflows in Savings/Retirement were +€5.8 billion in 2016, including +€3.1 billion in France.

In the Death & disability/Borrower/Collective segment, premium income rose by +8.5 % year-on-year to €3.2 billion in 2016. This growth was driven by all three business segments, and was boosted in particular by strong momentum in Death & disability/Health (+15.4 % year-on-year) and a sound increase in Borrower insurance in the home loans segment (+12.3 % year-on-year).

At €3.6 billion in 2016, premium income continued to grow strongly in Property & casualty insurance. In France, the Group's growth outstripped that of the broader market, with premium income up +6 %, driven by robust momentum in both the retail and small business markets. Despite climate events during the year, the combined ratio[2] remained well under control at 95.9 %[3].

Crédit Agricole Assurances' cost/income ratio was 29.7% in 2016.

These good commercial performances and the exceptionally high financial result from the investment portfolio largely offset the charge relative to the revaluation of deferred tax assets at the end of the year (recorded in specific items in the amount of -€80 million). The Insurance business line posted strong growth to €1,174 million in its contribution to Crédit Agricole Group's 2016 results, an increase of +17.7 % compared with 2015, despite the impact of the revaluation of deferred tax assets in the amount of -€80 million.

Crédit Agricole Assurances' solvency remains solid, with a regulatory ratio of 161% at 31 December 2016. Meanwhile, the company continues to strengthen its reserves: the policyholder participation reserve[4] now amounts to €7.0 billion, representing 3.5 % of outstanding savings in euro contracts at end 2016.

In **Asset management,** Amundi's[5] assets under management grew by +9.9 % year-on-year to €1,083 billion, thanks to strong net inflows, positive market effects (+€21.8 billion in 2016) and positive scope effects (+€13.6 billion of additional assets under management through the acquisition of KBI Global Investors finalised on 29 August and the integration of Crédit Agricole Immobilier Investors).

Net inflows amounted to +€62.2 billion over the full year in 2016. They were driven by sustained commercial momentum on medium and long-term assets[6]: +€45.5 billion, across all asset classes in the segment. The Institutional segment contributed +€27.5 billion, including +€9.4 billion in medium and long-term assets, supported by substantial inflows in treasury products. The Retail segment contributed +€34.7 billion, including +€34.2 billion in medium and long-term assets, mainly through the joint ventures in Asia (+€24.8 billion). The French networks made a slightly positive contribution, with net inflows of +€2.0 billion in medium and long-term assets.

Revenues totalled €1,677 million over the full year in 2016. Revenues were up +1.2 % in line with growth in operating expenses. The cost/income ratio remained stable compared with 2015 at 53.3 %, reflecting an excellent level of operating efficiency. Net income Group share increased by only +4.5 % to €421 million, due to the decrease in Crédit Agricole S.A.'s holding in Amundi from 80.0% in 2015 to 75.5% at end-2016. The net result before deduction of minority interests increased by +9.6 %.

The **Wealth management** business registered a slight increase of its assets under management over the year, despite challenging market conditions. Assets under management were €152.4 billion at end-December 2016, an increase of +0.9 % over one year. Full-year net income Group share was €105 million, an increase of +6.8 % helped by a rebound in activity, particularly in the United States, and by the initial effects of refocusing the business on countries that have signed the Automatic Exchange of Information (AEoI) agreement.

(1) Pro forma 2015 figures: split of IFRS premium income by new business line following transfer of individual health and personal accident from "Death & disability/Health/Creditor" to "Property & casualty insurance".

(2) Ratio of (claims + operating expenses) to premium income.

(3) Pacifica scope.

(4) Predica scope.

(5) Amundi is a listed company. It reported its detailed results for the year on 10 February 2017.

(6) Equities, bonds, multi-assets, structured products, real assets and specialised assets.

5. Specialised financial services - SFS

(in millions of euros)	2016 stated	2015 stated	Δ 2016/2015 stated
Revenues	**2,646**	**2,629**	**+0.7%**
Operating expenses	(1,384)	(1,336)	+3.6%
Gross operating income	**1,262**	**1,293**	**(2.4%)**
Cost of risk	(558)	(657)	(15.2%)
Equity-accounted entities	208	164	+26.8%
Other gain or losses	(2)	4	n.m.
Change in value of goodwill	-	-	n.m.
Pre-tax income	**910**	**804**	**+13.3%**
Tax	(210)	(213)	(1.3%)
Net income from discontinued or held-for-sale operations	-	(1)	n.m.
Net income	**701**	**590**	**+18.8%**
Non-controlling interests	91	106	(14.3%)
NET INCOME GROUP SHARE	**610**	**484**	**+26.0%**

Specialised financial services include Crédit Agricole Consumer Finance in France and its subsidiaries or partnerships abroad, and Crédit Agricole Leasing & Factoring.

Consumer finance (CACF) business was strong in 2016 in all partner networks. The managed loan book increased by +8.4 % year-on-year at end-December 2016, despite the disposal by Agos of a €380 million doubtful loans portfolio in the fourth quarter. It was €77.2 billion at end-December 2016, compared with €71.2 billion at end-December 2015. The geographical breakdown was 38 % in France, 31 % in Italy and 31 % in other countries. The consolidated loan book increased to €32.4 billion at 31 December 2016.

In **Leasing & Factoring (CAL&F),** the leasing book grew by +3.7 % year-on-year to €15.5 billion at end-December 2016. Factored receivables were stable in 2016 compared with 2015 at €18 billion.

In full year 2016, Specialised financial services delivered revenues of €2,646 million, representing slight growth of +0.7 % compared with 2015. Restated for the scope effect in the fourth quarter of 2015 (deconsolidation of Credium and Credicom), revenues were stable compared with 2015.

Operating expenses were up +3.6 % compared with 2015, to €1,384 million. This increase was due to implementation of the investment programme scheduled in the Group's Medium-Term Plan announced in March 2016. The division's cost/income ratio was 52.3 %.

Cost of risk was down due to an improvement in quality of the customer portfolio. It amounted to €558 million for the year, a decrease of -15.2 % compared with 2015. Cost of risk was 140 basis points[(1)] of outstanding loans in 2016, compared with 162 basis points in 2015.

Joint ventures contributed to the profitability of CACF and the division, with a +26.8 % increase in their equity-accounted contribution, due chiefly to car finance partnerships.

Net income Group share, slightly impacted by the revaluation of deferred tax assets in the amount of -€3 million, amounted to €610 million, an increase of +26.0 % compared with 2015. The Consumer finance division's net income Group share rose by +30.8% to €480 million, and that of lease financing and factoring by +11.3 % to €130 million.

(1) Relative to consolidated outstandings, calculated on an average annualised basis over four rolling quarters.

6. Large customers - LC

(in millions of euros)	2016 stated	2015 stated	∆ 2016/2015 stated
Revenues	**5,195**	**5,057**	**+2.7%**
Operating expenses	(3,187)	(3,136)	+1.6%
Gross operating income	**2,008**	**1,921**	**+4.5%**
Cost of risk	(557)	(655)	(15.0%)
Equity-accounted entities	212	60	x 3.6
Other gain or losses	1	(7)	n.m.
Change in value of goodwill	-	-	n.m.
Pre-tax income	**1,663**	**1,319**	**+26.1%**
Tax	(372)	(454)	(18.0%)
Net income from discontinued or held-for-sale operations	11	(2)	n.m.
Net income	**1,302**	**863**	**+50.9%**
Non-controlling interests	18	18	+1.1%
NET INCOME GROUP SHARE	**1,284**	**845**	**+52.0%**

The Large customers business line includes capital markets, investment banking, structured finance, commercial banking and asset servicing.

After a volatile start of the year, the markets experienced a lull from the end of the first quarter thanks to the action of central banks including the ECB, with the extension of its securities purchase programme to corporate counterparties. Market volatility nevertheless reappeared in May, triggered by uncertainties about global growth and fears around Brexit.

The second half was also characterised by numerous periods of uncertainty in connection with major political events, including the US presidential elections and the referendum in Italy, the outcomes of which further compounded the volatility of the market environment.

The end of the year also saw monetary policy developments in the American and European central banks: the Fed increased its policy rates in the wake of improved conditions in the United States, while the ECB announced the continuation of its securities purchase programme until December 2017, without modifying its policy rates.

The division's business lines benefited from this complex environment, posting revenues up +2.7 % year-on-year at €5,195 million in 2016.

Capital markets and investment banking revenues benefited from the strong performance in the fixed income, currency, credit and securitisation business lines. Fixed income activities were driven chiefly by the good performance of Repo activities. Foreign exchange activities benefited from the increased volatility in the markets, especially in the wake of the Brexit vote. Lastly, lending operations benefited from the extension of the ECB's securities purchase programme to corporates in March, promoting demand for issues.

Crédit Agricole CIB maintained its world leadership as bookrunner in ABCP (Asset Backed Commercial Paper) securitisation activity in Europe for the third consecutive year *(source: CPWare)*, and ranked second in Green Bonds worldwide *(source: Crédit Agricole CIB)*. The Bank was involved in the biggest deals in 2016, including one with Sanofi (the first placement having been unwound with a negative yield for a corporate) that was named "*European Investment Grade Corporate Bond of the Year*" at the 2016 IFR Awards. Crédit Agricole CIB also took part in the largest issue in size made by a French corporate (Danone) and the issue of the biggest-ever euro-denominated Green Bonds tranche with EDF.

Revenues from Investment banking activities also rose, with significant deals in the M&A and primary equity markets, including capital increases and convertible bonds. Crédit Agricole CIB also rose from 14th to 4th place in the ranking of mergers and acquisitions in France involving at least one French company. The Bank further confirmed its number two ranking as bookrunner in convertible bonds in France *(source: Thomson Financial)*.

In Financing activities, the structured finance business line reported a good level of new business despite a difficult economic climate in some sectors (Energy and Maritime).

In this business, Crédit Agricole CIB received the following distinctions: "*Best Project Finance Arranger of the Year*" *(source: Global Capital)* and "*European Bank of the Year*" in Aerospace *(source: Airline Economics)*. The Bank also maintained its position as global leader in aircraft financing *(source: Air Finance Journal)*.

The Large customers business held up well in a persistently unfavourable market environment (slowdown in global trade and oil prices down -17 % on average year-on-year), but with a slight upturn for Trade Commodities Finance activities in a context of rising oil prices in the final quarter.

Crédit Agricole CIB maintained its number two ranking in the syndication business in France *(source: Thomson Financial)* in a declining syndicated loan market in France in 2016.

Growth in expenses was under control, (+1.6%) reflecting support for the development of the business and the numerous initiatives in the regulatory field. The division's cost/income ratio was 61.4% over the year.

The division's gross operating income was accordingly up +4.5 % year-on-year, reflecting the business's robust operating performance.

The cost of risk improved, falling by (15%) year-on-year in an environment that remained weak, notably in the Energy and Maritime sectors.

The share of net income of equity-accounted entities multiplied by 3.6 to €212 million, on a favourable 2015 comparison base due primarily to the impairment of the investment in UBAF.

The division's reportable net income Group share was €1,284 million, an increase of +52.0 % compared with 2015.

The division's risk-weighted assets were down -2 % at €130 billion, despite regulatory pressure.

7. Corporate Centre

(in millions of euros)	2016 stated	2015 stated[1]	Δ 2016/2015 stated[1]
Revenues	**(1,509)**	**(1,313)**	**+14.9%**
Operating expenses	(963)	(931)	+3,5%
Gross operating income	**(2,472)**	**(2,244)**	**+10.2%**
Cost of risk	(28)	(231)	(87.8%)
Equity-accounted entities	46	203	(77.4%)
Other gain or losses	(54)	(4)	n.m.
Change in value of goodwill	(540)	-	n.m.
Pre-tax income	**(3,048)**	**(2,276)**	**+34.0%**
Tax	923	1,106	(16.5%)
Net income from discontinued or held-for-sale operations	-	-	n.m.
Net income	**(2,125)**	**(1,170)**	**+81.7%**
Non-controlling interests	(3)	56	n.m.
NET INCOME GROUP SHARE	**(2,122)**	**(1,226)**	**+ 73.1%**

(1) Pro forma of the Eureka operation.

The Corporate Centre's net income Group share was -€2,122 million in 2016, compared with -€1,226 million in 2015.

2016 revenues were impacted by two major non-recurring items, i.e. the transaction to optimise Crédit Agricole S.A.'s balance sheet for -€683 million and the gain on disposal of the equity investment in Visa Europe for +€355 million. The simplification of the Group's capital structure (the "Eureka" transaction) had only a marginal impact on revenues in the year, at -€34 million. As a reminder, 2015 revenues included +€163 million relating to the indemnity received from the Greek bank, Alpha Bank.

In 2016, the impact of issuer spreads was -€160 million in revenues and -€102 million in net income Group share, compared with +€272 million and +€180 million respectively in 2015.

In terms of the cost of risk, 2015 was impacted by an increase in the provision for legal risks in the amount of -€150 million, which was not repeated in the Corporate Centre in 2016.

2016 was also marked by the impairment of LCL goodwill for -€540 million.

Excluding all of these items, the Corporate Centre's underlying net income Group share was -€1,299 million in 2016, compared with -€1,407 million in 2015.

CRÉDIT AGRICOLE GROUP CONSOLIDATED BALANCE SHEET

ASSETS

(in billions of euros)	31/12/2016	31/12/2015 Restated	Changes
Cash, central banks	31.2	39.3	(20.4%)
Financial assets at fair value through profit or loss	324.5	344.5	(5.8%)
Hedging derivative instruments	24.4	27.2	(10.2%)
Available-for-sale financial assets	339.9	322.9	+5.3%
Loans and receivables due from credit institutions	96.1	89.4	+7.5%
Loans and receivables due from customers	774.0	740.4	+4.5%
Held-to-maturity securities	30.1	30.6	(1.5%)
Accruals, prepayments and sundry assets	66.2	68.9	(3.9%)
Non-current assets held for sale	0.6	0.4	+34.0%
Investments in equity-accounted entities	7.0	6.6	+6.9%
Fixed assets	15.0	14.5	+3.3%
Goodwill	13.8	14.2	(3.0%)
TOTAL	**1,722.8**	**1,698.9**	**+1.4%**

EQUITY AND LIABILITIES

(in billions of euros)	31/12/2016	31/12/2015 Restated	Changes
Central banks	4.1	3.9	+7.0%
Financial liabilities at fair value through profit or loss	242.1	250.2	(3.2%)
Hedging derivative instruments	23.9	29.8	(19.7%)
Due to credit institutions	78.8	92.9	(15.2%)
Due to customers	693.3	663.1	+4.5%
Debt instruments	168.1	167.8	+0.2%
Accruals, deferred income and sundry liabilities	64.9	63.4	+2.3%
Liabilities associated with non-current assets held for sale	0.4	0.4	(2.9%)
Insurance company technical reserves	308.0	294.8	+4.5%
Provisions	6.5	6.1	+6.5%
Subordinated debt	29.6	29.0	+1.9%
Total liabilities	**1,619.7**	**1,601.4**	**+1.1%**
Equity	**103.1**	**97.4**	**+5.9%**
Equity, Group share	98.6	92.9	+6.2%
Non-controlling interests	4.5	4.5	+0.3%
TOTAL	**1,722.8**	**1,698.9**	**+1.4%**

Main changes in the consolidated balance sheet

At 31 December 2016, consolidated assets amounted to €1,723 billion, a rise of +€24.0 billion (+1.4%) compared with the restated 2015 balance sheet. This relative stability reflects several contrasting trends:

- strong commercial momentum that resulted in an increase of +4.5% in loans and receivables due from customers, while amounts due to customers rose at the same time by + 4.5 %;
- a significant increase in available-for-sale financial assets, of +5.3%;
- a decline in financial assets and liabilities at fair value through profit or loss of -5.8 % and -3.2 % respectively, in particular on derivatives;
- an increase of + 4.5 % in insurance policy technical reserves; and
- strong growth in equity of + 5.9 % over the year.

Analysis of the main items

Loans and receivables from customers and credit institutions totalled €870.1 billion, an increase of +4.9 % or +€40.3 billion compared with 2015.

Loans and receivables due from customers (including lease financing operations) totalled €774.0 billion at 31 December 2016, compared with €740.4 billion at 31 December 2015, an increase of +4.5%. The increase was attributable to commercial activity at both the Regional Banks (outstanding loans up by +€18 billion) and LCL (up +€5.4 billion), particularly in home loans in these networks, but also reflected the dynamism of Crédit Agricole CIB (outstandings up by +€5 billion).

Loans and receivables due from credit institutions also increased to €96.1 billion (+7.5 %), compared with €89.4 billion at 31 December 2015. The increase of +€6.7 billion stemmed from the increase in loan operations.

Amounts due to credit institutions and customers totalled €772.1 billion at end-2016, up +2.1 % or +€16.0 billion compared with end-2015.

Amounts due to credit institutions decreased by -€14.1 billion to €78.8 billion (-15.2 %). This decrease was related in particular to the decline in securities sold under repurchase agreements (-€5.2 billion year-on-year).

In contrast, amounts due to customers increased by +€30.1 billion to €693.3 billion, due chiefly to the high level of inflows at the Regional Banks and LCL. Current account increased by +€30.6 billion, with special savings accounts (home purchase savings accounts and schemes and Livret passbook accounts, including the Livret A passbook) rising by +€10.6 billion.

Financial assets at fair value through profit or loss amounted to €324.5 billion at 31 December 2016, a decline of -5.8 % year-on-year. This -€20.0 billion decrease was attributable chiefly to Crédit Agricole CIB, which recorded a -€13.4 billion drop in trading derivatives resulting from change in interest rate swaps as well as a reduction in Treasury bills in the amount of -€4 billion.

At 31 December 2016, **financial liabilities at fair value through profit or loss** totalled €242.1 billion, a decrease of €8.1 billion or -3.2% year-on-year. This decrease was evenly split between the items “Securities sold short”, “Securities sold under repurchase agreements” and “Derivative instruments”.

Available-for-sale financial assets (net of impairments) totalled €339.9 billion, an increase of +5.3 % from €322.9 billion at 31 December 2015. Within Crédit Agricole Group, Crédit Agricole Assurances, with its insurance subsidiary Predica, was the largest holder of such securities, followed by Crédit Agricole S.A. These assets include bonds and other fixed-income securities (€225.9 billion), treasury bills and similar securities (€80.2 billion), equities and other variable-income securities (€21.9 billion) and non-consolidated equity investments (€11.9 billion).

Investments in equity-accounted entities totalled €7.0 billion at end-2016, compared with €6.6 billion in 2015. This increase in value was chiefly due to Banque Saudi Fransi.

Hedging derivatives recorded declines of -10.2% in assets and -19.7% in liabilities, attributable chiefly to the termination of macro-hedging of interest rate swaps at Crédit Agricole S.A. for assets and termination of fixed-rate borrower swaps at LCL for liabilities.

Insurance companies’ technical reserves increased by +4.5 % in 2016 compared with 2015, reaching €308.0 billion. Most of the increase was attributable to Predica in the amount of +€9.2 billion, reflecting the increase in policy liabilities on euro and unit-linked contracts.

Debt instruments were broadly stable over the year. They amounted to €168.1 billion at end-2016, a rise of +0.2% year-on-year.

Equity amounted to €103.1 billion at 31 December 2016, an increase of +€5.8 billion compared with 31 December 2015. Equity Group share amounted to €98.6 billion at end-2016, an increase of +€5.7 billion over the period (+6.2 %), mainly reflecting the inclusion of income for the year.

Capital management and regulatory ratios

The amendment to IAS 1 adopted by the European Union on 11 January 2006 requires quantitative and qualitative disclosures on the issuer’s capital and management of its capital i.e. objectives, policies and processes for managing capital. This information is provided in Note 3.6 to the financial statements and in “Basel 3 Pillar 3 disclosures”, provided below.

CRÉDIT AGRICOLE GROUP ESTABLISHMENTS IN FRANCE AND ABROAD

The information about Crédit Agricole Group entities required by Article 7 of French law no. 2013-672 of 26 July 2013 on the separation and regulation of banking activities and by Order no. 2014-158 of 20 February 2014 supplemented by Implementing Decree no. 2014-1657 of 29 December 2014 implementing Article L. 511-45 of the French Monetary and Financial Code, are detailed below.

Consolidated entities included in this reporting are the parent company, subsidiaries and branches. Entities classed as discontinued or held-for-sale operations under IFRS 5, as well as entities consolidated using the equity method, are excluded. The Regional Banks are consolidated according to the equity method and are included in the French tax consolidation mechanism.

Revenues from foreign establishments correspond to their territorial contribution to the consolidated financial statements prior to elimination of reciprocal intragroups transactions.

Employees correspond to the number of full-time equivalent employees at the end of the reporting period.

Information as at 31 December 2016, aggregated to a State or territorial level is as follows (in millions of euros):

Geographic location	Revenues excluding intragroup eliminations	Number of employees (full-time equivalent)	Income before tax	Income tax charge - current	Income tax charge - deferred	Public grants received
France (including overseas departments and territories)						
Netherlands	20 904	101 962	4 298	(1 040)	(571)	-
France overseas departments and territories	395	1 545	131	(52)	(3)	-
Other EU countries						
Germany	390	1 190	147	(43)	(9)	-
Austria	14	42	5	(3)	1	-
Belgium	51	115	21	(6)	(1)	-
Spain	203	523	101	(31)	1	-
Finland	10	13	6	(2)	-	-
Greece	-	5	(2)	(1)	-	-
Ireland	145	240	95	(6)	-	-
Italy	2 763	10 491	693	(170)	(51)	-
Luxembourg	586	1 319	301	(62)	16	-
Netherlands	119	346	32	(16)	(1)	-
Poland	399	5 230	63	(24)	5	-
Portugal	115	447	69	(9)	(10)	-
Czech Republic	12	47	8	(1)	-	-
Romania	10	275	(7)	-	-	-
United Kingdom	1 014	900	606	(177)	(5)	-
Sweden	23	42	8	(2)	-	-
Other European countries						
Monaco	141	444	54	(3)	-	-
Russia	22	172	6	(2)	-	-
Serbia	34	875	2	-	-	-
Switzerland	405	1 326	126	(35)	2	-
Ukraine	102	2 270	35	(8)	1	-
Guernsey	1	-	-	-	-	-
North America						
Canada	1	69	(2)	-	-	-
United States	1 069	781	432	(43)	(74)	-
Central and South America						
Bermuda	-	-	-	-	-	-
Brazil	64	125	20	(9)	(7)	-
Cayman Islands	12	-	12	-	-	-

Geographic location	Revenues excluding intragroup eliminations	Number of employees (full-time equivalent)	Income before tax	Income tax charge - current	Income tax charge - deferred	Public grants received
Africa and Middle East						
Algeria	6	25	3	(1)	-	-
Egypt	246	2 331	145	(37)	-	-
United Arab Emirates	67	87	31	(2)	-	-
Morocco	195	2 483	46	(26)	10	-
Mauritius	3	107	1	-	-	-
Asia-Pacific (ex. Japan)						
Australia	54	30	43	(13)	1	-
China	48	134	23	-	-	-
South Korea	**28**	**80**	**2**	**21**	**(27)**	**-**
Hong-Kong	223	608	8	(3)	(1)	-
India	43	140	(11)	(33)	37	-
Malaysia	8	23	5	(1)	-	-
Singapore	175	515	44	(6)	-	-
Taiwan	26	70	10	-	(1)	-
Vietnam	-	-	5	-	-	-
Japan						
Japan	301	444	149	(50)	1	-
TOTAL	**30 427**	**137 871**	**7 764**	**(1 896)**	**(686)**	**-**

At 31 December 2016 the Group had the following establishments:

ESTABLISHMENTS

Operation name	Type of business	Geographic location
2,471 Local Banks	FRB	France
38 Regional Banks	FRB	France
ACACIA	AG	France
ACAJOU	AG	France
Acieralliage EURO FCC	LC	France
Acieralliage USD FCC	LC	United States
Adret Gestion	FRB	France
AF EQUI.GLOB.AHE CAP	AG	Luxembourg
AF INDEX EQ JAPAN AE CAP	AG	Luxembourg
AF INDEX EQ USA A4E	AG	Luxembourg
Agos	SFS	Italy
AGRICOLE RIVAGE DETTE	AG	France
Alsace Elite	FRB	France
ALTAREA	AG	France
AM AC FR ISR PC 3D	AG	France
AM CR 1-3 EU PC 3D	AG	France
AM.AC.EU.ISR-P-3D	AG	France
AM.AC.MINER.-P-3D	AG	France
AMUN TRESO CT PC 3D	AG	France
AMUN.TRES.EONIA ISR E FCP 3DEC	AG	France
AMUNDI	AG	France
AMUNDI (UK) Ltd.	AG	United Kingdom
AMUNDI 12 M P	AG	France
AMUNDI 3 M P	AG	France
AMUNDI ACTIONS FRANCE C 3DEC	AG	France
AMUNDI AFD AV DURABL P1 FCP 3DEC	AG	France
AMUNDI AI S.A.S.	AG	France
Amundi AI LONDON BRANCH	AG	United Kingdom

Operation name	Type of business	Geographic location
AMUNDI ARMONIA	AG	Italy
AMUNDI Asset Management	AG	France
AMUNDI ASSET MANAGEMENT BELGIUM	AG	Belgium
AMUNDI ASSET MANAGEMENT DEUTSCHLAND	AG	Germany
AMUNDI ASSET MANAGEMENT HONG KONG BRANCH	AG	Hong Kong
AMUNDI ASSET MANAGEMENT LONDON BRANCH	AG	United Kingdom
AMUNDI ASSET MANAGEMENT NEDERLAND	AG	Netherlands
Amundi Austria	AG	Austria
AMUNDI B EU COR AEC	AG	Luxembourg
AMUNDI BD EU HY AEC	AG	Luxembourg
AMUNDI CRED.EURO ISR P FCP 3DEC	AG	France
Amundi Distributors Usa Llc	AG	United States
Amundi diversifié 1	FRB	France
AMUNDI EQ E IN AHEC	AG	Luxembourg
AMUNDI Finance	AG	France
AMUNDI Finance Emissions	AG	France
AMUNDI GBL MACRO MULTI ASSET P	AG	France
AMUNDI GLOBAL SERVICING	AG	Luxembourg
AMUNDI GRD 24 FCP	AG	France
AMUNDI Hellas MFMC S.A.	AG	Greece
Amundi Hk - Green Planet Fund	AG	Hong Kong
AMUNDI Hong Kong Ltd.	AG	Hong Kong
AMUNDI HORIZON 3D	AG	France
AMUNDI Iberia S.G.I.I.C S.A.	AG	Spain
AMUNDI Immobilier	AG	France
AMUNDI India Holding	AG	France
AMUNDI Intermédiation	AG	France

Operation name	Type of business	Geographic location
AMUNDI Issuance	AG	France
AMUNDI IT Services	AG	France
AMUNDI Japan	AG	Japan
AMUNDI Japan Holding	AG	Japan
AMUNDI Japan Securities Cy Ltd.	AG	Japan
AMUNDI Luxembourg S.A.	AG	Luxembourg
AMUNDI Malaysia Sdn Bhd	AG	Malaysia
AMUNDI OBLIG EURO C	AG	France
AMUNDI PATRIMOINE C 3DEC	AG	France
Amundi Performance Absolue Equilibre	AG	France
AMUNDI Polska	AG	Poland
AMUNDI Private Equity Funds	AG	France
AMUNDI PULSACTIONS	AG	France
AMUNDI Real Estate Italia SGR S.p.A.	AG	Italy
AMUNDI SGR S.p.A.	AG	Italy
AMUNDI Singapore Ltd.	AG	Singapore
AMUNDI Smith Breeden	AG	United States
AMUNDI Suisse	AG	Switzerland
AMUNDI Tenue de Comptes	AG	France
AMUNDI USA Inc	AG	United States
AMUNDI VALEURS DURAB	AG	France
AMUNDI Ventures	AG	France
Anjou Maine Gestion	FRB	France
Antera Incasso B.V.	SFS	France
ANTINEA FCP	AG	France
Aquitaine Immobilier Investissement	FRB	France
Aquitaux Rendement	FRB	France
ARAMIS PATRIM D 3D	AG	France
Arc Broker	IRB	Poland
ARC FLEXIBOND-D	AG	France
ARES Reinsurance Ltd.	SFS	Ireland
Argence Investissement S.A.S.	SFS	France
ARGOAT Finances	FRB	France
Armo-Invest	LC	France
Armor Fonds Dédié	FRB	France
ARTEMID	AG	France
ASSUR&ME	AG	France
Atlantic Asset Securitization LLC	LC	United States
ATOUT EUROPE C FCP 3DEC	AG	France
ATOUT FRANCE C FCP 3DEC	AG	France
ATOUT MONDE C FCP 3DEC	AG	France
ATOUT SERENACTIONS	AG	France
ATOUT VERT HORIZON FCP 3 DEC	AG	France
Auxifip	SFS	France
AXA EUR.SM.CAP E 3D	AG	France
Banca Popolare Friuladria S.p.A.	IRB	Italy
Banco Crédit Agricole Brasil S.A.	LC	Brazil
Bankoa	IRB	Spain
Banque Chalus	FRB	France
Banque Thémis	FRB	France
BARCLAYS QUAN MER AR	AG	Ireland
Belgium CA S.A.S.	IRB	France
Benelpart	LC	Belgium
Bercy Champ de Mars	FRB	France
Bercy Participations	FRB	France
BEST BUS MODELS RC	AG	France

Operation name	Type of business	Geographic location
Bforbank S.A.	FRB	France
BFT diversifié 1	FRB	France
BFT Investment Managers	AG	France
BFT LCR	FRB	France
BFT LCR LEVEL 2	FRB	France
BFT opportunité	AG	France
BNP PAR.CRED.ERSC	AG	France
Brie Picardie Croissance	FRB	France
C.L. Verwaltungs und Beteiligungsgesellschaft GmbH	FRB	Germany
CA Aquitaine Agences Immobilières	FRB	France
CA Aquitaine Immobilier	FRB	France
CA Assicurazioni	AG	Italy
CA Centre France Développement	FRB	France
CA Grands Crus	CC	France
CA Indosuez (Suisse) S.A. Hong Kong Branch	AG	Hong Kong
CA Indosuez (Suisse) S.A. Singapore Branch	AG	Singapore
CA Indosuez (Switzerland) S.A.	AG	Switzerland
CA Indosuez Finanziaria S.A.	AG	Switzerland
CA Indosuez Gestion	AG	France
CA Indosuez Wealth (Asset Management)	AG	Luxembourg
CA Indosuez Wealth (Brazil) S.A. DTVM	AG	Brazil
CA Indosuez Wealth (Europe)	AG	Luxembourg
CA Indosuez Wealth (Europe) Belgium Branch	AG	Belgium
CA Indosuez Wealth (Europe) Italy Branch	AG	Italy
CA Indosuez Wealth (Europe) Spain Branch	AG	Spain
CA Indosuez Wealth (France)	AG	France
CA Indosuez Wealth (Global Structuring)	AG	Luxembourg
CA Indosuez Wealth (Group)	AG	France
CA MASTER EUROPE	AG	France
CA Participations	FRB	France
CA VITA INFRASTRUCTURE CHOICE FIPS c.I.A.	AG	France
CA VITA PRIVATE DEBT CHOICE FIPS cl.A	AG	France
CA VITA PRIVATE EQUITY CHOICE	AG	France
CAA 2013 COMPARTIMENT 5 A5	AG	France
CAA 2013 FCPR B1	AG	France
CAA 2013 FCPR C1	AG	France
CAA 2013 FCPR D1	AG	France
CAA 2013-2	AG	France
CAA 2013(3)	AG	France
CAA 2014 COMPARTIMENT 1 PART A1	AG	France
CAA 2014 INVESTISSMENT PART A3	AG	France
CAA 2015 COMPARTIMENT 1	AG	France
CAA 2015 COMPARTIMENT 2	AG	France
CAA 2016	AG	France
CAA INFRASTRUCTURE	AG	France
CAA PRIV.FINANC. COMP.1 A1 FIC	AG	France
CAA PRIV.FINANC. COMP.2 A2 FIC	AG	France
CAA SECONDAIRE IV	AG	France
Caapimmo 4	FRB	France
Caapimmo 6	FRB	France
CACEIS (Canada) Ltd.	LC	Canada
CACEIS (USA) Inc.	LC	United States
CACEIS Bank	LC	France
CACEIS Bank Deutschland GmbH	LC	Germany
CACEIS Bank Luxembourg	LC	Luxembourg

Operation name	Type of business	Geographic location
CACEIS Bank S.A., Germany Branch	LC	Germany
CACEIS Bank, Belgium Branch	LC	Belgium
CACEIS Bank, Ireland Branch	LC	Ireland
CACEIS Bank, Italy Branch	LC	Italy
CACEIS Bank, Luxembourg Branch	LC	Luxembourg
CACEIS Bank, Netherlands Branch	LC	Netherlands
CACEIS Bank, Switzerland Branch	LC	Switzerland
CACEIS Bank, UK Branch	LC	United Kingdom
CACEIS Belgium	LC	Belgium
CACEIS Corporate Trust	LC	France
CACEIS Fund Administration	LC	France
CACEIS Ireland Limited	LC	Ireland
CACEIS S.A.	LC	France
CACEIS Switzerland S.A.	LC	Switzerland
CACF Immobilier	FRB	France
CACI DANNI	AG	Italy
CACI Gestion	AG	France
CACI LIFE LIMITED	AG	Ireland
CACI NON LIFE LIMITED	AG	Ireland
CACI NON VIE	AG	France
CACI Reinsurance Ltd.	AG	Ireland
CACI VIE	AG	France
CACI VITA	AG	Italy
CADS Développement	FRB	France
CA-EDRAM OPPORTUNITES FCP 3DEC	AG	France
CAIRS Assurance S.A.	LC	France
Caisse régionale de Crédit Agricole mutuel de la Corse	CC	France
Caisse Régionale Provence - Côte D'Azur, Monaco branch	FRB	Monaco
CAL Espagne	SFS	Spain
Calciphos	LC	France
CALI Europe France Branch	AG	France
CALI Europe Poland Branch	AG	Poland
Calixis Finance	LC	France
Calixte Investissement	FRB	France
Calliope SRL	LC	Italy
CAM ENERGIE SAS	FRB	France
CAM HYDRO	FRB	France
CAM SOLAIRE	FRB	France
Camca Assurance	FRB	Luxembourg
Camca Courtage	FRB	France
Camca Lux Finance Management Company	FRB	Luxembourg
Camca Réassurance	FRB	Luxembourg
Camca Vie	FRB	Luxembourg
CAP Actions 2	FRB	France
CAP ACTIONS 3	FRB	France
CAP Obligataire	FRB	France
CAP Régulier 1	FRB	France
CAPI Centre-Est	FRB	France
Carefleet S.A.	SFS	Poland
CAREPTA R 2016	AG	France
Carispezia	IRB	Italy
Caroline Immo	FRB	France
CASTELSOL	FRB	France
CEDAR	AG	France
Centre France Location Immobilière	FRB	France

Operation name	Type of business	Geographic location
CFM Indosuez Wealth	AG	Monaco
Chabrillac	FRB	France
CHILI INVEST	FRB	France
Chorial Allocation	AG	France
CL Développement de la Corse	CC	France
CLAIRANA	FRB	France
Clam Philadelphia	AG	France
Clifap	LC	France
CLSA Financial Products Ltd	LC	Bermuda
Cofam	FRB	France
Compagnie Française de l'Asie (CFA)	LC	France
CONVERT.EUROP.AE	AG	Luxembourg
CORSAIR 1.5255% 25/04/35	AG	Ireland
CORSICAM	FRB	France
CPR ACTIVE US -P-	AG	France
CPR AM	AG	France
CPR CONSO ACTIONNAIRE FCP P	AG	France
CPR CROIS.REA.-P	AG	France
CPR diversifié 1	FRB	France
CPR EuroGov LCR	FRB	France
CPR EUROLAND P 3D	AG	France
CPR GLO SILVER AGE P	AG	France
CPR OBLIG 12 M.P 3D	AG	France
CPR REFL.RESP.0-100 P FCP 3DEC	AG	France
CPR RENAI.JAP.-P-3D	AG	France
CPR RENAISSANCE JAPON HP 3D	AG	France
CPR SILVER AGE P 3DEC	AG	France
CRCAM SUD MED. SUC	FRB	Spain
Crealfi	SFS	France
Credibom	SFS	Portugal
Crediet Maatschappij " De Ijssel" B.V.	SFS	Netherlands
Crédit Agricole CIB (Belgium)	LC	Belgium
Crédit Agricole America Services Inc.	LC	United States
Crédit Agricole Asia Shipfinance Ltd.	LC	Hong Kong
Crédit Agricole Assurances (CAA)	AG	France
CREDIT AGRICOLE BANK	IRB	Ukraine
Crédit Agricole Bank Polska S.A.	IRB	Poland
Crédit Agricole Banka Srbija a.d. Novi Sad	IRB	Serbia
Crédit Agricole Capital Investissement et Finance (CACIF)	CC	France
Crédit Agricole Cariparma	IRB	Italy
Crédit Agricole Centre Est Immobilier	FRB	France
Crédit Agricole CIB (ABU DHABI)	LC	United Arab Emirates
Crédit Agricole CIB (Allemagne)	LC	Germany
Crédit Agricole CIB (Canada)	LC	Canada
Crédit Agricole CIB (Chicago)	LC	United States
Crédit Agricole CIB (Corée du Sud)	LC	South Korea
Crédit Agricole CIB (Dubai DIFC)	LC	United Arab Emirates
Crédit Agricole CIB (Dubai)	LC	United Arab Emirates
Crédit Agricole CIB (Espagne)	LC	Spain
Crédit Agricole CIB (Finlande)	LC	Finland
Crédit Agricole CIB (Hong-Kong)	LC	Hong Kong
Crédit Agricole CIB (Cayman Islands)	LC	Cayman Islands
Crédit Agricole CIB (Inde)	LC	India
Crédit Agricole CIB (Italie)	LC	Italy

Operation name	Type of business	Geographic location
Crédit Agricole CIB (Japon)	LC	Japan
Crédit Agricole CIB (Luxembourg)	LC	Luxembourg
Crédit Agricole CIB (Miami)	LC	United States
Crédit Agricole CIB (New-York)	LC	United States
Crédit Agricole CIB (Royaume-Uni)	LC	United Kingdom
Crédit Agricole CIB (Singapour)	LC	Singapore
Crédit Agricole CIB (Suède)	LC	Sweden
Crédit Agricole CIB (Taipei)	LC	Taiwan
Crédit Agricole CIB (Vietnam)	LC	Vietnam
Crédit Agricole CIB Air Finance S.A.	LC	France
Crédit Agricole CIB Algérie Bank Spa	LC	Algeria
Crédit Agricole CIB AO	LC	Russia
Crédit Agricole CIB Australia Ltd.	LC	Australia
Crédit Agricole CIB China Ltd.	LC	China
Crédit Agricole CIB Finance (Guernsey) Ltd.	LC	Guernesey
Crédit Agricole CIB Financial Prod. (Guernsey) Ltd.	LC	Guernesey
Crédit Agricole CIB Financial Solutions	LC	France
Crédit Agricole CIB Global Banking	LC	France
Crédit Agricole CIB Holdings Ltd.	LC	United Kingdom
Crédit Agricole CIB Pension Limited Partnership	LC	United Kingdom
Crédit Agricole CIB S.A.	LC	France
Crédit Agricole CIB Services Private Ltd.	LC	India
Crédit Agricole Consumer Finance	SFS	France
Crédit Agricole Consumer Finance Nederland	SFS	Netherlands
Crédit Agricole Creditor Insurance (CACI)	AG	France
Crédit Agricole Egypt S.A.E.	IRB	Egypt
Crédit Agricole F.C. Investment	FRB	France
Crédit Agricole Financement	IRB	Switzerland
Crédit Agricole Global Partners Inc.	LC	United States
Crédit Agricole Group Solutions	IRB	Italy
Crédit Agricole Home Loan SFH	CC	France
Crédit Agricole Immobilier	CC	France
Crédit Agricole Immobilier Entreprise	CC	France
Crédit Agricole Immobilier Facilities	CC	France
Crédit Agricole Immobilier Promotion	CC	France
Crédit Agricole Immobilier Services	CC	France
Crédit Agricole Leasing & Factoring	SFS	France
Crédit Agricole Leasing (USA) Corp.	LC	United States
Crédit Agricole Leasing Italia	SFS	Italy
Crédit Agricole Life Insurance Company Japan Ltd.	AG	Japan
Crédit Agricole Life Insurance Europe	AG	Luxembourg
Crédit Agricole Payment Services	CC	France
Crédit Agricole Polska S.A.	IRB	Poland
Crédit Agricole Public Sector SCF	CC	France
Credit Agricole Romania	IRB	Romania
Credit Agricole Securities (Asia) Limited Hong Kong	LC	Hong Kong
Credit Agricole Securities (Asia) Limited Seoul Branch	LC	South Korea
Crédit Agricole Securities (USA) Inc	LC	United States
Crédit Agricole Securities Asia BV	LC	Netherlands
Crédit Agricole Securities Asia BV (Tokyo)	LC	Japan
Credit Agricole Serivce sp z o.o.	IRB	Poland
Crédit Agricole Vita S.p.A.	AG	Italy
Crédit Agricole S.A.	CC	France
Crédit du Maroc	IRB	Morocco
Crédit du Maroc Leasing et Factoring	SFS	Morocco

Operation name	Type of business	Geographic location
Crédit LIFT	SFS	France
Crédit Lyonnais Développement Économique (CLDE)	FRB	France
Creditplus Bank AG	SFS	Germany
De Kredietdesk B.V.	SFS	Netherlands
Delfinances	CC	France
DELTA	CC	France
DGAD International SARL	LC	Luxembourg
DNA 0% 12-211220	AG	Luxembourg
DNA 0% 16/10/2020	AG	Luxembourg
DNA 0% 21/12/20 EMTN	AG	Luxembourg
DNA 0% 23/07/18 EMTN INDX	AG	Luxembourg
DNA 0% 27/06/18 INDX	AG	Luxembourg
DNA 0%11-231216 INDX	AG	Luxembourg
DNA 0%12-240418 INDX	AG	Luxembourg
DNV B.V.	SFS	Netherlands
Doumer Finance S.A.S.	LC	France
ECO PROD SOL B	FRB	France
ECOFI MULTI OPPORTUN.FCP 3DEC	AG	France
Edokial	FRB	France
EFL Finance S.A.	SFS	Poland
EFL Services	SFS	Poland
Emeraude Croissance	FRB	France
EMERITE	AG	France
EPV6	FRB	France
ESNI (compartiment Crédit Agricole CIB)	LC	France
ESNI (compartiment Crédit Agricole S.A.)	CC	France
Ester Finance Titrisation	LC	France
Étoile Gestion	AG	France
Eucalyptus FCT	LC	France
EUROFACTOR GmbH	SFS	Germany
Eurofactor Hispania S.A.	SFS	Spain
Eurofactor Italia S.p.A.	SFS	Italy
EUROFACTOR NEDERLAND	SFS	Netherlands
EUROFACTOR POLSKA S.A.	SFS	Poland
Eurofactor SA - NV (Benelux)	SFS	Belgium
Eurofactor S.A. (Portugal)	SFS	Portugal
Eurofintus Financieringen B.V.	SFS	Netherlands
EUROPEAN MOTORWAY INVESTMENTS 1	AG	Luxembourg
Europejski Fundusz Leasingowy (E.F.L.)	SFS	Poland
Europimmo	FRB	France
EUROSIC	AG	France
Everbreizh	FRB	France
FCP Centre Loire	FRB	France
FCPR CAA 2013	AG	France
FCPR CAA COMP TER PART A3	AG	France
FCPR CAA COMPART BIS PART A2	AG	France
FCPR CAA COMPARTIMENT 1 PART A1	AG	France
FCPR CAA France croissance 2 A	AG	France
FCPR PREDICA 2007 A	AG	France
FCPR PREDICA 2007 C2	AG	France
FCPR PREDICA 2008 A1	AG	France
FCPR PREDICA 2008 A2	AG	France
FCPR PREDICA 2008 A3	AG	France
FCPR PREDICA SECONDAIRE I A1	AG	France
FCPR PREDICA SECONDAIRE I A2	AG	France

Operation name	Type of business	Geographic location
FCPR PREDICA SECONDAIRES II A	AG	France
FCPR PREDICA SECONDAIRES II B	AG	France
FCPR Roosevelt Investissements	AG	France
FCPR UI CAP AGRO	AG	France
FCPR UI CAP SANTE A	AG	France
FCT BRIDGE 2016-1	AG	France
FCT Cablage FCT	LC	France
FCT CAREPTA - COMPARTIMENT 2014-1	AG	France
FCT CAREPTA - COMPARTIMENT 2014-2	AG	France
FCT CAREPTA - COMPARTIMENT RE-2016-1	AG	France
FCT CAREPTA - RE 2015 -1	AG	France
FCT CAREPTA 2-2016	AG	France
FCT Crédit Agricole Habitat 2015 (sauf compartiment Corse)	FRB	France
FCT Crédit Agricole Habitat 2015 Compartiment Corse	CC	France
FCT Evergreen HL1	CC	France
FCT MID CAP 2 05/12/22	AG	France
FEDERIS CORE EU CR 19 MM	AG	France
Federval	AG	France
Fia Net Europe	CC	Luxembourg
Fia-Net	CC	France
FIC-FIDC	LC	Brazil
Finamur	SFS	France
Financière des Scarabées	LC	Belgium
Financière Lumis	LC	France
Financière PCA	FRB	France
Finaref Assurances S.A.S.	AG	France
Finaref Risques Divers	AG	France
Finaref Vie	AG	France
Finarmor Gestion	FRB	France
Finasic	CC	France
Finata Bank N.V.	SFS	Netherlands
Finata Zuid-Nederland B.V.	SFS	Netherlands
Fininvest	LC	France
Fletirec	LC	France
Foncaris	CC	France
FONCIERE HYPERSUD	AG	France
FONDS AV ECHU N 1 3DEC	AG	France
Fonds dédié Elstar	FRB	France
Force 29	FRB	France
Force Alsace	FRB	France
Force Charente Maritime Deux Sèvres	FRB	France
Force Iroise	FRB	France
Force Languedoc	FRB	France
Force Lorraine Duo	FRB	France
Force Profile 20	FRB	France
Force Run	FRB	France
Force Toulouse Diversifié	FRB	France
Force 4	FRB	France
FPCI Cogeneration France I	AG	France
Franche Comté Développement Foncier	FRB	France
Franche Comté Développement Immobilier	FRB	France
FREY	AG	France
GAREIN 2	FRB	France
Genavent	AG	France
Genavent Partners Lp	AG	United States

Operation name	Type of business	Geographic location
GNB SEGUROS	AG	Portugal
GRD TOBAM AB A	AG	France
GRD01	AG	France
GRD02	AG	France
GRD03	AG	France
GRD04	AG	France
GRD05	AG	France
GRD07	AG	France
GRD08	AG	France
GRD09	AG	France
GRD10	AG	France
GRD11	AG	France
GRD12	AG	France
GRD13	AG	France
GRD14	AG	France
GRD16	AG	France
GRD17	AG	France
GRD18	AG	France
GRD19	AG	France
GRD20	AG	France
GRD21	AG	France
GRD23	AG	France
Green FCT Lease	SFS	France
CAMCA group	FRB	France
GSA Ltd	SFS	Mauritius
HDP BUREAUX	AG	France
HDP HOTEL	AG	France
HDP LA HALLE BOCA	AG	France
Héphaïstos EUR FCC	LC	France
Héphaïstos GBP FCT	LC	France
Héphaïstos Multidevises FCT	LC	France
Héphaïstos USD FCT	LC	France
HMG GLOBETROTTER D	AG	France
HORIZON ENERGIES	FRB	France
HYDRO LES VIGNES	FRB	France
I.P.F.O.	LC	France
IAA CROISSANCE INTERNATIONALE	AG	France
IDIA	CC	France
IDM Finance B.V.	SFS	Nederlands
IDM Financieringen B.V.	SFS	Nederlands
IDM lease maatschappij N.V.	SFS	Nederlands
Iebe Lease B.V.	SFS	Nederlands
IKS KB	AG	Czech Republic
Immeuble Franche Comté	FRB	France
Immobilière Sirius S.A.	LC	Luxembourg
IND.CAP EMERG.-C-3D	AG	France
INDO.FLEX.100 -C-3D	AG	France
INDOCAM FLAMME FCP 3DEC	AG	France
INDOS.EURO.PAT.PD 3D	AG	France
Indosuez CM II Inc.	LC	United States
Indosuez Holding SCA II	LC	Luxembourg
Indosuez Management Luxembourg II	LC	Luxembourg
Inforsud Diffusion	FRB	France
Inforsud Gestion	FRB	France
INFRA FOCH TOPCO	AG	France
InterBank group	SFS	Netherlands

Operation name	Type of business	Geographic location
Interfimo	FRB	France
INVEST RESP S3 3D	AG	France
Investor Service House S.A.	LC	Luxembourg
IRIS	FRB	France
Island Refinancing SRL	LC	Italy
ItalAsset Finance SRL	LC	Italy
IUB Holding	IRB	France
JACINTHE	FRB	France
JASMIN	FRB	France
JAYANNE 5 FCP 3DEC	AG	France
JAYANNE 6 FCP	AG	France
JAYANNE 7 FCP 3DEC	AG	France
JPM-US S E P-AEURA	AG	Luxembourg
KBI Fund Managers Limited	AG	Ireland
KBI Global Investors (North America) Limited	AG	Ireland
KBI Global Investors Limited	AG	Ireland
KORIAN	AG	France
Krediet '78 B.V.	SFS	Netherlands
L.F. Investment Inc.	LC	United States
L.F. Investment L.P.	LC	United States
La Fayette Asset Securitization LLC	LC	United States
Lafina	LC	Belgium
L'Allan Immobilier Montbeliard	FRB	France
LCL	FRB	France
LCL AC.DEV.DU.EURO	AG	France
LCL AC.EMERGENTS 3D	AG	France
LCL ACT.E-U ISR 3D	AG	France
LCL ACT.IMMOBI.3D	AG	France
LCL ACT.USA ISR 3D	AG	France
LCL ACTIONS EURO C	AG	France
LCL ALLOCATION DYNAMIQUE 3D FCP	AG	France
LCL ALLOCATION EQUILIBRE 3DEC	AG	France
LCL D.CAPT.JU.10 3D	AG	France
LCL D.H.2-4 ANS AV NOV 13	AG	France
LCL DEVELOPPEM.PME C	AG	France
LCL Emissions	AG	France
LCL FDS ECH.MONE.3D	AG	France
LCL FLEX 30	AG	France
LCL INVEST.EQ C	AG	France
LCL INVEST.PRUD.3D	AG	France
LCL MGEST 60 3DEC	AG	France
LCL MGEST FL.0-100	AG	France
LCL MONETAIRE -C-	AG	France
LCL OBLIGATIONS INFLATION C EUR	AG	France
LCL ORIENTATION DYNAM FCP3D	AG	France
LCL ORIENTATION EQUIL.FCP 3DEC	AG	France
LCL ORIENTATION PRUDENT	AG	France
LCL PHOENIX VIE 2016	AG	France
LCL PREMIUM VIE 14 C	AG	France
LCL PREMIUM VIE 2015	AG	France
LCL SEC 106(MARS 10)FCP 3DEC	AG	France
LCL SECU.100(JUIL.11)	AG	France
LCL Monaco Branch	FRB	Monaco
LCL TR 3 MOIS PC 3D	AG	France
LCL TRIP HORIZ SEP16	AG	France
LCL TRIPLE HORIZON AV 09/13 C 3D	AG	France

Operation name	Type of business	Geographic location
LCL VOCATION RENDEMENT NOV 12 3D	AG	France
L'Immobilière d'A Côté	FRB	France
Lixxbail	SFS	France
Lixxcourtage	SFS	France
Lixxcredit	SFS	France
LMA SA	LC	France
Locam	FRB	France
Londres Croissance C16	AG	France
LOREKAM	FRB	France
LRP - CPT JANVIER 2013 0.30 13-21 11/01A	AG	Luxembourg
Lukas Finanse S.A.	IRB	Poland
Mahuko Financieringen B.V.	SFS	Netherlands
Médicale de France	AG	France
Mercagentes	FRB	Spain
Merico Delta Print	FRB	France
Merisma	LC	France
Miladim	LC	France
Molinier Finances	LC	France
Money Care B.V.	SFS	Netherlands
Morbihan Gestion	FRB	France
NECI	FRB	France
Nexus 1	AG	Italy
NL Findio B.V	SFS	France
NMP Gestion	FRB	France
Nord Capital Investissement	FRB	France
Nord Est Aménagement Promotion	FRB	France
Nord Est Expansion	FRB	France
Nord Est Gestion Immobilière	FRB	France
Nord Est Immo	FRB	France
Nord Est Optimmo S.A.S.	FRB	France
Nord Est Patrimoine Immobilier	FRB	France
Normandie Seine Foncière	FRB	France
NVF Voorschotbank B.V.	SFS	Netherlands
OBJECTIF LONG TERME FCP	AG	France
OBJECTIF PRUDENCE FCP	AG	France
OBLIG INF CM CIC 3D	AG	France
OPCI Camp Invest	AG	France
OPCI ECO CAMPUS SPPICAV	AG	France
OPCI Immanens	AG	France
OPCI Immo Emissions	AG	France
OPCI Iris Invest 2010	AG	France
OPCI KART	AG	France
OPCI MASSY BUREAUX	AG	France
OPCI Messidor	AG	France
OPCIMMO LCL SPPICAV 5DEC	AG	France
OPCIMMO PREM SPPICAV 5DEC	AG	France
OPTALIS DYNAMIQUE C FCP 3DEC	AG	France
OPTIMIZ BES TIMING II 3DEC	AG	France
Ozenne Institutionnel	FRB	France
Pacific EUR FCC	LC	France
Pacific IT FCT	LC	France
Pacific USD FCT	LC	France
Pacifica	AG	France
Partinvest S.A.	LC	Luxembourg
PCA IMMO	FRB	France
Peg - Portfolio Eonia Garanti	AG	France

Operation name	Type of business	Geographic location
PG IMMO	FRB	France
PG Invest	FRB	France
PIMENTO 4 FCP	AG	France
PIMENTO 5 FCP 3DEC	AG	France
Placements et réalisations immobilières (SNC)	LC	France
PLATANE ENERGIES	FRB	France
PORTFOLIO LCR CREDIT	FRB	France
PORTFOLIO LCR GOV	FRB	France
PORTFOLIO LCR GOV 4A	FRB	France
Predica	AG	France
Predica - Prévoyance Dialogue du Crédit Agricole	AG	Spain
Predica 2005 FCPR A	AG	France
Predica 2006 FCPR A	AG	France
Predica 2006-2007 FCPR	AG	France
PREDICA 2010 A1	AG	France
PREDICA 2010 A2	AG	France
PREDICA 2010 A3	AG	France
Predica OPCI Bureau	AG	France
Predica OPCI Commerces	AG	France
Predica OPCI Habitation	AG	France
PREDICA SECONDAIRES III	AG	France
Predicant A1 FCP	AG	France
Predicant A2 FCP	AG	France
Predicant A3 FCP	AG	France
PREDIPARK	AG	France
Prediquant Eurocroissance A2	AG	France
Prediquant opportunité	AG	France
PREDIQUANT STRATEGIES	AG	France
PREMIUM GR 0% 28	AG	Ireland
PREMIUM GREEN 1.24% 25/04/35	AG	Ireland
PREMIUM GREEN 4.52%06-21 EMTN	AG	Ireland
PREMIUM GREEN 4.54%06-13.06.21	AG	Ireland
PREMIUM GREEN 4.5575%21 EMTN	AG	Ireland
PREMIUM GREEN 4.56%06-21	AG	Ireland
PREMIUM GREEN 4.7% EMTN 08/08/21	AG	Ireland
PREMIUM GREEN 4.72%12-250927	AG	Ireland
PREMIUM GREEN PLC 4.30%2021	AG	Ireland
PREMIUM GREEN TV 06/22	AG	Ireland
PREMIUM GREEN TV 07/22	AG	Ireland
PREMIUM GREEN TV 07-22	AG	Ireland
PREMIUM GREEN TV 22	AG	Ireland
PREMIUM GREEN TV 26/07/22	AG	Ireland
PREMIUM GREEN TV06(16) EMTN	AG	Ireland
PREMIUM GREEN TV07(17) EMTN	AG	Ireland
PREMIUM GREEN TV2027	AG	Ireland
PREMIUM GREEN TV23/05/2022 EMTN	AG	Ireland
PREMIUM GREEN4.33%06-29/10/21	AG	Ireland
Prestimmo	FRB	France
Pyrénées Gascogne Altitude	FRB	France
Pyrénées Gascogne Gestion	FRB	France
Radian	CC	France
RAMSAY - GENERALE DE SANTE	AG	France
RED CEDAR	AG	France
Ribank	SFS	Netherlands
RONCE ENERGIE	FRB	France
RONDEYS 2 3DEC FCP	AG	France

Operation name	Type of business	Geographic location
RONDEYS 3 FCP	AG	France
S.A. Foncière de l'Erable	FRB	France
S.A.S. Chalons Mont Bernard	FRB	France
S.A.S. Charleville Forest	FRB	France
S.A.S. Evergreen Montrouge	CC	France
S.A.S. La Boetie	CC	France
S.A.S. Laon Brosselette	FRB	France
S.A.S. Sacam Avenir	CC	France
SA RESICO	AG	France
Sacam Assurances Cautions	CC	France
Sacam Developpement	CC	France
Sacam Fia Net Europe	CC	France
Sacam Immobilier	CC	France
Sacam International	CC	France
Sacam Mutualisation	CC	France
Sacam Participations	CC	France
Sagrantino Italy SRL	LC	Italy
SAINT CLAR (SNC)	FRB	France
SAS BOULEAU ENERGIES	FRB	France
SAS Brie Picardie Expansion	FRB	France
SAS Caagis	AG	France
SAS CENTRE D'AFFAIRES DU PARC LUMIERE	FRB	France
SASU Crédit Agricole Immobilier Investors	CC	France
SCI 15 PLACE DU GENERAL DE GAULLE	FRB	France
Sci 32 Liberté	FRB	Luxembourg
SCI BMEDIC HABITATION	AG	France
SCI CAMPUS MEDICIS ST DENIS	AG	France
SCI CAMPUS RIMBAUD ST DENIS	AG	France
SCI Crystal Europe	FRB	France
SCI D2 CAM	CC	France
SCI Euralliance Europe	FRB	France
SCI FEDERALE PEREIRE VICTOIRE	AG	France
SCI FEDERALE VILLIERS	AG	France
SCI FEDERLOG	AG	France
SCI FEDERLONDRES	AG	France
SCI FEDERPIERRE	AG	France
SCI GRENIER VELLEF	AG	France
SCI IMEFA 001	AG	France
SCI IMEFA 002	AG	France
SCI IMEFA 003	AG	France
SCI IMEFA 004	AG	France
SCI IMEFA 005	AG	France
SCI IMEFA 006	AG	France
SCI IMEFA 008	AG	France
SCI IMEFA 009	AG	France
SCI IMEFA 010	AG	France
SCI IMEFA 011	AG	France
SCI IMEFA 012	AG	France
SCI IMEFA 013	AG	France
SCI IMEFA 016	AG	France
SCI IMEFA 017	AG	France
SCI IMEFA 018	AG	France
SCI IMEFA 020	AG	France
SCI IMEFA 022	AG	France
SCI IMEFA 025	AG	France
SCI IMEFA 032	AG	France

Operation name	Type of business	Geographic location
SCI IMEFA 033	AG	France
SCI IMEFA 034	AG	France
SCI IMEFA 035	AG	France
SCI IMEFA 036	AG	France
SCI IMEFA 037	AG	France
SCI IMEFA 038	AG	France
SCI IMEFA 039	AG	France
SCI IMEFA 042	AG	France
SCI IMEFA 043	AG	France
SCI IMEFA 044	AG	France
SCI IMEFA 047	AG	France
SCI IMEFA 048	AG	France
SCI IMEFA 051	AG	France
SCI IMEFA 052	AG	France
SCI IMEFA 054	AG	France
SCI IMEFA 057	AG	France
SCI IMEFA 058	AG	France
SCI IMEFA 060	AG	France
SCI IMEFA 061	AG	France
SCI IMEFA 062	AG	France
SCI IMEFA 063	AG	France
SCI IMEFA 064	AG	France
SCI IMEFA 067	AG	France
SCI IMEFA 068	AG	France
SCI IMEFA 069	AG	France
SCI IMEFA 072	AG	France
SCI IMEFA 073	AG	France
SCI IMEFA 074	AG	France
SCI IMEFA 076	AG	France
SCI IMEFA 077	AG	France
SCI IMEFA 078	AG	France
SCI IMEFA 079	AG	France
SCI IMEFA 080	AG	France
SCI IMEFA 081	AG	France
SCI IMEFA 082	AG	France
SCI IMEFA 083	AG	France
SCI IMEFA 084	AG	France
SCI IMEFA 085	AG	France
SCI IMEFA 089	AG	France
SCI IMEFA 091	AG	France
SCI IMEFA 092	AG	France
SCI IMEFA 096	AG	France
SCI IMEFA 100	AG	France
SCI IMEFA 101	AG	France
SCI IMEFA 102	AG	France
SCI IMEFA 103	AG	France
SCI IMEFA 104	AG	France
SCI IMEFA 105	AG	France
SCI IMEFA 107	AG	France
SCI IMEFA 108	AG	France
SCI IMEFA 109	AG	France
SCI IMEFA 110	AG	France
SCI IMEFA 112	AG	France
SCI IMEFA 113	AG	France
SCI IMEFA 115	AG	France
SCI IMEFA 116	AG	Netherlands

Operation name	Type of business	Geographic location
SCI IMEFA 117	AG	France
SCI IMEFA 118	AG	France
SCI IMEFA 120	AG	France
SCI IMEFA 121	AG	France
SCI IMEFA 122	AG	France
SCI IMEFA 123	AG	France
SCI IMEFA 126	AG	France
SCI IMEFA 128	AG	France
SCI IMEFA 129	AG	France
SCI IMEFA 131	AG	France
SCI IMEFA 132	AG	France
SCI IMEFA 140	AG	France
SCI IMEFA 148	AG	France
SCI IMEFA 149	AG	France
SCI IMEFA 150	AG	France
SCI IMEFA 155	AG	France
SCI IMEFA 156	AG	France
SCI IMEFA 157	AG	France
SCI IMEFA 158	AG	France
SCI IMEFA 159	AG	France
SCI IMEFA 164	AG	France
SCI IMEFA 169	AG	France
SCI IMEFA 170	AG	France
SCI IMEFA 171	AG	France
SCI IMEFA 172	AG	France
SCI IMEFA 173	AG	France
SCI IMEFA 174	AG	France
SCI IMEFA 175	AG	France
SCI IMEFA 176	AG	France
SCI LE BRETAGNE	FRB	France
SCI LE VILLAGE VICTOR HUGO	AG	France
SCI MEDI BUREAUX	AG	France
SCI MONTAIGNE	CC	France
SCI PACIFICA HUGO	AG	France
SCI PORTE DES LILAS - FRERES FLAVIEN	AG	France
SCI Quartz Europe	FRB	France
SCI Quentyvel	CC	France
SCI SRA BELLEDONNE	FRB	France
SCI SRA CHARTREUSE	FRB	France
SCI SRA VERCORS	FRB	France
SCI VALHUBERT	AG	France
Scica HL	FRB	France
Selexia S.A.S.	CC	France
Sepi	FRB	France
Sequana	FRB	France
Shark FCC	LC	France
SILCA	CC	France
Sircam	FRB	France
SIS (Société Immobilière de la Seine)	CC	France
SNC Alsace	CC	France
SNC Eole	CC	France
SNC Kalliste Assur	CC	France
SNC Les Fauvins	FRB	France
SNGI	LC	France
SNGI Belgium	LC	Belgium
Socadif	FRB	France

Operation name	Type of business	Geographic location
Société Générale Gestion (S2G)	AG	France
Sococlabecq	LC	Belgium
Sodica	CC	France
Sofinco Participations	SFS	France
Sofipac	LC	Belgium
SOLATTEXPLOIT	FRB	France
SOLEFI	FRB	France
SOLEIL	FRB	France
SOLIDARITE AMUNDI P	AG	France
SOLIDARITE INITIATIS SANTE	AG	France
SOULEYADA	FRB	France
Space Holding (Ireland) Limited	AG	Ireland
Space Lux	AG	Luxembourg
Spirica	AG	France
Square Habitat Nord de France	FRB	France
Square Jura	FRB	France
Ste Européenne de développement d'assurances	SFS	France
Ste Européenne de développement du financement	SFS	France
Branch Credit Agricole SA	CC	United Kingdom
Sud Rhône Alpes Placement	FRB	France
SWISS HOME LOAN	IRB	Switzerland
TCB	LC	France
TOULOUSE 1 ENERGY	FRB	France
Toulouse 31 Court Terme	FRB	France
TRIALIS 6 ANS	AG	France
TRIALIS 6 ANS N2 C	AG	France
TRIALIS 6 ANS N3 FCP	AG	France
TRIALIS C	AG	France
TRIANANCE 5 ANS	AG	France
TRIANANCE 6 ANS	AG	France
Triple P FCC	LC	France
UI Vavin 1	CC	France
Unibiens	CC	France
Uni-Edition	CC	France
Unifergie	SFS	France
Val de France Rendement	FRB	France
VAR FLAMME FCP	AG	France
VENDOME INV.FCP 3DEC	AG	France
Via Vita	AG	France
VOLTAFRANCE 10	FRB	France
VOLTAFRANCE 3	FRB	France
VOLTAFRANCE 4	FRB	France
VoordeelBank B.V.	SFS	Netherlands
Vulcain EUR FCT	LC	France
Vulcain GBP FCT	LC	France
Vulcain USD FCT	LC	France
WINCO SOL	FRB	France
YGOS 1	FRB	France
74 United-linked funds with a detention rate equal or above 95%	AG	France

FRB: French retail banking;r

IRB: International retail banking;

AG: Asset gathering;

SFS: Specialised financial services;

LC: Large customers;

CC: Corporate centre.

During the year, Crédit Agricole S.A. has not taken any significative stake in companies headquartered in France.

TRANSACTIONS WITH RELATED PARTIES

The main transactions entered into with related parties are disclosed in the consolidated financial statements for the year ended 31 December 2016 in the "General framework – Related parties" section.

In addition, in accordance with paragraph 13 of Article L. 225-102-1 of the French Commercial Code, please note that no agreements were entered into, directly or through intermediaries, between, (i) on the one hand, the Chief Executive Officer, any one of the Deputy Chief Executive Officers or Directors or shareholders of Crédit Agricole S.A. with more than 10% of the voting rights, and, (ii) on the other, another company in which Crédit Agricole S.A. has, directly or indirectly, more than a 50% capital interest unless, where appropriate, these agreements relate to ordinary arms length transactions.

INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES

Crédit Agricole Group's internal control system complies with all legal and regulatory requirements as well as with Basel Committee recommendations.

The internal control system and procedures, within Crédit Agricole Group, are defined as the framework designed to manage and control all types of operations and risks and to ensure that all transactions are carried out in a manner that is proper (in compliance with laws, regulations and internal standards), secure and effective, in accordance with the references listed in item 1 below.

The internal control system and procedures can be classified by their assigned objectives:

- application of instructions and guidelines determined by Executive Management;
- financial performance through the effective and adequate use of the Group's assets and resources, and protection against the risk of loss;
- comprehensive, accurate and ongoing knowledge of the data required to make decisions and manage risks;
- compliance with laws and regulations and internal standards;
- prevention and detection of fraud and error;
- accuracy and completeness of accounting records and timely production of reliable accounting and financial information.

These procedures nevertheless incorporate the limitations of all internal control systems owing in particular to technical or human deficiencies.

In accordance with the Group's principles, the internal control system has a broad scope of application to cover supervision and control of activities and to measure and monitor risks on a consolidated basis. Each Crédit Agricole S.A. entity and subsidiary applies this principle to its own subsidiaries, thereby ensuring a consistent internal control system throughout the entire Group. The system implemented by Crédit Agricole S.A., in line with the standards and principles set forth below, is thus adapted and deployed across the various business lines and risks at each level within Crédit Agricole Group, in order to best observe regulatory requirements relating to banking activities.

Through the procedures, tools and reporting systems that have been implemented in this standardised framework, information is delivered on a regular basis in particular to the Board of Directors, Risks Committee, Executives Management, executives and management on the operation of the internal control systems and their adequacy (permanent and periodical controls, reports on risk monitoring and measurements, corrective action plans, etc.).

1. Standards for internal control

The internal control environment and principles are in line with the provisions of the French Monetary and Financial Code[(1)], the Order of 3 November 2014 regarding the internal control of banking sector companies, payment services and investment services subject to ACPR supervision, the AMF's General Regulations and Basel Committee recommendations on internal control, risk management and solvency.

These national and international external standards are supplemented by internal standards specific to Crédit Agricole:

- a body of permanent regulatory rules (both external regulations and internal Group rules) governing the entire Crédit Agricole Group, compliance with which is compulsory, and more particularly rules concerning accounting (Crédit Agricole chart of accounts), financial management, risk management and permanent controls;
- the Code of Conduct of Crédit Agricole Group;
- recommendations of the Regional Banks Plenary Committee for internal control;
- a set of "procedures" governing Crédit Agricole S.A., concerning the organisation, operations and risks. In this context, Crédit Agricole S.A. adopted, as early as 2004, a set of procedures to control its compliance with laws and regulations. These procedures have since been adapted to changes in regulations and deployed within Group entities, in particular in the areas of financial security (prevention of money laundering and terrorism financing, asset freezing, compliance with embargoes, etc.) and in the identification of failures in applying laws, regulations, professional and compliance standards, for example. These procedures are updated regularly as required, and more particularly to take into account regulatory developments and changes in the consolidated supervision scope.

2. Organisation of the internal control system

To ensure that the internal control systems are effective and consistent throughout the Group, Crédit Agricole Group has established a set of common rules and recommendations based on the implementation of, and in compliance with, certain underlying fundamental principles.

Each Crédit Agricole Group entity (Regional Banks, Crédit Agricole S.A., banking or investment subsidiaries, insurance and other subsidiaries, etc.) must apply these principles at its own local level.

Fundamental principles

The organisational principles and components of Crédit Agricole S.A.'s internal control system which are common to all Crédit Agricole Group entities cover obligations relating to:

- reporting to the supervisory body (risk strategies, risk limits, internal control activity and results, significant events);
- the direct involvement of the management body in the organisation and operation of the internal control system;
- the comprehensive coverage of all business operations and risks, and accountability of all persons involved;
- the clear definition of tasks, effective segregation of the commitment and control functions, formal and up-to-date authorised limits;
- formal, up-to-date standards and procedures.

These principles are supplemented by:

- systems for measurement, supervision and control of risk: credit, market, liquidity, financial, operational (transaction processing, quality of financial and accounting information, IT processing), non-compliance and legal risks;
- a control system, forming part of a dynamic and corrective process, encompassing permanent controls, which are carried out by the operating units themselves or by dedicated staff, and periodic controls (carried out by Group Control and Audit or Audit units);
- adaptation of the Group's compensation policies (following the Board of Directors' resolutions of 9 December 2009 and 23 February 2011) and internal control procedures – in application of the applicable international, European or national regulations, in particular those associated with the Capital Requirements Directive 4 (CRD 4), with the AIFM, with the UCITS V and Solvency 2 directives, the provisions pertaining to the Volcker Rule, the Banking Separation Act and the FIM directive, as well as the banking profession recommendations relating to the matching of compensation policy and risk management aims and compensation of members of executive bodies and of risk takers (see part I of this report).

(1) Article L. 511-41.

Oversight

Following the changes instituted by Regulation 97-02 on internal control and pertaining to the organisation of the control functions, included in the Decree of 3 November 2014 which cancelled the said Regulation, every individual who is responsible for an entity or business line, every manager, employee and all departments within the Group are reminded of their obligation to report and to be in a position at all times to demonstrate that they have adequate control over their business activities and associated risks, in accordance with the standards applicable to banking and financial operations, to ensure the long-term security of each activity and development project and to adjust the control mechanisms to be implemented to the degree of the risks incurred.

This requirement is based on organisational principles and a structure of responsibilities, operating and decision-making procedures, controls and reporting to be implemented in a formal, effective manner at each level of the Group: central functions, business lines, subsidiaries, operating units and support functions.

GROUP INTERNAL CONTROL COMMITTEE

The Internal Control Committee for the Group and Crédit Agricole S.A. is the body that oversees all the systems. It has held periodic meetings chaired by the Chief Executive Officer of Crédit Agricole S.A.

The purpose of this Committee is to reinforce cross-functional actions to be implemented within Crédit Agricole Group. It is responsible for reviewing internal control issues common to the Group as a whole (Crédit Agricole S.A., subsidiaries of Crédit Agricole S.A., the Regional Banks, resource pooling entities) and for ensuring the consistency and effectiveness of internal controls on a consolidated basis. The Internal Control Committee is an executive decision-making body. It is composed of salaried executives of Crédit Agricole S.A. In this respect, it is different from the Risks Committee, which is an arm of the Board of Directors. In particular, it is responsible for coordinating the three control functions: Audit-Inspection, Risks and Compliance.

THREE GROUP CONTROL FUNCTIONS

The head of the Group Risk Management, the head of Group Control and Audit and the head of Group Compliance report directly to the Chief Executive Officer of Crédit Agricole S.A. They have a right of access to the Risks Committee and to the Crédit Agricole S.A. Board of Directors.

Also, pursuant to the Decree of 3 November 2014 regarding the internal control of banking sector companies, payment services and investment services subject to ACPR supervision, the head of Group Risk Management was appointed as head of risk management for both Crédit Agricole S.A. and Crédit Agricole Group.

Control functions are responsible for supporting the business lines and operating units to ensure that all transactions are carried out in a manner that is proper, secure and effective. Responsibilities are divided as follows:

- the Group Risk Management department is responsible for the oversight and control of credit, market, liquidity, financial and operational risks; it is also in charge of last-line control of accounting and financial information and of monitoring the roll-out of IT system security and business continuity plans by the Group IT security manager;
- non-compliance risk prevention and controls by the Compliance department, responsible in particular for the prevention of money laundering and terrorism financing, fraud prevention, and compliance with embargoes and obligations to freeze assets;
- Group Control and Audit is responsible for independent periodical control to ensure that all Crédit Agricole Group entities are operating properly.

In addition to the actions of the different control functions, other Crédit Agricole S.A. central functions, departments and business lines participate in implementing internal control systems on a consolidated basis, either through Specialised Committees or through actions designed to standardise procedures and to centralise data.

The Legal Affairs department, which is organised as a business line, has two main goals: to control legal risk which can generate litigation and liability, whether civil, disciplinary or criminal, and to provide the requisite legal support to the entities to enable them to engage in their business activities while minimising risks and legal costs.

Crédit Agricole S.A. and its subsidiaries

The functions, departments and business lines are themselves supported by decentralised local units within each legal entity (those main subsidiaries forming part of Crédit Agricole S.A.'s consolidated supervision scope), comprising:

- Internal Control Committees, which meet quarterly. These are executive decision-making bodies, which include the Chief Executive Officer of the unit and the representatives of control functions of the entity and of Crédit Agricole S.A., who are responsible, in particular, for overseeing the internal control systems within the entity, for reviewing the main risks to which the entity is exposed, for a critical assessment of the internal control systems and internal audit work, for monitoring audits, and for overseeing any corrective measures;
- each entity's Specialised Committees;
- a network of Officers and Committees dedicated to each business line.

Crédit Agricole Regional Banks

The application of all the Group's regulations to the Regional Banks is facilitated by the circulation of national recommendations on internal control by the Regional Banks Plenary Committee for internal control and by the activity of Crédit Agricole S.A. central control functions. The Plenary Committee, which is responsible for strengthening the Regional Banks' internal control systems, is composed of Regional Banks' Chief Executive Officers, managers and Internal Control Officers as well as Crédit Agricole S.A. representatives. Its work is extended through regular regional meetings and through work and information meetings between Crédit Agricole S.A. Internal Control Officers and their Regional Bank counterparts.

The role assigned to Crédit Agricole S.A. as the central body has led it to be very active and vigilant with respect to internal control. Crédit Agricole S.A. specifically monitors the Regional Banks' risks and controls through the France Risk Business Line Oversight and Coordination unit, reporting to the Group Risk Management department and via the Group Compliance department.

ROLE OF THE BOARD OF DIRECTORS[1]

The Board of Directors of Crédit Agricole S.A. is aware of the Company's overall organisational structure and approves its internal control system. It approves the overall organisation of the Group as well as its internal control system and defines the Group's risk appetite as part of an annual statement. It is informed of the organisation, operation and results of the internal control system. In addition to the information it receives on a regular basis, it receives the annual and interim reports on internal control, which are sent to it in accordance with banking regulations and Crédit Agricole S.A. procedures. The Chairman of the Board of Directors of Crédit Agricole S.A. receives regular reports summarising the conclusions of audits conducted by Group Control and Audit.

The Board is informed by the Risks Committee of the main risks incurred by the Company and of significant incidents picked up by internal control and risk management systems.

The Chairman of Crédit Agricole S.A. Risks Committee reports to the Board on the Committee's work in general and, more particularly, on the annual report on internal controls and on risk measurement and monitoring. At the date of the General Meeting of Shareholders, the annual report for 2016 will have been presented to the Risks Committee and will be duly sent to the French Prudential and Resolution Supervisory Authority (ACPR) and the Statutory Auditors. It will also have been presented to the Board of Directors.

ROLE OF THE RISKS COMMITTEE[2]

The Crédit Agricole S.A. Internal Control Officers report to the Risks Committee created by Crédit Agricole S.A.'s Board of Directors pursuant to the Decree of 3 November 2014.

The Risks Committee is in charge of assessing the effectiveness of the risk management and internal control system. As such, it has broad communications powers in respect of all information relating to periodical control, permanent control, including accounting and financial control, and compliance control.

It met nine times in 2016, including three joint meetings with the Audit Committee, and received periodic reports on activity management systems and risk measurement. An interim (half-year) report on internal control for the first half of 2016 was presented to the Committee at its meeting of 6 October 2016. The annual report for 2016 will be presented to the Committee at its meeting of 23 March 2017.

The Chairman of the Risks Committee also receives regular reports summarising the conclusions of audits conducted by the Group Control and Audit function.

ROLE OF THE CHIEF EXECUTIVE OFFICER REGARDING INTERNAL CONTROL

The Chief Executive Officer defines the Company's general organisation and oversees its implementation by competent qualified staff. He is directly and personally involved in the organisation and operation of the internal control system. In particular, he defines roles and responsibilities and allocates adequate resources to the internal control function.

He ensures that risk strategies and limits are compatible with the financial position (capital base, earnings) and strategic guidelines set by the Board of Directors, within the risk appetite limitations set by the Group.

He oversees the implementation of risk identification and measurement systems that are appropriate for the Company's activities and organisation. He also ensures that all essential information produced by these systems is reported to him on a regular basis.

He ensures that the internal control system's adequacy and effectiveness are permanently monitored. He receives information on any failures identified by the internal control system and on proposed corrective measures. In this respect, the Chief Executive Officer receives regular reports summarising the conclusions of audits conducted by the Group Control and Audit function.

3. Internal control procedures and risk management and supervision within Crédit Agricole S.A.

Crédit Agricole S.A. has risk measurement, supervision and control systems covering all risks (counterparty risks, market risks, operational risks, financial risks, etc.), which are adapted to its business activities and organisation, and forming an integral part of the internal control system. Information is reported periodically to the management body, the supervisory body and the Risks Committee, notably through the reports on internal control and risk measurement and supervision (Organisation chart is prensented in chapter 5).

Detailed information on risk management is presented in the "Risk Factors" section and in the corresponding Note 3 to the consolidated financial statements.

Risk Management and Permanent Controls

The Risks Group function, created in 2006 to implement Regulation 97-02 (cancelled and replaced by the Decree of 3 November 2014 on the internal control of banking sector companies, payment services and investment services subject to French Regulatory and Resolution Supervisory Authority (ACPR) supervision), was continually active in 2016, seeking to reinforce the measurement and management of the Group's risks, and adapt to changes in the banking environment and supervision (formalisation of the risk appetite, thematic strategic risks, etc.).

The Risks and Permanent Controls Group function is responsible both for overall risk management and for permanent control of the Group's risks: credit, financial and operating risks, including risks linked to the quality of financial and accounting information, physical and IT system security, business continuity and management of essential services that have been outsourced.

Risk management is underpinned by a Group-wide system under which the business lines' strategies, including the launch of new business activities or new products, are subject to a risk assessment and to risk limits that are formally applied as part of the risk strategy of each sensitive business and entity. These limits are reviewed at least once a year or whenever there is a change in a business or in risk exposure, and they are validated by the Group Risk Management Committee. They are associated with Group-wide limits, particularly for large counterparties. Mapping of potential risks and measurement and monitoring of identified risks are periodically adjusted as a function of the business activity.

Control plans are proportionately adjusted to accommodate changes in business activity and risks.

(1) Detailed information about all the work carried out by the Board of Directors is given in the "Preparation and Organisation of the Board's Work" section of this report.

(2) Detailed information about all the work carried out by the Risks Committee is given in the "Preparation and Organisation of the Board's Work" section of this report.

The Group function reports to the head of Crédit Agricole S.A. Group Risk Management, who is not attached to any operational function and in turn reports to the Chief Executive Officer of Crédit Agricole S.A. It brings together the cross-functional departments of Crédit Agricole S.A. (Group Risk Management) and the decentralised Risk Management and Permanent Controls functions, which are closest to the business lines, in each Group entity, in France and abroad. At the end of 2016, the Group's Risk function employed nearly 3,000 fulltime equivalent employees within the scope of Crédit Agricole Group.

Its function is based on structured governance bodies, including the Internal Control Committees, the Group Risk Management Committee (the forum where the Executive Committee approves the Group's strategies and is informed of its risk exposure), the Regional Banks Risk Monitoring Committee, the Group Security Committee, the Standards and Methodology Committee, the Basel Steering Committee, the Business Line Monitoring Committees, which bring together at regularly scheduled meetings the Group Risk Management department and the subsidiaries, and other Committees in charge, in particular, of the rating and IT systems. The Group Risk Management Committee, chaired by the Chief Executive Officer of Crédit Agricole S.A., meets twice a month and its role is to monitor the risks that appear in order to clarify appropriate policy guidance.

In 2016, the management body (via the Group Risk Management Committee), the Risks Committee and the Board of Directors drafted the Group's Risk Appetite Statement and regularly reviewed the risk strategies and the extent of the Group's credit, financial, operational and non-compliance risk exposures. The Group Risk Management Committee re-examined the strategies applied by the Group's business lines and adjusted intervention limits as needed. Furthermore, a Group-wide approach was developed for sensitive business sectors and countries.

CRÉDIT AGRICOLE S.A. CENTRAL RISK MANAGEMENT AND PERMANENT CONTROLS FUNCTIONS

The Crédit Agricole S.A.'s Group Risk Management department is responsible for overseeing and managing the Group's overall risk management and permanent control systems.

Overall management of Group risks

Crédit Agricole Group updated its Risk Appetite Statement, which was reviewed and recommended by the Risk Management Committee and approved by the Board of Directors on 11 May 2016. The main change is the integration of the Medium-Term plan, "Strategic Ambition 2020" in the Group's Statement. As for the exercise carried out for the first time in 2015, this initiative is in line with the Group's strategy and builds on the work carried out by the Group's entities within their respective scope to establish risk appetite as part of a coordinated effort at Group level. The Group's risk appetite and tolerance levels are determined based on quantitative and qualitative strategic priorities. The strategic indicators submitted to the governance bodies are monitored regularly at both Group and entity level.

The Group Risk Management department oversees and measures overall risks for the consolidated entity through specialised units for each category of risk. These units define and implement risk management and consolidation systems (standards, methodologies, IT systems).

The system implemented by the Group Risk Management function also includes a "business line risks oversight" function, responsible for the global and individual relationship with each Crédit Agricole S.A. subsidiary. The supervision of risks within the Regional Banks is carried out by a specific unit within the Group Risk Management department.

Risk monitoring at Group level by the business line risk oversight units is notably carried out within the framework of the Group Risk Management Committee and by the Regional Banks Risk Monitoring Committee.

Risk is also monitored *via* an alert procedure deployed across all Group entities, enabling the greatest risks to be presented before an Executive Management Committee on a fortnightly basis (Group Risk Monitoring Committee).

Crédit Agricole S.A.'s risk measurement system is comprehensive and accurate. It covers all categories of commitments (on- and off-balance sheet) and positions, and consolidates commitments to companies belonging to the same group, by aggregating all portfolios and identifying risk levels.

These measures are supplemented by periodically altering the risk profile under stress scenarios and by regularly making assessments based on various types of scenarios.

Aside from these major regulator-led tests, stress exercises are conducted by all entities at least once a year for internal management purposes. These exercises are, in particular, conducted as part of the annual budgetary process to strengthen the practice of measuring the sensitivity of risks and the Group's income statement and its various components to a significant deterioration in the economic climate. These comprehensive stress exercises are supplemented by sensitivity analyses on the main portfolios. 2016 was also marked by the regulatory stress exercise organised by the European Central Bank (ECB) during the first half year, for which the results were presented to the Board of Directors on 2 August 2016. This exercise required considerable mobilisation by the Risks and Finance teams. The results confirmed the Group's financial solidity, as even in the unfavourable scenario situation, it is positioned amongst the best capitalised systemic banks out of the 51 European establishments taking part in the exercise.

Crédit Agricole S.A., its subsidiaries and the Regional Banks, collectively and individually undertake the risk management process by employing procedures for monitoring limits and making adjustments whenever they are exceeded, monitoring the operation of accounts, appropriate classification of receivables (particularly impaired receivables) in keeping with applicable regulations, ascertaining that provisions are sufficient to cover exposure under the control of the Risk Committees, and periodically reviewing major risks and portfolios, particularly those involving deals at risk.

In a contrasting and uncertain risk environment, Crédit Agricole S.A. is pursuing a policy of actively reviewing the risk strategies and policies adopted by its subsidiaries. The Group's main cross-functional portfolios (housing, energy, small businesses and farmers, consumer loans, private equity, etc.) were also reviewed and the results presented to the Group Risk Management Committee. The scope of risks covered was extended in 2016 with the inclusion of model risk, operational risk and conglomerate risk in the risk strategies examined in the Risk Management Committee.

Procedures for alerts and escalation are in place should anything appear wrong for an extended period, depending on its materiality.

Since 2008, Crédit Agricole S.A. and its subsidiaries have implemented measurements of risk weighted assets for calculating capital requirements first under Basel 2 and then Basel 3 based on internal models certified by the French Regulatory and Resolution Supervisory Authority (ACPR) (the IRB International Ratings Based approach for calculating credit risk, the AMA Advanced Measurement Approach model for calculating operational risk; the standardised approach is applied where models are to be validated subsequently or to which that approach will be applied on a long term basis).

No major changes affected the systems in place to manage financial risks associated with asset and liability management during the year. With regard to liquidity risk, with the entry into force of the Liquidity Coverage Ratio (LCR) on 1 October 2015, 2016 was marked by the change in regulatory LCR reporting (delegated act format) on the one hand, and the entry into force of the Additional Liquidity Monitoring Metrics (ALMM) in accordance with the regulations, on the other.

The market risk management system did not experience any major changes in 2016. Systems for managing these risks were reviewed and strengthened.

Following implementation of the Capital Requirements Directive (CRD 4) on 1 January 2014, the Value at Risk (VaR) and stressed VaR indicators on the Credit Valuation Adjustment (CVA) are now calculated for Crédit Agricole Corporate and Investment Bank scope and incorporated into the market risk capital requirements.

An alert system for all financial risks was established in 2009 and a procedure specifies the significant thresholds and how to report alerts to the executive and decision-making bodies of Crédit Agricole S.A., its subsidiaries and the Regional Banks.

Energy transition - Climate risk

- On 4 December 2015, Philippe Brassac, Chief Executive Officer of Crédit Agricole S.A. made four commitments during the 21st Conference of the Parties (COP21) to the United Nations Framework Convention on Climate Change:
  - implement €60 billion in structured finance over the coming three years (base 100 at 31/12/2015),
  - double the level of renewable energy funding through the Regional Banks and specialised subsidiaries in the next two years (base 100 at 31/12/2015),
  - finance €5 billion of energy transition projects by 2020 through the Amundi-EDF and Amundi-ABC joint ventures (base 100 at 31/12/2015),
  - invest €2 billion in green bonds by the end of 2017 (base 100 at 31/12/2015).
- Crédit Agricole S.A. has decided to join the Science Based Target, a joint initiative by the WWF, the United Nations Global Compact, the World Resources Institute (WRI) and the Carbon Disclosure Project, which welcomes companies that set medium- (e.g. 2030) and long-term targets (e.g. 2050) to reduce CO_2 emissions from their 2010 figures, coherent with the Paris Agreement and the limit of 1.5-2°C (and thus in line with climate science lessons).
- Crédit Agricole S.A. will progressively include financial risks linked to climate change in its investment and credit decisions, through sector policies, scoring and specific questionnaires.
- Lastly, following work during 2016 to identify the Group's main risks, the Group has included climate risk in the list of the 26 major risks that it faces. Climate risk exposure, under its two components of physical and energy transition risks was successfully quantified in November 2016 as part of the fire drill[1] exercise from the European Central Bank's mission on data quality, in accordance with the Basel Committee's BCBS 239 standard. The measurement of climate risk will now be included in the Group's key risk indicators.

Permanent controls of operational risks

The Group Risk Management department coordinates the permanent controls system (definition of key control indicators by type of risk; deployment of a single software platform integrating operational risk assessment and the results of permanent controls; and organisation of reporting of control results at the relevant consolidation levels within the Group).

In 2016, the Group's Risk Management department created a module to raise awareness on Permanent Control in the form of a video, to enable it to be widely diffused to employees and Group entity governance bodies. It continued to organise educational events (Web conference and Permanent Control Day) bringing together all Group entities to discuss best practices and ways to implement improvements in the system.

Improvements to the Operational Risk Management and Permanent Control system were carried out in 2016 for immediate implementation: monitoring of action plans involving incidents with an impact higher than €5 million in the Group's Risk Committee, modification of the key control indicator reporting process to the Group's Internal Control Committee (from the 1st quarter if judged critical by the Group). At the end of the year, a process was initiated to update the key control indicators catalogue to be implemented in 2017.

As part of the recommendations by the ECB mission at the end of 2015, "Central bodies oversight of the Regional Banks operational risk management", the risk event catalogue is currently being updated to make it a unique catalogue for the entire scope including the Regional Banks and Crédit Agricole S.A. subsidiaries.

The department has also updated the operational risk mapping methodology procedure, the appendix to the provisions and losses collection guide for Retail Banking and the operational risk appetite approach procedure. The documentation will continue to be updated in 2017.

In operational risks, the Group continued to implement improvements to the reliability and quality of the data collected from the entities, notably by including automatic blocking controls for the entry of incidents by the entities in the 2017 version of the Group's tool.

Work continued with the Group's experts and entities on the key scenarios and the definition of consistent analysis criteria for testing the scenarios and improving the level of comparability for the calculation of capital requirements.

In 2016, operational risks were included for the first time in the European Banking Authority's stress test exercise.

To ensure proper oversight on the key activities that have been outsourced, the Management team initiated a project to update the outsourcing risk management system, in order to accurately define the various aspects and clarify the classification and supervision criteria by risk priority.

Lastly, the operational risk management and measurement system was subject to an inspection by the ECB following on from the one in 2015, to make sure that the Group standards and the permanent control mechanism for Compliance and Operational Risk were implemented across the entities.

DECENTRALISED RISK MANAGEMENT AND PERMANENT CONTROLS FUNCTIONS IN EACH GROUP BUSINESS LINE

Within Crédit Agricole S.A.

The roll-out of the Group function is on a hierarchical basis with the appointment of a Risk Management and Permanent Controls Officer (RCPR) for each subsidiary or business line. The Business Line RCPR reports hierarchically to the head of the Group Risk Management department and functionally to the management body of the relevant business line. This safeguards the independence of the local Risk Management and Permanent Controls departments.

(1) *The fire drill is an exercise carried out over a 48 hour period, to measure an institution's ability to provide detailed risk information from their IT System based on specifications provided by the Supervisor.*

Acting under the responsibility of its own RCPR, each subsidiary or business line secures the resources it needs for managing its risks and to ensure the compliance of its permanent control system, in order to obtain a comprehensive, consolidated view of its risks that will guarantee the entity's sustainability throughout its consolidated supervision scope.

Relations between each subsidiary or business line and the Group Risk Management department are based on the following main principles:

- each subsidiary or business line applies the Group-wide standards and procedures defined by the Risk Management department;
- each subsidiary or business line defines its own risk strategy, which is approved by the Group Risk Management Committee on the Risk Management department's recommendation, specifying the overall limits on the entity's commitments;
- authority is delegated from the Group RCPR to the Business Line RCPRs, which report hierarchically to the Group RCPR in carrying out their duties; these Officers are also subject to disclosure and early-warning obligations vis-à-vis the Group Risk Management department;
- a Business Line Monitoring Committee, which periodically brings together the Group Risks Management department and the entity to discuss the quality of the risk management and permanent controls system and the level of risk, including those which relate to Corporate and investment banking (Crédit Agricole Corporate and Investment Bank).

Regional Banks

Banking regulations on risks apply to each Regional Bank individually. Each Regional Bank is responsible for its own risks and permanent controls framework. Each one has a Risk Management and Permanent Controls Officer, who reports to his or her Chief Executive Officer and is in charge of the oversight of risk management and permanent controls. The Compliance Officer may also report to him/her. If this is not the case, the Compliance Officer directly reports to the Chief Executive Officer.

As the central body for the Group, Crédit Agricole S.A. consolidates the risks borne by the Regional Banks and coordinates their Risk Management function *via* the Group Risk Management department, notably by circulating the appropriate procedures to the Regional Banks, particularly for implementing the Group permanent control system.

Furthermore, large credit exposures borne by the Regional Banks must be presented to Foncaris, a credit institution that is a wholly owned subsidiary of Crédit Agricole S.A., which partially guarantees such exposures. The requirement that the Regional Banks must ask Foncaris to guarantee their main transactions (when the amount exceeds a limit defined jointly by the Regional Banks and Foncaris) gives the central body an effective tool for assessing the associated risk before accepting it.

Internal control system for business continuity plans and information systems security

Through the internal control system that has been established, regular reports on the main entities' situation regarding risk monitoring in relation to Business Continuity Plans and IT System Security are made to the governance authorities for Group security.

BUSINESS CONTINUITY PLANS

In terms of IT contingency plans, the majority of Crédit Agricole S.A. subsidiaries' IT production and that of the 39 Regional Banks are now hosted on the high-security Greenfield twin-site and thus benefit from the contingency solutions offered by this dual site.

These solutions are now tested periodically for both Crédit Agricole S.A. and its subsidiaries. The most recent tests for the Crédit Agricole S.A. were performed successfully in June 2016. The Regional Banks mostly follow the same testing process, albeit with a few years' delay. In May 2016, Crédit Agricole Technologies et Services (CATS) moved to the second level by simulating the loss of the building housing the Alembert IT site and by including a wider application scope and using Mainframe production data on the back-up site.

Crédit Agricole S.A. subsidiaries not relying on Greenfield for their IT services, have IT contingency solutions that are regularly tested to ensure a reasonable assurance of recovery in the event of an incident.

In terms of user fallback plans, the Group relies on Eversafe, a solution providing a high level of security if the building, campus or even the whole district in the Paris region should become unavailable. This solution is now fully operational and tested with two dedicated sites for the Group, thus providing workspace in the event of a major event in the Paris region. Regularly tested solutions in accordance with the Group's policy are in place in all other Group establishments.

Furthermore and in accordance with Group policy, most entities are equipped to deal with a massive viral attack on workstations by prioritising the use of user fallback sites. For the Regional Banks, workstation reconstruction is currently being optimised.

The national crisis management system was tested three times this year by linking all the crisis officers named by the Group's entities (Regional Banks and Crédit Agricole S.A.'s subsidiaries).

IT SYSTEMS SECURITY

The Crédit Agricole Group continued to strengthen its resilience faced with the extensive IT risks, in particular from cyber-threats, in terms of organisation and projects.

A new Group security governance was implemented with a Group Security Committee (CSG), as the decision-maker and enforcer, that defines the Group's security strategy by area including guidelines on security policies, determines the Group's security projects, supervises the strategy's implementation on the basis of oversight on Group projects and policy application, and lastly assesses the Group's level of management for the four areas it is responsible for: business continuity plans, data protection, safety of people and property and IT systems security.

The IT Systems Risk Manager (PRSI) and Chief Information Security Officer (CISO) functions have now been deployed in most of the Group's entities: the PRSI, who reports to the risk management business line, now consolidates all the information on the topic and performs routine and extraordinary checks pertaining to this task. He/she provides his entity's management and internal control bodies, as well as DRG with commented scorecards, that are assembled and presented to the CSG.

The Crédit Agricole Security Reinforcement (CARS) project to strengthen security has continued and is now overseen by the CSG. All the entities are committed to completing it by the end of 2018. Within this framework, the Security Operating Centres (SOCs) are now based on a unique technology with central governance.

A specific focus has also been carried out on the sensitive data protection plan, by strengthening the normative framework and the Group's visibility on its level of exposure to data theft and by raising user awareness.

Work on the Military Programming Act has been included in the 2020 Medium-Term Plan on IT systems security.

The new risk management indicators have been approved and will be rolled out during the first half of 2017.

Internal control system for accounting and financial information

In keeping with the applicable rules within the Group, the organisational principles and responsibilities of the Group Finance department functions are set out in a procedure.

The Finance function is organised as a business line within Crédit Agricole S.A.. The Group's business line or subsidiary heads report hierarchically to the head of the business line or subsidiary and functionally to the Group Deputy Chief Financial Officer.

At business line/subsidiary level, the Finance department acts as a relay among subsidiaries, circulating the Group's principles with respect to standards and information system organisation, in line with each business line's special attributes. In some cases, it also constitutes an intermediate level for preparation of the business line's accounting and business management information. Each Risk Management and Permanent Controls department in a business line or subsidiary within the Group is also responsible for producing the risk data used to prepare financial information and for implementing controls to ensure that this information is accurately reconciled with accounting data.

Each business line/entity is equipped with the means to ensure the quality of the accounting, management and risk data transmitted by the Group as a result of consolidation requirements, in particular, with regard to the following aspects: compliance with standards applicable to the Group, consistency with parent company financial statements approved by its supervisory body, reconciliation of accounting and management reporting figures.

Within the Group Finance department, three functions are the main contributors in preparing accounting and financial information for publication: Accounting, Management Control and Financial Communication.

ACCOUNTING

The main purpose of the Accounting function is to draw up the separate financial statements of Crédit Agricole S.A., the consolidated financial statements of Crédit Agricole S.A. and Crédit Agricole Group, including segment information for Crédit Agricole S.A. based on the definition of the business lines for financial reporting purposes and in compliance with IFRS 8. To fulfil this mission, the Accounting function, in accordance with applicable regulations, defines and circulates the accounting standards and principles that apply to the Group. It oversees accounting bases, lays down the rules governing the architecture of the accounting information and regulatory reporting system, and manages the accounting processes for consolidation of the financial statements and regulatory reporting.

MANAGEMENT CONTROL

In the field of preparing financial information, the Group Management Control function, together with the Financial Management department, defines the rules for allocating economic capital (definition, allocation policy), consolidates, puts together and quantifies the budget and the Medium-Term Plan for Crédit Agricole S.A., and ensures budget monitoring. To meet this objective, Group Management Control defines the management control procedures and methods and the structure and management regulations for the Group management control system.

FINANCIAL COMMUNICATION

Crédit Agricole S.A.'s Financial Communication function ensures message consistency across all investor categories. It is responsible for information published in press releases and presentations to shareholders, financial analysts, institutional investors, rating agencies, as well as information contained in documents subject to approval by the French financial market authority (AMF). In this respect, working under the responsibility of the Chief Executive Officer and Crédit Agricole S.A. Group's Deputy Chief Executive Officer in charge of the Finance department, the Financial Communication function provides the materials used as the basis for presentations of Crédit Agricole S.A. results, financial structure and changes in business lines, as needed to enable third parties to formulate an opinion, particularly on the Group's financial strength, profitability and outlook.

PROCEDURES FOR PREPARATION AND PROCESSING OF FINANCIAL INFORMATION

Each Group entity has responsibility, *vis-à-vis* the Group and the supervisory authorities to which it reports, for its own financial statements, which are approved by its supervisory body. Depending on the entity's size, these financial statements are subject to prior review by the entity's Audit Committee, if it has one.

As for the Crédit Agricole Regional Banks, once their financial statements are drawn up, they are approved by the Accounting department of Crédit Agricole S.A.; this is one of its responsibilities as central body. Crédit Agricole Group's consolidated financial statements are submitted to the Audit Committee and approved by the Board of Directors of Crédit Agricole S.A.

Most published financial information is based on accounting data and on management and risk data.

Accounting data

Figures for each individual entity are drawn up in accordance with the accounting standards applicable where the entity operates. For the purposes of preparing Group consolidated financial statements, local financial statements are restated to conform to IFRS policies and principles adopted by Crédit Agricole S.A.

Management data

Management data is produced by the Group Finance department or the Group Risk Management department. They are being reported upwards in anticipation of definitive accounting data in accordance with the same definition and granularity standards and are used to supply the Group's internal management reporting.

Furthermore, external sources of information (such as the European Central Bank and Bank of France) may be used for management data, particularly for calculating market shares.

In accordance with AMF and CESR (Committee of European Securities Regulators) recommendations, the use of management data for preparing published financial information meets the following guidelines:

- classification of the type of financial information published: historical information, *pro forma* data, projections or trends;
- a clear description of the sources from which the financial information was drawn. When published data are not extracted directly from accounting information, the sources and definition of calculation methods are mentioned;
- comparability of figures and indicators over time, which implies ongoing use of the same sources, calculation methods and methodologies.

DESCRIPTION OF THE PERMANENT ACCOUNTING CONTROL SYSTEM

The Group's Permanent Accounting Controls function's objective is to provide adequate coverage of major accounting risks that can alter the quality of accounting and financial information. This function is provided by the Finance Permanent Control Office, which reports to the Group Risk Management department. The Group's Permanent Accounting Controls function is based on a network of accounting controllers in the subsidiaries and Regional Banks where it operates its support and oversight missions.

The unit has the following roles in this area:

- to define the standards and organisational and operational principles of permanent accounting controls within Crédit Agricole Group;
- to oversee and coordinate the permanent accounting control systems implemented within the Group's subsidiaries and Regional Banks;
- restoration of the quality of accounting and financial information permanent control systems for all Crédit Agricole Group entities.

Work by the permanent Accounting Control department showed a generally satisfactory level of maturity in the processes. Audits on specific issues within Crédit Agricole S.A.'s Accounting scope led to the recommendation of actions plans to better manage the risks linked to the control process, which are now being monitored.

The catalogue of Consolidated Accounting indicators was deployed following the 31 March 2016 decree.

The assessment chart for measuring the exposure to Accounting Risk (ICAAP grid) was implemented by all Crédit Agricole Group entities.

RELATIONS WITH THE STATUTORY AUDITORS

The registration document, its updates, securities notes and prospectuses prepared for new debt or share issues, which contain comprehensive financial information, are subject to approval or registration by the AMF.

In accordance with applicable professional standards, the Statutory Auditors perform those procedures they deem appropriate on published financial and accounting information:

- audit of the parent company and consolidated financial statements;
- partial audit of interim consolidated financial statements;
- overall review of quarterly financial information and materials used as a basis for presenting financial information to financial analysts.

As part of the duties assigned to them by law, the Statutory Auditors submit to Crédit Agricole S.A.'s Audit Committee their overall work programme, the various spot checks they have carried out, the conclusions of their work on the financial and accounting information they have reviewed in carrying out their assignment, as well as the significant weaknesses of the internal controls, with regards to the procedures used for the preparation and processing of accounting and financial information.

Non-compliance risk prevention and controls

Crédit Agricole S.A.'s consolidated supervision scope and the Regional Banks each have their own Compliance department. These functions are performed by over 1,200 full-time equivalent employees within Crédit Agricole S.A., its subsidiaries and the Regional Banks.

The Head of Group Compliance reports to the Chief Executive Officer of Crédit Agricole S.A.

The Group Compliance department is responsible for developing policies with respect to observance of laws and regulations within its scope, their circulation and monitoring that they are observed.

This in particular applies to rules on the prevention of money laundering and the financing of terrorism, on management of embargoes and asset freezes, and prevention of fraud and corruption, and market integrity.

Within the Compliance function, each Compliance Officer updates a non-compliance risk map and these are consolidated by the Group Compliance department.

The Compliance Management Committee, which is chaired by the Executive Management, holds bimonthly plenary meetings. It takes the decisions needed to prevent non-compliance risks and in order to implement and monitor corrective measures following the reporting of major irregularities to the Committee. The Committee periodically reports on its work to the Risks Committee of Crédit Agricole S.A. Board of Directors.

As part of discussions on its Medium-Term, "Strategic Ambition 2020", the Group worked to adopt a New Compliance Approach. Three action levers were identified:

- set up a new organisation and strengthen Business line Compliance;
- develop a Compliance culture for all Crédit Agricole Group employees;
- apply the native Compliance principle by including Compliance upstream of processes, particularly in IT systems.

Significant work carried out in 2016 to implement this New Compliance Approach enabled a review of the organisation of the Group Compliance department and the Business line Compliance.

To implement a fully integrated **Business Line Compliance** and reinforce its independence, the Group decided to establish a hierarchical link between the Head of Group Compliance and the Compliance Officers in Crédit Agricole S.A.'s subsidiaries, unless local law prevents this. A functional coordination link was implemented for the Regional Banks, either at the Head of Compliance Control (RCC) level where he or she reports directly to the entity's Executive Management or the Risk Manager when Conformity comes within his or her scope.

The Group's Compliance department has set up a new organisation to gain in readability and efficiency. It is based on two centres of expertise, the Group Financial Compliance and Customer Protection unit and the Financial Security and Fraud Prevention unit, an entity coordination and supervision unit, Business Line Compliance, a newly created cross-functional unit brings together project, systems and control teams.

The Group Compliance department has also significantly increased its number of employees. The number of employees had increased by 15% over the whole of the Business Line at the end of September 2016.

These changes are also part of a vast reinforcement project for the international sanctions management system, **the OFAC remediation plan**, pursuant to the agreements signed with the US authorities on 19 October 2015 after breaches to the "OFAC Sanctions" regime for US dollar transactions over the 2003/2008 period. The start of this plan was marked by the following main actions:

- implementation of a US Law Compliance Program (USLCP) remediation plan provided at the beginning of the year to the US authorities, accompanied by the update to the Group Policy for compliance with International sanctions;

- an initial self-assessment exercise of the OFAC sanction risk management system ("Enterprise Wide Risk Assessment") for the entire plan scope;
- work on significant Governance-related projects;
- introduction of numerous measures, particularly aimed at Human Resources issues and the roll-out of International Sanctions training for all Group employees.

In 2016, the Crédit Agricole Group confirmed its commitment to the **Fight against corruption** and obtained the **certification** for its programme. Issued by SGS (Inspection, control, analysis and certification specialist), this BS 10500 certification recognises the Group's determination and the quality of its anti-corruption programme. It attests that the corruption risks have been correctly identified and analysed and that the programme applied by Crédit Agricole has been designed to limit these different risks, by applying international best practices. It concerns all Crédit Agricole Group's business lines.

With regard to Private International Banking, a fiscal transparency policy has been implemented. This policy is based on the following principles: a Group presence only in regions that are committed to the automatic exchange of information, and business relations accepted exclusively with customers who can and do provide us with the automatic information exchange mandate.

The Compliance Business line activity in 2016 also dealt with the following areas:

- **in fraud prevention, the Group** continued its initiatives to counter new forms of organised external fraud that use increasingly sophisticated techniques;
- in **Financial Security**, and beyond the changes linked to the implementation of the OFAC remediation plan, the system was strengthened, particularly for the **bank correspondence** business with the creation of a dedicated unit for these activities at Group Compliance department level. Significant efforts were consecrated to bringing **customer information files** into compliance and increased monitoring of the flow quality of new contacts was put into place;
- in **respect of customer protection**, 2016 was marked by significant work on the redesign of the ACPR customer protection questionnaire and by the deployment of programmes on **unclaimed assets** (Eckert law), **creditor insurance** (Lagarde and Hamon laws), and **banking inclusion** (Right to an account and customers in fragile financial situations). The efforts placed on proactive and traceable **advisory duties** continued and compliance with the **sales policy for members' shares** was subject to specific monitoring;
- with regard to **market integrity**, work was carried out to implement the new regulations that have recently entered into force, particularly on the **prevention of market abuse**;
- lastly, important work was consecrated to resigning the Conformity Rules for Regional Banks and the entities of Crédit Agricole S.A. This **new Fides body** now applies to all Crédit Agricole Group entities. This overhaul contributes to the Group's Medium-term Plan, "Strategic Ambition 2020", as it constitutes one of the tasks in the New Compliance Approach.

Periodic controls

Group Control and Audit, which reports directly to the Chief Executive Officer of Crédit Agricole S.A., is the highest level of control within Crédit Agricole Group. It has sole responsibility for periodic controls of Crédit Agricole Group through the missions it conducts, through the oversight of the Control and Audit function of Crédit Agricole S.A., which reports hierarchically to this function, and through coordination of the Regional Banks' internal audit units.

Using an updated risk mapping approach reflected in an audit cycle generally lasting between two and five years, it conducts audits on-site and on documents within Regional Banks, within Crédit Agricole S.A. units and within subsidiaries, even when these entities have their own internal Audit-Inspection body, as part of a coordinated audit plan approach.

These periodical audits include a critical assessment of the internal control system implemented by the audited entities. These procedures are designed to provide reasonable assurance that the system is effective in terms of transaction security, risk management and compliance with external and internal regulations.

They include verifying that the audited entities comply with external and internal regulations, assessing the security and effectiveness of operational procedures, ensuring that the system for measuring and supervising all risks is adequate, and verifying the reliability of accounting information.

In 2016, Group Control and Audit departments ran on-site and document-based audits at various entities and units in France and abroad as part of projects to investigate specific issues, particularly at the Regional Banks or topical and/or cross-functional issues. Mostly the audits originated within the annual audit plan. Their aim is to meet the requirements of regulations already in force or announced, as well as to address any concerns raised by Supervisors particularly in relation to consumer protection or cover different technology, regulatory or financial themes. The Group Control and Audit department relies on specialised audit teams to carry out several IT audits every year on the Group entities' information systems, as well as on current issues, mostly in relation to information security or templates for calculating the Group's or its entities' capital requirements. Lastly and in accordance with the applicable regulations, the Group Control and Audit department conducts audits on key outsourced services at Group or Local level.

In addition, the Group Control and Audit department provides central oversight of the Control and Audit function for all subsidiaries, thereby improving the effectiveness of controls, through the harmonisation of audit practices to the highest standards, in order to guarantee the security and conformity of transactions carried out in the Group's various entities and to develop common areas of expertise. At the end of 2016, the Group function employed nearly 1,150 full-time equivalents within Crédit Agricole S.A. (including Group Control and Audit) and Regional Banks.

In addition, joint audit assignments are carried out regularly by Group Control and Audit and the subsidiaries' Internal Audit departments, to encourage the exchange of best practices. Special attention is placed on topical and cross-functional investigations.

Through the relevant Group subsidiaries' Internal Control Committees, to which each entity's Executive Management, Internal Audit Officer, Risk Management and Permanent Controls Officer and Compliance Officer belong, the Group Control and Audit department ascertains that audit plans are successfully carried out, that risks are properly managed, and more generally, that each entity's internal control systems are adequate.

