Credit Mutuel Alliance Federale

Full Rating Report

Ratings

Credit Mutuel Alliance Federale

Long-Term IDR	A+
Short-Term IDR	F1
Viability Rating	a+
Support Rating	5
Support Rating Floor	NF

Banque Federative du Credit Mutuel (BFCM)

Long-Term IDR	A+
Short-Term IDR	F1
Derivative Counterparty Rating	A+(dcr)
Viability Rating	a+
Support Rating	5
Support Rating Floor	NF

Credit Industriel et Commercial

Long-Term IDR	A+
Short-Term IDR	F1
Viability Rating	a+
Support Rating	5
Support Rating Floor	NF

Sovereign Risk

Sovereign Long-Term Foreign- and Local-Currency IDRs	AA

Outlooks

Long-Term Foreign Currency IDRs	Stable
Sovereign Long-Term Foreign- and Local-Currency IDRs	Stable

Financial Data

Credit Mutuel Alliance Federale

	30 Jun 18	31 Dec 17
Total assets (USDm)	767,222	742,605
Total assets (EURm)	662,343	619,199
Total equity (EURm)	42,522	40,990
Operating profit (EURm)	2,369	4,346
Net income (EURm)	1,548	2,427
Fitch comprehensive income (EURm)	1,623	2,467
Operating profit/risk-weighted assets (%)	2.4	2.2
Impaired loans/gross loans (%)	3.2	3.4
Fitch Core Capital/adjusted risk-weighted assets (%)	16.2	16.1
Fully loaded common equity Tier 1 ratio (%)	16.3	16.5
Loans/customer deposits (%)	121	120

Related Research

Credit Mutuel Alliance Federale - Ratings Navigator (February 2019)

Analysts

Francois-Xavier Deucher, CFA
+33 1 44 29 92 72
francois-xavier.deucher@fitchratings.com

Lukas Rollmann
+33 1 44 29 91 22
lukas.rollmann@fitchratings.com

Key Rating Drivers

Stable and Diversified Business Model: Credit Mutuel Alliance Federale's (CM Alliance Federale) ratings reflect its stable and diversified business model, fairly low risk appetite and sound asset quality. The ratings also reflect CM Alliance Federale's resilient profitability, strong capitalisation and adequate liquidity.

Rated on a Standalone Basis: CM Alliance Federale represents about 80% of the wider Credit Mutuel (CM) group and comprises 11 of its 18 regional federations. By law, CM's central body, Confederation Nationale du Credit Mutuel, is responsible for the solvency and liquidity of its members. However, In Fitch Ratings' view, potential support from other regional groups is difficult to envisage for CM Alliance Federale given its large size. For this reason, we rate CM Alliance Federale on a standalone basis.

Third Retail and Commercial Bank: CM Alliance Federale ranks third in retail and commercial banking in France and has well-established life and non-life insurance franchises. It generates most of its revenue domestically. Outside of France it is mainly active in consumer finance, and its largest operations are in Germany.

Modest Risk Appetite: About half of CM Alliance Federale's loan portfolio comprises low-risk housing loans. Higher risk consumer finance accounts for about 10% of loans, but is adequately priced. The group is among the most prudent French banks in lending to professionals and SMEs.

Improving Loan Quality: CM Alliance Federale's impaired loans/gross loans ratio has improved and was 3.1% at end-2018, approaching our 3% benchmark for an 'a' range asset quality score in France. The high reserve coverage of impaired loans ratio of 70% results in low sensitivity to collateral valuation and realisation.

Resilient Profitability: CM Alliance Federale's profitability is resilient despite the low interest-rate environment. This is due to loan growth and the significant contribution of non-interest income, mainly from insurance. Its operating efficiency compares well with that of large French banks.

Strong Capitalisation: Capitalisation is solid and should benefit from the common equity Tier 1 (CET1) target of above 18% set in the bank's 2019-2023 strategic plan and a low dividend payout ratio. The group's regulatory leverage ratio is strong at 6.0% at end-2018.

Stable Deposit Base: CM Alliance Federale's funding benefits from a stable deposit base, representing about 60% of total funding. Central bank deposits and high-quality liquid assets cover wholesale funding maturing over the next 12 months.

Rating Sensitivities

Sensitive to Higher Risk Appetite: A marked increase in CM Alliance Federale's risk profile could lead to pressure on the ratings. A material deterioration in asset quality, capitalisation or liquidity would also be negative for the ratings.

Upside on Larger Franchise: Upgrade potential is limited given the current high ratings and would require a significant franchise expansion or demonstration of exceptionally strong and stable financial metrics. This includes a more active management of the stock of impaired loans, higher profitability and a record of exceptionally robust liquidity.

Operating Environment

Large and Diversified Economy

CM Alliance Federale mainly operates in France, which has a large, diversified and wealthy economy. French GDP growth was 1.6% in 2018 according to the French statistics office (INSEE), and Fitch forecasts growth of 1.4% in 2019 and 1.5% in 2020. Fitch affirmed France's Long-Term Issuer Default Rating (IDR) at 'AA' with a Stable Outlook in January 2019. Public finances, although gradually improving, remain a rating weakness relative to the 'AA' rating category. However, the country's rating benefits from the sovereign's strong financial flexibility helped by its access to deep and liquid capital markets as a core eurozone member. This compensates for a slightly lower GDP per capita and Ease of Doing Business percentile than the AA-rated countries median.

Economic Data

	2018 GDP per capita forecast (USD)	Ease of doing business (percentile)
France	42,016	83.6
AA-rated Countries Median	42,541	91.9

Source: Fitch Ratings, World Bank

Concentrated Banking Sector

The major French banks are large and banking sector assets are significant at about 3.5x GDP on a consolidated basis. The sector is concentrated, with the top six banks totalling about 85% of the market by assets. Four are classified as global systemically important banks by the Financial Stability Board. There are high barriers to entry, as evidenced by all foreign banks' failure to enter the market significantly through organic growth. The largest banks, including CM, are supervised by the ECB. The regulatory environment is very developed and transparent.

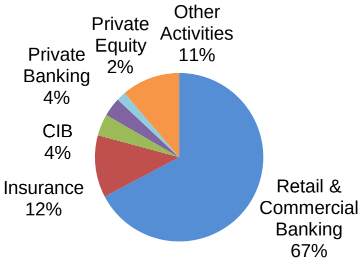
Company Profile

Bancassurance Business Model

CM Alliance Federale is the largest of the six regional groups constituting the CM cooperative banking group (about 80% of loans, shareholders' equity, revenue and net income). It is the third largest French retail and commercial banking group and the fifth largest by total assets.

CM Alliance Federale has a universal bancassurance business model largely oriented towards traditional banking activities, which represent about 70% of revenue (including consumer finance and private banking; excluding the corporate centre). Insurance activities are key for the bank as an important source of fee income and diversification. The division contributes to more than 10% of revenue and about 20% when considering commissions paid to the internal distribution networks. More volatile revenue from capital markets or private equity accounts for a modest share of about 5% of the total.

Operating Income by Business Line[a]
2018



[a] Excl. Corporate Centre
Source: Fitch Ratings, CM Alliance Federale

CM Alliance Federale generates the vast majority of its revenue domestically (about 80% in 2018), the largest contributor outside France being Germany (more than 10%).

Strong Retail and Commercial Franchise in France

In France, CM Alliance Federale operates two main branch networks: 11 CM regional federations (CM11) and Credit Industriel et Commercial's (CIC) nationwide network, mainly present in urban locations. The networks service 12 million clients. They are complemented by specialised consumer finance (Cofidis) as well as leasing and factoring subsidiaries. CM Alliance Federale has sound market shares of 13% in loans and 12% in deposits and enjoys particularly strong market shares in the eastern part of France.

The majority (27 out of 30) of the local banks of the small Massif Central federation, currently part of another regional group (Credit Mutuel Arkea), voted to join CM Alliance Federale before 1 January 2020.

In insurance, CM Alliance Federale is active in life (EUR95 billion in assets under management at end-2018) and non-life insurance, through Groupe des Assurances du Credit Mutuel (GACM). It has a market share of about 5% in life, automobile and home insurance.

