February 22, 2018

The Crédit Mutuel CM11 Group[1] in 2017:
a federal alliance with strong results,
a multi-services approach that combines digital and human

Results for the year ended December 31, 2017[2]

Excellent operational performance	**Net banking income**	€14 bn **+4.2%**	**Net income**	€2.4 bn* **-10.5%**
	Operating income	€4.7 bn **+8.5%**	of which attributable to the owners of the company	€2.2 bn
	Cost/income ratio	**60.4%** (-130 bp)	** after extraordinary corporation surtax of €296 m*	
Strong sales growth	**Loans**	€344.9 bn **+5.3%**	**Insurance and services**	
	Total savings	€561.3 bn **+5.2%**	Number of insurance policies	29.6 million **+3.5%**
	of which, bank deposits	€288.5 bn **+4.8%**	Number of mobile phone customers	1.667 million **+100,000**
	of which, financial insurance savings	€81.5 bn **+2.5%**	Number of remote surveillance subscribers	446,400 **+7.6%**
	of which, bank savings products	€191.3 bn **+7.0%**	Number of real estate sales under contract	9,904 **+1,100**
Stronger financial position	**CET1 ratio** *(excluding transitional provisions)*	16.5% **+150 bp**	**Shareholders' equity**	€41 bn **+€1.4 bn**
	Rate of allocation to reserve[(3)]	97%		
Number of customers	24.3 million	**+2.3%**	+556,359 customers	

[1] *The Crédit Mutuel CM11 Group refers to the consolidated scope of the following Crédit Mutuel mutual banks: Centre Est Europe, Sud-Est, Ile-de-France, Savoie-Mont Blanc, Midi-Atlantique, Loire-Atlantique et Centre-Ouest, Centre, Normandie, Dauphiné-Vivarais, Méditerranéen and Anjou, their common savings bank (Caisse Fédérale de Crédit Mutuel), Banque Fédérative du Crédit Mutuel (BFCM), and its main subsidiaries, including CIC, the ACM,, Targobank, Cofidis, BECM, CIC Iberbanco, Euro Information, etc.*

[2] *Changes in the interim income statement balances and customer outstandings are at constant scope*

[3] *2017 reinvestment on the basis of 2016 income*

At a time of intense competition and business transformation, the Crédit Mutuel CM11 Group again posted strong results despite an extraordinary corporate surtax.

Transformation of the business model

The world is changing, behaviors are evolving and new businesses are emerging. Thanks to its foresight and innovativeness, the Crédit Mutuel CM11 Group is a key player in this transformation. In a highly competitive environment marked by the development of digital technology, the emergence of neo-banks and the heavy tax burden, **the group is affirming its identity as a modern, high-tech, multi-services bank while remaining true to its commitment to "help and serve" and playing an active role in the regional economies.**

Impact of extraordinary surtax

In 2017, the Crédit Mutuel CM11 Group's net income fell by €296 million following the introduction of an extraordinary tax related to the invalidation of the tax on dividends. **Excluding this non-recurring expense, net income increased by €100 million (+3.8%). As evidence of its operational effectiveness, operating income rose by 8.5% to €4.7 billion. The cost/income ratio was 60.4%, an improvement of 130 basis points.** The networks, the backbone of the group, saw vibrant sales activity. Outstanding loans and savings deposits were up, the insurance business had a record year and the diversification of local services, driven by innovative products, enabled the group to best meet the needs of its 24.3 million customers.

Financial soundness

With a CET1 ratio of 16.5% (compared to 15.0% in 2016), the group confirmed the robustness of its financial structure. This was evidenced by the ratings maintained by Moody's, Fitch and Standard & Poor's, which had a favorable assessment of its business model, characterized by well-established bankinsurance franchises in France, a moderate risk appetite, strong capitalization and liquidity and an excellent ability to generate capital internally linked to a 97% rate of appropriation of profit, which was further strengthened by the delisting of CIC.

Digital and human

The strength of the decentralized cooperative model, the competence of the employees and directors, the training policy, the adaptability of the networks and the development of digital technology explain this performance, which was recognized on several occasions in 2017. Crédit Mutuel received the top prize in the banking sector at the BearingPoint TNS Sofres Podium de la Relation Client awards, it has the best image among French banks according to the Posternak/Ifop survey, and was named number one French bank by US magazine Global Finance and best French banking group by British magazine World Finance.

I. Major transformation of the business model: a diversification strategy across all the businesses

The transformation of its business model across all segments – individuals, business customers, farmers, associations, corporates and local authorities – is already well underway and is the Crédit Mutuel CM11 Group's number one goal. It is part of a multi-services strategy that focuses on the customer and the local economy.

1. A local multi-services bank rooted in the regions

The Crédit Mutuel CM11 Group offers a wide range of products tailored to the needs of individuals, business customers and associations under the Crédit Mutuel, CIC, CIC Iberbanco, Targobank and Cofidis brands. It combines an extensive people-oriented branch network of 4,000 points of sale with innovations that allow it to continuously build close relations with customers. **Such innovations include the launch in 2017 of a complete service that includes a current account, powerful remote services and a phone service subscription (under the Avantoo and CIC Mobile names). The "mobile first" strategy is in line with the group's "phygital" approach[1].** Crédit Mutuel's mobile apps have the best ratings for banks on Google Play.

The vibrant sales activity at the networks reflects this adaptation to today's new world. Outstanding loans to the "general public" (individuals, business customers, farmers and associations) in France stood at €201 billion (+3.6%) and savings deposits grew by 5.0% to €260.4 billion. The number of Crédit Mutuel and CIC network customers in France continues to rise and is close to 12 million.

Regardless of the distribution channels, the network accommodates the needs of its customers and regions and offers an extensive range of value-added services. **Advisers, who wear many hats in the customer relationship, also benefit from the flexibility of the organization, which gives them freedom to take action: 95% of loan decisions are made at the Crédit Mutuel branches.**

The same momentum is apparent at the subsidiaries. **In Germany, Targobank boosted its strategy in the retail market, posting a 4% increase in its market share in the consumer credit market and a 47% hike in new loans sold online and by phone.** With historical net income of €213 million (+13.9%), Cofidis recorded strong growth. In Spain, Targobank, a wholly-owned subsidiary of BFCM since June 2017, is undergoing a transformation by implementing a specialized sales network and has posted an increase in activity. In line with its development plan, CIC Iberbanco recorded strong sales results, demonstrating the relevance of the affinity model.

2. The insurance business: a record year driven by strong sales growth

With 29.6 million policies (+1 million) and €10.2 billion in premium income, the insurance business recorded its best results ever. **Excellent property and casualty insurance sales - auto insurance premium income passed the €1 billion mark for the first time, up 6.3% in France, and multi-risk home insurance premium income rose twice as fast as that of the market (+5%) - and the successful rebalancing in life insurance accounted for this growth**. As evidence of the network's ability to adapt, the introduction in April 2017 of a sales support tool along with an updated and improved product range enabled advisers to showcase personal protection insurance, resulting in a 4.9% increase in personal insurance premium income to €2.7 billion.

[1] *Physical and digital approach*

3. The business, private banking and corporate networks: expertise in support of the local economy

Corporate activities are carried out through Crédit Mutuel, CIC, Banque Européenne du Crédit Mutuel (BECM) and a number of specialized entities. The Crédit Mutuel CM11 Group serves nearly 225,000 businesses. It works on the ground alongside all those involved in the regional economy: MEs, SMEs, LMEs, ISEs and LEs[1] and **plays a leading role among business startups**. With €70.4 billion in outstanding business loans and a 40.5% penetration rate excluding holding companies, it is the bank of choice for two out of five businesses.

The corporate banking business (large accounts, specialized financing, international activities and foreign branches) managed €17.1 billion in outstanding loans (+4.6%) and €23 billion in savings deposits.

The private banking businesses[2] posted strong growth thanks to their expertise and customer relationship quality. In terms of activity, private banking saw an increase in loans of 5% to €18.6 billion, in deposits of 1.8% to €26.3 billion and in savings of 10.5% to €109.4. The year was also marked by the sale of the Singapore branch's private banking business line.

4. The Crédit Mutuel CM11 Group, a people-focused, socially responsible bank

The Crédit Mutuel CM11 Group also supports values. Its Social and Mutualist Responsibility (SRM) policy is in line with its genetic identity, which consists of democracy, proximity, local economic and social development, mutual assistance and solidarity.

Its numerous initiatives in 2017 included helping investors finance the energy transition and combat climate change, creating the CM-CIC Green Bonds fund in June 2017 and supporting more than 500 renewable energy financing projects for its business customers, individuals and farmers. As part of its investment strategy, **the group also decided to stop financing coal-fired power plants and coal mining operations.**

The Crédit Mutuel CM11 Group is committed to the environment and society and publishes on its websites its commitments in support of five sector policies: private banking, coal-fired power plants, defense, nuclear energy and mining.

The Crédit Mutuel CM11 Group has adopted a Sustainable and Responsible Purchasing Charter signed by all the group's suppliers to ensure long-term business relations with partners committed to respecting the principles of sustainable development. It also launched "Être éco-citoyen au travail" (Being environmentally responsible at work) to encourage employees to protect their environment.

In the area of consumer credit, the group has implemented a very strict credit extension policy that includes six specific rules based on respect for values and compliance with rules of professional ethics.

In terms of human resources, the year was also marked by the signing of agreements forming the common status for Crédit Mutuel and CIC employees. This major step forward took effect on January 1, 2018. It offers all employees easier career opportunities as well as improvement in the social framework related to family and retirement schemes. This common status strengthens the group's cohesion, promotes mobility and improves the situation of all employees.

The Crédit Mutuel CM11 Group allocated 6% of its payroll to training, enabling 77% of employees to participate in a training course (+6% compared to 2016).

