THURSDAY, FEBRUARY 21, 2019
PRESS RELEASE

CRÉDIT MUTUEL ALLIANCE FÉDÉRALE

ANNOUNCES A 23.3% INCREASE IN 2018 NET INCOME A SPRINGBOARD TOWARD ENSEMBLE#NOUVEAUMONDE, ITS 2019-2023 STRATEGIC PLAN

This record performance reflects the effectiveness of "2018 Customer Member Priority" transformation plan and sets the stage for the launch of the new ensemble#nouveaumonde strategic plan.

RESULTS FOR THE YEAR ENDED DECEMBER 31, 2018

SIGNIFICANT GROWTH IN NET INCOME	**€2 993 Bn**	**+23.3%**
STRONG REVENUE RESILIENCE	**€14 070 Bn**	**+0.4%**

		2018	2018/2017
STRONG SALES GROWTH	**CUSTOMER LOANS**	**€370.9 bn**	**7.5%**
	CUSTOMER DEPOSITS	**€304.3 bn**	**5.5%**
	INSURANCE AND SERVICES:		
	Number of **insurance** policies	30.9 M	+1.030.883
	Number of **mobile phone** customers	1.9 M	+199,891
	Number of remote **surveillance subscribers**	473.928	+ 27.494
	Number of **new housing units** under contract	8.995	- 909
STRONGER FINANCIAL POSITION	CET1 ratio (excluding transitional provisions)[1]	16.6%	+ 10 pb
	Leverage ratio[2]	6.0%	+ 10 pb
	Shareholders' equity	€43.6 bn	€3.6 bn[3]

NUMBER OF CUSTOMERS		
24.9 MILLION CUSTOMERS	**2.6%**	**+ 626 583** CUSTOMERS

[1] Including IFRS 9 impact..
[2] Target calculation. It would be 6.2% with exemption from centralized regulated savings (based on the decision of the General Court of the European Union of July 13, 2018).
[3] Compared to 1/1/2018.

Crédit Mutuel
Alliance Fédérale

A PERFORMANCE THAT FAVORED OUR MEMBER CUSTOMERS AND DEVELOPMENT OF THE REGIONS

Crédit Mutuel Alliance Fédérale[1], the customer-focused bank with a local presence

A PLAYER UNDERPINNED BY SOLID RESULTS AND STRONG NETWORKS

In 2018, Crédit Mutuel Alliance Fédérale's net banking income increased by 0.4% to €14.1 billion thanks to the sales performances of its retail banking networks, growth in the insurance activities, and the momentum of its business subsidiaries.

A major player in the local economy, the mutual group saw an increase of 7.5% in its loan outstandings to €370.9 billion. Customer deposits rose by 5.5% to €304.3 billion.

With net income growth of 23.3% to €2,993 million, Crédit Mutuel Alliance Fédérale confirmed its solidity and the relevance of its strategy as a customer-focused bank tailored to its member customers.

Thanks to the very strong regional coverage of the Crédit Mutuel and CIC networks, the group now has a total of 4,455 points of sale across all regions, all of which boast decision-making capacity and account for 97% of credit approval decisions. Crédit Mutuel Alliance Fédérale is focused on maintaining the strength of its local networks and has no plans to close any local banks or branches. It will adapt its coverage based on local demographic and economic changes and technical possibilities.

HELPING TO DEVELOP LOCAL ECONOMIES AND BUSINESSES

Crédit Mutuel Alliance Fédérale draws on the Crédit Mutuel, CIC and Banque Européenne du Crédit Mutuel (BECM) networks and all of its business centers in accompanying the growth projects of its business clients. In 2018, the group financed more than 235,000 companies with outstandings of €76.3 billion, an increase of 8.4%.
In addition to its traditional corporate financing activity, the group invested €334 million in 2018 through the private equity subsidiary CM-CIC Investissement. This investment concerned 54 operations across all regions of France. With capital investment of €2.3 billion in all sectors of the economy, CM-CIC Investissement has accompanied more than 350 innovative or high growth potential LME/SME, half of which for more than five years and nearly one third for more than ten years.

THE BANK OF EVERYONE

As a mutual and solidarity bank, Crédit Mutuel is the bank of everyone. Each customer, regardless of their situation, is allocated **a single dedicated advisor** to discuss their requirements with, either face-to-face at their local branch or remotely, for instance by mail, telephone, internet or smartphone. In 2018, nearly 30,000 employees were in direct contact with customers.

Crédit Mutuel Alliance Fédérale remained true to its commitments to the most economically fragile customers by continuing to cap banking fees in 2018. It also strengthened its mechanisms for detecting vulnerable customers and tailoring related services.

The security of customer data is a key objective for the group. In 2018, the teams dedicated to data protection were increased. Data Protection Officers coordinate and control compliance with the General Data Protection Regulation (GDPR). Also with a view to enhancing security, the data of members and customers are hosted at group datacenters, supervised by internal teams.

[1] **About Crédit Mutuel Alliance Fédérale:** Crédit Mutuel Alliance Fédérale comprises the Centre Est Europe (Strasbourg), Sud-Est (Lyon), Ile-de-France (Paris), Savoie-Mont Blanc (Annecy), Midi-Atlantique (Toulouse), Loire-Atlantique et Centre-Ouest (Nantes), Centre (Orléans), Normandie (Caen), Dauphiné-Vivarais (Valence), Méditerranéen (Marseille) and Anjou (Angers) federations. Fédération de Crédit Mutuel Massif Central (Clermont-Ferrand) has expressed its wish to join on January 1, 2020. Crédit Mutuel Alliance Fédérale also encompasses Caisse Fédérale de Crédit Mutuel, Banque Fédérative du Crédit Mutuel (BFCM) and all its subsidiaries, in particular CIC, Euro-Information, Assurances du Crédit Mutuel (ACM), Targobank, Cofidis, Banque Européenne du Crédit Mutuel (BECM) and CIC Iberbanco.

A STRATEGY THAT IS REFLECTED
IN THE FACTS

Success of the 2018 Customer Member Priority transformation plan and the diversification strategy

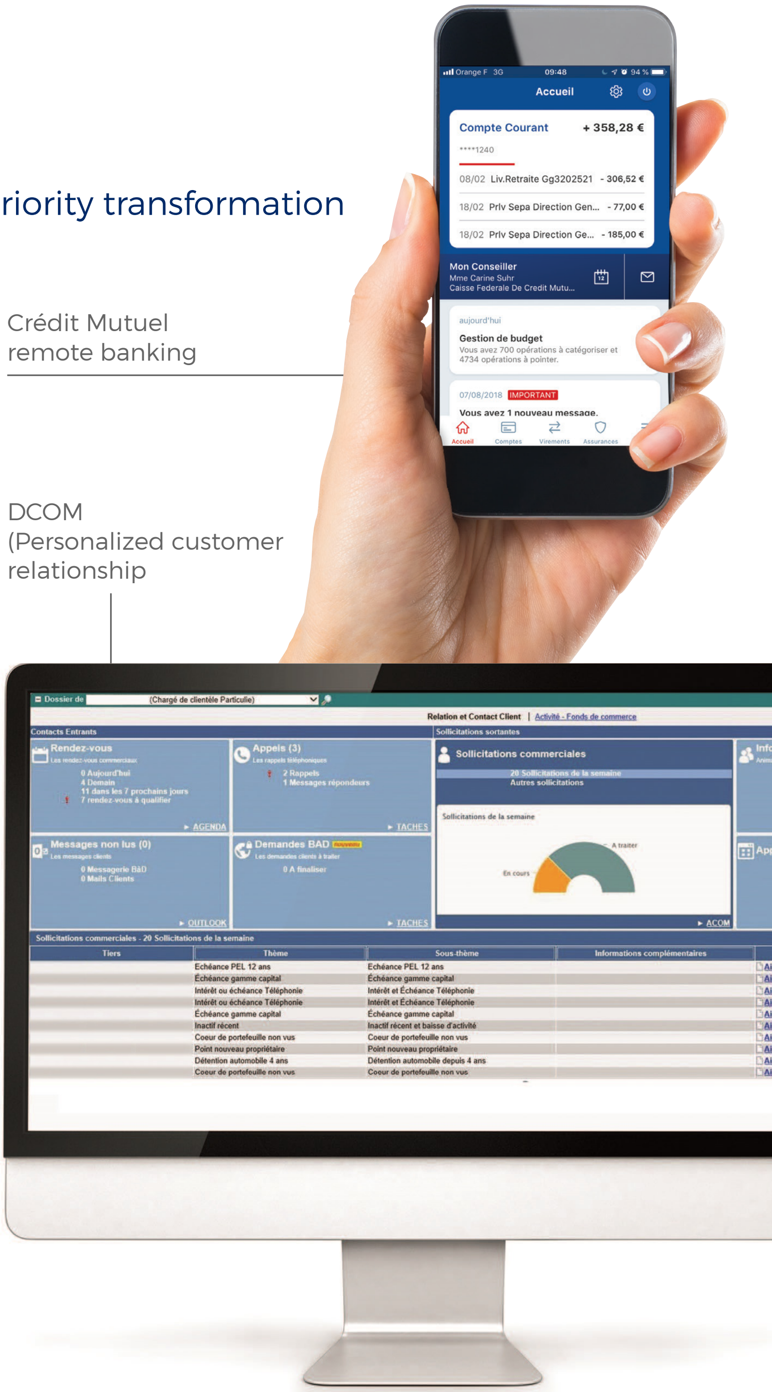
OUTSTANDING DEVELOPMENT AND EXECUTION KNOW-HOW

Over the last three years, Crédit Mutuel Alliance Fédérale has been implementing its digital transformation plan “2018 Customer Member Priority Plan” to ensure ongoing improvements in the customer/advisor relationship and the customer experience.