Related Criteria

Bank Rating Criteria (October 2018)

Germany: Largest International Exposure

Internationally, CM Alliance Federale is mainly present in Germany through the consumer finance-focused Targobank A.G., which recently broadened its product scope to leasing and factoring. CM Alliance Federale has a modest bancassurance presence in Spain through Targobank Espana, and Cofidis' second largest country of operations is Portugal, followed by Spain, Belgium and Italy.

CM Alliance Federale has a notable private banking franchise with about EUR90 billion in assets under management at end-2018. These are mainly in France, Luxembourg and Switzerland. It has also small corporate and investment bank (CIB) and private equity businesses. In CIB, the bank targets large French corporates and domestic institutional investors. Other businesses include IT services, telecoms, home security systems as well as local newspapers. A significant share of these businesses' revenue relates to IT costs and is neutralised in the corporate centre.

Management and Strategy

Solid Management Team

CM Alliance Federale's senior management team underwent some changes throughout 2017 and 2018 as the chief executive officer and chief financial officer were replaced by seasoned professionals who were internally promoted. The bank's management is subject to less market scrutiny than most peers as the group has no listed entity, but CM Alliance Federale is a recurring issuer of debt on financial markets. CM Alliance Federale's corporate culture is positively influenced by cooperative values.

No Short-Term Returns Pressure

CM Alliance Federale's corporate governance provides reasonable protection of creditors' interests. The board of directors of Caisse Federale de Credit Mutuel (CFdeCM), the group's central institution, comprises 20 members and 18 non-voting censors elected among the board members of local banks or federations as well as two employees. The board's chairman was appointed in 2014 from outside of the bank. As a cooperative, CM Alliance Federale is not exposed to short-term returns pressure.

Strategy: Diversification and Capital Preservation

The group unveiled its 2019-2023 strategic plan in November 2018. It sets out clear medium-term targets with a focus on diversification and strengthening CM Alliance Federale's already strong capital base (18% CET1 ratio target by 2023). The group anticipates growing revenue by 3% per year through increased cross-selling. This implies building on its recognised insurance franchise, notably by developing offers targeting professionals and corporates, and growing ancillary businesses such as telecoms or real estate brokerage. CM Alliance Federale does not rule out moderate size external growth opportunities in the eurozone.

Risk Appetite

Conservative Risk Approach

CM Alliance Federale's fairly low-risk appetite reflects the group's cooperative nature, its focus on France and its centralised and sound risk controls. CM Alliance Federale is mainly exposed to credit risk and, at end-2017, close to 90% of its loans were to French counterparties. Employee remuneration at CM Alliance Federale does not include variable pay, which favours long-term business relationships with clients and reduces incentive for promoting risky loan applications. Litigation risk is low in our view.

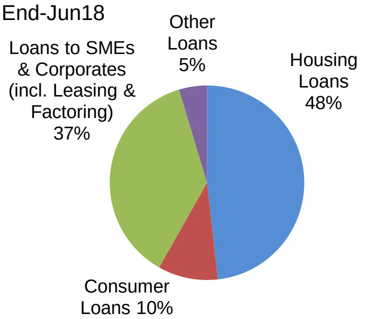
Customer loans grew at a relatively high rate of 7.5% in 2018, driven by strong activity in all segments. Housing loans are conservatively originated, in line with French banking peers. Origination is based on borrowers' capacity to repay and loans generally have a fixed interest rate over their entire term. Principal is fully amortising, avoiding refinancing risk.

Financial Targets

	2023 target	2018
Revenue growth	3.0% annually[a]	0.4%
Cost/income ratio	< 60%	62%
Net income	> EUR4bn	EUR3bn
Net income/RWAs	> 1.5%	1.4%
CET1 ratio	> 18.0%	16.6%[b]

[a] Annual revenue growth target from 2019 to 2023
[b] End-2018
Source: Fitch Ratings, CM Alliance Federale

Gross Loans by Category
End-Jun18



Source: Fitch Ratings, CM Alliance Federale

Consumer loans are underwritten either through the CM11 and CIC branch networks to existing clients or via specialised lenders. Asset quality has been more robust for loans originated within the branch networks but higher margins help compensate the higher risk appetite at Cofidis and Targobank A.G. Like many of its peers, CM Alliance Federale intends to expand in the auto loans segment, which is the best-performing consumer loan segment in terms of credit quality.

Corporate lending, including leasing and factoring, is mainly to professionals, SMEs and midcaps. CM Alliance Federale's underwriting standards for this segment are among the most prudent within the French banking sector. Loans to large corporates represent a small percentage of the loan book (2% at end-2017).

CM Alliance Federale's investment policy essentially focuses on highly rated fixed income securities, although small pockets of risk exist, for example in equities.

Limited Market Risk

CM Alliance Federale's exposure to market risk from trading activities is limited. Its modest trading book represented about 2% of assets at end-June 2018 and the contribution of markets activities to revenue declined continuously since the financial crisis. The group's value at risk (99% confidence level; one-day holding period; one-year look-back period) was a low EUR3.9 million at end-2017. CM Alliance Federale's exposure to Level 3 instruments of about EUR5 billion is manageable, representing 17% of the Fitch Core Capital (FCC) at end-June 2018.

Non-trading market risk arises from interest-rate risk in the group's banking book and can, to a large extent, be linked to the portfolio of fixed-rate housing loans as for French peers. CM Alliance Federale manages downside risk to its net interest margin using macro-hedges and maintains conservative sensitivity limits. At end-2017, the group calculated that a 100bp parallel upward/downward shift in the yield curve would result in an increase/decrease of about 1.4% and -0.2% of revenue, respectively, in the following year.

Interest-rate risk from CM Alliance Federale's insurance activities is mitigated by an ample policyholder participation reserve and a low minimum guaranteed rate on the general account life insurance contracts, in line with the French market. Unit-linked life insurance products, on which the insurer does not bear investment risk, accounted for 12% of outstanding contracts at end-2017 and their share is growing. The acquisition of Nord Europe Assurances in June 2018 contributed to this increase, although this proportion remains below the market average of about 20% at end-2017.

Financial Profile

Asset Quality

Gradually Improving Loan Quality

CM Alliance Federale's impaired loans/gross loans ratio gradually declined over the past four years and was 3.1% at end-2018, only slightly above our 3% benchmark for an 'a' range asset quality score for banks operating in France. This reflects the combination of a sound retail and commercial loan book with higher risk consumer finance exposures.

Like other French banks, CM Alliance Federale's policy is to keep impaired loans on balance sheet until they are fully resolved, which tends to inflate impaired loans ratios. This contrasts with some jurisdictions with a swifter write-off policy. The loan-loss allowance/impaired loans ratio is nevertheless strong at 70% at end-2018. Loan impairment charges are contained and were about 20bp of gross loans in 2018, in line with the French sector average.

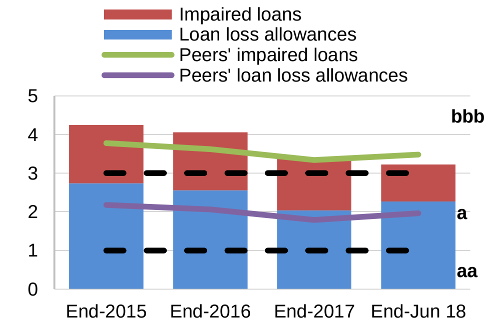
Note on Charts

Black dashed lines in the Asset Quality chart and further in the report represent indicative quantitative ranges and corresponding implied scores for Fitch's core financial metrics for banks operating in the environments that Fitch scores in the 'aa' category.

Peer average includes Credit Mutuel Alliance Federale (Viability Rating: a+), Credit Agricole (a+), Groupe BPCE (a+), BNP Paribas S.A. (a+), Societe Generale S.A. (a), La Banque Postale (a-), ING Bank N.V. (a+), Cooperatieve Rabobank U.A. (a+) and Nordea Bank Abp (aa-).

