Crédit Industriel et Commercial

Paris, February 23, 2017

CIC in 2016

A strong, dynamic, customer-oriented bank

Results for the year ended December 31, 2016

Net banking income	**€4.985 bn**	➡	A dynamic branch network	**+4%**
Income before tax **Net income**	**€1.877 bn** **€1.361 bn**	➡	Strong performance	**+10%** **+22%**
CET1 capital ratio **(excluding transitional measures)**	**12.5%**	➡	A solid financial structure	
Business				
Net customer loans	**€166.1 bn**	➡	Active financing of the economy	**+5.7%**
Customer deposits **Savings under management and custody**	**€138.8 bn** **€258.7 bn**	➡		**+6.8%** **-0.4%**

In 2016, the CIC group posted strong results and continued to grow to better serve its more than 4.9 million private individual, non-profit, independent professional and corporate customers[1]. Bolstered by its ability to innovate and adapt, as well as the strong commitment of its 19,991 continuously trained employees[2], banking, insurance, telephone and technological services posted solid gains. Income before tax rose 10% to €1.877 billion and the CET1 capital ratio excluding transitional measures was 12.5% which, together with the increased strength of its parent company, Crédit Mutuel-CM11, make it a major player in the economy that benefits all regions.

[1] Branch network customers.
[2] Full-time equivalent.

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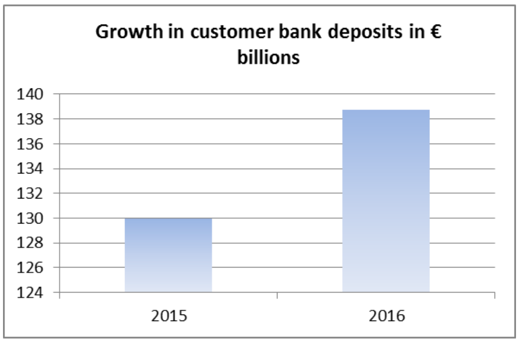
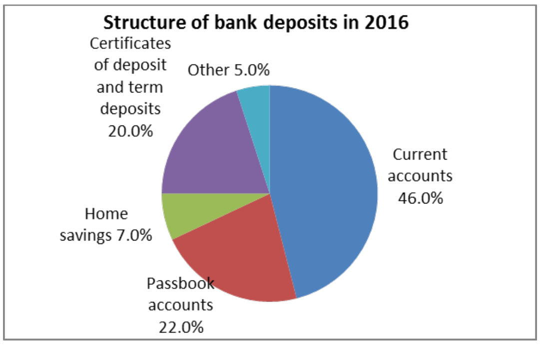
Continued commercial dynamism and support for the economy

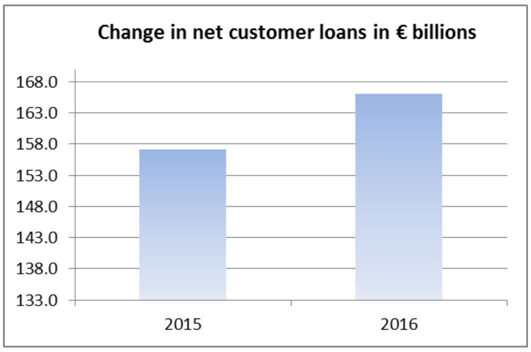
2016 was marked by a strong commitment on the part of staff and a strengthening of the relationship of trust built with their customers in an environment marked by loan repayments and renegotiations. The priority placed on defending its business and maintaining customer relationships was reflected in CIC's results. Customer penetration rates in insurance and other group services grew significantly, enabling CIC to offer ever-improving service to private individual, non-profit, independent professional, institutional and corporate customers.