More than 200 projects were managed and 100,000 man-days deployed. In 2018, new functionalities for mobile applications and remote banking (estimate, simulation, subscription, etc.) were developed. Some 85% of consumer loan simulations are now performed on mobile applications. Crédit Mutuel and CIC's new applications are among the best rated on iPhone and Android. New tools were implemented to improve the steering and efficiency of customer relationship management (DCOM).

The rollout of cognitive solutions was accelerated. Email analyzers are used more than one million times a month by 20,000 advisers, helping to significantly reduce email processing times. Research assistants in multiple domains are now deployed in five activity sectors (auto property and casualty insurance, savings, healthcare, personal protection and consumer lending). More than 220,000 qualified responses a month are provided to the advisers’ questions. This time saving has freed up the advisors for the benefit of their customers.

These developments and innovative solutions for the benefit of our customers and advisers demonstrate the group's capacity to execute transformation.



Crédit Mutuel remote banking

DCOM (Personalized customer relationship

Objectives for 2023: 1.2 million man-days over five years

TECHNOLOGICAL INVESTMENT FOR TRANSFORMATION

- 730,000 man-days for all technological development in 2018 (+ 16%)
- A 32% increase in the group's total development capacity, of which 30% will be allocated to the 2019-2023 strategic plan.

2018 was also a year in which we laid the ground work for implementation of the new strategic plan, involving an **acceleration of diversification** towards a resolutely multi-service offering and the deployment of an innovative commercial approach around different service universes such as Se loger (accommodation), Se déplacer (travel), Se protéger (protection), etc. Early in the year, the "Se loger" universe was completed with the launch of an existing property offering and a telecoms service offering (very high-speed broadband box).

While insurance remains a major area of development, the group's performance in telephony, telesurveillance (leader in telesurveillance for the home in 2018), real estate (leader in the sale of new properties), leasing and lease financing (main player in finance leases for companies in France) demonstrate the success of this diversification strategy.

RESPONSIBILITY, A KEY FACTOR OF A SOLID PERFORMANCE

The 2018 results illustrate the success of an **organization based on responsibility** and reciprocal engagement.
Crédit Mutuel Alliance Fédérale implemented a deliberately strong employee policy (wage monitoring, favoring of internal advancement and general training qualifications) which gave rise[1] to:

- a general increase in wages of 1% in 2018 (and 1.5% at January 1, 2019);
- a supplementary incentive bonus in 2017 which was paid in October 2018 and record level of profit sharing and bonuses in 2018;
- an exceptional bonus of €1,000 paid to all employees, for a total of €54.2 million.

In 2019, the group will continue to support the appointment of women to governance and management positions with a view to achieving equality by 2023

In 2018, Crédit Mutuel Alliance Fédérale made **strong commitments in relation to diversity and equal opportunities.** In terms of rehabilitation, 4,000 young people on work-study contracts will be recruited in 2018/2020, a growth rate of 40%, with the goal of offering 80% of them an open-ended employment contract at the end of their assignment. 25% of job vacancies will be reserved for young people from priority neighborhoods of the city or residents of rural communities with less than 5,000 inhabitants.

This responsibility is also reflected in our **environmental commitments.** In 2018, concrete action was taken or initiated as follows:

- + 20% increase in credit commitments for renewable energies in 2018 to €1.4 billion for projects in France and outside of France;
- reinforcement of rules around the application of sector policies, and the discontinuation of financing for coal-fired plants and coal mining operations;
- implementation of specific analysis grids for each activity sector that incorporate, where financing approval is concerned, the extra-financial ratings (ESG) of counterparties;
- gradual implementation of an internal carbon footprint offsetting mechanism;
- creation of the Fondation Crédit Mutuel Alliance Fédérale to extend the group's environmental engagement and action to promote regional development and solidarity;
- development of an internal climate policy to encourage car pooling, the use of public transport and clean vehicles, as well as cycling.

Objectives for 2023:

HUMAN AND MUTUALIST DEVELOPMENT AMBITIONS

- **Training:** 6.4% of the payroll with the goal of 100% of employees having undergone transformation training by 2023
- **Gender parity:** parity at management level by 2023 - Financing of projects with a significant climate impact: +30% by 2023
  In 2018:
  - 1,800 projects involving financing for renewable energies in the Crédit Mutuel and CIC networks;
  - + 20% credit approvals in renewable energies
- **Financing of coal-fired plants and coal mining operations:** discontinued (February 2018)
- **Fondation Crédit Mutuel Alliance Fédérale:** launch in 2019

[1] For all French employees within the Group collective bargaining committee, grouping together the French Crédit Mutuel entities, CIC and other IT and banking subsidiaries. The €1,000 bonus was also extended to the employees of other French companies of the group not included in this scope (including Cofidis and real estate subsidiaries).

A STRATEGY THAT TRANSLATES INTO RESULTS

Crédit Mutuel Alliance Fédérale has posted strong results in line with the goals of the new strategic plan ensemble#nouveaumonde

2019-2023 STRATEGIC PLAN
32 LAUNCH EVENTS
48 000 PARTICIPANTS, EMPLOYEES AND ELECTED MEMBERS

NET BANKING INCOME

2018 RESULTS | 2019-2023 STRATEGIC PLAN

€14 070 Bn + 0.4%

STRONG SALES GROWTH

· Retail banking:	**+ 2,5%**
· Insurance:	**+ 3,3%**
Activities that account for **79.2% of net banking income**	**+ 2.6%**

2023 objective
+ 3%

COST/INCOME RATIO

61.9% 60.4% IN 2017

INVESTMENTS THAT SUPPORT DEVELOPMENT

- **Training:** 6.2% of total payroll
- **Wage policy:** commitment of all employees
  - > across the board salary increase **+ 1%**
  - > exceptional bonuses **€54.2 M**
  - > incentive bonuses and record profit-sharing
- **Technological development:** 730,000 man-hours **+16%**

2023 objective
< 60%
(-2 points for all entities)

NET INCOME

€2.993 BN + 23.3%

INCOME IN LINE WITH TARGETS

CONTRIBUTION TO INCOME BY BUSINESS
- **79% >** Retail banking and insurance
- **18% >** Specialized businesses
- **3% >** Other activities[1]

2023 objective
Net income
€4 bn

STRUCTURE FINANCIÈRE

CET1 : 16.6% +10 pb

STRONGER FINANCIAL POSITION

· Leverage ratio[2]	**6.2%**
· Rate of allocation	**96%**

2023 objective
> 18%

[1] IT, logistics, media.
[2] Target calculation. It would be 6.2% with exemption from centralized regulated savings (based on the decision of the General Court of the European Union of July 13, 2018).

FINANCIAL RESULTS

in € million	2018	2017	change
Net banking income	**14,70**	**14,009**	**+0.4%**
Operating expenses	-8,714	-8,458	+3,0%
Gross operating income	**5,356**	**5,551**	**-3,5%**
Net additions to/reversals from provisions for loan losses	-904	-871	+3,8%
Operating income	**4,452**	**4,680**	**-4,9%**
Net gains/losses on other assets and associates[1]	111	-346	n.s.
Income before tax	**4,563**	**4,334**	**+5,3%**
Corporate income tax	-1,569	-1,929	-18,6%
Net gains/losses on discontinued operations	0	22	n.s.
Net income	**2,993**	**2,427**	**+23,3%**
Non-controlling interests	298	219	+36,2%
Net income attributable to owners of the company	**2,695**	**2,208**	**+22,0%**

[1] EAE: Equity-accounted entities = share in net income of associates

• NET BANKING INCOME

Net banking income rose by 0.4% to €14.070 billion thanks to strong sales performance and despite a more volatile market environment.