[1] *Microenterprises, small and medium-sized enterprises, large and medium-sized enterprises, intermediate-sized enterprises, large enterprises.*
[2] *CIC Private Banking within retail banking + Banque de Luxembourg + Banque Transatlantique + CIC Suisse*

II. Technological transformation and continuation of the customer-focused multi-services strategy

A high-tech, people-oriented bank, the Crédit Mutuel CM11 Group's transformation is already well underway, thanks to its technological expertise, diversified services and innovativeness.

1. The Crédit Mutuel CM11 Group: a high-tech bank committed to serving its customers

The Crédit Mutuel CM11 Group has always been a high-tech bank whose strategy is built on innovation, standardization and decentralization of solutions to put technology within customers' reach.
Today, Crédit Mutuel's goal is to use digital tools to develop a community for the customers and members of each local bank and branch.

The group's major technological advances in 2017 included the continued implementation of Watson, the cognitive solution developed by IBM. This technology frees up the time spent by advisers on repetitive tasks (email analysis, virtual assistance in the internal document database), giving them more time to focus on value-added services for the customer. After being launched in the insurance and savings businesses, Watson will be extended to other areas of activity, such as consumer credit, in 2018. The creation of the "cognitive factory", which brings together group employees and experts from IBM, allows this technology to be continuously adapted to the needs of employees and customers.
The group also continues to improve the customer's digital experience by promoting a high level of interaction with advisers.

In 2017, the rollout of the fully digital consumer credit application process was finalized. Customers and members can simulate and quickly apply for a loan on the website or mobile app, upload their supporting documents, sign the offer remotely and release their funds, entirely on their own.

At Crédit Mutuel, technology is a social choice: it is not used to create a virtual and impersonal relationship; on the contrary, it allows an "augmented relationship" between advisers and their customers. It is the choice made by Crédit Mutuel: all the local banks and branches are fully responsible and all customers have a dedicated adviser whom they can contact by email, chat, videoconference... and, of course, meet with at the branch.

2. Diversification achieved while maintaining control over flows

The group also brings its modern approach and technological expertise to service activities - electronic payments, mobile phone service, remote surveillance and real estate - which enable the network to offer straightforward, innovative products.

In electronic payments, the group remains a leader in France and ranks third in terms of payment flows, with nearly 3 billion transactions. In 2017, it introduced the dynamic cryptogram card to secure online payments, developed applications to personalize bank cards and launched an IBAN verification solution using the SEPAmail.eu DIAMOND application. It was also the first group in France to use the SWIFT GPI services for payments in euros. In the digital wallet sector, it offers a powerful solution called Lyf Pay.

In terms of mobile phone service, Euro-Information Telecom (EIT) has consolidated its position as the leading French MVNO[1]. The only operator that combines mobile phone services (with a choice of three networks) with banking products and services, EIT ended the year with €467 million in revenue (+7%) and €34.7 million in net income, the highest it ever recorded.

In remote surveillance, Euro Protection Surveillance (EPS) has consolidated its position as France's leading provider of residential remote surveillance with a market share of approximately 31%.

[1] *Mobile virtual network operator.*

In the real estate sector, the group is the number one real estate agency for new properties in France (nearly 10,000 units under contract in 2017) thanks to its authorized advisers who are present across the country via the Crédit Mutuel branch network and CIC branches.

III. A new 2019-2023 Strategic Plan: transformation accelerated

The men and women at the Crédit Mutuel CM11 Group are committed to building a new strategic plan together and meeting the challenges of today's new world.

With the rollout of its “2015-2018 Customer Member Priority" plan, the Crédit Mutuel CM11 Group's digital transformation is already well underway and on a fast track. This plan, which signals the group's intention to make members and customers' needs its main focus, be in tune with new behaviors and offer a fluid and personalized relationship, is taking shape through the implementation of 250 projects. It represents an investment of 100,000 man-days and allows the networks to confirm their position as a local "phygital" bank that combines physical and digital for more effective service.

The group has launched a large-scale project that involves all its entities aimed at building its next 2019-2023 strategic plan **ensemble#nouveaumonde**, the content of which will be made public in late 2018. Strengthened by its diversity, close regional ties and respect for others, the new world Crédit Mutuel is looking towards the future while remaining committed to its founding values of liberty, solidarity and responsibility.

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Financial results

in € millions	2017	2016	change(1)
Net banking income	**14,009**	**13,302**	**+4.2%**
Operating expenses	(8,458)	(8,202)	+2.0%
Gross operating income	**5,551**	**5,100**	**+7.8%**
Net additions to/reversals from provisions for loan losses	(871)	(826)	+4.4%
Operating income	**4,680**	**4,273**	**+8.5%**
Net gains/losses on other assets and contributions by associates	(346)	(310)	+11.7%
Income before tax	**4,334**	**3,963**	**+8.3%**
Corporate income tax	(1,929)	(1,383)	+40.5%
Net gains/losses on discontinued operations	22	44	n.s.
Net income	**2,427**	**2,624**	**-10.5%**
Non-controlling interests	219	214	+1.8%
Net income attributable to owners of the company	**2,208**	**2,410**	**-11.6%**

(1) at constant scope - see methodology notes

Net banking income

In 2017, the Crédit Mutuel CM11 Group's net banking income increased by €700 million compared to 2016, reaching €14 billion (+4.2%). This growth was mainly achieved in the group's two core businesses, retail banking and insurance, which represent 80% of its net banking income.

The geographic breakdown of the Crédit Mutuel CM11 Group’s net banking income shows the extent to which its activities are concentrated in the French domestic market, which accounts for 78% of this income. The group generates 22% of its net banking income outside France, including 12% in Germany.

Net banking income from retail banking (€10 billion, 68% of the total) benefited from an increase in commission income received by the network, while the interest margin continued to decline. It was helped by the strong margin of the Cofidis subsidiary specializing in consumer credit.

In the insurance segment, a rise in the gross margin tied to continued strong activity and satisfactory underwriting income resulted in an 18.2% increase in net insurance income to €1.8 billion.

Operating expenses

The group's operating expenses rose to €8.5 billion, 2.0% higher than in 2016. They include the extraordinary impact of the media division's restructuring costs and the 29% increase in the contribution to the Single Resolution Fund.

The operating expenses of the operational divisions, excluding the effect of the change in scope, rose by 1.2% as a result of tight cost control. The cost/income ratio improved by 1.3 points to 60.4% which reflects these efforts against a backdrop of strong business development.

Gross operating income increased by 7.8% to €5.6 billion.

Net additions to/reversals from provisions for loan losses

Net additions to/reversals from provisions for loan losses stood at €871 million compared to €826 million in 2016, up 4.4% at constant scope (effect of the collective provision). The cost of risk as a percentage of customer loans remained stable at 0.24%.
Retail banking’s individual net additions to/reversals from provisions for loan losses represented 95% of the group's total cost of risk. They decreased by 5.1% and benefited from satisfactory risk management on the part of the Crédit Mutuel and CIC networks (-6.9%) and Targobank Spain (€34 million in 2017 versus €89 million in 2016).

The non-performing loan ratio was 3.3% at year-end 2017 compared to 4.0% in 2016 and the overall coverage rate for these loans was 59.7%.

- **Operating income**

The group's operating income rose by 8.5% to €4.7 billion in 2017 compared to €4.3 billion in 2016.

- **Income before tax**

After recognition of the capital loss on the Banco Popular shares following its sale to Santander in June at the decision of the Single Resolution Board (net impact of €121 million after tax) and the impairment of the equity-accounted value of the shares of BMCE Bank of Africa (BMCE) at market price (€175 million), income before tax rose to €4.3 billion in 2017, up 8.3% over 2016.

- **Net income**

Despite the increase in income before tax reflecting the group's operational performance, net income fell by 10.5% to €2.4 billion after the group was charged an extraordinary surtax of €296 million imposed on large companies to partly offset the unconstitutionality of the tax on dividends. On an equal tax basis in 2017, the group's total income would have been €2.7 billion, an increase of €100 million over 2016. Net income attributable to owners of the company was €2.2 billion (-11.6%).
The group's tax expense was €1.9 billion (€1.4 billion in 2016), for a record tax rate of 44.5%.

Financial structure

- **Liquidity and refinancing**

In 2017, the Crédit Mutuel CM11 Group was able to take advantage of particularly favorable refinancing terms on the markets. In addition to international investors' very positive view of our group, the largely accommodating policy of the European Central Bank (ECB) favored issuers.

All in all, the external funding raised on the markets totaled €132.1 billion at end-December 2017, virtually the same as the previous year (€132.8 billion) and the short-term/medium-to-long-term portion stood at 36%/64%.

The Crédit Mutuel CM11 Group's liquidity position at the end of December 2017 was very strong:

- the LCR (*liquidity coverage ratio*) was 131%;
- high-quality liquid assets held by the central treasury rose to €65 billion at the end of 2017, more than 75% of which were deposits with the ECB, a sign of particularly prudent management;
- 180% of our wholesale funding maturing in 12 months is covered by liquid, ECB-eligible assets held by the group's treasury.

Medium- and long-term funding totaled €85 billion at the end of 2017 (including the 2016 TLTRO drawdowns - Targeted Long-Term Refinancing Operations) compared to €84 billion at the end of 2016.

Throughout 2017, €15.2 billion was raised, including €9.7 billion (63.8%) in the form of public issues and the rest in the form of private placements.

The public issues break down as follows:

- €2.5 billion issued by BFCM in euros in the form of senior EMTN;
- €1.0 billion (equivalent) in Swiss francs and pounds sterling;
- €3.1 billion (equivalent) raised through U.S. Rule 144A and Samurai;
- €1.0 billion as Tier 2 subordinated debt;
- €2.0 billion issued in the form of housing bonds by CM-CIC Home Loan SFH.

In 2017, the group completed the second drawdown on the SME/ISE (intermediate-sized enterprises) lending package offered by the European Investment Bank (EIB) in an amount of €250 million over 7 years. Other areas of cooperation such as EIB funding in the renewable energies sector and the SME guarantee packages (InnovFin) resulting from the "Juncker Plan" sponsored by the European Commission are also being reviewed.