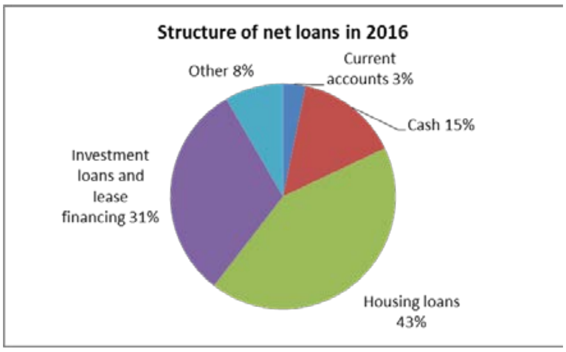
Customer deposits totaled €138.8 billion, up 6.8% compared with 2015, thanks to strong growth in current accounts (+11.1%) and passbook accounts (+16.3%).





Total net outstanding customer loans came to €166.1 billion, up 5.7% from 2015. Outstanding housing loans grew by 2% to €70.6 billion.





The loan-to-deposit ratio stood at 119.7% at December 31, 2016 compared with 120.9% a year earlier.

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Growth in financial results

(in € millions)	2016	2015	Change 2016/2015
Net banking income	4,985	4,782	4.2%
Operating expenses	(3,071)	(3,005)	2.2%
Operating income before provisions	1,914	1,777	7.7%
Income before tax	1,877	1,702	10.3%
Corporation tax	(560)	(562)	-0.4%
Net profit/loss on divested activities	44	(23)	NA
Net income	1,361	1,117	21.8%

**Since January 1, 2015, Banque Pasche has been treated in accordance with IFRS 5 as an entity held for sale. The sale was completed at the end of the second quarter of 2016.*

The financial statements for the period ended December 31, 2016 were approved by the Board of Directors of Crédit Industriel et Commercial (CIC), chaired by Nicolas Théry, on February 23, 2017.

Net banking income rose 4.2% to €4.985 billion. This includes compensation of €89 million for the CIC regional banks, Banque Transatlantique and CIC as sub-participants to Banque Fédérative du Crédit Mutuel (BFCM) in VISA Europe, in connection with VISA Inc.'s acquisition of that company. Net banking income from retail banking accounted for 70% of total net banking income.

The cost/income ratio improved to 61.6% (versus 62.8% a year earlier) with a controlled increase in operating expenses of 2.2% to €3.071 billion compared with €3.005 billion at the end of 2015.

Net provision allocations/reversals for loan losses decreased from €207 million to €185 million in one year. The net provision allocation on an individual basis rose by €5 million and there was a €28 million reversal of collective provisions, compared with €1 million in 2015.

The net provision allocation on an individual basis in relation to outstanding loans fell from 0.14% to 0.13% and the overall non-performing loan coverage ratio was 50.0% as of December 31, 2016.

The share of income of affiliates was €136 million compared with €138 million a year earlier. In addition, net gains on disposals of non-current assets totaled €13 million compared with a loss of €6 million at end-December 2015.

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Income before tax increased by 10.3% to €1.877 billion, compared with €1.702 billion at end-2015.

Given the swing in net profit/loss on divested activities from a loss of €23 million at December 31, 2015 to a profit of €44 million at December 31, 2016, of which €66 million in funds reclassified from the translation reserve (sale of Banque Pasche), net income came to €1.361 billion, an increase of 21.8%.

The Board of Directors will propose to the general meeting of stockholders on May 24, 2017 a dividend of €9.00 per share compared with €8.50 in respect of the previous year.

A solid financial structure

Liquidity and refinancing[3]

With a 93.7% stake in CIC, Banque Fédérative du Crédit Mutuel (BFCM) raises the necessary medium- and long-term market funds on behalf of the Crédit Mutuel-CM11 group and monitors liquidity. Like all other group entities, CIC is part of this mechanism, which ensures that its own liquidity and refinancing needs are covered.

Capital adequacy
Excluding transitional measures, Basel 3 Common Equity Tier 1 (CET 1) prudential capital totaled €12.6 billion, the CET1 capital adequacy ratio stood at 12.5% and the overall ratio was 14.2%. The leverage ratio was 4.5%. These indicators attest to the group's solidity.