Retail banking income increased by 2.5%, driven by a high level of commission income (+2.3%) and the continued upward trend in the interest margin during the year (+2.5%).

The insurance business, which posted a 3.3% rise in net insurance income, was helped by the continued strong growth in premium income and the integration of the activities of Nord Europe Assurances in the first half of 2018.

Further growth in private banking and private equity allowed these businesses to increase their contribution to income by 8.3% and 7.2%, respectively.

Net banking income from corporate banking and capital markets activities (4% of the group's total) fell by 16.5% due to the unfavorable environment for this activity.

• OPERATING EXPENSES

At €8.714 billion, the group's operating expenses were kept well under control, increasing by 1.2% after offsetting non-recurring items related to the social policy (purchasing power bonus, additional incentive bonuses) and additions to the consolidated scope and despite further technology investments required for digital transformation. They included a contribution to the European Central Bank's Single Resolution Fund (SRF) of €138 million in 2018, an increase of €27 million compared to 2017 (+24%).

Gross operating income came to €5.356 billion compared to €5.551 billion at end-2017.

In retail banking, the group’s main business line (67% of net banking income), the cost/income ratio was virtually stable over one year at 63.2% (+0.1 point) (excluding the contribution to the Single Resolution Fund, it was fully stable at 62.4%).

• NET ADDITIONS TO/REVERSALS FROM PROVISIONS FOR LOAN LOSSES
Net additions to/reversals from provisions for loan losses stood at €904 million in 2018, including €742 million for loan losses with verified risk, a decrease of 11.3% which illustrates the high quality of the assets.
As a percentage of outstanding customer loans, actual net provisioning for known risks was at a low of 19 basis points (bps) compared to 23 bps at end-December 2017.

Net additions to/reversals from provisions for unverified risk increased, mainly as a result of the application of the new IFRS 9 accounting standard which requires the provisioning of performing loans and automatically increases net additions to/reversals from provisions for loan losses when sales increase.

The ratio of non-performing loans to gross loans fell from 3.34% at December 31, 2017 to 3.05% at December 31, 2018.

• INCOME BEFORE TAX
Income before tax stood at €4.563 billion, up 5.3% year over year.

"Net gains/losses on other assets and associates" EAE[1] showed a gain of €111 million in 2018, which mainly included the group's share in the profit of associates (including Banque Marocaine du Commerce Extérieur (BMCE Bank of Africa), Banque de Tunisie, Royale Marocaine d'Assurance). In 2017, this item showed a loss of €346 million due mainly to the impact of the resolution of Banco Popular.

Crédit Mutuel Alliance Fédérale's 2018 contribution to compulsory levies (tax, payroll tax, local taxes and specific taxes) was €2 billion, i.e. 56% of its income before tax generated in France. As a reminder, the extraordinary surtax imposed on large companies to partly offset the unconstitutionality of the tax on dividends amounted to €296 million in 2017.

• NET INCOME
Net income stood €3 billion at €2.993 billion, a year-over-year increase of 23.3% thanks to good income resilience, good risk control and the non-recurrence of certain expenses recorded in 2017.

FINANCIAL STRUCTURE

• LIQUIDITY AND REFINANCING
Crédit Mutuel Alliance Fédérale's central treasury management relies on an appropriate calibration of short-term/medium-to-long-term funding with the aim of refinancing the group efficiently and prudently. It takes the form of public issues and private placements on domestic and international markets and a liquidity reserve that ensures compliance with regulatory liquidity ratios and the group's resilience to severe stress.

The gradual upturn in inflation in the euro zone, the gradual halt in asset purchases by the European Central Bank (ECB), the continued rise in interest rates in the United States, political risks in Europe and international trade tensions, particularly between the United States and China, contributed to the tense and irregular functioning of the debt market in 2018.

All in all, the external funding raised on the markets by Crédit Mutuel Alliance Fédérale's group treasury through BFCM and its Crédit Mutuel-CIC Home Loan SFH subsidiary totaled €138 billion at end-December 2018, an increase of 4.5% compared to the end of 2017.

Short-term money market funding (less than one year) totaled €49.6 billion at end-2018, up 5.2% compared to the previous year. It accounted for 36% of all market funding raised, remaining stable compared to last year. Crédit Mutuel Alliance Fédérale has all the short-term issue programs (NeuCP, ECP, London CDs) needed to diversify its funding. In order to diversify the investor base, 21% of funding is issued in US dollars and 17% in pounds sterling. Most of this funding in foreign currencies is then converted into euros.

[1] EAE = equity-accounted entities.

Crédit Mutuel
Alliance Fédérale

Medium- and long-term (MLT) funding totaled €88.4 billion at end-2018, a 4.1% increase compared to 2017. In 2018, Crédit Mutuel Alliance Fédérale raised €13.5 billion in MLT funding primarily under the BFCM name, as well as that of Crédit Mutuel-CIC Home Loan SFH, its entity that issues covered bonds and has the highest rating assigned by rating agencies. 69% of this MLT funding was raised in euros and the balance (31%) in foreign currencies (US dollar, yen, pound sterling, Swiss franc, Australian dollar), thereby demonstrating the continued effective diversification of the investor base. The breakdown between public issues and private placements is 71% and 29%, respectively.

The refinancing policy also aims to control the proportion of encumbered assets.
Secured medium- to long-term refinancing (SFH) accounted for 15% of the total MLT refinancing raised in 2018.

The average length of medium- and long-term funding raised in 2018 was 5.5 years, similar to 2017 (5.8 years).

In 2018, public issues amounted to €9.6 billion.
For the consolidated scope, Crédit Mutuel Alliance Fédérale's liquidity position is as follows:

- an average LCR in 2018 of 131.2%;
- average HQLA of €79.17 billion, 72.6% of which are deposited at central banks (mainly the ECB).

The total liquidity reserves for the consolidated scope break down as follows:

Crédit Mutuel Alliance Fédérale (in € billion)	December 31, 2018
Cash deposited at central banks	51.0
LCR securities	22.5
Other central bank eligible assets	35.8
Total liquidity reserves	**109.3**

The liquidity reserve covers wholesale funding maturities over 12 months.

In 2018, the European Investment Bank (EIB) awarded BFCM a new €250 million “SME/Mid-cap loans” package that can be used in two tranches. The first tranche (tranche A) of €150 million was drawn down in full during the fourth quarter for a five-year period. Tranche B of the “SME/Mid-cap loans” package is expected to be drawn during the first half of 2019.

In addition, a new partnership agreement was signed with the EIB at the end of December 2018 called "Crédit Mutuel Mid-Cap Co-Financing Platform". Under this partnership, loans that meet certain eligibility criteria are co-financed by the EIB, whose share cannot exceed €150 million. Another initiative is expected to be launched in 2019 to help finance SMEs and mid-caps.

• CAPITAL ADEQUACY

At December 31, 2018, Crédit Mutuel Alliance Fédérale's shareholders' equity totaled €43.6 billion (€41 billion at December 31, 2017, €40 billion at January 1, 2018 after the effects of the first-time application of IFRS 9, except for insurance subsidiaries).

Crédit Mutuel Alliance Fédérale maintained a high level of financial strength with a Common Equity Tier 1 (CET1) ratio of 16.6%[1] at end-December 2018, up 10 basis points from December 31, 2017. The Tier 1 ratio was also 16.6%[1] at end-December 2018 and the overall capital adequacy ratio was 19.7%[1].

Risk-weighted assets amounted to €214 billion at December 31, 2018, including €190.6 billion (89% of the total) for credit risk. CET1 capital[1] rose by 8.7% (€2.8 billion) to €35.5 billion at end-December 2018.

The requirements defined by the European Central Bank in connection with the Supervisory Review and Evaluation Process (SREP) for 2019 are expected to remain stable at 8.5% for CET1 and 12% for the overall ratio. They were easily covered by the CET1 and overall ratio recorded at end-2018.

The leverage ratio[2] rose by 10 basis points year over year to 6.0% at December 31, 2018 as a result of significant capital generation relative to a controlled increase in the balance sheet.

Crédit Mutuel Alliance Fédérale contributes to the excellent results obtained by the Crédit Mutuel group in the context of stress tests, which are designed to assess banks' ability to survive in very adverse economic conditions and conducted according to the methodology defined by the European Banking Authority. These results confirm the strength of its cooperative structure with 4.7 points of free capital and a solid CET1 ratio of 13.2% by 2020 for a prudential requirement of 8.5% for 2018 (P2R).

• RATING [3]

Crédit Mutuel Alliance Fédérale's ratings at the end of 2018 are shown in the following table. They compare favorably to those of other French and European companies.