Short-term funding totaled €47.2 billion, a significant portion of which is from issues in pounds sterling (27%) and US dollars (8%) in addition to the money market funding raised in euros.

- **Surplus of stable resources**

The Crédit Mutuel CM11 Group had a net stable funding surplus of €36.5 billion. This situation results from a policy that has focused for several years on strengthening deposits and extending the maturity of market debt.

- **Capital adequacy**

At December 31, 2017, the Crédit Mutuel CM11 Group's shareholders' equity totaled €41 billion compared to €39.6 billion at end-2016 as a result of the appropriation of a large portion of its net income.

The group's risk-weighted assets amounted to €198.4 billion at end-December 2017 versus €207.1 billion at end-December 2016 and credit risk accounted for nearly 90%. CET1 capital[1], which was €32.6 billion at end-2017, increased by 5% over one year.

The Common Equity Tier 1 (CET1) ratio was 16.5%[1] at the end of 2017, up 1.5 points compared to December 31, 2016 as a result of the net income carried forward and the decrease in risk-weighted assets. The overall capital adequacy ratio[1] was 19.9%.

The leverage ratio[1] was 5.9%.

With regard to the application of IFRS 9, the first-time application on January 1, 2018 is expected to have a limited impact of 15 basis points[2] on the CET1 ratio.

- **Rating[3]**

The Crédit Mutuel CM11 Group's ratings at the end of 2017 are shown in the following table. They compare favorably to those of other French and European companies.

	Standard & Poor's	Moody's	Fitch Ratings
Long-term rating	A	Aa3	A+
Short-term	A-1	P-1	F1
Outlook	*Stable*	*Stable*	*Stable*

During the year, all three agencies – Standard & Poor's, Moody's and Fitch – confirmed the Crédit Mutuel CM11 Group's short-term and long-term ratings.

The main factors cited by the agencies to justify the Group's stability and ratings are as follows:

- a solid franchise in retail bankinsurance in France,
- a relatively low risk appetite,
- strong capitalization and liquidity,
- a strong ability to generate capital internally.

[1] *Excluding transitional provisions.*
[2] *Internal assessment. Unaudited figure.*
[3] *Standard & Poor's: ratings for the Crédit Mutuel Group; Moody's and Fitch: ratings for the Crédit Mutuel CM11 Group.*

Significant events

On August 11, 2017, CIC's shares were delisted. CIC is now almost entirely owned by BFCM. Twenty years after BFCM acquired most of its capital in April 1998, the CIC Group posted €1.288 billion in income in 2017. Its contribution to the Crédit Mutuel CM11 Group's income was €1.153 billion. Since its acquisition, core regulatory capital has increased from €3.0 billion to €12.7 billion at end-2017, the businesses have been streamlined and commercial and operational synergies have been created which benefit the entire Crédit Mutuel CM11 Group.

In 2017, the Crédit Mutuel CM11 Group and the Crédit Mutuel Nord Europe Group began the process of merging their life insurance and non-life insurance activities in France, Belgium and Luxembourg. In the coming weeks, this project will result in the takeover merger of Nord Europe Assurance SA (NEA), the insurance holding company of Crédit Mutuel Nord Europe, by Groupe des Assurances du Crédit Mutuel SA (GACM), immediately followed by the takeover merger of NEA's life insurance and non-life insurance subsidiaries (ACMN Vie and ACMN Iard) by GACM's life insurance and non-life insurance subsidiaries, respectively (ACM Vie SA and ACM Iard SA). This merger will help to simplify the business links between the two entities, consolidate the positioning of our insurance entities in France and Europe, facilitate compliance with regulatory requirements, optimize costs and increase flexibility, while strengthening the social foundation.

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Crédit Mutuel
Groupe CM11

The Crédit Mutuel CM11 Group's businesses and main subsidiaries

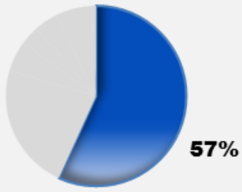
Crédit Mutuel CM11 Group

business lines' contribution to 2017 net profit

Retail banking

Retail banking networks

- Crédit Mutuel CM11
  - Caisse Fédérale de Crédit Mutuel
  - Crédit Mutuel's local cooperative banks
  - Cooperative organization
- CIC
  - CIC Ile de France
  - Regional banks
- Banque Européenne du Crédit Mutuel
- TARGOBANK In Germany
- CIC Iberbanco
- TARGOBANK In Spain

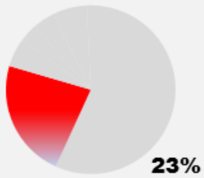


Specialized products and services

- Groupe Cofidis Participations
- Banque Casino
- CM-CIC Factor
- Factofrance / Targo Factoring
- CM-CIC Bail
- CM-CIC Lease
- CM-CIC Leasing Solutions / Targo Leasing
- CM-CIC Asset Management
- CM-CIC Epargne Salariale
- CM-CIC Immobilier
- CM - CIC Home Loan SFH

Insurance

- Groupe des Assurances du Crédit Mutuel



Specialized businesses

Corporate banking

- BFCM-CIC large corporate
- CIC specialized financing
- CIC international activities foreign branches

Capital markets

- CM- CIC Marchés

Private banking

- Banque de Luxembourg
- Banque Transatlantique France, Luxembourg, Belgique
- CIC Suisse

Private equity

- CM-CIC Investissement

IT, logistics and media

- Euro Information
- EI Telecom
- Euro Protection Surveillance
- LYF PAY
- GIE CM-CIC Services
- GIE CM-CIC Titres
- Press

Results by business

Retail banking and insurance, the core business

Retail banking

in € millions	2017	2016 adjusted(1)	change(2)
Net banking income	**10,031**	**9,666**	**+1.9%**
Operating expenses	(6,327)	(6,177)	+0.3%
Gross operating income	**3,704**	**3,489**	**+4.7%**
Net additions to/reversals from provisions for loan losses	(849)	(800)	+5.0%
Operating income	**2,855**	**2,689**	**+4.6%**
Net gains/losses on other assets and contributions by associates	(7)	2	n.s.
Income before tax	**2,849**	**2,691**	**+4.3%**
Corporate income tax	(996)	(969)	+3.4%
Net income	**1,853**	**1,722**	**+4.8%**

(1) *see methodology notes*

(2) *at constant scope - see methodology notes*

This business encompasses the Crédit Mutuel local cooperative banks, the CIC network, Banque Européenne du Crédit Mutuel, CIC Iberbanco, Targobank in Germany and Spain, the Cofidis Participations Group, Banque Casino and all the specialized businesses whose product marketing is performed by the branch networks: equipment leasing and leasing with purchase option, real estate leasing, vendor credit, factoring, fund management, employee savings and real estate sales.

The branch networks and business subsidiaries in this segment are at the heart of the customer relationship and implement the group's priorities in terms of supporting the development of all customers and transforming the customer experience.

In terms of activity, deposit-taking rose by 5% with deposits totaling €253.9 billion at the end of 2017 and outstanding loans grew at a similar rate of 5.2% to €308.1 billion.

Net banking income from retail banking accounted for 68% of the group's total net banking income. In 2017, it increased by 1.9% at constant scope, and was negatively impacted by the decrease in the interest margin as a result of low interest rates and renegotiations and early repayments of real estate loans. However, commission income rose by 6.5%, illustrating the transition to a commission-generating diversification model.

Retail banking revenue for all of 2017 included €321 million in net banking income from the General Electric factoring and leasing businesses in France and Germany acquired in July 2016.

Operating costs were very tightly controlled. At constant scope, they were virtually unchanged, up +0.3% to €6.327 billion. Gross operating income rose by 4.7% to €3.704 billion and retail banking's cost/income ratio improved by 0.8 point to 63.1%.

Net additions to/reversals from provisions for loan losses increased by 5% to €849 million. This reflects an increase in collective provisions calculated on the basis of statistical parameters (+€82 million) and a €42 million decrease in individual net additions to/reversals from provisions for loan losses (-5.1%). Retail banking's individual net additions to/reversals from provisions for loan losses represented a mere 0.25% of outstanding loans in 2017 (0.28% in 2016).

Income before tax increased by 4.3% to €2.849 billion.

After deducting the tax expense, retail banking's net income was €1.853 billion in 2017 compared to €1.722 billion in 2016.

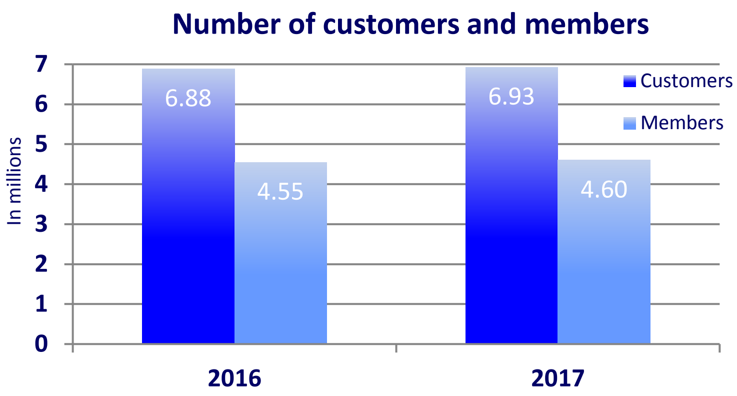
Branch networks

- **Crédit Mutuel bankinsurance branch network**

The Crédit Mutuel bankinsurance branch network, also called the regulatory scope, consists of 1,981 points of sale that serve 6.9 million customers and members, 88% of whom are private individuals. The increase in the number of customers (+0.4%) was particularly significant this year for business customers (+2.7%) and associations (+3.3%).

The number of members reached 4.6 million. This means that nearly 81% of customers are able to actively participate in decisions affecting their local Crédit Mutuel cooperative bank, particularly at shareholders' meetings.

