FINANCIAL STATEMENTS AT 31 DECEMBER 2025

REFER TO THE GLOSSARY ON PAGE 1064 FOR THE DEFINITION OF TECHNICAL TERMS.

6.1 Consolidated financial statements of Crédit Agricole S.A.

Approved by the Board of Directors of Crédit Agricole S.A. on 3 February 2026 and submitted for approval by the Ordinary General Meeting of 20 May 2026

The consolidated financial statements consist of the general framework, the consolidated financial statements themselves and the notes to the financial statements.

REFER TO THE GLOSSARY ON PAGE 1064 FOR THE DEFINITION OF TECHNICAL TERMS.

NET INCOME GROUP SHARE

€7,074M

€28,079M
Revenues

TOTAL BALANCE SHEET

€2,374,307M

€559,235M
Total customer loans

€894,540M
Total customer deposits

€85,864M
Total equity

REFER TO THE GLOSSARY ON PAGE 1064 FOR THE DEFINITION OF TECHNICAL TERMS.

GENERAL FRAMEWORK

LEGAL PRESENTATION OF THE ENTITY

Since the Extraordinary General Meeting of 29 November 2001, the Company's name has been: **Crédit Agricole S.A.**

Since 1 July 2012, the address of the Company's registered office has been: 12, place des États-Unis, 92127 Montrouge Cedex, France.

Registration number: 784 608 416 Nanterre Trade and Companies Register

NAF code: 6419Z.

Crédit Agricole S.A. is a French Public Limited Company *(Société Anonyme)* with a Board of Directors governed by ordinary company law and more specifically by Book II of the French Commercial Code *(Code de commerce).*

Crédit Agricole S.A. is also subject to the provisions of the French Monetary and Financial Code (CMF – *Code monétaire et financier*) and more specifically Articles L. 512-47 *et seq.* thereof.

Crédit Agricole S.A. was licensed as an authorised credit institution in the mutual and cooperative banks category on 17 November 1984. As such, it is subject to oversight by the banking regulatory authorities, and more particularly by the French Regulatory and Resolution Supervisory Authority (ACPR) and the European Central Bank.

Crédit Agricole S.A. shares are admitted for trading on Euronext Paris. Crédit Agricole S.A. is subject to the applicable stock market regulations particularly with respect to public disclosure obligations.

A BANK WITH MUTUAL ROOTS

SAS Rue La Boétie, which is wholly owned by the Regional Banks, holds the majority of Crédit Agricole S.A.'s share capital. Shares in SAS Rue La Boétie may not be transferred outside the Regional Banks' network. Furthermore, any trading in these shares between Regional Banks is governed by a liquidity agreement that in particular sets out the procedures for determining the transaction price. This encompasses both disposals of shares between the Regional Banks and capital increases at SAS Rue La Boétie.

Fédération Nationale du Crédit Agricole (FNCA) acts as a consultative and representative body, and as a communication forum for the Regional Banks.

As Crédit Agricole S.A. is the Central Body of the Crédit Agricole network (as it is so defined in Article R. 512-18 of the French Monetary and Financial Code), in accordance with the provisions of the French Monetary and Financial Code (Articles L. 511-31 and L. 511-32) Crédit Agricole S.A. is responsible for exercising administrative, technical and financial control over the credit institutions affiliated to it in order to maintain a cohesive network and to ensure their proper functioning and compliance with all regulations and legislation governing them. In that regard, Crédit Agricole S.A. may take all necessary measures, notably to ensure the liquidity and solvency of the network as a whole and of each of its affiliated institutions.

CRÉDIT AGRICOLE INTERNAL RELATIONS

INTERNAL FINANCING MECHANISMS

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 CIB, 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 the line item "Loans and receivables due from credit institutions" or "Debt due to credit institutions".

SPECIAL SAVINGS ACCOUNTS

Funds held in special savings accounts (popular savings passbook accounts *[Livret d'épargne populaire],* sustainable and inclusive development passbook accounts *[Livret de développement durable et solidaire],* home purchase savings schemes and accounts, youth passbook accounts *[Livret Jeune]* and passbook savings accounts *[Livret A]*) are collected by the Regional Banks on behalf of Crédit Agricole S.A. and must be centralised at the latter. Crédit Agricole S.A. recognises them on its balance sheet as "Debt due to customers".

TERM DEPOSITS AND ADVANCES

The Regional Banks also collect non-government-regulated savings funds (passbook accounts, bonds, warrants, certain term accounts and similar 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.

50% of savings funds collected by the Regional Banks are transferred back to them in the form of so-called "mirror advances" (with maturities and interest rates precisely matching those of the savings funds received), which they are free to use at their discretion.

Since April 2020, the Regional Banks have had to refinance themselves in the form of advances, called "global advances", from Crédit Agricole S.A. for the remaining 50% of the savings funds they have collected.

Furthermore, the Regional Banks may be refinanced in the form of unsecured loans negotiated at market price with Crédit Agricole S.A.

TRANSFER OF REGIONAL BANKS' LIQUIDITY SURPLUSES

The Regional Banks may use their "monetary" deposits (demand deposits, non-centralised time 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 in current accounts, under "Loans and receivables due from credit institutions" or "Debt due to credit institutions" (depending on whether the current account open in the books of Crédit Agricole CIB is credit or debit – see above) or in term accounts, under "Crédit Agricole internal transactions".

FOREIGN CURRENCY TRANSACTIONS

The Regional Banks' foreign currency activities are refinanced through Crédit Agricole S.A.

REFER TO THE GLOSSARY ON PAGE 1064 FOR THE DEFINITION OF TECHNICAL TERMS.

MEDIUM AND LONG-TERM NOTES ISSUED BY CRÉDIT AGRICOLE S.A.

These are placed on the market or by the Regional Banks with their customers. They are booked on the balance sheet by Crédit Agricole S.A. under liabilities either as "Debt securities" or as "Subordinated debt", depending on the type of security issued.

LIQUIDITY AND SOLVENCY RISKS HEDGING AND BANKING RESOLUTION

Under the legal internal financial strength mechanism enshrined in Article L. 511-31 of the French Monetary and Financial Code (CMF), Crédit Agricole S.A., as the Central Body of the Crédit Agricole network, must take all necessary measures to ensure the liquidity and solvency of each affiliated credit institution, as well as the network as a whole. As a result, each member of the network benefits from this internal financial strength.

The general provisions of the CMF (*Code monétaire et financier* – French Monetary and Financial Code) have been reflected in the internal provisions setting out the operational measures required for this legal solidarity mechanism.

In the initial public offering of Crédit Agricole S.A., CNCA (now Crédit Agricole S.A.) signed an agreement with the Regional Banks in 2001 aiming notably at governing internal relations within the Crédit Agricole network. In particular, the agreement provides 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 France's *Commission des opérations de Bourse* (now the French Financial Markets Authority – AMF) on 22 October under number R. 01-453.

The European banking crisis management framework was adopted in 2014 by EU Directive 2014/59 (known as the "Bank Recovery and Resolution Directive – BRRD"), incorporated into French law by Order 2015-1024 of 20 August 2015, which also adapted French law to the provisions of European Regulation 806/2014 of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund. Directive (EU) 2019/879 of 20 May 2019, known as "BRRD2", amended the BRRD and was incorporated into French law by Order 2020-1636 of 21 December 2020.

This 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 the use of public financial support as much as possible. In this context, the European Resolution Authorities, including the Single Resolution Board, have been 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.

For cooperative banking groups, the "extended single point of entry" ("extended SPE") resolution strategy is favoured by the resolution authorities, whereby resolution tools would be applied simultaneously at the level of Crédit Agricole S.A. and the affiliated entities. In this respect, and in the event of a resolution of the Crédit Agricole Group, the scope comprising Crédit Agricole S.A. (in its capacity as Central Body) and its affiliated entities would be considered as a whole as the expanded single entry point. Given the foregoing and the solidarity mechanisms that exist within the network, a member of the Crédit Agricole network cannot be put individually in resolution.

The resolution authorities may initiate resolution proceedings against a credit institution where they consider that: the institution has failed or is likely to fail, there is no reasonable prospect that another private measure will prevent the failure within a reasonable time, a resolution measure is necessary, and a liquidation procedure would be inadequate to achieve the resolution targets mentioned above.

The resolution authorities may use one or more resolution tools, as described below, with the aim of recapitalising or restoring the viability of the institution. The resolution tools should be implemented in such a way that equity holders (shares, mutual shares, CCIs, CCAs) bear losses first, with creditors following up immediately, provided that they are not excluded from bail-in legally speaking or by a decision of the resolution authorities. French law also provides for a protective measure when certain resolution tools or decisions are implemented, such as the principle that equity holders and creditors of an institution in resolution may not incur greater losses than those they would have incurred if the institution had been liquidated in the context of a judicial liquidation procedure under the French Commercial Code *(Code de commerce)* (NCWOL principle referred to in Article L. 613-57-I of the CMF). Thus, investors are entitled to claim compensation if the treatment they receive in a resolution is less favourable than the treatment they would have received if the institution had been subject to normal insolvency proceedings.

In the event that the resolution authorities decide to put the Crédit Agricole Group in resolution, they will first write down the par value of the CET1 instruments (shares, mutual shares, CCI and CCA), additional Tier 1 instruments, and Tier 2 instruments, in order to absorb losses, and then possibly convert the additional Tier 1 instruments and Tier 2 instruments [(1)] into equity securities. Then, if the resolution authorities decide to use the bail-in tool, the latter would be applied to debt instruments [(2)], resulting in the partial or total write-down of these instruments or their conversion into equity in order to absorb losses.

With respect to the Central Body and all affiliated entities, the resolution authorities may decide to implement, in a coordinated manner, impairment or conversion measures and, where applicable, internal bailouts. In such an event, the impairment or conversion measures and, where applicable, internal bailout measures would apply to all entities within the Crédit Agricole network, regardless of the entity in question and regardless of the origin of the losses.

The creditor hierarchy in resolution is defined by the provisions of Article L. 613-55-5 of the CMF, effective as at the date of implementation of the resolution.

Equity holders and creditors of the same rank or with identical rights in liquidation will then be treated equally, regardless of the Group entity of which they are creditors.

The scope of this bail-in, which also aims to recapitalise the Crédit Agricole Group, is based on equity requirements at the consolidated level.

Investors must then be aware that there is a significant risk that holders of shares, mutual shares, CCIs and CCAs and holders of debt instruments of a member of the network will lose all or part of their investment if a resolution procedure is implemented on the Group, regardless of the entity of which they are a creditor.

(1) Articles L. 613-48 and L. 613-48-3 of the CMF.
(2) Articles L. 613-55 and L. 613-55-1 of the CMF.

REFER TO THE GLOSSARY ON PAGE 1064 FOR THE DEFINITION OF TECHNICAL TERMS.