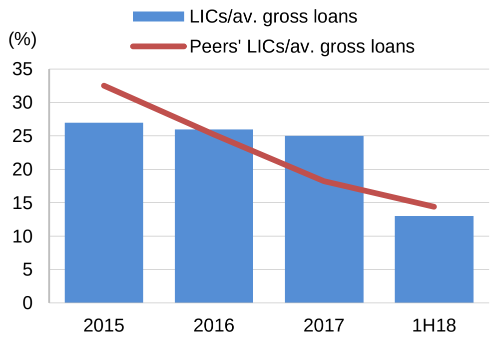
Asset Quality

(% gross loans)



Source: Fitch Ratings, Banks

Loan Impairment Charges (LICs)



Source: Fitch Ratings, Banks

About 50% of the group's loan book relates to housing loans originated through CM Alliance Federale's domestic branch networks. Fitch does not consider this concentration to be a high risk as housing lending in France is primarily based on debt service coverage. Deterioration in the performance of the housing loans portfolio could come from a significant relaxation of origination criteria and a marked deterioration in France's economic environment. Both scenarios are unlikely. Fitch expects property prices to hold up well unless interest rates significantly increase.

Within consumer finance loans (about 10% of customer loans), loans originated through the French branch networks are of good quality, in our view. Cofidis' impaired loans and loan impairment charges are elevated, but the net interest margin of around 9% adequately compensates for higher credit risk. Targobank's loan impairment charges are about 50% lower than those of Cofidis.

CM Alliance Federale's corporate loan book (about 40% of customer loans) is of satisfactory quality and has no major individual concentrations. The largest sectoral exposure is real estate (15% of exposure to corporates at end-2017), retail (13%), construction (9%) and industry (7%).

Fixed-income instruments made up about 90% of CM Alliance Federale's EUR45 billion securities and trading portfolio, excluding insurance assets, at end-June 2018. Sovereign bonds (EUR14 billion) represent about 30% of the portfolio. Holdings of peripheral European government bonds were EUR1.1 billion or below 5% of FCC at end-June 2018. A total of 10% of the securities portfolio consisted of shares (close to EUR5 billion or 17% of the FCC), split between the group's hedged trading book (EUR1 billion), private equity investments (EUR2.5 billion at end-June 2018) and granular long-term holdings, partly unlisted.

Earnings and Profitability

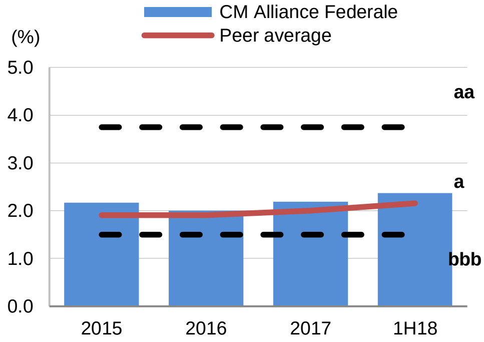
Resilient Profitability

CM Alliance Federale is resisting well to the low interest-rate environment. This is due to strong loan growth and the fact that a significant share of revenue comes from non-interest income (above 55% in 1H18), particularly from the life and non-life insurance business.

CM Alliance Federale's cost efficiency is stronger than that of French banking peers at 62% for 2018. In contrast to other French banks, IT systems are fully-integrated and managed by a dedicated subsidiary, Euro-Information. Since January 2018, all CM11 and CIC employees share a common collective labour agreement, which will allow further mutualisation of central functions.

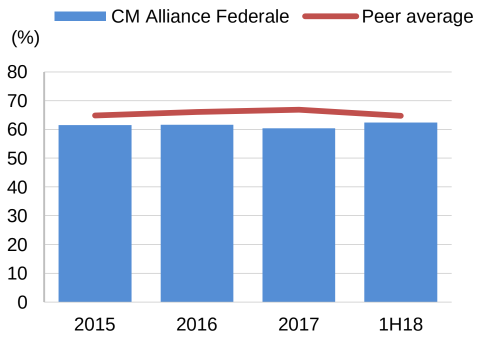
Operating profit to risk-weighted assets (RWAs) of above 2% compares well with large French peers, taking into account a broadly similar RWA density of approximately 30%. CM Alliance Federale does not focus on return on equity, but generates a relatively stable return of about 7%.

Operating Profit/ RWAs



Source: Fitch Ratings, Banks

Cost Efficiency



Source: Fitch Ratings, Banks

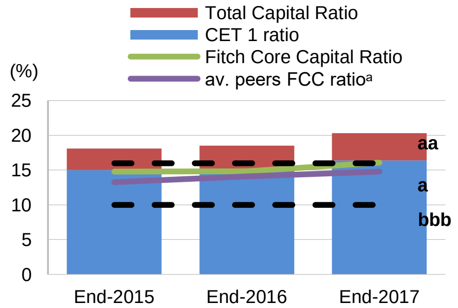
Capitalisation and Leverage

Strong Capitalisation

CM Alliance Federale's fully loaded CET1 ratio increased to 16.6% at end-2018 from 16.5% at end-2017 owing to a high level of retained earnings. This is despite the impact of IFRS 9 (-15bp), loan growth and negative revaluation of assets accounted at fair value through equity in the second part of 2018.

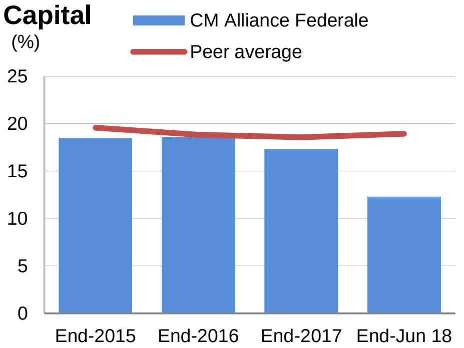
CM Alliance Federale has a low dividend pay-out ratio (about 7% on average over 2014-2017). The remuneration of cooperative shares placed with retail customers is capped by law at the three-year average corporate bond yield plus 200bp. No meaningful issuance of cooperative shares took place recently, which leaves some leeway for raising capital if needed.

Risk-Weighted Capital Ratios



[a] Benchmark Score for the FCC ratio
Source: Fitch Ratings, Banks

Net Impaired Loans/Fitch Core Capital



Source: Fitch Ratings, Banks

The group's CET1 and total capital ratios (19.7% on a fully loaded basis) at end-2018 provide ample buffer above the 8.5% and 12% Supervisory Review and Evaluation Process (SREP) requirements expected for 2019, to which a 0.25% countercyclical buffer will be added for French exposures from July 2019. Regulatory leverage compares well with that of peers (6.0% ratio at end-2018).

Unreserved impaired loans (including Stage 1 and Stage 2 allowances) encumbered a fairly modest 12% of FCC at end-June 2018. The Solvency 2 capital requirement of GACM was also well covered at 234% at end-2017. CM Alliance Federale's CET1 ratio benefits from the treatment of GACM under the "Danish compromise", but Fitch estimates this benefit to have a limited impact on the ratio. The FCC ratio was about 16.2% at end-June 2018 when deducting the net asset value of insurance subsidiaries from the FCC and an estimate of insurance RWAs from regulatory RWAs.

Fitch estimates CM Alliance Federale's qualifying junior debt buffer at about 4% of regulatory RWAs at end-June 2018. The bank issued its first non-preferred senior debt notes in March 2019, complementing this buffer for the protection of preferred senior debt.

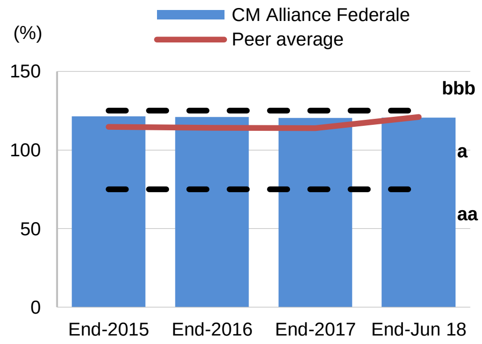
Funding and Liquidity

Stable Deposit Base; Good Liquidity Coverage

CM Alliance Federale benefits from a stable deposit base, originating mostly from the domestic branch networks and Targobank A.G. Customer deposits represent about 60% of total funding. The loans/deposits ratio was about 120% at end-June 2018, slightly higher than that of most French banking peers. This is partly explained by the absence of deposit-collection at the level of Cofidis or the leasing and factoring subsidiaries. A significant volume of deposits is also diverted to life insurance savings.