Audits carried out by Crédit Agricole S.A. Group Control and Audit, the Internal Audit departments and all external audits (conducted by supervisory authorities or outside firms, if required) are monitored through a formal system as part of controlled regulatory monitoring processes carried out at least six-monthly under the audit plan. This process ensures that all recommendations made as a result of these audits are implemented through corrective and prioritised action plans, according to a clearly defined timetable set by order of priority. It also means that Group Control and Audit can fulfil its obligation to alert the supervisory body and Risks Committee, as required by Article 26 b) of the order of 3 November 2014 regarding the internal control of banking sector companies, payment services and investment services subject to ACPR supervision.

The Board of Directors of Crédit Agricole S.A., of which I am Chairman, the Risks Committee and the Chief Executive Officer, due to his own specific responsibilities, are provided with comprehensive information on internal control and exposure to risks, areas of improvements achieved in this area and the status of any corrective measures adopted. The internal control system and procedures are updated continuously to meet new developments in regulations, business activities and risks incurred by the Company.

All this information is notably contained in the annual report on internal control and risk measurement and supervision, the management report and regular reporting on operations and control.

The Chairman of the Board of Directors of Crédit Agricole S.A.

Dominique LEFEBVRE

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RECENT TRENDS AND OUTLOOK

Outlook

As 2017 gets underway, it is important to draw the outlines of a "fundamental" economic scenario in the context of an uncertain and potentially anxiety-provoking political environment, thereby isolating the most obvious risks. The new US president Donald Trump may have an aggressive stance in terms of external trade, but only a fraction of the protectionist measures he advocates is ever likely to be implemented. Big changes in tariffs are unlikely. While the funding of a vast infrastructures program is far from settled, President Trump's tax policy as a candidate can be expected to give rise to complex horse-trading, and is likely to be revised downwards. However, fiscal policy is likely to take an expansionary turn. Furthermore, Brexit is not likely to derail the economic scenario: Brexit is only a major problem in that it reflects European political issues; whatever happens, its implementation will be a long process. Stellar in the United States and honourable in the Eurozone, growth is seen as relying on the tireless support of consumers, who are continuing to benefit – to varying degrees, of course – from improvement in the labour market, purchasing power gains and positive wealth effects.

Real growth of 2.3% is forecast in the United States in 2017. The unemployment rate is now below most estimates of its "natural" level of around 4.5-5%. The economy is moving towards full employment, resulting in upward pressure on wages, even though pay increases were slow to take shape, supporting household incomes. Household consumption is expected to remain solid, acting as the main driver of growth in 2017. However, business investment is expected to grow only slightly, and net exports are likely to weigh on growth: the strong dollar and weak growth abroad are dampening US exports at a time when consumer spending is driving imports. The Eurozone, meanwhile, despite the gradual weakening of past support factors (impairment of the euro, weak commodity prices) is projected to grow by 1.5% in 2017. A gradual rebalancing of the sources of growth is emerging: growth is slowing slightly, while remaining above its long-term "potential" trend rate of approximately 1%. Rising commodity prices are easing deflationary pressures and reducing gains in household purchasing power. But they offer businesses better pricing power, which should help boost margins and investment.

This scenario has put long-term interest rates on an upward curve. Gently sloping in the Eurozone, where the ECB, accommodative and active, is still guiding yields for the core countries. Steeper in the US, where the Fed is poised to tighten monetary policy in an environment of accelerating nominal growth. In the United States, expansionary fiscal measures and improving nominal growth prospects are pushing up long-term interest rates, an increase that the markets have already largely priced in since the US elections. In the Eurozone, interest rates are still subject to the influence of the ECB. The economic improvement, the influence of US rates and the tapering or progressive reduction of bond purchases by the ECB from 2018 (at the earliest) will result in higher yields for the core countries. Increases will be slow given the ECB's mechanism and activism, which prevents an abrupt and lasting upturn. We see 10-year rates closing 2017 at around 2.7% in the US and 0.8% in Germany. Finally, nominal growth and long-term interest rates, diverging monetary policy trends and potential political risks in Europe are a recipe for a moderate appreciation by the dollar.

However, if the scenario of much more expansionary fiscal policy were to materialise in the United States, it would swiftly propel America's nominal growth rate well above trend (2% in real terms, plus a trend inflation rate of 2%). Faster growth of this nature could result in a more significant rise in US long-term rates, triggering a steep appreciation by the dollar and a more aggressive monetary policy from the Fed, especially from 2018. In 2017, the Eurozone is unlikely to be affected by the direct transmission of the US risks to the real economy. Transmission is more likely to come from financial channels: tighter financial and monetary conditions in the United States, resulting in upward pressure on European interest rates compounded by strong pressure from its own political risks (elections in France and in Germany). And it will be up to the ECB alone to bear the heavy task of ensuring minimal visibility, managing interest rates and calming anxious and volatile markets by maintaining an extremely accommodative policy.

Agreement between Amundi and UniCredit for the acquisition of Pioneer Investments by Amundi

The 12th December 2016, Amundi has signed an agreement with UniCredit for the acquisition of Pioneer Investments for €3.5 billion. This transaction perfectly matches the Group's strategy set out in the Medium-Term Plan, whereby organic growth of the asset management business may be accelerated by value-creating acquisitions that meet Amundi's financial criteria (10% return on investment in three years). As part of the rights issue made by Amundi to finance the acquisition, Crédit Agricole Group has decided to reduce its holding in Amundi to 70% (*versus* 75.6% currently) by selling its subscription rights in order to improve Amundi's free float and share price. On that basis, the impact of the acquisition on Crédit Agricole S.A.'s fully-loaded CET1 ratio would be -63 basis points.

Recent events

Presentation of the Strategic Ambition 2020 Medium Term Plan of 9 March 2016.

On 9 March 2016, the Crédit Agricole Group presented its Strategic Ambition 2020 Medium Term Plan, which is based on its leadership in retail banking and its specialised business lines, as well as its ability to deliver results that meet its commitments in a context of sustained economic, regulatory and banking change. This project is built around four priority themes: simplifying the Group's capital structure, implementing the customer project, strengthening the Group's growth dynamic in its core business lines and improving its industrial efficiency.

		Crédit Agricole Group	
		At 31/12/2015	**2019 targets**
Business	Revenue 2015-2019 CAGR (1)	€31,836m	> +1.5%
	Cost/income	63%	< 60%
	Cost of risk/outstandings	30 pb (2)	< 35 pb
Profitability	Net income Group share	€6.0bn	> €7.2bn
	Return on Tangible Equity (RoTE)	-	-
Solvency	Fully-loaded Common Equity Tier 1 ratio	13.7%	16%
	TLAC (3) ratio excl. eligible senior debt	19.7%	22%

(1) Compound annual growth rate vs 2015 restated for the Group's simplification transaction.

(2) Basis points.

(3) Total loss-absorbing capacity.

RISK WEIGHTED ASSETS

(in billions of euros)	**31/12/2015**	**Target for 31/12/2019**
Crédit Agricole Group	509	534
Crédit Agricole S.A. (1)	296	303

(1) Pro forma calculation of the capital simplification operation.

LIQUIDITY MANAGEMENT

	Regulatory requirement		**Situation at end-2015**	**2016-2019 target**
LCR	70% at 1 January 2016 ↓	Crédit Agricole S.A.	> 100%	~ 110%
	100% from 1 January 2018	Crédit Agricole Group	> 100%	~ 110%
NSFR (1)	100% from 1 January 2018	Crédit Agricole Group	> 100%	> 100%
PRS (2)		Crédit Agricole Group	€108bn	> €100bn

(1) Estimate made on the basis of our understanding of the EBA guideline dated 18 December 2015.

(2) Stable resources: surplus stable balance sheet resources.

RISK FACTORS

This part of the management report sets out the Group's risk appetite, the type of risks to which it is exposed, their extent and the systems used to manage them.

The information presented in accordance with IFRS 7, relating to disclosures on financial instruments, covers the following types of risks[1]:

- credit risks (including country risks): risks of losses arising from a default by a counterparty leading to that counterparty's inability to meet its commitments to the Group;
- market risks: risks of losses arising from changes in market parameters (interest rates, exchange rates, prices, credit spreads);
- structural balance sheet risks: risks of losses arising from changes in interest rates (global interest rate risk) and exchange rates (foreign exchange risk) and the risk of not having the necessary resources to meet commitments (liquidity risk), including risks in the insurance sector.

In order to cover all risks inherent in the banking business, additional information is provided concerning:

- operational risks: risks of losses arising primarily from the unsuitability or failure of processes, systems or people in charge of transaction processing;
- non-compliance risks: risks relating to failure to comply with legal and regulatory provisions governing the Group's banking and financial activities.

In accordance with regulatory provisions and best professional practices, risk management within Crédit Agricole S.A. Group is reflected by a form of governance in which the roles and responsibilities of each individual are clearly identified, as well as by effective and reliable risk management methodologies and procedures which make it possible to measure, supervise and manage all the risks to which the Group is exposed.

RISK APPETITE, GOVERNANCE AND ORGANISATION OF RISK MANAGEMENT, STRESS TESTS

Concise statement on risks

(Statement prepared in compliance with Article 435(1)(f) of Regulation EU 575/2013)

The Board of Directors of Crédit Agricole Group makes a formal statement every year regarding its risk appetite. For 2017, this was discussed and approved on 20 January 2017 after first having been reviewed and recommended by the Risk Management Committee. The Group's risk appetite statement is prepared in line with the risk appetite approach applied in the various entities. This statement is an integral and strategic part of the governance framework which covers strategy, commercial objectives, risk management and global financial management for the Group. The strategic thrusts of the Medium-Term Plan, the risk appetite statement, the budgetary process and the allocation of resources to the business lines are mutually coherent.

The Risk Appetite of the Crédit Agricole Group is the type and aggregate amount of risk that the Group is ready to take on, in the framework of its strategic objectives.

The Group's risk appetite is determined by particular reference to the financial policy and the risk management policy, which are based on:

- a policy of selective and responsible financing that takes account of a prudent lending policy framed by the risks strategy, the corporate social responsibility policy and the authorisation system;
- the objective of keeping market risk exposure low;
- strict management of operational risk exposure;
- limits on non-compliance risk to exposures, which are strictly framed;
- management of the growth of risk weighted assets;
- management of risks related to asset and liability management.

The formal definition of risk appetite allows Executive Management and the Board of Directors to define the Group's development direction consistent with the Medium-Term Plan and translate it into operational strategies. This results in a consistent approach shared by the Strategy, Finance, Risk and Compliance departments.

The risk appetite statement is coordinated with the Operational departments of the various entities and aims to:

- engage Directors and Management in reflection and dialogue on risk taking;
- formalise, standardise and make explicit the acceptable level of risk for a given strategy;
- fully integrate risk/return considerations into the strategic planning and decision-making processes;
- define advance indicators and alert thresholds so that Management can anticipate excessive deteriorations in strategic indicators and improve resilience by taking action as soon as alerts for risk appetite standards are triggered;
- improve external communications to third parties on financial strength and risk management.

The Group's risk appetite is defined through:

- **key indicators:**
  - Crédit Agricole S.A.'s external rating, which has a direct impact on refinancing terms, the Group's image in the market and the price of its securities,
  - solvency, which guarantees the Group's sustainability by ensuring it has sufficient capital to back the risks it is taking on,

(1) *These disclosures are an integral part of the consolidated financial statements for the year ended 31 December 2016 and, as such, are covered by the Statutory Auditors' report.*

- liquidity, management of which aims to prevent the Group's sources of finances drying up with the consequent threat of default on payments, or even resolution,
- business risk, which provides a measure of progress towards the strategy laid down by the Group, thereby facilitating its long-term survival. This indicator was added in 2016,
- profit, the direct source of future solvency and shareholder dividends and therefore a key part of the Group's financial communications,
- credit risk of Crédit Agricole Group, which constitutes its main risk;

- **limits, alert thresholds and risk envelopes defined in line with these indicators**: credit, market, interest rate and operational risks;
- **qualitative priorities,** inherent to the Group's strategy and businesses, essentially looking at risks which are not currently quantified. The qualitative criteria are largely based on the CSR policy which embodies the Group's concern to support sustainable development and control all risks including non-financial risks.

The key indicators reflect three levels of risk:

- **appetite** is used for managing normal everyday risk. It is expressed in budget targets framed by operational limits, any breach of which is immediately flagged up to Executive Management, which decides on corrective action;
- **tolerance** is used for exceptional management of a deteriorated level of risk. Breach of tolerance thresholds in key indicators or limits triggers an immediate report to the Chairman of the Risk Management Committee which is then, if necessary, referred up to the Board of Directors;
- **capacity** is the maximum risk that the Group could theoretically take on without infringing its operational or regulatory constraints.

The Group's risk appetite system is based on the risk identification process formalised in 2016, which aims to list as exhaustively as possible the Group's major risks and to apply a standard approach to placing them in categories and sub-categories.

The work done in 2016 made it possible to expand the scope of risks covered by the risk appetite statement and to thereby create a more comprehensive and forward-looking governance framework.

The Group's risk profile is monitored and presented at least every quarter to the Group Risk Management Committee and the Board of Directors. Breach of tolerance levels for central indicators or limits on the system are reported and corrective actions proposed to the Board of Directors. The executive Directors and the supervisory body are thus kept regularly informed of how the risk profile corresponds to the risk appetite.

In addition, the main risks in the Group's risk profile at 31 December 2016 are broken down by type of risk in the "Risk factors and Pillar 3" section of this document.

At 31 December 2016, the Group's risk appetite indicators are within the risk appetite levels defined by the Group. They have not reached the tolerance thresholds.

Organisation of risk management

Risk management, which is inherent in banking activities, lies at the heart of the Group's internal control system. All staff involved, from the initiation of transactions to their final maturity, play a part in this system.

Measuring and supervising risk is the responsibility of the dedicated Risk Management function (headed by the DRG – Group Risk Management department), which is independent from Group functions and reports directly to the Executive Management.

Although risk management is primarily the responsibility of the business lines which oversee growth in their own operations, DRG's task is to ensure that the risks to which the Group is exposed are consistent with the risk strategies defined by the business lines (in terms of global and individual limits and selection criteria) and compatible with the Group's growth and profitability targets.

DRG performs consolidated Group-wide monitoring of risks using a network of Risk Management and Permanent Controls Officers who report hierarchically to the head of Risk Management and Permanent Controls and functionally to the executive body of their entity or business line. The Regional Bank Risk Management and Permanent Controls Officers report hierarchically to the Chief Executive Officer of their entity and functionally to the Group Risk Management and Permanent Controls Officer.

To ensure a consistent view of risks within the Group, the DRG has the following duties:

- it coordinates the risk identification process and the implementation of the Group's risk appetite framework in cooperation with the Finance, Strategy and Compliance functions and the business lines;
- it defines and/or validates methods and procedures for analysing, measuring and monitoring credit, market and operational risks;
- it takes part in the critical analysis of the business lines' commercial development strategies, focusing on the risk impact of these strategies;
- it provides independent opinions to Executive Management on risk exposure arising from business lines' positions (credit transactions, setting of market risk limits) or anticipated by their risk strategy;
- it lists and analyses Group entities' risks, on which data is collected in risk information systems.

The Financial Management unit of the Group Finance department (FIG) manages structural asset/liability risk (interest rate, exchange rate and liquidity) along with the refinancing policy and supervision of capital requirements.

Supervision of these risks by Executive Management is carried out through ALM (Asset Liability Management) Committee Meetings, in which DRG takes part.

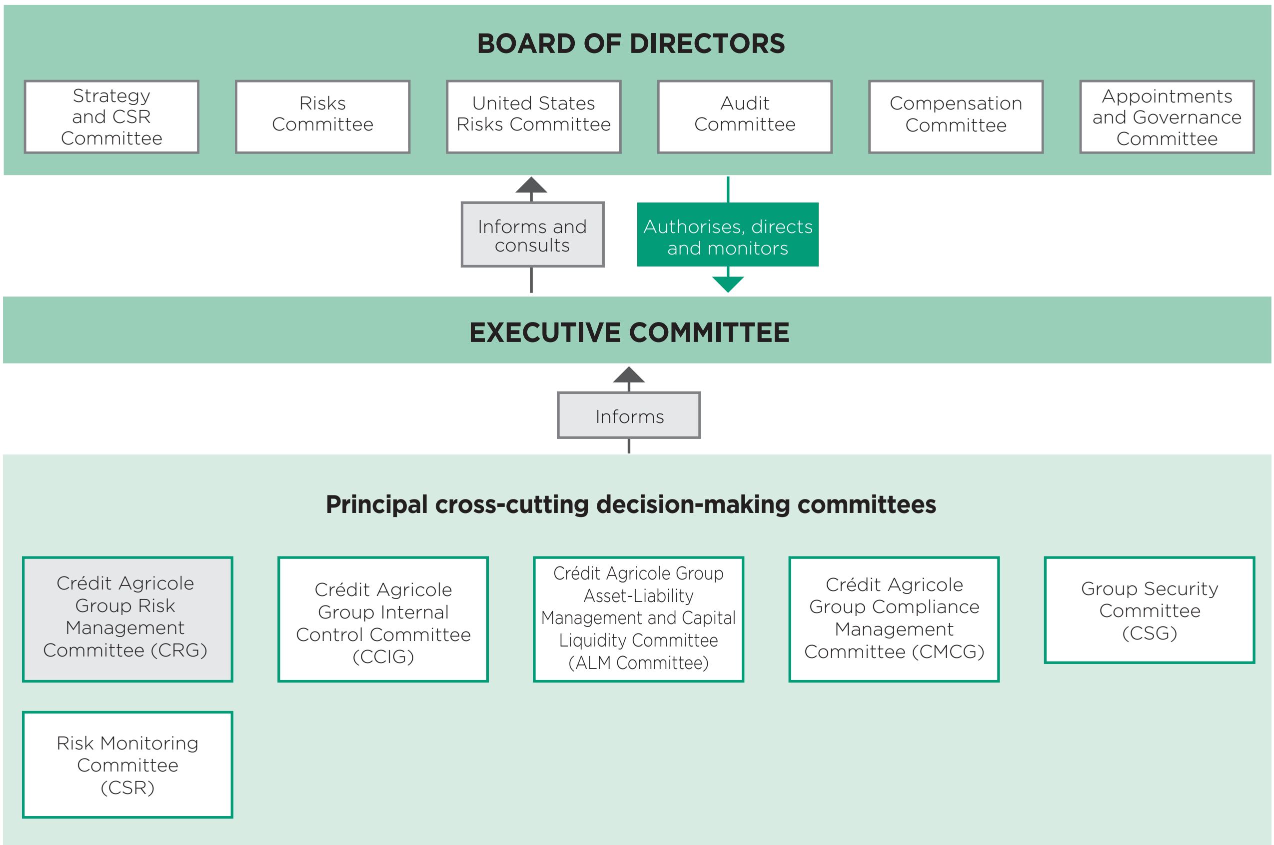
DRG keeps the executive Directors and supervisory body informed of the degree of risk control in the Crédit Agricole Group, presents various risk strategies of the major business lines of the Group for validation, and warns them of any risk of deviation from risk strategies or policies approved by executive bodies. It informs them of the outcomes and performance of prevention measures, whose organisational principles are approved by them. It makes suggestions for any improvement of such measures that may be required as a result of changes to business lines and their environment.

At consolidated level, this action falls within the remit of governance bodies, in particular:

- the Risk Management Committee (a Board of Directors sub-committee meets eight times a year): it analyses key factors in the Group's risk appetite statement defined by Executive Management, regularly examines the Group's risk management and internal control issues, reviews the half-yearly information and annual report on internal control and risk measurement and monitoring;
- the Group Internal Control Committee (CCIG) chaired by the Chief Executive Officer of Crédit Agricole S.A. meets four times a year: it examines internal control issues common across the Group, looks at cross-functional actions within the Group, approves the annual report and half-yearly information on internal control, and coordinates the three control functions;

- the Group Risk Management Committee (CRG) chaired by the Chief Executive Officer of Crédit Agricole S.A.: it approves risk strategies and lending decisions at Crédit Agricole S.A. level, on the advice of the Risk Management function in line with the risk appetite framework approved by the Board of Directors, reviews major risks and sensitive issues, and provides feedback on Group entities' rating models and processes;
- Crédit Agricole Group Asset-Liability Management and Capital Liquidity Committee (ALM Committee chaired by the Chief Executive Officer of Crédit Agricole S.A. - four meetings per year): Analyses the financial risks facing Crédit Agricole Group (interest rate, exchange rate and liquidity risks) and validates the guidelines for the management thereof;
- the Group Compliance Management Committee (CCMG chaired by the Chief Executive Officer of Crédit Agricole S.A. - minimum four meetings per year): defines the Group's Compliance policy, examines all draft compliance-related standards and procedures prior to their implementation, examines all significant dysfunctions and approves corrective measures, makes all decisions related to remedial action for deficiencies, takes note of the main compliance-related conclusions of audits conducted, approves the annual compliance report;
- the Group Security Committee (CSG) chaired by the Deputy Managing Director in charge of the Operations and Transformation division is a decision-making committee that sets out the strategy and assesses the Group's level of control in the following four areas: business continuity plans, data protection, security of people and property and IT systems security. It reports to the Executive Committee;
- the Group Risk Monitoring Committee chaired by the Chief Executive Officer of Crédit Agricole S.A. reviews loans where the level of risk significantly deteriorates. It also examines as early as possible warnings regarding risks of all types reported by the business lines or control functions that may have an adverse effect on the Group's profile or its cost of risk.

PRINCIPLE GROUP RISK MANAGEMENT COMMITTEES



In addition, each Group operating entity defines its own risk appetite statement and sets up a Risk Management and Permanent Controls function. Within each business line and legal entity:

- a Risk Management and Permanent Controls Officer (RCPR) is appointed;
- RCPRs supervise all the last-line control units within their areas of responsibility, covering oversight and permanent control of risks falling within the remit of the Group function in question;
- they have access to appropriate human, technical and financial resources. RCPRs must be provided with the information required by their role and have systematic and permanent access to any information, document, body (Committees, etc.), tools or even IT systems across their entire area of responsibility. RCPRs are associated with entity projects far enough in advance to be able to play their role effectively.

This principle of decentralising the Risk management function to operating entities aims to ensure that the business lines' risk management and permanent controls systems operate efficiently.

Group risk management is also reliant on a certain number of tools which enable DRG and the Group's executive bodies to fully comprehend the risks being run:

- robust IT and global risk consolidation system, within the 2016 trajectory, defined by the Basel Committee on banking controls for global systemic institutions (BCBS 239);
- generalised use of stress testing methodologies in Group credit, financial or operational risk procedures;
- formalised and up-to-date control standards and procedures, which define lending systems, based on an analysis of profitability and risks, monitoring of geographical, individual and sectoral concentrations, as well as limits on interest rate, foreign exchange and liquidity risks;
- a Group recovery plan, presented on an annual basis to the supervisory authorities, in accordance with regulatory requirements, in particular the provisions of law no. 2013-672 of 26 July 2013 on the implementation of a banking resolution regime.

Risk culture

The risk culture is spread right the way across the Group *via* diverse and effective channels:

- career and Talent Committees within the Risk function, which plan the succession to key posts, facilitate the mobility of both men and women with the relevant expertise and enrich trajectories by diversifying skills portfolios;
- highly valued careers and experience sought after by other business sectors as a result of time spent within the Risk Management function;
- a range of training on risk comprising modules tailored to the needs of employees within and outside the Risk Management function. This includes awareness training for all Group employees with, in particular, an e-learning component, to better understand the risks inherent in the bank's business lines;
- communication efforts to foster the spreading of the risk culture, underway since 2015. They are designed to increase the knowledge and involvement of all employees, in order to turn risk into a positive day-to-day.

Consolidated risk monitoring

Every quarter, the Board of Directors' Risk Management Committee and the Group Risk Management Committee examine the risk dashboard produced by the Group Risk Management and Permanent Controls department. This document gives a detailed review of the Group's risk situation on a consolidated basis and across all business lines.

The "risk register" which, in combination with the "risk dashboard", provides an overview of changes in the Group's risks and a long-term view of trends observed in the portfolio. The register is presented to the Group Risk Management Committee and the Board of Directors' Risk Management Committee.

The Group's consolidated alert procedures are coordinated by the Risk Monitoring Committee by reviewing all the risk alerts centralised by the Group Risk Management department.

Stress testing

Stress tests and crisis simulations form an integral part of Crédit Agricole Group's risk management system. Stress tests play a role in proactive risk management, the assessment of capital adequacy and meet regulatory requirements. In this regard, by measuring the economic, accounting or regulatory impact of severe but plausible economic scenarios, stress testing provides a measure of the resilience of a portfolio, business, entity or of the Group used as inputs for the ICAAP and the Risk Appetite. Stress testing covers credit, market and operational risk as well as liquidity risk and risks related to interest rates and exchange rates. Stress testing to manage Crédit Agricole Group risk involves a range of different exercises.

Different types of stress tests

- **Using stress testing for pro-active risk management:** specific exercises that are recurring or carried out upon request are done centrally to supplement and enhance the various analyses performed to properly monitor risks. This work is presented to Executive Management at Group Risk Management Committee meetings. In this respect, stress testing focussed on market risk or liquidity risk is periodically undertaken.

  In the case of credit risk, stress tests were performed in 2016 to measure the risk stemming from economic changes in certain businesses or sectors. These exercises underpin the decisions taken by the Group Risk Management Committee on aggregate exposure limits.
- **Budget stress testing or ICAAP stress testing:** Crédit Agricole Group undertakes an annual exercise as part of the budgetary process, with the results of this stress testing being incorporated into the ICAAP. It plays a part in capital requirements planning and makes it possible to estimate the Group's profitability over a three-year period, under various economic scenarios.

  The goal of this stress testing in the budgetary process and ICAAP is to measure the effects of economic scenarios (central – baseline and stressed – Adverse) on the businesses, entities and the Group as a whole. It applies to all French and foreign entities within the scope of Internal Control. It is necessarily based on an economic scenario (change in a series of economic variables) from which the impact on the various risks and geographic regions are determined. This scenario is supplemented to reflect operational risks and the risk of improper conduct.

  The goal of this exercise is to estimate a solvency ratio by measuring the impact on the income statement (cost of risk, interest margin, commission, etc.), risk weighted assets and own funds and to compare it against the Group's tolerance and capacity thresholds.
- **Regulatory stress testing:** this stress testing encompasses all requests from the ECB, the EBA or other supervisor. In 2016, Crédit Agricole Group notably successfully concluded the regulatory stress test organised by the EBA.

Governance

In line with the EBA's guidelines, a stress test programme for the Group and major entities clearly details the governance and responsibilities of each party involved in the stress testing encompassing credit, market, operational and liquidity risks and risks related to interest rates and exchange rates.

The scenarios used in the ICAAP processes, Risk Appetite or for regulatory purposes are prepared by the Economic department (ECO) and are presented to the Board of Directors. These economic scenarios show central and stressed fluctuations in macroeconomic and financial variables (GDP, unemployment, inflation, interest rates and exchange rates, etc.) for all countries to which the Group is exposed.

CREDIT RISK

A credit risk is realised when a counterparty is unable to honour its obligations and when the carrying amount of these obligations in the bank's books is positive. The counterparty may be a bank, an industrial or commercial enterprise, a government and its various controlled entities, an investment fund, or an individual person.

Definition of default

The definition of default used in management, which is the same as the one used for regulatory calculations, complies with current prudential requirements in the various Group entities.

A debtor is, therefore, considered to be in default when at least one of the following conditions has been met:

- a payment is generally more than 90 days past due, unless specific circumstances point to the fact that the delay is due to reasons beyond the debtor's control;
- the entity believes that the debtor is unlikely to settle its credit obligations unless it avails itself of certain measures such as the provision of collateral surety.

The exposure may be a loan, debt security, deed of property, performance exchange contract, performance bond or unutilised confirmed commitment. The risk also includes the settlement risk inherent in any transaction entailing an exchange of cash or physical goods outside a secure settlement system.

Restructured loans

Restructuring as defined by the EBA (forbearance) consists of all changes made to one or more credit agreements, as well as to refinancings, agreed to by virtue of the client's financial difficulties.

Once the restructuring as defined by the EBA has been carried out, the exposure continues to be classified as "restructured" for a least two years if the exposure was performing when restructured, and three years if the exposure was in default when restructured. These periods are extended when certain events dealt with in Group standards occur (further incidents for example).

In this respect, Group entities have put in place solutions to identify and manage these exposures, tailored to their specificities and to their business lines, depending on the circumstances: based on expert judgement, algorithmic or a combination of these two approaches. These mechanisms also make it possible to satisfy the requirement to produce quarterly regulatory statements on this matter.

The volume of loans in forbearance (under the ITS 2013-03 definition) are given in Note 3.1. Principles of loan classification for accounting purposes are specified in Note 1.3 to the Group's financial statements.

I. Objectives and policy

Credit risk taking by Crédit Agricole Group and its entities is subject to the risk appetite of the Group and entities and risk strategies confirmed by the Board of Directors and approved by the Group Risk Management Committee, a sub-committee of the Crédit Agricole S.A. Executive Committee chaired by the Chief Executive Officer. Risk strategies are adjusted to each business line and its development plan. They set out global limits, intervention criteria (types of eligible counterparties, nature and maturity of eligible products, collateral required) and arrangements for delegating decision-making authority. These risk strategies are adjusted as required for each business line, entity, business sector or country. Business lines are responsible for complying with these risk strategies, and compliance is controlled by the Risk Management and Permanent Controls Officers.

Crédit Agricole Corporate and Investment Bank, the Group's Corporate and investment banking arm, also carries out active portfolio management, in order to reduce the main concentration risks borne by Crédit Agricole Group. The Group uses market instruments such as credit derivatives or securitisation mechanisms, which reduce and diversify counterparty risk and enable it to optimise its use of capital. Similarly, potential risk concentration is mitigated by syndication of loans with external banks with outside banks and use of risk hedging instruments (credit insurance, derivatives).

Crédit Agricole Group, its subsidiaries and the Regional Banks seek to diversify their risks in order to limit their counterparty risk exposures, particularly in the event of a crisis affecting a particular industry or country. To achieve this, Crédit Agricole Group, its subsidiaries and the Regional Banks regularly monitor their total exposures by counterparty, by trading portfolio, by business sector and by country (taking into account internal calculation methods, depending on the type of exposure).

When the risk is recognised, an impairment policy is implemented, on an individual or portfolio basis.

II. Credit risk management

1. Risk-taking general principles

All credit transactions require in-depth analysis of the customer's ability to repay the debt and the most efficient way of structuring the transaction, particularly in terms of security and maturity. This analysis must comply with the risk strategy of the business line or entity concerned and with all limits in force, both individual and aggregate. The final lending decision is based on an internal rating and is taken by the commitment units or by the Credit Committees, on the basis of an independent opinion given by a representative of the Risk Management and Permanent Controls function as part of the authorisation system in place. The Group Risk Management Committee and its Chairman constitute the Group's ultimate decision-making authority.

Each lending decision requires a risk-return analysis. In the case of the Corporate and investment banking business line this means an *ex ante* calculation of the profitability of the transaction.

In addition, the principle of an individual risk limit applies to all types of counterparty, whether corporates, banks, financial institutions, public sector or semi-public sector entities.

2. Risk measurement methods and systems

2.1 INTERNAL RATING SYSTEMS AND CREDIT RISK CONSOLIDATION SYSTEMS

The internal rating systems cover all of the methods, procedures and controls used for assessment of credit risk, rating of borrowers and estimation of losses given default by the borrower. Governance of the internal rating system relies on the Standards and Methodologies Committee (CNM), chaired by the Group's head of Risk Management and Permanent Controls, whose task is to validate and spread standards and methodologies relating to measuring and controlling risks within Crédit Agricole Group. In particular, the Standards and Methodologies Committee reviews:

- rules for identifying and measuring risks, in particular, counterparty rating methods, credit scoring and Basel risk parameter estimates (probability of default, credit conversion factor, Loss Given Default LGD) and related organisational procedures;
- segmentation between retail customers and large institutional customers with related procedures such as risk consolidation information system data entry;
- the performance of rating and risk assessment methods by reviewing back-testing results at least once a year;
- the use of ratings (validation of common syntaxes, glossaries and benchmarks).

For retail customers, including loans to individuals (in particular, home loans and consumer finance) and small businesses, each entity is responsible for defining, implementing and substantiating its rating system, in accordance with the Group standards established by Crédit Agricole S.A.

LCL and the consumer credit subsidiaries (Crédit Agricole Consumer Finance) have their own rating systems. The Regional Banks have common risk assessment models which are managed at Crédit Agricole S.A. level. Procedures for back-testing the parameters used in calculating the regulatory capital requirements have been defined and are operational in all entities. The internal models used by the Group are based on statistical models established on explanatory behavioural variables (e.g. average current account balance) and identifying variables (e.g. business sector). The approach taken can be either customer-centred (Individuals, Farmers, Small businesses and very small enterprises) or product-centred. The estimated probability of default in year 1, to which the rating relates, is updated on a yearly basis.

For the large customer category, a single fifteen-grade rating scale has been established on the basis of a segmentation of risk so as to provide a uniform view of default risk "over a full business cycle". It has 13 ratings (A+ to E-) categorising counterparties not in default and 2 ratings (F and Z) categorising counterparties in default.

Comparison between the internal group ratings and the rating agencies

COMPARISON BETWEEN THE INTERNAL GROUP RATINGS AND THE RATING AGENCIES

Crédit Agricole Group	A+	A	B+	B	C+	C	C-	D+	D	D-	E+	E	E-
Indicative Moody's rating equivalent	Aaa	Aa1/Aa2	Aa3/A1	A2/A3	Baa1	Baa2	Baa3	Ba1	Ba2	Ba3	B1/B2	B3	Caa/Ca/C
Indicative Standard & Poor's rating equivalent	AAA	AA+/AA	AA-/A+	A/A-	BBB+	BBB	BBB-	BB+	BB	BB-	B+/B	B-	CCC/CC/C
Probability of default in year 1	0.001%	0.01%	0.02%	0.06%	0.16%	0.30%	0.60%	0.75%	1.25%	1.90%	5.0%	12.00%	20.00%

Within Crédit Agricole Group, the large customer category comprises primarily sovereigns and central banks, corporates, local authorities, specialised financings as well as banks, insurance companies, asset management companies and other financial companies. An internal rating method tailored to each specific risk profile, based on financial and qualitative criteria, is applied to each type of large customer. For large customers, Crédit Agricole Group entities have common internal rating methodologies. Counterparties are rated, at the latest, when they apply for support and the rating is updated with each renewal or upon any event that could affect risk quality. The rating assignment must be approved by a unit independent of the Front Office. The rating is reviewed at least annually. To ensure that each counterparty has a unique Crédit Agricole Group rating, a single Group entity is responsible for rating said counterparty on behalf of all the entities providing it with support.

Whether relating to large customers or retail customers, the rating oversight system implemented by Crédit Agricole S.A., its subsidiaries and the Regional Banks across the entire rating process aims to ensure:

- rules for identifying and measuring risks, in particular, methods used;
- uniformity in the handling of default events on a consolidated basis;
- proper utilisation of the internal rating methodologies;
- reliability of data substantiating the internal rating.

The Standards and Methodology Committee, amongst others, ensures that these principles are respected, in particular, when rating methodologies are approved and during annual back-testing.

Furthermore, Crédit Agricole S.A., its subsidiaries and the Regional Banks continue to focus on improving the risk-tracking system for:

- risk management of single clients and groups which is designed to ensure accurate identification of counterparties on which there is a risk within the entities and to improve cross-functional risk information management on single clients and groups, which is crucial to ensuring rating uniqueness and consistent allocation of exposures to Basel portfolios;
- the closing process, which aims to guarantee the quality of the process of production of the solvency ratio.

The French Prudential Supervisory and Resolution Authority (ACPR) has authorised Crédit Agricole Group to use internal rating systems to calculate regulatory capital requirements for credit risk of its retail and large customer portfolios on the greater part of its scope.

Having internal rating systems deployed throughout the Group enables it to implement counterparty risk management based on risk indicators compliant with current regulatory rules. For large customers, the single rating system (identical tools and methods, shared data) which has been implemented for several years now, has helped to improve counterparty monitoring, in particular, for counterparties common to several Group entities. The system has also made it possible to have a common reference framework on which to base standards and procedures, governance tools, alert procedures and risk provisioning policies.

Finally, in the Corporate and investment banking businesses, expected loss, economic capital and risk-adjusted return measurements are used in the processes for making loan approval decisions, defining risk strategies and setting risk limits.

2.2 CREDIT RISK MEASUREMENT

The measurement of credit risk exposures includes both drawn facilities and confirmed unutilised facilities.

To measure counterparty risk on capital markets transactions, Crédit Agricole S.A., its subsidiaries and the Regional Banks use different types of approaches to estimate the current and potential risk of derivative instruments (such as swaps and structured products).

Crédit Agricole CIB uses a specific internal methodology to estimate the risk of change in relation to such derivative instruments, using a net portfolio approach for each customer:

- current risk corresponds to the sum owing by the counterparty in the event of instantaneous default;
- the risk of change corresponds to our estimated maximum exposure over its remaining maturity, for a given confidence interval.

The methodology used is based on Monte Carlo-type simulations, enabling the risk of change over derivatives' remaining maturity to be assessed on the basis of statistical modelling of the change in underlying market parameters.

This model considers the different risk reduction factors, such as the use of offsetting and collateralisation in agreements negotiated with counterparties prior to transactions taking place.

Situations of specific risk of unfavourable correlations (risk that an exposure to a derivative is positively correlated with the counterparty's probability of default as a result of a legal tie between this counterparty and the underlying of the derivative) are monitored regularly to identify and integrate such risks in the exposure measurement as recommended by regulations. Situations of general risk of unfavourable correlations (risk that market conditions have a correlated effect on a counterparty's credit quality and derivative exposures with this counterparty) were monitored by means of *ad hoc* exercises in 2016.

The internal model is used to manage internal limits on transactions with each counterparty and to measure Basel 3 Pillar 2 economic capital by determining the average risk exposure (Effective Expected Positive Exposure) across the portfolio.

As allowed by this regulatory framework, the French Regulatory and Resolution Supervisory Authority (ACPR) authorised Crédit Agricole CIB as of 31 March 2014 to use the internal model method to calculate its capital requirements in respect of counterparty risk. The model uses Effective Expected Positive Exposure (EEPE) and is applied to all derivatives. The same method is used to calculate credit exposure at default for capital requirement purposes to address the risk of credit value adjustment (CVA). For repo transactions and derivative transactions at its subsidiaries, Crédit Agricole CIB uses the standard approach.

Credit risk on these market transactions is managed following rules set by the Group. The policy on setting counterparty risk limits is as described in "Credit risk management – Risk-taking general principles" on page 215. The techniques used to reduce counterparty risk on market transactions by Crédit Agricole CIB are described in "Credit risk mitigation mechanisms".

Crédit Agricole Group includes a credit valuation adjustment (CVA) in its calculation of the fair value of derivative assets. This value adjustment is described in Notes 1.3 to the consolidated financial statements on accounting policies and principles and 10.2 on Information about financial instruments measured at fair value (see page 419).

The positive gross fair value of the contracts, as well as the gains from the offsetting and the guarantees held, and the net exposure on derivative instruments after the impact of offsetting and guarantees are discussed in Note 6.12 to the consolidated financial statements on Offsetting – Financial Assets.

At other Group entities, the base for counterparty risk on market transactions is either calculated by the Crédit Agricole CIB tool under an internal provision of services agreement or based on the regulatory approach.

3. Supervision system of commitments

Rules for dividing and limiting risk exposures, along with specific processes relating to commitments and grant criteria, are used to prevent any excessive concentration of the portfolio and to limit the impact of any deterioration.

3.1 PROCESS FOR MONITORING CONCENTRATIONS BY COUNTERPARTY OR GROUP OF RELATED COUNTERPARTIES

The consolidated commitments of all Crédit Agricole Group's entities are monitored by counterparty and by group-related counterparties. A group of counterparties is a set of French or foreign legal entities that are connected, regardless of their status and economic activity, enabling the total exposure to the risk of default of this group to be measured on the basis of the exposure of one or more of these entities. Commitments to a counterparty or group of related counterparties include all loans granted by the Group as well as corporate finance transactions, bond portfolios, financing commitments and counterparty risks relating to capital market transactions. Exposure limits for counterparties and groups of related counterparties are recorded in the internal information systems of each subsidiary or business line. When several subsidiaries have a counterparty in common, a Group-level aggregate limit is set on the basis of commitment authorisation limits that depend on the internal rating.

Each operating entity reports the amount of its commitments by risk category on a monthly or quarterly basis to the Group Risk Management and Permanent Controls department. Exposures to major non-bank counterparties, *i.e.* those on which the aggregate commitments of Crédit Agricole Group exceed €300 million after offsetting, are reported separately to the Group Risk Management Committee.

At year-end 2016, commercial lending commitments of Crédit Agricole S.A. and its subsidiaries to their ten largest non-sovereign, non-bank customers amounted to 4.23% of the total non-bank portfolio (compared with 4.8% at 31 December 2015). The diversification of the portfolio on an individual basis is still satisfactory.

3.2 PORTFOLIO REVIEW AND SECTOR MONITORING PROCESS

Periodic portfolio reviews conducted by entity or business line strengthen the monitoring process, thus serving to identify counterparties whose credit quality is deteriorating, update counterparty ratings, monitor risk strategies and check on changes in concentration ratios, for instance, per business sector.

Moreover, the Corporate and investment banking business has a portfolio modelling tool that it uses to test how well portfolios hold up under stress scenarios.

At their level, the Regional Banks organise a portfolio review and sector monitoring process adapted to their risk profile.

3.3 PROCESS FOR MONITORING COUNTERPARTIES IN DEFAULT AND ON CREDIT WATCH

Counterparties in default and on credit watch are monitored closely by the business lines, in collaboration with Risk Management and Permanent Controls Officers. They are also the object of formal monitoring by the entities' Sensitive Exposure Committees and of quarterly monitoring by the Group Risk Management Committee and the Audit Committee on a consolidated basis.

3.4 CONSOLIDATED CREDIT RISK MONITORING PROCESS

The Group's credit risk profile is monitored and presented at least every quarter at the Group Risk Management Committee and Board of Directors Meetings using two key tools: the "Group risk register" and the "Group risk dashboard".

In addition, detailed periodic reviews of banking risks, country risks and the main nonbanking risks are conducted during Group Risk Management Committee Meetings.

3.5 COUNTRY RISK MONITORING AND MANAGEMENT SYSTEM

Country risk is the risk that economic, financial, political, judicial or social conditions in a country will affect the Bank's financial interests. This risk does not differ in nature from "elementary" risk (credit, market and operational risks), but is an aggregate of risks resulting from vulnerability to a specific political, social, macroeconomic and financial environment. Country risk covers the assessment of the overall risk environment in a country as opposed to Sovereign Risk, which refers to a state's counterparty risk.

The system for assessing and monitoring country risk within Crédit Agricole Group is based on its own rating methodology. Internal country ratings are based on criteria relating to the financial soundness of the government, the banking system and the economy, ability and willingness to pay, governance and political stability.

Annually reviewed limits and risk strategies are applied to each country whose business volume justifies it, with a few exceptions.

This approach is supplemented by scenario analyses aimed at testing the impact of adverse macroeconomic and financial assumptions. These tests provide the Group with an integrated view of the risks to which it may be exposed in situations of extreme tension.

The Group manages and controls its country risks according to the following principles:

- acceptable country risk exposure limits are determined through reviews of country strategies, depending on the vulnerability of the portfolio to country risk. The degree of vulnerability is determined by the type and structure of transactions, the quality of counterparties and the term of commitments. These exposure limits may be reviewed more frequently if developments in a particular country make it necessary. These strategies and limits are validated according to the level of risk by Crédit Agricole CIB's Strategy and Portfolio Committee (CSP) and by Crédit Agricole S.A.'s Group Risk Management Committee (CRG);
- the Corporate and investment banking business maintains a system for regular assessment of country risk and for updating the country risk rating quarterly for each country in which the Group does business. This rating is produced using an internal country rating model based on various criteria (structural solidity, governance, political stability, ability and willingness to pay). Specific events may cause ratings to be adjusted before the next quarterly review;
- Crédit Agricole CIB's Country and Portfolio Risk department validates transactions whose size, maturity and degree of country risk could affect the quality of the portfolio.

Country risk exposure is monitored and controlled in both quantitative (amount and term of exposure) and qualitative (portfolio vulnerability) terms through regular specific reporting on all exposures to countries.

Western European countries with an internal rating (lower than B) qualifying them for close country risk monitoring undergo a separate *ad hoc* monitoring procedure. Exposure to sovereign and non-sovereign risk in these countries is detailed in Note 6.9 to the consolidated financial statements.

Exposures to other countries rated below B are detailed in chapter III, paragraph 2.4 "Country risk" below.

3.6 CREDIT RISK STRESS TESTS

Credit risk stress testing is primarily based on satellite models that link changes in credit risk parameters to macroeconomic and financial variables. These models are independently reviewed and approved by the Standards and Methodology Committee in the same way as the Basel models. In addition, the quantitative stress testing is back-tested each year.

In line with EBA methodology, the credit risk stress tests employ Basel parameters (PD, LGD, EAD) and aim to estimate the cost of risk including the provisions for assets not in default and also the impact on risk weighted assets.

For the purposes of credit risk monitoring and management, the Group Risk Management department carries out a series of stress tests in cooperation with the relevant business lines and entities.

A global credit risk stress test is carried out at least once a year as part of the budgetary process. The works, coordinated by DRG, involve all Crédit Agricole Group entities and all Basel portfolios, whether they are treated for regulatory purposes using the IRB or Standard method. The period examined is set at three years. The stress testing process is part of corporate governance and aims to improve dialogue between risk and finance on the sensitivity of the cost of risk and capital requirements to a downturn in the economic climate. In addition to being used for budgetary purposes and to manage capital requirements, the results of global credit risk stress tests are used to calculate economic capital (Pillar 2). They are reviewed by the Executive Committee and are also reported to the Crédit Agricole S.A. Board of Directors.

4. Credit risk mitigation mechanisms

4.1 COLLATERAL AND GUARANTEES RECEIVED

Guarantees or collateral are intended to provide partial or full protection against credit risk.

The principles governing the eligibility, utilisation and management of collateral and guarantees received as security are defined by Crédit Agricole Group's Standards and Methodology Committee (CNM), in accordance with the CRD 4 system for the calculation of the solvency ratio.

This common framework, defined in Group standards, ensures a consistent approach across the Group's various entities. It documents in particular aspects that include the conditions for prudential recognition, valuation and revaluation methods of all the various credit risk mitigation techniques that are used: collateral (notably for financing of assets: property, aircraft, ships, etc.), personal guarantees, public export credit insurance, private credit insurance, financial guarantee insurance, credit derivatives, and cash collateral.

The entities are in charge of implementing this framework at the operational level (management, monitoring of valuations, implementation).

Details of guarantee commitments received are presented in Note 3.1 and in Note 8 to the consolidated financial statements.

Regarding financial assets obtained by enforcement of guarantees or credit enhancement measures, the Group's policy is to sell them as soon as possible.

4.2 USE OF NETTING AGREEMENTS

If a "master" agreement has been signed with a counterparty and said counterparty defaults or enters bankruptcy proceedings, Crédit Agricole S.A., its subsidiaries and the Regional Banks apply close out netting, enabling them to terminate current contracts early and to calculate a net balance on the debts and debt obligations in respect of this counterparty. They also use collateralisation techniques to enable securities or cash to be transferred in the form of collateral or transfer of full ownership during the lifetime of the hedged transactions, which can be offset, in the event of default by one of the parties, in order to calculate the net balance of reciprocal debt and debt obligations resulting from the master agreement signed with the counterparty.

4.3 USE OF CREDIT DERIVATIVES

In managing its corporate financing portfolio (banking book), the Group's Corporate and Investment bank uses credit derivatives and a range of risk-transfer instruments including namely securitisation. The aim is to reduce concentration of corporate credit exposure, diversify the portfolio and reduce loss levels.

The risks arising from such transactions are monitored using indicators such as VaR (Value at Risk) on all cash transactions to buy or sell protection for the bank's own account.

At 31 December 2016, the notional amount of protection bought in the form of credit derivatives was €7 billion (€9.2 billion at 31 December 2015), the notional amount of short positions was €18 million (€18 million at 31 December 2015).

The notional amount of credit derivatives can be found in Note 3.2 "Derivative instruments: total commitments" to the consolidated financial statements.

III. Exposure

1. Maximum exposure

The maximum exposure to credit risk of Crédit Agricole Group corresponds to the net carrying amount of loans and receivables, debt instruments and derivative instruments before the effect of non-recognised netting agreements and collateral. It is set out in Note 3.1 to the consolidated financial statements.

At 31 December 2016, the maximum exposure to credit and counterparty risk of Crédit Agricole Group amounted to €1,816 billion (€1,764 billion at 31 December 2015), up 2.95% on 2015.

2. Concentration

An analysis of credit risk on commercial lending commitments excluding Crédit Agricole Group internal transactions and collateral given by Crédit Agricole Group as part of repurchase agreements (loans and receivables to credit institutions, loans and receivables to customers, financing commitments given and guarantee commitments given for €1,197 billion) is presented below. In particular, this scope excludes derivative instruments, which are primarily monitored using VaR (see section on "Market risks"), and financial assets held by insurance companies (€235 billion – see section on "Risks in the insurance sector").

2.1 PORTFOLIO DIVERSIFICATION BY GEOGRAPHIC AREA

On the commercial lending portfolio (including banking counterparties), the breakdown by geographic area covers a total portfolio of €1,195 billion at 31 December 2016, compared with €1,145 billion at 31 December 2015. The breakdown reflects the country in which the commercial lending risk is based.

BREAKDOWN BY GEOGRAPHIC AREA OF COMMERCIAL LENDING OF CRÉDIT AGRICOLE GROUP

Geographic area of exposure	2016	2015
Africa and Middle East	2%	2%
Central and South America	1%	1%
North America	6%	5%
Asia-Pacific excluding Japan	3%	3%
Eastern Europe	1%	1%
Western Europe Excluding Italy	9%	9%
France (retail banking)	41%	40%
France (excluding retail banking)	29%	30%
Italy	7%	7%
Japan	1%	2%
TOTAL	**100%**	**100%**

The breakdown of commercial lending by geographical area was unchanged. Commercial lending in France accounted for 70% of the total at end-2016. Italy, the Group's second biggest market remained unchanged at 7% of commercial lending.

Note 3.1 to the financial statements presents the breakdown of loans and receivables and commitments given to customers and credit institutions by geographic area on the basis of accounting data.

2.2 PORTFOLIO DIVERSIFICATION BY BUSINESS SECTOR

On the commercial lending portfolio (including bank counterparties outside the Group) the scope broken down by business sector amounted to €1,137 billion at 31 December 2016, versus €1,078 billion at 31 December 2015. These breakdowns reflect the business sector in which the commercial lending risk to customers is based.

BREAKDOWN BY BUSINESS SECTOR OF COMMERCIAL LENDING OF CRÉDIT AGRICOLE GROUP

Business sector	2016	2015
Air/Space	1.7%	1.6%
Agriculture and Food processing	2.5%	2.7%
Insurance	0.8%	0.8%
Automotive	2.6%	2.3%
Other non-banking financial activities	4.8%	4.2%
Other industries	1.0%	1.2%
Other transport	1.1%	1.1%
Banks	3.1%	3.5%
Wood/Paper/Packaging	0.2%	0.0%
Building and publics works	1.7%	1.8%
Retail/Consumer goods industries	1.6%	1.6%
Other	2.7%	3.3%
Energy	5.1%	5.2%
o/w Oil and Gas	*3.5%*	*3.6%*
o/w Electricity	*1.6%*	*1.6%*
Property/Real estate	3.4%	3.5%
Heavy industry	1.9%	1.9%
IT/Technology	0.7%	0.6%
Shipping	1.5%	1.6%
Media/Publishing	0.3%	0.4%
Healthcare/Pharmaceuticals	1.5%	1.3%
Non-trading services/Public sector/Local authorities	10.4%	10.2%
Telecom	1.7%	1.2%
Tourism/Hotels/Restaurants	0.7%	0.9%
Utilities	0.4%	0.0%
Retail banking customers	49.3%	49.1%
TOTAL	**100%**	**100%**

The commercial lending portfolio broken down by business sector is well diversified and remained stable for 2016. Only two sectors accounted for more than 10% of business: the "Retail banking customers" business, which was the largest, with 49% of the portfolio; and the "Non-trading services/Public sector/Local authorities", sector, in second place at 10%.

The "Oil and gas" sector is the main component of our "Energy" exposure. This sector comprises a wide diversity of underlyings, players and types of financing, including a number of sub-segments such as RBL, Trade and project financing that are usually secured by assets. Most of the exposure is lying with Crédit Agricole CIB.

Most of our exposure in the oil sector relates to players that are structurally less sensitive to the drop in oil prices (public sector companies, large international companies, transportation/storage/refinery companies). On the other hand, customers with a focus on exploration/production, and those reliant on investment levels in the industry (oil-related services), are the worst affected. They have been the subject of specific monitoring throughout the year, and have specific procedures to follow: reduction in commitments on the exploration/production sub-portfolio, stability of commitments on the oil-related services sub-portfolio, as well as resistance tests using extremely conservative oil price hypotheses. Generally speaking, the "Oil and gas" sector benefits from a very selective approach to projects and any significant new operations are subject to in-depth analysis. Our exposure in US dollars, which represents 1.4% of the Crédit Agricole Group's EAD, has fallen 13% since 2015.

The current position of the "Shipping" sector is the result of the expertise and background of Crédit Agricole CIB in mortgage financing for ships, which it provides to its international ship-owning clientele. Shipping transport is currently experiencing the longest crisis observed since 1984-1988. With this in mind, we are pursuing our strategy of gradually reducing our exposure, first launched in 2011. However, our portfolio is relatively well-protected thanks to its diversification (financing of oil tankers, gas carriers and off-shore facilities, cargo ships, container ships, cruise ships, etc.), and by the quality of its financing structure for ships, secured by mortgage loans.

2.3 BREAKDOWN OF LOANS AND RECEIVABLES OUTSTANDING BY TYPE OF CUSTOMER

Concentration by customer type of loans and receivables and commitments given to credit institutions and customers are presented in Note 3.1 to the consolidated financial statements.

The gross amount of loans and receivables outstanding, including accrued interest (€892 billion at 31 December 2016), increased by 4.9% in 2016 (from €852 billion at 31 December 2015). It is split mainly between large corporates and retail customers (respectively, 31.5% and 51.3% compared with 31.9% and 52.8% respectively at 31 december 2015).

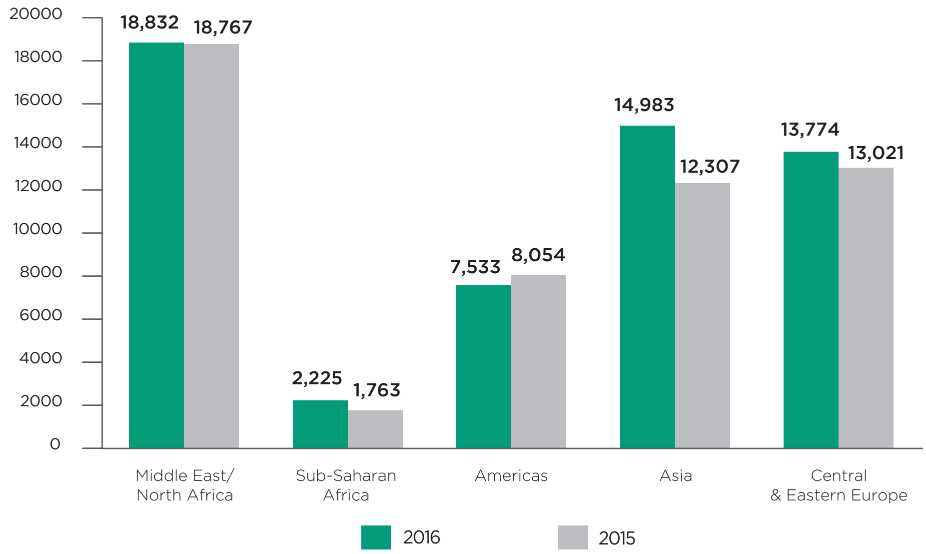
2.4 EXPOSURE TO COUNTRY RISK

At 31 December 2016, commercial commitments (including to bank counterparties) given to Crédit Agricole Group customers in countries with ratings below B according to the Group's internal ratings, excluding countries in Western Europe (Italy, Spain, Portugal, Greece, Cyprus and Iceland) totalled €57.4 billion versus €53.9 billion as of 31 December 2015. Most of these commitments come from Crédit Agricole CIB, UBAF (47%-owned by Crédit Agricole CIB) and International retail banking. They include guarantees received which are deducted (export credit insurance, cash deposits, securities pledged, etc.).

The concentration of total exposures in these countries was stable in 2016: the top twenty countries accounted for 91.4% of the portfolio of commitments at year-end 2016, unchanged from year-end 2015.

Three geographic areas are predominant: Middle East/North Africa (33%), Asia (26%) and Central and Eastern Europe (24%).

CHANGES IN COMMERCIAL LENDING FOR COUNTRIES WITH A CREDIT RATING LOWER THAN B (IN MILLIONS OF EUROS)



The Middle East and North Africa

Aggregate commitments to countries in the Middle East and North Africa totalled €18.8 billion at 31 December 2016, stable on year-end 2015. Morocco, Saudi Arabia, United Arab Emirates, Egypt and Qatar accounted for 80.4% of Middle Eastern and North African commitments.

Central & Eastern Europe

Aggregate commitments to Central and Eastern Europe rose 6% from the previous year, mainly due to increased exposure to Kazakhstan, Poland and Azerbaijan. Group commitments are concentrated in four countries: Poland, Russia, Ukraine and Serbia, which represented 89% of the total in this region.

Asia

Commitments in Asia rose 22% to €14.98 billion from the level at 31 December 2015. The change was mainly due to an increase in exposures to China, which remains the largest regional exposure at €7.8 billion, ahead of India (€4.7 billion).

Latin America

At end-December 2016, exposure to the region made up 13% of all exposure to countries rated lower than B. It fell 6% from end-2015 mainly due to reduced commitments in Brazil. Exposure to Brazil and Mexico make up 87% of the Lain America total.

Sub-Saharan Africa

Group commitments to Sub-Saharan Africa totalled €2.22 billion at 31 December 2016, *i.e.* 4% of the total for countries with a rating below B. The increase on end-2015 was mainly due to higher exposure to Ghana. Exposure to South Africa accounts for 45% of commitments in this region.

3. Credit quality

3.1 ANALYSIS OF LOANS AND RECEIVABLES BY CATEGORY

The breakdown of loans and receivables to credit institutions and customers is presented as follows:

Loans and receivables *(in millions of euros)*	31/12/2016	31/12/2015
Neither past due nor impaired	852,908	813,589
Past due but not impaired	11,553	11,557
Impaired	27,708	26,881
TOTAL	**892,169**	**852,027**

The portfolio of loans and receivables at 31 December 2016 consisted for 95% of amounts that were neither past due nor impaired (95% at 31 December 2015).

Under IFRS 7, a financial asset is past due when a counterparty has failed to make a payment when contractually due. The Group considers that there is no identified credit risk on loans and receivables that are less than 90 days past due, which account for 95.5% of past due but not impaired loans (93.6% at end-2015).

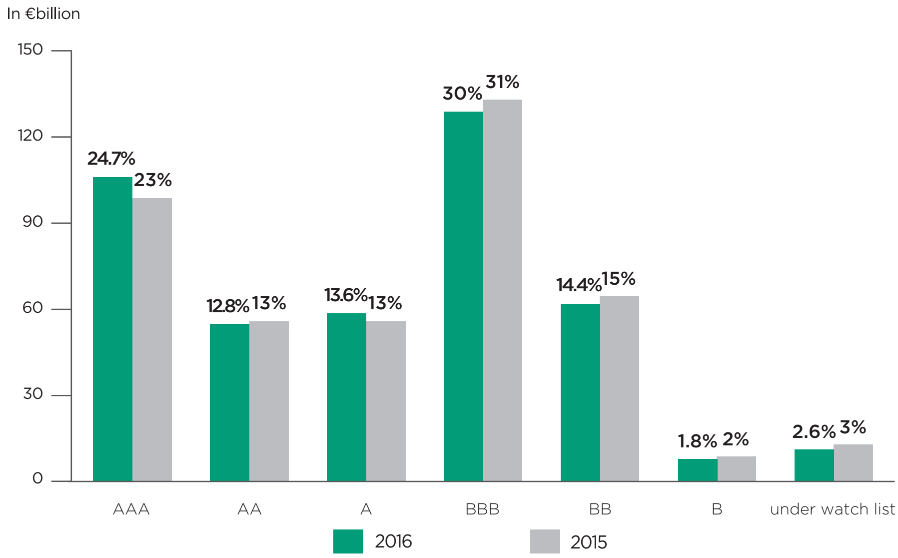
Details of financial assets that were past due or impaired are presented in Note 3.1 to the consolidated financial statements.

3.2 ANALYSIS OF OUTSTANDINGS BY INTERNAL RATING

The internal rating policy used by Crédit Agricole Group aims to cover the entire Group customer portfolio, *i.e.* retail customers, corporate customers, banks and financial institutions, government agencies and local authorities.

On the performing commercial lending portfolio excluding retail customers (€629.4 billion at 31 December 2016, compared with €611.2 billion at 31 December 2015), internally rated borrowers accounted for 80% of the total compared with 79% at year-end 2015 (€505.6 billion at 31 December 2016, compared with €484.1 billion at 31 December 2015). The breakdown of this portfolio is presented according to the Standard & Poor's equivalents of the Group's internal ratings:

CHANGE IN THE PERFORMING NON-RETAIL BANKING COMMERCIAL LENDING PORTFOLIO OF CRÉDIT AGRICOLE GROUP BY INDICATIVE S&P EQUIVALENT OF 2015 AND 2016 INTERNAL RATING



This breakdown reflects a high quality loan book. At 31 December 2016, 81% of exposure was related to borrowers with investment-grade ratings (rating that is equal to or greater than BBB; 80% at 31 December 2015), and only 2.6% was related to borrowers on the watch list.

3.3 IMPAIRMENT AND RISK COVERAGE

3.3.1 Impairment and risk hedging policy

The policy for hedging loan loss risks is based on two kinds of impairment allowances:

- impairment allowances on an individual basis intended to cover probable losses on impaired receivables;
- collective impairment allowances under IAS 39, recognised when objective indications of impairment are identified on one or more homogeneous subgroups within the credit risk portfolio. These impairment allowances are intended to cover deterioration in the risk profile of exposures to certain countries, business sectors or counterparties, not because they are in default but because their rating has been lowered. Impairment losses on a portfolio basis are also made in retail banking. Collective impairments are, mainly, calculated on statistical bases on the amount of loss expected until the transactions mature, using Basel Probability of Default (PD) and Loss Given Default (LGD) criteria.

3.3.2 Impaired financial assets

The breakdown of impaired loans and receivables due from credit institutions and customers by customer type and geographic area is presented in Note 3.1 to the financial statements.

At 31 December 2016, impaired lending commitments as a whole amounted to €27.7 billion versus €26.9 billion at 31 December 2015. These consist of non-performing loans and commitments on which the Group sees potential non-recovery. Impaired assets accounted for 3.1% of the Group's gross stated outstandings (3.2% at 31 December 2015). They were hedged by €15.8 billion in individual impairment allowances (€15.8 billion at 31 December 2015), including lease finance transactions but not including collective impairment allowances.

Restructured loans according to the new definition[1] totalled €14 billion at 31 December 2016.

4. Cost of risk

Crédit Agricole S.A. Group's cost of risk was €2.41 billion at 31 December 2016 compared to €3.03 billion in 2015, a 20% improvement. The Regional Bank cost of risk improved by 15% compared with 2015. LCL's cost of risk rose by 36% from the very low level in 2015, which benefited from reversals of provisions. The most notable change in the International retail banking business line related to Cariparma Group (excluding CALIT) which saw its cost of risk fall by 22% in 2016, reflecting an improvement in the quality of its loan book. In Specialised financial services, Crédit Agricole Consumer Finance Group improved its cost of risk by 15%, mainly thanks to the better recovery made by its Agos Ducato subsidiary and an improvement of the quality of its loan book. The cost of risk of Corporate and investment banking improved by 15%.

Details of the movements that affected the cost of risk are presented in Note 4.8 to the consolidated financial statements. This is broken down by business line in Note 5.1 to the consolidated financial statements.

5. Counterparty risk on derivative instruments

The counterparty risk on derivative instruments is established according to market value and potential credit risk calculated and weighted in accordance with regulatory standards. The measure relating to this credit risk is presented in part 2.2. "Credit risk measurement" in the section II "Credit risk management" above.

MARKET RISK

Market risk is the risk of a negative impact on the income statement or balance sheet of adverse fluctuations in the value of financial instruments following changes in market parameters, particularly:

- interest rates: interest rate risk is the risk of a change in the fair value of a financial instrument or the future cash flows from a financial instrument due to a change in interest rates;
- exchange rates: foreign exchange risk is the risk of a change in the fair value of a financial instrument due to a change in exchange rates;
- prices: price risk is the risk of a change or volatility in the price of equities, commodities, baskets of equities or stock market indices. The instruments most exposed to this risk are variable-income securities, equity derivatives and commodity derivatives;
- credit spreads: credit risk is the risk of a change in the fair value of a financial instrument resulting from movement in the credit spreads for indices or issuers. For more complex credit products, there is also the risk of a change in fair value arising from a change in correlation between issuer defaults.

I. Objectives and policy

Crédit Agricole Group has a specific market risk management system with its own organisation independent of operational hierarchies, risk identification and measurement methods, monitoring and consolidation procedures. In terms of scope, this system hedges all market risk.

In a market still marked by persistently low rates and political uncertainty (Brexit, Italian referendum, new US administration), a prudent market risk management policy was pursued in 2016, in line with Crédit Agricole Group's risk appetite.

(1) The concept of restructured loans is detailed in Note 1.3 "Accounting policies and principles 2016" in the consolidated financial statements.

II. Risk management

1. Local and central organisation

Crédit Agricole Group has two distinct and complementary levels of market risk management:

- at the central level, the Group Risk Management and Permanent Controls department coordinates all Group-wide market risk supervision and control issues. It standardises data and data processing to ensure consistency of both consolidated risk measurement and controls. It keeps the executive bodies (Executive Management of Crédit Agricole S.A.) and decision-making bodies (Board of Directors and Board Risk Management Committee) up-to-date on the market risk position;
- at the local level, for each Crédit Agricole Group entity, a Risk Management and Permanent Controls Officer manages the monitoring and control of market risks arising from the entity's businesses. Within the Crédit Agricole CIB subsidiary, the Risk Management and Permanent Controls department relies on decentralised teams of risk controllers, generally based abroad. These control functions are performed by different teams:

  a) Risk Management, which is responsible for market risk monitoring and control for all product lines worldwide: limit proposals, which are approved by the Market Risk Committee and monitored for their compliance, analysis of limit breaches as well as significant variations in results which are brought to the attention of the Market Risk Committee,

  b) monitoring of activity: in charge of producing daily management income and risk indicators for all activities held to market risk limits and of monitoring and validating the market parameters used to produce profit and loss account and risk indicators. This ensures an autonomous production process based on a market database updated daily, which is independent of the Front Office.

Lastly, the process is used in conjunction with the Finance department during monthly procedures to align net management income and net accounting income,

  c) in addition to this setup harmonising, cross-functional teams are responsible for coordinating methods and treatments between product lines and units. These teams are responsible for reporting regulatory indicators produced independently by the DRM. This includes the following:

  - quantitative research responsible for validating models,
  - the team in charge of the internal model (VaR, stressed VaR, stress scenarios…),
  - Market Data Management which is in charge of market data collection separate from Front Office data.

The IT architecture put in place within Crédit Agricole Corporate and Investment Bank for market risk management is based on sharing the platforms used in the Front Office, on which risk indicators are calculated. The independence of the process is based on the selection of market data and the validation of valuation models by the Risk Management department.

Group procedures define the level of information, format and frequency of the reports that entities must transmit to Crédit Agricole S.A. (Group Risk Management and Permanent Controls department).

The Regional Banks do not trade on the capital markets for the purposes of speculation or arbitrage. Their capital market activities are limited to hedging and liquidity activities that generate little or no prudential risk.

2. Decision-making and Risk Monitoring Committees

Three governance bodies are involved in the management of market risk at Crédit Agricole Group level:

- the Group Risk Management Committee, chaired by the Chief Executive Officer of Crédit Agricole S.A., approves the aggregate limits on each entity's market risks when it presents its risk strategy and makes the main decisions in the matter of risk containment. The Committee examines the market situation and risks incurred on a quarterly basis, in particular through the utilisation of limits and any significant breaches of limits and incidents;
- the Risk Monitoring Committee, chaired by the Chief Executive Officer of Crédit Agricole S.A., reviews the main indicators of market risk twice a month;
- the Standards and Methodology Committee, chaired by the Head of Group Risk Management and Permanent Controls, is in particular responsible for approving and disseminating standards and methods concerning the supervision and permanent control of market risks.

In addition, each entity has its own Risk Committee. The most important of these is Crédit Agricole Corporate and Investment Bank's Market Risk Management Committee (CRM), which meets twice monthly and is chaired by the Management Committee member in charge of risks. It is made up of Crédit Agricole Corporate and Investment Bank's head of capital market activities and the risk managers. This Committee reviews Crédit Agricole Corporate and Investment Bank's positions and the profit and loss account of its capital market activities and verifies compliance with the limits assigned to each activity. It is empowered to make decisions on requests for temporary increases in limits.

III. Market risk measurement and supervision methodology

1. Indicators

The market risk measurement and supervision system is based on a combination of several indicators, most of which are subject to global or specific limits. It relies principally on Value at Risk (VaR), stressed VaR, stress scenarios and complementary indicators (risk factor sensitivity, combined qualitative and quantitative indicators) and a process that values all positions in each entity giving rise to market risks. The permanent control process includes procedures to validate and back-test models.

1.1 VAR (VALUE AT RISK)

The central element of the market risk measurement system is the Value at Risk (VaR). VaR can be defined as the maximum theoretical loss on a portfolio in the event of adverse movements in market parameters over a given timeframe and for a given confidence interval. Crédit Agricole Group uses a confidence interval of 99% and a timeframe of one day using one year of historical data. In this way, market risks incurred by the Group in its trading activities can be monitored on a daily basis by quantifying the estimated maximum level of loss in 99 out of 100 cases, after inclusion of a number of risk factors (interest rate, exchange rate, asset prices, etc.).

1

The offsetting figure is defined as the difference between total VaR and the sum of VaRs by risk factor. It represents the effects of diversification among positions held simultaneously on different risk factors. A procedure known as back-testing (comparing each day's result against VaR estimated the day before) is used to confirm the relevance of the methodology.

The internal VaR model of Crédit Agricole Corporate and Investment Bank, which is the main contributor to the VaR of Crédit Agricole Group, has been approved by the regulatory authorities.

The process of measuring a historical VaR for risk positions on a given date is based on the following principles:

- compilation of an historical database of risk factors on positions held by Crédit Agricole Group entities (interest rates, share prices, exchange rates, commodity prices, volatilities, credit spreads, correlation, etc.);
- determination of 261 scenarios corresponding to one-day changes in risk factors, observed over a rolling one-year period;
- adjustment of parameters corresponding on the date D according to the 261 scenarios;
- remeasurement of the day's positions based on the 261 scenarios.

The 99% VaR figure based on the 261 scenarios is equal to the average of the second and third worst results observed.

The VaR calculation methodology undergoes constant improvement and adjustment to take into account, among other things, the changing sensitivity of positions to risk factors and the relevance of the methods to new market conditions. For example, efforts are made to incorporate new risk factors and to achieve finer granularity on existing risk factors.

Limitations of the historical VaR calculation

The main methodological limitations of the VaR model are the following:

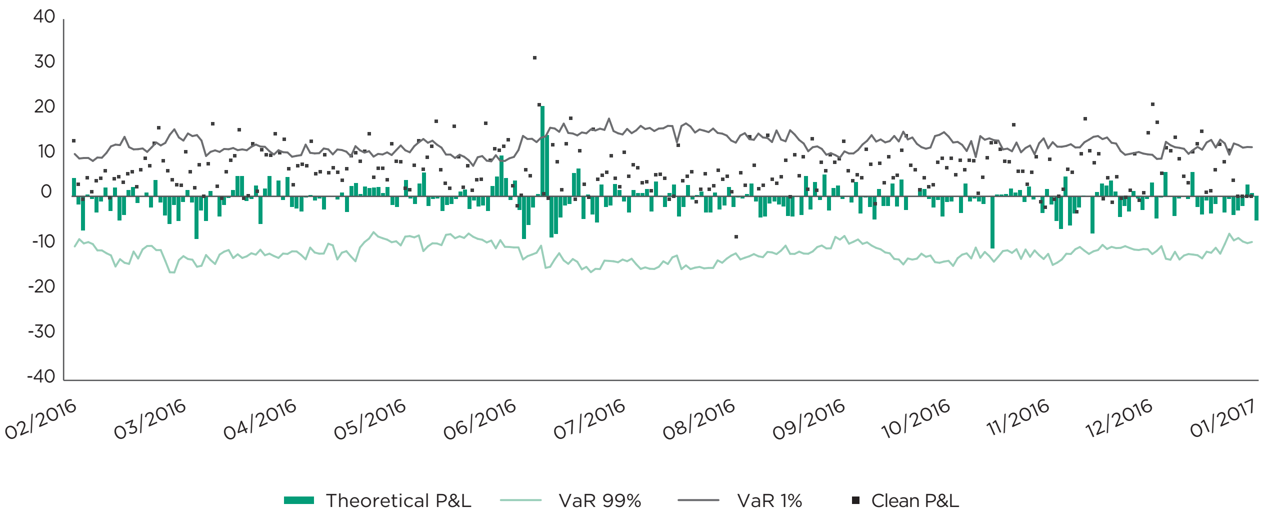
- the use of daily shocks assumes that all positions can be liquidated or covered in one day, which is not always the case for certain products and in certain crisis situations;
- the use of a 99% confidence interval leaves out losses that could occur outside that interval: VaR is consequently an indicator of risk under normal market conditions and does not take into account movements of exceptional magnitude;
- VaR does not provide any information on amounts of exceptional losses (beyond the 99% confidence interval).

Back-testing

A back-testing process is applied to check the relevance of the VaR model for each of Crédit Agricole Group's entities that has capital market activities. This process verifies *a posteriori* whether the number of exceptions (days when actual losses exceeded estimated VaR) was within the 99% confidence interval (a daily loss should exceed the calculated VaR only two or three times a year).

Thus at 31 December 2016, within the regulatory scope of Crédit Agricole Corporate and Investment Bank (see graph below) there is no longer a rolling 12-month VaR exception. The multiplier, used to calculate capital requirements has been at its minimum of 4 since end-2015.

BACKTESTING OF REGULATORY VAR OF CRÉDIT AGRICOLE CORPORATE AND INVESTMENT BANK FOR 2016 (MILLIONS OF EUROS)



1.2 STRESS SCENARIOS

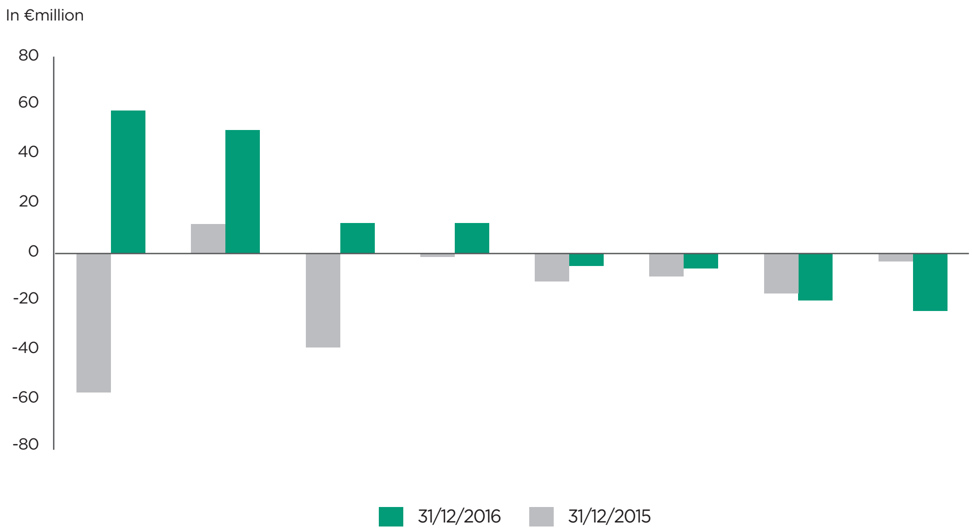
Stress scenarios complement the VaR measure, which does not capture the impact of extreme market conditions. Stress scenarios are calculated following Group principles to simulate extreme market conditions and are the result of different complementary approaches:

- historical scenarios, which consist in replicating the impact on the current portfolio of major crises observed in the past. The past crises used in historical stress scenarios are the 1987 stock market crash, the 1994 bond market crisis, the 1998 credit market crisis, coupled with falling equity markets, sharply rising interest rates and declining emerging-country currencies; the 2008 crisis following the failure of Lehman Brothers (two stress scenarios measuring the impact of market movements after the failure);
- hypothetical scenarios anticipating plausible shocks, which are developed in conjunction with economists. The hypothetical scenarios used are **economic recovery** with rising equity and commodity markets, flattening yield curves, appreciation of the USD and narrowing credit spreads; **liquidity crunch**, with flattening yield curves, widening spreads, falling equity markets; and **international tensions**: a scenario representing economic conditions in a context of international tensions between China and the United States (rising volatility and falling prices on the equity markets, falling futures prices and rising volatility on the commodities market, flattening yield curves, fall of the USD against other currencies, widening credit spreads).

The stress scenarios are calculated weekly.

At year-end 2016 the risk levels of Crédit Agricole Group assessed through historical and hypothetical stress scenarios were as follows:

ESTIMATED LOSSES ASSOCIATED WITH STRESS SCENARIOS



In addition other types of stress tests are performed:

- at the level of the entities, adverse stress tests enabling evaluation of the impact of major and unfavourable market movements on the different business lines including activities in run-off;
- at the level of Crédit Agricole Corporate and Investment Bank extreme adverse stress tests are used to measure the impact of even more severe market shocks.

1.3 COMPLEMENTARY INDICATORS

Other complementary indicators are also produced by the entities and can, as part of the risk containment system, be subject to limits. These include indicators of sensitivity to various risk factors, loss alerts, stop-loss indicators, nominal amounts, outstandings, remaining terms, etc. These indicators provide fine-grained measurements of exposure to different market risk factors, serve to identify atypical transactions and fill out the summary picture of risks supplied by VaR and global stress scenarios.

1.4 CRD 4 INDICATORS

Stressed VaR

So-called "stressed" VaR is intended to correct the pro-cyclical nature of the Company's historical VaR. The latter is indeed is calculated over the one-year period preceding the measurement date, and where the associated market parameters reflect calm market conditions with low volatility, it can display a low level.

Stressed VaR is calculated using a 99% confidence interval of one day and over a period of tension corresponding to the worst period observed for the most significant risk factors.

At end-2016, the period used at Crédit Agricole Corporate and Investment Bank was March 2008-March 2009. In addition to the VaR capital requirement, there is now a stressed VaR capital requirement.

Incremental Risk Charge

The IRC (Incremental Risk Charge) is an additional equity requirement related to the risk of default and migration on so-called linear credit positions (*i.e.* not including credit correlation positions), required by the CRD 4 directive.

Its purpose is to quantify any unexpected losses caused by credit events on the issuers, *i.e.* default and migration of rating (the case of either a fall or a rise in credit rating).

The IRC is calculated with a confidence interval of 99.9% over a risk period of one year, by Monte Carlo simulations of migration scenarios based on three sets of data:

1) a one year transition matrix provided by S&P and adapted to the internal rating system of Crédit Agricole Corporate and Investment Bank. This matrix gives the transition probabilities for an issuer based on its initial credit rating to higher or lower credit ratings, as well as its probability of default;
2) the correlation of issuers with systemic factors;
3) average spread curves by rating from which the shocks resulting from migrations are deducted.

These simulated credit default and migration scenarios then make it possible to value positions using the Crédit Agricole Corporate and Investment Bank models.

The IRC is then defined as the 99.9% quantile of the breakdown of the valuations thus obtained.

Comprehensive Risk Measure

Comprehensive Risk Measure measures the risk of default, the risk of a rating change, and market risks on the credit correlation portfolio.

The Blue Mountain Capital transaction was unwound during the past year. At end-2016, the Group did not have any capital requirement with respect to Comprehensive Risk Measure.

Credit Value Adjustment (CVA)

The value adjustment linked to the counterparts quality (CVA) aims to integrate in derivatives' valuation credit risk associated with the counterparty (risk of non-payment of sums due in the event of default). It is calculated on an aggregate basis by counterparty according to the future exposure profile of the transactions after deducting any collateral. This adjustment is always negative and is deducted from the fair value of the financial assets on the balance sheet.

CRD 4 brought in a new capital charge to cover volatility in the CVA. Under the directive, banks authorised to calculate their capital requirements using their internal models for both counterparty risk and specific rate risk must calculate their CVA risk capital charge using the advanced measurement method ("CVA VaR"). The size of these capital requirements is calculated using the same methodology and tools as for market VaR in respect of specific interest rate risk.

The ACPR has validated the CVA VaR model used by Crédit Agricole Corporate and Investment Bank and, following application of CRD 4 (Basel 3) as from 1 January 2014, the additional capital required relative to the CVA (VaR and stressed VaR) has been measured since 2014.

2. Use of credit derivatives

CDS are used for hedging purposes in the following cases:

- management of credit exposure from the loan book or derivatives portfolio (CVA);
- hedging of bond portfolio exposure;
- hedging of the exposure of hybrid derivatives portfolios (e.g. to hedge the issuance of credit-linked notes sold to investor customers).

IV. Exposures

VaR (Value at Risk)

Given the low exposure of the Regional Banks to market risk, Credit Agricole S.A. Group total VaR is representative of Crédit Agricole Group VaR on market activities.

Group VaR is calculated by incorporating the impacts of diversification between the different entities of the Group.

The scope considered for capital market activities of Crédit Agricole Corporate and Investment Bank is the regulatory VaR (measured through an internal model approved by the ACPR).

The change in VaR on the capital markets activities of Crédit Agricole S.A. Group between 31 December 2015 and 31 December 2016, broken down by major risk factor, is shown in the table below:

BREAKDOWN OF VAR (99%, ONE DAY)

(in millions of euros)	31/12/16	Minimum	Maximum	Average	31/12/15
Fixed income	6	5	15	10	7
Credit	4	3	19	4	7
Foreign exchange	4	2	6	3	3
Shares	1	0	4	1	1
Commodities	-	-	-	-	-
Offsetting	(5)	-	-	(5)	(3)
VAR OF CRÉDIT AGRICOLE S.A. GROUP	**10**	**9**	**17**	**13**	**15**
For reference: Sum of the VaRs of all entities	16	12	22	17	20

At 31 December 2016, Group VaR was €10 million, a fall since 31 December 2015, mainly due to changes in credit risk and offsetting effects. For reference, without accounting for the diversification effect between different entities, the total VaR would be €16 million (of which €12 million for Crédit Agricole Corporate and Investment Bank).

The "Fixed income" VaR fell to €6 million at 31 December 2016 (from €7 million in 2015) in a low-rate environment.

The "Credit" VaR fell to €4 million due to hedging of risks related to the CVA.

"Forex" VaR rose slightly to €4 million at 31 December 2016.

The contribution of "Equities" VaR was a marginal €1 million, unchanged from year-end 2015.

The graph shows VaR over 2016. Volatility rose mainly due to changes in market parameters:

CRÉDIT AGRICOLE S.A. GROUP VAR BETWEEN 01/01/2016 AND 31/12/2016

Stressed VaR

The stressed VaR is calculated on the scope of Crédit Agricole Corporate and Investment Bank.

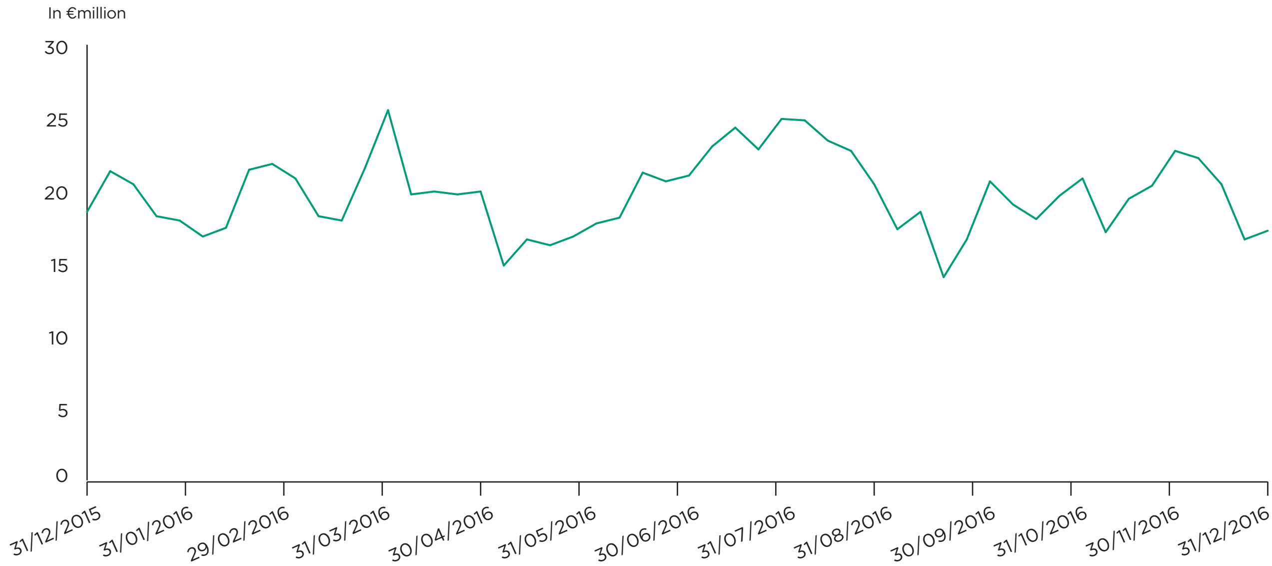
The table below shows the change in the regulatory stressed VaR on the capital market activities of Crédit Agricole Corporate and Investment Bank, between 31 December 2015 and 31 December 2016:

CHANGE IN STRESSED VAR (99%, ONE DAY)

(in millions of euros)	31/12/2016	Minimum	Maximum	Average	31/12/2015
Crédit Agricole CIB stressed VaR	17	14	26	20	20

The graph below shows the change in the regulatory stressed VaR of Crédit Agricole Corporate and Investment Bank over 2016:

CRÉDIT AGRICOLE S.A. REGULATORY STRESSED VAR BETWEEN 01/01/2016 AND 31/12/2016



At end-December 2016, stressed regulatory VaR at Crédit Agricole Corporate and Investment Bank was €17 million, up by €3 million on 31 December 2015. Averaged over the year, stressed VaR (€20 million) was at a similar level to 2015, in line with Crédit Agricole CIB's prudent management policy.

Capital requirements related to Incremental Risk Charge (IRC)

IRC is calculated on the so-called linear (*i.e.* excluding correlation positions) scope of Crédit Agricole Corporate and Investment Bank's positions.

The table below shows the changes in IRC on the capital market activities of Crédit Agricole Corporate and Investment Bank between 31 December 2015 and 31 December 2016:

(in millions of euros)	31/12/2016	Minimum	Maximum	Average	31/12/2015
IRC	127	109	167	135	141

Changes to IRC during 2016 mainly reflected changes in exposures to European sovereign debt, which were reduced as from the second quarter.

V. Equity risk

Equity risk arises in the trading and arbitrage of equity securities, as well as on shares held in the investment portfolio.

1. Equity risk from trading and arbitrage activities

Equity risk from trading and arbitrage activities arises from positions taken on shares and stock market indices *via* cash or derivatives markets (positions in exotic equity derivatives are being managed in run-off mode, and no new transactions of this kind are being made). The main risk factors are prices of shares/stock indices, volatilities of those prices and smile parameters of those volatilities[(1)].

Measurement and containment of equity risk is addressed in the description of the processes indicated in section III above.

This risk is monitored by means of VaR. 2016 values are shown in the table in section IV above. Equity VaR was €1 million at 31 December 2016 (unchanged from 31 December 2015).

2. Equity risk from other activities

A number of Crédit Agricole Group entities hold portfolios that are invested partly in equities and structured products whose market value depends on prices of underlying equities and equity indices. The valuation methods used for shares recognised under "available-for-sale assets" are described in Note 10.2 to the financial statements. At 31 December 2016, total outstandings exposed to equity risk *via* these portfolios primarily comprise available-for-sale financial assets for €32.7 billion (including insurance company portfolios for €26.1 billion) and financial assets at fair value through profit or loss held by insurance companies for €13.8 billion.

Note 6.4 to the financial statements gives figures in particular on outstandings of equities, and unrealised gains and losses on "available-for-sale financial assets". Information on market risk (including equity risk) on the portfolios held by the insurance companies is presented below in the section on "insurance sector risks".

(1) Smile is the parameter that takes into account the variability of volatility based on the exercise price of option-based products.

SENSITIVE EXPOSURES BASED ON THE FINANCIAL STABILITY BOARD RECOMMENDATIONS

The following exposures (see table below) correspond to the recommendations of the Financial Stability Board. This information forms an integral part of Crédit Agricole CIB's consolidated financial statements at 31 December 2016. In this respect, it is covered by the Statutory Auditors' report on the annual financial information.

I. Summary schedule of exposures

	Assets under loans and receivables					Assets at fair value			
(in millions of euros)	Gross exposure	Haircut	Collective provisions	Net exposure	Accounting category	Gross exposure	Haircut	Net exposure	Accounting category
RMBS	8	0	0	7	(1)	22	(6)	16	(3)
CMBS	0	0	0	0		2	0	2	
Unhedged super senior CDOs	697	(697)	0	0	(2)	1,419	(1,405)	14	
Unhedged mezzanine CDOs	17	(17)	0	0		187	(187)	0	
Unhedged CLOs	2	0	0	2		0	0	0	

(1) Loans and receivables to credit institutions and to customers – securities not listed on an active market (see Note 6.5 to the consolidated financial statements).

(2) Loans and receivables to customers – securities not listed on an active market (see Note 6.5 to the consolidated financial statements).

(3) Financial assets at fair value through profit or loss – bonds and other fixed income securities and derivatives (see Note 6.2 to the consolidated financial statements).

II. Mortgage Asset Backed Securities (ABS)

RMBS *(in millions of euros)*	United States		United Kingdom		Spain	
	31/12/2015	31/12/2016	31/12/2015	31/12/2016	31/12/2015	31/12/2016
Recognised under loans and receivables						
Gross exposure	0	0	22	8	0	0
Haircut [1]	0	0	(1)	(0)	0	0
Net exposure in millions of euros	**0**	**0**	**21**	**7**	**0**	**0**
Recognised under assets measured at fair value						
Gross exposure	0	0	23	20	2	2
Haircut	0	(0)	(3)	(5)	(0)	(0)
Net exposure in millions of euros	**0**	**0**	**20**	**15**	**2**	**2**
% underlying subprime on net exposure	0%	0%				
Breakdown of gross exposure, by rating						
AAA						
AA					100%	100%
A			49%	82%		
BBB			51%			
BB				18%		
B						
CCC						
CC						
C						
Not rated						

CMBS *(in millions of euros)*	United States		United Kingdom		Other	
	31/12/2015	31/12/2016	31/12/2015	31/12/2016	31/12/2015	31/12/2016
Recognised under loans and receivables						
Net exposure[1]	0	0	0	0	3	0
Recognised under assets measured at fair value						
Net exposure	0	0	2	2	0	0

(1) There have been no collective provisions since 31 December 2014.

Purchases of protection on RMBSs and CMBSs measured at fair value:

- 31 December 2016: nominal = €9 million; fair value = €4 million;
- 31 December 2015: nominal = €9 million; fair value = €3 million.

Mortgage ABSs are measured at fair value based on information provided by outside sources.

III. Measurement methodology for super senior CDO tranches with US residential mortgage underlyings

1. Super senior CDOs measured at fair value

Super senior CDOs are measured by applying a credit scenario to the underlyings (mainly residential mortgages) of the ABSs making up each CDO.

The final loss percentages in existence are:

- determined based on the quality and origination date of each residential loan;
- expressed as a percentage of the nominal amount. This approach allows us to assess our loss assumptions on the basis of our risks on the Bank's statement of financial position.

The future cash flows obtained are then discounted at a rate which takes market liquidity into account.

Closing date	Loss rates on subprime produced in		
	2005	2006	2007
31/12/2015	50%	60%	60%
31/12/2016	**50%**	**60%**	**60%**

2. Super senior CDOs at amortised cost

Since the fourth quarter of 2012, impairment has been calculated using the same methodology as for super senior CDOs measured at fair value, but the future cash flows obtained are discounted at current interest rates on the reclassification date.

IV. Unhedged super senior CDOs with US residential mortgage underlyings

At 31 December 2016, Crédit Agricole CIB had a net exposure of €14 million to unhedged super senior CDOs.

1. Breakdown of super senior CDOs

(in millions of euros)	Assets at fair value	Assets under loans and receivables
Nominal	**1,419**	**697**
Haircut	1,405	697
Collective provisions	0	0
Net amount	**14**	**0**
Net amount at 31/12/2015	*13*	*0*
Haircut rate(1)	99%	100%
Underlying		
% of underlying subprime assets produced before 2006	24%	0%
% of underlying subprime assets produced in 2006 and 2007	36%	0%
% of underlying Alt-A assets	4%	0%
% of underlying Jumbo assets	0%	0%

(1) After inclusion of fully written down tranches.

2. Other exposure at 31 December 2015

(in millions of euros)	Nominal	Haircut	Collective provisions	Net
Unhedged CLOs measured at fair value	0	0		0
Unhedged CLOs recognised in loans and receivables	2	(0)		2
Unhedged Mezzanine CDOs measured at fair value	187	(187)		0
Unhedged Mezzanine CDOs recognised in loans and receivables(1)	17	(17)		0

(1) Mezzanine CDO tranches derived from the liquidation of a CDO previously recognised in loans and receivables.

V. Protections

Breakdown of net exposure to monolines at 31 December 2016

	Monolines covering:			
(in millions of euros)	US residential CDOs	CLOs	Other underlying	Total protection acquired from monolines
Gross notional amount of purchased protection	45	59	163	267
Gross notional amount of hedged items	45	59	163	267
Fair value of hedged items	34	59	126	218
Fair value of protection before value adjustments and hedges	**11**	**0**	**38**	**49**
Value adjustments recognised on protection	0	0	0	0
Residual exposure to counterparty risk on Monolines	**11**	**0**	**38**	**49**

Following the acquisition of CIFG by the monoline insurer Assured Guaranty, the latter now covers 100% of our positions. Since it is regarded as a sound counterparty (rated AA by Moody's) no monoline provision has thus been recorded in our financial statements.

ASSET AND LIABILITY MANAGEMENT

I. Asset and liability management – Structural financial risks

Crédit Agricole S.A.'s Financial Management department defines the principles of financial management and ensures their consistent application within Crédit Agricole Group. It has responsibility for organising financial flows, defining and implementing refinancing rules, performing asset and liability management and managing solvency ratios.

Optimising financial flows within Crédit Agricole Group is an ongoing objective. Pooling of surplus resources and making it systematically possible to hedge the associated risks contribute to this objective.

Thus the principles of the Group's ALM approach ensure that any surpluses and shortfalls in terms of customer resources, in particular resources collected by the Regional Banks, are centralised in the books of Crédit Agricole S.A. This resource pooling helps in refinancing other Group entities as needed (including Crédit Agricole Leasing & Factoring and Crédit Agricole Consumer Finance).

This system for centralising the management of liquidity at Crédit Agricole S.A. serves to control and optimise cash management, especially since it is accompanied by partial interest rate matching.

Consequently, the Group has a high level of financial cohesion, with limited diffusion of financial risks, particularly liquidity risk. However, the Group's various entities are responsible for managing the risk that remains at their level, within the limits assigned to them.

Limits are defined by order of the Chief Executive Officer of Crédit Agricole S.A. in the framework of the Group Risk Management Committee, approved by the Board of Directors of Crédit Agricole S.A., and apply throughout Crédit Agricole S.A. Group:

- subsidiaries that carry asset and liability risks comply with limits set by Crédit Agricole S.A.'s Group Risk Management Committee;
- methods of measuring, analysing and managing assets and liabilities of the Group are defined by Crédit Agricole S.A. Regarding the retail banks' balance sheets in particular, a consistent system of run-off conventions and patterns has been adopted for the Regional Banks, LCL and the foreign subsidiaries;
- Crédit Agricole S.A. consolidates the subsidiaries' measurements of their asset-liability risks. Results of these measures are monitored by Crédit Agricole S.A.'s Treasury and ALM Committee;
- Crédit Agricole S.A.'s Financial Management department and Risk Management and Permanent Controls department take part in meetings of the ALM Committees of the main subsidiaries.
- at Regional Bank level, their Boards of Directors set the limits for overall interest rate risk and the trading portfolio and determine alert thresholds for managing their investment portfolios (available-for-sale securities). These limits are monitored by Crédit Agricole S.A.

II. Global interest rate risk

1. Objectives

The objective of global interest rate risk management is to stabilise the future profits of Group entities against the impact of any adverse interest rate movements.

Changes in interest rates impact net interest income by creating mismatches in timing or in the type of indexation between assets and sources of funds. Interest rate risk management uses balance sheet or off-balance sheet transactions to limit the resulting volatility in income.

The scope for monitoring the global interest rate risk is made up of entities whose business generates an interest rate risk:

- Regional Banks;
- LCL Group;
- Crédit Agricole S.A.;
- International retail banks, such as Cariparma Group;
- Crédit Agricole Corporate and Investment Bank;
- Crédit Agricole Consumer Finance Group;
- Crédit Agricole Leasing & Factoring Group;
- CACEIS;
- Amundi.

The interest rate risk borne by the Insurance business is monitored using indicators specific to this business line. An assessment of the impact of an instantaneous rate shock on the level of own funds under Solvency II is performed on the Crédit Agricole Assurances scope. This indicator incorporates an alert threshold.

2. Governance

2.1 INTEREST RATE RISK MANAGEMENT – ENTITIES

Each entity manages its exposures under the supervision of its ALM Committee, in accordance with the Group's limits and standards. The limits of Crédit Agricole S.A.'s subsidiaries are reviewed annually and validated by the Group Risk Management Committee.

The Financial Management department and the Risk Management and Permanent Controls department are represented on the main subsidiaries' ALM Committees. They ensure harmonisation of methods and practices across the Group and monitor compliance with the limits assigned to each of the subsidiaries' entities.

Each Regional Bank's situation as regards global interest rate risk is reviewed quarterly by the Regional Banks' Risk Management Committee.

2.2 INTEREST RATE RISK MANAGEMENT – GROUP

The Group's exposure to global interest rate risk is monitored by Crédit Agricole S.A.'s Treasury and ALM Committee.

This Committee is chaired by the Chief Executive Officer of Crédit Agricole S.A. and includes several members of the Executive Committee along with representatives of the Risk Management and Permanent Controls department:

- it examines the individual positions of Crédit Agricole S.A. and its main subsidiaries along with consolidated positions at each quarterly closing;
- it examines compliance with limits applicable to Crédit Agricole S.A. Group and to entities authorised to bear global interest rate risk;
- it validates the guidelines for global interest rate risk of Crédit Agricole S.A. proposed by the Financial Management department.

Limits approved by Crédit Agricole S.A.'s Board of Directors govern the Group's exposure to global interest rate risk.

3. Measurement and management system

3.1 MEASUREMENT

The rate risk measurement is mainly based on the calculation of rate gaps or impasses.

This methodology consists of creating future projections of outstandings at known rates and inflation-indexed outstandings according to their contractual features (maturity date, amortisation profile) or by modelling out flows of outstandings where:

- the maturity profile is not known (products with no contractual maturity, such as demand deposits, passbook accounts or capital);
- implicit options sold to customers are incorporated (early loan repayments, home purchase savings, etc.).

These models are usually defined based on a statistical analysis of past customer behaviour coupled with a qualitative analysis (economic and regulatory context, commercial strategy, etc.).

Consistency between the models used by the Group's various entities is ensured by the fact that the models must adhere to the modelling principles approved by the Standards and Methodology Committee. They are approved by the entity's ALM Committee and their relevance is monitored on an annual basis.

The gaps are consolidated quarterly at Group level. When their management requires it, some entities, particularly the major ones, measure their gaps more frequently.

The rules that apply in France to the Livret A passbook savings account interest rate, which is a benchmark for part of the deposits collected by the Group's retail banking business (regulated products and others), index a portion of the interest to inflation over a rolling 12-month period. As a result, the Group hedges the risk associated with these balance sheet items using instruments (carried on or off the balance sheet) for which the underlying is an inflation rate.

Option risks are included in the gaps using a delta-equivalent measure. A portion of these risks is hedged using option based products.

These various measurements have been complemented by the implementation, for the Group's main entities, of the basis risk measurement, which relates to adjustable- and variable-rate transactions for which the rate-setting conditions are not consistent for both assets and liabilities.

This measurement system is applied to all significant currencies (mainly USD, GBP and CHF).

3.2 LIMITATION SYSTEM

The limits set at Group and entity levels put bounds on the extent of the maximum discounted loss over the next 30 years and the maximum annual loss over the next 15 years in the event of a rate shock.

The rules for setting limits are intended to protect the Group's net asset value in accordance with Pillar 2 of the Basel 3 regulations regarding global interest rate risk and to limit the volatility, over time, of interest income by avoiding sizeable concentrations of risk on certain maturities. As well as being validated by the Group Risk Management Committee, these limits must be approved by each entity's decision-making body.

Each entity (including Crédit Agricole S.A.) hedges the interest rate risks generated by this method of financial organisation at its own level, by means of financial instruments (on-and-off-balance sheet, fixed or optional).

3.3 ASSESSMENT OF INTERNAL CAPITAL REQUIREMENTS

Internal capital requirements with respect to the interest rate risk are measured, taking into account:

- the directional interest rate risk (calculated based on gaps);
- the option rate risk (mainly gamma effect on, caps);
- the behavioural risk (such as early fixed-rate loan repayments).

This measurement is performed using a set of internal hypotheses incorporating interest rate curve distortions that are calibrated using a method consistent with that used to assess the other risks measured under Pillar 2.

4. Exposure

The Group's interest rate gaps are broken down by type of risk (nominal rate/real rate) in the various currencies. They measure the surplus or deficit on sources of fixed-rate funds. By convention, a positive (negative) figure represents a downside (upside) risk on interest rates in the year considered. The figure indicates the economic sensitivity to a change in interest rates.

The results of these measures for Crédit Agricole Group at 31 December 2016 are as follows:

GAPS IN EUROS (AT 31 DECEMBER 2016)

(in billions of euros)	2017	2018-2022	2023-2027	> 2027
Gaps in euros	(19.8)	(10.9)	(4.7)	(4.8)

Over the course of 2017, Crédit Agricole Group is exposed to an increase in the Eurozone interest rate and would lose €197.8 million in the event of an interest rate increase of 100 basis points, amounting to a 0.65% drop in 2016 revenues (compared to a €42.7 million drop, i.e. 0.13% of revenues, at the 31 December 2015 reporting date).

The cumulative impact over the next 30 years of a 200 basis point rate increase is equivalent to €2,947.9 million, amounting to 2.93% of Crédit Agricole Group's regulatory capital (Tier 1 + Tier 2) after deduction of equity investments.

OTHER CURRENCY GAPS (AT 31 DECEMBER 2016)

(in billions of euros)	2017	2018-2022	2023-2027	> 2027
Other currency gaps[1]	2.3	2.0	1.1	0.3

(1) Sum of all gaps in all currencies in absolute values countervalued in billions of euros.

The impact of a negative 100 basis point shock on the gaps in other currencies amounts to -€23 million over 2017, equivalent to 0.08% of 2016 revenues.

The main currencies to which Crédit Agricole S.A. Group is exposed are the USD, PLN, CHF, MAD and CNY.

III. Foreign exchange risk

Foreign exchange risk is treated differently depending on whether the currency position is structural or operational.

1. Structural foreign exchange risk

The Group's structural foreign exchange risk arises from long-term investments by the Group in assets denominated in foreign currencies (equity of the foreign operating entities, whether resulting from acquisitions, transfers of funds from the head office, or capitalisation of local earnings), with the Group's reference currency being the euro.

At 31 December 2016, the Group's main structural foreign currency positions, on a gross basis before hedging, are in US dollars and currencies pegged to the dollar (such as the Hong Kong dollar), in pounds sterling, Swiss francs, Polish zlotys, Moroccan dirhams and Japanese yen.

Foreign exchange risks are borne mainly by Crédit Agricole S.A. and its subsidiaries. The Regional Banks retain only a residual risk. Positions are determined on the basis of financial statements.

In most cases, the Group's policy is to borrow in the currency in which the investment is made in order to immunise that asset against foreign exchange risk.

The Group's policy for managing structural foreign exchange positions has two overall objectives:

- first, to immunise the Group's solvency ratio against currency fluctuations. Unhedged structural foreign exchange positions are sized in order to obtain such immunisation;
- second, to hedge the risk of asset impairment due to changes in foreign exchange rates.

Five times a year, the Group's foreign exchange positions are presented to the Crédit Agricole S.A. Treasury and ALM Committee, which is chaired by the Chief Executive Officer. General decisions on how to manage positions are taken during these meetings. In this case, the Group documents net investment hedges in foreign currencies.

2. Operational foreign exchange risk

Operational foreign exchange risk arises from revenues and expenses of all kinds that are denominated in currencies other than the euro (provisions, net income generated by foreign subsidiaries and branches, dividends in foreign currencies, etc.) and from balance sheet imbalances.

Crédit Agricole S.A. manages the positions affected by foreign currency revenues and expenses that appear on its books, as does each entity within the Group that bears significant risk. The Foreign Subsidiaries' Treasury departments manage their operational foreign exchange risk in their local currency.

The Group's general policy is to limit its operational currency positions and not to hedge revenues that have not yet materialised, unless there is a strong probability that losses will materialise and unless the impairment risk is high.

In accordance with the foreign exchange risk monitoring and management procedures, operational currency exposure positions are updated monthly, or daily for foreign exchange trading operations.

In view of the predominance of its savings and retirement activities, Crédit Agricole Assurances Group is more particularly exposed to financial market risk, mainly asset-liability, notably rate risk, equity market risk, forex risk and liquidity risk. Its financial investments also expose it to counterparty risk. Crédit Agricole Assurances Group also faces insurance risks of various natures. Lastly, it is exposed to operational risk linked to non-compliance risk and to legal risk particularly in process execution.

IV. Liquidity and financing risk

Like all credit institutions, the Group is exposed to liquidity risk, i.e. the risk of not having sufficient funds to honour its commitments. This risk could materialise if, for instance, there were a general crisis of confidence among investors in the money and bond markets or massive withdrawals of customer deposits.

1. Objectives and policy

The Group's primary objective in managing liquidity is to ensure that it has sufficient resources to meet its requirements in the event of any type of severe, prolonged liquidity crisis.

To manage this, the Group uses an internal liquidity risk management and control system whose objectives are:

- to maintain liquidity reserves;
- to match these reserves with future liabilities coming due;
- to organise its refinancing to achieve an appropriate short and long-term refinancing timeframe and diversify sources of refinancing;
- to ensure a balanced development between customer loans and deposits.

The system includes indicators, limits and alert thresholds. These are calculated and monitored for all Group entities and consolidated to allow monitoring of liquidity risk across the whole Crédit Agricole Group scope.

It also incorporates compliance with regulatory liquidity constraints. The LCR, along with the Additional Liquidity Monitoring Metrics (ALMM) calculated on a company or sub-consolidated basis for the Group entities in question and on a consolidated basis for the Group, are disclosed in a monthly report to the ECB.

2. Methodology and governance of the internal liquidity risk management and control system

Crédit Agricole Group's liquidity risk management and control system is built around indicators defined in a standard and divided into four separate groups:

- short-term indicators derived largely from simulations of crisis scenarios. The purpose of these is to schedule maturities and volumes of short-term refinancings as a function of liquidity reserves, cash flow from commercial business and repayment of long-term borrowings;
- long-term indicators used to assess and schedule maturities of long-term debt: limits on maturity concentrations, allowing the Group to anticipate its refinancing needs and avoid any risk of difficulties with refinancing on the markets;
- diversification indicators, which allow the Group to monitor and manage concentrations of sources of market refinancing (by refinancing channel, type of debt, currency, geographical region, investor);
- cost indicators used to measure the short-term and long-term trends in the Group's issue spreads and their impact on the cost of liquidity.

It is the responsibility of the Standards and Methodology Committee, after taking advice from Group Risk Management and Permanent Controls, to validate the definition of and any changes to these indicators proposed by Crédit Agricole S.A.'s Group Finance department.

The Crédit Agricole S.A. Board of Directors approves the general policy for Group liquidity risk management and sets limits for key indicators in light of the Group's liquidity risk tolerance. The Group Risk Management Committee, which proposes these limits to the Board, determines how they are translated to each of the Group's constituent entities.

Accordingly, each subsidiary of Crédit Agricole S.A. and each Regional Bank is notified of the limits for the indicators controlled at Group level. In addition to this translation of the Group system, the asset-liabilities committees (or their equivalent) of these entities define a specific set of limits for the risks relating to their own business. They are also free to decide locally to apply a stricter control than that required by the Group.

3. Management of liquidity

Crédit Agricole S.A. controls the management of liquidity risk. The Finance department is responsible, in respect of short-term refinancing, for:

- setting spreads on short-term funds raised under the various programmes (mainly negotiable CDs);
- centralising assets eligible for refinancing by the Central banks of Group entities and specifying the terms and conditions of use in the framework of tenders;
- monitoring and forecasting cash positions.

And in respect of long-term refinancing, for:

- assessing needs for long-term funds;
- planning refinancing programmes to meet these needs;
- executing and monitoring these programmes over the course of the year;
- reallocating the funds raised to Group entities;
- setting prices for liquidity in intragroup flows.

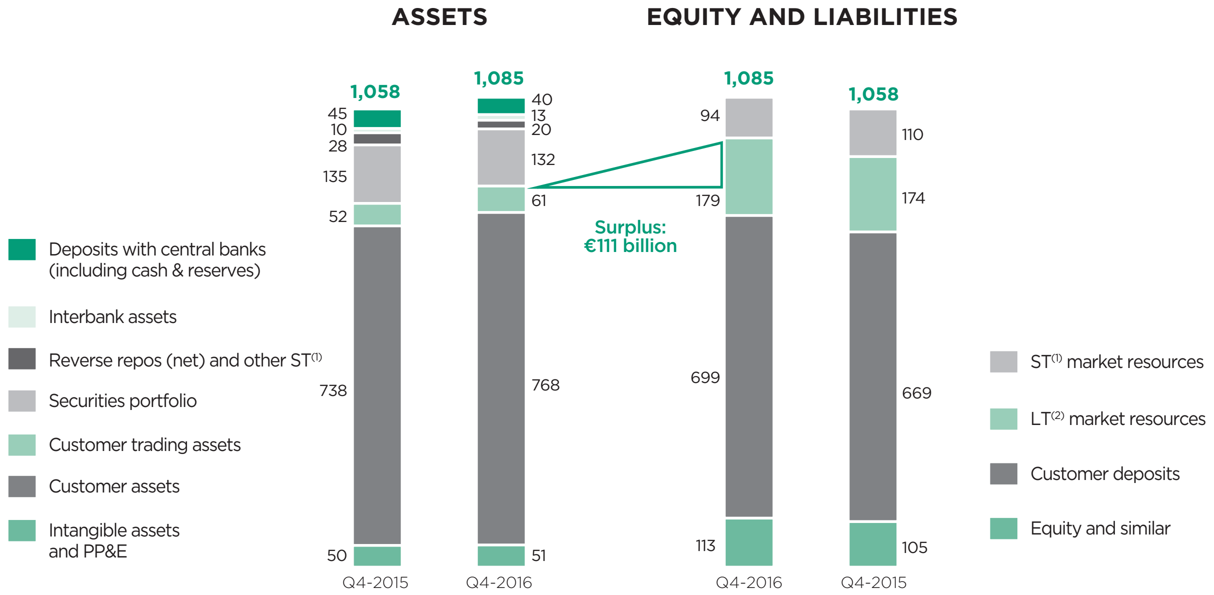
Long-term refinancing programmes comprise various instruments (see below). The body in charge of these tasks at an operational level is the Group's Treasury and Liquidity Committee, which reviews all matters relating to liquidity issues ranging from intraday to medium/long-term. It proposes policy directions for the Group's Asset-Liability Management and Capital Liquidity Committee.