On October 12, 2016, the rating agency Standard & Poor’s upgraded CIC's long-term rating from A with a negative outlook to A with a stable outlook. The other ratings assigned by Moody’s and Fitch Ratings remained the same:

	Standard & Poor’s	Moody’s	Fitch Ratings
Short-term	A-1	P-1	F1
Long-term	A	Aa3	A+
Outlook	stable	stable	stable

[3] Please refer to the Crédit Mutuel-CM11 group press release for more information.

Results by business line

Retail banking and insurance, CIC's core businesses

Retail banking

(in € millions)	2016	2015	Change 2016/2015
Net banking income*	3,500	3,494	0.2%
Operating expenses	(2,272)	(2,254)	0.8%
Operating income before provisions	1,228	1,240	-1.0%
Income before tax	1,204	1,182	1.9%

** 2015: offsetting of €20 million in capital gains on securities realized by CIC EST.*

Retail banking encompasses the CIC branch network and all the specialized subsidiaries whose products are mainly sold by this network, including equipment leasing and leasing with purchase option, real estate leasing, factoring, receivables management, fund management, employee savings plans and insurance.

In one year, customer deposits increased by 7.5% to €107.2 billion thanks to:
- the increase in current accounts in credit (+21.2%), which stood at €47.7 billion at end-December 2016;
- passbook accounts (+6.2%) at €26.6 billion; and
- home savings (+12.6%) at €10 billion.

Net customer loan outstandings totaled €128.6 billion, up 3.8%, with an increase in all treasury, equipment and other loans (+5.4%) and housing loans (+3.7%).

Net banking income in retail banking came to €3.5 billion, up 0.2%.
Net fee and commission income rose by 0.9% and represented 42.9% of net banking income. The net interest margin remained stable and other components of net banking income fell by 8.4%.

General operating expenses increased by 0.8% to €2.272 billion (€2.254 billion in 2015).

Net provision allocations/reversals for loan losses fell to €164 million, compared with €194 million in 2015, with a decrease in the net provision allocation on an individual basis of €28 million.
Income before tax was €1.204 billion compared with €1.182 billion a year earlier, up 1.9%.

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The branch network

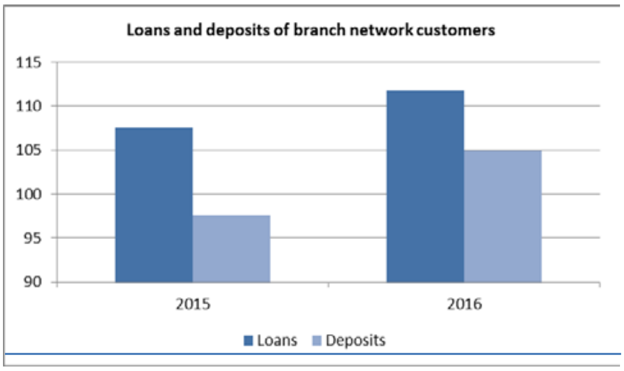
(in € millions)	2016	2015 adjusted*	Change* 2016/2015
Net banking income*	3,283	3,286	-0.1%
Operating expenses	(2,130)	2,118	0.6%
Operating income before provisions	1,153	1,168	-1.3%
Income before tax	1,004	982	2.2%

** 2015: offsetting of €20 million in capital gains on securities realized by CIC EST.*

The branch network has 4,953,615 customers (+1.8% from December 2015).

Customer deposits totaled €104.9 billion at December 31, 2016. They rose by 7.5% thanks to an increase in current accounts (+22.0%), passbook accounts (+6.2%) and home savings (+12.6%).

Net customer loans outstanding grew by 4% to €111.8 billion at December 31, 2016. Investment loans increased by 18.5% and home loans by 3.7%.
Overall, treasury, equipment and other loans increased by 6.1% and housing loans by 3.7%.