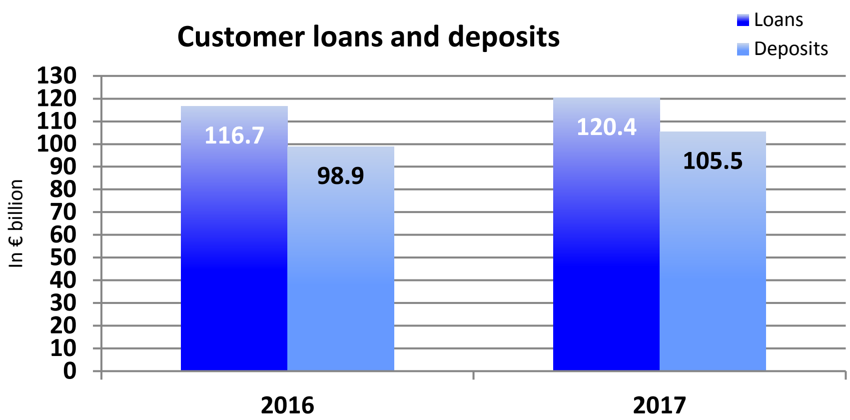
Crédit Mutuel bankinsurance network



The Crédit Mutuel network managed €120.4 billion in outstanding loans at end-2017, a 3.2% increase over 2016. Home loans (€91.6 billion) accounted for 76% of outstanding loans and grew by 3.4%. Investment loans to business customers and companies also grew by 3.5%, reaching €19.7 billion at year-end.

Managed savings totaled €151.4 billion at the end of 2017, up 5.2%. Deposits were particularly high for demand accounts (+14.4% to €28.7 billion) and passbook accounts (+8.5% at €40.5 billion). Life insurance outstandings for Crédit Mutuel's network customers totaled €37.1 billion at the end of 2017, a 3.1% increase that resulted mainly from multi-investment contracts.

Crédit Mutuel bankinsurance network



In terms of services, growth continued with an increase in the number of insurance policies (+3.1% to 9.45 million), mobile phone subscribers (+5.8% to 722,000) and remote surveillance subscriptions (nearly 152,000, +4.2% in one year).

The net banking income of the Crédit Mutuel network remained relatively stable in 2017 compared to 2016 (-0.5%) at €2.949 billion. The loss of margin caused by the drop in interest rates despite higher volumes was mostly offset by a +9.4% rise in commission income, which accounted for nearly 49% of net banking income, a 4.4 points increase.

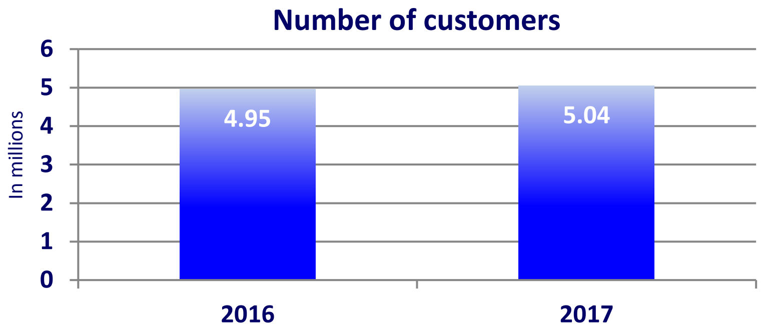
Operating expenses were controlled and increased slightly by 0.4% to €2.107 billion.

Net additions to/reversals from provisions for loan losses rose by €7 million as a result of the sharp increase in collective provisions (+€25 million), while provisions for individual risk decreased (-€18 million), confirming the loan quality. Net income fell 10% to €468 million.

- **CIC bankinsurance network**

The bankinsurance network is CIC's core business. At December 31, 2017, it consisted of 1,941 branches, including those of CIC's network in the Paris area and the five regional banks (CIC Lyonnaise de Banque, CIC Est, CIC Nord Ouest, CIC Ouest and CIC Sud Ouest). The 5 million customer mark (4.1 million, or 81%, of whom are individuals) was passed in 2017, for a 1.9% increase over one year.

CIC bankinsurance network



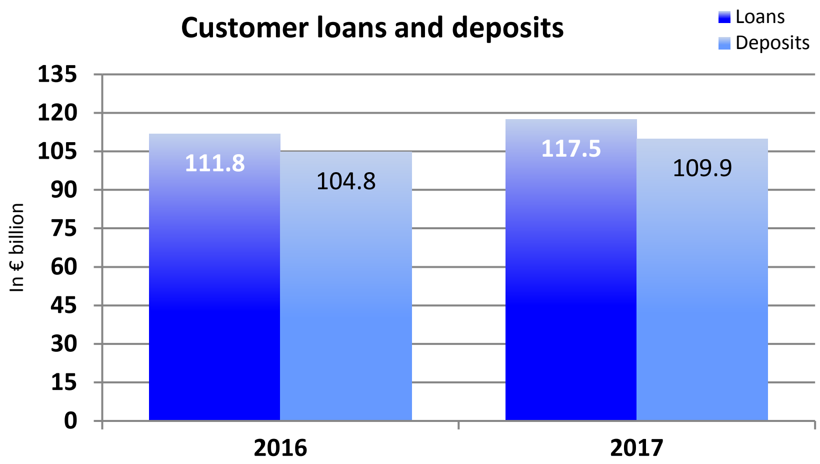
Outstanding customer loans grew by 5.1% to €117.5 billion. The increase in outstanding loans was driven by a rise in home loans (up €2.9 billion, or +4.4%, to €69.1 billion) and investment loans (up €2.6 billion, or +8.7%, to €32.8 billion).

At €109.9 billion, customer deposits rose by more than €5 billion, driven mainly by current accounts (+€6.9 billion) which benefited from low interest rates on savings and passbook accounts (+€2.4 billion), while deposits at market rates decreased.

In terms of services, CIC network customers had 10.2 million property and casualty insurance policies (+6.4%), 470,000 telephone lines (+5%) and 98,700 remote surveillance contracts (+8%).

In 2017, demand for credit in CIC's corporate network was particularly high. New investment loans increased by 12% and the overall commitments of the corporate network were up 6.1%. Companies can rely on the expertise of business specialists, a branch network, representative offices and the group's presence in Germany and Spain for international assistance. They can also take advantage of highly secure solutions to manage their transactions.

CIC bankinsurance network



Net banking income (€3.367 billion) was up 2.6%, as the slight downturn in the margin (-0.7%) was offset by a sharp increase in commission income (+€101 million, or +6.5%).

Operating expenses increased slightly by 1.1%, gross operating income rose by 5.3% to €1.214 billion and the cost/income ratio improved by 1 point to 63.9%.

After an increase in the cost of risk and a higher tax expense, the net income of CIC's bankinsurance network stood at €662 million, up 1.3% compared to 2016.

- **Banque Européenne du Crédit Mutuel (BECM)**

BECM is a largely decentralized human-scale network bank that caters to businesses and real estate professionals. With 408 employees and 51 branches, it is within close reach of its customers and has short decision-making processes. It conducts its business nationally and in Germany and covers the following markets and areas of activity:

- Small, medium and large companies, with appropriate targeting based on the regions to ensure that its services complement those of the Crédit Mutuel CM11 federations,
- financing of real estate development in France, primarily in the housing sector, and real estate companies in France and Germany,
- management of cash flows from large order-givers in the retail, transport and services sectors.

BECM works on a cross-functional basis with CIC's regional banks and on a subsidiary basis vis-à-vis Crédit Mutuel's branch network.

It offers its business customers advanced technical expertise in investment financing and services to support their strategy. For large operators in the real estate market, it focuses and synthesizes the group's know-how in coordination with the group's retail banking networks and real estate subsidiaries. It also works with large German companies, including those with activities in France, and with the German subsidiaries of French groups. The teams based in Frankfurt, Düsseldorf, Stuttgart, Hamburg and Munich design personalized solutions tailored to the needs of German customers.

Measured in monthly average capital at end-December 2017, balance sheet lending grew by 11.8% to €14 billion.

Net banking income increased by 7% to €293.3 million. The financial margin was positively impacted by the increase in customer loan volumes and the decrease in interest rates on deposits.

Gross operating income rose by 7.6% to €200 million, with an improvement of 0.4 points in the cost/income ratio to a low of 31.8%.

Income before tax fell by 9.6% to €158.2 million and included net additions to/reversals from provisions for loan losses representing 0.30% of gross customer loans in annual average capital.

- **CIC Iberbanco**

With 176 employees working at 37 branches in France, CIC Iberbanco took on more than 9,200 new customers in 2017, thereby increasing its customer portfolio by 8.2% to 53,600.

Deposits rose by 13.3% to €683 million. Outstanding loans grew by 18% to €913 million.

Property and casualty insurance (20% increase in the total number of policies to 45,700 at end-2017) and mobile phone service (13% increase in the number of subscribers to 6,130 at end-2017) posted very significant growth.

This strong sales growth demonstrates the relevance of the bank's targeted affinity model; net banking income totaled €30.7 million in 2017 and net income stood at €4.5 million.

CIC Iberbanco continued to implement its development plan with the opening of three new branches: Sainte-Geneviève-des-Bois, Le Raincy and Montesson. Three additional branches in Aix-en-Provence, Lyon and Sucy-en-Brie are planned for 2018.

- **Targobank in Germany**

In the retail market, Targobank pursued and boosted the initiatives undertaken in January 2016 as part of its "Targobank 2020" medium-term plan.

The bank's market share in the consumer credit market, which fell by 5% between 2013 and 2015, continued to grow. After increasing by 5% in 2016, it grew by 4% in 2017, confirming the robust momentum that has been built.

The total amount of new lending (excluding vendor credit), at €2.8 billion in 2015 and then €3.4 billion in 2016 (24%), further increased by 18% in 2017, passing the €4 billion mark for the first time.