Customer deposits are complemented by interbank (about 15% of total funding including repos and a EUR10 billion of TLTRO drawing at end-June 2018) and market funding (about 25%). Short-term wholesale funding represents a manageable portion of about 10% of total funding (about EUR50 billion) and is diversified by currencies. Long-term market funding is secured (covered bonds) and unsecured.

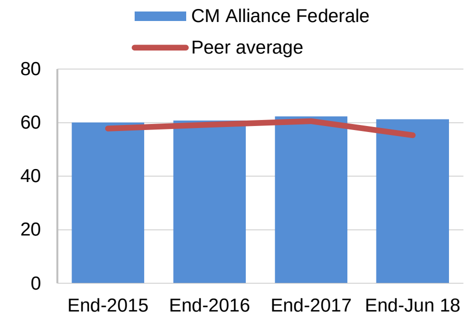
Loans-to-Deposits Ratio



Source: Fitch Ratings, Banks

Customer Deposit Funding

(% of total funding, incl. Pref. shares & hybrids)



Source: Fitch Ratings, Banks

Liquidity management is prudent and centralised at the level of Banque Federative du Credit Mutuel (BFCM). At end-June 2018, the group had a high-quality liquid assets reserve representing 15% of total assets excluding insurance assets. It covered short-term wholesale funding and medium-to-long-term funding maturing within the next 12 months. CM Alliance Federale's average liquidity coverage ratio was 131% during 2018.

Common Ratings for Main Group Entities

Fitch Ratings has common Viability Ratings (VRs) for CM Alliance Federale, BFCM and CIC. BFCM represents 80% of CM Alliance Federale's consolidated assets at end-2017 (the other 20% relate to the local CM banks). It is the group's main issuing vehicle on the financial markets and it coordinates the group's subsidiaries. CIC is owned by BFCM and accounts for about 45% of consolidated assets. It is one of the group's two retail and commercial networks in France and hosts the group's modest CIB activities.

BFCM and CIC are highly integrated within CM Alliance Federale in terms of management, systems, capital and liquidity. This means that the subsidiaries and group's credit profiles cannot be disentangled.

Debt Ratings

Senior debt issued by BFCM and CIC is rated in line with their respective Issuer Default Ratings. Preferred and non-preferred senior debt ratings are aligned because the group's buffers of qualifying junior debt and non-preferred senior debt (in combination around 4% of RWAs at end-June 2018) are not sufficient to justify an uplift to the preferred senior debt ratings under our criteria.

Subordinated debt and deeply subordinated debt issued by BFCM are notched down from CM Alliance Federale's VR in accordance with Fitch's assessment of each instrument's respective non-performance and relative loss severity risk profiles.

We rate subordinated Tier 2 debt one notch below CM Alliance Federale's VR to reflect below-average recoveries for this type of debt. Legacy deeply subordinated Tier 1 securities are rated four notches below CM Alliance Federale's VR to reflect the high-loss severity risk of these securities (two notches from the VR) as well as a higher risk of non-performance (an additional two notches) relative to the bank's VR.

Sovereign Support

CM Alliance Federale, BFCM and CIC's Support Ratings of '5' and Support Rating Floors of 'No Floor' reflect Fitch's view that although possible, sovereign support cannot be relied upon. Legislative, regulatory and policy initiatives, including the implementation of the EU's Bank Recovery and Resolution Directive, have substantially reduced the likelihood of sovereign support for EU commercial banks in general, in our view. This implies that senior creditors would probably be required to participate in losses, if necessary, instead of, or ahead of, the bank receiving sovereign support, despite CM's systemic importance.

Peer Group - Ratings Navigator Scores

The scores in this table reflect the mid-points of the key rating factors' ranges published in the individual banks' Ratings Navigators

			Business profile				Financial profile			
Name	IDR/ Outlook	VR	Operating Environment	Company Profile	Management and Strategy	Risk Appetite	Asset Quality	Earnings and Profitability	Capitalisation and Leverage	Funding and Liquidity
Credit Mutuel Alliance Federale	A+ Stable	a+	aa-	a+	a	a+	a	a	aa-	a
Cooperatieve Rabobank U.A.	AA- Stable	a+	aa-	a+	a	a+	a	a- pos	a pos	a+
ING Bank N.V.	AA- Stable	a+	aa-	a+	a+	a	a	a pos	a+	a+
Nordea Bank Abp	AA- Stable	aa-	aa-	aa-	aa-	aa-	a+	a+	aa-	a+
BNP Paribas S.A.	A+ Stable	a+	aa-	a+	a+	a	bbb pos	a+	a-	a
Credit Agricole	A+ Stable	a+	aa-	aa-	a+	a+	a	a+	a+ pos	a+
Groupe BPCE	A+ Stable	a+	aa-	a+	a+	a+	a-	a	a+	a
Societe Generale S.A.	A Stable	a	aa-	a	a	a	Bbb pos	a	a-	a
La Banque Postale	A- Stable	a-	aa-	a-	bbb+	a-	a	bbb+	a-	aa-

Influence/importance: Lower Moderate Higher
'pos' stands for Positive Outlook
Source: Fitch Ratings

Appendix: Group Structure

CM Alliance Federale is composed of close to 1,400 local cooperative banks joined together financially, commercially and legally by a framework of mutual cooperation with a common strategic focus and brand name. It is not a legal entity. The local banks, owned by 4.6 million customers, share ownership in and are affiliated to CFdeCM, the group's central institution. The historical life insurance company of the group, a cooperative, is also a shareholder of CFdeCM. The local banks and CFdeCM share a collective banking license.

CFdeCM owns more than 90% of the share capital of BFCM, which holds most of the group's subsidiaries situated outside the cooperative support framework.

We assign group ratings to CM Alliance Federale in accordance with Annex 4 of our Bank Rating Criteria as CFdeCM and its affiliated local banks are linked by a contractual mutual support mechanism. They publish consolidated accounts and share a common strategy, brand and joint marketing activities. Risk and liquidity management is also centralised. Finally, banking regulators view CFdeCM and its affiliated local banks as one single unit.

Cross-support between the local banks and CFdeCM consists in solidarity funds subsidising loss-making members. Annual contributions to the funds are a function of each member's balance sheet and revenue. As a solidarity funds member, CFdeCM can also benefit from the solidarity of the local banks if necessary.