Savings fell slightly to €56.8 billion compared with €58.2 billion at end-December 2015 despite an increase in life insurance products (+2.8%) and employee savings plans (+6.1%).

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Insurance, a key growth driver

Insurance continued to grow, in line with the group's strategy of increasing the weight of related fee and commission income in net banking income.

The number of property and casualty insurance contracts taken out was 4,789,913 (a 7.6% increase in the portfolio).

Service activities rose by:

- 8.8% in remote banking with 2,236,137 contracts,
- 1.8% in telephone services (447,421 contracts),
- 4.0% in theft protection (91,335 contracts), and
- 4.6% in electronic payment terminals (133,994 contracts).

Despite low interest rates, the branch network's net banking income held steady at €3.283 billion (compared with €3.286 billion a year earlier), with a 1.3% decrease in the net interest margin and other components of NBI. Fee and commission income rose by 1.4% despite a decrease in loan fees of 16.5% related to a high level of home loan renegotiation fees.

General operating expenses amounted to €2.130 billion (+0.6% compared with December 31, 2015).

At €153 million, net provision allocations/reversals for loan losses were down 16.8% as a result of a €29 million decrease in the net provision allocation on an individual basis.

Income before tax in the branch network grew by more than 2.2% to €1.004 billion, compared with €982 million in 2015.

The retail banking support businesses generated net banking income of €217 million at end-2016, compared with €208 million a year earlier, and €200 million in income before tax (same as in 2015), more than two-thirds of which consists of the share of income from the Crédit Mutuel-CM11 group's insurance business.

- Equipment leasing: CM-CIC Bail continued to grow at a steady pace in 2016. For the first time, new business exceeded the €4 billion mark, increasing by 8.3% compared with 2015 to €4.1 billion. A total of 114,206 leases were arranged to meet the investment needs of companies, self-employed and independent professionals and private individuals. CM-CIC Bail made a €36 million contribution to consolidated income before tax (€42 million in 2015), with a 7.5% increase in commissions paid to the networks[4].
- Real estate leasing: total financial and off-balance sheet outstandings increased by 4% during the year to €4.4 billion. CM-CIC Lease's contribution to consolidated

[4] After staggering referral commissions.

income before tax rose from €12 million to €15 million thanks to the increase in the net interest margin. Commissions paid to the networks grew by 8.1%.

- Financing and management of customer receivables: in 2016, the amount of assigned or purchased receivables grew by approximately 17%, driven mainly by factoring. CM-CIC Factor's contribution to consolidated net banking income rose from €77 million to €86 million thanks to the €9 million increase in the net interest margin. CM-CIC Factor's contribution to consolidated income before tax rose from €4 million to €7 million, with an increase of €3 million in operating expenses (major IT investments in progress) and net additions to/reversals from provisions for loan losses.
- Employee savings: assets managed by CM-CIC Epargne Salariale totaled €7.809 million (+3.1%) at end-2016. CM-CIC Epargne Salariale's contribution to consolidated income before tax was €6 million (€4 million in 2015).

Corporate banking

(in € millions)	2016	2015	Change 2016/2015
Net banking income	353	366	-3.6%
Operating expenses	(105)	(97)	8.2%
Operating income before provisions	248	269	-7.8%
Income before tax	226	246	-8.1%

The corporate banking business line provides services to large corporate and institutional customers with a holistic approach to their requirements. It also supports the corporate networks' work on behalf of their major customers and contributes to the development of international business and the implementation of specialized financing.
Net corporate banking customer loan outstandings stood at €16 billion (+17,7%).
Net banking income of €353 million was down 3.6% as a result of non-recurring transactions in 2015.
General operating expenses rose by 8.2% to €105 million (€97 million at December 31, 2015).
Net provision allocations/reversals for loan losses were similar to those in 2015, with an expense of €22 million versus €23 million a year earlier. The net provision allocation on an individual basis rose by €23 million, while collective provisions posted income of €15 million compared with an expense of €9 million.
Income before tax stood at €226 million, down 8.1% from December 31, 2015.