As a result, outstanding loans increased by more than €1.2 billion over 12 months, reaching €13.4 billion at the end of 2017.

Growth in loans issued online and by phone was particularly strong: the distance selling channels increased by 47% and now represent one-fourth of new lending.

That said, sales of new loans by the physical channels (branches and mobile advisers) also remained strong, increasing by 8%.

New auto loans sold online and through a network of partner dealers stood at €400 million, a 39% increase over 2016.

Customer deposits also grew by nearly €1.5 billion in 2017, reaching €14.6 billion at year-end. Favorable market conditions and the growing success of the "Plus-Dépôt" offering launched in 2016 contributed to a €787 million increase in financial savings, which came to €11.3 billion at the end of the year.

In the corporate market, the range of products designed for business customers was enhanced in mid-October 2017 with the launch of the product line developed for microenterprises and SMEs. Sold by a dozen or so branches in a first phase, the line will gradually be rolled out across the network in 2018.

In addition, the transfer to Targobank of General Electric's German factoring and leasing businesses initially acquired by BFCM in 2016 was finalized in the summer of 2017. These businesses, which had already been managed operationally by the Targobank teams since July 20, 2016, were migrated to the group's computer systems in the last quarter of 2017.

The sales activity of these businesses benefited from the first concrete synergies with Targobank, particularly in terms of refinancing.

The net banking income of Targobank's branch network rose by 2.3% to €1.433 billion and profited from the significant increase in loan volumes, which offset the effects of the fall in interest rates.

Thanks to the productivity gains realized by the bank, operating expenses were down 1.7% to €783 million.

After the impact of net additions to/reversals from provisions for loan losses - *which increased in line with the growth in outstanding loans* - and the tax expense, the IFRS net income of Targobank's branch network was 4.2% higher than in 2016 at nearly €310 million.

- **Cofidis Participations Group**

The Cofidis Participations Group, which is 70.6%-owned, markets and manages an extensive line of financial services such as consumer credit, payment solutions and banking services (current accounts, savings, online trading and investments).

It has three brands specializing in the marketing of financial products and services:

- Cofidis, a European online credit and auto loan specialist based in France, Belgium, Italy, Spain, Portugal, Czech Republic, Hungary, Slovakia and Poland;
- Monabanq, an online bank; and
- Créatis, a loan consolidation specialist.

Amid an upturn in consumer credit, sales development was strong in 2017 thanks in particular to growth in auto loans, vendor credit and partnerships in Spain and Italy. Another favorable factor was the increase in personal loans and repurchases, even if the group continues to invest in revolving credit.

The Cofidis Group's outstanding customer loans totaled €10.9 billion at the end of 2017 (+8%).

Net banking income rose by 3.6% to €1.261 billion and the contribution to the group's net income in 2017 was €213 million, up 13.9%.

- **Targobank in Spain**

In 2017, BFCM acquired full control of Targobank Spain (from 51% to 100% of the share capital), an operation that included a €150 million capital increase. This change in governance follows the change in management that took place in 2016.

An all-purpose bank with 132 branches located in Spain’s main centers of economic activity, Targobank in Spain has nearly 121,000 customers, most of whom are private individuals.

Gross customer loans increased significantly to €2.35 billion at end-2017 and customer deposits totaled nearly €2 billion, down 2.8% over one year.

The sales efforts at the branches resulted in an increase in the number of active customers and an improvement in data quality. In addition, 2017 was the first transition year in the specialization of the sales network (general public/businesses/large companies), the benefits of which are expected in the second half of 2017 once implementation is complete.

The work related to adjusting the provisions in the first half of the year, in line with the previous year's efforts, had a major impact but resulted in a significant improvement in the coverage rate. It was the main reason for the loss during the year, which nevertheless saw an increase in sales activity:

- Net banking income was €42.9 million, up nearly 41% compared to 2016.
- The bank recorded a net loss for the year of €67.8 million after a loss of €61 million in the first half of the year (impact of the adjustment of the provisions), which demonstrates the improvement currently underway.

Network support businesses

These comprise the specialized subsidiaries that market their products through their own channels and/or through the Crédit Mutuel CM11 Group's local mutual banks and branches: consumer credit, factoring and receivables management, leasing, fund management and employee savings.

- **Factoring and receivables management in France**

The factoring business in France is built around CM-CIC Factor, the Crédit Mutuel CM11 Group's long-time customer receivables financing and management specialist, and Factofrance and Cofacrédit, two companies acquired from General Electric in July 2016.

At December 31, 2017, these entities together represented more than 20% of the French market, namely:

- approximately €68 billion in receivables bought (+2.4% in 2017);
- €14 billion in export revenues (+4.7% in 2017);
- gross outstandings at end-December of €11.7 billion (+14.3% in 2017).

After commissions paid to the networks, the contribution of CM-CIC Factor, Factofrance and Cofacrédit to the group's consolidated net income for all of 2017 was €28.2 million.

Leasing in France

CM-CIC Bail and CM-CIC Leasing Solutions

In a favorable environment and at a time when the choice is often made to use equipment rather than own it, CM-CIC Bail continued to grow at a rapid pace in 2017, particularly in the auto financing market.

New business totaled €4.2 billion, up +0.6% over 2016. Nearly 113,000 leases were arranged to meet the investment needs of corporates, business customers, self-employed professionals and individuals.

The increase in outstanding leases, which reached €7.7 billion (+€469 million) and the diversification of our products and services allowed us to keep profitability high.

CM-CIC Bail and CM-CIC Leasing Solutions continued to grow, with a volume of new business that passed the €5 billion mark, including €1 billion internationally. In France, activity in the networks was brisk: new leasing operations rose 2.8% and the volume of contracts not yet started was up 14.5%.

The cumulative net banking income of both companies was €144.5 million but remains under pressure: the decrease in margins was not offset by the increase in volumes and additional income.

The commissions paid to the networks continued to rise despite the decrease in margins.

Net income was €77.2 million and was significantly impacted by the reversals of deferred tax provisions.

CM-CIC Lease

By gradually expanding its production to include all the group's networks, the real estate leases managed by CM-CIC Lease increased by 2.5% to €4.6 billion.

The contribution of CM-CIC Lease to consolidated net income was €12.6 million after commissions paid to the networks.

Factoring and leasing in Germany

The factoring and leasing businesses acquired in 2016 by the Crédit Mutuel CM11 Group were integrated into its Targobank subsidiary and operate under the TARGO Factoring and TARGO Leasing names.

New leasing contracts rose from €379 million in 2016 to €453 million in 2017, an increase of 20%.

In the factoring segment, the volume of receivables purchased was €47.5 billion in 2017 compared to €44.9 billion in 2016.

Nevertheless, the results of the factoring business suffered from the decrease in the interest margin. On the other hand, the results of the leasing business benefited from higher resale values than the residual values recognized and lower-than-expected payroll costs and net additions to/reversals from provisions for loan losses.

Recurring income before tax was therefore €41.3 million (€36.2 million for factoring and €5.1 million for leasing), despite migration costs estimated at €3.3 million.

Fund management and employee savings

CM-CIC Asset Management

CM-CIC Asset Management (CM-CIC AM) is the Crédit Mutuel CM11 Group's asset management specialist and was the fifth largest asset management company in the French market at end-2017[1]. CM-CIC AM continued to grow in 2017 in an environment that varied depending on the asset classes sold by all its distribution networks.

At December 31, 2017, CM-CIC AM had €63 billion in assets under management, which represents a 7.46% market share among asset management companies that are subsidiaries of banks[1]. It had €252.3 million in revenue, up sharply by +9% compared to 2016.

In addition to this, the managed assets of its subsidiary, the CM-CIC Gestion portfolio company, rose by nearly 13% to €11.7 billion.

The quality of CM-CIC AM’s management was recognized in 2017:

[1] *Source: Six Financial Information France*

- The range of diversified funds was awarded for the second straight year: "Le Revenu" Gold Medal for best range of three-year diversified funds and Corbeilles "Mieux Vivre Votre Argent" for best range of five-year diversified funds.
- "Le Revenu" Gold Medal for best range of three-year international bond funds.
- For the third consecutive year, the "Mieux Vivre Votre Argent" "Performance" labels were awarded to the Europe Growth and CM-CIC Dynamique International funds.

The contribution to consolidated net income was €2.3 million after most of the commission income received was paid to the group’s distributing entities.

CM-CIC Epargne Salariale

Assets managed by CM-CIC Epargne Salariale (CM-CIC ES) grew by 5% to €8.2 billion at December 31, 2017. 54,918 corporate customers entrusted their employee savings to CM-CIC ES.

The contribution to consolidated net income was €4.7 million after compensation was paid to the networks.

- **Real estate**

The CM-CIC Immobilier subsidiary develops building sites and housing units through CM-CIC Aménagement Foncier, ATARAXIA Promotion and CM-CIC Réalisations Immobilières (SOFEDIM). It sells new housing units through CM-CIC Agence Immobilière (AFEDIM) and manages housing units on behalf of investors through CM-CIC Gestion Immobilière. It also participates in financing rounds related to real estate development transactions through CM-CIC Participations Immobilières.

CM-CIC Agence Immobilière symbolizes the diverse range of products offered by the group to its customers, putting 9,904 housing units under contract in 2017, up 13% (+1,100) from 2016. It is France's leading agency for new properties.

CM-CIC Gestion Immobilière obtained 4,534 ZENINVEST management mandates and 53% of purchasers via CM-CIC Agence Immobilière signed a management mandate within the group.

In 2017, CM-CIC Aménagement Foncier put 976 building lots under contract and, in terms of real estate development, ATARAXIA Promotion put 518 housing units under contract.