The other resolution tools available to the resolution authorities are essentially the total or partial disposal of the activities of the institution to a third party or to a bridge institution and the separation of the assets of the institution.

This resolution framework does not affect the legal internal financial strength mechanism provided for 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.

The implementation of a resolution procedure to the Crédit Agricole Group would thus mean that the legal internal solidarity mechanism had failed to remedy the failure of one or more network entities, and hence of the network as a whole. It would also limit the likelihood that the conditions for triggering the guarantee covering the liabilities 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 equity) are met. It should be recalled that this guarantee may be triggered in the event of an asset shortfall following Crédit Agricole S.A.'s bankruptcy or dissolution.

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 the Regional Banks. 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 same agreement, Crédit Agricole S.A. directly owned approximately 25% of the share capital of each Regional Bank (except for *Caisse régionale de la Corse* owned at 99.9%). Following the transaction to simplify the Group's capital structure on 3 August 2016, the bulk 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.

INFORMATION PERTAINING TO THE RELATED PARTIES

The related parties of Crédit Agricole S.A. are the consolidated companies, including equity-accounted entities, the Group's Senior Executives and the Regional Banks, given the Group's legal structure and due to the fact that Crédit Agricole S.A. is the Central Body of the Crédit Agricole network.

In accordance with Crédit Agricole internal financial mechanisms, transactions between Crédit Agricole S.A. and the Regional Banks are presented on the balance sheet and income statement as Crédit Agricole internal transactions (Note 4.1 "Interest income and expenses", Note 4.2 "Net fees and commissions", Note 6.5 "Financial assets at amortised cost" and Note 6.7 "Financial liabilities at amortised cost").

OTHER SHAREHOLDERS' AGREEMENTS

Shareholder agreements signed during the financial year are detailed in Note 2 "Major structural transactions and material events during the period".

RELATIONS AMONG CONSOLIDATED COMPANIES AFFECTING THE CONSOLIDATED BALANCE SHEET

The list of Crédit Agricole S.A. companies is presented in Note 12 "Scope of consolidation at 31 December 2025". Since, at year-end, the existing transactions and outstandings between the Group's fully consolidated companies are eliminated on consolidation, only transactions with equity-accounted companies affect the Group's consolidated financial statements.

The main corresponding outstandings and commitments in the consolidated balance sheet at 31 December 2025 relate to transactions with the equity-accounted entities for the following amounts:

- loans and receivables due from credit institutions: €254 million (€263 million at 31 December 2024);
- loans and receivables due from customers: €1,643 million (€2,527 million at 31 December 2024);
- debt due to credit institutions: €2,070 million (€2,338 million at 31 December 2024);
- debt due to customers: €1,230 million (€1,472 million at 31 December 2024);
- commitments given on financial instruments: €1,966 million (€1,881 million at 31 December 2024);
- commitments received on financial instruments: €6,391 million (€5,554 million at 31 December 2024).

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 1.2 "Accounting policies and principles", employees are provided with various types of post-employment benefits. These are:

- 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, the 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 the various pension schemes;
- 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

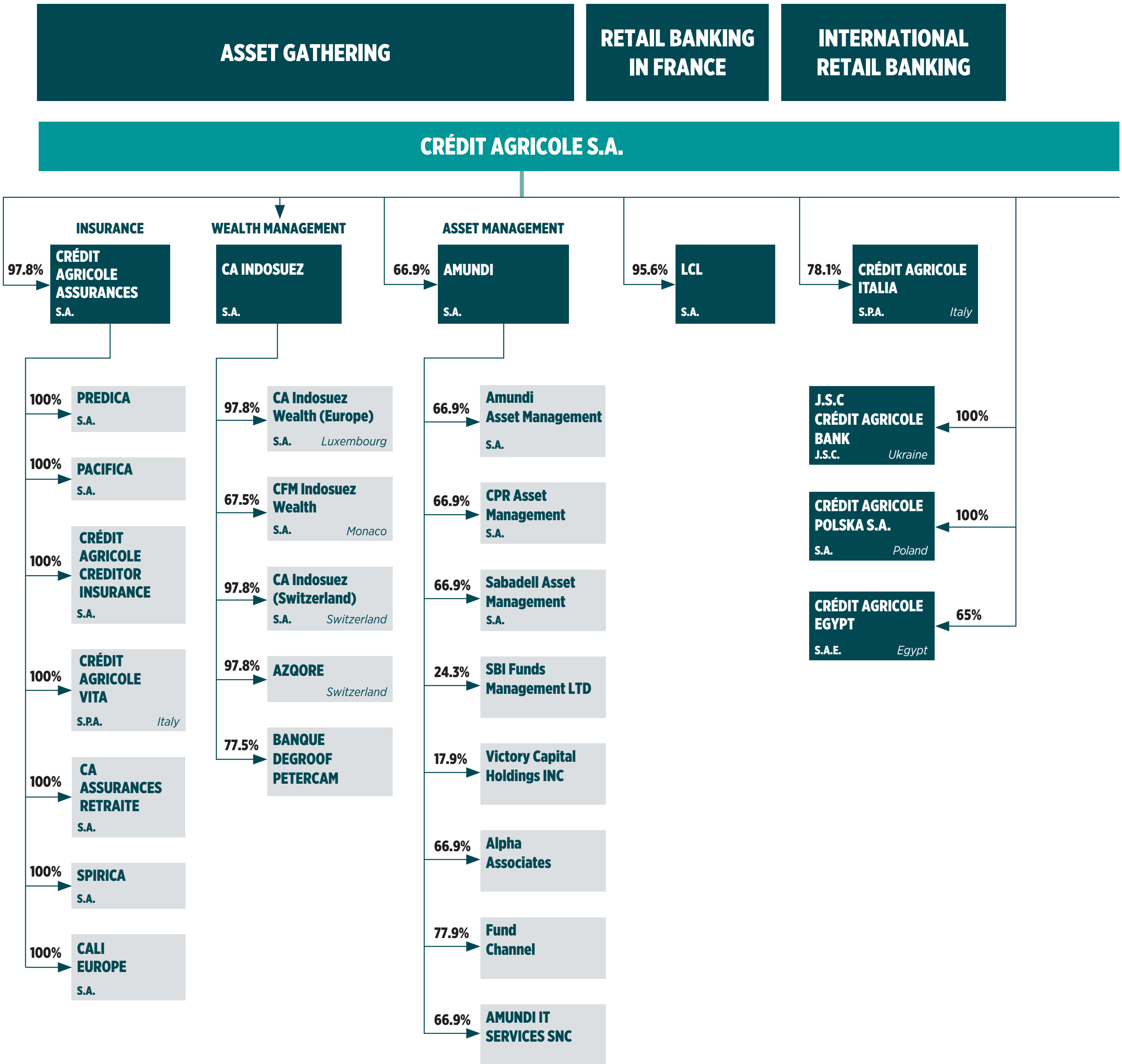
Detailed information on Senior Executives' compensation is provided in paragraph 7.7 of Note 7 "Employee benefits and other compensation", as well as in the "Remuneration policy" section, Chapter 3 "Corporate governance" of the Universal Registration Document.

There exist no material transactions between Crédit Agricole S.A. and its senior management, their families or the companies they control and which are not included in the Group's scope of consolidation.

REFER TO THE GLOSSARY ON PAGE 1064 FOR THE DEFINITION OF TECHNICAL TERMS.

CRÉDIT AGRICOLE S.A.

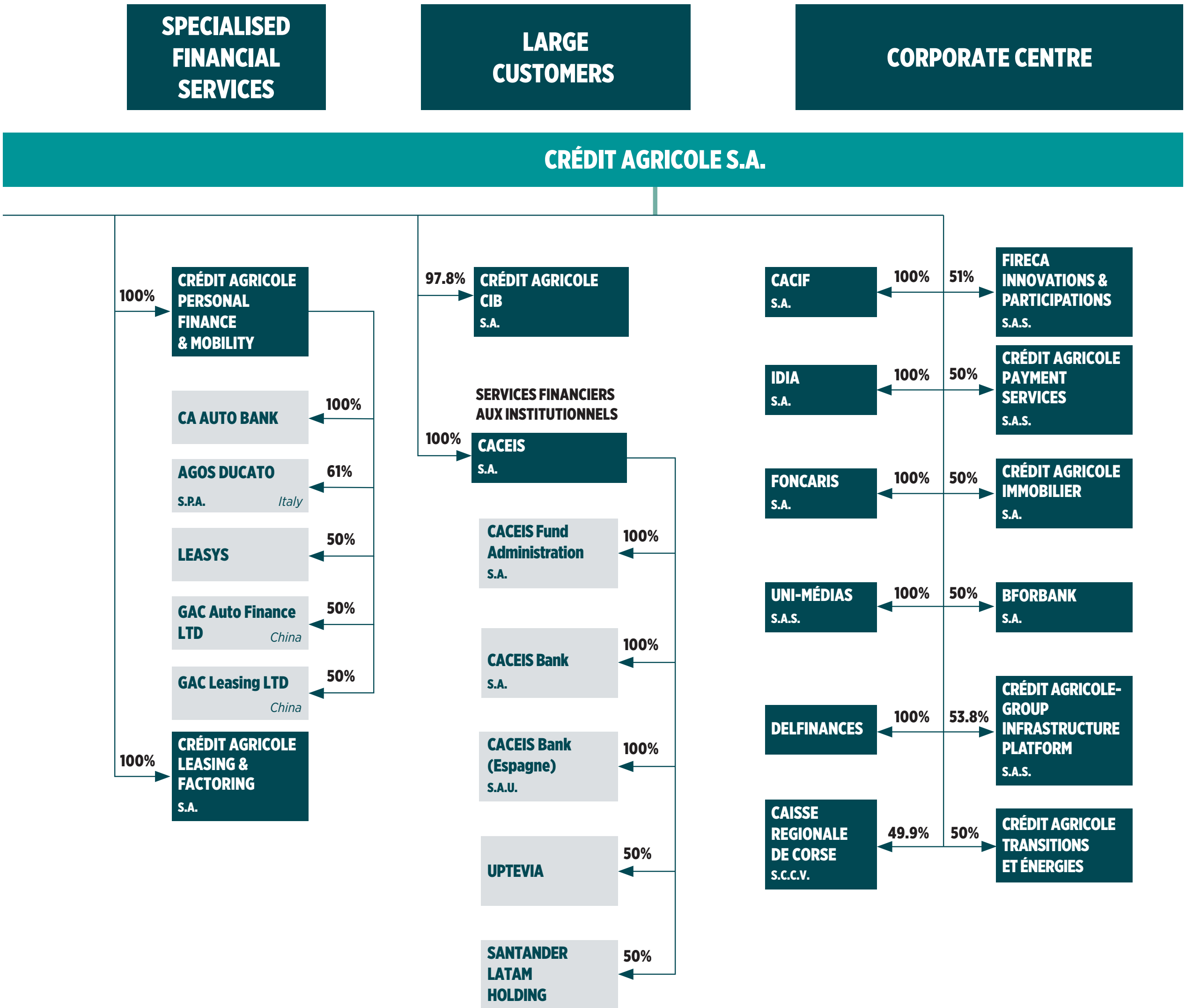
% OF OWNERSHIP INTEREST[1]



(1) Percentage of direct ownership interest of Crédit Agricole S.A. excluding treasury shares.