The Asset-Liability Management and Capital Liquidity Committee, chaired by the Chief Executive Officer of Crédit Agricole S.A. (who is also informed of the Group's liquidity positions), is responsible for all key decisions concerning the management of funding programmes, the launch of new programmes, the validation of funding budgets, and management of the balance between loans and deposits.

If funding markets tighten, a Committee is set up by the Executive Management, the Group Risk Management and Permanent Controls department and the Group Finance department in order to keep a close watch on the Group's liquidity situation.

4. Quantitative information

4.1 CASH BALANCE SHEET AT 31 DECEMBER 2016



(1) ST : short term with a duration of up to 370 days.

(2) LT: long term with a duration of more than 370 days.

In order to provide simple, pertinent and auditable information on the Group's liquidity position, the cash balance sheet long-term sources surplus is calculated quarterly.

This cash balance sheet is derived from Crédit Agricole Group's IFRS financial statements. It is based on the definition of a comparison table between the Group's IFRS financial statements and the sections of the cash balance sheet as they appear below, the definition of which corresponds to that commonly accepted in the market.

It relates only to the banking sector, insurance business being managed by specific regulatory constraints.

Following this breakdown of the IFRS financial statements in the sections of the cash balance sheet, netting was carried out on the assets and liabilities that have a symmetrical impact in terms of liquidity risk. The amount of €66 billion in *repos/reverse repos* was thus eliminated insofar as these outstandings reflect the activity of the securities desk in carrying out securities lending operations that offset each other.

In a final stage, other restatements reassign any amounts that accounting standards would allocate to one section when they are economically dependent on another. Senior issues placed through the banking networks, which accounting standards would class as "LT market funds", are thus reclassified as "Customer deposits".

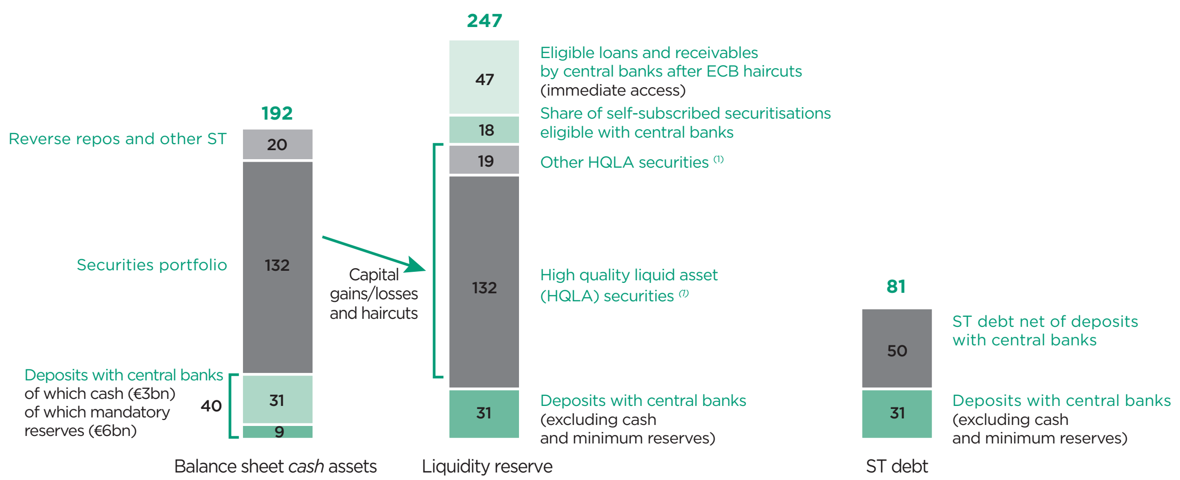
Long-term market funds increased by €5 billion during the financial year. These changes form part of the Group's policy to secure its liquidity risk. Note that for Central bank refinancing operations, funds raised under the T-LTRO (Targeted Longer-Term Refinancing Operation) are classed as long-term market funds. In fact, the new T-LTRO II operations do not allow for early redemption by the ECB, and given their four-year contractual maturity are equivalent to long-term secured refinancing, identical in liquidity risk terms to a secured issue.

The €111 billion surplus known as the stable resources position enables the Group to cover the LCR deficit generated by the durable assets and stable liabilities (customer assets, fixed assets, LT resources and capital).

The higher working capital requirement combined with an increase in customer assets matching that in customer deposits, resulted in an €11 billion reduction in the need to refinance on the markets for the period.

4.2 CHANGE IN CRÉDIT AGRICOLE GROUP'S LIQUIDITY RESERVES

Liquidity reserves after haircuts totalled €247 billion at 31 December 2016. They cover 305% of short-term debt at end-2016, compared to 257% a year earlier. In addition, HQLA (High Quality Liquid Asset) securities amounting to €132 billion, after haircuts, make up 264% of short-term debt not replaced with Central banks.



(1) Available liquid market securities after haircut.

Available liquidity reserves at end-2016 comprised:

- €47 billion in loans and receivables eligible for Central bank refinancing operations after the ECB haircut;
- €18 billion of securitisation shares held by the bank and eligible for Central bank refinancing operations, after haircut;
- €31 billion in Central bank deposits (excluding cash and mandatory reserves);
- a €151 billion securities portfolio, after haircuts. At 31 December 2016, this portfolio consisted of market liquid HQLA securities eligible for Central bank refinancing totalling €132 billion and other market liquid assets amounting to €19 billion after liquidity discount.

Liquidity reserves in 2016 averaged €243 billion.

The allocation of limits arising from Crédit Agricole Group's liquidity risk management and control system to each Crédit Agricole S.A. subsidiary and Regional Bank ensures that local liquidity risks are matched by adequate coverage from reserves.

4.3 REGULATORY RATIOS

Since March 2014, Eurozone banks have been obliged to report to their supervisory authorities their Liquidity Coverage Ratio (LCR), as defined by the EBA (European Banking Authority). The aim of the LCR is to boost the short-term resilience of banks' liquidity risk profile by ensuring that they have sufficient unencumbered High Quality Liquid Assets (HQLA) that can be converted into cash easily and immediately, on private markets, assuming a liquidity crisis lasting 30 calendar days. Since 1 October 2015, this ratio is limited for credit institutions to a minimum threshold which was 60% at end-2015, 70% on 1 January 2016 and which has been brought to 80% on 1 January 2017.

Crédit Agricole Group, like most European banking groups, already manages its LCR with a target of more than 100%. It exceeded 110% at 31 December 2016. Crédit Agricole S.A.'s LCR ratio also exceeded 110% at 31 December 2016.

Unlike the LCR, which is a ratio of flows, the NSFR (Net Stable Funding Ratio) is a ratio that compares the stock of assets with an effective or potential maturity of longer than one year to liabilities with similar effective or potential maturity. The definition of the NSFR assigns each balance sheet item a weighting based on its potential to mature in longer than one year. A number of these weightings are still under discussion and European regulations have not yet fully defined the ratio. A regulatory framework initially planned to be issued in 2018 May be delayed as part of the European legislative initiative launched at the behest of the European Commission on 23 November 2016.

To the best of our understanding, Crédit Agricole Group would currently meet NSFR requirements under existing regulations.

5. Funding strategy and conditions in 2016

2016 was marked by contrasting financing conditions.

During the first quarter, the slump in the price of oil and the economic indicators of emerging markets indicating a slowdown led to a widening of spreads, particularly on subordinated bonds. At the end of the quarter, the announcement of the ECB corporate bond buyback programme, coupled with low-rate forecasts in the United States, resulted in a tightening of spreads.

During the second quarter, the spreads remained relatively stable, despite macroeconomic concerns, due to central bank support, before widening at the time of the British referendum, which led to a sharp spike in volatility.

In the third quarter, once the shock of the pro-Brexit vote had settled, the spreads returned to pre-Brexit levels and continued to tighten over the summer, with the absence of senior and Tier 2 paper, particularly in the lead-up to the new "Sapin 2" law, to reach their lowest levels of the year.

Lastly, in the fourth quarter, fears about banks in Italy and Germany caused the spreads to increase. This widening was further emphasised by the presidential election in the United States followed by rumours that the ECB would end its quantitative easing programme and the increase in FED key rates in December.

The fourth quarter was marked by the enactment of the Sapin 2 law on 9 December, which brought with it the introduction of senior non-preferred debt in France.

The Group continues its prudent MLT funding policy, with highly diversified market access, in terms of investor base and products.

In 2016, the principal Group issuers raised €33.1 billion of senior and subordinated debt in the market.

To meet capital planning requirements and anticipate future resolution requirements,

In 2016 Crédit Agricole S.A. issued hybrid and subordinated debt instruments that comply with the new European CRD IV/CRR regulation, and are included in the calculation of regulatory capital for Crédit Agricole Group and Crédit Agricole S.A., in the amount of €1.4 billion:

- Additional Tier 1 debt of USD 1.25 billion in January 2016 (equal to €1.1 billion);
- Tier 2 debt of 37.7 billion yen in June 2016 (equal to €0.3 billion).

Lastly, during the 3rd quarter of 2016, Crédit Agricole Assurances issued €1 billion in 32-year NC12 Tier 2 subordinated debt.

Furthermore, Crédit Agricole S.A. was the first issuer of senior non-preferred debt in EUR and USD, issuing €1.5 billion in 10-year bonds on 13 December 2016, then USD 1.3 billion in 5-year bonds and USD 1 billion in 10-year bonds on 3 January 2017.

Created under the Sapin 2 law, senior non-preferred debt enables the Group to boost its financial profile and protect Crédit Agricole S.A.'s credit rating, improve the Group's TLAC ratio (impact of all senior non-preferred issues: ~ +29bps at 31 December 2016), optimise costs associated with the Group's liability structure, protect senior preferred debt holders and facilitate Crédit Agricole S.A.'s access to the senior preferred category (in terms of volume and price).

The success of Crédit Agricole S.A.'s issues among investors is essentially due to the strong financial position of Crédit Agricole Group, associated with its diversified business model, its ability to organically generate capital, the Group's level of regulatory capital that provides holders of senior non-preferred debt with increased protection, and a limited supply of senior non-preferred debt offered by Crédit Agricole S.A.: approximately €12 billion of senior non-preferred and Tier 2 debt to be issued between 2016 and 2019 to meet the TLAC target set out in the Group's Medium Term Plan, representing 22% of RWA, excluding the eligible senior preferred debt, as well as a simple "bullet" structure for the launch of the product, enabling the establishment of a benchmark price curve.

In 2016, to help meet its funding requirements, Crédit Agricole S.A. raised the equivalent of €12.2 billion in senior preferred debt on the markets, with an average maturity of 7.9 years:

- €5.3 billion of unsecured senior debt (EMTN, USMTN, Samurai) with an average maturity of 7 years;

- €6.9 billion of debt guaranteed by receivables collateralised by Crédit Agricole Home Loan SFH and Crédit Agricole Public Sector SCF, with an average maturity of 8.6 years.

In total, Crédit Agricole S.A. has raised the equivalent of €15.1 billion on the markets, in excess of its refinancing programme initially set at €14 billion (senior and subordinated).

In terms of foreign currency, these issues are very diversified: the euro represents 73% of the issues, the US dollar 16%, the yen 7%, the swiss franc 3%, and other currencies combined represent 1%.

The Group has also pursued its strategy of strengthening and developing access to diversified medium-to long-term resources, particularly through its specialist subsidiaries, with €16.9 billion of senior debt raised in 2016, in addition to the resources raised on the market by Crédit Agricole S.A.:

- Crédit Agricole CIB issued €7.1 billion, mainly in structured private placements with its international clients;
- Crédit Agricole Consumer Finance raised €7.5 billion, thereby strengthening its presence on the European ABS markets, in accordance with its self-funding objectives;
- Cariparma placed a €1.5 billion covered bond issue in the market (8-year and 15-year double tranche) based on Italian home loans;
- EFL raised €0.7 billion.

In addition, the Group placed bond issues amounting to €7.4 billion in its retail networks (Regional Banks, LCL, Cariparma) in 2016.

In terms of senior preferred debt:

- the issues of Crédit Agricole S.A. bonds placed in the Regional Banks networks and borrowing from supranational organisations (CDC, EIB, BDCE, etc.) represented a total of €2.1 billion with an average maturity of 10.5 years;
- LCL placed €0.6 billion and Amundi €0.2 billion;
- Cariparma placed €0.8 billion in its network.

Crédit Agricole S.A. also replaced old Tier 2 issues, placed in the Regional Banks network, with €3.7 million in new Tier 2 securities.

V. Hedging policy

Within Crédit Agricole Group derivative instruments are used for three main purposes:

- to meet demand from Group customers;
- to manage the Group's financial risks;
- to take positions for the Group's own account as part of specific trading activities.

Derivatives not held for hedging purposes (as defined by IAS 39) are recognised in the trading portfolio. Accordingly, these derivatives are monitored for market risk as well as counterparty risk, where applicable. Certain derivative instruments may be held for the economic hedging of financial risks, but without meeting the IAS 39 criteria (prohibition on equity hedging, etc.). For this reason, they are likewise recognised in the trading book.

In all cases, the intent of the hedge is documented at the outset and verified quarterly by appropriate tests (forward-looking and backward-looking).

Each Group entity manages its financial risks within limits set by the Group Risk Management Committee chaired by the Chief Executive Officer of Crédit Agricole S.A.

The tables in Note 3.4 to the consolidated financial statements give the market values and notional amounts of hedging derivative instruments.

1. Fair value hedges and cash flow hedges

Global interest rate risk management aims to reconcile two approaches:

- protection of the Group's net asset value, which requires matching balance sheet and off-balance sheet items that are sensitive to interest rate variations (i.e. fixed rate items, for the sake of simplicity) against instruments that are also fixed-rate, so as to neutralise the variations in fair value that occur when interest rates change. If the matching is done by means of derivative instruments (mainly fixed-rate swaps, inflation swaps and market caps), the derivatives are classified as fair **value hedges** if the instruments (micro FVHs) or groups of instruments (macro FVHs) identified as the hedged items (fixed-rate assets and inflation: loans and receivables due to customers; fixed rate liabilities and inflation: demand deposits and savings deposits) are eligible under IAS 39 (otherwise, as indicated previously, these derivatives are recognised in the trading book, even though economically they hedge against risk).

  To check hedging suitability, hedging instruments and hedged items are grouped by maturity using contract characteristics or, for certain balance sheet line items (particularly deposits), using assumptions based on the financial characteristics of the products and historical behaviour. The comparison between the two maturity schedules (hedges and hedged items) means that hedging can be documented in a forward-looking manner for each maturity;
- protection of the interest margin, which requires neutralising variations in future cash flows associated with instruments or related balance sheet items that are affected by interest rate resets on the instruments, either because they are indexed to interest rate indices that fluctuate or because they will be refinanced at market rates at some point in the future. If this neutralisation is effected using derivative instruments (mainly interest rate swaps), the derivative instruments are classified as **Cash Flow Hedge (CFH) instruments**. This neutralisation can also be carried out for balance sheet items or instruments that are identified individually (micro CFHs) or portfolios of line items or instruments (macro CFHs).

The table below shows the amount of cash flows covered by cash flow hedges, broken down by projected maturity date, for the main relevant subsidiaries:

(in millions of euros)	At 31/12/2016			
Remaining time to maturity	**< 1 year**	**1 to 5 years**	**≥ 5 years**	**Total**
Hedged cash flows	80	23	2,560	2,663

2. Net investment hedges in foreign currencies

A third category of hedging is protection of the Group's net asset value against fluctuations in exchange rates and resulting changes in the value of assets or liabilities held in currencies other than the Group's reference currency, which is the euro. The instruments used to manage this risk are classified in the net investment (hedge category).

RISKS IN THE INSURANCE SECTOR

The information in this section supplements Note 4 to the consolidated financial statements in the registration document of Crédit Agricole Assurances and is covered by the Statutory Auditors' report on the consolidated financial statements.

In view of the predominance of its savings and retirement activities, Crédit Agricole Assurances Group is more particularly exposed to financial market risk, mainly asset-liability, notably rate risk, equity market risk, forex risk and liquidity risk. Its financial investments also expose it to counterparty risk. Crédit Agricole Assurances Group also faces insurance risks. Lastly, it is exposed to operational risk linked to non-compliance risk and to legal risk particularly in process execution.

I. Governance and organisation of risk management in Crédit Agricole Assurances Group

The risk governance system in Crédit Agricole Assurances (CAA) Group is based on the following principles:

- it falls within the remit of the "Risk Management and Control" functions in Crédit Agricole S.A. Group; the Risks and Permanent Controls function, which is responsible for steering (supervision and prevention) and second-degree control, the Internal Audit function, in charge of periodic controls, and the Compliance function. In accordance with regulatory insurance requirements, the system also includes the Group's actuarial function;
- it is headed up by the Crédit Agricole Assurances holding company, which is responsible for the Group's risk management systems, supervises based on reporting by subsidiaries, and ensures that subsidiary risk management systems are compliant with standards and Group principles. The holding company draws on the expertise available in the Crédit Agricole Assurances Group to ensure a consistent and overall Group approach covering all risks;
- it is based on the principle of subsidiarity. Each Crédit Agricole Assurances Group entity is responsible for defining and implementing its solo risk management policy, in accordance with CASA principles and rules, the principles and rules for the management of Crédit Agricole Assurances Group, and local regulations for international subsidiaries.

Risk governance falls on:

- the governing bodies, in particular Executive Management and the Board of Directors, who hold ultimate responsibility for Crédit Agricole Assurances Group's compliance with all applicable statutory and regulatory provisions;
- the Crédit Agricole Assurances Executive Committee, which is the primary strategic body of the Group's Executive Management. It is supported by the individual entities' Management Committees and the Group strategy committees (in particular, the Finance Committee, the Risks and Internal Control Committee and the ALTM Committee);
- four key functions (Risk, Compliance, the Actuarial function and Internal audit), each one assigned a representative appointed by the Chief Executive Officer and confirmed by the Board of Directors and notified to the appropriate national supervisory authority. The four key functions are coordinated by the Risk and Internal Control Committee of Crédit Agricole Assurances Group. The heads of the key functions have direct access to the Board of Directors, to whom they present the results of their work at least once a year;
- an internal control system, defined as the framework designed to manage and control all types of operations and risks and to ensure that all transactions are carried out in a manner that is proper (in compliance with regulations), secure and effective. Crédit Agricole Assurances asks its Board of Directors to validate its risk policies;
- the internal process for evaluating Crédit Agricole Assurances Group's solvency and risks (Organisational Readiness Self-Assessment – ORSA) synchronised with the other MTP/Budget, Capital planning strategic processes and the updating of the Risk strategy and of function policies. Prospective assessments, completed within the Medium-Term Plan, make it possible to analyse the consequences of adverse situations on the Group's management indicators and to take the necessary action, where appropriate.

1. Organisation of risk management

Crédit Agricole Assurances Group's risk management system is managed by the Risk Management and Permanent Controls Officer (RCPR) of Crédit Agricole Assurances Group, the representative of the Risk Management department for Crédit Agricole Assurances Group, who reports operationally to the Crédit Agricole Assurances Chief Executive Officer and hierarchically to the Risk Management Director of Crédit Agricole S.A. He relies on the RCPRs of the entities who report to him within the hierarchy. The Insurance Risk function operates like a matrix integrating entity level organisations with Group approaches by type of risk.

The hierarchical reporting line guarantees independence, with a "second pair of eyes" role (to issue a recommendation) to back the operating functions, which manage risks day-to-day, make decisions and exercise first-level controls to ensure their processes are performed properly.

2. Risk management system

AT CRÉDIT AGRICOLE ASSURANCES GROUP LEVEL

In order to achieve its strategic orientations while managing and mitigating its risks appropriately, Crédit Agricole Assurances Group established a risk appetite framework. It consists of key indicators for each risk category that constitute the core of its Risk Management strategy.

The Risk management strategy implemented by Crédit Agricole Assurances Group is based on the overall risk management framework and the limits and alert thresholds for the range of different risks it is exposed to through the implementation of its business strategy.

It is reviewed and validated at least annually, along with the risk tolerance framework, by the Crédit Agricole Assurances Board of Directors, following a review by the Crédit Agricole S.A. Group Risk Management Committee (a sub-committee of Crédit Agricole S.A.'s Executive Committee, chaired by its Chief Executive Officer) of the indicators and major limits. Crédit Agricole Assurances' Executive Management or even Crédit Agricole S.A. Group's Risk Management department, depending on the scope of their authority, are notified of any breaches of alert thresholds or limits and resulting corrective measures.

The quarterly Group risk dashboard, supplemented by a monthly report for financial risks, is updated based on standardised risk management indicators, and is used to monitor Crédit Agricole Assurances Group's exposure profile and to identify potential deviations.

The Board of Directors is informed when any tolerance threshold for any indicator in the risk appetite matrix is breached and it receives regular updates on compliance with the risk appetite framework.

The Crédit Agricole Assurances holding company has established the bodies needed to manage risk at Group level in a consistent manner: semi-monthly Risk Monitoring Committee, monthly Financial Risk Committee, reviews of portfolios by asset type; a monthly presentation of current risk issues to the Executive Committee.

Moreover, Crédit Agricole Assurances has set up a Group-wide Methodology Committee, steered by the Group Risk function. The role of the Methodology Committee is to approve the methodologies underpinning the models and indicators used to address major risks for Crédit Agricole Assurances Group or presenting cross-sector challenges for Crédit Agricole Assurances Group.

Finally, in its supervisory role, the Risk Management and Permanent Controls department of CASA periodically organises a review of the risk management and control framework, attended by the Crédit Agricole Assurances Chief Executive Officer, Group RCPRs and the main entity RCPRs, to examine current risk issues and developments for the insurance business.

AT ENTITY LEVEL

In accordance with the Group framework, companies define their own processes and systems to measure, supervise and manage risks: risk mapping, process mapping, risk strategy setting out, according to their risk appetite, the Crédit Agricole Assurances Group global limits in accordance with a process coordinated by the holding, and supplemented, as needed, by limits to address their specific risks.

The entities also draw up formal policies and procedures providing a strict framework for risk management (including the rules for accepting risk when insurance policies are taken out, provisioning and hedging of technical risks by reinsurance, claims management, etc.).

For its international subsidiaries, Crédit Agricole Assurances has drawn up a set of standards to be adopted by each entity, which set out the scope and rules for decentralised decision-making and specify the rules to follow during the decision-making process.

Operational risk management is supervised in each entity by committees that meet periodically (investment, ALM, technical, reinsurance and others) in order to monitor developments in the risk position, based on reporting by business lines, present analyses to support the risk management process, and, if necessary, draw up proposals for action. Significant incidents (including limit breaches) lead to alerts being triggered and are notified either to the CASA Group Risk Management department (Crédit Agricole Assurances Group limits), to Crédit Agricole Assurances Executive Management, or to the entity's management. Corrective measures are implemented in response.

The risk management system is examined during meetings of the Risk Management and Internal Control Committees of each subsidiary, in light of the permanent control reports, the analysis of their risk dashboard and the conclusions of periodic controls.

II. Market risk

In view of the predominance of savings activities in the French and international (Italy mainly) life insurance subsidiaries, Crédit Agricole Assurances Group is particularly affected by market risks owing to the very large volume of financial assets held to cover policyholder liabilities.

Crédit Agricole Assurances Group is exposed to several types of market risk:

- interest rate risk;
- equity risk;
- foreign exchange risk;
- counterparty risk, both from the point of view of default (bond portfolio issuers, OTC transaction counterparties) and movements in the issuer spread. This risk is fully described in a specific section.

In particular, these risks have an impact on the valuation of portfolio assets and their long-term yield, and must be managed closely with matching liabilities and, particularly in Life Insurance, with guarantees granted to policyholders (minimum guaranteed rate, floor guarantee, etc.).

Liquidity risk is monitored specifically.

Hence, the financial policy of Crédit Agricole Assurances Group combines supervision of ALM, based on "risk/yield" analyses and "stress scenarios", to identify the characteristics of the amounts to invest, the requirements and objectives over short/medium and long-term horizons, and a market analysis, supported by economic scenarios, to identify opportunities and limitations in terms of the environment and the market. The aim of ALM supervision is to reconcile the objectives of seeking yield for policyholders, conserving ALM balances and delivering shareholder value.

The Investment department in the Crédit Agricole Assurances holding company contributes to elaborating and monitoring implementation of the investment policies of Crédit Agricole Assurances Group and of the subsidiaries (taking into account individual ALM requirements and financial objectives), which are submitted to their respective Boards for approval. It is responsible for oversight of the investment management services provided by Amundi (management mandates granted by the companies). Moreover, it makes investments directly (without a mandate) on behalf of Crédit Agricole Assurances Group companies (in real estate in particular), as part of the policy of diversification.

1. Interest rate risk

TYPE OF EXPOSURE AND RISK MANAGEMENT

Interest rate risk is the risk of a change in the value of the bond portfolio due to upward or downward movements in interest rates.

Crédit Agricole Assurances Group's bond portfolio, excluding unit-linked policies, amounted to €235 billion at 31 December 2016, up from €222 billion at the end of 2015.

Interest rate risk in life insurance companies is intrinsically linked to interactions between assets (financial management) and liabilities (policyholder behaviour). Management of this risk requires global approach combining financial strategy, the constitution of reserves and sales and income policies. Crédit Agricole Assurances' framework for managing interest rate risk sets out the limits on risks and the related governance (ALM Committee, presentation of stress scenarios to the Board of Directors, etc.).

The low rate environment puts pressure on the profitability of Crédit Agricole Assurances: it creates a situation in which returns from securities in the portfolio are lower than the rates paid out on life insurance contracts. Risks related to the minimum guaranteed returns in France are handled at regulatory level by means of prudential provisions.

Crédit Agricole Assurances has a range of levers to tackle the risk of falling rates:

- no longer issuing policies that feature an average guaranteed return superior to zero (since 2000 for the main French life insurance company), so that the overall average guaranteed return has consistently reduced;
- moderation of the profit-sharing paid;
- hedging using bond assets and swaps/swaptions to manage reinvestment risk;
- adapting of ALM and investment policies to the very low rate environment;
- prudent diversification of investment assets;
- adapting the sales policy with specific measures to switch deposits to backing unit-linked contracts.

Crédit Agricole Assurances is exposed to a risk arising from an increase in interest rates associated with policyholder behaviour: a gap between the rate of return rate that can be delivered by the insurer (related to bond yields) and the rate expected by policyholders in a high-rate environment, or the rate achieved by other savings vehicles, could result in a wave of early redemptions by policyholders. If the insurer were forced to dispose of assets, notably bonds, with unrealised losses (which would generate losses for the insurer), the yield on the portfolio would be reduced, with the risk of triggering new waves of policy redemptions.

Crédit Agricole Assurances thus implements measures to manage the risk of a rise in rates:

- adjustment of duration according to projected outflows of liabilities;
- retention of liquidities or liquid investments with a low risk of loss;
- dynamic management of the investment portfolio and setting aside reserves to provide the capacity to increase the return (capitalisation reserve, and profit-sharing reserves);
- caps against a rise in rates: this strategy is designed to offset the lower return delivered by the bond portfolio by additional financial returns generated by these hedging instruments (around 30% of the main life insurance company's bond portfolio is hedged);
- building customer loyalty to limit early redemptions.

ANALYSIS OF SENSITIVITY TO INTEREST RATE RISK

Technical liabilities

The Crédit Agricole Assurances Group's technical liabilities are largely insensitive to rate risks for the following reasons:

- savings provisions (over 90% of technical provisions, excluding unit-linked policies): these are based on the pricing rate which is unchanging over time for any particular policy. As a result, a change in interest rates will have no impact on the value of these commitments;
- property and casualty reserves: these technical reserves are not discounted to present value and changes in interest rates therefore have no impact on the value of these commitments;
- mathematical reserves for benefits (personal injury, disability): the discount rate used in calculating these reserves is based on the interest rate in force at the calculation date. Therefore, the size of these commitments varies with interest rates. However, given the small amount of these technical commitments, they represent no significant risk for Crédit Agricole Assurances Group.

Financial investments

The sensitivity to rate risk of Crédit Agricole Assurances Group's fixed income portfolio, assuming a 100 basis point rise or fall in interest rates, is as follows (net of the impact on deferred policyholder surplus and tax):

	31/12/2016		31/12/2015	
(in millions of euros)	Impact on net income	Impact on equity	Impact on net income	Impact on equity
100 bp rise in risk-free rates	(42)	(1,369)	(62)	(1,221)
100 bp decline in risk-free rates	74	1,352	98	1,206

The impacts presented above take the following elements into account:

- the profit-sharing rate for the entity holding the financial investments;
- the tax rate in force.

Impacts on securities held as available-for-sale financial assets are recognised in equity. Impacts on securities held for trading are recognised in profit or loss.

Financing debts

Borrowings arranged by Crédit Agricole Assurances mainly pay fixed rates. Interest is therefore largely insensitive to rate changes.

2. Equity and other diversification assets risk

TYPE OF EXPOSURE AND RISK MANAGEMENT

Exposure to the equity markets and other so-called diversification assets (private equity and listed or unlisted infrastructures, real estate and alternative management) is intended to capture yield in these markets (notably with a low correlation between real estate and other asset classes), which gives rise to a risk of volatility in terms of valuation and, therefore, of accounting provisioning that may have an impact on the return provided to policyholders (provision for lasting impairment, provision for liquidity risk). To limit this effect, particularly for the life insurance portfolios, allocations are analysed to determine a ceiling for the share of these diversification assets and a maximum volatility level.

Equities and other diversification assets are held directly or via dedicated Crédit Agricole Assurances Group UCITS to provide regional diversification, in accordance with the relevant risk policies. Exposure to these assets is managed by a series of limits (by asset class and overall for the diversification) and concentration rules.

The main asset classes that make up the total portfolio are presented in Note 6.4 of the consolidated financial statements.

ANALYSIS OF SENSITIVITY TO EQUITY RISK

Crédit Agricole Assurances Group's sensitivity to equity risk, assuming a 10% rise or decline in equity markets, is as follows (impacts are shown net of deferred policyholder surplus and tax):

	31/12/2016		31/12/2015	
(in millions of euros)	Impact on net income	Impact on equity	Impact on net income	Impact on equity
10% rise in equity markets	40	179	33	124
10% decline in equity markets	(45)	(179)	(38)	(124)

The impacts presented above take the following elements into account:

- the profit-sharing rate for the entity holding the financial investments;
- the tax rate in force.

These sensitivity measurements include the impact of changes in the benchmark equity index on assets measured at fair value, reserves for guaranteed minimum return and reserves for the right to withdraw from unit-linked policies as well as any additional impairment provisions required by a decline in equity markets.

Changes to the fair value of available-for-sale financial assets are recognised in reserves for unrealised gains or losses, all other items are recognised in profit or loss.

3. Foreign exchange risk

Crédit Agricole Assurances Group's sensitivity to foreign exchange risk, determined using the assumption of a 10% rise or decline of each currency in relation to the euro (impacts are shown net of deferred policyholder surplus and tax):

	31/12/2016		31/12/2015	
(in millions of euros)	Impact on net income	Impact on equity	Impact on net income	Impact on equity
Exchange rate sensitivity on financial instruments: +10% for each currency in relation to the euro	(16)	18	(14)	15
Exchange rate sensitivity on financial instruments: -10% for each currency in relation to the euro	13	(15)	11	(12)

Crédit Agricole Assurances's exposure to foreign exchange risk falls into two categories:

- limited structural exposure: in yen for the CA Life Japan subsidiary, with a hedge ratio of 88.3% (net exposure low at JPY 885 million at end-2016, the equivalent of €7 million) and PLN for the CA Insurance Poland subsidiary, with a hedge ratio of 90.7% (net exposure of PLN 3.1 million, the equivalent of €0.7 million);
- operational foreign exchange exposure arises from a mismatch between the asset's currency and that of its liabilities: Crédit Agricole Assurances Group's global portfolio, representing commitments in euros, is primarily invested in euro-denominated financial instruments. However, to achieve the aim of optimising risk/return, the Group seeks to profit from projected gaps in growth between major regions, using dedicated funds. The general strategy is not to hedge exposure to the currencies of emerging economies, regardless of the asset class, and, in contrast, to hedge exposure to the currencies of mature countries through forward sales, with the option of limited tactical exposure to a currency. Crédit Agricole Assurances Group's overall foreign exchange exposure is bound by a maximum market value limit relative to the total portfolio, and a sub-limit for emerging currencies.

At the end of 2016, actual exposure was not material (0.32% of the total portfolio), and was mainly on emerging currencies.

4. Liquidity risk

TYPE OF EXPOSURE AND RISK MANAGEMENT

To be in a position to cover liabilities when due, the companies use a combination of approaches.

On the one hand, liquidity is an investment selection criterion (majority of securities listed on regulated markets, limits on assets in markets that lack depth, such as private equity, unrated bonds, and alternative management, etc.).

On the other hand, systems for managing liquidity are consistent across Crédit Agricole Assurances Group, and are defined by the companies as part of their ALM policy:

- for life insurance companies, in order to ensure a match between the maturities of assets and those of liabilities under normal and stressed conditions (wave of redemptions/deaths), the objective is to ensure liquidity in the long-term (monitoring and limiting of annual cash run-off gaps), medium-term (so-called "reactivity" ratio), and, in case of uncertainty regarding net inflows, short-term (one-week and one-month liquidity, with daily monitoring of redemptions). In exceptional circumstances where markets are unavailable, the Group plans temporary liquidity management approaches (*repos* with collateral in cash or ECB eligible assets);
- for Non-life insurance companies, liquidities or assets that have low reactivity are retained, and the share is calculated to respond to a shock to liabilities.

The “reactivity” ratio measures the ability to mobilise current assets of less than two years or variable-rate assets by limiting the impacts in terms of capital loss; it is measured and compared against a threshold set by each life insurance company.

In the current environment marked by sustained inflows, there is no need to activate the short-term supervision system.

PROFILE OF FINANCIAL INVESTMENT PORTFOLIO MATURITIES

Note 6.7 to the consolidated financial statements of Crédit Agricole Assurances contains the bond portfolio maturity schedule (excluding backing unit-linked contracts).

BREAKDOWN FINANCIAL LIABILITIES BY CONTRACTUAL MATURITY

Note 6.23 to the consolidated financial statements of Crédit Agricole Assurances provides information on the estimated schedule for Crédit Agricole Assurances insurance liabilities (excluding backing unit-linked contracts for which risk is borne by policyholders).

FINANCING

As a holding company, Crédit Agricole Assurances is responsible for subsidiary refinancing enabling them to meet their solvency requirements and operational cash needs. It is refinanced through its shareholder Crédit Agricole S.A., and, since 2014, through issuing subordinated debt directly in the market.

The structure of these financing debts and their breakdown by maturity is shown in Note 6.21 to the consolidated financial statements of Crédit Agricole Assurances.

III. Counterparty risk

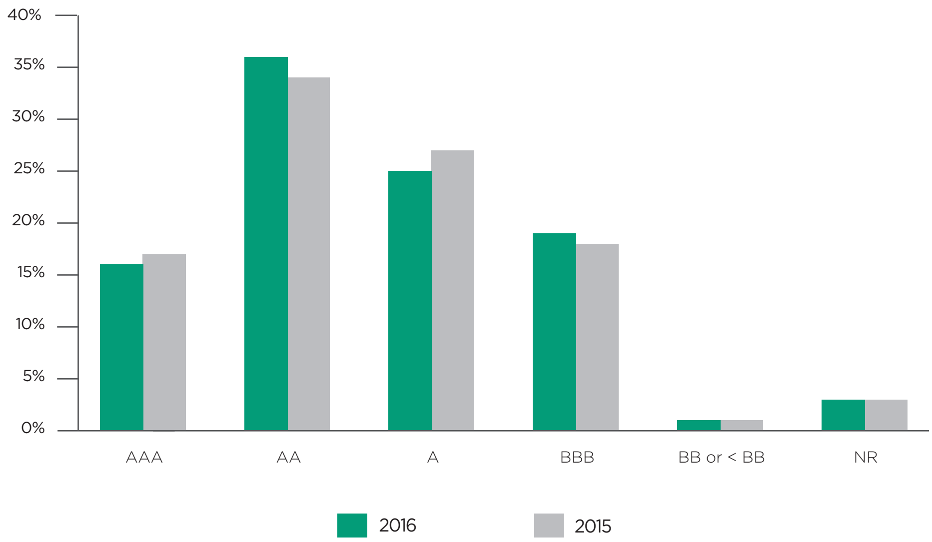
This section deals only with counterparty risk on financial instruments. Exposure to counterparty risk on reinsurers’ receivables is covered in the section on “insurance risk”.

Amundi’s risk management teams perform the analysis of counterparty risk for issuers and for OTC market transactions (derivatives) under the mandates granted to them by the insurance companies.

Counterparty risk is contained overall for Crédit Agricole Assurances Group and at portfolio level for each entity in CAA Group, on the basis of limits in terms of ratings, issuer and sector concentration.

Hence, aggregate limits are defined to manage the breakdown of issues between rating classes. The rating used is the Solvency II rating corresponding to the second best of the three S&P, Moody’s and Fitch ratings. The share of “high-yield” issues held directly (including after a rating downgrade that does not affect repayment capacity), or indirectly via specialist funds, is subject to strict limits. BB is the minimum rating authorised. In the context of the shift in focus since mid-2012 of fixed income securities towards corporate bonds, subject to a maximum exposure limit for the sector, the investment universe was expanded to issuers not rated by an external rating agency, but with a minimum internal Crédit Agricole S.A. rating equivalent to investment grade (BBB-), using a rigorous selection process and in a limited proportion (less than 4% of the portfolio at the end of 2016).

The bond portfolio (excluding backing unit-linked policies) by credit rating breaks down as follows:



Concentration in a single issuer (equities and interest rate instruments) may not exceed a given percentage of the total portfolio, which is determined according to issuer type and quality. Furthermore, limiting the relative weighting of the top ten issuers ensures diversification within rating levels A and BBB. Exposure is reviewed quarterly with the Amundi Risk teams and the Risk Management department of Crédit Agricole S.A. Group.

Concentration in sovereign debt and similar is subject to individual limits according to debt-to-GDP ratio and the country's credit rating.

Exposure to Eurozone peripheral debt (Greece, Italy, Ireland, Portugal, Spain) has been reduced. As regards sovereigns, it is concentrated in Italian sovereign debt held by the Italian subsidiary of Crédit Agricole Assurances.

Cash collateral contracts are used to manage counterparty risk for over-the-counter derivatives used by companies to hedge exposure to rate risk and presented on their balance sheets.

IV. Insurance risk

Crédit Agricole Assurances Group is exposed to insurance risk through the insurance business. Such risk primarily relates to the underwriting, valuation of provisions and reinsurance processes.

Each entity implements an approach in collaboration with all the operating departments concerned, as well as Risks, Compliance and Legal Affairs, to manage risks when new insurance products are created or substantial changes are made to the features or an existing product. Products are approved by an *ad hoc* Committee (New Business and New Product Committee).

1. Insurance underwriting risk

Underwriting risk takes different forms depending on the nature of the insurance, life or non-life:

LIFE INSURANCE UNDERWRITING RISK

Through its Savings and Death & Disability activities and life insurance guarantees in respect of its creditor insurance, Crédit Agricole Assurances is exposed to biometric risks (longevity, mortality, disability, long-term care and disability risks), loading risk (insufficient loading to cover operating expenses and commission paid to distributors), but most of all to behavioural risk for redemptions (for example due to a deterioration in trust in Crédit Agricole Group).

Life insurance technical reserves, recognised in the main by French companies, are chiefly constituted from savings denominated in euro or unit-linked contracts. For the majority of unit-linked contracts, the risk of fluctuation in the value of the underlying is borne directly by the policyholder. Some contracts may include a floor guarantee in the event of the death of the insured. The insurer is thus exposed to a financial risk determined by the value of the unit-linked account and the probability of death of the insured. A specific technical provision is recognised for this floor guarantee.

In savings, redemption rates are monitored for each life insurance company and at Crédit Agricole Assurances Group level, and compared with the structural redemption rates established on the basis of historic and market data.

For the death and disability activity, the creditor and yields, the underwriting policy, which specifies the risks covered and the underwriting conditions (target customers, exclusions), and pricing standards (notably the statistical tables established either from national or international statistics or from experience tables) help to control risk in this area.

Catastrophe risk, related to a mortality shock (*e.g.* a pandemic) is likely to impact the results for individual or group death & disability insurance. The French life insurance subsidiary benefits from BCAC cover (*Bureau commun des assurances collectives*), both on group death benefits and individual death and disability benefits, as well as, in part, supplementary cover of disability risk.

NON-LIFE INSURANCE UNDERWRITING RISK

For property & casualty insurance and non-life benefits included in creditor insurance policies, Crédit Agricole Assurances is more specifically exposed to frequency risk and exceptional risk, whether originating from a catastrophe risk (particularly climatic) or the occurrence of individual incidents for significant amounts.

For distribution partners, underwriting policy defines the framework for accepting risk (to ensure appropriate selection of risks and the spread within the policy portfolio to optimise technical margins). Formal rules and procedures for pricing are also drawn up.

The ratio of claims paid to premiums earned is compared to targets. This claims ratio is the key indicator for monitoring risk and is used to identify priorities for improving the technical result, where necessary.

Concentration risk in non-life insurance relates to an aggregation of liabilities in respect of a single claim, arising from:

- underwriting concentration in which insurance policies are written by one or more Group entities on the same risk;
- claim concentration, where policies are written by one or more Crédit Agricole Assurances Group entities on risks that are different, but liable to be triggered by a single covered event or the same primary cause.

This type of risk is hedged, first, by a policy of diversifying the risks written in a single region and, second, by reinsurance to limit the financial impact of major events (storms, natural disasters, etc.), under a reinsurance policy (see reinsurance risk below) that incorporates this dimension.

2. Provisioning risk

Provisioning risk is the risk of a gap between the provisions set aside and those required to meet liabilities. It may be related to risk valuation (volatility introduced by discount rates, regulatory developments, or new risks for which statistical depth is inadequate, etc.) or a change in risk factors (population ageing, for example, leading to increased long-term care risks or health issues, stricter laws governing professional civil liability, personal injury compensation, and others).

The objective of the provisioning policy established in each of the companies is to guarantee a prudent assessment of loadings for past and projected claims to ensure a high probability that the accounting provisions set aside will be sufficient to cover the ultimate load.

The methods used to constitute provisions (on a case-by-case basis) for property and casualty insurance, according to the products and benefits affected, are documented and the management rules applied by claims managers are set out in the manuals.

The choice of statistical methodology to calculate accounting provisions (including provisions for late payment) is justified at each reporting date.

The local permanent control plan encompasses control of provisioning policy.

The Statutory Auditors perform an actuarial review of provisions as part of the annual audit.

The breakdown of technical reserves in relation to the life and non-life insurance contracts is presented in Note 6.24 of the consolidated financial statements.

3. Reinsurance risk

Reinsurance risks are of three types:

- inappropriate reinsurance (insufficient cover or, on the other hand, payment of too high a premium, which erodes technical margins and competitiveness);
- risk of a reinsurer defaulting and not being able to pay all its share of the claims;
- no or virtually no reinsurance on a given activity or guarantee given (reinsurance offer, amounts that can be covered and the cost of cover, depending on market conditions that are liable to vary significantly).

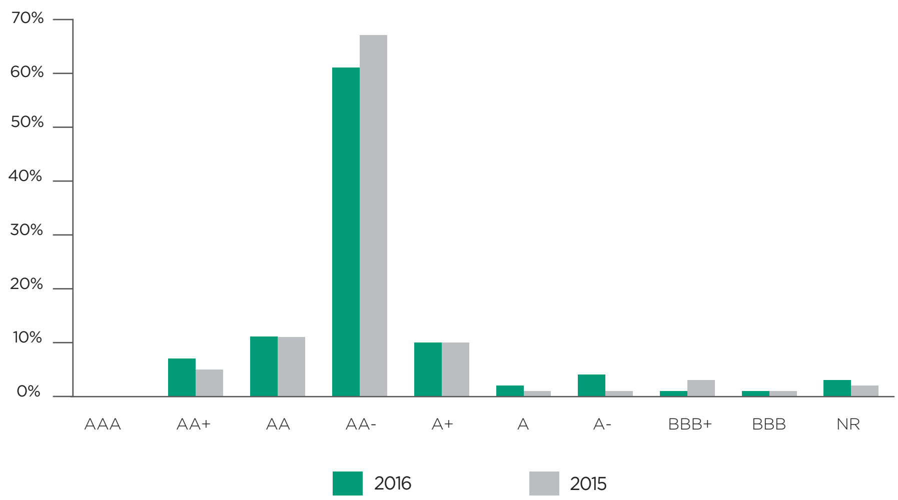
Each company draws up its own reinsurance plan aimed at protecting equity in case of systemic or exceptional events and at limiting volatility in the company's results, based on the principles of Crédit Agricole Assurances Group's strategy for common and uniform risks limitation, namely:

- selecting reinsurers that meet minimum financial soundness criteria, with reinsurers' ratings monitored at Crédit Agricole Assurances Group level;
- ensuring adequate dispersion of premiums across reinsurers;
- monitoring the adequacy of reinsurance cover relative to the commitments to policyholders and of results on each reinsurance agreement.

The reinsurance plans are reviewed annually by the Board of Directors in each subsidiary.

Net outstandings ceded to reinsurers (ceded reserves and current accounts with reinsurers net of cash deposits received) totalled €0,5 billion at 31 December 2016, remaining stable year-on-year.

Their breakdown by reinsurer rating is as follows:



4. Emerging risks

The Risk Management department is responsible for ongoing monitoring of insurance risk, in cooperation with other Business Line departments and Legal Affairs.

The Risk Monitoring Committee, which meets twice monthly and is attended by all Risk Management and Permanent Controls Officers, is also tasked with anticipating developments in the regulatory and legal environment and identifying emerging risks.

Intelligence data is input from many sources (economic research, internal and external analysis, in particular by consulting firms and research published by the French Regulatory and Resolution Supervisory Authority (ACPR) and the European regulator, EIOPA, etc.).

V. Operational risks

Operational risk is the risk of loss resulting from shortcomings or failure in internal procedures, human error, information systems or external events. It includes non-compliance risk, legal risk and the risks generated by key outsourced services (PSEE).

Crédit Agricole Assurances entities apply Crédit Agricole S.A. Group directives on operational and compliance risk management.

The operational risk management system in each entity, including the holding, is thus comprised of the following components:

- mapping of risk events, periodically updated to include organisational changes, new activities and changes in the cost of risk. Mapping is constructed by breaking down activities by process, together with the seven risk categories according to Basel 2 nomenclature. Financial and non-financial impacts (regulatory and image) of actual and potential risk events identified are assessed together with the probability of occurrence, drawing on specific expertise. Internal control is assessed on the basis of the results of controls at the different levels defined in the local control plans and standardised controls defined by the CASA Group Risk Management department and the findings of periodic controls to highlight the most critical net risks and prioritise actions plans to reduce them;
- a process of collecting data on risk-related incidents and operating losses, backed by an early-warning system, is used to monitor identified risks and exploit them to introduce remediation measures and ensure consistency with mapping.

Crédit Agricole Assurances and its subsidiaries have prepared their Business Continuity Plans (BCP) focusing on essential activities in order to cover a failure of information systems, operational sites and staff. The business continuity plans meet Crédit Agricole S.A. Group standards, with the adoption of Crédit Agricole S.A. Group's solution for the user fallback site, the IT back-up plan based on the Crédit Agricole S.A. Group shared IT operating and production site. It is tested on a regular basis. IT system security is an inherent component of the Group's security policies. A three-year programme of security projects (including accreditation, intrusion tests, and IT system failure scenarios) is being implemented.

A Crédit Agricole Assurances Group-wide general subcontracting policy, describing amongst others the monitoring and control system associated with outsourcing, has been rolled out by Group entities.

VI. Non-compliance risk

Non-compliance risk refers to a potential lack of adherence to rules governing financial and banking activities. These rules may be laws, regulations (on the Solvency II regulation, on securities regarding crossing thresholds and regulatory declarations to the Commission nationale de l'informatique et des libertés – CNIL, etc.), professional or ethical standards, professional codes of conduct for the protection of customers, or efforts to combat money-laundering, corruption or the financing of terrorism. They are an integral part of operational risk mapping within entities.

In each entity, the Compliance Officer is responsible for drawing up procedures transposing the regulatory rules issued by Crédit Agricole S.A.'s Compliance department. The Compliance Officer is also responsible for training and for the dedicated control system aimed at controlling these risks, preventing the risk of fraud, limiting their impact (financial losses, legal, administrative or disciplinary sanctions), and protecting the Crédit Agricole Assurances Group's reputation. On the launch of new business activities and the creation of new products, security is enhanced by referral to the New Activities and New Products Committees, established in each entity. These committees review the contractual and marketing documents for products, as well as the training materials and sales aids intended for distributors.

Management at the Group level is done through coordination bodies and also covers the conduct of regulatory projects launched by Crédit Agricole S.A. Group.

In all areas of compliance, from the prevention of money laundering and financing of terrorism to protecting customers, the Group has strengthened coordination with distributors (Regional Banks, LCL, other international networks) to define roles and responsibilities and ensure implementation of the controls to guarantee correct application of procedures by all parties.

Crédit Agricole Assurances Group realigned its organisation and its risk management policy to ensure compliance with the Solvency II regulation as detailed in the Corporate governance section of the registration document of Crédit Agricole Assurances.

VII. Legal risks

Responsibility for legal management, regulatory intelligence and consulting with Business Line departments lies with the companies' Legal Affairs departments.

Insofar as Crédit Agricole Assurances is aware, there are no administrative, court or arbitration proceedings that could have or have had, within the previous 12 months, a substantial effect on the financial position or profitability of the Company and/or Group.

To Crédit Agricole Assurances' knowledge, there is no significant litigation to note.

OPERATIONAL RISKS

Operational risk is the risk of loss resulting from shortcomings or failure in internal procedures, staff, information systems or external events.

It includes legal risk, non-compliance risk, internal and external fraud risk, the model risk and risks generated by the provision of key outsourced services (PSEE).

I. Organisation and supervision system

The operational risk system, adjusted to each Group entity, comprises the following components common to the entire Group:

Organisation and governance of the Operational Risk Management function:

- supervision of the system by Executive Management (via the Operational Risk Committee or the operational risk unit of the Group Risk Management Committee and the Internal Control Committee);
- tasks of the Risk Management Officers (Crédit Agricole S.A. and its subsidiaries) and the Operational Risk Managers at the local level in terms of management of the Operational Risk management system;
- responsibility of the entities in managing their own risks;
- set of standards and procedures;
- circulation of Crédit Agricole's Group risk tolerance policy implemented in 2015 and incorporating operational risk.

Identification and qualitative assessment of risks through risk mapping

Risk mapping is done annually by the entities and is used by each entity with a validation of the results and associated action plans by the Operational Risk Committee (operational risk unit of the Internal Control Committee).

This mapping is supplemented by the establishment of risk indicators to monitor the most sensitive processes.

Collection of operational loss data and an early-warning system to report significant incidents, which are consolidated in a database used to measure and monitor the cost of risk.

The reliability and quality of the data collected are submitted to systematic audits both at the local and central levels.

The calculation and regulatory reporting of capital for operational risk at the consolidated and entity levels.

Quarterly production of an operational risk dashboard at entity level, plus a Crédit Agricole Group summary, takes into account the main sources of risk affecting the business lines as well as the exposure profiles differentiated by entity/business line.

Tools

The RCP (Risk and Permanent Controls) platform contains the three essential elements of the system (collection of loss data, operational risk mapping and permanent controls) sharing the same framework and thus making it possible to establish the connection between the risk mapping systems and risk management system (permanent controls, action plans, etc.).

Regarding the IT system component used for the calculation and allocation of regulatory capital, the upgrade plan was continued along with a rationalisation of the databases, enhanced information granularity and the automation of the controls on data taken from COREP's regulatory statements to bring the system into line with best management principles defined by the Basel Committee.

These components are subjected to consolidated verifications at the central level.

In addition, the risks associated with key outsourced services are incorporated into each component of the Operational Risk system and are the subject of a specific report, as are the consolidated controls that are centrally communicated.

II. Methodology

The main entities of Crédit Agricole Group use the Advanced Measurement Approach (AMA): Crédit Agricole Corporate and Investment Bank, Amundi, LCL, Crédit Agricole Consumer Finance, Agos and the Regional Banks. The use of the AMA for these entities was approved by the French Regulatory and Resolution Supervisory Authority (ACPR) in 2007. These entities currently represent 86% of capital requirements for operational risks.

For the entities that use the standardised approach (TSA), the regulatory weighting coefficients used in calculating the capital requirement are those recommended by the Basel Committee (percentage of revenues according to business line).

AMA regulatory capital requirements calculation

The AMA method for calculating capital requirements for operational risk has the following objectives:

- increase control over the cost of operational risk, and prevent exceptional risks across the Group's various entities;
- determine the level of capital needed for the measured risks;
- promote improvements in risk management through the monitoring of action plans.

The systems implemented within the Group aim for compliance with all qualitative criteria (making risk measurement an integral part of day-to-day management, independence of the Risk function, periodic disclosure of operational risk exposures, etc.) and Basel 3 quantitative criteria (99.9% confidence interval over a one-year period; incorporation of internal data, external data, scenario analyses and factors reflecting the operating environment; incorporation of risk factors that influence the statistical distribution, etc.).

The AMA model for calculating capital requirements is based on a unique actuarial model called the Loss Distribution Approach.

Internal factors (change in the entity's risk profile) are considered according to:

- changes within the entity (organisational, new business activities, etc.);
- changes in risk mapping;
- an analysis of the history of internal losses and the quality of the risk management system, in particular via the Permanent Controls function.

For external factors, the Group uses:

- the ORX Insight external consortium database to monitor incidents recorded in other establishments;
- the SAS OpRisk and ORX News external public databases for:
  - raising awareness among the entities of the main risks that have impacted other institutions,
  - assisting experts in the valuation of the main Group vulnerabilities (key scenarios).

The model was designed and developed according to the following principles:

- it must form an integral part of the risk policy;
- it must be pragmatic, i.e. the methodology must be applicable to real operating conditions;
- it must have educational value, in order to be endorsed by senior management and business lines;
- it must be robust, i.e. it must be able to provide estimates that are realistic and stable from one year to the next.

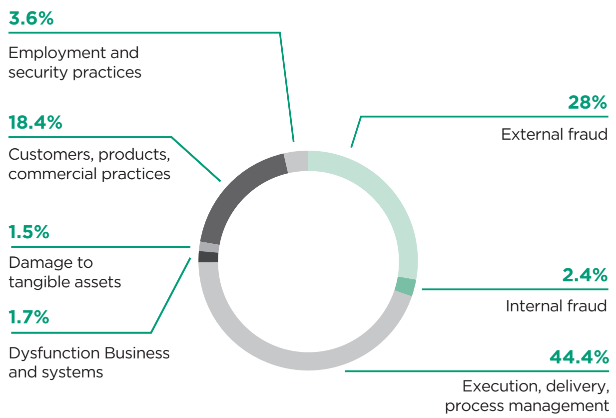
A biannual Committee for back-testing the Advanced Measurement Approach (AMA) model is in place and analyses the model's sensitivity to changes in the risk profile of the entities. Every year, this Committee identifies areas where improvements are possible, and draws up corresponding action plans.

The Operational Risk system and methodology were individually subjected to an external audit by the ECB during the second half of 2015. These audits demonstrated the Group's progress and identified certain areas in need of improvement. The recommendations are currently being implemented.

An inspection was also carried out in the second half of 2016 by the ECB on local implementation of Group standards and the permanent control mechanism for Compliance and Operational Risk.

III. Exposure

BREAKDOWN OF OPERATIONAL LOSSES BY BASEL RISK CATEGORY (2014 TO 2016)

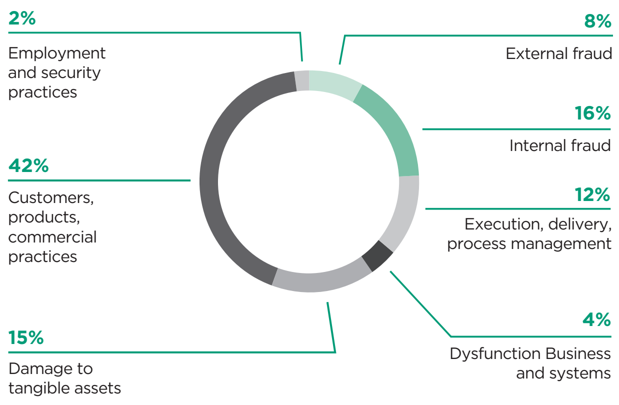


Generally, the exposure profile in terms of the operational risks identified over the last three years reflects the principal activities at Crédit Agricole Group:

- still overwhelming exposure to the Execution risk category, due to processing errors (absent or incomplete legal documentation, guarantee management, litigation with suppliers, input errors, etc.), but also due to tax sanctions;
- still significant exposure to external fraud, mainly in connection with credit boundary operational risk (document fraud, fraudulent invoices, etc.), and with payment instruments fraud (bank cards, fraudulent transfers);
- exposure to legal and non-compliance risks (litigation for: failure to respect the interests of the customer, improper financial support, unsuitability of the product/service to the customer's needs, etc.).

Remedial and preventive action plans at local or Group level were introduced to reduce the exposure of Crédit Agricole Group to operational risk. Periodic monitoring of action plans involving incidents with an impact higher than €5 million has been implemented since 2014 within the Group Operational Risk Committee and since 2016 in the Group Risk Management Committee.

BREAKDOWN OF WEIGHTED ASSETS BY BASEL RISK CATEGORY (2014 TO 2016)



IV. Insurance and coverage of operational risks

Crédit Agricole Group has obtained insurance coverage for its operational risks to protect its assets and profits. For high-intensity risks, Crédit Agricole has taken out insurance policies to cover itself and its subsidiaries with major insurance companies, and CAMCA has subscribed policies for the Regional Banks. These policies harmonise the transfer of personal and property risks and the setting up of specific professional civil liability and fraud insurance programmes for each business line. Lower intensity risks are managed directly by the relevant entities.

In France, third-party civil liability risks are covered by operating civil liability policies. It should be noted that property & casualty insurance for operating assets (property and IT equipment) also includes third-party liability coverage for all buildings exposed to this risk.

Insurance policies for operating loss, fraud and securities risks, Group professional civil liability, and civil liability for Executives and Corporate Officers were renewed in 2016.

"Basel 2 eligible" policies contribute to reducing the amount of capital that must be held against operational risks (within the 20% authorised limit).

High-frequency and low-intensity risks that cannot be insured on satisfactory financial terms are retained in the form of deductibles or are pooled within Crédit Agricole Group.

NON-COMPLIANCE RISKS

Non-compliance risk refers to a potential lack of adherence to rules governing financial and banking activities. These rules may be laws, regulations, professional or ethical standards, instructions, professional codes of conduct, or efforts to combat money laundering, corruption or the financing of terrorism.

A dedicated monitoring system ensures that these risks are controlled and that their impact in terms of financial losses, or legal, administrative or disciplinary sanctions, is minimised. The common objective is to preserve the Group's reputation.

The organisation and main actions relating to compliance are detailed in the key economic performance indicators section of the part of the Registration Document dealing with employee, societal and environmental information related to Crédit Agricole S.A. Group.

The prevention, monitoring and control of compliance and reputational risks are detailed in the report of the Chairman of the Board of Directors to the General Meeting of Shareholders on the preparation and organisation of the Board's work and on the internal control procedures implemented within the Company, as required by the French Financial Security Act of 1 August 2003.

BASEL 3 PILLAR 3 DISCLOSURES

Regulation EU 575/2013 (EU) of 26 June 2013 requires relevant financial institutions (notably credit institutions and investment firms) to disclose quantitative and qualitative information on their risk management activities. Crédit Agricole Group's risk management system and exposure levels are presented in this section and in the section entitled "Risk Factors".

The Crédit Agricole Group has chosen to disclose its Pillar 3 Prudential information in a separate section from its Risk Factors in order to isolate the items that meet the regulatory publication requirements.

The main objective of the Group's solvency management is to assess its own funds and verify at all times that the Group has sufficient own funds to cover the risks to which it is or could be exposed in view of its activities, thereby securing the Group's access to financial markets on the desired terms.

To achieve this objective, the Group relies on an internal ICAAP (Internal Capital Adequacy and Assessment Process), which includes (i) measurements of regulatory capital and economic capital requirements and (ii) management of those requirements.

The ICAAP is developed in accordance with the interpretation of the main regulatory texts specified below (Basel agreements, guidelines of the European Banking Authority, prudential expectations of the European Central Bank). More specifically, it includes:

- governance of the management of share capital, adapted to the specificities of the Group's subsidiaries, that allows centralized and coordinated monitoring at the Group level;
- a measurement of regulatory capital requirements (Pillar 1);
- a measurement of economic capital requirements based on the risk identification process and valuation using an internal approach (Pillar 2);
- the management of regulatory capital, which is based on short-term and medium-term prospective measures, consistent with budgetary projections, on the basis of a central economic scenario;
- the management of ICAAP stress tests that aim to simulate the destruction of capital after a three-year adverse economic scenario (see Chapter 1 – "Different types of stress tests" section);
- the management of economic capital (see Part III – "Measurement of the economic capital requirement"); and
- a qualitative ICAAP that formalizes in particular the major areas for risk management improvement.

ICAAP is also an integrated process that interacts with the Group's other strategic processes (ILAAP, risk appetite, budget process, recovery plan, risk identification, etc.).

The EDTF cross-reference table is presented in the consolidated report on Risk factors and Pillar 3 available on the website: https://www.credit-agricole.com/finance/finance/publications-financieres.

REGULATORY BACKGROUND AND SCOPE

I. Scope of application of the capital requirements for the purposes of regulatory supervision

Credit institutions and certain investment activities referred to in Annex 1 of directive 2004/39/EC are subject to solvency and large exposure ratios on an individual and, where applicable, sub-consolidated basis, although they may be exempted under the provisions of Article 7 of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 (CRR).

The French Regulatory and Resolution Supervisory Authority (ACPR) has agreed that some of the Group's subsidiaries may benefit from exemption on an individual or, where applicable, sub-consolidated basis. As such, Crédit Agricole S.A. has been exempted by the ACPR on an individual basis.

The transition to CRR/CRD 4 does not call into question the individual exemptions granted by the ACPR prior to 1 January 2014, based on pre-existing regulatory provisions.

II. Regulatory scope

Difference between the accounting and regulatory scopes of consolidation

Entities consolidated for accounting purposes, but excluded from the regulatory scope of consolidation of credit institutions on a consolidated basis predominantly comprise insurance companies and several *ad hoc* entities that are equity-accounted for regulatory purposes. In addition, entities consolidated on an accounting basis using proportional consolidation at 31 December 2013 and now equity-accounted in accordance with IFRS 11, are still consolidated proportionally for regulatory purposes. Information on these entities and their consolidation method for accounting purposes is provided in the consolidated financial statements, "Scope of consolidation at 31 December 2016".

TABLE 1 – DIFFERENCES IN THE TREATMENT OF EQUITY INVESTMENTS BETWEEN THE ACCOUNTING AND PRUDENTIAL SCOPES

Type of equity investment	Accounting treatment	Fully loaded Basel 3 regulatory treatment
Subsidiaries with financial operations	Fully consolidated	Full consolidation generating capital requirements for the subsidiary's operations.
Jointly held subsidiaries with financial operations	Equity-accounted	Proportionate consolidation.
Subsidiaries with insurance operations	Fully consolidated	Regulatory treatment of these equity investments using equity accounting, since the Group is identified as being a "financial conglomerate": ● CET1 instruments weighted at 370%, with EI equity at 2.4%; ● AT1 and T2 instruments deducted from the respective equity capital. In turn, as in the past, Crédit Agricole S.A. Group and Crédit Agricole Group are subject to additional capital requirements and capital adequacy ratios applying to financial conglomerates.
Equity investments of over 10% with operations that are financial in nature	● Equity-accounted ● Equity investments in credit institutions	● Deduction of CET1 instruments from CET1, beyond an exemption threshold of 17.65% of CET1. This exemption threshold, applied after calculation of a 10% threshold, is common to the non-deducted portion of deferred tax assets that rely on future profitability arising from temporary differences. ● AT1 and T2 instruments deducted from the respective equity capital.
Equity investments of ≤ 10% with financial or insurance operations	Equity investments and available for-sale securities	Deduction of CET1, AT1 and T2 instruments, beyond an exemption threshold of 10% of CET1.
ABCP business securitisation vehicles	Full	Risk weighting of the equity-accounted value and commitments on these structures (liquidity facilities and letters of credit).

DIFFERENCES BETWEEN ACCOUNTING AND REGULATORY SCOPES OF CONSOLIDATION AND CORRESPONDENCE BETWEEN FINANCIAL STATEMENTS AND REGULATORY RISK CATEGORIES

			Carrying values of items:				
31/12/2016 *(in billions of euros)*	**Carrying values as reported in published financial statements**	**Carrying values under scope of regulatory consolidation**	Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the securitisation framework	Subject to the market risk framework	Not subject to capital requirements or subject to deduction from capital
Assets							
Cash, central banks	31	31	31				0
Financial assets at fair value through profit or loss	324	239	3	219		163	0
Hedging derivative instruments	24	23		23			0
Available-for-sale financial assets	340	117	104	9	3		1
Loans and receivables due from credit institutions	96	93	73	19			0
Loans and receivables due from customers	774	773	768	5			0
Revaluation adjustment on interest rate hedged portfolios	11	11	11				0
Held-to-maturity financial assets	30	19	18	1			0
Current tax assets	2	2	2				0
Deferred tax assets	4	4	4				0
Accruals, prepayments and sundry assets	50	49	45	4		2	0
Non-current assets held for sale	1	0	0				0
Deferred participation benefits	0		0				0
Investments in equity-accounted entities	7	18	16				1
Investment property	6	1	1				0
Property, plant and equipment	7	8	8				0
Intangible assets	2	1					1
Goodwill	14	13					13
TOTAL ASSETS	**1,723**	**1,402**	**1,085**	**280**	**3**	**165**	**17**
Liabilities							
Central banks	4	5					5
Financial liabilities at fair value through profit or loss	242	240		51			188
Hedging derivative instruments	24	24		0			24
Due to credit institutions	79	67		13			54
Due to customers	693	704		5			699
Debt securities	168	164					164
Revaluation adjustment on interest rate hedged portfolios	12	11					11
Current tax liabilities	1	1	1				0
Deferred tax liabilities	2	1	1				0
Accruals, deferred income and sundry liabilities	51	48	10				37
Liabilities associated with non-current assets held for sale	0	0					0
Insurance company technical reserves	308	0					0
Provisions	7	7	0				7
Subordinated debt	30	29					29
Total liabilities	103	101					101
Equity	99	98					98
Equity, Group share	27	27					27
Consolidated reserves	62	62					62
Comprehensive income on non-current assets held for sale and discontinued operations	5	5					5
Net income/(loss) for the year – Group share	5	5					5
Net income/(loss) for the year	5	5					5
Non-controlling interests	5	5					5
TOTAL EQUITY AND LIABILITIES	**1,723**	**1,402**	**13**	**69**	**0**	**0**	**1,319**

III. Regulatory framework (CRR/CRD 4)

Summary of the major changes introduced by Basel 3 (CRR/CRD 4) compared with Basel 2

Tightening up the regulatory framework, Basel 3 enhances the quality and level of regulatory capital required and adds new risk categories to the regulatory framework. The legislation concerning the regulatory requirements applicable to credit institutions and investment companies was published in the Official Journal of the European Union on 26 June 2013 (directive 2013/36/EU, transposed notably by Order no. 2014-158 of 20 February 2014 and Regulation (EU) no. 575/2013 of the European Parliament and of the Council) and entered into force on 1 January 2014, in accordance with the transitional provisions specified in the legislation.

A. SOLVENCY RATIO NUMERATOR

Basel 3 defines three levels of capital:

- Common Equity Tier 1 (CET1);
- Tier 1 capital, which consists of Common Equity Tier 1 and Additional Tier 1 capital (AT1);
- total capital, consisting of Tier 1 capital and Tier 2 capital.

Capital, calculated on a fully **loaded** Basel 3[1] basis, takes into account the following changes compared with 31 December 2013 on a Basel 2.5 basis:

1. elimination of most **prudential filters**, in particular as regards unrealised capital gains and losses on equity instruments and available-for-sale debt securities. As an exception, capital gains and losses on cash flow hedges and those arising from changes in the institution's credit rating (liabilities held at fair value) remain filtered. Unrealised capital gains and losses on sovereign debt securities are not filtered in the tables presented below, which are projected to 2022, when IAS 39 will no longer be in force. In addition, a filter is introduced in respect of the DVA (debit valuation adjustment reflecting changes in the credit rating of the institution related to derivatives held as liabilities on the balance sheet);
2. partial **derecognition of** non-controlling interests and other equity instruments issued by eligible subsidiaries[2] in excess of the amount of capital required to cover the subsidiary's capital requirements. This partial derecognition applies to each tier of capital. Furthermore, ineligible non-controlling interests are excluded;
3. deduction from the CET1 of **deferred tax assets (DTAs)** that rely on future profitability **arising from tax loss carryforwards**;
4. deduction from the CET1 of negative amounts resulting **from any shortfall of provisions relative to** (expected losses (EL), calculated with a distinction between performing and non-performing loans;
5. deduction from the CET1 of **deferred tax** assets **(DTAs) that rely on future profitability arising from** temporary differences above an exemption threshold of 17.65% of CET1. This exemption threshold, applied after application of an initial exemption threshold of 10% of CET1, is common to the non-deducted portion of CET1 instruments held in significant financial stakes (over 10%). Items not deducted are included in risk-weighted assets (250% weighting);
6. deduction from the CET1 of the CET1 instruments held **in significant financial stakes** (over 10%, significant investments) beyond an exemption threshold of 17.65% of CET1 capital, with treatment identical to that described in the previous point:
   - the deduction relates to direct investments of over 10% and indirect investments (in particular via UCITS). These are now treated as a deduction and not anymore as risk-weighted assets. Their amount is added to that of the aforementioned financial-sector direct investments should they be identified as financial-sector entities. Otherwise, the equity portion, or even the full amount of the UCITS portfolio is deducted from the CET1 without the exemption being applied,
   - with regard to insurance-sector equity investments, they are treated as risk-weighted assets weighted at 370% if they are part of the conglomerate. If not, they are consolidated with other financial-sector investments and are therefore deducted from CET1 for the portion in excess of the double exemption threshold mechanism described above;
7. restriction of the Tier 1 and Tier 2 capital **to hybrid** debt instruments satisfying the inclusion criteria for Basel 3 eligibility;
8. **value** adjustments arising from the prudent valuation laid down in the regulatory framework: institutions must apply the prudent valuation principle and adjust the amount of their assets and liabilities measured at fair value according to a prudential method by **deducting any value** adjustment.

In addition, some of these items will be introduced progressively or phased-in as described below in point IV.

B. SOLVENCY RATIO DENOMINATOR

On 1 January 2014, the regulation (EU) 575/2013 of 26 June 2013 (CRR/CRD 4) introduced changes to the calculation of credit and counter party risk-weighted assets, and, in particular, factors in:

- the risk of market price movements in derivatives transactions linked to the credit rating quality of the counterparty (CVA – Credit Valuation Adjustment);
- central counterparty risks (clearing houses);
- external ratings, the reference of which is modified for the calculation of the weighting of financial counterparties under the standardised method;
- an increase in the correlation of default of large financial-sector entities for treatment under the internal ratings based approach;
- strengthening of detection measures and monitoring of the correlation risk;
- preferential treatment of exposures on small and medium-sized firms (SMEs).

Furthermore, risk-weighted assets include the equity-accounted value of insurance investments for the validated conglomerate scope, pursuant to Article 49 of the CRR. For the Crédit Agricole Group, the weighting is 370% given the unlisted status of Crédit Agricole Assurances (CAA).

(1) As they would be calculated in 2022 after the transition period.

(2) Redit institution and certain investment activities.

Pursuant to Regulation (EU) no. 575/2013 of 26 June 2013, two approaches are used to measure exposure to credit risk:

- the standardised approach, which is based on external credit ratings and fixed weightings for each Basel exposure class;
- the Internal Ratings Based approach (IRB), which is based on the bank's own internal rating system.

There are two subsets of the IRB approach:

- the "Foundation Internal Ratings-Based" approach, under which institutions may use exclusively their own default probability estimates;
- the "Advanced Internal Ratings-Based" approach, under which institutions may use all their internal estimates of risk components: probability of default, loss given default, exposure given default and maturity.

C. SOLVENCY RATIO UNDER CRR/CRD 4

Overall under Basel 3, three levels of solvency ratio are calculated:

- the Common Equity Tier 1 (CET1) ratio;
- the Tier 1 (T1) ratio;
- the total capital ratio.

These ratios are to be phased-in so that the transition from the Basel 2 calculation rules to the Basel 3 rules can be handled progressively.

IV. Transitional implementation phase

To facilitate compliance by credit institutions with the CRR/CRD 4, less stringent transitional provisions have been provided for, notably with the progressive introduction of new capital components:

1. transitional treatment of prudential filters on **unrealised gains and losses** on available-for-sale financial assets: unrealised gains were excluded from CET1 in 2014, and are now integrated on a gradual basis (40% in 2015; 60% in 2016; 80% in 2017 and 100% the following years). Conversely, unrealised capital losses have been included from 2014. In addition, unrealised capital gains and losses on sovereign debt securities remain excluded from capital until such time as IFRS 9 is adopted by the EU;
2. progressive deduction of the partial derecognition or exclusion **of non-controlling** interests by tranche rising by 20% per annum **since 1** January 2014;
3. progressive deduction of **deferred tax assets (DTAs)** that rely on future profitability **arising from tax loss carryforwards** by tranche rising by 20% per annum since 1 January 2014. The residual amount (80% in 2014, 60% in 2015, 40% in 2016, 20% in 2017 and 0% the following years) continues **to be handled using the CRD 3 method (treatment as risk-weighted assets with a 0% weighting)**;
4. no transitional application of the deduction of negative amounts resulting from a **shortfall of provisions relative to expected losses** (as a reminder, under CRD 3, 50% deduction from Tier 1 and 50% deduction from Tier 2 capital), with a calculation of the amounts that now distinguish between performing and non-performing loans;
5. progressive deduction of **deferred taxes assets (DTAs)** that rely on future **profitability arising from temporary differences**: the amount that exceeds the double exemption threshold that is partly common to significant financial stakes (over 10%) is deducted by tranche rising by 20% per annum with effect from 1 January 2014. The items covered by the exemption thresholds are weighted 250%. The residual amount by which the exemption threshold (80% in 2014, 60% in 2015, 40% in 2016, 20% in 2017 and 0% the following years) is exceeded continues to be handled using the CRD 3 method (treatment as risk-weighted assets with a 0% weighting);
6. gradual deduction of CET1 instruments held in financial entities constituting **significant financial stakes** (**over 10%**): the residual amount by which the double exemption threshold common to the deferred tax assets referred to in the previous point is exceeded is deducted according to the same approaches as described in the above point. The items covered by the exemption threshold are weighted 250% as above. That residual amount by which the exemption threshold is exceeded (80% in 2014, 60% in 2015, 40% in 2016, 20% in 2017 and 0% the following years) continues to be handled using the CRD 3 method (50% deduction from Tier 1 and 50% from Tier 2);
7. The **hybrid debt instruments** that were eligible as capital under Basel 2 and which are no longer eligible as capital owing to the entry into force of the new regulation can, under certain conditions, be eligible for the grandfathering clause. In accordance with this clause, these instruments are gradually excluded over a period of eight years, with a reduction of 10% per annum. In 2014, 80% of the total stock declared on 31 December 2012 was recognized, then 70% in 2015, and so on. The unrecognized part can be recognised in the lower capital category (from AT1 to Tier 2, for example) if it meets the corresponding criteria.

Lastly, **intangible** assets (including goodwill) were deducted in full from CET1 from 2014, in accordance with the national transposition of the transitional provisions.

V. Minimum requirements

The requirements with regard to Pillar 1 are ruled by the Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 (CRR). The legislator also fixes on a discretionary basis, the minimum requirements, within the framework of Pillar 2.

Minimum requirements for Pillar 1

- Capital ratios before buffers: the minimum phased-in CET1 requirements moved to 4.5% from 2015. Likewise, the minimum phased-in Tier 1 requirement rose to 6% in 2015 and for the following years (5.5% in 2014). Lastly, the minimum phased-in total capital requirement stood at 8% as in 2014, and remains at that level for the following years.
- Capital buffers are added to these ratios, to be applied progressively:
  - the capital conservation buffer (2.5% of risk-weighted assets in 2019);
  - the countercyclical buffer (in principle within a range 0 to 2.5%): the buffer for the Group being an average weighted by exposure at default (EAD) of the[1] buffers defined for each country in which the Group operates;

(1) *The exposure at default is the exposure amount in the event of default. It encompasses balance sheet assets plus a proportion of off-balance sheet commitments.*

- the buffers for systemic risk (0 to 3% in general, up to 5% after agreement from the European Commission, and more exceptionally above that figure) and for Global Systemically Important Banks (G-SIB) (between 0% and 3.5%) or Other Financial Institutions (O-SII) (between 0% and 2%). These buffers are not cumulative, and in general, subject to exceptions, it is the highest that applies. Only Crédit Agricole Group is a systemic institution and has a buffer of 1% phased-in at 0.25% in 2016.

These buffers come into force on an incremental basis from 2016 to 2019 (0% in 2015, 25% of the required buffer in 2016, 50% in 2017, etc.). When the countercyclical buffer rate is calculated by one of the national authorities, the application date is at least 12 months after the date of publication. The progressive increments above apply at the end of the 12-month advance notice period. At the end of December 2016, counter-cyclical buffers for Norway, Sweden and Hong Kong were recognised by the Financial Stability Board (FSB). These buffers must be covered by phased-in CET1.

1 January...	2015	2016	2017	2018	2019
Common Equity Tier 1	4.5%	4.5%	4.5%	4.5%	4.5%
Tier 1 (CET1 + AT1)	6.0%	6.0%	6.0%	6.0%	6.0%
Tier 1 + Tier 2	8.0%	8.0%	8.0%	8.0%	8.0%
Capital conservation buffer		0.625%	1.250%	1.875%	2.50%
Countercyclical buffer (0 to 2.5%)		0.006%			
Systemic risk buffer (0 to 5%)		0.25%	0.5%	0.75%	1.0%

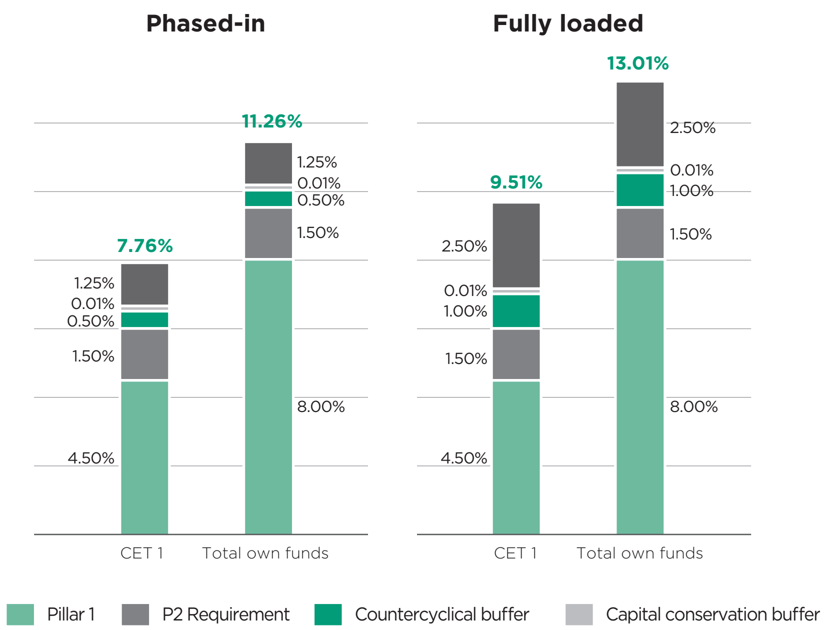
Minimum requirements with regard to Pillar 2 published on 21 December 2016

Crédit Agricole Group and Crédit Agricole S.A. have been notified by the European Central Bank (ECB) of the new minimum capital requirements following the results of the Supervisory Review and Evaluation Process (SREP).

For 2017, the ECB is changing the methodology used, dividing the prudential requirement into two parts:

- a Pillar 2 Requirement (P2R). This requirement concerns each level of own funds and must be made up entirely of Common Equity Tier 1. Failure to comply with this requirement automatically results in restrictions on distributions (AT1 coupons, dividends, bonuses). Accordingly, this requirement is public;
- a Pillar 2 Guidance (P2G). At this stage, this requirement is not public.

Crédit Agricole Group will therefore have to comply in 2017 with a consolidated minimum CET1 ratio of 7.76% phased in or 9.51% fully loaded These levels include the requirements under Pillar 1, Pillar 2 P2R, the capital conservation buffer that is subject to phasing and the countercyclical buffer:



At the end of December 2016, the phased-in CET1 ratio was 14.4%; the fully loaded ratio is 14.5%.

Crédit Agricole S.A., as the central body of Crédit Agricole Group, fully benefits from the internal legal solidarity mechanism as well as internal flexibility on capital circulation within the very strongly capitalised Crédit Agricole Group.

INDICATORS AND REGULATORY RATIOS

I. Solvency ratios

The following table shows the regulatory capital (simplified version). The full table is presented in the section "Composition and change in regulatory capital/Composition of capital" in the consolidated report on Risk factors and Pillar 3 available on the website: www.credit-agricole.com/finance/finance/publications-financieres.

	31/12/2016		31/12/2015	
(in millions of euros)	**Phased-in**	**Fully loaded**	**Phased-in**	**Fully loaded**
Capital and reserves Group share(1)	90,331	91,526	85,118	86,962
(+) Minority interests(1)	1,682	1,148	1,916	1,162
(-) Prudent valuation	(809)	(809)	(832)	(832)
(-) Deductions of goodwill and other intangible assets	(15,767)	(15,767)	(16,137)	(16,137)
(-) Deferred tax assets that rely on future profitability not arising from temporary differences after deduction of the associated tax liabilities	(35)	(59)	(75)	(188)
(-) Shortfall in adjustments for credit risk relative to expected losses under the internal ratings-based approach deducted from the CET1	(391)	(391)	(1,099)	(1,099)
(-) Amount exceeding the exemption threshold for CET1 instruments of financial stakes in which the institution owns a significant holding and of the deductible deferred tax assets that rely on future profitability arising from temporary differences(2)	(0)	(0)	(0)	(0)
Transitional adjustments and other deductions applicable to CET1 capital	(62)	(181)	(45)	(199)
COMMON EQUITY TIER 1 (CET1)	**74,949**	**75,467**	**68,846**	**69,669**
Equity instruments eligible as AT1 capital	5,616	5,616	4,433	4,433
Ineligible AT1 equity instruments qualifying under grandfathering clause	4,508	0	5,615	0
Tier 1 or Tier 2 instruments of entities operating mainly in the insurance sector in which the institution has a significant investment deducted from Tier 1 capital	(829)	0	(981)	0
Transitional adjustments and other deductions	(317)	(199)	(153)	0
ADDITIONAL TIER 1 CAPITAL	**8,978**	**5,417**	**8,914**	**4,433**
TIER 1 CAPITAL	**83,927**	**80,884**	**77,760**	**74,102**
Equity instruments and subordinated borrowings eligible as Tier 2 capital	17,876	17,876	19,343	19,343
Ineligible equity instruments and subordinated borrowings	433	0	1,004	0
Surplus provisions relative to expected losses eligible under the internal ratingsbased approach and general credit risk adjustments under the standardised approach(3)	1,985	1,985	1,981	1981
Tier 2 instruments of entities operating mainly in the insurance sector in which the institution has a significant investment deducted from Tier 2 capital	(3,314)	(3,846)	(2,289)	(2,973)
Transitional adjustments and other deductions	(240)	(240)	455	0
TIER 2 CAPITAL	**16,740**	**15,775**	**20,494**	**18,351**
TOTAL CAPITAL	**100,667**	**96,569**	**98,254**	**92,453**
TOTAL RISK WEIGHTED ASSETS	**520,963**	**520,963**	**509,403**	**509,403**
CET1 ratio	**14.4%**	**14.5%**	**13.5%**	**13.7%**
Tier 1 Ratio	**16.1%**	**15.5%**	**15.3%**	**14.5%**
Total capital ratio	**19.3%**	**18.6%**	**19.3%**	**18.1%**

(1) *This line is detailed later in the document, in the table "Reconciliation of accounting and regulatory capital".*

(2) *Financial-sector CET1 instruments in which the institution holds a significant stake account for €4,829 million, and the deferred taxes that rely on future profitability arising from temporary differences amount to €1,671 million on a fully loaded basis as at 31 December 2016.*

(3) *The transfer to Tier 2 of the surplus provisions relative to eligible expected losses determined in accordance with the internal ratings-based approach is limited to 0.6% of risk-weighted assets under IRB. In addition, general credit risk adjustments gross of tax effects may be included up to 1.25% of risk-weighted assets under the standardised approach.*

The fully loaded Common Equity Tier 1 (CET1) capital stood at €75.5 billion at 31 December 2016, an increase of €5.8 billion compared with year-end 2015.

The non-recurring events that affected CET1 in 2016 concern first of all the capital increase reserved for employees, amounting to €0.3 billion, the decrease in the provision deficit relative to the expected loss, amounting to €0.7 billion, and the decrease in the deduction of goodwill for €0.4 billion.

Recurring changes relate mainly to the retained prudential result of €4.0 billion, which rises to €4.5 billion after restatement for the provision for the aforementioned goodwill impairment. To this organic increase is added the non-Group share of the dividend payment in shares on the 2015 earnings and share issuances (€0.5 billion), and, in the other direction, the expense for coupons on Basel 3-eligible AT1 issues (€0.5 billion).

The residual increase is due in particular to the change in unrealised gains and losses and the decrease in deferred tax assets, which are dependent on future profitability and do not result from temporary differences.

The phased-in Common Equity Tier 1 (CET1) capital stood at €74.9 billion at 31 December 2016, or €0.5 billion lower than on a fully loaded basis. In summary, the €1.2 billion negative impact from phasing on unrealized capital gains and losses is offset by the positive impact of the reintegration of 40% of the derecognised non-controlling interests, amounting to €0.5 billion. The balance mainly corresponds to the positive impact from the phasing of own shares, as well as that of deductions relating to deferred tax assets arising from tax loss carryforwards.

The detail of fully loaded and phased-in Common Equity Tier 1 (CET1) capital is as follows:

- capital and reserves on a fully loaded basis rose by €4.6 billion compared with 2015 year-end, to €91.5 billion, in particular due to retained prudential net profit amounting to €4.0 billion, the non-Group share of the payment of the dividend in shares on the 2015 earnings for €0.4 billion, the employee capital increase for €0.3 billion and the change in unrealised gains and losses for €0.1 billion. Conversely, coupons on AT1 issues represented an expense of €0.5 billion and the exchange rate effect had a negative impact of €0.1 billion. Phased-in capital and reserves amounted to €90.3 billion, up €5.2 billion from end-2015 due to the same factors and the differential in the transitional treatment of unrealised gains and losses;
- fully loaded non-controlling interests amounted to €1.1 billion, stable year-on-year, and are lower than the phased-in amount, which benefits from the reintegration of 40% of the derecognised non-controlling interests, i.e. €0.5 billion;
- the deduction for prudent valuation was stable at €0.8 billion;
- the deductions for goodwill and other intangibles fell by €0.4 billion to €15.8 billion on both a fully-loaded and phased-in basis, due to the impairment provision for LCL goodwill (€0.5 billion) and, conversely, an increase mainly due to the goodwill acquired in Amundi's acquisition of KBI Global Investors (slightly over €0.1 billion);
- deferred tax assets, which are dependent on future profitability related to tax loss carryforwards, amounted to less than €0.1 billion fully loaded and were down by €0.1 billion compared to the end of 2015; phased-in, they amounted to 60% of the fully loaded amount;
- the provision deficit in relation to the expected loss on IRB exposures amounted to €0.4 billion at 31 December 2016, both on a fully loaded and phased-in basis, a decrease of €0.7 billion compared to 31 December 2015, mainly due to the application of an EBA FAQ allowing the offsetting of surpluses on healthy assets with deficits on outstanding loans;
- CET1 instruments of significant financial stakes (over 10%) amounted to €4.8 billion. They are subject to the calculation of an exemption threshold that exceeds €0.4 billion fully loaded and €0.3 billion phased-in; deferred tax assets (DTA) that rely on future profitability arising from temporary differences amounted to €1.7 billion at 31 December 2016, down by €0.5 billion compared with 31 December 2015. They are subject to the calculation of an exemption threshold and are treated as risk-weighted assets and weighted at 250%.

Fully loaded Tier 1 capital, at €80.9 billion, came in €6.8 billion above its 31 December 2015 level, while the phased-in Tier 1 capital was €83.9 billion, an increase of €6.2 billion compared to 31 December 2015. This includes the CET1 capital described above and the Additional Tier 1 capital, which underwent the following changes:

- the hybrid securities included in Tier 1 capital eligible under Basel 3 amounted to €5.6 billion, or €1.2 billion higher due to an issue of $1.3 billion;
- the entire stock prior to 1 January 2014 was ineligible on a fully loaded basis. In phased-in terms, "grandfathered" securities fell by €1.1 billion, mainly due to the early redemption of two TSS of €0.5 billion and £0.2 billion (€0.3 billion) and several other redemptions totalling €0.3 billion. The total amount of "grandfathered" securities thus remains below the level authorised by the grandfathering provision, which makes it possible to include, in addition to the CRR/CRD 4-eligible instruments, an amount of debt equivalent to a maximum of 60% of the base at 31 December 2012;
- since the first quarter of 2016, a deduction of €0.1 billion has been recognised on a fully loaded basis on account of the reclassification of a CAA Tier 2 security to Additional Tier 1 (transition to Solvency II);
- conversely, on a phased-in basis, subordinated loans and receivables from credit institutions and insurance companies, all representative of Tier 2 instruments, were deducted for their share of the deduction from Tier 1. This item, impacted by the change in the phasing percentage, amounted to €0.8 billion at 31 December 2016, representing a decrease of €0.2 billion from 31 December 2015;
- the other deductions now include the redemption ceiling for AT1 instruments of €0.1 billion.

At €15.8 billion, fully loaded Tier 2 capital was €2.6 billion lower than at 31 December 2015, following active management of hybrid debt, the subscription of €1.0 billion of Tier 2 insurance capital and regulatory amortisation. Phased-in Tier 2 capital was €16.7 billion, down €3.8 billion from 31 December 2015:

- the hybrid securities included in category 2 capital eligible under Basel 3 amounted to €17.9 billion, or €1.5 billion lower than at 31 December 2015. During the year, three eligible TSR calls were made totalling €1.8 billion, along with partial redemptions of €0.9 billion (estimated prudential value at the date of the transaction) in the context of a liability management transaction, to which the maturing debts must be added. The residual fluctuations are due to technical changes, concerning in particular the prudential amortisation of those securities. On a phased-in basis, there are also €0.4 billion of non-eligible instruments, down €0.6 billion, mainly due to non-eligible TSDI repayments totalling €0.5 billion and maturing debts;
- the surplus provisions in relation to the expected losses using the internal ratings-based approach and the adjustments for gross general credit risk of the tax effects according to the standardised approach amounted to €2.0 billion at 31 December 2016, stable compared to 31 December 2015 following its inclusion in the CET1, the 0.6% risk weighted assets target still being exceeded;
- subordinated loans and receivables from credit institutions and insurance companies, all representative of Tier 2 instruments, were deducted in full from Tier 2 in the amount of €3.8 billion on a fully loaded basis, up €0.9 billion compared to 31 December 2015 following Crédit Agricole S.A.'s subscription of subordinated notes issued by Crédit Agricole Assurances. In phased-in terms, for their share allocated as a Tier 2 deduction, they amounted to €3.3 billion, an increase of €1 billion euros compared to 31 December 2015, and the impact from the Crédit Agricole Assurances issue was supplemented by the change in the phasing percentage;
- the other deductions now include a redemption ceiling for Tier 2 instruments of €0.2 billion.

In all, fully loaded total capital at 31 December 2016 stood at €96.7 billion, or €4.2 billion higher than at 31 December 2015. At €100.7 billion, phased-in total capital was €2.4 billion lower than at 31 December 2015. This regulatory capital does not take into account the non-preferred senior debt issues that are discussed in paragraph IV. MREL/TLAC ratio.

II. Regional Bank solvency ratios at 31/12/2016[1]

	Dec. 16		Dec. 15	
(In € millions)	**Phased-in**	**Fully loaded**	**Phased-in**	**Fully loaded**
CET1	44,780	44,237	58,836	59,028
Additional Tier 1	0	0	0	0
Tier 1	**44,780**	**44,237**	**58,836**	**59,028**
Tier 2	12	1,000	304	1,295
Total capital	**44,792**	**45,237**	**59,140**	**60,322**
Credit risk	230,120	230,120	276,084	276,084
Market risk	0	0	0	0
Operational risk	15,357	15,357	14,944	14,944
Risk weighted assets	**245,478**	**245,478**	**291,028**	**291,028**
CET1 solvency ratio				
Tier 1 solvency ratio	18.2%	18.0%	20.2%	20.3%
Total solvency ratio	**18.2%**	**18.4%**	**20.3%**	**20.7%**

(1) Total of 38 Regional Banks (excluding Caisse régionale de Corse)

The CET1 solvency ratio (fully loaded) for all the Regional Banks (excluding Corsica) fell by 2.3% in 2016 to 18.0%. This fall was primarily a consequence of the Eureka operation (see below). CET 1 capital fell by -€14.7 billion following the equity stake taken in Sacam Mutualisation (-€18.5 billion), partially offset by retained earnings from FY 2016 (+€3.2 billion). Risk weighted assets also declined, by -€46 billion, comprising a reduction related to Eureka for -€53 billion and an increase of €7 billion in other risk weighted assets.

Since 2014, the Regional Banks have guaranteed the "combined" equity-accounted value of CCI-CCA equity investments and Crédit Agricole S.A.'s equity investments in the insurance entities (CAA and its subsidiaries) under the "Combined" Switch, or Switch 2. The Eureka operation on 3 August 2016 had two consequences:

- Crédit Agricole S.A. transferred the equity investments it held in the Regional Banks in the form of CCIs/CCAs to Sacam Mutualisation. These are deducted from the CET1 of the Regional Banks in the amount of €18.5 billion. Sacam Mutualisation is jointly held by all of the Regional Banks and is consolidated at Crédit Agricole Group level.
- Its construction ends the Switch guarantee mechanism in respect of the part relating to the CCI/CCA equity investments held by CASA in the Regional Banks, i.e. a reduction in risk weighted assets linked to the withdrawal of this guarantee (-€53 billion).

Accordingly, since 1 July 2016, only Crédit Agricole S.A. equity investments in Crédit Agricole Assurances division entities benefit from the guarantee provided by the Switch mechanism.

Lastly, you are reminded that the Regional Banks granted a guarantee, on a joint and several basis, to third-party creditors of Crédit Agricole S.A., up to the total amount of their capital and reserves, if the assets of Crédit Agricole S.A. are found to be insufficient at the end of bankruptcy or dissolution proceedings. Furthermore, Crédit Agricole S.A., in its capacity as Central Body, is responsible for the solvency and liquidity of the Regional Banks. Consequently, the international rating agencies give identical ratings to Crédit Agricole S.A. and Regional Bank issue programmes.

III. Financial conglomerate ratio

As at 31 December 2016, Crédit Agricole Group''s financial conglomerate ratio, which now includes the Solvency II requirement, is 175% on a phased-in basis, a level well above the minimum 100% requirement. The Group therefore has more than twice the level of minimum capital requirements for banking activities and insurance activities.

The conglomerate ratio is defined as the ratio of the phased-in total capital of the financial conglomerate to the cumulative total of the bank's capital requirements and insurance company's capital requirements:

- it includes all banking and insurance requirements, restating the share of intragroup transactions related to equity investments from both the numerator and the denominator;
- the insurance subsidiary's capital raised outside of the scope of consolidation is included in the conglomerate's capital.

$$\textbf{Financial conglomerate ratio} = \frac{\text{Total capital of the conglomerate}}{\text{Banking requirements} + \text{Insurance requirements}} > 100\ \%$$

The "conglomerate" view is the most relevant for a bancassurance group. The conglomerate combines banks and insurance companies, which corresponds to the natural scope of Crédit Agricole Group. Moreover, the conglomerate ratio reflects the actual risks borne by each of the two activities. Therefore, the conglomerate ratio view is economic, whereas the bank solvency ratio treats insurance as an equity investment.

IV. Leverage ratio

Article 429 of the CRR specifying the methods for calculating the leverage ratio was amended and replaced by the Delegated Act no. 62/2015 of 10 October 2014. The delegated act was published in the Official Journal of the European Union on 18 January 2015.

Publication of the ratio at least once a year is mandatory as of 1 January 2015. Institutions can choose to publish a fully loaded ratio, a phased-in ratio or both ratios.

If the institution decides to change its publication choice, at the time of first publication it must reconcile the data for all of the ratios previously published with the data for the new ratios selected for publication.

An observation period has been introduced for the leverage ratio running from 1 January 2014 to 1 January 2017 to monitor the components and the behaviour of the ratio relative to the requirements based on risk.

According to the draft texts published on 23 November 2016 for CRR 2/CRD 5 legislation, the implementation in Pillar 1, which was initially scheduled in CRR for 1 January 2018, could be delayed.

A requirement for a two-level leverage ratio is envisaged: it could be 3%, the level indicated by the Basel Committee for non G-SIB, and a higher level for the G-SIB.

The leverage ratio is defined as the Tier 1 capital divided by the exposure measure, i.e. balance sheet and off-balance-sheet assets after certain restatements of derivatives, intragroup transactions, securities financing transactions, items deducted from the numerator, and off-balance-sheet items.

At 31 December 2016, Crédit Agricole Group's leverage ratio stood at 5.7% on a phased-in Tier 1 basis[1].

(1) Subject to ECB authorisation, with an impact of +130 basis points related to the exoneration of intragroup operations.

LEVERAGE RATIO

		Exposures for leverage ratio pursuant to the CRR
Balance sheet exposures (excluding derivatives and SFTs)		
1	Balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	1,122,690
2	Assets deducted in the determination of Tier 1 capital	(20,024)
3	**TOTAL BALANCE SHEET EXPOSURES (EXCLUDING DERIVATIVES, SFTS AND FIDUCIARY ASSETS) (SUM OF LINES 1 AND 2)**	**1,102,665**
Exposures to derivatives		
4	Replacement cost of all derivative transactions (i.e. net of eligible margins of change in cash)	23,109
5	Additional amount for potential future exposures associated with all derivative transactions (mark-to-market)	31,389
5a	Exposure determined by application of initial exposure method	0
6	Collateral provided for derivatives when deducted from assets in the balance sheet in accordance with the applicable accounting standards	3,622
7	Deduction of receivables recognised as assets for the margin of change in cash provided in connection with derivative transactions	(24,952)
8	CCP leg exempted from exposures for customer-cleared transactions	(232)
9	Adjusted effective notional value of credit derivatives sold	18,173
10	Adjusted effective notional differences and deductions from increases for credit derivatives sold	(13,066)
11	**TOTAL DERIVATIVE EXPOSURES (SUM OF LINES 4 TO 10)**	**38,045**
Exposures to SFTs		
12	Gross SFT assets (excluding offsetting) after adjustment for transactions recorded as sales	236,634
13	Net value of cash amounts payable and receivable from gross SFT assets	(101,400)
14	Exposure to counterparty credit risk for SFT assets	4,754
14a	Derogation for SFTs: Exposure to counterparty credit risk in accordance with Article 429 ter (4) and Article 222 of Regulation (EU) no. 575/2013	
15	Exhibitions where the institution acts as an agent	
15a	CCP leg exempted from exposures for customer-cleared SFTs	
16	**TOTAL EXPOSURES ON SECURITIES FINANCING TRANSACTIONS (SUM OF LINES 12 TO 15A)**	**139,988**
Off-balance sheet exposure		
17	Off-balance sheet exposures in gross notional value	301,635
18	Adjustments for conversion to equivalent amounts of credit	(119,916)
19	**OTHER OFF-BALANCE SHEET EXPOSURES (SUM OF LINES 17 AND 18)**	**181,720**
Exposures exempted under Article 429 (7) and (14) of Regulation (EU) no. 575/2013 (on-and off-balance sheet exposure)		
19a	Exempt intragroup exposures (on an individual basis) under Article 429 (7) of Regulation (EU) no. 575/2013 (on- and off-balance sheet exposures)	
19b	Exempt exposures under Article 429 (14) of Regulation(EU) no. 575/2013 (on- and off-balance sheet exposures)	
Own funds and measurement of total exposure		
20	Tier 1 Capital	83,927
21	**TOTAL EXPOSURE MEASUREMENT FOR LEVERAGE RATIO – SUM OF LINES (3, 11, 16, 19, EU(19)A AND EU(19)B)**	**1,462,417**
Leverage ratio		
22	**LEVERAGE RATIO**	**5.7%**
Choice of transitional provisions and amount of derecognised fiduciary assets		
23	Choice of transitional provisions for the definition of measurement of capital	Transitional
24	Amount of fiduciary assets derecognised under Article 429(11) of Regulation (EU) no. 575/2013.	

SUMMARY OF THE RECONCILIATION BETWEEN ACCOUNTING ASSETS AND EXPOSURES FOR THE PURPOSES OF THE LEVERAGE RATIO

		Applicable amoun
1	Total assets according to published financial statements	1,722,849
2	Adjustment for entities consolidated from an accounting standpoint but not included in the regulatory scope of consolidation	(321,200)
3	Adjustment for fiduciary assets recognised in the balance sheet in accordance with the applicable accounting standards but excluded from the total measurement of exposure for the purposes of the leverage ratio under Article 429 (13) of Regulation (EU) no. 575/2013	
4	Adjustments for derivative financial instruments	(132,284)
5	Adjustment for securities financing transactions (SFT)	31,356
6	Adjustment for off-balance sheet items (resulting from the conversion of off-balance sheet exposures to equivalent credit amounts)	181,720
6a	Adjustment for intragroup exposures exempted from the total measurement of exposure for the purposes of the leverage ratio under Article 429 (7) of Regulation (EU) no. 575/2013	0
6b	Adjustment for intragroup exposures exempted from the total measure of exposure for the purposes of the leverage ratio under Article 429 (14) of Regulation (EU) no. 575/2013	0
7	Other adjustments	(20,024)
8	**TOTAL EXPOSURE MEASUREMENT FOR LEVERAGE RATIO**	**1,462,417**

BREAKDOWN OF BALANCE SHEET EXPOSURES (EXCLUDING DERIVATIVES, SFTS)

		Exposures for Leverage Ratio pursuant to the CRR
1	Total balance sheet exposures (excluding derivatives, SFT and exempt exposures), of which:	1,122,690
2	Trading book exposures	4,956
3	Banking portfolio exposures, of which:	1,117,734
4	Covered bonds	4,855
5	Exposures considered sovereign	184,388
6	Exhibitions to regional governments, multilateral development banks, international organizations and public sector entities not regarded as sovereign borrowers	35,136
7	Institutions	56,090
8	Exposures secured by mortgage on real estate	10,627
9	Exposures on retail customers	487,713
10	Corporates	243,559
11	Defaulted exposure	24,797
12	Other exposures (including stocks, securitisations and other assets not corresponding to credit obligations)	70,568

V. MREL/TLAC ratio

MREL ratio

The MREL (or Minimum Requirement for Own Funds and Eligible Liabilities) ratio, is defined in the European "Bank Recovery and Resolution Directive" (BRRD) published on 12 June 2014 and effective starting 1 January 2015 (except for provisions on bail-in and MREL, which are applicable since 1 January 2016).

More generally, the BRRD establishes a framework for the resolution of banks throughout the European Union and with the aim of equipping resolution authorities with shared instruments and powers to pre-emptively tackle banking crises, preserve financial stability and reduce taxpayers' exposure to losses.

The MREL ratio corresponds to the minimum requirement of own funds and eligible liabilities in order to absorb losses in the event of resolution. This minimum requirement is calculated as being the amount of own funds and eligible liabilities expressed as a percentage of the institution's total liabilities and capital. In this calculation, total liabilities takes into account the full recognition of netting rights applicable to derivatives. In view of the European Commission's legislative proposal to amend the BRRD, published on 23 November 2016, the denominator of the MREL could eventually converge towards the denominator of the TLAC ratio (see below) and be expressed in RWA. Regulatory capital, subordinated notes with a residual maturity of more than one year (including prudentially ineligible instruments and the amortised portion of Tier 2), non-preferred senior debts with a residual maturity of more than one year, (Crédit Agricole S.A. issued €1.5 billion with a 10-year maturity at the end of the year) and certain preferred senior debts with residual maturities of more than one year qualify for inclusion in MREL. MREL eligible preferred senior debt is subject to the appreciation of the Single Resolution Board (SRB).

The MREL ratio calibrates an eligible liabilities requirement but does not specify which debt would be called upon to absorb losses in the event of resolution.

Since September 2015, Crédit Agricole Group has already reached an MREL ratio of 8% excluding preferred senior debt, which, in the event of resolution, would enable recourse to the European resolution fund before applying the bail-in to preferred senior debt, creating an additional level of protection for preferred senior investors. Crédit Agricole Group, like Crédit Agricole S.A., will be subject to a MREL target defined by the resolution authority, which could be different from the target goal of 8% retained by the Group.

The Group had set itself the objective of reaching the ratio of 8% excluding preferred senior debt by the end of 2016. In 2016, the CRU only sent the Group an indicative MREL target, which included potentially eligible preferred senior debt[1], which is non-binding at the consolidated level. By the end of 2017, the CRU could set a MREL requirement for the Group at the consolidated level and take its first MREL decisions at the individual level.

At 31 December 2016, Crédit Agricole Group posted a MREL ratio estimated at 8.5% excluding potentially eligible preferred senior debt.

TLAC ratio

This ratio, whose modalities were indicated in a Term Sheet published on 9 November 2015, was established by the Financial Stability Board (FSB) at the request of the G20. The FSB defined the calculation of a ratio aimed at estimating the adequacy of the bail-in and recapitalisation capacities of Global Systemically Important banks (G-SIB). This new Total loss absorbing capacity (TLAC) ratio, which will be transposed at the European level into the CRR and enter into force from 2019, will provide resolution authorities with the means to assess whether G-SIBs have sufficient bail-in capacity before and during resolution. As a result, the resolution authorities will be able to implement an ordered resolution strategy that minimises impacts on financial stability, ensures the continuity of the G-SIBs' critical economic functions and limits the use of taxpayers' money.

According to the provisions of the TLAC Term Sheet included in the European Commission's legislative proposal of amendments to the CRR published on 23 November 2016, the minimum level of the TLAC ratio corresponds to twice the minimum regulatory requirements (i.e. the maximum between 6% of the leverage ratio denominator and 16% of the risk-weighted assets, plus applicable regulatory buffers) effective 1 January 2019, and the maximum between 6.75% of the leverage ratio denominator and 18% of the risk-weighted assets (excluding buffers) from 1 January 2022. This minimum level could be increased by the resolution authorities through the MREL requirement (see previous point).

From 2019, this ratio will only apply to systemically Important Institutions, and thus to Crédit Agricole Group. Crédit Agricole S.A. is not, however, subject to this ratio, as it is not classified as a G-SIB by the FSB.

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

Crédit Agricole Group must comply with a TLAC ratio in excess of 19.5% (including a capital conservation buffer of 2.5% and a G-SIB buffer of 1%) from 2019, then 21.5% from 2022. Crédit Agricole Group aims to comply with these TLAC requirements excluding eligible preferred senior debt, subject to changes in methods of calculating risk-weighted assets. As at 31 December 2016, the TLAC to risk-weighted assets ratio is estimated at 20.3% [1] for Crédit Agricole Group, excluding eligible preferred senior debt.

VI. Asset encumbrance

Crédit Agricole Group monitors and manages the assets pledged.

The total asset encumbrance ratio stands at 13.7% at 31 December 2016:

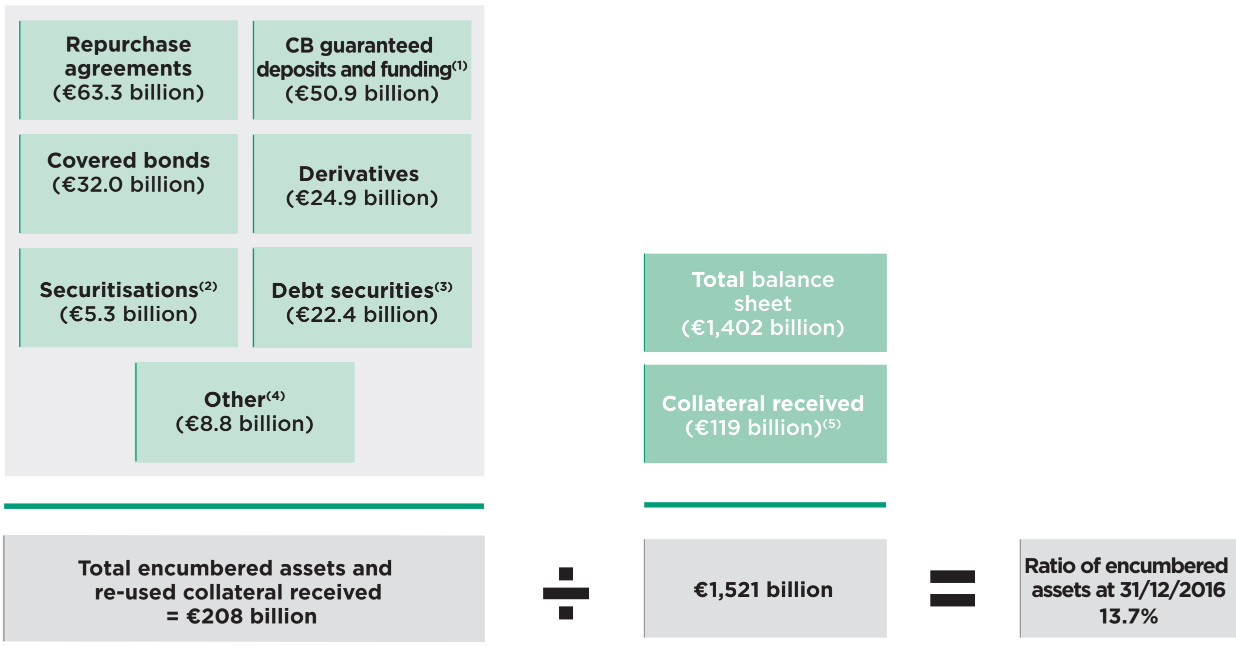
- on loans and receivables due from private customers, assets are pledged to obtain refinancing under advantageous conditions or to constitute reserves that can easily be made liquid if needed. The policy of Crédit Agricole Group aims to both diversify the instruments used to improve resistance to liquidity stress, which could affect individual markets differently, and to limit the share of assets pledged in order to retain good quality assets that can be easily liquidated in the market through existing mechanisms in case of stress:

(1) Estimation based on our current understanding of the texts.