Solidarity Mechanism at CM Level

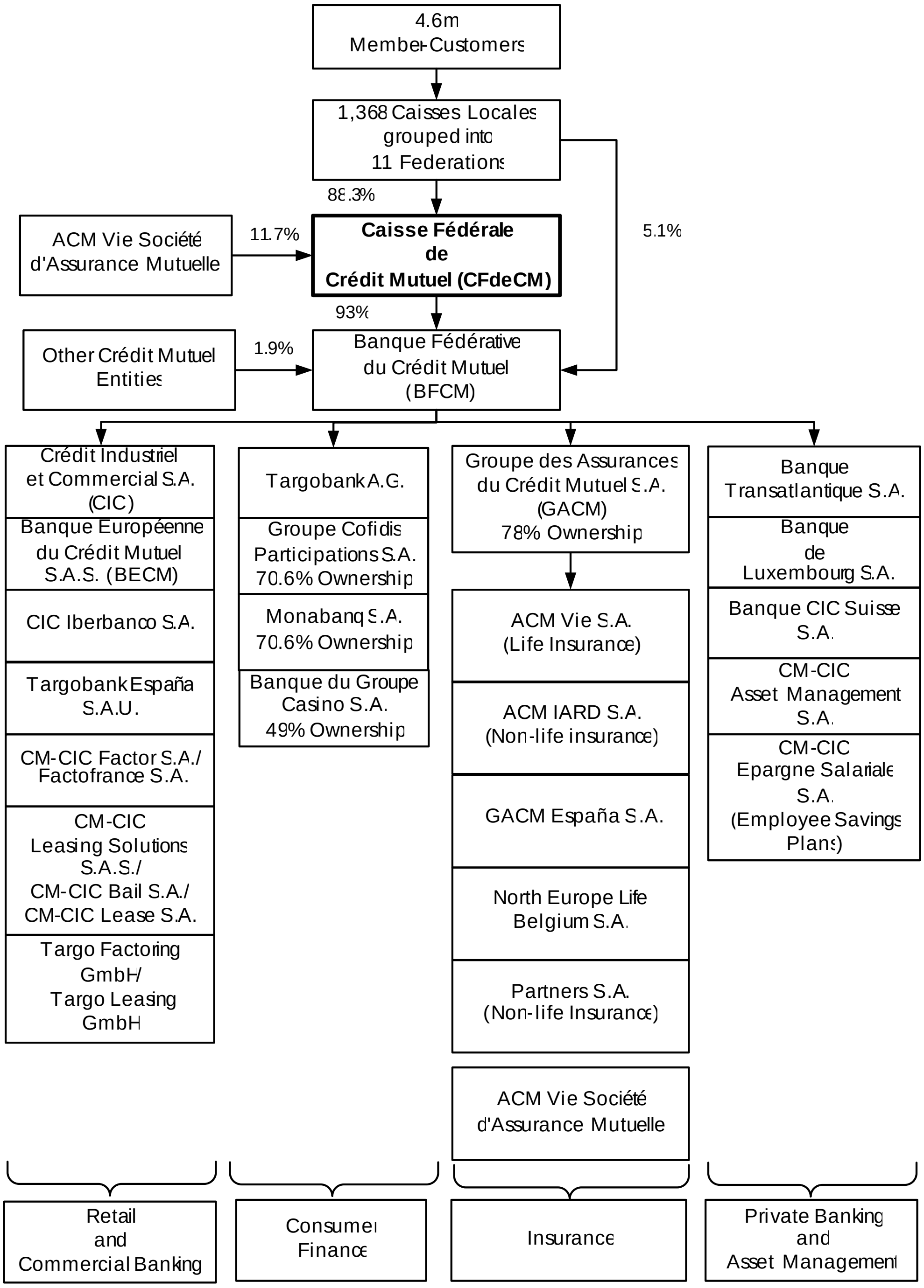
CM Alliance Federale is the largest regional group of CM. The second largest group is Credit Mutuel Arkea (A-/Stable/F2), which gathers three federations and between 10% and 15% of assets, loans and revenue of CM. Tensions between CM Alliance Federale and Credit Mutuel Arkea have existed for a number of years and the latter is following a strategy to become independent from CM.

The remaining four federations (Antilles-Guyane, Maine-Anjou Basse-Normandie, Ocean and Nord Europe) represent less than 10% of CM's assets. In theory these four remaining federations are independent but, in practice, they are relatively close to CM Alliance Federale as they share the same IT systems and product platforms (insurance, leasing and factoring for example).

By law, the central body of CM, Confederation Nationale du Credit Mutuel, is responsible for the solvency and liquidity of its members. In Fitch's view, potential support from other regional groups to CM Alliance Federale is difficult to envisage given its large size. For this reason, Fitch rates CM Alliance Federale on a stand-alone basis.

Conversely, potential support from CM Alliance Federale to other CM group entities does not negatively affect our ratings of CM Alliance Federale as they have a broadly similar financial profile, although other regional groups have a smaller franchise. In the absence of consensus to support a regional group facing difficulties, an internal CM ruling allows its orderly liquidation, leading the cooperative shares of the latter to absorb losses. This offers additional protection to CM Alliance Federale.

Structure Diagram



Note: this structure diagram differs from CM Alliance Federale's own presentation
Source: Fitch Ratings

Credit Mutuel Alliance Federale
Income Statement

	30 Jun 2018			31 Dec 2017		31 Dec 2016		31 Dec 2015	
	6 Months - Interim USDm Reviewed - Unqualified	6 Months - Interim EURm Reviewed - Unqualified	As % of Earning Assets	Year End EURm Audited - Unqualified	As % of Earning Assets	Year End EURm Audited - Unqualified	As % of Earning Assets	Year End EURm Audited - Unqualified	As % of Earning Assets
1. Interest Income on Loans	7,455.1	6,436.0	2.24	12,038.0	2.24	12,360.0	2.36	12,587.0	2.36
2. Other Interest Income	1,840.6	1,589.0	0.55	3,585.0	0.67	2,693.0	0.51	3,217.0	0.60
3. Dividend Income	24.3	21.0	0.01	129.0	0.02	106.0	0.02	93.0	0.02
4. Gross Interest and Dividend Income	**9,320.1**	**8,046.0**	**2.80**	**15,752.0**	**2.93**	**15,159.0**	**2.90**	**15,897.0**	**2.98**
5. Interest Expense on Customer Deposits	3,194.7	2,758.0	0.96	4,768.0	0.89	5,001.0	0.96	5,248.0	0.98
6. Other Interest Expense	2,541.4	2,194.0	0.76	5,142.0	0.96	4,500.0	0.86	4,995.0	0.93
7. Total Interest Expense	**5,736.1**	**4,952.0**	**1.72**	**9,910.0**	**1.84**	**9,501.0**	**1.82**	**10,243.0**	**1.92**
8. Net Interest Income	**3,583.9**	**3,094.0**	**1.08**	**5,842.0**	**1.09**	**5,658.0**	**1.08**	**5,654.0**	**1.06**
9. Net Fees and Commissions	2,017.8	1,742.0	0.61	3,511.0	0.65	3,256.0	0.62	3,157.0	0.59
10. Net Gains (Losses) on Trading and Derivatives	340.6	294.0	0.10	441.0	0.08	552.0	0.11	526.0	0.10
11. Net Gains (Losses) on Assets and Liabilities at FV	44.0	38.0	0.01	444.0	0.08	368.0	0.07	172.0	0.03
12. Net Gains (Losses) on Other Securities	63.7	55.0	0.02	245.0	0.05	583.0	0.11	334.0	0.06
13. Net Insurance Income	1,582.3	1,366.0	0.48	2,514.0	0.47	2,168.0	0.41	2,246.0	0.42
14. Other Operating Income	572.2	494.0	0.17	1,012.0	0.19	716.0	0.14	756.0	0.14
15. Total Non-Interest Operating Income	**4,620.6**	**3,989.0**	**1.39**	**8,167.0**	**1.52**	**7,643.0**	**1.46**	**7,191.0**	**1.35**
16. Total Operating Income	**8,204.6**	**7,083.0**	**2.47**	**14,009.0**	**2.61**	**13,301.0**	**2.54**	**12,845.0**	**2.40**
17. Personnel Expenses	2,914.4	2,516.0	0.88	4,856.0	0.90	4,709.0	0.90	4,639.0	0.87
18. Other Operating Expenses	2,207.8	1,906.0	0.66	3,602.0	0.67	3,493.0	0.67	3,268.0	0.61
19. Total Non-Interest Expenses	**5,122.2**	**4,422.0**	**1.54**	**8,458.0**	**1.57**	**8,202.0**	**1.57**	**7,907.0**	**1.48**
20. Equity-accounted Profit/ Loss - Operating	68.3	59.0	0.02	(334.0)	(0.06)	(136.0)	(0.03)	42.0	0.01
21. Pre-Impairment Operating Profit	**3,150.7**	**2,720.0**	**0.95**	**5,217.0**	**0.97**	**4,963.0**	**0.95**	**4,980.0**	**0.93**
22. Loan Impairment Charge	252.5	218.0	0.08	861.0	0.16	825.0	0.16	814.0	0.15
23. Securities and Other Credit Impairment Charges	154.1	133.0	0.05	10.0	0.00	1.0	0.00	(11.0)	(0.00)
24. Operating Profit	**2,744.1**	**2,369.0**	**0.82**	**4,346.0**	**0.81**	**4,137.0**	**0.79**	**4,177.0**	**0.78**
25. Equity-accounted Profit/ Loss - Non-operating	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
26. Goodwill Impairment	0.0	0.0	0.00	15.0	0.00	187.0	0.04	90.0	0.02
27. Non-recurring Income	10.4	9.0	0.00	3.0	0.00	13.0	0.00	0.0	0.00
28. Non-recurring Expense	0.0	0.0	0.00	0.0	0.00	0.0	0.00	16.0	0.00
29. Change in Fair Value of Own Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
30. Other Non-operating Income and Expenses	n.a.	n.a.	-	n.a.	-	0.0	0.00	1.0	0.00
31. Pre-tax Profit	**2,754.5**	**2,378.0**	**0.83**	**4,334.0**	**0.81**	**3,963.0**	**0.76**	**4,072.0**	**0.76**
32. Tax expense	961.4	830.0	0.29	1,929.0	0.36	1,383.0	0.26	1,539.0	0.29
33. Profit/Loss from Discontinued Operations	0.0	0.0	0.00	22.0	0.00	44.0	0.01	(23.0)	(0.00)
34. Net Income	**1,793.1**	**1,548.0**	**0.54**	**2,427.0**	**0.45**	**2,624.0**	**0.50**	**2,510.0**	**0.47**
35. Change in Value of AFS Investments	75.3	65.0	0.02	94.0	0.02	(51.0)	(0.01)	161.0	0.03
36. Revaluation of Fixed Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
37. Currency Translation Differences	31.3	27.0	0.01	(109.0)	(0.02)	(63.0)	(0.01)	79.0	0.01
38. Remaining OCI Gains/(losses)	(19.7)	(17.0)	(0.01)	55.0	0.01	(109.0)	(0.02)	60.0	0.01
39. Fitch Comprehensive Income	**1,880.0**	**1,623.0**	**0.56**	**2,467.0**	**0.46**	**2,401.0**	**0.46**	**2,810.0**	**0.53**
40. Memo: Profit Allocation to Non-controlling Interests	177.2	153.0	0.05	219.0	0.04	214.0	0.04	256.0	0.05
41. Memo: Net Income after Allocation to Non-controlling Interests	1,615.9	1,395.0	0.49	2,208.0	0.41	2,410.0	0.46	2,254.0	0.42
42. Memo: Common Dividends Relating to the Period	n.a.	n.a.	-	159.0	0.03	127.0	0.02	178.0	0.03
43. Memo: Preferred Dividends and Interest on Hybrid Capital Accounted for as Equity Related to the Period	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Exchange rate		USD1 = EUR0.8633		USD1 = EUR0.83382		USD1 = EUR0.9487		USD1 = EUR0.9185	