REFER TO THE GLOSSARY ON PAGE 1064 FOR THE DEFINITION OF TECHNICAL TERMS.

AT 31 DECEMBER 2025



Note: This is a simplified organisation chart that aims to show the main Crédit Agricole S.A. entities. For an exhaustive scope of consolidation, please refer to Note 12; the financial flows between Crédit Agricole S.A. and its subsidiaries are, where necessary, the subject of related-party agreements, which are themselves the subject of a Statutory Auditors' special report; the Crédit Agricole Group's internal mechanisms (particularly those between Crédit Agricole S.A. and the Regional Banks) are detailed in the paragraph "Internal financing mechanisms", which appears in the introduction to the consolidated financial statements.

CONSOLIDATED FINANCIAL STATEMENTS

INCOME STATEMENT

(in millions of euros)	Notes	31/12/2025	31/12/2024
Interest and similar income [1]	4.1	55,133	63,444
Interest and similar expenses [1]	4.1	(39,825)	(49,145)
Fee and commission income [1]	4.2	14,120	14,820
Fee and commission expenses [1]	4.2	(5,121)	(5,454)
Net gains (losses) on financial instruments at fair value through profit or loss	4.3	15,327	12,929
Net gains (losses) on held for trading assets/liabilities		*8,333*	*4,277*
Net gains (losses) on other financial assets/liabilities at fair value through profit or loss		*6,994*	*8,652*
Net gains (losses) on financial instruments at fair value through other comprehensive income	4.4	(422)	(336)
Net gains (losses) on debt instruments at fair value through other comprehensive income that may be reclassified subsequently to profit or loss		(713)	(506)
Remuneration of equity instruments measured at fair value through other comprehensive income that will not be reclassified subsequently to profit or loss (dividends)		*291*	*170*
Net gains (losses) arising from the derecognition of financial assets at amortised cost	*4.5*	*(57)*	*(124)*
Net gains (losses) arising from the reclassification of financial assets at amortised cost to financial assets at fair value through profit or loss		-	-
Net gains (losses) arising from the reclassification of financial assets at fair value through other comprehensive income to financial assets at fair value through profit or loss		-	-
Net insurance revenue [2]	5.3	(11,756)	(9,293)
Insurance revenue		*15,455*	*14,090*
Insurance service expenses		*(11,986)*	*(10,625)*
Income or expenses related to reinsurance contracts held		*(151)*	*(168)*
Insurance finance income or expenses		*(15,072)*	*(12,581)*
Insurance finance income or expenses related to reinsurance contracts held		*41*	*49*
Credit cost of risk on insurance financial investments		*(43)*	*(58)*
Income on other activities	4.6	2,455	2,294
Expenses on other activities	4.6	(1,775)	(1,954)
REVENUES		**28,079**	**27,181**
Operating expenses	4.7	(14,285)	(13,650)
Depreciation, amortisation and impairment of property, plant & equipment and intangible assets	4.8	(1,343)	(1,245)
GROSS OPERATING INCOME		**12,451**	**12,286**
Cost of risk	4.9	(1,973)	(1,850)
OPERATING INCOME		**10,478**	**10,436**
Share of net income of equity-accounted entities		(527)	194
Net gains (losses) on other assets	4.10	451	(4)
Change in value of goodwill	6.14	-	-
PRE-TAX INCOME		**10,402**	**10,626**
Income tax charge	4.11	(2,349)	(2,472)
Net income from discontinued operations	6.11	-	-
NET INCOME		**8,053**	**8,154**
Non-controlling interests	12.3	979	1,067
NET INCOME GROUP SHARE		**7,074**	**7,087**
Earnings per share *(in euros)* [3]	6.17	2.180	2.109
Diluted earnings per share [3]	6.17	2.180	2.109

(1) At 31 December 2024, fee and commission income included income of €1,448 million and an expense of -€801 million for the collection margin, which should have been classified respectively as “Income and similar income” and “Interest and similar expenses”. This change in presentation has no effect on the revenues recognised at 31 December 2024.
(2) Net insurance financial result composed of Investment income net of expenses and Insurance finance income or expenses in Note 5.3 “Specific characteristics of insurance”.
(3) Corresponds to income excluding interest on deeply subordinated notes and including net income from discontinued or held-for-sale operations

REFER TO THE GLOSSARY ON PAGE 1064 FOR THE DEFINITION OF TECHNICAL TERMS.

NET INCOME AND OTHER COMPREHENSIVE INCOME

(in millions of euros)	Notes	31/12/2025	31/12/2024
NET INCOME		8,053	8,154
Actuarial gains and losses on post-employment benefits	4.12	49	39
Other comprehensive income on financial liabilities attributable to changes in own credit risk	4.12	(234)	(365)
Other comprehensive income on equity instruments that will not be reclassified to profit or loss	4.12	276	117
Insurance finance income or expenses recognised in other comprehnsive income that will be reclassified to profit or loss	4.12	(166)	(82)
Pre-tax other comprehensive income on items that will not be reclassified to profit or loss excluding equity-accounted entities	**4.12**	**(76)**	**(291)**
Pre-tax other comprehensive income on items that will not be reclassified to profit or loss on equity-accounted entities	**4.12**	**354**	**1**
Income tax related to items that will not be reclassified to profit or loss excluding equity-accounted entities	**4.12**	**24**	**48**
Income tax related to items that will not be reclassified to profit or loss on equity-accounted entities	**4.12**	**-**	**-**
Other comprehensive income on items that will not be reclassified to profit or loss from discontinued operations	**4.12**	**-**	**-**
OTHER COMPREHENSIVE INCOME ON ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS NET OF INCOME TAX	**4.12**	**302**	**(242)**
Gains and losses on translation adjustments	4.12	(1,331)	488
Other comprehensive income on debt instruments that may be reclassified to profit or loss	4.12	(1,618)	(587)
Gains and losses on hedging derivative instruments	4.12	(105)	532
Insurance finance income or expenses recognised in other comprehensive income that will be reclassified to profit or loss		2,042	407
Insurance finance income or expenses related to reinsurance contracts held recognised in other comprehensive income that will be reclassified to profit or loss		(37)	(5)
Pre-tax other comprehensive income on items that may be reclassified to profit or loss excluding equity-accounted entities	**4.12**	**(1,049)**	**835**
Pre-tax other comprehensive income on items that may be reclassified to profit or loss on equity-accounted entities, Group Share	**4.12**	**(225)**	**(31)**
Income tax related to items that may be reclassified to profit or loss excluding equity-accounted entities	**4.12**	**(85)**	**(83)**
Income tax related to items that may be reclassified to profit or loss on equity-accounted entities	**4.12**	**-**	**-**
Other comprehensive income on items that may be reclassified to profit or loss from discontinued operations	**4.12**	**-**	**-**
OTHER COMPREHENSIVE INCOME ON ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS NET OF INCOME TAX	**4.12**	**(1,360)**	**722**
OTHER COMPREHENSIVE INCOME NET OF INCOME TAX	**4.12**	**(1,057)**	**480**
NET INCOME AND OTHER COMPREHENSIVE INCOME		**6,997**	**8,634**
Of which Group share		6,049	7,552
Of which non-controlling interests		948	1,082

BALANCE SHEET ASSETS

(in millions of euros)	**Notes**	**31/12/2025**	**31/12/2024**
Cash, central banks	6.1	164,844	162,339
Financial assets at fair value through profit or loss	3.1-3.2-6.2-6.6	643,557	600,919
Held for trading financial assets		*396,317*	*371,156*
Other financial instruments at fair value through profit or loss		*247,240*	*229,763*
Hedging derivative Instruments	3.3-3.5	16,360	19,194
Financial assets at fair value through other comprehensive income	3.1-3.2-6.4-6.6	233,996	223,600
Debt instruments at fair value through other comprehensive income that may be reclassified to profit or loss		*227,981*	*217,494*
Equity instruments at fair value through other comprehensive income that will not be reclassified to profit or loss		*6,015*	*6,106*
Financial assets at amortised cost	3.1-3.2-3.4-6.5-6.6	1,220,678	1,202,475
Loans and receivables due from credit institutions		*570,119*	*565,403*
Loans and receivables due from customers		*559,235*	*548,101*
Debt securities		*91,324*	*88,971*
Revaluation adjustment on interest rate hedged portfolios		(3,352)	(242)
Current and deferred tax assets	6.9	5,445	5,032
Accrued income and other assets	6.10	44,465	51,934
Non-current assets held for sale and discontinued operations	6.11	-	822
Insurance contracts issued that are assets	5.3	49	10
Reinsurance contracts held that are assets	5.3	1,155	1,021
Investments in equity-accounted entities	13.2	7,140	2,928
Investment property	6.12	9,838	10,363
Property, plant and equipment	6.13	10,311	9,712
Intangible assets	6.13	3,415	3,412
Goodwill	6.14	16,406	16,263
TOTAL ASSETS		**2,374,307**	**2,309,782**

REFER TO THE GLOSSARY ON PAGE 1064 FOR THE DEFINITION OF TECHNICAL TERMS.

BALANCE SHEET LIABILITIES

(in millions of euros)	Notes	31/12/2025	31/12/2024
Central banks	6.1	227	1,389
Financial liabilities at fair value through profit or loss	6.2	423,914	413,537
Held for trading financial liabilities		*318,995*	*311,824*
Financial liabilities designated at fair value through profit or loss		*104,919*	*101,713*
Hedging derivative Instruments	3.3-3.5	23,660	27,261
Financial liabilities at amortised cost		1,365,625	1,331,045
Due to credit institutions	*3.4-6.7*	*186,012*	*178,418*
Due to customers	*3.1-3.4-6.7*	*894,540*	*868,115*
Debt securities	*3.4-6.7*	*285,073*	*284,512*
Revaluation adjustment on interest rate hedged portfolios		(8,355)	(7,241)
Current and deferred tax liabilities	6.9	3,915	3,243
Accrued expenses and other liabilities	6.10	60,972	61,068
Liabilities associated with non-current assets held for sale and discontinued operations	6.11	-	194
Insurance contracts issued that are liabilities	5.3	388,355	362,862
Reinsurance contracts held that are liabilities	5.3	108	70
Provisions	6.15	3,851	3,770
Subordinated debt	3.4-6.16	26,171	29,273
TOTAL LIABILITIES		2,288,443	2,226,471
EQUITY		85,864	83,311
Equity - Group share		**77,662**	**74,710**
Share capital and reserves		31,843	30,904
Consolidated reserves		41,740	38,688
Other comprehensive income		(2,995)	(1,969)
Other comprehensive income on discontinued operations		-	-
Net income (loss) for the year		7,074	7,087
Non-controlling interests		**8,202**	**8,601**
TOTAL LIABILITIES AND EQUITY		**2,374,307**	**2,309,782**

REFER TO THE GLOSSARY ON PAGE 1064 FOR THE DEFINITION OF TECHNICAL TERMS.