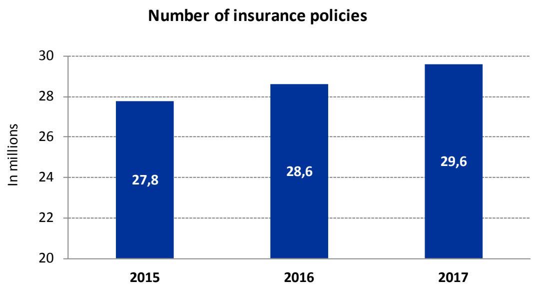
The contribution to consolidated net income was €5.6 million after commission income was paid to the network.

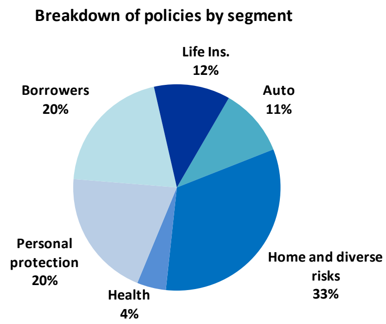
Insurance

in € millions	2017	2016	change
Net insurance income	**1,764**	**1,491**	**+18.2%**
Operating expenses	(521)	(498)	+4.7%
Operating income	**1,242**	**994**	**+25.0%**
Net gains/losses on other assets and contributions by associates	31	45	-30.9%
Income before tax	**1,273**	**1,039**	**+22.6%**
Corporate income tax	(532)	(306)	+73.5%
Net income	**742**	**733**	**+1.3%**

Crédit Mutuel created and developed bankinsurance in 1971. This longstanding experience enables the activity, carried out through Groupe des Assurances du Crédit Mutuel (GACM), to be fully integrated into the Crédit Mutuel CM11 Group at both the sales and technical levels.

The Crédit Mutuel CM11 Group's insurance business serves 10.7 million holders (+3.5%) of 29.6 million policies.





GACM's total revenue of €10.2 billion reflects the high volume of sales of property and casualty insurance policies and the successful repositioning in life insurance.

The 5.2% decrease in total premium income compared to 2016 obscures the fact that property and casualty insurance premiums rose by 5.2% (€4.6 billion in revenue), a much higher rate than the market.

Revenue breakdown:

In € millions	2017	2016	Change
Property insurance	**€1.850 bn**	**€1.751 bn**	***5,6%***
Of which auto	*€1.014 bn*	*€948 m*	*7,1%*
Personal insurance	**€2.728 bn**	**€2.601 bn**	***4,9%***
Of which borrowers	*€1.370 bn*	*€1.311 bn*	*4,5%*
Subtotal Property and casualty insurance	**€4.578 bn**	**€4.352 bn**	***5,2%***
Life insurance	**€5.493 bn**	**€6.287 bn**	***-12,6%***
Other	**€142 m**	**€138 m**	***2,7%***
Total Consolidated premium income	**€10.213 bn**	**€10.778 bn**	***-5,2%***

Gross premium income from *life insurance and insurance-based savings products* was €5.5 billion, down 12.6% (-1.8% for the market) compared to 2016. This decline resulted from the strategy adopted by GACM to limit inflows in euros given the current environment of persistently low interest rates. The shift toward more unit-linked (UL) policies (25.9% in 2017), more than twice that of 2016, put inflows on a more even keel with the market (27.9%).

Although down significantly, net premium income remained positive.

Premium income from *property insurance* rose by 5.6% (2.4% for the market) to €1.9 billion as a result of two factors:

- a record number of auto policies (451,000) and homeowners policies (378,000),
- a downward trend in cancellation rates.

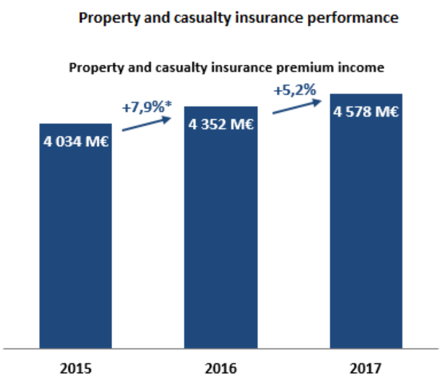
The auto and homeowners portfolios grew by 6.0% and 4.6%, respectively.

The product line aimed at business customers continued to be enhanced and improved in order to help the network offer insurance to a wider customer base. The property insurance and group health insurance portfolios continued to grow at a steady pace, reflecting the network's successful efforts to capture this market.

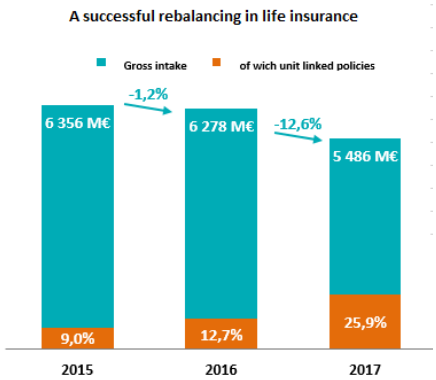
Premium income from *personal insurance* was €2.7 billion, up 4.9% (4.5% for the market).

Following the rollout in 2016 of the ANI (Accord National Interprofessionnel - national multi-sector agreement), the individual health insurance portfolio grew by 1.9% The particularly high cancellation rates in 2016 returned to more typical levels. Nevertheless, in a regulatory and market context that has changed significantly in recent years, a new health strategy is crucial to ensure continued growth in this market. A redesigned offering and a new sales support tool for the network will be introduced in the first half of 2018.

In personal protection insurance, 2017 marked the launch of various sales campaigns and the introduction of a dramatically improved sales tool to support the new accident insurance policy. New business increased by more than 23%, enabling the portfolio to grow by nearly 10%.



*Effect of new intrants Atlantis - AMGEN. Without this effect, +3,8% change



This significant growth was achieved without a decrease in underwriting income, which continued to rise, resulting in a significant increase in operating income.

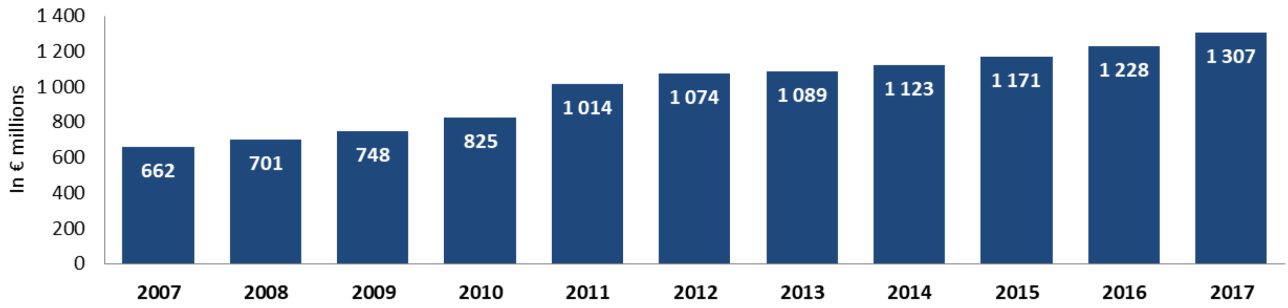
In life insurance, the interest rates paid were stable compared to 2016. The Provision for Dividends to Policyholders, set up in response to persistently low interest rates, received an additional allocation of €0.8 billion in 2017.

This enabled the insurance business to contribute €742 million to the Crédit Mutuel-CM11 Group's results, representing a slight rise compared to 2016 (+1.3%).

GACM's net income amounted to €754 million (+1.4%). This income takes into account additional provisions for borrower's insurance as a result of the annual cancellation that is now possible and the extraordinary corporation tax due for accounts closed at December 31, 2017. The corporation tax rate was increased to 44.43% and the tax expense was €532 million (€306 million in 2016), €135 million of which related to the extraordinary tax.

Commission payments to the distribution networks also rose (+6.5%) to €1.3 billion. Over the past 10 years, commissions generated by the insurance business have doubled.

Change in insurance commissions paid to the networks



Internationally, the Spanish market is GACM’s second largest market and accounted for 4% of insurance premium income (€405 million in premiums written, up 2.8%).

In Belgium, 2017 was marked by the launch of new auto and homeowners products in the Partners network in July 2017. At the end of October, these products were also rolled out at approximately 100 points of sale in the branch network of Beobank, the Belgian subsidiary of Crédit Mutuel Nord Europe (CMNE). At end-December, more than 1,600 policies had already been underwritten in this network.

At December 31, 2017, GACM’s shareholders’ equity totaled €10.2 billion, up 5% compared to 2016. GACM continues to have a sound balance sheet. This strength means it is well-equipped for the increasingly competitive, low interest-rate environment which will continue to put pressure on life insurance and on financial returns.

For all the areas of activity, GACM continuously improves its products and services to meet policyholders' growing requirements. Many services are now available on smartphone and online, such as auto and homeowners quotes and insurance claims.

Through a strategy based on the reassertion of its fundamentals, namely long-term customer support, GACM is underscoring the role of insurance as a commitment and a promise. To meet the challenges of the insurance market, offering a unique, high-quality customer experience is essential for attracting and retaining policyholders.

The overhaul of the borrower's insurance market illustrates these challenges and the ability of Assurances du Crédit Mutuel to offer policyholders exclusive, long-term commitments. By agreeing to maintain the medical approval for borrowers who are covered for their primary residence, GACM is the only company in the market that exempts policyholders from undergoing further medical examinations when applying for a new loan.

The specialized businesses

Corporate banking, capital markets, private banking and private equity round out the group's bankinsurance offering. These four businesses account for 10% of the group's net banking income and 20% of its net income.

Corporate banking

in € millions	2017	2016 adjusted(1)	change
Net banking income	**382**	**393**	**-2.7%**
Operating expenses	(109)	(106)	+2.4%
Gross operating income	**273**	**287**	**-4.7%**
Net additions to/reversals from provisions for loan losses	(19)	(22)	-13.6%
Income before tax	**254**	**265**	**-3.9%**
Corporate income tax	(75)	(97)	-22.6%
Net income	**179**	**168**	**+6.8%**

(1) *see methodology notes*

With its teams based in France or at its branches (London, New York, Singapore, Hong Kong), the corporate banking business line provides services to large corporate and institutional customers with a holistic approach to their requirements. It also supports the corporate networks' work on behalf of their major customers, and contributes to the development of international business and the implementation of specialized financing (acquisitions, assets, projects).