	LT/ST counterparty *	Issuer / LT preferred senior debt	Outlook	ST preferred senior debt	Date of last publication
Standard & Poor's	A+ / A-1	A	Stable	A-1	10/24/2018
Moody's	Aa2 / P-1	Aa3	Stable	P-1	10/29/2018
Fitch Ratings	A+	A+	Stable	F1	12/3/2018

* The counterparty ratings correspond to the ratings of the following agencies: Resolution Counterparty for Standard & Poor's, Counterparty Risk Rating for Moody's and Derivative Counterparty Rating for Fitch Ratings.

[1] Excluding transitional provisions.
[2] Target calculation. It would be 6.2% with exemption from centralized regulated savings (based on the decision of the General Court of the European Union of July 13, 2018).
[3] Standard & Poor's Senior LT rating is a Crédit Mutuel group rating that applies to all the Crédit Mutuel and CIC federal banks; Moody's and Fitch rate BFCM and CIC by taking into account the entire Crédit Mutuel Alliance Fédérale scope.

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

These ratings reflect the following strengths:

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

SIGNIFICANT EVENTS

On June 27, 2018, the competent supervisory authorities – particularly the ACPR – approved the merger of Nord Europe Assurances (NEA) and its subsidiaries with Groupe des Assurances du Crédit Mutuel (GACM). This merger gives GACM access to a new distribution network in France, that of the Fédération du Crédit Mutuel Nord Europe, for life, personal protection and property and casualty insurance policies. The merger allows GACM to expand its presence in Belgium via North Europe Life Belgium for life insurance and Partners for property and casualty insurance, and to simplify the insurance entities within the Crédit Mutuel Group.

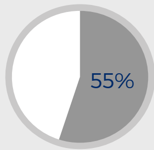
CRÉDIT MUTUEL ALLIANCE FÉDÉRALE'S BUSINESSES AND MAIN SUBSIDIARIES

Crédit Mutuel Alliance Fédérale

Contribution of operational activities to 2018 net income

Retail banking
Bankinsurance networks

- Regulatory scope (mutual sector)
  - Caisse Fédérale de Crédit Mutuel
  - 1,357 Caisses de Crédit Mutuel
- CIC
  - CIC Île-de-France
  - Banques régionales
- Banque Européenne du Crédit Mutuel
- TARGOBANK Germany
- CIC Iberbanco
- TARGOBANK Spain

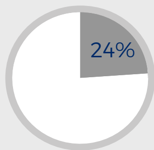


BUSINESS SUBSIDIARIES

- Cofidis Participations Group
- Banque Casino
- Affacturage
- Factofrance / Targo Factoring
- Crédit-Bail
- Leasing Solutions / Targo Leasing
- Asset Management
- Epargne Salariale
- Immobilier
- Home Loan SFH

INSURANCE

- Groupe des Assurances du Crédit Mutuel



SPECIALIZED BUSINESSES

PRIVATE BANKING

- Banque de Luxembourg
- Banque Transatlantique France, Luxembourg, Belgium, London
- Banque CIC Suisse

CORPORATE BANKING

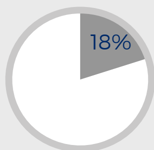
- BFCM-CIC large accounts
- CIC specialized financing
- CIC international activities foreign branches

CAPITAL MARKETS ACTIVITIES

- CIC Marchés

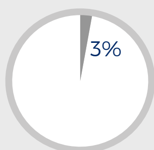
PRIVATE EQUITY

- Equity



OTHER ACTIVITIES
IT, logistics and media

- Euro Information
- EI Telecom
- Euro Protection Surveillance
- CCS
- Activités Titres
- LYF PAY (percentage held: 46%)
- Media



RESULTS BY BUSINESS LINE

RETAIL BANKINSURANCE, THE CORE BUSINESS

RETAIL BANKING

in € million	2018	2017	change
Net banking income	**10,284**	**10,031**	**+2.5%**
Operating expenses	-6,495	-6,327	+2.7%
Gross operating income	**3,789**	**3,704**	**+2.3%**
Net additions to/reversals from provisions for loan losses	-867	-849	+2,1%
Operating income	**2,922**	**2,855**	**+2.4%**
Net gains/losses on other assets and associates[1]	6	-7	n.s.
Income before tax	**2,928**	**2,849**	**+2.8%**
Corporate income tax	-1,039	-996	+4.4%
Net income	**1,889**	**1,853**	**+2,0%**

[1] EAE: Equity-accounted entities = share in net income of associates

This business encompasses the Crédit Mutuel local cooperative banks of the eleven federations, 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 products are marketed by the branch networks: equipment leasing and leasing with purchase option, real estate leasing, factoring, asset management, employee savings, real estate sales and management.

The retail banking networks and specialized subsidiaries posted strong sales growth with net banking income of €10.284 billion, an increase of 2.5% over one year.

This growth reflects the growth in the interest margin, with volumes offsetting negative interest rates, and higher commission income.

Outstanding loans rose by 6.8% to €329.1 billion, while customer deposits grew by 5.4% year over year to €267.5 billion. Life insurance products also continued to grow by 1.9% to €71.5 billion.

Operating expenses increased by 2.7% in line with income and particularly as a result of social measures aimed at boosting purchasing power.

Gross operating income rose 2.3% to €3.789 billion and retail banking's cost/income ratio was virtually unchanged at 63.2% (+0.1 point).

Net additions to/reversals from provisions for loan losses rose by €18 million and included a €66 million decrease in provisions for known risks on customer loans and an €85 million increase in net additions to/reversals from provisions for unverified risk. The increase is linked to the impact of the entry into force of the IFRS 9 accounting standard, particularly for consumer loans.

Net income increased by 2% to €1.889 billion.

THE BRANCH NETWORKS

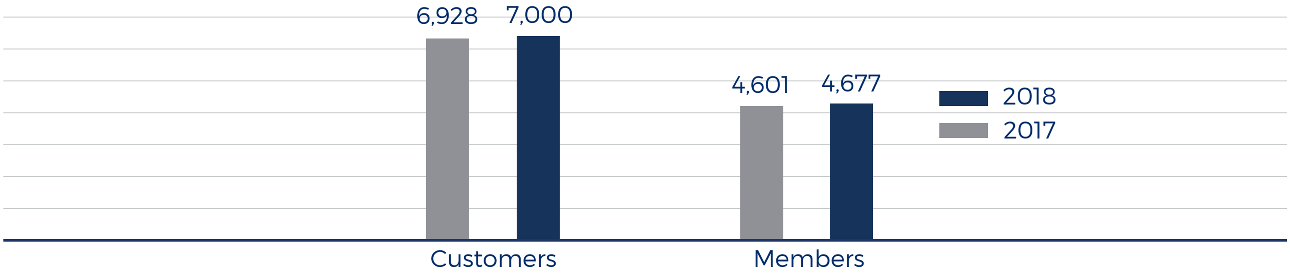
• CRÉDIT MUTUEL BANKINSURANCE BRANCH NETWORK

At the end of December 2018, the Crédit Mutuel local cooperative banks of 11 federations served 7 million customers through a network consisting of 1 953 points of sale. The majority of customers are private individuals (87%), business customers and companies (9%) and associations (4%).
The overall number of customers increased by 0.9% year over year (+65,000) with more significant increases for associations (+2.8%), business customers and companies (+2.6%).

The number of members reached 4.7 million and more than 80% of customers are members of their local cooperative bank.

Number of customers and members
(in thousands)

Crédit Mutuel bankinsurance branch network



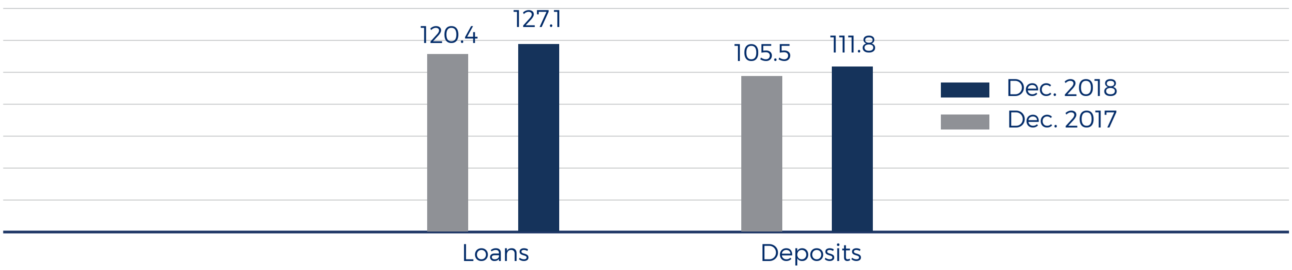
Outstanding loans increased by 5.6% over one year to €127.1 billion at end-2018. The number of new loans issued fell slightly as a result of the decline in home loans (sharp decrease in loan renegotiations and repurchases), while consumer loans were up 4.3%. The percentage of home loans fell slightly (-1 point) to 76% and amounted to €97.4 billion (+6.3%). Outstanding equipment loans to business customers and companies increased by 4% to €20.5 billion and outstanding consumer loans by 3.1% to €6.6 billion.