Credit Mutuel Alliance Federale
Balance Sheet

	30 Jun 2018			31 Dec 2017		31 Dec 2016		31 Dec 2015	
	6 Months - Interim USDm	6 Months - Interim EURm	As % of Assets	Year End EURm	As % of Assets	Year End EURm	As % of Assets	Year End EURm	As % of Assets
Assets									
A. Loans									
1. Residential Mortgage Loans	200,212.0	172,843.0	26.10	167,715.0	27.09	161,287.0	26.45	155,910.0	27.31
2. Other Mortgage Loans	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Other Consumer/ Retail Loans	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Corporate & Commercial Loans	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
5. Other Loans	211,252.2	182,374.0	27.53	177,028.0	28.59	170,932.0	28.03	149,683.0	26.22
6. Less: Loan Loss Allowances	9,321.2	8,047.0	1.21	7,016.0	1.13	8,492.0	1.39	8,380.0	1.47
7. Net Loans	**402,142.9**	**347,170.0**	**52.42**	**337,727.0**	**54.54**	**323,727.0**	**53.09**	**297,213.0**	**52.06**
8. Gross Loans	**411,464.1**	**355,217.0**	**53.63**	**344,743.0**	**55.68**	**332,219.0**	**54.48**	**305,593.0**	**53.53**
9. Memo: Impaired Loans included above	13,309.4	11,490.0	1.73	11,755.0	1.90	13,473.0	2.21	12,981.0	2.27
10. Memo: Specific Loan Loss Allowances	7,288.3	6,292.0	0.95	6,304.0	1.02	7,781.0	1.28	7,723.0	1.35
B. Other Earning Assets									
1. Loans and Advances to Banks	41,605.5	35,918.0	5.42	28,263.0	4.56	28,644.0	4.70	62,751.0	10.99
2. Reverse Repos and Securities Borrowing	23,740.3	20,495.0	3.09	16,561.0	2.67	15,281.0	2.51	14,422.0	2.53
3. Derivatives	8,109.6	7,001.0	1.06	6,698.0	1.08	9,024.0	1.48	8,997.0	1.58
4. Trading Securities and at FV through Income	18,110.7	15,635.0	2.36	11,506.0	1.86	10,124.0	1.66	11,714.0	2.05
5. Securities at FV through OCI / Available for Sale	30,398.5	26,243.0	3.96	30,657.0	4.95	33,935.0	5.57	41,169.0	7.21
6. Securities at Amortised Cost / Held to Maturity	3,707.9	3,201.0	0.48	20.0	0.00	12.0	0.00	600.0	0.11
7. Other Securities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
8. Total Securities	**52,217.1**	**45,079.0**	**6.81**	**42,183.0**	**6.81**	**44,071.0**	**7.23**	**53,483.0**	**9.37**
9. Memo: Government Securities included Above	16,266.7	14,043.0	2.12	14,159.0	2.29	16,569.0	2.72	25,979.0	4.55
10. Memo: Total Securities Pledged	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
11. Equity Investments in Associates	1,818.6	1,570.0	0.24	1,744.0	0.28	1,973.0	0.32	2,427.0	0.43
12. Investments in Property	84.6	73.0	0.01	2,816.0	0.45	1,961.0	0.32	1,891.0	0.33
13. Insurance Assets	141,335.6	122,015.0	18.42	101,184.0	16.34	98,243.0	16.11	93,043.0	16.30
14. Other Earning Assets	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
15. Total Earning Assets	**671,054.1**	**579,321.0**	**87.47**	**537,176.0**	**86.75**	**522,924.0**	**85.76**	**534,227.0**	**93.58**
C. Non-Earning Assets									
1. Cash and Due From Banks	71,753.7	61,945.0	9.35	57,049.0	9.21	61,044.0	10.01	11,078.0	1.94
2. Memo: Mandatory Reserves included above	3,025.6	2,612.0	0.39	2,465.0	0.40	2,317.0	0.38	1,988.0	0.35
3. Foreclosed Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Fixed Assets	3,397.4	2,933.0	0.44	2,969.0	0.48	2,942.0	0.48	2,914.0	0.51
5. Goodwill	4,775.9	4,123.0	0.62	4,118.0	0.67	4,157.0	0.68	4,001.0	0.70
6. Other Intangibles	819.0	707.0	0.11	690.0	0.11	686.0	0.11	815.0	0.14
7. Current Tax Assets	1,715.5	1,481.0	0.22	1,832.0	0.30	1,590.0	0.26	1,105.0	0.19
8. Deferred Tax Assets	1,785.0	1,541.0	0.23	1,255.0	0.20	1,293.0	0.21	1,267.0	0.22
9. Discontinued Operations	1,024.0	884.0	0.13	119.0	0.02	n.a.	-	116.0	0.02
10. Other Assets	10,897.7	9,408.0	1.42	13,991.0	2.26	15,120.0	2.48	15,330.0	2.69
11. Total Assets	**767,222.3**	**662,343.0**	**100.00**	**619,199.0**	**100.00**	**609,756.0**	**100.00**	**570,853.0**	**100.00**
Liabilities and Equity									
D. Interest-Bearing Liabilities									
1. Total Customer Deposits	341,175.7	294,537.0	44.47	286,515.0	46.27	274,690.0	45.05	251,831.0	44.11
2. Deposits from Banks	30,157.5	26,035.0	3.93	24,915.0	4.02	28,844.0	4.73	26,378.0	4.62
3. Repos and Securities Lending	40,850.2	35,266.0	5.32	25,648.0	4.14	27,437.0	4.50	26,411.0	4.63
4. Commercial Paper and Short-term Borrowings	65,437.3	56,492.0	8.53	55,752.0	9.00	61,855.0	10.14	51,477.0	9.02
5. Customer Deposits and Short-term Funding	**477,620.8**	**412,330.0**	**62.25**	**392,830.0**	**63.44**	**392,826.0**	**64.42**	**356,097.0**	**62.38**
6. Senior Unsecured Debt	67,023.1	57,861.0	8.74	56,679.0	9.15	50,603.0	8.30	53,919.0	9.45
7. Subordinated Borrowing	8,394.5	7,247.0	1.09	6,711.0	1.08	5,696.0	0.93	4,805.0	0.84
8. Covered Bonds	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
9. Other Long-term Funding	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
10. Total LT Funding	**75,417.6**	**65,108.0**	**9.83**	**63,390.0**	**10.24**	**56,299.0**	**9.23**	**58,724.0**	**10.29**
11. Memo: o/w matures in less than 1 year	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
12. Trading Liabilities	3,138.0	2,709.0	0.41	2,208.0	0.36	1,915.0	0.31	3,034.0	0.53
13. Total Funding	**556,176.3**	**480,147.0**	**72.49**	**458,428.0**	**74.04**	**451,040.0**	**73.97**	**417,855.0**	**73.20**
14. Derivatives	7,018.4	6,059.0	0.91	5,978.0	0.97	8,236.0	1.35	8,405.0	1.47
15. Total Funding and Derivatives	**563,194.7**	**486,206.0**	**73.41**	**464,406.0**	**75.00**	**459,276.0**	**75.32**	**426,260.0**	**74.67**
E. Non-Interest Bearing Liabilities									
1. Fair Value Portion of Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Credit impairment reserves	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Reserves for Pensions and Other	3,740.3	3,229.0	0.49	3,041.0	0.49	2,835.0	0.46	2,405.0	0.42
4. Current Tax Liabilities	958.0	827.0	0.12	831.0	0.13	764.0	0.13	620.0	0.11
5. Deferred Tax Liabilities	1,379.6	1,191.0	0.18	1,273.0	0.21	1,268.0	0.21	1,100.0	0.19
6. Other Deferred Liabilities	n.a.	n.a.	-	n.a.	-	0.0	0.00	0.0	0.00
7. Discontinued Operations	866.4	748.0	0.11	14.0	0.00	n.a.	-	130.0	0.02
8. Insurance Liabilities	133,989.3	115,673.0	17.46	96,626.0	15.60	93,597.0	15.35	88,892.0	15.57
9. Other Liabilities	12,676.9	10,944.0	1.65	11,004.0	1.78	11,415.0	1.87	13,030.0	2.28
10. Total Liabilities	**716,805.3**	**618,818.0**	**93.43**	**577,195.0**	**93.22**	**569,155.0**	**93.34**	**532,437.0**	**93.27**
F. Hybrid Capital									
1. Pref. Shares and Hybrid Capital accounted for as Debt	1,161.8	1,003.0	0.15	1,014.0	0.16	1,014.0	0.17	1,283.0	0.22
2. Pref. Shares and Hybrid Capital accounted for as Equity	0.0	0.0	0.00	0.0	0.00	n.a.	-	n.a.	-
G. Equity									
1. Common Equity	44,534.9	38,447.0	5.80	37,254.0	6.02	35,179.0	5.77	32,765.0	5.74
2. Non-controlling Interest	3,731.0	3,221.0	0.49	2,390.0	0.39	3,113.0	0.51	2,825.0	0.49
3. Securities Revaluation Reserves	1,292.7	1,116.0	0.17	1,670.0	0.27	1,532.0	0.25	1,616.0	0.28
4. Foreign Exchange Revaluation Reserves	(27.8)	(24.0)	(0.00)	(55.0)	(0.01)	84.0	0.01	143.0	0.03
5. Fixed Asset Revaluations and Other Accumulated OCI	(275.7)	(238.0)	(0.04)	(269.0)	(0.04)	(321.0)	(0.05)	(216.0)	(0.04)
6. Total Equity	**49,255.2**	**42,522.0**	**6.42**	**40,990.0**	**6.62**	**39,587.0**	**6.49**	**37,133.0**	**6.50**
7. Memo: Equity plus Pref. Shares and Hybrid Capital accounted for as Equity	49,255.2	42,522.0	6.42	40,990.0	6.62	39,587.0	6.49	37,133.0	6.50
8. Total Liabilities and Equity	**767,222.3**	**662,343.0**	**100.00**	**619,199.0**	**100.00**	**609,756.0**	**100.00**	**570,853.0**	**100.00**
9. Memo: Fitch Core Capital	32,395.5	27,967.0	4.22	27,336.0	4.41	26,835.1	4.40	24,861.9	4.36
Exchange rate		USD1 = EUR0.8633		USD1 = EUR0.83382		USD1 = EUR0.9487		USD1 = EUR0.9185	