- covered bonds: assets received from the Regional Banks, LCL, Crédit Agricole CIB and Cariparma are pledged through three issue mechanisms: Crédit Agricole Home Loan SFH, Crédit Agricole Public Sector SCF and Cariparma (€28.3 billion invested and outstanding for €32 billion in encumbered assets),
- security deposits other than repurchase agreements: encumbered assets stem mainly from the refinancing activities with French or supranational organisations, funds drawn from the ECB under TLTROs and Crédit Agricole CIB's ESTER securitisation conduit (€38.2 billion of refinancing for €50.9 billion in encumbered assets),
- asset-backed securities (securitisations): assets are pledged for securitisation transactions by CA Consumer Finance and CA Financements (Switzerland) and placed in the market (€5.3 billion),
- debt securities issued (other than covered bonds or ABSs): encumbered assets stem mainly from promissory notes issued to the *Caisse de refinancement de l'habitat* (CRH) (€14.5 billion of refinancing for €22.4 billion of encumbered assets);

- the other sources of asset encumbrance are mainly related to encumbered securities and incidentally, cash (mainly for margin calls):
  - repurchase agreements (*repos*): outstanding encumbered assets and collateral received and re-used for *repos* amounted to €63.3 billion, of which €51.0 billion in securities received as collateral and re-used out of a total of €119 billion of collateral received; Crédit Agricole CIB's share of the €63.3 billion was €51.4 billion (including €48.3 billion of collateral received primarily from customers and re-used),
  - derivatives (margin calls): margin calls amounted to €24.9 billion, mainly related to Crédit Agricole CIB's OTC derivative activities;
- the collateral received included €104 billion in encumbered guarantees received or available to be encumbered and €15 billion in collateral received but not available to be encumbered.

USE OF ENCUMBERED ASSETS AND COLLATERAL RECEIVED



(1) Central banks.
(2) CACF Securitisations.
(3) Other than covered bonds or ABSs
(4) Mainly secondary securities loans.
(5) Including €15 billion not available to be encumbered.

The **table detailing the data relating to** encumbered assets at 31 December 2016 is presented in the consolidated report on Risk factors and Pillar 3 available on the website:

www.credit-agricole.com/finance/finance/espace-investisseurs/informations-financieres

COMPOSITION AND CHANGE IN REGULATORY CAPITAL

I. Composition of capital

For clarity, the full table of the composition of capital at 31 December 2016 is presented in the consolidated report on Risk factors and Pillar 3 available on the website: www.credit-agricole.com/finance/finance/espace-investisseurs/informations-financieres

1. Tier 1 capital (Tier 1)

This includes Common Equity Tier 1 (CET1) and Additional Tier 1 capital (AT1):

A. COMMON EQUITY TIER 1 (CET1)

This includes:

- share capital;
- reserves, including share premiums, retained earnings, net income after dividend payments and accumulated other comprehensive income, including unrealised capital gains and losses on available-for-sale financial assets, as described in the section “Regulatory background and scope/Reform of solvency ratios”;
- non-controlling interests, which, as stated in the point on the reform of solvency ratios, are now partially derecognised or even excluded, depending on whether or not the subsidiary is an eligible credit institution;
- the deductions, in addition to those stated above in the point on the reform of solvency ratios, include the following items:
  - treasury shares held and valued at their net carrying amount,
  - intangible assets, including start-up costs and goodwill.

B. ADDITIONAL TIER 1 CAPITAL (AT1)

Additional Tier 1 capital eligible on a fully loaded basis under Basel 3

Additional Tier 1 capital (AT1) eligible under Basel 3 consists of undated debt instruments without any redemption incentive or obligation (in particular step-up features).

AT1 instruments are subject to a bail-in mechanism triggered when the CET1 ratio is below a threshold that must be set at no lower than 5.125%. Instruments may be converted into equity or suffer a reduction in their nominal value. Payments must be totally flexible: no automatic remuneration mechanisms, suspension of coupon payments at the issuer’s discretion permitted.

Investments in financial-sector entities related to this tier (AT1) are deducted, as are those resulting from the transitional regime rules.

The five Basel 3 eligible AT1 issues have two bail-in mechanisms that are triggered if:

- Crédit Agricole S.A. Group’s phased-in CET1 ratio drops below 5.125%;
- Crédit Agricole Group’s phased-in CET1 ratio falls below 7%.

At 31 December 2016, the phased-in CET1 ratios of Crédit Agricole S.A. Group and of Crédit Agricole Group were 12.1% and 14.4% respectively. Thus, they represent capital buffers of €20.9 billion (for Crédit Agricole S.A.’s threshold) and €38.5 billion (for Crédit Agricole Group’s threshold) relative to the bail-in thresholds.

At 31 December 2016, there were no applicable restrictions on the payment of coupons.

At 31 December 2016, the potentially distributable items of Crédit Agricole S.A. totalled €38.1 billion, including €25.9 billion in distributable reserves and €12.2 billion in share premiums.

Additional Tier 1 capital eligible on a phased-in basis

During the transitional phase, the amount of Tier 1 included in the ratios represents:

- Additional Tier 1 capital eligible under Basel 3 (AT1); and
- a fraction of the Tier 1 capital ineligible under Basel 3, equal to the lower of:
  - the regulatory amount of ineligible Tier 1 instruments on the closing date (after amortisation, any calls, redemptions, etc.),
  - 60% (threshold for 2016) of the Tier 1 stock at 31 December 2012. The Tier 1 stock at 31 December 2012 stood at €9,329 million, with a maximum possible amount of €5,597 million being recognised.

The amount of Tier 1 capital exceeding this regulatory threshold is included in phased-in Tier 2, up to the regulatory threshold applicable to Tier 2.

For clarity, the **tables for deeply subordinated notes** and preferred shares are presented, (i) in a simplified format within the consolidated report on Risk factors and Pillar 3 and (ii) in their full version prepared in accordance with Annex II of the European Commission’s Implementing Regulation no. 1423/2013 of 20 December 2013 on the website: http://www.credit-agricole.com/finance/finance/espace-investisseurs/informations-financieres.

2. Tier 2 capital (Tier 2)

This includes:

- subordinated debt instruments which must have a minimum maturity of five years. They must not carry any early repayment incentives, in accorance with Basel 3. There are no longer any distinctions between lower and upper Tier 2 capital;
- these instruments are subject to a haircut during the five-year period prior to their maturity date;
- grandfathering as presented for the AT1 capital above;
- net unrealised capital gains on equity instruments included before tax in Tier 2 capital at a rate of 45% (only on a phased-in basis);

- surplus provisions relative to eligible expected losses determined in accordance with the internal ratings-based approach are limited to 0.6% of risk-weighted assets under IRB. In addition, general credit risk adjustments gross of tax effects may be included for up to 1.25% of risk-weighted assets under the standardised approach;
- deductions of investments in financial-sector entities related to this tier (predominantly in the insurance sector, since most subordinated banking receivables are not eligible) and those resulting from the transitional regime rules, following phasing of investments deducted at 50% from Tier 1 and at 50% from Tier 2 under CRD 3.

The subordinated debt is presented below with the distinction existing at 31 December 2013 between undated subordinated debt and participating securities, on the one hand, and dated subordinated notes, on the other hand.

The amount of Tier 2 included in the ratios represents:

- on a fully loaded basis: CRD 4 eligible Tier 2;
- on a phased-in basis: CRD 4 eligible Tier 2, plus the lower of:
  - regulatory ineligible Tier 2 securities at the closing date and, as applicable, the remainder of Tier 1 securities exceeding the 60% threshold (threshold for 2016) of ineligible Tier 1 securities,
  - 60% (threshold for 2016) of the CRD 4 ineligible Tier 2 stock at 31 December 2012. The CRD 4 ineligible Tier 2 stock at 31 December 2012 stood at €4,118 million, or a maximum recognisable amount of €2,470 million.

For clarity, the **tables for deeply subordinated notes/participating securities and dated subordinated notes are presented** in the consolidated report on Risk factors and Pillar 3 available on the website:
www.credit-agricole.com/finance/finance/espace-investisseurs/informations-financieres.

II. Reconciliation of accounting and regulatory capital

	31/12/2016		31/12/2015	
(in millions of euros)	Phased-in	Fully loaded	Phased-in	Fully loaded
EQUITY, GROUP SHARE (CARRYING AMOUNT)	**98,628**	**98,628**	**92,891**	**92,891**
Upcoming dividend payment on result of year Y-1	0	0	0	0
Expected dividend payment on result of year Y	(954)	(954)	(1,044)	(1,044)
Filtered unrealised gains/(losses) on change in own credit risk on structured products	218	218	84	84
Filtered unrealised gains/(losses) on change in own credit risk on derivatives	(46)	(77)	(43)	(108)
Filtered unrealised gains/(losses) on cash flow hedges	(544)	(544)	(566)	(566)
Transitional regime applicable to unrealised gains/(losses)	(1,230)	0	(1,922)	0
AT1 instruments included in equity (carrying amount)	(5,011)	(5,011)	(3,861)	(3,861)
Other regulatory adjustments	(730)	(734)	(421)	(434)
Capital and reserves Group share[1]	**90,331**	**91,526**	**85,118**	**86,962**
MINORITY INTERESTS (CARRYING AMOUNT)	**4,546**	**4,546**	**4,530**	**4,530**
(-) items not recognised under regulatory framework[2]	(2,864)	(3,398)	(2,614)	(3,368)
Minority interests[1]	**1,682**	**1,148**	**1,916**	**1,162**
(-) Prudent valuation	(809)	(809)	(832)	(832)
Deductions of goodwill and other intangible assets	(15,767)	(15,767)	(16,137)	(16,137)
Deferred tax assets that rely on future profitability not arising from temporary differences	(35)	(59)	(75)	(188)
Shortfall in adjustments for credit risk relative to expected losses under the internal ratings-based approach deducted from the CET1	(391)	(391)	(1,099)	(1,099)
Amount exceeding the exemption threshold for CET1 instruments of financial stakes in which the institution owns a significant holding and of the deductible deferred tax assets that rely on future profitability arising from temporary differences				
Other CET1 components	(62)	(181)	(45)	(199)
TOTAL CET1	**74,949**	**75,467**	**68,846**	**69,669**
AT1 equity instruments (including preferred shares)	10,124	5,616	10,048	4,433
Tier 1 or Tier 2 instruments of financial-sector entities in which the institution holds a significant investment deducted from Tier 1 capital	(829)	0	(981)	0
Transitional adjustments and deductions	(199)	(199)	0	0
Other components of Tier 1 capital	(118)	0	(153)	0
Total Additional Tier 1	**8,978**	**5,417**	**8,914**	**4,433**
TOTAL TIER 1	**83,927**	**80,884**	**77,760**	**74,102**
Tier 2 equity instruments	18,309	17,876	20,347	19,343
Surplus provisions relative to expected losses eligible under the internal ratingsbased approach	1,474	1,474	1434	1,434
General credit risk adjustments under the standardised approach	511	511	547	547
Tier 2 instruments of entities operating mainly in the insurance sector in which the institution has a significant investment deducted from Tier 2 capital	(3,314)	(3,846)	(2,289)	(2,973)
Transitional adjustments and deductions	(240)	(240)	455	0
TOTAL TIER 2	**16,740**	**15,775**	**20,495**	**18,351**
TOTAL CAPITAL	**100,667**	**96,659**	**98,254**	**92,453**

(1) This item can be found in the table of ratios, section "Indicators and regulatory ratios", item 1: solvency ratio.

(2) Of which €1 billion of hybrid securities issued by Crédit Agricole Assurances.

III. Measurement of the economic capital requirement

The Group has implemented an economic capital requirement measuring system covering Crédit Agricole Group, Crédit Agricole S.A. Group and the Group's main French and foreign entities.

This system is one of the components of the ICAAP (Internal Capital Adequacy Assessment Process) whose implementation and updating is the responsibility of each subgroup. Economic capital is developed in accordance with the interpretation of the main regulatory texts:

- the Basel agreement;
- CRD 4 through its transposition into French regulations through the Decree of 3 November 2014;
- the guidelines of the European Banking Authority; and
- the prudential expectations of the ICAAP and ILAAP and the harmonised collection of information on the subject (ECB, 3 November 2016).

In order to permanently maintain adequate capital to cover the risks to which it is exposed, the Group supplements the measurement of regulatory capital requirements (Pillar 1) with measurement of economic capital requirements based on the risk identification process and valuation using an internal approach (Pillar 2).

The calculation of economic capital requirements consists of:

- adjusting capital requirements calculated under Pillar 1 so that internal capital adequately reflects, from an economic standpoint, all the risks in each business activity;
- applying a quantile (the probability of default), the level of which is defined on the basis of the Group's appraisal of external ratings;
- supplementing the requirements for Pillar 1 risks (operational, market, credit) to take account of other risks (Pillar 2 risks);
- taking capital requirements for insurance into account: the Danish conglomerate treatment of Pillar 1 is replaced by the solvency margin requirement measurement derived from Solvency 2;
- taking into account, on a prudent basis, the impacts of diversification resulting from the broad spread of business activities within the same Group, including between banking and insurance.

With respect to liquidity risk, the Group ensures the quality of the systems used to manage and supervise this risk, as well as the appropriateness of its liquidity continuity plan.

Accordingly, as of 31 December 2016, Pillar 2 risks are taken into account: interest rate risk on the banking portfolio, concentration risk on the non-retail credit portfolio, consideration of the effect of diversification and country/sovereign risk. In addition to these risks, economic capital measurement requires verification that the capital requirements calculated under Pillar 1 adequately cover the residual risk related to credit risk mitigation techniques and the risks associated with securitisation operations. Failing that, a risk adjustment to Pillar 1 requirements must be made by any entities exposed to these risks.

Coherence of all methodologies for measuring economic capital requirements is ensured by a specific comitology within the Group.

The economic capital of Large Customers' credit risk exposures is based on an internal economic capital model that makes it easier to understand concentrations in credit portfolios.

The economic capital of credit risk exposures to retail customers is based on measurements that are dependent on macroeconomic scenarios. This approach has being progressively extended to entities located outside France.

For market risk, which is monitored through VaR, economic capital fully integrates regulatory changes under Pillar 1 (stressed VaR, IRC). The horizon of capital measurement is made consistent with that used for other risks.

For the interest rate risk of the banking portfolio, Crédit Agricole Group applies interest rate and inflation shocks in its calculation of economic capital. In respect of the interest rate shocks applied, impacts on all directional, optional and behavioural risks are measured for each of the significant currencies. The calculation of internal capital also includes the offsetting impact provided by the lesser of (i) annual net interest margin and (ii) annual gross operating income, capped at 20% of equity.

Insurance risks are taken into account in the Group's economic capital according to the measures taken under the current regimes applicable to insurance companies (Solvency 2).

In order to obtain a global view of the economic capital requirements, the Crédit Agricole Group has put in place an aggregation method that consists of calculating the sum of the requirements of the various risks and then deducting the amount relating to the benefits of inter-risk diversification. This diversification is determined by estimating the correlation between various risk categories on the basis of historical observations.

The measurement of the economic capital requirement is supplemented by a projection over the current year consistent with capital planning forecasts at that date, so that the effects of the main prudential reforms that can be anticipated are incorporated.

Crédit Agricole Group entities subject to the requirement to measure economic capital within their scope are responsible for doing so in accordance with standards and methodologies defined by the Group. In particular, they must ensure that the economic capital measurement system is appropriately organised and governed. Economic capital determined by the entities is reported in detail to Crédit Agricole S.A.

In addition to the quantitative aspect, the Group's approach relies on a qualitative component that supplements the calculation of economic capital requirement with indicators of the business lines' exposure to risk and their permanent controls. The qualitative component meets three objectives:

- evaluation of the risk management system and the control of entities within the scope of deployment along different axes, this assessment is a component of the risk identification system;
- identification and formalising of points for improvement of the risk management and permanent control system, in the form of a roadmap formalised by the entity;
- identification of any elements that are not adequately captured in quantitative ICAAP measures.

IV. Changes in regulatory capital in 2016

(in millions of euros)	**Phase flow: 31/12/16 *vs* 31/12/2015**
Common Equity Tier 1 capital at 31/12/2015	**68,846**
Capital increase (share issuances, payment of the dividend in non-Group shares in respect of year n-1 earnings) and capital increase	747
Accounting attributable net income/loss for the year before dividend	4,346
Expected dividend	(954)
Change in unrealised gains and losses(1)	761
Foreign currency impact	(121)
Minority interests(1)	(234)
Change in goodwill and other intangible assets	370
Shortfall in adjustments for credit risk relative to expected losses under the internal ratings-based approach deducted from the CET1	708
Amount exceeding the exemption threshold(1)	
Other regulatory adjustments	480
COMMON EQUITY TIER 1 CAPITAL AT 31/12/2016	**74,949**
Additional Tier 1 capital at 31/12/2015	**8,914**
Issues	1,186
Redemptions and foreign currency impact on the debt stock(2)	(1,110)
Change in the regulatory adjustments to Additional Tier 1 capital	(12)
ADDITIONAL TIER 1 CAPITAL AT 31/12/2016	**8,978**
TIER 1 CAPITAL AT 31/12/2016	**83,927**
Tier 2 capital at 31/12/2015	**20,494**
Issues	4,008
Redemptions and foreign currency impact on the debt stock(2)(3)	(6,046)
Change in the regulatory adjustments to Tier 2 capital	(1,716)
TIER 2 CAPITAL AT 31/12/2016	**16,740**
TOTAL CAPITAL AT 31/12/2016	**100,667**

(1) Includes the modification to the phasing percentages.

(2) Including deductions from the redemption ceiling of AT1 and Tier 2 instruments and possible impact of the applicable cap to grandfathered instruments.

(3) Tier 2 instruments are subject to a haircut during the five-year period prior to their maturity date.

COMPOSITION AND CHANGES IN RISK WEIGHTED ASSETS

I. Risk weighted assets by type of risks

The risk weighted assets in respect of credit risk, market risk and operational risk were €521.0 billion at 31 December 2016, compared with €509.4 billion at 31 December 2015.

		RWA		Minimum capital requirements
(in millions of euros)		31/12/2016	31/12/2015	31/12/2016
1	**Credit risk (excluding counterparty risk – CCR)**	**429,011**	**420,251**	**34,321**
2	*of which standardised approach (SA)*	130,424	131,078	10,434
3	*of which foundation IRB (F-IRB) approach*	75,513	72,732	6,041
4	*of which advanced IRB (A-IRB) approach*	159,371	155,212	12,750
5	*of which Equity IRB under the simple risk weight on internal models approach*	63,703	61,229	5,096
6	**Counterparty credit risk**	**21,915**	**22,266**	**1,753**
7	*of which marked-to-market approach*	6,789	6,631	543
8	*of which original exposure method*			
9	*of which standardised approach*			
10	*of which internal model method (IMM)*	10,120	10,347	810
11	*of which contributions to a CCP default fund*	527	408	42
12	*of which CVA*	4,479	4,881	358
13	**Settlement risk**	**1**	**2**	**0**
14	**Securitisation exposures in the banking portfolio (after cap)**	**5,769**	**5,354**	**462**
15	*of which IRB ratings-based approach (RBA)*	1,771	2,040	142
16	*of which IRB supervisory formula approach (SFA)*	1,127	910	90
17	*of which IRB internal assessment approach (IAA)*	2,483	2,142	199
18	*of which standardised approach (SA)*	388	262	31
19	**Market risk**	**7,695**	**7,419**	**616**
20	*of which standardised approach (SA)*	940	815	75
21	*of which internal model method (IMM)*	6,755	6,603	540
22	**Large exposures**			
23	**Operational risk**	**45,298**	**43,478**	**3,624**
24	*of which basic indicator approach*			
25	*of which standardised approach*	6,007	5,619	481
26	*of which advanced measurement approach*	39,291	37,858	3,143
27	**Amounts below the thresholds for deduction (subject to 250% risk weight)**	**11,274**	**10,634**	**902**
28	**Basel 1 floor adjustment**			
29	**TOTAL**	**520,963**	**509,403**	**41,677**

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II. Risk weighted assets by business line

31/12/2016 *(in millions of euros)*	Credit risk				Credit risk	Credit valuation adjustment risk	Operational risk	Market risk	Total risk-weighted assets
	Standardised approach	Weighting approach IRB	IRB approach(1)	Contributions to a CCP default fund					
French retail banking	39,063	13,881	151,851	0	204,795	181	18,745	0	223,721
International retail banking	29,486	712	3,347	0	33,544	0	2,831	247	36,622
Asset gathering	5,243	45,529	807	0	51,579	278	3,695	0	55,552
Specialised financial services	39,693	920	16,427	0	57,040	50	2,266	0	59,336
Corporate and investment banking	18,001	7,805	74,199	408	100,413	3,968	17,343	7,084	128,808
Corporate Centre	4,811	6,130	5,059	119	16,120	0	419	365	16,904
TOTAL RISK-WEIGHTED ASSETS	**136,297**	**74,977**	**251,690**	**527**	**463,491**	**4,479**	**45,298**	**7,695**	**520,963**

(1) *Advanced IRB or Foundation IRB approach depending on the business lines.*

31/12/2015 (in millions of euros)	Credit risk				Credit risk	Credit valuation adjustment risk	Operational risk	Market risk	Total risk-weighted assets
	Standardised approach	Weighting approach IRB	IRB approach(1)	Contributions to a CCP default fund					
French retail banking	40,775	13,892	144,256	0	198,923	434	18,584	0	217,941
International retail banking	29,223	777	3,397	0	33,397	20	2,652	228	36,297
Asset gathering	15,795	43,153	817	8	59,773	398	3,118	0	63,289
Specialised financial services	38,689	832	14,762	0	54,283	72	2,147	0	56,502
Corporate and investment banking	10,051	7,195	76,431	400	94,077	3,957	16,559	6,852	121,445
Corporate Centre	2,144	6,014	5,014	0	13,172	0	418	339	13,929
TOTAL RISK WEIGHTED ASSETS	**136,677**	**71,863**	**244,677**	**408**	**453,625**	**4,881**	**43,478**	**7,419**	**509,403**

(1) *Advanced IRB or Foundation IRB approach depending on the business lines.*

III. Trends in risk weighted assets

The table below shows the change in Crédit Agricole Group's risk weighted assets in 2016:

(in millions of euros)	31/12/2015	Foreign exchange	Organic change and optimisation	Equity-accounted value Insurance	Scope	Method	Total change 2016	31/12/2016
Credit risk	453,625	(186)	7691	2,341	18	0	9,864	463,490
of which Equity risk	*71,864*	*0*	*772*	*2,341*	*0*	*0*	*3,113*	*74,977*
CVA	4,881	0	(402)	0	0	0	(402)	4,479
Market risk	7,419	0	276	0	0	0	276	7,695
Operational risk	43,478	0	1,817	0	4	0	1,821	45,298
TOTAL	**509,403**	**(186)**	**9,382**	**2,341**	**22**	**0**	**11,559**	**520,963**

Risk weighted assets totalled €521.0 billion at 31 December 2016, an increase of €11.6 billion (+2.3%) attributable in particular to:

- the foreign currency impact (depreciation of the Egyptian pound largely offset by the strengthening of the US Dollar);
- organic change, reflecting strong activity in home loans and consumer finance at the Regional Banks, and the higher operational risk seen in the second half of the year;
- the €2.3 billion increase in the equity-accounted value of the equity stake in insurance companies due to the application of the new Solvency 2 regulatory rules and interest rate volatility.

CREDIT AND COUNTERPARTY RISK

Definitions:

- **probability of default (PD):** the probability that a counterparty will default within a period of one year;
- **exposure at default (EAD):** the exposure amount in the event of default. The concept of exposure encompasses balance sheet assets plus a proportion of off-balance sheet commitments;
- **loss given default (LGD):** ratio between the loss incurred upon counterparty default and the amount of the exposure at the time of default;
- **gross exposures:** amount of the exposure (balance sheet + off-balance sheet), after the impacts of offsetting and before the application of any credit risk mitigation techniques (guarantees and collateral) and the credit conversion factor (CCF);
- **credit conversion factor (CCF):** ratio between the unused portion of a commitment that will be drawn and at risk at the time of default and the unused portion of the commitment calculated on the basis of the authorised limit or, where applicable, the unauthorised limit if higher;
- **expected losses (EL):** the amount of the average loss the bank expects to have to recognise in its loan book within one year;
- **risk weighted assets (**RWA**):** risk weighted assets are calculated by applying a weighting ratio to each exposure. The ratio is a function of the characteristics of the exposure and the calculation method used (IRB or standardised);
- **valuation adjustments:** impairment losses on a specific asset due to credit risk, recognised either through a partial writedown or a deduction from the carrying amount of the asset;
- **external credit ratings:** credit ratings provided by an external credit rating agency recognised by Regulation (EC) no. 1060/2009.

Section I provides an overview of changes in credit and counterparty risk followed by a more detailed look at credit risk (in section II) by regulatory approach: standardised approach and using the IRB approach. Counterparty risk is covered in section III followed by section IV on credit and counterparty risk mitigation techniques.

I. General overview of credit and counterparty risk

1. Exposures by type of risk

The table below shows Crédit Agricole Group's exposure to global risk (credit, counterparty, dilution and settlement and delivery) by exposure class for the standardised and internal ratings-based approaches at 31 December 2016 and at 31 December 2015.

The 17 exposure classes under the standardised approach are grouped together to ensure the presentation aligns with the IRB exposures.

OVERALL RISK EXPOSURE (CREDIT, COUNTERPARTY, DILUTION, SETTLEMENT AND DELIVERY)

	31/12/2016												
	Standardised				IRB				Total				
(in billions of euros)	*Gross exposure(1)*	*Gross exposure after CRM(2)*	*EAD*	*RWA*	*Gross exposure(1)*	*Gross exposure after CRM(2)*	*EAD*	*RWA*	*Gross exposure(1)*	*Gross exposure after CRM(2)*	*EAD*	*RWA*	*Capital requirement*
Central governments and central banks	56.7	56.8	56.7	8.4	140.7	148.4	146.2	3.0	197.4	205.1	202.9	11.4	0.9
Institutions	65.6	79.6	78.0	11.3	88,1	94.1	88.1	17.8	153.7	173.7	166.1	29.1	2.3
Corporates	142.3	124.5	97.7	77.0	330.1	313.8	255.2	124.0	472.5	438.3	352.9	200.9	16.1
Retail customers	41.6	39.8	35.6	22.7	518.4	518.4	512.4	101.6	560.0	558.3	548.1	124.3	9.9
Loans to individuals	33.7	32.5	28.6	18.7	411.7	411.7	406.6	76.1	445.4	444.2	435.3	94.8	7.6
o/w secured by real estate assets	9.4	9.3	9.3	4.1	289.0	289.0	289.0	45.2	298.5	298.3	298.3	49.3	3.9
o/w revolving	8.0	7.8	4.1	3.1	18.6	18.6	13.5	4.0	26.7	26.4	17.6	7.1	0.6
o/w other	16.3	15.4	15.3	11.5	104.1	104.1	104.1	26.9	120.3	119.5	119.4	38.4	3.1
Loans to small and medium businesses	7.8	7.3	7.0	4.0	106.7	106.7	105.8	25.4	114.6	114.1	112.8	29.5	2.4
o/w secured by real estate assets	0.3	0.3	0.3	0.1	17.6	17.6	17.6	3.8	17.9	17.9	17.9	3.9	0.3
o/w other loans	7.5	7.0	6.7	3.9	89.2	89.2	88.2	21.6	96.7	96.2	94.9	25.5	2.0
Shares	1.8		1.6	1.8	18.5		18.0	63.7	20.4		19.7	65.5	5.2
Securitisations	0.7		0.5	0.4	38.4		38.4	5.4	39.1		39.0	5.8	0.5
Assets other than credit obligation	19.9		20.1	14.7					19.9		20.1	14.7	1.2
TOTAL	**328.7**		**290.3**	**136.3**	**1,134.3**		**1,058.3**	**315.4**	**1,463.0**		**1,348.6**	**451.7**	**36.1**

(1) Initial gross exposure.

(2) Gross exposure after credit risk mitigation (CRM).

	31/12/2015												
	Standardised				IRB				Total				
(in billions of euros)	*Gross exposure(1)*	*Gross exposure after CRM(2)*	*EAD*	*RWA*	*Gross exposure(1)*	*Gross exposure after CRM(2)*	*EAD*	*RWA*	*Gross exposure(1)*	*Gross exposure after CRM(2)*	*EAD*	*RWA*	*Capital requirement*
Central governments and central banks	59.4	59.4	59.3	10.4	130.0	137.7	135.6	3.2	189.4	197.1	194.9	13.6	1.1
Institutions	76.0	87.5	78.4	12.9	84.9	92.7	86.3	20.8	160.9	180.2	164.7	33.7	2.7
Corporates	140.3	125.5	100.1	74.7	313.9	295.1	241.8	120.4	454.2	420.6	341.9	195.1	15.6
6Retail customers	40.2	38.5	33.6	21.1	489.1	489.1	483.0	95.2	529.3	527.6	516.6	116.3	9.3
Loans to individuals	33.3	31.9	27.3	17.6	385.0	385.1	379.8	70.5	418.3	417.0	407.1	88.1	7.0
o/w secured by real estate assets	8.9	8.7	8.7	3.5	265.9	265.9	265.9	42.1	274.8	274.7	274.6	45.6	3.6
o/w revolving	9.6	9.3	4.9	3.7	19.2	19.2	13.9	4.0	28.8	28.5	18.8	7.7	0.6
o/w other	14.8	13.9	13.7	10.4	99.9	99.9	100.0	24.4	114.7	113.8	113.7	34.8	2.8
Loans to small and medium businesses	6.9	6.6	6.3	3.5	104.1	104.1	103.2	24.7	111.0	110.7	109.5	28.2	2.3
o/w secured by real estate assets	0.6	0.6	0.6	0.2	17.0	17.0	17.0	3.7	17.6	17.6	17.6	3.9	0.3
o/w other loans	6.3	6.0	5.7	3.3	87.1	87.1	86.2	21.0	93.4	93.1	91.9	24.3	1.9
Shares	1.5		1.2	1.4	18.0		17.5	61.2	19.5		18.7	62.6	5.0
Securitisations	0.5		0.3	0.3	34.2		34.2	5.1	34.7		34.5	5.4	0.4
Assets other than credit obligation	22.0		22.8	15.9					22.0		22.8	15.9	1.3
TOTAL	**339.9**		**295.7**	**136.7**	**1,070.1**		**998.4**	**305.9**	**1,409.9**		**1,294.1**	**442.6**	**35.4**

(1) Initial gross exposure.

(2) Gross exposure after credit risk mitigation (CRM).

Measured in terms of gross exposure, the Group's total outstanding amounts were up +3.8%, reflecting the favourable business climate in the main business lines, in particular in the "Corporate" and "Retail customers" portfolios (up + 4.0 % and + 5.8 %, respectively).

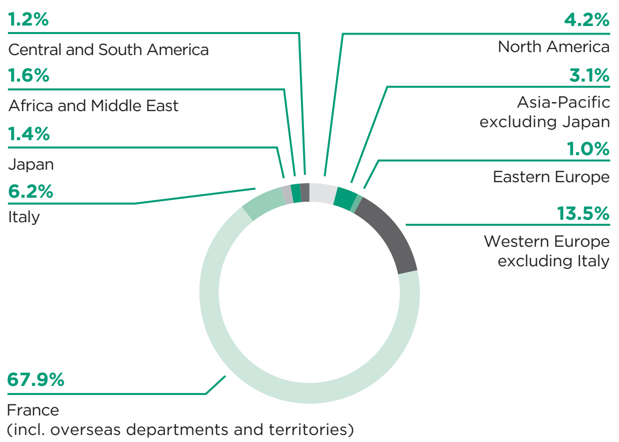
The principal portfolios remain "Retail customers", with 38% of gross exposures, and "Corporates", with 32% of gross exposures (stable proportions). RWA density (defined as the ratio of risk weighted assets/EAD) was stable at 23% on average for retail customers and 57% for Corporates at 31 December 2016.

2. Exposures by geographic area

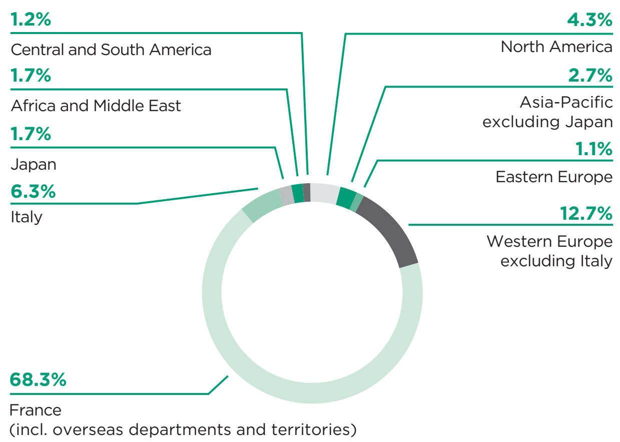
The breakdown by geographic area includes all Crédit Agricole Group exposures except for securitisation transactions and "Assets other than credit obligations".

At 31 December 2016, total gross exposure for the scope defined above was €1,403.9 billion, compared with €1,353.2 billion at 31 December 2015.

AT 31 DECEMBER 2016



AT 31 DECEMBER 2015



Geographic area of exposure *(in %)*	Central governments and central banks		Institutions		Corporates		Retail customers		Shares	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015	31/12/2016	31/12/2015	31/12/2016	31/12/2015	31/12/2016	31/12/2015
France (incl. overseas departments and territories)	63.1%	58.5%	56.2%	63.2%	50.8%	52.3%	86.4%	86.2%	90.6%	90.6%
Western Europe excluding Italy	18.7%	20.4%	27.7%	20.8%	18.7%	17.8%	3.6%	3.6%	4.5%	4.4%
North America	4.1%	5.1%	2.2%	2.7%	6.3%	5.9%	8.0%	8.3%	3.9%	3.7%
Italy	3.5%	3.8%	3.3%	2.4%	9.9%	10.3%	0.0%	0.0%	0.2%	0.4%
Japan	2.6%	2.0%	5.5%	5.2%	5.9%	5.2%	0.2%	0.2%	0.1%	0.1%
Asia-Pacific (excluding Japan)	5.5%	7.7%	1.4%	1.7%	1.4%	1.2%	0.0%	0.0%	0.5%	0.5%
Africa and Middle East	1.6%	1.6%	3.1%	2.5%	2.5%	2.7%	0.6%	0.6%	0.1%	0.2%
Eastern Europe	0.0%	0.0%	0.3%	1.1%	3.1%	3.1%	0.2%	0.1%	0.0%	0.0%
Central and South America	0.8%	0.9%	0.2%	0.4%	1.3%	1.5%	1.0%	1.0%	0.0%	0.1%
Others	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
TOTAL	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

With no major change since 2015, the portfolio is concentrated on France (67.9% compared with 68.3% in 2015), the rest of Western Europe excluding Italy (13.5% compared with 12.7% in 2015) and Italy (6.2% compared with 6.3% in 2015):

- retail customers are for the most part situated in France and Italy (94.4% compared with 94.5% in 2015);
- the Corporate portfolio is mainly located in France and Western Europe excluding Italy (69.5% versus 70.1% in 2015).

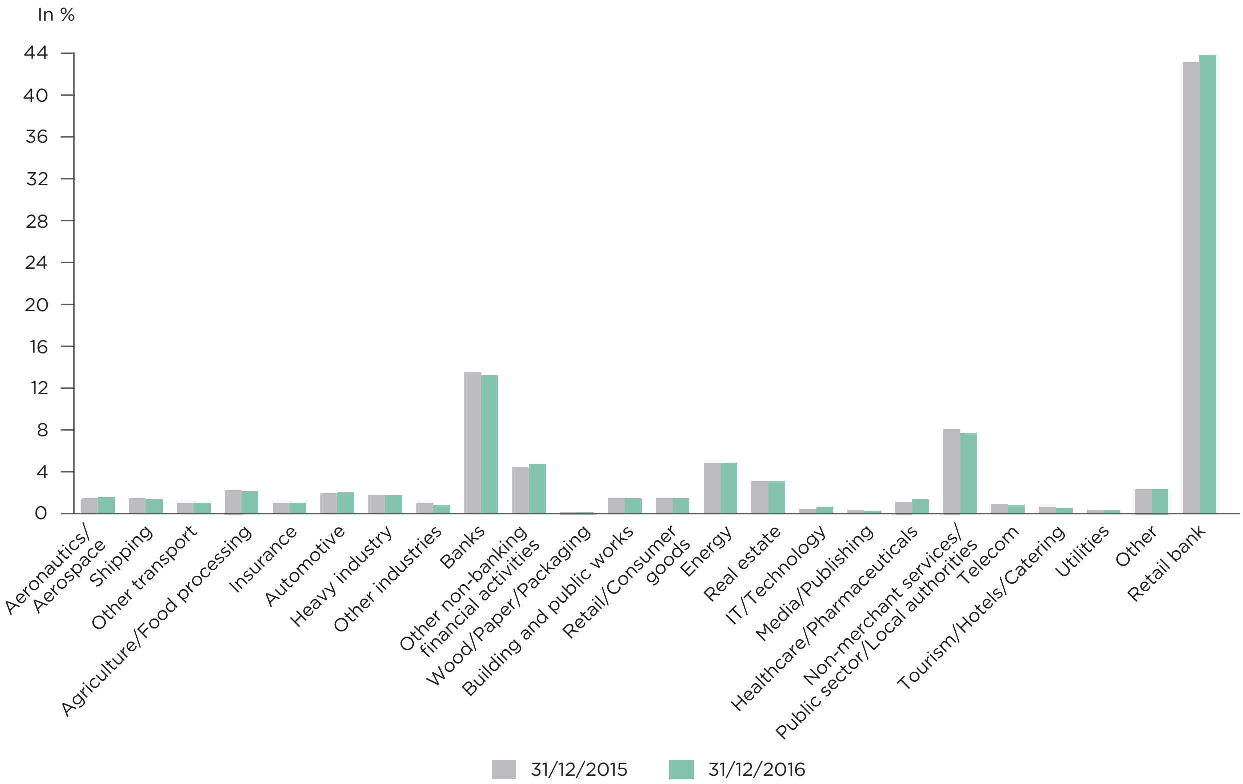
3. Exposures by business sector

The breakdown by business sector covers Crédit Agricole Group's exposures to Central governments and central banks, Institutions, Corporates and Retail customers. The Retail customer portfolio is also broken down by Basel sub-portfolio (home loans, revolving credit, other small business loans, farmers and other retail).

At 31 December 2016, total exposure for the scope defined above was €1,383.6 billion (excluding Crédit Agricole Group internal transactions), compared with €1,333.8 billion at 31 December 2015.

The amount allocated by business sector was €1,273.9 billion at 31 December 2016, compared with €1,223.0 billion at 31 December 2015.

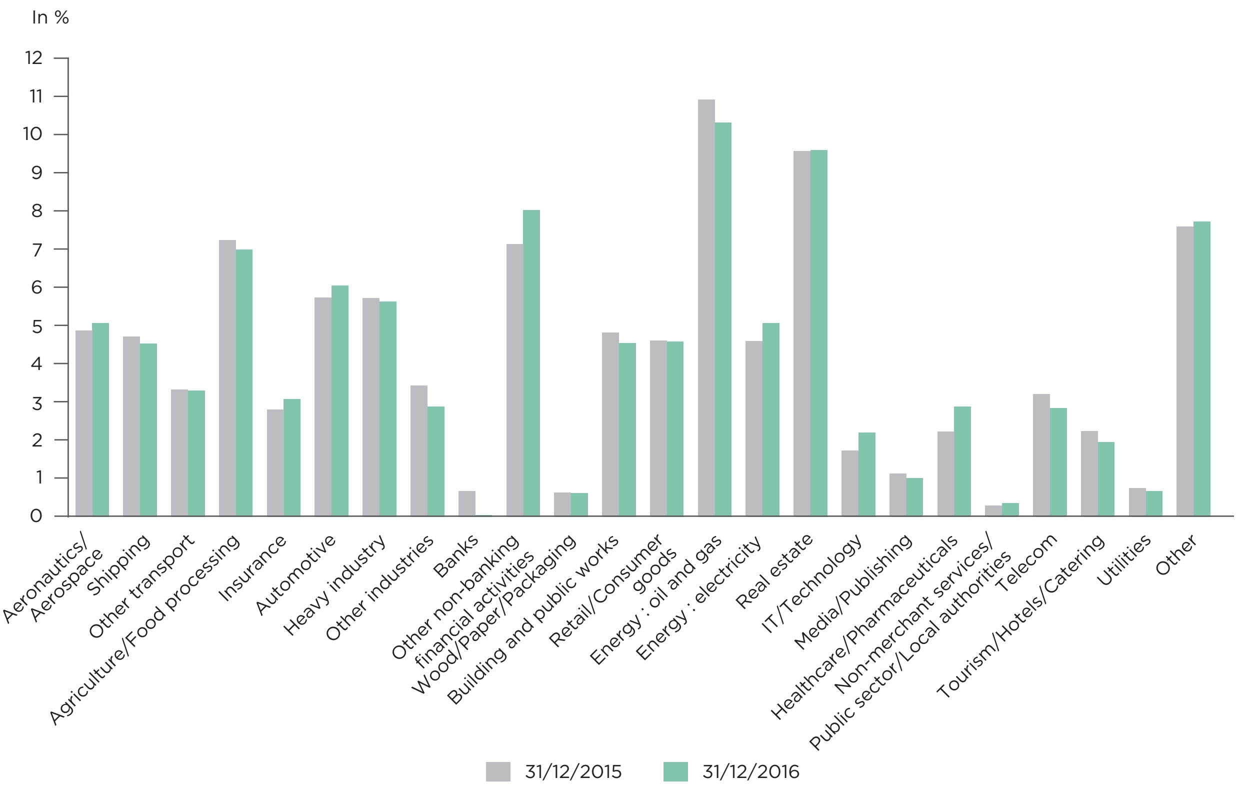
EXPOSURES BY BUSINESS SECTOR



The breakdown of the loan book by business sector still shows a good level of risk diversification.

The **Corporates** portfolio also shows a satisfactory level of diversification: within this scope, no sector accounted for more than 11% of total exposures at end-2016.

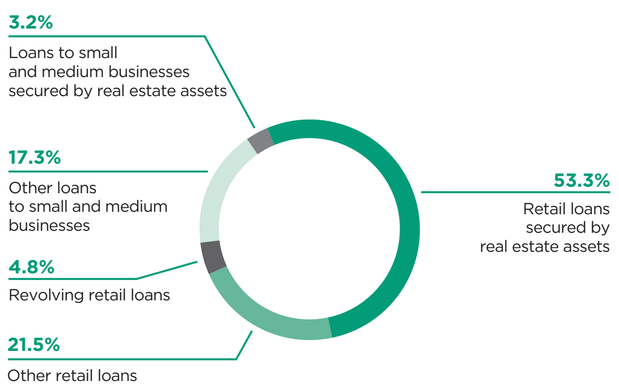
BREAKDOWN OF EXPOSURES CORPORATES PORTFOLIO



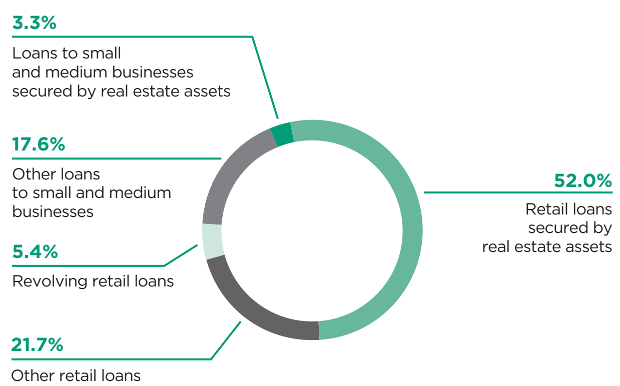
Breakdown of exposures – Retail customer portfolio

The chart below shows a breakdown of Crédit Agricole Group's Retail customer portfolio exposures by Basel sub-portfolio (outstandings of €560.0 billion at 31 December 2016 compared with €529.4 billion at 31 December 2015, an increase of +5.8% over the year).

RETAIL CUSTOMERS AT 31 DECEMBER 2016



RETAIL CUSTOMERS AT 31 DECEMBER 2015



Within the "Retail customers" portfolio, the relative share of "retail loans secured by real estate assets" has been rising over recent years (53.3% in 2016, compared with 52.0% in 2015). Conversely, the share of "revolving retail loans" fell further in 2016 to 4.8% of outstanding retail customer loans from 5.4% in 2015.

4. Exposures by residual maturity

The breakdown of exposures by residual maturity and by financial instrument is disclosed on an accounting basis in Note 3.3 to the consolidated financial statements on "Liquidity and financing risk".

5. Exposures at default and valuation adjustments

EXPOSURES AT DEFAULT AND VALUATION ADJUSTMENTS AT 31 DECEMBER 2016

31/12/2016 *(in billions of euros)*	Gross exposure	Defaulted exposure Standardised approach[1]	Defaulted exposure IRB approach	Defaulted exposure Total	Individual valuation adjustments	Collective valuation adjustments approach
Central governments and central banks	197.4	0.0	0.0	**0.0**	0.0	0.1
Institutions	153.7	0.2	0.5	**0.6**	0.8	0.1
Corporates	472.5	5.1	7.6	**12.7**	6.4	2.7
Retail customers	560.0	1.7	14.3	**16.0**	9.3	3.5
Loans to individuals	*445.4*	*1.4*	*8.7*	***10.1***	*5.5*	*1.9*
o/w secured by real estate assets	298.5	0.3	4.3	**4.6**	1.8	0.9
o/w revolving	26.7	0.4	0.4	**0.7**	0.5	0.1
o/w other	120.3	0.7	4.0	**4.7**	3.1	0.9
Loans to small and medium businesses	*114.6*	*0.3*	*5.6*	***5.9***	*3.9*	*1.5*
o/w secured by real estate assets	17.9	0.0	1.0	**1.0**	0.5	0.3
o/w other loans	96.7	0.3	4.6	**4.9**	3.4	1.2
TOTAL	**1,383.6**	**6.9**	**22.5**	**29.4**	**16.5**	**6.3**

(1) Payment arrears over 90 days.

EXPOSURES AT DEFAULT AND VALUATION ADJUSTMENTS AT 31 DECEMBER 2015

31/12/2015 *(in billions of euros)*	Gross exposure	Defaulted exposure Standardised approach[1]	Defaulted exposure IRB approach	Defaulted exposure Total	Individual valuation adjustments	Collective valuation adjustments approach
Central governments and central banks	189.2	0.0	0.0	**0.0**	0.0	0.0
Institutions	160.9	0.1	0.5	**0.6**	0.8	0.1
Corporates	454.2	5.1	6.0	**11.1**	5.8	2.8
Retail customers	529.4	2.0	14.8	**16.8**	9.8	3.4
Loans to individuals	*418.4*	*1.7*	*9.1*	***10.7***	*5.8*	*1.9*
o/w secured by real estate assets	274.9	0.2	4.2	**4.4**	1.9	0.9
o/w revolving	28.8	0.4	0.5	**0.8**	0.6	0.1
o/w other	114.7	1.1	4.4	**5.5**	3.3	0.9
Loans to small and medium businesses	*111.0*	*0.3*	*5.7*	***6.1***	*4.0*	*1.5*
o/w secured by real estate assets	17.6	0.0	1.0	**1.0**	0.5	0.3
o/w other loans	93.4	0.3	4.7	**5.1**	3.5	1.2
TOTAL	**1,333.7**	**7.2**	**21.3**	**28.5**	**16.4**	**6.3**

(1) Payment arrears over 90 days.

Exposures at default stood at €29.4 billion at 31 December 2016, up +3.0% compared with 31 December 2015.

At the same time, individual valuation adjustments rose €0.1 billion. The stock of collective valuation adjustments was down €0.1 billion compared with 31 December 2015.

EXPOSURE AT DEFAULT AND VALUATION ADJUSTMENTS BY GEOGRAPHIC AREA

31/12/2016 *(in billions of euros)*	Defaulted exposure			
	Standardised approach	Internal ratings-based approach	Individual valuation adjustments	Collective valuation adjustments approach
Africa and Middle East	0.3	0.9	0.9	0.1
Central and South America	0.0	0.7	0.4	0.0
North America	0.0	0.4	0.1	0.0
Asia-Pacific (excluding Japan)	0.0	0.6	0.2	0.0
Eastern Europe	0.6	0.0	0.5	0.0
Western Europe excluding Italy	0.3	2.3	1.1	0.0
France (incl. overseas departments and territories)	2.1	14.1	10.3	5.7
Italy	3.5	3.4	3.1	0.5
Japan		0.0	0.0	0.0
Others				
TOTAL	**6.9**	**22.5**	**16.5**	**6.3**

31/12/2015 *(in billions of euros)*	Defaulted exposure			
	Standardised approach	Internal ratings-based approach	Individual valuation adjustments	Collective valuation adjustments approach
Africa and Middle East	0.3	0.6	0.9	0.1
Central and South America	0.0	0.6	0.4	0.0
North America		0.1	0.1	0.0
Asia-Pacific (excluding Japan)	0.0	0.3	0.1	0.0
Eastern Europe	0.6	0.1	0.5	0.1
Western Europe excluding Italy	0.3	1.6	0.8	0.1
France (incl. overseas departments and territories)	2.2	14.3	10.4	5.5
Italy	3.8	3.7	3.2	0.5
Japan		0.0	0.0	0.0
Others				
TOTAL	**7.2**	**21.3**	**16.4**	**6.3**

Total exposure at default (under the standardised and internal ratings-based approaches) is, like all exposures, concentrated in France, Italy and the rest of Western Europe excluding Italy. These scopes account for 55.3%, 23.5% and 18.9% of the total, respectively.

II. Credit risk

Since late 2007, the ACPR has authorised Crédit Agricole Group to use its internal rating systems to calculate regulatory capital requirements for credit risk on Retail and Large customer exposures throughout almost all of its consolidation scope. The main recent developments regarding the Group's rollout plan are the switch to the Advanced IRB approach for all "retail banking" portfolios in the Cariparma and FriulAdria entities in Italy in 2013, and the validation of the IRB "Corporate" portfolios approach of LCL and the Regional Banks with effect from 1 October 2014.

The main Group entities or portfolios still using the standardised method for measuring credit and/or operational risk at 31 December 2016 were as follows:

- the Cariparma Group portfolios still not validated (non-retail banking portfolios and Carispezia scope) as well as all other entities in the International retail banking division;
- the Crédit Agricole Leasing & Factoring Group;
- some portfolios and foreign subsidiaries of Crédit Agricole Consumer Finance group;
- the real estate professionals portfolio.

Pursuant to the Group's commitment to phase in the advanced method, agreed with the supervisor (rollout plan), work on the main entities or portfolios still under the standardised method continues. An update of the rollout plan is sent annually to the competent authority.

1. Exposures under the standardised approach

The exposure categories under the standardised approach are classified by counterparty type and financial product type, in one of the 17 categories set out in Article 112 of Regulation (EU) 575/2013 of 26 June 2013. The weightings applied to these same assets are calculated in accordance with Articles 114 to 134 of said regulation.

For the Central governments and central banks and Institutions exposure categories in the standardised approach, Crédit Agricole Group has chosen to use Moody's ratings for the sovereign risk and the correspondence grid with the credit quality assessment scale defined by regulation.

For clarity, **exposure to credit risk and the effects of credit risk mitigation (CRM)** along with **the exposures by asset class and by risk weighting coefficient** are presented in the consolidated report on Risk factors and Pillar 3 available on the website: www.credit-agricole.com/en/finance/finance/investor-s-corner/financial-information.

The top level is very prevalent in the portfolio of Central governments and central banks (79.5% at 31 December 2016), whereas exposures rated 5 and 6 represent a minority, and their proportion is declining (less than 3% of exposures at 31 December 2016, compared with less than 4% at 31 December 2015).

Exposure to institutions under the standardised approach remained, as in earlier years, almost entirely concentrated on the top credit quality level, reflecting the extent of business with very high quality institutions: the percentage of institutions ranked level 1 and 2 was 93.4%.

The breakdown of exposures and of exposures at default by credit quality level of Central governments and central banks and Corporates is also presented in the consolidated report on Risk factors and Pillar 3 available on the website: www.credit-agricole.com/en/finance/finance/investor-s-corner/financial-information.

2. Credit risk under the internal ratings-based approach

Outstanding loans are classified by counterparty type and financial product type, based on the seven exposure classes shown in the table below and set out in Article 147 of Regulation (EU) 575/2013 of 26 June 2013 on capital requirements applicable to credit institutions and investment companies:

- in addition to exposures to Central governments and central banks, the Central government and central banks class includes exposures to certain regional and local authorities and public sector agencies that are treated as central government agencies, as well as multilateral development banks and international organisations;
- the Institutions class comprises exposure to credit institutions and investment companies, including those recognised in other countries. It also includes some exposures to regional and local authorities, public sector agencies and multilateral development banks that are not classified under central governments;
- the Corporates class is divided into large corporates and small and medium-sized companies, which are subject to different regulatory treatments;
- the Retail customer class is broken down into loans secured by property granted to individuals and to small and medium businesses, revolving credits, other loans granted to individuals and to small and medium businesses;
- the Equity class comprises exposures that convey a residual, subordinated claim on the assets or income of the issuer or have a similar economic substance;
- the Securitisation class includes exposures to securitisation operations or structures, including those resulting from interest rate or exchange rate derivatives, independently of the institution's role (whether it is the originator, sponsor or investor);
- the Assets other than credit obligations class does not currently show any assets using the Internal Rating-Based (IRB) approach.

In accordance with the regulatory rules in effect, risk weighted assets in the Central governments and central banks, Institutions, Corporate and Retail customers classes are calculated by applying a prescribed formula, the main parameters of which are the EAD, PD, LGD and the maturity associated with each exposure:

- for exposures to Large customers (Central governments and central banks, Institutions and Corporates), the formula is given in Article 153 of EU Regulation 575/2013 of 26 June 2013;
- for exposures to Retail customers, the formula is given in Article 154 of EU Regulation 575/2013 of 26 June 2013.

Risk weighted assets in the Equities category are calculated by applying standardised weightings to the carrying amount of the exposures. These weightings, set out in Article 155 of EU Regulation 575/2013 of 26 June 2013, depend on the nature of the equities involved: 190% for private equity exposures in sufficiently diversified portfolios, 290% for exchange traded equity exposures and 370% for all other equity exposures excluding equity investments of over 10% in financial firms used in the calculation of the exemption threshold (250% weighting).

The calculation of risk weighted assets in respect of Securitisation exposures is set out in the dedicated section below.

Risk weighted assets of "Assets other than credit obligations" exposures are calculated in accordance with Article 156 of Regulation (EU) 575/2013 of 26 June 2013. The parameters of the formulas cited above are estimated using historical default and loss data collected internally by Crédit Agricole Group. It should be noted that the definition of default used for the calculation of these parameters has a significant influence on the value thereof.

Exposure at Default (EAD) is the amount of exposure to a counterparty at the time of said counterparty's default. For balance sheet items, EAD corresponds to exposure net of provisions for items covered by the standardised approach to credit risk, and to gross amounts for items covered by internal ratings. In the case of limits and financing commitments not used by the counterparty, a fraction of the total commitment is taken into account by applying a credit conversion factor (CCF). The CCF is estimated using an internal method validated by the supervisory authority for retail banking portfolios. The Internal CCF is estimated on the basis of the average CCF observed in cases of default by class of exposure. For other portfolios, a standard CCF of 20%, 50% or 100% is applied, depending on the nature of the commitment and its term.

For Large customers, default is defined on a customer-by customer basis. As a result, it factors in the principle of contagion: an exposure to a defaulting customer causes the classification under default of all of the said customer's loans within the entity responsible for the uniformity of the rating and all of its loans within Crédit Agricole Group.

For Retail customers, the default can be recorded at the level of the transaction. When applied to the debtor, it factors in the principle of contagion. Contagion rules are defined and precisely documented by the entity (joint account, outstandings of individuals or professionals, notion of risk group, etc.).

The pertinence and reliability of the rating data used are guaranteed by a process consisting in the initial validation and subsequent maintenance of internal models based on a structured and documented organisation implemented throughout the Group and involving entities, the Risk Management and Permanent Controls department and the Audit Group function.

The use of internal models for calculating solvency ratios has strengthened Crédit Agricole. Group's risk management. In particular, the development of "internal rating" methods has led to the systematic collection of reliable data in respect of historical default and loss for the majority of Group entities. The collection of historical data of this nature now makes it possible to quantify credit risk by giving each rating an average Probability of Default (PD) and, for "advanced internal rating" approaches, the Loss Given Default (LGD).

In addition, the parameters of the "internal rating" models are used in the definition, implementation and monitoring of entities' risk and credit policies. On the scope of large customers, the Group's unique rating system (identical methods and tools, shared data), in place for many years, has contributed to strengthening and standardising the use of ratings and the associated risk parameters within the entities. The uniqueness of ratings in the scope of the Large customer category thereby provides a shared framework on which to base standards and procedures, management tools, provisioning and risk-hedging policies, as well as alerts and close monitoring procedures. Due to their role in the monitoring and managing of risk within the various entities, ratings are subject to quality controls and regular monitoring at all stages of the rating process.

Internal models for measuring risks accordingly promote the development of sound risk-management practices among Group entities and improve the efficiency of the process of capital allocation by allowing a more accurate measurement of its consumption by business line and by entity.

The set of internal models used in Crédit Agricole Group was presented for approval to the Standards and Methodology Committee before internal validation by the Group Control function. The internal validation is deemed to be a pre-validation, as it pre-dates the application for formal approval to the ECB. The process of constructing and validating an internal rating model requires work over a period generally spanning three to five years, involving several on-site pre-validation and validation assignments.

After validation, systems governing internal ratings and the calculation of risk parameters are subject to permanent and periodic control within each Group entity.

Model input	Portfolio/Entity	Number of Models
PD	Sovereigns	5
	Local authorities	8
	Financial institutions (Banks, Insurance, Funds, etc.)	8
	Specialised financing	9
	Corporates	5
	Retail banking - Regional Banks	9
	Retail banking – LCL	2
	Retail banking – Crédit Agricole Consumer Finance	16
	Retail banking – CACIB	1
	Retail banking – Cariparma	3
LGD	Sovereigns	1
	Financial institutions (Banks, Insurance, Funds, etc.)	3
	Specialised financing	8
	Corporates	1
	Retail banking - Regional Banks	12
	Retail banking – LCL	12
	Retail banking – Crédit Agricole Consumer Finance	16
	Retail banking – CACIB	1
	Retail banking – Cariparma	2
CCF	Retail banking - Regional Banks	3
	Retail banking – LCL	3
	Retail banking – Crédit Agricole Consumer Finance	2

2.1 QUALITY OF EXPOSURES UNDER THE INTERNAL RATINGS-BASED APPROACH (IRB)

Presentation of the internal ratings system and procedure

The internal ratings systems and procedures are described in the section entitled "Risk Factors – Credit Risk – Risk Measurement methods and systems".

The breakdown of the portfolios in the Large customer category (exposure class: Central governments and central banks, Institutions and Corporates) by probability of default range continues to reflect very good overall quality: **more than 80% of exposures are classified in the top three probability of default ranges (from 0.00 to > 0.5). In the Retail banking portfolio, more than 50% of exposures are classed in the top three probability of default ranges (from 0.00 to > 0.5) and less than 5% are classed in the bottom two probability of default ranges (from 10.00 to 100).**

For clarity, **exposure to credit risk by portfolio and by probability of default range under the foundation internal ratings-based approach (F-IRB) and the advanced internal ratings-based approach (A-IRB)** are presented in the consolidated report on Risk factors and Pillar 3 available on the website: www.credit-agricole.com/en/finance/finance/investor-s-corner/financial-information.

The disparities between customer types seen in prior years in the retail banking portfolio were again apparent in 2016. The distribution of observed PD levels in loans secured by real estate assets is significantly narrower than for other classes. For instance, 54.2% of gross exposures to the "Retail loans secured by real estate assets" portfolio have a PD range of higher than 0.5, while this figure is 41% for "Other loans to small and medium businesses" in the IRB portfolio – the Group's retail banking arm.

The differences in respect of PD levels are even more pronounced if we observe the contributions of expected losses attributable to significant differences in LGD levels from one portfolio to another. Exposure to "Retail loans secured by real estate assets" accounted for 56.4% of total retail customer EAD but only 26.1% of expected losses.

PD AND AVERAGE LGD BY TYPE OF PERFORMING EXPOSURE UNDER THE A-IRB APPROACH BY GEOGRAPHIC AREA 2016

The LGDs in this table are regulatory and may be subject to floors on certain portfolios.

31/12/2016 Type of exposure	Geographic area	A-IRB approach PD	LGD
Loans to small and medium businesses			
o/w other loans	**All geographic areas**	**3.48%**	**20.24%**
	France (incl. overseas departments and territories)	3.47%	19.45%
	Western Europe excluding Italy	2.27%	30.60%
	Italy	3.56%	40.77%
o/w secured by real estate assets	**All geographic areas**	**2.88%**	**15.52%**
	France (incl. overseas departments and territories)	2.77%	15.39%
	Italy	4.06%	17.06%
Retail loans			
o/w secured by real estate assets	**All geographic areas**	**1.37%**	**13.33%**
	France (incl. overseas departments and territories)	1.39%	13.15%
	Italy	0.89%	17.40%
o/w revolving	**All geographic areas**	**2.49%**	**52.70%**
	France (incl. overseas departments and territories)	1.98%	50.39%
	Italy	5.46%	66.17%
o/w other	**All geographic areas**	**2.06%**	**25.32%**
	France (incl. overseas departments and territories)	2.03%	21.51%
	Western Europe excluding Italy	1.18%	18.29%
	Italy	3.38%	63.21%
	Asia-Pacific excluding Japan	19.99%	38.76%
Central governments and central banks	**All geographic areas**	**0.05%**	**1.91%**
	France (incl. overseas departments and territories)	0.07%	2.12%
	North America	0.00%	1.00%
	Western Europe excluding Italy	0.03%	2.01%
	Italy	0.14%	10.00%
	Japan	0.01%	1.00%
	Asia-Pacific excluding Japan	0.06%	1.93%
	Africa and Middle East	0.10%	9.24%
	Eastern Europe	0.50%	45.00%

31/12/2016 Type of exposure	Geographic area	A-IRB approach PD	LGD
Corporates	**All geographic areas**	**0,76%**	**32.38%**
	France (incl. overseas departments and territories)	0.77%	28.24%
	North America	1.04%	33.98%
	Western Europe excluding Italy	0.52%	36.19%
	Italy	0.64%	45.83%
	Japan	0.92%	24.75%
	Asia-Pacific excluding Japan	0.70%	33.73%
	Africa and Middle East	0.42%	50.31%
	Eastern Europe	0.35%	47.92%
Institutions	**All geographic areas**	**0.14%**	**21.92%**
	France (incl. overseas departments and territories)	0.15%	21.33%
	North America	0.08%	13.15%
	Western Europe excluding Italy	0.15%	20.99%
	Italy	0.08%	7.81%
	Japan	0.14%	21.50%
	Asia-Pacific excluding Japan	0.20%	34.76%
	Africa and Middle East	0.07%	30.54%
	Eastern Europe	0.18%	26.07%

PD AND AVERAGE LGD BY TYPE OF PERFORMING EXPOSURE UNDER THE A-IRB APPROACH BY GEOGRAPHIC AREA 2015

31/12/2015 Type of exposure	Geographic area	A-IRB approach PD	LGD
Loans to small and medium businesses			
o/w other loans	**All geographic areas**	**3.53%**	**19.93%**
	France (incl. overseas departments and territories)	3.52%	19.06%
	Western Europe excluding Italy	2.99%	20.47%
	Italy	3.96%	40.66%
o/w secured by real estate assets	**All geographic areas**	**3.00%**	**15.28%**
	France (incl. overseas departments and territories)	2.90%	15.13%
	Italy	4.01%	16.95%
Retail loans			
o/w secured by real estate assets	**All geographic areas**	**1.45%**	**13.30%**
	France (incl. overseas departments and territories)	1.48%	13.12%
	Italy	0.89%	17.38%
o/w revolving	**All geographic areas**	**2.54%**	**50.46%**
	France (incl. overseas departments and territories)	2.04%	48.16%
	Italy	5.77%	65.48%
o/w other	**All geographic areas**	**2.24%**	**23.83%**
	France (incl. overseas departments and territories)	2.10%	20.89%
	Western Europe excluding Italy	1.18%	19.69%
	Italy	4.49%	49.68%
	Asia-Pacific excluding Japan	20.03%	38.75%

31/12/2015 Type of exposure	Geographic area	A-IRB approach PD	LGD
Central governments and central banks	**All geographic areas**	**0.05%**	**1.92%**
	France (incl. overseas departments and territories)	0.09%	2.21%
	North America	0.00%	1.00%
	Western Europe excluding Italy	0.03%	1.94%
	Italy	0.14%	10.00%
	Japan	0.00%	1.00%
	Asia-Pacific excluding Japan	0.07%	2.45%
	Africa and Middle East	0.10%	6.70%
	Eastern Europe	0.34%	45.00%
Corporates	**All geographic areas**	**0.76%**	**33.39%**
	France (incl. overseas departments and territories)	0.82%	28.41%
	North America	0.87%	36.61%
	Western Europe excluding Italy	0.68%	37.03%
	Italy	0.96%	45.62%
	Japan	1.02%	23.31%
	Asia-Pacific excluding Japan	0.37%	34.92%
	Africa and Middle East	0.58%	52.81%
	Eastern Europe	0.29%	50.33%
Institutions	**All geographic areas**	**0.17%**	**22.27%**
	France (incl. overseas departments and territories)	0.17%	23.21%
	North America	0.08%	11.30%
	Western Europe excluding Italy	0.13%	18.55%
	Italy	0.14%	9.39%
	Japan	0.12%	20.07%
	Asia-Pacific excluding Japan	0.27%	32.08%
	Africa and Middle East	0.10%	28.04%
	Eastern Europe	0.44%	38.16%

In addition, only France has F-IRB exposure on the following portfolios: Central governments and central banks, Institutions and Corporates.

2.2 USE OF CREDIT DERIVATIVES FOR HEDGING PURPOSES

Effect of credit derivatives used for credit risk mitigation (CRM) on risk weighted assets (RWA) under the internal ratings-based approach at 31/12/2016

		a	b
31/12/2016 *(in millions of euros)*		**Pre-credit derivatives RWA**	**Actual RWA**
1	Exposure under Foundation IRB		
2	Central governments and central banks	-	-
3	Institutions	-	-
4	Corporates – SMEs	-	-
5	Corporates – Specialised Lending	-	-
6	Corporates – Other	-	-
7	Exposure under Advanced IRB		
8	Central governments and central banks	21	1
9	Institutions	14	13
10	Corporates – SMEs	5,360	2,703
11	Corporates – Specialised Lending	-	-
12	Corporates – Other	-	-
13	Retail – Secured by SMEs' real estate	-	-
14	Retail – Secured by non-SMEs' real estate	-	-
15	Retail – Qualifying revolving	-	-
16	Retail – Other SMEs	-	-
17	Retail – Other non-SMEs	-	-
18	Equity IRB	-	-
19	Other non credit-obligation assets	-	-
20	**TOTAL**	**5,394**	**2,717**

2.3 CHANGE IN RWA BETWEEN 30/09/2016 AND 31/12/2016

		a	b
(in millions of euros)		**RWA**	**Minimum capital requirements**
1	**RWAs as at the end of the previous reporting period**	**310,148**	**24,812**
2	Asset size	(85)	(6.8)
3	Asset quality	(2,027)	(162.16)
4	Model updates	12	0.96
5	Methodology and policy	0	0
6	Acquisitions and disposals	4	0.32
7	Foreign exchange movements	2,159	172.72
8	Other	(351)	(28.08)
9	**RWAs as at the end of the reporting period**	**309,860**	**24,789**

2.4 BACK-TESTING RESULTS

In the following paragraphs, back-testing covers all the methods and procedures used to verify the performance and stability of the internal risk models (PD, LGD, CCF), specifically by comparing forecasts with actual results.

With regard to permanent control, a back-testing Committee has been established within each entity. This Committee (which may, for some entities, be a specific agenda item for the Risk Committee) is chaired by the Risk Management department of the relevant entity and includes a representative from the Group Risk Management and Permanent Controls department. It meets at least twice a year and is the subject of reports to the Chief Executive Officer and the head of the entity's Permanent Control department, as well as the Group Risk Management and Permanent Controls department.

Periodic inspection is conducted annually by the Internal Audit function or any third party specifically authorised by it. The audit plan covers:

- systems for calculating ratings and estimating risk parameters, as well as compliance with minimum requirements;
- systems functioning (correct implementation).

The corresponding reports are sent to the person responsible for monitoring the relevant entity within the Group Risk Management and Permanent Controls department.

The entity performs internal controls (permanent and periodic) on:

- the quality of input and output data within the system;
- the conceptual and technical quality of systems for calculating ratings and estimating risk parameters;
- the completeness of data used for the calculation of risk weighted assets.

Back-testing is critical in maintaining the pertinence and performance of rating models. A first phase of analysis is based chiefly on the quantitative analysis of the predictive model as a whole and its main explanatory variables.

This exercise can also detect significant changes in the structure and behaviour of portfolios and customers. Back-testing then results in decisions to adjust or recast models in order to factor in the new structural elements. This allows changes in non-cyclical behaviour or change in the franchise to be identified, revealing the impact of commercial or risk strategies implemented by the Bank.

Across the Group as a whole, each rating method is back-tested at least once a year by the unit responsible for the method (Risk Management and Permanent Controls department or its delegate). This provides the Group annually, through the Standards and Procedures Committee, with the result of back-testing after consulting an *ad hoc* committee to confirm the proper application of selected statistical methods and the validity of results, and proposes, where appropriate, suitable corrective measures (revision of the method, recalibration, training, recommendations for control, etc.).

These ex-post controls are performed – through the cycle – on historical data covering as long a period as possible. The following tables show the back-testing results for 2016 in respect of the Probability of Default (PD) and Loss Given Default (LGD) models.

31/12/2016 Portfolio	Estimated probability of default (%) – Average over a long period	Default rate observed – Average over a long period (%)	Estimated LGD (%)	LGD before prudential margin (%)
Sovereigns	1.5%	0.3%	55%	11%
Local authorities(1)	0.03%	0.03%	F-IRB approach	F-IRB approach
Financial institutions(2)	0.6%	0.04%	56%	62%
Corporates	3.0%	2.0%	42%	40%
Specialised financing	1.5%	1.0%	25%	24%
Individual customers – Regional Banks(3)	1.8%	1.7%	15%	12%
Small business customers – Regional Banks(3)	4.2%	3.9%	28%	23%
Individual customers – LCL	1.6%	1.3%	15%	11%
Small business customers – LCL	4.7%	4.1%	27%	23%
Individual customers – Cariparma	2.1%	1.9%	22%	18%
Small business customers – Cariparma(4)	5.5%	5.3%	44%	35%
Individual customers – CA Consumer Finance France	4.4%	4.4%	43%	40%
Individual customers – Agos	3.2%	3.2%	69%	64%
Individual customers – Credibom	3.6%	3.2%	40%	35%
Individual customers – Credit plus	2.8%	2.6%	32%	31%

(1) The probability of default and the default rate of local authorities were calculated from Q1 2015, in light of the implementation of the new qualitative rating in 2015.

(2) LGD internal models in the process of recalibration.

(3) Recalibrated PD and LGD internal models.

(4) For the Cariparma small business customers portfolio, the probability of default is estimated as of 31/12/2014 in view the substantial impact of the recalibration implemented in 2014 (change in default setting, update of historical data, etc.).

2.5 COMPARISON BETWEEN ESTIMATED AND ACTUAL LOSSES

The ratio of Expected Losses (EL) to Exposure at Default (EAD) was 1.95% at 31 December 2016 (2.00% at 31 December 2015). This ratio is calculated for the Central government and central banks, Institutions, Corporates, Retail customer and Equity portfolios in the A-IRB approach.

At the same time, the ratio of provisions to gross exposures was 1.78% at 31 December 2016, compared with 1.86% at 31 December 2015.

III. Counterparty risk

Crédit Agricole Group calculates counterparty risk for all its exposures, whether in the banking book or the trading book. For items in the trading book, counterparty risk is calculated in accordance with the provisions relating to the regulatory supervision of market risk.

The regulatory treatment of counterparty risk on transactions on forward financial instruments in the banking portfolio is defined on a regulatory basis in Regulation (EU) 575/2013 of 26 June 2013. Crédit Agricole Group uses the market price method to measure its exposure to counterparty risk on transactions on forward financial instruments in the banking portfolio (Article 274) or the internal model method (Article 283) within the scope of Crédit Agricole CIB.

1. Analysis of exposure to counterparty risk

EXPOSURE TO COUNTERPARTY RISK BY APPROACH AT 31/12/2016

	Standardised			IRB			Total			
31/12/2016 *(in billions of euros)*	Gross exposure	EAD	RWA	Gross exposure	EAD	RWA	Gross exposure	EAD	RWA	Capital requirement
Central governments and central banks	1.9	1.9	0.1	8.1	8.1	0.4	**10.0**	**10.0**	**0.4**	**0.0**
Institutions	18.0	18.0	2.0	21.6	21.5	4.3	**39.6**	**39.5**	**6.4**	**0.5**
Corporates	3.4	3.4	3.4	21.3	21.1	6.7	**24.7**	**24.5**	**10.1**	**0.8**
Retail customers	-	-	-	-	-	-	-	-	-	-
Shares	-	-	-	-	-	-	-	-	-	-
Securitisations	-	-	-	-	-	-	-	-	-	-
Assets other than credit obligation	-	-	-	-	-	-	-	-	-	-
TOTAL	**23.4**	**23.3**	**5.5**	**51.0**	**50.6**	**11.4**	**74.3**	**74.0**	**16.9**	**1.4**

EXPOSURE TO COUNTERPARTY RISK BY APPROACH AT 31/12/2015

	Standardised			IRB			Total			
31/12/2015 *(in billions of euros)*	Gross exposure	EAD	RWA	Gross exposure	EAD	RWA	Gross exposure	EAD	RWA	Capital requirement
Central governments and central banks	1.7	1.7	0.2	7.3	7.3	0.3	**9.0**	**9.0**	**0.5**	**0.0**
Institutions	19.1	19.1	1.9	19.5	19.3	7.4	**38.6**	**38.4**	**9.3**	**0.8**
Corporates	3.4	3.4	3.2	18.1	18.1	4.0	**21.5**	**21.5**	**7.2**	**0.6**
Retail customers	-	-	-	-	-	-	-	-	-	-
Shares	-	-	-	-	-	-	-	-	-	-
Securitisations	-	-	-	-	-	-	-	-	-	-
Assets other than credit obligation	-	-	-	-	-	-	-	-	-	-
TOTAL	**24.2**	**24.2**	**5.3**	**44.9**	**44.7**	**11.7**	**69.1**	**68.9**	**17.0**	**1.4**

Gross exposure to counterparty risk was €74.3 billion at 31 December 2016 (€57.5 billion in the form of derivatives, and €16.9 billion in the form of securities financing transactions).

Information on exposure to transactions on forward financial instruments is also provided in Note 3.1 “Credit risk” to the consolidated financial statements.

2. Exposure to counterparty risk under the standardised approach

For clarity, **exposure to counterparty risk under the standardised approach by regulatory portfolio and by risk weighting** is presented in the consolidated report on Risk factors and Pillar 3 available on the website: www.credit-agricole.com/en/finance/finance/investor-s-corner/financial-information.

3. Exposure to counterparty risk under the advanced approach

For clarity, **exposure to counterparty risk by portfolio and by probability of default range under the foundation internal ratings-based approach (F-IRB) and the advanced internal ratings-based approach (A-IRB)** is presented in the consolidated report on Risk factors and Pillar 3 available on the website: https://www.credit-agricole.com/en/finance/finance/investor-s-corner/financial-information.

4. Change in RWA under the internal model method (IMM) approach between 30/09/2016 and 31/12/2016

		a
(in millions of euros)		Amounts
1	**RWA at end of prior period**	**9,496**
2	Total assets	(397)
3	Counterparty credit rating	(46)
4	Model updates (IMM only)	0
5	Method and policy (IMM only)	0
6	Acquisitions and disposals	0
7	Currency movements	1,067
8	Other	0
9	**RWA at end of current period**	**10,120**

5. CVA

The CRD 4 directive brought in a new capital charge to cover volatility in the CVA (Credit Valuation Adjustment) or valuation adjustment for assets grouped together under the term "CVA Risk", which is intended to include in the valuation of OTC derivatives credit events affecting our counterparties. The CVA is thus defined as the difference between the valuation excluding risk of default and the valuation including the probability of default of our counterparties.

Under the directive, banks use a regulatory formula ("standardised approach") or are authorised to calculate their capital requirements using their internal models for both counterparty risk and specific rate risk using the advanced method ("CVA VaR").

The CVA requirement under the advanced approach is calculated on the basis of expected positive exposure on OTC derivative transactions involving "Financial institution" counterparties excluding intragroup transactions. Within this scope, the tools used to estimate capital requirements are the same as for market VaR in respect of specific interest rate risk.

CAPITAL REQUIREMENT FOR CREDIT VALUATION ADJUSTMENT (CVA) AT 31/12/2016

31/12/2016		a	b
(in millions of euros)		EAD post-CRM	RWA
1	Total portfolios subject to the Advanced CVA capital charge	20,565	2,958
2	(i) VaR component (including the 3×multiplier)		42
3	(ii) Stressed VaR component (including the 3×multiplier)		194
4	All portfolios subject to the Standardised CVA capital charge	8,466	1,521
EU4	Based on Original Exposure Method		
5	**TOTAL SUBJECT TO THE CVA CAPITAL CHARGE**	**29,032**	**4,479**

CAPITAL REQUIREMENT FOR CREDIT VALUATION ADJUSTMENT (CVA) AT 31/12/2015

31/12/2015		a	b
(in millions of euros)		EAD post-CRM	RWA
1	Total portfolios subject to the Advanced CVA capital charge	16,367	2,891
2	(i) VaR component (including the 3× multiplier)		48
3	(ii) Stressed VaR component (including the 3× multiplier)		183
4	All portfolios subject to the Standardised CVA capital charge	10,159	1,990
EU4	Based on Original Exposure Method		
5	**TOTAL SUBJECT TO THE CVA CAPITAL CHARGE**	**26,526**	**4,881**

IV. Credit and counterparty risk mitigation techniques

Definitions:

- **collateral:** a security interest giving the bank the right to liquidate, keep or obtain title to certain amounts or assets in the event of default or other specific credit events affecting the counterparty, thereby reducing the credit risk on an exposure;
- **personal guarantee:** undertaking by a third party to pay the sum due in the event of the counterparty's default or other specific credit events, therefore reducing the credit risks on an exposure.

EXPOSURES UNDER THE ADVANCED APPROACH AT 31 DECEMBER 2016

(in millions of euros)	Total exposure amount	Risk mitigation amount		
		Personal guarantees and credit derivatives	Collateral	Total collateral
Central governments and central banks	56,884	2,660	48	**2,708**
Institutions	39,567	669	1,237	**1,906**
Corporates	234,101	34,517	44,395	**79,911**
TOTAL	**330,552**	**37,846**	**45,680**	**83,526**

EXPOSURES UNDER THE STANDARDISED APPROACH AT 31 DECEMBER 2016

(in millions of euros)	Total exposure amount	Risk mitigation amount		
		Personal guarantees and credit derivatives	Collateral	Total collateral
Central governments and central banks	56,684	0	0	**0**
Institutions	65,626	237	82	**319**
Corporates	142,338	1,987	15,434	**17,422**
TOTAL	**264,647**	**2,224**	**15,516**	**17,740**

1. Credit risk mitigation techniques

1.1 COLLATERAL MANAGEMENT SYSTEM

The main categories of collateral taken by the bank are described in the section entitled "Risk Factors – Credit Risk – Collateral and guarantees received".

When a credit is granted, collateral is analysed to assess the value of the asset, its volatility and the correlation between the value of the collateral and the quality of the counterparty financed. Regardless of collateral quality, the first criterion in the lending decision is always the borrower's ability to repay sums due from cash flow generated by its operating activities, except for specific trade finance transactions.

For financial collateral, a minimum exposure coverage ratio is usually included in loan contracts, with readjustment clauses. Financial collateral is revalued according to the frequency of margin calls and the variability of the underlying value of financial assets transferred as collateral or quarterly, as a minimum.

The minimum coverage ratio (or the haircut applied to the value of the collateral under Basel 2) is determined by measuring the pseudo-maximum deviation of the value of the securities on the revaluation date. This measurement is calculated with a 99% confidence interval over a time horizon covering the period between each revaluation, the period between the default date and the date on which asset liquidation starts, and the duration of the liquidation period. This haircut also applies for currency mismatch risk when the securities and the collateralised exposure are denominated in different currencies. Additional haircuts are applied when the size of the stocks position implies a block sale or when the borrower and the issuer of the collateral securities belong to the same risk group.

The initial value of real estate assets granted as collateral is based on acquisition or construction cost. It may subsequently be revalued using a statistical approach based on market indices, or on the basis of an expert appraisal performed at least annually.

For retail banking (LCL, Cariparma), revaluation is automatic based on changes in the property market indices. In contrast, for project-type property financing, assets are mainly revalued on the basis of an expert appraisal combining various approaches (asset value, rental value, etc.) and include external benchmarks.

For minimum coverage ratios (or the haircut applied to the collateral value under Basel 2), Crédit Agricole CIB projects the value of the real estate asset between the revaluation date and the date on which the collateral is realised by modelling the asset value, and includes the repossession costs over that period. Assumptions regarding liquidation periods depend on the type of financing (project, property investment companies, property developers, etc.).

Other types of asset may also be pledged as non recourse financial assets. This is notably the case for certain activities such as aircraft, shipping or commodities financing. These businesses are conducted by middle offices, which have specific expertise in valuing the assets financed.

1.2 PROTECTION PROVIDERS

Two major types of guarantee are mainly used (other than intragroup guarantees): export credit insurance taken out by the Bank and unconditional payment guarantees.

The main guarantee providers (excluding credit derivatives – see section below) are export credit agencies, which enjoy a good quality sovereign rating. The largest are BPI (France), Sace S.p.A. (Italy), Euler Hermès (Germany) and Korea Export Insur (Korea).

1

EXTERNAL RATINGS GIVEN THE EXPORT CREDIT AGENCIES

	Moody's	Standard & Poor's	Fitch Ratings
	Long-term rating [outlook]	Long-term rating [outlook]	Long-term rating [outlook]
Bpifrance Financement	Aa2 [stable]	Not rated	AA [stable][1]
Euler Hermès S.A.	Aa3 [stable]	AA- [stable]	Not rated
Sace S.p.A.	Not rated	Not rated	A- [negative]

(1) Rating given to EPIC Bpifrance.

Moreover, the guarantees received from mutual guarantee companies cover a substantial portion of the loans in the Group's "residential real estate" portfolio in France (see table hereinafter). These outstandings are backed by guarantees granted by Crédit Logement (rated Aa3 [stable] by Moody's) or by the Group's subsidiary insurance company, CAMCA Assurance S.A. (rated A- [positive] by Fitch). The guarantors themselves are supervised by the ACPR and are subject to prudential regulation applying to either financing companies, for Crédit Logement, or insurance companies (Solvency 2), for CAMCA.

AMOUNTS IN OUTSTANDING PROPERTY LOANS GUARANTEED BY CAMCA AND CRÉDIT LOGEMENT

	Outstandings at 31/12/2016		Outstandings at 31/12/2015	
(in millions of euros)	Outstandings guaranteed	% of guaranteed loans in the "residential real estate loans" portfolio in France	Outstandings guaranteed	% of guaranteed loans in the "residential real estate loans" portfolio in France
Coverage by financial guarantee insurance companies (Crédit Logement, CAMCA)	162,219	56.2%	147,672	59.3%

Where Crédit Logement is concerned, the guarantee granted covers, with no deductible, the payment of all amounts legally due by defaulting borrowers in principal, interest, insurance premiums and costs. When the guarantee is granted, the guarantor applies an independent selection policy in addition to that already implemented by the bank. Where CAMCA is concerned, the guarantee mechanism is broadly similar to that of Crédit Logement, with the difference that the payments made by CAMCA with respect to the guarantee arise once the bank's means of recourse against the borrower have been exhausted. In the end, these guarantee provisions significantly enhance the quality of the property loans guaranteed and constitute a full transfer of risk in respect of these outstandings.

1.3 USE OF CREDIT DERIVATIVES FOR HEDGING PURPOSES

Credit derivatives used for hedging purposes are described in the "Risk factors – Credit risk – Credit risk mitigation mechanisms – Use of credit derivatives" section, as well as in Chapter II.2.2 above.

	a	b
(in millions of euros)	Protection purchased	Protection sold
Notional amounts		
Single-issuer credit default swaps	6,984.1	17.7
Credit default swap indices	-	-
Total return swaps	-	-
Credit options	-	-
Other credit derivatives	-	-
TOTAL NOTIONAL AMOUNTS	**6,984.1**	**17.7**
Fair values		
Positive fair value (asset)	168.4	
Negative fair value (liability)	(5.3)	(0.1)

2. Risk mitigation techniques applied to counterparty risk

These techniques are presented in the "Risk factors – Credit risk – Credit risk mitigation mechanisms – Use of credit derivatives" section.

V. Securitisation transactions

The credit risk on securitisation transactions is presented in the Securitisation chapter below.

VI. Equity exposures in the banking portfolio

Crédit Agricole Group's equity exposures, excluding the trading book, consist of securities "that convey residual, subordinated claims on the assets or income of the issuer or have a similar economic substance". These mainly include:

- listed and non-listed equities and shares in investment funds;

- options implicit in convertible, redeemable or exchangeable bonds;
- stock options;
- deeply subordinated securities.

Non-consolidated equity interests are acquired for management purposes (financial assets at fair value through profit or loss or designated as at fair value through profit or loss or held-for-trading, available-for-sale financial assets, held-to-maturity investments, loans and receivables) as described in Note 1.3 to the financial statements entitled “Accounting policies and principles”.

The accounting policies and valuation methods used are described in Note 1.3 to the financial statements “Accounting policies and principles”.

GROSS EXPOSURE AND EXPOSURE AT DEFAULT UNDER THE INTERNAL RATINGS-BASED APPROACH

Categories *(in millions of euros)*	**On-balance sheet amount**	**Off-balance sheet amount**	**Risk weighting coefficients**	**Exposure amount**	**RWA**	**Capital requirements**
Exchange-traded equity exposures	851	97	190%	934	1,775	142
Private equity exposures	1,750		290%	1,699	4,926	394
Other equity exposures	15,816	0	370%	15,406	57,001	4,560
TOTAL	**18,417**	**97**		**18,039**	**63,703**	**5,096**

Equity exposures under the internal ratings based approach mainly consist of the portfolios of Crédit Agricole S.A., Crédit Agricole CIB and Crédit Agricole Investissement et Finance.

The value of the equity exposures under the internal ratings based approach amounted to €18.0 billion at 31 December 2016 (compared with €17.5 billion at 31 December 2015).

Furthermore, equity exposures using the standardised approach excluding the threshold amounted to €1.5 billion at 31 December 2016 for an RWA of €1.6 billion.

The cumulative amount of realised gains or losses on sales and settlements over the period under review is presented in Note 4 to the financial statements “Notes to the income statement”.

SECURITISATION

I. Definitions

Crédit Agricole Group carries out securitisation transactions as an originator, arranger or as an investor according to the Basel 3 criteria.

Securitisation transactions, listed below, consist of transactions defined in directive 2013/36/EU (“CRD 4”) and EU Regulation 575/2013 of 26 June 2013 (“CRR”) in force since 1 January 2014. The directive and regulations incorporate into European law the Basel 3 international reforms (issued in December 2010) introducing, among other things, new requirements for bank solvency and oversight of liquidity risk. They cover transactions or schemes under which the credit risk associated with an exposure or pool of exposures is sub-divided into tranches with the following features:

- payments depend on the performance of the underlying exposure or pool of exposures;
- the subordination of tranches determines how losses are distributed over the life of the transaction or scheme.

Securitisation transactions include:

- standard securitisations: imply the economic transfer of the securitised exposures. This means the transfer of ownership of the securitised exposures by the reporting originating institution directly to a securitisation vehicle or *via* a vehicle’s sub-investment in the securitised exposures. Notes issued by the securitisation vehicle do not constitute payment obligations for the reporting originating institution;
- synthetic securitisations: the credit risk is transferred through the use of credit derivatives or guarantees and the pool of securitised exposures is kept on the balance sheet of the reporting originating institution.

The securitisation exposures detailed below cover all securitisation exposures (recorded on or off-balance sheet) that generate RWA and capital requirements with respect to the Group’s regulatory portfolio, according to the following typologies:

- originator programmes, deemed efficient under Basel 3 insofar as there is a significant transfer of risks;
- exposures in which the Group is investor;
- exposures in which the Group is sponsor;
- securitisation swap exposures (exchange or interest rate hedges) allocated to securitisation vehicles.

The securitisation transactions on own account carried out as part of non-derecognised collateralised financing operations, are not described below. Their impact on the consolidated financial statements is detailed in Notes 2.3 and 6.6 “Securitisation transactions” and “Transferred assets not derecognised or derecognised with on-going involvement” to the financial statements.

It should be noted that most securitisation transactions on behalf of European customers involve Ester Finance Titrisation, a wholly owned banking subsidiary of Crédit Agricole CIB, which finances the purchase of receivables and therefore makes Crédit Agricole CIB both sponsor and originator of these securitisation transactions.

II. Purpose and strategy

1. Securitisation transactions on own account

Crédit Agricole Group's securisation transactions on own account are the following:

COLLATERALISED FINANCING TRANSACTIONS

These transactions are designed for the issue of securities and, where appropriate, can be wholly or partially placed with investors, sold under repurchase agreements or kept on the issuer's balance sheet as liquid securities reserves that can be used to manage refinancing. This activity relates to several of the Group's entities, mainly CA Consumer Finance and its subsidiaries[1].

ACTIVE MANAGEMENT OF CRÉDIT AGRICOLE CIB'S CUSTOMER FINANCING PORTFOLIO

In addition to using credit derivatives (see the "Credit risks – Use of credit derivatives" section of the "Risk factors and Pillar 3" chapter), this activity consists of using securitisations to manage the credit risk of Crédit Agricole CIB's customer financing portfolio.

The objectives of this management of the financing portfolio are to optimise capital allocation, notably by reducing the concentration of outstanding loans to corporates, to release resources to contribute to the renewal of the Crédit Agricole CIB banking portfolio (in the Distribute to Originate model) and to maximise the profitability of capital. This business is managed by Crédit Agricole CIB's ALM/CPM Execution team. The approach used to calculate the risk weighted exposures on proprietary securitisation positions is the regulatory formula approach. In this business, the Bank does not systematically purchase protection on all tranches of a portfolio, as the management goal is to cover some of the more risky financing portfolio tranches whilst keeping part of the overall risk.

NEW SECURITISATIONS BY CRÉDIT AGRICOLE CIB IN 2016

In the course of managing the financing portfolio, the ALM/CPM Execution teams arranged the synthetic securitisation of a €1 billion portfolio comprised of large corporate exposures. A second synthetic securitisation of a US$3 billion portfolio of secured financing assets was signed in December 2016 and was finalised in February 2017.

CRÉDIT AGRICOLE CIB DISCONTINUING ACTIVITIES

These consist of investments in securitisation tranches that are either managed in run-off, or exposures for which the risk is considered to be low and that Crédit Agricole CIB is willing to carry for the long term. These were segregated into a dedicated regulatory banking book in 2009. These activities generate no market risk.

2. Securitisation transactions carried out on behalf of customers as arranger, sponsor, intermediary or originator

Within Crédit Agricole Group, only Crédit Agricole CIB carries out securitisation transactions on behalf of customers.

Securitisation transactions on behalf of customers within Global Markets activities allow Crédit Agricole CIB to raise funds or manage a risk exposure on behalf of its customers. When carrying out these activities, Crédit Agricole CIB can act as an originator, sponsor, arranger or investor:

- as a sponsor and arranger, Crédit Agricole CIB structures and manages securitisation programmes that refinance assets of the bank's customers, mainly *via* ABCP (Asset Backed Commercial Paper) conduits, namely LMA in Europe, Atlantic and La Fayette in the United States and ITU in Brazil. These specific entities are protected from Crédit Agricole CIB bankruptcy risk but are consolidated at Group level since the entry into force on 1 January 2014 of IFRS 10. The roles played by Crédit Agricole CIB group as sponsor, manager and provider of liquidity lines give it power directly related to the variability of returns of the business. The liquidity facilities protect investors from credit risk and guarantee the liquidity of the conduits;
- as an investor, the Group invests directly in certain securitisation exposures and is a liquidity provider or counterparty of derivative exposures (exchange or interest rate swaps for instance).

2.1 ACTIVITIES CARRIED OUT AS ARRANGER, SPONSOR, INTERMEDIARY OR ORIGINATOR

As an arranger, sponsor or originator, Crédit Agricole CIB carries out securitisation transactions on behalf of its customers. At 31 December 2016, there were four active consolidated multi-seller vehicles (LMA, Atlantic, La Fayette and ITU), structured by the Group on behalf of third parties. LMA, Atlantic, La Fayette and ITU are fully supported programmes. This ABCP programme activity finances the working capital requirements of some of the Group's customers by backing short-term financing with traditional assets, such as trade receivables or financial loans. The amount of the assets held by these vehicles and financed through the issuance of marketable securities amounted to €24.56 billion at 31 December 2016 (€18.7 billion at 31 December 2015).

The default risk on the assets held by these vehicles is borne by the sellers of the underlying receivables through credit enhancement or by insurers for certain types of risk upstream of the ABCP programmes. Crédit Agricole CIB bears the risk through liquidity facilities.

The programme activity was sustained throughout 2016, and the newly securitised outstandings mainly relate to trade receivables and financial loans.

For part of this ABCP programme activity, Crédit Agricole CIB acts as the originator insofar as the structures involve the entity Ester Finance Titrisation, which is a consolidated Group entity.

The amount committed to liquidity facilities granted to LMA, Atlantic, La Fayette and ITU as sponsors was €31.1 billion at 31 December 2016 (€25.5 billion at 31 December 2015).

2.2 ACTIVITIES CARRIED OUT AS INVESTOR

As part of its sponsor activities, the Group can grant guarantees and liquidity facilities to securitisation vehicles or act as a counterparty for derivatives in *ad hoc* securitisation transactions. These are mainly exchange rate swaps provided to the ABCP conduits and interest rate swaps for some ABS issues. These activities are recorded in the banking portfolio as investor activities.

(1) *It should be noted in this respect that in 2015 the Crédit Agricole Regional Banks carried out a home loan securitisation transaction ("RMBS"); this transaction is outside the scope of Crédit Agricole S.A. group.*

Moreover, Crédit Agricole CIB may be called upon to directly finance on its balance sheet some securitisation transactions on behalf of its customers (mainly aircraft transactions and vehicle fleet financing) or provide support through a liquidity facility to an issue by special purpose vehicles external to the Group (SPV or ABCP conduit not sponsored by Crédit Agricole CIB). In this case, Crédit Agricole CIB is deemed to be an investor. Overall, this activity corresponded to outstandings of €2 billion at 31 December 2016 (€2.3 billion at 31 December 2015).

2.3 INTERMEDIATION TRANSACTIONS

Crédit Agricole CIB participates in the structuring and in the placement of securities, backed by client asset pools and to be placed with investors.

In this business, the Bank retains a relatively low risk *via* the possible contribution of back-up lines to securitisation vehicles or *via* a share of the notes issued.

III. Risk monitoring and recognition

1. Risk monitoring

The management of risks related to securitisation transactions follows the rules established by the Group, according to which these assets are recorded in the banking portfolio (credit and counterparty risk) or in the trading book (market and counterparty risk).

Outside Crédit Agricole CIB, the Group's only securitisation transactions are standard securitisations that the Group carries out on own account as an originator, as part of collateralised financing transactions. The monitoring of the risk in respect of the underlying assets is not modified by these transactions.

The development, sizing and targeting of securitisation transactions are periodically reviewed by Portfolio Strategy Committees specific to those activities and the countries to which they relate, as well as in the course of Group Risk Management Committee meetings.

Risks on securitisation transactions are measured against the capacity of the assets transferred over to financing structures to generate sufficient flows to cover the costs, mainly financial, of these structures.

Crédit Agricole CIB's securitisation exposures are treated in accordance with the IRB-securitisation framework approach, *i.e.*:

- Ratings-Based Approach (RBA) for exposures with a public external rating (directly or inferred) from an agency approved by the Committee of European Banking Supervisors (CEBS). The external agencies used are Standard & Poor's, Moody's, Fitch Ratings and Dominion Bond Rating Services (DBRS);
- Internal Assessment Approach (IAA): internal rating methodology approved by Crédit Agricole S.A.'s Standards and Methodology Committee for the main asset classes (particularly trade receivables and car financing) when there are no agency ratings for the exposure under consideration;
- Supervisory Formula Approach (SFA): in residual cases where there are neither public external ratings nor any possibility of applying the IAA method for exposures with no public external rating.

These ratings cover all types of risks generated by such securitisation transactions: intrinsic risks on receivables (debtor insolvency, payment delays, dilution, offsetting of receivables) or risks on the structuring of transactions (legal risks, risks relating to the receivables collection circuit, risks relating to the quality of information supplied periodically by managers of transferred receivables, other risks related to the seller, etc.).

These critically examined ratings are only a tool for making decisions pertaining to these transactions; such decisions are taken by credit Committees at various levels.

Credit decisions relate to transactions that are reviewed at least once a year by the same Committees. Committee decisions incorporate varying limits according to the evolution of the acquired portfolio (arrears rate, loss rate, rate of sector-based or geographical concentration, rate of dilution of receivables or periodic valuation of assets by independent experts, etc.); non-compliance with these limits may cause the structure to become stricter or place the transaction in early amortisation.

These credit decisions also include, in liaison with the Bank's other credit Committees, an assessment focusing on the risk generated by the sellers of the receivables and the possibility of substituting the manager by a new one in the event of a failure in the management of those receivables.

Like all credit decisions, these decisions include aspects of compliance and "country risk".

The liquidity risk associated with securitisation activities is monitored by the business lines in charge, but also centrally by Crédit Agricole CIB's Market Risk and Asset and Liability Management departments. The impact of these activities is incorporated into the Internal Liquidity Model indicators, mainly stress scenarios, liquidity ratios and liquidity gaps. The management of liquidity risk is described in more detail in the paragraph entitled "Liquidity and financing risk" of the Risk factors section in this chapter.

The management of structural currency risk with respect to securitisation transactions does not differ from that of the Group's other assets. As regards interest rate risk management, securitised assets are refinanced through *ad hoc* vehicles according to interest rate matching rules similar to those applying to other assets.

For assets managed in run-off mode, each transfer of position is first approved by Crédit Agricole CIB's Market Risk department.

Crédit Agricole CIB had no secondary securitisation positions at 31 December 2016 and therefore carries out no specific monitoring of this activity.

2. Accounting policies

As part of securitisation transactions, a derecognition test is carried out pursuant to IAS 39 (the criteria can be found in Note 1.3 to the consolidated financial statements on accounting policies and methods).

In the case of synthetic securitisations, the assets are not derecognised in that they remain under the control of the institution. The assets are still recognised according to their classification and original valuation method (see Note 1.3 to the consolidated financial statements on accounting policies and methods for financial asset classification and valuation methods).

The standard securitisations of its financial assets that the Group carries out on own account are performed as part of collateralised financing operations that are not derecognised (neither from an accounting nor a regulatory perspective). Their impact on the consolidated financial statements is detailed in Notes 2.3 and 6.6 "Securitisation transactions" and "Transferred assets not derecognised or derecognised with on-going involvement" to the financial statements.

Moreover, investments made in securitisation instruments (cash or synthetic) are recognised according to their classification and the associated valuation method (see Note 1.3 to the consolidated financial statements on accounting policies and methods for financial asset classification and valuation methods).

The securitisation exposures can be classified in the following accounting categories:

- "loans and receivables": these securitisation exposures are measured following initial recognition at amortised cost based on the effective interest rate and may, if necessary, be impaired;
- "available-for-sale financial assets": these securitisation exposures are remeasured at fair value on the closing date and any changes in fair value are recognised in other comprehensive income;
- "financial assets at fair value through profit or loss": these securitisation exposures are remeasured at fair value on the closing date and any changes in fair value are recognised through profit or loss under "Net gains (losses) on financial instruments at fair value through profit or loss".

Gains (losses) on the disposal of these securitisation exposures are recognised in accordance with the rules of the original category of the exposures sold.

Accordingly, for exposures classified under loans and receivables and under available-for-sale financial assets, gains (losses) on disposal are recognised through profit or loss on the "Net gains (losses) on available-for-sale financial assets" item, respectively on the "Gains (losses) on disposal of loans and receivables" and "Gains (losses) on disposal of available-for-sale financial assets" lines.

For exposures classified at market value through profit or loss, gains (losses) on disposal are recognised under "Net gains (losses) on financial instruments at fair value through profit or loss".

IV. Summary of activity on behalf of customers in 2016

Crédit Agricole CIB's Securitisation activity in 2016 was characterised by:

- support of the development of the public ABS market in the United States and in Europe. Crédit Agricole CIB structured and organised the placement (arranger and bookrunner) of a significant number of primary ABS issues on behalf of its major "Financial institution" customers, in particular in the automotive industry and in consumer finance;
- on the ABCP programme market, Crédit Agricole CIB maintained its ranking as one of the leaders in this segment, both in Europe and on the US market. This was achieved *via* the renewal and implementation of new securitisation operations for trade receivables or financial loans on behalf of its mainly Corporate customers, while ensuring that the profile of risks borne by the Bank remained good. Moreover, Crédit Agricole CIB sponsored a new ABCP programme in the United States, La Fayette, with a view to finding alternative sources of funding in line with new US regulations on money market funds. The strategy of Crédit Agricole CIB, focused on the financing of its customers, is well perceived by investors and resulted in financing conditions that remained competitive.

At 31 December 2016, Crédit Agricole CIB had no early-redemption securitisation programmes and no secondary securitisation exposure.

Moreover, in 2016, Crédit Agricole CIB did not support any securitisation programme within the meaning of Article 248-1 of the CRR.

V. Exposures

1. Exposure at default to securitisation operation risks in the banking book that generate risk weighted assets

1.1 SECURITISATION TRANSACTIONS USING INTERNAL RATING-BASED APPROACH

Exposure at default of securitisation transactions by role

31/12/2016	**Securitised EAD**						
Underlyings	Standard			Synthetic			
(in millions of euros)	*Investor*	*Originator*	*Sponsor*	*Investor*	*Originator*	*Sponsor*	**Total**
Residential real estate loans	152.6	1,563.7	67.0	3.4	-	-	**1,786.8**
Commercial real estate loans	-	-	31.3	1.9	-	-	**33.2**
Credit card loans	0.4	-	-	-	-	-	**0**
Leasing	20.4	-	4,546.3	-	-	-	**4,566.7**
Loans to corporates and SMEs	485.6	58.7	-	1,999.6	2,259.0	-	**4,803.0**
Personal loans	81.4	-	3,922.4	-	-	-	**4,003.8**
Trade receivables	42.8	10,046.6	6,977.2	-	-	-	**17,066.6**
Other	2.1	205.5	5,940.0	-	-	-	**6,147.6**
TOTAL	**785.3**	**11,874.6**	**21,484.1**	**2,004.9**	**2,259.0**	**-**	**38,407.9**

Exposure at default of securitisation transactions by weighting

31/12/2016 Underlyings *(in millions of euros)*	Securitised EAD			Total
	SFA	IAA	RBA	
Residential real estate loans	-	-	1,786.8	**1,786.8**
Commercial real estate loans	-	-	33.2	**33.2**
Credit card loans	-	-	0.4	**0.4**
Leasing	-	4,512.1	54.6	**4,566.7**
Loans to corporates and SMEs	4,257.4	-	545.5	**4,803.0**
Personal loans	-	3,411.8	592.0	**4,003.8**
Trade receivables	984.6	16,082.0	0.0	**17,066.6**
Other	1,663.7	1,700.5	2,783.4	**6,147.6**
TOTAL	**6,905.8**	**25,706.3**	**5,795.9**	**38,407.9**

Exposure at default of securitisation transactions by on- and off-balance sheet accounting classification

31/12/2016 Underlyings *(in millions of euros)*	Securitised EAD		Total
	Balance sheet	Off-balance sheet	
Residential real estate loans	1,678.5	108.3	**1,786.8**
Commercial real estate loans	-	33.2	**33.2**
Credit card loans	-	0.4	**0.4**
Leasing	-	4,566.7	**4,566.7**
Loans to corporates and SMEs	60.5	4,742.5	**4,803.0**
Personal loans	2.3	4,001.5	**4,003.8**
Trade receivables	88.0	16,978.6	**17,066.6**
Other	902.3	5,245.3	**6,147.6**
TOTAL	**2,731.5**	**35,676.4**	**38,407.9**

Securitisation position held or acquired in the banking portfolio by approach and weighting

31/12/2016 Weighting *(in millions of euros)*	Exposure at default (EAD)			Capital requirements		
	Securitisation + Secondary securitisation	Securitisation	Secondary securitisation	Securitisation + Secondary securitisation	Securitisation	Secondary securitisation
External ratings based approach	**5,795.9**	**4,170.7**	**1,625.1**	**141.7**	**126.6**	**15.1**
6-10% weighting	1,495.6	1,495.6	-	9.3	9.3	-
12-35% weighting	2,159.4	2,100.7	58.7	24.7	23.7	1.0
40-75% weighting	24.9	17.2	7.7	1.4	1.1	0.3
100-650% weighting	521.3	521.3	-	56.6	56.6	-
Weighting = 1,250%	1,594.7	36.0	1,558.7	49.8	36.0	13.8
Internal Assessment Approach	**25,706.3**	**25,706.6**	**-**	**198.6**	**198.6**	**-**
Average weighting (%)	9.7%	-	-	9.7%	-	-
Supervisory Formula Approach	**6,905.8**	**6,905.8**	**-**	**90.2**	**90.2**	**-**
Average weighting (%)	16.3%	-	-	16.3%	-	
BANKING PORTFOLIO TOTAL	**38,407.9**	**36,782.8**	**1,625.1**	**430.5**	**415.4**	**15.1**

31/12/2015 Weighting *(in millions of euros)*	**Exposure at default (EAD)** *Securitisation + Secondary securitisation*	*Securitisation*	*Secondary securitisation*	**Capital requirements** *Securitisation + Secondary securitisation*	*Securitisation*	*Secondary securitisation*
External ratings based approach	**6,446.3**	**4,701.0**	**1,744.5**	**164.0**	**141.0**	**23.0**
6-10% weighting	1,419.6	1,419.6	0.0	9.0	9	0.0
12-35% weighting	2,854.9	2,638.8	216.1	32.6	29	3.7
40-75% weighting	48.5	48.5	0.0	3.1	3	0.0
100-650% weighting	574.2	560.0	13.7	67.6	65.7	1.9
Weighting = 1,250%	1,549.1	34.3	1,514.8	51.1	34.3	16.7
Internal Assessment Approach	**21,332.1**	**21,332.1**	**0.0**	**171.3**	**171.3**	**0.0**
Average weighting (%)	10.0%	-	-	14.3%	-	-
Supervisory Formula Approach	**6,377.5**	**6,377.5**	**0.0**	**73**	**72.8**	**0.0**
Average weighting (%)	14.3%	-	-	14.3%	-	-
BANKING PORTFOLIO TOTAL	**34,155.9**	**32,411**	**1,744.5**	**408.0**	**385.1**	**23.0**

Exposure at default to securitisation transaction risks on own account and on behalf of third parties

The value at risk of securitisation transactions amounted to €6,007 million on own account and €32,400 million on behalf of third parties at 31 December 2016, compared with 6,448 million and €27,708 million, respectively, in 2015.

1.2 SECURITISATION TRANSACTIONS USING THE STANDARDISED APPROACH

TOTAL SECURITISATION EXPOSURES

(in millions of euros)	**31/12/2016**	**31/12/2015**
Standard securitisations	697.6	462.5
Synthetic securitisations	-	-

AGGREGATE SECURITISATION EXPOSURES HELD OR ACQUIRED (EXPOSURES AT DEFAULT)

(in millions of euros)	**31/12/2016**	**31/12/2015**
AGGREGATE SECURITISATION EXPOSURES HELD OR ACQUIRED	**544.4**	**279.2**
With external credit rating	**411.1**	**265.9**
20% Weighting	3.2	30.8
40% Weighting	-	-
50% Weighting	407.0	184.8
100% Weighting	0.7	44.2
225% Weighting	-	-
350% Weighting	0.2	6.1
650% Weighting	-	-
Weighting = 1,250%	**2.6**	**7.5**
Transparency approach	**130.7**	**5.8**

2. Exposure at default to securitisation operation risks in the trading book generating risk weighted assets under the standardised approach

2.1 EXPOSURE AT DEFAULT OF SECURITISATION TRANSACTIONS BY ROLE USING THE STANDARDISED APPROACH

Underlyings *(in millions of euros)*	Securitised EAD at 30/12/2016						
	Standard			Synthetic			
	Investor	*Originator*	*Sponsor*	*Investor*	*Originator*	*Sponsor*	**Total**
Residential real estate loans	38	-					**38**
Commercial real estate loans	-	-					-
Credit card loans	-	-					-
Leasing							-
Loans to corporates and SMEs	-	-					-
Personal loans	-	-					-
Trade receivables	-	-					-
Secondary securitisation							-
Other	72	-					**72**
TOTAL	**111**	**-**	**-**	**-**	**-**	**-**	**111**

Exposure at default only concerns Standard securitisation.

2.2 EXPOSURE AT DEFAULT OF SECURITISATION TRANSACTIONS BY APPROACH AND BY WEIGHTING

Risk weighting tranche *(in millions of euros)*	30/12/2016			31/12/2015		
	Long positions	Short positions	Capital requirements	Long positions	Short positions	Capital requirements
EAD subject to weighting						
7-10% weightings	23		0	8		0
12-18% weightings	0		0	0		
20-35% weightings	6		0	96		0
40-75% weightings	2		0	2		0
100% weightings	5		0	5		0
150% weightings	0		0			
200% weightings	0		0			
225% weightings	0		0			
250% weightings	5		0	6		0
300% weightings	0		0	0		
350% weightings	0		0	0		
425% weightings	6		0	11		1
500% weightings	0		0			
650% weightings	0		0			
750% weightings	0		0			
850% weightings	0		0			
1,250% weightings	63		10	76		12
Internal Assessment Approach	**111**	**0**	**11**	**205**	**0**	**13**
Supervisory Formula Approach						
Transparency Approach						
NET TOTAL DEDUCTIONS FROM CAPITAL						
1,250%/Positions deducted from capital						
TRADING BOOK TOTAL	**111**	**0**	**11**	**205**	**0**	**13**

2.3 CAPITAL REQUIREMENTS RELATING TO SECURITISATIONS HELD OR ACQUIRED

	30/12/2016				31/12/2015			
(in millions of euros)	Long positions	Short positions	Total weighted positions	Capital requirements	Long positions	Short positions	Total weighted positions	Capital requirements
EAD subject to weighting	110.6	0	67.4	10.6	205.0	0.0	83.7	13.2
Securitisation	132.9		22.7		132.9		28.0	
Secondary securitisation	609.9		44.7		609.9		55.7	
Deductions	0.0				0.0			

MARKET RISK

I. Internal model market risk measurement and management methodology

Market risk measurement and management by internal methods are described in the section entitled "Risk factors – Market risk – Market risk measurement and management methodology".