Net corporate banking customer loan outstandings stood at €17.1 billion, up 4.6%.
At €382 million, net banking income was down 2.7%, driven by negative interest rates and a 5.7% decrease in commission income.
Operating expenses rose by 2.4% to €109 million and included a contribution to the Single Resolution Fund that was €3 million more than last year.
Net additions to/reversals from provisions for loan losses totaled €19 million versus €22 million a year earlier, with a net reversal of collective provisions of €19 million compared to €15 million in 2016.
Income before tax stood at €254 million, down 3.9% from December 31, 2016.

Capital markets

in € millions	2017	2016 adjusted(1)	change
Net banking income	**383**	**412**	**-6.9%**
Operating expenses	(213)	(195)	+9.0%
Gross operating income	**171**	**217**	**-21.3%**
Net additions to/reversals from provisions for loan losses	8	3	n.s.
Income before tax	**179**	**220**	**-18.8%**
Corporate income tax	(67)	(72)	-8.2%
Net income	**112**	**148**	**-23.9%**

(1) *see methodology notes*

The Crédit Mutuel CM11 Group's capital markets activities are recorded on CIC's balance sheet. They include the investment in fixed-income, equities and credit business line and the commercial activity (CM-CIC Market Solutions) in France and at the New York and Singapore branches.

The capital markets division generated net banking income of €383 million, down 6.9% from 2016.

Most of the profit from commercial transactions is allocated to the operating account of the entities that monitor customers, as is the case with the other network support businesses. In 2017, the group supported the development of numerous companies in the markets, completing 36 operations in the primary bond market and 13 in the primary equity market.

CIC offers customers its investment expertise through the AIFM Cigogne fund, which has more than €3 billion in assets under management.

The 9% increase in operating expenses was due in part to a Single Resolution Fund contribution charged to this business line, which was over €7 million more than the previous year.

Income before tax amounted to €179 million versus €220 million the previous year.

Private banking

in € millions	2017	2016	change[1]
Net banking income	**509**	**512**	**+6.1%**
Operating expenses	(353)	(367)	+6.2%
Gross operating income	**155**	**145**	**+5.8%**
Net additions to/reversals from provisions for loan losses	(5)	(4)	+47.8%
Operating income	**150**	**142**	**+4.8%**
Net gains/losses on other assets and contributions by associates	4	7	-46.4%
Income before tax	**154**	**149**	**+2.3%**
Corporate income tax	(35)	(32)	+10.5%
Net gains/losses on discontinued operations	22	(22)	-100.0%
Net income	**141**	**95**	**+23.3%**

[1] at constant scope - see methodology notes

The companies that make up this business line operate both in France through CIC Banque Transatlantique and abroad through the Banque de Luxembourg, Banque CIC Suisse, Banque Transatlantique Luxembourg, Banque Transatlantique Belgium and Banque Transatlantique London subsidiaries and branches.

Private banking deposits held steady at €19 billion (-0.4% compared to December 31, 2016). Outstanding loans totaled €11.6 billion (+2.3%). Customer funds invested in savings products amounted to €93.6 billion (+10.2%).

Net banking income totaled €509 billion, an increase of 6.1%. Commission income rose by 5.5% and other components of net banking income (net interest margin and other components) by an average of 6.7%.

Operating expenses totaled €353 million (+6.2%).

Net additions to/reversals from provisions for loan losses totaled €5 million compared to €4 million the previous year.

Income before tax came to €154 million (€149 million in 2016, including a €10 million capital gain on the sale of a building), up 2.3% before taking into account at December 31, 2017 net profit on discontinued operations, i.e. €22 million in 2017 (sale of the Singapore and Hong Kong private banking activities). In 2016, the loss on divested activities was €22 million.

These results do not include those of the CIC Banque Privée branches in France, which are integrated into the CIC banks to serve mainly the senior executives customer segment. Recurring income before tax of the CIC Private Banking branches remained stable at €94.6 million (-0.7%).

Private equity

in € millions	2017	2016	change
Net banking income	**259**	**195**	**+33.2%**
Operating expenses	(47)	(46)	+3.9%
Gross operating income	**212**	**149**	**+42.1%**
Income before tax	**212**	**149**	**+42.1%**
Corporate income tax	1	(0)	n.s.
Net income	**213**	**149**	**+43.4%**

This business activity is carried out by CM-CIC Investissement, which has its head office in Paris and offices in Lyon, Nantes, Lille, Bordeaux and Strasbourg, thereby ensuring close ties to customers, while gradually entering a phase of international development.

The group's own invested assets totaled €2.3 billion, including €668 million invested in 2017 by all the entities of the private equity division since the beginning of the year. The portfolio consists of 352 non-fund holdings, the vast majority of which are in companies that are customers of the group's networks. Funds managed on behalf of third parties totaled €205 million.

The private equity business performed well in 2017, reporting net banking income of €259 million at December 31, 2017 compared to €195 million in 2016, and income before tax of €212 million compared to €149 million a year earlier.

IT, logistics and media

in € millions	2017	2016	change
Net banking income	**1,609**	**1,421**	**+13.2%**
Operating expenses	(1,479)	(1,357)	+9.1%
Gross operating income	**129**	**64**	**n.s.**
Net additions to/reversals from provisions for loan losses	(8)	(5)	+60.2%
Operating income	**121**	**59**	**n.s.**
Net gains/losses on other assets and contributions by associates	(0)	15	n.s.
Income before tax	**121**	**74**	**+63.2%**
Corporate income tax	(98)	(67)	+45.8%
Net income	**23**	**7**	**n.s.**

This division comprises the group's IT companies, the logistics entities and the media business.

Net banking income for the IT, logistics and media activity, which rose by 13.2% to €1.609 billion, consisted of the sales margins of the IT, mobile phone and surveillance companies, revenue from the services provided by CM-CIC Services and the logistics subsidiaries of Targobank in Germany and Cofidis, and the media sales margin.

Operating expenses rose by 9.1% and included the IT work completed to improve the customer experience and develop new services and non-recurring expenses related to the current restructuring of the media division.

The segment's net income of €23 million is largely attributable to the poor performance of the media division, whereas the technological entities made a positive contribution to the group's net income.

Media activities: a segment undergoing transformation and restructuring

Following an in-depth audit, the Crédit Mutuel CM11 Group decided to fully assume its responsibility as a shareholder by launching a plan to transform and restructure its media activities (nine regional daily newspapers) with the goal of breaking even by 2020.

In 2017, the media companies recorded an operating loss of €36.8 million which, however, was an improvement of €4.4 million over 2016.

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The audit of the consolidated financial statements is underway. The audit report will be issued after finalization of the additional procedures required for publication of the annual financial report.

All financial communications are available at: www.bfcm.creditmutuel.fr and are published by Crédit Mutuel in accordance with the provisions of Article L. 451-1-2 of the French Monetary and Financial Code and Articles 222-1 et seq. of the General Regulation of the French Financial Markets Authority (Autorité des marchés financiers - AMF).

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Crédit Mutuel CM11 Group* Key figures**

(in € millions)	**Dec. 31, 2017**	**Dec. 31, 2016**
Financial structure and activity		
Total assets	619,199	609,756
Shareholders' equity *(including net income for the year before dividend pay-outs)*	40,990	39,587
Loans, including lease financing	344,942	329,958
Total savings	561,263	607,882
- of which customer deposits	288,532	276,195
- of which insurance-based savings	81,451	79,451
- of which financial savings (invested in savings products)	191,280	252,237
Key figures		
Employees, year-end *(group-controlled entities)*	69,670	69,514
Number of branches	4,527	4,587
Number of customers (in millions)	24.3	23.8
Key ratios		
Cost/income ratio	60.4%	61.7%
Net additions to/reversals from provisions for loan losses/gross operating income	15.7%	16.2%
Net income/average assets	0.4%	0.44%
Loans/deposits	119.6%	119.5%
Leverage ratio *(delegated act - excluding transitional provisions)*	5.9%	5.7%
CET1 ratio *(excluding transitional provisions)*	16.5%	15.0%

Financial results

(in € millions)	**Dec. 31, 2017**	**Dec. 31, 2016**
Net banking income	14,009	13,302
Operating expenses	-8,458	(8,202)
Gross operating income	5,551	5,100
Net additions to/reversals from provisions for loan losses	-871	(826)
Operating income	4,680	4,273
Net gains/losses on other assets	-346	(310)
Income before tax	4,334	3,963
Corporate income tax	-1,929	(1,383)
Net gains/losses on discontinued operations	22	44
Net income	2,427	2,624
Net income attributable to owners of the company	2,208	2,410

* consolidated results of the mutual banks of Crédit Mutuel Centre Est Europe, Sud-Est, Ile-de-France, Savoie-Mont Blanc, Midi-Atlantique, Loire-Atlantique et Centre-Ouest, Centre, Normandie, Dauphiné-Vivarais, Méditerranéen and Anjou, of their common savings bank, and of the Banque Fédérative du Crédit Mutuel and its main subsidiaries: GACM, BECM, IT, etc. including CIC, Targobank Germany, Targobank Spain, Cofidis, CIC Iberbanco.

** figures not approved by the boards

Methodology notes

1/ **Adjusted results at December 31, 2016:** minor changes were made to segment reporting in 2017:

- Custody (retail banking), central treasury (capital markets) and group subsidiaries (corporate banking) activities were grouped together and assigned to the "holding company services" business. 2016 adjusted results are therefore presented for these four businesses (retail banking, corporate banking, capital markets and holding company services) at December 31, 2017.
- The results of entities in which the group has non-controlling interests were moved from the retail banking business to the holding company services business in order to present under retail banking the results of the networks and subsidiaries over which the group has full management influence.