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Capital markets

(in € millions)	2016	2015	Change 2016/2015
Net banking income	397	342	16.1%
Operating expenses	(202)	(169)	19.5%
Operating income before provisions	195	173	12.7%
Income before tax	198	175	13.1%

The capital markets division generated net banking income of €397 million, up 16.1% from 2015.
Most of the profit from commercial transactions is allocated to the account of entities that monitor customers, as is the case with the other network support businesses.
The 19.5% increase in general operating expenses was due to a Single Resolution Fund (SRU) tax charged to this business line, which was €14 million more than the previous year.
Income before tax rose from €175 million to €198 million.

Private banking

(in € millions)	2016	2015	Change 2016/2015
Net banking income	512	509	0.6%
Operating expenses	(367)	(371)	-1.1%
Operating income before provisions	145	138	5.1%
Income before tax	149	143	4.2%

Deposits in private banking increased by 8% to €20.1 billion and outstanding loans stood at €13,8 million (up 15,1 % from 2015). Savings under management and custody totaled €87.6 billion, up 2.6%.

Net banking income rose to €512 million compared with €509 million a year earlier (+0.6%) as a result of an 11.1% increase in the net interest margin. General operating expenses fell by 1.1% with depreciation and amortization down by €23 million. Net provision allocations/reversals for loan losses went from €9 million in income in 2015 to an expense of €3 million. Income before tax stood at €149 million (€143 million in 2015), up 4.2% before taking into account the €22 million after-tax loss of Banque Pasche, sold in Q2 2016 (compared with €23 million in 2015). This €22 million after-tax loss excludes the reclassification of the translation reserve, which was €66 million. These results do not include those of the CIC Banque Privée branches, which are integrated into CIC branch offices to serve mainly the senior executives customer segment. The income before tax of the CIC Banque Privée branches came to €95 million, a 7.8% increase from 2015.

Private equity

(in € millions)	2016	2015	Change 2016/2015
Net banking income	195	172	13.4%
Operating expenses	(46)	(41)	12.2%
Operating income before provisions	149	131	13.7%
Income before tax	149	131	13.7%

The group's own invested assets totaled €2 billion, including €288 million of new investments in 2016. The portfolio is made up of 408 equity holdings, the vast majority of which are in companies that are customers of the group's networks.
The private equity business performed well in 2016, reporting net banking income of €195 million at December 31, 2016, compared with €172 million in 2015, and income before tax of €149 million, compared with €131 million a year earlier.

Conclusion:

The group's strong results, performance, solidity, adaptability and innovativeness all have the same goal: to offer customers the best service. This service quality requires closeness with the customer, clarity and security. Closeness, because the customer relationship, whether physical or digital, must be personalized; clarity and transparency, because CIC must offer simple, suitable products; and security, because the group's sound financial position, which becomes stronger each year, inspires confidence.

In an environment marked by low interest rates, increasingly stringent regulations and stiffer competition, CIC was again able to meet all these challenges in 2016. A dynamic and responsible group, it will stay on course in 2017, buoyed by the competence and involvement of its 19,991 employees[5].

The consolidated financial statements have been audited. The audit report will be issued after finalization of the additional procedures required for publication of the annual financial report.
Financial information for the period ended December 31, 2016 includes this press release and the specific information based on the recommendations of the Financial Stability Board and on sovereign risk exposures.
All financial communications are available at https://www.cic.fr/fr/institutionnel/actionnaires-et-investisseurs under the heading "regulated information" and are published by CIC 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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[5] Full-time equivalent.