Customer deposits rose 6% to €111.8 billion thanks to high inflows of demand deposits and passbook deposits, which grew by 11.6% and 8.2%, respectively. Balances of term accounts and certificates of deposit decreased. Life insurance products purchased by customers of the Crédit Mutuel local cooperative banks totaled €38.2 billion, up 2.9% over one year.

The commitment to income diversification is becoming a reality, as demonstrated by the volume of sales of add-on services: 9.8 million property and casualty insurance policies at end-2018 (+3.7%), 775,200 mobile phone subscribers (+7.3%) and 159,200 remote surveillance contracts (+4.9%).

Customer loans and deposits
(in € billion)

Crédit Mutuel bankinsurance branch network



The net banking income of the bankinsurance network of Crédit Mutuel local cooperative banks rose by 1% over one year to €2.977 billion, reflecting the network's strong sales activity.

Operating expenses were up 4.2%. Actual net provisioning for known risks was down by 15.9% but the unverified component was up significantly, which ultimately led to a 13.3% increase in net additions to/reversals from provisions for loan losses.

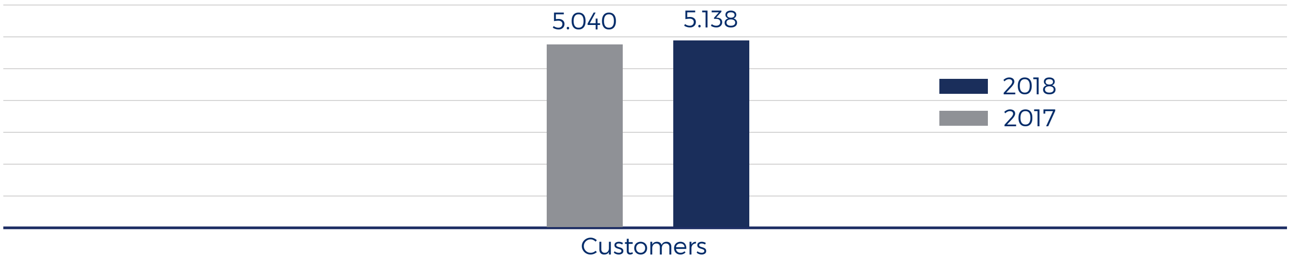
Net income therefore fell by 5.8% to €440 million.

• CIC BANKINSURANCE NETWORK

The 1,911 branches of the CIC regional banking network served 5.1 million customers at end-December 2018. The majority of customers are private individuals (81%) followed by business customers and companies (14%) and associations (2%). The number of customers increased by 1.9% in one year (+96,000).

Number of customers
(in thousands)

CIC bankinsurance network



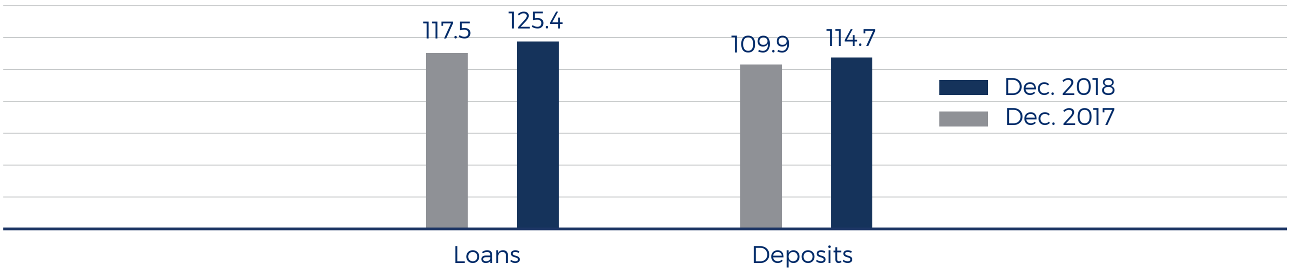
Outstanding loans increased by 6.8% over one year to €125.4 billion at end-2018. The most significant increase was in investment loans granted to corporate and business customers (+10.5%). The number of new loans issued rose slightly overall thanks to investment loans (+14.9%). The percentage of home loans remained stable at 59% and amounted to €73.7 billion, an increase of 6.6%. Outstanding consumer loans grew by 4.5% to €5.4 billion.

Customer deposits increased by 4.4% to €114.7 billion. Inflows were particularly high for demand deposits and passbook accounts which grew by 10.4% and 7.9%, respectively, while deposits at market rates continued to decrease. Life insurance products purchased by customers of the CIC branches totaled €33.1 billion (+0.7%).

Sales of add-on services rose significantly, with an increase of 6.1% in mobile phone service (498,700 subscribers), 5.5% in property and casualty insurance (5.4 million policies) and 3.3% in theft protection (102,600 subscribers).

Customer loans and deposits
(in € billion)

CIC bankinsurance network



The net banking income of the bankinsurance network of CIC regional banks rose by 1.8% over one year to €3.427 billion, reflecting the network's strong sales activity.

Operating expenses increased slightly by 1.5% and gross operating income rose by 2.3% to €1.243 billion, enabling the cost/income ratio to improve by 0.2 points to 63.7%. Actual net provisioning for known risks decreased by 17.7%. It largely offset the increase in the unverified component, which led to a 7.8% decrease in net additions to/reversals from provisions for loan losses.

Net income remained stable at €661 million.

• BANQUE EUROPÉENNE DU CRÉDIT MUTUEL (BECM)

Banque Européenne du Crédit Mutuel operates in the corporate and real estate companies market in France and Germany, and in the real estate development market in France. Serving more than 21,400 customers, its sales network consists of 51 branches (including 42 in France) and a subsidiary in Monaco.
Measured in monthly average capital at end-December 2018, customer loans grew by 7.6% to €15.2 billion year over year. Deposits increased by 3.4% over one year to €13.1 billion. The loan-to-deposit ratio was 115.8%.

At December 31, 2018, net banking income increased by 2.3% to €300 million. The interest margin increased by 3.7% as a result of the decrease in the cost of customer deposits and growth in outstanding loans.

General operating expenses totaled €96.8 million (+3.7%). The cost/income ratio rose slightly by 0.4 points to 32.2%.

Net additions to/reversals from provisions for loan losses totaled €31.3 million, i.e. 0.22% of average outstandings, which reflects the excellent quality of the assets.

Net income was €110.3 million at December 31, 2018, up 9.8%.

• TARGOBANK IN GERMANY

The bank's retail activity remained very strong. Outstanding loans grew by 10.4% to €14.8 billion.
Net production of direct personal loans amounted to €4.2 billion, an increase of €460 million (+12.3%) from the previous year. For personal loans, market shares increased for the third straight year, reaching 9.0% in 2018 versus 8.5% in 2017.

Lastly, customer deposit volumes stood at nearly €15.9 billion at end-2018, up 8.6% over the year.

In the corporate market, the factoring and leasing businesses also increased compared to the previous year. The volume of invoices processed rose by 3.9% to €49.3 billion and the leasing portfolio grew by 11% on average over the year thanks to a 24% increase in new business to €563 million.

The operational and legal integration of the factoring (TARGO Factoring) and leasing (Targo Leasing) businesses acquired from General Electric in 2016 was finalized in 2018; these activities support Targobank Germany's diversification in the corporate market and enable it to become a full-service bank for individual and business customers.

Targobank Germany's net banking income totaled €1.602 billion, an increase of 3.8% in line with the 4.1% rise in net income to €343.7 million.

• COFIDIS

Sales activity remained very strong in 2018 in terms of both products sold directly and via partners.
New business rose by 14.4% compared to the previous year to €6.8 billion.

Outstanding loans increased significantly by 6.6% from 2017 to €11.6 billion.

Net banking income rose by €40.4 million, driven by growth in sales activity.

Operating expenses included substantial IT investments in Portugal, Italy and the Central European countries related to the integration of acquisitions into the internal information systems. Other operating costs increased in line with the higher volume of business.

Net additions to/reversals from provisions for loan losses rose by €14.7 million compared to 2017, mainly as a result of the implementation of IFRS 9 which requires the provisioning of performing loans. Given the strong sales activity in 2018, this led to an overall increase in provisioning.

In light of these factors, net income fell by €8.8 million compared to 2017 to €202 million.