STATEMENT OF CHANGES IN EQUITY

	Group share									
	Share and capital reserves					Other comprehensive income				
(in millions of euros)	**Share capital**	**Share premium and consolidated reserves [1]**	**Elimination of treasury shares**	**Other equity instruments**	**Total capital and consolidated reserves**	**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**
EQUITY AT 1 JANUARY 2024	9,159	57,518	(377)	7,220	73,520	(1,784)	(650)	(2,434)	-	71,086
Impacts of new accounting standards	-	-	-	-	-	-	-	-	-	-
EQUITY AT 1 JANUARY 2024 RESTATED	9,159	57,518	(377)	7,220	73,520	(1,784)	(650)	(2,434)	-	71,086
Capital increase/decrease	(35)	(119)	-	-	(154)	-	-	-	-	(154)
Changes in treasury shares held	-	-	49	-	49	-	-	-	-	49
Issuance / redemption of equity instruments	-	(18)	-	(2)	(20)	-	-	-	-	(20)
Remuneration of undated deeply subordinated notes	-	(445)	-	-	(445)	-	-	-	-	(445)
Dividends paid in 2024	-	(3,177)	-	-	(3,177)	-	-	-	-	(3,177)
Impact of acquisitions/disposals on non-controlling interests	-	-	-	-	-	-	-	-	-	-
Changes due to share-based payments	-	48	-	-	48	-	-	-	-	48
Changes due to transactions with shareholders	**(35)**	**(3,711)**	**49**	**(2)**	**(3,699)**	**-**	**-**	**-**	**-**	**(3,699)**
Changes in other comprehensive income	**-**	**125**	**-**	**-**	**125**	**771**	**(288)**	**483**	**-**	**608**
Of which other comprehensive income on equity instruments that will not be reclassified to profit or loss reclassified to consolidated reserves	-	*114*	-	-	*114*	-	*(114)*	*(114)*	-	-
Of which other comprehensive income attributable to changes in own credit risk reclassified to consolidated reserves	-	*11*	-	-	*11*	-	*(11)*	*(11)*	-	-
Share of changes in equity-accounted entities	-	-	-	-	-	(19)	1	(18)	-	(18)
Net income for 2024	-	-	-	-	-	-	-	-	7,087	7,087
Other changes	-	(354)	-	-	(354)	-	-	-	-	(354)
EQUITY AT 31 DECEMBER 2024	9,124	53,578	(328)	7,218	69,592	(1,032)	(937)	(1,969)	7,087	74,710
Appropriation of 2024 net income	-	7,087	-	-	7,087	-	-	-	(7,087)	-
EQUITY AT 1 JANUARY 2025	9,124	60,665	(328)	7,218	76,678	(1,032)	(937)	(1,969)	-	74,710
Impacts of new accounting standards	-	-	-	-	-	-	-	-	-	-
EQUITY AT 1 JANUARY 2025 RESTATED	9,124	60,665	(328)	7,218	76,678	(1,032)	(937)	(1,969)	-	74,710
Capital increase/decrease	(45)	(244)	-	-	(289)	-	-	-	-	(289)
Changes in treasury shares held	-	-	217	-	217	-	-	-	-	217
Issuance / redemption of equity instruments	-	(30)	-	925	895	-	-	-	-	895
Remuneration of undated deeply subordinated notes	-	(526)	-	-	(526)	-	-	-	-	(526)
Dividends paid in 2025	-	(3,328)	-	-	(3,328)	-	-	-	-	(3,328)
Impact of acquisitions/disposals on non-controlling interests [2]	-	(169)	-	-	(169)	(30)	(3)	(33)	-	(202)
Changes due to share-based payments	-	62	-	-	62	-	-	-	-	62
Changes due to transactions with shareholders	**(45)**	**(4,235)**	**217**	**925**	**(3,137)**	**(30)**	**(3)**	**(33)**	**-**	**(3,170)**
Changes in other comprehensive income	**-**	**8**	**-**	**-**	**8**	**(1,091)**	**(80)**	**(1,170)**	**-**	**(1,163)**
Of which other comprehensive income on equity instruments that will not be reclassified to profit or loss reclassified to consolidated reserves	-	*(7)*	-	-	*(7)*	-	*7*	*7*	-	-
Of which other comprehensive income attributable to changes in own credit risk reclassified to consolidated reserves	-	*16*	-	-	*16*	-	*(16)*	*(16)*	-	-
Share of changes in equity-accounted entities	-	122	-	-	122	(176)	354	178	-	300
Net income for 2025	-	-	-	-	-	-	-	-	7,074	7,074
Other changes	-	(88)	-	-	(88)	-	-	-	-	(88)
EQUITY AT 31 DECEMBER 2025	**9,078**	**56,472**	**(111)**	**8,144**	**73,583**	**(2,329)**	**(666)**	**(2,995)**	**7,074**	**77,662**

(1) Consolidated reserves before elimination of treasury shares.
(2) Corresponds to the effects of Santander's acquisition of a stake in CACEIS (see Note 2).

REFER TO THE GLOSSARY ON PAGE 1064 FOR THE DEFINITION OF TECHNICAL TERMS.

	Non-controlling interests					
		Other comprehensive income				
(in millions of euros)	Capital, associated reserves and 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	Total equity	Total consolidated equity
EQUITY AT 1 JANUARY 2024	9,041	(192)	(16)	(208)	8,833	79,919
Impacts of new accounting standards	-	-	-	-	-	-
EQUITY AT 1 JANUARY 2024 RESTATED	9,041	(192)	(16)	(208)	8,833	79,919
Capital increase/decrease	-	-	-	-	-	(154)
Changes in treasury shares held	-	-	-	-	-	49
Issuance / redemption of equity instruments	(786)	-	-	-	(786)	(806)
Remuneration of undated deeply subordinated notes	(127)	-	-	-	(127)	(572)
Dividends paid in 2024	(581)	-	-	-	(581)	(3,758)
Impact of acquisitions/disposals on non-controlling interests	-	-	-	-	-	-
Changes due to share-based payments	12	-	-	-	12	60
Changes due to transactions with shareholders	**(1,482)**	**-**	**-**	**-**	**(1,482)**	**(5,181)**
Changes in other comprehensive income	**3**	**(19)**	**45**	**26**	**29**	**637**
Of which other comprehensive income on equity instruments that will not be reclassified to profit or loss reclassified to consolidated reserves	-	-	-	-	-	-
Of which other comprehensive income attributable to changes in own credit risk reclassified to consolidated reserves	-	-	-	-	-	-
Share of changes in equity-accounted entities	-	(12)	-	(12)	(12)	(30)
Net income for 2024	1,067	-	-	-	1,067	8,154
Other changes	166	-	-	-	166	(188)
EQUITY AT 31 DECEMBER 2024	8,794	(223)	29	(194)	8,601	83,311
Appropriation of 2024 net income	-	-	-	-	-	-
EQUITY AT 1 JANUARY 2025	8,794	(223)	29	(194)	8,601	83,311
Impacts of new accounting standards	-	-	-	-	-	-
Equity at 1 January 2025 restated	8,794	(223)	29	(194)	8,601	83,311
Capital increase/decrease	-	-	-	-	-	(289)
Changes in treasury shares held	-	-	-	-	-	217
Issuance / redemption of equity instruments	291	-	-	-	291	1,186
Remuneration of undated deeply subordinated notes	(57)	-	-	-	(57)	(582)
Dividends paid in 2025	(590)	0	0	0	(590)	(3,918)
Impact of acquisitions/disposals on non-controlling interests [1]	(1,203)	30	3	33	(1,170)	(1,372)
Changes due to share-based payments	10	-	-	-	10	72
Changes due to transactions with shareholders	**(1,549)**	**30**	**3**	**33**	**(1,516)**	**(4,687)**
Changes in other comprehensive income	**(2)**	**(45)**	**28**	**(16)**	**(18)**	**(1,181)**
Of which other comprehensive income on equity instruments that will not be reclassified to profit or loss reclassified to consolidated reserves	*(2)*	-	*2*	*2*	-	-
Of which other comprehensive income attributable to changes in own credit risk reclassified to consolidated reserves	-	-	-	-	-	-
Share of changes in equity-accounted entities	-	(48)	-	(48)	(48)	252
Net income for 2025	979	-	-	-	979	8,053
Other changes	205	-	-	-	205	117
EQUITY AT 31 DECEMBER 2025	**8,427**	**(286)**	**60**	**(225)**	**8,202**	**85,864**

(1) Corresponds to the effects of Santander's acquisition of a stake in CACEIS (see Note 2).

CASH FLOW STATEMENT

The cash flow statement is presented using the indirect method.

Operating activities are representative of income-generating activities of Crédit Agricole S.A.

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 disposal of investments in consolidated and non-consolidated corporates, property, plant & equipment and intangible assets. This section includes strategic equity investments classified as “Fair value through profit or loss” or “Fair value through other comprehensive income that will not be reclassified to profit or loss”.