Credit Mutuel Alliance Federale
Summary Analytics

	30 Jun 2018 6 Months - Interim	31 Dec 2017 Year End	31 Dec 2016 Year End	31 Dec 2015 Year End
A. Interest Ratios				
1. Interest Income/ Average Earning Assets	2.91	2.97	2.80	3.12
2. Interest Income on Loans/ Average Gross Loans	3.71	3.54	3.85	4.21
3. Interest Expense on Customer Deposits/ Average Customer Deposits	1.91	1.70	1.90	2.17
4. Interest Expense/ Average Interest-bearing Liabilities	2.10	2.14	2.12	2.46
5. Net Interest Income/ Average Earning Assets	1.12	1.10	1.04	1.11
6. Net Int. Inc Less Loan Impairment Charges/ Av. Earning Assets	1.04	0.94	0.89	0.95
7. Net Interest Inc Less Preferred Stock Dividend/ Average Earning Assets	1.12	1.10	1.04	1.11
B. Other Operating Profitability Ratios				
1. Operating Profit/ Risk Weighted Assets	2.37	2.19	2.00	2.17
2. Non-Interest Expense/ Gross Revenues	62.43	60.38	61.66	61.56
3. Loans and securities impairment charges/ Pre-impairment Op. Profit	12.90	16.70	16.64	16.12
4. Operating Profit/ Average Total Assets	0.75	0.70	0.69	0.75
5. Non-Interest Income/ Gross Revenues	56.32	58.30	57.46	55.98
6. Non-Interest Expense/ Average Total Assets	1.39	1.37	1.38	1.42
7. Pre-impairment Op. Profit/ Average Equity	13.14	12.92	12.90	13.84
8. Pre-impairment Op. Profit/ Average Total Assets	0.86	0.84	0.83	0.89
9. Operating Profit/ Average Equity	11.44	10.76	10.75	11.61
C. Other Profitability Ratios				
1. Net Income/ Average Total Equity	7.48	6.01	6.82	6.98
2. Net Income/ Average Total Assets	0.49	0.39	0.44	0.45
3. Fitch Comprehensive Income/ Average Total Equity	7.84	6.11	6.24	7.81
4. Fitch Comprehensive Income/ Average Total Assets	0.51	0.40	0.40	0.50
5. Taxes/ Pre-tax Profit	34.90	44.51	34.90	37.79
6. Net Income/ Risk Weighted Assets	1.55	1.22	1.27	1.30
D. Capitalization				
1. FCC/ FCC-Adjusted Risk Weighted Assets	16.18	16.08	14.81	14.79
2. Tangible Common Equity/ Tangible Assets	5.73	5.89	5.74	5.71
3. Equity/ Total Assets	6.42	6.62	6.49	6.50
4. Basel Leverage Ratio	5.70	6.10	6.00	5.70
5. Common Equity Tier 1 Capital Ratio	n.a.	16.40	15.10	15.00
6. Fully Loaded Common Equity Tier 1 Capital Ratio	16.30	16.50	15.00	15.10
7. Tier 1 Capital Ratio	n.a.	17.00	15.70	15.70
8. Total Capital Ratio	n.a.	20.30	18.50	18.10
9. Impaired Loans less Loan Loss Allowances/ Fitch Core Capital	12.31	17.34	18.56	18.51
10. Impaired Loans less Loan Loss Allowances/ Equity	8.10	11.56	12.58	12.39
11. Cash Dividends Paid & Declared/ Net Income	n.a.	6.55	4.84	7.09
12. Risk Weighted Assets/ Total Assets	30.38	32.04	33.97	33.72
13. Risk Weighted Assets - Standardised/ Risk Weighted Assets	n.a.	n.a.	n.a.	n.a.
14. Risk Weighted Assets - Advanced Method/ Risk Weighted Assets	n.a.	n.a.	n.a.	n.a.
E. Loan Quality				
1. Impaired Loans/ Gross Loans	3.23	3.41	4.06	4.25
2. Growth of Gross Loans	3.04	3.77	8.71	5.81
3. Loan Loss Allowances/ Impaired Loans	70.03	59.69	63.03	64.56
4. Loan Impairment Charges/ Average Gross Loans	0.13	0.25	0.26	0.27
5. Growth of Total Assets	6.97	1.55	6.81	4.99
6. Loan Loss Allowances/ Gross Loans	2.27	2.04	2.56	2.74
7. Net Charge-offs/ Average Gross Loans	0.26	0.29	0.30	0.28
8. Impaired Loans + Foreclosed Assets/ Gross Loans + Foreclosed Assets	3.23	3.41	4.06	4.25
F. Funding and Liquidity				
1. Loans/ Customer Deposits	120.60	120.32	120.94	121.35
2. Liquidity Coverage Ratio	127.00	130.90	140.30	140.00
3. Customer Deposits/ Total Funding (including Pref. Shares & Hybrids)	61.22	62.36	60.76	60.08
4. Interbank Assets/ Interbank Liabilities	137.96	113.44	99.31	237.89
5. Net Stable Funding Ratio	n.a.	n.a.	n.a.	n.a.
6. Growth of Total Customer Deposits	2.80	4.30	9.08	8.50