The 2016 adjusted results presented in 2017 are detailed below for the retail banking, corporate banking and capital markets businesses:

retail banking *(in € millions)*	2017	2016 reported (a)	*2016 adjustments (b)*	2016 adjusted* (a) + (b)
Interest margin	5,753	5,677	(28)	5,649
Commission income	4,105	3,766	37	3,804
Other components of net banking income	172	239	(26)	213
Net banking income	10,031	9,682	*(16)*	9,666
Operating expenses	(6,327)	(6,181)	4	(6,177)
Gross operating income	3,704	3,501	*(12)*	3,489
Net additions to/reversals from provisions for loan losses	(849)	(800)	-	(800)
Gains/losses on other assets & associates	(7)	(64)	66	2
Income before tax	2,849	2,637	*54*	2,691
Corporate income tax	(996)	(973)	5	(969)
Net income	1,853	1,663	*59*	1,722

* in 2017, reassignment of the custody activity, previously classified under retail banking, to holding company services and transfer of non-controlling interests to the holding company services segment

corporate banking *(in € millions)*	2017	2016 reported (a)	*2016 adjustments (b)*	2016 adjusted* (a) - (b)
Interest margin	297	288	19	306
Commission income	75	79	(0)	79
Other components of net banking income	10	8	(0)	8
Net banking income	382	375	*18*	393
Operating expenses	(109)	(108)	2	(106)
Gross operating income	273	267	*20*	287
Net additions to/reversals from provisions for loan losses	(19)	(22)	-	(22)
Gains/losses on other assets & associates	(0)	0	0	0
Income before tax	254	245	*20*	265
Corporate income tax	(75)	(90)	(7)	(97)
Net income	179	155	*13*	168

* in 2017, transfer of group subsidiaries to holding company services

capital markets *(in € millions)*	2017	2016 reported (a)	*2016 adjustments (b)*	2016 adjusted* (a) + (b)
Interest margin	(204)	(360)	245	(115)
Commission income	59	32	5	37
Other components of net banking income	528	760	(271)	490
Net banking income	383	433	*(21)*	412
Operating expenses	(213)	(223)	28	(195)
Gross operating income	171	209	*7*	217
Net additions to/reversals from provisions for loan losses	8	3	-	3
Gains/losses on other assets & associates	0	0	0	0
Income before tax	179	213	*7*	220
Corporate income tax	(67)	(72)	(1)	(72)
Net income	112	141	*6*	148

* in 2017, reassignment of the central treasury activity, previously classified under capital markets, to holding company services

2/ The **changes at constant scope** are calculated after:

- offsetting in 2016 and 2017 of the first-time consolidations of the factoring and leasing entities acquired from General Electric in France and Germany (retail banking segment).
- offsetting of the deconsolidation in 2017 of the CIC Singapore private banking activity.

These items are given in detail below in the intermediate management balances:

Crédit Mutuel CM11 Group	2017			2016			**changes 2017 / 2016**	
(in € millions)	reported	changes in scope to be adjusted	**at constant scope**	reported	changes in scope to be adjusted	**at constant scope**	gross	**at constant scope**
Interest margin	5,713	218	5,496	5,551	100	5,452	+2.9%	+0.8%
Commission income	3,512	103	3,409	3,256	56	3,201	+7.8%	+6.5%
Other components of net banking income	4,784	0	4,783	4,494	14	4,481	+6.4%	+6.8%
Net banking income	**14,009**	**321**	**13,688**	**13,302**	**169**	**13,133**	**+5.3%**	**+4.2%**
Operating expenses	-8458	-214	-8244	(8,202)	(118)	-8085	+3.1%	+2.0%
Gross operating income	**5,551**	**106**	**5,444**	**5,100**	**51**	**5,048**	**+8.8%**	**+7.8%**
Net additions to/reversals from provisions for loan losses	-871	-14	-857	(826)	-5	-821	+5.4%	+4.4%
Operating income	**4,680**	**92**	**4,587**	**4,273**	**46**	**4,227**	**+9.5%**	**+8.5%**
Gains/losses on other assets & associates	-346	0	-346	(310)	0	(310)	+11.7%	+11.7%
Income before tax	**4,334**	**92**	**4,241**	**3,963**	**46**	**3,917**	**+9.3%**	**+8.3%**
Corporate income tax	-1929	-8	-1921	(1,383)	-15	-1368	+39.5%	+40.5%
Net gains/losses on discontinued operations	22	22	0	44	-	44	n.s.	n.s.
Net income	**2,427**	**107**	**2,320**	**2,624**	**31**	**2,593**	**-7.5%**	**-10.5%**
Non-controlling interests	219	3	216	214	2	212	+2.3%	+1.8%
Net income attributable to owners of the company	**2,208**	**104**	**2,104**	**2,410**	**29**	**2,381**	**-8.4%**	**-11.6%**

Alternative performance indicators (API) – Article 223-1 of the General Regulation of the Autorité des Marchés Financiers (French financial markets authority - AMF) / ESMA guidelines (ESMA/20151415)

Name	Definition/calculation method	For the ratios, justification of use
operating ratio	ratio calculated from items of the consolidated income statement: ratio of general operating expenses (sum of items “general operating expenses” and “allocations/reversals of depreciation, amortization and provisions for property, plant and equipment and intangible assets” of the consolidated income statement) to “IFRS net banking income”	For the ratios, justification of use measure of the bank’s operational efficiency
total net additions to/reversals from provisions for customer loan losses as a percentage of outstanding loans (expressed in % or basis points).	net additions to/reversals from provisions for customer loan losses from Note 31 to the consolidated financial statements as a percentage of gross outstanding loans at the end of the period (loans and receivables due from customers excluding individual and collective impairment)	allows the level of risk to be assessed as a percentage of the balance-sheet credit commitments
total net additions to/reversals from provisions for customer loan losses	“net additions to/reversals from provisions for customer loan losses” item of the publishable consolidated income statement; by comparison with the individual net additions to/reversals from provisions for loan losses (definition in this table)	measures the risk level
individual net additions to/reversals from provisions for loan losses	total net additions to/reversals from provisions for loan losses excluding collective provisions (see definition in this table)	measures the risk level calculated on an individual basis
customer loans	“loans and receivables due from customers” item of the asset side of the consolidated balance sheet	measure of customer activity in terms of loans
customer deposits; bank deposits	“due to customers” item of the liabilities side of the consolidated balance sheet	measure of customer activity in terms of balance sheet deposits
insurance-based savings	life insurance products held by our customers - management data (insurance company)	measure of customer activity in terms of life insurance
bank savings products	off-balance sheet savings products held by our customers or under custody (securities accounts, mutual funds, etc.) management data (group entities)	representative measure of activity in terms of off-balance sheet funds (excluding life insurance)
total savings	sum of bank deposits, insurance-based savings and bank savings products	measure of customer activity in terms of savings
operating expenses, general operating expenses, management fees	sum of lines “general operating expenses” and “allocations/reversals of depreciation, amortization and provisions for property, plant and equipment and intangible assets”	measures the level of operating expenses
interest margin, net interest revenue, net interest income	calculated from items of the consolidated income statement: difference between the interest received and the interest paid: - interest received = "interest and similar income" item of the publishable consolidated income statement - interest paid = "interest and similar expenses" item of the publishable consolidated income statement	representative measure of profitability
loan production	amount of new loans released to customers - source management data, sum of individual data from entities of the “retail banking - branch network” segment + COFIDIS	measure of customer activity in terms of new loans
collective provisions	application of IAS 39 which provides for a collective examination of loans, in addition to the individual examination, and, if applicable, the creation of a corresponding collective provision (IAS 39 paragraphs 58-65 and application guidance AG 84-92)	measures the level of collective provisions
loan-to-deposit ratio	ratio calculated from items of the consolidated balance sheet: ratio expressed as a percentage of total customer loans (“loans and receivables due from customers” item of the asset side of the consolidated balance sheet) to customer deposits (“due to customers” item of the liabilities side of the consolidated balance sheet)	measure of the dependency on external refinancing
overall non-performing loan coverage ratio	determined by calculating the ratio of provisions for credit risk (including collective provisions) to the gross outstandings identified as in default within the meaning of the regulations; calculation from Note 8a to the consolidated financial statements: “individual impairment” + “collective impairment” / “individually-impaired receivables”	this coverage rate measures the maximum residual risk associated with loans in default (“non-performing loans")
non-performing loan ratio	ratio of individually impaired receivables to gross customer outstanding loans	indicator of asset quality

API, reconciliation with the accounts:

In € millions

Cost/income ratio	2017	2016
General operating expenses	(8,458)	(8,202)
Net banking income	14,009	13,302
Cost/income ratio	60.4%	61.7%

total net additions to/reversals from provisions for customer loan losses as a percentage of outstanding loans	2017	2016
Net additions to/reversals from provisions for customer loan losses	(861)	(825)
Gross receivables + finance leases	351,958	338,449
Total net additions to/reversals from provisions for customer loan losses as a percentage of outstanding loans	0.24%	0.24%

Interest margin	2017	2016
Interest and similar income	15,623	15,053
Interest and similar expense	(9,910)	(9,501)
Interest margin	5,713	5,552

Loan-to-deposit ratio	Dec. 31, 2017	Dec. 31, 2016
Loans and advances due from customers	344,942	329,958
Due to customers	288,532	276,194
Loan-to-deposit ratio	119.6%	119.5%

Overall non-performing loan coverage ratio	Dec. 31, 2017	Dec. 31, 2016
Individual and collective impairment	7,016	8,491
Individually impaired receivables	11,754	13,473
Overall non-performing loan coverage ratio	59.7%	63.0%

Non-performing loan ratio	Dec. 31, 2017	Dec. 31, 2016
Individually impaired receivables	11,754	13,473
Gross receivables + finance leases	351,958	338,449
Non-performing loan ratio	3.3%	4.0%