Financing activities show the impact of cash inflows and outflows associated with operations of financial structure concerning 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)	31/12/2025	31/12/2024
Pre-tax income	**10,402**	**10,626**
Net depreciation and impairment of property, plant & equipment and intangible assets	1,343	1,245
Impairment of goodwill and other fixed assets	-	-
Net addition to provisions	29,440	17,225
Share of net income (loss) of equity-accounted entities	527	(194)
Net income (loss) from investment activities	(451)	4
Net income (loss) from financing activities	5,441	5,081
Other movements	930	(1,354)
Total Non-cash and other adjustment items included in pre-tax income	**37,230**	**22,008**
Change in interbank items	4,048	(30,360)
Change in customer items	18,938	(74)
Change in financial assets and liabilities	(52,508)	(27,147)
Change in non-financial assets and liabilities	2,570	10,170
Dividends received from equity-accounted entities	250	54
Taxes paid	(1,918)	(1,187)
Net change in assets and liabilities used in operating activities	**(28,620)**	**(48,543)**
Cash provided (used) by discontinued operations	**-**	**-**
TOTAL NET CASH FLOWS FROM (USED BY) OPERATING ACTIVITIES (A)	19,012	(15,909)
Change in equity investments	**(3,285)**	**(712)**
Change in property, plant & equipment and intangible assets	**(1,117)**	**(1,070)**
Cash provided (used) by discontinued operations	**-**	**-**
TOTAL NET CASH FLOWS FROM (USED BY) INVESTING ACTIVITIES (B)	(4,402)	(1,782)
Cash received from (paid to) shareholders	**(3,524)**	**(5,141)**
Other cash provided (used) by financing activities	**(967)**	**14,589**
Cash provided (used) by discontinued operations	**-**	**-**
TOTAL NET CASH FLOWS FROM (USED BY) FINANCING ACTIVITIES (C)	(4,491)	9,447
IMPACT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENT (D)	(7,484)	(1,195)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENT (A + B + C + D)	**2,635**	**(9,438)**
Cash and cash equivalents at beginning of period	**133,146**	**142,584**
Net cash accounts and accounts with central banks [(1)]	160,914	177,002
Net demand loans and deposits with credit institutions [(2)]	(27,768)	(34,418)
Cash and cash equivalents at end of period	**135,781**	**133,146**
Net cash accounts and accounts with central banks [(1)]	164,555	160,914
Net demand loans and deposits with credit institutions [(2)]	(28,774)	(27,768)
NET CHANGE IN CASH AND CASH EQUIVALENTS	**2,635**	**(9,438)**

(1) Consisting of the net balance of the “Cash, central banks” item, excluding accrued interest and including the cash of entities reclassified as discontinued operations.
(2) Consisting of the balance of the “Non doubtful current accounts in debit” and “Non doubtful overnight accounts and advances” items as detailed in Note 6.5 and the “Current accounts in credit” and “Overnight accounts and deposits” items as detailed in Note 6.7 (excluding accrued interest and including Crédit Agricole internal transactions).

REFER TO THE GLOSSARY ON PAGE 1064 FOR THE DEFINITION OF TECHNICAL TERMS.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

REFER TO THE GLOSSARY ON PAGE 1064 FOR THE DEFINITION OF TECHNICAL TERMS.

NOTE 1 GROUP ACCOUNTING POLICIES AND PRINCIPLES, ASSESSMENTS AND ESTIMATES APPLIED

1.1 APPLICABLE STANDARDS AND COMPARABILITY

Unless otherwise stated, all amounts in this financial report are expressed in euros and shown in millions, with no decimal places. Rounding amounts to the nearest million euros may occasionally result in negligible differences in the totals and subtotals shown in the tables.

Pursuant to EC Regulation No. 1606/2002, the consolidated financial statements have been prepared in accordance with IAS/IFRS standards and IFRIC interpretations applicable at 31 December 2025 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: https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting/financial-reporting_en

DisclosureOfBasisOfPreparationOfFinancialStatementsExplanatory he standards and interpretations are the same as those applied and described in the Group's financial statements for the financial year ended 31 December 2024.

They have been supplemented by the IFRS standards as adopted by the European Union at 31 December 2025 and for which application is mandatory for the first time during financial year 2025.

These cover the following:

Standards, amendments or interpretations	Date of first-time application: financial years from	Potential material impact for the Group
Amendment to IAS 21/IFRS 1 Lack of Exchangeability	1 January 2025	No

ANC Regulation No. 2025-01 dated 7 February 2025, amending ANC Regulation No. 2016-09 and ANC Regulation No. 2020-01, dated 9 October 2020, should also be noted. This regulation covers the specific information to be provided by companies in the notes to their financial statements, from the 2025 financial year onwards, regarding certification fees for sustainability information.

Moreover, 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.

STANDARDS AND INTERPRETATIONS ADOPTED BY THE EUROPEAN UNION AT 31 DECEMBER 2025 NOT YET APPLIED BY THE GROUP

IFRS 9/IFRS 7 – Classification and measurement of financial instruments

The amendments to IFRS 9 and IFRS 7, adopted on 27 May 2025 and applicable to financial years beginning on or after 1 January 2026, clarify in particular the classification of financial assets with conditional characteristics, such as environmental, social and corporate governance (ESG) characteristics, through the SPPI test. Although this amendment is retroactive, the Group does not expect instruments with ESG clauses that existed before 1 January 2026 to fail the SPPI test.

These amendments will require additional information about financial instruments with contingent features as of the date of application.

STANDARDS AND INTERPRETATIONS NOT YET ADOPTED BY THE EUROPEAN UNION AS AT 31 DECEMBER 2025

The standards and interpretations published by the IASB at 31 December 2025 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 2025.

IFRS 18 – Presentation and disclosure in financial statements

IFRS 18 "Presentation and Disclosure in Financial Statements" published in April 2024 will replace IAS 1 "Presentation of Financial Statements" and will apply to financial years beginning on or after 1 January 2027, subject to adoption by the European Union. The Group will not apply this new standard in advance.

IFRS 18 will introduce a new structure for the income statement and the mandatory subtotals with classification of income and expenses into three categories: "operating", "investing" and "financing" in the income statement.

IFRS 18 will also require entities to provide a description in the notes to the financial statements of the performance measures defined by Management and used in public communications outside IFRS financial statements.

It also includes new requirements for how financial information is aggregated and disaggregated based on the identified roles of the primary financial statements and the notes.

Work is currently ongoing to analyse and prepare for its implementation within the Group.

REFER TO THE GLOSSARY ON PAGE 1064 FOR THE DEFINITION OF TECHNICAL TERMS.

IFRS IC DECISIONS, FINALISED AND APPROVED BY THE IASB, THAT MAY IMPACT THE GROUP

Standards, amendments or interpretations	Publication date	Potential material impact for the Group
IAS 7 Classification of the cash flows related to variation margin calls "Collateralised-to-Market" contracts	4 December 2024	No
IAS 38 Recognition of intangible assets resulting from climate-related commitments	20 March 2025	No
IFRS 9/IFRS 17/IFRS 15/IAS 37 Guarantees issued on obligations of other entities	20 March 2025	No
IFRS 15 Recognition of revenues from tuition fees	20 March 2025	No
IAS 29 Financial reporting in hyperinflationary economies	11 July 2025	No

1.2 ACCOUNTING POLICIES AND PRINCIPLES

USE OF ASSESSMENTS AND ESTIMATES TO PREPARE THE FINANCIAL STATEMENTS

Given their nature, estimates made to draw up the financial statements are 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 financial markets;
- fluctuations in interest and foreign exchange rates;
- the economic and political climate in certain business sectors or countries;
- changes in regulations or legislation;
- policyholder behaviour;
- demographic changes.

This list is not exhaustive.

Despite the unstable international environment, the global economy has resisted well. In the United States, the slowdown was less pronounced than anticipated. The inflationary impact of tariffs was more contained than expected, but inflation remained significantly above the Fed's target. The labour market has shown clear signs of a slowdown since the summer, which led the Fed, after nine months of status quo, to make three rate cuts at the end of the year.

In the eurozone, despite foreign trade being impacted by tariffs, the strength of the euro and Asian competition, the good health of private agents and the resilience of domestic demand caused accelerated growth. Inflation returned to its target level, leaving the ECB comfortably able to keep its rates unchanged from June 2025, after the decrease recorded in the first half of 2025.

The differences in the timing of the monetary policies of the Fed and the ECB, as well as slowing activity in the United States and something of an acceleration in the eurozone, caused a divergence in the evolution of interest rates on both sides of the Atlantic in 2025: overall, decreasing in the United States and rising in the eurozone. European sovereign spreads narrowed, particularly the Italian spread, which, adversely affected by the political and budgetary situation, fell slightly below the French spread. These various elements may have had an impact on the main accounting estimates at 31 December 2025.

Accounting estimates based on assumptions are principally used in the following assessments:
- financial instruments measured at fair value (including non-consolidated equity investments);
- insurance contract assets and liabilities;
- reinsurance contract assets and liabilities;
- liabilities under investment contracts without discretionary participation features;
- pension schemes and other post-employment benefits;
- stock option plans;
- impairment of debt instruments at amortised cost or at fair value through other comprehensive income that can be reclassified to profit or loss;
- provisions;
- impairment of goodwill;
- deferred tax assets;
- valuation of equity-accounted entities.

The procedures for the use of assessments or estimates are described in the relevant sections below.

In particular, the measurement of insurance contracts under IFRS 17 requires important judgements to be made. The main matters requiring judgement in the Group's application of IFRS 17 are as follows, and information about them is provided in the sections and notes referred to below:
- the estimation of future cash flows, in particular the projection of these cash flows and the determination of the contract boundary: in the sections "Measurement of insurance contracts/ Estimation of future cash flows" and "Measurement of insurance contracts/Contract boundary";
- the technique used to determine the adjustment for non-financial risk: in the section "Measurement of insurance contracts/Adjustment for non-financial risk";
- the approach used to determine discount rates: in the section entitled "Measurement of insurance contracts/Discount rates";
- the definition of hedging units and the determination of the amount of CSM allocated to profit or loss in each period to reflect the services provided under insurance contracts; in the section entitled "Recognition of the contractual service margin in profit or loss";
- the determination of transitional amounts relating to groups of contracts existing at the transition date: in Note 5.3 "Specific characteristics of insurance", section "Insurance contracts – Transitional amounts".

FINANCIAL INSTRUMENTS (IFRS 9, IFRS 13, IAS 32 AND IAS 39)

Definitions

IAS 32 defines a financial instrument as any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity, meaning any contract representing contractual rights or obligations to receive or pay cash or other financial assets.

Financial assets and liabilities are treated in the financial statements in accordance with IFRS 9 as adopted by the European Union.

Derivative instruments are financial assets or liabilities whose value changes according to that of an underlying (provided, in the case of a non-financial variable, that the variable is not specific to a party to the contract), which require a small or no initial investment and for which settlement occurs at a future date.

IFRS 9 sets the principles governing the classification and measurement of financial instruments, impairment/provisioning of credit risk and hedge accounting, excluding macro-hedging transactions.

It should nevertheless be noted that Crédit Agricole S.A. has opted not to apply the IFRS 9 general hedging model. All hedging relationships consequently remain within the scope of IAS 39 pending future provisions relating to macro-hedging.

“Green” or “ESG” financial assets and “green bond” financial liabilities comprise a variety of instruments and mainly relate to loans and borrowings used to finance environmental projects and the environmental transition. It should be noted that not all financial instruments with these qualifications necessarily have a remuneration that varies depending on the achievement of ESG targets. This terminology is liable to change as a result of European regulations on sustainable finance. These instruments are recognised in accordance with IFRS 9 using the principles set out below. In particular, loans whose indexation of the ESG factor compensation does not introduce leverage or is considered immaterial in terms of variability of the cash flows of the instrument are not considered as failing the SPPI test (analysis of contractual clauses) on the basis of this single factor.

Conventions for valuing financial assets and liabilities

Initial measurement

During their initial recognition, financial assets and liabilities are measured at fair value as defined by IFRS 13.

Fair value as defined by IFRS 13 corresponds to 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 valuation date.

Subsequent measurement

After initial recognition, financial assets and liabilities are measured according to their classification either at amortised cost using the effective interest rate method (EIR) for debt instruments or at fair value as defined by IFRS 13. Derivative instruments are always measured at fair value.