II. Rules and procedures for valuing the trading book

The rules for valuing the various items in the trading book are described in Note 1.3 to the financial statements, "Accounting policies and principles".

Measurement models are reviewed periodically as described in the section entitled "Risk factors – Market risk – Market risk measurement and management methodology".

III. Exposure to market risk of the trading book

1. Risk weighted exposure using the standardised approach

RISK WEIGHTED EXPOSURE USING THE STANDARDISED APPROACH AT 31/12/2016

31/12/2016 *(in millions of euros)*		a RWA
	Outright products	
1	Interest rate risk (general and specific)	804.6
2	Equity risk (general and specific)	0.0
3	Foreign exchange risk	0.0
4	Commodity risk	
	Options	
5	Simplified approach	
6	Delta-plus method	0.0
7	Scenario approach	2.9
8	Securitisation	132.9
9	**TOTAL**	**940.4**

RISK WEIGHTED EXPOSURE USING THE STANDARDISED APPROACH AT 31/12/2015

31/12/2015 *(in millions of euros)*		a RWA
	Outright products	
1	Interest rate risk (general and specific)	648.7
2	Equity risk (general and specific)	0.1
3	Foreign exchange risk	0.0
4	Commodity risk	
	Options	
5	Simplified approach	
6	Delta-plus method	0.2
7	Scenario approach	1.2
8	Securitisation	165.1
9	**TOTAL**	**815.3**

2. Exposure using the internal model method

2.1 RISK-WEIGHTED ASSETS AND CAPITAL REQUIREMENTS

31/12/2016 *(in millions of euros)*		a RWA	b Minimum capital requirements
1	**VaR (max. between values a and b)**	**2,070**	**166**
(a)	Measurement of the previous day's value at risk (VaRt-1)		166
(b)	Multiplication factor (mc) x average daily measurements of value at risk in the previous 60 business days (VaRavg)		39
2	**SVaR (max. between values a and b)**	**3,091**	**247**
(a)	Last available measure (SVaRt-1)		55
(b)	Multiplication factor (ms) x average daily measurements of stressed value at risk in the previous 60 business days (SVaRavg)		247
3	**Incremental risk of default and migration – IRC (max. between values a and b)**	**1,594**	**127**
(a)	Last available measure		77
(b)	12-week average		127
4	**Comprehensive risk measure relating to the correlation portfolio – CRM (max. between values a, b and c)**		
(a)	Last available measure		
(b)	12-week average		
(c)	Floor level		
5	**TOTAL**	**6,755**	**540**

31/12/2015 *(in millions of euros)*		a RWA	b Minimum capital requirements
1	**VaR (max. between values a and b)**	**2,056**	**164**
(a)	Measurement of the previous day's value at risk (VaRt-1)		164
(b)	Multiplication factor (mc) x average daily measurements of value at risk in the previous 60 business days (VaRavg)		49
2	**SVaR (max. between values a and b)**	**2,780**	**222**
(a)	Last available measure (SVaRt-1)		63
(b)	Multiplication factor (ms) x average daily measurements of stressed value at risk in the previous 60 business days (SVaRavg)		222
3	**Incremental risk of default and migration – IRC (max. between values a and b)**	**1,768**	**141**
(a)	Last available measure		134
(b)	12-week average		141
4	**Comprehensive risk measure relating to the correlation portfolio – CRM (max. between values a, b and c)**		
(a)	Last available measure		
(b)	12-week average		
(c)	Floor level		
5	**TOTAL**	**6,603**	**528**

2.2 VALUES RESULTING FROM USE OF INTERNAL MODELS

31/12/2016
(in millions of euros)

VaR (10 days, 99%)		
1	Maximum value	49.6
2	Average value	41.4
3	Minimum value	34.6
4	Value at end of period	38.8
VaR during periods of stress (10 days, 99%)		
5	Maximum value	72.2
6	Average value	61.8
7	Minimum value	52.8
8	End of period	54.8
IRC capital requirement (99.9%)		
9	Maximum value	209.3
10	Average value	98.1
11	Minimum value	45.6
12	Value at end of period	59.1
Capital requirement in respect of CRM (99.9%)		
13	Maximum value	0.0
14	Average value	0.0
15	Minimum value	0.0
16	Value at end of period	0.0
17	Floor (standardised measurement method)	0.0

31/12/2015
(in millions of euros)

VaR (10 days, 99%)		
1	Maximum value	54.9
2	Average value	41.1
3	Minimum value	28.7
4	Value at end of period	49.1
VaR during periods of stress (10 days, 99%)		
5	Maximum value	76.6
6	Average value	55.6
7	Minimum value	42.6
8	End of period	62.7
IRC capital requirement (99.9%)		
9	Maximum value	120.4
10	Average value	108.7
11	Minimum value	96.3
12	Value at end of period	103.2
Capital requirement in respect of CRM (99.9%)		
13	Maximum value	0.0
14	Average value	0.0
15	Minimum value	0.0
16	Value at end of period	0.0
17	Floor (standardised measurement method)	0.0

GLOBAL INTEREST RATE RISK

The nature of interest rate risk, the main underlying assumptions retained and the frequency of interest rate risk measurements are described in the section entitled “Risk factors – Asset/Liability Management – Global interest rate risk”.

OPERATIONAL RISK

I. Advanced measurement approach

The French Regulatory and Resolution Supervisory Authority (ACPR) has, since 1 January 2008, authorised Crédit Agricole Group’s main entities to use the Advanced Measurement Approach (AMA) to calculate their regulatory capital requirements for operational risk. The Group’s other entities use the standardised approach, in accordance with regulations.

The scope of application of the advanced measurement and standardised approaches and a description of the advanced measurement approach methodology are provided in the section entitled “Risk factors – Operational risk – Methodology”.

II. Insurance techniques for reducing operational risk

The insurance techniques used to reduce operational risk are described in the section entitled “Risk factors – Operational risk – Insurance and coverage of operational risks”.

COMPENSATION POLICY

The information on the compensation policy required pursuant to EU Regulation 575-2013 (CRR) can be found in Chapter 3 of this registration document.

2 CONSOLIDATED FINANCIAL STATEMENTS

at 31 December 2016 approved by the Board of Directors of Crédit Agricole S.A. on 14 February 2017 and subject to approval by the General Meeting of Shareholders of 24 May 2017

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GENERAL FRAMEWORK

CREDIT AGRICOLE GROUP

Crédit Agricole Group comprises 2,471 Local Banks, 39 Regional Banks, its central body "Crédit Agricole S.A." and their subsidiaries.

Crédit Agricole Mutuel was organised by the Act of 5 November 1894, which introduced the principle of creating Crédit Agricole's Local Banks, the Act of 31 March 1899, which federated the Local Banks into Crédit Agricole Regional Banks, and the Act of 5 August 1920, which created the *Office National du Crédit Agricole*, subsequently transformed into the Caisse Nationale de Crédit Agricole, and then Crédit Agricole S.A. Its role as central body was confirmed and clarified by the French Monetary and Financial Code.

Crédit Agricole Group is a banking group with a central body as defined by the European Union's first directive 77/780:

- the commitments of the central body and of the entities affiliated to it are joint and several;
- the solvency and liquidity of all affiliated entities are monitored together on the basis of consolidated financial statements.

For groups with a central body, directive 86/635 relating to the financial statements of European credit institutions stipulates that the whole group, consisting of the central body and its affiliated entities, must be covered by the consolidated financial statements prepared, audited and published in accordance with this directive.

In line with this directive, the central body and its affiliated entities make up the reporting entity. This reporting entity represents the community of interests created in particular by the system of crossguarantees, which ensure joint and several coverage of the commitments of Crédit Agricole Group network. In addition, the various texts mentioned in the first paragraph explain and organise the community of interests that exists at the legal, financial, economic and political levels between Crédit Agricole S.A., the Regional Banks and the Local Banks of Crédit Agricole Mutuel.

This community relies on a single financial relationship mechanism, a single economic and commercial policy and joint decision-making authorities which, for over a century, have formed the basis of Crédit Agricole Group.

In accordance with European regulation 1606/02, the reporting entity's consolidated financial statements are prepared under IFRS as adopted by the European Union. The reporting entity consists of the Local Banks, the Regional Banks and Crédit Agricole S.A. central body.

CRÉDIT AGRICOLE INTERNAL RELATIONS

Internal financing mechan isms

Crédit Agricole has instituted a number of internal financing mechanisms specific to the Group.

Regional Banks' current accounts

Each Regional Bank holds a current account with Crédit Agricole S.A., which records the financial movements resulting from internal financial transactions within the Group. This account, which may be in credit or debit, is presented in the balance sheet under "Crédit Agricole internal transactions – Current Accounts" and integrated on a specific line item, either "Loans and receivables due from credit institutions" or "Due to credit institutions".

Special savings accounts

Funds held in special savings accounts (popular savings plans (*Livret d'épargne populaire*), sustainable development passbook accounts (*Livret de développement durable*), home purchase savings plans and accounts, youth passbook accounts and *Livret A* passbook savings accounts) are collected by the Regional Banks on behalf of Crédit Agricole S.A. These funds are required to be transferred to the latter. Crédit Agricole S.A. recognises them on its balance sheet as "Due to customers".

Term deposits and advances

The Regional Banks also collect savings funds (passbook accounts, bonds, warrants, certain term accounts and related accounts, etc.) on behalf of Crédit Agricole S.A. These funds are transferred to Crédit Agricole S.A. and are recognised as such on its balance sheet.

Special savings accounts and time deposits and advances are used by Crédit Agricole S.A. to make "advances" (loans) to the Regional Banks, with a view to funding their medium and long-term loans.

A series of four internal financial reforms has been implemented. These reforms have permitted the transfer back to the Regional Banks, in the form of mirror advances (with maturities and interest rates precisely matching those of the savings funds received) of first 15%, 25%, then 33% and, since 31 December 2001, 50% of the savings resources, which they are free to use at their discretion.

Since 1 January 2004, the financial margins generated by the centralised management of funds collected (and not transferred back via mirror advances) are shared by the Regional Banks and Crédit Agricole S.A. and are determined by using replacement models and applying market rates.

Furthermore, 50% of new loans written since 1 January 2004 and falling within the field of application of financial relations between Crédit Agricole S.A. and the Regional Banks may be refinanced in the form of advances negotiated at market rates with Crédit Agricole S.A.

Hence, there are currently two types of advances: advances governed by financial rules from before 1 January 2004 and those governed by the new rules.

Crédit Agricole S.A. may also make additional financing available to the Regional Banks at market rates.

Transfer of Regional Banks' liquidity surpluses

The Regional Banks may use their monetary deposits (demand deposits, non-centralised term deposits and negotiable certificates of deposit) to finance lending to their customers. Surpluses must be transferred to Crédit Agricole S.A. where they are booked as current or term accounts, under "Crédit Agricole internal transactions".

Investment of Regional Banks' surplus capital with Crédit Agricole S.A.

Available surplus capital may be invested with Crédit Agricole S.A. in the form of three to ten-year instruments with the same characteristics of interbank money market transactions in all respects.

Foreign currency transactions

Crédit Agricole S.A. represents the Regional Banks with respect to the Bank of France and centralises their foreign currency transactions.

Medium and long-term notes issued by Crédit Agricole S.A.

These are placed mainly on the market or by the Regional Banks with their customers. They are booked by Crédit Agricole S.A. under liabilities either as "Debt securities" or as "Subordinated debt", depending on the type of security issued.

Hedging of liquidity and solvency risks

During the IPO of Crédit Agricole S.A. in 2001, CNCA (now Crédit Agricole S.A.) signed an agreement with the Regional Banks to govern internal relations within Crédit Agricole Group. The agreement notably provided for the creation of a Fund for Bank Liquidity and Solvency Risks (FRBLS) designed to enable Crédit Agricole S.A. to fulfil its role as central body by providing assistance to any affiliated members that may experience difficulties. The main provisions of this agreement are set out in Chapter III of the registration document filed by Crédit Agricole S.A. with the Commission des Opérations de Bourse on 22 October 2001 under number R. 01-453. The fund was originally allocated €610 million in assets. At 31 December 2016 it totalled €1,076 million, having been increased by €36 million in the course of the year.

European legislation relating to the resolution of banking crises adopted in 2014 (the BRRD directive transposed into French law by Ordinance 2015-1024 of 20 August 2015, which also brought French law into line with the regulation establishing a Single Resolution Mechanism), introduced a number of significant changes to the regulations applicable to credit institutions.

The new framework, which includes measures to prevent and to resolve banking crises, is intended to preserve financial stability, to ensure the continuity of activities, services and operations of institutions whose failure could significantly impact the economy, to protect depositors and to avoid or limit, as much as possible, the use of public financial support. In this context, the European resolution authorities, including the Single Resolution Board, were granted extensive powers to take all necessary measures in connection with the resolution of all or part of a credit institution or the Group to which it belongs.

This resolution framework does not affect the legal internal financial solidarity mechanism enshrined in Article L. 511-31 of the French Monetary and Financial Code, which applies to the Crédit Agricole Network, as defined in Article R. 512-18 of the same Code. Crédit Agricole S.A. considers that, in practice, this mechanism should be implemented prior to any resolution procedure, given that, as central body, Crédit Agricole must take all measures necessary to ensure the liquidity and solvency of each network member, as well as the network as a whole. As a result, each member of the network (including Crédit Agricole S.A.) benefits from this internal financial solidarity mechanism.

The application of the resolution procedure to Crédit Agricole Group would thus mean that the legal internal solidarity mechanism had failed to cope with the bankruptcy of one or more Group affiliates, and hence of the network as a whole. By its very nature it also hinders the monitoring of the conditions for implementing the guarantee of the obligations of Crédit Agricole S.A. granted in 1988 to its third party creditors by the Regional Banks on a joint and several basis, and up to the aggregate amount of their own funds. It should be recalled that this guarantee may be exercised in the event of an asset shortfall at Crédit Agricole S.A. identified in the course of its bankruptcy or dissolution.

In connection with the institution of a resolution procedure, the Single Resolution Board (SRB), should respect the fundamental principle that no creditor must suffer losses in connection with a resolution procedure that are greater than those it would suffer if the entity had been liquidated in a normal insolvency procedure (the "No Creditor Worse Off than on Liquidation" – NCWOL – principle, set forth in Article L. 613-57-I – of the French Monetary and Financial Code, and Article 73 of the BRRD directive). Because this principle must be respected, Crédit Agricole S.A. considers that the existence of the guarantee granted in 1988 by the Regional Banks in favour of the creditors of Crédit Agricole S.A. will have to be taken into account by the SRB, although it is not possible to determine how this will be done.

Specific guarantees provided by the Regional Banks to Crédit Agricole S.A. *(Switch)*

The transaction to simplify the Group's structure took the form of the transfer of the investments held by Crédit Agricole S.A. in the form of CCIs/CCAs to a company wholly owned by the Regional Banks, Sacam Mutualisation (see Note 2 "Major structural transactions and material events during the period", "Simplification of the Group's capital through the transfer of Crédit Agricole S.A.'s equity investments in the Regional Banks to Sacam Mutualisation" section). With Crédit Agricole S.A. no longer being a shareholder in the Regional Banks following the transaction, this was accompanied by the signing of two amendments to the Switch guarantee master agreement.

The Switch guarantee mechanism, established on 23 December 2011 and supplemented by an initial addendum signed on 19 December 2013 and twice amended in 2016 on 17 February (amendment no. 2) and 21 July (amendment no. 3) respectively, forms parts of the financial arrangements between Crédit Agricole S.A., as central body, and the mutual network of Crédit Agricole Regional Banks. The new guarantees took effect retroactively on 1 July 2016, replacing the previous guarantees, and expire on 1 March 2027, subject to total or partial early termination or extension in accordance with the terms of the contract.

With this mechanism, and subject to the upper limit specified in the agreement, the Regional Banks assume, on behalf of Crédit Agricole S.A., regulatory requirements relating to the equity method of accounting for certain equity investments held by Crédit Agricole S.A. They also assume the associated economic risks in the form of compensation, where applicable.

The guarantees allow the transfer of regulatory requirements that henceforth apply to Crédit Agricole S.A.'s equity investments in Crédit Agricole Assurances (CAA), the latter being equity-accounted for regulatory reasons: we are now talking about the Insurance Switch guarantees. They are subject to fixed remuneration covering the present value of the risk and the cost of capital for the Regional Banks.

The effectiveness of the mechanism is secured by cash deposits paid by the Regional Banks to Crédit Agricole S.A. These security deposits are calibrated to show the capital savings generated by Crédit Agricole S.A., and are compensated at a fixed rate based on conditions prevailing for long-term liquidity.

The Insurance Switch guarantees protect Crédit Agricole S.A. from a decline in the equity-accounted value of these equity investments, subject to payment by the Regional Banks of compensation from the security deposit. Likewise, if the equity-accounted value later recovers, Crédit Agricole S.A. could return previously paid compensation in accordance with a clawback provision.

In regulatory terms:

- Crédit Agricole S.A. reduces its capital requirements in proportion to the amount of the guarantee provided by the Regional Banks;
- The Regional Banks symmetrically record capital requirements matching those offloaded by Crédit Agricole S.A.

This mechanism, which is neutral at Crédit Agricole Group level, enables the rebalancing of capital allocation between Crédit Agricole S.A. and the Regional Banks.

In accounting terms:

The guarantees are essentially insurance contracts, due to the existence of an insurance risk as defined by IFRS 4. For the insured, they are treated as a first demand guarantee received and their compensation is recognised in stages as a deduction from the interest margin under Revenues. In the event of a call on guarantees, or following an improvement in fortunes, where applicable, the compensation payment or redemption proceeds would be recognised under cost of risk.

It should be noted that the Insurance Switch guarantees are triggered on a half-yearly basis and are assessed on the basis of half-yearly changes in the equity-accounted value of the Crédit Agricole Assurances equity investments. At each half-yearly close, and if the conditions have been met, Crédit Agricole. S.A. and the Regional Banks recognise on a symmetrical basis the effects of triggering the guarantees (calling or claw-back).

Capital ties between Crédit Agricole S.A. and the Regional Banks

The capital ties between Crédit Agricole S.A. and the Regional Banks are governed by an agreement entered into by the parties prior to Crédit Agricole S.A.'s initial public offering.

Under the terms of this agreement, the Regional Banks exercise their control over Crédit Agricole S.A. through SAS Rue La Boétie, a holding company wholly-owned by them. The purpose of SAS Rue La Boétie is to hold enough shares to ensure that it always owns at least 50% of the share capital and voting rights of Crédit Agricole S.A.

In addition, under the agreement, Crédit Agricole S.A. directly owned approximately 25% of the share capital of each Regional Bank (except for the Caisse Régionale de la Corse which is owned at 99.9%). Following the transaction to simplify the Group's capital structure on 3 August 2016, the majority of the cooperative investment certificates (*Certificats coopératifs d'investissement* or CCIs) and the cooperative associate certificates (*Certificats coopératifs d'associés* or CCAs) held by Crédit Agricole S.A. were transferred to a holding company ("Sacam Mutualisation") jointly owned by the Regional Banks (see Note 2 "Major structural transactions and material events during the period", "Simplification of the Group's capital through the transfer of Crédit Agricole S.A.'s equity investments in the Regional Banks to Sacam Mutualisation").

RELATED PARTIES

The related parties of Crédit Agricole Group are the consolidated companies, including companies accounted for using the equity method, and the Group's Senior Executives.

Other shareholders' agreements

Shareholder agreements signed during the year are detailed in Note 2 "Major structural transactions and material events during the period".

Relationships between controlled companies affecting the consolidated balance sheet

A list of Crédit Agricole S.A. Group companies can be found in Note 11 "Scope of consolidation at 31 December 2016". Since the transactions and outstandings at year-end between the Group's fully consolidated companies are eliminated on consolidation, only transactions with companies consolidated by the equity method affect the Group's consolidated financial statements.

The main corresponding outstandings and commitments in the consolidated balance sheet at 31 December 2016 relate to transactions with companies consolidated by the equity method for the following amounts:

- loans and receivables due from credit institutions: €3,629 million;
- loans and receivables due from customers: €2,423 million;
- due to credit institutions: €1,814 million;
- due to customers: €169 million;
- commitments given on financial instruments: €2,928 million;
- commitments received on financial instruments: €5,371 million.

The transactions entered into with these entities did not have a material effect on the income statement for the period.

Management of retirement, early retirement and end-of-career allowances: internal hedging contracts within the Group

As presented in Note 1.3 “Accounting policies and principles”, employees are provided with various types of post-employment benefits. These include:

- end-of-career allowances;
- retirement plans, which may be either “defined-contribution” or “defined-benefit” plans.

The liability in this respect is partially funded by collective insurance contracts taken out with Predica, Crédit Agricole Group’s life insurance company.

These contracts govern:

- the setting up by the insurance company of mutual funds for investing contributions made by the employer to build up sufficient funds to cover end-of-career allowances or retirement benefits;
- the management of the funds by the insurance company;
- the payment to the beneficiaries of the allowances and of the benefits due under the various plans.

Information on post-employment benefits is provided in Note 7 “Employee benefits and other compensation” in paragraphs 7.3 and 7.4.

Relations with senior management

Given the mutualist structure of Crédit Agricole Group and the broad scope of the reporting entities, the notion of management as defined by IAS 24 is not representative of the governance rules applied within Crédit Agricole Group.

The disclosures required under IAS 24 on key executive compensation are therefore not presented.

CONSOLIDATED FINANCIAL STATEMENTS

INCOME STATEMENT

(in millions of euros)	Notes	31/12/2016	31/12/2015
Interest and similar income	4.1	34,373	36,240
Interest and similar expenses	4.1	(15,237)	(16,257)
Fee and commission income	4.2	11,592	11,681
Fee and commission expenses	4.2	(2,822)	(2,765)
Net gains (losses) on financial instruments at fair value through profit or loss	4.3	2,486	3,796
Net gains (losses) on available-for-sale financial assets	4.4/6.4	2,180	2,849
Income on other activities	4.5	35,906	35,936
Expenses on other activities	4.5	(38,051)	(39,644)
Revenues		**30,427**	**31,836**
Operating expenses	4.6	(19,102)	(18,786)
Depreciation, amortisation and impairment of property, plant & equipment and intangible assets	4.7	(1,124)	(1,049)
Gross operating income		**10,201**	**12,001**
Cost of risk	4.8	(2,412)	(3,031)
Operating income		**7,789**	**8,970**
Share of net income of equity-accounted entities	6.15	499	475
Net gains (losses) on other assets	4.9	(25)	(5)
Change in value of goodwill	6.18	(540)	-
Pre-tax income		**7,723**	**9,440**
Income tax charge	4.10	(2,582)	(2,988)
Net income from discontinued operations		31	(21)
Net income		**5,172**	**6,431**
Non-controlling interests	6.22	347	388
NET INCOME GROUP SHARE		**4,825**	**6,043**

NET INCOME AND OTHER COMPREHENSIVE INCOME

(in millions of euros)	Notes	31/12/2016	31/12/2015
Net income		**5,172**	**6,431**
Actuarial gains and losses on post-employment benefits		(217)	2
Pre-tax other comprehensive income on items that will not be reclassified to profit and loss excluding equity-accounted entities		**(217)**	**2**
Pre-tax other comprehensive income on items that will not be reclassified to profit and loss on equity-accounted entities		**(8)**	**(6)**
Income tax related to items that will not be reclassified to profit and loss excluding equity-accounted entities		**38**	**(11)**
Income tax related to items that will not be reclassified to profit and loss on equity-accounted entities		**-**	**-**
Other comprehensive income on items that will not be reclassified to profit and loss from discontinued operations		**-**	**-**
Other comprehensive income on items that will not be reclassified subsequently to profit and loss net of income tax	**4.11**	**(187)**	**(15)**
Gains and losses on translation adjustments		(243)	478
Gains and losses on available-for-sale financial assets		72	(24)
Gains and losses on hedging derivative instruments		(69)	(203)
Pre-tax other comprehensive income on items that may be reclassified to profit and loss excluding equity-accounted entities		**(240)**	**251**
Pre-tax other comprehensive income on items that may be reclassified to profit and loss on equity-accounted entities, Group Share		**46**	**116**
Income tax related to items that may be reclassified to profit and loss excluding equity-accounted entities		**246**	**115**
Income tax related to items that may be reclassified to profit and loss on equity-accounted entities		**5**	**(4)**
Other comprehensive income on items that may be reclassified to profit and loss from discontinued operations		**18**	**14**
Other comprehensive income on items that may be reclassified subsequently to profit and loss net of income tax	**4.11**	**75**	**492**
OTHER COMPREHENSIVE INCOME NET OF INCOME TAX	**4.11**	**(112)**	**477**
NET INCOME AND OTHER COMPREHENSIVE INCOME		**5,060**	**6,908**
Of which Group share		4,814	6,562
Of which non-controlling interests		246	346

BALANCE SHEET – ASSETS

(in millions of euros)	Notes	31/12/2016	31/12/2015
Cash, central banks	6.1	31,254	39,262
Financial assets at fair value through profit or loss	6.2-6.9	324,480	344,468
Hedging derivative instruments	3.2-3.4	24,389	27,167
Available-for-sale financial assets	6.4-6.7-6.8-6.9	339,872	322,872
Loans and receivables due from credit institutions	3.1-3.3-6.5-6.8-6.9	96,107	89,433
Loans and receivables due from customers	3.1-3.3-6.5-6.8-6.9	773,964	740,386
Revaluation adjustment on interest rate hedged portfolios		10,915	16,452
Held-to-maturity financial assets	6.6-6.7-6.9	30,167	30,629
Current and deferred tax assets	6.13	5,512	6,189
Accruals, prepayments and sundry assets	6.14	49,791	46,259
Non-current assets held for sale and discontinued operations		591	441
Investments in equity-accounted entities	6.15	7,021	6,570
Investment property	6.16	6,129	5,878
Property, plant and equipment	6.17	7,174	6,956
Intangible assets	6.17	1,723	1,708
Goodwill	6.18	13,760	14,189
TOTAL ASSETS		**1,722,849**	**1,698,859**

BALANCE SHEET – LIABILITIES

(in millions of euros)	Notes	31/12/2016	31/12/2015
Central banks	6.1	4,123	3,853
Financial liabilities at fair value through profit or loss	6.2	242,138	250,193
Hedging derivative instruments	3.2-3.4	23,922	29,787
Due to credit institutions	3.3-6.10	78,830	92,909
Due to customers	3.1-3.3-6.10	693,260	663,135
Debt securities	3.2-3.3-6.11	168,071	167,810
Revaluation adjustment on interest rate hedged portfolios		11,510	15,063
Current and deferred tax liabilities	6.13	2,658	2,505
Accruals, deferred income and sundry liabilities	6.14	50,719	45,881
Liabilities associated with non-current assets held for sale and discontinued operations		374	385
Insurance company technical reserves	6.19	307,998	294,799
Provisions	6.20	6,510	6,112
Subordinated debt	3.2-3.3-6.11	29,562	29,006
Total liabilities		**1,619,675**	**1,601,438**
Equity		**103,174**	**97,421**
Equity, Group share		**98,628**	**92,890**
Share capital and reserves		26,679	25,070
Consolidated reserves		61,823	56,465
Other comprehensive income		5,301	5,312
Other comprehensive income on non-current assets held for sale and discontinued operations		-	-
Net income/(loss) for the year		4,825	6,043
Non-controlling interests	**6.22**	**4,546**	**4,531**
TOTAL EQUITY AND LIABILITIES		**1,722,849**	**1,698,859**

STATEMENT OF CHANGES IN EQUITY

	Share capital and reserves				
(in millions of euros)	*Share capital*	*Share premium and consolidated reserves*	*Elimination of treasury shares*	*Other equity instruments*	***Total capital and consolidated reserves***
Equity at 1 January 2015	**9,794**	**68,548**	**(273)**	**3,861**	**81,930**
Capital increase	292	108	-	-	400
Changes in treasury shares held	-	-	7	-	7
Issuance of equity instruments	-	(3)	-	-	(3)
Remuneration of undated deeply subordinated notes	-	(350)	-	-	(350)
Dividends paid in 2015	-	(1,456)	-	-	(1,456)
Dividends received from Regional Banks and subsidiaries	-	849	-	-	849
Impact of acquisitions/disposals on non-controlling interests(1)	-	55	-	-	55
Changes due to share-based payments	-	1	-	-	1
Changes due to transactions with shareholders	**292**	**(796)**	**7**	**-**	**(497)**
Changes in other comprehensive income	**-**	**-**	**-**	**-**	**-**
Share of changes in equity of equity-accounted entities	-	(12)	-	-	(12)
Net income for 2015	-	-	-	-	-
Other changes	-	114	-	-	114
Equity at 31 December 2015	**10,086**	**67,854**	**(266)**	**3,861**	**81,535**
Appropriation of 2015 net income	-	6,043	-	-	6,043
Equity at 1 January 2016	**10,086**	**73,897**	**(266)**	**3,861**	**87,578**
Capital increase	326	427	-	-	753
Changes in treasury shares held	-	-	13	-	13
Issuance of equity instruments(2)	-	(8)	-	1,150	1,142
Remuneration of undated deeply subordinated notes	-	(473)	-	-	(473)
Dividends paid in 2016	-	(2,112)	-	-	(2,112)
Dividends received from Regional Banks and subsidiaries	-	1,233	-	-	1,233
Impact of acquisitions/disposals on non-controlling interests	-	(36)	-	-	(36)
Changes due to share-based payments	-	25	-	-	25
Changes due to transactions with shareholders	**326**	**(944)**	**13**	**1,150**	**545**
Changes in other comprehensive income	**-**	**-**	**-**	**-**	**-**
Share of changes in equity-accounted entities	-	(32)	-	-	(32)
Net income for year 2016	-	-	-	-	-
Other changes(3)	-	411	-	-	411
EQUITY AT 31 DECEMBER 2016	**10,412**	**73,332**	**(253)**	**5,011**	**88,502**

(1) In 2015, the disposal of Amundi shares as part of its initial public offering on 12 November 2015 had effect on Shareholders' equity Group share for +€55 million and on Equity – Non-controlling interests for +€256 million.

The impact of acquisitions and disposals on non-controlling interests at 31 December 2015 included the effects of the liquidation of CA Preferred Funding Trusts 1 and 3 for -€1,861 million.

(2) As part of efforts to increase the Group's regulatory capital, Crédit Agricole S.A. issued on 19 January 2016 Additional Tier 1 deeply subordinated undated bonds of $1,250 million. The balance of these issues represents €1,142 million, net of issuance costs.

(3) The other changes mainly concern the intragroup transaction adjustment with respect to the processing of backing unit-linked investments from the insurance business. This adjustment has no significant effect on the Group's indicators and ratios.

Group share					Non-controlling interests					
Other comprehensive income						Other comprehensive income				
Other comprehensive income on items that may be reclassified to profit and loss	*Other comprehensive income on items that will not be reclassified to profit and loss*	***Total other comprehensive income***	**Net income**	**Total equity**	**Capital, associated reserves and income**	*Other comprehensive income on items that may be reclassifiedto profit and loss*	*Other comprehensive income on items that will not be reclassified to profit and loss*	***Total other comprehensive income***	**Total Equity**	**Total consolidated equity**
5,361	**(568)**	**4,793**	**-**	**86,723**	**4,919**	**70**	**(10)**	**60**	**4,979**	**91,702**
-	-	-	-	400	-	-	-	-	-	400
-	-	-	-	7	-	-	-	-	-	7
-	-	-	-	(3)	981	-	-	-	981	978
-	-	-	-	(350)	-	-	-	-	-	(350)
-	-	-	-	(1,456)	(158)	-	-	-	(158)	(1,614)
-	-	-	-	849	-	-	-	-	-	849
-	-	-	-	55	(1,608)	-	-	-	(1,608)	(1,553)
-	-	-	-	1	-	-	-	-	-	1
-	**-**	**-**	**-**	**(497)**	**(785)**	**-**	**-**	**-**	**(785)**	**(1,282)**
423	**(9)**	**414**	**-**	**414**	**-**	**(43)**	**-**	**(43)**	**(43)**	**371**
111	(6)	105	-	93	3	1	-	1	4	97
-	-	-	6,043	6,043	388	-	-	-	388	6,431
-	-	-	-	114	(10)	-	-	-	(10)	104
5,895	**(583)**	**5,312**	**6,043**	**92,890**	**4,515**	**27**	**(10)**	**17**	**4,531**	**97,421**
-	-	-	(6,043)	-	-	-	-	-	-	-
5,895	**(583)**	**5,312**	**-**	**92,890**	**4,515**	**27**	**(10)**	**17**	**4,531**	**97,421**
-	-	-	-	753	-	-	-	-	-	753
-	-	-	-	13	-	-	-	-	-	13
-	-	-	-	1,142	-	-	-	-	-	1,142
-	-	-	-	(473)	-	-	-	-	-	(473)
-	-	-	-	(2,112)	(231)	-	-	-	(231)	(2,343)
-	-	-	-	1,233	-	-	-	-	-	1,233
-	-	-	-	(36)	(14)	-	-	-	(14)	(50)
-	-	-	-	25	1	-	-	-	1	26
-	**-**	**-**	**-**	**545**	**(244)**	**-**	**-**	**-**	**(244)**	**301**
126	**(180)**	**(54)**	**-**	**(54)**	**-**	**(102)**	**1**	**(101)**	**(101)**	**(155)**
51	(8)	43	-	11	-	-	-	-	-	11
-	-	-	4,825	4,825	347	-	-	-	347	5,172
-	-	-	-	411	12	-	-	-	12	423
6,072	**(771)**	**5,301**	**4,825**	**98,628**	**4,630**	**(75)**	**(9)**	**(84)**	**4,546**	**103,174**

CASH FLOW STATEMENT

The cash flow statement is presented using the indirect method.

Operating activities show the impact of cash inflows and outflows arising from Crédit Agricole Group's income-generating activities, including those associated with assets classified as held-to-maturity financial assets.

Tax inflows and outflows are included in full within operating activities.

Investment activities show the impact of cash inflows and outflows associated with purchases and sales of investments in consolidated and non-consolidated companies, property, plant and equipment and intangible assets. This section includes strategic equity investments classified as available-for-sale financial assets.

Financing activities show the impact of cash inflows and outflows associated with equity and long-term borrowing.

The **net cash flows** attributable to the operating, investment and financing activities of discontinued operations are presented on separate lines in the cash flow statement.

Net cash and cash equivalents include cash, debit and credit balances with central banks and debit and credit demand balances with credit institutions.

(in millions of euros)	Notes	31/12/2016	31/12/2015
Pre-tax income		**7,723**	**9,440**
Net depreciation and impairment of property, plant & equipment and intangible assets		1,128	1,064
Impairment of goodwill and other fixed assets	6.18	540	-
Net depreciation charges to provisions		13,158	17,850
Share of net income (loss) of equity-accounted entities		(607)	(598)
Net income (loss) from investment activities		(369)	(5)
Net income (loss) from financing activities		4,085	3,815
Other movements		2,032	(6,175)
Total non-cash and other adjustment items included in pre-tax income		**19,967**	**15,951**
Change in interbank items		(16,552)	13,750
Change in customer items		(6,356)	6,635
Change in financial assets and liabilities		(8,254)	(43,666)
Change in non-financial assets and liabilities		504	(4,060)
Dividends received from equity-accounted entities(1)		263	232
Tax paid		(1,590)	(3,667)
Net change in assets and liabilities used in operating activities		**(31,985)**	**(30,776)**
Cash provided (used) by discontinued operations		**(23)**	**4**
Total net cash flows from (used by) OPERATING activities (A)		**(4,318)**	**(5,381)**
Change in equity investments(2)		**(1,718)**	**(531)**
Change in property, plant & equipment and intangible assets		**(1,360)**	**(1,439)**
Cash provided (used) by discontinued operations		**-**	**-**
Total net cash flows from (used by) INVESTMENT activities (B)		**(3,078)**	**(1,970)**
Cash received from (paid to) shareholders(3)		**138**	**(1,170)**
Other cash provided (used) by financing activities(4)		**3,244**	**(6,540)**
Cash provided (used) by discontinued operations		**-**	**-**
Total net cash flows from (used by) FINANCING activities (C)		**3,382**	**(7,710)**
Impact of exchange rate changes on cash and cash equivalent (D)		**807**	**3,920**
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENT (A + B + C + D)		**(3,207)**	**(11,141)**
Cash and cash equivalents at beginning of period		**38,331**	**49,472**
Net cash accounts and accounts with central banks *		35,438	53,376
Net demand loans and deposits with credit institutions **		2,893	(3,904)
Cash and cash equivalents at end of period		**35,124**	**38,331**
Net cash accounts and accounts with central banks *		27,125	35,438
Net demand loans and deposits with credit institutions **		7,999	2,893
NET CHANGE IN CASH AND CASH EQUIVALENTS		**(3,207)**	**(11,141)**

* *Consisting of the net balance of the Cash and central banks item, excluding accrued interest and including cash of entities reclassified as held-for-sale operations.*

** *Consisting of the balance of Performing current accounts in debit and Performing overnight accounts and advances as detailed in Note 6.5 and Current accounts in credit and overnight accounts and advances as detailed in Note 6.10 (excluding accrued interest).*

(1) *Dividends received from equity-accounted entities:*

On 31 December, 2016 this amount mainly includes the payment of dividends from Insurance entities for €90 million, FCA Bank for €63 million, Bank Saudi Fransi for €46 million and Eurazeo for €25 million.

(2) *Change in equity investments:*

This line shows the net effects on cash of acquisitions and disposals of equity investments.

The net impact on Group cash of acquisitions and disposals of consolidated equity investments (subsidiaries and equity-accounted entities) at 31 December 2016 is -€523 million. The main transactions relate in particular to the acquisitions of Lumis for -€421 million (net of cash acquired), KBI for -€140 million, Credit Agricole Securities Asia Limited Hong Kongfor €68 million and TOBAM for €14 million, less the liquidation of Belgium Crédit Agricole SAS for €16 million and the disposal by Crédit Agricole Corporate and Investment Bank of CA Securities Taiwan for €27 million.

Over the same period, the net impact on Group cash of acquisitions and disposals of non-consolidated equity investments came to -€543 million. It mainly concerns the acquisitions/disposals of investments within Insurance companies for -€847 million and the Regional Banks for -€26 million, reduced by the sale of the company Visa Europe to Visa Inc. for €262 million, the disposal of BFO securities for €43 million, the impact of the liquidation of CAIRS for €18 million and the sale of Cliam BV for €5 million;

(3) *Cash received from (paid to) shareholders:*

this line includes €1,150 million for the issue on 19 January, 2016 of undated financial instruments treated as equity, excluding issuance costs.

In addition, €1,147 million in dividends, excluding dividends paid in shares, were paid by Crédit Agricole Group which can be analysed as:

- *Dividends paid by Crédit Agricole S.A. for -€269 million,*
- *Dividends paid by the Regional Banks for -€187 million;*
- *Dividends paid by non-controlled subsidiaries for -€218 million; and*
- *Interest, equivalent to dividends, on undated financial instruments treated as equity for -€473 million.*

(4) *Other net cash flows from financing activities:*

At 31 December 2016, bond issues totalled €26,971 million and redemptions -€21,028 million. Subordinated debt issues totalled €7,059 million and redemptions -€5,597 million.

This line also includes cash flows from interest payments on subordinated debt and bonds.

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NOTE 1 Group accounting policies and principles, assessments and estimates

1.1 Applicable standards and comparability

Pursuant to EC Regulation no. 1606/2002, the consolidated financial statements have been prepared in accordance with IAS/IFRS and IFRIC applicable at 31 December 2016 and as adopted by the European Union (carve-out version), thus using certain exceptions in the application of IAS 39 on macro-hedge accounting.

These standards and interpretations are available on the European Commission website at: http://ec.europa.eu/internal_market/accounting/ias/index_en.htm.

The standards and interpretations are the same as those applied and described in the Group's financial statements for the year ended 31 December 2015.

They have been supplemented by the IFRS as adopted by the European Union at 31 December 2016 and that must be applied for the first time in 2016. These cover the following:

Standards, amendments or interpretations	Date published by the European Union	Date of first-time mandatory application: financial years from	Applicable in the Group
IFRS improvements, 2010-2012 cycle:	17 December 2014 (EU no.2015/28)		
• **IFRS 2 Share-Based Payments:** Reformulated definition of a vesting condition		1 February 2015[1]	Yes
• **IFRS 3 Business Combinations:** Reconciliation concerning the recognition of a possible purchase price adjustment; fair value measurement of any earn-outs		1 February 2015[1]	Yes
• **IFRS 8 Operating Segments:** Aggregation of operating segments and reconciliation of the total of the reportable segments' assets to the entity's assets		1 February 2015[1]	Yes
• **IAS 16 Property, plant and equipment and IAS 38 Intangible assets:** Clarification of the optional method for measuring property, plant & equipment and intangible assets		1 February 2015[1]	No
• **IAS 24 Related Parties:** Change in the definition of a related party		1 February 2015[1]	Yes
Amendment to IAS 19 Employee Benefits Defined-benefit plans: statement on the recognition of contributions from personnel that relate to services rendered but do not depend on number of years of service	17 December 2014 (EU no.2015/29)	1 February 2015[1]	Yes
Amendment to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture Measurement of a biological asset per IAS 41 if it is not a bearer plant	23 November 2015 (EU 2015/2113)	1 January 2016	No

(1) That is, in the Group as of 1 January 2016.

Standards, amendments or interpretations	Date published by the European Union	Date of first-time mandatory application: financial years from	Applicable in the Group
Amendment to IFRS 11 Partnerships Recognition of interest acquired in a joint operation per IFRS 3 if the assets acquired constitute a "business" within the meaning of IFRS 3 and not simply an asset group	24 November 2015 (EU 2015/2173)	1 January 2016	Yes
Amendment to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets Clarifications as to the depreciation/amortisation method based on income (prohibited under IAS 16 and acceptable under IAS 38)	2 December 2015 (EU 2015/2231)	1 January 2016	Yes
Improvements to IFRS 2012 -2014 cycle:	15 December 2015 (EU 2015/2343)		
• **IFRS 5 Non-current Assets Held for Sale and Discontinued Operations:** Detail as to the changes made to a disposal plan if a non-current asset held for sale must be reclassified as a non-current asset held for distribution and vice-versa		1 January 2016	Yes
• **IFRS 7 Financial Instruments: Disclosures:** Clarification as to continued involvement in service contracts whose remuneration depends on the performance of the assets transferred • Non-obligatory disclosures for interim reports concerning the offsetting of financial assets and liabilities		1 January 2016	Yes
• **IAS 19 Employee Benefits:** Detail as to the yield on government bonds used in calculating the present values of the actuarial liability		1 January 2016	Yes
• **IAS 34 Interim Financial Reporting:** Clarification as to the possible placement of other disclosures		1 January 2016	Yes
Amendment to IAS 1 Presentation of Financial Statements Objective to improve the presentation of information	18 December 2015 (EU 2015/2406)	1 January 2016	Yes
Amendment to IAS 27 Separate Financial Statements Authorisation to use the method of accounting for associates in the separate financial statements	18 December 2015 (EU 2015/2441)	1 January 2016	No
Amendment to IFRS 10-IFRS 12-IAS 28 Investment Entities Applying the Consolidation Exception	22 September 2016 (EU 2016/1703)	1 January 2016	No

The application of these texts did not have a material impact on earnings or equity.

As long as the early application of standards and interpretations adopted by the European Union is optional for a period, this option is not selected by the Group, unless otherwise stated.

This in particular applies to:

Standards, amendments or interpretations	Date published by the European Union	Date of first-time mandatory application: financial years from	Applicable in the Group
IFRS 15 Revenue from Contracts with Customers Replacing IAS 11 on the recognition of construction contracts and IAS 18 on the recognition of revenue	22 September 2016 (EU 2016/1905)	1 January 2018	Yes
IFRS 9 Financial Instruments Replacing IAS 39 – Financial Instruments: Classification and Measurement, Impairment Methodology and Hedge Accounting	22 November 2016 (EU 2016/2067)	1 January 2018	Yes

IFRS 15 REVENUE FROM CONTRACTS WITH CUSTOMERS

IFRS 15 Revenue from Contracts with Customers will become effective for years beginning on or after 1 January 2018 (in accordance with EU regulation 2016/1905). The "Clarifications to IFRS 15" amendment, which provides further clarification is in the course of being adopted by the European Union and should come into effect on the same date.

For the first-time application of this standard, Crédit Agricole Group elected to apply the modified retrospective method, recognising the cumulative effect as of 1 January 2018, with no comparison for 2017, with any impact the standard has on the various items in the financial statements being detailed in the notes.

IFRS 15 will replace IAS 11 Construction Contracts and IAS 18 Revenue, along with all the related interpretations relating to IFRIC 13 Customer Loyalty Programs, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenue – Barter Transactions Involving Advertising Services.

It brings into a single text the principles for recognising revenue for long-term sales contracts, sales of goods and the provision of services that do not fall within the scope of standards related to financial instruments (IAS 39), insurance contracts (IFRS 4) or leases (IAS 17). It introduces new concepts that may affect the accounting treatment of certain components of revenues.

An impact study on the implementation of the standard in the Crédit Agricole Group is ongoing with initial results being expected in early 2017.

IFRS 9 FINANCIAL INSTRUMENTS

IFRS 9 Financial Instruments will replace IAS 39 Financial Instruments. It was adopted by the European Union on 22 November 2016 and published in the Official Journal of the European Union on 29 November 2016. It will be mandatory for fiscal years beginning on or after 1 January 2018.

It sets new principles governing the classification and measurement of financial instruments, impairment of credit risk and hedge accounting, excluding macro-hedging transactions.

The main changes introduced by the standard

Classification and measurement of financial assets

Under IFRS 9, the classification and measurement criteria depend on the nature of the financial asset, namely whether it qualifies as a debt instrument (*i.e.* loan, advance, credit, bond, fund unit) or an equity instrument (*i.e.* share).

In the case of debt instruments (loans and fixed or determinable income securities), IFRS 9 tests the business model and contractual terms to classify and measure financial assets.

The three business models:

- the collection only model where the intention is to collect the contractual cash flows over the life of the asset;
- the mixed model where the intention is to collect the contractual cash flows over the life of the asset and to sell the asset if an opportunity arises; and
- the selling only model where the intention is to sell the asset.

The contractual terms ("Solely Payments of Principal & Interest" [SPPI] test):

This second criterion is applied to the contractual terms of the loan or debt security to finally determine the accounting classification and measurement category to which the instrument belongs.

When the debt instrument has expected cash flows that are not solely payments of principal and interest (*i.e.* simple rate), its contractual terms are deemed too complex and as a result, the loan or debt security is recognised at fair value through profit or loss regardless of their business model. This involves the instruments that do not satisfy the conditions of the "SPPI" test.

Certain issues of interpretation are still being examined by the IASB in this regard. The Group accordingly pays close attention to IASB discussions on, in particular, additional compensation for early repayment and will, where necessary, take on board the outcome of these discussions.

On the basis of the foregoing criteria:

- a debt instrument is recognised at amortised cost when it is held to collect cash flows that are solely payments of principal and interest (SPPI test);
- a debt instrument is recognised at fair value through other comprehensive income (items that can be reclassified) in the case of a mixed model to collect cash flows and sell where opportunities arise, provided its contractual terms also comprise solely payments of principal and interest (SPPI test);
- a debt instrument that does not qualify for the amortised cost or fair value through other comprehensive income category (items that can be reclassified) is recognised at fair value through profit or loss. The same applies to debt instruments where the business model is selling only. This also includes non-consolidated UCITS units that are debt instruments that fail to satisfy the SPPI test regardless of the business model.

In the case of equity instruments (investments such as shares), they must, by default, be recognised at fair value through profit or loss, except in the case of an irrevocable election to classify them at fair value through other comprehensive income (items that cannot be reclassified) (provided these instruments are not held for trading).

In summary, the Group's application of the classification and measurement requirements of IFRS 9 should result in an increase in the proportion of financial instruments – UCITS and equity instruments – measured at fair value through profit or loss. Overall, loans and receivables satisfy the SPPI test and will remain at amortised cost.

Impairment

IFRS 9 introduces a new impairment model that requires the recognition of Expected Credit Losses (ECL) on credit and debt instruments measured at amortised cost or at fair value through other comprehensive income (items that can be reclassified), on loan commitments and financial guarantee contracts that are not recognised at fair value, as well as on lease receivables and trade receivables.

This new ECL approach is designed to bring forward as much as possible the recognition of expected credit losses, whereas under the IAS 39 provisioning model, it is subject to there being objective evidence that an impairment loss has been incurred.

ECL is defined as the weighted expected probable value of the discounted credit loss (principal and interest). It represents the present value of the difference between the contractual cash flows and the expected cash flows (including principal and interest).

The formula includes the probability of default, loss given default and exposure at default parameters.

These calculations are broadly based on the internal models used as part of the regulatory framework, but with adjustments to determine an economic ECL. IFRS 9 recommends a Point in Time analysis while having regard to historical loss data and forward looking macro-economic data, whereas the regulatory perspective is analysed Through The Cycle for probability of default and in a downturn for loss given default.

The accounting approach also requires the recalculation of certain Basel parameters, in particular to eliminate internal recovery costs or floors that are imposed by the regulator in the regulatory calculation of loss given default (LGD).

The new credit risk provisioning model has three stages:

- first stage: upon initial recognition of the financial instrument (credit, debt security, guarantee, etc.), the entity recognises the 12-month expected credit losses;
- second stage: if the credit quality subsequently significantly deteriorates for a particular portfolio or transaction, the entity recognises the full lifetime expected credit losses;

- third stage: at a later date, once one or more default events have occurred on the transaction or on a counterparty having an adverse effect on the estimated future cash flows, the entity recognises incurred credit losses at maturity.

At the second stage, the monitoring and estimation of the significant deterioration in credit risk can be done on a transaction-by-transaction basis or collectively at portfolio level by grouping financial instruments on the basis of similar credit risk characteristics. The approach calls on a wide range of information, including historical data on observed losses, cyclical and structural adjustments, and loss projections based on reasonable scenarios.

This deterioration depends on the risk level on the date of initial recognition and must be recognised before the transaction is impaired (third stage).

In order to assess the significant deterioration, the Group employs a process built around two levels of analysis:

- the first level is based on absolute and relative criteria and rules applying to all Group entities;
- the second level is linked to local assessment of the qualitative criteria of the risk held by each entity in its portfolios that may result in a tightening of the deterioration criteria defined in the first level (switching a portfolio or sub-portfolio to ECL stage two at maturity).

There is a rebuttable presumption of a significant deterioration in the event of a non-payment for over thirty days. The Group may rebut this presumption on the scope of outstanding amounts for which internal rating systems have been put in place, in particular exposures using the advanced approach, given that all the information incorporated into the rating systems allow for a more detailed assessment than just the non-payment for over thirty days criterion.

In the absence of the internal rating model, the Group will use the absolute threshold of non-payments for over thirty days as the maximum threshold for significant deterioration and classification in stage two.

With respect to the scope of instruments subject to phase three provisioning, the Group will bring the definition of default into line with the one currently used in management for regulatory purposes.

A debtor is, therefore, considered to be in default when at least one of the following conditions has been met:

- a payment is generally more than ninety days past due, unless specific circumstances point to the fact that the delay is due to reasons beyond the debtor's control;
- the entity believes that the debtor is unlikely to settle its credit obligations unless it avails itself of certain measures such as the provision of collateral surety.

In short, the new provisioning model in IFRS 9 May lead to an increase in the amount of impairment on loans and securities recognised on the balance sheet at amortised cost or at fair value through other comprehensive income (items that can be reclassified), and on off-balance sheet commitments as well as lease receivables and trade receivables.

Hedge accounting

With respect to hedge accounting (excluding fair value macro-hedging transactions), IFRS 9 makes limited changes from IAS 39. The standard's requirements apply to the following scope:

- all micro-hedging transactions; and
- only cash flow macro-hedging transactions.

Fair value macro-hedging transactions for interest rate risk are excluded and may remain subject to IAS 39 (option).

Upon first time application of IFRS 9, there are two possibilities under the standard:

- apply the "hedge accounting" requirements of IFRS 9; or
- continue to apply IAS 39 until application of IFRS 9 for all hedging relationships (at the latest when the fair value macro-hedging for interest rate risk text is adopted by the European Union).

After having carried out a feasibility study in the first half of 2015, the Group decided not to apply this aspect of the standard.

Nevertheless, information must be provided in the notes to the financial statements with increased granularity on risk management and the effects of hedge accounting on the financial statements.

Others requirements relating to first-time application

IFRS 9 allows the early adoption of requirements relating to specific credit risk relating to financial liabilities designated as at fair value through profit or loss, namely the recognition of changes in value attributable to specific credit risk in other comprehensive income (items that cannot be reclassified). The Group does not currently plan to apply these requirements early.

In addition, the IASB published an amendment to IFRS 4 (Phase I) Insurance Contracts to give companies whose business activity is the issue of insurance contracts two possible approaches to limit the effects of the gap between the application of IFRS 9 and the future standard on the measurement of insurance liabilities (IFRS 17). The Group will not employ these approaches and will apply IFRS 9 to its insurance activities from 1 January 2018.

Project roll-out within Crédit Agricole Group

In 2015, the Group began taking steps to implement IFRS 9 within the required timeframe, bringing together the accounting, finance, risk and IT functions along with all entities.

Project milestones and achievements to date

In the first half of 2015, work focused on:

- examining the standard's requirements, with particular attention on the changes resulting from the new classification and measurement criteria for financial assets and the overhaul of the credit risk impairment model, which switches from provisioning for incurred credit losses to expected credit losses (ECL);
- the identification of the key questions and of the main areas of accounting interpretation on the basis of the initial high-level assessment of the impact of the standard.

Following this review and assessment phase, the Group launched the project implementation phase in September 2015 by setting out the detailed timelines and road maps of the various areas of work, which were then applied at their level by all Group entities.

Since the beginning of 2016, the main achievements have been:

- the standardisation work with identification of the main areas of impact on the financial statements and the definition of the target provisioning through the drafting of a methodological framework shared with the entities;
- methodological work to define the possible options regarding the provision calculation formula, significant deterioration and forward looking, as well as the methodology for calculating the fair value of credit;
- provisional simulations of the impact of the new standard on the financial statements and regulatory capital, in particular to better address the requirements of the European Banking Authority. This work was done in the largest Group entities, on the basis of accounting data at 31 December 2015;
- IT-related work on the major areas of impact on the IT systems, involving the specifications of the Risk and Finance tools and choice of shared tools, namely: a central provisioning tool and for listed debt securities a tool to analyse the contractual terms, making it possible to automate the SPPI test.

All this implementation work will continue in 2017 and will incorporate the impact assessment on the basis of the financial statements at 31 December 2016, first and foremost to satisfy the requirements of the European Banking Authority (EBA).

Transition

IFRS 9 is applied retrospective with a mandatory effective date of 1 January 2018 by adjusting the opening balance sheet on the date of first-time application, with no restatement of the 2017 comparative financial statements. As a result, the Group does not plan to restate the financial statements presented for comparative purposes with the 2018 financial statements.

The standards and interpretations published by the IASB at 31 December 2016 but not yet adopted by the European Union are not applied by the Group. They will become mandatory only as from the date planned by the European Union and have not been applied by the Group at 31 December 2016.

This concerns IFRS 16 in particular.

IFRS 16 Leases will replace IAS 17 and all related interpretations (IFRIC 4 Determining Whether an Arrangement Contains a Lease, SIC 15 Operating Leases – Incentives and SIC 27 Evaluating the Substance of Transactions in the Legal Form of a Lease). It will apply to reporting periods beginning 1 January 2019.

The main change made by IFRS 16 relates to accounting for lessees. IFRS 16 will call for a model in respect of lessees that recognises all leases on the balance sheet, with a lease liability on the liability side representing commitments over the life of the lease and on the asset side, an amortisable right-to-use.

An impact study on the implementation of the standard in the Crédit Agricole Group will be undertaken in 2017 in order to assess the main effects at issue.

In addition, three amendments to existing standards have been published by the IASB that pose no major issue to the Group: these are the amendments to IAS 7 Statement of Cash flows, to IAS 12 Income Taxes, which apply to Crédit Agricole S.A. Group as of 1 January 2017, while the amendment to IFRS 2 Classification and Measurement of Share-based Payment Transactions will be applicable as of 1 January 2018. These dates will be confirmed once these standards have been adopted by the European Union.

1.2 Presentation of financial statements

In the absence of a required presentation format under IFRS, Crédit Agricole Group's complete set of financial statements (balance sheet, income statement, statement of comprehensive income, statement of changes in equity and cash flow statement) has been presented in the format set out in ANC Recommendation 2013-04 of 7 November 2013.

1.3 Accounting policies and principles

USE OF ASSESSMENTS AND ESTIMATES TO PREPARE THE FINANCIAL STATEMENTS

Estimates made to draw up the financial statements are by their nature based on certain assumptions and involve risks and uncertainties as to whether they will be achieved in the future.

Future results may be influenced by many factors, including:

- activity in domestic and international markets;
- fluctuations in interest and exchange rates;
- the economic and political climate in certain industries or countries;
- Changes in regulations or legislation.

This list is not exhaustive.

Accounting estimates based on assumptions are principally used in the following assessments:

- financial instruments measured at fair value;
- investments in non-consolidated companies;
- retirement plans and other post-employment benefits;
- stock option plans;
- long-term impairment of available-for-sale financial assets and held-to-maturity financial assets;
- impairment of loans;
- provisions;
- impairment of goodwill;
- deferred tax assets;
- valuation of equity-accounted entities;
- deferred policyholders' profit-sharing.

The procedures for the use of assessments or estimates are described in the relevant sections below.

FINANCIAL INSTRUMENTS (IAS 32 AND 39)

Financial assets and liabilities are treated in the financial statements in accordance with IAS 39 as endorsed by the European Commission.

At the time of initial recognition, financial assets and financial liabilities are measured at fair value including trading costs (with the exception of financial instruments recognised at fair value through profit or loss). Subsequently, financial assets and financial liabilities are measured according to their classification, either at fair value or at amortised cost based on the effective interest rate method.

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants, on the principal or the most advantageous market, at the measurement date.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to obtain the net carrying amount of the financial asset or financial liability.

Securities

Classification of financial assets

Under IAS 39, securities are divided into four categories:

- financial assets at fair value through profit or loss classified as held for trading or designated at fair value through profit or loss;
- held-to-maturity financial assets;
- loans and receivables;
- available-for-sale financial assets.

Financial assets at fair value through profit or loss classified as held for trading or designated at fair value through profit or loss

According to IAS 39, this portfolio comprises securities that are classified under financial assets at fair value through profit or loss either as a result of a genuine intention to trade them (financial assets held for trading) or of being designated at fair value by Crédit Agricole Group.

Financial assets at fair value through profit or loss are assets acquired or generated by the enterprise primarily with the aim of disposal in the short term or which are included in a portfolio of financial instruments managed as a unit and with the purpose of making a profit from short term price fluctuations or an arbitrage margin.

Financial assets, provided they meet the conditions specified in the standard, can be designated as at fair value through profit or loss in the following three cases: for hybrid instruments comprising one or more embedded derivatives, where the fair value option would reduce an accounting mismatch or for a group of financial assets under management whose performance is measured at fair value. This method is generally used so that derivatives embedded in hybrid instruments do not have to be recognised and measured separately.

To this end, Crédit Agricole Group has designated the following assets at fair value through profit or loss:

- assets backing unit-linked contracts;
- private equity business portfolio.

Securities that are classified under financial assets at fair value through profit or loss are recognised at fair value at inception, excluding transaction costs attributable directly to their acquisition (which are taken directly to profit or loss) and including accrued interest.

They are subsequently carried at fair value and changes in fair value are taken to profit or loss.

No impairment losses are booked for this category of securities.

Outstanding syndication securities held for sale are recognised as financial assets at fair value through profit or loss and are marked to market.

Held-to-maturity financial assets

The category Held-to-maturity financial assets (applicable to securities with fixed maturities) includes securities with fixed or determinable payments that Crédit Agricole Group has the intention and ability to hold until maturity, other than:

- securities that are initially designated as financial assets at fair value through profit or loss at the time of initial recognition by Crédit Agricole Group;
- securities that fall into the "Loans and receivables" category. Hence, debt securities that are not traded in an active market cannot be included in the "Held-to-maturity financial assets" category.

Classification as held-to-maturity means that the entity must abide by the prohibition on the sale of securities prior to maturity, except where allowed under IAS 39.

Hedging of interest rate risk for this category of securities is not allowed for hedge accounting under IAS 39.

Held-to-maturity financial assets are initially recognised at acquisition cost, including transaction costs that are directly attributable to the acquisition and including accrued interest.

They are subsequently measured at amortised cost with amortisation of any premium or discount and transaction costs using the corrected effective interest method.

Impairment rules for this financial asset category are disclosed in the section on "Impairment of securities" for securities measured at amortised cost.

Loans and receivables

Loans and receivables comprise unlisted financial assets that generate fixed or determinable payments.

Securities of the Loans and receivables portfolio are initially recognised at acquisition cost, including transaction costs that are directly attributable to the acquisition and including accrued interest.

They are subsequently measured at amortised cost with amortisation of any premium or discount and transaction costs using the corrected effective interest method.

Impairment rules for this financial asset category are disclosed in the section on "Impairment of securities" for securities measured at amortised cost.

Available-for-sale financial assets

IAS 39 defines available-for-sale financial assets as assets that are other designated as available-for-sale or as the default category.

Available-for-sale financial assets are initially recognised at fair value, including transaction costs that are directly attributable to the acquisition and including accrued interest.

Available-for-sale financial assets are later measured at fair value and subsequent changes in fair value are recorded in other comprehensive income.

If the securities are sold, these changes are transferred to the income statement.

Amortisation of any premiums or discounts and transaction costs on fixed-income securities is recognised in the income statement using the effective interest rate method.

Impairment rules for this financial asset category are disclosed in the section on "Impairment of securities".

Impairment of securities

Impairment shall be booked when there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the securities, other than assets measured as at fair value through profit or loss.

Objective evidence of loss corresponds to a prolonged or significant decline in the value of the security for equity securities or the appearance of significant deterioration in credit risk evidenced by a risk of non-recovery for debt securities.

For equity securities, Crédit Agricole Group uses quantitative criteria as indicators of potential impairment. These quantitative criteria are mainly based on a loss of 30% or more of the value of the equity instrument over a period of six consecutive months. Crédit Agricole S.A. Group may also take account of other factors such as financial difficulties of the issuer, or short term prospects, etc.

Notwithstanding the above-mentioned criteria, Crédit Agricole Group recognises an impairment loss when there is a decline in the value of the equity instrument higher than 50% or prolonged over three years.

For debt securities, impairment criteria are the same as for loans and receivables.

Such impairment is only recognised when it translates into a probable loss of all or part of the amount invested:

- for securities measured at amortised cost through the use of an impairment account, the amount of the loss is recognised in the income statement, and may be reversed in case of subsequent improvements;
- for available-for-sale securities, the amount of the aggregate loss is transferred from other comprehensive income to the income statement; in the event of subsequent recovery in the price of the securities, the loss previously transferred to the income statement may be reversed when justified by circumstances for debt instruments.

Recognition date of securities

Crédit Agricole Group recognises on the settlement date securities classified as Assets held for trading, Held-to-maturity financial assets, and Loans and receivables. Other securities, regardless of type or classification, are recognised on the trading date.

Reclassification of financial assets

IAS 39 allows “available-for-sale financial assets” to be reclassified as “held-to-maturity financial assets” where there is a change in management intention and if the criteria for reclassification as held-to-maturity are respected.

In accordance with the amendment to IAS 39 as published and adopted by the European Union in October 2008, the following reclassifications are also allowed:

- from the financial assets held for trading and available-for-sale financial assets categories to the Loans and receivables category, if the entity now has the intention and ability to hold the financial asset for the foreseeable future or until maturity and if the classification criteria for this category are met upon the transfer date (in particular, financial asset not quoted in an active market);
- in rare documented circumstances, from financial assets held for trading to available-for-sale financial assets or held-to-maturity financial assets if the eligibility criteria are met upon the transfer date for each category.

The fair value on the date of reclassification becomes the new cost or amortised cost, as applicable, of the reclassified financial asset.

Information on reclassifications made by Crédit Agricole Group under the terms of the amendment to IAS 39 is provided in Note 9 “Reclassification of financial instruments”.

Temporary investments in/disposals of securities

Within the meaning of IAS 39, temporary sales of securities (securities lending/borrowing, repurchase agreements) do not fulfil the derecognition conditions of IAS 39 and are regarded as collateralised financing.

Securities lent or sold under repurchase agreements remain on the balance sheet. If applicable, the amounts received, representing the liability to the transferee, are recognised on the liability side of balance sheet by the transferor.

Items borrowed or bought under repurchase agreements are not recognised on the balance sheet of the transferee. A receivable is recognised for the amount paid. If the security is subsequently resold, however, the transferee records a liability equivalent to the fair value of fulfilling their obligation to return the security received under the agreement.

Revenue and expenses relating to such transactions are posted to profit and loss on a *prorata temporis* basis, except in the case of assets and liabilities recognised at fair value through profit or loss.

Lending operations

Loans are principally allocated to the Loans and receivables category. In accordance with IAS 39, they are initially valued at fair value and subsequently valued at amortised cost using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash payments to the original net loan amount. This rate includes the discounts and any transaction income or transaction costs that are an integral part of the effective interest rate.

Syndication loans held for trading are classified as financial assets held for trading and are marked to market.

Subordinated loans and repurchase agreements (represented by certificates or securities) are included under the various categories of loans and receivables according to counterparty type.

Income calculated based on the effective interest rate is recognised in the balance sheet under accrued interests in the income statement.

Advances made by Crédit Agricole S.A. to the Regional Banks do not represent a direct risk for Crédit Agricole S.A. with respect to the corresponding customer loans made by the Regional Banks. They do, however, represent a potential indirect risk with respect to the financial strength of the Regional Banks. Crédit Agricole S.A. has not made any provisions for such advances to the Regional Banks.

Impairment of loans

In accordance with IAS 39, loans classified under Loans and receivables are impaired whenever there is objective indication of impairment as a result of one or more loss events occurring after the initial recognition of these loans, such as:

- borrower in serious financial difficulties;

- a breach of contract such as a default on the payment of interest or principal;
- the granting by the lender to the borrower, for economic or legal reasons connected with the borrower's financial difficulties, of a facility that the lender would not have envisaged under other circumstances (loan restructuring);
- increasing probability of bankruptcy or other financial restructuring of the borrower.

Impairment may be individual or collective, or in the form of discounts on loans that have been restructured due to customer default.

Impairment charges and reversals of impairment losses for non-recovery risk are recognised in cost of risk and any increase in the carrying amount of the loan arising from the accretion of the impairment or amortisation of the restructured loan discount is recognised in interest margin.

Impairment losses are discounted and estimated on the basis of several factors, notably business- or sector-related. It is possible that future assessments of the credit risk may differ significantly from current estimates, which may lead to an increase or decrease in the amount of the impairment.

Probable losses in respect off-balance sheet commitments are covered by provisions recognised as liabilities.

Loans individually assessed for impairment

Each loan is first individually assessed for known risk of loss. Projected losses are thus measured by means of individual impairment losses for all types of loans, including guaranteed, where there is objective indication of impairment. The amount of impairment losses is the difference between the carrying amount of loans (amortised cost) and the sum of estimated future flows, discounted at the original effective interest rate.

Possible losses in respect of portfolios of small loans with similar characteristics may be estimated on a statistical basis rather than individually assessed.

Loans collectively assessed for impairment

Statistical and historical customer default experience shows that there is an identified risk of partial uncollectibility of loans not individually impaired. To cover these risks, which cannot by nature be allocated to individual loans, Crédit Agricole Group takes various collective impairment charges, calculated using models developed on the basis of these statistical data, by way of deduction from asset values. These are determined for each homogenous class of loans displaying similar credit risk characteristics.

- Calculation of impairment losses using Basel models:

Under Basel regulations, each Crédit Agricole Group's entity calculates the amount of losses anticipated within one year, using statistical tools and databases, based on a variety of observation criteria that meet the definition of a "loss event" within the meaning of IAS 39.

The amount of impairment is based on the probability of default in each rating class assigned to borrowers, and also on management's experienced judgement.

The amount of this impairment is obtained by applying to the amount of anticipated losses calculated using the Basel models a maturity correction factor designed to take account of the need to record impairment charges for the anticipated losses up to maturity.

- other loans collectively assessed for impairment:

Crédit Agricole Group also sets aside collective impairment charges to cover customer risks that are not allocated to individual loans, such as sector or country impairment losses. These provisions are intended to cover estimated risks based on a sector or geographical analysis for which there is statistical or historical risk of partial non-recovery.

Loan restructuring

Loans restructured due to financial difficulties are loans for which the entity changed the initial financial terms (interest rate, term) for economic or legal reasons connected with the borrower's financial difficulties, in a manner that would not have been considered under other circumstances. They therefore consist of loans that are classified as in default and, since 1 January 2014, performing loans at the date they are restructured.

The reduction of future flows granted to a counterparty, which may notably stem from these flows being postponed as part of the restructuring, results in the recognition of a discount. It represents future loss of cash flow discounted at the original effective interest rate.

It is equal to the difference between:

- the carrying amount of the loan;
- and the sum of theoretical future cash flows from the restructured loan, discounted at the original effective interest rate (defined at the date of the financing commitment).

The loss recognised when a loan is restructured is recorded under cost of risk. Its amortisation then affects the interest margin.

Restructured loans are monitored based on ratings in accordance with Basel rules and are impaired on the basis of the estimated credit risk. They are individually impaired within 30 days of a missed payment.

Restructured loans remain in this category for two years (three years if they were in default when restructured).

Watch list loans

Watch list loans consist of loans for which payment arrears have been recorded but for which no individual impairment has been set aside.

Commercial renegotiations

Renegotiated loans for commercial reasons without financial difficulties of the counterpart with the aim of developing or keeping a commercial relation are derecognised at the date of the renegotiation. The new loans accorded to customers are initially recognised at the same date at fair value and subsequently at the same date at amortised cost using the effective interest method according to the conditions of the new contract.

Subsidised loans (IAS 20)

Under French Government measures to support the agricultural and rural sector and to help home buyers, certain Crédit Agricole Group entities grant subsidised loans at rates fixed by the Government. Consequently, the Government pays these entities the difference between the subsidised lending rate and a predetermined benchmark rate. Accordingly, no discounts are recognised against subsidised loans.

The subsidy system is periodically reviewed by the Government.

In accordance with IAS 20, subsidies received from the Government are recorded under Interest and similar income and spread over the life of the corresponding loans.

Financial liabilities

IAS 39 as endorsed by the European Union recognises three categories of financial liabilities:

- financial liabilities at fair value through profit or loss. Fair value changes on this portfolio are recognised in profit or loss at accounting end-periods;
- financial liabilities designated at fair value through profit or loss. Financial liabilities, provided they meet the conditions specified in the standard, can be designated as at fair value through profit or loss in the following three cases: for hybrid instruments comprising one or more embedded derivatives, where the fair value option would reduce an accounting mismatch or for a group of financial liabilities under management whose performance is measured at fair value. This method is generally used so that derivatives embedded in hybrid instruments do not have to be recognised and measured separately;
- other financial liabilities: this includes all types of other financial liabilities. These liabilities are initially measured at fair value (including transaction income and costs) and subsequently at amortised cost using the effective interest method.

The valuation of issues recorded at fair value includes the change in own credit risk of the Group.

Securities classified as financial liabilities or equity

Distinction between liabilities and equity

Securities are classed as debt instruments or equity instruments based on the economic substance of the contractual terms.

A debt instrument is a contractual obligation to:

- deliver cash or another financial asset; or
- exchange instruments under potentially unfavourable conditions.

An equity instrument is a contract that offers a discretionary return, represents a residual interest in a company's net assets after deducting liabilities and is not qualified as a debt instrument.

Treasury shares buy-back

Treasury shares (or equivalent derivative instruments, such as stock options) bought back by Crédit Agricole Group, including shares held to cover stock option plans, do not meet the definition of a financial asset and are deducted from equity. They do not generate any impact on the income statement.

Deposits

All deposits are recorded under the category "Due to customers" in spite of the characteristics of the collection system within Crédit Agricole Group, with deposits originating from the Regional Banks centralised at Crédit Agricole S.A. For the Group, the ultimate counterparty for these deposits is the end customer.

The deposits are initially measured at fair value and subsequently at amortised cost.

Regulated savings products are by nature deemed to be at market rates.

Provisions are taken where necessary against home purchase savings plans and accounts as set out in Note 6.20 "Provisions".

Derivative instruments

Derivative instruments are financial assets or liabilities and are recognised on the balance sheet at fair value at inception of the transaction. At the end of each reporting period, derivatives are measured at fair value, whether they are held for trading purposes or used for hedging.

Any change in the value of derivatives on the balance sheet is recorded in the income statement (except in the special case of a cash flow hedging relationship).

Hedge accounting

Fair value hedges are intended to provide protection from exposure to a change in the fair value of an asset or of a liability that has been recognised, or of a firm commitment that has not been recognised.

Cash flow hedges are intended to provide protection from a change in future cash flows from financial instruments associated with a recognised asset or liability (for example, with all or part of future interest payments on a floating-rate debt) or a projected transaction that is considered to be highly probable.

Hedges of net investments in a foreign operation are intended to provide protection from the risk of an adverse movement in fair value arising from the foreign exchange risks associated with a foreign investment in a currency other than the euro.

Hedges must meet the following criteria in order to be eligible for hedge accounting:

- the hedging instrument and the instrument hedged must be eligible;
- there must be formal documentation from inception, primarily including the individual identification and characteristics of the hedged item, the hedging instrument, the nature of the hedging relationship and the nature of the hedged risk;
- the effectiveness of the hedge must be demonstrated, at inception and retrospectively, by testing at each reporting date.

For interest rate hedges for a portfolio of financial assets or financial liabilities, Crédit Agricole Group documents the hedging relationship for fair value hedges in accordance with the carve-out version of IAS 39 as endorsed by the European Union.

The Group also documents these hedging relationships based on its gross position in derivative instruments and hedged items.

The effectiveness of the hedging relationships is measured by maturity schedules.

The change in value of the derivative is recorded in the financial statements as follows:

- fair value hedges: the change in value of the derivative is recognised in the income statement symmetrically with the change in value of the hedged item in the amount of the hedged risk. Only the net amount of any ineffective portion of the hedge is recognised in the income statement;

- cash flow hedges: the change in value of the derivative is recognised in the balance sheet through a specific account in other comprehensive income for the efficient portion and any inefficient portion of the hedge is recognised in the income statement. Any profits or losses on the derivative accrued through other comprehensive income are then reclassified in the income statement when the hedged cash flows occur;
- hedges of net investment in a foreign operation: the change in value of the derivative is recognised in the balance sheet in the translation adjustment equity account and any ineffective portion of the hedge is recognised in the income statement.

Where the conditions for benefiting from hedge accounting are no longer met, the following accounting treatment must be applied prospectively:

- fair value hedges: only the hedging instrument continues to be revalued through profit or loss. The hedged item is wholly accounted for according to its classification. For available-for-sale securities, changes in fair value subsequent to the ending of the hedging relationship are recorded in other comprehensive income. For hedged items valued at amortised cost, which were interest rate hedged, the revaluation adjustment is amortised over the remaining life of those hedged items;
- cash flow hedges: the hedging instrument is valued at fair value through profit or loss. The amounts accumulated in other comprehensive income under the effective portion of the hedging remain in other comprehensive income until the hedged element affects profit or loss. For interest rate hedged instruments, profit or loss is affected according to the payment of interest. The revaluation adjustment is therefore amortised over the remaining life of those hedged items;
- hedges of net investment in a foreign operation: the amounts accumulated in other comprehensive income under the effective portion of the hedging remain in other comprehensive income while the net investment is held. The income is recorded once the net investment in a foreign operation exits the scope of consolidation.

Embedded derivatives

An embedded derivative is a component of a hybrid contract that meets the definition of a derivative product. Embedded derivatives must be accounted for separately from the host contract if the following three conditions are met:

- the hybrid contract is not measured at fair value through profit or loss;
- the embedded component taken separately from the host contract has the characteristics of a derivative;
- the characteristics of the derivative are not closely related to those of the host contract.

Determination of the fair value of financial instruments

When determining the fair value of financial instruments observable inputs must be prioritised. It is presented using the hierarchy defined in IFRS 13.

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants, on the principal or the most advantageous market, at the measurement date.

Fair value applies individually to each financial asset or financial liability. A portfolio exemption may be used where the management and risk monitoring strategy so allow and are appropriately documented. Thus, certain fair value parameters are calculated on a net basis when a group of financial assets and financial liabilities is managed on the basis of its net exposure to market or credit risks. This is notably true of the CVA/DVA calculation.

The Group considers that the best evidence of fair value is reference to quoted prices published in an active market.

When such quoted prices are not available, fair value is established by using valuation techniques based on observable data or unobservable inputs.

Fair value of structured issues

In accordance with IFRS 13, the Group values its structured issues, recognised at fair value, by taking as a reference the issuer spread that specialist participants agree to receive to acquire new Group issues.

Counterparty risk on derivative instruments

Crédit Agricole Group incorporates into fair value the assessment of counterparty risk for derivative assets (Credit Valuation Adjustment or CVA) and, using a symmetrical treatment, the non-performance risk for derivative liabilities (Debit Valuation Adjustment or DVA or own credit risk).

The CVA makes it possible to determine the expected losses due to the counterparty from the perspective of Crédit Agricole Group, and DVA, the expected losses due to Crédit Agricole Group from the perspective of the counterparty.

The CVA/DVA is calculated on the basis of an estimate of expected losses based on the probability of default and loss given default. The methodology used maximises the use of observable market inputs. It is primarily based on market data such as registered and listed CDS (or Single Name CDS) or index CDS in the absence of registered CDS on the counterparty. In certain circumstances, historical default data may also be used.

Fair value hierarchy

The standard classifies fair value into three levels based on the observability of inputs used in valuation techniques.

Level 1: fair value corresponding to quoted prices (unadjusted) in active markets.

Level 1 is composed of financial instruments that are directly quoted in active markets for identical assets and liabilities that the entity can access at the measurement date. These are stocks and bonds quoted in active markets (such as the Paris Stock Exchange, the London Stock Exchange or the New York Stock Exchange, etc.) and also fund securities quoted in an active market and derivatives traded on an organised market, in particular futures.

A market is regarded as being active if quoted prices are readily and regularly available from an exchange, broker, dealer, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

For financial assets and liabilities with offsetting market risks, Crédit Agricole Group uses mid-prices as a basis for establishing fair values for the offsetting risk positions. The Group applies the current bid price to asset held or liability to be issued (open long position) and the current asking price to asset to be acquired or liability held (open short position).

Level 2: fair values measured using directly or indirectly observable inputs other than those in Level 1.

The inputs used are observable either directly (*i.e.* prices) or indirectly (derived from prices) and generally consist of: data from outside the Company, which are publicly available or accessible and based on a market consensus.

Level 2 is composed of:

- stocks and bonds quoted in an inactive market or non quoted in an active market but for which fair value is established using a valuation methodology usually used by market participants (such as discounted cash flow techniques or the Black & Scholes model) and based on observable market data;
- instruments that are traded over the counter, the fair value of which is measured with models using observable market data, *i.e.* derived from various and independent available external sources which can be obtained on a regular basis. For example, the fair value of interest rate swaps is generally derived from the yield curves of market interest rates as observed at the reporting date.

When the models are consistent notably with standard models based on observable market data (such as interest rate yield curves or implied volatility surfaces), the day one gain or loss resulting from the initial fair value measurement of the related instruments is recognised in profit or loss at inception.

Level 3: fair value that is measured using significant unobservable inputs.

For some complex instruments that are not traded in an active market, fair value measurement is based on valuation techniques using assumptions *i.e.* that cannot be observed on the market for an identical instrument. These instruments are disclosed within Level 3.

This mainly concerns complex interest rate instruments, equity derivatives, structured credit instruments which fair value measurement includes for instance correlation or volatility inputs that are not directly benchmarkable.

Since the transaction price is deemed to reflect the fair value at initial recognition, any day one gain or loss recognition is deferred.

The day one gain or loss relating to these structured financial instruments is generally recognised through profit or loss over the period during which inputs are deemed unobservable. When market data become "observable", the remaining margin to be deferred is immediately recognised in profit or loss.

Valuation methodologies and models used for financial instruments that are disclosed within Levels 2 and 3 incorporate all factors that market participants would consider in setting a price. They shall be beforehand validated by an independent control. Fair value measurement notably includes both liquidity risk and counterparty risk.

Absence of accepted valuation method to determine equity instruments' fair value

In accordance with IAS 39 principles, if there is no satisfactory method or if the estimates obtained using the various methods differ excessively, the security is valued at cost and stays recorded under available-for-sale financial assets because its fair value cannot be reliably measured. In this case, the Group does not report a fair value, in accordance with the applicable recommendations of IFRS 7. These primarily include equity investments in companies that are not quoted in an active market and whose fair value is difficult to measure reliably.

Net gains (losses) on financial instruments

Net gains (losses) on financial instruments at fair value through profit or loss

For financial instruments designated at fair value through profit or loss and financial assets and liabilities held for trading, this heading mainly includes the following income statement items:

- dividends and other revenues from equities and other variable-income securities which are classified under financial assets at fair value through profit or loss;
- changes in fair value of financial assets or liabilities at fair value through profit or loss;
- gains and losses on disposal of financial assets at fair value through profit or loss;
- changes in fair value and gains and losses on disposal or termination of derivative instruments not included in a fair value hedging relationship or cash flow hedge.

This heading also includes the inefficient portion of hedges.

Net gains (losses) on available-for-sale financial assets

For available-for-sale financial assets, this heading mainly includes the following income statement items:

- dividends and other revenues from equities and other variable-income securities which are classified as available-for-sale financial assets;
- gains and losses on disposal of fixed-income and variable-income securities which are classified as available-for-sale financial assets;
- losses in value of variable-income securities;
- net income on disposal or termination of instruments used for fair value hedges of available-for-sale financial assets when the hedged item is sold;
- gains and losses on disposal or termination of loans and receivables and held-to-maturity securities in those cases provided for by IAS 39.

Offsetting of financial assets and financial liabilities

In accordance with IAS 32, Crédit Agricole Group nets a financial asset and a financial liability and reports the net amount when, and only when, it has a legally enforceable right to offset the amounts reported and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The derivative instruments and the repurchase agreements handled with clearing houses that meet the two criteria required by IAS 32 have been offset on the balance sheet.

The effect of this offsetting is presented in the table in Note 6.12 on the amendment to IFRS 7 on disclosures regarding the offsetting of financial assets and financial liabilities.

Financial guarantees given

A financial guarantee contract is a contract that calls for specific payments to be made by the issuer to reimburse the holder for a loss incurred due to a specified debtor's failure to make a payment when due under the initial or amended terms of a debt instrument.

Financial guarantee contracts are recognised at fair value initially then subsequently at the higher of:

- the amount calculated in accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets"; or

- the amount initially recognised, less any depreciation recognised in accordance with IAS 18 Income on ordinary activities.

Financing commitments that are not designated as fair value through profit or loss or not treated as derivative instruments within the meaning of IAS 39 are not recognised on the balance sheet. They are, however, covered by provisions in accordance with IAS 37.

Derecognition of financial instruments

A financial asset (or group of financial assets) is fully or partially derecognised if:

- the contractual rights to the cash flows from the financial asset expire;
- or are transferred or are deemed to have expired or been transferred because they belong de facto to one or more beneficiaries; and substantially all the risks and rewards of ownership in the financial asset are transferred.

In this case, any rights or obligations created or retained at the time of transfer are recognised separately as assets and liabilities.

If the contractual rights to the cash flows are transferred but some of the risks and rewards of ownership as well as control are retained, the financial assets continue to be recognised to the extent of the Group's continuing involvement in the asset.

A financial liability is derecognised in full or in part:

- when it is extinguished; or
- when quantitative and qualitative analyses suggest it has undergone a substantial change following restructuring.

Provisions (IAS 37 and 19)

Crédit Agricole Group has identified all obligations (legal or constructive) resulting from a past event for which it is probable that an outflow of resources will be required to settle the obligation, and for which the due date or amount of the settlement is uncertain but can be reliably estimated. These estimates are discounted where applicable whenever there is a material impact.

For obligations other than those related to credit risk, Crédit Agricole Group has set aside general provisions to cover:

- operational risks;
- employee benefits;
- financing commitment execution risks;
- claims and liability guarantees;
- tax risks;
- risks related to home purchase savings plans.

The latter provision is designed to cover the Group's obligations in the event of unfavourable movements in home purchase savings schemes. These obligations are: i) to pay a fixed rate of interest on the savings contract from inception for an undefined period of time; and ii) to grant a loan to home purchase savings plan savers at a rate fixed at inception of the contract. The provision is calculated for each generation of a home purchase savings plan and for all home purchase savings accounts, with no netting of obligations between generations.

The amount of these obligations is calculated taking account notably of:

- saver behaviour models, based on assumptions regarding customer behaviour drawn from historical experience, which may not necessarily reflect actual trends in future behaviour;
- an estimate of the amount and term of the loans that will be granted in the future, based on historical experience over an extended period of time;
- the yield curve for market rates and reasonably foreseeable trends.

Certain estimates may be made to determine the amount of the following provisions:

- the reserve for operational risks, which although subject to examination for identified risks, requires Management to make assessments with regard to incident frequency and the potential financial impact;
- the reserve for legal risks, which is based on Management's best estimate in light of the information in its possession at the end of the reporting period.

Detailed information is provided in Note 6.20 "Provisions".

EMPLOYEE BENEFITS (IAS 19)

In accordance with IAS 19, employee benefits are recorded in four categories:

- short-term employee benefits, including salaries, social security contributions, annual leave, profit-sharing and incentive plans and premiums, are defined as those which are expected to be settled within twelve months of the period in which the related services have been rendered;
- long-term employee benefits (long-service awards, variable compensation and compensation payable 12 months or more after the end of the period);
- termination benefits;
- post-employment benefits fall into two categories: defined-benefit plans and defined contribution plans.

Long-term employee benefits

Long-term employee benefits are employee benefits other than post-employment benefits or termination benefits but not fully due to employees within twelve months after the end of the period in which the related services have been rendered.

These include, in particular, bonuses and other deferred compensation payable twelve or more months after the end of the period in which they were earned, but which are not share-based.

The measurement method is similar to the one used by the Group for post-employment benefits with defined-benefit plans.

Post-employment benefits

Defined-benefit plans

At each reporting date, Crédit Agricole Group sets aside reserves to cover its liabilities for retirement and similar benefits and all other employee benefits falling in the category of defined-benefit plans.

In keeping with IAS 19, these commitments are stated based on a set of actuarial, financial and demographic assumptions, and in accordance with the projected Unit Credit Method. Under this method, for each year of service, a charge is booked in an amount corresponding to the employee's vested benefits for the period. The charge is calculated based on the discounted future benefit.

Liabilities for retirement and other employee benefits are based on assumptions made by Management with respect to the discount rate, staff turnover rate and probable increases in salary and social security costs. If the actual figures differ from the assumptions made, the retirement liability may increase or decrease in future years (see Note 7.4 "Post-employment benefits, defined-benefit plans").

Discount rates are determined based on the average term of the commitment, that is, the arithmetical average of the terms calculated between the valuation date and the payment date weighted by employee turnover assumptions.

The anticipated return on plan assets is also estimated by Management. Returns are estimated on the basis of expected returns on fixed income securities, and notably bonds.

The expected return on plan assets is determined using discount rates applied to measure the defined benefit obligation.

In accordance with IAS 19 revised, all actuarial gains or losses are recognised in other comprehensive income.

The amount of the provision is equal to:

- the present value of the obligation to provide the defined-benefits at the end of the reporting period, calculated in accordance with the actuarial method recommended by IAS 19;
- if necessary, reduced by the fair value of the assets allocated to covering these commitments. These may be represented by an eligible insurance policy. In the event that 100% of the obligation is covered by a policy that meets exactly the expense amount payable over the period for all or part of a defined-benefit plan, the fair value of the policy is deemed to be the value of the corresponding obligation, *i.e.* the amount of the corresponding actuarial liability.

For such obligations that are not covered, a provision for retirement benefits is recognised under Provisions on the liabilities side of the balance sheet. This provision is equal to Crédit Agricole Group's liabilities towards employees in service at year-end, governed by the Crédit Agricole Group collective agreement that came into effect on 1 January 2005.

A provision to cover the cost of early retirement commitments is also listed under Provisions. This provision covers the additional discounted cost of the various early retirement agreements signed by Crédit Agricole Group entities under which employees of eligible age may take early retirement.

Lastly, certain Group companies are liable to pay supplementary retirement benefits. A provision is calculated on the basis of the Company's actuarial liability for these benefits. These provisions are also shown on the liabilities side of the balance sheet under Provisions.

Defined contribution plans

Employers contribute to a variety of compulsory pension schemes. Plan assets are managed by independent organisations and the contributing companies have no legal or implied obligation to pay additional contributions if the funds do not have sufficient assets to cover all benefits corresponding to services rendered by employees during the year and during prior years. Consequently, Crédit Agricole Group has no liabilities in this respect other than their on-going contributions.

SHARE-BASED PAYMENTS (IFRS 2)

IFRS 2 on Share-based payment requires valuation of share-based payment transactions in the Company's income statement and balance sheet. This standard applies to transactions with employees and more specifically to:

- share-based payment transactions settled in equity instruments;
- share-based payment transactions settled in cash.

Share-based payment plans initiated by Crédit Agricole Group that are eligible for IFRS 2 are mainly transactions settled in equity instruments (stock options, free share allocation plans, variable compensation settled in cash indexed or in shares, etc.).

Options granted are measured at their fair value on the date of grant primarily using the Black & Scholes model. These options are recognised as a charge under Employee expenses, with a corresponding adjustment to equity, spread over the vesting period (four years for existing plans).

Employee share issues offered to employees as part of the Employee Saving Plan are also subject to the IFRS 2 standard. Shares may be offered to employees with a discount of no more than 20%. These plans have no vesting period but the shares are subject to a lock-up period of five years. The benefit granted to employees is measured as the difference between the fair value per share acquired taking account of the lock-up period and the purchase price paid by the employee on the issue date multiplied by the number of shares issued.

A more detailed description of the method, existing plans and valuation methods is provided in Note 7.6 "Share-based payment".

The cost of stock options settled in Crédit Agricole S.A. equity instruments and the cost of share subscriptions are now recognised in the financial statements of the entities that employ the plan beneficiaries. The impact is recorded under Employee expenses, with a corresponding increase in Consolidated reserves Group share.

CURRENT AND DEFERRED TAXES

In accordance with IAS 12, the income tax charge includes all income taxes, whether current or deferred.

IAS 12 defines current tax liability as "the amount of income tax payable (recoverable) in respect of the taxable profit (tax loss) for a reporting period". Taxable income is the profit (or loss) for a given accounting period measured in accordance with the rules determined by the taxation authorities.

The applicable rates and rules used to measure the current tax liability are those in effect in each country where the Group's companies are established.

The current tax liability relates to any income due or that will become due, for which payment is not subordinated to the completion of future transactions, even if payment is spread over several years.

The current tax liability must be recognised as a liability until it is paid. If the amount that has already been paid for the current year and previous years exceeds the amount due for these years, the surplus must be recognised under assets.

Moreover, certain transactions carried out by the entity may have tax consequences that are not taken into account in measuring the current tax liability. IAS 12 defines a difference between the carrying amount of an asset or liability and its tax basis as a temporary difference.

This standard requires that deferred taxes be recognised in the following cases:

- a deferred tax liability should be recognised for any taxable temporary differences between the carrying amount of an asset or liability on the balance sheet and its tax base, unless the deferred tax liability arises from:
  - initial recognition of goodwill,
  - the initial recognition of an asset or a liability in a transaction that is not a business combination and that does not affect either the accounting or the taxable profit (taxable loss) at the transaction date.
- a deferred tax asset should be recognised for any deductible temporary differences between the carrying amount of an asset or liability on the balance sheet and its tax base, insofar as it is deemed probable that a future taxable profit will be available against which such deductible temporary differences can be allocated;
- a deferred tax asset should also be recognised for carrying forward unused tax losses and tax credits insofar as it is probable that a future taxable profit will be available against which the unused tax losses and tax credits can be allocated.

The tax rates applicable in each country are used.

Deferred taxes are not discounted.

Taxable unrealised gains on securities do not generate any taxable temporary differences between the carrying amount of the asset and the tax base. As a result, deferred tax is not recognised on these gains. When the relevant securities are classified as available-for-sale securities, unrealised gains and losses are recognised directly through other comprehensive income. The tax charge or saving effectively borne by the entity arising from these unrealised gains or losses is reclassified as a deduction from these gains.

In France, all but 12% of long-term capital gains on the sale of equity investments, as defined by the General Tax Code, are exempt from tax as from the tax year commencing on 1 January 2007; the 12% of long-term capital gains are taxed at the normally applicable rate. Accordingly, unrealised gains recognised at the end of the year generate a temporary difference requiring the recognition of deferred tax on this share.

Current and deferred tax is recognised in net income for the year, unless the tax arises from:

- either a transaction or event that is recognised directly through other comprehensive income, during the same year or during another year, in which case it is directly debited or credited to other comprehensive income;
- or a business combination.

Deferred tax assets and liabilities are offset against each other if, and only if:

- the entity has a legally enforceable right to offset current tax assets against current tax liabilities; and
- the deferred tax assets and liabilities apply to income taxes assessed by the same tax authority:

  a) either for the same taxable entity, or

  b) for different taxable entities that intend either to settle current tax assets and liabilities on a net basis, or to settle their tax assets and liabilities at the same time during each future financial year in which it is expected that substantial deferred tax assets or liabilities will be paid or recovered.

When tax credits on income from securities portfolios and amounts receivable are effectively used to pay income tax due for the year, they are recognised under the same heading as the income with which they are associated. The corresponding tax charge continues to be recognised under the Income tax charge heading in the income statement.

However, given that the legislative intent when introducing the tax credit for competitiveness and employment (*Crédit d'Impôt pour la Compétitivité et l'Emploi* – CICE) was to reduce employee expenses, Crédit Agricole Group chose to recognise the CICE (Article 244 *quater* C of the French General Tax Code – CGI) as a reduction in employee expenses.

TREATMENT OF FIXED ASSETS (IAS 16, 36, 38 AND 40)

Crédit Agricole Group applies component accounting for all of its property, plant and equipment. In accordance with the provisions of IAS 16, the depreciable amount takes account of the potential residual value of property, plant and equipment.

Land is measured at cost less any impairment losses.

Property used in operations, investment property and equipment are measured at cost less accumulated depreciation and impairment losses since the time they were placed in service.

Purchased software is measured at purchase price less accumulated depreciation and impairment losses since acquisition.

Proprietary software is measured at cost less accumulated depreciation and impairment losses since completion.

Apart from software, intangible assets are mainly assets acquired during a business combination resulting from contract law (e.g. distribution agreement). These were valued on the basis of corresponding future economic benefits or expected service potential.

Fixed assets are depreciated over their estimated useful lives.

The following components and depreciation periods have been adopted by Crédit Agricole Group following the application of the measures on component accounting for property, plant and equipment. These depreciation periods are adjusted according to the type of asset and its location:

Component	Depreciation period
Land	Not depreciable
Structural works	30 to 80 years
Non-structural works	8 to 40 years
Plant and equipment	5 to 25 years
Fixtures and fittings	5 to 15 years
Computer equipment	4 to 7 years
Special equipment	4 to 5 years

Exceptional depreciation charges corresponding to tax-related depreciation and not to any real impairment in the value of the asset are eliminated in the consolidated financial statements.

Based on available information, Crédit Agricole Group has concluded that impairment testing would not lead to any change in the existing amount of its fixed assets at the end of the reporting period.

FOREIGN CURRENCY TRANSACTIONS (IAS 21)

In accordance with IAS 21, a distinction is made between monetary and non-monetary items.

On the reporting date, foreign-currency denominated monetary assets and liabilities are translated into Crédit Agricole Group's functional currency on the closing date. The resulting translation adjustments are recorded in the income statement. There are two exceptions to this rule:

- for available-for-sale financial assets, only the translation adjustments calculated on amortised cost is taken to the income statement; the balance is recorded in equity;
- translation adjustments on elements designated as cash flow hedges or forming part of a net investment in a foreign entity are recognised in other comprehensive income.

Non-monetary items are treated differently depending on the type of items:

- items at historical cost are measured at the exchange rate on the transaction date;
- items at fair value are measured at the exchange rate at the end of the reporting period.

Translation adjustments on non-monetary items are recognised:

- in the income statement if the gain or loss on the non-monetary item is recorded in the income statement;
- in other comprehensive income if the gain or loss on the non-monetary item is recorded in other comprehensive income.

FEES AND COMMISSIONS (IAS 18)

Fees and commission income and expenses are recognised in income based on the nature of services with which they are associated:

- fees and commissions that are an integral part of the effective yield on a financial instrument are recognised as an adjustment to the yield on the instrument and included in its effective interest rate;
- when the result from a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised in fees and commissions by reference to the stage of completion of the transaction at the end of the reporting period:

  a) fees and commissions paid or received in consideration for non-recurring services are fully recognised in the income statement.

  Fees and commissions payable or receivable that are contingent upon meeting a performance target are recognised only if all the following conditions are met:

  i) the amount of fees and commissions can be reliably estimated,

  ii) it is probable that the future economic benefits from the services rendered will flow to the Company,

  iii) the stage of completion of the service can be reliably estimated, and the costs incurred for the service and the costs to complete it can be reliably estimated,

  b) fees and commissions in consideration for on-going services, such as fees and commissions on payment instruments, are recognised in the income statement and spread over the duration of the service rendered.

INSURANCE BUSINESSES (IFRS 4)

Liabilities remain partially valued under French GAAP, as permitted by IAS and IFRS regulations, pending further amendments to the existing standards. Financial assets held by Crédit Agricole Group's insurance companies have been reclassified into the financial assets categories set out in IAS 39.

Contracts containing discretionary participation features are collectively classified as a liability under insurance company's technical reserves. They are recognised in the same way as insurance contracts. Premiums on these contracts are recognised as income and the increase in obligations to policyholders is recognised as an expense.

Life insurance technical reserves are conservatively estimated based on the technical rates defined in the contracts. Liabilities associated with contracts with or without discretionary participation features or guaranteed elements, are measured based on the fair value of the underlying assets or its equivalent at the end of the reporting period and are recorded under financial liabilities.

The financial margin on these policies is taken to profit or loss, after reversing out the technical items (premiums, benefits, etc.), according to deposit accounting principles.

Property and casualty insurance policy liabilities are estimated at the end of the reporting period, without applying any discount. Claims management costs associated with technical reserves are charged to a provision in the financial statements at the reporting date.

For non-life insurance contracts, acquisition costs are recognised as and when the premium is earned. For life insurance contracts, directly identifiable acquisition costs are deferred over the profit generation period.

Total expenses related to the insurance business are presented in Note 4.5 "Net income (expenses) on other activities".

As permitted by the extension of local GAAP specified by IFRS 4 and CRC Regulation 2000-05 pertaining to consolidated financial statements for insurance companies, "shadow accounting" is used to account for insurance liabilities for contracts with discretionary participation features. Under this practice, positive or negative valuation differences in the corresponding financial assets that will potentially revert to policyholders are recognised in a "Deferred profit sharing" account.

The deferred profit sharing is recognised on the liabilities side of the balance sheet under Insurance company's technical reserves or on the asset side with an offsetting entry in the income statement or in the valuation reserve, in the same way as unrealised gains and losses on the underlying assets.

The method used for valuation of deferred policyholders' profit-sharing, resulting from the application of shadow accounting, was changed in 2015.

The rate of deferred policyholders' profit-sharing, previously based on historically observed data, is now valued prospectively on the basis of analysis scenarios consistent with the Company's management policies. It is only updated if it changes significantly.

To determine whether the deferred profit-sharing asset is recoverable, tests are carried out to determine whether any unrealised losses can be applied to future surpluses before testing for liability shortfall in accordance with the CNC recommendation of 19 December 2008.

These tests are based:

- first, on liquidity analyses of the Company, which show the enterprise's capacity to access funding sources to meet its obligations and its ability to hold assets with unrealised losses even if new production declines. The tests were performed with and without new production;
- second, on a comparison between the average value of future services measured by the internal model replicating the Company's management decisions and the value of the assets representing the obligations at fair value. This shows the enterprise's ability to meet its obligations.

Lastly, sensitivity tests on the ability to activate the deferred profit sharing are also carried out:

- in the event of a uniform 15% increase in redemptions applied to redemption rates drawn from scenarios similar to those used by the French Regulatory and Resolution Supervisory Authority;
- in the event of an additional 10% decline in the equity markets.

In accordance with IFRS 4, at each reporting date, the Group also ascertains that insurance liabilities (net of deferred acquisition costs and associated intangible assets) are adequate to meet estimated future cash flows.

The liability adequacy test used to verify this must meet the following minimum requirements, as defined in paragraph 16 of the standard:

- it must consider all future contractual cash flows, including associated management costs, fees and commissions as well as options and guarantees implicit in these contracts;
- if the test shows that the liability is inadequate, it is wholly recognised in profit or loss.

LEASES (IAS 17)

As required by IAS 17, leases are analysed in accordance with their substance and financial reality. They are classified as operating leases or finance leases.

Finance lease transactions are treated as an acquisition of a fixed asset by the lessee financed by a loan from the lessor.

In the lessor's financial statements, analysis of the economic substance of the transactions results in the following:

- recognition of a financial receivable from the customer, which is amortised by the lease payments received;
- lease payments are broken down into interest and principal, known as financial amortisation;
- recognition of a net reserve for unrealised gains or losses. This is equal to the difference between:

  a) the net lease receivable: amount owed by the lessee, comprising outstanding finance lease receivable and financial amortisation for the period between the most recent instalment and the reporting date,

  b) the net carrying amount of the leased fixed assets,

  c) the provision for deferred taxes.

In the lessee's financial statements, finance leases are restated such that they are recognised in the same way as if the asset had been purchased on credit, by recognising a financial liability, recording the purchased asset under assets and depreciating the asset.

In the income statement, the theoretical depreciation charge (the charge that would have been recognised if the asset had been purchased) and the finance expenses (incurred in connection with the financing) are recorded in the place of the lease payments.

For operating leases, the lessee recognises payments as expenses and the lessor records the corresponding income under rents, and the leased assets on its balance sheet.

NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (IFRS 5)

A non-current asset (or a disposal group) is classified as held-for-sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use.

For this to be the case, the asset (or disposal group) must be available for immediate sale in its present condition and its sale must be highly probable.

The relevant assets and liabilities are shown separately on the balance sheet under Non-current assets held-for-sale and discontinued operations and Liabilities associated with non-current assets held-for-sale and discontinued operations.

A non-current asset (or disposal group) classified as held-for-sale is measured at the lower of its carrying amount and fair value less costs of sale. A charge for impairment of unrealised gains is recognised in the income statement. Unrealised gains are no longer amortised when they are reclassified.

If the fair value of a disposal group less selling costs is under its carrying amount after impairment of non-current assets, the difference is allocated to other disposal group assets including the financial assets and is recognised under net income of held-for-sale operations.

A discontinued operation is a component that the Group has either disposed of, or is classified as held-for-sale, according to the following situations:

- it represents a separate major business line or geographical area of operations;
- it is part of a single coordinated plan to dispose of a separate major business line or geographical area of operations;
- or is a subsidiary acquired exclusively with a view to resale.

The following are disclosed on a separate line of the income statement:

- the profit or loss from discontinued operations until the date of disposal, net of tax;
- the gain or loss recognised on the disposal or on measurement to fair value less costs of sale of the assets and liabilities constituting the discontinued operations, net of tax.

1.4 Consolidation principles and methods (IFRS 10, IFRS 11 and IAS 28)

SCOPE OF CONSOLIDATION

The consolidated financial statements of Crédit Agricole Group include:

- the financial statements of Crédit Agricole S.A. as central body;
- the financial statements of institutions affiliated to the central body pursuant to Directive 86/635 on financial statements of European credit institutions and other financial institutions which, together with Crédit Agricole S.A., the Regional Banks and the Local Banks, constitute the "reporting entity";
- and those of all companies over which, in compliance with IFRS 10, IFRS 11 and IAS 28, Crédit Agricole S.A., the Regional Banks and Local Banks exercise control, joint control or significant influence. This control is presumed when Crédit Agricole S.A., the Regional Banks and Local Banks hold, directly or indirectly at least 20% of existing or potential voting rights.

Definitions of control

In compliance with international standards, all entities under control, under joint control or under significant influence are consolidated, provided that they are not covered by the exclusions below.

Exclusive control over an entity is deemed to exist if Crédit Agricole S.A. and the Regional Banks are exposed to or entitled to receive variable returns as a result of their involvement with the entity and if the power they hold over this entity allow them to influence these returns. Power in this context means substantive (voting or contractual) rights. Rights are considered substantive if the holder of the rights can in practice exercise them when decisions about the Company's relevant activities are made.

Crédit Agricole S.A. and the Regional Banks are deemed to control a subsidiary through voting rights when their rights give them the practical ability to direct the subsidiary's relevant activities. Crédit Agricole S.A. and the Regional Banks are generally considered to control a subsidiary when they hold more than half the existing or potential voting rights in an entity, whether directly or indirectly through subsidiaries, except when it can be clearly demonstrated that such ownership does not give them the power to direct its relevant activities. Control is also deemed to exist where Crédit Agricole S.A. and the Regional Banks hold half or less than half of the voting rights, including potential rights, in an entity but are able in practice to direct its relevant activities at its sole discretion, notably because of the existence of contractual arrangements, the size of their stake in the voting rights compared to those of other investors, or other reasons.

Control of a structured entity is not assessed on the basis of voting rights as these have no effect on the entity's returns. When assessing control, consideration is given not only to contractual arrangements in force but also to whether Crédit Agricole S.A. and the Regional Banks were involved in creating the entity and what decisions they made at the time, what agreements were made at its inception and what risks are borne by Crédit Agricole S.A. and the Regional Banks, any rights under agreements that give the investor the power to direct relevant activities in specific circumstances only and any other facts or circumstances that indicate the investor can direct the entity's relevant activities. Where there is a management agreement, the extent of decision-making powers granted to the delegated manager and the remuneration accorded by such contractual arrangements are examined to establish whether the manager is in practice acting as an agent (with delegated powers) or as a principal (on their own account).

Furthermore, when decisions on the entity's relevant activities are taken, the indicators used to assess whether an entity is acting as agent or principal are as follows: the extent of the decision-making powers compared to the powers over the entity delegated to the manager, the remuneration provided for under the contractual arrangements, any substantive rights that may affect the decision-making capacity of other parties involved in the entity and the exposure to variable returns of other interests in the entity.

Joint control is deemed to exist when there is a contractual division of control over an economic activity. Decisions affecting the entity's relevant activities require unanimous agreement of the joint controllers.

In traditional entities, significant influence is defined as the power to influence but not control a company's financial and operational policies. Crédit Agricole S.A. and the Regional Banks are presumed to have significant influence if they own 20% or more of the voting rights in an entity, whether directly or indirectly through subsidiaries.

Exclusions from the scope of consolidation

In accordance with IAS 28-18, minority interests held by venture capital entities are excluded from the scope of consolidation insofar as they are classified under financial assets at fair value through profit or loss (including financial assets held for trading and financial assets designated at fair value through profit or loss).

CONSOLIDATION METHODS

The methods of consolidation are respectively defined by IFRS 10 and IAS 28 revised. They depend on the type of control exercised by Crédit Agricole S.A. over the entities that can be consolidated, regardless of activity or whether or not they have legal entity status:

- full consolidation, for controlled entities, including entities with different financial statement structures, even if their business is not an extension of that of Crédit Agricole S.A.;
- the equity method, for the entities over which Crédit Agricole S.A. exercises significant influence and joint control.

Full consolidation consists in substituting for the value of the shares each of the assets and liabilities carried by each subsidiary. The equity and income attributable to non-controlling interests is presented separately in the consolidated balance sheet and income statement.

Non-controlling interests are as defined by IFRS 10 and incorporate instruments representing present ownership interests and that give right to a proportional share of the net assets in the event of liquidation and the other equity instruments issued by the subsidiary and not held by the Group.

The equity method consists in substituting for the value of shares the Group's proportional share of the equity and income of the companies concerned.

The change in the carrying amount of these shares includes changes in goodwill.

In the event of incremental share purchases or partial disposals with continued joint control or significant influence, Crédit Agricole Group recognises:

- in the case of an increase in the percentage of interest, additional goodwill;
- in the case of a reduction in the percentage of interest, a gain or loss on disposal/dilution in profit or loss.

RESTATEMENTS AND ELIMINATIONS

Where necessary financial statements are restated to harmonise the valuation methods applied by consolidated companies.

The impact of Group internal transactions on the consolidated balance sheet and income statement is eliminated for fully consolidated entities.

Capital gains or losses arising from intragroup asset transfers are eliminated; any potential lasting impairment measured at the time of disposal in an internal transaction is recognised.

TRANSLATION OF FOREIGN SUBSIDIARIES' FINANCIAL STATEMENTS (IAS 21)

Financial statements of subsidiaries denominated in foreign currencies are translated into euros in two stages:

- if applicable, the local currency in which the financial statements are prepared is translated into the functional currency (currency of the main business environment of the entity). The translation is made as if the information had been recognised initially in the functional currency (same translation principles as for foreign currency transactions);
- the functional currency is translated into euros, the currency in which the Group's consolidated financial statements are presented. Assets and liabilities are translated at the closing rate. Income and expenses included in the income statement are translated at the average exchange rate for the period. Translation adjustments for assets, liabilities and income statement items are recorded under a specific item in equity. These translation differences are recognised as income during the total or partial transfer of the entity. In the event of the sale of a subsidiary (exclusive control), the reclassification of equity as income takes place only in the event of a loss of control.

BUSINESS COMBINATIONS – GOODWILL

Business combinations are accounted for using the acquisition method in accordance with IFRS 3, except for business combinations under common control (in particular mergers of Regional Banks), which are excluded from the field of application of IFRS 3. Pursuant to IAS 8, these transactions are entered at carrying amount using the pooling of interests method, with reference to US standard ASU805-50 which seems to comply with the IFRS general principles.

On the date of acquisition, the identifiable assets, liabilities and contingent liabilities of the acquired entity which satisfy the conditions for recognition set out in IFRS 3 are recognised at their fair value.

Notably, restructuring liabilities are only recognised as a liability of the acquired entity if, at the date of acquisition, the acquiree is under an obligation to complete the restructuring.

Price adjustment clauses are recognised at fair value even if their application is not probable. Subsequent changes in the fair value of clauses if they are financial liabilities are recognised in the income statement. Only price adjustment clauses relating to transactions where control was obtained at the latest by 31 December 2009 May still be recorded against goodwill, because these transactions were accounted for under IFRS 3 pre revision (2004).

The non-controlling interests that are shares of current interests giving rights to a share of the net assets in the event of liquidation may be measured, at acquirer's choice, in two ways:

- at fair value on the date of acquisition;
- the share of the identifiable assets and liabilities of the acquired company revalued at fair value.

The option may be exercised at each acquisition.

The balance of interests not allowing control (equity instruments issued by the subsidiary and not held by the Group) should be recognised for its fair value on the date of acquisition.

The initial assessment of assets, liabilities and contingent liabilities may be revised within a maximum period of 12 months after the date of acquisition.

Some transactions relating to the acquired entity are recognised separately from the business combination. This applies primarily to:

- transactions that end an existing relationship between the acquired company and the acquiring company;
- transactions that compensate employees or shareholders of the acquired company for future services;
- transactions whose aim is to have the acquired company or its former shareholders repay expenses borne by the acquirer.

These separate transactions are generally recognised in the income statement at the acquisition date.