NETWORK SUPPORT BUSINESSES

These comprise the specialized subsidiaries that market their products through their own channels and/or through the local mutual banks and branches of Crédit Mutuel Alliance Fédérale: factoring and receivables management, leasing, fund management and employee savings and real estate.

• FACTORING AND RECEIVABLES MANAGEMENT IN FRANCE

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

At December 31, 2018, these entities together represented more than 20% of the French market, namely:

- €73.9 billion in receivables bought (vs. 68.0 billion in 2017; +8.6%);
- €16.4 billion in export revenues (vs. €14 billion in 2017; +17%);
- gross outstandings at end-December of €12.6 billion (+8% compared to end-December 2017).

After commissions paid to the networks, the contribution of CM-CIC Factor, Factofrance and Cofacrédit to the group's consolidated net income for 2018 was €42.9 million.

• LEASING IN FRANCE

CM-CIC Bail and CM-CIC Leasing Solutions

In a still very favorable environment for leasing and given the ongoing trend to use an asset rather than own it, CM-CIC Bail and CM-CIC Leasing Solutions continued to grow at a very rapid pace. New business totaled €5.6 billion, up 11.8% over 2017.

Profitability remained high thanks to growth in outstandings, which reached €10.6 billion (+€1.037 billion) and the diversification of products and services.

Net income contributed by the two companies after commissions paid to the networks was €50.8 million in 2018.

CM-CIC Lease

By adapting real estate leasing to all the networks' customer segments, CM-CIC Lease was able to process significantly higher volumes of new business over the past year, both in terms of amounts and number of transactions. New financing to help companies meet their needs rose by 52% to €940 million. It was provided through 342 new financing agreements.

The contribution of CM-CIC Lease to consolidated net income was €7.4 million after commissions paid to the networks.

• FACTORING AND LEASING IN GERMANY

The factoring and leasing businesses acquired in 2016 were integrated into its Targobank Germany subsidiary and operate under the TARGO Factoring and TARGO Leasing names.

The sales activity of this company-focused business increased, with leasing contracts up 24% year over year to €563 million and the volume of factoring invoices processed up 4% to €49.3 billion.

Net income was therefore €6.9 million (€2.5 million for factoring and €4.4 million for leasing).

• COLLECTIVE ASSET MANAGEMENT AND EMPLOYEE SAVINGS

CM-CIC Asset Management

The subsidiary CM-CIC Asset Management is Crédit Mutuel Alliance Fédérale's asset management specialist and was the fourth largest French asset management company in 2018 (source: Six).
The company offers a wide range of funds and third-party asset management solutions based mainly on the balance between performance and risk management.

After a strong first half of the year, CM-CIC Asset Management maintained its position in an uncertain and volatile market in the last quarter, in a fast-changing sector.

The sales indicators of the distribution networks remained strong, with gross inflows of nearly €6 billion in 2018 and assets under management approaching €59 billion at December 31, 2018.

Revenue was €247.4 million, down slightly (-1.9%) from 2017 in a downward trending market.

To bolster its expertise, at the end of December 2018 CM-CIC Asset Management announced its intention to acquire a portion of the assets managed by Milleis Investissements, a subsidiary of Milleis Banque.
This acquisition, which is expected to be finalized at the end of the first quarter of 2019, will allow CM-CIC Asset Management to increase its managed assets in equity, bond and diversified funds, and to enhance its range of high-performance conviction-based funds in all retail, wealth management and private banking markets.

CM-CIC Epargne Salariale

The performance of CM-CIC Épargne Salariale was strong in 2018. New business and inflows increased significantly to new record highs. After an excellent year in 2017, the growth trend continued in 2018 with gross inflows of €1.342,8 billion, up 9.7% compared to 2017, the highest level ever recorded. Sales of contracts rose by 1.0% with 12,883 new contracts signed and payments on new contracts totaled €265.8 million, an increase of 56.9%.

The contribution to consolidated net income was €1.8 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 had a net number of 8,995 housing units in contract in 2018.

CM-CIC Gestion Immobilière obtained more than 4,000 ZENINVEST management mandates and 53% of purchasers via CM-CIC Agence Immobilière signed a management mandate within the group.

To enable the network to offer its customers a wider range of innovative real estate services, CM-CIC Agence Immobilière now plans to sell existing homes. A test of this new service was successfully launched in the last quarter of 2018 at several Crédit Mutuel local banks.

The contribution to consolidated net income was €26.9 million after commission income was paid to the network.

INSURANCE

The comparative figures and the amounts for fiscal year 2017 provided below are shown on a pro forma basis following the integration of the insurance holding company of Crédit Mutuel Nord Europe as of January 1, 2018.

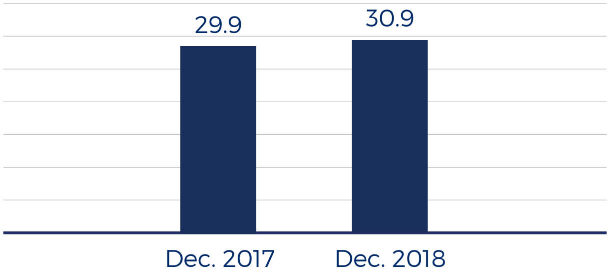
in € million	2018	2017	change
Net insurance income	**1,822**	**1,947**	**-6.4%**
Operating expenses	-584	-576	+1.5%
Gross operating income	**1,238**	**1,371**	**-9.7%**
Net gains/losses on other assets and associates(1)	28	22	+31.1%
Income before tax	**1,267**	**1,393**	**-9.1%**
Corporate income tax	-423	-585	-27.7%
Net income	**844**	**808**	**+4.4%**

(1) EAE: Equity-accounted entities = share in net income of associates

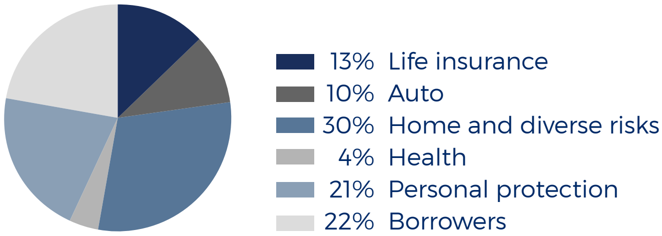
Drawing on over 40 years of experience in bankinsurance, the business carried out through Groupe des Assurances du Crédit Mutuel (GACM) is fully integrated into Crédit Mutuel Alliance Fédérale at both the sales and technological levels.

For GACM, the year 2018 was marked by the integration, as of January 1, 2018, of the insurance holding company of Crédit Mutuel Nord Europe (CMNE) following the approval of the merger by the competent supervisory authorities, and particularly the ACPR, in a decision published in the Official Journal on June 27, 2018. Crédit Mutuel Alliance Fédérale's insurance business now serves 12.2 million holders (+4.1%) of nearly 31 million policies and extends to CMNE's distribution networks.

Number of insurance policies
(in million)



Breakdown of policies by segment



GACM's premium income increased by 7.4% to €12.1 billion. All classes of insurance made a strong contribution to this growth, with a steady increase in premium income from life/pension insurance (+8.6%) and property and casualty insurance (+6.0%).

Revenue breakdown:

In € million	12.2018 income	12.2017 income	Change (%)
Property insurance	**2,087**	**1,965**	**6.2%**
of which auto	1,153	1,087	6.0%
Personal insurance	**3,044**	**2,888**	**5.4%**
of which borrowers	1,558	1,474	5.7%
Approval	**30**	**14**	**n.s.**
Subtotal Property and Casualty Insurance	**5,161**	**4,867**	**6.0%**
Life insurance	**6,783**	**6,249**	**8.6%**
Other activities	**139**	**140**	**-1.0%**
Total Consolidated premium income	**12,083**	**11,255**	**7.4%**

In life insurance, gross inflows amounted to €6.8 billion, up significantly after a year of decline in 2017. The strategy of shifting inflows toward more unit-linked policies was maintained in 2018 and was supported by the addition of delegated management to the range of financial products. Unit-linked policies accounted for 28.4% of inflows, in line with the market (28.2%).

The combined effect of the increase in gross inflows and the decrease in surrenders resulted in net inflows of €1 billion, up significantly from the end of December 2017 (€46 million).

Premium income from property insurance amounted to €2.1 billion. New business in the homeowners insurance line, which was revised at the end of 2017 in the non-occupant owner segment, was at its highest level ever. The performance of the auto insurance segment also remained very strong. The steady growth in the portfolios – +4.7% and +4.1%, respectively – therefore continued.