The effective interest rate (EIR) is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument to obtain the net carrying amount of the financial asset or financial liability.

Amortised cost corresponds to the amount at which the financial asset or liability is measured during its initial recognition, including transaction costs directly attributable to its acquisition or issue, reduced by repayments of principal, increased or reduced by the cumulative amortisation calculated by the effective interest rate method (EIR) on any difference (discount or premium) between the initial amount and the amount at maturity. In the case of a financial asset at amortised cost or at fair value through recyclable equity, the amount may be adjusted if necessary in order to correct for impairment (see the paragraph on “Provisions for credit risk”).

Financial assets

Classification and measurement of financial assets

Non-derivative financial assets (debt or equity instruments) are classified on the balance sheet in accounting categories that determine their accounting treatment and their subsequent valuation mode.

The criteria for the classification and valuation of financial assets depends on the nature of the financial assets, according to whether they are qualified as:

- debt instruments (e.g. loans and fixed or determinable income securities); or
- equity instruments (e.g. shares).

These financial assets are classified in one of the following three categories:

- financial assets at fair value through profit or loss;
- financial assets at amortised cost (debt instruments only);
- financial assets at fair value through equity (recyclable for debt instruments; non-recyclable for equity instruments).

Debt instruments

The classification and valuation of a debt instrument depend on the combination of two criteria: the business model defined at portfolio level and the analysis of the contractual terms (SPPI test) determined by debt instrument, unless the fair value option is used.

The three business models

The business model represents the strategy followed by the management of Crédit Agricole S.A. for managing its financial assets in order to achieve its targets. The business model is specified for a portfolio of assets and does not constitute a case-by-case intention for an isolated financial asset.

We distinguish three business models:

- the Hold to Collect model where the aim is to collect contractual cash flows over the lifetime of the assets; this model does not always imply holding all of the assets until their contractual maturity; however, sales of assets are strictly governed;
- the Hold to Collect and Sell model where the aim is to collect the contractual cash flows over the lifetime of the assets and to sell the assets; under this model, both the sale of the financial assets and receipt of cash flows are essential; and
- the Other/Sell model, where the main aim is to sell the assets.

In particular, it concerns portfolios where the aim is to collect cash flows via disposals, portfolios whose performance is assessed based on fair value and portfolios of financial assets held for trading.

When the management strategy for managing financial assets does not correspond to either the collect model or the collect and sell model, these financial assets are classified in a portfolio whose management model is other/sell.

REFER TO THE GLOSSARY ON PAGE 1064 FOR THE DEFINITION OF TECHNICAL TERMS.

The contractual terms
("Solely Payments of Principal & Interest" or "SPPI" test)

"SPPI" testing combines a set of criteria, examined cumulatively, to establish whether contractual cash flows meet the characteristics of simple financing (principal repayments and interest payments on the remaining amount of principal due).

The test is satisfied when the financing gives entitlement only to the repayment of the principal and when the payment of interest received reflects the time value of money, the credit risk associated with the instrument, the other costs and risks of a conventional loan contract and a reasonable margin, whether the interest rate is fixed or variable.

In simple financing, interest represents the cost of the passage of time, the price of credit and liquidity risk over the period, and other components related to the cost of carrying the asset (e.g. administrative costs etc.).

In some cases, when qualitative analysis of this nature does not allow a conclusion to be made, quantitative analysis (or benchmark testing) is carried out. This additional analysis consists of comparing the contractual cash flows of the asset under review with the cash flows of a benchmark asset.

If the difference between the cash flows of the financial asset and the benchmark asset is considered immaterial, the asset is deemed to be simple financing.

Moreover, specific analysis is conducted when the financial asset is issued by special purpose entities establishing a differentiated order of payment among the holders of the financial assets by contractually linking multiple instruments and creating concentrations of credit risk ("tranches").

Each tranche is assigned a rank of subordination that specifies the order of distribution of cash flows generated by the structured entity.

In this case, the "SPPI" test requires an analysis of the characteristics of contractual cash flows of the asset concerned and underlying assets according to the "look-through" approach and the credit risk borne by the tranches subscribed compared to the credit risk of the underlying assets.

The mode of recognition of debt instruments resulting from qualification of the business model combined with the "SPPI" test may be presented in the following diagram:

Debt instruments		Business models		
		Hold to collect	Hold to collect and sell	Other/Sell
SPPI test	Satisfied	Amortised cost	Fair value through other comprehensive income that may be reclassified to profit or loss	Fair value through profit or loss (SPPI test N/A)
	Not satisfied	Fair value through profit or loss	Fair value through profit or loss	

Debt instruments at amortised cost

Initially measured at fair value, debt instruments are subsequently measured at amortised cost if they are eligible for the "Hold to collect" model and if they pass the "SPPI" test.

They are recorded at the settlement/delivery date and their initial valuation also includes accrued interest and transaction costs.

Amortisation of any premiums or discounts and loans and receivables transaction costs on fixed-income securities is recognised in the income statement using the effective interest rate method.

This category of financial instruments is impaired under the conditions described in the specific paragraph "Impairment/provisioning for credit risks".

Debt instruments at fair value through other comprehensive income that can be reclassified to profit or loss

Initially measured at fair value, debt instruments are subsequently measured at fair value through recyclable equity if they are eligible for the "Hold to collect and sell" model and if they pass the "SPPI" test.

They are recorded at the trade date and their initial valuation also includes accrued interest and transaction costs. 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.

These financial assets are subsequently measured at fair value, with changes in fair value recorded in other comprehensive income that can be reclassified to profit or loss and offset against the outstandings account (excluding accrued interest recognised in profit or loss according to the effective interest rate method).

In the case of disposal of the securities, these changes are transferred to the income statement.

This category of financial instruments is adjusted for expected credit losses (ECL) under the conditions described in the specific paragraph "Impairment/provisions for credit risks" (without this affecting the fair carrying amount).

Debt instruments at fair value through profit or loss

Debt instruments are measured at fair value through profit or loss in the following cases:

- the instruments are classified in portfolios composed of financial assets held for trading or for which the main aim is disposal.

  Financial assets held for trading are assets acquired or managed 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. Although contractual cash flows are received during the period that Crédit Agricole S.A. holds the assets, receiving these contractual cash flows is not essential but ancillary;
- debt instruments that do not fulfil the criteria of the "SPPI" test. This is notably the case for UCIs (Undertakings for Collective Investment).
- financial instruments classified in portfolios which Crédit Agricole S.A. designates at fair value in order to reduce an accounting treatment difference on the income statement. In this case, the instrument is classified as designated at fair value through profit or loss.

Financial assets measured at fair value through profit or loss are initially recognised at fair value, excluding transaction costs (directly recorded to profit or loss) and including accrued interest.

They are subsequently measured at fair value and changes in fair value are recognised in profit or loss, under "Revenues", offset against the outstandings account. Interest on these instruments is recorded under "Net gains (losses) on financial instruments at fair value through profit and loss".

This category of financial assets is not impaired for credit risk.

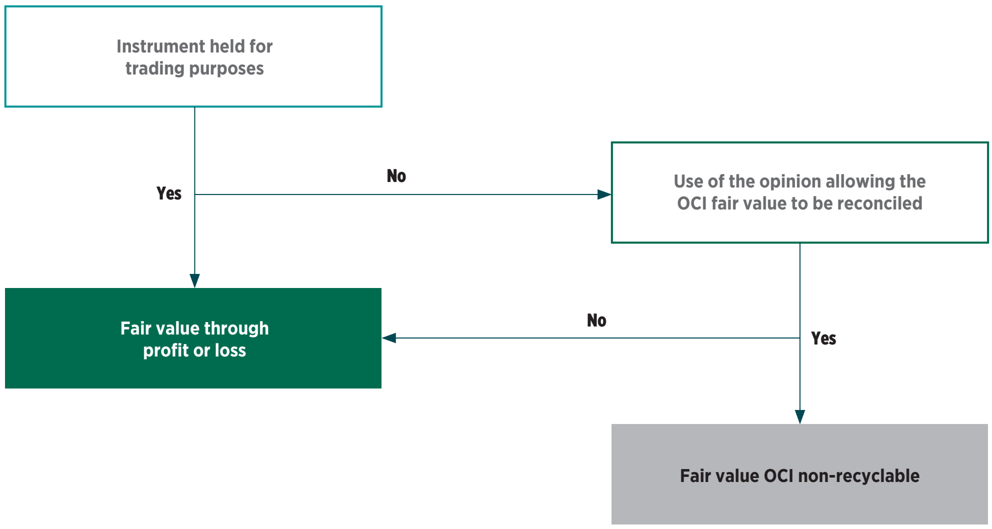
Debt instruments measured by definition at fair value through profit or loss whose business model is "Other/Sell" are recorded at the settlement/delivery date.

Debt instruments designated at fair value through profit or loss are recorded on the trade date.

Debt instruments measured by definition at fair value through profit or loss, failing the SPPI test, are recorded at the settlement date.

Equity instruments

Equity instruments are by default recognised at fair value through profit or loss, except in the case of the irrevocable option for classification and measurement at fair value through other comprehensive income that cannot be reclassified to profit or loss, providing that these instruments are not held for trading purposes.



Equity instruments at fair value through profit or loss

Financial assets measured at fair value through profit or loss are initially recognised at fair value, excluding transaction costs (directly recorded to profit or loss). Equity instruments held for trading purposes are recorded at the trade date. Equity instruments measured at fair value through profit or loss and not held for trading are recorded at the settlement date.

They are subsequently measured at fair value and changes in fair value are recognised in profit or loss, under "Revenues", offset against the outstandings account.

This category of financial assets is not impaired.

Equity instruments at fair value through other comprehensive income that cannot be reclassified to profit or loss (irrevocable option)

The irrevocable option to recognise equity instruments at fair value through other comprehensive income that cannot be reclassified to profit or loss is adopted at the transactional level (line by line) and applies on the date of initial recognition. These securities are recorded at the trade date.

The initial fair value includes transaction costs.

During subsequent valuations, changes in fair value are recognised in other comprehensive income that cannot be reclassified to profit or loss. In case of disposal, these changes are not reclassified to profit or loss. The gain or loss on disposal is recognised in equity.

Only dividends are recognised in profit or loss, if:

- the right of the entity to receive payment is established;
- it is probable that the economic benefits associated with the dividends will flow to the entity;
- the amount of dividends can be reliably estimated.

This category of financial assets is not impaired.

Reclassification of financial assets

In the case of a significant change in the business model used for managing financial assets (new activity, acquisition of entities, disposal or discontinuation of a significant activity), a reclassification of these financial assets is necessary. The reclassification applies to all financial assets in the portfolio from the date of reclassification.

In other cases, the business model remains unchanged for existing financial assets. If a new business model is identified, it applies prospectively to new financial assets grouped in a new management portfolio.