The transferred consideration at the time of a business combination (the acquisition cost) is measured as the total of fair values transferred by the acquirer, on the date of acquisition in exchange for control of the acquired entity (for example: cash, equity instruments, etc.).

The costs directly attributable to the business combination shall be recognised as expenses, separately from the business combination. If the transaction has very strong possibilities of occurring, they are recognised under the heading Net gains (losses) on other assets, otherwise they are recognised under the heading General operating expenses.

The difference between the cost of acquisition and non-controlling interests and the net balance on the date of acquisition of acquired identifiable assets and liabilities taken over, valued at their fair value is recognised, when it is positive, in the assets side of the consolidated balance sheet, under the heading Goodwill when the acquired entity is fully consolidated and in the heading Investments in equity-accounted entities when the acquired company is consolidated using the equity method of accounting. Any negative change in value of goodwill is recognised immediately through profit or loss.

Goodwill is carried in the balance sheet at its initial amount in the currency of the acquired entity and translated at the closing rate at the end of the reporting period.

When control is taken by stages, the interest held before taking control is revalued at fair value through profit or loss at the date of acquisition and the goodwill is calculated once, using the fair value at the date of acquisition of acquired assets and liabilities taken over.

Goodwill is tested for impairment whenever there is objective evidence of a loss of value and at least once a year.

The choices and assumptions used in assessing the holdings that do not allow control at the date of acquisition may influence the amount of initial goodwill and any impairment resulting from a loss of value.

For the purpose of impairment testing, goodwill is allocated to the Group Cash Generating Units (CGUs) that are expected to benefit from the business combination. The CGUs have been defined within the Group's business lines as the smallest identifiable group of assets and liabilities functioning in a single business model. Impairment testing consists of comparing the carrying amount of each CGU, including any goodwill allocated to it, with its recoverable amount.

The recoverable amount of the CGU is defined as the higher of fair value diminished of selling costs and value in use. The value in use is the present value of the future cash flows of the CGU, as set out in medium-term business plans prepared by the Group for management purposes.

When the recoverable amount is lower than the carrying amount, a corresponding impairment loss is recognised for the goodwill allocated to the CGU. This impairment is irreversible.

In the case of an increase in the percentage of interest of the Group in an entity that is already exclusively controlled, the difference between the acquisition cost and the share of net assets acquired is recognised under the item Consolidated reserves, Group share; in the event that the Group's percentage of ownership interest in an entity that remains under its exclusive control declines, the difference between the selling price and the carrying amount of the share of net assets sold is also recognised directly under Consolidated reserves Group share. The expenses arising from these transactions are recognised in equity.

The accounting treatment of sale options granted to minority shareholders is as follows:

- when a sale option is granted to the minority shareholders of a fully consolidated subsidiary, a liability is recognised in the balance sheet; on initial recognition, the liability is measured at the estimated present value of the exercise price of the options granted. Against this liability, the share of net assets belonging to the minority shareholders concerned is reduced to zero and the remainder is deducted from equity;
- subsequent changes in the estimated value of the exercise price will affect the amount of the liability, offset by an equity adjustment. Symmetrically, subsequent changes in the share of net assets due to minority shareholders are cancelled, offset in equity.

When there is a loss of control, the proceeds from the disposal are calculated on the entirety of the entity sold and any investment share kept is recognised in the balance sheet at its fair value on the date control was lost.

2

NOTE 2 Major structural transactions and material events during the period

The scope of consolidation and changes to it are shown in detail at the end of the notes in Note 11 "Scope of consolidation at 31 December 2016".

2.1 Simplification of the Group's capital through the transfer of Crédit Agricole S.A.'s equity investments in the Regional Banks to Sacam Mutualisation

As part of the structural simplification of the Crédit Agricole Group, the cooperative investment certificates (*Certificats coopératifs d'investissement* or CCIs) and cooperative associate certificates (*Certificats coopératifs d'associés* or CCAs) held by Crédit Agricole S.A. were transferred to the Sacam Mutualisation holding company, a wholly owned subsidiary of the Regional Banks, with a settlement date of 3 August 2016.

This operation, described in a letter of intent signed on 17 February 2016 by all of the stakeholders, is part of an effort to simplify the Group's structure in the view of the market and the Supervisor, to make the work of Crédit Agricole S.A. and its business lines more transparent, to strengthen Crédit Agricole S.A.'s financial structure and the quality of its equity, and to increase the pooling of the results of the Regional Banks.

It strengthens the economic interdependence of the Regional Banks, which already indirectly exists through the investment of Crédit Agricole S.A. in the equity of the Regional Banks and through the CCI/CCA Switch guarantee.

Furthermore, this operation bolsters the regulatory situation of the Crédit Agricole S.A. Group by reinforcing its shareholders' equity and, in particular, enabling a cash dividend payment policy to be secured with a payout ratio of 50%.

A decision to waive the obligation to make a public buyback offer for Crédit Agricole S.A. shares was obtained from the French financial markets authority (*Autorité des marchés financiers*, AMF) on 6 April 2016. That decision became final on 18 April 2016 since no challenge to it was made. The operation was approved by the Crédit Agricole S.A. Board of Directors on 19 May 2016 and by all the Boards of Directors of the Regional Banks in May and June 2016. The Works Councils of Crédit Agricole S.A. and the Regional Banks also all gave a favourable opinion.

On 24 June 2016 the European Central Bank also authorised Sacam Mutualisation to acquire qualified equity positions in 38 Regional Banks.

The final master agreement between Sacam Mutualisation, the 39 Regional Banks (including Caisse régionale de la Corse), the SAS Rue La Boétie and Crédit Agricole S.A. was signed on 21 July 2016. It defines all of the terms of the transaction as well the manner of calculating the price adjustment, the quantitative data for which were not established at the time the agreement was signed. Also signed on that occasion were the funding agreements, the rider to the agreement guaranteeing the value of the Switch, as well as other legal documents affected by the operation.

The final transfer contract mentioning a transfer price of €18,542 million was signed on 1 August 2016, with a settlement date on 3 August 2016.

MAIN COMPONENTS OF THIS TRANSACTION

- The transfer to Sacam Mutualisation of the majority of the CCIs/CCAs held by Crédit Agricole S.A. at a transfer price defined as a multiple of the adjusted consolidated IFRS shareholders' equity of the Regional Banks and established based on a uniform valuation of all Regional Banks reviewed by independent experts.

  To determine the final transfer price payable to Crédit Agricole S.A., the price initially set on the basis of the balance sheets of the Regional Banks as of 31 December 2015, namely €18,025 million, is adjusted for the impact of the change in the adjusted consolidated IFRS shareholders' equity of the Regional Banks between 31 December 2015 and 30 June 2016, representing a price adjustment of €517 million. The final transfer price for the CCIs and CCAs transferred by Crédit Agricole S.A. to Sacam Mutualisation amounted to €18,542 million. The dividends paid by the Regional Banks for 2015 are acquired by Crédit Agricole S.A.

For legal reasons inherent to their business activity, Crédit Agricole S.A. and Predica will retain an interest in the CCA/CCIs:

- CCAs of four Regional Banks. For these four Regional Banks, the CCIs/CCAs represent more than 50% of the capital of the Regional Bank: in this case, the law requires that the CCIs/CCAs issued by the Regional Bank and not owned by the central body may not represent more than 50% of its capital,
- CCIs owned by Predica (an insurance subsidiary of Crédit Agricole S.A.) and which are owned in respect of life-insurance contracts, will remain in Predica's portfolio.

These CCAs/CCIs retained by Crédit Agricole S.A. and Predica amounted to, as of the date of the transaction, €469 million.

The financing of Sacam Mutualisation will be done through an equity contribution by the Regional Banks: the subscription by each Regional Bank to a capital increase allowing Sacam Mutualisation to acquire the CCIs and CCAs held by Crédit Agricole S.A.

Crédit Agricole S.A. grants the Regional Banks mid- and long-term loans in the total amount of €11 billion in order to finance part of Sacam Mutualisation's capital increase.

Carrying out this operation requires an unwinding of the Switch guarantee for the component covering the CCIs and CCAs, as provided in the agreement, and the repayment of the deposit connected with this guarantee, *i.e.* €5 billion for all of the Regional Banks.

ACCOUNTING CONSEQUENCES OF THE TRANSACTION

This transaction will have no impact on the structure of the consolidated financial statements or consolidated solvency ratios of Crédit Agricole Group.

2.2 Optimising the debt of the Crédit Agricole S.A. Group

DESCRIPTION OF THE TRANSACTION

As part of the announcement made to the market on 17 February 2016 by Crédit Agricole S.A. of a plan to reorganise the Group, an effort to optimise the balance sheet was announced, consisting of reinvesting a portion of capital gains generated by the Group's capital simplification transaction in order to lower the cost of its liabilities.

In this connection, and with the approval of the European Central Bank (ECB), on 14 March 2016, Crédit Agricole S.A. made a public bond buyback offer, closing on 21 March 2016 and settled on 24 March 2016, involving:

- seven series of covered bonds issued by CAHL SFH largely to external investors for a total principal of €12.2 billion: the actual repurchase involved €3.1 billion;
- three Tier 2 subordinated euro securities with a total value of €4.7 billion and one Tier 2 subordinated GBP security of £450 million issued by Crédit Agricole S.A. and subscribed by external investors: the actual repurchase involved €1.2 billion;
- one TSS (deeply subordinated note) of €500 million issued by Crédit Agricole S.A. and subscribed by Predica.

ACCOUNTING TREATMENT OF THESE TRANSACTIONS

The early redemption fees and the costs of settlement of the micro-hedging swaps representing a pre-tax amount of -€683 million were recognised in profit and loss for the period of Crédit Agricole Group.

2.3 Other structural transactions during the period

ACQUISITION BY AMUNDI OF KBI GLOBAL INVESTORS

On 23 May 2016, Amundi, Oddo & Cie and Kleinwort Benson Investors (KBI) announced a definitive agreement had been signed for Amundi to acquire an 87.5% majority interest in KBI from Oddo & Cie. Following satisfaction of the conditions precedent, the acquisition was completed on 31 August 2016.

The 12.5% held by the management team will be bought by Amundi by means of a three-party put/call mechanism (seller, buyer, managers) within three years of the fifth anniversary of the acquisition, on the basis of a valuation determined by a predefined multiple of net income formula.

KBI, a subsidiary of BHF Kleinwort Benson Group, recently acquired by the Oddo Group, is a fast-growing equity management firm. Its investment teams based in Dublin, Ireland, with offices in Boston and New York, managed €8.7 billion of assets as of 31 August 2016, mainly across global equity strategies. KBI was renamed KBI Global Investors.

Pursuant to IFRS 3, the transaction is treated as a business combination upon initial consolidation of the subsidiary. KBI Global Investors is thus fully consolidated. The provisional amount of goodwill stood at €134 million, allocated to the Asset gathering – Asset management CGU.

CRÉDIT AGRICOLE IMMOBILIER INVESTORS

The transaction involved the transfer of Crédit Agricole Immobilier Investors (CAII) to Amundi by Crédit Agricole Immobilier (CAI) in consideration for Amundi securities issued on 31 October 2016. This transfer was immediately followed by CAII's merger through absorption into Amundi Immobilier, a wholly owned subsidiary of Amundi.

This transaction was the result of the strategic review undertaken by the Crédit Agricole S.A. Group to identify growth drivers and increase synergies across business lines. The transfer and subsequent merger are designed to bring together within a single management company, Amundi Immobilier, the advisory and appraisal activities of Crédit Agricole Immobilier and of Amundi.

CAII, was fully consolidated in Crédit Agricole Group's financial statements both before and after the transaction. The transfer of CAII from the CA Immobilier entity to the Amundi entity, together with Amundi's capital increase, led to a change of €9.4 million in Reserves – Group share, and a change in Non-controlling interests for -€9.4 million.

AGREEMENT WITH A VIEW TO THE ACQUISITION OF PIONEER INVESTMENTS

On 11 December 2016, Amundi and Unicredit signed a binding agreement to acquire Pioneer Investments by Amundi.

As of 31 December 2016, the transaction was still subject to the usual closing conditions being satisfied, and more specifically to the authorization of the relevant regulatory and antitrust authorities. The transaction could be completed before the end of second quarter 2017.

Given these conditions precedent, Pioneer Investments would be consolidated during the second half of 2017, once the transaction is completed.

As of the end of the reporting period, this acquisition was estimated at €3.5 billion, 1.5 billion of which should be settled through Amundi's excess of capital, approximately €1.4 billion through a capital increase with preferential subscription rights, and the remaining balance through senior and subordinated debt (*i.e.* approximately €0.6 billion).

SALE OF CRÉDIT AGRICOLE SECURITIES TAIWAN

On 31 July 2013, Crédit Agricole CIB withdrew from the brokerage business, with notably the disposal of the CLSA BV Group to Citics International.

Since Taiwanese law prohibits ownership of more than 30% of a Taiwanese company by Chinese (PRC) interests, CLSA's operations in Taiwan were hived off and sold to Crédit Agricole Securities Asia BV.

In the CLSA BV sale contract, Crédit Agricole Securities Asia BV had agreed to maintain brokerage operations in Taiwan for two years.

During the second quarter of 2015, a contract was signed selling the shares to a new counterpart. The sale, approved by the local regulator and later finalised on 31 May 2016, led to a non-material capital gain.

LIQUIDATION OF CRÉDIT AGRICOLE BELGIUM

On 18 March 2016, Crédit Agricole Belgium, 45% owned by Caisse Régionale Nord de France, 45% by Caisse Régionale Nord Est and 10% by Crédit Agricole S.A. was liquidated without retroactive effect.

This transaction generated no impact on the consolidated financial statements of Crédit Agricole Group at 31 December 2016, since this holding no longer had any significant assets following the disposal of Crelan.

PROPOSED SALE OF CARE

CARE, the Crédit Agricole Group reinsurance company, based in Luxembourg and wholly owned by Crédit Agricole Assurances, has been classified as held for sale and discontinued operations since the fourth quarter of 2016.

At 31 December 2016, the reclassifications made pursuant to IFRS 5 represented €284 million on the asset side of the balance sheet and €133 million on the liabilities and equity side. 2016 operating income, reclassified as net income from discounted operations, net of tax, is not material.

PROPOSED SALE OF CRÉDIT AGRICOLE LIFE

The disposal of the life insurance company Crédit Agricole Life, located in Greece and a wholly-owned subsidiary of Credit Agricole Assurances, planned for 2015, has been postponed; the Crédit Agricole S.A. Group has confirmed its intention to sell this subsidiary.

Pursuant to IFRS 5, the assets and liabilities of Crédit Agricole Life were reclassified on the balance sheet at 31 December 2015 under Non-current assets held for sale and discontinued operations, in the amount of €400 million and in Liabilities associated with non-current assets held for sale and discontinued operations in the amount of €359 million, and the net income under Net income from discontinued operations, in an amount that was non significant.

At 31 December 2016, the reclassifications made pursuant to IFRS 5 represented €285 million on the asset side of the balance sheet and €239 million on the liabilities and equity side. 2016 operating income, reclassified as net income from discounted operations, net of tax, is not material.

2.4 Impairment losses on the goodwill of the French retail banking – LCL CGU of €540 million

At 31 December 2016, the impairment tests performed on the goodwill resulted in the recognition of a €540 million impairment loss on the French retail banking – LCL CGU.

The current macroeconomic and financial environment in which LCL Group 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.

This €540 million impairment loss, which is not deductible, impacts the Net income Group share without affecting the solvency as, goodwill is already fully deducted in the calculation of solvency ratios, or the liquidity as, the impairment charge does not result in an outflow of cash, or the dividend policy of Crédit Agricole Group.

2.5 Consequences of early redemption of macro-hedged loans

In order to take into account the persistent environment of low interest rates, the impact of early redemption ad record renegotiations seen in late 2015 and 2016, Crédit Agricole Group has conducted a detailed analysis of its macro-hedging. Documentation of the effectiveness of the hedging on the basis of a generational analysis of hedged transactions and hedging instruments revealed an over-hedged position necessitating the de-recognition of the value adjustment relating to the loans redeemed, as well as re-designation or unwinding of the hedging swaps.

An overall impact of -€300 million was recognized in respect of the cancellation, revaluation of the repaid loan portfolio initially hedged and ineffectiveness.

2.6 Repurchase of Visa Europe by Visa Inc.

The repurchase announced on 2 November 2015 of Visa Europe, owned by European banks, by the American company Visa Inc., took place on 21 June 2016.

The settlement of the disposal, which had the approval of the authorities, was structured as follows:

- payment of €12.25 billion in cash in June 2016;
- offer, still in June 2016, of €5 billion in preferred shares convertible to ordinary shares of Visa Inc. The conversion will be held annually between the 4th and the 12th anniversary of the transaction;
- payment in cash of an additional €1.12 billion on the third anniversary of the transaction, that is, June 2019 (including income of 4% each year).

Only members of Visa Europe holding one share of €10 par value are eligible for this transaction. The Crédit Agricole Group entities concerned are Crédit Agricole S.A., LCL, Crédit Agricole Polska, Crédit Agricole Romania and Credibom (a subsidiary of Crédit Agricole Consumer Finance).

The above impacts, related to the investments of the Crédit Agricole Group, represent a total amount of €355.2 million, breaking down as follows:

- cash payment of €261.6 million;
- preference shares convertible to ordinary shares of Visa Inc. valued at €73.6 million after applying a 20% discount due to the low shares liquidity and the potential dispute which may happen before the conversion;
- deferred payment of additional cash with a present value of €20 million.

The capital gain, equivalent to the amount of the disposal taking into account the historical cost of the securities, is recognised in Revenues in the Corporate Centre

2.7 Euribor/Libor

On 7 December 2016, the European Commission jointly fined Crédit Agricole S.A. and Crédit Agricole Corporate and Investment Bank €114.7 million over Euribor. This payment must be made within three months of notification of the decision, namely on 8 March 2017 at the latest. The Commission doesn't specify how it should be allocated between Crédit Agricole S.A. and Crédit Agricole CIB and leaves it up to them to contractually agree the portion of the fine allocated to each, in line with European Court of Justice case law.

Crédit Agricole S.A. and Crédit Agricole CIB, which are challenging this decision, have decided to petition the European Court of Justice to overturn it. Various procedural and substantive arguments will be put forward to support the appeal. Therefore, even though the fine is immediately payable it may be overturned.

Pending the decision of the European Court (see "Note 6.20 Provisions"), Crédit Agricole S.A. decided to provisionally pay the full amount of the fine.

It should be recalled that Crédit Agricole S.A. is, as central body, responsible for the liquidity and solvency of all its affiliates including Crédit Agricole CIB.

2.8 Cheque Image Exchange litigation

In a ruling of 20 September 2010, 11 French banks including Crédit Agricole S.A. Group were convicted by the French Competition Authority of illegal collusion on the fees for processing cheques. The expense recognised for this fine was €103 million, of which €21 million was for LCL and €82 million for Crédit Agricole Group, split equally among the Regional Banks and Crédit Agricole S.A.

On 23 February 2012, the Paris Court of Appeals struck down the French Competition Authority ruling of 20 September 2010, finding that collusion had not been proved.

On 23 March 2012, the French Competition Authority filed a further appeal against this decision by the Paris Court of Appeal. Since the Court of Appeal's decision is final and the further appeal did not stay the decision, the fines previously paid by the credit institutions in 2010 were refunded on 11 April 2012. In light of the estimated likelihood of legal risk and of the decision by the other banks party to the litigation, the Group decided not to provision for a liability.

Since the decision by the Paris Court of Appeals was overturned by the Court of Cassation on 14 April 2015 on procedural grounds and since the matter has been sent back before the same Court of Appeals, the Group gave back the amount received in 2012 and has decided to pursue the matter in the court to which it has been referred. The hearing before the Paris Court of Appeals was held on 3 and 4 November 2016. The judgement is scheduled to be handed down on 11 May 2017. No provision has been funded for this litigation.

2.9 Capital increase reserved for employees

Following the decision of the Board of Directors on 19 May 2016, the capital increase of Crédit Agricole S.A. reserved for employees (2016 Reserved Capital Increase), with the subscription/renouncement period running from 8 to 11 November 2016, was completed definitively on 15 December 2016.

The information on this transaction can be found in Note 7.6.3 "Share subscriptions offered to employees under the Company savings scheme".

2.10 Issue in December 2016 of one billion five hundred million euros in senior non-preferred bonds

On 13 December 2016, Crédit Agricole S.A. priced its issue of one billion five hundred million euros of senior non preferred bonds (see Note 6.11 "Debt securities and subordinated debt"). For Crédit Agricole Group and the Paris exchange, this was the first issue of bonds in the new debt securities category created by the Sapin II law, which became effective on 11 December 2016.

This new category of securities, which ranks below ordinary unsecured loans and receivables, was established to enable major French banking groups to comply with the total loss-absorbing capacity (TLAC) requirements. It also allows for the optimisation of the liability structure and of associated costs.

These requirements were adopted by the Financial Stability Board on 9 November 2015 and were reflected at European level in the draft texts published on 23 November 2016, amending the CRD 4package, the BRRD directive and the Single Resolution Mechanism.

2.11 Buyback of zero-coupon bonds exchangeable for Eurazeo shares issued in 2013 maturing in 2016 (OEA)

On 27 September 2016, Crédit Agricole S.A. bought back 4,964,119 Eurazeo exchangeable bonds for a total of €334 million, *i.e.* €67.33 per bond. These bonds represented 97.6% of the 2013 issue. The settlement date for these securities was 3 October 2016.

Following the redemptions, 120,463 2013 exchangeable bonds remained outstanding. Upon maturity, on 6 December 2016, Crédit Agricole S.A. redeemed them for cash. The exchangeable bonds bought back by Crédit Agricole S.A. were cancelled in accordance with the issue prospectus and the law.

In parallel with this bond buyback, on 27 September 2016 Crédit Agricole S.A. issued 4,633,042 Eurazeo zero-coupon exchangeable bonds maturing in 2019, with a settlement date of 3 October 2016. This bond issue represented 6.4% of the share capital of Eurazeo as at the date of the transaction.

The exchangeable bonds, with a par value of €66.53, represented a total of €308 million. They were issued at €69.27 per security, for a total of €321 million, representing a yield to maturity of -1.34%.

Crédit Agricole S.A. has the following options as regards the repayment of the exchangeable bonds:

- one Eurazeo share for one exchangeable bond;
- or, rather than delivering Eurazeo shares, payment of the full or partial equivalent value in cash;
- or, a combination of the above two methods.

These listed bonds are hybrid instruments designated at fair value through profit or loss.

2.12 Changes to the French corporate income tax rate from 2019/2020

The 2017 Finance Act and the 2016 Amending Finance Act were published in the Official Journal on 30 December 2016. This 2017 Finance Act provides for a cut in the prevailing corporate income tax rate for years ending as from 31 December 2020 or 31 December 2019 for entities with revenues of less than one billion euros. The prevailing tax rate will then be 28.92%.

As a result, the deferred tax assets and liabilities at 31 December 2016 were measured at the amount that is expected to be paid to or received from the tax authorities having regard to the dates of repayment or the recoverability of the deferred tax bases.

In summary:

- the deferred taxes to be repaid in 2017 to 2019 (or 2018 as the case may be) were calculated at the prevailing rate of 34.43%;
- the deferred taxes to be repaid from 2020 (or 2019 as the case may be) were calculated at the prevailing rate of 28.92%.

In the financial statements of Crédit Agricole Group, the impact on Net income Group share is a tax expense of €453 million, and on Shareholders' equity Group share of €116 million.

NOTE 3 Financial management, risk exposure and hedging policy

Crédit Agricole S.A.'s Financial Management department is responsible for organising financial flows within Crédit Agricole Group, defining and implementing refinancing rules, asset and liability management, and managing regulatory ratios. It sets out the principles and ensures a cohesive financial management system throughout the Group.

The Group's management of banking risks is handled by the Group Risk Management and Permanent Controls department.

This department reports to the Chief Executive Officer of Crédit Agricole S.A. and its task is to control credit, financial and operational risks.

A description of these processes and commentary now appear in the chapter on "Risk factors" in the management report, as allowed by IFRS 7 standard. Nonetheless, the accounting breakdowns are still presented in the financial statements.

3.1 Credit risk

(see chapter "Risk factors – Credit Risk")

MAXIMUM EXPOSURE TO CREDIT RISK

An entity's maximum exposure to credit risk is the gross carrying amount, net of any offset amount and any recognised loss of value.

(in millions of euros)	31/12/2016	31/12/2015
Financial assets at fair value through profit or loss (excluding equity securities and assets backing unit-linked contracts)	262,349	284,622
Hedging derivative instruments	24,389	27,167
Available-for-sale financial assets (excluding equity securities)	306,130	291,386
Loans and receivables due from credit institutions (excluding internal transactions)	115,507	105,936
Loans, receivables and security deposits due from customers	786,001	752,022
Held-to-maturity financial assets	30,167	30,629
Exposure to on-balance sheet commitments (net of impairment losses)	**1,524,543**	**1,491,762**
Financing commitments given (excluding internal operations)	210,919	190,969
Financial guarantee commitments given (excluding internal operations)	81,232	81,920
Provisions – Financing commitments	(425)	(392)
Exposure to off-balance sheet financing commitments (net of provisions)	**291,726**	**272,497**
MAXIMUM EXPOSURE TO CREDIT RISK	**1,816,269**	**1,764,259**

Guarantees and other credit enhancements amount to:

(in millions of euros)	31/12/2016	31/12/2015
Loans and receivables due from credit institutions (excluding internal transactions)	3,161	2,586
Loans and receivables due from customers	491,268	450,431
Financing commitments given (excluding internal operations)	11,837	12,626
Guarantee commitments given (excluding internal operations)	6,375	5,529

The amounts presented represent the amounts of guarantees and collateral used in the calculation of capital requirements for the purposes of the solvency ratio. They are valued by the Risk department on the basis of rules drawn up by the Standards and Methodology Committee of Crédit Agricole Group.

The method used to update this valuation and the frequency at which it is done depends on the nature of the collateral, and is done at least once a year. The amount declared with respect to guarantees received shall be no greater than the amount of assets covered.

BREAKDOWN OF LOAN ACTIVITY BY CUSTOMER TYPE

LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS AND DUE FROM CUSTOMERS BY CUSTOMER TYPE

	31/12/2016				
(in millions of euros)	Gross outstanding	Of which gross loans and receivables individually impaired	Individual impairment	Collective impairment	Total
General administration	41,031	64	30	61	**40,940**
Central banks	14,648	-	-	-	**14,648**
Credit institutions	81,896	473	435	-	**81,461**
Large corporates	280,819	13,908	7,624	2,844	**270,351**
Retail customers	473,775	13,263	7,759	3,345	**462,671**
TOTAL LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS AND DUE FROM CUSTOMERS[1]	**892,169**	**27,708**	**15,848**	**6,250**	**870,071**

(1) *Of which €13,984 million in restructured loans.*

	31/12/2015				
(in millions of euros)	Gross outstanding	Of which gross loans and receivables individually impaired	Individual impairment	Collective impairment	Total
General administration	40,630	55	34	63	**40,533**
Central banks	12,457	-	-	-	**12,457**
Credit institutions	77,450	514	468	-	**76,982**
Large corporates	271,414	12,774	7,263	2,931	**261,220**
Retail customers	450,076	13,538	8,050	3,399	**438,627**
TOTAL LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS AND DUE FROM CUSTOMERS[1]	**852,027**	**26,881**	**15,815**	**6,393**	**829,819**

(1) *Of which €14,032 million in restructured loans.*

COMMITMENTS GIVEN TO CUSTOMERS BY CUSTOMER TYPE

(in millions of euros)	31/12/2016	31/12/2015
Financing commitments given to customers		
General administration	4,975	4,518
Large corporates	136,972	120,413
Retail customers	44,815	41,559
TOTAL LOAN COMMITMENTS	**186,762**	**166,490**
Guarantee commitments given to customers		
General administration	1,613	455
Large corporates	70,236	71,350
Retail customers	2,624	2,407
TOTAL GUARANTEE COMMITMENTS	**74,473**	**74,212**

DUE TO CUSTOMERS BY CUSTOMER TYPE

(in millions of euros)	31/12/2016	31/12/2015
General administration	14,841	9,521
Large corporates	229,254	226,387
Retail customers	449,165	427,227
TOTAL AMOUNT DUE TO CUSTOMERS	**693,260**	**663,135**

BREAKDOWN OF LOAN ACTIVITY BY GEOGRAPHICAL AREA

LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS AND DUE FROM CUSTOMERS BY GEOGRAPHICAL AREA

	31/12/2016				
(in millions of euros)	Gross outstanding	Of which gross loans and receivables individually impaired	Individual impairment	Collective impairment	Total
France (including overseas departments and territories)	650,911	15,073	9,342	4,390	**637,179**
Other European Union countries	126,527	8,541	4,094	852	**121,581**
Other European countries	16,829	628	420	143	**16,266**
North America	27,291	577	88	212	**26,991**
Central and South America	13,251	930	689	243	**12,319**
Africa and Middle East	18,702	1,351	1,013	237	**17,452**
Asia-Pacific (ex. Japan)	23,771	608	202	170	**23,399**
Japan	14,777	-	-	3	**14,774**
Supranational organisations	110	-	-	-	**110**
TOTAL LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS AND DUE FROM CUSTOMERS(1)	**892,169**	**27,708**	**15,848**	**6,250**	**870,071**

(1) Of which €13,984 million in restructured loans.

	31/12/2015				
(in millions of euros)	Gross outstanding	Of which gross loans and receivables individually impaired	Individual impairment	Collective impairment	Total
France (including overseas departments and territories)	620,276	15,251	9,642	4,499	**606,135**
Other European Union countries	118,263	8,785	4,201	968	**113,094**
Other European countries	16,647	377	213	294	**16,140**
North America	26,775	229	90	185	**26,500**
Central and South America	15,625	623	537	163	**14,925**
Africa and Middle East	17,846	1,228	1,001	212	**16,633**
Asia-Pacific (ex. Japan)	25,930	388	131	69	**25,730**
Japan	10,571	-	-	3	**10,568**
Supranational organisations	94	-	-	-	**94**
TOTAL LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS AND DUE FROM CUSTOMERS(1)	**852,027**	**26,881**	**15,815**	**6,393**	**829,819**

(1) Of which €14,032 million in restructured loans.

COMMITMENTS GIVEN TO CUSTOMERS: GEOGRAPHICAL ANALYSIS

(in millions of euros)	31/12/2016	31/12/2015
Financing commitments given to customers		
France (including overseas departments and territories)	98,229	89,044
Other European Union countries	39,289	36,996
Other European countries	5,189	4,561
North America	27,700	23,008
Central and South America	4,210	4,145
Africa and Middle East	3,369	2,944
Asia-Pacific (ex. Japan)	6,325	4,681
Japan	2,451	1,111
TOTAL LOAN AND COMMITMENTS	**186,762**	**166,490**
Guarantee commitments given to customers		
France (including overseas departments and territories)	39,541	44,156
Other European Union countries	13,447	13,843
Other European countries	3,547	3,265
North America	7,319	5,833
Central and South America	1,160	928
Africa and Middle East	1,585	1,701
Asia-Pacific (ex. Japan)	6,181	2,854
Japan	1,693	1,632
TOTAL GUARANTEE COMMITMENTS	**74,473**	**74,212**

DUE TO CUSTOMERS: GEOGRAPHICAL ANALYSIS

(in millions of euros)	31/12/2016	31/12/2015
France (including overseas departments and territories)	532,539	504,595
Other European Union countries	89,470	82,393
Other European countries	13,505	13,634
North America	14,266	21,329
Central and South America	7,033	6,514
Africa and Middle East	14,083	16,437
Asia-Pacific (ex. Japan)	12,696	9,380
Japan	9,450	8,632
Supranational organisations	218	221
TOTAL AMOUNT DUE TO CUSTOMERS	**693,260**	**663,135**

INFORMATION ON WATCH LIST OR INDIVIDUALLY IMPAIRED FINANCIAL ASSETS

ANALYSIS OF WATCH LIST OR INDIVIDUALLY IMPAIRED FINANCIAL ASSETS BY CUSTOMER TYPE

	31/12/2016						
	Payment arrears on watch list loans						
(in millions of euros)	≤ 90 days	> 90 days ≤ 180 days	> 180 days ≤ 1 year	> 1 year	Net carrying amount of watch list financial assets	Net carrying amount of individually impaired financial assets	Impairment of individually and collectively tested financial assets
Equity instruments	**-**	**-**	**-**	**-**	**-**	**2,125**	**1,487**
Debt instruments	**-**	**-**	**-**	**-**	**-**	**66**	**429**
General administration	-	-	-	-	-	-	-
Central banks	-	-	-	-	-	-	-
Credit institutions	-	-	-	-	-	10	159
Large corporates	-	-	-	-	-	56	270
Retail customers	-	-	-	-	-	-	-
Loans and advances	**11,028**	**218**	**212**	**95**	**11,553**	**11,860**	**22,098**
General administration	484	28	6	1	519	34	91
Central banks	-	-	-	-	-	-	-
Credit institutions	36	3	1	6	47	38	435
Large corporates	4,312	103	104	54	4,573	6,284	10,468
Retail customers	6,195	84	101	34	6,414	5,504	11,104
TOTAL WATCH LIST OR INDIVIDUALLY IMPAIRED FINANCIAL ASSETS	**11,028**	**218**	**212**	**95**	**11,553**	**14,051**	**24,014**

	31/12/2015						
	Payment arrears on watch list loans						
(in millions of euros)	≤ 90 days	> 90 days ≤ 180 days	> 180 days ≤ 1 year	> 1 year	Net carrying amount of watch list financial assets	Net carrying amount of individually impaired financial assets	Impairment of individually and collectively tested financial assets
Equity instruments	**-**	**-**	**-**	**-**	**-**	**2,342**	**1,675**
Debt instruments	**-**	**-**	**-**	**-**	**-**	**65**	**629**
General administration	-	-	-	-	-	-	-
Central banks	-	-	-	-	-	-	-
Credit institutions	-	-	-	-	-	18	160
Large corporates	-	-	-	-	-	47	469
Retail customers	-	-	-	-	-	-	-
Loans and advances	**10,824**	**383**	**251**	**99**	**11,557**	**11,066**	**22,208**
General administration	419	6	-	-	425	21	97
Central banks	-	-	-	-	-	-	-
Credit institutions	239	1	19	2	261	46	468
Large corporates	4,162	156	186	58	4,562	5,511	10,194
Retail customers	6,004	220	46	39	6,309	5,488	11,449
TOTAL WATCH LIST OR INDIVIDUALLY IMPAIRED FINANCIAL ASSETS	**10,824**	**383**	**251**	**99**	**11,557**	**13,473**	**24,512**

3.2 Market risk

(See chapter on "Risk factors – Market risk")

DERIVATIVE INSTRUMENTS: ANALYSIS BY REMAINING MATURITY

The breakdown of market values of derivative instruments is shown by remaining contractual maturity.

HEDGING DERIVATIVE INSTRUMENTS – FAIR VALUE OF ASSETS

	31/12/2016							31/12/2015
	Exchange-traded			Over-the-counter				
(in millions of euros)	*≤1 year*	*> 1 year ≤ 5 years*	*> 5 years*	*≤1 year*	*> 1 year ≤ 5 years*	*> 5 years*	Total market value	Total market value
Interest rate instruments:	**-**	**-**	**-**	**3,924**	**6,950**	**12,366**	**23,240**	**26,493**
Interest rate swaps	-	-	-	3,869	6,924	12,352	23,145	**26,339**
Interest rate options	-	-	-	-	-	-	-	-
Caps-floors-collars	-	-	-	54	26	14	94	**154**
Other options	-	-	-	1	-	-	1	-
Currency and gold:	**-**	**-**	**-**	**338**	**99**	**89**	**526**	**180**
Currency futures	-	-	-	325	97	89	511	**178**
Currency options	-	-	-	13	2	-	15	**2**
Other instruments:	**-**	**-**	**-**	**14**	**-**	**-**	**14**	**13**
Equity and index derivatives	-	-	-	14	-	-	14	**13**
Subtotal	**-**	**-**	**-**	**4,276**	**7,049**	**12,455**	**23,780**	**26,686**
Forward currency transactions	-	-	-	593	12	4	609	**481**
TOTAL FAIR VALUE OF HEDGING DERIVATIVES – ASSETS	**-**	**-**	**-**	**4,869**	**7,061**	**12,459**	**24,389**	**27,167**

HEDGING DERIVATIVE INSTRUMENTS – FAIR VALUE OF LIABILITIES

	31/12/2016							31/12/2015
	Exchange-traded			Over-the-counter				
(in millions of euros)	*≤1 year*	*> 1 year ≤ 5 years*	*> 5 years*	*≤1 year*	*> 1 year ≤ 5 years*	*> 5 years*	Total market value	Total market value
Interest rate instruments:	**-**	**-**	**-**	**2,830**	**6,858**	**13,784**	**23,472**	**29,326**
Interest rate swaps	-	-	-	2,807	6,831	13,781	23,419	**29,215**
Interest rate options	-	-	-	-	-	-	-	-
Caps-floors-collars	-	-	-	23	27	3	53	**111**
Other options	-	-	-	-	-	-	-	-
Currency and gold:	**-**	**-**	**-**	**150**	**44**	**10**	**204**	**232**
Currency futures	-	-	-	137	42	10	189	**230**
Currency options	-	-	-	13	2	-	15	**2**
Other instruments:	**-**	**-**	**-**	**5**	**-**	**-**	**5**	**15**
Equity and index derivatives	-	-	-	5	-	-	5	**15**
Subtotal	**-**	**-**	**-**	**2,985**	**6,902**	**13,794**	**23,681**	**29,573**
Forward currency transactions	-	-	-	226	9	6	241	**214**
TOTAL FAIR VALUE OF HEDGING DERIVATIVES – LIABILITIES	**-**	**-**	**-**	**3,211**	**6,911**	**13,800**	**23,922**	**29,787**

DERIVATIVE INSTRUMENTS HELD FOR TRADING – FAIR VALUE OF ASSETS

	31/12/2016							31/12/2015
	Exchange-traded			Over-the-counter				
(in millions of euros)	*≤1 year*	*> 1 year ≤ 5 years*	*> 5 years*	*≤1 year*	*> 1 year ≤ 5 years*	*> 5 years*	Total market value	Total market value
Interest rate instruments:	**292**	**1,016**	**2,111**	**9,233**	**23,070**	**69,593**	**105,315**	**115,735**
Futures	281	1,006	2,111	-	-	-	3,398	**2,411**
FRAs	-	-	-	206	61	-	267	**410**
Interest rate swaps	-	-	-	7,517	18,190	46,329	72,036	**77,830**
Interest rate options	-	-	-	454	1,808	21,266	23,528	**27,225**
Caps-floors-collars	-	-	-	1,056	3,011	1,998	6,065	**7,832**
Other options	11	10	-	-	-	-	21	27
Currency and gold:	**-**	**4**	**-**	**8,230**	**4,774**	**2,319**	**15,327**	**12,937**
Currency futures	-	-	-	7,222	3,300	1,846	12,368	**8,460**
Currency options	-	4	-	1,008	1,474	473	2,959	**4,477**
Other instruments:	**36**	**210**	**33**	**967**	**4,509**	**692**	**6,447**	**7,560**
Equity and index derivatives	36	210	33	724	4,062	606	5,671	**5,147**
Precious metal derivatives	-	-	-	7	-	-	7	-
Commodities derivatives	-	-	-	-	-	-	-	-
Credit derivatives	-	-	-	174	446	84	704	**2,391**
Other	-	-	-	62	1	2	65	**22**
Subtotal	**328**	**1,230**	**2,144**	**18,430**	**32,353**	**72,604**	**127,089**	**136,232**
Forward currency transactions	-	-	-	17,108	3,240	-	20,348	**15,289**
TOTAL FAIR VALUE OF TRANSACTION DERIVATIVES – ASSETS	**328**	**1,230**	**2,144**	**35,538**	**35,593**	**72,604**	**147,437**	**151,521**

DERIVATIVE INSTRUMENTS HELD FOR TRADING – FAIR VALUE OF LIABILITIES

	31/12/2016							31/12/2015
	Exchange-traded			Over-the-counter				
(in millions of euros)	*≤1 year*	*> 1 year ≤ 5 years*	*> 5 years*	*≤1 year*	*> 1 year ≤ 5 years*	*> 5 years*	*Total market value*	*Total market value*
Interest rate instruments:	**100**	**955**	**1,620**	**11,188**	**23,456**	**69,508**	**106,827**	**115,831**
Futures	98	954	1,620	-	-	-	2,672	**2,074**
FRAs	-	-	-	198	67	-	265	**397**
Interest rate swaps	-	-	-	10,177	17,817	45,164	73,158	**76,419**
Interest rate options	-	-	-	258	2,478	21,476	24,212	**27,917**
Caps-floors-collars	-	-	-	550	3,094	2,868	6,512	**9,020**
Other options	2	1	-	5	-	-	8	**4**
Currency and gold:	**9**	**8**	**2**	**8,321**	**4,357**	**2,701**	**15,398**	**12,081**
Currency futures	-	-	-	7,259	3,797	1,977	13,033	**8,363**
Currency options	9	8	2	1,062	560	724	2,365	**3,718**
Other instruments:	**36**	**149**	**55**	**947**	**3,782**	**853**	**5,822**	**8,467**
Equity and index derivatives	36	149	55	572	3,050	779	4,641	**5,532**
Precious metal derivatives	-	-	-	-	-	-	**-**	**1**
Commodities derivatives	-	-	-	-	-	-	**-**	**-**
Credit derivatives	-	-	-	280	726	49	1,055	**2,843**
Other	-	-	-	95	6	25	126	**91**
Subtotal	**145**	**1,112**	**1,677**	**20,456**	**31,595**	**73,062**	**128,047**	**136,379**
Forward currency transactions	-	-	-	15,612	2,642	227	18,481	**13,064**
TOTAL FAIR VALUE OF TRANSACTION DERIVATIVES – LIABILITIES	**145**	**1,112**	**1,677**	**36,068**	**34,237**	**73,289**	**146,528**	**149,443**

DERIVATIVE INSTRUMENTS: TOTAL COMMITMENTS

	31/12/2016	31/12/2015
(in millions of euros)	Total notional amount outstanding	Total notional amount outstanding
Interest rate instruments:	**10,820,063**	**11,393,715**
Futures	7,676,691	7,621,714
FRAs	8,784	40,395
Interest rate swaps	1,638,564	1,896,857
Interest rate options	795,660	971,868
Caps-floors-collars	599,914	764,812
Other options	100,450	98,069
Currency and gold:	**3,986,104**	**4,052,150**
Currency futures	3,591,896	3,561,287
Currency options	394,208	490,863
Other instruments:	**127,751**	**320,437**
Equity and index derivatives	61,707	60,342
Precious metal derivatives	2,809	308
Commodities derivatives	3	7
Credit derivatives	63,228	259,776
Other	4	4
Subtotal	**14,933,918**	**15,766,302**
Forward currency transactions	516,283	407,535
TOTAL NOTIONAL AMOUNT	**15,450,201**	**16,173,837**

FOREIGN EXCHANGE RISK

ANALYSIS OF THE CONSOLIDATED BALANCE SHEET BY CURRENCY

	31/12/2016		31/12/2015	
(in millions of euros)	Assets	Liabilities	Assets	Liabilities
EUR	1,431,076	1,449,907	1,405,972	1,407,389
Other European Union currencies	33,897	32,574	29,224	35,056
USD	177,759	174,062	187,567	190,885
JPY	29,211	29,255	31,918	28,676
Other currencies	50,906	37,051	44,178	36,853
TOTAL	**1,722,849**	**1,722,849**	**1,698,859**	**1,698,859**

BREAKDOWN OF BONDS AND SUBORDINATED DEBT BY CURRENCY

	31/12/2016			31/12/2015		
(in millions of euros)	Bonds	Dated subordinated debt	Undated subordinated debt	Bonds	Dated subordinated debt	Undated subordinated debt
EUR	61,050	20,007	1,604	60,722	18,635	1,809
Other European Union currencies	436	740	744	526	1,163	1,143
USD	9,893	2,555	2,429	9,558	2,702	2,355
JPY	4,920	721	-	4,297	358	-
Other currencies	3,559	312	165	3,004	366	197
TOTAL	**79,858**	**24,335**	**4,942**	**78,107**	**23,224**	**5,504**

3.3 Liquidity and financing risk

(See chapter on "Risk factors – Asset/Liability Management")

LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS AND DUE FROM CUSTOMERS BY RESIDUAL MATURITY

	31/12/2016					
(in millions of euros)	≤ 3 months	> 3 months up to ≤ 1 year	> 1 year up to ≤ 5 years	> 5 years	Indefinite	Total
Loans and receivables due from credit institutions	54,141	6,341	33,770	1,543	748	**96,543**
Loans and receivables due from customers (of which finance leases)	114,009	76,313	276,007	324,335	4,962	**795,626**
Total	**168,150**	**82,654**	**309,777**	**325,878**	**5,710**	**892,169**
Impairment						**(22,098)**
TOTAL LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS AND FROM CUSTOMERS						**870,071**

	31/12/2015					
(in millions of euros)	≤ 3 months	> 3 months up to ≤ 1 year	> 1 year up to ≤ 5 years	> 5 years	Indefinite	Total
Loans and receivables due from credit institutions	40,367	6,539	39,465	2,674	856	**89,901**
Loans and receivables due from customers (of which finance leases)	110,169	76,533	263,285	306,885	5,254	**762,126**
Total	**150,536**	**83,072**	**302,750**	**309,559**	**6,110**	**852,027**
Impairment						**(22,208)**
TOTAL LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS AND FROM CUSTOMERS						**829,819**

DUE TO CREDIT INSTITUTIONS AND TO CUSTOMERS BY RESIDUAL MATURITY

	31/12/2016					
(in millions of euros)	≤ 3 months	> 3 months up to ≤ 1 year	> 1 year up to ≤ 5 years	> 5 years	Indefinite	Total
Due to credit institutions	42,180	9,091	20,689	6,683	187	**78,830**
Due to customers	578,172	44,599	60,622	8,882	985	**693,260**
TOTAL AMOUNT DUE TO CREDIT INSTITUTIONS AND TO CUSTOMERS	**620,352**	**53,690**	**81,311**	**15,565**	**1,172**	**772,090**

	31/12/2015					
(in millions of euros)	≤ 3 months	> 3 months up to ≤ 1 year	> 1 year up to ≤ 5 years	> 5 years	Indefinite	Total
Due to credit institutions	52,271	8,177	26,354	5,861	246	**92,909**
Due to customers	545,532	40,051	66,717	10,835	-	**663,135**
TOTAL AMOUNT DUE TO CREDIT INSTITUTIONS AND TO CUSTOMERS	**597,803**	**48,228**	**93,071**	**16,696**	**246**	**756,044**

DEBT SECURITIES AND SUBORDINATED DEBT

	31/12/2016					
(in millions of euros)	≤ 3 months	> 3 months up to ≤ 1 year	> 1 year up to ≤ 5 years	> 5 years	Indefinite	Total
Debt securities						
Interest bearing notes	70	90	22	-	-	**182**
Money-market instruments	237	3,282	5,435	6,174	-	**15,128**
Negotiable debt instruments	41,576	21,781	4,973	1,479	-	**69,809**
Bonds	5,952	8,089	28,007	37,810	-	**79,858**
Other debt securities	865	983	1,246	-	-	**3,094**
TOTAL DEBT SECURITIES	**48,700**	**34,225**	**39,683**	**45,463**	**-**	**168,071**
Subordinated debt						
Dated subordinated debt	790	161	7,783	15,600	-	**24,334**
Undated subordinated debt	98	-	-	-	4,844	**4,942**
Mutual security deposits	1	-	-	-	163	**164**
Participating securities and loans	2	-	-	-	120	**122**
TOTAL SUBORDINATED DEBT	**891**	**161**	**7,783**	**15,600**	**5,127**	**29,562**

	31/12/2015					
(in millions of euros)	≤ 3 months	> 3 months up to ≤ 1 year	> 1 year up to ≤ 5 years	> 5 years	Indefinite	Total
Debt securities						
Interest bearing notes	93	108	33	-	-	**234**
Money-market instruments	138	1,190	7,430	7,703	-	**16,461**
Negotiable debt instruments	42,607	22,851	2,380	1,779	-	**69,617**
Bonds	5,722	9,428	28,416	34,541	-	**78,107**
Other debt securities	1,092	1,295	996	8	-	**3,391**
TOTAL DEBT SECURITIES	**49,652**	**34,872**	**39,255**	**44,031**	**-**	**167,810**
Subordinated debt						
Dated subordinated debt	24	367	10,372	12,461	-	**23,224**
Undated subordinated debt	1	151	11	-	5,341	**5,504**
Mutual security deposits	-	-	-	-	156	**156**
Participating securities and loans	-	-	-	-	122	**122**
TOTAL SUBORDINATED DEBT	**25**	**518**	**10,383**	**12,461**	**5,619**	**29,006**

FINANCIAL GUARANTEES AT RISK GIVEN BY EXPECTED MATURITY

The amounts presented correspond to the expected amount of the call of financial guarantees at risk, *i.e.* guarantees that have been impaired or are on a watch list.

	31/12/2016					
(in millions of euros)	≤ 3 months	> 3 months to ≤ 1 year	> 1 year to ≤ 5 years	> 5 years	Indefinite	Total
Financial guarantees given	141	44	-	-	-	**185**

	31/12/2015					
(in millions of euros)	≤ 3 months	> 3 months to ≤ 1 year	> 1 year to ≤ 5 years	> 5 years	Indefinite	Total
Financial guarantees given	178	42	-	-	-	**220**

3.4 Cash flow and fair value interest rate and foreign exchange hedging

(See chapter on "Risk factors – Asset/Liability Management")

FAIR VALUE HEDGES

A fair value hedge modifies the risk caused by changes in the fair value of a fixed-rate financial instrument as a result of changes in interest rates. Fair value hedges transform fixed-rate assets or liabilities into floating-rate assets or liabilities.

Items hedged are principally fixed-rate loans, securities, deposits and subordinated debt.

FUTURE CASH FLOW HEDGES

A cash flow hedge modifies the risk related to variability in cash flows arising from floating-rate financial instruments.

Items hedged are principally floating-rate loans and deposits.

HEDGE OF NET INVESTMENT IN FOREIGN CURRENCY

A hedge of a net investment in foreign currency modifies the risk inherent in exchange rate fluctuations connected with foreign currency investments in subsidiaries.

HEDGING DERIVATIVE INSTRUMENTS

	31/12/2016			31/12/2015		
	Market value		Notional amount	Market value		Notional amount
(in millions of euros)	*Positive*	*Negative*		*Positive*	*Negative*	
Fair value hedges	**22,258**	**23,536**	**1,042,251**	**25,015**	**29,504**	**1,079,558**
Interest rate	21,205	23,243	985,268	24,449	29,176	1,018,087
Equity instruments	-	-	-	1	1	-
Foreign exchange	1,053	293	56,983	565	327	61,471
Credit	-	-	-	-	-	-
Commodities	-	-	-	-	-	-
Other	-	-	-	-	-	-
Cash flow hedges	**2,119**	**321**	**34,729**	**2,122**	**260**	**29,442**
Interest rate	2,035	229	27,997	2,044	150	22,899
Equity instruments	14	5	191	12	14	182
Foreign exchange	70	87	6,541	66	96	6,361
Credit	-	-	-	-	-	-
Commodities	-	-	-	-	-	-
Other	-	-	-	-	-	-
Hedges of net investments in foreign operations	**12**	**65**	**5,612**	**30**	**23**	**4,925**
TOTAL HEDGING DERIVATING INSTRUMENTS	**24,389**	**23,922**	**1,082,592**	**27,167**	**29,787**	**1,113,925**

3.5 Operational risks

(See chapter on "Risk factors – Operational risks")

3.6 Capital management and regulatory ratios

In accordance with regulatory regulations applicable to banks, which transpose into French law the European Directives on “the capital adequacy of investment firms and credit institutions” and “financial conglomerates”, Crédit Agricole Group must comply with the solvency ratio, with liquidity ratios and with rules on the division of risks and balance sheet management.

Crédit Agricole Group manages its capital so as to comply with regulatory capital requirements within the meaning of European directive 2013/36 and Regulation 575/2013 since 1 January 2014 and as required by the competent authorities, the European Central Bank and the French Regulatory and Resolution Supervisory Authority (ACPR) in order to cover risk weighted assets for credit risk, operational risk and market risk.

The regulatory framework was strengthened by the Basel 3 reform, which notably involves raising the quality and level of required regulatory capital, better assessing risks, building in capital buffers and additional requirements in terms of liquidity and leverage. Certain provisions are being phased in up to 31 December 2017, just like the capital buffer requirement which will reach the target in 2019.

However, the regulator maintained the capital requirements relating to floors (the Basel 3 requirement cannot be less than 80% of the Basel 1 requirement).

The floor was eliminated. However, disclosures on Basel 1 requirements remain mandatory and will continue up until the end of the transitional period at end 2017.

Regulatory capital breaks down into three categories:

- common Equity Tier 1 (CET1) capital, determined on the basis of the Group’s equity and excluding certain equity instruments that are classified as Additional Tier 1 (AT1) and intangible assets;
- tier 1 which is comprised of Common Equity Tier 1 and Additional Tier 1 capital;
- total capital, consisting of Tier 1 and Tier 2 capital comprising subordinated instruments with a minimum maturity of five years from the issue date.

Tier 1 and Tier 2 equity instruments must satisfy more demanding criteria before being recognised under Basel 3. If these instruments are not eligible under Basel 3, they can benefit from grandfathering rules for a period of ten years to end-2021 so as to progressively eliminate them from capital.

Deductions for equity investments in other credit institutions reduce the total of this capital and are respectively allocated, depending on the type of instrument, to the amount of CET1, Tier 1 (AT1) and Tier 2. They also apply to holdings in the insurance sector when the institution is exempt from the “Financial Conglomerate directive”, otherwise the equity-accounted values of the insurance company securities held by the Group are risk-weighted.

In 2016, as in 2015 and in accordance with current regulations, Crédit Agricole Group complied with regulatory requirements.

NOTE 4 Notes to the income statement and other comprehensive income

4.1 Interest income and expenses

(in millions of euros)	31/12/2016	31/12/2015
Interbank transactions	1,218	1,012
Customer transactions	22,309	24,007
Accrued interest receivable on available-for-sale financial assets	6,449	6,628
Accrued interest receivable on held-to-maturity financial assets	847	908
Accrued interest receivable on hedging instruments	2,536	2,662
Finance leases	956	973
Other interest income	58	50
INTEREST AND SIMILAR INCOME [(1)]	**34,373**	**36,240**
Interbank transactions	(895)	(899)
Customer transactions	(6,529)	(6,698)
Debt securities	(4,019)	(4,643)
Subordinated debt	(1,424)	(1,423)
Accrued interest receivable on hedging instruments	(2,110)	(2,347)
Finance leases	(260)	(247)
INTEREST AND SIMILAR EXPENSES	**(15,237)**	**(16,257)**

(1) *Including €361 million on receivables impaired individually at 31 December 2016 compared with €458 million at 31 December 2015.*

4.2 Net fees and commissions

	31/12/2016			31/12/2015		
(in millions of euros)	Income	Expense	Net	Income	Expense	Net
Interbank transactions	191	(59)	132	168	(43)	125
Customer transactions	3,745	(237)	3,508	3,659	(234)	3,425
Securities transactions	43	(84)	(41)	56	(79)	(23)
Foreign exchange transactions	40	(34)	6	45	(38)	7
Derivative instruments and other off-balance sheet items	255	(161)	94	250	(151)	99
Payment instruments and other banking and financial services	4,523	(1,672)	2,851	4,528	(1,689)	2,839
Mutual funds management, fiduciary and similar operations	2,795	(575)	2,220	2,975	(531)	2,444
NET FEES AND COMMISSIONS	**11,592**	**(2,822)**	**8,770**	**11,681**	**(2,765)**	**8,916**

4.3 Net gains (losses) on financial instruments at fair value through profit or loss

(in millions of euros)	31/12/2016	31/12/2015
Dividends received	691	514
Unrealised or realised gains (losses) on assets/liabilities held for trading	844	1,228
Unrealised or realised gains (losses) on assets/liabilities designated at fair value through profit or loss (1)	541	2,323
Net gains (losses) on foreign exchange transactions and similar financial instruments (excluding gains or losses on hedges of net investments in foreign operations)	730	(238)
Gains (losses) from hedge accounting	(320)	(31)
NET GAINS (LOSSES) ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS	**2,486**	**3,796**

The impact of Crédit Agricole CIB's issuer spread was an expense of €158 million on revenues at 31 December 2016 versus a positive effect of €245 million at 31 December 2015.

Analysis of net gains (losses) from hedge accounting:

	31/12/2016		
(in millions of euros)	Gains	Losses	Net
Fair value hedges	**8,281**	**(8,377)**	**(96)**
Change in fair value of hedged items attributable to hedged risks	3,675	(3,883)	(208)
Change in fair value of hedging derivatives (including termination of hedges)	4,606	(4,494)	112
Cash flow hedges	**-**	**-**	**-**
Change in fair value of hedging derivatives – ineffective portion	-	-	-
Hedges of net investments in foreign operations	**-**	**-**	**-**
Change in fair value of hedging derivatives – ineffective portion	-	-	-
Fair value hedge of the interest rate exposure of a portfolio of financial instruments (1)	**35,107**	**(35,332)**	**(225)**
Change in fair value of hedged items	16,404	(18,687)	(2,283)
Change in fair value of hedging derivatives	18,703	(16,645)	2,058
Cash flow hedge of the interest rate exposure of a portfolio of financial instruments	**2**	**(1)**	**1**
Change in fair value of hedging instrument – ineffective portion	2	(1)	1
TOTAL GAINS (LOSSES) FROM HEDGE ACCOUNTING	**43,390**	**(43,710)**	**(320)**

(1) Impact of -€300 million related to the early redemption of macro-hedged loans (see Note 2.5).

	31/12/2015		
(in millions of euros)	Gains	Losses	Net
Fair value hedges	**7,141**	**(7,162)**	**(21)**
Change in fair value of hedged items attributable to hedged risks	4,630	(2,222)	2,408
Change in fair value of hedging derivatives (including termination of hedges)	2,511	(4,940)	(2,429)
Cash flow hedges	**-**	**-**	**-**
Change in fair value of hedging derivatives – ineffective portion	-	-	-
Hedges of net investments in foreign operations	**-**	**-**	**-**
Change in fair value of hedging derivatives – ineffective portion	-	-	-
Fair value hedge of the interest rate exposure of a portfolio of financial instruments	**21,492**	**(21,503)**	**(11)**
Change in fair value of hedged items	10,545	(10,851)	(306)
Change in fair value of hedging derivatives	10,947	(10,652)	295
Cash flow hedge of the interest rate exposure of a portfolio of financial instruments	**19**	**(18)**	**1**
Change in fair value of hedging instrument – ineffective portion	19	(18)	1
TOTAL GAINS (LOSSES) FROM HEDGE ACCOUNTING	**28,652**	**(28,683)**	**(31)**

4.4 Net gains (losses) on available-for-sale financial assets

(in millions of euros)	31/12/2016	31/12/2015
Dividends received	881	796
Realised gains (losses) on available-for-sale financial assets (1)	1,619	2,396
Permanent impairment losses on equity investments	(297)	(344)
Gains (losses) on disposal of held-to-maturity financial assets and on loans and receivables	(23)	1
NET GAINS (LOSSES) ON AVALAIBLE-FOR-SALE FINANCIAL ASSETS	**2,180**	**2,849**

(1) Excluding realised gains or losses on permanently impaired fixed income securities recognised as available-for-sale financial assets mentioned in Note 4.8 "Cost of risk".

4.5 Net income (expenses) on other activities

(in millions of euros)	31/12/2016	31/12/2015
Gains (losses) on fixed assets not used in operations	(3)	(7)
Policyholder profit sharing	-	-
Other net income from insurance activities (1)	8,671	9,732
Change in insurance technical reserves (2)	(10,987)	(13,699)
Net income from investment property	168	215
Other net income (expense)	6	51
INCOME (EXPENSE) RELATED TO OTHER ACTIVITIES	**(2,145)**	**(3,708)**

(1) The €1,061 million decrease in other net income from insurance activities was mainly due to lower net inflows.

(2) The €2,711 million decrease of the dotation to insurance company technical reserves was mainly due to the €1,939 million decrease in the dotation to euro policy reserves, due to lower inflows, as well as the €632 million decline in the dotation to profit-sharing reserves.

4.6 Operating expenses

(in millions of euros)	31/12/2016	31/12/2015
Employee expenses	(11,432)	(11,319)
Taxes other than on income or payroll-related	(1,120)	(1,088)
External services and other operating expenses	(6,550)	(6,379)
OPERATING EXPENSES	**(19,102)**	**(18,786)**

FEES PAID TO STATUTORY AUDITORS

The breakdown of fees paid to Statutory Auditors by firm and type of engagement by fully consolidated Crédit Agricole Group companies was as follows in 2016:

BOARD OF AUDITORS OF CRÉDIT AGRICOLE S.A.

	Ernst & Young		PricewaterhouseCoopers		
(in thousands of euros excluding taxes)	2016	2015	2016	2015	Total 2016
Independant audit, certification, review of parent company and consolidated financial statements	**18,211**	**17,647**	**13,154**	**13,428**	**31,365**
Issuer	1,961	1,758	1,925	1,705	3,886
Fully consolidated subsidiaries	16,250	15,889	11,229	11,723	**27,479**
Other services	**7,208**	**3,807**	**8,193**	**4,196**	**15,401**
Ancillary assignments and services directly linked to the Statutory Auditors' mission (1)	5,129	3,807	3,973	4,196	9,102
Issuer	*785*	*726*	*1,051*	*1,052*	1,836
Fully consolidated subsidiaries	*4,344*	*3,081*	*2,922*	*3,144*	7,266
Other (1)	440		1,758		2,198
Non audit services (2)	1,639		2,462		4,101
TOTAL	**25,419**	**21,454**	**21,347**	**17,624**	**46,766**

(1) In 2016, work carried out between 1 January and 16 June 2016.

(2) In 2016, work carried out from 17 June 2016.

Other Statutory Auditors engaged in the audit of fully consolidated Crédit Agricole S.A. Group subsidiaries

	Mazars		KPMG		Deloitte		Other		
(in thousands of euros excluding taxes)	2016	2015	2016	2015	2016	2015	2016	2015	Total 2016
Independant audit, certification, review of parent company and consolidated financial statements	**2,328**	**2,298**	**1,767**	**1,746**	**97**	**152**	**1,959**	**2,128**	**6,151**
Other services	**59**	**52**	**150**	**125**	**4**	**9**	**65**	**41**	**278**
Ancillary assignments and services directly linked to the Statutory Auditors' mission (1)	**41**	52	**121**	125	**4**	9	**63**	41	229
Non audit services (2)	**18**		**29**		**-**		**2**		49
TOTAL	**2,387**	**2,350**	**1,917**	**1,871**	**101**	**161**	**2,024**	**2,169**	**6,429**

(1) In 2016, work carried out between 1 January and 16 June 2016.

(2) In 2016, work carried out from 17 June 2016.

4.7 Depreciation, amortisation and impairment of property, plant & equipment and intangible assets

(in millions of euros)	31/12/2016	31/12/2015
Depreciation charges and amortisation	**(1,111)**	**(1,048)**
Property, plant and equipment	(789)	(753)
Intangible assets	(322)	(295)
Impairment losses (reversals)	**(13)**	**(1)**
Property, plant and equipment	(11)	5
Intangible assets	(2)	(6)
DEPRECIATION, AMORTISATION AND IMPAIREMENT OF PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS	**(1,124)**	**(1,049)**

4.8 Cost of risk

(in millions of euros)	31/12/2016	31/12/2015
Charge to provisions and impairment losses	**(6,685)**	**(7,015)**
Fixed-income available-for-sale financial assets	(7)	(152)
Loans and receivables	(5,955)	(5,675)
Held-to-maturity financial assets	-	-
Other assets	(68)	(75)
Financing commitments	(150)	(177)
Risks and expenses	(505)	(936)
Reversal of provisions and impairment losses	**4,362**	**4,133**
Fixed-income available-for-sale financial assets	16	32
Loans and receivables	3,872	3,449
Held-to-maturity financial assets	-	1
Other assets	17	9
Financing commitments	125	180
Risks and expenses	332	462
Net charge to reversal of impairment losses and provisions	**(2,323)**	**(2,882)**
Realised gains (losses) on impaired fixed-income available-for-sale financial assets	(15)	(31)
Bad debts written off, not impaired	(238)	(300)
Recoveries on bad debts written off	233	290
Discounts on restructured loans	(33)	(51)
Losses on financing commitments	(1)	(2)
Other losses	(35)	(55)
Other gains	-	-
COST OF RISK	**(2,412)**	**(3,031)**

4.9 Net gains (losses) on other assets

(in millions of euros)	31/12/2016	31/12/2015
Property, plant & equipment and intangible assets used in operations	**(18)**	**(7)**
Gains on disposals	58	23
Losses on disposals	(76)	(30)
Consolidated equity investments	**(7)**	**(5)**
Gains on disposals	-	12
Losses on disposals	(7)	(17)
Net income (expense) on combinations	**-**	**7**
NET GAINS (LOSSES) ON OTHER ASSETS	**(25)**	**(5)**

4.10 Tax

INCOME TAX CHARGE

(in millions of euros)	31/12/2016	31/12/2015
Current tax charge	(1,896)	(3,170)
Deferred tax charge	(686)	182
TAX CHARGE DURING THE PERIOD	**(2,582)**	**(2,988)**

RECONCILIATION OF THEORETICAL TAX RATE AND EFFECTIVE TAX RATE

AT 31 DECEMBER 2016

(in millions of euros)	Base	Tax rate	Tax
Pre-tax income, goodwill impairment, discontinued operations and share of net income of equity-accounted entities	7,764	34.43%	(2,673)
Impact of permanent differences		2.38%	184
Impact of different tax rates on foreign subsidiaries		(1.78)%	138
Impact of losses for the year, utilisation of tax loss carry forwards and temporary differences		0.73%	(56)
Impact of reduced tax rate		(2.10)%	163
Impact of tax rate change		-	(453)
Impact of other items		(1.48)%	115
EFFECTIVE TAX RATE AND TAX CHARGE		**27.42%**	**(2,582)**

The theoretical tax rate is the standard tax rate (including the additional social contribution) on taxable profits in France at 31 December 2016.

AT 31 DECEMBER 2015 RESTATED

(in millions of euros)	Base	Tax rate	Tax
Pre-tax income, goodwill impairment, discontinued operations and share of net income of equity-accounted entities	8,965	38.00%	(3,407)
Impact of permanent differences		1.50%	(134)
Impact of different tax rates on foreign subsidiaries		(1.82)%	163
Impact of losses for the year, utilisation of tax loss carry forwards and temporary differences		0.03%	(3)
Impact of reduced tax rate		(1.51)%	135
Impact of other items		(2.87)%	258
EFFECTIVE TAX RATE AND TAX CHARGE		**33.33%**	**(2,988)**

The theoretical tax rate is the tax rate applicable under ordinary law (including the additional social contribution and the exceptional contribution to corporate income tax) to taxable profits in France for the year ended 31 December 2015.

4.11 Changes in other comprehensive income

BREAKDOWN OF TOTAL OTHER COMPREHENSIVE INCOME

(in millions of euros)	31/12/2016	31/12/2015
Other comprehensive income on items that may be reclassified subsequently to profit and loss		
Gains and losses on translation adjustments	**(243)**	**478**
Revaluation adjustment of the period	-	-
Reclassified to profit and loss	-	-
Other variations	(243)	478
Gains and losses on available-for-sale financial assets	**72**	**(24)**
Revaluation adjustment of the period	1,269	1,036
Reclassified to profit and loss	(1,012)	(724)
Other variations	(185)	(336)
Gains and losses on hedging derivative instruments	**(69)**	**(203)**
Revaluation adjustment of the period	(61)	(109)
Reclassified to profit and loss	-	(2)
Other variations	(8)	(92)
Pre-tax other comprehensive income on items that may be reclassified to profit and loss on equity-accounted entities	**46**	**116**
Income tax related to items that may be reclassified to profit and loss excluding equity-accounted entities	**246**	**115**
Income tax related to items that may be reclassified to profit and loss on equity-accounted entities	**5**	**(4)**
Net other comprehensive income on Items that may be reclassified to profit and loss on equity-accounted entities on non-current assets held for sale	**18**	**14**
Other comprehensive income on items that may be reclassified subsequently to profit and loss net of income tax	**75**	**492**
Other comprehensive income on items that will not be reclassified subsequently to profit and loss		
Actuarial gains and losses on post-employment benefits	(217)	2
Other comprehensive income on items that will not be reclassified to profit and loss on equity-accounted entities	(8)	(6)
Income tax related to items that will not be reclassified excluding equity-accounted entities	38	(11)
Income tax related to items that will not be reclassified on equity-accounted entities	-	-
Net other comprehensive income on Items that will not be reclassified to profit and loss on equity-accounted entities on non-current assets held for sale	-	-
Other comprehensive income on items that will not be reclassified subsequently to profit and loss net of income tax	**(187)**	**(15)**
OTHER COMPREHENSIVE INCOME NET OF INCOME TAX	**(112)**	**477**
Of which Group share	(11)	519
Of which non-controlling interests	(101)	(42)

BREAKDOWN OF TAX IMPACTS RELATED TO OTHER COMPREHENSIVE INCOME

	31/12/2015				Changes				31/12/2016			
(in millions of euros)	Gross	Income tax charges	Net of income tax	Net of income tax of which Group Share	Gross	Income tax charges	Net of income tax	Net of income tax of which Group Share	Gross	Income tax charges	Net of income tax	Net of income tax of which Group Share
Other comprehensive income on items that may be reclassified subsequently to profit and loss												
Gains and losses on translation adjustments	484	-	484	496	(243)	-	(243)	(149)	241	-	241	347
Gains and losses on available-for-sale financial assets	6,041	(1,584)	4,457	4,422	72	214	286	294	6,113	(1,370)	4,743	4,716
Gains and losses on hedging derivative instruments	970	(310)	660	655	(69)	32	(37)	(38)	901	(278)	623	617
Other comprehensive income on items that may be reclassified to profit and loss excluding equity-accounted entities	**7,495**	**(1,894)**	**5,601**	**5,573**	**(240)**	**246**	**6**	**107**	**7,255**	**(1,648)**	**5,607**	**5,680**
Other comprehensive income on items that may be reclassified to profit and loss on equity-accounted entities	311	-	311	312	46	5	51	51	357	5	362	363
Other comprehensive income on Items that may be reclassified to profit and loss on equity-accounted entities on non-current assets held for sale	14	(4)	10	10	14	4	18	19	28	-	28	29
Other comprehensive income on items that may be reclassified subsequently to profit and loss	**7,820**	**(1,898)**	**5,922**	**5,895**	**(180)**	**255**	**75**	**177**	**7,640**	**(1,643)**	**5,997**	**6,072**
Other comprehensive income on items that will not be reclassified subsequently to profit and loss												
Actuarial gains and losses on post-employment benefits	(820)	251	(569)	(559)	(217)	38	(179)	(180)	(1,037)	289	(748)	(739)
Other comprehensive income on items that will not be reclassified to profit and loss excluding equity-accounted entities	**(820)**	**251**	**(569)**	**(559)**	**(217)**	**38**	**(179)**	**(180)**	**(1,037)**	**289**	**(748)**	**(739)**
Other comprehensive income on items that will not be reclassified to profit and loss on equity-accounted entities	(26)	2	(24)	(25)	(8)	-	(8)	(7)	(34)	2	(32)	(32)
Other comprehensive income on Items that will not be reclassified to profit and loss on equity-accounted entities on non-current assets held for sale	-	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income on items that will not be reclassified to profit and loss	**(846)**	**253**	**(593)**	**(584)**	**(225)**	**38**	**(187)**	**(187)**	**(1,071)**	**291**	**(780)**	**(771)**
OTHER COMPREHENSIVE INCOME	**6,974**	**(1,645)**	**5,329**	**5,311**	**(405)**	**293**	**(112)**	**(10)**	**6,569**	**(1,352)**	**5,217**	**5,301**

NOTE 5 Segment reporting

DEFINITION OF OPERATING SEGMENTS

According to IFRS 8, information disclosed is based on the internal reporting that is used by the Executive Committee to manage Crédit Agricole S.A. Group, to assess performance, and to make decisions about resources to be allocated to the identified operating segments.

Operating segments according to the internal reporting consist of the business lines of the Group.

In accordance with the Strategic Ambitions 2020 plan, the operating segment "Corporate and investment banking" is renamed "Large customers" and now also includes the operations of CACEIS (previously included in "Asset gathering").

At 31 December 2016, Crédit Agricole S.A.'s business activities were organised into seven operating segments:

- The following six business lines:
  - Asset gathering,
  - French retail banking – Regional Banks,
  - French retail banking – LCL,
  - International retail banking,
  - Specialised financial services,
  - Large customers;
- as well as the "Corporate centre".

PRESENTATION OF BUSINESS LINES

1. Asset gathering

This business line encompasses:

- insurance activity:
  - life insurance and personal insurance, conducted mainly by Predica in France and CA Vita in Italy,
  - property & casualty insurance, conducted primarily by Pacifica,
  - creditor insurance, conducted by Crédit Agricole Creditor Insurance;
- the asset management activities of the Amundi Group, offering savings solutions for individuals and investment solutions for institutions;
- as well as wealth management activities conducted mainly by Crédit Agricole Indosuez Wealth management subsidiaries (Crédit Agricole Suisse, Crédit Agricole Luxembourg, Crédit Foncier de Monaco, CA Indosuez Wealth, etc.).

2. French retail banking – Regional Banks

This business line comprises the Regional Banks and their subsidiaries.

The Regional Banks provide banking services for individual customers, farmers, small businesses, corporates and local authorities, with a very strong local presence.

Crédit Agricole Regional Banks provide a full range of banking and financial products and services: savings products (money market, bonds, securities), life insurance investment products, lending (namely home and consumer finance loans) to SMEs, small businesses and farmers, payment instruments, personal services, banking-related services, and wealth management. The Regional Banks also distribute a very large range of property & casualty and death & disability insurance products.

3. French retail banking – LCL

French retail banking network with a strong presence in urban areas. It is organised into four business lines: retail banking for individual customers, retail banking for small businesses, private banking and corporate banking.

LCL offers a full range of banking products and services, together with asset management, insurance and wealth management products.

4. International retail banking

This business line encompasses foreign subsidiaries and investments that are mainly involved in retail banking.

These subsidiaries and equity investments are primarily located in Europe: with Cariparma Group in Italy, Crédit Agricole Polska in Poland and others in Ukraine and Serbia.

Other subsidiaries operate around the Mediterranean through Crédit du Maroc and Crédit Agricole Egypt.

Finally, this division also includes banks that are not significant in size. Note that Belgium CA SAS was liquidated on 18 March 2016.

Foreign consumer credit, leasing and factoring subsidiaries (subsidiaries of Crédit Agricole Consumer Finance, Crédit Agricole Leasing & Factoring and EFL in Poland, etc.) are not included in this division, however in "Specialised financial services".

5. Specialised financial services

Specialised financial services comprises the Group subsidiaries that provide financial products and services to individual customers, small businesses, corporates and local authorities in France and abroad. These include:

- consumer finance companies around Crédit Agricole Consumer Finance in France and through its subsidiaries or partnerships outside France (Agos, Forso, Credit-Plus, Ribank, Credibom, Interbank Group and FCA Bank);
- specialised financial services for companies such as factoring and lease finance (Crédit Agricole Leasing & Factoring Group, EFL).

6. Large customers

The Large customers division includes the Corporate and Investment Bank, which itself consists of two main lines of business most of which are carried out by Crédit Agricole CIB, and asset servicing for institutions (CACEIS):

- financing activities, which include corporate banking in France and internationally and structured finance. Structured Finance consists of originating, structuring and financing large-scale operations in exporting and investing, often collateralised by physical assets (planes, boats, office buildings, raw materials, etc.) and complex and structured credit instruments;

- capital markets and investment banking activities bring together capital market activities (treasury, foreign exchange, interest rate derivatives, debt markets), and investment banking activities (mergers and acquisitions consulting and primary equity advisory);
- asset servicing for institutions: CACEIS Bank for custody and CACEIS Fund Administration for fund administration.

7. Corporate centre

This segment mainly encompasses Crédit Agricole S.A.'s central body function, asset and liability management and management of debt connected with acquisitions of subsidiaries or equity investments.

It also includes:

- the results of the private equity business and results of various other Crédit Agricole S.A. Group companies (Uni-éditions, Foncaris, etc.);
- the income from management companies, real-estate companies holding properties used in operations by several business lines and by activities undergoing reorganisation;
- the net impact of tax consolidation for Crédit Agricole S.A. as well as the revaluation of structured debt issued by Crédit Agricole CIB.

5.1 Operating segment information

Transactions between operating segments are effected at arm's length.

	31/12/2016							
	French retail banking							
(in millions of euros)	*Regional Banks*	*LCL*	International retail banking	Asset gathering	Specialised financial services	Large customers	Corporate centre (1)	Total
Revenues	13,627	3,117	2,610	4,741	2,646	5,195	(1,509)	30,427
Operating expenses	(8,374)	(2,539)	(1,623)	(2,156)	(1,384)	(3,187)	(963)	(20,226)
Gross operating income	**5,253**	**578**	**987**	**2,585**	**1,262**	**2,008**	**(2,472)**	**10,201**
Cost of risk	(620)	(182)	(458)	(9)	(558)	(557)	(28)	(2,412)
Operating income	**4,633**	**396**	**529**	**2,576**	**704**	**1,451**	**(2,500)**	**7,789**
Share of net income of equity-accounted entities	6	-	-	28	208	211	46	499
Net gains (losses) on other assets	27	1	-	2	(2)	1	(54)	(25)
Change in value of goodwill	-	-	-	-	-	-	(540)	(540)
Pre-tax income	**4,666**	**397**	**529**	**2,606**	**910**	**1,663**	**(3,048)**	**7,723**
Income tax charge	(1,876)	(110)	(165)	(772)	(210)	(372)	923	(2,582)
Net gains (losses) on discontinued operations	-	-	(3)	23	-	11	-	31
Net income	**2,790**	**287**	**361**	**1,857**	**700**	**1,302**	**(2,125)**	**5,172**
Non-controlling interests	1	-	83	157	91	18	(3)	347
NET INCOME GROUP SHARE	**2,789**	**287**	**278**	**1,700**	**609**	**1,284**	**(2,122)**	**4,825**

(1) The Crédit Agricole CIB issuer spread is classified under the Corporate centre for -€158 million in Revenues, +€54 million in Income tax charge, -€104 million in Net income.

	31/12/2016							
	French retail banking							
(in millions of euros)	*Regional Banks*	*LCL*	International retail banking	Asset gathering	Specialised financial services	Large customers	Corporate centre	Total
Segment assets								
Of which Share in equity-accounted entities	113	-	-	2,095	1,863	2,301	649	**7,021**
Of whch goodwill	11	5,018	2,012	4,471	1,024	1,153	71	**13,760**
TOTAL ASSETS	**596,740**	**131,165**	**70,315**	**410,021**	**75,602**	**713,272**	**(274,266)**	**1,722,849**

	31/12/2015							
	French retail banking							
(in millions of euros)	*Regional Banks*	*LCL*	International retail banking	Asset gathering	Specialised financial services	Large customers	Corporate centre [1]	Total
Revenues	14,493	3,631	2,725	4,614	2,629	5,057	(1,313)	**31,836**
Operating expenses	(8,117)	(2,561)	(1,598)	(2,156)	(1,336)	(3,136)	(931)	**(19,835)**
Gross operating income	**6,376**	**1,070**	**1,127**	**2,458**	**1,293**	**1,921**	**(2,244)**	**12,001**
Cost of risk	(729)	(134)	(596)	(29)	(657)	(655)	(231)	**(3,031)**
Operating income	**5,647**	**936**	**531**	**2,429**	**636**	**1,266**	**(2,475)**	**8,970**
Share of net income of equity-accounted entities	23	-	-	25	164	60	203	**475**
Net gains (losses) on other assets	(8)	(2)	2	10	4	(7)	(4)	**(5)**
Change in value of goodwill	-	-	-	-	-	-	-	**-**
Pre-tax income	**5,662**	**934**	**533**	**2,464**	**804**	**1,319**	**(2,276)**	**9,440**
Income tax charge	(2,071)	(340)	(172)	(844)	(213)	(454)	1,106	**(2,988)**
Net gains (losses) on discontinued operations	-	-	(21)	3	(1)	(2)	-	**(21)**
Net income	**3,591**	**594**	**340**	**1,623**	**590**	**863**	**(1,170)**	**6,431**
Non-controlling interests	2	-	81	125	106	18	56	**388**
NET INCOME GROUP SHARE	**3,589**	**594**	**259**	**1,498**	**484**	**845**	**(1,226)**	**6,043**

(1) *The Crédit Agricole CIB issuer spread is classified under the Corporate centre for +€245 million in Revenues, -€84 million in Income tax charge, +€161 million in Net income.*

	31/12/2015							
	French retail banking							
(in millions of euros)	*Regional Banks*	*LCL*	International retail banking	Asset gathering	Specialised financial services	Large customers	Corporate centre	Total
Segment assets								
Of which Share in equity-accounted entities	109			1,970	1,777	2,048	666	**6,570**
Of whch goodwill	1	5,558	2,063	4,330	1,024	1,142	71	**14,189**
TOTAL ASSETS	**569,220**	**128,444**	**68,480**	**391,132**	**80,210**	**708,566**	**(247,373)**	**1,698,859**

5.2 Segment information: geographical analysis

The geographical analysis of segment assets and results is based on the place where operations are booked for accounting purposes.

	31/12/2016				31/12/2015			
(in millions of euros)	Net income Group share	Of which revenues	Segment assets	Of which goodwill	Net income Group share	Of which revenues	Segment assets	Of which goodwill
France (including overseas departments and territories)	2,573	22,125	1,435,143	10,398	4,449	23,578	1,402,796	10,928
Other European Union countries	1,166	5,267	151,997	2,519	862	5,279	149,909	2,392
Other European countries	169	746	20,316	724	(359)	819	20,209	717
North America	322	960	57,148	38	469	920	67,834	37
Central and South America	4	58	1,140	-	11	47	1,623	-
Africa and Middle East	346	513	11,071	36	372	509	11,352	80
Asia-Pacific (ex. Japan)	148	467	21,411	23	171	462	21,035	12
Japan	97	291	24,623	22	68	222	24,101	23
TOTAL	**4,825**	**30,427**	**1,722,849**	**13,760**	**6,043**	**31,836**	**1,698,859**	**14,189**

5.3 Insurance specificities

GROSS INCOME FROM INSURANCE ACTIVITIES

(in millions of euros)	31/12/2016	31/12/2015
Premium written	31,275	30,825
Change in unearned premiums	(173)	(160)
Earned premiums	**31,102**	**30,665**
Other operating income	**108**	**140**
Investment income	7,895	8,448
Investment expenses	(421)	(315)
Gains (losses) on disposals of investments net of impairment and amortisation reversals	894	1,746
Change in fair value of investments at fair value through profit or loss	598	583
Change in impairment on investments	(248)	(243)
Investment income after expenses	**8,718**	**10,219**
Claims paid (1)	**(33,685)**	**(34,804)**
Income on business ceded to reinsurers	538	434
Expenses on business ceded to reinsurers	(616)	(541)
Net income (expense) on business ceded to reinsurers	**(78)**	**(107)**
Contract acquisition costs	(2,199)	(2,174)
Amortisation of investment securities and similar	(1)	(1)
Administration costs	(1,770)	(1,416)
Other current operating income (expense)	(243)	(243)
Other operating income (expense)	(15)	(5)
Operating income	**1,937**	**2,274**
Financing costs	(226)	(403)
Share of net income of associates	-	-
Income tax charge	(502)	(669)
Net income from discontinued operations	23	3
Consolidated net income	**1,232**	**1,205**
Non-controlling interests	**5**	**4**
NET INCOME GROUP SHARE	**1,227**	**1,201**

(1) Including -€22 billion of cost of claims at 31 December 2016 (-€21 billion at 31 December 2015), -€2 billion of changes in policyholder profit-sharing at 31 December 2016 (-€2 billion at 31 December 2015) and -€9 billion of changes in technical reserves at 31 December 2016 (-€12 billion at 31 December 2015).

INSURANCE COMPANY INVESTMENTS

	31/12/2016			31/12/2015		
(in millions of euros)	Carrying amount	Unrealised gains	Unrealised losses	Carrying amount	Unrealised gains	Unrealised losses
Treasury bills and similar securities	35,784	2,662	(91)	27,271	2,474	(172)
Bonds and other fixed-income securities	169,265	15,949	(415)	164,004	14,814	(685)
Equities and other equity variable-income securities	18,714	1,928	(363)	18,243	2,172	(473)
Non-consolidated equity investments	7,388	1,913	(62)	5,808	1,467	(16)
Total available-for-sale financial assets	**231,151**	**22,452**	**(931)**	**215,326**	**20,927**	**(1,346)**
Income tax charges	(6,204)	(6,502)	298	(6,578)	(7,056)	478
GAINS AND LOSSES ON AVAILABLE-FOR-SALE FINANCIAL ASSETS RECOGNISED IN OTHER COMPREHENSIVE INCOME (NET OF INCOME TAX)	**224,947**	**15,950**	**(633)**	**208,748**	**13,871**	**(868)**

	31/12/2016		31/12/2015	
(in millions of euros)	Carrying amount	Fair value	Carrying amount	Fair value
Bonds and other fixed-income securities	3,059	3,934	3,050	3,910
Treasury bills and similar securities	8,039	9,872	10,504	12,415
Impairment	-	-	-	-
Total held-to-maturity financial assets	**11,098**	**13,806**	**13,554**	**16,325**
Loans and receivables	**6,139**	**6,121**	**5,682**	**5,663**
Investment property	**5,556**	**8,252**	**5,315**	**7,423**

	Carrying amount	
(in millions of euros)	31/12/2016	31/12/2015
Financial assets at fair value through profit or loss classified as held-for-trading or designated at fair value through profit or loss	**98,263**	**97,035**
Assets backing unit-linked contracts	52,432	49,056
Treasury bills and similar securities	3,718	3,628
Bonds and other fixed-income securities	25,412	26,580
Equities and other equity variable-income securities	15,008	16,276
Derivative instruments	1,694	1,496

(in millions of euros)	Carrying amount	
	31/12/2016	31/12/2015
TOTAL INSURANCE COMPANY INVESTMENTS	**352,209**	**336,913**

NOTE 6 Notes to the balance sheet

6.1 Cash, central banks

	31/12/2016		31/12/2015	
(in millions of euros)	Assets	Liabilities	Assets	Liabilities
Cash	3,258		3,302	
Central banks	27,996	4,123	35,960	3,853
CARRYING AMOUNT	**31,254**	**4,123**	**39,262**	**3,853**

6.2 Financial assets and liabilities at fair value through profit or loss

STRUCTURED ISSUES OF CRÉDIT AGRICOLE CIB

In accordance with IFRS 13, the Group values its structured issues, recognised at fair value, by taking as a reference the issuer spread that specialist participants agree to receive to acquire new Group issues.

The change in issuer spread on structured issues issued by Crédit Agricole CIB, and valued on the basis of the last end-of-period share issue table, generated:

- at 31 December 2016: an expense of -€158 million in Revenues and a loss of (104) million in Net income;
- at 31 December 2015: a €245 million gain in Revenues and profit of €161 million in Net income.

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

(in millions of euros)	31/12/2016	31/12/2015
Financial assets held for trading	237,550	258,686
Financial assets designated at fair value through profit or loss	86,930	85,782
CARRYING AMOUNT	**324,480**	**344,468**
Of which lent securities	*876*	*296*

HELD-FOR-TRADING FINANCIAL ASSETS

(in millions of euros)	31/12/2016	31/12/2015
Equity instruments	**2,920**	**3,407**
Equities and other variable-income securities	2,920	3,407
Debt securities	**15,093**	**22,038**
Treasury bills and similar securities	12,010	16,012
Bonds and other fixed-income securities	3,083	6,026
Loans and advances	**72,100**	**81,720**
Loans and receivables due from customers	469	526
Securities bought under repurchase agreements	71,631	81,194
Pledged securities	-	-
Derivative instruments	**147,437**	**151,521**
CARRYING AMOUNT	**237,550**	**258,686**

Securities acquired under repurchase agreements include those that the entity is authorised to use as collateral.

FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

(in millions of euros)	31/12/2016	31/12/2015
Equity instruments	**16,277**	**17,528**
Equities and other variable-income securities	16,277	17,528
Debt securities	**70,653**	**67,609**
Assets backing unit-linked contracts	42,934	38,911
Treasury bills and similar securities	3,729	3,631
Bonds and other fixed-income securities	23,990	25,067
Loans and advances	**-**	**645**
Loans and receivables due from customers	-	645
Loans and receivables due from credit institutions	-	-
Securities bought under repurchase agreements	-	-
Pledged securities	-	-
CARRYING AMOUNT	**86,930**	**85,782**

FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

(in millions of euros)	31/12/2016	31/12/2015
Financial liabilities held for trading	210,648	218,157
Financial liabilities designated at fair value through profit or loss	31,490	32,036
CARRYING AMOUNT	**242,138**	**250,193**

HELD-FOR-TRADING FINANCIAL LIABILITIES

(in millions of euros)	31/12/2016	31/12/2015
Securities sold short	19,940	22,097
Securities sold under repurchase agreements	44,179	46,614
Debt securities	1	3
Derivative instruments	146,528	149,443
CARRYING AMOUNT	**210,648**	**218,157**

FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

	31/12/2016		31/12/2015	
(in millions of euros)	Fair value on the balance sheet	Difference between carrying amount and due on maturity	Fair value on the balance sheet	Difference between carrying amount and due on maturity
Deposits and subordinated liabilities	**5,803**	**-**	**7,247**	**-**
Deposits from credit institutions	-	-	-	-
Other deposits	5,803	-	7,247	-
Subordinated liabilities	-	-	-	-
Debt securities	**25,687**	**612**	**24,789**	**511**
Other financial liabilities	**-**	**-**	**-**	**-**
TOTAL FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS	**31,490**	**612**	**32,036**	**511**

6.3 Hedging derivative instruments

Detailed information is provided in Note 3.4 on cash flow and fair value hedges, and more particularly with respect to interest rates and foreign exchange rates.

6.4 Available-for-sale financial assets

	31/12/2016			31/12/2015		
(in millions of euros)	Carrying amount	Unrealised gains	Unrealised losses	Carrying amount	Unrealised gains	Unrealised losses
Treasury bills and similar securities	80,222	3,381	(272)	77,923	3,371	(334)
Bonds and other fixed-income securities	225,908	16,495	(1,524)	213,463	15,551	(2,050)
Equities and other variable-income securities	21,874	2,468	(459)	21,391	2,653	(576)
Non-consolidated equity investments	11,868	3,312	(191)	10,095	2,839	(136)
Total available-for-sale securities	**339,872**	**25,656**	**(2,446)**	**322,872**	**24,414**	**(3,096)**
Available-for-sale receivables	-	-	-	-	-	-
Total available-for-sale receivables	**-**	**-**	**-**	**-**	**-**	**-**
Carrying amount of available-for-sale financial assets (1)	**339,872**	**25,656**	**(2,446)**	**322,872**	**24,414**	**(3,096)**
Income tax charge	-	(7,156)	804	-	(7,855)	1,017
GAINS AND LOSSES ON AVAILABLE-FOR-SALE FINANCIAL ASSETS RECOGNISED IN OTHER COMPREHENSIVE INCOME (NET OF INCOME TAX) (2)	**-**	**18,500**	**(1,642)**	**-**	**16,559**	**(2,079)**

(1) *The net carrying amount of impaired available-for-sale fixed-income securities is €18 million (€43 million at 31 December 2015) and the net carrying amount of impaired available-for-sale variable-income securities is €2,125 million (€2,342 million at 31 December 2015).*

(2) *For insurance companies, gains and losses on available-for-sale financial assets recognised in other comprehensive income (net of income tax) are offset by after-tax deferred policyholders' profit-sharing liability of €12,303 million at 31 December 2016 and €10,260 million at 31 December 2015 (see Note 6.19 Insurance company technical reserves).*

6.5 Loans and receivables due from credit institutions and due from customers

LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS

(in millions of euros)	31/12/2016	31/12/2015
Credit institutions		
Debt securities	**6,367**	**9,597**
Securities not traded in an active market	6,367	9,597
Loans and receivables	**90,176**	**80,304**
Loans and receivables	68,931	60,357
of which performing current accounts in debit	*6,395*	*5,419*
of which performing overnight accounts and advances	*9,785*	*6,587*
Pledged securities	13	38
Securities bought under repurchase agreements	20,793	19,466
Subordinated loans	439	439
Other loans and receivables	-	4
Gross amount	**96,543**	**89,901**
Impairment	(436)	(468)
CARRYING AMOUNT	**96,107**	**89,433**

LOANS AND RECEIVABLES DUE FROM CUSTOMERS

(in millions of euros)	31/12/2016	31/12/2015
Loans and receivables due from customers		
Debt securities	**15,357**	**13,025**
Securities not traded in an active market	15,357	13,025
Loans and receivables	**764,463**	**733,968**
Trade receivables	24,700	21,975
Other customer loans	718,521	688,100
Securities bought under repurchase agreements	3,460	4,602
Subordinated loans	116	142
Insurance receivables	379	911
Reinsurance receivables	408	349
Advances in associates current accounts	1,008	1,026
Current accounts in debit	15,871	16,863
Gross amount	**779,820**	**746,993**
Impairment	(21,347)	(21,430)
Net value of loans and receivables due from customers	**758,473**	**725,563**
Finance Leases		
Property leasing	6,024	6,124
Equipment leases, operating leases and similar transactions	9,783	9,009
Gross amount	**15,807**	**15,133**
Impairment	(316)	(310)
Net carrying amount of lease financing operations	**15,491**	**14,823**
CARRYING AMOUNT	**773,964**	**740,386**

6.6 Held-to-maturity financial assets

(in millions of euros)	31/12/2016	31/12/2015
Treasury bills and similar securities	18,963	19,974
Bonds and other fixed-income securities	11,210	10,661
Total	**30,173**	**30,635**
Impairment	(6)	(6)
CARRYING AMOUNT	**30,167**	**30,629**

6.7 Transferred assets not derecognised or derecognised with on-going involvement

TRANSFERRED ASSETS NOT FULLY DERECOGNISED AT 31 DECEMBER 2016

	Transferred assets				
	Transferred assets				
Nature of assets transferred (in millions of euros)	*Carrying amount*	*of which securisation (non-deconsolidating)*	*of which securities sold/bought under repurchase agreements*	*of which other (1)*	*Fair value (2)*
Held-for-trading	**5,949**	**-**	**5,949**	**-**	**5,949**
Equity instruments	2	-	2	-	2
Debt securities	5,947	-	5,947	-	5,947
Loans and advances	-	-	-	-	-
Designated at fair value through profit or loss	**2,286**	**-**	**2,286**	**-**	**2,261**
Equity instruments	-	-	-	-	-
Debt securities	2,286	-	2,286	-	2,261
Loans and advances	-	-	-	-	-
Available-for-sale	**17,308**	**-**	**14,615**	**2,693**	**17,304**
Equity instruments	1,024	-	-	1,024	1,024
Debt securities	16,284	-	14,615	1,669	16,280
Loans and advances	-	-	-	-	-
Loans and receivables	**12,135**	**9,439**	**1,377**	**1,319**	**12,135**
Debt securities	2,696	-	1,377	1,319	2,696
Loans and advances	9,439	9,439	-	-	9,439
Held-to-maturity	**1,231**	**-**	**1,231**	**-**	**1,248**
Debt securities	1,231	-	1,231	-	1,248
Loans and advances	-	-	-	-	-
Total financial assets	**38,909**	**9,439**	**25,458**	**4,012**	**38,897**
Finance leases	**-**	**-**	**-**	**-**	**-**
TOTAL TRANSFERRED ASSETS	**38,909**	**9,439**	**25,458**	**4,012**	**38,897**

(1) Including securities lending without cash collateral.

(2) When the "counterparty" (counterparties) to the associated liabilities has (have) recourse only to the transferred assets. (IFRS 7.42D (d)).

2

still fully recognise [1]						Transferred assets, but recognised to the extent of the entity's continuing involvement		
Associated liabilities					Assets and associated liabilities	Initial total carrying amount of assets prior to transfer	Carrying amount of assets still recognised (continuing involvement)	Carrying amount of associated liabilities
Carrying amount	*of which securisation (non-deconsolidating)*	*of which securities sold/bought under repurchase agreements*	*of which other*	*Fair value* [2]	*Net fair value*			
5,850	**-**	**5,850**	**-**	**5,850**	**99**	**-**	**-**	**-**
2	-	2	-	2	-	-	-	-
5,848	-	5,848	-	5,848	99	-	-	-
-	-	-	-	-	-	-	-	-
2,286	**-**	**2,286**	**-**	**2,286**	**(25)**	**-**	**-**	**-**
-	-	-	-	-	-	-	-	-
2,286	-	2,286	-	2,286	(25)	-	-	-
-	-	-	-	-	-	-	-	-
14,904	**-**	**14,523**	**381**	**14,904**	**2,400**	**-**	**-**	**-**
381	-	-	381	381	643	-	-	-
14,523	-	14,523	-	14,523	1,757	-	-	-
-	-	-	-	-	-	-	-	-
7,817	**6,440**	**1,377**	**-**	**7,817**	**4,318**	**-**	**-**	**-**
1,377	-	1,377	-	1,377	1,319	-	-	-
6,440	6,440	-	-	6,440	2,999	-	-	-
1,180	**-**	**1,180**	**-**	**1,196**	**52**	**-**	**-**	**-**
1,180	-	1,180	-	1,196	52	-	-	-
-	-	-	-	-	-	-	-	-
32,037	**6,440**	**25,216**	**381**	**32,053**	**6,844**			
-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
32,037	**6,440**	**25,216**	**381**	**32,053**	**6,844**	**-**	**-**	**-**

TRANSFERRED ASSETS NOT DERECOGNISED IN FULL AT 31 DECEMBER 2015

	Transferred assets,				
	Transferred assets				
Nature of assets transferred *(in millions of euros)*	*Carrying amount*	*of which securisation (non-deconsolidating)*	*of which securities sold/bought under repurchase agreements*	*of which other* [(1)]	*Fair value* [(2)]
Held-for-trading	**9,684**	**-**	**9,560**	**124**	**9,684**
Equity instruments	124	-	-	124	124
Debt securities	9,560	-	9,560	-	9,560
Loans and receivables	-	-	-	-	-
Designated at fair value through profit or loss	**2,256**	**-**	**2,256**	**-**	**2,181**
Equity instruments	-	-	-	-	-
Debt securities	2,256	-	2,256	-	2,181
Loans and receivables	-	-	-	-	-
Available-for-sale	**13,958**	**-**	**11,404**	**2,554**	**13,792**
Equity instruments	1,388	-	-	1,388	1,388
Debt securities	12,570	-	11,404	1,166	12,404
Loans and receivables	-	-	-	-	-
Loans and receivables	**11,471**	**9,808**	**1,301**	**362**	**11,471**
Debt securities	1,631	-	1,269	362	1,631
Loans and receivables	9,840	9,808	32	-	9,840
Held-to-maturity	**570**	**-**	**570**	**-**	**563**
Debt securities	570	-	570	-	563
Loans and receivables	-	-	-	-	-
Total financial assets	**37,939**	**9,808**	**25,091**	**3,040**	**37,691**
Finance leases	**-**	**-**	**-**	**-**	**-**
TOTAL TRANSFERRED ASSETS	**37,939**	**9,808**	**25,091**	**3,040**	**37,691**

(1) Including securities lending without cash collateral.

(2) When the "counterparty" (counterparties) to the associated liabilities has (have) recourse only to the transferred assets. (IFRS 7.42D.d).

SECURITISATIONS

Consolidated securitisations with external investors are a transfer of assets within the meaning of the amendment to IFRS 7. The Group effectively has an indirect contractual obligation to deliver to external investors the cash flows from assets sold to the securitisation fund (although these assets are recorded in the Group balance sheet through the consolidation of the fund). Receivables assigned to the securitisation fund are used as collateral for investors.

Fully self-subscribed consolidated securitisations do not constitute a transfer of assets within the meaning of IFRS 7.

Crédit Agricole Consumer Finance Securitisations

At 31 December 2016, Crédit Agricole Consumer Finance managed 22 consolidated vehicles for securitisation of retail consumer loans and car dealer financing in Europe. Securitisation transactions carried out within Crédit Agricole Consumer Finance Group are not considered to form part of a deconsolidation transaction under IFRS and have therefore been reintegrated into Crédit Agricole Group's consolidated financial statements.

The carrying amounts of the relevant assets (net of related liabilities) amounted to €9,528 million at 31 December 2016. They include, in particular, outstanding customer loans with a net carrying amount of €14,538 million. The amount of securities mobilised on the market stood at €7,591 million. The value of securities still available to be mobilised stood at €1,950 million.

but still fully recognised						Transferred assets, but recognised to the extent of the entity's continuing involvement		
Associated liabilities					Assets and associated liabilities	Initial total carrying amount of assets prior to transfer	Carrying amount of asset still recognised (continuing involvement)	Carrying amount of associated liabilities
Carrying amount	*of which securisation (non-deconsolidating)*	*of which securities sold/bought under repurchase agreements*	*of which other*	*Fair value* [2]	*Net fair value*			
9,594	**-**	**9,470**	**124**	**9,594**	**90**	**-**	**-**	**-**
124	-	-	124	124	-	-	-	-
9,470	-	9,470	-	9,470	90	-	-	-
-	-	-	-	-	-	-	-	-
2,256	**-**	**2,256**	**-**	**2,256**	**(75)**	**-**	**-**	**-**
-	-	-	-	-	-	-	-	-
2,256	-	2,256	-	2,256	(75)	-	-	-
-	-	-	-	-	-	-	-	-
11,769	**-**	**11,304**	**465**	**11,769**	**2,023**	**-**	**-**	**-**
465	-	-	465	465	923	-	-	-
11,304	-	11,304	-	11,304	1,100	-	-	-
-	-	-	-	-	-	-	-	-
8,286	**5,977**	**2,309**	**-**	**8,286**	**3,185**	**-**	**-**	**-**
1,270	-	1,270	-	1,270	361	-	-	-
7,016	5,977	1,039	-	7,016	2,824	-	-	-
490	**-**	**490**	**-**	**494**	**69**	**-**	**-**	**-**
490	-	490	-	494	69	-	-	-
-	-	-	-	-	-	-	-	-
32,395	**5,977**	**25,829**	**589**	**32,399**	**5,292**	**-**	**-**	**-**
-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
32,395	**5,977**	**25,829**	**589**	**32,399**	**5,292**	**-**	**-**	**-**

Cariparma Securitisations

At 31 December 2016, Cariparma managed two home loan securitisation vehicles. These securitisation transactions are not considered to form part of a deconsolidation transaction under IFRS and have therefore been reintegrated into Crédit Agricole Group's consolidated financial statements.

The carrying amounts of the relevant assets amounted to €8,236 million at 31 December 2016.

FCT Crédit Agricole Habitat 2015 Securitisations

At 31 December 2016, the Regional Banks managed a home loan securitisation vehicle. This securitisation transaction is not considered to form part of a deconsolidation transaction under IFRS and has therefore been reintegrated into Crédit Agricole Group's consolidated financial statements.

The carrying amounts of the relevant assets amounted to €9,851 million at 31 December 2016.

6.8 Impairment deducted from financial assets

(in millions of euros)	31/12/2015	Changes in scope	Depreciation	Reversals and utilisations	Translation adjustment	Transfers in non-current assets held for sale	Other movements	31/12/2016
Loans and receivables due from credit institutions	468	-	1	(43)	8	-	2	436
Loans and receivables due from customers	21,430	-	6,082	(6,173)	20	-	(12)	21,347
of which collective impairment	*6,394*	-	*830*	*(947)*	*10*	-	*(36)*	*6,251*
Finance leases	310	-	156	(163)	-	-	13	316
Held-to-maturity securities	6	-	-	(1)	-	-	1	6
Available-for-sale financial assets	2,142	(2)	304	(553)	(3)	(138)	(9)	1,741
Other financial assets	187	2	75	(44)	4	-	1	225
TOTAL IMPAIRMENT OF FINANCIAL ASSETS	**24,543**	**-**	**6,618**	**(6,977)**	**29**	**(138)**	**(4)**	**24,071**

(in millions of euros)	01/01/2015	Changes in scope	Depreciation	Reversals and utilisations	Translation adjustment	Transfers in non-current assets held for sale	Other movements	31/12/2015
Loans and receivables due from credit institutions	431	-	4	(6)	39	-	-	468
Loans and receivables due from customers	21,843	(59)	5,820	(6,288)	206	(36)	(56)	21,430
of which collective impairment	*6,376*	*(22)*	*768*	*(814)*	*99*	-	*(13)*	*6,394*
Finance leases	328	(12)	206	(221)	-	-	9	310
Held-to-maturity securities	7	-	-	(1)	-	-	-	6
Available-for-sale financial assets	1,866	203	498	(395)	15	-	(45)	2,142
Other financial assets	170	-	78	(53)	(6)	(4)	2	187
TOTAL IMPAIRMENT OF FINANCIAL ASSETS	**24,645**	**132**	**6,606**	**(6,964)**	**254**	**(40)**	**(90)**	**24,543**

6.9 Exposure to sovereign risk

The scope of sovereign exposures recorded covers exposures to Governments, but does not include local authorities. Tax debt is excluded from these amounts.

Exposure to sovereign debt corresponds to an exposure net of impairment (carrying amount) presented both gross and net of hedging.

The Group's significant exposure to sovereign risk is as follows:

BANKING ACTIVITY

31/12/2016 *(in millions of euros)*	Exposures Banking activity net of impairment – Of which banking portfolio: *Held-to-maturity financial assets*	*Available-for-sale financial assets*	*Financial assets at fair value through profit and loss*	*Loans and receivables*	Of which trading book (excluding derivatives)	Total Banking activity before hedging	Hedging Available-for-sale financial assets	Total banking activity after hedging
Germany	438	65	4	-	-	507	(6)	501
Saudi Arabia	-	-	-	617	-	617	-	617
Belgium	300	2,573	-	-	-	2,873	(221)	2,652
Brazil	-	-	-	41	5	46	-	46
China	-	69	-	-	6	75	-	75
Spain	2	2,311	2	150	-	2,465	(8)	2,457
United States	-	177	-	-	25	202	(7)	195
France	9,957	24,137	3	1,168	-	35,265	(1,896)	33,369
Greece	-	-	-	-	-	-	-	-
Hong Kong	-	1,165	-	-	28	1,193	-	1,193
Ireland	2	4	-	-	-	6	-	6
Italy	5	5,425	4	111	-	5,545	(286)	5,259
Japan	-	3,547	-	639	30	4,216	-	4,216
Morocco	-	404	-	-	131	535	-	535
Portugal	-	104	1	-	-	105	(5)	100
United-Kingdom	-	-	-	-	-	-	-	-
Russia	-	34	-	-	10	44	-	44
Syria	-	-	-	-	-	-	-	-
Ukraine	-	23	-	-	-	23	-	23
Venezuela	-	-	-	4	-	4	-	4
Yemen	-	-	-	-	-	-	-	-
TOTAL	**10,704**	**40,038**	**14**	**2,730**	**235**	**53,721**	**(2,429)**	**51,292**

	Exposures Banking activity net of impairment							
	Of which banking portfolio							
31/12/2015 *(in millions of euros)*	*Held-to-maturity financial assets*	*Available-for-sale financial assets*	*Financial assets at fair value through profit and loss*	*Loans and receivables*	**Of which trading book (excluding derivatives)**	**Total Banking activity before hedging**	**Hedging Available-for-sale financial assets**	**Total banking activity after hedging**
Germany	583	1,222	15	-	-	1,820	9	1,829
Saudi Arabia	-	-	-	-	-	-	-	-
Belgium	203	2,845	-	-	277	3,325	(217)	3,108
Brazil	-	-	-	48	104	152	-	152
China	-	137	-	-	13	150	-	150
Spain	80	2,398	1	150	-	2,629	(21)	2,608
United States	-	157	-	-	398	555	(5)	550
France	8,524	29,387	42	990	-	38,943	(1,725)	37,218
Greece	-	-	-	-	-	-	-	-
Hong Kong	-	686	-	-	67	753	-	753
Ireland	2	-	-	-	-	2	-	2
Italy	5	5,802	-	99	36	5,942	(267)	5,675
Japan	-	1,370	-	114	487	1,971	-	1,971
Morocco	-	371	-	-	140	511	-	511
Portugal	-	566	-	1	-	567	(2)	565
United-Kingdom	-	-	22	-	-	22	-	22
Russia	-	18	-	-	9	27	-	27
Syria	-	-	-	-	-	-	-	-
Ukraine	-	-	-	-	-	-	-	-
Venezuela	-	-	-	6	-	6	-	6
Yemen	-	-	-	-	-	-	-	-
TOTAL	**9,397**	**44,959**	**80**	**1,408**	**1,531**	**57,375**	**(2,228)**	**55,147**

INSURANCE ACTIVITY

For the insurance activity, exposure to sovereign debt is presented as net of impairment, before hedging, and corresponds to an exposure before application of sharing mechanisms between insurer and policyholder specific to life insurance.

	Gross exposure	
(in millions of euros)	31/12/2016	31/12/2015
Germany	247	252
Saudi Arabia	-	-
Belgium	2,421	427
Brazil	-	-
China	-	-
Spain	1,036	843
United States	14	5
France [(1)]	32,874	28,561
Greece	-	-
Hong Kong	-	-
Ireland	612	623
Italy	5,994	6,297
Japan	-	-
Morocco	-	-
Portugal	3	3
United-Kingdom	-	-
Russia	-	-
Syria	-	-
Ukraine	-	-
Venezuela	-	-
Yemen	-	-
TOTAL EXPOSURE	**43,201**	**37,011**

(1) The exposure on 31 December 2015 has been restated for -€213 million.

6.10 Due to credit institutions and to customers

DUE TO CREDIT INSTITUTIONS

(in millions of euros)	31/12/2016	31/12/2015
Credit institutions		
Accounts and borrowings	53,946	62,740
of which current accounts in credit	***5,662***	***5,874***
of which overnight accounts and deposits	***2,738***	***3,405***
Pledged securities	-	105
Securities sold under repurchase agreements	24,884	30,064
CARRYING AMOUNT	**78,830**	**92,909**

DUE TO CUSTOMERS

(in millions of euros)	31/12/2016	31/12/2015
Current accounts in credit	278,378	247,821
Special saving accounts	265,514	254,943
Other amounts due to customers	142,764	154,341
Securities sold under repurchase agreements	4,761	3,945
Insurance liabilities	762	1,063
Reinsurance liabilities	314	266
Cash deposits received from cedants and retrocessionaires against technical insurance commitments	767	756
CARRYING AMOUNT	**693,260**	**663,135**

6.11 Debt securities and subordinated debt

(in millions of euros)	31/12/2016	31/12/2015
Debt securities		
Interest bearing notes	182	234
Money-market instruments	15,127	16,461
Negotiable debt securities	69,809	69,617
Bonds (1)	79,858	78,107
Other debt instruments	3,095	3,391
CARRYING AMOUNT	**168,071**	**167,810**
Subordinated debt		
Dated subordinated debt (2)	24,334	23,224
Undated subordinated debt (3)	4,942	5,504
Mutual security deposits	164	156
Participating securities and loans	122	122
CARRYING AMOUNT	**29,562**	**29,006**

(1) Includes the issue of €1.5 billion in senior non-preferred bonds and issues of covered bonds (see Note 2 "Major structural transactions and material events during the period").

(2) Includes issues of dated subordinated notes "TSR".