The business customers segment continued to grow significantly in both property and casualty insurance and group health insurance. The multi-risk business insurance portfolio increased by nearly 25% in 2018 and group health insurance by more than 10%. In response to high demand from the network, ten-year liability insurance will be added to the range of insurance products for business customers in 2019, which will allow the development of the construction trades segment.

Personal insurance is a key component of GACM's strategy. The year ended with premium income up by 5.4% and a portfolio of nearly 14.6 million policies, an increase of 3.2%. A new range of individual health insurance products was introduced in April 2018 which includes complementary and supplementary insurance, hospitalization coverage and a product that focuses on prevention and well-being. At the same time, a new sales support tool was made available to the network. This tool includes a reimbursement simulator that allows customers to fully understand the levels of insurance coverage offered. These improvements helped boost sales of individual health insurance products which, excluding hospitalization policies, increased by 5.3%.

In individual personal protection, funeral costs insurance underwent a complete overhaul as a follow-up to the revision of the range that began in 2017.

Finally, GACM also introduced a new borrower's insurance product line in 2018.

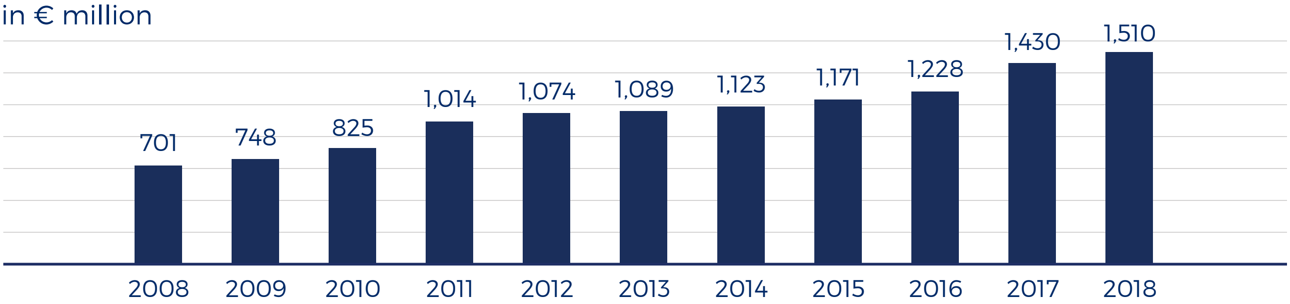
In terms of results, GACM's operating margin was down, mainly as a result of the fall in the financial markets. Additional provisions for borrower's insurance in response to a rise in incapacity and disability claims and a higher cost of claims related to natural disasters in 2018 also had an adverse impact on underwriting income. In fact, natural disasters resulted in more than 80,000 claims for compensation in excess of €130 million, i.e. €50 million more than the previous year, which also saw its share of disasters, including Hurricane Irma.

The share of insurance income in Crédit Mutuel Alliance Fédérale's results rose by 4.4% to €844 million. GACM's net income was €855 million compared to €821 million, an increase of 4.2%.

As a result of the increase in premium income, commissions paid to the distribution networks exceeded €1.5 billion for the first time, an increase of 5.6%.

Change in commissions paid

in € million



Premium income generated internationally amounted to nearly €650 million and accounted for 5.4% of the total. The largest market is Spain with €410 million, followed by Belgium (€155 million).

The Belgian market expanded with the integration of North Europe Life Belgium (NELB) following the merger with the insurance holding company of CMNE and with the marketing of the auto and homeowners insurance policies of Partners Assurances SA in the Beobank network, the Belgian subsidiary of Crédit Mutuel Nord Europe (CMNE). For this first full year of partnership, the level of sales in this network, which has over 200 points of sale, was satisfactory.

At December 31, 2018, GACM's shareholders' equity totaled €11.4 billion, up 1.5% compared to 2017. GACM continues to have a sound balance sheet, making it well-equipped for the increasingly competitive, low interest-rate environment.

For all the areas of activity, GACM has pursued its strategy of improving the products and services it offers to policyholders. Many new features have been added to the websites and smartphone apps.

In 2018, services such as claims and quotes were made available online for auto and homeowners insurance, including the ability to obtain an auto quote based on only three photos and, at the end of the year, purchases of homeowners insurance. Online purchases of auto insurance will be available in the coming months. For life insurance, policyholders can make payments and transfers between funds online. For borrower's insurance, e-approval allows policyholders to complete the approval process quickly and easily. These policyholders also have the exclusive advantage of having their medical approval remain in effect in case of a new loan following a change of primary residence.

Areas are also available to employees of companies that have purchased group health or pension insurance policies for them.

These services are in line with GACM's strategy of simplifying the insurance process for customers in order to offer a high-quality, meaningful experience and build customer loyalty throughout the relationship with the policyholder.

THE SPECIALIZED BUSINESSES

Private banking, corporate banking, capital markets and private equity round out the group's bankinsurance offering. These four businesses account for 10% of the net banking income[1] and 18% of the net income (loss) of the group's operational activities[2].

PRIVATE BANKING

in € million	2018	2017	change[(1)]
Net banking income	**551**	**509**	**+4.9%**
Operating expenses	-375	-353	+3.3%
Gross operating income	**176**	**155**	**+8.4%**
Net additions to/reversals from provisions for loan losses	-16	-5	n.s.
Net gains/losses on other assets and associates[(2)]	26	4	n.s.
Income before tax	**186**	**154**	**+16.1%**
Corporate income tax	-47	-35	+18.5%
Net gains/losses on discontinued operations	0	22	n.s.
Net income	**139**	**141**	**-2.8%**

[(1)] at constant scope - see methodology notes
[(2)] EAE: Equity-accounted entities = share in net income of associates

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 rose by 15.6% to €22 billion. Customer funds invested in savings products amounted to €88.4 billion (€93.6 billion at end-2017). Outstanding loans totaled €13 billion (+12%).

Net banking income was €551 million, an increase of 4.9%. The net interest margin and other components of net banking income increased by 9.5% and commission income by 1.5%.

General operating expenses totaled €375 million (+3.3%).

Net additions to/reversals from provisions for loan losses totaled €16 million compared to €5 million the previous year. Net gains on non-current assets totaled €26 million (€4 million in 2017), €18 million of which was generated by the initial consolidation of Banque de Luxembourg Investissement.

Income before tax was therefore €186 million, an increase of 16,1%, and net income came to €139 million compared to €141 million, €22 million of which was a net profit on discontinued operations at December 31, 2017 (sale of the Singapore and Hong Kong private banking activities in 2017).

These results do not include those of the CIC Private Banking branches, which are integrated into CIC branch offices to serve mainly the senior executives customer segment.

[1] Excluding inter-company activities and holding company services.
[2] Excluding holding company services.

CORPORATE BANKING

in € million	2018	2017	change
Net banking income	**395**	**382**	**+3.4%**
Operating expenses	-112	-109	+3.1%
Gross operating income	**283**	**273**	**+3.5%**
Net additions to/reversals from provisions for loan losses	9	-19	n.s.
Income before tax	**292**	**254**	**+14.8%**
Corporate income tax	-75	-75	-0.1%
Net income	**217**	**179**	**+21.0%**

The corporate banking business line provides services to large corporate and institutional customers, based on a comprehensive approach to their requirements, both in France and at CIC's foreign subsidiaries (New York, London, Singapore, Hong Kong). 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.

Net banking income from corporate banking activities totaled €395 million in 2018, an increase of 3.4% compared to 2017.

Net corporate banking customer loan outstandings stood at €19.3 billion, up 12.9%.

At €395 million, net banking income rose by 3.4% thanks to a 5.8% increase in the net interest margin.

General operating expenses rose by 3.1% to €112 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 showed income of €9 million compared to an expense of €19 million a year earlier, with actual net provisioning for known risks showing income of €9 million at end-2018 compared to an expense of €38 million at end-2017. Net additions to/reversals from provisions for loan losses with unverified risk amounted to zero at end-2018 compared to income of €19 million at end-2017.

Income before tax stood at €292 million, up 14.8% from December 31, 2017.

Net income totaled €217 million compared to €179 million a year earlier.

CAPITAL MARKETS

in € million	2018	2017	change
Net banking income	**244**	**383**	**-36.3%**
Operating expenses	-212	-213	-0.4%
Gross operating income	**32**	**171**	**-81.0%**
Net additions to/reversals from provisions for loan losses	-1	8	n.s.
Income before tax	**31**	**179**	**-82.4%**
Corporate income tax	-11	-67	-83.3%
Net income	**20**	**112**	**-81.8%**

Crédit Mutuel Alliance Fédérale'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 activities operated in a challenging market environment in 2018, particularly as a result of the year-end portfolio valuations, which drove net banking income down by 36.3% to €244 million after allocation of income resulting from commercial transactions to the activities and entities that handle relations with customers.