Temporary investments in/Disposals of securities

Temporary disposals of securities (loans of securities, securities bought/sold under repurchase agreements) do not generally fulfil the conditions for derecognition.

Securities lent or sold under repurchase agreements remain on the balance sheet of the transferer. In the case of securities under repurchase agreements, the amounts received, representing the liability to the transferee, are recognised on the liabilities side of the balance sheet by the transferor.

REFER TO THE GLOSSARY ON PAGE 1064 FOR THE DEFINITION OF TECHNICAL TERMS.

Securities borrowed or received under repurchase agreements are not recognised on the balance sheet of the transferee.

In the case of securities under repurchase agreements, a debt to the transferor is recorded on the balance sheet of the transferee and offset against the amount paid. If the security is subsequently resold, the transferee records a liability equivalent to the fair value of fulfilling their obligation to return the security received under the agreement.

Income and expenses relating to such transactions are posted to profit and loss on a prorated basis, except in the case of classification of assets and liabilities at fair value through profit or loss.

Derecognition of financial assets

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 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, Crédit Agricole S.A. continues to recognise the financial asset to the extent of the Group's continuing involvement in that asset. Continuing involvement pertains to the portion of the asset that remains exposed to changes in the value of the transferred asset.

Financial assets renegotiated 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 granted to customers are recorded at their fair value on the date of renegotiation. Subsequent recognition depends on the business model and the "SPPI" test.

Interest paid by the government (IAS 20)

Under French government measures to support the agricultural and rural sector and to help home buyers, certain Crédit Agricole S.A. 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. Thus, the loans that benefit from these subsidies are granted at market rates.

The subsidy system is periodically reviewed by the government.

In accordance with IAS 20, subsidies received from the government are recorded in profit or loss under "Interest and similar income" and spread over the life of the corresponding loans.

Financial liabilities

Classification and measurement of financial liabilities

Financial liabilities are classified on the balance sheet in the following two accounting categories:

- financial liabilities at fair value through profit or loss, either due to their nature or optionally;
- financial liabilities at amortised cost.

Financial liabilities at fair value through profit or loss due to their nature

Financial instruments issued primarily to be bought back in the short term, instruments forming part of an identified portfolio of financial instruments which are managed together and which have indications of a recent profile of short-term profit-taking, and derivatives (with the exception of certain hedging derivatives) are measured at fair value due to their nature.

Changes in the fair value of this portfolio are recognised through profit or loss.

Financial liabilities designated at fair value through profit or loss

Financial liabilities fulfilling one of the three conditions defined by the standard below may be designated for measurement at fair value through profit or loss: for hybrid issues comprising one or more separable embedded derivatives, in order to reduce or eliminate the distortion of accounting treatment or groups of managed financial liabilities for which performance is measured at fair value.

This option is irrevocable and applies mandatorily from the date of initial recognition of the instrument.

During subsequent measurement, these financial liabilities are measured at fair value through profit or loss for changes in fair value not related to own credit risk and through other comprehensive income that cannot be reclassified to profit or loss for changes in value related to own credit risk, unless this aggravates an accounting mismatch (in which case any changes in value related to the Company's own credit risk are recorded in the income statement, as required by the standard).

Financial liabilities measured at amortised cost

All other liabilities fulfilling the definition of a financial liability (excluding derivatives) are measured at amortised cost.

These liabilities are initially measured at fair value (including transaction income and costs) and subsequently at amortised cost using the effective interest rate method.

Deposits and savings accounts

Deposits and savings accounts are recorded under the category "Financial liabilities at amortised cost – Debt due to customers" in spite of the characteristics of the collection system within the 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 and savings are initially measured at fair value and subsequently at amortised cost.

Regulated savings products are by nature deemed to be at market rates.

Home purchase savings schemes and home purchase savings accounts (HPSPs) as set out in Note 6.15 "Provisions".

REFER TO THE GLOSSARY ON PAGE 1064 FOR THE DEFINITION OF TECHNICAL TERMS.

Reclassification of financial liabilities

The initial classification of financial liabilities is irrevocable. No subsequent reclassification is authorised.

Distinction between debt instruments and equity

Securities are classed as debt instruments or equity instruments based on the substance of the contractual terms.

A financial liability is a debt instrument if it includes a contractual obligation:

- to provide another entity with cash, another financial asset or a variable number of equity instruments; or
- to exchange financial assets and liabilities with another entity at potentially unfavourable conditions.

An equity instrument is a non-redeemable financial instrument which offers discretionary compensation representing a residual interest in a corporate after deduction of all its financial liabilities (net assets) and which is not qualified as a debt instrument.

Treasury share buyback

Treasury shares or equivalent derivative instruments such as options on treasury shares bought by Crédit Agricole S.A. with a fixed strike ratio, 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.

Derecognition and modification of financial liabilities

A financial liability is derecognised in full or in part:

- when it is extinguished; or
- when quantitative or qualitative analyses suggest it has undergone a substantial change following restructuring.

A substantial modification of an existing financial liability must be recorded as an extinction of an initial financial liability and the recognition of a new financial liability (novation). Any differential between the carrying amount of the extinct liability and the new liability will be recognised immediately in the income statement.

If the financial liability is not derecognised, the original effective interest rate is maintained. A discount/premium is recognised immediately in the income statement at the date of modification and is then spread, using the original effective interest rate, over the remaining life of the instrument.

Negative interest on financial assets and financial liabilities

In accordance with the IFRS IC decision of January 2015, negative interest income (expense) on financial assets that does not meet the definition of income under IFRS 15 is recognised as interest expense in the income statement and not as a reduction of interest income. The same applies to negative interest expense (income) on financial liabilities.

Impairment/Provisions for credit risks

Scope of application

In accordance with IFRS 9, Crédit Agricole S.A. recognises a value adjustment for expected credit losses (ECL) on the following outstandings:

- financial assets of debt instruments at amortised cost or fair value through other comprehensive income that can be reclassified to profit or loss (loans and receivables, debt securities);
- financing commitments which are not measured at fair value through profit or loss;
- financial guarantee commitments coming under IFRS 9 and which are not measured at fair value through profit or loss;
- rental receivables coming under IFRS 16; and
- trade receivables generated by transactions under IFRS 15.

Equity instruments (at fair value through profit or loss or through other comprehensive income that cannot be reclassified to profit or loss) are not concerned by impairment provisions.

Derivative and other financial instruments measured at fair value through profit or loss are subject to the calculation of counterparty risk which is not covered by the ECL model. This calculation is described in Chapter 5 "Risks factors and risk management" of Universal Registration Document.

Credit risk and impairment/provisioning stages

Credit risk is defined as risk of loss related to default by a counterparty leading to its inability to meet its commitments to the Group.

The process of provisioning credit risk has three stages:

- **Stage 1:** upon initial recognition of the financial instrument (credit, debt security, guarantee etc.), Crédit Agricole S.A. recognises the 12-month expected credit losses;
- **Stage 2:** if the credit quality deteriorates significantly for a given transaction or portfolio, Crédit Agricole S.A. recognises the expected losses over its lifetime;
- **Stage 3:** when one or more default events have occurred on the transaction or on a counterparty with an adverse effect on the estimated future cash flows, Crédit Agricole S.A. recognises incurred losses over its lifetime. Subsequently, if the conditions for classifying financial instruments in Stage 3 are not met, the financial instruments are reclassified in Stage 2, then in Stage 1 according to the subsequent improvement in the quality of the credit risk.

Definition of default

The definition of default for the requirements of ECL provisioning is identical to that used in management and for the calculation of regulatory ratios. A debtor is, therefore, considered to be in default when at least one of the following two conditions has been met:

- a significant arrear in payment, generally more than ninety days past due, unless specific circumstances point to the fact that the delay is due to reasons independent of the debtor's financial situation;
- Crédit Agricole S.A. believes that the debtor is unlikely to settle its credit obligations unless it avails itself of certain measures such as enforcement of collateral security right.

A loan in default (Stage 3) is said to be impaired when one or more events occur which have a negative effect on the estimated future cash flows from this financial asset. Indications of impairment of a financial asset cover observable data on the following events:

- significant financial difficulties of the issuer or borrower;
- a breach of contract, such as default or overdue payment;
- the granting, by the lender(s) to the borrower, for economic or contractual reasons related to financial difficulties of the borrower, of one or more favours that the lender(s) would not have considered under other circumstances;
- the increasing probability of bankruptcy or financial restructuring of the borrower;
- the disappearance of an active market for the financial asset due to financial difficulties;
- the purchase or creation of a financial asset with a significant discount, which reflects the credit losses suffered.

REFER TO THE GLOSSARY ON PAGE 1064 FOR THE DEFINITION OF TECHNICAL TERMS.

It is not necessarily possible to isolate a particular event. The impairment of the financial asset could result from the combined effect of several events.

The defaulting counterparty returns to a healthy situation only after an observation period (90 days) that makes it possible that the debtor is no longer in default (assessment by the Risk Management Department).

Definition of expected credit loss ("ECL")

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 ECL approach is designed to anticipate as early as possible the recognition of expected credit losses.

ECL governance and measurement

The governance of the system for measuring IFRS 9 parameters is based on the structure implemented as part of the Basel framework. The Group Risk department is responsible for defining the methodological framework and supervising the loan loss provisioning system.

The Group primarily relies on the internal rating system and current Basel processes to define the scope of the IFRS 9 parameters required to calculate ECL. The assessment of the change in credit risk is based on an expected loss model and extrapolation based on reasonable scenarios. All information that is available, relevant, reasonable and justifiable, including of a forward-looking nature, must be retained.

The formula includes among others 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 specific characteristics to determine an economic ECL. IFRS 9 recommends a Point in Time analysis while having regard to historical loss data and forward-looking macroeconomic data, whereas the prudential regulation analyses the perspectives Through The Cycle for probability of default (PD) 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").

ECLs are calculated according to the type of product concerned: financial instruments or off-balance sheet instruments.

The expected credit losses for the coming 12 months (Stage 1) make up a percentage of the lifetime expected credit losses (Stages 2 and 3), and represent the lifetime cash flow shortfalls in the event of a default during the 12 months following the reporting period (or a shorter period if the expected lifetime of the financial instrument is less than 12 months), weighted by the probability of default within 12 months.

Expected credit losses are discounted at the effective interest rate or at the contractual rate (when the EIR is not available) used for the initial recognition of the financial instrument.

The terms of measurement of ECLs include collateral and other credit enhancements that are part of the contractual terms and which Crédit Agricole S.A. does not account for separately. The estimate of the expected cash flow shortfalls from a guaranteed financial instrument reflects the amount and timing of the recovery of the guarantees.

In accordance with IFRS 9, the inclusion of guarantees and sureties does not affect the assessment of the significant deterioration in credit risk: this is based on the evolution of the debtor's credit risk without taking into account guarantees.