(3) Includes issues of deeply subordinated notes "TSS" and undated subordinated notes "TSDI".

At 31 December 2016, deeply subordinated notes issued before CRD 4/CRR came into force totalled €4,507 million, down from €4,575 million at 31 December 2015.

The debt instruments issued by Crédit Agricole S.A. and subscribed for by Crédit Agricole Group insurance companies were eliminated for euro contracts. They were eliminated for the portion backing unit-linked contracts with financial risk borne by the policyholder.

SUBORDINATED DEBT ISSUES

The issue of subordinated debt plays a part in regulatory capital management while contributing to refinancing all of Crédit Agricole S.A.'s operations.

The Capital Requirements Regulation and Directive (CRD 4/CRR) define the conditions under which subordinated instruments qualify as regulatory capital and set out the terms and conditions for progressive disqualification of older instruments that do not meet these requirements, between 1 January 2014 (effective date of the CRD 4/CRR) and 1 January 2022.

All subordinated debt issuance, whether new or old, is likely to be subject to Bail-in in certain circumstances, particularly in the event of resolution of the issuing bank, in accordance with the Order of 20 August 2015 containing various provisions adapting French legislation to EU law on financial matters, transposing EU Directive of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms (Bank Recovery and Resolution Directive, or BRRD).

Details of the types of subordinated debt issued by Crédit Agricole S.A. and still outstanding are as follows: they comprise undated subordinated debt (issued before CRD 4/CRR came into force), dated subordinated notes "TSR", deeply subordinated notes "TSS" issued before CRD 4/CRR came into force and deeply subordinated notes "TSS" issued after CRD 4/CRR came into force.

Deeply subordinated notes (TSS)

TSS – Volumes issued before CRD 4/CRR came into force

Deeply subordinated notes (TSS) issued by Crédit Agricole S.A. are either fixed or floating-rate and undated (unless they contain a contractually defined early redemption clause and subject to certain conditions). They are senior to Common Equity Tier 1 Capital (CET1), including Crédit Agricole S.A. shares, but subordinated (lower-ranking) to all other more senior subordinated debt (including dated subordinated notes and undated subordinated notes).

Deeply subordinated notes are generally fixed-rate then floating-rate beyond a certain duration and include early repayment options at the discretion of Crédit Agricole S.A. (with certain reserves) beyond this same duration.

The coupons are non-cumulative and payment of a dividend by Crédit Agricole S.A. entails the obligation to pay the coupon on the TSS for a period of one year. However, the coupons may not be paid if Crédit Agricole S.A. experiences a regulatory event, i.e., falls below the legal minimum equity ratio as defined by Pillar 1 or Pillar 2, or if the competent regulator anticipates such an event in the near future.

The notional amount and accrued interest are impaired, up to a maximum of 0.01 of the security's monetary unit if the issuer's total capital ratio falls below a minimum threshold, either contractual or regulatory, or by decision of the competent regulator.

Additional Tier 1 (AT1) TSS issued after CRD 4/CRR came into force

The Additional Tier 1 deeply subordinated notes issued by Crédit Agricole S.A. are consistent with the new CRD 4/CRR rules.

The Additional Tier 1 (AT1) TSS issued by Crédit Agricole S.A. are either fixed and/or floating-rate and undated (unless they contain a contractually defined early redemption clause and subject to certain conditions). They are senior to Common Equity Tier 1 Capital (CET1), including Crédit Agricole S.A. shares, but subordinated to all other more senior subordinated debt and rank *pari passu* with TSS issued before CRD 4/CRR came into force.

Additional Tier 1 TSS are generally fixed-rate but resettable beyond a certain duration and can include early repayment options subject to certain conditions beyond this same duration.

Additional Tier 1 TSS issued by Crédit Agricole S.A. contain a clause providing for temporary partial impairment of the securities in the event the phased-in Basel 3 Common Equity Tier 1 regulatory ratio of Crédit Agricole Group falls below 7% or the phased-in Basel 3 Common Equity Tier 1 regulatory ratio of Crédit Agricole S.A. falls below 5.125%. They may be impaired up to a maximum of 0.01 of the issue's monetary unit.

Coupons are optional at the discretion of Crédit Agricole S.A. (which may decide on the suspension of interest payments) or at the competent regulator's request, and subject to regulatory limits if distributable amounts are insufficient or the Crédit Agricole Group or Crédit Agricole S.A. Group fails to meet regulatory requirements for total capital (including capital buffers).

Undated subordinated notes (TSDI) (issued before CRD 4/CRR came into force)

Undated subordinated notes (TSDI) issued by Crédit Agricole S.A. before CRD 4/CRR came into force are usually fixed-rate and pay interest quarterly, on a perpetual basis.

They are only redeemable in the event of Crédit Agricole S.A.'s liquidation (judicial or otherwise), unless they contain a contractually defined early redemption clause and subject to certain conditions (see "Early redemption as part of the conditions for all subordinated note issues (TSDI, TSR or TSS)" below).

Like the dated subordinated notes ("TSR" – see below "Issues of dated subordinated notes (TSR) and contingent capital securities"), they are subordinated securities (principal and interest) in reference to Article L. 228-97 of the French Commercial Code.

In particular, the coupon may be suspended if the General Meeting of Shareholders of Crédit Agricole S.A. duly notes that there were no distributable earnings for the relevant financial year.

It should be noted that TSDI have a contractually defined rank senior to Common Equity Tier 1 Capital (CET1), including Crédit Agricole S.A. shares, TSS (deeply subordinated notes), participating notes granted to Crédit Agricole S.A. and participating securities issued by it; they rank pari passu with other TDSI and TSR (see below) of the same rank and subordinate to all other more senior debt (notably preferred and non-preferred senior bonds).

Dated subordinated notes (TSR) and contingent capital securities

Dated subordinated notes (TSR) issued by Crédit Agricole S.A. are usually fixed-rate and pay interest on a quarterly or annual basis with a fixed maturity. They may be redeemed prior to maturity under contractually defined conditions and subject to certain conditions.

TSR are issued either on the French market under French law or on the international markets under UK, State of New York (United States) or Japanese law.

TSR differ from preferred and non-preferred senior bonds in terms of their ranking (principal and interest) as contractually defined by the subordination clause with reference to Article L. 228-97 of the French Commercial Code.

In the case of notes issued by Crédit Agricole S.A., in the event of liquidation (judicial or otherwise), dated subordinated notes (TSR) will be repaid after all other secured and unsecured creditors (including creditors of preferred and non-preferred senior bonds), but before either participating loans provided to Crédit Agricole S.A., or any participating notes issued by the Bank, as well as any deeply subordinated notes (“TSS”, see above “Deeply subordinated notes (TSS)”).

Early redemption as part of the conditions for all subordinated note issues (TSDI, TSR or TSS)

The above-mentioned TSDI, TSR or TSS may be the subject of:

- buy-back transactions, either on the market through public takeover bids or exchange offers or over-the-counter, subject to approval by the competent regulator, where appropriate, and/or at the initiative of Crédit Agricole S.A., in accordance with the contractual clauses applicable to each issue;
- the exercise of an early redemption option at the initiative of Crédit Agricole S.A. (“call option”), under the conditions and subject to approval by the competent regulator, where appropriate, at the times defined by the contractual terms of the issue, in the event that the issuance agreement for the securities contains such a clause.

SENIOR NON-PREFERRED DEBT ISSUES

The law on transparency, the fight against corruption and the modernisation of the economy (also referred to as the “Sapin 2 law”) was published in the Official Journal on 10 December 2016 and became effective on 11 December 2016, As part of this law, France created a new category of senior debt – “senior non-preferred debt” – meeting the eligibility criteria of the TLAC and MREL ratios (as they are presently defined). This new category of debt is also taken into account in the draft amendment to the Bank Recovery and Resolution Directive (BRRD) published on 23 November 2016, which points to a harmonisation of banks’ creditor ranking.

In the course of a resolution process (likely to occur prior to liquidation), it will be possible to impair senior non-preferred securities in full or in part, or to convert them into equity as part of the bail-in procedure, ahead of other senior debt securities (senior “preferred” debt securities), but only after the full depreciation or the conversion into equity of subordinated instruments. The latter include own funds-related instruments of first category (CET1 and Additional Tier 1) and second category instruments (Tier 2). Only if the impairment or conversion of these instruments is insufficient will senior-non preferred debt securities be used in the bail-in of a particular institution.

In a liquidation event, senior non-preferred securities will be redeemed if there still are funds available, after the repayment of all senior preferred instruments, but ahead of subordinated securities (in particular of redeemable subordinated debt securities (“TSR”) known as second category own funds).

The inaugural issue of these new senior non-preferred debt securities was launched by Crédit Agricole S.A. on 13 December 2016. The outstanding amount of senior non-preferred securities of Crédit Agricole S.A. and Crédit Agricole Group thus stood at 1.5 billion euros at 31 December 2016.

COVERED BOND-TYPE ISSUES

In order to increase the amount of medium and long-term financing, the Group issues Covered Bonds through two subsidiaries in France and one subsidiary in Italy:

- Crédit Agricole Home Loan SFH, whose initial issue was launched in January 2009. The total amount outstanding, in euro equivalent, was €22.3 billion at 31 December 2016;
- Crédit Agricole Public Sector SCF, whose initial issue was launched in October 2012. The total amount issued and outstanding was €2.5 billion at 31 December 2016;
- Cariparma: the total amount issued and outstanding at 31 December 2016 was €4.7 billion in OBG (covered bonds), including €1.2 billion held at 31 December 2016.

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6.12 Information on the offsetting of financial assets and financial liabilities

OFFSETTING – FINANCIAL ASSETS

	31/12/2016					
	Offsetting effects on financial assets covered by master netting agreements and similar agreements					
				Other amounts that can be offset under given conditions		
Type of financial instrument *(in millions of euros)*	*Gross amounts of recognised financial assets before offsetting*	*Gross amounts of recognised financial liabilities set off in the financial statements* [(4)]	*Net amounts of financial assets presented in the financial statements*	*Gross amounts of financial liabilities covered by master netting agreements*	*Amounts of other financial instruments received as collateral, including security deposits*	*Net amount after all offsetting effects*
Derivatives [(1)]	263,431	120,346	143,086	119,912	12,810	10,363
Reverse repurchase agreements [(2)]	62,246	16,374	45,872	17,364	28,359	148
Securities lent [(3)]	1,423	-	1,423	-	-	1,423
Other financial instruments	-	-	-	-	-	-
TOTAL FINANCIAL ASSETS SUBJECTS TO OFFSETTING	**327,100**	**136,720**	**190,381**	**137,277**	**41,169**	**11,934**

(1) The amount of derivatives subject to offsetting represents 83.27% of the derivatives on the asset side of the balance sheet at the end of the reporting period.

(2) The amount of reverse repurchase agreements subject to offsetting represents 47.83% of the reverse repurchase agreements on the asset side of the balance sheet at the end of the reporting period.

(3) The amount of securities lent subject to offsetting represents 32.11% of the securities lent on the asset side of the balance sheet at the end of the reporting period.

(4) Including margin calls.

	31/12/2015					
	Offsetting effects on financial assets covered by master netting agreement and similar agreements					
				Other amounts that can be offset under given conditions		
Type of financial instrument *(in millions of euros)*	*Gross amounts of recognised financial assets before offsetting*	*Gross amounts of recognised financial liabilities set off in the financial statements* [(4)]	*Net amounts of financial assets presented in the financial statements*	*Gross amounts of financial liabilities covered by master netting agreement*	*Amounts of other financial instruments received as collateral, including security deposits*	*Net amount after all offsetting effects*
Derivatives [(1)]	271,526	118,003	153,523	131,754	10,345	11,424
Reverse repurchase agreements [(2)]	96,133	6,941	89,192	38,468	44,276	6,448
Securities lent [(3)]	2,357	-	2,357	-	1,388	969
Other financial instruments	-	-	-	-	-	-
TOTAL FINANCIAL ASSETS SUBJECT TO OFFSETTING	**370,016**	**124,944**	**245,072**	**170,222**	**56,009**	**18,841**

(1) The amount of derivatives subject to offsetting represents 85.92% of the derivatives on the asset side of the balance sheet at the end of the reporting period.

(2) The amount of reverse repurchase agreements subject to offsetting represents 84.70% of the reverse repurchase agreements on the asset side of the balance sheet at the end of the reporting period.

(3) The amount of securities lent subject to offsetting represents 62.93% of the securities lent on the asset side of the balance sheet at the end of the reporting period.

(4) Including margin calls.

OFFSETTING – FINANCIAL LIABILITIES

	31/12/2016					
	Offsetting effects on financial liabilities covered by master netting agreements and similar agreements					
				Other amounts that can be offset under given conditions		
Type of financial instrument *(in millions of euros)*	*Gross amounts of recognised financial liabilities before offsetting*	*Gross amounts of recognised financial assets set off in the financial statements* [3]	*Net amounts of financial liabilities presented in the financial statements*	*Gross amounts of financial assets covered by master netting agreements*	*Amounts of other financial instruments given as guarantee, including security deposits*	*Net amount after all offsetting effects*
Derivatives [1]	268,793	120,385	148,408	119,912	18,637	9,858
Repurchase agreements [2]	54,780	16,433	38,348	17,364	17,458	3,526
Securities borrowed	-	-	-	-	-	-
Other financial instruments	-	-	-	-	-	-
TOTAL FINANCIAL LIABILITIES SUBJECT TO OFFSETTING	**323,573**	**136,818**	**186,755**	**137,277**	**36,095**	**13,384**

(1) *The amount of derivatives subject to offsetting represents 87.07%of the derivatives on the liability side of the balance sheet at the end of the reporting period.*

(2) *The amount of repurchase agreements subject to offsetting represents 51.94% of the repurchase agreements on the liability side of the balance sheet at the end of the reporting period.*

(3) *Including margin calls.*

	31/12/2015					
	Offsetting effects on financial liabilities covered by master netting agreement and similar agreements					
				Other amounts that can be offset under given conditions		
Type of financial instrument *(in millions of euros)*	*Gross amounts of recognised financial liabilities before offsetting*	*Gross amounts of recognised financial assets set off in the financial statements* [3]	*Net amounts of financial liabilities presented in the financial statements*	*Gross amounts of financial assets covered by master netting agreement*	*Amounts of other financial instruments given as guarantee, including security deposits*	*Net amount after all offsetting effects*
Derivatives [1]	275,992	118,008	157,984	131,754	15,166	11,064
Repurchase agreements [2]	64,749	6,941	57,808	38,468	11,016	8,324
Securities borrowed	-	-	-	-	-	-
Other financial instruments	-	-	-	-	-	-
TOTAL FINANCIAL LIABILITIES SUBJECT TO OFFSETTING	**340,741**	**124,949**	**215,792**	**170,222**	**26,182**	**19,388**

(1) *The amount of derivatives subject to offsetting represents 88.15%of the derivatives on the liability side of the balance sheet at the end of the reporting period.*

(2) *The amount of repurchase agreements subject to offsetting represents 71.61% of the repurchase agreements on the liability side of the balance sheet at the end of the reporting period.*

(3) *Including margin calls.*

6.13 Current and deferred tax assets and liabilities

(in millions of euros)	31/12/2016	31/12/2015
Current tax	1,641	1,990
Deferred tax	3,871	4,199
TOTAL CURRENT AND DEFERRED TAX ASSETS	**5,512**	**6,189**
Current tax	570	698
Deferred tax	2,088	1,807
TOTAL CURRENT AND DEFERRED TAX LIABILITIES	**2,658**	**2,505**

Net deferred tax assets and liabilities break down as follows:

(in millions of euros)	31/12/2016	31/12/2015
Temporary timing differences	**3,544**	**4,118**
Non-deductible accrued expenses	330	345
Non-deductible provisions for liabilities and charges	3,757	3,973
Other temporary differences (1)	(543)	(200)
Deferred tax on reserves for unrealised gains or losses	**(1,033)**	**(1,257)**
Available-for-sale assets	(836)	(1,024)
Cash flow hedges	(408)	(425)
Gains and losses/Actuarial differences	211	192
Deferred tax on Income	**(728)**	**(469)**
TOTAL DEFERRED TAX	**1,783**	**2,392**

(1) The portion of deferred tax related to tax loss carry-forwards is €491 million for 2016 compared to €963 million for 2015.

Deferred tax assets are netted on the balance sheet by taxable entity.

In order to assess the level of deferred tax assets to be recognised, Crédit Agricole S.A. takes into account for each company or tax group concerned the dedicated tax status and the earnings projections established during the budgetary process.

6.14 Accrued income and expenses and other assets and liabilities

ACCRUALS, PREPAYMENTS AND SUNDRY ASSETS

(in millions of euros)	31/12/2016	31/12/2015
Other assets	**42,742**	**37,544**
Inventory accounts and miscellaneous	220	211
Sundry debtors [(1)]	38,972	34,939
Settlement accounts	1,855	798
Other insurance assets	204	207
Reinsurer's share of technical reserves	1,491	1,389
Accruals and deferred income	**7,049**	**8,715**
Items in course of transmission	4,052	4,672
Adjustment and suspense accounts	862	622
Accued income	1,157	1,999
Prepaid expenses	401	383
Other accruals prepayments and syndry assets	577	1,039
CARRYING AMOUNT	**49,791**	**46,259**

(1) *Including €49 million in respect of the contribution to the Single Resolution Fund in the form of a security deposit. The Single Resolution Fund may use the security deposit to provide funding unconditionally and at any time.*

ACCRUALS, DEFERRED INCOME AND SUNDRY LIABILITIES

(in millions of euros)	31/12/2016	31/12/2015
Other liabilities	**31,944**	**27,269**
Settlement accounts	2,582	1,304
Sundry creditors	28,842	25,567
Liabilities related to trading securities	491	366
Other insurance liabilities	29	32
Accruals and deferred income	**18,775**	**18,612**
Items in course of transmission	3,354	4,861
Adjustment and suspense accounts	4,532	2,519
Unearned income	3,556	3,422
Accrued expenses	6,265	6,150
Other accruals prepayments and sundry liabilities	1,068	1,660
CARRYING AMOUNT	**50,719**	**45,881**

6.15 Joint ventures and associates

FINANCIAL INFORMATION OF JOINT VENTURES AND ASSOCIATES

At 31 December 2016,

- the equity-accounted value of joint ventures totalled €1,528 million (€1,457 million at 31 December 2015);
- the equity-accounted value of associates totalled €5,493 million (€5,113 million at 31 December 2015).

FCA Bank is a joint venture created with the Fiat Chrysler Automobiles group. In July 2013, Crédit Agricole S.A., Crédit Agricole Consumer Finance and Fiat Chrysler Automobiles (formerly Fiat Group Automobiles) signed an agreement to extend their 50/50 joint venture until 31 December 2021. Active in 16 European countries, the company manages all financing transactions for car dealers and private customers for the following brands: Fiat, Lancia, Alfa Romeo, Maserati, Chrysler, Jeep, Fiat Professional, Abarth, Ferrari in Europe as well as Jaguar Land Rover in continental Europe. It is key to the development of the Group's automotive joint venture business.

Material associates and joint ventures are presented in the table below. These are the main joint ventures and associates that make up the "Interest in equity-accounted entities".

	31/12/2016						
(in millions of euros)	% of interest	Equity-accounted value	Share of market value	Dividends paid to Group's entities	Share of net income (1)	Share of shareholders' equity (2)	Goodwill
Joint ventures							
FCA Bank (3)	50.0%	1,433	-	63	150	1,132	392
Autres		95	-	1	7	238	-
Net carrying amount of investments in equity-accounted entities (Joint ventures)		**1,528**			**157**	**1,370**	**392**
Associates							
Bank Saudi Fransi	31.1%	2,302	2,459	46	211	2,334	-
Eurazeo	16.0%	648	597	25	46	616	41
Ramsay-Générale de Santé	38.4%	412	459	-	14	154	258
Infra Foch Topco	36.9%	92	168	26	10	(49)	141
Altarea	26.6%	498	740	39	17	395	104
Korian	23.7%	490	529	11	10	451	38
Others		1,051	-	54	142	900	148
Net carrying amount of investments in equity-accounted entities (Associates)		**5,493**			**450**	**4,801**	**730**
NET CARRYING AMOUNT OF INVESTMENTS IN EQUITY-ACCOUNTED ENTITIES		**7,021**			**607**	**6,171**	**1,122**

(1) The share of income from insurance associates is recognised in Revenues through profit and loss.

(2) Shareholders' equity Group share in the financial statements of the joint venture or associate when the joint venture or associate is a sub-group.

(3) Formerly known as FGA Capital.

	31/12/2015						
(in millions of euros)	% of interest	Equity-accounted value	Share of market value	Dividends paid to Group's entities	Share of net income (1)	Share of shareholders' equity (2)	Goodwill
Joint ventures							
FCA Bank (3)	50.0%	1,378	-	46	121	1,077	392
Autres		79	-	1	(189)	235	-
Net carrying amount of investments in equity-accounted entities (Joint ventures)		**1,457**			**(68)**	**1,312**	**392**
Associates							
Banque Saudi Fransi	31.1%	2,048	2,570	40	246	2,092	-
Eurazeo	15.1%	666	650	12	203	636	41
Ramsay – Générale de santé	38.4%	486	443	-	15	228	258
Infra Foch Topco	36.9%	152	168	45	(1)	11	141
Altarea	27.7%	435	637	35	24	331	104
Korian	23.9%	492	640	11	62	453	38
Autres		834	-	39	123	1,087	118
Net carrying amount of investments in equity-accounted entities (Associates)		**5,113**			**672**	**4,838**	**700**
NET CARRYING AMOUNT OF INVESTMENTS IN EQUITY-ACCOUNTED ENTITIES		**6,570**			**604**	**6,150**	**1,092**

(1) The share of income from insurance associates is recognised in Revenues through profit and loss.

(2) Shareholders' equity Group share in the financial statements of the joint venture or associate when the joint venture or associate is a sub-group.

(3) Formerly known as FGA Capital.

The market value shown above is the quoted price of the shares on the market at 31 December 2016. This value may not be representative of the selling value since the value in use of equity-accounted entities may be different from the equity-accounted value determined pursuant to IAS 28.

Investments in equity-accounted entities were subject to impairment tests, in case of an indication of impairment, using the same methodology as for goodwill.

Condensed financial information for the material associates and joint ventures of Crédit Agricole Group is shown below.

	31/12/2016			
(in millions of euros)	**Revenues**	**Net income**	**Total assets**	**Total equity**
Joint ventures				
FCA Bank	725	301	23,301	2,263
Associates				
Bank Saudi Fransi	1,547	845	51,432	7,503
Eurazeo [(1)]	1,248	74	8,700	3,852
Ramsay – Générale de santé	37	37	2,354	438
Infra Foch Topco	28	28	3,049	674
Altarea	64	64	6,872	2,552
Korian	42	42	6,292	1,911

(1) Net income in the above table corresponds to the sum of the net income of the second half of 2015 and of the first half of 2016.

	31/12/2015			
(in millions of euros)	**Revenues**	**Net income**	**Total assets**	**Total equity**
Joint ventures				
FCA Bank	651	245	19,487	2,153
Associates				
Banque Saudi Fransi	1,518	974	44,966	6,724
Eurazeo [(1)]	3,686	1,258	7,349	4,199
Ramsay – Générale de santé	5	5	2,374	610
Infra Foch Topco	11	11	2,869	764
Alterea	53	53	5,716	2,156
Korian	49	49	5,313	1,904

(1) Net income in the above table corresponds to the sum of the net income of the second half of 2014 and of the first half of 2015.

SIGNIFICANT RESTRICTIONS ON JOINT VENTURES AND ASSOCIATES

Crédit Agricole Group is prohibited from receiving dividends from certain companies for the following reasons:

Regulatory limitations

The subsidiaries of Crédit Agricole Group are subject to prudential regulation and regulatory capital requirements in their host countries. The minimum equity capital (solvency ratio), leverage ratio and liquidity ratio requirements limit the capacity of these entities to pay dividends or to transfer assets to Crédit Agricole Group.

Legal limitations

The subsidiaries of Crédit Agricole Group are subject to legal provisions concerning the distribution of capital and distributable earnings. These requirements limit the ability of the subsidiaries to distribute dividends. In the majority of cases, these are less restrictive than the regulatory limitations mentioned above.

Restriction on assets backing unit-linked contracts for the insurance business

Assets backing unit-linked contracts of Crédit Agricole Group are held for the benefit of policyholders. Assets of the insurance subsidiaries of Crédit Agricole Group are mainly held for satisfying their obligation towards their policyholders. Assets transfers to other entities are possible following the legal conditions. However, in case of a transfer, a part of the profit due to the transfer must be intended for the policyholders.

Other limitations

A subsidiary of Crédit Agricole CIB, Banque Saudi Fransi, is required to obtain prior approval for the payment of dividends from their prudential authorities (namely the Saudi Monetary Authority).

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6.16 Investment properties

(in millions of euros)	31/12/2015	Changes in scope	Transfers to non-current assets held for sale	Increases (acquisitions)	Decreases (disposals and redemptions)	Translation adjustments	Other movements	31/12/2016
Gross amount	6,303	4	-	2,341	(2,150)	-	73	**6,571**
Amortisation and impairment	(425)	(3)	-	(29)	21	-	(6)	**(442)**
NET CARRYING AMOUNT [1]	**5,878**	**1**	**-**	**2,312**	**(2,129)**	**-**	**67**	**6,129**

(1) Including investment property let to third parties.

(in millions of euros)	01/01/2015	Changes in scope	Transfers to non-current assets held for sale	Increases (acquisitions)	Decreases (disposals and redemptions)	Translation adjustments	Other movements	31/12/2015
Gross amount	5,003	1		1,739	(880)	-	440	**6,303**
Amortisation and impairment	(393)	(1)		(30)	35	-	(36)	**(425)**
NET CARRYING AMOUNT [1]	**4,610**	**-**		**1,709**	**(845)**	**-**	**404**	**5,878**

(1) Including investment property let to third parties.

FAIR VALUE OF INVESTMENT PROPERTIES

The market value of investment property recorded at amortised cost, as valued by expert appraisers, was €9,245 million at 31 December 2016 compared to €8,345 million at 31 December 2015.

(in millions of euros)		31/12/2016	31/12/2015
Quoted prices in active markets for identical instruments	Level 1	-	-
Valuation based on observable data	Level 2	9,080	8,180
Valuation based on unobservable data	Level 3	165	165
MARKET VALUE		**9,245**	**8,345**

All investment property are recognised at amortised cost in the balance sheet.

6.17 Property, plant & equipment and intangible assets (excluding goodwill)

(in millions of euros)	31/12/2015	Changes in scope	Increases (Acquisitions, business combinations)	Decreases (disposals and redemptions)	Translation adjustments	Other movements	31/12/2016
Property, plant & equipment used in operations							
Gross amount	16,314	164	1,203	(955)	(65)	81	**16,742**
Depreciation and impairment [1]	(9,358)	(28)	(807)	640	29	(44)	**(9,568)**
CARRYING AMOUNT	**6,956**	**136**	**396**	**(315)**	**(36)**	**37**	**7,174**
Intangible assets							
Gross amount	5,734	4	484	(367)	(12)	4	**5,847**
Amortisation and impairment	(4,026)	-	(348)	291	8	(49)	**(4,124)**
CARRYING AMOUNT	**1,708**	**4**	**136**	**(76)**	**(4)**	**(45)**	**1,723**

(1) Including depreciation on fixed assets let to third parties.

(in millions of euros)	01/01/2015	Changes in scope	Increases (Acquisitions, business combinations)	Decreases (disposals and redemptions)	Translation adjustments	Other movements	31/12/2015
Property, plant & equipment used in operations							
Gross amount	15,860	(129)	1,285	(816)	56	58	**16,314**
Depreciation and impairment [(1)]	(9,099)	85	(765)	521	(33)	(67)	**(9,358)**
CARRYING AMOUNT	**6,761**	**(44)**	**520**	**(295)**	**23**	**(9)**	**6,956**
Intangible assets							
Gross amount	5,393	15	451	(134)	12	(3)	**5,734**
Amortisation and impairment	(3,714)	11	(331)	57	(11)	(38)	**(4,026)**
CARRYING AMOUNT	**1,679**	**26**	**120**	**(77)**	**1**	**(41)**	**1,708**

(1) Including depreciation on fixed assets let to third parties.

6.18 Goodwill

(in millions of euros)	31/12/2015 GROSS	31/12/2015 NET	Increases (Acquisitions)	Decreases (Divestments)	Impairment losses during the period	Translation adjustments	Other movements	31/12/2016 GROSS	31/12/2016 NET
French retail banking	**5,572**	**5,559**	**10**	**-**	**(540)**	**-**	**-**	**5,582**	**5,029**
of which LCL Group	5,558	5,558	-	-	(540)	-	-	5,558	5,018
of which Regional Banks	14	1	10	-	-	-	-	24	11
International retail banking	**3,487**	**2,063**	**-**	**-**	**-**	**(51)**	**-**	**3,395**	**2,012**
of which Italy	3,042	1,762	-	-	-	-	-	3,042	1,762
of which Poland	221	221	-	-	-	(7)	-	214	214
of which Ukraine	50	-	-	-	-	-	-	46	-
of which other countries	174	80	-	-	-	(44)	-	93	36
Asset gathering	**4,330**	**4,330**	**134**	**-**	**-**	**7**	**-**	**4,471**	**4,471**
of which asset management	2,246	2,246	134	-	-	1	-	2,381	2,381
of which insurance	1,262	1,262	-	-	-	-	-	1,261	1,262
of which international private banking	822	822	-	-	-	6	-	829	828
Specialised financial services	**2,727**	**1,024**	**-**	**-**	**-**	**-**	**-**	**2,727**	**1,024**
of which Consumer finance	1,693	954	-	-	-	-	-	1,693	954
of which Consumer finance – Agos	569	-	-	-	-	-	-	569	-
of which factoring	465	70	-	-	-	-	-	465	70
Large customers	**2,462**	**1,142**	**11**	**-**	**-**	**-**	**-**	**2,472**	**1,153**
of which corporate and investment banking (excluding brokers)	1,807	487	11	-	-	-	-	1,817	498
of which financial services for institutions	655	655	-	-	-	-	-	655	655
Corporate centre	**71**	**71**	**-**	**-**	**-**	**-**	**-**	**71**	**71**
TOTAL	**18,649**	**14,189**	**155**	**-**	**(540)**	**(45)**	**-**	**18,718**	**13,760**
Group Share	**18,337**	**13,897**	**123**	**-**	**(540)**	**(44)**	**-**	**18,373**	**13,435**
Non-controlling interests	**312**	**292**	**32**	**-**	**-**	**-**	**-**	**345**	**325**

DETERMINING THE VALUE IN USE OF THE CGUS

Goodwill was subject to impairment tests based on the assessment of the value in use of the cash generating units (CGU) to which it is associated. The determination of value in use is calculated by discounting the CGUs' estimated future cash flows calculated from activities forecasts developed for Group management purposes.

The following assumptions were made:

- the European Central Bank's (ECB) ongoing highly accommodative monetary policy resulting in negative Euro short-term rates over the three-year cash flow forecast period;
- eurozone growth that remains subdued and mixed: very gradual recovery in France on the back of consumption and consolidation of the progressive return to growth in Italy. Despite bouts of volatility, long-term interest rates in Europe are expected to remain low, although they may gradually rise;
- a slight pick-up in US growth following a modest 2016, driven by household consumption and loose monetary policy despite the expected gradual tightening;
- a slight return to growth is expected in emerging countries but with different outcomes depending on their economic environment: very gradual slowdown in the Chinese economy lasting a number of years, an improvement in Brazil and Russia, which are struggling to move out of recession.

At 31 December 2016, perpetual growth rates, discount rates and capital allocated rates were distributed by business lines as shown below:

In 2016	Perpetual growth rates	Discount rate	Capital allocated
French retail banking – LCL	2.0%	7.9%	8.0%
International retail banking	2.0% to 7.0%	9.2% to 18.5%	9.5%
Specialised financial services	2.0%	7.9% to 8.4%	8.0% to 9.5%
Asset gathering	2.0%	7.9% to 10.6%	9.5% 80% of solvability margin (Insurance)
Large customers	2.0%	8.4% to 9.7%	9.5%

The increase by the European Central Bank of regulatory requirements under Pillar 1 and Pillar 2 with effect from 2016 led Crédit Agricole S.A., starting last year, to raise the level of capital allocated as a percentage of risk weighted assets for some entities. The new capital requirements published at end-2016 following SREP reduced aggregate regulatory requirements under Pillar 2 applied to Crédit Agricole Group and to some of its subsidiaries. As a precaution, we nevertheless applied, for each CGU, a capital requirement corresponding to the higher of the ratio required under the Pillar 2 Requirement and the allocation rate used in 2015.

Thus, at 31 December 2016, the capital allocated to Large customers, Asset management, Asset servicing, Consumer finance and International retail banking activities remained at 9.5% of risk weighted assets.

The discount rates determined at 31 December 2016 for all business lines reflect the continued low long-term interest rates in Europe and more particularly in France. This has led to relative stability in the rates applied compared with end-2015.

The perpetual growth rates at 31 December 2016 are unchanged on those used at 31 December 2015 except for the rate applied to the business in Egypt to reflect the persistently higher inflation outlook in this country, the knock-on effect of which being the sharp increase in the discount rate.

SENSITIVITY OF CGUS VALUATION TO THE MAIN VALUATION PARAMETERS

	Sensitivity to capital allocated	Sensitivity to discount rates		Sensitivity to cost of risk in the final year	
	+100 bp	-50 bp	+50 bp	-10 %	+10 %
French retail banking – LCL	(4.8%)	+8.3%	(7.0%)	+2.4%	(2.4%)
International retail banking	(4.5%)	+7.0%	(6.1%)	+3.9%	(3.9%)
Specialised financial services	(6.7%)	+8.9%	(7.6%)	+10.4%	(10.4%)
Asset gathering	(0.6%)	+7.3%	(6.2%)	nm	nm
Large customers	(8.2%)	+7.3%	(6.4%)	+2.2%	(2.2%)

Sensitivity tests were conducted on goodwill Group share with changes in the main valuation parameters applied equally for all CGUs. These tests showed that the French retail banking LCL CGUs in France and Italy, affected by the factoring in of persistently low rates, are the most sensitive to the downgraded parameters of the model. In the case of the French retail banking – LCL CGU, the goodwill allocated to it was impaired this year, the value in use being equal to the consolidated value.

With regard to financial parameters, other than the French retail banking – LCL CGU for the reasons set out above, the tests only identify an indication of an impairment charge for the International retail banking - Italy CGU. Indeed:

- a +50 basis point change in the discount rates would lead to an additional impairment charge of circa €660 million for the French retail banking – LCL CGU and an impairment charge of €150 million for the International retail banking - Italy CGU;

- a +100 basis point change in the capital levels allocated to the banking CGUs would lead to an additional impairment charge of circa €450 million for the French retail banking – LCL CGU and an impairment charge of around €65 million for the International retail banking - Italy CGU.

With regard to operational parameters, these showed that the valuation of CGUs is particularly sensitive to downgraded cost-of-risk assumptions in the terminal year. Therefore,

- a variation of +10% in cost of risk during the terminal year would lead to an impairment charge of around €322 million, allocated as follows:
  - €220 million on the French retail banking – LCL CGU,
  - €100 million on the consumer finance CGU (excluding Agos),
  - €2 million on the International retail banking - Italy CGU.
- a scenario of a 100 basis point change in the cost/income ratio in the terminal year would lead to impairment of around €40 million for the International retail banking - Italy CGU and additional impairment of circa €315 million for the French retail banking – LCL CGU.

6.19 Insurance company technical reserves

BREAKDOWN OF INSURANCE TECHNICAL RESERVES

	31/12/2016				
(in millions of euros)	Life	Non-life	International	Creditor	Total
Insurance contracts	159,397	6,139	14,314	1,636	**181,486**
Investment contracts with discretionary profit-sharing	91,550	-	12,017	-	**103,567**
Investment contracts without discretionary profit-sharing	2,476	-	1,193	-	**3,669**
Deferred participation benefits (liability)	20,554	75	474	-	**21,103**
Total technical reserves	**273,977**	**6,214**	**27,998**	**1,636**	**309,825**
Deferred participation benefits (asset)	-	-	-	-	-
Reinsurers' share of technical reserves	(827)	(348)	(55)	(261)	**(1,491)**
NET TECHNICAL RESERVES	**273,150**	**5,866**	**27,943**	**1,375**	**308,334**

	31/12/2015				
(in millions of euros)	Life	Non-life	International	Creditor	Total
Insurance contracts	149,093	5,005	13,140	1,542	**168,780**
Investment contracts with discretionary profit-sharing	94,317	-	10,825	-	**105,142**
Investment contracts without discretionary profit-sharing	2,349	-	1,139	-	**3,488**
Deferred participation benefits (liability)	18,612	74	701	-	**19,387**
Total technical reserves	**264,371**	**5,079**	**25,805**	**1,542**	**296,797**
Deferred participation benefits (asset)	-	-	-	-	-
Reinsurers' share of technical reserves	(817)	(220)	(50)	(302)	**(1,389)**
NET TECHNICAL RESERVES	**263,554**	**4,859**	**25,755**	**1,240**	**295,408**

Reinsurers' share in technical reserves and other insurance liabilities is recognised under "Accruals, prepayments and sundry liabilities". The breakdown of insurance company technical provisions contracts is presented before elimination of emissions in euro and in units of account subscribed by insurance companies.

Deferred policyholders' profit-sharing, before tax, at 31 December 2016 and 31 December 2015 breaks down as follows:

Deferred participation benefits	**31/12/2016 Deferred participation benefits in liabilities**	**31/12/2015 Deferred participation benefits in liabilities**
Deferred participation on revaluation of held-for-sale securities and hedging derivatives	18,905	17,299
Of which deferred participation on revaluation of held-for-sale securities(1)	*18,008*	*15,647*
Of which deferred participation hedging derivatives	*142*	*1,652*
Deferred participation on trading securities mark-to-market adjustment	(323)	(711)
Other deferred participation (liquidity risk reserve cancellation)	2,521	2,799
TOTAL	**21,103**	**19,387**

(1) Note 6.4 Available-for-sale financial assets.

6.20 Provisions

(in millions of euros)	31/12/2015	Changes in scope	Depreciation charges	Reversals, amounts used	Reversals, amounts not used	Translation adjustments	Other movements	31/12/2016
Home purchase savings plans risks	903	-	286	-	-	-	-	**1,189**
Financing commitment execution risks	392	-	150	(6)	(127)	17	(1)	**425**
Operational risks	445	-	203	(49)	(82)	-	1	**518**
Employee retirement and similar benefits [(1)]	1,913	-	241	(207)	(90)	(3)	188	**2,042**
Litigation	1,240	1	378	(151)	(207)	(2)	(24)	**1,235**
Equity investments	12	-	8	(2)	(3)	-	(1)	**14**
Restructuring	17	3	35	(5)	(2)	-	-	**48**
Other risks	1,190	2	352	(310)	(218)	3	20	**1,039**
TOTAL	**6,112**	**6**	**1,653**	**(730)**	**(729)**	**15**	**183**	**6,510**

(1) See Notes 7.4 "Post employment benefits" and 7.5 "Other employee benefits".

(in millions of euros)	01/01/2015	Changes in scope	Depreciation charges	Reversals, amounts used	Reversals, amounts not used	Translation adjustments	Other movements	31/12/2015
Home purchase savings plans risks	933	-	123	-	(153)	-	-	**903**
Financing commitment execution risks	421	2	177	(10)	(180)	(17)	(1)	**392**
Operational risks	470	-	99	(32)	(94)	1	1	**445**
Employee retirement and similar benefits	2,041	1	160	(228)	(48)	30	(43)	**1,913**
Litigation	1,533	(1)	784	(939)	(178)	43	(2)	**1,240**
Equity investments	23	-	10	(15)	(7)	-	1	**12**
Restructuring	29	(3)	1	(2)	(4)	-	(4)	**17**
Other risks	1,376	1	458	(199)	(456)	(5)	15	**1,190**
TOTAL	**6,826**	**-**	**1,812**	**(1,425)**	**(1,120)**	**52**	**(33)**	**6,112**

At 31 December 2016, employee retirement and similar benefits included €120 million (€131 million in 2015) of provisions arising from social costs of the plans and the provision for restructuring includes the non-social costs of those plans.

TAX AUDITS

Crédit Agricole S.A. tax audit

Crédit Agricole S.A. underwent a tax audit covering the years 2012 and 2013.

The tax authority issued a tax adjustment notice rejecting the tax deduction applied, following the loss on disposal of Emporiki shares resulting from the capital increase carried out on 28 January 2013, four days before Emporiki was sold to Alpha Bank. The tax authorities dispute the fact that the securities of this subsidiary were treated as investment securities.

This adjustment is being contested. In view of the circumstances of the case, no provision has been set aside.

On 13 January 2017, the National Tax Commission deemed that the tax adjustment would be abandoned.

LCL tax audit

In 2010 and 2011, LCL was the object of an audit of accounts covering years 2007, 2008 and 2009, as well as an audit on regulated savings. All the resulting financial consequences have been paid, with only one sanction relating to regulated savings currently being the subject of a dispute.

LCL was the object of an audit of accounts covering years 2011, 2012 and 2013, as well as an audit on regulated savings. The audit ended in 2016 and all adjustments have been paid.

The provision covering all the consequences of the audit was reversed up to the amount of the payments made.

Crédit Agricole CIB Paris tax audit

Crédit Agricole CIB is currently the object of an audit of accounts covering years 2013, 2014 and 2015. An adjustment notice suspending the limitation period was received late 2016. Crédit Agricole CIB is challenging the proposed adjustments. A provision has been recognised to cover the estimated risk.

Merisma tax audit

Merisma, a Crédit Agricole CIB subsidiary, consolidated by Crédit Agricole S.A. Group for tax wises, has been the object of tax adjustment notices for financial years 2006 to 2010, plus surcharges for abuse of law.

Although still challenged, provisions have been set aside for the adjustments.

Crédit Agricole CIB Milan and London tax audit regarding transfer pricing

Following audits, Crédit Agricole CIB Milan and London respectively received adjustment notices for 2005 to 2011 and 2003 to 2006 and 2008 from the Italian and UK tax authorities regarding transfer pricing. Crédit Agricole CIB challenged the proposed adjustments. At the same time, the case has been referred to the competent French – Italian and French – British authorities for all years. A provision was recognised to cover the estimated risk.

CLSA liability guarantee

In 2013 Crédit Agricole S.A. Group sold the CLSA entities to the Chinese group CITICS.

Following tax adjustments made to some CLSA entities in India and the Philippines, CITICS invoked the liability guarantee against Crédit Agricole S.A. Group. Reasoned arguments have been submitted challenging the adjustments. A provision was recognised to cover the estimated risk.

Crédit Agricole Indosuez Wealth

Crédit Agricole Indosuez Wealth (formerly Crédit Agricole Private Banking) underwent a tax audit covering the years 2012 and 2013. It received an adjustment notice in late 2015. Most of the adjustments were challenged and a provision recognised for the estimated risks. Discussions took place with the tax authorities in 2016. As these were still ongoing at 31 December 2016, this provision was maintained.

Crédit Agricole Indosuez Wealth is once again undergoing a tax audit covering the years 2014 and 2015. A provision was recognised to cover the estimated risks.

Crédit Agricole Assurances tax audit

Crédit Agricole Assurances underwent a tax audit covering the years 2008 and 2009. The notified adjustment, for a non-material amount, is currently the subject of a dispute and has been submitted to the Council of State in line with procedure. It was fully paid up.

Pacifica tax audit

Pacifica underwent a tax audit covering the years 2009 and 2010. A comprehensive settlement notice has been issued. Only one notified adjustment, which is fully provisioned, remains outstanding and is currently the subject of a dispute.

Pacifica was also the object of an audit of accounts covering the years 2013 and 2014. The notified adjustments have been challenged in part and provisions made.

INQUIRIES AND REQUESTS FOR REGULATORY INFORMATION

The main files linked to inquiries and requests for regulatory information are:

Office of Foreign Assets Control (OFAC)

In October 2015, Crédit Agricole S.A. and its subsidiary Crédit Agricole Corporate and Investment Bank (Crédit Agricole CIB) reached agreements with the US and New York authorities that have been conducting investigations regarding US dollar transactions between 2003 and 2008 subject to US economic sanctions.

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 (Federal Reserve) 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. The USAO and DANY have agreed to take no further action against Crédit Agricole CIB, CASA, or any of Crédit Agricole CIB's subsidiaries or affiliates regarding the conduct subject to this investigation if Crédit Agricole CIB complies with its obligations under the DPAs.

Within the framework of the implementation of these agreements, 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 regarding this matter, with its home regulators, the European Central Bank and the *Autorité de contrôle prudentiel et de résolution*, and with the other regulators across its worldwide network.

Pursuant to the agreements with NYDFS and the Federal Reserve, Crédit Agricole's compliance program will be subject to regular reviews to evaluate its effectiveness, including a review by an independent consultant who will be 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 indices (See "Note 2.7 Euribor/Libor")

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: 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 transactions connected with these rates and indices. These requests cover a number of periods running from 2005 to 2012.

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

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

Following its investigation and an unsuccessful settlement procedure, on 21 May 2014, the European Commission sent a notification of grievances to Crédit Agricole S.A. and to Crédit Agricole CIB pertaining to agreements or concerted practices for the purpose and/or effect of preventing, restricting or distorting competition in derivatives related to the Euribor. By a decision dated 7 December 2016, the European Commission fined €114.7 million, jointly and severally, on Crédit Agricole S.A. and Crédit Agricole CIB for participating in a cartel relating to euro interest rates derivatives. Crédit Agricole S.A. and Crédit Agricole CIB disagree with this decision, have lodged an appeal against this decision and requested its annulment before the European Union Tribunal.

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, the investigation initiated in September 2015 by the South Korean competition authority (KFTC) concerning Crédit Agricole CIB regarding the Libor index on various currencies, Euribor and Tibor indices, has been closed by the KFTC in June 2016. The investigation regarding certain derivatives on the foreign exchange markets (ABS-NDF) is still ongoing.

Regarding 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 for one ("Sullivan" for the Euribor) and only Crédit Agricole S.A. as defendant for the other ("Lieberman" for the Libor) – these are still at the preliminary stage of consideration of admissibility.

The "Lieberman" class action is suspended at present for procedural reasons in the United States. District Court for the Southern District of New York. Regarding the "Sullivan" class action, Crédit. Agricole S.A. and Crédit Agricole CIB have filed a motion to dismiss all claims.

Since 1 July 2016, proceedings have been initiated against Crédit Agricole S.A and Crédit Agricole CIB, as well as other banks, in a new class action in the United States (Frontpoint) related to the Sibor rate (Singapore Interbank Offered Rate) and the SOR rate (Singapore Swap Offer Rate). Crédit Agricole S.A. and Crédit Agricole CIB filed a motion to dismiss the complaint.

These class actions are civil actions in which the plaintiffs allege 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 incurred.

Bonds SSA

Crédit Agricole CIB has received requests for information from various authorities in connection with their investigations into SSA (Supranational, Sub-Sovereign and Agencies) bonds trading activity by a number of banks. Crédit Agricole S.A. and Crédit Agricole CIB are defendants, amongst other banks, in several consolidated class action complaints filed in the federal district court for the Southern District of New York.

As part of its cooperation with the authorities concerned, Crédit Agricole CIB has carried out internal investigations in order to gather the information requested. This work will continue throughout 2017. It is not possible at this stage to predict the outcome of these investigations or the class actions, or the date on which they will end.

HOME PURCHASE SAVINGS PLAN PROVISION

DEPOSITS COLLECTED IN HOME PURCHASE SAVINGS ACCOUNTS AND PLANS DURING THE SAVINGS PHASE

(in millions of euros)	31/12/2016	31/12/2015
Home purchase savings plans		
Under 4 years old	41,774	33,078
Between 4 and 10 years old	26,188	25,138
Over 10 years old	25,967	26,499
Total home purchase savings plans	**93,929**	**84,715**
Total home purchase savings accounts	**11,396**	**11,570**
TOTAL DEPOSITS COLLECTED UNDER HOME PURCHASE SAVINGS CONTRACTS	**105,324**	**96,285**

Age of plan is determined in accordance with CRC Regulation 2007-01 of 14 December 2007.

Customer deposits outstanding, excluding government subsidies, are based on carrying amount at the end of November 2016 for the financial statements at 31 December 2016 and at the end of November 2015 for the financial statements at 31 December 2015.

OUTSTANDING LOANS GRANTED TO HOLDERS OF HOME PURCHASE SAVINGS ACCOUNTS AND PLANS

(in millions of euros)	31/12/2016	31/12/2015
Home purchase savings plans	175	250
Home purchase savings accounts	949	1,330
TOTAL OUTSTANDING LOANS GRANTED UNDER HOME PURCHASE SAVINGS CONTRACTS	**1,124**	**1,580**

PROVISION FOR HOME PURCHASE SAVINGS ACCOUNTS AND PLANS

(in millions of euros)	31/12/2016	31/12/2015
Home purchase savings plans		
Under 4 years old	287	183
Between 4 and 10 years old	138	92
Over 10 years old	764	628
Total home purchase savings plans	**1,189**	**903**
Total home purchase savings accounts	**-**	**-**
TOTAL PROVISION FOR HOME PURCHASE SAVINGS CONTRACTS	**1,189**	**903**

(in millions of euros)	31/12/2015	Depreciation charges	Reversals	Other movements	31/12/2016
Home purchase savings plans	903	286	-	-	**1,189**
Home purchase savings accounts	-	-	-	-	**-**
TOTAL PROVISION FOR HOME PURCHASE SAVINGS CONTRACTS	**903**	**286**	**-**	**-**	**1,189**

Age plan is determined based on the date of the midway point in the generation of plans to which they belong.

All of the home purchase savings plans and accounts collected by the Regional Banks are recognised at 100% as liabilities in the consolidated financial statements of Crédit Agricole Group.

Half of the amount of outstanding loans related to home purchase savings plans and accounts is recognised by Crédit Agricole Group and the other half by the Regional Banks in the tables above.

The amounts recognised under provisions represent the portion of risk borne by Crédit Agricole S.A., LCL and the Regional Banks.

6.21 Equity

UNDATED SUBORDINATED AND DEEPLY SUBORDINATED DEBT

The main issues of undated subordinated and deeply subordinated debt classified in shareholders' equity Group share are:

				At 31 December 2016				
Issue date	**Currency**	**Amount in currency at 31 December 2015** *(in millions of the issue currency)*	**Partial repurchases and redemptions** *(in millions of the issue currency)*	**Amount in currency at 31 December 2016** *(in millions of the issue currency)*	**Amount in euros at inception rate** *(in millions of euros)*	**Cumulative remuneration Group share** *(in millions of euros)*	**Issue costs net of tax** *(in millions of euros)*	**Impact in cumulative shareholders' equity Group share** *(in millions of euros)*
23/01/2014	USD	1,750		1,750	1,283	(347)	(8)	928
08/04/2014	GBP	500	-	500	607	(131)	(4)	472
08/04/2014	EUR	1,000	-	1,000	1,000	(176)	(6)	818
18/09/2014	USD	1,250	-	1,250	971	(168)	(6)	797
19/01/2016	USD		-	1,250	1,150	(85)	(8)	1,057
Crédit Agricole S.A. Issues					**5,011**	**(907)**	**(32)**	**4,072**
14/10/2014	EUR				-	(68)	(3)	(71)
13/01/2015	EUR				-	(43)	(3)	(46)
Insurance Issues					**-**	**(111)**	**(6)**	**(117)**
Issues subscribed in intern (Group share/Non controlling interests effect)					-	-	-	-
TOTAL					**5,011**	**(1,018)**	**(38)**	**3,955**

The main issues of undated subordinated and deeply subordinated debt classified in shareholder's equity – Non controlling interests share (Insurance) are:

Issue date	**Currency**	**Amount in currency at 31 December 2015** *(in millions of the issue currency)*	**Partial repurchases and redemptions** *(in millions of the issue currency)*	**Amount in currency at 31 December 2016** *(in millions of the issue currency)*	**Amount in euros at inception rate** *(in millions of euros)*
14/10/2014	EUR	745	-	745	745
13/01/2015	EUR	981	1	982	982
TOTAL				**1,727**	**1,727**

Changes relating to undated subordinated and deeply subordinated debt affecting Shareholders' equity Group share are as follows:

(in millions of euros)	**31/12/2016**	**31/12/2015**
Undated deeply subordinated notes		
Interest paid accounted as reserves	(397)	(316)
Income tax savings related to interest paid to security holders recognised in net income	136	120
Issuance costs (net of tax)	(8)	-
Undated subordinated notes		
Interest paid accounted as reserves	(76)	(34)
Income tax savings related to interest paid to security holders recognised in net income	26	13
Issuance costs (net of tax)	-	(3)

6.22 Non-controlling interests

INFORMATION ON SIGNIFICANT NON-CONTROLLING INTERESTS

The table below presents information on the consolidated subsidiaries and structured entities with significant non-controlling interests in relation to the total equity of the Group or of the sub-group level or where the total balance sheet of the entities held by the non-controlling interests is significant.

	31/12/2016				
(in millions of euros)	% of voting rights held by non-controlling interests	% of ownership interests held by non-controlling interests	Net income allocated to non-controlling interests during the reporting period	Accumulated non-controlling interests at the end of the reporting period	Dividends paid to non-controlling interests
Cariparma Group	13%	13%	36	758	32
Amundi Group	24%	24%	135	1,041	84
CACEIS Group	15%	15%	18	219	-
Agos	39%	39%	87	489	66
Others [(1)]			71	2,039	49
TOTAL			**347**	**4,546**	**231**

(1) Of which €1,727 million related to the issuance of Additional Tier 1 undated subordinated bonds realised on 14 October 2014 and 13 January 2015 by Crédit Agricole Assurances, accounted for in equity of non-controlling interests.

	31/12/2015				
(in millions of euros)	% of voting rights held by non-controlling interests	% of ownership interests held by non-controlling interests	Net income allocated to non-controlling interests during the reporting period	Accumulated non-controlling interests at the end of the reporting period	Dividends paid to non-controlling interests
Cariparma Group	13%	13%	39	775	22
Amundi Group	24%	24%	113	994	48
CACEIS Group	15%	15%	17	199	6
CA Preferred Funding LLC	0%	0%	49	-	54
Agos	39%	39%	102	467	-
Others [(1)]			68	2,096	28
TOTAL			**388**	**4,531**	**158**

(1) Of which €1,726 million related to the issuance of Additional Tier 1 undated subordinated bonds realised on 14 October 2014 and 13 January 2015 by Crédit Agricole Assurances, accounted for in equity of non-controlling interests.

INDIVIDUAL SUMMARY FINANCIAL INFORMATION ON SIGNIFICANT NON-CONTROLLING INTERESTS

The table below presents summary information on subsidiaries with significant non-controlling interests for Crédit Agricole Group on the basis of the IFRS financial statements.

	31/12/2016			
(in millions of euros)	Total assets	Revenues	Net income	Net income and other comprehensive income
Cariparma Group	52,992	1,710	219	125
Amundi Group	13,918	1,677	569	602
CACEIS Group	62,087	750	118	198
Agos	17,077	914	241	240
TOTAL	**146,074**	**5,051**	**1,147**	**1,165**

	31/12/2015			
(in millions of euros)	Total assets	Revenues	Net income	Net income and other comprehensive income
Cariparma Group	51,377	1,770	230	266
Amundi Group	12,932	1,657	520	512
CACEIS Group	54,999	748	114	135
CA Preferred Funding LLC	-	12	12	12
Agos	17,154	973	298	300
TOTAL	**136,462**	**5,160**	**1,174**	**1,225**

6.23 Breakdown of financial assets and financial liabilities by contractual maturity

The breakdown of balance sheet financial assets and liabilities is made according to contractual maturity date.

The maturities of derivative instruments held for trading and for hedging correspond to their date of contractual maturity.

Equities and other variable-income securities are by nature without maturity; they are classified "Indefinite".

Value adjustments on interest rate risk hedged portfolios are considered to have an indefinite maturity given the absence of a defined maturity.

	31/12/2016					
(in millions of euros)	≤ 3 months	> 3 months up to ≤ 1 year	> 1 year up to ≤ 5 years	> 5 years	Indefinite	Total
Cash due from central banks	31,254	-	-	-	-	**31,254**
Financial assets at fair value through profit or loss	85,756	27,814	43,969	93,322	73,619	**324,480**
Hedging derivative instruments	1,961	2,908	7,061	12,459	-	**24,389**
Available-for-sale financial assets	19,137	29,573	90,831	159,277	41,054	**339,872**
Loans and receivables due from credit institutions	53,745	6,301	33,770	1,543	748	**96,107**
Loans and receivables due from customers	104,975	74,304	271,862	319,524	3,299	**773,964**
Value adjustment on interest rate risk hedged portfolios	10,915	-	-	-	-	**10,915**
Held-to-maturity financial assets	1,079	1,810	9,655	17,623	-	**30,167**
TOTAL FINANCIAL ASSETS BY MATURITY	**308,822**	**142,710**	**457,148**	**603,748**	**118,720**	**1,631,148**
Central banks	2,223	-	1,900	-	-	**4,123**
Financial liabilities at fair value through profit or loss	72,694	20,993	52,248	96,176	27	**242,138**
Hedging derivative instruments	1,257	1,954	6,911	13,800	-	**23,922**
Due to credit institutions	42,180	9,091	20,689	6,683	187	**78,830**
Due to customers	578,172	44,599	60,622	8,882	985	**693,260**
Debt securities	48,700	34,225	39,683	45,463	-	**168,071**
Subordinated debt	891	161	7,783	15,600	5,127	**29,562**
Value adjustment on interest rate risk hedged portfolios	11,510	-	-	-	-	**11,510**
TOTAL FINANCIAL LIABILITIES BY MATURITY	**757,627**	**111,023**	**189,836**	**186,604**	**6,326**	**1,251,416**

	31/12/2015					
(in millions of euros)	≤ 3 months	> 3 months up to ≤ 1 year	> 1 year up to ≤ 5 years	> 5 years	Indefinite	Total
Cash due from central banks	39,262	-	-	-	-	**39,262**
Financial assets at fair value through profit or loss	94,900	22,956	52,605	99,706	74,301	**344,468**
Hedging derivative instruments	1,730	3,097	7,955	14,385	-	**27,167**
Available-for-sale financial assets	20,807	24,063	90,245	146,459	41,298	**322,872**
Loans and receivables due from credit institutions	39,996	6,536	39,465	2,579	857	**89,433**
Loans and receivables due from customers	101,081	74,117	259,386	302,306	3,496	**740,386**
Value adjustment on interest rate risk hedged portfolios	16,452	-	-	-	-	**16,452**
Held-to-maturity financial assets	337	3,742	7,613	18,937	-	**30,629**
TOTAL FINANCIAL ASSETS BY MATURITY	**314,565**	**134,511**	**457,269**	**584,372**	**119,952**	**1,610,669**
Central banks	2,401	-	1,452	-	-	**3,853**
Financial liabilities at fair value through profit or loss	72,836	16,981	56,868	103,508	-	**250,193**
Hedging derivative instruments	1,529	1,477	9,319	17,462	-	**29,787**
Due to credit institutions	52,271	8,177	26,354	5,861	246	**92,909**
Due to customers	545,532	40,051	66,717	10,835	-	**663,135**
Debt securities	49,652	34,872	39,255	44,031	-	**167,810**
Subordinated debt	28	518	10,383	12,461	5,616	**29,006**
Value adjustment on interest rate risk hedged portfolios	15,063	-	-	-	-	**15,063**
TOTAL FINANCIAL LIABILITIES BY MATURITY	**739,312**	**102,076**	**210,348**	**194,158**	**5,862**	**1,251,756**

NOTE 7 Employee benefits and other compensation

7.1 Analysis of employee expenses

(in millions of euros)	31/12/2016	31/12/2015
Salaries [1]	(7,110)	(6,986)
Contributions to defined-contribution plans	(653)	(655)
Contributions to defined-benefit plans	(122)	(93)
Other social security expenses	(2,006)	(2,014)
Profit-sharing and incentive plans	(690)	(727)
Payroll-related tax	(851)	(844)
TOTAL EMPLOYEE EXPENSES	**(11,432)**	**(11,319)**

(1) Regarding deferred variable compensation paid to market professionals, the Crédit Agricole Group booked a charge for share-based payments of €55 million at 31 December 2016 compared to €56 million at 31 December 2015.

Among the various collective variable compensation plans within Crédit Agricole S.A. Group, the *rémunération variable collective* (RVC) is a global plan encompassing the discretionary incentive scheme and the compulsory profit-sharing scheme. The amount is calculated in accordance with the Company's performance as measured on the basis of Crédit Agricole S.A.'s net income Group share.

A given level of net income Group share will give rise to an entitlement equal to a given percentage of the total payroll.

The amount of the profit-sharing component is calculated in accordance with the standard legal formula and is deducted from the total RVC to obtain the amount of the discretionary incentive entitlement.

7.2 Headcount at year-end

Number of employees	31/12/2016	31/12/2015
France	103,507	103,788
International	34,364	34,416
TOTAL	**137,871**	**138,204**

7.3 Post-employment benefits, defined-contribution plans

Employers contribute to a variety of compulsory pension schemes. Plan assets are managed by independent organisations and the contributing companies have no legal or implied obligation to pay additional contributions if the funds do not have sufficient assets to cover all benefits corresponding to services rendered by employees during the year and during prior years. Consequently, Crédit Agricole Group companies have no liability in this respect other than the contributions payable.

Within the Group, there are several compulsory defined-contribution plans, the main ones being Agirc/Arrco, which are French supplementary retirement plans, and some supplementary plans in place notably within UES Crédit Agricole S.A.

ANALYSIS OF SUPPLEMENTARY PENSION PLANS IN FRANCE

Business Line	Entity	Compulsory supplementary pension plans	Number of employees covered Estimate at 31/12/2016	Number of employees covered Estimate at 31/12/2015
Central Support functions	UES Crédit Agricole S.A.	Agriculture industry plan 1.24%	2,883	2,843
Central Support functions	UES Crédit Agricole S.A.	"Article 83" Group Executive managers plan	202	211
French retail banking	LCL	"Article 83" Group Executive managers plan	338	330
Large customers	CACIB	"Article 83" type plan	4,402	4,275
Savings management and Insurance	Predica/CAA/Caagis/Pacifica/SIRCA/LA MDF	Agriculture industry plan 1.24%	3,511	3,351
Savings management and Insurance	Predica/CAA/Caagis/Pacifica/CACI/LA MDF	"Article 83" Group Executive managers plan	68	69
Savings management and Insurance	CACI/CA Indosuez Wealth (France)/CA indosuez Gestion/Ca Indosuez Wealth (Group)	"Article 83" type plan	758	723

7.4 Post-employment benefits, defined-benefit plans

CHANGE IN ACTUARIAL LIABILITY

	31/12/2016			31/12/2015
(in millions of euros)	Eurozone	Outside eurozone	All zones	All zones
Actuarial liability at 31/12/N-1	**2,529**	**1,624**	**4,153**	**4,122**
Translation adjustments	-	(87)	(87)	132
Current service cost during the period	128	45	173	183
Financial cost	46	35	81	81
Employee contributions	3	13	16	13
Benefit plan changes, withdrawals and settlement	(19)	(31)	(50)	(57)
Changes in scope	4	-	4	5
Benefits paid (mandatory)	(118)	(60)	(178)	(277)
Taxes, administrative expenses, and bonuses	-	-	-	-
Actuarial (gains)/losses arising from changes in demographic assumptions [1]	(1)	(58)	(59)	(3)
Actuarial (gains)/losses arising from changes in financial assumptions	165	170	335	(46)
ACTUARIAL LIABILITY AT 31/12/N	**2,737**	**1,651**	**4,388**	**4,153**

BREAKDOWN OF NET CHARGE RECOGNISED IN THE INCOME STATEMENT

	31/12/2016			31/12/2015
(in millions of euros)	Eurozone	Outside eurozone	All zones	All zones
Service cost	(111)	(14)	(125)	(126)
Net interests	(14)	(5)	(19)	(21)
IMPACT IN PROFIT AND LOSS AT 31/12/N	**(125)**	**(19)**	**(144)**	**(147)**

BREAKDOWN OF CHARGE RECOGNISED IN OCI THAT WILL NOT BE RECLASSIFIED TO PROFIT AND LOSS

	31/12/2016			31/12/2015
(in millions of euros)	Eurozone	Outside eurozone	All zones	All zones
Revaluation from net liabilities (from net assets)	-	-	-	-
Total amount of actuarial gains or losses recognised in OCI that will not be reclassified to profit and loss at 31/12/N-1	491	313	804	805
Translation adjustment	-	(3)	(3)	24
Actuarial gains/losses on assets	2	(74)	(72)	28
Actuarial (gains)/losses arising from changes in demographic assumptions [1]	(1)	(58)	(59)	(3)
Actuarial (gains)/losses arising from changes in financial assumptions	165	170	335	(46)
Adjustment of assets restriction's impact	-	-	-	-
IMPACT IN OCI AT 31/12/N	**166**	**35**	**201**	**3**

(1) Of which actuarial gains/losses related to experience adjustment.

CHANGE IN FAIR VALUE OF ASSETS

	31/12/2016			31/12/2015
(in millions of euros)	Eurozone	Outside eurozone	All zones	All zones
Fair value of assets at 31/12/N-1	**1,366**	**1,274**	**2,640**	**2,565**
Translation adjustments	-	(88)	(88)	104
Interests on asset (income)	27	31	58	56
Actuarial gains/(losses)	(1)	74	73	(28)
Employer contributions	95	76	171	127
Employee contributions	1	13	14	13
Benefit plan changes, withdrawals and settlement	-	-	-	-
Changes in scope	3	-	3	(8)
Taxes, administrative expenses, and bonuses	-	-	-	(1)
Benefits paid out under the benefit plan	(65)	(57)	(122)	(188)
FAIR VALUE OF ASSETS AT 31/12/N	**1,426**	**1,323**	**2,749**	**2,640**

CHANGE IN FAIR VALUE OF REIMBURSEMENT RIGHTS

	31/12/2016			31/12/2015
(in millions of euros)	Eurozone	Outside eurozone	All zones	All zones
Fair value of reimbursement rights at 31/12/N-1	**288**	**-**	**288**	**260**
Translation adjustments	-	-	-	-
Interests on reimbursement rights (income)	4	-	4	4
Actuarial gains/(losses)	(1)	-	(1)	(1)
Employer contributions	47	-	47	52
Employee contributions	-	-	-	-
Benefit plan changes, withdrawals and settlement	-	-	-	-
Changes in scope	2	-	2	9
Taxes, administrative expenses, and bonuses	-	-	-	-
Benefits paid out under the benefit plan	(17)	-	(17)	(36)
FAIR VALUE OF REIMBURSEMENT RIGHTS AT 31/12/N	**323**	**-**	**323**	**288**

NET POSITION

	31/12/2016			31/12/2015
(in millions of euros)	Eurozone	Outside eurozone	All zones	All zones
Closing actuarial liability	**(2,737)**	**(1,651)**	**(4,388)**	**(4,153)**
Impact of asset restriction	-	-	-	-
Fair value of assets at end of period	1,426	1,323	2,749	2,640
NET POSITION OF ASSETS/(LIABILITIES) AT END OF PERIOD	**(1,311)**	**(328)**	**(1,639)**	**(1,513)**

DEFINED-BENEFIT PLANS: MAIN ACTUARIAL ASSUMPTIONS

	31/12/2016		31/12/2015	
	Eurozone	Outside eurozone	Eurozone	Outside eurozone
	1.20%	1.85%	1.66%	2.42%
Actual return on plan assets and on reimbursement rights	1.32%	8.39%	1.16%	0.21%
Expected salary increase rates (2)	1.37%	1.87%	1.36%	1.83%
Rate of change in medical costs	4.59%	10.00%	4.60%	10.00%

(1) Discount rates are determined as a function of the average duration of the commitment that is the arithmetic mean of durations calculated between the assessment date and the payment date weighted by assumptions of staff turnover. The underlying use is the discount rate by reference to the iBoxx AA.

(2) Depending on the employees concerned (managers or non-managers).

INFORMATION OF PLAN ASSETS: ALLOCATION OF ASSETS (1)

	Eurozone			Outside eurozone			All zones		
(in millions of euros)	%	Amount	of which listed	%	Amount	of which listed	%	Amount	of which listed
Equities	8.8%	154	54	24.7%	327	327	15.6%	480	380
Bonds	69.8%	1221	342	49.0%	648	647	60.9%	1,870	990
Property/Real estate	4.3%	75		7.3%	97		5.6%	172	
Other	17.1%	299		19.0%	251		17.9%	550	

(1) Of which fair value of reimbursement rights.

At 31 December 2016, the sensitivity analysis showed that:

- a 50 basis point increase in discount rates would reduce the commitment by 6.07%;
- a 50 basis point decrease in discount rates would increase the commitment by 6.80%.

Crédit Agricole Group's policy on covering employee benefit obligations reflects local rules on funding post-employment benefits in countries with minimum funding requirements. Overall, commitments arising from the Group's post-employment obligations were 70% covered at 31 December 2016 (including reimbursement rights).

7.5 Other employee benefits

In France, the Group's main entities pay long-service awards. The amounts vary according to practices and collective bargaining agreements in place.

The provisions funded by Crédit Agricole Group for these other employee benefit obligations amounted to €396 million at 31 December 2016.

7.6 Share-based payments

7.6.1 STOCK OPTION PLAN

The last stock option plan from 2008 expired on 15 July 2015. The exercise price was not reached. No new plans were implemented in 2015 or 2016

7.6.2 DEFERRED VARIABLE COMPENSATION SETTLED EITHER IN SHARES OR IN CASH INDEXED TO THE SHARE PRICE

The deferred variable compensation plans implemented by the Group take two forms:

- equity-settled plans;
- cash-settled plans indexed to the Crédit Agricole S.A. share price.

Since 1 January 2016, all existing and future deferred variable compensation plans are now cash-settled plans indexed to the Crédit Agricole S.A. share price. The impact of the revaluation of the commitment on the basis of the Crédit Agricole S.A. share price, which is not material, was recognised in other comprehensive income.

This deferred variable compensation is subject to continued employment and a performance condition. It is broken down into thirds which are payable in March 2017, March 2018 and March 2019.

The expense related to these plans is recognised in compensation expenses on a straight-line basis over the vesting period to factor in continued employment, and a liability is recorded in employee expenses, the amount of which is subject to periodical revaluation through profit or loss until the settlement date, depending on the evolution of the share price of Crédit Agricole S.A. and on vesting conditions (continued employment and performance).

7.6.3 SHARE SUBSCRIPTIONS OFFERED TO EMPLOYEES UNDER THE COMPANY SAVINGS SCHEME

The 2016 capital increase reserved for employees was subscribed to by 22,240 Group employees and beneficiaries for a total of €278 million for both plans on offer (employees were able to subscribe via a “traditional plan” and/or leveraged “multiple plan”).

The share subscription price was €7.56 under the traditional plan (€8.17 in the United States). This price is the average of the opening prices for Crédit Agricole S.A. shares over the 20 trading sessions from 10 October to 4 November 2016 inclusive (the “reference price”), minus a 20% discount (15% under the traditional plan for the US using the average price from 4 to 7 November 2016).

The resulting employee benefit granted gave rise to the recognition of a -€25 million expense, representing the difference between the 20% discount applied to the reference price and the lock-up cost of each plan.

NOTE 8 Financing and guarantee commitments and other guarantees

Financing and guarantee commitments and other guarantees include discontinued or held-for-sale operations.

COMMITMENTS GIVEN AND RECEIVED

(in millions of euros)	31/12/2016	31/12/2015
Commitments given		
Financing commitments	**210,920**	**190,969**
Commitments given to credit institutions	24,158	24,479
Commitments given to customers	186,762	166,490
• Confirmed credit lines	139,149	129,971
Documentary credits	*5,080*	*3,360*
Other confirmed credit lines	*134,069*	*126,611*
• Other commitments given to customers	47,613	36,519
Guarantee commitments	**81,232**	**81,920**
Credit institutions	6,759	7,708
• Confirmed documentary credit lines	2,284	2,191
• Other	4,475	5,517
Customers	74,473	74,212
• Property guarantees	4,803	4,275
• Other customer guarantees	69,670	69,937
Commitments received		
Financing commitments	**83,375**	**70,045**
Commitments received from credit institutions	79,831	66,166
Commitments received from customers	3,544	3,879
Guarantee commitments	**277,360**	**265,367**
Commitments received from credit institutions	84,076	76,155
Commitments received from customers	193,284	189,212
• Guarantees received from government bodies or similar institutions	37,428	35,822
• Other guarantees received	155,856	153,390

FINANCIAL INSTRUMENTS GIVEN AND RECEIVED AS COLLATERAL

(in millions of euros)	31/12/2016	31/12/2015
Carrying amount of financial assets provided as collateral (including transferred assets)		
Securities and receivables provided as collateral for the refinancing structures (Banque de France, CRH, etc.)	181,258	190,121
Securities lent	11,725	9,028
Security deposits on market transactions	26,308	23,679
Other security deposits	-	-
Securities sold under repurchase agreements	73,835	80,727
TOTAL CARRYING AMOUNT OF FINANCIAL ASSETS PROVIDED AS COLLATERAL	**293,126**	**303,555**
Fair value of instruments received as reusable and reused collateral		
Securities borrowed	5	319
Securities bought under repurchase agreements	104,469	112,891
Securities sold short	19,937	22,092
TOTAL FAIR VALUE OF INSTRUMENTS RECEIVED AS REUSABLE AND REUSED COLLATERAL	**124,411**	**135,302**

RECEIVABLES PLEDGED AS COLLATERAL

At 31 December 2016, Crédit Agricole S.A. deposited €73.6 billion of receivables (mainly on behalf of the Regional Banks) for refinancing transactions to the Banque de France, compared to €72.3 billion at 31 December 2015, and €14.5 billion of receivables were deposited directly by subsidiaries.

At 31 December 2016, Crédit Agricole S.A. deposited €16.6 billion of receivables for refinancing transactions to the Caisse de Refinancement de l'Habitat on behalf of the Regional Banks, down from €17.1 billion at 31 December 2015, and €5.9 billion of receivables were deposited directly by LCL.

At 31 December 2016, €3.9 billion of Regional Banks and €1.4 billion of Crédit Agricole CIB receivables had been pledged as collateral for the covered bonds issued by European Secured Notes Issuer (ESNI), a French securitisation company formed by five banks including Crédit Agricole Group.

At 31 December 2016, €31.1 billion of Regional Banks and LCL receivables had been pledged as collateral for the covered bond issues of Crédit Agricole Home Loan SFH, a financial company wholly owned by Crédit Agricole S.A.

These processes, for which there is no transfer of contractual cash flows, do not form part of the asset transfers mentioned in Note 6.7 "Transferred assets not derecognised or derecognised with on-going involvement".

GUARANTEES HELD

Guarantees held and assets received as collateral by Crédit Agricole Group which it is allowed to sell or to use as collateral are mostly within Crédit Agricole S.A. for €92.2 billion and within Crédit Agricole CIB for €105.9 billion. The majority of these are receivables pledged as collateral by the Regional Banks to Crédit Agricole S.A., the latter acting as the central body with regard to the external refinancing organisations, in order to obtain refinancing.

The majority of these guarantees consist of mortgage liens, collateral or guarantees received, regardless of the quality of the assets guaranteed. They are mainly related to repurchase agreements and securities pledged to guarantee brokerage transactions.

Crédit Agricole Group policy is to sell seized collateral as soon as possible. Crédit Agricole CIB and Crédit Agricole S.A. had no such assets at 31 December 2016.

NOTE 9 Reclassification of financial instruments

PRINCIPLES APPLIED BY CRÉDIT AGRICOLE GROUP

Reclassifications outside the categories "Financial assets held-for-trading" and "Available-for-sale financial assets" were decided and performed in accordance with IAS 39 amended, adopted by the European Union on 15 October 2008. They were entered in the new accounting category at fair value on the reclassification date.

RECLASSIFICATIONS PERFORMED BY CRÉDIT AGRICOLE GROUP

Pursuant to the amendment to IAS 39 as published and adopted by the European Union on 15 October 2008, reclassifications were carried out as authorised by this amendment. Information on these and previous reclassifications is shown below.

Nature, justification and amount of reclassifications

In 2016, the Group implemented reclassifications from "Financial assets at fair value through profit or loss" to "Loans and receivables".

Reclassifications in prior years concern reclassifications from "Available-for-sale financial assets" and "Financial assets at fair value through profit and loss" to "Loans and receivables".

For assets reclassified during 2016, the table below shows their value on the reclassification date, as well as the value, at 31 December 2016, of assets reclassified before this date and still included in the Group's assets at that date:

	Total reclassified assets		Assets reclassified in 2016			Assets reclassified before			
(in millions of euros)	Carrying amount 31/12/2016	Estimated market value at 31/12/2016	Reclas-sification value	Carrying amount 31/12/2016	Estimated market value 31/12/2016	Carrying amount 31/12/2016	Estimated market value 31/12/2016	Carrying amount 31/12/2015	Estimated market value 31/12/2015
Financial assets at fair value through profit or loss reclassified as loans and receivables	638	629	-	9	8	629	621	806	795
Available-for-sale financial assets reclassified as loans and receivables	139	139	-	-	-	139	139	359	359
TOTAL RECLASSIFIED ASSETS	**777**	**768**	**-**	**9**	**8**	**768**	**760**	**1,165**	**1,154**

CONTRIBUTION OF RECLASSIFIED ASSETS TO NET INCOME SINCE THE RECLASSIFICATION DATE

The contribution of the transferred assets since the date of reclassification to net income for the year includes all gains, losses, income and expenses recognised in profit or loss or in other comprehensive income.

Analysis of the impact of the transferred assets:

	Reclassified assets in 2016		Assets reclassified before					
	Impact in 2016		Cumulative impact at 31/12/2015		Impact in 2016		Cumulative impact at 31/12/2016	
(in millions of euros)	*Actual income and expenses recognised*	*If asset had been retained in its former category (change in fair value)*	*Actual income and expenses recognised*	*If asset had been retained in its former category (change in fair value)*	*Actual income and expenses recognised*	*If asset had been retained in its former category (change in fair value)*	*Actual income and expenses recognised*	*If asset had been retained in its former category (change in fair value)*
Financial assets at fair value through profit or loss reclassified as loans and receivables	-	-	(39)	(119)	1	(3)	(38)	(122)
Available-for-sale financial assets reclassified as loans and receivables	-	-	20	20	-	-	20	20
TOTAL RECLASSIFIED ASSETS	**-**	**-**	**(19)**	**(99)**	**1**	**(3)**	**(18)**	**(102)**

NOTE 10 Fair value of financial instruments

Fair value is the price that would be received at the sale of an asset or paid to transfer a liability in a standard transaction between market participants at the measurement date.

Fair value is defined on the basis of the exit price.

The fair values shown below are estimates made on the reporting date using observable market data wherever possible. These are subject to change in subsequent periods due to developments in market conditions or other factors.

The calculations represent best estimates. They are based on a number of assumptions. It is assumed that market participants act in their best economic interest. To the extent that these models contain uncertainties, the fair values shown may not be achieved upon actual sale or immediate settlement of the financial instruments concerned.

The fair value hierarchy of financial assets and liabilities is broken down according to the general observability criteria of the valuation inputs, pursuant to the principles defined under IFRS 13.

Level 1 applies to the fair value of financial assets and liabilities quoted in active markets.

Level 2 applies to the fair value of financial assets and liabilities with observable inputs. This agreement includes market data relating to interest rate risk or credit risk when the latter can be revalued based on Credit Default Swap (CDS) spread. Securities bought or sold under repurchase agreements with underlyings quoted in an active market are also included in level 2 of the hierarchy, as are financial assets and liabilities with a demand component for which fair value is measured at unadjusted amortised cost.

Level 3 indicates the fair value of financial assets and liabilities with unobservable inputs or for which some data can be revalued using internal models based on historical data. This mainly includes market data relating to credit risk or early redemption risk.

In some cases, market values are close to carrying amounts. This applies primarily to:

- assets or liabilities at variable rates for which interest rate changes do not have a significant influence on the fair value, since the rates on these instruments frequently adjust themselves to the market rates;
- short-term assets or liabilities where the redemption value is considered to be close to the market value;
- instruments executed on a regulated market for which the prices are set by the public authorities;
- demand assets and liabilities;
- transactions for which there are no reliable observable data.

10.1 Fair value of financial assets and liabilities measured at cost

Amounts presented below include accruals and prepayments and are net of impairment.

FINANCIAL ASSETS RECOGNISED AT COST AND MEASURED AT FAIR VALUE ON THE BALANCE SHEET

(in millions of euros)	Value at 31 December 2016	Estimated fair value at 31 December 2016	Quoted prices in active markets for identical instruments: Level 1	Valuation based on observable data: Level 2	Valuation based on unobservable data: Level 3
Financial assets not measured at fair value on balance sheet					
Loans and receivables	**870,071**	**908,186**	**1**	**327,443**	**580,742**
Loans and receivables due from credit institutions	**96,107**	**96,973**	**1**	**96,182**	**790**
Current accounts and overnight loans	16,180	16,358	-	16,246	112
Accounts and term deposits	52,315	52,998	-	52,776	222
Pledged securities	13	13	-	-	13
Securities bought under repurchase agreements	20,793	20,794	-	20,794	-
Subordinated loans	439	442	1	95	346
Securities not listed on an active market	6,367	6,368	-	6,271	97
Other loans and receivables	-	-	-	-	-
Loans and receivables due from customers	**773,964**	**811,213**	**-**	**231,261**	**579,952**
Trade receivables	40,055	40,264	-	19,267	20,997
Other customer loans	698,990	734,738	-	192,986	541,752
Securities bought under repurchase agreements	3,460	3,460	-	3,345	115
Subordinated loans	114	116	-	15	101
Securities not listed on an active market	15,187	15,188	-	255	14,933
Insurance receivables	379	379	-	62	317
Reinsurance receivables	408	408	-	2	406
Advances in associates current accounts	923	973	-	746	227
Current accounts in debit	14,448	15,687	-	14,583	1,104
Held-to-maturity financial assets	**30,167**	**33,840**	**32,764**	**1,076**	**-**
Treasury bills and similar securities	18,963	21,363	20,530	833	-
Bonds and other fixed-income securities	11,204	12,477	12,234	243	-
TOTAL FINANCIAL ASSETS OF WHICH FAIR VALUE IS DISCLOSED	**900,238**	**942,026**	**32,765**	**328,519**	**580,742**

(in millions of euros)	Value at 31 December 2015	Estimated fair value at 31 December 2015	Quoted prices in active markets for identical instruments: Level 1	Valuation based on observable data: Level 2	Valuation based on unobservable data: Level 3
Financial assets not measured at fair value on balance sheet					
Loans and receivables	**829,819**	**864,082**	**1**	**290,173**	**573,908**
Loans and receivables due from credit institutions	**89,433**	**90,388**	**1**	**89,522**	**865**
Current accounts and overnight loans	12,012	12,411	-	12,374	37
Accounts and term deposits	47,877	48,433	-	48,095	338
Pledged securities	38	37	-	-	37
Securities bought under repurchase agreements	19,466	19,466	-	19,466	-
Subordinated loans	439	440	1	95	344
Securities not listed on an active market	9,597	9,597	-	9,488	109
Other loans and receivables	4	4	-	4	-
Loans and receivables due from customers	**740,386**	**773,694**	**-**	**200,651**	**573,043**
Trade receivables	36,638	37,506	-	18,245	19,261
Other customer loans	668,540	699,655	-	161,924	537,731
Securities bought under repurchase agreements	4,602	4,602	-	4,449	153
Subordinated loans	142	142	-	17	125
Securities not listed on an active market	12,869	12,871	-	223	12,648
Insurance receivables	911	911	-	47	864
Reinsurance receivables	349	349	-	-	349
Advances in associates current accounts	950	1,006	-	678	328
Current accounts in debit	15,385	16,652	-	15,068	1,584
Held-to-maturity financial assets	**30,629**	**34,113**	**34,063**	**50**	**-**
Treasury bills and similar securities	19,974	22,300	22,275	25	-
Bonds and other fixed-income securities	10,655	11,813	11,788	25	-
TOTAL FINANCIAL ASSETS OF WHICH FAIR VALUE IS DISCLOSED	**860,448**	**898,195**	**34,064**	**290,223**	**573,908**

FINANCIAL LIABILITIES RECOGNISED AT COST AND MEASURED AT FAIR VALUE ON THE BALANCE SHEET

(in millions of euros)	Value at 31 December 2016	Estimated fair value at 31 December 2016	Quoted prices in active markets for identical instruments: Level 1	Valuation based on observable data: Level 2	Valuation based on unobservable data: Level 3
Financial liabilities not measured at fair value on balance sheet					
Due to credit institutions	**78,830**	**78,912**	**-**	**78,083**	**829**
Current accounts and overnight borrowings	8,400	8,400	-	8,400	-
Accounts and term deposits	45,546	45,626	-	44,797	829
Pledged securities	-	-	-	-	-
Securities sold under repurchase agreements	24,884	24,886	-	24,886	-
Due to customers	**693,260**	**693,368**	**-**	**356,744**	**336,624**
Current accounts in credit	278,378	278,379	-	274,971	3,408
Special savings accounts	265,514	265,514	-	4,516	260,998
Other amounts due to customers	142,764	142,834	-	72,430	70,404
Securities sold under repurchase agreements	4,761	4,769	-	4,769	-
Insurance liabilities	762	767	-	58	709
Reinsurance liabilities	314	338	-	-	338
Cash deposits received from cedants and retrocessionaires against technical insurance commitments	767	767	-	-	767
Debt securities	**168,071**	**185,401**	**24,975**	**160,210**	**216**
Subordinated debt	**29,562**	**30,537**	**26,396**	**4,141**	**-**
TOTAL FINANCIAL LIABILITIES OF WHICH FAIR VALUE IS DISCLOSED	**969,723**	**988,218**	**51,371**	**599,178**	**337,669**

(in millions of euros)	Value at 31 December 2015	Estimated fair value at 31 December 2015	Quoted prices in active markets for identical instruments: Level 1	Valuation based on observable data: Level 2	Valuation based on unobservable data: Level 3
Financial liabilities not measured at fair value on balance sheet					
Due to credit institutions	**92,909**	**93,280**	**-**	**92,430**	**850**
Current accounts and overnight borrowings	9,279	9,277	-	9,277	-
Accounts and term deposits	53,461	53,819	-	52,969	850
Pledged securities	105	105	-	105	-
Securities sold under repurchase agreements	30,064	30,079	-	30,079	-
Due to customers	**663,135**	**663,546**	**-**	**331,529**	**332,017**
Current accounts in credit	247,821	248,100	-	247,612	488
Special savings accounts	254,943	254,943	-	3,039	251,904
Other amounts due to customers	154,341	154,475	-	77,021	77,454
Securities sold under repurchase agreements	3,945	3,943	-	3,844	99
Insurance liabilities	1,063	1,063	-	13	1,050
Reinsurance liabilities	266	266	-	-	266
Cash deposits received from cedants and retrocessionaires against technical insurance commitments	756	756	-	-	756
Debt securities	**167,810**	**189,291**	**32,597**	**155,157**	**1,537**
Subordinated debt	**29,006**	**30,246**	**25,210**	**2,428**	**2,608**
TOTAL FINANCIAL LIABILITIES OF WHICH FAIR VALUE IS DISCLOSED	**952,860**	**976,363**	**57,807**	**581,544**	**337,012**

10.2 Information about financial instruments measured at fair value

VALUATION METHODS

Financial instruments are valued by management information systems and checked by a team that reports to the Risk Management department and is independent from the market operators.

Valuations are based on the following:

- prices or inputs obtained from independent sources and/or validated by the Market Risk department using a series of available sources such as pricing service vendors, market consensus data and brokers;
- models validated by the Market Risk department's quantitative teams.

The valuation produced for each instrument is a mid-market valuation, which does not take account of the direction of the trade, the bank's aggregate exposure, market liquidity or counterparty quality. Adjustments are then made to the market valuations to incorporate those factors, as well as the potential uncertainties inherent in the models or inputs used.

The main types of valuation adjustments are the following:

Mark-to-market adjustments: these adjustments correct any potential variance between the mid-market valuation of an instrument obtained using internal valuation models and the associated inputs and the valuation obtained from external sources or market consensus data. These adjustments can be positive or negative.

Bid/ask reserves: these adjustments incorporate the bid/ask spread for a given instrument in order to reflect the price at which the position could be reversed. These adjustments are always negative.

Uncertainty reserves: these adjustments constitute a risk premium taken into account by potential acquirers. These adjustments are always negative:

- input uncertainty reserves seek to incorporate any uncertainty that might exist as regards one or more of the inputs used;
- model uncertainty reserves seek to incorporate any uncertainty that might exist due to the choice of model used.

Furthermore, Crédit Agricole S.A. makes a Credit Valuation Adjustment (CVA) to its derivative assets to reflect counterparty risk and a Debit Valuation Adjustment or own credit risk (DVA) to its derivative liabilities to reflect the risk of non-execution.

The CVA factors in the credit risk are associated with the counterparty (risk of non-payment of sums due in the event of default). It is calculated on an aggregate basis by counterparty according to the future exposure profile of the transactions after deducting any collateral. This adjustment is always negative and is deducted from the fair value of the financial assets.

The Debit Value Adjustment (DVA) factors in the risk are carried by our counterparties. It is calculated on an aggregate basis by counterparty according to the future exposure profile of the transactions. This adjustment is always positive and is deducted from the fair value of the financial liabilities.

The CVA/DVA is calculated on the basis of an estimate of expected losses based on the probability of default and loss given default. The methodology used maximises the use of observable market inputs. The probability of default is calculated first and foremost directly using quoted CDSs, or CDS proxys, when they are considered to be sufficiently liquid.

Funding Valuation Adjustment (FVA)

The value of non-collateralised derivative instruments incorporates a FVA related to the financing of these instruments.

BREAKDOWN OF FINANCIAL INSTRUMENTS AT FAIR VALUE BY VALUATION MODEL

Financial assets measured at fair value

(in millions of euros)	31/12/2016	Quoted prices in active markets for identical instruments: Level 1	Valuation based on observable data: Level 2	Valuation based on unobservable data: Level 3
Financial assets held for trading	**237,550**	**20,463**	**214,613**	**2,474**
Loans and receivables due from credit institutions	-	-	-	-
Loans and receivables due from customers	469	-	-	469
Securities bought under repurchase agreements	71,631	-	71,631	-
Pledged securities	-	-	-	-
Securities held for trading	18,013	16,546	1,249	218
Treasury bills and similar securities	*12,010*	*11,134*	*876*	-
Bonds and other fixed-income securities	*3,083*	*2,515*	*350*	*218*
Equities and other equity variable-income securities	*2,920*	*2,897*	*23*	-
Derivative instruments	147,437	3,917	141,733	1,787
Financial assets designated at fair value through profit or loss	**86,930**	**51,780**	**30,975**	**4,175**
Loans and receivables due from credit institutions	-	-	-	-
Loans and receivables due from customers	-	-	-	-
Assets backing unit-linked contracts	42,934	22,943	19,989	2
Pledged securities	-	-	-	-
Securities designated at fair value through profit or loss	43,996	28,837	10,986	4,173
Treasury bills and similar securities	*3,729*	*3,729*	-	-
Bonds and other fixed-income securities	*23,990*	*17,012*	*6,798*	*180*
Equities and other equity variable-income securities	*16,277*	*8,096*	*4,188*	*3,993*
Available-for-sale financial assets	**339,872**	**284,497**	**52,935**	**2,440**
Treasury bills and similar securities	80,222	79,416	806	-
Bonds and other fixed-income securities	225,908	184,183	41,450	275
Equities and other equity variable income securities	33,742	20,898	10,679	2,165
Available-for-sale receivables	-	-	-	-
Hedging derivative instruments	**24,389**	**5**	**24,367**	**17**
TOTAL FINANCIAL ASSETS MEASURED AT FAIR VALUE	**688,741**	**356,745**	**322,890**	**9,106**
Transfers from level 1: Quoted prices in active markets for identical instruments			9,697	9
Transfers from level 2: Valuation based on observable data		870		260
Transfers from level 3: Valuation based on unobservable data		4	1,325	
TOTAL TRANSFERS TO EACH LEVEL		**874**	**11,022**	**269**

Level 1 to level 2 transfers involve available-for-sale securities.

Level 2 to level 3 transfers mainly involve interest rate derivatives.

Level 3 to level 2 transfer mainly involve interest rate derivatives.

(in millions of euros)	31/12/2015	Quoted prices in active markets for identical instruments: Level 1	Valuation based on observable data: Level 2	Valuation based on unobservable data: Level 3
Financial assets held for trading	**258,686**	**26,594**	**228,917**	**3,175**
Loans and receivables due from credit institutions	-	-	-	-
Loans and receivables due from customers	526	-	-	526
Securities bought under repurchase agreements	81,194	-	81,194	-
Pledged securities	-	-	-	-
Securities held for trading	25,445	23,693	1,478	274
Treasury bills and similar securities	*16,012*	*15,810*	*202*	-
Bonds and other fixed-income securities	*6,026*	*4,478*	*1,274*	*274*
Equities and other equity variable-income securities	*3,407*	*3,405*	*2*	-
Derivative instruments	151,521	2,901	146,245	2,375
Financial assets designated at fair value through profit or loss	**85,782**	**58,172**	**23,368**	**4,242**
Loans and receivables due from credit institutions	645	-	645	-
Loans and receivables due from customers	-	-	-	-
Assets backing unit-linked contracts	38,911	23,392	15,501	18
Pledged securities	-	-	-	-
Securities designated at fair value through profit or loss	46,226	34,780	7,222	4,224
Treasury bills and similar securities	*3,631*	*3,631*	-	-
Bonds and other fixed-income securities	*25,067*	*21,738*	*3,148*	*181*
Equities and other equity variable-income securities	*17,528*	*9,411*	*4,074*	*4,043*
Available-for-sale financial assets	**322,872**	**277,411**	**42,986**	**2,475**
Treasury bills and similar securities	77,923	77,272	651	-
Bonds and other fixed-income securities	213,463	179,678	33,656	129
Equities and other equity variable-income securities	31,486	20,461	8,679	2,346
Available-for-sale receivables	-	-	-	-
Hedging derivative instruments	**27,167**	**10**	**27,140**	**17**
TOTAL FINANCIAL ASSETS MEASURED AT FAIR VALUE	**694,507**	**362,187**	**322,411**	**9,909**
Transfers from level 1: Quoted prices in active markets for identical instruments			1,115	109
Transfers from level 2: Valuation based on observable data		1,740		61
Transfers from level 3: Valuation based on unobservable data		17	452	
TOTAL TRANSFERS TO EACH LEVEL		**1,757**	**1,567**	**170**

(1) *Including €245 million of unrealized gain (including -€13 million of deferred tax) recognized on securities redeemed Visa Europe 31 June 2016 (see Note 2.4 Repurchase of Visa Inc. Visa Europe).*

Level 1 to level 3 transfers involve bonds.

Level 2 to level 3 transfers mainly involve interest rate derivatives.

Level 3 to level 1 transfers mainly involve Available-for-sale securities and bonds.

Level 3 to level 2 transfers mainly involve interest rate derivatives.

Financial liabilities measured at fair value

(in millions of euros)	31/12/2016	Quoted prices in active markets for identical instruments: Level 1	Valuation based on observable data: Level 2	Valuation based on unobservable data: Level 3
Financial liabilities held for trading	**210,648**	**23,530**	**183,947**	**3,171**
Securities sold short	19,940	19,376	504	60
Securities sold under repurchase agreements	44,179	390	43,789	-
Debt securities	1	1	-	-
Due to credit institutions	-	-	-	-
Due to customers	-	-	-	-
Derivative instruments	146,528	3,763	139,654	3,111
Financial liabilities designated at fair value through profit or loss	**31,490**	**4,093**	**18,724**	**8,673**
Hedging derivative instruments	**23,922**	**2**	**23,486**	**434**
TOTAL FINANCIAL LIABILITIES MEASURED AT FAIR VALUE	**266,060**	**27,625**	**226,157**	**12,278**
Transfers from level 1: Quoted prices in active markets for identical instruments			505	9
Transfers from level 2: Valuation based on observable data		-		730
Transfers from level 3: Valuation based on unobservable data		-	808	
TOTAL TRANSFERS TO EACH LEVEL		**-**	**1,313**	**739**

Level 1 to level 2 transfers mainly involve financial liabilities held for trading.

Level 2 to level 3 transfer involves negotiable debt securities accounted under the fair value option.

Level 3 to level 2 transfer involves mainly concern marketable debt securities accounted under the fair value option.

(in millions of euros)	31/12/2015	Quoted prices in active markets for identical instruments: Level 1	Valuation based on observable data: Level 2	Valuation based on unobservable data: Level 3
Financial liabilities held for trading	**218,157**	**25,654**	**189,290**	**3,213**
Securities sold short	22,097	22,096	-	1
Securities sold under repurchase agreements	46,614	390	46,224	-
Debt securities	3	3	-	-
Due to credit institutions	-	-	-	-
Due to customers	-	-	-	-
Derivative instruments	149,443	3,165	143,066	3,212
Financial liabilities designated at fair value through profit or loss	**32,036**	**8,762**	**16,452**	**6,822**
Hedging derivative instruments	**29,787**	**2**	**29,382**	**403**
TOTAL FINANCIAL LIABILITIES MEASURED AT FAIR VALUE	**279,980**	**34,418**	**235,124**	**10,438**
Transfers from level 1: Quoted prices in active markets for identical instruments			-	-
Transfers from level 2: Valuation based on observable data		46		176
Transfers from level 3: Valuation based on unobservable data		-	306	
TOTAL TRANSFERS TO EACH LEVEL		**46**	**306**	**176**

Level 2 to level 3 transfers mainly involve interest rate derivatives and marketable debt instruments designated as at fair value through profit or loss.

Level 3 to Level 2 transfers mainly involve interest rate derivatives and marketable debt instruments designated as at fair value through profit or loss.

Financial instruments classified in level 1

Level 1 comprises all derivatives quoted in an active market (options, futures, etc.), regardless of their underlying (interest rate, exchange rate, precious metals, key stock indices), as well as equities and bonds quoted in an active market.

A market is considered as being active if quoted prices are readily and regularly available from exchange, brokers, dealers, pricing services or regulatory agencies, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Corporate and government and agency bonds that are valued on the basis of prices obtained from independent sources, deemed to be enforceable and updated regularly are classified in level 1. This covers the bulk of sovereign and agency and corporate bonds held. Issuers whose bonds are not quoted are classified in level 3.

Financial instruments classified in level 2

The main financial instruments classified in level 2 are:

- Liabilities designated at fair value through profit or loss

Financial liabilities designated at fair value are classified in level 2 when their embedded derivative is deemed to be classified in level 2;

- Over-the-counter derivatives

The main OTC derivatives classified in level 2 are those valued using inputs considered to be observable and where the valuation technique does not generate any significant exposure to a model risk.

Level 2 therefore mainly includes:

- linear derivative products such as interest rate swaps, currency swaps and forward FX. They are valued using simple models widely used in the market, based either on directly observable inputs (foreign exchange rates, interest rates), or inputs derived from observable market prices (currency swaps);
- non-linear vanilla instruments such as caps, floors, swaptions, currency options, equity options *and* credit default swaps, including digital options. They are valued using simple models widely used in the market, based either on directly observable inputs (foreign exchange rates, interest rates, share prices) or inputs that can be derived from observable market prices (volatilities);
- simple exotic single-underlying instruments such as cancellable swaps, currency baskets of major currencies. They are valued using models that are sometimes slightly more complex but still widely used in the market. The inputs are mainly observable inputs and market prices, obtained notably from brokers and/or market consensus data, which can be used to corroborate internal valuations;
- securities listed on a market deemed inactive and for which independent valuation data are available.

Financial instruments classified in level 3

Financial instruments classified in level 3 are those which do not meet the conditions for classification in level 1 or 2. They are therefore mainly financial instruments with a high model risk whose valuation requires substantial use of unobservable inputs.

The initial margin on all new transactions classified in level 3 is reserved at the date of initial recognition. It is reintegrated in the profit or loss account either spread over the period during which the inputs are considered to be unobservable or in full on the date when the inputs become observable.

Level 3 therefore mainly comprises:

- Securities

Level 3 securities mainly include:

  - unlisted shares or bonds for which no independent valuation is available;
  - ABSs and CLOs for which there are indicative independent quotes but which are not necessarily executable;
  - ABSs, CLOs and super senior and mezzanine CDO tranches where it cannot be demonstrated that the market is active.

- Liabilities designated at fair value through profit or loss

Financial liabilities designated at fair value are classified in level 3 when their embedded derivative is deemed to be classified in level 3;

- Over-the-counter derivatives

Products that are not observable due to the underlying items: some products, which are mostly classified in level 2, may be considered to fall within level 3 due to their underlying currency or maturity. An observability table defines the maximum maturity considered to be observable for each instrument/currency pair. Observability is a function of the input's liquidity and the availability of observable sources enabling its valuation.

Level 3 mainly comprises:

- interest rate exposures or very long-dated currency swaps;
- equity exposures, mainly through products traded on shallow option markets or indexed to volatility and long-dated forward or futures contracts;
- exposures to non-linear long-dated products (interest rate or currency) on key currencies/indices. It also includes vanilla options and simple exotic derivatives such as cancellable swaps;
- non-linear exposures to emerging market currencies.

Complex derivatives: complex derivatives are classified in level 3 as their valuation requires the use of unobservable inputs. The main exposures involved are:

- products whose underlying is the difference between two interest rates, such as options, binary options or exotic products. These products are based on a correlation between the two rates, which is considered to be unobservable due to reduced liquidity. The valuation of these exposures is nonetheless adjusted at the month-end on the basis of correlation levels derived from market consensus data;
- products whose underlying is the forward volatility of an index (Euribor, CMS spread). These products are deemed unobservable as there is significant model risk and their thin liquidity prevents regular accurate estimates of inputs;
- securitisation swaps generating an exposure to the prepayment rate. The prepayment rate is determined on the basis of historical data on similar portfolios. The assumptions and inputs used are checked regularly on the basis of actual prepayments;
- hybrid long-term interest rate/FX products, such as Power Reverse Dual Currency notes, which mainly involve the USD/JPY currency pair or products whose underlying is a basket of currencies. The correlation parameters between interest rates and currencies as well as between the two interest rates are determined using an internal methodology based on historical data. Results are cross-checked against market consensus data to ensure that the overall method is coherent;
- multiple-underlying products generating an exposure to correlations, regardless of the underlying items under consideration (interest rates, credit, FX, inflation). This category includes cross-asset products such as dual range, emerging market currency baskets and Credit Default Baskets. Correlations are determined conservatively as a function of the bank's aggregate exposure, based on historical data. If the diversity of correlations is high, exposures to each one remain measured;
- equity correlation and hybrid equity products, whose payoff depends on the relative performance of shares or indices in a basket (a basket which may sometimes include not just equities but other instruments such as indices or commodities). Measurements of these products are sensitive to the correlation between the basket components and may be classed as level 3 depending on their maturity, hybrid nature and the composition of the underlying basket;
- interest rate derivatives whose coupon is indexed to forward volatility (Vol bonds);
- CDOs based on corporate credit baskets. The valuation model for these products uses both observable inputs (CDS prices) and unobservable inputs (default correlations). For the least liquid Senior tranches, Crédit Agricole CIB has introduced valuation inputs that are tailored to its assessment of the intrinsic risk of its exposures. Market risk of the CDO derivatives book was sold to a fund managed by Blue Mountain Capital in 2012;
- market risk on complex equity derivative portfolios was transferred to an external counterparty on 31 December 2013.

For most of these products, the table below shows the valuation techniques and the main unobservable inputs with their value interval. This analysis has been carried out on Corporate and investment banking's derivative instruments.

At 31 December 2016

Instrument classes	Carrying amount (in millions of euros)					
	Assets	Liabilities	Main product types comprising level 3	Valuation technique used	Main unobservable inputs	Unobservable data interval
Interest rate derivatives	1,766	3,200	Long-dated cancellable products (cancellable swaps, cancellable zero coupon swaps)	Interest rate options valuation model	*Forward* volatility	0
			Options on interest rate differentials		CMS correlations	0%/100%
			Securitisation swaps	Prepayment modelling and discounted future cash flows	Prepayment rate	0%/50%
			Long-dated hybrid interest rate/exchange rate products (PRDC)	Interest rate/FX hybrid product valuation model	Interest rate/interest rate correlation	50%/80%
					Interest rate/FX correlation	(50%)/50%
			Multiple-underlying products (dual range, etc)	Valuation models for instruments with multiple underlyings	FX/equity correlation	(50%)/75%
					FX/FX correlation	(20%)/50%
					Interest rate/equity correlation	(25%)/75%
					Interest rate/interest rate correlation	(10%)/100%
					Interest rate/FX correlation	(75%)/75%
Credit derivatives	70	30	CDOs indexed to corporate credit baskets	Correlation projection techniques and expected cash flow modelling	Default correlations	50%/90%

NET CHANGE IN FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE ACCORDING TO LEVEL 3

FINANCIAL ASSETS MEASURED AT FAIR VALUE ACCORDING TO LEVEL 3

		Financial assets held for trading				
			Securities held for trading			
(in millions of euros)	**Total**	**Loans and receivables due from customers**	*Bonds and other fixed-income securities*	*Equities and other variable income securities*	*Securities held for trading*	**Derivatives instruments**
Opening balance (01/01/2016)	**9,909**	**526**	**274**	**-**	**274**	**2,375**
Gains or losses during the period	132	(72)	(55)	-	(55)	(100)
Recognised in profit and loss	231	(65)	(55)	-	(55)	(100)
Recognised in other comprehensive income	(99)	(7)	-	-	-	-
Purchases of the period	1,608	75	4	-	4	229
Sales of the period	(1,802)	(385)	(2)	-	(2)	(196)
Issues of the period	83	-	-	-	-	-
Settlements of the period	(96)	-	(1)	-	(1)	(121)
Reclassifications of the period	326	325	-	-	-	-
Changes associated with scope during the period	6	-	-	-	-	-
Transfers	(1,060)	-	(2)	-	(2)	(400)
Transfers to level	269	-	-	-	-	25
Transfers from level 3	(1,329)	-	(2)	-	(2)	(425)
CLOSING BALANCE (31/12/2016)	**9,106**	**469**	**218**	**-**	**218**	**1,787**

	Financial assets designated at fair value through profit or loss					Available-for-sale financial assets			
			Securities designated as at fair value through profit or loss						
	Assets backing unit-linked contracts	Loans and receivables due from customers	*Bonds and other fixed-income securities*	*Equities and other variable-income securities*	*Securities designated at fair value through profit or loss*	Treasury bills and similar securities	Bonds and other fixed-income securities	Equities and other variable-income securities	Hedging derivative instruments
	18	**-**	**181**	**4,043**	**4,224**	**-**	**129**	**2,346**	**17**
	(8)	-	(1)	68	67	-	247	53	-
	(8)	-	(1)	68	67	-	247	145	-
	-	-	-	-	-	-	-	(92)	-
	-	-	-	1,130	1,130	-	26	144	-
	(8)	-	-	(602)	(602)	-	(253)	(356)	-
	-	-	-	-	-	-	-	83	-
	-	-	-	-	-	-	-	26	-
	-	-	-	-	-	-	-	1	-
	-	-	-	-	-	-	(3)	9	-
	-	-	-	(646)	(646)	-	129	(141)	-
	-	-	-	2	2	-	223	19	-
	-	-	-	(648)	(648)	-	(94)	(160)	-
	2	**-**	**180**	**3,993**	**4,173**	**-**	**275**	**2,165**	**17**

FINANCIAL LIABILITIES MEASURED AT FAIR VALUE ACCORDING TO LEVEL 3

		Financial liabilities held for trading				
(in millions of euros)	Total	Securities sold short	Securities sold under repurchase agreements	Derivative instruments	Financial liabilities designated at fair value through profit or loss	Hedging derivative instruments
Opening balance (01/01/2016)	**10,438**	**1**	**-**	**3,212**	**6,822**	**403**
Gains or losses during the period	73	60	-	55	(88)	46
Recognised in profit and loss	*73*	*60*	-	*55*	*(88)*	*46*
Recognised in other comprehensive income	-	-	-	-	-	-
Purchases of the period	187	-	-	185	-	2
Sales of the period	(220)	(1)	-	(219)	-	-
Issues of the period	3,173	-	-	-	3,151	22
Settlements of the period	(1,304)	-	-	(85)	(1,189)	(30)
Reclassifications of the period	-	-	-	-	-	-
Changes associated with scope during the period	-	-	-	-	-	-
Transfers	(69)	-	-	(37)	(23)	(9)
Transfers to level 3	*739*	-	-	*40*	*699*	-
Transfers out of level 3	*(808)*	-	-	*(77)*	*(722)*	*(9)*
CLOSING BALANCE (31/12/2016)	**12,278**	**60**	**-**	**3,111**	**8,673**	**434**

SENSITIVITY ANALYSIS FOR FINANCIAL INSTRUMENTS MEASURED USING THE LEVEL 3 VALUATION MODEL

The use of unobservable inputs introduces uncertainty, which we have assessed below using a sensitivity calculation on instruments valued using these inputs.

As regards interest rate derivatives, two key inputs are considered to be unobservable and require products valued on this basis to be classified in level 3: correlation and prepayment rates (i.e. early redemption).

Correlation

Many products are sensitive to a correlation input. However, this input is not unique and there are many different types of correlation including:

- forward correlation between two successive indices in the same currency: e.g. 2-year CMS/10-year CMS;
- interest rate/interest rate correlation (different indices): e.g. Libor 3M USD/Libor 3M EUR;
- interest rate/FX correlation (or Quanto): e.g. USD/JPY – USD;
- equity/equity correlation;
- equity/FX correlation;
- equity/interest rate correlation;
- FX/FX correlation.

The biggest source of correlation exposure is, within the Non-Linear business line, the cross asset business.

Prepayment rate

The prepayment rate is the rate of early repayment on securitisation portfolios, whether voluntary or involuntary (default). As the nominal amount of securitisation swaps is adjusted automatically to the nominal amount of the underlying portfolio, with no mark-to-market payment, the prepayment rate plays a significant part in their valuation.

Calculation of impact:

With respect to correlation

The results presented below have been obtained by applying the following shocks:

- correlations between successive indices in the same currency (i.e. CMS correlations): 3%;
- cross-asset correlations (e.g. Equity/FX or IR/Equity) and between two interest-rate curves in different currencies: 5%.

The result of the stress test is obtained by adding up the absolute values obtained. For each correlation type, we took the absolute values by currency and by book, therefore assuming that the correlations were not correlated among themselves. For the CMS correlations, we considered the various underlyings independently (e.g. 1y10y, 2y10y).

At 31 December 2016, sensitivity to the inputs used in the interest rate derivative models was therefore +/-€6.8 million, down slightly on 31 December 2015 (+/-€6.7 million). There are no longer any Legacy activities, the transactions having been unwound or transferred to the Euro, Non Euro and JPY structured books.

The main contributors are now:

- Cross Asset: €2 million (versus €3.3 million at 31 December 2015) with the -€1.3 million decline being mainly due to the decline in the EUR/GBP interest rate – interest rate correlation following the unwinding of certain transactions;
- Non-Euro structured: €1.9 million (versus €1.3 million);
- Euro structured: €2 million. The increased stress on structured activities is due to the growth of the business and hence the rise in this risk factor;
- Long Term FX: €0.6 million (versus €0.8 million).

Contributions from other scopes are immaterial.

With respect to the prepayment rate

Direct exposure to assets comprising a prepayment risk concerns securitisations such as RMBS and CLO and mezzanine CDO tranches. These exposures are marginal. They can be taken into account through sensitivity to a 1 bp change in credit spreads. This sensitivity being very low (< €50 K/bp), exposure to prepayment rate is thus considered to be negligible.