The main purpose of capital markets activities is to develop an offering aimed at customers. Net banking income of CM-CIC Market Solutions before retrocessions to the group's other entities increased by 25%; however, like the group's other business centers, its income after retrocessions was just at break-even.

Payments to other group entities, deducted from net banking income generated by capital markets activities, totaled €82 million, an increase of 40% over 2017.

Operating expenses were stable.

Net additions to/reversals from provisions for loan losses showed an expense of €1 million at end-2018 compared to income of €8 million at end-2017.

Income before tax amounted to €31 million versus €179 million a year earlier and net income was €20 million compared to €112 million.

Crédit Mutuel
Alliance Fédérale

PRIVATE EQUITY

in € million	2018	2017	change
Net banking income	**278**	**259**	**+7.2%**
Operating expenses	-50	-47	+4.3%
Gross operating income	**229**	**212**	**+7.9%**
Net additions to/reversals from provisions for loan losses	1	0	n.s.
Operating income	**230**	**212**	**+8.3%**
Income before tax	**230**	**212**	**+8.3%**
Corporate income tax	1	1	-13.7%
Net income	**231**	**213**	**+8.2%**

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 €334 million invested in 2018 by all the entities of the private equity division. Approximately €1.9 billion of the group's own funds have been contributed over the last five years. The portfolio is made up of 335 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 €157 million.

The private equity business performed well in 2018, with net banking income of €278 million at December 31, 2018 compared to €259 million in 2017 and net income of €231 million versus €213 million a year earlier.

IT, LOGISTICS AND MEDIA

in € million	2018	2017	change
Net banking income	**1,712**	**1,609**	**+6.4%**
Operating expenses	-1,483	-1,479	+0.2%
Gross operating income	**229**	**129**	**+77.4%**
Net additions to/reversals from provisions for loan losses	-8	-8	+2.2%
Operating income	**221**	**121**	**+82.5%**
Net gains/losses on other assets and associates[1]	-29	0	n.s.
Income before tax	**192**	**121**	**+58.9%**
Corporate income tax	-78	-98	+19.7%
Net income	**113**	**23**	**n.s.**

[1] EAE: Equity-accounted entities = share in net income of associates

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 totaled €1.712 billion, up 6.4%. It consisted of the sales margins of the IT, mobile phone and remote surveillance companies, revenue from the services provided by CCS (Centre de Conseil et de Services) and the sales margin of the media business.

Operating expenses remained stable at €1.483 billion. The decrease in costs in the press division is a result of the streamlining efforts made. It offsets the increase in IT costs related to investments in digital technology. The media division continued to record a loss of €34 million, which was a significant improvement over 2017 and in line with the recovery plan for this business.

Total income before tax of the "IT, logistics and press" segment was €192 million in 2018 compared to €121 million a year earlier.

The limited review is being conducted by the statutory auditors.

All financial communications are available at: www.bfcm.creditmutuel.fr and are published by Crédit Mutuel Alliance Fédérale 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
Alliance Fédérale

CRÉDIT MUTUEL ALLIANCE FÉDÉRALE

in € million	12/31/2018	Key figures [1] 1/1/2018	12/31/2017
Financial structure and activity			
Total assets	667,364	618,256	619,199
Shareholders' equity (including net income for the year before dividend pay-outs)	43,595	39,980	40,990
Loans (including lease financing)	370,886	343,185	344,942
Total savings	584,487	561,174	561,263
- of which customer deposits	304,319	288,443	288,532
- of which insurance-based savings	95,104	81,451	81,451
- of which bank savings products (invested in savings products)	185,064	191,280	191,280

	12/31/2018	12/31/2017
Key figures		
Employees, year-end (group-controlled entities)	70,499	69,670
Number of branches	4,455	4,527
Number of customers (in millions)	24.9	24.3
Key ratios		
Retail banking cost/income ratio	63.2%	63.1%
Net additions to/reversals from provisions for loan losses/gross operating income	16.9%	15.7%
Net income/RWA	1.4%	1.2%
Leverage ratio - delegated act - excluding transitional provisions[2]	6.0%[2]	5.9%
CET1 ratio - excluding transitional provisions	16.6%	16.5%

in € million	2018	2017
Financial results		
Net banking income	**14,070**	**14,009**
Operating expenses	-8,714	-8,458
Gross operating income	**5,356**	**5,551**
Net additions to/reversals from provisions for loan losses	-904	-871
Operating income	**4,452**	**4,680**
Net gains/losses on other assets and associates	111	-346
Income before tax	**4,563**	**4,334**
Corporate income tax	-1,569	-1,929
Net gains/losses on discontinued operations	0	22
Net income	**2,993**	**2,427**
Non-controlling interests	298	219
Net income attributable to owners of the company	**2,695**	**2,208**

[1] 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, CIC, Targobank Germany, Targobank Spain, Cofidis, CIC Iberbanco, etc.
Figures not approved by the boards.
[2] Target calculation. It would be 6.2% with exemption from centralized regulated savings (based on the decision of the General Court of the European Union of July 13, 2018).

METHODOLOGY NOTES

1/ CHANGES AT CONSTANT SCOPE
Private banking segment:
following the addition of Banque de Luxembourg Investissements to the consolidation scope in 2018, changes at constant scope are calculated after taking this entity into account in 2017.

These items are detailed below under the different intermediary balances:

PRIVATE BANKING

in € million	2018 reported	2017 reported	2017 ch. in scope	2017 at constant scope	changes gross	changes at constant scope
Net banking income	**551**	**509**	**16**	**525**	**+8.3%**	**+4.9%**
Operating expenses	-375	-353	-10	-363	+6.1%	+3.3%
Gross operating income	**176**	**155**	**7**	**162**	**+13.2%**	**+8.4%**
Net additions to/reversals from provisions for loan losses	-16	-5		-5	n.s.	n.s.
Operating income	**160**	**150**	**7**	**157**	**+6.8%**	**+2.1%**
Net gains/losses on other assets and associates	26	4		4	n.s.	n.s.
Income before tax	**186**	**154**	**7**	**161**	**+21.2%**	**+16.1%**
Corporate income tax	-47	-35	-5	-40	+35.4%	+18.5%
Net gains/losses on discontinued operations	0	22		22	n.s.	n.s.
Net income	**139**	**141**	**2**	**143**	**-1.5%**	**-2.8%**

ALTERNATIVE PERFORMANCE INDICATORS – 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 “net banking income"	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 the note to the consolidated financial statements as a percentage of gross outstanding loans at year-end	allows the level of risk to be assessed as a percentage of the balance-sheet credit commitments
net additions to/reversals from provisions for loan losses	“net additions to/reversals from provisions for loan losses” item in the publishable consolidated income statement	measures the risk level
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

ratio of non-performing loans to gross loans	ratio of individually impaired gross receivables (S3) to gross customer outstanding loans (calculated from note "loans and receivables due from customers" to the consolidated financial statements: gross receivables + finance leases)	indicator of asset quality

ALTERNATIVE PERFORMANCE INDICATORS, RECONCILIATION WITH THE ACCOUNTS

in € million Retail banking cost/income ratio	2018	2017
Retail banking general operating expenses	-6.495	-6.327
Retail banking net banking income	10.284	10.031
Retail banking cost/income ratio	**63.2%**	**63.1%**

Retail banking cost/income ratio excluding contribution to SRF	2018	2017
Retail banking general operating expenses	-6.495	-6.327
Retail banking contribution to the Single Resolution Fund	-80	-66
Retail banking general operating expenses excluding contribution to SRF	-6.415	-6.261
Retail banking net banking income	10.284	10.031
Retail banking cost/income ratio	**62.4%**	**62.4%**

Net additions to/reversals from provisions for loan losses / gross operating income	2018	2017
Net additions to/reversals from provisions for loan losses	-904	-871
Gross operating income	5.356	5.551
Net additions to/reversals from provisions for loan losses / gross operating income	**16.9%**	**15.7%**

Net income/average assets	Dec. 31, 2018	Dec. 31, 2017
Net income	2.993	2,427
RWA	214.048	198.374
Net income/RWA	**1.4%**	**1.2%**

Actual net provisioning for known risks as a percentage of outstanding loans	Dec. 31, 2018	Dec. 31, 2017
Actual net provisioning for known risks	-717	-826
Gross customer loans	378.995	351.958
Actual net provisioning for known risks as a percentage of outstanding loans*	**0.19%**	**0.23%**

* Annualized

Non-performing loan ratio	Dec. 31, 2018	Dec. 31, 2017
individually impaired gross receivables (S3)	11.577	11.754
Gross customer loans	378.995	351.958
Non-performing loan ratio	**3.1%**	**3.3%**