The models and parameters used are backtested at least annually.

Forward-looking macroeconomic data are taken into account in accordance with a methodological framework applicable at two levels:

- at Group level for the determination of a shared framework for the consideration of forward-looking data in the estimation of PD and LGD parameters over the transaction amortisation period;
- at the level of each entity in respect of its own portfolios.

Significant deterioration of credit risk

All Group entities must assess, for each financial instrument, the deterioration of credit risk from origination to each reporting date. Based on this assessment of the change in credit risk, the entities must classify their exposure into different risk categories (Stages).

To assess significant deterioration, the Group uses a process based on two levels of analysis:

- the first level is based on absolute and relative quantitative criteria and rules as well as qualitative Group criteria that apply to all Group entities (central forward looking);
- the second level is linked to the expert assessment, based on local forward-looking information, of the risk held by each entity in its portfolios that may lead to an adjustment in the Group Stage 2 reclassification criteria (switching a portfolio, sub-portfolio or third party from 12-month ECL to lifetime ECL).

Each financial instrument is, without exception, assessed for significant deterioration. Contagion is not required for the downgrading of financial instruments of the same counterparty from Stage 1 to Stage 2. The significant deterioration assessment must consider the change in credit risk of the principal debtor without taking account of any guarantee, including for transactions with a shareholder guarantee.

Possible losses in respect of portfolios of small loans with similar characteristics may be estimated on a statistical basis rather than individually assessed.

The assessment of the significant increase in credit risk under the first level, defined above, for financial instruments with a rating model is based on the following two criteria:

1. Low credit risk exemption:

In accordance with current standards, the Group has opted to apply the "low credit risk" exemption to investment-grade debt securities (see IFRS 9.B5.5.23) and loan agreements with a probability of default below a given threshold (i.e. 0.30%).

2. Quantitative indicators:

The Crédit Agricole Group has selected several quantitative criteria to classify a Stage 2 deterioration. It should be noted that any of these criteria is sufficient for a Stage 2 deterioration. The types of criteria are as follows:

a) A relative criterion that measures, at the contract level, the change in the associated risk since the initial recognition date. It measures the difference (as a ratio) between the default risk on the reporting date of a counterparty and the default risk assessed at the initial recognition date.

b) Three absolute criteria. The Group has defined:

- An absolute threshold criterion based on the Basel probabilities of default to capture an absolute deterioration not correlated with economic conditions. In practice, it captures the last two grades before the default regarded as risky, and therefore with a Stage 2 classification for the calculation of ECL.

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- An absolute threshold criterion based on the probability of default at one year (forward looking) at the reporting date, capturing an absolute significant deterioration correlated with the economic situation.
- An absolute threshold criterion based on the number of days past due exceeding 30 days for a Stage 2 classification.

3. Qualitative indicators:

The Group uses a set of qualitative indicators allowing for a Stage 2 deterioration. These indicators may be at contract, counterparty or portfolio level and make it possible to identify exposures that have seen a significant deterioration in credit risk.

In the absence of an internal rating model, the Crédit Agricole Group uses the absolute threshold of payment 30 days past due as the maximum threshold for significant credit risk increase and classification in Stage 2.

If the credit risk increase since origination is no longer observed, impairment may be reduced to the 12-month expected credit losses (Stage 1).

To make up for the fact that certain significant deterioration factors or indicators may not be identifiable at instrument level, the standard allows for the assessment of significant deterioration at financial instrument portfolio level, or for groups of portfolios or parts of portfolios.

Portfolios can be created for the collective assessment of deterioration for instruments that share common characteristics, such as:

- instrument type;
- credit risk rating (including internal Basel 2 rating for entities with an internal ratings system);
- collateral type;
- date of initial recognition;
- remaining term until maturity;
- business sector;
- geographical location of the borrower;
- the value of collateral relative to the financial assets, if this has an impact on the probability of default (for example, in the case of loans secured only by collateral in certain countries or loan-to-value ratios);
- distribution channel, purpose of financing etc.

Differentiation of significant deterioration by market is therefore possible (home loans, consumer finance, loans to farmers or small corporates, corporate loans etc.).

The grouping of financial instruments for the purposes of credit risk assessment on a homogeneous portfolio basis may change over time, as new information becomes available.

For securities, Crédit Agricole S.A. uses an approach that consists of applying an absolute level of credit risk, in accordance with IFRS 9, below which exposures are classified in Stage 1 and provisions are made based on 12-month ECL.

As such, the following rules shall apply for monitoring the significant deterioration of securities:

- “Investment Grade” securities, at the reporting date, are classified in Stage 1 and provisions are made based on 12-month ECL;
- “Non-Investment Grade” securities (NIG), at the reporting date, must be subject to monitoring for significant deterioration since origination, and be classified in Stage 2 (lifetime ECL) in the event of significant deterioration in credit risk.

Relative deterioration must be assessed prior to the occurrence of a known default (Stage 3).

Restructuring due to financial difficulty

Debt instruments restructured due to financial difficulties are those for which Crédit Agricole S.A. has amended the original financial terms (interest rate, term etc.) for economic or legal reasons linked to the financial difficulties of the borrower, under conditions that would not have been considered under other circumstances. As such, these can be any debt instruments, regardless of the risk deterioration category of the debt instrument since the initial recognition.

In accordance with the EBA (European Banking Authority) definition as stated in the “Risk factors and risk management – Risk management” chapter, debt restructuring for financial difficulties of the debtor refers to any modification to one or more credit agreements for that same reason, as well as any refinancing granted due to financial difficulties experienced by the customer.

This definition of restructuring must be applied to each agreement and not at client level (no contagion).

The definition of loans restructured due to financial difficulty is therefore comprised of two cumulative criteria:

- contract modification or debt refinancing (concessions);
- a customer who is in a difficult financial position (a debtor facing, or about to face, difficulties in honouring financial commitments).

“Contract modification” refers to the following example situations:

- there is a difference between the modified contract and the former terms of the contract, to the benefit of the borrower;
- the contract modifications result in more favourable conditions for the borrower, from which other customers of the bank, with a similar risk profile and at the same time, do not benefit.

“Refinancing” refers to situations in which a new debt is granted to the client to enable it to repay in full or in part another debt for which it cannot meet the contractual terms and conditions due to its financial position.

The restructuring of a loan (whether performing or non-performing) infers the presumed existence of a proven risk of loss (Stage 3).

The need to recognise impairment on the restructured exposure must therefore be analysed accordingly (a restructuring does not automatically result in the recognition of impairment for proven losses or classification as default).

The “restructured loan” classification is temporary.

Once the restructuring as defined by the EBA has been carried out, the exposure continues to be classified as “restructured” for at 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 in the event of the occurrence of certain events (e.g. further incidents).

In the absence of derecognition for this type of event, the reduction of future cash flows granted to a counterparty, or the postponing of these flows as part of a restructuring, shall result in the recognition of a discount in the cost of risk.

It represents loss of future cash flow discounted at the original effective 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).

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In the event of a waiver of part of the share capital, this amount shall constitute a loss to be recorded immediately in cost of risk.

The discount recognised when a loan is restructured is accounted for under cost of risk.

Upon reversal of the discount, the portion associated with the passage of time is recorded in "Revenues".

Accounts uncollectible

When a loan is deemed uncollectible, i.e. when it cannot be recovered in full or in part, the amount deemed uncollectible must be derecognised from the balance sheet and written off.

The decision as to when to write off a loan is taken on the basis of an expert opinion. This must therefore be established by each entity, with its Risk Management Department, according to its own business knowledge. Before any write-offs, a Stage 3 impairment loss must be recognised (with the exception of assets at fair value through profit or loss).

For loans at amortised cost or fair value through other comprehensive income that can be reclassified to profit or loss, the amount written off is recorded under cost of risk (nominal amount) and "Revenues" (interests).

Derivative financial instruments

Classification and measurement

Derivative instruments are financial assets or liabilities classified by default as derivative instruments held-for-trading unless they can be considered to be hedging derivatives.

For their initial recognition, they are recorded on the balance sheet at their initial fair value on the trading date.

They are subsequently recognised at their fair value.

At the end of each reporting period, the counterparty of the change in fair value of derivatives on the balance sheet is recorded:
- through profit or loss if it concerns derivative instruments held-for-trading and for fair value hedges;
- through recyclable equity for cash flow hedging derivatives and net investments in foreign operations for the effective portion of the hedge.

Hedge accounting

General framework

In accordance with a decision made by the Group, Crédit Agricole S.A. chooses not to apply the "hedge accounting" component of IFRS 9, as permitted by the standard. All hedging relationships will continue to be documented in accordance with the rules of IAS 39 until, at the latest, the date on which the macro-hedging text is adopted by the European Union. However, hedge accounting under IAS 39 uses the classification and measurement principles of IFRS 9 to decide which financial instruments qualify.

Under IFRS 9, and taking account of the IAS 39 hedging principles, debt instruments at amortised cost and at fair value through recyclable equity qualify as fair value hedges and as cash flow hedges.

Documentation

Hedging relationships must comply with the following principles:
- fair value hedges are intended to provide protection from exposure to changes in the fair value of an asset or a liability that has been recognised, or of a firm commitment that has not been recognised, attributable to the risk(s) hedged and that may have an impact on net income (for instance, the hedging of all or some changes in fair value caused by the interest rate risk of a fixed-rate debt);
- cash flow hedges are intended to provide protection from exposure to changes in the future cash flow of an asset or liability that has been recognised, or of a transaction considered to be highly probable, attributable to the risk(s) hedged and that could (in the event of a planned transaction not carried out) have an impact on net income (for instance, the hedging of changes in all or some of the future interest payments on a floating-rate debt);
- net investment hedges in foreign operations are intended to provide protection against the risk of unfavourable changes in fair value associated with the foreign exchange risk of an investment carried out abroad in a currency other than the euro, Crédit Agricole S.A.'s presentation currency.

Hedges must also meet the following criteria in order to be eligible for hedge accounting:
- the hedging instrument and the hedged item 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 adopted by the European Union. In particular:
- the Group 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.

Measurement

The remeasurement of the derivative at fair value 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, excluding accrued interest receivable, is recognised in the balance sheet through a specific account in other recyclable comprehensive income for the effective portion and any eventual ineffective portion of the hedge is recognised in the income statement. Profits or losses on the derivative accrued through equity are reclassified to profit or loss 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 account in recyclable equity 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, unless the hedged item disappears:
- **fair value hedges:** only the derivative instrument continues to be revalued through profit or loss. The hedged item is wholly accounted for according to its classification. For debt instruments at fair value through other comprehensive income that can be reclassified to profit or loss, changes in fair value subsequent to the ending of the hedging relationship are recorded in equity in their entirety. 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;

REFER TO THE GLOSSARY ON PAGE 1064 FOR THE DEFINITION OF TECHNICAL TERMS.