The prepayment rate is not an observable market input and the valuation model used for the securitisation swaps is particularly conservative. The valuation used is defined as the lower of the valuation obtained using a very fast prepayment rate and using a very slow prepayment rate. A “normal” variation in the prepayment rate will therefore have no material impact on mark-to-market, no Day One thus being used for these products.

10.3 Estimated impact of inclusion of the margin at inception

The deferred margin is the portion of the margin that is not booked upon initial recognition. It comprises the difference between the transaction price paid or received for a financial instrument upon initial recognition and its fair value on that date.

It concerns level 3 financial instruments for which fair value is determined on the basis of complex valuation models using unobservable inputs.

The deferred margin is reintegrated in the profit or loss account either spread over the period during which the inputs are considered to be unobservable or in full on the date when the inputs become observable.

(in millions of euros)	31/12/2016	31/12/2015
Deferred margin at 1 January	**45**	**65**
Margin generated by new transactions during the period	33	16
Recognised in net income during the period	-	-
Amortisation and cancelled/rembursed/matured transactions	(9)	(36)
Profit-sharing and incentive plans	-	-
Effects of inputs or products reclassified as observable during the period	-	-
DEFERRED MARGIN AT THE END OF THE PERIOD	**69**	**45**

NOTE 11 Scope of consolidation at 31 December 2016

11.1 Information on subsidiaries

11.1.1 RESTRICTIONS ON ENTITIES

Crédit Agricole Group is subject to the following restrictions:

Regulatory constraints

The subsidiaries of Crédit Agricole Group are subject to prudential regulation and regulatory capital requirements in their host countries. The minimum equity capital (solvency ratio), leverage ratio and liquidity ratio requirements limit the capacity of these entities to pay dividends or to transfer assets to Crédit Agricole Group.

Legal constraints

The subsidiaries of Crédit Agricole Group are subject to legal provisions concerning the distribution of capital and distributable earnings. These requirements limit the ability of the subsidiaries to distribute dividends. In the majority of cases, these are less restrictive than the regulatory limitations mentioned above.

Restriction on assets backing unit-linked contracts for the insurance business

Assets backing unit-linked contracts of Crédit Agricole Group are held for the benefit of policyholders. Assets of the insurance subsidiaries of Crédit Agricole Group are mainly held for satisfying their obligation towards their policyholders. Assets transfers to other entities are possible following the legal conditions. However, in case of a transfer, a part of the profit due to the transfer must be intended for the policyholders.

Other constraints

Two subsidiaries of Crédit Agricole, Crédit Agricole CIB Algérie and Crédit Agricole Ukraine, are required to obtain prior approval for the payment of dividends from their prudential authority (Banque d'Algérie and Banque Nationale d'Ukraine).

The payment of CA Egypt dividends is subject to a currency translation restriction on the Egyptian pound imposed by the Banque Centrale d'Égypte.

11.1.2 SUPPORT FOR STRUCTURED ENTITIES UNDER GROUP CONTROL

Crédit Agricole CIB has contractual arrangements with some consolidated structured entities that equate to commitments to provide financial support.

To meet its funding needs, Crédit Agricole CIB uses structured debt issuance vehicles to raise cash on financial markets. Securities issued by these entities are fully underwritten by Crédit Agricole CIB. At 31 December 2016, the outstanding volume of these issues was €21 billion compared to €19 billion at 31 December 2015.

As part of its third-party securitisation business, Crédit Agricole CIB provides liquidity lines to its ABCP conduits (see Note 1.1 for more detail). At 31 December 2016, these liquidity lines totalled €31 billion compared to €25 billion at 31 December 2015.

Crédit Agricole S.A. provided no other financial support for any structured entities consolidated at 31 December 2016 and 31 December 2015.

11.1.3 SECURITISATION TRANSACTIONS AND DEDICATED FUNDS

Various Group entities conduct securitisation operations on their own account as part of collateralised refinancing transactions. Depending on the circumstances, these transactions can be wholly or partially placed with investors, sold under repurchase agreements or kept on the issuer's balance sheet as liquid securities reserves that can be used to manage refinancing. Following the IAS 39 decision tree, these transactions are considered to form part of deconsolidating or non-deconsolidating transactions: for non-deconsolidating transactions, the assets are retained on the consolidated balance sheet of Crédit Agricole Group.

11.2 Scope of consolidation

Crédit Agricole Group Scope of consolidation	(1)	(a)	Principal place of business (*Country of incorporation if different from the principal place of business*)	Nature of control (b)	% control 31/12 2016	% control 31/12 2015	% interest 31/12 2016	% interest 31/12 2015
French retail banking								
Banking and financial intitutions								
2,471 Local banks	●		France	Parent company	100.0	100.0	100.0	100.0
38 Regional banks	●		France	Parent company	100.0	100.0	100.0	100.0
Banque Chalus	■		France	S	100.0	100.0	100.0	100.0
Banque Thémis	■		France	S	100.0	100.0	100.0	100.0
Bforbank S.A.	■		France	S	100.0	100.0	100.0	100.0
Caisse régionale Provence - Côte d'Azur, Agence de Monaco	■	D3	Monaco (France)	S	100.0		100.0	
Cofam	■	D3	France	SA	100.0		100.0	
CRCAM SUD MED. SUC	■		Spain (France)	S	100.0	100.0	100.0	100.0
Interfimo	■		France	SA	100.0	100.0	100.0	100.0
LCL	■		France	S	99.0	99.0	99.0	99.0
LCL Monaco branch	■		Monaco (France)	S	100.0	100.0	100.0	100.0
Sircam	■		France	S	100.0	100.0	100.0	100.0
Lease financing companies								
Locam	■		France	S	100.0	100.0	100.0	100.0
Investment companies								
Audaxis France	▲		France	A	6.3	6.3	6.1	6.3
Bercy Participations	■		France	S	100.0	100.0	100.0	100.0
CA Centre France Développement	■		France	S	100.0	100.0	100.0	100.0
CACF Immobilier	■		France	S	100.0	100.0	100.0	100.0
CADS Développement	■		France	S	100.0	100.0	100.0	100.0
Calixte Investissement	■		France	S	100.0	100.0	100.0	100.0
CD COM (ChampagneFM)	▲	D3	France	A	25.2		24.2	
CAP REGIES	▲	D3	France	A	25.2		22.4	
Cercle Bleu	▲		France	A	25.0	25.2	23.9	25.2
CINENEWS	▲	S1	France	A		9.5		9.5
Contact FM	▲		France	A	25.2	25.2	24.2	25.2
Courrier Picard	▲		France	A	24.9	24.9	23.9	24.9
Crédit Agricole F.C. Investissement	■		France	S	100.0	100.0	100.0	100.0
HAPPY FM	▲	E3	France	A	25.2		24.2	
Images en Nord	▲		France	A	13.3	13.2	12.7	13.2
Internep	▲		France	A	25.2	25.2	24.2	25.2
La Voix Conseil	▲		France	A	25.2	25.2	24.2	25.2
La Voix du Nord	▲		France	A	24.2	24.2	24.2	24.2
L'Aisne Nouvelle	▲		France	A	24.5	25.2	23.2	25.2
L' ARDENNAIS	▲	D3	France	A	25.2		23.0	
L' EST ECLAIR	▲	D3	France	A	25.2		23.0	
L'Immobilière d'A Côté	■		France	CSE	100.0	100.0	100.0	100.0
L'Indépendant du P. de Calais	▲		France	A	12.4	12.5	11.9	12.5
NEW POLE CAP	▲	D3	France	A	23.9		23.0	
Nord Capital Investissement	■		France	S	99.3	99.3	99.3	99.3
Nord Eclair	▲		France	A	25.2	25.2	24.2	25.2
Nord Littoral	▲		France	A	25.2	25.2	24.2	25.2
NORDISPRESS	▲		France	A	25.2	25.2	24.2	25.2
NECI	■		France	S	100.0	100.0	100.0	100.0
Nep TV	▲		France	A	25.2	22.6	24.2	22.6
Nord Est Expansion	■		France	CSE	100.0	100.0	100.0	100.0
Picardie Matin	▲		France	A	25.2	25.2	23.8	25.2
Presse Flamande	▲		France	A	24.9	24.9	23.9	24.9
LA VOIX MEDIAS	▲	D1	France	A	25.2	25.2	24.2	25.2
Répondances	▲		France	A	23.1	23.1	22.2	23.1
Sequana	■		France	CSE	100.0	100.0	100.0	100.0
Socadif	■		France	S	100.0	100.0	100.0	100.0
SOC D'EDITION & PUBLICATION LIBERATION (LIBERATION CHAMPAGNE)	▲	D1; D3	France	A	25.1		22.9	
SOCIETE DU JOURNAL L'UNION	▲	D3	France	A	24.3		22.1	
STM	▲		France	A	15.8	15.6	8.5	15.6
TELE SAINT QUENTIN	▲		France	A	5.7	5.6	5.4	5.6
Imprimerie du Messager	▲	D1	France	A	25.2	25.2	24.1	25.2
Voix du Nord Etudiant	▲		France	A	12.6	12.6	12.1	12.6
GROUPE ROSSEL LA VOIX	▲	D1	France	A	25.2	25.2	25.2	25.2
Insurance								
Camca Assurance	■		Luxembourg	S	100.0	100.0	100.0	100.0
Camca Courtage	■		France	S	100.0	100.0	100.0	100.0
Camca Lux Finance Management Company	■		Luxembourg	S	100.0	100.0	100.0	100.0
Camca Réassurance	■		Luxembourg	S	100.0	100.0	100.0	100.0
Camca Vie	■		Luxembourg	S	100.0	100.0	100.0	100.0
Groupe CAMCA	■		France	S	100.0	100.0	100.0	100.0
Sci 32 Liberté	■		Luxembourg	S	100.0	100.0	100.0	100.0
Tourism - property development								
Aquitaine Immobilier Investissement	■		France	S	100.0	100.0	100.0	100.0
Franche Comté Développement Foncier	■		France	S	100.0	100.0	100.0	100.0
Franche Comté Développement Immobilier	■		France	S	100.0	100.0	100.0	100.0
L'Allan Immobilier Montbeliard	■	S4	France	S		100.0		100.0
Immeuble Franche Comté	■		France	S	100.0	100.0	100.0	100.0
Caroline Immo	■	S4	France	S		100.0		100.0
Square Jura	■	S4	France	S		100.0		100.0
Nacarat	▲		France	A	30.8	30.8	30.8	30.8
Nord Est Aménagement Promotion	■		France	S	100.0	100.0	100.0	100.0
Nord Est Gestion Immobilière	■		France	S	100.0	100.0	100.0	100.0
Nord Est Immo	■		France	S	100.0	100.0	100.0	100.0

(1) *Consolidation method* ■ *Full* ▲ *Equity accounted* ● *Parent*

Crédit Agricole Group Scope of consolidation	(1)	(a)	Principal place of business (*Country of incorporation if different from the principal place of business*)	Nature of control (b)	% control 31/12 2016	% control 31/12 2015	% interest 31/12 2016	% interest 31/12 2015
Nord Est Optimmo S.A.S.	■		France	S	100.0	100.0	100.0	100.0
Nord Est Patrimoine Immobilier	■		France	S	100.0	100.0	100.0	100.0
Native Immobilier	▲	D1	France	A	40.0	40.0	40.0	40.0
Normandie Seine Foncière	■		France	S	100.0	100.0	100.0	100.0
S.A. Foncière de l'Erable	■		France	S	100.0	100.0	100.0	100.0
S.A.S. Chalons Mont Bernard	■		France	S	100.0	100.0	100.0	100.0
S.A.S. Charleville Forest	■		France	S	100.0	100.0	100.0	100.0
S.A.S. Laon Brosselette	■		France	S	100.0	100.0	100.0	100.0
SCI 15 PLACE DU GENERAL DE GAULLE	■	S1	France	S		70.0		70.0
SAS CENTRE D'AFFAIRES DU PARC LUMIERE	■		France	S	100.0	100.0	100.0	100.0
SCI LE BRETAGNE	■		France	S	75.0	75.0	75.0	75.0
SCI Crystal Europe	■		France	S	100.0	100.0	100.0	100.0
SCI Euralliance Europe	■		France	S	100.0	100.0	100.0	100.0
SCI Quartz Europe	■		France	S	100.0	100.0	100.0	100.0
Square Habitat Nord de France	■		France	S	100.0	100.0	100.0	100.0
Other								
Adret Gestion	■		France	CSE	100.0	100.0	100.0	100.0
Alsace Elite	■		France	CSE	97.0	94.9	97.0	94.9
Amundi diversifié 1	■	S1	France	CSE		100.0		100.0
Anjou Maine Gestion	■		France	S	100.0	100.0	100.0	100.0
Aquitaux Rendement	■		France	S	100.0	100.0	100.0	100.0
ARGOAT Finances	■		France	S	100.0	100.0	100.0	100.0
Armor Fonds Dédié	■		France	S	100.0	100.0	100.0	100.0
Bercy Champ de Mars	■		France	S	100.0	100.0	100.0	100.0
BFT diversifié 1	■	S1	France	CSE		100.0		100.0
BFT LCR	■	E2	France	S	100.0		100.0	
BFT LCR NIVEAU 2	■	E2	France	S	100.0		100.0	
Brie Picardie Croissance	■		France	CSE	100.0	100.0	100.0	100.0
C.L. Verwaltungs und Beteiligungsgesellschaft GmbH	■		Germany	S	100.0	100.0	100.0	100.0
CA Aquitaine Agences Immobilières	■		France	S	100.0	100.0	100.0	100.0
CA Aquitaine Immobilier	■		France	S	100.0	100.0	100.0	100.0
CA Participations	■		France	S	100.0	100.0	100.0	100.0
Caapimmo 4	■		France	CSE	99.0	99.0	99.0	99.0
Caapimmo 6	■		France	CSE	100.0	100.0	100.0	100.0
CAP Actions 2	■		France	S	100.0	100.0	100.0	100.0
CAP ACTIONS 3	■		France	CSE	100.0	100.0	100.0	100.0
CAP Obligataire	■		France	S	100.0	100.0	100.0	100.0
CAP Régulier 1	■		France	CSE	100.0	100.0	100.0	100.0
CAPI Centre-Est	■		France	S	100.0	100.0	100.0	100.0
Centre France Location Immobilière	■		France	S	100.0	100.0	100.0	100.0
Chabrillac	■		France	S	100.0	100.0	88.9	88.9
CPR diversifié 1	■	S1	France	CSE		100.0		100.0
CPR EuroGov LCR	■	E2	France	S	100.0		92.0	

Crédit Agricole Group Scope of consolidation	(1)	(a)	Principal place of business (*Country of incorporation if different from the principal place of business*)	Nature of control (b)	% control 31/12 2016	% control 31/12 2015	% interest 31/12 2016	% interest 31/12 2015
Crédit Agricole Centre Est Immobilier	■		France	S	100.0	100.0	100.0	100.0
Prestimmo	■		France	S	100.0	100.0	100.0	100.0
Sepi	■		France	S	100.0	100.0	100.0	100.0
Mercagentes	■	S4	France	S		100.0		99.8
CAM ENERGIE SAS	■		France	S	100.0	100.0	100.0	100.0
SAINT CLAR (SNC)	■	D3	France	S	100.0		100.0	
SOLATTEXPLOIT	■	D3	France	S	100.0		100.0	
VOLTAFRANCE 3	■	D3	France	S	100.0		100.0	
VOLTAFRANCE 4	■	D3	France	S	100.0		100.0	
VOLTAFRANCE 10	■	D3	France	S	100.0		100.0	
CASTELSOL	■	D3	France	S	100.0		100.0	
HYDRO LES VIGNES	■	D3	France	S	60.0		60.0	
CAM SOLAIRE	■	D3	France	S	100.0		100.0	
HORIZON ENERGIES	■	D3	France	S	51.0		51.0	
PLATANE ENERGIES	■	D3	France	S	100.0		100.0	
EPV6	■	D3	France	S	100.0		100.0	
LOREKAM	■	D3	France	S	90.0		90.0	
SOLEIL	■	D3	France	S	100.0		100.0	
CAM HYDRO	■	D3	France	S	100.0		100.0	
CORSICAM	■	D3	France	S	100.0		100.0	
YGOS 1	■	D3	France	S	100.0		100.0	
GAREIN 2	■	D3	France	S	100.0		100.0	
CHILI INVEST	■	D3	France	S	100.0		100.0	
ECO PROD SOL B	■	D3	France	S	100.0		100.0	
SOULEYADA	■	D3	France	S	100.0		100.0	
CLAIRANA	■	D3	France	S	100.0		100.0	
IRIS	■	D3	France	S	100.0		100.0	
JASMIN	■	D3	France	S	100.0		100.0	
SAS BOULEAU ENERGIES	■	D3	France	S	100.0		100.0	
SOLEFI	■	D3	France	S	100.0		100.0	
JACINTHE	■	D3	France	S	96.5		96.5	
TOULOUSE 1 ENERGY	■	D3	France	S	100.0		100.0	
RONCE ENERGIE	■	E2	France	S	100.0		100.0	
WINCO SOL	■	E2	France	S	100.0		100.0	
Crédit Lyonnais Développement Économique (CLDE)	■		France	S	100.0	100.0	100.0	100.0
Edokial	■		France	S	66.0	66.0	58.7	58.7
Emeraude Croissance	■		France	CSE	100.0	100.0	100.0	100.0
Europimmo	■		France	S	100.0	100.0	100.0	100.0
Everbreizh	■		France	CSE	100.0	100.0	100.0	100.0
FCP Centre Loire	■		France	CSE	100.0	100.0	100.0	100.0
FCT Crédit Agricole Habitat 2015 (sauf compartiment Corse)	■		France	CSE	100.0	100.0	100.0	100.0
Financière PCA	■		France	CSE	100.0	100.0	100.0	100.0
Finarmor Gestion	■		France	S	100.0	100.0	100.0	100.0
Fonds dédié Elstar	■		France	S	100.0	100.0	100.0	100.0

Crédit Agricole Group Scope of consolidation	(1)	(a)	Principal place of business (*Country of incorporation if different from the principal place of business*)	Nature of control (b)	% control 31/12 2016	% control 31/12 2015	% interest 31/12 2016	% interest 31/12 2015
Force Alsace	■		France	CSE	100.0	100.0	100.0	100.0
Force Charente Maritime Deux Sèvres	■		France	S	100.0	100.0	100.0	100.0
Force Iroise	■		France	CSE	100.0	100.0	100.0	100.0
Force Languedoc	■		France	CSE	100.0	100.0	100.0	100.0
Force Lorraine Duo	■		France	CSE	100.0	100.0	100.0	100.0
Force Profile 20	■		France	S	100.0	100.0	99.9	99.9
Force Run	■		France	S	100.0	100.0	100.0	100.0
Force Toulouse Diversifié	■		France	CSE	100.0	100.0	100.0	100.0
Force 4	■		France	CSE	100.0	100.0	100.0	100.0
Force 29	■		France	S	100.0	100.0	100.0	100.0
Inforsud Diffusion	■		France	S	100.0	100.0	88.9	88.9
Inforsud Gestion	■		France	CSE	88.9	88.9	88.9	88.9
Merico Delta Print	■		France	S	100.0	100.0	88.9	88.9
Morbihan Gestion	■		France	CSE	100.0	100.0	100.0	100.0
NMP Gestion	■		France	CSE	100.0	100.0	100.0	100.0
Ozenne Institutionnel	■		France	CSE	99.8	99.8	99.8	99.8
PCA IMMO	■		France	S	100.0	100.0	100.0	100.0
PG IMMO	■		France	S	100.0	100.0	100.0	100.0
PG Invest	■		France	S	100.0	100.0	100.0	100.0
PORTFOLIO LCR GOV	■	E2	France	CSE	100.0		97.1	
PORTFOLIO LCR GOV 4A	■	E2	France	CSE	100.0		100.0	
PORTFOLIO LCR CREDIT	■	E2	France	CSE	100.0		97.3	
Pyrénées Gascogne Altitude	■		France	S	100.0	100.0	100.0	100.0
Pyrénées Gascogne Gestion	■		France	S	100.0	100.0	100.0	100.0
SAS Brie Picardie Expansion	■		France	S	100.0	100.0	100.0	100.0
SNC Les Fauvins	■		France	CSE	100.0	100.0	100.0	100.0
Scica HL	■		France	S	100.0	100.0	100.0	100.0
SCI SRA BELLEDONNE	■	E2	France	S	99.0		99.0	
SCI SRA CHARTREUSE	■	E2	France	S	99.0		99.0	
SCI SRA VERCORS	■	E2	France	S	99.0		99.0	
SOCIETE D'EXPLOITATION DES TELEPHERIQUES TARENTAISE-MAURIENNE	▲		France	A	38.1	38.0	38.1	38.0
Sud Rhône Alpes Placement	■		France	S	100.0	100.0	99.9	99.9
Toulouse 31 Court Terme	■		France	CSE	100.0	100.0	100.0	100.0
Val de France Rendement	■		France	S	100.0	100.0	100.0	100.0
International retail banking								
Banking and financial institutions								
Arc Broker	■		Poland	S	100.0	100.0	100.0	100.0
Banca Popolare Friuladria S.p.A.	■		Italy	S	80.7	80.2	69.8	69.3
Bankoa	■		Spain	S	99.8	99.8	99.8	99.8
Crédit Agricole Cariparma	■	D1	Italy	S	86.5	86.5	86.5	86.5
Carispezia	■		Italy	S	80.0	80.0	69.2	69.2
Crédit Agricole Group Solutions	■		Italy	CSE	100.0	100.0	84.4	84.6

Crédit Agricole Group Scope of consolidation	(1)	(a)	Principal place of business (*Country of incorporation if different from the principal place of business*)	Nature of control (b)	% control 31/12 2016	% control 31/12 2015	% interest 31/12 2016	% interest 31/12 2015
CREDIT AGRICOLE BANK	■		Ukraine	S	100.0	100.0	100.0	100.0
Crédit Agricole Bank Polska S.A.	■		Poland	S	100.0	100.0	100.0	100.0
Crédit Agricole Banka Srbija a.d. Novi Sad	■		Serbia	S	100.0	100.0	100.0	100.0
Crédit Agricole Egypt S.A.E.	■		Egypte	S	60.5	60.5	60.5	60.5
Crédit Agricole Financement	■		Switzerland	S	100.0	100.0	100.0	100.0
Crédit Agricole Polska S.A.	■		Poland	S	100.0	100.0	100.0	100.0
Credit Agricole Romania	■		Romania	S	100.0	100.0	100.0	100.0
Credit Agricole Service sp z o.o.	■		Poland	S	100.0	100.0	100.0	100.0
Crédit du Maroc	■		Morocco	S	78.7	78.7	78.7	78.7
SWISS HOME LOAN	■	E1	Switzerland	CSE	100.0		100.0	
Lukas Finanse S.A.	■		Poland	S	100.0	100.0	100.0	100.0
Other								
Belgium CA S.A.S.	■	S1	France	S		100.0		100.0
Crédit du Maroc branch France	■	D4	France (Morocco)	B	78.7	78.7	78.7	78.7
IUB Holding	■		France	S	100.0	100.0	100.0	100.0
Specialised financial services								
Banking and financial institutions								
Agos	■		Italy	S	61.0	61.0	61.0	61.0
Alsolia	▲		France	A	20.0	20.0	20.0	20.0
Antera Incasso B.V.	■		Netherlands	S	100.0	100.0	100.0	100.0
Crealfi	■		France	S	51.0	51.0	51.0	51.0
Credibom	■		Portugal	S	100.0	100.0	100.0	100.0
Crediet Maatschappij " De Ijssel" B.V.	■		Netherlands	S	100.0	100.0	100.0	100.0
EUROFACTOR POLSKA S.A.	■		Poland	S	100.0	100.0	100.0	100.0
Crédit Agricole Consumer Finance	■		France	S	100.0	100.0	100.0	100.0
Crédit Agricole Consumer Finance Nederland	■		Netherlands	S	100.0	100.0	100.0	100.0
Creditplus Bank AG	■		Germany	S	100.0	100.0	100.0	100.0
De Kredietdesk B.V.	■		Netherlands	S	100.0	100.0	100.0	100.0
DNV B.V.	■		Netherlands	S	100.0	100.0	100.0	100.0
EFL Services	■		Poland	S	100.0	100.0	100.0	100.0
EUROFACTOR GmbH	■		Allemagne	S	100.0	100.0	100.0	100.0
Eurofactor Hispania S.A.	■	S4	Spain	S		100.0		100.0
Eurofactor Italia S.p.A.	■		Italy	S	100.0	100.0	100.0	100.0
EUROFACTOR NEDERLAND	■	E2	Netherlands (Germany)	B	100.0		100.0	
Eurofactor SA - NV (Benelux)	■		Belgium	B	100.0	100.0	100.0	100.0
Eurofactor S.A. (Portugal)	■		Portugal	S	100.0	100.0	100.0	100.0
Eurofintus Financieringen B.V.	■		Netherlands	S	100.0	100.0	100.0	100.0
FCA Capital France S.A.	▲		France	JV	50.0	50.0	50.0	50.0
FCA Bank	▲		Italy	JV	50.0	50.0	50.0	50.0
FCA Capital España EFC S.A.	▲		Spain	JV	50.0	50.0	50.0	50.0
FCA Capital Ireland Plc	▲		Ireland	JV	50.0	50.0	50.0	50.0
FCA Capital Nederland B.V.	▲		Netherlands	JV	50.0	50.0	50.0	50.0

(1) Consolidation method ■ Full ▲ Equity accounted ● Parent

Crédit Agricole Group Scope of consolidation	(1)	(a)	Principal place of business (Country of incorporation if different from the principal place of business)	Nature of control (b)	% control 31/12 2016	% control 31/12 2015	% interest 31/12 2016	% interest 31/12 2015
FCA Capital Suisse S.A.	▲		Switzerland	JV	50.0	50.0	50.0	50.0
FCA GROUP BANK POLSKA S.A.	▲	D1	Poland	JV	50.0	50.0	50.0	50.0
FCA Bank Germany GmbH	▲		Germany	JV	50.0	50.0	50.0	50.0
FCA Bank GmbH	▲		Austria	JV	50.0	50.0	50.0	50.0
FCA Bank Gmbh, Hellenic Branch	▲		Greece	JV	50.0	50.0	50.0	50.0
FCA Capital Belgium S.A.	▲		Belgium	JV	50.0	50.0	50.0	50.0
FCA Capital Danmark A/S	▲		Danemark	JV	50.0	50.0	50.0	50.0
FGA Capital Danmark A/S, Finland Branch	▲		Finland	JV	50.0	50.0	50.0	50.0
FCA Capital Hellas S.A.	▲		Greece	JV	50.0	50.0	50.0	50.0
FCA Capital IFIC	▲		Portugal	JV	50.0	50.0	50.0	50.0
FCA Capital Norge AS	▲		Norway	JV	50.0	50.0	50.0	50.0
FCA Capital Re Limited	▲		Ireland	JV	50.0	50.0	50.0	50.0
FCA Capital Sverige	▲		Sweden	JV	50.0	50.0	50.0	50.0
FCA Automotive Services UK Ltd	▲		United Kingdom	JV	50.0	50.0	50.0	50.0
FCA Dealer Services Portugal S.A.	▲		Portugal	JV	50.0	50.0	50.0	50.0
FCA Insurance Hellas S.A.	▲		Greece	JV	50.0	50.0	50.0	50.0
FCA Leasing Polska	▲		Poland	JV	50.0	50.0	50.0	50.0
FCA Leasing GmbH	▲		Austria	JV	50.0	50.0	50.0	50.0
FCA DEALER SERVICES ESPANA SA, Morocco B	▲	E3	Morocco	JV	50.0		50.0	
FCA Dealer Services UK Ltd	▲		United Kingdom	JV	50.0	50.0	50.0	50.0
FERRARI FINANCIAL SERVICES GMBH	▲	E3	Germany	JV	50.0		25.0	
Financierings Data Netwerk B.V.	▲		Netherlands	JV	50.0	50.0	50.0	50.0
GSA Ltd	■		Mauritius	S	100.0	100.0	100.0	100.0
NL Findio B.V	■		Netherlands	S	100.0	100.0	100.0	100.0
Finata Bank N.V.	■		Netherlands	S	100.0	100.0	100.0	100.0
Finata Zuid-Nederland B.V.	■		Netherlands	S	97.9	97.9	97.9	97.9
FCA Leasing France	▲		France	JV	50.0	50.0	50.0	50.0
FORSO Denmark	▲		Danemark	JV	50.0	50.0	50.0	50.0
Forso Finance OY	▲		Finland	JV	50.0	50.0	50.0	50.0
Forso Norge	▲		Norvway	JV	50.0	50.0	50.0	50.0
Forso Nordic A.B.	▲		Sweden	JV	50.0	50.0	50.0	50.0
GAC - Sofinco Auto Finance Co.	▲		China	A	50.0	50.0	50.0	50.0
IDM Finance B.V.	■		Netherlands	S	100.0	100.0	100.0	100.0
IDM Financieringen B.V.	■		Netherlands	S	100.0	100.0	100.0	100.0
IDM lease maatschappij N.V.	■		Netherlands	S	100.0	100.0	100.0	100.0
Iebe Lease B.V.	■		Netherlands	S	100.0	100.0	100.0	100.0
InterBank group	■		Netherlands	S	100.0	100.0	100.0	100.0
Krediet '78 B.V.	■		Netherlands	S	100.0	100.0	100.0	100.0
Mahuko Financieringen B.V.	■		Netherlands	S	100.0	100.0	100.0	100.0
Menafinance	▲		France	JV	50.0	50.0	50.0	50.0
Money Care B.V.	■		Netherlands	S	100.0	100.0	100.0	100.0
NVF Voorschotbank B.V.	■		Netherlands	S	100.0	100.0	100.0	100.0

Crédit Agricole Group Scope of consolidation	(1)	(a)	Principal place of business (Country of incorporation if different from the principal place of business)	Nature of control (b)	% control 31/12 2016	% control 31/12 2015	% interest 31/12 2016	% interest 31/12 2015
Ribank	■		Netherlands	S	100.0	100.0	100.0	100.0
Ste Européenne de développement du financement	■		France	S	100.0	100.0	100.0	100.0
Themis Courtage	▲	E3	Morocco	A	49.0		49.0	
VoordeelBank B.V.	■		Netherlands	S	100.0	100.0	100.0	100.0
Wafasalaf	▲		Morocco	A	49.0	49.0	49.0	49.0
Lease financing companies								
Auxifip	■		France	S	100.0	100.0	100.0	100.0
CAL Espagne	■		Spain (France)	B	100.0	100.0	100.0	100.0
Carefleet S.A.	■		Poland	S	100.0	100.0	100.0	100.0
Crédit Agricole Leasing & Factoring	■		France	S	100.0	100.0	100.0	100.0
Crédit Agricole Leasing Italia	■		Italy	S	100.0	100.0	88.5	88.5
Crédit du Maroc Leasing et Factoring	■	D1	Morocco	S	100.0	100.0	85.8	85.8
Europejski Fundusz Leasingowy (E.F.L.)	■		Poland	S	100.0	100.0	100.0	100.0
FAL Fleet Services	▲		France	JV	50.0	50.0	50.0	50.0
FCA Dealer services España, S.A.	▲		Spain	JV	50.0	50.0	50.0	50.0
FCA Fleet Services Uk Ltd	▲		United Kingdom	JV	50.0	50.0	50.0	50.0
Finamur	■		France	S	100.0	100.0	100.0	100.0
Leasys	▲		Italy	JV	50.0	50.0	50.0	50.0
Lixxbail	■		France	S	100.0	100.0	100.0	100.0
Lixxcourtage	■		France	S	100.0	100.0	100.0	100.0
Lixxcredit	■		France	S	100.0	100.0	100.0	100.0
Ucafleet	▲		France	A	35.0	35.0	35.0	35.0
Unifergie	■		France	S	100.0	100.0	100.0	100.0
Investment companies								
Argence Investissement S.A.S.	■	S5	France	S		100.0		100.0
Insurance								
ARES Reinsurance Ltd.	■		Ireland	S	100.0	100.0	61.0	61.0
Other								
SMART PREPAID	▲	D1	France	A	49.0	49.0	49.0	49.0
Crédit LIFT	■		France	S	100.0	100.0	100.0	100.0
Green FCT Lease	■		France	CSE	100.0	100.0	100.0	100.0
Sté Européenne de développement d'assurances	■		France	S	100.0	100.0	100.0	100.0
EFL Finance S.A.	■		Poland	S	100.0	100.0	100.0	100.0
Sofinco Participations	■		France	S	100.0	100.0	100.0	100.0
Savings management								
Banking and financial institutions								
ABC-CA Fund Management CO	▲		China	JV	33.3	33.3	25.2	25.2
AMUNDI Asset Management	■		France	S	100.0	100.0	75.7	75.5
AMUNDI (UK) Ltd.	■		United Kingdom	S	100.0	100.0	75.7	75.5
Amundi AI LONDON BRANCH	■	S4	United Kingdom	B		100.0		75.5
AMUNDI AI S.A.S.	■	S4	France	S		100.0		75.5
AMUNDI ASSET MANAGEMENT BELGIUM	■	D1	Belgium	B	100.0	100.0	75.7	75.5
AMUNDI ASSET MANAGEMENT DEUTSCHLAND	■	D1	Germany	B	100.0	100.0	75.7	75.5

Crédit Agricole Group Scope of consolidation	(1)	(a)	Principal place of business (Country of incorporation if different from the principal place of business)	Nature of control (b)	% control		% interest	
					31/12 2016	31/12 2015	31/12 2016	31/12 2015
Amundi Distributors Usa Llc	■		United States	S	100.0	100.0	75.7	75.5
AMUNDI Finance	■		France	S	100.0	100.0	75.7	75.5
AMUNDI Finance Emissions	■		France	S	100.0	100.0	75.7	75.5
AMUNDI GLOBAL SERVICING	■		Luxembourg	S	100.0	100.0	75.7	75.5
AMUNDI	■		France	S	75.7	75.5	75.7	75.5
AMUNDI Hellas MFMC S.A.	■		Greece	S	100.0	100.0	75.7	75.5
AMUNDI ASSET MANAGEMENT HONG KONG BRANCH	■	D1	Hong Kong	B	100.0	100.0	75.7	75.5
AMUNDI Hong Kong Ltd.	■		Hong Kong	S	100.0	100.0	75.7	75.5
AMUNDI Iberia S.G.I.I.C S.A.	■		Spain	S	100.0	100.0	75.7	86.5
AMUNDI Immobilier	■		France	S	100.0	100.0	75.7	75.5
AMUNDI India Holding	■		France	S	100.0	100.0	75.7	75.5
AMUNDI Intermédiation	■		France	S	100.0	100.0	75.7	75.5
AMUNDI Issuance	■	E1	France	S	100.0		75.7	
AMUNDI Japan	■		Japan	S	100.0	100.0	75.7	75.5
AMUNDI Japan Holding	■		Japan	S	100.0	100.0	75.7	75.5
AMUNDI Japan Securities Cy Ltd.	■	S4	Japan	S		100.0		75.5
AMUNDI ASSET MANAGEMENT LONDON BRANCH	■	D1	United Kingdom	B	100.0	100.0	75.7	75.5
AMUNDI Luxembourg S.A.	■		Luxembourg	S	100.0	100.0	75.7	75.5
AMUNDI Malaysia Sdn Bhd	■		Malasia	S	100.0	100.0	75.7	75.5
AMUNDI ASSET MANAGEMENT NEDERLAND	■	D1	Netherlands	B	100.0	100.0	75.7	75.5
AMUNDI Polska	■		Poland	S	100.0	100.0	75.7	75.5
AMUNDI Private Equity Funds	■		France	S	100.0	100.0	75.7	75.5
AMUNDI Real Estate Italia SGR S.p.A.	■		Italy	S	100.0	100.0	75.7	75.5
AMUNDI SGR S.p.A.	■		Italy	S	100.0	100.0	75.7	75.5
AMUNDI Singapore Ltd.	■		Singapour	S	100.0	100.0	75.7	75.5
AMUNDI Smith Breeden	■		United Staes	S	100.0	100.0	75.7	75.5
AMUNDI Suisse	■		Switzerland	S	100.0	100.0	75.7	75.5
AMUNDI Tenue de Comptes	■		France	S	100.0	100.0	75.7	75.5
AMUNDI USA Inc	■		United States	S	100.0	100.0	75.7	75.5
AMUNDI Ventures	■		France	S	100.0	100.0	75.7	75.5
Amundi Austria	■	D1	Austria	S	100.0	100.0	75.7	75.5
BFT Investment Managers	■		France	S	100.0	100.0	75.7	75.5
CA Indosuez Gestion	■		France	S	100.0	100.0	100.0	100.0
CA Indosuez Wealth (France)	■	D1	France	S	100.0	100.0	100.0	100.0
Clam Philadelphia	■	S4	France	S		100.0		75.5
CPR AM	■		France	S	100.0	100.0	75.7	75.5
CA Indosuez Wealth (Europe)	■	D1	Luxembourg	S	100.0	100.0	100.0	100.0
CA Indosuez Wealth (Europe) Belgium Branch	■	D1	Belgium	B	100.0	100.0	100.0	100.0
CA Indosuez Wealth (Europe) Spain Branch	■	D1	Spain	B	100.0	100.0	100.0	100.0
CA Indosuez Wealth (Europe) Italy Branch	■	D1	Italy	B	100.0	100.0	100.0	100.0
CA Indosuez (Switzerland) S.A.	■	D1	Switzerland	S	100.0	100.0	100.0	100.0
CA Indosuez (Suisse) S.A. Hong Kong Branch	■	D1	Hong Kong	B	100.0	100.0	100.0	100.0
CA Indosuez (Suisse) S.A. Singapore Branch	■	D1	Singapour	B	100.0	100.0	100.0	100.0
CFM Indosuez Wealth	■	D1	Monaco	S	70.1	70.1	69.0	69.0
Etoile Gestion	■		France	S	100.0	100.0	75.7	75.5
CA Indosuez Finanziaria S.A.	■	D1	Switzerland	S	100.0	100.0	100.0	100.0
Fund Channel	▲		Luxembourg	A	50.0	50.0	37.9	37.8
IKS KB	■		Czech republic	S	100.0	100.0	75.7	75.5
KBI Global Investors Limited	■	E3	Ireland	S	87.5		75.7	
KBI Fund Managers Limited	■	E3	Ireland	S	87.5		75.7	
KBI Global Investors (North America) Limited	■	E3	Ireland	S	87.5		75.7	
LCL Emissions	■		France	S	100.0	100.0	75.7	75.5
NH-AMUNDI ASSET MANAGEMENT	▲	D1	South Korea	A	30.0	30.0	22.7	22.7
Société Générale Gestion (S2G)	■		France (France)	S	100.0	100.0	75.7	75.5
State Bank of India Fund Management	▲		India	A	37.0	37.0	28.0	27.9
TOBAM HOLDING COMPANY	▲	E3	France (Luxembourg)	A	25.6		19.3	
TOBAM	▲	E3	France (Luxembourg)	A	4.1		15.1	
WAFA Gestion	▲		Morocco (Luxembourg)	A	34.0	34.0	25.7	25.7
Investment companies								
CA Indosuez Wealth (Brazil) S.A. DTVM	■	D1	Brazil	S	100.0	100.0	100.0	100.0
CA Indosuez Wealth (Group)	■	D1	France	S	100.0	100.0	100.0	100.0
Insurance								
ASSUR&ME	■	D3	France	CSE	100.0		100.0	
CA Assicurazioni	■		Italy (Ireland)	S	100.0	100.0	100.0	100.0
CACI DANNI	■		Italy	B	100.0	100.0	100.0	100.0
CACI LIFE LIMITED	■		Ireland	S	100.0	100.0	100.0	100.0
CACI NON LIFE LIMITED	■		Ireland (Ireland)	S	100.0	100.0	100.0	100.0
CACI NON VIE	■		France	B	100.0	100.0	100.0	100.0
CACI Reinsurance Ltd.	■		Ireland (Ireland)	S	100.0	100.0	100.0	100.0
CACI VIE	■		France (Ireland)	B	100.0	100.0	100.0	100.0
CACI VITA	■		Italy	B	100.0	100.0	100.0	100.0
CALIE Europe Succursale France	■		France (Luxembourg)	B	100.0	100.0	100.0	100.0
CALIE Europe Succursale Pologne	■		Poland	B	100.0	100.0	100.0	100.0
Crédit Agricole Assurances (CAA)	■		France	S	100.0	100.0	100.0	100.0
Crédit Agricole Creditor Insurance (CACI)	■		France	S	100.0	100.0	100.0	100.0
Crédit Agricole Life	■	D4	Greece	S	100.0	100.0	100.0	100.0
Crédit Agricole Life Insurance Company Japan Ltd.	■		Japan	S	100.0	100.0	100.0	100.0
Crédit Agricole Life Insurance Europe	■		Luxembourg	S	100.0	100.0	100.0	100.0
Crédit Agricole Reinsurance S.A.	■	D4	Luxembourg	S	100.0	100.0	100.0	100.0
Crédit Agricole Vita S.p.A.	■		Italy	S	100.0	100.0	100.0	100.0

(1) Consolidation method ■ Full ▲ Equity accounted ● Parent

Crédit Agricole Group Scope of consolidation	(1)	(a)	Principal place of business (*Country of incorporation if different from the principal place of business*)	Nature of control (b)	% control 31/12 2016	% control 31/12 2015	% interest 31/12 2016	% interest 31/12 2015
Finaref Assurances S.A.S.	■		France	S	100.0	100.0	100.0	100.0
Finaref Risques Divers	■		France	S	100.0	100.0	100.0	100.0
Finaref Vie	■		France	S	100.0	100.0	100.0	100.0
GNB Seguros	■		Portugal	S	50.0	50.0	50.0	50.0
Médicale de France	■		France	S	100.0	100.0	100.0	100.0
Pacifica	■		France	S	100.0	100.0	100.0	100.0
Predica	■		France	S	100.0	100.0	100.0	100.0
Predica - Prévoyance Dialogue du Crédit Agricole	■		Spain	B	100.0	100.0	100.0	100.0
Space Holding (Ireland) Limited	■		Ireland	S	100.0	100.0	100.0	100.0
Space Lux	■		Luxembourg	S	100.0	100.0	100.0	100.0
Spirica	■		France	S	100.0	100.0	100.0	100.0
UCITS								
ACACIA	■		France	CSE	100.0	100.0	75.7	75.5
ACAJOU	■		France	CSE	100.0	100.0	75.7	75.5
AGRICOLE RIVAGE DETTE	■		France	CSE	100.0	88.0	100.0	88.0
AMUNDI ARMONIA	■	S4	Italy	CSE		100.0		100.0
AMUNDI GRD 24 FCP	■		France	CSE	100.0	100.0	100.0	100.0
Amundi Hk - Green Planet Fund	■		Hong Kong	CSE	99.4	98.9	75.2	74.7
Amundi Performance Absolue Equilibre	■		France	CSE	100.0	100.0	75.7	75.5
AMUN TRESO CT PC 3D	■	S2	France	CSE		54.2		54.2
ARTEMID	■		France	CSE	100.0	90.0	100.0	90.0
BFT opportunité	■		France	CSE	100.0	100.0	100.0	100.0
CAA 2013 COMPARTIMENT 5 A5	■		France	CSE	100.0	100.0	100.0	100.0
CAA 2013 FCPR B1	■		France	CSE	100.0	100.0	100.0	100.0
CAA 2013 FCPR C1	■		France	CSE	100.0	100.0	100.0	100.0
CAA 2013 FCPR D1	■		France	CSE	100.0	100.0	100.0	100.0
CAA 2013-2	■		France	CSE	100.0	100.0	100.0	100.0
CAA 2013-3	■		France	CSE	100.0	100.0	100.0	100.0
CAA 2014 COMPARTIMENT 1 PART A1	■		France	CSE	100.0	100.0	100.0	100.0
CAA 2014 INVESTISSMENT PART A3	■		France	CSE	100.0	100.0	100.0	100.0
CAA 2015 COMPARTIMENT 1	■		France	CSE	100.0	100.0	100.0	100.0
CAA 2015 COMPARTIMENT 2	■		France	CSE	100.0	100.0	100.0	100.0
CAA 2016	■	E2	France	CSE	100.0		100.0	
IAA CROISSANCE INTERNATIONALE	■	E2	France	CSE	100.0		100.0	
CAA INFRASTRUCTURE	■	D3	France	CSE	100.0		100.0	
CA VITA INFRASTRUCTURE CHOICE FIPS c.I.A.	■	E2	France	CSE	100.0		100.0	
CA VITA PRIVATE DEBT CHOICE FIPS c.I.A	■	E2	France	CSE	100.0		100.0	
CAA PRIV.FINANC.COMP.1 A1 FIC	■		France	CSE	100.0	100.0	100.0	100.0
CAA PRIV.FINANC.COMP.2 A2 FIC	■		France	CSE	100.0	100.0	100.0	100.0
CAREPTA R 2016	■	E1	France	CSE	100.0		100.0	

Crédit Agricole Group Scope of consolidation	(1)	(a)	Principal place of business (*Country of incorporation if different from the principal place of business*)	Nature of control (b)	% control 31/12 2016	% control 31/12 2015	% interest 31/12 2016	% interest 31/12 2015
CAA SECONDAIRE IV	■	E1	France	CSE	100.0		100.0	
CA VITA PRIVATE EQUITY CHOICE	■		France	CSE	100.0	100.0	100.0	100.0
CEDAR	■	E2	France	CSE	100.0		75.7	
RED CEDAR	■	E2	France	CSE	100.0		75.7	
Chorial Allocation	■		France	CSE	99.7	99.7	75.4	75.3
CNP ACP OBLIG	▲		France	SJV	50.2	50.0	50.2	50.0
CNP ACP 10 FCP	▲		France	SJV	50.2	49.9	50.2	49.9
CA-EDRAM OPPORTUNITES FCP 3DEC	■		France	CSE	100.0	100.0	100.0	100.0
FPCI Cogeneration France I	■	E3	France	CSE	100.0		100.0	
FCPR CAA 2013	■		France	CSE	100.0	100.0	100.0	100.0
FCPR CAA COMP TER PART A3	■		France	CSE	100.0	100.0	100.0	100.0
FCPR CAA COMPART BIS PART A2	■		France	CSE	100.0	100.0	100.0	100.0
FCPR CAA COMPARTIMENT 1 PART A1	■		France	CSE	100.0	100.0	100.0	100.0
FCPR CAA France croissance 2 A	■		France	CSE	100.0	100.0	100.0	100.0
FCPR PREDICA 2007 A	■		France	CSE	100.0	99.9	100.0	99.9
FCPR PREDICA 2007 C2	■		France	CSE	100.0	100.0	100.0	100.0
FCPR PREDICA 2008 A1	■		France	CSE	100.0	100.0	100.0	100.0
FCPR PREDICA 2008 A2	■		France	CSE	100.0	100.0	100.0	100.0
FCPR PREDICA 2008 A3	■		France	CSE	100.0	100.0	100.0	100.0
FCPR PREDICA SECONDAIRE I A1	■		France	CSE	100.0	100.0	100.0	100.0
FCPR PREDICA SECONDAIRE I A2	■		France	CSE	100.0	100.0	100.0	100.0
FCPR PREDICA SECONDAIRES II A	■		France	CSE	100.0	100.0	100.0	100.0
FCPR PREDICA SECONDAIRES II B	■		France	CSE	100.0	100.0	100.0	100.0
FCPR Roosevelt Investissements	■		France	CSE	100.0	100.0	100.0	100.0
FCPR UI CAP AGRO	■		France	CSE	100.0	100.0	100.0	100.0
FCPR UI CAP SANTE A	■		France	CSE	100.0	100.0	100.0	100.0
FCT BRIDGE 2016-1	■	E1	France	CSE	100.0		100.0	
FCT CAREPTA - COMPARTIMENT 2014-1	■		France	CSE	100.0	93.8	100.0	93.8
FCT CAREPTA - COMPARTIMENT 2014-2	■		France	CSE	100.0	100.0	100.0	100.0
FCT CAREPTA - COMPARTIMENT RE-2016-1	■	E2	France	CSE	100.0		100.0	
FCT CAREPTA - RE 2015 -1	■		France	CSE	100.0	100.0	100.0	100.0
FCT CAREPTA 2-2016	■	E1	France	CSE	100.0		100.0	
FCT MID CAP 2 05/12/22	■		France	CSE	100.0	100.0	100.0	100.0
FEDERIS CORE EU CR 19 MM	■		France	CSE	43.6	43.6	43.6	43.6
Federval	■		France	CSE	100.0	100.0	100.0	100.0
Genavent	■		France	CSE	52.3	52.3	39.6	39.5
Genavent Partners Lp	■	S1	United States	CSE		100.0		75.5
GRD TOBAM AB A	■		France	CSE	100.0	100.0	100.0	100.0
GRD01	■		France	CSE	100.0	100.0	100.0	100.0

Crédit Agricole Group Scope of consolidation	(1)	(a)	Principal place of business (*Country of incorporation if different from the principal place of business*)	Nature of control (b)	% control 31/12 2016	% control 31/12 2015	% interest 31/12 2016	% interest 31/12 2015
GRD02	■		France	CSE	100.0	100.0	100.0	100.0
GRD03	■		France	CSE	100.0	100.0	100.0	100.0
GRD04	■		France	CSE	100.0	100.0	100.0	100.0
GRD05	■		France	CSE	100.0	100.0	100.0	100.0
GRD07	■		France	CSE	100.0	100.0	100.0	100.0
GRD08	■		France	CSE	100.0	100.0	100.0	100.0
GRD09	■		France	CSE	100.0	97.0	100.0	97.0
GRD10	■		France	CSE	100.0	100.0	100.0	100.0
GRD11	■		France	CSE	100.0	100.0	100.0	100.0
GRD12	■		France	CSE	100.0	100.0	100.0	100.0
GRD13	■		France	CSE	100.0	100.0	100.0	100.0
GRD14	■		France	CSE	100.0	100.0	100.0	100.0
GRD16	■		France	CSE	100.0	100.0	100.0	100.0
GRD17	■		France	CSE	100.0	100.0	100.0	100.0
GRD18	■		France	CSE	100.0	100.0	100.0	100.0
GRD19	■		France	CSE	100.0	100.0	100.0	100.0
GRD20	■		France	CSE	100.0	100.0	100.0	100.0
GRD21	■		France	CSE	100.0	100.0	100.0	100.0
GRD23	■		France	CSE	100.0	100.0	100.0	100.0
Londres Croissance C16	■		France	CSE	100.0	100.0	75.7	75.5
LRP - CPT JANVIER 2013 0.30 13-21 11/01A	■		Luxembourg	CSE	84.2	84.2	84.2	84.2
OBJECTIF LONG TERME FCP	■		France	CSE	100.0	100.0	100.0	100.0
Peg - Portfolio Eonia Garanti	■		France	CSE	96.4	95.1	72.9	71.9
Predica 2005 FCPR A	■		France	CSE	100.0	99.9	100.0	99.9
Predica 2006 FCPR A	■		France	CSE	100.0	100.0	100.0	100.0
Predica 2006-2007 FCPR	■		France	CSE	100.0	100.0	100.0	100.0
PREDICA 2010 A1	■		France	CSE	100.0	100.0	100.0	100.0
PREDICA 2010 A2	■		France	CSE	100.0	100.0	100.0	100.0
PREDICA 2010 A3	■		France	CSE	100.0	100.0	100.0	100.0
PREDICA SECONDAIRES III	■		France	CSE	100.0	100.0	100.0	100.0
Predicant A1 FCP	■		France	CSE	100.0	100.0	100.0	100.0
Predicant A2 FCP	■		France	CSE	100.0	100.0	100.0	100.0
Predicant A3 FCP	■		France	CSE	100.0	100.0	100.0	100.0
Prediquant Eurocroissance A2	■	E2	France	CSE	100.0		100.0	
Prediquant opportunité	■		France	CSE	100.0	100.0	100.0	100.0
PREDIQUANT STRATEGIES	■		France	CSE	99.6	100.0	99.6	100.0
PREMIUM GR 0% 28	■		Ireland	CSE	100.0	94.9	100.0	94.9
PREMIUM GREEN 1.24% 25/04/35	■		Ireland	CSE	100.0	100.0	100.0	100.0
PREMIUM GREEN 4.52%06-21 EMTN	■		Ireland	CSE	100.0	100.0	100.0	100.0
PREMIUM GREEN 4.54%06-13.06.21	■		Ireland	CSE	100.0	100.0	100.0	100.0
PREMIUM GREEN 4.5575%21 EMTN	■		Ireland	CSE	100.0	100.0	100.0	100.0
PREMIUM GREEN 4.56%06-21	■		Ireland	CSE	100.0	100.0	100.0	100.0
PREMIUM GREEN 4.7% EMTN 08/08/21	■		Ireland	CSE	100.0	100.0	100.0	100.0
PREMIUM GREEN 4.72%12-250927	■		Ireland	CSE	100.0	80.7	100.0	80.7
PREMIUM GREEN PLC 4.30%2021	■		Ireland	CSE	100.0	100.0	100.0	100.0
PREMIUM GREEN TV 06/22	■		Ireland	CSE	100.0	100.0	100.0	100.0
PREMIUM GREEN TV 07/22	■		Ireland	CSE	100.0	100.0	100.0	100.0
PREMIUM GREEN TV 07-22	■		Ireland	CSE	100.0	100.0	100.0	100.0
PREMIUM GREEN TV 22	■		Ireland	CSE	100.0	100.0	100.0	100.0
PREMIUM GREEN TV 26/07/22	■		Ireland	CSE	100.0	100.0	100.0	100.0
PREMIUM GREEN TV06-16 EMTN	■		Ireland	CSE	100.0	100.0	100.0	100.0
PREMIUM GREEN TV07-17 EMTN	■		Ireland	CSE	100.0	100.0	100.0	100.0
PREMIUM GREEN TV2027	■		Ireland	CSE	100.0	75.9	100.0	75.9
PREMIUM GREEN TV23/05/2022 EMTN	■		Ireland	CSE	100.0	100.0	100.0	100.0
PREMIUM GREEN4.33%06-29/10/21	■		Ireland	CSE	100.0	100.0	100.0	100.0
CORSAIR 1.5255% 25/04/35	■		Ireland	CSE	100.0	100.0	100.0	100.0
Unit-linked funds (Fonds UC)								
84 United-linked funds with a detention rate equal or above 95%			France	CSE	> 95%	/	> 95%	/
TRIALIS 6 ANS N3 FCP	■	E3	France	CSE	60.1		60.1	
SOLIDARITE AMUNDI P	■	E1	France	CSE	47.4		47.4	
AF EQUI.GLOB.AHE CAP	■		Luxembourg	CSE	88.3	50.8	88.3	50.8
AF INDEX EQ JAPAN AE CAP	■		Luxembourg	CSE	47.0	48.5	47.0	48.5
AF INDEX EQ USA A4E	■		Luxembourg	CSE	69.3	82.7	69.3	82.7
AM.AC.EU.ISR-P-3D	■	S2	France	CSE		81.2		41.6
AM.AC.MINER.-P-3D	■		France	CSE	44.6	42.6	44.6	42.6
AM CR 1-3 EU PC 3D	■	S3	France	CSE		75.3		75.3
AMUNDI 3 M P	■	E1	France	CSE	77.6		77.6	
AMUN.TRES.EONIA ISR E FCP 3DEC	■		France	CSE	87.6	88.9	84.6	86.3
AMUNDI ACTIONS FRANCE C 3DEC	■		France	CSE	50.3	36.1	50.3	36.1
AMUNDI AFD AV DURABL P1 FCP 3DEC	■		France	CSE	72.7	67.2	72.7	67.2
AMUNDI BD EU HY AEC	■	S3	Luxembourg	CSE		32.0		32.0
AMUNDI B EU COR AEC	■	S3	Luxembourg	CSE		59.4		59.4
AMUNDI CRED.EURO ISR P FCP 3DEC	■		France	CSE	62.0	62.5	62.0	62.5
AMUNDI EQ E IN AHEC	■		Luxembourg	CSE	58.6	68.8	58.6	68.8
AMUNDI GBL MACRO MULTI ASSET P	■		France	CSE	71.4	70.8	71.4	70.8
AMUNDI HORIZON 3D	■		France	CSE	65.2	64.0	65.2	64.0
AMUNDI PATRIMOINE C 3DEC	■		France	CSE	81.4	77.1	81.4	77.1
AMUNDI PULSACTIONS	■		France	CSE	57.0	44.4	57.0	44.4
AMUNDI VALEURS DURAB	■		France	CSE	52.3	45.1	52.3	45.1
AMUNDI 12 M P	■		France	CSE	79.8	88.8	79.8	88.8
ANTINEA FCP	■		France	CSE	53.9	54.3	53.9	54.3
ARAMIS PATRIM D 3D	■		France	CSE	44.4	48.0	44.4	48.0
ARC FLEXIBOND-D	■		France	CSE	60.7	61.4	60.7	61.4

(1) Consolidation method ■ Full ▲ Equity accounted ● Parent

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ATOUT EUROPE C FCP 3DEC	■		France	CSE	81.4	80.6	81.4	80.6
ATOUT FRANCE C FCP 3DEC	■		France	CSE	41.1	40.7	41.1	40.7
ATOUT MONDE C FCP 3DEC	■		France	CSE	87.9	87.6	87.9	87.6
ATOUT SERENACTIONS	■	S4	France	CSE		99.6		99.6
ATOUT VERT HORIZON FCP 3 DEC	■		France	CSE	35.1	34.3	35.1	34.3
AXA EUR.SM.CAP E 3D	■		France	CSE	53.9	40.8	53.9	40.8
BEST BUS MODELS RC	■	S4	France	CSE		44.5		44.5
CPR ACTIVE US -P-	■	S2	France	CSE		29.9		29.9
LCL ACT.E-U ISR 3D	■	S2	France	CSE		39.7		39.7
AMUNDI OBLIG EURO C	■		France	CSE	43.6	41.2	43.6	41.2
CPR RENAI.JAP.-P-3D	■		France	CSE	56.0	46.2	56.0	46.2
AM AC FR ISR PC 3D	■		France	CSE	46.2	44.5	46.2	44.5
BNP PAR.CRED.ERSC	■		France	CSE	64.7	65.7	64.7	65.7
OBLIG INF CM CIC 3D	■	S2	France	CSE		45.0		45.0
BARCLAYS QUAN MER AR	■	S2	Irlande	CSE		100.0		100.0
CA MASTER EUROPE	■		France	CSE	47.3	49.3	47.3	49.3
CONVERT.EUROP.AE	■		Luxembourg	CSE	59.5	39.1	59.5	39.1
CPR CONSO ACTIONNAIRE FCP P	■		France	CSE	49.9	52.2	49.9	52.2
CPR CROIS.REA.-P	■		France	CSE	23.4	20.3	23.4	20.3
CPR EUROLAND P 3D	■	E1	France	CSE	50.1		50.1	
CPR GLO SILVER AGE P	■	E1	France	CSE	85.2		85.2	
CPR OBLIG 12 M.P 3D	■		France	CSE	41.2	37.5	41.2	37.5
CPR REFL.RESP.0-100 P FCP 3DEC	■		France	CSE	61.5	62.6	61.5	62.6
CPR RENAISSANCE JAPON HP 3D	■	S2	France	CSE		44.5		44.5
CPR SILVER AGE P 3DEC	■		France	CSE	43.2	41.3	43.2	41.3
DNA 0% 12-211220	■		Luxembourg	CSE	92.7	86.8	92.7	86.8
DNA 0% 16/10/2020	■	S2	Luxembourg	CSE		92.6		92.6
DNA 0% 21/12/20 EMTN	■		Luxembourg	CSE	71.1	70.6	71.1	70.6
DNA 0% 23/07/18 EMTN INDX	■		Luxembourg	CSE	77.5	77.9	77.5	77.9
DNA 0% 27/06/18 INDX	■		Luxembourg	CSE	82.9	80.9	82.9	80.9
DNA 0%11-231216 INDX	■		Luxembourg	CSE	77.7	76.8	77.7	76.8
DNA 0%12-240418 INDX	■		Luxembourg	CSE	79.9	82.7	79.9	82.7
ECOFI MULTI OPPORTUN.FCP 3DEC	■		France	CSE	87.9	84.5	87.9	84.5
FONDS AV ECHU N 1 3DEC	■	S2	France	CSE		97.7		97.7
HMG GLOBETROTTER D	■		France	CSE	57.3	61.8	57.3	61.8
EMERITE	■	S2	France	CSE		99.8		99.8
IND.CAP EMERG.-C-3D	■		France	CSE	59.6	59.0	59.6	59.0
INDO.FLEX.100 -C-3D	■		France	CSE	92.7	92.6	92.7	92.6
INDOCAM FLAMME FCP 3DEC	■	S2	France	CSE		99.8		99.8
INDOS.EURO.PAT.PD 3D	■		France	CSE	45.6	40.5	45.6	40.5
INVEST RESP S3 3D	■		France	CSE	62.6	63.2	62.6	63.2
JAYANNE 5 FCP 3DEC	■	S2	France	CSE		98.9		98.9
JAYANNE 6 FCP	■	S2	France	CSE		98.0		98.0
JAYANNE 7 FCP 3DEC	■	S1	France	CSE		100.0		100.0
JPM-US S E P-AEURA	■	S2	Luxembourg	CSE		88.0		88.0
LCL AC.DEV.DU.EURO	■		France	CSE	49.3	46.2	49.3	46.2
LCL AC.EMERGENTS 3D	■		France	CSE	49.9	47.1	49.9	47.1
LCL ACT.IMMOBI.3D	■		France	CSE	75.5	48.1	75.5	48.1
LCL ACT.USA ISR 3D	■		France	CSE	49.7	48.9	49.7	48.9
LCL ACTIONS EURO C	■		France	CSE	68.1	77.5	68.1	77.5
LCL ALLOCATION DYNAMIQUE 3D FCP	■		France	CSE	94.4	99.9	94.4	94.6
LCL ALLOCATION EQUILIBRE 3DEC	■	S4	France	CSE		96.5		92.1
LCL D.CAPT.JU.10 3D	■		France	CSE	84.3	84.4	84.3	84.4
LCL D.H.2-4 ANS AV NOV 13	■	S2	France	CSE		100.0		100.0
LCL DEVELOPPEM.PME C	■		France	CSE	75.3	80.2	75.3	80.2
LCL FDS ECH.MONE.3D	■		France	CSE	84.6	85.1	84.6	85.1
LCL FLEX 30	■		France	CSE	67.0	60.0	67.0	60.0
LCL INVEST.EQ C	■	E2	France	CSE	91.8		91.8	
LCL INVEST.PRUD.3D	■	E2	France	CSE	91.6		91.6	
LCL MONETAIRE -C-	■	S2	France	CSE		40.2		40.2
LCL MGEST 60 3DEC	■		France	CSE	83.9	85.3	83.9	85.3
LCL MGEST FL.0-100	■		France	CSE	81.0	81.9	81.0	81.9
LCL OBLIGATIONS INFLATION C EUR	■	S3	France	CSE		39.8		39.8
LCL ORIENTATION DYNAM FCP3D	■	S4	France	CSE		89.9		89.9
LCL ORIENTATION EQUIL.FCP 3DEC	■	S4	France	CSE		91.0		91.0
LCL ORIENTATION PRUDENT	■	S4	France	CSE		92.6		92.6
LCL PHOENIX VIE 2016	■	E2	France	CSE	93.7		93.7	
LCL PREMIUM VIE 14 C	■	S1	France	CSE		95.3		95.3
LCL PREMIUM VIE 2015	■		France	CSE	94.8	95.3	94.8	95.3
LCL SEC 106 (MARS 10) FCP 3DEC	■	S1	France	CSE		99.8		99.8
LCL SECU.100 (JUIL.11)	■		France	CSE	48.4	48.7	48.4	48.7
LCL TR 3 MOIS PC 3D	■	S2	France	CSE		65.5		65.5
LCL TRIPLE HORIZON AV 09/13 C 3D	■	S1	France	CSE		97.4		97.4
LCL TRIP HORIZ SEP16	■	E2	France	CSE	78.3		78.3	
LCL VOCATION RENDEMENT NOV 12 3D	■		France	CSE	79.9	79.7	79.9	79.7
OBJECTIF PRUDENCE FCP	■		France	CSE	94.9	99.2	94.9	99.2
OPCIMMO LCL SPPICAV 5DEC	■		France	CSE	93.1	94.1	93.1	94.1
OPCIMMO PREM SPPICAV 5DEC	■		France	CSE	94.9	96.1	94.9	96.1
OPTALIS DYNAMIQUE C FCP 3DEC	■	S1	France	CSE		92.6		92.6
OPTIMIZ BES TIMING II 3DEC	■		France	CSE	87.3	88.6	87.3	88.6
PIMENTO 4 FCP	■	S1	France	CSE		98.7		98.7
PIMENTO 5 FCP 3DEC	■	S1	France	CSE		100.0		100.0
RONDEYS 2 3DEC FCP	■	S1	France	CSE		99.3		99.3
RONDEYS 3 FCP	■	S2	France	CSE		98.4		98.4

Crédit Agricole Group Scope of consolidation	(1)	(a)	Principal place of business (*Country of incorporation if different from the principal place of business*)	Nature of control (b)	% control 31/12 2016	% control 31/12 2015	% interest 31/12 2016	% interest 31/12 2015
SOLIDARITE INITIATIS SANTE	■		France	CSE	83.9	56.7	83.9	56.7
TRIALIS 6 ANS	■		France	CSE	68.0	69.1	68.0	69.1
TRIALIS 6 ANS N2 C	■	E2	France	CSE	61.0		61.0	
TRIALIS C	■		France	CSE	66.7	67.0	66.7	67.0
TRIANANCE 5 ANS	■	S1	France	CSE		57.6		57.6
TRIANANCE 6 ANS	■		France	CSE	61.6	61.3	61.6	61.3
VAR FLAMME FCP	■	S2	France	CSE		100.0		100.0
VENDOME INV.FCP 3DEC	■		France	SA	91.5	90.6	91.5	90.6
Real estate collective investment fund (OPCI)								
OPCI Camp Invest	■		France	CSE	80.1	68.8	80.1	68.8
OPCI ECO CAMPUS SPPICAV	■		France	CSE	100.0	100.0	100.0	100.0
OPCI Immanens	■		France	CSE	100.0	100.0	75.7	75.5
OPCI Immo Emissions	■		France	CSE	100.0	100.0	75.7	75.5
OPCI Iris Invest 2010	■		France	CSE	80.1	80.1	80.1	80.1
OPCI KART	■		France	CSE	100.0	100.0	100.0	100.0
OPCI MASSY BUREAUX	■		France	CSE	100.0	89.4	100.0	89.4
OPCI Messidor	■		France	CSE	94.5	93.7	94.5	93.6
Nexus 1	■		Italy	CSE	100.0	100.0	100.0	100.0
Predica OPCI Bureau	■		France	CSE	100.0	100.0	100.0	100.0
Predica OPCI Commerces	■		France	CSE	100.0	100.0	100.0	100.0
Predica OPCI Habitation	■		France	CSE	100.0	100.0	100.0	100.0
Non-trading real estate investment company (SCI)								
SCI BMEDIC HABITATION	■		France	S	100.0	100.0	100.0	100.0
SCI CAMPUS MEDICIS ST DENIS	■		France	S	70.0	70.0	70.0	70.0
SCI CAMPUS RIMBAUD ST DENIS	■		France	S	70.0	70.0	70.0	70.0
SCI FEDERALE PEREIRE VICTOIRE	■		France	S	99.0	99.0	99.0	99.0
SCI FEDERALE VILLIERS	■		France	S	100.0	100.0	100.0	100.0
SCI FEDERLOG	■		France	S	99.9	99.9	99.9	99.9
SCI FEDERLONDRES	■		France	S	100.0	100.0	100.0	100.0
SCI FEDERPIERRE	■		France	S	100.0	100.0	100.0	100.0
SCI GRENIER VELLEF	■		France	CSE	100.0	100.0	100.0	100.0
SCI IMEFA 001	■		France	S	100.0	100.0	100.0	100.0
SCI IMEFA 002	■	D3	France	S	100.0		100.0	
SCI IMEFA 003	■		France	S	100.0	100.0	100.0	100.0
SCI IMEFA 004	■		France	S	100.0	100.0	100.0	100.0
SCI IMEFA 005	■		France	S	100.0	100.0	100.0	100.0
SCI IMEFA 006	■		France	S	100.0	100.0	100.0	100.0
SCI IMEFA 008	■		France	S	100.0	100.0	100.0	100.0
SCI IMEFA 009	■	D3	France	S	100.0		100.0	
SCI IMEFA 010	■	D3	France	S	100.0		100.0	
SCI IMEFA 011	■		France	S	100.0	100.0	100.0	100.0
SCI IMEFA 012	■		France	S	100.0	100.0	100.0	100.0
SCI IMEFA 013	■		France	S	100.0	100.0	100.0	100.0
SCI IMEFA 016	■		France	S	100.0	100.0	100.0	100.0

Crédit Agricole Group Scope of consolidation	(1)	(a)	Principal place of business (*Country of incorporation if different from the principal place of business*)	Nature of control (b)	% control 31/12 2016	% control 31/12 2015	% interest 31/12 2016	% interest 31/12 2015
SCI IMEFA 017	■		France	S	100.0	100.0	100.0	100.0
SCI IMEFA 018	■		France	S	100.0	100.0	100.0	100.0
SCI IMEFA 020	■		France	S	100.0	100.0	100.0	100.0
SCI IMEFA 022	■		France	S	100.0	100.0	100.0	100.0
SCI IMEFA 025	■		France	CSE	100.0	100.0	100.0	100.0
SCI IMEFA 032	■		France	S	100.0	100.0	100.0	100.0
SCI IMEFA 033	■		France	S	100.0	100.0	100.0	100.0
SCI IMEFA 034	■		France	S	100.0	100.0	100.0	100.0
SCI IMEFA 035	■		France	S	100.0	100.0	100.0	100.0
SCI IMEFA 036	■		France	S	100.0	100.0	100.0	100.0
SCI IMEFA 037	■		France	S	100.0	100.0	100.0	100.0
SCI IMEFA 038	■		France	S	100.0	100.0	100.0	100.0
SCI IMEFA 039	■		France	S	100.0	100.0	100.0	100.0
SCI IMEFA 042	■		France	S	100.0	100.0	100.0	100.0
SCI IMEFA 043	■		France	S	100.0	100.0	100.0	100.0
SCI IMEFA 044	■		France	S	100.0	100.0	100.0	100.0
SCI IMEFA 047	■		France	S	100.0	100.0	100.0	100.0
SCI IMEFA 048	■		France	S	100.0	100.0	100.0	100.0
SCI IMEFA 051	■		France	S	100.0	100.0	100.0	100.0
SCI IMEFA 052	■		France	S	100.0	100.0	100.0	100.0
SCI IMEFA 054	■		France	S	100.0	100.0	100.0	100.0
SCI IMEFA 057	■		France	S	100.0	100.0	100.0	100.0
SCI IMEFA 058	■		France	S	100.0	100.0	100.0	100.0
SCI IMEFA 060	■		France	S	100.0	100.0	100.0	100.0
SCI IMEFA 061	■		France	S	100.0	100.0	100.0	100.0
SCI IMEFA 062	■		France	S	100.0	100.0	100.0	100.0
SCI IMEFA 063	■		France	S	100.0	100.0	100.0	100.0
SCI IMEFA 064	■		France	S	100.0	100.0	100.0	100.0
SCI IMEFA 067	■		France	S	100.0	100.0	100.0	100.0
SCI IMEFA 068	■		France	S	100.0	100.0	100.0	100.0
SCI IMEFA 069	■		France	S	100.0	100.0	100.0	100.0
SCI IMEFA 072	■		France	S	100.0	100.0	100.0	100.0
SCI IMEFA 073	■		France	S	100.0	100.0	100.0	100.0
SCI IMEFA 074	■		France	S	100.0	100.0	100.0	100.0
SCI IMEFA 076	■		France	S	100.0	100.0	100.0	100.0
SCI IMEFA 077	■		France	S	100.0	100.0	100.0	100.0
SCI IMEFA 078	■		France	S	100.0	100.0	100.0	100.0
SCI IMEFA 079	■		France	S	100.0	100.0	100.0	100.0
SCI IMEFA 080	■		France	S	100.0	100.0	100.0	100.0
SCI IMEFA 081	■		France	S	100.0	100.0	100.0	100.0
SCI IMEFA 082	■		France	S	100.0	100.0	100.0	100.0
SCI IMEFA 083	■		France	S	100.0	100.0	100.0	100.0
SCI IMEFA 084	■		France	S	100.0	100.0	100.0	100.0
SCI IMEFA 085	■		France	S	100.0	100.0	100.0	100.0
SCI IMEFA 089	■		France	S	100.0	100.0	100.0	100.0
SCI IMEFA 091	■		France	S	100.0	100.0	100.0	100.0

(1) Consolidation method ■ Full ▲ Equity accounted ● Parent

Crédit Agricole Group Scope of consolidation	(1)	(a)	Principal place of business (*Country of incorporation if different from the principal place of business*)	Nature of control (b)	% control 31/12 2016	% control 31/12 2015	% interest 31/12 2016	% interest 31/12 2015
SCI IMEFA 092	■		France	S	100.0	100.0	100.0	100.0
SCI IMEFA 096	■		France	S	100.0	100.0	100.0	100.0
SCI IMEFA 100	■		France	S	100.0	100.0	100.0	100.0
SCI IMEFA 101	■		France	S	100.0	100.0	100.0	100.0
SCI IMEFA 102	■		France	S	100.0	100.0	100.0	100.0
SCI IMEFA 103	■		France	S	100.0	100.0	100.0	100.0
SCI IMEFA 104	■		France	S	100.0	100.0	100.0	100.0
SCI IMEFA 105	■		France	S	100.0	100.0	100.0	100.0
SCI IMEFA 107	■		France	S	100.0	100.0	100.0	100.0
SCI IMEFA 108	■		France	S	100.0	100.0	100.0	100.0
SCI IMEFA 109	■		France	S	100.0	100.0	100.0	100.0
SCI IMEFA 110	■		France	S	100.0	100.0	100.0	100.0
SCI IMEFA 112	■		France	S	100.0	100.0	100.0	100.0
SCI IMEFA 113	■		France	S	100.0	100.0	100.0	100.0
SCI IMEFA 115	■		France	S	100.0	100.0	100.0	100.0
SCI IMEFA 116	■		France	S	100.0	100.0	100.0	100.0
SCI IMEFA 117	■		France	S	100.0	100.0	100.0	100.0
SCI IMEFA 118	■		France	S	100.0	100.0	100.0	100.0
SCI IMEFA 120	■		France	S	100.0	100.0	100.0	100.0
SCI IMEFA 121	■		France	S	100.0	100.0	100.0	100.0
SCI IMEFA 122	■		France	S	100.0	100.0	100.0	100.0
SCI IMEFA 123	■		France	S	100.0	100.0	100.0	100.0
SCI IMEFA 126	■		France	S	100.0	100.0	100.0	100.0
SCI IMEFA 128	■		France	S	100.0	100.0	100.0	100.0
SCI IMEFA 129	■		France	S	100.0	100.0	100.0	100.0
SCI IMEFA 131	■		France	S	100.0	100.0	100.0	100.0
SCI IMEFA 132	■		France	S	100.0	100.0	100.0	100.0
SCI IMEFA 140	■		France	SA	99.0	99.0	99.0	99.0
SCI IMEFA 148	■		France	S	99.0	99.0	99.0	99.0
SCI IMEFA 149	■	E1	France	S	99.0		99.0	
SCI IMEFA 150	■		France	S	99.0	99.0	99.0	99.0
SCI IMEFA 155	■		France	S	99.0	74.0	99.0	74.0
SCI IMEFA 156	■		France	S	90.0	99.0	90.0	99.0
SCI IMEFA 157	■	D3	France	S	90.0		90.0	
SCI IMEFA 158	■		France	S	99.0	99.0	99.0	99.0
SCI IMEFA 159	■		France	S	99.0	99.0	99.0	99.0
SCI IMEFA 164	■		France	S	99.0	99.0	99.0	99.0
HDP BUREAUX	■	D1; D3	France	S	95.0		95.0	
HDP HOTEL	■	D1; D3	France	S	95.0		95.0	
HDP LA HALLE BOCA	■	D1; D3	France	S	95.0		95.0	
SCI IMEFA 169	■	D3	France	S	99.0		99.0	
SCI IMEFA 170	■	E2	France	S	99.0		99.0	
SCI IMEFA 171	■	E2	France	CSE	99.0		99.0	
SCI IMEFA 172	■	D3	France	SA	99.0		99.0	
SCI IMEFA 173	■	E1	France	S	99.0		99.0	

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SCI IMEFA 174	■	E1	France	S	99.0		99.0	
SCI IMEFA 175	■	E1	France	S	99.0		99.0	
SCI IMEFA 176	■	E1	France	S	99.0		99.0	
SCI LE VILLAGE VICTOR HUGO	■			S	100.0	96.4	100.0	96.4
SCI MEDI BUREAUX	■			S	100.0	100.0	100.0	100.0
SCI PACIFICA HUGO	■			S	100.0	100.0	100.0	100.0
SCI PORTE DES LILAS - FRERES FLAVIEN	■			S	100.0	100.0	100.0	100.0
SCI VALHUBERT	■			S	100.0	100.0	100.0	100.0
Other								
AMUNDI IT Services	■		France	S	99.6	99.8	76.4	77.5
CACI Gestion	■		France	S	100.0	82.0	100.0	82.0
CA Indosuez Wealth (Global Structuring)	■	D1; S4	Luxembourg	S		100.0		100.0
CA Indosuez Wealth (Asset Management)	■	D1	Luxembourg	S	100.0	100.0	100.0	100.0
FONCIERE HYPERSUD	▲	E1	France	JV	51.4		51.4	
SA RESICO	■		France	S	100.0	100.0	100.0	100.0
SAS Caagis	■		France	S	100.0	100.0	100.0	100.0
PREDIPARK	■		France	S	100.0	100.0	100.0	100.0
Via Vita	■		France	S	100.0	100.0	100.0	100.0
RAMSAY – GENERALE DE SANTE	▲		France	A	38.4	38.4	38.4	38.4
INFRA FOCH TOPCO	▲		France	A	36.9	36.9	36.9	36.9
ALTAREA	▲		France	A	26.6	27.7	26.6	27.7
KORIAN	▲		France	A	23.7	23.9	23.7	23.9
EUROPEAN MOTORWAY INVESTMENTS 1	■	E3	Luxembourg	S	60.0		60.0	
EUROSIC	▲		France	A	24.3	21.3	24.3	21.3
FREY	▲		France	A	20.0	20.0	20.0	20.0
Corporate and investment banking								
Banking and financial institutions								
Banco Crédit Agricole Brasil S.A.	■		Brazil	S	100.0	100.0	100.0	100.0
Banque Saudi Fransi - BSF	▲		Saoudia Arabia	A	31.1	31.1	31.1	31.1
CACEIS S.A.	■		France (France)	S	85.0	85.0	85.0	85.0
CACEIS (Canada) Ltd.	■		Canada (France)	S	100.0	100.0	85.0	85.0
CACEIS (USA) Inc.	■		United States (France)	S	100.0	100.0	85.0	85.0
CACEIS Bank Deutschland GmbH	■	S4	Germany (France)	S		100.0		85.0
CACEIS Bank S.A., Germany Branch	■	E2	Germany (France)	B	100.0		85.0	
CACEIS Bank	■	D1	France (France)	S	100.0	100.0	85.0	85.0
CACEIS Bank Luxembourg	■	S4	Luxembourg (France)	S		100.0		85.0
CACEIS Bank, Luxembourg Branch	■	E2	Luxembourg (France)	B	100.0		85.0	
CACEIS Bank, Netherlands Branch	■	D1	Netherlands (France)	B	100.0	100.0	85.0	85.0
CACEIS Bank, Belgium Branch	■	D1	Belgium (France)	B	100.0	100.0	85.0	85.0
CACEIS Bank, Ireland Branch	■	D1	Ireland (France)	B	100.0	100.0	85.0	85.0
CACEIS Bank, UK Branch	■	D1	United Kingdom (France)	B	100.0	100.0	85.0	85.0
CACEIS Bank, Italy Branch	■	D1	Italy (France)	B	100.0	100.0	85.0	85.0
CACEIS Bank, Switzerland Branch	■	D1	Switzerland (France)	B	100.0	100.0	85.0	85.0

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CACEIS Belgium	■		Belgium (France)	S	100.0	100.0	85.0	85.0
CACEIS Corporate Trust	■		France (France)	S	100.0	100.0	85.0	85.0
CACEIS Fund Administration	■		France (France)	S	100.0	100.0	85.0	85.0
CACEIS Ireland Limited	■		Ireland (France)	S	100.0	100.0	85.0	85.0
CACEIS Switzerland S.A.	■		Suisse (France)	S	100.0	100.0	85.0	85.0
Crédit Agricole CIB (ABU DHABI)	■		United Arab Emirates (France)	B	100.0	100.0	100.0	100.0
Crédit Agricole CIB (Allemagne)	■		Germany (France)	B	100.0	100.0	100.0	100.0
Crédit Agriciole CIB (Belgique)	■		Belgium (France)	B	100.0	100.0	100.0	100.0
Crédit Agricole CIB (Canada)	■	E2	Canada	B	100.0		100.0	
Crédit Agricole CIB (Chicago)	■	S3	United States	B		100.0		100.0
Crédit Agricole CIB (Corée du Sud)	■		South Korea	B	100.0	100.0	100.0	100.0
Crédit Agricole CIB (Dubai)	■		United Arab Emirates	B	100.0	100.0	100.0	100.0
Crédit Agricole CIB (Dubai DIFC)	■		United Arab Emirates	B	100.0	100.0	100.0	100.0
Crédit Agricole CIB (Espagne)	■		Spain	B	100.0	100.0	100.0	100.0
Crédit Agricole CIB (Finlande)	■		Finland	B	100.0	100.0	100.0	100.0
Crédit Agricole CIB (Hong-Kong)	■		Hong Kong	B	100.0	100.0	100.0	100.0
Crédit Agricole CIB (Îles Caïmans)	■		Cayman Islands (France)	B	100.0	100.0	100.0	100.0
Crédit Agricole CIB (Inde)	■		India (France)	B	100.0	100.0	100.0	100.0
Crédit Agricole CIB (Italie)	■		Italy (France)	B	100.0	100.0	100.0	100.0
Crédit Agricole CIB (Japon)	■		Japan	B	100.0	100.0	100.0	100.0
Crédit Agricole CIB (Luxembourg)	■		Luxembourg	B	100.0	100.0	100.0	100.0
Crédit Agricole CIB (Miami)	■		United States	B	100.0	100.0	100.0	100.0
Crédit Agricole CIB (New-York)	■		United States	B	100.0	100.0	100.0	100.0
Crédit Agricole CIB (Royaume-Uni)	■		United Kingdom	B	100.0	100.0	100.0	100.0
Crédit Agricole CIB (Singapour)	■		Singapour	B	100.0	100.0	100.0	100.0
Crédit Agricole CIB (Suède)	■		Sweden	B	100.0	100.0	100.0	100.0
Crédit Agricole CIB (Taipei)	■		Taiwan	B	100.0	100.0	100.0	100.0
Crédit Agricole CIB (Vietnam)	■		Vietnam	B	100.0	100.0	100.0	100.0
Crédit Agricole CIB Algérie Bank Spa	■		Algeria	S	100.0	100.0	100.0	100.0
Crédit Agricole CIB AO	■		Russia	S	100.0	100.0	100.0	100.0
Crédit Agricole CIB Australia Ltd.	■		Australia	S	100.0	100.0	100.0	100.0
Crédit Agricole CIB China Ltd.	■		China	S	100.0	100.0	100.0	100.0
Crédit Agricole CIB S.A.	■		France	S	100.0	100.0	100.0	100.0
Crédit Agricole CIB Services Private Ltd.	■		India	S	100.0	100.0	100.0	100.0
Ester Finance Titrisation	■		France	S	100.0	100.0	100.0	100.0
UBAF	▲		France	JV	47.0	47.0	47.0	47.0
UBAF (Corée du Sud)	▲		South Korea	JV	47.0	47.0	47.0	47.0
UBAF (Japon)	▲		Japan	JV	47.0	47.0	47.0	47.0
UBAF (Singapour)	▲		Singapour	JV	47.0	47.0	47.0	47.0
Stockbrokers								
Crédit Agricole Securities (USA) Inc	■		United States	S	100.0	100.0	100.0	100.0
Credit Agricole Securities (Asia) Limited Hong Kong	■	E3	Hong Kong	S	100.0		100.0	
Credit Agricole Securities (Asia) Limited Seoul Branch	■	E3	South Korea	SA	100.0		100.0	
Investment companies								
Compagnie Française de l'Asie (CFA)	■		France	S	100.0	100.0	100.0	100.0
Crédit Agricole CIB Air Finance S.A.	■		France	S	100.0	100.0	100.0	100.0
Crédit Agricole CIB Holdings Ltd.	■		United Kingdom	S	100.0	100.0	100.0	100.0
Crédit Agricole Global Partners Inc.	■		United States	S	100.0	100.0	100.0	100.0
Crédit Agricole Securities Asia BV	■		Netherlands	S	100.0	100.0	100.0	100.0
Crédit Agricole Securities Asia BV (Tokyo)	■		Japan (Netherlands)	B	100.0	100.0	100.0	100.0
Crédit Agricole Securities Taiwan	■	D4; S2	Taiwan	S		100.0		100.0
Doumer Finance S.A.S.	■		France	S	100.0	100.0	100.0	100.0
Fininvest	■		France	S	98.3	98.3	98.3	98.3
Fletirec	■		France	S	100.0	100.0	100.0	100.0
I.P.F.O.	■		France	S	100.0	100.0	100.0	100.0
Indosuez CM II Inc.	■	S1	United States	CSE		100.0		100.0
L.F. Investment Inc.	■	S1	United States	S		100.0		100.0
L.F. Investment L.P.	■	S1	United States	S		100.0		100.0
Insurance								
CAIRS Assurance S.A.	■		France	S	100.0	100.0	100.0	100.0
Other								
Acieralliage EURO FCC	■		France	CSE	100.0	100.0	0.0	0.0
Acieralliage USD FCC	■		United States	CSE	100.0	100.0	0.0	0.0
Armo-Invest	■	S4	France	S		100.0		96.6
Atlantic Asset Securitization LLC	■		United States	CSE	100.0	100.0	0.0	0.0
Benelpart	■		Belgium	S	100.0	100.0	97.4	96.6
Calciphos	■	S4	France	S		100.0		96.6
Calixis Finance	■		France	CSE	100.0	100.0	100.0	100.0
Calliope SRL	■		Italie	CSE	100.0	100.0	100.0	100.0
Clifap	■		France	S	100.0	100.0	100.0	100.0
CLSA Financial Products Ltd	■	S3	United Bermuda	CSE		100.0		100.0
Crédit Agricole America Services Inc.	■		United States	S	100.0	100.0	100.0	100.0
Crédit Agricole Asia Shipfinance Ltd.	■		Hong Kong	S	100.0	100.0	100.0	100.0
Crédit Agricole CIB Finance (Guernsey) Ltd.	■		Guernsey	CSE	99.9	99.9	99.9	99.9
Crédit Agricole CIB Financial Prod. (Guernsey) Ltd.	■		Guernsey	CSE	99.9	99.9	99.9	99.9
Crédit Agricole CIB Financial Solutions	■		France	CSE	99.7	99.6	99.7	99.6
Crédit Agricole CIB Global Banking	■		France	S	100.0	100.0	100.0	100.0
Crédit Agricole Leasing (USA) Corp.	■		United States	S	100.0	100.0	100.0	100.0
DGAD International SARL	■		Luxembourg	S	100.0	100.0	100.0	100.0
Crédit Agricole CIB Pension Limited Partnership	■		United Kingdom	CSE	100.0	100.0	100.0	100.0
Elipso Finance S.r.l	▲		Italy	JV	50.0	50.0	50.0	50.0

(1) *Consolidation method* ■ *Full* ▲ *Equity accounted* ● *Parent*

Crédit Agricole Group Scope of consolidation	(1)	(a)	Principal place of business (*Country of incorporation if different from the principal place of business*)	Nature of control (b)	% control 31/12 2016	% control 31/12 2015	% interest 31/12 2016	% interest 31/12 2015
ESNI (compartiment Crédit Agricole CIB)	■		France	CSE	100.0	100.0	100.0	100.0
Eucalyptus FCT	■		France	CSE	100.0	100.0	0.0	0.0
FCT Cablage FCT	■		France	CSE	100.0	100.0	0.0	0.0
FIC-FIDC	■		Brazil	CSE	100.0	100.0	100.0	100.0
Financière des Scarabées	■		Belgium	S	100.0	100.0	98.7	98.3
Financière Lumis	■	E3	France	S	100.0		100.0	
Héphaïstos EUR FCC	■		France	CSE	100.0	100.0	0.0	0.0
Héphaïstos GBP FCT	■		France	CSE	100.0	100.0	0.0	0.0
Héphaïstos Multidevises FCT	■		France	CSE	100.0	100.0	0.0	0.0
Héphaïstos USD FCT	■		France	CSE	100.0	100.0	0.0	0.0
Immobilière Sirius S.A.	■	S3	Luxembourg	S		100.0		100.0
Indosuez Holding SCA II	■		Luxembourg	CSE	100.0	100.0	100.0	100.0
Indosuez Management Luxembourg II	■		Luxembourg	CSE	100.0	100.0	100.0	100.0
Investor Service House S.A.	■		Luxembourg	S	100.0	100.0	85.0	85.0
Island Refinancing SRL	■		Italy	CSE	100.0	100.0	100.0	100.0
ItalAsset Finance SRL	■		Italy	CSE	100.0	100.0	100.0	100.0
La Fayette Asset Securitization LLC	■	E2	United States	CSE	100.0		0.0	
Lafina	■		Belgium	S	100.0	100.0	97.7	97.1
LMA SA	■		France	CSE	100.0	100.0	0.0	0.0
Merisma	■		France	CSE	100.0	100.0	100.0	100.0
Miladim	■	S4	France	S		99.2		95.7
Molinier Finances	■		France	S	100.0	100.0	97.1	96.5
Pacific EUR FCC	■		France	CSE	100.0	100.0	0.0	0.0
Pacific IT FCT	■		France	CSE	100.0	100.0	0.0	0.0
Pacific USD FCT	■		France	CSE	100.0	100.0	0.0	0.0
Partinvest S.A.	■		Luxembourg	S	100.0	100.0	85.0	85.0
Placements et réalisations immobilières (SNC)	■		France	S	100.0	100.0	97.4	96.7
Sagrantino Italy SRL	■		Italy	CSE	100.0	100.0	100.0	100.0
Shark FCC	■		France	CSE	100.0	100.0	0.0	0.0
SNGI	■		France	S	100.0	100.0	100.0	100.0
SNGI Belgium	■		Belgium	S	100.0	100.0	100.0	100.0
Sococlabecq	■		Belgium	S	100.0	100.0	97.7	97.1
Sofipac	■		Belgium	S	98.6	99.6	96.0	96.1
TCB	■		France	S	98.7	98.6	97.4	97.1
Triple P FCC	■		France	CSE	100.0	100.0	0.0	0.0
Vulcain EUR FCT	■		France	CSE	100.0	100.0	0.0	0.0
Vulcain GBP FCT	■		France	CSE	100.0	100.0	0.0	0.0
Vulcain USD FCT	■		France	CSE	100.0	100.0	0.0	0.0
Corporate centre								
Crédit Agricole S.A.								
Crédit Agricole S.A.	●		France	Parent company	100.0	100.0	100.0	100.0
Succursale Credit Agricole SA	■		United Kingdom (France)	B	100.0	100.0	100.0	100.0
Banking and financial institutions								
Caisse régionale de Crédit Agricole mutuel de la Corse	●		France	Parent company	100.0	100.0	100.0	100.0
CL Développement de la Corse	●		France	Parent company	100.0	100.0	100.0	100.0
Crédit Agricole Home Loan SFH	■		France	CSE	100.0	100.0	100.0	100.0
Fia-Net	■	S2	France	S		100.0		100.0
Foncaris	■		France	S	100.0	100.0	100.0	100.0
Radian	■		France	CSE	100.0	100.0	100.0	100.0
Investment companies								
Crédit Agricole Capital Investissement et Finance (CACIF)	■		France	S	100.0	100.0	100.0	100.0
Delfinances	■		France	CSE	100.0	100.0	100.0	100.0
Eurazeo	▲		France	A	23.2	22.1	16.0	15.1
S.A.S. La Boetie	■		France	S	100.0	100.0	100.0	100.0
Sacam Assurances Cautions	■		France	S	100.0	100.0	100.0	100.0
Sacam Developpement	■		France	S	100.0	100.0	100.0	100.0
Sacam Fia Net Europe	■		France	S	100.0	100.0	100.0	100.0
Sacam Immobilier	■		France	S	100.0	100.0	100.0	100.0
Sacam International	■		France	S	100.0	100.0	100.0	100.0
Sacam Mutualisation	■	E1	France	S	100.0		100.0	
Sacam Participations	■		France	S	100.0	100.0	100.0	100.0
Sodica	■		France	S	100.0	100.0	100.0	100.0
Other								
CA Grands Crus	■		France	S	100.0	100.0	100.0	100.0
Crédit Agricole Cards & Payments	■	D1	France	CSE	100.0	100.0	100.0	100.0
Crédit Agricole Immobilier	■		France	S	100.0	100.0	100.0	100.0
Crédit Agricole Immobilier Facilities	■	S4	France	S		100.0		100.0
Crédit Agricole Public Sector SCF	■		France	CSE	100.0	100.0	100.0	100.0
DELTA	■		France	S	100.0	100.0	100.0	100.0
SCI MONTAIGNE	■	S3	France	S		100.0		100.0
ESNI (compartiment Crédit Agricole S.A.)	■		France	CSE	100.0	100.0	100.0	100.0
FCT Evergreen HL1	■		France	CSE	100.0	100.0	100.0	100.0
FCT Crédit Agricole Habitat 2015 Compartiment Corse	■	D3	France	CSE	100.0	100.0	100.0	100.0
Fia Net Europe	■		Luxembourg	S	100.0	100.0	100.0	100.0
Finasic	■		France	S	100.0	100.0	100.0	100.0
IDIA	■		France	S	100.0	100.0	100.0	100.0

Crédit Agricole Group Scope of consolidation	(1)	(a)	Principal place of business (*Country of incorporation if different from the principal place of business*)	Nature of control (b)	% control 31/12 2016	% control 31/12 2015	% interest 31/12 2016	% interest 31/12 2015
S.A.S. Evergreen Montrouge	■		France	CSE	100.0	100.0	100.0	100.0
S.A.S. Sacam Avenir	■		France	S	100.0	100.0	100.0	100.0
SCI D2 CAM	■		France	S	100.0	100.0	100.0	100.0
SCI Quentyvel	■		France	S	100.0	100.0	100.0	100.0
SILCA	■		France	CSE	100.0	100.0	99.4	99.4
SIS (Société Immobilière de la Seine)	■		France	S	100.0	100.0	100.0	100.0
SNC Kalliste Assur	■		France	S	100.0	100.0	100.0	100.0
UI Vavin 1	■		France	S	100.0	100.0	100.0	100.0
Unibiens	■	S4	France	S		100.0		100.0
Uni-Edition	■		France	S	100.0	100.0	100.0	100.0
Tourism - property development								
Crédit Agricole Immobilier Entreprise	■	S4	France	S		100.0		100.0
Crédit Agricole Immobilier Promotion	■	D1	France	S	100.0	100.0	100.0	100.0
Crédit Agricole Immobilier Services	■	D1	France	S	100.0	100.0	100.0	100.0
SASU Crédit Agricole Immobilier Investors	■	S4	France	S		100.0		100.0
Selexia S.A.S.	■	S4	France	S		100.0		100.0
SNC Alsace	■	S1	France	S		100.0		100.0
SNC Eole	■		France	S	100.0	100.0	100.0	100.0

(1) Consolidation method: p Full i Equity accounted 1 Parent

Branches are mentionned in italic

(a) Scope changes

Inclusions (E) into the scope of consolidation:

E1: Breach of threshold

E2: Creation

E3: Acquisition (including controlling interests)

Exclusions (S) from the scope of consolidation:

S1: Discontinuation of business (including dissolution and liquidation)

S2: Sale to non-Group companies or deconsolidation following loss of control

S3: Deconsolidated due to non-materiality

S4: Merger or takeover

S5: Transfer of all assets and liabilities

Other:

D1: Change of company name

D2: Change in consolidation method

D3: First time listed in the Note on scope of consolidation

D4: IFRS 5 entities

(b) Nature of control

S: Subsidiary

B: Branch

CSE: Consolidated structured entity

JV: Joint venture

SJV: Structured joint venture

JO: Joint operation

A: Associate

SA: Structured associate

(1) Consolidation method ■ Full ▲ Equity accounted ● Parent

NOTE 12 Investments in non-consolidated companies and structured entities

12.1 Investments in non-consolidated companies

This line item amounted to €11,868 million at 31 December 2016, compared with €10,095 million at 31 December 2015. At 31 December 2016, the main investment in non-consolidated companies where percentage of control is greater than 20% and which have significant value on the balance sheet is Crédit Logement (shares A and B). The Group's investment represents 33% of Crédit Logement's capital and amounts to €617 million but does not confer any significant influence on this entity, which is jointly held by various French banks and companies.

12.2 Non-consolidated structured entities

INFORMATION ON THE NATURE AND EXTENT OF INTERESTS HELD

At 31 December 2016, Crédit Agricole Group entities had interests in certain non-consolidated structured entities, the main characteristics of which are presented below on the basis of their type of activity:

Securitisation

Crédit Agricole Group, mainly through its subsidiaries in the Large customers business line, is tasked with structuring securitisation vehicles through the purchase of trade or financial receivables. The vehicles fund such purchases by issuing multiple tranches of debt and equity investments, with repayment being linked to the performance of the assets in such vehicles. It invests in and provides liquidity facilities to the securitisation vehicles it has sponsored on behalf of customers.

Asset management

Crédit Agricole Group, through its subsidiaries in the Asset gathering business line, structures and manages entities on behalf of customers wishing to invest in specific assets in order to obtain the best possible return having regard to the chosen level of risk. Crédit Agricole Group entities may thus either be required to hold interests in such entities in order to ensure a successful launch or to guarantee the performance of such structures.

Investment funds

Entities in the Asset gathering business line of Crédit Agricole Group invest in companies established in response to requests from investors in connection a) with treasury management and b) with the investment of insurance premiums received from insurance company customers pursuant to the regulatory provisions set out in the French Insurance Code. Insurance company investments are meant to cover commitments to policyholders over the life of insurance policies. Their value and returns are correlated to these commitments.

Structured finance

Lastly, Crédit Agricole Group, *via* its subsidiaries in the Large customers business line, is involved in special purpose asset acquisition entities. These entities may take the form of asset financing companies or lease financing companies. In structured entities, the financing is secured by the asset. The Group's involvement is often limited to the financing or to financing commitments.

Sponsored entities

Crédit Agricole Group sponsors structured entities in the following instances:

- Crédit Agricole Group is involved in establishing the entity and that involvement, which is remunerated, is deemed essential for ensuring the proper completion of transactions;
- structuring takes place at the request of Crédit Agricole Group and it is the main user thereof;
- Crédit Agricole Group transfers its own assets to the structured entity;
- Crédit Agricole Group is the manager;
- the name of a subsidiary or of the parent company of Crédit Agricole Group is linked to the name of structured entity or to financial instruments issued by it.

Gross revenues from sponsored entities mainly comprise commissions in securitisation and investment funds, in which Crédit Agricole Assurances and Crédit Agricole CIB do not hold any interests at the reporting date. For Crédit Agricole Assurances they amount to €48 million and for Crédit Agricole CIB €3 million at 31 December 2016.

INFORMATION ON THE RISKS RELATED TO INTERESTS

Financial support brought to structured entities

In 2016, Crédit Agricole Group did not provide financial support to any non-consolidated structured entities.

At 31 December 2016, Crédit Agricole Group did not intend to provide financial support to any non-consolidated structured entities.

RISKS RELATED TO INTERESTS IN NON-CONSOLIDATED STRUCTURED ENTITIES

	31/12/2016							
	Securitisation vehicles		Asset management		Investment Funds [1]		Structured financing [1]	
		Maximum loss		Maximum loss		Maximum loss		Maximum loss
(in millions of euros)	*Carrying amount*	*Maximum exposure to losses*	*Carrying amount*	*Maximum exposure to losses*	*Carrying amount*	*Maximum exposure to losses*	*Carrying amount*	*Maximum exposure to losses*
Financial assets held for trading	394	394	885	885	335	335	67	67
Financial assets designated at fair value through profit or loss	-	-	462	462	17,461	17,461	-	-
Available-for-sale financial assets	56	56	1,555	1,555	11,343	11,343	92	92
Loans and receivables	16,770	16,770	-	-	171	171	3,461	3,461
Held-to maturity financial assets	-	-	-	-	-	-	-	-
Total assets recognised relating to non-consolidated structured entities	**17,220**	**17,220**	**2,902**	**2,902**	**29,310**	**29,310**	**3,620**	**3,620**
Equity instruments issued	-		-		-		-	
Financial liabilities held for trading	1,099	-	1,220	-	609	-	6	-
Financial liabilities designated at fair value through profit or loss	-		-		-		-	
Liabilities	1,642		-		1,153		646	
Total liabilities recognised relating to non-consolidated structured entities	**2,741**	**-**	**1,220**	**-**	**1,762**	**-**	**652**	**-**
Commitments given								
Financing commitments		13,442		-		9		975
Guarantee commitments		0		17,487		-		222
Others		-		-		-		-
Provisions for execution risks – commitments given		0		(8)		-		-
Total commitments (net of provision) to non-consolidated structured entities		**13,442**		**17,479**		**9**		**1,197**
TOTAL BALANCE SHEET RELATING TO NON-CONSOLIDATED STRUCTURED ENTITIES	**17,401**	**-**	**76,484**	**-**	**229,678**	**-**	**3,809**	**-**

(1) *Non-sponsored structured entities generate no specific risk related to the nature of the entity. Information concerning these exposures is set out in Note 3.1 "Maximum exposure to credit risk" and Note 3.2 "Market risk". These are investment funds in which the Group is not a manager, and structured financing entities in which the Group has only granted a loan.*

	31/12/2015							
	Securitisation vehicles		Asset management		Investment Funds (1)		Structured financing (1)	
		Maximum loss		Maximum loss		Maximum loss		Maximum loss
(in millions of euros)	*Carrying amount*	*Maximum exposure to losses*	*Carrying amount*	*Maximum exposure to losses*	*Carrying amount*	*Maximum exposure to losses*	*Carrying amount*	*Maximum exposure to losses*
Financial assets held for trading	379	396	604	604	362	362	109	109
Financial assets designated at fair value through profit or loss	-	-	1,163	1,163	16,972	16,972	-	-
Available-for-sale financial assets	43	43	1,228	1,227	14,322	14,323	107	107
Loans and receivables	13,183	13,183	-	-	5	5	3,602	3,371
Held-to maturity financial assets	-	-	-	-	-	-	-	-
Total assets recognised relating to non-consolidated structured entities	**13,605**	**13,622**	**2,995**	**2,994**	**31,661**	**31,662**	**3,818**	**3,587**
Equity instruments issued	-		-		-		-	
Financial liabilities held for trading	976	-	1,265	-	144	-	6	-
Financial liabilities designated at fair value through profit or loss	-		-		-		-	
Liabilities	1,570		-		436		775	
Total liabilities recognised relating to non-consolidated structured entities	**2,546**	**-**	**1,265**	**-**	**580**	**-**	**781**	**-**
Commitments given								
Financing commitments		15,539		-		1,237		735
Guarantee commitments		33		18,150		-		237
Others		-		-		-		-
Provisions for execution risks – commitments given		2		(6)		-		-
Total commitments (net of provision) to non-consolidated structured entities		**15,574**		**18,144**		**1,237**		**972**
TOTAL BALANCE SHEET RELATING TO NON-CONSOLIDATED STRUCTURED ENTITIES	**17,117**	**-**	**82,398**	**-**	**222,209**	**-**	**4,893**	**-**

(1) Non-sponsored structured entities generate no specific risk related to the nature of the entity. Information concerning these exposures is set out in Note 3.1 "Maximum exposure to credit risk" and Note 3.2 "Market risk". These are investment funds in which the Group is not a manager, and structured financing entities in which the Group has only granted a loan.

MAXIMUM EXPOSURE TO LOSS RISK

The maximum exposure to loss risk on financial instruments corresponds to the value recognised on the balance sheet, with the exception of option sale derivatives and credit default swaps for which the exposure corresponds to assets for the notional amount and to liabilities for the notional amount less the mark-to-market. The maximum exposure to loss risk on commitments given corresponds to the notional amount and the provision for commitments given in the amount recognised on the balance sheet.

NOTE 13 Events subsequent to 31 December 2016

No significant events have occurred since the year end.

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

This is a free translation into English of the Statutory Auditors' report issued in French. It is provided solely for the convenience of English speaking users. The Statutory Auditors' report includes information required specifically by French law in such reports, whether qualified or not. This information presents below the opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements.

This report should be read and construed in accordance with French law and professional auditing standards applicable in France. Crédit Agricole Group

For the year ended December 31, 2016

To the Shareholders

In compliance with the assignment entrusted to us by your General Meeting of Shareholders, we hereby report to you, for the year ended December 31, 2016, on:

- the audit of the accompanying consolidated financial statements of Crédit Agricole Group ;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the Board of Directors of Crédit Agricole S.A. Our role is to express an opinion on these consolidated financial statements based on our audit.

As indicated in the Note "General Framework" to the consolidated financial statements, the consolidated financial statements of the Crédit Agricole Group reporting entity, a network with a central body, are prepared on the basis of a community of interests comprising all the Local Banks, Regional Banks and the Crédit Agricole central body.

I. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sample techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2016 and of the results of its operations for the year then ended in with International Financial Reporting Standards as adopted by the European Union.

II. Justification of our assessments

In accordance with the requirements of article L.823-9 of the French Commercial Code *(Code de Commerce)* relating to the justification of our assessments, we bring to your attention the following matters:

- The Crédit Agricole Group accounts for impairment reserves to cover identified credit risk, which are inherent to its business activities. We have reviewed the procedures implemented by management to identify and assess these risks and to determine the amount of impairment considered necessary. We have also verified that these accounting estimates were based on documented methods that comply with the principles described in Note 1.3 to the consolidated financial statements.
- As stated in Notes 1.3 and 10.2 to the consolidated financial statements, the Crédit Agricole Group uses internal models to measure financial instruments with unobservable inputs, and to assess some fair value adjustments of financial instruments. We have reviewed the control procedures around these models, the assumptions used and the way the risks associated with such instruments are taken into consideration.
- As stated in Notes 1.4, 2.4 and 6.18 to the consolidated financial statements, the Crédit Agricole Group has performed impairment tests on goodwill and investments, which led, where required, to recognizing impairment losses during this period. We have reviewed the terms and conditions related to these tests, the main parameters and assumptions used, as well as the estimates made leading, where required, to recognizing impairment losses. We have also verified that the information included in these notes were appropriate.
- As stated in Notes 1.3 to the consolidated financial statements, the Crédit Agricole Group establishes provisions to cover the legal and tax risks to which it is exposed. We have examined the mechanism implemented by management to identify and evaluate these risks and to determine the necessary amount of provisions. We have also verified the appropriateness of the information given in Notes 2.7, 2.8 and 6.20 to the financial statements.
- As part of its consolidated financial statements preparation process, the Crédit Agricole Group has made other accounting estimates, as explained in Note 1.3 to the consolidated financial statements, in particular regarding the valuation and impairment of non-consolidated equity securities, the pension and future employee benefits engagements, reserves for operational risks, reserves for legal risks, insurance company technical reserves and deferred taxes assets. We have reviewed the methods and assumptions used and ensured that the accounting estimates are appropriately documented in conformity with the principles described in Note 1.3 to the consolidated financial statements.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. Specific verification

As required by law, we have also verified in accordance with professional standards applicable in France the information presented in the Group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Neuilly-sur-Seine and Paris-La Défense, on March 30, 2017

The statutory auditors

PricewaterhouseCoopers Audit
Anik Chaumartin

ERNST & YOUNG et Autres
Valérie Meeus

3 PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

Mr Philippe Brassac, Chief Executive Officer of Crédit Agricole S.A.

RESPONSIBILITY STATEMENT

I hereby certify that, to my knowledge and after all due diligence, the information contained in this update is true and accurate and contains no omissions likely to affect the import thereof.

I hereby certify that, to my knowledge, the financial statements have been prepared in accordance with the applicable accounting standards and give a true and fair view of the financial position and results of the Company and all entities included in the consolidated group, and that the management report (whose cross-reference table can be found in chapter 8 of this registration document) herewith provides a true and fair view of the business trends, results and financial condition of the Company data and all entities included in the consolidated group, together with a description of the main risks and uncertainties that they face.

I have obtained a letter from the Statutory Auditors, PricewaterhouseCoopers Audit and Ernst & Young et Autres, upon completion of their work, in which they state that they have verified the information relating to the financial position and financial statements provided in this document and read the document as a whole.

Montrouge, 31 March 2017

The Chief Executive Officer of Crédit Agricole S.A.

Philippe Brassac

STATUTORY AUDITORS

Statutory Auditors

Ernst & Young	PricewaterhouseCoopers Audit
Company represented by Valérie Meeus	Company represented by Anik Chaumartin
1-2, place des Saisons 92400 Courbevoie, Paris – La Défense 1	63, rue de Villiers 92208 Neuilly-sur-Seine
Statutory Auditors, Member, *Compagnie régionale des Commissaires aux comptes de Versailles*	Statutory Auditors, Member, *Compagnie régionale des Commissaires aux comptes de Versailles*

The Crédit Agricole S.A. Board of Statutory Auditors remained unchanged in 2011/2012/2013/2014/2015/2016. The signatories remained unchanged in 2011/2012/2013 and 2014, Valérie Meeus for Ernst & Young and Catherine Pariset for PricewaterhouseCoopers Audit. Since 2015, the signatory of Ernst & Young has remained unchanged, although the signatory of PricewaterhouseCoopers Audit is now Anik Chaumartin instead of Catherine Pariset.

Alternate Statutory Auditors

Picarle et Associés	Pierre Coll
Represented by Denis Picarle	
1-2, place des Saisons 92400 Courbevoie, Paris – La Défense 1	63, rue de Villiers 92208 Neuilly-sur-Seine
Statutory Auditors, Member, *Compagnie régionale des Commissaires aux comptes de Versailles*	Statutory Auditors, Member, *Compagnie régionale des Commissaires aux comptes de Versailles*

Ernst & Young was appointed Statutory Auditor under the name Barbier Frinault at the Ordinary General Meeting of 31 May 1994. This term of office was renewed for a further six years at the Combined General Meeting of 22 May 2012.

Ernst & Young is represented by Valérie Meeus.

Picarle et Associés was appointed Alternate Auditor for Ernst & Young at the Combined General Meeting of 17 May 2006. This term of office was renewed for a further six years at the Combined General Meeting of 22 May 2012.

PricewaterhouseCoopers Audit was appointed Statutory Auditor at the Ordinary General Meeting of 19 May 2004. This term of office was renewed for a further six years at the Combined General Meeting of 22 May 2012.

PricewaterhouseCoopers Audit is represented by Anik Chaumartin.

Pierre Coll was appointed Alternate Auditor for PricewaterhouseCoopers Audit at the Ordinary General Meeting of 19 May 2004. This term of office was renewed for a further six years at the Combined General Meeting of 22 May 2012.

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N.A.: not applicable.

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Nanterre Trade and Company Registry No. 784 608 416 RCS
12 place des États-Unis • 92127 Montrouge Cedex • France
Tel. (33) 1 43 23 52 02 • www.credit-agricole.com