Credit Mutuel Alliance Federale
Reference Data

	30 Jun 2018			31 Dec 2017		31 Dec 2016		31 Dec 2015	
	6 Months - Interim USDm	6 Months - Interim EURm	As % of Assets	Year End EURm	As % of Assets	Year End EURm	As % of Assets	Year End EURm	As % of Assets
A. Off-Balance Sheet Items									
1. Managed Securitized Assets Reported Off-Balance Sheet	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Other off-balance sheet exposure to securitizations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Guarantees	24,141.1	20,841.0	3.15	19,816.0	3.20	18,267.0	3.00	16,755.0	2.94
4. Acceptances and documentary credits reported off-balance sheet	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
5. Committed Credit Lines	73,558.4	63,503.0	9.59	60,767.0	9.81	58,100.0	9.53	54,732.0	9.59
6. Other Contingent Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
7. Other Off-Balance Sheet items	5,506.8	4,754.0	0.72	3,276.0	0.53	1,570.0	0.26	1,933.0	0.34
8. Total Assets under Management	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
B. Average Balance Sheet									
1. Average Loans	405,397.9	349,980.0	52.84	340,319.7	54.96	320,693.3	52.59	298,850.0	52.35
2. Average Earning Assets	646,644.9	558,248.5	84.28	530,894.0	85.74	541,708.6	88.84	509,357.0	89.23
3. Average Total Assets	742,234.4	640,771.0	96.74	617,718.7	99.76	596,129.0	97.77	558,430.0	97.82
4. Average Managed Securitized Assets (OBS)	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
5. Average Interest-Bearing Liabilities	550,568.7	475,306.0	71.76	462,527.0	74.70	448,675.0	73.58	416,239.3	72.92
6. Average Common equity	43,844.0	37,850.5	5.71	36,231.7	5.85	34,035.3	5.58	31,969.0	5.60
7. Average Equity	48,367.9	41,756.0	6.30	40,390.7	6.52	38,469.0	6.31	35,981.7	6.30
8. Average Customer Deposits	336,529.6	290,526.0	43.86	280,655.7	45.33	262,988.0	43.13	242,156.7	42.42
C. Maturities									
Asset Maturities:									
Loans & Advances < 3 months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Loans & Advances 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Loans and Advances 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Loans & Advances > 5 years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Debt Securities < 3 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Debt Securities 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Debt Securities 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Debt Securities > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Loans & Advances to Banks < 3 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Loans & Advances to Banks 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Loans & Advances to Banks 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Loans & Advances to Banks > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Liability Maturities:									
Retail Deposits < 3 months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Retail Deposits 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Retail Deposits 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Retail Deposits > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Other Deposits < 3 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Other Deposits 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Other Deposits 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Other Deposits > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Deposits from Banks < 3 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Deposits from Banks 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Deposits from Banks 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Deposits from Banks > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Senior Debt Maturing < 3 months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Senior Debt Maturing 3-12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Senior Debt Maturing 1- 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Senior Debt Maturing > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Total Senior Debt on Balance Sheet	**n.a.**	**n.a.**	**-**	**n.a.**	**-**	**n.a.**	**-**	**n.a.**	**-**
Fair Value Portion of Senior Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Subordinated Debt Maturing < 3 months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Subordinated Debt Maturing 3-12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Subordinated Debt Maturing 1- 5 Year	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Subordinated Debt Maturing > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Total Subordinated Debt on Balance Sheet	**8,394.5**	**7,247.0**	**1.09**	**6,711.0**	**1.08**	**5,696.0**	**0.93**	**4,805.0**	**0.84**
Fair Value Portion of Subordinated Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
D. Risk Weighted Assets									
1. Risk Weighted Assets	233,059.2	201,200.0	30.38	198,374.0	32.04	207,129.2	33.97	192,499.8	33.72
2. Fitch Core Capital Adjustments for Insurance and Securitisation Risk Weighted Assets	(32,808.4)	(28,323.5)	(4.28)	(28,323.5)	(4.57)	(25,910.6)	(4.25)	(24,365.0)	(4.27)
3. Fitch Core Capital Adjusted Risk Weighted Assets	**200,250.8**	**172,876.5**	**26.10**	**170,050.5**	**27.46**	**181,218.6**	**29.72**	**168,134.8**	**29.45**
4. Other Fitch Adjustments to Risk Weighted Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
5. Fitch Adjusted Risk Weighted Assets	**200,250.8**	**172,876.5**	**26.10**	**170,050.5**	**27.46**	**181,218.6**	**29.72**	**168,134.8**	**29.45**
E. Fitch Core Capital Reconciliation									
1. Total Equity as reported (including non-controlling interests)	49,255.2	42,522.0	6.42	40,990.0	6.62	39,587.0	6.49	37,133.0	6.50
2. Fair-value adjustments relating to own credit risk on debt issued	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
3. Non-loss-absorbing non-controlling interests	2,393.1	2,066.0	0.31	1,187.0	0.19	900.0	0.15	870.0	0.15
4. Goodwill	4,775.9	4,123.0	0.62	4,118.0	0.67	4,157.0	0.68	4,001.0	0.70
5. Other intangibles	819.0	707.0	0.11	690.0	0.11	686.0	0.11	815.0	0.14
6. Deferred tax assets deduction	4.6	4.0	0.00	4.0	0.00	6.0	0.00	0.0	0.00
7. Net asset value of insurance subsidiaries	8,867.1	7,655.0	1.16	7,655.0	1.24	7,002.9	1.15	6,585.1	1.15
8. First loss tranches of off-balance sheet securitizations	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
9. Fund for general banking risks if not already included and readily convertible into equity	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
10. Fitch Core Capital	**32,395.5**	**27,967.0**	**4.22**	**27,336.0**	**4.41**	**26,835.1**	**4.40**	**24,861.9**	**4.36**
Exchange Rate		USD1 = EUR0.8633		USD1 = EUR0.83382		USD1 = EUR0.9487		USD1 = EUR0.9185	

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