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Key figures

(in € millions)	December 31, 2016	December 31, 2015
Business		
Total assets	269 316	253 976
Loans and advances to customers (1)	166 063	157 166
Customer deposits	138 772	129 958
Savings under management and custody (2)	258 666	259 757
Number of property and casualty insurance poli	4 789 913	4 450 327
Shareholders' equity		
Attributable to owners of the company	14 055	13 069
Non-controlling interests	62	64
Total	14 117	13 133
Employees, year-end (3)	19 991	19 952
Number of customers (4)	4 953 615	4 867 174
Private individuals	*4 029 786*	*3 979 060*
Corporates and self-employed professionals	*923 829*	*888 114*

Results

Income statement	December 31, 2016	December 31, 2015
Net banking income	4 985	4 782
General operating expenses	(3 071)	(3 005)
Operating income before provisions	1 914	1 777
Net provision allocations/reversals for loan loss	(185)	(207)
Operating income after provisions	1 729	1 570
Net gain/(loss) on disposal of other assets	12	(6)
Share of income/(loss) of affiliates	136	138
Income before tax	1 877	1 702
Corporate income tax	(560)	(562)
Net profit/loss on discontinued activities	44	(23)
Net income	1 361	1 117
Non-controlling interests	(9)	(6)
Net income attributable to the group	1 352	1 111

(1) Including lease financing.
(2) Month-end outstandings, including securities issued.
(3) Full-time equivalent. 2015 employees excluding Banque Pasche.
(4) Branch network. Adjusted 2015 figures.

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Alternative performance indicators – article 223-1 of the General Regulation of the Autorité des Marchés Financiers (French financial markets authority - AMF)

Name	Definition/calculation method	For the ratios, justification of use
Operating ratio	Ratio calculated from items of the consolidated income statement: ratio of general operating expenses (sum of items "general operating expenses" and "allocations/reversals of depreciation, amortization and provisions for property, plant and equipment and intangible assets" of the consolidated income statement) to "IFRS net banking income"	Measure of the bank's operational efficiency
Net provision allocations/reversals for customer loan losses calculated on an individual basis as a proportion of total outstanding loans (expressed in % or basis points).	Net provision allocations/reversals for customer loan losses from Note 35 to the consolidated financial statements as a percentage of gross loan outstandings at the end of the period (loans and receivables due from customers excluding individual and collective impairment)	Allows the level of risk to be assessed as a percentage of the balance-sheet credit commitments
Net provision allocations/reversals for loan losses	"Net provision allocations/reversals for loan losses" item of the publishable consolidated income statement; by comparison with the net provision allocations/reversals for loan losses on an individual basis (definition in this table)	-
Net provision allocations/reversals for loan losses calculated on an individual basis	Total net provision allocations/reversals for loan losses excluding collective provisions (see definition in this table)	-
Customer loans	"Loans and receivables due from customers" item of the asset side of the consolidated balance sheet	-
Customer deposits; bank deposits	"Due to customers" item of the liabilities site of the consolidated balance sheet	-
Financial savings products	Off-balance sheet savings products held by our customers or under custody (securities accounts, mutual funds, etc.) - and life insurance products held by our customers - management data	
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"	-
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	-
Collective provisions	Application of IAS 39 which provides for a collective examination of loans, in addition to the individual examination, and, if applicable, the creation of a corresponding collective provision (IAS 39 paragraphs 58-65 and application guidance AG 84-92)	-
Net loans / customer deposits ratio	Ratio calculated from items of the consolidated balance sheet: ratio expressed as a percentage between total	Measures the dependency on external refinancing

	customer loans ("loans and receivables due from customers" item of the asset side of the consolidated balance sheet) and customer deposits ("due to customers" item of the liabilities side of the consolidated balance sheet)	
Overall non-performing loan coverage ratio	Determined by calculating the ratio of provisions for credit risk (including collective provisions) to the gross outstandings identified as in default within the meaning of the regulations; Calculation from Note 8a to the consolidated financial statements: "Individual impairment" + "collective impairment" / "individually-impaired receivables"	This coverage rate measures the maximum residual risk associated with loans in default ("non-performing loans")